

A CASE OF HUMAN RESOURCES ANALYSIS – TO MAKE AN IMPACT ON EMPLOYEE TURNOVER

Prof. Farook Ahmed Shaikh

Assistant Professor, KLE Society's Jagadguru Gangadhar College of Commerce,
Hubballi – 580 021, India

ABSTRACT

The changing business landscape has affected the strategic structure and operations of the organization. The recent changes in the business landscape and the globalization of working conditions have made the roles and responsibilities of the Human Resources people unclear. To keep up with the changes, HR needs to adapt to the technological changes and plan its moves accordingly.

HR Analytics has enabled organizations to measure performance across various functions and gain insights into employee effectiveness and efficiency, which has enabled organizations to make better decisions and create competitive advantage. HR Analytics has become an essential tool that helps to identify factors that require deep intervention and helps to gain insight into employee behaviour and build a sustainable and high performance environment.

Now that you understand how Human Resource Management adds value to organizational capability through HR Analytics, it's important to know to what extent you need to implement HR Analytics and how it will contribute to the organizational success.

The research paper aims to investigate and comprehend the significance of HR Analytics and how it is utilized in various aspects of HRM.

Keynotes: Human Resources Analytics, Superior performance. Human Resource Management, Employee Turnover.

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INTRODUCTION

The global business environment presents a consistent challenge for industries to adapt and evolve in order to maintain a competitive edge. Organizations recognize the importance of creating lean structures that combine efficient technology with a skilled workforce. The acquisition and retention of talent remains a significant cost for organizations. Snell, Stueber, and Lepak (2002) suggest that Human Resources can address these challenges by embracing information technology to become more strategic, flexible, cost-effective, and customer-focused. They highlight the potential of IT to reduce administrative expenses, boost productivity, streamline processes, enhance decision-making, and improve customer service simultaneously. By supporting technological innovation, Human Resource Management (HRM) can drive high performance, while technology can enable HR functions to focus on value-added activities to fully leverage organizational strategy (Shrivastava et al., 2003). The primary advantage of integrating IT in HRM is the liberation of HR staff from routine tasks, allowing them to concentrate on strategic planning and development within the human resource function (Pinsonneault & Kraemer, 1993).

The study aims to establish a correlation between Training and Development, Performance Management, and Compensation and Benefits. The researcher endeavors to comprehend how integrating data from various HR functions can assist in deriving meaningful conclusions and making crucial decisions.

LITERATURE REVIEW

The rationale for the future of HR is straightforward. HR must contribute value. This approach must be aligned with the business, encompassing the business environment that influences decision-making and the particular stakeholders for whom business strategies are devised. However, this uncomplicated rationale necessitates a more thorough evaluation to achieve the objective Ulrich, D., & Dulebohn, J. H. (2015). The subsequent challenge lies in optimizing the use of data (whether big or small). Otherwise, the process of analytics begins with having a thorough understanding of the business, enabling one to conceptualize and articulate the necessary questions that need to be addressed. It is crucial to effectively communicate the results back to the business in a clear and actionable manner. According to Jim Link of Randstad, HR will increasingly become a function that focuses on analytics out of necessity. As technology advances and intriguing findings emerge, the connection between HR metrics and commercial and financial performance will become more evident with the support of evidence. This will lead to more targeted and in-depth investigations.

HR is currently experiencing challenges in evaluating employee performances and determining their contribution to the organization. It is crucial for HR to provide accurate data to support data-driven decision-making. For instance, Google relies on analytics to guide their decisions related to employees. HR is lacking the necessary tools and capabilities to seamlessly integrate functions and approaches in real-time, as well as to facilitate critical measurements and decision-making through evidence-based practices. HR analytics can address these gaps by playing a significant role in various HR functions such as recruitment, training, succession planning, retention, engagement, compensation, and benefits. By leveraging HR analytics, HR can optimize workforce performance and enhance ROI by developing analytical skills and capabilities in IT and finance.

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Human capital goes beyond just assessing skills or productivity. It also involves evaluating how effectively that knowledge and contribution translate into value for the organization. According to Baron (2011), analytics plays a crucial role in transforming HR data into meaningful insights. The increasing availability of HR data highlights the importance of analytical capabilities. By utilizing analytics, organizations can ensure that the insights derived from HR data are reliable and provide a solid foundation for making human capital decisions. Boudreau (2006) further emphasizes that incorporating analytical principles and competencies is essential for an effective measurement system.

The objective of HR analytics is to enhance the performance of both individuals and organizations. Therefore, it is imperative to carry out this process. Now, let's consider the significance of ROI analysis as a component of HR analytics. Many professionals consider ROI as the ultimate measure of HR evaluation. These individuals often prioritize the use of analytics as a means to demonstrate their value (Bassi, L., 2011). The primary purpose of conducting effective HR analytics is to definitively showcase the impact of your business within the organization and establish a cause-and-effect relationship between your actions and business outcomes. By basing your strategy on this information, you can transform these terms into a reality (Mondore, S., Douthitt, S., & Carson, M., 2011).

HR has the chance to assume a leadership position in facilitating organizations to address the competitive challenges of globalization, achieving profitability through growth, and harnessing intellectual capital technology (Ulrich, 1997).

UTILIZING ANALYTICS.

The privately owned medium-sized firm being studied has a workforce of 310 employees. The organization asserts itself as one of the top players in the industry within the region. However, it grapples with a significant issue of high turnover among middle management. The organization is genuinely keen on uncovering the root causes of this employee turnover. The HR department has been tasked with delving into the matter and proposing effective solutions.

The organization has been making efforts to comprehend the main factors contributing to attrition. In order to gain a better understanding of this issue, the HR department has implemented several measures, including obtaining feedback from employees who have decided to leave the company, gathering feedback from current employees, and conducting reviews of existing processes with the aim of enhancing their employee-friendliness.

Despite all attempts, the issue remained unresolved, prompting a decision to analyze the HR data gathered from different HR functions. The information extracted from HRIS includes data on education, designations, departments, and nature of employment.

OBJECTIVES OF THE STUDY

- Exploring the potential of integrating HR data to derive valuable insights on turnover.
- Investigating the impact of accurate HR data on decision-making processes.
- Examining the role of HR data in enhancing employee performance.

A statistical test was carried out to analyze the provided data and meet the set goals. Based on the available data, a conceptual framework was created to determine the correlation between employee turnover and the available information in order to derive valuable insights through analytics.

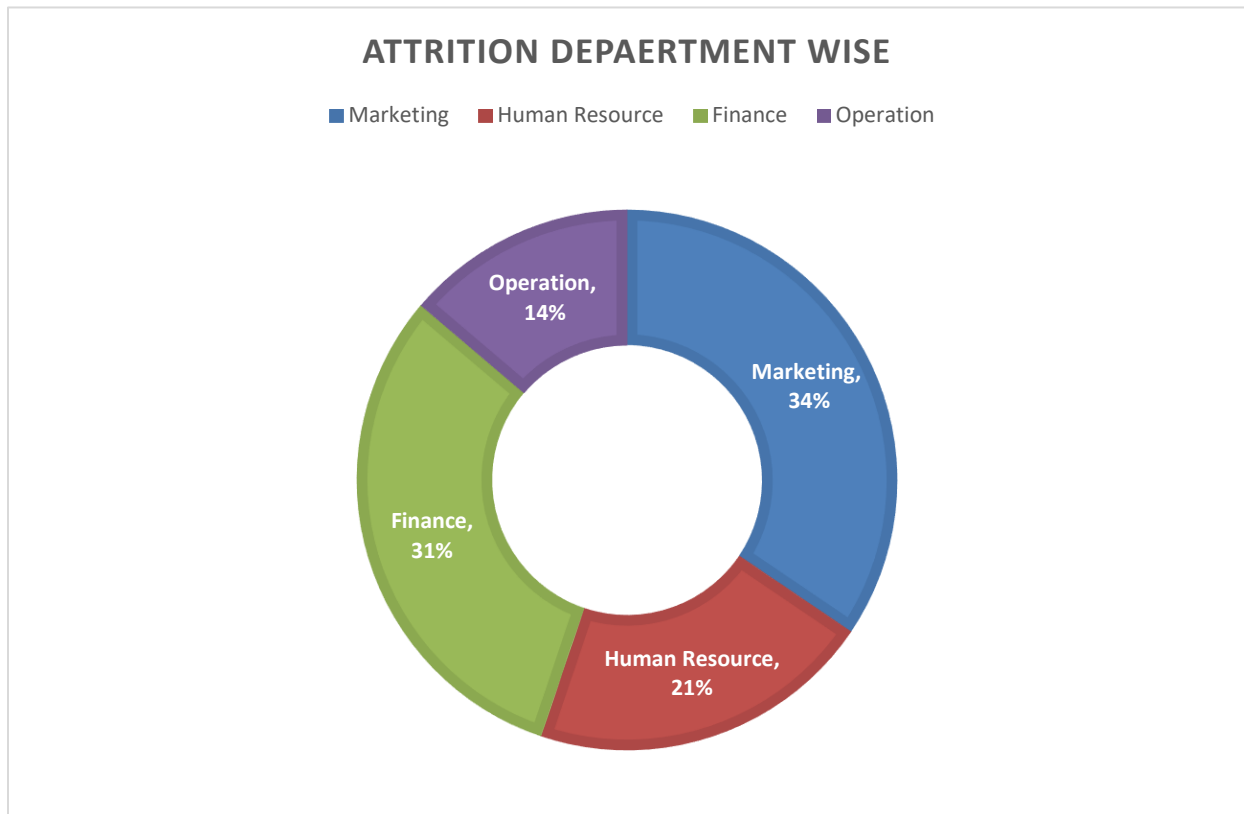
According to the data gathered, the company is encountering difficulties in four of its departments, where the turnover rate is observed to be the highest.

EVALUATION AND COMPREHENSION OF DATA

The attrition rate for each department is presented in Table 1, showcasing the number of employees who have left their respective departments.

Table 1

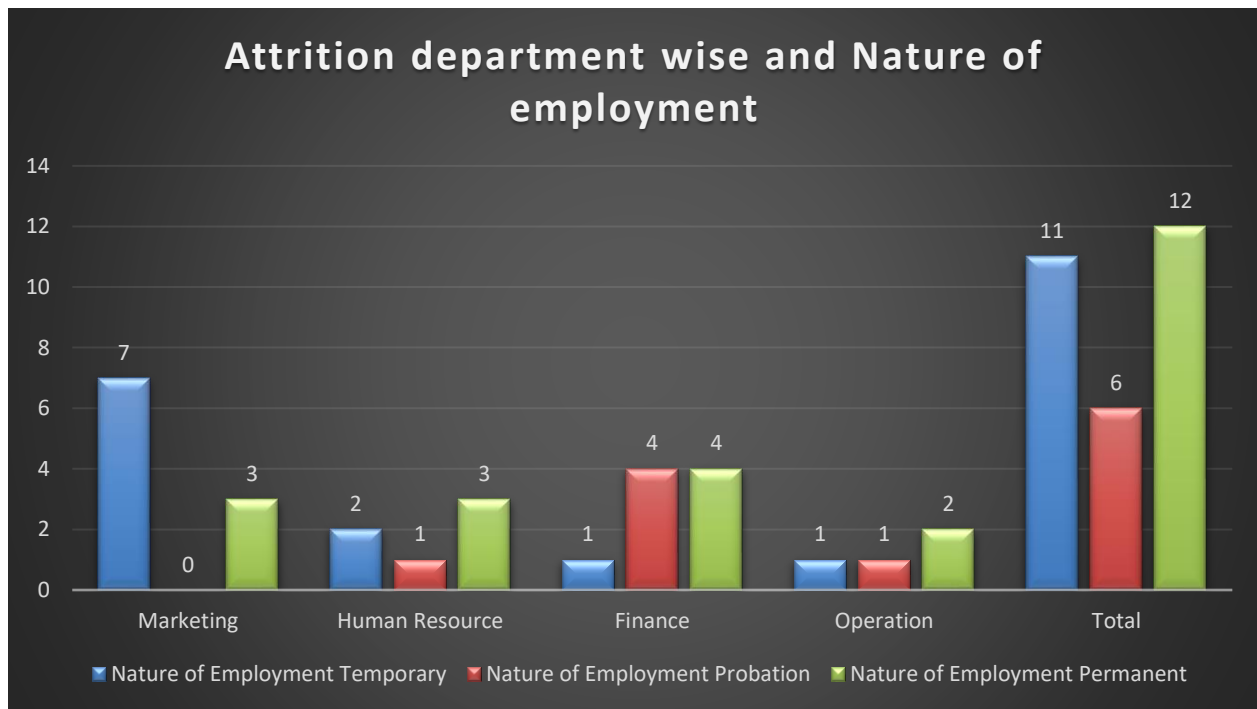
Department	Attrition
Marketing	34
Human Resource	21
Finance	31
Operation	14
Total	29



The chart and table above display the attrition rates across various departments. It is evident that the marketing department has the highest attrition rate, with the finance department following closely behind. This trend may be attributed to a lack of cohesion within the respective teams.

Table 2 - Attrition department wise and Nature of employment

Department	Nature of Employment		
	Temporary	Probation	Permanent
Marketing	7	0	3
Human Resource	2	1	3
Finance	1	4	4
Operation	1	1	2
Total	11	6	12



The attrition rates for employees with different types of employment (temporary, probation, and permanent) are displayed in the chart and table above. It is evident that there is a significant attrition rate among those hired on a temporary basis, and a similar level of attrition is observed among permanent employees. Additionally, the Marketing department experiences the highest attrition, followed by the finance department. This could be attributed to the presence of inconsistent HRM policies and practices, which may contribute to employee turnover.

SUGGESTIONS AND RECOMMENDATIONS

After reviewing the data and conducting an analysis, the following recommendations can be suggested.

The company is currently grappling with a significant issue of increased turnover rates among employees at the middle management level, which is causing growing alarm

- The organization should reconsider its hiring process to ensure that employees are a good fit for the organization's culture, which could help reduce the high attrition rate.
- One possible reason for the high attrition rate is that employees may struggle to adapt to the organization's culture, so it is important for the organization to assess employee fitment to the culture early on in the hiring process.
- It is essential to delve deeper into factors such as compensation and performance to gain insights into the employee turnover issue.
- Developing career progression opportunities can help retain talent and create a more stable work environment for both permanent and temporary employees.
- It is imperative for the organization to enhance employee communication and establish procedures that encourage greater employee involvement.
- By incorporating HR Analytics into different functions, organizations can leverage data to make strategic decisions and improve overall performance.

POSITIVE OUTCOMES FROM EMPLOYING ANALYTICS

HR analytics plays a crucial role in attracting, maintaining, and retaining talent within an organization. To achieve this, organizations have been investing significant resources in IT tools that support various HR functions, including manpower planning, hiring, performance management, legal compliance, employee engagement, and talent development. Analytics has been recognized as an essential capability for HR professionals, enabling them to create value from their workforce and expand the strategic influence of the HR function. According to a survey conducted by PWC, 72% of CEOs identified talent acquisition, development, and retention as the most critical business challenge in 2016, regardless of geographical location. This highlights the global importance of leveraging talent to drive business results and underscores the significance of HR in overall business operations. As a result, CEOs are urging their CHROs to develop and enhance their HR analytics capabilities to stay competitive in the market. Recognizing the evolving business landscape, CHROs have been heavily investing in HR analytics to ensure they remain ahead of the competition.

Understanding the necessity and investing in analytics is not sufficient; it is equally crucial to establish a proficient ecosystem that can effectively utilize the analytics to extract tangible value. Therefore, organizations must acknowledge the importance of the requirement, procure suitable technology, and cultivate the expertise needed to maximize the technology's capabilities.

BENEFITS ACQUIRED THROUGH HR ANALYTICS

- By utilizing HR analytics, companies can proactively work towards maintaining a high-quality workforce by addressing deficiencies in current practices.
- This allows the HR department to display their output and responsibility in accomplishing corporate targets.
- The use of HR analytics greatly enhances the effectiveness of human resource planning.
- It assists in precise forecasting of employee needs and skill sets to achieve organizational objectives.
- Assists in identifying the most suitable candidates to meet the specific staffing needs of the organization, free from any prejudice.

- Enhances organizational performance by facilitating quality decision-making, particularly in the realm of talent acquisition.
- Supports in precisely outlining essential performance aspects and components that may have a significant impact on organizational performance.
- HR analytics support the overall management and categorization of various HR tasks.

CONCLUSION

In order to understand why employees choose to stay with a company, organizations must address this question and utilize analytics to determine what employees value most. By analyzing employee performance data, companies like Google can identify the most effective interventions to support both high-performing and low-performing employees. However, it is important to note that there may be other organizational practices correlated with HR analytics and performance pay that have not been considered. This study aims to explore and understand the role of analytics in transforming HR practices from traditional transactional roles to more strategic and innovative ones. As HR is expected to perform at a strategic level, it is crucial for HR generalists to have the necessary expertise and support, which can be obtained from corporate centers of expertise or external consultants. Additionally, HR analytics should not be seen as just a management fad, but rather as a valuable component of end-to-end analytics that can deliver significant value.

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editor@iaeme.com