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What are some Effective HR Measures that can be Built out of Existing HR or Business Strategies to Measure the Impact and Success of HR Intervention?

Danielle Collier
Cornell University

Helen Zheng
Cornell University

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What are some Effective HR Measures that can be Built out of Existing HR or Business Strategies to Measure the Impact and Success of HR Intervention?

Abstract

Companies must think carefully about what types of measures they will use to understand employee performance. Most results measures track what goes on within a function, not what happens across functions, and getting people from different functions on a team to speak a common language can be difficult. These measures tend to vary significantly across different companies and industries. In order to best evaluate the performance of employees, it is imperative to:

1. Develop measures that make sense for your business and the impact your employees have.
2. Understand how to properly evaluate interventions in meaningful ways.
3. Share this information in a practical and clear tool like the balanced scorecard.

Keywords

human resources, business strategy, HR intervention, function, high performers, strategy, HR strategy, high impact HR, balanced scorecard, employee performance, performance management

Comments

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EXECUTIVE SUMMARY

RESEARCH QUESTION

What are some effective HR measures that can be built out of existing HR or business strategies to measure the impact and success of HR interventions?

INTRODUCTION

Companies must think carefully about what types of measures they will use to understand employee performance. Most results measures track what goes on within a function, not what happens across functions, and getting people from different functions on a team to speak a common language can be difficult.¹ These measures tend to vary significantly across different companies and industries.¹ In order to best evaluate the performance of employees, it is imperative to:

1. Develop measures that make sense for your business and the impact your employees have.
2. Understand how to properly evaluate interventions in meaningful ways.
3. Share this information in a practical and clear tool like the balanced scorecard.

DEVELOPING MEASURES

Strategy is how a company can dictate which measures are adopted.³ There are several methodologies to understand the best measures for a single company or industry.

Ask questions. As an HR team, look at overall business strategy and ask questions to determine what should be included in terms of cross-functional measurements, and what data is needed to actually take the measurement (see Appendix 1).³

Talk to high performers. Ask high performers how they might behave in a given situation, and create measures based on those positive outcomes. This can be conducted through either interviews or simple observation of high performing individuals or teams at work.⁶

Align with HR Strategy. Make sure that the business strategy and the HR strategy are in alignment. Select deliberate but simple metrics that align with key HR strategies. Some examples include

- customer satisfaction ratings
- employee engagement survey scores
- turnover rates
- percentage of promotions
- productivity rates over time, and
- retention rates.⁷

Once measures are developed, share a conversation about which performance measures have the most impact with managers and supervisors across the business.⁴ The managers are the ones interacting with their employees every day, and they can provide valuable insight into which measures impact business functions. HR Professionals may want to consider how different tiers or levels activities relate to each measure, and potentially assign weights to each measure depending on how it impacts the business.⁸ Having a senior level champion can also be a turning point in whether or not each strategic measure will have weight with all employees.⁸

EVALUATING IMPACT

In looking at how to best evaluate the impact of a particular intervention, many companies are aware of the fact that evaluation must test more than just recall.⁹ Many training professionals recommend:

- Taking a baseline statistic for each indicator so a direct comparison is available post-intervention.^{6,7,10}
- Understand how people are applying the information they learned, and how their behaviors, not simply knowledge, have changed based on the training or intervention.⁹
- Asking open-ended questions can help understand how employees are applying the training to their work and whether or not it made a difference.¹⁰

If evaluation must be considered carefully in order to discern whether the measures developed have impact on performance.¹¹ In Further Reading, the Association for Talent Development provides resource for how to develop an evaluation framework.

PRESENTATION

While yesterday's data was used to understand *what was* happening, HR measures are now allowing organization to better understand *why it is* happening and provide input into predicting *what could happen*. The three primary characteristics of HR measures in support of High-Impact HR include (1) the ability to explain what is happening within an organization and why, (2) providing information regarding people while creating a link to overall business performance, and (3) assessing issues while driving continuous improvement.² We recommend the balanced scorecard as a practical tool to compare performance results across functions using newly developed measures.

HR Balanced Scorecard (See Appendix 2)

The balanced scorecard is a framework that was introduced in the early 1990s as a way for businesses to effectively align strategy with performance results.⁴ It typically includes financial success, customer satisfaction, internal processes, and the organization's innovation and improvement activities. Obviously, these measures will differ greatly between organizations, but they cover strategy areas that most large companies are already considering. The scorecard allows for customization; it can be as robust or as general as an organization prefers.⁵ It also allows for balance and adjustment depending on the strategic vision of the company.⁵ HR Scorecards use KPI's focused on areas of critical performance to help direct the business.

CONCLUSIONS AND RECOMMENDATIONS

In understanding how to measure individual employee performance, developing strategic performance measures unique to each company is the key to getting meaningful information from material that might be subjective or hard to quantify.¹ These metrics should be used to determine an underlying cause of an issue or to track progress towards a goal, and picking the right metrics is the key to creating real value from training.^{2,11} It is important to consider the unique strategy and operations of your organization and create a framework that works for you.

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Further Reading:

1. ATD's Talent Development Framework: Talent Development Defined
<https://www.td.org/Atds-Talent-Development-Framework>

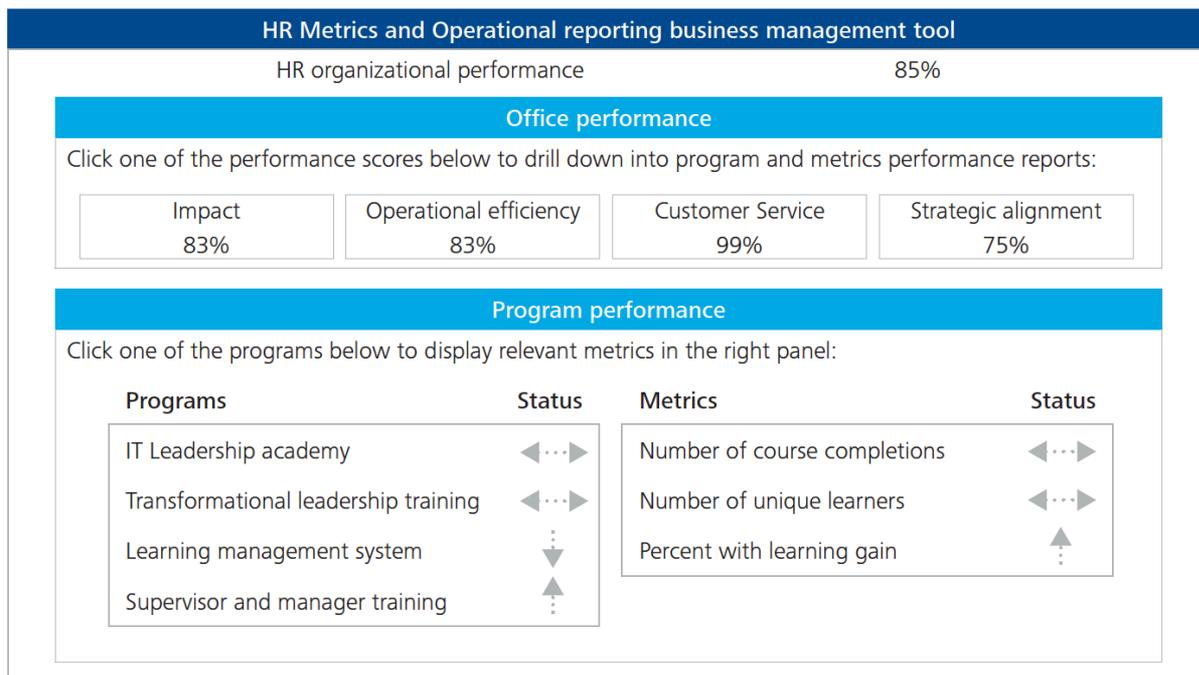
Appendix 1

What Do You Want to Know About Your Workforce? School of Business D'Amore-McKim Northeastern University		
	Old Focus	New Focus
	Question Asked	Question Asked
Communication	· Is our workforce satisfied / happy?	· Is our top talent in strategic positions thrilled with our firm?
Work Design	· How do we do our work?	· Are we focusing on value creation in every job?
Selection	· Are we “fair” in our selection process?	· How well does our top talent in strategic roles compare to the labor supply?
Training/ Development	· How did our participants feel about our training?	· How can we accelerate the skills of our emerging talent in strategic roles?
Performance Management	· Are performance appraisals completed and on time?	· Is our performance management system a tool to help execute our business strategy?
Rewards	· Is our program fair?	· Are we adequately rewarding our value creators for their success?

Huselid, M. (2016, September 26). Better Talent Management Through Workforce Analytics. Lecture presented in Massachusetts, Boston. Retrieved October 1, 2016, from [https://www.shrm.org/about/foundation/products/documents/9-16 mark huselid pres.pdf](https://www.shrm.org/about/foundation/products/documents/9-16_mark_huselid_pres.pdf)

Appendix 2

Figure 1: Sample HR Scorecard



Fineman, David, “Enabling business results with HR ‘Measures that matter’”, Deloitte, 2016, from <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/us-hc-enabling-business-results-with-hr-measures-that-matter.pdf>