



# **A STUDY ON GENERAL HUMAN CAPITAL DEVELOPMENT PRACTICES IN VOGUE IN INDIA WITH SPECIAL REFERENCE TO INDUSTRIES IN TAMIL NADU**

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## INTRODUCTION

Organisations are, made up of people and function through people. Without people organisations cannot exist. The resources of men, money, materials and machinery are collected, coordinated and utilized through people. These resources by themselves cannot fulfill the objectives of an organisation. They need to be united into a team. It is through the combined efforts of people that material and monetary resources are effectively utilized for the attainment of common objectives.

## NATIONAL PERSPECTIVE ON HUMAN CAPITAL

Human resources are the knowledge, skills, creative abilities, talents and aptitudes obtained in the population. From the viewpoint of an organization, human resources represent the people at work. They are the sum-total of the inherent abilities, acquired knowledge and skills exemplified in the talents and aptitudes of its employees.

The success of any organisation is decided by the team of its human resources, their caliber and attitude to succeed and perform. The quality and quantity of human resource are both a cause and consequence of the economic development of the nation. No longer are human resources just one



of the resources in industry and business. Of all other resources, the human resource is the most significant self-propellant and the only active factor of production. All other factors like money, machine, and materials remain inactive.

## **HUMAN CAPITAL PLAN**

The Human Capital Plan is an important tool that organizations use to drive focused actions that can ensure goal achievement and business success. It allows organizations to assess, plan for, and respond proactively to its human capital challenges and needs. It helps shape the organization by building a plan to develop the workforce and practices needed to meet an organization's vision, mission, and goals. Human capital challenges such as having capable leaders, building workforce skills, driving high performance, and ensuring retention of top talent can be addressed through effective human capital planning. The Human Capital (HC) Plan will establish a framework of policies, practices, and actions that guide your efforts in meeting these workforce needs.

Human capital matters must not be viewed as tied to a cost center, but as investments with some return expected. From a human capital point of view, you can do one of two things:

- Help increase revenue per employee, or
- Optimize or minimize the cost per employee

If you go for the first option, then take into account all the things that you offer which are unique to your organization. Offering differentiated products enables you to dominate a market. And those products or services cannot be offered without the tremendous talents of your workers.

Discovering and emulating other companies' best practices has been very popular — especially in the last ten years. Unfortunately, the best practices of another company are often irrelevant to your own company. They generally add no value. It is not until you focus on what you are doing specifically in your business and taking targeted human capital actions relevant only to your situation, that best practices becomes meaningful. You need to go through a human capital planning process where all practices are tied concretely to our business needs.

We hear a lot about the importance of intangibles as sources of competitive advantage, and in particular the importance of human capital. But if human capital is such an important asset, why don't we do a better job of managing human capital like an asset rather than a cost to be minimized. Organizations often trumpet that "people are our most important asset", and they may even believe it, but they have no way to translate that slogan into organizational practice.



Properly valuing human capital starts with understanding how to measure human capital's contribution to the success of the organization. Based on more than a decade of research, studies demonstrated that when organizations enable, develop and motivate human capital, the result is improved accounting profits and shareholder value [see inset].

Managing human capital performance effectively requires new perspectives and new competencies on the part of both line managers and HR professionals. Human capital is an illusive concept. Managers are not used to thinking in terms of human capital because accounting systems make it difficult to capitalize investments in skills and other intangibles.

An organization cannot simply begin to collect different measures and all of a sudden expect to reveal hidden value where employees are traditionally viewed as a cost to be minimized and the HR function is focused on administrative efficiency and transactions. There are three steps to managing human capital as a strategic asset: the right perspective, the right HR system and the right performance measurement system. First, HR professionals and line managers both need a new perspective on the management of human capital. Line managers need to view HR as something more than administrative overhead and HR professionals need to take a shared responsibility for driving those business outcomes that have a significant human capital component. Second, HR professionals and line managers need to take a shared responsibility for developing an HR system (hiring, rewards, development, etc.) that is aligned with the human capital requirements of the firm's strategic drivers. Third, measures designed to reflect human capital performance should focus on how well the HR system generates the employee performance behaviors required to drive the firm's key business activities

## **EMPLOYEE ENGAGEMENT**

Employee engagement refers to some type of interaction created between an organisation and its teams. The Work Foundation has defined employee engagement as "the employee's emotional and intellectual commitment to their organisation and its success"

According to a McKinsey report on motivating people, after cash bonuses, salary increases and stock options, the best way to motivate people is by praise (from immediate managers), leadership attention and a chance to lead projects or task forces (McKinsey Quarterly Nov 2009 companies are increasingly measuring the level of 'employee engagement' through annual surveys Aon Hewitt has developed an 'engagement model' which looks at main engagement drivers and how they can create business performance through improved employee engagement.. It emerges that employee engagement covers a broad range of issues from employee life balance throughout their career and compensation, to corporate culture and practices.



## **COST ANALYSIS OF HUMAN CAPITAL**

The cost of competition of talent: a business case for employee retention programmes. Each sector has its own human capital challenges. Low skill, people-intensive industries (e.g. retail, consumer services) will have high wage expenses and thus employee productivity should be a key (and easy) indicator of performance to monitor, as well as employee turnover which is often a more difficult data point to obtain from companies. The fact that companies are reluctant to share employee turnover indicators speaks volumes about the challenge that employee retention represents for certain businesses.

## **CONCLUSION**

Human capital employment and its effective utilisation constitute the essence of effective management of resources of an organisation. Against this backdrop, this article tries to present the overview scenario prevailing in the domain human capital management and resultant cost element associated with it in a subtle way.

Arguably, the human resource is considered as a premium one compared to the other one's because of its maneuverability, still effective steps should be taken alongside to make it a whole someone by effectively utilizing others.

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