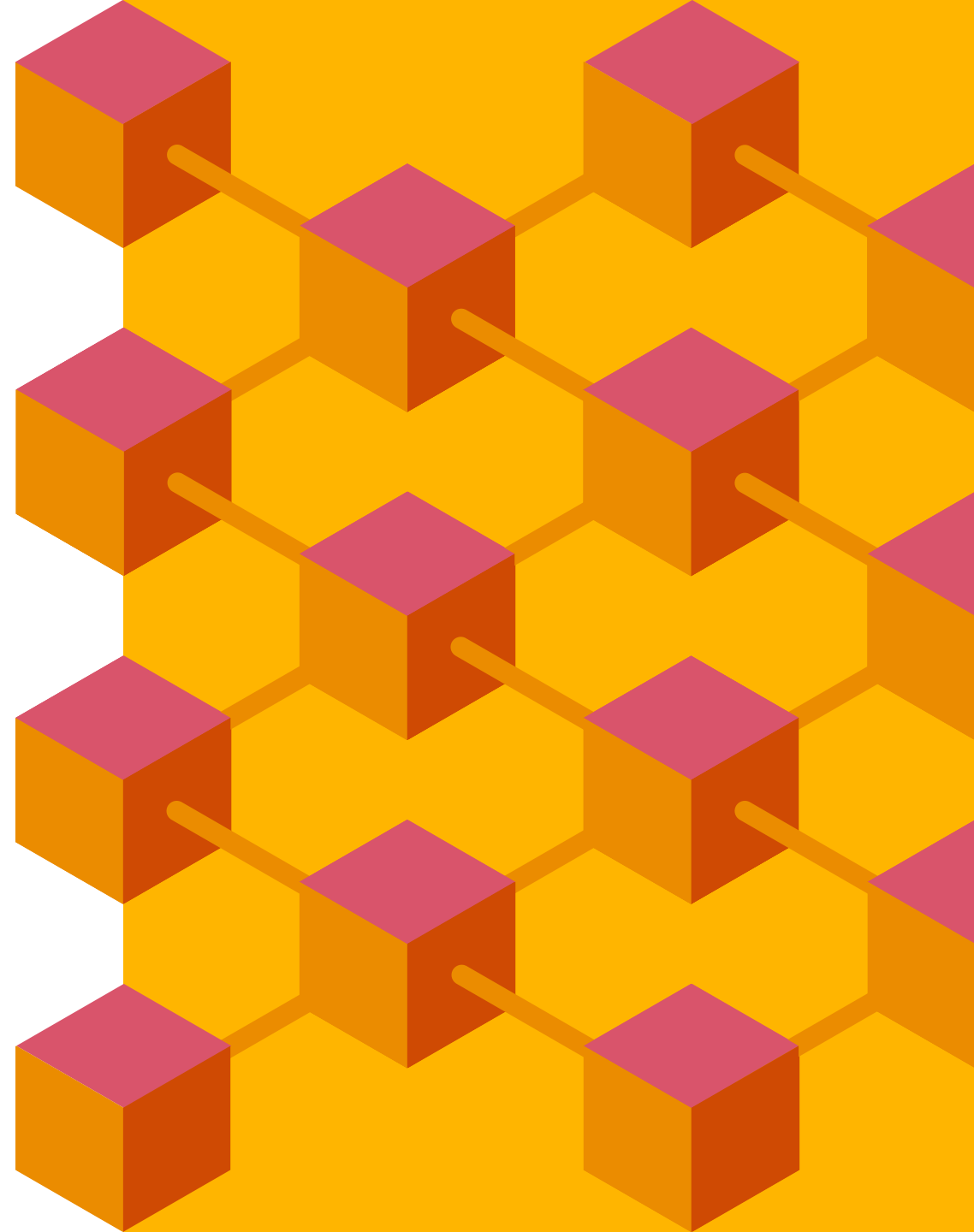


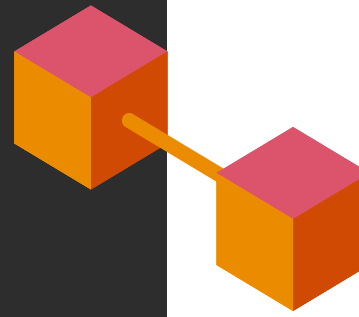
# Saratoga Annual Benchmarking Report 2024

PwC Saratoga 2024  
Benchmarking survey results



# About this report

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The data in this report represents nearly 400 organizations across over 20 industries.

Saratoga has over 30,000 benchmarks for 1000+ metrics for 80+ peer groups covering a wide variety of critical HR and workforce topics, including:

- **Turnover, attrition, retirement and retention**
- **Diversity, equity and inclusion (DEI)**
- **Team sizes and layers**
- **Productivity and operations**
- **Hiring and sourcing**
- **Mobility and promotion**

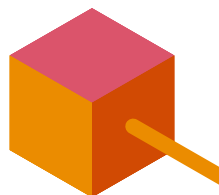
Saratoga's benchmarks are typically grouped by diversity and demographics, function or department, job type and location, job level, performance and tenure. Using these benchmarks, organizations can evaluate their performance against peers based on attributes such as industry, headcount size, revenue size and more.

These benchmarks can empower you, providing you with a better understanding of how your organization's performance compares to that of your peers.

These benchmarks can help inform decision-making at all levels throughout your organization, from executives and CHROs to HR sub-function leaders to analysts. Plus, these benchmarks can help with setting goals and quantifying the impact of investments. Saratoga benchmarks can help guide leaders and organizations to make decisions about their workforce that are based on real business data rather than opinion.

As the state of the workplace continues to evolve, these four workforce trends continue to be of paramount importance:

- **Turnover**
- **Talent acquisition**
- **Diversity, equity and inclusion (DEI)**
- **Workforce structure**



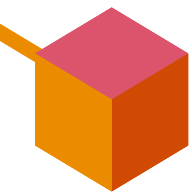
# Turnover

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Turnover remains a primary focus for CHROs due to its significant financial impact and the challenges it poses in maintaining a skilled workforce in a competitive labor market. As they navigate the swiftly changing workforce landscape, HR leaders are often asking questions surrounding turnover and retention such as:

- What is inhibiting our growth, and what is promoting success?
- Do we have the right skills to succeed in the future?
- Is there room to hire new talent in addition to upskilling our current workforce?
- What is driving or undermining employee engagement and retention?
- How does my turnover compare to that of my peers?



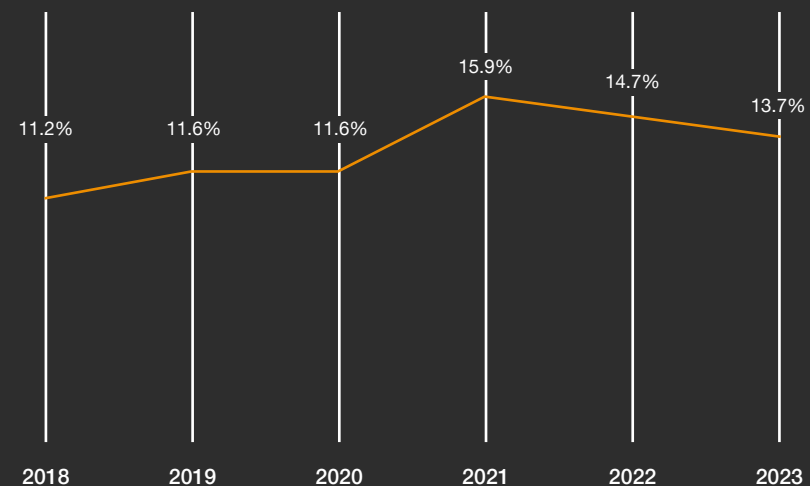


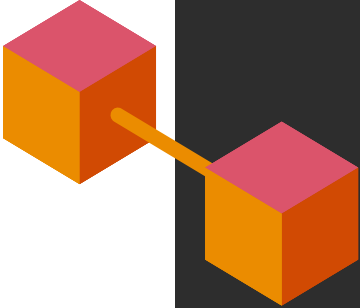
## Voluntary separation rate

In 2021, the voluntary separation rate increased significantly compared to 2020, influenced by the Great Resignation or Great Reshuffling. In the subsequent years, this trend reversed, with voluntary departures moving toward pre-pandemic levels, likely due to changes in the broader economic landscape.

The industry-wide voluntary separation rate median was approximately 11% from 2018 through 2020, increased to 15.9% in 2021, decreased to 14.7% in 2022, and settled at 13.7% in 2023.

Voluntary separation rate - all industry

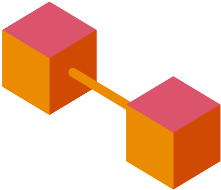




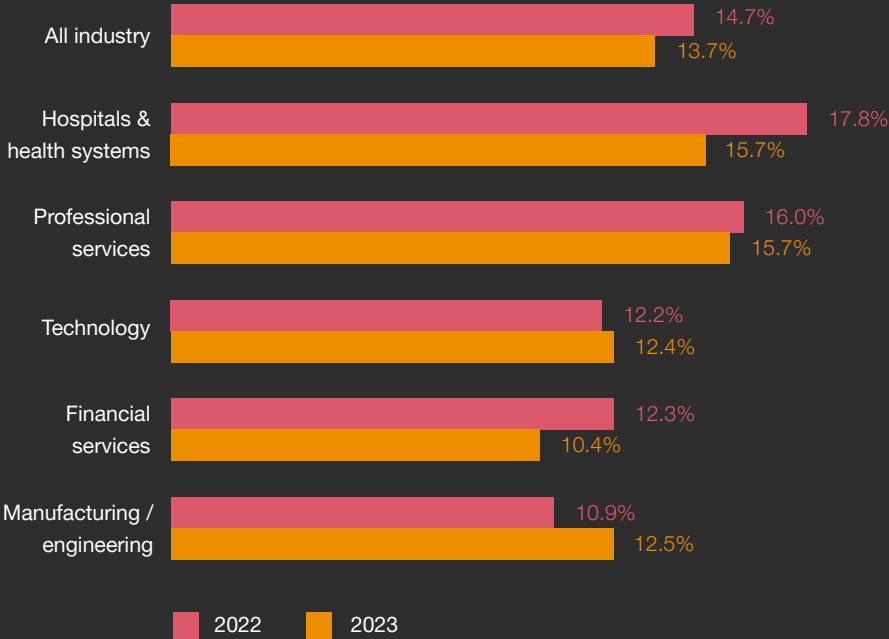
### Voluntary turnover trends

Most major industries saw similar voluntary turnover trends with resignations continuing to slow.

For many industries, the voluntary separation rates dropped from 2022 to 2023. Exceptions included the technology industry, which stayed mostly stable, and the manufacturing and engineering industry, where voluntary turnover rose minimally.



Voluntary separation rate by industry



# Talent attraction

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Year after year, talent attraction remains a top priority for workforce leaders.

A few years ago, data suggested many businesses ramped up hiring efforts while in growth mode. However, they later reduced these efforts in response to economic changes. Employees stayed longer at their companies, with hiring efforts and job mobility declining.

Supporting this trend, external recruitment rates declined from approximately 20% to around 16% from 2022 to 2023. Promotion rates and mobility rates, which include both lateral and upward movement, both decreased too, with a 15% change and 10% change downward respectively. There were differences across industries too, with companies in some industries pulling back on hiring or cutting jobs more than others.



## Hiring process efficiencies and first year turnover

Hiring process efficiencies and first year turnover remained relatively stable year after year. From 2021 to 2022, the hiring process lengthened from the time the job requisition was approved to the acceptance of the offer. But in 2023, this metric stabilized.

### From 2022 to 2023, hiring process time and first year turnover stabilized and hiring efforts slowed.

Along with the stable time to accept, the turnover of employees with less than one year of service remained roughly the same from 2022 to 2023. First year of service turnover rate is an important metric for understanding whether there's a mismatch between hires and the organizational culture or between hires and their job roles. It can also indicate the effectiveness of the onboarding process and whether the support provided after employees onboard is sufficient in helping new hires acclimate to the organization. A high first year turnover rate can negatively impact team productivity, stress and morale. It requires a significant amount of time and effort to train and onboard new hires, only for much of that investment to go to waste. Plus, there are numerous costs associated with first year turnover, such as the recruiting process, compensation and administrative expenses.

+4%

External hires time to accept

54 days → 56 days

Average number of calendar days from the date a job requisition is approved to the date an offer is accepted

-5%

First year of service turnover rate

28.0% → 26.7%

Percent of employees with less than 1 year of service that left the organization

# Diversity, equity and inclusion

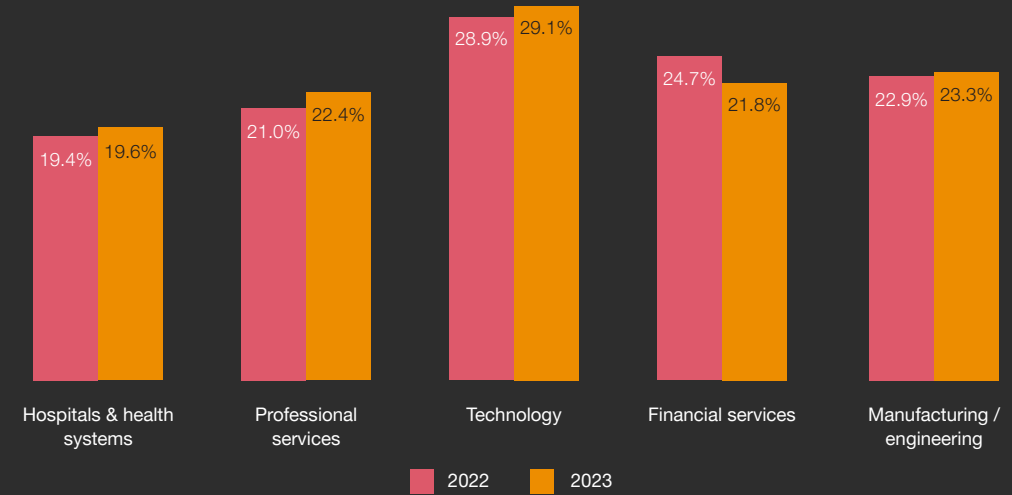
Diversity, equity, and inclusion remain critical areas of focus for workforce leaders across various industries.

Representation at the management level varies significantly by industry. Saratoga defines “management” as employees classified as manager, supervisor, director, vice president, or above, including the CEO.

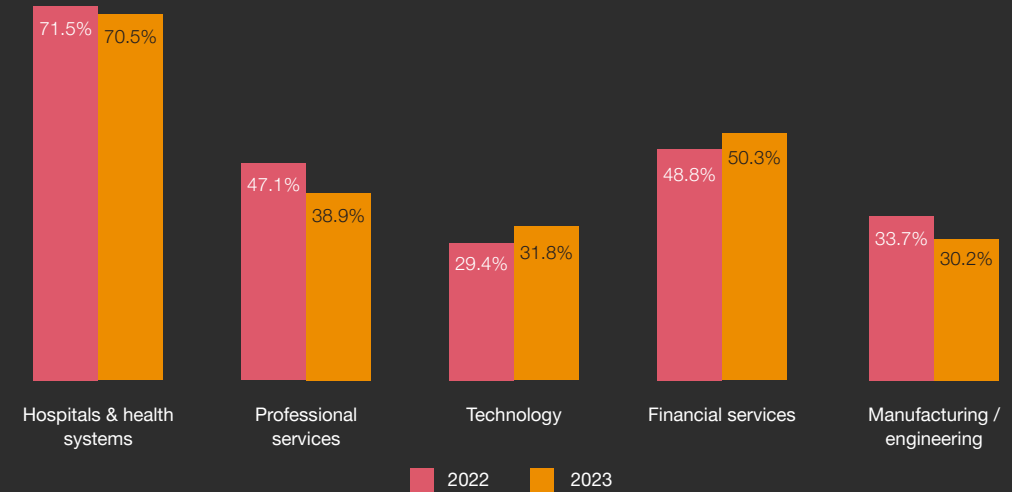
Racial and ethnic diversity in management roles showed stability from 2022 to 2023 within most industries, although notable differences exist between industries. Similar trends were observed for women’s representation in management, with percentages remaining roughly stable year over year but displaying significant discrepancies across industries. For instance, the technology industry has the highest percentage of racially or ethnically diverse employees in management, while hospitals and health systems have the highest percentage of women in management. Conversely, the technology industry has the lowest percentage of women in management.

Some industries, such as financial services and professional services, experienced declines in these areas and may need to implement strategies to diversify their leadership.

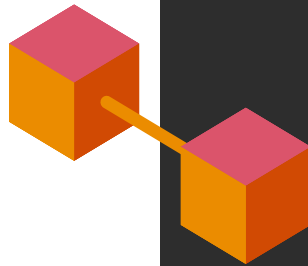
Racially/ethnically diverse management headcount percent



Women management headcount percent

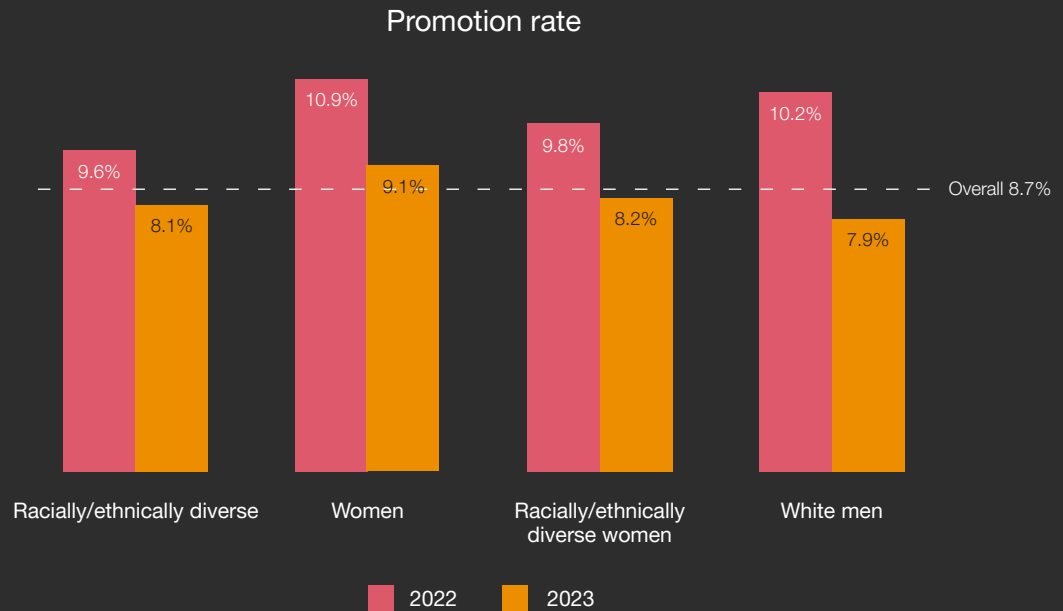
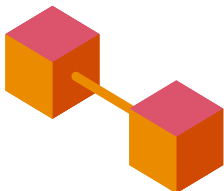


Racially/Ethnically Diverse is defined as employees who are of American Indian or Alaskan Native, Asian, Black or African American, Native Hawaiian or other Pacific Islander, Hispanic or Latino background, or classified as Two or more Races.



## Promotion rates

Diverse hire promotion rates decreased from 2022 to 2023. While some industries' DEI efforts are showing progress, many still have significant work to achieve and maintain true equity within organizations. Natural fluctuations in promotion activity may also contribute to these changes. Data collected over the next few years will help determine if this decrease is part of typical promotion rate variations or indicates a concerning trend.



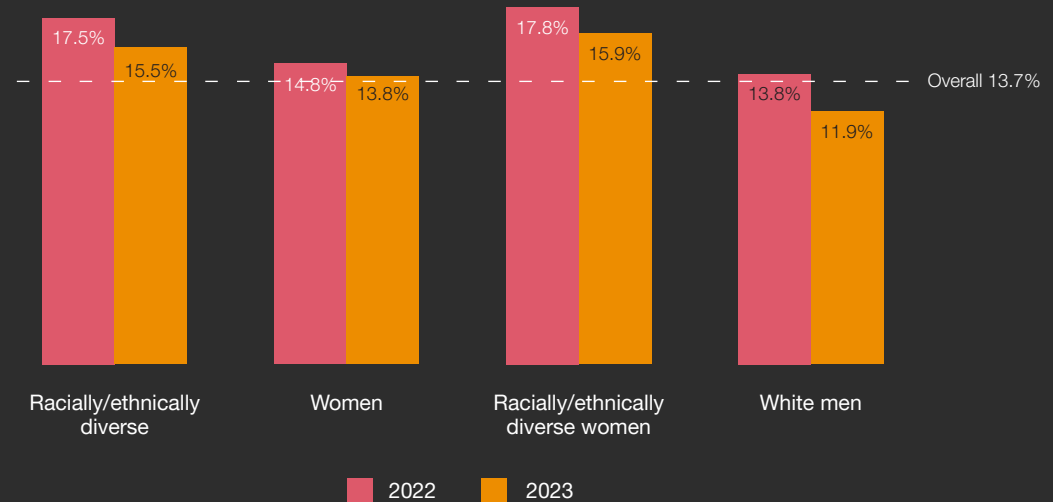
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## Voluntary turnover

Employees are increasingly staying put, and this trend held true across racial/ethnic and gender groups.

For example, white men are displaying the lowest voluntary separation rates whereas racially or ethnically diverse women have the highest rates among these groups. Additional benchmarks for more specific groups of employees based on race, ethnicity, gender, generation, and other identifying factors can help provide more insight into these turnover trends and how they manifest throughout the organization. Employee listening capabilities can help organizations pinpoint why employees within various groups are staying or leaving and what could be undermining or driving the engagement of each of these groups. With that information, you can more effectively address and improve some issues while amplifying positive factors.

Voluntary separation rate



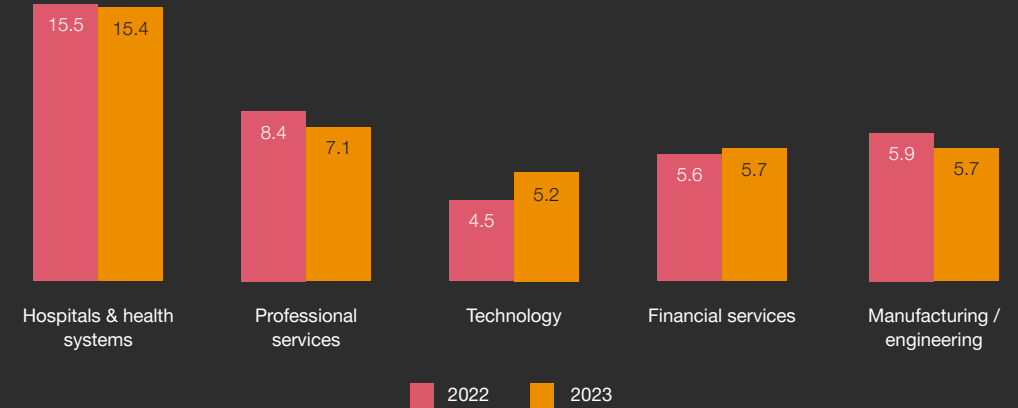
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# Workforce structure

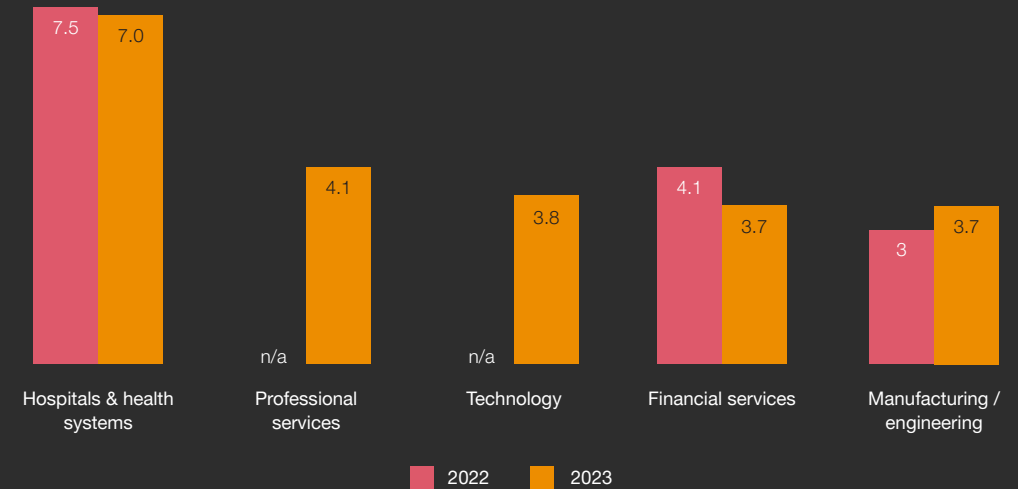
Workforce structure is becoming increasingly important for many organizations, leading leaders to examine team sizes and ask critical questions such as:

- Are the right people in the right places?
- Do our team structures enable or prohibit our future success?
- What is the composition of skills within each team?
- How do individuals compare to their peers in these areas?

Management span of control



Average number of direct reports per director



Note: 2022 calendar year result not reported for Professional Services and Technology

Measuring management span of control and the average number of direct reports per director can help leaders better understand their workforce structure. Management span of control measures the average number of employees per manager, director or executive. A high management span of control can indicate a company may be too lean at higher levels. If management does not have enough time to address employee issues properly or provide a sufficient level of support, employees can be left feeling unsupported and can result in more voluntary separations. By contrast, a top-heavy organization – as indicated by a low management span of control – may lead to higher costs and inefficient processes.

Hospitals and health systems continue to have the highest management span of control, indicating a lean higher level. Year over year, management span of control has remained relatively stable within most industries, with the technology industry having the lowest management span of control.

The Average Number of Direct Reports per Director metric measures the average number of employees reporting directly to a director. A low value for this metric can indicate inefficiencies as higher-paid supervisors may not be optimizing the number of direct reports they could be managing. By contrast, a high average number of direct reports may result in cost savings but can also highlight limited opportunities for promotion and insufficient support for team members. This can also create delays in decision-making and communication.

Hospitals' supervisory structures garner the highest numbers, and other industries are more or less similar to each other. The data remains relatively stable from year to year within each industry.

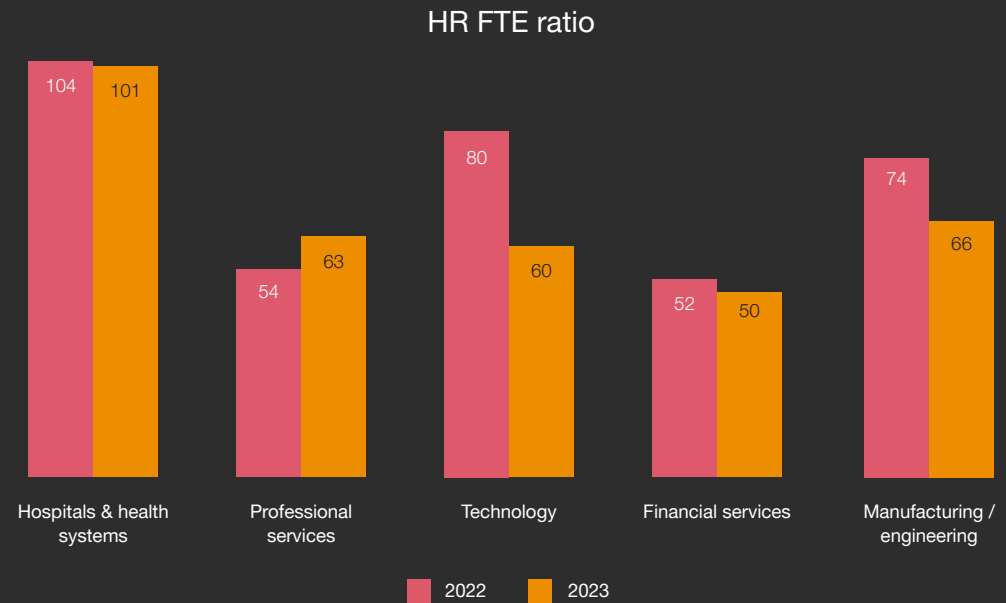


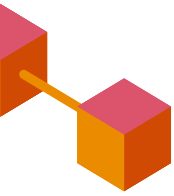
## HR function and the HR full-time equivalent ratio

The HR FTE Ratio is a key metric that can help HR leaders better understand whether their HR function is staffed appropriately and if they have the proper skills in the function to manage future changes and support the rest of the workforce.

The HR FTE Ratio measures the ratio of non-contingent FTEs to HR FTEs. A higher ratio indicates a leaner HR team, which could be caused by understaffing or could simply be the result of significant outsourcing of the HR function. Although a leaner HR function may save on costs, an overly lean team may overwork HR employees and lead to higher turnover or increased risks and delays in processes.

The leanest HR teams are regularly found within the hospital and health systems industry, whereas the financial services industry has the lowest HR FTE Ratios.





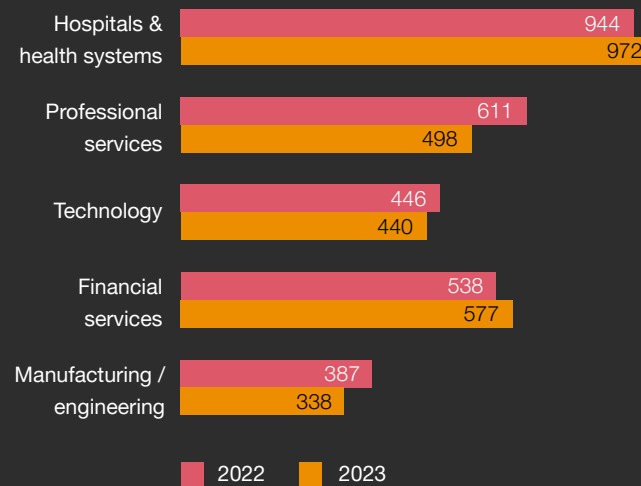
FTE ratios fluctuated across various HR sub-functions this year. More and more, two HR sub-functions are focus areas for organizations: business affiliates and people analytics.

These FTE ratios are calculated by dividing total FTEs by a sub-function's FTEs. The lower the FTE ratio, the larger the sub-function.

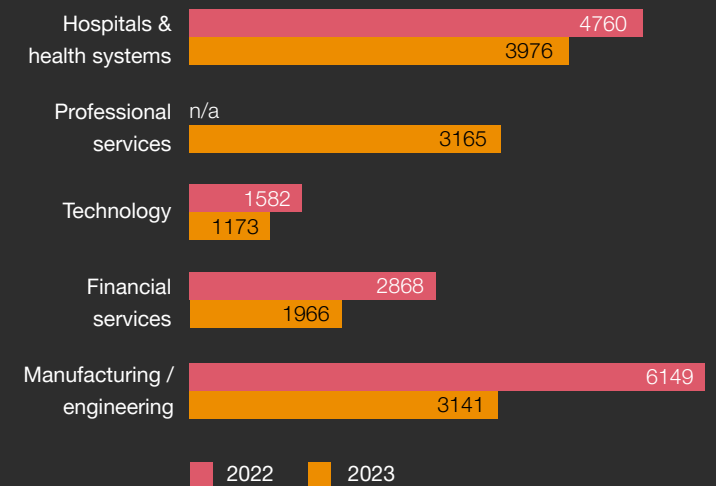
### People analytics is showing rapid growth in many industries.

The people analytics sub-function is growing across industries, as indicated by the lower FTE ratios for 2023 compared to 2022. People analytics is making significant strides particularly in the technology industry and the manufacturing/engineering industry's large year-over-year drop in their FTE ratio demonstrates significant improvement. There is an increasing focus on people analytics as organizations invest deeper into digital capabilities and as the importance of data is elevated across industries.

#### Business partners FTE ratio



#### People analytics FTE ratio



Note: 2022 calendar year result not reported for Professional Services and Technology

Source: 2024 Annual Saratoga Benchmarking report

## Let's recap

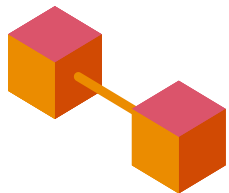
Based on the latest Saratoga benchmarks, we're seeing a continued decline in voluntary turnover across most industries and groups as employees are staying put. Hiring process time has stabilized, hiring efforts slowed down, and mobility rates decreased as turnover continued to decline. Through the diversity lens, representation at the management level has remained largely unchanged within most industries year over year and promotion rates declined for most groups. And in terms of workforce structure, team sizes and structure vary across industries, but there's increased attention to the people analytics function.

Tracking these benchmarks is critical when positioning your organization for future success in the rapidly changing world of work and in an increasingly digital environment.



## Get the data you need to help drive better workforce stability

As the workplace continues to evolve, the importance of data-driven decision-making cannot be overstated. This report provides a sample of how Saratoga can help your organization by enabling executives, CHROs and HR leaders to compare key HR metrics to industry peers. Knowledge is power. Saratoga benchmarks can help highlight areas in need of improvement and, ultimately, empower your organization with the knowledge necessary to set goals and improve workforce strategies – grounded in facts, rather than opinion.



## Saratoga benchmarks for organization-wide metrics and HR function performance



### Core Workforce Benchmarks

#### We measure...

- Representation/Staffing
- Turnover/Retention
- Talent Acquisition
- Compensation/Labor Costs
- Spans and Layers
- Productivity
- Mobility
- Remote Work

#### ...across multiple dimensions...

- Demographics (gender, race/ethnicity, etc.)
- Job Function
- Level
- Employee Type and Location
- Performance
- Tenure

#### ...compared to peers

- Industry
- Revenue
- Headcount
- Profit/Non-Profit
- Revenue Growth Rate
- ...and more



### HR Performance Benchmarks

#### HR sub-functions and processes:

- Talent Acquisition, DEI, Workforce Management, Compensation & Benefits, People Analytics, and more
- Team sizes and expenses
- L&D, Payroll



Use metrics and benchmarks to shape your strategies, inform decision-making, and unlock the potential of your workforce to help drive sustainable growth and create an environment that fosters innovation, inclusivity and success.

As you consider how these findings can elevate your organization, and if you're craving more benchmarks and data, we are here to help! Learn more about Saratoga today.

Contact us



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