Top 11 HR *metrics* that high-performance cultures track

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Intro

Generative AI, climate change, and fluctuating market changes – these are only some of the existential challenges organizations will face in the near future. While the need for constant adaptation is nothing new to business leaders, a slew of converging global trends is accelerating the need for reinvention, according to a recent CEO survey by PwC. The question, then, is what changes are necessary for companies to thrive in the coming decade – and what role does HR play in shaping that evolution?

At Culture Amp, we believe the answer to achieving business-critical outcomes is culture. A strong culture fosters a sense of belonging and purpose, shapes decision-making, and drives overall performance across the entire organization. However, knowing how to build a robust company culture is often ambiguous – which is where HR comes in.

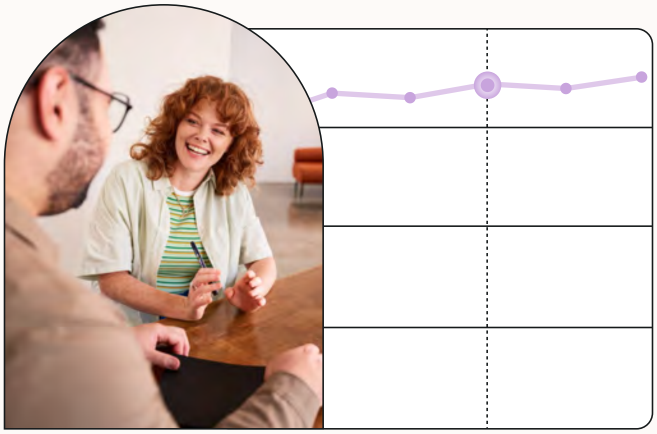
By embracing people analytics, HR can help turn workforce data into decision intelligence to drive innovation, enhance effectiveness, and evolve company culture. By incorporating the right metrics into their people analytics practices, HR teams can help business leaders make the data-informed decisions necessary to not just survive but thrive as we enter the "age of constant reinvention."

IN THIS GUIDE, WE SHARE:

- The role of people analytics in shaping company culture
- The importance of tracking metrics across the entire employee lifecycle
- The top 11 metrics HR should focus on to build a high-performing organization
- People science-backed tips taking action on negatively trending metrics

The role of *people analytics* in shaping company culture

People analytics is the process of collecting and analyzing people data to provide actionable insights for improving the business. It helps guide cultural investments by unlocking key insights into how people and culture impact the bottom line.



When leveraged to its full potential, people analytics can empower HR and business leaders to:

- **Demonstrate the business impact of cultural investments:** Organizations can unlock actionable insights into the actions that drive the highest performance and greatest ROI by collecting and analyzing data on employee engagement, retention, performance, and more.
- **Enhance leadership through data:** Leaders play a pivotal role in shaping culture, and people analytics can help identify areas of strength and opportunities for improvement among leaders. This sets leaders up to drive engagement and performance more effectively.
- **Support DEI goals:** DEI is integral to a thriving culture, and people analytics enables leaders to track DEI progress and ensure that the organization is moving in the right direction.
- **Guide strategic resource reallocation:** This benefit is particularly advantageous, as PwC found that higher levels of annual resource reallocation were associated with greater reinvention levels and higher profit margins.
- **Build organizational resilience and foster innovation:** Leveraging data-informed insights allows organizations to continuously identify trends and areas for improvement, fostering a culture of innovation and agility.

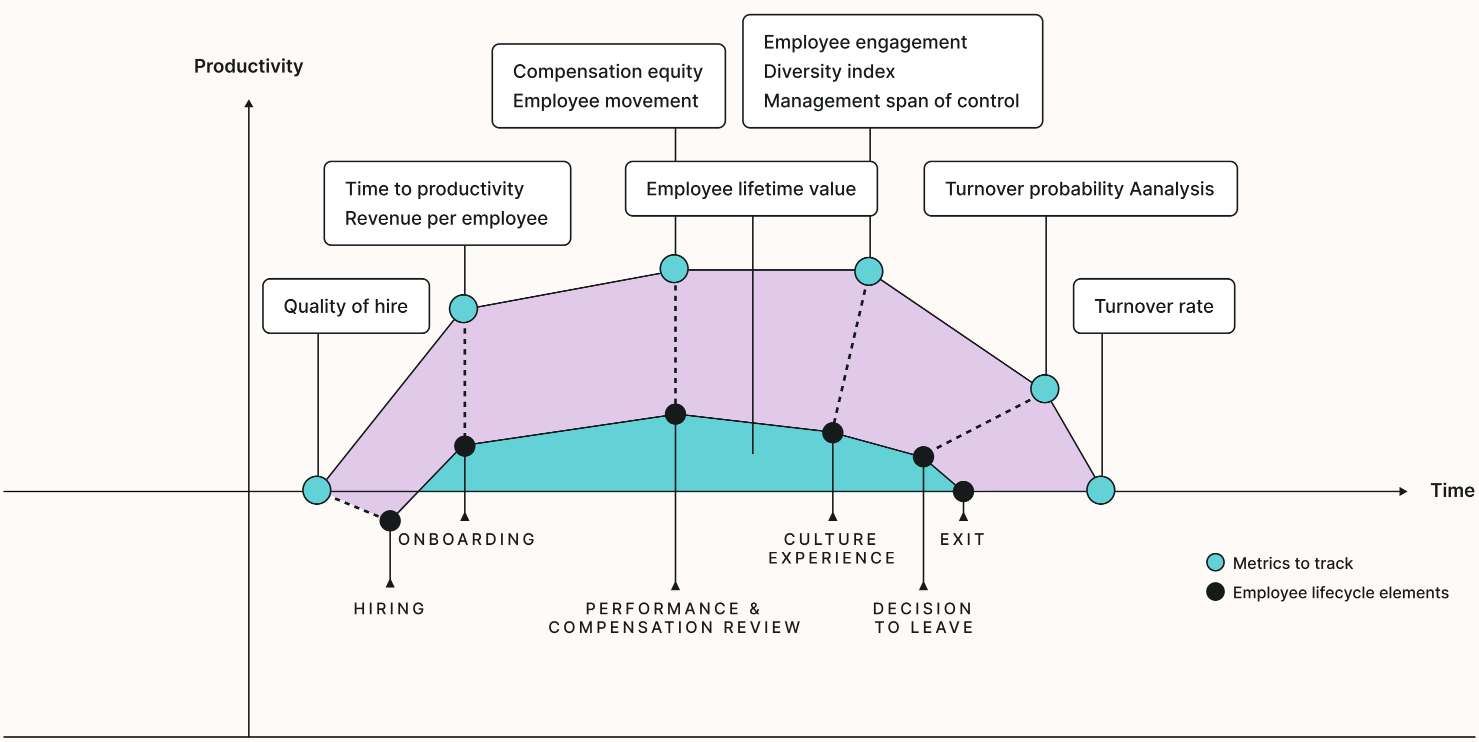
This guide can help HR and business leaders understand which HR metrics to focus on to unlock the transformative cultural growth necessary to stay resilient and adaptable. You can better foster a thriving, high-performance culture by strategically incorporating these metrics into your people analytics and reporting practices.

Top 11 *metrics* to track

When building and sustaining a high-performance culture, it's not enough to track HR metrics – you need to track the right ones. At Culture Amp, our people scientists recommend tracking HR metrics that reflect the entirety of the employee lifecycle. By employee lifecycle, we refer to all the different touchpoints an employee encounters from their first day at the company to their last.

When you focus on metrics across the employee lifecycle (instead of just one or a few stages), you can fine-tune your people analytics practices and gain a more complete picture of the employee experience. Not only will you be able to identify positive and negative trends from a holistic perspective, you'll also be able to influence the range of levers that affect current and future employee, team, and company culture and performance.

Employee lifecycle journey



1. Quality of *hire*

WHAT IT IS

Quality of hire (QoH) is a complex metric that indicates whether your new hires meet expectations in terms of skills and cultural fit for the organization.

Why it's important to track:

QoH reflects how well your organization attracts, selects, and hires employees who contribute to its long-term success.

High QoH indicates that your company's recruiting practices, managers' leadership approaches, and organizational processes foster a workplace where new employees are empowered to perform at a high level.

By tracking your QoH score, you can ensure that your processes help grow and sustain a workforce that can reliably deliver on the organizational initiatives necessary for growth.

How to calculate QoH:

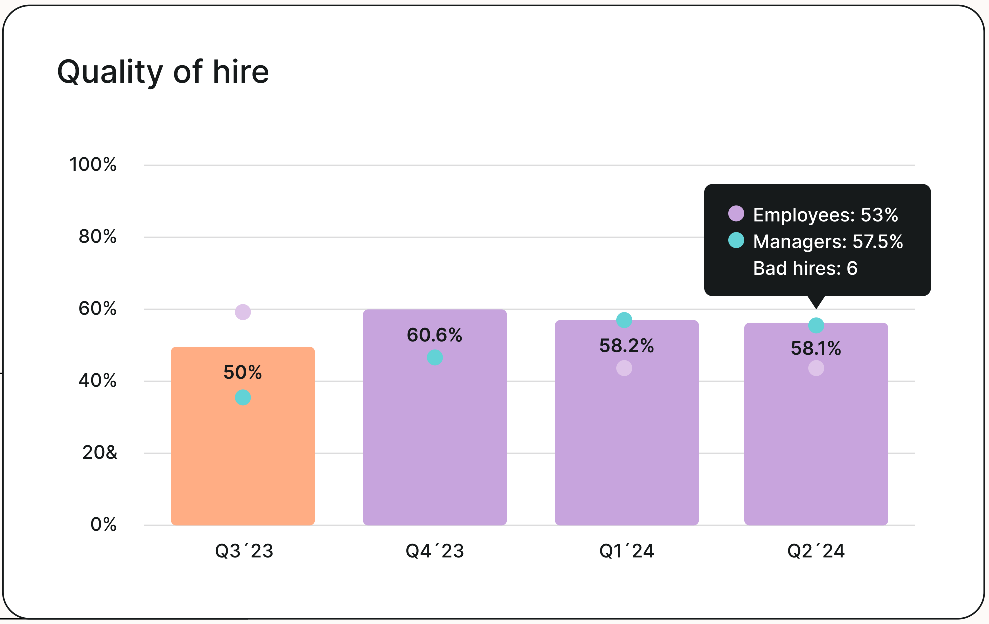
While there are many ways to calculate QoH, we recommend using the following three data sources gathered over the initial 6 months:

- The new employee's progress and productivity, measured by their direct manager
- The new employee's assessment of the job fit
- The new employee's first-year retention

If an employee leaves within the first six months (or is unable to answer the survey), we automatically mark "0" – or a "poor hire."

If you want sources #1 and #2 to have equal importance, then add them together and divide by two, as we've done below. But if you want manager ratings to comprise ⅔ of your quality of hire score, then you can shift the formula. To get two parts manager ratings and one part employee rating, you can multiply the manager score by 2 and divide the whole sum by 3.

$$\text{Quality of hire (\%)} = \frac{\text{Direct Manager Ratings of Progress \& Productivity} + \text{New Employee's Job Fit Rating}}{2} \times 100\%$$



2. Time-to-productivity

WHAT IT IS

Time-to-productivity (TTP) measures how long it takes a new hire to start contributing to an organization at the expected level for their role.

Why it's important to track:

Like quality of hire, TTP provides important information about the effectiveness of your recruitment, onboarding, and talent management practices.

The calculation is simple: the shorter the TTP, the better. A short TTP indicates that the company's training and onboarding processes successfully set new hires up for success in their roles. Optimizing this metric will enable your new hires to start executing high-value initiatives earlier in their tenure, ultimately helping to improve team and organizational performance.

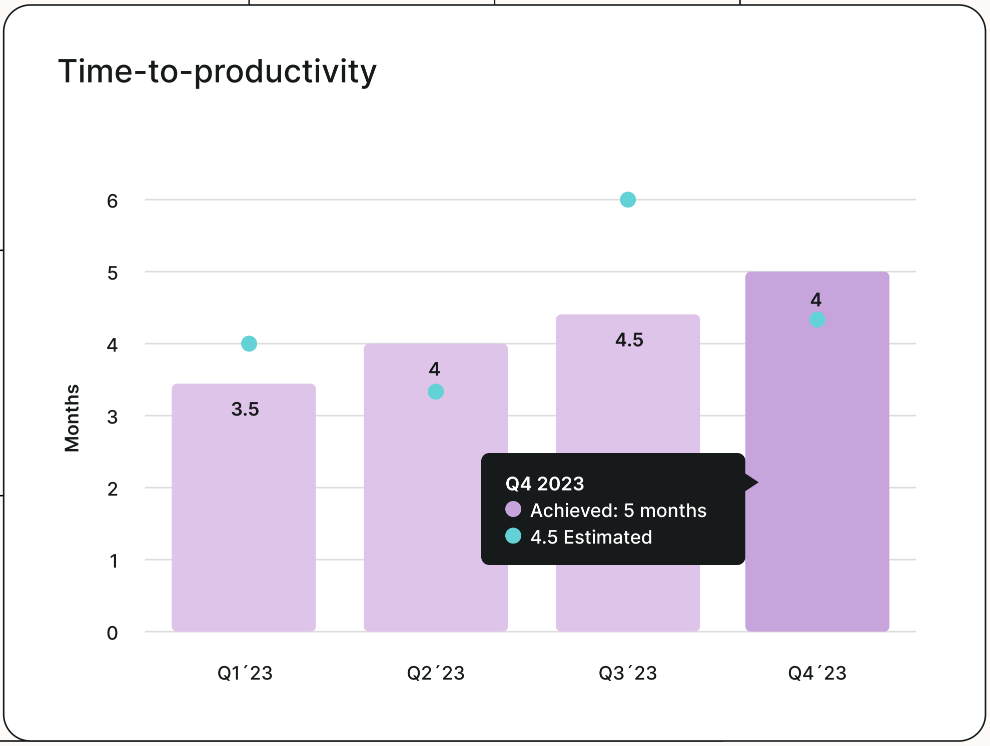
Suggestions for improving TTP:

Set accurate job expectations and use unbiased evaluation methods in the selection process.

For example, structured interviews and standardized tools and procedures are effective practices for ensuring accurate job-employee fit.

Upskill managers and leaders.

This ensures that they are equipped to support new hires through the early months of onboarding.



3. Management *span* of control

WHAT IT IS

Management span of control (also known as Management span or Span of control) describes the number of direct reports a manager is responsible for.

Why it's important to track:

Management span of control highlights the balance of organizational design and the company's capacity to properly plan for scaling.

When the span of control is too wide, team inefficiencies may occur as managers are often more stressed and have fewer opportunities to give quality feedback to each direct report. On the other hand, when the span of control is too narrow, communication and decision-making may start to get bogged down.

By identifying and tracking the optimal management span for different teams in your organization, you can minimize the risk of communication problems and other inefficiencies, making it easier for teams to perform at a high level.

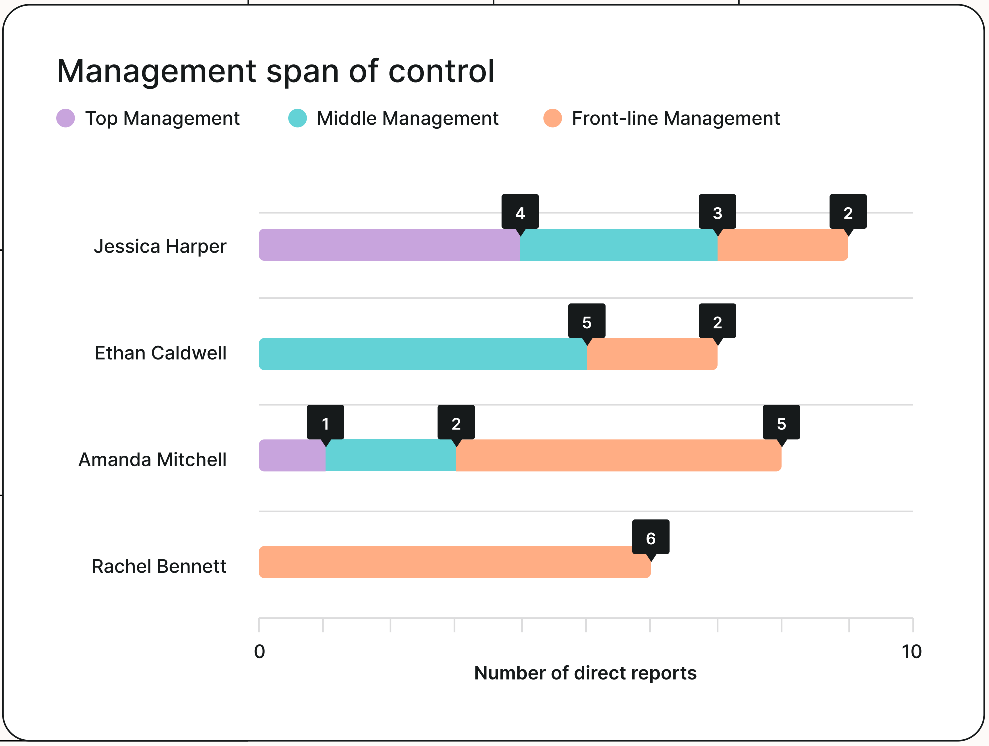
How to identify the right management span of control:

Work with managers to consider the needs of each specific team.

Keep in mind that there are trade-offs and benefits to different spans of control.

Experiment and adjust the span of control.

Gather manager and employee feedback on what does and doesn't work well with teams of specific sizes.



4. Employee *engagement*

WHAT IT IS

Employee engagement is a metric that represents the levels of enthusiasm employees feel toward their organization. It's a measure of how motivated people are, as well as a sign of how committed employees are to staying at the company.

Why it's important to track:

Generally, people who are highly engaged at work provide greater value to the organization and experience a better quality of life at work.

When employee engagement is high, employees feel motivated by, proud of, and connected to both leaders and the company. Employees are more likely to go above and beyond to accomplish their tasks and more willing to stick with their organization through unexpected changes and challenges.

By tracking and prioritizing employee engagement, you can cultivate a workplace where employees are motivated to perform at their highest potential.

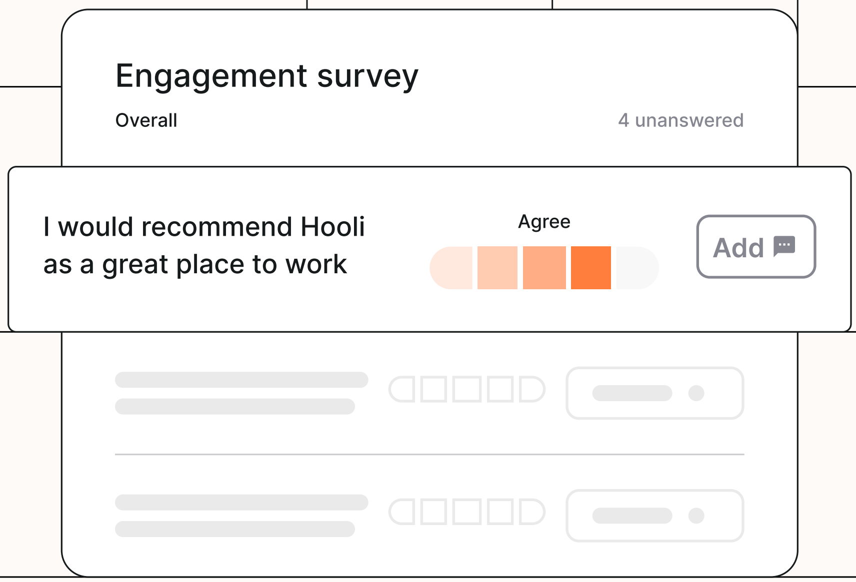
How to boost employee engagement:

Actively collect and take action on feedback from employees.

Regular employee engagement surveys can help you keep a pulse on engagement and employee sentiment, making it easier to identify positive and negative trends, as well as the success of your engagement initiatives.

Identify the drivers of engagement for different teams in your organization.

Take targeted, data-informed actions that improve the aspects of your employee experience that matter most to your employees.



5. Revenue per employee

WHAT IT IS

Revenue per employee is a ratio that describes the amount of revenue each employee generates at the company.

Why it's important to track:

Revenue per employee is a helpful metric for understanding the efficiency of your business model and the productivity of your employees.

When revenue per employee is high, it indicates that employees at a company drive productive value for both the business and the bottom line. By paying attention to this metric, you can assess the efficiency of your workforce and guide decision-making around cost management and future workforce planning.

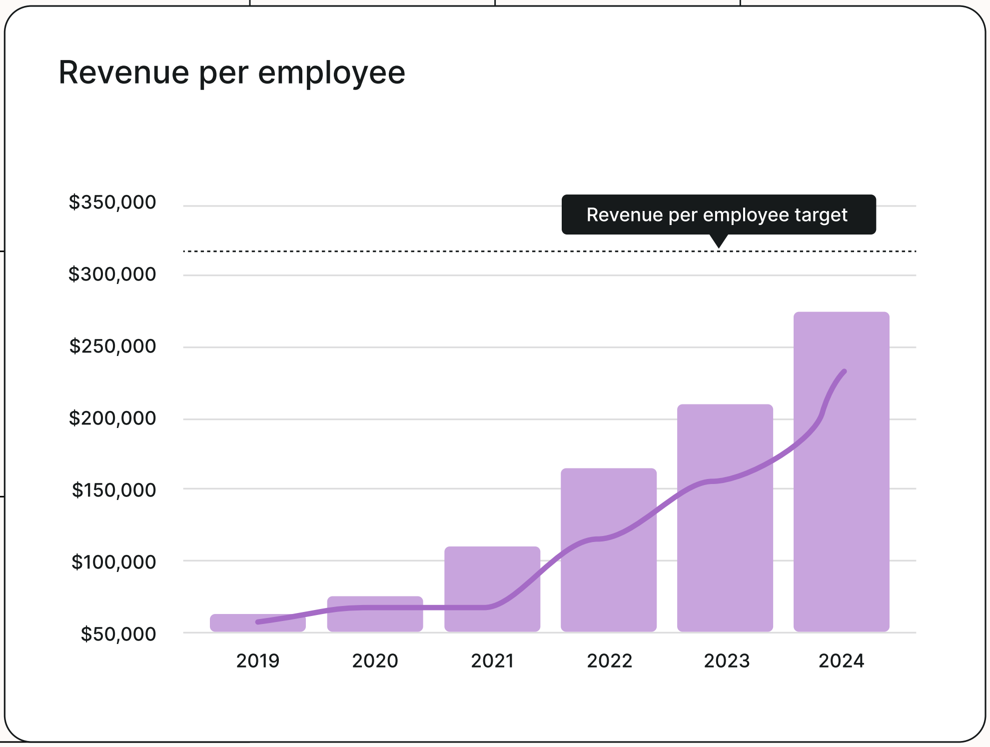
How to increase revenue per employee:

Prioritize employee development.

This helps employees develop the skills and expertise they need to do their jobs more effectively, futureproofing the organization as a result.

Invest in the right tools and automation.

Help cut the busywork out of employees' day-to-day tasks so they can focus on the projects that drive the highest ROI.



6. Compensation *equity*

WHAT IT IS

Compensation equity is a metric that shows the distribution of pay across different employee categories.

Why it’s important to track:

Compensation equity is an essential tool for ensuring that an organization's compensation practices are fair, consistent, and aligned with its strategic objectives.

By analyzing the distribution of salaries across various job roles and seniority levels, HR professionals can identify potential pay gaps or discrepancies. Then, by regularly monitoring and addressing any disparities, organizations can foster a more inclusive and equitable work environment, ultimately leading to higher employee satisfaction and improved business performance.

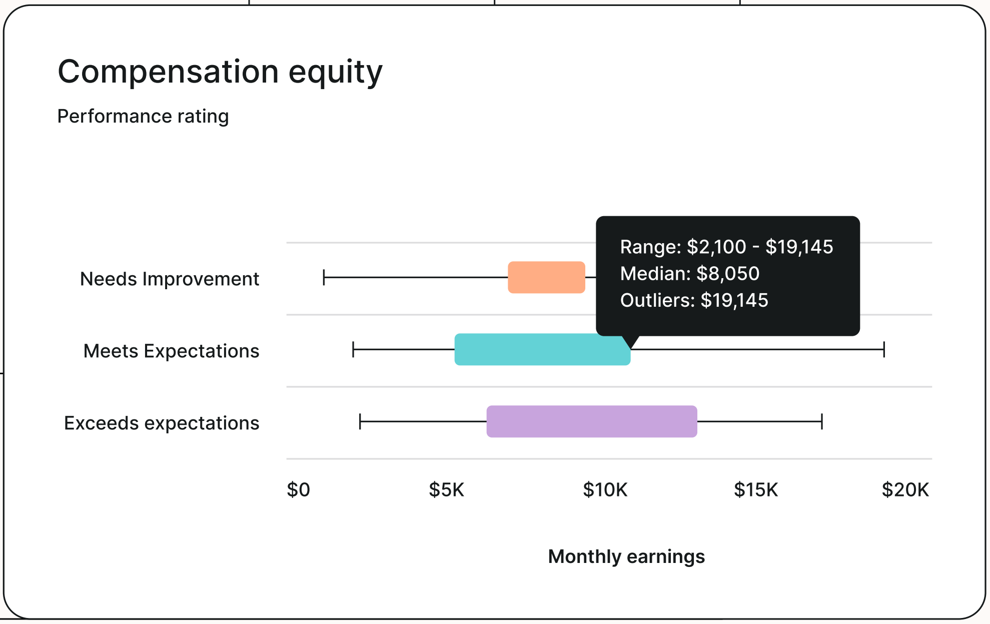
Benefits of tracking compensation equity:

Make meaningful progress towards a diverse and equitable workplace.

By ensuring that all employees are fairly compensated, you can increase satisfaction and engagement among employees who are traditionally caught in the pay gap – thus creating a company culture where every employee feels like they can thrive.

Attract top talent and retain current employees.

Benchmarking compensation equity against industry standards or competitor data can provide valuable insights into and drive decisions around your organization's competitive positioning in the labor market.



7. Employee *movement*

WHAT IT IS

Employee movement is a complex cluster of metrics that captures the flow of employees into, within, and out of an organization. It encompasses activities like hiring, promotion, transfer, and termination.

Why it's important to track:

This metric reflects the pulse of your organization, offering a real-time snapshot of talent flow. It is a critical tool for HR professionals and leaders, enabling them to visualize the balance of hires, transfers, and exits.

By tracking employee movement and understanding the patterns, you can more confidently anticipate needs, manage resources effectively, and plan for the future.

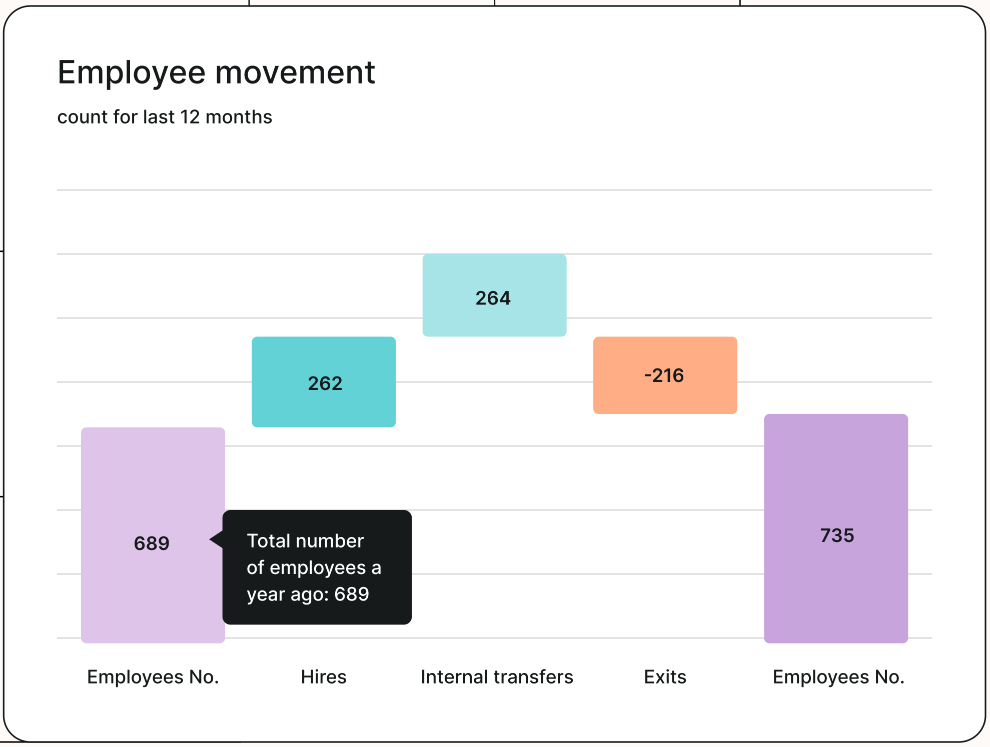
Benefits of tracking employee movement:

Improve internal mobility.

By monitoring internal transfers, you can spot potential skill gaps, talent pools and black holes, opportunities for career progression, and trends in departmental movement.

Identify retention opportunities.

Identifying when employees tend to leave, such as within the first year or after a specific milestone, can help pinpoint critical periods for intervention to enhance retention.



8. Diversity index

WHAT IT IS

Diversity index is a metric that helps you quantify diversity in a single score. The greater the diversity index value, the greater the group diversity.

Why it's important to track:

Diversity index, which utilizes Simpson's Diversity Index, is a valuable tool for fostering an inclusive work environment and addressing disparities in the employee experience. By calculating the diversity index, organizations can set diversity goals irrespective of the number of variables that represent diversity in a specific company or context. Then, by tracking their progress over time, they can ensure that they are fostering an inclusive company culture.

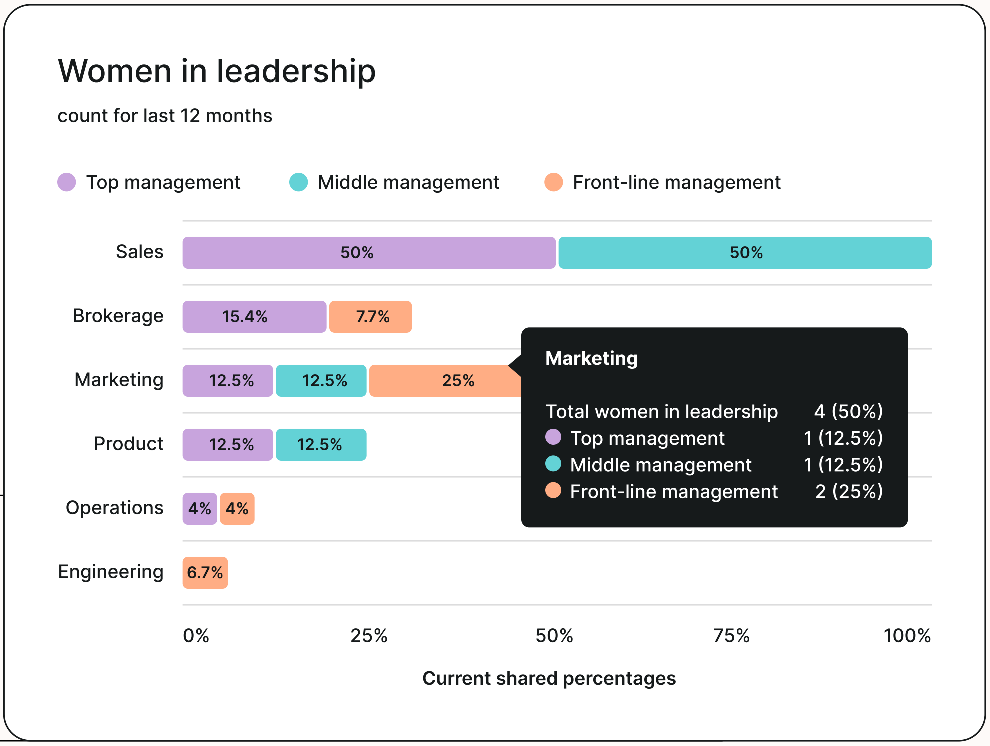
This metric is particularly useful in identifying potential biases in hiring and promotion practices and evaluating the effectiveness of diversity and inclusion initiatives.

A high diversity index has been linked to increased creativity, innovation, and problem-solving abilities within teams, making it an essential metric for organizations striving for success now and in the future.

Other DEI metrics to consider:

Due to the complexity and varied approaches organizations take when it comes to DEI, we also recommend tracking the following metrics:

- Candidate pool diversity
- Manager's feedback on candidates
- Gender pay gap
- Advancement - promotion rates
- Women in leadership
- Diversity at exit
- Inclusion index



9. Turnover rate

WHAT IT IS

Turnover rate is a metric that quantifies the number of employees who have left the organization within a specific period.

Why it's important to track:

Turnover rate is a historical measure that reflects the stability of the workforce and can indicate the effectiveness of retention strategies.

Tracking turnover rate can help you identify the patterns and issues that could cause employee departures. It's a critical metric to track, as turnover is extremely expensive, costing between 30% to 200% of a person's salary, according to Culture Amp research. A high turnover rate can indicate various cultural and structural issues within an organization, such as ineffective leadership, poor work-life balance, lack of growth opportunities, and lack of accountability.

By combining this metric with insights gleaned from exit surveys, you can take effective, targeted action to keep turnover rates under control and your top talent engaged and retained moving forward.

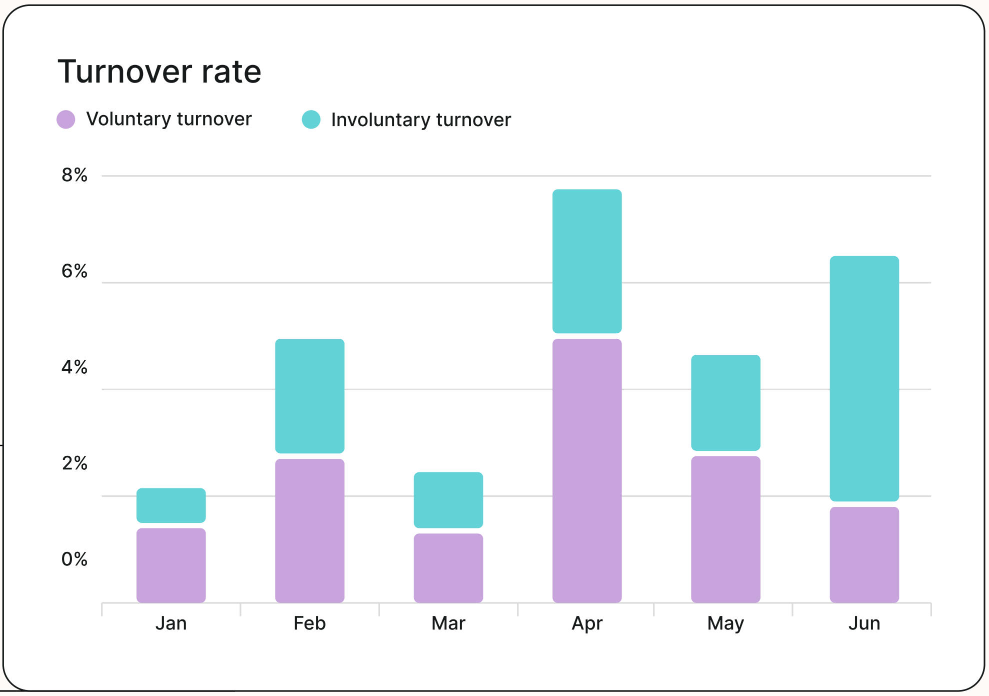
How to improve turnover rate:

Prioritize learning and development.

Culture Amp research has shown that a lack of employee development opportunities is the #1 reason an employee chooses to leave a company. By offering strategic and personalized development plans, you can motivate and engage your employees with the opportunities that matter most to them.

Get ahead of burnout.

Burnt-out employees tend to engage less, and less engaged employees are more likely to leave the organization. By prioritizing wellbeing, you can foster a culture where employees can both reach and sustain a high level of work. You can do this by providing resources that align with employee needs, demonstrating support from the top, and helping employees set healthy boundaries.



10. Turnover *probability* analysis

WHAT IT IS

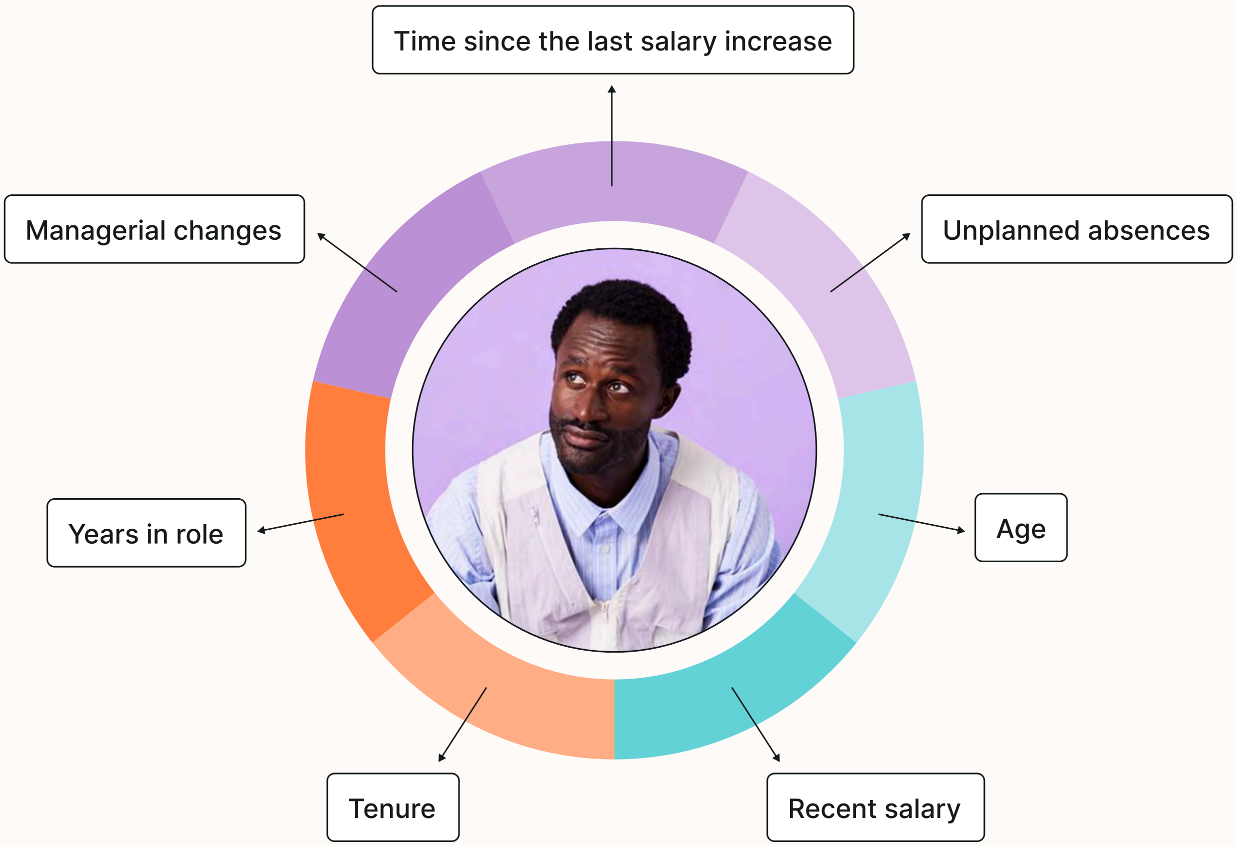
Turnover probability analysis indicates the probability that employees will leave your organization within a specific timeframe. Unlike turnover rate, which measures what has already happened, attrition risk assesses what might happen based on historical trends.

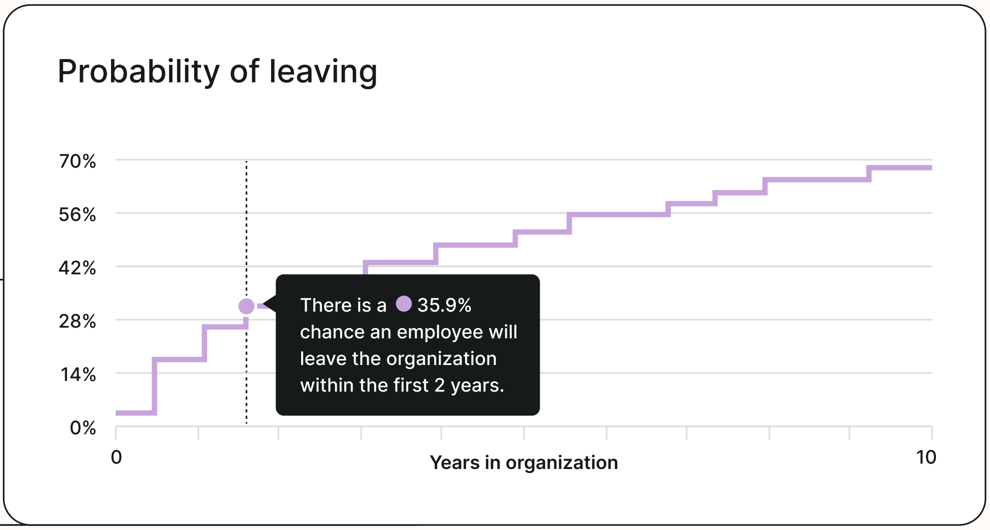
Why it's important to track:

Turnover probability analysis is critical for helping organizations anticipate and mitigate employee attrition by identifying risk factors, patterns, and career stages when employees are most likely to leave. It also allows people leaders to explore different probability profiles based on employee demographics – enabling them to pinpoint specific aspects of the employee experience that may lead to turnover for specific groups in the organization.

By tracking and prioritizing the turnover probability metric, your organization can retain more top-performing employees by detecting concrete moments in the employee lifecycle when that employee is most likely to leave. Then, by addressing the pain points for that specific demographic, you can mitigate talent loss, ultimately helping your company stay agile and resilient in the coming years.

Key factors that influence attrition risk:





11. Employee lifetime *value*

WHAT IT IS

Employee lifetime value (ELTV) estimates the total net value an employee brings to an organization throughout their tenure. It considers the employee's contributions, performance, and productivity relative to the costs of hiring, training, and compensation.

Why it's important to track:

ELTV provides a holistic view of each employee's return on investment (ROI), helping organizations assess the long-term value of their workforce. This metric is crucial for understanding how much value an employee generates compared to the resources invested in them, which is essential for making strategic decisions about hiring, training, and retention. A higher ELTV indicates that your talent strategies effectively maximize your workforce's potential.

Tracking ELTV enables you to align your talent management strategies with business goals. For that reason, CEOs and boards often like to track this metric, as it enables them to quantify the ROI of investing in their employees.

ELTV also helps identify gaps in your employee experience that might reduce the overall value an employee can bring over time. By focusing on ELTV, you can make data-driven decisions that enhance the productivity and satisfaction of your employees, ultimately contributing to the organization's bottom line.

How to improve employee lifetime value:

Invest in employee development:

Continuous learning and career advancement opportunities can significantly enhance an employee's contribution over time. By providing tailored development plans and mentorship programs, you can help employees reach their full potential, thus increasing their ELTV.

Foster a positive work environment:

A supportive, inclusive, and engaging workplace can encourage employees to stay longer and contribute more meaningfully. Recognizing and rewarding employees' efforts can also boost morale and motivation, leading to a higher ELTV.

Monitor and optimize workload:

Overworking employees can lead to burnout, which diminishes their performance and ELTV. By ensuring that workloads are balanced and that employees have the resources they need to succeed, you can maintain high levels of engagement and productivity.

Explore how Culture Amp transforms your data into actionable insights that better align your HR strategy with business goals.

Get a demo