

Key Workforce Metrics

SuccessFactors Benchmarks
2014 Edition

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Retention Rate

High turnover can have severe consequences for an organisation in terms of cost, efficiency, productivity and customer service. High turnover can exert this effect through the cost of recruitment, cost of training new employees and interim replacement staff, and lost productivity as new employees take time to reach full capacity. Effects can also be shown on morale, workload and stress levels of existing employees. An organisation with a low Retention Rate must implement strategies to address this. To formulate action for improvement, additional data will also be required, such as exit data, employee satisfaction surveys and 360 degree feedback.

Staffing Rate - Approaching Retirement Eligibility

As the Australian workforce is gradually ageing, organisations need to address issues such as the impending retirement of a large group of people. This will require organisations to design and implement strategies in relation to knowledge management, succession planning and skills replacement, particularly in professional and managerial roles. So, organisations will need to understand how many people are approaching retirement age to effectively plan for this transition period and manage their ongoing business.

Generation Ratio - Silents & Boomers/Generation XY

This measure will be most useful for organizations that expect to experience significant knowledge drain from retirements in future periods or those that believe their labour flow dynamics are changing the age composition of their workforce.

Average Workforce Tenure

This measure will be most useful for organisations that perceive they have a very low or high tenured workforce or that expect to experience significant knowledge drain from a retiring baby boomer employee population that has very high tenure.

Unscheduled per Employee

This measure indicates the average amount of lost time (in days) the organisation is incurring per employee. This includes lost time for sick leave, worker's compensation, family leave and miscellaneous reasons.

Net Recruitment Ratio

Net Recruitment Ratio shows the number of total external recruits that replaced terminating employees. It is a useful measure to determine the expansion/contraction of the workforce. For instance, if your organisation had a strategy of downsizing through attrition or restructuring, a result of less than one would be expected. This indicates that the organisation recruited fewer employees than the number that terminated during the reporting period. On the other hand, your organisation may be in a growth stage and thus be favouring a result of more than one, indicating investment in additional human resources to manage the growth.

Career Path Ratio

Career Path Ratio will be most useful for organisations that regard internal movement of employees as strong developmental opportunities or that focuses on promotions to gauge success of internal grooming of Managers, performance management process controls or remuneration cost management.

Employee-Initiated Separation Rate

Employee-Initiated Separation Rate measures the percentage of employees who left the organisation on their own volition during the reporting period, for reasons such as resignation, transfers, or retirement. Employee-initiated separations are thus different from organisation-initiated separations such as redundancies. A result of 15% means that employee-initiated separations equated to 15% of the workforce.

Retention Rate

The percentage of employees retained during the reporting period

$$\frac{\text{Start of Period Headcount} - \text{Total Terminations} + \text{Total External Recruits}}{\text{Start of Period Headcount} + \text{Total External Recruits}}$$

Definitions

Start of Period Headcount Actual number of people employed at the start of the reporting period.

Total Terminations The total number of employee terminations for whatever reason during the period.

Total External Recruits Total number of recruits appointed from outside of the reporting organisation.

Purpose

High turnover can have severe consequences for an organisation in terms of cost, efficiency, productivity and customer service. High turnover can exert this effect through the cost of recruitment, cost of training new employees and interim replacement staff, and lost productivity as new employees take time to reach full capacity. Effects can also be shown on morale, workload and stress levels of existing employees. An organisation with a low Retention Rate must implement strategies to address this. To formulate action for improvement, additional data will also be required, such as exit data, employee satisfaction surveys and 360 degree feedback.

Employee retention is a function of the organisations culture and structure, management quality, recruitment and selection practices, compensation policies and career development systems and opportunities and can be seen as an outcome indicator of the combination of these factors. The reasons for a low result on this measure (i.e. a low rate of retention) should be investigated further by the use of methods such as post-exit surveys.

How to Use

Retention Rate for a specified period measures the start of period headcount plus any external hires during the reporting period less terminations as a percentage of the start of period headcount and external hires. This measures the extent to which employees that were included in the start of period headcount were retained throughout the period.

Retention Rate provides a slightly different perspective on turnover than Separation Rate. Rather than comparing all separations in a period to the average headcount in that period, Retention Rate views retained employees against total headcount for the year. Some organisations prefer to track Retention Rate as a more positive view on the turnover issue than provided by Separation Rate. Note - organisations may use variations of this Retention Rate formula using only average headcount or start of period headcount as a denominator.

NOTE: External Hires are included in both the numerator and denominator for Retention Rate to ensure that any short tenure terminations don't have an effect on the result. The goal for the measure is to show what percentage of employees that were present at the start of the period were retained.

Targets

Most organisations target their Retention Rate results toward the 75th percentile or above within a relevant benchmark group. Depending on industry and labour market conditions this often translates to an absolute target between 90 and 95% at the total organisational level. Organisations might have lower targets if they expect temporary fluctuations (e.g. reorganisations) or if they are working from a very low result gradually increasing to a higher level over a period of years.

Relationships & Dependencies

The overall termination rate, training expense per FTE and the total compensation per employee are measures that should be investigated in conjunction with the Retention Rate. Low results on either of the training or compensation measures may indicate that the organisation is not investing enough in the skills of its employees and/or is not competitive in the labour market. In addition, time to fill positions may be informative in that a very low time to fill can indicate that a brief and possibly inadequate recruitment and selection process was used in choosing the candidate. In some cases, terminations may be organisation-initiated and therefore the employee growth rate should also be reviewed in assessing whether the Retention Rate is in line with the organisation's headcount strategies. Net hire ratio is also useful when considering whether the organisation is expanding or contracting in size.

2014 Results

The desired range for *Retention Rate* is the 75th percentile or more. The 2014 All Industries 75th percentile for *Retention Rate* is 91.93%. This is a slight increase from the 2013 All Industries 75th percentile of 90.88%.

Retention Rate

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	77.59%	81.92%	86.17%	91.93%	93.99%	18
Federal Government	83.60%	84.79%	86.71%	93.50%	95.11%	9
Other	84.31%	84.96%	88.74%	90.98%	93.41%	12
Public	77.94%	85.41%	86.15%	91.56%	94.15%	10

Region

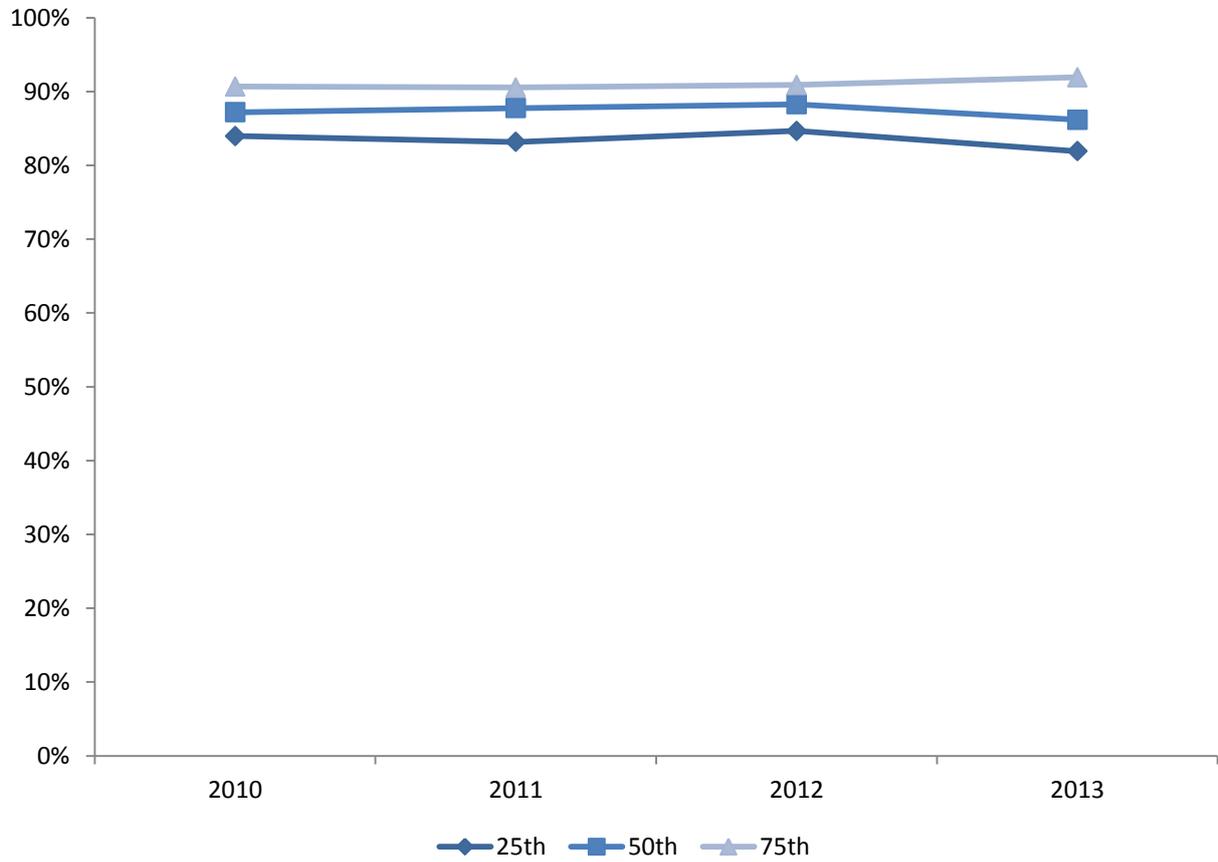
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	83.60%	84.79%	86.71%	93.50%	95.11%	9
ACT & NSW	80.82%	85.60%	86.18%	90.67%	93.73%	11
New South Wales	72.22%	78.14%	85.22%	86.18%	88.14%	9

Size

Size	10th	25th	Median	75th	90th	No.
> 5000	83.90%	85.92%	87.84%	92.98%	95.00%	8

Trend Results

All Industry



Staffing Rate - Approaching Retirement Eligibility

Percentage of employees approaching retirement age at the end of the reporting period

$$\frac{\text{End of Period Headcount Approaching Retirement Eligibility}}{\text{End of Period Headcount}}$$

Definitions

End of Period Headcount - Approaching Retirement Eligibility The number of people approaching retirement age at the end of the reporting period.

End of Period Headcount Actual number of people employed at the end of the reporting period.

Purpose

As the Australian workforce is gradually ageing, organisations need to address issues such as the impending retirement of a large group of people. This will require organisations to design and implement strategies in relation to knowledge management, succession planning and skills replacement, particularly in professional and managerial roles. So, organisations will need to understand how many people are approaching retirement age to effectively plan for this transition period and manage their ongoing business.

How to Use

While organisations should not discriminate against staff on the basis of age, analysing the organisation's age profile provides insight into the availability of staff and associated issues. In particular, organisations should track retirements over time to understand their retirement trends and patterns in conjunction with their superannuation's arrangements and number of staff approaching retirement eligibility. This is important for forecasting future workforce availability and is a critical element in workforce planning.

Full eligibility for minimum retirement age can differ by organization and factors both the Age and the Organization Tenure of the employee. For a baseline Approaching Retirement Eligibility is represented here by all employees over the age of 55 and does not include tenure as a factor for the overall result.

Internal drill downs may reveal departments with different age profiles which may impact on organisational performance. For example, if a number of staff from one area is nearing retirement this could have a detrimental impact if there is no replacement strategy in place.

Targets

Organizations are likely to target the median or below of a comparable benchmark group. This is because companies will not likely want to be more significantly more susceptible to retirement costs or brain drain than their competitors.

Relationships & Dependencies

The result for this measure should be examined in conjunction with the following measures:

Generational Staffing and Net Recruitment Ratios

Average Workforce Age & Tenure

Management Staffing Factor

2014 Results

The desired range for *Staffing Rate - Approaching Retirement Eligibility* is between the 25th and median percentiles. The 2014 All Industries 25th percentile for *Staffing Rate - Approaching Retirement Eligibility* is 9.66%. The All Industries 25th percentile has decreased from 2013 (12.12%).

Staffing Rate - Approaching Retirement Eligibility

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	7.35%	9.66%	14.90%	21.32%	23.32%	18
Federal Government	7.97%	10.25%	14.17%	15.59%	18.05%	9
Other	8.59%	11.23%	15.59%	22.42%	24.53%	11
Public	9.03%	11.85%	16.49%	22.46%	24.55%	11

Region

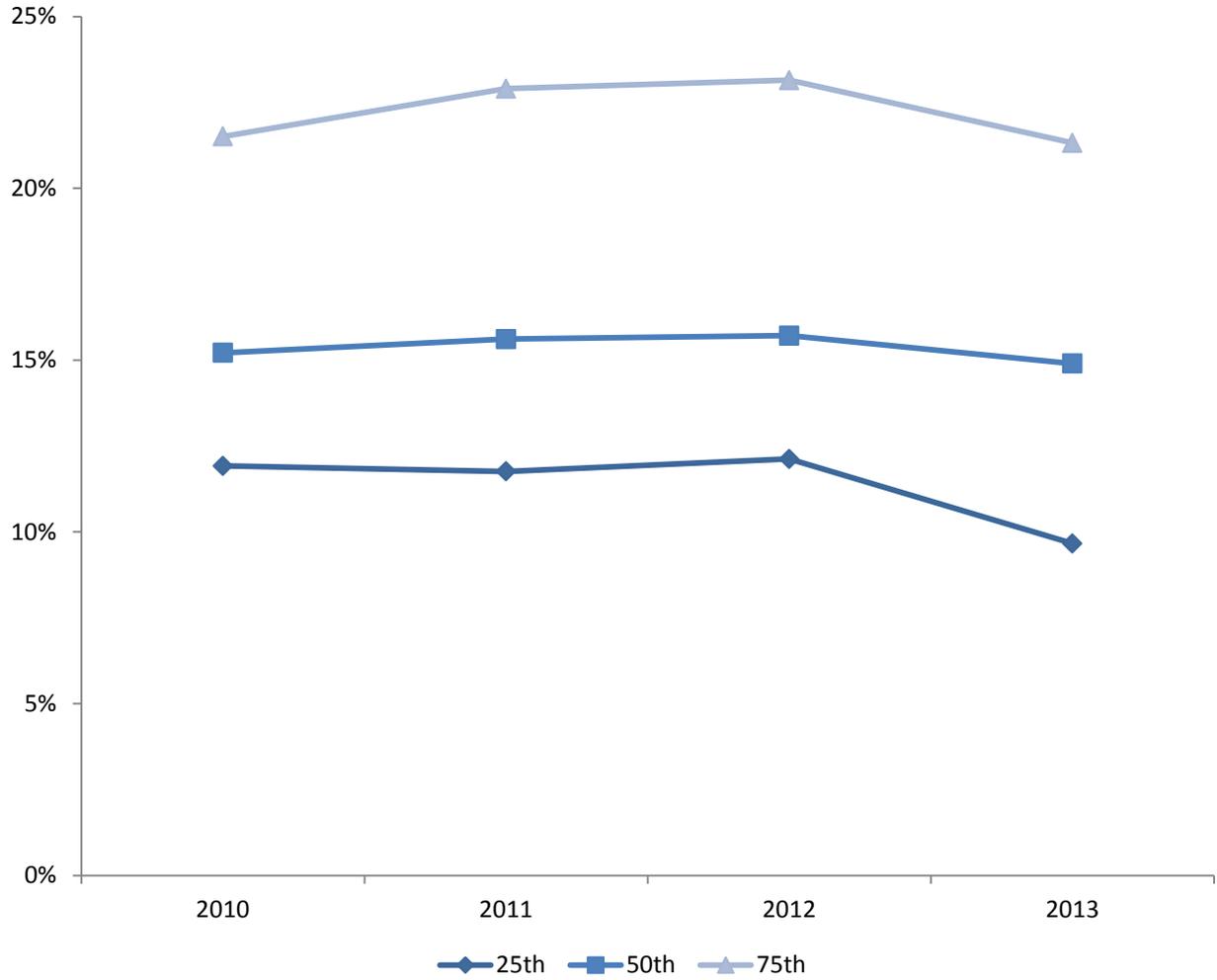
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	7.97%	10.25%	14.17%	15.59%	18.05%	9
ACT & NSW	7.37%	8.46%	12.15%	22.46%	24.55%	11
New South Wales	6.81%	7.89%	22.41%	22.51%	25.97%	9

Size

Size	10th	25th	Median	75th	90th	No.
1 - 500	11.95%	13.31%	16.53%	17.82%	23.76%	9
2001 - 5000	15.28%	16.01%	20.00%	23.16%	23.93%	8
> 5000	6.77%	8.09%	14.94%	21.19%	25.23%	10

Trend Results

All Industry



Generation Ratio - Silents & Boomers/Generation XY

Ratio of mature workers (Silent and Boomer generations) to younger workers (Generations X and Y)

$$\frac{\text{End of Period Headcount (Silents \& Boomers)}}{\text{End of Period Headcount (Generations XY)}}$$

Definitions

End of Period Headcount - Silents & Boomers - Actual number of people classed as silents or boomers employed at the end of the reporting period.

End of Period Headcount - Generations XY - Actual number of people classed as generation X or Y employed at the end of the reporting period.

Purpose

This measure will be most useful for organizations that expect to experience significant knowledge drain from retirements in future periods or those that believe their labour flow dynamics are changing the age composition of their workforce.

How to Use

In contemporary management and popular literature, there has been a lot of debate concerning generational differences. In particular, many writers believe that Generation X and Generation Y workers have distinct characteristics which organizations need to consider to effectively fight for talent. On the other hand, a great deal of social science research does not support the notion of distinct generations with clear differences between them.

SuccessFactors has created these generational measures to contribute to the debate at an organizational, national and global level. For the purpose of this analysis, employees are classified into a Generation group based on their year of birth, as follows:

Silents: 1925-1945

Early Boomers: 1946-1954

Late Boomers: 1955-1963

Generation X: 1964-1978

Generation Y: 1979-1994

Generation Z: 1995-

This measure, Generation Ratio - Excluding Generation Y/Generation Y, shows the number of non-Generation Y employees for each Generation Y employee. As the population ages, results on this measure are likely to decrease. The rate of decrease relative to external benchmarks and internal drill-downs may be very important.

Targets

The target range for these Generation measures may depend upon organizational context. For example, an organization with a large number of managerial employees might have a relatively large proportion of Silent and Boomer staff. An organization in a relatively new industry such as IT might have a relatively large proportion of Generation X and Y staff. An organization in a traditionally young industry such as retail or customer service may in fact target a generational shift to the Silents and Early Boomers, following research into the increasing availability and aptitude of these people.

Relationships & Dependencies

The result for this measure should be examined in conjunction with the following measures:

- Staffing Rates by Age
- Staffing Rate by Tenure
- Average Workforce Age & Tenure
- Management Staffing Factor
- Generational Staffing and
- Net Recruitment Ratios

2014 Results

There is no set target or desired range for this measure.

Generation Ratio - Silents & Boomers/Generation XY

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	0.17	0.25	0.37	0.53	0.65	19
Federal Government	0.29	0.32	0.43	0.54	0.60	10
Other	0.30	0.33	0.53	0.70	0.72	11
Public	0.27	0.30	0.37	0.61	0.71	11

Region

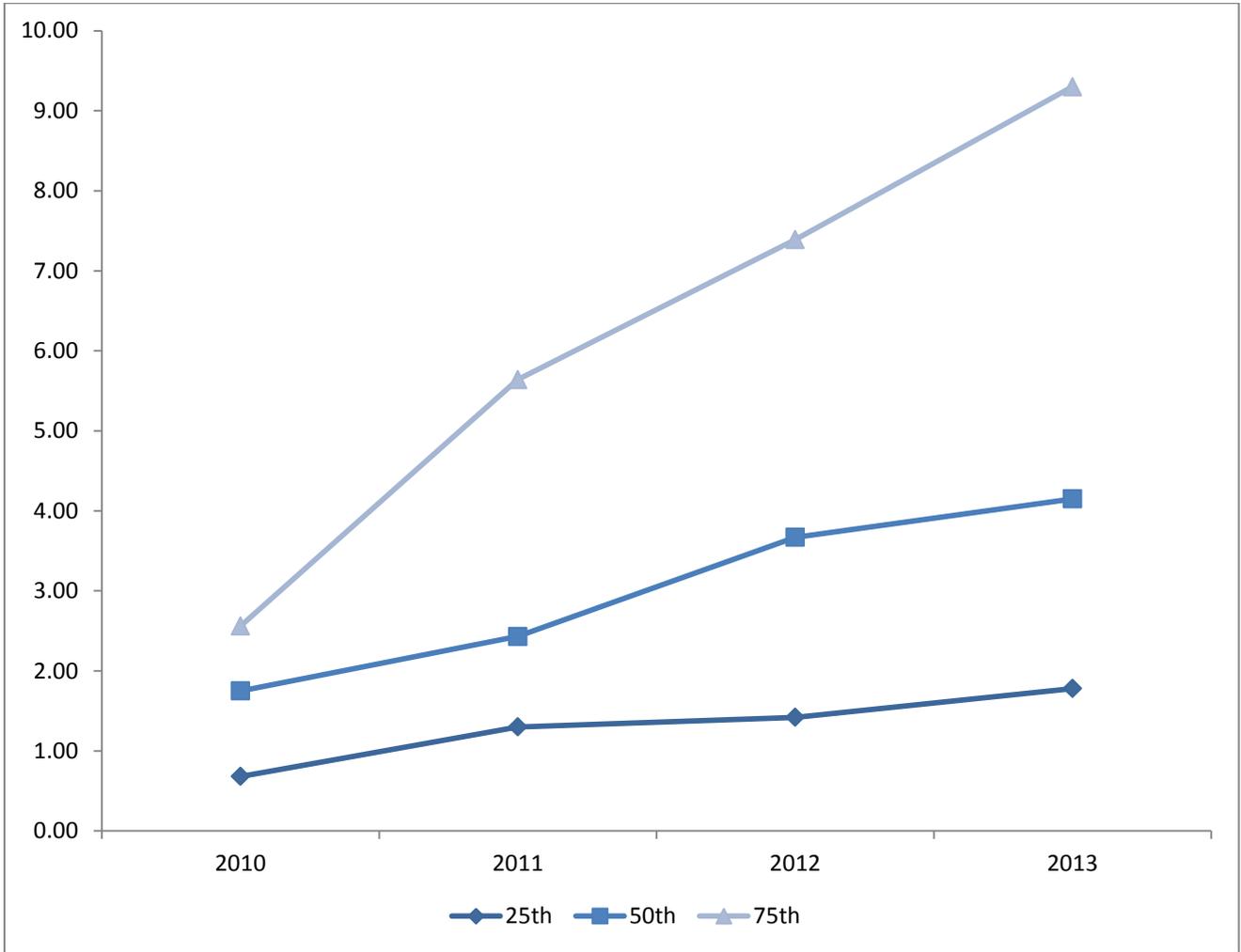
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	0.29	0.32	0.43	0.54	0.60	10
ACT & NSW	0.21	0.26	0.34	0.59	0.71	12
New South Wales	0.17	0.21	0.58	0.64	0.75	9
SA, TAS, WA	0.43	0.60	0.80	0.92	1.10	5

Size

Size	10th	25th	Median	75th	90th	No.
1001 - 2000	0.27	0.39	0.74	0.93	1.08	6
2001 - 5000	0.44	0.51	0.59	0.72	0.80	8
> 5000	0.20	0.22	0.34	0.46	0.72	8
5001 - 10000	0.29	0.36	0.44	0.66	0.90	7
> 10,000	0.21	0.26	0.45	0.53	0.63	6

Trend Results

All Industry



Average Workforce Tenure

The average tenure (years) of the workforce at the end of the reporting period

$$\frac{\text{Total Workforce Tenure}}{\text{EOP Headcount (Tenure Reported)}}$$

Definitions

Total Workforce Tenure The combined tenure of the workforce.

EOP Headcount - Tenure Reported Actual number of people employed with their tenure recorded at the end of the reporting period.

Purpose

This measure will be most useful for organisations that perceive they have a very low or high tenured workforce or that expect to experience significant knowledge drain from a retiring baby boomer employee population that has very high tenure.

How to Use

This measure presents total workforce tenure for all employees divided by the end of period headcount - tenure reported to give the average tenure of employees within the organization. A high result would be indicative of a high proportion of the workforce having been with the organization for an extended period of time and would demonstrate a depth of knowledge and experience with regards to the business. A low result could be indicative of an organization experiencing high levels of growth and/or labour turnover.

In the case of a high result, HR should consider the implications of a more tenured workforce in relation to the strength of practices in regard to ongoing learning, performance management, and innovation. For example, HR may wish to review performance management programs to ensure that employees' individual performance goals are aligned with the strategic direction of the organization and that training and development and succession planning programs are in place.

In the case of a low result, a focus on employee on-boarding; communication of organization, team, and individual goals; and training strategies may be considered.

Targets

Targets for Average Workforce Tenure are likely to vary based on the organisations industry, history, and workforce strategies. As tenure patterns can vary widely among industries, many

companies will choose to target the median within a comparable industry group. However, some organizations may view high or low tenure as a part of a differentiating strategy, and so may choose to target the 75th or 25th percentiles, respectively. A balance between retention of knowledge and injection of new ideas from external sources should be considered in setting a target.

For some jobs, companies may have collected productivity data that supports an absolute target, e.g. a call centre job that optimizes productivity with an average tenure of three years.

Relationships & Dependencies

This measure should be considered in conjunction with these measures:

Terminations Rate - Voluntary by Tenure

Staffing Rates by Tenure

Career Path Ratio

Performance Appraisal Ratings by Tenure

2014 Results

There is no set target or desired range for this measure.

Average Workforce Tenure

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	5.0	6.9	9.2	11.6	12.2	20
Federal Government	5.2	5.6	8.8	11.7	12.1	10
Other	5.3	6.0	9.6	11.7	12.0	12
Public	5.2	6.8	11.1	12.1	12.2	12

Region

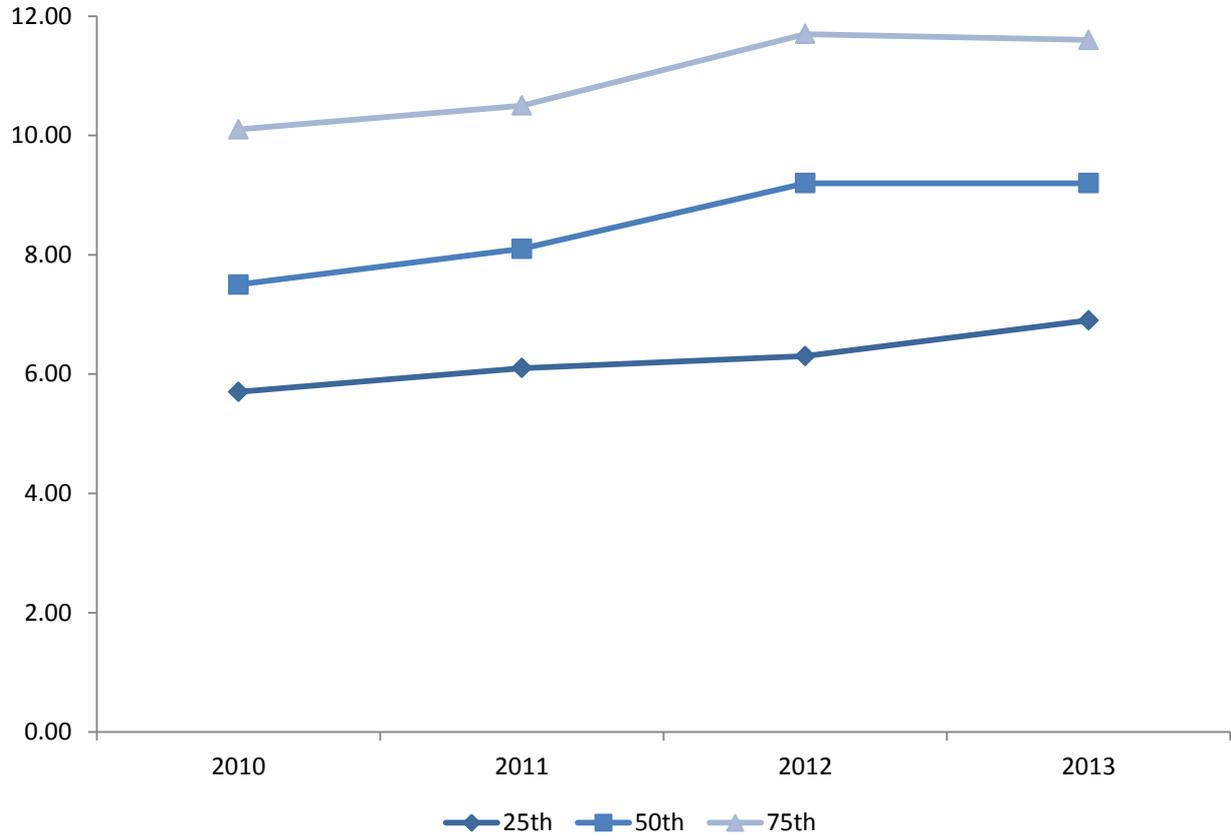
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	5.2	5.6	8.8	11.7	12.1	10
ACT & NSW	5.2	5.6	9.7	12.1	12.2	12
New South Wales	3.5	5.7	8.5	11.0	12.3	9
Queensland	6.8	8.6	9.4	10.0	10.5	8

Size

Size	10th	25th	Median	75th	90th	No.
2001 - 5000	7.5	9.5	11.2	12.0	12.8	8
> 5000	6.8	7.8	10.1	12.1	12.9	8
5001 - 10000	5.8	8.2	9.7	11.3	11.6	8

Trend Results

All Industry



Unscheduled Absence per Employee

Average annual number of unscheduled absent days per employee

$$\frac{\text{Total Unscheduled Days Absent}}{\text{Employee (Headcount)}}$$

Definitions

Total Unscheduled Days Absent Total number of workdays or rostered days employees have been absent during the period.

Employee (Headcount) The average number of people employed for the reporting period

Purpose

Unscheduled Absence per Employee indicates the average amount of lost time (in days) the organisation is incurring due to employees being absent. This includes lost time for sick leave, workers' compensation, family leave and miscellaneous reasons. If the result is 10, this means that on average, each employee took 10 days in the period due to unscheduled absence. This measure provides an indication of total absence levels for the organisation. A high result should prompt further examination of absence by occupation, reason, location, tenure etc.

Absence provides a measure of both lost time and productivity. It is also often regarded as a measure of employee morale and as an indicator of future turnover. Absence incurs direct and indirect costs to the organisation. Benchmarking within your industry and across industries provides insight into your relative organisational cost structures. HR can contribute to successful absence management by regularly reporting results to line managers, and where necessary, providing analysis and action plans to assist reducing absence levels.

Unscheduled Absence per Employee does not directly indicate the costs of unscheduled absences. It does not measure the average length of an absence occurrence or the reasons for those absences without further analysis. Additionally, the core formula for this measure does not differentiate between absences for uncontrollable illnesses, injuries, etc., versus absences in which employees simply did not feel like attending work.

How to Use

To analyse results, compare within your industry, review against previous results, industry results and all industry results for trend data. The occupational group breakdowns can assist in identifying

whether absence per employee is concentrated in a specific occupation within the organisation. Additionally, analysis of Unscheduled Absence per Employee by occupational group provides data to evaluate the effectiveness of absence management strategies.

Employers may find it useful to analyse Unscheduled Absence per Employee across various employee populations to identify areas of concern and targeted interventions using such dimensions as age, tenure, employment level, pay grade, job family, performance rating, location, and organisational unit. Organisations may also analyse this measure by absence type to understand which unscheduled absences occur most frequently.

Targets

Employers are likely to set absolute targets for this measure near zero, though zero is not a realistic target for Unscheduled Absence per Employee (FTE). Despite an organisation's best efforts to reduce unscheduled absences, sick leave and some other leave types will never be eliminated. Certainly, health and safety efforts may aim to improve employees' health and minimise sick time and employers should aim to minimise or eliminate no-shows and false illnesses. However, targets should be set based on a realistic expectation of such absences.

Relative to a benchmark group, organisations would typically aim to move results toward the 25th percentile, representing lower levels of unscheduled absences and higher levels of productivity.

Organisations experiencing high Unscheduled Absence per Employee should be analysing the problem for two reasons. Firstly, the analysis will draw management's attention to the severity of the problem and secondly, an analysis of the problem by occupational group creates a baseline for evaluating the effectiveness of absence strategies.

The desired range for this measure is the 25th percentile or below. Maintaining higher levels of worker availability (i.e. low absence) increases productivity and profitability.

Relationships & Dependencies

Unscheduled Absence is an insidious type of problem. When a scheduled employee does not arrive at work it can set off a chain of events that negatively impact on organisational expense, quality and productivity. For example, employees who come to work every day may have to carry the workload of absent employees, or alternatively work groups may be required to train temporary staff. These circumstances can have a negative impact on stress levels and employee morale, because it is often interpreted that they are rewarded for commitment by being given additional workload. This can lead to an increase in employee-initiated separations.

HR practitioners should be aware of organisation specific and industry results for this measure and explore relationships with the following measures:

- unscheduled absence rate - sick leave
- unscheduled absence rate - workers' compensation
- unscheduled absence rate - family leave
- dollar value sick leave per employee
- OH&S costs

- unscheduled absence per employee
- unscheduled absence per employee - sick leave
- employee-initiated separations
- expense factor
- profit factor
- average time lost rate

2014 Results

The desired range for *Unscheduled Absence per Employee* is the 25th percentile or less. The 2014 All Industries 25th percentile for *Unscheduled Absence per Employee* is 8.14 The All Industries 25th percentile for 2013 was 7.28 days.

Unscheduled Absence Rate

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	6.26	8.14	10.25	12.88	14.28	14
Federal Government	5.33	8.78	11.69	12.44	12.83	8
Other	2.63	8.81	11.51	12.95	13.85	10
Public	6.85	8.74	11.64	13.07	13.69	9

Region

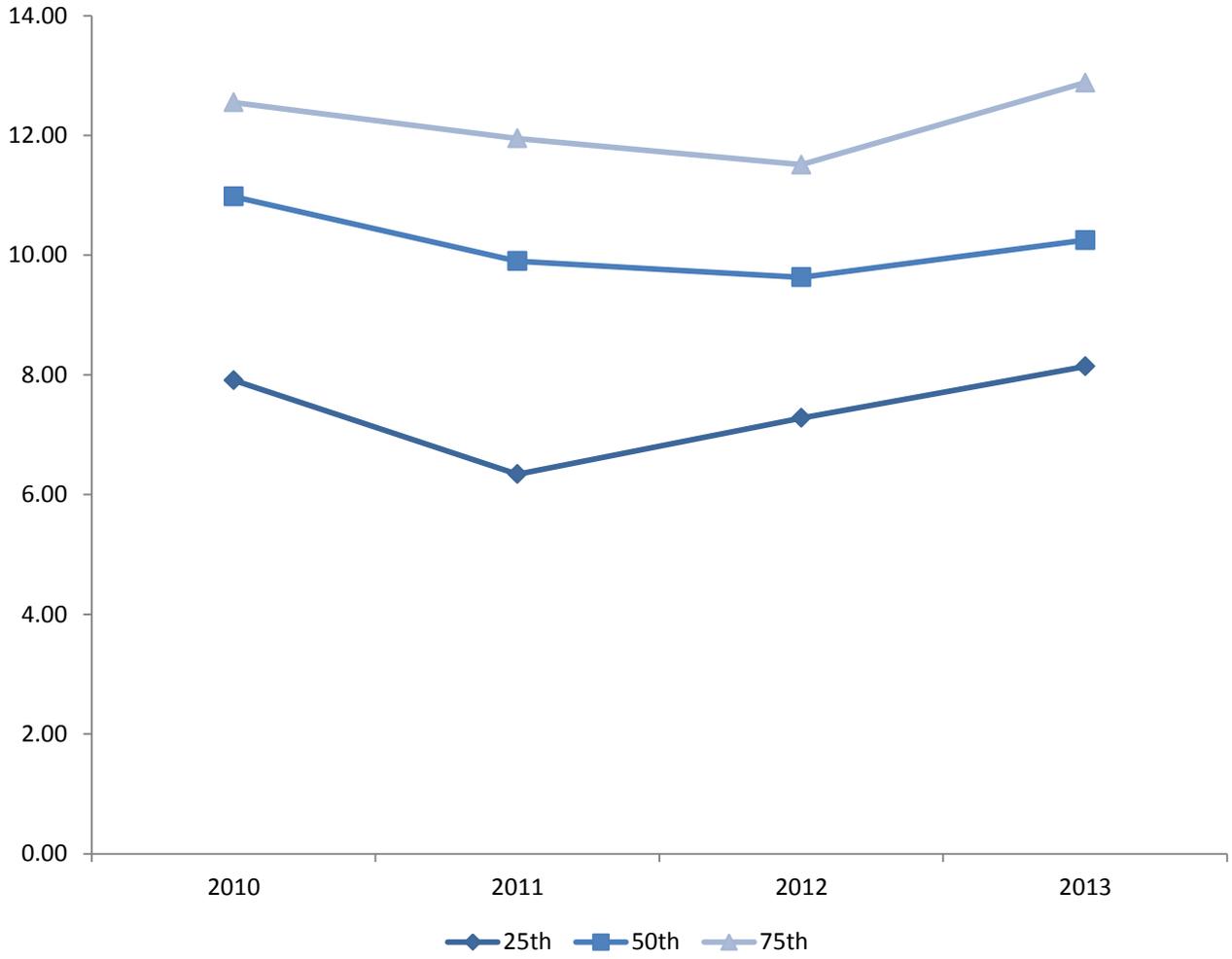
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	5.33	8.78	11.69	12.44	12.83	8
ACT & NSW	7.58	8.74	10.57	12.28	13.15	9

Size

Size	10th	25th	Median	75th	90th	No.
>5000	6.45	8.60	10.79	12.48	13.19	8
5001 – 10000	10.18	11.31	11.82	12.45	13.06	8

Trend Results

All Industry



Net Recruitment Ratio

Number of external recruits for every employee separation during the period

$$\frac{\text{Total External Recruits}}{\text{Total Terminations}}$$

Definitions

Total External Recruits Total number of recruits appointed from outside of the reporting organisation.

Total Terminations The total number of employee terminations for whatever reason during the period.

Purpose

Net Recruitment Ratio shows the number of total external recruits that replaced terminating employees. It is a useful measure to determine the expansion/contraction of the workforce. For instance, if your organisation had a strategy of downsizing through attrition or restructuring, a result of less than one would be expected. This indicates that the organisation recruited fewer employees than the number that terminated during the reporting period. On the other hand, your organisation may be in a growth stage and thus be favouring a result of more than one, indicating investment in additional human resources to manage the growth.

Consideration of the Net Recruitment Ratio in gender terms is useful. For example, the Net Recruitment Ratio - Male measures the number of male terminations that were replaced by external male recruits. A result of less than one indicates that positions previously held by males are not being replaced, or are being replaced by females, thus increasing the percentage of women in the workforce.

Similarly, consideration of the Net Recruitment Ratio in terms of occupational group is also useful. If the Net Recruitment Ratio - Managerial & Professional is less than one, this indicates that positions previously held by managers and professionals are not being replaced, or are being replaced by clerical and operative staff. This could be due to a flattening of organisation structure, or a de-skilling of the workforce.

How to Use

HR practitioners can use macro measures like Net Recruitment Ratio to assist in identifying strategic priorities. For instance in or after a period of downsizing one would expect a low result

for this measure, e.g. 0.10 meaning only one in ten terminations are being replaced. This may assist in appropriately managing resources within the function such as the allocation of time, dollars and professional services, induction vs. change management programs.

Dimensional slices of Net Recruitment Ratio can be useful in understanding the growth or contraction of particular subgroups of employees. For example, views of Net Recruitment Ratio by gender and diversity background may be helpful in assessing diversity. Net Recruitment Ratio by age may be helpful in assessing a potential aging workforce problem from baby boomer retirements.

Net Recruitment Ratio does not measure the magnitude of recruits and separations, only the relative comparison between the two. An employer with 500 recruits and 500 separations in one year and 5,000 recruits and 5,000 separations in the next year will have a result of 1.0 for each year, even though activity has changed dramatically from one year to the next.

Targets

Targets for this measure are typically established on an absolute basis rather than on a relative basis, though organisations can use benchmark data to understand how their headcount changes compare with others in similar industries and talent markets.

Absolute targets are based on headcount growth or contraction strategies. Contracting organisations will target a result less than one, based on the speed and magnitude of planned contraction. Growing organisations will target a result greater than one, based on the speed and magnitude of planned growth.

Relationships & Dependencies

Net Recruitment Ratio results are dependent on both the level of employee turnover and the growth of the workforce during the period. High levels of turnover may create a high demand for replacements and thus recruitment activity in the period will be high, which would be reflected in the external (and perhaps internal) recruitment rate. Examination of this measure in conjunction with those outlined below will inform the interpretation of the Net Recruitment Rate result:

- Employee & Organisation Initiated Turnover
- External Recruitment Rate
- Career Path Ratio
- Manager Instability Rate
- Organisation Tenure Staffing Breakdown
- Cost per Hire
- Successor Pool Growth Rate
- Training Investment per Employee

2014 Results

There is no set target or desired range for this measure.

Net Recruitment Ratio

Industry

Industry	10th	25th	Median	75th	90th	No.
All Industries	0.24	0.57	0.86	1.33	2.43	20
Federal Government	0.72	0.85	1.11	1.27	1.51	10
Other	0.50	0.78	1.02	1.21	1.39	12
Public	0.26	0.63	0.88	1.36	2.38	12

Region

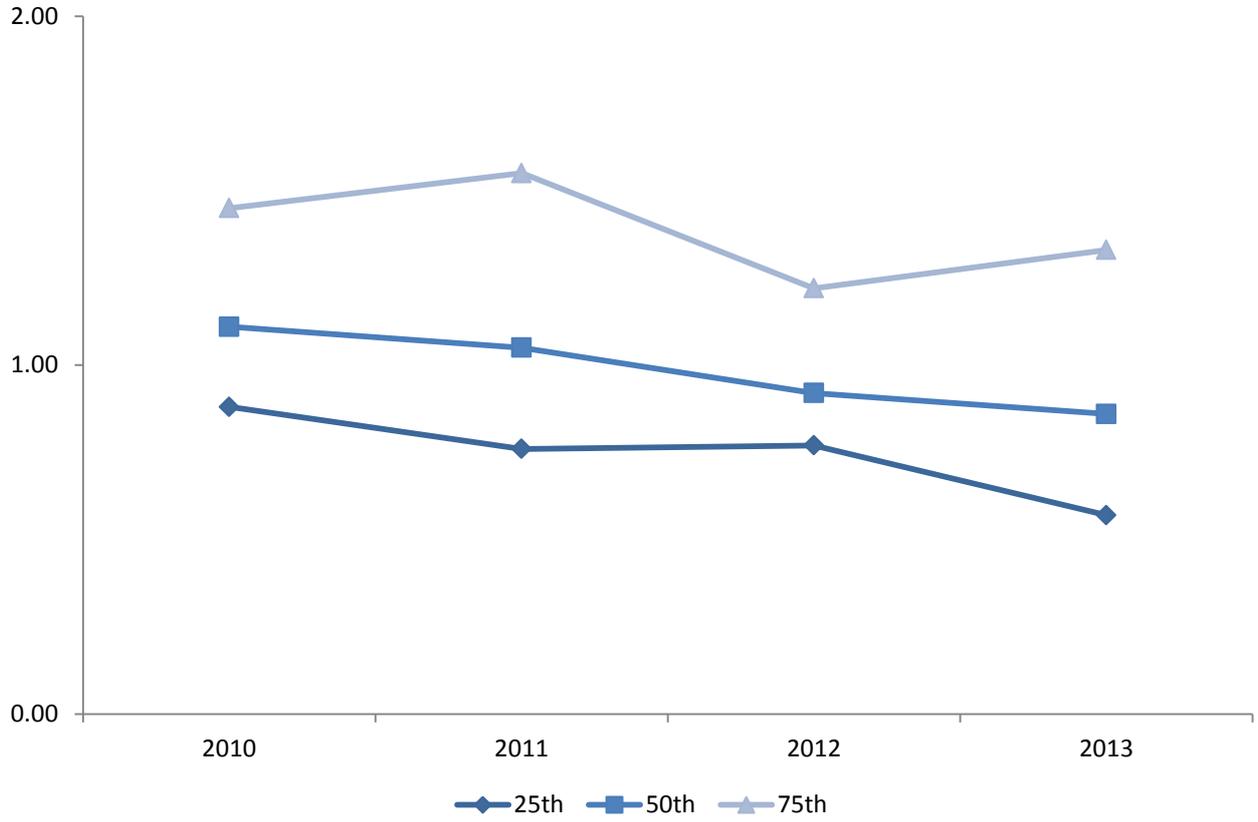
Region	10th	25th	Median	75th	90th	No.
Australian Capital Territory	0.72	0.85	1.11	1.27	1.51	10
ACT & NSW	0.73	0.86	1.02	1.44	2.38	12
New South Wales	0.58	0.64	0.86	0.89	1.04	9
Queensland	0.64	0.72	0.84	1.16	1.42	8

Size

Size	10th	25th	Median	75th	90th	No.
1 - 500	0.88	0.91	1.15	1.58	1.96	9
2001 - 5000	0.62	0.75	0.86	1.20	1.31	8
> 5000	0.33	0.57	0.79	1.10	1.82	8
5001 - 10000	0.42	0.65	0.84	1.15	1.48	8

Trend Results

All Industry



Career Path Ratio

Number of employees internally promoted for every employee internally transferred to a new position.

Promotions

Transfers

Definitions

Promotions

Total number of internal recruits promoted into permanent positions during the period.

Transfers

Total number of internal recruits who were transferred into permanent positions at the same grade.

Purpose

Career Path Ratio will be most useful for organisations that regard internal movement of employees as strong developmental opportunities or that focuses on promotions to gauge success of internal grooming of Managers, performance management process controls or remuneration cost management.

How to Use

Career Path Ratio indicates the ratio of promotions to transfers that occurred within a period. A Career Path Ratio of 0.5 (i.e. a ratio of 1:2) means that there were two transfers for each promotion that occurred within the period.

Promotions or upward movements can occur either when someone is promoted through the performance management process or assumes a position that is at a higher level than their current one. Such events ideally signify strong individual performance and readiness to assume higher levels of responsibility. Additionally, promotions are often viewed as an essential component of the organisation's recognition of and reward for strong performance.

Transfers, or lateral movements, are considered by many organisations to be a positive contributor to development, where employees are gaining additional experience from new functional areas or business units. This new experience broadens employees' skill sets, exposes them to a wider scope

of activities performed by the business and expands their personal networks throughout the organisation. However, excessive employee movement can result in productivity losses from vacancies and ramp-up time in employees' new roles. Therefore, organisations must balance the development opportunities and organisational agility benefits of movement with the risk of fostering identity crises among employees.

Comparing upward to lateral movements helps organisations understand the employee experience in terms of the movement opportunities available and the mix of movement they see happening for others. The mix of movements is part of the organisation's "offer" to employees, helping to drive engagement and retention as well as employment brand strength. High results signal that promotions are a frequent occurrence and there is formidable opportunity to move up through the ranks or that lateral moves are rare. Low results may mean that promotions are more tightly controlled or that vast opportunities exist for lateral movement.

Targets

Targets will vary based on employers' performance management strategies and policies as well as individual employee performance. For example, employers aiming to make fairly liberal use of promotions in the movement mix would likely target moving results toward the 75th percentile of a benchmark group, as might high-growth organisations that wish to groom internal Managers. Employers aiming for limited awarding of promotions or focused on developing cross-functional expertise might target moving results toward the 25th percentile. Benchmark data must be used with the understanding that other employers' strategies and policies around transfers and other movements may differ substantially.

Relationships & Dependencies

Career Path Ratio results are dependent on the strategies of the organisation. Examination of this measure in conjunction with those outlined below will inform the interpretation of the result:

- Average Annual Salary per FTE
- Cross-Function Mobility
- Development Program Penetration Rate
- Employee Engagement Index
- Employee Retention Index
- Internal Recruitment Rate
- Internal Placement Rate
- Promotion Rate
- Promotion Speed Ratio

- Transfer Rate
- Employee-Initiated Separation Rate

2014 Results

The desired range for *Career Path Ratio* is the 25th percentile or less. The 2014 All Industries 25th percentile for *Career Path Ratio* is 0.12. The All Industries 25th percentile has decreased from 2013 (0.30).

Career Path Ratio

Industry

Industry	10th	25th	Median	75th	90th	Sample
All Industries	0.04	0.12	0.33	0.69	1.41	17
Federal Government	0.05	0.26	0.32	0.44	0.61	9
Public	0.04	0.16	0.43	0.65	1.87	10

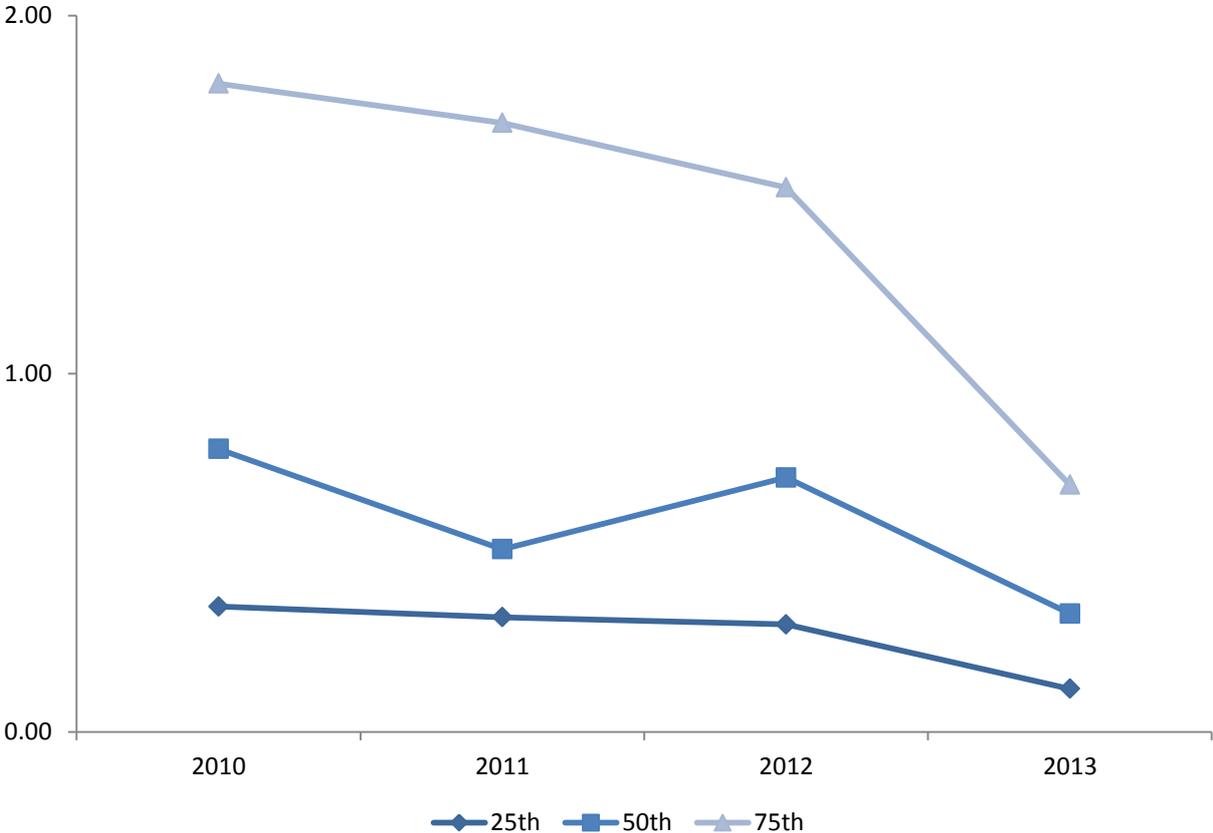
Region

Region	10th	25th	Median	75th	90th	Sample
Australian Capital Territory	0.19	0.30	0.36	0.45	0.67	8
ACT & NSW	0.05	0.24	0.48	1.44	2.35	14
New South Wales	0.17	0.27	1.38	1.89	3.11	8

Size

Size	10th	25th	Median	75th	90th	Sample
2001 - 5000	0.05	0.07	0.46	1.31	1.71	8
> 5000	0.18	0.27	0.41	0.97	2.48	8

Trend Results
All Industry



Employee-Initiated Separation Rate

Proportion of the workforce that initiated its own separation from the organisation during the reporting period

$$\frac{\text{Employee: Initiated Terminations}}{\text{Employees (Headcount)}} \times 100$$

Definitions

Employee-Initiated Terminations	Total number of employees who left the organisation of their own accord.
Employees (Headcount)	The average number of people employed for the reporting period.

Purpose

This measure is broadly applicable across a wide range of organisations. It will be especially useful for organisations that have significant workforce in high-turnover positions (e.g., call centre representatives) or that recruit from talent markets highly susceptible to cyclical shifts.

Employee-Initiated Separation Rate measures the percentage of employees who left the organisation on their own volition during the reporting period, for reasons such as resignation, transfers, or retirement. Employee-initiated separations are thus different from organisation-initiated separations such as redundancies. A result of 15% means that employee-initiated separations equated to 15% of the workforce.

Many employees who voluntarily terminate their employment are replaced, creating departure costs (e.g., accrued vacation), vacancy costs (e.g., lost productivity, recruiting advertising), and new recruit costs (e.g., screening, relocation, ramp-up productivity losses). Employee-initiated turnover often represents lost organisational knowledge of history, culture, and process. Depending on the calibre of replacement this turnover may also carry a net loss of skills and knowledge among the workforce. Lastly, employee-initiated turnover may negatively impact the morale, workload, and stress levels of remaining employees.

Excessively low employee-initiated turnover can also have a negative impact on the organisation. Low turnover can encourage insularity potentially inhibiting innovation and creating a stagnancy of

skills and ideas. Low turnover may also be the result of ineffective performance management programs failing to manage poor performers to either improve or find a better employment fit.

How to Use

Organisations use Employee-Initiated Separation Rate to help approximate the costs of replacements and productivity losses. The measure can provide a lagging indicator of employment brand and the fit of the employment “offer”. Use of action reason codes (e.g., poor Manager, dissatisfied with remuneration, returning to school) and post-exit surveys can help pinpoint problem areas driving undesirable employee-initiated turnover for the organisation.

Another important reason for the HR function to monitor the measure is this is an informative statistic for the workforce planning process. While many employers monitor employee-initiated turnover trends to plan for future recruitment needs, organisations might overlook natural attrition as a means of reducing staff numbers when required.

Employers may analyse Employee-Initiated Separation Rate by a large number of subgroups and characteristics to identify high - or low-result pockets within the organisation for best practice sharing or corrective action. Understanding employee-initiated turnover within these populations can also help organisations monitor potential skill gaps, diversity issues, or threats to business strategy success. Common dimensions used for analysis on this measure include organisational unit, tenure, performance rating, grade, job family, job function, employment level, diversity background, age, and gender.

Targets

Most organisations target their Employee-Initiated Separation Rate results toward the 25th percentile or lower within a relevant benchmark group of similar talent pools. Organisations might have higher targets if they expect temporary fluctuations (e.g., early retirement options) or if they are working from a very high result gradually decreasing to a lower level over a period of years.

Relationships & Dependencies

Organisations should use this data to view their employee-initiated separations relative to other organisations in their industry and of comparable size. Since resignations/retirements are rarely spread evenly over an organisation, a lowering of your Employee-Initiated Separation Rate will often require more detailed analysis to determine patterns and appropriate retention strategies. It

is likely that different retention strategies may be required for different business units, occupational groups and tenure periods.

Some other benchmarks which can be useful to view in conjunction with this measure are absence rates, remuneration rates, and recruitment statistics, Training Investment Factor and HR Expense Factor, for the reasons outlined in the previous section.

Relationships with the following measures should be considered when interpreting Employee-Initiated Separation Rate:

- Training Investment Factor
- Average Remuneration per Employee
- Absence Rates
- Time to Fill
- HR Expense Factor
- Return on Human Investment Ratio
- Organisation Tenure Staffing Breakdown
- Market Opportunity Index
- Employee Engagement Index
- Employee Retention Index
- Employment Brand Strength

2014 Results

The desired range for *Employee-Initiated Separation Rate* is around the 25th percentile. The 2014 All Industries 25th percentile for *Employee-Initiated Separation Rate* is 4.41%. The All Industries 25th percentile has decreased from 2013 (4.87%).

Employee-Initiated Separation Rate

Industry

Industry	10th	25th	Median	75th	90th	Sample
<i>All Industries</i>	3.47%	4.41%	5.55%	12.24%	19.39%	20
Federal Government	3.01%	4.08%	5.27%	6.03%	14.47%	10
Public	3.15%	3.94%	4.85%	12.24%	12.47%	12

Trend Results

