The HR practices in Ireland survey provides key insights into the current context of HR in Ireland and how the profession is responding to labour market challenges and workplace changes. The survey reveals that most organisations have experienced skills shortage (81%) in the last 12 months. This is consistent with the 2017 CIPD survey results and it signifies that, as the Irish economy continues to improve, there are more job opportunities, more skills shortages leading to more incentives for job mobility. In view of this, HR is placing significant emphasis on the retention, development and engagement of existing employees as well as using a variety of methods to source new talent.
Top organisation priorities over the next 2 years

The top priorities which organisations are addressing in the coming two years are talent management (58%), leadership development (51%), managing performance (46%) and increasing flexibility/agility (46%). Interestingly, there was little variation in priorities based on organisational size, revealing some convergence of the issues in today’s marketplace. These priorities have strategic importance, demonstrating the need for HR to deliver to drive organisational success and sustainability.

Looking at the external drivers for change over the next two years, the labour market and availability of key skills emerged as the number one external driver of change, well ahead of Brexit and the changing 24/7 economy.

Top HR priorities over the next 2 years

In line with the skill shortage issues, HR’s strategic priority in the next two years is employee engagement (54%). Following this closely is recruitment and resourcing (42%) which increased in order of priority compared to the 2017 CIPD survey results. In view of persistent skills shortage, resourcing grew in priority, and reflects the organisation’s priority of talent management and concerns over increasing employee turnover.

The strategic contribution of HR

Over two-thirds (71%) of those surveyed worked in organisations that have HR represented at the most senior levels.

The survey also asked about HR’s performance and respondents clearly believed in the ability of HR to add value to the organisation (94%) and 91% agreed that HR meets the expectations of the senior leadership team.

However 34% of respondents indicated that HR does not make sufficient use of metric based evaluations, suggesting that HR analytics competency and technology infrastructure is insufficient to allow for greater use of metric based evaluations. The 2017 CIPD HR practices survey identified that HR was lagging in terms of technology use and analytics. A further concern in this year’s survey was that a quarter felt that HR outcomes are not sufficiently evaluated by management.

Sourcing and working arrangements

From a resourcing perspective, organisations are adopting a wide range of working arrangement and resourcing strategies to help deal with the skills shortages, reporting increases in temporary contracts (71%), casual working/as and when required (63%), and agency workers (60%).

A high number of organisations offered opportunities for part-time working (81%), flexible working (74%) and remote working (60%). Four in five companies reported an increase in the take-up rate for each of these. However when we look at how actively companies engaged in these, the survey found that in practice, organisations were more likely to provide a limited approach to flexible customised schedules (47%) and to where work gets done (54%).
As engagement and retention are increasingly put under the spotlight, how organisations, and particularly line managers, deal with requests will be of increasing importance.

**Line management constraining HR?**

In terms of the factors constraining HR from making a strategic contribution, line managers’ lack of time for people management, lack of development and support, along with ineffective devolution of HR activities to line managers, were the top three constraints on HR’s contribution to the business. This is of concern, and compared to the 2017 CIPD survey, line managers are now more prominent than any other factor. It is clear that many line managers require additional development and support in order for organisations to deliver on their people management agenda. The requirement that line managers invest time in managing their team, and have role clarity and support from HR, need significantly greater attention. The results also revealed that organisations saw a clear link between improving employee retention and improving line managers’ people skills.

The critical contribution of line managers is further demonstrated by the high proportion of companies (96%) that reported strongly encouraging an open door policy with line managers, as they are seen as the first point of contact. This highlights the importance of ensuring line managers are trained and competent in communication and people management.

**Taking action on retention**

In the light of the significant challenges posed by skills and resourcing difficulties, there was much stronger emphasis on employee retention. This survey found that 40% of organisations experienced an increase in voluntary turnover over the past year, and for another 46% it had not changed in the last 12 months. The top reasons attributed to employees leaving were better career opportunities and better rewards elsewhere, though nearly a third mentioned issues such as feeling undervalued, work life balance conflict and ineffective leadership/management. In terms of actions to improve retention, the top focus was on learning and development, induction and work-life balance, highlighting some mismatches. A well-articulated retention strategy that builds the organisation’s brand, culture, and values, understands employees’ needs and aspirations and develops the role of line managers will help improve employee retention.

**Growing the talent pipeline**

Organisations are using different ways to tackle skills shortages and to grow their talent pipeline. Skills shortages were most prominent in operations/frontline, IT and leadership roles. Two-thirds of organisations were focusing on increasing development opportunities for employees, 57% were engaging in succession planning and 48% were investing in employer branding to grow the talent pipeline.
04

Top three external drivers for change

1. Labour market and skills
2. Brexit
3. Change and 24/7 economy

Top organisation priorities over the next 2 years (%)

- Managing performance: 58%
- Increasing agility/flexibility: 42%
- Leadership development: 52%
- Talent management: 58%

Top HR priorities over the next 2 years (%)

- Recruiting and resourcing: 42%
- Culture change: 36%
- Performance management: 37%
- Employee engagement: 54%

Strategic HRM

- HR on the Board/SLT: 71%
- HR performance adds value: 94%
- HR meets senior leadership expectations: 91%
- HR uses metrics: 66%

Gender pay gap

Organisations that currently calculate their gender pay gap

- Yes: 20%
- No: 80%

What’s constraining HR?

- Line management: 64%
  - Lack of time available for people management
- Lack of development and support: 42%
- Ineffective devolution of HR: 40%

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**Retention**

- Experienced an increase in employee turnover (40%)
- Do not conduct exit interviews (25%)

**Top two factors driving employee turnover**

1. Better career opportunities
2. Better rewards

**Top three actions to improve retention**

1. Learning and development
2. Induction
3. Work-life balance

**Benefits to support employees**

- Offer part-time working (81%)
- Offer flexible working (74%)
- Offer remote working (60%)

**Sourcing talent**

1. External methods – 65%
2. Internal methods – 35%

**Growing the talent pipeline**

- Experienced skills shortages in the past year (81%)
- Increasing development opportunities (60%)
- Succession planning (57%)
- Investing in employer brand (48%)

**Profile of HR (%)**

- Size of team:
  - 1-5: 14%
  - 6-10: 15%
  - 11-30: 4%
  - 31-50: 10%
  - 51+: 57%
**Learning and development**

While all organisations continue to invest in their people, 50% reported spending between 3% and 9% of their annual payroll costs on learning and development. This represents a significant investment in skills development to help address the skills shortages in the economy.

As part of this, a wide range of learning and development activities were being undertaken, with strong emphasis on leadership/management development, followed by coaching and mentoring, reflecting the leadership skills shortage being experienced. As a result of advances in technology, live on-line learning has grown in popularity as a method of delivery, while blended learning was widely used. Both of these were more commonly used in the private sector.

A majority of companies indicated that they were active/very active in providing career development opportunities for employees (58%). However an issue raised by over one quarter of respondents was a lack of senior management commitment to learning and development. While 82% agreed that individual learning objectives are discussed with staff, only 54% agreed that managers engage with informal feedback on learning. These are significant issues and demonstrate that a learning culture is not strongly embedded in many organisations in Ireland.

**The gender pay gap – are we real about diversity and inclusion?**

The survey captured responses on measuring the gender pay gap (GPG) and currently only 20% of organisations in Ireland calculate their GPG. However, there was support for help to measure and address the GPG including regular monitoring (30%), internal pay transparency (21%) and development of a tool to calculate the GPG (15%). The slow response-time in the UK to the legal requirement to calculate and report on gender pay shows the resistance this faces.

**General Data Protection Regulation (GDPR)**

The General Data Protection Regulation (GDPR) comes into force on the 25 May 2018, replacing the existing data protection framework under the EU Data Protection Directive and will have direct effect on organisations in Ireland. GDPR requires the appointment of a dedicated data protection officer in many organisations such as public authorities, organisations whose activities involve the regular and systematic monitoring of data subjects on a large scale, or organisations who process sensitive personal data on a large scale. The results of the HR practices in Ireland survey indicated that 64% of companies have an appointed Data Protection Officer already in place, while 36% do not. Based on sector, while a large number (80%) of public sector organisations have already appointed a Data Protection Officer, just half (51%) of private sector organisations have done so.

There was positive evidence that organisations have policies in place governing the use of social media (81%). Most respondents also have policies in place regarding private use of email and telephones (80%). However, in terms of training to facilitate employees’ awareness, knowledge and responsibility for GDPR, less than half (43%) of organisations have a programme in place. Close to two-third have systems that will facilitate GDPR compliance in place, over one-third do not.
There is a good indication that organisations are proactively engaging in data monitoring. The survey found that close to two-thirds (62%) of organisations have conducted an audit to find out who holds what data and why. Similarly, 70% of organisations have conducted checks on the security of information stored and who has access to confidential information.

**Brexit**

Brexit is an ongoing area of concern for firms in Ireland. Unsurprisingly, the issue highlighted most by respondents is the free movement of workers between the Ireland and the UK/Northern Ireland (25%). This is followed by transfer of personal data outside of EU (18%) and increased cost base/pay pressure (16%). Issues related to the free movement of workers of particular concern are, the future of UK citizens in Ireland (14%) and the challenge of attracting talent from the UK (10%).

Qualitative responses regarding Brexit highlighted two main approach organisations are adopting; a proactive approach whereby monitoring groups have been set up and actively working to prepare for the effects of Brexit and a reactive wait-and-see approach.

**Absenteeism**

The survey asked respondents about their absenteeism rate over the last 12 months. For close to half (45%) of respondents, the absenteeism rate ranged between 3-5%. While 13% experienced a higher rate between 10-15%, close to one-fifth (17%) revealed an absenteeism rate between 6-9%.

For over two-thirds (66%) of organisations, the absenteeism rate remained the same in the last 12 months, while 20% experienced an increase and 14% experienced a decrease. This shows that little has been achieved in terms of reducing absenteeism. The top contributing factors to absenteeism were work-life imbalance (17%), sick pay entitlement (16%), workload (15%) and ineffective management/leadership (14%).

To address this issue, organisations are increasingly exploring HR solutions to improve employee well-being, provide better work-life balance and improve the employee value proposition.

**Conclusion**

The finding that line managers are seen as the overarching constraint to HR’s contribution to the business is significant in the 2018 survey. It shows that the critical role of line managers in bringing HR policies to life is valued but not effectively delivered, and organisations need to embed their people management role as part of the overall business strategy not just the HR strategy. Senior leadership has to provide adequate support to line management to ensure they have time and skills to manage people effectively and deliver business performance.

Overall, the 2018 results shows a consistent pattern with the 2017 results which signifies that the labour market challenges of skills shortage, talent mobility and engagement are intensifying as the Irish economy continues to expand.
Survey methodology

The survey had just over 500 respondents, and not all respondents answered all questions. Percentages are based on the number of respondents to each question. Data was gathered during November 2017.

Just a third of respondents operated in the public sector, 31%, while 62% were in the private sector and 7% were non-government organisations. Three quarters, 75%, of respondents were female, 25% were male. Overall, 37% of respondents had less than 10 years’ experience in HR, while 42% had between 10 and 20 years’ experience.

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