

9 Reasons why every HR Department needs an HR Analytics Professional

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HR analytics refers to the process of getting business insights from HR data. This is new to most HR people in the sense that they have not fully embraced analytics. I strongly believe that looking at the future of the profession, no HR department will be able to give maximum value without an HR analytics professional within their team. Here are my reasons for that proposition.

1. HR analytics provide the best chance for HR to be on par with other more business-oriented professions like finance and sales. With HR analytics, HR will be able to link HR practices and business outcomes.

2. The challenge for most HR professionals is that HR analytics requires above-average numerical reasoning. This skill is not found in abundance among pure HR professionals. My call is for HR professionals to bring in people with statistics or applied math to assist them. These people could come in as graduate trainees and then graduate into full analytics. As part of their traineeship, they should be allowed to understand the business and core HR process. However in cases where HR has people with HR training who have the necessary numerical reasoning to transition to HR Analytics they could take that route as well.

3. With HR analytics you would be able to do workforce planning and predict with a high degree of accuracy the number of people you require for the business both in the short and long term. When combined with optimization you would be able to even know the optimal staff cost for the business, now and in the projected future. That is a big win for HR if only they could embrace HR analytics.

4. HR analytics enables HR departments to check the effectiveness of training programs using t-tests to look at the before and after data. As an example is there any differences in sales between a group that has gone through sales training and a group that has not. With HR analytics it is easy to check for those statistical differences.

5. With HR analytics you can also predict staff turnover with a degree of accuracy. You would be able to use several internal factors and demographic variables to predict who is likely to leave the organisation and when. Besides the ability to predict turnover, the prediction models are capable of identifying the factors that drive turnover. This should allow HR professionals and business leaders to put together interventions to reduce staff turnover.

6. Using HR analytics you would be able to do compensation analytics. You would be able to calculate compa-ratios, range penetration etc. and link these to performance of employees and staff turnover. You can also use compensation analytics to predict staff turnover.

7. There is also scope to do performance analytics. Under compensation analytics, you would be able to dig deeper into HR and business data and find out which factors predict the performance of departments and business units. As an example does the level of education of managers or employees in the department predict the overall performance of the department? Globally what internal factors seem to drive sales in the department or business unit? All of this can be done easily with HR analytics. Imagine the value that you are going to give to the business as HR professionals should you embrace HR analytics.

8. You could also do recruitment analytics. Under this, you dig deeper into what factors predict top performances but looking at historical records in your organisation. These could be interview ratings, reference check ratings and performance on psychometrics. These can all be linked to employee performance records.

9. One of the great opportunities created by HR analytics practices is the ability to link your employee engagement data to actual business outcomes. If you have been collecting and tracking employee engagement data over some time you can easily link this data to actual business indicators like sales, market share, staff costs, turnover and many other business outcomes. This will allow you to then come up with interventions to improve the performance of the business.

There are many more human resources practices where HR analytics could be applied. You need to have the skills internally to be able to do the above level of analysis.

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