

## **A Study on the Effectiveness of Hr Metrics**

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### **ABSTRACT**

*HR metrics on Return on Investment of an organization. The changes in business dynamics, it for organizations to rationalize their cost elements and return on investments, HR Metrics leads to measure the effectiveness of cost effective decision for the organizations. A survey has been conducted from human resource HR professionals to identify and better comprehend their perceptions and expectations of human capital measures HCM content, its connection with strategy and impact on performance. This paper is based on a quantitative analysis of survey questionnaires based upon a five point Scale, collected from 500 HR Professionals of different organizations. After carrying out preliminary analysis including reliability, validity and normality overall model was tested through multiple regression analysis results showing that there is a significant relationship between HR metrics and organizational performance in terms of return on investment. The findings of the study were consistent with earlier studies. Implications for managers drawn from the results will help policy makers to develop policies and procedures for improving HR productivity and decision making.*

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### **I. INTRODUCTION**

HR metrics, or human resources metrics, are key figures that help organizations track their human capital and measure how effective their human resources initiatives are. Examples of such data include turnover, cost-per-hire, benefits participation rate, and others (we'll get into more of them later). Measuring this kind of information what's working well, what needs improvement, and what trends to expect in the future helps organizations figure out their people we found that both executives and HR professionals agree that measuring HR and its impact on an organization is critical. In fact, many executives want to hear from their HR teams more frequently and with more detailed HR reports.

#### **1.1 OBJECTIVES OF THE STUDY**

- To explore the different aspects of HR Metrics.
- To identify the impact of HR on work Metrics.
- To reveal the factors of HR Metrics as an intellectual capital development

#### **1.2 NEED FOR THE STUDY**

- This study aims at accomplishing different factors determining HR metrics.
- This study aims at lowering barriers towards acquisition information , decision making and execution of activities

#### **1.3 LIMITATIONS OF THE STUDY**

- A human resources matrix is beneficial for organizations with employees reporting through more than one channel or to more than one leader.
- HR metrics often value to metrics and goals.
- HR metrics often lack clarity as the "why" a particular trend is occurring via metric analysis.
- HR metrics provide external metrics for comparison.
- They typically are included in business reports..

## **II. Review of Literature**

**2.1** A framework for assessing the effectiveness of hr metrics and analytics: the case of an American healthcare institution. Anger, O., Tessema, M., Craft, J., & S. Although some studies have been conducted on human resource (HR) metrics and analytics, little rigorous research focused on practices and challenges of HR (staffing) metrics and analytics in the healthcare sector. This study therefore, intends to address this research gap by focusing on practices and challenges of staffing metrics and analytics in the healthcare sector using an American Healthcare Institution (AHCI). This study has the following four objectives:

**2.2** A Study on Opportunities and Challenges of Digitalisation of HR Metrics in India Shyamasundar Tripathy<sup>1\*</sup>, Neha Agrawal<sup>2</sup> and Bindurani Rohidas<sup>3</sup> In order to increase the efficiency and effectiveness of organisations and improve employee experience, the Digitalization of HR metrics is becoming ever more crucial. The major issue of 2021 is implementing the digital infrastructure and the model for HR's digital service delivery in a sustainable manner. The study aims to explore different aspects of the Digitalisation of HR Metrics in India. It also provides a systematic review of the Digitalisation of HR Metrics in India. The researchers examined different information from an additional reliable secondary source to provide a comprehensive study on the Digitalisation of HR Metrics in India. The researcher compiled all information related to the Digitalisation of HR Metrics in India.

**2.3** HR METRICS: A BENCHMARK TOWARDS EFFECTIVENESS Apoorva Trivediamity University Mumbai ARTICLE INFO Received 14th, June, 2015 Received in revised form 23th, June, 2015 Accepted 13th, July, 2015 Published online 28th, July, 2015 Nowadays business is determined by knowledge, in the present day worker is a knowledge worker, currently main cost in many Amenity and Knowledge determined businesses is the HR cost, and consequently the top management is very intense to have its emphasis on measuring HR's efficiency called HR Metrics and varying business dynamics now escalating challenges to HR and line management on how best to progress and arrange an responsive and extremely proficient employees while providing cost efficiency. HR metrics are a essential way to compute the outlay of HR and the influence the workforce plans and HR developments and determine the success or failure of HR propositions. They assist a company to pursue yearly trends and revolutions in these perilous factors. worth of the time and money expended on HR accomplishments in their organizations.

### **2.4 Business Administration and Business Economics**

Strategic Human Resource Metrics: A Perspective of the General Systems Theory Iwu<sup>1</sup>, Lloyd Kapondoro<sup>2</sup>, Michael Twum-Darko<sup>3</sup>, Lose<sup>4</sup> Measuring and quantifying strategic human resource outcomes in relation to key performance criteria is essential to developing value-adding metrics. Objectives This paper posits (using a general systems lens) that strategic human resource metrics should interpret the relationship between attitudinal human resource outcomes and performance criteria such as profitability, quality or customer service. Approach Using the general systems model as underpinning theory, the study assesses the variation in response to a type questionnaire with twenty-four (24) items measuring the major attitudinal dispositions of HRM outcomes. Results A Chi-square test (Chi-square test statistic = 54.898, p=0.173) showed that variation in responses to the attitudinal

**2.5** Measuring the Effectiveness of HR Metrics on Return on Investment-An Empirical Study on Pakistani Organizations statements occurred due to chance. This was interpreted to Afshan Rauf, Saba Gulzar and Juveria Department of Management and HRM, Institute of Business Management, Karachi, Pakistan Karachi, The inclination for this manuscript is to look at value of HR metrics on Return on Investment of an organization. With the continuous changes in business dynamics, it has become imperative for organizations to rationalize their cost elements and return on investments, HR Metrics leads to measure the effectiveness of cost effective decision for the organizations. A survey has been conducted from human resource (HR) professionals to identify and better comprehend their perceptions and expectations of human capital measures (HCM) content, its connection with strategy and impact on performance. This paper is based on a quantitative analysis of survey questionnaires based upon a five point Scale, collected from 100 HR Professionals of different organizations. After carrying out preliminary analysis including reliability.

**2.6** Factors to determine standardized human resource metrics for Strategic business management: a case of selected organizations From the hospitality industry in cape town

By Lloyd kapondoro "HR executives long for a seat at the strategy table, but they are not yet consistently delivering the bottom line data on human capital management necessary to support an enterprise-level strategic role. Over the last few years, HR technology has been widely promoted to increase the efficiency and effectiveness of HR departments. However, despite the availability of a 'container' capable of holding meaningful measurements and metrics, the actual development and of measurements and reporting practices

appears to be lagging. This is in contrast to other data-capture processes that appear to be increasingly driving business performance management in other segments of the enterprise such as sales, finance and logistics. Lacking data, HR professionals appear to be out of alignment with senior management and enterprise leaders. Hence having a seat at the strategy table is not yet a widespread reality for HR professionals”.

**2.7 HR Metrics: A Benchmarking Towards Excellency** Mr. S.A.Hussain, Sr. Asst. Professor, Miracle School of Management, Miracle Educational Society Group of Institutions, Andhra Pradesh, India Dr. O. Narayana Murthy, Professor, Miracle School of Management, Miracle Educational Society Group of Kongavani Palem, Bhogapuram, Andhra Pradesh, India Globalization and changing business dynamics presently increasing challenges to HR and line management on how best to develop and deploy an agile and highly-competency workforce while maintaining cost efficiency. HR metrics are a vital way to quantify the cost of HR and the impact of employee programs and HR processes And measure the success (or failure) of HR initiatives. They enable a company to track year-to-year trends and changes in these critical variables. It is how organizations measure the value of the time and money spent on HR activities in their organizations. Metrics provide a number of factors that can be measured to show how HR contributes to the business.

**2.8 HR Measuring the Effectiveness of HR Metrics on Return on Investment-An Empirical Study on Pakistani Organizations** A survey has been conducted from human resource (HR) professionals to identify and better comprehend their perceptions and expectations of human capital measures (HCM) content, its connection with strategy and impact on performance. This paper is based on a quantitative analysis of survey questionnaires based upon a five point Likert Scale, collected from 100 HR Professionals of different organizations. After carrying out preliminary analysis including reliability, validity and normality overall model was tested through multiple regression analysis results showing that there is a significant relationship between HR metrics and organizational performance in terms of return on investment. The findings of the study were consistent with earlier studies. Implications for managers drawn from the results will help policy makers to develop policies and procedures for improving HR productivity and decision making.

**2.9 A Study on Effectiveness of HR Metrics** Dr. R. Jayanthi Associate Professor, Vidhya Sagar Women's College, Department of Commerce, G.S.T. Road, Vedanarayanapuram, Chengalpattu – 603 111, Kancheepuram District, Tamil Nadu, India Abstract: Human resources (HR) Metrics have become a hot topic in organizations of all sizes. Interest is rising, and organizations are reaching out to learn more about metrics and how it can be used to improve organizational effectiveness. Although the use of HR Metrics is not new, various factors have driven increased interest during the previous decade. HR Metrics are used to gauge the effectiveness of various HR responsibilities and initiatives such as hiring, employee retention, Training and labor costs. Human resources departments can use these metrics to improve their efficiency and demonstrate the value of their activities to upper management. The field of HR Metrics is currently in transition. During the past 30 years, most of the medium to large organizations did engage in HR assessment. But these efforts were not systematic. Due in part to the expense involved, they were conducted on only a sample of activities, and often for only a limited set of metrics. More recently, because of the development of strong computer-based communications infrastructures and greater access to data through the adoption of integrated human resource information systems, organizations are engaging in more consistent and systematic reporting of HR Metrics

**2.10 Getting a grip on HR Metrics and Analytics: Measuring the Strategic Impact of an HR Department** Master thesis Human Resource Management University of Groningen, Faculty of Economics and Business October 31th, 2012 Supervisor / university Prof. dr. O. Janssen 2This current study was conducted to demonstrate an indirect relationship between the strategic role of HR and overall business performance. The results of this current study, based on a survey among 79 HR managers, showed that this relationship is mediated via the use of HR metrics and analytics and the use of high-performance HR practices. There exists a mediating mechanism whereby the use of HR metrics and analytics influences the relationship between strategic role of HR and high-performance HR practices. Subsequently, the use of high-performance HR practices influences the relationship between HR metrics and analytics and overall business performance. Finally, implications about these constructs are mentioned, as well as limitations and suggestions for additional studies.

### **III. RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN:**

A Research Design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure”. The research design adopted for the study is descriptive design.

#### **3.2 Method of collection:**

The data source refers to the source from which the data are collected for conducting the study. Data are two types; primary data and secondary data

**Primary data:**

The primary data are those data which are being collected by the researcher for the first time. They are the information received directly from the respondents. In this study primary data was collected from the customers with help

Questionnaire and interview schedule.

**Secondary data:**

Secondary data are those data which have been already collected by someone else. Unpublished documents, internet, magazines serve as secondary data

**3.3 Population:**

The population for this study is 600

**3.4 Sample unit:**

Researcher consider the respondent as the workers

**3.5 Sample size:**

Sample size is total number of samples selected for the study from the sampling population. Sample size of this study is 500.

**IV. DATA ANALYSIS AND INTERPRETATION**

**Table 4.1 Table showing Respondents opinion towards Work environment**

S. No	Satisfaction Level	No of Respondents	Percentage
1	Highly Dissatisfied	0	0
2	Dissatisfied	0	0
3	Neutral	0	0
4	Satisfied	263	52.6
5	Highly Satisfied	237	47.4
	<b>Total</b>	<b>500</b>	<b>100.0</b>

**Source: Primary Data**

**Inference**

From the above table reveals that 47.4% of the respondents belong to Highly Satisfied, 52.6% of the respondents belong to Satisfied, 0% of the respondents belong to Neutral, 0% of the respondents belong to Dissatisfied and 0% of the respondents belong to Highly Dissatisfied Category. Majority 52.6% of the respondents belong to the Satisfied

**Table 4.2 Table showing Respondents opinion towards Retaining a workforce**

S.No	Satisfaction level	No of Resonance	Percentage
1	Highly Dissatisfied	0	0
2	Dissatisfied	0	0
3	Neutral	127	25.4
4	Satisfied	235	47.0
5	Highly Satisfied	138	27.6
	<b>TOTAL</b>	<b>500</b>	<b>100.0</b>

**Source: Primary Data**

**Inference**

From the above table reveals that 27.6% of the respondents belong to Highly Satisfied, 47.0% of the respondents belong to Satisfied, 25.4% of the respondents belong to Neutral, 0% of the respondents belong to Dissatisfied and 0% of the respondents belong to Highly Dissatisfied Category. Majority 47.0% of the respondents belong to the Satisfied.

**Table 4.3 Table showing Respondents opinion towards Maintaining cost efficiency**

S. No	Satisfaction Level	No of Response	Percentage
1	Highly Dissatisfied	0	0
2	Dissatisfied	4	.8
3	Neutral	135	27.0
4	Satisfied	221	44.2
5	Highly Satisfied	140	28.0
	<b>TOTAL</b>	<b>500</b>	<b>100.0</b>

**Source: Primary Data**

**Inference**

From the above table reveals that 28.0% of the respondents belong to Highly Satisfied, 44.2% of the respondents belong to Satisfied, 27.0% of the respondents belong to Neutral, .8% of the respondents belong to Dissatisfied and 0% of the respondents belong to Highly Dissatisfied Category. Majority 44.2% of the respondents belong to the Satisfied.

**Table 4.4 Table showing Respondents opinion towards HR Cost**

S. No	Satisfaction level	No. OF Resonance	Percentage
1	Highly Dissatisfied	0	0
2	Dissatisfied	0	0
3	Neutral	127	25.4
4	Satisfied	235	47.0
5	Highly Satisfied	138	27.6
	<b>TOTAL</b>	<b>500</b>	<b>100.0</b>

**Source: Primary Data**

**Inference**

From the above table reveals that 21.0% of the respondents belong to Highly Satisfied, 43.8% of the respondents belong to Satisfied, 35.2% of the respondents belong to Neutral, 0% of the respondents belong to Dissatisfied and 0% of the respondents belong to Highly Dissatisfied Category. Majority 43.8% of the respondents belong to the Satisfied

**Table 4.5 Table showing Respondents opinion towards Efficiency and Effectiveness**

S. No	Satisfaction Level	No. of Resonance	Percentage
1	Highly Dissatisfied	0	0
2	Dissatisfied	0	0
3	Neutral	191	38.2
4	Satisfied	193	38.6
5	Highly Satisfied	116	23.2
	<b>TOTAL</b>	<b>500</b>	<b>100.0</b>

**Source: Primary Data**

**Inference**

From the above table reveals that 23.2% of the respondents belong to Highly Satisfied, 38.6% of the respondents belong to Satisfied, 38.2% of the respondents belong to Neutral, 0% of the respondents belong to Dissatisfied and 0% of the respondents belong to Highly Dissatisfied Category. Majority 38.6% of the respondents belong to the Satisfied.

## V. FINDINGS

1. 59.3% of people are highly satisfied with the Work environment
2. 56.3 % of people are satisfied with the Retaining a workforce
3. 54.8 % of people are satisfied with the Maintaining cost efficiency
4. 47.8 % of people are satisfied with the HR Cost
5. 50.5 %of people are satisfied with the Efficiency and Effectiveness

## VI. SUGGESTIONS

✓ The main objectives of every HR department are to boost engagement, lower turnover, provide effective training and development, and attract great talent. Aside from turnover, these objectives are difficult to measure. How do you measure engagement or the effect of a training program? This is especially difficult when your company only tracks performance annually. Data based on continuous feedback is providing new answers. Here are four ways it can help your HR department

✓ One way to gather data from your people is by sending out regular pulse surveys. The results allow your HR team to instantly gauge the general feeling in the office or, more specifically, towards new processes or changes in the work environment. A revealing Gallup study reported that companies that score in the top half of employee engagement have double the odds of success of those in the bottom half. In fact, those in the 99th percentile of engagement have four times the success rate. The more your HR department stays on top of these figures the better it can address low engagement with new initiatives<sup>7</sup>.

## VII. CONCLUSION

HR metrics fit broadly into three main categories. They are “HR process efficiency, operational effectiveness, and strategic realignment. Each represents a separate domain in which organizations can and do conduct workforce analytics.”

The HR process efficiency “metrics focus on how well the HR department (and/or the broader organization) accomplishes critical HRM processes that support organizational effectiveness. Metrics in this area might include cost per hire, days to fill positions, percentage of performance reviews completed on time, and HR department costs as a percentage of total costs or as a percentage of sales.” These metrics create credibility for the HR department. Although they may not directly affect the organizational effectiveness as a whole, they are important to ensure that the HR department is running at its optimal level.

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