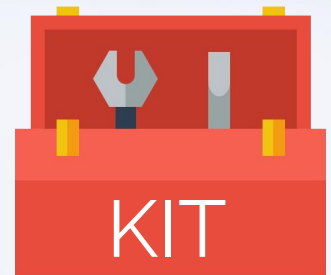




HR METRICS





This HR Metrics Toolkit provides a number of factors that can be measured to show how HR contributes to the business.

Measures such as absence rate, health cost per employee, and HR expense factor show that HR has a sense of the importance of human capital measurement in supporting business objectives.

TIP: For sample spreadsheet templates for any of these metric formulas [click here](#).

Absence Rate

Measure absenteeism.

Determine if your company has an absenteeism problem. Analyze why and how to address issue.

TIP: Analyze further for effectiveness of attendance policy and effectiveness of management in applying policy.

FORMULA

days absent in month



Divided by

Ave. # of employees during month (x) # of workdays (x 100)

Cost per Hire

Costs involved with a new hire can be used as a measurement to show any substantial improvements to savings in recruitment/retention costs.

TIP: Determine what your recruiting function can do to increase savings/reduce costs.



FORMULA

Advertising (+) Agency Fees (+)
Employee Referrals (+) Travel
cost of applicants and staff (+)
Relocation costs (+) Recruiter
pay and benefits



Divided by

Number of Hires

Health Care Costs per Employee



Per capita cost of employee benefits. Indicates cost of health care per employee.

TIP: [Click here](#) for benefit data from the Bureau of Labor Statistics (BLS).

FORMULA

Total cost of health care



Divided by

Total Employees

HR Expense Factor



Calculate your HR expenses in relation to the total operating expenses of organization. In addition, determine if expenditures exceeded, met or fell below budget.

TIP: Analyze HR practices that contributed to savings.

FORMULA

HR Expense



Divided by

Total Operating Expense

Human Capital ROI



Return on investment ratio for employees.

Did your organization get a return on their investment? Analyze causes of positive/negative ROI metric. Use analysis as opportunity to optimize investment with HR practices such as recruitment, motivation, training and development.

TIP: Evaluate if HR practices are having a causal relationship in positive changes to improving metric.

FORMULA

Revenue (-) Operating Expense
(-) Compensation cost (+) Benefit cost



Divided by

Compensation cost
(+) Benefit cost

Human Capital Value Added



Value of workforce's knowledge, skill, and performance.

This is the measurement that illustrates how employees add value to your organization.

FORMULA

Revenue (-) Operating Expense (-) Compensation cost
(+) Benefit Cost



Divided by

Total Number of FTE

Prorating Merit Increases



The basic steps to calculating an employee's' pay increase appropriate to the period of time worked.

FORMULA

Number of months
actually worked



Divided by

Number of months
under the current
increase policy



Multiply by

Increase percentage the
person would otherwise
be entitled to

Revenue Factor



Benchmark to indicate effectiveness of the company and to show employees as capital rather than as an expense.

TIP: Human Capital can be viewed as an investment.

FORMULA

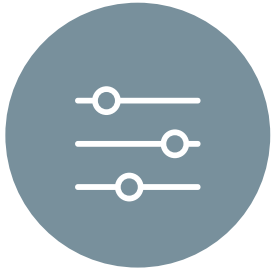
Revenue



Divided by

Total Number of FTE

Time to fill



Know the number of days from which job requisition was approved to new hire start date. How efficient/productive is recruiting function?

This is also a process measurement.

FORMULA

Total days elapsed to
fill requisitions



Divided by

Number hired

Training Investment Factor

Training cost per employee.

Analyze training function further for effectiveness of training (i.e. Has productivity increased as a result of acquiring new skills and knowledge? Have accidents decreased?). If not, evaluate causes.



FORMULA

Total training cost



Divided by

Headcount

Training (ROI)

Learn the total financial gain/benefit an organization realizes from a particular training program, less the total direct and indirect costs incurred to develop, produce, and deliver the training program.



FORMULA

Total benefits



Minus

Total costs (x 100)

Turnover Costs

A Turnover Cost represents a separation, vacancy, replacement and training costs resulting from employee turnover.

This formula can be used to calculate the turnover cost for one position, a class code, a division or the entire organization. Exit interviews are a useful tool in determining why employees are leaving your organization.

TIP: Implement retention efforts. Evaluate if HR practices are having a causal relationship in positive changes to improving cost of turnover.

FORMULA

Total of the costs
of separation



Plus

Vacancy



Plus

Replacement



Plus

Training

Turnover Rate (Monthly)

A Turnover Rate measures the rate for which employees leave a company.

- Is there a trend?
- Has metric increased/decreased?

Analyze what has caused increase/decrease to metric. Determine what organization can do to improve retention efforts. Evaluate if HR practices has a causal relationship in positive changes to improving metric.

TIP: Calculate and compare metric to national average using Business and Legal Reports at www.bls.gov/jlt/home.htm

FORMULA

of separations during month



Divided by

Avg. # of employees during month (x 100)

Turnover Rate (Annual)

A Turnover Rate measures the rate for which employees leave a company.

- Is there a trend?
- Has metric increased/decreased?

Analyze what has caused increase/decrease to metric. Evaluate if HR practices has a causal relationship in positive changes to improving metric.

TIP: Calculate and compare metric to national average using Business and Legal Reports at www.bls.gov/jlt/home.htm

FORMULA

of employees
exiting the job



Divided by

avg. actual # of employees
during the period (x 12)



Divided by

months in
period

Vacancy Costs

The cost for having work completed that would have been performed by the former employee or employees less the wages and benefits that would have been paid to the vacant position(s). This formula may be used to calculate the vacancy cost for one position, a group, a division or the entire organization.

FORMULA

- 1 Total of the costs of temporary workers (+)
- 2 Independent contractors (+)
- 3 Other outsourcing (+)
- 4 Overtime (-)
- 5 wages and benefits not paid to vacant position(s)

Vacancy Rates

Measures the organizations vacancy rates resulting from employee turnover. This formula can be used to calculate the vacancy rate for one position, a class code, a division or the entire organization.

FORMULA



Total number of Vacant positions as of today (\div)



Total number of positions as of today ($\times 100$)

Workers' Compensation Cost per Employee

Analyze and compare (i.e. year 1 to year 2, etc.) on a regular basis.

You can also analyze workers compensation further to determine trends in types of injuries, injuries by department, jobs, etc. HR practices such as safety training, disability management, and incentives can reduce costs.

TIP: Use metric as benchmark to show causal relationship between HR practices and reduced workers compensation accidents/costs.

FORMULA

Total WC cost for Year



Divided by

Average number of employees

Workers' Compensation Incident rate

The "incident rate" is the number of injuries and/or illnesses per 100 full-time workers. 200,000 is the base for 100 full-time equivalent workers (working 40 hours per week, 50 weeks per year).

The calculated rate can be modified depending on the nature of the injuries and/or illnesses. For example, if you wished to determine the lost workday case rate, you would include only the cases that involved days away from work.

FORMULA

The number of injuries and/or illnesses per 100 FTE/Total hours worked by all employees during the calendar year (x 200,000)

Workers' Compensation Severity rate

The “severity rate” is the number of days away from work per 100 FTE. To calculate the severity rate, replace the number of injuries and/or illnesses per 100 FTE from the incident rate calculation with the number of days away from work per 100 FTE.

FORMULA

The number of days away from work per 100 FTE / Total hours worked by all employees during the calendar year (x 200,000)

Workers' Compensation Severity rate

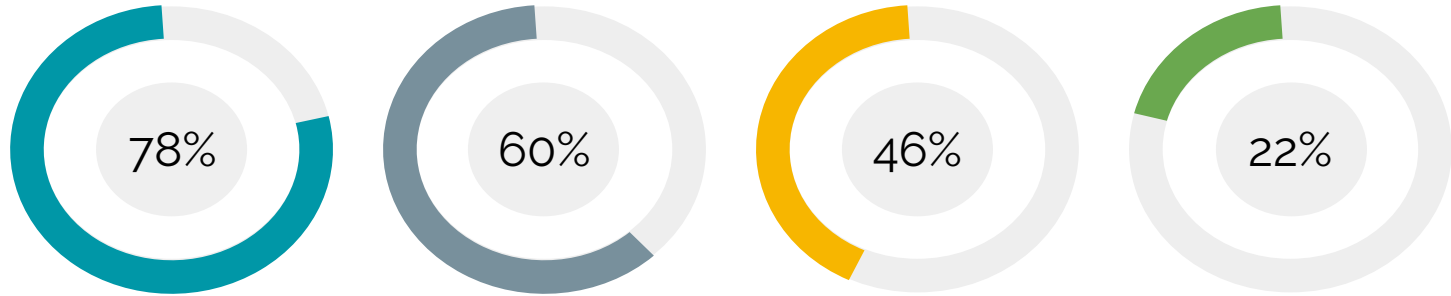
The "severity rate" is the number of days away from work per 100 FTE. To calculate the severity rate, replace the number of injuries and/or illnesses per 100 FTE from the incident rate calculation with the number of days away from work per 100 FTE.

FORMULA

The number of days away from work per 100 FTE / Total hours worked by all employees during the calendar year (x 200,000)

Yield Ratio

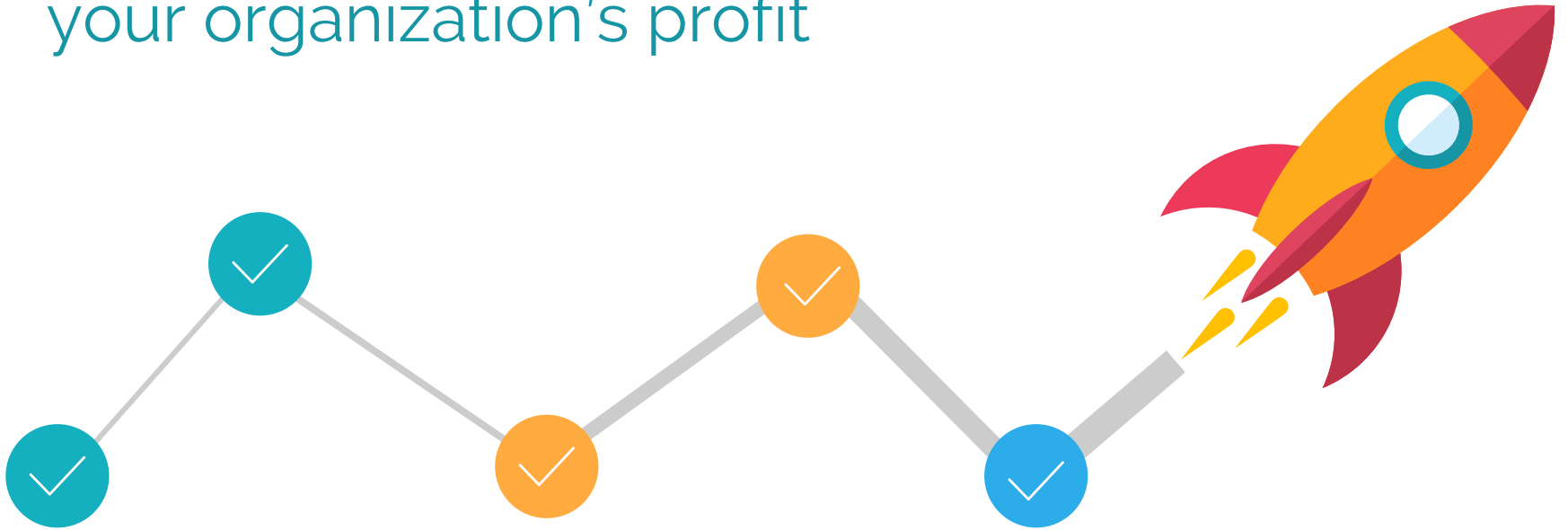
A comparison of the number of applicants at one stage of the recruiting process to the number at the next stage (Note: Success ratio is the proportion of selected applicants who are later judged as being successful on-the-job.)

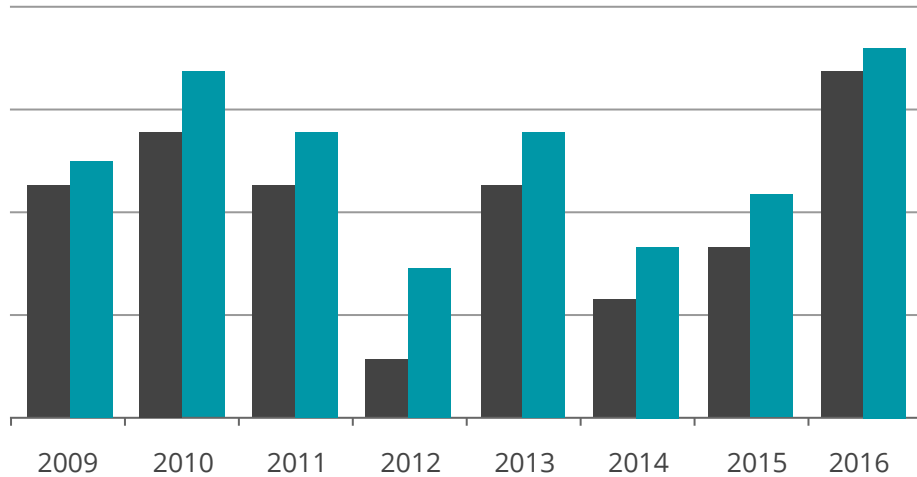


FORMULA

Percentage of applicants from a recruitment source that make it to the next stage of the selection process. (i.e. 100 resumes received, 50 found acceptable = 50% yield.)

Metrics can show the benefit of your HR practices and its contribution to your organization's profit





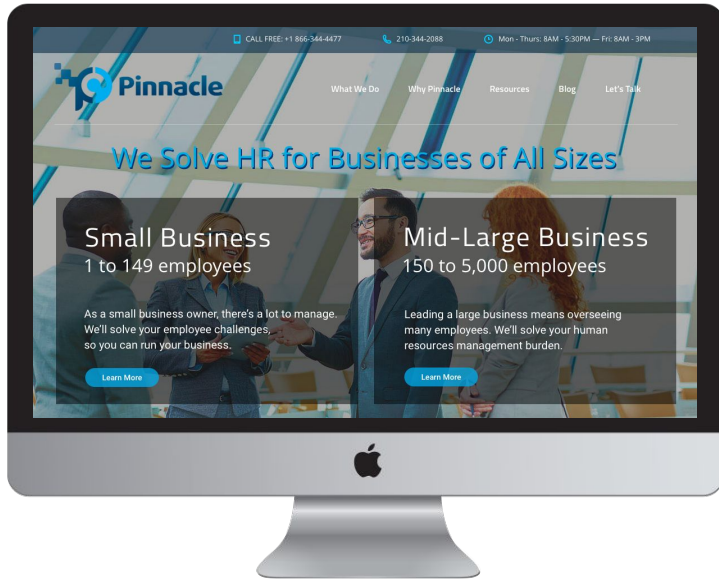
ALWAYS REMEMBER

Compare your metrics against other organization's metric, survey data, etc. to evaluate your performance Benchmark data and designate time frame (plan year, fiscal year, etc.).

Compare data going forward using same time frame (year 1, year 2, year 3, etc.) to show improvement/decline.

Have Questions?

We are here to help!



Contact Us

Address

9311 San Pedro, Suite 700
San Antonio, TX 78216

Website

www.pinnaclesolveshr.com

Phone

210-344-2088

Fax

210-344-2777

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THANK YOU!

