

## OPTIMISING TALENT CAPITAL: IMPORTANCE OF HUMAN RESOURCE ACCOUNTING IN SMALL ENTERPRISES

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### Abstract

Talent Capital is an active and dynamic resource needed for any organization to grow consistently. Talent Capital Management is the process of assessing the needed number of employees needed for completing the tasks and the skills needed for each task. Talent gap may be taken as the difference in number of employees needed over available number. Human resource accounting enables the company to develop internal talent pool. Internal Talent Management strategies include automation, training, assigning extra jobs, and restructuring the jobs based on employee involvement needed in quantitative measures (hours or units, or both units and time). This helps to increase employee engagement effectively and can identify the areas where the level of automation can be increased or outsource talent in the tasks having lower employee engagement rates. The respondents of this survey are the managers or entrepreneurs and tool used is an employee utilization chart in which the effective rate of engagement is used to distribute the tasks and identify the talent gap. It is a case panel study in which 89 firms participated from four sectors, retail, Manufacturing with assembly line, Engineering, food processing, and continuous process firms. The survey was conducted from April 2022 to October 2022. The results show that there is a shortage of talent in engineering, continuous process industry as task-based skills is important. In the assembly line, the work rate is adjusted with the available talents or preferred to outsource.

**Keywords:** Talent Management, Training, Entrepreneurs, Human Resource Accounting.

### INTRODUCTION

(Bhoganadam, Rao, & Rao, 2017) Talent is one of the challenges faced by small enterprises as it is a resource imbalance existing in the firm. The experienced and expert labour is labour intensive (Das & Kalita, 2009). A similar concept of 'buy or make' exist in any firm based on the frequency of use of an expert and the cost for it (Sillanpää, 2015). Employee engagement and employee performance decide the output (Motyka, 2018). Since the evolution of Industry 4.0, the firms opted for improving economies of scale by increasing production at a lower cost to sustain in a competitive market (Kumar & Kumar, 2020).

There are two options for every firm, and they are, continuously improving the workforce with the best available in the market through substitution or improving the talent base within the firm through training and motivation. It is a puzzle for any management to balance four parameters, quality, performance, expertise, and loyalty. The question is to evolve a strategy to retain or relieve and it is a real challenge for the recruiters to draw a line of demarcation.

The resource-based view explains four aspects, VRIO (Valuable, Rare, Inimitable, and Organizational). Talent is unique, rare, inimitable, and organizational as the recruiters choose candidates to fit into the talent needed for the firm and have specified knowledge, Skill, and other attribute to meet the need of each task.

### **Challenges faced by small enterprises**

Acquiring the right talent in time is the real challenge faced by small enterprises due to either scarcity or cost. In the competitive market, both cost and quality are important. Automation and mechanization reduced the labour dependency in quantity, but the demand is for complex skills for managing the process than doing themselves. Hence, profile for jobs shifted from craftsmanship to standardization and process and the role to supervision and control. High dynamism in innovation and creativity in new technologies demands digital skills and advanced automation management while the fresh talent supply lack the advanced skills to the slow update in vocational and higher education. This compels to provide training at the cost of productivity.

The second challenge is the redundancy in employment due to talent shortage. It is generated due the lack of up-skilling of employees with the technology advancement for new technologies. In the case of obsolete technology, the technology change causes reskilling. The trainability is one of the challenges faced in talent updating.

The internal facilities are not adequate to train the employees in new technologies and hence, need to depend on external facilities. Hence, the training facilities as vocational training are essential. It lacks adequate facilities and cost is high as well (Brown, et al., 2018). Experiential learning is the only tool improve skill in existing employees and the on-job training is essential for it (Kolb, 1984) wherein the acquired abilities will be applied to conceptualise fresh concepts, test them, and launch them as new goods or services on the market (Engineers, 2019)

Talent dynamism is being fuelled by advancements in technology, data democratisation, globalisation, population pressures, altered demographic profiles, and multidisciplinary skill sets. They include digital literacy, problem-solving, teamwork, creativity, critical thinking, and financial literacy. They also involve interpersonal interactions, teamwork, and presenting skills (Bridgstock, White, Mather, McCandless, & Grant-Iramu, 2019).

### **Training for careers as a requirement**

Irrespective of their school background, motivated people can receive vocational training to acquire a skill and lead better lives. Among those with vocational training, self-employment makes up 41.6%, employment or wage employment makes up 27%, and contract employment makes up 8.1% (Arun Alumkal James, 2021); (Kumar, Mandava, & Gopanapalli, 2019).

Vocational rehabilitation is one of the challenges due to the increase in unemployment in experienced employees and it may cause produce an increase in crime, suicides, prostitution, gang activity, drug addiction, terrorism, smuggling, tax evasion, etc. So, it is necessary to ensure people's and families' "Quality of Life" through vocational

rehabilitation (Siggeirsdottira, Brynjolfsdottira, & Saemundur Oskar Haraldssona, 2016). The five main measures used to measure quality of life are material and physical well-being, relationships with others, social, communal, and civic activities, personal development and fulfilment, and recreation (Burckhardt & Anderson, 2003). With the reassignment of seasoned skills to ideal trades, it is also a tactic that alienates the poor. Self-help organisations serve as an illustration

**Opportunities-based and psychological-based difficulties in vocational rehabilitation.**

Vocational counselling and rehabilitation are a solution for ploughing back employees back into the industry and it can reduce talent shrinkage (Çimşir, 2019). Cognitive dissonance is another factor in the vocational shift in career. Other issues include, Fear of failure, ambiguity, lack of confidence, fear of social status and peer opinion are a few blocks. Emotional intelligence is the prime need for vocational engagement (Wehmeyer, 2003).

**OBJECTIVES**

- 1) To analyse the need for internal training for talent optimization
- 2) To understand the need of changing jobs

**Distribution of responses based on vocational training and job**

The results emphasize the effect of education on trade or vocation. 26% of the respondents have vocational training while 50% of percent respondents have higher education (graduation and post-graduation) while only 24% have schooling. The respondents having just schooling level joined in the lowest level as helper or attender and gain experiential knowledge than theoretical knowledge. Their career growth is also stagnant.

**Reasons for a job change (Table 1)**

The reasons for the redundancy in a job shows that 17% of the redundant employees lost their job due to Automation while 60% lost their job due to a lower performance index set by different firms. Lower employability skills caused their redundancy in which 60% have less than three years of experience. The redundancy due to health and other issues are just 12% and 11%. Behavioural issues, attitude problems, and irregularity in job are other issues end up redundancy. Availability of skilled talents persuade the managements for immediate replacement than counselling them to keep them. Vocational Counselling professionals can reduce this redundancy up to a certain level. The higher redundancy among the employees of less than three years is alarming. The increasing gap in industry expectations and academic process must be analysed.

**Table 1: Reason for changing job**

Reason for change in job	Automation	Performance	Health	other issues
	17	60	12	11

## Vocational training availed by the employee who lost their jobs (Table 2)

Inadequacy of occupational and work-based training plays a significant role in the redundancy of employees. Digital skills become prominent in business in the last twenty-five years and had been a benefit for the Gen Y and Gen Z generations while Gen X (born between 1965-80) needs reskilling. The high pace of growth in technology Comparison in up skilling/reskilling opportunities who had a job change and kept their job (Table 2) The redundancy is an outcome of inadequate support from employers, ability to manage self-financed skilling programs, trainability, and facility for self-Learning. In Digital technology-based jobs, self-up skilling is possible while the same is not practical in real-time jobs. The results show the need for 'work-based vocational training programs at affordable costs to reduce the redundancy level.

**Table 2: Vocational training availed by the employee who had job change (The percentages shown here is the fraction of respondents who did job change in the last 5 years)**

Sl. No.	Effect of vocational training	No	Yes
1	<b>Job Training before placement</b>	60	40
2	<b>I felt a need for counselling before a job change</b>	10	90
3	<b>When I thought of starting a business, I was clear about what skills and pre-requisites needed</b>	52	48
4	<b>Did you get any vocational training in your earlier employment</b>	70	30
5	<b>Do you feel a need of reskilling or up skilling</b>	30	70
6	<b>In which area do you wish to get up skilling</b>		
	Digital skills	60	40
	Digital Marketing	10	90
	Online Trading (Stock)	52	48
	Automation in Engineering	70	30
	Advanced skills in my domain	30	70
7	<b>Do you think, the government supplied training is adequate to meet your training needs</b>	90	10
8	<b>What type of training will be helpful in upskilling or reskilling</b>		
	Traditional vocational training	80	20
	Occupational training	60	40
	Work-based training	20	80
9	<b>Do you think that your basic education has significantly contributed to occupational growth</b>	42	58
10	<b>What are the challenges faced in choosing new trade</b>		
	Initial investment for skilling	30	70
	getting new jobs in the new trade	32	68
	rejection due to lack of experience after training	41	59
	Do you feel that the training taken helped to get a new occupation	43	57

**Table 3: Comparison in up skilling and reskilling opportunities who had a job change and no change**

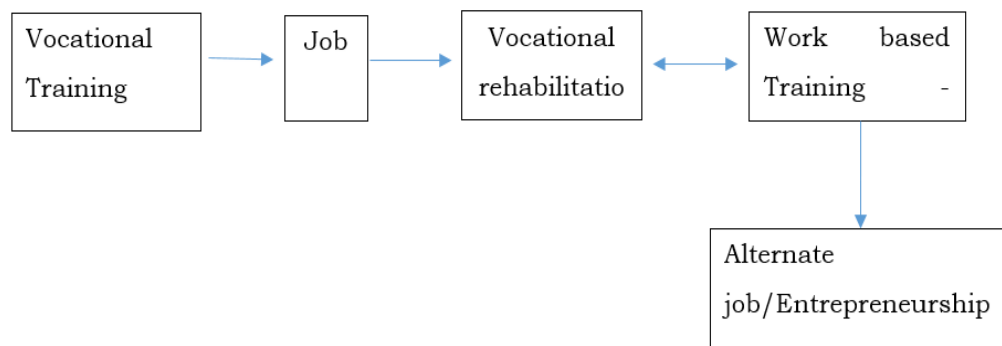
Factors influencing rehabilitation (11-point scale)				
Factors	Job Change		No Job Changes	
	Mean	Standard Deviation	Mean	Standard Deviation
self-financed up- skilling	2.7	1.8	7.4	2.5
Ability self-learns	3.1	2.4	7.4	2.2
using of digital platform	3.4	2.2	6.8	2.4
Employer support in up-skilling	1.8	1.9	8.0	1.4
Facilities for self-learn	2.4	1.7	7.9	1.7

It is found that using digital platforms and ability to self-learn are important in rehabilitation after losing the existing job. The dynamism in technological change demands adoption of latest technology at work place and in on area of function. It is the responsibility of the organization to provide these facilities that the HR skills improved. This cost is also a component of HR accounting. It is observed that the low mean of self-financed upskilling, ability to learn technical adoption and involvement of employer in up-skilling and facilitating self-learning contribute to attrition.

**Table 4: Factors influence the rehabilitation decision as an entrepreneur**

Constraints	Karnataka		Tamil Nādu		Kerala	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Confidence in new job	3.1	1.6	3.8	2.2	5.8	2.7
Family expenses compels me to choose an alternative	4.4	1.7	6.6	2.0	7.3	1.7
Fall in job opportunities matching to domain knowledge	3.5	1.6	4.4	2.0	6.8	1.5
Work fitness	6.8	1.8	6	1.8	6.8	1.3
Experience	3.5	1.2	4.0	1.7	4.4	1.3
Initial investment crisis (lack of fund)	6.5	0.9	7.2	1.0	4.6	1.1
Effect of recession	7.1	0.9	6.4	1.9	6.0	1.1
Alternate profession job	6.4	2.1	6.0	1.1	5.5	1.1
Social-economic environment	7.4	2.1	7.1	1.9	3.4	3.4
Quick recovery of the economy from contraction	6.8	1.3	7.0	1.2	4.7	2.2

It is observed that there is a significant variation in mean of 3 states in the given variables. It shows that the involvement and regulations of state governments play an important role in enhancing employee's performance it includes training work balance, income variation, change socio economic environment and economic fluctuation from recession to boom and vice versa.



**Figure 1: Vocational training and Vocational rehabilitation counselling**

## CONCLUSION

Results of this research show that the acquisition of new talents is not easy due to the skill gap while re-employment of redundant employees is also difficult due to the need for up-skilling. The talent gap increases due to technology adoption. The lack of adequate facilities and the increase in the cost of training goes beyond the ability of employees. This is a case that needs an appropriate strategy for up-skilling redundant employees to reduce the supply gap.

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