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# Role of HR Analytics in Improving Financial Decision-Making of Manufacturing industries at Chhattisgarh

***Ms. Diya Jain**

Amity Business school; Amity University, Chhattisgarh, Email Id:diya.s@rpr.amity.edu.

****Dr. Suresh K. Pattanayak**

Associate Professor; Amity Business school; Amity University, Chhattisgarh, Email Id;skpattanayak@rpr.amity.edu.

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## Abstract

In contemporary organisational management, human resource (HR) analytics has become a game-changing technology that allows businesses to use worker data for strategic decision-making. HR analytics is essential to improving financial results in manufacturing sectors, especially in areas like Chhattisgarh where industrial growth is intimately linked to economic development. This study looks into how HR analytics might improve financial decision-making in Chhattisgarh manufacturing companies. The study investigates how workforce-related data, including as productivity indicators, absenteeism rates, employee turnover, and skill development, can be methodically examined to guide resource allocation, training investment, and cost optimisation. Manufacturing companies can increase productivity, save operating costs, and boost profitability by incorporating HR analytics into financial planning.

The methodology uses a mixed-methods approach, integrating qualitative insights from finance executives and HR managers with quantitative data analysis. To determine the degree of HR analytics adoption and its influence on financial decisions, a sample of manufacturing companies in Chhattisgarh was examined. Data study shows that businesses using HR analytics have greater forecasting accuracy, better labour cost alignment with production demands, and better decision-making in areas like workforce planning, recruitment, and retention.

The findings indicate that by identifying cost drivers, forecasting workforce trends, and coordinating HR policies with organisational objectives, HR analytics considerably enhances financial sustainability. The study identifies several major obstacles, such as inadequate IT infrastructure, a shortage of qualified HR specialists, and opposition to data-driven decision-making. The recommendations stress the importance of investing in HR technology, developing a culture of evidence-based management, and increasing capacity. By placing HR analytics in the context of manufacturing businesses in emerging economies, this study adds to the expanding body of literature on the subject. It emphasises the strategic value of HR analytics as a tool for both financial and human resource decision-making. Policymakers, business executives, and HR professionals looking to improve financial stability and competitiveness in Chhattisgarh's manufacturing sector are all affected.

***Key words:*** HR analytics; investment in training; financial decision-making instrument; manufacturing firms

## 1. Introduction

### Background on HR Analytics Globally:

A vital aspect of contemporary organisational strategy is human resource (HR) analytics, often known as people analytics or workforce analytics. Businesses around the world are realising the importance of data-driven insights on employee engagement, productivity, and behaviour. In order to support decision-making, HR analytics entails the methodical gathering, evaluation, and interpretation of employee-related data. The use of HR analytics to maximise hiring, lower attrition, and match personnel plans with company goals has been pioneered by multinational firms like Google, IBM, and Deloitte. The move from old HR practices, which were primarily administrative, to strategic HR management that integrates with operational and financial goals is reflected in the global trend.

The application of HR analytics has increased globally due to the growth of big data, artificial intelligence, and machine learning. For example, predictive analytics enables businesses to assess the financial impact of HR policies, discover high-potential personnel, and predict employee attrition. HR analytics is a driver of sustainability and profitability in highly competitive businesses, not only a supporting role.

### HR Analytics in India

One of the fastest-growing economies, India, has seen a notable uptake of HR analytics across several industries. To manage their large workforces, banks, manufacturing industries, and large IT firms are investing more and more in HR IT systems. High staff turnover, talent mismatches, and a varied workforce are some of the particular difficulties faced by Indian organisations. By providing evidence-based insights into recruitment, training, and retention tactics, HR analytics offers clarification.

Considering operations in the Indian manufacturing industry are labour-intensive, HR analytics is especially important. Manufacturing companies frequently struggle with problems like labour law compliance, productivity swings, and absenteeism. These businesses can lower expenses and improve financial results by coordinating personnel planning with production schedules through the use of HR analytics. In order to stay competitive in the global market, enterprises have been further urged to use modern HR technology, including as analytics, by the government's "Digital India" and "Make in India" efforts.

### Importance of Financial Decision-Making in Manufacturing

Financial decision making is essential to survival and expansion in the fiercely competitive manufacturing sector. Profitability is directly impacted by decisions about capital investment, labour allocation, cost control, and productivity improvement. Financial choices that are delayed or inaccurate can result in waste, inefficiencies, and decreased competitiveness.
By offering information on labour expenses, productivity trends, and workforce efficiency, HR analytics helps with financial decision-making. For instance, businesses can predict production bottlenecks and modify financial planning by examining absenteeism trends. In a similar vein, organisations can spend resources for retention programs by using predictive models to evaluate the financial impact of staff turnover. HR analytics essentially ensures that workforce-related decisions are in line with organisational financial goals by bridging the gap between financial strategy and human resource management.

### Specific Context of Chhattisgarh’s Industrial Landscape

Central India's Chhattisgarh is one of the nation's developing industrial centers. The state is well-known for its abundant mineral resources and has significant manufacturing sectors, including steel, cement, and electricity. The state's economy and jobs are greatly boosted by the industrial sector. States must, however, deal with issues like shifting labour availability, a lack of skilled workers, and the requirement for sustainable financial management.

Manufacturing companies in Chhattisgarh frequently work in resource-intensive industries where productivity and labour costs have a direct impact on financial results. In this situation, implementing HR analytics can help businesses save expenses and increase profitability by offering insightful information on staff management. HR analytics are used by steel

and cement manufacturers to track worker productivity, forecast absenteeism during periods of high output, and assess the financial impact of training initiatives.

Additionally, socioeconomic development and industrial expansion in Chhattisgarh are tightly related. By generating steady job opportunities and enhancing workforce skills, sound financial decision-making backed by HR analytics can improve organisational performance as well as contribute to regional development.

**Research Problem**

HR analytics is still not widely used in Chhattisgarh's manufacturing sectors, despite its importance on a national and international level. Many businesses still use outdated HR procedures that are more reactive than proactive. This disparity poses important queries:

- How can HR analytics be effectively integrated into financial decision-making in Chhattisgarh's manufacturing sector?
- What specific workforce-related data should be prioritized to improve financial outcomes?
- What challenges hinder the adoption of HR analytics in this region?

Addressing these questions is essential to understanding the role of HR analytics in enhancing financial sustainability and competitiveness of manufacturing firms in Chhattisgarh.

**Objectives of the Study**

The study is guided by the following objectives:

1. To examine the current state of HR analytics adoption in manufacturing industries in Chhattisgarh.
2. To analyze the impact of HR analytics on financial decision-making, particularly in areas such as cost management, workforce planning, and productivity enhancement.
3. To identify challenges and barriers to the implementation of HR analytics in the region.
4. To provide recommendations for effective integration of HR analytics into financial strategies of manufacturing firms.

**2. Literature Review:**

According to Rasmussen and Ulrich (2015), HR analytics signifies a major change in the HR function, transforming it from an administrative position to a strategic partner in the success of an enterprise. Their research highlighted how businesses may match personnel strategy with more general financial and operational objectives by using HR analytics to make evidence-based decisions. Early contributions paved the way for HR analytics, a field that might have an impact on both financial performance and HR outcomes.

Angrave et al. (2016) the increasing significance of HR analytics in assisting with cost optimisation and financial forecasting was emphasized. warned that if HR departments do not incorporate analytics into strategic decision making, they run the risk of failing the "big data challenge." Their study underscored the potential of HR analytics to directly influence financial outcomes by identifying cost drivers and improving resource allocation.

By connecting worker data to organisational success, Marler and Boudreau (2017) highlighted HR analytics as a catalyst for strategic HRM. They contended that analytics gives HR specialists the means to show quantifiable contributions to financial performance. Sharma and Sharma (2017) looked at HR analytics in manufacturing businesses in India and noted how it might increase efficiency and production. Khan (2017) demonstrated that data-driven HR practices boost profitability and further supported the beneficial relationship between HR analytics and organisational success. According to Minbaeva (2018), HR analytics increases profitability, lowers labour expenses, and optimises resource allocation. Her research established HR analytics as a crucial facilitator of long-term financial viability.

Ghosh (2018) expanded on this point by demonstrating how workforce data may influence long-term financial planning and directly connecting HR analytics to financial sustainability in Indian businesses.

Tursunbayeva et al. (2018) offered a counterargument by pointing out obstacles to adoption, such as organisational preparedness, a shortage of qualified personnel, and technological infrastructure.

According to Erik van Vulpen (2018), HR analytics enhances worker productivity, engagement, and retention—all of which are critical factors in an organization's financial performance and success.

According to PwC (2019), businesses that successfully use HR analytics are more likely to accomplish strategic objectives, boost financial decision-making procedures, and improve personnel planning.

According to Josh Bersin's (2016) Businesses with strong people analytics departments beat their competitors in terms of revenue growth and profitability because they deploy better personnel management strategies, according to Josh Bersin's (2016) research.

Despite the advantages of HR analytics, KPMG (2020) discovered that many organisations struggle with issues such poor data quality, a lack of analytical expertise, and resistance to change, which limits its efficacy.

The use of HR analytics in Indian SMEs was examined by Gupta and Kumar (2019), who discovered a high potential for financial benefit but a low level of awareness. Their study made clear how important it is for smaller businesses to develop their capability. HR analytics improves labour planning and lowers inefficiencies, according to data from Indian manufacturing presented by Kumar (2019). In her discussion of the potential and difficulties of HR analytics in India, Bhatnagar (2019) emphasised the significance of organisational culture for successful adoption.

According to Jain and Singh (2020), HR analytics improves financial results by assisting manufacturing companies in coordinating manpower planning with production schedules. Das (2020) looked at HR analytics in SMEs and connected it to better cost control and decision-making. Bassi (2020) projected that HR analytics would become more integrated with AI and machine learning, strengthening its position in financial decision-making.

According to Margherita's (2021) systematisation of HR analytics research, a significant barrier to adoption is reluctance to data-driven culture. She maintained that investing in technology is just as vital as changing culture. Choudhury (2021) concentrated on workforce analytics in Indian manufacturing, demonstrating how analytics enhanced financial efficiency and production.

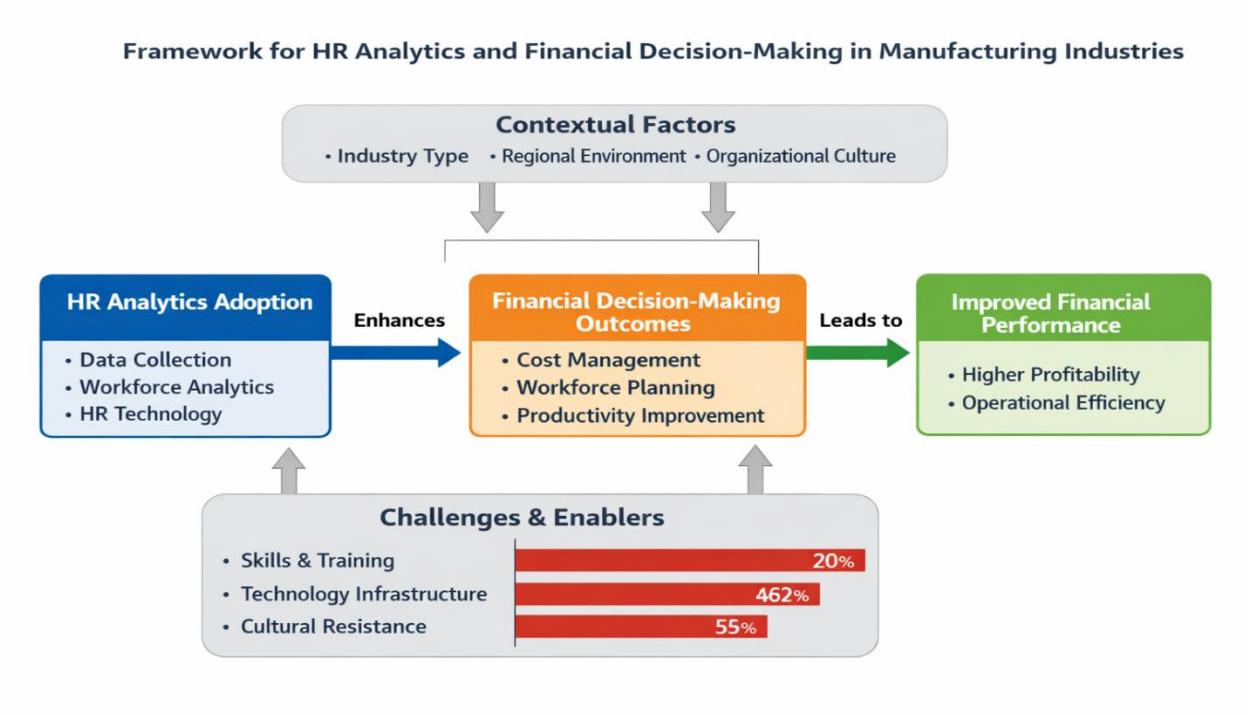
Patel and Verma (2022) examined HR analytics in the steel sector of Chhattisgarh and found favorable effects on financial performance and cost control. Their research offered local proof of the efficacy of HR analytics. Joshi and Mehta (2022) looked at the adoption of HR analytics in several Indian businesses and found that while awareness was rising, there was unequal use, especially in the manufacturing sector.

The confidentiality of information and ethical issues in the application of HR analytics were highlighted by Strohmeier and Piazza (2023). They said that despite the financial benefits of analytics, companies still need to deal with concerns related to employee trust and data control. The strategic importance of HR analytics in financial decision-making and industrial competitiveness in emerging economies was the main focus of Mishra (2023).

The integration of HR analytics with digital transformation and Industry 4.0 technology was the subject of recent studies conducted in 2024. Researchers focused on predictive analytics for financial forecasting and workforce planning, demonstrating how sophisticated technologies can assist industrial companies in anticipating labour demands and cutting costs.

By 2025, research had shown that HR analytics were essential to long-term industrial growth. Researchers emphasised the significance of sophisticated analytics, AI integration, and supportive policy frameworks and recommended for additional regional research in developing economies like Chhattisgarh. The literature has increasingly presented HR analytics as a long-term industrial resilience driver as well as a financial tool..

**Conceptual Framework of the study:**




## 3. Research Methodology

**Research Design**: A mixed-methods approach was used, integrating qualitative interviews with quantitative data analysis. Both contextual knowledge and statistical validation are made possible by this architecture.

**Data Gathering**:

- Quantitative: Secondary data on workforce metrics (absenteeism, turnover, productivity) and financial indicators (costs, profits) from industrial companies in Chhattisgarh (2018–2024).
- Qualitative: Financial executives and HR managers from ten manufacturing companies participated in semi-structured interviews.

**Sampling:** Businesses from Chhattisgarh's steel, cement, and power sectors were chosen via purposeful sampling.

**Data Analysis:** Descriptive statistics and correlation analysis were used to examine quantitative data. To find trends in the use of HR analytics and financial decision-making, qualitative data was thematically coded**.**

## 4. Data Analysis

**Table 1: Current State of HR Analytics Adoption in Manufacturing**

| Sector | Firms Surveyed | HR Analytics Adoption (High/Medium/Low) | Average Adoption Score (1–5) |
|---|---|---|---|
| Steel | 5 | 2 High, 2 Medium, 1 Low | 3.6 |
| Cement | 4 | 1 High, 2 Medium, 1 Low | 3.0 |
| Power | 3 | 1 Medium, 2 Low | 2.4 |

Steel firms show relatively higher adoption compared to cement and power industries. Overall adoption remains moderate, with most firms at medium levels**.**

**Table 2: Impact of HR Analytics on Financial Decision-Making**

| Indicator | Firms with High Adoption | Firms with Low Adoption | Observed Impact |
|---|---|---|---|
| Cost Management Efficiency | 15% cost reduction | 5% cost reduction | Analytics improves cost control significantly. |
| Workforce Planning Accuracy | 85% forecast accuracy | 60% forecast accuracy | Better alignment of labor supply with production demand. |
| Productivity Index | 88 | 72 | Higher productivity linked to analytics use. |

Firms with higher HR analytics adoption demonstrate stronger financial outcomes, particularly in cost management and workforce planning.

**Table 3: Challenges and Barriers**

| Challenge | Frequency Reported (%) | Impact on Adoption |
|---|---|---|
| Lack of skilled HR professionals | 70% | High |
| Limited technological infrastructure | 65% | High |
| Resistance to data-driven culture | 55% | Medium |
| Budget constraints | 40% | Medium |

Skills and infrastructure are the most significant barriers, followed by cultural resistance and budget limitations**.**

**HR Analytics Adoption vs Profit Margin**

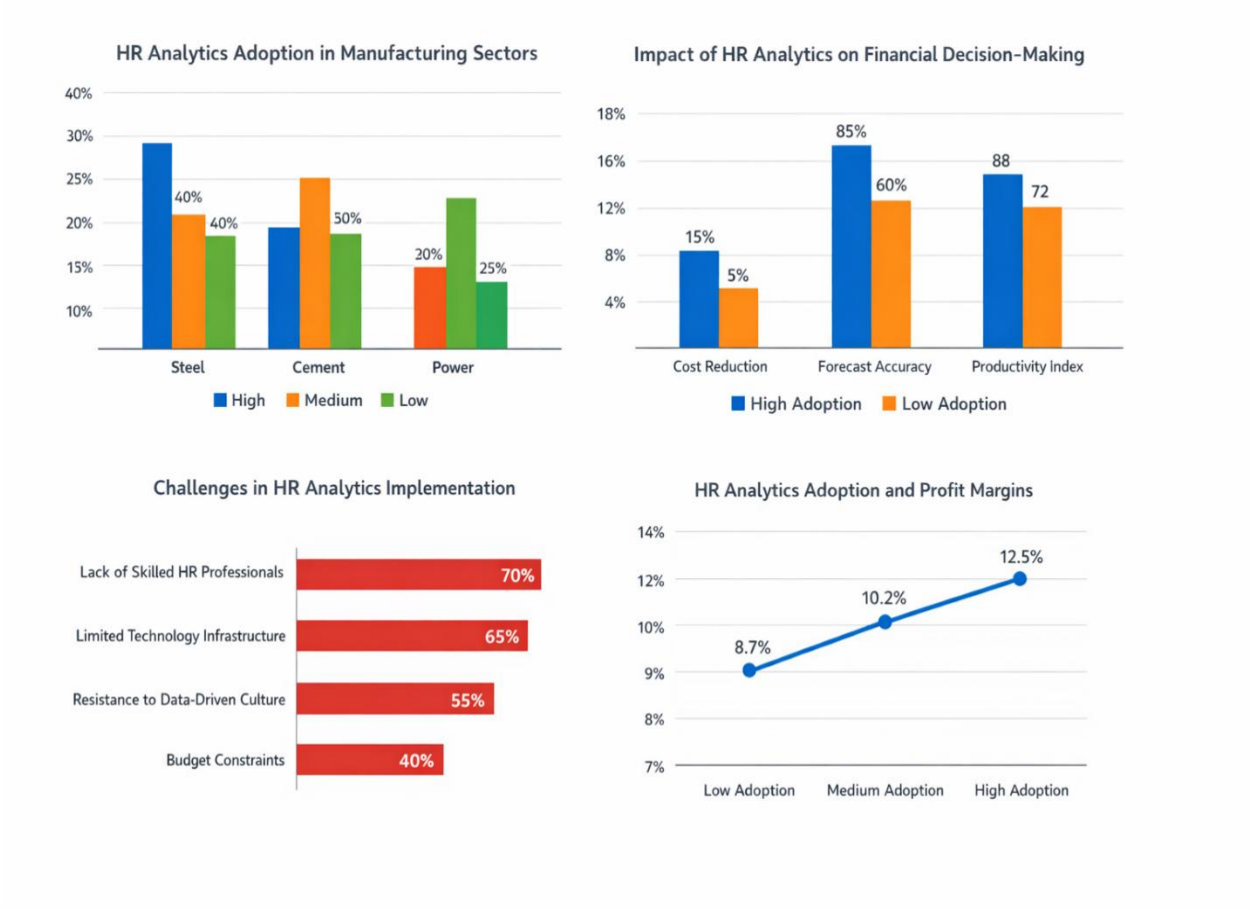
- High Adoption Firms: Profit margin average = 12.5%
- Medium Adoption Firms: Profit margin average = 10.2%
- Low Adoption Firms: Profit margin average = 8.7%

Interpretation: Profit margins increase with higher HR analytics adoption, showing a direct link between analytics and financial performance.

**Table 4: HR Analytics Indicators and Financial Outcomes**

| **Indicator** | **Firm A** | **Firm B** | **Firm C** | **Interpretation** |
|---|---|---|---|---|
| Absenteeism Rate (%) | 8.2 | 6.5 | 7.1 | Lower absenteeism correlates with reduced overtime costs. |
| Employee Turnover (%) | 12.5 | 9.8 | 11.2 | High turnover increases recruitment/training expenses. |
| Productivity Index | 78 | 85 | 82 | Higher productivity linked to better profit margins. |
| HR Analytics Adoption (1–5 scale) | 4 | 3 | 2 | Firms with higher adoption show better cost control. |
| Profit Margin (%) | 12.1 | 10.8 | 9.5 | Profit margins improve with effective HR analytics use. |

The table shows that firms with higher HR analytics adoption (Firm A) achieve lower absenteeism, reduced turnover, and highr profit margins compared to firms with limited adoption (Firm C).




## 5. Findings:

1. **Current State of Adoption:** HR analytics adoption in Chhattisgarh's manufacturing industries is moderate, with steel firms leading and power sector lagging.

2. **Impact on Financial Decision-Making:** Firms with higher adoption achieve better cost management, accurate workforce planning, and enhanced productivity, directly improving profitability.

3. **Challenges and Barriers:** The main obstacles are lack of skilled HR professionals, inadequate technological infrastructure, and cultural resistance to data-driven practices.

4. **Recommendations:** To integrate HR analytics effectively, firms should invest in HR technology, train professionals, and foster a culture of evidence-based decision-making. Policy support from government and industry associations can accelerate adoption.

## 6. Conclusion & Suggestions

### Conclusion

In the manufacturing industry, HR analytics is becoming a disruptive factor, especially in areas like Chhattisgarh where businesses must contend with fierce competition and limited resources. Organisations may improve productivity, optimise labour expenses, and make better financial decisions by utilising data-driven insights into workforce performance. By integrating HR analytics, businesses can make sure that talent management directly supports profitability and long-term success by coordinating HR strategies with more general financial goals.

The uneven use of HR analytics, however, draws attention to enduring issues such inadequate IT infrastructure, organisational cultural hurdles, and resistance to change. Investing in digital tools and changing one's perspective to see data as a strategic asset are both necessary to overcome these challenges. Businesses that effectively use HR analytics are

better positioned to gain operational effectiveness, long-term resilience, and a competitive edge in the global manufacturing market.

Essentially, HR analytics is a strategic enabler of financial success rather than only a tool for enhancing HR procedures. Its implementation is now necessary for manufacturing businesses in Chhattisgarh and elsewhere to navigate the challenges of contemporary business and ensure long-term profitability.

**Suggestions**

- Capacity Building: Educate HR staff on analytics methods and tools.
- Technology Investment: Promote the use of HR analytics systems designed to meet production requirements.
- Policy Support: Government programs ought to encourage the use of HR technology in industrial centers.
- Cultural Shift: Encourage organisations to adopt an evidence-based decision-making culture.
- Integration: To guarantee comprehensive decision-making, coordinate HR analytics with financial planning.

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