



## HUMAN CAPITAL MANAGEMENT

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### ABSTRACT

*Human capital management plays an important role in increasing the Efficiency of employees. Individuals are in a position to contribute more towards the system, eventually increasing the overall productivity of the organization. No day, the role of HR has become a much more complex and dynamic one for many businesses. Every organization invests its money and resources to train new employees. Employees in turn work hard, upgrade their existing knowledge and contribute in their own way to increase the productivity of their organization Every employee in his/her tenure acquires some set of skills through experience, exposure, trainings and so on which further increase his/her productivity benefitting the organization.. The human capital has been emphasized as one of the key success factors of a company. It can be assumed that most successful companies have organized their management of the human capital systematically. Both from an economic and a strategic perspective, it can be argued that human capital is the most important asset held by an organization. The study focuses mainly to know how the organizations are investing amount on employees and what the output is. The purpose of this article is to utilize human capital measurement systems to optimize the value of people in their organizations.*

**Key words:** Human Capital Management, Work Hard, Productivity, Efficiency of Employees., Organizational Resources

**Introduction:** Employees are the lifeline of an organization. An organization can't survive if there are no employees. Organization runs with the help of individuals who contribute in their own way to its success and productivity. Employees spend maximum part of their day in offices and strive hard to achieve the goals and objectives of the organization by fulfilling their individual / group goals. Employees ought to be motivated from time to time so that they develop a sense of attachment towards their organization and involvement to deliver their best. Some set of skills acquired by every employee in due course of time through experience, exposure to trainings, Knowledge and expertise and so on to further increase the productivity of organizations refer to human capital. Every employee tries his level best to sharpen his/her skills during his stint with the organization. Human capital is defined as the collective stock of skills, attributes, knowledge, and expertise of employees which further plays an integral role in increasing the productivity of the organization. Every organization invests its money and resources to train new employees. Employees in turn work hard, upgrade their existing knowledge and contribute in their own way to increase the productivity of their organization. The word "Human Capital" was introduced by A. W. Lewis in "Economic Development with Unlimited Supplies of Labor". Human capital plays a crucial role in increasing the productivity and output of an organization.

**What is Human Capital Management:** Human Capital management refers to managing an organization's employees for them to contribute significantly to the overall productivity of organization. In a layman's language, managing workforce of an organization refers to human capital management. Human Capital Management is defined as the process of acquiring, training, managing, retaining employees for them to contribute effectively in the processes of the organization. In simpler words, upgrading the existing skills of an employee and extracting the best out of him/her refers to human capital management. Human Capital management has more to do with how organizations treat their employees? Do not treat your employees as mere labours. Senior management must ensure timely growth and development of every individual concerned for him/her to contribute efficiently when required.

## **Objectives of the Study**

1. To study the Human Capital Management trends
2. To study Human Capital Management practices
3. To provide better Suggestions to HC

**Review of literature:** **Human** capital management refers to managing an organization's employees for them to contribute significantly in the overall productivity of organization. Accordingly human capital management is defined as the process of acquiring, training, managing, retaining employees for them to contribute effectively to reach the short term and long term goals of the organization by achieving both physical and financial targets set to individuals / sections / departments and units of the organization. The essence is to focus on upgrading the existing skills of an employee and extracting the best out of him. Management must ensure timely growth and development of every individual. The key objective of every organization should be to train its employees so that they become efficient resources later on. In human capital management, organizations treat their employees as important resources that play an instrumental role in improving productivity of the organization

What do you think of when you hear the phrase "human resources?" Years ago, this function was most commonly associated with the personnel staff who handled employee paperwork and personnel files. He or she served a primarily administrative purpose — HR made sure everyone got their paychecks and benefits, processed performance reviews, and handled conflicts that were too big for managers to deal with themselves. Today, the role of HR has become a much more complex and dynamic one for many businesses. Some companies even refer to HR's activities as "human capital management" (HCM) to reflect the more strategic, leadership-oriented nature of the functions of department. According to Gartner, HCM is a "set of practices related to people resource management," specifically in the categories of workforce acquisition, management and optimization. In addition to the traditional administrative tasks, HR includes workforce planning and strategy, recruitment/on boarding, employee training, and reporting and analytics. But what does successful HCM actually look like in the modern world? Sanjay Sathe, president and CEO of Rise Smart, a provider of contemporary career transition services, said the key is to treat employees like a true investment."Acknowledging that your talent is more than big data that they are actual people can help you choose, implement and manage HCM systems that provide both your people and your organization with value," Sathe told Business News Daily. "When you

approach HCM from the mind-set not of, 'What can I get?' but 'What can I give?' you create an environment in which both you and the employee reap rewards."HR experts shared their insights for companies looking to provide the best human capital management for their workforce.

**Human Capital Measurement System:** From both economic and strategic perspective, it can be argued that human capital is the most important asset held by an organization. And, on face value, it could also be argued, “who is better to deal with issues related to people than human resources?”. However, as a profession, we must first strive to increase the number of HR leaders who are actively engaged as strategic business leaders in our organizations today .To accomplish this, we must be prepared to ensure that we are in the best possible position to understand the customer and market-driven factors that affect our businesses Human Capital Management refers to the management of an organization’s employee who tries his level best to utilize his knowledge and skills to develop his organization and become an indispensable resource in due course of time.

Human Capital Management Drivers act as catalysts for an effective human resource management. Human capital management drivers fall into five major categories:

1. Human Capital Management (HCM) Driver 1 - Leadership Practices HCM Practices  
Communication: Employees must be treated well for them to develop a feeling of belongingness and loyalty towards the organization. Managers must understand that their role is not just to stick to closed cabins and impose ideas on others. They ought to communicate well with their subordinates. Employees must have an easy access to the senior management. Communication from management to employees, also known as Top down communication is essential for the employees to be aware of their goals and objectives and for them to know what is expected out of them. Inclusiveness: Management ought to sit with employees on a common platform to invite suggestions and feedbacks from them. Supervision: Senior executives and management must reduce the various levels of hierarchy between them and employees’. Management must interact and motivate the employees from time to time for them to give their best performance. Leadership: Senior executives should support, lead and influence the workforce so that they contribute effectively towards the organization.

2. HCM Driver 2 - Employee Engagement: HCM Practice Key Responsibility Areas: Key responsibility areas of an individual should be designed in line with his education, skills, expertise, experience and also area of interest. This way, work never becomes a burden for him. Commitment: Outstanding efforts of employees must be acknowledged for them to feel motivated and work harder from now. Employees performing well ought to be suitably rewarded and appreciated in front of others. Time: Time management ensures that no employee is overburdened. Responsibilities must be equally shared among employees. Evaluation: Employee engagement must be evaluated from time to time by the top management.
3. HCM Driver 3 - Knowledge Accessibility: HCM Practice Information Availability: Employees must have an easy access to all relevant information required to perform their duties. Organizations must organize various training programs (In house Trainings or Outsourced trainings) to constantly upgrade the existing skills of employees and acquaint them with new learning. Team Work: Employees must be motivated to work in teams rather than working alone. Information Sharing: Encourage employees to share information with each other in an appropriate forum.
4. Human Capital Management (HCM) Driver 4 - Workforce Optimization Human Capital Management (HCM) Practice Work processes: Senior management must define work processes of employees well for maximum productivity. Working Conditions: An organization needs to provide excellent working conditions to the employees to expect the best out of them. Accountability: Individuals must be held accountable for their work. Get a commitment from employees and nothing like that, if everything is in writing. Hiring: Individuals responsible for talent acquisition must ensure that they hire the right candidate for the right role. Design a strong induction program for all the newly joined employees. Performance Management: Employee's performance needs to be strongly monitored and managed.
5. Human Capital Management (HCM) driver Learning Capacity HCM Practice Innovation: New ideas should be welcome. Employees must be encouraged to come out with new and innovative ideas which might benefit the organization. Training: Trainings must be practical /relevant and designed to sharpen the skills of employees. Do not design training programs just for the sake of it. They must benefit the employees to improve their knowledge & skills and also the organization through improvement in his performance.

Career Development: Employees must be aware of their growth plan in the organization.

Learning: New learning should be valued by all in the organization.

Human capital management plays an important role in increasing the efficiency of employees. Individuals contribute more towards the overall productivity of the organization. Human capital management:-Hiring the right talent; orienting employee to the organization; Making a new employee feel comfortable; Training employees in order to constantly upgrade their skills; Retaining employees; Making employees self-sufficient and prepare them for adverse conditions

## 7 Tips to maximize returns on Your Investment in Human Capital Management

1. Connect all HCM efforts with the overall business strategy.
2. Have senior leaders' involvement and commitment visible.
3. Foster collaboration throughout the organization, particularly in HR
4. Train leaders in how to differentiate employee performance.
5. Keep your processes, tools, and technology simple, easy to use and offering clear and immediate value to managers
6. Hold managers accountable for reaching HCM related objectives
7. Position HCM as a management priority and not as HR project

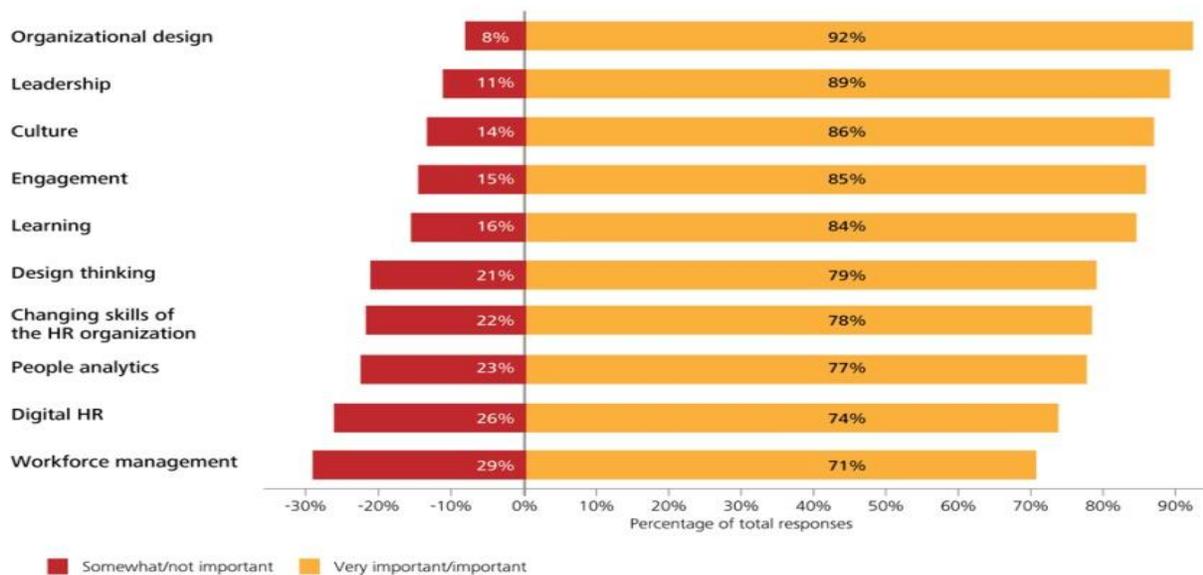
## The Top 10 Human Capital Trends For 2016

Figure 1. The 2016 Global Human Capital Trends research identified 10 important trends



Graphic: Deloitte University Press | DUPress.com

Figure 2. The 10 trends ranked in order of importance



Graphic: Deloitte University Press | DUPress.com

**Conclusion:** Human Capital Management is defined as the process of acquiring, training, managing, retaining employees to perform effectively in the processes of the organization. It enables to increase performance and Competitiveness of organizations by identifying and optimizing the human capital. Every employee in this process acquires some set of skills through his experience, exposure, trainings and so on which further increase his/her ability, employability and productivity.

**Suggestions:**

1. All other capitals like machine, material and money are simple resources with direct relation between inputs and outputs. Human capital is the only resource with actions & reactions, ego & emotion, etc. All these aspects should be given equal importance while dealing with Human capital.
2. Non financial rewards are as important as financial rewards for Human capital. They may be more important after certain growth in career. The reward system should be well designed to keep them continuously motivated for both current performance as well as future growth in career.
3. One of the challenging tasks to HR leaders is retaining the talent after gaining knowledge and skills through experience and training. The organizational culture and

corporate image should be good enough to retain the talent with belongingness and gratitude.

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