

Human Resource Metrics

Author: Keithly Tongai . October 2019

Human Resource Metrics are indicators used to track and measure performance on different aspects and ultimately predicts the future of the business. Metrics track activity and report numbers of common areas like employee engagement, retention and performance. Its primary goal is to assess whether your business is operating as efficiently and effectively as possible. An effective HR Metrics needs to be comprehensive. These indicators help to improve strategic and operational decision making in an organisation. There are many advantages to metrics related to different areas in an organisation.

For instance, HR metrics related to recruitment are; time to hire, cost per hire and turnover rate among others. Time to hire is the most important metric for recruitment. It is the time between the day a position opens up and a candidate signing up the job contract. It is an excellent measure of efficiency and provides an insight into the difficulty of filling a certain position. Cost per hire is the cost of hiring new employees for the company. This metric also indicates efficiency in recruitment. Turnover rate is the value of how quickly your employees are leaving the company and it can be calculated annually by dividing the total headcount for the year into the number of departures for the past 12 months.

There are also metrics related to revenue such as billable hours per employee. It serves as a measure for performance and is especially relevant for professionals like consulting firms. Taking for example in Zimbabwe, consulting firms like Industrial Psychology Consultants sell skill and time, henceforth they ensure that hours are fully maximised on projects that bring in revenue. Relating this kind of performance to employee engagement or other input metrics makes an interesting analysis. Benchmarking this metric between different departments and managers can also provide valuable insights.

One of the problems with these metrics is that there are no external HR metrics like commuting costs and health costs etc. Since metrics provide a broad range of relevant information that is required for decision-making, there is need for integrated metrics so that accurate decisions are made for the organisation.

Since HR metrics are getting complex as we progress into the future you will need to learn latest relevant metrics and implement them. This will help you to make better decisions that will add value to your organisation.

Keithley Tongai is a consultant at Industrial Psychology Consultants (PVT) Ltd, a management and human resources consulting firm.

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