Human capital and firm's financial performance. A Case of Bear Consultant LTD

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A CASE OF BEAR CONSULTANT LTD

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ABSTRACT
This research project examined the impact of human capital on firm’s financial performance taking a case study of BEAR Ltd. The constantly changing business environment requires firms to strive for superior competitive advantages via dynamic business plans which incorporate creativity and innovativeness which in turn is essentially important for their long term financial sustainability. The Theory of Human Capital is rooted in Schultz’s field of macroeconomic development theory and Becker’s classic book titled Human Capital, hence the researcher relied upon. In approaching the subject matter under study, the researcher was guided by the general objective that was to determine the extent to which human capital affects the financial performance and was further split into specific objectives: to determine how the investment in human capital impacts on the company’s financial performance, to determine how specific mediating mechanisms through high performance work force systems can influence the overall performance of BEAR Ltd and to find out the contribution level of Human Capital in financial growth of BEAR Ltd. The problem under study was to find out the production factor share that makes a firm’s growth when putting human capital into the equation. The researcher reviewed literature relating to human capital and its impact on firm’s financial performance, critical review of different authors in different domains such as the economics, human resource and management accountancy. A case study design was used as well as a descriptive approach. The researcher designed questionnaires and distributed them for data collection from 10 employees who occupied senior positions in the management and administration of the company understudy. The analysis revealed success, challenges and the innovativeness in BEAR service production and its impact on performance of the BEAR. The researcher finally showed the research findings relevant, conclusions and recommended that company should also use ratio analysis in the assessment of expenses incurred in relation to sales realized and gross margin obtained for a better control of production cost and other expenses, and areas that would be suggested for further study is the meaning of HC measure at the corporate level because HR practices usually different across business units and facilities within a corporation, particularly as diversification and size increase.