Managing Personal Human Capital: New Ethos for the ‘Volunteer’ Employee

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The relationship between individual employees and their employing organizations is undergoing fundamental changes. Increasingly, the employee is less a malleable resource for the company and more a mobile investor of his or her own human capital. Defining human capital as the composite of an individual’s intellectual, social and emotional capitals, this article suggests some new ethos that such ‘volunteer’ employees need to adopt as they take greater personal responsibility for both developing and deploying their personal human capital.

Keywords: Human capital, Volunteer employees, Career success, Employing organizations, Employees

Introduction

We are witnesses to some sweeping changes in the nature of the relationship between individuals and organizations. The geneeses of these changes lie not in the managerial rhetoric to empower the workforce: they have occurred as a response to fundamental changes in society, in the nature of labor markets and in the talents and aspirations of individuals. The present temporary reversal notwithstanding, changes in the demographics of most countries have placed young talent at a premium across the globe, and with this ‘war for talent’ has come the opportunity for the new generation to shape the way they work. At the same time the ‘generational markers’ of those entering the workforce are very different from those of the ‘baby boomers’ who are currently running industry. The new entrants prefer working in teams, demand an exciting and stimulating work environment and, most importantly, value autonomy in career. Many have seen their parents sacrifice their personal needs to meet company requirements. They have vicariously experienced the tragedies of the ‘organizational man’ (Whyte, 1956) and are determined not to fall victim to the forces of depersonalization in the traditional model of individual-organization relationship.

These changes in the relationship between the employer and the employee echo a broader revolution which is reshaping social institutions all around us. At the heart of this revolution lie the democratizing forces that push for modernity. The concept of democracy is built around some foundational principles: the creation of circumstances in which people can express their potentialities and their diverse qualities; protection from the arbitrary use of authority and power; involvement of people in determining the conditions of their association; and expansion of opportunity to develop available resources. These forces of democratization are transforming individuals’ relationships at all levels — with other individuals, with organizations, and with broader collectives such as the State. In this sense, the changes we are witnessing in the employment relationship are very similar to the changes Anthony Giddens has described in the nature of human intimacy and in the institution of marriage — the shift, for example, from investing in life-time relationships to ‘serial monogamy’ characterized by a series of close relationships governed by the expectation that these relationships need to be made to work, yet will inevitably not last. These changes also follow closely the
implications that Deepak Lal has traced of the rise of individualism on the social structure and economic functioning of nations.4

The concept that links these various elements of democratization is the primacy of individuals and their capacity to behave with autonomy, i.e. their capacity to be self-reflective and self-determining ‘to deliberate, judge, choose and act upon possible courses of action’ (Held, 1986, p. 270). At the same time there has been an enormous flourishing of variety in the models of working: work part-time or full-time; work for a large company or a small start-up; work as a freelance or as a member of the core; build a company or work for a company. The aspect of the ongoing transformation from an industrial to a post-industrial society that perhaps deserves the greatest celebration is the blossoming of this variety and the accompanying liberation of the individual from the iron cages of both organizational and occupational hierarchies. Success today can come from a much more diverse set of occupations than in the past — with much less predictability ex-ante. With the broadening of the routes to economic prosperity, there has been the inevitable broadening of social respectability too. In other words, together with the growing sense of autonomy among individuals, there is also a growing variety of work opportunities for people to choose from.

How have companies responded to these broad changes? For many the mantra of ‘employability’ provided a useful over-arching philosophy to downsize in the face of renewed competitive pressure and the need for greater flexibility of skills. They could and would no longer promise lifetime employment, but their side of the deal was to support the individual employee to build his or her human capital. In reality it has proved to be enormously difficult to deliver this deal in an institutional form.5 So, in many cases, company investment in job-related training has decreased rather than increased, and the opportunities for broadening beyond current job roles have narrowed rather than widened. Bad news perhaps, but we believe these trends are a harbinger of what is to come and an important ‘wake up’ call to employees.

In previous generations the conventional practice was for the employee to play the part of the innocent with the employer as the sophisticate. The relationship today is reversed; the innocent plays the sophisticate. This places responsibility for development of the self squarely in the hands of the possessor, in the individual’s ‘rights of self-expression’. It is increasingly individuals who control their development, their careers and their destinies, not the organizations that employ them. This does not mean that people continuously change jobs — some do, and some don’t. But they take charge of their careers, which essentially means that they actively manage the processes of developing and deploying their own resources. In essence, the traditional paternalistic model of employment is being replaced by a ‘volunteer’ model, in which the interests of both the individual and the organization have to be met and commitment to work, which once could perhaps be assumed, has now to be negotiated and bargained for. At least for managerial and professional careers, this is the growing trend all over the world.

So given both autonomy and variety, how does the individual construct a work life of meaning? The emerging ‘volunteer’ model of employment relationship requires the creation of a whole new language of development. Much of the historical discourse about development has been around what the organization can do for the individual. In this article we examine what individuals can do for themselves to construct novel ethics of day-to-day work life while simultaneously building and leveraging their personal resources.

The Three Elements of Human Capital

The notion of individuals participating in the democratization of work implies they have sufficient resources to participate in an autonomous way. In considering the notion of resources we have used the term ‘human capital’. This refers to things people have. But, people have, are and do many things, including many wonderful things, that have nothing to do with human capital. The operating word here is capital — i.e. a productive resource — and the adjective is human. What things do people have that are productive resources? What is it about people that translates into value for themselves and the organizations of which they are part? We believe that there are three kinds of resources that people possess which, collectively, constitute their individual human capital (see Figure 1).

Figure 1 Human Capital consists of the Intellectual, Social and Emotional Capitals of Individuals and Organizations
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