

Leadership Strategy for Human Capital Management in Asian Economy towards Global Integration

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Abstract. The sustainable success of Asia corporations nowadays in a globalized economy and unstable environment is mostly dependent on leader, leadership strategy, and strong supports of human capital management. This entails that leadership strategy builds on the competency of human capital management to meet challenges and ensure the corporation's success in the Asian Economy.

Leadership strategy focuses on main key areas of the strategy process: vision, strategies, and values and impact of leadership on the successful execution of human capital management.

This article describes the strategies for human capital plans in Asia Pacific region. It examines and compares the different approaches in Human Capital Strategy. Moreover, this article discusses the intertwined concept the impact of Human Capital Strategy and other human resource management activities which are necessary to support leadership strategy in order to achieve economic goals and sustainable prosperity.

In conclusion, to implement a leadership strategy for human capital management, there are 4 main partners concerned to achieve the goal. These are: the education sector, the business sector, the science & technology sector and the 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, plan implementation and evaluation of the implementation process to ensure that the leadership strategy of human capital management going in the right direction .

Keywords: Leadership Strategy, Human Capital Management.

1. Introduction

For sustainable business today, nobody would dispute that leadership strategy is a factor that impacts on organizational success. Therefore, the challenge is how leader integrates leadership strategy with strategic plan and formulates the implementation plan by focusing 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 the 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 Asia 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 sustainable growth of the world economy.

2. Leadership strategy and Human Capital Management

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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 [3]. 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 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 the cost of leadership investment and organizational outcome.



Fig. 1: 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 [4]. Many corporations realize that leadership strategy will sharpen the strength and skills of human capital asset.

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 [5]. Many researchers recognize that the modern concept of the wealth of nations embodies in people – human capital- mattered [6]. Human Capital management provides the organizations 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.

3. Leadership strategy for Strategic Human Capital Plan

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.

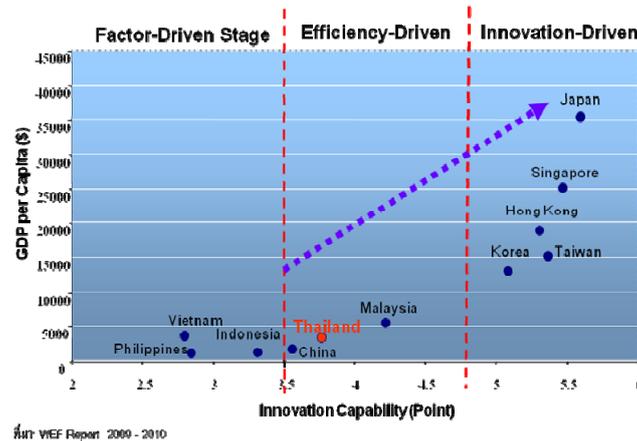


Fig. 2: GDP per capita and Innovation Capability of Asian Country report 2009-2010.

As shown in figure 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.

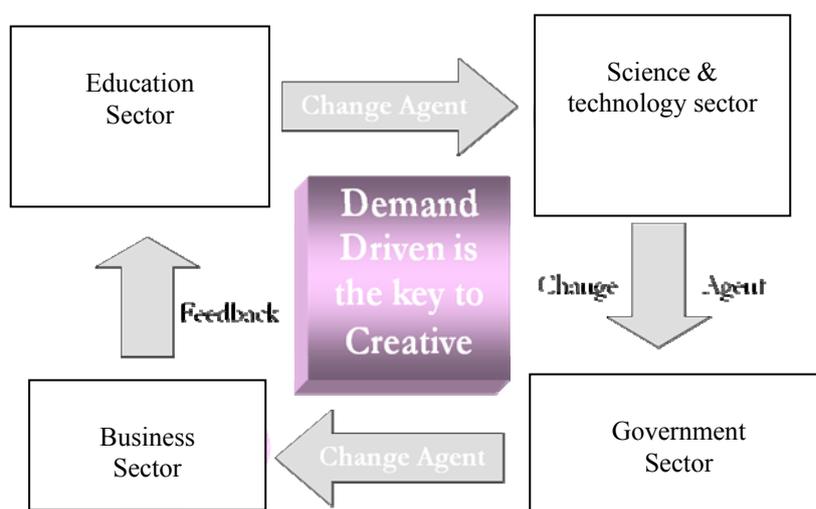


Fig. 3: The Driven key for creativity.

Therefore, Planning Human Capital strategy, there are 4 main partners concerned to achieve the goal which are government sector, business sector, education sector and Science & technology.

Firstly, education sector should focus on creative education for sustainable achievements which will base on Innovation and knowledge management. Education sectors should produce the skilled 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. 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 [8].

Secondly, Business Sector should implement leadership strategy to increase their employee performance by using human capital management for achieving their optimization capability. Planning Human Capital strategy, there are 4 human capital drivers in the organization which are leadership, engagement, talent management & learning and innovation. 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 [9]. It focuses in interpersonal relationships, leverage points and how to measures of success¹². 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. Talent management involves finding or identifying the right talents and developing those talents into personnel competencies needed by the organization [10] to have highly efficiency and effectiveness and high performance human capital [11].

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) [12]. Science and technology should focus on human & labor productivity by building an information society that can base on a knowledge economy. 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.

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 information/knowledge-based 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. 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,[13] And the United States Patent and Trademark Office (USPTO)[14] 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.

4. 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.

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