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# Human Resource Management (HRM): Important Metrics and Needs of them in an organization

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To figure out the most important HR metrics needed in an organization to  
maximize employee performance.



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# 1 Introduction

Human resource management (HRM) is the process of recruiting people, training them, compensating them, and developing policies and strategies related to them. HRM is often referred to simply as human resources (HR). The overall purpose of HR is to ensure success through people.

## 1.1 7 functions of HR

The 7 important functions of HR are:

- Recruitment and Hiring
- Training and Development
- Employer-Employee Relation
- Maintain Company Culture
- Manage Employee Benefits
- Create a safe work environment
- Handle Disciplinary actions

## 2 HR Metrics:

HR or Human-Resource metrics are key figures that help organizations to track their human capital and measure how effective their human resource initiatives are. Some of the examples of HR metrics are turnover, cost per hire, etc.

### 2.1 Importance of HR Metrics:

According to Bamboo HR's [survey](#), almost one-third of executives want to see reports from HR more often. 82% say that HR reports are somewhat useful, useful, and extremely useful. Two-thirds of respondents said that it is very or extremely important to measure the HR initiatives that have in their organization. 87% of respondents said that HR reports influence their organization's strategy to varying degrees. This means that HR metrics are no longer nice-to-haves, they are must-haves for an HR team who wants to build solid and data-driven management strategies for the organization.

## 3 Most Important HR Metrics:

Here we will discuss some of the most important HR metrics needed by an HR team. We will divide them into four broad categories i.e recruitment and workforce, training and development, engagement and retention, and employee value and productivity.

### 3.1 Recruitment and Workforce:

Some of the important HR metrics in this category are,

- **Headcount:** Total number of employees in the organization.
- **Diversity:** Age, gender, ethnicity of employees
- **Recruitment time:** Time between job posted and offer acceptance.

- Cost per hire
- **Acceptance rate:** Offers sent divided by the number of candidates who accepted the offer
- **Time to productivity:** Time taken by new hires to acclimatize with the organization's environment.
- **New hire turnover:** Number of new hires who left within a set period

## 3.2 Training and Development

Metrics related to this category are,

- **Training Expenses:** Cost it takes to train an employee.
- **Training Completion rate:** Training completed by employees divided by a total.
- **Time to Completion:** Time is taken by each employee to complete the training
- **Training effectiveness:** Measure the training effectiveness by running different tests.

## 3.3 Engagement and Retention

This includes

- **Employee Satisfaction:** Number of employees who would recommend your workplace.
- **Total Turnover Rate:** Number of employees who left your organization divided by the total within a given period.
- **Retention Rate:** Opposite of turnover rate
- **Retention rate per manager:** Retention rate broken down by individual teams and managers.

## 3.4 Employee Value and Productivity

This category contains

- **Revenue per employee:** Total revenue divided by the total number of employees
- **Employee Performance:** Measure the performance of employees using different assessments.
- **Goal Tracking:** Goals set by employees and how they connect to the company's larger goals.
- **Company Performance:** How well employees are performing versus how engaged and valued they feel.

The above were some of the most important HR metrics needed in any organization to maximize employees' performance in service of an organization's strategic objective. Here in the next section, we will make a dashboard for the HR team so they can easily monitor different employees' performance.

## 4 HR Dashboard

Figure 1 shows a screenshot of the HR dashboard containing different HR metrics that I built using Plotly Dash.

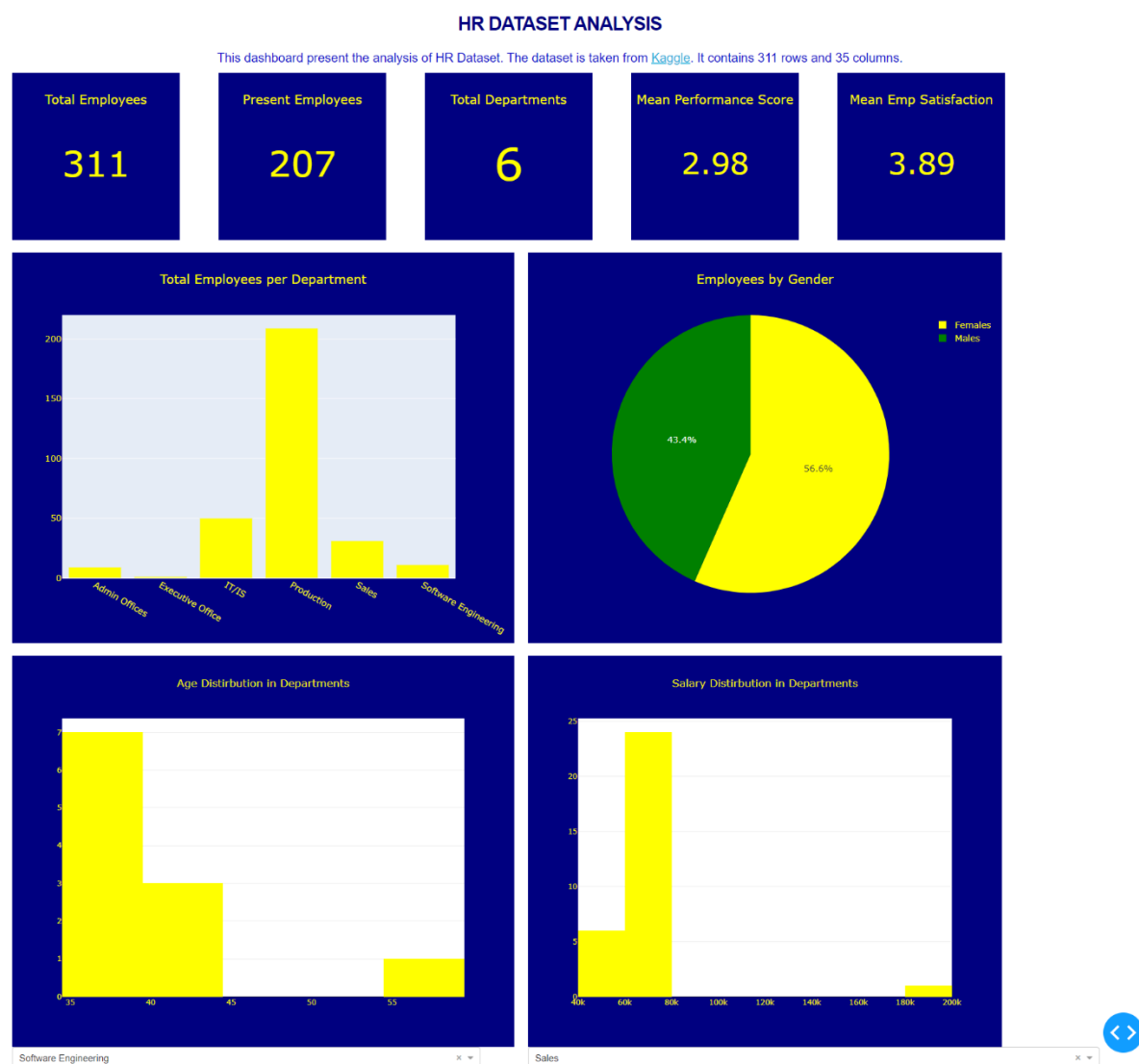


Figure 1: HR Dashboard

## 5 Conclusion

In this report, I have discussed HRM, its metrics and then the importance of each metric. After that, I have shown a sample image of the dashboard that I prepared on the Kaggle HR Dataset using Plotly Dash. This dashboard is not the final version and more work can be done on it in future.