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5-2019

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Citation

SMITH, Richard Raymond. Revisiting the human capital system. (2019). *People Matters*. 1-3.

Available at: https://ink.library.smu.edu.sg/lkcsb_research/6324

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Revisiting the human capital system

[Prof. Richard R. Smith](#)

A holistic view of human capital inside any organization consists of talent management, organizational structure and culture, and strategic leadership.

If you have purchased an automobile, what factors did you consider? When you went to explore options, did the salesperson only show you the driver's seat? Of course not, they likely showed off the entire vehicle and allowed you to drive it to get a sense of what it was like. After all, driving a car is an experience that goes well beyond the physical seat. While this seems like a silly example, how often are companies recruiting people based on a job description and the specific duties? In fact, most large companies have automated the selection process so that prospects are screened using artificial intelligence based on a set of criteria, competencies, and keywords. This is akin to doing a body scan and being told what car to drive based on your fit in the driving seat!

Of course, my comments are a bit unfair as most companies supplement the resume screening with interviews, assessments, and other selection methods. However, even with all the interviews and discussions with prospective employees, we generally provide a limited and perhaps misleading view of what it is like to actually be an employee in our organization. After all, our experience with our employer is a lot more than just our specific role or a few specific people. So, how should we think about the employee experience?

A holistic view of human capital inside any organization consists of talent management, organizational structure, organization culture, and strategic leadership. These four elements operate as a system of sorts that shape behavior, set expectations, influence motivation, and drive organizational performance. The notion that this human capital system is a resource of each firm and consists of several key elements is not new but is a concept worth exploring when it comes to considering the experience for future as well as current employees. Let's examine each of these elements of the human capital system.

The 'experience' components

Talent Management is typically associated with the lifecycle of the employee. The practices related to development, promotion, succession, work practices, and assignments are too numerous to cover here, and are generally well covered by HR professionals. Unfortunately, when we think about the employee experience, we often stop with talent management.

Organization structure is the reporting lines, levels, and responsibilities in the organization. At a micro level, this can be the job description or job analysis. The organization structure provides clues on authority levels, power sources, communication, teamwork, and focus areas. Structure

can be a critical factor in career advancement, next job assignments, and approvals for an employee.

It's important to consider all components of the human capital system as we shape the expectations and the promises of our future employees

Strategic leadership is the composition of the senior leaders in the organization in terms of roles, experiences, and backgrounds. Research tells us that the composition of senior leadership teams has not only an impact on the outcomes of the firm but also on the experience for employees.

Organization culture is the shared beliefs, values, and ways of working in the organization that guides behaviors. Company culture is sometimes described as the unwritten rule book for how things get done, how communication is managed, and how we define good performance.

While each of these elements of the human capital system cannot be taken in isolation, it is helpful to consider each when reviewing the experience of our employees. It is especially important as we shape the expectations and the promises of our future employees. Many organizations work to create a clear employee value proposition that encapsulates the positive benefits of being a part of the organization. Too often, these value propositions are rooted in the talent management systems and highlight career opportunities and policies related to performing work activities. Are there better ways of providing a clear preview of employment?

Some organizations are doing more to provide a realistic preview as either part of the recruiting or after making a job offer. One tech company in Southeast Asia has created simulation experiences for new employees to help them really understand the culture and ways of working before joining. This not only helps the prospective employee assess the working environment but also to test for cultural compatibility. Other organizations have instituted a job shadowing step for key roles so that employees can spend a day inside the company before joining to better assess the fit. While there may be many ways of providing a more realistic preview, the good news is that more organizations are taking steps to take a holistic approach... not just relying on the resume – job description match.

Research tells us that the composition of senior leadership teams has not only an impact on the outcomes of the firm but also on the experience for employees

Next time you are looking at automobiles, consider all the factors that affect the decision-making associated with which vehicle to drive. The auto manufacturing firms and the associated dealerships work hard to create a positive preview of the holistic driving experience. Perhaps it is time that we ask how we are doing in creating a positive preview for our employees before they climb on board of our companies. It would be great to do more to deliver on a holistic employee experience by previewing the human capital system... then we will have employees who are ready to jump in and drive!

Topics: [Talent Management](#), [Life @ Work](#)

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