SSE Publishes Ground-Breaking Report Which Values Its Human Capital at £3.4bn

Friday 10 April, 2015

Related Sectors:

Manufacturing, Engineering & Energy ::

Scan Me:

In a first for a UK company, SSE has commissioned a 'human capital' report which measures the economic value of the skills and capabilities of the people it employs.

SSE commissioned professional services firm PwC to estimate the economic value of the energy company's human capital.

It also highlights the value to the UK economy of SSE's long-term investment in the talent of tomorrow. Since 2007 SSE has invested £60m in apprentice training. The new report found that for every £1 SSE invests in apprentices there is an economic return on that investment of £4.29 and for technical trainees it is £7.65.

The methodology to value human capital uses the expected lifetime earnings of each SSE employee, depending on skills and qualifications, and adjusts for such factors as expected length of time an employee is expected to stay with SSE and for company-level risk.

John Stewart, SSE Director of Human Resources, said the report would help the energy firm develop its current levels of employee skills and capabilities.

He said: "Human capital should not be thought of as an asset a company owns, rather it's the people SSE 'borrows' from society which allows our business to operate and to grow.

"This report shows in black and white how both a company and society benefits from proper investment in its workforce through increased earnings for individuals and resulting increased tax payments. SSE is breaking new ground with this report which helps us properly understand the economic return on investment and shape our future HR plans and our investment in training."

Alan McGill, partner at PwC, said: "Human capital is recognised as a crucial input for every business, and the reporting that we do around this capital needs to be radically changed to give us the insight into how to manage this most critical resource.

"SSE and its human capital results will open the eyes of the business world to the importance of valuing people and investing in them. This work shows how a paradigm shift can be achieved in company reporting and how this can be integrated into corporate thinking."

Key findings of the report include:

- The total economic value of SSE's human capital is estimated at £3.4bn as at 1 April 2014
- Given SSE's 19,631 employees as at 1 April 2014, this means an average human capital per head of £173,000
- SSE's human capital value in the UK breaks down to: England £1.82bn (10,685 employees); Scotland £1.12bn (6,241 employees); Wales £270m (1,798 employees).

Creating a better understanding of the significance of employees to a business can provide insights into the drivers of growth. This generates opportunities for an organisation like SSE to enhance the productivity of its workforce, not only for its own benefit but for the benefit of individuals and wider society too.

SSE's decision to develop a methodology which quantifies its human capital value is one step on a journey which will advance its knowledge and future strategy in human capital measurement and management.

SSE also commissioned PwC to estimate the economic impact of its operations, and found that over the past three years it contributed £27bn to the UK economy and over €2.5bn to the Irish economy.

Company Contact:

_

Pressat Wire

E. support[@]pressat.co.uk

View Online

Newsroom: Visit our Newsroom for all the latest stories:
https://www.wire.pressat.co.uk