

Measure and manage these

7 HR KPIs FOR PRODUCTIVITY



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Introduction

Most CHROs and HR leaders agree that data plays a pivotal role in helping HR drive the business forward.

“With the increased focus on measuring diversity, gender pay equity, skills gaps, labor utilization, retention rates, real-time feedback, and even organizational network analysis, CEOs and CHROs now understand that people analytics is a vital part of running a high performing company,” according to HR analyst, Josh Bersin.

Indeed, data helps HR teams feel confident about their recommendations and allows them to take an active role in strategic decision-making for the business. Knowing that HR needs to analyze data is one thing; understanding what data points to manage and measure is another.

The success or failure of your company depends largely on employees’ productivity—both as an individual and as a member of a team.

[Experts describe](#) employee productivity as the “effectiveness, commitment, and ability of an employee or a group of employees.”

Productivity [is measured](#) by the “output an individual employee makes within a specified input (cost) and a specified duration.” Due to circumstances exacerbated by the pandemic, productivity is becoming an even more critical indicator for organizational success.

“The productivity gap between the best and the rest has widened during the pandemic. We estimate that the best companies—those that were already effective in managing the time, talent, and energy of their teams—have grown 5% to 8% more productive over the last 12 months,” [according to Harvard Business Review](#).

In this guide, we'll examine seven data points HR leaders can measure to inform organizational decisions and insights regarding overall productivity:

- Time-to-hire
- Cost-to-hire
- Employee engagement
- Internal promotion and retention
- Absenteeism
- Training effectiveness
- Employee performance

For information about calculating these data points, be sure to check out our [Metrics that matter guide](#).



Time-to-hire

Every day that goes by without someone in a position can cost your organization productivity. While a role may be vacant, the workload associated with that role does not go away.

Depending on the situation, other team members may be picking up the slack, you may be paying a contract or temporary worker, or the workload may not be getting done.

Time-to-hire starts when you publish the job ad. A high time-to-hire score may indicate a problem in your recruitment process, such as:

- Jobs aren't posted across the proper channels
- Recruiters are overwhelmed by the number of applicants or open roles
- Hiring managers aren't readily available for interviews
- Hiring processes are too complex

By tracking time-to-hire, you'll gain a grasp of problem areas in your hiring process. With the issues in mind, you can adjust the strategies and approach as needed to make sure you have the staff you need when you need them. In turn, you'll hopefully see your productivity rates increase as well.

Cost-to-hire

As desperate as you may be to fill a position, it's not cheap. The average cost to hire is \$4,000. Those costs are based on the sum of external and internal factors, such as:

External factors that impact the cost to hire include:

- Job posting
- Background checks, drug testing, work eligibility
- Assessments of applicant skills and abilities
- Marketing materials and employer branding

Internal factors that impact the cost to hire:

- Salaries of in-house recruiting staff
- Applicant Tracking System licenses and fees
- Referral rewards
- On-the-job training

While the apparent costs may be top of mind, it's essential not to ignore how integrating a new employee into the organization requires time and impacts productivity. Delays in productivity mean it can take six months or longer for a company to earn back the new hire investment.

When you calculate the cost per hire for your organization, find out how your company compares to the average CPH for your industry. Based on your findings, you may find ways to lower the cost-per-hire for specific departments.

You can also use it to understand what recruiting methods deliver the highest return on your ability to maintain productivity.

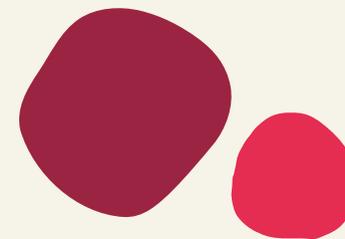
Employee engagement

Engaged employees are the most productive and stay with your organization for the long term. One way to measure [employee engagement](#) is the [employee net promoter score \(eNPS\)](#). The measurement assesses employees' job satisfaction by measuring their willingness to recommend their company to others.

If your employees would recommend your organization to friends, they're reasonably satisfied. If they're telling peers to avoid your organization, that's a sign they're not engaged.

Engagement has a direct impact on productivity. According to Gallup, "highly engaged business units realize a 41% reduction in absenteeism and a 17% increase in productivity."

For organizations looking to improve productivity, measure engagement and use what you learn to dig deeper to find any issues within teams or departments.



Internal promotion and retention

When you promote from within, your internal knowledge base stays with you. If you're hiring from the outside to fill open positions, you're potentially losing productivity as new hires take longer to be active contributors.

The time to ramp up a new hire may be costing you the productivity you could have saved by promoting someone from within. By [measuring career path ratio data](#), you'll have a clear idea about potential drops in productivity due to the ramp-up required. As well as the career paths and options you are or aren't providing for existing employees.

Development opportunities and internal promotions are also crucial for [employee retention](#). Not only do you need to measure your internal promotion rates, but it's also essential to compare that data with your retention data.

“Losing your best people means losing your reliable winners, your constant innovators, and your most effective problem solvers,” [according to Gallup](#).

When innovators and problem solvers leave, it's likely your organization's productivity will also take a hit for a while. It takes valuable time and energy to replace and rebuild what those key contributors offered.

Absenteeism

It's bad news when you lose top talent. It's even worse for productivity when someone quits and stays. The level of [absenteeism in your organization](#) is a data point you can review to highlight any issues. When people are consistently absent, work suffers. Similarly, when people work too much, productivity can wane.

Microsoft Japan [tackled productivity issues in 2019](#). The organization gave its 2,300 employees every Friday off in August. Even without Fridays in the office, the company saw productivity increase by 39.9%. They also found that employees took 25.4% fewer days off during the month.

Direct costs such as paid time off or wages for substitute staff can add up, but indirect costs related to absenteeism often have a more considerable impact.



“Indirect costs result when work is delayed, or co-workers and supervisors are affected because of an employee’s absence. Lost productivity is a significant consequence of unplanned absences that must be factored into an organization’s indirect cost calculation. Even a modest reduction in unplanned absenteeism can result in significant productivity savings,” according to the Society for Human Resource Management (SHRM),

Reviewing absenteeism data will help you see not only the number of days employees were out, but you can also use it to examine productivity issues. Indeed, health issues are a reason for employees to stay home, but if there are recurring days out of the office across teams and departments, you need to investigate.

There could be leadership or cultural issues that make employees want to avoid work. These are the issues that, when left unaddressed, can cause a massive drop in meeting productivity targets.



Training effectiveness

Employees can't be productive if they don't know how to do their job. That's why it's essential to not only offer access to relevant training; you must also ensure employees are completing it.

“In terms of measuring learner engagement, we track learner NPS scores—or how likely they are to recommend a course to a co-worker—and how employees interact with online courses.

But we go beyond that when we're getting ready to launch new products or services,” [according to the Global Learning & Development vice-president at Verizon](#). “We consider learning complete when employees finish a course, take an assessment, and then demonstrate their new knowledge in a product or service demo to their managers.”



Training isn't just about job-specific tasks. Employers should also provide training for their workers on new skills that will inspire them to be more productive.

Training topics that can boost employee productivity in your company might cover:

- **Leadership** to ensure managers and supervisors understand how to lead, and encourage transparency, diligence, and trustworthiness across their team
- **Cross-training** to enable employees to wear multiple hats when the need arises
- **Time management** to help staff members achieve more during their hours at the workplace
- **Emotional intelligence** helps individuals develop healthy workplace relationships and control their reactions when dealing with issues and challenges

Measuring the impact and effectiveness of your training initiatives is not only smart for productivity, it's essential for overall organizational success. As Training Magazine states, "Training ensures companies clearly communicate expectations, encourage cross-team collaboration, and promote positive workplace culture. Healthy company culture can transform businesses, and it's a key factor for retaining and recruiting talent."

Employee performance

Performance management reviews, especially during remote work arrangements, enable a managerial trend towards relying on systems “to better orchestrate and upgrade team performance,” according to the Sloan MIT Management Review.

With the onset of COVID-19, the ability to understand and converse about performance by “management by walking around” became obsolete. The team at Sloan MIT estimates that “virtually every serious organization now grasps that some meaningfully measurable form of real-time monitoring is essential to value orchestration and oversight.”

Not only are these performance data points available, but through HRIS systems, employees have access to real-time feedback. When implemented as an ongoing performance process, the input becomes “actionable, constructive, trackable, and influential.” Or, as Sloan MIT describes it, feedback becomes the “informational and motivational coin of the digital realm in the post-pandemic distributed workforce.”

With performance dashboards, HR and business leaders can measure individual and team performance against expectations and understand who is productive and who is not. Thanks to performance dashboards, leadership also has access to data and analytics that help them define and uncover how improved performance can impact productivity.

The data you need to boost productivity

HR leaders are taking a data-driven approach to improve productivity. HR teams can use the metrics in this guide to address various areas that impact productivity proactively. In the past, only large organizations had access to required data. But that has changed. Many new [people analytics](#) solutions, including our HR platform, bob, offer the data you need in an easy way to implement and even easier to use. Regardless of company size, HR's "people data" is now impacting strategies and approaches for operational success.

There will always be opportunities to address when it comes to people and productivity. The difference is having the data you need to make informed decisions around time-to-hire, cost-to-hire, employee engagement, internal promotion and retention, absenteeism, training effectiveness, and employee performance.

As your organization grows and evolves, find an HRIS software designed to help you improve the productivity of HR teams, managers, and employees. Thanks to automation and reliable data, your company can reduce redundancies and provide a trusted source of decision-making with the right HRIS.

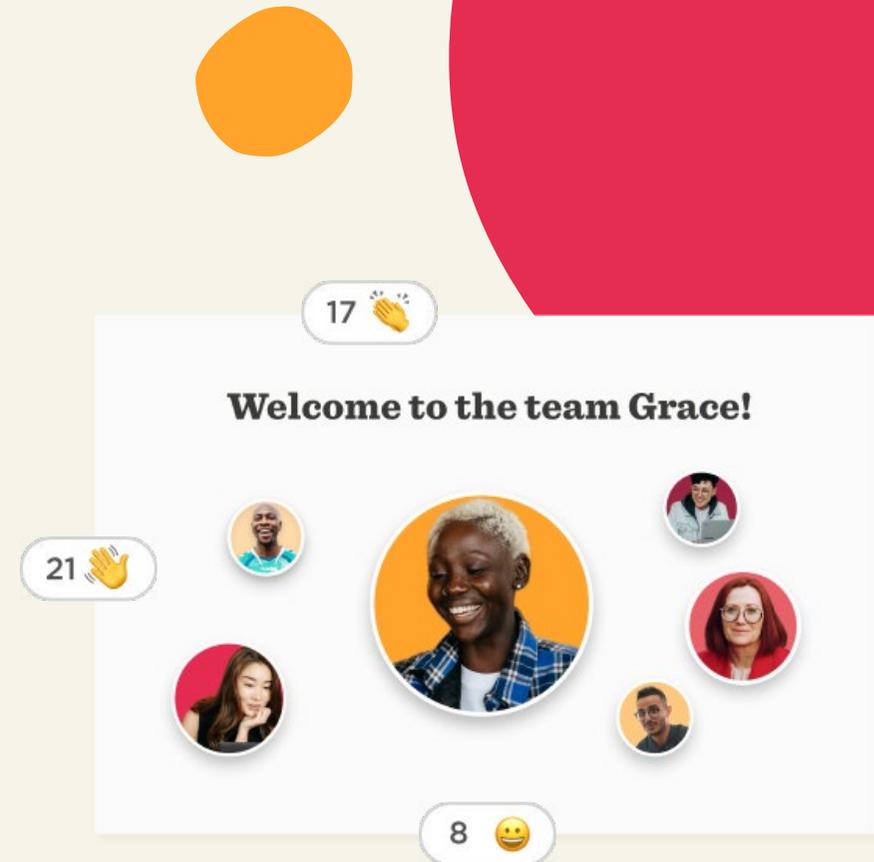
With innovation and insight that's powered by data, your HR team will be able to tackle productivity and other challenges in a way that will benefit your organization for the long term.

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, an HR platform that provides valuable and personalized insights to grow your company's relationships, productivity, and retention.

bob harnesses the powerful combination of data and human factors to give HR professionals the predictive and analytical understanding they need to make better people decisions.

Now is the time to make smarter decisions when it comes to your people and organization.



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To learn more about Hibob and our data-driven tools, get in touch with us at

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