



Stable Workforce, Shifting World

How talent movement, AI adoption,
and productivity are helping reshape
HR's mandate

**Saratoga Annual HR & Workforce
Benchmarking Insights Report 2026**

Calendar Year 2025 US Benchmark Results

PwC Saratoga



About this report

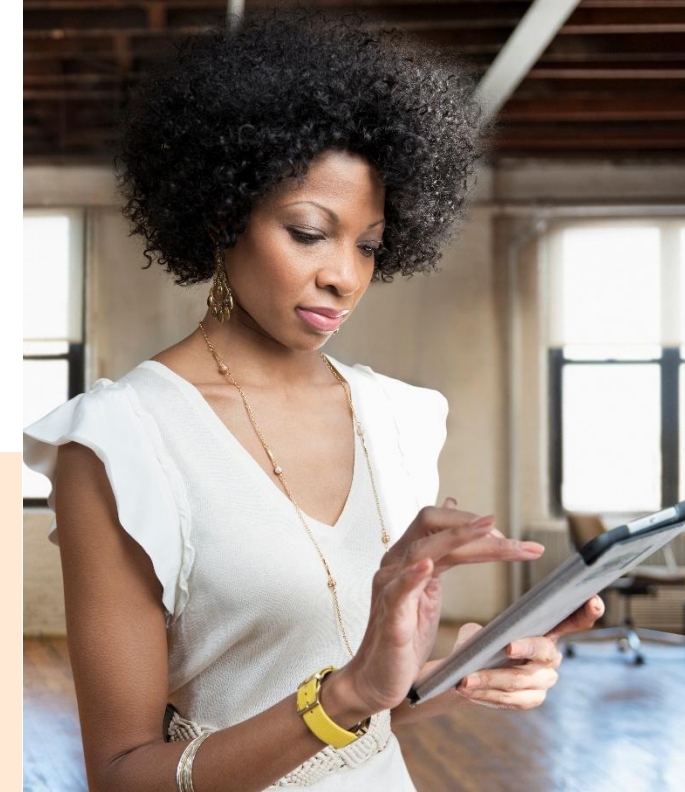
The data in this report represents over 450 organizations across more than 20 industries. Saratoga has over 30,000 benchmarks for 1,000+ metrics across 80+ peer groups, covering a wide variety of HR and workforce topics, including:

	Turnover and retention		Team sizes, spans, and layers		Hiring and sourcing
	Productivity and operations		Promotion and mobility		AI study New for 2026

Saratoga benchmarks can be segmented across a range of workforce dimensions, including demographics, function, job family, geography, organizational level, performance, and tenure. Organizations can use these benchmarks to evaluate their workforce performance against relevant peer groups based on attributes such as industry, company size, and revenue.

By providing a reliable external point of comparison, Saratoga benchmarks help organizations understand where they stand relative to their peers, identify opportunities for improvement, guide decision-making, spark curiosity, and inspire important questions. The insights support decision-making across the organization—from executives and CHROs to HR leaders and workforce analysts—while informing strategic planning, target setting, and investment evaluation. Grounded in objective business and workforce data, Saratoga benchmarks enable leaders to move from anecdote to evidence, and from evidence to action.

Unless otherwise indicated, the data shown in this report represents 2025 calendar year US all industry median results



How to use this report

Read the benchmark, pressure-test the context, choose the next decision

A benchmark is not a target by default. It's a question generator. The median helps establish a fact base. The right peer group helps interpret that fact base. The management discussion converts it into action.

Executive summary

Four focus areas for CHROs in 2026

This year's benchmarks point to a paradox: Core workforce metrics have stabilized, but the operating context around the workforce is becoming less predictable. Artificial Intelligence (AI) adoption, productivity expectations, cost pressure, demographic change and geopolitics are moving faster than many talent systems have been redesigned.

1 Stability may be pre-disruption

Voluntary separation and external recruitment have stabilized. Are employees engaged—or simply cautious?

2 The first year remains a stress test

Nearly one-third of employees leave within their first year. The issue extends beyond onboarding into role reality and manager connection.

3 Hiring velocity is becoming strategic

Mobility and promotion have softened over the past few years. AI upskilling is raising expectations for movement, growth, and higher-value work.

4 Is HR ready to lead the AI operating model shift?

71% report active AI adoption in their function or team, but only 28% feel sufficiently trained. The onus is on HR to lead with governance, skills, and redesigned work.



Stability should not become permission to wait. The most important question is how quickly HR can convert benchmark insight into operating model, mobility, and experience decisions.

1

Stable at the inflection point

Are organizations weathering the storm or standing still before the next wave of disruption?

Workforce metrics have normalized after pandemic-era disruption. Meanwhile, the operating context is not stable: AI, productivity, wages, demographics, and geopolitics are reshaping expectations for both business leaders and workers.

The leadership question is whether stability becomes a runway for reinvention—or a reason to delay it.



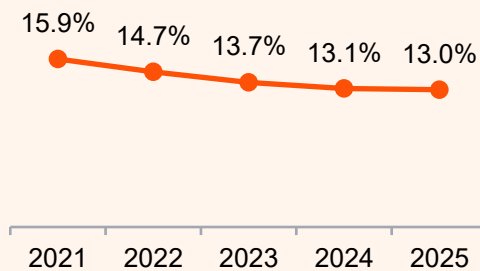
The labor market stabilized, yet worker caution may be on the rise

Turnover and recruitment trends have largely normalized from the exceptional conditions observed in 2021. While time to accept has improved, faster hiring cycles shouldn't be conflated with workforce readiness or capability sufficiency. At the same time, involuntary separation rates warrant continued monitoring as an indicator of potential organizational and labor market shifts.

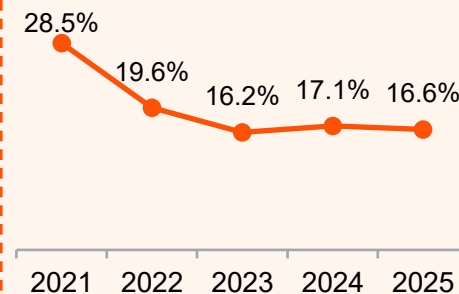
The signal from these benchmarks isn't necessarily one of inactivity or equilibrium. Rather, a combination of persistently low unemployment, uncertainty surrounding AI-driven workforce transformation, economic pressures, and increased employee caution around future unpredictability may be altering workforce dynamics in more subtle ways. For example, employees may be staying because they feel connected to the work, the manager, and the mission. Or they may be staying because the external market feels uncertain or a career move feels riskier than it did a few years ago. Both can produce similar turnover metrics—and very different strategic implications.

Stability in headline metrics may be obscuring meaningful changes in employee behavior, career decision-making, and organizational workforce strategies—all of which are worth a closer look.

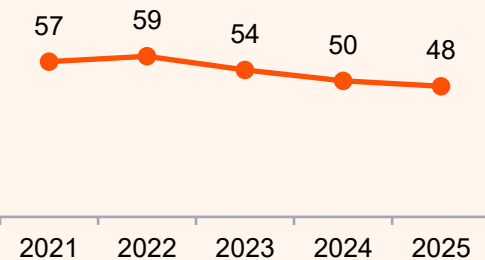
Voluntary separation



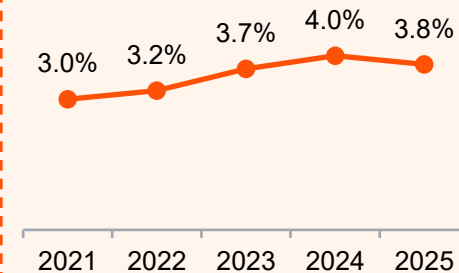
External recruitment



Time to accept (days)



Involuntary separation



Source: 2026 Annual Saratoga Benchmarking Report

Consider this: Are employees staying because they're engaged or because uncertainty makes movement feel riskier?

Mixed predictions

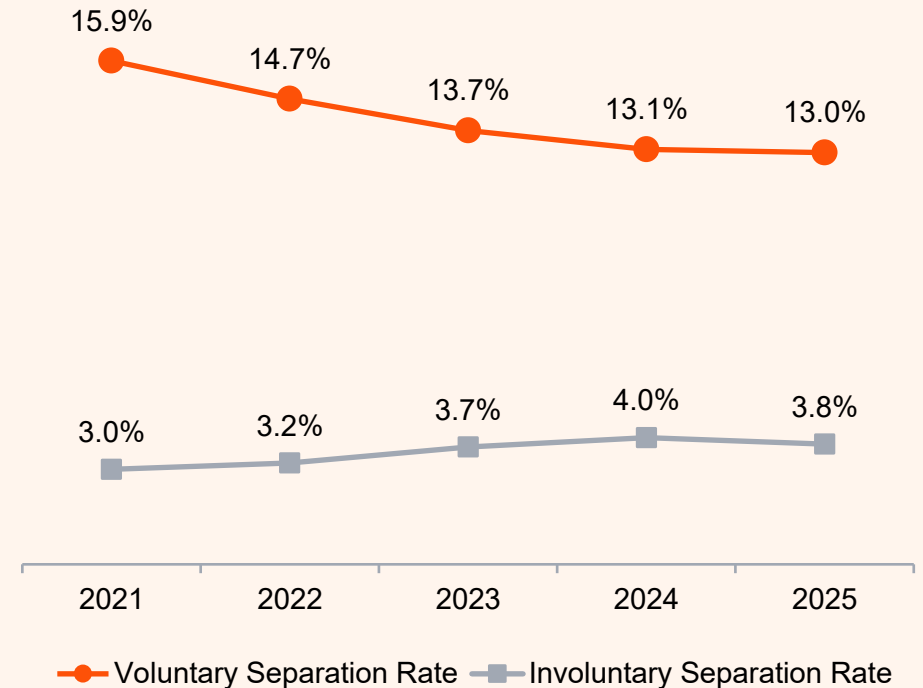
When polled about the next 12 to 18 months, leaders were divided on whether voluntary turnover would rise, fall, or remain flat, reflecting a workforce environment defined by competing forces.

Economic caution, organizational restructuring, and persistent headlines about layoffs may encourage employees to stay put. At the same time, declining engagement levels, shifting generational expectations, and growing skepticism about how organizations will navigate disruption create conditions that could reignite employee mobility.

AI's rapid emergence further complicates the equation. While many organizations are positioning AI as a tool to augment human potential rather than replace it, employee perceptions of that message vary widely. Those who see opportunity may lean in. Those who perceive risk may look elsewhere.

Organizations that actively monitor workforce sentiment, communicate a compelling vision for the future, and retain their best talent will be better positioned to navigate uncertainty than those that rely on historical turnover patterns alone.

Separation rates



Source: 2026 Annual Saratoga Benchmarking Report

Consider this: As AI reshapes work, will your top talent see a future with your organization or look elsewhere?

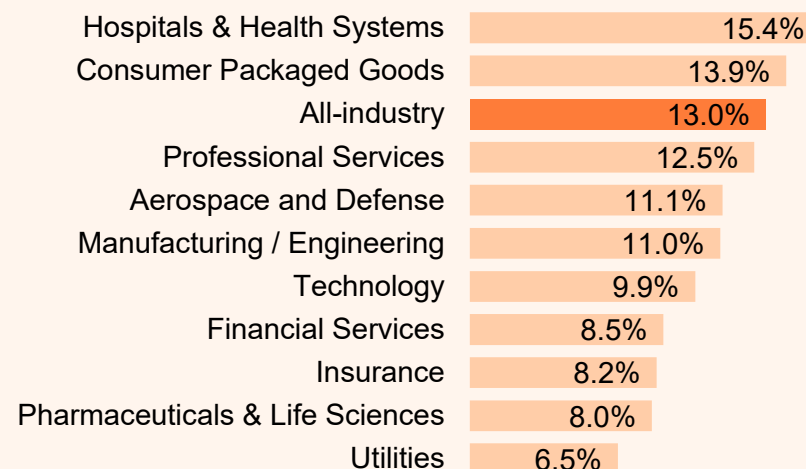
Differences in turnover by industry

The US median voluntary separation rate is 13%, but the industry range is wide, with variability from 6.5% to 15.4%. “Stable” isn’t a market condition that every organization experiences the same way.

The power of benchmarking depends on the relevance of the comparison. All-industry medians can be useful as a directional reference point, but they often flatten the very differences that leaders need to understand. Workforce dynamics vary materially by factors such as industry, revenue size, headcount scale, operating model, labor mix, and growth profile. A turnover rate that appears “above median” in one broad comparison may be entirely typical for a fast-growing, frontline-heavy sector—or deeply concerning for a professional services or technology organization competing for scarce skills.

The goal isn’t simply to compare against the market. It’s to compare against relevant market peers. By selecting a peer group that reflects the organization’s business context, talent model, and strategic priorities, leaders can separate true performance signals from statistical noise and focus action where it matters most.

Voluntary separation – by industry



Where headcount & revenue change the story

Headcount

8.1% 1K–2K

vs.

14.6% 25K–50K

Revenue

9.3% >\$10B

vs.

16.2% \$500M–\$1B

Source: 2026 Annual Saratoga Benchmarking Report

Consider this: The right comparison set changes the business interpretation. Does your current peer group reflect your industry, the market where you compete for skills, the scale at which you operate - or simply the easiest benchmark to pull?

2

The new-hire experience is the first stress test

Does anyone own the new-hire experience from offer acceptance through the first year?

First-year turnover remains one of the benchmark set's loudest signals. The improvement of 90-day turnover suggests the issue may be broader than orientation.

The experience is cross-functional: Recruiting, onboarding, managers, learning, HR operations, and listening all shape the outcome.



The first-year retention challenge

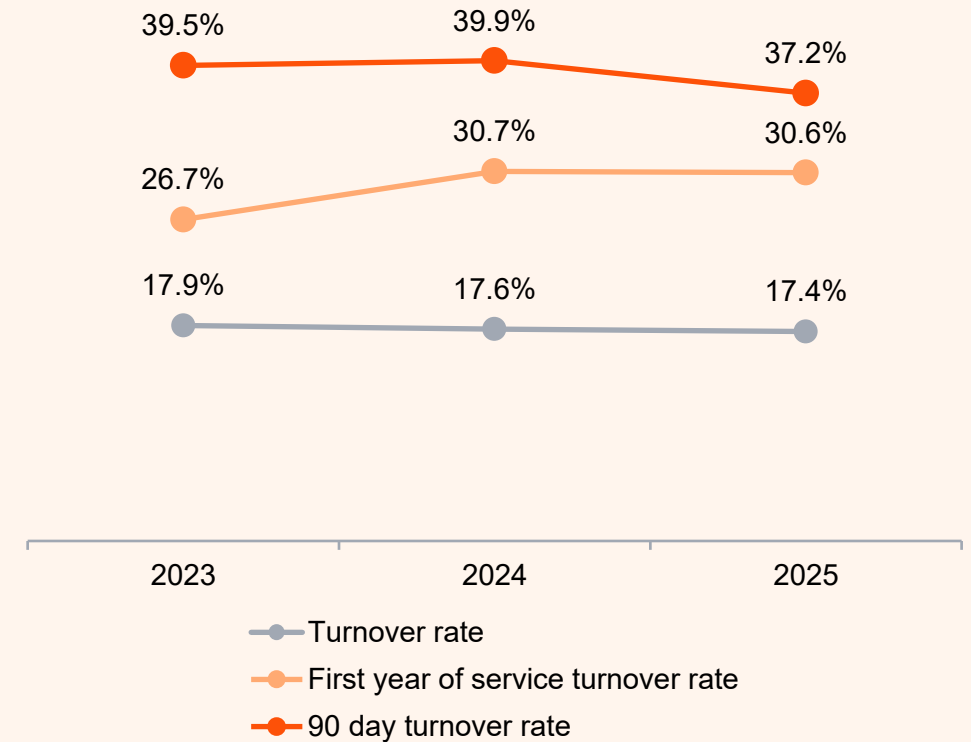
For every 100 employees in the average first-90-day population, organizations saw about 37 exits. The 90-day turnover rate has improved, but first-year turnover remains elevated at 30.6%.

When first-year turnover is high, the root cause is rarely just the onboarding process. Higher turnover for early tenure employees can point to potential issues with hiring fit, onboarding, role clarity, manager connection, workload reality, career expectations and the lived experience of the work.

The new-hire journey spans a chain of handoffs, each owned by a different function or manager. The experience can feel seamless in process maps yet fragmented in reality.

The employee promise is not validated solely on day one. It's validated repeatedly: at the first manager interaction, the first work assignment, the first friction with systems, and the first performance conversation.

Turnover rates



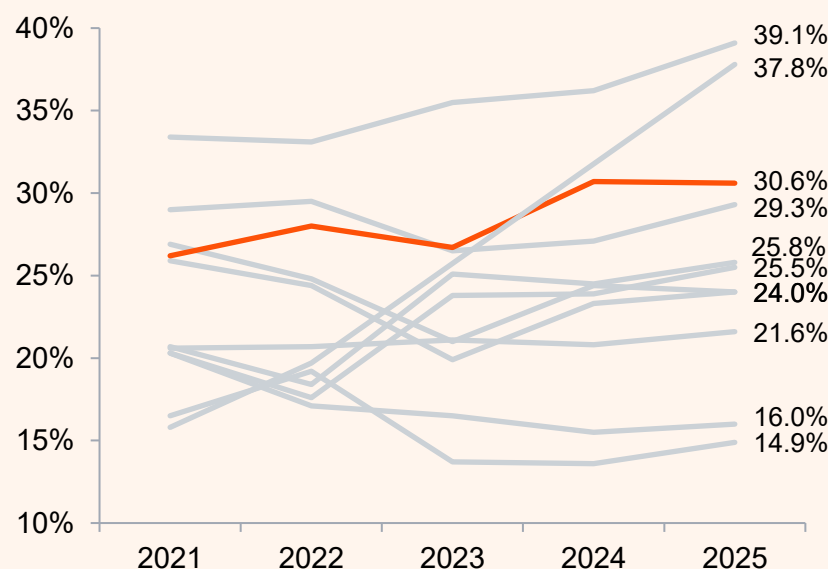
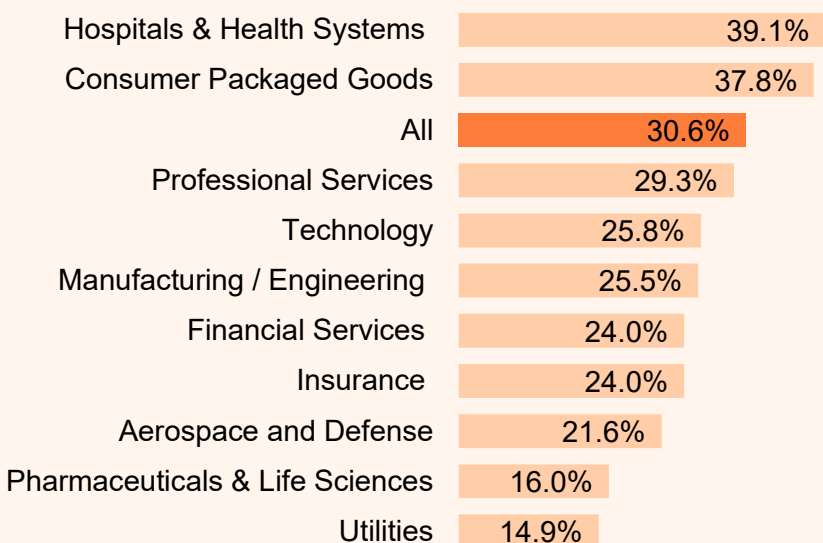
Source: 2026 Annual Saratoga Benchmarking Report

Consider this: Where does the employee promise break—before day one, after orientation, at the first manager interaction, or during the first performance cycle?

Industry matters: variations in first-year turnover

The same metric tells different operational stories by factors such as industry, headcount size, revenue scale, and year-over-year trends. First-year turnover varies dramatically by industry. A high value may signal issues with hiring fit, manager distance, role design, training, culture, compensation, or the work itself. Peer context is essential before mapping a path toward improvement.

First year turnover – by industry



Highest

39.1%

Hospitals & Health Systems

CPG 37.8% | Professional Services 29.3%

Lowest

14.9%

Utilities

PLS 16.0% | Aerospace & Defense 21.6%

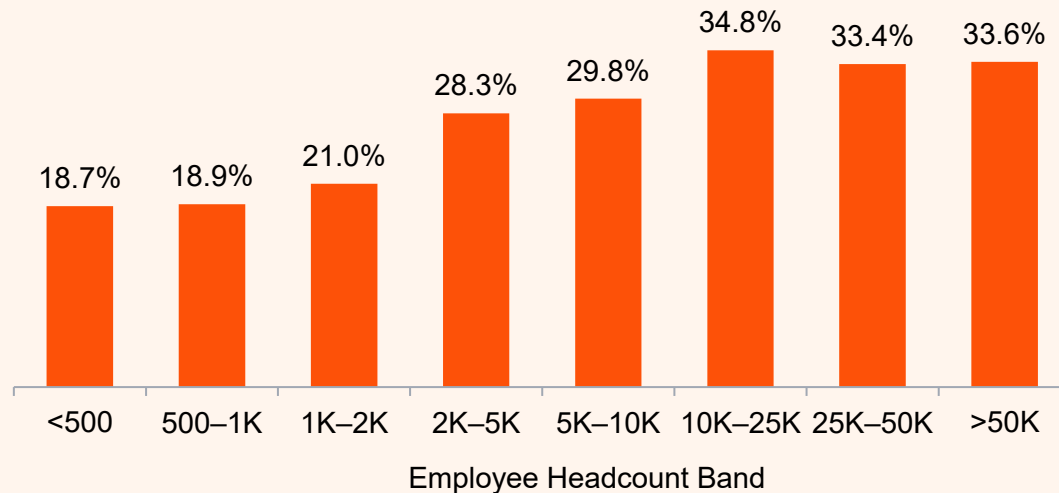
Source: 2026 Annual Saratoga Benchmarking Report

Consider this: If your first-year turnover is high, is the root cause attraction, selection, onboarding, manager readiness, or the work itself?

Scale can bring new hire retention risk

First-year turnover rises materially across larger headcount bands. The complexity of larger organizations may dilute the new hire experience. As organizations grow, maintaining a consistent new-hire experience becomes increasingly challenging. Breakdowns in process handoffs, fragmented technology ecosystems, and variability in onboarding quality can create friction that elevates retention risk among new employees.

First year turnover – by employee headcount



Trends by revenue band

\$500m – \$1b

39.2%

\$500m – \$1b

27.0%

Implications

Larger organizations may face more complexity, manager distance, process handoffs, system navigation burden, and inconsistent onboarding quality.

Source: 2026 Annual Saratoga Benchmarking Report

Consider this: As organizations scale, does the new-hire experience become more standardized or more fragmented?

Ownership of the new-hire experience

Who owns the new-hire experience? The answer is often everyone—which can mean no one. Fragmented ownership can make it difficult to drive consistent action and outcomes. The first-year experience should be managed as an operating system, not a collection of activities. Recruiting owns the promise. HR operations owns process reliability. Learning owns skill ramp-up. Managers own connection and role reality. HR leadership owns the end-to-end outcome.

Define the owner

Give one leader authority to govern the end-to-end journey from offer acceptance through the first year.

Safeguard manager moments

Make space for manager welcome, early check-ins, coaching, and role clarity.

Diagnose breakpoints

Use quantitative and qualitative analyses to investigate early attrition by factors like role, manager, business unit, source, and location.

Listen earlier

Use new-hire listening to identify expectation gaps before employees exit.

Align expectations upfront

Partner with hiring teams to set clear and realistic expectations with candidates about the actual employee experience throughout the recruitment process.

Close the loop

Tie findings to process, manager, and work-design changes—not just reporting.

Support managers

Train managers and reward them for supporting new hires' growth, engagement, and career development.

Onboarding champions

Some organizations create dedicated onboarding champions who focus on helping new employees acclimate and become productive more quickly.

Consider this: If “everyone” owns the new-hire experience, who has the authority to redesign it end to end and the metrics to prove it improved?

3

You cannot hire your way into the future

Can your organization move capability internally as quickly as the business is changing?

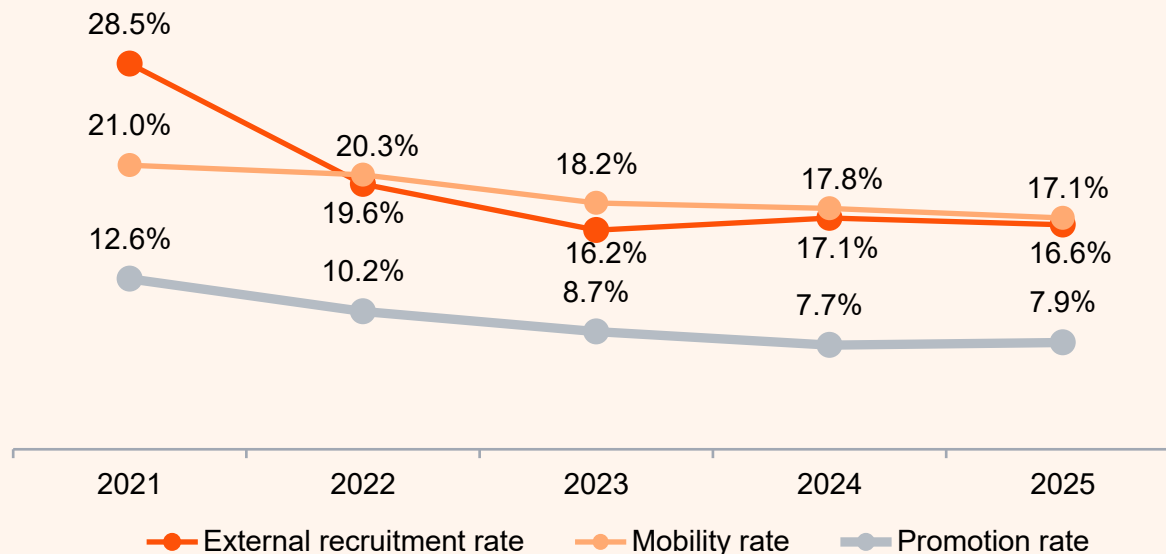
External recruitment has normalized from 2021 highs. Mobility and promotion have softened. AI upskilling may raise employee expectations for movement, growth, and higher-value work.



Internal talent movement slowed as external hiring normalized

External recruitment has declined over the last few years, while internal mobility and promotion followed a similar trend. In a skills era, that combination matters: if employees build new capabilities but can't see where those capabilities can move, training can create frustration instead of transformation. As companies invest in AI-driven skill development, it's important to assess whether employees can leverage those new skills to access higher-value work. Otherwise, organizations may develop capability without providing the corresponding opportunities for advancement.

Talent movement metrics



**Entering the
AI-enabled skills era.**

2025 metrics

**External
recruitment**

16.6%

from 28.5% in 2021

Mobility

17.1%

from 21.0% in 2021

Promotion

7.9%

from 12.6% in 2021

Source: 2026 Annual Saratoga Benchmarking Report

Consider this: If employees build AI skills but can't move into higher-value work, what have you created: capability, frustration, or flight risk?

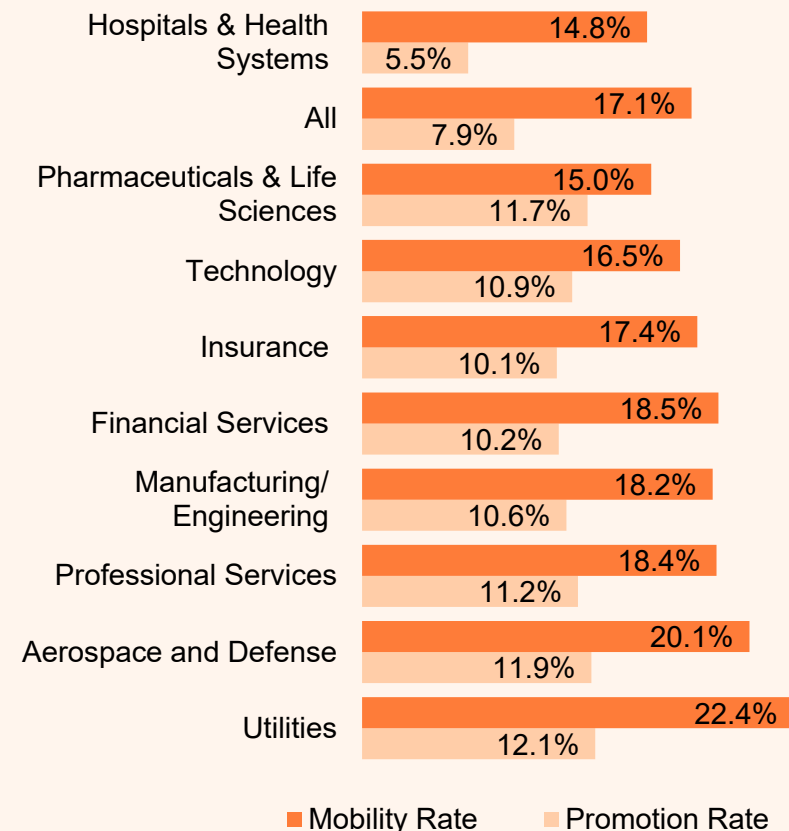
Internal movement varies by industry

Again, it's important to investigate beyond the aggregate all-industry benchmarks and examine the industry-level variation.

Promotion and mobility differ significantly across industries. Healthcare and hospital systems sit at the lower end of the spectrum, while utilities and aerospace and defense offer greater opportunities for employees to advance or move internally.

These industries diverge notably from the all-industry medians, highlighting how access to internal career pathways can vary substantially by industry.

Promotion and mobility rates – by industry



Source: 2026 Annual Saratoga Benchmarking Report

Consider this: Do your mobility rates reflect a healthy internal market—or a set of informal moves available only to the well-networked?

Realizing the return on skills investment through mobility

Organizations are investing heavily in AI upskilling and workforce development, but training alone may not be enough. As employees build new capabilities, they increasingly expect opportunities to apply those skills through more meaningful work and career advancement. Without clear pathways for growth, organizations can risk creating capability without creating opportunity, making it easier for employees to take their newly acquired skills elsewhere.

Despite broad agreement on the importance of internal mobility, many organizations struggle to unlock it. Limited visibility into employee skills, rigid career structures, and reliance on informal networks often prevent talent from moving to where it can create more value. Cultural barriers can compound the challenge, as managers are rarely incentivized to export top performers. That can create a tendency to hoard or retain talent rather than develop it for broader organizational needs.

As AI helps reshape the workforce, internal mobility will likely become a critical differentiator. Organizations that connect skill development to clear career pathways—supported by transparent processes, enabling technology, and leadership accountability—can be better positioned to retain talent and increase the return on their workforce investments. The future belongs not to the organizations that simply build skills, but to those that create meaningful opportunities for employees to use them.



Consider this: Are you training people for work that still hasn't been redesigned?

4

AI adoption and the new HR paradigm

AI has a policy. Does it have an operating model?

AI adoption is advancing faster than AI strategy, training, and operating model redesign. The AI era doesn't simply require more HR capacity. It requires different HR capacity. Productivity, skills, manager capacity, governance, and work design become CHRO-level questions.

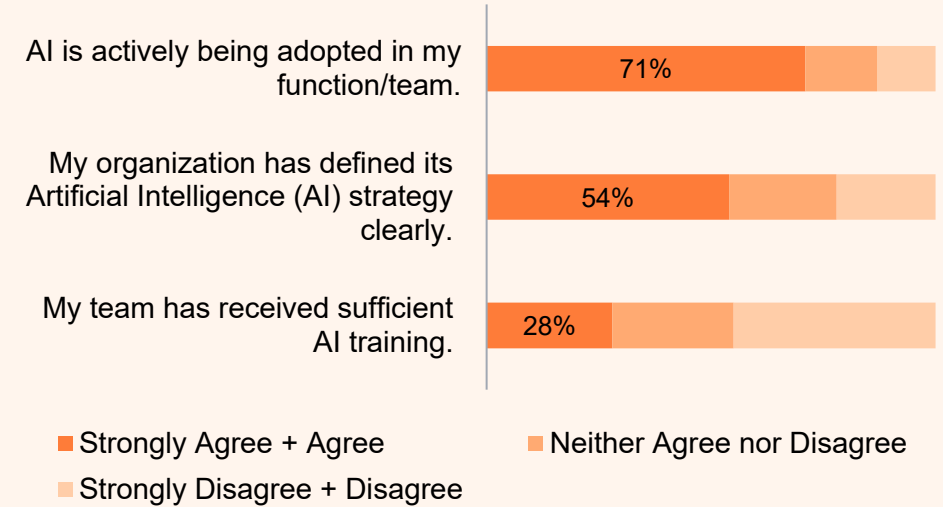


AI adoption is outpacing readiness

Saratoga's 2026 AI Study points to a gap between activity and enablement. More organizations report AI being actively adopted within functions and teams than report receiving sufficient training. Without the training, governance, and work redesign that help people use AI securely and effectively, adoption can become improvisation and could create risk.

Many employees are using AI tools without fully understanding when to use them, how to use them responsibly, or how to increase their value. Closing this gap requires a shift beyond traditional training programs toward more experiential approaches, such as on-the-job learning, peer coaching, and collaborative experimentation, that help employees build confidence and capability in real-world settings.

Ultimately, the success of AI transformation will likely be determined by an organization's ability to embed it into the way work gets done. Leaders—particularly middle managers—play a critical role in translating strategy into day-to-day behaviors, fostering adoption, and preparing the workforce for new ways of working. As AI moves from experimentation to enterprise-wide deployment, workforce enablement may become the defining factor separating organizations that realize value from those that struggle to capture it.



Insight

71% of organizations are actively adopting AI within their functions/team, but only 28% feel the training they received is sufficient to equip them to leverage AI.

Implications

Without sufficient AI training, firms may not realize the overall value of their AI investments or may not be using AI appropriately.

Source: 2026 Annual Saratoga Benchmarking Report

Consider this: If AI adoption is rising but training confidence is low, are employees experimenting, improvising, or creating risk?

Redefining HR's role in the AI era

As organizations move from enterprise-wide AI adoption to AI transformation within the HR function itself, HR faces a dual mandate: enabling workforce transformation across the business while simultaneously reinventing how HR operates. Traditional HR productivity metrics, such as HR-to-employee ratios, suggest that HR is becoming leaner, with fewer HR professionals supporting a growing workforce. However, the AI era doesn't simply require less HR. It requires specialized, high-impact HR capabilities.

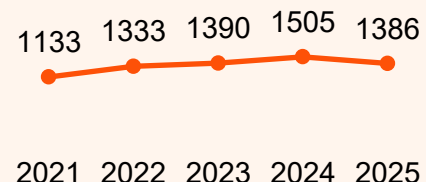
As AI automates transactional work and streamlines service delivery, the opportunity isn't merely to reduce effort but to redirect capacity toward higher-value activities. HR leaders, business partners, centers of excellence, and shared services teams should evolve their roles to focus more heavily on workforce strategy, change enablement, skills development, organizational effectiveness, and AI adoption. In this context, success shouldn't be measured solely by efficiency gains but by HR's ability to create the capacity and capabilities required to help navigate transformation.

The organizations that realize the greater value from AI can use technology to make HR more strategic. By unlocking capacity through automation and redesigning work around emerging priorities, HR can accelerate enterprise-wide adoption and prepare the workforce for the future.

HR leadership & strategy FTE ratio

1386

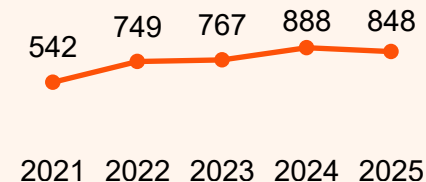
employees per 1 HR Leadership & Strategy FTE



HRBP FTE ratio

848

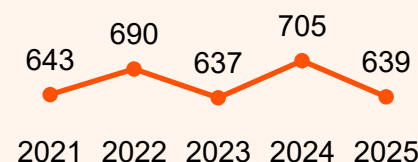
employees per 1 HRBP FTE



Field HR & generalist FTE ratio

639

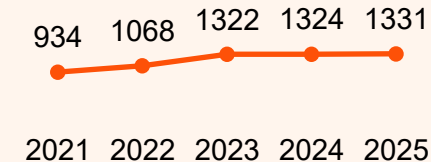
FTE employees per 1 Field HR & Generalist FTE



HR shared service center headcount ratio

1,331

Headcount employees supported by 1 HRSSC headcount



Source: 2026 Annual Saratoga Benchmarking Report

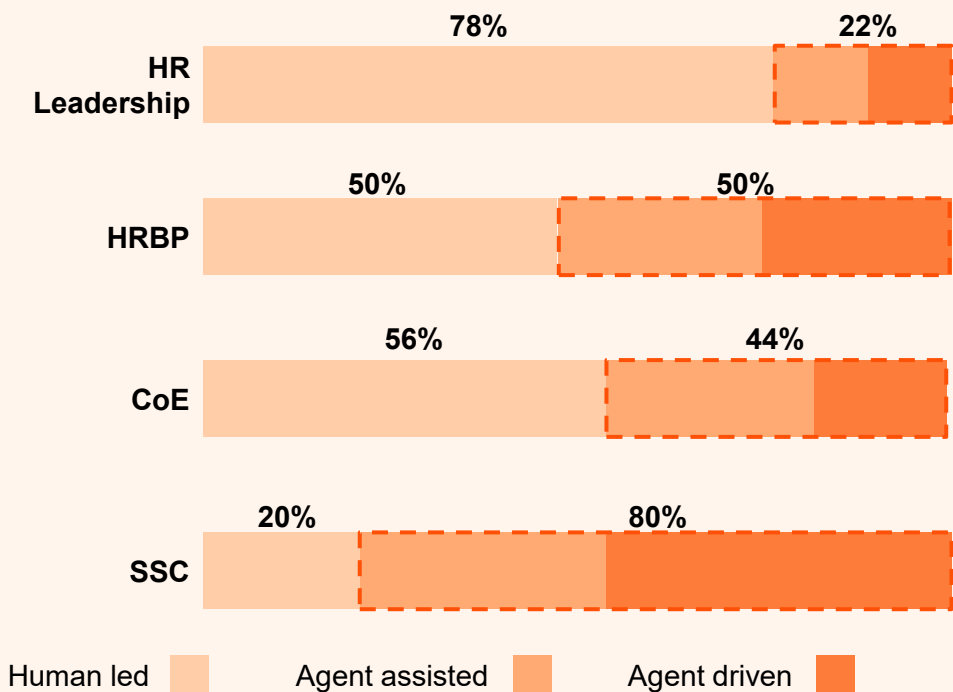
Consider this: Where is your HR capacity trapped today — administration, reporting, recruiting operations, case management, or manager support?

Transforming HR operating models with AI

PwC’s Global People Process Framework analysis suggests that future HR operating models may be rebalanced, not transformed uniformly. Routine, process-intensive activities concentrated in shared services are expected to become predominantly agent-driven (80%), reflecting AI’s significant potential to automate transactional work at scale. By contrast, higher-value roles such as HR Business Partners and Centers of Expertise remain more human-centric, with AI serving primarily as an augmentation layer rather than a replacement. Even in these functions, however, nearly half of activities are expected to be agent-assisted or agent-driven, signaling a fundamental shift in how expertise is delivered and decisions are supported.

HR leadership remains overwhelmingly human-led (78%). As AI assumes a larger role in execution and increasingly supports analysis, the role of HR leaders becomes more strategic, not less. Future HR leaders will likely spend less time managing processes and more time exercising judgment, shaping workforce strategy, navigating organizational change, and promoting responsible governance of AI-enabled decisions. Competitive advantage won’t come from automating HR alone but redesigning the work of HR around the unique strengths of humans and intelligent agents working together.

Task ownership distribution in future HR org

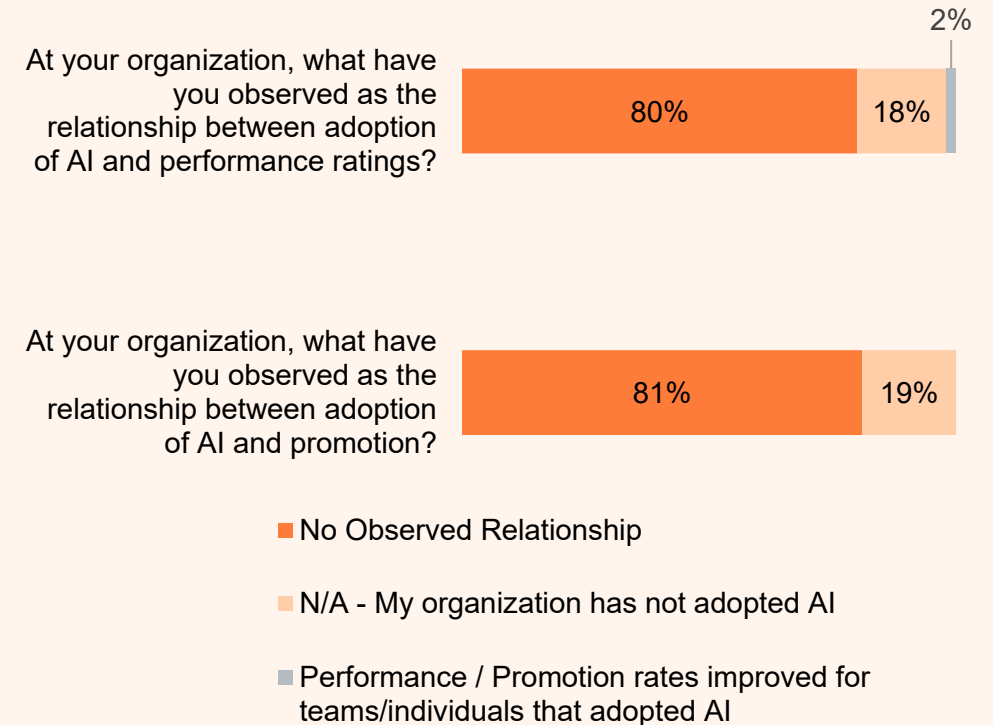


*Based on PwC’s Global People Process Framework analysis

Consider this: Which HR activities should remain distinctly human, and which can be entrusted to intelligent agents without compromising employee experience or business outcomes?

Incentives haven't caught up to AI ambition

Most organizations haven't yet seen a measurable relationship between AI adoption and traditional talent outcomes such as performance ratings or promotions. With only 2% reporting improved performance ratings and 0% reporting higher promotion rates among AI adopters, the findings suggest that AI's workforce impact isn't yet being measured through existing talent management processes. This may reflect a lag between AI deployment and the evolution of performance, promotion, and workforce analytics frameworks, as well as insufficient reinforcement mechanisms to drive behavioral change. As adoption matures, organizations should improve data quality and governance, as well as focus on measuring whether AI-enabled ways of working are translating into improved productivity, capability development, retention, and business outcomes.

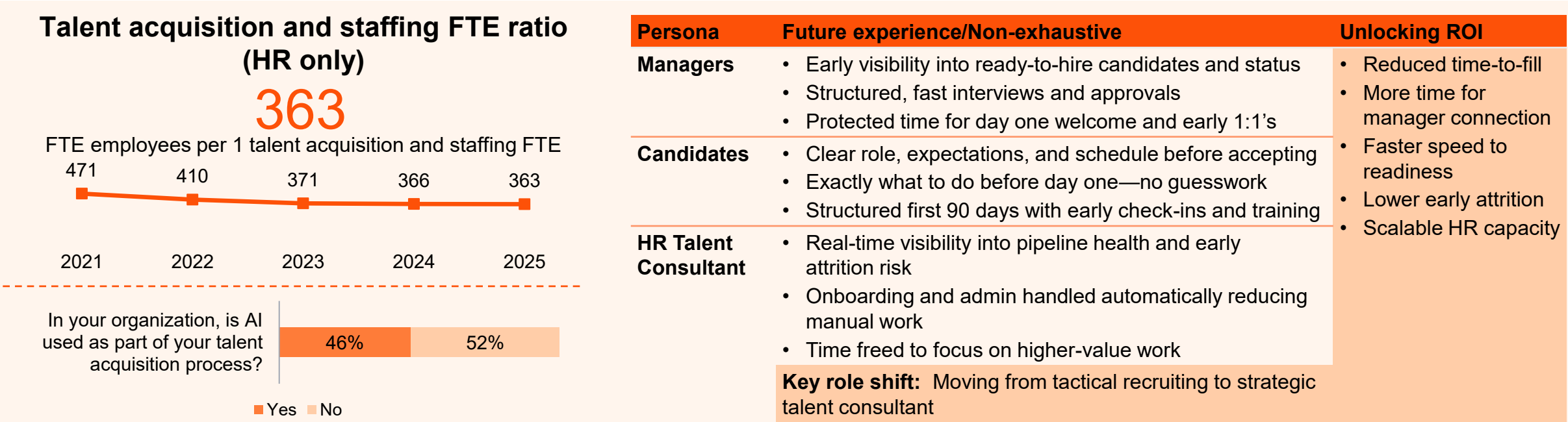


Source: 2026 Annual Saratoga Benchmarking Report

Consider this: What would change if AI adoption, workflow improvement, and measurable value creation were part of leadership performance expectations?

Talent acquisition shows what AI-enabled HR could become

Talent acquisition is emerging as a leading area for AI adoption, with nearly half of Saratoga’s 2026 AI Study respondents reporting AI use within recruiting processes. The talent acquisition function is ripe for AI transformation due to its high-volume workflows, data-rich environment, and significant opportunities to automate routine work and enhance decision-making. Used well, AI can reduce administrative load, improve visibility into pipeline health and free HR capacity for the human moments that matter: role clarity, candidate communication, manager readiness and the first 90 days.



Source: 2026 Annual Saratoga Benchmarking Report

Consider this: If AI reduces recruiting administration, where will you reinvest the time: speed, quality, manager connection, or first-year retention?

Where to start with AI in HR

Organizations are beginning to rethink core HR processes through an AI-enabled lens. Where should HR start? Agentify moments where work is repetitive, high-volume, experience-critical, and measurable.

HR shared services is emerging as one of the most immediate opportunities, with routine, transaction-heavy activities increasingly viewed as candidates for AI agents, shifting HR professionals toward higher-value work focused on oversight, judgment, and exception management.

Performance management is also undergoing renewed scrutiny. As AI expands access to real-time workforce data, organizations are exploring more continuous and transparent approaches to performance assessment while simultaneously increasing expectations that employees adopt and effectively utilize AI tools.

While these measures remain in the early stages, they signal a broader shift: AI proficiency is rapidly becoming a core workforce capability, and organizations are beginning to treat it as an increasingly important component of performance and future readiness.

HR Shared Services

- HR contact-center agent
- Data entry bot
- HR request agent
- Document classification agent

Performance & Rewards

- Pay equity analytics
- Comp cycle copilot

Employee Experience

- Always-on sentiment agent
- Employee retention agent

Benefits/Payroll

- Paycheck explainer bot
- Open-enrollment Q&A agent

High Impact Value Pools

Talent Acquisition

- Sourcing and skills-match scoring agent
- JD and requisition generator
- Screening and interview scheduling copilot

Learning & Development

- Goals/Feedback drafting assistant
- Meeting notes to action
- Learning content summarizer

People Analytics

- Skill graph builder
- Ontology/profile agent
- Scenario based workforce planning

Vendor Services

- Supplier performance monitoring
- Contract automation
- Automated vendor onboarding
- Spend and utilization analytics
- Service quality assurance

Consider this: Are you starting where AI is easiest to deploy, or where it matters most to the employee and business experience?

5

Next Steps

Use today's stability to prepare for tomorrow's divergence

The organizations better positioned to succeed won't be those that simply maintain workforce stability, but those that leverage it as a foundation for transformation.



A 90-day CHRO action plan

Translate data and insights into workforce action

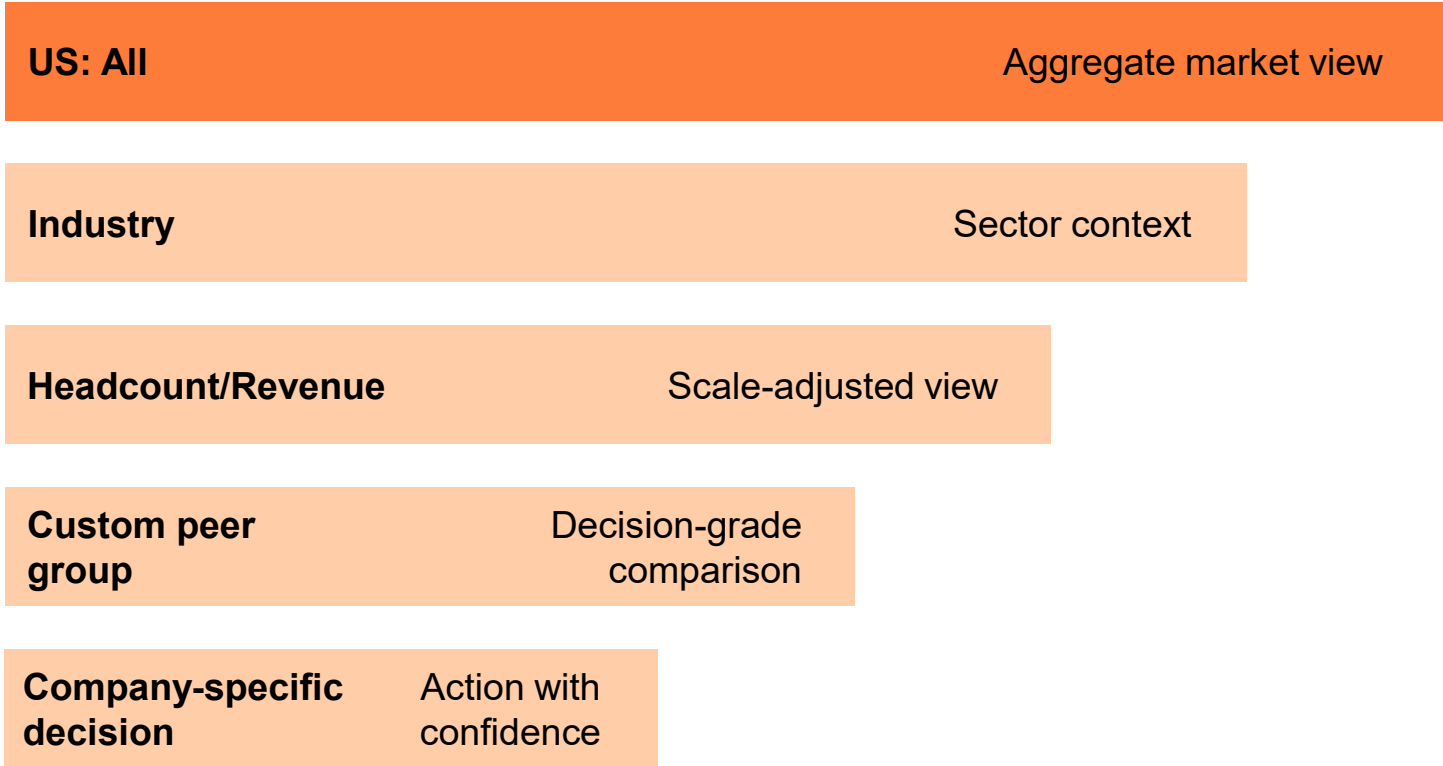
4 actions to take

- | | | | |
|---|---------------------|--|--|
| 1 | Workforce stability | Forecast one workforce risk within your organization | Model one workforce risk by segment and peer group, e.g., voluntary turnover, involuntary separation, hiring speed or critical skill supply. |
| 2 | New hire experience | Diagnose one experience break within the first year of service | Map the first-year journey for one critical population and isolate where expectations, manager connection or role reality breaks. |
| 3 | Talent velocity | Remove one mobility barrier for your employees | Choose one mobility barrier, e.g., skill visibility, manager hoarding, job rigidity, or incentives, and test a targeted intervention. |
| 4 | AI-enabled HR | Redesign one HR workflow | Pick one high-volume HR workflow and redesign it holistically before applying AI or agents. |

Consider this: What decision are you currently making with only internal data—and what benchmark would change the conversation?

Aggregate benchmarks inform. Custom benchmarks mobilize.

The strategic decisions require sharper comparison sets



Standard US aggregate data is a starting point, not the end.

- Custom benchmarking can answer questions about peer groups, spans, layers, labor cost, function ratios, hiring, mobility, turnover, productivity, and organization structure.
- Custom benchmarking can combine job type, function, level, tenure, geography, revenue, headcount, and business attributes.
- Saratoga can turn strategic workforce questions into peer-based evidence.

Call to action: Turn the 2026 Saratoga benchmarks into movement

The value of benchmarking isn't in knowing where you stand. It is in deciding where you go next.



Saratoga members

- Pull industry, revenue, headcount benchmark cuts
- Identify three stuck metrics
- Schedule a benchmark readout
- Consider custom benchmarking



Non-Saratoga members

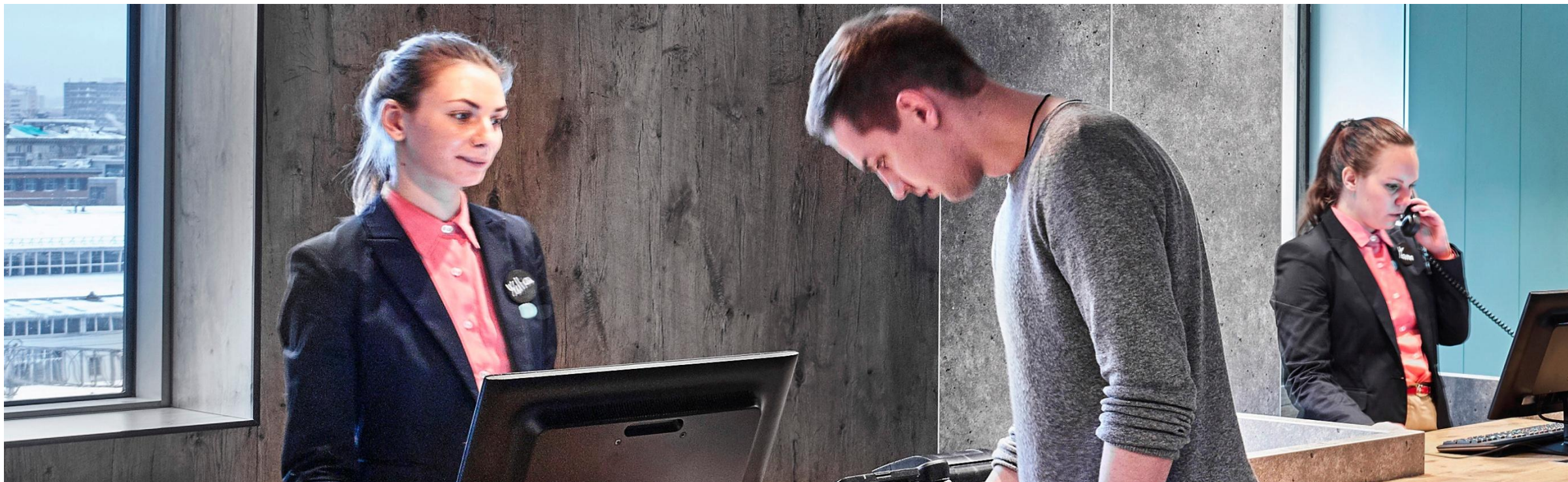
- Request a Saratoga introduction
- Join the member community
- Explore custom benchmarking tied to a current business issue



CHROs

- Bring Saratoga metrics to your next executive committee
- Align HR, Finance, Technology, and the business around common facts





Contact us

Turn workforce data into a competitive advantage. Saratoga benchmarks provide the insights needed to make informed decisions, strengthen workforce strategies, and unlock the full potential of your people. In a rapidly evolving world of work, organizations that pair data-driven decision-making with decisive action can be better positioned to drive growth, accelerate innovation, and build a more resilient workforce.

Ready to take the next step? Contact us to learn how Saratoga can help your organization benchmark performance, identify opportunities, and turn insight into action.

Email: saratoga@pwc.com

Website: pwc.com/us/saratoga

pwc.com

PwC has exercised reasonable care in the collecting, processing, and reporting of this information but has not independently verified, validated, or audited the data to verify the accuracy or completeness of the information. PwC gives no express or implied warranties, including but not limited to any warranties of merchantability or fitness for a particular purpose or use and shall not be liable to any entity or person using this document, or have any liability with respect to this document. This report is for general purposes only, and is not a substitute for consultation with professional advisors.

© 2026 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.