

**CIPD**

*Championing better  
work and working lives*



HR  
**OUTLOOK**

VIEWS OF OUR  
PROFESSION

*Winter 2014-15*

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 135,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

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## Acknowledgements

The CIPD is very grateful to those organisations and individuals who gave their time to take part in this research. They include:

- YouGov, for assisting with the survey questions, conducting the data analysis and writing this report
- all those who completed the survey.

We hope that you find the research useful when considering your own HR approach.

Please contact us if you have any questions or ideas based on our findings: [research@cipd.co.uk](mailto:research@cipd.co.uk)

# Executive summary

This report examines key issues for the HR function, highlighting current issues and emerging trends within HR. We have been able to construct a picture of HR today as well as look forward, considering future challenges that need to be addressed.

We asked 630 HR professionals questions about the current and future priorities for their HR team, how they use metrics to demonstrate their impact on business performance, the size and structure of their HR departments, areas for personal development and their career paths.

Our findings will be of interest to HR professionals and will help you:

- take stock of the issues and challenges facing your HR team and organisation
- consider how the HR department uses data and metrics to demonstrate how your people contribute business performance
- reflect on how best to operate and organise as a function moving forward
- consider how you attract talented people into the HR function
- think about your own personal development and career progression.

Throughout the report we highlight interesting sector differences and any significant differences which emerged between SMEs (up to 250 staff) and larger organisations. We also highlight differences in views between HR professionals at different levels of seniority.

## What do the findings mean for HR and for you?

Overall, the current priorities of HR functions and the capability development areas of HR professionals remain largely unchanged from our 2012 survey. Similar sector differences are also

apparent, consistent with the different operating environments in the private and public sectors.

However, there are also interesting nuances in the findings which pose challenges for the profession. Namely, are our current approaches to talent management, capability development and career opportunities in HR developing the HR leaders we need for the future? We explore these issues and ask some provocative questions about how to respond. Give us your views using **#HRO15**

## 1 Are you doing enough to attract the next generation of HR professionals?

Only a small proportion of HR professionals we surveyed said their function offers any of the most common routes into HR for young people. Apprenticeships, internships, graduate and trainee schemes are commonplace in certain industries and professions, but less so for HR. Are we missing a trick here given the business benefits of home-growing our talent?

- Are your HR applicants 'falling into' HR or do you promote HR as a career of choice?
- How enticing is your employment proposition to young people? Are they able to see a career with your organisation?

## 2 How evident is HR's contribution to the rest of the organisation?

Just over half of HR professionals responded positively to statements about their HR function's use of data and metrics to drive change in the organisation or to improve the HR function's effectiveness. Fewer than half of survey respondents said their HR function draws insight from people data and communicates it to stakeholders to help drive competitive advantage.

These low figures signal a challenge for HR professionals – action in this area will help drive

the people agenda more effectively as well as increase HR's visibility and make your impact on the strategic key performance indicators more apparent throughout the organisation.

- Do you currently have the capability in HR to develop useful metrics, interpret data and communicate insights to your key stakeholders?
- How is this capability encouraged and rewarded within the function? Is it an integral part of HR professionals' development or solely an expectation of senior staff?
- Is there analytics expertise in other parts of your business you could learn from?

### 3 Are we leaving it too late to develop critical HR capabilities?

We asked HR professionals which capabilities they will be focusing on over the next 12 months. Junior and senior HR professionals prioritised different things, which raises the question of when in our HR careers we are developing capabilities we know are critical to the profession.

Significantly fewer junior HR professionals (16%) said they needed to focus on combining commercial and HR expertise to bring value to the organisation and stakeholders than seniors (27%). And there was a similar difference in views about needing to focus on prioritising business issues over what matters to HR (seniors: 17%; junior HR professionals: 3%).

Having business, commercial and organisation savvy sits at the core of the CIPD's Profession Map – our professional standards for what great HR looks like – and are essential capabilities, whatever level of the profession you are operating at.

- To what extent are the knowledge, skills and behaviours in the core of the CIPD Profession Map incorporated into your organisation's development plans and training courses?
- Think creatively around development. As well as permanent job openings, are there opportunities for secondments or project work, do HR professionals have a mentor in another part of the organisation, and are

transfers into HR from elsewhere in the business encouraged?

### 4 Do we need to rethink the traditional HR career path?

CIPD research has long advocated the need for HR to have business acumen and commercial awareness. Does the traditional vertical HR path best enable development of these critical skills?

Our survey findings suggest that rotations in and out of HR are one way of developing the necessary skills to advance your career. This view is supported by the career choices of those who've reached the top of the profession who have coupled strong HR knowledge and people insight with demonstrating knowledge of their business.

Looking at the data, almost half of current HR directors we surveyed told us their last job role was outside of HR, and this figure typically increases as we trace back through their careers. Seven out of ten HR directors worked in roles outside of HR five job roles ago. This figure is significantly higher than the average of 46% for all HR professionals and suggests that time spent learning elsewhere in the business is valuable.

The other side of the debate is whether those without any HR background should be assuming an HR leadership role. Whatever your view, this debate is a clear call to action to look at our HR career models and critically consider how we are developing the next cadre of HR leaders.

- In HR, do you put as much emphasis on both your own and your department's development as you do on delivering on the wider organisation's talent needs?
- Are your career paths and development plans linked to the wider organisation's talent development programmes?

### 5 Are you widening your job role to increase your career possibilities?

Our survey data suggests that the decision to be a generalist or a specialist is a significant marker in an HR professional's career. The current proportion of HR professionals who classify

themselves as a generalist or a specialist remains broadly consistent when we look at previous roles they have held (up to five roles ago). So typically, generalists remain generalists and specialists remain specialists.

Another observation from our survey findings is a large amount of sideways progression. Sixty per cent of current HR managers were also a senior officer or a manager in a previous role, suggesting sideways progression is common. And if we look two roles back, almost half of current HR managers (47%) were in a similar role. Although we don't know the nature of these roles, the fact they are at the same level would suggest that people are taking them as they offer a new challenge and a development opportunity, most likely the chance to widen your skill set.

- If you're a generalist, are there certain specialisms you need to 'tune up' and develop?
- If you're a specialist, do you require more generalist knowledge in certain areas?
- Are your views in response to your organisation needs or a wider trend you're observing in HR capability requirements?

## 6 Specifically for the public sector, how do you balance the tensions presented by the prevailing context?

As in the 2012 survey, managing change and cultural transformation remain more of a priority for those working in the public sector than in the private sector, consistent with the ongoing budget cuts. Public sector HR functions themselves have not been immune to change, with 49% of public sector respondents in 2012 telling us their HR function had reduced in size. This figure is markedly lower in the 2014 survey at 26%, but still raises significant challenges for the function.

- How equipped is your HR team to deal with the tensions presented when dealing with organisation change at the same time as being affected by change themselves?
- How do you balance a focus on responding to current priorities with putting in place what your organisation will need in the future? For example, retaining a focus on leadership development and talent.

## How can we help you be the best you can be?

To support your continued professional development, we have developed two new career tools.

My CPD Map is an online tool that enables you to build a detailed picture of your strengths as well as identify where there may be gaps in your skills or knowledge. Based on your responses, you will then receive guidance tailored to your needs in the form of workplace development recommendations, further reading, research, events and activities.

The my CPD Map tool is based on our Profession Map, which sets out what the best HR and L&D professionals and organisations are doing, what they know and understand. It was developed in collaboration with HR and L&D professionals, senior business people and academics across the world to set the standards for the profession. And we've set the bar high! My CPD Map contains a series of short assessments linked to the different areas of the Profession Map.

Visit [cipd.co.uk/mycpdmap](http://cipd.co.uk/mycpdmap) to find out more and start using the online tool!

Our new CIPD Career Hub is for CIPD members and will help you take control of your career. Created specifically for you depending on your level of membership, the Hub is packed with career learning resources, including:

- a newsroom of 1000s of career articles
- the Career eLearning hub, with over 400 learning resources tackling a broad range of career issues and offering practical advice
- videos of experienced hiring managers and career coaches revealing their techniques for career success
- written tutorials, current industry reports, podcasts and an assessment centre tool.

Explore the hub here: [cipd.co.uk/hrcareers](http://cipd.co.uk/hrcareers)

Visit [mycpdmap.cipd.co.uk](http://mycpdmap.cipd.co.uk) to find out more and start using the online tool!

**Dr Jill Miller, Research Adviser, CIPD**

# Summary of key findings

## 1 Current and future priorities for HR functions

- Employee engagement was rated as the top current priority for HR functions, with 27% of HR professionals citing it. A quarter of respondents reported that managing change and cultural transformation (24%) and managing performance (24%) are current priorities. These results are similar to the top priorities of HR functions reported in the 2012 *HR Outlook*.
- HR professionals in the public sector are significantly more likely to report that their HR function is focusing on managing change and cultural transformation and organisation design/restructuring than their private sector counterparts. Within the private sector, employee engagement and staff retention are significantly more likely to be current priorities for HR functions.
- Leadership development/capability is the top future priority for HR functions, cited by a fifth (21%) of HR professionals.
- In the public sector, leadership development/capability is significantly more likely to be a future priority than it is in the private sector. Managing change and cultural transformation also remains more of a focus in the future for public sector HR professionals.

## 2 How HR contributes to business performance

- HR professionals across the sectors are in strong agreement that HR understands how the organisation works and how people practices influence the value chain, with 76% agreeing with this statement and just 7% in disagreement.
- HR professionals in the public sector are significantly more likely to disagree (22%) that 'HR creates meaningful opportunities for the organisation's people' than their counterparts in the private sector (12%).
- Within the private sector, HR professionals are significantly more likely to agree (70%) than those in the public sector (59%) that 'HR ensures the organisation has the right people capability'.

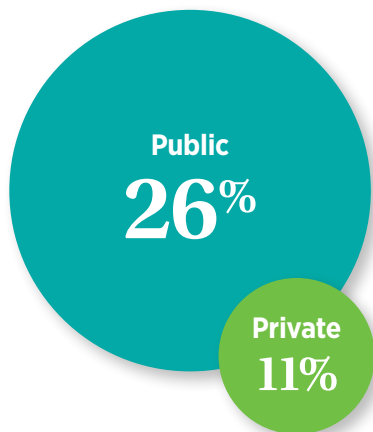
## 3 Developing HR capability

- 'Working with the organisation to drive change' is seen as the most important area for HR professionals to focus on in 2015 - mentioned by 45% - closely followed by 'challenging inappropriate behaviours and actions' (43%).
- 'Combining commercial and HR expertise to bring value to the organisation and stakeholders' was seen as an important capability to focus on by 27% of senior leaders but just 16% of junior HR professionals.



# 27%

Employee engagement was rated as the top current priority for HR functions, with 27% of HR professionals citing it.



Only 11% of private sector organisations have seen their HR department decline in size compared with 26% of public sector organisations.

#### 4 HR's use of data and metrics to demonstrate impact

- The majority of HR professionals (63%) agree that HR data informs business decision-making – broadly consistent with the 2012 *HR Outlook* data (66% in agreement). There were no significant sector or size of organisation differences.
- Around half of HR professionals agreed that HR draws insight from data to stimulate change and improvement in the organisation (58%), that HR uses measures to review and improve the HR function's effectiveness (54%) and that HR uses people measures which are aligned with strategic priority areas for the organisation (53%).

#### 5 The profile of HR departments

- Seventeen per cent of HR departments comprise just one HR employee who is solely responsible for the HR functions within their organisation. The majority (96%) of one-person HR departments are SMEs.
- There has been stagnation in the size of HR departments as just a fifth (21%) of HR departments have increased in size over the past 12 months and 14% have decreased in size. The majority (60%) of HR functions have stayed the same size.
- The downsizing of HR departments remains much more likely in the public sector than the private sector. Only 11% of private sector organisations have seen their HR department decline in size

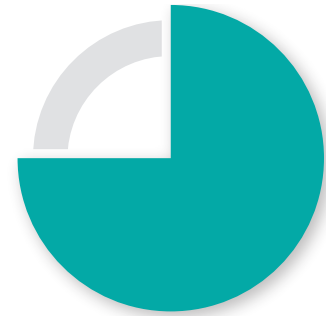
compared with 26% of public sector organisations – although this is a significant improvement from the 2012 *HR Outlook*, when half (49%) of HR professionals in the public sector reported a reduction in the size of their HR function.

- Seven out of ten HR professionals report that learning and development (L&D) is considered part of the HR function, either as a specialist function/role (39%) or as part of generalist HR activities (31%).
- The most popular structure adopted by HR departments is a single team with a mixture of expertise, with 43% of HR professionals reporting their department is structured like this.
- Half (50%) of HR departments have undergone a structural change in the last two years, a slight decrease from 55% in 2012 but on par with 2010 (51%). A change in structure is significantly more likely in the public sector, with 61% having changed compared with 48% in the private sector.
- The main reason given by HR professionals for changes in HR structures was to support HR in becoming a more strategic contributor, with this reason offered by 36% of respondents. This is a consistent view across the public and private sector.
- Cost reductions required by the HR function were cited as the reason for changes in HR structures by 36% of public sector respondents, significantly higher than the 16% of private sector organisations. The proportion of



public sector respondents citing cost reductions as a reason for change in HR structures has fallen from 44% in 2012.

- Four out of ten HR professionals (39%) in the UK reported that their HR function does not outsource any work. This is a fall from the 46% of HR professionals who reported this in 2012. Interestingly, outsourcing of HR work is consistent across organisational size.
- The top three HR-related technology challenges referenced by HR professionals are system functionality meeting business requirements (30%), integration (29%) and budget (28%).
- Three-quarters of HR professionals consider themselves to be a 'generalist'. A fifth of HR professionals (22%) consider themselves to be a specialist, with this more common within the public sector (37%) and large organisations (32%) than in the private sector (19%) and SMEs (7%).
- Looking back to five job roles ago, the majority of current HR directors worked in a role that was outside of the HR profession. Seven out of ten (69%) current directors worked in roles outside of HR five job roles ago, which is higher than the average of 46% for all HR professionals.
- The proportion of HR professionals who classify themselves as a generalist remains broadly unchanged when analysed over previous roles they have held (up to five roles ago).
- Fifty-eight per cent of current HR managers worked as a senior officer/manager in their previous role, suggesting sideways progression is commonplace.



# 75%

**Three-quarters of HR professionals consider themselves to be a 'generalist'.**

## 6 Routes into the profession and career paths

- A quarter of HR professionals said their HR function offers internships.
- The majority of HR professionals reported that their organisation does not offer any specific routes into HR for young people, showing that more work can be done to expand the use of these schemes.

# 1 Current and future priorities for HR functions

Employee engagement is the top current priority for HR functions, closely followed by both managing change and cultural transformation, and managing performance. The most commonly cited future priority is leadership development/capability, followed by employee engagement and workforce planning.

## Current priorities

HR professionals have identified that the most common current priority for HR functions is employee engagement, with 27% reporting this as a current priority. A quarter of respondents also reported that managing change and cultural transformation (24%) and managing performance (24%) are current priorities.

There are some interesting differences in the priorities of HR functions by sector. HR professionals from within the public sector are significantly more likely to report that their HR function is focusing on managing change and cultural transformation and organisation design/restructuring than their private sector counterparts.

Within the private sector, activities such as employee engagement and staff retention are significantly more likely to be current priorities for HR functions than they are in the public sector.

**Table 1: Current priorities for HR functions, by sector (%)**

Current priority	All	Public	Private
Employee engagement	27	17	<b>30</b>
Managing change and cultural transformation	24	<b>38</b>	15
Managing performance	24	27	23
Leadership development/capability	23	23	21
Staff retention	19	13	<b>22</b>
Organisation design/restructuring	16	<b>23</b>	14
Improving HR service delivery	16	22	13
Creating a high-performance culture	15	15	16
Workforce planning	15	18	15
Employee well-being	15	16	11
Talent management	14	12	18
Employment law	10	5	12
Reward management	9	6	11
Creating a learning organisation	7	6	7
Diversity	6	9	5

Q. From the list below, which, if any, of the following HR areas are current priorities for your HR function? Please indicate UP TO THREE current priorities. (Top 15 shown. Bold italic, signifies a statistically significant difference.)

Base: All HR professionals (617), private sector (358), public sector (153)

We can also draw out some distinctions between large organisations and SMEs in the priorities of their HR functions (Table 1). As may be expected, large organisations are significantly more likely than SMEs to reference managing change and cultural transformation (30% of large organisations compared with 15% of SMEs) and organisation design/restructuring (19% of large organisations compared with 12% of SMEs) as current priorities. Improving HR service delivery is also considered a current priority for HR functions by 21% of HR respondents from large organisations, significantly higher than the 9% of SMEs who consider this a current priority.

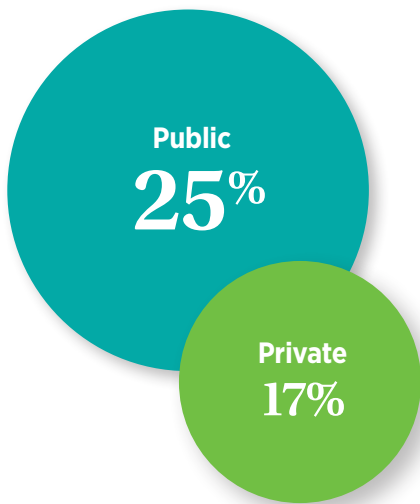
For the SME sector, staff retention (25% of SMEs compared with 16% of large organisations), managing performance (29% of SMEs compared with 20% of large organisations) and employment law (16% of SMEs compared with 6% of large organisations) are significantly more likely to be current priorities than they are in large organisations.

**Table 2: Current priorities for HR functions, by size (%)**

Current priority	All	SME	Large
Employee engagement	27	27	27
Managing change and cultural transformation	24	15	<b>30</b>
Managing performance	24	<b>29</b>	20
Leadership development/capability	23	20	25
Staff retention	19	<b>25</b>	16
Organisation design/restructuring	16	12	<b>19</b>
Improving HR service delivery	16	9	<b>21</b>
Creating a high-performance culture	15	14	16
Workforce planning	15	14	16
Employee well-being	15	16	14
Talent management	14	11	16
Employment law	10	<b>16</b>	6
Reward management	9	9	9
Creating a learning organisation	7	<b>10</b>	5
Diversity	6	2	<b>9</b>

Q. From the list below, which, if any, of the following HR areas are current priorities for your HR function? Please indicate UP TO THREE current priorities. (Top 15 shown. Bold italic, signifies a statistically significant difference.)

Base: All HR professionals (617), SME (241), large (374)



Leadership development/  
capability is rated higher as a  
future priority in the public sector.

### Future priorities

The most commonly mentioned future priority for HR functions is leadership development/capability, with a fifth (21%) of HR professionals referencing this. Workforce planning is considered a future priority by a fifth of HR professionals (19%).

For HR functions within the public sector, leadership development/capability is significantly more likely to be a future priority than it is in the private sector. Managing change and cultural transformation also remains more of a focus in the future for public sector HR professionals than it is for those in the private sector.

**Table 3: Future priorities for HR functions, by sector (%)**

Future priority	All	Public	Private
Leadership development/capability	21	<b>25</b>	17
Employee engagement	19	19	20
Workforce planning	19	18	18
Managing change and cultural transformation	18	<b>24</b>	14
Creating a high-performance culture	17	17	18
Talent management	17	18	17
Managing performance	17	11	18
Employee well-being	13	12	13
Staff retention	13	10	16
Organisation design/restructuring	13	16	12
Improving HR service delivery	12	18	10
Employer brand and organisation reputation	11	8	12
Creating a learning organisation	10	12	8
Reward management	9	9	10
Enhancing trust in the organisation	9	<b>13</b>	7

Q. And, from the list below, which, if any, of the following HR areas are future priorities for your HR function? Please indicate UP TO THREE future priorities. (Top 15 shown. Bold italic, signifies a statistically significant difference.)

Base: All HR professionals (630), private sector (366), public sector (157)

## 2 How HR contributes to business performance

HR professionals across sectors are in strong agreement that HR understands how the organisation works and how people practices influence the value chain, with 76% agreeing with this statement and just 7% in disagreement.

There is also strong agreement from HR professionals that:

- HR takes an active role in the development of culture (net agreement of +58)
- HR ensures the organisation has the right people capability (net agreement of +57)
- HR anticipates and highlights potential risks around strategic decisions (net agreement of +56)

- HR understands the external factors impacting the organisation and how it works to create meaningful solutions (net agreement of +56).

A majority of HR professionals are in agreement with each of the statements listed in Figure 1, apart from the statement that 'HR are technical specialists rather than strategists', with 32% of respondents

**Figure 1** Agreement and disagreement with statements about the functioning of HR (%)



Q. And again, thinking about the HR function within your organisation, to what extent do you agree or disagree with the following statements?  
 Net agreement is a calculation of all those who agree with a statement minus all those who disagree.  
 Base: All HR professionals (583), private sector (339), public sector (147)

*HR professionals in the private sector are significantly more likely to agree that 'HR has a commercial mindset' than those in the public sector*

in agreement and the same proportion (32%) in disagreement – although HR professionals in large organisations (38%) are significantly more likely to agree that HR are technical specialists rather than strategists than those from SMEs (23%).

By sector we see some differences in the attitudes of HR professionals to how HR functions within their organisations operate. HR professionals in the public sector are significantly more likely to disagree that 'HR creates meaningful opportunities for the organisation's people' than their counterparts in the private sector, with 22% of HR professionals in the public sector in disagreement compared with 12% in the private sector.

Within the private sector, HR professionals are significantly more likely to agree than those in the public sector that 'HR ensures the organisation has the right people capability', with 70% of HR professionals in the private sector in agreement compared with 59% of the public sector.

As might be expected, HR professionals in the private sector are also significantly more likely to agree that 'HR has a commercial mindset', with 61% in agreement compared with 35% of HR professionals in the public sector.

Finally, a small number of differences in the attitudes towards HR functions held by HR professionals in different job roles are apparent. Those mid-career professionals<sup>1</sup> are significantly more likely than those in more junior<sup>2</sup> roles to agree that HR takes an active role in the development of culture than those in more junior positions (72% of mid-career professionals agreeing compared with 57% of those in junior roles).

Similarly, senior leaders<sup>3</sup> are significantly more likely than others to agree that HR ensures the organisation has the right people (70% compared with 58%) and that HR has a commercial mindset (57% compared with 41%).

<sup>1</sup> Mid-career professionals = HR business partner, manager, senior officer.

<sup>2</sup> Junior = officer, administrator/assistant, HR trainee.

<sup>3</sup> Senior leaders = director, senior executive/group role, head of functional area.

### 3 Developing HR capability

As expected, there are differences between the views of those in more junior and those in more senior roles in terms of what they will be focusing on in 2015. Senior HR professionals are more likely to be focusing on combining commercial and HR expertise to bring value to the organisation and its stakeholders, and prioritising business issues over what matters to HR. More junior HR professionals are more likely to be focusing on addressing the operational issues facing the organisation, and acting with integrity, impartiality and independence.

The most mentioned area of focus for HR professionals surveyed in the 2014-15 *HR Outlook* is to 'work with the organisation to drive change' - mentioned by 45%. A similar proportion of HR professionals (43%) also reported that it would be important for them to focus on 'challenging inappropriate behaviours and actions'.

Four out of ten HR professionals (43%) think it will be important for them to focus on 'acting with integrity, impartiality and independence' and 37% report that an important focus would

be to 'work with the rest of the organisation to ensure the culture reflects the values endorsed by the organisation'.

Comparing the views of those in senior leader roles with those in junior roles, there is a broadly consistent picture in what areas HR professionals think it will be important for them to focus on over the next 12 months.

The two areas of focus where significant differences exist are in issues related to the wider business and commercial aspects of the organisation. A significantly higher proportion of senior HR professionals report that over the next 12 months it would be important for them to focus on 'combining commercial and HR expertise to bring value to the organisation and stakeholders' - with 27% of senior leaders reporting this compared with 16% of juniors.

Furthermore, although a small proportion overall, 17% of seniors report it would be important for them to focus on 'prioritising business issues over what matters to HR' - significantly higher than the 3% of juniors who reported this.



**The most mentioned area of focus for HR professionals surveyed is to 'work with the organisation to drive change'.**



**27% of senior HR leaders report it would be important for them to focus on 'combining commercial and HR expertise to bring value to the organisation and stakeholders' compared with 16% of juniors.**

**Table 4: Areas of focus over the next 12 months for HR professionals, by level of seniority (%)**

Current priority	All	Senior leaders	Mid-career professionals	Junior
Work with the organisation to drive change	45	46	48	36
Challenge inappropriate behaviours and actions	43	42	43	42
Act with integrity, impartiality and independence	39	34	41	45
Work with the rest of the organisation to ensure the culture reflects the values endorsed by the organisation	37	40	36	30
Be curious to seek out innovative solutions which add value to the organisation	34	29	36	39
Help the organisation to become more flexible and agile	31	34	31	26
Address the operational issues facing the organisation	28	27	26	29
Work collaboratively with internal and external stakeholders to drive organisational value	27	25	28	27
Debate and challenge organisational issues with sound reasoning	26	27	26	24
Combine commercial and HR expertise to bring value to the organisation and stakeholders	26	27	29	16
Provide a balanced view of the risks and benefits of managers' decisions	25	20	28	23
Spot opportunities to manage costs	19	20	17	22
Prioritise business issues over what matters to HR	12	17	12	3
Spot opportunities to drive revenue	12	17	9	8
None of these	4	5	1	10

Q. The following statements relate to actions that you may/may not be undertaking as an HR practitioner. Which of these do you think it is important that you as an individual focus on in the next 12 months? Please select up to 5 actions.

Base: All HR professionals (583), private sector (339), public sector (147)



# 4 HR's use of data and metrics to demonstrate impact

Although HR professionals tell us that HR data informs business decision-making (63%) and stimulates change and improvement in the organisation (58%), there was less agreement about whether HR effectively communicates and interprets the people measures to relevant stakeholders (47%).

The majority of HR professionals (63%) agree that HR data informs business decision-making - broadly consistent with the 2012 HR Outlook data (66% in agreement). This is the case across both the private and public sector and all sizes of organisation.

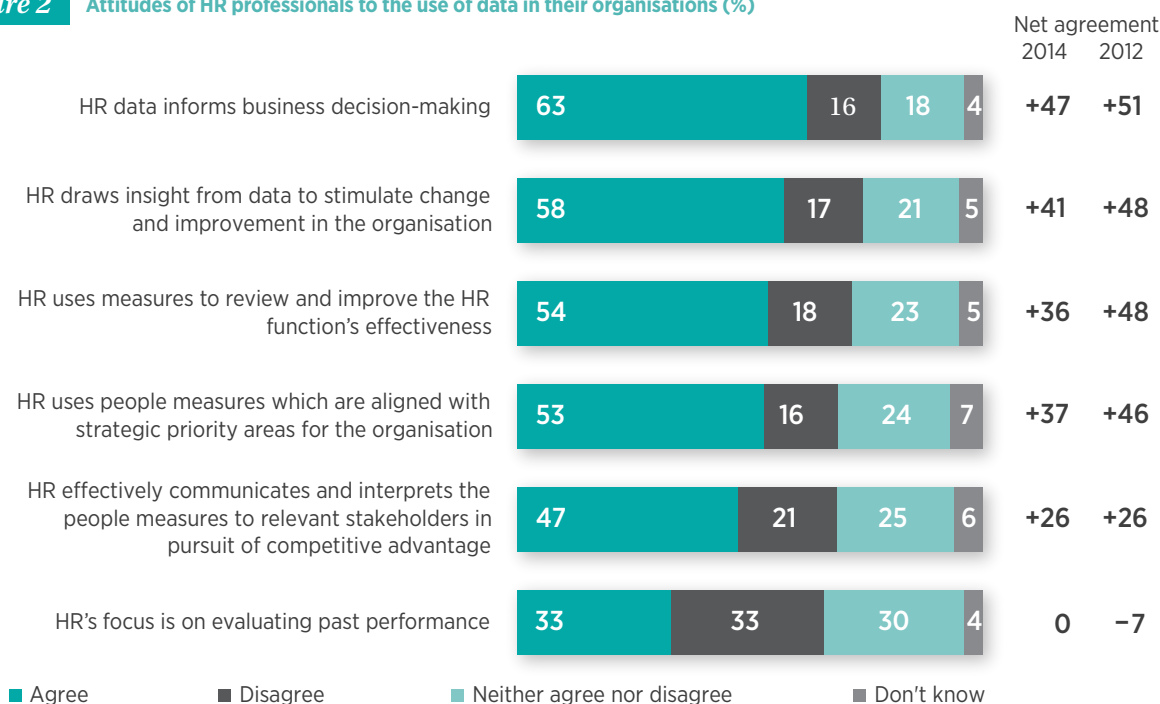
There is also strong agreement from HR professionals that HR uses measures to review and improve the HR function's effectiveness (54% agreed) and that HR uses people measures which are aligned with strategic priority areas for the organisation (53% agreed). In comparison with 2012, while still positive, levels of agreement have fallen for both of these measures.



63%

The majority of HR professionals agree that HR data informs business decision-making

Figure 2 Attitudes of HR professionals to the use of data in their organisations (%)



Q. Thinking about the HR function within your organisation, to what extent do you agree or disagree with the following statements?  
 Base: All HR professionals (630)



**HR professionals in large organisations (36%) are significantly more likely to agree that HR's focus is on evaluating past performance than those from SMEs (28%).**

Nearly half of HR professionals (47%) report that HR effectively communicates and interprets the people measures to relevant stakeholders in pursuit of competitive challenge, with levels of net agreement unchanged from 2012.

Concerning HR's focus being on evaluating past performance, we see a real split of opinion, with 33% in agreement that this is the case and 33% in disagreement. However, levels of net agreement have increased when compared with 2012.

There are no significant sectoral differences in the attitudes of HR professionals to the use of data in their organisations, although significant differences by company size do emerge. HR professionals in large organisations (36%) are significantly more likely to agree that HR's focus is on evaluating past performance than those from SMEs (28%). In addition, HR professionals in large organisations (58%) are significantly more likely to agree that HR uses measures to review and improve the HR function's effectiveness than respondents from SMEs (49%).

# 5 The profile of HR departments

Over the past year the majority (60%) of HR departments have remained the same size. And although the downsizing of HR departments is still more likely in the public (26%) than the private sector (11%), significantly fewer public sector organisations report downsizing their HR departments than in our 2012 survey (49%).

### Size of the HR function

On an overall level, a third of HR departments (34%) consist of 2-9 employees, 22% have 10-49 employees and a further quarter (24%) are made up of more than 50

employees. Seventeen per cent of HR departments comprise just one HR employee who is solely responsible for the HR functions within their organisation - this is an increase from the 13% of HR professionals who reported this in 2012.

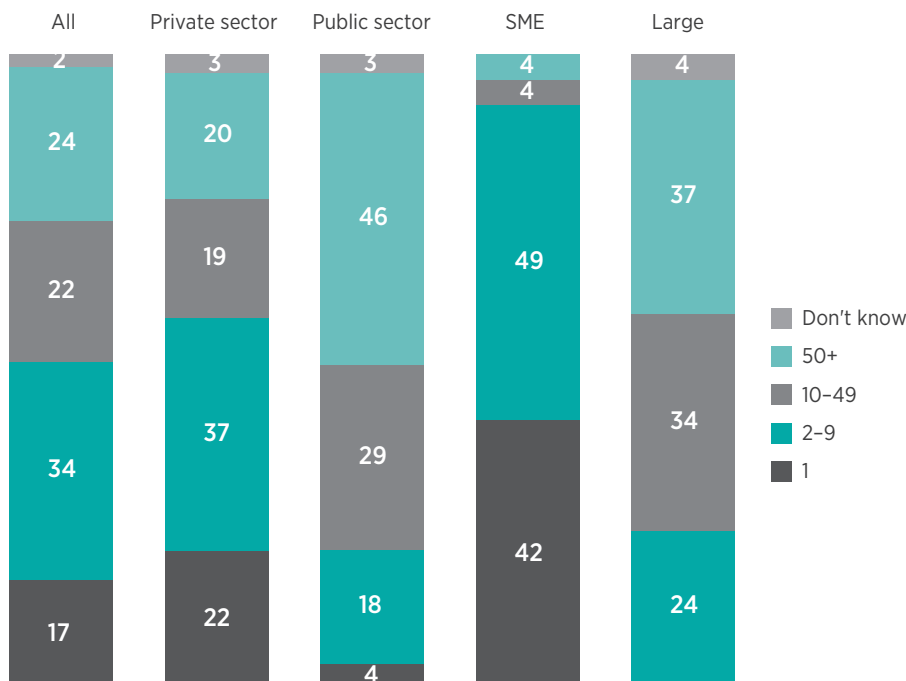
One-person HR departments are, though, strongly congregated in SMEs, with 96% of HR departments of one person coming from an SME and just 4% in large organisations.

While over half of private companies (59%) have nine or fewer HR employees, public sector bodies have

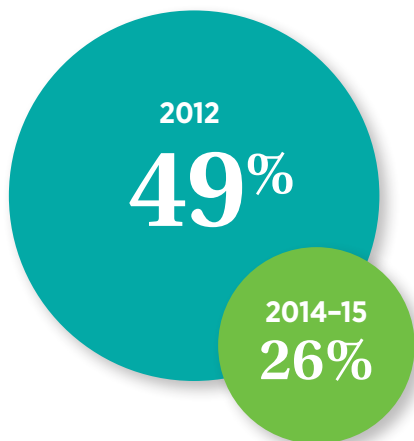


**A third of HR departments consist of 2-9 employees, almost a quarter have 10-49 employees and a further quarter are made up of more than 50 employees.**

**Figure 3** Differences in the size of HR functions, by size and sector (%)



Q. Including yourself, approximately how many members of staff within your organisation are employed within the HR function in the UK?  
 Base: All HR employees (630), private sector (366), public sector (157), SMEs (246), large businesses (382)



**26% of public sector organisations reported a reduction in the size of their HR function. Although this is a significant improvement from the 2012 HR Outlook, when half (49%) reported a reduction.**

significantly larger departments, with three-quarters (75%) of them having more than ten HR employees. This appears to be in line with the fact that the public sector has a consistently higher number of employees in total.

Unsurprisingly, nine out of ten SMEs (91%) have HR departments of nine employees or fewer. Correspondingly, 71% of large businesses have more than ten HR employees.

With regards to the structure of different sizes of HR departments, HR departments of 50 people or more are significantly more likely to use the Ulrich model (with 62% reporting this) than HR departments of 2-49 people (17%). Smaller HR departments of 2-49 people (59%) are significantly more likely than larger HR departments to adopt a single HR team structure (11%).

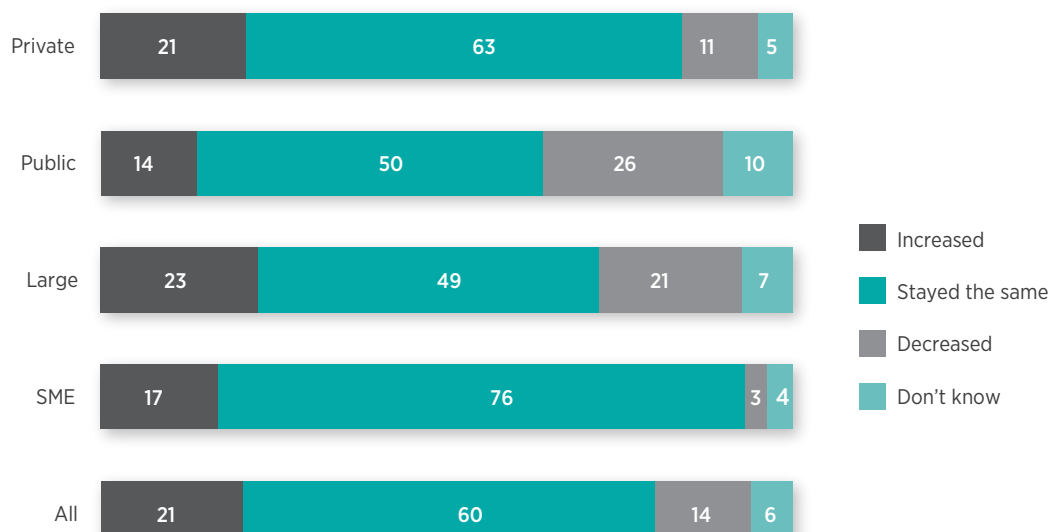
As is apparent from Figure 4, the majority of HR departments (60%)

have stayed the same size over the last 12 months. This is particularly the case for SMEs, with 76% of those surveyed reporting this compared with half (49%) of large organisations.

A fifth of HR departments (21%) have increased in size in the last 12 months. A lower proportion of HR departments (14%) have decreased in size, but this is more apparent in those large organisations surveyed, with 21% reporting that their HR function has decreased in size over the last 12 months.

The downsizing of HR departments over the last 12 months has also been much more likely in the public than the private sector. Only 11% of private sector bodies have seen a reduction in the size of their HR function compared with 26% of public sector organisations. Although this is a significant improvement from the 2012 HR Outlook, when half (49%) of HR professionals in the public sector

**Figure 4** Changes in the size of HR functions over the last 12 months, by size and sector (%)



Q. In the LAST 12 MONTHS, has the size of your HR department in the UK...?  
 Base: All HR professionals (630), SMEs (246), large businesses (382)

reported a reduction in the size of their HR function. This does, though, highlight how HR departments have been part of the public sector cuts that have been headline news in the last few years.

Of the 21% of HR professionals that reported an increase in the size of HR departments over the past 12 months, the mean increase in the size was reported to be 29%. It should be noted that the vast majority (83%) of those organisations providing an average increase figure were from the private sector. In contrast, the 14% of HR professionals that reported their HR function had decreased in size estimated that this was on average a decrease of 18%.

### HR structures

Table 5 shows the different types of HR structures that are adopted by organisations across the UK.

The most popular model is a single HR team with a mixture of expertise, which is employed by four in ten businesses (43%). Perhaps unsurprisingly, as found in 2012, this remains far more common amongst SMEs than large businesses, which tend to employ the Ulrich model. The use of the Ulrich model has remained static from 2012 (28%).

The private sector also favours the single HR team structure, whereas the public sector is more likely to adopt the Ulrich model. Public sector

organisations are also significantly more likely to have aligned their HR services to business units.

Seven out of ten HR professionals (70%) report that learning and development (L&D) is considered part of the HR function, either as a specialist function/role (39%) or as part of generalist HR activities (31%). Large organisations are significantly more likely than SMEs to report that L&D is a specialist function/role within the HR department, with 58% reporting this compared with just 10% of SMEs.

### Changes in HR structures

Exactly half of HR departments have undergone a structural change in the last two years, a slight decrease

**Table 5: Different types of HR model adopted, by sector and size of organisation (%)**

	All	Private	Public	SMEs	Large
The Ulrich model	27	26	39	8	39
A single HR team with generalists, specialists and administration together	43	43	31	55	35
A corporate HR strategy team, aligned to business units	8	7	14	2	11
A corporate HR strategy team with operational teams providing all HR services, aligned by location	4	5	3	4	4
A set of specialist services and corporate HR strategy provided centrally, with business unit HR teams providing the rest of HR services	3	3	6	1	5
A small, central HR function with largely outsourced HR activity	6	7	4	13	1
Each location and/or business unit has their own HR delivery team, including strategic and operational functions	2	2	1	1	2
Other	4	4	0	10	0

Q. Which ONE of the following structures best describes your organisation's HR model?

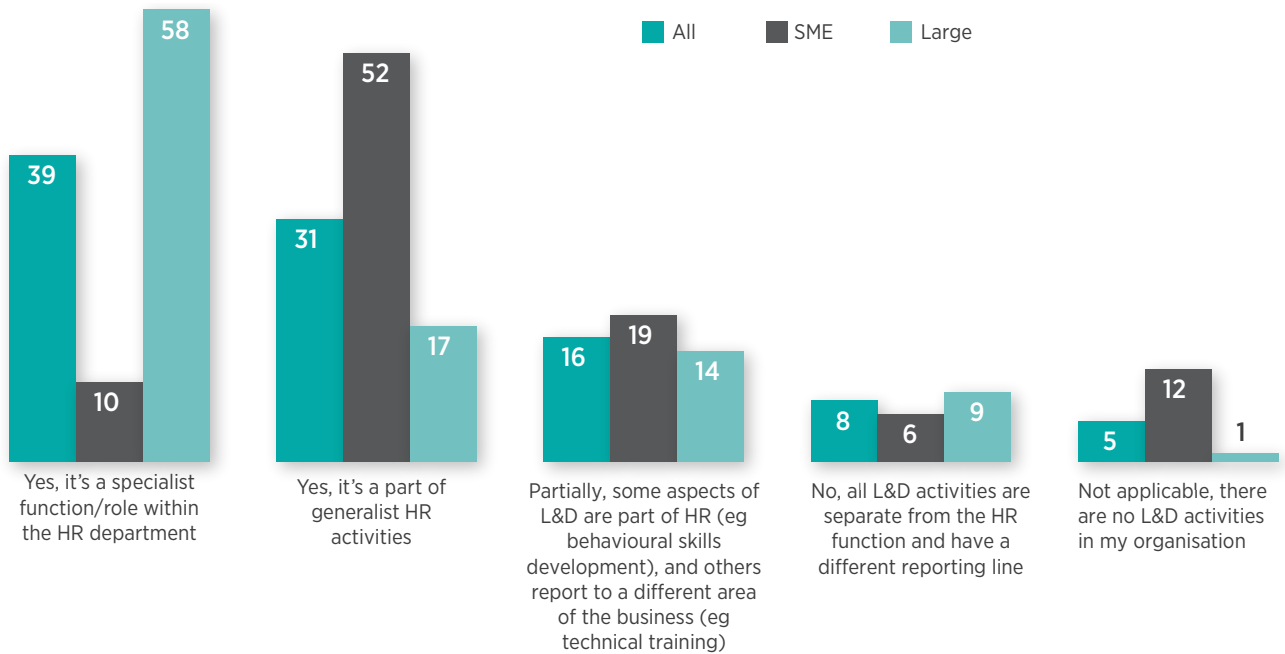
Base: All HR professionals (630), private sector (366), public sector (157), SMEs (246), large (382)



70%

Seven out of ten HR professionals report that learning and development is considered part of the HR function.

**Figure 5** Position of learning and development activities in HR structures (%)



Q. Which ONE of the following structures best describes your organisation's HR model?

Base: All HR professionals (630)



**61%**

**A change in structure is significantly more likely in the public sector, with 61% having changed compared with 48% in the private sector.**

from 55% in 2012 but on par with 2010 (51%). A change in structure is significantly more likely in the public sector, with 61% having changed compared with 48% in the private sector. Similarly, larger organisations (which are more common in the public sector) are significantly more likely than SMEs to have changed structure in the last two years, with 59% reporting this compared with 37%.

The main reason given by HR professionals for changes in HR structures was to support HR in becoming a more strategic contributor, with this reason offered by 36% of respondents. This was a consistent view across the public and private sector.

Broader change in the wider organisational structure was cited as a reason for changes in HR structures by just over a quarter of respondents (27%). This was, though, more likely to be a reason for change in HR structures from within the public sector (37% citing this) than in the private sector (24%).

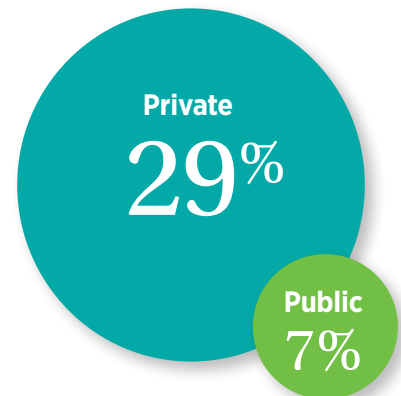
Similarly, cost reductions required by the HR function were cited as the reason for changes in HR structures by 36% of public sector respondents, significantly higher than the 16% of private sector organisations who reported this – although the proportion of public sector respondents citing cost reductions as a reason for change in HR structures has fallen from the 44% who reported this in 2012.

**Table 6: Reasons for structural changes in HR (%)**

	All	Public	Private
HR becoming a more strategic contributor	36	36	35
Change in wider organisational structure	27	37	24
Organisation growth	23	7	29
A cost reduction was required by the HR function	21	36	16
A need to improve service standards	21	22	16
Empowerment of line managers to deal with basic employee queries has changed the requirements for HR	12	11	13
To meet line managers' changing needs	11	13	8
Downsizing within the organisation	11	18	9
Increased use of technology has enabled line managers/employees to deal with basic queries, reducing the requirements for HR	8	7	10
Investment in more specialist resource (for example L&D or reward)	8	2	9
Strategic partnering (for example joint venture, strategic alliance)	7	2	9
Outsourcing of HR or HR-related functions	6	8	5
Other	6	3	6
Organisation merger or acquisition	5	7	6
HR has become a profit centre by 'selling' services and solutions	2	2	2
Don't know	2	0	3

Q. Which of the following best describe why you changed your structure? (Please tick up to three responses.)

Base: all whose HR function has changed structure (633)



**Organisation growth was cited as a reason for structural changes in HR by three out of ten in the private sector; this was offered as a reason for change by just 7% from the public sector.**

Positively, within the private sector, organisation growth was cited as a reason for structural changes in HR by three out of ten (29%) respondents; in contrast, this was offered as a reason for change by just 7% of respondents from the public sector.

**Outsourcing and resourcing**

Four out of ten HR professionals (39%) in the UK reported that their HR function does not outsource any work. This is a fall from the 46% of HR professionals who reported this in 2012. Interestingly, outsourcing of HR work is consistent across organisational size.

A further four out of ten HR professionals (41%) reported that the amount of work being outsourced in their organisation has stayed the same, with 9% saying the amount of outsourced work had increased and 6% that it had decreased.

Of those respondents who currently outsource elements of their HR function, payroll is the main area where organisations outsource work, with 57% of respondents reporting this. A further quarter (26%) outsources the provision of complex advice (including case management).



Large organisations are significantly more likely to report that they don't outsource any work from their HR function, with 28% reporting this compared with 16% of SMEs.

**Figure 6** Elements of HR that are outsourced (%)



Q. Which elements of your HR function do you outsource?  
Base: all who outsource (263)

A third of SMEs (32%) outsource complex advice (including case management), a significantly higher proportion than the 11% of large organisations that outsource this advice. SMEs are also more likely to outsource specialist advice (15% reporting this) than large organisations (8%).

In fact overall, large organisations are significantly more likely to report that they don't outsource any work from their HR function, with 28% reporting this compared with 16% of SMEs.

A fifth of respondents mentioned other elements of HR that they outsource. Common themes amongst these other elements are the outsourcing of recruitment and legal advice.

### Technology and HR

The top three HR-related technology challenges referenced by HR professionals are system functionality meeting business requirements (30%), integration (29%) and budget (28%). A further quarter (24%) mentioned that data is also a big challenge.

System functionality, integration and data were considered a technology challenge by a higher proportion of large organisations than SMEs. In fact, a quarter of SMEs (24%) report that they don't have any HR-related challenges, significantly higher than the 4% of large organisations that reported this.



**Table 7: Biggest HR-related technology challenges, by size (%)**

	All	SME	Large
System functionality meeting business requirements	30	18	39
Integration (for example between systems)	29	19	36
Budget (for example to develop or buy new technology)	28	27	29
Data (for example accuracy, ownership, and so on)	24	18	28
End-user capability	15	9	19
Delivering a seamless user experience	14	8	18
Appetite (that is, the appetite of end-users to use available technology or the buy-in of leaders to encourage the use of technology)	13	13	14
Capability to implement new technology	13	11	14
Relationship with IT function	10	6	13
Managing global vs local requirements	10	7	12
Security and data privacy	9	13	6
Evaluating available technologies and vendors	5	7	4
Don't know	3	4	3
Other	3	4	2
We don't have any HR-related technology challenges	12	24	4

Q. What are your biggest HR-related technology challenges?

Base: All HR professionals (630), SMEs (246), large (382)

Concerning the implementation of different types of technology, HR professionals report that workforce administration is the type of technology that is most likely to have been implemented in their organisation, with 56% reporting this. Three out of ten HR professionals report that manager self-service (30%), employee self-service (29%) and HR portals (28%) also have been implemented in their organisation.

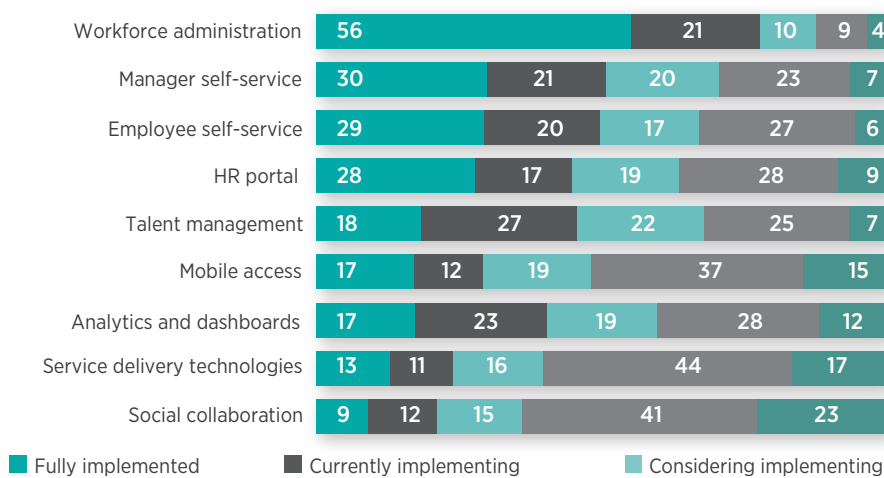
Large organisations are significantly more likely than SMEs to have implemented each of the types of technology listed in Figure 7:

- workforce administration (61% of large and 47% of SMEs)

- employee self-service (37% of large and 16% of SMEs)
- manager self-service (36% of large and 19% of SMEs)
- portal (35% of large and 16% of SMEs).

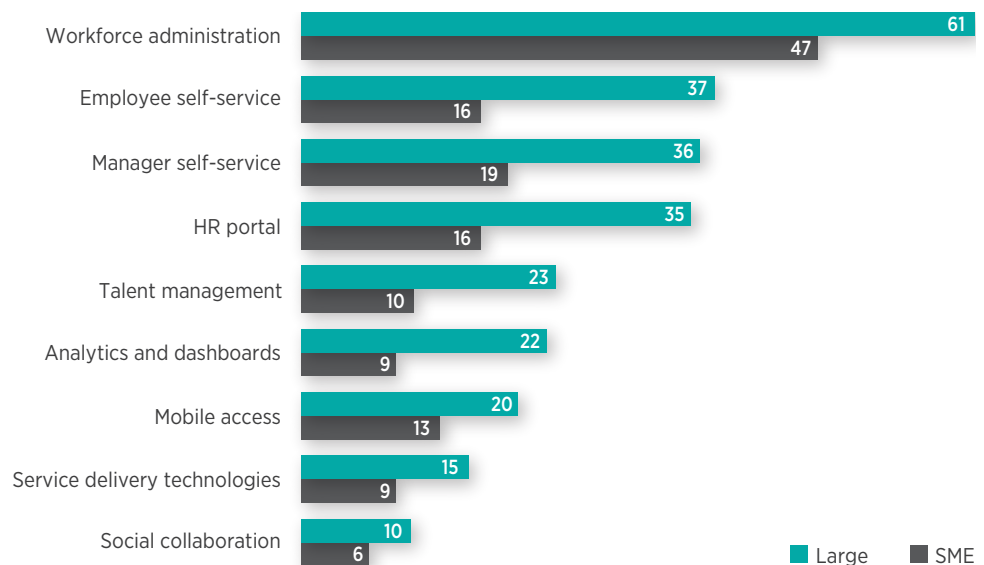
HR professionals are more likely to report that at the current time there are no plans to implement service delivery technologies (44%), social collaboration (41%) and mobile access (37%) than be considering or currently implementing these technologies.

**Figure 7** Types of HR technology that organisations have implemented (%)



Q. To what extent have you implemented the following types of HR technology in your organisation?  
Base: All HR professionals (630)

**Figure 8** Types of HR technology that organisations have fully implemented, by organisation size (%)



Q. Which of the following types of HR technology have you fully implemented in your organisation?  
Base: SMEs (246), large (382)

**Figure 9** Areas of specialism within HR roles (%)



Q. You describe yourself as a specialist. Which of the following are the main focus of your role? (Ranked up to three options. Ranked first shown.)  
 Base: All HR specialists (138)



**75% of HR professionals consider themselves a generalist. 22% consider themselves a specialist.**

## The specialism of HR professionals

### The mix of generalist and specialist HR professionals

The *HR Outlook 2014-15* reveals that three-quarters of HR professionals (75%) consider themselves to be a 'generalist'; this is similar to the 79% of HR professionals who reported this in the 2012 *HR Outlook*.

A fifth of HR professionals (22%) consider themselves to be a specialist, with this more common within the public sector (37%) and large organisations (32%) than in the private sector (19%) and SMEs (7%).

Of those HR professionals in a specialist role, learning and development is the area concentrated on most often. Recruitment and resourcing is a specialism for a fifth (18%) of HR specialists. Relatively few HR professionals who are employed in specialist roles are focused on employee engagement (4%) or talent management (5%).

# 6 Routes into the profession and career paths



24%

A quarter of HR professionals (24%) report that their organisation offers an internship as a route into the HR profession.

### Access into the HR profession

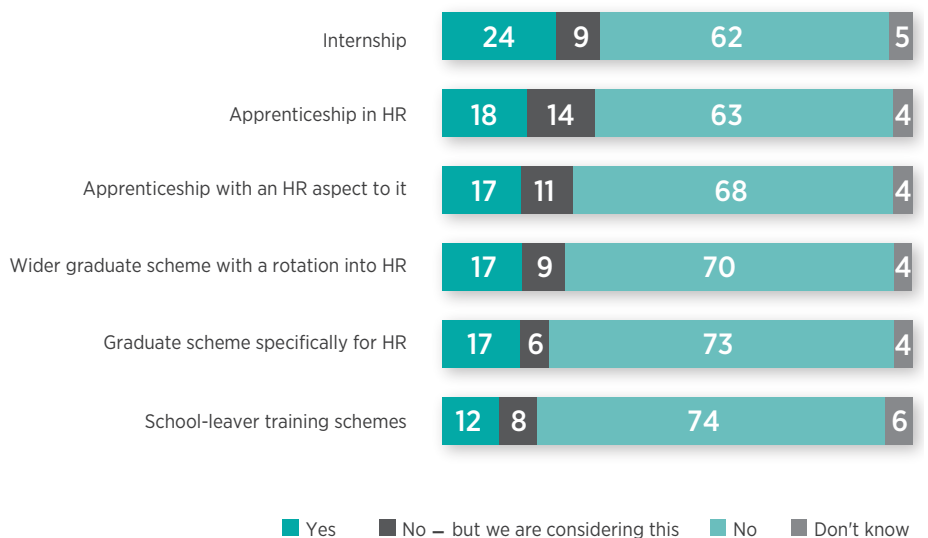
A quarter of HR professionals (24%) report that their organisation offers an internship as a route into the HR profession. This is consistent across sector, but large organisations (29%) are more likely than SMEs (17%) to offer HR internships.

A fifth of HR professionals (18%) report that an Apprenticeship in HR is available in their organisation as a route into the profession. Again, this is significantly more likely in large organisations (25%) than SMEs (7%) and also more prevalent in the public sector (28%) than in the private sector (15%).

However, the majority of HR professionals reported that their organisation does not offer each of the routes into HR, showing that more work can be done to expand the use of these schemes.

Table 8 shows the average number of places that HR respondents reported organisations had offered in the past year that provide access routes into HR.

**Figure 10** Access routes offered into the HR profession (%)



Q. Does your organisation offer any of the following routes into the profession?  
 Base: All HR specialists (138)

**Table 8: Average number of places offered on access routes into the HR profession**

Route	Median number of places offered	Mean number of places offered
Internship	2	9
Apprenticeship in HR	1	3
Wider graduate scheme with a rotation into HR	3	20
Graduate scheme specifically for HR	3	8
School-leaver scheme	2	23
Apprenticeship with an HR aspect to it	1	4

Q. For each of the following, how many places has your organisation offered this year?

Base: Internship (117), school-leaver training schemes (46), Apprenticeship with an HR aspect to it (83), Apprenticeship in HR (95), wider graduate scheme with a rotation into HR (79), graduate scheme specifically for HR (80)

### Career paths

HR professionals who responded to the 2014-15 *HR Outlook* were asked a series of questions about their career history, starting with their current role and looking back up to five previous roles. The purpose of these questions was to analyse 'typical' career paths for HR professionals, including how they move between functions and specialisms as well as in and out of HR. The data has been analysed in a way to present the 'average' career path of an HR professional.

The key findings from this analysis are:

- The proportion of HR professionals who currently classify themselves as a generalist (67%) remains broadly unchanged when analysed over previous roles they have held (up to five roles ago). This suggests that those who are currently HR generalists are likely to have followed a generalist route.
- Progression through a relatively small number of job roles to a senior position is the experience of a sizeable minority. Three out of ten (30%) current HR directors worked as an officer, administrator, assistant or trainee five job roles ago.
- A third of current HR directors (34%) have progressed to director level from a manager/senior officer position three job roles ago.
- Looking back to five job roles ago, the majority of current HR directors (69%) worked in a role that was outside of the HR profession. This figure is higher than the average of 46% for all HR professionals.
- Around two in ten (16%) of current HR managers worked in a role outside of HR in their most recent previous role. The vast majority (84%) moved to their current HR manager role from an existing role within HR.
- Fifty-eight per cent of current HR managers worked as a senior officer/manager in their previous role, suggesting sideways progression is commonplace.

# Appendices

## Method

On behalf of the CIPD, YouGov undertook the 2014–15 wave of the *HR Outlook* tracking study looking into views of HR professionals.

The survey was conducted online by YouGov using the CIPD membership database and the YouGov panel of HR professionals. The survey was carried out between 10 October and 10 November 2014.

The target sample for this survey was the 'HR Profession' and included all

levels of seniority. A summary of the sample profile can be seen below. In total, 630 responses were received from HR professionals.

Independent samples t-tests have been used to examine whether differences between groups are significantly different than could be expected by chance. We highlight in the report statistics at the generally accepted level of significance,  $p < 0.05$ .

## Sample profile

*Table 9: Organisation sector*

Sector	Percentage	Count
Private sector firm or company	58	366
Public	25	157
Charity/voluntary sector	14	91
Other	3	16

*Table 10: Organisation size*

Size	Percentage	Count
1–49	15	95
50–99	9	56
100–249	15	95
250–499	9	59
500–999	10	62
1,000–4,999	19	117
5,000–9,999	9	54
10,000–19,999	4	22
20,000 and over	11	68

**Table 11: Job role**

<b>Job role</b>	<b>Percentage</b>	<b>Count</b>
<b>Director</b> – top executive with overall responsibility for own function with board membership or equivalent	14	87
<b>Senior executive/group role</b> – top executive with overall responsibility for HR but without board membership or equivalent	8	51
<b>Head of functional area</b> – individual with responsibility for running a particular area of HR, for example reward, learning and development	14	86
<b>HR business partner</b> – individual in a role defined as being a strategic partner to a particular area of the organisation	12	78
<b>Manager</b> – individual with responsibility for an activity within the overall function – may be a senior HR specialist or in a broader HR role; makes a significant contribution to policy formulation	27	172
<b>Senior officer</b> – individual in senior position with strong professional role – may have supervisory responsibilities for departmental work and/or manage a small team	6	40
<b>Officer</b> – an experienced officer with first level of professional responsibility but with more than two years' experience as an officer	11	67
<b>Administrator/assistant</b> – a less experienced officer with less than two years' experience in function	5	34
<b>In-house consultant/adviser</b> – individual working within an organisation on a programme/project, possibly working cross-functionally	2	13
<b>HR graduate trainee</b>	0	2

# Further sources of information

## ***HR Outlook: A variety of leader perspectives***

The sister report to this current version of *HR Outlook* compares the views of HR and non-HR business leaders about HR's current and future contribution to business performance. We highlight emerging trends for the HR profession, provoke discussion and move on the debate about HR's role. In particular, we examine the extent to which HR and other business leaders are aligned on business priorities, both for today and tomorrow, and compare views about how the HR function contributes to achieving them. We also look at the capabilities required of HR and how the function demonstrates its impact on business performance.

The *HR Outlook* surveys are part of the CIPD's wider Outlook series, which also includes the *Labour Market Outlook* and *Employee Outlook* surveys. Drawing on a range of perspectives (and with the opportunity to compare data across our regular surveys), this triad of research enables the CIPD to offer unique insight and commentary on workplace issues in the UK.

## **CIPD Profession Map**

Our Profession Map sets out the activities, knowledge and behaviours that HR professionals need to display to operate

effectively, and each behaviour is described across four bands of professional competence.

We detail what HR professionals need to do to be truly collaborative, working effectively and inclusively with a range of people, both within and outside of the organisation. In addition, the Map shows what HR professionals are doing to skilfully influence decisions and gain the necessary commitment and support from diverse stakeholders in pursuit of organisation value.

## **My CPD Map**

Building on the standards for great HR and L&D set out in the CIPD's Profession Map, we have developed an online tool to support your continued professional development.

## **CIPD Career Hub**

Access career learning resources tailored to your level of membership. There are thousands of career articles, practical advice on a broad range of career issues, written tutorials, videos and podcasts to help you take control of your career

## ***Business Savvy: Giving HR the edge***

This report examines what makes HR professionals 'business savvy' and presents four areas for professional development. In short, HR needs to truly understand and



engage with the business model to ensure HR solutions are informed by business realities. And as a function they need to be able to interpret data, draw meaning from it and use evidence effectively to inform the HR approach. This report describes how, as well as having deep HR expertise, we need to get outside the HR function, to connect and collaborate with other parts of the organisation. Using HR and wider organisation knowledge in tandem enables us to add organisational value through excellent people management.

### Valuing your Talent

Valuing your Talent (VyT) is a collaborative research initiative that aims to help businesses measure the impact of their people on organisational performance and better equip them to improve workforce skills and productivity. The CIPD is working with the UK Commission for Employment and Skills (UKCES) to lead a major collaboration with the Chartered Institute of Management Accountants (CIMA), the Chartered Management Institute (CMI), Investors in People (IIP) and the Royal Society for the Arts (RSA) to:

- 1 understand better how developing and managing people releases and drives value
- 2 define clearly the basic metrics for valuing talent and to promote agreement and consistency in how such measures are used
- 3 develop a broad framework against which executives, employees, investors and others can assess how businesses of all kinds are developing their people and organisations to enable sustained and higher levels of performance.



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