A GUIDE TO THE KEY ATTRIBUTES OF
THE IDEAL HUMAN CAPITAL MEASUREMENT SYSTEM

Looking for a human capital measurement system to assess your work and learning environment – or perhaps to tie your training activities to business results?

Here's a good place to start: the ideal measurement system must have at least six key attributes: it should be descriptive, credible, predictive, detailed, actionable, and cost-effective.

Any system lacking in one (or more) of those attributes will be highly unlikely to meet your expectations – and may well be a recipe for endless frustration, wasted resources, and false hopes.

So let's explore these six attributes in additional detail:

Descriptive. At a minimum, your measurement system should produce summary statistics that provide a clear and succinct summary for each issue of interest. Descriptive data tends to focus on the occurrence of a phenomenon of interest, its frequency, or its intensity. For example, descriptive statistics might help you monitor the degree to which a targeted best practice is (or is not) actually being implemented throughout your organization.

Credible. Your measurement system must be designed to provide credible and unbiased insights needed to improve business results. Typically, any system designed primarily for the purpose of self-justification is quickly seen as suspect and is given little credence by senior executives. (Many ROI initiatives fall into this category.)

Predictive. The statistics produced by your organization's measurement system should help you predict where your organization is headed. Predictive measures are those that have been linked to the organization's capability to produce positive business results (see Part III for more details).

Detailed. The information produced by your measurement system must be sufficiently detailed and disaggregated to provide the insight needed to take action. For example, unless your statistics on a given issue were disaggregated across departments or business units, any possible interventions might not be targeted enough to be successful. You want details, not just general facts.

Actionable. You want information on those issues over which your organization can exert influence; other items (however interesting they may be) are close to useless in your desire to take action to drive positive business results. The best example here is a counter-example: one well-known measurement system (the Gallup Q12) includes a measure on whether or not employees have a best friend at work. While this is indeed an interesting statistic (and might even be predictive and detailed), it is not an actionable piece of information and hence does not belong in your measurement system.

Cost-effective. As important as a powerful measurement system is to a well-managed business, it must also be cost-effective and easy to implement, or its costs may outweigh whatever improvements it's bringing.

In sum, if you're looking to improve your ability to measure and manage your human capital, make sure that any measurement system you decide to use has these six attributes.

And what if you already have a system in place that's lacking one or more of these qualities? Seriously consider the effects of its deficiencies – do you have the information that you need – and can you use it as effectively as you'd like? Your organization's success depends on the effective management and development of its human capital – you need the most credible, most actionable information available to you as you seek to improve business results.

For more information about McBassi & Company or its services, please feel free to contact us:

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