

# **PEOPLE AND PERFORMANCE**

## **Measuring the Impact of Human Capital**

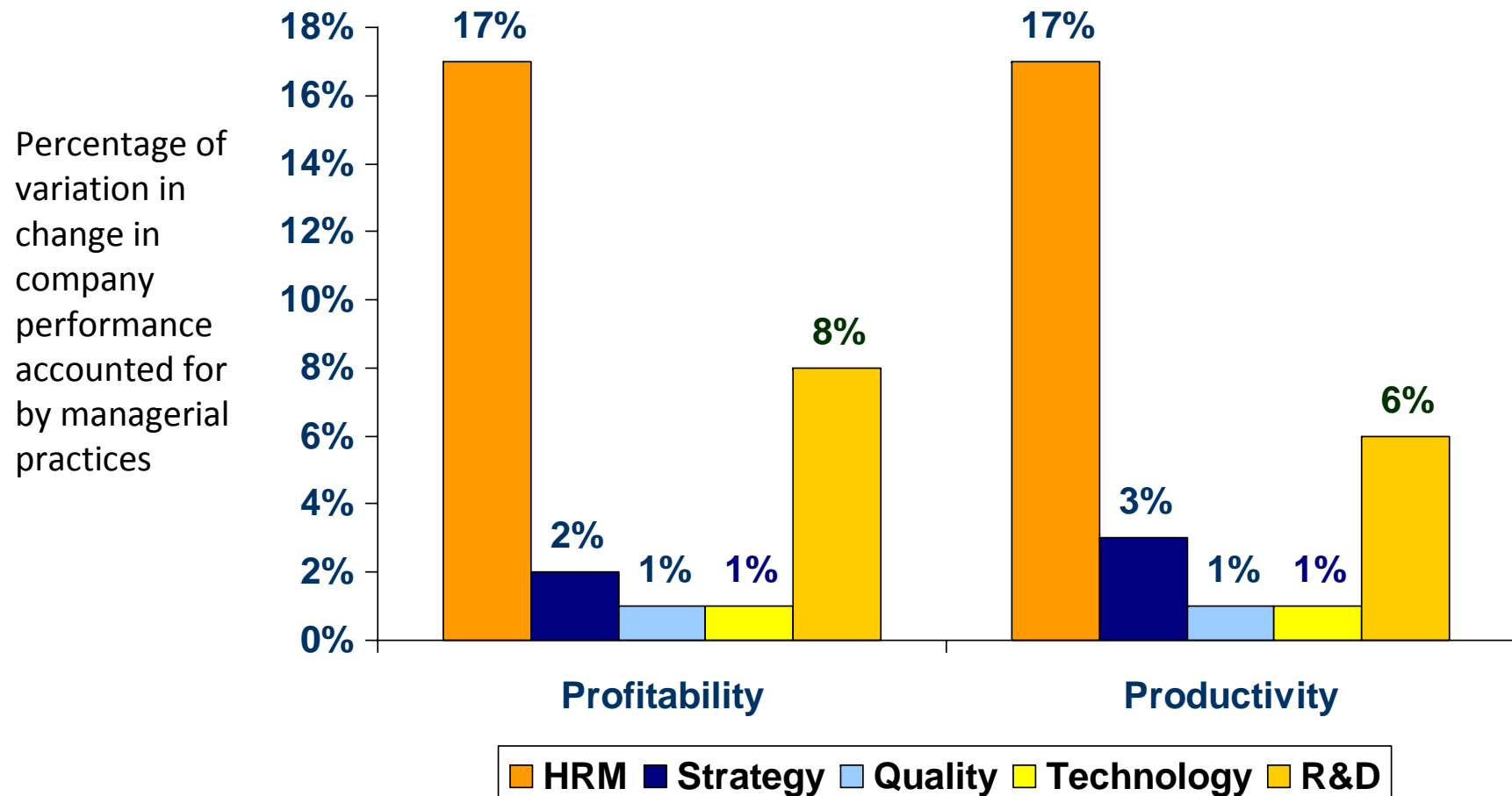
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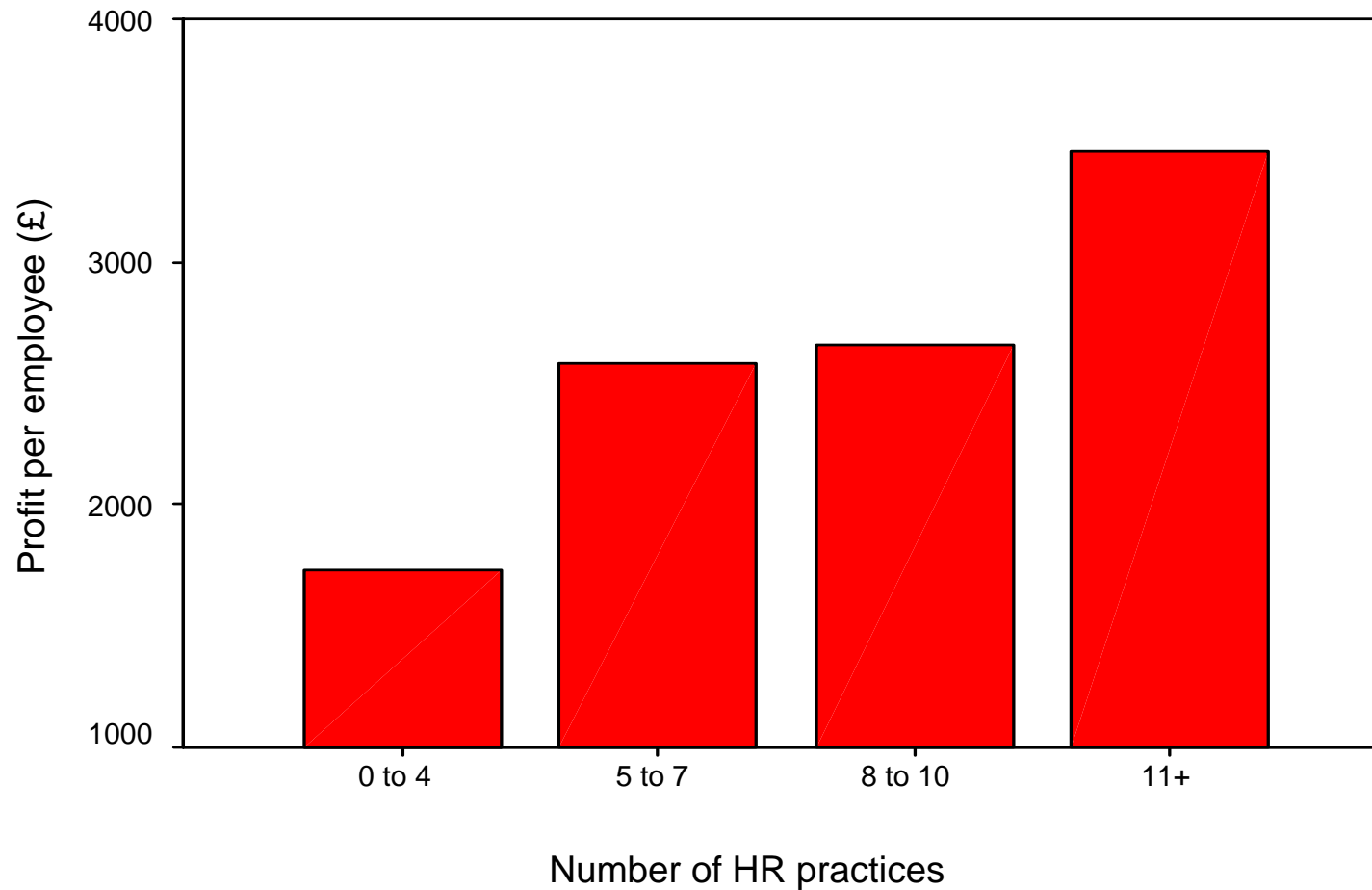
# RESEARCH TO DATE

- If people management exists performance exists ( $x+y$ )
- If people management exists, engagement exists and performance exists ( $x+z+y$ )
- If people management exists it creates the conditions for performance ( $y \rightarrow x$ )
- People management causes high levels of engagement which causes higher performance ( $x \leq z \leq y$ )

# People management and development practices have the biggest influence on company performance

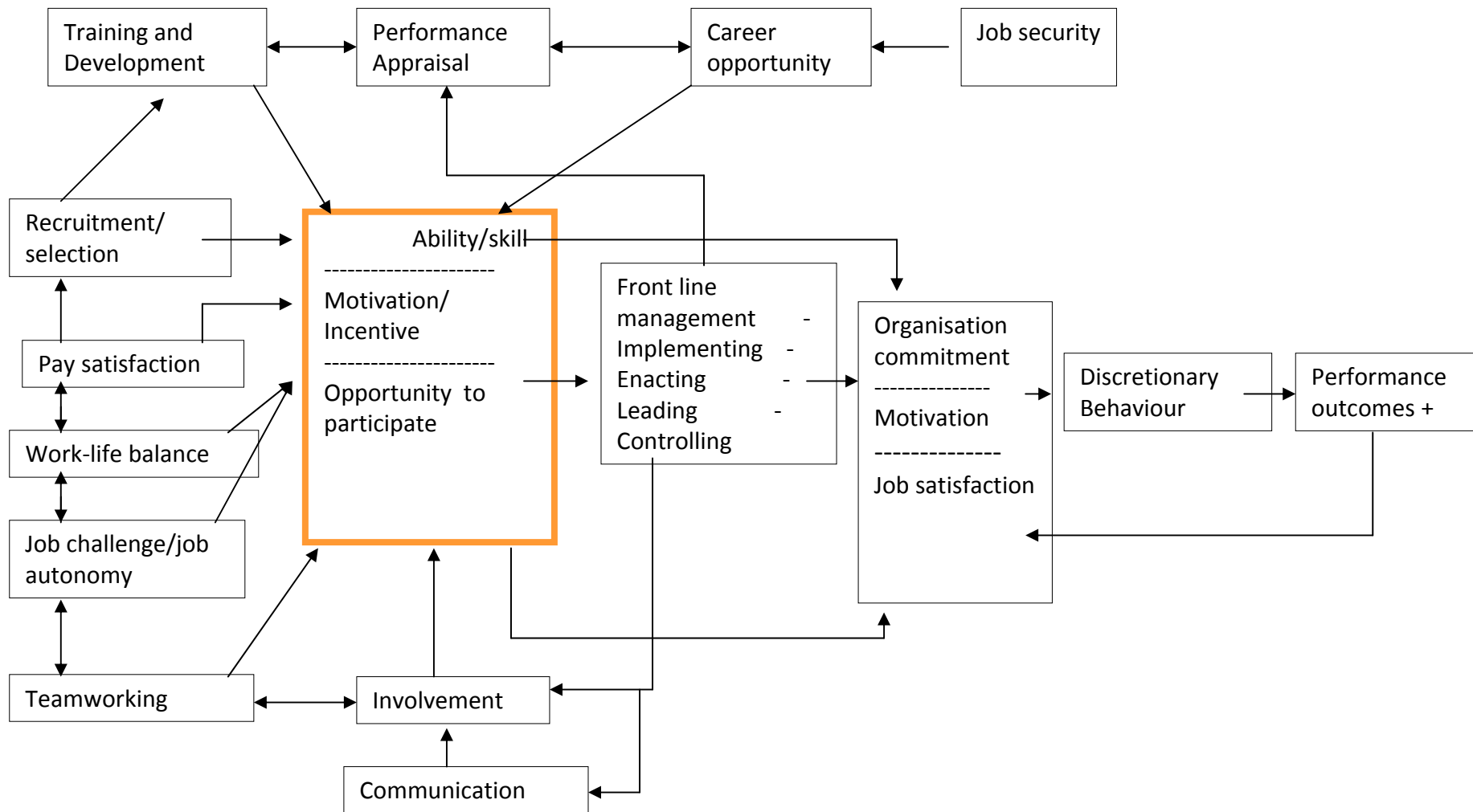


# The CIPD Future of Work research: profits per employee increase with the use of HR practices



Source: FoW (N=297)

# The People and Performance Model



# High Performance

Strong performance over time

Better performance than peers

Management for the long term

Adaptability to change

Integrated and aligned management structure

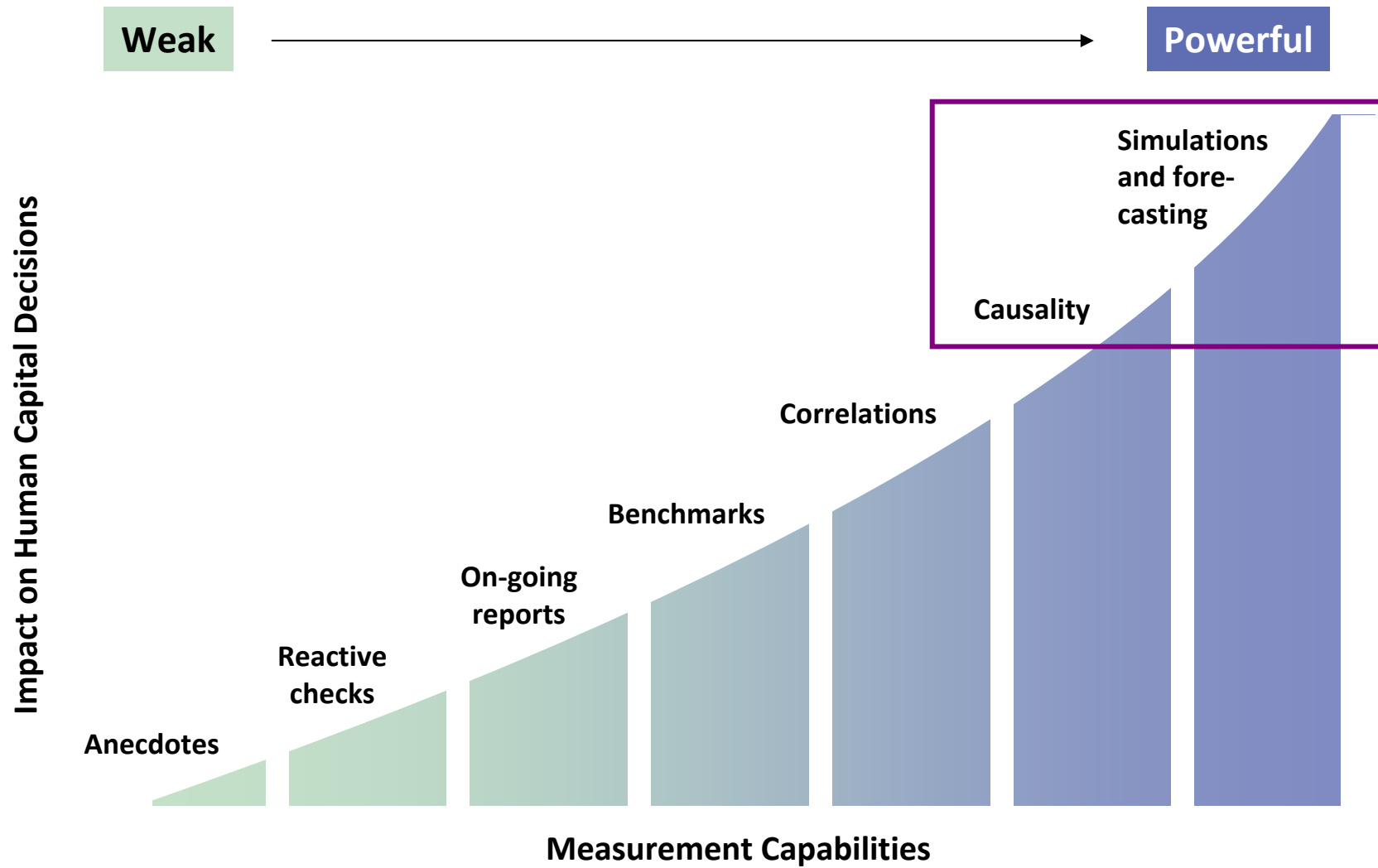
Continuous improvement of core capabilities

Treating employees as main asset.

# Measuring Contribution

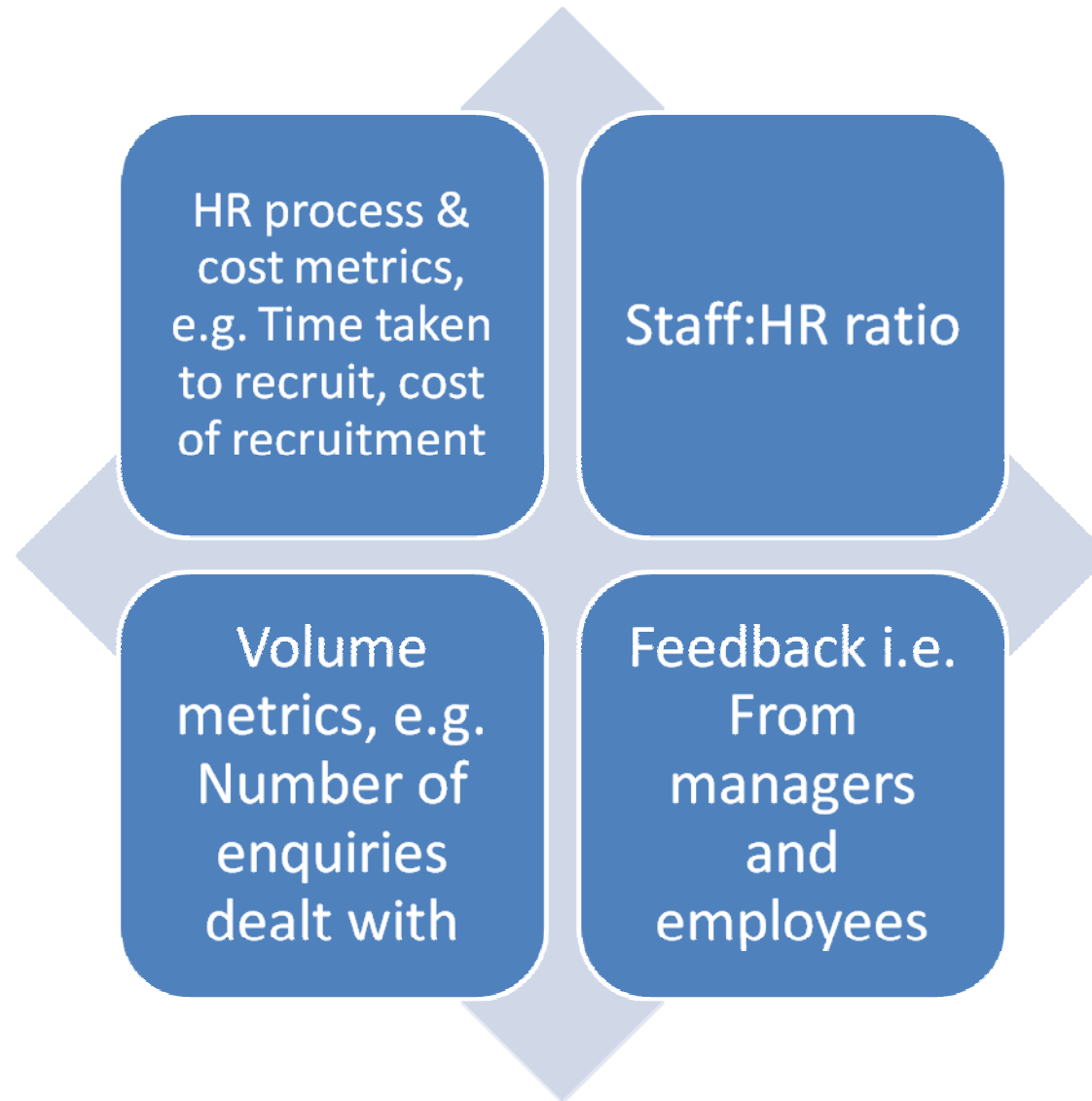
- HR Effectiveness
- Value of Human Capital
- Line Manager intervention
- Translating human Capital into Value
- Measuring strategy implementation

# HC Measurement Spectrum

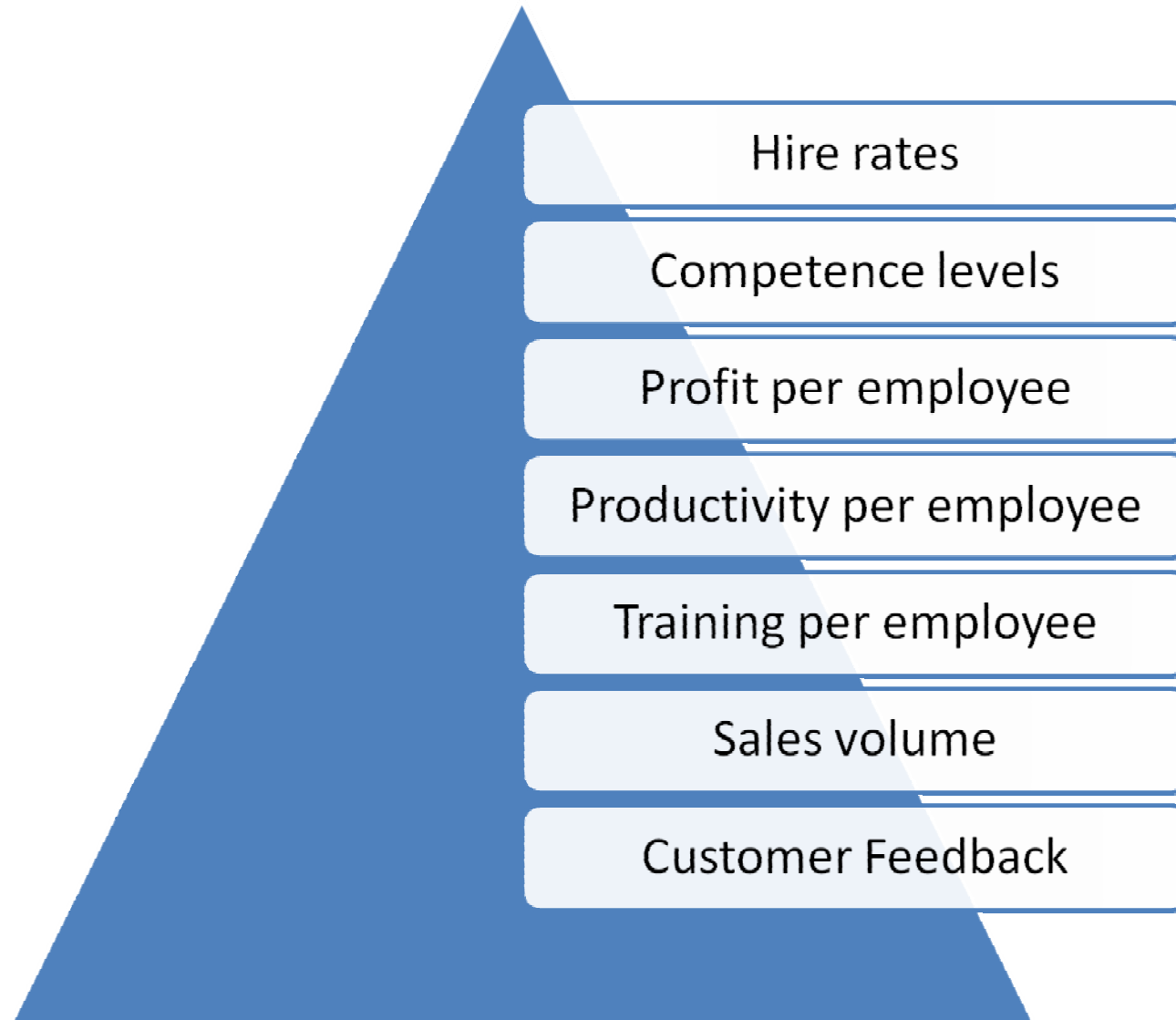




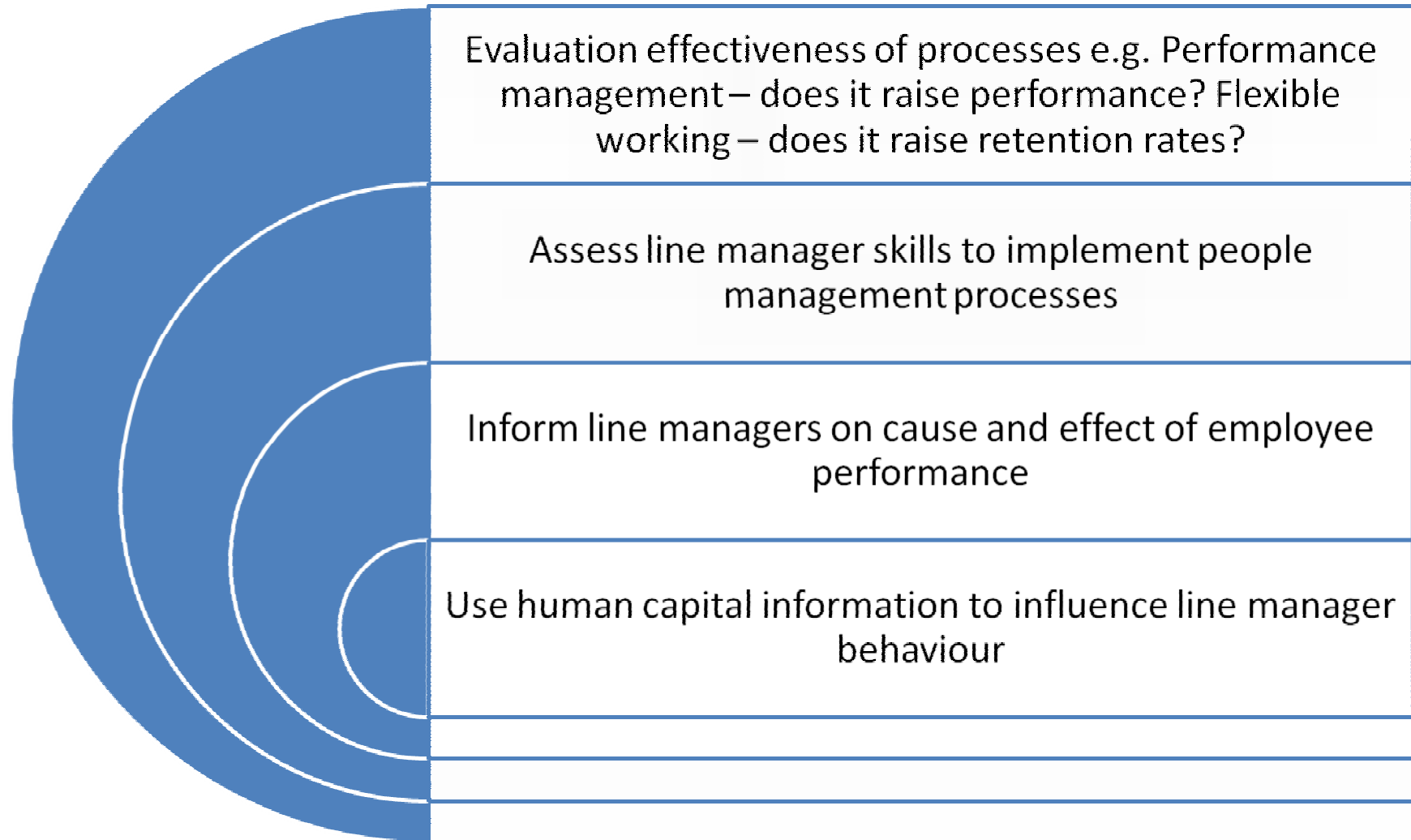
# Measures of HR Effectiveness



# Value of Human Capital



# Line Manager Interventions

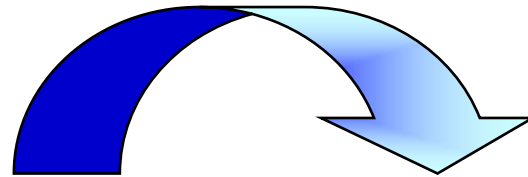


## Converting Human Capital into Intellectual Capital

### Human Capital



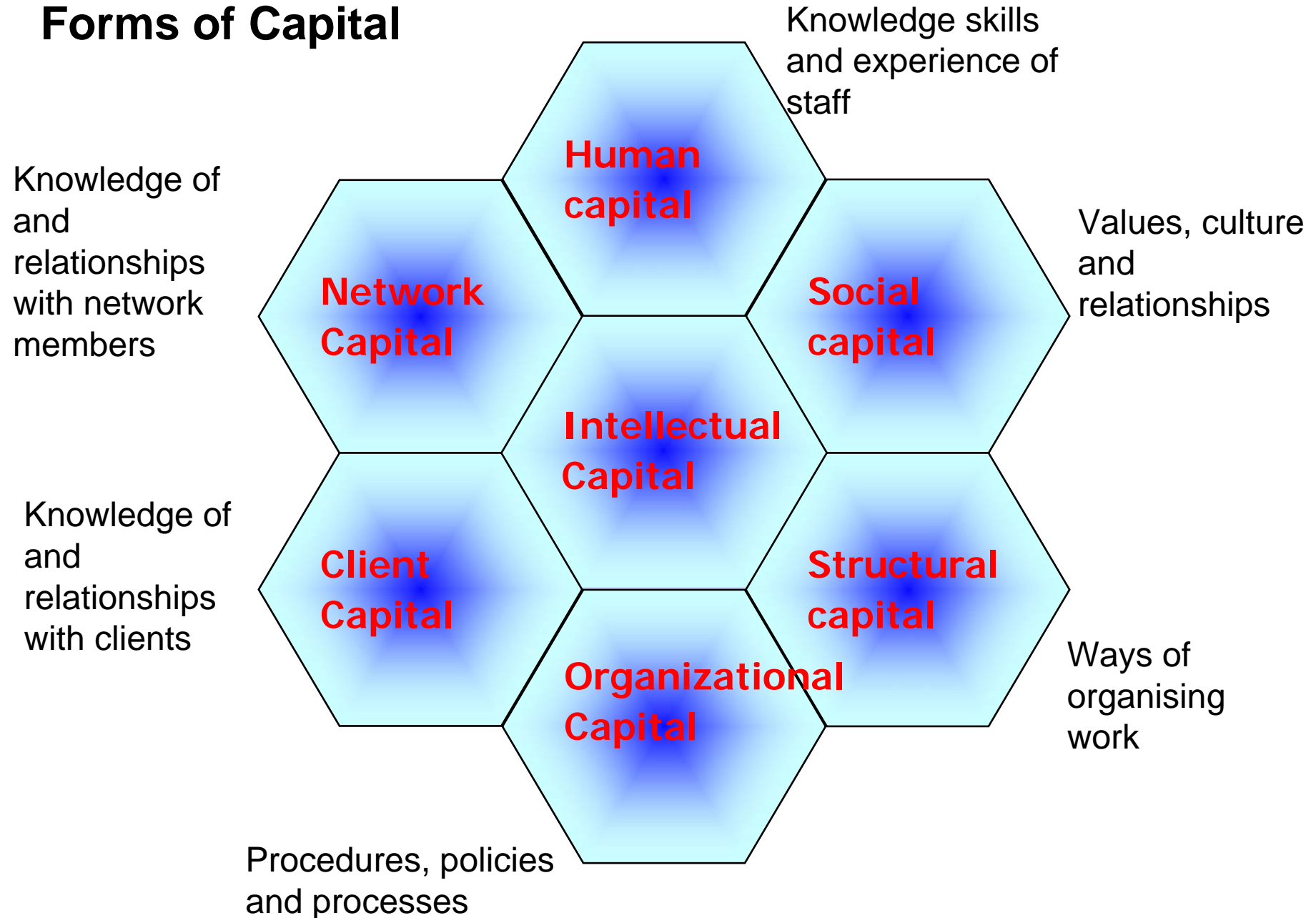
Conversion  
Process



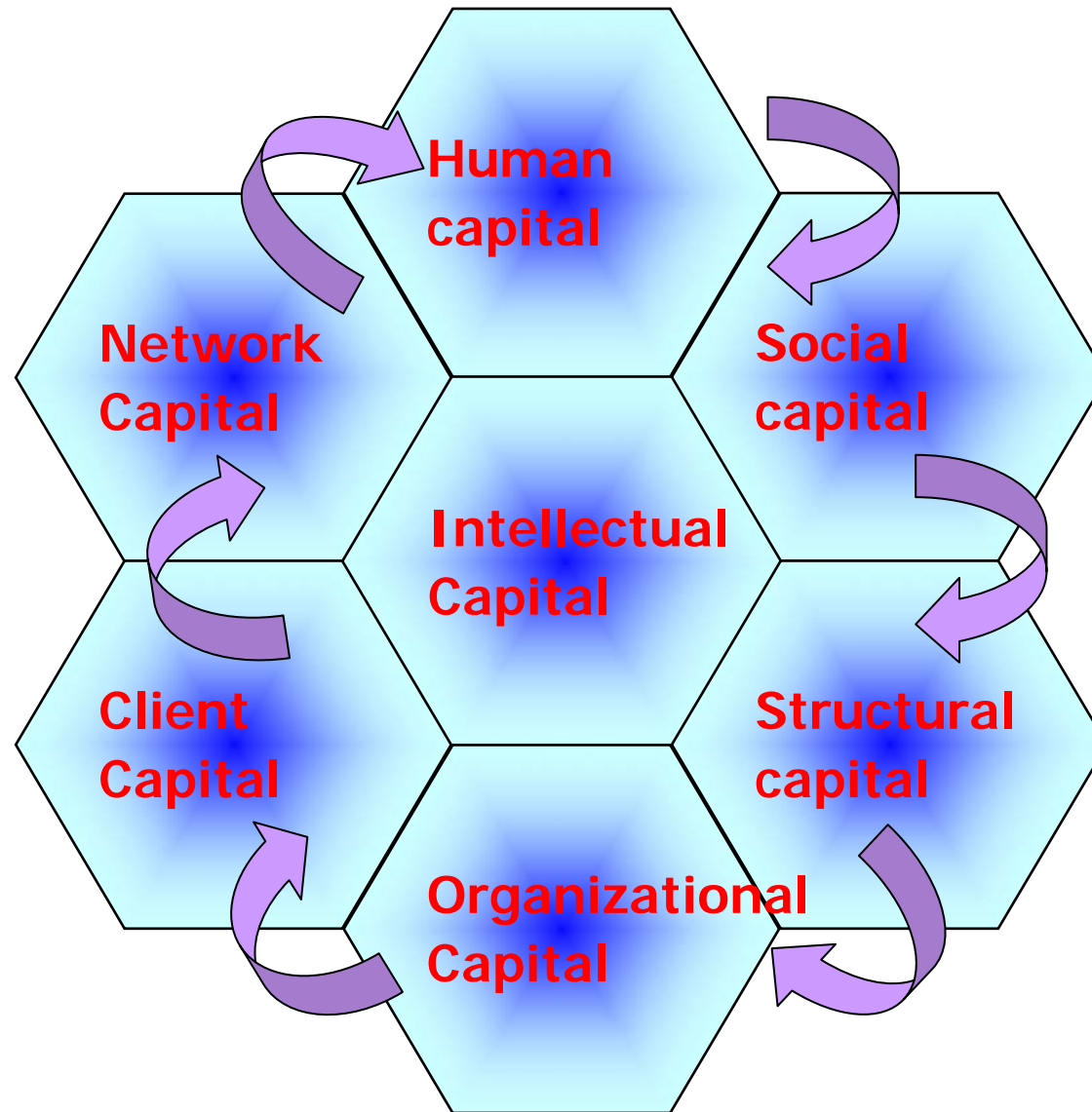
### Intellectual Capital



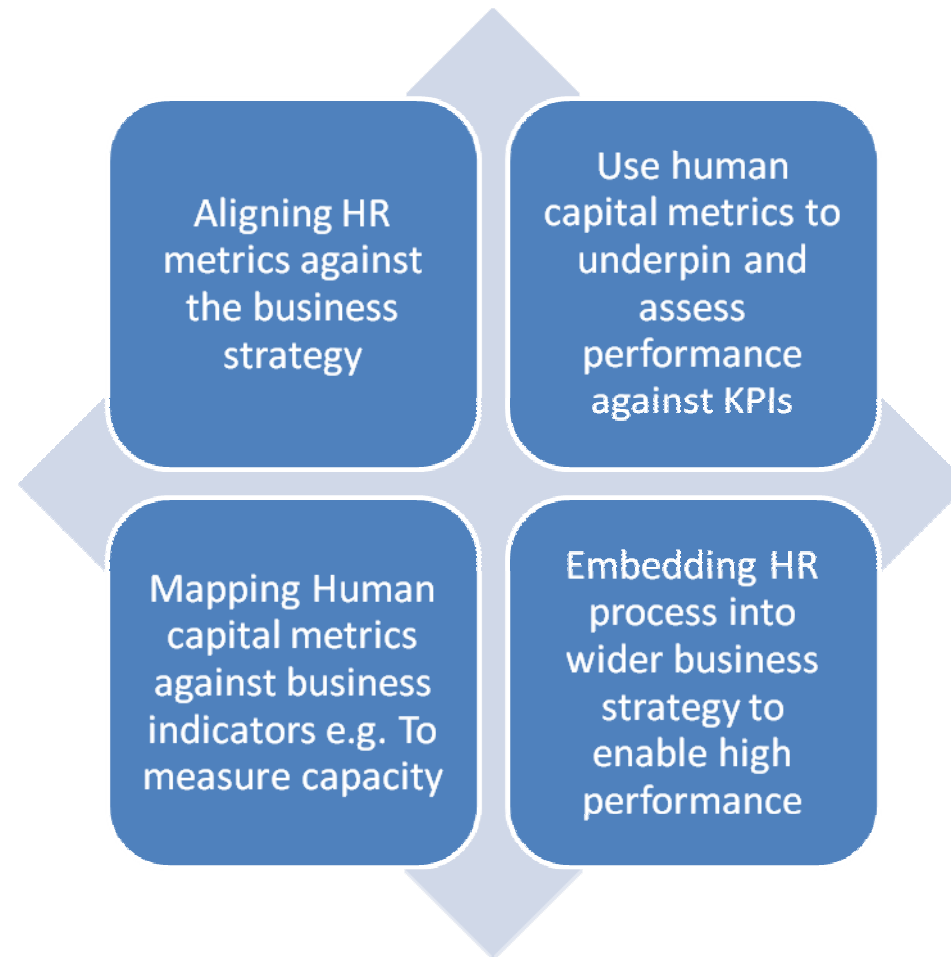
# Forms of Capital



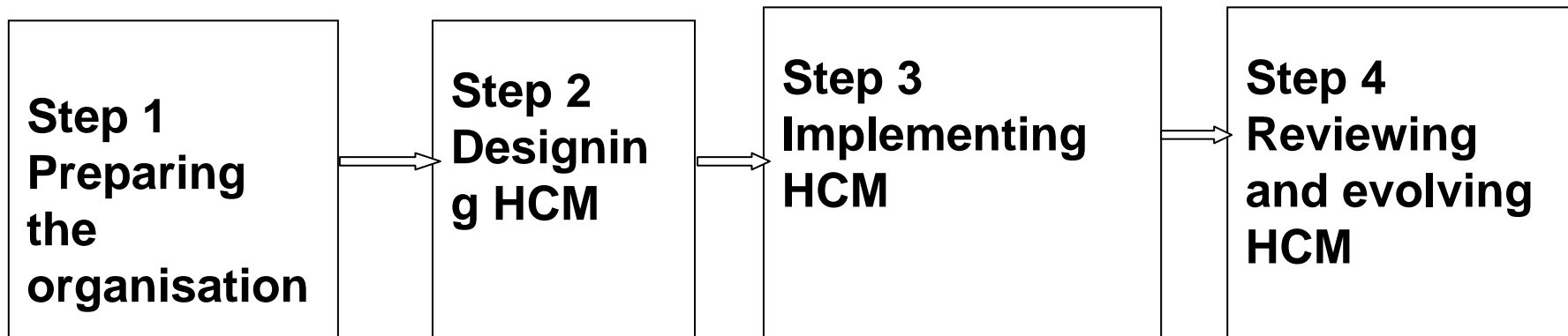
# Integrating Forms of Capital



# Measuring Strategy Implementation



# The Process of Human Capital Management





# Preparing the Organisation

Demand for information


Management awareness

HR Role in strategy

HR Input to external information

HR Skills


Decide what the aims and objectives of HCM should be.




Identify data available and what is required.



Agree basis for analysis and correlation between data.



Agree actions and feedback to review and refine measures and analysis.



Report to managers and other stakeholders.

## Review and audit HR data which is currently generated

Ensure all data is collected consistently i.e. using the same collection formula and is accurate

Review usage of the data and any data protection restrictions in extending its usage



## Map this against the data requirements of human capital management

Use the boxes in figure 1 as a guide to the data which may be required to progress towards HCM aims and objectives

Review manager and executive demand for data and information on human capital



## Identify and fill the gaps

See Appendix 1 for a selection of questionnaires which may be used to collect

Review existing data collection processes to ensure the right data is being collected and

# IMPLEMENTING HCM

## Step 1

- Involve all stakeholders in the design of the process above
- Communicate the outcome, the aims and objective and the actions to be taken with clear guidance on what this means for everyone involved

## Step 2

- Put the actions in place to collect data, develop measures and analyse the results
- Ensure expertise is available to both collect and interpret the information

## Step 3

- Prepare reports for managers, ensuring that they understand what the data means and what actions should be taken
- Put processes in place to collect feedback and to refine and review information gathering

# Feedback and Review

## Step 1

- Build in feedback loops on all HCM information produced. ensure all feedback is systematically collected and analysed.

## Step 2

- Regularly review demand for information to ensure only relevant, consistent and accurate information is being communicated.

## Step 3

- Review objectives periodically to ensure they are still aligned with wider organisational objectives

## **Question and Comments**