

Time to rethink your HR-to-employee ratio

If your HR department has been struggling to keep up with a growing workforce and new compliance duties, it may be time to add to your HR staff.

You wouldn't be alone—HR staffing levels are running at an all-time high. In U.S. organizations, the median HR-to-employee ratio last year hit 1.4 HR employees per 100 employees served, according to a Bloomberg BNA study.

During the recession years, the ratio ran near 1.1 as more organizations shed employees. But the ratio has rebounded since 2013 as workforces have grown and organizations have been more open to hiring additional HR staff.

In fact, for six straight years, more HR departments in the United States expanded their staffs than contracted, says the Bloomberg study. And reports of HR staffing increases in 2017 outpaced reports of decreases by a four-to-one margin.



That growth, in part, has been fueled by new compliance duties falling onto HR departments—most notably the Affordable Care Act's complex reporting requirements.

Other lessons from the Bloomberg study:

Size matters. Small employers tend to report higher HR staffing ratios because it takes a minimum staffing baseline to deliver basic HR services. Economies of scale help large employers keep a lower ratio.

More specialists. HR specialization is at its peak, with 73% of HR departments reporting at least one specialist on staff. The most common speciality area is benefits, followed by recruiting.

HR salaries growing. Salaries for HR pros continue to rise. The median increase in HR's staff salary budget was 4.2% last year, up from 4.1% in both 2015 and 2016, and more than a percentage point higher than 2012 to 2014.

HR outsource increasing, too. Nearly two-thirds of HR departments (63%) rely on outside vendors to handle at least one program. Once they test the waters, they tend to outsource more.