

## Valuation of Human Resources in the Banking Sector

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**Abstract:** In the service sector, the performance of an enterprise depends mainly upon the quality of its human capital, the main product-delivering asset. In the current competitive scenario, it is pertinent to communicate to investors as to how efficiently a firm's personnel are able to deliver the desired return on investment. Even in other sectors with heavy capital investments, the investors need to be assured that the firm's personnel are capable and can be trusted with the former's investments.

Human resources valuation has remained an academic exercise and largely ignored even in industries where the expertise of employees is the key differentiating factor. The process of valuation is complex and challenging. When human capital is a strategic resource that provides a sustained competitive advantage, the benefit from expenditure associated with human capital lasts longer than the current period. There has been limited research to examine whether and under what circumstances human capital provides a future benefit. But unless we adequately assess the value of human resources, we will not be able to respond to future needs. In the knowledge economy, the well-being of the organization and its wealth in the hands of various stakeholders are measured by considering both tangible as well as intangible assets. Thus, this academic work is an effort in establishing and valuing the human resource in the banking sector in India.

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