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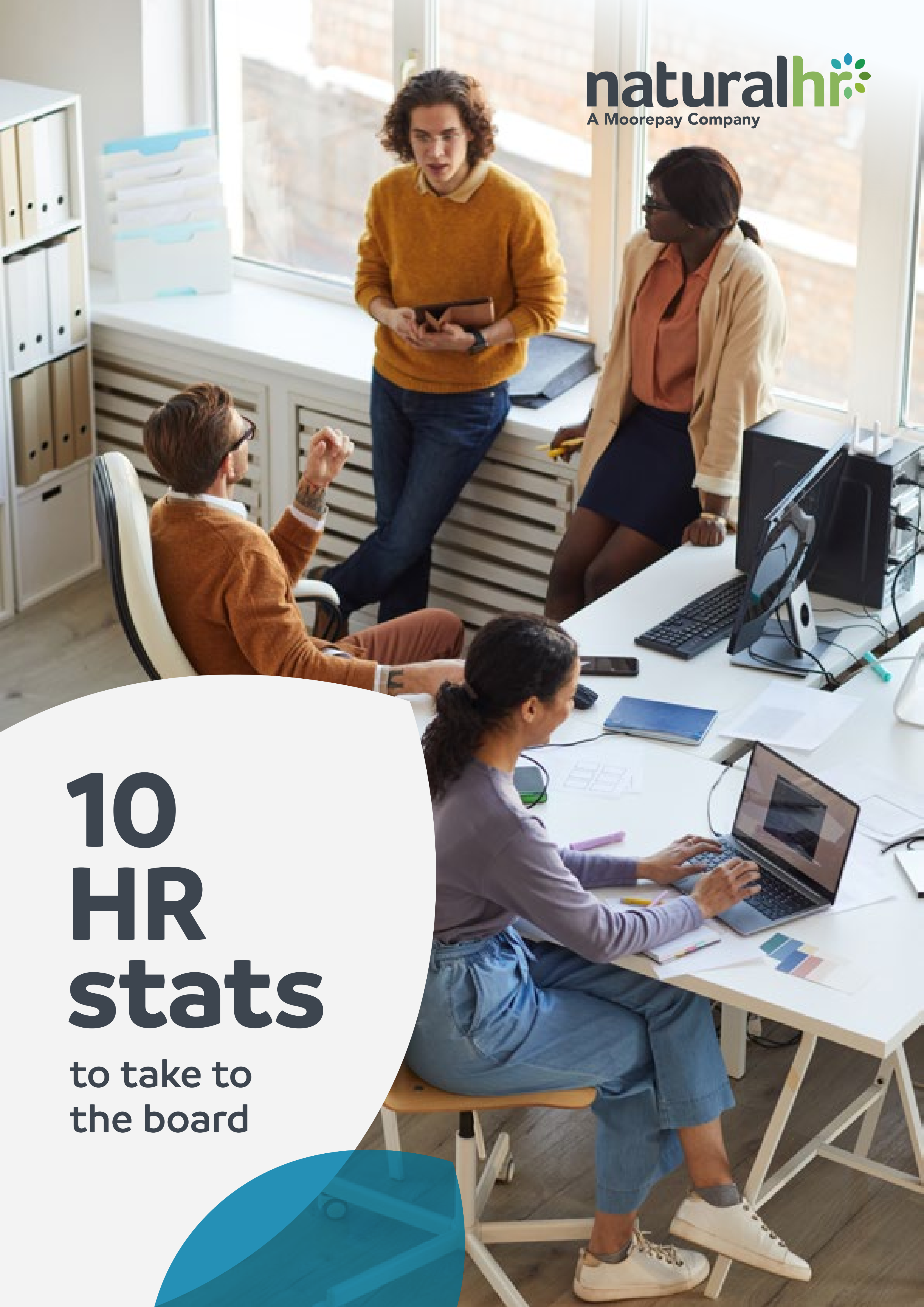

10 HR stats

to take to the board

Foreword

Reporting on workforce statistics has never been so important. In the ever-changing business world, data-driven evidence needs to be used to make all kinds of decisions, especially in HR. From headcount and recruitment to employee satisfaction and engagement, HR professionals are accountable for presenting accurate and up-to-date employment data to the Board, in order to aid future company planning.

The information HR provides to top management not only affects business fundamentals – such as financial performance – but also ensures compliance with sector-specific laws or regulations, such as security or health and safety requirements. Therefore, regular reporting of this information can determine whether you're operating as you should be, placing you in a good position for any future audits or reviews.

Although the types of reporting and benchmarking for each organisation will be affected by variable factors – such as size, industry, and company-specific roles, for example – we think there are some universal top stats that business leaders should have an eye on.

In this guide, COO and co-founder of Natural HR, Sarah Dowzell, and Claire Watt, chartered (FCIPD) director at Ditton HR, will outline the top 10 stats to take to the boardroom in 2023 and beyond.

Sarah Dowzell
COO and co-founder
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1.

Employee attrition

$$\frac{\text{number of employee departures}}{\text{average employee headcount}} \times 100 = \text{attrition rate (percentage)}$$

Given the talent shortages that many businesses are experiencing at the moment, employee attrition is a key statistic that leaders need to monitor and proactively address. Staff turnover ultimately demonstrates a company's commitment and dedication to its team, which will in turn affect how attractive the organisation is to work for. It also shows the competitiveness of the organisation when it comes to employee sentiment.

From this, senior leadership can gauge whether improvements are needed from a cultural and employee engagement perspective so they're not draining time, money and resources into regularly hiring new employees and possibly damaging the organisation's reputation in the process.

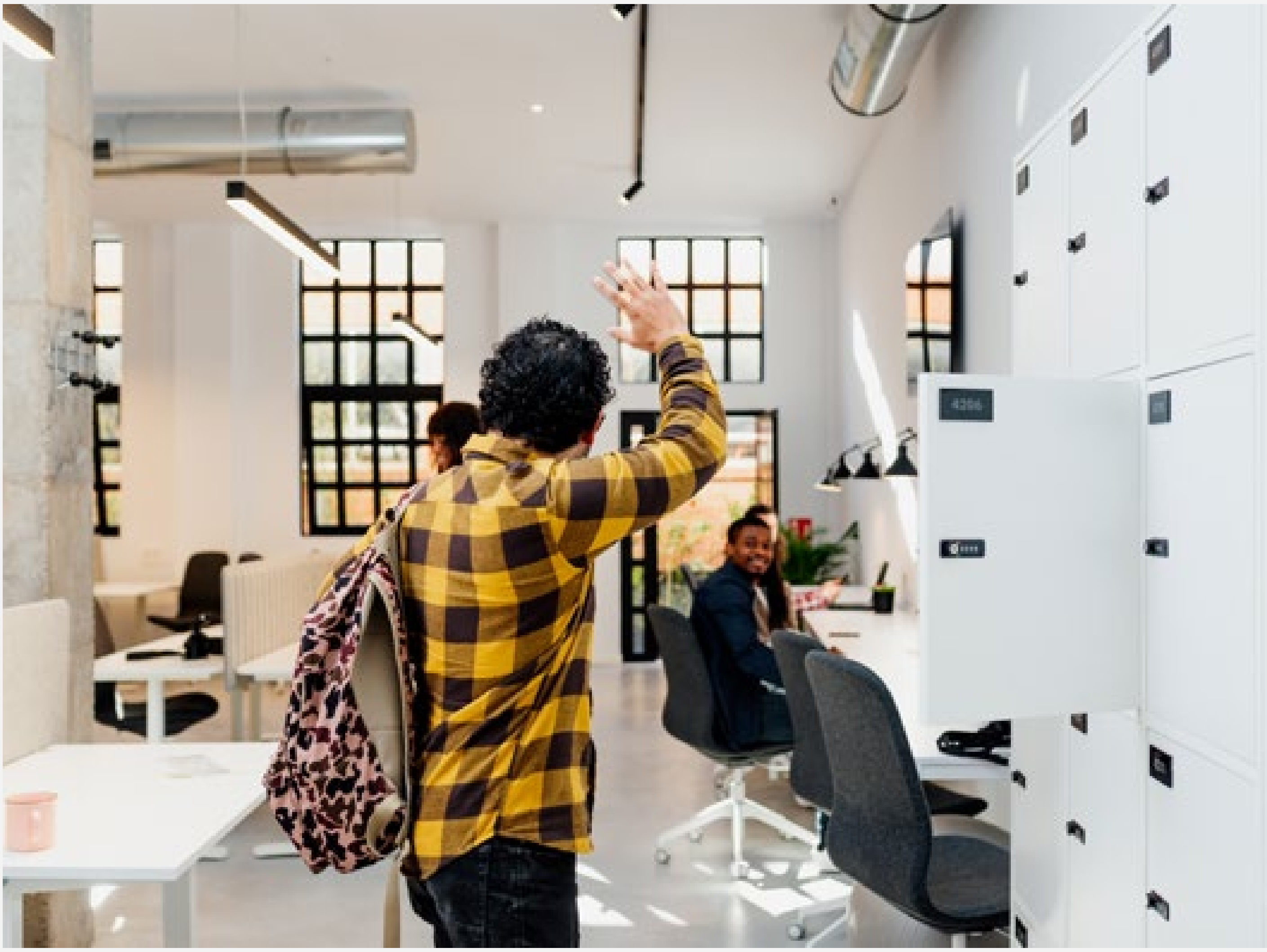
How to calculate employee attrition

Divide the number of departures over a set amount of time by the average headcount over that period, and then multiply it by 100. The lower the score, the lower your employee turnover.

Useful report types

You can report on overall attrition but this could include leavers who can skew the stats – such as redundancies, probation fails, fixed-term contracts concluding, and dismissals.

A more accurate – and probably more useful – attrition report would be for voluntary resignations only. These rates can then be compared to other similar organisations to obtain a benchmark of where your company sits in the market.



2.

Employee retention

On the other side of the attrition coin is retention – and this is the goal to strive for. By creating a positive environment that makes employees feel empowered, rewarded and valued, businesses will avoid employee attrition and the significant expense, both in time and money, that hiring new staff brings.

It may be the case that turnover differs across departments, and having a view of this means that businesses can be proactive in identifying the reasons why people are leaving and improve problem areas for current and future employees. Just as crucially, it can flag why staff choose to stay – highlighting the positive areas of the business that leaders can draw upon to ensure retention stays high.

Diving deeper into the data, such as the average length of service, also allows organisations to benchmark themselves against other similar businesses in the wider industry to give an overview as to how engaging and rewarding they are to work for. Although, this will depend on the age of the company in comparison to competitors. For example, startups might find retention is low on paper compared to incumbent players, but this doesn't mean they aren't engaging and rewarding their staff.

3.

Absence rates

Whilst monitoring absence rates can give managers an overview of employee performance, engagement, and overall wellbeing, the cost of absence is often overlooked. With absence rates at the highest level in a decade, it's a reporting necessity going forward.

Direct costs of absenteeism include paying the salary of the absent employee, as well as any overtime incurred by other staff covering for their colleague or taking on additional workload, and loss of business output. Not to mention indirect costs such as recruiting temporary staff, training and support time of other employees, the frustrations that extra workload pressure on the rest of the team brings, on top of the time it takes for replacements to learn and become productive.

It all adds up. So, spotting a trend of higher-than-usual absenteeism and getting to the root cause before it becomes a wider-reaching, and ultimately more expensive issue is paramount.

It could suggest a lack of engagement from employees, for example, or perhaps they feel overworked. It might be an issue with a certain department or line manager, or a chronic illness that hasn't yet been flagged. So while having a view of the cost to the business is important, business leaders should deal with absences empathetically and efficiently.

HR software can ensure managers are following best practices, with the help of integrated tools – such as the Bradford Factor – which can help leaders identify trends and keep track of team absence levels. Reports can then highlight when employees have reached a trigger threshold, indicating when further conversations need to be held to see if additional support is required and how absence levels can be improved. Predetermined workflows can guide appropriate personnel through the next steps to ensure they are completing the right task at the right time.

When it comes to strategic staffing and forward planning, this data can also help managers account for when they are likely to have more absences so they can ensure they are adequately resourced with the right skill sets to avoid additional costs to the company.

4.

Skills coverage

The Skills Gap – the disparity between the skills expected by the employer and the actual capabilities the employee possesses – is greater than ever before. Pandemic-induced staff cuts left managers with holes to fill in departments while still being expected to supply full services to clients. In many cases, remaining employees were called upon to undertake extra responsibilities to help 'plug the gaps', often in spite of limited specialised knowledge in these areas.

Whilst business leaders try to save on recruitment costs by doing this, the knock-on effect is that employees can feel a lot of pressure to fulfill duties that they either aren't qualified for, or aren't comfortable doing daily. This will only lead to low job satisfaction and a sense of imposter syndrome.

Outside of COVID-19, other issues could be at play here, such as inaccurate or unclear job descriptions or candidates overreaching on applications.

But on the other hand, those trying to fill empty roles or recruit in specialised professions are met with a global skills shortage. There simply aren't enough people, with the right credentials, to fill the number of roles available, particularly in niche areas like software development, for example.

Understandably one of the most important stats that HR professionals can take to the board is skills and competencies coverage in the workforce. By using a scoring matrix within HR software, managers can map the skills required for each role and see how an employee matches up on a scale.

These reports are crucial because not only can you identify gaps you need to fill with recruitment, but it also fuels learning and development for current staff. This will aid internal workforce progression and business leaders can use the data for succession planning to make smart decisions about promotions and possible training programmes.

By tracking skills in the company, costs can be reduced as managers are encouraged to promote from within – avoiding all of the direct and indirect costs of recruiting new staff – and it's proven that investing in your workforce leads to better job performance and employee satisfaction.

5.

Recruitment

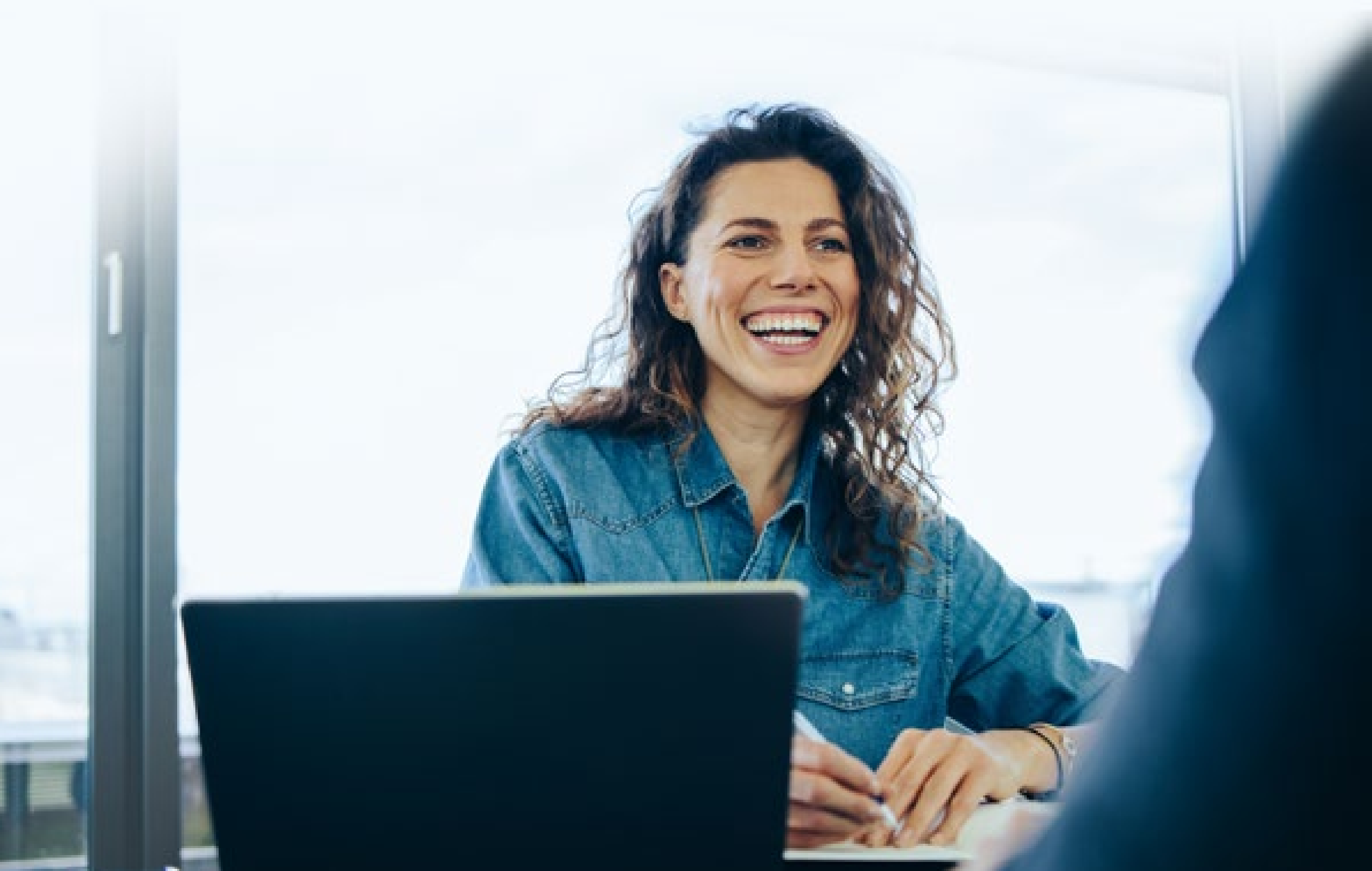
Monitoring recruitment statistics can be highly valuable, however, it's important to remember the impact that the current employment landscape and the wider economic climate have on ease of recruitment when reviewing data. The different types of roles you are advertising – mainstream versus niche – will affect application levels too.

When considering these factors, there are several stats business leaders can report on to enhance the recruitment process. Tracking the number of high-quality job applications received per vacancy will help gauge how attractive the different roles and respective salaries are to candidates, and how attractive the organisation is as a whole. Reporting on these statistics for each vacancy will help ensure you're attracting the best talent to the business or will identify where changes need to be made to the role or job description.

If a business suffers from a high drop-out rate in the recruitment process, this could point to poor culture, communication, or recruitment practices. Conversely, it could suggest the factors which make the company great to work for haven't been promoted effectively. Gathering feedback on the candidate experience and reporting on this regularly will help organisations improve their hiring processes.

Another key recruitment report will show where successful and high-quality candidates are sourced from – an external recruiter or website, for example – and the cost of this source to the business. This helps identify the most successful and cost-efficient methods of attracting good calibre people and can be used to inform future campaigns.

Also, tracking the average time to productivity could be helpful when workforce planning. This could aid recruitment by letting managers know how long it takes for new hires to get up to speed and start fulfilling their potential in the role. It will indicate when recruiters should start looking for candidates and when the job needs to be filled in relation to the need for the employee to be fully productive.



6.

Diversity and inclusion (D&I)

This is a significant area that many businesses have turned their attention to in the past few years – not least because of new legislation that requires employers to be more transparent about the level of diversity among their staff. This is also a priority for candidates looking for new roles as it emphasises a positive work culture, and a mixture of experience and attitudes.

Therefore, reports on gender, ethnicity and generational breakdown, for example, are crucial at the board level. This data can help determine where improvements need to be made to create a more inclusive working environment for current and future employees. It can also be readily available to present to governing bodies who require companies to submit D&I information as per regulations.

Pay disparities – such as pay relating to gender and age – can also be identified and acted upon to ensure equality for all employees. Businesses can actively strive to remove inequity by using the data to trigger pay and performance reviews to ensure everyone is being compensated fairly. This also gives employees the chance to discuss their learning and development in their role and develop a clear understanding of their pay packet to avoid discrimination within the organisation.

7.

Remuneration

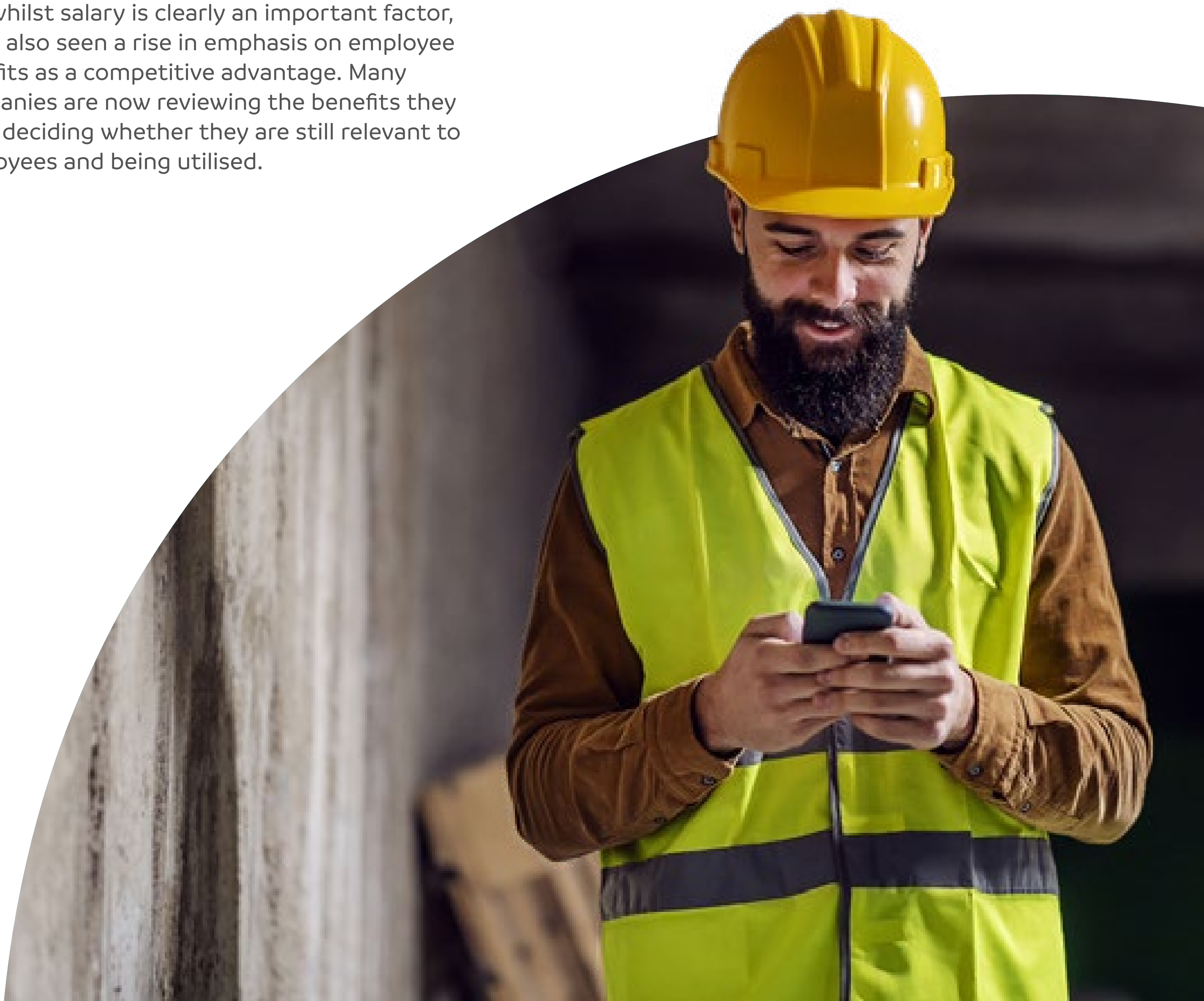
A quarter of employees have asked for a pay rise in the past year, which is hardly surprising when the cost of living is spiralling and the economic climate is growing ever more turbulent. At the same time, growth in remote working has led candidates to have access to a wider range of roles across a greater geographical area and in the current candidate-led market, good prospects can demand higher salaries.

So it's all relative, but pay has fluctuated so much recently that people may have a distorted view of what salary they can get. Comparing these to industry averages will better inform organisations about the salaries you should be offering for new hires and what you should pay staff in order to keep them – allowing you to remain competitive in the employee-driven market.

And whilst salary is clearly an important factor, we've also seen a rise in emphasis on employee benefits as a competitive advantage. Many companies are now reviewing the benefits they offer, deciding whether they are still relevant to employees and being utilised.

So not only will visibility on the uptake of workplace benefits help determine whether the company is getting value for money on the offer, but it will also allow employers to give staff a say in what is most beneficial and relevant to them. This should also enhance recruitment and retention by setting the company aside from others during the hiring process.

Consider surveying employees on their preferred benefits and sending regular reminders about current perk packages to promote increased uptake.



8.

Employee satisfaction and engagement

Organisations should always have a finger on the pulse of employee sentiment. In the largely candidate-driven job market, people are looking for employers that offer engaging and rewarding roles where they feel valued, rather than just a cog in a machine. Therefore, high employee engagement and satisfaction will lead to lower turnover and better overall job performance.

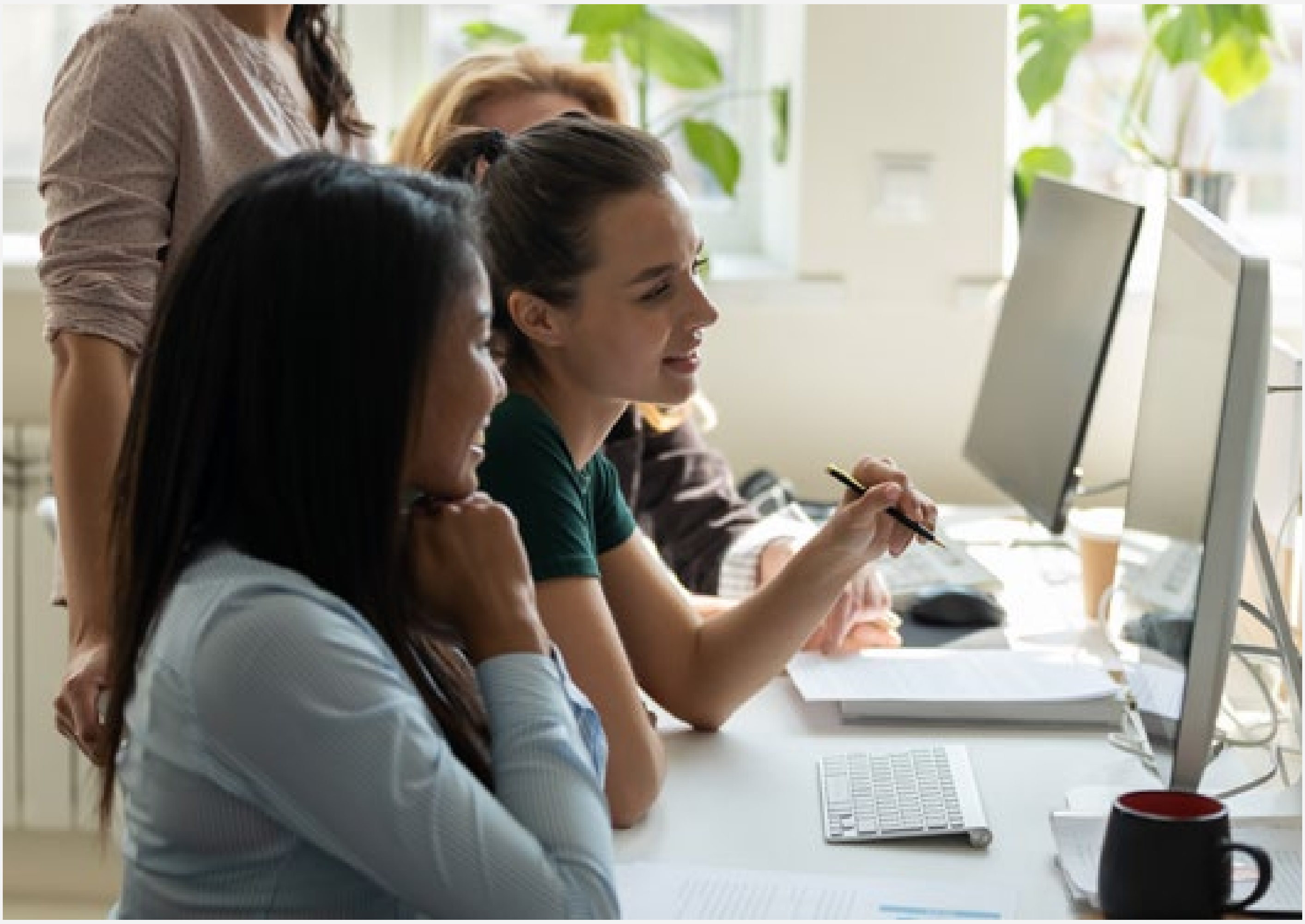
Businesses should track this through surveys, with metrics like the employee satisfaction index (ESI) or employee net promoter score (eNPS), and ensure they schedule regular check-in conversations. This enables organisations to focus their time and effort on the areas of improvement that will have the most beneficial impact on employee experience, and result in better job satisfaction.

9.

Learning and development costs

Training staff is not inexpensive, and learning and development incur a range of direct and indirect costs to the employer. Information like costing and benchmarking can shine a light on the company's outlay on learning and development, looking at the long-term benefits and determining whether it's generating the desired Return on Investment (ROI).

This can also be compared with the cost of bringing in new staff to cover skills gaps or help businesses identify where there might be additional funding for new training programmes that current employees might benefit from, as mentioned in the skills section.



10.

Expenses

It's crucial to monitor expense claims against your expected forecast from a financial resilience perspective, although it's important to note that not every team will have or need access to expenses.

Therefore, this statistic will give managers visibility on how expenses are utilised differently across the business and allow the senior management team to identify if certain teams or departments are claiming more or fewer expenses than expected.

This can then prompt more efficient and consistent expense processes, whilst also providing HR with actionable visibility and insights.

A final note...

This just scratches the surface when it comes to HR analytics and unlocking the true value of insight-led data. And as we mentioned at the beginning, what HR managers and board directors decide to track will be personal to their own business strategy and growth plans.

But with the help of a powerful HR platform – like Natural HR – all of this, and more, is only a click away.

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