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HOW PRODUCTIVITY CAN BE AFFECTED BY HUMAN CAPITAL

Mohamad Dzulfiqar Bin Rasli, Muhammad Zaki Mukhtar Bin Mohd Nor, Shahryar Sorooshian
Faculty of Industrial Management,
University Malaysia Pahang, Malaysia

Tan Seng Teck
School of Business, INTI International College Subang,
Malaysia

Md. Yusof Ismail
Department of Manufacturing Engineering,
International Islamic University Malaysia, Malaysia

Abstract — **In this article we will discuss about how human resources management will affect the productivity. This article will tell about the meaning of human resource management and the meaning of productivity. We also tell the component in the human resource management such as training, incentive and reward that can give impact towards productivity of a company or organization.**

Keywords— **Human Resource, Human Resource Management, Productivity, Management**

I. INTRODUCTION

Human resources management is a new term for managing employment. Based on Chris Hendry [1], human resources means matching employment practices to an organization's strategy. Employment practices should combine together to reinforce one another. Reward system, the way promotion are made, who get trained and why, are type of human resource management. According to Alan Price [2], human resource management has become dominant approach to people management throughout much of the world. It has absorbed ideas and techniques from a wide range of theories and practical tools. Wright and McMahan defined strategic human resource management (SHRM) as "the pattern of planned human resource deployments and activity intended to enable an organization to achieve its goal [3]. Other definition of human resources management is division of company that focuses on activity related to employee. These activities normally include recruiting and hiring new employees, orientation and training of current employees, employee's benefits and retention.

Productivity means an economic measure of output per unit of input. Based on [4], traditional definition of productivity is the quantity of output in relation to the quantity of input, like time spent in order to produce the output. Inputs include labor and capital, while output is typically measured in revenues and other components such as business inventories. Productivity measures may be examined collectively (across the whole economy) or viewed industry by industry to examine trends in labor growth, wage levels and technological improvement.

We found that there are some relationship between human resources and productivity. Little consensus exist amongst researchers regarding the specific practices to be included in the configuration of high performance human resource practices [5]. Human Resources Management includes incentive pay (individual and group) as well as many non-pay aspects of the employment relationship such as matching (hiring and firing) and work organization (e.g. teams, autonomy). Every organization is concerned about the level of work performance of its employees that can affect productivity. This is because the performance of employees is a major determinant of how successful an organization is in reaching its strategic goals [6]. We place Human Resources Management more generally within the literature on practices of productivity and management. We start with some facts on levels and trends of both Human Resource Management and productivity and the main economic theories of Human Resource Management. We study the determinants of Human Resource Management and competition, risk, regulation and ownership. The biggest slot analyzes the role of Human Resource Management on productivity emphasizing issues of data, methodology, and results. It is concluded with suggestions of avenues for future frontier work. In simple words, when the worker get enough training or get worthy