

Top 5 HR Metrics and Why They Matter

One question that employees and employers alike can ask themselves is, "how can I measure work quality?" The specifics will vary, but in general, this is where metrics come into play. Metrics serve an important HR role and no one can afford to ignore them. Those who want to step up in the business world and improve their [HR planning](#) capabilities will want to know what the top HR metrics are and how to implement them.

The Importance of HR Metrics

You just learned that HR metrics help measure work quality. Now, you're wondering how that's done. Simply put, a good reason why HR metrics are important is because of the goals it can set for employees. Without goals, people wouldn't know what to strive for. That isn't just for the typical employees either; it's also for those involved in the recruitment process. Regarding the latter, one example of metrics being useful is when it allows the use of previous [HR reports](#) of applicants to help filter out the best from the rest. Without further ado, let's dive headfirst into the many types of metrics and how they can help.

Metric Number One: Recruitment and Hiring

Always keep in mind that a company's workforce is what drives them forward. That makes hiring--and the metrics involved--quite serious. Below are four notable metrics that any recruitment team can follow when searching for the right candidates:

Time to Hire

It is a metric of recruitment where it measures the number of days it takes for a job position to be taken. It starts from the moment the job is vacant until the job offer for it is accepted by the candidate. Knowing the length of time between those moments lets the management learn how efficient and effective the recruitment team is in [hiring the right person for the job](#).

Recruiting Cost

It is the sum of expenses spent on the hiring of an individual employee. There are a lot of things to budget when it comes to recruiting employees. That includes travel expenses, advertising costs, agency fees, and other external costs like food. Finding out how much is spent is a good indicator of how effective the HR team is on a budget.

Employee Referral Program

The HR department's [employee referral program](#) is another excellent tool for HR metrics. A company can determine how well it is implemented through the rate of candidates being recommended to the recruitment team.

New Hire Failure Rate

This refers to the frequency of new hires leaving the company even when their employment was recent. Using this metric, companies can determine the cause of this and give them the insight to improve on it right away.

Metric Number Two: Training and Development

Seeing how much effort the HR team spends to provide [training and development](#) for their employees can also serve as a metric. It enables you to assess the state of the company and see why the employees would need to be trained. Training and development as a metric can help you determine if your company has a skill gap issue, or if the company is advancing that it needs to train its employees to keep up as well. It also shows how the company takes care of their employees and care enough to develop them professionally.

Training Costs

This refers to the budget spent on the training of employees. Things in training that need to be covered include equipment, the learning content, resources, and instructor fees. Training costs are also a good indicator of how much budget is needed for a specific level of training the employees would need.

Training Completion Rate

This refers to how fast the training session of the employees went. The training completion rate is an important HR metric because it enables the management to determine how effective the training is in developing the employee's skill sets.

Training ROI

Also known as return of investment training. This is about the benefits gained from the trained employees, compared to the cost spent from providing the training in the first place. With training ROI, the company can see whether the training initiative was worth the cost.

Metric Number Three: Employee Engagement and Retention

Another great way to see how well your company is doing is to see how much your employees enjoy being at work and how many are staying. [Employee engagement](#) and retention is a good indicator of showing you how effective the HR department is in attending to the employees. There are around four common metrics that fall under this category.

Communication

Effective communication is a great HR metric to use. Communication is something that constantly happens in the office, ranging from business meetings to emails to phone calls. So it is vital that a set of standards is set up by the company on how they practice communication in the workplace.

Employee Satisfaction

Happy employees make a happy workplace. One way to see how effective the HR department is in their initiatives is to see how satisfied employees are with their time at work. Employee satisfaction also helps businesses figure what they need to do to keep their employees from wanting to separate from the company.

Turnover Rate

This makes for a useful HR metric because the turnover rate of a company shows how effective the [HR management](#) system is. Not only that, but it also shows the management of the company as well. A high turnover rate means that the company needs to improve on something, while a lower one indicates that the company is effective with their current practices.

Retention Rate

This refers to the company's ability to keep its employees. [Employee retention](#) rate is an excellent indicator of employee satisfaction and shows how effective the HR departments are. A high retention rate is also a good indicator of the overall management of the company itself.

Metric Number Four: Performance Management

Tracking how well employees are performing at work is a great HR metric. It shows how effective and well organized the HR department has kept the workplace.

Revenue per Employee

It is a measurement of how a company is using its employee's skills efficiently. A high revenue indicates that the company's practices are effective in getting the employees to their maximum potential.

Employee Performance

This refers to how the employee is doing in the workplace. When the employee's performance score is high, that means they are meeting the standards of the company. A low score, on the other hand, means improvements are needed.

Performance Turnover

It refers to the effect of employee turnover rate on the performance of the company. It is directly tied with it, so if the turnover rate is high, then so is the performance of the company and vice versa.

Metric Number Five: The Benefits

Employee benefits are a great way to see how well a company treats its employees. It is also a good indicator of what kind of system it uses to manage employees. Benefits are a great way to provide employee motivation and are an effective reward system.

Benefits Participation Rate

This refers to the percentage of employees that are in a benefits program. As an HR metric, it shows how much the employees are interested in the benefits offered by the company.

When you want to know how good a company is, HR metrics are a great way to find the answer. Be sure to look at every aspect--from how productive they are to how satisfied the employees are with their jobs. Through these five metrics, companies will learn if they are in a good place or if they need to step up their game as a fully operating business.