



# A DIAGNOSIS ON HUMAN CAPITAL RETURN ON INVESTMENT AT SRI BALAJI TVS MOTORS, BALLARI.

<sup>1</sup>Vinay Gadigi,<sup>2</sup>Sindhuja N,

<sup>1</sup>Assistant Professor,<sup>2</sup> Student of Master of Business Administration,  
Department of MBA,  
<sup>1</sup>RYM Engineering College, Ballari, Karnataka, India

## Abstract:

*The "Diagnostic on Human Capital Return on Investment" delves deep into the evaluation of investments in human capital within organizations, offering a holistic assessment of their effectiveness and efficiency. By extensively examining key facets such as recruitment, training, development, recognition and reward, and wellness programs, this study sheds light on the profound impact these investments have on an organization's overall performance and profitability. The findings of this study provide invaluable insights into how well companies harness their human resources to achieve strategic objectives, while also pinpointing areas for potential improvement and highlighting best practices. This research underscores not only the pivotal role of human capital in propelling business success but also offers actionable recommendations to optimize the return on investment in this critical asset, thereby guiding organizations towards more informed and strategic human resource management decisions. The study's compelling findings reveal that investments made in recruitment, training, recognition, and wellness programs have yielded remarkable returns, ranging from 200% to an astonishing 485.75%, resulting in an overall Human Capital Return on Investment of 330.07%. This underscores the substantial positive impact of the workforce on an organization's performance and financial gains. To sustain and build upon this success, the study advises organizations to continue prioritizing human capital development, particularly through employee development initiatives. Moreover, it emphasizes the importance of consistent monitoring and optimization of HR strategies to ensure competitiveness in the ever-evolving market landscape. These findings provide compelling evidence that investments in human resource development not only yield substantial returns on investment but are also indispensable for long-term organizational growth and prosperity.*

**IndexTerms**–Recruitment and Hiring, Training & Development, Recognition and Rewards, Wellness programs, Return on Investment.

## I. INTRODUCTION

Human Capital Return on Investment (ROI) stands as a crucial metric in the realm of organizational management and human resources. It serves as a quantitative measure to evaluate the efficiency and effectiveness of investments made in an organization's workforce, recognizing that employees represent one of the most valuable assets a company possesses. Human Capital ROI extends its reach across various dimensions of talent management, including recruitment, training, development, recognition, and wellness programs. By analyzing the impact of these investments on an organization's performance and profitability, it provides a comprehensive assessment of how well the organization leverages its human resources to achieve strategic objectives. This metric not only quantifies the tangible and intangible returns generated from investments in people but also sheds light on the extent to which these investments translate into financial gains. In a competitive business landscape, Human Capital ROI becomes instrumental in making informed decisions about resource allocation, talent development, and strategic planning. By calculating and analyzing Human Capital ROI, organizations gain critical insights into the contributions of their employees to the bottom line. It helps identify areas for improvement and best practices, guiding companies toward more informed and strategic human resource management decisions. Ultimately, Human Capital ROI serves as a compass for enhancing the return on investment in this vital asset, fostering long-term organizational growth, and ensuring a prosperous future.

## II. LITERATURE SURVEY

**Dadd, Deneise and Hinton, Matthew.** This research paper provides findings from a study investigating how ROI is understood and used in the healthcare industry. As a result, it appears that a use-of financial indicators, particularly the returns on the investments made (ROI), to show a gain on investing on human resource is increasing.

**Jarmila Duháčková Šebestová and Cristina Raluca Gh. Popescu.** In this article the incentives for investing when a 20% profit is routinely invested with a model return of roughly 14% are examined. The study also comes to the conclusion

that business experience has a favourable impact on future development and human resource management to raise the investment share.

**Mohammad Rafiqul Amin** the researchers measured the outcome/result of personnel capital investment on a firm's performance using various HR measures (Human Capital ROI, the Net Profit after the Tax per Employee, HR Expense Factor, Organisational Training Cost per Employee, Human Capital Value Added). Finally, the research shows that investing in human capital development improves a firm's performance significantly.

**Tarek Alnachef, Anas Albajjar** This study examines the effect of humans capital on company performance from a different critical perspectives. They say that Firms must invest human capital, which has a bigger impact on performance. Also, this research presents a preliminary model for explaining the link between human assets capital and firms performance.

**Rita Almeida, Pedro Carneiro**, they evaluated that the rate of return on company investments done into human capital in formal training, and development in this research. they estimates the returns on investments are high (8.6%). Here findings indicates that formal job-training is a correct investment for the organisations.

### III. OBJECTIVE OF THE STUDY:

- To thoroughly review previous studies on (E.E).
- To find-out various human asset investment incurred by Sri Balaji motors.
- To Evaluate ROI for the human asset/capital using metrics i.e, Analysing and using return on investment technique and determining its effectiveness.
- To give corrective suggestions to the organisations.

### IV. RESEARCH DESIGN AND METHADODOLOGY

#### Type of Research:

Research method: Analytical and descriptive research methodology is used, for examining a research on human capital/asset return on investments.

Population under the study:

The population in this study is limited to Sri Balaji TVS Motors, Ballari.

Sampling Frame:

The sampling frame is upto the data available at Sri Balaji TVS Motors, Ballari.

Sampling Technique:

The type of sampling used here is convenient sampling

Data collection:

Primary data,

The primary data is collected through the oral discussion that have made with the employees, HR, manager of an organisation.

Secondary data,

Secondary data is collected through the financial statements of the organisations.

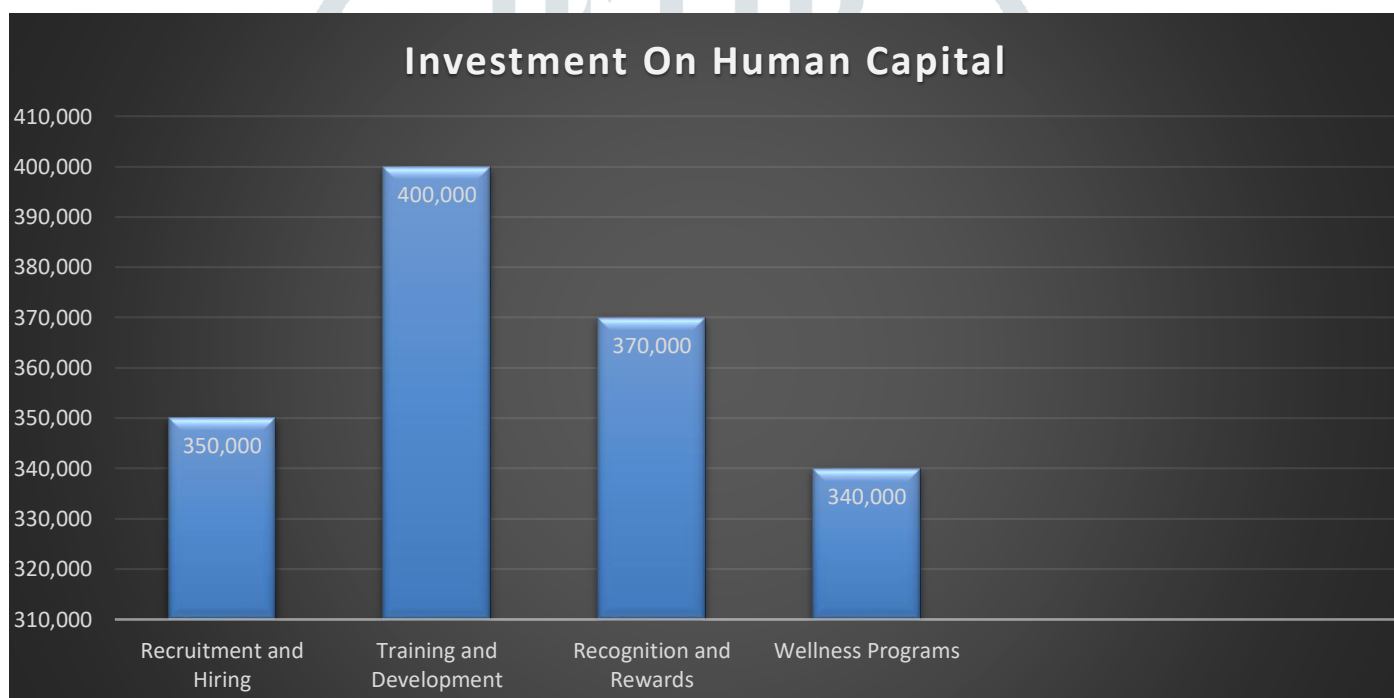
Where the document analysis is done, reviewing existing organisation's data which depicts costs incurred on training, recruitment and other human resource development activities. And the data is also collected from journals and website.

### V. ANALYSIS AND INTERPRETATION

Understanding the efficiency and effectiveness of an organization's investment in its people requires the interpretation of Human Capital ROI (Return on Investment). Human Capital ROI quantifies the financial return achieved by investments in employee development and well-being. Let us break down the information presented and analyse the results:

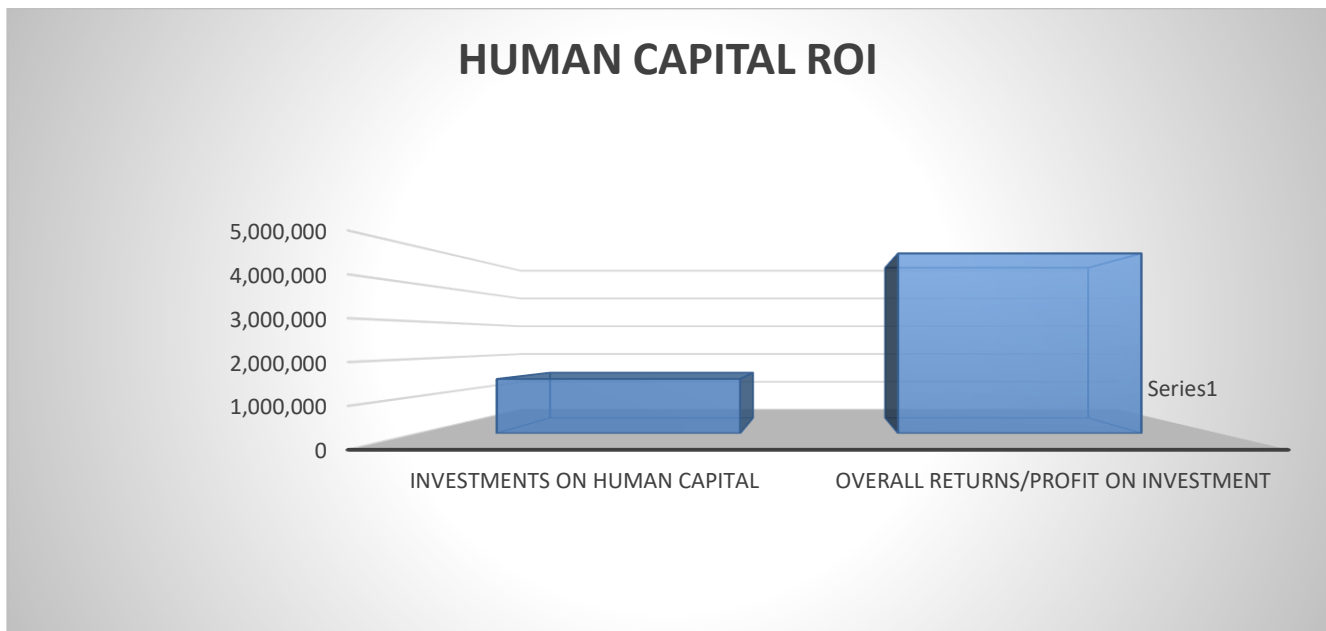
Overall Human Capital Investment Cost: This is the overall amount spent on human capital-related activities such as recruitment, training, development, and employee perks. In this scenario, the overall costs of human capital investment is ₹14,60,000.

factors	Investment On Human Capital
Recruitment and Hiring	3,50,000
Training and Development	4,00,000
Recognition and Rewards	3,70,000
Wellness Programs	3,40,000



**COMPUTATION OF “HUMAN CAPITAL RETURN ON INVESTMENT” IN A HOLISTIC WAY.**

Investments On Human Capital	Overall returns/profit on investment
14,60,000₹	48,20,000₹



#### **INTERPRETATION**

A Human/people Capital ROI of 330.13% where the esch rupee (1), the organisation generates a return of around 3.30. This is a favourable indicator, showing that the organization's investment in personnel is delivering significant advantages and has been a profitable enterprise.

An ROI of 330.13% is treated relatively high, indicates that the organization's human capital management programs have been much effective in boosting productivity, innovation, and overall growth. It also suggests that the employees' contributions and performance add substantial value to the organisation.

#### **VI. FINDINGS, SUGGESTIONS AND CONCLUSION**

##### **FINDINGS:**

High Return on Investment  
 Positive Impact of Human Capital  
 Cost-Effective Human Resource Management

##### **SUGGESTIONS:**

Continue Investing In Human Capital  
 Focus On Employee Development  
 Monitor And Optimize HR Strategies

#### **VII. CONCLUSION:**

The organisation has made judicious expenditures in its human resources, according to an examination of several cost categories such as recruitment, training and development, recognition and awards, and wellness programmes. Each area has produced favourable results, demonstrating that, these measures was effective in growing employee's performance and engagement.

The Human Capital ROI analysis & interpretations declares that the investment in manpower has highly successful, with a return of approximately 3.30 INR for every 1 INR invested. This reflects the positivity impact of the workforce on the organization's performance and financial gains. To sustain and build upon this success, the company should continue prioritizing human capital developments, ensure that employees/personal assets are gained with all the skills and resources necessary contributes to the company's growth. By doing so, the company can continue to reap the advantage of its investments in human resource and stay competitive in market. Interpretation and finding have given sustainable evidence to calculate the investment made towards human resource/capital development provides higher return on investments (ROI).

**REFERENCES**

- 1) **Dadd, Deneise and Hinton, Matthew (2022)**. “Performance measurement and evaluation: applying return on investment (ROI) to human capital investments”. International Journal of Productivity and Performance Management (Early Access).  
DOI: <https://doi.org/10.1108/IJPPM-10-2021-0573>
- 2) **Jarmila Duháček Šebestová 1,2,\*ORCID andCristina Raluca Gh. Popescu 3,4ORCID (2022)** “Factors Influencing Investments into Human Resources to Support Company Performance” January 2022, Journal of Risk and Financial Management vol 15(1).
- 3) **Mohammad Rafiqul Amin\* (2020)** “Human Capital Investment and Its Impact on Firm’s Performance: A Study on Private Commercial Banks in Bangladesh” Can.J. Bus.Inf. Stud., 2(4), page 66-74.  
<https://doi.org/10.34104/cjbis.020.066074>.
- 4) **Tarek Alnachef, Anas Alhajjar (2017)** “Effect of Human Capital on Organizational Performance” August 2017. International Journals of Science and Research (IJSR) 6(8):1154 – 1158.
- 5) **Rita Almeida, Pedro Carneiro(2018)**. “The return to firm investment in human capital” SSRN Electronic Journal16.

