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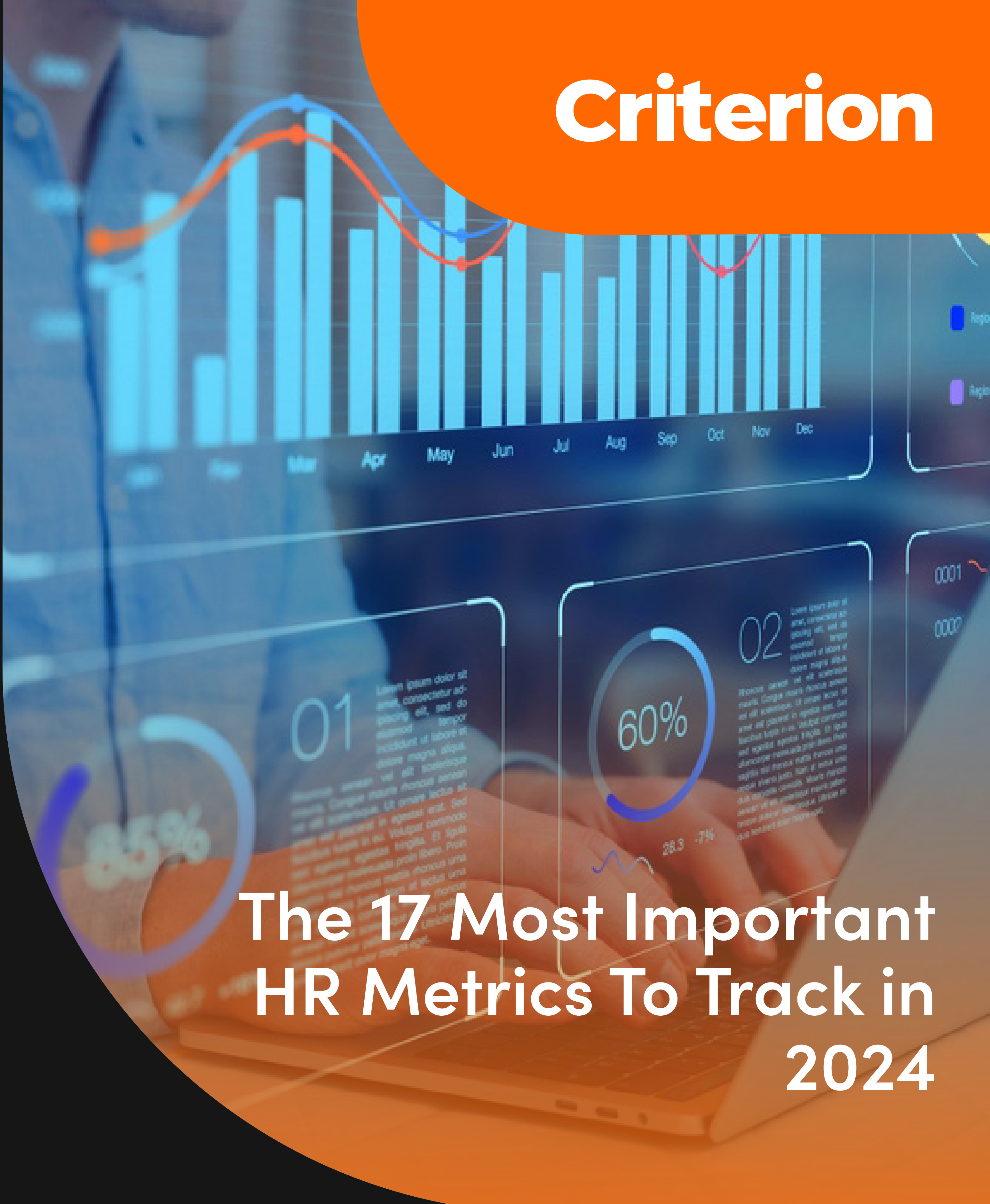

The 17 Most Important HR Metrics To Track in 2024

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Working in human resources means monitoring a lot of metrics. But are you monitoring what's most helpful — or just wasting time?

Human resources is uniquely positioned to provide insight into a company's workforce — what helps employees to be effective, and how the company can help them both achieve their goals and remain engaged with their work. Employee data is a luxury that many modern HR departments enjoy, but sometimes an abundance of workforce analytics can be overwhelming. That means it's important to keep focused and not use precious energy and labor hours chasing irrelevant data.

In this article, we've laid out 17 of the most important HR Metrics you should be paying attention to in 2024. This list is based on both current HR trends and the usefulness of the metrics themselves. Together, these metrics can help you paint a more complete picture of the employee experience at your company and how each team operates within that.

How Do You Define What HR Metrics Are Most Important?

The metrics tracked by an HR department should inform and aid the company's overall goals. As people at the highest levels in the organization provide details about the company's vision, you'll be able to illustrate how those big visions are being executed and how they affect the company.

You should select metrics to track based on how well they predict or reveal the obstacles your organization may experience. If you're implementing a new policy, select the metrics that will reflect the effectiveness of this move and the sentiment around the policy itself. If in doubt, it's best to track it in case there's a relationship to evaluate later (especially if you're using an HCM that tracks multiple metrics).

Certain HR metrics can also help you find the causes of slowdowns and obstacles to success before they happen. If you're able to address concerns regarding low productivity or employee sentiment right away, the organization can stop the spread of negative effects that will eventually affect the bottom line.

For example, it might not be a mystery why people are suddenly leaving the organization when you're able to see that it's all happening in the first six months after instituting a new policy. If the company had been aware that the policy scored low in employee sentiment surveys, or that the first wave of people to leave explicitly named the policy as a reason they left, you may have been able to take action and prevent months of voluntary turnover.

If individual departments have data on things like cost to hire and participation in HR activities, they can make better decisions in several areas. If employees aren't utilizing certain benefits or offerings, and you have the data to prove there's low engagement, you may be able to make a case for cutting those benefits entirely. Add in survey results from asking employees directly about it, and you can make a case based on hard evidence that's hard to ignore.

Overall, choosing the right metrics for your HR department means determining the best way to measure success towards company goals.

The Top 17 HR Metrics for 2024

Here's our list of the most important metrics your company can (and should) monitor in 2024. You may find that not all of the metrics suit your goals as a company. It is ultimately up to you and your organization to select the most relevant metrics for your goals.

1

Employee Turnover Rate (Voluntary and Involuntary)

The post-pandemic Great Resignation is still on the minds of many HR professionals. It's important to know how many people are leaving the company at any given time, and the right human capital management system (HCM) configuration can help you determine this.

Within employee turnover there are two types to consider, each illustrating a different aspect of your workforce: voluntary and involuntary turnover. Voluntary turnover describes how many people are willingly leaving the company. Involuntary turnover shows how many people are being fired. Each one can indicate something different about how your company is functioning.

For instance, high voluntary turnover may tell you something about how people feel about the company once they arrive. You can drill down on this even further by focusing on new employee turnover. How many people are leaving within 30, 60, and 90 days?

On the other hand, a high involuntary turnover may reveal a problem with the hiring process, or even the performance of the manager (if confined to a specific team). If too many employees are being hired and then fired shortly after, it represents a problem.

2

Turnover Cost

How much money are you losing every time you onboard someone who quits relatively soon into their tenure? In other words, how much is it costing the organization to have continuous turnover? If you're aware of the average revenue each employee produces for the company, you'll be able to project the potential net gains someone could have brought to the organization had they decided to stay.

However, it may be unrealistic for the HR department of a large organization to calculate the average revenue earned per employee. If you're looking to make a case about wasteful hiring or money lost from turnover, you can also look at cost per hire.

3

Cost Per Hire (CPH)

Once fully ramped up, every employee in your organization should be helping the company profit in some way. But even if the employee has a net positive effect, it still takes time and investment to hire them. If that person leaves before 90 days, the organization will never get back the time and money they invested in training that person.

To calculate the CPH of a department or company at large, you'll need to take into account the cost of training materials, drug tests, and much more. The Society for Human Resource Management has developed a definitive list of factors that help determine CPH, as well as recommended formulas and suggestions for statistics to be included when presenting reports. It reinforces why this metric is important to track — the cost of new recruits that ultimately don't contribute can add up very quickly.

4

Demographics of Employees

If your company is considering instituting DEI (diversity, equity, and inclusion) measures in 2024, this is the extremely important first step. If employees are willing to disclose their age, gender identity, race, educational background, or other demographic details on a survey (or on their job applications), you will receive incredible data that will point out exactly where your company may be lacking in diversity. Take the number of applicants that belong to a certain group, divide it by the general population, and you'll learn what percentage of your employees consist of that demographic. If you're not satisfied with the result, that may be the next place to focus DEI efforts.

If you're looking to institute a specific DEI initiative, this data may provide insight into what methods were most effective. For example, if you see a surge in new applicants over 40 years old after an article comes out about your company's generous childcare policies, that's valuable insight about your employment branding goals.

5

Average Tenure

It's important to know when people leave your organization. But among those who stay, how long are they staying? Average tenure can measure how long employees work at your company over time. With this metric, you may pick up unique insights about how your company is perceived by employees. Do people see it as a place to have a lifelong career? Or, like many prestigious companies, have you become a "boot camp" that employs people for a few years before they go on to be hired elsewhere based on your company's reputation?

It's even helpful to use this metric more specifically, such as if you're worried about a lack of internal mobility within your company. Looking at the average tenure of people at the same position may highlight the managers that create an environment where people want to stay. Comparing average tenure between departments may reveal where the organization at large needs to reevaluate hiring procedures (or investigate why employees are quick to leave).

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6

Exit Drivers

As employees depart and give their exit interviews, be sure to document their stated reasons for leaving. If possible, offer standardized answers for departing employees to select in a survey format. A sudden spike of departures all citing the same reason can be a huge red flag that a recent policy isn't popular. Employees don't always speak up about changes they don't like — often, they'll vote with their feet, and you'll want that data to learn why.

7

Pay Gap and Compa Ratio

This is a very important metric that helps answer the question of whether your company is equitable. If you're not offering equal pay for equal work, no initiative will be able to compensate for that. You'll need to make changes at an institutional level to ensure long-lasting organizational health.

You can use the compa ratio to directly compare salaries between employees. This is a mathematical formula that directly compares an employee's salary against the median average salary for their position.

The formula for the compa-ratio goes as follows:

Compa-ratio = (Employee's salary/Median Salary) * 100

If the result of this calculation lands at or near 100, that salary is close to the market rate for hiring your employees. If it is lower than 100, you're paying lower than the market rate. You can then compare these percentages to each other to get a general idea of the state of equitable pay in your organization.

This formula can also be used for other purposes. Instead of the median average salary, you can instead substitute the average salary offered to new employees that quarter.

Are the employees that have been in that department for years being paid in kind? How about compared to the average salaries of employees of equivalent positions in different departments? Having hard numbers to reflect the reality of pay equity in your organization may help to persuade others that institutional change is necessary.

8

Employee Engagement Scores

Employee engagement is one of the most important HR metrics to track in 2024. You don't want to find out that employees aren't happy at your company when they start talking about "rage applying" to other jobs. Conduct regular engagement surveys and save the data — you may see patterns emerge and have solid recommendations when asked to report how the company could improve employees' well-being.

Naturally, there will be obstacles in convincing employees to opt in. They may not trust that their data will be 100% anonymous. Do your best to design a survey that doesn't require any personal information. Explain that the survey is to collect data about the real employee experience, and that the point is to try to detect problems.

9

Employee Dissatisfaction

It may feel odd to track the negative scores to employee engagement surveys, but it's imperative to do so. Who is the least satisfied with their position within the company? Are they all coming from one particular department? This is also why it's important to include questions about what employees like least about their job and what they would change if they could. You may see a correlation between sentiment and implemented changes.

10

Employee Absenteeism

This can be a tricky metric to break down. It can be hard to determine the motivations behind an employee's absence if you're not personally acquainted with them. However, if the number of employees taking time off suddenly spikes after a policy change to transition from fully remote work back to the office, that could be a big sign that this isn't what employees want. It may also indicate that people are afraid of repercussions if they speak up, and would rather just call off work to avoid the problem.

11

Human Capital Return on Investment (HCROI)

HCROI is the return on investment on the holistic hiring of an employee — basically, is this person earning back their salary and benefits?

Most of the time, an employee begins to fully contribute (and not solely use resources) after being in a position for three months (the average ramp-up time). This is an enormous investment for most companies, sometimes reaching up to 50% of company costs. There are multiple steps to doing this calculation, but it generally comes down to subtracting the total human capital cost from the company's revenue, then dividing it by the human capital cost. This will give you a percentage that directly translates to how much money your company is earning back from every dollar invested in employees.

For example: Say that a small tech startup spends $500,000 on human capital over the course of a year. With annual profits at $2,000,000 a year, this is how the math turns out:

$$(2{,}000{,}000 - 500{,}000)/500{,}000 = 3$$

This means that every dollar invested into human capital resulted in $3 earned for the company. This plucky tech startup managed to hire very wisely, but you don't have to have the same winning rate to achieve a high HCROI. That said, a number less than 1 indicates that the company is losing revenue on human capital and you may need to make adjustments to perks or hiring. If you're consistently tracking HCROI (whether for the entire company or individual departments), you'll hopefully catch the revenue loss before it becomes a significant problem.

12

Perks ROI

Are things like free food, educational support, etc. actually bringing in more money for the company? If not, they're wasting money. Track how often a perk is utilized versus the investment required to maintain it, and you may be surprised. Employee engagement surveys and data on exit drivers may provide insight and even reasoning for why employees utilize some perks over others.

13

Quality of Hire

This metric is exactly what it sounds like: how much worth did an individual employee bring to the company after being hired? But figuring out an employee's ROI isn't as simple as computing how much money the company earned during their tenure (especially during their first three months of employment).

The criteria for success will depend on the key performance indicators (KPIs) for their individual position. You also have to set expectations for how well a new recruit would have to perform to justify their addition to a team (especially if it's already a high-performing team). If you have evaluation points established for a new hire's first year, record the assessments and compare them against expectations (or the average results for someone with their position). If they don't meet KPIs after an extended time with the organization, the employee may be a poor fit.

14

Average Performance Rating Over Time

Are hiring efforts bringing on more employees that don't stay? Is productivity not increasing despite onboarding new employees? Tracking performance ratings from managers over time may reveal patterns and pitfalls in the onboarding process that may not be visible from the top. You may also discover recurring complaints (or low ratings) from certain departments, so you'll know exactly where you need to focus reform efforts.

15

Rates of Internal Promotion

Are employees staying around to rise in the ranks? If so, where are they moving to? If you're looking to develop formal career frameworks for your organization, this will provide valuable insight into how your employees plot out their paths and what departments or teams are perceived as the most desirable.

But if you're worried about turnover or employee engagement at the management level, this is an especially important metric to watch. More than employee turnover, it's important to know if employees view your company as a place they can build a career in the long-term. Note if there are common characteristics among those who are promoted within the company. Are they mostly concentrated in one department? Do they all belong to a certain demographic? This data may be especially useful when researching how to target DEI efforts.

16

Employee Position Duration

Along with internal promotion, taking time to record how long individual employees stay in their positions will provide great insight into your employees' self-chosen career frameworks. It may reveal dead-ends within your company's structure, or illuminate where employees are willingly stagnating because higher positions don't appeal to them. If willingly stagnant employees all belong to one position, department, or demographic, that's information you need to know.

17

Organization-Specific KPIs

At the end of the day, numbers don't lie. You need to know if your organization is producing the right results for your company and industry. Your profits and retention definitely speak to this. But to achieve the organization's full potential, you'll have to get into the details of the monthly, weekly, or even daily actions and be able to assess if things aren't headed in the right direction.

It's up to you to decide what metrics you need to track to ensure employees and departments are performing correctly. Depending on your industry, you may need to track outbound calls, closed deals, products shipped, customer satisfaction, etc. KPIs that are unique to your sector or industry can provide a valuable window into work patterns and the need for process improvement. Look at what other companies in your industry are tracking and decide which of those metrics would be most helpful to achieving workplace success — you may be surprised with what information is most relevant.

How To Best Use HR Metrics

The ultimate purpose of tracking HR metrics is to detect and investigate problems, then develop targeted solutions. You can analyze the results of HR metrics to see how and if employees are affected by changes within the organization, or if there are trends you should monitor before they become a problem.

It should be noted that correlation does not equal causation. Just because you see that one metric changed over a certain period of time doesn't mean it's directly responsible for another change in the same period. This is why it's important to track many different metrics (including qualitative metrics like employee satisfaction) and collect feedback often. If there's a significant impact on your metrics, you need to be able to investigate the cause and verify that it's not an unrelated factor.

Use Specific Data

It's important to use specific data when tracking these metrics, or with any workforce analytics strategy. HCM software is essential to tracking and storing this information so you can make data-driven decisions regarding your workforce. If you have exact numbers on how employees are affected by a change, or how much money can be saved by investing in a certain improvement, it's easier to build a strong case for improvement. You can also rule out unrelated factors.

Research Trends For Insights

Every organization wants to become more efficient. If you're looking to achieve a specific goal (such as increased diversity among new hires), it's essential to follow up on sudden progression or unusual events having to do with these goals. The solution may provide valuable information.

For example, you may be wondering why you suddenly have a lot of long-staying hires coming in from San Francisco but none from Fresno. A quick comparison between recruiting effort success rates between those cities may reveal that resources were unevenly invested. As well, comparing the two groups' salaries could reveal a discrepancy in initial offers. Do members across the two groups have the same stated exit drivers? If the groups each went into their roles with differing expectations, the metrics will reveal it — and you'll be able to bridge the gap in future recruiting efforts.

Track Multiple Metrics For a Complete Picture

The more metrics you can track about your organization, the better. More data means you can construct a more holistic picture of how things are going — and find solutions to complicated problems.

As another example, you might come across low employee engagement when evaluating annual surveys. This is definitely a multifaceted problem with many different potential solutions. But going through your HCM, you may discover that very few employees participated in HR-run bonding events in the last six months. Add in reported low rates of satisfaction with offered benefits, and you'll start to see ways to improve the situation.

It may seem overwhelming to track so many different metrics, but it's essential. They provide an honest, down-and-dirty answer to the questions, "what is it like to work here?" If you don't like the answer, these HR metrics will help you develop a data-driven plan to change it.

Final Thoughts

The HR metrics you use/find most useful depend upon your company and its needs. But there's no universally un-helpful metric. Don't disregard tracking a general statistic just because it doesn't apply to you right now. You might really wish you had that historical data someday.

That said, keeping track of all these metrics demands time and capacity. It's beyond what just one person can do, which is why a lot of organizations don't track enough HR metrics. But it's essential for doing targeted good work that truly benefits your employees.

That's why our team at Criterion developed a better HCM platform for HR professionals. Our mission is to help you manage your workforce and compile the data you need to improve your HR processes all in one place. You'll be able to compare different statistics and build custom reports and visualizations based on your company's goals. We're HR professionals, too — that's why we designed our HCM with your needs in mind.

Contact us for a demonstration to discover how much you can learn about your organization and what the right data can do for you.