

# [Measuring human resource effectiveness through balanced scorecard](https://assignbuster.com/measuring-human-resource-effectiveness-through-balanced-scorecard/)

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The new economic paradigm is characterised by speed, innovation, quality and customer satisfaction.

The essence of the competitive advantage has shifted from tangible assets to intangible ones. The focus is now on human capital and its effective alignment with the overall strategy of organisations. This is a new age for Human Resources. The entire system of measuring HR’s contribution to the organisation’s success as well as the architecture of the HR system needs to change to reflect the demands of succeeding in the new economy. The HR scorecard is a measurement as well as an evaluation system for redefining the role of HR as a strategic partner. It is based on the Balanced Scorecard framework developed by Kaplan and Norton and is set to revolutionize the way business perceives HR. Implementing effective measurement systems for intangible assets is a very difficult task and demands the existence of a unified framework to guide the HR managers.

It is this difficulty that has been the prime reason why managers tend to avoid dealing with intangible assets as far as possible. In the process firms under-invest in their people and at times invest in the wrong ways. Another difficulty is, managers cannot foresee the consequences of their investments in intangible human assets in a well-defined measurable manner and they are not willing to take the risk. Thus, the most effective way to change this mindset is obvious to build a framework just like the balanced scorecard, which has sound measurement strategies and is able to link HR functions, activity and investment with the overall business strategy. The HR scorecard framework was specifically designed for these purposes. This paper made at attempt to give an outline on perspective of HR Balanced Scorecard, Process of HR Scorecard, Strategy of HR Scorecard, Process of HR Integrating into the performance measurement system, Benefits of the HR Scorecard and HR Scorecard Implementation.