

# Human capital

Technology, Development



Employees are referred to as human capital as soon as they apply their knowledge and skill to create product and services that give value to the organization. Human capital is not a one-dimensional concept but means different things to different stakeholder. In the business world, human capital is the economic value of an employee's set of skills (The Human Capital Report, 2013). Human capital lies at the core of innovation and a productive high income economy. It is the most important investment an organization makes.

Tenth Malaysia Plan 2011-2015 (2010), no economy can succeed without a highly skilled talent base that is able to rapidly respond creatively to economic change. In business world, strategic approach must be done to make sure the human capital growth follow the organization objective goal. Human resource management In an Increasing number of organizations has become a major player in developing strategic plans and facilitating changes with the organization (O. Younger, A. Younger, & N. Thompson, 2011).

Because of that human resources in the organization have to increase effort in searching capable employees. Human resource is the corporate function tasked with acquiring, developing and deploying the people need for an organization to be successful. This corporate function helps the organization to achieve strategic goal. But to gain a deep enough understanding of how business objective translate into specific workforce and organization needs make many human resources department in the organization the human capital dimensions of business vision at a strategic level (D.

Organizational culture is one of strategy in developing quality human capital. The cultural dimension is central in all aspects of organizational life. This giving impact on how employee in an organization think, feel, value and act is guided by ideas, meanings and beliefs of a cultural nature (Alveolus, 2012). Although there is no consensus on the nature of culture, there are several classifications of theories of culture. Smirch (1983) describes five perspectives of organizational culture.

These perspectives relate to five theoretical culture mainstreams in anthropology, cross- cultural management, corporate culture, organization cognition, organizational symbolism, and unconscious process and organization. These perspectives came from two basic functions of culture, internal integration and external adaptation. Internal integration concerns the creating of a collective identity and the means of matching methods of working and living together while external adaptation is the process of reaching goals and dealing with outsiders (Pitter, Thither, & Charles, 1998).

The improvement of organizational culture will provide a sense of identity to employee of the organization, facilitating commitment to a larger whole, enhancing yester stability and serving as a sense-making device which can both guide and shape behavior, motivating employees to do the right things. This will give recognizable effects on important output such as loyalty, productivity and perceived quality of service.

The right organizational culture can guide employee feel a level of similarity and belongingness, reducing fragmentation and possibly opportunism rather than creating extended family-like orientations (Alveolus, 2012). In order to

develop human capital, organizational culture must work partly through assumptions, values and meaning that employees tend to take for granted and that inform their ways of relating to work, while identification of organizational culture is more a matter of the degree to which employees clearly and consciously define themselves through their affiliation with the organization. . 3 STRATEGY DEVELOPING HUMAN CAPITAL (REWARDING HUMAN RESOURCES) organization. There is little evidence that performance appraisals actually improve performance. That is because performance appraisals are merely parts of a system, and parts, by themselves, cannot deliver business results (Bradley, 2008). For example in social life, we expect our children to do the right thing without payment. Dramatic change is needed, and it is not difficult to identify what the key theme of today reward systems should be: a focus on rewarding excellence.

Many factors argue for excellence being the number one focus of any organization reward system, including the ability to attract and retain the best people and to motivate the kind of performance that an organization needs in order to succeed in the new economy. Creating reward system that focus on excellence and treat employees as quality human capital investors requires a major change in the way most system operates. Reward systems typically treat employees as Job holders who are rewarded according to the Job description and Job specification and how well they perform their Job.

Reward suppose base on the value of the human capital that employee bring to the organization. What their Job is at particular moment is much less important than the value of their knowledge and skills. Also organization

should reward employee according to how effectively they use their human capital such as knowledge, skills and competencies to help the organization improve its business performance. This approach will attract the right kinds of human capital that motivate it to develop and perform in ways that increase shareholder value, which to do rewarding more effectively at a reasonable cost.

Simply spending large amount of money is not enough because the money must be spent in ways that attract and develop the right people. Strategic reward ensures that reward practices support the delivery of the behaviors and performance needed by the organization to achieve its strategic goals. It is about leveraging the reward system to support and drive the current and true human resource capabilities needed by the business in terms of its business strategy, and to support ongoing organizational change deemed critical for business success.

But in a smaller organization, the manager itself will be responsible for planning the training and development of the employee within a limited budget and the plan will need to reflect financial constraints. On-the- Job training and coaching are two of the less expensive methods for small size Malaysian Budget 2014 (2013), continuous effort will be made to improve the quality of training in order to produce a highly skilled workforce. Youth are the nation's hope, asset and heir for the future. According to religious scholars, good behavior of youth today will reflect the future of the nation.

Continuous training not only prevents skills and human obsolescence created by fast changing technology and the environment but also prepares them for

absorbing the shock of future growth and diversification. Management development is any attempt to improve current or future managerial performance by imparting knowledge, changing attitudes, increasing skills and creating positive values. Miller (1991) defines it as the identification of skills and knowledge needed by employees for the organization to meet its strategic objectives and management of those processes necessary to produce them.

Training should be evaluated to learn what was missed for employee in order to develop human capital. Selection of the criteria for evaluation should be liberated and should represent more than a value judgment by people. An evaluation should specify the contents and dimensions of what is learned. These are two kinds of inputs that may be useful evaluation to learning and behavioral performance standards. The reliability of the system could be improved by making some methodological hinges. A pre-course evaluation questionnaire can be incorporated in the system (Training Guide Malaysia 8th, 2012).

Designed to improve learning, pre-course questionnaires can both ask the employee and the immediate supervisor their expectations from the training program and what they hope to achieve as an end result. 2. 5 DEVELOPING HUMAN CAPITAL (MAINTAINING HUMAN RESOURCES) Organization must deal with employee who has significant and continuously changing market value. Many of these employees can move easily to other organization that want their skills and knowledge and are willing to pay a fair market price for them.

In today highly competitive world, every employee is a free agent, just as every organization is free to downsize, De-layer, and change its strategy. Because of that, amounts received by employee. The bonds of loyalty have been broken as a result of layoffs, downsizing, and the loss of job security (Lealer, 2000). In the present economy, two factors often make it difficult for organization to attract and retain the right employees. The first is the scarcity of workers in many fields; high unemployment rate, there is full employment and even a shortage in many of the business areas occupied by small, new companies.

Department of Statistics Malaysia (2013), unemployment rate in Malaysia increased to 3.10 percent in August of 2013 from 3 percent in July of 2013. From 1998 until 2013, Malaysia Unemployment Rate averaged 3.3 Percent reaching an all time high of 4.5 Percent in March of 1999 and a record low of 2.7 Percent in August of 2012. The second and closely related factor is the fierce competition that exists for highly educated, skilled, or trained people in areas such as software development, Web-based technologies, biotechnology, and other advanced technological services (Hatfield, 2013).

Compensation must be reasonably competitive to attract and retain the best employees in the field. It must combine compensation offer with other incentives such as: a stimulating, team-oriented, and flexible work environment; a personal and responsive atmosphere; opportunities for self-direction, initiative, reward, and advancement; and creative bonuses including profit sharing. The quality of the supervision an employee receives

is critical to employee retention. People leave managers and supervisors more often than they leave companies or Jobs (Hatfield, 2013).

It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover. This will effect on producing quality human capital in the organization. Talent and skill utilization is another environmental factor motivated employee to contribute to work areas outside of the employee specific Job description. The organization need to know their skills, talent and experience, and take the time to tap into it.

To ensure employees are able to balance between career and family commitments, a legible work environment is important in term of duration, place and working hour at the workplace. Human resources include the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations. Individuals have interests in deploying them to secure their fundamental viability and may find them a powerful source of competitive advantage.

Organizations that can help individuals reach more of their potential open up the possibility for stronger alignments. From a point of view, strategic approach on Human Resource planning; organizational culture; rewarding; training and development; and maintaining human resource will give an impact to business success. Human Resource planning should become strategic partner to help organization achieve strategic goal with efficient



and effective manner. Organizational culture play major role on how the mindset of the employee achieve the organization objective.