



## TO STUDY THE HUMAN RESOURCE KEY PERFORMANCE INDICATORS

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### Abstract

The Study of Human Resource Key Performance Indicators (HR KPI) plays key role in Human Resource Management. Key Performance Indicators are commonly used by an organization to evaluate its success or success of particular activities in which it is engaged. For any manufacturing industry it's important to achieve their production target within given time, the production is closely related to employee absenteeism and employee turnover ratio. It is necessary to measure employee absenteeism and employee turnover ratio, where key performance indicators plays vital role. In Auto line Industries they have set following indicators to measure their performance.

- Absenteeism.
- Employee Turnover.
- Accident.
- Suggestion Scheme.
- Training Completion

For studying all these about KPI and their importance and the way to set the KPI in Auto line Industry I choose the Research topic "**To Study the Human Resource Key Performance Indicators**" (HR KPI)", at Autoline Industries.

Research was carried out at Auto line Industries Ltd., F-II block, Bhosari for 6 months. For this research done in the following way:-

Research Methodology used is Descriptive type, Sample size for satisfaction survey-50 and for exit interview-20, Feedback collected for data analysis is through Satisfaction survey and exit review interview.

**Keywords:** KPI, HR, Absenteeism, Employee Turnover, KSI, WPM



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## **INTRODUCTION TO THE TOPIC**

A new paradigm of performance measure has been adopted by many Manufacturing Industries. This is based on identifying what the business does in terms of levels of processes and attaching Key Performance Indicators to those processes.

A company must establish its strategic and operational goals and then choose the KPIs which best reflect those goals. For example, if a software company's goal is to have the fastest growth in its industry, its main performance indicator may be the measure of revenue growth year-on-year. A good KPI must be specific, actionable, sensitive to change, reliably measurable and well-understood by those who use it. A package of KPIs will typically cover multiple subject areas, including customer satisfaction, financial performance, labor efficiency, product or service quality and profitability. Usually, KPIs are paired with contextual statistics such as raw volumes to allow for better analysis by customers of how relevant a change may be.

KPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals, but often, success is simply the repeated achievement of some level of operational goal customer satisfaction, etc. Accordingly, choosing the right KPIs is reliant upon having a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the performance. Because of the need to develop a good understanding of what is important, performance indicator selection is often closely associated with the use of various techniques to assess the present state of the business, and its key activities. These assessments often lead to the identification of potential improvements; and as a consequence, performance indicators are routinely associated with performance improvement' initiatives.

Many things are measurable. That does not make them key to the organization's success. In selecting Key Performance Indicators, it is critical to limit them to those factors that are essential to the organization reaching its goals. It is also important to keep the number of Key Performance Indicators small just to keep everyone's attention focused on achieving the same KPIs.

### **Key Performance Indicator of AIL-**

- Labour Turnover.

- Accident.
- Suggestions scheme.
- Absenteeism.
- Training Completion

### **Definition**

A key performance indicator is one or several related measurements that provide a proxy understanding of the overall health of a business process or organization. A collection of KPIs will track specific measures that are sensitive to process changes and are leading indicators of a significant business change.

### **RATIONAL OF THE STUDY**

1. Investors are putting greater pressure on company management's to be able to demonstrate that management strategies are creating value and that scarce resources are being directed into the most efficient use consistent with the business's goals.
2. So many problems are faced by Management of Manufacturing companies. How can they be sure that they are running their businesses in ways which actually enhance its value?
3. Business organizations are demanding more effective performance measuring systems that will not only enhance their performance levels, but give them a competitive edge.
4. How well a business is driving toward its objectives and strategies is measured by Key Performance indicators.
5. KPI Introduction Data and a reporting forum together provide direction for improvement KPIs the right level of management reporting Decisions that ensure the direction is consistent with the company's objectives

### **IMPORTANCE OF KPI:-**

- We can keep the all the parameter on continuous observation.
- We can control the observe parameter which are going out of the control for example.
- Control of Absenteeism the percentage should be below 5%.
- Control of Labour Turnover the percentage should be below 4%.
- Can improve the parameters by studying the factor affecting it.
- To improve overall performance of HR activities.

### **LITERATURE SURVY**

**Meaning:-**KPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged. Key Performance Indicators, also known as KPI or Key Success Indicators (KSI), help an organization define and measure progress toward organizational goals. In selecting Key Performance Indicators, it is critical to limit them to those factors that are essential to the organization reaching its goals. It is also important to keep the number of Key Performance Indicators small just to keep everyone's attention focused on achieving the same KPIs. That is not to say, for instance, that a company will have only three or four total KPIs in total. Rather there will be three or four Key Performance Indicators for the company and all the units within it will have three, four, or five KPIs that support the overall company goals and can be "rolled up" into them. Whatever Key Performance Indicators are selected, they must reflect the organization's goals, they must be key to its success, and they must be quantifiable (Measurable). Key Performance Indicators usually are long-term considerations. The definition of what they are and how they are measured do not change often. The goals for a particular Key Performance Indicator may change as the organization's goals change, or as it gets closer to achieving a goal. A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. Also referred to as "key success indicators (KSI).

#### **ABSENTEEISM**

##### **Meaning:-**

- Employee's presence at work place during the scheduled time is highly essential for the smooth running of the production process in particular and the organization in general.
- Despite the significance of their presences, employees sometime fail to report at the work place during the scheduled time, which is known as 'absenteeism'.

**Definition:-** "Absenteeism" as the failure of worker to report for work when he is scheduled to work. (Labour Bureau, Simla)

##### **Types of Absenteeism:-**

- Authorized absenteeism.
- Unauthorized absenteeism.
- Willful absenteeism.
- Caused by circumstances beyond one's control.

**Causes of Absenteeism:-**

- Maladjustment with the working condition.
- Social and religious ceremonies.
- Unsatisfactory housing conditions at the work place.
- Unhealthy working conditions.
- Poor welfare facilities.
- Inadequate leave facilities.
- Low level of wages.

**CATEGORIES OF ABSENTEEISM:-**

- Entrepreneurs
- Status seekers
- Epicureans
- Family –oriented
- The sick and the old

**LABOUR TURNOVER**

**Meaning:-** Turnover affects productivity, product and service quality, and profitability. The cost of replacing workers is high, finding skilled employees can be difficult, and investments in training are less secure. Labour turnover affects both workers and firms. Workers experience disruption, the need to learn new job-specific skills and find different career prospects. Firms suffer the loss of job-specific skills, disruption in production and incur the costs of hiring and training new workers. But incoming workers may be better educated, more skilled and have greater initiative and enthusiasm than those who leave.

**Definition:-** Labour turnover is concerned with movements of individuals into jobs (hiring's) and out of jobs (separations) over a particular period.

**There is a turnover problem if,**

We aren't able to hire the right people for our organization.

- We know we have a turnover problem, but we don't know how to fix it.
- Our employees don't seem to be motivated.
- We are not sure of the level of employee satisfaction.
- We are not sure we know why employees really quit.
- We are not consistent in performing exit interviews.
- Heavy Machines, Work load, Noise, Darkness.
- Less Wages Rates as compared to other Industries.

- Need 12hrs working Duty.
- On time wages & salary.
- Lack of Induction & On job Training.
- Safety and Health related problems.
- Working Environment.
- PF, Legal & others Issues.

**EFFECTS OF EMPLOYEE TURNOVER:-**

- Effects on productivity.
- It distinguishes between actual and expected result.
- It optimizes cost of recruitment.
- It makes easier to keep eye on expenses like training wages.
- It highlights the risk of skilled employee's termination.

**OBJECTIVES AND SCOPE OF THE STUDY**

1. To Study The Human Resource Key Performance Indicator at AIL.
2. To study causes of Absenteeism.
3. To study causes of Labour turn over.
4. To study of Suggestion Scheme.
5. To study of Training Completion/Feedback.

**SCOPE OF THE STUDY:-**

1. The scope of the study is limited to AIL is to study the Key Performance Indicator.
2. The research paper Human Recourse key performance Indicator is emphasizing on various Human Recourse key Indicators implemented by the company for measurement of criteria is related to HR.
3. To study various Key Performance Indicator which are been applied in the organization such as Absenteeism, Labour Turnover, Accident and suggestion scheme.

**RESEARCH METHODOLOGY**

Methodology is a way to solve systematically the research problem. It may be understand as a since of studying how research is done scientifically.

The methodology adopted by the study of Welfare facilities and working condition is done scientifically.

In order to achieve the above set of objectives, two types of data was needed.

**TYPES OF DATA:-** Primary data is the data which is original in nature collected for the specific purpose. Primary data is first ~and collected data for interpretation.

- Interview.



- Questionnaire.
- Observation

Secondary data is the data which already exist and has been collected by someone else for some other purpose but is useful for the present study.

- Past records related to study.
- Website.
- Annual reports.
- Books.
- Magazines

#### **Sampling Method:-**

The sample is a sub-group of the elements of the population selected for the participation in the study. However population is the aggregate of all the elements, sharing some common set of characteristics. This comprises the universe for the purpose of the defined objective. A total of 50 people were selected for the study. As there was a defined universe, each and every element of the universe had probabilistic chance of being selected for the sample, thus the sampling method used was random sampling.

#### **Sample Size-**

This refers to the number of items to be selected from the universe to constitute a sample. The size of sample should neither be excessively large, nor too small. It should be optimum.

**Total Population of Organization: - 90**

**Sample Size: -**

1. For satisfaction survey =70
2. For exit interview form=20

**Sample Design:** Random Sampling

**Sample Instrument:** - Questionnaire, Desk report.

**Sample Analysis & Interpretation:** - Pie Chart

#### **LIMITATIONS OF THE STUDY:-**

1. Time had been a constraint for completion of present study and making out a detailed analysis.
2. The present study is limited only to Auto line Industries Ltd.
3. The employees are scared to quote their name and suggestions.
4. The employees were not willing to give the detailed information, because of their busy work schedule.
5. The information given by Employee is not 100% reliable.

### **OBSERVATIONS AND FINDINGS**

- 1) Maximum no of employees are satisfied with their job.
- 2) 46% employees are satisfied with the WPM (Workers Participation in Management) of AIL.
- 3) The employees are appreciated for the good efforts in the job.
- 4) Higher percentage of the employees feels that their job is secured at AIL.
- 5) 12% employees are dissatisfied with housekeeping and Hygiene condition at work place.
- 6) Maximum no of employees is not satisfied with transportation facility which is provided by company.
- 7) Maximum no. of employees are dissatisfied with the quality of food served in canteen.
- 8) Maximum no of employees is moderately satisfied with salary.
- 9) Maximum no of employees is satisfied with working hours at AIL.
- 10) Maximum no of employees is highly satisfied with the safety equipment provided by company.
- 11) Maximum numbers of employees are dissatisfied with suggestion scheme because of unawareness of suggestion scheme.
- 12) It is found that company's accident rate is very low.

### **CONCLUSION**

1. It can be concluded that most of the employees are not satisfied with the facilities provided by the organization. For example lack of Transport facility, Canteen facility.
2. Most of the employed are satisfied with their jobs, but there are certain complaints related to welfare and transportation facilities provided by the organization, which may be the reason for high turnover in the organization.
3. Suggestions provided by the employees are been implemented, but the awareness about suggestion scheme is very low.
4. Training indicates 100% completion report and the rates of accident was found to be low and were of minor nature.

### **SUGGESTIONS AND RECOMMENDATION**

1. Company should form the new or additional ways of workers participation in management. Such as works committee, joint management council's shop floor councils.
2. Company should maintain the proper housekeeping and hygiene condition at work place.
3. Company should provide the transportation facility.



4. Company should daily check canteen and improves the quality of food.
5. Company should be aware suggestion scheme in the minds of the employees.
6. Company should give the monitory awards to the best suggestions.

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