

A banner for the 'NAVIGATING NEXT' virtual conference. The banner is split into blue and dark blue sections. On the left, it lists the dates 'April 20, 21 & 22' and '3 HALF-DAY SESSIONS', followed by 'Virtual Conference' and 'UP TO 28 SHRM AND HRCI CREDITS'. The main title 'NAVIGATING NEXT' is prominently displayed in white. On the right, there is a cityscape image and the tagline 'HR Solutions for the Evolving Workplace'.

April 20, 21 & 22
3 HALF-DAY SESSIONS
Virtual Conference
UP TO 28 SHRM AND
HRCI CREDITS

NAVIGATING
NEXT

HR Solutions for the
Evolving Workplace

SEC Human Capital Disclosure: From Reporting to Analytics

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Your presenter

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Agenda

- History of the SEC
- Previous reporting requirements
- A seat at the table
- ISO 30414
- Linkage analysis
- Case study
- Conclusions

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Question

- How often in your human resources work do you consider the effect that your decisions will have on stock price?
- How often do you imagine that your work may have an impact on SEC reporting?

SEC History

SECURITIES REGULATION SERIES
**Federal Securities Act
1933**

A.A. SOMMER, JR.
GENERAL EDITOR

VOLUME 1


LexisNexis

- Securities Act of 1933
 - Requires reporting of financial information to investors
 - Prohibit deceit and fraud in the sale of securities

SEC History

- Securities and Exchange Commission
 - Federal agency charged with protecting investors



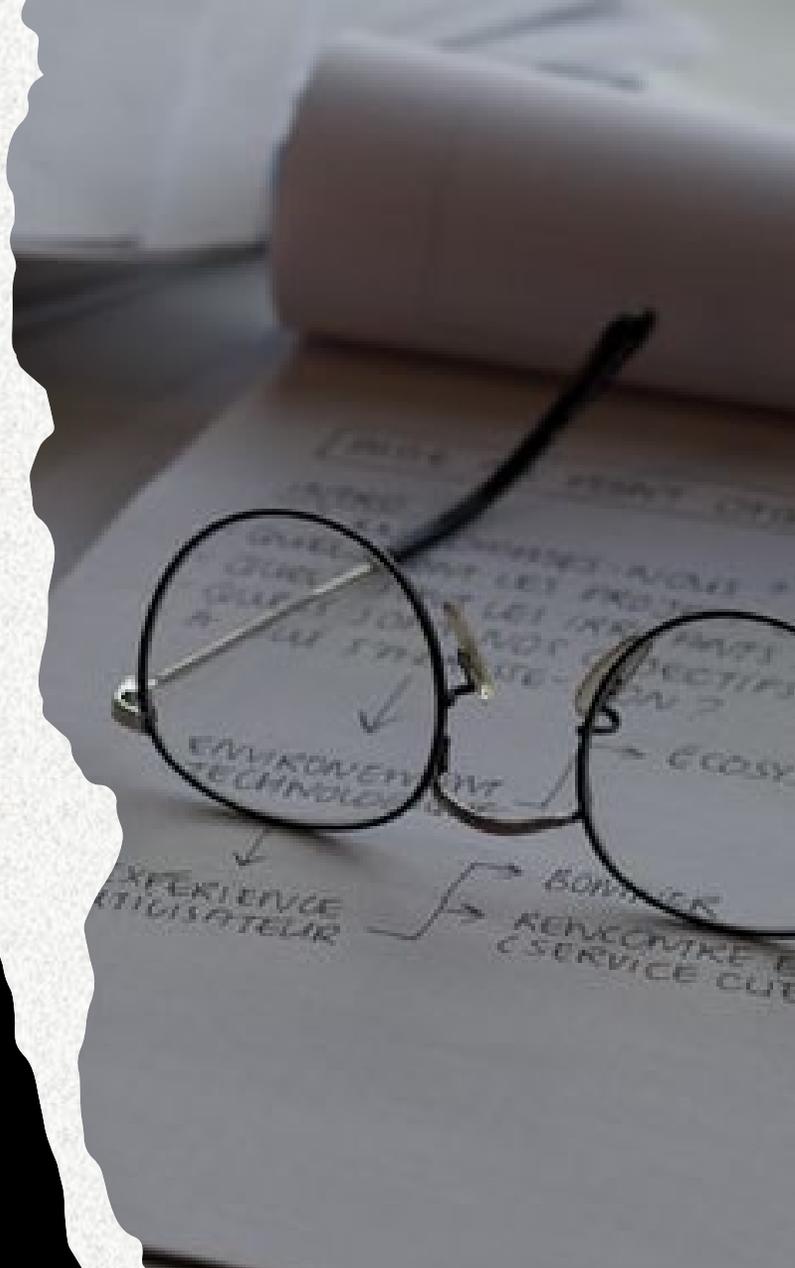
SEC History

- Regulation S-K
 - Streamlines reporting required by the SEC



Question

Why do these rules exist
and how do they affect
organizational decisions?



Previous Reporting (Pre-Amendment)

1. Principal products produced and services rendered

2. New products or segments

3. Sources and availability of raw materials

4. Intellectual property

5. Seasonality of the business

6. Working capital practices

7. Dependence on certain customers

8. Dollar amount of backlog orders believed to be firm

9. Business subject to renegotiation or termination of government contracts

10. Competitive conditions

11. The material effects of compliance with environmental laws

12. Number of employees

Current Reporting (Post-Amendment)

Sales

Markets

Resources

Government
Contracts

Seasonality

Government
Regulation

Human
Capital



Question

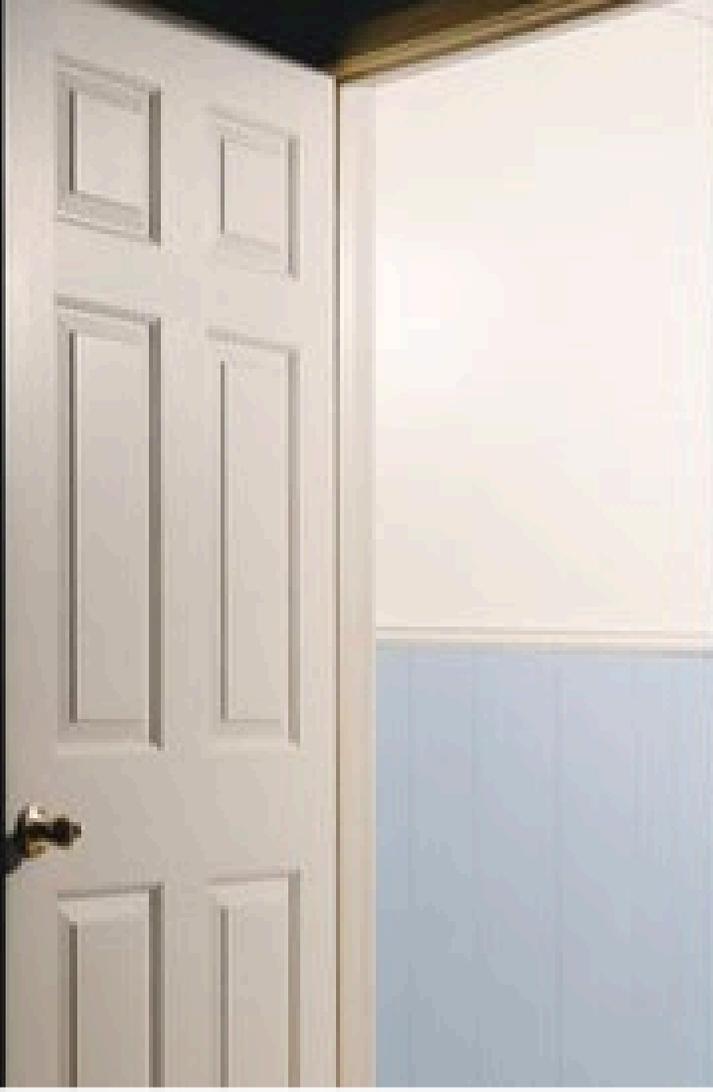
Why do you believe this rule was changed?

Principles Based Disclosure

- SEC's *principles-based approach* to human capital disclosure under the final amendments comes in response to heightened scrutiny and growing demands from
 - stockholders,
 - proxy advisory firms
 - other stakeholders
- Disclosures will be
 - Tailored to a company's own business or industry utilizing management's discretion
 - Enable the disclosures to evolve in response to contextual changes affecting the organization

Thought Experiment

- How do the reporting rules help HR get a seat at the table?



Opportunity



Analytics

ISO 30414



Data Reporting

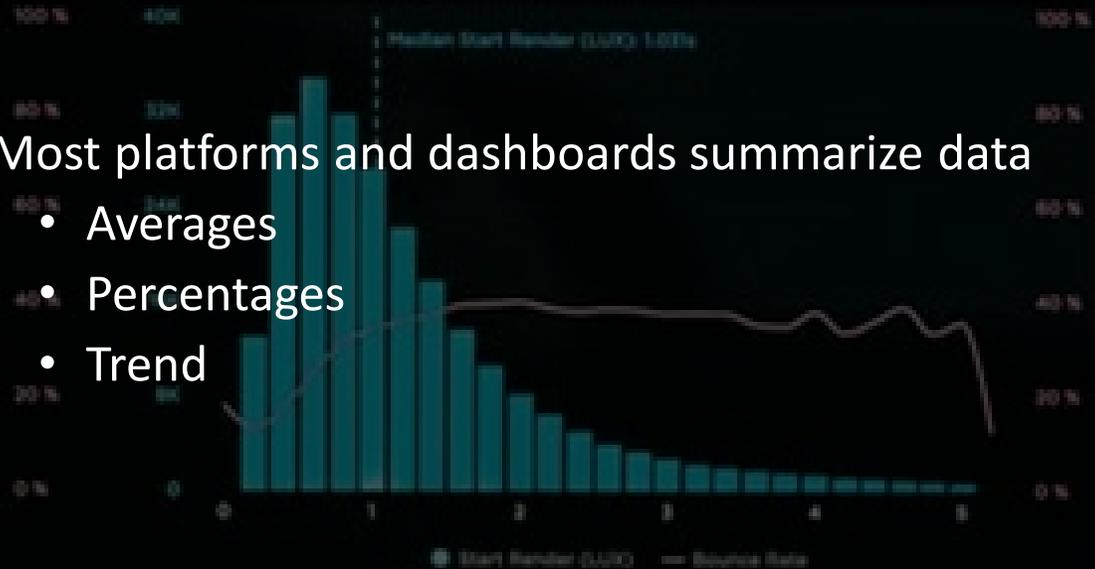
USERS: LAST 7 DAYS USING MEDIAN ▾

LOAD TIME VS BOUNCE RATE



OPTIONS

START RENDER VS BOUNCE RATE



- Most platforms and dashboards summarize data
 - Averages
 - Percentages
 - Trend

PAGE VIEWS VS ORLOAD



OPTIONS

SESSIONS



Metrics

Workforce, Health, Safety, Well-Being

- Lost time for injury
- # of occupational accidents
- # of fatalities
- # of work stoppages
- % of employees participating in safety training
- Health and wellness benefits
- Paid family and medical leave
- Work-life balance

Diversity & Inclusion

- Workforce diversity
- % of diverse of leadership by gender and ethnicity
- % of the workforce completed unconscious bias training
- Inclusion survey scoring
- Turnover and promotion rates for diverse employees
- Pay and career equity
- Anti-discrimination policy

Metrics

Succession Planning

- Succession effectiveness rate
- Successor coverage rate
- Succession readiness rate
- Succession depth rate (now; 1-2 years; 3-4 years)

Leadership

- Leadership trust (use validated survey instrument to establish a baseline for the metric)
- A span of control (average # of people reporting to a person)
- Leadership development (% of leaders who have participated in leadership development programs within a defined period)

Metrics

- **Learning and development**

- % of employees who participate in training compared with total # of employees per year
- Average formalized training hours per employee
- % of employees who participate in formalized training in different categories
- Workforce competency rate (average figure of competency ratings assigned to an employee based on their assessment)
- The velocity of skill development/accumulation
- Skills supporting mobility
- Content resonance

- **Human Capital ROI**

- How effectively the investment in human capital is supporting the organization's goals
- The amount returned for every dollar spent (employment costs) on human capital
- Shows the ratio of income/revenue to employment costs

Metrics

Workforce Availability/Composition

- # of full-time and part-time employees
- # of contingent/independent contractors
- # of furlough employees
- Gender
- Tenure
- Union/non-union
- Absenteeism

Organizational Culture

- Initiatives to promote overall alignment with the company's mission, values and strategy such as employee town halls, upward feedback, and team- building programming
- Employee engagement initiatives
- Commitment
- Internal and external brand and culture
- Geographic differences

Metrics

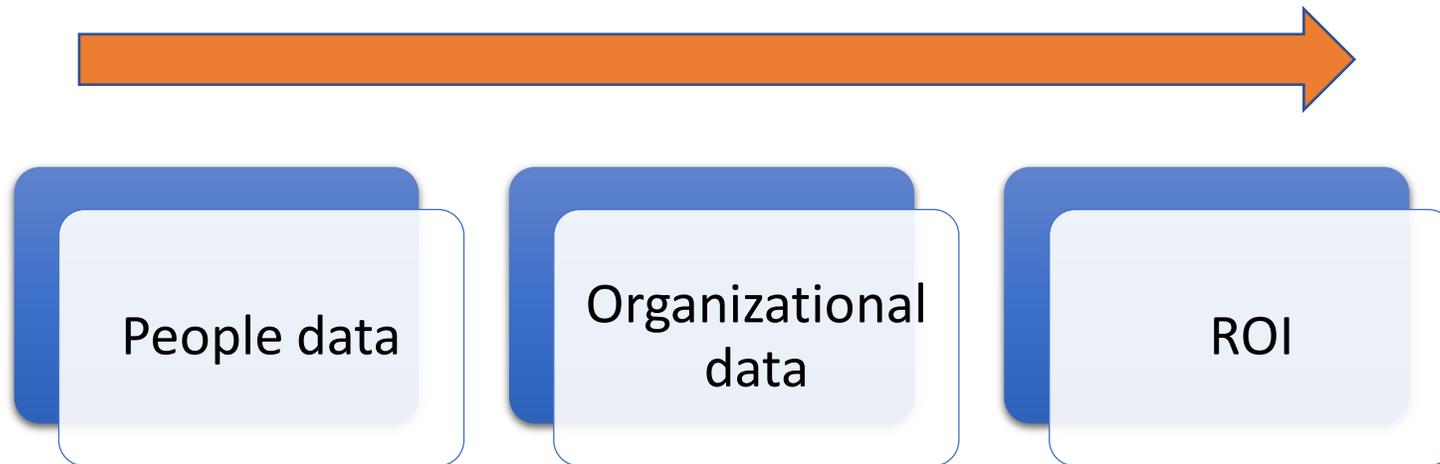
Recruitment, Mobility, Turnover

- Time to fill regular vacant positions and mission-critical positions
- % of vacant critical positions in relation to all other vacant positions
- % of positions filled internally
- Internal mobility rate (hierarchy, lateral, promotion)
- Employee bench strength
- Turnover rate
- Voluntary turnover rate
- Exit/turnover reason/leaving employment by reason

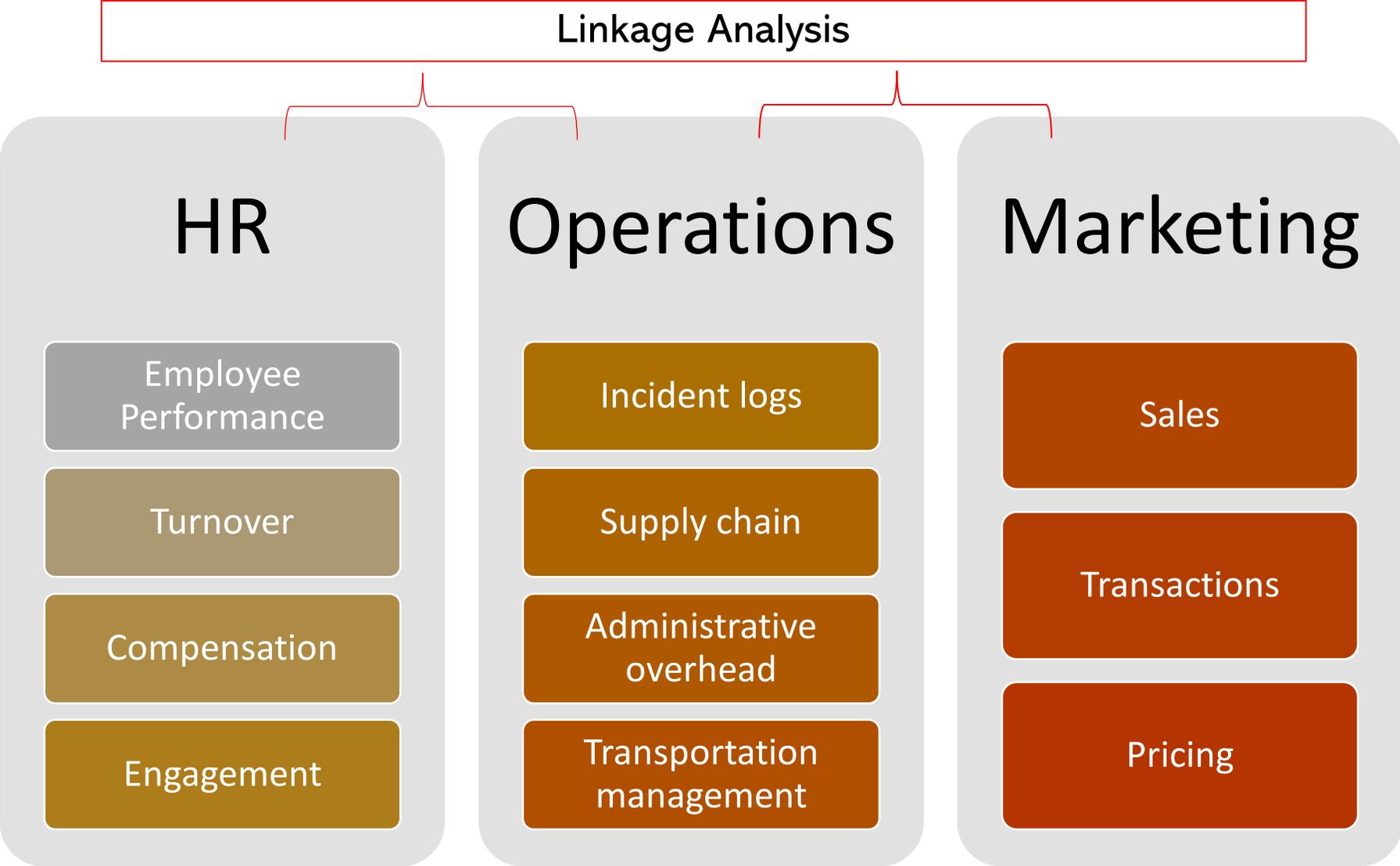
Compliance and Ethics

- # and type of grievances filed
- # and type of concluded disciplinary action
- % of employees who have completed compliance and ethics training
- Disputes referred to external parties

Linkage Analysis



DATA SILOS





AUTOMOTIVE



&

BEYOND[®]

CASE STUDY

Organization: Automotive and Beyond

- Now in its 4th year of existence, Automotive & Beyond Inc. has already filed several 10-K reports – but that was before the new SEC Human Capital disclosure rules went into effect. So, this year’s filing will require the direct involvement of HR.
- What metrics should HR apply? Let’s examine the material facts pertaining to human capital selection

Talent Pipeline Reporting

Position: service advisor

- Let's assess the pipeline:
 - 100 applicants
 - 70% complete application (70 applicants)
 - 50 receive callbacks
 - Of the ones who receive callbacks 15 are female, 55 are male
 - Of those who interview after the callback, 5 are women, 45 are men
 - 33% of women are called back, 82% of the men receive callbacks

Note: The role does not require technical knowledge regarding cars or much physical ability. Primarily a customer service role.

- Is there a gender issue here? How can we determine this? Does it have to do with experience?
- What would be the response if this was reported through Regulations S-K?

Question

- What are some possible reasons for these results?
- What would be the reaction of stockholders and the public if this was reported?

Possible Explanations

Not enough women are qualified (not likely!)

Recruiters or hiring managers are not bringing enough women on board

Women are leaving the process early for some reason

Not enough outreach to women

Next Steps



Surveys



Focus groups



Discuss options with recruiters
and hiring staff

A Potential Link

People Data

- Review hiring processes
- Validate selection system

Organizational Data

- Performance Appraisals
- Customer service data
- Financial data

ROI

- Link customer service data, financial data, performance data to selection system
- Understand value of selection decisions

Conclusions

Use your HCM and people analytics vendors to collect SEC-relevant data

Don't stop at reporting, link the data across the organization

This is an opportunity to move your organization forward!

Connect with us!

Check out The Talent Metrics flier in the Speaker's Bureau to learn about our services

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Our Services

- Selection Batteries
- Program Evaluation
- Data Analytics & Text Analysis
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- Assessments
- Surveys/Performance Appraisals
- Coaching
- Exit Interviews

