

Risks of Investment in the Development of Its Personnel

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Abstract : According to the modern economic theory, human capital became one of the main production factors and the most promising direction of investment, as such investment provides opportunity of obtaining high and long-term economic and social effects. Informational technology (IT) sector is the representative of this new economy which is most dependent on human capital as the main competitive factor. So the question for this sector is not whether investment in development of personal should be made, but what are the most effective ways of executing it and who has to pay for the education: Worker, company or government. In this paper we examine the IT sector, describe the labor market of IT workers and its development, and analyze the risks that IT companies may face if they invest in the development of their workers and what factors influence it. The main problem and difficulty of quantitative estimation of risk of investment in human capital of a company and its forecasting is human factor. Human behavior is often unpredictable and complex, so it requires specific approaches and methods of assessment. To build a comprehensive method of estimation of the risk of investment in human capital of a company considering human factor, we decided to use the method of analytic hierarchy process (AHP), that initially was created and developed. We separated three main group of factors: Risks related to the worker, related to the company, and external factors. To receive data for our research, we conducted a survey among the HR departments of Ukrainian IT companies used them as experts for the AHP method. Received results showed that IT companies mostly invest in the development of their workers, although several hire only already qualified personnel. According to the results, the most significant risks are the risk of ineffective training and the risk of non-investment that are both related to the firm. The analysis of risk factors related to the employee showed that, the factors of personal reasons, motivation, and work performance have almost the same weights of importance. Regarding internal factors of the company, there is a high role of the factor of compensation and benefits, factors of interesting projects, team, and career opportunities. As for the external environment, one of the most dangerous factor of risk is competitor activities, meanwhile the political and economical situation factor also has a relatively high weight, which is easy to explain by the influence of severe crisis in Ukraine during 2014-2015. The presented method allows to take into consideration all main factors that affect the risk of investment in human capital of a company. This gives a base for further research in this field and allows for a creation of a practical framework for making decisions regarding the personnel development strategy and specific employees' development plans for the HR departments.

Keywords : risks, personnel development, investment in development, factors of risk, risk of investment in development, IT, analytic hierarchy process, AHP

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