

# IT AIN'T EASY (ON YOUR OWN): EXPLORING HR ANALYTICS CHALLENGES AND DIFFICULTIES THROUGH A MULTI STAKEHOLDER PERSPECTIVE

Di Prima, Christian<sup>1,2</sup>; Ferraris, Alberto<sup>1</sup>

<sup>1</sup>Department of Management, Università degli Studi di Torino, UNITO, Turin, Italy

<sup>2</sup>Department of Business, Vrije Universiteit Brussel, VUB, Brussels, Belgium.

## ABSTRACT

### POSITIONING AND RESEARCH GAP

Human Resource (HR) analytics, defined as «a proactive and systematic process for ethically gathering, analyzing, communicating and using evidence-based HR research and analytical insights to help organizations achieve their strategic objectives» (Falletta and Combs 2021, p. 54), is increasingly being used by organizations when dealing with the management of their HR. Despite the positive impact that the adoption of HR analytics can produce on the workforce, and, consequently, on different aspects of business performance, still few companies hired or trained experts dedicated to HR analytics, mainly multinational companies (Andersen, 2017). In fact, the vast majority of firms shows a still immature approach to the topic, presenting obvious difficulties in providing robust descriptive analyses in a systematic manner (Levenson and Fink, 2017). Specifically, in most organizations HR functions are having quite a few problems in overcoming their own issues and adopting a more consultative role that can provide support to top management in the decision-making process (Dahlbom *et al.*, 2019). In fact, these departments are accustomed to performing their tasks with a mindset that is strongly oriented toward providing the service required by the line, without trying to understand how they might have more strategic relevance (Bresciani *et al.*, 2012). According to van den Heuvel and Bondarouk (2017), this is due to the fact that HR departments are generally not involved in the decision-making process or are not taken seriously due to a supposed lack of digital competencies and/or data-driven approaches (Chalutz Ben-Gal, 2019), thus limiting the influence of conclusions developed on the basis of HR analytics activities. Consequently, only a very small percentage of these departments are able to develop predictive models, and even fewer functions are able to develop prescriptive models aimed at suggesting specific actions to be taken based on the data collected and analytics performed (Levenson and Fink, 2017). On the contrary, most organizations are still unable to provide even basic operational reports on their workforce, as these companies still use HR information systems that are too heterogeneous. This obviously inhibits advancement toward measuring and analyzing more complex aspects related to the workforce, such

as providing more reliable assessments in relation to individual or group performance (Dahlbom *et al.*, 2019), such as, for example, employee motivation and retention (Di Prima and Ferraris, 2022).

Thus, it is confirmed how, although interest in HR analytics is generally high, there is still a significant gap between the goals of organizations and their actual capabilities to implement the underlying activities: in fact, while some organizations are making significant progress in the use of HR analytics, many others have yet to systematize basic HR processes and modernize HR information systems, consequently limiting their ability to analyze data to answer key questions related to the workforce, thus providing useful information for the decision-making process (Dahlbom *et al.*, 2019).

According to Fernandez and Gallardo-Gallardo (2021), the confusion and lack of confidence found among HR executives toward this practice can be attributed to the lack of clarity about the factors that prevent its adoption in organizations, thus hindering the development of the field and the spread of universally accepted practices. In fact, there are still few publications devoted to the adoption of HR analytics and the main issues it might entail, and the few that are available adopt an individual perspective that does not consider other organizational factors. Previous research regarding organizations' challenges and difficulties when dealing with HR analytics just relies on the authors own opinion (e.g., Andersen, 2017; Fernandez and Gallardo-Gallardo, 2021; Patre, 2016) or does not adopt an empirical point of view (e.g., Levenson and Fink, 2017). The few exceptions that exist (e.g., Dahlbom *et al.*, 2019) just focus on the HR point of view, without considering other organizational stakeholders which have been deemed as crucial for a successful implementation of HR analytics, as the top management (Peeters *et al.*, 2020) and the HR technology providers (Falletta and Combs, 2021).

## OBJECTIVES

The objective of this study is to fill the highlighted gaps by providing a deeper understanding of the main difficulties that are experienced by different organizational stakeholders when dealing with HR analytics. In particular, we will try to answer the following research questions:

RQ1: What are the main challenges and difficulties that organizations experience when dealing with HR analytics?

RQ2: How can these challenges and difficulties be overcome?

## RESEARCH DESIGN

In order to answer our research questions, we will rely on a qualitative approach, as this will be an explorative case study (Ferraris *et al.*, 2019; Yin, 2014). More specifically, we will conduct semi-structured interviews that will be analyzed by following the Gioia method (Gioia *et al.*, 2013). Our

interviews will involve three main organizational stakeholders: HR managers, employees, and HR analytics technology providers. Interviews will be completely transcribed to simplify the coding approach (Miles *et al.*, 2014), and will be analyzed through a multi-step iterative process. Critical verification techniques will be used to enhance the validity through coders cross-checking (Morse *et al.*, 2002).

## **THEORETICAL CONTRIBUTIONS AND IMPLICATIONS FOR PRACTITIONERS**

This study will offer its contribution by clarifying and systematizing the main challenges and difficulties that are experienced by organizations when dealing with HR analytics, as well as by providing suggestions on how these can be overcome. This will be interesting for both practitioners, as we will offer them practical advice to improve their HR analytics activities, thus maximizing the benefits that may be obtained from them, and for academics. In fact, our study will answer the call of the literature to further explore the factors that are preventing HR analytics adoption within organizations, thus hindering its spread (Fernandez and Gallardo-Gallardo, 2021). Furthermore, we will also investigate how successful organizations are overcoming these difficulties, thus paving the way for the establishment of universally accepted practices to deal with HR analytics (e.g., Falletta and Combs, 2021). Finally, to the best of our knowledge, our study will be the first to consider not only the point of view of HR practitioners, but also of other important organizational stakeholders as the top management and the HR technology providers, which may be involved in the analytical process or could benefit from it (Falletta and Combs, 2021; van den Heuvel and Bondarouk, 2017). By doing so, we will offer a more holistic understanding of HR analytics which will further clarify the academic comprehension of these recent, but very promising, tool.

*Keywords: HR analytics; challenges; difficulties; qualitative approach; Gioia method*

## **REFERENCES**

- Andersen, M.K. (2017), "Human capital analytics: the winding road", *Journal of Organizational Effectiveness: People and Performance*, Vol. 4 No. 2, pp. 133–136, doi: 10.1108/JOEPP-03-2017-0024.
- Bresciani, S., Thrassou, A. and Vrontis, D. (2012), "Human resource management - practices, performance and strategy in the Italian hotel industry", *World Review of Entrepreneurship, Management and Sustainable Development*, Vol. 8 No. 4, p. 405, doi: 10.1504/WREMSD.2012.050297.
- Chalutz Ben-Gal, H. (2019), "An ROI-based review of HR analytics: practical implementation tools", *Personnel Review*, Vol. 48 No. 6, pp. 1429–1448, doi: 10.1108/PR-11-2017-0362.
- Dahlbom, P., Siikanen, N., Sajasalo, P. and Jarvenpää, M. (2019), "Big data and HR analytics in the digital era", *Baltic Journal of Management*, Vol. 15 No. 1, pp. 120–138, doi: 10.1108/BJM-11-2018-0393.
- Di Prima, C. and Ferraris, A. (2022), "A New Weapon for Moving Beyond the War for Talent - Using HR Analytics to Support Talent Management Activities.pdf", 15th Annual Conference of the EuroMed Academy of

- Business - Conference Readings Book Proceedings, presented at the Sustainable Business Concepts and Practices, pp. 947–950.
- Falletta, S.V. and Combs, W.L. (2021), "The HR analytics cycle: a seven-step process for building evidence-based and ethical HR analytics capabilities", *Journal of Work-Applied Management*, Vol. 13 No. 1, pp. 51–68, doi: 10.1108/JWAM-03-2020-0020.
- Fernandez, V. and Gallardo-Gallardo, E. (2021), "Tackling the HR digitalization challenge: key factors and barriers to HR analytics adoption", *Competitiveness Review: An International Business Journal*, Vol. 31 No. 1, pp. 162–187, doi: 10.1108/CR-12-2019-0163.
- Ferraris, A., Erhardt, N. and Bresciani, S. (2019), "Ambidextrous work in smart city project alliances: unpacking the role of human resource management systems", *The International Journal of Human Resource Management*, Vol. 30 No. 4, pp. 680–701, doi: 10.1080/09585192.2017.1291530.
- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013), "Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology", *Organizational Research Methods*, Vol. 16 No. 1, pp. 15–31, doi: 10.1177/1094428112452151.
- van den Heuvel, S. and Bondarouk, T. (2017), "The rise (and fall?) of HR analytics: A study into the future application, value, structure, and system support", *Journal of Organizational Effectiveness: People and Performance*, Vol. 4 No. 2, pp. 157–178, doi: 10.1108/JOEPP-03-2017-0022.
- Levenson, A. and Fink, A. (2017), "Human capital analytics: too much data and analysis, not enough models and business insights", *Journal of Organizational Effectiveness: People and Performance*, Vol. 4 No. 2, pp. 145–156, doi: 10.1108/JOEPP-03-2017-0029.
- Miles, M.B., Huberman, A.M. and Saldaña, J. (2014), *Qualitative Data Analysis: A Methods Sourcebook*, Third edition., SAGE Publications, Inc, Thousand Oaks, California.
- Morse, J.M., Barrett, M., Mayan, M., Olson, K. and Spiers, J. (2002), "Verification Strategies for Establishing Reliability and Validity in Qualitative Research", *International Journal of Qualitative Methods*, Vol. 1 No. 2, pp. 13–22, doi: 10.1177/160940690200100202.
- Patre, S. (2016), "Six Thinking Hats Approach to HR Analytics", *South Asian Journal of Human Resources Management*, Vol. 3 No. 2, pp. 191–199, doi: 10.1177/2322093716678316.
- Peeters, T., Paauwe, J. and Van De Voorde, K. (2020), "People analytics effectiveness: developing a framework", *Journal of Organizational Effectiveness: People and Performance*, Vol. 7 No. 2, pp. 203–219, doi: 10.1108/JOEPP-04-2020-0071.
- Yin, R.K. (2014), *Case Study Research: Design and Methods*, Fifth edition., SAGE, Los Angeles.