

Good and Better Jobs in India Inclusive Finance for Workers' Welfare

Human capital and culture, along with other “invisible assets,” make up an estimated 52% of a company’s market value.¹ Especially in a competitive employment landscape, this means that thoughtful human capital management practices—or their absence—could have a tangible effect on a company’s bottom line. Employee welfare and well-being have not escaped investors, either, as investors are making human capital management one of their “engagement priorities.”²

Human Capital is a measure of the skills, education, capacity, and attributes of labour that influence their productive capacity and earning potential. There is a universal connection between Human Capital Productivity and Income.³ The question is whether workers’ welfare is an important determinant of any investment decisions? The connect between investment and human capital, that is, workers’ welfare and skills development is in the shadows.

This may be due to the opacity in financial value-chains resulting in complexities in the efficiency of investments and their linkage with workers’ welfare and skills development. Considering this as one of the tipping points in labour sector reforms it is necessary to investigate if investments while resulting in profits, can lead to better wages, working conditions, and skills development.

Therefore, the need of the hour is to highlight workers’ welfare as an investment for human capital formation rather than a cost burden. The inequality between the employed, unemployed and unemployable workforce is not in wages but in skills and opportunities, and this is largely reflected in the huge under-employment that our society is facing. Whilst India is at the cusp of economic transformation it needs to focus on realigning better social security under the reformed labour codes as well as in the context of other social goals such as National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (NVEGs), Environmental, social, and governance (ESG), etc. must take the centre stage for virtuous and effective growth stimulus.

Thus, our work will explore the following two key postulates to⁴

1. Understand the thought process about considering workers as an investment for "human capital formation" and not just as a cost burden; and
2. Explore if workers’ welfare could be seen as an important component of Investment decisions.

¹ [EY - How and Why Human Capital disclosures are evolving.](#)

² <https://www.abrdn.com/en/hong-kong/investor/insights-thinking-aloud/article-page/workers-welfare-are-companies-putting-their-people-first>

³ <https://ftp.iza.org/dp13391.pdf>

⁴ [Exploring Alternate Models of Economic Growth, Inclusive Finance and Worker Welfare \[Grow Jobs-II\]](#)