PwC Saratoga 2023 benchmarking survey results

The top four workforce trends

Saratoga

A PwC Product

The demands of the workforce remain a top priority for business leaders — and many are in the midst of taking action. Over 40% of executives are boldly reinventing their approaches to work, strategically adapting to the ever-changing dynamics of the business landscape. Also, 77% of executives confirm that talent acquisition and retention stand as the primary catalysts driving their organizations' growth. But there are many factors that define the current environment of work and talent — and organizations should navigate these forces with care.

Critical factors like talent turnover, skill shortages and global attitudes — and the way they interconnect with geopolitical, social and economic factors — have the potential to play on fears and heavily influence decision-making. This could spur hasty process changes and cost-cutting before considering all information at hand. Over 60% of business leaders are changing processes to address labor shortages and 81% of CHROs are taking at least one action to shrink the workforce.

So, how do you know if you're making decisions that reflect the most effective intentions of your business or industry as a whole? Keeping a pulse on workforce trends and industry benchmarks can help you recognize your organization's challenges in the broader trends while keeping your unique business attributes in mind. With the right targeted data your organization can be empowered to make decisions that help you operate with foresight in the ever-evolving world of work.

41%

of executives are reinventing work with strategic planning based on changing business conditions[1]

81%

of CHROs report taking at least one action to shrink the workforce to a great extent[2]

77%

of executives said hiring and retaining talent was their most critical growth driver in 2022[3]

63%

of business leaders are changing process to address labor shortages[4]

[1] **PwC US Pulse Survey**: Next in Work, 2021

[2] **PwC US Pulse Survey**: CHRO and Human Capital Leaders, 2022

[3] **PwC US Pulse Survey**: Executive Views on Business, 2022

[4] **PwC US Pulse Survey**: Managing Business Risks, 2022

PwC's annual Saratoga benchmarking report*, which surveyed nearly 400 companies across more than 20 industries, dives into four themes: turnover management; the pursuit of quality talent; diversity, equity and inclusion efforts; and the challenges and strategies surrounding the return to the workplace. The following data will give you insight into how businesses have responded to challenges over the year and help inspire new thoughts as change continues to shake out.

"Saratoga data has been a valuable input as we set up benchmarks for our own internal divisions. The dashboards we create for HR and managers show if they're on target or if they need some help. Then the HR business partners can work with them and make improvements as needed."

HR practitioner, Saratoga member company

* Unless otherwise indicated, benchmark results represent median values.

** Unless otherwise indicated, the benchmarks represent multiple industries combined. Business decisions should not be made based on the generalized information in this content.

Turnover: Employees are settling back in

The Great Resignation, also known as the Great Reshuffling, had a significant impact on the workforce, with many employees changing jobs, reevaluating priorities and undergoing a mindset shift as the world slowed to a halt and uncertainties loomed. Beyond fair compensation, many employees wanted to find jobs that were fulfilling, accepted their authentic selves and valued their well-being — and they shuffled positions, roles, organizations and even career paths to gain these benefits. This period of high employee turnover and shifting cultural demands led to a challenging labor market for many industries.

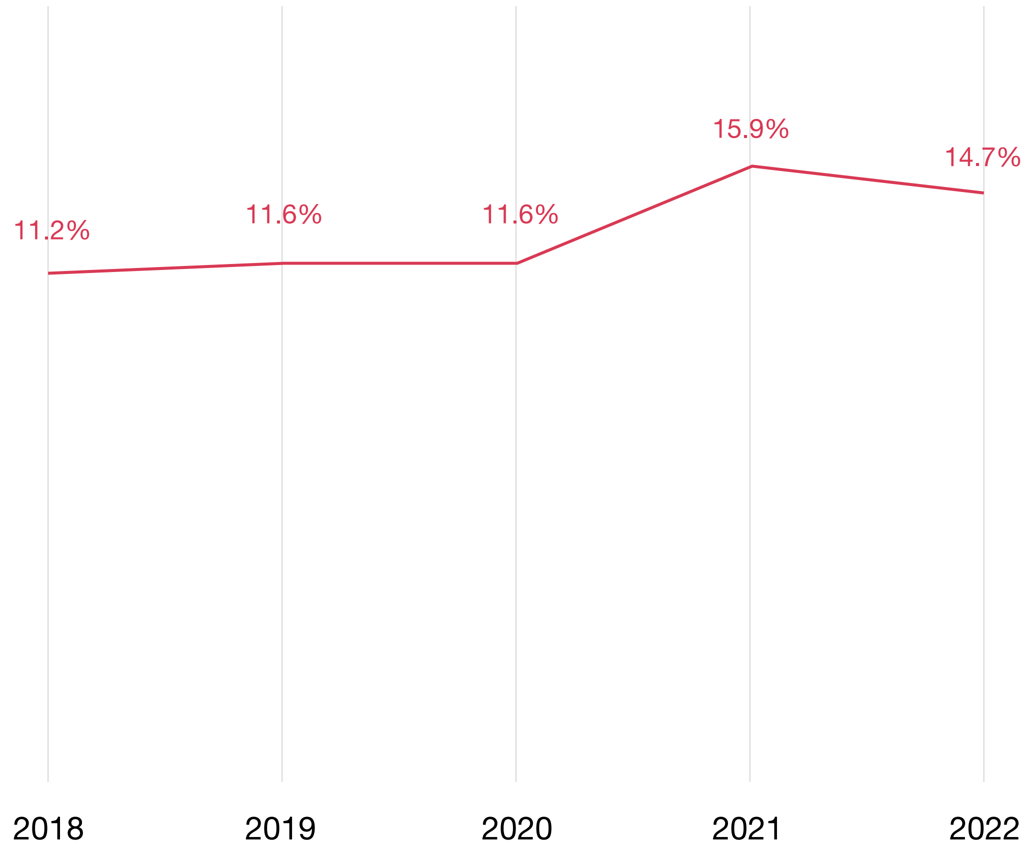
But now it looks like the churn is slowing. Saratoga's survey found that turnover rates are starting to settle down — back to pre-pandemic levels — with voluntary separation rates showing a decline in 2022 across various industries including hospital and health systems, financial services, professional services, manufacturing and technology. This stabilization suggests that organizations and employees have adapted to this new era of work and are finding ways to maintain job stability and employee engagement once again, even amid ever-changing economic conditions.

"Our vacancy rates are high — it's so competitive out there. It's reassuring to know our peers are all in the same boat. Our senior executive team is glad we're aware and competitive compared to the market and understand what's 'normal'."

HR practitioner, Saratoga member company

Following a 2021 spike, voluntary separation rate starts to return toward pre-pandemic levels

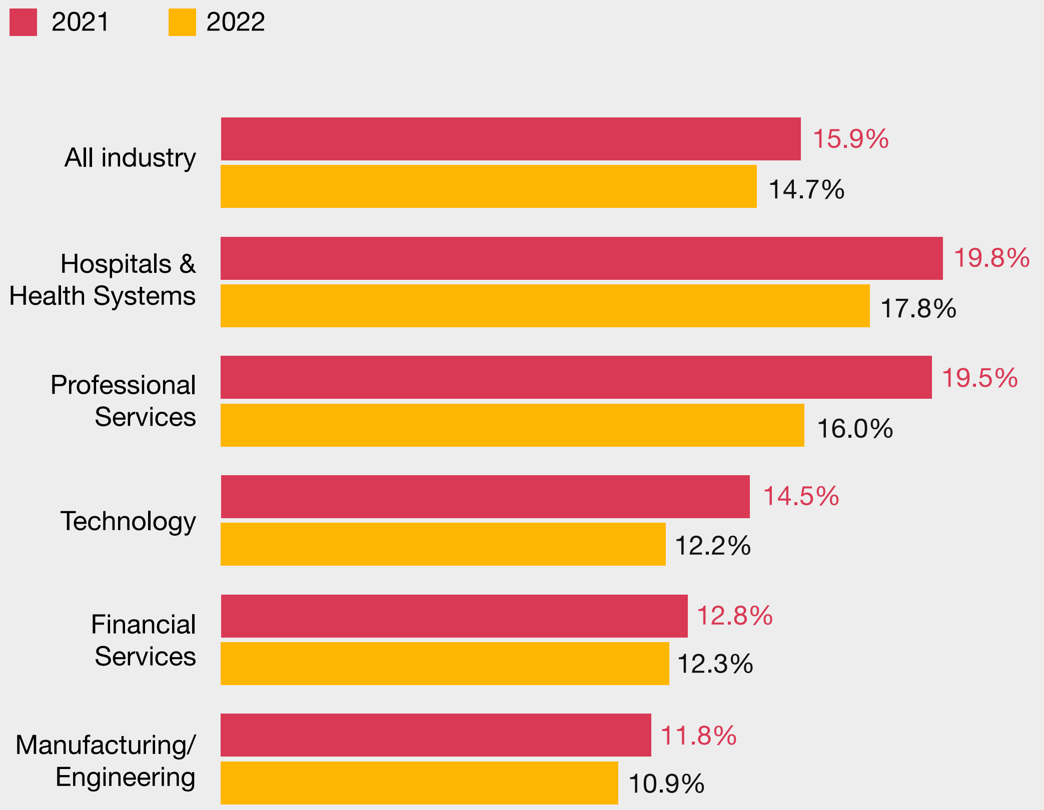
All industry voluntary separation rate



Source: 2023 Annual Saratog Benchmarking report

The Great Resignation began to lose steam across industries

Voluntary separation rate by industry

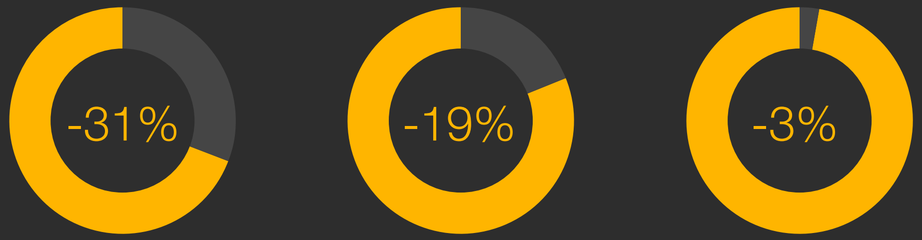


Source: 2023 Annual Saratog Benchmarking report

Talent acquisition and promotions: Mobility and hiring slowed

In 2022, as retention increased and talent gaps diminished, hiring efforts also slowed — and so did mobility. Many companies, anticipating an economic downturn, scaled back their talent acquisition efforts and implemented hiring freezes. External hires as a percentage of headcount, also called the external recruitment rate, dropped from 28.5% to 19.6% from 2021 to 2022. The promotion rate also slowed, decreasing from 12.6% to 10.2%. The mobility rate, encompassing both lateral and upward movement, experienced a decline as well.

Decline in talent acquisition efforts and mobility as turnover slowed and talent gaps narrowed



External recruitment rate	Promotion rate	Mobility rate
(28.5% → 19.6%)	**(12.6% → 10.2%)**	**(21.0% → 20.3%)**
External hires as a percent of employee headcount	Percent of headcount promoted	Percent of headcount experiencing lateral or upward movement

Source: 2023 Annual Saratog Benchmarking report

Organizations saw longer hiring journeys

The hiring slow-down is reflected in ‘time to accept’ rates, which is the time it takes from the opening of a requisition to the date a candidate accepts an offer. Organizations can leverage this benchmark to understand how quickly they can fill open positions, particularly for roles that are challenging to fill, and make headway on process improvements.

For external hires, the time to accept increased from 41 days to 54 days from 2021 to 2022 – after having decreased from 2020 to 2021. This longer time-to-accept period can result from factors such as candidates considering offers from competitors, a sluggish labor market or an inefficient recruiting and hiring process.

+32%

External hires time to accept

(41 days → 54 days)

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

Continued rise in first year turnover

High turnover within the first year can negatively impact team productivity, cause stress and affect morale. It can also lead to wasted time and costs associated with recruiting, compensation and administration.

In 2022, there was a rise in turnover for employees within their first year of service, continuing the trend from the prior year. This may indicate a misalignment between hires and organizational culture, a mismatch between hires and their job roles or deficiencies in the onboarding process and post-onboarding support for new hires.

One could also argue that hasty hiring and recruitment practices in response to the Great Resignation/Reshuffling may have contributed to high first year attrition. As hiring slows down, organizations may see first year turnover level out.

+7%

First year of service turnover rate

(26.1% → 28.0%)

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

Takeaways for recruiting and onboarding

To help curb the churn of employees in their first year, it's important for companies to prioritize honest and transparent alignment of company expectations with candidates during the recruiting process. Recruiters should avoid overselling roles or making unrealistic promises solely to fill requisitions. Hiring individuals with the appropriate skills and establishing a high-quality onboarding and training experience can help as well. A high first-year turnover rate underscores the need for employee listening (like the Listen Platform, a PwC product) such as surveys and other methods, to gather feedback and use real data to help improve the hiring and onboarding process, ultimately enhancing the new hire experience and increasing employee engagement.

"Our HR team looks at how we're benchmarking with others, especially in the area of talent acquisition. 'Do we have the right size team? What's the right ratio of recruiters to the number of business units they support?' Saratoga data helps with our planning."

HR practitioner, Saratoga member company

Diversity, equity and inclusion (DEI): Efforts shows promise

Diversity of thought brings more ideas to the table and adds fresh perspectives — key elements of innovation and growth. Diverse leaders can also serve as mentors and role models, leveling opportunities for advancement, closing the gaps in disparities, creating more balanced representation in decision-making and securing a pipeline of diverse leadership.

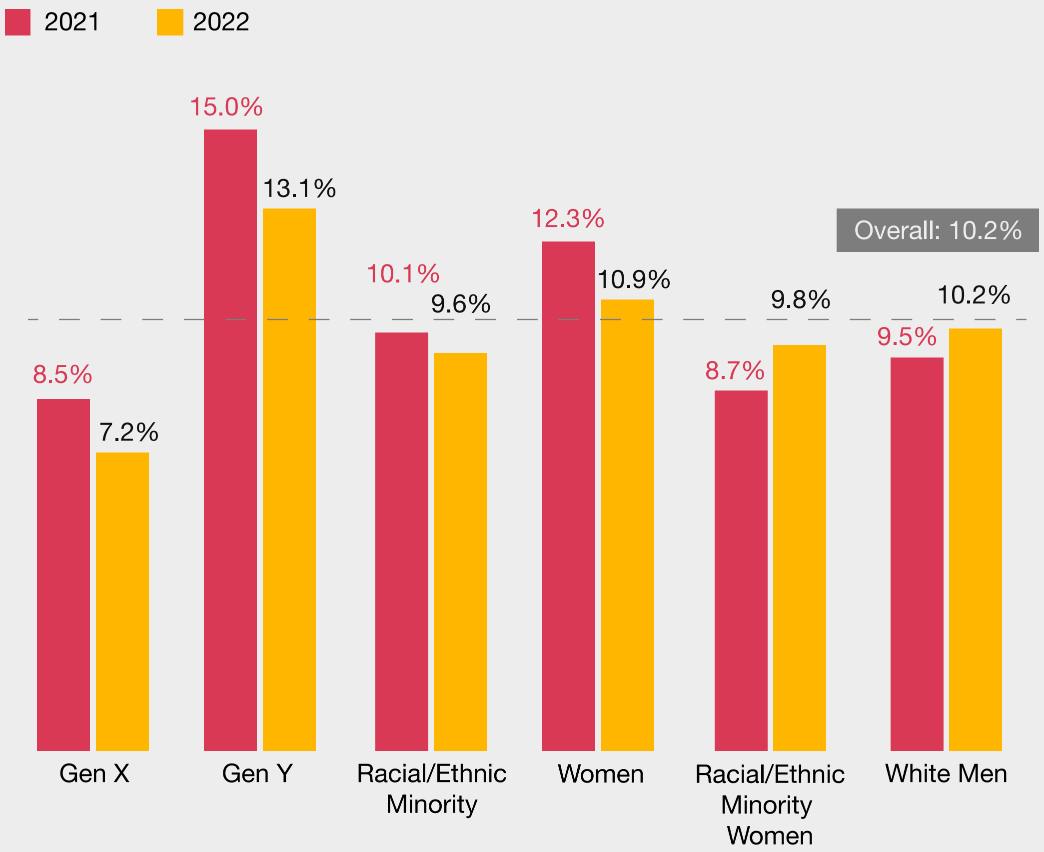
Recognizing this importance, many organizations continue to prioritize diversity, equity and inclusion (DEI) initiatives as they understand the positive impact they have on employee engagement and overall business outcomes.

Progress in promotions

There is some progress related to advancement opportunities across various groups. Promotion rates increased for racial/ethnic minority women from 2021 to 2022 — approaching parity with white men. However, promotion rates for other groups such as racial/ethnic minorities, women as a whole, Generation X and Generation Y experienced declines.

Heading toward a more equitable organization

Promotion rate



Definitions:

- Racial/Ethnic Miority: Employees who are of American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or other Pacific Islander, Hispanic or Latinx background, or classified as Two or More Races.
- Generation X: Employees born between 1961-1981.
- Generation Y: Employees born between 1982-2000.

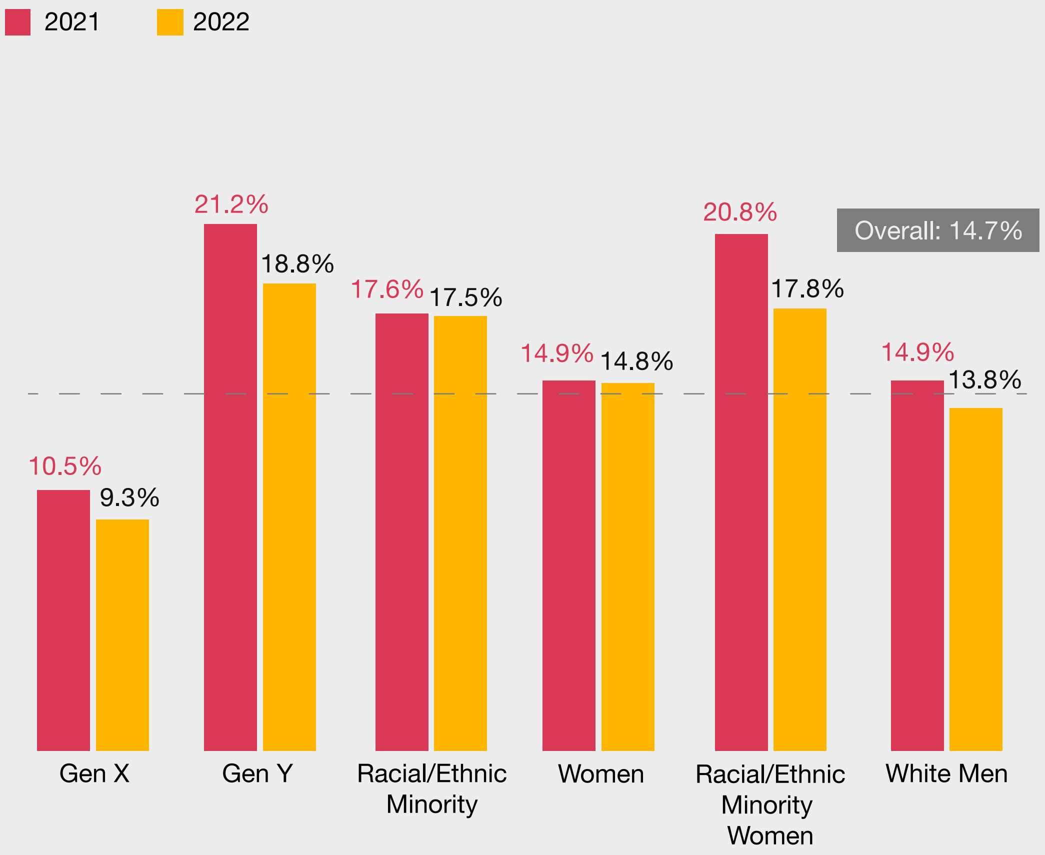
Source: 2023 Annual Saratog Benchmarking report

Fluctuation in retention

Voluntary separation rates also differ across groups, with racial/ethnic minority women, Generation X and Generation Y employees showing improvements from 2021 to 2022, whereas other groups have remained nearly stagnant. While promotions are increasing, more attention is needed to address turnover within some employee groups. Deep-diving into results and leveraging employee listening mechanisms (like the Listen Platform, a PwC product) can help provide data-based insights into the factors influencing engagement and departure for specific employee populations.

Improvement in retention of some groups but not in others

Voluntary separation rate



Definitions:

- Racial/Ethnic Miority: Employees who are of American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or other Pacific Islander, Hispanic or Latinx background, or classified as Two or More Races.
- Generation X: Employees born between 1961-1981.
- Generation Y: Employees born between 1982-2000.

Source: 2023 Annual Saratog Benchmarking report

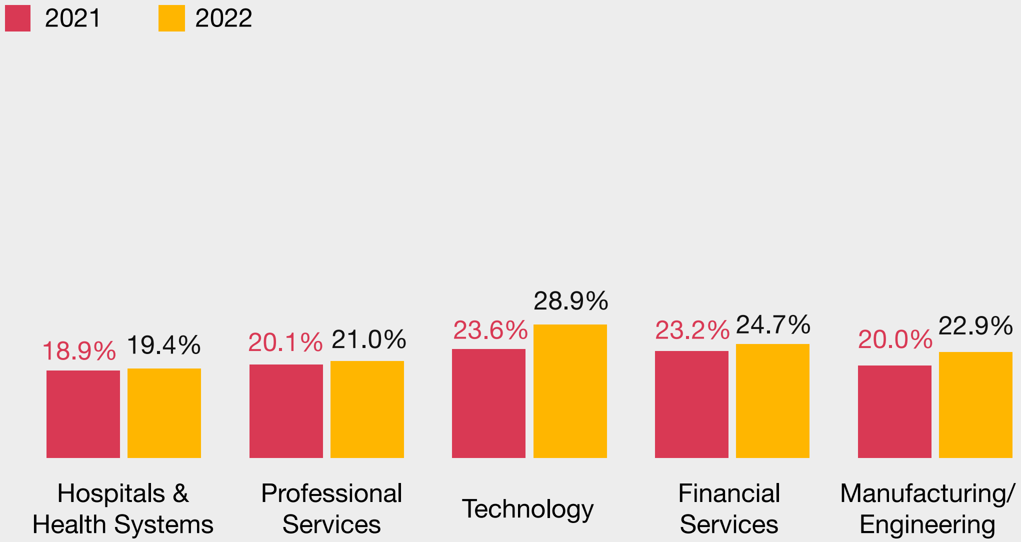
Representation is improving but not consistently

Representation at the management level continues to vary widely by industry. The percentage of racially/ethnically diverse employees in management increased across industries from 2021 to 2022, with the technology sector showing the highest growth. However, the representation of women in management in technology remains low compared to other industries.

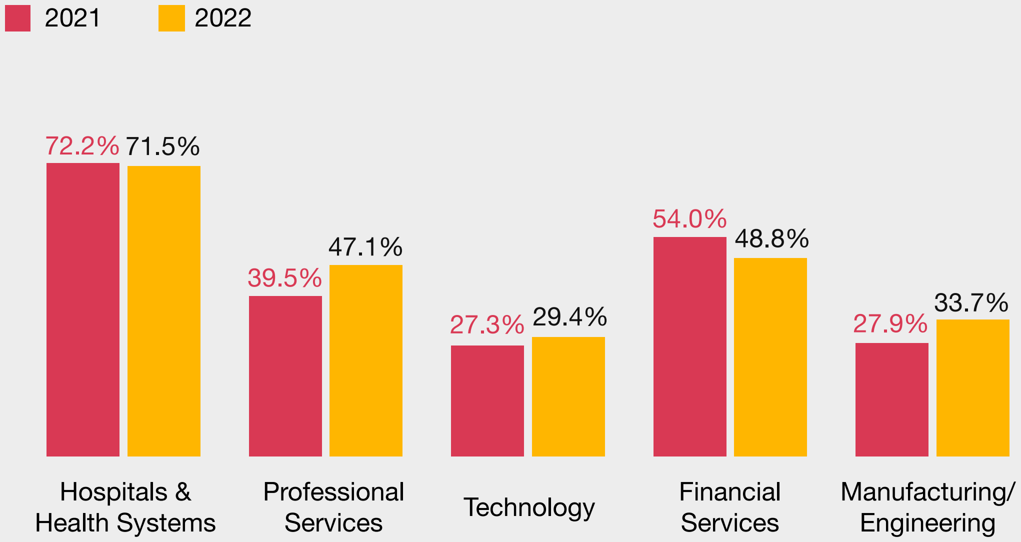
Hospitals and health systems have the highest percentage of women in management positions. Unlike most other industries, in financial services, the women management headcount percent decreased from 2021 to 2022.

Representation at the management level varies by industry

Racial/Ethnic minority management headcount percent



Women management headcount percent



Source: 2023 Annual Saratog Benchmarking report

Industries are addressing DEI differently

The number of full-time equivalents (FTEs) dedicated to DEI initiatives differs across industries. Some industries have increased their focus on DEI, while others have seen a decline. Notably, technology companies have experienced cuts in their DEI function, contrasting with the trend of expansion seen in professional services companies.

To build truly equitable and inclusive workplaces, it takes ongoing measurement, analysis and targeted initiatives. Companies with larger DEI functions tend to implement new programs and initiatives, leveraging benchmarking and analytics to inform their strategies.

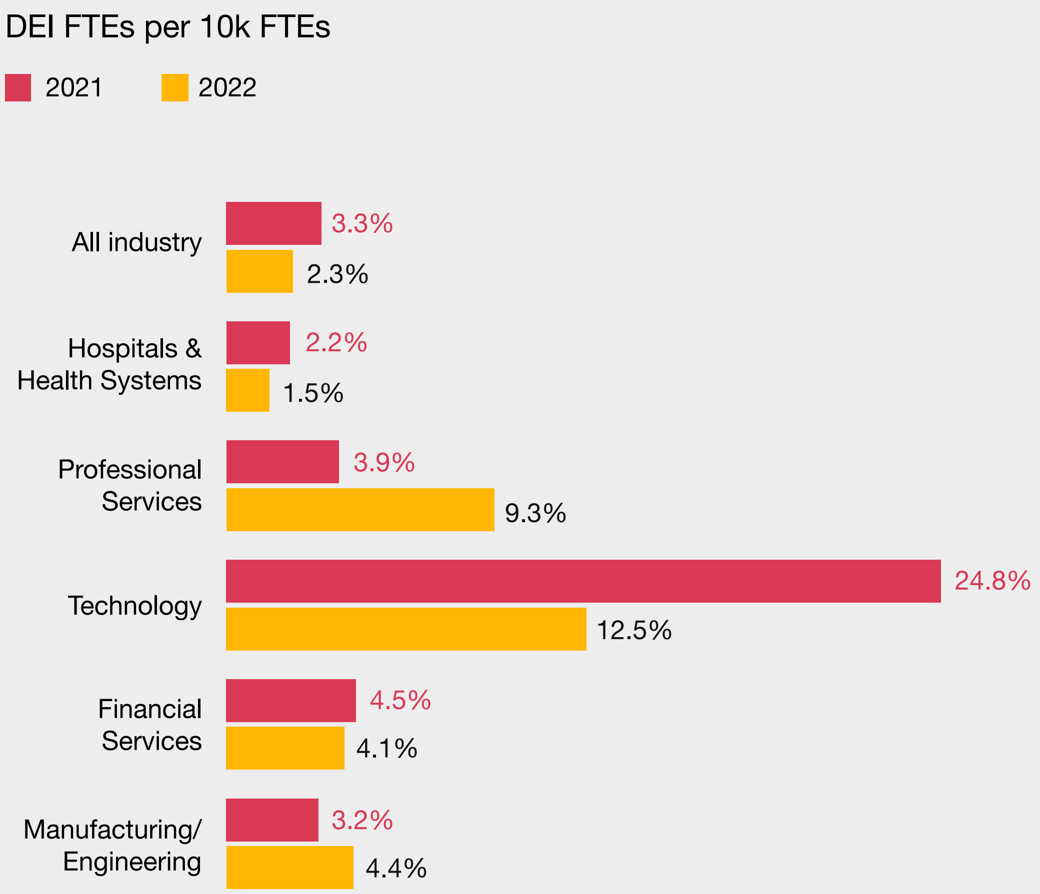
A holistic approach typically involves establishing a vision and strategy through workshops and alignment with the company's purpose, values, culture and business.

Employee listening programs, dashboards with comparison benchmarks, pay equity analyses and other data-driven approaches can help shape DEI efforts, fostering workplace equality, diverse recruitment and holistic policies.

"Our DEI team is always interested in seeing the Saratoga data, whether it's turnover or headcount, or really anything to do with diversity. It helps them assess the progress of our programs and provides a sense of where we are relative to our peers."

HR practitioner, Saratoga member company

Industries are addressing DEI differently



Source: 2023 Annual Saratog Benchmarking report

Return to the workplace: No one-size-fits-all

The return to the workplace has become a significant topic of discussion among organizations as they settle further into post-pandemic life. Overall, there seems to be a gap in expectations between organizational leadership and employees.

According to PwC's 2022 Pulse Survey, which involved CHRO and human capital leaders, nearly half of the CHROs expect workers to be physically present for 4 to 5 days per week. Forty-six percent of workforce leaders consider on-site presence when determining raises and bonuses and close to 80% of workforce leaders believe that management favors in-person workers over remote employees.

47%
of CHROs expect workers in-person 4-5 days per week

46%
of workforce leaders say they're taking on-site presence into account when determining raises and bonuses

79%
of workforce leaders believe management favors in-person workers over remote employees

In PwC’s 2022 Global Workforce Hopes and Fears Survey, 62% of workers said they prefer some mix of in-person and remote work and 63% said they expect their company to offer that kind of approach in the next 12 months, compared with 72% in the 2021 survey. Only 11% of employees prefer full-time in-person work — and only 18% actually believe that their employer is likely to require it.

Across industries, there is a broad range in how companies are addressing the return to the workplace. For example, Saratoga benchmarks show that two large industries, financial services and hospitals and health systems, demonstrate this difference.

No one-size-fits-all approach to return to workplace

Percent of employees fully in-person

6.9%
Financial Services

85.3%
Hospitals & Health Systems

Percent of employees fully remote

7.2%
Hospitals & Health Systems

32.7%
Financial Services

Source: 2023 Annual Saratog Benchmarking report

Financial services companies had around 7% of employees working fully in-person, whereas hospitals and health systems had approximately 85%. The percentage of fully remote employees ranged from about 7% in hospitals and health systems to around 33% in financial services.

These findings demonstrate the varied approaches that different industries are taking regarding the return to the workplace based on factors like the nature of jobs, employee preferences, performance metrics and more. But no one-size-fits-all and it's up to organizations to choose what's most effective for the business and their employees.

"Sometimes our senior management expects to see certain results in our data, and we can say, 'Well, that's not what the market is showing.' Saratoga helps us level-set with upper management. It's been very helpful."

HR practitioner, Saratoga member company

Make workforce stability a reality with data

Turnover and retention are gradually returning to pre-pandemic levels, which many leaders see as a positive change. But talent acquisition processes have also been impacted, with extended timelines that have slowed hiring times and decreased mobility rates. Though progress toward greater diversity, equity and inclusion is evident across many organizations, the pace and success vary by industry, indicating the need for further work. Overall, there is a sense of hope and anticipation for the future as organizations navigate these evolving trends and strive to create better workplaces.

Drive workforce decisions with Saratoga benchmarking

Saratoga member companies leverage industry-specific workforce and HR benchmarks to inform executives about the current state of their workforce, identify areas that may need attention and populate their workforce dashboards.

The Saratoga database includes 1,000+ metrics from nearly 400 companies across 20 industries and updates data each year in order to produce HR and workforce benchmarks across all areas of workforce performance, the employee lifecycle and HR effectiveness.

These benchmarks help executives, CHROs, HR subfunction leaders and analysts answer important questions about their current situations, set goals and understand the impact of their investments. Companies use Saratoga to help measure and improve the employee experience, turnover and retention, DEI, reduction in force, recruiting, spans and layers, remote work, productivity and expenditures. Saratoga's benchmarks cover various dimensions such as gender, race, ethnicity, age, job function, level, employee type, location, performance and tenure. Peer comparisons are also available for HR sub-functions and processes.

Saratoga 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

Saratoga 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

Saratoga workforce benchmarks can empower you to help create better employee experiences by providing deep insights about your workforce and comparisons against your industry peers.

Having data like this is invaluable as you build and execute on your workforce strategy and improve employee engagement and experiences.

Learn more about Saratoga.

Contact us

Saratoga

A PwC Product