A New Year: Two HR Resolutions

The New Year is viewed as a time of renewal among most people and organizations. So what should your New Year’s Resolution be from the human resources management (HR) standpoint? Two ideas come to mind. The first of these – regulatory data – probably creates the need that we make the following resolution:

“I promise to collect my HR regulatory data throughout the year and not wait until the last minute.”

The second set of HR data that we need to think about collecting and examining this year are HR metrics. HR metrics help us to determine: (a) cost of our HR processes; (b) effectiveness of our HR processes; (c) improvement of HR processes. The second resolution should be:

“I promise to collect some data about my HR processes to find out what they cost.”

Some regulatory data, such as the Equal Employment Opportunity survey (EEO-1) is due on September 30. Remember if you have 15 or more employees are covered by the federal Civil Rights Act and the Americans with Disabilities Act. Having twenty or more employees means that the Age Discrimination in Employment Act pertains to your organization. Finally, most organizations with one or more employees are covered by the Equal Pay Act. Check with a labor attorney or www.dol.gov for more specific information.

Safety training and accident data also need to be tracked throughout the year for most employers with 10 or more employees. OSHA requires three forms be maintained year round (OSHA 300 Log of Work-Related Injuries and Illnesses, the annual OSHA 300A Summary of Work-Related Injuries and Illnesses, and the OSHA 301 Injury and Illness Incident Report). Check with your labor attorney to be certain as there are many exemptions and quirks to this legislation.

HR metrics sound like they are complex, they really are not. Most metrics consist of a series of simple measurements to assess the time each HR process requires and which is then multiplied by the hourly labor base rate. There is not a “right” way to measure instead the process should be examined to determine the best place in the process to measure. Once the data is collected it should be examined for decision making and improvement opportunities.
The recruiting component will be used to illustrate an HR metric. Most organizations prefer to have a full employee complement and few or no open positions. Open positions mean that work is not being completed or the existing employees are doing extra work – with or without overtime – both have a long-term cost. Some recruiting metrics we might examine:

*Time factors: time to interview + time to offer + time to fill a position*

*Labor cost per hire = (time to hire) * (hourly rate for those involved in hiring)*

The time factors can be easily adapted to show costs. We might find that we are able to interview many candidates but unable to hire. More importantly, we develop a realistic picture of the cost of recruiting (which can be compared to the cost of a small pay raise that might keep an employee from turning over). One word of warning: It is simple to use one or two HR metrics, however, the real power is found when the metrics interact in the same way as the various HR processes. Measurement in one area may not provide the entire picture.