Impact Of HR Analytics On Organization Performance

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Abstract- HR has always been a greatest asset for the organization. And employees need to be treated as a resource .HR analytics plays a vital role in aligning the HR strategy to Business goals. The aim of this paper is to find out what and how HR analytics will impact Organization performance by improving workforce performance and productivity in turns improving business performance. There need to be an updated IT infrastructure to handle, interpret data and use the predictive and evidence based data for decision making. The paper provides strategic insight into all the areas of business and analyse the data of various departments using HR analytics.

Keywords- HR Analytics, Work force analytics, Talent Management, PMS

I. INTRODUCTION

Human resources is always considered as an Asset to every organization, To have a competitive advantage employees must be treated as an optimum resources. Human resources plays pivotal role in any organization and capitalize on employee's performance on a regular basis to achieve department and business goals.

It goes without saying that people are vital to the success of any organization. There's no doubt that any business which can attract the right talent and manage talent effectively, utilize capacity effectively, engage their employees and retain employees is setting itself up for long-term success.

To achieve strong competitive edge organization is banking on HR Managers to emphasize their attention on its workforce performance for generating return on investment. Organization must align their HR strategy to overall business strategy to run efficiently. No functional area of organization can function without the help of HR as it affects overall strategy of the organization.

HR Function deals with people and processes and hence overall performance of the employees to remain productive is the job of HR function. As the economic and social environment keeps on changing, HR needs to change its policies and adapt to the situation. Hiring and retaining top talent in the organization becomes very important for HR today. Better employee engagement and training becomes the need of the hour. HR in today's competitive world mainly focuses on hiring talent, engaging them and ensuring they remain productive at all times for achieving business goals.

Though HR interventions like training and payment can lead to outcomes such as an increased employee satisfaction and commitment that subsequently influence the organizational performance in a longer run. Even in the increasingly competitive environment today, HR practices that build employee commitment can help expand organizations responsiveness. The success of the organization depends on is people. Human resources help to cope and survive employees in the midst of fast growing and fast changing socio-economic environment by exploiting business opportunity with the minimum risk and challenges.

Challenges Faced by Human resource Department

Due to rapid economic changes and globalization, Human Resources department is facing challenges in terms of decision making. The challenges faced by HR today is

a. high turnover rate
b. low performance, absenteeism
c. Selecting the right candidates
d. Reducing attrition
e. Employee Retention
f. Employee engagement
g. workforce forecasting

Every passing day each challenge is becoming more critical. The high turnover rate is one of the utmost volatile aspects in any organization. If turnover rate can be projected accurately then it will aid in better future workforce planning. HR managers are required to understand and develop better compensation and benefits packages hence reducing employee turnover. Since each variables of HR is interrelated, knowing

the cause and effect of one problem can help device solutions for all the others.

Understanding employee behavior has always been the toughest challenge for HR Department. Employee attributes, attitudes, job satisfaction and many such other factors are critical in carrying out one's duty. But it is a huge challenge for the HR Department to manage these. Hence quantifying, measuring and controlling these aspects holds the key to a better workforce performance.

II. ABOUT HR ANALYTICS

Organizations can use HR analytics in improving workforce planning, align workforce talent to business goals using advanced predictive modelling techniques like :

- ✓ which programs can drive better performance and productivity
- ✓ who are the top performers at risk of leaving and how they can be retained
- ✓ make strategic decision based on the predictive model.
- ✓ Retention strategy
- ✓ Training Need analysis
- ✓ Succession planning

With the emergence of new technologies like HR analytics and tools, quantifying the HR aspect is now possible. HR Analytics has helped organizations to bring HR data to form a gold mine of HR intelligence which can be used to optimize the key performance indicators to drive overall business performance.

HR analytics is considered as being useful tool for understanding and evaluating the impact of HR activities and for influencing the business strategy and performance. HR Analytics gives an insights the way HR policies impacts organizational performance and is therefore going to be a powerful tool for HR functions. Human resources analytics involves providing insight regarding the process of gathering data and making the data available with relevant decisions about how these processes can be improved upon.

HR analytics or workforce analytics helps organizations to make workforce decisions by reducing the costs, identifying the revenue streams. HR analytics empowers the HR managers with accurate predictive analytics which determines the future, mainly for the organizations seeking more proactive role in driving business strategy. HR Analytics enables the HR Managers to make human capital decisions

that impacts the business results. Hence, it enables the HR to be more engaged in the formulation of the business strategy.

Organizations worldwide today have been using HR analytics software to increase the workforce performance and efficiency and better engagement and retaining the best talent. The HR data is the sources of information that helps the executives understand their employees and businesses, expect challenges, and identify opportunities. The ability to capture data and analyzing them has helped the organizations to both increase the revenues , better decision making and targeting customers and cutting costs through the improved business process. He also says that HR managers are now able to analyze mountains of structured and unstructured data to answer the critical questions regarding workforce productivity, hiring decision, impact of training programs on performance, predicators of attrition and also able to identify the potential leaders of the organization.

HR analytics works by gathering workforce employee data from work history and feeding this information into the computer software. These models brings out insights that HR can use to make critical decisions, such as reworking on commission structures to drive sales or invest more heavily in training to reduce high attrition rates
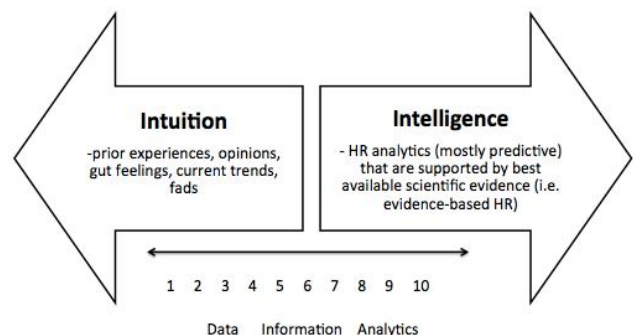
Corporate executives are fast jumping on the HR analytics. HR analytics marks a new frontier: No longer are senior managers responsible for making workforce changes based on hunches and past history. Rather, HR leaders can analyze data to inform hiring strategies, highlight business opportunities and bring out the best career paths for top performers. HR is very eager to take advantage of the ability to forecast talent demand, hiring challenges, predict retention and to anticipate HR-related outcomes

III. BENEFITS

The right direction depends on the enterprise's specific circumstances. For example, a company that's having

a tough time retaining niche talent may use HR analytics to better anticipate employee turnover and provide incentives to curtail attrition. A sales-driven agency, on the other hand, is more likely to examine their data to differentiate a high sales performer from an under-achiever. HR leaders that successfully match data to their human capital needs in a way that can impact decision making can expect a number of **key benefits:**

 Reduce attrition. By identifying top employees that are about to leave the company in the nick of time, or sweetening the compensation, an HR analytics application, effectively deployed, can save a company's spending. Factors such as location, pay scale and personality type can all be fed into an HR analytics system to preserve the best people in a talent pool.

Anticipate performance. HR analytics can address gap of identifying workers with strong leadership qualities and flagging those that are unlikely to mesh with a company's corporate culture. By better matching job applicants to the right positions, The Results Companies enhanced performance rates and increase revenue.

Enhance employee morale. Analytics tools can gauge signs of dissatisfaction and point to ways for retaining individual workers, boosting employee morale. Career development planning, connecting high performers with training programs, gathering information from employee surveys—they are all ways HR analytics tools can measure an employee's satisfaction

In this intense competitive market, every organization has to face tremendous amount of challenges in front of them. HR Analytics that helps the HR managers to take a fact based decision supported by data based evidence. By using HR Analytics, Senior HR management can now justify the investments made to the human resource projects and also predict future outcomes. Hence HR analytics is the dawn of the new era for Human resource Management for overcoming its crucial issues and challenges.

HR analytics is an approach to HR function which brings strategic tools and analytical data in the areas of HRM for improving employee performance and increase overall business performance.

HR analytics uses employee data from work history and make predictions related to employees. Example – every organization will have attrition and it tends to loose few of the best performers due to various reasons. Using HR analytics

tools and data we can predict at early stage which employee is looking for job change before it is late.

There are number of reason why an employee leaves and how they can be retained by giving them role , designation , better pay package , advanced training etc which can be retrieved from historical data .

Performance of every employee can be another example where HR Analytics plays vital role , performance earlier was only considered as job related performance but that is not only true , Manager used to rate his subordinate on his role and responsibility and gauge his performance , but the fact is there are other parameters which are not considered by the manager for low performance reasons, which is past experience , qualification , skill and competency.

By using historic data, the reason for low performance can be measured and includes:

1. Lack of Competency and skill
2. Past experience
3. Lack of training and supervision
4. Number of training attended
5. Lack of desired skill and qualification

Based on the above HR analytical data manager will get to know the exact reason for low performance and can plan accordingly the future course of action for his subordinate.

IV. CONCLUSION

Impact of HR analytics will help organization achieve the desired goal by improving business performance through People performance and aligning individual goal to business goals. The problem of Recruitment, Retention, Engagement, Attrition and Performance can be solved with the help of HR analytics data and its it depth analysis. HR Analytics indeed has facilitated the improvement of workforce performance by increasing individual productivity and hence has generated bigger revenues.