



MANAGING HUMAN CAPITAL: A REVIEW

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Abstract:

New development in the century is blessed with information age with lots of data are available on a single click. This superfluous data need to use optimally to make more sense out of this. This puts a premium on analysis of proper competency mapping and interpretation especially in the area of human resources. After all, talent represents the true competitive advantage for today's organizations, yet HR is an area that has traditionally lagged behind other business functions in terms of analysis and its implementation. This not only reports on the major trends in human capital analytics, it highlights some of the best analytical strategies for making businesses successful. Human capital analytics are a key capability for HR organizations seeking a more proactive role in driving business strategy. This paper study and analyze the capability of HR analytics and its usefulness for business excellence.

Introduction:

Managing the organization workforce is one of the parameter of performance management objective of any organization. Strategic analysis of data related to workforce can help improve organization performance. Organizations can collect more HR and business data than ever, but still struggle to use it effectively to forecast workforce trends, minimize risks and maximize returns. At the same time, organizations are adopting a set of new workforce processes that collectively are being called Talent Management to help with the recruitment of employees with needed skills sets. Of course, these workforce processes cannot be managed effectively or optimized without workforce analytics.

Understanding the talent in your workforce starts with knowing who comprises it and analyzing their characteristics, interactions and performance. Workforce analytics coupled with business intelligence (BI), can provide new insights and knowledge that can guide decision-making and point to how to get the most from your workforce investment.

Literature Review

Ventana Research [1] has developed a methodology that is used in assessing the maturity of different business processes, workforce analytics is one of them. The Ventana Research Maturity Model™ ranks the maturity in levels as per ascending order: Tactical, Advanced, Strategic and Innovative. Any business house can use this model to evaluate its maturity in a precise area and compare it with that of companies represented as benchmark findings.

As per the report of research entitled "Workforce Analytics," that analysis showed that the most mature innovative companies use

information and analytics to realize the full potential of their workforce. They treat workforce analytics as a key capability that human resources, operations and finance can profitably take advantage of across the organization.

People

[1] This research indicates that one-third (33%) of companies are at the Innovative level of maturity in how they manage the people aspects of workforce analytics. One fourth of population in research are experienced to assign people to perform workforce analytic-related activities and offer them with the skills and capabilities they need to be able to provide metrics to management and others in the organization.

Handing over a high priority to improving the performance of the workforce is one of the good indicators of high maturity. The well performing companies have sponsorship and involvement of others from finance and operations management. Many organizations have not taken these steps, and this failure is an obstacle to improving workforce effectiveness. To improve people's abilities to contribute to workforce analytics, the creation of a cross-functional team that includes representatives from all areas affected and is sharing the responsibility of develop, deliver and maintain analytics and indicators about the workforce.

[3] To improve the maturity level of people in the organizations people maturity, we recommend you to consider the best practices of good companies. Some benchmarking questions that can help in increase the maturity of people in your workforce analytics.

Information

The research also finds that the better performing companies include information and metrics in their day to day workforce-related decision-making. The most important part of

this is ensuring that the indicators are generated from the suitable measures of workforce-related data. Many organizations are vulnerable by their inability to use information from unequal sets of data across technologies such as spreadsheets and presentations.

The information should be properly plugged into workforce performance management processes to facilitate the integration of people and processes to strategies and overall goals. A system of workforce analytics needs indicators that will satisfy the needs of people from HR to finance and operations – indicators on compensation, the aging of the executive and pay for performance. In addition, having available a range of indicators across workforce-related activities such as budgeting, benefits, incentives, competencies, recruitment and succession will also help HR people to do their work more efficiently.

Current practices in HR management

HR executives though surprises whether they're seeing the overall picture, several participants explained how they're using already present data in a deep way, rather than simply compiling it into monthly reports that may or may not be read ever.

1. Identifying leaders to drive performance

Organization uses data to assess which leaders are able to increase performance in a down market. Employee does this by identifying outcomes that assess this question apart from simple financial performance outcomes, and then reassess the data to make sure managers are driving performance in a suitable manner.

2. Better Risk Management

Organization uses staff survey data to assess compliance and risk related issues to create development plans further.

3. Asses the performance of frontline supervisors

Organization assesses the performance of frontline supervisors on the basis of factors that may drive performance of the team or group they manage. Such attributes include spans of control, time and roles of individual behavior. In This approach organization hopes to identify personal or organizational attributes likely to drive performance.

Key Success Factors

Organization analyse their data to find generational, diversity, and gap to better understand whether there are different drivers of engagement and performance across the

groups. This enables them to customize HR practices or interventions for particular groups.

The future of HR Management

HR leaders, then bought in to HR analytics. The issue is how to allow its use to succeed, or at least avoid inhibiting within the organization. Many people say centralized data as a critical enabler, this was a mixed bag. While some had another system that linked data from various other sources like finance, HR and marketing. The difference is remarkable.

Those organizations having centralized data could conduct analyses to understand how attributes such as leadership, operational efficiency, customer satisfaction and financial outcomes are interrelated. Those without such system would be able to do similar research, but cannot because of limitations of system and process, unavailability of suitable data, and short of in-house resources to analyze, interpret, and distribute the information. So, organizations without these limitations will have an added advantage.

Another critical enabler for analytics success is field training for HR users. This field training helps staff understand what data is available, how to use it and how this help in analyzing it. Working with data in field also permits users to improve their skills recognizing patterns of relationships and communicating messages to front line managers at various levels. Support from leaders brings credibility and resources to the attempt.

Organizational barriers also impede the effective use of HR analytics. Many leaders and front-line HR generalists aren't yet comfortable talking about HR in terms of testing or lack the skills to know which data to use for the appropriate analyses. Some of them will only help them identify process improvements and financial outcomes. Top level managers may also get away from making important decisions using incomplete and inappropriate data.

Culture certainly plays a important role. An organizational culture that endorses HR analytics at the peak levels, and communicates this widely, provides an encouraging environment for managers to experiment in real workforce situations. On the other hand, a culture wary of approval HR analytics subtly ensures its employees will be wary too.

Many practical challenges stay for organizations in using and benefiting HR analytics. Some participants continue to face the issues which are listed below.

- Lack of incentives for others to share the data

- Lack of complexity, poor data analysis and communications skills.
- Inability to match data of various sources.
- Customizing and communicating findings to various levels of the organization.
- Data reliability concerns, caused by constraints manpower resources, privacy and security issues, legal constraints, outdated data etc.
- Controlling access to data when bifurcating and combining.

Analytics of HR Management

HR analytics needs to look into various dimensions to become more beneficial for organizations. First, analytics should be used regularly for forecasting and generating predictive reports and models. Shareholders also strongly endorsed the need to enhance data oriented decisions in and out of the organization especially at the highest levels, but driving it down to front-line executive as well.

This will definitely require more training of front-line managers, and hone attitudes and beliefs toward data-driven decisions especially the ability to make better decisions with complete data. HR analytics will become more vigorous as organizations enable quick access to data with accuracy. Top leaders set the example by utilizing it on more regular basis and to make more important decisions.

Finally, Leaders agreed that organizations and HR managers could be better at sharing best practices and emerging a common standard would speed HR analytics' maturation as a discipline.

Conclusion

HR analytics is an evidence-based method for enhancing individual and organizational performance by making better decisions on the workforce side of the business. Though it is not its rationale to prove the worth of HR analytics can certainly improve the credibility of the function and the business by improving the effectiveness of HR policies and practices and contributing to the competitive advantage of organizations that develop it as a core competency. Another benefit is that HR analytics can expose the area, where effort, resource and budgets are not producing desired results, and reduce the workload while enhancing the effectiveness of HR.

As such, HR professionals develop new skillsets so that they can effectively partner with IT Head and finance on HR analytics initiatives

or risk ceding this increasingly important and strategic responsibility to them.

Moreover, HR professionals need to deal with ethical dilemmas. This requires proactive attitude by clearly delineating the principles for deciding when HR analytics will and will not be used. Without any confusion, mastering the art and science of HR analytics takes pain and effort. Mastering this tool would represent a win-win situation for employers and employees, and ultimately benefit to the society in which we live and work.

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