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Human resource management — Workforce productivity metrics cluster

National foreword

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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This document was prepared by Technical Committee ISO/TC 260, *Human resource management*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

ISO 30414 highlights guidelines on the following core human capital reporting areas or “clusters”:

— compliance and ethics;

— costs;

— diversity;

— leadership;

— organizational culture;

— organizational health, safety and well-being;

— productivity;

— recruitment, mobility and turnover;

— skills and capabilities;

— succession planning;

— workforce availability.

ISO 30414:2018, 4.7.8, describes productivity in organizations.

The following metrics are included in this document:

a) earnings before interest and taxes (EBIT), revenue, turnover, profit per employee

   — for-profit organizations;

   — non-government organizations (NGOs).

b) human capital return on investment (RoI).

This document describes the following components for each of the above metrics:

— description;

— purpose;

— formula;

— how to use;

— intended user(s);

— contextual factors;

— predictive factors.

It is recognized that employees, as well as workforce representatives, work councils and labour union representatives, where they exist, can be consulted on issues of productivity and its measurement.

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TECHNICAL SPECIFICATION **ISO/TS 30432:2021**

Human resource management — Workforce productivity metrics cluster

1 Scope

This document describes the elements of workforce productivity metrics cluster. This document provides the formula for comparable measures for internal and external reporting.

This document also highlights issues to be considered when interpreting the productivity data, especially when deciding on the appropriate intervention internally and when reporting this to external stakeholders (e.g. regulators, investors).

2 Normative references

There are no normative references in this document.

3 Terms and definitions

No terms and definitions are listed in this document.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

4 EBIT, revenue, turnover, profit per employee: for-profit organizations

4.1 General

Productivity ratios per employee, such as revenue or profit per employee, are commonly used to compare the productivity of an organization in the market. These ratios can be used as a simple metric for cost reduction and control or the implementation of a system of performance-based compensation. A historical analysis of this ratio can offer important information about the development of the organization's success or the success of the chosen strategy. This analysis provides the opportunity to monitor value added by employees depending on the organization's growth. Applicability of those values can differ by context, e.g. size, country, age of the organization or business sector. For government organizations no productivity metrics are recommended because of the difficulties in measuring, but some other indicators such as satisfaction of users or quality of services can apply.

4.2 Purpose

Productivity ratios focus attention on the profitable productivity performance of the organization and the direction and comparison of that performance.

4.3 Formula

EBIT is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is a measure of an organization's ability to produce income on its operations in a given period (e.g. a year).

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