Adopting an Investment Perspective

The importance of adopting an investment perspective of Human Resource Management:

- Human resource is a crucial resource in organization, according to Geer, humanresource practitioners and management scholars have promoted the concept of adopting an investment perspective in human resource.

- It involves developing policies and programmes in human resources in order to increase its value to the organization and to the market, just like other asset in the organization.

- Adopting an investment perspective allows the management to consider the risk of investment in human resource and to device strategies to avoid those risks as well.

- Adopting an investment perspective in human resource management allows organizations to make human resource decisions after considering its costs and benefits.It also helps to develop strategic plans to minimize the risk and motivate the employeesto stay in the organization long enough to maximize the return on investment.

Introduction

- The human element is often the most important element of performance. Thus, appropriate resources and investments must be committed by any organizationto facilitate systems for attracting, motivating and managing human resources.

- Adopting a strategic view of HR involves considering employees as "human assets," and developing appropriate policies and procedures to manage them as valuable investments.

Adopting an Investment Perspective

1. Characterizing employees as human assets implies the strategic management of human resources should include considering HR from an investment perspective.

2. Cost/Benefit basis analysis may be used to evaluate HR programs, such as training and development.
3. Investment perspective toward human assets facilitates their becoming a competitive advantage as most other resources/assets can be cloned, copied or imitated by competitors.
4. A strategic approach to HR, however, does not always involve a human relations approach to employee relations, as noted in the Managing Employees at United Parcel Service example.
5. Investments in employees must be undertaken in tandem with strategies to retain employees long enough to realize an acceptable return on investments in employees. This requires valuation of the employee as an asset, which can be difficult to do.

Human Resources Investment Considerations

- Management values.
- Risk and return on HR investment.
- Economic rationale for investment in training.
- Utility theory.
- Outsourcing.

Investment in Training & Development

- **Investment in employability.**

Training, internship, higher level exposure, learning environment, multi- skilling & growth opportunities etc. which makes employees more employable.

- **Investment in training.**

For future strategies and competitive advantage investment in employees training and development to enhance skills to face rapid technological changes.

- On job training.
- Investment in management development.
- Prevention of skills obsolescence.
- Reduction in career plateauing. (stagnation)

Investment practices for improved retention:

- Organizational culture emphasizing interpersonal relationship values.
- Effective selection procedures.
- Compensation and benefits.
- Job enrichment and job satisfaction.
- Practices providing work life balance.
- Organizational direction creating confidence in the future.
- Retention of technical employees.
- Other practices in facilitating retention.

Why Need to Invest in Employee Training

For employees to be efficient, productive and adaptable, new skills are required, such as:

- Critical thinking and problem solving.
- Communication.
- Collaboration.
- Creativity and innovation.

Effective training designed specifically for the organization can provide employees with essential next-generation skills while bringing with it a host of business benefit.