

How Investing in Human Capital Can Boost Profits



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Introduction

Every business needs an effective and relevant combination of resources to support its core goals, from maintaining steady operations to successfully growing and diversifying. While real estate, equipment, raw materials and more are all key resources for many companies, there's something unique about the

professional services industry: the crucial role of human capital.

To be clear, every company needs competent workers. However, highly skilled, knowledgeable and experienced staff in the professional services space are absolutely critical for success. These employees regularly make

complex decisions and carry out contextual analysis that no system or tool can replicate.

Let's take a closer look at the especially high level of value that staff bring to this industry, as well as strategies for investing in their continued professional development and growth.



Why skilled staff are the backbone of successful professional services companies

Professional services include a variety of businesses, from accounting firms to software developers. While some organizations require advanced technology and high capital intensity, while others use more standard systems and tools that don't necessitate such investment.

Even when cutting-edge applications support the work of staff in professional services, it's the human element that makes them so valuable. These professionals spend years building knowledge and abilities related to their career in higher education, then continue to develop them as they work each day.

No computer program can truly and fully replace an accountant, consultant, engineer or lawyer. Successful professional service companies recognize the irreplaceable benefits that a dependable team of employees provides. These organizations know investing in their people can enable growth, improvements in revenue and many other benefits.



A strategy that supports positive outcomes

The Harvard Business Review® (HBR) highlighted how investment in human capital **creates a cycle** that ultimately enables higher productivity of staff:

- Carefully considered and effective investments into human capital (ranging from higher wages to education and training) increases labor productivity.
- Higher levels of productivity create additional revenue, which can then be invested into supporting and growing human capital.

While many developed countries face high-level issues with a broad lack of investment into human capital, as the HBR noted, businesses have the power to make a stronger commitment to their own staff. Keep in mind, the same increases in productivity that fund these investments can also boost profits.

Consider the following options as you build a plan to invest in your company's human capital and reap the rewards.



Investing in human capital: Enhancing knowledge and skills

Human capital investments support goals like boosting engagement and, ultimately, increasing productivity. One of the most direct ways to reach this objective is through training, education and professional development.

Beyond the continuing education mandated by regulatory bodies for certain professions, training and development can empower your employees to take on a broader range of tasks and succeed when doing so.

At the same time, these efforts demonstrate that you value your staff and want them to grow as professionals, boosting engagement. With only **36% of professionals** in the U.S. actively engaged at work in the first half of 2021, according to Gallup®, there are many opportunities for companies to improve. More engaged staff members can be more productive and loyal, supporting long-term business growth.



Investing in human capital: Rewarding skilled professionals

Feeling valued and respected by an employer can encourage staff to remain with their company, as well as dedicate themselves to their roles.

It might sound obvious, but raises, bonuses, improved benefits and similar offerings all show employees that an organization

appreciates their efforts. Many staff members in professional services enjoy their work or feel satisfied when completing it, but they also have to take their financial health into account.

Higher pay and attractive benefits can be especially useful when the job market favors workers by

encouraging a higher degree of loyalty. With the carefully cultivated knowledge and skills of employees so vital to the continued success of a business in this industry, attractive compensation can be an effective method of investing in your company's human capital.



Seizing opportunities that support investment in your staff

Offering opportunities for skill and knowledge development, as well as more attractive compensation, can lead to positive outcomes in terms of employee performance, engagement and loyalty. Increased productivity supports the growth of your business.

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