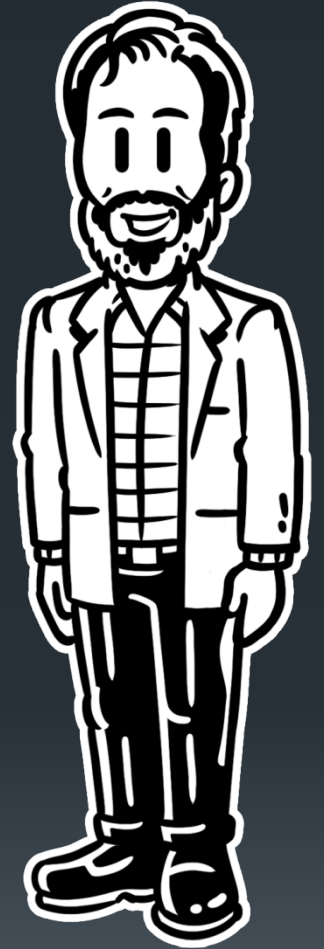


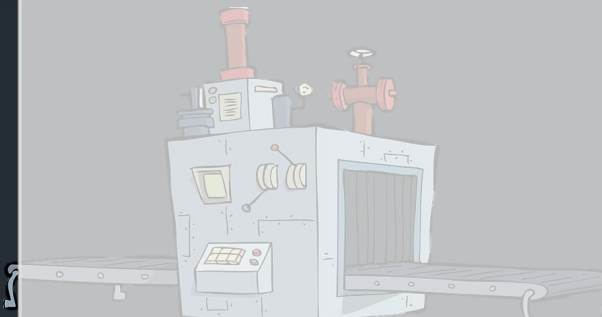
Intro to Human Capital

Why would you consider humans as capital?



Dr. Steve Ellis
AETC Det 62

Assets or Liabilities?



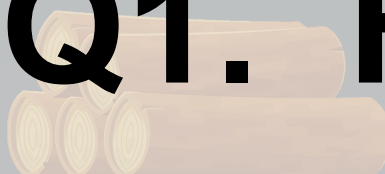
Equipment



Accounts Receivable



Bob



Material



Facilities



Taxes



Inventory

Q1. How do you classify Bob?

Balance Sheet

As of December 31, 2016 (000s)

Assets		Liabilities	
Cash	481	Accounts Payable	625
Marketable Securities	1,346	Current Portion L-T Debt	1,021
Accounts Receivable	1,677	Taxes Payable	36
Inventory	2,936	Accrued Expenses	157
Prepaid Expenses	172	Current Liabilities	1,839
Other Assets	58		
Total Assets	6,670	Total Liabilities	4,171
Gross Value of Property, Plant & Equipment		Owner's Equity	
2,019		Common Stock and Paid-in Cap	194
Accumulated Depreciation		Retained Earnings	4,009
(664)		Total Shareholders' Equity	4,203
Net Property, Plant, Equipment			
1,355			
Note Receivable	349		
Total Assets	8,374	Total Liabilities and Equity	8,374

What the Company Owns

What the Company Owes

Shareholders' Equity

Investing in Assets

Capital improvements increase the value of assets and should result in a measurable ROI

Q2. Can all investments be measured by ROI?

+

=



Human Capital

Q4. If you can measure the economic value, can you measure the economic value of improving these attributes of humans?

Human Capital Investment

- Knowledge

- General Education, Career Education, Professional Development

- Skills

- Formal training & OJT

- Abilities

- Health, Fitness, Intelligence

- Attitudes

- Desire to remain, employee engagement, punctuality, attendance

Q5. How can employers invest in their employees to improve these areas of human capital?

Human Capital Development

Q6. How does investing in human capital generate a return on investment?

- Knowledge

- After Gen Ed, leadership and management training is shown to have some of the greatest ROI

- Skills

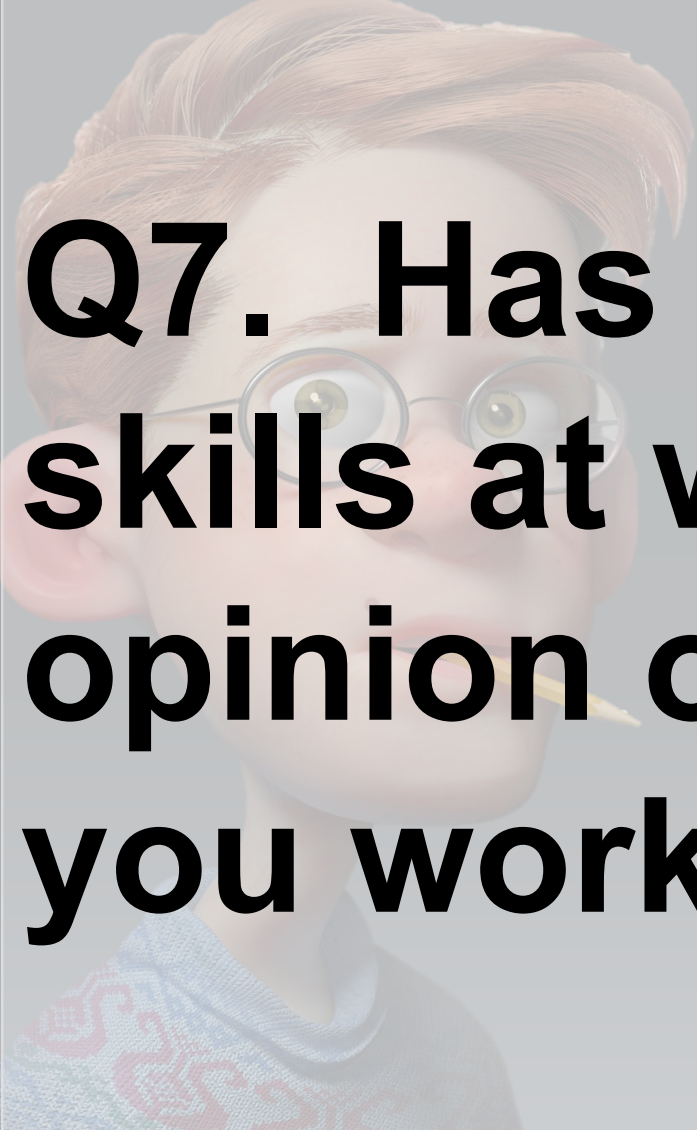
- Formal training & OJT improve productivity

- Abilities

- Employee health and fitness programs have been shown to improve productivity and reduce absenteeism

- Attitudes

- Employee engagement and belief in the mission of the organization reduces turnover and retraining costs



Q7. Has gaining additional skills at work changed your opinion of the organization you worked for?

- Organizational climate correlates to employee satisfaction ($r=.67$)
- Employee satisfaction correlates to productivity ($r=.42$)
- Knowledge and expertise gained through workplace education & training accounts for 15% of 40% in lifetime earnings
- The knowledge-based economy depends less on expertise and more on “Flexpertise”

The Impact of Human Capital Investment

Q8. Give examples where upskilling a workforce impacted learning, productivity, engagement, or society.

- Education and Training leaders measure learning outcomes
- Work leaders look for productivity gains
- Business leaders look for employee engagement
- World leaders look for societal growth (Human Capital Index)



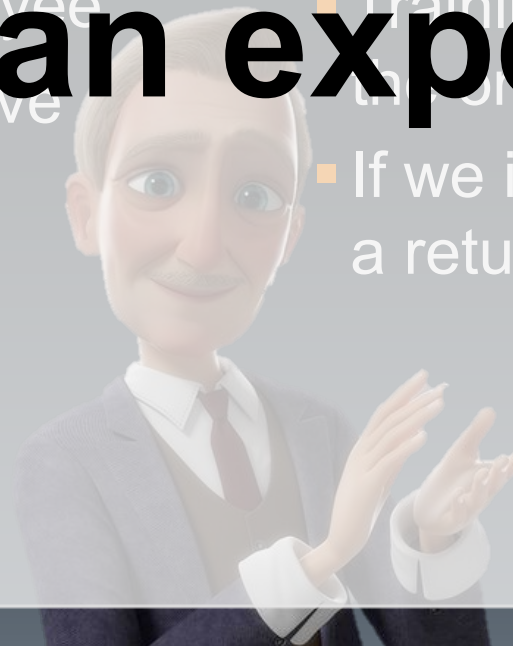
Business Management Vs. Human Capital Philosophies

- People are a commodity (Labor)
- Spending on people programs is an avoidable expense

- Hire the workforce you need
- Training benefits the individual
- Training is a reward for the employee
- If we invest in people they will leave with our investment

Q9. Is workforce education and training an expense or an investment?

- People are an asset (Capital)
- Spending on people programs is an investment in the organization
- Grow the workforce you need
- Training benefits the organization
- Training is essential to the growth of the organization
- If we invest in people they will provide a return on investment



Questions

