Human Resource Analytics in Indian Banking Sector

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Abstract:- This study aims to identify and benchmark the best HR Analytics policies and practices prevailing in leading banks of India. Also, an external survey was conducted to find out the various Key Performance Indicators (KPI's) for competitive Banks. This research has used quantitative data types wherein 43 HR executives and managers pitched in their inputs through convenient sampling method. Primary data was gathered from the questionnaire which was process through MS Excel Charts. The results showed that almost all banks were having a fierce competition amongst themselves when it comes to use of analytics in HR department. All the major banks are having KPI's around the industry benchmarks as per SHRM. Few weakness or area of improvements were also found for certain banks.

Keywords:- HR Analytics, Banking Sector, People Analytics, Benchmarking.

I. INTRODUCTION

Over the period of last 100 years, Human Resource Management function has changed. It has developed from an transactional function towards the transformational function. That is why the term Strategic human resource management is popular now a days. This data driven methodology behind HR analytics is aligned with the SHRM. When we use the data driven approach, we don't need to depend upon gut feeling for decision making. Also analytics helps us to assess that whether the HR policies and interventions are effective or not.

HR Analytics is viewed as a systematic procedure to understand and identify the relationship amongst the HR interventions and organization's performance metrics like Sales or Profit. It also provides meaningful insights for HR decisions which will affect the business strategies and performance by use of statistical methods and experimental methodologies which are based on efficiency and effectiveness metrics (Lawler III, Levenson, & Boudreau, 2004 ; Boudreau & Ramstad, 2006).

People analytics is primarily a communications device. It gathers information from several sources like surveys and records and then use this to design an action oriented insight of present scenario and forthcoming events. This is defined as approach which is based on evidence and it helps in making better decisions. It is mainly the aggregation of primarily objective facts and secondarily subjective data. It can be classified in three levels:

➢ Descriptive: It includes tradition HR measures which are primarily efficiency metrics like cost of hire, time to fill etc. The objective of this is how to reduce cost and improve the process. Descriptive analytics sets up a relationship and correlation between the past and current data. This provides the foundation of our analytics efforts. It may include dashboards, balanced scorecards, reports and data mining.

➢ Predictive: Predictive analysis encompasses wide range of techniques from statistics, modelling to complex data mining. It uses past and current data and facts to make predictions about the future. It is based on concept of probabilities and impact. It constitutes of data models which are used to increase the chances of selecting the right people to recruit, train and promote.

➢ Prescriptive: Prescriptive analysis is different from predictions and focuses on decision alternatives and workforce optimization. It analyses complex set of data to predict forthcoming events, suggest decision alternatives and showcase business impacts.

The procedure begins with operational reporting of several HR metrics and goes up to the prescriptive analysis of business policies. Although financial capital and economic capital are important for an organization, it is the Human capital which uses financial and economic capital for organization's growth (Reddy & Lakshmikeerthi, 2017).

As per Baron (2011), People analytics is very much content specific and it depends on industry to industry how much relevant is this to them.

HR Analytics aids a company to identify, measure and analyze how effective are the HR practices and policies in terms of organizational performance and how they can influence the business strategy. It is a very strong tool in the hands of HR Management so that they can add value to the organization (Lawler III, Levenson, & Boudreau, 2004).

"Benchmarking is defined as the technique of identifying and adopting industry wide best practices to enhance performance." It is not just a comparative analysis in which we copy practices from other firms. It constitutes of learning, spreading information and adopting best practices to manage changes in the firm. It can be stated as: 'Improving ourselves by learning from others'.

In this research, Xerox Benchmarking was incorporated as compared to AT&T's Benchmarking process because of following advantages: If it is done efficiently, it is a cost effective activity which provide massive returns; It provides innovation to the firm; it enhances the level of cost awareness and performance relative to competitors.

II. MATERIAL AND METHODS

In this research, Tool which is used for collecting primary data was questionnaire. It was developed to collect the information of both HR Analytics KPI's and benchmarking purpose. Tools that were used for secondary data collections were Bank websites, HR portals and newspapers from which information about their HR analytics practices was found and analysed. Apart from questionnaire, Benchmarking tool was used for this research work.

The respondents of the external survey were HR managers and executives of leading private sector banks in India. 43 respondents pitched in their inputs related to several KPI's related to recruitment. Sampling technique which was incorporated here was – Convenient Sampling.

Convenient sampling which is also known as grab sampling is a type of non probability sampling in which sample is being drawn from that part of population which is close to the hand.

III. RESULTS

On the basis of external survey that was done through a questionnaire, following observations were found.
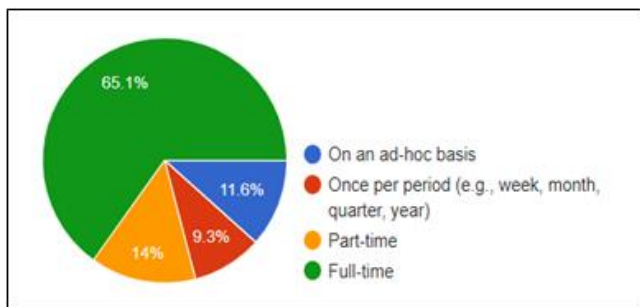

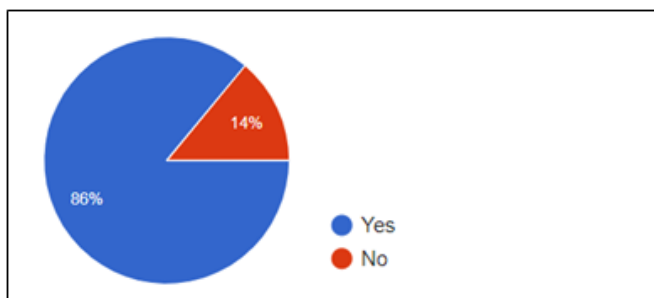Fig 1:- Percentage of banks having HR Analytics team

Fig 2:- Percentage of banks using HR Dashboards

From Fig. 1 and Fig. 2, it was observed that majority of the banks were using dashboards for automation of HR operations. However, few big players are still not using basic dashboards for the operational purpose as well. Few Banks does not even have a dedicated HR Analytics Team to assist them with statistical analysis.
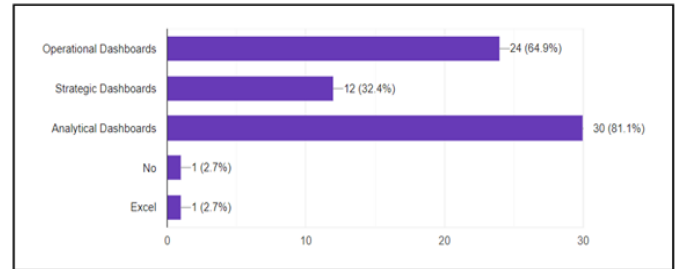

Fig 3:- Percentage of banks using different types of Dashboards

As observed in Fig. 3, strategic dashboards are used by least banks. On the contrary it is the most important type of dashboard as it helps the strategy developers.
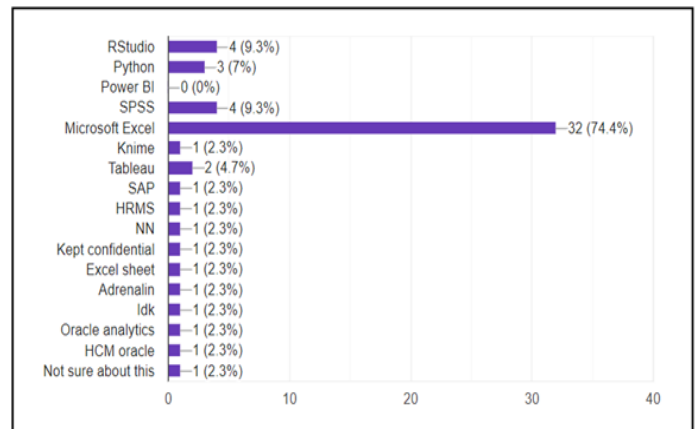

Fig 4:- Different HR Analytics tools used by banks

Today, It is very important for the large companies to invest in HR analytics tools as they help in keeping a record of their employee details. Large companies corresponds to more employees which leads to huge amount of data which has to be managed. As observed from Fig. 4, Microsoft Excel is being used by almost all the banks. However, MS Excel is primarily a spreadsheet tool rather than data visualization tool.
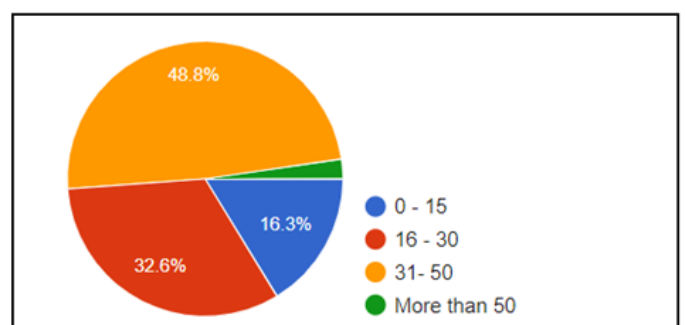

Fig 5:- Time to fill of different Banks (in Days)

Time to Fill is defined as a measure which organizations are using to calculate the total number of days starting from job requisition posting till offer is accepted. This metric aids in measuring the effectiveness of recruiting managers within the firm

In Fig. 5, As per the Banking industry standards, Average time to fill is 32 days and almost all the leading banks are well within this range.
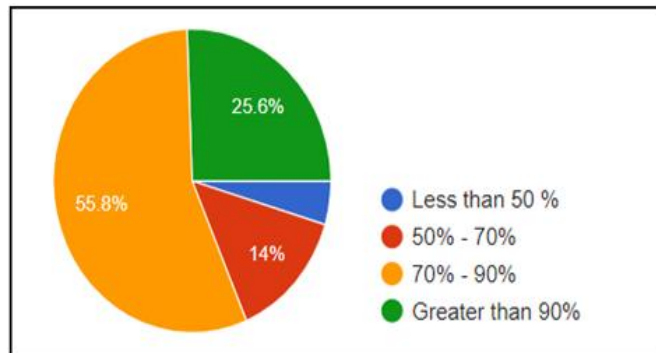

Fig 6:- Variation of offer acceptance rate in banks

As per a report from SHRM, ideal offer acceptance rate for any organization should be 90%. The leading banks are having offer acceptance range well within the industry benchmarks. However, few small and microfinance banks are struggling to reach the industry average as per Fig. 6.
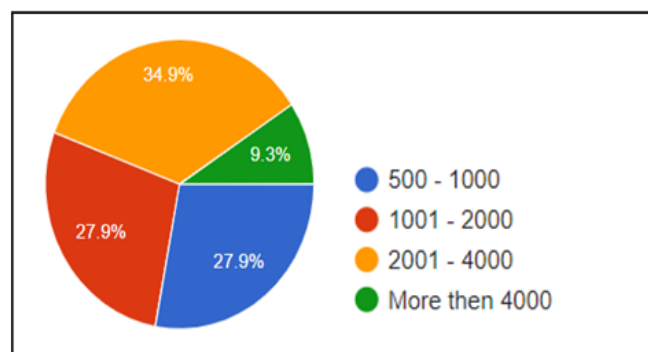

Fig 7:- Variation of cost per hire in banks (in Rs.)

Cost per hire is defined as the average amount of money you spent on recruiting a talent. This metric is helpful when you are developing your recruiting budget. Cost per Hire depends on various internal and external costs incurred by the organization during the recruitment. It also depends upon the type of position; the organization is trying to fill. As per Fig. 7, All the major banks were exceeding the Industry average of CPH since recruitment was done mainly through third party agents.
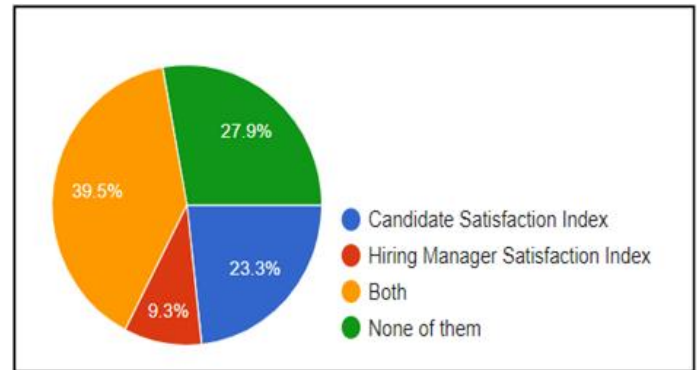

Fig 8:- Whether banks are measuring satisfaction index or not

Candidate Satisfaction Survey is a method to evaluate the candidate's views of our firm's recruitment process. It can be done in three approaches. Firstly, survey the candidates after every selection process. Secondly, survey only rejected candidates. Lastly, we can survey only the selected candidates.

It has been observed from Fig. 8 that majority of the banks are measuring either of candidate satisfaction, hiring manager satisfaction or both which is very important keeping in mind the strategic decision making.

IV. CONCLUSION

After analyzing the survey output, Strengths and weaknesses were found for HR analytics in Indian Banks.

➢ *Strengths:*
- No concern for financial issues for supporting HR Analytics
- Time to fill is as per industry average (Nearly 35 days)
- Offer acceptance rate is as per industry average (Nearly 90%)

➢ *Weaknesses:*
- Many banks lack dedicated HR analytics team.
- Adequate usage of dashboard is still not there
- Many banks are not measuring hiring manager satisfaction and candidate satisfaction
- No software is used other than MS Excel for analysis and data visualization

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