Exploring human capital management practices: A comprehensive review

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Abstract

This paper comprehensively reviews Human Capital Management (HCM) practices, focusing on key dimensions such as Training and Development, Performance Appraisal, Recruitment and Selection, and Career Management. The success and survival of an organization depend on the efficient management of human resources in today's fast-paced, cutthroat commercial world. Through an extensive analysis of existing literature and empirical studies, this review identifies the critical role of HCM practices in enhancing employee skills, performance, engagement, and retention. The examination of Training and Development initiatives reveals their significance in fostering employee growth, improving competencies, and ensuring adaptability to changing job requirements. Similarly, Performance Appraisal systems emerge as essential tools for providing feedback, aligning individual goals with organizational objectives, and driving continuous improvement.

Recruitment and Selection processes are highlighted as crucial stages in acquiring and retaining top talent, emphasizing the importance of aligning recruitment strategies with organizational culture and goals. Moreover, Career Management practices are explored in depth, emphasizing their role in promoting employee satisfaction, retention, and professional growth through clear career pathways, mentoring, and skill enhancement opportunities.

Overall, this review underscores the need for organizations to prioritize effective HCM practices as strategic imperatives. By investing in the development, engagement, and retention of human capital, organizations can adapt to market dynamics, foster innovation, and achieve sustainable growth. The findings of this review offer valuable insights for practitioners and scholars alike, informing future research directions and guiding the implementation of HCM strategies in diverse organizational contexts.

Keywords: Human capital management; Training and Development; Recruitment and Selection; Career Management; Performance Appraisal.

1. Introduction

Human capital management (HCM) acknowledges that a company's most valuable asset is its people and is a pillar of contemporary business strategy. Sustainable growth and success in business are contingent upon the efficient management and development of human resources, particularly as organizations traverse a more dynamic and competitive landscape. Human capital management (HCM) is a comprehensive strategy combining training, performance management, talent acquisition, retention, and employee engagement to maximize each person's potential inside an organization.

Human resource management (HRM) not only improves organizational performance but also cultivates a culture of continual improvement and adaptation by prioritizing the development of employees' skills, knowledge, and...
motivation. We examine the core ideas, importance, and developing trends of human capital management in this introductory investigation, which is aimed at transforming the modern workforce.

Human Capital Management (HCM) practices encompass a comprehensive range of strategies and processes aimed at optimizing the value of an organization's workforce. These practices involve talent acquisition and recruitment strategies to attract top talent, onboarding, and orientation programs to integrate new hires effectively, training and development initiatives to continuously enhance employee skills and knowledge, performance management systems to set goals and evaluate performance, compensation and benefits structures to motivate and retain employees, employee engagement efforts to foster a positive work environment, succession planning to identify and develop future leaders, diversity and inclusion initiatives to promote equity and innovation, and workforce analytics to make data-driven decisions.

Together, these HCM practices contribute to building a high-performing, engaged, and resilient workforce that drives organizational success in today's competitive landscape.

Objective

- To examine the literature review on the practices used in human capital management.
- To identify the practices in Human capital management using systematic review.

2. Review Methodology

The study is exploratory in nature, and only secondary data were employed. The secondary data includes a variety of high-quality journals.

2.1. Human Capital Management

The Accounting for People Task Force (2003) defined human capital management (HCM) as a tactical strategy to human resource management that concentrates on the problems that are essential to the organization's success. According to Scarbrough and Elias (2002), identifying the connection between Human Resource and business strategy is now the most beneficial contribution of human capital. The following is an extension of this concept provided by the Chartered Institute of Personnel and Development (CIPD, 2006a): A human capital approach suggests that data on human capital must inform a practical business plan. According to Donkin (2005), there are three areas where HCM's organizational strength is found: Development and application of relevant measures, both quantitative and qualitative; gathering and interpreting results; utilizing this information for strategic advantage.

2.2. Human Capital Management Practices


Siddiqui, F. (2012) explores human capital's significance in competitive environments for organizational productivity. Focuses on Intellectual capital, Knowledge management and employee loyalty. Human capital is crucial for competitive advantage and organizational survival. Human capital leads to better decision making and effective communication.


Ajisafe, R. A., Orifa, R. A., & Balogun, J. A. (2015) Human capital management positively influences organizational performance in the banking industry. Employee training, development and career progression enhance organizational performance. Management’s disposition to HCM positively correlates with career development and performance. Lack of a universal framework for measuring human capital management effectively. Veronicah. A (2022) discusses the effect of Human capital management practices, such as recruitment, training, job design, and compensation on employee retention. All these are positively related to employee retention. The authors recommend that HR managers should align recruitment and retention processes with business objectives.

Emilia. et al. (2022) discuss the maturity level and role of HCM in a higher education Institution. It found low scores in all human capital drivers, i.e., Leadership Practices, Knowledge accessibility, Workforce Optimization, Employee Engagement, and Learning capacity. Indicating a poor HCM maturity level. The importance of systematic steps to develop HCM in the institution is emphasized.

Table 1 HCM Practices in Reviews

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<thead>
<tr>
<th>HCM practices used</th>
<th>Author/Year’s</th>
<th>Research Paper</th>
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2.3. Training and Development

Polina, Ananchenkova. (2023)\(^{16}\) discusses the importance of investing in training and development programs for organizational human capital. It emphasizes that training is a significant investment in employees to enhance their skills and abilities to overcome workplace challenges. Training and Development of human capital is essential for sustainable development. Melnychuk et al. (2022)\(^{17}\) discuss the role of technologies in training modernizing the educational space. The research establishes the significance of training work in the psychological and pedagogical support system. Xiao (2021)\(^{18}\) discuss the role of firm provide training in explaining wage growth differences between workers in richer and poorer countries. Firm-provided training accounts for 43 percent of cross-country wage growth differences. Ramnath (2020)\(^{19}\) discuss the importance of training and development in building a robust human resource management system and addresses the bottlenecks that hinder organizational growth. Recommended to strengthen human capital through training and development. It addresses bottlenecks in training and development that hinder organizational growth.

2.4. Recruitment and Selection

In their investigation from 2022, Robert Kiplangat Koech et al\(^{20}\) assess the usefulness of recruiting information systems for human resource management. The results indicate a robust positive correlation between human capital management and recruiting information systems. Many businesses continue to use antiquated approaches to human resource management. HRIS applications help reduce expenses and increase the effectiveness of HR planning. Employing recruitment information systems can help businesses in related industries manage their people resources more effectively. The study by Ghulam Muhammad et al. (2022)\(^{21}\) examines the function of talent attraction as a mediator between creative e-recruitment tactics and the efficacy of HCM. Insufficient investigation on the e-recruitment and selection procedures in emerging nations. There is little data on how talent attraction influences e-recruitment tactics. The impact of hiring, placing, and selecting employees on their performance is covered in Anita’s (2020)\(^{22}\) study as part of HCM procedures. The study discovered a favorable correlation between employee performance and human capital management strategies. According to the research, putting into practice efficient HCM procedures can enhance worker performance.

2.5. Career Management

Participation in career management activities moderates the relationship between human capital and interim leadership in the Indian manufacturing sector, according to a study by Birasnav M and Rangnekar S (2012)\(^{23}\). The research study underlined the significance of career management in order to take on a new role from a different perspective. It also emphasized the influence that employees’ involvement in career management and human capital have on the value that temporary leadership positions receive. An examination of European policy texts on career development and guidance is included in Bengtsson, A. (2011)\(^{24}\) research, which sheds light on the connection between career self-management and the creation of human capital in the information economy. It places career guidance programs in the larger frameworks of human capital, the knowledge economy, and the labor market for entrepreneurs. A framework for reintegrating career development into the HRD function is proposed by McDonald, K. S. (2005)\(^{25}\). It focuses on learning activities that are more appropriate for organizations and individuals in the evolving work environment. Highlights the benefits of career development for both employers and people, and it recommends that HRD should take back and reinvest its role in career development by expanding its horizons and being more adaptable.

2.6. Performance Management

The Greek public sector’s use of human capital techniques, particularly performance appraisal and self-evaluation, is examined by Isychou, D. et al. (2016)\(^{26}\). It points out fundamental issues such as a lack of objectivity, contradictions, and mistrust towards the evaluation processes. Employee self-evaluations and senior managers’ assessments of them showed a large discrepancy, suggesting a consistency and objectivity issue. Wenny Desty Febrian et al. (2023)\(^{27}\) conduct a literature study and summary of the literature on human capital strategy methods in national businesses, emphasizing elements such as individual development plans, organization commitment, training requirement analysis, development personnel, and performance evaluation. The several generations that are characterized in the workplace are discussed by Bartz, D. et al. (2017)\(^{28}\). These generations include the Baby Boomer generation, Generation X, Millennials or Generation Y, Generation Z or Digital Natives, and the Silent Generation or Traditionalists. Positive reinforcement in areas where Millennials meet or surpass expectations should be part of the performance review process.

3. Conclusion

In conclusion, the review paper had shed light on the critical role of HCM practices in contemporary organizational settings. Through an in-depth analysis of various dimensions of HCM, including Training and Development, Recruitment and Selection, Career Management and performance appraisal. It becomes evident that effective human resource
strategies are pivotal for organizational success and sustainability. This review underscores the importance of integrating robust HCM practices into organizational frameworks. Further research and practical implementations are warranted to explore emerging trends and strategies in HCM, ensuring organizations remain agile and resilient in the face of evolving challenges and opportunities.

**Compliance with ethical standards**

**Disclosure of conflict of interest**

The author declares that they have no conflict of interest.

**References**


