

Leading retailers measure their outcomes.

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People management indicators are an essential tool for organisations looking to improve their performance and capitalise on their investment in people.

A good system of measurement and evaluation enables you to:

- determine which initiatives are working towards your business objectives
- identify the strengths and weaknesses in your overall people management strategy
- calculate the return on investment of initiatives, and
- gather information to inform future strategies or initiatives.

Indicators need not be overly complex, and can be improved over time. It is also important to tailor your indicators to your particular business objectives.

"Improved measurement of human resources will lead to more rational and productive choices about managing staff, and allocating them to improve overall business performance"

(Workforce Economics, 1997).

Benchmarking data

Our survey found:

- 59 per cent of retailers measure the impact of their initiatives to **attract staff**.

Of these, retailers use the following indicators:

- 85% Quality of applicants
- 68% Diverse range of applicants
- 60% Applicant numbers
- 52% Customer service satisfaction
- 23% Other

- 88 per cent of retailers measure the impact of their initiatives to **retain staff**.

Of these, retailers use the following indicators:

- 94% Turnover rates
- 76% Length of service
- 76% Staff morale/satisfaction
- 55% Return from maternity leave rates
- 49% Customer service satisfaction
- 42% Retention rates
- 28% Other

- 61 per cent of retailers measure the impact of their initiatives to **develop staff**.

Of these, retailers use the following indicators:

- 75% Staff morale/satisfaction
- 69% Turnover rates
- 65% Promotion rates
- 65% Length of service
- 35% Customer service satisfaction
- 31% Other

Using indicators

It is up to each business to work out what indicators best measure their objectives. The key questions to ask are:

- what do I want to measure (for example, the impact of family-friendly initiatives)?
- what is the best way of measuring this (for example, retention of people with caring responsibilities, gender make-up of workforce, and/or return rates from maternity leave)? and
- how can this information be extracted (for example, HR systems, exit interviews and/or staff survey)?

The following indicators are the ones most commonly used by Australian retailers.

Workforce indicators

- demographics of workforce (eg. gender, age, occupational distribution), staff turnover and retention rates, length of service, staff absences.

Recruitment and selection indicators

- number of applicants, quality of applicants, success and costs of different methods, average period of occupying a position, internal/external promotions, transfers and separations.

Performance evaluation and remuneration of employees

- systems of performance appraisal, regularity of appraisal, results of appraisals, bonuses paid, other remuneration.

Training and development

- hours per employee, costs, different types of training, nature of employees receiving training.

Leave and benefits

- patterns of leave usage, uptake of benefits, conditions of service, costs of leave/benefits, return from maternity leave rates.

HR Strategy and policy

- consultation, accountability of managers, use of the HR function.

Staff morale and satisfaction

- level of job satisfaction, elements contributing to job satisfaction.

Customer service satisfaction

Australian story

By using good indicators, **The Body Shop** knows that its staff turnover is 22-23 per cent per annum. It also knows what is likely to impact on turnover and, by putting a strategy in place, is aiming to reduce turnover to 18 per cent. This will represent a significant saving for the company.

International comparisons

Walgreen, a USA drug store chain, measured the impact of its training by comparing pharmacies where training had been undertaken with pharmacies where it hadn't. The trained pharmacies consistently outperformed the other pharmacies with higher sales.

Balancing the Till

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