



Human capital development in the international organization: rhetoric and reality

Human capital
development

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Abstract

Purpose – The purpose of this study is to present empirical evidence of the nature of corporate rhetoric in developing human capital and how it becomes embedded within a large international organization operating in the Nordic region. The qualitative case study aims to examine the sensemaking of individual managers, and how human capital rhetoric is selected, acted upon, and retained by employees.

Design/methodology/approach – An exploratory case study approach is taken in order to provide an in-depth understanding of the rhetoric and reality of human capital development. Focus groups, archival data, and interviews with key informants (i.e. external consultants, senior executives, managers, and employees from various departments across the Nordic business units) are used to explore different perspectives on the phenomena of human capital development.

Findings – The findings highlight a number of key dimensions that can distort the rhetoric of human capital: corporate strategy, organizational structure, managerial style, and the cognitive frames of individuals.

Practical implications – The study suggests a need for senior managers to take pre-emptive actions to close the gap between the rhetoric of human capital development and what actually happens in practice. A lack of clarity concerning human capital concepts and their outcomes is to be overcome through more effective communication strategies.

Originality/value – The research suggests that managers construct rhetoric that has to be absorbed by multiple audiences and that, in some cases, a counter-rhetoric of human capital is formed. Employees interpret human capital rhetoric, shape it and alter it in their own interests. Ambiguity and ignorance over human capital concepts is succeeded by pragmatic assessment and refinement on the part of employees, with the initial human capital development program iteratively amended as it passes through the organization.

Keywords Human capital, International organizations, Rhetoric, Denmark, Norway, Sweden

Paper type Research paper

Introduction

What is human capital? In the work of management scholars, the term “human capital” has been referred to as a key element in improving an organization’s assets and employees in order to increase productivity as well as sustain competitive advantage (Becker, 1964; Schultz, 1971). Multiple definitions of human capital have been given to explain its concept, yet nothing much new or different has been said about the concept beyond the extant definition: the repertoire of knowledge, competency, attitude and behavior embedded in an individual (Youndt *et al.*, 2004; Rastogi, 2002). The theory of human capital originated in the field of macroeconomic development theory (Schultz, 1971; Becker, 1964) and has been increasingly applied in the areas of corporate value creation (Rastogi, 2002; Mayo, 2001), competitive advantage (Gratton, 2000; Pfeffer, 1994)

