

Quantify HR

The Human Resources Problem

HR poses a unique problem in the field of business analytics because its bottom-line goals involve a degree of subjectivity. You could argue that sales, advertising, and accounting all feature degrees of subjective interpretation as well (such as brand awareness, lead disposition, etc.), but in the HR realm, you're dealing with a smaller number of people, and the same people on a day-to-day basis, and not all employee actions and behaviors can be easily quantified.

How HR Can Currently Be Quantified

Still, this hasn't stopped data analysts and software developers from trying to quantify HR problems and solutions as much as possible. Three major areas of HR measurement stand out as common metrics:

- **Worker satisfaction.** Currently, most businesses employ some system of employee feedback, both to gauge worker satisfaction for the purposes of retention and to learn ways they can improve the business from within. These surveys often attempt to force workers to quantify their subjective opinions, such as how satisfied they are with various qualities of their work environments using a five-point scale. When collected from many workers at once, it's an effective way to get an "at-a-glance view" of your workers' opinions.
- **Productivity and performance.** Most businesses also have some system of tracking productivity and performance. Sometimes, it's a matter of measuring objective performance indicators, such as closed sales or how much time they've spent on various tasks in a time-tracking app. Other times, it's an evaluation from a superior, using a similar point-based scale to the employee satisfaction survey. In this way, it's possible to "ballpark" an employee's contribution to your company's value (compared to his/her salary and benefits).
- **Turnover and retention.** Businesses also need to keep top talent around for as long as possible, and measuring turnover and retention rates is a good way to evaluate company performance here. For example, a business may measure the percentage of employees who leave in a given year, and attempt to trace back any changes to meaningful changes they instated in HR policies or company direction. Still, when employees leave, most businesses conduct a qualitative exit interview that asks employees for their non-quantifiable opinions about their past work environment and how it could be improved.

Source : Forbes