

THE STATE OF HR 2024

EXECUTIVE SUMMARY AND KEY INSIGHTS FROM THE REPORT



Executive summary



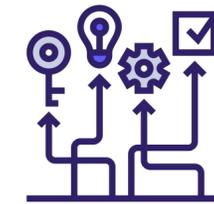
There's insufficient investment in HR

HR falls behind other functions in headcount investment. The number of HR employees is no longer tied to organizational size and is concentrated in metropolitan areas creating scale and capacity constraints, misconceptions, and missed talent opportunities. HR must strategically assess and optimize its workforce in order to deliver business impact. [Page 5 >](#)



HR has a diversity dilemma

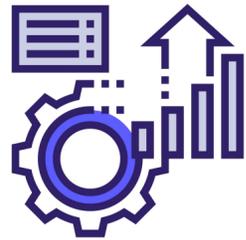
The North American HR function isn't representative of the overall population in age, ethnicity, or gender, especially in senior roles. HR must confront stereotypes, lack of representation, and absence of career progression resulting in a younger, inexperienced workforce. This requires removing barriers through diverse sourcing and development opportunities. [Page 8 >](#)



There's a mismatch between skills and requirements

Digitization is a top priority for CHROs, but job postings still call for administration, communication, and compliance skills. The mismatch in skills and requirements is leading to inaccurate skills development. Future-proof skills evaluations and research-backed HR competency models are needed to shift expectations and create business relevance. [Page 11 >](#)

Executive summary



HR exhibits a lack of confidence in business skills

HR continues to prioritize execution over impact. It shies away from translating business strategy into HR priority and championing digital initiatives in favor of operational and transactional tasks. HR leaders must reposition the function through tangible action to move away from the burden of administrative tasks and free up time for meaningful work. *Page 14 >*



There is tension between career needs and company realities

HR careers are often unplanned, unstructured and motivated by an interest in people. The result is less relevant qualifications and a gap in how HR professionals and the organization define success. If HR is to deliver on efficiency and business impact, it must create upskilling and development initiatives to ensure a healthy talent pool with the required skills. *Page 17 >*

The state of HR

How ready is HR to lead their organizations into the future?

This question formed the drive for this research report. We partnered with Revelio Labs to draw on their expertise and rich workforce data and used additional survey and interview data from a diverse audience to explore the current State of HR.

We found that five challenges must be overcome for HR to be future-fit. These relate to an underinvestment in HR resources, a lack of representation and diversity, renewed operating models and capabilities, and skills and career development in need of reviewing.

The future for HR is bright, and we are uniquely positioned to steer organizations to grasp the opportunities that the future of work holds. We hope that this “State of HR” report inspires HR professionals to take the first steps into the future.



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Challenge 1: Insufficient investment in HR

HR falls behind other functions

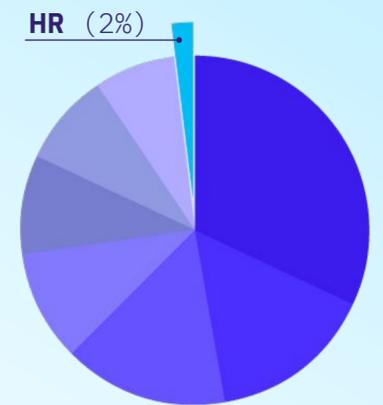
HR only represents a 2% share of all employees, placing it behind Marketing (7% share of employees), Operations (9%), and Administration (15%).

HR is not equipped to scale

HR functions are concentrated in cities which leads to less representation for the 80% of the workforce in factories, branches, and distribution hubs.

U.S. workforce by function

HR represents by far the **smallest portion** of the U.S. workforce



Size of HR teams by company size



HR growth stagnates at 2.3% as the size of the organization grows beyond the 5,000 headcount

Challenge 1: Insufficient investment in HR

What this means

1. HR capacity is **stretched**.
2. HR is seen as a **head office function**.
3. HR skills require **investment**.

ASSESS

Strategically assess the size and composition of your HR function to ensure a diverse skill set and determine how the function can be optimized.

EXECUTE

Establish HR functions close to the frontline — tap into geographically dispersed talent pools outside cities, and elevate HR beyond a ‘head office function.’



Challenge 1: Insufficient investment in HR

START NOW

Reposition HR operating and resourcing models

- **Redesign HR operating models.** Align HR operating models with organizational growth and complexity, not just workforce size. Doing so will allow for more impactful HR service delivery and adequate investment in HR resources to fuel business growth and performance.
- **Embrace technology.** Integrate automation and AI into HR processes to streamline transactional tasks. This allows HR professionals to refocus their time and attention to deliver excellence at scale.
- **Distribute HR teams.** Align HR teams with the organization's geographic footprint. This could help change the perception of HR as solely a headquarters function. It also enhances visibility and fosters closer collaboration with different employees and business units.

Challenge 2: HR has a diversity dilemma

HR faces diversity and representation issues

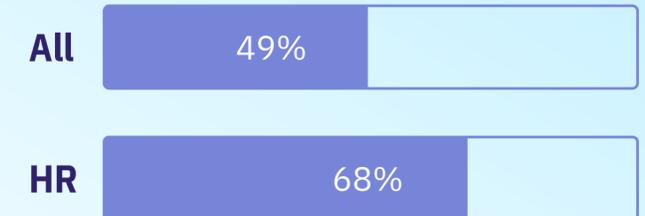
HR is not representative of the overall population diversity and is predominantly white. Women are also overrepresented, making up 68.2% of the HR function in the U.S., compared to 49.4% of the total workforce.

Imbalance in senior HR roles

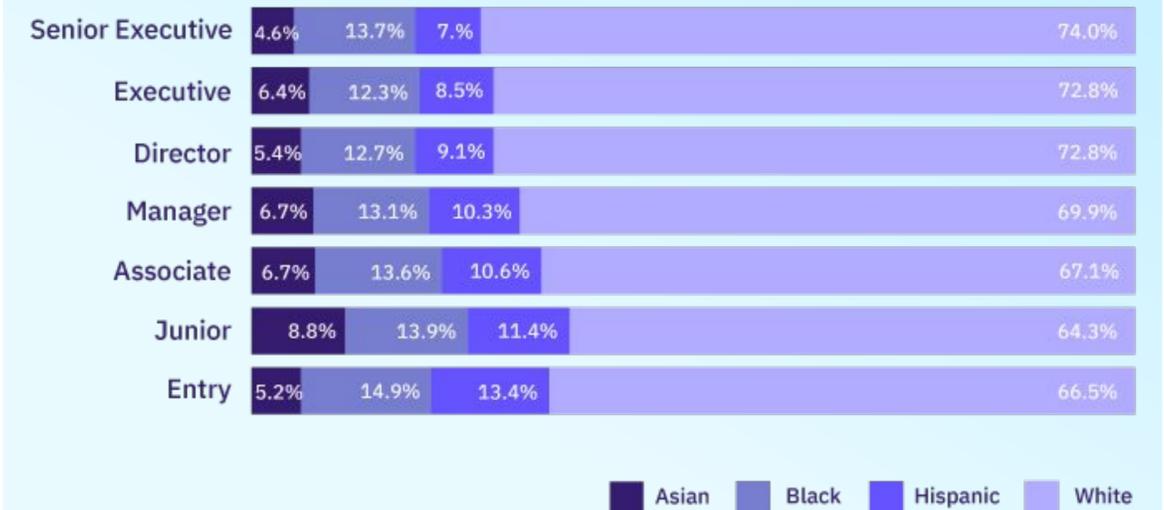
HR skews young, with 20-40 year olds making up 60% of the function. Senior HR roles still lack representation of minority groups and women.

Women are overrepresented in HR

The HR function skews **heavily female** compared to the total U.S. workforce



More senior HR roles are less representative



Challenge 2: HR has a diversity dilemma

What this means

1. **Gender stereotypes** persist in HR.
2. Ethnic minority groups **lack representation**.
3. HR professionals **leave the profession** at a relatively young age.

ASSESS

Assess the diversity of your HR function — determine to what extent this represents the overall population and the skill sets required.

EXECUTE

Define career progression in the HR function and transparently communicate and support this progression within your organization.



Challenge 2: HR has a diversity dilemma

START NOW

Prioritize diverse talent pipelines and eliminate barriers to entering HR

- **Assess talent pipelines.** Actively pay attention to your talent pipelines, where you are sourcing talent from, and the current market perceptions of the HR professional. Similar to what you do for business, you require a diverse sourcing and development strategy to enable the next generation of HR talent.
- **Break role stereotypes.** HR needs strong leaders and associations to break role stereotypes and become outspoken advocates for the profession. This will showcase the diverse skills and profiles needed for a successful HR team.

Challenge 3: Mismatched skills and requirements

Prioritizing generic skills

Generic skills such as administrative tasks, effective communication, and compliance are still overrepresented in HR job postings.

Mismatch between business needs and HR skills

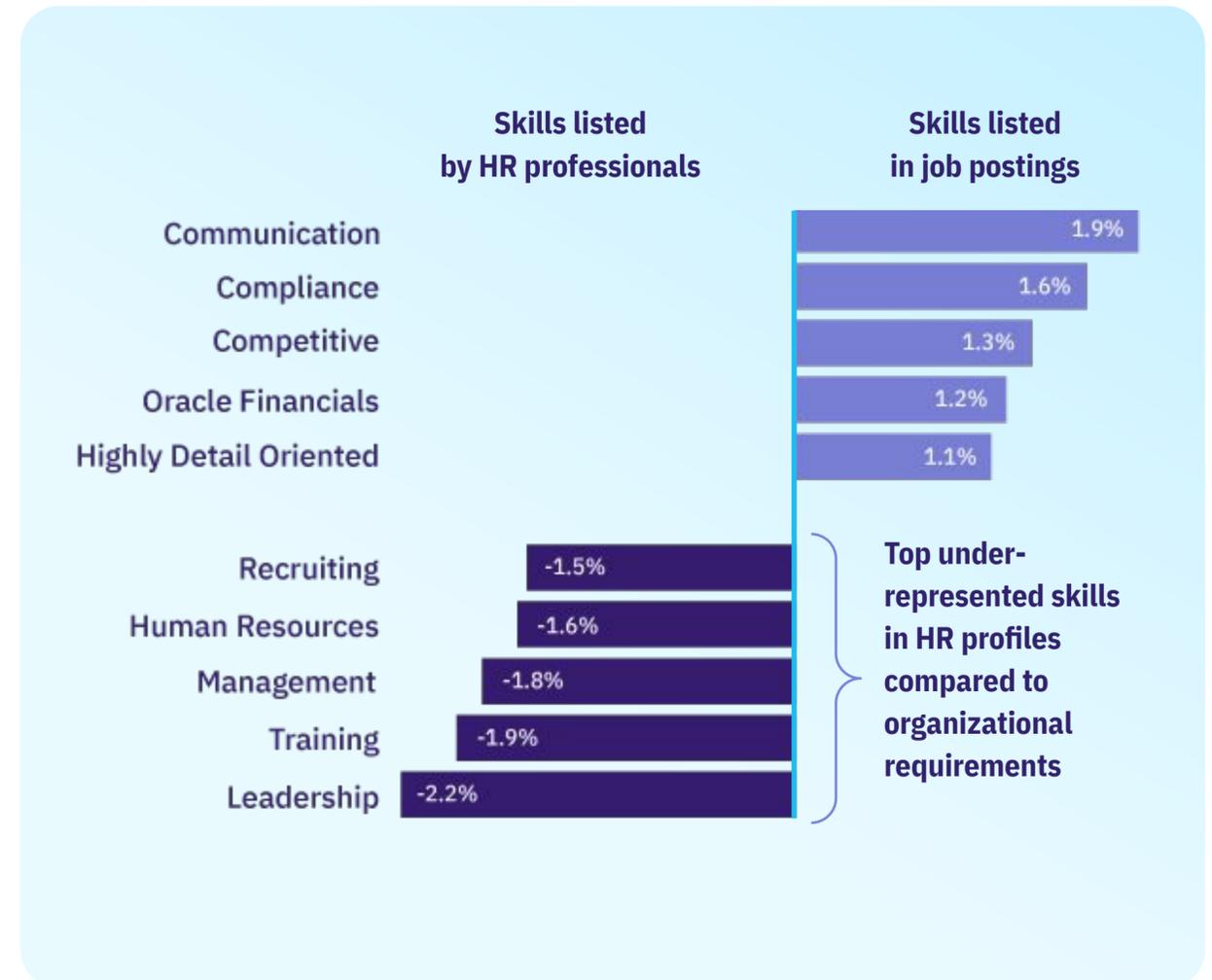
The skills required by organizations and CHROs versus the skills listed by HR professionals reveal a clear misalignment.

Most listed skills in HR job postings

1. Microsoft Office
2. Communication
3. Compliance
4. Microsoft Excel
5. Competitive
6. Customer service
7. Highly detail oriented
8. Oracle Financials
9. Project management
10. Microsoft Word

The most requested skills in HR job postings **don't reflect** the actual required HR skills

HR skills needed do not match the HR skills available



Challenge 3: Mismatched skills and requirements

What this means

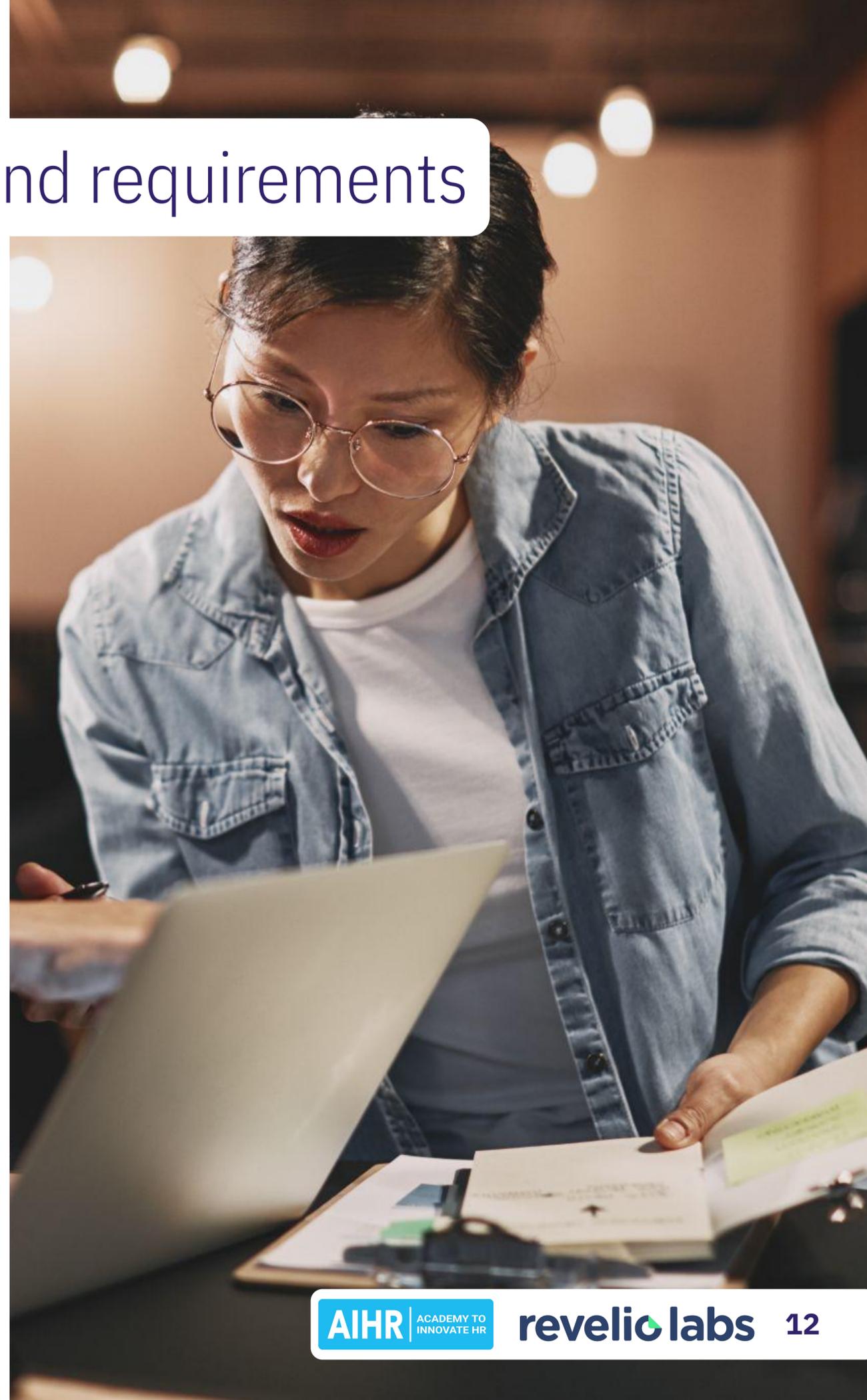
1. Existing HR skills **don't reflect** actual HR requirements.
2. **Well-defined** HR roles are lacking.
3. Inaccurate reflection of the **most urgent HR skills** to develop.

ASSESS

Strategically evaluate the HR skills required to ensure successful HR delivery in the future.

EXECUTE

Adopt a research-backed HR competency model and translate these competencies into job requirements and skills development priorities.



Challenge 3: Mismatched skills and requirements

START NOW

Define and implement a holistic HR competency framework that's future focused and business relevant

→ **Define and communicate what 'good' looks like.**

Translate modern competency models into practical job descriptions that align with how businesses perceive the value of various HR roles. Redesign HR roles to meet evolving business needs, integrating modern skills like digital and data as core components of the HR professional profile. Help businesses understand what good HR looks like in practice through work design as well as internal change and communication efforts to shift expectations.

Challenge 4: Lack of confidence in critical business skills

Hesitancy in applying business knowledge

Only 64% of HR professionals feel confident in translating strategy, aligning HR priorities, and using financial data for HR decision-making.

Execution skills still trump digital skills

83% of HR professionals are highly confident in operational and transactional tasks, but lack confidence in digital skills and ability to champion digital initiatives.

HR's impact expands beyond employee engagement

HR's focus is people advocacy and guiding organizations through moral and ethical dilemmas. However, HR still faces challenges in managing conflicting priorities, balancing opposing views, and giving a voice to minority groups.

Confidence in digital skills is lagging



83%

of HR professionals express high confidence in executing **operational and transactional tasks**



64%

of HR professionals indicate that they use **digital technology** to the full extent to deliver on the HR strategy

Challenge 4: Lack of confidence in critical business skills

What this means

1. **Perception of HR** is operational vs. strategic.
2. **Unrecognized HR value and business contribution** remain within the organization.
3. Alleviating execution burdens lies in **digital adoption**.
4. Execution continues to be **prioritized over impact** in HR.

ASSESS

Assess the HR team's current skills and confidence levels, as well as the ability to deal with the complexity of a strategic environment. Identify where more development or exposure will be required.

EXECUTE

Implement HR governance that incorporates the HR voice in strategic conversations at different levels within the business. Specifically, include HR professionals within the digital and technology conversation while building the general business acumen of the end-to-end function.



Challenge 4: Lack of confidence in critical business skills

START NOW

Reposition the HR function through tangible actions

- **Educate the business on what strategic HR looks like.** Ensure that business stakeholders are aligned on what tangible strategic HR contributions entail and what they should expect from senior HR leaders.
- **Clearly align HR's focus and resources to business outcomes.** Ensure clear alignment between HR's priorities and business strategy and reflect this in how success is measured. Speak the language of the business when discussing HR impact and instill this within the HR function.
- **Drive digital adoption within HR.** Determine how HR can responsibly adopt and use technology to drive efficiencies and impact. Develop the relevant digital skills and confidence to use and critically think about technology.

Challenge 5: HR career drivers at odds with business needs

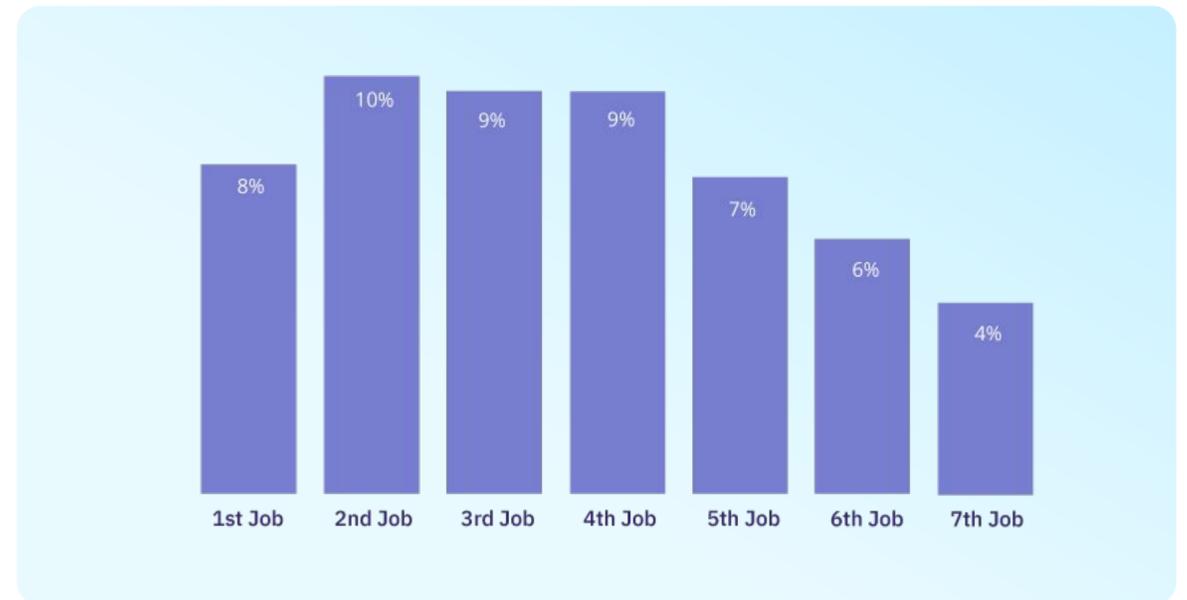
HR career entry is late

72% of HR professionals start their careers before age 30 with experience in other disciplines. Few start in HR as their first, or even second role.

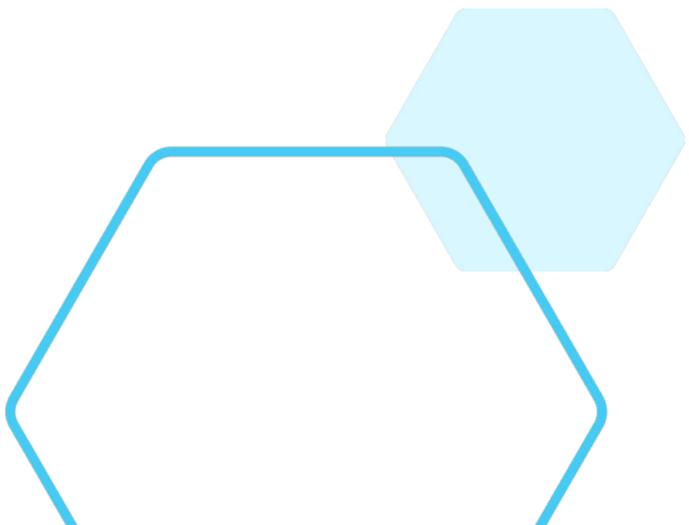
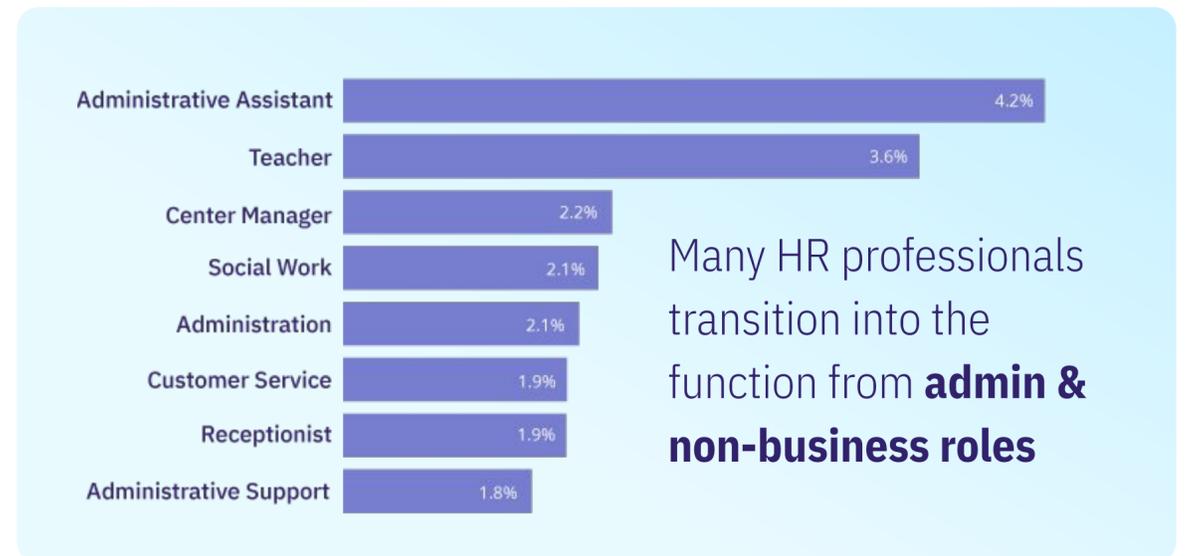
Defining motivation and success

Success for 23% of respondents means making a meaningful impact on work and society, while 40% define success as their own professional growth and development.

Most people move into HR as a 2nd, 3rd, or 4th job

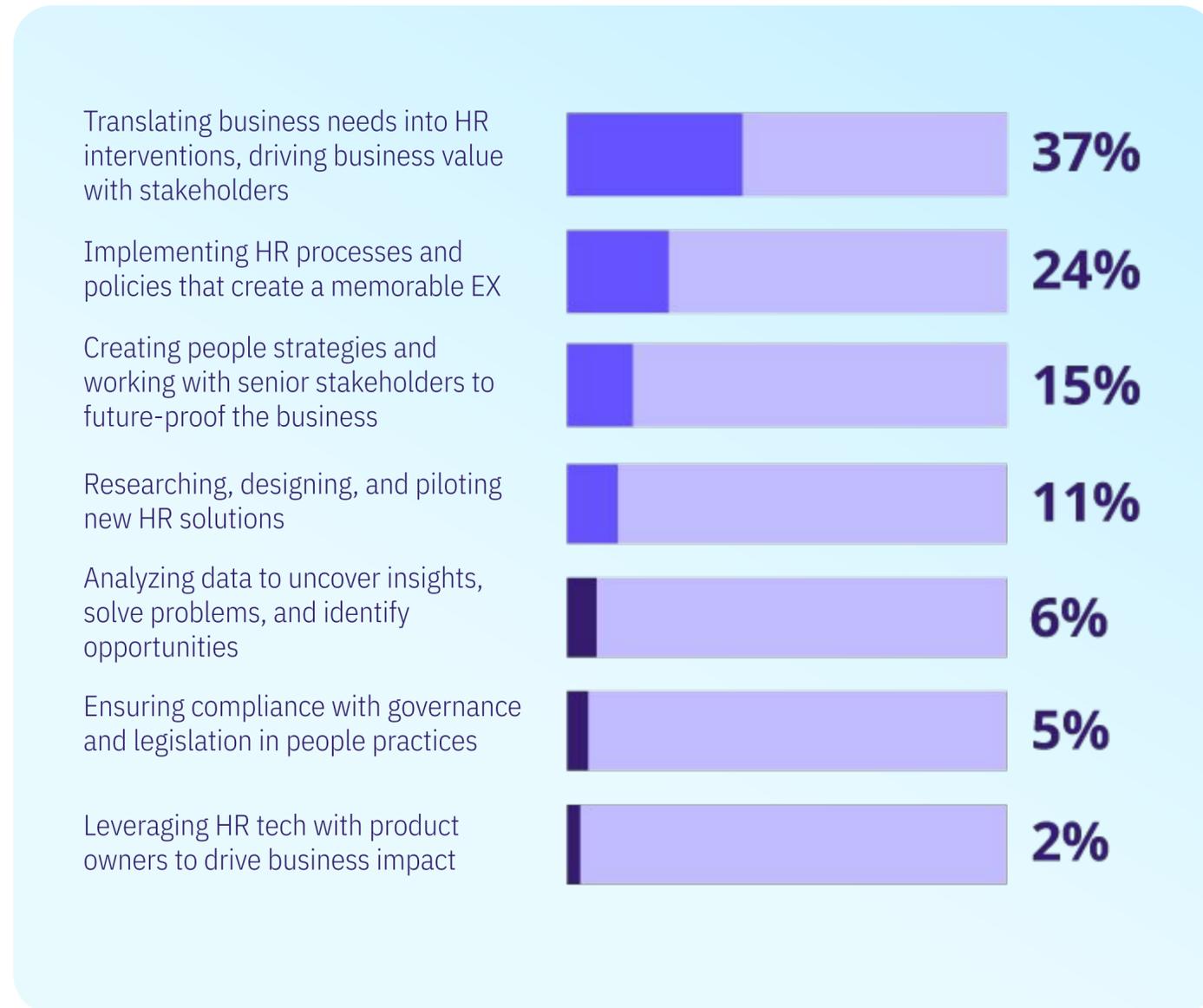


Entry roles preceding HR



Challenge 5: HR career drivers at odds with business needs

Preferred activities of HR professionals



Work enjoyment

Compliance-related activities like governance and legislation of people practices are less enjoyable, as are leveraging technology for business impact, and data and analysis to uncover insights.

HR careers are mostly unplanned

17% of individuals reported their careers in HR don't follow a distinct path or trajectory.

Linear HR career paths persist

Most HR career paths are still traditional and linear in nature, meaning professionals steadily climb the ranks within a specific HR domain (32% of respondents).

Challenge 5: HR career drivers at odds with business needs

What this means

1. There is an overemphasis on **people skills** when entering the profession.
2. There is mismatch between career success and **organizational performance indicators**.
3. We see limited interest in **technology**.
4. There is a lack of relevant **HR experience**.

ASSESS

Assess how HR careers typically unfold within your organization and how this impacts the development of HR expertise.

EXECUTE

Intentionally create structured HR upskilling initiatives to ensure that HR professionals entering into the function are supported and enabled with the necessary skills, regardless of their career entry point.



Challenge 5: HR career drivers at odds with business needs

START NOW

Redefine HR careers to ensure a healthy talent pool with the right skills

- **Upskill, reskill, and cross-skill.** This approach allows HR professionals to develop skills through practical exposure and is crucial for robust HR development.
- **Structure and formalize career development of HR professionals.** Consider structuring HR Academies with a future HR skills focus. Align HR Academies to the requirements of strategic HR operating models and new competency profiles. HR professionals require T-shaped skills, and HR Academies can be structured to focus on building these skills.
- **Make HR careers attractive.** For HR to become a sustainable profession, we need to make the HR career attractive to job seekers, driving HR as a choice of career as opposed to an accidental occurrence. This can only be done if we create more structure regarding early HR careers while making non-traditional career paths more visible and actionable within organizations.

The bottom line

There is no question that the future of HR holds the potential to make a substantial impact on both organizations and individuals. However, the HR profession must acknowledge and address some of its systemic barriers and challenges to reach this potential. This requires a reinvention and repositioning of the HR profession, a reignition of HR careers, and the development of HR professionals.

Our research shows that there is work to be done within HR to prepare for future needs. HR is maturing as a function, and a change is required to move into its next evolution. An evolution where the profession comes into its own and finally finds its voice within and beyond the organization, and drives the change that will impact individuals, organizations, and society into the future.

Methodology and sources

Our State of HR research draws insights from three data sources:

- **Revelio Lab's workforce data** (incl. 3 million+ online HR profiles)
- **AIHR T-shaped assessment version 3** (850 participants)
- **AIHR HR Careers Research survey** (350 participants) **and interviews** (10 participants)

This multi-faceted approach allows us to understand the current state of the HR function, the evolving skill sets of HR professionals, the pathways of HR careers, and the challenges and opportunities shaping the future of HR.



HR Teams are only as successful as their skills are relevant. With engaging in-depth training and resources, AIHR helps HR teams become better at what they do and drive more business value.

[AIHR.com/business](https://aihr.com/business)



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