

Relevant Study on Explicit and Implicit Human Capital

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Abstract. Human capital is mainly classified into explicit and implicit forms. Traditional human capital researches do not realize the importance of implicit human capital, often put research emphasis on analysis of explicit human capital and neglect implicit human capital, which to some extent restricts corporate modern development and progress. In essence, implicit human capital plays a decisive promotion role for corporate development. Influenced by particularity of implicit capital in value formation, value measurement and incentive of implicit capital generate a crucial effect on continuous and sound development of enterprises. Thus, this paper analyzes explicit and implicit human capital, in the hope of offering certain support and reference for corporate human capital management practice.

Introduction

In recent years, with development of economic globalization, the connection between China and various countries in the world gradually strengthens. Out of the need of economic development, the research on human capital theory receives more attention, and certain research results have been gained. But theoretical researches on reform and development practice are deficient and cannot scientifically guide human resource management in economic field. Thus, this paper refers to predecessors' research experience, and tries to interpret implicit human capital again from the perspective of constructing explicit and implicit human capital concepts so as to enhance people's cognition and attention of implicit human capital and promote effective exertion of social function of implicit human capital in economic field.

Re-interpretation of human capital concept in new period

Tradition human capital theory researches have the following problems in defining the concept of human capital: ownership is not specified explicitly; human capital is defined as a part of assets gained by relevant workers in economic field, which neglects commodity nature of human capital; in the defining process, only the use value in economics is analyzed, and the commodity attribute is not specified; the researches also fail to correctly realize human capital can be really called "capital" only when it as a commodity is exchanged; capital is an important concept in commodity economy research field; the influence of individual will of relevant workers in economic activities on exchange value of human capital is not defined[1]. All these problems cause certain wrong region in Chinese human capital researches. Some even reflect directional mistakes in some aspects. Therefore, in the new period, to better give play to economic value of hum capital and guide research direction of human capital, it is very necessary to re-interpret the concept of human capital. To be more specific, human capital means comprehensive quality, professional skills, knowledge and experience of social workers are exchanged to investors according to individual will, and become a part of basic production factors in economical production process. In this concept, human capital includes workers' body, intelligence, experience, knowledge reserve, professional skills and influence of other spirit field. Full exertion of human capital value can make great contributions to investors and then promote progress of economic society.

Concept analysis of explicit and implicit human capital

Explicit human capital

Simply speaking, explicit capital refers to concept analysis factor which can be gained at a low cost, does not own corresponding intellectual property and can generally spread. It is a part of human capital value composition. It owns explicit nature, and common people can check and analyze its value composition through general observation method, such as value formation of human capital investment, investment discount, accounting cost and cash flow.

Explicit human capital refers to knowledge technology for individuals and various abilities which own social universality. So, explicit human capital value measurement and formulation of relevant incentive measures can be analyzed by referring to external achievements of intention capital. For example, workers' piece wage and target sales award, human capital reinvestment and annual salary system can be combined to formulate corresponding incentive measures so as to promote human capital to create greater value in work^[2]. Compared with implicit human capital, the value of explicit human capital is more easily measured and stimulated. But as science and technology improve, and environment of market economy becomes increasingly complex, measurement and simulation of explicit human capital, and exertion of human capital function are difficult to meet corporate demand for high-quality talents. Hence, the research circle of human capital theory has to continuously explore new human capital nature, measure incentive modes, give full play to actual value of human capital theory and facilitate development of economic society.

Implicit human capital

Implicit human capital refers to intelligence factor, working skills, innovation ability, excellent organization structure and value system of employees or organizations in economic field. The value of implicit human capital cannot be simply measured with currency. For example, working enthusiasm, innovation ability, spirit quality and occupational prestige of human capital owners are important human capital value which cannot be measured. They own certain implicitness. It thus can be seen that in explicit composition and implicit composition of human capital, implicit composition can better reflect true value of human capital, and exertion of implicit human capital ability and its actual application in economic field depend on reasonable measurement of value contribution and sufficient value incentive to some extent^[3]. Meanwhile, since implicit human capital is influenced by its nature, it cannot be easily perceived. Thus, value measurement of implicit human capital shows objective development need of market economy and enterprise mechanism arrangement in essence. Human capital owners fully dig and use their value in work and finally achieve unification of social value, corporate value and individual value.

Redefinition of explicit and implicit human capital in new period

Conception deviation of traditional implicit human capital

Division of explicit and implicit human capital first began from Mr. Guo Yulin. He pointed out in the research that implicit human owned enhanced origin nature and fundamentality, and it was the power source of all relevant innovation activities and the foundation of human capital owners to gain explicit knowledge. This expression was approved by most scholars. However, with the development and progress of times, the defect of this concept gradually stands out. It fails to set forth relativity of explicit and implicit human capital. If explicit human capital and essence attribute of human capital have certain correlation, analysis of implicit human capital neglects essence attribute of human capital. In particular, the concept affirms implicit human capital as the foundation of smooth acquisition of explicit human capital. This view lacks corresponding scientific nature^[4]. All human knowledge systems come from brains. This is external expression of cognition ability. If implicit human capital is an important channel to gain explicit knowledge, it will certainly lose internal connection with capital and lose capital value. Besides, it can be seen from capital value of human capital that, human capital is a commodity which can be used for exchange, and realization of human capital value will be certainly influenced by individual consciousness. The description about implicit human capital does not own such nature. Thus, in the new period, it is required to re-interpret the

concept of implicit human capital, combine explicit and implicit human capital and boost actual application effect of implicit human capital in order to really give play to social value of implicit human capital.

Redefinition of explicit and implicit human capital

In current comprehensive competition market environment, enterprises with perfect competition pursue profit maximization in operation and management process. By parity of reasoning, in talent market of perfect competition, human capital providers – workers also certainly pursue self-profit maximization. Perfect competition theory basically covers hypotheses in three aspects: practical receiver of price, same attribute of product and completely free entry and quit. Current development of China's talent market actually includes the significance at the three levels theoretically. In other words, workers can receive existing wage level and incentive system; workers' production capacity does not form large differences; workers can freely choose entry or quit from talent market according to individual will. But in actual life, such ideal condition a theoretical level exists impossibly. Firstly, workers inevitably have quality and ability differences. Meanwhile, they impossibly freely enter or quit an economic entity according to their individual will. Even in most cases, workers need to pay certain cost when they choose to enter or quit an economy organization. For example, medical workers have to give up job opportunity cost of other industries because they must choose professional medical internship before they enter medical units. When they quit from this industry, they need to undertake sunken cost within certain period. In other words, no matter whether they enter or quit from an economic organization, workers must overall consider possible marginal cost so as to ensure benefit maximization[5]. Secondly, workers' knowledge reserve, comprehensive quality, experience and skills also have certain difference inevitably due to the influence of living environment, education environment and personality characteristics. This will certainly cause that they can give play to different value in work. Finally, in practical social life, workers may neither be satisfied with existing wage level and welfare nor accept post incentive system. For example, in some large listed companies, if investors' supervision is not comprehensive, general manager as business decision manager may deviate from production objective of enterprise profit maximization in management, and pursue maximization of shareholders' interests. After short-term profit pursuit is met, enterprise development and interests of grassroots employees will be inevitably ignored. Thus, employees' are dissatisfied with their jobs. In other words, even under social background of perfect competition, human capital will not always generate great promotion effect on enterprise operation and development as well as profit acquisition.

Meanwhile, relevant economic organizations will generally propose corresponding working requirements and standards through signing contracts with workers in order to avoid slack work mentality or moral degeneration behavior in work practice. In terms of posts, workers' duties, basic working tasks and main objectives should be specified. Even some posts choose performance salary to manage workers in order to stimulate workers' working enthusiasm and make it give full play to human capital value. Generally, economic organizations restrict a minimum standard according to employees' basic quality during formulating job requirements and post statement so that most people can smoothly complete job objectives through efforts and gain minimum wage and corresponding welfare treatment. During formulating minimum job standards, workers must own the ability to complete the minimum standard, carry out scientific analysis of all quantified standards in work according to statistical analysis, formulate corresponding minimum standard and ensure scientificity and rationality of minimum standard.

For investors, they must choose certain number of high-quality workers from talent market in order to get sufficient profits from enterprise operation and management. In other words, investors must own sufficient human capital reserve. Investors have proposed relevant working ability and performance requirements in post recruitment. Such fundamental quality requirement owns certain explicit characteristic. According to such explicit requirement, recruited workers can make corresponding performance according to the minimum standard and then form explicit human capital. On this basis, since enterprises in modern society are in perfect market competition environment investors will inevitably take certain measures to motivate employees' working enthusiasm, give play

to employees' advantages and gain greater production efficiency in order to promote competitive edge and obtain huge economic profit. In terms of specific operation, investors will generally carry out professional skill training and comprehensive quality training for employees at regular intervals. Such post training and incentive working mechanism can indeed let employees show greater enthusiasm in work and will subconsciously apply various working abilities in work practice, improve their work completion and make more contributions for enterprise development except minimum requirements of economic organizations. Influenced by influence of economic organizations in work, human capital beyond minimum post requirements workers apply to exchange with investors is called implicit human capital. In other words, implicit human capital is not explicitly required by economic organizations, but can generate very important influence on development of economic organizations. It is power source of innovation and development of economic organizations in modern society.

Conclusions

Explicit human capital and implicit human capital are two important component elements of human capital theory, and generate important influence on realization of capital owners and enterprises' acquisition of economic benefit. In particular, implicit human capital is the key content of human capital and needs great attention from capital owners and relevant economic organizations. Only when economic organizations adopt correct incentive measures to motivate workers and make them give full play to corresponding implicit capital potential can they promote enterprises to gain better development in modern society.

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