



WHITEPAPER

HR KPIs to prioritize success in 2026?

HR leaders often prepare for a new year by setting objectives and key performance indicators (KPIs) for their team. Setting clear goals at the start of the year fosters a proactive approach that aligns HR's efforts with the overall business strategy and top priorities. This forward-looking approach makes HR a true strategic partner and provides a solid foundation for organizational success by promoting a positive work environment, fostering employee engagement and boosting productivity.

When KPIs inform HR strategy, the function delivers real value and strengthens its role in helping the company compete and grow. By setting attainable and measurable KPIs focused on the most critical performance areas identified as 2026 strategic goals, HR can provide leaders with concrete data on the success of its people strategy, as well as actionable information to guide decisions when adjustment or changes are needed and improve results and keep the organization on track to achieve its goals.

Key performance areas

Prioritizing goals and objectives in alignment with the organization's business strategy ensures HR goals are actionable, measurable and provide the greatest benefit to the organization and employees. Critical areas on which HR and business leaders are focusing for the success of their organizations in the upcoming year include:

- ✓ Executing HR functions efficiently to have the greatest impact;
- ✓ Ensuring legal compliance across all people management areas;
- ✓ Providing a positive employee experience and supporting employee wellbeing;
- ✓ Upskilling the workforce;
- ✓ Attracting and retaining talent; and
- ✓ Fostering diversity, equity and inclusion

HR efficiency and effectivity

HR efficiency and effectivity are no longer optional – they're essential for organizational success. Streamlined processes cut administrative burdens and redirect resources to critical areas that drive growth like compliance, workforce planning, talent development and employee engagement, positioning HR as a true strategic partner.

According to Deloitte, HR professionals spend up to 57% of their time on administrative tasks. Technology, especially artificial intelligence (AI), automates routine tasks such as resume screening and benefits administration, freeing HR to focus on strategy and other human-centric initiatives. Advanced analytics powered by AI sharpen decision-making, enabling HR to

anticipate workforce trends and compliance risks before they escalate. By maintaining efficiency and effectivity, HR leaders can deliver measurable ROI and ensure readiness for regulatory changes and competitive talent markets in 2026.

KPI	Why It Is Important?	Example
<p>HR Staff to Employee Ratio</p>	<p>Varies depending on factors such as the organization’s size, structure, growth stage and other factors. Ratio needs to provide adequate support to fulfill all HR functions without excess headcount. Too high a ratio can result in inefficiency, too low in higher turnover. Ratio can be lower for larger organizations that can use HR tech or outsource specific tasks. Smaller organizations or start-ups may need more staff due to a faster-paced work environment, higher HR demands and no HR processes in place.</p>	<p>Between 1.5 and 4.5 HR staff per 100</p>
<p>Human Capital Management (HCM) Spend per Employee</p>	<p>Reflects the costs of managing the workforce, such as recruiting, payroll, performance management, training and compliance. Costs vary depending on organization size and complexity. Too high may indicate inefficiencies; too low may harm retention and productivity. Use in conjunction with ROI.</p>	<p>\$500 to \$1000 per year</p>

AI Adoption Rate

Measures the percentage of HR core processes (e.g., recruitment, onboarding, payroll) that have integrated AI tools. Provides insight into the level of digital transformation and preparation for increased use.

Global HR average: 20%-25%
High-performing HR: 30%-50% in core functions

Return on Investment (ROI)

Measures the financial return or benefits that an organization gains from investments in HR activities and initiatives. Include ROI for HR AI implementation. Helps to show HR efficiency, alignment with business strategy and impact.

200% to 400%; generally, the higher the better
200%–300% within 12–18 months post-implementation for HR AI

Compliance

As employment laws become more complex, HR needs to ensure legal compliance across all people management areas in collaboration with organizational leaders, legal counsel and other stakeholders. The task is even more challenging when an organization operates in multiple states and localities, many of which have conflicting or more stringent requirements than federal law. Failure to stay on top of compliance issues can result in costly penalties and litigation. The following metrics can help to monitor this important function.

KPI	Why It Is Important?	Example
Audit Findings and Resolution Rate	Findings show instances of compliance failure, with repeat instances indicating an issue in the compliance process, a gap in communicating requirements or training, or even unlawful activity. Use together with Mean Time to Issue Discovery and Mean Time to Issue Resolution.	90%+ of issues resolved within 30 days

HR Regulatory Compliance Expense Percentage	Total expense by HR department relating to regulatory compliance issues. Divide expense by total revenue of the organization over the same period to assess whether compliance procedures are effective. Varies based on size of employer.	Under 0.75% revenue
Regulatory Filing Timeliness	Measures the percentage required reports submitted in accordance with regulatory deadlines.	100% on-time submission for EEO-1, OSHA, and other filings
Policy Acknowledgment Rate	Tracks how many employees have signed or acknowledged company policies (code of conduct, data privacy, harassment, code of ethics, etc.)	95%+ acknowledgment within 14 days of policy notice

Employee experience and engagement

To stay viable and create a workforce that can be productive in the years ahead, organizations must evolve their talent and business processes to create a people-first culture and advance the employee experience. Forty-two percent of CEOs in the [PwC 2025 Global CEO survey](#) said that without transformation they doubted their company’s current trajectory would keep them viable beyond the next 10 years. HR can support and monitor these efforts with a broad array of KPIs.

Engagement amplifies the impact of a strong employee experience. Engaged employees have higher productivity, lower absenteeism, and greater commitment to organizational goals. According to Gallup’s *State of the Global Workplace 2025 Report*, the 2% drop in engagement in 2024 cost the global economy \$438 billion in lost productivity; but if employees were fully engaged productivity would rocket up by \$1.9 trillion. Ultimately, employee experience and engagement are not just HR priorities; they are strategic imperatives for sustainable growth.

KPI	Why It Is Important?	Example
Employee Net Promoter Score (eNPS)	Indicates how likely employees are to recommend their workplace to their friends or family.	25 or above
Manager Engagement Score	Helps identify where to take action to improve engagement of managers, who are a critical link for promoting employee engagement and performance; low scores may be a red flag for manager burnout.	55% or higher engagement overall
Employee Engagement and Satisfaction Surveys	Helps identify where to take action to improve employee engagement and enhance performance or adjust compensation and benefits to increase retention.	55% engagement overall 65% satisfaction overall
High Performer-Resignation Rate	Measures retention of high-performing employees who typically exceed expectations; a higher-than-expected resignation rate should be investigated immediately to determine the cause(s).	Below 7.5% overall Below 5% for diverse employees

Coaching Equity

This metric (calculated as [(estimated coaching benefits - costs of coaching/costs of coaching) x 100] OR the difference between pre- and post-360-degree assessment ratings) shows the effectivity of employee coaching efforts.

25% or higher (benefit/cost calculation)
10% or more (360-degree rating)

Absenteeism Rate

A lower-than-average rate may indicate employees are afraid of taking unscheduled absences, signaling company culture issues with work-life balance; a higher-than-average rate may be an early indicator of low engagement.

1.5%

Voluntary Turnover Rate

A higher-than-expected voluntary turnover rate reflects a poor employee experience and may indicate problems in an organization’s recruiting, hiring and/or promotion practices; high rates in diversity classes may warn of possible discriminatory management practices.

Below 10% overall
Below 7.5% for diverse employees

Employee well-being and mental health

Employee well-being and mental health continue to be top priorities for organizations, as employers recognize the value of employee physical and mental health, financial stability and work-life balance. The Business Group on Health [2025 Employer Well-being Strategy Survey](#) reports that nearly all employers surveyed will either increase (20%) or maintain (73%) their investments in well-being, and 100% of surveyed employers include mental health in their well-being strategy, in a variety of forms.

Metrics to monitor include employee satisfaction survey results and especially the participation rate in employee benefit programs and offerings (such as use of paid time off, enrollment in the 401k or pension program, and participation in wellness programs and use of any Employee Assistance Program). The higher the usage rate, the better.

Training and development

Upskilling the workforce continues to be a top HR priority, with employee training and development impacts productivity, compliance, and engagement and retention. In a [2025 LinkedIn survey](#), 49% of learning and talent development professionals see a skills gap, agreeing with the statement, “My executives are concerned that employees do not have the right skills to execute our business strategy.”

Overall Utilization Rates are the minimum information that HR should track. Training and development programs with little or no participation are a poor use of organizational resources. HR should monitor how many employees are making use of tuition assistance and participating in career path planning, engaging in a mentorship program, or otherwise taking advantages of opportunities to develop in their career. If participation rates are low, it is important to find out why and take corrective actions.

KPI	Why It Is Important?	Example
Training Costs	Lower than normal costs may indicate low participation and should be reviewed to determine cause.	\$1,252 per employee
Course Completion Rate	Low completion rates can indicate courses do not align with employee career opportunities and/or goals	100% mandatory courses 75% voluntary courses
Internal Promotion Rate	Low rates may indicate lack of training and/or opportunities, risking higher turnover	7%

Employee Position Duration

Longer than average duration may signal lack of training, low engagement, and a higher risk of departure; a short tenure (e.g., less than six months) can indicate several issues, (e.g., poor quality hire, toxic workplace or unreasonable workloads) and requires investigation

1.5 years for nonmanagement roles
3 years for managers

Talent attraction and retention

Uncertainties in a shifting labor market require HR to be effective in recruiting and hiring and to make retention a high priority. According to [SHRM's 2025 report on talent trends](#), nearly 7 in 10 organizations report difficulties recruiting for full-time regular positions. A Mercer study on 2024-2025 global talent trends found that 58% of HR and business leaders plan to enhance employee experience (see above) to help attract and retain top talent, a 3% increase from the year before. Keeping track of the costs and effectiveness of recruitment efforts is one of the most important KPIs for HR.

KPI	Why It Is Important?	Example
Cost per Hire	Above-benchmark costs can indicate an inefficient recruiting team or an opportunity to streamline the process.	\$4,700 per employee
Recruiting Conversion Rate	Shows most efficient recruiting method; helps determine if funds should be reallocated to other sources that bring in higher quality applicants.	8% overall

Time to Fill

Long fill times can indicate an inefficient recruiting system, indecisive hiring managers or noncompetitive offers, among others.

30 days internally
45 days externally

Dismissal Rate

A high rate can indicate poor quality of hires, poor quality of training, or poor/toxic work environment.

Less than 6% at 6 months
Less than 15% at one year

Average Time Stay

A short average time stay can indicate poor hiring decisions, uncompetitive benefits or poor training and management, among other things. Use with other KPIs for more insights. For example: a short average time stay with a high turnover rate may indicate misaligned hiring practices or a toxic work environment; a short average time stay, and a high promotion rate may indicate a manager skilled in hiring and quickly developing quality employees.

4.5 years overall
2.5 years in role

Employee Turnover Rate

Helps identify departments with high turnover for review; provides data for workforce planning.

Below 10% overall
Below 7.5% for diverse employees

Talent Turnover Rate	Measures retention in difficult-to-fill positions, such as those in the finance or IT departments or for other highly skilled specialists.	Below 7% in Finance and HR Below 12% in IT Below 18% in Sales
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Diversity, Equity and Inclusion

Despite shifts in EEOC enforcement priorities, HR and organizational leaders recognize that creating and maintaining a workplace that is diverse, inclusive and equitable remain critical to organizational success and a compliant, healthy work culture. A [report by The Conference Board](#) found that 79% percent of S&P 500 firms disclosed board committee oversight of DEI in 2024, up from 72%.

Although these efforts are a business imperative with ownership in the C-suite, HR has a key role to play in executing an effective DEI strategy. Many of the metrics below can be used to gather data on underrepresented groups broadly (i.e., including gender, race, sexual or gender identity, etc.) or modified to provide data related to any specific group (e.g., diverse employees by race or ethnicity).

KPI	Why It Is Important?	Example
Recruitment Breakdown by Ethnicity	Low percentages of diverse applicants indicate the need to include more recruiting sources from a variety of ethnic and racial backgrounds; low percentages of diverse new hires may indicate the need to identify and correct biases in the hiring process.	30% diverse employee group application rate 35% diverse employee group hire rate

Gender Diversity by Role

An increasing gap in gender diversity as position levels increase indicates the need to identify and correct biases in the promotion process (also applies to diversity groups).

35% diversity representation at front-line manager level

20% at department manager level

Rates of Change by Group

Indicates possible inequities and bias by comparing the percentage of and length of time it takes different demographic groups to be promoted, receive a merit raise or bonus, assigned a special project or other milestone events in the employment lifecycle.

Below 5% difference between the majority and all diversity groups

Turnover Rate by Group

Higher rate of voluntary departures by diversity groups may indicate disparate treatment of that group causing dissatisfaction and should be investigated; a higher firing rate of a particular group may signal possible illegal discrimination.

Below 10% and in line with general turnover rate

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