

HR Factbook 2015: Benchmarks and Trends for U.S. HR Organizations

MODEST INCREASES SEEN IN HR SPENDING >> HR organizations spent slightly more money in 2014, with budgets up an average of 4 percent. But averages only tell part of the story. Certain industries, such as financial services and technology, reported larger budget increases than others. And organizations at different levels of HR maturity have very different spending and staffing patterns than their peers. Our latest benchmarking research, the *HR Factbook 2015*, provides detailed HR metrics so that companies can compare themselves against similar firms.

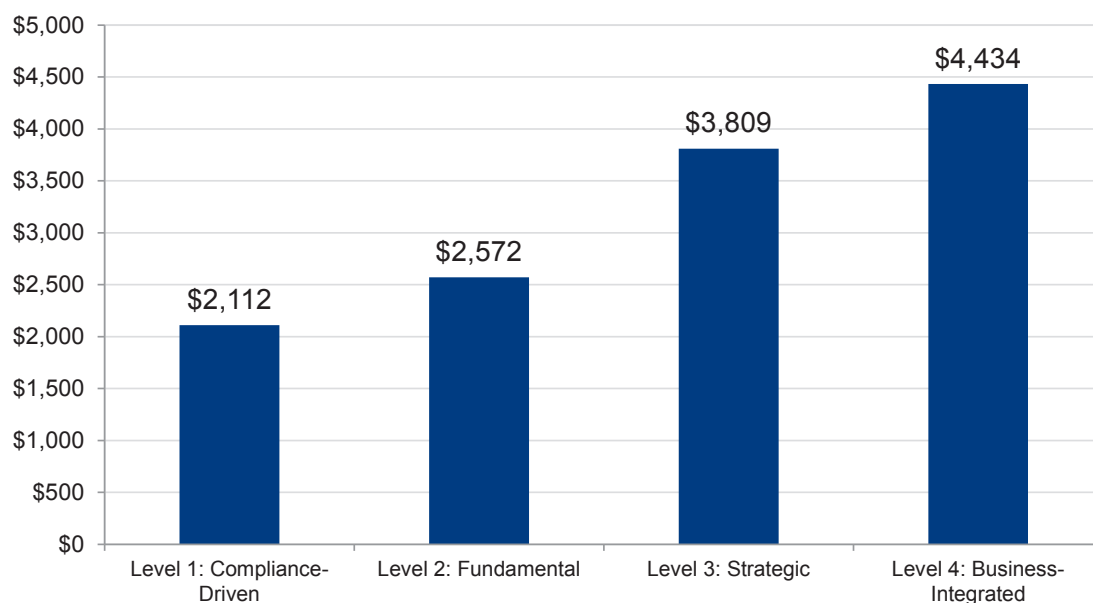
Mature HR Organizations Spend More and Increase Impact

As HR organizations become more mature, they offer a greater breadth of services and talent initiatives. Organizations at the highest level of maturity (what we call business-integrated HR) spend \$4,434 per employee, on average, as compared with just \$2,112 among those at the lowest level of maturity (compliance-driven HR) (see Figure 1).

These higher expenditures are fueled in part by greater staffing levels, as well as the different

governance models employed by mature HR functions. Compared with the least-mature organizations, business-integrated HR teams have more than twice as many HR personnel, with one HR staff person to every 64 employees. Many of these teams follow a “business-embedded” model, integrating more HR staff into the local business units to align HR and business needs. In addition, these teams are more specialist-driven, employing a higher percentage of specialists than less-mature organizations. They focus on building internal HR knowledge and skills sets, as well as connecting experts to others through communities of expertise.

Figure 1: HR Spending per Employee by Maturity Level—U.S., 2014

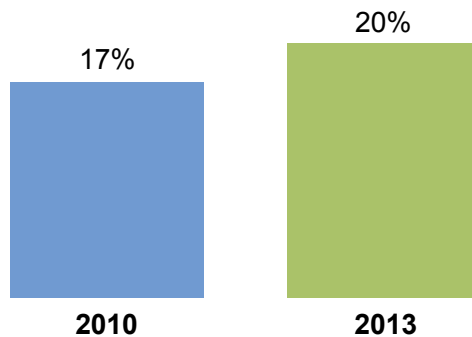


Source: Bersin by Deloitte, 2014.

Employee Turnover Rises to 20 Percent

Helped in part by the economic recovery and greater job opportunities, employee turnover is on the rise. Our study found that turnover averaged 20 percent in 2013, up from 17 percent in 2010 (see Figure 2). The majority of these separations are voluntary, at an average of 13 percent across all organizations.

Figure 2: Total U.S. Turnover, 2010 vs. 2013



Source: Bersin by Deloitte, 2014.

Improved Talent Outcomes

With the possibility of greater attrition on the horizon, companies need to recognize the critical role of employee engagement. Many organizations are realizing that employee engagement means more than connecting with employees once or twice a year through a survey. Engaging employees is a continuous process of identifying what motivates and energizes people and using that information to help employees develop and grow.¹

Our research shows that organizations at the highest level of maturity (business-integrated HR) have lower involuntary turnover compared to their less-mature peers. This is significant, as every percentage point drop in turnover can be worth millions to a large organization.² In addition, companies with business-integrated HR organizations have higher promotion rates, with 18 percent of employees in these organizations receiving promotions in 2013. Promotions help to create solid talent pipelines, enabling organizations to take a long-term view

of roles and future needs. Promotions are also important to employees, as they signal both the potential for career growth and willingness to develop talent from within. These improved talent outcomes demonstrate the potential benefits of building a mature, business-integrated HR function.

HR Benchmarks at Your Fingertips

This benchmarking study, available to Bersin by Deloitte WhatWorks® members or for purchase via our [online store](#), provides metrics and guidance to help HR executives make the right investment decisions. Bersin Enterprise members may also access our new interactive benchmarking tools, which provide self-service, online access to metrics and the ability to filter data to achieve more meaningful comparisons. These are just a few of the resources to help you evaluate and improve your HR initiatives.

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WhatWorks members select from more than 1,700 research-based resources, including more than 300 research bulletins on the latest trends, 200 case studies, and more than 90 in-depth industry studies comparing solution providers and identifying leading practices in technology assessment, selection, and implementation.

We look forward to helping you to make sense of the dynamic and complex technology environment through our WhatWorks membership and system.

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¹ For more information, *High-Impact HR: Building Organizational Performance from the Ground Up*, Bersin by Deloitte / David Mallon, Karen Shellenback, Josh Bersin, and Brenda Kowske, Ph.D., July 2014. Available to research members at www.bersin.com/library.

² For more information, *Show Me the Money: How to Secure Funding for Your Talent Analytics Business Case*, Bersin by Deloitte / Karen O'Leonard, Katherine Jones, PhD., and Sally-Ann Cooke, June 2014. Available to research members at www.bersin.com/library.