

Managing Human Capital at Work – Associate Professor Alannah Rafferty

What is human capital?

Human capital is a term that was initially used by an economist and he was really trying to find a way in which he could describe how an organisation's workforce as a whole contributed to economic value in an organisation and so really the term human capital is looking at, as a whole, what kind of knowledge, skills and abilities does an organisation's workforce bring to an organisation and how does that contribute to sustained competitive advantage over time.

How do we manage human capital at work?

I think this is one of the most complicated things that an organisation has to do. And the reason for that is that human behaviour is multi-determined. So there's no single factor that an organisation can always press or try to manipulate in order to try to achieve the outcomes that they want. So when we're managing human capital at work, we need to be thinking about our HR policies and practices, but we also need to be thinking about our organisational culture, how do we manage our strategy, how do we manage organisational change, how do we get the best out of our people. And so there's no one single factor that we can always try to manipulate in order to achieve the outcomes that we want.

What challenges does the management of human capital present?

I think probably the best way for me to answer this is to give you a particular example that comes from my own area of expertise. So I'm an organisational change specialist and what we see in the organisational change area is that up to and, over 70% of organisational changes fail. I mean that's an astonishing figure isn't it? And the research shows that one of the major factors in why organisational changes fail is that organisations don't appropriately manage human capital. And they also fail to consider that their workforce, their human capital, we need to take into account our people's change attitude, feelings and reactions when we're managing organisational change. So the change example is a really good one because it shows that it's not just what our human capital can give to us, we also need to consider how do we treat our people on an ongoing basis and that it's not simply you can do one HR policy that's always going to resolve our problems, it's a day to day challenge that we constantly have to be thinking about our human capital and how we can best manage our people's behaviours and emotions and feelings in order to get the most out of them.

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