The Most Important HR KPIs for 2019
Metrics that Matter: The Most Important HR KPIs for 2019

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Data-Driven HR Decisions

Every day, HR professionals and executives make decisions that have an important impact on their people. Today, successful HR leaders are increasingly taking a data-driven approach to making the best choices for their organizations. But because there are more ways to collect and analyze data than ever, transitioning to a more structured HR management style can be a major challenge. However, HR pros who embrace a data-driven approach to people analytics stand to optimize recruitment rates, boost retention levels, and increase employee engagement.

For HR, a successful application of analytics is the ability to use current data to make future predictions about an organization’s people. HR pros who embrace a data-driven approach to people analytics stand to optimize recruitment rates and increase employee engagement. And with voluntary resignations at an all-time high, retention-related metrics are a key objective for most HR teams.

“HR analytics can improve decision process efficiency by as much as 25%.”
Harvard Business Review

71% of companies see people analytics as a high priority, but over 50% of organizations are very limited or worse in their ability to use talent data to predict and improve business outcomes.
Deloitte Global Human Capital Trends
The key to boosting employee retention rates is a new approach to HR called people analytics. This emerging field explores, infers and communicates significant data patterns to initiate and support business decisions related to personnel.

Important questions that people analytics can answer include:

- Where do our best employees come from?
- How can we find more top performers?
- How can we better engage our highest performing workers?
- What do our most successful leaders do to excel at their work, and how can we replicate that across the organization?
- Which qualities do amazing teams have?
- Which people are most likely to stay in the company or leave it?
Which HR KPIs are the Most Important?

Human Resources key performance indicators (HR KPIs) are data-driven metrics that are strategically aligned with organizational benchmarks and goals. How many different metrics does your HR team track? With so many KPIs to choose from, HR executives need to be able to focus on only the most effective measurements. In this report, we’ve gathered 9 of the most effective HR-related metrics. These KPIs provide powerful insights into your people’s performance, professional development, and attitudes towards your organization.

To help HR decision makers maximize their ability to make informed decisions, we’ve taken a tactical approach to KPIs. In this report, we focus on three key areas: recruitment, retention, and engagement.

KPI Overview

**Recruitment**

| Time to fill - time to hire | Quality of hire | Application dropout rate |

**Retention**

| First year turnover rate | Top talent retention rate | Average absenteeism rate |

**Engagement**

| Text analytics | Employee net promoter score | Career path ratio |
Recruitment: Optimizing the Hiring Process

Recruiting KPIs are essential for evaluating the effectiveness of an organization’s hiring process. The right mix of recruiting metrics can tell an HR team which recruitment strategies are working and which are not. The most relevant recruiting measurements even go a step further, providing actionable insights about where an HR team should be allocating its time and budget.

Time to Fill – Time to Hire (TTH)
This KPI measures the time it takes to find and hire a new candidate. Time to Fill is usually measured by calculating the number of days between the posting of a job opening and the onboarding of a candidate. Tracking Time to Fill is crucial since it has a direct impact on an HR department’s ability to attract the best and brightest talents and onboard the candidate to fill the business needs as soon as possible.

Quality of Hire
This is a metric that combines the percentage of candidates who are ultimately hired with the percentage of new hires who stay on with the company. This number is then divided by two. Quality of Hire provides a strong indication of an HR team’s success in sourcing loyal talent. If low-quality talent is constantly being hired, this means that HR is wasting time and resources on the wrong candidates. In addition, you can measure the manager’s satisfaction from the new hire in a short survey 3 months following the start date.
Application Dropout Rate

This measurement analyzes the percentage of candidates who don’t complete a job application. Today’s on the go job candidates are too busy to fill out a long application. In addition, traditional job applications aren’t even optimized for mobile devices. As a result, top talents tend to opt out of a bloated application process. HR teams that improve their organization’s Application Drop Out Rate will create a better candidate experience.

TIME TO FILL - TIME TO HIRE (TTH)

The average Time to Fill is 42 days.

QUALITY OF HIRE

Organizations that invest in a strong candidate experience improve their quality of hires by 70%.

APPLICATION DROPOUT RATE

60% of candidates quit in the middle of filling out online job applications because of their length or complexity.
Retention: Keeping the Best and Brightest on Board

Retention-related KPIs are vital for tracking the effectiveness of an HR team’s people management strategies. The right metrics provide important information about who’s leaving, when and why. Harnessing the data of these KPIs can enable HR decision makers to optimize their engagement initiatives, as well as initiate steps to improve individual, team, and organizational performance.

First Year Turnover Rate

This KPI calculates the percentage of employees who resign within one year of joining a company. The First Year Turnover Rate is arrived at by taking the number of employees who leave before completing 12 months of employment and dividing that figure by the total number of people who quit during the same period. This KPI may be the most important indication of a fundamental mismatch between a new hire and a company.
**Top Talent Retention Rate**
This is a KPI that gauges the retention rate of an organization’s top performers. Top Talent Retention Rate is critical to keeping an organization’s star employees motivated and engaged. By using this metric to understand the key drivers keeping top talent close, an organization can stay competitive with regards to compensation packages and professional development.

**FIRST YEAR TURNOVER RATE**
The average cost of a new hire who resigns within 12 months is $43,700.

**TOP TALENT RETENTION RATE**
88% of companies view incentive compensation and bonuses as key to retaining employees in the next five years.

**AVERAGE ABSENTEEISM RATE**
Highly engaged teams have a 41% lower rate of absenteeism.
Engagement: From Feedback to Productivity

There’s a strong connection between actively engaged employees and increased productivity. Over the long term, low employee engagement levels can actually have a negative effect on an organization’s profitability. Engagement is thus a key area for HR managers to focus on. With the right kind of feedback, employees’ feelings about their colleagues and company can be measured objectively in real time.

Text Analytics
Up until recently, it was nearly impossible to efficiently utilize text feedback because of the difficulty in analyzing and quantifying qualitative data. Today, text analytics is proving to be a powerful tool for measuring engagement. Text analytics is HR’s version of social listening tools. By tracking certain topics and gauging satisfaction, text analytics is providing HR teams with richer, data-driven insights. As a result, text analytics is enabling HR to quickly identify patterns of success as well as early signs of employee demotivation.

Employee Net Promoter Score (eNPS)
This KPI measures employees’ willingness to promote their company to other people. The eNPS poses this question: “On a scale of zero to ten, how likely is it that you would recommend this company as a place to work?”

The data is then used to categorize employees as promoters, passives, or detractors. Next, an organization’s eNPS is calculated by subtracting the proportion of detractors from the proportion of promoters. eNPS can be used by HR to understand what may be detracting from their people’s workplace experience.
Career Path Ratio

This metric measures the amount of employees who are promoted (or moved laterally) within an organization for every employee internally transferred to a new position. The Career Path Ratio is an important KPI for HR because professional development in today’s organizations is increasingly characterized by upwards promotion and lateral movements across departments. However, organizations must balance their people’s professional development with the risk of fostering identity crises among employees who are assuming new roles at an excessive rate.
The Connection Between KPIs and Company Profits

“High-maturity organizations, or those using people analytics in a sophisticated and insightful way, report 82 percent higher three-year average profit than their low-maturity counterparts.”

Josh Bersin, HR Thought Leader

The KPIs in this report provide the crucial information needed by HR to develop a deep understanding of its people. These actionable insights can then be used by HR teams to proactively address employee concerns - before they start to affect recruitment, retention and engagement rates.

In the past, only large organizations were able to employ such data-driven HR strategies. But this is changing rapidly. Many new people analytics solutions, such as Hibob’s cloud-based HR platform, are easy to implement and use.

More than ever, the knowledge being gleaned by HR about people is impacting entire organizational structures and strategies. To maximize effectiveness, these HR KPIs should be combined with other business data, such as financial statistics, compensation packages, benchmarks and other HR data - such as surveys, OKR’s and performance. Analyzing both data sets together will benefit both the HR team and the company as a whole.
Meet bob

We know how important it is to make holistic, data-driven decisions about your people, especially in light of today’s modern workplace changes. That’s why we built bob, a people management platform that provides extensive insights about your company’s wellbeing, employee engagement, and workforce stability.

The main metrics that bob uses to address these topics can be found in our advanced people, time and attendance, and company features listed below.

bobs focuses on the metrics that matter

People
Map out your teams and organization in a visual, transparent way.

- Current and expected headcount
- New joiners
- Terminations

Time & Attendance
Streamline the process of time management through simple, self-reporting tools.

- Time: clocking in and out
- Days taken: holiday, sick and work travel
- Days remaining: balance

Company
Your most valuable company insights available at the click of a button.

- Health
- Turnover rate
- Retention rate
- Pay gaps
In 2019, it’s time to make smarter decisions when it comes to your people and organization.

To learn more about hibob and our data-driven tools, get in touch with us at contact@hibob.com.