

Research Paper

HR Transformation Conundrum Research

Understanding and overcoming the barriers to
people-empowered business transformation

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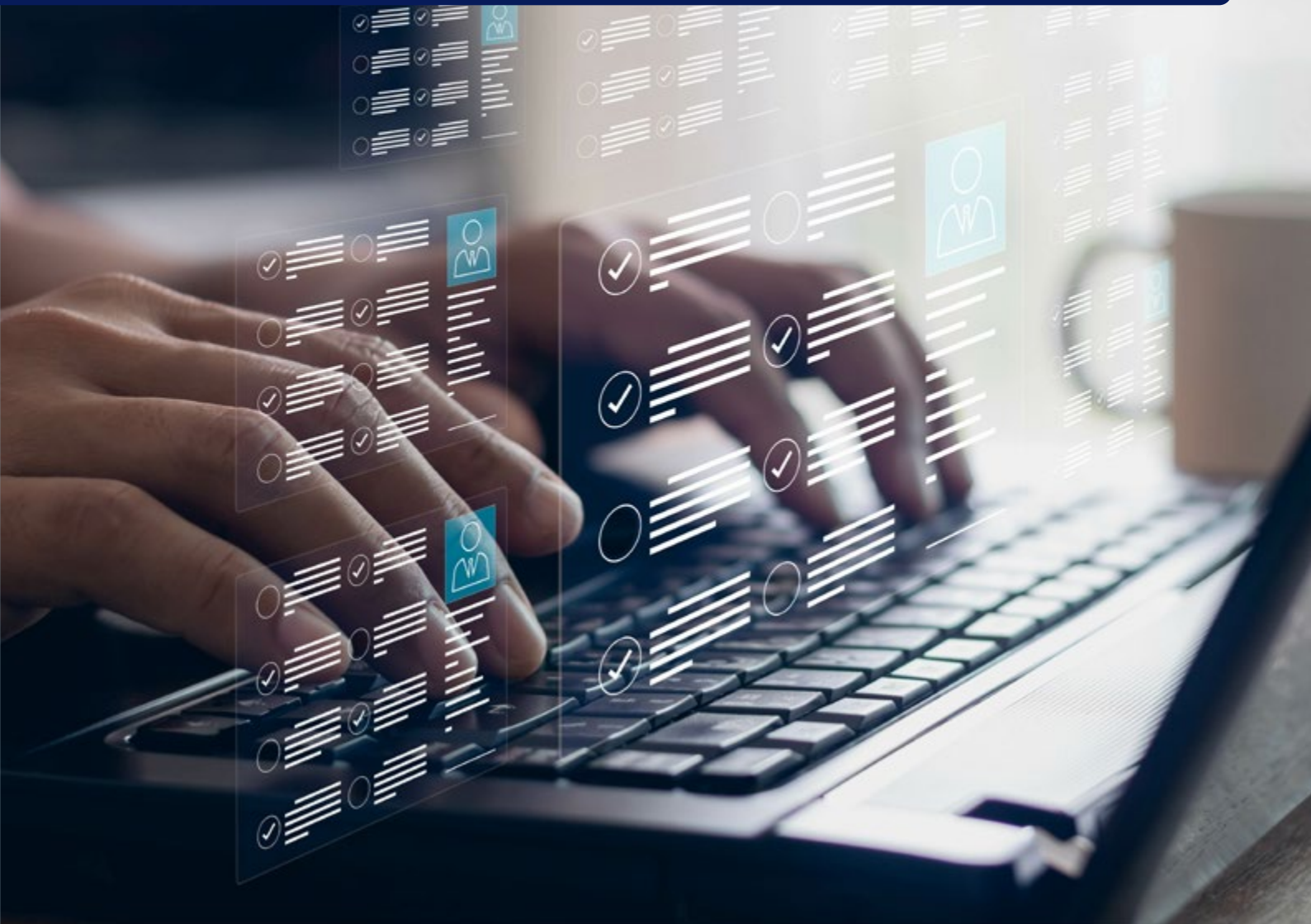
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Introduction

In Q4 2022, a survey of 220 C-suite leaders and HR managers in corporate organisations* was commissioned by AdviserPlus, in collaboration with Empowering People Group, to understand the drivers of HR transformation and the barriers to implementation.

This research report examines the findings and key insights that are of interest to people leaders planning or undertaking HR transformation. It also reviews where there are significant differences in opinion between the two responder groups of the C-suite and HR managers, which may be creating a conundrum in the success of transformation initiatives.

**1,000+ organisation size. Responses are segmented into C-Suite and HR managers to assess any variation in viewpoints.*

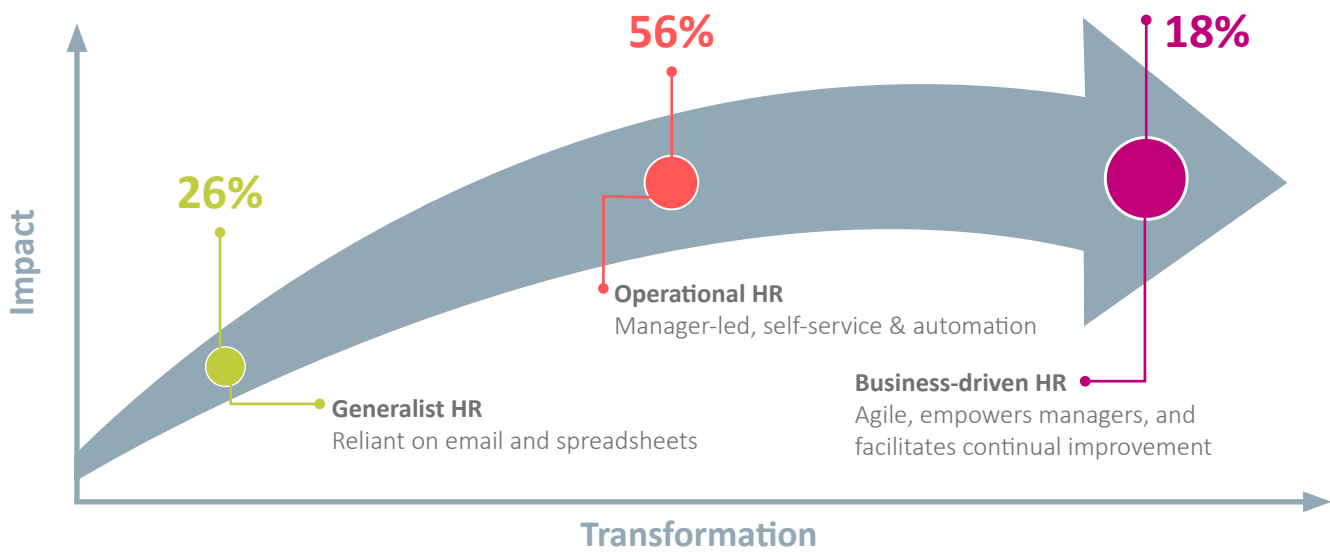


Organisations are at the mid-point on the HR transformation curve

Before we delve into the detail of the benefits and barriers that the research draws out, we asked respondents to assess where their organisation currently sits on the HR transformation curve.

Whilst most respondents (55%) define their HR function as operational, so mid-point on the transformation curve, perhaps alarmingly, 26% of respondents classify their function as generalist and still reliant on email and spreadsheets. Only 18% consider their HR function to be business-driven. These results demonstrate that many organisations need to prioritise HR transformation in order to create business-driven HR functions that drive the health and success of the organisation.

Which best describes the HR function within your organisation?



Opinions are aligned on the components of successful transformation



Efficiencies driven by automation of repetitive operational HR processes



Data consolidation and improved visibility for data-driven decision making



Repositioning HR to meet business strategic goals



Manager empowerment to take greater ownership of employee relationships

To understand whether there is alignment in what HR transformation means to different organisations, the survey asked respondents to select the key components of HR transformation. Respondents were aligned in the anticipated benefits of HR transformation illustrated here, including process efficiency, improved visibility, and enabling HR teams to be more strategic.

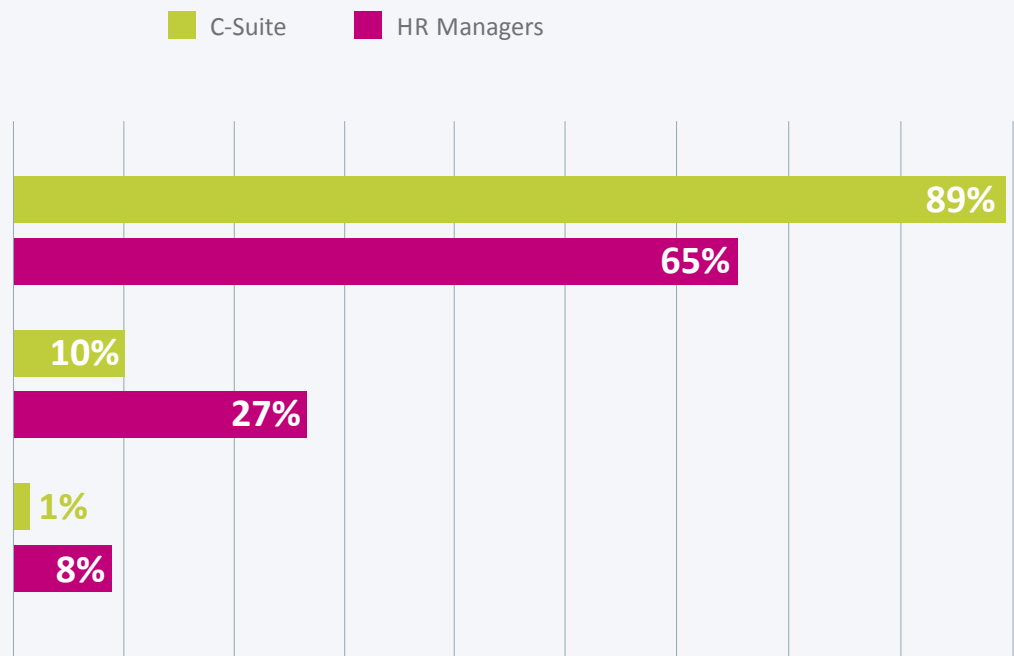
It is encouraging to see that respondents are aligned in their understanding of the benefits that HR transformation can deliver. This will help to accelerate decision-making about investment in HR transformation solutions as HR leaders can set clear objectives and measure success against these benefits.

Michael Campbell, Commercial Director, AdviserPlus

Most organisations have a culture of continuous improvement

The research also sought to uncover whether organisations were aspiring to develop a culture of continuous improvement, which HR transformation can enable by creating agile workforces that are more able to respond to new opportunities and change. The results show that although the C-suite responded more positively in terms of how well the organisational culture supports continuous improvement, the majority of respondents were positive about this cultural positioning.

Does your organisation encourage a culture of continuous improvement (e.g. processes are in place to enable employees to continually ‘upskill’ and achieve their full potential)?



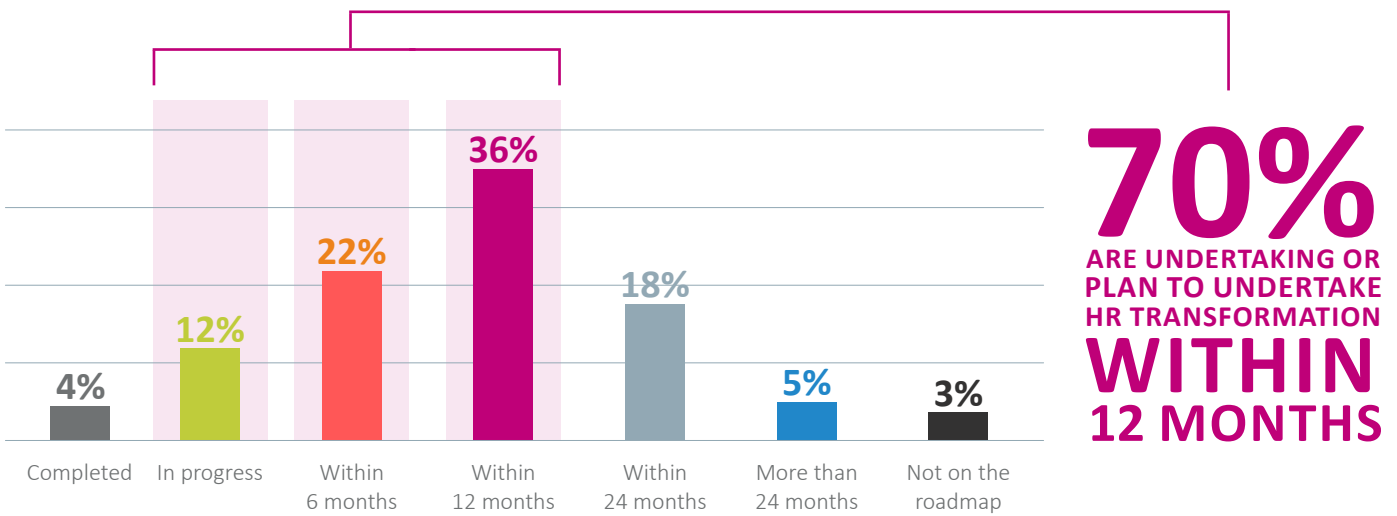
“From the awareness of mental health challenges to understanding and implementing effective equality and inclusion strategies, the skillset required of those leading people needs to be continually improving. HR leaders are responsible for embedding strategies that enable this, so it is positive to see the survey findings reinforcing that upskilling employees is a business priority.” *Yvonne Wilcock, CEO of AdviserPlus and Empowering People*

HR transformation and the era of people empowerment

HR transformation is high on strategic agendas with two-thirds of respondents (70%) saying their organisation is either currently undergoing or plans to undertake HR transformation within the next year. Only 4% have recently completed transformation, which is perhaps indicative of the fact that HR transformation isn't ever really complete as organisations and the needs of people continuously evolve. There is also a clear indicator of the recognition of a need for wide-scale change in HR in that just 3% don't have HR transformation on the roadmap in the foreseeable future.

What is perhaps surprising is that only 12% of respondents' organisations are currently undertaking transformation, which seems low when we consider it is a strategic priority. Understanding the barriers and identifying strategies to overcome these is vital to avoid transformation initiatives being delayed.

Which of the following best conveys the timeframe in which your organisation is likely to undertake HR transformation?



“With only 12% of respondents currently undertaking HR transformation, it's important for us as transformation service providers to understand the barriers and help organisations to accelerate their transformation initiatives. This is especially urgent as organisations face the impact of recession and HR teams need to be as strategic and agile as possible.”

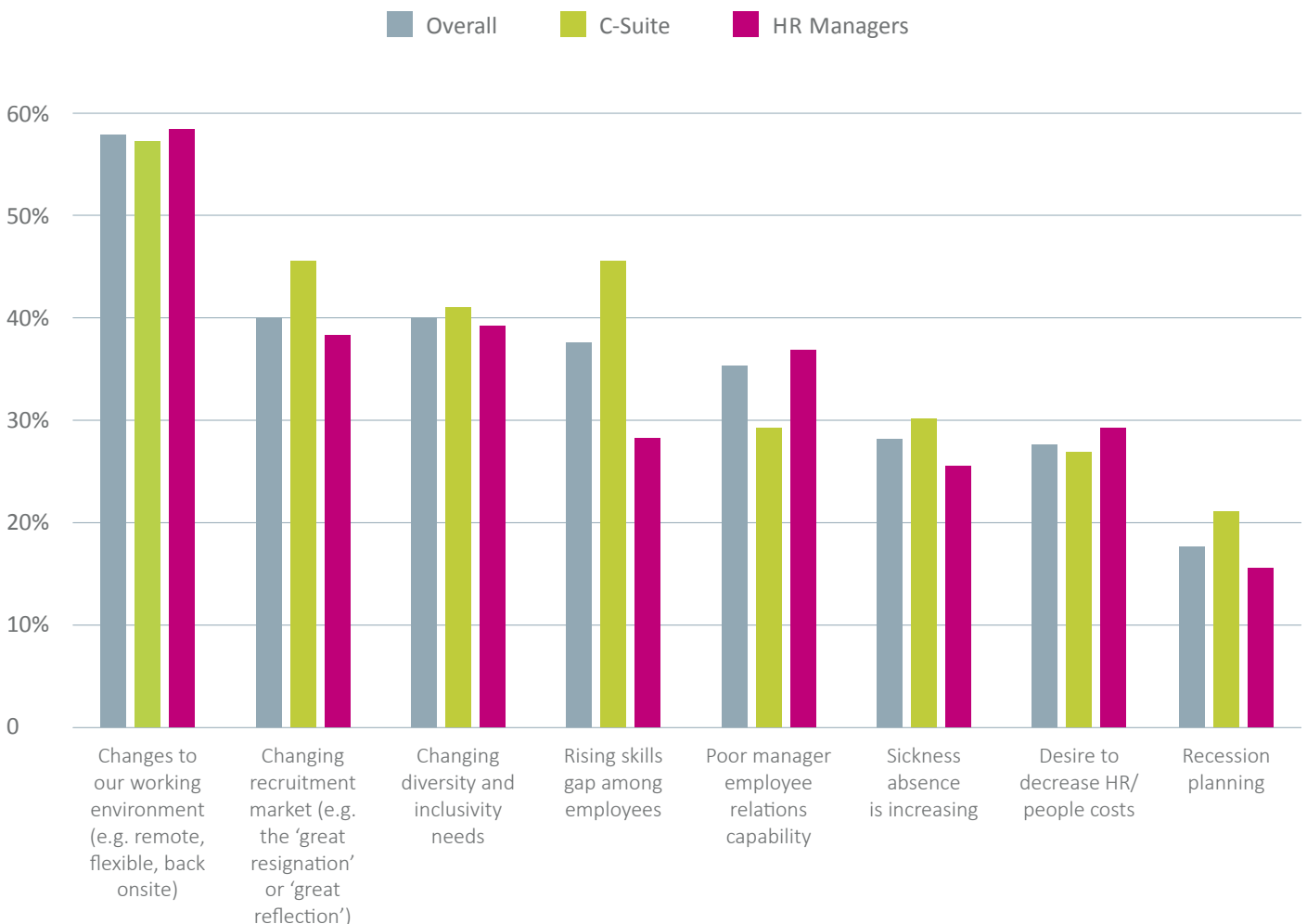
Michael Campbell, Commercial Director, AdviserPlus

The biggest driver of HR transformation is changing environments

Overall, the biggest driver of HR transformation is ‘Changes to our working environment (e.g. remote, flexible, back onsite)’ and this is consistent across both persona segments. The only marked difference in the responses is that the C-suite rank ‘Rising skills gap among employees’ higher than HR managers.

The results here suggest that the complexity brought by hybrid and remote working is a significant pain point for both HR teams and business leaders. The ‘Changing recruitment market’ and ‘Changing diversity and inclusion needs’ are also significant drivers, which again point to challenges created by changes in the motivations of employees, as we’ve seen with The Great Resignation and Quiet Quitting trends. With the right HR transformation strategy delivering better employee engagement and freeing HR teams to be more strategic, all of these factors can be positively impacted.

What factors within your organisation are driving a need for HR transformation?



This question enabled respondents to select more than one answer

There are key differences in opinion of the benefits of transformation

The C-suite and HR managers are misaligned in the highest priority of successful transformation with the C-suite prioritising ‘Improving employee experiences to reduce attrition’, whereas HR managers rank this second behind ‘Empowering managers to deal with day-to-day employee relations matters so HR can focus on strategy’. In fact, when drilling into the detail of the responses, 50% more HR managers than C-suite respondents ranked this as their top priority.

The C-suite also rank ‘Improving people analytics for data-driven decision making’ as the next priority, while HR managers rank this number 6 in order of priority.

This point illustrates that one of the barriers to successful transformation may be this misalignment of priorities. Business and HR leaders need to work together to align the priorities of HR transformation with business and people goals to avoid costly investment in the wrong transformation strategy.

It is interesting to note that ‘Reducing the cost to serve’ is lowest on the list of priorities for both groups, suggesting that organisations are not prioritising cutting back investment in people teams with their HR transformations, even though cost efficiencies are one of the key benefits delivered by business-driven HR transformation.

Rank what you consider to be the priority of the benefits of a successful HR transformation to your organisation



The perception of barriers align, but not the understanding of resource

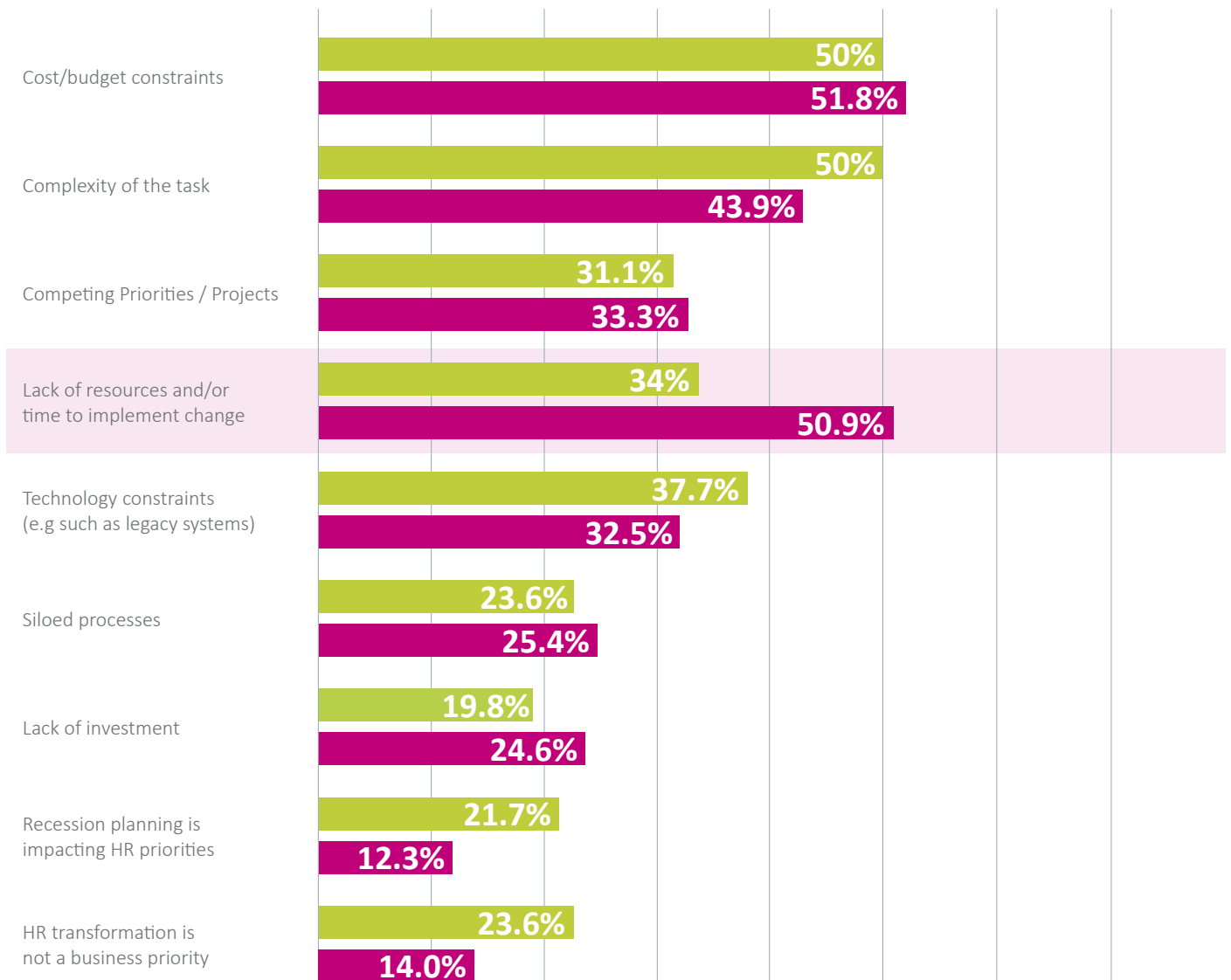
65% of respondents say that HR transformation initiatives have been delayed due to barriers, and the perception of those barriers are mostly aligned across the two persona groups, with ‘Cost/budget constraints’ being identified as the biggest barrier for both the C-suite and HR managers. The only marked difference is in a ‘Lack of resources and/or time to implement change’, which is a more prominent barrier to HR managers, coming a very close second to cost.

The difference in this particular statistic points to a disconnect in awareness of the resource pressures HR teams are under. Any transformation project will only be as successful as those responsible for implementing it, so this gap in understanding of the resource issue could be a significant barrier to success. The misalignment needs to be addressed to ensure HR transformation initiatives can be successfully implemented.

Which, if any, of the following factors are/have been barriers to implementing successful HR transformation in your organisation?

65% SAY HR TRANSFORMATION HAS BEEN DELAYED DUE TO POTENTIAL BARRIERS

■ C-Suite ■ HR Managers

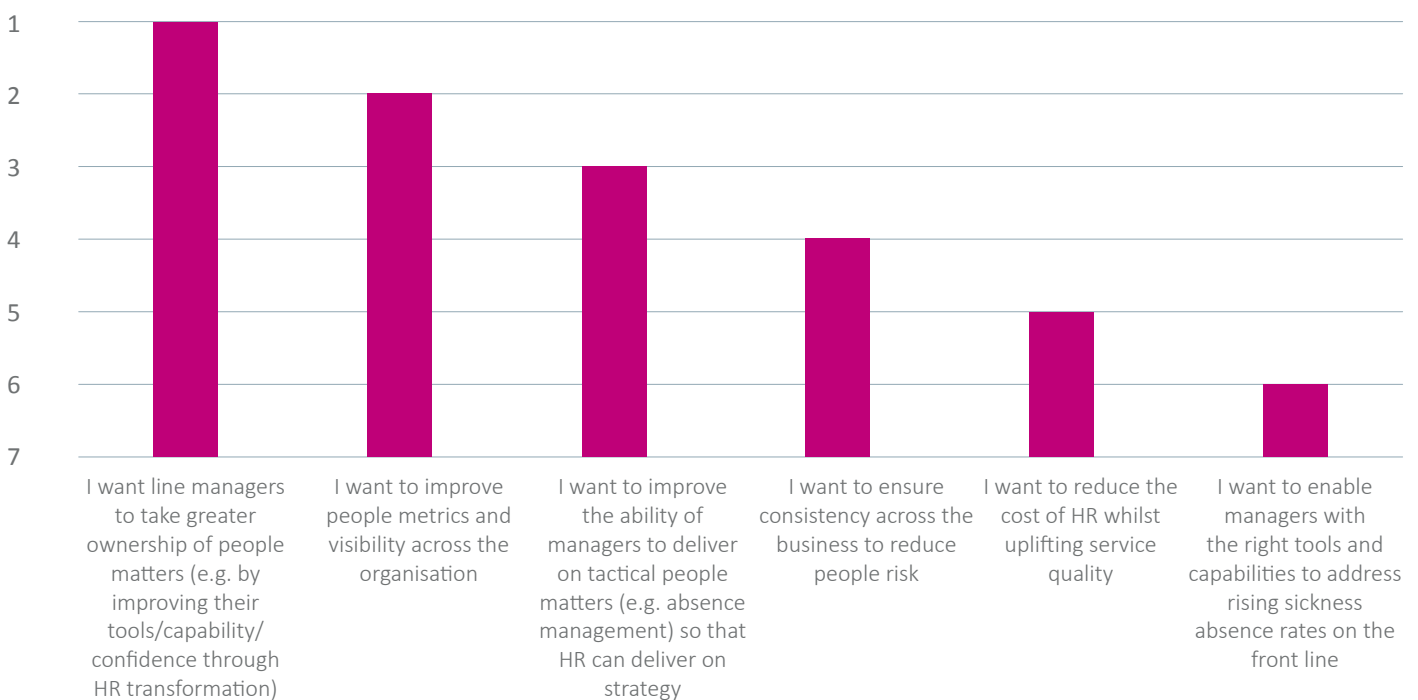


This question enabled respondents to select more than one answer

A key priority is giving more ownership of people matters to managers

When asked to rate the problem statements in the graph below, ‘I want line managers to take greater ownership of people matters’ came out as top. Unlike in the earlier question where the priorities of the benefits of transformation differed, both segments within the research were aligned in the views of the importance of addressing the following pain points within their business. This is a positive indication that the objectives of HR transformation can be aligned between the C-suite and HR managers when approaching the benefits from the perspective of the problem statements transformation can address.

Rank these statements in order of importance in any HR transformation initiatives you have/may undertake within your business



Line managers are our first line of attack and defence when it comes to engaging employees, so they need to be well versed in the objectives of our people strategies and well trained to deliver employee experiences that build a deeper emotional commitment to the organisation. To do this well, we need to empower managers to handle more employee relations matters, so it’s great to see this coming out as a priority for both business leaders and HR.

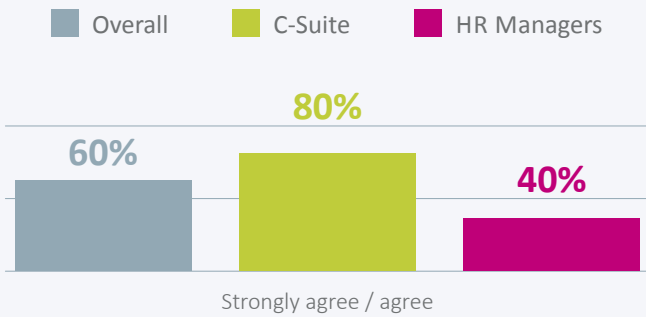
Yvonne Wilcock, CEO, Empowering People Group and AdviserPlus

Just three in five believe managers are capable of managing ER issues

We’re asking a lot of our line managers, but are we preparing them sufficiently to take on more employee relations responsibilities? Overall, 60% (3 in 5) of respondents say that line managers have the skills and capabilities to successfully manage employee relations issues directly. The research also highlights a gap in the perception of line manager skills and capabilities as this varies significantly between the C-suite and HR managers.

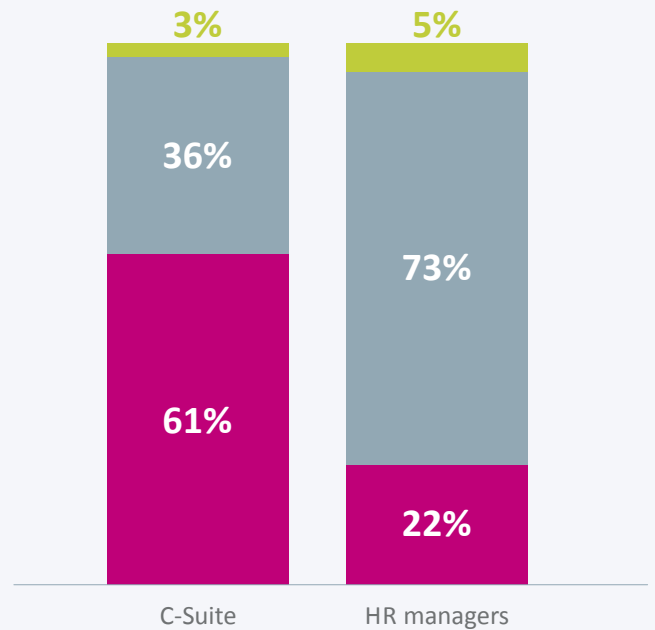
The C-suite have a far more positive view of line manager capabilities (80% v 40%) and this is also the case when it comes to the question of training, with 61% of the C-suite citing managers receive the right level of training compared to 22% of HR managers.

Managers in our organisation have the skills and/or capabilities to successfully manage employee relations issues



This gulf in opinion is a major conundrum for leaders of transformation initiatives and it needs to be urgently addressed. An accurate understanding of the capability and training needs of line managers is required before it’s possible to invest in the right transformation solutions that enable line managers to take on greater responsibility for employee relations matters.

Select the statement that best reflects your organisation regarding training to increase the skills and/or capabilities of managers



- Managers are not provided with any training to handle employee relations issues
- Managers are provided with some training but not enough
- Managers are provided with the right level of training to handle employee relations matters

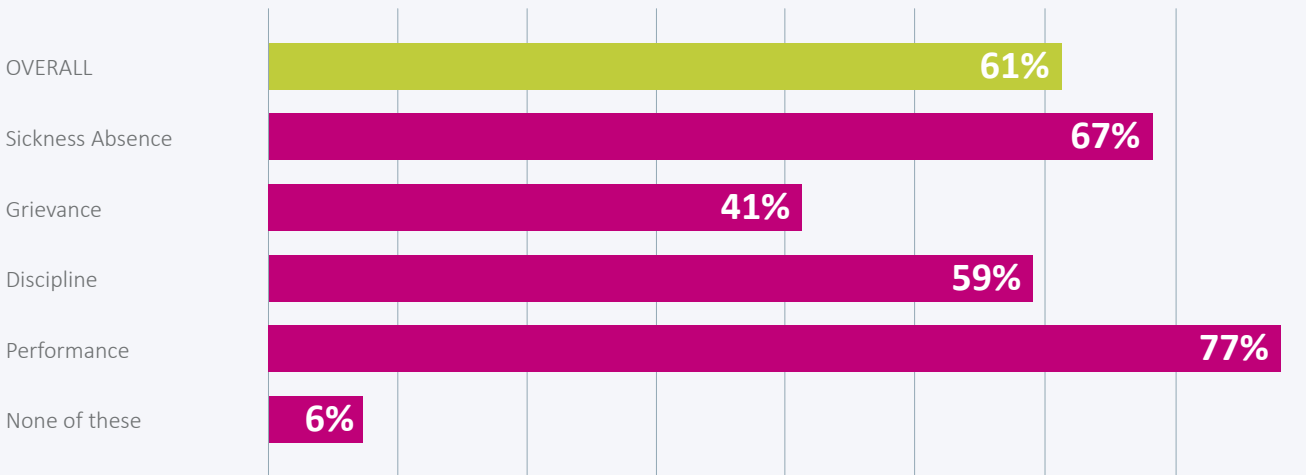


61% believe line managers have direct responsibility for ER matters

Line managers are largely directly responsible for performance management (77%), which comes as little surprise, but less than half have direct responsibility for grievances (41%).

If we look at the response to this question in the context of the earlier question about training, if 61% believe line managers take direct responsibility for employee relations issues but only 40% believe they are sufficiently trained, that 20% delta means there is a risk of employee relations being poorly managed.

Line managers take direct responsibility for:



“Without the right coaching and resources, we can’t expect line managers to confidently take on more employee relations responsibilities. HR transformation needs to include tools to effectively empower managers without risk, including the right technology, analytics and learning and development support.”

Pat Ashworth, Learning Director, AdviserPlus

The **empower**® solution by AdviserPlus has enabled businesses like Virgin Atlantic, BT, Sainsbury’s, Currys, and many more to empower their managers to manage more of these issues directly, and this has delivered significant business benefits, such as reduced long term sickness absence rates and more grievances being resolved before they have to be escalated to HR. These are business-changing benefits that demonstrate the value of enabling line managers to manage more of the entire employee relationship.



64%



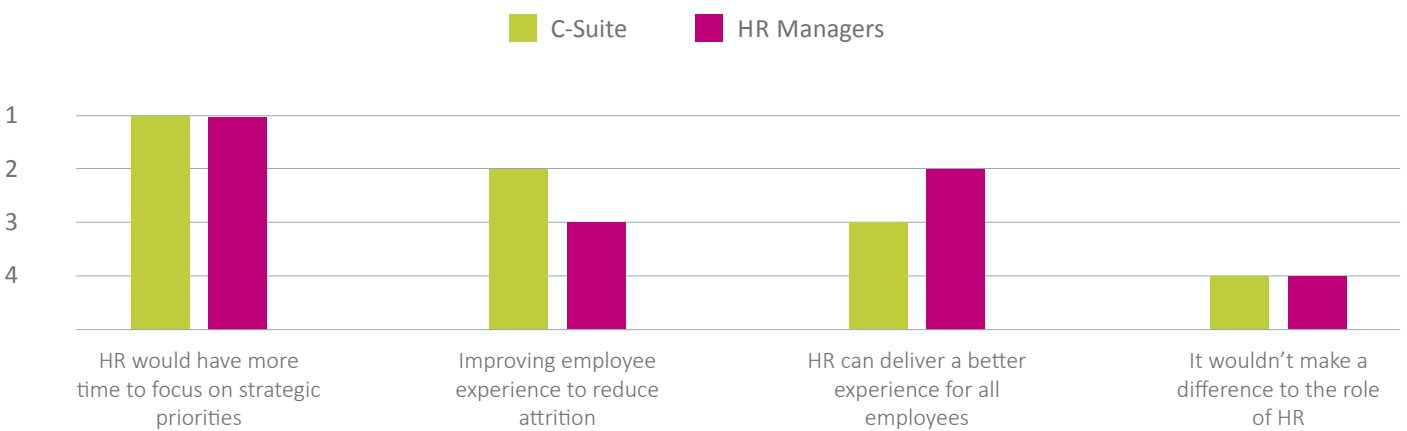
of interactions with **empower**® are **manager-led**

HR transformation will enable HR teams to focus on strategy

The number one benefit of manager empowerment identified by both the C-suite and HR managers is “HR would have more time to focus on strategic priorities”. This is an essential benefit of HR transformation as it not only reduces the day-to-day burden on HR teams so that they can focus on the more human and strategic aspects of their role, but it also enables line managers to build closer relationships with their direct reports, so getting to know them better as individuals.

A more strategic HR function attracts a greater calibre of individuals to HR, repositions HR in the business and helps build more agile, continuously improving workforces.

Rank the statements in order of impact if managers led more day-to-day employee relations tasks in your organisation, with 1 being the highest



“One of the biggest benefits our customers realise from manager empowerment is that it not only frees talented HR personnel to focus on more strategic, complex matters, but it also enables line managers to build closer connections with their teams, which is a vital component of an effective employee engagement strategy.”

Yvonne Wilcock, CEO, Empowering People Group and AdviserPlus

Conclusion

HR teams are facing a unique set of challenges that are putting immense pressure on already over-stretched individuals. They are battling the toughest recruitment landscape in decades, retention challenges driven by The Great Resignation and Quiet Quitting, and the soaring cost-of-living crisis impacting employee wellbeing and absenteeism. Add to this the impact of recession and the inevitable cost-cutting this will bring, and HR are at the forefront of yet another crisis that means they need to be as strategic as possible. But the conundrum HR leaders face is how to find the time to focus on strategy when their teams are consumed in day-to-day firefighting.

The research highlights fundamental barriers that need to be overcome to enable HR to draw back from tactical delivery and lean into strategy:

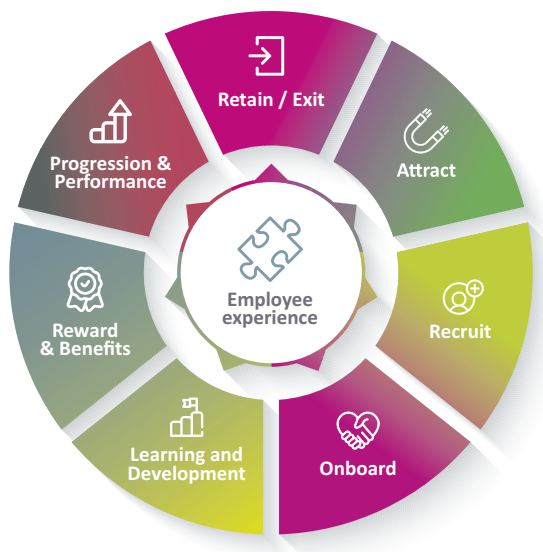
- Priorities need to be better aligned between the C-suite and HR managers to ensure investment is made in the right transformation strategies to create business-driven HR functions.
- With more than a quarter (26%) considering their HR functions to be “generalist”, there is an urgent need to address the skills, technology and analytics gaps to enable the function to become data-driven.
- Better understanding of the capability and training requirements of line managers is needed to ensure they can be effectively empowered to build closer emotional connections with their direct reports.



The ultimate goal of HR transformation is employee engagement

There are copious studies that demonstrate the correlation between employee experience and business success. The stat below from Gartner* shows the significant impact positive experiences have on productivity. And, organisations with people-first cultures have been proven to have lower rates of absenteeism, better productivity, profitability and customer outcomes, supporting the adage that positive employee experiences deliver positive customer experiences. So, prioritising HR transformation strategies that embed employee engagement in the culture of the business and ensure it is delivered at every stage of the employee life cycle, from recruitment to retention to off-boarding, is imperative.

EMPLOYEES WORKING IN HIGH FAIRNESS ENVIRONMENTS PERFORM AT A LEVEL 26% HIGHER THAN THOSE THAT DON'T*



Delivering employee experiences that protect productivity and profitability is more critical than ever as businesses respond to the impact of the economic downturn.

Creating agile workforces and people empowered cultures that support the goals of the business requires business-driven, strategic HR, so the first priority of HR transformation should be to free up HR teams from all-consuming tactical work so that they can focus on strategy.

*Gartner Press Release, Gartner HR Research Reveals 82% of Employees Report Working Environment Lacks Fairness, November 8, 2021 GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

About Us

Our mission is to simplify the complexity in HR, drive consistency and reduce risk in the management of Employee Relations, while improving the visibility of people analytics to support HR in creating healthier, more agile environments where people can thrive.

Digital simplicity

Consistency **Efficiency** **Visibility**

Key Elements

empower® blends three key elements:

Technology

Digital simplification of Employee Relations processes, sequenced into guided journeys for line managers, backed by an ER case management solution for HR.

People

Elevating the contribution of HR up the value curve, with managers handling more straightforward matters and engaging HR with complex queries.

Analytics

A suite of dashboards that visualise key people metrics, overlaid with interpretation by our team of insight analysts.

Trusted supplier to household names



BT | Virgin Atlantic | Currys | Wickes | Sainsbury's | Vodafone Royal Mail | and many more

“AdviserPlus has been a key enabler for HR transformation, achieving efficiencies and driving change.”
United Utilities

All your employee relationship needs under one roof

AdviserPlus is part of the **Empowering People Group**, a leading UK provider of specialist technology and innovative HR, learning and development, change, and employment law solutions that drive business performance through people performance.

Our experts share a deep understanding of today's complex HR landscape, delivering advice, insights, analytics and interventions that make a real impact.



Find out more [here](#).



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