

Empowering human capital For better India

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ABSTRACT

“Human capital isn’t a thing we do , it’s the thing that runs our business”

The above quote tells it all. Human capital is very common in all the organizations. Infact it is considered as a key element in improving the asset of the organization. Giving importance for human capital helps the companies to have a healthy competition among them. This paper mainly discusses about why human capital, importance of human capital and measures to be taken for implementing human capital.

Keywords: competitive advantage, Impact, Importance, Measures

Introduction

Human capital stands among the most valuable and important assets of an organization. It helps the company to grow and achieve its goals more effectively and efficiently. So one major area of concern for a firm is to make investments in human capital. Human capital investments is basically a process of developing employees by providing them education or training or both. Education usually includes reimbursement of employees for formal education in universities and colleges. Education is used to develop employee’s skills in areas like finance, accounting or production. Training however is conducted by supervisors working on the job with employees by teaching them specific functions and providing them knowledge to complete a certain task more effectively and efficiently.

Human Capital Defined

Capital is a type of asset that allows a business to make more money. **Human capital** is the sum total of a person's knowledge and skills that the company can use to further its goals.

Objectives of the Study:

- To determine that the peoples are the core resource of value creation.
- To understand the best possible technique for acquiring superior human capital.
- To understand the impact of implementing human capital.

Importance of Human Capital

Until we develop artificial intelligence, we pretty much need human capital to accomplish anything in the world today. In fact, it takes human capital to create some other forms of capital. While a machine may eliminate the need to have hundreds of production workers make stuff, it still took human capital to design

and build the machine. And as we move deeper and deeper into a knowledge-based economy that depends on information, knowledge and high-level skills, human capital will become increasingly important.

Competitive Advantage of human capital

Smart business leaders recognize that human capital is one of the keys to competitive advantage. Investing in human capital is the real story of a successful business. Human capital is the force that will provide the strategy on actually developing the wealth of the business and it is what keeps the business going on a day-to-day basis.

1. **Increase Employee Satisfaction:** Investing in professional development for staff or employees can lead to greater job satisfaction. Employees said their organization's commitment to professional development is "very important to their job satisfaction." Internal professional education for staff shows them that organization cares about their careers. When employees feel that their workplace cares about their development, they are more likely to be satisfied with their jobs.
2. **Improve Retention Rates:** Workers who are receiving professional education and development are less likely to seek other employment opportunities. So, if an employee can advance within the company, he or she won't have to look for advancement opportunities outside of the company.
3. **Better Recruitment:** Yes, human capital development helps organizations to retain their employees. But it also helps organization to recruit prospects. The importance of human capital development in the recruiting process will only continue to grow as more millennials enter the workplace.
4. **Develop Employee Engagement:** Increasing employee engagement is a priority for every business. Engaged employees are more productive for, and more loyal to, the company. Investing in employee development can help to grow employee engagement. Giving employees career advancement opportunities, and investing in their development, gives them a reason to be engaged at work.

Empowering Human capital

Educative work force: organizations should go for higher educative force for the better achievement of their goals. The process of continually seeking higher educative employees keeps their mind active and working hard, which helps them to improve their ability to learn anything. As new international client markets emerge, the need for a workforce that understands the culture, values, and language of these global regions is essential for business growth. Educated employees are more likely to understand foreign languages and cultures through either having studied or lived in an international location. Through hiring educated employees and offering continuous employee training, organizations enhance client services. Beyond the value that educated employees add to client relationships, well-informed, knowledgeable

workers enhance company leadership. Moreover, companies can benefit from the dynamic perspective and innovative thinking of high performers.

Experienced work force: along with educative employees the organization should opt for more experienced employees with will always help the organization in getting better opportunities. A work placement provides the opportunity for employees to develop key employability skills such as problem-solving, teamwork, communication and time management

3. Be versatile: One of the best ways to increase human capital is have employees who are valuable in more than one area. definition of versatility is “*capable of or adapted for turning easily from one to another of various tasks, fields of endeavor, etc*” Being versatile is going to be a major challenge for many. Learning multiple skills and how to manage other people increase human capital. That means an employee need to be flexible and willing to expand the skill set. Learning several job functions shows employer that employee is a valuable asset..

4. Explore beyond industry: While recruiting the employees the organization needs to have a picture of the employees’ skills from other industries. A diverse workplace history allows employees to target their skills to a broader range of potential employers. The skills and experience of employees from various industries can be useful during future expansion of the business.

5. Get involved: If there is an issue the employee care about, seek organizations whose mission includes advancement of that issue. Volunteering for a non-profit organization or speaking out to express employees’ passion is a good way to increase their value to the world and the human capital at the same time. Employee will gain knowledge and learn new skills, add humanitarianism. Employee will possibly even make connections that will lead organizations to new opportunities and new business ideas in the future.

Methods to measure human capital

Human capital is an intangible one, just like intellectual property or patents are. Intangible assets are no less valuable than tangible ones, it’s just that their value cannot be discerned by touch.

That being said, it is easy to see why there is no one, straightforward way of measuring human capital. Not only because it is intangible, but also because there are many variables that affect it. One measure, however, that is relatively more straightforward is measuring your human capital’s return on investment (ROI). And here is how to do it.

ROI

Total Organizational Profits” is what your company has made in profits after it covered all of its expenses, while “Investment on Human Capital” refers to the amount of money organization has put in to develop its human capital; i.e. recruitment and selection, training and development, compensation, etc...

Use this measure to determine if ROI is sufficient, and if it is comparable to that of other companies in the same industry.

Because human capital refers to the knowledge, skills, experiences, other attributes, and commitment invested in the organization, these are what an organization should focus on to improve the human capital's ROI. While there isn't any concrete measurements for human capital, here are a couple of other ways that can help out.

1. **Skills Inventory**: A skills inventory is a recording of the skills, capabilities, qualifications, trainings, and certifications of your employees. The skills inventory may also include employees' preferences, career goals, and other developmental information. The purpose of the skills inventory is for an organization to have a database of its resources for more effective HR management. While the main purpose of a skills inventory might not be measuring human capital, having a database of the information can certainly help the organization and employee! Sort, arrange, and compare employees' skills with what is required for their positions, and then identify the gap and determine how to bridge it.

2. **Personality**: It is not only essential to ensure that employees have the knowledge, skills, and experience to successfully perform their job, organization also need to focus on their "other attributes". Of the "other attributes", the predominant factor that is also the most often considered is personality.

An individual's natural reflexes, tendencies, attitudes, and innate traits are what differentiate a good employee from a great one. [psychometric testing](#) can be used to measure human capital's "other attributes", identify the gap, and provide organization with insight on how to best bridge it.

Conculsion

This paper highlighted the importance of human capital in ensuring growth for the country. Human capital is utmost important, developing it will always lead to the success of any organisations which will also lead to better India. There may be many practical difficulty in implementing the HC but the organisation should always aim at setting it up. In this competitive world organizations should aim at obtaining a competitive advantage for which HC plays a vital role.

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