2006 HR Metrics TOOLKIT

National Association of State Personnel Executives

naspe

2006 HR Metrics Toolkit
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NASPE Suggested Strategic

HR Metrics

> Human Resources (HR) professionals are increasingly being asked by their leadership for metrics to help their organizations make strategic decisions. Although HR professionals may be comfortable with providing some common reporting measures, such as number of employees or number of attendees at training courses, they are not always comfortable with using strategic HR metrics.

Consequently, NASPE members asked NASPE's Taskforce on HR Metrics to prepare a template of strategic measures that an HR office should monitor. The goal of this request was that this template would provide NASPE members with a helpful resource in this critically evolving area. It is important to note that NASPE will not collect and maintain data on these strategic measures. Instead, it is intended that individual states and state agencies use the template to monitor and measure their own HR functions.

From January through July of 2006, the Taskforce conducted regularly scheduled conference calls to produce this template. The Taskforce initially identified six broad categories of metrics upon which it would focus: Recruitment & Selection, Retention, Compensation & Benefits, Employee Relations, Training & Development, and Human Resources Costs. The Taskforce also recognized that there were other broad categories that may need to be addressed in a second phase of this project. The taskforce then identified specific measurements under each of these six broad categories. As a result, the Taskforce identified 22 specific strategic HR measures. In addition, the Taskforce identified a formula, a collection approach, and an implementation approach for each of the 22 specific measures.

What follows is the template for those 22 strategic HR measures. A state's central HR office or a state agency's HR office can use this template to identify the strategic HR measures that it will monitor. It is unlikely that all 22 will be used. But, the HR office would probably want to include at least one specific measure from each of the 6 broad categories.

The Taskforce welcomes feedback from users of the template. Based on this feedback, the Taskforce can continue to improve the template. >

Recruitment and Selection

Measure: Quality of Hire
Formula: % of hires who complete probationary period (excluding involuntary separation)
Collection: Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Longitudinal tracking of employees at 1, 2, 3, 4, and 5 year intervals to determine retention over these periods (For example, % retained after 3 years)

Measure: Quality of Job Fit
Formula: Composite of survey statement responses (5 point Likert scale with 5 being the best and 1 the worst) 5=Strongly agree…1=Strongly disagree
Collection: Have supervisor respond to the following statements at the end of the employee's probationary period: 1) The new hires' competencies fit the needed job requirements; 2) The new hire displays the behaviors (including work ethics) needed on the job; 3) The new hire is a good fit for the organization. Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Monitor quarterly, by agency

Measure: Job Offers Accepted Rate *(NOTE: A state will need to define "offer" and the offer probably should be written.)*
Formula: Number of First Offers Accepted / Total Number of First Offers
Collection: Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Monitor quarterly, by agency

Measure: Quality of Applicant Pool
Formula: Composite measure of the following four items:
1) % of diversity hires in management positions
2) % of diversity hires in non-management positions
3) % of applicants meeting minimum T&E
4) % of applicants meeting preferred T&E

(NOTE: A state will need to include a definition of diversity and preferred T&E.)
Collection: Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Quarterly analysis by position type

> Retention

Measure: Voluntary Turnover of Key Performers in Key Jobs
Formula: Agency identifies "Key Jobs." Key performers are defined as those with a greater than "meets performance requirements" rating or the equivalent of such a rating. Turnover = Key Performers in Key Jobs who left/ total number of positions in Key Jobs
Collection: Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Monitor quarterly, by agency

Measure: Diversity Turnover
Formula: % Diversity turnover
(NOTE: A state will need to include a consistent definition of diversity.)
Collection: Data collected quarterly, analysis based upon a rolling 12-month period
Implementation: Monitor quarterly, by agency

Measure: Employee Engagement
Formula: Results of survey statement responses (5 point Likert scale with 5 being the best and 1 the worst), e.g., 5=Strongly agree…1=Strongly disagree
Collection: Have employees respond to the following statement annually:
1) I look forward to coming to work. Collect data annually.
Implementation: Monitor annually, by agency

> Compensation and Benefits

Measure: Salary Competitiveness of Market Rate *(NOTE: The market will be unique to each state.)*
Formula: % of selected job titles that are at the market average (defined as the pay structure mid-point rate) in each state
Collection: Data collected annually, analysis based upon salary survey conducted by each state
Implementation: Longitudinal tracking of rates by "% at market rate"

Measure: Percentage Difference in Pay Increases Between Top Performance Rated Employees and Other Employees
Formula: Average annual % of all pay increases for top performance rated employees - average annual % of all pay increases for other employees = average % difference of performance as a factor in pay increases
Collection: Data collected annually. Calculate the difference in average % pay increases (e.g., pay differences between 7/1/06 and 7/1/05) for employees in the top performance rating and for all other employees. Pay increases include base and non-base, such as merit or longevity, promotions, and other bonus pay increases. *(NOTE: A state can also do a comparative analysis of each separate performance level.)*
Implementation: Monitor annually

Measure: Market Competitiveness of Actual Base Salaries
Formula: (State job weighted average of actual base salary $ - market weighted average of actual base salary $) / market weighted average of actual base salary $ = the average % difference in competitiveness between a state job and its relevant market
Collection: Data collected annually, analysis based on % difference of actual state and market base salaries for each benchmark job. Weighted average is calculated based on the number of employees in a job. Example: 105% means a state's actual base salary rate is, on average, 5% higher than the market.
Implementation: Monitor annually; can also do longitudinal tracking.

Measure: Market Competitiveness of Pay Structure
Formula: (State weighted average pay structure midpoint $ - market weighted average pay structure midpoint $) / market weighted average pay structure midpoint $ = the average % difference in competitiveness between a state and its relevant market
Collection: Data collected annually, analysis based on % difference of state and market midpoint rates in a benchmark job's pay range. Weighted average is calculated based on the number of employees in a job. Example: 105% means a state's pay structure is, on average, 5% higher than the market.
Implementation: Monitor annually; can also do longitudinal tracking

Measure: Ratio of Total Compensation Cost to Total Budget
Formula: Total Compensation Cost to Employer / All State Budget Costs. Total Compensation Cost to Employer = Total base salary $ + employer contribution $ to benefits (health + life + pension). Health insurance includes group medical, dental, vision, etc. Note that health (medical and dental) contribution $ may be calculated on a per-employee-per-month (PEPM) basis to account for varied contributions by coverage tiers (e.g., family, employee only).
Collection: Data collected annually, trend data analysis from year to year. *(NOTE: A state will need to use a consistent year, e.g., fiscal year or survey cycle. An additional metric is the ratio of PEPM $ / Base Salary per employee in order to derive the overall average ratio of state benefits to cash.)*
Implementation: Monitor annually; can also do longitudinal tracking.

> Employee Relations

Measure: Turnover of Top-Rated Performers
Formula: Number of Employees and Managers with Highest Category Ratings Who Voluntarily Separated/All Employees and Managers Who Voluntarily Separated
Collection: Data collected annually, trend data analysis from year to year *(NOTE: A state can also do a comparative analysis of each separate performance level.)*
Implementation: Monitor annually, by agency

Measure: Impact on Diversity of Employment Activities *(NOTE: The activities monitored will vary by state. Examples: employee performance ratings, applicant flow, training, pay increases, and recognition.)*
Formula: Comparison of average salaries by EEOC category (sort groups according to impact of a particular activity), e.g., distribution of performance ratings among various groups
Collection: Data collected annually, trend data analysis from year to year
Implementation: Monitor annually, by agency

Measure: Percentage of Administrative Actions Overturned by Reviewing Bodies *(NOTE: The administrative actions monitored will vary by state. Examples: EEOC complaints, employee grievances.)*
Formula: Administrative Actions Overturned / All Administrative Actions
Collection: Data collected annually, trend analysis from year to year

> Training and Development

Measure: Satisfaction with Learning Opportunities *(NOTE: A state will need to define "learning opportunities.")*
Formula: Results of survey statement responses (5 point Likert scale with 5 being the best and 1 the worst) 5=Strongly agree…1=Strongly disagree
Collection: Have employees respond to the following statement annually: 1) I am satisfied with the learning opportunities that are provided to me by my agency; data collected annually, trend data analysis from year to year
Implementation: Monitor annually, by agency

Measure: Training Impact on Performance
Formula: A) Results of survey statement responses (5 point Likert scale with 5 being the best and 1 the worst) 5=Strongly agree…1=Strongly disagree
B) Results of survey question responses : 1. 0-20%; 2. 21-40%; 3. 41-60%; 4. 61-80%; 5. 81-100%
Collection: Have employees respond to the following statement annually: 1) My individual job performance would have been improved in the past year if I had received training. (See scale A above.) Have supervisors respond to the following question annually: 1) What percentage of your employees had their performance improved in the past year by training/learning opportunities? (See scale B above.) Data collected annually, trend data analysis from year to year
Implementation: Monitor annually, by agency

Measure: Training Costs *(NOTE: A state will need to define what is included in "training costs." For example, external vs. in-house training courses, conference registration costs, travel costs, etc. Also, states may want to segregate the reporting of various components of the training costs.)*
Formula: Training costs / Total payroll
Collection: Data collected annually, trend data analysis from year to year
Implementation: Monitor annually, by agency

Measure: Training Hours per Employee *(NOTE: A state may want to segregate the reporting of various components of the training hours.)*
Formula: Total training hours attended by all employees / Mean number of employees
Collection: Data collected annually, trend data analysis from year to year
Implementation: Monitor annually, by agency

> Human Resources Costs*

Measure: HR Department Costs
Formula: Human Resources Costs (central and agency) / All State Budget Costs
Collection: Data collected annually, trend data analysis from year to year
Implementation: Monitor annually statewide

Measure: Ratio of HR Staff
Formula: Number of Human Resources Staff (central and agencies combined) / Mean Number of State Employees *(NOTE: States need to define what is meant by "State Employees." For example, classified employees, unclassified employees, higher education employees, etc. Also, states may want to segregate the reporting of various components of state employees.)*
Collection: Data collected annually, trend data analysis from year to year
Implementation: Monitor annually statewide

** (NOTE: A state will need to identify what is included in that state's Human Resources program. For example, retirement and other benefits administration, coverage of higher education employees, etc.)*

> Notes

NASPE HR Metrics Task Force

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