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# Shared Human Resource (HR) Services Pilot Program for Small Non-Profit Agencies Serving A Large Geographic Area

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Non-Profit Sector Labour  
Market Partnership -  
Northern BC Non-Profit  
Social Service Sector  
HR Metrics and  
Interpretation Guide

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**United Way**  
Northern British Columbia

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# HR METRICS SURVEY

## OVERVIEW

As a component of the Shared HR Services Pilot Project, the HR Metrics Survey was completed during the fall of 2011. It was the hope of the project team (team) to include as many not-for-profit social service providers in Northern British Columbia as possible. The team reached out to over 100 organizations to participate and due to a number of reasons eventually closed the survey with a total of 30 participants. The team feels the metrics that were developed from the data provided are a good representation of the current HR practices in the not-for-profit social service sector.

In this report, there are 19 HR Metrics calculated from the information provided to the team during the survey. Each metric can be categorized into one of six categories: Productivity, Compensation, Recruitment, Retention, HR Efficiency and Workforce Demographics. With this in mind, you can focus on the metrics for areas of concern in your organization and understand where you may need to focus on improving your current practices.

Human Resource Professionals use HR Metrics regularly to gauge the efficiency and effectiveness of their practices compared to other similar organizations. It is important to remember that to truly utilize HR Metrics, you must calculate them on an ongoing basis to observe patterns and trends. By monitoring your internal metrics as well as comparing to external sources, you will begin to understand how your everyday people-practices impact your organization's overall performance.

<b>PARTICIPANT DATA</b>	
Self Identified Aboriginal Organizations	17%
Self Identified Social Service Providers	90%
Unionized Workplaces	30%
Unions Identified	BCGEU, BCNU, HEU, HSA

1. The following interpretations of HR Metrics for the purpose of the Shared HR Services Pilot Project were based on the HR Metrics Interpretation Guide written and published by the research team at the BC Human Resources Management Association. You can view the official document here: [http://www.hrmetricservice.org/0/pdf/BC\\_HRMA - HR Metrics Interpretation Guide.pdf](http://www.hrmetricservice.org/0/pdf/BC_HRMA_-_HR_Metrics_Interpretation_Guide.pdf)

2. The British Columbia Human Resource Management Association, in partnership with the Certified General Accountants Association, provides HR Metrics Services at a cost to participating organizations; the general results are available to all members of BCHRMA. The Metrics provided in this document are compliments of Sabrina Mowbray, CHRP, Principal of Synergy HR Consulting. All results are based on the period of July 1<sup>st</sup>, 2010 to June 30<sup>th</sup>, 2011.

# HR Metrics Interpretation Guide

## Glossary

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**CAUTIONARY NOTES** – While Metrics, like any statistic should be reviewed regularly to identify and monitor trends and patterns, each should also be individually analyzed further to accurately determine root causes. Looking at a single metric does not tell the whole story, therefore it is important to consider multiple metrics and to take into consideration your in-depth knowledge of your own organization to truly understand what is occurring.

**BCHRMA MEDIAN** – The midpoint on the scale of results collected by the BCHRMA Metrics Service for the British Columbia Not-for Profit Sector.

**MAX** – The maximum point on the scale of results tabulated during the HR Metrics Survey.

**MEDIAN** – The midpoint on the scale of results tabulated during the HR Metrics Survey.

**MIN** – The minimum point on the scale of results tabulated during the HR Metrics Survey.

## Absenteeism Rate

PRODUCTIVITY METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Absenteeism Rate	Days Absent / Headcount	36.73	0.00	2.65	6.20

### **What does it mean?**

The absenteeism rate is the average number of work days missed per employee due to illness. This metric measures the relative health of your organization or alternatively, workforce attendance issues.

### **How should this metric be used?**

- To identify trends (decreasing or increasing) in absenteeism rates
- If you are concerned about your absenteeism rates you may want to explore reasons for absenteeism, patterns of frequency between various employee groups, observing the most common days of absence.
- Increased absenteeism can indicate that your workforce is disengaged and you may experience future employee turnover
- Increased absenteeism may be caused by high stress levels due to workload, organizational change or instability.

## Labour Cost Expense Percent

COMPENSATION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Labour Cost Expense Percent	Total Labour Costs / Total Expenses	98.1%	12.9%	69.2%	46.7%

### **What does it mean?**

This metrics tells you the percentage of your total operating expenses that are spent on compensating your employees. Labour cost can be a significant operating expense, in particular in an organization that relies on human capital to generate value.

### **How should this metric be used?**

- This metric can show how your spending on people resources is varying relative to your total expenditures.
- It can show when increases in staffing or Labour costs may have an impact on organizational sustainability.

## Labour Cost per Employee

COMPENSATION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Labour Cost per Employee	Total Labour Costs / Headcount Employees	\$46,290	\$6,078	\$25,734	N/A (per FTE)

### What does it mean?

The metrics indicates the average labour cost to the organization for each employee.

### How should this metric be used?

- To gain insight into how the labour costs are impacting organizational expenses.
- To track how these costs change over time.

### Cautionary note<sup>1</sup>:

Labour Cost per Employee can be distorted if there are a few employees earning substantially higher pay compared to the rest of the organization.

## Vacancy Rate

RECRUITMENT METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Employee Vacancy Rate	Vacant Positions / Employee Headcount	10.5%	0.0%	0.0%	8.6%

### What does it mean?

The metric represents the percentage of positions being actively recruited for at the end of the reporting period. Vacancy Rate measures both recruitment numbers and level of need for employees.

### How should this metric be used?

- To determine the organizations ability to efficiently fill vacant positions.
- To indicate that there may be a need for competitiveness in wages and benefits.
- If the compensation is competitive enough but the current unemployment rate is approximately 5% or less, then you may still need to invest more in you recruitment strategies.

### Cautionary Notes:

The vacancy rate metric is a snapshot at certain points throughout the year. To properly monitor vacancy rates, you must track and benchmark your rates over time. This way you will be able to see patterns and trends in your organizations data.

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<sup>1</sup> Metrics, like any statistics, cannot be viewed individually. Metrics must be reviewed regularly to monitor trends and patterns and each should be analyzed for further root cause analysis. Looking at a single metric does not tell the whole story, therefore it is important to consider multiple metrics to truly understand what is occurring in an organization.

## Turnover Rate

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Turnover Rate	(Resignations + Retirements + Involuntary Terminations) / Headcount	37.0%	0.0%	11.1%	6.7%

### What does this mean?

The rate at which an organization gains and loses employees.

### How should this metric be used?

- A high turnover rate may mean that employees are unhappy with the work or compensation or that too few employees give satisfactory performance (causes may include unrealistic expectations, inappropriate processes or tools, or poor candidate screening).
- Low turnover rates may indicate that employees are generally satisfied, healthy, safe and performing satisfactorily.
- Opportunities to reduce turnover rates may be created by increased career opportunities, salary, positive working environment and recognition.
- A positive effect of turnover is that it brings opportunities for new talent with a “fresh set of eyes”.
- Be careful to monitor the reasons employees are leaving and the costs associated with lost productivity and increased recruitment and training costs.

## Voluntary Turnover Rate

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Voluntary Turnover Rate	(Resignations + Retirements) / Headcount	35.2%	0.0%	8.1%	6.0%

### What does it mean?

The rate at which an organization’s employees left voluntarily as a percentage of all employees.

### How should this metric be used?

- Increased voluntary turnover rates may show a lack of salary competitiveness, a lack of employee engagement, or an increase in alternative employment opportunities elsewhere.

### Cautionary notes:

Don’t be alarmed by high turnover rates until you do your homework. Remember that voluntary turnovers include retirements as well as resignations so look carefully at your workforce demographics. Always benchmark yourself against other similar organizations to evaluate whether it is a sector or industry wide issue or whether it is consistent in your region.

## Cost of Voluntary Turnover

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Alternative estimated cost per voluntary exit	Labour Costs per Employee * 1.5	\$69,435	\$9,117	\$38,602	N/A

### What does it mean?

The average cost to replace each employee who left your organization voluntarily.

### How should this metric be used?

- Voluntary turnover has an associated cost: lost productivity, recruitment and training costs, customer satisfaction levels and sometimes employee morale.
- Use this metric to describe the impact of turnover to the organization's productivity, costs and, in turn, profits, either from increased expenditures, decreased revenues, or both.

## Total Estimated Cost of Voluntary Turnover

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Total Estimated Cost of Voluntary Turnover	Cost per exit * (Resignations + Retirements)	\$701,834	\$0	\$57,185	N/A

### What does it mean?

The total cost to replace all employees who left your organization voluntarily. This metric can be used to calculate the impact of turnover on the organization's overall costs.

### How should this metric be used?

- Voluntary turnover has an associated cost: lost productivity, recruitment and training costs, customer satisfaction levels and sometimes employee morale.
- Use this metric to describe the impact of turnover to the organization's productivity, costs and, in turn, profits, either from increased expenditures, decreased revenues, or both.

## Involuntary Turnover Rate

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Involuntary Turnover Rate	Involuntary Terminations / Headcount	9.3%	0.0%	0.0%	1.5%

### What does it mean?

The rate at which an organization's employees left involuntarily as a percentage of all employees.

### How should this metric be used?

- Some level of involuntary turnover is normal, it indicates that an organization is properly managing performance issues.
- An increased involuntary turnover rate could be a sign of an unsuccessful recruitment strategy or a substantial change in the structure of the organization.

### Cautionary notes:

Do not set targets for involuntary turnover rates. This metric represents not only employees who have been dismissed but those who have been laid off, declared Long-term Disability or are deceased.

## Resignation Rate

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Resignation Rate	Employee Resignations / Employee Headcount	35.2%	0.0%	6.0%	5.5%

### What does it mean?

The rate at which an organization's employees resigned as a percentage of all employees.

### How should this metric be used?

- Monitoring resignation rates can help identify problems within the organization that are causing employees to leave.
- Contrary to retirements and terminations, resignations are sometimes preventable.
- Conduct exit interviews with employees who have resigned when they leave to determine the cause of their resignation and possible suggestions for organizational improvement.

## Retirement Rate

RETENTION METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Retirement Rate	Employee Retirements / Headcount	12.5%	0.0%	0.0%	1.2%

### What does it mean?

The rate at which an organization's employees retired as a percentage of all employees.

### How should this metric be used?

- Observe trending in retirement rates, such as specific times of the year, or whether the retirement rate is increasing or decreasing over time.
- Forecast future Retirement Rates with other demographic information, such as Average Age, historical Retirement Rates and Average Retirement Age Rates, and demographic information from Statistics Canada. A rising retirement rate in the economic region could indicate a future labour supply issue. This metric is particularly important for any organization developing a strategic workforce plan.

### Cautionary notes:

While an employee may qualify to retire from the organization, this does not indicate that the employee has left the workforce. Many people who have retired continue to work on contract, casual or a part-time basis.

## Training and Development Cost Expense Percent

LEARNING & DEVELOPMENT METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Training & Development Cost Expense Percent	Total Training & Development Cost / Total Expenses	7.2%	0.0%	1.1%	N/A

### What does this mean?

Total dollars spent on Training and Development as a percentage of organization's total Operating Expenses.

### How should this metric be used?

- To determine if you are spending too much or too little on training and development for your employees.
- Keep in mind that sometimes employees who are not continuously learning or improving may become unsatisfied with their work and this may lead to voluntary turnover rate increases.

## Promotion Rate

WORKFORCE DEMOGRAPHICS METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Promotion Rate	Promotions / Headcount	50.0%	0.0%	0.0%	7.5%

### **What does it mean?**

Employees promoted as a percentage of total number of employees.

### **How should this metric be used?**

- The results of this metric are a point of discussion for organizations regarding whether or not they are providing opportunities for development and advancement.
- Organizations should compare their Promotion Rate with their competitor's to determine whether or not they appear to offer a better career opportunity for employees.
- Track the promotion rate to determine whether overall staff development work is creating a pipeline of capable talent which can sustain the organization over time.
- If your promotion rate into Management or Executive Level positions is low and External Hire for those positions is high, consider investing more in learning and development.

### **Cautionary notes:**

Promotion Rates do not always indicate a better or worse opportunity for employee growth and advancement. Employee development and recognition opportunities may exist outside of a formal promotion.

## Union Percentage

WORKFORCE DEMOGRAPHICS METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Union Percentage	Union Headcount / Employee Headcount	93.8%	0.0%	68.6%	21.3%

### **What does it mean?**

Employees belonging to a union as a percentage of all employees.

### **How should this metric be used?**

- This metric should be used as information on workplace demographics and when comparing benchmarks from one organization to another.

## Average Age of Employee

WORKFORCE DEMOGRAPHICS METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Average Age Employee	Total Age of Employees / Headcount	53	26	43	43

### What does it mean?

Average age of organizations' total employee population.

### How should this metric be used?

- Use this metric as part of overall workforce planning (ie. succession planning for retiring employees).
- The average age of employees could speak to the years of experience, skills and knowledge required to be employed by the organization.

## Average Age of Volunteer

WORKFORCE DEMOGRAPHICS METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Average Age Volunteer	Total Age of Volunteers / Headcount	55	27	37	N/A

### What does it mean?

Average age of organizations' total volunteer population.

## Volunteer Percentage

WORKFORCE DEMOGRAPHICS METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
Volunteer Percentage	Volunteer Headcount / (Volunteer Headcount + Employee Headcount)	98.9%	0.0%	43.5%	N/A

### What does it mean?

Volunteers as a percentage of total workforce.

### How should this metric be used?

- This metric should be used as information on workplace demographics and when comparing benchmarks from one organization to another.

**NOTE:** Data for the following metrics was not collected during the Shared HR Services Pilot Project Metrics Survey. However, these metrics are important as they reflect an organization's current time and cost dedicated to Human Resources. The BC HRMA has shared their current data with the team for these metrics in order to give an idea as to what other organizations are currently operating at.

## HR Employee Ratio

HR EFFICIENCY METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
HR Employee Ratio	Headcount / # HR Employees	NOT AVAIL	NOT AVAIL	NOT AVAIL	54

### What does it mean?

The ratio of Human Resources staff to the total headcount of an organization's employees.

### How should this metric be used?

- Consider how important it is to have HR staff supporting the managers and employees.
- Can lead to insight and decisions on whether the level of support to managers and employees is sufficient or whether technology, outsourcing or process improvements could improve the overall efficiency with which HR is delivered to the business.
- A low ratio (e.g. several employees are covered by each HR employee) without effective technology, efficient processes or outsourcing is not necessarily a good thing as you may be under-servicing key employee or manager needs.

## HR Costs per Employee

HR EFFICIENCY METRIC	CALCULATION	MAX	MIN	MEDIAN	BCHRMA MEDIAN
HR Costs per Employee	HR Costs / Headcount	NOT AVAIL	NOT AVAIL	NOT AVAIL	\$2,640

### What does it mean?

The cost of creating, implementing and administering HR programs for each employee, including benefits, compensation, employee relations, employee call centre, HRIS (Human Resource Information Systems), employee data and personnel records, organization development, recruitment and retention. This metric demonstrates how much money your company spends per quarter for each employee during the various stages of the employment lifecycle (attract > hire > retain > terminate).

### How should this metric be used?

- This metric can be used to determine the *efficiency* of the HR function. Be aware that this is not the same as determining the *effectiveness*. For example, a higher HR Cost per Employee combined with positive Productivity, Recruitment, and Retention metrics would indicate an effective HR function.
- When interpreting the metric, consideration should be given to the organization's emphasis on its commitment to its employees. It is likely that the higher the organization's focus on the value of their employees, the higher HR Costs per Employee.