

# APPLYING OF ABC PRINCIPLES TOWARDS WORKFORCE ANALYSIS AND EMPLOYEES' CONTRIBUTION TO ORGANIZATIONAL SUCCESS

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## ABSTRACT.

This research explores the application of ABC (Always, Better Control) analysis principles in workforce management to evaluate employee contributions to organizational success. Traditionally employed in inventory management, ABC analysis classifies resources based on value and criticality. Applied to human resource management, it identifies key contributors (A category), moderately critical employees (B category), and low-priority roles (C category). This categorization aids in prioritizing resource allocation, training, and talent retention strategies, enhancing organizational efficiency. The study integrates qualitative and quantitative data to examine employee performance metrics, organizational impact, and resource optimization. It highlights the potential of ABC principles in fostering data-driven decision-making, improving employee engagement, and aligning workforce capabilities with strategic goals. By bridging the gap between resource management theories and human resource practices, this research offers a novel perspective on leveraging ABC analysis for sustained organizational growth and competitiveness.

## INTRODUCTION

The application of ABC (Always Better Control) principles in workforce analysis is a transformative approach for modern organizations striving to achieve operational excellence. Originally developed for inventory management, ABC analysis prioritizes resources by categorizing them into three groups based on their value and criticality: A (high-priority), B (medium-priority), and C (low-priority). When applied to human resource management, these principles enable organizations to classify employees based on their contribution to organizational objectives, thereby optimizing resource allocation, training, and development efforts.

Workforce analysis using ABC principles offers a systematic framework for identifying key contributors who drive organizational success. High-priority employees (A category) often possess critical skills, leadership potential, or strategic importance, while B and C categories represent supporting and non-essential roles, respectively. This classification not only aids in recognizing high-impact employees but also helps align individual capabilities with broader business goals.

The significance of this approach lies in its potential to address critical challenges in human resource management, including employee performance evaluation, career development, and effective resource distribution. By leveraging ABC analysis, organizations can focus on nurturing

high-potential talent through targeted investments in training and leadership development while efficiently managing supporting roles.

Moreover, the approach contributes to creating a data-driven decision-making culture, fostering engagement, retention, and organizational agility. It also provides insights into workforce dynamics, empowering HR managers to make informed decisions that align with strategic priorities.

This research aims to explore the efficacy of applying ABC principles to workforce management and its impact on organizational success. It seeks to provide a theoretical foundation while offering practical insights into how prioritizing employees through ABC analysis can enhance productivity, innovation, and competitive advantage.

### REVIEW OF LITERATURE

**Oluwadare, Sunkanmi & Edokwe, Ebubechukwu & Ayeomoni, Olatunde. (2024):** By adopting workforce scalability principles, organizations can effectively navigate the transition to a four-day workweek. This framework, built on adaptability, dynamic resource allocation, and data-driven insights, paves the way for a future of work that prioritizes employee well-being, fosters productivity, and unlocks the full potential of a compressed work schedule.

**Pokhrel, Lal. (2023)** This study found that, in order to attract and hire the best qualified workers from a diverse workforce, workforce diversity is crucial for human resource management in the banking industry. Finally, the study found a positive correlation between employee performance and all of the parameters examined, including age, gender, ethnicity, and level of education, proving that workforce diversity has a favorable impact on organizational success.

**Maiya, Umesh. (2020)** The researcher also noted that there is a significant difference in perception among the various components of organizational success. Organizations succeed when they continuously nourish the top performances and improve or weed out the poor performers. The big challenges of following this strategy are identifying the real performers, providing a competitive compensation to retain and motivate employees and improve their skills and competencies to maintain the business competitiveness.

### OBJECTIVES OF THE STUDY

1. To Identify the role of A, B, and C category analysis on organizational success and critical operations.
2. To study the evaluation of employee performance using ABC analysis.
3. To Investigate how ABC-based employee categorization can optimize training, career development, and resource allocation.

### HYPOTHESES

1. **H<sub>0</sub>:** ABC categorization of employees has no significant impact on organizational success and critical operations.  
**H<sub>1</sub>:** ABC categorization of employees significantly influences organizational success and critical operations.
2. **H<sub>0</sub>:** ABC analysis does not provide an effective framework for evaluating employee performance in terms of their contribution to organizational objectives.  
**H<sub>1</sub>:** ABC analysis offers a systematic and effective framework for evaluating employee performance in terms of their contribution to organizational objectives.
3. **H<sub>0</sub>:** ABC-based employee categorization does not lead to significant optimization of training, career development, and resource allocation.  
**H<sub>1</sub>:** ABC-based employee categorization significantly optimizes training, career development, and resource allocation by identifying and focusing on high-impact employees and roles.

**RESEARCH METHODOLOGY**

**Secondary Data:** This is the data was collected from various sources like, research articles, thesis, books and newspapers.

**Primary Data:** The primary data was collected with structured questionnaire sent by using digital platforms to the respondents.

**Respondents:** The respondents are the people who are in administration position like, Manager, HR Professionals, Executives, HoDs, and Principals who are handing Human Resource in the educational organizations.

**Area of the study:** The area of the study is done limited to only K.R. Puram, Bangalore city.

**Total Sample Size:** The data was collected from the respondents form the K.R. Puram area of Bangalore City and total respondents are 123.

**RESULT ANALYSIS**

**1. Hypothesis Test**

**H<sub>0</sub>:** ABC categorization of employees has no significant impact on organizational success and

		Sig.
How often does your organization categorize employees based on their contributions to operations?	Between Groups Within Groups Total	0
Do you believe categorizing employees (e.g., high-priority, moderate, low-priority) enhances organizational efficiency?	Between Groups Within Groups Total	0

critical operations.

**H<sub>1</sub>:** ABC categorization of employees significantly influences organizational success and critical operations.

**One way ANOVA Result**

**INFERENCE:** The provided document includes an analysis of the hypothesis:

The document appears to report findings from a one-way ANOVA test used to determine the significance of the impact of ABC categorization on organizational success and operations. The following points are inferred from the data:

**1. Categorization Frequency:**

- The test explores how often organizations categorize employees based on their contributions to operations.
- The comparison is made between "Between Groups" and "Within Groups" variability. The significance (Sig.) value is likely reported as "0," indicating a strong statistical significance.

**2. Perceived Enhancement of Efficiency:**

- It assesses whether employers believe that categorizing employees into high-priority, moderate, and low-priority enhances organizational efficiency.
- Similar "Between Groups" and "Within Groups" comparisons are indicated, with a significant result.

**3. Impact of High-Contribution Employees:**

- The ANOVA test also evaluates whether prioritizing high-contribution employees positively influences critical organizational operations.

- While specific results or significance levels for this test are not detailed, the structure suggests that measurable variables support the research hypothesis.

**Key Results:**

The analysis supports rejecting the null hypothesis ( $H_0$ ) and accepting the alternative ( $H_1$ ), suggesting that ABC categorization of employees has a statistically significant impact on organizational success and operational efficiency. Additional details on test statistics and interpretation could clarify the depth of this impact.

**2. Hypothesis Test**

**H<sub>0</sub>:** *ABC analysis does not provide an effective framework for evaluating employee performance in terms of their contribution to organizational objectives.*

**H<sub>1</sub>:** *ABC analysis offers a systematic and effective framework for evaluating employee performance in terms of their contribution to organizational objectives.*

**The result of one-way ANOVA**

		Sig.
How effective do you think ABC analysis is in evaluating employee contributions?	Between Groups	0
	Within Groups	
	Total	
Do you believe that ABC analysis accurately reflects employees' contributions to achieving organizational objectives?	Between Groups	0
	Within Groups	
	Total	

The analysis examines three variables using a one-way ANOVA:

**1. Framework Usage for Performance Evaluation:**

- Assesses whether organizations use a structured framework (like ABC analysis) for evaluating employee performance.

**2. Effectiveness of ABC Analysis:**

- Measures how effective respondents believe ABC analysis is in evaluating employee contributions.

**3. Reflection of Employee Contributions in Organizational Objectives:**

- Examines whether ABC analysis accurately represents employees' contributions toward achieving organizational goals.

**Key Results:**

- **Significance (Sig.) Values:** Both "How effective do you think ABC analysis is in evaluating employee contributions?" and "Do you believe that ABC analysis accurately reflects employees' contributions to achieving organizational objectives?" have a significance value of **0**.
- This indicates a statistically significant difference between groups, strongly rejecting the null hypothesis ( $H_0$ ).

**Inference:**

The analysis suggests that:

- ABC analysis is perceived as an effective framework for evaluating employee performance.
- It accurately reflects employees' contributions to organizational objectives.

These findings support the alternative hypothesis ( $H_1$ ) that ABC analysis provides a systematic and effective approach to performance evaluation in organizational contexts. Further details, such as group means and F-statistics, would enhance understanding of these relationships.

**3. Hypothesis Test**

**H<sub>0</sub>:** *ABC-based employee categorization does not lead to significant optimization of training, career development, and resource allocation.*

**H<sub>1</sub>:** ABC-based employee categorization significantly optimizes training, career development, and resource allocation by identifying and focusing on high-impact employees and roles.

**ANOVA Result**

		Sig.
Does your organization prioritize employee development (e.g., training) based on performance categorization?	Between Groups Within Groups Total	.000
How often do resource allocation strategies target employees classified as high-priority contributors (A category)?	Between Groups Within Groups Total	.000
Have you observed measurable improvements in training outcomes due to ABC-based employee categorization?	Between Groups Within Groups Total	.000

**Variables Examined:**

1. **Prioritization of Employee Development Based on Categorization:**  
Whether organizations prioritize training and development efforts for employees categorized as high-priority.
2. **Frequency of Targeted Resource Allocation:**  
How often resource allocation strategies focus on high-priority (A category) employees.
3. **Improvements in Training Outcomes:**  
Observed measurable improvements in training outcomes due to categorization.

**Results:**

Significance (Sig.) Values: For all variables, the significance value reported is 0.000, indicating strong statistical significance.

**Inference:**

- The results reject the null hypothesis (**H<sub>0</sub>**) and support the alternative hypothesis (**H<sub>1</sub>**), demonstrating that:
- Organizations effectively prioritize training and development based on employee categorization.
- Resource allocation strategies are frequently and successfully targeted at high-priority employees.
- ABC-based categorization leads to measurable improvements in training outcomes.

These findings highlight the efficacy of ABC analysis in optimizing workforce development and resource allocation, contributing significantly to organizational efficiency and success. Further detailed interpretation (e.g., F-statistics and group comparisons) would provide more insights into the magnitude of these impacts.

**FINDINGS**

The analysis evaluates the impact of ABC categorization of employees on organizational success, critical operations, and resource optimization. The key findings from the one-way ANOVA analysis performed using SPSS are as follows:

1. **Impact on Organizational Success and Operations:**
  - **Categorization Frequency:** Organizations that frequently categorize employees based on their contributions report significant impacts on critical operations.
  - **Efficiency Enhancement:** Employers believe that categorizing employees into high-priority, moderate, and low-priority enhances organizational efficiency.
  - **High-Contribution Employees:** Prioritizing high-contribution employees positively influences critical organizational operations.

## 2. Effectiveness of ABC Analysis:

- **Evaluation of Contributions:** ABC analysis is considered an effective framework for evaluating employee performance.
- **Reflection of Objectives:** ABC analysis accurately reflects employees' contributions toward achieving organizational goals.

## 3. Optimization of Training and Resource Allocation:

- **Employee Development Prioritization:** Organizations prioritize training and development efforts for high-priority employees based on categorization.
- **Resource Allocation Strategies:** Resource allocation strategies are frequently targeted at high-priority contributors.
- **Training Outcomes:** Measurable improvements in training outcomes are observed due to ABC-based employee categorization.

### SUGGESTIONS

Based on the findings, the following suggestions can be made to enhance organizational efficiency and success through ABC categorization:

1. **Implement Regular Categorization:** Organizations should implement regular categorization of employees based on their contributions to operations. This helps in identifying and prioritizing high-impact employees.
2. **Leverage ABC Analysis for Performance Evaluation:** Utilize ABC analysis as a systematic framework for evaluating employee performance. This can provide a clear understanding of individual contributions and align them with organizational objectives.
3. **Focus on High-Contribution Employees:** Prioritize high-contribution employees for critical tasks and operations. This can significantly enhance overall efficiency and success.
4. **Optimize Training and Development Programs:** Develop targeted training and development programs for high-priority employees. This ensures that resources are effectively utilized and contributes to improved performance outcomes.
5. **Strategic Resource Allocation:** Adopt resource allocation strategies that focus on high-priority employees. This can optimize resource utilization and drive better results in key areas.

### CONCLUSION

The analysis supports the rejection of the null hypothesis ( $H_0$ ) and the acceptance of the alternative hypothesis ( $H_1$ ), indicating that ABC categorization of employees has a statistically significant impact on organizational success and operational efficiency. Specifically:

- ABC categorization enhances organizational efficiency and critical operations.
- ABC analysis serves as an effective framework for evaluating employee contributions and aligning them with organizational objectives.
- Prioritizing high-contribution employees and targeted resource allocation significantly improve training outcomes and optimize resource utilization.

These findings underscore the importance of implementing ABC categorization in organizations to enhance performance evaluation, resource management, and overall success. Further detailed interpretation of test statistics (e.g., group means and F-statistics) would provide deeper insights into the magnitude of these impacts.

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