



Exploring Employee Valuation (EV) in Business Organisations with Reference to Artificial Intelligence and Emerging Technologies

Sonam Yadav¹, Sudhanshu Chaman Ji², Durgesh Singh³, Shubhangi Tripathi⁴, Pramod Kumar Upadhyay⁵, Abhishek Kumar Pandey^{6*}

¹Department of Commerce, Dayanand Anglo- Vedic (PG) College Kanpur affiliated to Chhatrapati Shahu Ji Maharaj University ;Kanpur, U.P, India Email: Punam16online@gmail.com Orcid: 0009-0000-4106-5159

²Department of commerce, Dayanand Anglo-Vedic (PG) College Kanpur affiliated to Chhatrapati Shahu Ji Maharaj University ;Kanpur, U.P, India Email: Sudhanshuchamanji@gmail.com Orcid: 0009-0002-4976-475X

³Faculty of Business and Commerce; Chandigarh University, Uttar Pradesh,India Email ID: singhdurgesh0807@gmail.com; ORCID: 0009-0004-5381-3870

⁴Faculty of commerce, University of Lucknow, U.P, India E-mail - tripathishubhangi19@gmail.com Orcid: 0009-0003-2720-7124

⁵Maharaja Bijli Pasi Government P.G. College, Lucknow, University of Lucknow, U.P , India Email: pramodkrupadhyay76@rediffmail.com, Orcid: 0000-0003-3334-3360

⁶Department of Management, IILM Academy of Higher Learning, Lucknow,U.P, India Email: abhishekmba0811@gmail.com Orcid: 0000-0002-8251-7278

Corresponding Author*: Abhishek Kumar Pandey

Abstract: Present work is on employee valuation which requires fresh attention in the age of technology driven business organizations. It can be seen as a resilience strategy in HR department due to Post Covid attention on employee resilience. Exploratory research design is adopted to highlight key dimensions on employee valuation. Qualitative research approach is considered when exploring key attributes under this study. It offers a conceptual model which can be utilized to assess the value of human resources. It provides a complete theoretical understanding of employee valuation in the age of emerging technologies. The term employee valuation (EV) is getting first time attention at a time when emerging technologies (AI, ML, Cloud etc.) has wider attention and focus in globalised economic conditions around the world. It is first of its kind of efforts where a researcher tries to offer insights on valuation aspect of most vital resources i.e. Human resources or work force. It is original in the sense that no prior study articulates the replication of concept of valuation to managing people. This is first of its kind of work in which linkages of employee value and emerging technologies have been considered. Present study is only based on secondary data. It considers only the general issues of emerging technologies and its connection with employee valuation. Corporate firms could be benefited in evaluating its workforce properly at a time when exposure to AI and other emerging tools is higher one.

Keywords: Employee Valuation, Human Resource, AI, emerging technologies, Conceptual

1. Introduction

In the age of technology, organizational systems and practices are getting new shapes day by day. Rapid progress in artificial intelligence and other similar tech advancements have drastically affected the sphere of Human resources management (HRM). In this context, it is quite essentials to investigate the emerging technologies and their linkages with methods of employee valuation.



1.1 Meaning of valuation:

Initially, the term valuation is used by experts in the market to assess the property for rate-making purposes by certain prescribed methods (Hadley, 1928). In other context, business valuation is performed for different purposes (Change in ownership, mergers and acquisitions, initial public offerings, leveraged buy outs, bankruptcy, tax issues etc.) in organisation (Trugman, 2016). In human resource management, the concept of employee valuation (EV) is mainly described in the context of human resource accounting. In simplest word, this present study focuses to offer fresh insights on assessing the value of human resources employed in any organisation. So, EV is a process in which firm /organisation is interested to assess the value of each employee appointed on different capacities.

1.2 Conceptualizing Employee Valuation

In true sense, EV is a term which aims to evaluate the worth on monetary and non-monetary methods. Employees are most valuable asset in any organisation. In a study, it has been said that employee experience (EX) is a new aspect in employee value proposition (Panneerselvam, 2022). Employee valuation will be getting place with distinct process and procedures in firms as per the size and nature of business (manufacturing versus service).

1.3 Employee valuation, Artificial Intelligence and emerging technologies

Measuring the value of employees is quite difficult due to exposure with various work-related advance technologies. HR professionals cannot judge or rate easily the quality of work performed but their workforce by themselves or with the help of any AI and other related emerging tools. In emerging technologies, AI, Machine learning and cloud tools are getting popularity. It is imperative to use advanced tech tools to effectively assess the worth of employees working in an organization. In a research work, it is articulated that outcomes of an innovative AI method that is data science based and used to objectively evaluate soft skills in the workplace. The method utilized in the study evaluated data repositories from multiple real-world projects (Gafni et al.,2024). Saini et al. (2025) observed that technologies like metaverse can better assist in productivity and modernisation of workplaces.

1.4 Need of the study

In Human resource management (HRM), the concept is not given broader emphasis. In the age of emerging technologies and its influence on work place practices, HR professionals need to relook on this topic of relevance which clearly distinguishes the employees and their relative wealth. Placing emphasis on human resources i.e. finding out their related and competitive valuation is a complex as well as essential tasks. This word is not used prior in direct sense but indirectly it is utilized on many other topics of Human Resource Management such as employee assessment, performance appraisal, HR accounting, creating an HR inventory etc. This paper is an attempt to set the clarity of meaning for the term Employee Valuation specifically to Business organisations which are working with set purpose and having a proper business structure. In the age of Emerging tech applications in HRM area, it is quite important to investigate and explore various dimensions which influences valuation concept related to human resources.

2. Review of Literature

Employee valuation is not directly discussed in past literature. Hence, as per literature review, this part of this article is exploring the related concepts like HR accounting, performance appraisal methods where employees are rated based on their related worths. According to Viswanath (2023), Human value measurement is basically done through human resource accounting till date. Further, it was articulated that public sector companies are disclosing human resource values in their annual reports to different regulatory authorities (Chouhan & Naghshbandi, 2015). Fulmer & Ployhart (2014) explored that quantitative measures of human resource values are still lacking in terms of scholarly literature. Arkan, T. (2016) explored that there are many frameworks and tools available to measure the value of human resources. Sampath et al. (2024) explored that AI based system has great potential to improve employee performance and its valuation. Thomas et al. (2024) explored that there is a significant effect of artificial intelligence on employee valuation as well as long term success of an organisation.

In business world or in other field, valuation refers to measurement of value in monetary terms (Brealey, & Myers,2000;). Even when taking it into consideration, the unique difficulties of applying AI to HR issues provide distinct obstacles (Tambe et al., 2018; Christian, 2022). In another study, findings underscore the essential role of AI in enhancing HR practices and refining talent management results, while indicating that additional investigation is necessary to fully comprehend and utilize Human Insight in talent management approaches (Leelawati, 2024). Kaur (2023) demonstrates how the incorporation of AI in human resources generates value for organizations and fosters a sustainable competitive edge. According to Nalmpantis (2022), “The thesis examines recruitment as a strategic HR

choice, treating each recruitment effort as an investment project and attempting to calculate its Net Present Value. Consequently, a valuation model is created utilizing continuous-time stochastic processes that have been employed for analogous objectives in prior studies”.

In business literature, the term "*human capital*" is frequently used, and it is generally accepted that companies must have systems to assess the worth of their workforce. A wealth of literature on human capital has emerged, with academics putting out complex frameworks for calculating a company's human capital (Elias & Scarbrough, 2004). Zhang (2025) explored that human capital is one of the important components for economic growth. Marler (2024) observed that computer assisted algorithms have many challenges in compensation and valuation in other sense like equity, transparency etc. Call et al. (2026) critically argue that Gen AI can equalize or inappropriately distribute value creation in organisations. Even, lower skill having employees may get advantage to a great extent. Further & Ghanghas (2024) theorises that AI tools and applications are useful in performance assessment of employees and support in managerial decisions in business setting.

2.1 Theoretical Backgrounds of the Study

1) Human Capital Theory:

This is propounded by Gary Becker and Theodore Schultz in the year 1960. Education and training constitute investments on employees that can enhance production in the organisation (Ross, 2023). But this model does not use the word *employee valuation* (EV) in a direct manner. Tandrayen & Narsoo (2022) highlighted that investment on health and education is helpful in achieving significant economic growth.

2) Theory of Replacement Cost:

This method is useful in assessing cost of both tangible and intangible assets of an organisation (Juneja, 2025). In practical way, HR department can use this method to replace employees when they have better options in terms of skills, knowledge, abilities etc. It is useful to measure the cost of replacing existing employees with another set of employees.

3) Resource-Based View (RBV):

According to Gerhart & Feng (2021), "Firm can create value through its human resources." It is important consideration in the HR department of any commercial entities that they must observe their employees pool as potential source of creating value. Human resources are most typical and critical in terms of resource classifications.

4) **Present Value of Future Earnings:** This method estimates the future benefits or earnings that an organization can expect from its employees. According to Lev and Schwartz (1971), human capital is the present value of an employee's future earnings until retirement (Chouhan & Naghshbandi, 2015). Employees future contribution can also be assessed which will be helpful in their real employee valuation by the organisation.

5) Concept of Human Resource Accounting (HRA):

Flamholtz et al. (2002) highlights that HRA is measuring human capital for managerial purposes and financial reporting. This term is widely used for HR valuation and showing HR costs in different financial statements. Arkan (2016) has articulated that there is specialized interest in Human Resource Accounting emerged, with numerous models and techniques being proposed to address the broader valuation of human resources. *In this way, there are many direct or indirect theoretical Models which tries to include the valuation of human resources but with partial or little emphasis. Present work proposed that Employee valuation (EV) must be given a separate attention by the HR professionals and policy makers.*

2.2 Research Gap Statement

After detail investigation on literature, it is apparent that there is no prior research work or article present which specifically use the term employee valuation (EV). So, exploring this topic on theoretical ground has greater significance for further researchers. Even, EV is not directly cited anywhere which again emphasises that HR professionals and academic researchers give separate attention to this topic in the age of changing technological interventions in a fast pace business world. The concept of EV needs to be designed by establishing a balance between traditional set of HRM practices and incorporating new age perspectives in such emerging dimensions. Employee Valuation is indeed important for employee's motivation and their potential career advancement within and outside the firm.

3. Objectives of the Study

- 1) To explore the dimensions describing employee valuation in the context of emerging technologies
- 2) To analyse the influence of emerging technologies on employee valuation

4. Key attributes and Measurement of Employee Valuation (EV) in Business Organisations:

Table: 01

Potential Techniques for Employee's valuation

| Sr. No | Name of Attributes / Factors for EV | Measuring Technique /Process of EV |
|--------|---|--|
| 1 | Current Worth of Employee | CTC offered can be taken as base point for EV |
| 2 | Worth of Employees based on Market Rate / Trend | Compare Value of Employees based on prevailing wage and compensations (Job Sites can be referred for scanning the market) |
| 3 | EV in case of turnover | Adjust it with new CTC plus cost of searching /replacing with another candidate |
| 4 | Intangible Factors in EV | Charismatic Leadership Quality / Team Player / Strong and Dynamic Personality must be given weightage while measuring EV (Ex- CTC + Extra Pay / Pay for exceptional qualities) |
| 5 | Tangible factors of EV(TFEV) | Any direct observable factors relevant to knowing the worth of an employee |
| 6 | Total Worth of EV (TWEV) | Rating / worth assigning of each aspect both tangible and intangible for an employee while creating TWEV. |

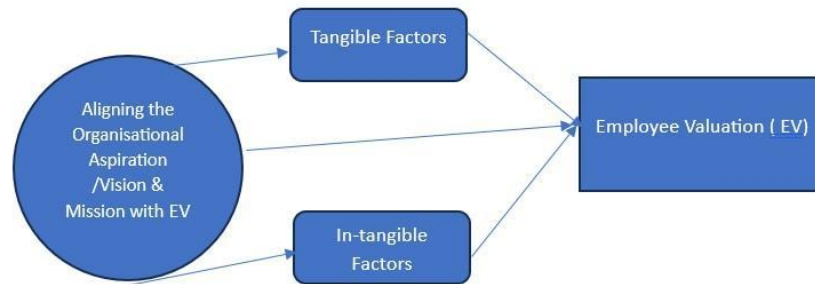
Employee Valuation is a term which can be assessed and quantify by the Individual organisation based on their nature of work, business requirements and other factors to be considered as per considerations of top management in consultation with HR decision makers.

5. Conceptual Model of Assessing Employees Valuation

A conceptual model provides an idea that how key variables have interlinkages with each other. In the below figure, it is showing that organisational aspirations and core vision must have an alignment with the concept of employee valuation (EV). It is also depicted that some of the factors are tangible one which are directly observed or measured at workplace like absenteeism rate, behaviour with subordinates, task accomplished, Achievement rate of Key responsibilities etc. Tangible factors can be measured as per job duties and task assigned to the employees while performance appraisal process. In-tangible factors are the aspects and contribution of employees which can not be directly measured or quantifiable in monetary terms like personality charms, client relationship, dedication & hard work, commitment towards organisational mission etc. So, organisations and its management must device such mechanism through which the real worth of an employees can be calculated at lump sum if not exactly measured or assessed. The success of an organisation will depend on human valuation.

Fig.1

Factors Interaction with Employee Valuation (EV)



6. Discussion & Theoretical Contribution of the study

The relevance of employee valuation (EV) can be rightly captured by incorporating those metrics which includes both tangible factors and intangible one. Advance technologies like artificial intelligence (AI) and Machine learning, Metaverse etc. can be leveraged to identifying those factors which are emerging or not recognising while valuation by the HR/ Management professionals. This conceptual paper offers a concise investigation that how employees worth can be measured so that many HR challenges like turnover, dissatisfaction etc. can be reduced significantly. It offers an insight about factors relevant to EV in majority of businesses. It caters potential techniques to measure the EV. It is first of its kind study which emphasises on assessing the worth of employees at workplace. It provides a fresh review on accounting process and valuation need of most critical resources of any organisation. Theoretically, it extent the theory of HR Valuation in organisation. It is important to understand that EV will be get more component identification with the help of emerging technologies like AI, ML, Cloud and Metaverse applications in modern workplace.

7. Conclusions

In the age of emerging technologies, global business and other types of organisations need to redesign the concept of employee's valuation (EV). It is better to conceptualise the transitions due to artificial intelligence and changing workplace dynamics in the area of valuation of human resources in terms of their worth. Present conceptual work has been offering new directions in managing the worth of human resources by exploring and recommending new variables of interest like AI driven performance outcome, limit on natural intelligence and surface level decision making due to many analytics related tools. Present work provides an exploration of insights which is useful in designing and implementing frameworks related to valuation of employees within any organisation. It is providing a snapshot for professional to measure the core values of human resources employed at workspace. In the age of AI and new tech world, this concept will gain importance as there is a twist between machine and human interaction too. In indirect sense, this work is an attempt to find out worth of human asset working with diverse set of organisations. EV can be successfully achieved if organisations will take proactive and strong attempt to recognise real performance metrics on day-to-day basis. A transparent system of Human resource management is indeed key to success of EV program within any workplace.

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