

## Executive Summary

Since China carried out the open policy and reform, many Chinese state-owned-enterprises (SOEs) experience major problems relating to human resource management. Human resource accounting (HRA), a set of conceptions and techniques that developed by western researchers can be applied to improve human resource management effectiveness. However, lack of development of specific HRA model is mainly one of the barriers for practicing the theories of HRA to facilitate human resource management. The main purpose of this study is to fill the vacancy in this practicing area by establishing a human resource replacement cost (HRRC) model. The test ground was chosen in a Chinese state-owned-enterprise---Guangzhou Metro Corporation. Questionnaires, interview and document analysis are the major methods for gathering required data. The HRRC system can provides information that was necessary for decision making in such areas as employee turnover, separation indemnity, duration of labor contract, “make vs buy” employees, and personnel budget in monetary term. One of the significant contributions of this study that should be highlighted is that this study put forward the pioneering approach of measuring the cost of lost productivity. It is crucial for measuring human resource replacement cost and makes it possible to quantify human resource behaviors. This approach also may certainly be applied in other quantification areas respecting to human resource.