

## HR ANALYTICS CENTER OF EXCELLENCE

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### Abstract

Last few years HR analytics has risen greatly in popularity in the field of human resource management. HR analytics is playing major role in current business changing environment with increased business requirements towards organizational efficiency. This paper discusses challenges and best practices when creating HR analytics center of excellence. Particularly it is more useful to Work force planning, succession planning, and Diversity and Talent management. COE provides the information on interpreting data form for different sources and it explains the improvement of quality data. It requires preparing the organization, Team building and identifying the best projects.

Key Words: HR Analytics, Center of Excellence, Organizational efficiency, COE, Team building

### INTRODUCTION

HR analytics is defined as “The systematic identification and quantification of the people drivers of business outcomes” (Heuvel & Bondarouk, 2016). Human Resource analytics is about analyzing an organizations’ people problems related to employee annual turnover, regretted losses. To analyze the HR data, HR departments have long been collecting vast amounts of HR data. Unfortunately, this data often remains unused. As soon as organizations start to analyze their people problems by using this data, they are engaged in HR analytics. It enables HR professionals to make data-driven decisions to attract, manage, and retain employees, which improves ROI. It helps leaders make decisions to create better work environments and maximize employee productivity. It has a major impact on the bottom-line when used effectively. HR Analytics facilitates the improvement of workforce performance in an organization thus increasing the productivity of the employees in turn increasing revenue generation.

#### Benefits of HR Analytics

Success in today’s business enterprise is clearly dependent on the HR ability to make the smartest data-driven decisions in compressed timeframes. With the advent of big data and advanced HR analytics, business units within the enterprise are looking for advanced data science to help them with very specific business problems. HR analytics will move from an operational partner to a more strategic center of excellence. Business organizations are now realizing company success is built on people, and HR analytics can light the way from intangible theory-based decisions to real ROI through the following.

- Better hiring practices
- Decreased retention
- Task automation
- Process improvement
- Improved employee experience
- More productive workforce
- Improved workforce planning through informed talent development

#### Challenges of HR Analytics



- 1) Curating data: It is vital to accumulate and organize data from many operations and departments within the organization for positively implementing analytics in HR. Data has to be attained, sanitized, combined, and analyzed from numerous departments as well as from multiple business functions, including finance and payroll. Therefore, organizations need experts who can not only evaluate the data but also gather and organize the right data.

- 2) Lack of data analytics skills: Even though companies are promoting the implementation of analytics in HR functions, the truth is that the analytics abilities of most HR professionals are limited. Most of them also need suitable training to become well versed with the art of converting data into meaningful insights. This often makes the successful implementation of analytics in HR a difficult and compound task in most companies.
- 3) Privacy and compliance: Analytics needs a sufficient amount of data to be collected from many dependable sources to produce the desired results. While gathering data about an employee or a potential employee - particularly from external sources - HR professionals must consider privacy. Collecting personal details of employees could sometimes land the company in trouble.

### Best Practices in HR Analytics

#### i. Keep Analytics Distinct From Reporting

At many organizations, leaders conflate HR reporting with workforce analytics. Both involve workforce data, they reason, so they think it's only natural to use the same technology—and often the same team—to provide both functions. But the truth is that reports and analytics serve fundamentally different purposes and using both in tandem can lead to conflict.

#### ii. Make Self-Service Access A Must-Have

When a workforce analytics function is first created, it's not unusual for the team to begin by trying to respond to every stakeholder who makes a request. But this isn't a sustainable approach if the team's mission is to provide workforce analytics to all relevant stakeholders across the organization. Data visualization showing how many people in an organization will need access to self service hr analytics

#### iii. Go Beyond the “Embedded Analytics” in your HRMS

Some HRMS vendors embed reports and visuals directly within the systems they sell. The prospect of acquiring access to data straight out of the box can be appealing, but embedded analytics come with one significant downside: because the answers to critical business questions live in a vast array of disparate systems, the data capabilities included in your HRMS will never be enough — and adding data from other systems is a costly and labor-intensive exercise, typically requiring consultants provided by your HRMS vendor or their partners.

#### iv. Opt For Cloud-Based People Analytics Over BI Tools

In the past, traditional business intelligence (BI) solutions geared at expert users were the go-to technology for analytics projects. And more recently, newer BI tools that claim to be easier for regular business users to use have also become popular. However, all BI solutions—both old and new—come with a major drawback: loss of control. If you choose to implement a technology that requires heavy involvement from your IT department, your HR analytics team will never be in control. Instead, IT will be in charge of deciding if, when, and how they'll integrate your data, create a data warehouse, and perform the other requisite steps for maintaining the solution. It can become a never-ending battle. Using a cloud-based people analytics solution, on the other hand, puts your team in the driver's seat. An alliance with IT and the cost of IT resources are removed as barriers, leaving you to focus on improving HR practices and driving effectiveness in HR and the business.

### CREATING A SUCCESSFUL HR ANALYTICS CoE

A successful CoE (Centre of Excellence) requires sponsorship by a senior level HR executive who will evangelize the benefits of an HR analytics function and clearly articulate how the CoE model will best deliver value. While the CoE champion will play many roles, the first will be to help define the mission and overarching agenda for the CoE. Individual organizations, and even business units, will vary in their readiness for an HR Analytics CoE. Surprisingly, organizations that have had little reliance on HR data may find it easier to launch a CoE than those that have struggled for years to deliver basic HR information consistently and accurately. In the latter case, more time will be needed to address data quality and existing reporting information around the organization. Nothing risks credibility more than basing an analysis on flawed data. Ultimately, data is the outcome of processes and systems, which can become a tangled web of inconsistent definitions and department specific sub-processes over time. Left unaddressed, data quality issues will risk the credibility of the work produced by the CoE.

CoEs benefit enormously from a clearly defined vision statement that is circulated among key business partners. This helps to distinguish the purpose of the CoE from traditional HRIS, reporting and data management functions. Those functions remain important, but role clarity and scope for the CoE is essential in managing expectations and preventing it from becoming a “dumping ground” for anything related to HR data. A successful CoE requires a mix of analytical, consultative and communication skills. On the analytics side, familiarity with HR systems, data, and processes is critical from the start as data quality is assessed and standards are established. Consultative skills are needed to understand the priorities of the organization and translate those issues into analytics projects that will resonate with business leaders.

### Conclusion

Ultimately, forming a CoE requires three key steps: Prepare the organization, build the team and identify the projects. While there's not one “right” way for an organization to start and structure an Analytics CoE, it is essential to build high-level support and identify team members with the right skill sets to be successful. A common refrain heard from HR partisans is the desire for a seat at the strategic table. By leveraging business intelligence and analytic insights to have a bottom-line impact on the business, HR organizations with an Analytics CoE may just find their chair pulled forcibly into the boardroom.

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