CHAPTER 6 - PROPOSED HUMAN CAPITAL REPORTING (business questions)

"With regard to excellence, it is not enough to know, but we must try to have and use it. "

- Aristotle (384 BC - 322 BC)

6.1   Introduction

The reporting offered by Human Resources management has evolved during the last few years as Human Capital has become more and more of a competitive advantage to organisations. In the Industrial Age, machinery was considered the key asset for an organisation; in the computer age, having further evolved, computing power was of utmost strategic value. In the new millennium, organisations started to realise that the value of knowledge management and Intellectual Capital far outweighs any machinery or equipment assets, and the many knowledge intensive companies such as Microsoft, Oracle, SAP and other consulting firms, as well as companies, are very focused and dependant on R&D and innovation. Human Assets may be seen as a company's greatest asset. This requires HR, as the "custodian" of the information relating to the Human Capital in an organisation, to develop their skills in providing companies with intellectual, analytical analyses of its workforce and the strategic value of its Human Assets, enabled by the computer technology of the previous age.

There are three (3) levels of reporting for HR:

1. Efficiency Reports - reports addressed predominantly through metrics and benchmarking the efficiency or effectiveness of the HR function.

2. Data Analytics - reports which address those aspects of the line function concerned with the management of the workforce.

3. Company Reporting (value adding, strategic) - reports which address specific business issues, or potential problems the business may need to address, from a Human Resources perspective; i.e. where Human Capital is applied to extract value for the business.

Using technology needs to enable HR to elevate their reporting to a strategic level; however, the journey will need to start by having an understanding of the value which can be added by the HR function to increase the Human Assets of an organisation.

To understand the elements of the tactics which are required to elevate the Human Resources Function to a strategic level, understanding of what HR strategy really means in required. Paul Kearnes stated that "HR strategy, like a military or any other strategy, is also not about individual battles, it is rather the thread that ensures all individual battles are making a contribution to the overall common cause; the winning of the war" (Kearns, 2003:7). It is important for the strategy to provide clear guidance, and more important for the HR function to have the tactics ready to ensure that the strategy is executed and aligned with the business strategy. In order to do that, many different tactics may be deployed - the key question is which really adds value to the organisation and are there any that detract value. To be able to answer this in terms that businesses can understand, HR needs to be able to use quantifying measures, supported by the qualitative measures they are so good at.

In a study done by researchers at Cornell (Boudreau, 1998) the perceptions of line executives and HR executives regarding HR effectiveness was compared. In every category across the board, line executives rated HR effectiveness less highly than HR executives themselves did. The study also examined how HR's effectiveness in different roles was perceived. Again, the line executives rated HR less highly in every category. Both groups agreed that HR fulfilled its HR services role best and its "change consulting" role least effectively.

The Cornell researchers looked at how the two groups valued HR's overall contribution to the success of the firm. The HR executives gave themselves significantly higher ratings than the line executives (Boudreau, 1998).

Area	HR Mean	Line Mean
Performing the expected job	4.5	3.9
Responsive to customer needs	5.0	4.2
Enhancing competitiveness	5.0	3.8
Value-added contribution	5.0	4.1
Core competence	4.8	4.2

Source: Comparing Line and HR Executives' Perceptions of HR Effectiveness: Services, Roles and Contributions

Table 8: Effectiveness of HR Contributions - Boudreau (1998)

These findings seem to highlight the major hurdle. The HR practitioners surveyed during this study may in fact have an even lesser perceived view of the current contribution of HR. The HR mean from this study for value-added contribution (5.0) is considerably more positive than the Line mean (4.1) which is indicative of the current view on HR's contribution, confirmed in this study. Perception is almost reality, and any HR department perceived as less than top quality will not be able to guide a company into the kind of Human Capital management that raises shareholder value.   HR practitioners will have to work on demonstrating the value they perceive themselves to add in terms that business will relate to, agree on, and which will change their perspective to a more positive view.

6.2   Human Capital / Human Resources Business Questions

The Human Resources function is able to provide insight into, and answer a number of very strategic business questions. The strategic focus of business questions evolves from the value that needs to be created by the Human Resources function as it supports the organisational mission. Once the HR function can demonstrate the value it creates at the strategic level, it will finally be able to link this value to the bottom line; i.e. in financial terms.

6.2.1   Internal reports linked to bottom line

Today, many HR systems have built into them any number of reports. These reports are focused mostly internally; however they play a huge role in the effectiveness of the Human Resources Function and in helping to elevate HR to a more strategic level.

The researcher has taken a list of these standard available reports and categorised them according the proposed framework in an effort to assist HR in reporting more efficiently - internally. This list is not exclusive or exhaustive, and has been selected to focus on issues related to the performance of the business overall vs. the performance of individuals.   It also includes measures for the improvement of performance for the HR function as this may have a direct or indirect impact on the overall performance. Understanding how these reports have an effect on the bottom-line will lead to improved external reporting (discussed next).

The following types of analyses, metrics and reports have been categorised into the various value levers of the framework (refer Section 5.3, Framework for HR), based on the typical business questions which may be asked for (or initiated by) HR. The HR categories are listed to ensure ease of reference for HR practitioners and the descriptions provided to ensure a common understanding.

Lever	Category	Description
Efficiency	Appraisal Summary	View the timeliness of your appraisal processes and the overall rating of the employee appraisals undertaking.
	Appraisal Summary	How do appraisal ratings compare for different employee groups, for example, key personnel?
	Appraisal Summary	How do performance, attitude effort and overall scores compare?
	Appraisal Summary	How many appraisals are late?
	Appraisal Summary	How many appraisals were completed on time?
	Appraisal Summary	What percent of appraisals were completed on time?
Cost Employee	of Employee Costs	The purpose of this analytic is to reveal the organisation

Lever	Category	Description
Interactions		wide employment costs for the current and previous year.
	Employee Costs	How has my employment costs changed over time?
	Employee Costs	What are my employment costs for the organisation or part of the organisation?
	Employee Costs	What is the breakdown of my employment costs?
Cost of Employee Interactions	Employee Lifecycle	Evaluate the employment life cycle of a typical employee within the organisation and how this has changed period on period.
	Employee Lifecycle	On average, how long do employees remain in the organisation?
	Employee Lifecycle	On average how long does it take to hire an employee?
	Employee Lifecycle	On average, how many job roles do employees have during their employment with the organisation?
	Employee Lifecycle	On average, how much of the notice period do employees work prior to leaving?
	Employee Lifecycle	On average, what is the notice period of employees?
Cost of Employee Interactions	Headcount Summary	This analytic enables you to view the headcount status of the organisation in terms of number of employees and the associated full time equivalents (FTE)

Lever	Category	Description
	Headcount Summary	How many positions are vacant?
	Headcount Summary	What is the employee headcount in terms of full time equivalents (FTE)?
	Headcount Summary	What is the employee headcount within the organisation?
	Headcount Summary	What is the percent breakdown of headcount?
	Headcount Summary	What is the trend of my headcount, period on period?
Efficiency	HR Departmental Costs	This analytic lets you understand how much the Human Resources function costs in total and by function.
	HR Departmental Costs	How does the cost of running the HR function compare to last year / budget?
	HR Departmental Costs	What is my departmental HR spending against budget (by spend type)?
	HR Departmental Costs	What is the cost of running the HR function?
	HR Departmental Costs	What is the cost of the recruiting or compensation and benefits or training and education functions and how does this compare against last year / budget?
	HR Departmental	What is the global cost of running a particular HR function?

Lever	Category	Description
	Costs	
Employee Performance	Joiners and Leavers Summary	Highlights the employee hires and separations within the organisation and your employee turnover for a given time period.
	Joiners and Leavers Summary	How many employees have been hired?
	Joiners and Leavers Summary	How many employees have separated?
	Joiners and Leavers Summary	How many new hires have we had compared to those leaving?
	Joiners and Leavers Summary	What is my employee turnover rate?
	Joiners and Leavers Summary	What is the hire to separation ratio?
Employee Performance	KPI Tracker	Highlights the performance change, over time, of a choice of measures that are important to the function of people management.
	KPI Tracker	How many days are lost due to workplace accidents?
	KPI Tracker	How many days are lost through employee suspension?

Lever	Category	Description
	KPI Tracker	How many days are lost through sickness?
	KPI Tracker	What is the number of days with employees on maternity leave?
	KPI Tracker	What is the total number of training days?
Employee Performance	Satisfaction Survey	Monitor the level of job satisfaction experienced by your workforce and compare period on period - comparing improvements or issues that require improvement
	Satisfaction Survey	Has the satisfaction rating improved since last conducted?
	Satisfaction Survey	What is the response rate to the survey?
	Satisfaction Survey	What number/percent of my employees are satisfied?
People Assets	Separation Analysis	Analyze by period, the employee separation and turnover rate by location, organisation, function etc.
	Separation Analysis	How many employees have separated?
	Separation Analysis	What is my employee turnover rate?
	Separation Analysis	What is the percent of my key employees leaving?
	Separation Analysis	What is the ratio of voluntary to involuntary separation?

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Lever	Category	Description
People Assets	Skill Gap	The purpose of this analytic is to provide a high level view of the skill gap or skill shortage within the workforce, matching the employees' skill against the skill requirement for the job role
	Skill Gap	How many employees within the organisation have skill gaps?
	Skill Gap	What percent of employees have skill gaps?
	Skill Gap	Which department within the organisation has the highest skill gap?
Efficiency	Skill Gap Trend	The purpose of this analytic is to give you a high level view of the skill gap or skill shortage within your workforce, and how this has changed over time
	Skill Gap Trend	How many employees within the organisation have skill gaps?
	Skill Gap Trend	How many employees have skill gaps compared to a previous period?
	Skill Gap Trend	What percent of employees have skill gaps?
	Skill Gap Trend	What is the percent change in the overall skill gap?
	Skill Gap Trend	Which department has improved the least in terms of

Lever	Category	Description
		reducing the skill gap?
	Skill Gap Trend	Which department has improved the most in terms of reducing the skill gap?
Cost of Employee Interactions	Training Summary	This analytic gives you a high level summary of the time and costs invested in training and developing your employees, comparing period on period.
	Training Summary	How many employees have received training?
	Training Summary	What are the total training costs?
	Training Summary	What is the average number of training days per employee?
	Training Summary	What is the average training cost per employee?
	Training Summary	What is the course attendance rate?
	Training Summary	What is the overall employee rating of the training courses?
Asset Productivity	Employee Distribution	This analytic allows you to view your workforce by demographics for improved planning
	Age Distribution	How is the age for the current employees distributed?
	Age Distribution	Is there a connection between age and gender within the organisation?

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Lever	Category	Description
	Headcount by Ethnic Origin	How is each ethnic origin distributed in the organisation?
	Headcount by Ethnic Origin	What are the different employee nationalities in the organisation?
	Headcount by Ethnic Origin	What is the percentage of each nationality and ethnic group?
	Headcount Listing	What are these individual employees' job details?
	Headcount Listing	What are these individual employees' personal details?
	Headcount Listing	Who are the current employees in the organisation?
Asset Productivity	Hire Analysis	Details of all employees hired into the organisation over a specified time period.
	Hire Analysis	How many of the new hires are from each country?
	Hire Analysis	How many of the new hires are in each part of the organisation?
	Hire Analysis	How many of the new hires are male and female?
	Hire Analysis	How many of the new hires fall into each of the age bandings?

Lever	Category	Description
	Hire Analysis	How many of the new hires fall into each of the previous experience bandings?
	Hire Analysis	How many of the new hires have the same hiring source?
	Hire Analysis	What are the yearly figures for employees that have been hired?
	Hire Analysis	What are these individual employees' personal details?
	Hire Analysis	What is their previous experience?
	Hire Analysis	Who has been hired recently?
	Hire Analysis	Which part of the organisation have they been hired into?
Employee Performance	Length of Service Distribution	Analyse how length of service is distributed within the organisation by gender / ethnic origin etc. including the costs and impact of turnover
	Length of Service Distribution	How is the length of service for the current employees distributed?
	Length of Service Distribution	Is there a connection between gender and length of service within the organisation?
	Recent Hire Separation Analysis	View the number of employees that have been recently hired but are now separated.

Lever	Category	Description
	Recent Hire Separation Analysis	How many of recent hires are now leavers that fall into each of the previous experience bandings?
	Recent Hire Separation Analysis	How many of these leavers have the same departure decision? Are from the same department / function?
	Recent Hire Separation Analysis	What are the yearly figures for employees that have been recently hired and then left?
	Recent Hire Separation Listing	What are the job details of each individual leaver?
	Recent Hire Separation Listing	What is the listing of employees that have been recently hired and then left?
	Separation Analysis	How many of these leavers have the same departure decision? Are from the same department / function?
	Separation Analysis	What is the yearly turnover rate?
	Separation Listing	How many employees have left voluntarily? Non-voluntarily?
Employee Performance	Benefit Optimisation	The purpose of this analytic is to enable you to either reduce costs or increase the value to employees (or a combination of both) by altering your benefits provision
	Benefit Optimisation	How do my employee benefits compare across tax

Lever	Category	Description
		brackets?
	Benefit Optimisation	How effective are my employee benefits packages?
	Benefit Optimisation	How much money could I save if I discontinue a particular employee benefit?
	Benefit Optimisation	How much money could I save if I extend a particular employee benefit?
	Benefit Optimisation	What is the take up of my employee benefits?
	Benefit Optimisation	Which employee benefits should I discontinue?
	Benefit Optimisation	Which employee benefits should I extend?
Efficiency	Benefit Subscription	Analyse the take up of benefits by tax bracket to determine whether any are potentially discontinuable.
	Benefit Subscription	What is the take up of employee benefits? Which should be continued, discontinued?
People Assets	Headcount Trend	View the current workforce and trends relating to the employment status of the organisation including joiners and leavers
	Headcount Trend	What is the employee headcount in terms of full time equivalents (FTE)?

Lever	Category	Description
	Headcount Trend	What is the employee headcount within the organisation?
	Headcount Trend	What is the trend of my headcount, period on period?
	Joiners and Leavers Analysis	How many employees have been hired?
	Joiners and Leavers Analysis	How many employees have separated?
	Joiners and Leavers Analysis	What is the headcount at the start and end of each time period?
	Joiners and Leavers Analysis	What is the net employee headcount change?
	Joiners and Leavers Analysis	What is the number of 'job changers' period on period?
People Assets	Quality Of Hires	Provides visibility of the progress made by new hires within the organisation in comparison to new hires in a previous period, comparing them with previous new hires
	Quality Of Hires	Has the percent of employees completing their probationary period improved over time?
	Quality Of Hires	How do appraisal grades of new hires compare to a previous time period?

Lever	Category	Description
	Quality Of Hires	How does my retention rate of new hires compare to a previous time period?
	Quality Of Hires	How many employees have been hired?
	Quality Of Hires	How many employees have successfully completed their probationary period?
	Quality Of Hires	How many employees remain employed a year from their hire date?
	Quality Of Hires	What is the uptake of training by new hires compared to a previous period?
Employee Retention	Remuneration Index	This analytic enables you to compare your total remuneration as well as the compensation and benefits components, against the industry.
	Remuneration Index	How does the job role remuneration compare to the industry?
	Remuneration Index	How well do we remunerate key employees / positions?
	Remuneration Index	What are the components of remuneration and how do they compare to each other and the industry by job role?
	Remuneration Index	What is the spread of remuneration by job role?

Lever	Category	Description
Employee Effectiveness	Employee Scoring	Rank employees within the organisation based on different scoring methodologies (Job performance, Aptitude, Appraisal, Experience, Attendance, Discipline), combined to produce an overall score per employee
	Employee Scoring	1) Job Performance - the latest employee job score within their current position multiplied by 100.
	Employee Scoring	2) Aptitude - the latest employee aptitude score is the composite score based on the following 4 skills multiplied by 100: flexibility, initiative, self-motivation and teamwork.
	Employee Scoring	3) Appraisal - the latest employee appraisal rating multiplied by 100. For those employees who have not yet had an appraisal an imputed figure is used based on the average of the selected organisation node.
	Employee Scoring	4) Experience - is calculated on the current job position: 75 for less than 2 years service, 100 for 2-4 years, 125 for 4-6 years and 125 for more than 6 years experience.
	Employee Scoring	5) Attendance - is calculated by multiplying the number of sickness occurrences over the last 24 months by -5.
	Employee Scoring	6) Discipline - is calculated by multiplying the discipline score over the last 24 months by -20. The discipline score for each grievance is 1 for verbal warning, 2 for written warning, 3 for final warning 4 for dismissal and 0 following a successful appeal.

Lever	Category	Description
	Employee Scoring	What is the score per employee?
	Employee Scoring	Which employees are above the average score?
	Employee Scoring	Which employees are below the average score?
Employee Retention	Joiners and Leavers by Employee	Use this to view the employees who join or leave the organisation during a specified time period.
	Joiners and Leavers by Employee	What are the expiry dates of the probationary periods for all new hires?
	Joiners and Leavers by Employee	What was their length of service on leaving the organisation?
	Reasons For Leaving	What reasons (trends and %) do employees leaving the organisation give?
Recruitment Costs	Tenure Distribution	Evaluate the length of tenure of your workforce.
	Tenure Distribution by Agency	What is the distribution of employees, by recruiting agency, throughout the organisation in terms of length of tenure/service?
	Tenure Distribution by Employee	What is the distribution of employees throughout the organisation in terms of length of tenure/service?
Employee	Tenure Distribution by	Analyse the distribution of employees length of

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Lever	Category	Description
Retention	Job Role	tenure/service by job role
	Tenure Distribution by Job Role	What is the distribution of employees, by job role, throughout the organisation in terms of length of tenure/service?
Employee Retention	Tenure Distribution by Leavers	Use this to view the distribution of leavers length of tenure/service.
	Tenure Distribution by Leavers	What is the distribution of leavers throughout the organisation in terms of length of tenure/service?
People Assets	Workforce DNA	Use this to understand the typical characteristics of employees within the organisation.
	Workforce DNA	What are the demographics of my workforce?
	Workforce DNA	What is the average age of employees within the organisation?
	Workforce DNA	What is the average salary of employees within the organisation?
Recruitment Costs	Recruitment Efficiency	Understand the average time taken to complete the advertising stage of the hire cycle. This stage is made up of three specific phases within the advertising stage, Identification of Need Date to Approve Need Date, Approve Need Date to Job Specification Date and Job Specification Date to Communicate Date.

Lever	Category	Description
	Recruitment Efficiency	What is the average length of time it takes to advertise for a new job position via Agencies?
	Recruitment Efficiency	What is the average length of time it takes to advertise for a new job position via the HR department?
	Recruitment Efficiency	What is the average time taken from Approve Need Date to Job Specification Date via Agencies?
	Recruitment Efficiency	What is the average time taken from Approve Need Date to Job Specification Date via the HR department?
	Recruitment Efficiency	What is the average time taken from Identification of Need Date to Approve Need Date via Agencies?
	Recruitment Efficiency	What is the average time taken from Identification of Need Date to Approve Need Date via the HR department?
	Recruitment Efficiency	What is the average time taken from Job Specification Date to Communicate Date via Agencies?
	Recruitment Efficiency	What is the average time taken from Job Specification Date to Communicate Date via the HR department?
Recruitment Costs	Hire Cycle Time	It will enable you to identify which stage of the hiring cycle takes the most time, by understanding this you may be able to change your hiring processes and thus reduce your overall cycle time.

Lever	Category	Description
	Hire Cycle Time	On average how long does it take to hire an employee?
	Hire Cycle Time	What is the average length of time it takes for successful candidates to accept an offer?
	Hire Cycle Time	What is the average length of time it takes short-list candidates for an interview?
	Hire Cycle Time	What is the average length of time it takes to advertise for a new job position?
	Hire Cycle Time	What is the average length of time it takes to interview candidates?
	Hire Cycle Time	What stage within the hire cycle process takes the longest time?
Recruitment Costs	Hiring Status	This analytic enables you to understand the number and the progress of candidates that are in your hiring processes.
	Hiring Status	How many candidates have we interviewed? Short-listed?
	Hiring Status	How many days from hire process initiated to placement (time to place)?
	Hiring Status	How many job positions are within the hire process? How many résumé's per position?

Lever	Category	Description
	Hiring Status	What is the current status for each job position?
	Hiring Status	What stage in the hire cycle is the job position?
	Hiring Status	Which job positions are in the process of being filled?
Recruitment Costs	Interview Cycle Time	View the average time taken to complete the interview stage of the hire cycle. This stage is made up of the following phases, Shortlist to Interview Round 1, Interview Round 1 to Interview Round, Interview Round 2 to Interview Round 3 and Interview Round 3 to Job Offer.
	Interview Cycle Time	What is the average length of time from Final Interview to Job Offer via the HR department versus Agencies?
	Interview Cycle Time	What is the average length of time it takes from Shortlist to Interview Round 1 via the HR department versus Agencies?
	Interview Cycle Time	What is the average length of time it takes to interview candidates through the HR department versus Agencies?
Recruitment Costs	Offer Cycle Time	Use this analytic to view the average time taken to complete the offer stage of the hire cycle. This stage is made up of the following phases, Job Offer Date to Offer Reply Date and Offer Reply Date to Job Start Date.
	Offer Cycle Time	What is the average length of time it takes for successful candidates to accept an offer via the HR department versus Agencies?

Lever	Category	Description
Recruitment Costs	Offer Cycle Time	What is the average length of time it takes from Job Offer Date to Offer Reply Date via the HR department versus Agencies?
	Offer Cycle Time	What is the average length of time it takes from Offer Reply Date to Job Start Date via the HR department versus Agencies?
	Shortlist Cycle Time	Use this analytic to view the average time taken to complete the shortlist stage of the hire cycle. This stage is made up of two specific phases within the shortlist stage, Communication Date to Close Date and Close Date to Shortlist Date.
	Shortlist Cycle Time	What is the average length of time it takes from Close Date to Shortlist Date via the HR department versus Agencies?
	Shortlist Cycle Time	What is the average length of time it takes from Communication Date to Close Date via the HR department versus Agencies?
	Shortlist Cycle Time	What is the average length of time it takes short-list candidates for an interview via the HR department versus Agencies?
People Assets	Vacancy Exceptions	This analytic highlights the vacancies that are still outstanding for all the job roles where the hire process has been initiated.

Lever	Category	Description
	Vacancy Exceptions	How many days has the position been vacant?
	Vacancy Exceptions	What is the current status for each job position?
Training Costs / Efficiency	Development	This analytic enables you to view the courses available for a particular employee so that a skill gap may be reduced through further training.
	Development	What is the current skill level of the employee for the particular skill?
	Development	Which training courses are available to improve skills?
	Course Quality	This analytic summarises the quality, in terms of employee feedback, of the organisation's education program.
	Course Quality	How many employees have attended the course?
	Course Quality	How many employees have attended the course over this time period?
	Course Quality	What is the rating for each course?
	Course Quality	What is the rating of the course overall?
Training Costs / Efficiency	Course Quality Detail	This analytic enables you to review the quality of a particular course and instructor in light of feedback from delegates. It gives details of the quality rating, average cost

Lever	Category	Description
		per delegate and course duration.
	Course Quality Detail	How many courses have been delivered for this skill?
	Course Quality Detail	How many employees have attended the course?
	Course Quality Detail	What is the average delegate cost?
	Course Quality Detail	What is the rating of the course instructor?
	Course Quality Detail	What is the rating of the course overall?
Training Costs / Efficiency	Employee Course History	These analytic details the courses that an individual employee has attended over a chosen time frame.
	Employee Course History	How many courses has an employee attended?
	Employee Course History	What dates did the employee attend courses?
	Employee Course History	What was the cost per course?
	Employee Course History	What was the description of the course attended?
	Employee Course	What was the duration of the course?

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Lever	Category	Description
	History	
	Employee Course History	What was the qualification gained by attending this course?
Training Costs / Efficiency	Future Training Summary	This analytic enables you to view a list of planned employee courses by location.
	Future Training Summary	How many employees are booked on the course?
	Future Training Summary	What courses are available in the future?
	Future Training Summary	Which employees are booked on the course?
Training Costs / Efficiency	Post Course Skill Enhancement	Understand the impact that training courses have on the overall skill improvement of your workforce.
	Post Course Skill Enhancement	How many employees have attended the course over this time period?
	Post Course Skill Enhancement	How many employees have improved their skill?
	Post Course Skill Enhancement	How many employees have not improved their skill?

Lever	Category	Description
	Post Course Skill Enhancement	What dates did the employee attend courses?
	Post Course Skill Enhancement	What is the average length of time that an employee takes to improve their skill?
	Post Course Skill Enhancement	What is their skill level after improvement?
	Post Course Skill Enhancement	What is the percent of employees that improve their skills as a result of the course?
	Post Course Skill Enhancement	What skills does the course offer?
	Post Course Skill Enhancement	What was their skill level prior to the course?
Training Costs / Efficiency	Proposed Course Skills	This analytic enables you to understand which training courses are available to enhance which skill within your workforce.
	Proposed Course Skills	How many employees do not have the skill at all?
	Proposed Course Skills	What is the duration of the course?

Lever	Category	Description
	Proposed Course Skills	What is the number of employees within the organisation at each grade of the skill?
	Proposed Course Skills	What is the percent of employees within the organisation at each grade of the skill?
	Proposed Course Skills	Which courses are available to improve particular skills?
Employee Effectiveness	Skill Absence by Employee	This analytic enables you to understand what skills are absent in your workforce. This information may be used to identify under skilled employees and plan future training needs.
	Skill Absence by Employee	How long have these employees been in the job?
	Skill Absence by Employee	How many employees do not have a particular skill?
	Skill Absence by Employee	Which employees do not have a particular skill?
	Skill Absence by Employee	Which job roles do these employees undertake?
Employee Effectiveness	Skill Gap Analysis	Skill Gap Analysis gives you a listing of all employees within the Organisation that have an identified skill gap. It enables you to understand which employees are below the

Lever	Category	Description
		minimum skill score for their job role.
	Skill Gap Analysis	What is the skill score of the employee versus the required skill score for the job role?
	Skill Gap Analysis	Which employee has a skill gap?
	Skill Gap Analysis	Which employee has the highest skill gap?
Employee Effectiveness	Skill Gap Trend Analysis	Skill Gap Analysis Trend gives you a listing of all employees within the Organisation that have reduced their skill gap.
	Skill Gap Trend Analysis	Which employee has improved the most over the time period?
	Skill Gap Trend Analysis	Which employees have improved their skill score over the time period?
	Skill Improvers by Employee	This details the change in skill score of an employee over given time period for their various skills.
	Skill Improvers by Employee	How long has the employee been in their current role?
	Skill Improvers by Employee	What is the change in skill score for this employee over the time period?
	Skill Improvers by	Which skill has the employee improved the least over the

Lever	Category	Description
	Employee	time period?
	Skill Improvers by Employee	Which skill has the employee improved the most over the time period?
People Assets	Skill Level by Employee	Gives you the ability to view your employees, grouped by skill and skill level. This will help you understand the numbers and the job role of the employees who may be in need of further training.
	Skill Level by Employee	How long have these employees been in the job?
	Skill Level by Employee	How many employees have the skill at a particular grade?
	Skill Level by Employee	Which employees have the skill at a particular grade?
	Skill Level by Employee	Which job roles do these employees undertake?
People Assets	Succession Planning	Use this to map employees skills with the skills required for a job role and highlight employees suitable for career progression.
	Succession Planning	How many employees possess the skills required to perform a particular job role?

Lever	Category	Description
	Succession Planning	Which employees are excelling in their current job role?
	Succession Planning	Which employees are most closely matched to the job role?
	Succession Planning	Which employees are under-achieving in their current job role?
	Anticipated Leavers List	Which employees are likely to leave?
People Assets	Leavers DNA by Organisation	Use this to understand the typical characteristics of employees who leave the organisation.
	Leavers DNA by Location	What employee characteristics is a good indicator of employee separation?
	Leavers DNA by Organisation	What are the average age, job role, and skill level and employment type of your leavers?
	Leavers DNA by Organisation	What employee characteristics is a good indicator of employee separation?
	Leavers DNA by Organisation	What is the typical 'make-up' of employees leaving voluntarily?
	Leavers DNA by Organisation	What is the typical 'make-up' of key employees leaving voluntarily?

Lever	Category	Description
Employee Retention	Leavers Forecast	This analytic uses statistical technique to estimate the number of employees that are likely to leave your company over the coming periods.
	Leavers Forecast	How many leavers should I anticipate over the coming months?
Employee Retention	Leavers Profile	This analytic uses statistical techniques to discover which employee characteristics are good indicators of employee churn.
	Leavers Profile	What are the average age, job role, and skill level and employment type of your leavers?
	Leavers Profile	What employee characteristics are good indicators of employee separation?
Employee Retention	Salary Analysis	View the distribution of basic salaries within the organisation by employee grade, demographics and age.
	Salary Analysis	How do salaries compare in different organisational units within the business?
	Salary Analysis	What are basic, bonus and total salaries?
	Salary Analysis	What is the spread of salaries in the organisation by age range?

Lever	Category	Description
	Salary Analysis	What is the spread of salaries in the organisation by job grade?
Employee Effectiveness	Skill Depletion Impact	Use this analytic to measure the effect on department skill levels when an employee leaves the organisation. It details the average skill score with and without the 'leaver' and also highlights the number of employees remaining with the skill.
	Skill Depletion Impact	How many employees remain who are competent in the skill?
	Skill Depletion Impact	What impact is there on the overall skill score of an employee leaving a department?
	Skill Depletion Impact Detail	View in detail the effect on department skill levels when an employee leaves the organisation
	Skill Depletion Impact Detail	What is their job position?
	Skill Depletion Impact Detail	What is their skill level?
	Skill Depletion Impact Detail	When did they acquire the skill?
	Skill Depletion Impact Detail	Which employees remain in the department who have the skill?

Table 9: Business Questions - adapted from SAP (2003)

6.3   External Reports

When asked which components should be reported externally, a few topics were identified by Executives and Managers. These include:

Indicator	% Reports Externally
Absenteeism	17%
Best company to work for	17%
Commitment/satisfaction	33%
Demographics	100%
Employee brand	17%
Informal feedback to management	17%
Productivity	17%
Recruitment and selection	17%
Training ROI	17%
Turnover	33%

Table 10: Key Indicators Reported Externally

However, as this study is exploratory and the topic under consideration does not have the benefit of experience and expertise, it is the opinion of the researcher that this list is very limited and the interpretation of what is of competitive value (i.e. cannot be shared) and what is of such strategic value that it is the duty of the organisation to ensure that shareholders have insight into, is the biggest influencer in this limitation.

The proposed framework (see Chapter 5), allows for flexibility in reporting as each organisation and industry may be entirely different; however, the calculation of the value of the Human Assets allows for these differences in the same manner as physical assets may differ in composition, but the Rc value is calculated and depreciated using the same method across industries.

According to Schulman, Cox & Schulman (1999:256) metrics are "quantifiable calibrations of performance along a single dimension, such as time, cost, or accuracy". Grouping together a

number of metrics provides you with performance measures into an area of focus.   These performance measures provide you with the ability to compare various companies with each other in a meaningful way. These measures will not only allow the organisation to look forward and improve their planning, but will also give stakeholders in the organisation or market place the ability to evaluate the organisations' current and future potential performance.

6.4   Performance Metrics

The metrics evaluated during the Delphi workshops are linked below with the elements within the proposed Framework to allow HR practitioners to draw the link between their metrics and the value it adds to the shareholders. Metrics have also been added based on input from specialist HR input post-evaluation of the model. These metrics can be included in external reporting as well as internal reporting.

Metrics are categorised into typical HR functional topics and linked to the levers on the framework via the numbering system of the framework; e.g. C11 (D1) refers to People Assets, Manage Talent Development and Succession Planning.

Career and Succession Planning C11(D1); C5(D1); C8(D2)

Frequency of review of career paths	Frequency per 3 year period
Number of employees moving outside career paths per annum	% of population
Number of employees considered as "high-potential" / on mngt development track	% of population
Number of job families for which there are established career paths	% of job families
Number of key positions for which succession plan exists	% of key positions
Number of promotions per annum	% per head of population
Percentage of employees progressing ahead of planned time at identified level	% of all employees at level
Percentage of employees progressing behind planned time at identified level	% of all employees at level
Rate of satisfaction with career progression	% satisfactory rating
Turnover rate for resources considered "high-potential"	% of all voluntary
resignations	

Compensation and Benefits C8(D4); C2(D1)(D2)(D3)

% of personnel remunerated "above market"	% of population
Average range of remuneration within salary grades	Rc range
Average variable remuneration to fixed remuneration	%
Payroll cost per employee	Rc per employee
Percentage of personnel with target/objective-related pay structure	% of population
Personnel costs to operating costs	%
Top managment / Executive remuneration costs as % of total remuneration costs	% of total remuneration costs
Total compensation / benefit as Ratio of Total Revenue	Ratio
Total costs of benefits provision	Rc per head of population
Total personnel costs per annum	Rc per annum

Development and Planning C6(D2)

Accuracy of forecasting (estimated vs. actual utilization rate)	%
Average cost of functional/department moves	Rc per transferee
Average cost of in-country transfers	Rc per transferee
Average costs of expatriate package per annum	Rc per expatriate
Average costs of re-skilling training due to department/function transfers	Rc
Average down-time related to transfer	Average Rc per transferee
Average personnel age	Years
Number of resources involved in re-skilling programs due to dept/function transfers	% of population
Percentage of workforce under expatriate/international assignment programs	% of population
Percentage of workforce under international secondment	% of population

Employee Communication C7(D1)(D2); C9(D5); C8(D3)

Effectiveness of communication channels	% of population satisfied
Frequency of official communications	Number per annum
Frequency of updating personnel policies manual	Number per annum
Improvement of operational effectiveness	% of population satisfied
Level of feedback / suggestions for improvement	Number per annum
Number of department-wide communication events per annum department	Number per annum /
Penetration of communication formats population	Readership as % of
Satisfaction with quality of communications	% of population satisfied
Speed of resolution to enquiries relating to employee benefits	Average elapsed time
Timeliness of communicating employee benefits information	Average elapsed days
Communities of Practice	% of Staff members of CoPs
Knowledge Management	No of registered IP

Preferred Employer C12(D2)
Survey Composite
Survey results on becoming "the" employer of choice in selected, critical positions

Social Responsibility C13(D1)

Rc spent on Social Investment as % of total Revenue Revenue	Rc Social Investment / Total

Employee Relations C12(D3); C8(D5)

Average time for dispute resolution	No of days to resolution
Coverage of union membership	% of population
Lost time occurences	No per annum / per 1000 FTEs
Number of incidences of industrial action	No per annum
Number of lawsuits brought against employer per annum	Number p.a. / per 1000 FTEs
Number of lawsuits won by employer per annum as % of all industrial lawsuits	% of lawsuits
Number of recorded cases of disciplinary action against employees	No per annum / per 1000 FTEs
Number of recorded grievances brought by individual employees	No per annum / per 1000 FTEs
Number of recorded grievances brought by unions	No per annum / per 1000 FTEs
Productivity lost per annum resulting from industrial action	Rc p.a. / head of population
Cost of HR-related litigation	Rc per head of population

Exit / Separation

Average cost of up-skilling outgoing employees	Rc per person
Average length of time for successful outplacement placement	Avg elapsed days per successful
Average time on administration related to retirement	Hours per retirement case
Average time spent related to exit interviews per annum	Hours per interviewer
Costs of redundancy pay-outs per annum personnel costs	Rc per person or % of overall
Effectiveness of exit interview information reports	% satisfaction with qualitative turnover
Rate of early retirements per annum	% of population
Rate of outgoing personnel successfully out-placed	% of outgoing personnel
Rate of personnel made redundant	% of population
Rate of voluntary terminations per annum	% of population

Performance Management C4(D1)(D2)(D3); C9(D1); C9(D3)(D4)

Accuracy/Helpfulness of performance appraisal	% level of appraisee satisfaction
Attainment of performance objectives per level	% of population (per level) evaluated
Average component of performance-related compensation	% of overall compensation
Average time in performance appraisals training	Hours per annum / appraiser
Coverage of personnel involved in objective-based performance management system	% of population
Frequency of review of competency model	Number of times per 3 yr period
Frequency of review of performance measures	Number of times per 3 yr period
Number of employees with quantitative performance targets	% of population
Percentage of employees with below target performance	% of population (per level) evaluated
Time spent conducting/performing annual review activities	Hours per annum / manager
% KPIs linked to company competency	% of KPIs

HR Administration and Automation C5(D3); C5(D4); C8(D1); C9(D2)

Return on investment for funds a company spends on their employees	Revenue – (Operating Expense – (Comp Costs + Benefits Costs)) / (Comp Costs + Benefits Costs)
Percent of co's operating expenses attributed to the cost of operating an entire HR department	HR expense / Operating expense
Percent of a company's operating expenses attributed to an entire HR department	HR Functional Expense / HR Expense
HR FTE Ratio: Total number of FTE employees for each HR FTE	Total FTE / Total HR FTE
HR FTE Investment Factor: Rc per FTE employee allocated to running the HR department	HR Expense / Total FTEStrategic
HR FTE as a percentage of total HR FTE	HR Strategic FTE / Total HR FTE
Total number of FTE employees for each HR department FTE	Total FTE / Total HR department FTE

Workforce DNA C11(D2)(D3); C12(D1); C13(D2)
Diversity Profile
Workforce Employees Revenue Factor
Executive Revenue Factor
Professional Revenue Factor
Executive Headcount Percent
Manager Headcount Percent
Professional Headcount Percent
Office & Clerical Headcount Percent
Adjusted Rc profit added per FTE leverage employees have on profitability

Revenue - (Operating Expense - (Compensation Costs + Benefits Costs)) / Total FTE

Percentage of workforce that is promotable

Recruitment, Selection and Induction C1(D1)(D2)(D3)

% of new hires undergoing orientation training within first month of employment	% of all new hires
Acceptance rate	% of all offers
Average costs of "sign-on" incentives	Rc per hire
Average elapsed recruitment time	Elapsed days
Average job-person fit effectiveness	% manager satisfaction
Costs per hire	Rc per hire
Effectiveness of external recruiters	% of all successful placements
Number of unsolicited resumes/cv's	Number per annum
Rate of successful vacancy fulfilment per annum	% of all open positions
Ratio of internal to external hires	%

Retention

Absenteeism rate by job category and job performance	Days per head of population
Attrition rate of expatriates per annum	% of all returned expatriates
Coverage of employees under long-term incentive program	% of population
Level of employee satisfaction	% of population
Number of employees on flexi-time arrangements	% of population
Number of new hires under affirmative action / diversity programs	% of new hires
Number of resignations by employees identified as "high-potential" all "high-performers"	% of total resignations or % of
Response rates for annual employee feedback surveys	% of population
Staff suggestion rate	Number per annum
Staff suggestion success	Number per annum

Training and Development C3(D1)(D2)(D3)

Attainment of performance goals	% of successful achievement
Average evaluation of training programs	% satisfaction per course
Average training hours per level per annum	Hours
Average training investment per FTE	Rc per person
Average training provided by line managers per annum	Hours per manager
Cost of internal training to cost of external training	%
Cost of training trainers	Rc per internal trainer
Learning penetration	% of total population
Number of full-time dedicated internal trainers per head of population	%
Training investment per annum	Rc per annum

Innovation, Development of Products and Services C6(D1); C7(D3)

Time-to-market	
Development costs	Rc
Customer value due to new products, processes or innovations	Rc
Number of new products / new processes	#
Number of improved products and processes	#
Number of registered copyrights, patents, inventions	#
Number of employee suggestions received and implemented	#

IT Business Solutions Measures C10 (D1)(D2)(D3)

No of Projects successfully implemented	#
No of management employees with access to business information to facilitate decision making	#
Cost of IT Solution	Rc
Cost of development per FTE	Rc per FTE
Cost of solution development as % of turnover	% of turnover

Safety, Health and Environment C12(D4)

Accident costs	Rc per Quarter
Accident safety ratings	Rating
Cost of injuries	Rc per annum
Number of safety training and awareness activities	No per annum
Number of stress-related illnesses	
Average medical and healthcare costs per employee	Medical Benefit costs or Medically related costs / covered employees
Total occupational health and safety costs	Rc per head of population

6.5   Conclusion

The value of functional areas such as HR can be assessed only through their effect on the bottom line and the value they add to line functions by enabling line to improve their own effectiveness and efficiency. Understanding the impact of people and how best to apply it in a line function can be advised by HR. Analysing the result of such application of Human Resources in the business, from both a cost and a productivity perspective, can be calculated using HR analytics such as described in Chapter 6. The efficiency of HR as a function in itself, however, also requires measurement and using metrics such as those described in Chapter 7 allows the business to determine the return on investment for such HR programmes.

An understanding of both the cost as well as the benefits of Human Capital, those who employ the human resource, as well as the function of Human Resource management within an organisation, is what drives the value from Human Assets. In the preceding chapters, those elements that make up such costs and determine the benefits has been explored and listed. HR practitioners and People Managers may select those metrics and reports that will add most value to their business by balancing them against the Human Capital Reporting Framework. The following Chapter provides the recommended reporting elements to be included for Human Capital in company annual reports.