

ROLE OF HUMAN CAPITAL MANAGEMENT IN ENHANCING EMPLOYEE ENGAGEMENT

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Abstract

The development, motivation, and retention of people as valuable assets to gain a competitive edge is the focus of Human Capital Management (HCM), which has grown to be a crucial organizational role. Employee engagement has a significant impact on commitment, productivity, and overall organizational success in today's fast-paced corporate climate. By concentrating on important areas such training and development, performance management, career planning, employee involvement, and workplace support systems, this article investigates how HRM practices might improve employee engagement. these actions have a major impact on workers' emotional and behavioural engagement, fostering a supportive workplace that encourages involvement, job satisfaction, loyalty, and long-term development. In order to comprehend how matching human capital strategies with employee demands might improve engagement, the study is conceptual in nature and is based on a survey of pertinent literature, theoretical models, and secondary sources. According to the findings, companies that make effective investments in human capital development are more likely to experience increased employee engagement, increased productivity, less employee turnover, and long-term organizational success.

Keywords: employee engagement, human capital management, organizational growth, performance management, training and development

1. INTRODUCTION

One of the most important aspects of contemporary organizational strategy is human capital management, or HCM. In order to accomplish organizational objectives, it focuses on hiring, training, retaining, and efficiently using the personnel. Workers are seen as an organization's most precious asset, and their expertise, abilities, and drive are vital to a business's competitiveness and success.

Organizations struggle to retain talent, increase productivity, and boost employee morale in the fast-paced commercial world of today. One important factor affecting organizational performance is employee engagement. Employees that are engaged are more devoted, productive, and likely to support company objectives. They exhibit greater levels of loyalty, motivation, and job satisfaction.

Employee engagement is directly impacted by HRM policies including training and development, career advancement opportunities, performance reviews, and employee participation in decision-making. Businesses that make these investments not only improve the abilities and proficiencies of their employees but also cultivate an atmosphere that encourages drive, creativity, and sustained dedication.

Understanding the connection between HCM procedures and employee engagement is the main goal of this study. It specifically looks at how employee involvement, professional advancement options, and training and development programs affect employee engagement levels. Based on information gathered from workers via structured questionnaires, the study

also examines correlations and relationships between these factors using statistical methods including Pearson correlation and the Chi-Square test.

The study's conclusions will assist businesses in pinpointing important areas where their HR strategies need to be improved and in putting procedures in place that promote increased productivity, engagement, and organizational development. Businesses may develop a dedicated workforce capable of attaining long-term success in the current competitive environment by placing a strong emphasis on successful HCM procedures.

1.1 Objectives of the Study:

1. To comprehend the idea and importance of human capital management in businesses.
2. To investigate the idea of employee engagement and how crucial it is to the success of an organization.
3. To determine the main HRM techniques that affect worker engagement.
4. To examine how employee involvement, career development, performance management, and training contribute to increased engagement.
5. To emphasize the advantages of efficient human capital management for raising organizational performance and employee dedication.

1.2 Scope of the Study:

1. The study focuses on the concept of Human Capital Management.
2. It examines the role of Human Capital Management in enhancing employee engagement.
3. The study covers key HCM practices such as training, performance management, career development, and employee involvement.
4. It applies to organizations in a general context, irrespective of industry or sector.
5. The scope is limited to understanding the relationship between HCM practices and employee engagement.

2. REVIEW OF LITERATURE

A comprehensive review by Anusuya and Soundarapandian (2024) identified several Human Capital Management practices that contribute significantly to employee engagement. The review recognized recruitment and selection, training and development, performance appraisal, compensation management, and career development as essential mechanisms for enhancing employees' knowledge, skills, motivation, and organizational commitment. The authors argued that organizations adopting integrated HCM practices develop stronger human capital capable of sustaining organizational growth and innovation.

Kahn (1990) and Saks (2019) reaffirmed that employee engagement reflects employees' psychological investment in their work roles and is largely influenced by organizational support, meaningful work, trust, and participative HR practices. The review further argued that employee engagement serves as a mediating mechanism connecting HRM practices with organizational effectiveness.

Overall, recent literature consistently supports the argument that Human Resource Management and Human Capital Management practices are fundamental drivers of employee engagement. While traditional HR practices such as training, performance management, and career development remain essential, emerging evidence underscores the significance of digital HR technologies, adaptability, organizational culture, and contextual interpersonal relationships in shaping engagement outcomes. These findings provide a strong theoretical foundation for examining the relationship between Human Capital Management practices and employee engagement in contemporary organizations.

3. METHODOLOGY

The research methodology of this study involves a mixed methods approach utilising both primary and quantitative analysis in researching the influence of Human Capital Management on employee engagement.

3.1 Research Design

The research design of the study is "descriptive and analytical". Descriptive research is employed in Human Capital Management to describe various characteristics of employment engagement whereas analytical research enables examining mathematical relationships between assertions.

3.2 Sources of Data

- **Primary Data:** Dissertations of data gained from employees and HR managers with a structured questionnaire that assesses how they perceive HCM practices and levels of employee engagement.
- **Secondary Data:** This was collected from text books, research articles, journals, conference papers, and internet sources that provided a conceptual framework and served as support to the study.

3.3 Data Collection Method

A structured questionnaire was administered to respondents, covering demographic information, training and development, performance management, career development, employee involvement, workplace support, and employee engagement.

3.4 Tools of Analysis

- **Simple Percentage Analysis:** This method is used to show and summarize categorical and demographic data.
- **Chi-Square Test:** Used to test hypotheses and look at correlations between categorical variables.
- **Correlation Test:** Used to assess the direction and strength of the association between employee engagement and HRM practices.

3.5 Sampling Method

Purposive sampling is used in the study, where participants are chosen according to how well they fit the study's goals. To guarantee that the sample fairly represents people with expertise in HRM practices and employee engagement, employees and HR managers from all departments and levels within chosen firms were included.

3.6 Sample Size

For this survey, a total of 120 respondents were selected. For the use of descriptive and inferential statistical techniques, such as correlation analysis, Chi-Square testing, and basic percentage analysis, this sample size is deemed sufficient. To guarantee diversity and dependability of the results, the sample comprises workers from various departments, age groups, and experience levels.

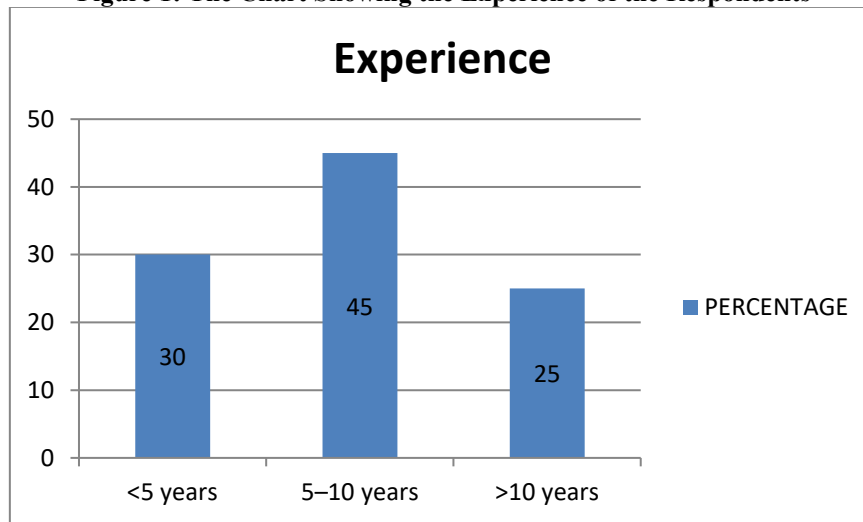
4. RESULTS

4.1 Simple Percentage Analysis

Table 1: The Table Showing the Experience of the Respondents

Sr. No.	Experience	No. of Respondents	Percentage
1	<5 Years	36	30
2	5-10 Years	54	45
3	>10 Years	30	25
Total		120	100

Figure 1: The Chart Showing the Experience of the Respondents

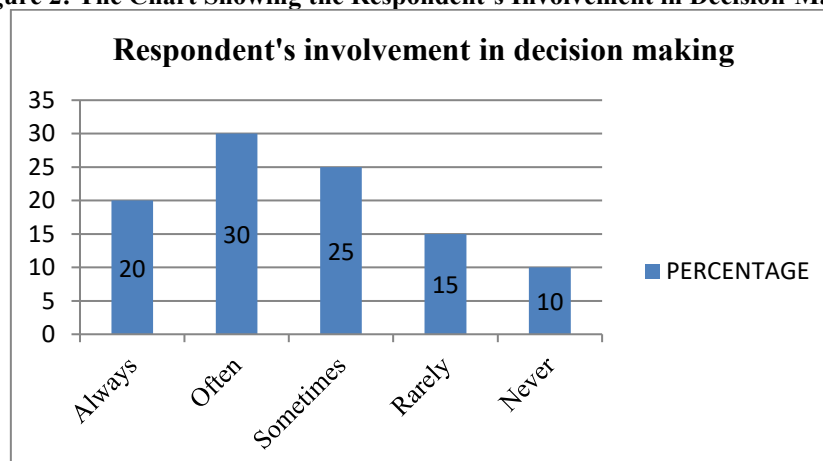


The above table and chart showing 30% of the respondents having < 5 years, 45% of the respondents having 5-10 years and 25% of the respondents having >10 years of experience in the organisation.

Table 2: The Table Showing the Respondent's Involvement in Decision-Making

Sr. No.	Opinion	No of Respondents	Percentage
1.	Always	24	20
2.	Often	36	30
3.	Sometimes	30	25
4.	Rarely	18	15
5.	Never	12	10
Total		120	100

Figure 2: The Chart Showing the Respondent's Involvement in Decision-Making



The above table and chart showing 20% of the respondents said always, 30% of the respondents said often. 25% of the respondents said sometimes, 15% of the respondents said rarely and 10% of the respondents said never about involvement in decision making.

4.2 Chi - Square Test

This test is used to find out the significant relationship between the categorical variable and test hypothesis.

H₀: There is no significant relationship between training and development practices and employee engagement.

H₁: There is a significant relationship between training and development practices and employee engagement.

Table 3: Case Processing Summary

Category	N	Missing	Percent
Valid	120	0	100.0%
Excluded	0	-	0.0%
Total	120	-	100.0%

Chi-Square Tests

Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.980	4
Likelihood Ratio	27.910	4
Linear-by-Linear Association	18.230	1
N of Valid Cases	120	-

Pearson Chi-Square = 28.980

df = 4, p-value = 0.000 (<0.05)

Decision: Reject the null hypothesis (H₀)

There is a significant relationship between Training & Development and Employee Engagement.

4.3 Correlation Test

The purpose of this test is to determine how important career development possibilities are to employee engagement.

H₀: Career growth opportunities and employee engagement do not significantly correlate.

H₁: Career growth opportunities and employee engagement are significantly positively correlated.

Table 4: Case Processing Summary

N	Missing	Percent
Valid	120	0
Excluded	0	-
Total	120	-

Correlation Table

Variables	Career Development Opportunities	Employee Engagement
Career Development Opportunities	1.000	0.752**
Employee Engagement	0.752**	1.000

Notes

N = 120

Pearson Correlation = 0.752 → Strong positive correlation

Significance (2-tailed) = 0.000 (p < 0.01)

Correlation is significant at the 0.01 level (2-tailed)

Null hypothesis (H₀) is rejected.

Career development opportunities and employee engagement have a substantial positive link, as seen by the correlation coefficient $r=0.752$. This implies that more employee involvement is linked to improved career advancement chances.

4.4 Findings

1. 45% of employees have 5–10 years of experience, showing a balanced mix of mid-level and experienced staff.
2. 75% of employees feel at least some level of involvement in decision-making.
3. There is a significant relationship between training & development practices and employee engagement.
4. Career development opportunities have a strong positive correlation ($r = 0.752$) with employee engagement.
5. Human Capital Management practices such as training, career development, and employee involvement positively influence employee motivation and engagement.
6. Employees perceive structured training programs as a key factor for improving their skills and overall engagement.
7. Providing clear growth paths and career development opportunities increases employee commitment and productivity.

4.5 Recommendations

1. Organizations should enhance training and development programs by providing regular, skill-specific training sessions to improve employee knowledge and engagement.
2. Companies should create clear career development opportunities, including mentoring, promotions, and internal job rotations, to motivate and retain employees.
3. Management should increase employee involvement in decision-making by encouraging participation in team discussions, brainstorming sessions, and policy suggestions.
4. Organizations should implement workplace support initiatives such as wellness programs, flexible working hours, and employee recognition systems to boost engagement.
5. Regular monitoring and evaluation of HCM practices should be conducted using surveys, feedback, and performance metrics to assess effectiveness and make improvements.
6. Encourage continuous communication and feedback between management and employees to address concerns and strengthen trust.
7. Focus on creating a supportive organizational culture that values employee contributions, learning, and growth to maintain long-term engagement.

5. CONCLUSION

The study reveals that Human Capital Management practices, including training and development, career development opportunities, and employee involvement, play a crucial role in enhancing employee engagement. Analysis shows that employees with access to structured training and clear growth opportunities are more motivated, committed, and productive. The Chi-Square and Correlation tests confirm significant relationships between these practices and engagement levels, highlighting the importance of effective HCM strategies. Organizations that focus on continuous learning, career growth, and inclusive decision-making are likely to achieve higher employee satisfaction and overall organizational performance.

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