

Challenging of Human Capital Management in Asian Countries for Sustainable Economy for International

Sukumarl Koednok

Abstract—According to the Human Capital management challenge, that has many impacts to Human Resource Strategy in Asia Pacific Region. The impact of Human Capital strategy is reflect to financial performance, Added-value performance, productivity performance, commercial metrics, Outsourcing and off-shoring and Mergers & acquisitions. Moreover, for the sustainable success of Asian corporation nowadays, in globalize economy and unstable environments, mostly are dependent on leader and leadership strategy, and strong supports of human capital management. This entails the leadership strategy to build the competency of human capital management to meet challenges and ensure the corporation success in Asian Economy. Leadership strategy focuses on the three key areas of the strategy process: vision, strategies, and values, and on the impact of leadership on the successful execution of human capital management. This article will describe about strategic of human capital plan of Asia pacific to examine and compare the directional in Human Capital strategy. This article will discuss the intertwined concept the impact of human Capital strategy and other human resource management activities which are necessary to support leadership strategy for achieving directional goal and survival sustain prosperity. Moreover, this article also suggests the model for human capital and case study in Asian country for adopting human capital model in government policies to create sustainable economy.

For the conclusion, to implement the leadership strategy for human capital management, there are 4 main partners concerning to achieve goal which are education sector, business sector, science & technology sector and government sector. Strategic alignments in Asia pacific region will also consider at workforce Planning Process by looking at supply analysis, demand analysis, gap analysis, solution analysis, implement planning and evaluation of the implementation for creating sustainable Economy.

Index Terms—Human capital strategy, leadership strategy, sustainable economy.

I. INTRODUCTION

For sustainable business today, nobody would dispute that leadership strategy is one factor that impact to the organizational success. Therefore, the challenging is how leader integrated leadership strategy with strategic plan to formulate the implementation plan by focus on human capital management for organizational effectiveness.

Strategic planning in the sense is more linked to the work

of classical management, while strategic thinking is linked more to the work of leadership [1]. Business strategy is focusing on how to achieve growth but few think about characteristics of human capital required to realize their strategy and growth objectives. The modern concept of the wealth of nations emerged the early twentieth century, it was that capital embodied in the people – human capital- mattered [2]. Therefore, many countries in Asian are trying to formulate their strategy by focusing on human capital management. This article presents an integration of leadership strategy, which is the most important role to formulate effective human capital strategy to ensure growth and sustain in world economy.

II. HUMAN CAPITAL MANAGEMENT

Human Capital is defined by the OECD as “the knowledge, skills, competency and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being.” Human capital is an economic term used to describe the skill and knowledge that individuals draw upon to generate outputs of value, such as innovation and productivity in job performance. The aim of the human capital strategy is to transform human resource into a more tangible asset, and to plan and to match up the personnel in the organization to the firm’s strategic need [3]. Many researchers recognize that the modern concept of the wealth of nations embodies in people – human capital- mattered [4]. Human Capital management provide organization to maximize return on investment in employee selection and development, smart companies are integrating what have traditionally been separate HR initiatives into a cohesive “hire to retire” Human Capital Management strategy. There are some examples in Asia pacific countries about the human capital strategy for battle and direct to the growth of economy.

III. LEADERSHIP STRATEGY AND HUMAN CAPITAL MANAGEMENT

The Center for Creative Leadership has been studying leaders and leadership for nearly 40 years and has recently come to an important conclusion: leadership begins with individuals in leadership positions, but it doesn’t end there [5]. The ability of an organization to accomplish its goals does not depend solely on the force of will of a single great leader, or even upon the effectiveness of the organization’s chain of command. These things are important and help us understand why some organizations succeed where others fail. Leadership strategy like business strategies, leadership

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K. Sukumarl is with the Management Department, Business Faculty, Vongchavalitkul University, Amphur Muang, Nakhonratchasima, CO 30000 Thailand (e-mail: k_sukumarl@hotmail.com).

strategies are based on thorough analysis of the current situation and an informed view of the future focuses on the three key areas of the strategy process: vision, strategies, and values. First, identifying leadership strategy should analyze the current situation and future leadership capabilities. After the organization get the key drivers for their business success then developing leadership strategy should consider about cost of leadership investment and organizational outcome.



Fig. 1. Leadership strategy model.

From Leadership strategy model, once the leadership strategy is known, a leadership development strategy can be formulated to produce the desired future state, and implications for talent management process which can be identified [6]. Many corporations realize that leadership strategy will sharpen the strength and skills of human capital asset.

IV. LEADERSHIP STRATEGY FOR STRATEGIC HUMAN CAPITAL PLAN

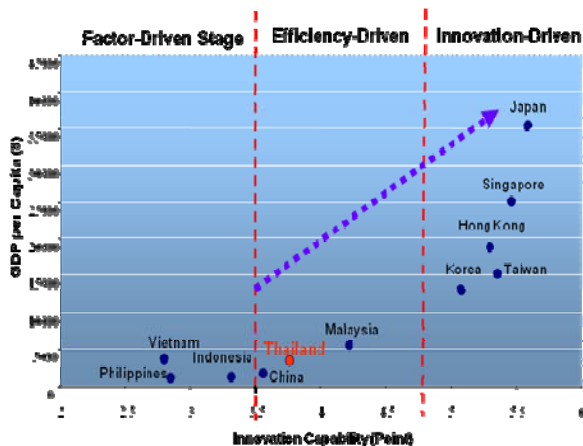


Fig. 2. GDP per Capital and Innovation Capability of Asian Country Report 2009-2010.

Mostly human capital plan is support national intelligence strategy. The growing influence of Asian economies on the world market has led to the 21st century being dubbed the Asian century. While a shift in world power structures would be a welcome change for many, it would be naive to assume that the economic assertion of India and China, Asia's two emerging giants, would automatically result in a more democratic and just world [7]. From CEOs interviewed in many researches such as M&A mercer resource consulting indicated that they would invest more in the human capital

aspects of future deals. In particular, they would communicate more, and more quickly address leadership issues and cultural change. Many countries try to lead their countries by driving human capital strategy plan.

The driven forces in human capital are people, quality (product service and delivery), technology and innovation.

As shown in Fig. 2 in Asia, Japan is the most developed country is driven by innovation to reach the high GDP in their country. The impact of Human Capital in Asia pacific region is looking at overall data in the GDP, supply and demand reported.

V. CREATING HUMAN CAPITAL STRATEGY

Therefore, this is a suggestion model, which will assist for planning Human Capital strategy and creating a sustainable economy. There are 4 main partners concerning to achieves goal which are government sector, business sector, education sector and Science & technology.

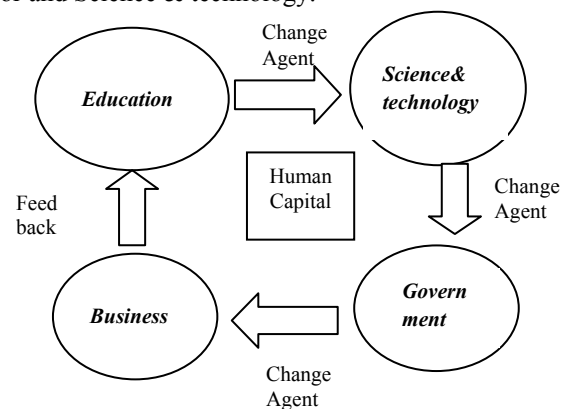


Fig. 3. Human capital strategy and 4 main sectors.

Firstly, education sector should focus on creative education for sustainable achievements which will base on Innovation and knowledge management. Education sectors should produce the skill labor to reduce the gap of shortage. There are some factors that affect human capital, which are, a growing shortage of skilled workers, demand for labor-skilled and unskilled, rising expectations among employees in terms of total rewards and executive talent rivaling that found in developed markets. Currently, some education systems are preparing young people for a workforce that is not anymore relevant to the 21st Century society. The challenge for these education systems is to fill in the gap between the knowledge and skills most students learn in schools and the knowledge and skills they need for success in their communities and workplaces.

The Partnership for 21st Century Skills (P21), an American organization founded in 2002, has developed a unified, collective vision for learning: the Framework for 21st Century Learning. It represents a vision for 21st Century student outcomes (a blending of content knowledge, specific skills, expertise and literacy) and the support systems that are needed to produce these outcomes. [8] This model composes of 4 variable factors, which are Core subjects and 21st Century Themes, Core subjects and 21st Century Themes, Information, Media and Technology Skills, and Life & Career Skills.

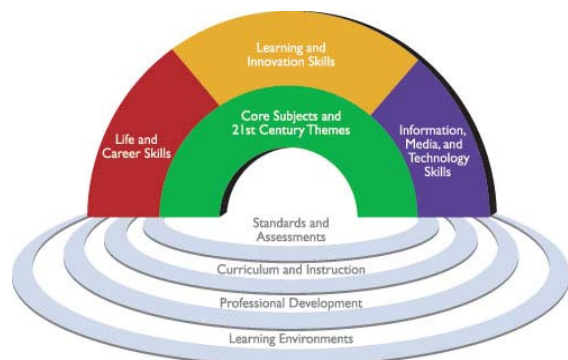


Fig. 4. The Framework for 21st Century Learning.

Strategic alignments in Asia Pacific region will also consider at workforce planning process by looking at supply, demand, gap and solution analysis for implementing and evaluating their strategy in the right way.

The demand analysis is the key driver of a creative economy because rising in GDP is related with the number of education in the nation. For Example the countries in the Insular South-East Asian sub-region have recorded varying growth rates after the Asian Financial Crisis of 1997. The average aggregate gross domestic product (GDP) growth rate for the period 2001-2006 in the sub-region was 4.3%. Indonesia and Malaysia recorded an average of 4.9% annual GDP growth rate from 2001 to 2006. Corresponding figures for the Philippines, Singapore and Brunei are 4.6%, 4.7% and 2.4%, respectively. The ASEAN (Association of South-East Asian Nations) is considered a major institution in South-East Asia which promotes close economic cooperation among members and negotiates with the more developed countries on economic and security issues. Despite the economic development which has occurred, it is assumed that countries in this sub-region will have to overcome several obstacles to hasten economic development. These include the provision of education and training so that countries can compete in the globalised economy and appropriately deal with the sizes and growth of their populations [9].

Secondly, Business Sector should implement leadership strategy to increase their employee performance by using human capital management for achieving their optimization capability. For the business sector have to set the clear vision that come from analyzing the current situation and future potential of organizational success to be a distinct organization with specific purposes, values, and goals. This approach requires different sets of leadership skills and techniques [10]. It focuses in interpersonal relationships, leverage points and how to measures of success [11]. Planning Human Capital strategy, there are 4 human capital drivers in the organization which are leadership, engagement, talent management & learning and innovation.

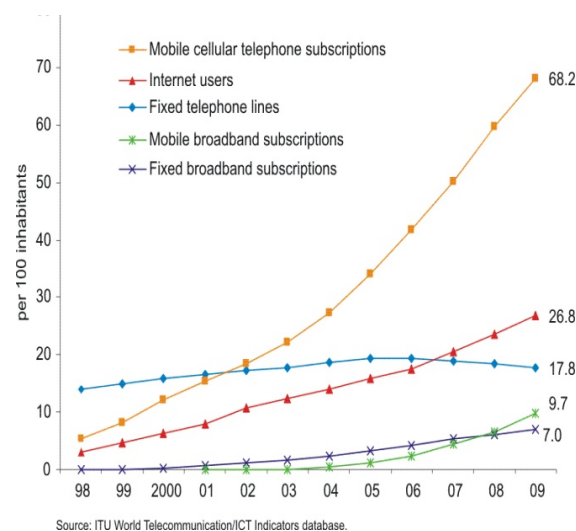
Leadership for employee is how to empower their people to seeking for their best abilities by providing the right incentives to upgrade and better use skills for individuals and employers.

Employee engagement was described in the academic literature [12]. A modernized version of job satisfaction, Schmidt et al.'s influential definition of engagement was "an employee's involvement with, commitment to, and satisfaction with work." This integrates the classic constructs of job satisfaction [13] and organizational commitment [14].

Therefore, the organization will have the strategy to create the engagement between employ and the organization to maintain their people to be the value asset of the company.

Talent management involves finding or identifying the right talents and developing those talents into personnel competencies needed by the organization [15] to have highly efficiency and effectiveness and high performance human capital [16].

The focus of innovation management is to allow the organization to respond to an external or internal opportunity, and use its creative efforts to introduce new ideas, processes or products [17].



Source: ITU World Telecommunication/ICT Indicators database.

Fig. 5. Global ICT development, 1998 - 2009.

Moreover, creating the leadership strategy begins with creation of leadership culture, individual and organizational assessments, individual development plans, and engagement of employee, implication for talent management & learning practice and to be innovation organization. Therefore human capital management and talent management must be identified to enhance the personnel competency in the organization strategic plan.

Thirdly, The ICT sector was recognized as a pillar of economic growth and competitiveness by the international community and most recently in the outcome of the World Summit on the Information Society (WSIS) [18]. Science and technology should focus on human & labor productivity by building an information society that can base on a knowledge economy.

From graph is showed that Global ICT development is increasing dramatically, especially in mobile cellular telephone subscriptions. ICT infrastructure underpins and depends on knowledge workers with necessary skills to create the competitive advantage for economic growth by using advance in science and technology.

This figures is showed that KEA European Affairs was adopt the creativity model for applying to Scientific creativity, cultural creativity, Economic creativity by using technological creativity to transfer and receive feedback from each sector.

Finally, Global and national developments always involves around human capacity ranging from natural resource-based economy (e.g. agriculture) to industrial-based economy and nowadays towards knowledge-based economy.

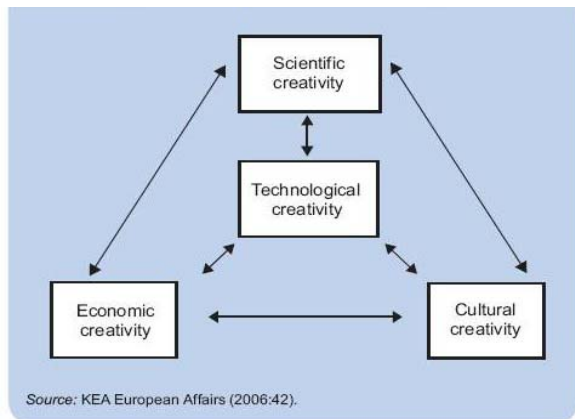


Fig. 6. Creativity in today's economy: KEA European Affairs (2006:42).

There is a case study of Singapore's policy that effect to the development of Economy from year 1960 – 2000.

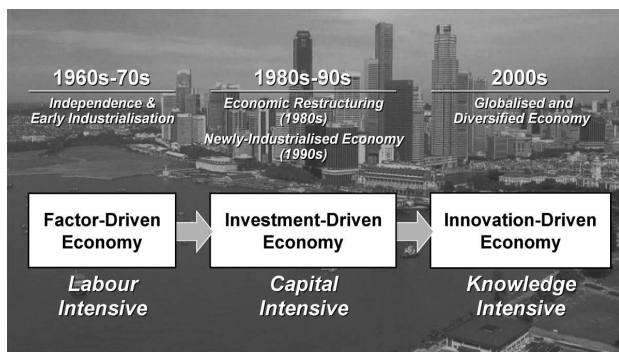


Fig. 7. Phases of singapore's economic development.

Phase 1-Labor-Intensive Economy (1960s-1970s), in these early days of industrialization after Singapore's independence, the main challenge was to create enough jobs. The economic strategy shifted in 1968 from one of import substitution to one of rapid industrialization by attracting foreign investment for export-oriented and labor-intensive manufacturing. Phase 2-Capital-Intensive Economy (1980s-1990s), in 1979, Singapore government embarked on a major restructuring of the economy towards higher value-added, high technology and more capital-intensive industries. Once again, the education and training system was called upon to respond to the manpower needs of more capital-intensive industries. Moving forward into the 2000s, Singapore saw the need to increasingly develop into a globalised, entrepreneurial and diversified economy. While continuing to strengthen the higher-end manufacturing activities, there was a clearer recognition of the importance of the service sector as another engine of economic growth. Concerted plans were formulated to attract and nurture new growth sectors such as the Biomedical Sciences, Info-Communications, Creativity Technology, Integrated Resorts and High-Value Engineering. The response in the educational sphere was to position Singapore as an Education Hub by attracting foreign students and internationally renowned institutions to Singapore. Local institutions would continue to seek quality and excellence in developing a first-class education at all levels [19]. This case study of the development phase of Singapore shows that now is Globalized and diversified economy, which has driven by

innovation and turn knowledge intensive economy.

The role of leadership strategy in government sector is how to empower their people to the innovation driven by increasing their competency and creativity.

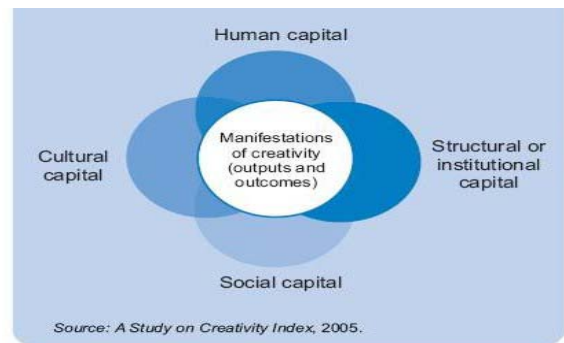


Fig. 8. Interplay of the 5cs: outcomes of creativity + 4 capitals: a study on creativity index, 2005.

From Fig. 8, there is a study on creativity, for perspective of capital: each composing concept in the creativity index is illustrated with different dimensions so as to reflect the status and dynamic changes of the respective form of capital as well as the outcomes of creativity. Taking the creative outcomes for example, we measure the manifestation of a creative society in terms of economic contribution, inventiveness and other outputs of creative activities. As for the development of human capital, the commitment of the private and public sectors are in R&D, educational attainment of knowledge workers as well as the mobility of human capital would be measured. [20]

Another case study is the example of government that adopts leadership strategy is, the U.S. Internal Revenue Service which is another definition of Strategic thinking as a leadership competency which offers another clearly different comparison to strategic planning.[21] And the United States Patent and Trademark Office (USPTO)[22] was developed the 2011-2015 Strategic Human Capital Plan (SHCP) to address the future workforce demands and challenges by addressing three human capital goals, which are: talent management, results-oriented performance culture and leadership and knowledge management.

VI. CONCLUSIONS

In this century many countries release their strategy of human capital plan and for more effective plan the leadership strategy should be implemented to provide the best outcome and sustainability in the world economy. Especially in Asia pacific countries which contain the sizes and growth of their populations. That is the reason why those nations have been trying to optimize their countries by considering its valuable asset – Human Capital. However, the most important factor is leadership strategy to direct their people toward their mission to the future perspective economy. The key areas of the strategy process: empowerment and creation of leadership culture on their people to be innovative in the education sector, business sector, science& technology sector and government sector by focusing on their vision, strategies and values. Increasing in Education sector should focus on demand analysis and the skill sets which are required in

business sectors to support the business sector to create the productivity and creativity. However the main support facilitator of creative economy is the government sector to provide the best policy to increase human capital in their nation. If the policy is not supported for analysis of demand, gap and solution, the implementation plan will not increase long term wealth of the nation. Continuing in developing leadership strategy is the most important for the nation and its mission to succeed and foster the next generation of human capital.

APPENDIX

Core subjects and 21st Century Themes: which compose of English, reading or language arts; world languages; Arts; Mathematics; Economics; Science; Geography; History; Government and Civics, Global awareness; Financial, economic, business and entrepreneurial literacy; Civic literacy; and Health literacy.

Information, Media and Technology Skills: which compose of Information literacy; media literacy; ICT literacy.

Learning and Innovation Skills: which compose of Creativity and innovation (think creatively, work creatively with others); Critical thinking and problem solving; Communication and collaboration.

Life and Career Skills: which compose of Flexibility and adaptability; Initiative and self-direction; Social and cross-cultural skills; Work effectively in diverse teams; Productivity and accountability; Leadership and responsibility.

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Sukumarl Koednok was born in 15 May 1976. Educational Background: Bachelor Degree, Sukhouthai Thammatirat University Bangkok, Thailand, year 2009. Major in General Management. Master of Management, College of Management, Mahidol University Bangkok, Thailand, year 2001. Major in General Management (International Program), Bachelor of Engineering, Suranaree University of technology, Nakhonratchasima Thailand, year 1998. Major in Geotechnology (Petroleum Engineering). Work Experiences: 2007-Present: Head of Management Department, Vongchavalitkul University Nakhonratchasima Province Thailand 2006: Assistance Marketing Communication Manager Samart Multi Media Company Ltd., 2005: Project Manager (House of Indies Organizer). 2004: Assistance Training Manager Sima Thani Hotel 2002HR officer Panasonic Industrial. Researches: Current Research : An Evaluation of the Bachelor's Degree program of business Administration in MBA (B.E. 2546 Improved Curriculum) Faculty of Business Administration, Vongchalitkul University.