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## UNDERSTANDING THE DRIVERS OF HUMAN CAPITAL MANAGEMENT AT NATIONAL THERMAL POWER CORPORATION (NTPC)

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### ABSTRACT

*One of the distinctive features of high performing companies is the importance of human capital. These days all organizations have human resource practices functioning whether formally formed or not. The companies that are considered as high performers manage their human capital effectively and efficiently which provides guidance in the future decisions and actions of the company. On the basis of a pre-determined set of core Human Capital Management (HCM) drivers developed by International level of researchers, the model was tested on Indian Organization. The result of the HCM drivers showed a positive growth towards the long term progress of the company.*

### KEYWORDS

human capital management drivers, human resource practices, indian organization.

### INTRODUCTION

Human capital is the stock of competencies, information, societal and personality traits, including creativity, cognitive abilities, accompanied by the ability to perform manual effort so as to produce economic value as described by Snell SA & Dean JW. It is a total economic view of the human being performing within economies, to capture the social, biological, cultural and psychological difficulty as they interrelate in overt and/or financial transactions.

According to Dess G.D & Picken J.C : Human capital is "generally understood to consist of the individual's capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning".

Adam Smith has defined Human Capital as "The attainment of such talents, by the acquirer during his learning, study, or internships, always accounts for a real expense, which is a fixed and understood, as it were, in his person. Those talents make a part of his destiny, so do they similarly that of the society to which he belongs. The enhanced dexterity of a labour may be considered in the same way as a machine or instrument of trade which provides and abridges labour, as though it costs certain expenditure, repays that expenditure with a profit."

Researcher Alzbeta kucharcikova characterized Human capital management as "an approach to employee staffing that perceives people as assets (human capital) whose current value can be measured and whose future value can be enhanced through investment".

As far as the growth of economy is concerned, it calls for watching the rate of growth in infrastructure facilities. Power sector is one of the main aspects of the infrastructure building. Some well-known person GE Jack Welch has said, "You don't have a chance to stand in the 21st century without lots of powers. Without this you miss the next revolution [5].

If we analyse the various statistics of Indian power sector, we have found that the generating capacity has gone up tremendously from a meager 1712 MW in 1950 to a whopping 147000 MW today. The critical role played by the power industry in the economic progress of a country is clearly visible. A self sufficient power industry is vital for a nation to achieve economic stability as per NTPC Handbook.

India's largest power company, NTPC was set up in 1975 to accelerate power development in India. NTPC is emerging as a diversified power major with presence in the entire value chain of the power generation business. NTPC ranked amongst Forbes Global 2000<sup>th</sup> ranking as 384<sup>th</sup> in 2013 of the World's biggest companies. NTPC recognized as Maharatna company in May, 2010. NTPC has constantly been part of the Best Workplaces List for the past nine years and has been each time amongst the top performers. NTPC's people practices are rated among best in the country as gathered from ntpc website on awards and recognitions..

In the year 2013, ValaAfshar et.al explains "Human Resource is one of the most important functions in business, hovering to lead social business transformation, lasting and meaningful employee engagement opportunities. In knowledge sharing and hyper-connected economy, attracting talent is the only way companies can compete and win".

The human capital drivers existing in NTPC enhances the progress and prepare for future growth which will be an important study for the company and many other companies as well.

### LITERATURE REVIEW

Black and Lynch identified the effects of human capital investment such as education, training and recruitment on productivity. A model was developed by using the data from the National Center on the educational quality of the workforce national employer's survey. The model showed that these practices develop Human Capital and enhance the productivity of the Organization.

Mayo, A, examined the contribution of human capital to current and future value for stakeholders. The major factors for such growth are individual ability, motivation, leadership, organizational climate and work group effectiveness. Each of these was analyzed in detail with quantifiable measures. Individual capability or Organizational performance was measured by knowledge/skill/experience/network; ability to achieve results, potential for growth and their contribution to work.

Mc Gregor et al. accepts both the broader human resource considerations of the business workforce (traditionally) known as the labour market and the more specific requirements of individual competence in the form of knowledge, skills & attributes of managers and how they manage people.

Issac et al. Human Capital (HC) is considered with the skills, knowledge, innovative capabilities & overall competence of employees. It represents the goods & services employees produce that bring revenues when there is an investment of their knowledge, skills & other abilities. As per Choudhury & Mishra, Human capital refers to the individual's knowledge, skills & expertise. It is the ability of the employees to do things that ultimately make the company work & succeed.

Human capital management is also considered as accounting for people in the book Accounting for people task force as an approach to people management that treats it as a high level strategic issue & seeks systematically to analyze, measure & evaluate how people policies and practices create value. Hall considers it as an



umbrella that includes three primary components of corporate knowledge. The first is those human resources functions that influence workforce development. The second is training and next is knowledge management. Making human capital a source of competitive advantage requires much more than making some quick fixes to a control – focused organization. It needs attracting and maintaining the right people along with organising and managing them efficiently... It requires the appropriate managerial attitude as well as the right design for most of the organisation's major operating systems in order to create a human capital centric organization as discussed by Lawler in 2009.

### UNDERSTANDING THE HUMAN CAPITAL DRIVERS

The empirical research conducted by Laurie Bassi & Daniel Mc Murrer revealed the basic set of HCM drivers that foresee performance across a broad range of organizations and operations. These drivers come into five major categories: Leadership practices, Employee engagement, Knowledge accessibility, Workforce optimization, and Organizational learning capacity. In each of those categories, HCM practices are subdivided into at least four groups. Leadership practices, for example, include those related to managerial communication, inclusiveness, supervisory skills, executive skills, leadership development, and succession planning systems.

DIAGRAM 1

Human Capital Drivers					
Organizations' strengths and weaknesses in human capital management (HCM) can be assessed by monitoring the performance of each of 23 HCM practices that fall within five broad HCM driver categories. In general, improvements or declines in organizational performance can be tied directly to improvements or declines in HCM practices.					
HCM Drivers	Leadership Practices	Employee Engagement	Knowledge Accessibility	Workforce Optimization	Learning Capacity
HCM Practices	<i>Communication</i> Management's communication is open and effective.	<i>Job Design</i> Work is well organized and taps employees' skills.	<i>Availability</i> Job-related information and training are readily available.	<i>Processes</i> Work processes are well defined, and training is effective.	<i>Innovation</i> New ideas are welcome.
	<i>Inclusiveness</i> Management collaborates with employees and invites input.	<i>Commitment</i> Jobs are secure, employees are recognized, and advancement is possible.	<i>Collaboration</i> Teamwork is encouraged and enabled.	<i>Conditions</i> Working conditions support high performance.	<i>Training</i> Training is practical and supports organizational goals.
	<i>Supervisory skills</i> Managers eliminate barriers, provide feedback, and inspire confidence.	<i>Time</i> Workload allows employees to do jobs well and enables good work/life balance.	<i>Information sharing</i> Best practices are shared and improved.	<i>Accountability</i> High performance is expected and rewarded.	<i>Development</i> Employees have formal career development plans.
	<i>Executive skills</i> Senior executives eliminate barriers, provide feedback, and inspire confidence.	<i>Systems</i> Employee engagement is continually evaluated.	<i>Systems</i> Collection systems make information easily available.	<i>Hiring</i> Hires are chosen on the basis of skill; new hires complete a thorough orientation.	<i>Value and support</i> Leaders demonstrate that learning is valued.
	<i>Systems</i> Leadership-development and transition systems are effective.			<i>Systems</i> Employee performance management systems are effective.	<i>Systems</i> A learning management system automates aspects of training.

Source : <https://hbr.org/2007/03/maximizing-your-return-on-people>

According to this above mentioned diagram summarized by Laurie Bassi & Daniel Mc Murrer. These 5 categories are explained as follows-

**1. Leadership Practices-** In this category following skills have been considered-

1. Communication - Open and honest communication between seniors and juniors making it an effective process in place for communicating news, strategies, and goals to everyone which ensures that employees know what is expected of them.
2. Inclusiveness- Employee input, work in partnership, treating employees with respect at all the levels.
3. Supervisory skills - Organizational values are displayed, unnecessary barriers to getting work done are removed, constructive feedback is given in time, and employees are provided with performance appraisals to inspire confidence.
4. Executive skills - Executives highlight organizational values, remove unnecessary barriers to get the work done, offer realistic feedback to inspire confidence among employees.
5. Systems - Highly effective systems and processes are developed to identify and generate the next generation of leaders for smooth leadership transitions.

**2. Employee Engagement-** In this category following skills have been included-

1. Job design - Work is well- organized, makes efficient use of employees' talents and skills to make it meaningful. Employees have adequate responsibility to determine how best to do their job and creative work designs help to make jobs fit employees' needs.
2. Commitment to employees - Security in jobs, recognition of their accomplishments and opportunities for advancement.
3. Time - The workload allows employees to do their tasks well, make thoughtful decisions, and achieve appropriate work life balance.
4. Systems - Systems helps retain good performers by regularly evaluating trends in employee engagement and giving information to determine the key drivers of productivity and customer satisfaction.

**3. Knowledge accessibility**-in this category many practices are considered-

1. Availability - People have the necessary resources like manuals, tools, and information to do their job and procedures are in place to enable employees for training when they need it.
2. Collaboration and teamwork - Teamwork is encouraged by places for people to meet informally and time is set aside for people to share and learn from each other.
3. Information sharing - Best practices and tips are shared, improved, and circulated across all the concerned departments.
4. Systems - Effective systems to collect and store information and make it available to all employees.

**4. Workforce optimization**-This category comprises of various practices-

1. Processes - Processes are well defined and continually improved to train the employees well in advance.
2. Conditions - Working conditions are accustomed to the needs and requirements of employees which contribute to good performance.
3. Accountability - Employees are accountable for producing high quality work; promotion is based on competence; poor performers are terminated; and employees trust their co-workers to get the job done.
4. Hiring decisions – Skill based selection; new hires receive adequate orientation, induction, and job description. Existing employees provide input into hiring decisions.
5. Systems - Highly effective systems and processes to manage employees' performance and talents by viewing overall proficiency of the workforce to realize their full performance potential and identify development opportunities for future. This motivates employees to progress in their careers.

**5. Learning capacity**-It includes various practices-

1. Innovation - New ideas are welcomed and encouraged to find new and better ways to do work. and employees' input is used in solving problems
2. Training - Training is practical to supports organizational goals, provided to employees on work-related technologies.
3. Development - Employees go for formal development plans to achieve their career goals.
4. Value and support - Leadership behaviour demonstrates that learning is valued, learning is made a priority by management.
5. Systems - A learning management system automates the administration of all aspects of learning, reports to management by including features such as content management and competency management.

**RESEARCH METHODOLOGY**

The purpose of this research paper is as per following:

- (i) To identify and describe the drivers of human capital management; &
- (ii) To understand the implementation of these common elements in a successful organization.

Based on the literature review by various researchers and model developed by Laurie Bassi & Daniel Mc Murrer, we conducted an employee opinion survey of NTPC employees to assess the current status of HCM drivers and its functioning. The questionnaire developed by Laurie and Daniel is used for this purpose as this model is very general and systematic to assess the HCM drivers. The HCM drivers are divided into 5 broad segments which are further subdivided into different HR practices. These five categories were Leadership practices, Employee Engagement, Knowledge Accessibility, Workforce Optimization and Learning Capacity. For each of these practices, the employees' perception is tested on the scale of 1- 5 (1 – strongly disagree and 5 – strongly agree), the responses were systematically coded, tabulated and then analysed. The online questionnaire was sent to NTPC Noida Offices via email to at least 100 employees, followed by 2 reminders, out of which approx 65 responses were received and 50 were suitable to be used for the study. The effectiveness percentage of response generation was 50%. Non-probability convenience sampling was used for the purpose of the study. The entire study took almost two months to complete.

**ANALYSIS OF HUMAN CAPITAL DRIVERS****TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

S.No	Particulars	Respondents %
1.	<b>Gender</b>	
	Male	72 %
	Female	28 %
2.	<b>Age</b>	
	Below 25	20 %
	26 – 35	40 %
	36 - 45	30 %
	Above 45	10 %
3.	<b>Job Profile</b>	
	Senior Level	10 %
	Middle Level	30%
	Junior Level	60 %
4.	<b>Tenure in the organization</b>	
	less than 5 yrs	30 %
	5 – 10 yrs	40 %
	Above 10 yrs	30 %

The employees of NTPC, who came in contact for the survey, were segregated on the basis of gender, age, job profile and tenure in the organization. It is evident that majority of them were male members (72 %) as its business requirement need more technical people and manufacturing background people. Now when we considered the age factor, below 25 years of age were entry level or internship employees, the majority (40%) of the respondents were from the age group of 26 – 35 yrs and 30% belong to the age bracket of 36-45 yrs. The next factor in demographic profile was Job Profile of respondents in our survey. Since the availability and approach of senior level management was low, so we could cover just 10 % from senior level management and maximum 60 % were available from junior level work profile. If we talk about tenure in the organization, NTPC is known for its loyal work force and low turnover rate and employees don't easily leave job. They only leave due to family or personal matters, otherwise they are willing to work throughout their life in this organisation. It was found that 40% of the respondents had been in the organization for 5-10 years, 30% from above 1 year and 30% have so far spent less than 5 years in the organization. To score the 5 broad parameters, which are further divided into 23 HR practices, Likert scale was used where '1' indicated poor performance and '5' indicated high performance. The employees of NTPC responded and their perception was collected, organized and presented in the tabular format. The interpretation was based on the response of employees taking the functioning of the organization into consideration.

TABLE 2: RESPONSES ON HCM DRIVERS AND ITS COMPONENTS BY NTPC EMPLOYEES

S.No.	HCM Drivers	HR Parameters	Respondents (%)
1.	Leadership Practices	Communication	20%
		Inclusiveness	24 %
		Supervisory skills	18 %
		Executive skills	22 %
		Systems	16 %
2.	Employee Engagement	Job design	40 %
		Commitment to employees	22 %
		Time	22 %
		Systems	16 %
3.	Knowledge Accessibility	Availability	30 %
		Collaboration and teamwork	24 %
		Information sharing	24 %
		Systems	22 %
4.	Workforce Optimization	Processes	20 %
		Conditions	18 %
		Accountability	24 %
		Hiring decisions	16 %
		Systems	22 %
5.	Learning Capacity	Innovation	20 %
		Training	22 %
		Development	20 %
		Value and support	24 %
		Systems	14 %

Based on the above table, the response on leadership practices exhibit that all the 5 practices lie in the range of 16 % to 24 % where highest participation is Inclusiveness (24%). It highlights friendly and healthy work environment. Next to it we have executive skills (22%) because of the vision and values existing in the company which brings confidence in the employees to work better. The next being supervisory skills (18%) which provide employees with performance appraisals on timely basis. Communication is the major cause of problem in most of the organization wherein NTPC has maintained a standard channel of communication (20%) among the executives and managers. The systems & processes (16%) need to be better developed and equipped for future requirements.

From the overall responses on employee engagement, the Job Design (40%) seems highly effective and organized, which gives appropriate responsibility to every employee. The second being commitment to employees and time (22 %). As far as time is concerned, the workload of employees is as per the requirement of the project which some employees feel overloaded and some think less work given to them. The systems to track the employee engagement need to be made more effective so as to take the right decision concerning the betterment of employees.

As far as Knowledge Accessibility is concerned, the employees have good availability (30%) to all the resources like manuals, tools, information etc. Next is Collaboration and teamwork among the employees. NTPC helps them to meet formally as well as informally to enhance sharing and learning from each other. As collaboration and teamwork exists, similar is the information sharing (24%) among all the levels in the organization. The systems for knowledge accessibility need to be developed to collect and store information for easy availability to the employees.

In the Workforce optimization the employees of NTPC believe that they are considered important and they feel that they have highly effective systems (24%) to manage employee's performance and overall proficiency of workforce. The second major role is played by accountability (22%) as employees are held accountable for producing high quality work. The processes (20%) functioning in NTPC are well defined and improved continuously. The working conditions (18%) & hiring decisions (16%) must be improved to enhance employee performance and satisfaction.

In terms of Value and support, 24% respondents believe that continuous learning is possible. Training (22%) is mandatory requirement for employees joining new because it upgrades their skills for new job & learning future skills. Development (20%) also provides platform for achieving the career goals for the employees. All these creative innovative ideas (20%) among the employees help to perform the job better and make them problem solver. The Systems for learning ability (14%) has to upgrade to the new and changing technology.

## CONCLUSION

NTPC being government aided and largest power provider Maharatna company, where employees are considered as an asset for the effective and efficient functioning of the company. Leadership is involved in seeking feedback from the employees, believes in partnership and treat everyone with respect. The work design is highly organized, uses employee's talent and skills to determine appropriate responsibility to do the job that fits employee needs. There is adequate availability of resources for the employees which enable them to access information and training whenever they need it. For the purpose of workforce optimization, NTPC provides highly effective systems and processes to help employees realize their full performance potential and identify future growth opportunities. Learning is always considered as a priority and sufficient support is provided by the management.

Globalization has left only one true path to long term success of the organization i.e managing its human capital towards positive direction of growth and achievement. Today, in business disciplines, the prevalence of HC is set to increase as organisations become more focused on managing intangible assets, as senior management becomes more interested in the impact on bottom line results, as technology evolves and analysts and investors demand improved information relating to the management of people as a contributor to shareholder value as stated by Santos-Rodrigues, H Dorrego. Moreover, knowledge is becoming increasingly important in promoting a firm's sustainable competitive advantage; and that both the creation and management of intangible assets contribute to a firm's wealth. Only those companies will survive, which joins the race towards the development of human capital drivers and can maximize their Return on People. There are various areas of improvement like the systems for tracking leadership practices, employee engagement and knowledge accessibility which needs to be upgraded and made more effective in its functioning. The hiring decisions can be further simplified by using various behavioural tests and open opportunity to be provided for innovation at all levels without the fear of failure.

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