A DIFFERENT TENDENCY OF DIGITALIZING HR: HR ANALYTICS

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ABSTRACT

Many HR Professional organizations have recognized Analytics as an important capability for the HR professionals. Analytics is being viewed as a tool capable of generating value from people resourcesand also strengthening the strategic importance of the HR function (CIPD, 2021). From being confined to the operations, marketing and finance fields; analytics is fast moving into the HR domain. Different kinds of digital platforms, data analysis tools and metrics are being usedby the organizations to make effective use of their HR data using analytic capabilities. HR analytics is of recent origin and hence very few organizations are able to develop full-fledgedcapabilities for HR analytics. In this context, it is important to bring out the developments happening and the practices emerging in the area of 'HR Analytics'. Analytics gained strategic importance with the use of bigdata. Emergence of more sophisticated analytical tools increased the credibility of business analytics. Gradually all organizations are making use of analytics. Organizations are quick enough to catch up the new developments and adopt the technologies that increase business efficiency. The use of analytic capabilities to analyze and develop insights on HR related data is broadly termed as HR Analytics, or People Analytics, or Human Capital Analytics. It is important to develop thought on the way analytics can shape the decisions made in the HR field. The present paper discusses the context through which HR analytics has emerged and provides an overview of its growth and functioning in the digital age.

Key Words: Big Data,Digital Technologies, Hr Analytics, Human Capital

1.INTRODUCTION

The roots of Human Resource Analytics (HR analytics) come from the enormous growth of data analytical

capabilities. Surely, Big Data has created much space for exploring the data using advanced and highly sophisticated data mining tools. Use of Big Data and the data mining tools on the people related data in organizations will create effective talent management platform. The role of decision maker brings out the value of the analytics technologies.Initially 'analytics' is viewed as simply a set of metrics developed for the decision makers. Those metrics which are collected and computed by using a softwareapplication(Lewis & Heckman, 2006). The early times of analytics were merely focusing on the use of metrics alone, whereas the later phases saw advancement towards prediction and prescription. People have to integrate the data insights thus captured through the analytics andincorporate them to enhance the business performance.

Changes in business trends and economic uncertainties have made the job of Chief People Officers a challenging one. Attracting, acquiring, and retaining the right talent requirescritical data insights about the human resources of the organizations. HR Analytics is further explored as the integration of different data sources internal and external to theorganization.This would enable to respond and workon strategic business queries pertaining to the human resources(Paul Isson, Jean S.Harriott, 2016). Use of HR analytics helps managers to base their decisions on well backed data analysis. The nature of people analytics can be seen at the three levels: initially as descriptive and further advanced to predictive and prescriptive analytics. While use of descriptive analytics to present the existing data in a summarized form is more popular, people analytics garnered popularity due to its predictive and prescriptive capabilities. Predictive analytics projects the future people trends with higheraccuracy, based on the past and present data available. Prescriptive analytics, in addition, prescribes the relevant action and the corresponding business actions.

1.1 Why Focus on HR Analytics?

The attention on workforce analytics is to give a new place to the HR function in organization. There is a shift of the role played by the HR with the addition of analytical capabilities. IBM believes that HR analytics can do a makeshift for HR from playing mere administrative role to a more strategic game changer(IBM, 2019). Decisions taken about the organizations HR must be supported by evidence. Besides the HR managers, line executives also play key role in taking the people analytics forward. The role played byHR analytics can help both the enterprises and the executives handling the direct responsibilities, to take better decisions regarding work force composition and to assess the performance of employees. With the use of people analytics, HR functions can also be proven to be of having greater strategic importance. Appropriate methods and metrics that report on various issues of productivity and gauge the value of talent and its effectiveutilization are needed (Lawler, 2019). Organizations generally are more interested in measuring the capital investments and assets through the monitoring mechanisms of financial information systems. The same applies to a human capital information system.It should provide the necessary focus and rigorto

gaugetheHR costs, besides indicating the performance and the current condition.

A good reason for many organizations to realize the importance of Talent Analytics is the growing competition to attract and retain talent. Companies are putting all their best efforts tograb the most talented and most skilled employees. In order to make this process smoother, companies constantly need to monitor and be in the forefront among the competitors, to track,analyze and integrate the information they have about the competitors with their own talent acquisition processes. Isson and Harriott are of the opinion that companies do not possess strong analytical mechanisms in place anddepend to a great extent on the informal feedback on their competitors (Paul Isson, Jean S.Harriott, 2016). With the outbound analytical capabilities, now the talent analytics systems can fulfill this need by bringing a more reliable system into place.

Organizations need crucial HR related data and analytics that can offer better insights into thehuman capital decisions. Human capital decisions are not to be isolated from the other business decisions, but to be placed on par. Studies have always been indicative of the vital role analytics can play in the field of human resources(HR). Many HR Professional organizations have recognized analytics as an important capability for the HR professionals.

Analytics is being viewed as a tool capable of generating value from people resources and also strengthening the strategic importance of the HR function(Cipd, 2021).

2. ANALYTICS INTO HR DOMAIN THROUGH DIGITALIZATION

The wait of HR function in embracing big data and analytics has been very long. Analytical tools have beenwidely in usage in domains of marketing, logistics, finance and sales. However, in recent times analytics entered the HR domain too. Since the past ten years or so, HR made a great leap inenhancing the quality of decisions by relying more on data(Ryan Hammond, Analytics Magazine). Ryan argues that HR analytics is not just the same traditional data pools owned by HR. Current HR analytics draws insights from a much wider array of sources.

It is vital for HR analytics teams to have a wide variety of skills sets to handle the analytics function besides the conventional HR knowledge. To make the best use of HR analytics,creative techniques are to be applied by the HR teams. The scope of HR analytics is spanned to all areas of human resource management functions. It caters to wide range of functions related to HR right from recruitment to all the functions of performance, productivity, engagement, HR costs etc.(Arrowsmith, 2014). Applying the analytics to the field of HR can help the HR managers in resolving many of the people problems that they face at the workplace. The kind of digitalization and dashboards that HR analytics can offer, reduces the burden of risky people decisions, by

live and updated analysis of organization's talent needs. With the use of evidence-based decision making, credibility of HR function in organization will be more quantitatively presentable through the analytics.

2.1   The Use of digitalization in HR Analytics

Business organizations need to catch up the pace and improve their operational efficiency to gain competitive advantage. Use of technology and digitalization of the business operations is vital for the business success. Businesses across the globe have overcome the limitation of time horizons. Organizations work on a continuous basis to meet their global business needs. Hence a digital HR platform that is always functional and dynamic in updating itself will be handy in developing insights gained through business intelligence. Goldstein (2018) proposed four key components for high-performance digital operations and HR services:

1. A digital platform that is live, secure, and readily available
2. Anywhere, anytime insights that improve business performance
3. An interlink between the IT workers, that makes use of sophisticated monitoring, search and by the use of analytic tools
4. An integrated system with several stake holders for innovation and collaboration

Digital insights that are always available, will address the limitations in existing traditional business reporting. Particularly, while dealing with the current and future talent needs, business organizations, through predictive analytics, can act proactively. With highly integrated systems and high responsiveness as a key feature, HR analytics will be very useful in locating the needy talent and predicting the likelihood of their entry and progression in organization.

2.2   What's on offer from HR digital insights?

HR analytics can offer two forms of insights. One set that looks at the process analytics, where individual process related insights are available and can be used to take decisions in the corresponding area. Process analytics may look at the areas such as recruitment, selection, on-boarding, performance management, employee opinion surveys, competencies, work-life balance etc. The second set looks at the integrated analytics. Here the focus is on combination of several individual HR processes leading to a business strategy that is important for business functioning. The integrated analytics include the areas such as succession planning, strategic HR management, people dashboard for CEO etc. To fulfill the organizational needs, all the individuals dealing with the digital information are to be brought on to a common collaborative platform where the necessary information and tools can be used and shared. Bringing all possible stake holders and associates onto the digital ecosystem will increase the ability to work closer and integrate among themselves. Digital platforms that are integrated and well connected have the capability of advanced workflow

management. These platforms produce strong insights that help in recruiting new employees andretaining and developing existing employees.

2.3   Limitations/challenges of functional HR analytics

The applications of analytics in HR are of great save for the people related decisions, as HRis an important cost overhead in organizations. Use of analytics can bring down the problem.But implementing HR analytics is not an easy task. There are several challenges that are to beaddressed. Some are listed below.

- HR data is present with multiple stake holders across the organization.
- The data is not always consistent and ready-to-use. Data is not standardized.
- Integration of data into unified system is a troublesome task.
- Many vital insights related to people behavior are not captured by the HR informationsystems.
- Also, much of employee's latest and reliable information is on external systems such asprofessional employment websites and not available within the company.
- HR Managers may underestimate their capabilities to handle the analytics tools and data.
- As the applications are being developed by software professionals, analytics is viewed asbelonging to IT domain than as a business-wide function. HR managers seem to disown analytics.

2.4   What defines success of HR analytics?

Use of evidence-based decision making should be increased in HR decisions. This will give astrategic advantage to the HR function in organizations. Mere reporting of the facts and incidents about HR functions is not sufficient. Using the available HR data and analytics tools more accurate predictions are to be made. These predictive analytics should be helpfulin making strategic decisions in the organization about the people functions.

Use of analytics should help organization reduce the costs involved in handling HR functions.Also, the analytics function should be suggestive in building the talent pipeline for the organization. Timely availability of competent workforce needs to be ensured through these analytics systems. The application of analytics should be extended to increase the employee satisfaction and engagement areas. HR department needs to continually update itself with the data fed by the analytics systems. This would enable the HR function to anticipate the future challenges and make the necessary workforce adjustments and preparations to meet the long- term business needs.

3.GROWING ADOPTION OF HR ANALYTICS ACROSS THE GLOBE:

'Talent analytics' aka 'People analytics' has come into the important phase of growth and development in the current decade, with HR departments of many organizations showing keen interest to implement data analytics to support their decision making. HR analytics have gradually entered the workplace. HR departments see a great potential in people data for theireffective functioning and believe to succeed through analytics by making use of predictive analytics models (Deloitte, 2016) Organizations are more confident that with the right insights and inputs about people related matters, they can gain the competitive advantage.

Deloitte's surveyed 3,300 HR and business leaders across the world. The study covered professionals from 106 countries across the globe, in the year 2018.The study observed that 75 percent of the respondents were viewing HR analytics to be of significant importance. However, the organizations were also admitting that they were facing a severe capability gap.Only 8 percent of the surveyed organizations were of the belief that they have the potential to handle people analytics.

Josh Bersin of Deloitte points that the growing demand and acceptance for HR analytics has made the HR software vendors to enhance their investments in analytics. Bersincites a few of the strategic changes that took place in the HR technology world that support the trend. Acquisition of Platfora by Workday, Evolve acquired by Cornerstone On Demand, Vestrics being acquired by Ultimate Software are among the important strategic investments. Big giants of software world have turned towards HR analytics. Launch of a major analytics service by ADP, Watson strengthened to offer useful HR insights by IBM are a few examples. There is fierce competition among these HR software providers to bring their products close to the needs of the organizations. Companies are ready to spend huge amounts in an attempt to understand the HR data by integrating their HR platforms(Bersin, 2017). With the ongoing changes in the tech platform for HR analytics software, companies are looking for ways to connect them to their existing cloud HR platforms.

Big names of IT industry are pumping huge investments into business analytics in generaland people analytics in particular. IBM's indigenous HR analytics platform Watson received big push asit simplifies the analytics interface and makes its user experience as simple as drag-and-drop to produce the required insights. On similar lines, Cornerstone On Demand has also ventured to extend its applications into predictive analytics and similar useful HRanalytics features. These expansions of analytics related features into all talent functions are a signal about the higher scope and opportunity for analytics to cater to the all forms of HR needs.

Many progressive organizations are already using HR analytics to explore the conditions leading to employee motivation and those of employee retention and exit. Such insights would help in harnessing greater returns from HR investments, which will have an overall impact on the business*(Inside HR, 2018).* Big names from the global business houses have made investments in HR analytics. Some of these organizations have been widely recognized as best places to work globally. The list includes: Accenture, Bloomberg, Bullhorn, CGB Enterprises Inc., CISCO, ConAgra Foods, Deloitte, Dow Chemical, FedEx, General Electric, Goldcorp, Google, Harrah's, Hewlett-Packard, Johnson & Johnson, Microsoft,SAS Institute, Shell, Sysco, and Xerox.

In a recent study by PwC,nearly survey, 86% of Saratoga participants affirmed that they have put HR analytics as an important strategic priority, with more organizations adopting it and those who're already working on the platform committing to improve further within the next three or four years. The study also found that nearly one- half (46%) of them were having HR analytics already functional in their organizations(Price Waterhouse Coopers, 2018).

A McKinsey Quarterly study in 2018 concluded that use of advanced analytics in the HR analytics would enable HR professionals and the human capital to reclaim their position as important strategic partners of the board. HR function which is positioned as only a support activity in some organizations, has come into limelight with the use of analytics. HR analyticshas the potential to give insights that are data-driven, and specific to the organization,enablingthe enterprise' HR professionals and executives to make better strategic decisions about their people(Fecheyr-Lippens, Bruce; Schaninger, Bill; Tanner, 2018). It doesn't require to overemphasize the need for strategic positioning of the HR functions in tune with the business requirements. A study by Prerna Lal (2018) indicates that workforce analytics can help in five important areas, such as: HR planning, business performance management, L&D, employee retention, and remuneration(Lal, 2018).

Globally, though the adoption of HR analytics is increasing, in some parts of the world the scenario is yet to emerge. A 2016 survey by KPMG in the UAE found that a very low percent of respondents (7.5%) havelow investments in advanced intelligent data analytics and payroll systems.Non-availability of advanced processes in place to capture the necessary data could be the reason that's challenging the context of Big Data analysis. UAE organizations are adopting to make use of Big Dataand also involving in large scale data collection coupled with advanced techniques of data mining and pattern recognition.Together put, this will help in gaining advantage using HR data. The UAE survey found that nearly 7.5 percent of the respondents were interested to invest in data analytics (*2016 UAE HR Transformation Survey*, 2016).

4.CONCLUSION

Use of analytics in the field of HR has increased significantly and is fast gaining momentum across all organizations. Digitalization of HR dashboards has helped in producing updated insights about the organizations workforce status. Though popularized and gained acceptance in the past one decade, HR analytics has fast emerged as the path-breaking phase for the HR function. HR analytics is growing in its strength along with the explosive technology trends such as business analytics and Big Data. HR analytics has been successful in creatingbusiness impact. Global trends in embracing the people analytics have shown positive results and helped the organizations to enhance the effectiveness of various talent management functions ranging from talent planning, acquisition, training, engagement to employee well-eing. The future developments of workforce analytics are going to provide more power to the talent leaders. Highly insightful decision alternatives about people and ability to predict the employee behaviors can change the way people resources are being managed. This places HR analytics of having greater and important role to play at present and the future digital age.

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