

Exploring the Transformation from Traditional Practices to Contemporary Practices of Human Resource Management in Organisations

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ABSTRACT-

“Tap the untapped area, yes we spell it right HR Analytics”.The involvement of the Human Resources (HR) field, historically, has been principally in personnel management, where the activities were typically administrative. However, the field has evolved from this limited outlook to include a greater emphasis on compliance that keeps abreast of legislative changes (Vargas, 2015). Nevertheless, there is evidence that HR professionals continue to be engaged with the traditional practices of management of human resources and fostering organisational and employee associations (Sullivan, 2013), instead of placing emphasis on partnering strategically in the functioning of the organisation (Mitsakis, 2014).

Moreover, decision-making in the area of HR is a matter of significance to organisations as is the need for a robust link between HR and other areas of the organisation. Accordingly, in an endeavour to support the HR profession by providing tools to enhance both decision-making and organisational associations, there has been considerable research to evaluate the performance and worth of HR activities. This has frequently entailed the usage of numerical models (Becker, 1964; Becker, Huselid& Ulrich, 2001; Fiocco, 2017; Fitz-Enz, 1984; Toulson&Dewe, 2004). Indeed, it appears that the functions of the HR profession are experiencing mounting pressure to prove their usefulness to the organisation (Holbeche, 2009). This need has translated into a novel notion or subject which characterises one of the principal movements of the present day with regard to decision-making and strategy from a HR perspective (Falletta, 2014; Marler& Boudreau, 2017), that is, the notion of HR Analytics (HRA).

Keywords: Traditional, contemporary, HR, research

I. INTRODUCTION

“Tap the untapped area, yes we spell it right HR Analytics”.The involvement of the Human Resources (HR) field, historically, has been principally in personnel management, where the activities were typically administrative. However, the field has evolved from this limited outlook to include a greater emphasis on compliance that keeps abreast of legislative changes (Vargas, 2015). Nevertheless, there is evidence that HR professionals continue to be engaged with the traditional practices of management of human resources and fostering organisational and employee associations (Sullivan, 2013), instead of placing emphasis on partnering strategically in the functioning of the organisation (Mitsakis, 2014).

Moreover, decision-making in the area of HR is a matter of significance to organisations as is the need for a robust link between HR and other areas of the organisation. Accordingly, in an endeavour to support the HR profession by providing tools to enhance both decision-making and organisational associations, there has been considerable research to evaluate the performance and worth of HR activities. This has frequently entailed the usage of numerical models (Becker, 1964; Becker, Huselid& Ulrich, 2001; Fiocco, 2017; Fitz-Enz, 1984; Toulson&Dewe, 2004). Indeed, it appears that the functions of the HR profession are experiencing mounting pressure to prove their usefulness to the organisation (Holbeche, 2009). This need has translated into a novel notion or subject which characterises one of the principal movements of the present day with regard to decision-making and strategy from a HR perspective (Falletta, 2014; Marler& Boudreau, 2017), that is, the notion of HR Analytics (HRA).

One of the challenges in HR Analytics is the recognition of it as a field, phenomena, area worthy of study is only recently unfolding. As such, the terminology is often in flux, because it takes a while for it to become agreed upon and standardised. In the early life of many disciplines, it can become the target of marketers and consultants who would like to frame it in a way that helps them monetize to some product or services they are selling. Or it simply takes a while for those interested in the subject for rigorous and robust terminology and ideas to emerge that stand the test of time. Such is the case, some people in HR think that slicing and dicing HR data in spreadsheets or popular graphical presentation constitutes people Analytics activity.

On the whole, it seems that the attraction for the use of HRA is driven by two principal factors: the changing business conditions and technological advances (Fiocco, 2017). Business conditions in the present day do not seem to find usefulness in the conventional forms of competitiveness. Moreover, technology advances have facilitated the collection and storage of huge amounts of data related to employees, and further, the means to access them (Haines &Lafleur, 2008; Ingram & Ulrich, 2016; Van den Heuvel&Bondarouk, 2017).

II. STATEMENT OF THE PROBLEM

The preceding discussion suggests that a more pivotal role can be played by HR professionals in their organisations through the use of HRA. That is, they can facilitate informed decision-making by senior management and personnel managers by providing insights regarding the overall performance of the organisation and HR-related decisions (Molefe, 2013).

Further, Deloitte Consulting (2017) indicates that there is a growing inclination of organisations across the world to utilise HRA. Consequently, HR departments encounter pressure from the senior organisation leadership to implement these processes (Deloitte, 2016). Nevertheless, utilisation of HR continues to be limited and typically restricted to the fundamental reporting and accounting related to HR (Davenport et al., 2010; Falletta, 2014; Pape, 2016; Smith, 2013). That is, it appears that the majority of organisations are still not fully prepared to address the increasing volumes of data.

Also, it is reported that though many HR teams in companies are competent in evaluating HR activities, most of them lack the competencies to critically identify factors that yield outcomes (Rekers, 2013). The analytics function in the HR team is considered as a rare competency, something which needs frequent utilisation by specialists rather than employing a number of HR generalists who do the bulk of the daily activities. There is a huge availability of well-developed analytics in the Financial, Marketing, and Supply Chain sector endogenous metrics and predictive analytics. However, there is a struggle seen among companies to connect analytical measures with human capital for generating information useful for strategic outcomes (Hoffmann et al., 2012). Thus, there is a need for the transformation of the HR functions from their present roles to support effective decisions (Harris, Craig, & Light, 2010). This transformation can be supported only when HR professionals integrate new competencies to justify their functional platforms. Integration and application of new competencies have created a gap between the expectancies to be applied and actual practices (Hamid, 2014).

III. RESEARCH GAP

The HRA strategic practice has accumulated a lot of hype and buzz in the business field. But the contribution of the academic sector towards the formal discussion on this aspect of the HR management is very limited (Van den Heuvel, 2016; Van den Heuvel & Bondarouk, 2016). Although there are studies concerning the effect of the HRA on organizational performance conducted extensively in the international forum, not much has been researched about the same in the Indian milieu (Lydgate, 2018; Molefe, 2013). The HRA driven prospects for management of HR have been recognized by companies, but there still exists tremendous scope of progress in the relevant field of analytics for corporate growth. Again, in these contexts, this research is directed to explore the impact of HRA and its potential in the business competency and outcomes of organisations in Bangalore, India.

IV. RESEARCH QUESTIONS

Based on the problem statement discussed above, this study will address the following research questions

1. What constitutes Human Resources Analytics in various organisations?
2. What are the current HRA practices prevailing among the different organisations in Bangalore?

1.1 Research objectives

Based on the above research questions, the objectives of the study were framed as follows:

1. To study the current HRA process present among different organisations in Bangalore.
2. To study the gap underlying in the talent acquisition teams to setup HR Analytics teams for the organisations.

V. RESEARCH METHODOLOGY

This study looks at adopting an exploratory and a quantitative research design as it integrates the components of HRA competency and measures their impact on business outcomes. The study will follow a descriptive research method where quantitative data for analysis will be collected through questionnaires. By applying the deductive approach, suitable research hypotheses were framed in line with the study objectives. The hypotheses will be tested with the help of the quantitative data.

H1: A significant gap exists between required and existing HRA competency

H2: HRA competency is influenced by the demographic characteristics of the personnel.

H3: There is a significant relationship between existing HRA competency and business outcomes

H4: HRA Competency is not used significantly by organisations.

Study Sample.

The universe for this study will be HR professionals, including HRA users, who work in different organisations in Bangalore city. The sample for the study will be drawn from this population and is anticipated to include 25-30 participants. This study is conducted in Bangalore, India, as a broad spectrum of organisations from different sectors are present in this city.

VI. DATA ANALYSIS

The data collected is subject to statistical analyses and meaningful inferences will be drawn from the results of statistical analyses. The questionnaires are tested for reliability and construct validity after the study. The demographic data points and other variables will be computed using descriptive analysis like mean, minimum, maximum, and standard deviation. The dimensions for HRA competency is explored using the correlation matrix and Eigenvalue of the Exploratory Factor Analysis (EFA) technique. The parameters of the distribution will be estimated using Maximum likelihood estimation and the interpretation will be done by using an Oblimin rotation of factor analysis. Furthermore, derived factors will be named in the context of the literature studies using *Psych* software. Hypothesis testing will be done using path analysis and the influence of independent variables on the dependent variables will be analysed using Hayes process or regression analysis. The testing of significant differences on various study constructs and verification of hypothesis 6 will be done using t-test and ANOVA. Structural Equation Modelling (SEM) will be used to confirm the theoretical framework created for this study using *Lavaan* software. Other suitable statistical tools will be used as per the needs of the research. The outcome of the theoretical model will be evaluated with help of good and bad indices like GFI, CFI, TLI, NNFI, RMR, SRMR, and RMSEA respectively. 1st order and 2nd order Confirmatory Factor Analysis (CFA) will be made to assess the higher order of the construct.

VII. SCOPE OF THE STUDY

One of the significant contributions of the present study will be to examine the analytical aspects of human capital management in the organisational context and its importance in acquiring effective business solutions. Moreover, the study will identify the existing gaps between expected and actual HRA competencies in Indian organisations. Also, the study will endeavour to provide recommendations for academia and industry on the manner in which these gaps can be filled. In addition, the study will also throw light on how the ability, motivation, and opportunities of the HR professionals could be utilised to increase the productivity and efficiency of the HRA. The companies require an analytical reference point (HRA analyst) to derive constructive decisions that will have a positive impact on the business results. Thus, it is expected that the proposed research attempt will contribute to theoretical inferences on the basis of the existing HR analytics parameters. It is also expected that the present study will throw light on the prospective job criteria with good HR analytics practice.

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