

## **Strategic Human Capital Management – A Study of Perception of HR Professionals in Bengaluru City**

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### **ABSTRACT**

*In the last two decades, there has been a significant shift in HR. It encompasses so much more, and it is often referred to as human capital management. Implementing a human capital management strategy can benefit businesses in several ways, allowing for more organization and simplicity of Human Capital Management operations. Human capital management strategies acknowledge that employees, their skills, experience, knowledge, concepts, and innovative ideas are all valued within an organization. A company must understand its employees inside and out in order to expect the best from them. In this milieu the study has been done with the main objective of evaluating the perception of HR Professionals about the HR strategic Components which would play a supreme role in the process of HRM integration with organizational objectives. The study also throws light in determining how different Strategic Human Capital Management Components influence the organizational outcomes. The sample size of 30 HR Professionals were chosen from both manufacturing and service sector from Bengaluru city. The data was collected through well-structured questionnaire. Data has been analyzed by using statistical tools namely Excel and SPSS. Reliability of the questionnaire has been tested by using Cronbach alpha which arrived at the value of 0.89. Significant influence of SHR Components on HRM integration with organizational objectives has been evidenced from the study with the help of Regression analysis.*

**Keywords:** Capital goals, Human Capital Management Strategy, HRM Integration, HR Professionals.

### **INTRODUCTION:**

A changing workforce, global competition, advances in information technology, new knowledge, global recession and demands for sustainable performance have forced corporate leaders to examine and re-evaluate how they manage and operate the workforce. As a result the transformation in managing workforce as evidenced with the utilizing new technologies, changing organizations' structures, redesigning work, relocating workforces and improving work processes. These changes have significant implications for how human capital should be managed and how HR functions should be operated. Simultaneously the role of HR Professionals has transformed strategically.

The impact of globalization and highly competitive markets has undoubtedly caused HRM to take on a more strategic role in the organization and management of human resources (Becker, 1964). The movement of human capital involves the sharing or diffusion of knowledge and skills (Argote & Miron-Spektor, 2011) between firms and more enveloping approaches that involve the inter-firm movement of individuals (Mawdsley & Somaya, 2016). To obtain the complex and tacit-oriented knowledge and skills that are often critical from a competitive advantage standpoint (Coff et al., 2006), firms use approaches that bring individuals inside the boundaries of their firm. To accomplish this, firms can pursue hiring approaches that involve the lateral movement of experienced individuals and/or groups of experienced individuals.

Strategic human capital management (sometimes referred to as strategic HCM) is the essential backbone of all human resource related initiatives. A strategic human capital management plan, usually executed with the aid of integrated, full-suite HR technology, is most successful when it encompasses all parts of the employee lifecycle (Kor and Leblebici, 2005) beginning with recruitment and moving all the way through retirement. When companies are looking to optimize their human resources practices, they evaluate solutions that provide strategic human capital management. According to Ulrich et al (2010) well-developed, people-centered approach to business involves a variety of HR-related processes such as recruiting, onboarding, payroll, talent management, and others working together as one, unified “team” to improve the overall health of the organization, by building upon the individual strengths of its people.

**Strategic Human Capital Management Components:**

Human capital management strategies acknowledge that employees, their skills, experience, knowledge, concepts, and innovative ideas are all valued within an organization. A company must understand its employees inside and out in order to expect the best from them (Ulrich et. Al., (2010) and Molloy & Barney, (2015)). A human capital plan refers to the development of strategies to recruit the best available talent, develop career plans for employees, mentor and coach the employees, motivate employees to deliver their best at all times, and develop performance management strategies, according to the Office of Personal Management. The following are five essential components of these strategies (Argote & Miron-Spektor (2011) and Zander & Kogut (1995).

**Clarity in Human Capital Goals:**

It is critical to understand the gap between an organization’s existing state and its anticipated state. This can benefit to develop human capital goals that would not only increase employees’ overall efficiency, but also make them feel more attached and committed on a closer level to the organization. Some instances of human capital goals comprise retaining enthusiastic, dedicated and hardworking employees, continuously develop skills of the workforce, developing realistic induction programs for new hires, and only hiring the very best talent in the pool.

**Clarity in Direction:**

It is one of the important components which involve understanding an organization from the inside out. One must understand the senior management, customers, expectations and requirements of stakeholders, vision of an organization, budgetary constraints, and the needs of the current employees in order to achieve a concise, clear strategic direction. To do this, companies must accumulate data from employees, customers, and stakeholders to understand their prospects, expectations and needs. Deliberating these issues will favor in defining the entire vision of a company and its team. An effective scrutiny may involve analyzing current employees’ as well as where they see themselves and the companies two years down the track. This type of exploration can help organizations to pinpoint any flaws or gaps in the system.

**An Accountability System:**

No plan or process is successful until and unless it is managed and accomplished well. It is critical to keep track of progress. An accountability system implicates quantifying the failure and success of an implemented plan. It also aids organizations to analyze and examine the loopholes in the plan if applicable, ways to rectify the same as well. Without an accountability system, organizations will have no knowledge of whether a strategic management plan is working or not.

**A Foolproof Implementation Plan:**

An implementation plan includes the phases and actions which are obligatory to implement human capital strategies. Successful implementation plans comprise allocating a responsible resource, allocating budgets, and setting a deadline or time frame for implementing the human capital plans. As is the case throughout each component of human capital management plan, clarity is the only key. Constructing an implementation plan is necessary which in turn clearly demonstrates the HR strategy and goal.

**Strategies and Policies to Accomplish Objectives and Goals:**

Once an organization has set its objectives and goals, it can design policies and strategies to accomplish them. Human resource professionals must design long-term plans to ensure that their employees are happy with their jobs. Satisfied employees are more likely to deliver their best, which in turn increases the likelihood of an organizational success. Organizations may delegate responsibilities to employees based on their interest areas,

expertise, educational qualifications, and skills. However, managers must frequently interact with their employees to understand their employees' expectations as well as to monitor their growth within the company. On a nut shell, Human capital planning facilitates a company to design human capital policies, programs, and strategies to increase employee efficiency and facilitate them to accomplish the already-defined objectives and goals of the organization. Implementation of the human capital management plan helps to ensure that human resources professionals are hiring the right candidates, training them in the most effective way possible (in the right time), managing them as employees, upgrading their skills when necessary, and retaining them as employees (Wright and McMahan, 2011).

### **SCOPE:**

The study is focused on examining the perception of HR Professionals which include both HR Managers and HR Consultants of manufacturing and service sectors in Bengaluru city by covering 15 top corporates and 15 esteemed HR Consultancies respectively about Strategic Human Capital components.

### **OBJECTIVES:**

The study was carried out with the objectives mentioned below

- To present conceptual framework relating to Strategic Human Capital Components.
- To evaluate the perception of HR Professionals about SHC Components.
- To ascertain the effect of SHC Components on HRM integration with organizational objectives.

### **HYPOTHESIS:**

**H<sub>0</sub>:** Strategic Human Capital Components have no significant influence on HRM integration with organizational objectives.

**H<sub>1</sub>:** Strategic Human Capital Components have significant influence on HRM integration with organizational objectives.

### **RESEARCH METHODOLOGY :**

#### **Data Collection:**

Data has been collected with the help of both primary and secondary data. Primary source of data collected by using structured questionnaire by testing its reliability whereas secondary data comprises of reviewing research articles from various journals, magazines, etc.,

#### **Sample Size:**

The sample size taken for the study was 30 which comprises both HR Managers and HR Consultants 15 each, from Manufacturing and service sectors.

#### **Statistical Tools Applied:**

Excel has been used to code the data and SPSS has been used to analyze the data and for testing the reliability of questionnaire which stood in the value of 0.89 by using Cronbach alpha. SPSS also been used for evaluating the effect of independent variable on dependent variable with the help of Regression. Analysis and interpretation of data collected has been carried out by using charts and tables.

### **DATA ANALYSIS AND INTERPRETATION:**

Data analysis and interpretation is carried out in two phases. Demographic factors has been examined and interpreted in table 1, whereas table 2, 3 and 4 shows the results about the how Strategic Human Capital Components influence HRM integration with organizational objectives.

**Table 1: Demographic Profile**

Gender			Age			Education			Designation			Experience		
	F	%		F	%		F	%		F	%		F	%
Male	18	60.0	< 25 Yrs	7	23.33	Graduation	7	23.33	HR Manager	15	50.0	1-5 Yrs	12	40.0
Female	12	40.0	25-35 Yrs	15	50.00	Post-Graduation	20	66.67	HR Consultant	15	50.0	5-10 Yrs	8	26.67
			36-45 Yrs	7	23.33	Diploma in HR	3	10.00				10-15 Yrs	7	23.33
			>56 Yrs	1	3.34							15-20 Yrs	2	6.7
												>20 Yrs	1	3.3

Source: Primary

The above table represents that the majority (60%) of the respondents were male HR Professionals. Age-wise classification signifies that 15 respondents were in the age group of 25 to 35 years and with respect to education profile, around 67 percent of them were post-graduates. The focal stream of the respondents lies between the work experience of 1 to 15 years and very limited percentage of them have high experience.

#### Testing of Hypothesis:

**Table No 2: Model summary**

Model	R	R Square	Adjusted R Square
1	0.837 <sup>a</sup>	0.738	0.733

Source: Primary

**Table No 3: ANOVA<sup>b</sup>**

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.549	6	3.195	23.503	0.000 <sup>a</sup>
	Residual	23.287	196	0.136		
	<b>Total</b>	<b>41.826</b>	<b>198</b>			
<b>a. Predictors:</b> (Constant), SHCM1, SHCM2, SHCM3, SHCM4, SHCM5						
<b>b. Dependent Variable:</b> HRMI						

Source: Primary

**Table No 4: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.826	.254		7.183	0.000
	SHCM1	.144	.059	.220	2.454	0.013
	SHCM2	-.125	.090	-.139	-1.394	0.104
	SHCM3	.241	.082	.278	2.957	0.004
	SHCM4	-.096	.066	-.134	-1.448	0.128
	SHCM5	.164	.062	.186	2.662	0.006
<b>a. Dependent Variable:</b> HRMI						

Source: Primary

Regression is used to explain the variation in one variable (dependent variable) based on variation in one or more other variables (called independent variables). The current study uses Linear Regression model to explain the variation in Components of SHCM scores with respect to Clarity in Human Capital Goals (SHCM1), Clarity in Direction (SHCM2), An Accountability System (SHCM3), A Foolproof Implementation Plan (SHCM4) and

Strategies and Policies to Accomplish Objectives and Goals (SHCM5).

Regression analysis was carried out to identify the significance of SHCM components influencing the HRM integration with organizational objective. The results evidenced that the component such as Clarity in Direction (with p value  $0.104 > 0.05$ ) and A Foolproof Implementation Plan (p value of  $0.128 > 0.05$ ) do not have a significant impact on HRM integration however, components such as Clarity in Human Capital Goals ( $0.013 < 0.05$ ), An Accountability System ( $0.004 < 0.05$ ) and Strategies and Policies to Accomplish Objectives and Goals ( $0.006 < 0.05$ ) have a significant impact on the HRM integration with organizational objectives with regard to the perceptions of both HR Managers and HR Consultants as there p values are less than 0.05 and significant at 5% level. The regression was a good fit, describing 73.8% of the variance in HRM Integration ( $R^2_{adj} = 73\%$ ). HRM Integration was negatively related to the competencies of SHCM2 and SHCM4. However it was positively related to other components.

Hence, from the above analysis it is evidenced that null hypothesis stating “Strategic Human Capital Components have no significant influence on HRM integration with organizational objectives” has been rejected and alternative hypothesis is accepted.

### **SUMMARY:**

Human Capital management plays an imperative role in enhancing the skills of employees and making them reliable resources. Human Capital management benefits in hiring the right candidate for the right job, properly familiarizing him to the organization and continuously upgrading his/her prevailing knowledge. However, Strategic human capital management is not simply a tool to favor with the growth of an individual employee, it can also help to optimize organization's culture, departmental processes and organizational performance. If organization is looking to enhance and enrich its approach towards human resources, retain talent and increase productivity, implementing a strategic human capital management plan might be the answer.

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