



# 2017 Human Capital Benchmarking Report

December 2017

# HR Metrics

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- The data in this report can be customized for your organization by industry, staff size, geographic or metropolitan region, profit status (for profit/nonprofit), sector (public/private), unionized environments and more.
- The data in this report were collected from the 2017 SHRM Human Capital Benchmarking Survey. Additional reports are available in:
  - Employee Benefits Prevalence
  - Health Care
  - Paid Leave
  - Talent Acquisition

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## About SHRM

Founded in 1948, the Society for Human Resource Management (SHRM) is the world's largest HR membership organization devoted to human resource management. Representing more than 275,000 members in over 160 countries, the Society is the leading provider of resources to serve the needs of HR professionals and advance the professional practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates. Visit us at [shrm.org](http://shrm.org).

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# 18%

The average turnover rate in 2016.

## Key Findings

**Turnover:** The average overall turnover rate in 2016 was 18%. The 2016 rate is similar to the 2015 rate (19%).

**Career Path Ratio:** The average career path ratio for 2016 was 0.70. Of all the internal mobility within an organization (promotions and transfers), 70% of the movement was due to promotions.

**Target Bonus:** The target bonus percentage fell almost 20% compared with last year for both executives and nonexecutives. In 2016, the average target bonus was 8.3% for executives and 3.8% for nonexecutives.

**Succession Planning:** 43% of organizations had a succession plan in place in 2016. This represents a 27% increase from 2015 when 34% of organizations reported having succession plans. The positions most commonly included in the succession plan were the executive level (79%), senior management level (70%) and middle management level (47%).

# Statistical Definitions

## “n”

The letter “n” in tables and figures indicates the number of respondents to each question. In other words, when it is noted that  $n = 25$ , it indicates that the number of respondents 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. Conversely, the 75th percentile is the point at which 25% of the data are above it and 75% 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.

# Organizational Data

	n	25th Percentile	Median	75th Percentile	Average
Revenue per FTE	413	\$85,714	\$168,350	\$305,556	\$351,262
Net income before taxes per FTE	312	\$0	\$9,859	\$52,806	\$56,708
Gross Profit Margin	310	0.0%	8.8%	29.2%	12.1%

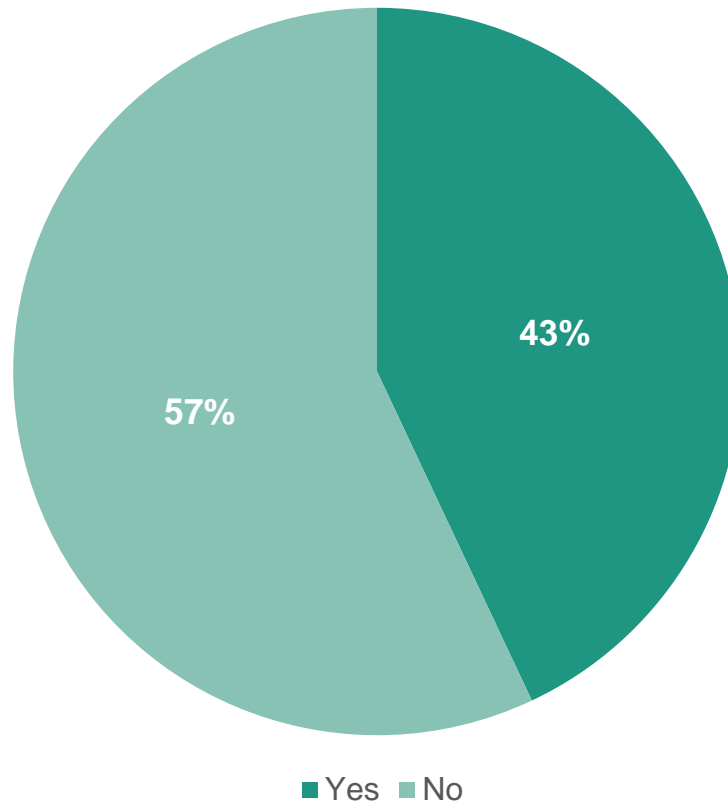
Revenue per FTE is the total amount of revenue received during an organization's fiscal year divided by the number of FTEs.

Net income before taxes per FTE is the net income before taxes divided by the number of FTEs.

Gross profit margin is the ratio of net income to revenue.

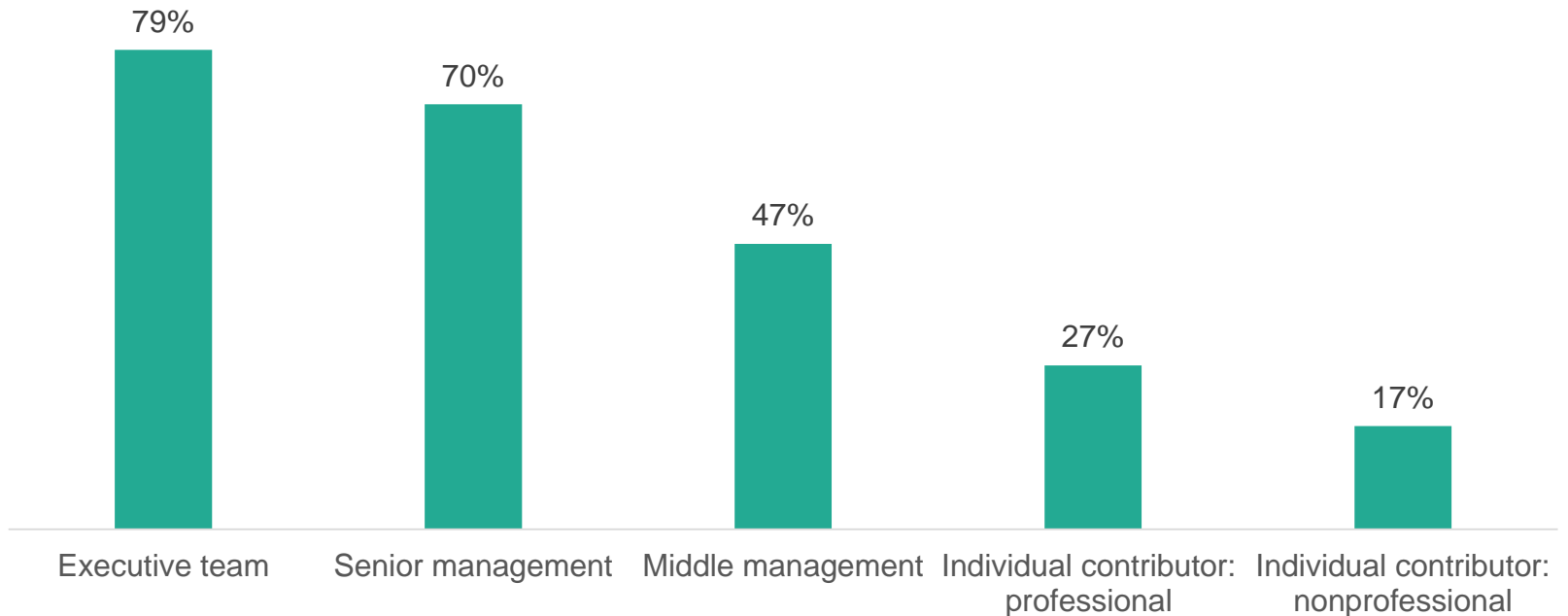
*n* = 2,048.

# Use of Succession Plans by Organizations



*Note: n = 1,560. Respondents who answered "Not sure" were excluded from this analysis.*

# Positions Included Within the Organization's Succession Plan



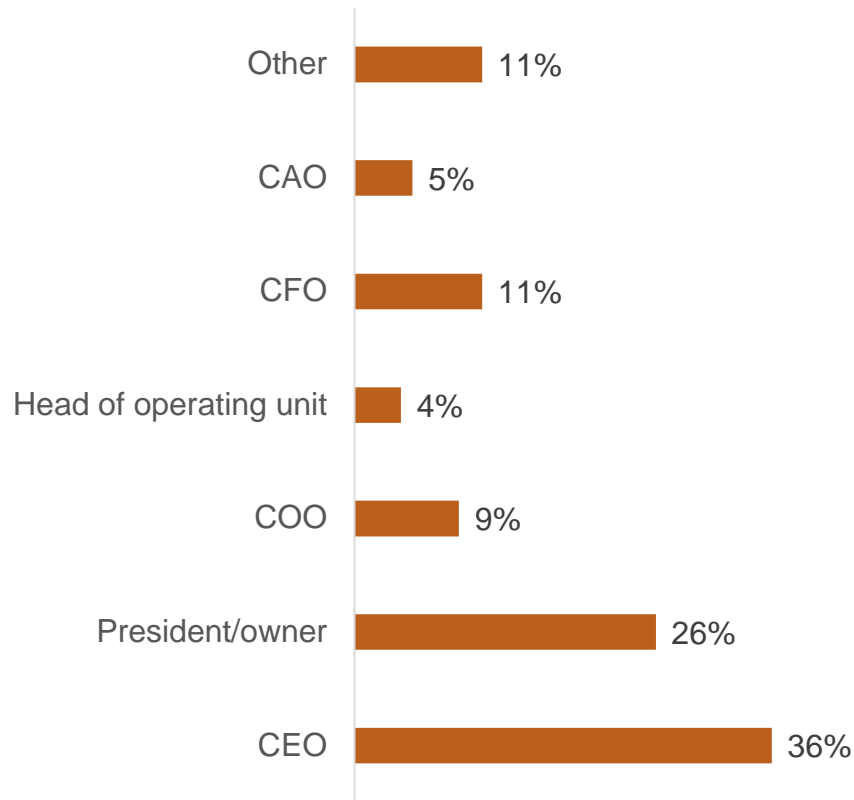
*n* = 647.



# Span of Control Data

	n	25th Percentile	Median	75th Percentile	Average
Executive level	998	4 direct reports	5 direct reports	8 direct reports	7 direct reports
Middle management	891	5 direct reports	8 direct reports	14 direct reports	12 direct reports
Nonmanagement/ individual contributors	684	0 direct reports	0 direct reports	4 direct reports	4 direct reports
Nonexempt (hourly) nonmanagement	642	0 direct reports	0 direct reports	3 direct reports	3 direct reports

# Reporting Structure for the Head of HR



*Note: n = 1,798. CEO = Chief executive officer. COO = Chief operation officer. CFO = Chief financial officer. CAO = Head of administration/chief administration officer. Percentages do not total 100% due to rounding.*

# HR Expense Data

	n	25th Percentile	Median	75th Percentile	Average
HR-to-employee ratio	1,401	.99	1.58	2.70	2.60
HR-expense-to-operating-expense ratio	220	0.6%	1.2%	2.4%	2.9%
HR-expense-to-FTE ratio	396	\$758	\$1,344	\$2,702	\$2,389

# Compensation Data

	n	25th Percentile	Median	75th Percentile	Average
Annual salary increase	981	2.0%	3.0%	3.0%	2.8%
Salaries as a percentage of operating expense	335	29.0%	45.0%	60.0%	43.9%
Target bonus percentage for nonexecutives	693	0.0%	0.0%	5.0%	3.8%
Target bonus percentage for executives	656	0.0%	0.0%	10.0%	8.3%

# Employment Data

	n	25th Percentile	Median	75th Percentile	Average
Average employee tenure	1,008	5 years	8 years	11 years	8 years
Annual overall turnover rate	1,175	6%	14%	24%	18%
Annual voluntary turnover rate	911	4%	9%	17%	13%
Annual involuntary turnover rate	883	1%	3%	8%	6%
Annual high-performer turnover rate	561	0%	0%	3%	3%

# Employment Data

	n	25th Percentile	Median	75th Percentile	Average
Promotion rate	1,093	2%	4%	8%	6%
Transfer rate	1,025	0%	1%	4%	3%
Career path ratio	874	.50	.71	1.00	0.70

# Demographics: Organization Industry

	Percentage
Professional, Scientific, and Technical Services	20%
Manufacturing	19%
Health Care and Social Assistance	16%
Administrative and Support and Waste Management and Remediation Services	14%
Educational Services	11%
Finance and Insurance	10%
Government Agencies	9%
Transportation and Warehousing	7%

*Note: n = 1,974. Percentages do not total 100% due to multiple response options.*

## Demographics: Organization Industry

	Percentage
Construction	7%
Retail Trade	6%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	6%
Information	6%
Accommodation and Food Services	5%
Wholesale Trade	4%
Utilities	4%

*Note: n = 1,974. Percentages do not total 100% due to multiple response options.*

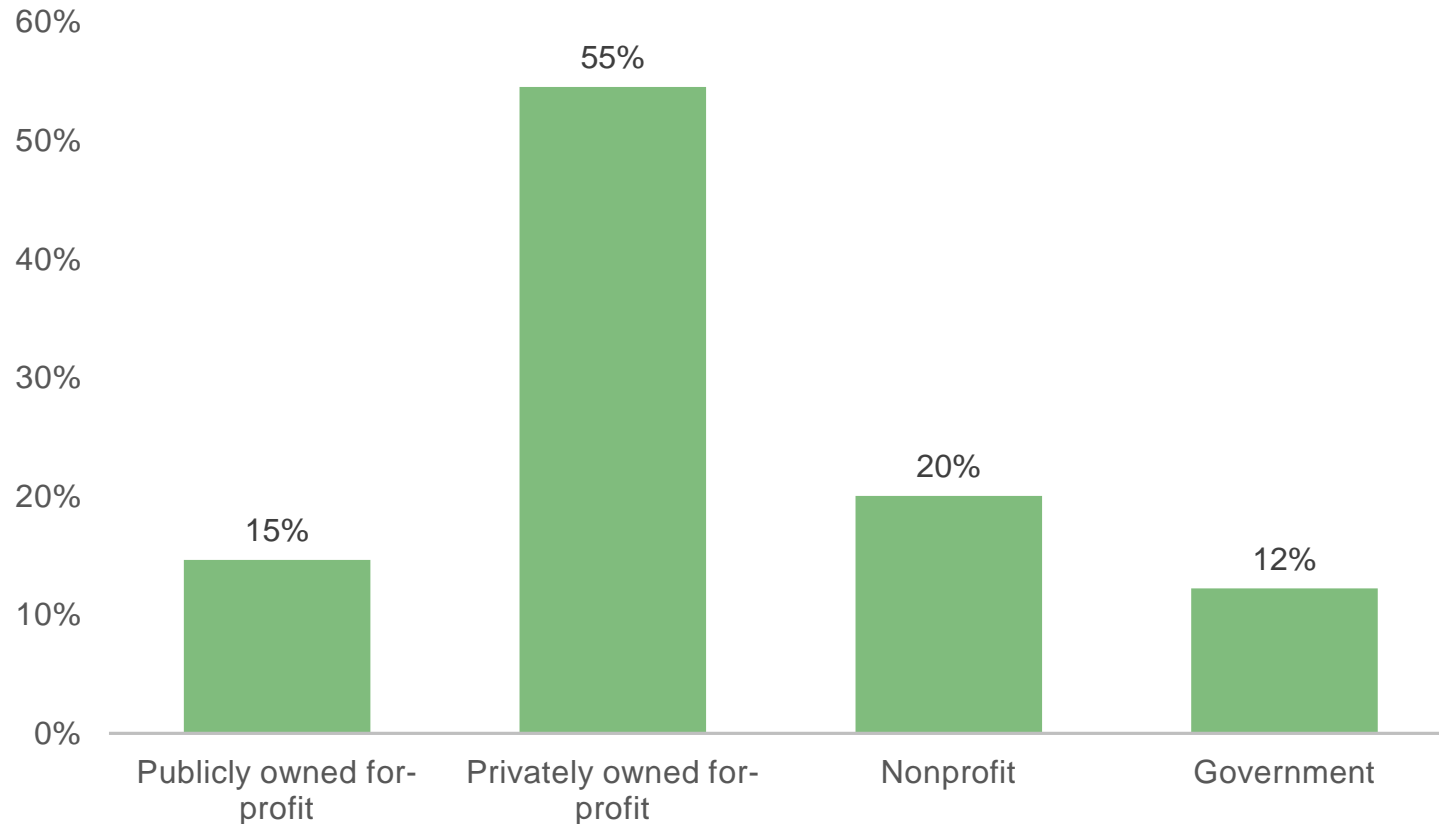


## Demographics: Organization Industry

	Percentage
Real Estate and Rental and Leasing	3%
Repair and Maintenance	3%
Arts, Entertainment, and Recreation	3%
Agriculture, Forestry, Fishing and Hunting	2%
Mining, Quarrying, and Oil and Gas Extraction	2%
Personal and Laundry Services	1%

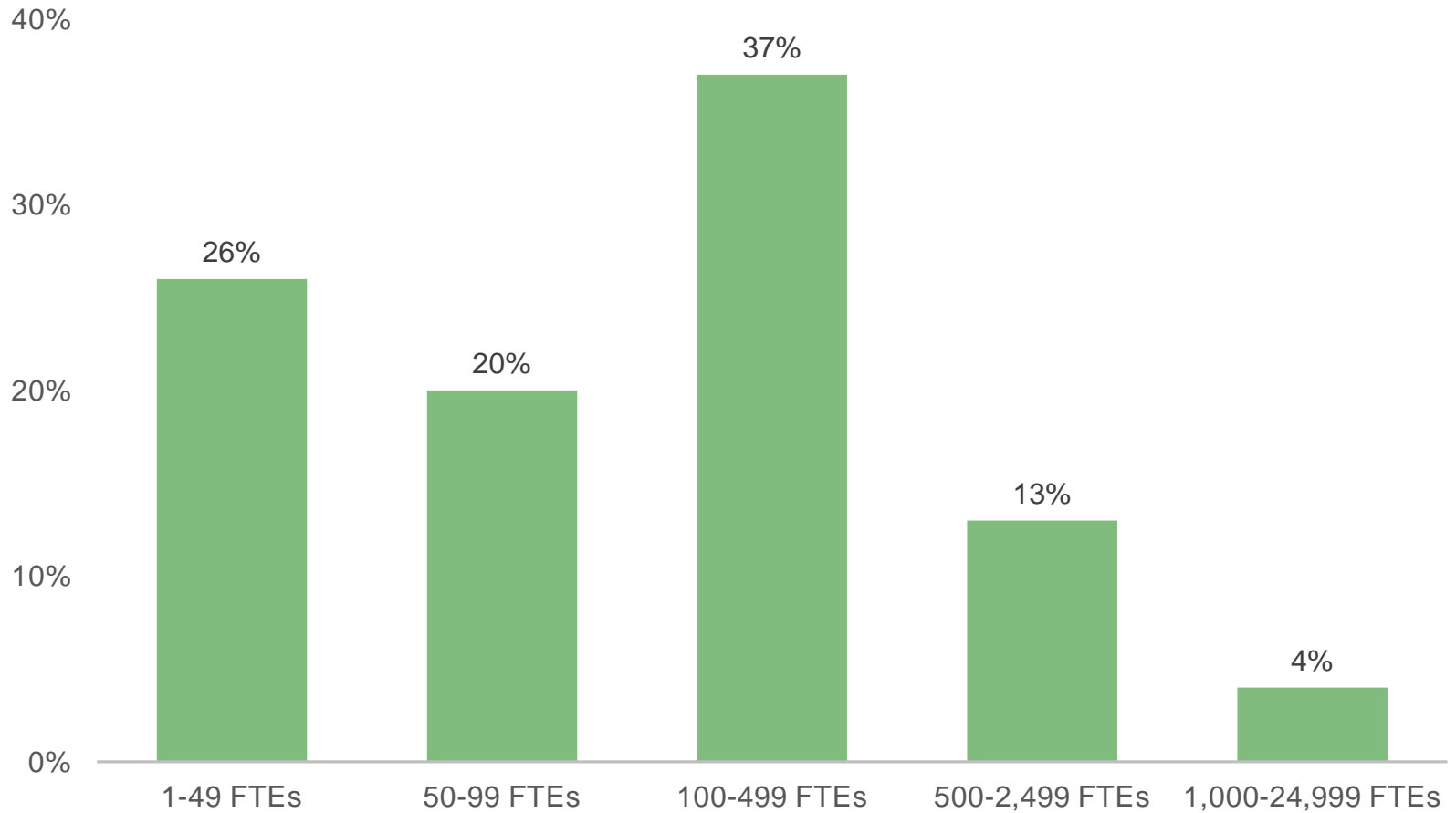
*Note: n = 1,974. Percentages do not total 100% due to multiple response options.*

# Demographics: Sectors



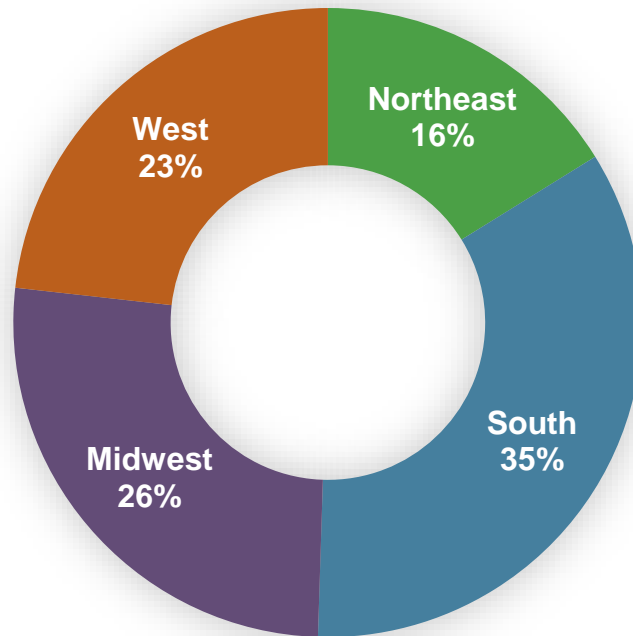
*Note: n = 1,936 Percentages do not total 100% due to rounding.*

# Demographics: Staff Size by FTE



n = 1,496

# Demographics: Census Region

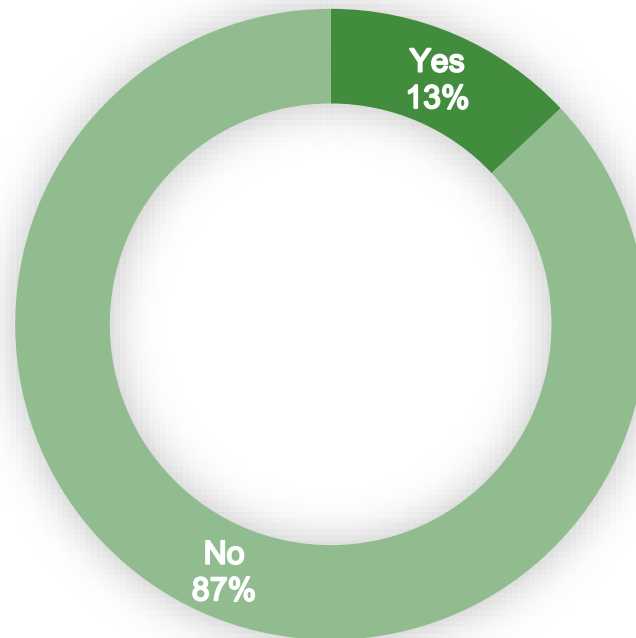


■ Northeast ■ South ■ Midwest ■ West

*n* = 1,953

# Demographics: International Workforce

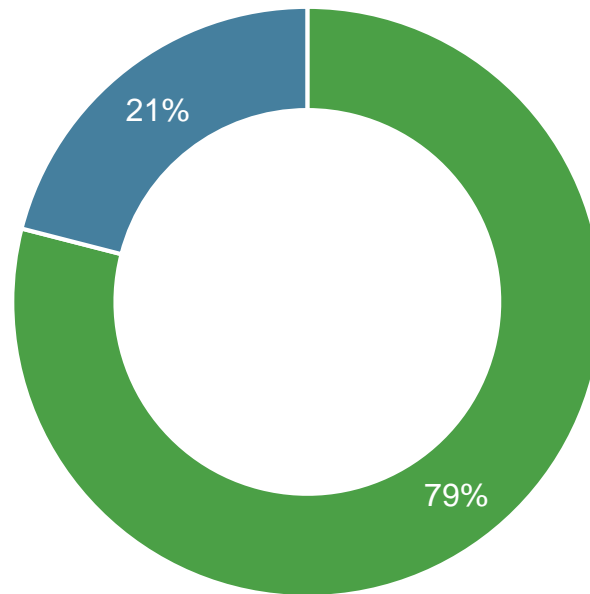
Was any of the organization's workforce based outside of the U.S.?



*n* = 1,881

# Demographics: HR Department Level

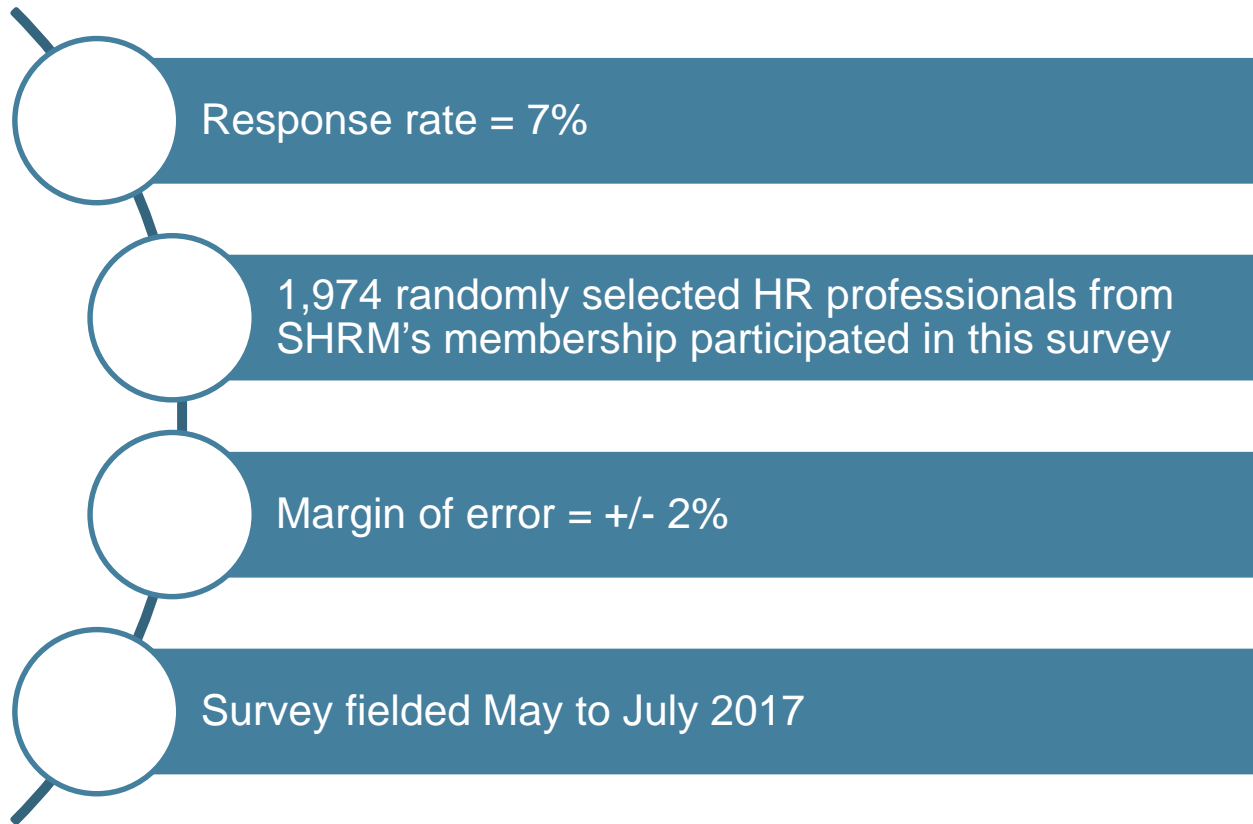
The level of HR department/function for which participants were responding when filling out the survey



- Entire organization/corporate level
- A specific business unit/work location(s)

*n* = 1,957

# Survey Methodology



# Project Contributors

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