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HRM Effectiveness Measurement

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Understanding of HRM

- The practise of recruiting, hiring, assigning, and managing workers is known as human resource management (HRM).
- The term HRM first used in 1900's and in 1960's widely spread in the world.
- The creation, implementation, and supervision of policies governing employees and the connection between the organisation and its employees are typically the responsibility of HR Department.

Effectiveness of HRM

- The method of assessing the business impact of an HR department's activities is known as HR effectiveness.
- No matter how small, a company's people operations department is crucial to the total success of the business.
- A successful recruitment strategy, for instance, can help the business attract top talent, which will improve productivity and profit.
- Similar to this, a dynamic performance management system gives employees metrics and direction, assisting in ensuring organisational goals are reached.

Requirement of Measuring HR Effectiveness

- To ensure effective use of Resources
- Planning for workforce and budget
- To understand overall impact of HR in organisation

Measurement of HR Effectiveness

How to Measure HR Effectiveness: Metrics Examples



A background image showing a group of business professionals in an office setting. In the foreground, a person's hand is pointing at a tablet displaying a dashboard with charts and graphs. Other people are visible in the background, some holding coffee cups, engaged in a discussion.

HRM Metrics That Matter: Measuring Success in the Workplace

Employee Net Promoter Score (eNPS)

- eNPS is a metric used by companies to measure employee loyalty and satisfaction. It is calculated by asking employees how likely they are to recommend their company as a place to work on a scale of 0-10. Employees who score 9-10 are considered promoters, while those who score 0-6 are considered detractors. The eNPS score is calculated by subtracting the percentage of detractors from the percentage of promoters.
- A high eNPS score indicates that employees are satisfied with their work environment, management, and overall experience at the company. This metric can help organizations identify areas where they need to improve their HRM practices to increase employee satisfaction and retention.

Employment Rate

- The employment rate is a metric that measures the percentage of individuals who are currently employed within a specific population, such as a country or region. For organizations, the employment rate can be used to determine the success of their recruitment and hiring processes. A high employment rate indicates that the company is attracting and retaining talent effectively.
- However, a low employment rate may indicate that the company is struggling to find qualified candidates or retain existing employees. By tracking the employment rate over time, organizations can identify trends and adjust their HRM strategies accordingly.

Employee Turnover Rate

- Employee turnover rate is a metric that measures the percentage of employees who leave an organization over a certain period of time. High turnover rates can be costly for organizations, as they result in increased recruitment and training expenses. Additionally, high turnover rates can indicate issues with employee satisfaction and engagement.
- To reduce turnover rates, organizations can focus on improving their HRM practices, such as providing professional development opportunities, offering competitive compensation and benefits packages, and creating a positive work culture.

Employee Retention Rate

- Employee retention rate measures the percentage of employees who stay with an organization over a certain period of time. A high retention rate indicates that employees are satisfied with their work environment and feel valued by the company. Additionally, high retention rates can lead to increased productivity and cost savings for organizations.
- To improve employee retention rates, organizations can focus on creating a positive work culture, providing opportunities for career growth and development, and offering competitive compensation and benefits packages.

TRAINING EFFECTIVENESS

- The goal of Training is to help a learner improve their competence, capacity, and performance.
- Training helps learners gain new knowledge and skill.
- Training effectiveness refers to how well your training supports learning and learning transfer.

TRAINING PROCESS

NEEDS ASSESSMENT



DRIVING INSTRUCTIONAL OBJECTIVES



DESIGNING TRAINING AND DEVELOPMENT
PROGRAM



IMPLEMENTATION OF THE PROGRAM



EVALUATION OF THE PROGRAM

New Hire Performance

- Performance Appraisal is an objective assessment of an individual's performance against well defined benchmarks.

Main objectives

- To effect promotions.
- To decide upon a pay raise
- To let the employees know where they stand.
- To improve communication

Cost Per Hire

- Cost per hire is the average amount of money you spent on making a hire .
- This metric is useful when you are creating or tracking your recruiting budget.

Internal Mobility

- Internal mobility is the movement of employees vertically and laterally to new career and development opportunities within the same organization.
- Internal mobility includes promotions, demotions, new positions, mentorships, cross, additional projects and job swaps.

Cost of the HR employee

- ROI(return of investment):calculating as ROI is the final reason whyHR professionals are interested in estimated human resouce costs.cost is the element in the roi formula.
- $ROI = \frac{\text{net profit}}{\text{total cost}} = \frac{\text{total benefit} - \text{total cost}}{\text{total cost}}$

HR tech ROI

- HR tech ROI measures the return on investment of various HR software and technology that have been invested in and potentially rolled out across the wider organization
- HR tech is important because it helps to determine whether your old system was working or not.

HR tech user adoption rate

- HR tech user adoption rate refer to the percentage of employees actively using the new technology
- The calculation of the adoption rate is:
Number of new users of a feature/total number of users *100=adoption rate

Conclusion

- Measuring the effectiveness of HRM is crucial for organization to assess their status and identify areas for improvement
- The Employee Net Promoter Score (eNPS) is a valuable metric that measures employee loyalty and satisfaction
- The employment rate is a metric that reflects the success of recruitment and hiring processes.
- Employee retention rate is a metric that measures the percentage of employees who stay with an organization over time
- Internal mobility, or the movement of employees within the same organization to new career and development opportunities, is beneficial for both the organization and employees.