

Determinants of Human Resource Analytics Adoption and Its Impact on Organizational Performance

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Abstract

The arise of HR analytics has allowed human resource (HR) to shift from a support function to strategic role. However, HR analytics adoption in Malaysia remains sluggish. Grounding on factor approach, this study examines the primary facilitator and inhibitor across technological, organizational, and environmental contexts. Technological factors include system compatibility and complexity. Organizational factors focus on top management support and perceived implementation costs. Environmental factors consider competitive pressure and perceived data privacy risks. The study also explores HR analytics' impact on organizational performance through Dynamic Capabilities Theory. Using a quantitative approach, 154 responses from senior management and HR analytics personnel were analyzed via SmartPLS. Findings reveal that the organizational context is the most influential, with top management support as the key facilitator and perceived cost as the key inhibitor. Technological compatibility facilitates adoption, while perceived risk inhibits it. Notably, system complexity and competitive pressure have no significant effect. This study highlights the strategic importance of HR analytics and encourages data-driven decision-making among Malaysian firms. However, its reliance on single variables limits insights, suggesting future research should explore multiple factors for a more comprehensive understanding.

