

## State investment in human capital will reap rewards

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By focusing on the development of human capital, in terms of improving skills, health, knowledge and resilience, people can be more productive, flexible and innovative. Sustainable growth and reducing poverty are mainly driven by human capital. Typically, investments in human capital have become more significant in recent decades. However, despite substantial development, gaps in the investment in human capital leave the globe unprepared for what lies ahead. There is no doubt that the Fourth Industrial Revolution is changing the structure of governments, economies and societies, and this revolution is proving to have influence on jobs, employees and employers like never before. Issues of income inequality, employment opportunities and the roles that businesses are expected to play in society are being discussed. In terms of “best practices” in human capital, the globe is overflowing. Initiatives are ranging from talent management to extensive and inclusive social schemes. These concepts are highly trending because of their great potential to boost output and reveal value, even in sectors where the pace of development is slowing.

According to the Oxford English Dictionary, human capital is defined as “the skills the labor force possesses and is regarded as a resource or asset.” This definition is inclusive of the notion that there are investments being made in people, such as schooling, employment development and healthcare provision, that increase an individual’s productivity. However, human capital in such a context, extends to more than the manual labor of the people working for an institution. It reaches a whole array of intrinsic qualities that people bring to the institution that contribute to its success. Examples include education, talent, experience, creativity, character, good health and morals.

The Global Human Capital Management market report, which was released in November 2019, provides a technical and in-depth analysis of the present status of the global human capital management industry alongside competitive landscape, market share and predictions on growth prospects to 2026. The report lists the main segments, their prospects for growth and the new opportunities they bring to market players.

There is a strong need today for proper human capital analysis. Seeing that the supply of qualified and skilled employees does not match market demand, a growing number of multinational companies have responded by developing integrated structures to locate, manage and develop talent.

The globe has been suffering from skills shortages, talent surpluses, location and transfer of talent, as well as employee pay rates over the past 20 years. Today, the problems are even greater in a complex, diverse, highly competitive and unstable setting, that is likely to remain so for years to come. There is a challenge all over the world in building and developing a strong talent acquisition network.

In many countries, failures over talent management are a continuing source of pain. Talent management strategies have been inefficient in the past generations. It has been difficult to handle both talent surpluses and shortages.

“People are at the heart of all that we do” is often heard and cynically presented. A transition in understanding as it aims to put people at the forefront of national policies and development plans is vital. This new norm will come as an agent of sustainable growth and returns, and will disrupt the way countries recognize and deal with their human capital.

Over the decades, CEOs, asset managers, shareholders and rating agencies worldwide have observed the deteriorating ties between market values and accounting data, such as corporate cash flows and book values. Consequently, traditional tools have lost some of their shine as investment metrics became inclusive of multiples of the price-to-earnings ratio. So, if tangible financial information has lost its impact, what of the intangibles?

It is not an understatement to say that the effect of human resources on investment decisions is huge even if it is difficult to articulate and quantify. Thus, how do we report on investments in human capital? What data is required? Are these data sets comparable? How do we pave the way for human resources benchmarks? These are all inquiries that need to be addressed.

Governments are continuously striving to adopt well-aligned and balanced human capital investment plans in today’s tremendous uncertainty. Potential employees are searching for fair and prosperous opportunities for work, while governments are trying to maintain that adequate talent is available and reachable to fuel sustainable economic growth. Recently, the World Bank Group (WBG) has promoted the human capital idea as a guiding concept for governing health and education. The Human Capital Index (HCI) of the WBG shows that Lebanese children today are gaining 54 percent of their possible productivity due to potential health and educational deficits. The HCI demonstrates the productivity of a child born today as a potential employee as opposed to what the situation might be if he or she had gotten needed health benefits and high-quality education.

The state’s investment in people helps to improve the health status, knowledge and skills of its citizens so that they can be more successful and productive. Thus, it is necessary to identify national priorities as well as long and short-term goals to drive development on human capital by accelerating more investments in human capital targeted research.

Although studies on economic and the social roots of social uprising often target the role of youth, few of them have explored the impact of these social movements on human capital investments that influence youth development. Further work needs to address this gap by exploring the impact of these trends on investments in human capital and the perceptions of potential instability.

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