

1.7: Metrics

Learning Outcomes

- Describe key human resource management metrics



Understanding how human resource management impacts are measured provides another point of reference on the practice and profession. Fundamentals of Human Resource Management defines metrics as “quantitative assessments used to measure the effectiveness of business practices.” Key metrics, with calculations, are shown in the following table.^[1] SHRM emphasizes that “metrics are only truly useful when they provide a basis for analysis.” For example, comparing metrics over time, relative to a target or benchmark are examples of analyses that convert information into insight. Their point: it’s insight—not the metrics themselves—that produces value.^[2]

For perspective on benchmarking, see SHRM’s [Human Capital Benchmarking Report](#).^[3]

Key HR Metrics

- Human Resources (Departmental)
 - Total HR Staff.** Calculation: The number of employees supporting the HR function
 - HR-to-Employee Ratio.** Calculation: The number of human resource employees per 100 employees
 - HR Expense to Operating Expense Ratio.** Calculation: Total HR expenses divided by operating expenses for a given fiscal year
 - HR Expense per FTE Ratio.** Calculation: Total HR expenses for a given fiscal year divided by the number of FTEs (full-time equivalent employees) in the organization
- Compensation
 - Annual Salary Increase.** Calculation: The percentage of increase in salaries that an organization expects to provide or provides to its employees in a given fiscal year.
 - Salaries as a percentage of operating expense.** Calculation: The total amount of employee salaries divided by the operating expenses for a given fiscal year.
- Employment
 - Time to Fill.** Calculation: The number of calendar days from when the job requisition was opened until the offer was accepted, including weekends and holidays.
 - Cost per Hire.** Calculation: The sum of costs related to a new hire, including advertising, any agency fees or employee referral incentives, travel and relocation and recruiter pay and benefits, divided by the number of hires.
 - Number of Positions Filled.** Calculation: The number of open positions that were filled (offer accepted) by either external or internal candidates during the fiscal year.
 - Annual Turnover Rate.** Two-step Calculation: 1) Calculate turnover for each month by dividing the number of separations during the month by the average number of employees during the month and multiplying by 100; 2) Sum the monthly turnover percentages to arrive at the annual turnover rate.

? Practice Question

<https://assessments.lumenlearning.co...essments/17284>

For additional perspective on metrics, read author and talent management expert Dr. John Sullivan's article "[The Top 10 Strategic Talent Acquisition and HR Metrics that CEO's Want to See](#)."^[4]

1. "[Leading HR and Organizational Metrics from SHRM](#)." Metrics 2.0. Accessed July 29, 2019. ↩
 2. "[HR Metrics \(based on Functional areas\)](#)." Society for Human Resources Management HR Metrics. Accessed July 29, 2019. ↩
 3. "[SHRM Customized Human Capital Benchmarking Report](#)." Society for Human Resource Management. Accessed July 29, 2019. ↩
 4. Sullivan, Dr. John. "[The Top 10 Strategic Talent Acquisition and HR Metrics that CEOs Want to See](#)." Visier. Accessed July 29, 2019. ↩
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