

MENTAL HEALTH INTERNATIONAL
Human Capitalism + Artificial Intelligence:
'Toward Better Management'

*“Stronger Love” is what the world needs in confronting its many existential problems.
So said Pfizer Chairman and CEO Albert Bourla in a CNN interview. Former Governor-General
David Johnston speaks similarly of human empathy. The latter is born of the former.*

These views from two pragmatic leaders coalesce as a focal point for human capitalism and the human capitalization of the contemporary workplace in the era of artificial intelligence. Influential voices are being heard on the merits of these concepts.

For instance, the US Securities and Exchange Commission says, “we believe investors would be better served by understanding how each company looks at its human capital and, in particular, where management focuses its attention in this space.”

The SEC expresses its intent to “elicit ...disclosures regarding human capital that allow Investors to better understand and evaluate this company resource, and to see through the eyes of management, how this resource is managed.”

The Brookfield Breakthrough

Which brings us to the remarkable initiative of Brookfield Asset Management, a prominent Canadian public company with international interests. Brookfield has deployed the ‘CFO Leadership Network’s ‘Essential Guide to Social and Human Capital Accounting’ to put a value on its own human capital.

The results are a vivid illustration of the merits of the ‘Accounting for Sustainability’ (A4S) concept introduced by CFO Network and its chapters in Canada, US and Europe. Brookfield reports:

“Our ability to deliver excellent investment returns and client service is very much dependent on the contributions of our people. The CFO Guide is a “great illustration of how the finance function can bring a number of groups together to enhance the dialogue around understanding our human capital and the way (we) impact value creation...”

Fair Market Value of Human Capital

As a result, Brookfield reached a “fair market value” of its human capital by grouping human capital around contributions by employees to the value chain of the business and determining the value of human capital to the growth and profitability of the assets being managed, the largest component of the business.

In the process, Brookfield “quantified the tangible and direct outputs of value-added or created by the asset management team. The performance fees earned by Brookfield ... are tangible and direct outputs of value created by (the team).”

The company identified the “additional value that can be attributed to human capital” and ultimately “the human capital-fair market value.” Brookfield described the project as a first step in creating “a better understanding of our human capital.”

“The act of putting a value on our human capital and linking each function to the contribution to the value chain should enable us to address a number of important objectives.” Among these objectives, strengthening the contributions of value among all employees to help them become even more engaged in their job.

The Brookfield initiative and the practical realities of a brain-based economy enhance the rationale for what we have described as the ‘human capitalization of the digital economy’ which is characterized by:

- Resilient workplaces cultures promoting trust and productivity;
- Job fulfilment is an explicit part the employment deal.
- Employees understandings. their role;
- Management understanding the business value of employee contribution.
- Brookfield makes this point explicitly.
- Organizations promoting “constant learning mindsets” advocated by Brookings Institute;
- Investments in employee mental health and wellbeing brain as a form of capital investment.
(Capital investments produce longer economic benefits and are incentivized by tax policy.)

Dr. Henry Jaffe, principal of Periculum Labs and an artificial intelligence expert, says “the business case for human capital asset management pivots on better decision-making through a better understanding of the impact of people decisions on company performance.”

Dr. Jaffee points to “roughly \$20(T) trillion in unrecognised, unmanaged human capital assets today. Investors are awakening to this but have no “line of sight” into how well — or otherwise — companies manage this asset.

He says “human capital assets as the most significant assets of an enterprise. Decision intelligence now enables enterprises to recognize, value and manage human capital assets top enable improvements to enterprise performance and value. Meanwhile, regulators are pushing greater human capital disclosure.”

Henry Jaffe has developed a model for human capital asset management supported by artificial intelligence to build trust in the organization, unify employees, build the collective intelligence of managers and employees; improve accurate prediction of results, explain surprises more quickly and get a better handle on supplier, customer and public goodwill.

The Jaffee model protects the asset values of human capital in accord with the same protection of physical and monetary assets. He foresees AI as potentially a “humanization technology” countering presumptions that the technology relegates the human role to secondary tasks.

Henry Jaffee sees a clear choice: “AI technology can illuminate **or** degrade the human experience. It is up to the people that implement it. If artificial intelligence is viewed as a zero-sum game in which the benefits are realized only at the expense of jobs, that is a problem with the people implementing it. And it need not be that way.”

“AI should be a way to enhance the collective ability of humans and technology in the workplace, making both smarter and more effective. This will grow the collective intelligence of the organization and breathe life into the tired business cliché: “people are our most important asset.”

Valuing Assets Related to People

Mr. Jaffe says “this means putting measurable, quantifiable and manageable value into asset categories directly related to people: knowledge, innovation, reputation, relationships, trust, collaboration, intellectual property and human relations in the workplace and marketplace alike

“This is human capital management, an emerging area within the artificial intelligence field that is devoted to creating organizational well-being through the identification, recognition and measurement of human qualities in the form of manageable assets of business value.” Henry Jaffe concludes:

- “Human capital management enables employees and managers to better understand how their behaviour contributes to the overall good of the enterprise, to the success of their peers, and, therefore, their own success, to fulfilling the company’s responsibilities to stakeholders and the wider community.
- “An organization’s inability to create this perspective, to operationalize it and to share it with their employees is at the root of organizational and individual malaise. Human capital and its prudent management is an antidote for that.”

Human Capital Investments

Quantification of the market and asset value of human work puts a concrete value on employer and business spending on employee and population health and wellbeing – registering these expenses as ‘capital investments in asset management and protection.

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