HR METRICS CHECKLIST

Introduction: How to Use This Tool

Metrics is a set of numerical values used to measure activities and performance, and aid in determining whether a business process is effective. As an HR manager, you should give serious consideration to using metrics to evaluate your current HR operations, identify opportunities for improvement and set goals you can use to reach those objectives. Of course, the first thing you need to figure out is what to measure. The following Checklist sets out common metrics for different aspects of HR ranging from Compensation to Recruitment and Retention. General recommendations to get the maximum value from metrics:

- Compare the current performance period to previous periods to determine if the item being measured is improving or declining;
- Many of these metrics work best when broken down by department, position, HR function being measured, etc.; and
- This Checklist includes both "hard" metrics based on precise numbers and "soft" metrics measuring subjective factors like employee satisfaction based on survey data.

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HR METRICS CHECKLIST

ATTENDANCE	
Metric	**Comment**
Absence rate	(Absence days/workdays) x 100
Unscheduled absences days per employee	Unscheduled absence days/number of employees
Unscheduled absence by type	Breakdown of above metrics by reason for absence, e.g., sick leave, family leave, work injury, etc.
Paid Time Off (PTO) utilization rate	(PTO hours/PTO hours accrued) x 100
Average cost of unscheduled absence	Unscheduled absence days x direct daily compensation/FTE (full-time equivalent)
BENEFITS	
Rate of benefits as part of total compensation	Benefits expense/total compensation expense x 100
Benefits cost per employee	Benefits expense/FTE
Benefits v. salary ratio	How much organization spends for benefits as a percentage of what it spends for salary
Cost of benefits as a percentage of revenue	Compares total cost of benefits to total revenues organization earned
Cents of dollar spent on benefits for every dollar of revenue produced	Measures impact of benefits spending on profitability
Benefits operating expense rate	(Benefits expense/operating expense) x 100

Benefits satisfaction index	Uses results of surveys to measure employees' satisfaction with their current benefits package
COMPENSATION & SALARY	
Average workweek	Hours or weeks/Average employee headcount
Average salary	Salary/Average employee headcount
Average salary breakdown	Average salary by department, position, level, etc.
Average hourly rate	Total compensation costs/work hours
Cents on dollar spent on benefits for every dollar of revenue produced	Measures impact of benefits spending on profitability
Total compensation per FTE	Measures all compensation including salary, bonuses, benefits, etc.
Raise rate	Percentage of employees receiving base salary increases
Bonus rate	Employees receiving a bonus as a percentage of total employees eligible for a bonus
Cost of salary as a percentage of revenue	Compares total cost in salary to total revenues organization earned
Cents of dollar spent on salary for every dollar of revenue produced	Measures impact of salary spending on profitability
Salary increases v. revenue increases	Measures correspondence between salary increases and profitability
Employee satisfaction rate	Uses survey responses to measure if employees are happy with their current salary package
EMPLOYEE RELATIONS	
Industrial dispute absence rate	Unscheduled absence days due to strikes, etc./FTE
Grievance/Complaint rate	Average number of grievances/complaints per employee
Average time to resolve	How long it takes to resolve a grievance/complaint
Grievance/Complaint departmental breakdown	Breakdown of above metrics by department, facility, operation
Grievance/Complaint breakdown by grounds	Breakdown of above metrics by grounds of grievance/complaint, e.g., harassment, overtime, etc.
Average costs per grievance/complaint	Measures the negative impact of grievances/complaints on profitability
Direct costs of grievances/complaints	Includes legal costs, insurance, etc.
Indirect costs of grievances/complaints	Includes lost work time, reduced productivity, damage to morale, etc.
Employee engagement index	Uses survey results to measure how engaged employees are in their work
Employee satisfaction index	Uses survey results to measure how satisfied employees are with their job and the organization
HR IMPACT ON PROFITABILITY	
Revenue per employee	Can be used to measure ratio between revenues and either total or just HR department employees

Profit per employee	Can be used to measure ratio between profits and either total or just HR department employees
Return on human investment ratio	Operating profit/total compensation expense—used to demonstrate operating profit for each dollar invested in employee comp/benefits
HR costs per employee	A way to measure level of HR spending
HR operating expense rate	(HR operating expense/organizational operating expense) x 100
HR cost as percentage of revenue	Compares organization's total HR costs to its total revenues
Cents of dollar spent on HR for every dollar of revenue produced	Measures impact of HR spending on profitability
HR function breakdown	Breakdown of above HR metrics by HR function, e.g., hiring/recruiting, payroll, etc.
HR expense breakdown	Breakdown of above HR metrics by HR expense, e.g., salary, technology, overhead, etc.
HR increases v. revenue increases	Measures correspondence between HR spending increases and profitability
HR staffing coverage ratio	Average headcount/FTE in HR department
HR OPERATIONS EFFICIENCY	
HR department service level	(Calls answered within X seconds/total calls) x 100
HR department self-service rate	(HR transactions conducted via self-service/number of HR transactions) x 100
Average handling time	Average time HR department takes to carry out its different functions
Employee/Management satisfaction rate	Uses survey results to measure employee/management satisfaction with HR department
MANAGEMENT & LEADERSHIP	
Number of managers in successor pool	Measures organization's readiness to replace key positions
Successor pool coverage	Average number of employees per manager in the successor pool
Percentage of positions without ready successors	Another way to measure coverage of the successor pool
Management satisfaction index	Uses survey responses to measure managers' job satisfaction
Employee management satisfaction index	Uses survey responses to measure employees' satisfaction with their managers
PERFORMANCE & PRODUCTIVITY	
Performance pay percentage	Percentage of employees whose pay is based at least in part on individual performance
Performance pay differential	Ratio of direct compensation of high performers to direct compensation of non-high performers
Performance appraisal rate	Percentage of eligible employees to receive

	performance appraisals
Average performance appraisal rating	Measures level of employee performance
Performance improvement rate	Percentage of appraised employees who achieved improvement over their previous review
High performer growth rate	Percentage of appraised employees who were appraised as high performers
Performance improvement program rate	Percentage of employees placed in a performance improvement program
Problem employee rate	Percentage of employees with notable performance or other problems
Rehabilitation rate	Percentage of problem employees who have achieved improvement necessary to shed their "problem" status
RECRUITMENT	
Average recruiting cost per hire	What the organization spends in recruitment to fill a position
Average onboarding costs per hire	What the organization spends in onboarding after filling a position
Average length of hiring cycle	Measured from date HR is asked to fill a position to date hire starts the job
On-time talent delivery factor	Average number of days that newly hired employee's start dates differs from the need-by date listed on the requisition requesting the hire
Recruitment source ratio	Internal hires/External hires
Offer acceptance rate	(Offers accepted/Offers made) x 100
Net hire ratio	External hires/Terminations
New hire turnover contribution	What percentage of total terminations was attributable to termination of short-tenure employees
Average performance appraisal score of new hires in first year	Measures the performance of new hires
Turnover rate of new hires in first year	Another way to measure the quality of new hires
Average cost of a bad hire	Should account for both direct and indirect costs and be broken down by department, position, etc.
New hire satisfaction index	Uses survey results to measure if new hires are satisfied with their job
Manager satisfaction with new hires index	Uses survey results to measure if managers are satisfied with new hires
RETENTION	
Retention rate	(Starting headcount + external hires – terminations)/(Starting headcount + external hires) x 100
Key employee retention rate	Same formula as above but limited to those defined as key employees
Average retention period	Average amount of time employees stay in their

	position (typically broken down by department and position)
Termination rate	(Terminations/Average headcount) x 100 typically broken down into Voluntary and Involuntary Terminations
Total termination costs	Total termination value/FTE
Average termination costs	Total termination costs/terminations (typically broken down by: i. Voluntary/Involuntary; and ii. Reasons for termination)
Employee retention index	Uses survey results to measure how likely employees are to stay with the organization
TRAINING	
Total training costs	How much the organization spends to provide employees education and training
Training costs per employee	(Total training costs/Employees trained) x 100
Cost of training as a percentage of revenue	Compares organization's total training costs to its total revenues
Cents of dollar spent on training for every dollar of revenue produced	Measures impact of training spending on profitability
Training satisfaction index	Uses survey results to measure whether employees are satisfied with their training