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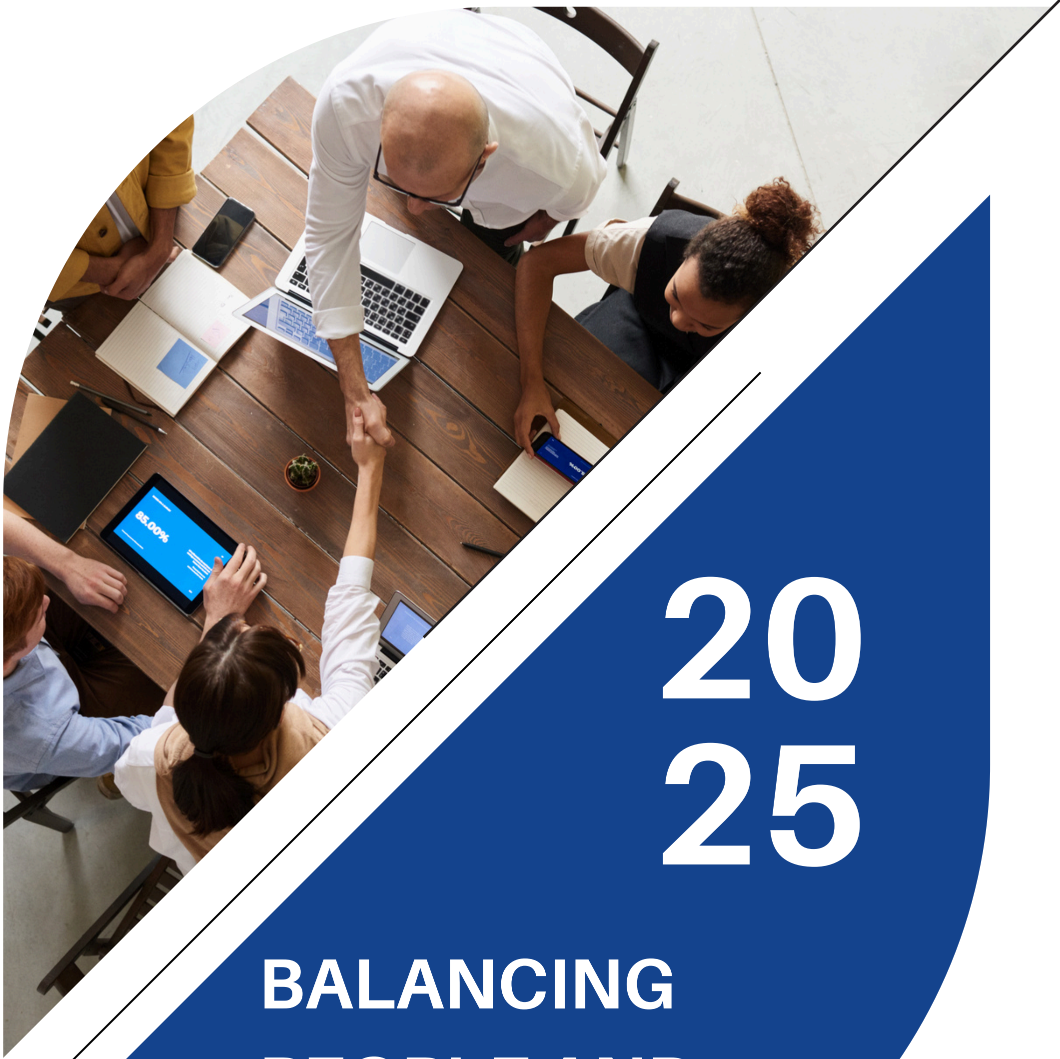

2025

BALANCING PEOPLE AND NUMBERS

What’s Driving HR and Finance Staffing Trends in Pakistan

INTRODUCTION:

Business leaders often wonder whether their support functions, particularly Human Resources (HR) and Finance, are staffed at optimal levels. **Is your HR team large enough to engage and manage talent effectively? Is your finance team sufficiently resourced to maintain control without bloat?** Recent findings from Mercer's 2024 Total Remuneration Survey (TRS) for Pakistan, encompassing data from over 280 leading corporate organizations, combined with benchmarking insights from SHRM, provide a comprehensive view of current compensation and staffing trends.

According to SHRM's latest guidance, the average global organization employs **about 1.7 HR staff per 100 employees (≈ 1 HR for 59 people),** and the "sweet spot" ranges from 1.5 to 4.5 per 100, depending on complexity SHRM. Many practitioners still simplify this to "roughly one HR professional for every 60–80 employees," but Mercer's Pakistan data shows that local practice often departs from even that generous range. In the pages that follow, we explore the overall trends across sectors, compare HR and Finance ratios to both total headcount and management staff, discuss the forces driving variance, and close with strategic recommendations for CEOs.

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THE IDEAL VS. REALITY IN HR STAFFING

SHRM's benchmark of 1.7 HR professionals per 100 employees (approximately 1:59) serves as a useful reference point. While Pakistan's average HR-to-employee ratio is comparable at around 1:53, a broader industry wide analysis using Mercer's 2024 data reveals more nuanced trends across sectors:

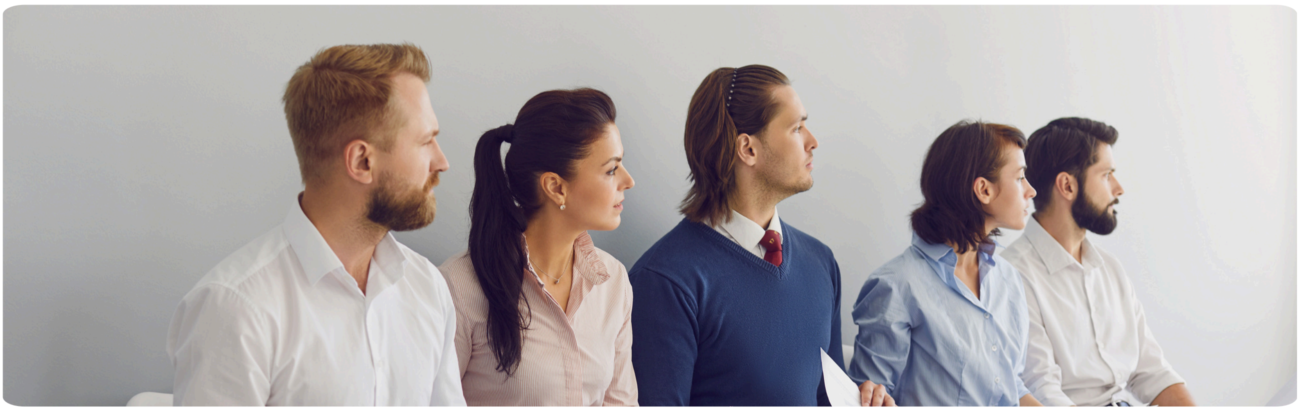
01

A quarter Pakistani firms exceed the SHRM average. Roughly three-quarters report ratios lower than 1:59, with a median of about 1 HR per 53 employees, close to 2 percent of the workforce.

02

A minority run ultra-lean. Around one in four companies hit or surpass the 1:80 mark, and a handful stretch well beyond, managing with 1 HR for 300+ employees.

Why the spread? Smaller firms often need at least one dedicated HR generalist just to "keep the lights on," skewing their ratio downward (i.e., more HR per head). Large firms, conversely, exploit economies of scale and technology to push ratios high, yet some invest deliberately in extra HR capacity to drive culture, learning, or transformation.



FINANCE STAFFING RATIOS—A DIFFERENT STORY

Finance tells a contrasting tale. Mercer's figures show a median of 1 finance professional per 18 employees—far denser than HR. Even lean finance shops rarely climb past 1:30; risk, regulatory, and transactional loads anchor the function to a lower employee-to-finance ratio.

WHERE INDUSTRIES DIVERGE

Median Total employee-to-staff ratios (lower number = more support staff):

Sector (No of companies)	Total employees to Finance Staff Ratio	Total employees to HR Staff Ratio
Banking/Financial Services (4)	1|6	1|34
Chemicals (16)	1|19	1|44
Consumer Goods (31)	1|17	1|42
Energy (41)	1|19	1|48
High Tech (31)	1|25	1|44
Insurance/Reinsurance (4)	1|12	1|48
Life Sciences (27)	1|28	1|91
Logistics (19)	1|14	1|73
Other Manufacturing (36)	1|25	1|68
Other Non-Manufacturing (19)	1|18	1|47
Retail & Wholesale (17)	1|20	1|47
Services (Non-Financial) (30)	1|21	1|59
Transportation Equipment (13)	1|22	1|44
Average	1|19	1|53

WHY SUCH VARIANCE?

No two companies are identical, and several key factors drive the differences in HR and Finance staffing ratios observed in the survey. Understanding these factors can help leaders interpret why their organization's ratios might deviate from the average or the "ideal." Here are some of the most significant influences:

• Industry & Complexity

Organizations operating in highly regulated or transaction-intensive sectors such as banking, insurance, or diversified conglomerates typically require larger and more specialized support teams to meet compliance, reporting, and risk management demands. Additionally, multinational corporations (MNCs) with centralized Centers of Excellence (COEs) abroad and leaner-in-country operations (e.g., in the pharmaceutical sector) may report higher employee-to-support-function ratios, as core strategic or transactional roles are often managed globally rather than locally.

• Organizational Size & Maturity

Different industries have different demands. A manufacturing company with unionized labor and stringent safety regulations might need a larger HR team (more HR staff per employee) to handle labor relations, training, and compliance. In contrast, a tech firm with a young, stable workforce might manage with a leaner HR crew. Similarly, finance staffing can depend on business complexity – a multi-entity conglomerate, or a bank will inevitably require a bigger finance department (for compliance, risk management, and complex accounting) than, say, a single-product local business, even at the same headcount. Highly regulated or transaction-heavy sectors tend to require more support staff in both HR and Finance.

• Technology and Process Efficiency

The use of modern HR Information Systems (HRIS), payroll automation, self-service portals, and advanced accounting software can drastically alter staffing needs. Companies that invest in technology can operate with leaner support teams. For instance, if routine HR tasks (benefits enrollment, leave tracking, recruitment processes) are automated or self-service, one HR coordinator can handle a much larger employee base, focusing mainly on exceptions or high-value activities. Likewise in Finance, a robust ERP system or automated invoice processing can boost each finance employee's productivity, enabling a higher employee-to-finance ratio. On the flip side, organizations that haven't digitized – still relying on manual paperwork – may need extra hands in HR and Finance just to keep up with administrative loads. The Mercer data likely captures some of this: companies with surprisingly high ratios (one HR for hundreds of employees) probably leverage strong systems and processes.

• Organizational Culture and Strategy

A more intangible but critical factor is how the leadership views these functions. Companies that see HR as a strategic partner in growth might intentionally keep the HR team larger, even if automation is available, because they want HR heavily involved in coaching, employee development, and engagement programs. These firms might proudly maintain a lower ratio (like 1:30 or 1:40) to ensure high-touch people management. In contrast, a company driven by a cost-minimization culture might aim for a lean HR team (perhaps one HR handling 100+ staff) and only add HR personnel if absolutely necessary, relying more on line managers to handle people processes. Similarly, some organizations place a high strategic priority on financial planning and analysis, they might staff more finance analysts to partner with business units, pushing the finance headcount up. Others might prioritize lean accounting, using just enough finance staff to meet regulatory needs. Thus, leadership priorities and philosophies will shape the staffing model – whether these functions are seen purely as overhead to minimize, or as critical enablers of business success deserving investment.

By weighing these factors, it becomes clear that the wide variances in HR and Finance ratios are not random – they are the result of deliberate (and sometimes unavoidable) choices aligned with each organization's situation. A savvy CEO will benchmark their company against peers but also dig into these underlying factors before drawing conclusions.

STRATEGIC RECOMMENDATIONS FOR OPTIMAL STAFFING

How can business leaders determine the "right" number of HR and Finance staff for their organization? While benchmarks like the 1:80 HR ratio or the observed industry medians are helpful reference points, optimal staffing requires a tailored approach. Based on the data trends and the factors discussed, here are strategic recommendations to consider:

01.

Benchmark and Contextualize:

Start by comparing your company's ratios to industry benchmarks and surveys (such as Mercer's). If you find your HR or Finance team is significantly larger or smaller than peers' in proportion to your workforce, investigate why. A deviation isn't necessarily bad; it might be your competitive advantage or a risk area. For example, if you have far fewer HR staff than the norm, are you leveraging technology exceptionally well (good news), or are your managers and employees struggling due to lack of HR support (bad news)? Use benchmarks as a conversation starter, not a diktat.

02.

Align with Business Complexity:

Tailor your staffing to the complexity of your operations. If your company operates in a complicated environment (multiple locations, diverse product lines, strict regulatory oversight), err on the side of a slightly larger support team. Extra HR officers can help navigate local labor laws or specialized talent needs, and extra finance professionals can ensure robust internal controls and accurate financial insights in a complex setting. Conversely, if your operations are straightforward and centralized, you might streamline HR and Finance without harm. Always ask: "Do we have the capabilities to handle the current workload and foreseeable challenges?" If not, adjust staffing accordingly.

03.

Leverage Technology and Outsourcing:

Before simply hiring more staff to handle growing administrative tasks, evaluate process improvements. Implementing an HRIS or advanced accounting software could empower your existing team to handle a higher volume of work efficiently. Many Pakistani firms have begun adopting cloud HR and finance systems, enabling them to scale without linear increases in headcount. Additionally, consider outsourcing non-core activities. Smaller companies, for instance, might outsource payroll processing or certain accounting functions to external providers, allowing a lean internal team to focus on strategic matters. This can keep your ratios in check while still getting the job done.

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04.

Watch for Diminishing Returns:

Having very low employee-to-HR or employee-to-Finance ratios (meaning very large support teams relative to your workforce) can sometimes indicate diminishing returns or inefficiency. If you find you have, say, one HR for 30 or fewer employees without a clear business rationale, scrutinize the roles and outputs. It could be that the HR team is taking on responsibilities that might be better handled by line managers or that processes are overly manual. The goal isn't to cut staff arbitrarily – indeed, quality HR and Finance work can drive performance – but to ensure each role is truly value-adding. Every additional HR or Finance hire should have a clear purpose, such as improving employee engagement, speeding up financial analysis, or strengthening compliance. If that purpose isn't there, you might realign responsibilities instead of adding headcount.

05.

Ensure Minimum Coverage and Succession:

On the flip side, extremely high ratios (like one HR for hundreds of employees) carry risks. Key tasks might slip through the cracks, and individual staff can burn out. Make sure you have enough people in place to cover essential activities even during peak periods or absences. For HR, this means covering recruiting cycles, performance reviews, employee relations issues, etc., in a timely manner. For Finance, it means meeting reporting deadlines, ensuring checks and balances (no single person handling all critical finances), and providing analytical support to decision-makers. Don't let your support functions become a single point of failure. It's wise to build some backup capacity, through cross-training or extra hire, once your ratios climb beyond the norm.

06.

Revisit Ratios as Strategy Evolves:

Optimal staffing isn't a set-and-forget equation. As your business strategy shifts, your support needs will too. Launching a major expansion or a new product line? You might need more HR involvement for hiring and culture-building, and more finance insight for investment decisions. Conversely, if you're streamlining operations or going through a lean period, you might be able to freeze hiring in these departments for a while and let growth in other areas "catch up" to rebalance the ratio. Regularly review your HR and Finance metrics alongside strategic plans. This ensures that these teams grow in step with the company's needs – providing neither too little support nor excess.

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CONCLUSION

For CEOs and business leaders, getting the staffing of HR and Finance "just right" is a continual balancing act. The Mercer 2024 data from Pakistan's market highlights that while guidelines like one HR per 80 employees are useful, real-world ratios swing widely based on legitimate business needs. There is no magic number suitable for every organization. The key is to understand the story behind your numbers: know why your HR and Finance teams are the size they are, and whether that aligns with your company's complexity, growth stage, and strategic vision. By staying informed through benchmarks and being thoughtful about factors like technology and organizational priorities, you can confidently adjust these critical support functions as your business evolves. In doing so, you'll ensure that your people team is not overextended or underutilized, and that your finance team is tight enough to be efficient but broad enough to safeguard the company's fiscal health. Striking this balance between people and numbers is a hallmark of effective leadership – and ultimately a driver of sustainable business success.

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