

# The Advancing HR Function 2019

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## Executive Summary

Human Resources (HR) has come a long way over the last century, but what does its long-term future look like? That largely depends on key decisions that today's HR professionals will make over the next several years.

To understand the current state of HR, it helps to start with a little background. The function has its historical roots in the early 20th century, when organizations developed personnel departments in order to handle administrative tasks related to employees. As more labor laws and regulations emerged, the personnel department's focus became statutory compliance.

Then other workforce-related needs emerged as well, such as training and development (T&D). In some cases, organizations had personnel departments to handle compliance and HR departments to handle T&D, performance appraisals, and other areas. Over the years, the boundaries between these two departments melded.

As a result of this history, HR still tends to be responsible for compliance and administration, on one hand, and the recruitment and development of employee talent, on the other hand. Some believe that this has led to a kind of "split personality," in which HR is simultaneously compelled to play the role of rule-driven bureaucrat and strategically motivated talent manager.

In the 21st century, HR has striven to become a better internal business partner, and it has vied to become seen as a valued leader and communicator. How well has it succeeded? HR.com conducted this second annual longitudinal study to find out.

### About this Survey

*The Advancing HR Function* survey ran from February 2019 till April 2019. It was conducted by HR.com. There were 343 usable responses gathered from HR professionals and people managers in a wide range of industry verticals, with the largest groups being services, manufacturing and computer/telecom. The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with over 20,000 employees. Although participants are from all over the world, the large majority are from North America, especially the United States.



In this research, we examined:

- the roles in which HR professionals are succeeding and struggling
- how well HR professionals are positioned to thrive in the near future
- the current proficiency levels of HR departments, the skills they need most, and skills gaps with which they are faced
- the recent evolution of HR technologies
- how the function will change over the next three to five years and what the profession needs to do in order to advance

## Below are some major findings from our analysis:

**Major Finding One:** *Most HR professionals believe their departments are meeting the needs of their organizations today, but they are not well prepared for the near future.*

- Forty-six percent of responding HR professionals give their HR departments high marks in terms of being able to meet the needs of their organizations.
- However, only about a third (36%) give their departments similarly high marks when it comes to being prepared to thrive over the next three to five years.

**Major Finding Two:** *In most organizations, HR reports directly to the CEO and often has a “seat at the table,” but HR still suffers a major skill gaps in regard to leadership.*

- Two-thirds say their senior HR leaders report directly to the CEO.
- Seventy-one percent say HR has been either very successful (31%) or fairly successful (40%) at gaining a seat at the leadership table.
- However, HR still tends to lack the leadership skills it needs to succeed in the future. In fact, there is a 35 percentage point gap between the degree of perceived importance of leadership in HR and the degree to which HR is proficient in this area.

**Major Finding Three:** *The HR function suffers from a number of other major skills gaps as well, the largest ones being in the areas of:*

- Leveraging HR data/analytics (52 point gap)
- Effective communications (39 point gap)
- Executing key initiatives (38 point gap)
- Modeling core organizational values (28 point gap)

**Major Finding Four:** *Talent shortages and technological changes will have the greatest impact on HR in the near future, affecting how HR views the importance of recruitment and talent development.*

- Asked about which external factors would have the most significant impact on HR over the next three to five years, HR professionals gave these as top responses:
  - talent shortages
  - technological changes
  - changing laws
  - economic conditions
- Asked about which functional areas will be most critical to success of the next three to five years, HR professionals were most likely to identify these:
  - Recruitment and selection
  - Succession planning/management
  - Compensation
  - Training and development



**Major Finding Five:** *HR technologies are rapidly evolving and will contribute to key talent management areas.*

- Asked in which areas technologies will play the greatest roles over the next several years, respondents identify analytics, employee self-service, performance management, learning, and talent acquisition.
- Most organizations use some combinations of on-premise and cloud-based HR technologies, but, based on data from the last two years, there seems to be an ongoing transition to the cloud. Only 21% of respondents say their organizations only use on-premise technologies, down 13 percentage points from 2018, whereas use of cloud-based-only technologies has increased year over year by four percentage points.

**Major Finding Six:** *There's a near consensus that the HR function will be transformed, but there's no agreement about exactly how.*

- Most (86%) say that HR will be transformed over the next five to ten years, and only 12% say it "will pretty much stay the same."
- Those that expect a transformation can be split into two large groups:
  - 46% say HR will be transformed into a much more strategic function as administrative duties are automated or outsourced to others
  - 40% say HR will divide into two functions, one that handles strategic issues and the other that handles administrative issues.

**Major Finding Seven:** *HR will increasingly be expected to demonstrate its ability to influence culture, leadership and business outcomes over the next three to five years.*

- A majority expect HR to:
  - influence culture change
  - achieve business goals
  - foster leadership
  - formulate business strategies

## How Well Is HR Performing?

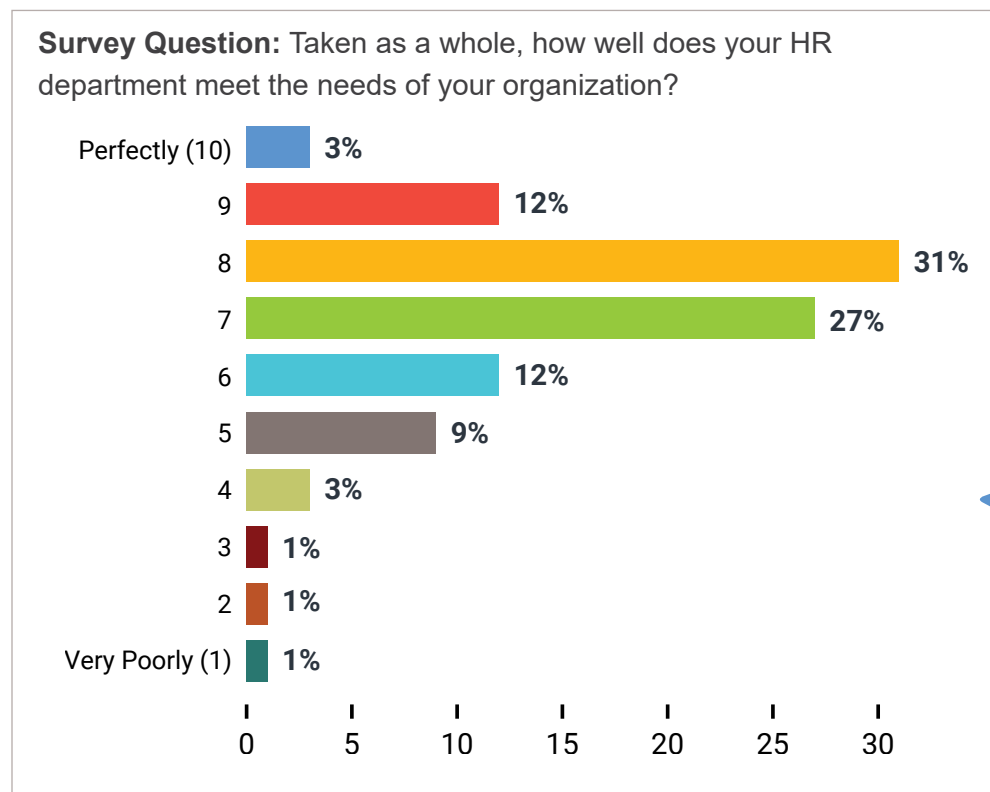
**Finding: Fewer than half of HR professionals give their departments 'high grades' in terms of meeting the needs of their organizations**

On a ten-point scale, where 10 is perfectly and 1 is very poorly, 46% of HR professionals say that their HR departments meet the needs of their organizations at a level of 10, 9 and 8. If we think about this data in terms of "grades," then we can view this 46% as having high HR grades: A's or B's. Those who give themselves 7's clearly have some work to do. One way to view them is as the equivalent of C students. The rest, which amounts to about a quarter of respondents, are likely facing some serious challenges.



Overall, it's clear that, collectively, many HR departments could stand some improvement, but most at least have "passing scores" and a large segment believe they're being quite successful at meeting the needs of their respective organizations.

Figure One



About a quarter rate their departments as six or lower on a 10-point scale

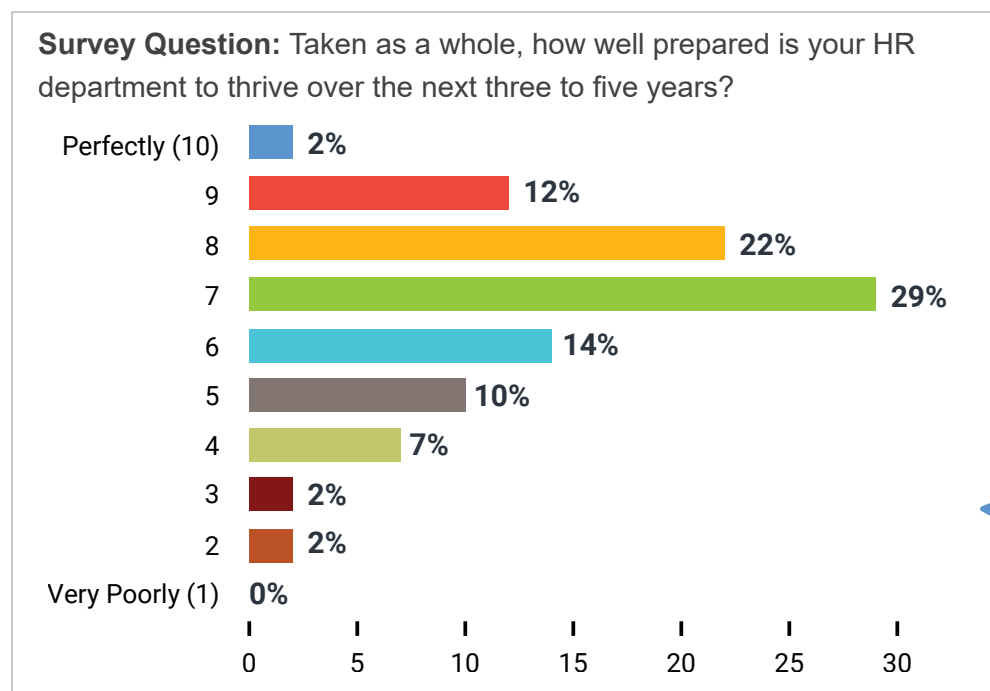
We divided respondents to this question into two cohorts that we used for our analysis:

- **High-performing HR functions:** Answered 8, 9, or 10 on a 10-point scale in which 10 indicates that HR is meeting the needs of its organization perfectly.
- **Low-performing HR functions:** Answered 6 or below on a 10-point scale in which 1 indicates that HR is not meeting any of the needs of its organization. Note that we excluded those who rated their organizations as 7's from both groups.

### Finding: Few HR professionals think their departments are well prepared for the future

A little over a third of respondents (36%) view their HR functions as well-prepared to thrive over the next three to five years. This indicates that a majority of HR functions will need to take further action in order to ready themselves for the near future. This will mean better planning, skills development, HR recruitment and more.

Figure Two



Most HR departments will need to change in order to prepare for the near future



## How Successful Has HR Been in Changing Its Role?

### Finding: Most heads of HR report directly to the CEO

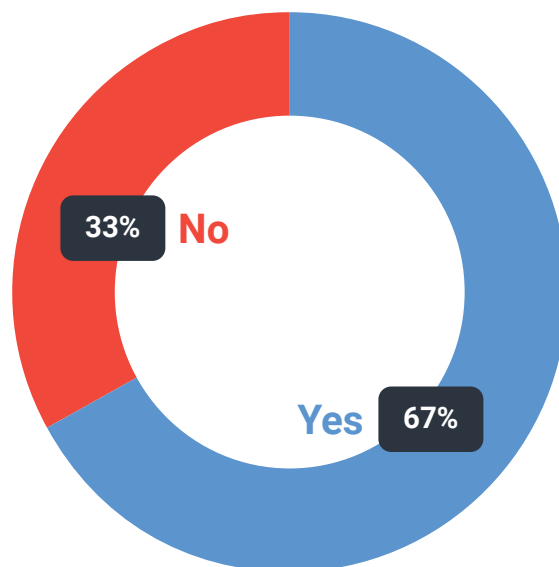
Over the last decade or two, HR has striven to evolve from an administrative function to a more strategic one. One feature of a strategic function is that it is more likely to report directly to the CEO as opposed to the head of some other department, such as finance or operations, or to someone in a VP position.

In this respect, HR has made progress. When the Society for Human Resource Management (SHRM) conducted a [2006 survey](#), it found that 63% of HR respondents indicated that the individual overseeing HR reported directly to the CEO or president. Our survey indicates that the average percentage is now up to 67%. What's more, for HR high-performing organizations, the proportion is 73%. In contrast, the number for HR low-performing organizations was just 57%. Therefore, this factor appears to be related to HR's perceived success as a department.



Figure Three

**Survey Question:** In your organization, does your head of HR (e.g., CHRO) report directly to the CEO?



The heads of HR departments in higher performing organizations are much more likely to report to the CEO

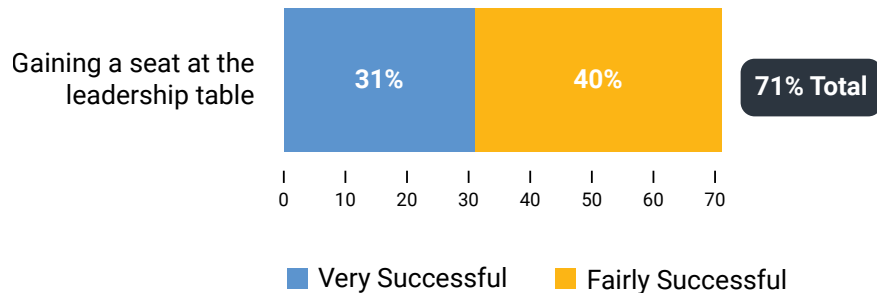
### Finding: HR has won a seat at the leadership table...for now

One of the reasons to report directly to the CEO is to gain a seat at the leadership table so that HR can have strategic input into the executive decision-making process. In about three-quarters of organizations, HR has been either very successful (31%) or fairly successful (40%) at gaining a seat at the leadership table.

But which comes first: access to the leadership table or a high-performing HR function? There's no simple answer to this question. Rather, it's a virtuous cycle: the better HR is at its job, the more likely it is to be invited to the leadership table. And, the more it has access to that table, the better it is able to perform its job.

Figure Four

**Survey Question:** In your organization, how successful has HR been in the following areas?



HR professionals in high-performing HR functions are much more likely to have a seat at the leadership table



## Finding: HR has partly succeeded at becoming a trusted strategic partner

HR has long viewed itself as serving the role of employee advocate, but it has wanted more. Specifically, it has aspired to become a more trusted strategic partner with those in other organizational functions, from Sales to Operations. This research suggests that HR has had some success in this area, with 73% of respondents saying their HR functions have been very (21%) or fairly (52%) successful in “becoming a trusted strategic partner.”

No doubt having a seat at the leadership table helps here. For example, if the organization is considering launching a new product line that will require a new employee skill set, then it helps to have HR at the table to shed light on the feasibility of that launch. Will the new line require the training of the current workforce or the recruitment of new employees? How long would that take? How much would it cost? This is the type of critical knowledge that HR can bring forward—knowledge that can largely determine the success or failure of a strategic initiative.

But planning is one thing, and delivering results based on those plans is another. By executing plans well, HR can help drive business results. In fact, about two-thirds of respondents believe their HR functions have become at least fairly successful in accomplishing this.

Figure Five



Nearly three-quarters view their HR departments as successful at becoming a trusted business partner

## Where Is HR Succeeding and Failing?

### Finding: HR has problems measuring its own impact

For all the talk of HR metrics and analytics, the HR profession still has serious problems in this area. Only 7% of respondents say their HR functions are very successfully measuring the impact of HR in their organizations, with another 34% saying they are fairly successful in this area (see Figure Six).

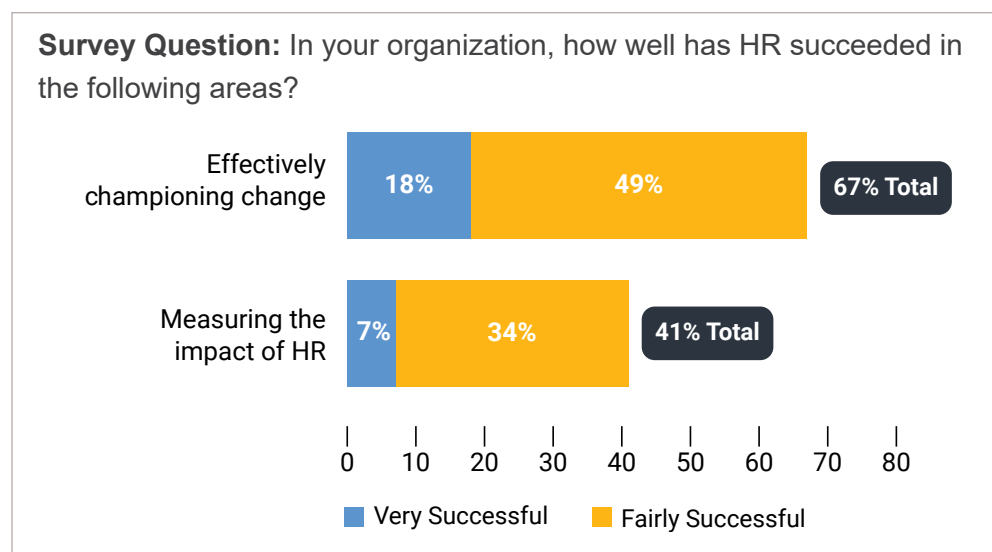
Of course, this is part of a larger debate within the field. Is measurement important in HR? In the past, many believed it was not. This research, however, indicates that HR professionals now view metrics and analytics as essential to their job, as we will discuss later in the report.

### Finding: HR has gotten better at championing change but more progress is required

HR respondents feel as if they have developed skills as champions of change. Two-thirds state their departments are either very (18%) or fairly (49%) successful at championing change. Of course, HR should increasingly strive to be very successful in this area, suggesting that HR needs to continue to make progress at change management. After all, in today's fast-moving marketplace, this will become increasingly important.



Figure Six



Just 7% are very successful at measuring the impact of HR

## What Will Drive HR in Coming Years?

### Finding: Talent shortages and technology changes will have the greatest impact

Most HR professionals (68%) believe that talent shortages will have a significant impact on their organization's HR function over the next three to five years. This is, no doubt, a reflection of the low unemployment rate in various nations, which has made locating scarce talent more difficult. The perceived importance of this factor could, of course, change if an economic slump occurs over the next several years, but for now it is, far and away, the most widely cited factor.

The second most widely cited factor (48%) is technological change. Indeed, this is the factor that, regardless of economic conditions, is likely to keep HR professionals busy as they cope with a number of technologies, including those that:

- support the HR function (LMS, HRIS, etc.)
- transform existing business models
- automate work
- augment workers to make them more productive
- change the way people work and are managed
- change the way people interact and communicate

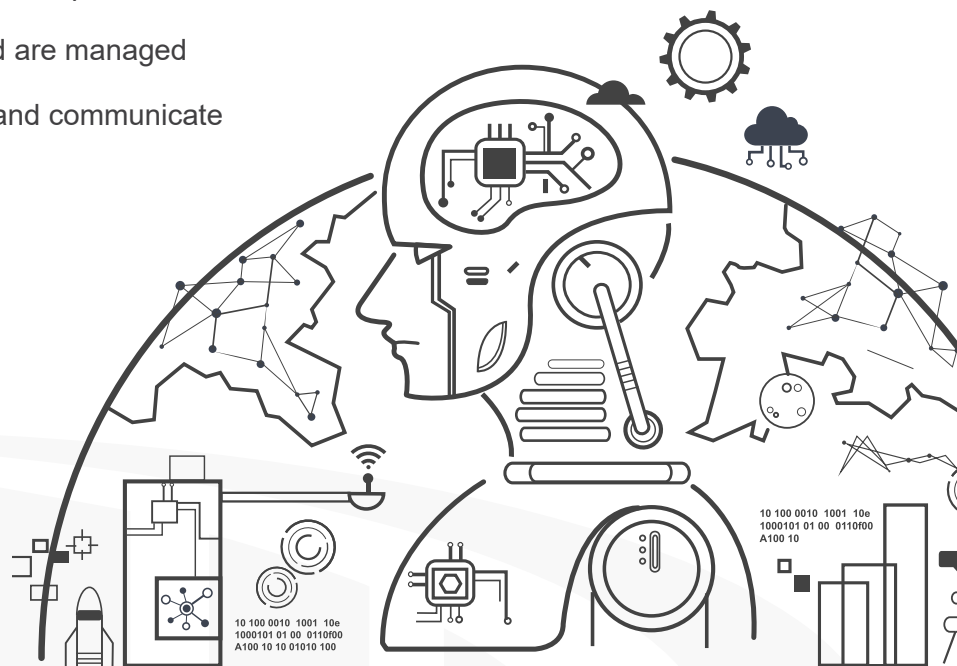
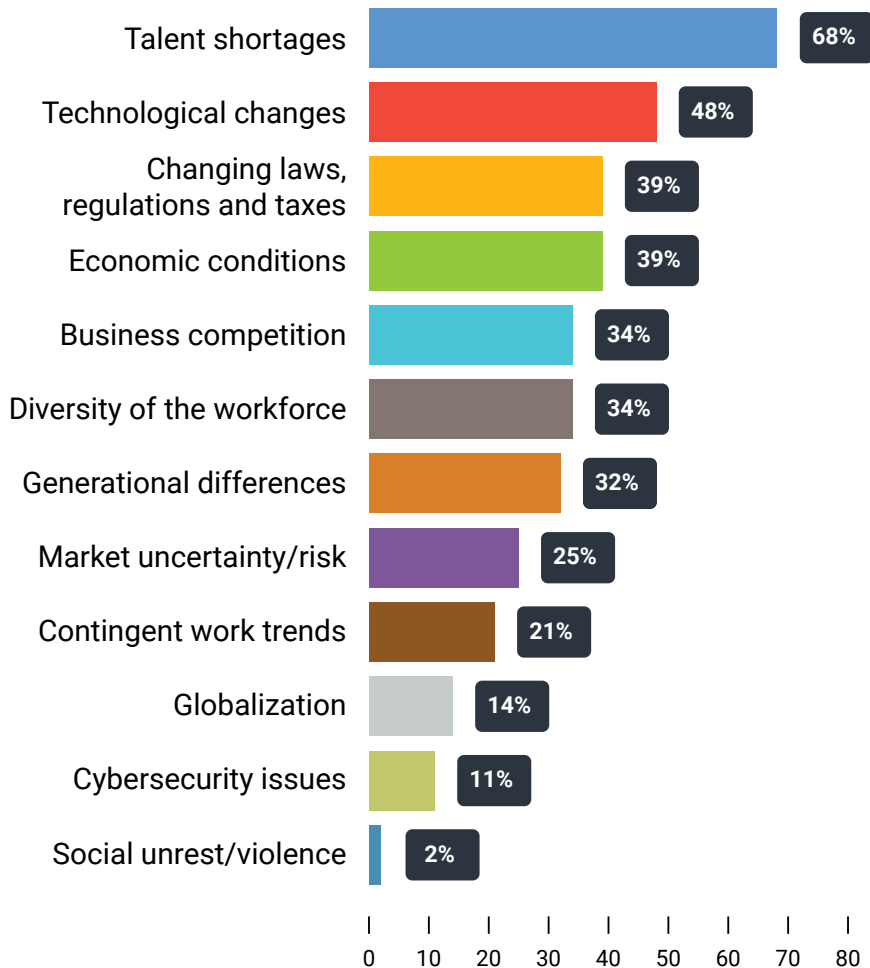


Figure Seven

**Survey Question:** Which of the following factors will have a significant impact on your organization's HR function in the next three to five years? (select up to four)



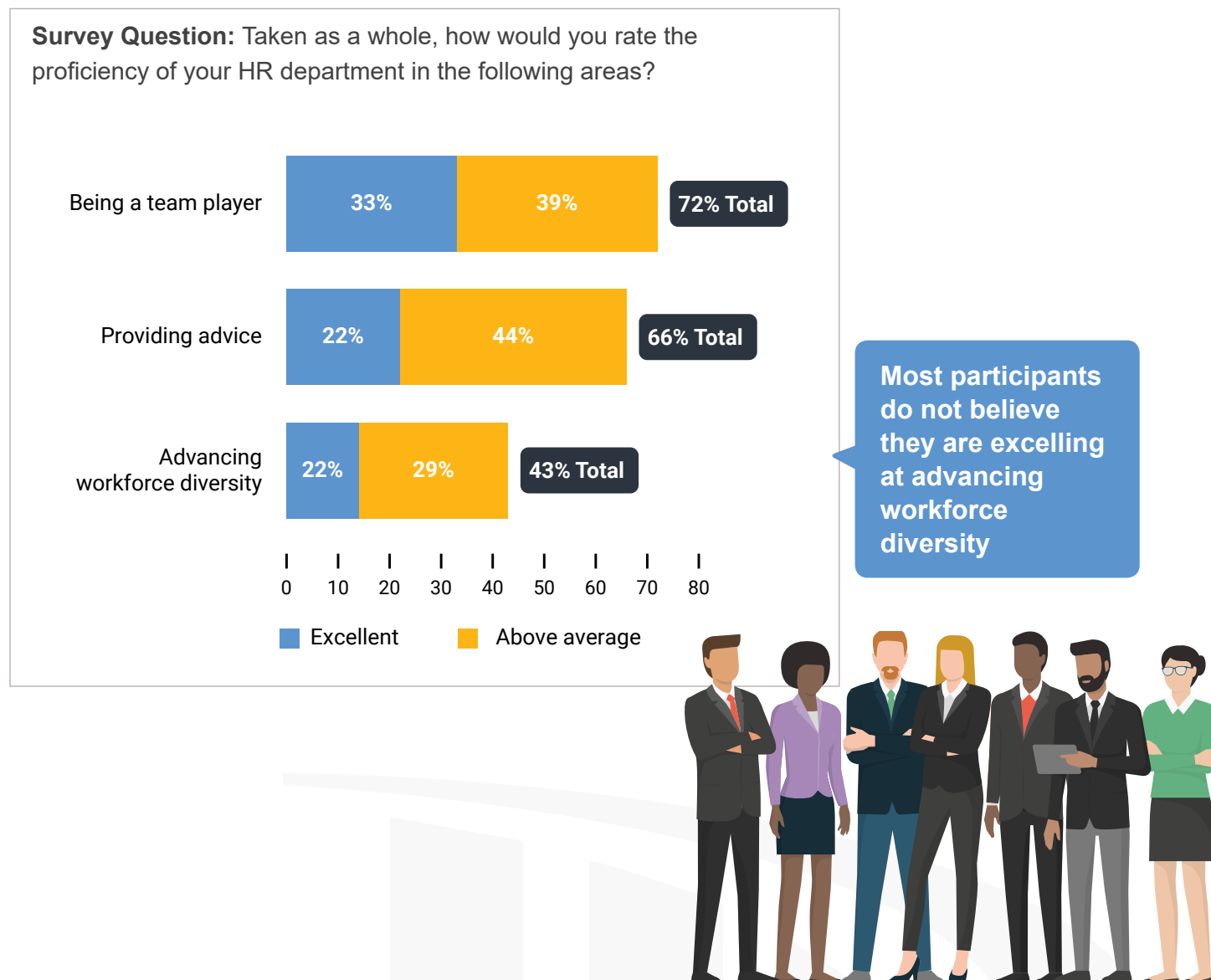
68% cite talent shortage as a factor that will have a significant impact on their HR function in the next several years

## Where Are HR Departments Most Proficient?

### Finding: HR views itself as good at providing advice and being a team player

Study participants tend to view their departments as being proficient at being a “team player” and “providing advice,” with a majority reporting their functions are either excellent or above average in these areas. In contrast, just 14% of all respondents view their departments as being excellent in the area of advancing HR diversity, and just 29% see them as above average.

Figure Eight



## What HR Skills Will Be Most Important in the Near Future?

In this study, we asked two related questions: 1) which skills will be most important to the success of respondents' HR departments, and 2) the actual levels of proficiency in their organization when it comes to these skills. We will start by examining which skills are most critical and then we will edge into the proficiency questions in order to identify key skills gaps.

### Finding: Communication and leadership will be the most essential

There is a virtual consensus among study participants that communicating effectively will be extremely important to the future success of HR departments. Seventy-seven percent called it essential and another 20% deemed it important. Not far behind was the skill of “demonstrating leadership,” reported as either essential or important to HR future by 94% of participants. Nearly as important were two other skill sets: “executing key initiatives” and “working as a team player.”

Figure Nine





### Finding: Critical thinking skills trump business acumen and interpersonal skills

Respondents were asked to rank four important skill sets in order to investigate how interpersonal skills would rank against other key skills such as business acumen and critical thinking skills.

Critical thinking skills are viewed as most important. But what exactly does that mean? Dictionary.com [defines](#) critical thinking as “disciplined thinking that is clear, rational, open-minded, and informed by evidence.”

Study.com [defines](#) critical thinking as “making reasoned judgments that are logical and well-thought out,” and it goes on to label critical thinking as a “way of thinking in which you don’t simply accept all arguments and conclusions you are exposed to but rather have an attitude involving questioning such arguments and conclusions.”

*Figure Ten*

Item	Rank
Critical thinking skills	1
Interpersonal skills	2
Business and financial acumen	3
Digital/technology savviness	4



## Where Are the Largest Skills Gaps?

### Finding: HR continues to play catch-up in many skills areas

HR departments tend to suffer from some massive skills gaps, if we compare the importance of certain skill sets to HR's future success and the current proficiency HR professionals have in those areas. For example, 97% of respondents said that "communicating effectively" is either essential or important to the future of HR's success in their organizations. However, only 58% say that their HR practitioners are either excellent or above average as communicators. That leaves a 39-percentage point gap.<sup>1</sup> Using this type of analysis, skills gaps are apparent in virtually all HR skills areas, but the gaps were much larger in some areas than others.

Figure Eleven

**Survey Questions:** Data below is from two questions: "How important will the following skills be to the future success of your organization's HR department?" and "Taken as a whole, how would you rate proficiency of your HR department in the following areas?"



HR suffers from huge skills gaps in many key areas

<sup>1</sup> In this paper, we point out gaps in terms of percentage points, but another way to look at the data is in terms of actual percentage increases. These can be quite different. For example, between 97% and 58%, there is a percentage point gap of 39. However, the actual percentage differences between these two numbers is 67%, which may be an even starker indicator of just how high the skills gap is in this particular area.

### Finding: HR has yawning skills gaps in three of the four most important skills areas

There were four skills areas where the gap exceeded 30 percentage points. Of those four areas, three were ranked as most important to HR professionals:

- Communicating effectively (39 percentage points)
- Executing key initiatives (38 percentage points)
- Demonstrating leadership (35 percentage points)

These are the areas where it is most important for HR departments to intensively train and develop their HR staff if they see skills gaps.

The skills gaps are smaller for those with high-performing HR functions. In the area of communication, for example, respondents from high-performing HR functions reported a skills gaps of only 24 percentage points, compared with 63 percentage points for those from low-performing HR functions.

### Finding: HR also suffers a huge skills gap in the area of HR analytics

There is also a yawning skills gap of 52 percentage points in the area of HR data/analytics. On average, 79% of respondents view this area as essential or important, but only 27% feel the proficiency in their departments is excellent or above average.

The ability to leverage HR data is less of a soft skill than communication and leadership, of course, which may well make it even more amenable to training programs. In short, this is an area that may *look* daunting but is probably easier to address than, say, turning people into excellent leaders.

### Finding: HR should keep a closer eye on diversity matters

This data supports the finding referenced in Figure Eight. Diversity is one area that, on average, is seen as least important among all the skills lists, but the sense of HR proficiency also very low. We think this may represent a blind spot on the part of many HR professionals.



Given the growing ethnic diversity of the U.S. and global workforce, these issues are likely to grow more rather than less important in coming years, and there's a large potential for political and market-based blowback against organizations that fail in these areas. Last year's wave of stories about sexual harassment demonstrates just how dangerous it is to leave diversity issues unaddressed.

Consider, for example, what has happened at Uber, which fired 20 employees after an [investigation](#) substantiated by many reports of sexual harassment. The organization's brand was, at least in the short-term, tarnished by stories about these topics.

This research shows that over half (58%) of respondents from high-performing HR functions considered their departments to be excellent or above average in terms of their ability to advance workforce diversity, whereas only 28% of respondents from low-performing HR functions feel the same way.

HR may wish to focus more intently in order to improve its levels of proficiency. After all, diversity is becoming much more rather than less important, especially in the U.S.

Workforces are aging and many people are staying in the workforces longer. In fact the share of Americans aged 65 to 74 are expected to [rise](#) above 30% by 2022.

The workforce is becoming increasingly [diverse](#) in terms of gender, ethnicity, culture, religion, sexual preference, sexual identification, education level and more.

Women are now getting the majority of [college degrees](#) in the U.S. and yet have not reached anything remotely near parity in the ranks of organizational leaders. Moreover, there continues to be a [paucity of programs](#) to help them achieve that parity.

Other HR.com research indicates that women still tend to be disproportionately scarce in leadership positions.

## Which Functional Areas Will Be Most Important?

### Finding: The HR functions that enhance workforce skill levels will be critical

HR professionals were asked which functional areas will be most critical to HR's success over the next three to five years. Four HR functional areas are cited more often than any other:

- Recruitment and selection
- Succession planning/management
- Compensation
- Training and development



What these areas all have in common is that they are focused on ensuring organizations have people with the right skills in the right positions. Recruitment and selection is cited most frequently (49%), which makes sense given the low unemployment rates in the U.S. and various other nations. In this environment, organizations must work harder than in previous years in order to find the talent they need.

Succession planning (45%) is the process of making sure the right talent is in the succession pipeline as leaders move out of their current positions. Compensation (40%) is, of course, required to attract and retain such talent. As [reported](#) by the Society for Human Resource Management, Mercer indicates that private-sector salaries for 2019, including merit and promotion-related pay increases, will rise by 3.4% over 2018 pay. But simply attracting and hiring talent isn't enough. Training and development (39%) is required to ensure employees have the skills required to succeed in the unique environments of individual organizations.

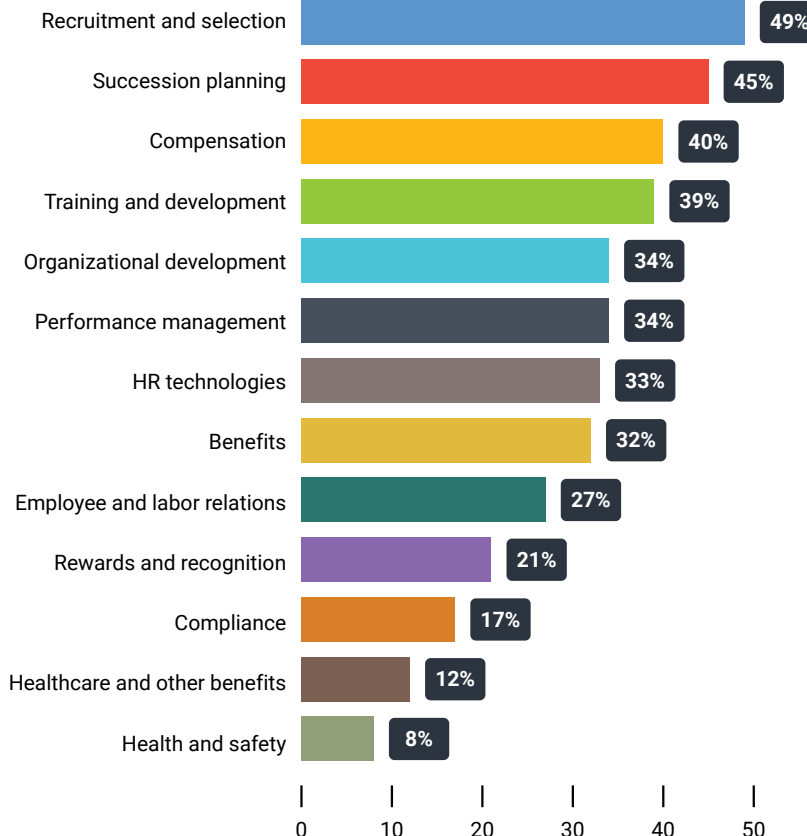
## The difference that size makes

This is an area where the size of the organization matters. In large organizations (defined as 1,000 or more employees), the most commonly given response to this question is “HR technologies.” That is, large organizations identify such technologies as the function most critical to HR success in the near future.

Why? One reason is that these organizations are more likely to have a range of legacy systems that are difficult to integrate and optimize. Also, large organizations are more likely to seek economies of scale that make HR departments more efficient and effective, perhaps by leveraging automation, artificial intelligence, self-service systems and more.

Figure Twelve

**Survey Question:** Of the following HR functional areas, which four do you believe will be most critical to HR's success over the next three to five years? (select up to four)



Recruitment and selection is the most commonly chosen as critical to HR's success in the next several years

## Is HR Efficient and Effective?

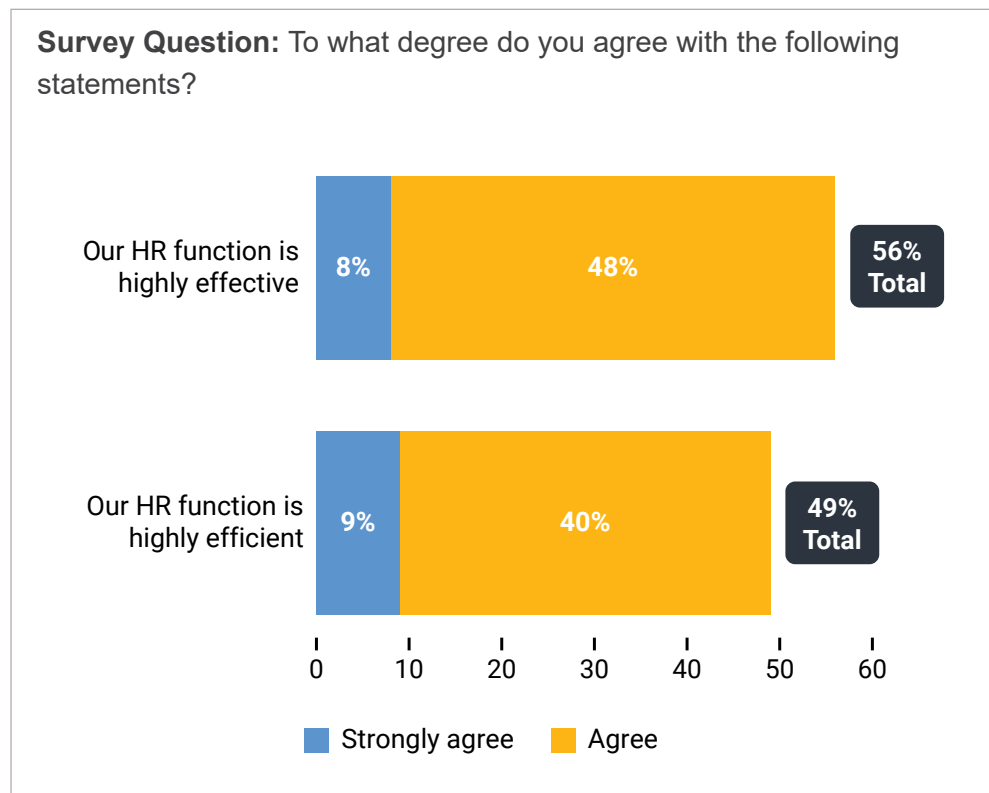
**Finding:** HR is almost equally efficient and effective, but few excel in either area

Few respondents strongly agree that their HR functions are highly effective or efficient. Fifty-six percent, however, agree to some extent that their HR functions are highly effective, while 49% say the same in regard to being highly efficient.

These findings indicate that, taken as a whole, HR departments could perform better in both of these areas. Indeed, high-performing HR functions are considerably more likely to agree or strongly agree that their HR functions are effective (77%) and efficient (69%).



Figure Thirteen



Many HR departments could stand to become more effective and efficient

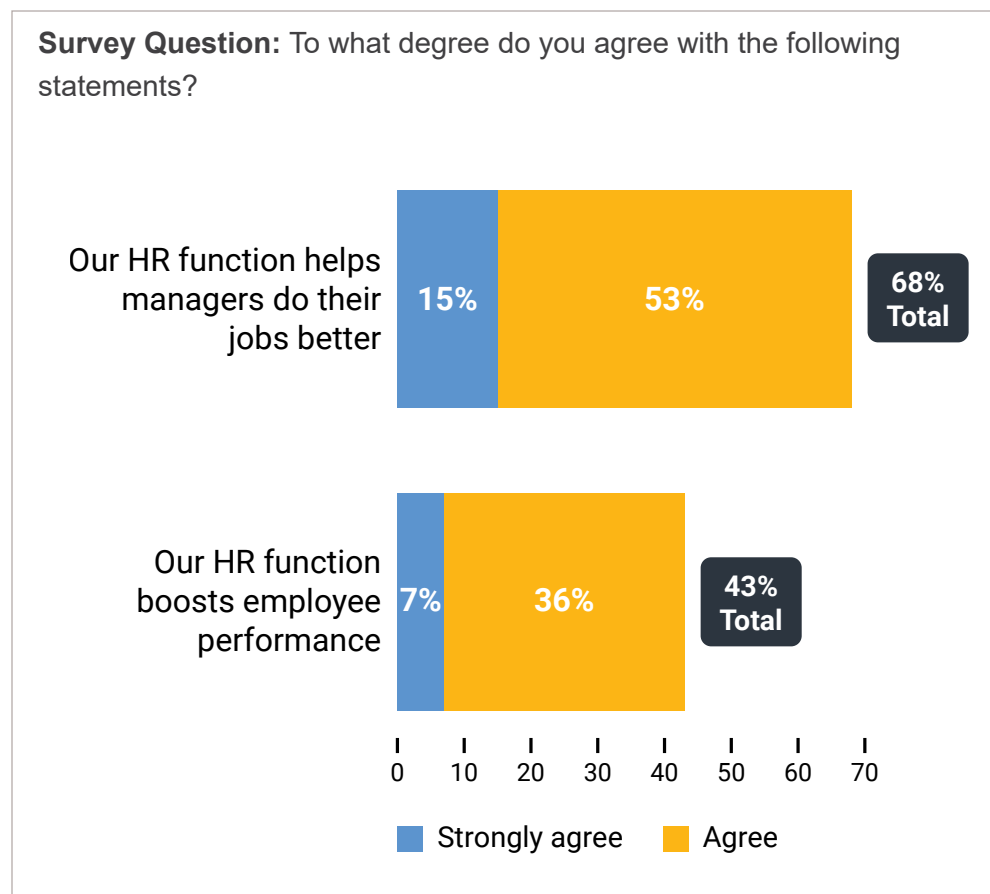
## Finding: Most say HR helps managers do their jobs better, but fewer than half say HR improves employee performance

Human resources is responsible for training, recruiting, setting up performance management systems, compensating and rewarding employees. So, why do only 43% of respondents agree or strongly agree that HR boosts employee performance?

This is probably because HR is not involved with the day-to-day management of employees, which is left up to managers and supervisors. That is where HR may think it can have the greatest impact. Over two-thirds of respondents (68%) say that HR “helps managers do their jobs better.”

Respondents from high-performing HR functions are considerably more likely to state that their HR functions boost employee performance (57% versus 21% for low-performing HR functions).

Figure Fourteen



Forty-three percent agree that HR boosts employee performance.



## How Is HR Leveraging Technology?

### Finding: Analytics is the area where technology will play the greatest future role

When we asked about the HR areas where technology will play the largest role over the next several years, the top responses were, by a wide margin, analytics and employee self-service.

As we have already seen, analytics is an area where HR suffers a tremendous skills gap. Whereas 79% of respondents said “leveraging HR data/analytics” was essential and important, only 27% describe their own department’s proficiency in this area to be excellent or above average.

Yet, analytics is the area where HR professionals expect technology to play a large role. Perhaps respondents believe that new HR technologies will increasingly deliver useful metrics and data. Or perhaps they think that new business intelligence applications will increasingly help them make sense of the data that is already collected by their systems.

It’s easier to understand the second most widely chosen item: employee self-service. Once a rarity, employee self-service has become a popular workplace tool. In fact, in another recent [HR.com study](#) of HR professionals, only 11.5% indicated that their organization does *not* yet use some sort of self-service application. In coming years, HR is likely to continue to refine such technologies, making them easier to use for employees and taking a growing amount of “administrivia” off the plate of HR.



Figure Fifteen

**Survey Question:** In which four of these areas will technology play the largest role over the next several years? (select up to four)



Employee self-service technologies will play a large role in HR over the next several years

## Finding: Cloud-based HR technologies continue to grow

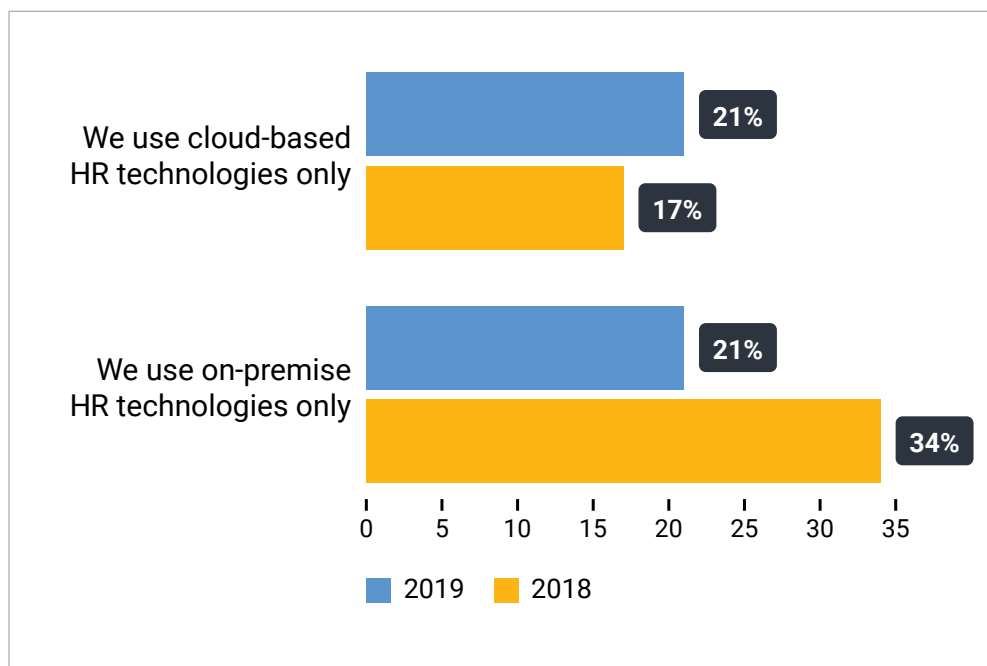
For years, cloud-based technologies have been touted as the future of HR technology, especially in regard to Human Capital Management Systems (HCMS). But have cloud technologies “taken over” in the area of HR technology?

Not yet, but cloud-based technologies do appear to be on the rise.

On-premise technologies have not disappeared. Indeed, 21% of HR professionals say their organizations use only on-premise technologies, which is the same proportion of those who use only cloud-based HR technologies. In our 2018 survey, however, 34% used only on-premise technologies and 17% used only cloud-based technologies. Although we can’t place too much emphasis on a single data point, this does suggest there might be movement away from on-premise technologies.



Figure Sixteen



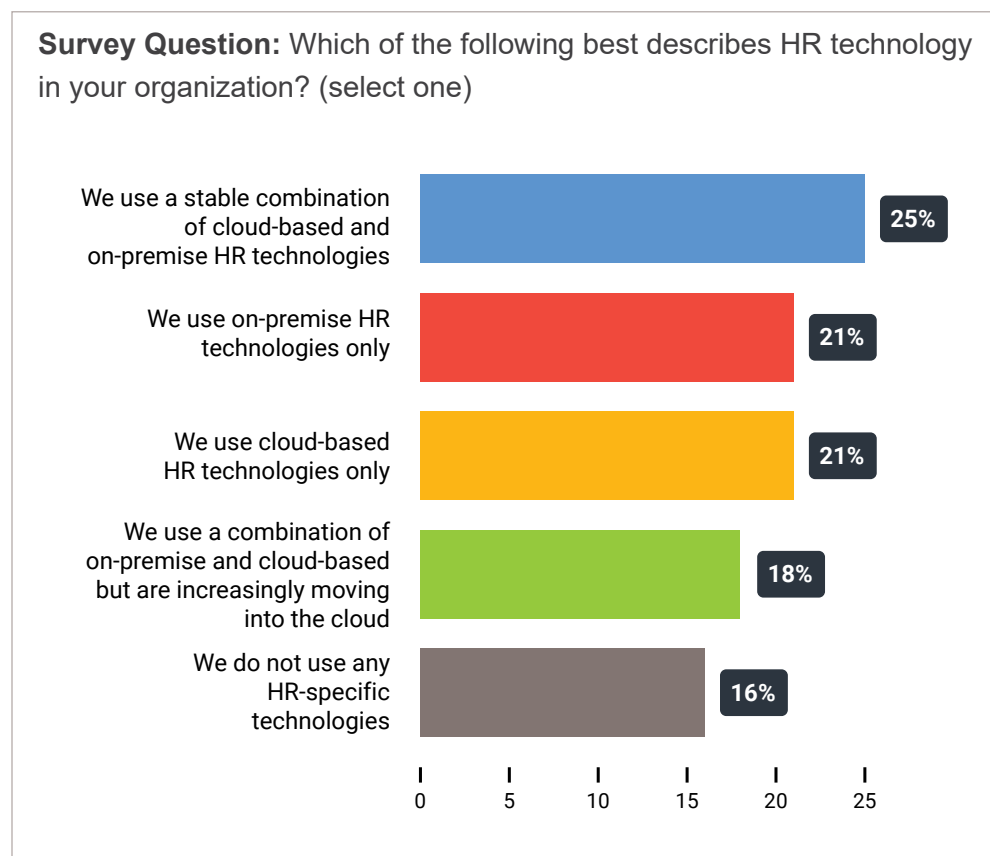
HR cloud-based technologies are on the rise

### Finding: Many use a combination of on-premise and cloud-based technologies

Forty-three percent of respondents say their organizations use a combination of on-premise and cloud-based systems. Therefore, a majority (64%) of respondents say their organizations use on-premise technologies to some degree, though this is down from 73% in 2019. The same percentage use cloud-based technologies to some degree, but a sizeable portion of them are “increasingly moving into the cloud.”

Another interesting finding is high-performing HR functions are a little more likely to use “cloud-based HR technologies only” rather than “on-premise HR technologies only.” We can’t draw any definite conclusions from this, but it is a trend worth watching in the future.

Figure Seventeen



A quarter of respondents use a stable combination of cloud-based and on-premise technologies

## What Will the Future of HR Bring?

### Finding: HR professionals are most concerned with the present moment

To get an idea of the mental models HR professionals are using in their HR functions, we asked them to rank the past, present and future in terms of their respective importance. It turns out that HR professionals are most concerned with the present moment, closely followed by the future.

This makes sense given responses to other questions. In general, HR is better ready for the present moment than it is prepared for the future. It's least likely to be concerned with the recent past.



*Figure Eighteen*

**Survey Statement:** Please rank the following three areas in terms of their importance to your organization's current HR function: (1 is most important and 3 least important)

Item	Rank
<b>The immediate present</b> (e.g., responding to current employee issues, such as timesheets, payroll, etc.)	1
<b>The future</b> (e.g., strategic planning, devising new policies, succession planning, etc.)	2
<b>The recent past</b> (e.g., recent employee performance, benefits selection, labor costs, etc.)	3

HR is least focused on the recent past

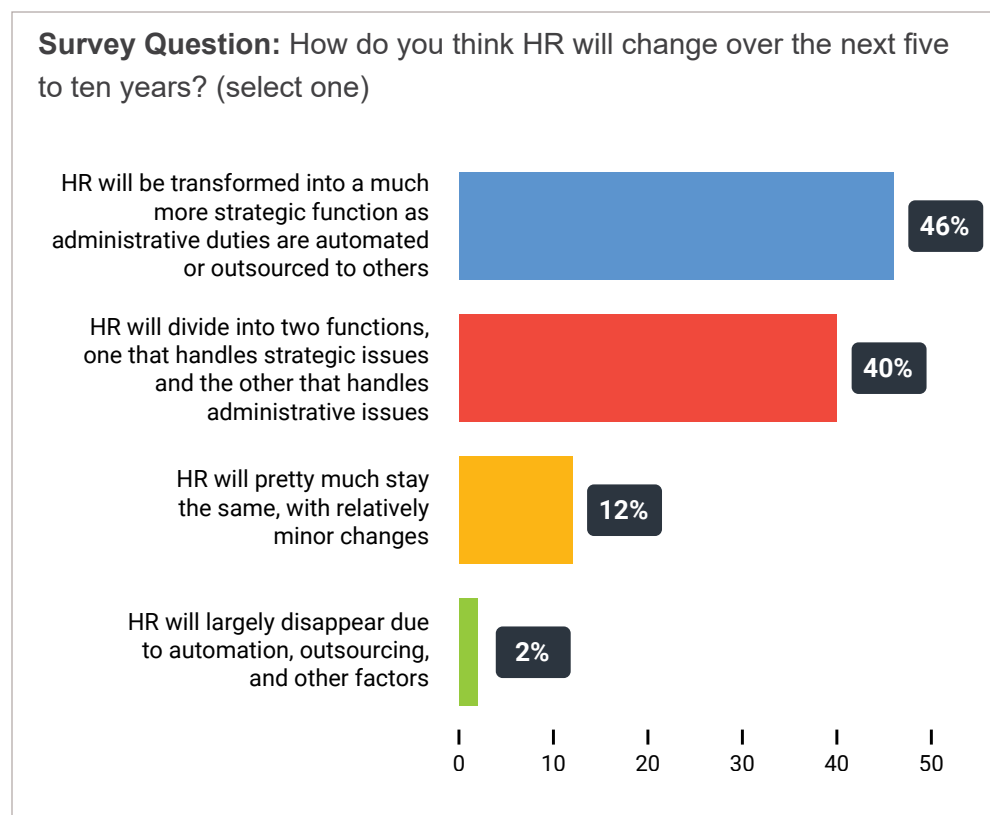
### Finding: HR will undergo a transformation over the next five to ten years

HR—or at least a part of it—will continue to evolve into a more strategic function. Nearly half (46%) of respondents predicted “HR will be transformed into a much more strategic function as administrative duties are automated or outsourced to others.” In this scenario, HR casts off its administrative duties, which are subsumed by some combination of automated technology and organizations that accept outsourcing jobs.

The second most cited response is “HR will divide into two functions, one that handles strategic issues and the other that handles administrative issues.” In this scenario, administrative activities do not blend into the woodwork but are, rather, spun off into an entirely different function. It is fundamentally disconnected from the more strategic part of HR.

Only 12% said HR would, in essence, stay the same over the next five to ten years.

Figure Nineteen



Nearly half of respondents believe HR will be transformed into a more strategic function as it leverages automation and outsourcing

## Finding: HR abilities must extend into the realms of culture and business

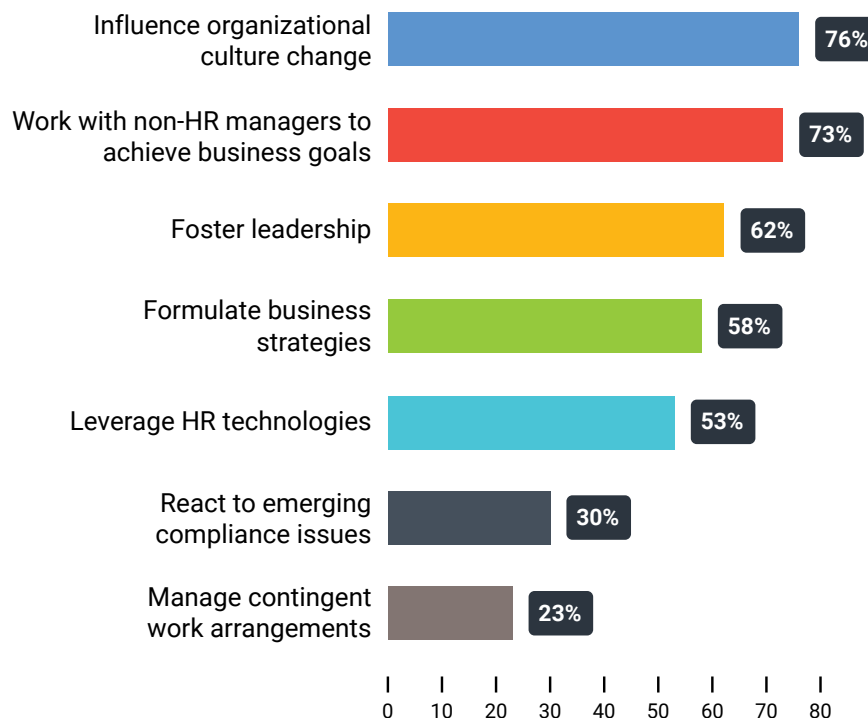
We asked respondents to choose from among six abilities that we believe will be key in the next three to five years. The most commonly chosen is the ability to influence organizational change, followed by the ability to work with non-HR managers to achieve business goals.

These are similar to findings from the 2018 survey. Why does culture change continue to hold its top position? Perhaps because change is rampant in today's organizations, and the best way to implement genuine change is by modifying the underlying corporate culture. To get it right, organizations need to start with internal assessments, identify cultural barriers to change, and then address issues through training, modifications to infrastructure and, sometimes, changes to leadership.



Figure Twenty

**Survey Question:** Of the HR abilities listed below, which four will be most crucial in your organization over the next three to five years? (select up to four)



Working with non-HR managers to achieve business goals is widely viewed as critical to the future



## Key Takeaways

In light of these research findings, what steps should organizations take? Below are key takeaways that may help.

1

**Prepare for the near future.** Relatively few participants consider themselves well prepared to thrive over the next several years. Why? To find out, identify areas where preparation is low and as well as any barriers to progress. Then develop a plan for strengthening those HR areas and circumventing the most serious barriers. Next, list the steps for becoming well prepared. Finally, move through those steps with a measurable action plan.

2

**Attain or maintain a seat at the leadership table.** Among respondents who have a low opinion of the quality of their HR departments, nearly two-fifths work in departments in which the senior HR leader does not report directly to the CEO or president. If that is true in your organization, then your department might benefit from gaining a seat at the leadership table. There is no single strategy for making this occur, since every organizational culture is different. However, HR departments may want to start by making their desires known and then finding out from leaders exactly what it will take to win that leadership seat.

3

**Develop critical thinking skills in the HR department.** In the past, HR professionals have too often viewed themselves simply as the enforcers of rules and administrator of personnel programs. In today's world, however, much more is necessary. In order to contribute to the success of the organization, HR professionals must be able to make reasoned, evidence-based judgments. They must be able to use their deep knowledge of human capital issues to help others solve crucial business problems and reach key goals. The first step is to define critical thinking skills. Then team up with learning and development experts to create a plan for instilling critical thinking in more HR staff members.



4

**Address key HR skills gaps.** This study found that HR tends to suffer from three large skills gaps in areas that are ranked as very important to success. They include:

- communicating effectively
- demonstrating leadership
- executing key initiatives

If your department is facing gaps in these areas, then craft development plans targeted at them. Although this may begin with basic training, it will almost certainly require other development strategies, such as coaching, mentoring, stretch assignments, and more.

5

**Look for links between HR initiatives and overall employee performance.**

Excellent HR departments are more likely to believe they positively influence employee performance. The first step to influencing employee performance is determining accurate performance metrics. Once the metrics are established, HR can correlate major workforce-related initiatives with performance rates. Although definitively proving relationships between such initiatives and employee performance will be very difficult, the attempt may positively affect the efficacy of the HR function.

6

**Hone HR's ability to partner with managers and help them do their jobs better.**

Start by holding conversations with some managers, asking them where their “pain points” are and where they believe HR can help. Based on these conversations, consider conducting a quick poll of managers in the organization. Based on these forms of feedback, craft plans that will help managers do their jobs better. Test these efforts on a small scale, determining what works and what doesn't. If and when effective programs are created, expand them to the rest of the organization.

7

**Look at talent from a holistic perspective.** As urgent as recruitment efforts may feel in today's tight labor market, they are only one aspect of the larger effort to ensure the organization has skilled employees. Compensation and benefits plans should be strong enough to attract the right candidates, but culture is also key. Employees may choose an organization with a welcoming culture over one that pays them a higher salary. Also look at areas such onboarding, succession planning and learning and development. These are also areas that help employers create a more talented workforce.

8

**Get better at managing diversity.** Typically, HR departments are neither excelling at diversity management nor making it a high priority. To improve in this area, HR functions must recognize it as a priority and then investigate today's best practices. This is an area that is quickly evolving, so organizations should not assume conventional practices are enough to make an impact. One area to look at closely are leadership development programs. Are there enough diverse people in those programs? If not, why? Are there cultural barriers to entry? If so, what are those barriers and how can they be addressed?

9

**Master analytics.** If your organization has not made much progress in analytics yet, take the low-hanging fruit approach to analytics first. Start by defining the objectives, metrics and analysis required. Keep in mind that often the most powerful analytics are those that answer very basic but critical workforce-related questions, such as, "Where is turnover the biggest problem?" Such analytics are within reach of all organizations. For more information on this topic, see HR.com's *Leveraging Talent Analytics* [report](#).

10

**Conduct a technology audit.** Make it a point to review your agreements with current technology providers. Identify the dates by which you must renew, or when an auto-renew takes effect. Talk to the stakeholders using these tools and make a serious effort to look at competitor and alternative solutions. But also make sure your organization is getting the most out of its current systems. After all, the problem may not be with existing tools but with the knowledge and skill levels of users.

## About Iron Mountain

Iron Mountain Incorporated (NYSE: IRM) is the global leader for storage and information management services. Trusted by more than 230,000 organizations around the world, Iron Mountain boasts a real estate network of more than 85 million square feet across more than 1,400 facilities in 52 countries dedicated to protecting and preserving what matters most for its customers. Iron Mountain's solutions portfolio includes records management, data management, document management, data centers, art storage and logistics, and secure shredding to help organizations lower storage costs, comply with regulations, recover from disaster, and better use their information. Founded in 1951, Iron Mountain stores and protects billions of information assets, including critical business documents, electronic information, medical data and cultural and historical artifacts.

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