
Role of HRM in Vitalising Organizational Development by Investing in Human Capital

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Abstract

Human capital development is vital to the growth and productivity of the organization. The people that make an organization run are an asset to be invested in. If they can become more productive on an individual level through development, the organization in turn will begin seeing productivity gains. In addition, it is sometimes much more cost-effective to develop the people already employed by the organization than it is to recruit and train new people. Further, employees feel more empowered when their organization invests in them, and they feel better about staying with an organization that shows a promising career path and concern for maximizing employee potential and satisfaction. More than 40 percent of organizations claim that they rarely, or never, provide career planning or development. If the company is part of this 40 percent, you should strongly reconsider your approach to managing your human capital. To reap the most benefits from employees your business needs to invest actively in them. Here are benefits of investing in your human capital development. Such as Increase Employee Satisfaction, Improve Retention Rates, Develop Employee Engagement, Develop Client Engagement, Improve ROI, Improved Organizational communication, Better Recruitment, Greater Company Culture.

Keywords: Human capital, cost-effective, promising career, career planning Employee Satisfaction, Retention Rates, Organizational communication, Company Culture

INTRODUCTION :

The term human resource development, or more commonly HRD, is widely used. Yet it has ambiguous connotations, since it may refer to activities aimed at increasing human capacities, rights and entitlements from a business or an economic perspective, or as an instrument of human development which enables personal and societal advancement toward economic progress and democratic self-determination in developing countries. Moreover, HRD may be delivered by public organizations such as governments, NGOs and supranational organizations, such as the United Nations, or by private corporations. This paper seeks to review understanding of approaches to HRD, taking particular account of the objectives of programmes of education and training and the providers. In so doing, the paper explores

changes in broad approaches to human development so that policy-makers, scholars, professionals can propose, initiate or analysis the ways in which HRD can contribute to all facets of development.

Human development refers to the capacity of individuals to reach their potential within a society where political and economic processes are transparent and sufficient to provide participation in 3 decision-making.. As noted above, the term, HRD, has been used widely in economics, business, trade organizations and NGOs, it has multiple meanings. Despite such ambiguities, analysis frequently assumes that there is only one set of principles and practices, that HRD is a clear and uncontested concept. In recent years, then there has been a resurgence of interest in the development perspective of HRD, the promotion of "equity, poverty alleviation, and quality of life" (APEC, 1997) through development of education and 'citizenship', and improved access to health. From this perspective, policy approaches may be both defensive, through setting minima (core human and labor rights), and proactive, through targeted policy responses to development indices such as the Human Development Index.

Objectives :Broad development of organization.

To reduce the conflict between employees and employer.

To empower the workers by employees satisfaction.

Reduce the cost and increase profit.

To create better environment for the employees.

To Increase employees engagement

How does Investment in Human Capital Development Benefitted to the Organization?

Continuous Improvement for organization

Continuous Improvement (CI) is an approach to organizational change that requires active involvement of skilled and motivated employees, which implies an important role for HRD practitioners. It is generally assumed that by recruiting, hiring, and training the right people for the right jobs, companies should be able to improve their performance. For organizations attempting to deal with increasing competition and environmental uncertainty, however, a technically-skilled workforce may no longer be adequate. More and more, employees are expected to participate in various organizational change initiatives aimed at improving organizational performance and the company's chance for future survival.

Increase Employee Satisfaction

For better or worse, the HR department has the responsibility of determining whether employees are satisfied, not only with their supervisors but also the job and related duties as well. Since it can be difficult to measure satisfaction as it is an ambiguous measurement at best, HR specialists must carefully design employee surveys, oversee focus groups and implement an exit interview strategy to determine how the company can improve in relation to its employees. In other words, the HR department determines the causes and/or reasons behind employee dissatisfaction for current or previous employees and addresses those issues in the best way possible to boost morale and motivation throughout the company. Investing in professional development for your staff can lead to greater job satisfaction. According to a 2014 survey by the Society for Human Resource Management, 42 percent of employees said their organization's commitment to professional development is "very important to their job satisfaction". When your employees feel that their workplace cares about their development, they are more likely to be satisfied with their jobs.

Improve Retention Rates

Almost 54 percent of workers said that career advancement opportunities are more important than salary when looking for work. Additionally, 44 percent of employees cite a lack of opportunity for growth and advancement as a top source of work stress. These statistics show the importance of career growth to employees. Workers who are receiving professional education and development are less likely to seek other employment opportunities. So, if an employee can advance within the company, he or she won't have to look for advancement opportunities outside of the company.

Conflict Resolution:

There will be conflicts in the workplace, regardless of how satisfied employees are with their jobs, their managers and their co-workers. Given the diversity of work styles, personalities, levels of experience and backgrounds of employees, it's a given that arguments and disagreements will happen. An HR manager or specialist specifically trained to handle relations between employees can identify and resolve these conflicts between a manager and employee or two employees and thus effectively restore positive working relationships throughout the organization. In addition, being able to resolve conflicts may increase employee satisfaction and increase the morale of the workplace.

Develop Employee Engagement

Increasing employee engagement is a priority for every business. Engaged employees are more productive for, and more loyal to, the company. According to a survey by Gallup, only 32 percent of workers feel engaged at work.

Investing in employee development can help to grow your employee engagement. Giving your staff career advancement opportunities, and investing in their development, gives them a reason to be engaged at work. Ideally, each business should ask its workers what areas they want to develop, and then offer opportunities in those areas. Personalize your development opportunities to engage your employees the best.

Improve Return on Investment

Every company invests in human capital, whether it understands it or not. Your staffs' salary, benefits, and perks are all an investment in your firm's human capital. Spending this money, but not paying a little more for employee development is like paying a significant amount of money for a Super Bowl commercial spot, but then refusing to spend money to make a quality commercial. That would be an awful investment for your company. Don't throw this money out of the window. Your business has to spend money on developing its workers to maximize the return on your human capital investment. Improve your employees by offering opportunities for growth and learning; it will ultimately improve your bottom line.

Improved Organizational Communication

Human capital management allows for an enhanced flow of information throughout your company. Investing in your human capital can work to better communication by improving the quantity and quality of information passing up and down your business.

For example, the relationships forged through a mentorship program can lead to lines of communication between superiors and subordinates that never would have existed otherwise. Human capital development works to improve every facet of employee performance, including communication. This process can help your company to discover employees who may be lacking communication skills and assist them in remedying this situation. When communication improves, so does your business. Better communication leads to better employee satisfaction and engagement. This improvement, in turn, leads to enhanced overall performance and productivity.

Better Recruitment

Yes, human capital development helps you to retain your employees. But it also helps you to recruit prospects. The importance of human capital development in the recruiting process will only continue to grow as more millennials enter the workplace. Earlier this year, Gallup found that the number one factor for millennials when applying for a job was opportunities to learn and grow. Millennials want to work for a business that invests in their human capital. A company with a proven human capital plan already in place can demonstrate their commitment to employee development to millennial candidates. .

Greater Company Culture

Another benefit of investing in your human capital is improving your organization's culture. Better employee satisfaction, engagement, and communication lead to an improved overall culture. Employees want to learn, they want to develop their careers, and they want to enjoy going to the office every day. A positive culture leads to engaged and happy employees. This happy culture increases your employees' productivity, which improves your bottom line. Happiness makes workers 12 percent more productive.

Budget Control

The HR department develops methods for trimming the costs associated with workforce management, thus curbing excessive spending and helping to save the company money in the long run. These methods may include negotiating better rates for employee benefits such as healthcare insurance. In addition, the HR department studies and analyzes employment trends, the labor market and salaries based on job functions to ensure the company's wages are competitive and realistic. Since some small businesses have strict budgets to which they must adhere, this function of the HR department is particularly helpful.

Conclusion :

This paper has sought to to understand the direction and provision of HRD, and the objectives which might be set. Human Resource Development (HRD) has become a widely used term in the last half-century, but conceptions of the term vary widely. The broad notion of HRD, which is a subset of the grand theory of human development, includes not only education and vocational training, but also access to sources of a degree of self-determination. Within much of the business and management literature, the focus of HRD has been on the narrower objective of attaining or upgrading the skills and attitudes of employees

at all levels in order to maximize the effectiveness of the enterprise. Above discussion prove that human capital development is vital to the growth and productivity of the organization. The people that make an organization run are an asset to be invested in. If they can become more productive on an individual level through development, the organization in turn will begin seeing productivity gains. In addition, it is sometimes much more cost-effective to develop the people already employed by the organization than it is to recruit and train new people.

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