

## **Growing Impact of Human Capital Analytics on modern economy: A Generic overview:**

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**Abstract:** *The term Human Resource Management is used to describe the entire workforce of an organization. Through the etymological meaning has got its recognition gradually. A paradigm shift is worth mentioning in this regard when the connotation of "personnel management" related to industrial psychology, welfare management started to digress and it evolved in to "Human Resource Management. The Co-relation is also evident from economic perspective too. The four factors of production comprise the entire gamut of economics and one such variable "Labor" is highly predominant factor. The purpose of writing this article is to highlight the growing importance of proper workforce planning in relation to data analysis in various domains such as healthcare in the United States, the public sector in Europe, retail in the United States and manufacturing and personal-location data globally, the economy as a whole is dependent on manpower, the biggest backbone of a nation leveraging on the right talent.*

**Keywords:** *Human capital analytics, performance drivers, goal setting.*

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### **I. Introduction:**

The impact of human resource management is all pervasive. Economy is agile. It is dependent on "ideapreneurs" technological innovations as well as both endogenous and exogenous variables. It is a culmination of several facets which is dynamically oriented. The static and dynamic forces are the two parameters on which a "economy" rests on. Analytics is all about data. Human Capital Analytics is about understanding the power of Human Capital to transfer business by applying simple logic, and not just numbers. Human Resource Management is no more looked down upon as traditional approach related to recruitment, selection, training and development. Rather it is now inextricably linked with strategic goals of an organization. Similarly any economic development happens if it is backed by Sound manpower having business acumen and organizational knowledge, linking the metrics to existing performance metrics, connecting human capital data to business operations both from transactional and transformational perspective. HR has got lot of strategic implication and thus in turn "Human Capital analytics" is gaining strong foothold. It is all about collecting past data based on which present condition of an organization is predictable, paving its way for future forecasting. Like finance, operations, marketing Human Resource is goal oriented not only from tactical viewpoint also from strategic and operational viewpoints. Modern organizations generally follow flat structure where emphasize has been given on teamwork to a great extent. Therefore ROI or "Return On Investment" is one of the most crucial variable factor on which an organization rests on.

**Global Business and Global Talent Leading to Economic Development:** Economic development happens only when complexities of business can be tackled properly. A developed economy is one which can do proper Synchronization of existing practices as well as it should know how to cope up with the future complexities. As a consequence of which "Capability building" of workforce is deserve mentioning. Complexity in the remote as well as operating environment is deterrent to the fact of building more complex business strategies as well as building and sustaining global organizational capability and the critical building blocks for this capability are all very closed linked to people, their mind set and behaviors - creating an important new domain for the HR function. Therefore the ushering need of "Human Capital Analytics" is one of the predominant factor for its sustenance on survival of any Economy be it Capital on Socialist Economy. Economy is that base upon which superstructure is built on whether its organizational foundation, behavioral patterns etc. Economy is moving at a fast pace therefore the companies thoughtfully strategize their global workforce planning to remain competitive. Data analysis is required so that proper manpower or right talent is maneuvered thus impacting towards positive "Return On Investment".

The humongous need for data is increasing day by day to optimize profit. The amount of data in our world has been exploding rapidly as a consequence of which data analysis is the need of the day, This so called "big data" is earmarked as a key basis of competition, underpinning new waves of productivity growth, innovation, and consumer surplus, according to research by MGI and McKinsey's Business Technology office.

Analytics can help in transforming the entire business process of a company and it is quite capable of delivering sustainable performance results in the opening of new avenues of competitive advantage.

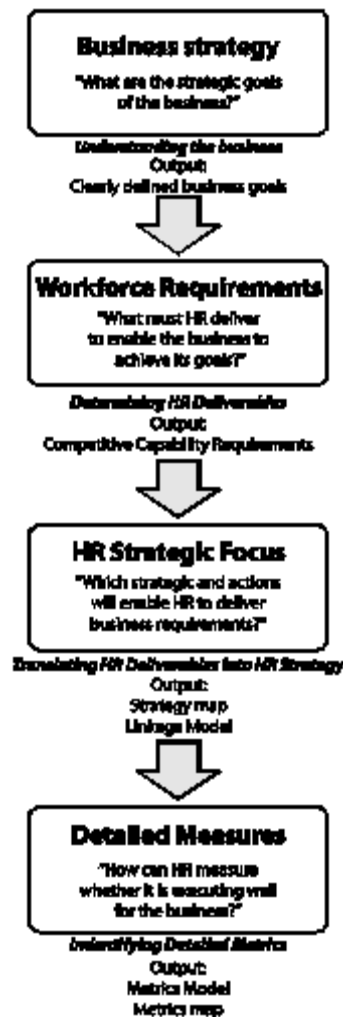
Tapping of data in proper sense not only transform the company in to upscale trained rather it helps in optimizing profit through effective decision making.

The main thrust of analysing data is to set right metric so that proper talent is identified for streamlining particular set of business. In every front whether it is from inventory management, pricing, it is categorised according to the needs of both internal and external stakeholders data analysis is static factor which in turn gives predictive ability acting as a leading indicator in business on for any organization ending up in making more money.

Leading areas of strategic significance

- 1) Capturing return on workforce investment
- 2) Curtailing high-potential and high-performance turnover.
- 3) Improving new-hire quality.
- 4) Enhancing the strategic role of HR business partners.

Trends in workforce analytics: capturing the latest benchmark results from US Human Capital Effectiveness Reports,2014.



*Fig. Initial model used to align HR strategy to business strategy [2]*

## II. Facts of Human Capital Analytics

Economic growth and business prosperity go hand in hand. If economic growth is sluggish, then it is quite evident that the workforce need to be changed. The 21st century workforce is global, highly connected, technology savvy and demanding. Resources are finite thus forcing companies to develop new ways to find people develop capabilities and share expertise. It is important to place right talent in right place for deriving “economics of scale” too. The concept of “Think Globally Act Locally” is the aftermath of globalization. Trends

in leadership, talent acquisition, capability development, analytics, and HR transformation are all impacted by globalization. It has given edge to competitive advantage.

India is a developing country and its GDP is showing remarkable increase. After independence due to qualitative improvement in each generation the underlying implication of human capital is started to gain its foothold. The third generation is qualitatively most superior human resource in India. The service section of India like financial services, software services, tourism services and improved India's Balance of payments is the resulting factor of rapid growth of India economy escalating to cumulative growth of Human Capital in India. The dependence on analytics is one of the reliable source in relation to Business cycle, which economy has to go through. Ascending to Arthur F. Burns and Wesley C. Mitchell, business cycle is indicative of fluctuations found in the economy activity of nations followed by expansions as well as contractions leading to recovery.

Analytics not only helps in predicting or forecasting demand and supply curves rather it pinpoints the right amount of workforce based on data, leading towards profit maximization. Workforce related analytics are a critical element of the HCM armory, Employees, line managers and the board members all require intelligence to understand historical activities, use that data to improve future performance and model scenarios. HR analytics is crucial to find out the attrition rates which is not always a known determinant. It is easy to compare the attrition rate with industry standards but difficult to predict the "Why" behind the "What" Which can be tracked through the help of analytics. Over the last five to six years, software is being developed to unleash HCM analytical applications. According to Webster -Buchanon-Research, strategic analytics help organizations take their business forward at a corporate level, bringing workforce data in to the budgeting and business planning process. Ultimately analytics generate most value when the findings are integrated in to day-to-day business processes and translated in to action. "Closing the loop" between the analytical process and operations is essential for triggering future improvements.

**Internal Capital Assessment:** Internal capital assessment is very important in this form of analytics leading to firm's strengths and weakness in financial, technological and human resources. With advancements in technology, economy is taking leap forward as a consequence of which organization need to complement on develop efficient means of operation, so the necessary up gradation in existing employee skills is mandatory. It is through data analysis this parameter can be well maintained. The present day employees expect a culture where organizations encourage teamwork, autonomy, creativity and trust employees equally. The characterization of employees as human asset has important implications for the strategic management of human resources. Human capital can therefore become a competitive advantage for an organization. The assesment of human assets based on analytics is one of the prime factor for effective strategy development.

### **III. Conclusion**

HR is one of the intersecting point between strategy implementation and achievement of goals in the organization. Economy as a whole is going to leverage on right talent. It is HR's responsibility to depict HR deliverables including performance drivers as well as HR enablers in the strategy map of the firm. Economy is also driven by certain performance drivers having its aftermath on every sector in relation to manpower.

It is of paramount importance to identify specific HR deliverable that support the firm level performance drivers on the strategy map. The focus should be on the kind of strategic behaviours that depend on competitiveness, rewards and work organization. Thus employee stability or proper retention of manpower is one of the distinguishing feature in shaping the future of any economy:

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