

What are you measuring?

Diane Hallifax

Human Resource Specialist

Everest Group Limited

In most businesses key performance indicators are used to determine if business performance is on track. But how many businesses measure and track human resource related performance indicators? And what should you, or could you be tracking? And why would you?

By tracking data that relates to your people you can identify what is important to your businesses strategic success by having access to information that can assist with decision making about people management issues.

For example, if your business has a customer service department tracking turnover rates may be important. If you have a high turnover in that department you can undertake analysis to determine why the turnover is so high, what that means in terms of loss of product and business knowledge and how that impacts on your customers. In this example a simple way of finding out why the turnover is so high is asking employees at exit interviews the reason for leaving. If you are tracking this type of data you will be able to pick up a trend and then do something positive to reverse the trend.

So what could you measure and how do you calculate those measurements? Some common human resource performance indicators include:

- Turnover – the number of employees leaving divided by the average number of full time employees
- Recruiting efficiency – the total recruiting costs divided by the total number of new hires
- Time to fill – the average number of days from when a job vacancy occurs until the day a new employee starts work
- Time to hire – average number of days from job vacancy to when a new employee accepts a job offer
- Cost per hire – the total recruiting costs, including advertising, search fees, interview time, hiring manager time, background checks and administration divided by the number of new hires.
- Sickness frequency – tracking and reporting on the total number of sick days per year by month
- Training hours per employee – dividing training undertaken by the number of employees
- Training costs per employee – dividing the cost of training by the number of employees
- Percentage of staff with health and safety training – the number of employees who have been trained divided by total number of employees.

What is measured is managed and in the current competitive market businesses need to be able to make decisions based on accurate and relevant data. You don't want to measure and report on everything, however you do need information that you can use in making good decisions about workforce issues.