

# *What is HR Analytics*

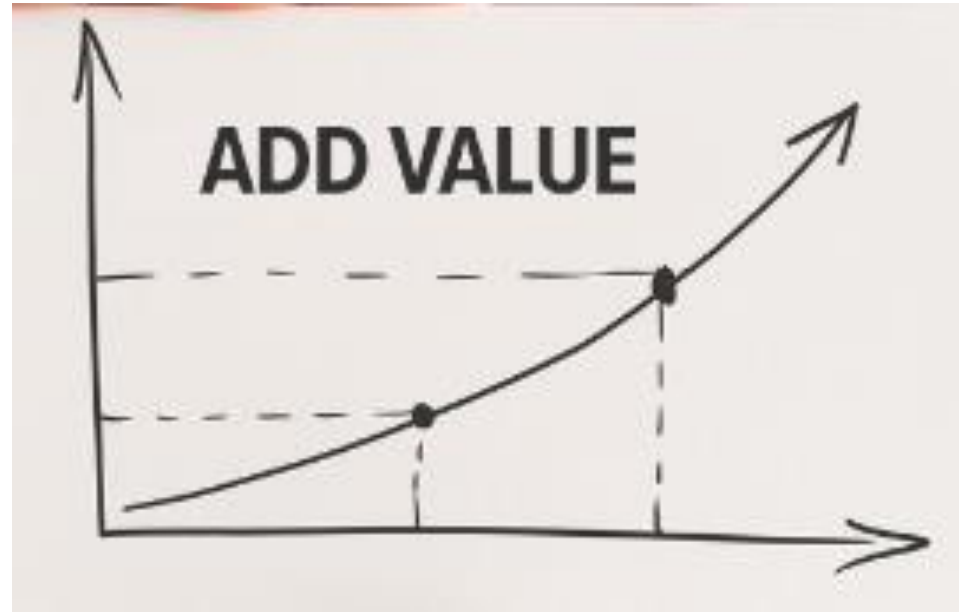
***Using the Power of BI to link HR Analytics to Business outcomes.***

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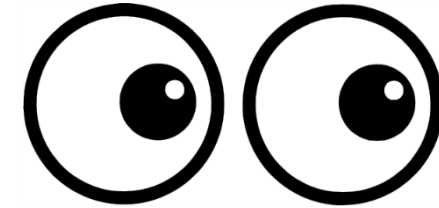


# Critical Question

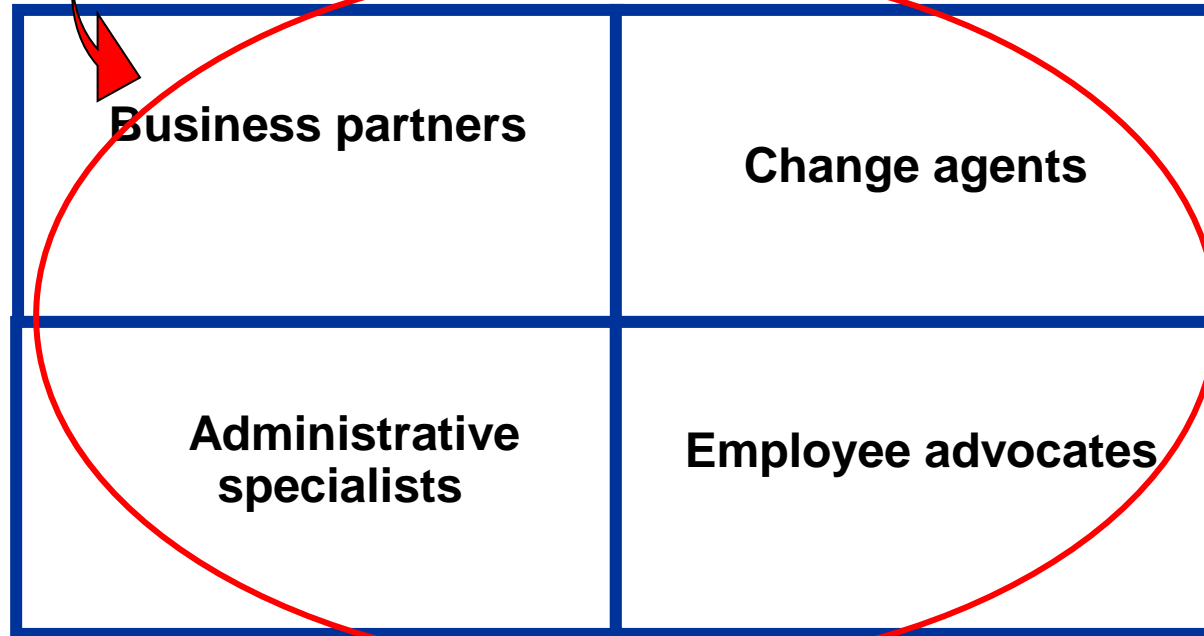
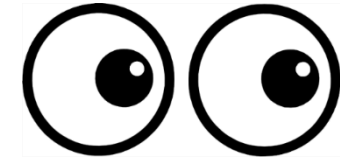
Why would we want to measure human resources...**what value does it add?**



How CEOs and senior executives often view HR

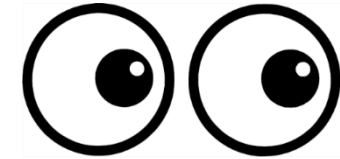


How **HR** wants to be viewed



David Ulrich — HR Champions: The Next Agenda for Adding Value & Delivering Results, 1996

How **HR** wants to be viewed



David Ulrich — HR Champions: The Next Agenda for Adding Value & Delivering Results, 1996

CEO/senior executive team wants .....



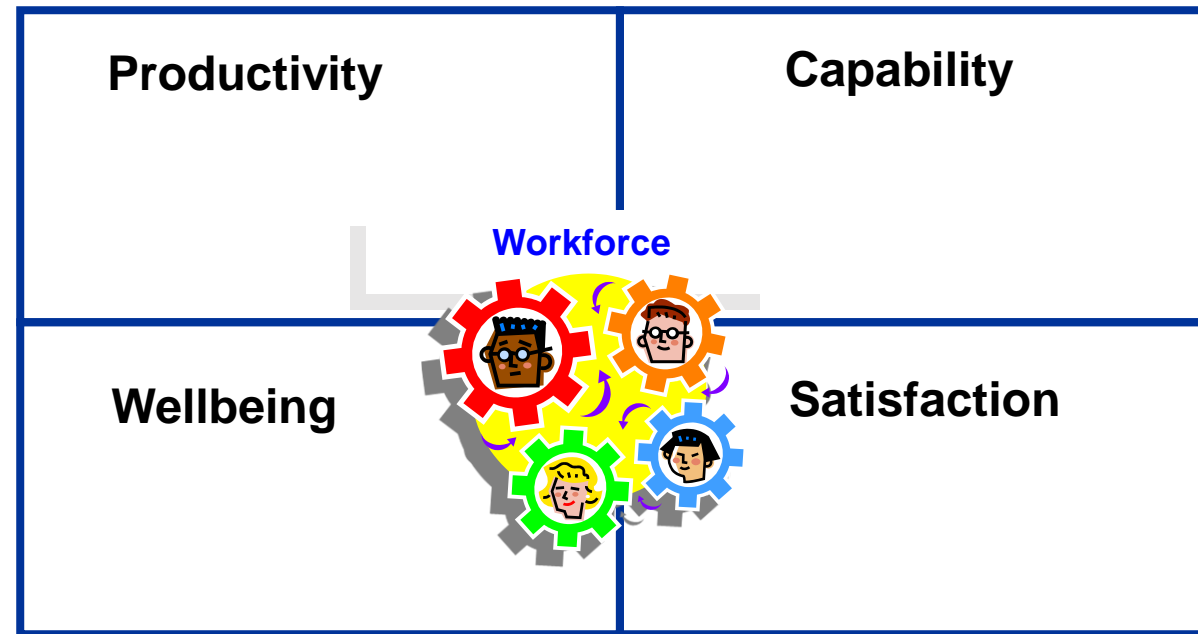
**To capitalise on workforce potential**

The Human Resources contribution...



**To optimise workforce performance**

## HR perspective: Organisational Contribution



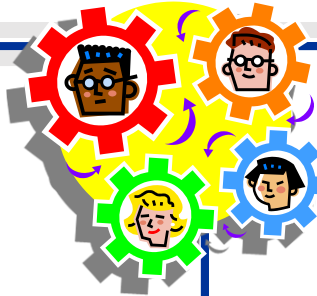


## HR perspective: Organisational Contribution

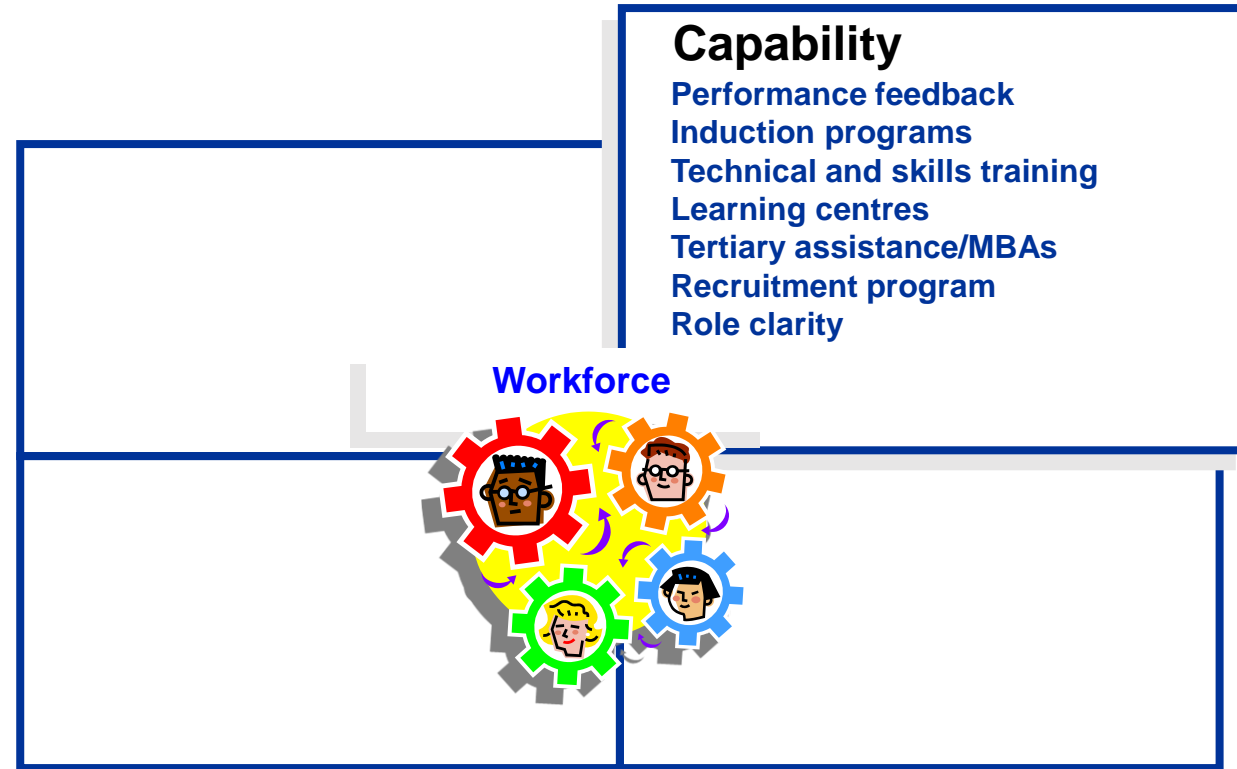
### Productivity

Labour costs  
Labour mix and utilisation  
Staff rostering and utilisation  
New technology application  
Cross-functional project  
teams  
Employee participation/teams  
Workforce forecasting

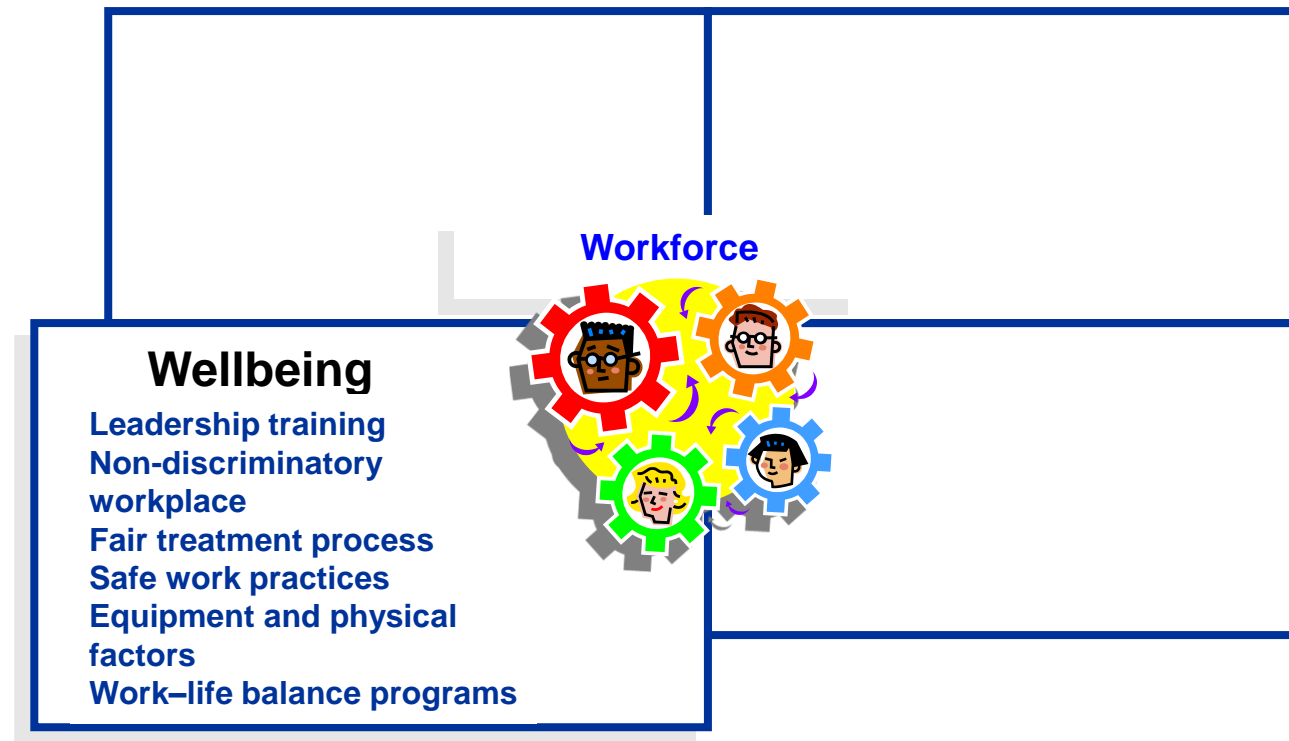
Workforce



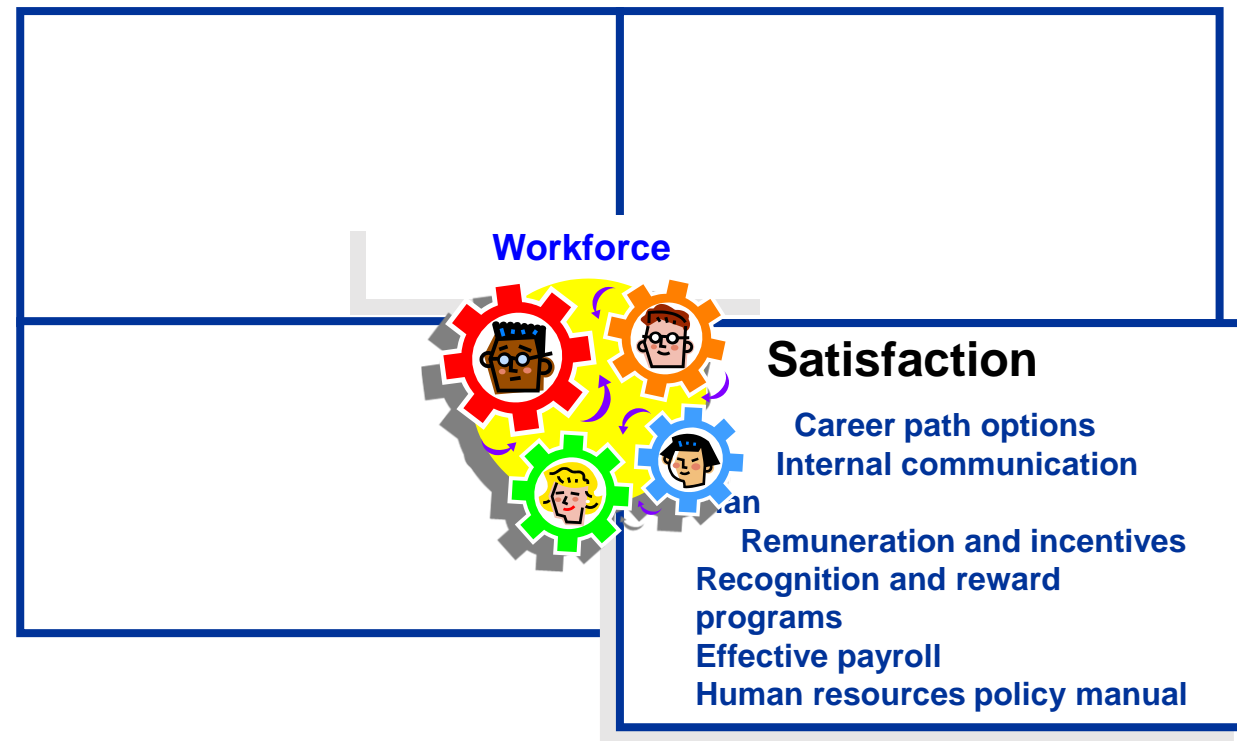
## HR perspective: Organisational Contribution



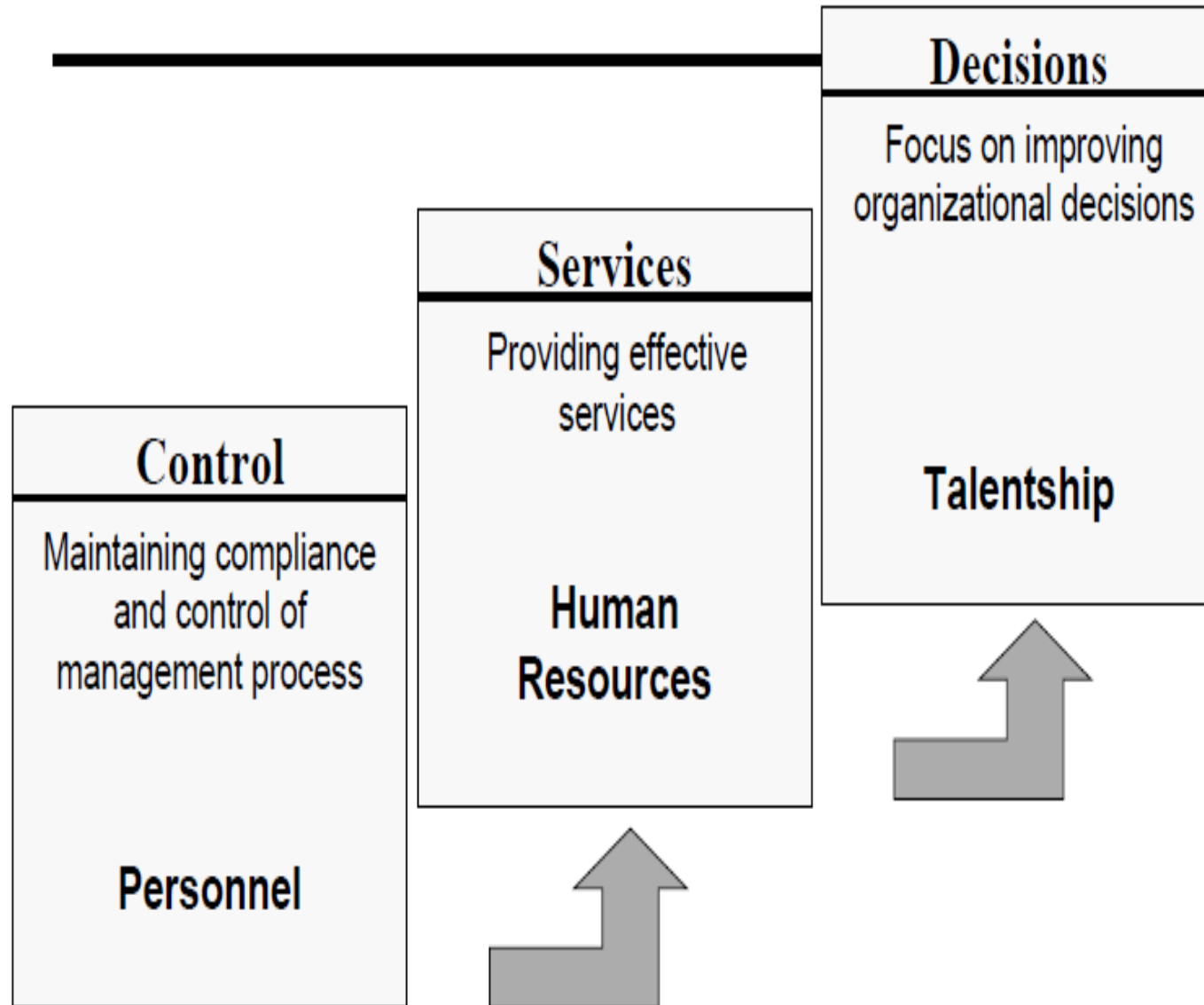
## HR perspective: Organisational Contribution



## HR perspective: Organisational Contribution



## Transition of the HR Function



# Competences of HR professionals over 30 years

14

Michigan, RBL, and many global partners over the seven rounds HR competency studies

	Round 1 1987	Round 2 1992	Round 3 1997	Round 4 2002	Round 5 2007	Round 6 2012	Round 7 Round 7/7
Total respondents	10,291	4,556	3,229	9,182	10,063	20,023	31,868
Business units	1,200	441	678	692	413	635	1,395
Associate raters	8,884	3,805	2,565	5,890	8,414	17,385	27,904
HR participants	1,407	751	664	1,192	1,671	2,638	3,964
[1] Business	Business Knowledge <b>(3.17)</b>	Business knowledge (3.28)	Business knowledge (3.27)	Business knowledge (3.44) Strategic contribution (3.65)	Business ally (3.50) Strategic architect (3.68)	Strategic Positioner (3.89)	Strategic positioner <b>(4.13)</b>
[2] Human Resources tools	HR delivery <b>(3.33)</b>	HR delivery (3.41)	HR delivery (3.49)	HR delivery (3.69)	Talent manager & organization designer (3.80)	HR Innovator & Integrator (3.90)	<b>(4.02)</b> Human capital curator (4.01) Total rewards steward (3.88)
[3] HR Information, Analysis, Operations				HR technology (3.02)	Operational executor (3.53)	Technology or information Proponent (3.74)	Technology and media integrator (3.92) Compliance manager (4.32) Analytics designer and interpreter (4.01)
[4] Change				Change and culture were combined into strategic contribution (3.65)	Culture and steward (3.80)	Change champion (3.93)	<b>(4.01)</b> Culture and change champion (4.03)
[5] Organization and Culture			Culture (3.42)			Organization Capability builder (3.97)	Paradox navigator (3.99)
[6] Personal		Personal credibility <b>(3.78)</b>	Personal credibility (4.03)	Personal credibility (4.13)	Credible activist (4.19)	Credible activist (4.23)	Credible activist <b>(4.33)</b>

# The HR Value Chain

## EFFICIENCY



### HRM - activities & processes

- Workforce Planning
- Recruitment & Selection
- Compensation & Benefits
- Industrial Relations
- Training
- Internal Mobility
- Talent Management
- Coaching
- Downsizing
- Organization Design

## EFFECTIVENESS



### HRM - outcomes

- Employee engagement
- Employee retention (obverse of turnover)
- Employee presence (obverse of absenteeism)
- Competency levels
- Performance
- Social climate
- Employee involvement
- Trust

## IMPACT



### Organizational objectives

- Profit
- Market Value
- Market Share
- Turnover
- Productivity
- Quality
- Customer Satisfaction

*But also:*

- Moral Values
- Fairness
- Legitimacy

# *What is HR Analytics*

***Using the Power of BI to link HR Analytics to Business outcomes.***

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# What is HR Analytics?

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- HR analytics is the process of collecting and analyzing Human Resource (HR) data in order to improve an organization's workforce performance.
- The process can also be referred to as talent analytics, people analytics, or even workforce analytics.



# HR Analytics

*"What gets measured, gets managed; What gets managed, gets executed"*  
- **Peter Drucker**

**Measure & Manage**

*"The business demands on HR are increasingly going to be on analysis just because people are so expensive"*  
- **David Foster**

**Return on Investment**

*"To clearly demonstrate the interaction of business objectives and workforce strategies to determine a full picture of likely outcomes"*

**HR Dashboards - SAP**

**Linkage of Business Objectives and People Strategies**

*"Global organizations with workforce analytics and workforce planning outperform all other organizations by 30% more sales per employee."*  
- **CedarCrestone**

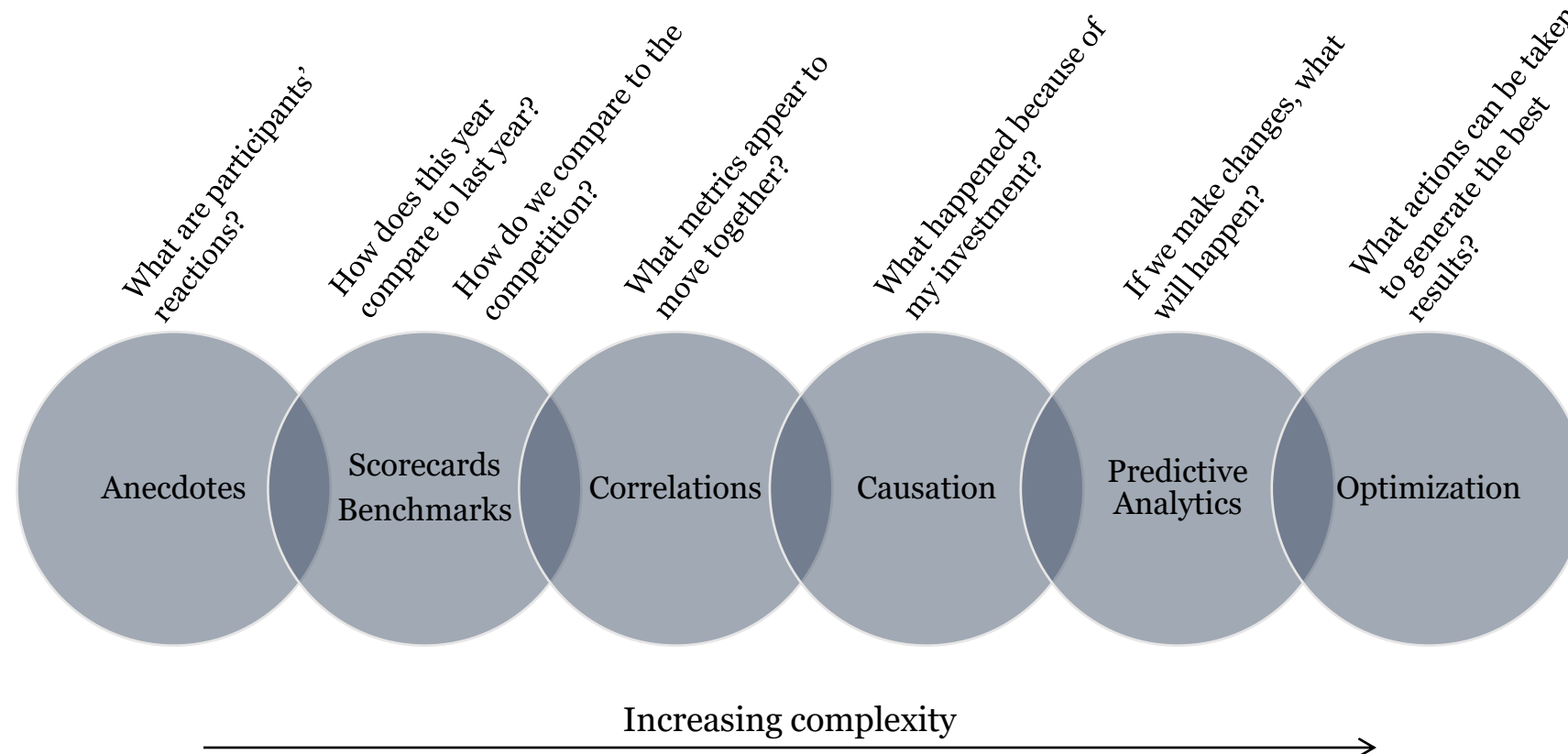
**Performance Improvement**


# The Art of HR is Being Replaced by Science

In the past and for most of us



**What was done**

**The Business Questions:** Where are we going? How will we get there?





# Why ? HR Analytics

- Fill skills gaps
  - Hire the right people
  - Foster deeper employee engagement
  - Boost employee performance and productivity
  - Eliminate workforce discrimination
  - Increase employee retention
  - Improve operations
  - Reduce costs
- 
- 

# Why ?

- *Having data-backed evidence means that **organizations can focus on making the necessary improvements and plan for future initiatives.***
- *With the ability to answer important organizational questions without any guesswork, it is not surprising that **many businesses using HR analytics are attributing performance improvement to HR initiatives.***

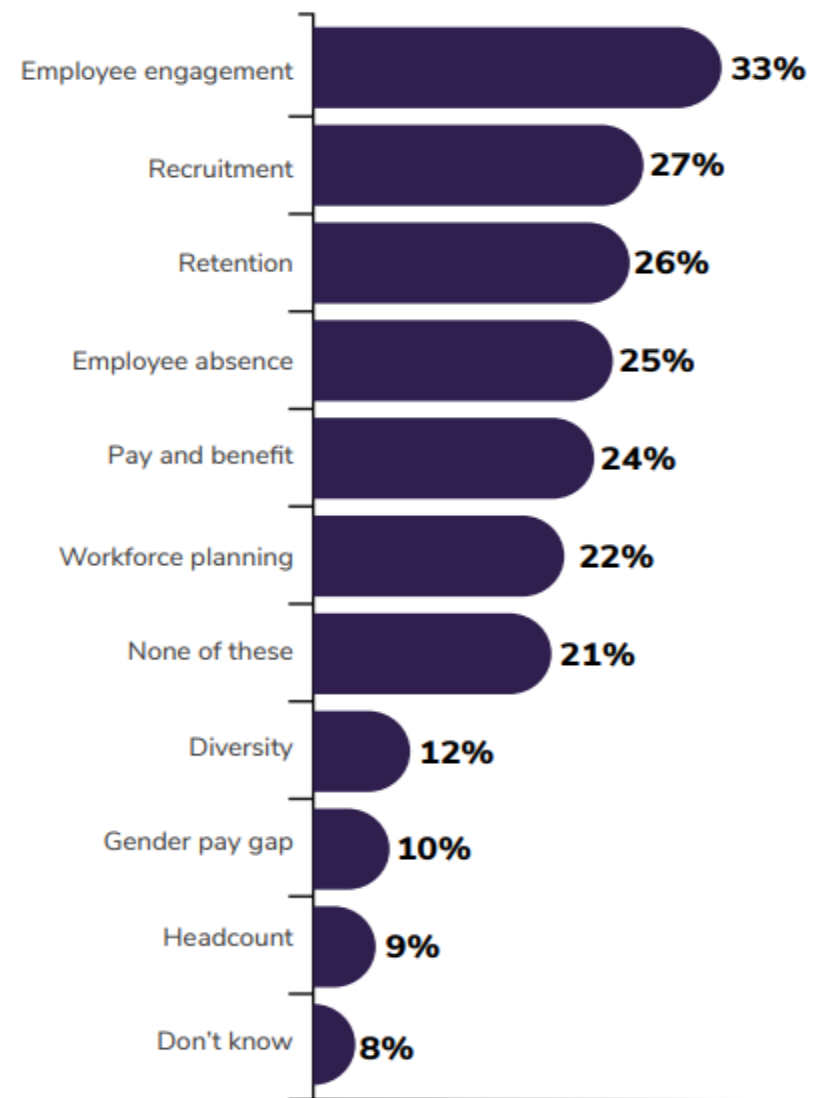


Figure 4. YouGov plc. Base: All HR decision makers (501)

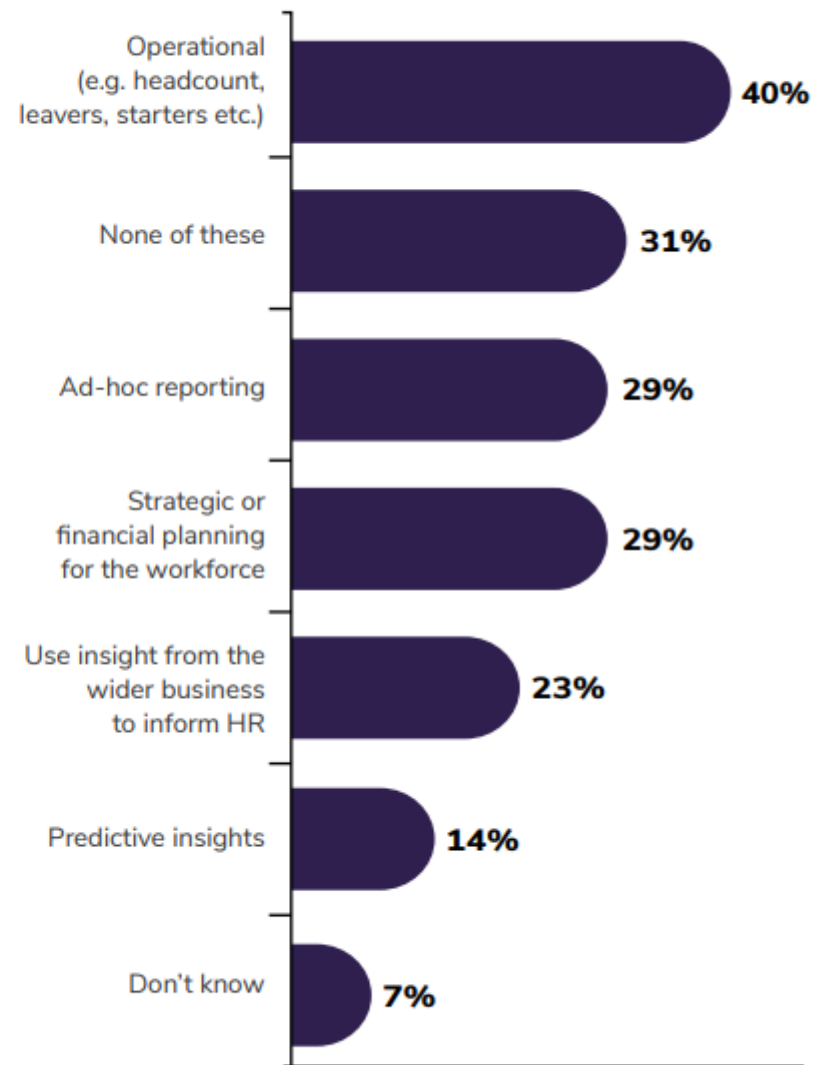
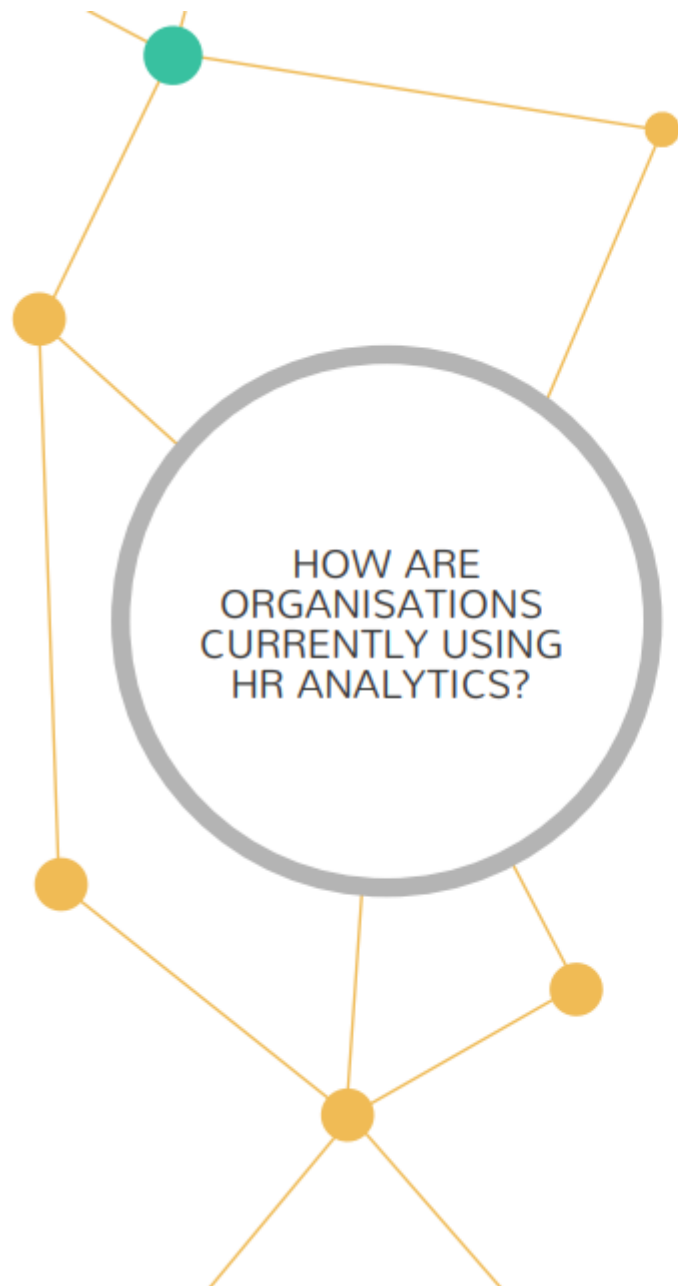
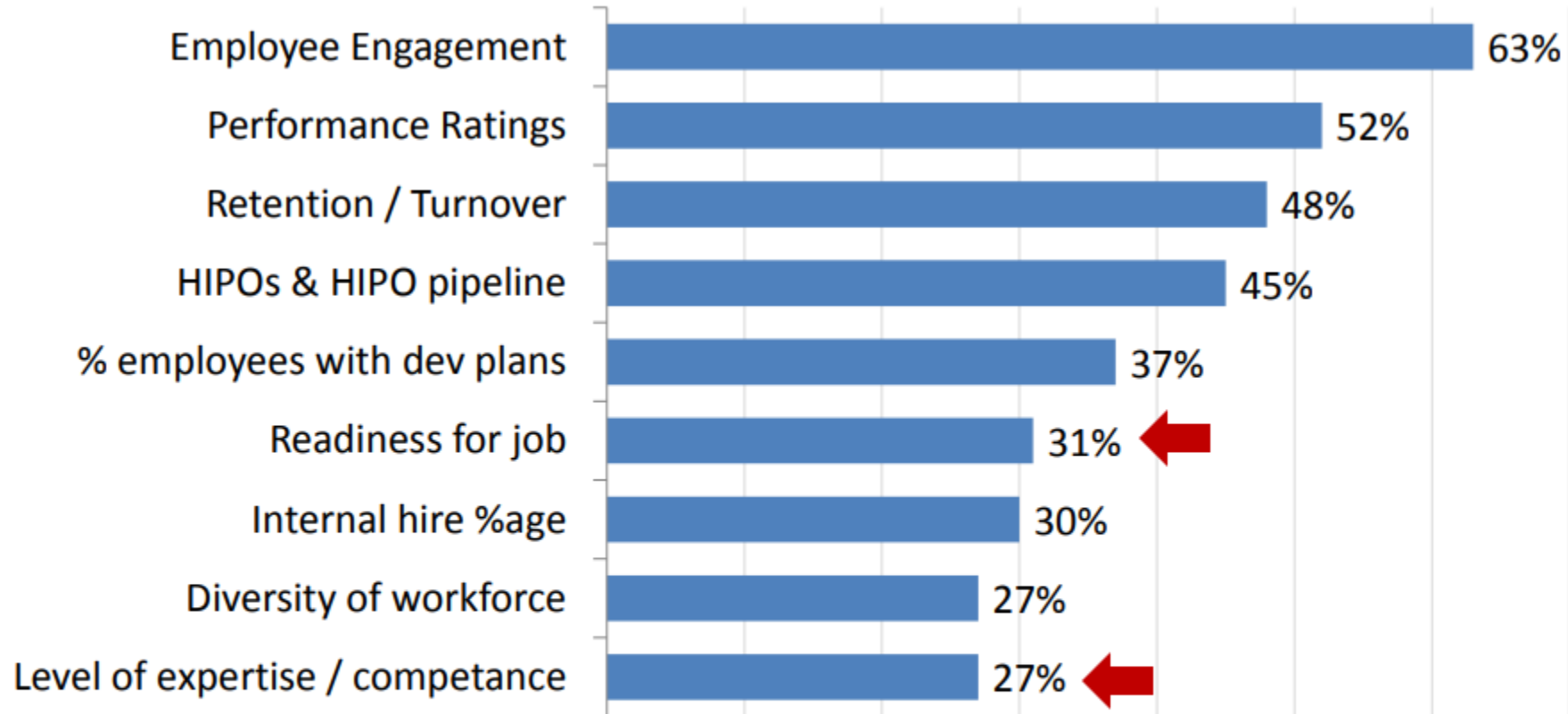


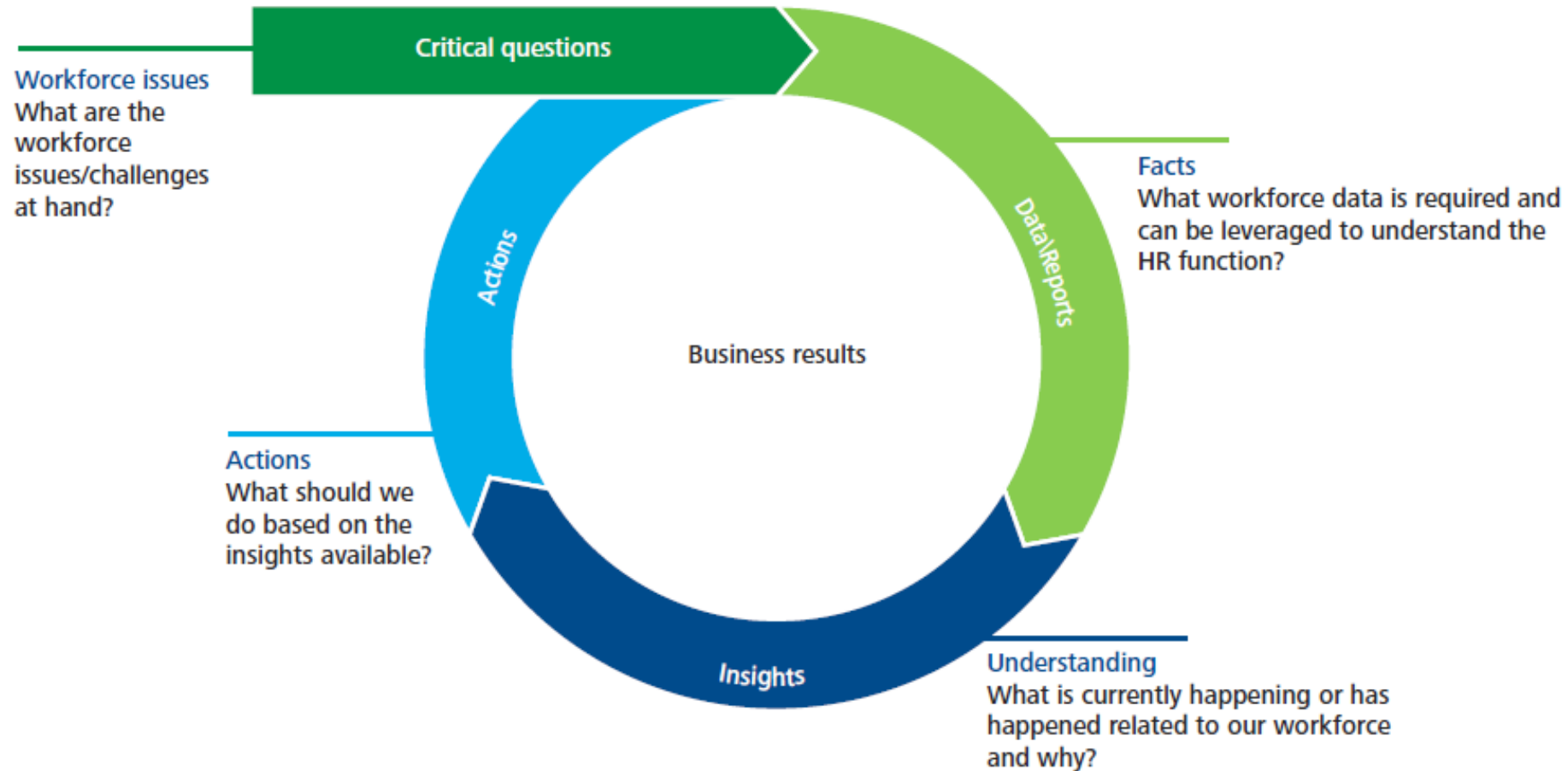
Figure 2. YouGov plc. Base: All HR decision makers (501)

# What is generally measured/tracked today?



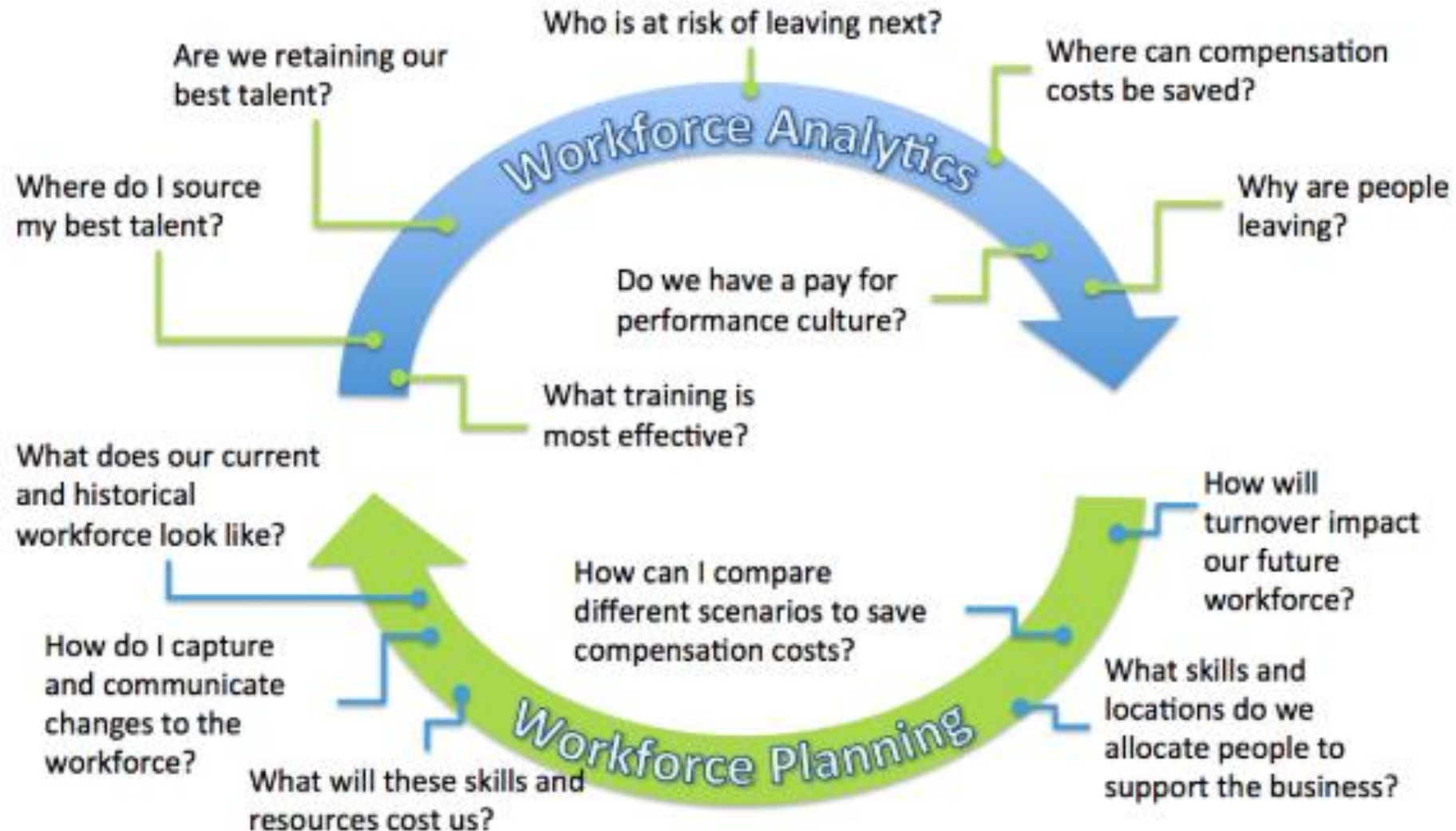


# Critical Questions before HR

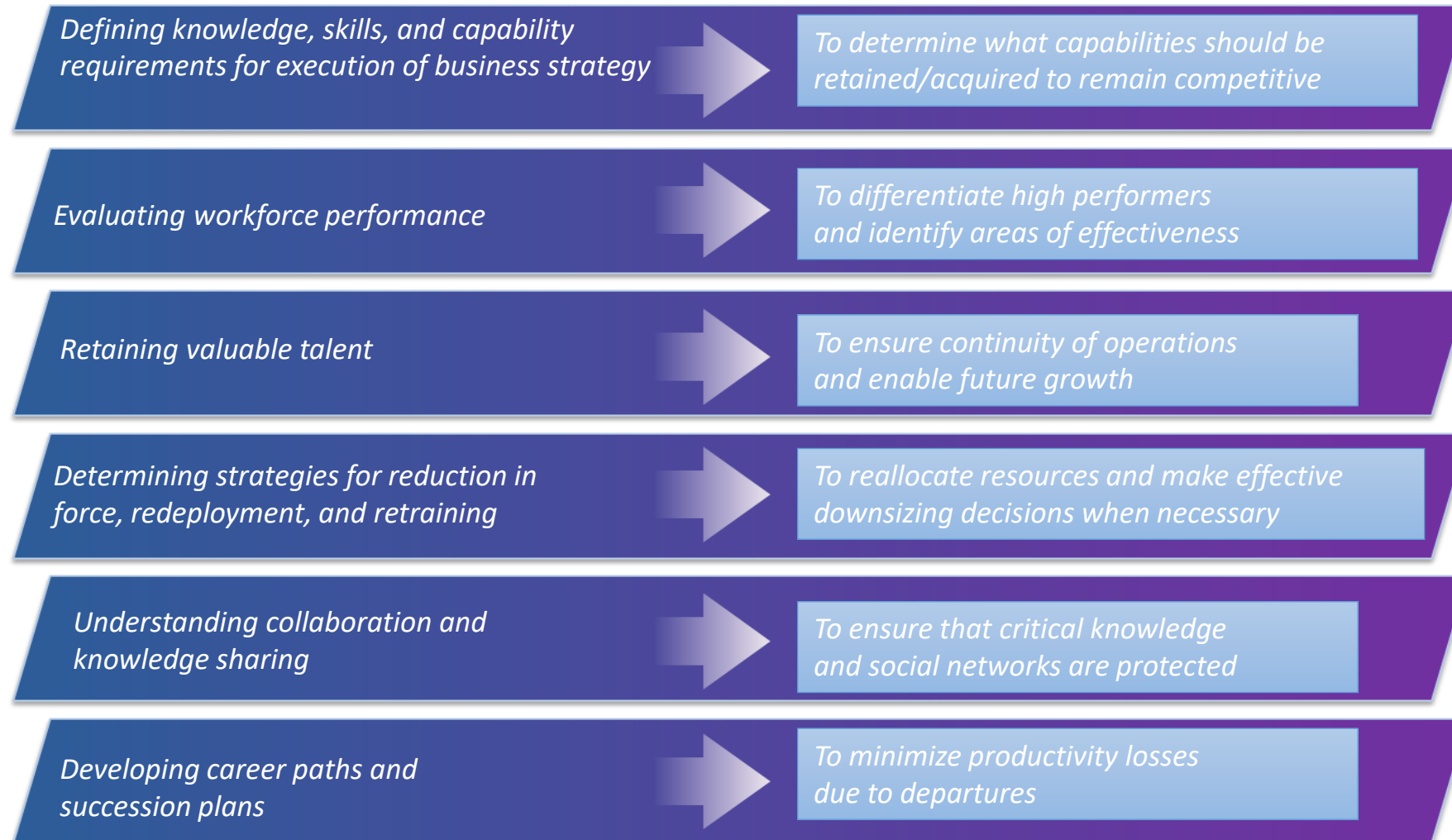


Source: Deloitte Analytics.

# Critical Questions before HR



# Successful organizations are able to make effective workforce decisions across a number of dimensions



# How does HR Analytics work?

## HR Analytics is made up of several components that feed into each other.

- To gain the problem-solving insights that HR Analytics promises, data must first be collected.
- The data then needs to be monitored and measured against other data, such as historical information, norms or averages.
- This helps identify trends or patterns. It is at this point that the results can be analyzed at the analytical stage.
- The final step is to apply insight to organizational decisions.



**Collect**



**Monitor**



**Analyse**



**Trends**



**Insights**

Here are some  
examples of  
specific  
metrics that  
can be  
measured by  
HR:

**Time to hire** - The number of days that it takes to post jobs and finalize the hiring of candidates. This metric is monitored over time and is compared to the desired organizational rate.

**Recruitment cost to hire** - The total cost involved with recruiting and hiring candidates. This metric is monitored over time to track the typical costs involved with recruiting specific types of candidates.

**Turnover** - The rate at which employees quit their jobs after a given year of employment within the organization. This metric is monitored over time and is compared to the organization's acceptable rate or goal.

**Absenteeism** - The number of days and frequency that employees are away from their jobs. This metric is monitored over time and is compared to the organization's acceptable rate or goal.

**Engagement rating** - The measurement of employee productivity and employee satisfaction to gauge the level of engagement employees have in their job. This can be measured through surveys, performance assessments or productivity measures.

# Analysis

Here are some examples of metrics at the analytics stage:

- **Time to hire** - The amount of time between a job posting and the actual hire is a metric that enables HR to gain insight into the efficiency of the hiring process; it prompts investigation into what is working and what is not working. Does it take too long to find the right candidate? What factors could be impacting the result?
- **Turnover** - Turnover metrics that indicate the rate at which employees leave the organization after hire can be analyzed to determine what specific departments within the organization are struggling with retention and the possible factors involved, such as work environment dissatisfaction or lack of training support.
- **Absenteeism** - The metric indicating how often and how long employees are away from their jobs as compared to the organization's established norm could be an indicator of employee engagement. As absenteeism can be costly to the productivity of an organization, the metric enables HR to investigate the possible reasons for high absence rates.



# Application

Here are some examples of how to apply the analysis gained from HR analytics to decision-making:

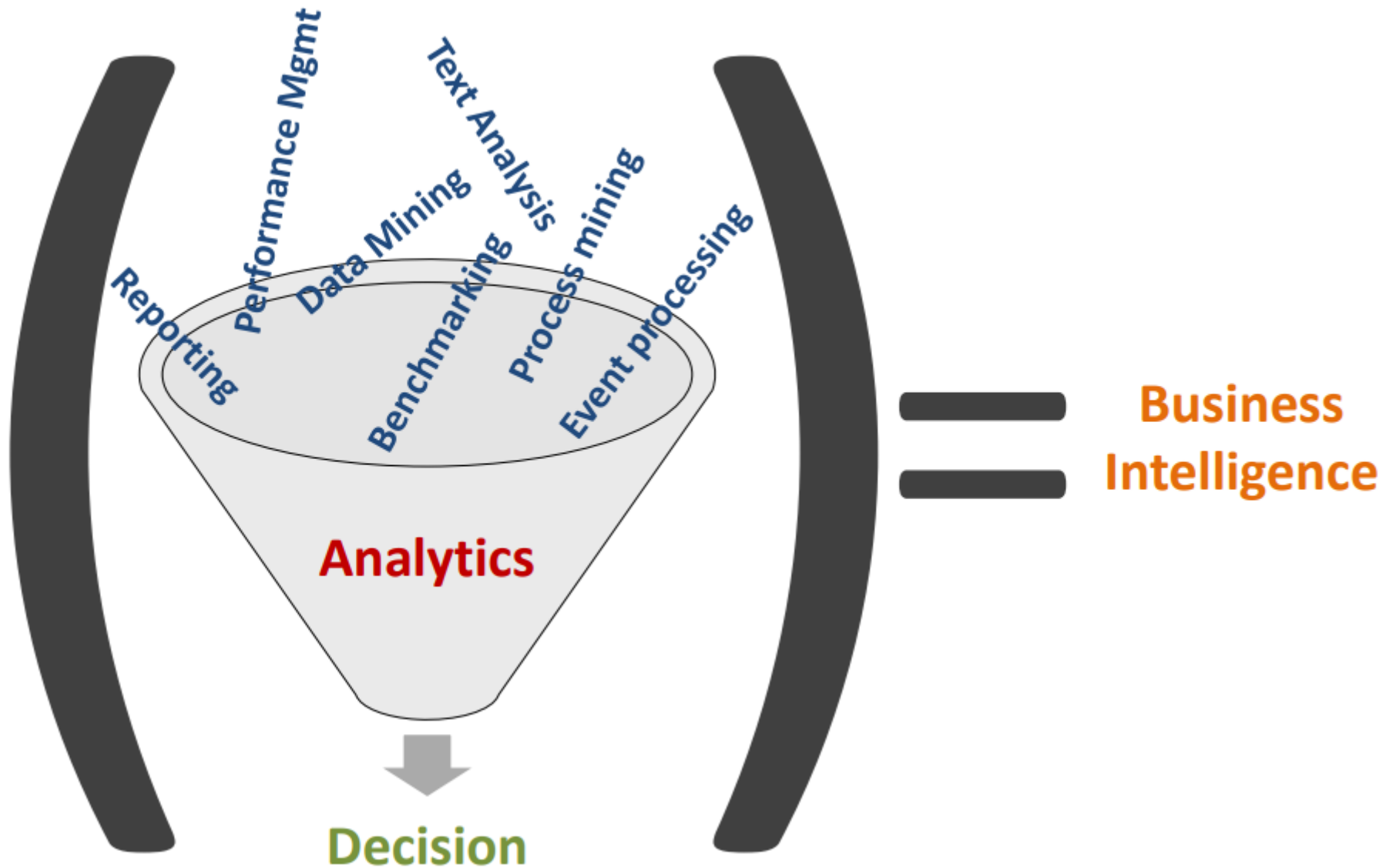
**Time to hire** - If findings determine that the time to hire is taking too long and the **job application itself is discovered to be the barrier**, organizations can make an informed decision about how to **improve the effectiveness and accessibility of the job application procedure**.

**Turnover** - Understanding why employees leave the organization means that decisions can be made to prevent or reduce turnover from happening in the first place. If **lack of training support was identified as a contributing factor**, then initiatives to **improve on-going training can be put together**.

**Absenteeism** - Understanding the reasons for employee **long-term absence** enables organizations to develop strategies to **improve the factors in the work environment impacting employee engagement**.



# Analytics – Core Concepts & Terminologies





# Analytics – Core Concepts & Terminologies

“ Business intelligence (BI) is a set of theories, methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information for business purposes.

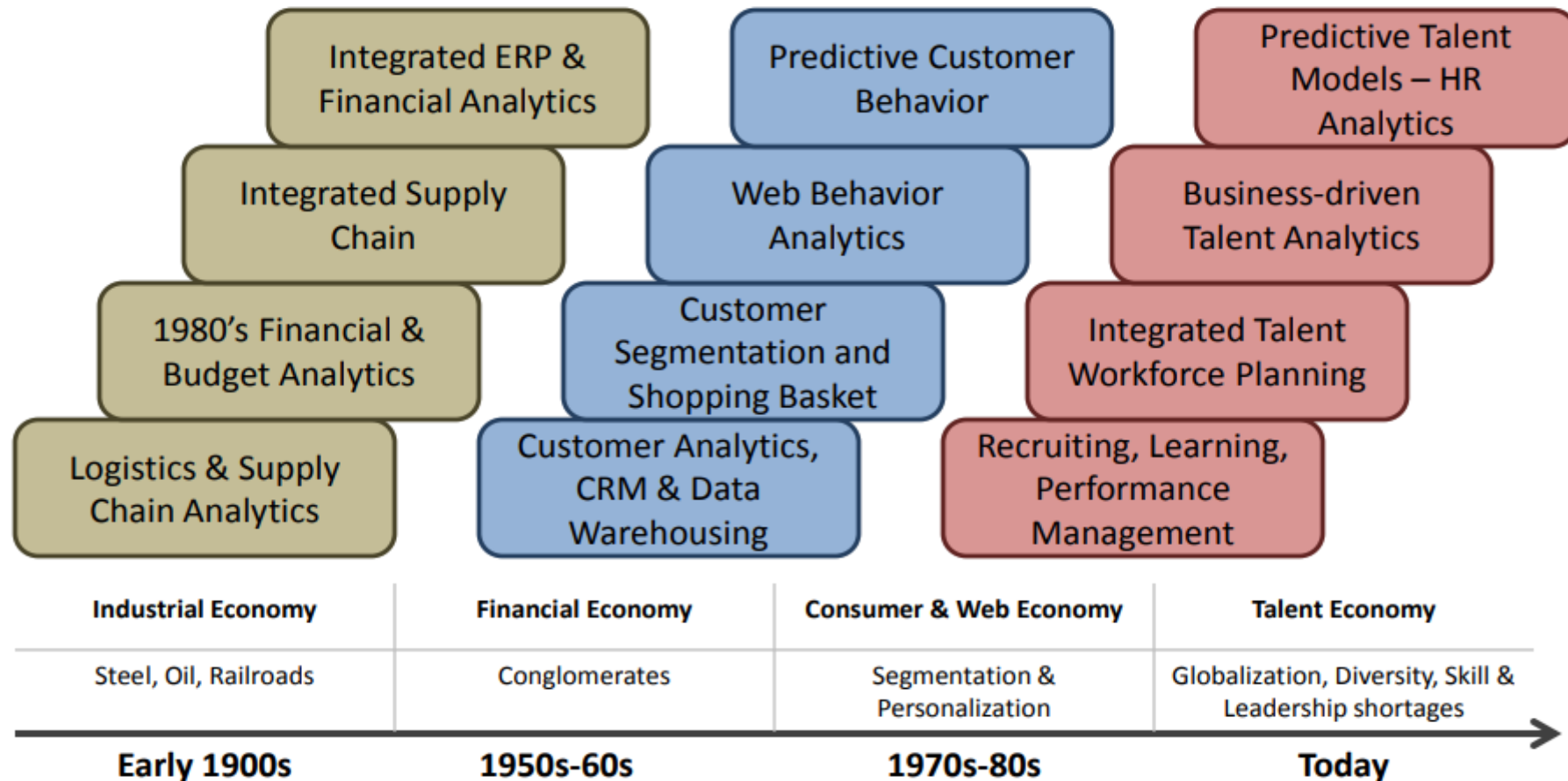
“ Business analytics (BA) refers to the skills, technologies, applications and practices for continuous iterative exploration and investigation of past business performance to gain insight and drive business planning.

1. Business Intelligence Success Factors: Tools for Aligning Your Business in the Global Economy. Hoboken, N.J: Wiley & Sons. ISBN 978-0-470-39240-9.

2. Beller, Michael J.; Alan Barnett (2009-06-18). "Next Generation Business Analytics". Lightship Partners LLC

# History of BI & Analytics

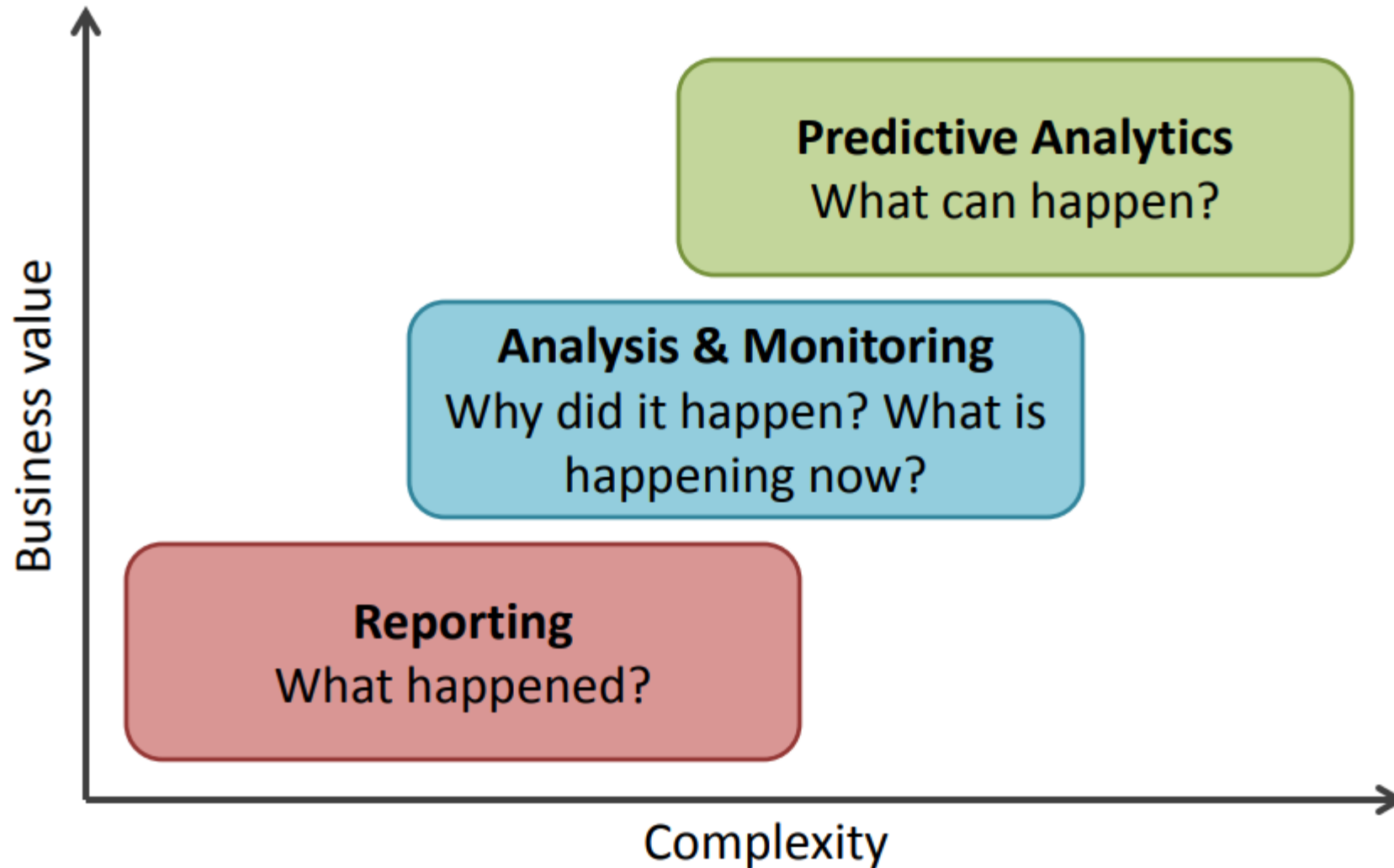
- Decision support systems (DSS) began in the 1960s as computer-aided models created to assist with decision making and planning.
- From DSS, data warehouses, Executive Information Systems, OLAP...
- ...and finally Business Intelligence came into focus beginning in the late 80s.
- Because of the rigidity of enterprise level BI tools, analytics started gaining traction in mid 00'



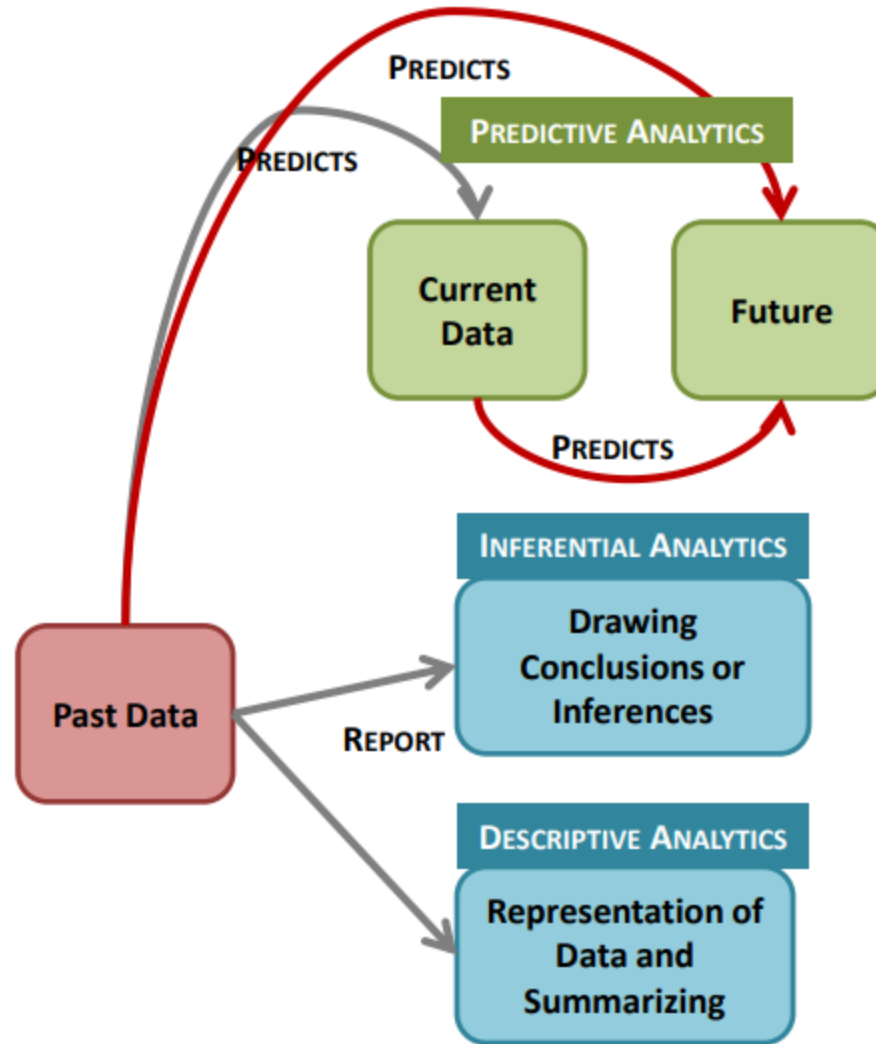
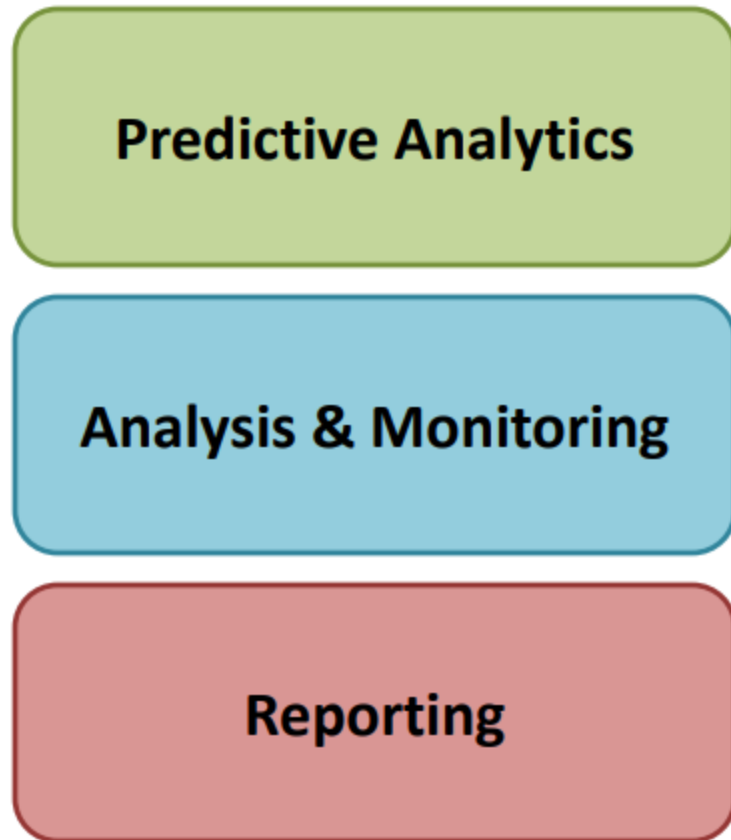
# Business Analytics



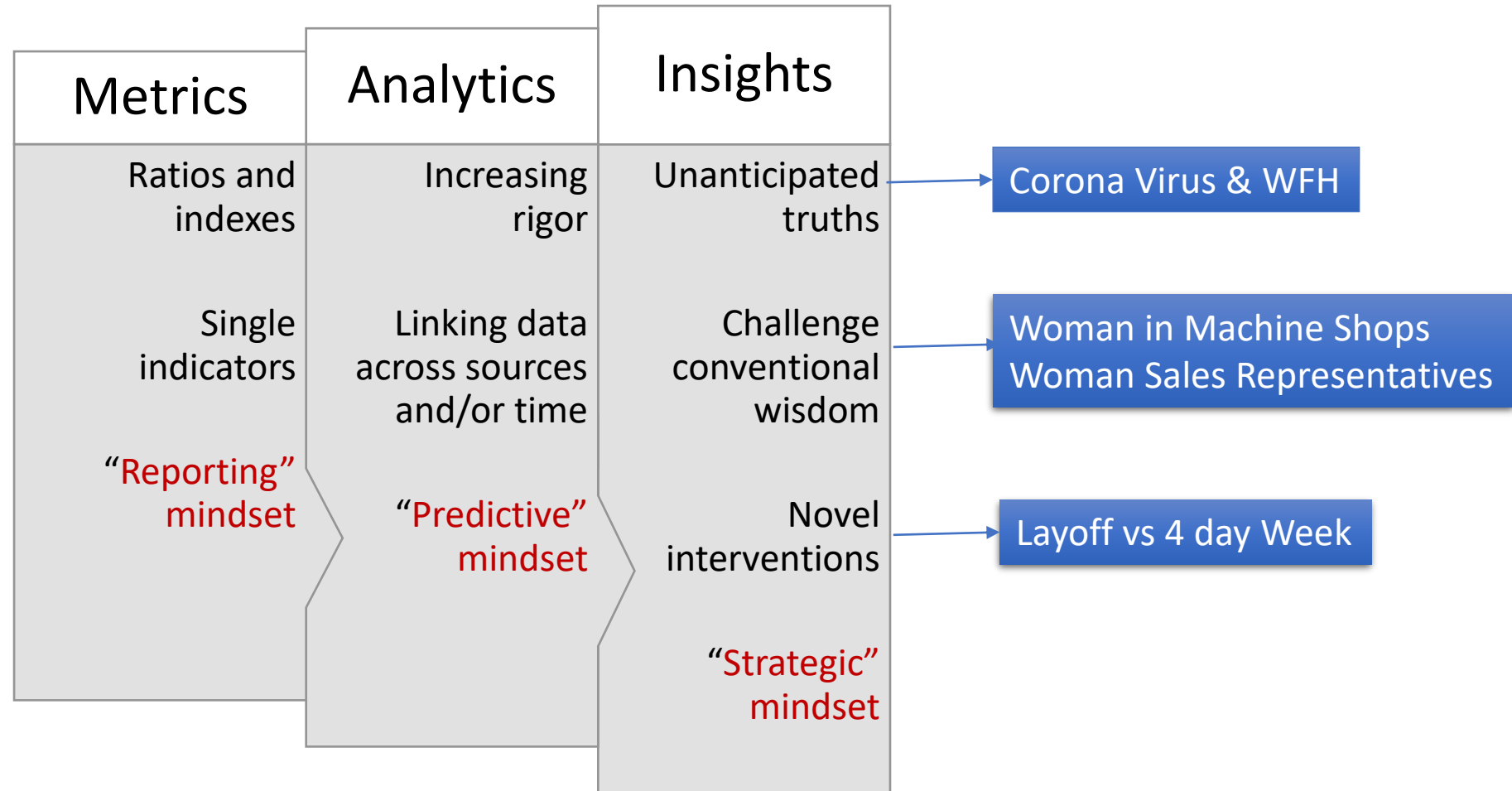
# Stages of Analytics



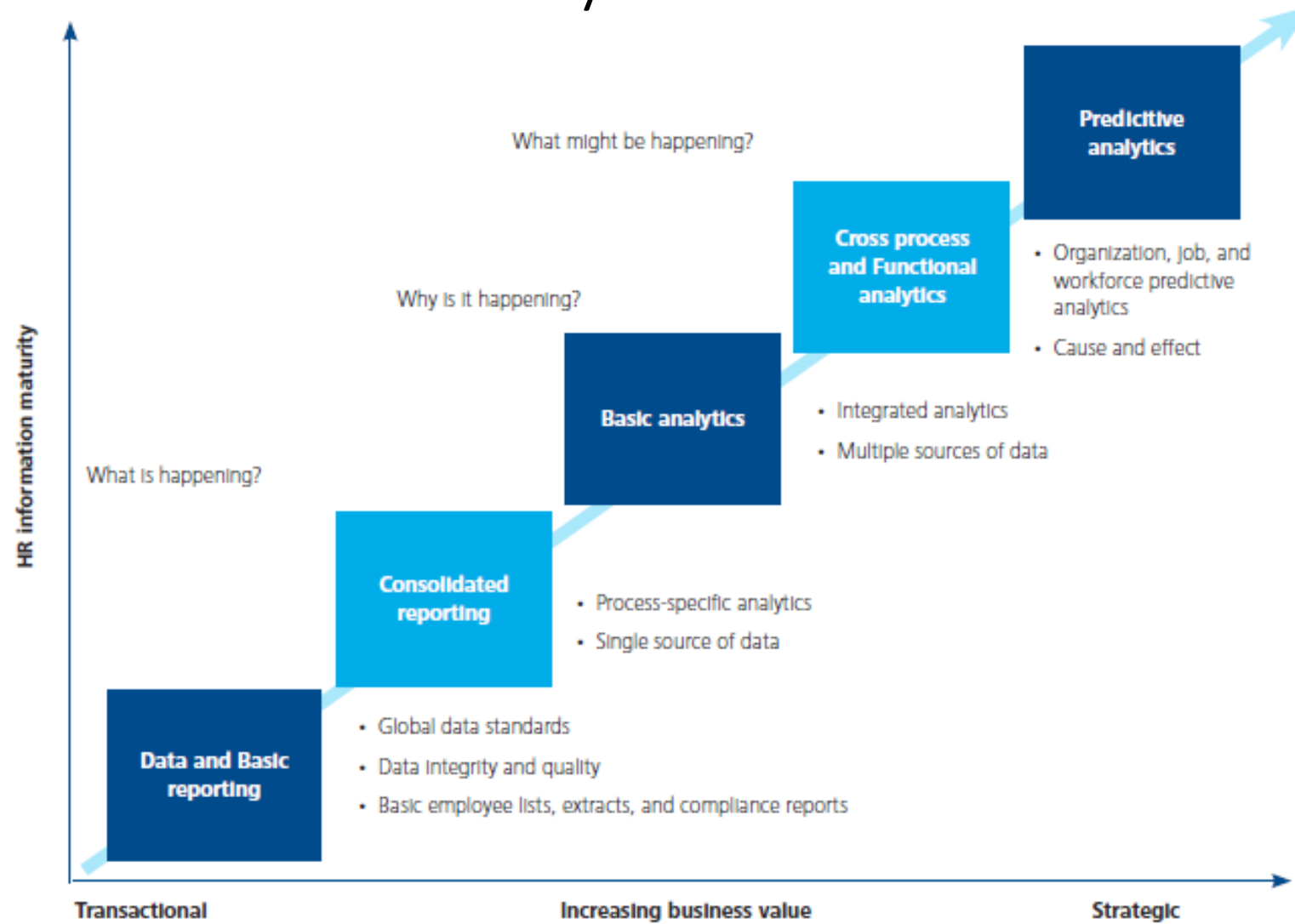
# Stages of Analytics



# Evolution of HR Analytics

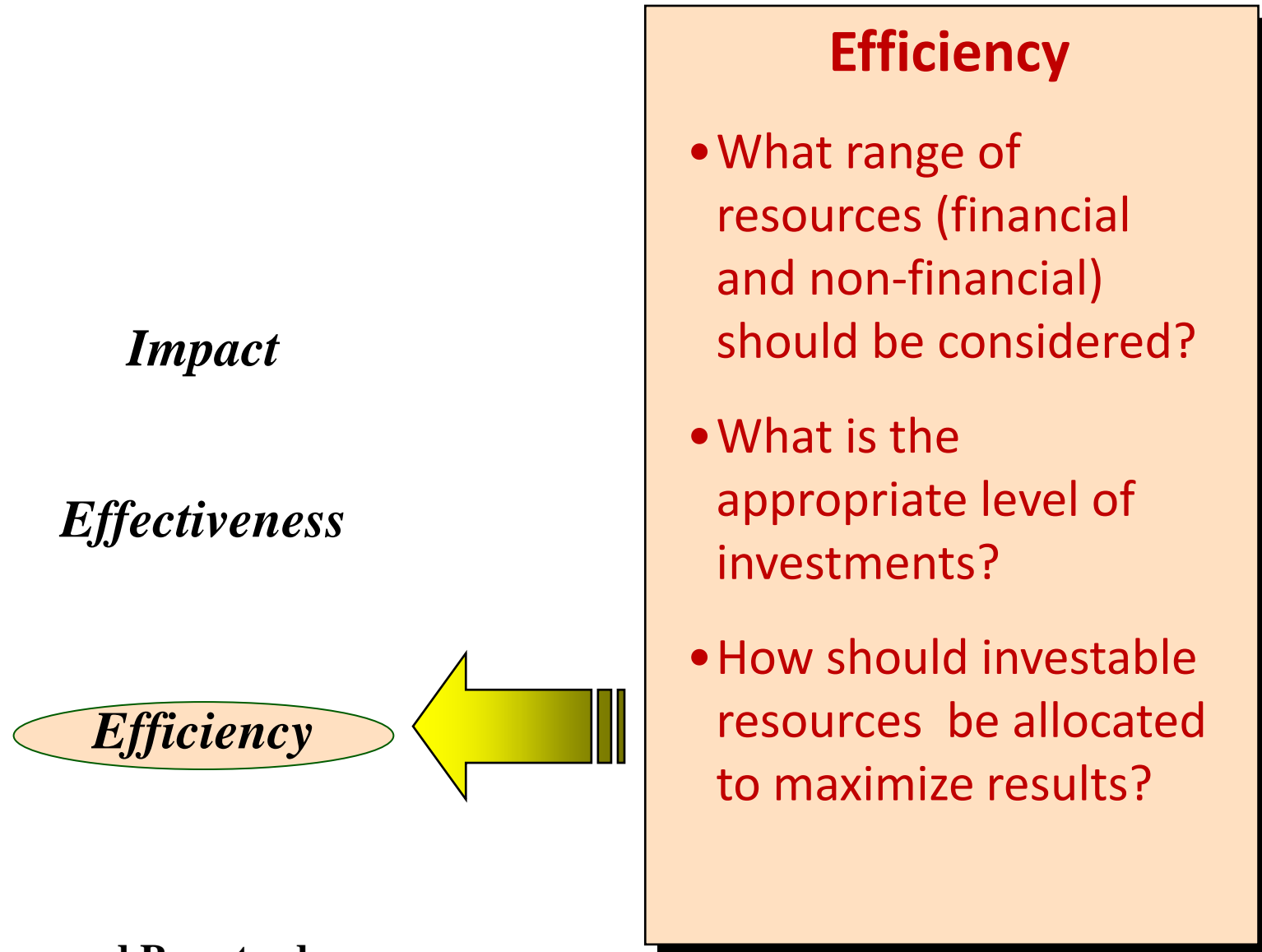


# Information Maturity Curve



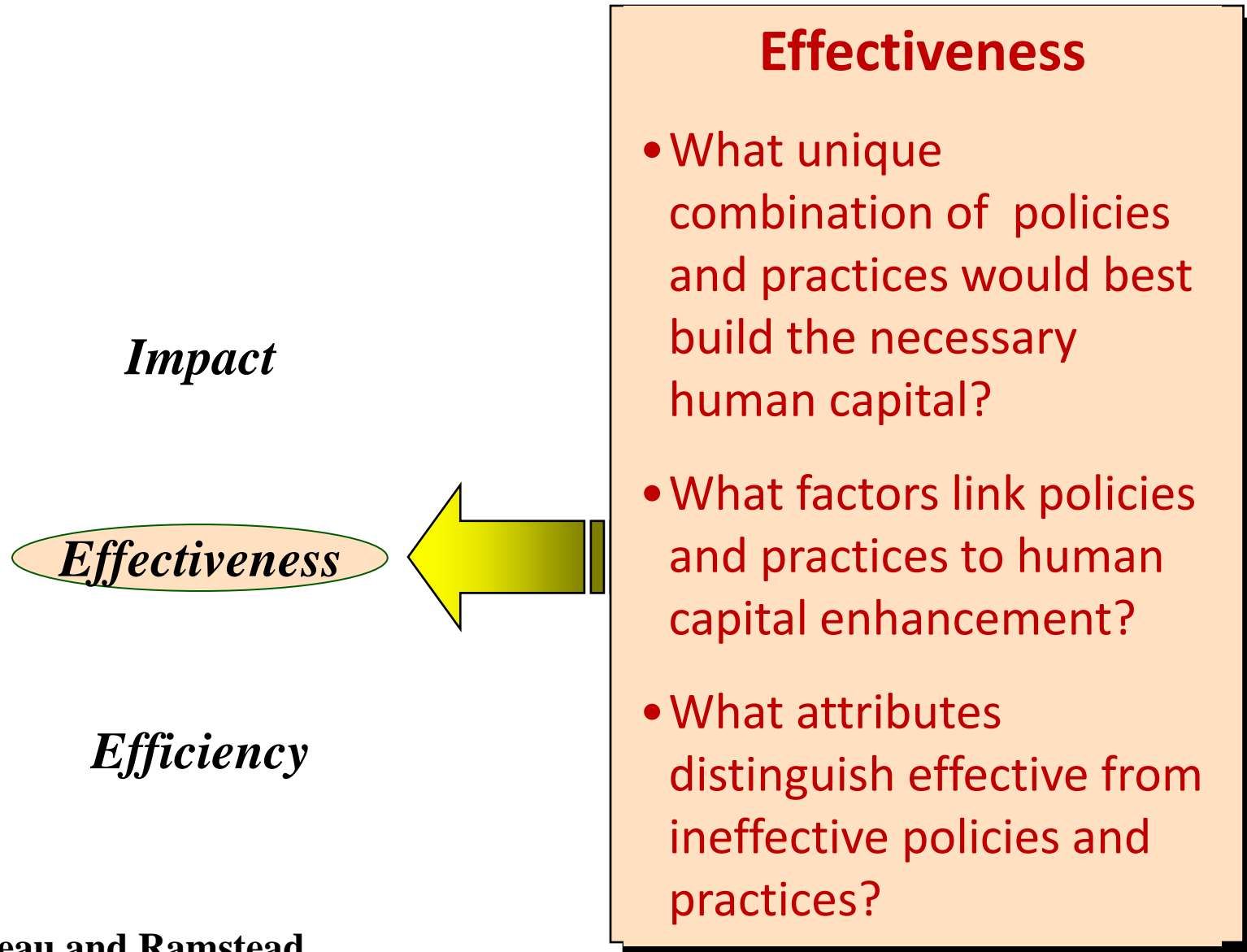
Source: Deloitte Analytics.

# Three Levels of Metrics

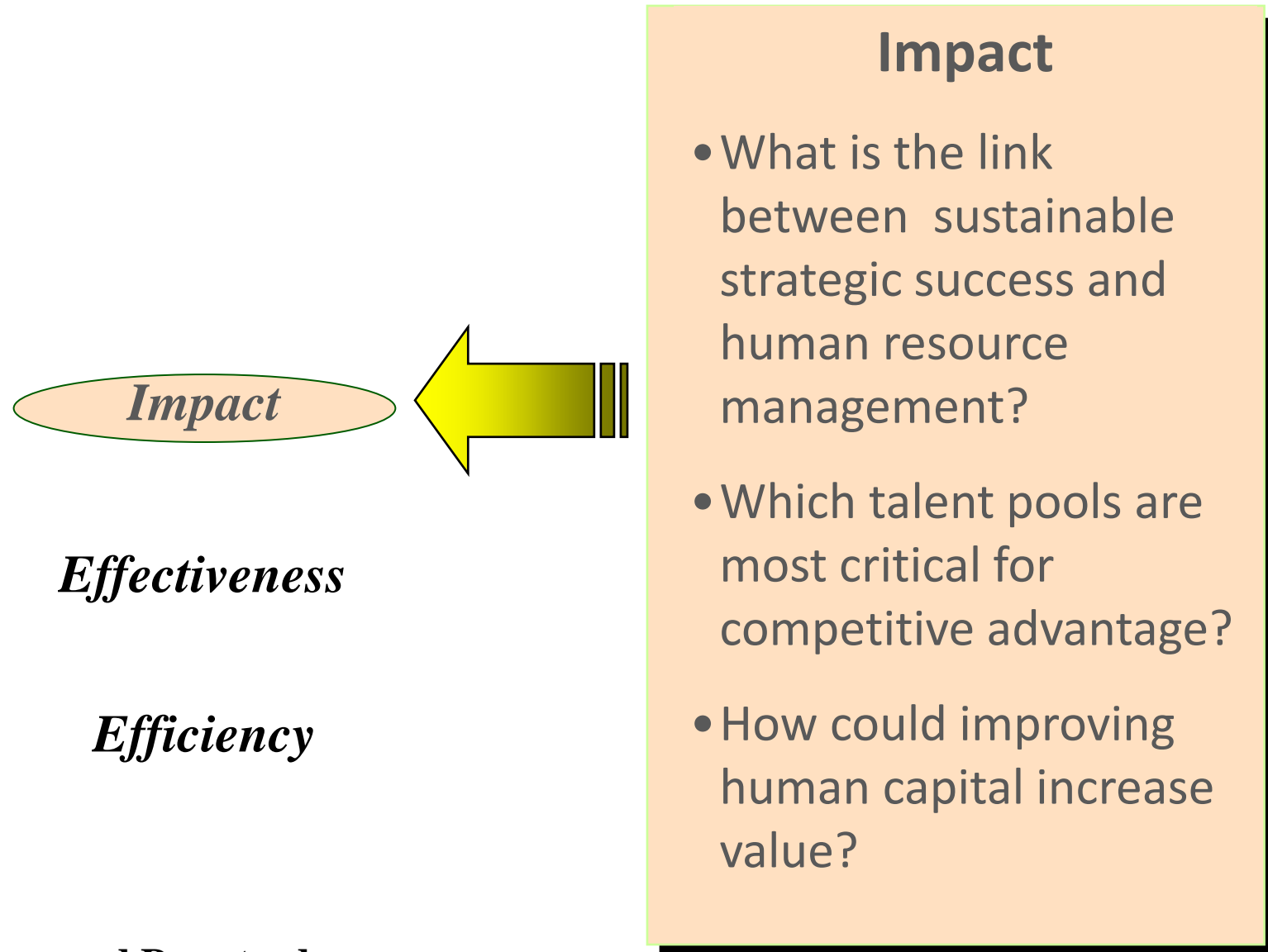




# Three Levels of Metrics

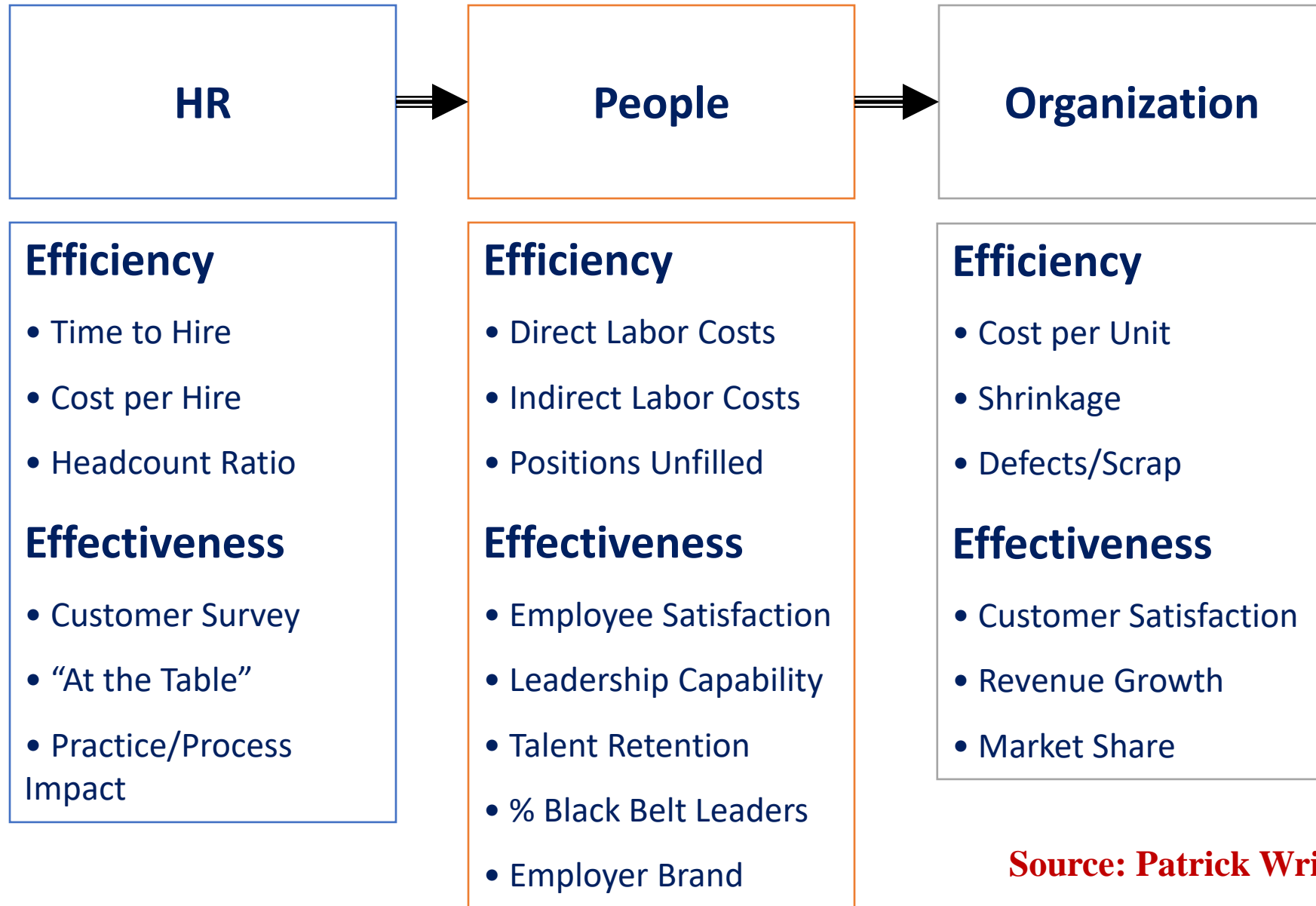


# Three Levels of Metrics





# Metrics Model



**Source: Patrick Wright**

What should  
get measured ?

