



# INTRODUCTION

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HR continues to face a wide range of changes and challenges, while remaining the lynchpin and driving force for business expansion, hiring, diversity, employee engagement and satisfaction. In 2019, new technology will play an increasingly dominant role in helping HR operate more efficiently, align business needs with talent and prepare for a future of changing working patterns and rewards.

From developing the employee experience to company branding, from chatbots helping with the hiring process to the automation of HR tasks, trends like digital engagement and AI will help HR professionals cope with finding the right talent. It will help them address the demands of employees for flexible working and prepare the business for potentially radical changes in the hiring landscape through globalization and local political upheavals.

## **In this State of HR Report, we will help your business identify:**

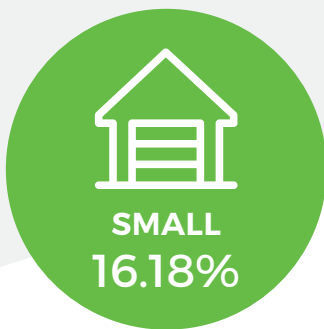
- The technology-based challenges HR professionals must leverage and cope with in 2019 and into the next decade.
- The key trends that will shape the HR landscape, driving efficiency and new skills
- How your business needs to change or transform to hire and retain the best talent

# CHAPTER 1 - A LOOK AT THE DATA

Insights for Professionals conducted extensive market research among our audience of HR professionals to understand hiring patterns, retention strategies, wider industry trends and the challenges they face, as working arrangements and technology trends refocus the sector.

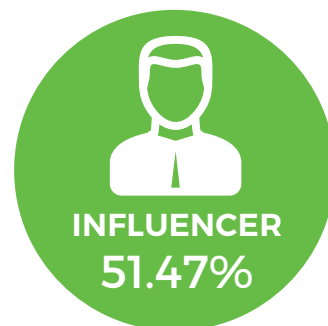
## 1.1 COMPANY SIZES

Respondents to our 2018 survey represent a fair sample of businesses from around the world, broken down between enterprises (36%), medium-sized businesses (47%) and small businesses (16%). Each category has its own specific challenges, while some will be unique to the size or location of the business.



## 1.2 AUTHORITY

When it comes to business authority, our respondents cover a range of roles, addressing the various levels of the HR landscape. From Director-level (23%) to Management (25%), with the remaining 51% having some influence in HR decision making, they allow us to see a broad spectrum of the needs and plans across HR departments for businesses large and small.

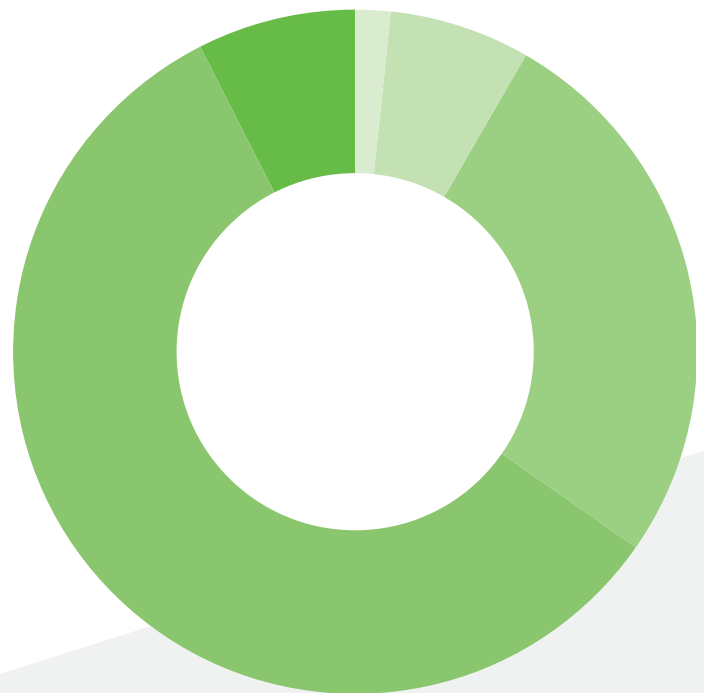


### 1.3 READINESS

A company's idea of how ready it is to react to the latest challenges or adopt the latest technologies and practices provides a key guide to how the HR landscape views itself. Our most desperate category of "1% Ready - HELP" sees only 2% of respondents feeling uncertain about the year ahead.

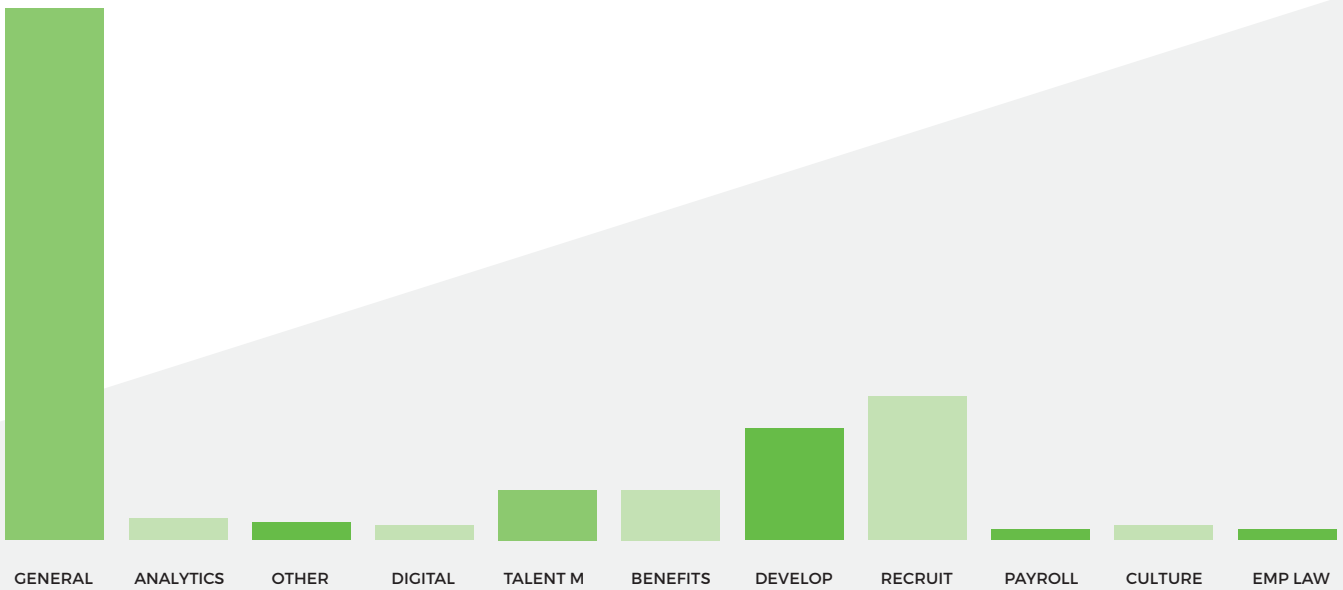
Across the middle categories, 7% of respondents consider themselves "25% Catching Up" with trends and technologies. While over a quarter of companies are uncertain about their stance, with 26% rating themselves as "50% Depends."

Towards the higher states of readiness, the majority, 58% view themselves as "75% Getting There," while a reasonable 7% view themselves as "100% Ready" to deal with the challenges ahead.



**“Over a quarter of companies are uncertain about their stance, with 26% rating themselves as “50% Depends.”**”

## I'M A SPECIALIST IN...



### 1.4 THE SPECIALISMS OF OUR RESPONDENTS

As the role of the HR department grows, so do the specialisms that HR professionals categorize themselves as being aware of or focused on. Our respondents cover a wide range of these specialisms.

Naturally, the majority (54%) cover “A bit of everything” within their roles. Of the focused roles, Recruitment is the most common specialism, with 15% of respondents operating in this area. Learning and Development is the next most popular role (11%), with Talent Management and Employee Benefits joint fourth, representing 5% of respondents each.

Getting smaller percentages, but still demonstrating the widening or changing roles in HR, Analytics, Digital Skills, Payroll, Company Culture and Employment Law are all worth honorable mentions.



# CHAPTER 2 - TRENDS

Technology and HR are increasingly linked through the digitalization of records and worker management. As new trends help shape how HR attracts, hires and manages the workforce, IT and technology offer a constantly changing landscape of opportunities for investment and discovery. This section helps determine what our audience is interested in, which trends they want to know more about in the coming year and beyond, and how they will influence HR operating decisions.

## EMPLOYEE EXPERIENCE

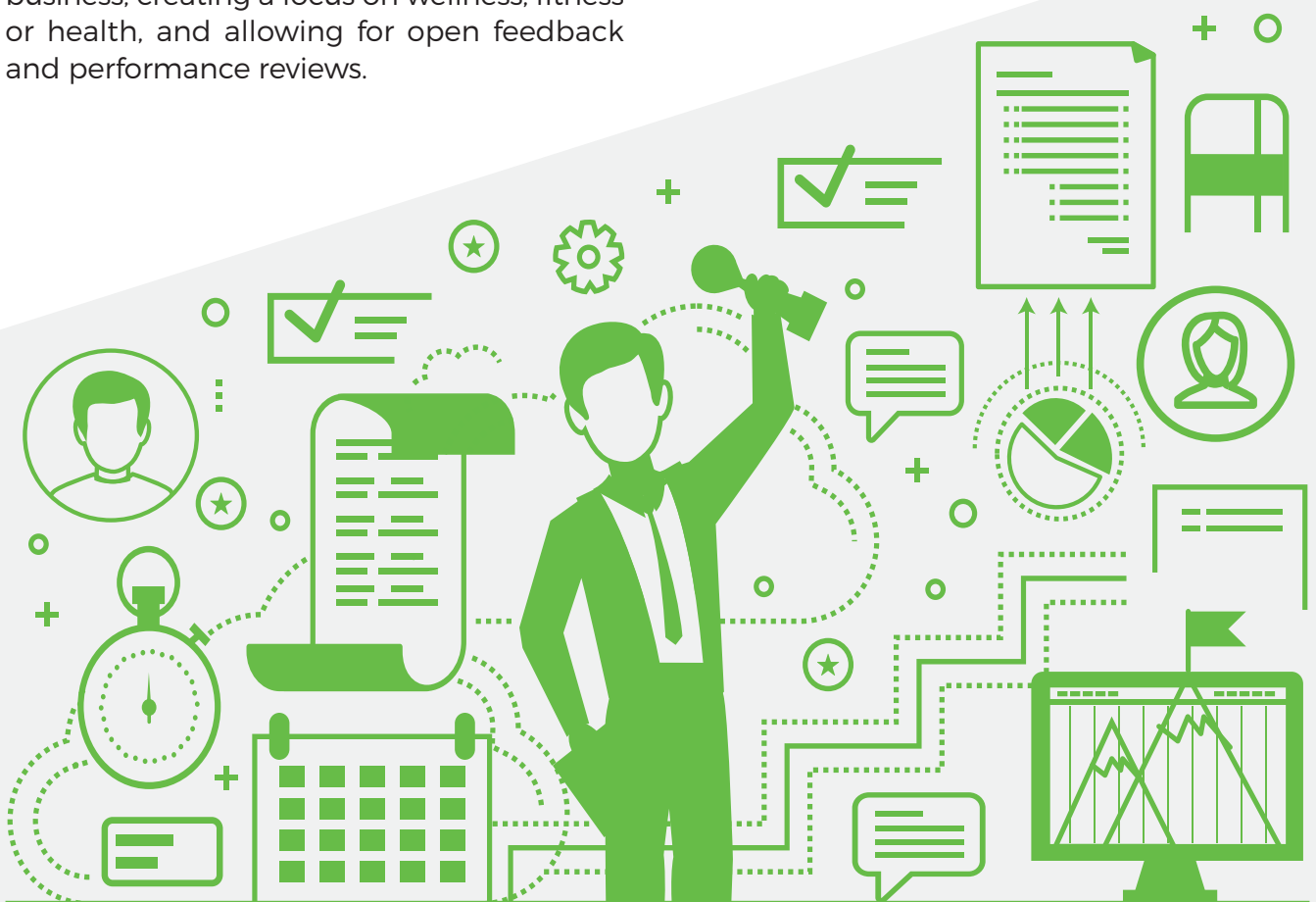
Whether your business is a part of the global economy or focused on a purely local market, the most popular trend remains building a valuable employee experience. A growing range of IT-led tools help companies create enjoyable and valuable employee experiences across a range of aspects.

These include creating employee understandable engagement tools, growing a transparent and vibrant culture within the business, creating a focus on wellness, fitness or health, and allowing for open feedback and performance reviews.

Adopting or creating tools to manage and encourage adoption of these aspects is key to any progressive business success, now and into the future.

## PEOPLE ANALYTICS

Building these tools is nothing without accurate and understandable analytics. From feedback tools on computers or smart



devices to surveys and performance data points, as well as measuring efficiency and timeliness, the business cannot plan or react if it lacks good analytics. People analytics helps develop a more strategic approach to talent-based decision making, improving the whole hiring and management process.

While some workers may fear a data-driven approach, and many HR departments are taking their first steps into People Analytics, the results are essential to help deliver an improved return on worker investments, moving on from broad-brush or gut-based approaches to staffing quality and issues.

## ONGOING PERFORMANCE REVIEWS

The move from ad-hoc or annual appraisals is a common factor across many businesses. The move to regular reporting, 360-degree feedback and other methods allow the business to gain better insights and more data points into how well the company is working and where there is non-judgmental room for improvement.

A modern, forward-looking approach to performance reviews can make them less stressful for workers. It can normalize them, rather than being a dreaded time of the year, and make the results more actionable and meaningful for both workers and business leaders.

## EMPLOYER BRANDING

Eager recruits will make a beeline for leading brands and companies with high values and a solid business reputation. Yet, all of these companies started out small and had to work their way up the ladder, suffering the ups and downs of any long-lived business.

Creating, managing and expressing the brand of the business remains a key challenge to HR professionals, beyond the low-hanging fruit of LinkedIn and Glassdoor.com. However far

along this process a business is, there is always time to refocus on the brand's attributes and qualities to create a distinctive identity that will attract prospects to your culture. Remembering that however high-tech or automated your hiring process becomes, the personal touch is always more likely to win over a worthy hire.

## AI AND AUTOMATION

Massive buzzwords across all industries, AI and automation are rapidly being leveraged across the global HR market to attract, hire and retain the best talent. For businesses wading through large numbers of resumes, AI can help highlight the key points that will identify the right people to interview.

Automated first-round interviews can help further identify the right people for the role, allowing HR to only focus on the key candidates from a large pool. AI is also being used to identify candidates for key disciplines where a role is not being widely advertised.



***“A modern, forward-looking approach to performance reviews can make them less stressful for workers.”***

For onboarding and workers, chatbots and virtual assistants are being used to help provide access to basic information and deal with illness, vacation and other regular tasks, allowing HR to deal with the more serious issues that require more attention.

## WORKPLACE ETHICS

Developing best practices and learning how to cope with ethical dilemmas is a growing area for all HR teams within businesses. As is regularly reported, issues with business ethics can no longer be swept under the carpet or sealed behind legal agreements. The truth will always come out and damage the brand.

From onboarding to the day they leave, workers up and down the corporate ladder must be trained to identify and correctly respond to ethical dilemmas, including handling confidential information, reporting abuse, inappropriate behavior, mis-selling and other areas.

Workers will look to their managers and directors to lead by example and the company as a whole must be shown to be progressive and reacting correctly to any ethical dilemma.

## BLENDED WORKING

As the traditional nine-to-five or office-based role continues to decline, businesses must promote themselves as flexible and encouraging of patterns that meet worker's lifestyles and adapt to the growing global talent pool.

As businesses start to adapt and grow with talent from around the world, working different patterns and operating at plants in different locations, workers will expect tools that enable 24/7 collaboration and interaction with HR, whilst providing a balanced approach to terms and conditions, worker rights and so on.

## BLIND RECRUITMENT

To address issues of sexism, ageism, racism and other weaknesses in recruitment, going blind enables businesses to eliminate these traits from the decision-making process. This process requires careful management and fairness in delivery.

To that end, staff and management require training in the new approach and using tools in the right way to deliver a fair interview approach that eliminates bias.

## LIQUID WORKFORCE

Changing the mindset and skill set of a workforce to make them more flexible, adaptable and liquid is creating exciting results among businesses looking to get the greatest value from their greatest asset; the workforce.

Hiring staff with multiple skills, creating roles that will vary over time and encouraging the workforce to adopt new skills are all ways that HR can help build this liquid workforce to improve productivity, improve retention and make workers feel more valued.





## 2.1 ANALYSIS

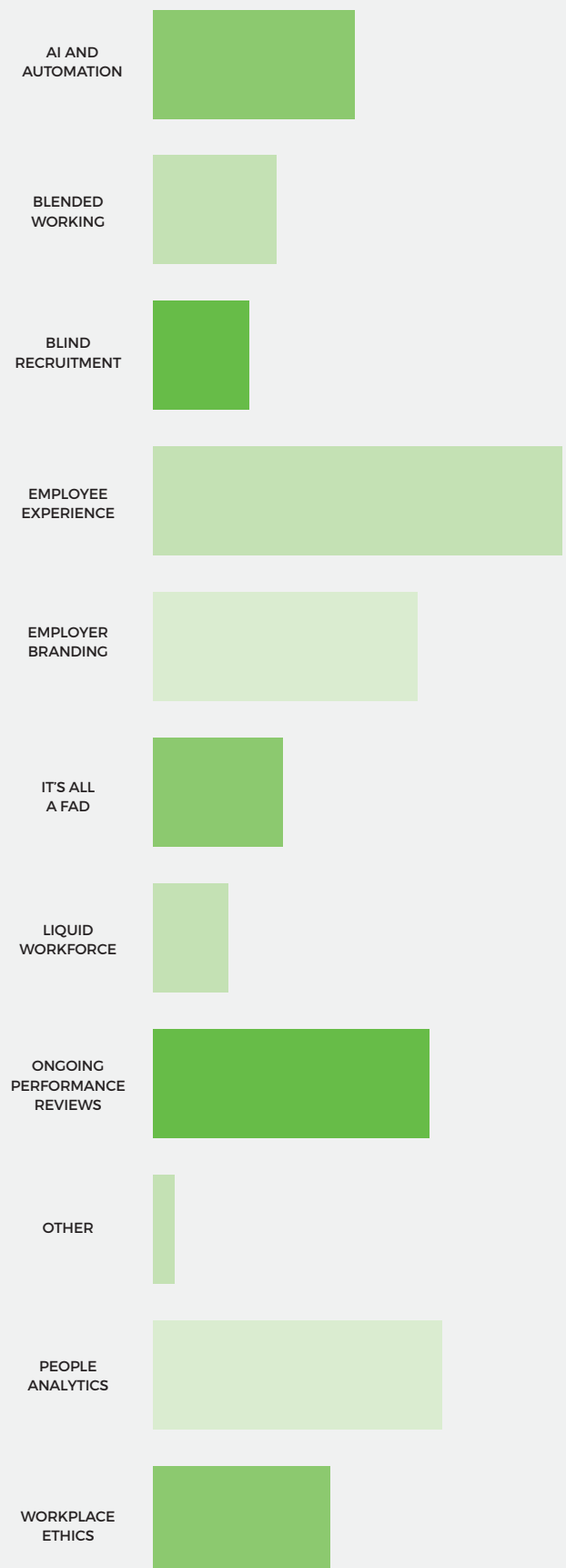
The HR department is always one that is in flux and undergoing transition as the business and roles change, and recruiting trends and worker expectations move with the times. From new recruitment ideas and workforce management legislation to the arrival of new technology, all of these challenge and help businesses of every size adapt to the changing global market.

Our survey shows the leading trend and area of interest among HR respondents is Employee Experience, with an outstanding 55% of respondents stating it as a key trend. People Analytics came second at 39%, closely followed by Ongoing Performance Reviews (37%) with Employer Branding (36%) in fourth place.

Some 27% of respondents believe AI and Automation is a major trend that they will be focusing on, while Workplace Ethics is of key concern to 24% of respondents. Under an increasingly public glare, HR has to focus on hiring the right talent whilst ensuring the company operates in an open and transparent manner.

In today's business climate, organizations need to see value and trust in any technology solution that benefits HR. For these solutions, workers, hiring interviewers and business leaders need to clearly train in their use, explain the benefits and show the value to the whole business.

## TRENDS WE'RE INTERESTED IN...



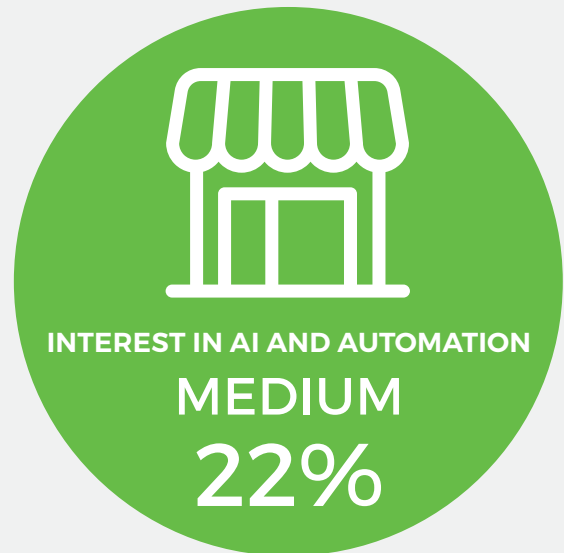
## 2.2 COMPANY SIZE VS TRENDS

The trends vary in subtle yet interesting ways across the different types of respondent when comparing company size. Enterprises have an even higher focus on the Employee Experience at 61%, compared to medium-sized (52%) and small (53%) businesses. People Analytics also rates higher at 42% but AI and Automation falls into third place at just 37%, with enterprises likely to maximize the value of the technology against the higher volume of hiring activity.

Medium-sized businesses see a large drop in interest in AI and Automation, down to 22%, with small businesses showing even less interest at 20%, even though the technology could benefit all organizations.

Blended and liquid working are of most interest to the more flexible company types. Medium-sized businesses consider them at 22% and 11% respectively, with small business close behind, at 20% and 10%. Enterprises have the lowest score for Blended Working (16%) and Liquid Working (9%), suggesting there is some way to go before flexibility is accepted among larger organizations.

However, around the world, there are some startling differences in attitude. For example, German businesses lead the way with a greatest focus on Employer Branding (57%) compared to the US where branding only rates a lowly 21%, yet France tops both of them with 60%. German business also show a keen interest in People Analytics (54%) compared to the US (40%), who are actually more interested in Employee Experience at 59%, suggesting America has a more worker-centric focus.



## 2.3 AUTHORITY VS TRENDS

Within a business, Directors, with their wider purview, largely follow the overall trend with 57% of respondents focused on Employee Experience, 52% on People Analytics and 43% on Ongoing Performance Reviews.

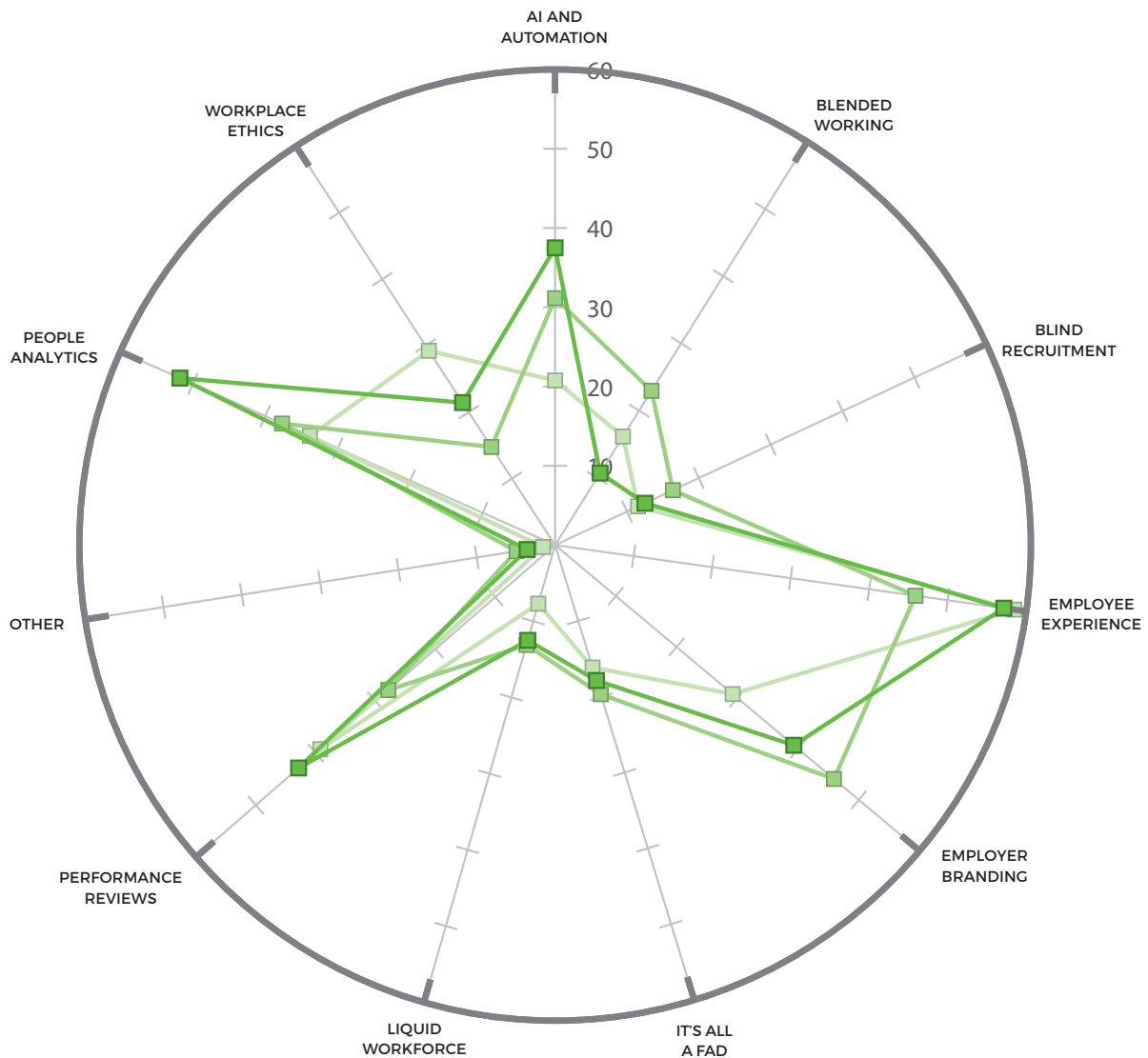
Those at the Manager level are split between Employee Experience and Employer

Branding, both rating 46% while Influencers, perhaps lower down the decision-making ladder, are more focused on Employee Experience (58%), whilst Employer Branding only rates 29%.

When it comes to the progressive trends, 21% of responding Directors are interested in Workplace Ethics, compared to just 15% of Managers and 29% of Influencers.

## TRENDS INTERESTED IN...

- DIRECTORS
- MANAGERS
- INFLUENCERS



# CHAPTER 3 - CHALLENGES

As mentioned at the top of this research, HR faces huge challenges from changes in labor patterns, the impact of technology in business and how HR deals with its growing footprint across the business.

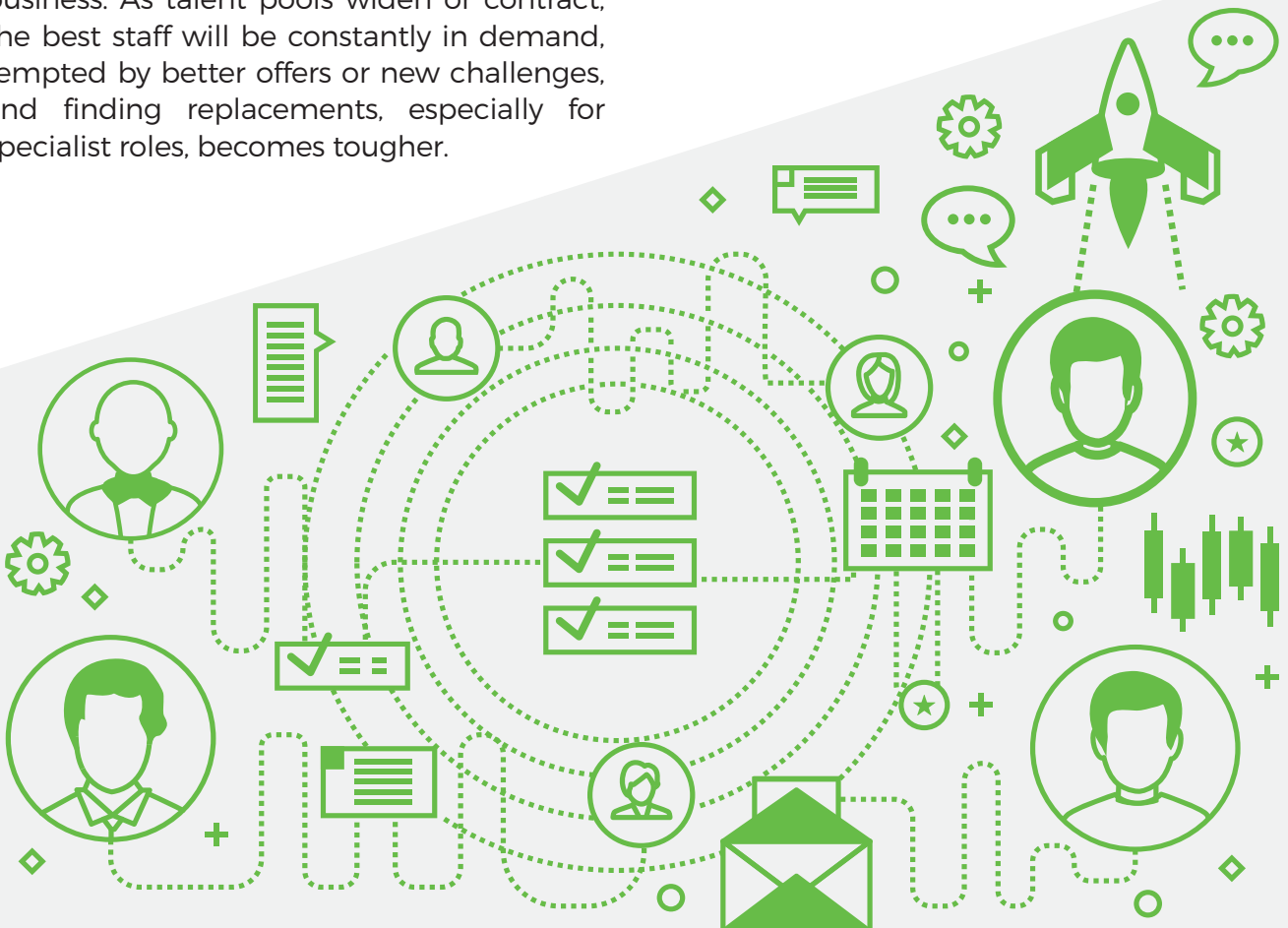
Among the key challenges for HR are retaining the best talent, hiring the right people, creating the right culture and supporting employees. It also faces more technical challenges in choosing the right IT technology and delivering consistent internal communications, while also dealing with the gender pay gap, changing legislation and sexual harassment issues.

## 3.1 ANALYSIS

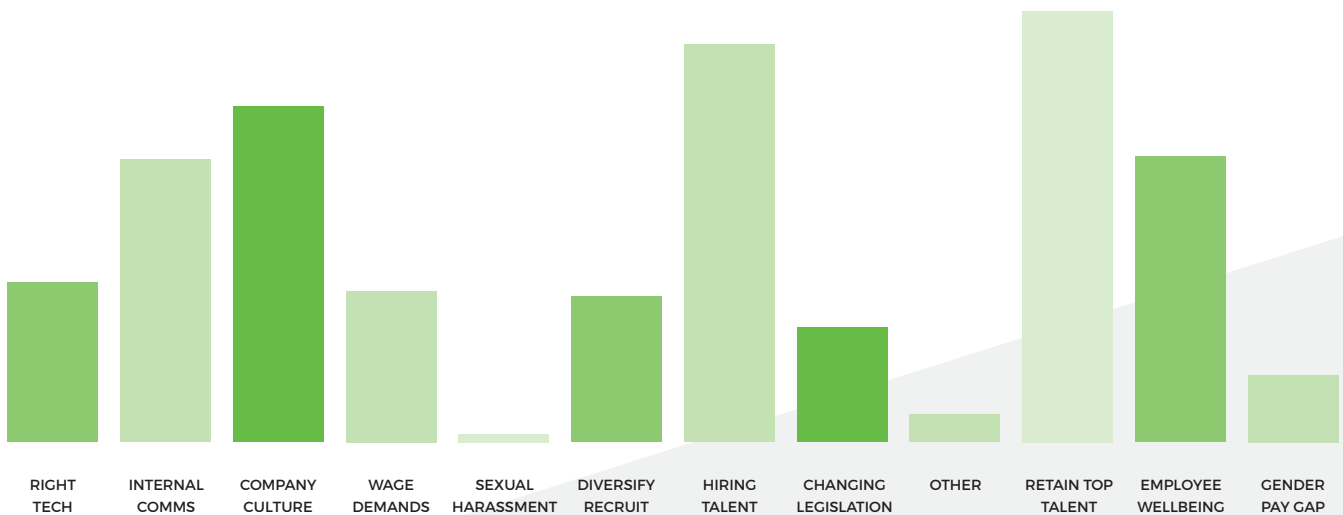
As you would expect of any HR survey, Retaining Top Talent (62%) and Hiring the Right Talent (57%) are key challenges for every business. As talent pools widen or contract, the best staff will be constantly in demand, tempted by better offers or new challenges, and finding replacements, especially for specialist roles, becomes tougher.

Behind those challenges, Creating a Great Company Culture (49%), Supporting Employee Wellbeing, Consistent Internal Communications and Mental Health (all scoring 41%) are the main day-to-day tasks for HR.

We then see a big gap in the challenges, with Choosing the Right Tech (23%), Dealing With Higher Compensation Demands (22%) and Diversifying the Recruitment Process (21%) coming in considerably lower, ahead of the more nuanced challenges like sexual harassment and gender pay gaps.



## THESE ARE THE CHALLENGES WE'RE FACING NEXT YEAR...



### 3.2 AUTHORITY VS CHALLENGES

HR Directors have an even stronger focus on the leading challenges, with 73% focused on Hiring the Right Talent, and 71% on Retaining Top Talent. Creating a Great Company Culture at 61% is also markedly higher, as they tackle the tasks of creating the right place to work, helping to solve at least part of the challenge of the leading issues.

HR Managers are similarly focused on these three challenges, suggesting an even message across HR teams to deal with the key areas. Even Influencers, who might be more likely to focus on a niche or specialist area, are broadly in line with their superiors.

Again, there's a disparity across the regions, with Germany strongly focused on Retaining Top Talent (75%) compared to the US at 56%. This gap is even more marked for Creating a Great Company Culture, rated only 34% in the US, compared to 71% among their German HR counterparts.

***“There’s a disparity across the regions, with Germany strongly focused on Retaining Top Talent (75%) compared to the US at 56%.”***

### 3.3 COMPANY SIZE VS CHALLENGES

When it comes to the size of the organization, the same three challenges remain at the top of the list for enterprises; Retaining Top Talent ranks highest (62%), with Creating a Great Company Culture in second (52%) and Hiring the Right Talent (45%) in third.

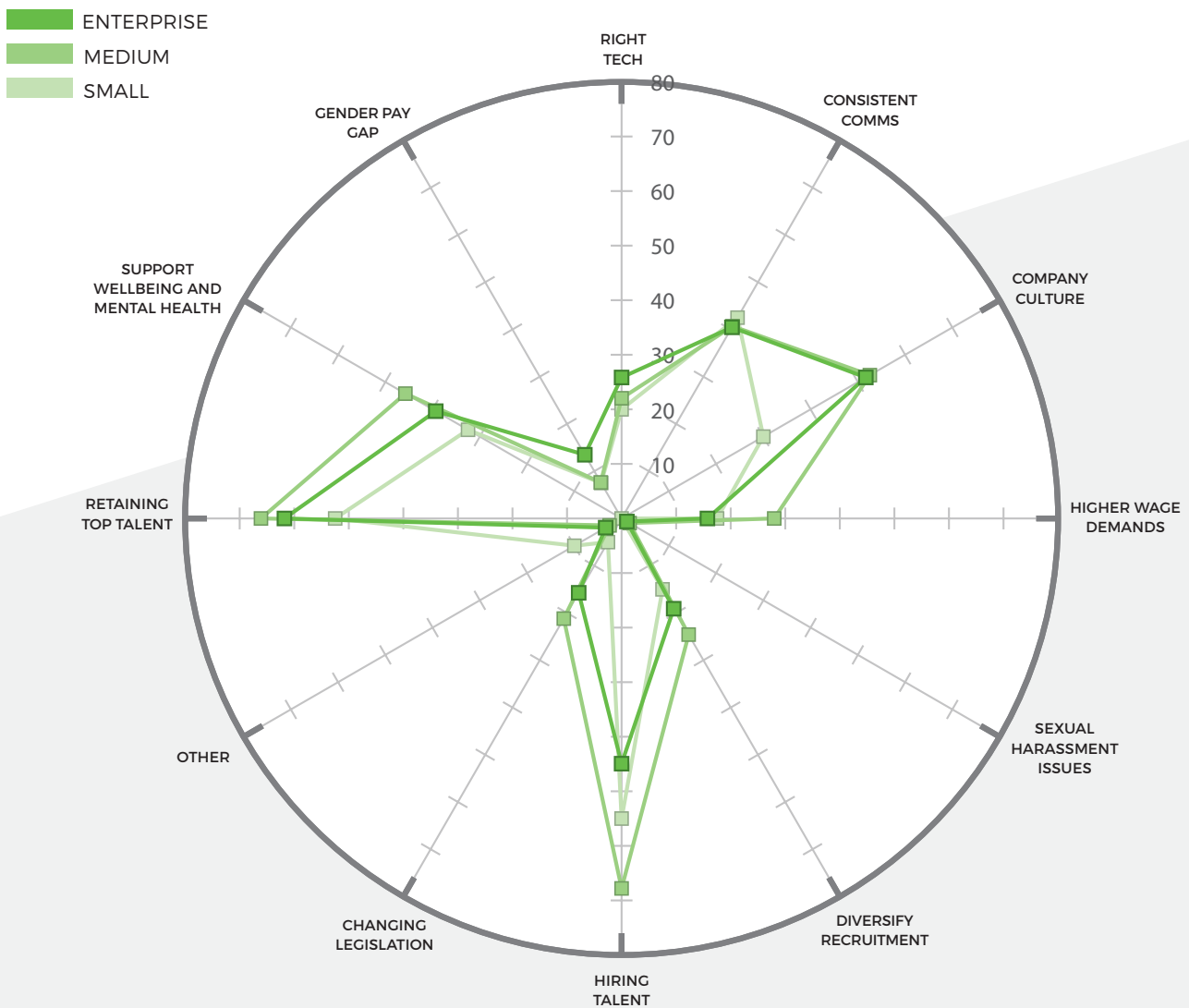
The challenges swap around again for medium-sized businesses, with Hiring the Right Talent (68%) topping the list, followed by Retaining Top Talent (66%) and then Creating a Great Company Culture (53%).

Smaller business maintain that order but with lower scores of 55%, 53% and 43%.

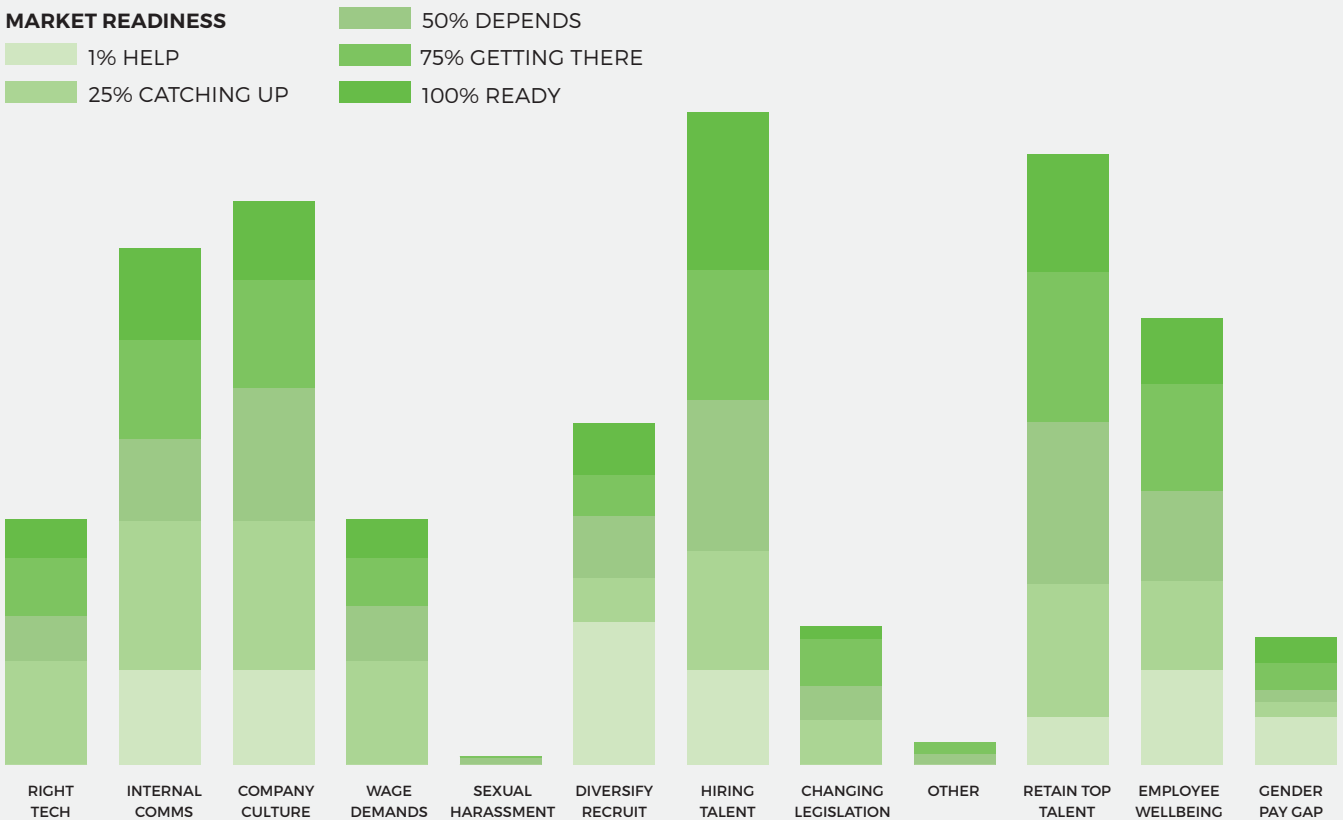
Despite these three trends changing in order of importance, it is clear that they are the three biggest challenges for HR professionals in all sized businesses.

When it comes to technology, a key enabler for future HR plans, the difference is minimal with 26% of enterprises, 22% of medium-sized businesses and 20% of small businesses focused on Choosing the Right Tech, suggesting that HR solutions are not viewed as IT or technology, just part of doing business.

### CHALLENGES FACED



## READINESS VS CHALLENGES FACED



### 3.4 READINESS VS CHALLENGES

Among the least prepared group of respondents (1% Help!), their focus is on Diversifying the Recruitment Process (60%), with a level field for Supporting Employee Wellbeing and Mental Health, Retaining Top Talent and Creating a Great Company Culture (all 40%), suggesting they require help across a broad swathe of the issues.

Among the “50% Depends” respondents, the usual trio Hiring the Right Talent (64%), Retaining Top Talent (68%) and Creating a Great Company Culture (57%) come to the fore. At the 100% readiness level, Hiring the Right Talent (67%) dominates.

Comparing the situation internationally, those in the US who are 50% ready are primarily focused on the challenge of Retaining Top Talent (56%), with Europe more evenly focused at 66% for Retaining Top Talent and 63% for Hiring the Right Talent.



# CHAPTER 4 - 2019 READINESS

With the majority (57%) of HR professionals feeling their business and efforts fit within the “75% Getting There” category, HR seems in good shape for the challenges of 2019 and beyond. How does this sense of readiness vary depending on company size, individual specialisms and level of respondent authority?

## 4.1 SPECIALISM VS READINESS

Comparing the specialisms of respondents and their state of readiness highlights some useful insights into the HR industry. While the majority of HR respondents work on “A Little Bit of Everything” (54%), that figure doesn’t really change among the different levels of preparedness, (49% for the weakest three groups, and 57% for the most prepared), suggesting that the generalist trend is a fact of life across the HR industry.

In Europe, this reaches 61% across all readiness categories, while in the US, we see a distinct change at 38%, with HR professionals distributed across Recruitment, Learning and Development, Employee Benefits and Talent Management as the main specialisms.

## 4.2 COMPANY SIZE VS READINESS

Enterprises naturally feel more confident about their state of readiness, with 56% in

the “75% Getting There” category. 27% sit in the “50% Depends” category but only 4% in the 100% ready category.

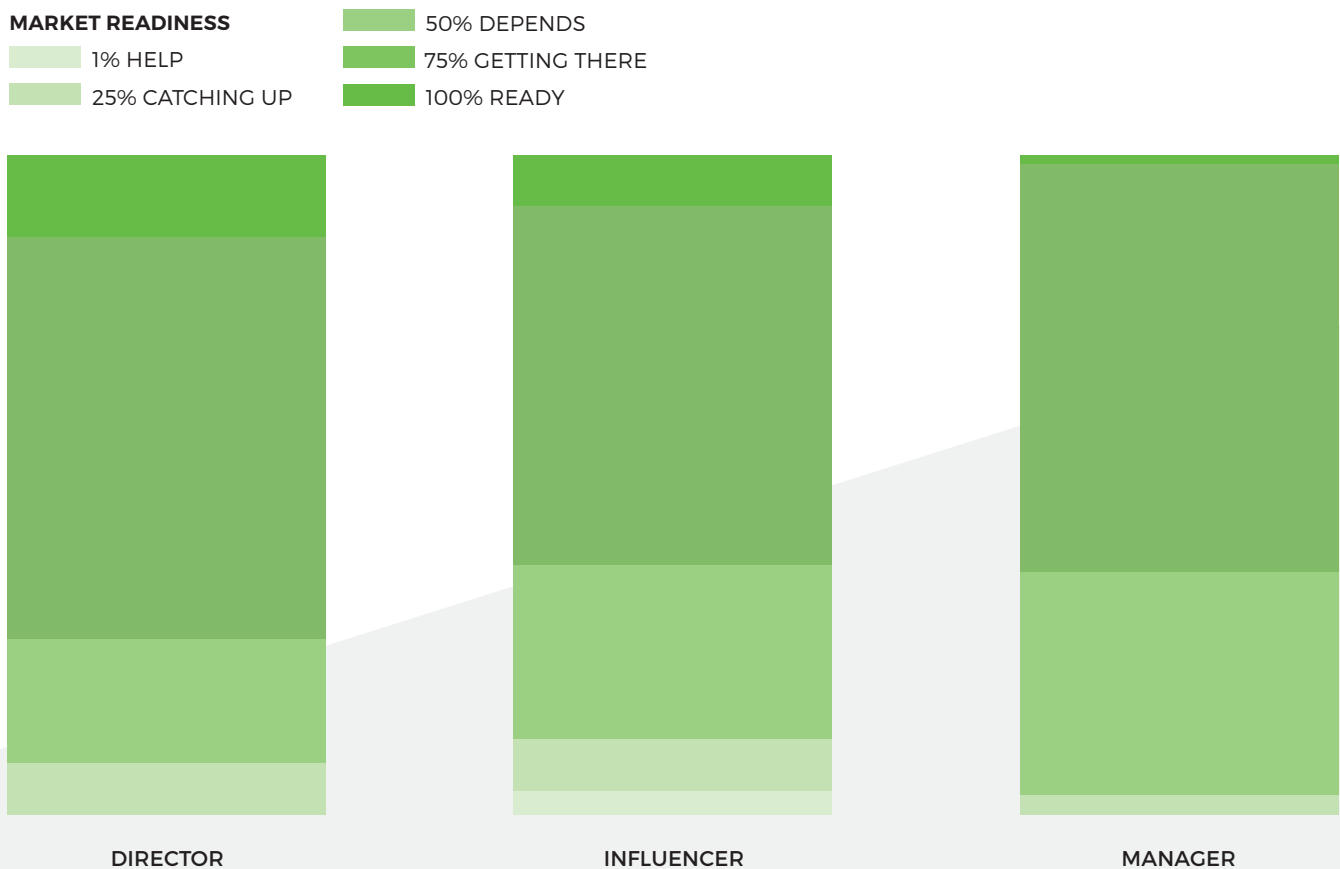
For medium-sized companies, the 100% Ready response is more than double at 9%, and the “75% Getting There” response is higher too at 60%. Yet, smaller businesses think they are even better prepared with 11% rating themselves at “100% Ready.”

On one side of the Atlantic, US businesses who rated their readiness at “50% Depends” accounted for 29%, whilst 54% said they are “75% Getting There” and 7% are “100% Ready”. However, in European HR departments, the ratings are slightly higher for the top two readiness categories at 60% (for “75% Ready”) and 8% (for “100% Ready”)





## AUTHORITY BY MARKET READINESS



### 4.3 AUTHORITY VS READINESS

Overall, a combination of 58% of respondents described themselves as a minimum of “75% Ready” for the year ahead, with a further 7% claiming to be “100% Ready”. By role, Directors are the most confident (73% combined) compared to Managers (63%) whereas Influencers (62%) require a little self-assurance in their HR department’s readiness.

From the US, a combined 71% of Directors believe their companies are Getting There or 100% Ready, compared to their European equivalents who rate only 64% for the top two readiness stakes.

### 4.4 CHALLENGES VS READINESS

Across the three readiness categories for 50% or below, the leading challenges remain Retaining Top Talent (68%), Hiring the Right Talent (66%) and Creating a Great Company Culture (64%).

For the two most-ready categories, the key challenges broadly remain the same; Retaining Top Talent (65%), Hiring the Right Talent (61%) and Creating a Great Company Culture (51%). But there’s wider interest in the other challenges, as these companies are presumably better balanced to address them, with Supporting Employee Wellbeing (57%) and Consistent Internal Communication (49%) being amongst the most pressing.

# ABOUT INSIGHTS FOR PROFESSIONALS

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# GLOSSARY OF TERMS

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## **AUTHORITY -**

Referring to the level of authority an individual has within a company in terms of purchasing. This is broken down into three categories: Director, Manager and Influencer.

## **ENTERPRISE BUSINESSES -**

In the US, more than 5,000 employees. Everywhere else, more than 1,000 employees.

## **MEDIUM-SIZED BUSINESSES -**

In the US, between 250-5,000 employees. Everywhere else, between 100-1,000 employees.

## **SMALL BUSINESS -**

In the US, less than 250 employees. Everywhere else, less than 100 employees.

## **READINESS -**

Referring to how prepared IT professionals feel for 2019.

## **SPECIALISM -**

The area of expertise as stated by the respondents.



# THE STATE OF HR REPORT INSIGHTS FOR 2019