

**MHE 9103**  
**Innovative Development in Human Capital  
and Entrepreneurship**

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# Title

-Management Process

-Creation Issue

-Analytical Thinking

Synthesis of Related

Current Situation

# Human Capital Management

- HCM is an abbreviation for Human Capital Management or human capital management. The meaning is Management and development of human resources from a new perspective that views people as the first important factor in doing business. Therefore, it is wise to develop and manage people by emphasizing that people are the capital or highly valuable assets of the organization. Don't just look at it as a cost or a cost that is a burden (Liability). As for the method, it depends on each organization how to make it concrete. that will allow development according to the above guidelines By adapting existing human resource management methods, such as managing career advancement for employees. Welfare arrangement Management and development of talented people (Talent), etc.

# The constituents of Human Capital

- Intellectual capital
- Social capital
- Emotional capital
- Organization capital



# Human Capital Analysis

Human Capital		Environment	Results
<ul style="list-style-type: none"><li>• <b>Intellectual capital</b></li><li>• <b>Social capital</b></li><li>• <b>Emotional capital</b></li><li>• <b>Organization capital</b></li></ul>	<ul style="list-style-type: none"><li>- Knowledge</li><li>- Technical know-how</li><li>- Skills</li><li>- Good health</li><li>- Education</li><li>- Creativity</li></ul>	<ul style="list-style-type: none"><li>- Economic</li><li>- Social</li><li>- Legal</li><li>- Politics</li><li>- Population</li></ul>	

# Management process

- A management process is a system of coordinating work activities, and actions so that they are completed efficiently and effectively. The managerial process includes planning, organizing, staffing, directing, and controlling. The management process helps to ensure that an organization's goals are met. It is important because it helps to ensure that resources are used efficiently and that employees are as productive as possible. It is important to note that the management process is not a one-time event. It is a continuous cycle that should be repeated on a regular basis. This is necessary in order to ensure that an organization remains efficient and effective.

# Human Capital Theory for Entrepreneurs

- All employers should aim to improve their workforce as well as their business. This is the main focus behind the Human Capital Theory.
- It's your duty to care for your employees whilst they work for you. And this can include career progression and wellbeing support.
- Investment in Human Capital can benefit workers on an individual level, whilst building your business output and revenue.
- Poor relations with your staff can lead to them feeling unvalued and unmotivated. This could lead to potential effects towards productivity and retention.

# What is the Human Capital Theory?

- Human capital theory is about the idea of humans increasing their productivity and efficiency through a greater focus on education and training.
- Human capital is the study of human resources. It talks about the development of economic value from how we function as a society.

The basic theory of human capital goes like this:

1. We invest in the physical means of our business, like machinery or technology.
2. This allows us to produce our stocks or products; and profit from it.
3. So, we should invest in human capital the same way – through education and training.

# Who invented the Human Capital Theory?

- The first writings on human capital comes from the 18th century Scottish economist, Adam Smith.
- But, the American economist, Greg Becker, was arguably the biggest pioneer for the human capital theory. Through his works in economic sciences, he coined the idea of investing in people.
- His works allow us to view the link between human labour and production. And how human capital can enhance the workplace today. We shouldn't view the theory as selling humans as a commodity.
- But rather as investing in their talents and performance, benefiting themselves and the business.

# Human Capital Theory in HRM (human resources management)

The managing department of any business will always benefit from a well-functioning workforce. Their main work tasks are to oversee your staff's performance rates. Human capital management allows your managers to:

- Set achievable goals – for both daily and in the long-run.
- Provide coaching and training for your staff.
- Deliver constructive feedback on improvement.

In some ways, human capital management may be a complicated phrase for performance management. But in the end, these managers can help create your foundations for profitable human capital management.

# Advantages of Human Capital Theory

- One of the most important attributes your managers should own is leadership skills.
- Managers must be able to educate, train, and lead your workers every day. They should stand as a focal point for guidance in the workplace. And aim to maintain strong organisation abilities, social awareness, and operational skills.
- Managers should aim to understand how their team-members function; and aim to grow their talents.
- They should also have emotional intelligence; and know how to manage work-related (and non-work-related) problems. By showing empathetic qualities, employee relations will be built on unity, trust, and respect.
- Through all these methods, you can figure out the best means to utilise human resources management.

# Criticism of Human Capital Theory

- Whilst the positive points for human capital may seem attractive, the theory isn't without its critiques.
- The concept of human capital theory is for humans to invest in themselves. But many might critique employees are assets first and then humans. Some find it discouraging to be referred to as “business tools” or possessions of the business.
- Other accounts argue the human capital development theory doesn't allow concise measures for talents and skills. To mark or even award employees against these is intangible. And it can lead to claims of favouritism and prejudice in the workplace.
- Whilst developing employee skillsets and abilities is important, it's not enough to fuel your entire business.

# How to determine if your Human Capital Management is working?

- The main aim for the success of human capital management is to prioritise your staff.
- Your staff should stand as valuable members in your business. And they should be looked after, from their first day. Through effective management, you can increase long-term performance and business outcome.
- If your staff don't feel encouraged or supported in the workplace, it will reflect through the results. Managers should push [motivation](#) and engagement through their own tasks, as well as through their managerial jobs.
- You need to allow your staff to develop themselves whilst they perform their everyday tasks. Provide useful resources for training, advisory groups, and any other means to build themselves as employees.

# Get expert advice on Human Capital Management with Health Assured

- Well-managed human capital practises can help employees gain self-confidence and skills. Meaning your business will be pioneered for career development and advancement.
- Without investing in your people, you risk impacts to your employee relations. – This could heavily affect your business productivity and reputation.
- Health Assured can help you introduce human capital management into your business. We provide a 24/7 helpline, that's open 365 days a year – and can help you manage and care for your staff, their careers, and welfare.

# Types of Human Capital Theory examples

Human capital includes means for improving human qualities which can affect financial output and productivity.

These qualities might be classed as tangible. But through consistency, you can increase financial performance and talent. Human capital can include qualities like:

- [Education](#).
- [Communication](#) skills.
- People management.
- Workplace training.
- Problem solving skills.
- Physical, mental, and emotional wellbeing.

# Human Capital



attraction  
health  
job  
skills  
school

growth  
value  
training  
activities

economy  
competence  
social  
generation  
rewarding  
men

education  
assets  
investment  
work  
knowledge  
culture  
leadership

time  
development  
human  
capital  
resources  
management  
workforce

labor  
promotion  
business  
talent  
success  
selection  
risk  
employees



# Problems of Human Capital Formation

Insufficient Resources

1

Lack of Proper  
Manpower Planning

10

Brain Drain

2

9

Several Imbalances

Serious Inefficiencies

3

8

Long Duration

High Growth  
of Population

4

7

High Regional &  
Gender Inequality

Weak Science  
and Technology

5

6

Inadequate  
On-the-Job Training

# TOP 10 WORLD ECONOMIC FORUM ASEAN+3 RANKING













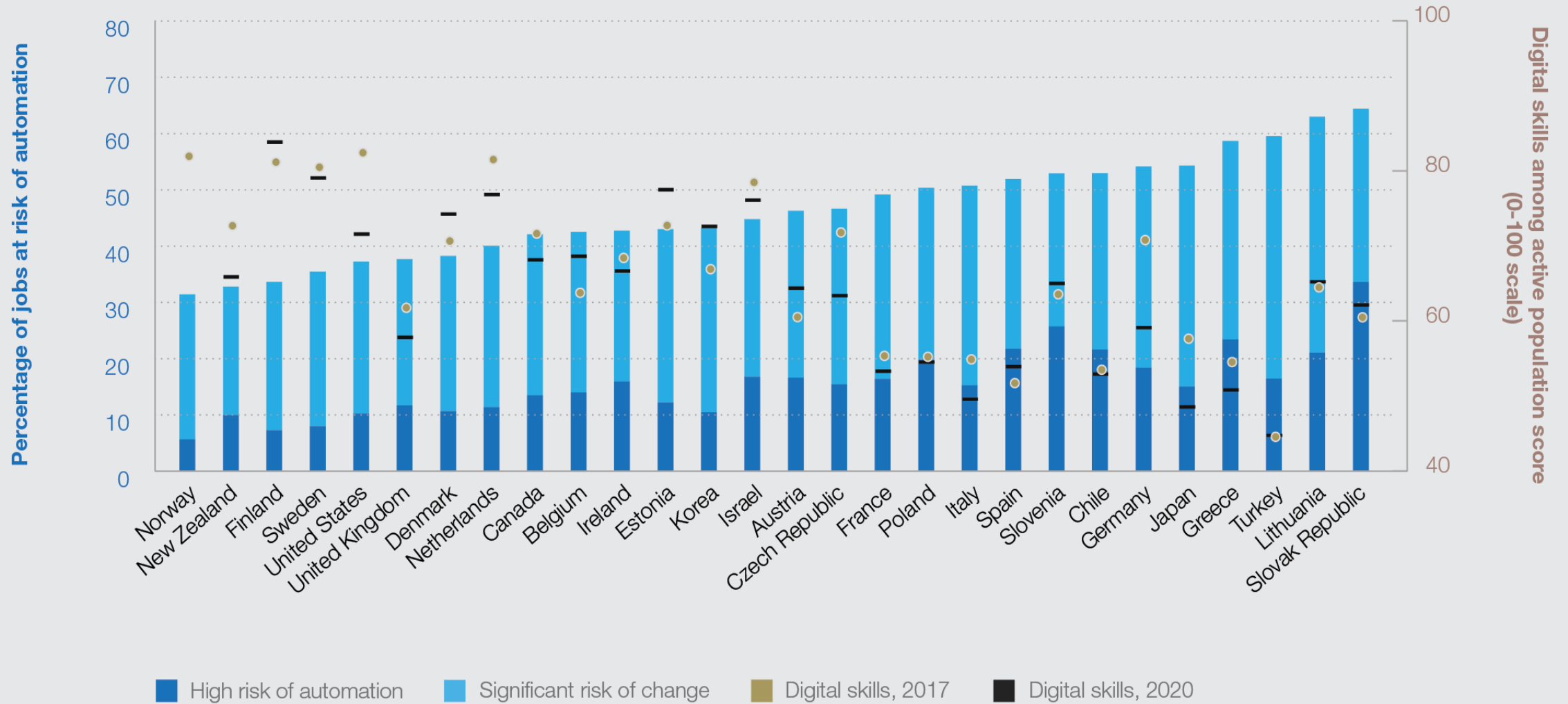
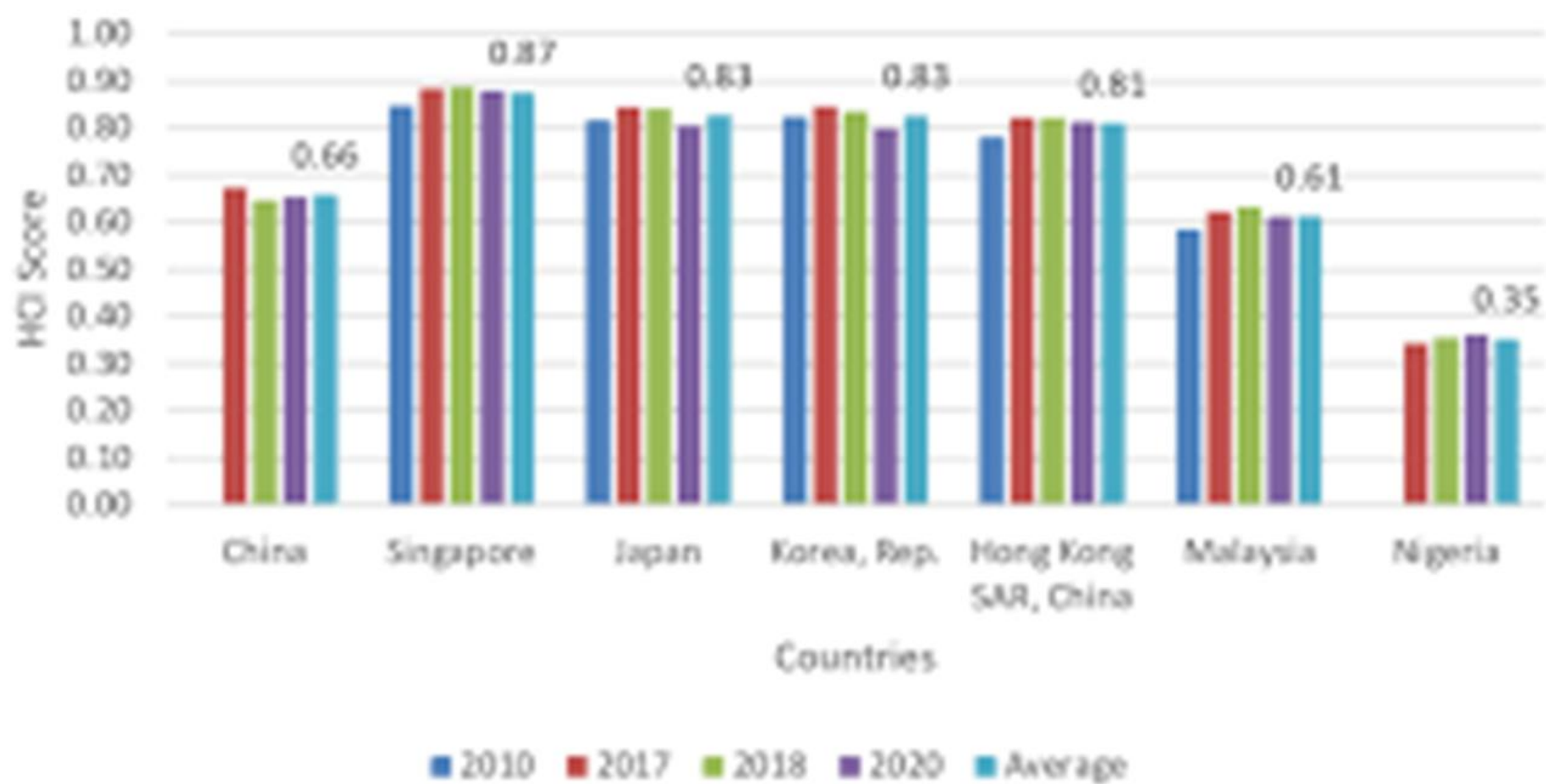
Ranking	Country/territory	2018	Ranking change	2019
1	 Singapore	83.5	↑	84.8
2	 Japan	82.5	↓	82.3
3	 South Korea	78.8	↑	79.6
4	 Malaysia	74.4	↓	74.6
5	 China	72.6	—	73.9
6	 Thailand	67.5	↓	68.1
7	 Indonesia	64.9	↓	64.6
8	 Brunei	61.5	↑	62.8
9	 Philippines	62.2	↓	61.9
10	 Vietnam	58.0	↑	61.5

FIGURE 2.3

Digital skills among active population and % of jobs at risk of automation, selected economies



## Human Capital Index (HCI)



# What Makes Up Human Capital

Health

Work  
experience

Personality

Hard and  
soft skills

Loyalty to the  
company

Education  
and training

Intelligence  
and emotional  
intelligence



# Five Ways To Increase Human Capital

Provide a work culture that encourages creativity



Hire a diverse workforce



Improve education for your workforce



Divide labor into specialized niches



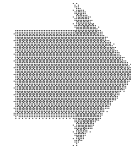
Provide ongoing coaching



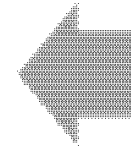


**Different  
Human  
resource types**

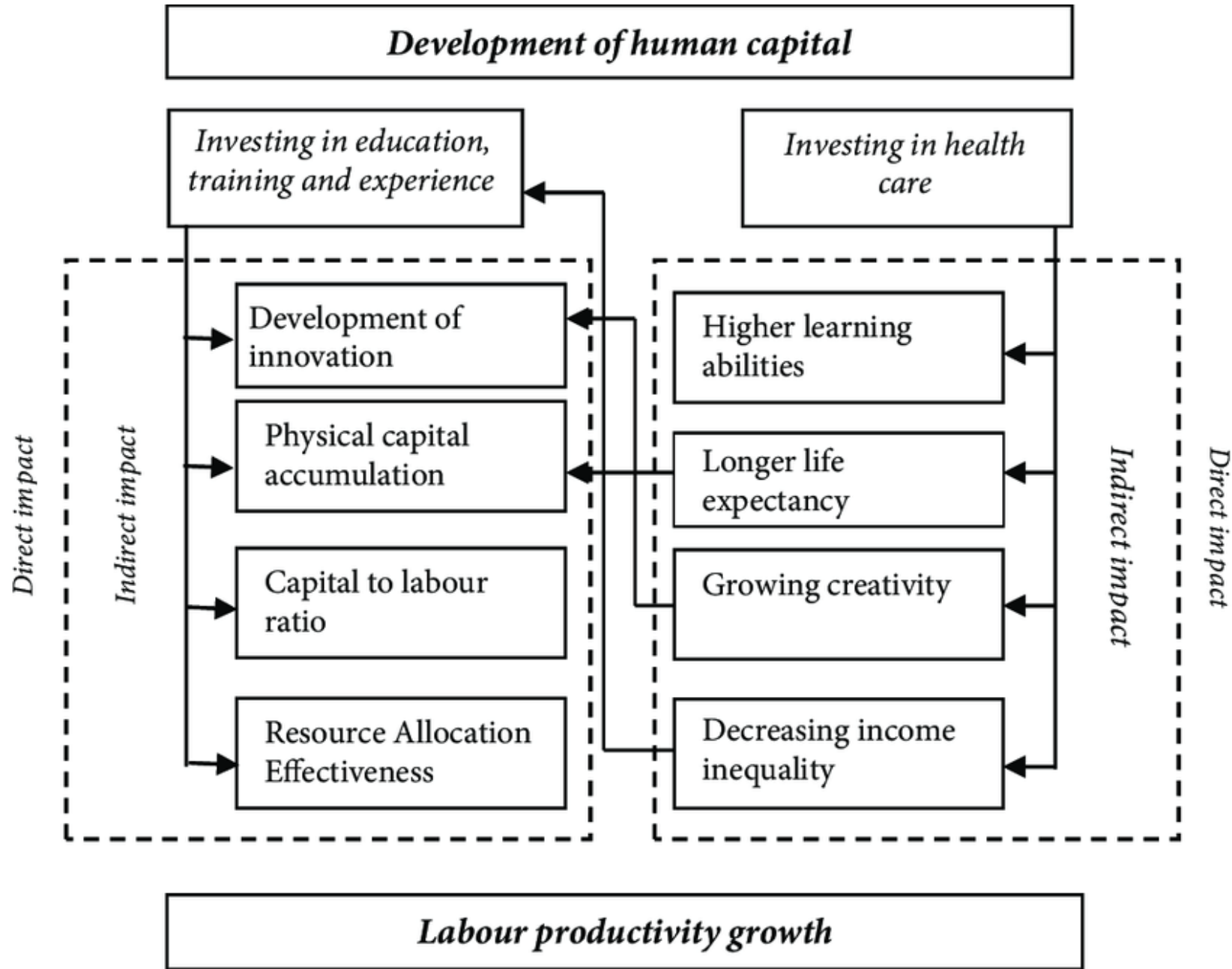
- Employer investments
- Individual and family investments
- Life experiences
- Government investments



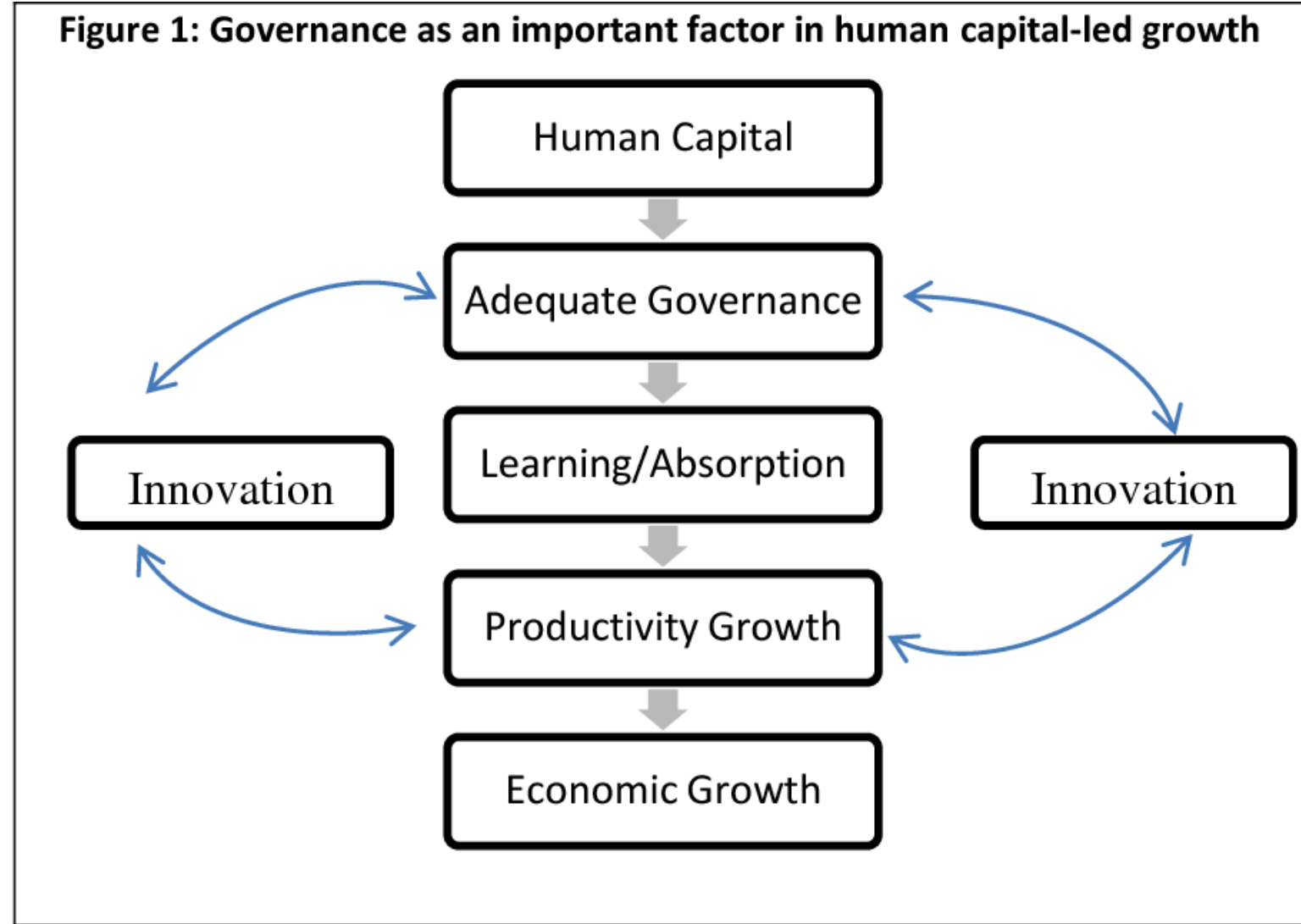
**Human capital**



**Future returns  
to human  
capital**



As exhibited in the figure, the adequate governance attempts to attract technology and innovation augmented by the quality of human capital for the improvement and absorption of these technologies, eventually improves economic development of the country.



# INDIA'S SCORE CARD

Source: *The Global Human Capital Report 2017, World Economic Forum*

103

India's rank  
out of  
130 nations

India's total  
score

55.29

## CAPACITY

Score: 54.5

Rank: 101

Literacy and numeracy  
Primary, secondary and  
tertiary education  
attainment

## DEPLOYMENT

Score: 52.7

Rank: 118

Labour force participation  
Employment gender gap  
Unemployment  
Underemployment

## DEVELOPMENT

Score: 63.7

Rank: 65

Education enrollment  
Enrollment gender gap  
Quality of schools  
Quality of education system

## KNOW-HOW

Score: 50.3

Rank: 79

Skilled employee availability  
Economic complexity  
High-skilled and medium-  
skilled employee share

## Other South Asian countries:

**Sri Lanka**

Score: 61.19

Rank: 70

**Bangladesh**

Score: 51.75

Rank: 111

**Pakistan**

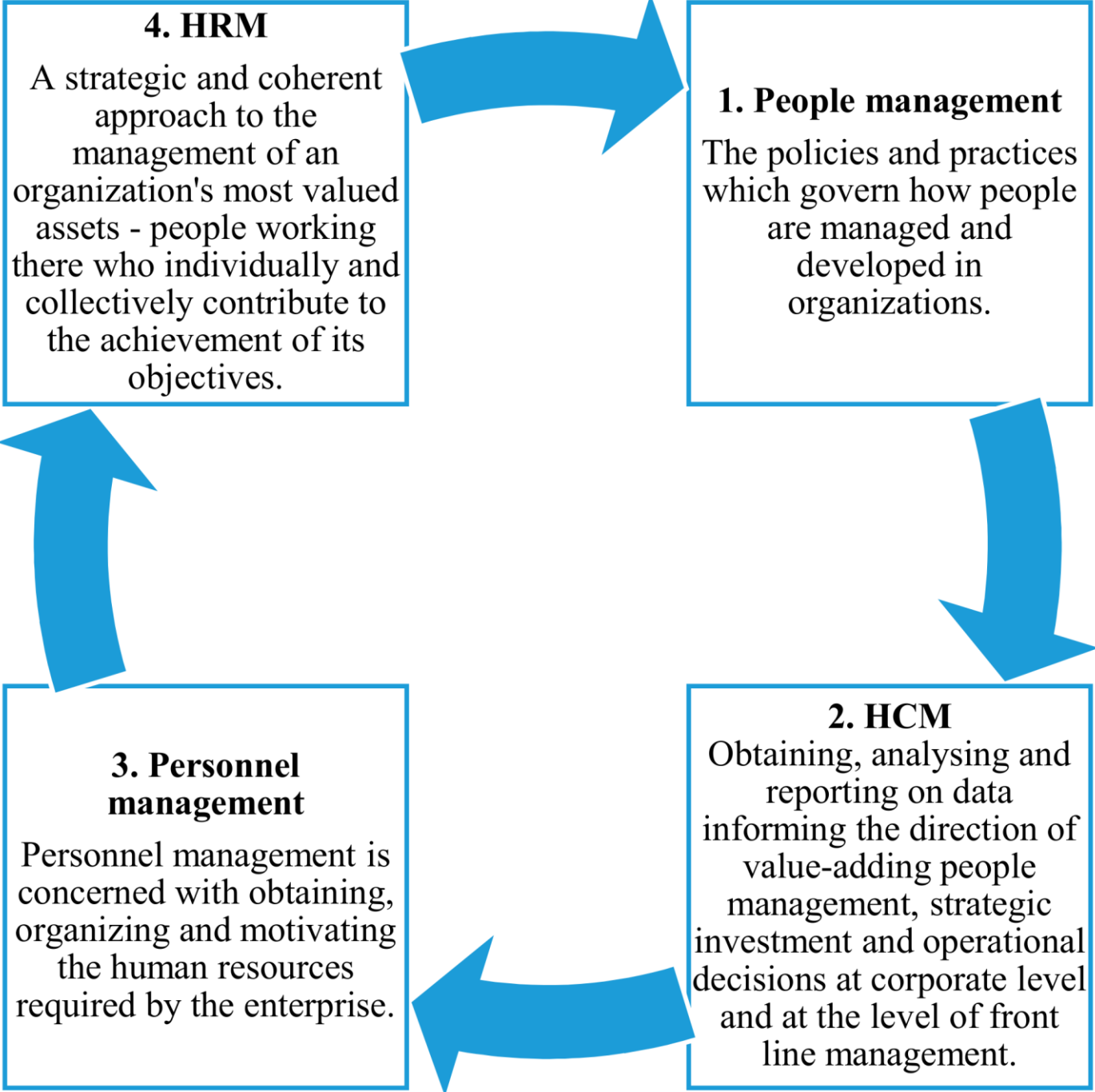
Score: 46.34

Rank: 125

**China**

Score: 67.2

Rank: 34



# Global Human Capital Trends 2025

# Global Human Capital Trends

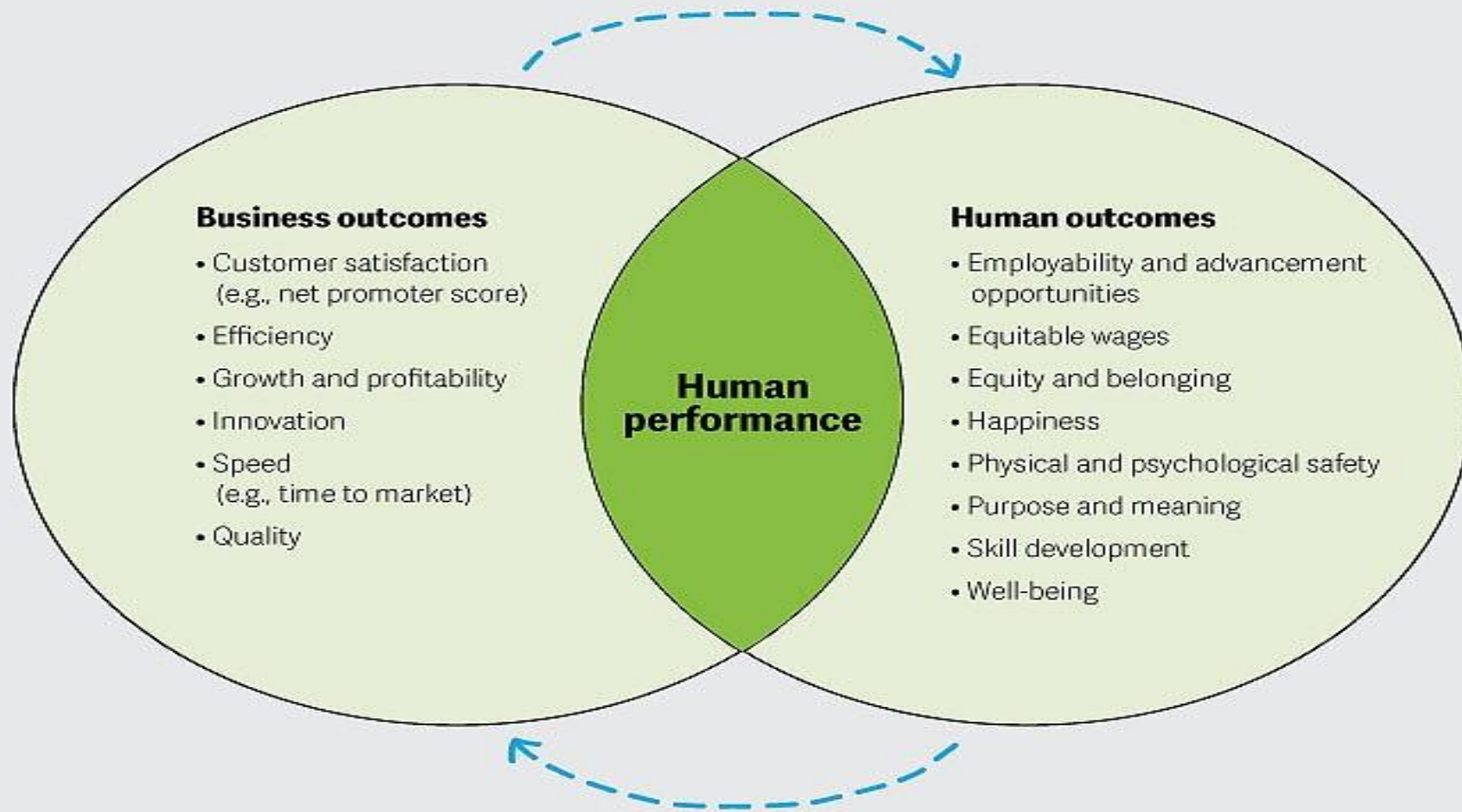
- Designing work for well-being
- Beyond reskilling
- Super teams
- Governing workforce strategies
- A memo to HR



Figure 2

## In the era of human performance, business and human outcomes are mutually reinforcing

Representative metrics might include:



Source: Deloitte analysis.

# 9 Trends That Will Shape Work in 2025

- In 2023, organizations continued to face significant challenges, from inflation to geopolitical turmoil to controversy over DEI and return-to-work policies — and 2024 promises more disruption. Gartner researchers have identified nine key trends, from new and creative employee benefits to the collapse of traditional career paths, that will impact work this year. Employers who successfully navigate these will retain top talent and secure a competitive advantage for themselves.

# 9 Trends That Will Shape Work in 2025

- In 2023, business leaders and organizations continued to contend with major shifts affecting the workplace, including the pressure of inflation on both employer and employee budgets, the emergence of **generative AI (GenAI)**, geopolitical turmoil, a series of high-profile labor strikes, increased tension over return-to-office (RTO) mandates, a shifting legal and societal landscape for DEI initiatives, the increased impact of climate change, and more.

# 9 Trends That Will Shape Work in 2025

- As we look toward 2024, we can expect disruption to continue. Gartner research has identified nine trends that will shape work in the next year. Leaders who proactively develop explicit business and talent strategies to navigate these trends will give their organizations a competitive advantage in both talent outcomes and achieving the organizations' strategic goals.

# 9 Trends That Will Shape Work in 2025

- 1. Organizations will offer creative benefits to address the costs of work.
  - Housing subsidies
  - Caregiver benefits
  - Financial well-being programs
  - Student loan repayment:

# 9 Trends That Will Shape Work in 2025

- 2. AI will create, not diminish, workforce opportunity.
- 3. Four-day workweeks will move from radical to routine.
- 4. Employee conflict resolution will be a must-have skill for managers.
- 5. GenAI experiments will yield hard lessons and painful costs.
- 6. Skills requirements will overtake degree requirements as the “paper ceiling” crumbles.

# 9 Trends That Will Shape Work in 2025

- 7. Climate change protection becomes a new employee benefit.
  - Explicit commitments to physical safety
  - Compensation to impacted employees
  - Mental health support
- 8. DEI won't disappear; it will become more embedded in the way we work.
- 9. Traditional stereotypes of career paths will collapse in face of workforce change.
  - Make it easier for talent to stay at or return to the organization.
  - Take advantage of expertise where it exists, regardless of tenure.
  - Prepare for the imminent retirement of many experienced workers

# 3 Keys For Technology Human Capital Transformation In 2025

- 1. The Essence Of Talent Transformation
  - Optimization: Strategic Insourcing And Team Integration
  - Customization: Enhancing Skill Diversity
- 2. Flexibility: Mastering Market Dynamics With Agile Talent Strategies
- 3. Embracing Change With Optimized, Customized And Flexible Strategies

# Investments in Human Capital

# Investments in Human Capital

- Investing in human capital offers businesses multifaceted advantages. Explore the ten key benefits, from enhanced productivity and skill development to improved morale and innovation, fostering a thriving and resilient workplace culture.
- Strategic investments in human capital can yield unparalleled returns in the worker-driven industry that is construction. Keep reading to learn more about these benefits.

# How do you invest in human capital?

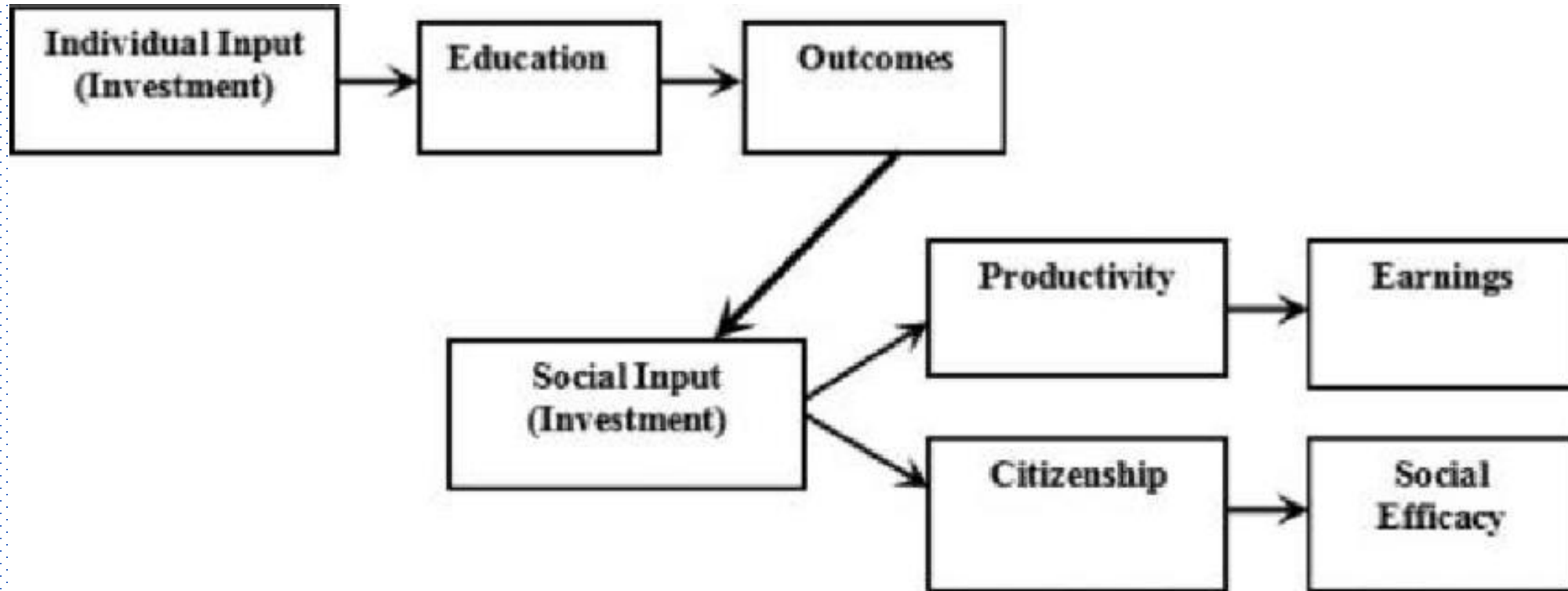
- 1. Training
- 2. Strategic Hiring
- 3. Software
- 4. Incentives



# 10 Benefits of human capital investments

- 1. Improved employee retention rates
- 2. Improved returns on all employee-related costs
- 3. More accurate workforce data tracking
- 4. Better employee prospecting
- 5. Identifying future leaders
- 6. Improved communication and problem-solving
- 7. More opportunities for advancement among marginalized community members
- 8. Better client management
- 9. A more positive work environment
- 10. Train for the exact skills you need

# Human Capital Investments



**Source:** Swanson and Holton (2001, p. 110)

# Innovation In Action

Vision 2030

Long-Term Vision

Leaders in Innovation for the Future



# **Innovation in Human Capital**

# Innovation in Human Capital

- Human capital management to create innovation and competitive potential It is not the job of management or HR, but the job of all parties. Organizations that are successful in creating innovation Employees must have **Discovery Skills** more than employees in general organizations who only have **Delivery Skills**, which will help make a difference. Make the organization able to survive, continue to exist, and continue to exist. Under today's fiercely competitive environment

# **Innovation in Human Capital**

1. Compares the level of competitiveness of different countries.
2. The role must be changed from a buyer of technology to an innovator.
3. Raise the level of capability in terms of business efficiency and technology and innovation.
4. Adjust the infrastructure, quality of personnel and industrial resources for prototype production.

# **How are important of Innovation in Human Capital?**

- 1. Innovation is very important to a country's competitiveness.
- 2. Innovation will drive product growth.
- 3. Innovation helps create business advantages.
- 4. Innovation causes economic expansion and living conditions in society.

# **Solve Problem from World Human Capital Index**

- There are measures to provide quality education that is thorough and developed.
- Skills training across all age groups meets the needs of the business sector.
- Developing skills and knowledge for the elderly population.
- Developing skills that are consistent with the needs of the labor market

# Human capital development at the organizational level

- Changing from human resource management to human capital management by looking at the use of personnel as investment management. Personnel in the organization are not just expendable resources that rely only on management for maximum benefit and economy. But people are an asset that can add value through training and experience. Both in knowledge Job skills and attitude adjustment Makes it possible to raise potential levels and the ability to perform tasks and innovate new things

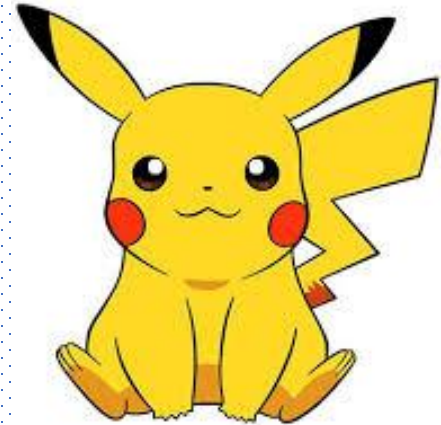
# Human capital development at the organizational level

- Human capital management for successful organizational innovation  
There are differences in management principles, work environment design and organizational culture. For example:
  - Samsung
  - Honda Robotics
  - Google
  - IKEA



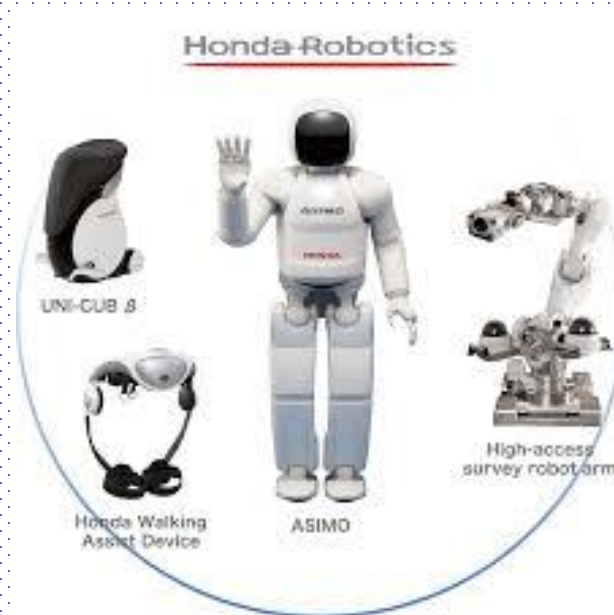
# Samsung

- To be the market leader in global electronic products.
- Create innovation and focus on improving innovation.
- Continuously develop human capital



# Honda Robotics

- Tools, budget, and manpower are provided to enable rapid implementation.
- Support creativity Seek out-of-the-box ideas.
- Support employees to have absolute authority and be able to operate independently.



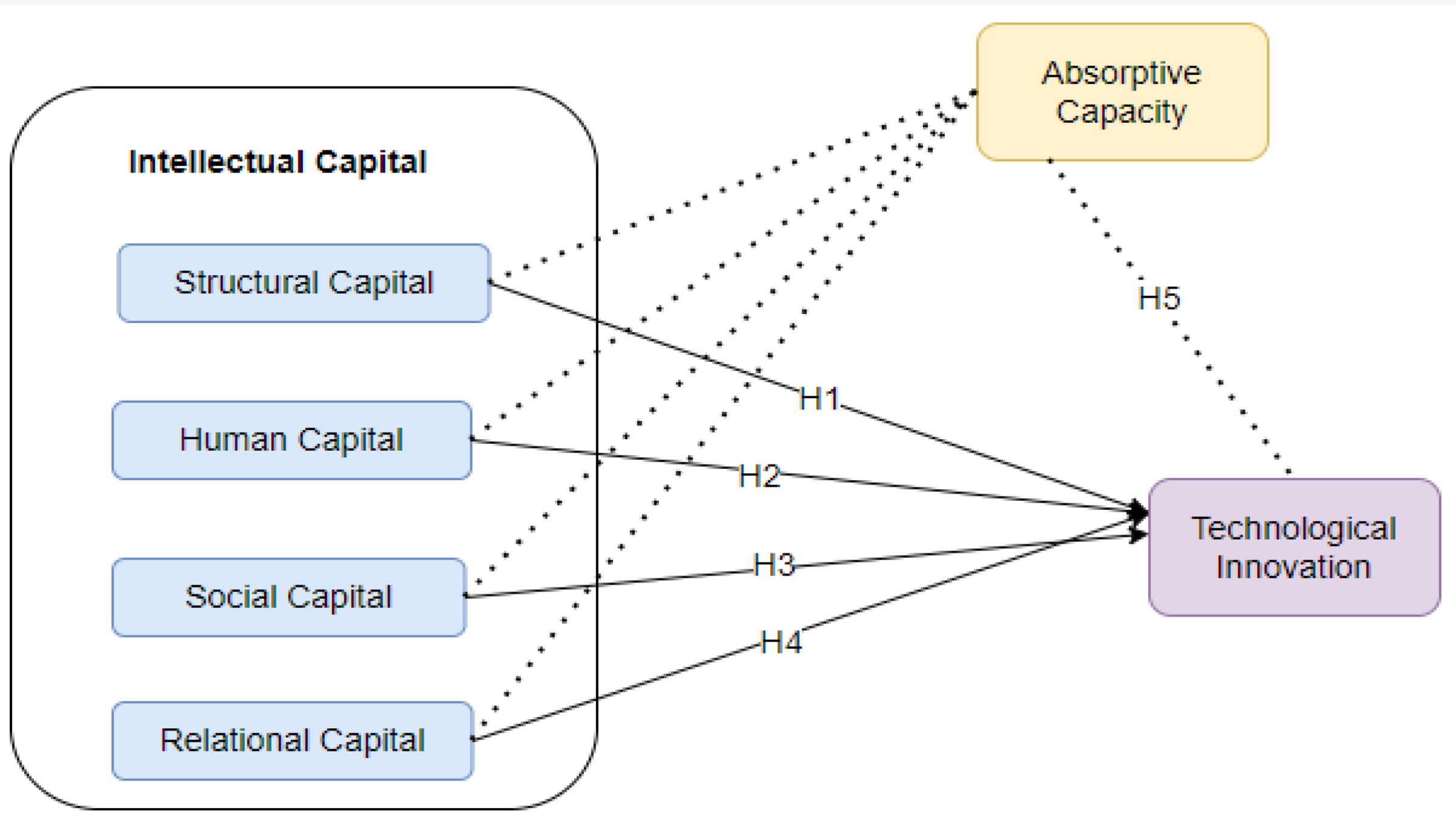
# Google

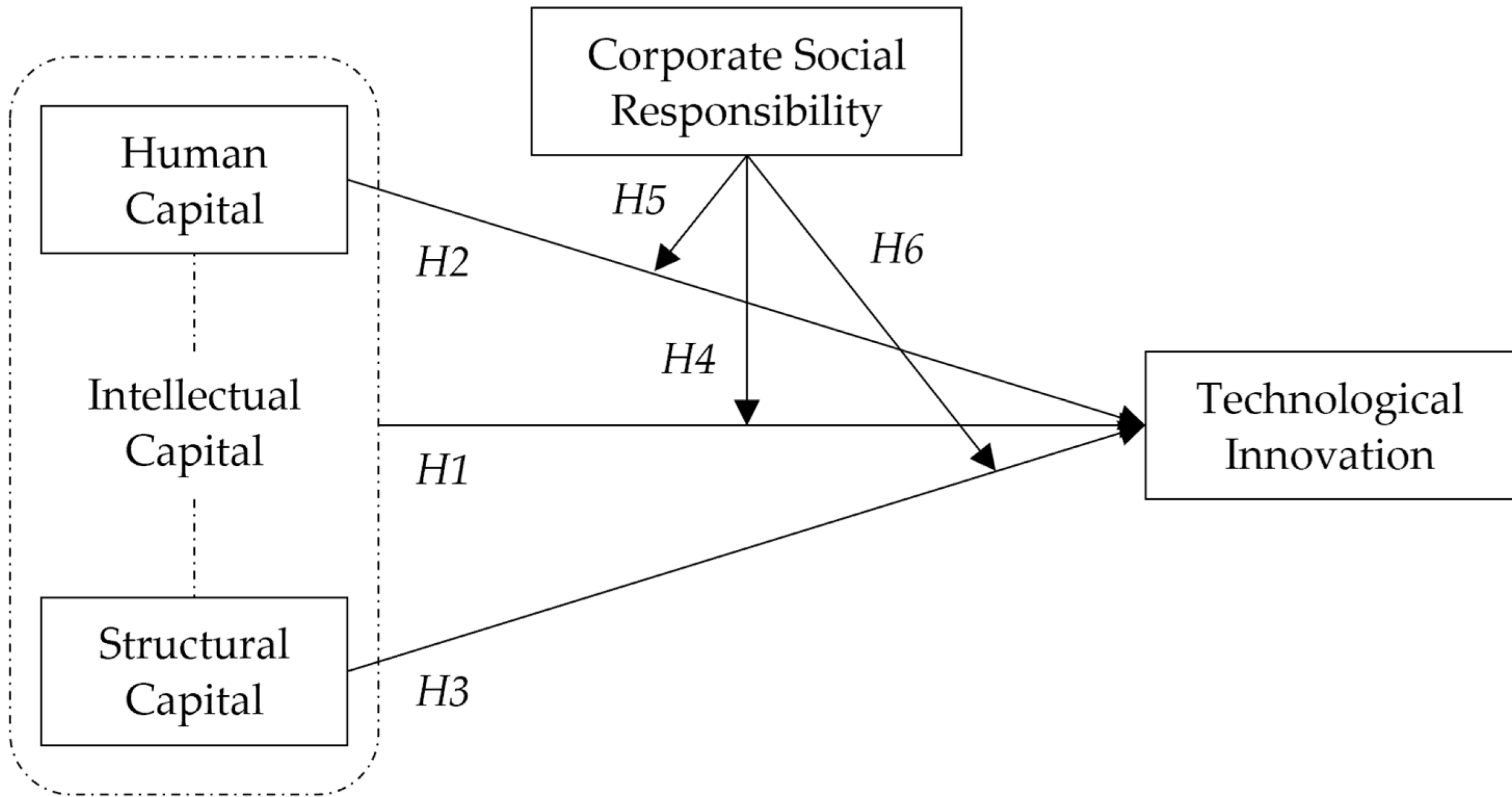
- Design a working environment that creates an atmosphere for creativity at all times.
- Employees are free to use their ideas.
- There is an atmosphere of teamwork.
- Create a culture of accepting mistakes that may occur in creating new things.
- Designing office furniture to be studio-like with transparent acrylic walls and doors.

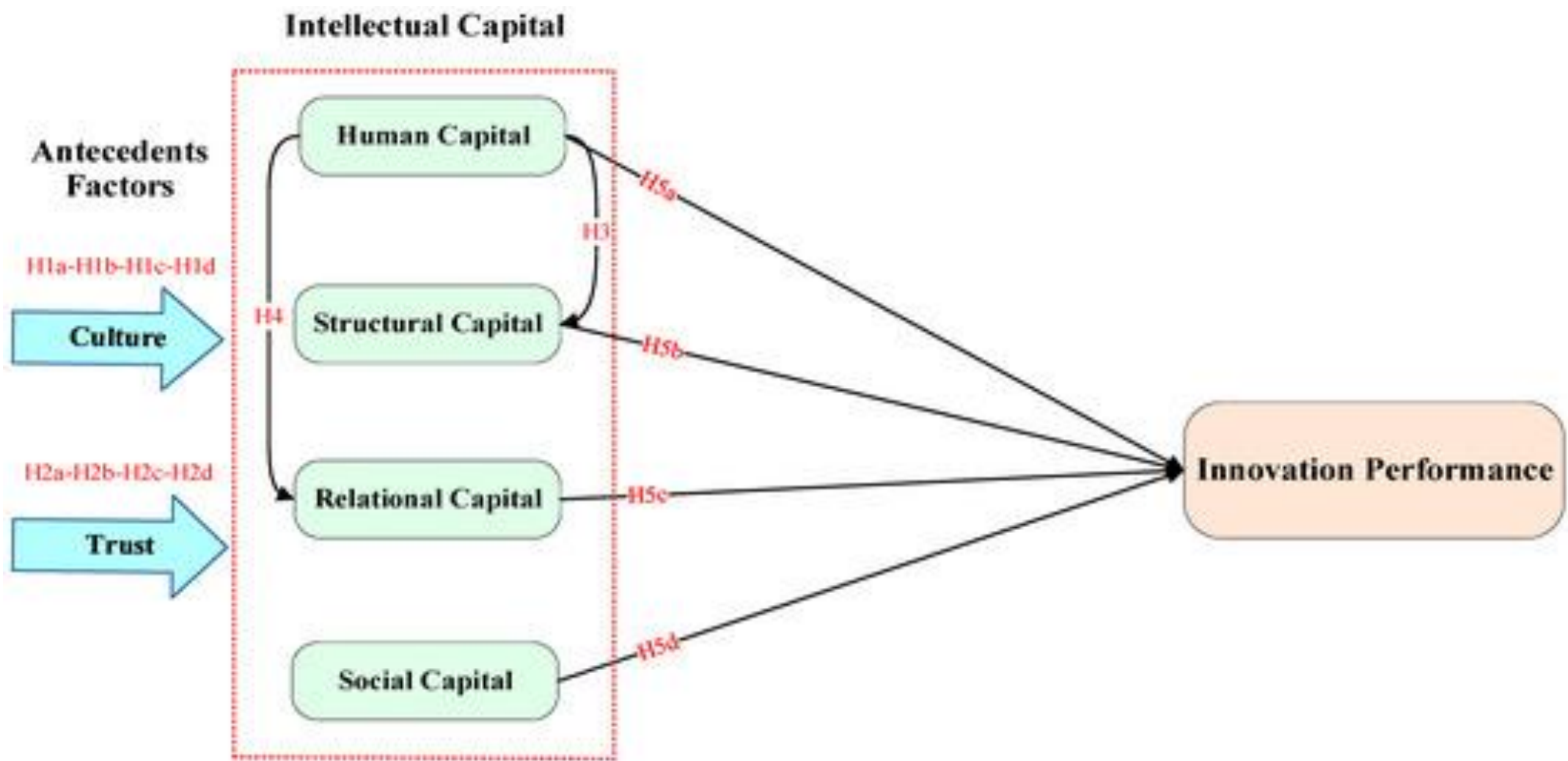
# IKEA

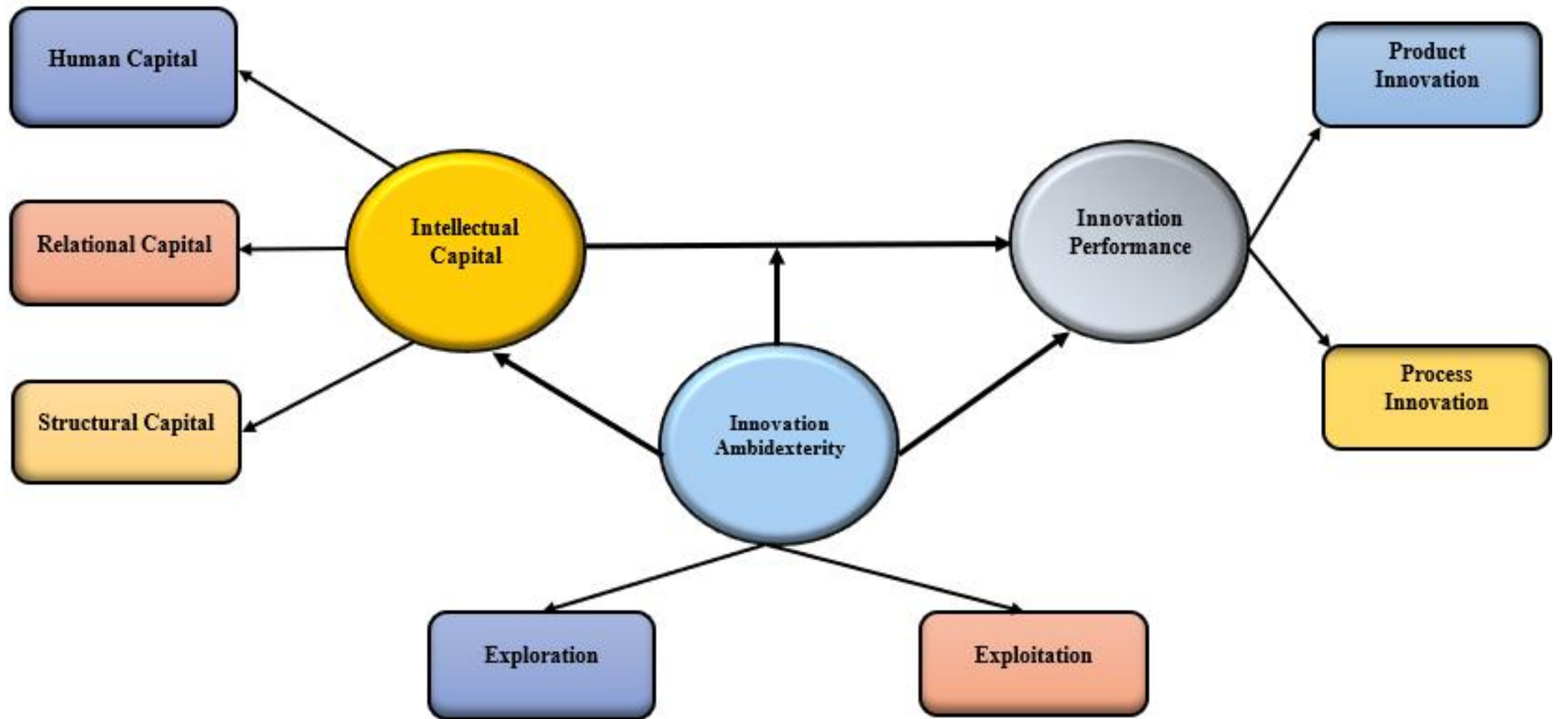
- Produce products by setting prices before planning production to ensure high quality products with beautiful designs.
- Reduce unnecessary
- Designed with usability in mind
- Flat Packaging'
- There is an IKEA work culture.

# Example of Conceptual in Human Capital Development for PhD. Research









The End