

SHRM Benchmarking

Human Capital Report

SELECTION CRITERIA

Sector: Government

SHRM Benchmarking: Talent Access
and SHRM Benchmarking: Human
Capital breakout reports are also
available. Please visit our website at
shrm.org/benchmarks.

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A GUIDE TO THE SHRM BENCHMARKING REPORT

Understanding the Data

As you compare your own data against other organizations, please keep the following in mind:

1. This report is based on data derived from the SHRM Benchmarking Database, which contains organizational data from a random sample of SHRM members. The report is designed to target companies that closely match the selected criteria to allow for a more focused and comparable analysis and interpretation. Therefore, any interpretations of these data should be kept within this context.
2. A deviation between your figure for any benchmarking measure and the comparative figure is not necessarily favorable or unfavorable; it is merely an indication that additional analyses may be needed. For instance, benchmarking measures that relate more closely to the context of your organization's industry are more descriptive and meaningful than information that is more generic in nature, such as all industries combined. The larger the discrepancy between your figure and those found in this report, the greater the need for additional scrutiny.
3. In cases where you determine that potentially serious deviations do exist, it may be helpful to go back and calculate the same benchmarking measure for your organization over the past several years to identify any trends that may exist.
4. The information in this report should be used as a tool for decision-making rather than an absolute standard. Because companies differ in their overall business strategy, location, organization size and other factors, any two companies can be well-managed yet have great differences in their benchmarking measures. No decision should be made solely based on the results of any one study.

Working with the Data

The information in this report is designed to be a tool to help you evaluate decisions and activities that affect your organization. When reviewing these data, it is important to realize that business strategy, organizational culture, leadership behaviors and industry pressures are just a few of the many factors that drive various organizational measures. Absolute measures are not meaningful in isolation—they should be compared with one or more measures to determine whether a satisfactory level exists. Other measures, for example, might be your organization's past results in this area or comparatives based on organization size, industry or geographic location.

Each table in the report contains benchmarks in aggregated form. There may be discrepancies between your organization's benchmarks and the average or median numbers for a particular category. It is particularly helpful to communicate to stakeholders that just because your organization has benchmarks that are different from the average or median, it does not mean they are favorable or unfavorable. Rather, they may be the result of a particular total organizational strategy, special circumstances or other business initiatives.

Notes

The data in this report were collected from April to November 2021.

The number of respondents, indicated by "n," is composed of the organizations that responded to the specific benchmark. Therefore, the number of peer organizations may vary from benchmark to benchmark.

Some benchmarks are less frequently collected by organizations or may be more difficult to obtain. Some data are not displayed when there are fewer than five organizations for a specific metric.

FINANCIAL DATA

| | n | 25th Percentile | Median | 75th Percentile | Average |
|---------------------------------------|----|-----------------|-----------|-----------------|-----------|
| Revenue per FTE | 34 | \$393 | \$96,978 | \$185,568 | \$501,617 |
| Expense per FTE | 31 | \$72,816 | \$128,932 | \$178,740 | \$146,840 |
| HR-expense-to-operating-expense ratio | 45 | 0.3% | 0.8% | 3.1% | 5.4% |
| HR-expense-to-FTE ratio | 55 | \$318 | \$857 | \$2,079 | \$7,507 |

COMPENSATION DATA

| | n | |
|-------------------------------------------------------------------------------------------|-----|-----|
| Percentage of organizations offering a salary increase | 137 | 82% |
| Percentage of organizations offering bonuses based on percent of salary for executives | 137 | 9% |
| Percentage of organizations offering bonuses based on percent of salary for nonexecutives | 137 | 13% |
| Percentage of organizations offering flat-rate bonuses to nonexecutives | 137 | 22% |

| | n | 25th Percentile | Median | 75th Percentile | Average |
|---------------------------------------------------------|-----|-----------------|---------|-----------------|---------|
| Annual salary increase | 110 | 2.0% | 2.7% | 3.0% | 2.7% |
| Salaries as a percentage of operating expense | 136 | 29.5% | 49.9% | 65.8% | 47.6% |
| Average salary percentage used for executive bonuses | 12 | 2.6% | 3.0% | 7.2% | 5.0% |
| Average salary percentage used for nonexecutive bonuses | 18 | 2.8% | 4.4% | 8.3% | 5.5% |
| Average flat-rate bonus awarded for nonexecutives | 28 | \$630 | \$1,000 | \$2,375 | \$1,931 |

SUCCESSION PLANNING DATA

| | n | Formal | Informal |
|----------------------------|-----|--------|----------|
| Succession plan prevalence | 137 | 19% | 27% |

Positions Included Within the Organization's Succession Plan

| | |
|------------------------------------------------------------------|-----|
| n | 63 |
| Executive employees (e.g., CEO, CFO, etc.) | 52% |
| Senior management (i.e., supervisors of supervisors) | 62% |
| Middle management (i.e., supervisors of individual contributors) | 63% |
| Individual contributors at the exempt level | 33% |
| Individual contributors at the nonexempt level | 24% |

SPAN OF CONTROL DATA

| | n | 25th Percentile | Median | 75th Percentile | Average |
|-------------------|-----|------------------|-------------------|-------------------|-------------------|
| Executive level | 110 | 4 direct reports | 6 direct reports | 10 direct reports | 8 direct reports |
| Middle management | 106 | 5 direct reports | 10 direct reports | 24 direct reports | 22 direct reports |

HR DEPARTMENT DATA

| Reporting Structure for the Head of HR | | Title of Top HR Position | |
|-----------------------------------------------------------|-----|--------------------------------------------------------------|-----|
| n | 136 | n | 137 |
| Chief executive officer (CEO) | 26% | Chief human resources officer (CHRO) | 22% |
| President/owner | 10% | Chief people officer (CPO) | 0% |
| Chief operating officer (COO) | 7% | Vice president (including senior, assistant, & associate VP) | 8% |
| Head of operating unit | 2% | Director (including senior, assistant, & associate director) | 42% |
| Chief financial officer (CFO) | 8% | Manager | 16% |
| Head of administration/chief administrative officer (CAO) | 12% | Other | 12% |
| Other | 35% | | |

| | n | 25th Percentile | Median | 75th Percentile | Average |
|----------------------|----|-----------------|--------|-----------------|---------|
| HR-to-employee ratio | 95 | 0.54 | 0.93 | 1.69 | 1.60 |

EMPLOYMENT DATA

| | n | 25th Percentile | Median | 75th Percentile | Average |
|----------------------------------|-----|-----------------|--------|-----------------|---------|
| Promotion rate | 112 | 1% | 4% | 8% | 6% |
| Annual overall turnover rate | 121 | 6% | 10% | 17% | 20% |
| Annual voluntary turnover rate | 115 | 6% | 9% | 16% | 20% |
| Annual involuntary turnover rate | 115 | 0% | 1% | 3% | 4% |

ORGANIZATIONAL GOVERNANCE DATA

| | n | |
|-------------------------------------------------------------------------------------------|-----|-----|
| Organizations with a board of directors (or similar governing body) | 137 | 85% |
| Organizations with HR representation on board of directors (or similar governing body) | 116 | 16% |

HUMAN CAPITAL GLOSSARY OF METRIC TERMS, DEFINITIONS AND CALCULATIONS

Statistical Definitions

“n”

The letter “n” in tables and figures indicates the number of respondents available for each metric. In other words, when it is noted that n=25, it indicates the number of respondents available was 25.

Percentile

The percentile is the percentage of responses in a group that have values less than or equal to that particular value. For example, when data are arranged from lowest to highest, the 25th percentile is the point at which 75% of the data are above it and 25% are below it.

Median (50th percentile)

The median is the midpoint of the set of numbers or values arranged in ascending order. It is recommended that the median be used as a basis for all interpretations of the data when the average and median are discrepant.

Average

The average is the sum of the responses divided by the total number of responses. It is also known as the mean. This measure is affected more than the median by the occurrence of outliers (extreme values). For this reason, the average reported may be greater than the 75th percentile or less than the 25th percentile.

Organization Size Data

FTE

FTE is an abbreviation for full-time equivalent. Full-time equivalents represent the total labor hours invested. For the purposes of this report, full-time employees were each assigned the value of “1” and part-time employees were each assigned the value of “0.5” to better estimate total labor hours invested, resulting in the FTE total. Converting the number of employees to FTEs provides a more accurate understanding of the level of effort being applied in an organization.

Headcount

Headcount refers to the total number of people working at an organization. Unlike FTE, headcount considers both full-time and part-time employees to be the same. For example, if an organization employs eight full-time employees and two part-time employees, it has a headcount of 10.

Financial Data

Revenue per FTE

Revenue per FTE is the total amount of revenue received during an organization's fiscal year divided by the number of FTEs. This ratio conceptually links the time and effort associated with the firm's human capital to its revenue output. If the revenue-per-FTE ratio increases, it indicates that there is greater efficiency and productivity because more output is being produced per FTE. If the ratio decreases, it indicates that there is less efficiency and productivity.

Expense per FTE

Expense per FTE represents an organization's total expenses during a fiscal year divided by the number of FTEs. This ratio conceptually identifies how much the organization spends per FTE toward its annual expenditures on average. Higher values are indicative of greater expenditures per FTE, while lower values indicate there is greater cost efficiency per full-time employee.

HR-Expense-to-Operating-Expense Ratio

HR-expense-to-operating-expense ratio is calculated by dividing the organization's total HR expenses by the operating expenses for a given fiscal year. This ratio depicts the amount of HR expenses as a percentage of total operating expenses, which is an indication of the amount of dollars an organization invests in its HR function.

HR-Expense-to-FTE Ratio

HR-expense-to-FTE ratio represents the amount of human resource dollars spent per FTE in the organization. It is calculated by taking the HR expenses for a given fiscal year and dividing that number by the number of FTEs in the organization.

Compensation Data

Percentage of Organizations Offering a Salary Increase

This metric describes the number of organizations that offered employees an increase in their salary (merit-based, cost-of-living differential, etc.).

Percentage of Organizations Offering Bonuses Based on Percent of Salary for Executives

This metric describes the number of organizations that offered executive employees a bonus based on a percent of salary.

Percentage of Organizations Offering Bonuses Based on Percent of Salary for Nonexecutives

This metric describes the number of organizations that offered nonexecutive employees a bonus based on a percent of salary.

Percentage of Organizations Offering Flat-Rate Bonuses to Nonexecutives

This metric describes the number of organizations that offered nonexecutive employees a flat-rate bonus within a given year. These bonuses are typically consistent in value across the organization but may vary depending on employee level.

Annual Salary Increase

Annual salary increase is the percentage of increase in salaries that an organization expects to provide to its employees for a given fiscal year.

Salaries as a Percentage of Operating Expense

Salaries as a percentage of operating expense is calculated by dividing the total amount of employee salaries by the operating expense for a given fiscal year.

Average Salary Percentage Used for Executive Bonuses

This metric provides the average base pay percentage that was used to calculate the bonuses awarded to executive employees during a given year, among organizations that awarded executive employees a bonus based on salary percentage.

Average Salary Percentage Used for Nonexecutive Bonuses

This metric provides the average base pay percentage that was used to calculate the bonuses awarded to nonexecutive employees during a given year, among organizations that awarded nonexecutive employees a bonus based on salary percentage.

Average Flat-Rate Bonus Awarded for Nonexecutives

This metric provides the average dollar value awarded to nonexecutive employees as a flat-rate bonus, among organizations that awarded a flat-rate bonus to nonexecutive employees.

Succession Planning Data

Succession Plan Prevalence

This metric describes the number of organizations that have a succession plan established—documented either formally or informally.

Positions Included Within the Organization’s Succession Plan

Succession planning varies by organization, and for that reason, this metric indicates which positions organizations typically include when conducting succession planning.

Span of Control Data

Span of Control by Position Level

Span of control by position level is the average number of direct reports per position.

HR Department Data

Reporting Structure for the Head of HR

Reporting structure for the head of HR indicates to what position within the organization the head of HR reports. Occasionally, in very small companies, the head of HR may report to the CFO or the head of an operating unit. In larger organizations, the head of HR usually reports to the president or CEO.

Title of Top HR Position

This metric describes the title organizations assign to their top HR position.

HR-to-Employee Ratio

The HR-to-employee ratio provides a more manageable way to compare HR staffing levels between organizations. It represents the number of HR staff per 100 employees supported by HR in the organization. The number is calculated by dividing the number of HR FTEs by the total number of FTEs in the organization and multiplying the outcome by 100.

Employment Data

Promotion Rate

Promotion rate is the percentage of employees promoted. It is calculated by dividing total number of promotions in a fiscal year by total number of employees, then multiplying by 100.

Annual Overall Turnover Rate

Annual overall turnover rate is the rate at which employees enter and leave a company in a given fiscal year. To calculate annual turnover, divide the total number of employees who have left the organization within a given year by the average number of total employees within that year, then multiply by 100.

Annual Voluntary Turnover Rate

Annual voluntary turnover rate is the rate at which employees enter and voluntarily leave a company in a given fiscal year. To calculate annual voluntary turnover, divide the total number of employees who voluntarily separated from the organization within a given year by the average number of total employees within that year, then multiply by 100.

Annual Involuntary Turnover Rate

Annual involuntary turnover rate is the rate at which employees enter and involuntarily leave a company in a given fiscal year. Involuntary terminations typically occur when the organization asks the employee to leave the company due to poor performance, layoffs or other reasons. To calculate annual involuntary turnover rate, divide the total number of employees who involuntarily separated from the organization within a given year by the average total number of employees within that year.

Organizational Governance Data

Organizations with a Board of Directors (or Similar Governing Body)

This metric provides the percentage of organizations that are governed by a board of directors (or similar governing body). A board of directors often serves to approve organizational strategic direction and act as a representation of the shareholders' interests.

Organizations with HR Representation on Board of Directors (or Similar Governing Body)

This metric describes the number of organizations that have at least one representative on their board of directors (or similar governing body) with a special interest or expertise in human resources.