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HUMAN RESOURCES & PAYROLL

What is Human Capital Management?

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Mary Girsch-Bock • Oct. 07, 2021



Human capital management or HCM looks at your workforce differently. Instead of classifying employees as an expense, HCM views workers as an asset.

While HCM technology helps businesses hire the right people for the job, it doesn't stop there. HCM also helps to optimize the workforce you already have in place.

Human capital management includes the following:

Recruitment: HCM starts at the beginning, by ensuring that the right people are recruited for the right jobs.

- **Employee onboarding:** Much of the ultimate success of an employee can be traced back to the onboarding process. Was the employee given the right tools from the start to be successful? That's one of the things that human capital management helps to ensure.
- **Time and attendance:** To pay employees properly, you'll need a system that employees will quickly adapt to that will track time worked properly.
- **Payroll:** Of course payroll plays an important role in HCM. Paying employees correctly and on time is part of a good management strategy.
- **Talent management:** If you have hundreds or thousands of employees to manage, it's easy to overlook some of them. Using talent management resources can help to retain your good employees while also pinpointing those that may need some additional assistance.
- **Training:** Training and talent management go together. To be successful, employees need to be properly trained. Human capital management makes it easy to manage all levels of employee training from initial orientation to management training.
- **Benefits:** If you offer benefits to your employees, you need a way to manage them properly. HCM makes it simple to offer the benefits that your employees desire, and once offered, makes it simple to manage them properly.
- **Reporting:** Is your business doing a good job managing its employees? The best way to find out is to have access to various reports and analytics that can point out successes as well as areas that may need more attention.
- **Compliance:** Much of HR and payroll requires some level of compliance. Using an automated system where all employee-related tasks are centralized can help keep your firm or business compliant.

How can human capital management technology help your organization?

The basis of human capital management is your employees. By using HCM technology to properly manage your employees from the start, you can reap multiple benefits including the following:

- **Make better hiring decisions:** The right employees can mean the difference between a successful for a mediocre business. Predictive analytics can help your business find and retain the best employees by offering competitive salaries and

benefits, along with other perks that can help you not only recruit but retain the best talent.

- **Optimize employee talent:** Why commit to hiring the best if you don't also commit to investing in those employees by offering growth and training opportunities? In turn, your employees will feel valued and appreciated, which increases employee retention rates and promotes both loyalty and productivity.
- **Encourage growth:** By combining human capital management tasks into a single technology, you can streamline recruiting, hiring, onboarding, payroll, and HR into one single platform, making it easier to manage your employees properly.
- **Improve compliance:** Employee management involves a lot of compliance, including compliance with labor laws on a local and federal level, to complying with tax withholding and remittance. In today's often contentious climate, business owners must also ensure compliance with sexual harassment rules, unfair termination rules, and other instances where non-compliance can prove to be costly.

Human capital management isn't just a buzzword anymore. It's a highly resourceful technology available to all businesses who want to invest in their employees.

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