

NEW PARADIGM IN HUMAN RESOURCE MANAGEMENT - INVESTMENT IN HUMAN CAPITAL VALUES

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Abstract

Purpose

The point of this paper is to recognize how human asset (HR) experts can best move toward the estimation of human resources. This is an advancing region and those associations held up as models are continually investigating their methodology and measures and making progress toward better comprehension of individuals commitment.

Design/methodology/approach

This paper adopted qualitative approach with descriptive design of the study.

Findings

The paper finds that there is nobody approach to complete human resources estimation as it is context-specific. In any case, there are sure individuals the board gauges that when applied would give supervisors helpful experiences in many associations. More significant than explicit measures is that the cycles around estimation are exact and trustworthy.

Practical implications

All types of capital should be assessed and investigated in setting to see how individuals drive business execution. Human resources possibly adds esteem on the off chance that it very well may be effectively changed over into products and ventures that will make a profit.

Originality/value

The paper inspects human resources the board estimates which give administrators valuable understanding in many associations. Notwithstanding, it reasons that it is more significant that the cycles around estimation ought to be exact and trustworthy

Paper Type

Empirical research paper

Key words: *Human capital, productivity*

Introduction

People procure abilities and information and it is authentic in nature these abilities and information are resource for any association. Along these lines, It can be taken as the type of capital gets by the representatives. Normally representatives in an appropriate speed of profession development are accomplishing obvious development and their effect

improvement of the association is huge. It has been broadly acknowledged that increments in public yield have been enormous contrasted and the increments of land, worker hours, and actual reproducible capital. Interest in human resources is most likely the significant clarification for this distinction. Extensively, the idea of human resources is semantically the combination of human and capital. In the financial viewpoint, the capital alludes to 'variables of creation used to make merchandise or administrations that are not themselves altogether burned-through in the creation cycle's (Boldizzoni, 2008). Alongside the significance of capital in the financial point of view, the human is the liable to assume responsibility for all monetary exercises, for example, creation, utilization, and exchange. On the foundation of these ideas, it very well may be perceived that human resources implies one of creation components which can produce added-values through contributing it.

The technique to make the human resources can be sorted into two kinds. The first is to use 'human as workforce' in the old style financial viewpoint. This significance portrays that monetary added-esteem is created by the contribution of workforce as other creation factors, for example, monetary capital, land, apparatus, and work hours. Until the amazing financial development of the 1950's, a large portion of market analysts had upheld the significance of such quantitative workforce to make items. The other depends on the presumption that the venture of actual capital may show a similar viability with that of human resources on Page 2 of 15 instruction and preparing (Little, 2003). Taking into account that the supposition acknowledges as a reason, the human resources expansively incorporates the importance of 'human as maker' who outlines information, abilities, competency, and experience began by ceaselessly interfacing among 'self' and 'climate'.

Among those ideas of the human resources, it will in general be perceived that the last is a higher priority than the previous (Beach, 2009). All things considered, numerous exact literary works show that human resources influences different social parts. In the 1950's, a few business analysts found that the venture of human resources was the essential component to raise people's wages contrasted with the quantitative contribution of different segments, for example, land, monetary capital, and workforce (Salamon, 1991). Like this, Woodhall (2001) presents that the speculation of human resources is more successful than that of actual capital. All through the venture of human resources, a person's gained information and abilities can without much of a stretch exchange to specific products and enterprises (Romer, 1990). Taking into account that aggregation of information and abilities assumes responsibility for significant job for that of human resources, there is a boundless conviction that learning is the center factor to build the human resources. All in all, learning is a significant part to acquire a lot of information and abilities through bunches of securing ways including connection between the individual and

the others (Sleezer, Conti, Nolan, 2003). Presently, it is worthy that the reasonable establishment of one's human resources depends on 'something like information and abilities' gained by a person's acquiring exercises. Expecting that information can comprehensively incorporate different elements of human resources, for example, abilities, experience, and competency, human resources and 'information as expansive signifying' is perceived as equivalent articulation.

Objectives of the Study

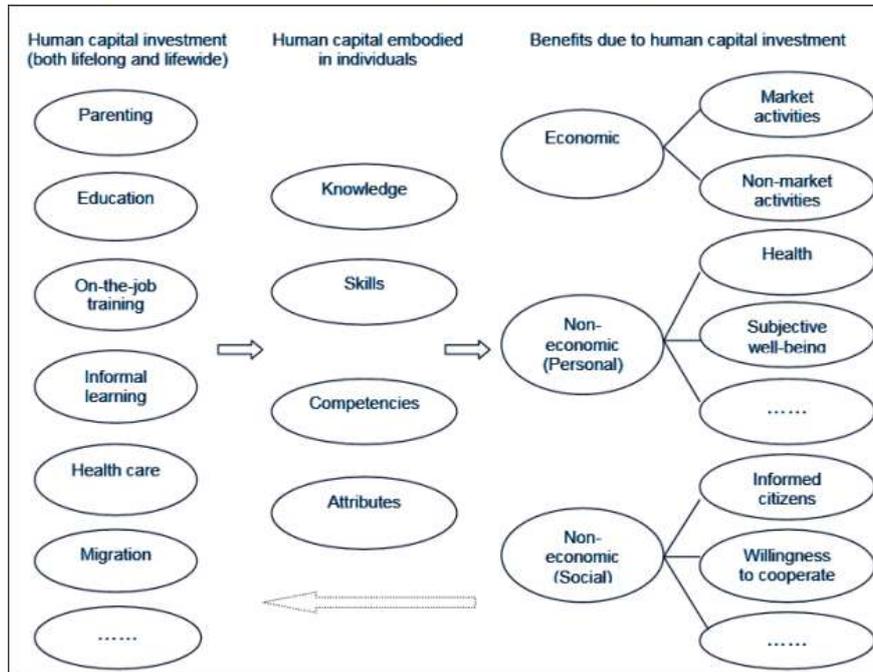
1. To study various investment measures on human capital
2. To analyse the effectiveness of investment in human capital on Productivity

Concept of Human Capital

The beginning of the human resources idea can be followed back to crafted by Adam Smith in the eighteenth century. Smith underlined the significance of "the procured and helpful capacities of the multitude of occupants or individuals from the general public"; while an individual will bring about expenses to get such capacities, when obtained they remain as "a capital fixed and acknowledged, so to speak, in his individual" (Smith, 1776). The birthplace of human resources returns to the rise of old style financial aspects in 1776, and from that point built up a logical hypothesis (Fitzsimons, 1999). There are numerous meanings of human resources utilized in the writing, yet a large portion of them stress the financial returns of human resources speculation. Schultz (1961), for instance, characterized human resources as "procured abilities and information", to recognize crude (untalented) human resources as "the abilities, limits and capacities controlled by a person which grant him to acquire pay", a definition which underlines the improvement of individuals' financial circumstance because of human resources speculation. The World Bank (2006) likewise characterized human resources as the beneficial limit epitomized in people, with unique spotlight on its commitment to financial creation. After the appearance of that idea as a hypothesis, Schultz (1961) perceived the human resources as one of significant variables for a public monetary development in the cutting edge economy. With the rise and advancement of human resources as a scholastic field, a few scientists expansively endeavored to explain how the human resources could add to sociopolitical improvement and opportunity (Alexander, 1996; Grubb and Lazerson, 2004; Sen, 1999). The idea of human resources can be differently arranged by every point of view of scholarly fields. The main perspective depends on the individual viewpoints. Schultz (1961) perceived the human resources as 'something likened to property' against the idea of workforce in the old style point of view, and conceptualized 'the gainful limit of people in now limitlessly bigger than any remaining types of abundance taken together'. The greater part of analysts have acknowledged that his idea seeing the limit of person is information and abilities implanted

in an individual (Beach, 2009). Like his idea, a couple of analysts show that the human resources can be firmly connected to information, abilities, instruction, and capacities (Garavan et al., 2001; Youndt et al., 2004). Rastogi (2002) conceptualizes the human resources as 'information, competency, mentality and conduct implanted in a person'. There is simply the second perspective on human resources and the gathering cycle of it. This point of view weights on information and abilities got all through instructive exercises, for example, obligatory training, postsecondary schooling, and professional training (De la Fuente and Ciccone, 2002, as referred to in Alan et al., 2008). Notwithstanding the augmentation of that idea, this viewpoint ignores that person would secure information and abilities all through his/her own insight. The third is firmly connected to the creation arranged viewpoint of human resources. Romer (1990) alludes to the human resources as 'a crucial wellspring of monetary profitability'. Rosen (1999) states the human resources as 'a venture that individuals make in themselves to build their efficiency'. All the more as of late, Frank and Bemanke (2007) characterize that human resources is 'a mixture of elements, for example, schooling, experience, preparing, insight, energy, work propensities, reliability, and activity that influence the estimation of a specialist's minor item'. Considering the creation arranged point of view, the human resources is 'the supply of abilities and information epitomized in the capacity to perform work to deliver monetary worth' (Sheffin, 2003). Besides, a few scientists characterize that human resources is 'the information, abilities, capabilities and properties in people that encourage the making of individual, social and financial prosperity' with the social viewpoint (Rodriguez and Loomis, 2007). Thusly, human resources at the same time incorporates both of the instrumental idea to create certain qualities and the 'endogenous' which means to self-produce it. To conditionally/autonomously make these qualities, there is no uncertainty that inclining through schooling and preparing can be a significant as far as characterizing the idea of human resources. Taking into account that experience can be incorporated as a class of information, the human resources is an equivalent word of information inserted in people.

Human capital: a sketch of its formation, composition and benefits generated



Economic Benefits From Human Capital

Human resources venture produces both financial and noneconomic benefits, which can gather to both the individual endeavor the speculation and to society on the loose. Financial returns accumulating to the individual incorporate upgraded employability and, if the individual is utilized, improved income and profession possibilities; while non-monetary advantages can appear as an increment in the individual's profitability in performing nonmarket exercises (for example family unit creation) or of individual advantages that are not identified with creation (for example more prominent happiness regarding expressions and culture, better wellbeing status and abstract well-being).

Need for Measuring Human Capital

Measuring the load of human resources can fill some needs, for example to all the more likely comprehend what drives financial development, to evaluate the drawn out manageability of an organization's improvement way, and to quantify the yield and profitability execution of the modern area. While every one of these viewpoints underscore the significance of estimating the absolute load of human resources prompted developing consideration being paid to the conveyance of human resources across families and people,

and on the nonmonetary benefits coming from it. Expanding current pay and utilization in a setting of restricted assets won't guarantee the supportability of a country's improvement way. Reasonable turn of events, in its between generational measurement, is normally perceived as necessitating that an unaltered load of capital per capita (counting human resources) be given to the future (UNECE, 2009). To create significant proportions of the absolute capital load of every nation, proportions of every one of its parts are required. Due to its part in financial bookkeeping, the measurement regularly used to quantify the various sorts of capital is that of 'cash'. Conceiving a strong system for the money related valuation of the supply of human resources is particularly significant as various investigations have proposed that human resources, estimated thusly, is by a wide margin the main segment of the all out capital stock in most progressive economies (for example Greaker et al, 2005; Gu and Wong, 2008; World Bank, 2006, 2011).

Net Present Value Method

According to the 2008 SNA, every item on the balance sheet has to be valued "... as if it were acquired on the date to which the balance sheet relates. This implies that when they are exchanged on a market, assets and liabilities are to be valued using a set of prices that are current on the date to which the balance sheet relates and that refer to specific assets" (SNA 2008, paragraph 13.16). Doing so, one has to take into account that the value of a certain asset will decrease while ageing and having been more used/depleted, as a consequence of which the future benefits that can be derived from such an asset will decrease.

Perpetual Inventory Method

Here human capital is approximated by accumulating and revaluing acquisitions less disposals of the type of asset in question over its lifetime and adjusted for changes such as depreciation and destruction, for example by natural disasters, etc.

Research Methodology of the study

In this study Qualitative research was conducted for analyzing the perceptions and view of the budding managers, using descriptive research design type. Simple random sampling method was used. Sample size is 80,

Demographic Variables taken for the study

1. (60 %) Employees are male.
2. (38%) employees are between the age group of 26 to 30.
3. (48%) employees are married.
4. (18%) employees are post graduate, 55% employees are graduate

Hypothesis of the Study

H1: Performance of the employees is significantly related with interaction with superior

H2: There is significant relationship between age of respondent and benefits and compensation of the employees.

H3: various methods of investment in Human capital

Variables taken for the study	Test applied	Result	Conclusion
Performance of the employees is not significantly related with interaction with superior	Karl pearson correlation analysis	value of r is 0.9980, performance of the job and superior interaction are strongly correlated.	Superior support is very much needed for effective performance of the job
There is significant relationship between age of respondent and benefits and compensation of the employees.	Chi-square	P value=1.09003	Age of the respondent plays vital role in viewing the compensation and benefits given to them

Analysis on Various Factors

FACTORS	Strongly Agree	Agree	Neutral	Disagree	Strongly Agree	Total	Average
Rewards& Recognition	14	8	20	16	22	80	2.7
Good appreciation Work	9	21	30	10	10	80	3.1125
Job Well	12	18	20	18	12	80	3
Career Development	13	22	8	20	17	80	2.925
Opportunity	20	12	16	13	19	80	3.0125

Sample Size = 80.

1. Average Weight given for Rewards and Recognition.

$$= (14*5) + (8*4) + (20*3) + (16*2) + (22*1) / 80$$

$$= 2.7$$
2. Average Weight given for Good work

$$= (9*5) + (21*4) + (30 * 3) + (10*2) + (10*1) / 80$$

$$= 3.1125$$
3. Average Weight given for Job Well

$$= (12*5) + (18*4) + (20*3) + (18*2) + (12*1) / 80$$

$$= 3$$
4. Average Weight given for career development

$$= (13*5) + (22*4) + (8*3) + (20*2) + (17*1) / 80$$

$$= 2.925$$
5. Average Weight given for opportunity.

$$= (20*5) + (12*4) + (16*3) + (13*2) + (19*1) / 80$$

$$= 3.0125$$

Inference

From the above Weighted average table it has been inferred that the respondents have given 3.1125 Weightage to Good work, 3.0125 weightage to opportunity, 3 weightage to do job well, 2.925 weightage to career development and 2.7 weightage to rewards and recognition.

Suggestions

1. The employees could be motivated to understand the availability of human resources service extended.
2. Employee suggestions can be processed towards improvement in handling of services through voluntary contributions.
3. Training could be made more interesting with regular training sessions with interactive speeches.
4. Organization could approach the employees hence creating a positive image with proper implementation.
5. Activities should entertain to reduce boredom and work pressure for employee skill improvement could be organized.
6. Initiating retention tools and beneficiary schemes must be opened up to enable employee interest.
7. Effective feedback and communication mechanism.

Conclusion

The result of the study satisfies the wants stated in the objectives of the study hence it is clear that the study has been successful towards the determined topic. So, investment in human capital is inevitable for the organizational development. Employee's performance depends on varying factors but the essence of a influential and strong Human Resources base is much required for any operation to succeed for smooth functioning of the organization, hence it can be said that there must be primarily a comfortable HR view among the employees for actualization of its effectiveness. Only then there could be better results and constant co -operation and support from both ends to work endlessly. In modern trend employees view must not be generalized and forgotten as a thought but realize the root cause and defined solutions to those un answered routines, hence developing a well laid HR Development that supports the beliefs of all is very necessary to keep loyal employees keen towards the organization.

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