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HR STAFFING: WHAT’S THE “RIGHT” NUMBER?

Surprisingly, there is not a plethora of up-to-date, reliable data on this subject, not even from the Society of Human Resources Management. That is in great part for many years the ratio of 1 HR staff member to every 100 employees was widely accepted as a general rule.

- Various sources show the median ratio for all companies to have been in the 1.1 (2014) to 1.4 (2017) range in recent years.
- However, that same data shows companies with 5,000 or more employees being able to achieve ratios as low as 0.5 to 100.

⇒ I do not have empirical data to support what I’m about to write.

- My HR experience, coupled with common sense, causes me to believe that when data from 2020 and 2021 is available it will show a median ratio of greater than 1.4 to 100.

This is attributable to multiple factors, such as:

- 1) The added role of HR during the pandemic and the post-pandemic period.
- 2) The enhanced recognition of the value a highly professional HR team can bring to the organization
 - More and more organizations want a Level #3 (see more on this further into this article) HR Management function.
- 3) The realization that corporate culture trumps almost everything else.
 - HR philosophy, policies and practices are at the heart of an organization’s culture.
- 4) The unfavorable demand in comparison to supply of the talent needed in today’s business climate
- 5) The ever-increasing number of and complexity of HR-related laws and regulations
 - As part of this, not only are these growing at the federal level, but states and municipalities have increasingly begun to enact their own laws.
- 6) The ever-increasing number of and complexity of HR-related laws and regulations (continued)
 - Government agencies have also become more aggressive in compliance enforcement, with non-compliance having two negative consequences: A) fines and penalties and B) company perception as applies to customers/clients, employees, potential employees and the public in general.

⇒ HR Management is arguably the most highly regulated function with an organization.


The **best answer** as to what is the proper ratio of HR staff to the number of employees requires an organization to undertake further analysis based on multiple factors specific to it. Those factors include:

- 1) Overall organizational size
 - The larger the size of the organization measured in number of employees, the greater the opportunity for a more favorable ratio of HR staff to employees
- 2) Organizational philosophy related to the HR function
 - By this I mean how does the organization view HR in terms of being an integral part of its strategic planning, goal setting, business decisions and other key aspects of executive level processes?

Best Answer Factors (continued)

2) Organizational philosophy related to the HR function (continued)

- Below is Trinity’s description of the 3 most typical levels of HR.



HR DEPARTMENT: 3 TYPICAL LEVELS

LEVEL	BUSINESS KNOWLEDGE	ROLE IN ORG-WIDE PLANNING & DECISION MAKING	STRATEGIC CONNECTION WITH ORGANIZATION	INITIATOR
#1	None or nominal	None or limited	Marginal or disconnected Very tactical focused	Some Mainly at executive direction
#2	Moderate	Moderate to moderate +	Moderate to moderate +	Tolerable mix of executive direction & self
#3	Strong	Key	High	Main initiator with minimal executive direction

3) The scope of services provided by the HR team.

- Below are Trinity’s “8 Pillars of HR”:



2) Unionization

- The existence of a collective bargaining agreement or agreements places an additional layer of effort (as well as skills) on the HR function.

Best Answer Factors (continued)

3) The competency of the HR team members

- Certainly, as in the other business functions and the organization as a whole, to optimize its contributions to the organization HR top leader needs to have a high degree of competence.
- In addition, A) the other factors (both above and below), B) the HR function's structure (including but not limited to centralization versus decentralization) and C) the competence (both in terms of breadth and depth) affect the size of the HR team.

4) The utilization of technology

- Clearly, the effective leveraging of technology can serve to enable HR improve its staff to improve ratio (i.e., more employees per 1 HR staff person)

Another way (or at least a supplemental way) to determine the "right" size of the HR staff is to use financial metrics.

- All of these are problematic because of the huge variance (& appropriately so) based upon the industry or industry sector, which in turn greatly limits the amount of benchmark data available.
- Also affected by scope of HR services.

The most common ways are:

- 1) Revenue per Employee
- 2) Profit per Employee
- 3) HR Expenses as a Percentage of Total Operating Expenses
- 4) Cost of HR per Employee

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