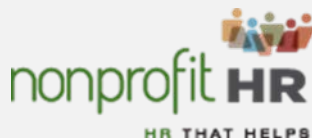


HR Staffing, Costs and Structures in the Nonprofit Sector: Headline results of the 2014 Survey

Use this report to:

- Benchmark your HR department with other nonprofit HR departments on such key issues as ratio of HR staff to employees, change in HR staff in the last year, allocation of time – and more.
- Understand key trends in HR departments in the nonprofit sector.



Our Purpose

To help nonprofits achieve their missions through people.

What We Do

- **Enable** organizations to innovate and change; **Foster** high-performing environments where employees and leaders can achieve their organizations' missions and fulfill their individual passions;
- **Create** systems and programs that maximize organizations' abilities to be effective and efficient;
- **Design** workspaces that embrace the best of human resources practices and that are compliant with federal and state laws;
- **Strengthen** the human resources capacity of the nonprofit sector through innovation, education, information and advocacy.

About XpertHR

XpertHR is a practical online service to help you comply with federal, state, and municipal law. It is designed and organized around the day-to-day tasks of HR professionals so that you can quickly unravel the complexities of HR law across multiple jurisdictions.

Our team of experienced in-house editors and external law firms provide extensive coverage of new laws, and offer practical advice on how to comply with legal changes so that you can stay on top of a rapidly evolving social and legal landscape.

Get a Free Trial

www.xperthr.com

© Reed Business Information, a division of Reed Elsevier Inc

The 2014 HR Staffing, Cost and Structure Benchmarking Survey conducted by XpertHR and Nonprofit HR set out to collect data on the way HR departments in the nonprofit sector are resourced, organized and held accountable. Our study collected data from senior HR professionals in 260 organizations, which together have 991 HR practitioners and 84,886 employees. The survey was conducted in April 2014.

Among the key benchmarks* to emerge from the study, XpertHR and Nonprofit HR found that:

- The typical ratio of HR staff to employees was 1:66.
In other words, each individual member of the HR team provides HR services to 66 employees.
- The typical annual HR operating cost per HR staff member was \$91,715.
This was the cost of running the HR department itself, including HR salaries.
- The typical annual HR activities budget per employee was \$1,020.
This was how many dollars HR had to provide HR services, from recruitment to training to termination.

In reporting our findings, we have grouped respondents into three broad size bands:

- 171 have 1-249 employees (small);
- 68 have 250-999 employees (medium); and
- 21 have 1,000 or more employees (large).

Ratio of HR staff to employees

As participating organizations supplied data on both the size of their HR department and the total number of their employees, it is possible to calculate the ratio of HR staff to employees – that is to say, the number of employees per HR professional.

As table 1 shows, a “typical” employer in the nonprofit sector might have one HR staff member for every 66 employees. Upper and lower quartile figures in the table provide a sense of the spread of ratios in respondent organizations. From this we can see that the middle 50% of organizations report that the number of employees to each HR practitioner lies between 39 and 107.

Table 1. No. of employees per HR staff member – all respondents	
Lower quartile	39
Median	66
Upper quartile	107
Source: XpertHR / Nonprofit HR n = 248 organizations Note: data rounded to whole numbers	

HR staff numbers

We asked whether HR staff numbers had increased, stayed the same or decreased. The findings show that where there had been a change in HR staff numbers, it was more than three times as likely that staffing had increased rather than decreased. Responses to this second question are set out in table 2.

It is interesting to note that the most common reason for a change in HR staff numbers by far was due to growing workloads. In fact, although listed as an option, not one organization mentioned a decrease in HR workload. And even among those organizations explaining a decrease in HR staff numbers, the most common reason given – efficiency improvements – suggests that far from demands on HR falling, fewer people were being expected to do more.

Table 2. How has the number of HR staff changed over the past 12 months?

Reduced	6%
Stayed the same	73%
Increased	21%
Source: XpertHR / Nonprofit HR n = 254 organizations	

HR’s relationship to the wider organization

The survey examined two important aspects of the relationship between HR and the wider organization within which it operates:

- The reporting line of the most senior HR executive; and
- The division of responsibility for people management tasks between HR and supervisors.

By far the most common arrangement is for the most senior HR person to report directly to the Chief Executive Officer, President or Executive Director of the organization. While this is true of all types and sizes of organization, a notably higher proportion of HR leaders in the largest organizations report to a Chief Operating Officer or an equivalent role.

The results, set out in table 3, show that HR is heavily involved in all of these areas, either taking sole responsibility or working in partnership to share responsibility with supervisors. There are a small number of organizations where the main responsibility for one or more of these areas rests with the supervisor rather than the HR professional, most notably in managing performance.

Table 3. Allocation of main responsibility for people management activities – all respondents

	HR %	Supervisors %	Shared %	Other %
Employee relations	27.3	9.2	60.8	2.7
Equal opportunities	60.5	4.3	31.8	3.5
Handling legal issues	70.8	2.7	5.8	20.8
Training and development	41.2	10.8	40	8.1
Compensation	41.9	9.2	33.8	15
Performance management	28.8	13.5	55.4	2.3
Staffing	41.1	8.1	45.7	5.1
Source: XpertHR / Nonprofit HR n = 260 organizations				

Strategies and performance measures

Only a little over one in three respondents (36.5%) say that their organization has a documented HR strategy. Not surprisingly, the largest employers are those most likely to have a written strategy – the proportion here rising to just over six in ten (61.9%).

Where such a strategy exists, nearly three in four (73%) say it was developed as an integral part of the overall organizational strategy, while just under one in five (18%) say it was developed as a follow-up exercise once the overall organizational strategy was adopted. Just under one in ten (8.4%) told us that their HR strategy was developed independently of the overall organizational strategy, suggesting a potential disconnect from, or lack of integration with, the organization.

Most HR departments make efforts to measure the effectiveness of what they do. As table 4 shows, overall, around one in five organizations (19.6%) has formal measures of HR effectiveness in place, while a further two in five (39.2%) do so through informal measures. However, as the size of organization rises, it is increasingly likely to measure the effectiveness of its HR department, and increasingly likely to use formal measures to do so.

It is noteworthy that a substantial minority, even of the largest employers in the survey, make no attempt to measure the effectiveness of what they do.

Table 4. Attempts to measure the effectiveness of the HR function

	All	By no. of employees %		
		1-249	250-999	1,000+
Formal measures	19.6	15.8	25	33.3
Informal measures	39.2	40.9	36.8	33.3
None	38.5	40.4	36.8	28.6
Don't know	2.7	2.9	1.5	4.8

Source: XpertHR / Nonprofit HR
n = 260 organizations

The HR budget

Just under half of all respondents (48.8%) say that their HR function has its own budget, while almost as many (46.2%) do not – and a small number (5%) do not know. Those organizations that do have a budget were able to provide data on how much they spend which provides valuable benchmark figures.

We asked first how much each organization spent on HR operating costs – defined as HR salaries, HR training, HR recruitment, HR information and other costs relating to the running of the HR department itself. We then asked how much each organization spent on HR activities – defined as the sum of its HR operating costs plus the cost of providing recruitment, training and other HR activities for the organization as a whole.

Neither figure on its own provides meaningful data since organizations differ in size. However, by combining budget and staffing data we have created two key benchmarks:

- HR operating costs per HR staff member; and
- HR running costs per employee in the organization as a whole.

Our findings, in tables 5 and 6 show that there is considerable variation in both the cost of having an HR department and in the money HR can spend in the course of its work.

Table 5. HR operating costs per HR staff member	
Measure	Operating costs budget \$
Lower quartile	60,000
Median	91,715
Upper quartile	121,676
Source: XpertHR / Nonprofit HR n = 90 organizations	

Table 6. HR activities budget per employee	
Measure	Activities budget \$
Lower quartile	547
Median	1,099
Upper quartile	2,579
Source: XpertHR / Nonprofit HR n = 80 organizations	

HR’s changing influence in the workplace

Finally, we asked respondents how the influence of the HR function in their organization had changed over the past year. The results are positive. Overall, nearly half (49.2%) said that their HR function’s influence had increased, while almost all the rest (46.5%) said that it had remained unchanged. Just 11 of our 260 respondents (4.2%) reported that it had decreased.

Among the small number to report a decline in HR’s influence, two pointed to a change in reporting line from the Chief Executive Officer to a Chief Operating Officer or Divisional Director. Several indicated in different ways that there had been a change in management, with one commenting that the former Executive Director had “experienced challenges in her working life” and had subsequently resigned. One reported that having “two chiefs with different leadership styles has affected consistency in applying HR services effectively”.

More positively, many respondents were able to report that fresh leadership of the HR function, innovation in response to challenges and demands made on the HR department, and greater recognition by senior management of the contribution that HR can make had all led to an increase in the influence of HR.

Underlining the importance of reporting lines, the HR director of one midsize nonprofit working with young people said:

“CEO changed the reporting line so that the Director, Human Resources reports to the CEO. This positions HR as a neutral and independent channel within the organization.”

The HR Director of a medium sized education nonprofit said:

“We are very innovative and are always looking at best practices. For example, we just purchased software to manage performance more efficiently and electronically on a year-round basis.”

Finally, the HR Director of a nonprofit which aims to get people with disabilities into work said:

“HR has continuously improved its availability (hired additional personnel), as well as continuously improved its credibility. Consequently, its influence has expanded to be a critical partner in the development and growth of the organization.”

Get a Free Trial

XpertHR is the most comprehensive online service that empowers HR professionals with all the practical tools and resources needed to manage daily tasks and challenges. See what it can do for you...

Phone: [1-855-973-7847](tel:1-855-973-7847) Email: inquiries@xperthr.com Website: www.xperthr.com

