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People Management Strategies for Higher Return on Investment

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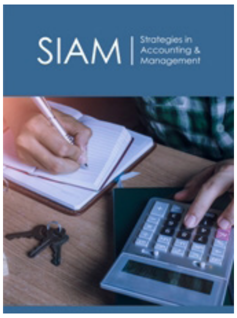

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Introduction

Managing people in the world of work has transcended employee administration and its associated notion of being conceived as a cost. In recent years, highly skilled employees have proven themselves as one of the greatest sources of competitive advantage in many industries. Highly skilled employees are often referred to as human capital or human assets. Human capital can be regarded as the stock of skills, knowledge, and experience that a workforce possesses, which is otherwise known as a resource or asset [1]. Human capital formation is an investment in people through education, specialized training and development, and health to unleash human potential for economic purposes [2]. For example, investment in talent acquisition, compensation, training and development, employee wellness, work-life balance strategies, employee engagement and commitment, and talent retention strategies should be targeted at improving the workforce for a higher return on investment. These investments in people will increase an individual's productivity and/or workforce performance, culminating in a higher return on investment. This means that investments in human capital are beneficial to individual employees and organizations; such benefits could be regarded as a return on investment.

Return on investment is an accounting term, which is a financial ratio that expresses profit in direct relation to investment. Return on investment as a profitability equation could be used to calculate past performance in terms of earnings or future expectations concerning the profitability of a proposed investment [3]. Investments in human capital without effective utilisation of human resources and proper talent retention strategies after such interventions will have an adverse impact on return on investment [4]. Accordingly, the global war for talent also poses a serious challenge to talent retention in contemporary organizations, which explains why many organizations are sceptical about investing in training and development. Investment in human capital without effective talent retention strategies makes it a risky venture in a knowledge economy. Therefore, the endeavour aims to expand the understanding of people management in contemporary workplaces by showcasing the importance of investment in human capital and effective strategies for maintaining a competent workforce for a higher return on investment.

Talent acquisition strategy

Investment in talent acquisition could be considered a people management strategy for a positive return on investment in contemporary workplaces. This involves capitalizing on employer branding to attract highly skilled employees into the organization. Employer branding is a unique employment experience or employment offering used in creating an employee value proposition or influence that sets a firm's terms and conditions of employment as an employer of choice from those of its competitors within a specific industry [5]. Employer branding considers current and potential employees as branding targets to attract and retain highly skilled employees into the organization. This can be achieved by creating a people analytics and talent technology framework to reduce cost per hire, reduce time to hire, and increase the quality of hire for a better return on talent acquisition [6].

Compensation strategy

A competitive compensation strategy is an investment in financial and non-financial rewards to attract and maintain a competent workforce. Financial reward is the use of pay and other financial incentives to reward employees in exchange for their services to an organization [7]. The non-financial rewards include employee engagement, employee recognition, job security, employee participation and empowerment, learning and career advancement opportunities, work-life balance, and emotional compensation [8]. Michael Stallard holds that emotional compensation is useful in achieving seven human needs that enable people to flourish in the workplace. The needs include autonomy, respect, progress, meaning, belonging, employee growth, and progress. Hence, emotional compensation is a non-financial reward instrumental in meeting human needs in the workplace. The ability to utilize both financial and non-financial rewards effectively is crucial in attracting and retaining highly qualified employees to achieve a higher return on investment. The fundamental issue is that many service-oriented organizations have not been able to quantify each employee's contributions to the organization in relation to the cost to the company (CTC is the total salary package of the employee). For example, there is a return on investment in compensation if the total contributions of an employee to a company within a year outweigh the CTC. This is how an effective compensation strategy will add economic value to an organization.

Learning and development strategies

Investment in specialized training and development interventions is inevitable in a knowledge economy with vast technological innovations. Although investment in employee training and management development is risky since it enhances employees' employability, coupled with the high demands for highly skilled employees by competitors across the globe, However, investment in work-related training and development is essential for organizational change and development, continuous business process improvement, and new product development. Appropriate learning and development policy (bonding) and promotion policy (career advancement opportunities) should be provided to mitigate the risks associated with such investments in learning and development interventions. Return on investment in learning and development is associated with improved work outcomes, operational effectiveness, and the attainment of the strategic objectives of an organization.

Wellness strategies

Employee wellness strategies are employer-sponsored events, programs, and other workplace counseling activities used for the prevention of chronic diseases and to improve employee health and psychological wellbeing, as well as productivity [9]. An employee wellness program could be used as a job resource to cushion the negative effects of stress and burnout on employee engagement. The return on investment in employee wellness programs includes reductions in medical costs and lower rates of absenteeism. For example, high rates of employee satisfaction and presenteeism are associated with a healthy and productive workforce.

Work-life balance strategies

Investment in work-life balance strategies are employer-initiatives put in place to ensure employees achieve the right mix between work and family domains [10,11]. Work-life balance strategies in contemporary workplaces include flexible work arrangements (e.g., remote working, teleworking, shift work), flexible time options (e.g., flexible lunchtime, early start-long lunch, early start-early go), sick leave, maternity leave, paternity leave, compassionate leave, annual leave, and childcare supports [12]. Return on investment in work-life balance strategies includes work-family satisfaction, higher levels of employee satisfaction, productivity, organizational commitment, and reduced turnover intentions.

Talent retention strategies

Talent retention strategies are specific talent management interventions put in place to maintain a competent workforce. In practice, talent retention within an organization is one of the most challenging people management practices in a knowledge economy. The reason is that there are many factors influencing the mobility of highly skilled employees that are beyond the control of current employers in developing or emerging economies. For example, such factors include the global demand for highly skilled workers, favorable terms, and conditions of employment in developed countries, and the prevailing wage rate in the global economy. In the absence of competitive financial rewards, employers should invest in non-financial rewards such as employee engagement, employee recognition, job security, employee participation and empowerment, learning and career advancement opportunities, flexible work arrangements [13], and emotional compensation to motivate and retain a competent workforce in developing countries.

Conclusion

The ability to provide solutions to people-related business problems and add economic value to organizations is fundamental for HR practitioners and internal change agents in contemporary workplaces. The rationale for this submission is that people management and HR leadership are not static; they are a function of changes in the external environment. The provision of timely solutions to improve HR effectiveness requires prompt review of HR interventions and the development of specific people management strategies. Investment in HR interventions or strategies should provide a positive return on investment for individual employees and the organization. This endeavor has been able to showcase the importance of effective investment in talent acquisition, development, compensation, employee wellness programs, flexible work arrangements, and talent retention strategies for HR effectiveness and providing a positive return on investment.

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