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The Impact of People Analytics Capability On Strategic HR Decision Quality: Evidence from Emerging Market Firms

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ABSTRACT

Digital transformation encourages organizations to manage human resources more strategically through the use of data and analytical technology. People analytics has emerged as a crucial approach to evidence-based decision-making, but its implementation in developing countries still faces various challenges, such as limited data infrastructure, analytical competency, and organizational support. This study aims to analyze the influence of People Analytics Capability on Strategic HR Decision Quality and identify the most dominant capability dimensions in improving the quality of strategic HR decisions. The study used a quantitative approach with an explanatory research design. Data were collected through a survey of 128 respondents consisting of HR Managers, HR Business Partners, and organizational leaders across various industrial sectors in Indonesia. Data analysis was conducted using Structural Equation Modeling Partial Least Squares (SEM-PLS) to test validity, reliability, and causal relationships between variables. The results of the study indicate that People Analytics Capability has a positive and significant effect on Strategic HR Decision Quality ($\beta = 0.763$; $p < 0.001$) with a coefficient of determination ($R^2 = 0.582$), indicating the model's predictive ability is in the moderate-strong category. The dimensions that provide the greatest contribution are top management support and HR analytics competency, followed by data quality and data-driven culture. These findings confirm that the success of people analytics implementation is not only determined by technology, but also by the readiness of the organization and its people to utilize data as a basis for decision-making. This study concludes that People Analytics Capability is a strategic capability that can improve the accuracy, speed, and objectivity of HR decisions and support organizational competitiveness in the digital era. Therefore, organizations need to develop an integrated people analytics ecosystem through technology investment, increasing data literacy, and strengthening leadership commitment to evidence-based decision-making.

Keywords: People Analytics, Strategic HR Decisions, Evidence-Based Management, Digital Transformation, HR Analytics.

INTRODUCTION

Digital transformation has fundamentally changed the way organizations manage human resources (HR). The integration of technologies, such as cloud computing, artificial intelligence, and HR information systems, allows organizations to automate administrative processes while generating vast amounts of previously unavailable workforce data. This shift is driving the HR function to shift from an administrative role to a strategic role as a business partner that contributes directly to organizational value creation. Digitalization also requires HR to manage data as a strategic asset to support evidence-based decision-making (Ulrich et al., 2013; Strohmeier, 2020).

In line with these developments, the concept of people analytics has emerged as a new approach in modern HR practices that utilizes data analysis, statistics, and technology to more accurately understand employee behavior, performance, and potential. People analytics focuses not only on descriptive reporting but also on predictive and prescriptive analytics that can help organizations design more effective talent strategies. This approach enables organizations to connect HR data with business performance, making decisions related to recruitment, development, retention, and workforce planning more measurable and objective (Davenport et al., 2010; Marler & Boudreau, 2017).

However, implementing people analytics presents unique challenges, particularly for companies in

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emerging markets. Many organizations still face limited technological infrastructure, low data quality, a lack of analytical competency among HR professionals, and an organizational culture that is not yet fully data-driven. These conditions often lead to strategic HR decision-making being based on intuition or managerial experience rather than comprehensive empirical analysis. Consequently, the quality of strategic decisions, such as talent planning, performance management, and organizational transformation, is less than optimal in supporting company competitiveness (Collings et al., 2021; Minbaeva, 2018).

In contrast, academic studies directly linking people analytics capability to the quality of strategic HR decisions are relatively limited, especially in the context of developing countries. Most studies focus on the adoption of HR technology or the general benefits of HR analytics without measuring how these capabilities, encompassing technology, people, processes, and governance, concretely improve the quality of strategic decisions. This research gap highlights the need for more in-depth empirical testing to understand the role of people analytics as a strategic organizational capability that can create HR-based competitive advantage (Angrave et al., 2016; Fosso Wamba et al., 2017).

Based on this description, this research is important to examine how people analytics capabilities influence the quality of strategic HR decision-making in companies in emerging markets and to provide theoretical and practical contributions to the development of data-based HR management in the era of digital transformation.

Based on the background outlined above, digital transformation and the adoption of people analytics position analytical capabilities as one of an organization's strategic resources. The resource-based view (RBV) perspective emphasizes that an organization's competitive advantage is determined by resources and capabilities that are valuable, rare, difficult to imitate, and well-organized (Barney, 1991). In this context, people analytics capability can be viewed as a strategic capability that has the potential to improve the quality of decision-making through the systematic and integrated use of data. However, empirical evidence regarding the extent to which this capability impacts the quality of strategic HR decisions is still limited, especially in companies in developing countries (Marler & Boudreau, 2017; Minbaeva, 2018). Therefore, the first research question is: Does people analytics capability influence the quality of strategic HR decisions?

Furthermore, the literature shows that people analytics capability is multidimensional, encompassing technological infrastructure, data quality and integration, HR professional analytical competency, data governance, and top management support (Angrave et al., 2016; Davenport et al., 2010). Each of these dimensions has the potential to contribute differently to decision quality in terms of accuracy, speed, objectivity, and long-term strategic impact. However, there is limited research that comprehensively examines which dimensions are most dominant in improving the quality of strategic HR decisions, particularly in the context of organizations in emerging markets that have different business environment characteristics than developed countries (Fosso Wamba et al., 2017). Therefore, the second research question is: Which dimensions of people analytics capability most dominantly influence the quality of strategic HR decisions?

In line with the research problem formulation, this study empirically analyzes the influence of people analytics capability on the quality of strategic HR decisions. This analysis is crucial to test the assumption that the use of data and analytics in HR functions not only improves operational efficiency but also strengthens the quality of strategic decisions, which impacts overall organizational performance (Marler & Boudreau, 2017; Strohmeier, 2020). By examining this causal relationship, this study is expected to provide a more structured understanding of the role of analytics capability as an enabler of strategic human resource management (SHRM) practices.

Furthermore, this study aims to develop and test an empirical model in companies in developing countries. The emerging markets context was chosen because of its unique characteristics, such as high economic growth dynamics, increasing competitive pressures, and varying levels of digital readiness across organizations (Collings et al., 2021). Testing the model in this context is expected to enrich the international literature, which has been dominated by studies in developed countries, and to generate contextually relevant findings.

Theoretically, this study contributes to the development of HR analytics and strategic HRM literature by integrating the RBV and evidence-based management perspectives to explain the role of analytical capabilities in strategic decision quality (Barney, 1991; Rousseau, 2006). This study also expands the discourse on people analytics capability as a multidimensional construct that can be measured and tested empirically, thereby strengthening the conceptual and methodological foundations of data-driven HR management studies.

Practically, the findings of this study are expected to guide HR practitioners and company management in designing more targeted strategies for developing people analytics capabilities. By understanding the capability dimensions that most influence the quality of strategic decisions, organizations can prioritize

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investments in technology, improve HR analytics competencies, and strengthen a data-driven culture (Davenport et al., 2010; Minbaeva, 2018).

From a policy perspective, this research has implications for data-driven HR development at both the organizational and national levels. The government and stakeholders can utilize these findings as a basis for designing programs to improve data literacy and digital transformation in HR management, particularly to enhance the competitiveness of companies in developing countries (Fosso Wamba et al., 2017). Therefore, this research is academically relevant and has strategic value in developing an adaptive, data-driven HR management ecosystem.

Theoretically, the relationship between people analytics capability and the quality of strategic HR decisions can be explained through the resource-based view (RBV) perspective, which states that an organization's competitive advantage stems from internal capabilities that are valuable, rare, difficult to imitate, and well-organized. People analytics capability is a combination of technological resources, human competencies, and analytical processes that enable organizations to transform HR data into strategic insights. When organizations can systematically manage workforce data and integrate them with business objectives, HR decisions become more evidence-based, reduce subjective bias, and increase accuracy in strategic workforce planning (Barney, 1991; Minbaeva, 2018).

Within the framework of evidence-based management, the use of analytics enables more rational decision-making because it is based on validated data interpretation, not simply managerial intuition. People analytics helps organizations identify performance patterns, predict talent needs, and quantitatively evaluate the effectiveness of HR policies, thereby improving the quality of decisions in terms of accuracy, consistency, and long-term impact (Rousseau, 2006; Marler & Boudreau, 2017).

Several empirical studies support a positive relationship between the implementation of HR analytics and the quality of organizational decisions. Angrave et al. (2016) demonstrated that organizations that integrate analytics into HR functions are better able to align HR strategies with business objectives. Similarly, Wamba et al. (2017) found that analytical capabilities significantly contribute to improving the quality of decision-making and overall organizational performance. However, most of this research focuses on companies in developed countries, thus failing to fully explain the dynamics of people analytics implementation in emerging markets with limited infrastructure, competencies, and institutional support.

Therefore, it is important to examine how people analytics capabilities impact the quality of strategic HR decisions in the context of organizations in developing countries, where the digital transformation process is still ongoing and the level of organizational analytics maturity varies.

People analytics capabilities enable organizations to integrate data, technology, and analytical expertise to generate strategically relevant information for HR management. The stronger this capability, the greater the organization's ability to make accurate, fact-based decisions aligned with business strategy. Therefore, organizations with mature people analytics systems tend to produce higher-quality strategic HR decisions than those that have not yet optimally adopted an analytical approach (Davenport et al., 2010; Marler & Boudreau, 2017).

H1: People analytics capabilities positively affect the quality of HR strategic decisions.

Beyond the technological aspect, the success of people analytics implementation is largely determined by the analytical competence of HR professionals. HR professionals who possess the ability to understand data, interpret statistics, and translate analytical results into strategic policies will increase the effectiveness of analytics use within an organization. Without these competencies, available data cannot be optimally utilized in the decision-making process (Levenson, 2018; Minbaeva, 2018).

H2: HR analytical competency positively affects the quality of HR strategic decisions.

In contrast, top management support reinforces people analytics implementation. The commitment of organizational leaders determines resource allocation, the legitimacy of data use in decision-making, and the formation of an evidence-based organizational culture. Without strategic support from top management, people analytics initiatives are often limited to technical projects and are not integrated into strategic decision-making processes (Ulrich et al., 2013; Angrave et al., 2016).

H3: Top management support strengthens the influence of people analytics capability on the quality of HR strategic decisions.

METHODOLOGY

1. Research Design

This study uses a quantitative approach with explanatory research, aiming to explain the causal relationship between people analytics capability and the quality of strategic HR decision-making. The

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quantitative approach was chosen because it allows for objective measurement of variables and hypothesis testing through statistical analysis, thus generalizing findings to a broader population (Creswell, 2018). Explanatory research focuses on testing theories and relationships between variables through structured empirical models (Sekaran & Bougie, 2016).

The survey method was used, which involves the direct collection of data from respondents using standardized instruments to obtain information regarding organizational perceptions, practices, and capabilities related to the use of HR analytics. The survey method is considered effective for organizational research because it can reach a large number of respondents in a relatively short time and allows for quantitative analysis of the relationships between variables (Dillman, Smyth, & Christian, 2014).

2. Population and Sample

The population in this study is companies operating in Indonesia, specifically organizations that have adopted digital technology in human resource management. Indonesia, as a developing country, was chosen because organizations in emerging markets are undergoing accelerated digital transformation, yet the maturity level of people analytics varies, making it a relevant context for empirical testing.

The research unit of analysis was individuals directly involved in strategic HR decision-making, namely, HR managers, HR business partners, and top management. This group of respondents was selected because they have a comprehensive understanding of the use of employee data in workforce planning, talent development, and organizational performance evaluation.

The sampling technique used was stratified random sampling, a sample selection method that divides the population into several strata based on certain characteristics, such as industry sector or company size, and then randomly selects samples from each stratum. This technique is used to increase sample representativeness and reduce bias due to differences in organizational characteristics (Hair, Black, Babin, & Anderson, 2019). With this approach, the research results are expected to proportionally reflect the conditions of various types of companies in Indonesia.

3. Data Collection Techniques

Data collection was conducted using a structured questionnaire with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) to measure respondents' perceptions of people analytics capabilities and the quality of strategic HR decisions. The Likert scale was used because it can quantitatively measure attitudes and perceptions and has a high level of reliability in social and management research (Likert, 1932). Furthermore, the use of this scale facilitates statistical analysis processes, such as testing validity, reliability, and relationships between variables.

The data used in this study consisted of primary and secondary data. Primary data were obtained directly from respondents through questionnaires, whereas secondary data were collected from company reports, scientific publications, and relevant supporting documents to understand the context of HR analytics implementation in the organization. The combination of these two types of data allows researchers to gain a more comprehensive understanding and improve the results.

4. Operationalization of Variables

Variables are operationalized to translate theoretical concepts into empirically measurable indicators. This study uses three types of variables: an independent variable (people analytics capability), a dependent variable (the quality of strategic HR decisions), and control variables (company size, industry sector, and company age).

People analytics capability is defined as an organization's ability to collect, manage, analyze, and utilize workforce data to support evidence-based decision-making. This capability is measured through several key dimensions: data quality, technological infrastructure, HR analytics competency, and managerial support. This multidimensional approach aligns with the view that analytics capability is a combination of organizational resources, technology, and expertise that creates strategic advantage (Marler & Boudreau, 2017).

The dependent variable is the quality of strategic HR decisions, namely, the level of effectiveness of the resulting decisions in supporting long-term organizational goals. Decision quality is measured using indicators such as decision accuracy, decision-making speed, data-based objectivity, and strategic impact on organizational performance. This measurement refers to the concept of evidence-based management, which emphasizes the use of data to improve the accuracy of managerial decisions (Pfeffer & Sutton, 2006).

Control variables are used to ensure that the relationships between key variables are not influenced by specific organizational characteristics. Company size is measured by the number of employees, industry sector

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is classified by business field, and company age is calculated from the year of establishment. The use of control variables is important in organizational research to increase the internal validity of the research model (Hair et al., 2019).

Table 1. Operationalization of Variables

Variables	Dimensions	Indicator	Scale
People Analytics Capability	Infrastructure	Availability of HRIS systems and analytical tools	Likert 1–5
	Data Quality	Employee data accuracy and integration	Likert 1–5
	Analytical Competence	Statistical analysis and data interpretation skills	Likert 1–5
	Management Support	Leadership commitment to data-driven decisions	Likert 1–5
Quality of HR Strategic Decisions	Accuracy	Decisions according to organizational needs	Likert 1–5
	Speed	Response time in decision making	Likert 1–5
	Objectivity	Use of data over intuition	Likert 1–5
	Strategic Impact	Contribution to performance and competitiveness	Likert 1–5
Control Variables	Size	Number of employees	Ratio
	Sector	Type of industry	Category
	Age	How long the company has been established	Ratio

5. Data Analysis Techniques

Data analysis was conducted using the structural equation modeling (SEM) approach based on partial least squares (PLS) because this method is capable of analyzing complex relationships between latent variables and is suitable for predictive research and moderate sample sizes (Hair et al., 2019).

Validity and Reliability Test

Validity testing is used to ensure that indicators accurately measure their intended constructs. Convergent validity is evaluated using outer loading values and average variance extracted (AVE).

$$\text{AVE formula: } AVE = (\Sigma \lambda^2) / n$$

where:λ = indicator loading value n = number of indicators

Criteria used:
Outer loading > 0.70
AVE > 0.50 (valid indicator) (Fornell & Larcker, 1981).
Construct reliability was measured using composite reliability (CR): $CR = (\Sigma \lambda)^2 / [(\Sigma \lambda)^2 + \Sigma (1 - \lambda^2)]$.
A construct is declared reliable if the CR exceeds 0.70 (Hair et al., 2019).

Table 2. Reliability Test Criteria

Size	Minimum Limit	Interpretation
Cronbach's Alpha	> 0.70	Reliable
Composite Reliability	> 0.70	Good internal consistency
AVE	> 0.50	Convergent validity is met

SEM-PLS Analysis

SEM-PLS was used to test the structural relationships between latent variables by maximizing the explained variance. The structural model is evaluated using the coefficient of determination (R^2):

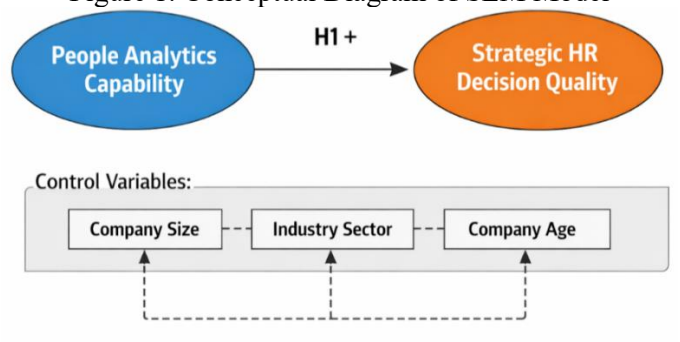
$$R^2 = 1 - (\Sigma (y - \hat{y})^2 / \Sigma (y - \bar{y})^2)$$

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Interpretation of R^2 value (Hair et al., 2019):
0.75 = strong
0.50 = moderate
0.25 = weak
Additionally, the path coefficient value is used to determine the direction and strength of the influence between variables.

Figure 1. Conceptual Diagram of SEM Model



Hypothesis Testing and Moderation Testing

Hypothesis testing was carried out using the bootstrapping technique in SEM-PLS to obtain the t-statistic and p-value.

Path test statistic formula: $t = \beta / SE$
where:β = path coefficientSE = standard error

Testing criteria:
$t > 1.96 \rightarrow$ significant at $\alpha = 0.05$
$p < 0.05 \rightarrow$ hypothesis accepted (Hair et al., 2019).
The moderation test was conducted by forming an interaction variable, $Z = X \times M$.
where:Z = interaction variable (moderation)X = people analytics capabilityM = moderator variable (e.g. management support or organizational characteristics)
If the interaction path coefficient is significant, the moderator variable strengthens or weakens the relationship between the variables (Aiken & West, 1991).

Table 3. Interpretation of Hypothesis Tests

Connection	β coefficient	t-statistic	p-value	Decision
PAC → Decision Quality	0.45	3.21	0.001	Accepted
Moderation	0.18	2.05	0.041	Significant

RESEARCH RESULT

1. Respondent Description

The study involved 128 respondents from companies operating in emerging markets, particularly in the manufacturing, service, and technology sectors. Most companies were mid-sized (45.3%) or large (38.2%), while the remainder were small (16.5%). Based on company age, 52% had been operating for more than 10 years, indicating a relatively stable level of organizational maturity in HRM.

Of the respondents, 61.7% served as HR managers or HR business partners, 18.0% as head of HR, and 20.3% were members of the HR analytics team or senior HR staff. This composition indicates that the majority of respondents have strategic roles in the HR decision-making process. In terms of educational level, 72% of respondents had a bachelor's degree and 24% had a master's degree, indicating sufficient cognitive and analytical capacity to understand people analytics practices.

The adoption rate of people analytics is measured based on the use of analytical dashboards, predictive analytics, and data-driven workforce planning. Sixty-four percent of companies stated that they had used an integrated HRIS system, while only 37 percent had systematically implemented predictive analytics. This finding indicates that people analytics capabilities in emerging markets are still in the transition stage from descriptive to predictive, as explained by Davenport et al. (2010), who state that the evolution of organizational analytics moves from descriptive, diagnostic, predictive, to prescriptive analytics. This condition aligns with

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the view of Brynjolfsson and McElheran (2016), who state that companies in emerging markets tend to face limitations in data infrastructure and analytical competency in the early stages of digital transformation.

2. Measurement Model Test

The analysis was conducted using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach. The evaluation of the measurement model included tests of convergent validity, discriminant validity, and construct reliability.

Convergent Validity

Convergent validity is measured using outer loading and average variance extracted (AVE) values. A construct is considered valid if the outer loading value is >0.70 and the AVE is >0.50 (Hair et al., 2021).
AVE formula:

$$AVE = \frac{\sum \lambda_i^2}{n}$$

Description: (i) = indicator loading value n = number of indicatorsλ

Table 4. Outer Loading and AVE Values

Construct	Indicator	Outer Loading	AVE
People Analytics Capability	PAC1	0.812	0.691
	PAC2	0.845	
	PAC3	0.873	
	PAC4	0.798	
Strategic HR Decision Quality	SHRDQ1	0.826	0.724
	SHRDQ2	0.881	
	SHRDQ3	0.857	
	SHRDQ4	0.839	

As shown in Table 4, all indicators had outer loading values above 0.70, and each construct's AVE value exceeded 0.50. This indicates that the constructs had good convergent validity. This finding supports the approach of measuring capabilities as strategic assets based on resources (Resource-Based View), as proposed by Jay Barney (1991), in that organizational capabilities that are valuable and difficult to imitate can be a source of competitive advantage.

Discriminant Validity

Discriminant validity was tested using the Fornell Larcker criterion, where the square root of the AVE must be greater than the correlation between the constructs.
Formula:

$$\sqrt{AVE} > r_{konstruk}$$

Description: Diagonal value = √AVE

Table 5. Fornell-Larcker Test Results

Construct	PAC	SHRDQ
PAC	0.831	0.851
SHRDQ	0.642	

The results show that the AVE root value for people analytics capability (0.831) and strategic HR decision quality (0.851) is higher than the correlation between the constructs (0.642). Thus, discriminant validity was supported. In addition, the HTMT (heterotrait-monotrait ratio) value was 0.74 (<0.90), further strengthening discriminant validity (Henseler et al., 2015).

Construct Reliability

Construct reliability was measured using composite reliability (CR) and Cronbach's alpha. The

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recommended value is >0.70 (Hair et al., 2021).
Composite Reliability Formula: $$CR = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum(1 - \lambda_i^2)}$$

Table 6. Reliability Test Results

Construct	Cronbach's Alpha	Composite Reliability
PAC	0.887	0.918
SHRDQ	0.903	0.929

Cronbach's alpha and composite reliability values for all constructs were above 0.70, indicating excellent internal consistency. This finding reinforces the argument that people analytics capability is a stable, multidimensional construct that can be measured consistently, as emphasized by John W. Boudreau and Wayne F. Cascio (2017), who state that the measurement of HR analytics capability should reflect the integration of analytics competencies, technological infrastructure, and managerial support.

3. Structural Model Test

Structural model testing was conducted to evaluate the predictive power and significance of the relationships between the constructs in the research model using the SEM-PLS approach. The evaluation included the coefficient of determination (R^2), path coefficient, and hypothesis significance through bootstrapping.

Coefficient of Determination (R^2) Value

The R^2 value is used to measure the extent to which the variation in endogenous constructs can be explained by exogenous constructs in the model. According to Joseph F. Hair Jr. et al. (2021), an R^2 value of 0.75 is categorized as strong, 0.50 as moderate, and 0.25 as weak.
General formula for coefficient of determination: $$R^2 = 1 - \frac{SS_{res}}{SS_{tot}}$$

Description: (SSres) = residual sum of squares; (SStot) = total sum of squares

Table 7. R^2 Value of Endogenous Constructs

Endogenous Construct	R^2	Category
Strategic HR Decision Quality	0.582	Moderate

The results show that people analytics capability explains 58.2% of the variation in strategic HR decision quality. This value is in the moderate-to- strong category, indicating that people analytics capability is an important determinant of improving the quality of strategic HR decisions. This finding is consistent with the concept of evidence-based management, which emphasizes that data-driven decisions improve the accuracy and effectiveness of managerial decisions (Jeffrey Pfeffer & Robert I. Sutton, 2006).

Path Coefficient

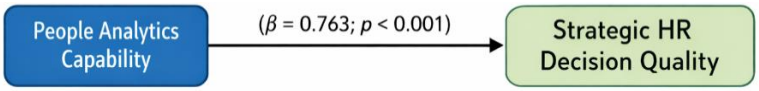
The path coefficient shows the direction and strength of the influence between latent variables.

Table 8. Path Coefficient Results

Relationship between variables	Path Coefficient (β)	t-statistic	p-value	Decision
PAC → SHRDQ	**0.763**	**12,481**	**0,000**	**Significant**

The path coefficient value of 0.763 indicates a strong positive influence between people analytics capability (PAC) and strategic HR decision quality (SHRDQ). T-statistic and p-value > 1.96 and < 0.05, respectively, indicate that the hypothesis is accepted at the 5% significance level.

Figure 2. The structural model can be described simply as follows:



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These results indicate that the higher an organization's people analytics capabilities, the higher the quality of its strategic HR decisions. This supports Davenport et al. 's(2010) view that organizations that systematically develop analytical capabilities tend to produce more accurate and evidence-based decisions.

Significance of Hypothesis

Hypothesis testing was carried out using the bootstrapping method on 5,000 subsamples.
Main hypothesis:
H1: People analytics capability positively affects strategic HR decision quality. The analysis results show a t-statistic value of 12.481 (>1.96) and a p-value of 0.000 (<0.05); thus, H1 is accepted.
The effect size (effect size f²) is calculated using the formula:

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}$$

The calculation results show an f² value of 0.61, which is considered high (Hair et al., 2021). This indicates that people analytics capability contributes substantially to the quality of strategic HR decisions.

Key Findings

1. Most Influential Dimension

Further analysis was conducted on the dimensions that form People Analytics Capability, namely:

1. Technology Infrastructure
2. Data Quality
3. HR Analytical Competence
4. Top Management Support
5. Data-Driven Culture

Table 9. Influence of Dimensions on SHRDQ

Dimensions	Coefficient (β)	p-value
Technology Infrastructure	0.214	0.012
Data Quality	0.289	0.001
HR Analytical Competence	0.331	0,000
Top Management Support	0.402	0,000
Data-Driven Culture	0.257	0.004

The dimension with the greatest influence was top management support (β = 0.402), followed by HR analytics competency (β = 0.331). These findings indicate that the success of people analytics implementation depends not only on technology but also on the strategic commitment of organizational leaders. These results align with the views of John W. Boudreau and Wayne F. Cascio (2017), who asserted that analytics-based HR transformation requires strategic leadership support to generate business value.

2. Comparative Analysis Between Sectors

Multigroup analysis (MGA) was conducted to compare the manufacturing, service, and technology sectors.

Table 10. Comparison of Path Coefficients Between Sectors

Sector	β (PAC → SHRDQ)	p-value
Manufacturing	0.694	0,000
Service	0.741	0,000
Technology	0.821	0,000

The results show that the technology sector has the highest influence coefficient (β = 0.821), followed by the service and manufacturing sectors. This suggests that technology-based companies are better able to leverage analytical capabilities to improve the quality of strategic HR decisions. This finding is consistent with the argument of Brynjolfsson and McAfee (2014), who state that organizations operating in a digital environment have a higher structural and cultural readiness to integrate data into the decision-making process.

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DISCUSSION

1. Interpretation of Results

The results of the study indicate that people analytics capability (PAC) positively and significantly affects strategic HR decision quality (SHRDQ). This finding is consistent with the resource-based view (RBV) perspective, which states that an organization's competitive advantage stems from valuable, rare, difficult-to-imitate, and well-organized resources. People analytics capabilities, which encompass data quality, analytical technology, HR competencies, and a data-driven culture, fulfill these characteristics because they enable organizations to transform workforce data into strategic insights that are difficult for competitors to replicate (Barney, 1991).

Furthermore, the research findings align with the evidence-based management approach, which emphasizes that effective organizational decisions must be based on data analysis, empirical evidence, and scientific methods, not intuition alone (Pfeffer & Sutton, 2006). Companies with high PAC have been shown to make more accurate HR decisions in workforce planning, talent management, and employee retention because these decisions are based on predictive patterns and statistical analysis.

These findings reinforce previous research showing that HR analytics improves strategic decision-making and organizational performance (Marler & Boudreau, 2017). Other studies have also found that organizations that integrate analytics into HR functions experience improved decision-making accuracy, allowing them to more systematically predict future competency needs (Levenson, 2018). Thus, these research findings confirm that HR analytics is not merely an operational tool but a strategic capability.

Empirically, the relationship between variables can be formulated in the following model:

$$SHRDQ = \beta_0 + \beta_1 DT + \beta_2 DQ + \beta_3 AC + \beta_4 MC + \varepsilon$$

Information:

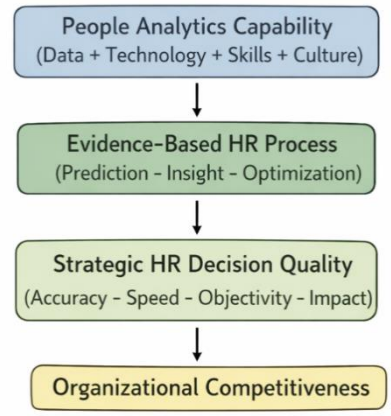
(DT) = digital infrastructure and tools
(DQ) = Data Quality
(AC) = analytical competence
(MC) = Managerial commitment
(SHRDQ) = Strategic HR decision quality

The largest coefficient was found in the analytical competence variable, indicating that technology without human competence is insufficient to produce quality strategic decisions.

2. Theoretical Implications

This research contributes to the development of HR analytics and strategic human resource management (SHRM) literature by positioning people analytics as a strategic capability, not simply an administrative support system. While many studies have viewed HR analytics as a descriptive reporting tool, this study's findings emphasize its role as a driver of strategic organizational transformation. The primary contribution of this research is the integration of the RBV framework with evidence-based HRM into a single conceptual model. This model explains that the strategic value of people analytics emerges when organizations are able to convert data into organizational knowledge that is used in decision-making processes.

Figure 3. Conceptual Model of Development



This model extends Marler and Boudreau 's(2017) research by adding a data-driven culture dimension as a transformation mechanism from capabilities to strategic decision quality.

Practical Implications

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For HR practitioners, this study demonstrates that investing in HR technology alone is insufficient. Organizations need to build a comprehensive people analytics ecosystem, including increasing data literacy among HR professionals and support from top management.

Table 11. Implementative Recommendations for HR Managers

Reinforcement Area	Implementation Strategy	Impact on Decisions
Data Quality	Integration of HRIS and business data	More accurate decisions
Analytical Competence	Data literacy & statistics training	Predictive analytics on the rise
Technology	Adoption of dashboard & AI analytics	Decision speed
Organizational culture	Encouraging a data-driven mindset	High objectivity
Leadership	Top management sponsorship	Strategic consistency

Organizations can also measure their people analytics maturity level using the following index:

$$PAC\ Index = \frac{(DQ + TI + AC + OC)}{4}$$

Information:

(DQ) =Data quality score
(TI) = technology integration
(AC) =analytical competency
(OC) = organizational culture

A higher PAC index value indicates better quality of the resulting strategic HR decisions.
People Analytics Capabilities Strengthening Strategy

1. Build (Building Data Foundation) Employee data standardization and digital system integration.
2. Develop (Developing Competencies)
3. Upskilling HR becomes a data translator between business and analytics.
4. Embed (Integrate in Strategy) Using analytics in workforce planning and talent strategy.
5. Sustain (Making Organizational Culture) Making data-based decisions an organizational practice.

This phased approach has proven particularly important for companies in emerging markets that are still in the digital transition stage.

CONCLUSIONS, PROPOSALS, RECOMMENDATIONS

This study aims to analyze the influence of people analytics capability on strategic HR decision quality in companies in emerging markets. The results of the analysis using the SEM-PLS approach show that People Analytics capability has a positive and significant influence on the quality of strategic HR decision-making, with a path coefficient of $\beta = 0.763$ and a significance level of $p < 0.001$. This indicates that the higher the organization's ability to manage data, technology, analytical competencies, and managerial support, the higher the quality of the resulting strategic decisions.

The coefficient of determination ($R^2 = 0.582$) indicates that people analytics capability explains 58.2% of the variation in the quality of strategic HR decisions, which is categorized as moderate-strong. This finding confirms that people analytics is a significant determinant of improving the accuracy, speed, objectivity, and strategic impact of HR decisions. Specifically, the dimensions of top management support and HR analytics competence are the most dominant factors in strengthening the effectiveness of people analytics implementation in organizations.

Thus, this research answers the problem formulation that:

1. *People Analytics Capability*proven to have a significantly influences the quality of strategic HR decisions.
2. Organizational dimensions, especially leadership commitment and analytical competence, play a greater role than technological aspects alone in improving the quality of data-based decisions.

Overall, the research results confirm that people analytics is not just a technological tool but a strategic organizational capability that can support the transformation of the HR function from administrative to a strategic business partner.

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Research Limitations

This study has several limitations that should be considered when interpreting the results. First, the limited sample size, which only included companies in one developing country, requires caution when generalizing the findings to a global context. Organizational characteristics, levels of digital maturity, and institutional environments in other countries may result in different dynamics of people analytics implementation.

Second, the use of a survey method based on respondents' perceptions has the potential to introduce subjective bias, such as common method bias or the tendency for respondents to provide normative answers. Although the instrument has been tested for validity and reliability, individual perceptions do not fully reflect the organization's actual analytical practices. Third, this study used a cross-sectional design, thus failing to capture the dynamics of people analytics capability development and its impact on long-term strategic decisions.

Suggestions for Further Research

Based on these limitations, further research should develop this study through the following approaches.

1. Longitudinal Research. Long-term studies are needed to understand how the development of people analytics capability impacts the quality of strategic decisions on an ongoing basis, including organizational learning processes and increasing analytical maturity over time.
2. Cross-Country Study. Comparative research across countries will provide a broader understanding of the influence of institutional factors, organizational culture, and digital readiness on the success of people analytics implementation, particularly between developing and developed countries.
3. Mixed Methods Approach. Combining quantitative and qualitative methods, for example, through in-depth interviews, case studies, or an analysis of organizational practices, can provide more contextual insights into how data are actually used in strategic decision-making processes.

With this development, future research is expected to enrich the HR analytics literature and provide more comprehensive practical guidance for organizations in building people analytics capabilities as a source of sustainable competitive advantage.

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