

## HUMAN CAPITAL MANAGEMENT SYSTEM

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### INTRODUCTION

Human Capital Management is a strategic approach to people management that focuses on the knowledge, skills, abilities and capacity to develop and innovate possessed by people in an organization. HCM to develop their resource plan and it changes through planning when, where, why, who, whom. Human capital management system managing human resource continuously in the organization right jobs at the right time and in the right way. HCM is the discipline of acquiring, retaining, measuring, managing, and leveraging the workforce. Human capital is an intangible asset. It is not purchased by the firm only employs it. Human Capital is the stock of competencies, knowledge, skills and personality. Human resource can be transformed into human capital with effective inputs of education, health and moral values. Human capital is developed by health, education and quality of standard of living. Human capital management is three major key capacities, the capacity to develop talent, the capacity to deploy talent, and the capacity to draw talent from elsewhere. All three capacities form the backbone of any country's human capital competitiveness. Human Capital Management three aspects Quantitative orientation, Operative orientation, Related to the past orientation. Human Capital Management system refers to the process of developing & fostering human resource with new ideas. It is a competency set may include knowledge, skills, experience & personal traits. Human resource capital system strategies to attract, select, train, develop, retain, promote and move employees through the organization.

### Stages of Human Capital Management System

1. Maintain an individual record.
2. Maintain a group record.
3. Maintain an organization record.
4. Auditing above stages.

Above discuss human capital management system maintained a record of every individual, group, organization - ability, knowledge, skills, competencies and personality. Auditing is an evaluation of a person, organization, system, process, enterprise, project or product.

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**Advantages**

- Effective inputs of education, health and moral values
- Increase standard of living
- Increase employee satisfaction
- Identifies the right training for the right employee
- Improves productivity and reduces costs through effective learning programs
- Improves in retaining, measuring, managing, and leveraging the workforce

**Literature Review**

The human capital focuses two main components which is individuals and organizations. This concept have further been described by **Garavan et al., (2001)** that human capitals have four key attributes as follows: (1) flexibility and adaptability (2) enhancement of individual competencies (3) the development of organizational competencies and (4) individual employability. It shows that these attributes in turn generate add values to individual and organizational outcomes. There are various findings that incorporate human capital with higher performance and sustainable competitive advantage (**Noudhaug, 1998**); higher organizational commitment (**Iles et al., 1990**); and enhanced organizational retention (**Robertson et al., 1991**). Hence, all this debates fundamentally focuses on individual and organizational performance.

From the individual level, **Collis and Montgomery (1995)** point out that the importance of human capital depends on the degree to which it contributes to the creation of a competitive advantage from an economic point of view, transaction-costs indicate that firm gains a competitive advantage when they own firm-specific resources that cannot be copied by rivals. Thus, as the uniqueness of human capital increases, firm have incentives to invest resources into its management and the aim to reduce risks and capitalize on productive potentials. Hence, individuals need to enhance their competency skills in order to be competitive in their organizations.

The human capital theory has undergone a rapid development. Within its development, greater attention has been paid to training related aspects. This is much related to the individual perspective. Human capital is getting wider attention with increasing globalization and also the saturation of the job market due to the recent downturn in the various economies of the world. Developed and developing countries put emphases on a more human capital development towards accelerating the economic growth by devoting

necessary time and efforts. Thus human capital development is one of the fundamental solutions to enter the international arena. Specifically, firms must invest necessary resources in developing human capital which tend to have a great impact on performance (**Maran, Lawrence, Maimunah**).

Some recent literature shows the importance of training. In any case, it is fitting to point out that the workforce's lack of training is related to low competitiveness (**Green, 1993**). In turn, a greater human capital stock is associated with greater productivity and higher salaries (**Mincer, 1997**). Likewise, training is linked to the longevity of companies (**Bates, 1990**) and greater tendency to business and economic growth (**Goetz and Hu, 1996**). In addition, **Doucouliafos (1997)** has noted human capital as a source not only to motivate workers and boost up their commitment but also to create expenditure in R&D and eventually pave a way for the generation of new knowledge for the economy and society in general. Also, for small businesses it is a valuable asset, which is positively associated with business performance. Finally, investment in training is desirable from both a personal and social perspective.

From the organizational level, human capital plays an important role in the strategic planning on how to create competitive advantages. Following the work of **Snell et al., (1999)** it stated that a firm's human capital has two dimensions which are value and uniqueness. Firm indicates that resources are valuable when they allow improving effectiveness, capitalizing on opportunities and neutralizing threats. In the context of effective management, value focuses on increasing profits in comparison with the associated costs. In this sense, firm's human capital can add value if it contributes to lower costs, provide increased performances.

Another study by **Seleim, Ashour, and Bontis (2007)** analysed on the relationship between human capital and organizational performance of software companies. They found that the human capital indicators had a positive association on organizational performances. These indicators such as training attended and team-work practices, tended to result in superstar performers where more productivity could be translated to organizational performances. This was also supported by **Dooley (2000)** who found a significant positive correlation between the quality of developers and volume of market shares. Based on the above arguments we can conclude that human capital indicators enhanced the firm performance directly or indirectly.

### Objective of the Study

To study the human capital management system

To analyze the ability, knowledge, skills, competencies, personality

### Research Methodology

Research is common refers to search for knowledge. Research is an art of scientific investigation research is a systemized effort to gain new knowledge.

The purpose of this study is to analyze the impact of Human capital management system on colleges in Karnal areas. Two colleges are selected and used a random sampling (Govt. College and Dyal Singh College).

### Tools and Techniques used

Data collected by tabular form. Statistical tools used chi-square.

Analyzing of respondents opinion regarding human capital management system (HCMS)

S.No	Most F	Neutral	Most UF	Chi-square
Aware about HCMS	60	10	30	38.37
Communicated System Human resource	70	15	15	61.14
To analyze the ability	80	5	15	100.5
To analyze the knowledge	75	14	11	79.09
To analyze skills	90	0	10	147.5
To analyze the competencies	80	10	10	98.99
To analyze the personality	55	40	5	39.89
Objectives of HCMS	70	20	10	62.65

MF= Most favourable, N=Neutral, Most UF= Unfavourable

### Findings and Discussion

1. Yes, The entire employee is satisfied 60%.
2. 70% most favourable, 15% is neutral and 15% is most unfavourable employee.
3. 80% is most favourable employee is analyzing the ability.
4. To analyze the knowledge 75% is satisfied.
5. Yes, 90 % human capital system is satisfied about skills.
6. Overall competencies of the organization are good.

7. Overall system of the organization to developed personality is 55%
8. Objectives of HCM system are clear in organization.
9. It is a continuous process in the organization success.

### **Conclusion**

Human capital management system is a precious part of the organization. HCMS professionally designed and it is monitored by HRD. It provides strategies to attract, select, train, develop, retain, promote, and move employees through the organization. In conclusion, human capital management system is help to run successful educational institutes.

### **Recommendations**

Human capital management system needs to be developed for both institutes employees' performance growth and success can be properly managed. It is a systematic way of judging of an employee task. It is done for the purpose to analyze the effectiveness for organization system by to increase the capacity to develop talent, the capacity to deploy talent, and the capacity to draw talent from elsewhere. It is conducted on a regular basis.

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