

HUMAN CAPITAL MANAGEMENT AND PSYCHOLOGICAL ASPECTS OF WORK PLACE

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ABSTRACT

Every finance student is familiar with the word called Capital, which means fund or large sum of money invested in business by the proprietor so as to make more money. It is also called proprietors fund. Whereas Human capital is always owned by the employee. It refers to knowledge, skills, habits, good health, moral character, motivation, social & personality attributes held by a person which can be used by an organization to achieve its goals. The employees with their skill and know-how techniques, increase the production and maximize the profits of the organization within a specified time are certainly valuable and needy to the organization. They are considered to be asset of the organization. The expenses incurred on training the employees and sending them to multi- national companies to equip themselves with latest technology will be an Investment called Human capital. The Human Capital Management plays an important role in motivating and developing the skills of employees. Psychologically, the workers of organization will get confidence to perform better. So there is a strong correlation between Human Capital Management and Psychological aspects of work place. This conceptual paper makes an attempt in showing how the strong relationship between Psychological Aspects of work place and Human Capital Management promotes the Economic Growth of organization.

Key words: Capital, Human Capital, Psychology, Psychological Aspects

INTRODUCTION

Every organization is composed of men, money, materials and machines. Of these men is the most important and essential factor. By men we mean the workers and staff in other words employees of the organization. All other elements are inanimate and can be controlled, but the element 'men' is most unpredictable and sometimes uncontrollable. To control and convince them requires a positive and supportive psychological work environment. Amongst all the resources Human Resources takes the prominent place in an organization. The Human Resource Managers must take utmost care in recruiting right efficient and talented workers. The

employees can either make or break an organization. The individuals who spend maximum part of their day contributing towards the success of an organization are its most crucial resource.

As the topic for study is Human Capital Management and Psychological Aspects of work place, it is better to consider them as two important and relevant factors for the growth and expansion of organization. The study makes an attempt to show that one factor influences the other and finally concludes that both are essential for the Economic Growth of organization.

The first factor is Human Capital Management:

Before defining the Human Capital, it is better to know the two common Capitals which are frequently used in Business and Industry, they are Physical Capital and Financial Capital.

The Physical Capital consists of machinery, cash, inventory, computers that is tangible items used for actual production of the good or service provided by a company. Whereas Financial Capital is the money, credit and other forms of funding that build wealth. They are the economic resources of the organization measured in terms of money.

To produce and make use of the resources, qualified and talented employees are needed. Which we usually call as Human Capital. Every Business and Industry must give priority to this capital. The Human Capital makes Physical Capital more productive.

What comprises Human Capital?

The Human Capital comprises the knowledge, skills, motivation, qualification, abilities, judgement, experience, habits, moral character, personality, social, good health, know-how techniques, creativity and talent of an employee. So Human capital speaks about only the men of an organization. They are the back bone of the organization.

The efficient and talented employees who contribute for the growth and expansion of business are considered to be asset. Any investment made in the job training and education of right employees is a Human Capital. It pays off in terms of higher productivity. These valuable employees deserve to be in the organization to advance its goals. To recruit and retain valuable employees is not an easy task. Every HR professional finds it a difficult task. When a right and productive candidate is employed, retaining him/her becomes a problem due to various reasons like, organizational culture, organizational environment and psychological aspects of a work place. To overcome this we have what is known as Human Capital Management. It plays an important role in making new employees comfortable and retain them in the organization so that economic growth is not disturbed.

What is Human Capital Management?

It is a well-defined set of practices, procedures for recruiting, managing and optimizing the human resources of an organization. It plays an important role in the growth and expansion of business by not only recruiting and retaining the employees but also in increasing their efficiency, making them self-sufficient and prepare them for adverse conditions.

According to Mr. Raghavan N.S employee No.1 of Infosys makes it clear that 'learnability' was the most critical factor for success in the software profession. He defines Learnability as "the ability of the individual to make generic inferences from specific experiences being able to apply such knowledge in new unstructured situations". He says Infosys has become a globally respected corporation because of recruiting fresh engineers from various disciplines purely based on their performance in well designed and developed tests like Arithmetical Reasoning (AR) and Analytical Thinking (AT).

So Human Capital Management is a business strategy that should be developed and implemented using modern technologies for the welfare of the organization. The recruited employees are the valuable asset they must be protected and promoted. Any deviation from the values of organizational culture will have psychological impact on talented employees.

The company's overall performance can be improved by developing the human capital. The human capital even though intangible asset can be measured by several methods. Easy way of knowing human capital is ROI method i.e., ratio of total Organization profits to the Investments on Human capital. The investment on human capital consists of recruitment, selection, training & development, compensation, etc., As per The Economic Times each employee of Infosys is worth more than a crore (Infosys has valued each of its 1.3 lakh employees based on their earning potentials till retirement). Now let us analyze the second factor, the psychological aspects.

The Psychological Aspects of Work Place:

Employees of the organization are human beings, they have their own likes and dislikes. They are recruited on the basis of their knowledge, skill, talent, experience and on other relevant factors. Each individual is unique, but in an organization they have to perform the assigned duty efficiently and effectively. There must be harmonious relationship between superiors and subordinates. But we do see that harmony gets disturbed due to ego, misunderstanding, lack of co-ordination between the superiors and subordinates. Highly talented employees quit the organization due to lack of basic facilities, not recognizing and rewarding their contribution, rigid rules and policies, lack of infrastructure, heavy work load all these and more psychologically disturb the employee and he/she may not be happy to work. The talented employees search for better opportunities. So the organizations in addition to the Human Capital Management must also give importance to the psychological aspects of employees at work place. The highly qualified, talented recruited individuals must feel comfortable and at ease to perform their duties. When workers are psychologically disturbed, their efficiency level comes down. This will have an adverse effect on the economic growth and welfare of the organization.

It is already mentioned in factor one that talented, qualified employees are Human Capital any expenses incurred on them in training, education will be treated as investment which in turn becomes asset of the organization. Their ability and performance will increase the wealth of the

organization. Hence it is the moral obligation on every growth oriented organization, after focusing on Human Capital the next immediate task is to retain the valuable recruited employees by taking care of the second factor called Psychological Aspects of work place.

Now let us examine closely these aspects and see how they influence on the employee & on economic welfare of the organization.

AREAS	POSITIVE EFFECT	NEGATIVE EFFECT
Employee Engagement	Lead to psychological satisfaction, morale booster, committed to the organization, economic growth	In its absence- slow economic growth, conflict, withdrawal behavior
Environment	Co-operative & guiding superiors, good office infrastructure, clean & tidy wash rooms, pantry. Promotes healthy atmosphere to work	Shouting boss, irritating colleagues, lack of basic facilities-leads to slow progress
Recognition and Reward	Timely acknowledgement and appreciation of employees efforts-builds self-esteem, motivates to excel and inspires others to perform well and hence growth in production	In its absence- energy and enthusiasm to excel comes down. Employees get demotivated and some of them may quit. Organization suffers
Medical facilities	Timely medical facilities help the workers to recover fast and enable them to be fit for work.	In its absence- employees absenteeism increases and work suffers
Involvement and influence	Creates team spirit, encourages them to learn more and participate in the discussion. Job involvement is associated with increased psychological well-being, enhanced innovation and job commitment	Non-involvement leads to indifference attitude or helplessness, workers may not work satisfactorily. This may lead to more wastage and loss
Performance appraisal	This enables employee to perform better and show progress. In his/her improvement lies the organizational development	In its absence- employees will be lethargic; they do routine work without much progress. Enthusiasm and involvement will be absent and no greater progress
Education & training	Timely education and training to the deserving employees and sending them abroad to	In its absence- no up-gradation, workers may not be efficient and hence slow

	learn advanced technologies when needed will certainly help the organization because of their effective and efficient performance. This creates sense of belongingness in workers and they feel happy	progress
Co-ordination	Proper co-ordination between the superiors and subordinates and also with co-workers is essential for smooth functioning. It helps to meet the target well in time. Employees feel happy and productivity increases	Lack of co-ordination between the workers leads to slow progress. Psychologically disturbed, irritation increases in the work place
Justice	When an organization is fair to its employees in promotion, salary, compensation, remuneration, education, training, rewards, recognition and in all other facilities, the work force will be happy. There will be neither complaints nor ill feelings. This, psychologically makes them to continue and serve their organization	In case injustice is noticed by workers, they will be mentally disturbed. Some employees may quit. This may disturb the productivity.
Employees welfare	The comforts provided to the workers to work at ease. Some of the welfare measures could be canteen facilities, restrooms, housing, leave travel facilities, transportation facilities, interest free loans etc.,. These are some of the measures to take care of the well-being of the employees by the employers. The employees will feel happy & comfortable when all the necessary facilities are provided to them. This makes them to be loyal to the organization.	Lack of facilities demotivates the employees. Will be Psychologically disturbed. They will be lethargic. Productivity suffers.
Psychological support	When some employees gets	Lack of psychological

	stressed or mentally disturbed due to various reasons, the co-workers or superiors must listen to the problem and counsel them and give moral support. Such employees feel they have psychological support and develop positive work moods and continue to remain loyal to the organization	support can lead to depression, loneliness, strain, withdrawal behavior and frequent absenteeism.
Yoga & Meditation	When this is implemented every day for 30 minutes, just before starting the work, psychologically workers will be relaxed, there will be inner peace and happiness. Stress restlessness, enmity, irritation, anger if any will be reduced and work efficiency increases. This leads to more productiveness.	It is an option, depends on the organization.

CONCLUSION

The conceptual analysis of the above topic has finally led us to the three factors. The first factor is about Human Capital that is recruiting the right, efficient, able candidates. Whom we can call as performers. Investment made on them in job- training, coaching and money spent on other learning activities connected with job can all be considered as an Asset of the organization. Their effective and efficient performance contributes to the growth and expansion of the business.

The second factor focuses on how to retain these valuable employees by taking into account the psychological aspects of work place. As it is a conceptual paper, 12 psychological Areas were considered based on references and personal experience. Certainly these will have an impact on the organization and on the employees.

The psychological aspects varies from organization to organization. It is based on nature and type of business. The focal point is the conducive atmosphere, which must be created to retain the valuable employees for the welfare of the organization. The competent and qualified employees prefer only those organizations which have good culture, follow value based principles like recognizing, encouraging and promoting the deserving candidates. The attractive Organization Environment with happy & harmonious atmosphere certainly impresses upon the skilled, talented and qualified workers to stay, learn, perform better and contribute more to the welfare of the organization. The employees will be loyal to such organization. To create healthy

atmosphere some of the top IT sectors and others have introduced Yoga & Meditation as part of work life. The company **Apple** identifies meditation and Yoga as “practicing discipline”. This helps them to create innovative products. **Google** Company offers regular meditation courses like “search Inside Yourself”. **Nike**-the sports mega brand company actively incorporating meditation & mindfulness into the corporate culture. AstraZeneca, AOL Time Warner, Deutsche Bank, Procter & Gamble conduct meditation classes into the work day to increase the work efficiency.

The importance and significance of above two factors is due to the third factor called Economic Growth and welfare of the organization. The positive relationship between the Human capital and psychological aspects of workplace results in the growth and expansion of the organization.

The organizations with abundant resources without effective “men” will be a disaster. That organization alone survives which protects and takes care of Human Capital. In the welfare of employees lies the welfare of the organization.

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