

Impact of Human Capital Analytics (HCA) and Moderating Effect of People Strategy on Strategic Human Resource Management Functions and Organizational Performance in Insurance Industry of Sri Lanka

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Abstract: The aim of this study was to investigate the impact of organizational human capital analytics and moderating effect of people strategy on strategic human resource management functions and organizational performance and its applications in Sri Lankan insurance companies considering the use organizational human capital analytics to manage people. The study sample consisted (29) Licensed Insurance Companies (LICs) individual employees of leadership and supervisory functions of insurance companies operating in Sri Lanka, where the questionnaire was developed to gauge the views of the respondents consisting of (576) employees. After a process of data analysis and hypothesis testing using SPSS package and AMOS, the study found that 98% of Excel sheet based primary people analytics are used in organizations furthermore 77% of organizations lack centralized HCM data analytics for management decision making process. The importance and benefits and the possibility of relying on the organizational human capital analytics in strengthening the application and evaluation of realistic outcomes of strategic human resource management functions are of paramount importance. The study recommends that design of appropriate organizational Human Capital Analytics, will add value as well as application of new knowledge as prerequisites for firm's higher performance.

Keywords: *Human Capital Analytics, HR Statistics, Data Quality, Analytical Competence, Strategic Ability, Processes, Strategic Human Resource Management Functions, People Strategy, Sri Lankan Insurance Companies*

Background of the Study

Human Capital Analytics are the company's processes, data, structures and systems which reveal human capital activities and how people based decisions are made there is a gap between readiness and importance in the HR statistics sphere. The researcher uses the term “Statistics” for simplifying the HCA for this research study purpose whereas respondents may take it positively as well as for realistic assessment of their respective firms. Even though the matter is there for business firms, there is a capability gap for measuring tools of HR outcomes and firms performance due to insufficient data

quality, lack of skills and the inability of change (Deloitte, 2015) This topic is essential, and the trend in every part of business and HR is also not far behind. Contribution of human capital analytics to organizational performance can be measured and modelled through the development of HR analytics programs (Boudreau and Ramstad 2007, Hoffman et al 2012, Huselid et al 2005, Huus, 2015, Lawler et al 2004). Development of HCA within an organization requires working with three dimensions of HCA: data quality, analytical competencies, and strategic ability to act. Moreover, such work must be undertaken on three levels: individual, process, and structure. (Dana

Minbaeva, 2018) the effective use of analytics may be “the biggest contributor to the building of great, sustainable organizations in the future” (Beatty, 2015), typically, three dimensions involved in development of HCA in organizations are commonly discussed: data, analytics, and organizational actions (Davenport, Harris & Shapiro, 2010; Rasmussen & Ulrich, 2015; Huselid, 2015).

Many organizations are currently looking for metrics or analyses in HR that are related to people and are also involved in processes like recruitment, retention, compensations, succession planning, benefits, training, and development. Soon analytics are becoming increasingly popular, as companies strive to develop and align HCM with core business goals to achieve HCM. HR statistics consists of the number of processes enabling technology that use descriptive, visual, and statistical methods to interpret people data and HR practice (Marler & Boudreau 2017).

HR statistics gather data on HR; instead, it aims to provide understanding into each process by using data to make relevant decisions and improve the processes and operational performance. HR collects enough data on an employee’s personal information, compensation, benefits, and succession from time to time, so it is essential to use it properly to interpret the outcome and spots the trends.

Statistics also used in HR to prepare cost and investment on their talent pool like cost per hire; HR statistics consists of several processes, enabling technology that uses descriptive, visual, and statistical methods to interpret people data and HR practice (Marler & Boudreau (2017).

HCM analytics as a strategic asset has implications for both the characteristics and the effects of such system. Strategic

investments are “the set specialized resources and capabilities of difficult to trade and imitate, scarce, that bestow the firm's competitive advantage” and firm's performance (Amit & Shoemaker, 1993). Unlike capital investments, economic scale, or patents, an adequately developed HCA analytics is an invisible asset (Itami, 2004). HCM analytics creates value when it is so embedded in the operational procedures of an organization that it enhances the firm's capabilities. This interpretation is also consistent with the emphasis on Prahalad and Hamel's core competencies (1990). They argued that conventional measures of economic rents such as the difference between the market and book value of assets (i.e., Tobin's q) reflect core competence-people-embodied skills (Hamel & Prahalad, 1994).

Research Objectives

Major objectives of this study are to examine impact of organizational HCM analytics on Organizational Performance (OP).

Specific Objectives

a. To examine impact of Context Generic organizational HCM and moderating effect of people strategy on Organizational Performance at LICs (Licensed Insurance Companies) in Sri Lanka.

b. To determine the Context of HCM analytical practices and moderating effect of people strategy relationship with SHRM functions and Organizational Performance at LICs in Sri Lanka.

Literature Review

This sections presents a review of relevant literature about organizational HCM analytical practices, in insurance industry performance while skills, competencies, strategic HRM.

Dimensions of HR statistics are primarily considered in different terms and elements such as processes, structures and programs. This study focusses on above mentioned areas as explained below. We briefly present these dimensions under the respective headings of “data quality,” “analytical competencies,” and “strategic ability to act.”

Data quality. Data quality is one of the most crucial barriers to the development of credible organizational HCA. Notably, most firms do not know what types of data are already available to them or in what form. In fact, most firms do not have the answers to some basic questions: What data do we have? Where do we store it? How was the data collected? What rules were applied? How can multiple datasets be merged into one? What are the advantages and disadvantages of each dataset? How and when are organizational changes registered? Such poor organization of firm data can be very costly (Minbaeva, 2018).

Analytical competencies. Analytical competencies refer to the analytics team’s ability to measure variables, build different models (Whetten, 1989). The ability to build conceptual models and test them correctly, analytical competencies covers the ability to communicate the results of sophisticated models to managers in terms of educating the organization and most HR business partners in the basic logic and terminology of HCA.

Strategic ability to act. The organization’s strategic ability to act, refers to the strategic impact of analytical programs and to assess whether such programs are workable for implementation. As Huselid (2015) whether analytics programs have a strategic impact.

Studies reveal that only 40% of HCA based technology investment is supported by senior leadership of many organizations. Top management team are not interested in investing higher amounts in HCA, often because they are unsure of the likely benefits. Furthermore, there is a misconception that senior leadership team presume that they know that their businesses are good at tracing poor performers. Convincing senior leadership on HCA contribution is a challenge, faced by analytics teams in today’s business context (Minbaeva, 2018).

Data quality, analytical competencies and strategic ability to act are critical elements for successful adoption of HCA in organizations. The ideal scenario would be to remain high on all three dimensions. The companies struggle to achieve excellence in all dimensions where as some organizations better than others. Some firms believe development of HCA as an organizational capability (Felin et al., 2012).

Processes

Organizational processes ensure data quality requirements, establishing and maintaining systems and workflows whilst focusing on data organization. Senior Specialist in Analytics/People & Culture emphasizes that it is important to have processes, systems and workflows to ensure data quality.

Structures

Workforce analytics in Europe predicts that growing investments in analytics as well as more in skills development and data-system improvements are a priority further more upgrading their core HR systems with the new cloud platforms” (Deloitte, 2015). Similarly, organizational-structure level commitment to data quality encompasses

investments in robust system solutions, integration with other organizational platforms, and a well-developed IT infrastructure creates competitive advantage among other similar players in the market (Deloitte 2015).

A growing body of research has successfully documented that how a firm manages its human resource systems based on HCA can increase performance and competitiveness (Barney & Wright, 1998; Pfeffer, 1998; Guest et al., 2003; Fey et al., 2009). Several studies have suggested that HCA systems operate by positively influencing effective SHRM functions and outcomes. (Berg, 1999)

As broadly agreed by scholars, the central feature of HCA involves designing and implementing a set of internally consistent processes and practices to ensure that firm human capital contributes to achieving business objectives at strategic level. (Armstrong, 2006).

Big Data in HR refers to the use of the many data sources available in the organization, including those not traditionally thought of in HR; advanced analytic platforms; cloud-based services; and visualization tools to evaluate and improve practices including talent acquisition, development, retention, and overall Firms performance (Reddy & Lakshmikeerthi, 2017).

HR statistics provides integrating and analysing internal metrics, external benchmarks. Using these tools, the HR department can make use of analytics and forecasting to make more intelligent and more accurate decisions, better measure inefficiencies, and identify management blind spots (Charlwood, Stuart, & Trusson, 2017).

Analysing HR data has enabled many companies to increase revenues by better knowledge and more accurately targeting

customers and cutting costs through improved business processes (Carlson, & Kavanagh, 2011).

Statistics has attracted the attention of human resource professionals. In contrast, they now can analyse mountains of structured and unstructured data to answer important questions regarding workforce efficiency, recruitment and selection and impact of training & development programs on firm's performance, predictors of employee attrition, and how to identify potential leaders (Ekwoaba, Ikeije & Ufoma, 2015).

HR statistical process helps to understand, capture and predict the randomness of our world. It explains spikes of uncertainty or hidden aspects in day-to-day HR processes, like recruitment or succession. Without it, we wouldn't be able to calculate the ROI of HR initiatives (Gabčánová, 2012).

Measures covering customer satisfaction, process effectiveness, and employee development, financial performance, employee performance, and return on investment give insides to each process by gathering data to take relevant decisions to improve the processes. (Charlwood, Stuart & Trusson, 2017).

HR statistics correlate business data and people data that help to establish meaningful connections. The primary purpose of HR analytics is to submit data on the impact the HR department on the organization and function in an organization has given period. Business outcomes –based on HR statistics in a detailed assessment of HR in a given period (Burkholder, Golas & Shapiro, 2007).

HR has core functions which can be further improved through application processes in analytics. Some of these could be talent acquisition, optimization,

performance management training and Development, Succession Planning, Attendance Management, Demographic and work floor Management, future-ready workforce paying and developing the force of the firm. HR analytics play a pivotal role to dig into identify problems and issues on pit holes' land minds in the current HR positions of the firm and guide the managers to find solutions and gain insights from analytical information available, then make appropriate decisions and take appropriate action. (Beechler & Woodward, 2009).

HR analytics uses statistical models and other techniques to analyse employee worker-related data, allowing business managers to improve the effectiveness of people-related decision-making and human resources strategy. (Carlson, & Kavanagh, 2011).

People Strategy

This hypothesis examines the relationship between organizational performance and adoption of people strategy. The results showed that people strategy had the most potent effect on organizational performance of all the main determinants. The results are consistent with previous studies. To improve firm performance and create competitive advantage, people strategy positively impacts on organizational performance with the adoption of people strategy which tend to create a significant contribution on organizational performance (Deloitte, 2016), and this in turn becomes a great boost for further improvement on innovative people management practices (Noe et al., 2003; Youndt et al., 2004). According to Horngren (2000) and Anantharaman (2003), organizations link the maximization of performance with adoption people strategy practices (3-Dimensional people strategy Gratton, & Truss, 2003).

Strategic Human Resources

Management

SHRM has a clear role on creating strategic change and developing the skill base of the firms to ensure that the firms can compete effectively in the future (Holbeche, 2004). SHRM paves the environment for the development of a human capital that meets the needs of business competitive strategy, hence organizational goals and mission will be achieved (Minbaeva, 2018). Human resource management strategy is an integral part of business strategy. Central focus of this strategy is to achieve organizational objectives (Boxall, 2003). Most organizations have difficulty in achieving their strategic objectives because employees don't really understand these are or how their jobs contribute to overall organizational performance. Fewer than 50 percent of employees understand their organization's strategy and the steps that are being taken toward fulfilling the organization's mission. Further, only 35 percent see the connection between their job performance and their compensation. (Schuler, 1992) Strategic Human Resources Management practitioners require not only that the organization's strategic objectives be communicated to employees but that there be a link between employee productivity be communicated to employees but that there be a link between employee productivity – relative to these objectives – and the organization's reward system, (Schuler, 1992) Organizations that communicate their objectives to employees and tie in rewards with objectives driven performance have much higher shareholder rates of return than organizations that do not. (Schuler, 1992) An important lesson to be learned is that the development of an organization's strategy is unique to every individual organization (Minbaeva, 2018). Professionals of Strategic Human Resource Management need to ensure

managerial orientation and training that ensures that human resources are deployed in a manner conducive to the attainment of firm's goals and mission. With an increased emphasis on a proactive, integrative and value-driven approach to human resource management (Schuller, 1992). Involvement of senior management team and line managers for SHRM practices and taking strategic approach to employee selection, compensation, performance appraisal and the value that is added to the organizational performance. Planned human resource deployments and activities intended to enable an organization to achieve its goals (Wright & McMahan, 2011). Methodology and system of setting a firm's strategy should be the driving force in the organization or all HR policies, Programs and practices (Nayak & Bhattacharyya, 2019). A strategic approach towards HR entails an organization with three critical contributions creates (1) facilitates the development of a high quality workforce through its focus on the types of people and skills needed. (2) it facilitates cost effective utilization of labor particularly in service industries where labor is generally the greatest cost and (3) it facilitates planning, assessment of environmental uncertainty and adaptation to the forces that impaired organization (Singh & Sorum, 2018). Initiating a strategic approach to human resource management involves abandoning the mindset and practices of traditional "personnel management" and focusing more of strategic issues than operational issues. It considers the implications of corporate strategy for all HR systems within an organization by translating company objectives into specific people management systems (Cania, 2016). Specific approach and process utilized will vary from organization to organization, but the key concept is consistent; essentially all HR programs and policies are integrated within a larger

framework facilitating, in general, the organization's mission and specifically, its objectives. The significant demerit of strategic human resource management is that there is no one best way to manage people in any given firm. Even within a given industry HR practices can vary extensively from one firm to another. This point was evident "Distinctive Human Resources Are Firms' Core Competencies", in any organization, a critical prerequisite for success is people management systems that clearly support the organization's mission and strategy (Boon, Eckardt, Lepak & Boselie, 2018). Introducing a strong HR strategy that is clearly linked to the firm's strategy is not enough. HR strategy needs to be shared communicated, practiced and spelled out and documented.

Organizational Performance

The business firms face a volatile market situation. In order to create and sustain competitive advantage in this type of environment, organizations must continually improve their business performance. Increasingly, organizations are recognizing the potential of their human resources as a source of sustained competitive advantage. Linked to this, more and more organizations are relying on measurement approaches, such as workforce scorecards, in order to gain insight into how the human resources in their organizations add value (Iqbal, 2019).

The increasing trend in measurement is further stimulated by a growing number of studies that show a positive relationship between human resource management and organizational performance. The relationship between HRM and firm performance has been a hotly debated topic over the last two decades, with the great bulk of the primary scientific research coming from the USA and, to a lesser extent.

In a world in which financial results are measured, a failure to measure human resource policy and practice implementation dooms this to second-class status, oversight, neglect, and potential failure. The feedback from the measurements is essential to refine and further develop implementation ideas as well as to learn how well the practices are actually achieving their intended results (Combs, Liu, Hall & Ketchen, 2006).

Insurance Industry

Insurance industry is a people based, knowledge driven business that provides unique financial services to the growth and development of every economy. Such specialized financial services ranging from the underwriting of risks inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments. The risk absorption role of insurers promotes financial stability in the financial markets and provides a sense of peace to economic entities. The insurance companies' ability to cover risk in the economy hinges on their capacity to create profit or value for their shareholders.

Employee skills which represents employee designation wise competencies critically add value for increasing service delivery performance in a firm (Hisham Makki Hanafi, Siddig Balal Ibrahim, 2019). Workforce's skills and potential behavior with the strategic priorities is aligned with the firm has increasingly been referred to as Strategic Human Resource Management (SHRM) (Wright, & Ulrich, 2017). Training also has impact on the return on investment since the organizational performance depends on employee performance because human resource capital of organization plays an important role in the growth and development of such organization (Kenny & Victoria, 2019).

Methodology

The methodology consists of a research framework, research process, research design, defining of variables, sampling framework, sources of the questionnaire, providing hypotheses to be tested based on the literature, theoretical and empirical findings. The information sources, types and methods of data analysis were included.

This research study examines the impact of human capital analytics, strategic human resource management functions and moderating effect of people strategy on organizational performance of insurance companies in Sri Lanka as well as examining whether there is a impact of HCA practices on organizational performance is contingent on organizations' people factor. A multi-respondent survey of 29 licensed insurance companies was undertaken and data collected was subjected to correlation analysis as well as descriptive statistics, applying SPSS and AMOS statistical tools in pursuance of the study's stated objectives. The stated research area was measured through a well administered questionnaire which was developed based on SHRM functions and performance dimensions, systems, staff, skills, HR statistics, and organizational performance. The study is based on literature survey; thus it is a deductive research. The study is mainly based on primary data. The population is employees of insurance companies. The sample consists of 576 which is adequate for the study. The data was collected via a structured questionnaire. The questionnaire was shared to the respondents with online link, Google form and by email, depending on the situational requirements. The HCA variable is presented in the conceptual frame as HR Statistics to be par with 7S model as well as to simplify the Human Capital Analytics for the respondents of

the survey to understand and receiving their genuine written feed back to the survey. HCA construct appears in the analytical presentations as Statistics (STAT) (Figure 1).

Research Model and Hypotheses

Whilst the researcher focusses on this research study to examine the influence of impact of human capital management analytics, strategic human resource management functions and moderating effect of people strategy on organizational performance of insurance companies in Sri Lanka, following is the research model

designed for the study. The dependent variable is considered as the organizational performance. The research model consists of eight independent variables such as strategy, structure, systems, staff, skills, shared values, style, statistics (HCM analytics) and people strategy as one moderating variable whereas researcher has taken specific research study on the above area of research.

As depicted in Figure 1 independent variables are mainly derived from Mackency model (2007).

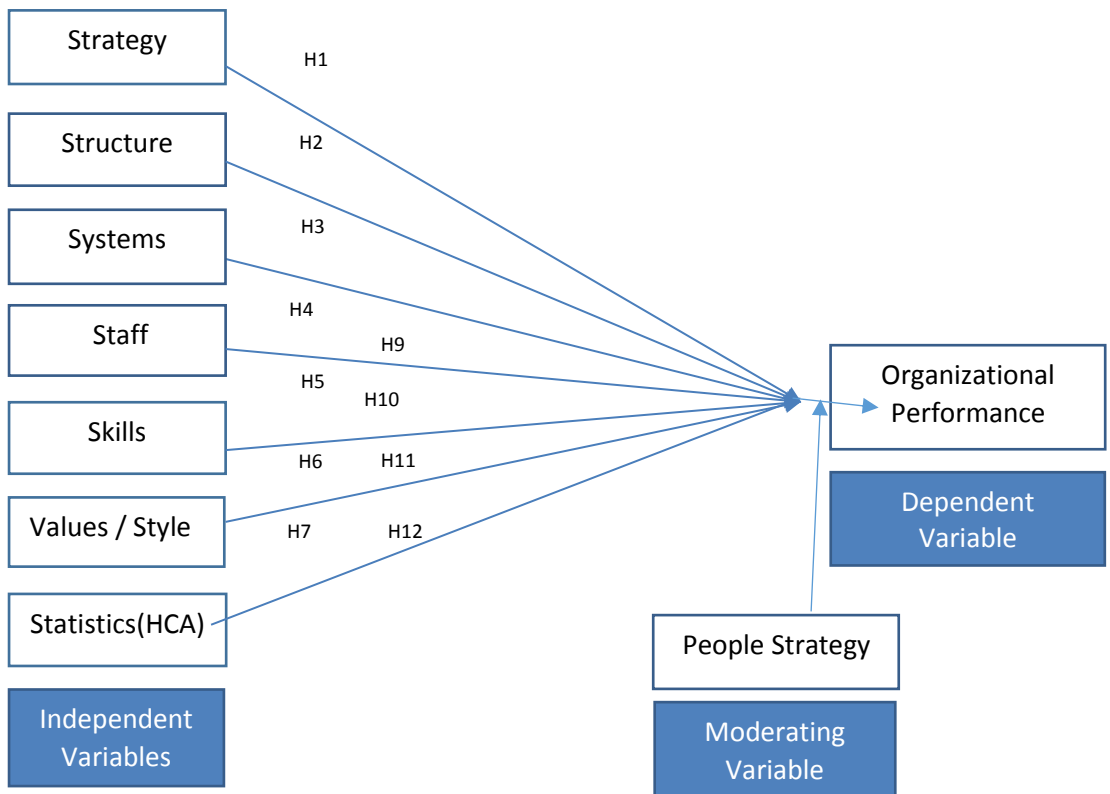


Figure 1: Conceptual Framework
(Source: Developed by the Researcher)

The Figure 1, Conceptual Framework consists of eight independent variables as indicated above, strategy, structure, systems, staff, skills, shared values, style, and statistics and people strategy as one moderating variable.

Research Hypothesis

The researcher brings forward hypothesis which is a tentative explanation made by the researcher on what the researcher considers the outcome of the research will be. The hypotheses are derived from the relevant literature and the scientific approach for the research, generally being, after presenting the research hypotheses. In the context of organizational HCM analytics, moderating effect of people strategy, SHRM functions and organizational performance, commonly several hypotheses are tested in a large number of research studies with different frameworks. Following this, hypotheses are drawn according to the research questions and the objectives of the study.

Major Hypothesis in the Analysis

H1: There is a significant positive relationship between organizational HCM analytics, SHRM functions people strategy and organizational performance.

H2: There is a positive relationship between HCM analytics, SHRM functions which is moderated by people strategy.

H3: There is apposite relationship between HCM analytics and organizational performance

The research objectives of this study are aligned with the hypothesis developed on the theoretical framework which is presented in Figure 1.

Analysis of Data

The analysis was based on the statistical analysis, findings of the survey instrument, data analysis and the final results of the research study. This would be depicted in charts and relevant tables.

The insurance industry talent market is more competitive than ever with the rise of new technologies, climbing costs of recruitment and increasing demand for new skills. To be successful in the rapidly changing market, it is needed to rethink the approach to statistical analysis on HCM analytics, on SHRM contribution, moderating effect of people strategy and Organizational Performance. The Statistical Package of Social Science (SPSS) 21 and Analysis of Moment Structure (AMOS) 21 package were used to analyze the quantitative data. Structural equation method is reviewed including the results of the confirmatory factor analysis of each construct. Then, the validity, reliability and standardized residuals of each construct are explained. Measurement models as well as structural models of the study are presented. Hypotheses testing are discussed and presented. The moderating effects of people strategy are also presented respectively.

Table 1: Inter-item Correlation Reliability

Concept	Question	No. of items		Cronbach's Alpha
		Initial	Final	
Strategy	5	6	4	.708
Structure	6	5	5	.798
Systems	4	3	4	.858
Staff	8	8	5	.712
Skills	8	8	4	.846

Concept	Question	No. of items		Cronbach's Alpha
HR Statistics	9	9	8	.810
Shared Values/Style	10	4	6	.710
People Strategy	14	10	7	.894
Organizational Perf(OP)	12	12	7	.952

Statistics

There are eight items (STAT1, STAT2, STAT3, STAT4, STAT5, STAT6, STAT7, STAT8) in the STAT construct. The descriptive summary and Inter-item correlations values for items in the STAT construct are depicted in Table 1. The Cronbach's alpha for STAT construct was 0.810, above the recommended cut-off of

0.70 (De Vellis, 2003). The Inter item correlation matrix revealed (Table 1) the highest correlation values for STAT construct items were more than 0.3 (Hair, *et al*, 1998). As a result, no items were removed from the STAT construct.

Then, the entail measurement model for the STAT was constructed with eight items, as shown in Figure 2.

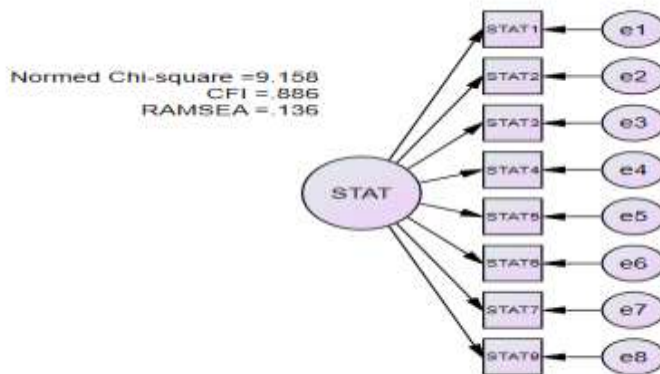


Figure 2: Initial Measurement Model for Construct of Statistics

The fit indices indicated a poor fit (CMIN/DF < 3.00, CFI < 0.3, and; RMSEA < 0.08) in the Initial measurement model for STAT construct. Modification

indices showed that the final model could be improved by correlating the items STAT6 and STAT7.

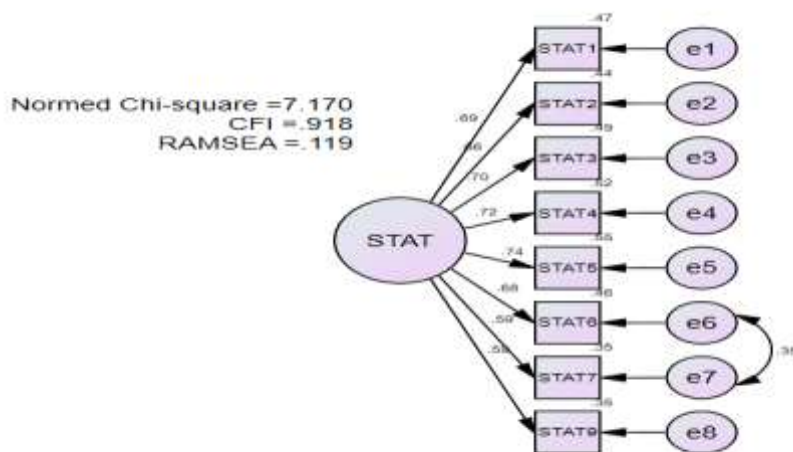


Figure 3: Corrected Measurement Model for Constructs of Statistics

The fit indices indicated a poor fit (CMIN/DF < 3.00, CFI < 0.3, and; RMSEA < 0.08) in the Initial measurement model for STAT construct. Modification

indices showed that the final model could be improved by correlating the items STAT1 and STAT4.

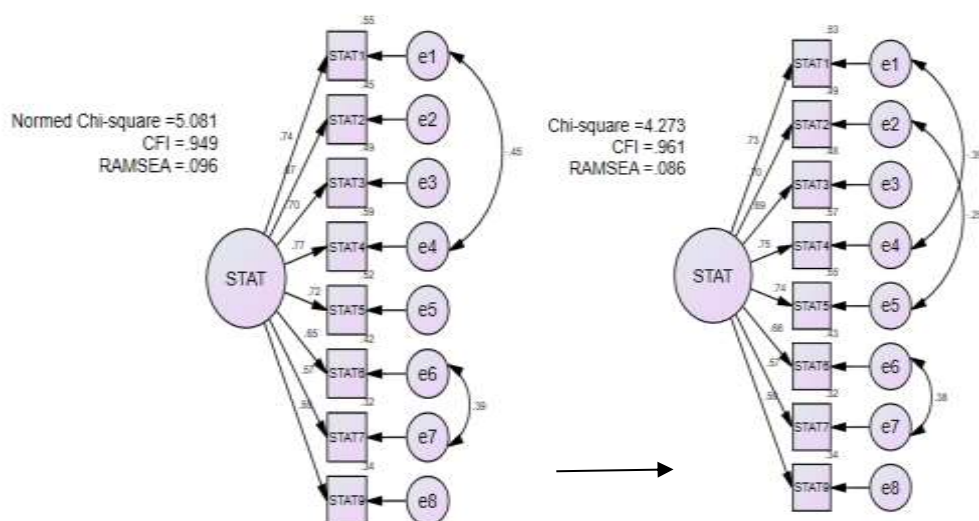


Figure 4: Corrected Measurement Model for Constructs of Statistics

The fit indices indicated a poor fit (CMIN/DF < 3.00, CFI< 0.3, and; RMSEA<0.08) in the Initial measurement model for STAT construct. Modification

indices showed that the final model could be improved by allowing correlation of the items STAT2 and STAT5 and STAT7 and STAT 8.

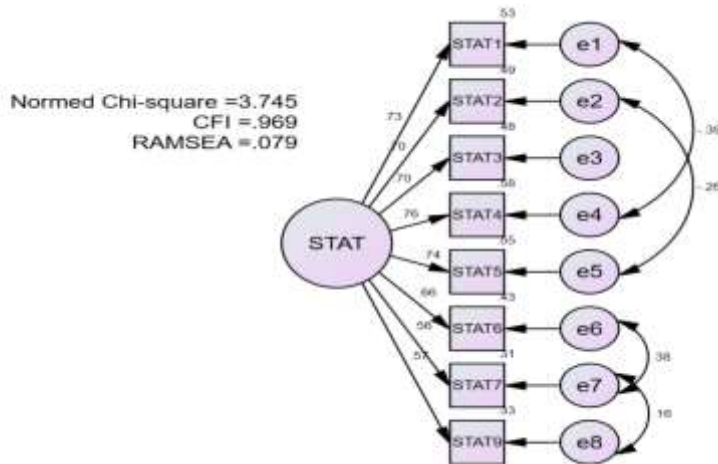


Figure 5: Final Measurement Model for Constructs of Statistics

However, the fit indices for CMIN/DF and RAMSEA were not obtained. Then the final model of the STAT construct aligned with the data evidenced by Normed Chi-square, CFI, and RMSEA were in the

desired value (Chinna, 2013). Further, the factor loading of all the items was above .5 Table 2 indicating adequate Individual item reliability (Hair, *et al* 1995).

Table 2: Regression Weights and Reliabilities for the Items in the Statistics Construct

	Estimate	S.E.	C.R.	P
STAT1	1.000			
STAT2	.924	.069	13.451	***
STAT3	.854	.062	13.691	***
STAT4	.906	.071	12.722	***
STAT5	.938	.066	14.318	***
STAT6	.804	.062	12.945	***
STAT7	.853	.076	11.192	***
STAT9	.779	.068	11.465	***

Organizational Performance

There are seven items (OP3, OP7, OP8, OP9, OP10, OP11, OP12) in organizational performance construct. The

descriptive summary and Inter-item correlations values for items in organizational performance construct are depicted in Table 1. The Cronbach's alpha for organizational performance construct

was 0.952, above the recommended cut-off 0.70 (De Vellis, 2003).

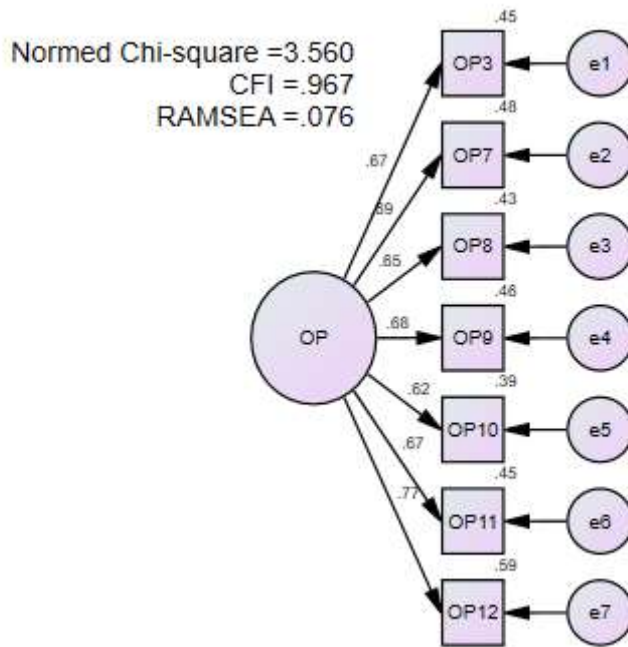


Figure 6: Initial Measurement Model for Constructs of Organizational Performance

The fit indices indicated a poor fit (CMIN/DF < 3.00, CFI < 0.3, and

RMSEA < 0.08) in the Initial measurement model for OP construct (Table 3).

Table 3: Initial Measurement Model for OP Construct

	Estimate	S.E.	C.R.	P
OP3	1.000			
OP7	.727	.062	11.694	***
OP8	.953	.074	12.883	***
OP9	.718	.062	11.610	***
OP10	.827	.067	12.270	***

OP11	.787	.062	11.694	***
OP12	.853	.074	12.883	***

Development of the Measurement

Model to the Framework

The above section explained that single measurement models had been developed for each construct of the independent (STAT, SYS, SAF, SRA, SV, SKI, and STU), dependent (organization performance), and moderating variable (people strategy) of the study. This section developed the measurement models to the framework to test the adequacy of the measurement model. As a result, the

measurement model assesses the covariant relationships for all variables combined (independent, dependent, and moderator). The measurement model's integrity of fit was measured (Table 4) (Hair et al., 2006). Then the measurement model was tested as follows;

The measurement model was developed with the combination of 36 items related to the final CFA results (STAT- 8 items, SRA- 4 items, SV- 6 items, SKI- 4 items, SAF- 5 items, SYS- 4 items, STU- 5 items).

Table 4: Initial Measurement Model Results

Fit indices	Accepted values	Result
Chi square (df)	>0.05	1280.923 (703)
Chi square/df	<3	3.025
AGFI	>0.9	0.936
GFI	>0.9	0.995
CFI	>0.9	0.822
TLI	>0.9	0.931
RMSEA	<0.08	0.068
P value	>0.000	0.000

The fit indices GFI, AGFI, CFI, RMSEA, and TLI are close to the recommended value. Therefore 40 items in the final measurement model adequately fit with

the data (Figure 5). Further, it emphasized that all items make an equal contribution to the operationalization of each construct.

Results of Testing the Hypotheses

This section answers the hypotheses, developed and tested through the

proposed final model of the study, which was developed by the final structural model. Summary conclusions for the hypothesized relationships are provided in Table 5.

Table 5: Testing Hypotheses Using Standardized Estimates

Hypothesized path			Estimate	P	Conclusion
OP	<---	SYS	.651	***	Supported
OP	<---	STAT	.054	.142	Not Supported
OP	<---	SAF	-.070	.040	Supported
OP	<---	STRUCT	.349	***	Supported
OP	<---	SKI	.308	***	Supported
OP	<---	SV	-.054	.198	Not Supported
OP	<---	SRA	.108	.003	Supported

Results of Testing the Hypotheses

This section answers the hypotheses developed. Hypotheses were tested through the proposed final model of the study, which was developed by the final structural model. Summary conclusions for the hypothesized relationships are provided in Table 6.

H1: There is a negative relationship between organizational HCM analytics, people strategy, SHRM functions and organizational performance. Tests the relationship between the Independent variable of HR statistics and the dependent variable of organizational performance. The results show that there is a negative influence between HCM analytics, people strategy, SHRM functions and organizational performance ($\beta=0.15$, $p < 0.05$).

H2: There is negative relationship between HCM analytics, SHRM functions and people strategy and organizational performance.

The second hypothesis examines the relationship between HCM analytics and organizational performance and adoption

of SHRM functions and people strategy. The results showed that HCM analytics had the less potent effect on organizational performance out of other main determinants. The results are consistent with previous studies.

The HR statistics of an organization is considered very important for a firm's performance as well as adopting a dynamic Human Resource information systems (Davenport, 1998, 2000; Hong & Kim, 2002). According to Daft (1998), System dimensions provide labels for describing the internal characteristics of an organization. One can mention commonly cited HCM analytical dimensions as central processes, structures and programs. It is needed to look at each of its elements as most organization discussions do with systems and systems follows policies and procedures [Morton & Hu,2004], to understand the model of organization.

Testing the Moderating Effect of People Strategy and HR Statistics (HCM Analytics)

Before testing the moderating effect, people strategy and STAT construct was assessed with the internal consistency

reliability (Cronbach's alpha), the descriptive summary and the inter-item correlation values. Each item in the construct was measured on a Likert scale of 1 to 5, where a response of 1 indicates strong disagreement while a value of 5 indicates strong agreement to the statements. There are four items in this

construct. The statements are formulated as positive. Cronbach's alpha was 0.818. In this case, the hypothesis that the moderating effects of people strategy between system, skills, staff and shared value /style is significant and supported and other constructs are not supported including HR statistics.

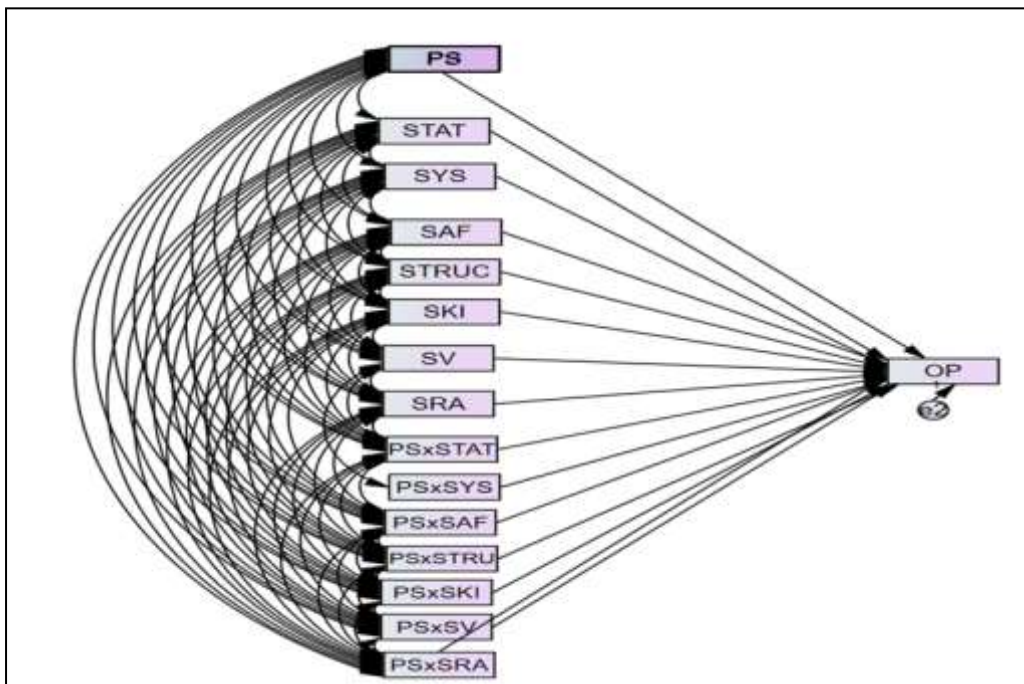


Figure 7: People Strategy Moderate Skills in Organizational Performance to Identify the Impact of Strategic HRM in Insurance Industry

The Figure 7 depicts moderating effect of people strategy whereas constructs were assessed with the internal consistency reliability (Cronbach's alpha), the descriptive summary and the inter-item correlation values. Each item in the construct was measured on a Likert scale

of 1 to 5, where a response of 1 indicates strong disagreement while a value of 5 indicates strong agreement to the statements. There are four items in this construct. The statements are formulated as positive.

Findings and Conclusions

The main purpose is to highlight the discussion of research questions and hypotheses based on the conceptual framework. Then it endeavors to address the theoretical and practical implications and conclusions of the study.

This study is an empirical research on influence of impact of organizational HCM analytics, SHRM functions and moderating effect of people strategy on organizational performance in insurance industry of Sri Lanka. The results of the study would determine management implications and offer valuable recommendations to the insurance

companies in Sri Lanka, in order to impact organizational performance through strategic HRM functions, organizational HCM analytics and people strategy.

At the outset a significant focus is shed on firm's performance between HR strategy and firm's outcomes (Armstrong & Brown, 2019). The main objective of the study was to investigate the relationship between SHRM functions, organizational HCM analytics, people strategy and their impact on organizational performance in insurance industry. The results further identify that SHRM functions which are most significant in achieving organizational human resources performance. Primary objectives of an insurance company would be to retain its existing employees as people of an organization would translate and contribute towards the profitability of an insurance company. Organizational HCM analytics not only warrants positive human formation and repeat organization performance and possibility with greater value in terms of superior customer service and also with other benefits such as cross buying intentions, digital marketing architecture and E-commerce (Barana & Sophia, 2014) as cited in Gannile, et al (2020).

Summary of the Findings

The study was intended to investigate and examine the impact of organizational HCM analytics, SHRM functions and moderating effect of people strategy on organizational performance of insurance companies as an industry both life and non-life insurance companies. Study collect primary data by using questionnaire and while secondary data was collected by using secondary source like review various documents. The main important areas of the study concern include identification of the current situation of HRM functions in insurance companies, determination of relationship between HCM analytics, SHRM

functions, people and performance of insurance companies to examine the factors affecting effective implementation of SHRM functions in insurance companies.

Statistics (HCM Analytics) has a Significant Positive Relationship with OP

Hypothesis tests the relationship between the Independent variable of statistics (HCM analytics) and the dependent variable of organizational performance. The results (Table 6) show that there is a negative influence between statistics and the Adoption of organizational performance ($\beta=0.15$, $p < 0.05$). Thus, the hypothesis is not supported by the data.

The hypothesis also examines the relationship between organizational performance and the adoption of HR statistics (HCM analytics). The results showed that HR statistics (HCM analytics) had an indirect effect on the organizational performance of all the main determinants. The results are consistent with previous studies.

HR statistics are also known as applying talent analytics, data mining, and techniques to human resources information and data. The objective of HR statistics is to give an organizational insight for effective use of Human Resources. As a result, business goals can be achieved promptly and efficiently. The role of Human resources statistics is to identify which data to be taken and how to use the data to model and foresee capabilities to optimal return on investment on its human resources. The firm can make use of HCM analytics (statistics) not only to involve collecting data on employee efficiency. However, it projects to provide understanding into each process by collecting data and using them to make suitable and relevant decisions about how to improve the

processes and decision-making. HR statistics has a negative relationship with organization performance Dimensions. Hence the hypothesis is not established.

Conclusion and Recommendations

In this section, the study makes a conclusion and recommendations based on the research findings.

The study mainly focused on investigating the impact HCM analytics and of strategic human resource management functions and moderating effect of people strategy on performance of insurance companies in Sri Lanka. Based on the summary of findings, the following conclusions were made; despite SHRM functions in insurance companies in Sri Lanka, currently the level of HCM analytics dimension practice and SHRM functions are of low extent. This finding was evidenced by the study findings that show the poor implementation of organizational HCM analytical tools as a key HR tool, and processes. Low level of managerial level active participation, low level of line manager involvement in the strategic decision making process, ineffective organization – wide system review, lack of distinctive HCM analytical system framework and SHRM processes, organizational structuring and system designing are some of high priority areas.

The study also concludes that; there is a negative relationship between HCM analytics, SHRM functions and the performances of insurance companies in Sri Lanka. The study has made the following recommendations based on the study findings.

The recommendations are presented below in addressing the key findings of the research study.

Discussion

HCA must be linked to the business strategy or the strategic intent of the company. HCA should then be understood as a strategic business process as one of several interrelated business processes that links business strategy and edge business performance (Becker & Huselid, 2006). HR data statistics (HCM analytics) need to be optimally used for the HR decision-making process in all essential strategic human resource functions. A certified Human Resources Information System generation, report review, and assessment by a trained and skilled, competent HR team must be established in respective insurance companies.

The development of HCA as an organizational capability requires the development of social structures and an organizational culture conducive to analytics. The easiest approach is one that starts from the top. In other words, top management needs to acknowledge the importance of HCA for the organization. A shift in strategic priorities and the identification of HCA as a strategic priority are definitely helpful. A “business process” refers to the way in which the competitive potential of a firm’s resources and capabilities are realized (Ray, Barney & Muhanna, 2004). Given its firm specificity, which implies both effectiveness and difficulty of imitation, a business process may result in a superior performance and ultimately a sustained competitive advantage. In more concrete words, the analytics team should “start by asking itself why they want to use analytics because it is the latest trend or because your business needs it? How is this connected to your business strategy? How does it ensure implementation of your business strategy? Answers to these questions should help you answering the next important question: what do you want

to learn from using analytics?”, says Peter V.W. Hartmann, Business Intelligence Expert at Mærsk Drilling.

Top management needs to acknowledge the importance of HCA for the organization. A shift in strategic priorities and the identification of HCA as a strategic priority are definitely helpful. The results must be actionable such that they can be easily transferred into strategic actions and, thereby, have a measurable impact.

Implications for HR practitioners

Numerous blogs on HR analytics and practitioner-oriented publications (e.g. Hammonds, 2013) blame the HR function for being unprepared to meet the challenge of human capital analytics and delivering the expected value. Analytics professionals wonder whether

HR will lose the battle over analytics. However, Most CFOs (Chief Financial Officers) are in a position of power within their organizations to control much of that data on company financials and operations. They have credibility and are seen as the source of truth. They understand data and know how to use it. (Karen O’Leonard, 2018).

In many organizations, HR falls short on all of the above. (Rasmussen & Ulrich 2015). In recent studies, it is recommended that HR analytics to be taken out from HR department, at least until the HR function matures. (Ulrich & Dulebohn, 2015) also to keep ownership and accountability of HR analytics within line managers. The results must be actionable, such that they can be easily transferred into strategic actions and, thereby, have a measurable impact.

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