CHAPTER VII

CONCLUSION, RECOMMENDATIONS & LIMITATIONS

7.1: INTRODUCTION

The simple objective of this segment is to sketch a summary and deliver the conclusion in the perspective of the established research objectives. This chapter introduces the summary of the entire research trailed by the recommendations and conclusion at the end. The scope of the study was also emphasized along with the exhaustive findings of the study which has become the core of this segment. The section also offers the importance of the research in the study.

7.2: SUMMARY OF THE RESEARCH

Organizations worldwide are racing to become the top market leader in their respective industries. For being the top dog in the market, every organization needs to make their overall business strategy more effective. As every organization needs humans as their asset so as to function more effectively, Human Resource Management becomes a crucial part their efficient strategy. Managing employees is not an easy task. Every individual is different. Each
employees response differently. Hence managing these human resources becomes a daunting task. Hence Organizations worldwide are required to bring about dramatic enhancements to their key business strategies to survive and develop in this progressively more competitive environment. Therefore, it is imperative that decision makers of the businesses be cognizant of their vision for implementing most carefully planned strategy as a fundamental measure of strategic planning for better service of the customers which will lead to better organizational performance.

Human Resources are regarded as a significant strength amongst the most vital resources of the present organizations. HR administration is essential than other focused sources in light of the fact that these individuals utilize different resources by creating intensity and recognizing organizational goals. But managing their human assets are not only challenging but it is also very time-consuming. But to attain this sustainable competitive upper hand, organizations today must renovate their HR system with their overall business purposes and goals. No functional area of any business is able to function if they deprived of the assistance of its workforce assets. Subsequently the greatest assets (human assets) of organizations today integrally impact the overall structure of the firm. Hence the workforce of the organizations becomes the key ingredient for a successful business.
But managing these human assets is not easy. As every individual is different, understanding the employees’ mindset becomes tough. Hence HRM function needs to be more updated and more predictable to tackle the onset problems. These emerging glitches of handling human resources can now be solved with the arrival of the new IT technology called HR Analytics. HR Analytics is an area in the field of investigation that alludes to applying explanatory procedures to the human resource department of an organization in the expectation of enhancing better performance for an improvement rate of return.

HR Analytics is currently trending on the market. The entry of this new hi-tech has given hopes to every organization. Giant market leaders like Google have adopted this technology and within a short span of time become the top market leader. Business organizations worldwide have started to adopt HR Analytics as a part of new strategy implementation. But the current studies have shown that India though known to be the IT hub still lags behind in following the world. Hence the study has been undertaken to understand how HR Analytics aids in the performance of the organization and also how the inclusion of this technology helps in better strategic decision making.

This research gave its focus mainly on how various HR strategies can make an organization perform better and get a higher return on investments. The study mainly focuses on organizations in India, as there were very few studies that have been conducted about HR analytics in the Indian context. Hence this gave
a huge opportunity to fill the research gap which is clearly needed today. Regardless of the recognized impact of managing better HR strategies, a review of the related literature also indicates a lack of coherence and completeness in the conceptual work that attempts to provide managers with better concepts and tools for effectively dealing with these increasingly strategic elements. Moreover, very little empirical work has been carried out to analyze the influence of various HR strategies on organizational performance when HR analytics is used as a mediator in the Indian context. Hence the topic “HR Analytics as a precursor for Organizational Performance and Compensation strategy: An exploratory study in select Indian Organizations”.

The major tenacity of this study is to understand how various HR strategies namely compensation strategy, talent management, and workforce optimization aids in the better performance of the organization when HR analytics is used as a mediator. The study also aims to comprehend the crucial dimensions and variables to effectively manage the phenomenon. For reaching the aforesaid purpose, the study sets the following objectives:

1. To study the influence of HR strategies on Organizational Performance when mediated by HR analytics

2. To study the relationship between compensation formulation and organizational performance when HR analytics mediates the relation between the two
3. To study the relationship between talent management and organizational performance when HR analytics mediates the relation between the two

4. To study the relationship between workforce optimization and organizational performance when HR analytics mediates the relation between the two

5. To study HR Analytics as a precursor to organizational performance

In accomplishing the purpose and goals of this research, a conceptual framework has been developed to assist as an outline for the study of this research. For testing and validating the above objectives with a strong empirical support the following hypothesis was framed for testing the proposed integrated conceptual model:

**H0:** Influence of HR strategies on organizational Performance is not significantly mediated by HR analytics.

The above hypothesis gives the holistic view of the integrated proposed model. In order to have an in-depth understanding of how each of the HR strategies works independently, this above hypothesis was further broken down into three sub-hypothesis as:

**Hypothesis 1:** There is no significant relationship between compensation formulation and organizational performance when HR analytics mediates the relation between the two.
**Hypothesis 2:** There is no significant relationship between talent management and organizational performance when HR analytics mediates the relation between the two.

**Hypothesis 3:** There is no significant relationship between workforce optimization and organizational performance when HR analytics mediates the relation between the two.

To gather an empirical evidence of the study two-pronged research strategy have been implemented for the purpose of the study: 1) a theoretical analysis for the development of the conceptual model, and 2) Structural Equation Modelling for testing the validity of the model. For achieving the purpose and objectives of this research, a conceptual framework has been developed after a rigorous review of related literatures from the previous research studies to serve as a map for researching on how HR analytics influence the HR strategies formulations which in turn leads to organizational performance thus directing to the empirical analysis of this study. Specific questions are developed based on the conceptual framework provided for this research.

To give a better understanding of how HR analytics influences the HR strategies to make an organization perform better a conceptual integrated model named Organizational Performance under HR analytics has been developed. For
validating this integrated structural model, Structural Equation Modelling has been used. Structural equation modeling or SEM is a statistical modeling technique which is used to test the relationships among the theoretical constructs which are represented by regression or path coefficients between the constructs. This type of technique requires quantitative data to test the reliability and validity of the model. Hence, structured standardized questionnaires have been developed which has been measured on 5 points Likert scale anchored with “Strongly disagree” (1) and “strongly agree” (5). The dataset contains 5 constructs and 14 items, each having multiple indicator variables namely Compensation Strategy formulation was measured by 2 items, Talent Management by three items, Workforce Optimization by three items, HR Analytics by three items, and finally Organizational Performance also by three items each. These constructs are basically an unobservable variable, hence it can only be defined in conceptual term but cannot be measured directly. So to measure these constructs, all the items of the construct together gives a measurable value which is measured indirectly by scrutinizing the reliability and validating of the measured variables.

To test the reliability and validity of the structural model, quantitative data was collected through questionnaires. About 70 organizations were initially contacted but only 25 organization responded which uses HR analytics as a part strategy formulation. About 500 sample was taken, 20 employees per organization out of which 410 respondents were considered valid. The study
was carried out from August 2015 until January 2017. The questionnaires were distributed through both email and personally.

The collected data was then fed into SPSS version 20 and then coded. Each item was meticulously scrutinized with the help of factor analysis until only 14 items were found to be perfectly correlated. The data was then again analyzed with the help of AMOS software version 23 for SEM analysis. The results of the analysis are as follows:

1. The integrated model of Proposed Conceptual Model of Organizational Performance under HR Analytics is indeed tested to a fit structural model. The three HR strategies do have a partial impact on the organization's performance. And when these three HR strategies are applied to organizations strategies simultaneously, it does have a significant influence on the overall performance of the organization. It means that along with the other functional strategies like marketing strategies, financial strategies, production & operation strategies etc. HR strategies also need to be included in the overall business strategies in order to have a better performance in the organization.

2. HRA does play a very vital role though only partial between CS and OP. Even though HRA contribute only 41% in mediating CS with OP, it does show that HRA has a certain effect in the formulation of compensation which in turn aids in the performance of the organization. So, it can be implied that for enhancing
the performance of the organization a sound compensation strategy needs to be formulated and for doing so the use of HR analytics gives a great advantage.

3. From the study, it is also evident that HR Analytics mediates a partial relation between Talent Management and Organization’s performance. Even though the mediation effect is partial, still HR analytics plays a substantial part in managing the talent in the organization to improve performance. Therefore, HR Analytics has indeed helped the HR Professionals in the organization to focus on improving the performance and productivity of employees and harness talent identification, recruitment, development, retention and workforce planning.

4. From the above study, it can be seen that HR Analytics mediates a partial relation between Workforce optimization and organizations performance. This means that HR Analytics though helps in mediating the relation partially between optimization of workforce and Organizations performance but its impact is less but still play a significant role. Even though HR Analytics plays a small part, it does help in optimizing the workforce for improving the overall profitability through more effective workforce cost control.
Utilization of HR Strategy namely workforce optimization in overall business strategy with a hint of HR analytics as a mediator has also benefited the frontline managers to improve employee performance and manage headcount. HR Analytics as a part of the overall strategy, streamlines the internal HR systems of the organization thus contributing to better organizational performance.

5. HR Analytics acting as a mediator has proved to be beneficial for the better performance of the organization. Although the organizational performance still goes on without the mediation effect still introducing HR analytics in the system has certainly given some better outlook of the problems which were hidden. Hence adaptation of HR analytics though gives a partial effect on organizational performance but still proves to be a significant part of bigger picture. Thus it can be said that HR Analytics is certainly a precursor to organizational performance.

Hence it can be concluded that the three HR strategies namely compensation strategy, talent management, and workforce optimization all have a strong effect some way or the other in a desired manner or gets a significant lift when HR Analytics is introduced into the overall strategy formulation. Although HR Analytics does not have a comprehensive dominant in the overall performance of the organization, but still along with others measures it has a lot to contribute to boosting the organization's performance. In the present business world of cut-
throat competition, introducing HR Analytics definitely can boost performance and give the organization a desired edge over its competitors.

7.3: RECOMMENDATIONS

The theoretical outline of organizational performance under HR Analytics offers quite a lot of significant contributions that mainly highlights some of the most imperative approaches that will not only enable the improvement in organizations performance but also help them to become the market leaders in their respective industries. The research findings have evidently revealed that there is certainly an imperative effect of implementing HR analytics in overall HR strategy formulation for better organizational performance. Hence, organizations are recommended as follows:

1. HR analytics must deeply be embedded in the manpower planning as it helps the HR Managers to keep a tap on their manpower requirements.

2. HR analytics a vital portion of overall strategy formulation as it supports the organizations to keep a track on their employees’ performance and constantly watch which employees require training and development. Not only that, it also enables the Senior HR Professionals to plan a career and succession planning based on their records. Data which is stored in the database helps them to see which employees are performing exceptionally well and based on this, Senior Management is capable of planning better strategies for future top executives.
3. The biggest confrontation every organization faces presently is retaining their best talent. HR Analytics is able to foretell what their top talent requires based on their database and with the insightful information acquired, HR professionals will be able to strategize better package to retain their top talent. Analytics not only helps in retaining the best talent of the firm but also helps in forecasting future attrition by checking on their performance tails. Analytics mainly correlates many information about the employees that lie hidden in the data then cross-refer to the historical trends, that will show some indicators which matches with the current information. This will help in forecasting the future potential attrition of employees. With the help of such information either the managers can develop better strategies to retain their employees or make new strategies for new talent acquisitions.

4. HR analytics empowers HR professionals to establish and develop a possible course of action which are grounded on historical data. This HR analytics implement allows the HR Managers in the organization create the difference by creating an easily derive strategy that will attract the best candidate to hire with the help of the historical data. From the previous data, troubled patterns are highlighted and HR practitioners decide the future course of action.
5. HR analytics correspondingly supports the company by looking at the professional life of their employees through tracing, by involving and analyzing each of their performance-linked data. With the help of this software companies are able to track and document the behavior of its employees by means of their customers, associates and how the employees utilize their time. Additionally, the performance data of the employees are also used by the hiring manager to recognize the various talents. This insightful information derived from HR Analytics not only offers more understandings about the employees but also outline the strategies that will lift the morale of member of the staff, increase the retention rate, and formulate better engagement policies.

6. Organizations should have complete automation by integrating the entire process as one unit in place of integrating one part in isolation. Holistic integration of Analytics of all the functions is a must for better performance of the organization.

7. When we talk about analytics, it generates big data. Organizations in study lacks in analysis of these data which is already stored in the organizations. They are unable to filter the weeds from the shaft. But with the integration of analytics every organization can utilized such useful insights for better decision-making.
8. Organizations are still not clear about how integration is done. Every organization must understand the concept of global village which is still a vague idea for most of the organizations in India.

The study has revealed that in the present day in India, organizations are still in the infant stage when it comes to adaptation and implementation of HR Analytics as part of their overall strategy formulation. From this research, it is evident that use of HR Analytics is very much beneficial for the organization to perform better. Organizations will have a competitive edge if they adopt and implement HR Analytics for their HR strategy formulations. Analytics should be deeply embedded in the manpower planning as it understands not only where there should be major alterations to profitability but contributes the factors that possibly will affect these changes. This way it makes it possible for proper use of manpower and also gives a forecast about future requirements of the workforce and take better practical decisions for the workforce through constructive techniques.

From the above recommendations, the research has proved that it is not only experimental but in reality as well that the adaptation and implementation of HR Analytics as a vital part of the overall strategy formulation does, in fact, impact the overall business performance. By embedding Analytics in the organization's strategy formulation not only it can predict their future problems relating to manpower but also understand their staffs in the workplace and put together certain changes where it is needed to improve the performance of the
organization. HR analytics uses the multitude of data which is accessible in the organization, and after analyzing them this data provides for information which can be used in an actionable way benefiting both the business and its personnel. By linking the data it will track the contribution made by each employee to make a profit margin. It can be concluded that from the above facts that HR Analytics is a key ingredient for the organizational performance. Therefore it is evident and a fact that HR Analytics is not only vital but it is a precursor to the organizational performance.

7.4: LIMITATION OF THE STUDY

There is dependably an opportunity to get better and this research study is not an exception. The study depends on the reactions of the sample respondents. The aftereffects of the examination are influenced by these reactions and are liable to change in a greater or diverse sample. These restrictions should be tended to in future investigations.

Just like every other research, this study was also bounded by several limitations. The limitations can be noted as follows:

- The sample chosen for the study only included respondents from the companies that are using HR Analytics in the Indian context.

- The data collection was also restricted to relatively large cities of India since constraints were faced during data collection.
• The sample for the present-day study involves 410 employees of different sectors of the industries. This sample can be considered a minor proportion of the entire population of organizations in India. As a result, research studies with much larger sample size would be required for confirming suitable generalization of the results of the study.

• The current study mostly depended on the largely quantitative approach of data collection and as a result quite restrictive. And so, in the future mixed method approach where both quantitative and qualitative method of data collection should be undertaken in order to offer a wider outlook to the present research. Such as, the research plan can also include case study methodology or content analysis which can provide more holistic representation to the set subject.

7.5 CONCLUSION

Business houses worldwide are making an effort to keep its focus on the market, but for doing so its human assets needs to accomplish the organizational goals which are required. Several of its objectives are taken a cutting the cost, customer retention, expanding the number of clients, expanding the market rate, expanding item quality, creating innovative items, enhance profitability. HR is vital especially in accomplishing these performance indicators.

The above study has given an empirical evidence that right formulation of the HR strategies with the help of HR Analytics does help the organizations to have
better performance in the market. Properly planning and execution of HR strategies do have a huge impact on the overall business strategies. As human resources are a vital part of every organization, managing these employees gives an edge to every organization. Proper optimization of its workforce improves the company’s employee performance and also helps in managing the headcount. Implementation of HR Analytics as a part of the overall strategy, benefits in streamlining the internal HR systems of the organization as a result, contributing to better organizational performance.

Conceptual Integrated Model: Organizations under HR Analytics

Thus the above integrated model has proved to be useful for better organizational performance. By adopting HR Analytics on the overall strategy
formulation, organizations can perform well thus giving them ample of opportunity to become the top market leader.

Every facet of the HR strategy needs to be included while framing an overall business strategy. The conceptual integrated model in this study supports that HR strategies directly affect the overall business outcomes, for instance, collective skills, talent management, and behaviors’, and indirectly through HR analytics, these HR strategies improve organizational performance even more. Thus it can be said conclusively that HR Analytics is indeed a precursor to the organizational performance and framing compensation strategy.

7.6 CONTRIBUTION OF THE STUDY:

Every research conducted has one way or the other contributed to the society. Not every research leads to direct contribution to the society. But every research does have some impact on the society directly or indirectly. The study “HR Analytics as a precursor for Organizational Performance and compensation strategy: An Exploratory study in select Indian Organizations” also gave some partial significant contribution to the society.

1. As the study has shown the adaptation of HRA boost the performance of the organization hence have an emotional impact on the bottom line in quite a lot
of ways. When the organizations performs the cost benefit analysis it has shown increase thus, giving the employees better benefits packages which does help the families of the employees have a suitable lifestyle.

2. Also through this study has shown that organizations can have much better recruitment strategies. With the good strategy it can weed out the ways to lure the new candidates i.e. recruitment of people more suited for the job thus giving opportunity for unemployed people.

3. As the HR Analytics helps in detecting performances of the workforce, it can formulate strategies which will help the employees to reduce their stress level. A happy employees will have a better family life.

4. Organizations can track and forecast future needs. This enables them to formulate better policies which will benefit society in the long run.

5. HR experts are discovering that increase in employees’ feelings of fitting within the firm boost morale and productivity. Happy employees not only performs better in the office but also have a stable family life.
7.7 DIRECTION FOR THE FUTURE RESEARCH:

1. This study was concentrated only in HR aspects hence, future the researchers should also include other functions of the management like marketing, financial, operations etc. that play a part in measuring the overall performance of the organizations.

2. Since only quantitative approach has been used in this study, future researchers should also include qualitative approach to clarify or give better meaning to the results.

3. This study has only included three major HR strategies that impacts organizational performance. Future research can take up more variables of HR strategies which will give more in-depth understanding about the subject.

4. As only 26 organizations of 13 sectors could be included in the research, hence sample size should be increased to a larger number to get better results.

5. The study only concentrated on the public and private sectors in India. Thus in future the study should expand to government offices as well to see the difference in performance of the organizations.
6. Even more aspects of HR Strategies should be included in the future research as more HR aspects play a different role in the performance of the organizations.

Finally, it is hoped that this study would be beneficial to all the relevant parties involved in the Indian organizations.