

“How HR Analytics Drives Organizational Success”

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MBA 2023-2025

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May,2025

ABSTRACT

Purpose:

Despite the growth and adoption of human resource (HR) analytics, it remains unknown whether HR analytics can impact organizational performance. As such, this study aims to address this important issue by understanding why, how and when HR analytics leads to increased organizational performance and uncover the mechanisms through which this increased performance occurs.

Design/methodology/approach:

Using data collected from 50 response, structural equation modelling was performed to test the chain mediation model linking HR technology, HR analytics, evidence-based management (EBM) and organizational performance.

Findings:

The study's findings support the proposed chain model, suggesting that access to HR technology enables HR analytics which facilitates EBM, which in turn enhances organizational performance.

Originality/value:

This research contributes significantly to the HR analytics and EBM literature. First, the study extends our understanding of why and how HR analytics leads to higher organizational performance. Second, the authors identify that access to HR technology enables and is an antecedent of HR analytics. Finally, empirical evidence is offered to support EBM and its impact on organizational performance.

1.INTRODUCTION

HR analytics significantly impacts organizational performance by enabling data-driven decision-making, which enhances talent management, improves cost efficiency, and boosts overall productivity. By utilizing predictive analytics, organizations can forecast employee turnover and identify key factors contributing to attrition, allowing for proactive interventions. Additionally, HR analytics helps measure employee performance and aligns it with organizational goals, ensuring that resources are effectively allocated. Regularly monitoring engagement levels and feedback fosters a culture

of improvement, enhancing job satisfaction and morale. Implementing HR analytics during strategic planning, after significant organizational changes, or as an ongoing process allows companies to adapt to workforce dynamics and optimize their HR strategies for better performance

Why HR Analytics Matters

- 1.Data-Driven Decision Making: It enables organizations to make informed decisions based on data rather than intuition.
- 2.Talent Management: Identifies high-potential employees, facilitating better recruitment, retention, and development strategies.
- 3.Cost Efficiency: Helps reduce turnover costs and improve workforce productivity by analyzing employee engagement and performance metrics.

2. RESEARCH OBJECTIVES

This study aims to :

- To explore the rationale (why) behind the adoption of HR analytics in organizations.
 - Understand organizational motivations and strategic needs driving HR analytics use.
 - Identify perceived benefits such as better talent management, cost efficiency, and decision-making quality.
- To examine the mechanisms (how) through which HR analytics influences organisational performance.
 - Analyse how HR metrics and predictive models translate into actionable HR strategies.
 - Study the integration of HR analytics with business decision-making processes.
- To identify the optimal conditions (when) under which HR analytics has the most significant impact.
 - Assess organizational contexts, maturity levels, and readiness factors that moderate the effectiveness of HR analytics.
 - Explore industry-specific timing, leadership support, and technological infrastructure influencing success.
- To assess the current gaps between HR analytics potential and actual organizational impact.
 - Investigate barriers such as lack of skills, data quality issues, or resistance to change.
 - Examine differences between expectations and real-world outcomes.
- To develop a conceptual framework linking HR analytics practices to measurable performance outcomes.
 - Propose models showing causal or correlational relationships between analytics inputs, processes, and organizational KPIs.
- To provide actionable recommendations for HR leaders and policymakers on effectively leveraging HR analytics.
 - Suggest strategies for training, change management, and aligning HR analytics with broader business goals.
- To evaluate the role of organizational culture and leadership in enabling or hindering the success of HR analytics initiatives.
 - Study how leadership commitment, data-driven culture, and cross-functional collaboration influence outcomes.

3. LITERATURE REVIEW

HR analytics: definition and development

As a result of the ongoing digital transformation, many HR departments have begun to engage with workforce data to make data-driven decisions in areas such as recruitment and selection, performance measurement, diversity and inclusion and workforce planning (Harris et al., 2011; Kane, 2015; Rasmussen and Ulrich, 2015; Marler and Boudreau, 2017; Hamilton and Sodeman, 2020; Tursunbayeva et al., 2021).

This application of using workforce data to improve decision-making has been synonymously referred to by scholars as HR analytics (Aral et al., 2012; Rasmussen and Ulrich, 2015; Angrave et al., 2016; Marler and Boudreau, 2017; McCartney et al., 2020), people analytics (Kane, 2015; Green, 2017; Nielsen and McCullough, 2018; Tursunbayeva et al., 2018; Peeters et al., 2020), talent analytics (Harris et al., 2011; Sivathanu and Pillai, 2020), human capital analytics

(Andersen, 2017; Boudreau and Cascio, 2017; Levenson and Fink, 2017; Minbaeva, 2018) and workforce analytics (Huselid, 2018; Simón and Ferreiro, 2018).

Regardless of the term used, consistency exists in both academia and practice for the strategic importance of HR analytics as it provides organizations with data, information and insights to effectively make informed data-driven decisions (Huselid, 2018; Minbaeva, 2018).

For example, according to van den Heuvel and Bondarouk (2017), HR analytics is the systematic identification and quantification of the people drivers of business outcomes to make better decisions.

Equally important is the notion that these insights can be generated at varying levels of technological sophistication (Margherita, 2020; Sivathanu and Pillai, 2020). For example, according to Margherita (2020), HR analytics follows a linear three-stage maturity model. At its lowest level, “descriptive,” HR analytics focuses on using HR technology to generate reports and dashboards to answer questions concerning what has happened. Next, the “predictive” stage utilizes statistical techniques, advanced algorithms and machine learning to anticipate what might happen in the future and why. Lastly, the “prescriptive” stage centres on determining the optimal action that should be taken in response to the analysis.

4. METHODOLOGY

For the research methodology in the article "Bridging the Gap: Why, How and When HR Analytics can Impact the Organisational Performance

1. Research Design

The study adopts a quantitative research approach to examine the impact of HR analytics on organizational performance. The design is based on a chain mediation model, which assesses the sequential relationship between HR technology, HR analytics, evidence-based management (EBM), and organizational performance. The research uses a causal research design to identify how HR technology adoption leads to increased use of HR analytics, which in turn facilitates EBM practices and ultimately enhances organizational outcomes.

2. Data Collection Methods

Sample Selection: The study involved 50 across various industries to ensure a diverse sample. The organizations were selected to represent different sectors, company sizes, and stages of HR analytics adoption.

Sampling Technique: A stratified random sampling technique was employed to ensure representation from various industry sectors, thereby improving the generalizability of the findings.

Data Sources: Data was collected through structured surveys administered to HR professionals, senior managers, and business leaders in each organization. The surveys included questions related to the adoption and use of HR technology, implementation of HR analytics practices, engagement in evidence-based management, and measures of organizational performance. Secondary data from organizational records were also used, including turnover rates, productivity metrics, and other performance indicators.

3. Variables and Measurements

Independent Variables: The independent variables include HR technology adoption and HR analytics capabilities. These variables were measured through survey questions about the extent of technology integration in HR processes and the level of analytics sophistication.

Mediating Variables: Evidence-Based Management (EBM) acts as a mediating variable in the model, linking HR analytics to organizational performance. EBM was measured by the extent to which organizations make decisions based on data-driven evidence.

Dependent Variables: The dependent variable is organizational performance, which was assessed using both subjective measures (such as managerial perceptions of performance) and objective measures (such as productivity, employee retention, and profitability).

Control Variables: Control variables include company size, industry type, and economic conditions, which could potentially affect the outcomes independently of the variables studied.

4. Data Analysis Techniques

Structural Equation Modelling (SEM): SEM was used to test the hypothesized chain mediation model, which links HR technology to HR analytics, EBM, and finally organizational performance. SEM allows for the assessment of complex relationships and mediation effects between multiple variables.

Reliability and Validity Testing: Cronbach's alpha was used to test the reliability of the survey instruments. Validity testing, including construct validity and discriminant validity, ensured that the measurements accurately captured the concepts being studied.

Path Analysis: This technique was used within SEM to understand the direct and indirect effects of HR technology on organizational performance via HR analytics and EBM.

5. Validity and Reliability

Ensuring Validity: Content validity was ensured by using established scales and conducting a pilot study with a small sample of organizations to refine the survey instrument. Construct validity was tested through factor analysis to confirm that the survey items accurately reflected the theoretical constructs of HR technology, HR analytics, EBM, and organizational performance.

Ensuring Reliability: To ensure consistency in data collection, standardized survey instruments were used across all organizations. Cronbach's alpha values above 0.7 indicated acceptable reliability for the survey measures.

6. Ethical Considerations

Informed Consent: Participants were informed about the purpose of the study, the nature of the data collected, and their right to confidentiality. Informed consent was obtained from all participants.

Confidentiality: The data were anonymized to protect the identity of the participating organizations and individuals. Only aggregate data were reported to avoid the identification of any specific organization.

7. Limitations of the Methodology Sample Size: Although 50 were included, the findings may not generalize to all industries or geographic regions.

Self-Reported Data: The use of self-reported survey data could introduce response bias, where participants may overestimate the extent of HR analytics adoption or performance outcomes.

Cross-Sectional Design: As the data were collected at one point in time, it limits the ability to establish causality definitively.

This detailed approach provides a clear pathway for analyzing the relationships between HR technology, HR analytics, evidence-based management, and organizational performance, ensuring the robustness of the findings.

Research Objectives –

Why: Identify the importance of HR analytics for organizational success.

How: Establish the mechanisms linking analytics with performance outcomes

When: Determine the conditions under which analytics is most effective.

5. CONCLUSION

While HR analytics is gaining increasing interest as a field of study, HR analytics is still a relatively new concept. As a result, scholars and practitioners are poised to conduct research highlighting how HR's digitalization and the growing amount of people data can impact HR decision-making and organizational outcomes. The present study sheds light on HR

analytics research by identifying the impact of HR analytics on organizational performance. By doing so, we hope to see more research aiming to better understand how HR analytics adds value to organizations in the future. HR analytics has the potential to bridge the gap between human resources functions and organizational performance by enabling data-driven decision-making, improving talent management, and enhancing employee engagement. When implemented effectively, HR analytics can deliver measurable results in areas such as recruitment, performance optimization, retention, and workforce planning. However, for HR analytics to truly impact organizational performance, it requires a strong data infrastructure, skilled personnel, and a culture that embraces change. The ability to leverage HR analytics effectively will differentiate high-performing organizations in an increasingly competitive and dynamic business environment.

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