HR ANALYTICS

HR Analytics for the Employee Productivity Enhancement: A Theoretical Perspective

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Abstract

Human resource is recognized as the major asset of the organization. In global business environment it is accepted that an effective human resource management can be a competitive advantage for the organization. Investment on manpower of the organization, its utilization contributes for the overall organizational success. Cost of manpower is to be managed effectively. Otherwise, it may be a bottleneck problem for the organization. During Covid19 it is proven that various cost of the organization can be avoided but not cost of manpower, at the same time HR is the asset will contribute more for performance of the organization. Strategic human resource planning can strengthen the organizational activity. Proper management of effective and efficient manpower increase level of the organization. HR analytic can be the source used for the purpose.

Technological development in all the areas created the need of collecting and analysing data frequently for the future decisions. In the same way data related to manpower availability, performance, turnover is essential for managing the constant, effective and efficient human capital. The purpose of this study is to analyse the need and importance of HR analytics in different HR functions. This study focusses on analysing how HR analytics contribute in employee productivity enhancement in the organization.

Keywords: HR analytics; impact; productivity

1 Introduction

Human resource is the more essential and important asset for every organization. In olden days employees of the organizations were treated as machines, as they work for money. In 19th century during the industrial revolution opinion of the organization towards its employees has been changed. Employees of the organization were treated as crucial resource required for achieving organizational goals. Effective human resource plays an important role in the success of the organization. The concept of personnel management was converted as human resource management. Only term has to been changed the treatment, function and policies regarding employees also changed. Effective human resource is considered as asset of the organization. So, organizations established as separate department called human resource department.

Human resource department involve with various functions such as recruitment, selection, placement, training and development, performance appraisal and compensation. With these all the function organization concentrated to maintain an effective man force in the organization for their success.

In this advanced technological era, another concept has been developed for better utilization and planning for the manpower is HR analytics. It is a new evolution in the field of HRM. HR analytics is

an approach which helps to record, analyse and plan for effective utilization of manpower of the organization. Now a days, it is necessary for the organizations as it make most of the HR function simple and effective. It records previous performance record, analyses cost of HR, and helps in HR strategic plan.

2 Objectives of the study

- To understand HR analytics practice.
- To understand benefits of HR analytics to the organization.
- To understand impact of HR analytics on improving employee performance.

3 Literature review

(Narendra, 2021), this study observes that HR analytics uses multiple data in training and development. It describes the benefits of HR analytics in training and development. It explains that HR analytics helps in redesigning the job and reducing cost of training and development.

(Falletta and Combs, 2021), this study introduced HR analytic cycle to implement it in the organization. It identifies that, certain technologies need to implemented in the organization for better HR practices.

(Nagpal and Mishra, 2021), this study concluded that HR analytics changes the way of HR functions. It makes the HR functions more strategic. It also reveals that HR analytics enhance the productivity of the organization.

(Kailash and Prathyusha, 2020), this study explore the importance of HR analytics in HR functions. It argues that efficiency in the process of HR, reducing cost of manpower and improving other HR functions are made effective and efficient by using HR analytics.

(Varma and Chavan, 2020), this study analysis the need of HR analytics in organization. It identifies that HR analytics can reduce the over burden on HR department and make its functions competitive in the environment of global changes.

(Zeidan and Itani, 2020), this review study reveals that HR specialists are not much matured towards implementing HR analytics in their functions as it require certain skills. It identifies the three factors' people, technology and organization effect on HR analytics.

(Barbar et al., 2019), this study investigated that HR analytics has significant relationship with development of employee skills. Use of technology in HR has changed focus of HR towards enhancement from the traditional practices.

(van den Heuvel and Bondarouk, 2017), this research found that the HR analytics has impact on organizational output, operational and strategic decisions through its features and successful implementation. It also put effort and found that HR analytics will play a major role in the organizational advancement in future period of time.

(Singh et al., 2017), this study focused on identifying the reasons for accepting HR analytics in the organization. It found various individual, organizational and technological factors as reasons for acceptance of HR analytics in the organizations.

(Sharma and Sharma, 2017), this study proposes that use of HR analytics in performance appraisal positively impact on employees as they feel accuracy and fairness int appraisal system implemented with HR analytics. And this study explains that employee's acceptance of performance appraisal system in a positive way without bias will impact on their productivity.

4 Definitions

HR analytics is a data driven approach towards human resource management. It is also known as talent, people and workforce analytics. It helps to identify employee turnover rate, loss by it and who leave the organization in a specific period of time.

HR Analytics is an evidence-based approach used to improve the decision-making process for HR related functions. (Zeidan and Itani, 2020)

HR analytics is defined as an approach to utilize human resource data maintained by the organization to measure the direct or indirect impact of HR campaigns on important business outcomes.

HR analytics is a process of collect, record and analyse the data regarding manpower to measure the impact of HR matrices and to make strategic decision on HR investment.

HR analytics is a statistical method used in HR department of evaluating the time for recruitment, cost of training, promotion intervals and rate of employee turnover.

HR analytics has changed the quality of the performance of HR department. Previously which was analysing what happened in the past and make future plan the basis of the same. But now with HR analytics it has been changed instead of analysing what happened, it analyses what may happen in the future. On the result of the analysis human capital, actions to be taken against employee turnover, impact on employee performance can be decided.

HR analytics is a statistical technique involve experimental approach. As a statistical technique it gathers data pertaining to human resources and as experimental approach analyses data and provide information regarding what accurse in the future.

5 Process of HR analytics

HR analytics is a method of collecting and analysing data to assess the workforce, evaluate employee contribution for the organization, estimating and planning cost. It involves with following process

1. Collection of data
2. Evaluation of data
3. Analysis of data
4. Implementation

Collection of data required for HR analytics is collected through HR systems or any other new data collecting mode. The basic data collected will be stored. The data related to Hiring cost, employee turnover rate etc, are compared with previous data and predict the future changes by evaluating the data stored. Evaluation of data provides for its analysis. Organizations after measurement of data uses certain effective techniques of analysing data with scientific process so that it can find SWOT regarding its manpower. After analysing the data, it predicts the situation and impact of factors on organizational activities. As per the result of analysis organization has to plan for improving, altering and managing certain area for effective HR practice towards organizational success.

6 Levels of HR analytics

- Descriptive analysis (analysis the past data)
- Predictive analysis (apply statistical model to predict future)
- Prescriptive analysis (recommend based on predictive analysis)

7 HR analytics in some of HR functions

7.1 HR analytics and recruitment and selection

Data driven hiring process can be implemented by the organization by using analytics in recruitment. This process can be named as recruitment analytics. Recruitment analytics is broad approach which provide huge data of effective candidate source, cost and predictive analysis. It helps the organization to improve and maintain an effective recruitment process. HR analytics is essential in recruitment process because,

- HR analytics provides metrics on sources of recruitment, cost of recruitment, candidates, selection ratio.
- It helps to select the effective sources from the available sources.
- It helps to identify the best suitable candidate for the organization.
- It reduces the cost on recruitment process.
- It contributes for the effective hiring decision.
- It estimates the skill requirements in future.

7.2 HR analytics and training and development

HR analytics provides such data required to evaluate employee performance. HR professionals can use this data to understand employee level of performance towards the organizational objectives, evaluate reasons for the performance and identify the need of training to improve the future performance.

- HR analytics provides data required to analyse training needs effectively.
- It helps the HR professional to understand the present level of employee performance easily.
- It helps in training, promotion plans and detecting skill gap to be filled.
- It helps to plan for employee development courses to improve knowledge and skill of employees.
- It helps to know the effectiveness of training and development.
- It helps in reducing cost of training and development.

7.3 HR analytics and performance appraisal

Performance appraisal is a process of comparing actual performance of the employee with the standard performance set by the organization. It is essential to evaluate employee performance to ensure implementation of plan, proper utilization of manpower skill and take corrective actions towards effective and efficient performance towards organizational success. Performance appraisal is used as a tool for promotion, increment, awards so on, to motive employee to perform better. Every employee should be informed about appraisal method. Even organizations follow this there is influence of individual bias, impact of hallo effect on appraisal system.

HR analytics overcome by the various drawbacks with traditional appraisal system as it collects, record and analyses the huge data of every employee performance. With this data appraisal will be simple and accurate. Major benefits of HR analytics in performance appraisal are

- It assures the transparency in evaluating employee performance in appraisal system.
- HR professionals can easily identify the level of performance of each employee.
- Quick and accurate promotion, incentive, award decisions can be made on the recorded performance.
- It avoids the personal barriers in the process of performance appraisal.

8 Problems in implementation

HR analytics demand more special skills to utilize than an HR professional possess. Lack of certain skills such as statistical skill, data decoding skill, technological skills abstract the utilization of HR analytics in HR department of the organizations.

HR analytics is a technological approach which store big data and need modern technology which may not be offered by small scale organizations. As HR practitioners are mostly adjusted with the traditional practices of the HRM are not feel comfortable with HR analytics.

HR analytics need certain specific skills for effective implementation. For which organization need to provide training to the professionals. And there is always employee resistance for new technology in the beginning. Which has to be overcome by the organizations as soon as technology can upgraded with new innovation in its tool. Maintaining a separate team for HR analytics process is essential. Which may be expensive for the small organizations.

9 Importance

From the above analysis it can be said that HR analytics is essential for the organizations to smoothen their HR activities. HR professionals need to develop the skills demanded by HR analytics modes to store, analyse and predict the data for the better HR practices. HR analytics is important for HR professionals to improve the efficiency and effectiveness of HR functions and make them much performance oriented. HR analytics also helps the management to create awareness in employees regarding their role and need of performance. By the scientific record and evaluation employees are motivated to perform better to fulfil their expectations from the organization. Some of the important factors pointed are,

- It provides huge sources for successful recruitment and helps for effective selection.
- It helps to make strategic plan to maintain skilled employees.
- It avoids unnecessary cost of HR activities.
- It creates positive view towards HR analytics appraisal so that employees perform better.
- It helps to avoid high employee turnover and absenteeism.
- It makes HR functions more effective and systematic with sufficient data storage.

10 Impact on employee productivity

HR analytics facilitate the organization through proper recruitment and selection, training and transparent appraisal system as discussed above. These effective activities impact on employees. HR analytics contribute for improving employee productivity through following activities,

HR analytics is required to collect and record the data regarding HR professionals to make strategic decisions. Proper source of manpower helps the organization to choose effective and efficient manpower for the organization. Which result proper predicted performance as manpower match with the job analysis. And avoid the gap between job requirements and employee skills. So, employee can perform the job as per the expectations.

HR analytics facilitate the data of level of performance of employees in the past and present. Which helps the organization to evaluate the efficiency of the employees. It realises the employees regarding their performance level and believe as there is no personal biased in the evaluation method as it is based on the HR analytics. So, employees may concentrate towards improving their performance level.

With the all above contribution of HR analytics, an organization can improve the efficiency of the employees. As a result, employees with suitable job, less absenteeism, less intention of job shift and less cost will contribute for the effective and improved productivity.

11 Conclusion

HR analytics is the trending approach now a days. With this theoretical study I have analysed the role of HR analytics towards improving employee productivity. There may be much more importance can find when the research has been made with survey method. Impact of HR analytics may not be positive for the small-scale organizations as they can't bear the cost, and lack with the knowledge required for implementing HR analytics. At the same time, it is not much suitable when range of employees in the organization is lower.

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