



MACMILLAN DAVIES

HRINSIGHTS

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A FOCUS ON
THE FUTURE

Welcome



It gives me great pleasure to introduce the new-look HR Insights from Macmillan Davies. A lot has changed since our last survey in 2019; a global pandemic and economic turmoil aside, the workplace and how we work have altered beyond recognition. Across the following pages we share the results of our 2023 HR Insights Survey, which was sent to over 5,000 HR professionals, giving you an understanding of the HR market as it stands today, as well as a focus on the future of HR.

It's been interesting to reflect upon the changes we've been through and compare the results to our pre-pandemic survey. Notably, despite HR playing a pivotal role in businesses across the country during the pandemic, only a third of professionals feel more valued.

"Do as I say, not as I do" was another theme which seemed to run throughout our results. As we know, the HR function is there to support others. It is key to driving engagement, reducing the gender pay gap, ensuring appropriate reward for employees...but who is looking after HR themselves? Pages 4 and 8 show that, despite 63% of respondents being female, the ratio of men to women in higher-paying roles does not reflect this, and only 41% of respondents were satisfied with their remuneration; however, it's the company culture that's keeping them in their current roles (p.11).

Flexibility – notably the 4-day working week, and working only 2 days in the office per week – has been revealed as the key motivator in the world of work for HR professionals. Yet, the survey revealed (p.5) a below-average number of part-time workers within the HR function. So why is it that HR fight hard for flexibility for others but not for themselves?

Then there is the move to a more data-driven HR function – over 78% of HR professionals believe AI and people metrics are very or extremely important to the future of HR, and it was ranked as the top skills gap HR professionals would like to improve on in the next 12-18 months. So how can this data be used to benefit the HR function and the wider business? Find out more on pages 14-15.

We hope our findings prove useful and interesting. We would love to hear your opinions on the results, so please do get in touch with myself or a member of the Macmillan Davies team.

Darren Hayman
Managing Director



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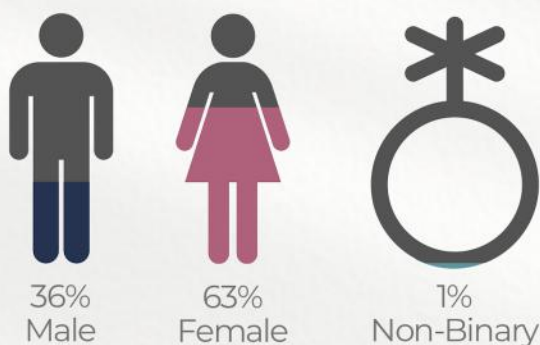
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Perceived value
The skills gap



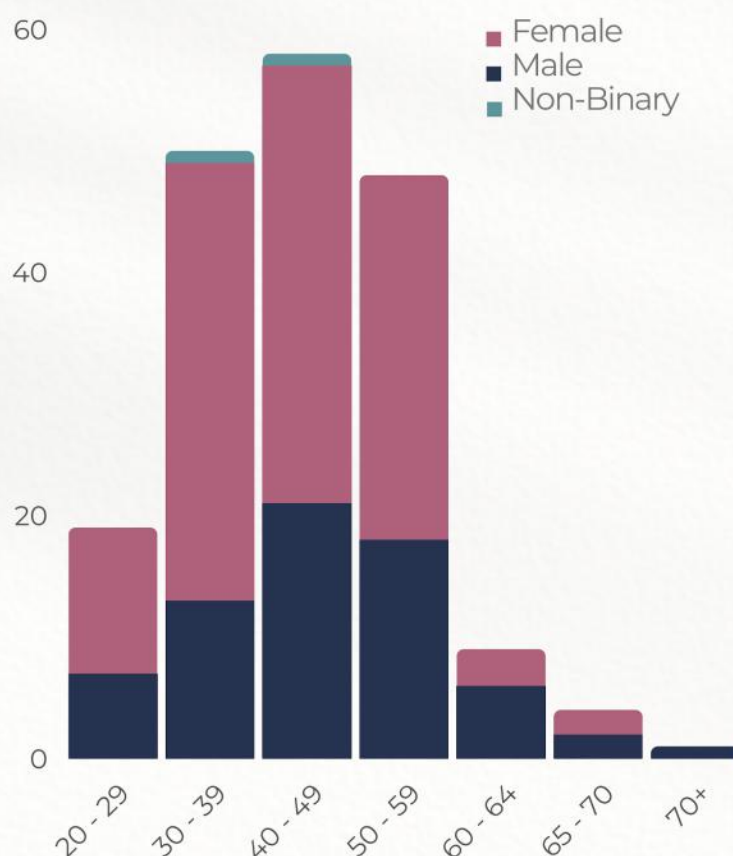
Snapshot Respondents

Gender



The results were weighted by the ratio of female: male respondents, with just 36% of respondents disclosing their gender as male. When combining the age and gender demographics, we see that the gender split is consistent across all age categories, as well as with the numbers cited by the CIPD in 2022 - *The UK people profession in numbers*.¹

Age by gender



Location

Manchester and the North West account for 30% of respondents, while London accounts for a further 30%. This reflects Macmillan Davies' two core markets.

Less represented were:

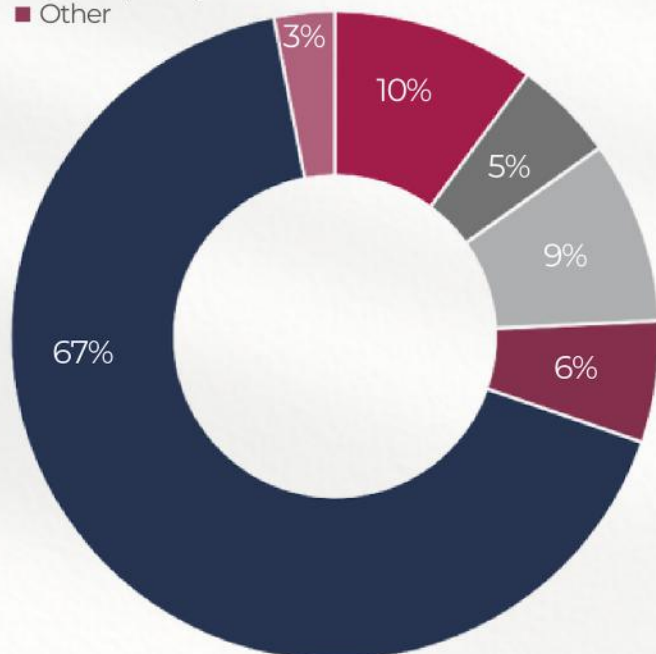
- South East - 12%
- Yorkshire - 8%
- West Midlands & Birmingham - 6%
- East Midlands - 2%
- South West - 2%
- Wales, Scotland & N. Ireland - 0.5%



¹Source: Annual Population Survey Three-Year Pooled Dataset (January 2018 - December 2020). All figures rounded to whole numbers.

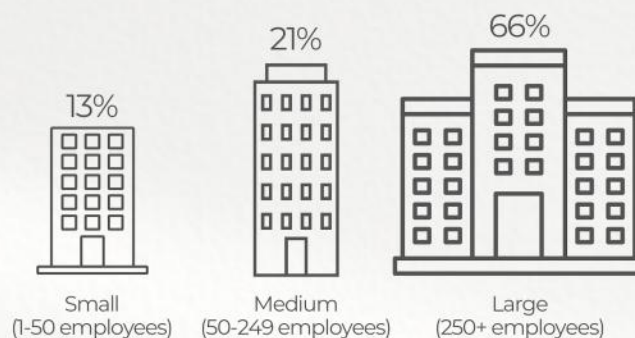
Employment status

- Permanent - Full-Time
- Permanent - Part-Time
- Fixed-Term Contract
- Not Currently Working
- Interim/Temp
- Other



Employment status remained consistent with the results of our 2019 survey, with the majority (67%) describing themselves as permanent full-time - mirroring the split between interim and permanent professionals in our database. It was notable that, despite HR being a majority female profession and a leader in promoting flexibility within businesses, only 3% of respondents are permanent part-time. This is well below the figure of 23% of all permanent workers in the UK being part-time.

Size of organisation



We had representation for all sizes of company, with 66% of respondents working for large businesses (250+ employees).



Sectors

22 industry sectors are represented in this survey. The top five industries with the highest level of representation are:

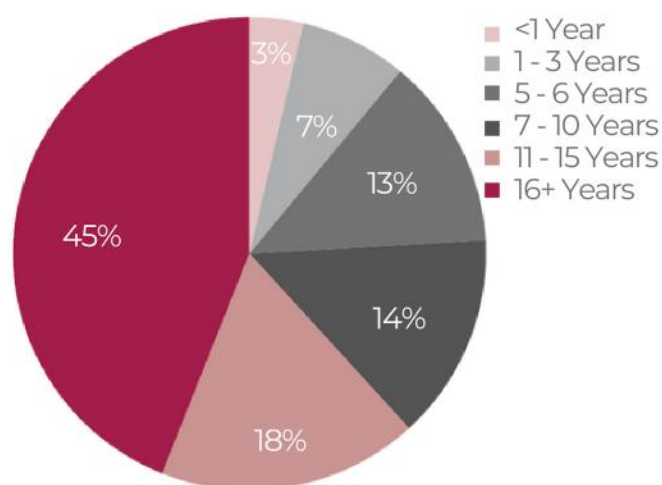




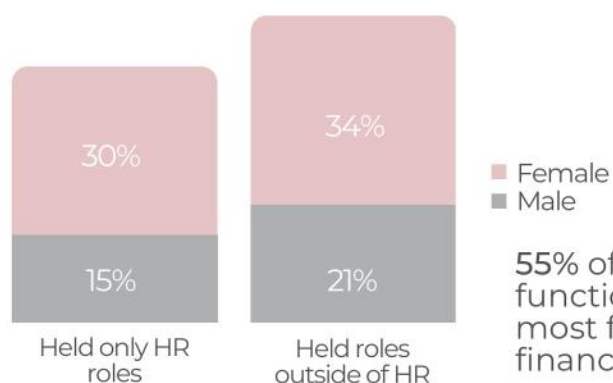
Snapshot

The UK HR Market

Years of experience in HR



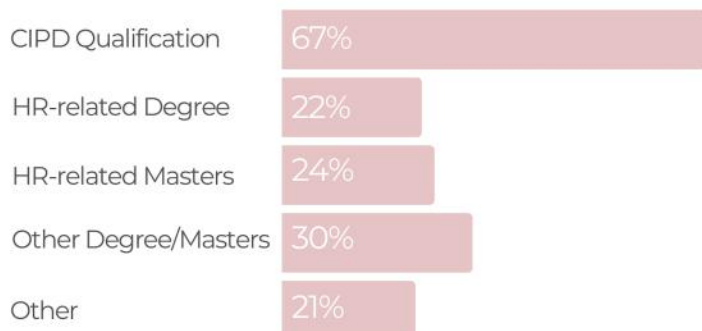
Roles outside of the HR function



55% of respondents have held roles outside of the HR function during their professional careers. The functions most frequently cited were: accounts, operations, finance and sales.

Qualifications

67% of HR professionals held a CIPD qualification - which is in line with it being the only industry body for the HR profession. However, 28% of respondents felt that having a CIPD qualification was not important when it came to having a successful career in HR, which is something we are also seeing, with a decline in requests for CIPD-qualified candidates.

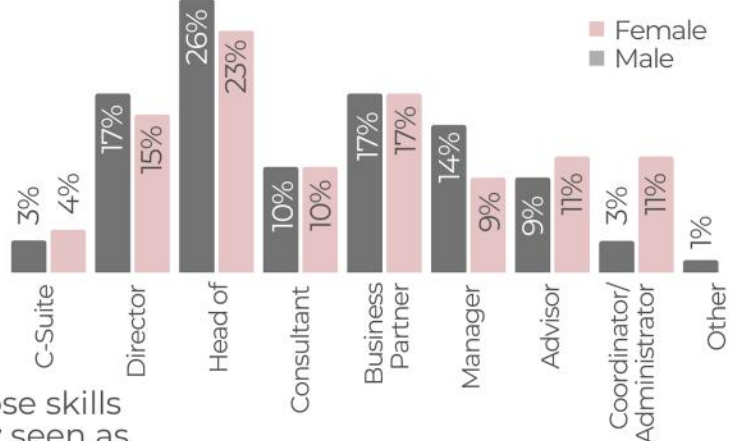




The survey results were heavily weighted towards senior HR professionals, with **70%** at 'Business Partner' level or above, correlating with **76%** of respondents having '7+ years' experience within HR. The majority of the most experienced professionals work as Interims. The myth of HR professionals working as an Interim as a stop gap is flawed, with the tenure of Interims surveyed ranging from a few months to 8 years.

In the results for HR Specialisms from our 2019 HR Insights Survey, **51%** described their skill set as 'HR Generalist'. Many of those skills previously perceived as 'generalist' are now seen as specialisms. As such, we have seen an increase in roles based around more specialist and specific skill sets.

Level of responsibility



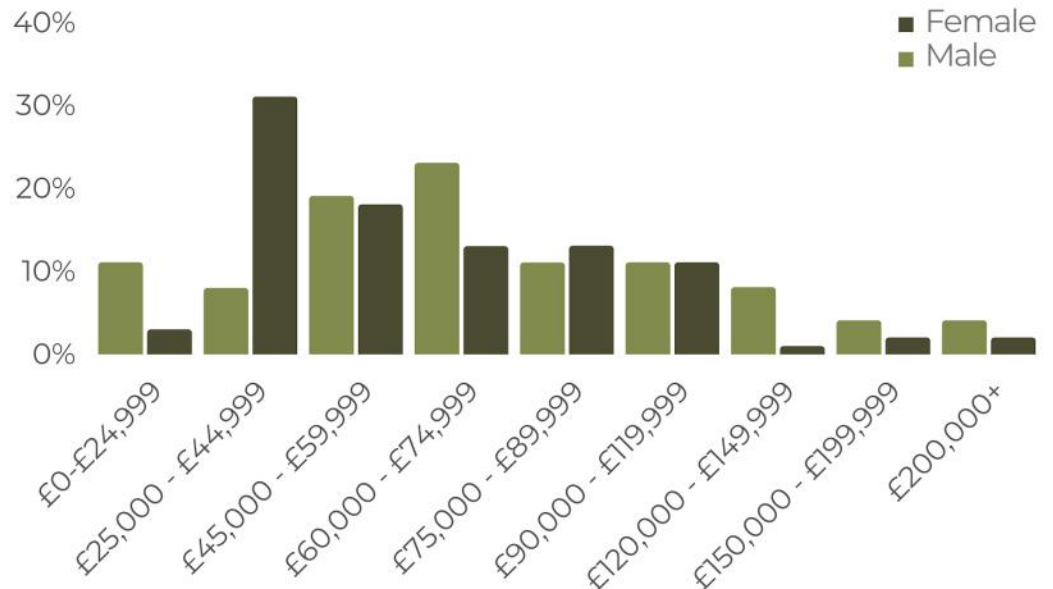
HR specialisms



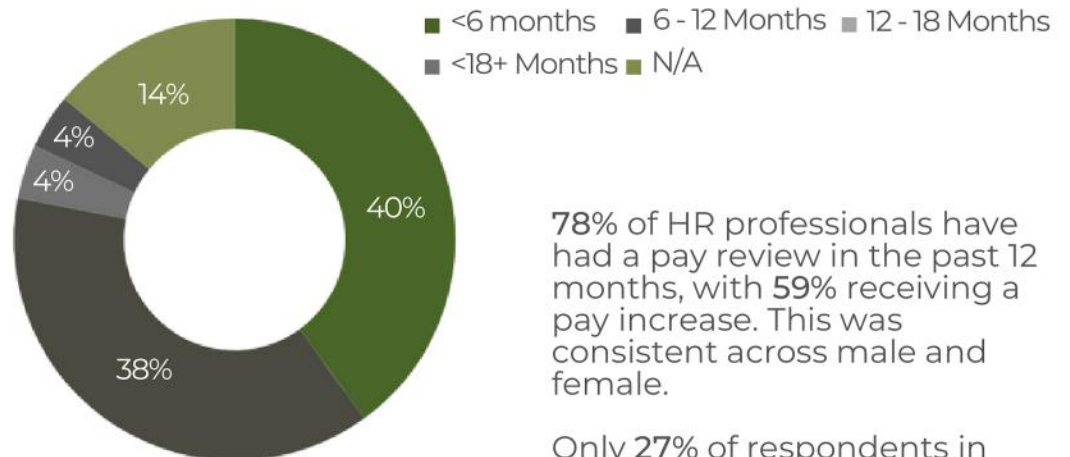
Remuneration

Base salary by gender

Gender split by salary band



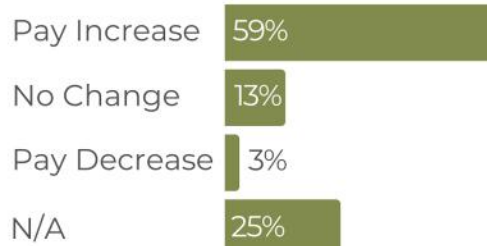
When was your last pay review?



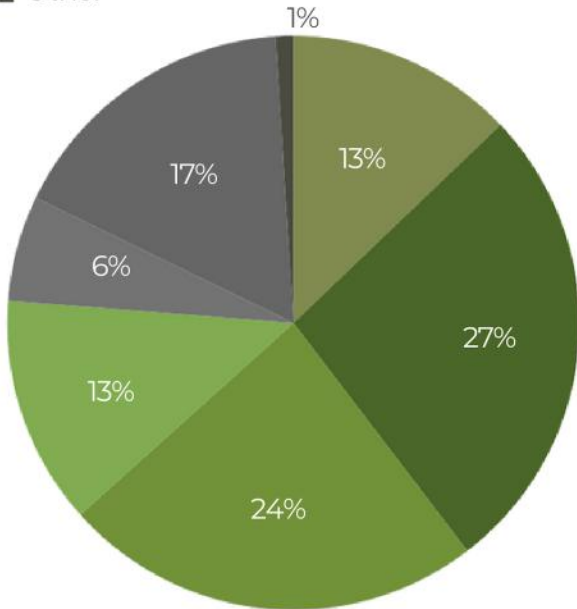
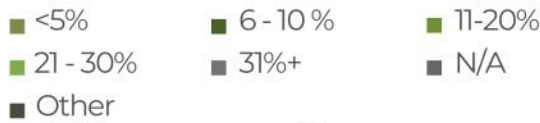
78% of HR professionals have had a pay review in the past 12 months, with **59%** receiving a pay increase. This was consistent across male and female.

Only **27%** of respondents in the retail & consumer sector received a pay increase in their last pay review, in contrast to **100%** of respondents in legal, FMCG, transport & logistics and insurance. This was followed by **80%** of those working in property and real estate and **71%** of those in the 'third sector'.

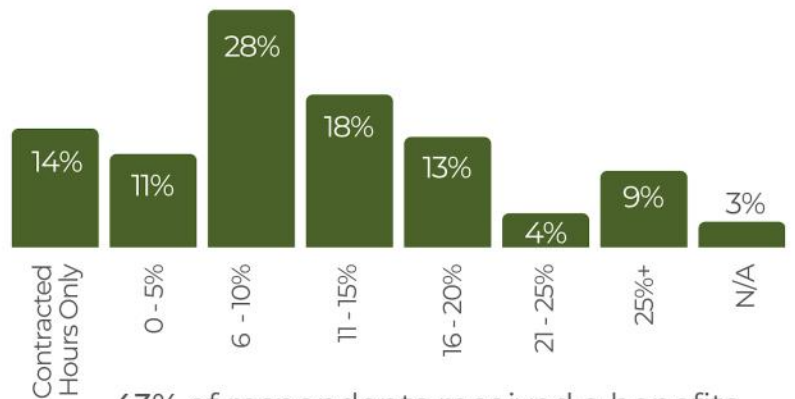
Pay review outcome



% of benefits against base salary



% of overtime vs contracted hours



43% of respondents received a benefits package (including bonus) totaling more than 11% of their remuneration. A further 27% received a benefits package valued between 6% and 10% of base salary.

46% of respondents said they work 6-15% of their contracted hours as additional overtime, and a further 26% worked more than 16% of their contracted hours.

HR professionals working in property and real estate, IT & technology and manufacturing received the highest benefits & bonus package as a percentage of their remuneration.

Interim professionals and those on a full-time contract were the most satisfied with their remuneration. However, compared with our 2019 survey, there has been a drop in remuneration satisfaction across the board, which is perhaps unsurprising given the current economic climate and rise in the cost of living.



Remuneration satisfaction

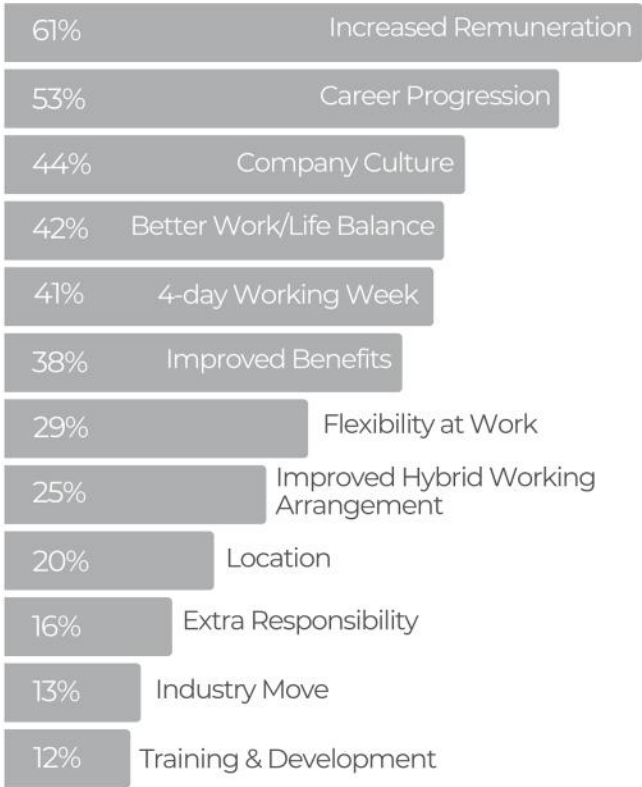


Is it all about pay?

93% of HR professionals and members of the C-suite were worried about today's economic climate. 74% of respondents stated that the economic and cost-of-living crises have had some impact on their career decisions in the past 12 months and 18% said these would impact their career decisions in the next 12 months.

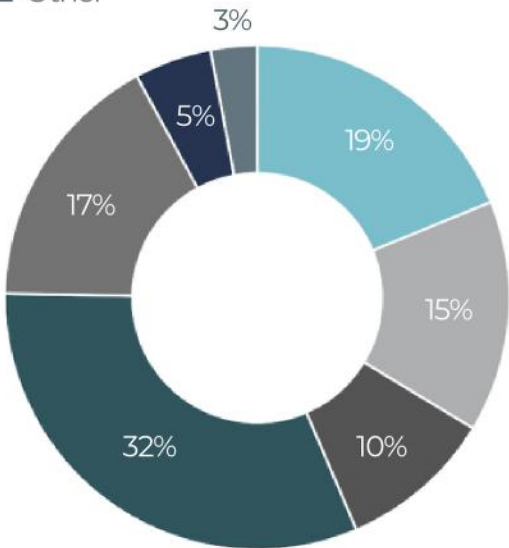
When looking at switching jobs, the top two factors were consistent with our 2019 survey; however company culture has risen from fifth to third place, with the 4-day working week appearing as a new entry at number five. Additional factors cited were: better leadership and moving from a fixed-term contract to a permanent role.

Considerations when switching jobs



Pay increase when switching roles

- It's not about salary
- I'd move for the same salary
- At least 5%
- At least 10%
- At least 20%
- 20%+
- Other





Top five benefits



The seismic shift in the workplace over the past few years has seen a change in how respondents rated their top benefits. In 2019, the top two benefits were bonus and pension. Today, flexible working and a favourable hybrid-working pattern take precedence.

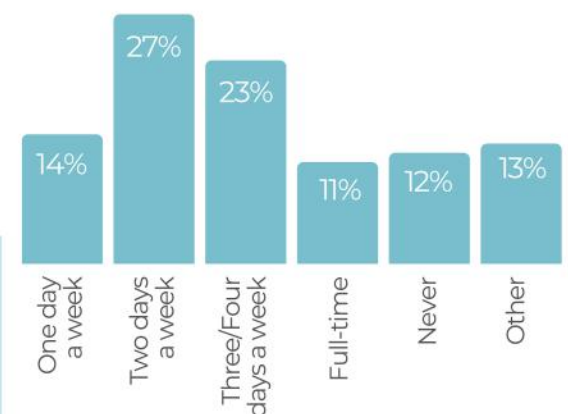
Top five factors in your current role



Despite remuneration being the top factor when switching jobs, a positive and dynamic company culture and HR team culture rank more highly in respondents' current roles, making them essential factors for staff retention. There is a slight generational split, with culture, interesting work and autonomy ranking highly amongst the C-suite, and culture, remuneration and a good work/life balance taking priority for more junior professionals.

When looking at hybrid-working patterns, the most popular is **2 days per week in the office**. This did not vary significantly by seniority or by sector. However, during 2022 we did see an increase in vacancies for roles requiring HR professionals to be in the office 4 days per week.

Working from the office



A focus on the future

Current HR 'Time-Stealers'

Talent attraction & retention is the biggest time-stealer facing HR professionals. This is followed by organisational design & change management, HR & people strategy, culture and pay & reward strategies.

The fallout from the past 2-3 years has triggered a mindset shift for business leaders, who now see they need to have the right people in order to be successful. Looking at the rest of 2023 and beyond, businesses want to move away from just surviving, in order to excel, and to do that they need the best people.



Talent Attraction & Retention



Organisational Design & Change Management



HR & People Strategy



Culture



Pay & Reward Strategies



Our survey found the biggest issues HR will be focusing on in the next 2-3 years are talent attraction & retention, diversity, equality & inclusion and HR & people strategy. We already know from the current time-stealers that talent attraction & retention is a key issue and we can see that this is not going to go away.

HR have a high number of projects on which to deliver but don't always have the time/internal expertise. This is where Interims are the perfect solution, as they have the capability to parachute into an organisation and deliver solely on these specific projects. Macmillan Davies has seen a significant increase in recruiting Interims, specifically into reward, organisational design/development and equality, diversity & inclusion.

Jennifer Atkins, People Director at Bruntwood believes all of these areas will be pivotal for HR teams in all businesses: "These 12 areas are going to be critical for HR teams going forward, although the order will differ between industries and organisations. Strategies will be strongly aligned to business priorities and their current gaps or challenges. At Bruntwood our strategic priorities centre around diversity, equality and inclusion, ESG & Sustainability. To adapt to the future needs of our customers we will need a strong focus on the future of work, and change management. Another key topic for us is data and analytics, which is critical in supporting our other objectives."

On the horizon

1. Talent Attraction & Retention
2. Diversity, Equality & Inclusion
3. HR & People Strategy
4. Organisational Design & Change Management
5. Pay & Reward Strategies
6. Culture
7. Health & Well-being
8. Remote & Flexible Working
9. Training & Development
10. The Current Economic & Cost of Living Situation
11. Data and Analytics
12. ESG & Sustainability

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We need to shift from a traditional role/job-based approach to structuring people to a more skills and capabilities-based approach in order to create fluid, lateral role changes over time. Particularly for internal mobility and career enhancement.

VP People Strategy





Over 78% of HR professionals believe AI and people metrics are very or extremely important to the future of HR, and it was ranked as the top skills gap HR professionals would like to improve on in the next 12-18 months.

AI & People Metrics

In recent years the HR function has strengthened and reinforced its importance and, in order to be able to continue to make a strategic contribution to the business and offer valuable insight, a focus on workforce data and analytics is absolutely essential. HR teams should invest in building the skills and technology to make data-led decisions which support the performance of the workforce and drive their diversity & inclusion and well-being agenda. It will only become more important for HR to be able to demonstrate ROI on initiatives to prove its commerciality.



The benefits of AI & people metrics in HR

Reduce human bias

Given its reliance on data rather than human interpretation, AI removes the potential for skewed perspectives to influence any decisions. This can remove any unconscious biases from an organisation, as well as create a more cohesive, communicative workplace.

Improve efficiency and insight

AI can transform simple CVs, cover letters and correspondence with candidates into insightful, powerful tools to quickly and efficiently determine whether an individual is a good fit for an organisation.

Increase predictive data decision-making

AI-powered algorithms can interpret data from the past to create models that can be used to aid future decision-making based upon predictions.

Become a tactical and strategic asset

By leveraging the data derived from people analytics, HR can become a powerful source of actionable insight to design and implement strategies that can increase operational efficiencies, built upon reliable data.

Allow more 'People Time' for HR

AI can free up valuable time for HR to devote to dealing with more hands-on, people-focused matters, which traditionally wasn't possible due to time constraints and workloads.

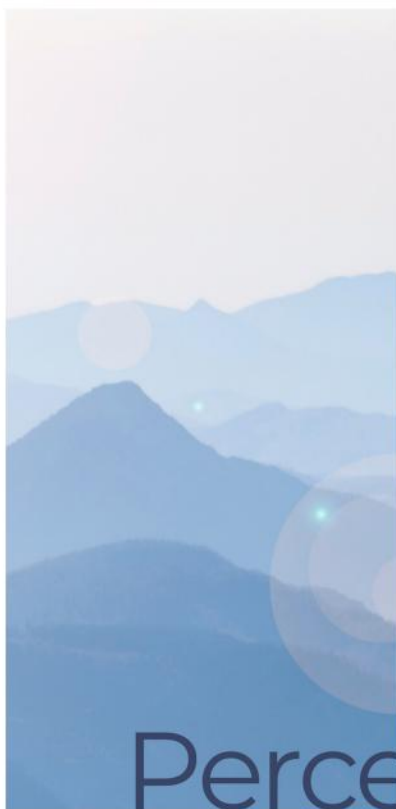
Drive results

Through predictive analytics, AI can equip management with insights into employee satisfaction levels, predicting possible future sources of turnover to identify and correct issues before they become problematic and costly.

But...don't forget the importance of 'story-telling'

There are a huge number of benefits that AI & people metrics can bring to the HR function; however, the ability to interpret the results and explain the 'why' through story-telling will be just as important. Data story-telling helps bring data to life and make it meaningful and accessible to far more people, expanding the impact that these metrics can have on the wider business.

Only **17%** of HR professionals see an HR career as having a clear route to becoming CEO/MD of a business. This was an even split between male and female.



Covid provided an opportunity for HR professionals to really showcase their value add, but that will soon be forgotten unless organisations are continually reminded of the advantages of good people professionals.



Only a third (**33.33%**) of the respondents surveyed felt more valued as an HR professional post-pandemic with Sage's report *The changing face of HR in 2024*³ confirming that 63% of C-suite leaders still see HR's role as administrative, meaning they don't expect HR to take a strategic role in key areas within their traditional remit. It could be this view that has led to **53%** of HR professionals feeling that an HR career is not a clear route to becoming CEO or MD of a business.

Despite the role of HR changing dramatically over the past few years, thanks to the pandemic and gargantuan shifts in the workplace, it appears there is still a huge way to go in order for HR's true strategic value to a business to be realised and understood.



The skills gap

Across the board, the biggest gap in skills for individuals at all levels is people analytics & data analysis, followed by digital adoption and technology skills. This was consistent when looking at the skills gaps within teams. This is despite 78% of HR professionals believing AI and people metrics are very or extremely important to the future of HR.

The third-biggest skills gap was listed as 'Leadership'. This was also reflected in the results from more junior respondents, who felt their teams needed to upskill in coaching & advising and strategic workforce planning.

16% of respondents admitted to having gaps in their knowledge but felt this was filled by specialists within their teams.

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As an Interim, I bring my skills to fill gaps in other teams. I am always learning - for me, this is important.



Mental health support vs financial well-being

90% of businesses have a mental health and well-being policy, with 41% declaring the level of support they receive as 'amazing'.

However, the same cannot be said when it comes to businesses providing support for financial well-being. 33% of respondents were unaware of any financial well-being policy being in place, whereas 19% of businesses provided outstanding financial well-being support.

Have your say

With still so much to unpick from our survey results, we are looking forward to sharing more in-depth findings and opinions in the coming months. We are also keen to understand your viewpoints on our findings. Should you be interested in being interviewed/providing quotes for our series of articles, please do get in touch at:

hello@mdhr.co.uk

About Us



About Us

Since 1979, Macmillan Davies has been sourcing and recruiting the best HR talent across the UK and globally. We have proven expertise placing permanent and interim talent in every sector, from SMEs through to PLCs, not-for-profits and the public sector.

We recognise that a combination of effective leadership and great talent is the key to success in any organisation. That is why we specialise in headhunting the best HR leaders for your business.

Our People

Our consultants are sector and market specialists. With many years' experience within HR and recruitment, our teams bring a hands-on understanding of the HR profession to all client partnerships.

Not only are our consultants entrenched in the HR function, they also attend, host, and speak at industry-related events to ensure a complete understanding of the many idiosyncrasies of HR functions.

We Are

At Macmillan Davies, our values guide us in all our actions – from strategic decisions to day-to-day interactions with our clients, candidates and each other.

Passionate
Driven

Dedicated
Caring

Respectful
Collaborative

Commercial
Consultative

EXECRESOURCING

With mid- to senior level HR recruitment, there's no substitute for experience. Through our in-depth knowledge of the market, we are able to track, pre-screen and form relationships with high performers as they continue their careers, which in turn means we can offer our clients a pipeline of pre-approved talent. Flexibility in our approach is built around forming long-standing relationships; maintaining and ensuring a high-quality service to deliver the best result, every time.

INTERIMANAGEMENT

We know interim recruitment is not purely a temporary solution. That is why we bring the same professionalism and passion to sourcing interim HR candidates as we do permanent. Whether we are sourcing people to manage change, or drive an organisation through a period of transition, we apply a consistently professional approach. Our in-depth understanding of our clients and the HR market means we can assess candidates across a broad set of criteria.

EXECUTIVESEARCH

At Macmillan Davies we recognise that a combination of effective leadership and great talent is the key to success in any organisation. That is why we specialise in headhunting the best HR leaders available for your business. As the UK's longest established HR recruitment consultancy, our consultants understand all the idiosyncrasies of the HR function. We use our extensive market knowledge to offer executive search on a global scale.

FUTUREEXEC

Our FuturExec Team partners with leading organisations to provide exceptional HR professionals at the early stage of their careers. One of our greatest strengths is our track record identifying tomorrow's future leaders. Candidates who will support your ability to respond quickly in competitive markets and represent a long-term talent investment for your business.

Market Expertise



Talent
Acquisition



Transformation
& Change



Learning &
Development



HR
Systems



HR
Generalists



Diversity
& Inclusion



Compensation
& Benefits



HR Operations/
Shared Services



Employee
Relations



Talent
Development



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