

Annotated Bibliography

Human Capital Management – A Frame of Reference

Bontis, N. & Fitz-enz, J. (2002). Intellectual capital ROI: a causal map of human capital antecedents and consequents. *Journal of Intellectual Capital*, 3 (3), pp. 223-247.

The authors report the results of a research study that examine the antecedents and consequents of effective human capital management through the integration of the quantitative and qualitative measures. The research sample consisted of 76 senior executives from 25 companies in the financial services industry. A holistic causal map is yielded on the ground of the integrated constructs from the fields of intellectual capital, knowledge management, human resources, organizational behavior, information technology and accounting. Participating organizations and researchers can reap the benefits of the study through visually comprehending the driving factors that determine the effectiveness of an organization's human capital capabilities. Practitioners and researchers will have a better understanding in allocating resources with regard to human capital management more efficiently. The potential outcomes of the study are limitless, since a program of consistent re-evaluation can lead to the establishment of causal relationships between human capital management and economic and business results.

Brown, M. G. (1999). Human capital's measure for measure. *Journal for Quality & Participation*, 22 (5) September/October, pp. 28-31.

The author points out some problems of the HR metrics on the value and performance of the human asset. The crude measure factors include turnover, education level, training attended, and development plan objectives. He therefore suggests 4 sub-metrics for creating a human capital index, namely number of years in business/field, level in the company (by job grade or organizational chart level), performance rating, and number and variety of positions/assignments held. Nevertheless, it seems to raise the issue of subjectivity in determining the weights/scores to be marked on each category, leading to a relative imbalance of the human capital index used to justify the human asset in a particular firm and industry.

Combs, J. G. & Skill, M. S. (2003). Managerialist and human capital explanations for key executive pay premiums: a contingency perspective. *Academy of Management Journal*, 46 (1), pp. 63-73.

This study examines a contingency perspective in which the source of pay premiums depends on executives' power and firms' governance strength. Two main theories, which are managerialism and human capital, are drawn to investigate the executive-specific attributes (power and skill) so as to explain variation beyond what firm- and job-specific variables are predicted. Results suggest pay premiums are a consequence of human capital (compensation for unique and valuable managerial competencies) in some firms and managerial entrenchment (executives using their power to maximize salary) in others.

Crutchfield, E. B. (2000). *Developing human capital in American manufacturing: a case study of barriers to training and development*. New York: Garland Publishing.

This book reflects a practical research of a case study approach on the development of human capital through the firm's training programs. An exhaustive stream of literature review examines a broad range of themes and theories on the dynamically competitive environment facing the American workforce at the expense of attempting to maintain a competitive edge. Also, the concepts of human resource development and organization development present the theoretical 'best practices' for how organizations should be working to develop their human asset and become a high performing organization. With regard to the research design, the justification for a single case study, site and sample selection, data collection, trustworthiness of the data, data analysis, and data management are discussed. The results of the study feature three themes as to why the training and development may not be able to have a positive impact on organizational performance; the unsystematic implementation of the training needs assessment, the perception of a lack of clearly defined and operationalized business goals, and the inability of the leaders to look at human performance in relation to all aspects of the organization – barriers to apply comprehensive solutions to performance problems.

Doyle, D. P. (1994). *Developing human capital: the role of the private sector*. *Theory into Practice*, 33 (4) Autumn, pp. 218-226.

A review of the private sector role in human capital investment is explored on two main streams. One is 'conventional' private sector investment in human capital: firms underwriting the cost of employee education and training. The other is private individuals investing in their own human capital. Most large, modern firms in the developed world tend to increasingly invest their money and energy in education and training programs insofar as it generates profitability. The author concludes that an investment in human capital will be treated as precisely as that in marketing, advertising and research and development where a competitive advantage is attainable.

Farmer, M. C. & Kingsley, G. (2001). *Locating critical components of regional human capital*. *Policy Studies Journal*, 29 (1), pp. 165-179.

Based upon the economic context in a regional setting, the paper offers a rationale and an outline for developing a human capital approach to assess strategic resources needs for competitive success of different regions. The achievable process is referred to a creation of strategic human capital where there is the right mix of people and skills inside a given network that induces an extra-competitive advantage. The authors also claim that when economic development is aligned with ecological potentials, the technologies driving the necessary economic activities will be mobilized by higher-skilled, human capital-intensive companies. In a holistic view, regional competitiveness appears in the human capital theories as innovations that allow an area to differentiate their final product from some other source: offer better quality or unique features, thereby leading to a sustained advantage and a realization of true economic profits over the competitors.

Garavan, T. N., Morley, M., Gunnigle, P. & Collins, E. (2001). Human capital accumulation: the role of human resource development. *Journal of European Industrial Training*, 25 (2-4), pp. 48-68.

The authors discuss the issues of the conceptualization of human resource development surrounding the firm strategy through the lens of both individual and organizational perspectives. Based upon these two strands, four attributes of human resource as capital are investigated; flexibility and adaptability, enhancement of individual competencies, development of organizational competencies, and individual employability. Considering human capital from individual perspectives, the notions of employability, performance and career development are of most concerns to increase employees' capabilities. With regard to the organizational context on human capital accumulation, the core competencies and the tacit knowledge or social community perspective are developed in people over time via education and experience. Also, a discussion on the implications for human resource development in both spectrums gives rise to the potentiality to leverage the human capital formation within the organization.

Giannini, M. (2000). Multiple regimes in human capital accumulation. *International Journal of Manpower*, 21 (3/4), pp. 246-263.

The research attempts at providing an overall theoretical framework investigating the accumulation of human capital by a dynamic interplay, or complementarities, between the individual behavior and human capital distribution. In the light of the macroeconomic context, the author postulates that the individual decision about investment in education depends on unemployment among unskilled workers; the higher this is, the lower the return to work as a unskilled worker and the higher the incentive to invest in education.

Gratton, L. & Ghoshal, S. (2003). Managing personal human capital: new ethos for the 'volunteer' employee. *European Management Journal*, 21 (1) February, pp. 1-10.

Due to the notion of democratization in the organization, a combination of individual autonomy in the work life and task variety leads to a greater personal responsibility for both developing and deploying their personal human capital. The authors define human capital as the composite of an individual's intellectual, social and emotional capitals by which it is suggested that 'volunteer' employees need to align their personal values with work to reflect the most satisfying passions on a human aspiration, thereby continuously improving on one's own knowledge, relationship and sense of self-efficacy.

Huang, G. Z., Roy, M. H. & Ahmed, Z. U. (2002). Benchmarking the human capital strategies of MNCs in Singapore. *Benchmarking An International Journal*, 9 (4), pp. 357-373.

This study aims to explore the role of human capital strategies in the survival and growth of promising local enterprises (PLEs) and existing multinational corporations (MNCs) in Singapore. The focus of the research aims to benchmark the human capital practices in the MNCs to the extent of whether PLEs are learning from the HR strategies of MNCs. The analysis draws on empirical data surveys from 218 PLEs and 261 MNCs through an extensive discussion on the issues of value of human capital, recruitment and selection, training and development, career management, corporate culture and government role. The results show substantial contrasts in the philosophical and practical applications of human

resource strategies. More specifically, the conclusion of the study entails the fact that PLEs could learn from benchmarking the human capital strategies of the MNCs in the following arenas: modify philosophical understanding with regard to the importance of human capital in creating a competitive advantage; develop different approaches to enhance the value of human capital, broaden the focus of selection and training methods to include critical thinking, teamwork and leadership; and expanding a reward scheme, apart from extrinsic incentives, to help align organizational culture with new values of teamwork leadership and learning.

Kannan, G. & Akhilesh, K. B. (2002). Human capital knowledge value added: a case study in infotech. *Journal of Intellectual Capital*, 3 (2), pp. 167-179.

The paper addresses an essential need for managers to develop a behavioral tool to comprehend the factors that influence human capital knowledge value add so as to increase the organization value add. The proposed tool helps understand the knowledge professional's perceptions of the organization's culture toward intellectual enterprise, knowledge management support systems and processes, and individual value add, the perceived performance, innovation and consequences of quitting. The firm can move individuals to a more value-added position by giving them greater opportunities for knowledge sharing and capture, rewarding initiative, sharing and innovation as well as learning. Also, top management visibility and support, including increased leader involvement and guidance, can elevate feelings of belonging and importance to improve performance and the human capital knowledge value added.

LeBlanc, P. V., Mulvey, P. W. & Rich, J. T. (2000). Improving the return on human capital: new metrics. *Compensation & Benefits Review*, 32 (1) January/February, pp. 13-20.

The article supports the use of the human capital approach to indicate the improvement of the return on human capital. By adopting such an approach, it means that the firms have to view their employees as an investment to be optimized rather than a cost to be minimized. Human capital is optimized when there is significant 'knowledge,' 'motivation' and 'opportunity' to perform. A six-step process of the human capital approach is introduced to help managers to make a better decision on the investment of the human capital. They are in a sequential order:

- 1) Identify needed business improvements
- 2) Locate people leverage points and sort by investment type
- 3) Discover measures of key people leverage points
- 4) Find relevant internal/external benchmarks and asset gaps
- 5) Calculate human capital investment cost/return and break-even timeframe
- 6) Make human capital investment decision

Lepak, D. P. & Snell, S. A. (1999). The human resource architecture: toward a theory of human capital allocation and development. *Academy of Management Review*, 24 (1), pp. 31-48.

The authors draw on the resource-based view of the firm, human capital theory, and transaction cost economics to develop a human resource architecture of four employment modes: internal development, acquisition, contracting, and alliance. The architecture is built on the two characteristics of human capital: uniqueness and value-creating potential. The

relationships among employment modes, employment relationships, and human resource configurations, can be examined along this HR architecture. It also provides a structural perspective for both academics and practitioners to understand which forms of human capital have the potential to be a source of competitive advantage at present and in the future. Moreover, this study encourages researchers to examine how firms integrate flexibility in to the HR architecture to adapt to dynamic changes while maintaining congruence among the individual components to meet the existing needs.

Maruping, L. M. (2002). Human capital and firm performance: understanding the impact of employee turnover on competitive advantage. In: *Academy of Management Meetings*, August, Denver, CO, pp. 1-27.

Organizational performance outcomes due to the impact of turnover depend upon the network centrality, prominence, range and brokerage of the departing knowledge actors in the knowledge network as well as the structure of the organizational social network. The author points out that in the competitive environment voluntary turnover is a mechanism for the knowledge community to refresh and expand the existing network through the mobility of new talent with a new set of professional social webs. In addition, understanding how turnover among knowledge workers impacts firm performance through a social network perspective and the pursuit of competitive advantage will provide some insights into how human resource systems can play a major role in organizational strategy.

Mayo, A. (2001). *The human value of the enterprise*. London: Nicholas Brealey.

The book provides a coherent model of measures relating to human capital, offering a standalone means of recognizing the vital contribution of people to value creation. Acquiring new human assets, retain human assets, and growing human assets are the key processes in managing the human capital. Since people bring their personal human capital, in all its diversity, to the organization, individual motivation and commitment should be developed and nurtured through a firm's innovative/creative culture.

McNamara, C. P. (1999). Making human capital productive. *Business & Economic Review*, 46 (1) October-December, pp. 10-13.

The article features the application of the principles of human capital investment employed by some internationally leading firms, such as Coca-Cola, Microsoft, Southwest Airlines, in order to maximize the human asset within the firms. A 10-step action plan that encompasses the best practices of these very successful companies is: 1) adopt the Truman and Lincoln philosophies; 2) communicate commitment to human investment; 3) establish new expectations; 4) reorganize around teams; 5) maximize employee involvement; 6) focus on people initiatives; 7) establish a world-class human resources organization; 8) develop and implement motivational systems; 9) conduct annual executive review; 10) take the leap (seen the process of making the human capital more productive as a journey, not a destination).

Molina-Morales, F. X. (2001). Human capital in the industrial districts. *Human Systems Management*, 20 (4), pp. 319-331.

A focus on the creation of human capital in the industrial districts (regional clusters) may reflect a differentiation of the firm strategy perspectives from one to another, especially within the same industry. The industrial districts are identified by both high density of firms

in a territorially bounded area and a community of people sharing values and beliefs (e.g. Silicon Valley). In this research, the author aims to develop a conceptualized framework to suggest the firms to take on a more active role in exploiting local identifiable human resources. Also, the firms should interact with the local environment in order to shape and leverage on the endowment and potential of local knowledge resources.

Nerdrum, L. & Erikson, T. (2001). Intellectual capital: a human capital perspective. *Journal of Intellectual Capital*, 2 (2), pp. 127-135.

In this article, intellectual capital is seen as complementary capacities of competence and commitment. Based on theoretically and empirically robust human capital theory, the authors define intellectual capital as individuals' complementary capacity to generate added value and thus create wealth. Resources are then perceived to be both tangible and intangible. This view is an extension of human capital theory to include the intangible capacities of people. Implications for further research are discussed.

Nordhaug, O. (1993). *Human capital in organizations: competence, training and learning*. Norway: Scandinavian University Press.

The purpose of the book is to outline and discuss important conceptual, theoretical, and empirical aspects of human capital in organizations. The author claims that it is necessary to develop a groundwork for the study of individual competences, competence bases, and competence networks in firms. With regard to the individual context, the employee competences (defined as the knowledge, skills and aptitudes that are relevant for work), which influence the actual performance, are categorized into six typologies: Meta-competences, industry competences, intraorganizational competences, standard technical competences, technical trade skills, and unique competences. Drawing on insights from the organization theory, the corporate context of the competences is established (e.g. task specificity, unit specificity, internal relation specificity, durability, diversity, internal exclusiveness, and transferability). In terms of competence networks, competence configuration and competence flow are discussed to mark the analytical perspective of the firms' competence systems. Moreover, the empirical research shows that training and development contributes to human capital provision in organizations.

Oxman, J. A. (2002). The hidden leverage of human capital. *MIT Sloan Management Review*, 43 (4) Summer, pp. 79-83.

Amid the economic downturn and the mediocre job market, the author suggests that the real value of human assets be more appreciated in the process of reengineering and core competency invigoration. Along that line, four broad critical areas of the leadership model to help augment the business success are presented: strengthening key relationships across customers, employees and shareholders; leveraging downtime by capitalizing on underutilized staff for innovation initiatives; refocusing staff on what's important at the company by prioritizing strategic roles and clarifying individual goals; and building return on compensation by forging stronger links between the pay people get and the results they achieve. The author also claims that in either good or bad times of the economy the firms should pursue the fair play to the key stakeholders, including employees. By failing to realize the full potential of the human capital along the fluctuating business wave, they may not be ready for the new challenge of change when the economy starts to recover.

Rappleye, W. C. Jr. (1999). Human capital management: the next competitive advantage. *Across the Board*, 36 (8) September, pp. 39-47.

There is a growing realization that investment in human capital has the potential to become the next great tidal movement in work and life, just as the information-technology revolution supplants the industrial revolution. The article reflects a diverse view of human capital management in creating a competitive advantage through the sight of professionals of HR consulting firms and HR directors of leading international companies. The avenue to achieve that notion takes a multifaceted effort of all managers at all levels to bring together the essential enablers of human capital in business. They are people's competence, corporate culture, internal development, employee engagement, communication, and creative learning.

Rastogi, P. N. (2000). Sustaining enterprise competitiveness – is human capital the answer? *Human Systems Management*, 19 (3), pp. 193-203.

The author puts an emphasis on the human capital as the ultimate resource for sustaining the competitive performance of an organization over time. Such a dynamic resource needs to be continuously developed and sharply honed in the light of a firm's changing business environment and the logic of creating customer-valued outcomes. A human capital organization is characterized as a storehouse of business expertise; a growing pool of cutting edge competencies, skills, best practices, techniques, and tools; a collaborative collectivity of autonomous and peak performing employees; an exemplar of speed and brain power in all domains of its activity; an agile player responding rapidly to market shifts; and a bearer of a culture of constant innovation and value creation.

Weisberg, J. (1996). Differential teamwork performance: the impact of general and specific human capital levels. *International Journal of Manpower*, 17 (8), pp. 18-29.

The focus of the study is twofold: first, to determine if, from an organizational perspective an incentive scheme augments the utility to the firm; and, second, based upon the notion of general human capital (indicated by the average number of years of schooling of the team members) and firm-specific human capital (indicated by the average worker's experience or tenure with the company, if workers embodying higher human capital levels represent higher productivity, compared with those of lower human capital levels. The statistical methods are performed to test the hypotheses and find the correlation between related variables. The result shows that the positive impact of the level of education on the level of performance may be explained by the anticipated higher returns for higher levels of education. Meaning that motivated, committed workers with higher education tend to stay with the firm longer (high tenure) and produce higher productivity. The research also suggests that the relative utility of designing incentive scheme plans in organizations can provide a greater extent of understanding in the development of human capital and personal characteristics.

HRM and Organizational Performance – Overview

Becker, B. & Gerhart, B. (1996). The impact of human resource management on organizational performance: progress and prospects. *Academy of Management Journal*, 39 (4), pp. 779-801.

The research attempts to advance debates on a nascent link between the human resource systems and the strategic impact of human resource management (HRM) decisions on performance outcomes. The implications of ‘best practice’ for HR system structure and effects are extensively discussed to literally build the ground of the organizational value creation. Nonetheless, researchers need to give careful thought to the meaning of HR measure at the corporate level because HR practices usually different across business units and facilities within a corporation, particularly as diversification and size increase.

Hiltrop, J. (1996). The impact of human resource management on organizational performance: theory and research. *European Management Journal*, 14 (6), pp. 628-637.

The author argues that there is little empirical evidence that HRM policies and practices are improving organizational performance though the theoretical literature on the link between an organization’s HRM and performance is prevalent. And although it will take time before the longitudinal data exists to fully test the theories and models, the evidence is consistent with the view that the HRM policies and practices of an organization have a powerful influence in motivating employees to exhibit the kinds of attitudes and behavior that are needed to support and implement the competitive strategy of an organization. This research raises a number of questions about the nature of these practices- including what would be widely recognized as ‘best’ practices.

Huselid, M. (1995). The impact of human resource management practices on turnover, productivity and corporate financial performance. *Academy of Management Journal*, 38 (3), pp. 635-672.

The research reveals that the use of ‘high performance work practices’ (including comprehensive employee recruitment and selection procedures, incentive compensation and extensive employee involvement and training) have a statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short- and long-term measures of corporate financial performance.

Orlando, R. C. & Johnson, N. B. (2001). Understanding the impact of human resource diversity practices on firm performance. *Journal of Managerial Issues*, 13 (2), pp. 177-196.

The authors aim to develop a model that illustrates the complexities of diversity initiatives which may not be appreciated for all organizations. A diversity orientation requires procedural justice for all employees so that a problem of discrimination is not on the highlight. If firms must deal with a diverse workforce, a diversity orientation may yield positive performance effects through the genuine integration and acceptance of diverse employee perspectives which leads to a reduction in turnover and absenteeism.

Roberts, K. (1995). The proof of HR is in the profits. *People Management*, February, pp. 42-43.

The author studies how HR strategy affects profits in 3000 businesses throughout the world. The study suggests that businesses can increase their profitability by up to 15 percent by ensuring that managers are satisfied with their level of participation in decision-making, sharing information and involvement with developing ideas for the business. The research also shows that a well-run, professional appraisal system can significantly improve the performance of individuals, and therefore the profitability of the business.

Truss, C. (2001). Complexities and controversies in linking HRM with organizational outcomes. *Journal of Management Studies*, 38 (8), pp. 1121-1149.

The paper contributes to the debate by analyzing in detail the human resource policies and practices of one case-study organization over a two-year time period, using a variety of methodologies and drawing on a broad range of informants across the organization. Instead of devising a list of 'best practice' HRM from the literature and testing its impact on performance, the author inverts the question and takes a firm that is financially successful and asks what HR policies and practices it uses. This methodology shows that even successful organizations do not always implement 'best practice' HRM, and that there is frequently a discrepancy between intention and practice. Outcomes at the individual and organizational levels are complex and often contradictory; the author questions the extent to which is it at the level of the formal system, and organizational performance, without taking into consideration the role played by the informal organization in the process and implementation of HR policies.

Tyson, S. (1997). Human resource strategy: a process for managing the contribution of HRM to organizational performance. *International Journal of Human Resource Management*, 8 (3), pp. 277-290.

This paper describes human resource strategy as a management process, as part of emergent strategy formation. A framework is proposed to explain the different levels of analysis, societal, organizational and individual, which managers seek to integrate so that the meanings organization members bring to their work are managed. The consequences of taking this approach as opposed to the rational view of HR strategy are outlined and the benefits of a processual, interpretivist perspective to the study of strategy for example by studying symbols and the processes of meaning construction are discussed.

Social Capital – A Glue to Human Capital

Adler, P. S. & Kwon, Seok-Woo. (2002). Social capital: prospects for a new concept. *Academy of Management Review*, 27 (1), pp. 17-40.

In this article, the authors attempt to synthesize the theoretical research on social capital undertaken in various disciplines and to develop a common conceptual framework that identifies the sources, benefits, risks, and contingencies of social capital. The first of their objects – integrating across disciplinary domains – proves to be plausible, since across these domains there is broad consistency and complementarity of concerns and concepts. Social capital falls within the broad and heterogeneous family of resources commonly called 'capital.' The second objective – integrating across theoretical perspectives – proves more

difficult. There does not, as yet, seem to be anything resembling a rigorous theory and meta theory that can incorporate the strengths of the existing, competing theories and transcend their respective limitations. Their proposed conceptual framework does allow other researchers to map the various streams of ongoing research on social capital and identify some of the key issue under debate.

Gant, J., Ichniowski, C. & Shaw, K. (2002). Social capital and organizational change in high-involvement and traditional work organizations. *Journal of Economics & Management Strategy*, 11 (2) Summer, pp. 289-328.

The paper presents new evidence indicating that changing from a traditional human resource management (HRM) environment to an innovative one entails a change not only in formal work practices, but also in the informal networks and patterns of interaction among employees. The authors focus on differences in the social capital of these workplaces and measure differences in the structure of interactions and information transfer among employees across a sample of manufacturing lines with a common production technology and different HRM systems. The result includes the implications of these differences and shows that the change from one form of workplace practices to the other is thus not just a matter of paying for the direct costs of a new set of HRM practices. Rather, it would involve a disruptive overhaul in the entire network of interactions among all workers in the organization.

Leana, C. R. & Van Buren H. J. III (1999). Organizational social capital and employment practices. *Academy of Management Review*, 24 (3), pp. 538-555.

The authors describe the construct of organizational social capital and develop a model of its components and consequences. Organizational social capital is defined as a resource reflecting the character of social relations within the organization. It is realized through members' levels of collective goal orientation and shared trust, which create value by facilitating successful collective action. Also, it provides a basis to analyze and to critique employment practices by asking a set of questions that relate to the reasons that organization exist and the value (norms, trust, and relationship) that individuals place in their membership, leading to their contributions to the organization.

McElroy, M. W. (2002). Social innovation capital. *Journal of Intellectual Capital*, 3 (1), pp. 30-39.

The author introduces the notion of 'social innovation capital' (SIC), the capacity of a firm to innovate, as the most valuable form of intellectual capital because it underlies a firm's fundamental capacity to learn, innovate, adapt and enhance the performance. The modified intellectual capital map with social capital thread added and customer capital repositioned has been proposed on the ground of the argument against Skandia's model developed by Edvinsson. The SIC model engages the whole firm in the learning and innovation process, not simply stop at the borders of the R&D function, or with the ranks of senior management. Its implication surrounds the idea of building the innovation climate within the firm where management policies of innovation (e.g. learning, knowledge processing, connectedness, and ethodiversity) are put in place.

Nahapiet, J. & Ghoshal, S. (1997). Social capital, intellectual capital and the creation of value in firms. *Academy of Management Proceedings*, pp. 35-39.

The authors make theoretical propositions in identifying the creation of the value in firms through the existence of social capital, and the amount, forms and configuration of this capital available to the firm, which underpin its potential for developing the intellectual capital.

Nahapiet, J. & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23 (2), pp. 242-266.

The focus of the paper is to link between social and intellectual capital in order to enhance the organizational advantage. The authors develop three main arguments: (1) social capital facilitates the creation of new intellectual capital; (2) organizations, as institutional settings, are conducive to the development of high levels of social capital; and (3) it is because of their more dense social capital that firms, within certain limits, have an advantage over markets in creating and sharing intellectual capital.

Intellectual Capital – A Competence of Human Capital

Bontis, N. (1998). Intellectual capital: an exploratory study that develops measures and models. *Management Decision*, 36 (2), pp. 63-76.

The research aims to explore the ideas and concepts of various conceptual measures/models with regard to intellectual capital and its impact on business performance. The result supports the author's postulation that the link between dimensions of intellectual capital (i.e. structural, human, and customer capital) and business performance is positive and substantive. The author asserts that examining the processes underlying intellectual capital development may be of more importance than ever finding out what is all worth in monetary terms. Also, all business managers should understand the power of knowledge management on business performance and how intellectual capital can contribute to the firm's success. This requires people in the organization to rethink their attitudes toward intangible assets and to start recognizing that measuring and strategically managing knowledge may make the difference between mediocrity and excellence.

Bontis, N. (2001). Assessing knowledge assets: a review of the models used to measure intellectual capital. *International Journal of Management Reviews*, 3 (1) March, pp. 41-60.

This paper reviews the literature pertaining to the assessment of knowledge assets. It summarizes the current models being utilized in intellectual capital assessment circles. Also, their conceptualizations as well as their strengths/weaknesses are presented along with the practical value of applications to organizations. The reviewed models include Skandia navigator, IC-Index, Technology Broker, Intangible Asset Monitor, Economic Value Added and Market Value Added, and Citation-weighted Patents. Some of them attempt to measure intangible assets by treating employees as balance-sheet items and measured in dollars, and using financial variables. However, these efforts fail to consider the full range of knowledge management as a comprehensive process to enhance the competitive advantage.

Harrison, S. & Sullivan, P. H. Sr. (2000). Profiting from intellectual capital: learning from leading companies. *Industrial and Commercial Training*, 32 (4), pp. 139-148.

The paper provides information on the current state of best practices in the management of intellectual capital. The dimensions and concepts underpinning successful implementation of value extraction for companies managing their intellectual implementation are depicted. It sheds some light to the definition of intellectual capital, the benefits contributed to the firms, the different roles a portfolio of intellectual capital assets can play, the essential steps to enable the firms to effectively organize and extract value from those portfolios, and the risks of failure to manage the intellectual property portfolio.

Knight, D. J. (1999). Performance measures for increasing intellectual capital. *Strategy & Leadership*, 27 (2) March/April, pp. 22-27.

In the new economy that has been created by interlocking and fast-moving forces of globalization, technology, and shifting demographics, a knowledge-based organization is emerging. This new organization recognizes intellectual capital as the dominant wealth creator. A new framework of the balanced performance measurement system is introduced to strategically measure and leverage an organization's intellectual capital through the four essential factors (i.e. financial performance, external, structural and human capital) involved in the business. It provides a foundation for building a knowledge-based organization that will improve performance and gain competitive advantage.

Mayo, A. (2000). The role of employee development in the growth of intellectual capital. *Personnel Review*, 29 (4), pp. 521-533.

The author asserts that the human capital can be logically argued to be the ultimate driver of all value growth. The contribution of human capital to current and future value for stakeholders is examined. The key conditions for such growth are suggested as individual capability, individual motivation, leadership, the organizational climate, and workgroup effectiveness. Also, basically, strategically focused employee and team development can be in the direct line of value creation and, hence, the strategic goals of the firm.

Ordóñez de Pablos, P. (2002). Evidence of intellectual capital measurement from Asia, Europe and the Middle East. *Journal of Intellectual Capital*, 3 (3), pp. 287-302.

This exploratory study attempts to empirically investigate the current state of best practices in the field of intellectual capital management and measurement pioneer firms across Asia, Europe and the Middle East. The in-depth case analysis of leading firms with the trans-disciplinary focus shows that the intellectual capital issue becomes a *prima facie* agenda evident from both managers' perspectives and a disclosure of the intellectual capital in the annual report or in the intellectual capital report.

Rastogi, P. N. (2000). Knowledge management and intellectual capital – the new virtuous reality of competitiveness. *Human Systems Management*, 19 (1), pp. 39-48.

Amid a volatile business environment, a critical competitive resource is knowledge management and intellectual capital based on individual capabilities and mobilized by a social fabric of 'virtuous reality.' The virtuous reality refers to the attributes of trust and cooperation, sincerity and goodwill, commitment and responsibility, shared values and vision.

Without these virtues, a new paradigm of competitiveness, which rests on the individual and collective creativity and innovation, learning and knowledge, skills and capabilities of the organization's members, cannot be effectively realized.

Robinson, G. & Kleiner, B. H. (1996). How to measure an organization's intellectual capital. *Managerial Auditing Journal*, 11 (8), pp. 36-39.

The authors propose some measurement valuation techniques of intellectual capital, which are the generic framework of value chain and the financial cash-flow valuation. The value of intellectual capital needs to be measured and appreciated to help determine the corporate objectives and strategies. As such, the individual know-how, skills and information systems are the key components in propelling the analysis of the intellectual capital creation.

Stewart, T. A. (1999). *Intellectual capital: the new wealth of organizations*. London: Nicholas Brealey.

The book provides a groundbreaking visionary evolution of intellectual capital, ranging from its origin to its powerful impact to the organizations. The principal contribution embarks on the practicality of the intellectual capital in leveraging the value of the firm and the wealth of the economy as a whole. The author starts off with describing the importance of intellectual capital and identifying where it is embedded. Then he moves on to the realization that human capital is a key driver to enabling the intellectual capital to be capitalized and delivered, thereby yielding innovation and growth. Another key driver is structural capital. It comprises the elements of strategy and culture, structures and systems, organizational routines and procedures. It essentially provides an infrastructure to facilitate the power of intellectual capital or the stocks of knowledge within the firm. The last construct discussed in the book is customer capital, which refers to the relationship between employees of the firms and customers. All in all, human, structural, and customer capital have to work hand-in-hand to ensure the rigor of the intellectual capital.

Ulrich, D. (1998). Intellectual capital = competence x commitment. *MIT Sloan Management Review*, 39 (2) Winter, pp. 15-26.

The article highlights the missing focus of intellectual capital, which is a relationship founded on the commitment and competence of employees. Both must exist together for intellectual capital to grow. Tools for increasing competence and fostering commitment are presented to provide some practical implications to the managers. The authors conclude that leaders interested in investing, leveraging, and expanding intellectual capital should raise standards, set high expectations, and demand more of employees. They must also provide resources to help employees meet high demands. Employees will become engaged and flourish, and the organization's intellectual capital will turn into its defining asset.

Williams, R. L. & Bukowitz, W. R. (2001). The yin and yang of intellectual capital management: the impact of ownership on realizing value from intellectual capital. *Journal of Intellectual Capital*, 2 (2), pp. 96-108.

By exploring the nascent trend of business methods patenting in both the US and Europe, the authors make an emphasis on how awareness of the legal protection of the intangible asset has paved its way to the discussion of general business principles and to examine arguments for and against business methods patenting from both a public policy and a business

perspective. A set of considerations for the firms to concern in pursuit of business methods patenting is provided to maximize the value of innovation and intellectual capital.

Emotional Capital – A Sensitivity of Human Capital

Bagshaw, M. (2000). Emotional intelligence – training people to be affective so they can be effective. *Industrial and Commercial Training*, 32 (2), pp. 61-65.

A failure to understand emotional intelligence in the workplace may outweigh the costs with which a firm can bear. Low morale, negative conflicts and stress all bar business from the goal of corporate effectiveness. If it is well-managed, positive outcomes, such as improving teamworking, enhancing diversity, and customer service, are anticipated. As such, in order to ensure the constructive results of managing the emotional intelligence, the authors propose that appropriate training and coaching be a tool to leverage emotional intelligence competencies and continuous reinforcement be made to emphasize the people-oriented values and vision.

Dearborn, K. (2002). Studies in emotional intelligence redefine our approach to leadership development. *Public Personnel Management*, 31 (4), pp. 523-530.

The emotional intelligence premise is overviewed and linked to the discussion of demonstrating a return on investment in the organizations deploying some training programs to impact performance. The author contends that the traditional deployment of leadership development/communication skills training fails to produce sustainable change in behaviors and supports Goldman's initiatives to invest in the emotional intelligences of leaders with individualized plans to impact the climate and performance of an organization.

Dulewicz, V. & Higgs, M. (1999). Can emotional intelligence be measured and developed. *Leadership & Organization Development Journal*, 20 (5), pp. 242-252.

This article describes the design of a new tailored instrument to measure emotional intelligence, which was piloted on 201 managers. Data are presented showing its high reliability and validity. In particular, construct validity is demonstrated using the 16PF, Belbin team roles, Myers-Briggs type inventory and Type A behavior. Seven sub-scales make up the total questionnaire – self-awareness; influence; decisive; interpersonal sensitivity; motivation; integrity' and resilience. These are defined in detail, and guidance is given on administration, and reporting which is done through an expert system. It is expected that the validity and reliability of the emotional intelligence measurement can be understood by the participants (employees) in a sense that they have a positive attitude to personal growth and a greater clarity about how to manage that growth for maximum performance.

Fatt, J. P. T. (2002). Emotional intelligence: for human resource managers. *Management Research News*, 25 (11), pp. 57-74.

Based upon a large interest in emotional intelligence, the study aims to explore if there is a potential determinant of the achievement in working life within that context. The results show that education background has a positive impact in influencing emotional intelligence scores. Regarding managerial implications, emotional intelligence has been shown to be an important criterion in selecting job candidates. Emotional competencies such as initiative and leadership have a high correlation with the retention rate of employment.

Gabriel, Y. & Griffiths, D. S. (2002). Emotion, learning and organizing. *The Learning Organization*, 9 (5), pp. 214-221.

Increasingly, management has sought to harness emotion to improve work motivation, enhance customer service and work performance and the 'emotional intelligence' advocates have sought to develop a toolkit for the smarter deployment of emotions in organizations. Using social constructionist and psychoanalytical concepts, the authors argue that the management of emotions is problematic and precarious. Some emotions may be contained or re-directed, but many arise from deeper unconscious sources and are impervious to learning. Two specific emotions, anxiety and love, are discussed.

Graetz, F. (2002). Strategic thinking versus strategic planning: towards understanding the complementarities. *Management Decision*, 40 (5), pp. 456-462.

The case findings reveal that while strategic thinking capabilities can be nurtured and diffused through an organization, it will need business leaders with a high degree of emotional intelligence to lead the way. Key characteristics of emotional intelligence and superior leadership include strong interpersonal skills; an ease with ambiguity and openness to change; the ability to draw others to a vision and take decisive action; "contagious" enthusiasm, and commitment; belief in and sensitivity to followers; expertise in building and leading teams; expertise in managing relationships, building networks and creating rapport; high levels of energy, passion, motivation and commitment; and a deep understanding of the business and its operation.

Jordan, P. J., Ashkanasy, N. M. & Hartel, C.E. J. (2002). Emotional intelligence as a moderator of emotional and behavioral reactions to job insecurity. *Academy of Management Review*, 27 (3), pp. 361-372.

The authors present four propositions stating that emotional intelligence – a relatively developed individual-difference variable – moderates the links between perceptions of job insecurity and affective reactions, as well as the links between affective reactions and behavior. They argue that perceptions of job insecurity lead to emotional reactions, including lowered affective commitment and increased job-related tension. These reactions, in turn, result in negative coping behaviors that can affect individual performance. In their model emotional intelligence moderates the effects of perceptions of job insecurity on emotional reactions, and it also moderates the effects of emotional reactions on behavioral strategies.

Langley, A. (2000). Emotional intelligence – a new evaluation for management development? *Career Development International*, 5 (3), pp. 177-183.

This research provides a strong case for emotional intelligence to be put on the management development agenda as it has the capability to enhance the promotion potential of employees. If personal attributes and social abilities that reflect high emotional intelligence can be understood and assessed, then not only do we gain a new perspective on management but steps can be taken to develop these activities to improve people's potential.

Palmer, B., Walls, M., Burgess, Z. & Stough, C. (2000). Emotional intelligence and effective leadership. *Leadership & Organization Development Journal*, 22 (1), pp. 5-10.

The aim of the paper is to explore the relationship between emotional intelligence and effective leadership. Emotional intelligence is assessed by a modified of the Trait Meta Mood Scale in 43 participants employed in management roles. It correlates with several components of transformational leadership suggesting that it may be an important element of effective leadership. In particular emotional intelligence may account for how effective leaders monitor and respond to subordinates and make them feel at work.

Rahim, M. A. & Minors, P. (2003). Effects of emotional intelligence on concern for quality and problem solving. *Managerial Auditing Journal*, 18 (2), pp. 150-155.

The study tests the relationships of the three dimensions of emotional intelligence (self-awareness, self-regulation, and empathy) to managers' concern for the quality of products and services and problem-solving behavior of subordinates during conflict. Through regression analysis, the result shows that self-awareness and self-regulation are positively associated with problem solving, and self-regulation is positively related with concern for quality. Empathy however has a less significant correlation to quality. The implication of the study is that supervisors, who are deficient in emotional intelligence, may be provided appropriate training in order to improve their concern for quality and problem solving.

Thomson, K. (2000). *Emotional capital: maximizing the intangible assets at the heart of brand and business and success*. Oxford: Capstone.

The new challenge of a real-world business in this decade is the harnessing of hearts and minds, so-called emotional and intellectual capital, respectively, to deliver superior service and better performance. The difference between intellectual capital (what people feel, believe, and value) and emotional capital (what we think and know) is highlighted. Though, literally, it conveys different meanings, their collaborative value points to the same direction – creating as well as sustaining the dynamic value of the firm. Such a value may be related to the brand (business) characteristics perceived by external customers. Positive perceptions are likely to result in the positive impact of the business performance (e.g. higher sales, repetitive purchases). Moreover, it is imperative for managers to understand their pivotal roles in managing corporate personalities, which reflect how their emotions and intellectual capacities affect the firm as a whole.