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HUMAN CAPITAL -ITS IMPORTANCE AND ROLE IN ORGANIZATIONAL EFFICIENCY

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Abstract

Capital and Natural resources are passive factors of production; human beings are the active agents who accumulate capital, exploit natural resources, build social, economic, and political organizations, and carry forward national development. People are often spoken of as assets but are generally treated as costs, because there is no credible system of valuing them. In today's knowledge based organization value is driven more by people then by any other factor. As widely recognized, investment in human capital is subject to a considerable risk. Organizations to employ some who indeed would be seen as investments rather than cost but the vast majorities are value adding. Intellectual capital includes a broad range of people, knowledge and relationship assets. These intangible assets are the key to the company's growth, innovation, and competitive advantage. The paper also intends to study and find an explanation for business corporation to consider investing on human capital as a profitable option and suggest ways to practice the same. Human capital is the most valuable asset held by an organization. It is also the most important assets to manage for a variety of reasons. Competition and change exists side by side in this fast paced world. Any competitive edge gained by the introduction of new processes or technology is short lived if competitors also adopt the same technology. But to implement change, their people must have the same or better skills and abilities. Hence corporations, especially the service organizations, are recognizing the importance of investing in their employees now more than even before. Companies are beginning to understand that to stay on top they need to place more and more emphasis on developing and retaining their people.
Keywords: Human capital, profit, investment, risk, efficiency

I. INTRODUCTION

Perhaps the simplest place to being this discussion is to stipulate the business components that make price within the organization so as to get the groundwork for understanding the context at intervals those human capital carriers out its work. Structure price is comprised of 3 major categories of assets that area unit integral to associate organization's ability to supply merchandise and services.

These are:

• Monetary Assets: Financial assets embrace assets like money and marketable securities, and should even be mentioned as monetary capital;

• Physical Assets: Physical assets embrace such tangible assets as property. plant and instrumentality, and alternative furnishings; and

• Intangible Assets: samples of intangible assets, additionally known as intangible capital embrace intellectual capital (patent formulas, product style, and method technology, i.e, and the strategies

that delineate the steps in process), goodwill, and human capital.
Surprisingly, human capital isn't the individual's of an organization. That is as a result of individuals exercise management over their human capital and area unit liberal to invest it as they see slot in totally different aspects of their lives: family, community interest teams, observance of non-secular beliefs, physicals fitness pursuits, alternative outside interests, and works.
So, what's intangible capital, really: Intangible capital or intangible assets area unit as valuable as monetary and physical assets; you cannot make out them by bit, while not physical substance and are non-monetary. They're control by associate entity to supply merchandise or services, to rent or lease to others, or for body functions. For reason already delineate, they will be tough to live and aren't forever addressed in concrete terms within the typical public accounting revealing. Intangibles additionally comprise alternative sorts of capital. From a pure accounting perspective, monetary assets and physical assets area unit usually easier to classify and price than intangible assets. As an example, property is wrongfully outlined and includes such things as patents, trademarks, and copyright. That area unit enclosed below the overall definition of property. However, these assets area unit the sole variety of intangible assets that area unit exactly outlined for accounting functions. All alternative sorts of intangible assets area unit loosely outlined, hospitable interpretation, or area unit merely handled as prices. To compound this example any, patents, trademarks, and alternative property rights area unit recorded at their registration value instead of their value, which can or might not be beyond their value at purchase. For the needs of this text, our primary focus is human capital. whereas some would possibly say we tend to may outline human capital because the accumulated gift price of our worker investments (salaries, benefits, coaching and development programs, etc., invested with on behalf of the organization), the question still remains, however would you move golf stroke a definitive price on it investment?
"This disassociation of market and value meant that firms were currently able to generate excess earnings--that is, earnings beyond what would be expected for his or her tangible assets alone. Indeed, analysis has shown that the earnings on tangible assets area unit usually no larger than the merchandise of a company's weighted cost of capital and also the value of those assets. Investors and economists reasoned, therefore, that one thing aside from tangible assets should be manufacturing the surplus earnings behind the disassociation of market and book values. In due course, the basis cause was discovered to be intangibles, a full alternative category of assets." This shift has had a very important impact on the valuations of company entities fashioned thanks to the mergers and acquisitions of the last decade, as these organizations began to form quantum leaps in growth virtually long. As may be fanciful, this shift has additionally resulted in growing support for this institution of latest rules for the revealing of intangibles. Thus what's the premise for this paradigm shift, i.e., the routine use of the Phrase "intangible assets" during a company's vocabulary? Briefly, we've affected from associate industrial society, wherever the first supply of wealth was machinery, to a data society, wherever the first supply if wealth is human capital. Human Capital is taken into account to be the foremost valuable quality within theend managing these assets within the right manner is one among the necessary aspects to be taken into thought. If we tend to in believe that 'people area unit our greatest quality," then we tend to should additionally believe that organizations contend for business through the individuals they use. If this is often the case, then it's to the organization's advantage to confirm that its greatest quality. The term human capital may be wont to describe the quality price of your individuals. Increasing

human capital through acquisition, retention, growth (and typically retention) ought to be a significant priority of all executives, not a neighbourhood left to the 60 minutes department alone. It's the world within which menstruation is least well understood. Individual's area unit the one issue valuable growth that drives all others. The worth that a corporation creates results from the approach that folks apply their skills, energies, and experience to the capital and raw materials that customers wish. Of all the business levers on the market to leaders, the best potential to create price is obtainable by individuals. It's time so to acknowledge this through tight a rigorous and credible approach to each valuing this most important quality, and linking that price meaningfully to the advantages for stakeholders. It's necessary to notice that a business isn't simply a deposit for data, however a viable, dynamic atmosphere. important relationships exist throughout a company and interactions occur with varied degrees of intensity to confirm that data (the understood data of the cluster found within the variety of structure culture, the express data of a private, or the structural data of a knowledge warehouse) gets regenerate from one type to a different through, perhaps, multiple transformations, all for the aim of adding price. These interactions end in the creation of latest data, structure learning, and, every so often, innovation. For the needs of this paper, our primary focus is human capital. we tend to may outline human capital because the accumulated gift price of our worker investments (salaries, benefits, coaching and development programs, etc., invested with on behalf of the organization), The predominant objective of any investment is to attenuate risk and maximize come back. So, however ought to this statement be understood in relevancy human capital, the elusive asset? What gets measured gets manage. Those organizations that do launch refined learning management infrastructures will begin to use the info capture capabilities they contain. These organizations then will analyze the determinants of human capital advantage and their link to performance during a way more rigorous manner than has been attainable previously.

The four factors; people, market, products, and financials are critical in ensuring the success an enterprise over time. The almost infinite variability and unpredictability of human beings make them enormously more complex to evaluate than one of the electromechanical components that comes with predetermined operating specifications. Nevertheless, people are the only element with the inherent power to generate value. All other variable—cash and its cousin credit, materials, plant and equipment, and energy but inert potentials. By their nature, they add nothing, and they cannot add anything until some human being, be it the lowest level labourer, the most Ingenious professional, or the loftiest executive, leverages that potential by putting it into play. Thus understanding the value potential of human capital is of immense importance to understand the risks involved in investing and the returns they generate (tangible or intangible). Human capital is the stock of competencies, knowledge, social and personality attribute including creativity, embodied in the ability to perform labour so as to produce economic value. It is an aggregate economic view of the human being acting within economics which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions. Many theories explicitly connect investment in human capital development to education, and' the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training.

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II. LITERATURE REVIEW

A. W. Lewis (1954) is said to have begun the field of Economic Development and consequently the idea of human capital when he wrote in 1954 the "Economic Development with Unlimited Supplies of Labour." The term "human capital" was not used due to its negative undertones until it was first discussed by Arthur Cecil Pigou: "There is such a thing as investment in human capital as well as investment in material capital. So soon as this is recognized, the distinction between economy in consumption and economy in investment becomes blurred. For, up to a point, consumption is investment in personal productive capacity. This is especially important in connection with children: to reduce unduly expenditure on their consumption may greatly lower their efficiency in after-life. Even for adults, after we have descended a certain distance along the scale of wealth, so that we are beyond the region of luxuries and "unnecessary" comforts, a check to personal consumption is also a check to investment.

As such, the following definition of human capital is offered: 'A company's human capital asset is the collective sum of the attributes, life experience, knowledge, inventiveness, energy, and enthusiasm that its people choose to invest in their work. Tom Stewart, author of the recently published book, The Wealth of Knowledge, writes: "It is incontrovertibly true that present financial and management accounting does not give investors, directors, the public, or management the information they need to make informed decisions." In further support of this position, Jamie Ivey, in a recent article of Corporate Finance states. "A balance sheet provides a snapshot of a company's assets at any one moment in time, but how useful is such a snapshot when a company's currency is its knowledge and that knowledge can be transported in a split second? Enron is an example of the problem. An investor could have looked at his balance sheet in late November and have been perfectly, satisfied as to the security of his investment, but by December 2 his investment had vanished in smoke. "Even still, the Financial Accounting Standards Board (FASB) has been reluctant to effect a change to a system of accounting that reflects the magnitude of this shift and provides a clearly delineated standard method of accounting for human capital as an intangible asset.

The investment community appears to be reluctant to initiate change as well, in part due the failure of so many new economy (dot-corn) companies, coupled with concerns about) by the interpretation and application of generally accepted accounting principles (GAAP) by large corporations over the last year (e.g.,Arthur Andersen, Euron WorldCom). Apparently, the feeling is that the dust should settle before reform takes place. What we do know at this time is that it is not unusual for the value of a company's intangible assets to exceed its book (tangible) assets by two- or threefold. In extreme cases, this ratio can be quite significant. For example, in 1996 Microsoft's ratio of intangible assets to book (tangible) assets exceeded 11 to one.

We can't tell you which country will have the biggest GDP in the year 2050. But we can tell you that Americans who build their human capital—who seek out a good education in the hard subjects, who acquire valuable skills in the workplace, who work hard, and who are the thought to save and invest prudently—will prosper. They will adapt to whatever happens and take their place in the coming world order. (Stein B et al, 2006) One way to think of return to human capital is to consider what their absence means. Everywhere we look, in our central cities in particular, we are presented with the spectacle of inadequate human capital formation, young people who have dropped out of school or never connected with learning in the first place. This is not the place to reckon the cost of a failure to educate, except to note that the common sense observation is true. If you think education is expensive, try ignorance. (Doyle D. P, 1994),If we believe that "people are our greatest asset," then we must also believe that organizations compete for business through the people they employ. If this is the case, then it is to the organization's advantage to ensure that its greatest asset, albeit it's most elusive one, human capital, is utilized to its best and highest use. HR practice leaders, who are truly serious about making a difference, need to "measure" the business impact HR driven programs have on their organizations as a means of demonstrating the merit and credibility of any program that they endorse. (Weatherly L. A, 2003),In order to achieve professional growth and success in the next period of increased talent acquisition, technology professionals are going to have to step out of their comfort zone and develop the holistic, relationship focused business skills that companies are requiring. And by the same token, companies are going to have to take a more strategic and supportive approach to recruiting and retention if they want to find and keep the new breed of evolving talent. (BrocagliaJ). Companies are already making these investments, says Echols, but they don't t subject their performance to the same rigor as tangible asset investments. Nor do they invest with the same confidence, because performance measurement is tricky. (Flynn P, 2009). Volatility and vitality erode relationship, which is why managers must learn to invest in social capital. Trust responds to rewards. In particular, promotions act as powerful signals -when trustworthy individuals are promoted, the organization proves that trust succeeds. (Prusak L. et al, 2001 .Senior managers must include in their strategic plan, investing in work force education through expanded company training and development programs in order to improve performance and productivity. This will raise the overall level of employee strategic competencies that make the high performance work place click. (Gordon E. E, 1999).Our Organizations are addicted to the speed of technology. We are applying technology but the effectiveness of that technology application will only be as effective as our human capital can deploy and assimilate the technology. We have a major financial and social factor impacting on our work forces, our partner relationships and clients, which we are not discussing and treating. We are focusing on the symptom rather than the cause. If we are going to impact our productivity, we need to ensure our people are looked after and maintained and, if depression is impacting between 10% & 25% of the workforce, then we clearly need to find more effective way to destigmatize the issue and run our business more efficiently. (Robinson G.C, 2002). Those organizations that invest in employee training and development will be much better positioned to meet the challenges of the changing healthcare environment. (Clark R. L, 2000), The focus in vocational training has firmly shifted to output -to the result and performance that need to be achieved. The accent is no on achievement, on qualification, on competence. (Holland G, 1990). Internal marketing affects both how the individual perceives their role within the organization and how these roles relate to the wider operation of the organization with its environment. This is important given the paucity of empirical work in this area and the emphasis in the marketing orientation literature of organizations adopting a customer focus. (Hogg G. et al, 1998). Strategic human resource management acknowledges that investments in human capital are similar to investments in other types of real assets and thus carry uncertainties. (Bhattacharya M et al, 2005). Although it is intangible, th risks to IC are all too real and tangible. Protect your company from these risks by understanding IC and the unique risks that can threaten it. Identify measure and put in place risk management plans for the specific risks faced by your company. (Adams M., 2006). The term human capital can be used to describe the asset value of your people. Maximizing human capital through acquisition, retention, growth (and sometimes retention) should be a major priority of all executives, not an area left to the HR department alone. It is the area in which measurement is least well understood. People are the one factor of value growth that drives all others. The value that a company creates results from the way that people apply their skills, energies, and expertise to the capital and raw materials that customers want. Of all the business levers available to leaders, the greatest potential to build value is offered by people. It is time indeed to recognize this through demanding a rigorous and credible approach to both valuing this most significant asset, and linking that value meaningfully to the benefits for stakeholders. What gets measured gets managed -and we need reality behind the rhetoric about our people. (Mayo A.) Those organizations that do launch sophisticated learning management infrastructures can begin to use the data capture capabilities they contain. These organizations then can analyze the determinants of human capital advantage and their link to performance in a much more rigorous manner than has been possible before now. (Bhugtoria N)

III. RESEARCH METHODOLOGY

Design & Method of Study

The paper is conceptual and review in nature. Data collected for this paper is basically from secondary sources. This paper critically examiners the various uncertainties the employees pose for an organization and the way an organization needs to tackle them. A range of recently published (1990-2010) work, which aim to provide practical advice are examined to aid the research. After reviewing around fifteen numbers of research articles it has been thought that investment in human capital is the call of the hour and these intangible assets carry a lot of worth in transforming the future of an organization. Specific cases of organizations in different countries are studied through the published research papers retrieved from secondary sources like book, journals, business magazines, etc. for analyzing the importance of investing in human capital and its various contributions for organizational growth and success.

IV. DISCUSSION

Human assets are valuable to the firm, but their returns may not remain stable over time due to changes in business conditions, changes within the firm or changes in individuals who own the knowledge, skill and abilities that comprise human capital. These associated with human assets and the role that certain human resource practices in managing these uncertainties is important to be discussed.

The concept of Human capital has relatively more importance in labour-surplus countries. These countries are naturally endowed with more of labour due to high birth rate under the given climatic conditions. The surplus labour in these countries is the human resource available in more abundance than the tangible capital resource. This human resource can transform into Human capital with effective inputs of education, health and moral values. The transformation of raw human resource into highly productive human resource with these inputs is the process of human capital formation. The problem of scarcity of tangible capital in the labour surplus countries can be resolved by accelerating the rate of human capital formation with both private and public investment in education and health sectors of their National economies. The tangible financial capital is an effective instrument of promoting economic growth of the nation. The intangible human capital, on the other hand, is an instrument of promoting comprehensive development of the nation because human capital is directly related to human development, and when there is human development, the qualitative and quantitative progress of the nation is inevitable.

The statistical indicator of estimating Human Development in each nation is human Development Index (HDI). It is the combination of "Life" Expectancy Index", Education Index" and Income Index. The Life expectancy index reveals the standard of health of the population in the country; education index reveals the educational standard and the literacy ratio of the population; and the income index reveals the standard of living of the population. If all these indices have the rising trend over a long period of time, it is reflected into rising trend in HDI. The Human Capital is developed by health, education and quality of Standard of living. Therefore, the components of HDI viz, Life Expectancy Index, Education Index and Income Index are directly related to Human Capital formation within the nation. HDI is indicator of positive correlation between human capital information and economic development. If HDI increases, there is higher rate of human capital formation in response to higher standard of education and health. Similarly, if HDI increase, per capita income of the nation also increases. Implicitly, HDI reveals that higher the human capital formation due to good standard of health and education, higher is the per capita income of the nation. This process of human development is the strong foundation of a continuous process of economic development of the nation for a long period of time. This significance of economic development of the nation for a long-term economic development of the nation cannot be neglected. It is expected that the Macroeconomic policies of all the nations are focused towards promotion of human development and subsequently economic development in every nation. Mahroum (2007) suggested that at the macro-level, human capital management is about three key capacities, the capacity to develop talent, the capacity to deploy talent, and the capacity to law talent from elsewhere. Collectively, these three capacities form the backbone of any country's human capital competitiveness. Recent U.S. research shows that geographic regions that invest in the human capital and economic advancement of immigrants who are already living in their jurisdictions help boost their -and long -term economic growth.

Human capital is distinctly different from the tangible monetary capital due to the extraordinary characteristic of human capital to grow cumulatively over a long period of time. The growth of tangible monetary capital is not always linear due to the shocks of business cycles. During the period of prosperity, monetary capital grows at relatively higher rate while during the period of recession and depression; there is deceleration of monetary capital. On the other hand, human capital has uniformly rising rate of growth over a long period of time because the foundation of this human capital is laid down by the educational and health inputs. The current generation is qualitatively developed by the effective inputs of education and health. The further generation is more benefited by the advanced research in the field of education and health, undertaken by the current generation. Therefore, the educational and health inputs create more productive impacts upon the future generation and the future generation becomes superior to the current generation. In other words, the productive capacity of future generation increases more than that of current generation. Therefore, rate of human capital formation in the future generation happens to be more than the rate of human capital formation in the current generation. This is the cumulative growth of human capital formation generated by superior quality of manpower in the succeeding generation as compared to the preceding generation. In India, rate of human capital formation has consistently increased after Independence due to qualitative improvement in each generation. In the second decade of 21st century, the third generation of India's population is active in the workforce of India. This third generation is qualitatively most superior human resource in India. It has developed the service sector of India with the export of financial services, software services, and tourism services and improved the Invisible balance of India's Balance of payments.

V. FINDINGS

Human Capital -An important aspect of Business Profitability

Human capital is the collective value of an organization's competencies, knowledge and skills. It is renewal source of creativity and innovation and imparts to an organization the ability to change. Organizational capital includes intellectual property and process data. Executives often look at organizational capital from an internal ownership perspective. This is a protectionist view, which is not totally bad but is certainly limiting in terms of exploiting its potential. They want to know how to secure the intelligence contained within their documents and processes, as well as within the minds of their employees. Intellectual capacity is the ability of a company to extract value from the organization's intellectual capital. Intellectual capital is composed of two types of organizational capital: intellectual property and a complex intertwining of process and culture, plus relational capital and human capital. People are the catalyst that activates the intangible, inert forms of intellectual capital and the equally passive forms of tangible capital -material and equipment -to improve operational effectiveness. Human capital is the most vital asset in an organization, and managing it is the greatest. For a company to succeed it is necessary to map the people centric strategies with business strategies. Research has proved that organizations with advanced human capital management processes have much higher levels of productivity than companies with a no focused people approach. The truth however remains that human capital is often underrated, not because the value is not realized, but the fact that organizations do not know the best ways and means of managing their people resource. Human capital needs to be managed like any other resource, for instance money, material etc, to get the best return on investment. Human capital management is not a luxury, it is an imperative for success. In a successful firm, it is the motivation and creativity of the junior most resource that is the key to organization renewal and sustained success. The basis behind any asset is to ensure the desired production out of it. If people assets do not act and react appropriately, then much of the capital (financial, technology or knowledge) is wasted. As a result strategy is not successfully executed, objectives are not met, the mission is not fulfilled and stakeholders are not satisfied. Human Capital Management includes recruitment, training, development, deployment and performance management. Human capital management is directly linked with productivity as the pace of an organization's growth is inseparable from the rate its people grow. Human capital management focuses on building motivated, skilled, productive and innovative people. It also helps make people a source of competitive advantage in delivering superior customer value. Research studies indicated that companies with positive employee are 50 percent more likely to achieve customer, the study finds firm that measure in the top quartile with regard to employee engagement averaged 24 percent higher profitability, 29 percent greater revenue and 10 percent less employee turnover than businesses in the bottom quartile. The evidence is clear. Better people management practices produce better business results.

What every business should know about human capital?

Human competencies are dependent on tacit knowledge; tacit knowledge consists of what we absorb and learn on the job without even realizing it.

- Explicit knowledge critical to an organization normally exists within the context of structural knowledge, i.e., it is generally documented and available in some form.
- Core competencies generally refer to those competencies that are unique to the culture of a particular organization; as such, these competencies are considered "non-transferable" and /or would differ in order of importance from one organization to another.
- The acquisition of competencies and/or "up-skilling" enhances the employability of an individual.
- Individuals who are highly skilled and/or who possess highly transferable competencies are not tied to an organization.
- In a knowledge-based society, with scarce strategic resources, competitive advantage will depend to a large extent on the caliber of the people working for the organization.

VI. BALANCING EFFICIENCY AND EFFECTIVENESS

A still common perception is that managing human resources is straightforward and transaction oriented, and can therefore best be measured in term efficiency: the lower transactional costs, the better. This perception of HR is changing, however, and approaches of human capital management now cover a wide spectrum. At the opposite end of range from traditional cost of providing the best possible business support and investing in resources and sophisticated tools while reprioritizing or ignoring costs altogether.

Our study shows that top-performing companies strike an optimal balance between the two extremes of the spectrum. These companies are transforming the way they look at HR, with human capital management taking a stronger role in contributing to the driven for higher profit margins and long term growth. Top-performing HR organizations strive to optimize both efficiency and effectiveness by minimizing transactional costs through standardization, automation, and self-service, freeing up resources that can be used to align HR with the business to support growth.

VII. KEY MEASURES FOR EFFICIENCY

Human resource management is in a state of dynamic change, under pressure to adapt to the realities of doing business in the 21st century. Efficiency, always a watchword for HR management, remains a highly important measure. The most commonly used HR efficiency metrics are as follows:

Staffing levels - employees served per full-time HR employee, or full-time HR employees per 1,000 employees Costs-HR cost per company employee Despite HR organizations' continued or renewed focus on efficiency, our research has identified significant gaps between first quartile (the companies most effective in instituting best practices) and average performances (those that are average at instituting best practices). First-quartile HR organizations had over 50% better staffing ration, and their HR costs were 30% or more lower. A single HR FTE in a first-quartile company

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served 120 employees, compared with 77 employees served by one HR FTE in an average company. HR cost per employee was $1,760 on average, compared with first-quartile company costs of about $1,100 per employee. While it's true that companies with higher HR staffing levels or costs tend to have more complex organizations or more environment, the gap between first-quartile and average performers in many indicates an opportunity for improvement in efficiency among the lesser-performing companies.

VIII. KEY MEASURES FOR EFFECTIVENESS

Effectiveness is much harder to measure than efficiency, and many HR organizations rely on a combination of hard (quantitative) and soft (qualitative) metrics, such as:
Hard metrics-cycle times (such as time to hire), error and employee turnover Soft metrics-employee engagement, customer satisfaction, alignment with corporate with efficiency metrics. There are study participants with strong result for effectiveness but very high costs, as well achieve high effectiveness while at the same time managing costs.

IX. DRIVING HIGHER PERFOMRNACE

Top-performing companies look for competitive advantage in HR by adding capabilities to increase the effectiveness of service delivery and bring HR more in line with business processes and strategies - while at the same time striving for the right balance with cost control. Our study finds that best HR organizations follow three main imperatives:
Align HR closely to the business Outsource wisely and with effective control Leverage IT

X. ALIGN HR CLOSELY TO THE BUSINESS

Alignment with the business has to happen on multiple levels. Centralizing transactional and certain expertise- and talent-related process in a shared-services or centre-of-excellence environment is a crucial piece of the alignment puzzle, allowing HR as an organization to operate as a service provider to individual business unit and locations. The study finds significant advantages in both efficiency and effectiveness for HR functions impacted by shared services. The average cost per employee for decentralized operations is far higher than for operations using shared services or centres of excellence, producing a 15% to 40% gap for transactional activities and a 5% to 20% gap in expertise- related activities. And the average best-practice score (a measure of effectiveness) for shared services are 20% higher than for decentralized functions. Many larger organizations choose to establish employee service enters to align closely at the employee level, catering directly to employee needs, while at the same time preserving efficiencies. Over 80% of companies with more than 5,000 employees have service centres in place, compared to 20% of companies with fewer than 5,000 employees. Employee service centres help increase efficiency and employee satisfaction, providing employees with a single point of contact of taking care of benefits, pensions, payroll, processing of life events, employee data entry, applicant questions, and data processing, as well as on boarding process and paperwork. Top-performing companies are looking to HR business partners for direct and strategic support. HR business partners are responsible for developing employee relations, leading workplace planning and supporting stakeholders on-site. Top performing companies sharply define the role of the HR business partner, while average companies allow the role to blend with that of the HR generalist who is also responsible for a variety of transactional tasks. True HR business partners spend less than 20% of their time on administrate tasks, and make change management a key responsibility. Top-performing companies even measure HR business partners by the success of such change programs. In this role, they also work with company leadership during the business planning process to identify future competency and needs.

XI. HR MATTERS FOR PROFITS AND GROWTH

The top performers in our study achieve an optimal balance between reducing costs and driving business results. Top-performing companies look beyond traditional HR activities to focus on expertise based and strategic functions. By optimizing and automating transaction-oriented processes, top companies can invest more in attracting and developing talent-an investment that brings returns across the entire enterprise. Companies that wish to enact initiatives embraced by top performers need to define their goals specifically- building a road map-to achieve a balance between reducing costs and driving company growth. The best-run human capital management organizations share the following crucial practices and goals:

- Optimize process and transactional support
- Benchmark processes and performance
- Consolidate systems
- Adopt shared services
- Invest in people and talent
- Align HR with overall business strategy and goals
- Focus on value, not effort

As an initial step, top companies optimize process and transactional support- instead of concentration on payroll and compensation administration- to focus more on strategic workforce planning, career planning, employee development, and recruitment and retention. And monitoring and evaluation do matter: HR organizations that establish benchmarking programs ensure that goals are mapped out and met. Standardizing, consolidating, and centralizing HR operations in a shared-services environment helps increase process efficiency and effectiveness and enables companies to raise service levels and focus on talent-not transactions. Information technology provides the necessary foundation, facilitating efficiency and driving future innovation and growth by integrating processes and date across the enterprise. Following this road map, HR organizations can contribute to long-term and immediate company goals by promoting and advancing employee productivity-optimizing the operating margin per employee. While constantly assessing and improving processes, companies can enable a shift in mind-set-to focus on value, not effort-and make HR a true business partner to the corporation.

XII. CONCLUSION

Today's competitive global market environment are focused on management of capital assets, maximizing utilization and minimizing downtime with a minimum of upkeep and maintenance. In order to value people, companies must beyond the concept of human resources and toward the notion of human capital. The term "resource" implies an available supply that can be drawn upon when needed. The term "capital" however, refers to something that gains or losses value depending on how much is invested in it, and how that investment is made. If intellectual capital was nurtured and maintained in the same way that mechanical equipment was maintained and upgraded, then companies would not consider cutting the training budget, or withholding merit increases when there is a profit shortfall. The asset that thrives is the one that is fed.

Investment in people will pay off like investments in other assets. It's a long term strategy. The last thing a company should do for short term gain is asset dumping. Indeed, that's the time to get the assets working extra hard. Everyone knows that without good people, good products cannot be developed, or good services delivered or good customer relationships maintained. But when times get tough, people are often viewed as expendable. And sadly, the lower down the chain a person is the more expendable they become. Treating people as if they are costs demoralizes and disenfranchises them. A company's competitive advantage erodes whenever investment in people is cut back-when layoffs occur. This takes a predictable toll on the company's health and inevitably the bottom line. Hence it is suggested that employers take a rational view of managing their human capital more effectively by Competitive compensation offering with flexible compensation fixation for higher than entry level employees.

1. The right employee training, development and education, at the right time, provides big pay offs for the employer in increased productivity, loyalty and contribution.
2. Create a learning environment
3. Create motivational drivers for employees
4. A forum opens enough for clear and honest communication to be established.
5. Introduction of variety of regularly changing roles for higher degree of involvement form employees.
6. Investment in people's general skill development is necessary.
7. Providing an environment that minimizes dissatisfaction factors and maximizes satisfiers.
8. Creating an attractive future.

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