

# FACT SHEET

## BASIC HR REPORTING (1)



## **INTRODUCTION**

The HR Management function is a management function, by definition. Management functions need to report regularly on results achieved in order to assess progress against objectives. The old management adage holds that “what can’t be measured, can’t be managed”.

The SABPP HR Management System Standard, element #13, defines HR Measurement as “a continuous process of gathering, analyzing, interpreting, evaluating and presenting quantitative and qualitative data to measure, align and benchmark the impact of HR practices on organisational objectives....”

There are many challenges to implementing this process and sub-processes, ranging from working out simple but effective data gathering processes in smaller organisations to implementing and maintaining complex Enterprise Resourcing Planning (ERP) IT systems in large organisations.

This sub-series of Fact Sheets will look at aspects of HR reporting on a basic level, to help HR practitioners who are tasked with designing and implementing, or improving on existing, simple HR reports for management.

With modern information technology solutions, it is possible even for small businesses to manage employee data and reporting without having to invest in large IT projects.



“The clearest definition of a truly integrated solution can be summed up by the line: A single point of capture for any item of data, which can then be accessed real-time, to provide the user with a consistent and single version of the truth.”

**ROB BOTHMA, NGA AFRICA  
IN CHOOSE YOUR HR SYSTEM WISELY, HR FUTURE, JULY 2014**

## 2. WHAT TO REPORT

We will start with reporting on financial type information, and move on in the next Fact Sheet to reporting on issues affecting the development of human capital.

The HR department is usually expected to report on employee numbers and costs and these are often related to productivity calculations. Whatever numbers the HR department reports should reconcile to the information held by the Finance department.

Executives and managers are usually interested to know:

- What is the current state?
- How does it compare to budget?
- How does it compare to previous periods?

The essential thing to grasp in employee reporting is to define your terms. HR departments are often accused of not being able to state in simple terms how many employees an organisation has. This is because there are various definitions of employees and various time periods which might apply. Also, the payroll figures may reflect a different period to the management reporting period – for example, overtime is paid on the weekly payroll of which there may be 4 or 5 in a particular reporting month, possibly straddling the calendar month end.



Therefore the HR head has to agree with the finance function (or whichever function handles management reporting in the organisation) on the definitions to be used. Typical definitions might be:

### **Employee headcount:**

Number paid in the last payroll run of the month reported on. This will include employees who will leave at the end of the month and will include employees on unpaid leave. It will also include

employees who may have terminated last month but have pay due to them this month. [Notes: 1) This definition allows immediate reconciliation to the payroll, but will not necessarily reflect people actually available in the operation to perform work. A choice has to be made. The definition could be based on people actually available, but then it will not immediately reconcile to the payroll. 2) This is actual headcount, not Full Time Equivalents (FTE). For productivity calculations, the number of FTE's is usually required.]

### **Types of employees:**

Depending on the type of organisation, the breakdown could be:

- Permanent
- Fixed term/project contract directly contracted to employer
- Temporary employees sourced through a Temporary Employment Service (labour broker). The accounting for such employees is often reflected in accounts other than employment costs but, particularly for productivity calculations, such people should be considered as direct labour.
- Casual workers as per Basic Conditions of Employment Act definition.

### **Man-hours:**

This is a difficult number to report on, as usually only hours worked by employees who are required to record attendance/who are paid by the hour can be included. Often a standard number of hours is included for salaried employees, but this fails to take account of absence during working hours other than full days sick or other leave absence. It is probably more sensible to report man-hours paid to hourly paid employees only.

### **Salary/wage costs:**

Usually basic pay and standard allowances are reported on together and non-standard allowances and overtime are reported on separately.

Other items which affect costs and/or productivity are absence and training spend. Training spend will be covered in the next Fact Sheet. Absence to be reported on is usually unplanned absence such as sick leave and unauthorised absence, usually resulting in unpaid leave. The consequences of work accidents are usually reported on in terms of Lost Time Injuries (LTIs) – and statistics such as LTI Frequency Rates, Incidence Rates and Severity Rates are typically monitored. Sick leave can also be differentiated to pick out repeated short absences and longer absences using similar ratios.

Sometimes organisations need to track changes to annual leave provisions. (That is, the amount of money set aside out of company cash reserves to pay for leave not taken should an employee terminate service.)

---

1 A full time equivalent is the normal working hours of a week/month. FTEs are therefore calculated from the number of normal working hours contracted to work (not taking account of absence) in a particular department divided by the normal weekly/monthly working hours. Thus two part time employees each working 30 hours a week in an organisation where the normal working week is 40 hours, would represent 1.5 FTEs ( $30 \times 2 = 60 / 40 = 1.5$ ).

**Lost Time Injuries:**

The LTI Frequency Rate is calculated as the number of times employees lost time due to injury over a period divided by the total number of hours worked for the same period. The LTIFR is usually expressed per 1 000 000 hours worked, to allow for comparison between organisations. Thus the organisation might have had 7 incidents over the year and have worked a total of 2 451 679 hours. The calculation is therefore  $7 \times 1\,000\,000 / 2\,451\,679 = 2.86$

The LTI Incidence Rate is expressed as the number of LTIs per 100 employees. If there are 791 employees in this organisation, the LTIIR is  $7 \times 100 / 791 = 0.88$ .

The LTI Severity Rate shows the number of days lost per incident. If the days lost in this example is 73, then the LTISR is  $73 / 7 = 10.5$ .

**Sickness absence:**

Sick leave is usually reported as simply the number of days taken as a % of total days planned to be worked, so if 100 employees took a total of 450 days off over a year, the % would be  $450 / (791 \times 5 \times 48) = 0.24\%$ .

Useful figures here might include the Sickness Incidence Rate and the Sickness Severity Rate. Using the example above, if say 100 employees took at least one day's sick leave over the year, the SIR would be  $100 \times 100 / 791 = 12.64$  per 100 employees. If between those 100 employees they took a total of 450 days off, the SSR would be  $450 / 100 = 4.5$  (average days absence). This, however, might hide delinquent use of sick leave where 90 employees took 2 days off each while 10 employees had serious illnesses and took on average 27 days off. It can be worthwhile therefore to report on incidence of short sick leave separately to long sick leave.

**Absenteeism (other than sick leave):**

This is usually reported on as the total days lost as a % of total days planned to be worked.

This is added to each month with the monthly entitlement (1.25 for an employee entitled to 15 days per year and 1.67 for an employee entitled to 20 days per year) and reduced by leave actually taken each month.) Leave provisions can add up to a considerable amount of money and HR departments must be able to account for the total leave provision by individual employee. Another reason for tracking leave taken might be to ensure that leave is spread out across the year in a planned way rather than many employees being off at the same time (or vice versa in some economic sectors).

### 3. HOW TO REPORT IT

Each manager with a team is normally expected to budget employee numbers and costs and therefore regular reports should be made available to those managers. It is important to make these reports available in a succinct, easy to view format and to enable a manager to “drill down” (that is, look at numbers and costs on increasing levels of detail right down to individual employee and individual cost items), rather than providing piles of computer printouts with no summary.

Reports should then be summarised at each level up to top management, so that top management only sees short reports of the most important items. Clear graphs should be provided because “a graph/picture tells a thousand stories”.

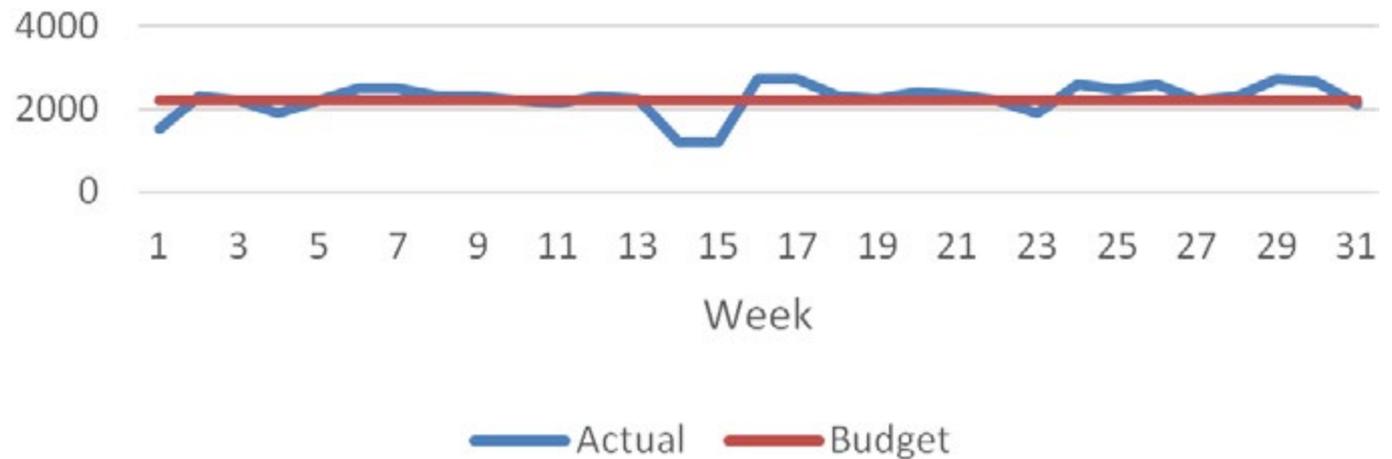
A simple report for an operations team leader might look like this:

Unit:	Packing				
Weekly Report as at:	11/8/2014	Week 31			
	Budget	Actual this week	Actual this week last year	Variance to budget	Variance to last year
# of employees	50	48	53	-4,00%	-9,43%
Permanent		40			
Contract		6			
Casual		2			
Manh ours worked	2200	2120	2300	-3,64%	-7,83%
Standard hours	2000	1840	2000		
Overtime @ 1 1/3	200	180	200		
Overtime @ 2		100	100		
Total wage costs	R 123 559	R 124 352	R 124 793	0,64%	-0,35%
Basic wage and standard allowances	R 107 135	R 98 564	R 99 199	-8,00%	-0,64%
Shift allowances	R 2 143	R4 928	R 4960	130,00%	-0,64%
Overtime	R 14 281	R 20 859	R 20 633	46,06%	1,09%
Manhours lost:					
Total	100	100	230	0,00%	-56,52%
Sickness -1- 3 days	100	50	140		
Sickness - Over 3 days		30	90		
Injured on duty - within shift		20	0		
Injured on duty - more than one shift					

## FACT SHEET - AUGUST 2014

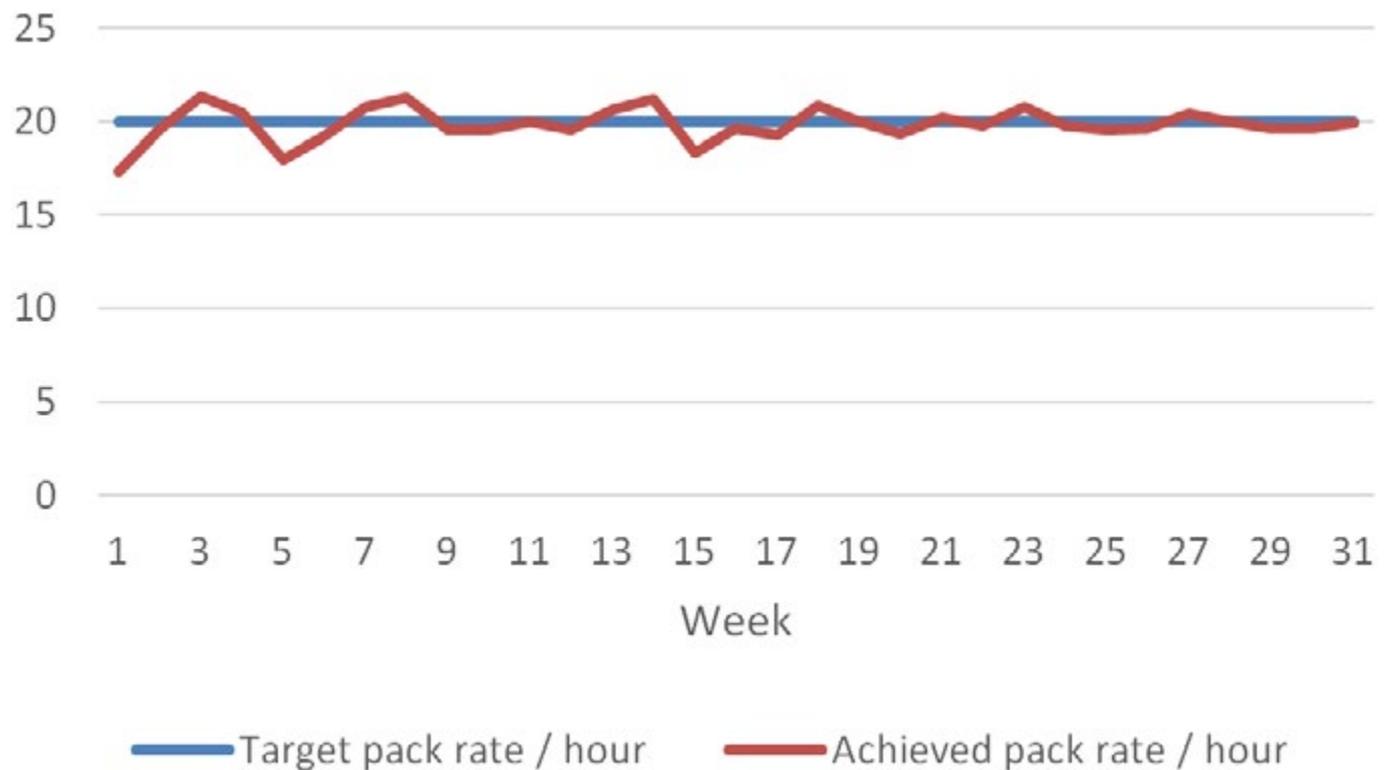
A graph can be provided of the most important data, for example, man hours worked each week year to date:

### MANHOURS WORKED



The value of this report can be enhanced considerably by obtaining data on units packed, and thus comparing productivity levels:

### PACK RATE PER HOUR PER PERSON



## FACT SHEET - AUGUST 2014

For more senior levels of management, less detail would be required. An executive monthly report might look like this:

### PRODUCTION

	This period	Budget	Last year same period
# of employees	105	100	95
Manhours worked	4638	4200	4370
Total wage costs	R 299 222	R 258 675	R 258 892
Manhours lost:	0,75%	0,50%	0,80%

### PACKING

	This period	Budget	Last year same period
# of employees	48	50	53
Manhours worked	2120	2200	2300
Total wage costs	R 124 352	R 123 559	R 124 793
Manhours lost:	0,47%	0,45%	1%

### ADMINISTRATION

	This period	Budget	Last year same period
# of employees	15	16	14
Manhours worked	525	560	490
Total wage costs	R 36 954	R 33 760	R 29 029
Manhours lost:	n/a	n/a	n/a

### TOTAL

	This period	Budget	Last year same period	Variance to budget	Variance to last year
# of employees	163	166	162	101,20%	103,70%
Manhours worked	7283	6960	7160	104,63%	101,71%
Total wage costs	R 460 5271	R 420 995	R 412 7141	109,39%	111,59%
Manhours lost:	0,66%	0,48%	0,87%	137,50%	75,86%

A management report should lead to some conclusion on whether there is a problem or not, and if there is, how much of a problem is it. Therefore figures such as accident statistics, sickness ratios and absenteeism ratios need to be benchmarked against similar organisations. NOSA ([www.nosa.co.za](http://www.nosa.co.za)) provides good benchmarks of safety statistics, whilst Productivity SA and various large remuneration survey companies can provide benchmarks on sickness and absenteeism.

Management reports should be made available to line managers in the most convenient way possible, preferably on some secure "cloud" type server which can be accessed by the managers whenever they want it.

## **4. WHERE TO GET THE DATA FROM**

The most common problem in managing employee data is that various departments maintain their own recording systems, often using Excel sheets. These do not cross-reference or reconcile to other records, leading to different numbers being reported for the same item on two different reports.

As mentioned in the introduction, the number one rule to apply is that one piece of employee data is maintained once in one place. So hours worked, because it is provided for payroll purposes, should be reported on using payroll data. Even simple payroll systems can maintain annual, sick, injured on duty and other forms of leave, which can then be drawn on for reporting. The discipline involved in providing accurate and timely input to payrolls is useful to apply to other types of employee data so that the integrity of HR reporting can be assured.

## **5. GUIDELINES FOR BASIC HR REPORTING**

The following guidelines are useful in getting going on basic HR reporting:

- Find out from line management the basic areas they would like HR to report on.
- Identify specific areas of measurement for the purpose of HR reporting, for example, absenteeism, lost time injuries.
- Develop a clear set of definitions, including formulae for each item measured.
- Collect accurate data for the purpose of HR reporting.
- Apply your formulae and calculate the measurements.
- Check the calculations (get a second person to do this) to avoid embarrassment.
- Decide on the most appropriate and user-friendly format for the HR reports, for example, tables/graphs to present the reports to management.
- Provide interpretations of results (what trends do the figures show, what might be some causes) and suggest appropriate actions for improvement.
- Utilise relevant HR reporting system/platforms to ensure a consistent and user-friendly approach to HR reporting.
- Build HR competence on basic HR reporting.
- Form relationships with line managers to work on areas for improvement.

## CONCLUSION

“The amount of time spent on HR reporting and metrics has increased over the last five years, according to a survey of 1,300 HR, finance, and IT managers.

Accurate, on-demand information is business critical, so reporting delays can hurt HR’s ability to deliver strategic value to the business. Today’s rapidly-changing global environment calls for cloud tools that can enable quick analysis and valuable insights – to help organizations get the right people, with the right strategic focus, in the right roles. Accurate, on-demand information is business critical, so reporting delays can hurt HR’s ability to deliver strategic value to the business. Today’s rapidly-changing global environment calls for cloud tools that can enable quick analysis and valuable insights – to help organizations get the right people, with the right strategic focus, in the right roles.”

**DRIVING HR IMPACT IN A CHANGING WORLD  
2013 REPORT SUCCESS FACTORS. [WWW.SUCCESSFACTORS.COM](http://WWW.SUCCESSFACTORS.COM)**

Managing employee headcounts and costs is a line management responsibility. But line managers cannot fulfil this responsibility without timely and accurate reporting, which is normally a service expected of HR departments.

The competencies involved in producing such reports include accuracy of data capturing, business knowledge to design reports appropriate to the business, business numeracy to recognise when reported figures are accurate and Business English writing to write the narrative that should accompany reports.

As indicated in the National HR Competency Model, HR practitioners must acquire and hone these competencies to fulfil their role as an organisation support function and, ultimately, as business partners to line management.

**This Fact Sheet has been prepared by Penny Abbott, Head of the HR Research Initiative at the SABPP. Suggestions and requests for specific Fact Sheet topics can be sent to [penny@sabpp.co.za](mailto:penny@sabpp.co.za).**

# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2013</b>		
February	1	<b>GAINING HR QUALIFICATIONS</b>
March	2	<b>ETHICS, FRAUD AND CORRUPTION</b>
April	3	<b>NATIONAL DEVELOPMENT PLAN</b>
May	4	<b>BARGAINING COUNCILS</b>
June	5	<b>EMPLOYMENT EQUITY</b>
July	6	<b>HR COMPETENCIES</b>
August	7	<b>HR MANAGEMENT STANDARDS</b>
September	8	<b>PAY EQUITY</b>
October	9	<b>COACHING AND MENTORING</b>
November	10	<b>HIV/AIDS IN THE WORKPLACE</b>
<b>2014</b>		
February	1	<b>EMPLOYING FIRST-TIME JOB MARKET ENTRANTS</b>
March	2	<b>PROTECTION OF PERSONAL INFORMATION ACT</b>
April	3	<b>QUALITY COUNCIL FOR TRADES AND OCCUPATIONS</b>
May	4	<b>WORK-INTEGRATED LEARNING</b>
June	5	<b>RECRUITMENT – SCREENING OF CANDIDATES</b>
July	6	<b>HR RISK MANAGEMENT</b>
August	7	<b>BASIC HR REPORTING (1)</b>

For more information about SABPP, visit our website [www.sabpp.co.za](http://www.sabpp.co.za) or blog [www.hrtoday.me](http://www.hrtoday.me) or follow us on twitter @SABPP1 for daily HR information.