The Application of Human Resource Analytics as a Strategy to Elevate the Corporate Performance

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Abstract

Objective: This research aims to explore and highlight the growing importance of HR analytics in the corporate sector for data-driven decision-making and strategy execution. The primary objective is to present evidence of the increasing adoption and impact of HR analytics, both in academia and the actual corporate world. The study also intends to identify the requisite experience and competencies for HR analytics practices and to propose best practices and recommendations to enhance the effectiveness of HR analytics in organizations.

Method: This research involves a comprehensive literature review, examining existing research and case studies on the utilization of HR analytics in the corporate sector. Various sources, including academic papers, industry reports, and real-world examples, were analyzed to gain insights into the current state and trends of HR analytics in practice.

Results: The findings of the literature review demonstrate a significant surge in interest and implementation of HR analytics in the corporate world. The data-driven approach has shown considerable promise in aiding HR professionals in making informed decisions and aligning HR strategies with overall organizational goals. Evidence from both academic and practical sources supports the value of HR analytics as a crucial tool for optimizing HR processes and enhancing workforce productivity.

Conclusion: Based on the research findings, it is evident that HR analytics has emerged as a pivotal component in the corporate sector, revolutionizing how HR professionals execute strategies and contribute to organizational success. The study substantiates the need for organizations to prioritize the development of HR analytics expertise and competencies among their HR teams. Moreover, the research highlights the importance of establishing best practices and guidelines for effective HR analytics implementation, ultimately leading to better talent management and organizational performance. As HR analytics continues to evolve, future research in this field should delve deeper into addressing competency requirements and refining the strategies for harnessing the full potential of HR analytics in the corporate landscape.

Keywords: Analytics, Strategy, Corporate Leadership, Corporate Performance, Employee Outcomes.

Introduction

Employees of a great number of corporates are routinely given rewards and incentives by their employers. There is a free food range all-you-can-eat, an open-pit BBQ restaurant,
sushi and salad bar, all-day complimentary breakfast (Sullivan, 2013), full pet care (Jenks, 2017), $4,000 in baby-cover for soon-to-be parents, or even a $2,000 incentive to go everywhere in the world every year (Smith, 2016). These are just some of the benefits that are offered by the corporates. The object of these unbelievable advantages is not just a satisfied workforce. Nonetheless, effective corporate like Google, Twitter and Apple will quantify and analyze the impact of these talent management strategies, and allow decision-making based on evidence to support the efficiency of their business – the strategy called human resources analytics.

Analyzing data to support HR programs, policies, and practices is what human resources analytics refers to. This concept is sometimes expressed in a different way. HR analytics reflects a growing phenomenon in the corporate world (Pfau & Cohen, 2003; Rasmussen & Ulrich, 2014) in an environment where corporate leaders still look at statistics when making choices, as the framework provides a supportive structure and collection of metrics for measurements and assessments of the performance of HR processes, initiatives, and strategies. According to Barton and Court (2012), corporate leaders that pay special devotion to the expansion of big data and its influence on the human resources sector would increase their organization’s efficiency and competitiveness by up to six percent over their rivals.

Additional research suggests that it is critical to evaluate management activities of the workforce in order to increase shareholder equity and to enhance positive corporate indicators such as overall earnings and profits per employee (Pfeffer & Veiga, 1999; Bates, 2003). This may be accomplished by conducting an assessment of the management activities of the workforce. According to Mondore, Doutitt, and Carson (2011), HR analytics identifies the causal influence of human experience on crucial market results based on scientific data. This may be done by looking at the correlation between human experience and market outcomes. The terms "skill analytics," "workplace analytics," "human resources analytics," "metrics of human capital," and "evidence-based management" are all included under the umbrella term "HR analytics." There are many other words that may be used interchangeably with or that fall within this category. It is important to highlight the use of HR analytics as a method for measuring the outcomes, which may also influence executive buy-in and stimulate cross-functional participation across departments (Bates, 2003; Chadwick, Super, & Kwon, 2015). This can be used as a tool to measure the impact and results of HR initiatives. In addition, there is a wide variety of approaches to HR analytics, as well as data analytics in general; these techniques may, in the majority of instances, be grouped together into a continuum of complexity, beginning with descriptive analytics and progressing upwards via diagnostic, predictive, and prescriptive analytics. This is done in the order of increasing levels of sophistication.

The term “HR analytics” refers to a multi-pronged trend that uses data to drive decision-making and also shows the fast progression of data science. HR analytics, on the other hand, can trace its roots back to fields such as industrial and corporate psychology — a field that has been around for more than a century – as well as mathematics, statistics, and economics. Integrating HR analytics into a larger strategic human resources management function can help businesses find and implement high-performing HR systems and engagement-based work practices (Chadwick et al., 2015; Combs et al., 2016).

HR programs centered on commitments relate to heavy corporate capital investments which foster employees’ development and growth. A series of processes and procedures, for example, is also referred to as HR programs based on engagement, as executives adopt complex, systematic and competitive workforce management strategies and workplace growth and development (Chadwick et al., 2015). High-level job strategies, according to strategic HRM academics, include things like compensation for jobs and flexible working hours (Bates, 2001; Combs et al., 2016) that aim to boost workplace engagement and productivity. HR analytics can also be explained by the leverages of data
to recognize and build effective engagement-based R&D processes and high-performance work activities to meet the business goals and to enhance client profitability. Few empirical studies have directly tested whether corporates with a defined HR analytics function outperform those without one (Rasmussen & Ulrich, 2014), despite the widespread interest in HR analytics and the logic that HR analytics can be included in strategic HRM. If there isn’t much information on a trend, it doesn’t mean it doesn’t exist. There is a need for further research into the use of HR analytics in business settings and the circumstances under which well implemented HR analytics may improve business performance.

Human Resource Analytics: Current Research and Applications

The current state of the art in HR analytics implies that many corporates gather and/or analyze relatively limited types of human resources data and utilize a retrospective approach to report HR operations to senior management (Harris & Light, 2011; Angrave et al., 2016). This is according to current knowledge in the field of HR analytics. In terms of the analytic complexity continuum (i.e. descriptive, diagnostic, predictive, and prescriptive analytics), these kinds of methods may be categorized as descriptive analytics at the most fundamental level. These methods to HR analytics are instructive, but they are not adequate to build and execute HR systems, policies, and practices that have a quantitative influence on the performance of the corporate. It may not be sufficient to convince important players, such as corporate leadership, to invest more money on HR tasks like those that need it, such as corporate leadership. The focus on descriptive analytics may be traced back to the metrics that are often supplied by the HR and HR IT departments. These indicators include things like turnover rate and yield ratio.

According to Angrave et al. (2016), some parties place the responsibility on HR metrics and descriptive analytics of information systems employed by corporates. This is because the capability of these information systems might be restricted, and historical information can only be provided. According to Harris and Light (2011), typical analytical formats, although useful for reporting, are not enough for accurately predicting crucial employee and business outcomes. Given the prospective nature of strategic HRM, it stands to reason that the use of robust HR analytics—including a range of descriptive, diagnostic, predictive, and prescriptive analytics—will foster policy development and, in the long run, boost business success by influencing high-performing workforce activities and engagement-based HR processes.

Defining HR Analytics

Prior to conducting in-depth studies, it is important to develop a common understanding of HR analytics and how it differs throughout the discourse population.

The terms HR analytics, talent analytics, workforce analytics, talent decision science, people analytics, human capital analytics, human resource metrics, human resource strategy, talent architecture, and proof-based HR and management are all essentially interchangeable with one another. Additional specifications for HR analytics description and application are provided by descriptive, diagnostic, predictive, and prescriptive analytics.

The scientific community at large is aware that there is a spectrum along which analytics activity and implementation may be located (Cascio & Boudreau, 2011; Fitz-Enz & Mattoo, 2014; Isson & Harriot, 2016). First, it is important to understand that there are two distinct sorts of analytics that corporates may use: retrospective and prospective. According to Molefe (2013), retrospective analytics is an examination of past company performance reporting in a backwards fashion. According to Fitz-Enz (2010) and Van den Heuvel and Bondarouk (2016), prospective analytics centers on the utilization of historical information to generate forecasts of conceivable outcomes.
According to Fitz-Enz and Mattox (2014) and Isson and Harriot (2016), the broad categories of retrospective and prospective analytics include four aspects of analytics: descriptive, diagnostic, predictive, and prescriptive analytics. These four dimensions of analytics are subsumed under the larger category of prospective analytics. In order to provide an answer to the query "What occurred in the past?" Descriptive analysis is accompanied by retrospective analytics. (Fitz-Enz & Mattox, 2014). The findings of the diagnostic analysis raise the question: why did it occur? The field of predictive analytics addresses the following questions: What will happen, when will it happen, and how will it happen? (Edwards and Edwards, 2016; Block, 2015). Prescriptive analytics allows for the prediction of corporate improvements in addition to the recommendation of pertinent activities to take (Hunt, 2014; Pease, 2015).

Figure 1: The Four Dimensions of Data Analytics Continuum

The Relationship Between HR Analytics and Employee Outcomes

As a consequence, HR analytics has the potential to assist in shaping the experiences of workers as well as, on a broader scale, the emotional, cognitive, and behavioral outcomes at work and elsewhere. Recent years have seen a number of meta-analyses that support the idea that regression and other statistical and data-analytical methods used in the fields of industrial and corporate psychology, human resources, and corporate behavior can be used to demonstrate the positive impact of HR policies and programs on worker outcomes.

An employee’s experience of free hand seems to be connected with more job satisfaction, goal performance, perceived value, and less absences, according to the findings of a meta-analysis research of Humphrey, Nahrgang, and Morgeson’s influence on the work characteristics (2007). In light of these results, it is reasonable to hypothesize that increasing workplace flexibility and on-the-job input expectations via work (re)design and workforce engagement would substantially improve workforce performance, as well as educate and measure the success of these efforts as part of the HR analytics feature. For this to occur, some researchers have suggested boosting workplace outcomes such as intrinsic productivity by redesigning jobs with lean manual development concepts (De Treville & Antonakis, 2006).

Ultimately, the way a corporate treat the workforce can directly be ascribed to its business goals, successes and failings (Bates, 2003; Davenport, Harris & Shapiro, 2007). In addition, Boselie et al. (2005) suggest that human resources departments concentrate their attention on the factors that motivate employees to achieve success. At this point in time, academics and corporate leaders may come to the conclusion that HR analytics should be utilized as a tool to analyze, execute, and acquire employees’ perspectives as well as HR
data in order to authenticate employee interest and to illustrate their quantitative yields (Mondore et al., 2011).

HR Analytics and the Achievement of Corporate Goals

Released, peer-reviewed literature that explores the direct or causal effect on corporate performance of HR analytics is comparatively scarce (Rasmussen & Ulrich, 2014; Angrave et al., 2016; Marler & Boudreau, 2017). Further academic research is required to specifically analyze how an automated and well-defined HR analytics feature ultimately contributes to better outcomes for organizations, such as corporate performance.

A new Bersin study by Deloitte Consulting LLP (2017) showed 82 per cent higher gross income than low-maturity companies for businesses with a sophisticated HR research feature. Nonetheless, to more closely check this possible impact, it remains unfinished if this is a real, causal association and scientific study.

In an example of HR analytics' commitment for better client performance, some corporate leaders often attribute data-driven decision-making through their HR analytics department to market progress by looking at big, publicly listed businesses, but these organizations do not report tangible return on investment as a result of their employees’ decisions (Davenport et al., 2007; Sullivan, 2013). Some corporate leaders link the success of large, publicly traded corporates to data-driven decisions made by their HR analytics department, but these corporates do not typically report a positive return on investment as a result of their employees’ choices (Davenport et al., 2007; Sullivan, 2013). On the other hand, some of the positive tales that are pertinent to human resources analytics are more accurately described as anecdotal or as presumably pertaining to certain corporates.

Developing an HR Analytics Function

The expansion and further development of the HR analytical approach are also called into question, despite the fact that HRM and HR analytics have had a favorable impact on the volume of published work. And problems with the conception and creation of a system might have direct repercussions on its ability to perform its HR analytics role. According to Jackson et al. (2014), the function of HR professionals in today’s corporate world is gradually morphing into one that requires them to take an active part in the decision-making process about the corporate’s strategic and planning overall. After the corporate goals have been identified, the policies and procedures that will be created to match with them will be formed. The first obstacle to overcome throughout the conception and creation phase was the creation of corporate resources for HR analytics. When key participants realize the importance and engagement essential for an effective HR analytics function, this is a significant step since future hurdles to the execution are likely to be avoided or minimized early, increasing the likelihood that this step will be successful.

Implementing an HR Analytics Function

The next phase in the process of putting in place an HR analytics department is to devise an effective plan for the management of change, organize the available resources in an appropriate manner, and thoroughly assess the outcomes. Management will implement and expand analytics into its human resources and business processes and structures through a variety of strategies. Some corporates choose to use HR analytics (Morgan, 2017), while others choose to include research into the IT feature of the corporate (Barton & Case, 2012), and yet others choose to use a distinct cross-cutting consulting tool (Isson & Harriott, 2012).

Corporate Change Management

The overarching goal of implementing HR analytics will result of improved decision-making to facilitate corporate transformation (Cascio & Boudreau, 2011), nevertheless, simultaneously, it needs its change management mechanism to incorporate analytics feature. During the transition process, HR practitioners are given the ability to make
substantial planned or upcoming improvements in communication and involve the workforce. For those involved in the process, and efficient change management plan is essential for a smooth transformation. Hunt (2014) says, for instance, that it is extremely obvious what your changes are, why you change them and how the people affected by the change will benefit from them when they start a process for managing change.

Two important aspects of change management that are helpful for HR leaders to succeed have been introduced by Barrette (2015): listening and learning; consulting and building strategy. The listening and learning stage include communicating independently or in a group atmosphere with personnel to encourage open discussion of critical business requirements. Besides, the consulting and building strategy process takes place as HR leaders take note of the input they collect and serve as strategic advisors to explain the rationale, forecast, and suggest actions through data analysis (Subrahmanyam, 2017).

At other cases, HR leaders will expect the likelihood of a high-level management opposition from HR analytics programs and try to resolve unintended consequences quickly (Bates, 2003). Once corporate leaders understand that the desired outcomes are not obtained through their analytical methods, they will work to reorganize the HR analytical processes to reach anticipated market outcomes. Hence, HR analytics should be used to address key questions of interest to key stakeholders and to solve important problems. A feedback-reading process can be seen when management goals and market requirements are continuously modifying (Barrette, 2015). In a sense, change management requires more than just the collecting of data, the analysis of that data, and the assessment of that data. It also requires compassion, transparency, and open communication with the workforce.

Resource Allocation

As part of the process of execution, the corporate leaders are responsible for allocating resources according to the requirements of the corporate and primary players. So, what exactly is needed to deploy HR analytics successfully in a corporate? The following four criteria would include the application of HR analytics – analytics competences; price; time and space and data exchange. The following four conditions will be considered:

Analytics Competences – Levenson (2010) and Edwards and Edwards (2016) are two authors that have contributed to the ongoing conversation in academic literature on the essential competencies for doing and evaluating HR analytics. Corporate leaders are increasingly aware that economies face a disparity in expertise and a lack of talent (Morgan, 2017). Some corporate think that the current workforce needs to create more HR-Analytic competences (White, 2016), while others agree that these competences should be gained by recruiting and selection processes.

However, a talent shortage may still lie a long way from how a corporate generates analytical competences in its workforce. According to research that was carried out by the McKinsey Global Institute (Dobbs et al., 2012), it was shown that up to 95,000,000 workers in industrialized countries demand knowledge. The Ross School of Business at Michigan's University researched HR competences for 10 years (1988-98) and found that according to Becker, Huselid, and Ulrich (2001), there was a substantial change in the focus of HR professionals away from transactional tasks and toward transformation in time spent in administration processes and on key strategic questions. It would seem that a lack of competence on the part of candidates is a cause for worry, given the prevalence of academic programs that teach graduate students in HR analytics (Davenport & Patil, 2012; also Bauer & Caughlin, 2017).

Price — Within HR analytics initiatives, two of the primary challenges that management faces are the expenditure (Carlson & Kavanaugh, 2015) and the revenue return (Barton & Court, 2012). There should be a plan to measure the impacts of additional cost to effectively undertake HR analytics on employees and corporate performance. It is well
known among academics that HR analytics may play an essential part in the process of producing value (Boudreau & Ramstad, 2007; Fitz-Enz, 2010). Nevertheless, the implementation of HR analytics might take years due to insufficient resources and money (Fitz-Enz, 2010). This is evident due to the fact that leadership does not fully embrace the competitive value that HR analytics will contribute to the corporate as a whole.

Time and Space – More questions businesses may have about the concept of deploying an HR analytics feature in the HR department's capacity to have resources and room to carry out actionable research. For examples, in the majority of advanced HR analytics teams 7 main steps must take place, which includes (a) an understanding of current evidence, (b) questions posed correctly, (c) predictive modelling is checked and analyzed, (d) an experiment is done, (e) research questions are answered, (f) an experiment is reworked, and (g) more study must be requested (Edwards & Edwards, 2016).

Finally, the time and resources that were invested in the creation of the HR analytics feature were done so with the intention of reducing the amount of time that was wasted on repeated HR procedures, which, in the absence of an HR analytics tool, would not have been discovered. Google is a good illustration of how any corporate may cut down on the amount of time spent on interviews. The HR analytics department at Google examines top achievers inside the corporate and evaluates their history and skills (Davenport et al., 2007) in order to significantly expedite the recruiting process and reduce the number of applicant interviews from ten to five.

Data Sharing — 51 per cent of the businesses surveyed indicated that their biggest impediment to large-scale adoption has been the lack of data sharing between corporate departments in a study carried out by the Columbia Business School's Global Brand Leadership Center and New York American Marketing Association (NYAMA). According to Isson and Harriot (2012), a command-and-control management method to disseminate analytical knowledge is inferior to a collaborative approach that centers on a competitive analysis function as the strategy for sharing information. This opens up the benefits of data analytics to the corporate as a whole, not just a select few. Corporates that fail to effectively integrate and utilise strategic HRM data will always lag behind their more successful competitors (Hunt, 2014).

Evaluation – The final, crucial component of incorporating an efficient HR analytics method is a comprehensive corporate success appraisal and evaluation. An analytically mature state occurs when data-driven decision making becomes institutionalized. This calls for continuous analysis and assessment of the impacts of HR analytical interventions on day-to-day management decisions in a corporate. Stakeholders inside a corporate should use analytic methods to spur constructive change and underpin the achievement of strategic objectives. The assessment will continuously track stakeholder acceptance, the underlying impacts and other indicators associated with implementation and performance during the appraisal process (Isson & Harriot, 2012).

It is necessary to note that after the initial deployment stage a continuous learning curve is crucial. If corporate leaders want to push their HR practices into the future, they should consult both externally released academic research and the findings of their own internal HR analytics. The evaluation process can involve the incorporation of corporate analysis with certain considerations relevant to the assessment of the impact on the results of HR initiatives. Corporate analysis (2017) enables HR practitioners not only in their firms but also outside the business to evaluate workplace efficiency, according to Kaur and Fink. In consideration of the rapidly changing market environment today, management should look at issues facing corporations outside of the company proactively in order to make better measurements and decisions.
The Benefits of HR Analytics

The development of new ideas and technologies relies on the elucidation of crucial qualitative data, which may be made more accessible via the recommended stages of HR analytics design, development, and application. Nevertheless, the use of data for advice, assist and assessment of HR and processes may have significant ramifications for workplace and corporate results decades of cumulative industrial and corporate psychology, corporate behaviour and strategic HRM studies.

Before allocating time or resources to HR analytics, HR professionals and corporate leaders should reach consensus on the function’s strategic importance and anticipated outcomes. It is important to take into consideration the creation and implementation of an HR analytical function. HR professionals should utilize these frameworks in particular when developing strategies and laying the groundwork for HR analytics projects. HR professionals who promote change management should transparently interact with their employees, clarify the reasoning for important changes, expect pushback and look forward to feedbacking. The corporate leaders will allocate assets to guarantee the best possible outcomes throughout deployment stages such as the development of technical skills, the allocation of enough time and space, the provision of sufficient funding, and the facilitation of effective data interchange via the use of relevant structures and technologies for the acquisition of knowledge. Finally, a sound evaluation is needed for leadership to be responsible, potential retroactions to be remedied and the expected (and possibly unforeseen) business results link HR analytic investments to.

Conclusion

Focusing on HR analytics, strategic HRM, and their effects on corporate performance was the primary motivation for this research. Since corporates also employ a vast quantity of money to create and enforce HR processes and programs, their decision-making methods can be theoretically enhanced by knowledge for decision-making purposes. The corporate world, therefore, has an informed decision on the utility of an HR analytics feature and the method of execution based on the results of this research. Academia experts will collaborate with corporate leaders to share important new results in HR analytics. To the end, institutional and corporate leaders are urged to further build strategies to apply HR analytics more efficiently in the corporate to meet strategic goals and competitive advantages.

References


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