

# The Importance of Human Capital

Corporations are recognizing the importance of investing in their employees now more than ever before. Companies are beginning to understand that to stay on top in the global economy, they need to place more and more emphasis on developing and retaining their people. Organizations that appreciate the financial impact of their employees often refer to them as human capital.

Derek Stockley, who works as a human resource trainer, defines human capital as “recognition that people in organizations and businesses are an important and essential asset who contribute to development and growth, in a similar way to physical assets such as machines and money. The collective attitudes, skills and abilities of people contribute to organizational performance and productivity. Any expenditure in training, development, health and support is an investment, not just an expense.” He continues to say, “Competition is so fierce and change is so fast, that any competitive edge gained by the introduction of new processes or technology can be short-lived if competitors adopt the same technology. But to implement change, their people must have the same or better skills and abilities.”

In defense of this statement, we have noticed a shift in our clients' strategic values from the tangibles to the intangibles. What began as a change in requirements for senior executive searches has become a shift permeating through the ranks of all the organizations we service. In other words, our clients have shifted their hiring focus from technology to people and process. I believe this trend is one of the factors that has increased the desire to hire non-traditional information security professionals by many of our forward-thinking clients.

This reprioritization of the value of human capital has changed the profile of what a successful candidate looks like, even in the most technical roles.

For example, we have seen an increase in hiring in the areas of insider threat and security monitoring. Given the severe impact of insider threat incidents, companies and technology vendors are starting to focus their resources to address these types of threats. From a hiring profile these positions require heavy technical skills, but that's not what seals the deal in receiving a job offer. To develop an effective insider threat management strategy, a person must have the ability to understand and envision the ways that other people could pose a threat. So companies are searching for security professionals who have technical depth but who also understand human and criminal psychology. In the monitoring area the roles require technical skills, but just as importantly, employers are looking for employees who can interpret technology in a way that's useful and in line with the organization's business and risk management goals. Even in these traditionally operational roles it is the interpretive ability of a candidate to understand the problems they need to solve—that's what hiring managers are focusing on.

Relationship and consensus building skills are highly sought after at the middle management level. The job description for a recent middle management search required the “ability to build relationships with Business and Technology leadership, audit personnel, legal counterparts, compliance, human resources, and internal and external cross functional teams.” To read between the lines: If you are to be successful and valuable you will need to create the personal relationships necessary to address the unique requirements and risk appetites of the business, so

that your solutions are measured, balanced and effective.

At the executive level, identifying candidates with proven program management skills is a priority. Many corporations are creating broad-reaching IT risk management and business resiliency programs. In many cases these programs focus on developing and centralizing governance and performance metrics models. Success at this level requires leadership skills with the ability to manage diverse groups and multiple projects while driving results.

Consulting firms are strategically growing their practices to support clients committed to acting on the results of audits and assessments tied to all of the recent focus on regulatory requirements. Those being hired are addressing not just technology, but the broader issues related to process design and improvement. Professionals skilled in Six Sigma and ITIL are able to differentiate themselves.

So since companies are finally valuing people and their softer skills, does that make it easier to hire good people? The answer is no. In today's business climate, attracting and retaining the best employees is very difficult. The reason is a combination of the change in business practices and the shift in employee attitudes. The business landscape has changed dramatically in the past decade as a result of many factors—from the feverish hiring boom of the 90s to the economic slowdown in the earlier part of this decade. During this same period of time, employee attitudes have changed dramatically. Exposure to widespread layoffs and corporate scandals has led to an erosion of company loyalty and reevaluation of career and life priorities by many employees. So now we have companies looking to acquire the best talent and a growing workforce of talented individuals who are no longer attracted by compensation alone, but who require and value intangibles as well.

The bottom line is this. In order to achieve professional growth and success in the next period of increased talent acquisition, technology professionals are going to have to step out of their comfort zone and develop the holistic, relationship-focused business skills that companies are requiring. And by the same token, companies are going to have to take a more strategic and supportive approach to recruiting and retention if they want to find and keep the new breed of evolving talent.

Nobel Prize-winning economist Gary S. Becker, who coined the term “human capital,” says that “the basic resource in any company is the people. The most successful companies and the most successful countries will be those that manage human capital in the most effective and efficient manner.”

Human capital is a valuable concept because it recognizes that people should be treated as assets, rather than as an expense. Seems to me, security professionals have been arguing that point about their profession for a long time.

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