International Journal of Research Publication and Reviews

Application of HR Analytics on Employee Retention – Conceptual Study

Dr. M. Robinson[1], Ms. R. Sethukarasi[2]

Assistant Professor[1], Department of Management Studies, Anna University, (BIT campus), Trichy
Post Graduate Student[2], Department of Management Studies, Anna University, (BIT campus), Trichy.

ABSTRACT:

This paper attempts to explore the scope of HR analytics on employee retention by examining the constructiveness & difficulties and representing the way forward for organizational effectiveness. Technological developments have been restructuring the HR activities. HR analytics is an application of research models and latest statistical tools for evaluating data to find solutions or to make sustainable decisions relating to retaining employees. This study gives the theoretical concept of HR analytics based on secondary data collected from previous research papers, journals given by various research scholars, blogs, and websites that provide HR analytics advanced data. The study provides the importance of executing and applying HR analytics. HR Analytics provides various key ideas and methods to retaining employees as it forecasts and defines the workforce management. This paper describes how HR analytics helps in making predictive decision-making for retaining employees. The paper also explores the periodic advancements and types of analytics done in Human resource analytics as it is having a very important part in potent decision–making which gradually result in the retention rate. The paper spotlighted the essential and influential reasons for the introduction of HR analytics in different types of organizations and the productive ways by the respective organizations for increasing employee retention rate. Though the prediction by HR Analytics is a complicated task but there are numerous techniques which can change the view of the organization and HR team can calculate and predict the gap for multiply employees and to boost the employee retention rate using HR analytics.

Keywords: HR Analytics, Employee retention, predictive, descriptive, data driven HRM, decision making.

INTRODUCTION

HR analytics and HR criteria which are being used in various provinces of HRM. HR advancement paved way for HR analytics. Human resources are ahead itself towards acknowledging how people are affecting the organization with advancement in technologies. As organizations have large amounts of HR data it becomes complicated to collect and compute it. HR analytics helps in collecting, elucidating, and measuring of HR data.

HR analytics provides current and exact data along with providing better decisions. HR analytics is carried out through phases of measuring the Sub HR functions. It helps in providing a solution to retaining employees for a long time in the organisation. HR analytics aligns HR strategies and that results in increasing of employee retention rate. By analysing the impact of interventions such as training programs, performance incentives, flexible work arrangements, etc, HR can determine which strategies are most successful in reducing turnover.

HR analytics can evaluate the effectiveness of onboarding programs by tracking metrics such as time-to-productivity, early attrition rates, and employee feedback. By identifying areas for improvement in the onboarding process, HR can ensure that new hires feel supported and engaged from the outset, leading to higher retention rates. Analysing employee performance data and career progression trajectories can help HR identify development opportunities that align with employees' skills, interests, and career aspirations. By offering personalized training, mentoring, and career pathing initiatives, organizations can increase employee satisfaction and loyalty.

HR analytics allows organizations to analyse historical data to identify patterns and trends associated with employee turnover. By examining factors such as tenure, performance ratings, job roles, and demographics, organizations can uncover insights into why employees leave and at what stage of their employment lifecycle. Understanding these patterns enables proactive measures to be taken to address retention challenges. The decisions can be taken and the resolution can be derived based on previous incidents especially for decision making in retaining employees and related.

HR Analytics helps in distinguish the elements that lead to employee attrition and retention and decide how to keep them retained using various techniques. The successful application of HR analytics is based on the ability of the people employ these tools, their capacity to understand how they can make use of it and knowing what kind of tools to use and where to use. The most adapted analytical tools by organizations for their analytical works are as R, python, excel, tableau, SPSS. Hence, HR analytics has moved from the technical partner to a more strategic aspect of excellence.

LITERATURE REVIEW

Prachi Sharma et al (2022), discuss HR Analytics is crucial for making predictive decisions by analysing vast employee data and it helps in understanding the impact of human capital investments on reducing expenses, minimizing risks, generating revenues, and executing strategic plans.

Shivam Tomar (2020) explored the role, opportunities, and challenges of using HR analytics in business and it highlights the possibilities by HR analytics in forecasting workforce requirements, achieving corporate goals, and improving organizational performance.

Pooja jayani opatha (2020) describes that the HR analytics is a strategic tool in Human Resource Management, utilizing research designs and provides data-driven framework for solving workforce problems through statistical analysis, optimizing human resource management for competitive advantage.

Udhay Kailash, et al (2020) stated the extent of HR Analytics usage for predictive decision making in a multinational pharma organization and it discusses the different HR Analytics widely used and their usefulness for decision making.

Rupa Chatterjee Das (2020) explored the use of HR analytical tools, data collection methods, and the creation of effective recruitment structures and working environments to address attrition issues.

Krista Jensen-Eriksen (2016) explored the role of HR analytics in advancing HRM towards a more strategic partnership and emphasizing the importance of data-driven decision-making in HR.

DEFINITION OF HR ANALYTICS:

In the industries, employee retention is crucial for maintaining operational efficiency, ensuring product quality, and sustaining competitiveness. HR analytics plays a vital role in understanding and improving employee retention within organizations. Here's a detailed explanation of the application of HR analytics on employee retention in the industries

HR ANALYTICS DEFINITION:

HR analytics begins with collecting relevant data from various sources such as HRIS, attendance records, performance evaluations, training records, safety incident reports, exit interviews, and employee surveys. Integration of data from multiple sources ensures a comprehensive view of factors influencing employee retention within the setting.

HR analytics on employee retention involves the systematic analysis of human resources data to understand, predict, and improve employee retention rates within an organization. It encompasses the use of data-driven approaches and analytical techniques to identify factors that influence employee turnover, assess the effectiveness of retention strategies, and develop proactive measures to enhance employee engagement and loyalty.

Specifically, HR analytics on employee retention may involve:

> ➢ Data collection
>
> ➢ Data analysis
>
> ➢ Predictive modelling

➢ Identifying root causes

➢ Optimizing Retention Strategies

➢ Monitoring and evaluation

 HR estimation is not a recently developed thing in HRM but the view of it has switched almost simultaneously with the advancement of the of HRM using HR analytics.

CONCEPT

HR Analytics has the power of prior forecasting of the movement of the employees and organization. In the large organizations where high employees are employed, HR Analytical tools or methodology are very helpful for providing the data-driven understanding on what is working up and what is not worked so that organizations can make alterations or upgrades and plan more effectively for the future of the organisation.

SOURCE FOR HR ANALYTICS: HRIS

Human Resources Information Systems (HRIS) play a vital role in the employee retention strategies within organizations. HRIS are software solutions that is used to collect, manage, store, and process an organization's employee information designed to manage and automate various HR functions, including employee data management, payroll processing, benefits administration, recruitment, training, and performance management. Necessarliy, HR teams use HRIS to work efficiently and make more data-driven decisions.

MOST USED ANALYTICAL TOOLS:

EXCEL

Excel is a versatile and basic common tool that can be leveraged effectively in HR analytics for data management, analysis, visualization, and reporting. While more advanced analytics tools and platforms are available, Excel remains a valuable resource for HR professionals due to its accessibility and flexibility.

TABLEAU

Tableau provides HR professionals with a powerful platform for visualizing, analysing, and deriving insights from HR data, enabling them to make informed decisions, optimize HR processes, and drive strategic initiatives to support organizational goals. It includes Data Integration, Interactive Dashboards, Trend Analysis, predictive analytics, Geospatial Analysis, employee sentiment analysis, Benchmarking and Comparative Analysis.

SPSS

SPSS can be a powerful tool for HR analytics, offering a range of statistical techniques and data analysis capabilities to support evidence-based decision-making in human resources management. However, it's essential to ensure that users are trained in both the software and the principles of HR analytics to effectively utilize SPSS for HR purposes. It includes Descriptive Statistics, correlation, regression, cluster, survey factor analysis, and Predictive Model.

APPLICATION

TYPES OF HR ANALYTICS

DESCRIPTIVE ANALYTICS – What happened?

Descriptive analytics or descriptive statistics provides valuable insights using past data. It is used to identify potential root causes of issues or challenges within the organization. Data mining or Knowledge discovery data and data aggregation kind of tools are used to perform descriptive analytics. By using descriptive analytics, organizations can make well informed decisions, that enhances processes, and refine their workforce management strategies.

DIAGNOSTIC ANALYTICS- Why did it happen?

Now that we know what happened, it's time to figure out why it happened. The implications of diagnostic analytics will be discussed in the response to this query. This improves analytics by analysing the data to determine the cause of a specific event. If a business has clear insights into descriptive analytics, it becomes easy to implicate diagnostic analytics.

PREDICTIVE ANALYTICS- What will happen?

As the name implies, these analytics use past data analysis to forecast future events or the inevitable unknown. Predictive analytics looks at how different aspects relate to one another in order to evaluate risk and assign a weight to a given scenario. When a company uses predictive analytics effectively, it makes sense to leverage large data for insights. But, for a predictive analysis to be implemented with ease, a business needs to be knowledgeable about statistics and computer languages like Python and R. It's possible that many companies lack the internal expertise needed to successfully apply a predictive model.

PRESCRIPTIVE ANALYTICS- How can we make it happen?

A directive Prescriptive analytics is the highest and most sophisticated kind of analytics. One type of data analysis called prescriptive analytics aims to provide a response to the query "What should I do?" It is extremely challenging to finish this level. The efficacy of the three described tiers of analytics determines the dependability of prescriptive analytics. The processes required to obtain a sufficient analysis result are determined by how well a company has executed each stage of analytics

LAMP FRAMEWORK IN HR ANALYTICS

The LAMP framework is used to Spot and valuate the elements that affect employee retention within the organisation and to grasp how many elements of employee behaviour and actions connect to other and how they affect the altogether performance from retaining.

Organizations may use this LAMP framework to expand a analytics system that will assist in recognising and strengthening employee retention rates by analysing their job satisfaction, commitment and engagement level using the factors like appraisals, career development, health & safety, rewards & compensation, work life balance.

Logic: The scientific and rational process of locating the relevant data and metrics needed to evaluate and improve employee retention is referred to by this framework aspect. It describes the logical part of the situation to make sense. After analysing the logic we can able to make further moves and implement possible ways to retain employees using those logical view.

Analytics: This section of the framework looks at the established measurements and data to learn more and identify trends and patterns. Using different types of analytics which suits for the circumstances will be helpful for predicting employee attrition, turnover and we can able to make informed decisions to retain them by reducing attrition and turnover.

Measures: This framework component contains the precise measurements and indicators used to monitor and assess employee performance for retaining them. What are the measures which has to be taken for reducing the attrition and turnover and to retain them. Are those measures prevent the decreasing of employee retention rate can be obtained. This acts as a prevention factor.

Process: This section of the framework deals with the administration and implementation of the measuring system, including the setting of objectives, monitoring of progress, and making of decisions based on the data. What are process have to be implemented, to whom, at where and when are established. Process decided and executed to retain the employees.

If this LAMP concept is used with HR analytics then it will support the organisation while retaining employees especially in the manufacturing sectors.

CONCLUSION

To conclude that the HR analytical tools can able to calculate the employee rates in various aspects like employee attrition, turnover and so on to predict a way that will make them to retain employees for a long time. Making use of LAMP framework with HR analytics will be more effective. Different types of analytical techniques and their efficient usage while retaining employees are described. HR analytics make use of HRIS to make evidence based and data driven decisions. Implementation, usage and advanced upgradation of HR analytics is vital and needed to predict and make decisions and thus results in the enhancement of the organisation in a fruitful way.

REFERENCES:

1. Sharma, et al. (2022). "HR ANALYTICS: A Conceptual Study on Decision Making.", YMER

2. Shivam Tomar, et al. (2020). "HR analytics in Business: Role, Opportunities, and Challenges of Using It", Journal of Xi'an University of Architecture & Technology

3. Pooja Jayani Opatha. (2020). "HR Analytics: A Literature Review and New Conceptual Model." International Journal of Scientific and Research Publications

4. Udhay Kailash, et al. (2020). "HR Analytics Methodical Measurement of HR Processes.", International Journal of Innovative Science and Research Technology

5. Rupa Chatterjee Das, et al. (2020). "Conceptualizing the Importance of HR Analytics in Attrition Reduction", Special Issue of First International Conference on Advancements in Management, Engineering and Technology (ICAMET 2020)

6. Krista Jensen-Eriksen. (2016). "The role of HR analytics in creating data-driven HRM. Textual network analysis of online blogs of HR professionals.", Aalto University, P.O. BOX 11000, 00076 AALTO www.aalto.fi

7. Bidisha Lahkar Das, et al. (2013). "Employee Retention: A Review of Literature.", IOSR Journal of Business and Management