Research paper *IJBARR*
Impact Factor (GIF) 0.314 *E- ISSN -2347-856X*
ISSN -2348-0653

THE ROLE OF TALENT ANALYTICS IN ENHANCING THE PERFORMANCE OF THE ORGANIZATION:-AN INSIGHT FROM HR PERSPECTIVE

Dr. Nirmala M.* ***Pratima Pandey*****
**Assistant Professor, CBSMS, Bangalore University, Bangalore, India.*
***Research Scholar, CBSMS, Bangalore University, Bangalore, India.*

Abstract
Successful companies are increasingly adopting sophisticated methods for analyzing employee data to enhance their competitive advantage. As it is known, that employees are greatest asset as well as largest expense, the smart companies favor analytics rather than their guts feeling or instinct. Talent analytics helps in making the optimum use of the available data. It increases the chances of success of talent management as the data can be qualitatively measured. This article tries to explore and provides valuable insight for analyzing the pertinent role played by talent analytics in talent acquisition, talent retention, employee engagement, employee development and performance management from HR perspective. It states that talent analytics enables managers to gather information about different talent and then develop a strategy of deploying these skills for new business strategic objectives and talent development.

Keywords:-Talent Analytics, Talent Acquisition, Talent Retention, Employee Engagement, Performance Management, HR Perspective.

INTRODUCTION

The top notch companies use talent analytics to evaluate the effects of its programs. Certainly the organizations want more from their talent. Many of these companies are becoming employee centric and they are in the process of eradicating the guesswork from their innovative management approaches. These companies are overhauling and reinventing the whole range of people's practices. As Peter Drucker has aptly said that "If you can't measure it, you can't manage it" and "what gets measured, gets managed; what gets managed, gets executed." Talent analytics is about examining and optimizing human talent to better map employees to jobs that align with critical business requirements and with individual talents and skill sets. It is not about traditional workforce measures such as headcount, turnover and cost based metrics. It is about talent acquisition and talent retention, capability development and performance, and cultivating human potential and leadership development. Talent analytics helps in evaluating the things like to assess the allocation of human capital, to assess skill inventory with performance objectives, to help organizations make better predictions of future performance, to learn about new innovative management approaches and to gain insight into the organization's ability to attract the talent it needs to support business strategic objectives.

In recent years, the greatest challenge has been ensuring the availability of outstanding leadership talent in cases of contingency or ever-changing demographic and economic trends. HR continues to struggle to be seen as strategic business partners in most of the organizations. Leaders in the organizations are empowered to make decisions on a daily basis that has its impact on outcomes such as selection, performance, engagement and retention. In most of the organizations leaders are not equipped to make decisions both in terms of their understanding and access to talent data. There is a need for a holistic change in the approach of HR. HR leaders must stop thinking about analytics in terms of monitoring compliance, measuring HR operational efficiencies and ROI. Organizations that want to compete on talent analytics have access to high quality data and they manage it at an enterprise level, support analytical leaders, choose realistic targets for analysis and hire analysts with a broad base of expertise.

Below are the examples of certain organizations that have successfully implemented talent analytics.

- By keeping track of the satisfaction levels of delivery associates, Sysco improved their retention rate from 65% to 85%, saving nearly $50 million in hiring and training costs.
- Google's goal is to identify leading management practices and confirm them with data and analysis. To achieve it, Google created a people analytics function with its own director and a staff of 30 researchers,

analysts, and consultants who study employee related decisions and issues. The People and Innovation Lab (PiLab) conducts focused investigations for internal clients.

- JetBlue analysts developed a metric the "crewmember net promoter score" that monitors employee engagement and predicts financial performance.
- Managers at Lockheed Martin use an automated system to collect timely performance review data and identify areas needing improvement.
- Dow Chemical has a custom modeling tool that predicts future headcount for each business unit and can adjust its predictions for industry trends, political or legal developments, and various "what if" scenarios.
- Harrah's Entertainment is known for employing analytics to select customers with the great profit potential and to refine pricing and promotions for targeted segments. It has also extended its approach to people decisions, using insights derived from data to put the right employees in the right jobs and creating models that calculate the optimal number of staff members to deal with customers at the front desk and other service points.
- Many organizations value employee engagement but organizations like Starbucks, Limited Brands and Best Buy can precisely identify the value of increase in engagement (in quantitative terms) among employees at a particular store. At Best Buy, for example, that value is more than $100,000 in the store's annual operating income.
- While many organizations emphasize on academic records of perspective employees organizations like Google and AT&T, have established through competitive analysis that a demonstrated ability to take initiative is a far better predictor of high performance on the job.
- Employee attrition is a problem which almost all the organizations are facing. Organization like Sprint has identified the factors that best foretell which employees will leave after a short period of time. The organizations should not expect a long tenure from the employee who hasn't signed up for the retirement program.
- To protect its investments, the soccer team AC Milan created its own biomedical research unit. Drawing on some 60,000 data points to each player, the unit helps the team gauge player's health & fitness and make contract decisions.

Source:- Bersin & Associates, 2012

REVIEW OF LITERATURE

Analytics have been used in business since the management exercises were put into place by F.W. Taylor in the late 19th century. Henry Ford measured the time of each component in his newly established assembly line. But analytics began to command more attention in the late 1960's when computers were used in decision support systems. Since then, analytics have changed and formed with the development enterprise resource planning systems, data warehouses and other software tools. In recent years with the advent of computers and the breakthrough progress happened in IT field has brought analytics to a whole new level and has made the possibilities endless.

Talent Analytics is quantitative dataset about people doing the work that represents the defacto standard for business leaders interested in better understanding the impact of their people on performance. This data adds value to existing activity data. It provides an opportunity to dig deeper & push towards the why by enabling companies looking at trends and correlations between people & performance.

Kaplan & Norton (1996) propose that HR metrics are not simply an evaluation tool or a method of justifying HR investments. It represents the operational expression of the theory of how people contribute to organizational success and through HR investments that lead to that success.

Lepak & Snell (1999) show that firm's core competencies or competitive advantage is induced by the investment of human capital entailed with value creating potential.

Wang, G. (2000) has talked about training economics which is considered an alternative approach to measure ROI for HRD.

Becker, Huselid and Ulrich (2001) helped bring these ideas together in HR scorecard, which highlights how the alignment of HR activities with both corporate strategy and activity improve organizational outcomes.

Lawler &Mohrman (2003) identify the use of metrics as one of four characteristics that lead to HR being a strategic partner.

Lawler etal (2004) conducted a survey within medium and large companies familiar with HR measurements and analysis. Few companies worked with data and analytics as a talent strategy but among those who did, a linkage between utilizing metrics and being a strategic partner was found. Businesses that measure the effect of HR activities on business performance were to a greater extent considered strategic partners. With the capability of measuring the effects of HR activities on the workforce, businesses were also more accounted as strategic partners.

According to Wang (2005), failure to measure information properly or inaccurate data, costs billions of dollars each year.

Boudreau & Ramstad (2006) has mentioned that with a new approach to HR, as a strategic asset, contemporary organizations use their analyzing skills to provide information of the areas where they know analytics have the greatest impact for improving decisions and performance as a way of linking HR activities to business strategy and goals.

As defined by Cappelli (2008), talent management is about anticipating and meeting talent needs. In that sense talent analytic system offers a complete overview of job positions in an organization from basic demographics such as length of service to succession possibilities.

According to Davenport etal (2010), the data provided can be used to analyze and evaluate the staff members' talent, to find the right person for the right position, to evaluate the well-being of the staff members and calculate the number of employees necessary.

According to Harris etal (2011), within the area of strategic decisions on human capital, talent management and talent analytics are use ways to use HR activities in a new light, along with data and metrics, to reassure that the HR function is related to business performance and able to prove its contribution.

According to Boudreau & Jesuthasan (2011) , moving beyond the limited role which the HR function has historically played in key talent decisions involves moving beyond the provision of data requested by organizational leaders towards bringing synthesis to the data, presenting them in usable metrics and analytics, and explaining the nuances behind them.

According to Harikumar (2012), analytics help make sense of people issues by leveraging data to arrive at actionable intelligence and insight for the business.

According to Joshi (2012), starting with end result in mind, the intent of HR analytics is to facilitate smarter, better decisions for business while on the people side of business analytics indicate moving from guesswork to actionable business intelligence.

OBJECTIVES OF RESEARCH

1. To study about talent analytics implemented in the selected organizations.
2. To study about the impact of employee engagement analytics on talent retention.
3. To study about the impact of training & development analytics on performance management.
4. To study about the impact of talent acquisition analytics on performance management.

HYPOTHESIS

- H_{01}= There is no significant relationship between employee engagement and talent retention.
- H_{a1}= There is a significant relationship between employee engagement and talent retention.
- H_{02}= There is no significant relationship between training and development and performance management.
- H_{a2}= There is a significant relationship between training and development and performance management.
- H_{03}=There is no significant relationship between talent acquisition and performance management.
- H_{a3}=There is a significant relationship between talent acquisition and performance management.

.

METHODOLOGY USED

The research is a survey research. It is an empirical research. The research tool used is questionnaire. The sampling method used is simple random sampling. The survey was conducted in Bangalore as it is the silicon valley of India and is also considered as an IT hub. The companies selected were Netapp, Infosys, Accenture, Wipro, Capgemini, Motorola, TCS, Hewlett Packard, Cisco and Intel. Though the companies have been selected using random sampling, the respondents were selected using convenience sampling. This method was resorted to due to stringent criteria of IT companies. Five HR employees were selected from each organization, for taking the feedback. The questionnaire was sent through mail to fifty HR employees. Out of that forty two employees have given the response. The data is analyzed using SPSS 20. The statistical technique used is Regression analysis.

ANALYSIS & INTERPRETATION

1. Relationship between employee engagement and talent retention

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845[a]	.714	.707	.118
a. Predictors: (Constant), AV OF D				

This table provides the R and R square values. The R value represents the simple correlation and is 0.845, which indicates a high degree of correlation. The R square value indicates how much of total variation in the dependent variable, talent retention is explained by the independent variable employee engagement. In this case 71.4 % can be explained, which is very large.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.358	1	1.358	97.388	.000[b]
	Residual	.544	39	.014		
	Total	1.902	40			
a. Dependent Variable: AV OF B						
b. Predictors: (Constant), AV OF D						

The above table is the ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. The F ratio tests whether the overall regression model is a good fit for the data. The table shows that the independent variable statistically significantly predict the dependent variable (1, 39) = 97.3888, p<.0005(i.e. the regression model is a good fit of the data).

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.795	.330		2.406	.021
	AV OF D	.787	.080	.845	9.869	.000
a. Dependent Variable: AV OF B						

The Coefficients table provides us with the necessary information to predict talent retention from employee engagement, as well as determine whether employee engagement contributes significantly to the model. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable. The regression equation can be presented as below:-

Talent retention analytics=0.795+0.787(Employee engagement analytics)

This proves the first alternative hypothesis that there is a significant relationship between talent retention analytics and employee engagement analytics.

2. Relation between training & development and performance management

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858[a]	.737	.730	.249
a. Predictors: (Constant), AV OF C				

This table provides the R and R square values. The R value represents the simple correlation and is 0.858, which indicates a high degree of correlation. The R square value indicates how much of total variation in the dependent variable, talent retention is explained by the independent variable employee engagement. In this case 78.7 % can be explained, which is very large.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.794	1	6.794	109.261	.000[b]
	Residual	2.425	39	.062		
	Total	9.220	40			
a. Dependent Variable: AV OF F						
b. Predictors: (Constant), AV OF C						

The above table is the ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. The F ratio tests whether the overall regression model is a good fit for the data. The table shows that the independent variable statistically significantly predict the dependent variable (1, 39) = 109.261, p<.0005(i.e. the regression model is a good fit of the data)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.016	.449		-.035	.972
	AV OF C	1.047	.100	.858	10.453	.000
a. Dependent Variable: AV OF F						

The Coefficients table provides us with the necessary information to predict performance management analytics from training & development analytics, as well as determine whether training & development analytics contributes significantly to the model. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable. The regression equation can be presented as below:-

Performance management analytics=-0.016+1.047(Training & development analytics)

This proves the second alternative hypothesis that there is a significant relationship between performance management analytics and training & development analytics.

3. Relation between talent acquisition and performance management

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906[a]	.821	.816	.1095
a. Predictors: (Constant), AV OF A				

This table provides the R and R square values. The R value represents the simple correlation and is 0.906 which indicates a high degree of correlation. The R square indicates how much of the total variation in the dependent variable can be explained by the independent variable. In this case 82.1% can be explained, which is very large.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.142	1	2.142	178.600	.000[b]
	Residual	.468	39	.012		
	Total	2.610	40			
a. Dependent Variable: Av of PM b. Predictors: (Constant), AV OF A						

The above table is the ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. The F ratio tests whether the overall regression model is a good fit for the data. The table shows that the independent variable statistically significantly predict the dependent variable (1, 39) = 178.600, p<.0005(i.e. the regression model is a good fit of the data.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.871	.190		9.837	.000
	AV OF A	.532	.040	.906	13.364	.000
a. Dependent Variable: Av of PM						

The Coefficients table provides us with the necessary information to predict performance management analytics from talent acquisition analytics, as well as determine whether talent acquisition analytics contributes significantly to the model. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable. The regression equation can be presented as below:-

Performance management analytics=1.871+0.532(Talent acquisition analytics)

This proves third alternative hypothesis that there is a significant relationship between talent acquisition analytics and performance management analytics.

PITFALLS IN TALENT ANALYTICS

Organizations that use talent analytics can create tangible value for themselves as long as they avoid these mistakes:-

- Treating measurement as a project and not a process.
- The organizations are trying to prove value, rather than continuously improving.
- Insignificant and wrong things are measured, whereas pertinent things are left out. If insignificant things are measured, then it results into data paralysis and confusion. The prudent point is to focus on a core set of meaningful indicators.
- Keeping a metric live when it has no clear business reason for being.
- Relying on just a few metrics to evaluate employee performance, so smart employees can game the system.
- Insisting on hundred percent accurate data before an analysis is accepted, which amounts to never making a decision.
- The conclusion should not be given on summarized data. Similarly taking averages will lead to wrong information.
- Data should be used for constructive decisions. Gathering of data which is of no use may lead to wastage of time, money and energy. Analytics are valuable only when they result into better decisions. The survey data should be sent to employees & managers. The employees & managers as a team should set the goals and they should be accountable for any profit/loss as well as improvement each year.
- Assessing employees only on simple measures such as grades and test scores, often fails to accurately predict success.
- Using analytics to hire lower level people but it is not used for hiring the employees for strategic positions.
- Failing to monitor changes in organizational priorities will result in creating irrelevant analytics.
- Ignoring aspects of performance that cannot be translated into quantitative terms will result into misleading outcomes.
- Analyzing HR efficiency metrics only, while failing to address the impact of talent management on business performance.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

CHALLENGES AND RECOMMENDATIONS

- The challenge of clarifying data, connecting and creating should be overcome by co-operation between suppliers, IT, HR and data analyst. The organization should start with exploration and improve further by making formats, clarifying the doubts through experts etc.
- The problem of data cleansing can be overcome by collaboration between HR, employees and data analyst. The organizations should offer portal lists for clean-up and discuss processes & improve.
- The problem of alternating reporting/ analysis desires can be solved by adopting stepwise approach. The organization should start with standard delivery every two weeks and adjust if needed. There should be a shared budget responsibility.
- The organization should focus on quality of hire which should be correlated with source, qualification and interview. The hiring profiles should be revised and there should be need assessment. The 360 degree assessment should be done after ninety days of hiring a new employee.
- There is a need to focus on speed to performance analytics i.e. percentage of hires reaching competency within certain number of weeks. It can be done in following ways :-1)by assessment of the employee according to the role given to him 2)Milestone achieved by the employee 3)New hire 360 degree assessment 4)Ranking the employee by on- boarding program 5)On-boarding assessment of the employee.
- The focus should be on project outcome analytics i.e. project assessment score. It can be done in following ways :- 1) Post project assessment of the employee 2)Rank by Project Manager and project type 3)Project process assessment 4) Project team 360 degree assessment.
- The focus of the organization should be on leadership effectiveness analytics i.e. leadership 360 degree composite score. It can be done by ranking the leaders, use of their performance and high potential (Hi PO) selection. This has to be correlated with leadership style, direct report engagement and business outcomes.
- There is a need to emphasis on quality of turnover analytics. Hundred percent recurring low performers and regrettable losses have to be taken into account. This can be tracked by ranking of the department, engagement pulse surveys and automated exit interviews.
- The focus of the organization should be on the entire talent pool, rather than emphasising on some strategic positions. This will help in prioritizing, forecasting and customizing the training programs.
- The analytics should be made user friendly for the entire organization, through the use of tools such as dashboards in order to provide maximum value to business units.
- It should be recognized that without quality data, analytics projects will likely be failed. Data quality remains a challenge for all functions in analytics; it is valuable to leverage the data that does exist to start improving people.
- The capability should be built up by experimenting. This requires choosing a business problem, bringing people from different functions together, considering which type of data might help solve the problem, and finding the techniques that might help the team to analyse the data and devise solutions.

DEXTERITY NEEDED TO HAVE A COMPETITIVE EDGE OVER OTHER COMPANIES

Similar to other business analytics, building a capability in this domain requires the mastery of the same fundamentals. All these points are summarized below:-

Data:- Organizations can get increasingly good HR data from their enterprise systems, but they sometimes need to augment them with new metrics. At Hurrah's many line managers, observe and record the frequency with which customer facing staff members smile, because that behavior is highly correlated with customer satisfaction. Data need not be perfect to be appropriate for analysis but it should be just sufficient to understand trends that matter.

Enterprise:- HR can no longer confine employee data to its silo; organizations need access to those data to be successful. JetBlue, Best Buy and Limited Brands have observed an important statistical relationship between employee satisfaction and company performance. The significance of this relationship has motivated Best Buy to make its employee engagement surveys quarterly rather than annual.

Leadership:- The success of any initiative depends on its leaders and talent analytics is no exception. The organizations should present the analytics business case in the language of the company. Leaders who believe that human capital insights should be used to solve business problems must constantly emphasize for decisions and analyzes based on facts and data rather than on unreliable sources like hearsay or supposition. The organizations have to foster a culture hat allows for innovative experimentation, taking risks and making mistakes, which most of the HR departments are reluctant to do.

Targets: - Organizations that use talent analytics have already made people the focus of their analytical activity. But the pertinent question remains whether they should concentrate on acquisition, retention or assignments to projects and tasks.

Google was emphasizing on hiring prior to 2008, but when hiring slowed down in 2008 and 2009, the company turned to gain insights into employee attrition and effective management approaches.

Analysts:- Analytical theory must be implemented pragmatically. This requires experts not only in quantitative analysis but also in psychometrics, human resource management systems and employment law. Industrial organizational psychologists are especially helpful in creating analytical initiatives and ongoing programs. Organizations like Google, Intel, Tesco and P&G have established HR analytics groups to get deeper insight in to their human resource practices.

CONCLUSION

It's no secret that underperforming employees hinder monetary results, but the cost associated with replacing a worker can far outweigh the cost of what an employee is being paid. As HR is evolving into a data driven function, with the focus shifting from simply reporting data to enabling the business to make strategically important talent decisions like predicting employee performance and advanced workforce planning, talent analytics plays a critical role in offering the solution to help companies fix projected problems from the very beginning. Though business data and HR data are used by most of the companies, talent analytics take things to the next level so a company can predict well in advance about the performance and retention of employees in the organization. So, it can be concluded that organizations which successfully leverage talent analytics and big data will be positioned to outperform their competitors in executing their talent strategies.

REFERENCES

1. Becker, B.E., Huselid,M.A. &Ulrich.(2001). The HR scorecard: Linking people, strategy and performance.Boston:Harvard Business School Press Boudreau and Jesuthasan(2011) .
2. Cappelli,P.,(2008) Talent on Demand: Managing Talent in an age of uncertainty. Boston,MA:Harvard Business School Press.
3. Davenport,T.H., Harris, J.G. & Shapiro, J. (2010) Competing on Talent analytics. Harvard Business Review.
4. Harris,J.G., Craig, E. and Light, D.A. (2011) Talent and analytics:- New approaches, Higher ROI . Journal of Business strategy.
5. Harikumar,Niranjana(2012) Critical success factors in use of Talent analytics, Society for human resource management.
6. Joshi, Sanjay(2012) Human capital analytics as a Decision Imperative, Society for human resource management.
7. Kaplan, Robert S. & Norton, David P. (1996) The Balance scorecard :- Translating strategy into action, Harvard Business Review.
8. Lepak, D. & Snell,S.(1999) The Human Resource Architecture: Toward a theory of Human Capital Allocation and Development. Academy of Management Review.
9. Wang,G.(2000, May). Training Economics: An alternative approach to measuring ROI for HRD programs. American Society for training and development (ASTD) International Conference, Dallas
   Wang, Richards (2005) Information quality. Advances in Information System.