

An Empirical Study of Human Capital Management and Employee Capabilities

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ABSTRACT

Human capital management (HCM) considers employees to be capital, which means that investing in them makes sense now will help the organization grow in the future. Human capital management assists company in hiring the right personnel. This will prevent from hiring employees that are unfit for the company.

Workers' abilities bring an organisation with an improvement in the forum. When workers progress to expand new abilities and develop on actual ones, this converts into enhanced growth and quality, secure climate company will cultivate the improvement over its challengers. The sensibility of a company is its capability to advance in feedback to consumer interest. Knowledgeable and proficient workers are more likely to feel more confident about their job/position in the organisation because not only are they able to provide acquainted aid, they feel their point of view is appreciated.

Employees' skills, refinement, and involvement in an organisation are referred to as human capital. Because a talented workforce can lead to increased productivity, the talents have a monetary value. The human capital strategy recognises that not everyone possesses the same set of skills or experience. Also, the aspect of work can be enhanced by contributing to people's discipline. This paper explores totally different aspects of human capital management and worker capabilities within the current state of affairs.

KEY WORDS: *Human Capital Management, Workers Abilities, Organization performance*

INTRODUCTION:

Human Capital Management (HCM) can perform as a crucial form to enlarge collective success. Necessarily it tackles internal human capital to accomplish goals based on the artistry of employees. It's easy to imagine human capital as an example of a wild world, however its additional precise than treating personnel as assets. Its consider employees reasoning in terms of their mounted essentials code. Once it involves the topic of price, it will reveal itself during a sort of ways in which HCM potency includes: What employees carry to the table on a base level (Education, Certification etc.), the past action that has built employees' form of thinking, Employees' way of cooperation with their colleagues and managers, usual manner that employees have.

After all, every person has exclusive aspects to their personality, and the same is accurate for the commercial impact they can have on business. A successful company helps its employees get better at what they do. Qualified and talented employees help the company to achieve its goals effectively and efficiently. Proper training, development, and courses are needed to help them come along. The measurability of HCM also plays a very significant role. This applies to the abstract value of employees as well as to enrich value created by Human resources. The European Model for venture greatness is a prominent administration scheme announced in 1992 by the European Foundation for Quality (EFQM). The EFQM model shows the assumption of

How to cite this paper: Akriti Singh | Dr. Javed Alam "An Empirical Study of Human Capital Management and Employee Capabilities" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-6 | Issue-4, June 2022, pp.1357-1365, URL: www.ijtsrd.com/papers/ijtsrd50318.pdf



IJTSRD50318

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the Rhineland-or collaborators' way. As reported in this management approach the joint climate is being displayed as a complicated field of Partners, whose concerns wish to be looked upon with. These partners would not accept an organization grasping its goals at their budget. (Marcel, January 2003)

In evaluating the contact between employee organizations, two intense points of view can be acclaimed. One institution of thinking titled that organizations do not survive: There are only individuals engaged calmly to achieve a particular objective. The differing point of view is the case that separate people cannot function without a collective background, such as an organization, requiring a context for the growth of particular members. (Marcel, January 2003)

Excellent conduct is the major ambition of each association for this cause; the whole association will allocate all its capability to accomplish the finest conduct. Performance as ambition is the outcome of the efforts that have been shaped by the firm and effective performance does not just happen but develops into the conclusion of a few components that lie in the association, one of which is the attribute of the association bought as an intellect ware of the company itself. Human capital is the major component to frame the advancement and prosperity of the company in the ultimate. (Hidayat, 2018)

Employee desire is a basic affair in organizational analysis because it is a prominent component to trade success. The secure material educational article offers many conceptions, approaches and models that try to lead people's perspective of the underlying basic idea of employee motivation. Employee capacity follows a personal insight of his or her intelligence, artistry, practice, chain, capability to accomplish outcome and area for probable improvement. (Bontis, 2007)

Literature Review:

Ratna Rajneesh (2012), The author used secondary research to identify ten factors that influence employee retention. Some elements, such as pay level, honors and recognition, and so on, were uncovered after analyzing primary data to have a lower level of satisfaction, whilst other factors, such as training and working conditions, have the greatest impact on employee retention. He goes on to say that under the factors described above where employee satisfaction is low, firms' needs are greater. (Mandhanya, 2016)

Various researchers have conceptualized CRM in various ways. Chan (2005) defines CRM as the combination of business processes, organizational structures, analytical structures, and technology

representation to produce a cohesive and comprehensive image of a client. Another study presented a four-dimensional customer-centric model of CRM effectiveness: knowledge, interaction, value, and satisfaction. (Kim et al., 2003). CRM, according to the experts, entails identifying and satisfying the specific demands of customers through business contacts. Thurun (2004) claims that, client orientation among service workers have direct impacts on customer's retention. First, customers are willing to return to organizations whose service providers are customer-oriented because they enjoy the personnel who are more customer-oriented, according to the author. Second, clients are more influenced by service workers, and this trust is reflected throughout the organization. Furthermore, the author has linked customer-oriented service staff to client happiness, commitment, and retention. (Thuran, 2004).

In light of the foregoing debate, there is a paucity of theoretical and empirical research examining the variables of consumer awareness, and orientation. As a result, the research sought to investigate the effect of customer knowledge and orientation on customer retention in the banking industry. (Bhatt, 2016)

Social and psychological requirements are the defining aspects of purposeful internet media exposure, according to existing literature. An assessment of these variables may be beneficial in determining media exposure patterns and predicting media use. The importance of psychological and social elements in Internet exposure, content, and tools used to access and communicate information within this medium is an issue that needs to be investigated further.

Patel (2016) conducted a survey of MBA students on their internet usage, preferences, and patterns. It was discovered that all pupils utilize the internet, with over 92 per cent using it daily. The weekly hours worked were 1114. The most popular place to use the internet was at home, followed by their institute, which offers a Wi-Fi connection. 93 per cent of students use the internet for social networking, while 86 per cent use it for schoolwork. Users complained about slow speeds and bad connectivity. The two most significant advantages of using the internet over other traditional techniques were time savings and ease of usage. (chhatoi, 2018)

The following is how talent management began in the personnel department:

Phase I in the late 1980s, the business function in charge of people was known as the "Personnel Department." This department's job was to recruit individuals, reward them, and make sure they were

receiving the required perks. The batch payroll system has expanded to strengthen this system. The "Personnel Department" was a well-known business function in this role.

Phase II of HR Strategic Planning When firms realised how crucial the human resource function is in the 1980s and 1990s, the term "strategic HR" was coined. Businesses realised that the vice president of human resources had a broader role to play during this time, which included recruiting and training the right people, assisting the company in designing job roles and organisational structures, and developing "total compensation" packages that included other benefits and bonuses. It also sought to serve as a focal point for employee happiness and health. The "VP of Human Resources" replaced the "Head of Personnel." To reinforce this new function and the administration of learning systems, recruiting, there were constructed applicant tracking systems (ATS), total compensation systems (TCS), portals, and other systems. HR has evolved into a business partner who supports and serves the various business lines.

Management of Talent. Phase III We are already in the early stages of the "Talent Management" era. Even though "Strategic HR" remains a huge undertaking, human resource and learning and development companies are currently focusing on a budding set of strategic issues viz. How might "competency-based" recruitment, rather than looking through resumes one by one, make the recruiting process more systematic, well-organized, and efficient? How can we better embed managers and leaders in the culture, establish principles, and create a long-term "leadership pipeline"? How do we fervently detect and recognize capability gaps to fill them via training, e-learning, or other development programmers? How can we bridge these gaps to hire and promotion? and handpick the proper people? How do we manage those employees in a more rational and quantifiable manner such that everyone feels aligned, held accountable and obligated, and appropriately rewarded? How can we discover and

acknowledge to ensure a highly flexible and responsive company, what are the best performers and successors to critical positions across the business? How can we provide learning that is flexible, relevant, convenient, and quick? These timely and challenging concerns are both significant and new. (rani, 2018) Competence has gotten a lot of attention in recent decades as a critical source of competitive advantage and a strategic business tool for businesses. (Ganie, 2019)

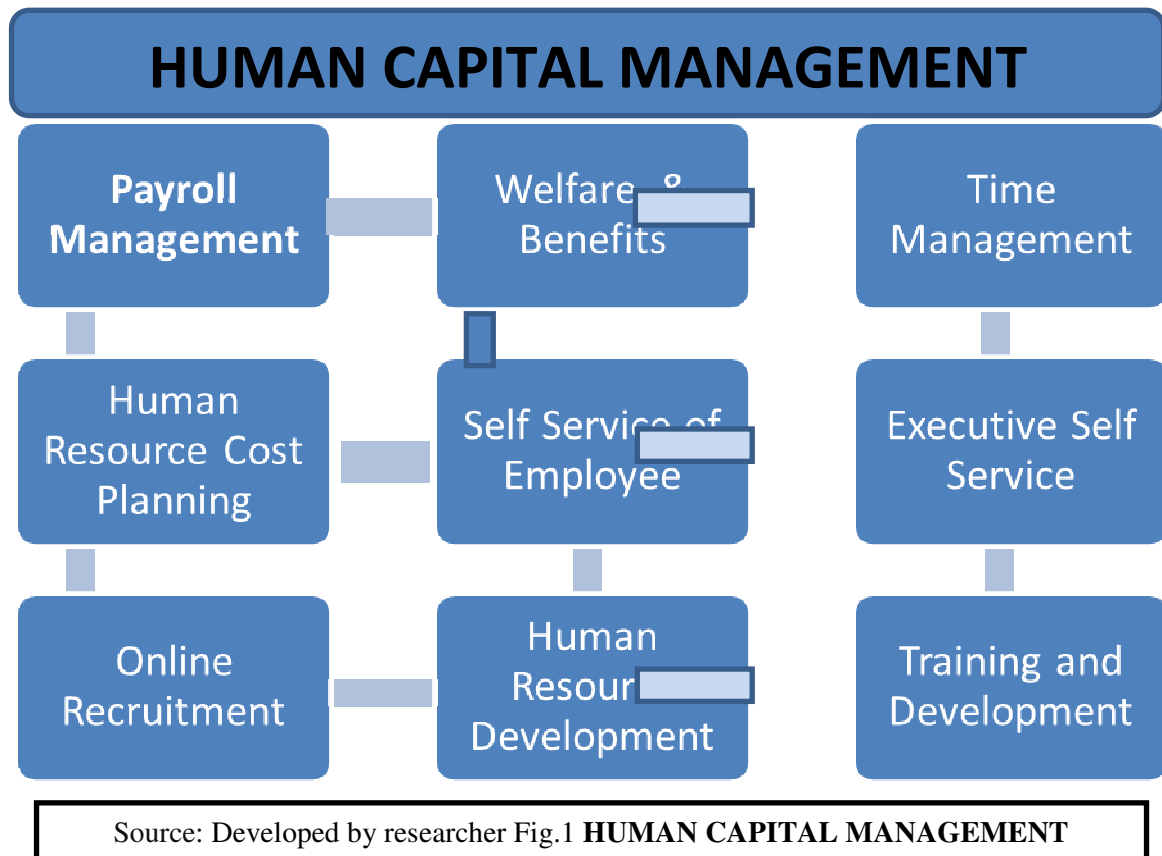
Objectives:

- To Study the Role of Employee effective performance-enhancing overall growth of the organization.
- To identify the factors which improve employees' capability in Human capital management?

Hypothesis:

- H_(A): A good Human capital management enhances employees' capabilities in the organization.
- H₍₀₎: A good Human capital management does not enhance employees' capabilities in the organization.

Human Capital Management: Human capital management transforms HR departments' conventional administrative functions—recruiting, training, payroll, compensation, and performance monitoring—into opportunities to improve engagement, productivity, and business value (HCM). A complete HCM system connects recruiting, global HR, compensation, benefits, talent management, learning, workforce planning, work-life solutions, time tracking, and payroll. Businesses can use HCM solutions to make better, faster decisions, deliver a best-in-class employee experience, and use embedded cutting-edge technologies like artificial intelligence (AI) and chatbots to automate workflows, boost productivity, and communicate with employees instantly. A complete HCM system connects recruiting, global HR, compensation, benefits, talent management, learning, workforce.



- **Payroll Management:** It is the salary that a company must pay its employees for a specific period or on specific day.
- **Welfare & Benefits** like Houses, Travelling, Medical, Vacation, and Insurance.
- **Time Management:** Time management is the process of managing and planning how to divide your time between numerous tasks.
- **Human Resource Cost Planning:** Working with numerous cost categories, such as pay labour costs, social security contributions, recruitment costs, and training costs, is typical of personnel cost planning.
- **Employee Self-Service (ESS)** allows businesses to work more efficiently and save time. At the same time, it improves data accuracy by allowing employees to do some administrative tasks themselves.
- **Executive self-service** is an HRM platform that provides supervisors with immediate access to employee data and the capacity to act on it
- **Online recruitment** The computerised process of discovering, analysing, and recruiting employees is known as online recruitment. This method connects businesses with potential employees through technology, and it has changed the way employers and employees interact.
- **Human Resource development** is any effort made by a company to improve employees' knowledge, skill, experience, dedication, or value. It is frequently planned and done with large resources.
- **Training and Development:** The application of project management to the planning and execution of small and/or large-scale personal or business events such as festivals, conferences, ceremonies, weddings, formal parties, concerts, and conventions.

Worker's Capabilities: The ability of an employee to execute tasks to the required standards is referred to as capability. This can be determined by looking at an employee's competence, aptitude, health, or any other physical or mental trait relevant to the task at hand. An employee's success in the workplace is evaluated based on the required abilities, knowledge, or attitudes for a certain activity. Capabilities are organised into a structure that includes multiple job responsibilities as well as the necessary competences for the job holder to execute the task. Small organisations can use the ideas to focus on operational performance and key management by leveraging workplace capabilities to establish a fair and consistent model for employee growth and engagement. The information, abilities, or attitudes required for a specific job is used to assess an employee's effectiveness at

work. Capabilities are organised into a structure that includes several job responsibilities as well as the competences required for the job holder to execute the task. Small businesses may use the ideas to focus on operational performance and key management. Big businesses utilise workplace capabilities to build a fair and consistent model for employee growth and engagement; small businesses can use the ideas to focus on operational performance and key management.

Organization performance: The difference between an organization's actual output and its expected outputs is known as organisational performance (or goals and objectives). The accomplishment or achievement of an organization's goals at the end of a programme or project is often referred to as organisational performance. There are about as many interpretations of the term "organisational performance" as there are studies that use it. According to Luo et al. (2012), organisational performance should be measured in both economic and operational terms.



Source: Developed by Researcher Fig.2 ORGANISATION PERFORMANCE

- **Cost Administration:** Cost management is the process of planning and controlling the costs associated with running a business.
- **Procedure:** Process management includes things like aligning processes with an organization's strategic goals, creating and implementing process designs, establishing process assessment methodologies that align with organisational goals, and training and organising managers to manage processes successfully.
- **Adaptability and Acceptance:** Adaptability is a characteristic of a system or a process. This term has been used in various fields and corporate activities as a specialised term.
- **Product and Service effectiveness:** Product development effectiveness indicates the degree to which the product is effectively addressed to the consumer or market, and so can boost industrial profitability, whereas an adaptable product is a new product that has been standardised as desired by the customer or market.

Research Methodology:

- **Primary Data:** Primary data are collected through the different professionals of the various organizations.
- **Secondary Data:** - Secondary data was gathered through the internet, journals, newspapers, and magazines, among other places.
- **Research Type:** - Descriptive Research
- **Research Area:** -Human Resource Management of Private and Government Organizations.
- **Sampling Type:** -Convenience Sampling
- **Sample size:** – 200

For computing sample size, there are numerous statistical formulas. The following is the sample size formula:

$$n = p (100-p) z^2 / E^2$$

Where n is the required sample size, p is the percentage occurrence of a state or condition, E is the percentage maximum error required (margin of error), and z is the number corresponding to the required level of confidence.

Data collection

Primary data on this topic was gathered by a structured questionnaire distributed to 200 respondents, of which 152 responses were properly responded by Employees, HR professionals, and Employers of the Organization.

Data Analysis and Interpretation

To test the Null hypothesis “A good Human capital management does not enhance employees’ capabilities in the organization” researchers have used one sample t-test. Result is following

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
A good Human capital management practices enhance employees capabilities in the organization and also improves their performance	155	1.8065	1.00710	.08089

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
A good Human capital management practices enhance employees capabilities in the organization and also improves their performance	22.332	154	.000	1.80645	1.6467	1.9663

A single sample t-test has been carried out in order to assess the differences between the mean value and the hypothesized mean. The table indicates that significant value is less than 0.05 that means Null hypothesis is rejected. Hence alternate hypothesis “A good Human capital management does not enhance employees’ capabilities in the organization” is approved.

Apart from the above analysis average/percentage analysis has also been conducted and results are below in the table

A good Human capital management practices enhance employees capabilities in the organization and also improves their performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	72	46.5	46.5	46.5
	Agree	59	38.1	38.1	84.5
	Not sure	12	7.7	7.7	92.3
	Disagree	6	3.9	3.9	96.1
	Strongly disagree	6	3.9	3.9	100.0
	Total	155	100.0	100.0	

As above tables shows that 46.5 % respondents are strongly agree and 84.5% agree, that a good human capital management practices enhances employee’s capabilities in the organisation. That means performance depends on the good Human Capital Management.

➤ **Highest level of education completed/pursuing:**

Highest level of education completed/Pursuing

152 responses

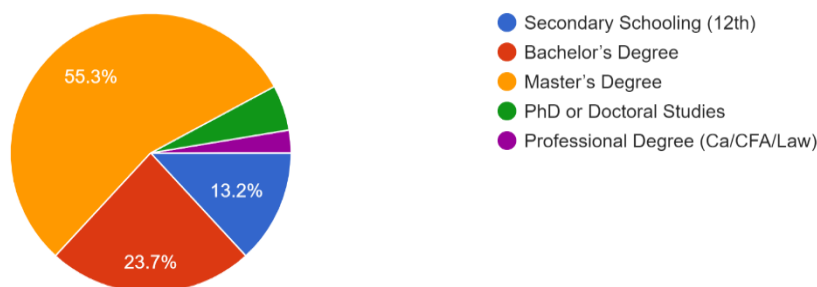


Figure 3

It has been observed that 55.3% of maximum respondents' highest education is a master's degree after 23.7% is a bachelor's degree. That shows respondents are enough mature to understand the Human Capital Management and its importance in job performance.

➤ **Do you understand the meaning of Human Capital Management?**

Do you understand the meaning of Human Capital Management?

152 responses

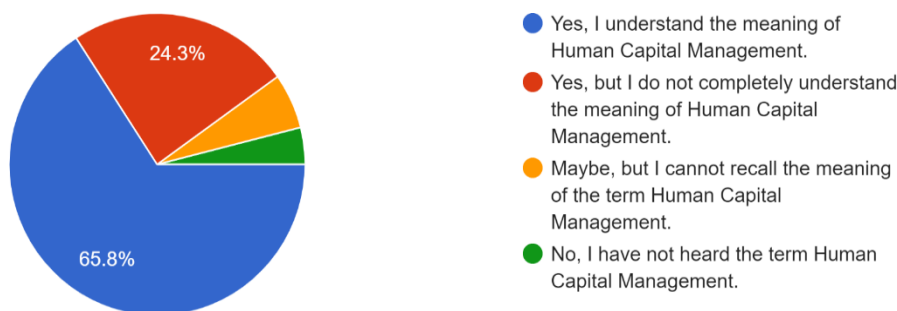


Figure 4

The result shows that 65.8% maximum responses had said "Yes, I understand the meaning of Human Capital Management" after that 24.3% is Yes, but I do not completely understand the meaning of Human Capital Management. Therefore It is said that most of the employees/HR Professionals are understand the HCM importance and they focus on it to improve organization performance.

➤ **Do you understand the meaning of employee Capabilities?**

Do you understand the meaning of employee Capabilities?

152 responses

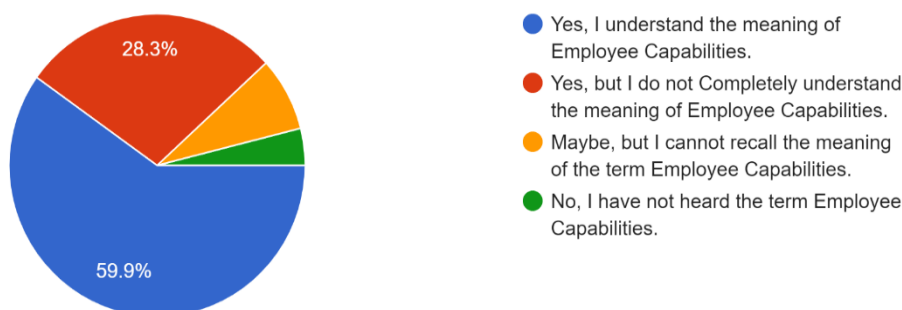


Figure 5

It has been observed that 59.9% of respondents had chosen Yes, I understand the meaning of Employee Capabilities & 28.3% of respondents had chosen Yes, but I do not Completely understand the meaning of Employee Capabilities. It shows to improve employees capabilities we must focus on HCM as well as to review our policy in favor of overall organization development.

➤ **In your opinion, financial reward motivates you to deliver worth full performance on the shop floor.**

In your opinion, Financial reward motivates you to deliver worthwhile performance on Shopfloor?

152 responses

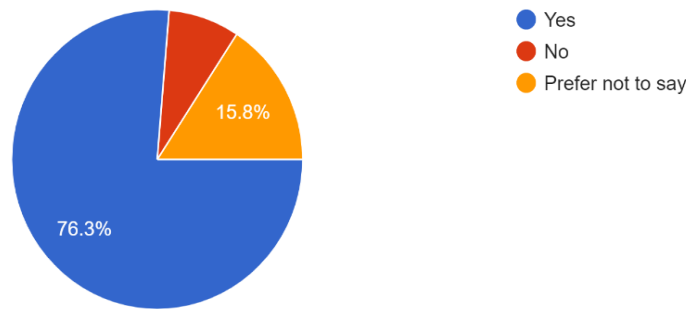


Figure 6

It has been observed that 76.3% of respondents had chosen “Yes” & 15.8% of respondents had not preferred to say the financial reward. This result shows that financial rewards play a very important role to motivate people to improve their performance and enhance employee capabilities..

➤ **Had your organizational culture influenced you to adopt an innovative policy for productivity enhancement in your organization?**

Had your organizational culture influenced you to adopt an innovative policy for productivity enhancement in your organization.

152 responses

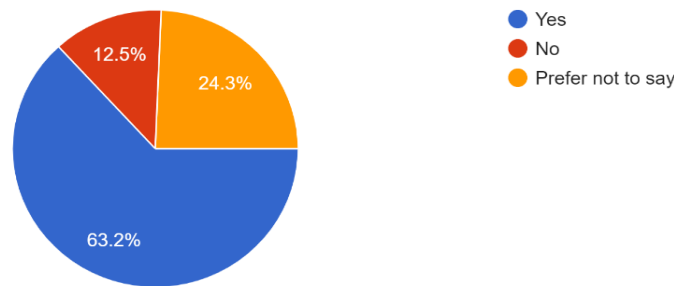


Figure 7

It has been observed that 63.2% of maximum respondents had chosen Yes and 24.3 had chosen No. This responses reveals that organizational culture also play a very important role in employees capabilities and organization performance. So HR professionals must focus on to establish and maintain organizational culture.

➤ **As per your notion, employees are delivering the best performance about their corresponding competencies at the organization.**

As per your notion, employees are delivering the best performance in reference to their corresponding competencies at the organization.

152 responses

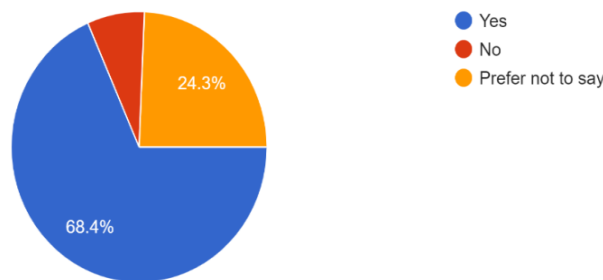


Figure 8

This graph depicts 68.4% maximum respondents had chosen yes and 24.3% had chosen to prefer not to say. This data shows that employees always try to do best as per their capabilities due to a good Human Capital Management. It is responsibility of HR professionals and managers to establish a healthy HCM and work on it consistently and smartly as per new challenges and opportunities.

Findings:

Findings of this research have suggested that Maximum respondents know about Human Capital Management and maximum respondents know about Employee Capabilities. Financial reward motivates Employee Capabilities. The maximum number of respondents is HR Professionals; the Maximum number of respondents had chosen yes they are flexible while working in the industry to improve employee's capabilities. Apart from that some other findings are

- Employees use their maximum efforts if they get chance
- Organizational culture also play important role in enhancing employee capabilities
- It is easy to train highly educated employees in the organization
- Fair practices of HCM brings high morale in overall development of organization

Recommendations:

Human capital management is one of the most important aspects of any firm. If you don't understand your employees, their needs, and how they affect your business, it will be difficult for you to grow. A good HCM is a phenomenon that guarantees employees are satisfied, prepared, and ready to tackle difficulties. Employees are one component that makes firms great. It's vital to have a tailored approach to staff management. Melissa Moore, executive vice president and chief people officer of corporate behavioral analytics firm Matter sight, suggests taking their personalities and preferences into account while managing and engaging with employees. According to Claire Bissot, a certified senior professional, it's critical to use the right digital tools for your company to make your HR procedures as efficient and successful as possible CBIZ is a business services provider with a division of human resources (SPHR) and a managing director of human resources. Employee transitions and changes are a part of life for every company. Employees should be communicated with honestly at all times, not only during transitional periods. Some other recommendation are

- To established a smart and modern HR Department
- To appoint experienced HR Head who must understand employees behavior
- To make a proper program and module to develop employees capabilities
- To ensure employees capabilities and performance by scientific testing and examining

- To promote employees to learn new skills and knowledge

Conclusions:

Employees have more control over their jobs thanks to human capital management. This research could aid in staff management by identifying talent shortages through training, surveys, performance reviews, and other types of feedback. Employees may understand where they need to improve to meet their personal and organizational objectives.

At the local level, collaboration and coordination among governments, businesses, employers' and workers' organizations, and training providers can make a big difference in aligning training with local labor market demands. This collaboration is also necessary for integrating skill development into larger projects and long-term initiatives for local development. On the basis of outcome of this study it can be said that Human Capital Management determine and decide the performance of the employees and development and growth of organization in multi-dimensional ways.

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