

Berliner Balanced Scorecard: The Employee Perspective

1st edition

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The 'Berliner Balanced Scorecard' approach demonstrates that the perspectives of the Balanced Scorecard are linkable and that each of them can be calculated. At the same time, the approach faces the challenge to quantify human resource capital.

1 Introduction

Today, within the era of globalisation, the recognition and evaluation of intangible assets according to IAS/IFRS or rather of human capital is on the agenda, at least since January 1st, 2005. Nevertheless, human resource accounting is a rather young research area, which still has to prove itself. In practice this is considered as a challenge. Business teams in companies are beginning to face this finance – and capital market-oriented as well as personnel management task.

Currently, the working group 'Intangible Assets in Accounting' of the Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. is demanding an 'Intellectual Property Statement' in order to complete the companies' annual report. Especially for the 'Human Resource Capital' a number of indices, useful for investors, is required. Background is the consideration of human capital as a value driver, which is responsible for the company's success and market capitalisation.

For that reason, different initiatives have been founded in order to develop evaluation standards and – methods for human resource capital, which are widely applicable. Unfortunately, the success is not apparent, yet.

Within the internal accountancy the entry and evaluation of intangible assets respectively human capital is voluntarily as far as they do not support an external assessment.

A first thought is that the single development measures in the field of education are reviewed by means of a dynamic capital budgeting method. Cash flow calculations that correspond to the shareholder value approach are conceivable. Those can serve as a basis for the evaluation of intangibles within the balance sheet.

Of course, the whole instrument is integrated into the educational controlling:

The process of educational controlling consists of several phases, taking place one after another. The single steps of planning, guiding and controlling may be described as follows:

- To set qualitative and quantitative objectives within the educational planning
- Determination of the actual and the target output of a specific employee group with an identified training need,

- ③ Determination of the qualitative and quantitative divergence of the output of the investigated work group,
- ③ Analysis of the 'bad performance' from the perspective of employees, superior, employee representative committee, personnel department and management,
- ③ To plan training measures and budgets (content, method, trainer, place, documents etc.),
- ③ To conduct the measures (implementation),
- ③ To evaluate the measures (to form indices and develop instruments, which enable an economical and educational analysis),
- ③ To determine new target values for the work group in order to asses, within the scope of a permanent educational controlling, if the educational investment was profitable (f. ex. by means of a dynamic capital budgeting) and if the expenses amortize at least under consideration of opportunity cost.

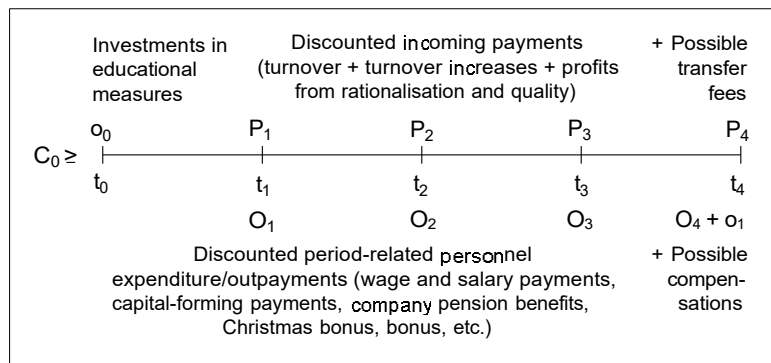


Figure 1: Result checking of the educational controlling from the view of human resource accounting as well as from an investment-oriented perspective

One approach, which should be followed in connection with the dynamic capital budgeting and which might be able to bring together the internal and external accounting within the scope of educational controlling, is the 'Berliner Balanced Scorecard' approach.¹ This approach is propagated by the Competence Centre of the University of Applied Sciences (FHTW) Berlin. It shows that all perspectives of the Balanced Scorecard can be linked to techniques, instruments and indices of the financial controlling. At the same time, any pyramid of indices to strive for can be developed for each single perspective. In the following, this is shown for the potential and employee perspective. The Berliner Balanced Scorecard approach is index-linked through a corporate appraisal approach in the sense of the shareholder value.

By setting the profit contribution and cash flow of employees in relation to the educational investment, it can be controlled if the educational investments in the employees are profitable.

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