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DATA BRIEF

2025 CHRO BENCHMARKING: INSIGHTS TO POWER PEOPLE STRATEGY

QUICK BRIEF

METRICS AND DEFINITIONS

This brief highlights key insights from SHRM's 2025 benchmarking data. These results provide key metrics that are pertinent to CHROs and others who lead their organization's HR function. In this brief, we examine several trends present in the data and their implications for CHROs and the world of work. By understanding these key metrics, CHROs and HR leaders are better equipped to guide their own organizations and make the necessary adjustments to succeed.

Below are some key terms and descriptions of metrics that will appear in this brief.

Full-time equivalents (FTEs): The total labor hours invested by employees within an organization. For the purposes of this research, full-time employees were assigned the value of "1" and part-time employees were 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: 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 employees eight full-time employees and two part-time employees, it has a headcount of 10.

HR budget percent change: The amount the HR budget has increased or decreased compared to the previous year. It is expressed as a positive or negative percentage and is calculated by subtracting last year's HR budget from this year's HR budget and then dividing by last year's HR budget.

HR-expense-to-operating-expense ratio: The amount of an organization's total expense devoted to HR-related expenses in a fiscal year. This 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: 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.

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.

Revenue per FTE: 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 there is greater efficiency and productivity because more output is being produced per FTE. If the ratio decreases, it indicates there is less efficiency and productivity.

Salaries as percentage of operating expense: The amount of an organization's total expenses devoted to employee salaries in a fiscal year. This is calculated by dividing the total amount of employee salaries by the operating expense for a given fiscal year.

Annual salary increase: The percentage by which an organization plans to increase employee salaries for a given fiscal year.

Annual voluntary turnover rate: 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.

Outsourced HR functions: The percentage of organizations that contract with external vendors or third parties to administer various HR functions.

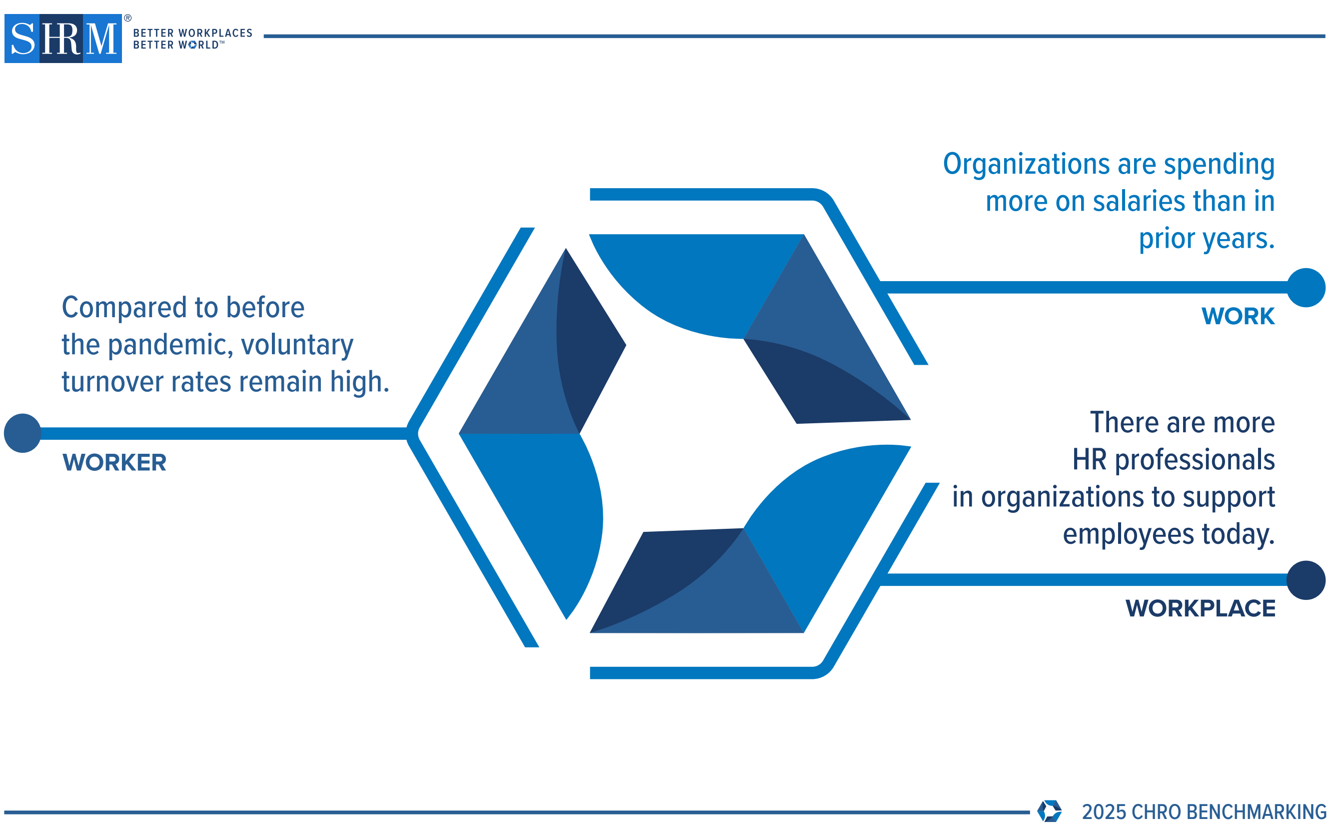
UNDERLYING DATA AND METHODOLOGY

The following analyses highlight key insights derived from SHRM's 2025 benchmarking data, which builds upon and refines SHRM's prior benchmarking research. The data was collected through an electronically fielded survey from a random sample of active SHRM members between Jan. 9 and March 3, 2025. Given the robust data collected in this research, an additional stratified sampling approach was implemented to oversample members who held a VP or higher position within their organization. In total, 2,371 members responded to the survey. The data is not weighted and respondents were not required to provide data on every metric, meaning the sample size for each individual metric may vary. Respondents represent a diverse range of industries, sectors, and organization sizes across the U.S.

The analyses in this brief use median values to define central tendency and identify trends in the data over time. Central tendency refers to a statistical measure that identifies the center point or typical value in a data series. The median is a commonly used measure of central tendency, as it represents the middle value when the data is ordered from lowest to highest, helping to avoid the influence of extreme outliers that can have a greater impact on the average value. For example, if measuring a set of salaries, the median would be the salary that falls exactly in the middle of the range and avoids being skewed by very high or very low values. By using the median, we improve comparability across different time periods, especially when accounting for changes in methodology and metric calculations since 2017. Additionally, using the median helps mitigate the impact of shifts in SHRM membership used for this research over time, ensuring stronger consistency and reliability in the findings.

KEY FINDINGS OVERVIEW

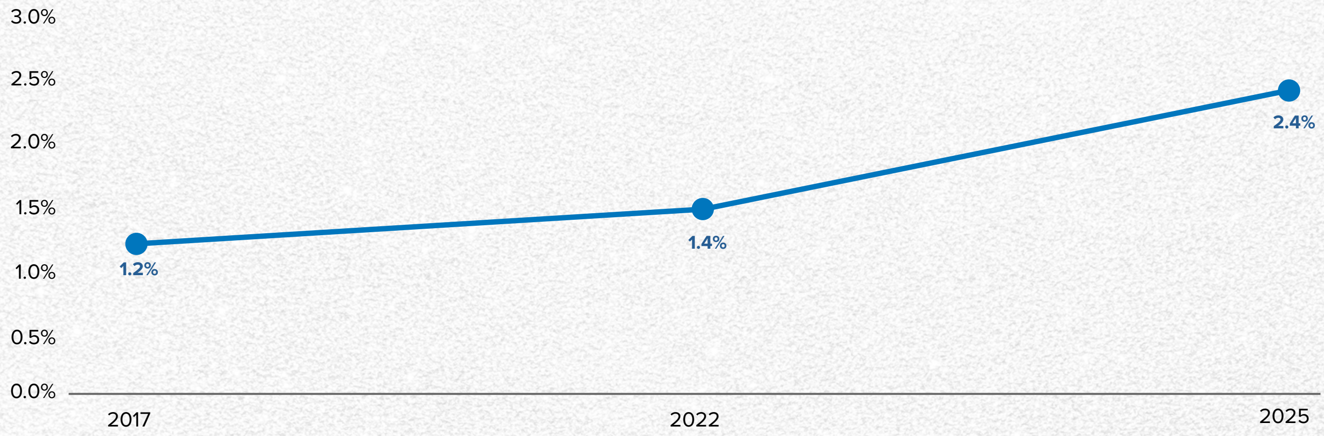
1. Organizations are spending more on the HR function overall.
2. There are more HR professionals to support employees in organizations today.
3. Professional, scientific, and technical services organizations have experienced the most significant HR growth since 2022.
4. Revenue per FTE has rebounded to pre-pandemic levels.
5. Salary allocations are larger than in previous years.
6. Organizations are offering larger merit increases today.
7. Voluntary turnover remains higher than pre-pandemic levels.
8. While HR technology is the most common type of outsourced HR practice area, just under half of organizations do not outsource anything at all.



ORGANIZATIONS ARE SPENDING MORE ON THE HR FUNCTION OVERALL

HR-Expense-to-Operating-Expense Ratio

The amount of an organization's total expense devoted to HR-related expenses in a given fiscal year. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

The results show a median annual HR budget percentage change of +9.1%, highlighting that more organizations are expanding their HR budgets for 2025 compared to 2024. Beyond securing larger budgets, organizations are also allocating a greater share of their overall expenditures to HR functions. The median HR-expense-to-operating-expense ratio, representing the portion of total expenses dedicated to HR, reach 2.4% in 2025. This marks a significant increase from 1.4% in 2022 and is double the ratio in 2017, which stood at 1.2%. These heightened expenditures are further evident when examining HR spending per FTE. The median HR-expense-to-FTE ratio in 2025 climbed to $2,479 per FTE, more than twice the amount recorded in 2022 at $1,093 per FTE. These findings indicate that administering HR may now be more costly than in the past, with factors such as economic inflation driving these increases. At the same time, the results may also suggest rising commitment to HR investments, reflected in year-over-year budget growth and a higher proportion of total operating expenses allocated to HR functions.

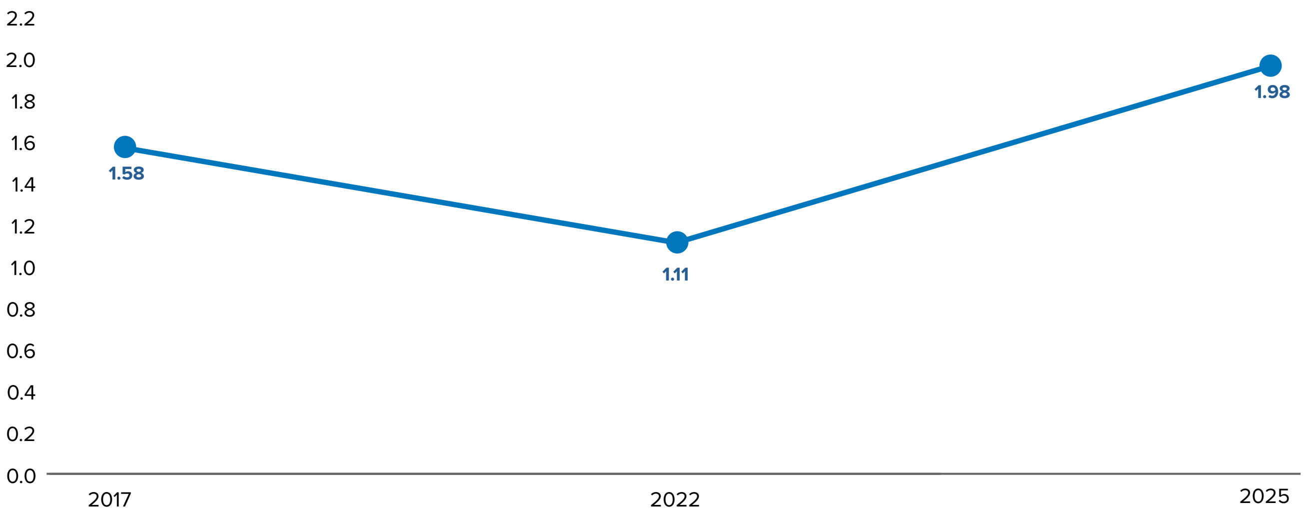
Takeaways/Implications

- Along with annual budget increases, a growing number of organizations are spending more money on their HR functions than in previous years, which may signal rising HR-related costs or heightened investments.
- While these results may be due to higher costs needed to administer HR today, they also suggest more organizations are making a greater commitment to financially support the HR function.

THERE ARE MORE HR PROFESSIONALS TO SUPPORT EMPLOYEES IN ORGANIZATIONS TODAY

HR-to-Employee Ratio

The number of HR staff per 100 employees supported by HR in the organization. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

In addition to spending more money, organizations are also strengthening their HR teams, as reflected in the 2025 median HR-to-employee ratio of 1.98. This indicates that nearly two HR professionals are available for every 100 employees in the organization. This figure is a notable increase from 1.11 in 2022 and exceeds the pre-pandemic ratio of 1.58 in 2017. These trends highlight a growing focus on expanding HR teams to better execute HR strategy, support employee needs, and generate a positive return on HR investments.

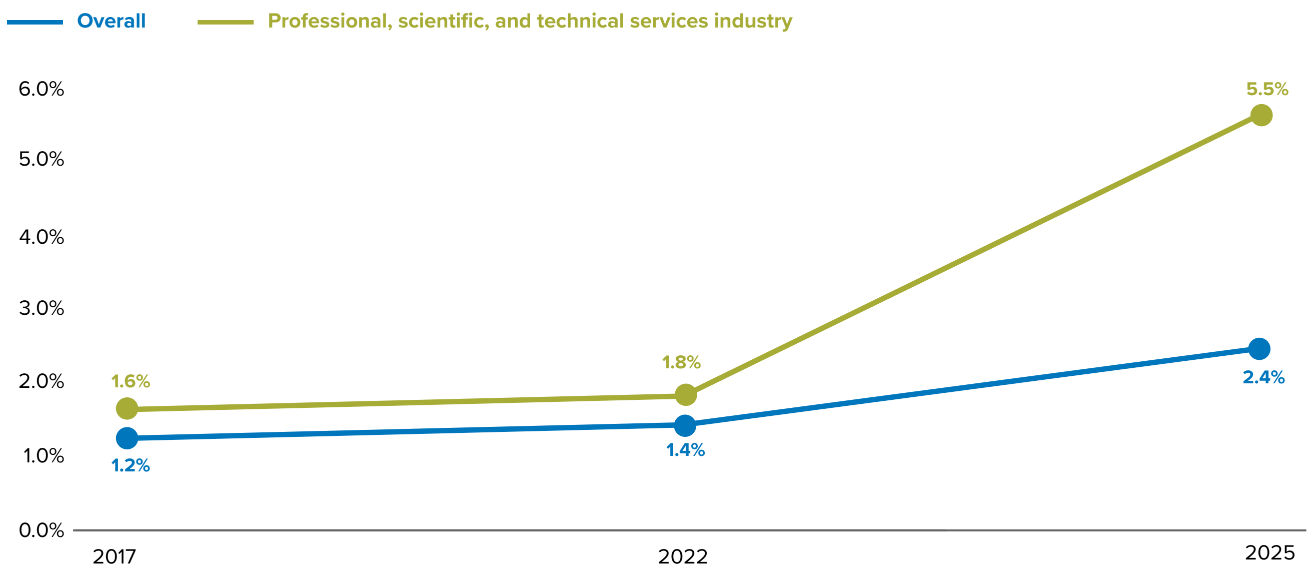
Takeaways/Implications

- In 2025, the HR-to-employee ratio increased to nearly two HR professionals available for every 100 employees in the organization.
- Along with increases in HR spending, this trend indicates that organizations are expanding HR teams to effectively support the organization and employees.

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES ORGANIZATIONS HAVE EXPERIENCED **THE MOST SIGNIFICANT HR GROWTH SINCE 2022**

Industry Comparisons: HR-Expense-to-Operating-Expense Ratio

Comparison between overall results and those for professional, scientific, and technical services organizations on the amount of total expense devoted to HR-related expenses in a given fiscal year. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

Organizations in professional, scientific, and technical services, such as those in law, accounting, advertising, management consulting, engineering, and scientific research, saw the most significant HR-related growth across all industries since 2022. While following a similar pattern to overall results between 2017 and 2022, the median HR-expense-to-operating-expense ratio more than doubled for this industry since 2022, climbing from 1.8% to 5.5% in 2025. In addition, these organizations reported a median HR budget increase of 14.3% between 2024 and 2025, surpassing the overall median of a 9% increase. Organizations in the professional, scientific, and technical services industry are also expanding their HR teams at a faster rate than others since 2022. While the HR-to-employee ratio increased overall since 2022, this industry's ratio more than doubled its growth in this time. The median HR-to-employee ratio for this industry rose from 1.31 in 2022 to 2.78 in 2025, which is also higher than 2017 results of 2.15.

This substantial growth in both budget allocation and staffing suggests that organizations in this industry are making greater investments in their HR functions compared to others.

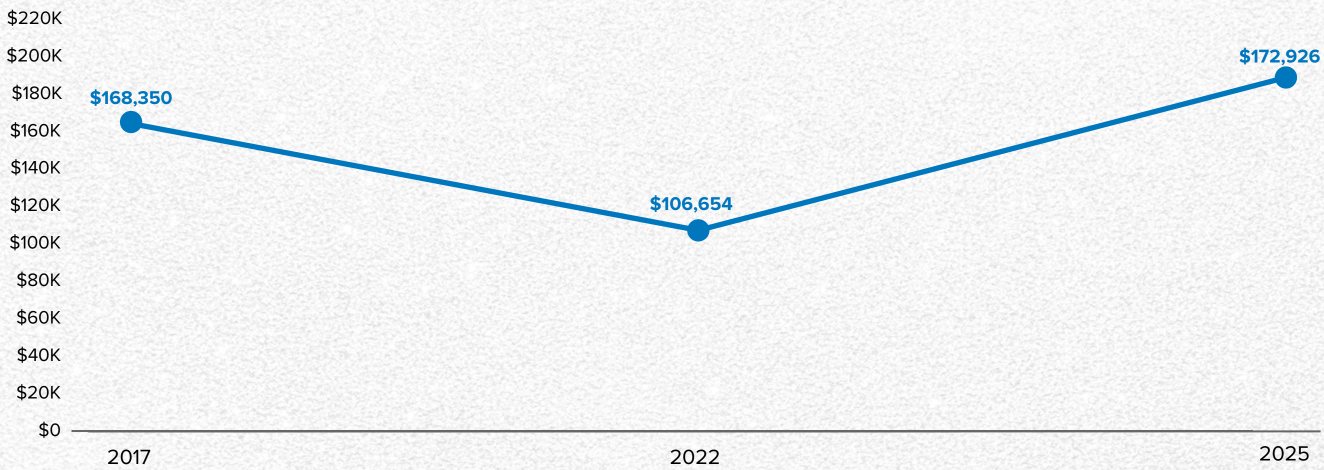
Takeaways/Implications

- Organizations in the professional, scientific, and technical services industry are spending more on their HR functions than other organizations, identified by greater increases in the HR budget and more than doubling the HR-expense-to-operating-expense ratio since 2022.
- Professional, scientific, and technical services organizations have more than doubled their HR-to-employee ratio since 2022, which suggests these businesses are placing a greater emphasis on the HR function to support their needs.

REVENUE PER FTE HAS **REBOUNDED TO PRE-PANDEMIC LEVELS**

Revenue Per FTE

The total amount of revenue received during an organization's fiscal year divided by the number of FTEs. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

Aligning human capital strategies with broader business goals often involves assessing workforce productivity. Although measuring productivity with the precision of the U.S. Bureau of Labor Statistics' (BLS') output per hour is challenging, evaluating an organization's revenue per FTE offers HR leaders a valuable metric to gauge productivity levels. In 2025, the median revenue per FTE reached $172,926, the highest figure recorded in this research since 2017. This represents a significant increase from the 2022 median of $106,654. However, when compared to the 2017 median of $168,350, the data suggests a return to pre-pandemic levels of productivity. This progression signals a stabilization in workplace productivity following disruptions and many shifts caused by the pandemic. Nonetheless, the 2025 figures emphasize the growth in revenue per FTE over time.

Although not directly linked, these metrics reflect a pattern observed in BLS output-per-hour productivity data recorded over the same period.[1] This alignment supports revenue per FTE as a valuable assessment for HR leaders to leverage when measuring their organizations' productivity and comparing themselves to broader economic trends.

Takeaways/Implications

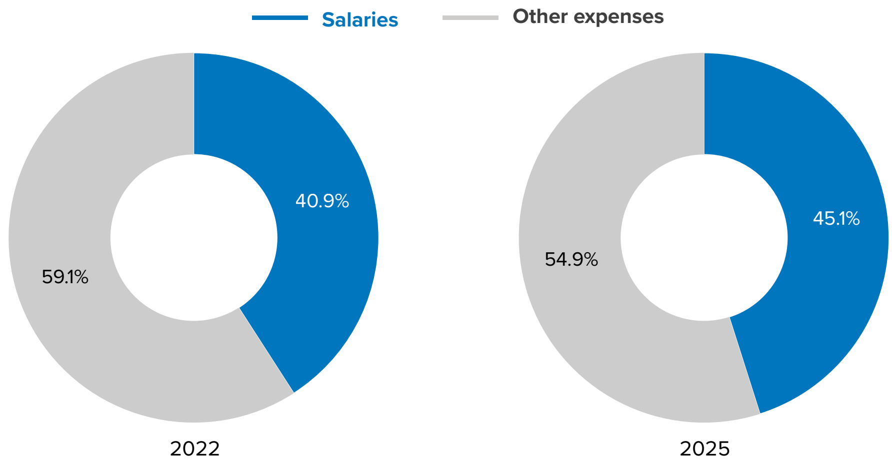
- For HR leaders, demonstrating the link between employee productivity and the organization's bottom line is crucial to illustrating the value of each function's contribution.
- The current median revenue per FTE has reached a new high, indicating the significant impact employees are making on their organizations' overall performance.

[1] U.S. Bureau of Labor Statistics, Nonfarm Business Sector: Labor Productivity (Output per Hour) for All Workers [OPHNFB], retrieved from FRED, Federal Reserve Bank of St. Louis: https://fred.stlouisfed.org/series/OPHNFB, April 7, 2025.

SALARY ALLOCATIONS ARE LARGER THAN IN PREVIOUS YEARS

Salaries as Percentage of Operating Expense

The amount of an organization's total expenses devoted to employee salaries in a fiscal year. Results shown for 2022 and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

The data indicates that organizations are allocating a larger share of their operating expenses to employee salaries and wages. In 2025, salaries accounted for a median of 45.1% of operating expenses, up from 40.9% in 2022. This trend reflects the dual challenge organizations face in providing competitive wages while balancing the critical need to manage overall expenses, both of which were key concerns highlighted by HR leaders for 2025.[2]

Takeaways/Implications

- Organizations are allocating a larger portion of their expenses to salaries in 2025.
- This increase since 2022 points to the ongoing challenges HR leaders face in maintaining competitive pay strategies while balancing the overall needs of the business.

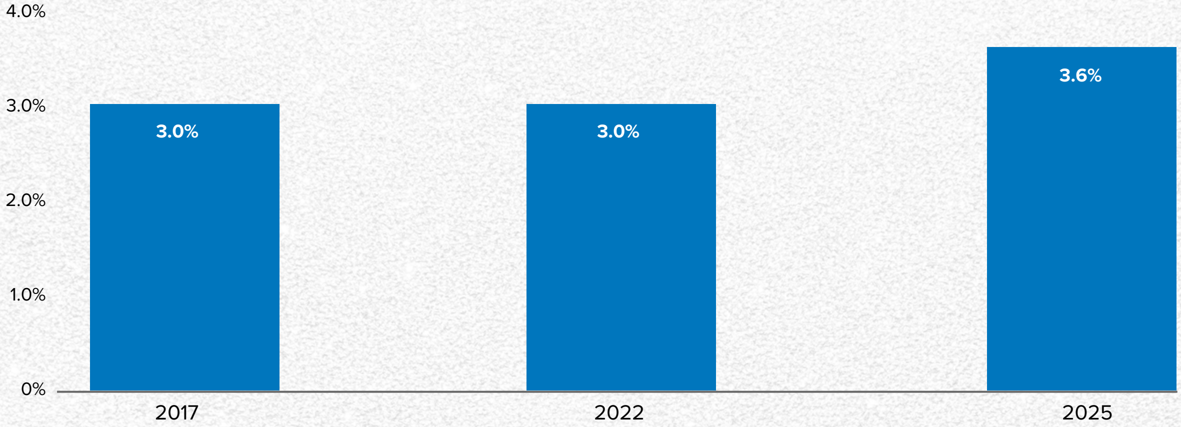
[2] *CHRO Priorities and Perspectives*, SHRM, 2025.

ORGANIZATIONS ARE OFFERING **LARGER MERIT INCREASES TODAY**

%

Annual Salary Increase

The median salary increase that an organization expects to provide to its employees for a given fiscal year. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

Organizations are not only increasing salary expenses but also offering higher merit raises than in previous years. From 2024 to 2025, the median annual salary increase rose to 3.6%, surpassing the 3.0% median annual increases reported in both 2022 and 2017. With wage inflation identified as the most common macroeconomic challenge CHROs are experiencing,[3] these results reflect how organizations are increasing their pay to remain competitive. What's more, with employee morale and motivation and talent retention identified as key talent challenges for HR leaders,[4] these wage increases point to competitive salaries as a vital strategy for retaining and engaging talent.

Takeaways/Implications

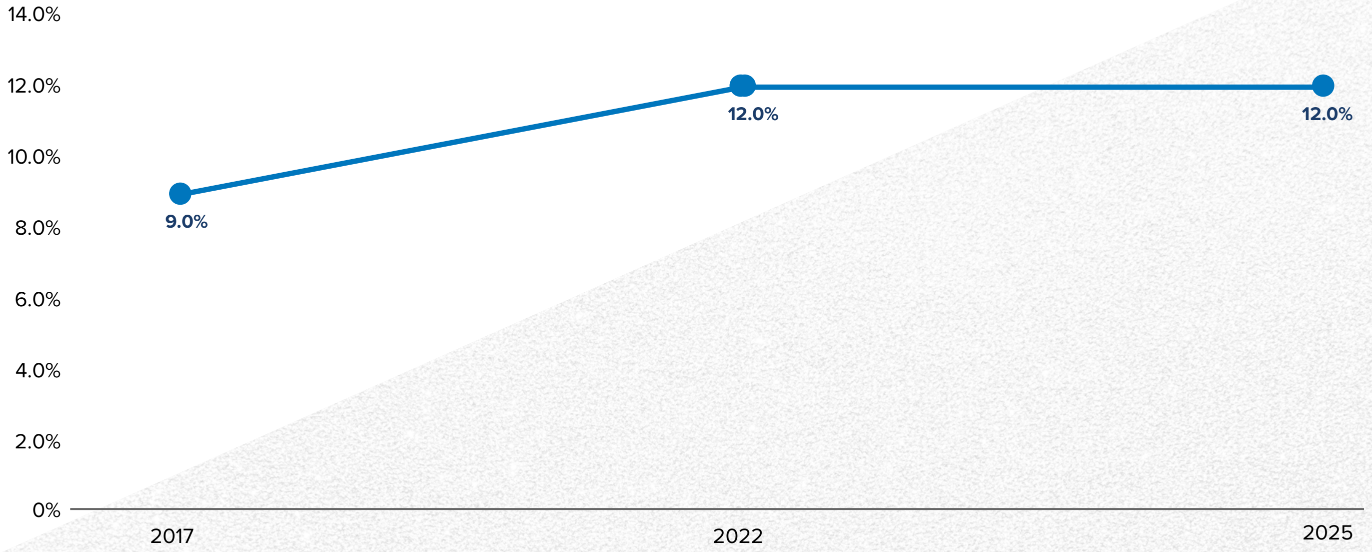
- Annual wage increases between 2024 and 2025 surpassed the median wage increase rates observed in previous years.
- These results indicate that wage increases have become a pivotal strategy that organizations are leveraging as they address challenges tied to offering competitive pay and retaining an engaged workforce.

[3] *CHRO Priorities and Perspectives*, SHRM, 2025.
[4] *CHRO Priorities and Perspectives*, SHRM, 2025.

VOLUNTARY TURNOVER REMAINS HIGHER THAN PRE-PANDEMIC LEVELS

Annual Voluntary Turnover Rate

The rate at which employees enter and voluntarily leave a company in a given fiscal year. Results shown for 2017, 2022, and 2025 data.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

Organizations report that voluntary turnover rates remain heightened compared to pre-pandemic levels. In 2025, the median voluntary turnover rate stood at 12%, matching the rate reported in 2022. These results indicate relative stability in voluntary turnover over recent years, including throughout the Great Resignation in 2021.[5] Notably, the current voluntary turnover rate is higher than the pre-pandemic median of 9%. SHRM research recently identified recruiting as the top priority for HR professionals in 2024,[6] reflecting employers' efforts to attract new talent and address vacancies created by departing employees.

Takeaways/Implications

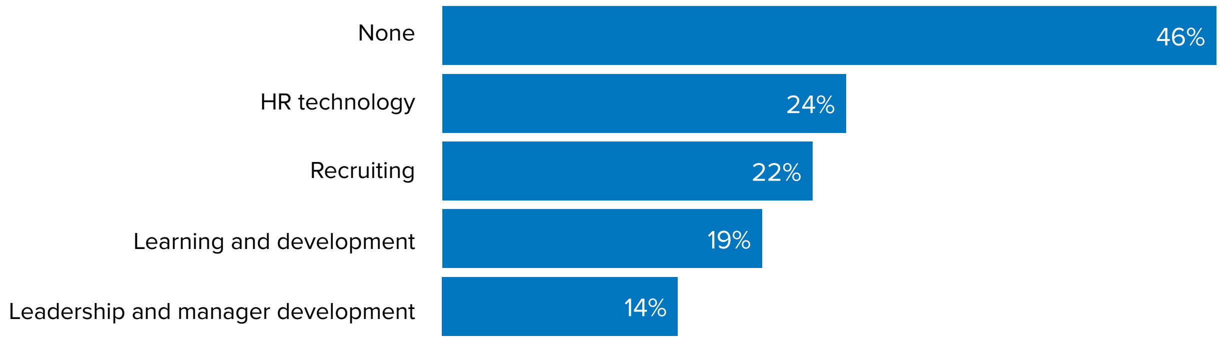
- Voluntary turnover rates have stabilized since 2022 but continue to exceed pre-pandemic levels.
- These stabilized rates point to the continued need for employers to address talent vacancies through attraction and recruitment efforts.

[5] *Surviving the Great Resignation*, SHRM, 2021.
[6] *2025 State of the Workplace,* SHRM, 2025.

WHILE HR TECHNOLOGY IS THE MOST COMMON TYPE OF OUTSOURCED HR PRACTICE AREA, JUST UNDER HALF OF ORGANIZATIONS DO NOT OUTSOURCE ANYTHING AT ALL

Outsourced HR Functions

Percentage of organizations that outsource various HR functions in 2025. Top five results are displayed in descending order.



Source: *2025 CHRO Benchmarking: Insights to Power People Strategy*, SHRM, 2025.

Nearly one-quarter (24%) of HR professionals say their organization outsources its HR technology, making this the most common function to be outsourced. With previous SHRM research showing the vital role of effective HR technology in driving overall HR success,[7] it is critical for HR leaders to create a well-designed, strategic approach to HR technology when considering outsourcing that effectively supports business needs.

In addition to HR technology, HR professionals cite recruiting (22%), learning and development (19%), and leadership and manager development (14%) as other key areas where they rely on external vendors for support.

However, 46% of HR professionals say their organizations do not outsource any HR functions, indicating that many HR departments manage these responsibilities internally. As the HR-to-employee ratio rises, HR leaders must ensure that key practices are effectively managed by existing HR talent while strategically identifying outsourcing opportunities that benefit both the department and the organization.

Takeaways/Implications

- Nearly half of HR professionals report that their organizations manage HR duties entirely in-house, without external vendors or support. This points to the need for HR leaders to ensure their staff is effectively managing HR-related responsibilities while strategically identifying opportunities to outsource when business needs change.
- HR technology is the most common HR function to be outsourced, emphasizing the importance of HR leaders creating a comprehensive strategy when working with third parties to ensure these services support needs across the organization.

[7] *2025 State of the Workplace,* SHRM, 2025.

CONCLUSION

HR leaders must remain both proactive and adaptable as the pace of change in the workplace continues to accelerate. For CHROs and HR leaders driving strategic human capital and talent initiatives, having access to relevant data is critical for making informed decisions that align HR functions with broader business objectives. The insights from this research provide a clear snapshot of where organizations in the U.S. currently stand across key metrics, offering leaders an opportunity to benchmark their own organization and enhance decision-making. Armed with this information, HR leaders are better positioned to steer their HR function in ways that effectively support their workforce needs and advance overarching organizational goals in today's dynamic work ecosystem.

RELATED SHRM RESOURCES

- People + Strategy Podcast: "Inside SHRM's CHRO Report: What's Next for 2025?"
- All Things Work Podcast: "The State of the Workplace in 2025: Key Trends & Strategies"
- Toolkit: Aligning Workforce Strategies with Business Objectives
- How-To Guide: How to Develop a Staffing Plan
- Article: The Surprising Reason Behind Retention and Attraction Woes
- Article: Employees Say They Are Underpaid, Worry Pay Isn't Based on Merit

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