

LEADERSHIP SERIES



A MINDSET BOOKLET

MEASURING
HUMAN
CAPITAL

WHAT'S COMING & WHY IT MATTERS

Kimble Greene, PhD

Measuring Human Capital: What's Coming & Why It Matters

Leadership Series
A Mindset Booklet

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Measuring Human Capital

*What's Coming
&
Why It Matters*

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“Human capital will go where it is wanted, and it will stay where it is well treated. It cannot be driven; it can only be attracted.”

Walter Wriston



The global pandemic hasn't only forced corporations and employers to rethink physical health and safety, it's placed a spotlight on the importance of mental health, with a laser beam intensity. As a result, what employees are thinking and feeling has cascaded beyond the effects of the pandemic and into the new workplace culture.

You may have heard people talking about the '[great resignation](#)'. According to the U.S. Bureau of Labor Statistics, 4 million Americans quit their jobs in July 2021. This is due, in part, to employee dissatisfaction around how they are treated and compensated in the workplace. NPR contributor Andrea [Hsu](#) reports, "many are rethinking what work means to them, how they are valued, and how they spend their time." Across the globe, the valuation of human capital is changing rapidly.

As a result, there's a great deal of talk about the importance of 'human capital' including how to measure and develop it. What exactly is human capital? "The term human capital refers to the economic value of a worker's experience and skills. Human capital includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality. As such, it is an intangible asset or quality that isn't (and can't be) listed on a company's balance sheet. Human capital is perceived to increase productivity and thus profitability. The more investment a company makes in its employees, the chances of its productivity and success becomes higher", according to [Investopedia](#).

WHAT'S COMING

On one hand, it's uncomfortable being thought of as capital. On the other hand, the factors underlying each employee's value such as mindset, mental health, and loyalty have been unacceptably overlooked and, until recently, largely unmeasured. Now, a spotlight has been aimed squarely at the importance of the mental and emotional health of the employee, for the benefit of both employers and employees.

Recently, the ISO (International Standards Organization), "developed the standard ([ISO 30414](#)) that will enable organizations to gain a better understanding of their impact on staff and help maximize employee contribution for long-term success." Dr. Ron McKinley, Chair of the ISO technical committee that developed the standard, said "Workforce reporting is about rethinking how organizational value should be understood and evaluated, and allowing for more data-driven decision making across workforce management." Additionally, the [SEC](#) has on the table a "rulemaking petition to require issuers to disclose information about their human capital management policies, practices and performance." The passing of this rule will require additional metrics to comply with these new regulatory standards.

As a result, there's likely to be increased focus on the employee's mindset, perspective, experience, and needs when it comes to workplace culture and productivity. This shift from prioritizing the needs of the corporate entity to including the needs of the individuals that make up those corporate entities is a long time coming and clearly a high priority or organizations like the [SEC](#) and [ISO](#) would not be as attentive. In fact, these amended requirements are already being pushed through [Congress](#).

So, what does all that mean for employers and employees? Here's how it's likely to play out. Companies like [2DaysMood](#) are already distributing comprehensive tools for measuring workplace 'mood' and culture. *"2DAYSMOOD has given Eastman a comprehensive insight to our employees happiness and engagement at work and in life. The software provides such essential and pinpointed data to allow managers to take the temperature of their teams and make changes as necessary to become more high functioning. We have been delighted with 2DAYSMOOD and look forward to what else it can do for us!"* says Trevor Stevenson, Vice President at Eastman Machine.

Corporations are eager to scoop up these human capital data measuring tools as they will serve well the need for understanding and strategizing when it comes to how workplace culture affects the bottom line. Those tools will also support compliance with regulatory standards. There are clear benefits for employers in measuring human capital.

For employees, there will be a less than majorative sector of the workforce eager to share their feelings and perspectives when it comes to their experience in the workplace, i.e., how they are treated, valued, and developed. The majority however, used to keeping their feelings and opinions in check in the workplace, for various reasons including job security, will be reluctant to share their ‘real’ feelings and thoughts even with the promise of anonymity.

The well-perpetuated code of silence that when you enter the office you leave your feelings at the door has been propagated for a reason, many in fact. Research has shown that employees have a general and overriding fear of sharing their opinions and feelings at work. According to [Business Insider](#), “the majority of U.S. employees — regardless of gender or seniority — feel they cannot share an idea, opinion or concern at work due to a fear of disrupting their role at their company.” There are many reasons for this with most pointing back to employees not wanting to be judged or treated harshly because of their viewpoints.

Despite the trend over the last decade towards workplace authenticity and vulnerability, especially among leaders, the prevailing emotional culture remains one of silence. What this means for metrics related to human capital is inaccurate measurements resulting in misguided strategies, wasted time and money, and a large learning curve for the employers and employees.

WHY IT MATTERS

So, why does any of this matter? The reasons it matters to corporations and leadership are obvious - compliance, the bottom line, and company sustainability. The reasons it matters to employees, and it does matter a great deal, are multi-faceted and not as easily identified.

First, and less personal, is corporate sustainability = job sustainability. When business and businesses go away, jobs go away. Historically, we’ve shifted from the Industrial era to the Information era and now we’re on to what many are calling the Experience era. Job descriptions and requirements have shifted and are doing so even more rapidly over the past year. Business and industry require different skill and mind sets from their employees, more so than even a decade ago.

In the past 2 years, due in part to the global pandemic, there have been significant changes in how we work and how business is conducted. Innovation is the name of the game, and companies interested in remaining vital and sustainable are shifting how they operate, what they offer, and how they employ people along with AI to keep up with the rapidly changing industrial landscape. In a recent Forbes article, Bernard Marr [reported](#), “In 2022, we will

see artificial intelligence continue along the path to becoming the most transformative technology humanity has ever developed. According to Google CEO Sundar Pichai, its impact will be even greater than that of fire or electricity on our development as a species.”

While AI will certainly augment the workforce, it will not, at least in our lifetime, replace the workforce. Human capital is necessary for the vitality of business and industry. In fact, it’s necessary for the continued evolution of humanity and our planet. Sustainability permeates every aspect of life on earth and human capital is essential for a sustainable future.

Second, and more personal, there is a worldwide crisis of spirit underway. It’s no secret that people across the globe are struggling – emotionally, mentally, physically, and spiritually. The [NIH](#) reports, “Mental and substance use disorders are now the leading cause of disability worldwide.” And, those are just the official numbers, the tip of the iceberg if you will. People everywhere feel confused, powerless, and hopeless in varying degrees as ‘normalcy’ in every aspect of our lives continues to experience upheaval: economics, politics, health, safety, climate, product availability, transportation, socialization, and more.

The numbers are hard to ignore, in fact the American Psychological Association reports over 75% (2019) of adults experience mental and emotional struggles with things like stress, sadness, overwork, addiction, anxiety, intense thoughts, overwhelming feelings, relationship struggles, failure to achieve goals and more. These ongoing struggles contribute to physical and psychological challenges that impact life on every level including relationships, work, finances, health, energy, cognition, mood, habits, etc. With the onset of the global pandemic in 2020, that percentage of people who experience unwanted cycles or stubborn blocks has increased along with the depth and scope of struggles people are experiencing.

People are scared and unsure of their futures, both personal and professional. This generalized insecurity spills over from our personal lives into the workplace. And, as corporations are compelled, and even required to assess the state of mind of their human capital, they’re likely to find the same mental and emotional struggles evidenced in the aforementioned statistics.

SOLUTIONS

This makes the need for the implementation and seamless acceptance of human metrics in the workplace even more essential - for employees and employers. The implementation of the metrics boils down to effective strategies, measurement, evaluation, and above all

accuracy. Fortunately, measurement is more systematic than is the acceptance of these measures by the workforce. As mentioned earlier, employees are likely to fall into 2 categories with regard to having the pulse of their thoughts and emotions evaluated – tolerant and resistant, with the latter being the majority.

Tolerance regarding these new regulatory standards requiring the measurement and reporting of human capital will be established with information, transparency, and trust. Employees will want and have an indisputable right to be informed about the who, what, why, when, and how their moods, feelings, opinions, and experiences are being measured. The workplace culture is becoming more personal than ever before, and employers can expect resistance, suspicion, and intimidation. That said, the more we know and understand, the more accepting and tolerant we are – this is human nature.

Transparency goes hand-in-hand with authenticity. Increasing the tolerance of employees to having their feelings and opinions become part of the workplace culture and data base is built on the foundation of a transparent agenda. Employees will want to know why this information is important to the employer, how it's going to be gathered, along with the outcomes of such metrics. For the employer, it's really all about delivery, beginning with clarity of communication.

Third, and perhaps most crucial, is measurement of human capital provides an opportunity for employees at all levels to utilize workplace opportunities and benefits in ways that support both personal and professional development. A recent [HBR article](#) by leadership experts Warren Bennis and Robert J. Thomas, *The Crucibles of Leadership* points out, “our recent research has led us to conclude that one of the most reliable indicators and predictors of true leadership is an individual’s ability to find meaning in negative events and to learn from even the most trying circumstances.”

This is as applicable to the average employee as it is to leadership. A crucible is, by definition, is a vessel or experience that facilitates transformation. If employers want their human capital to scale sustainability and profitability, they must create a culture of appreciation, growth, and transformation, both personal and professional, for all employees, including their leaders.

As a translational researcher, I have spent the last 20 years focused on human and organizational transformation and development. Frontier sciences such as epigenetics underscores the fact that we are primarily beings of energy and belief, rather than merely bodies of matter and cognition. [Dr. Bruce Lipton](#) implores us to understand, “Positive thoughts have a profound effect on behavior and genes but only when they are in harmony with subconscious programming. And, negative thoughts have an equally powerful effect. When we recognize how these positive and negative beliefs control our biology, we can use this knowledge to create lives filled with health and happiness.” Similarly, employers

can use this research to successfully implement human capital metrics while creating strategies based on the outcomes, benefiting both employee and employer.

Blending the wisdom of these frontier sciences, including psychology, neuroscience, epigenetics, and quantum physics, I have successfully facilitated individual transformation in thought and behavior along with evolutionary leadership development. My approach emphasizes the impact of your beliefs coupled with your inherent ability to change, thereby re-establishing and re-directing the progression and unique quality of your life moving forward. In other words, we continually transform our minds, personalities, bodies, and circumstances based upon our beliefs which organically direct all thoughts, feelings, and behaviors. It's no longer simply a matter of being hostage to your genetic makeup, DNA, patterns, or intrusive thoughts and feelings. This groundbreaking research has transformed the way we view and manage whole being health and quality of life along with each person's inherent ability to create and sustain internal and external change. These findings are critical for workplace culture change and enhancement along with leadership development.

The cumulative effect of the wave of changes across industries, regulation, health, and the planet has resulted in, "Organizations of all sizes are racing to develop their leaders, spending over \$370 billion a year globally on leadership training. Yet research shows that almost 30% of bosses are toxic," reports Mita Mallick in a recent [HBR article](#). If billions of dollars are spent on employee and leadership development, effective and lasting approaches are vital. The development of employees, managers and leaders must change if the desired outcome is workforce and corporate sustainability, not to mention profitability.

It is incumbent upon employers and leadership to utilize these findings, along with metrics such as [2DaysMood](#) as they navigate the new era of experience and the demands made, now and in the future, to change the way human capital is evaluated and treated. Human capital matters and the way corporations measure, evaluate, and facilitate cultural workplace change is the name of the game – this is the new face of sustainability and the future.

Dr. Kimble Greene has been transforming lives and empowering leaders for 35+ years. She holds a PhD in Psychology and expertise in agency administration, strategic consulting, and personal/leadership development. Kimble is internationally acclaimed for her game-changing approach to personal transformation and evolutionary leadership - *The Monarch Method*[™]. Kimble's globally recognized method along with her groundbreaking philosophies (The Catalyst Factor) are a unique blend of psychology, neuroscience, epigenetics, and quantum physics that takes her clients on an enriching journey of self-evolution and empowerment. Kimble's approaches, her expertise, and unassuming style makes her unique work with individuals and leaders transformative. She is the author of several books including the Amazon #1 bestseller - *You Are Not Broken*; *The Power to Thrive: When surviving is no longer enough*; *Powerful Beyond Measure: The pathway to evolutionary leadership*; *One: Embracing Life & Illuminating Your Spirit*; and *The Monarch Method*[™] 6-book series.