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Leveraging Investments in Human Capital

Investment in human capital has slipped in the United States, from education in K-12 to state funding of college education. The military, however, has continued to invest in training and education, and is selective in recruiting enlisted military members who have completed high school and score well enough on the ASVAB military entrance exam. For the officer corps, the military recruits those who have already attended college, participated in ROTC, or have been educated in the service academies prior to commissioning.

Recent analysis by PayScale demonstrates understanding of the human capital represented by veterans by companies such as Booz Allen, saying “Veterans are exceptional individuals who have served our country, upheld the highest ethical standards, and strive to do important work that makes a difference. Because of these qualities, veterans embody many of Booz Allen’s core values and they thrive within our culture.”¹ They follow on with discussion of military skill to civilian market opportunities with clients that included DOD, Air Force, Army, Navy, Marine Corps and Homeland Security. The relationships and familiarity of veterans with these organizations has immediate, cognizable value. SAIC, another firm that has extensive government relationships cites similar values and skillsets. With SAIC’s workforce consisting of 25% veterans, and 22% of last year’s new hires, the value they place on the human capital acquired through military service is clear. PayScale’s analysis shows that the top four industries hiring veterans for their specific skills include “weapons and security, aerospace, government agencies, and information technology.” Industry jobs include technical jobs and engineering, as well as government processes, which are learned through military service. Perhaps most important in consideration of human capital are networks. Military veterans are strongly aligned to each other, and are a source of recruitment, networking between firms and agencies, and are interested in supporting other veterans and their families in employment.

Research demonstrates that high road companies, those that are high performing and knowledge-based, often invest in human capital. They understand the value of providing training and education to their workforce, and continue to provide them as means to reach a competitive advantage. Common traits of these companies, which are similar to military service, include “selection of employees with technical, problem-solving, and collaborative skills; significant investment in training and development; commitment to





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building trust and relying on employees to solve problems, coordinate operations, and drive innovation.”² Veterans are likely to value and understand companies that will continue patterns of education and training they experienced while in the military—that is, companies that train for next assignments, provide mentoring, and are committed to their employees and enabling them to be productive. However, research also notes that while private business and industry may expend between \$70 and \$100 billion to train their executives or pay for tuition for higher education, they do not spend similarly for employees in technical jobs, for manufacturing, or for service. Those jobs may provide an excellent fit since many veterans have the skills and experience for these midlevel jobs, provided by military experience, training and education which allow immediate fit when properly translated. Additional research on high-performance workplaces, which should be similar to high-performing military workplaces, demonstrates significant benefits for both employee and firm, including “efficiency outcomes such as worker productivity and equipment reliability; on quality outcomes such as manufacturing quality, customer service, and patient mortality; on financial performance and profitability; and on a broad array of other performance outcomes.”³ Expectations for training, mentoring, supervision with feedback and similar activities may also assist with acculturation to the new civilian employer.

Many companies are beginning to tap another component of human capital—the networks of their military veteran employees. Once veterans are employed, and find fits, they may be the best representatives to other highly qualified veterans, and may have the best access to veteran networks. Tools may include professional networks like LinkedIn and BranchOut, military-specific networks for those who have served, and social networks such as Facebook, Twitter, and Google Plus where many veterans maintain close ties to other military members and veterans with whom they have served. Additionally, veterans who attend college may be members of student veteran clubs or chapters of Student Veterans of American (SVA) and may be familiar with other vets in priority recruitment colleges and universities. Given the opportunity to surround themselves with high-performing colleagues, they may assist in recruitment, and may help to form relationships with other agencies or businesses where their former colleagues have roles. With a critical mass for employee resource groups, they may also assist with retention. These networks expand beyond recruitment and retention, as well.



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Networks of veterans across companies may create opportunities for cross-company collaboration or formation of new partnerships. Veterans may also have familiarity with process and subject matter in government, in the service branches, and with activities in other countries. The networks of others with subject matter and process knowledge that a veteran may tap into bring business value to organizations that understand and capitalize on the networks.

One less intuitive finding related to human capital relates to health and wellness, with one author noting, "Military service also occurs at an age when service members are forming lifelong habits that will affect their health in the future."⁴ Health also includes drug-free status, which may be even more likely for Guard and Reserve members with continuing service obligations who are subject to random drug tests with significant consequences. This suggests, from an employer perspective, that the health behaviors exhibited by veterans may be reflected in reduced health care costs and lost work days.

Citations:

¹ Smith, J. (2012, April 4). The top employers for veterans. Retrieved from <http://www.forbes.com/sites/jacquelynsmith/2012/04/23/the-top-employers-for-veterans>.

² Kochan, T. (2012). A jobs compact for America's future. *Harvard Business Review*. Retrieved from <http://hbr.org/2012/03/a-jobs-compact-for-americas-future/ar/3>.

³ Appelbaum, E., Gittel, J., & Leana, C. (2011). High-performance work practices and sustainable economic growth. Rutgers University. Retrieved from http://www.employmentpolicy.org/sites/www.employmentpolicy.org/files/field-content-file/pdf/Mike_Lillich/High_Performance_Work_Practices_3-20-11_0.pdf.

⁴ Teachman, J. (2012, Spring). Military service and the life course: An assessment of what we know. *National Council on Family Relations Family Focus Report*: NCFR. Retrieved from <http://www.ncfr.org/ncfr-report/focus/military-families/military-service-life-course-assessment>.



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