

MOST IMPORTANT HR METRICS

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Quality information about your workforce is a critical element in sound human resources decision making. However, not all data is, in itself, critical. The list that follows represents some of the most important HR Metrics:

1. *Turnover rate.* Knowing this metric will help an employer understand if there is one of the following circumstances impacting operations. Are staff leaving by individual choice or is there a retention problem? Are the hiring and orientation processes working to their maximum efficiency? Employers need this data to be able to effect change in reducing the costs associated with managing the consequences of high turnover rates.
2. *Average Retirement Age.* To be able to plan for the future, adapt to a changing workforce and possibly retain older employees it is crucial to have this information. Correlating this with the ages of your current staff will allow you to determine if the demographics are shifting to the extent that retirements are going to impact your workforce.
3. *Absenteeism Rate.* This information can reveal many significant issues, including: health and safety concerns, low employee commitment and morale, and an overly permissive management culture. All these issues have significant impact in terms of costs, productivity and overall efficiency.
4. *Vacancy Rate.* An overly high vacancy rate can indicate many things such as: skills shortages, inappropriate recruitment processes, poor integration of pay policies or an undesirable reputation.
5. *Grievances and Complaints.* A clear and detailed understanding of this metric is essential in measuring the success of leadership development programs and the integrity of employer employee relations. In this situation a qualitative analysis is often of more value than a quantitative one.
6. *Promotion Rate.* Knowing the data around internal candidate success is crucial to understanding the impact of training and education policies, and knowing the success of management initiatives to develop talent and institutional cohesiveness.
7. *Exit Interviews.* If conducted formally and diligently information acquired from exit interviews can inform an employer of a broad range of potentially significant issues. These include overall morale, management styles, compensation and reward deficiencies and market competitiveness.

The above list is not exhaustive; we have merely tried to identify some of the most significant issues that are worth tracking. While the use of data in decision making is an essential component of successful management, the acknowledgment that HR metrics have an equal place with many other, more traditional, operational measurements is becoming more accepted. Of course, having the information is not enough. As can be seen, the issues raised are many and varied. As a first step employers need to determine which issues need to be addressed and then develop action plans to meet those needs.

Pesce & Associates has the expertise to assist organizations in identifying and developing action plans to create desired results. Please contact us for assistance at apesce@pesceassociates.com.

