

# HR Shared Services Trends 2024 Report



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# Foreword

Welcome to LACE's 2024 HR Shared Services Trends report, the latest of our bi-annual surveys dedicated specifically to the HR shared services marketplace.

Whilst operational efficiency has always been the premise of HR shared services, driving experience is now equally part of its DNA. These areas have consistently been the top two priorities for HR shared services leaders since we started our research in 2020. In this report, we delve further into where organisations are focusing their efforts to optimise service delivery. For example, is there a strengthening of the debate around the benefits of moving HR activity into a global business services (GBS) model? Given the hype around generative artificial intelligence (AI) and its reported potential, what's really happening in the HR world? In addition, what digital innovation is taking place as organisations continue their automation journeys?

We also explore what keeps HR shared services leaders awake at night. Technology tops the list, with nearly half of the respondents saying that their current HR systems and digital enablers are not fit for purpose. The other area for some critical self-reflection is just how much focus is being placed on talent development. Almost three quarters of respondents said they still do not have defined career pathways for their HR shared service team members – this has not changed since at least 2020, when we took our first in-depth snapshot of the marketplace.

The launch of this report coincides with our wider '[demystifying the HR operating model](#)' campaign. As the modern business landscape continues to

evolve at speed, Chief People Officers and HR leaders find themselves with the task of driving bottom line value by attracting and retaining top talent and maximising productivity. They are increasingly reflecting and asking themselves: does our HR operating model align with and enable these changing business needs?

As part of our ongoing commitment to challenge, inspire and motivate HR leaders to achieve more, we share potential questions HR shared services leaders might want to consider around their own operating models, through four distinct business lenses:

1. The desire for engagement and customer intimacy
2. The hunt for productivity (efficiency / effectiveness)
3. The quest for agility
4. The pursuit of rapid growth.

Small adjustments and lever-pulling can create a high impact, business aligned capability that is integral to HR's success and supporting workforce transformation<sup>1</sup> – irrespective of how mature the HR shared services function is or the level of financial investment available.

We have provided some provocative questions aligned to each of the report's focus areas and hope this year's report provides helpful insights for those HR leaders who are looking to continuously improve ways of working and enable their teams to be the best they can be.

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<sup>1</sup> LACE Partners (2024): '[CPOs: From HR to Business Transformation](#)'

# About the survey: respondent profile



# Responses from HR shared services leaders across 34 different global businesses



Most organisations (73%) employed up to 50,000 employees, with 70% of total respondents operating in the private sector.



HR shared services was part of a Global Business Services (GBS) organisation in one in three organisations. Just over half (56%) used outsourcing providers as part of the HR service delivery model.



One in four organisations operated a local in-country model only (no global or regional 'hubs'). The most common 'hub' model was one or two centres (39%).



For most organisations, the average tenure of HR shared services team members is three to five years.

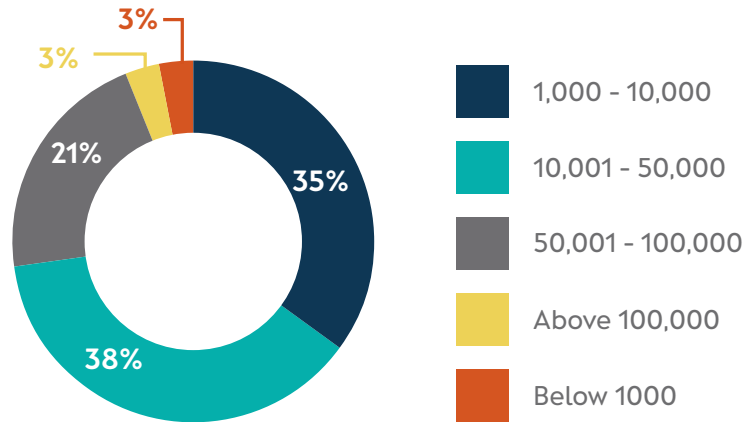


Three in four organisations were utilising cloud based HCM/Payroll solutions. 56% used between three and five different types of service delivery technology but only 15% used generative AI.

We developed an online survey covering four core topic areas, in addition to current and future strategic priorities. The survey was sent only to HR shared services directors from global companies in our network, thereby keeping the respondent profile at a senior and strategic level.

The base question set is consistent across report years (i.e. 2020, 2022 and 2024) to allow for comparison year-on-year and is supplemented by questions on areas of current market relevance, such as artificial intelligence, which may vary bi-annually.

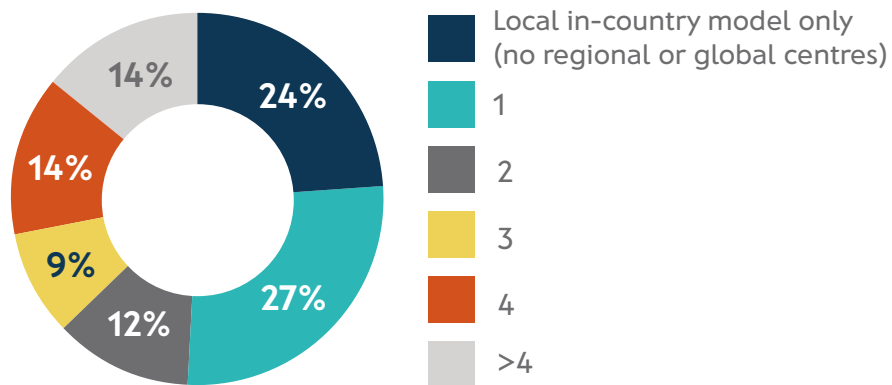
## Organisation size



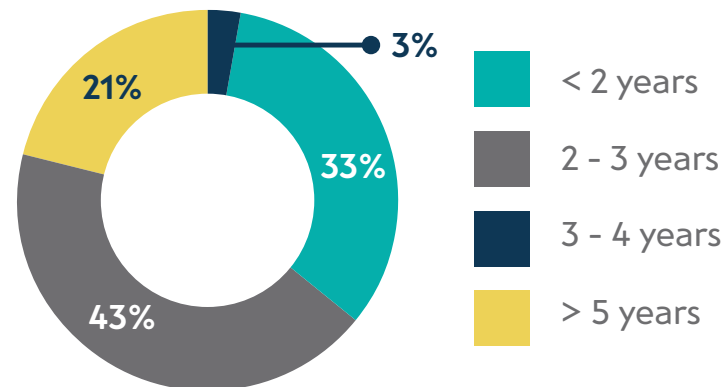
## Industry sector



## Number of HR shared service 'centres' or 'hubs' per organisation



## Average length of tenure across HR shared services teams





# Key findings



## Service offering and client centricity

- The trend to become a specialist provider continues, as the HR shared services offering matures.
- Organisations are maintaining the status quo with their use of outsourcing models.
- Preferences for channel usage have remained unchanged for four years and three is now seemingly the 'magic number'.
- HR shared services is taking an increased formal responsibility for people experience across the HR function, placing greater emphasis on addressing the line manager experience.

## Structure, governance and continuous improvement

- A hybrid of virtual networks and co-located teams continues to be the preferred service delivery model, with limited appetite to change it in the next 12-24 months.
- Is the case for HR services to become part of a Global Business Services (GBS) model becoming stronger? 12% of survey respondents in 2020 were part of GBS, increasing to 32% in 2024.
- Organisations are building a more holistic view of experience effectiveness, but there's still more to do – a quarter still do not measure service effectiveness at all.
- A more conscious focus on continuous improvement (CI), with around two in three organisations putting formal CI measures in place (up from just over half in 2022).

## Capabilities, behaviours and talent

- The top skills go hand-in-hand with the top behaviours of 'customer first' mindset and being a trusted advisor, with an increase in the need for a greater focus on collaboration.
- There is limited desire to change current talent sourcing models, although more 'non-HR' hires are coming from Finance backgrounds.
- Organisations are taking a holistic approach to talent development, yet most (71%) still do not have defined career pathways for their HR shared service team members.

## Digital enablers

- Organisations continue to expand their portfolio of service delivery technologies but are still to close the opportunity 'gap' for AI and advanced analytics tools.
- Organisations are taking baby steps with generative artificial intelligence (AI), with returns largely in line with expectations – 29% currently use AI, with just over a third piloting it.
- Portal / tier 0 and recruitment / onboarding are the top areas for digital investment over the next 12 months.
- Notable decreases from 2022 in the overall percentage of respondents saying the following are a priority for investment (yet they still remain in the top 10 list): live chat/chatbots, case management and knowledge management.



# Strategic priorities

# What are the main objectives for HR shared services leaders over the next 12 months?



2024	85%	74%	71%	59%	41%	35%	27%
2022	87%	84%	71%	57%	-	-	18%

Respondents were allowed to choose multiple answers for this question



**Whilst operational efficiency has always been the premise of HR shared services, driving experience is now equally part of its DNA.**

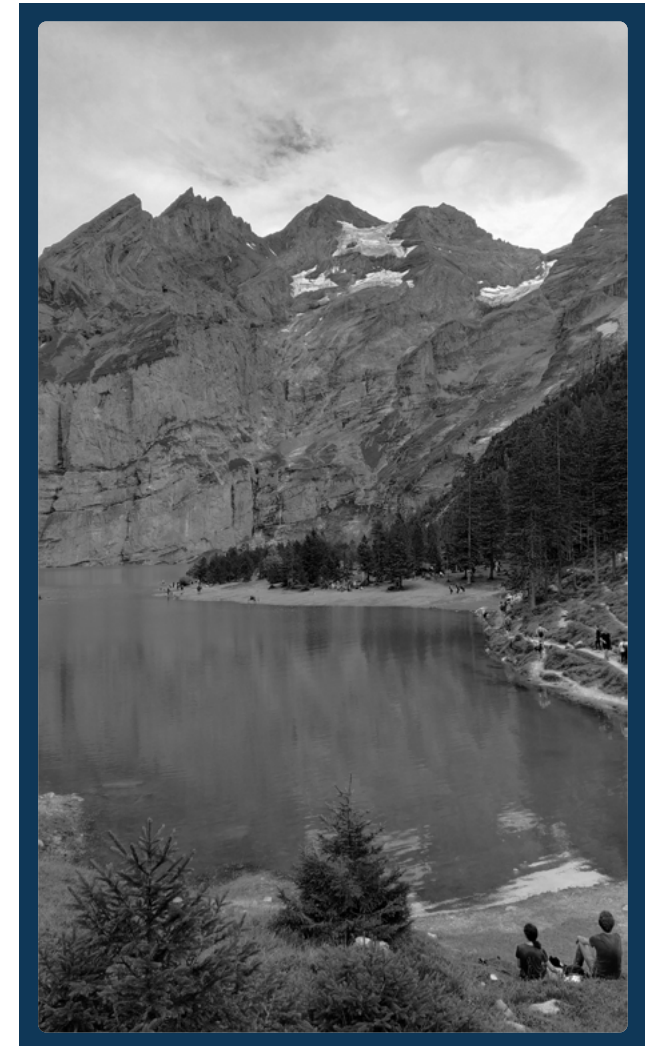
The top two priorities for HR shared services leaders since we started our research in 2020 have been the same: operational efficiencies (85%) and improving the employee and line manager experience (74%).

Whilst driving business value ranks only fourth (59%), the top three areas all enable it – therefore it could actually be seen as the top priority.


Two new dimensions were included this year related to operational risk and workforce productivity. This reflects a shift in the wider business contexts from our clients – e.g. the

ever increasing importance of data integrity and changing regulations. We were therefore keen to understand how important this was more broadly in the marketplace.


As ever, there is still an expectation that HR shared services are cost efficient, although this was ranked last – just over one in four (27%) HR shared services leaders said this was a key objective for them in the next year. This is an uptick from 18% in 2022, although this is not surprising given the economic environment in some geographies at the time of our survey (e.g. high inflation, war in Ukraine, geo-political instability in the Middle East).



## Client perspective



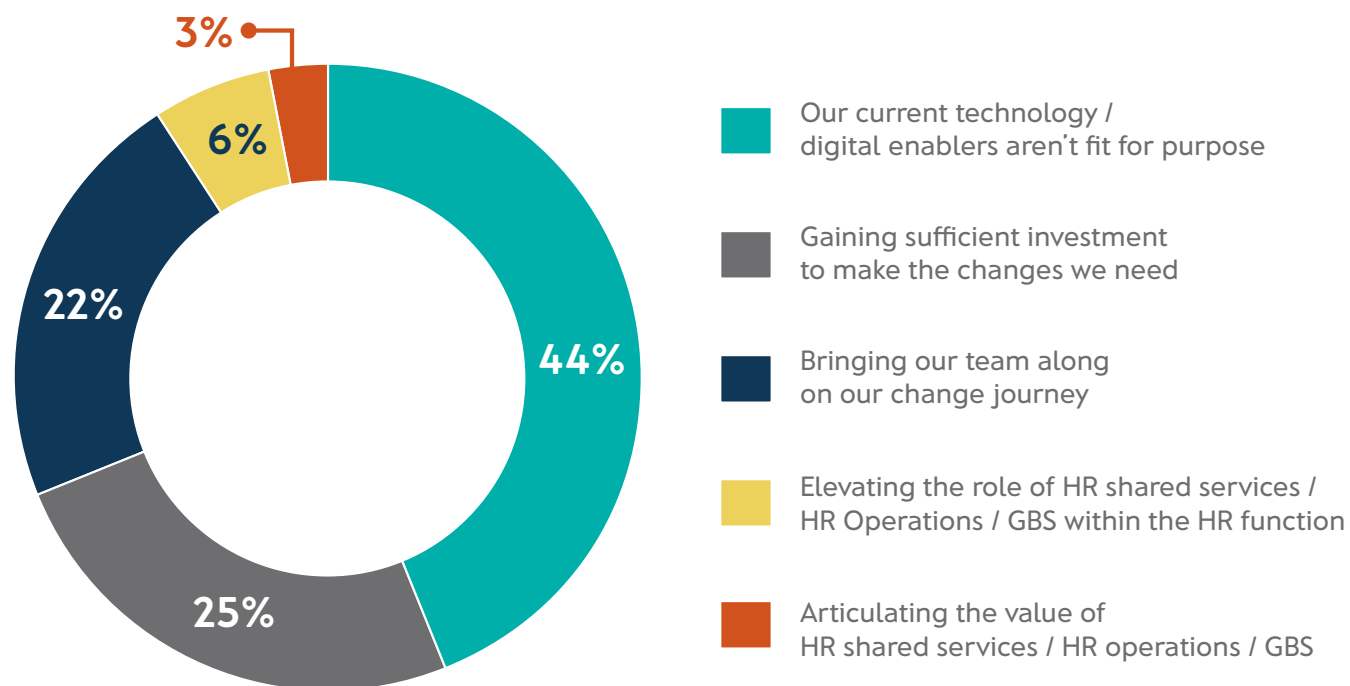
“Most organisations have done HR transformation. The focus has now moved to Payroll. It’s been left for so long and has been the ‘forgotten area’, but we can no longer afford to ignore it.”



Director, Global HR Services and Operations,  
Global Industrials Company



# What is the biggest challenge you currently face?



Respondents were allowed to choose multiple answers for this question

## A new question for 2024: what keeps HR shared services leaders awake at night?

The top challenge concerns technology, with nearly half of the respondents (44%) saying that their current HR systems and digital enablers are not fit for purpose. Perhaps linked to this, investing in digital optimisation is the top priority in the next 12-24 months (as detailed in the section on 'Looking ahead' on page 60). Given the pace of digital change and innovation, it is likely that we will continue to see this challenge ranking highly – there will always be something to do.

A quarter of respondents said their top challenge was gaining sufficient investment to make the changes they need. Despite this, it is encouraging to see that only 9% of respondents are challenged with being able to articulate the value HR shared services brings – particularly as the need to elevate the perception of HR shared services was the at the heart of our 2020 'Future of HR shared services' whitepaper<sup>2</sup>.

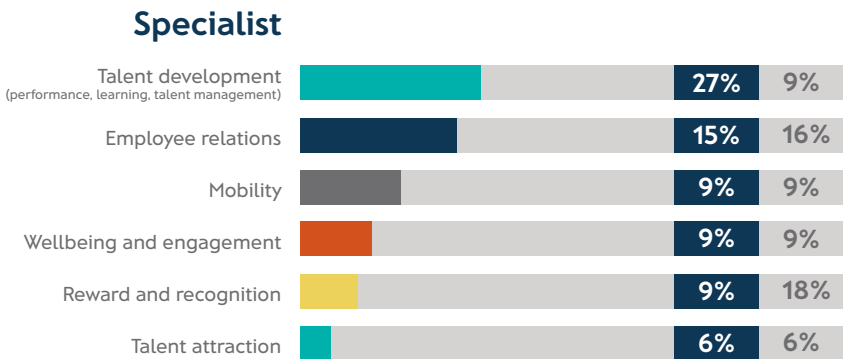
<sup>2</sup> LACE Partners (2020): 'The Future of HR Shared Services: Becoming People Experience & Solutions Experts'



# Service offering and client centricity



# The trend to become a specialist provider continues, as the HR shared services offering matures



Note: The services stated for 'other' are fleet management.

**The majority (73%) of organisations plan on expanding their current service offering over the next 12 months, with improving experience (49%), mobility (27%) and employee relations (15%) being the top three areas.**

Nearly half of respondents cited at least one area under 'specialist services' as a potential new offering for them in the future - 48% overall this year, up from 39% in 2022. Mobility was the most common specialist service being explored, with a notable increase on 2022.

All areas under 'brilliant basics' have fallen in terms of future focus. This is unsurprising given these are typically the first processes to be brought into a shared services model

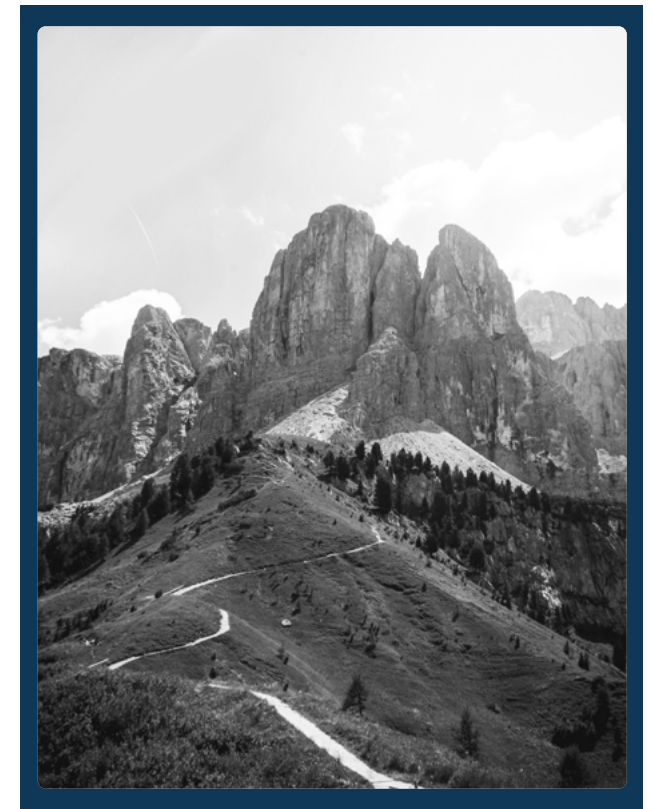
and are also those most suited to ongoing optimisation through digital, automation and now artificial intelligence (AI).

HR shared services is increasingly becoming an innovation centre. Two of the top three areas for future service expansion sit under 'innovation' in our categorisation: improving experience (49%) and HR systems (21%).

Whilst the proportion of respondents saying they do not plan to bring in any additional services over the next 12 months has increased this year to just over one in four (27%), we should not necessarily interpret this as a slow-down. There are several factors which could explain this:

- Organisational maturity
- Business demand

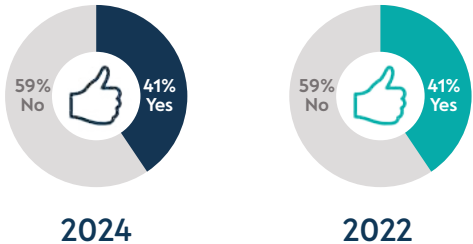
- HR shared service maturity
- Budgets
- Moving from transformation to stabilisation, etc.



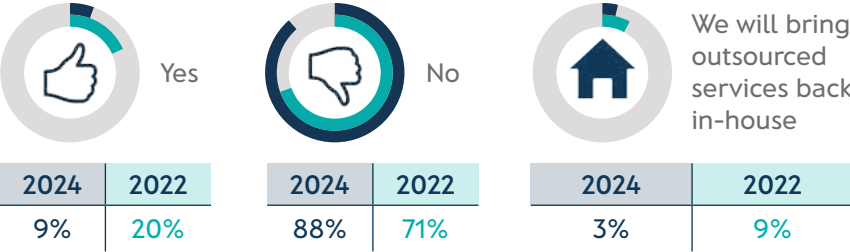


# Organisations are maintaining the status quo with their use of outsourcing models

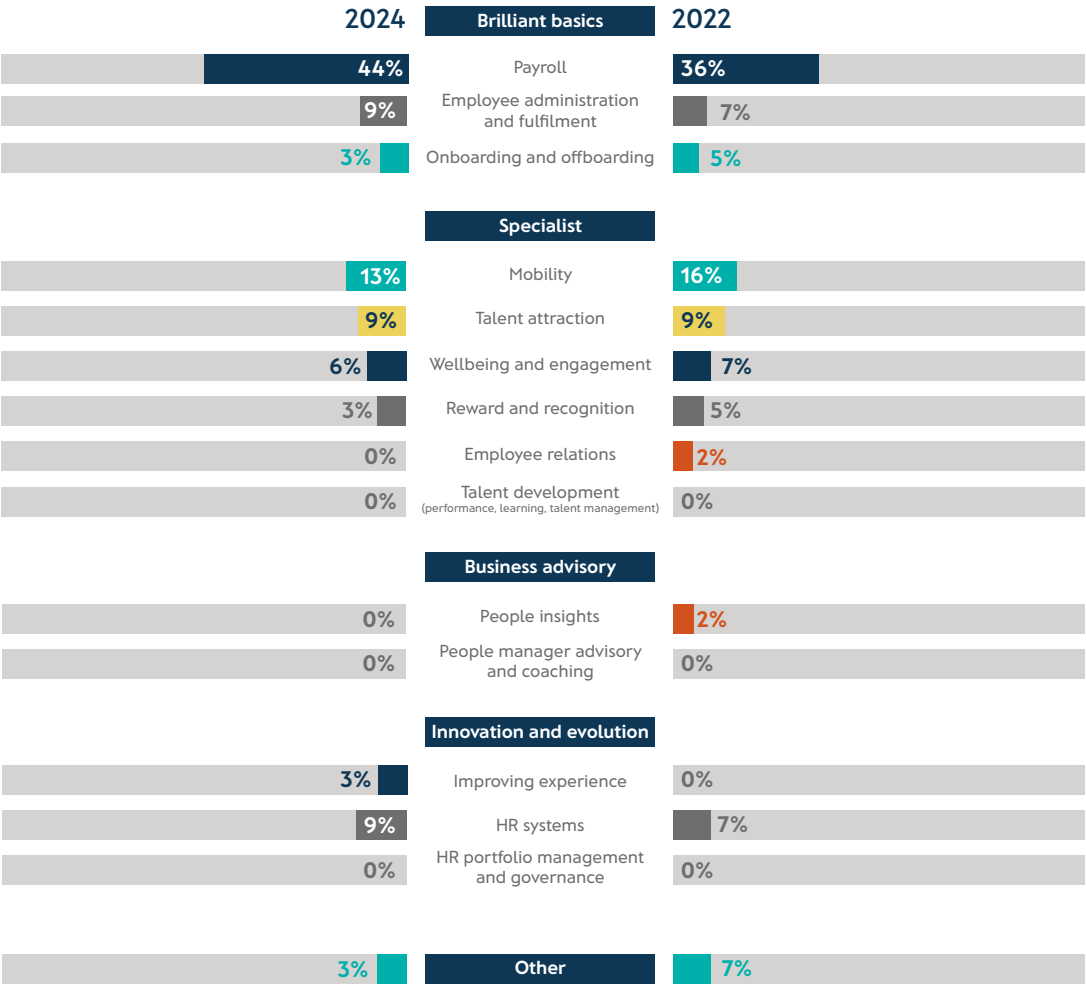
Do you currently use outsourcing providers as part of your HR service delivery model?



Do you have plans to further outsource services in the next 12-24 months and if so, what services?



## If so, what services are currently outsourced?



**Our data this year shows no significant changes in the current and anticipated future use of outsourcing compared to 2022, with payroll and mobility remaining the most outsourced processes in HR shared services (44% and 13% respectively).**

Although fewer respondents said they planned to further outsource HR services in the coming 12-24 months (only 9% compared to 21% in 2022), the shift in response rate is not large enough for us to say this is a 'trend'.

Where organisations outsource today, the focus remains primarily on 'brilliant basics' (employee

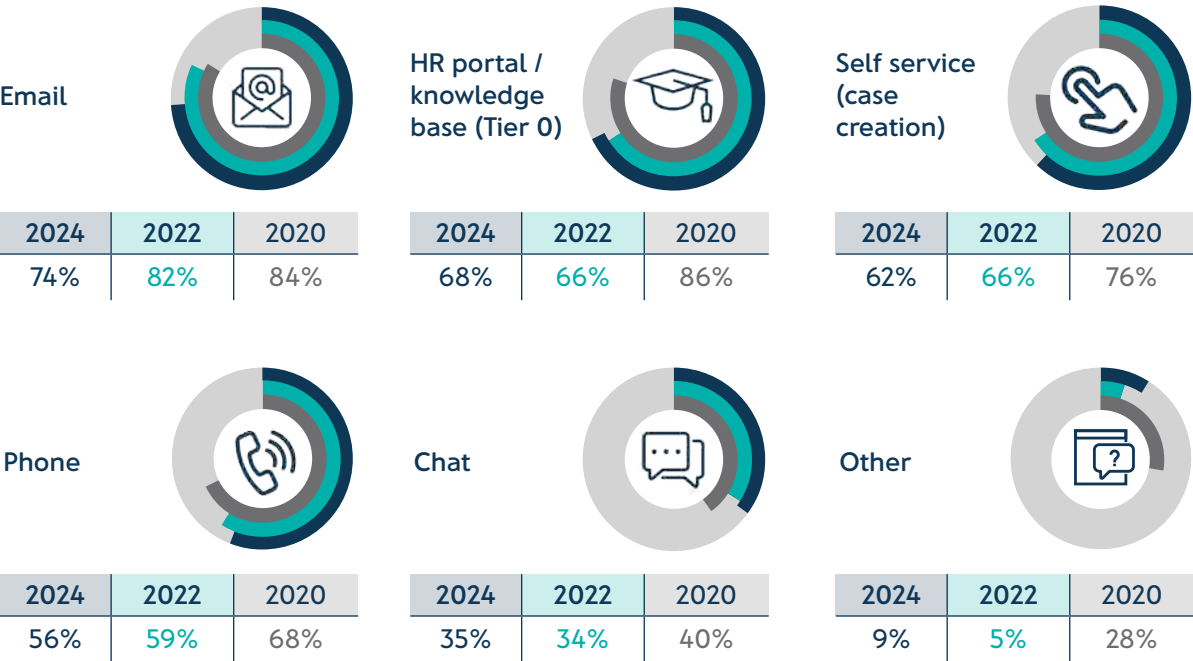
administration, onboarding and offboarding, payroll) and less on the more complex and specialist services.

For the one organisation which said they were going to 'bring back in-house' some services, these services were focused on talent attraction.

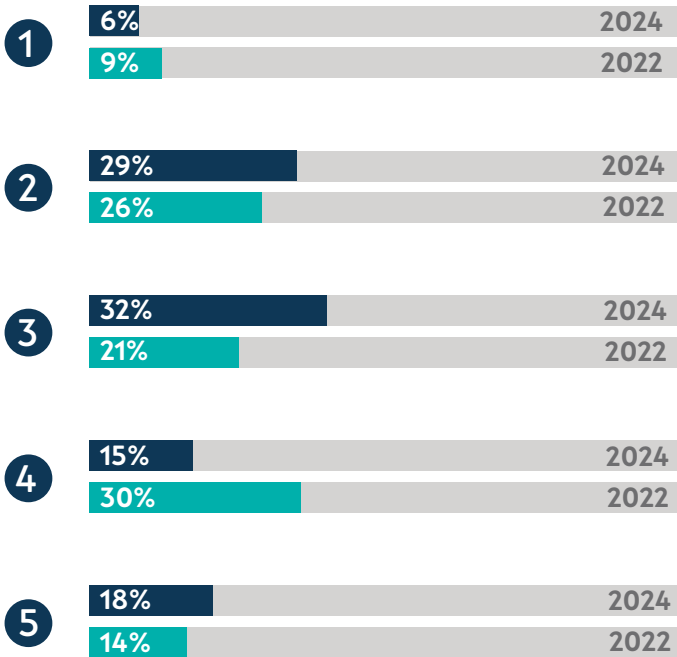


# Preferences for channel usage have remained unchanged for four years and three channels is seemingly the ‘magic number’

## Specialist



## Number of channels



Respondents were allowed to select multiple answers for this question  
\*Chat includes: Chatbot / Virtual assistant and live chat (with an advisor)

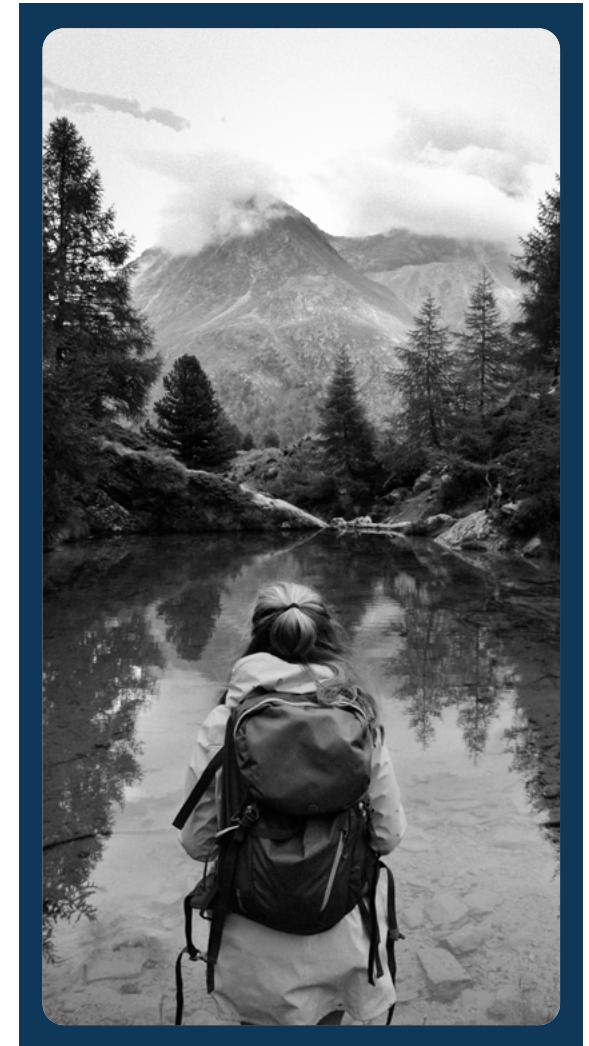
**Channel usage across all dimensions has decreased since 2020. This may be a reflection that organisations are starting to consolidate their channel usage in search of the optimal employee experience and cost effectiveness.**

Almost two thirds of organisations use two or three channels, up from around half in 2022. The proportion of respondents who said they used more than three channels has decreased overall – so perhaps three is the ‘magic number’?

The usage of chat is still relatively low at 35%, particularly given its usage in the consumer marketplace is now commonplace and there is often a desire to mirror the external customer experience internally for employees (ease of access, on-

demand, at my convenience, etc). Interestingly, 44% of organisations said they use chat as a service delivery technology in a later question on digital enablers (chapter 8) – so the actual figure may be somewhere in-between.

There continues to be a reliance on email (the most popular channel – 74%), although this is declining year-on-year. Usage of phone is also slowly decreasing, although neither of these correlates with an increase in the use of chat.

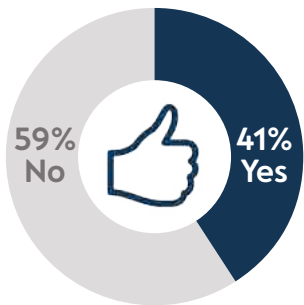




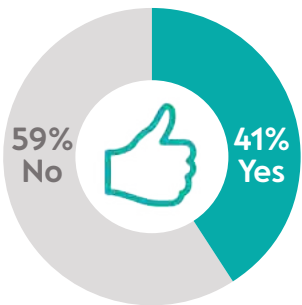
# HR shared services is taking an increased formal responsibility for people experience across the HR function, placing greater emphasis on addressing the line manager experience

Do you have a dedicated employee experience team within HR?

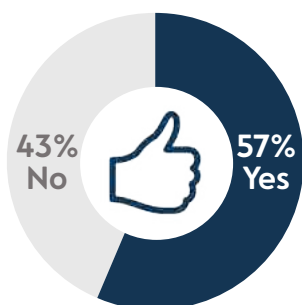
If so, does this role / team sit within the reporting line responsibility of HR shared services?



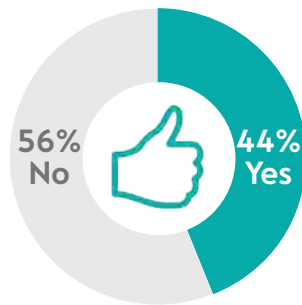
2024



2022



2024



2022

## What experience journeys will you be focusing on improving over the next 12 months?

### Employee journeys

\*These journeys were combined in 2022 but have been split out this year to provide greater clarity



Attract and recruit me\*

2024	2022
53%	-



Welcome me\*

2024	2022
77%	66%



Enable me

2024	2022
59%	73%



Help me perform and grow

2024	2022
56%	52%



Recognise me

2024	2022
35%	32%



Wish me farewell

2024	2022
29%	32%



No plans to focus on any specific areas

2024	2022
6%	9%



Build my team

2024	2022
24%	30%



Manage and support my team

2024	2022
68%	61%



Maximise my team's potential

2024	2022
50%	34%



Recognise my team

2024	2022
44%	30%



Organise my team

2024	2022
24%	25%



No plans to focus on any specific areas

2024	2022
18%	18%

### Line manager journeys

**Whilst the number of organisations that have a dedicated employee experience role / team has remained static over the past two years (59%), there has been a change as to where that team sits – increasingly, the reporting line is now into HR shared services (up from 44% to 57%).**

### **Implications for employee journeys:**

Overall focus remains similar to 2022, with the top areas being 'welcome me', 'enable me' and 'help me perform and grow'.

The biggest shift in priorities has been 'enable me' – whilst still important, it's dropped from 73% to 59%.

To provide greater clarity, this year we split out 'attract and recruit me' from 'welcome me'. To allow a like-for-like comparison, the total of these areas in 2024 is 65% vs 66% in 2022 – i.e. no change.

### **Implications for line manager journeys:**

'Manage and support my team' continues to be the top focus area, with two in three organisations planning to focus on this in the coming 12 months (68%).

The largest shift has been in the areas of talent, performance and reward – namely, the journeys of 'maximise my team's potential' and 'recognise my team', with around one in two organisations citing either of these. Whilst we did not ask for the reasons behind this, it could be due to the drive for greater workforce productivity and need for increased engagement and retention of talent. The competence of line managers is a key theme within all these example reasons.

Two respondents had no plans to focus on any specific experience areas. Neither one of these organisations had a dedicated employee experience team in HR.



## Client perspective



A core part of our people strategy is focusing on leadership capability, both technical leadership and people leadership. You can't expect to train people on everything – we need to balance relevancy with timeliness. Within the People Services team, we're reviewing the interventions where 'in moment' upskilling could be beneficial and considering the best way to do this – e.g. a video, a reference guide. The journey area of 'manage and support my team' is important for us because managers are responsible for a wide range of people activities in their day-to-day roles. We don't have a big employee relations team and we want to enable and empower our people managers to do the right thing.

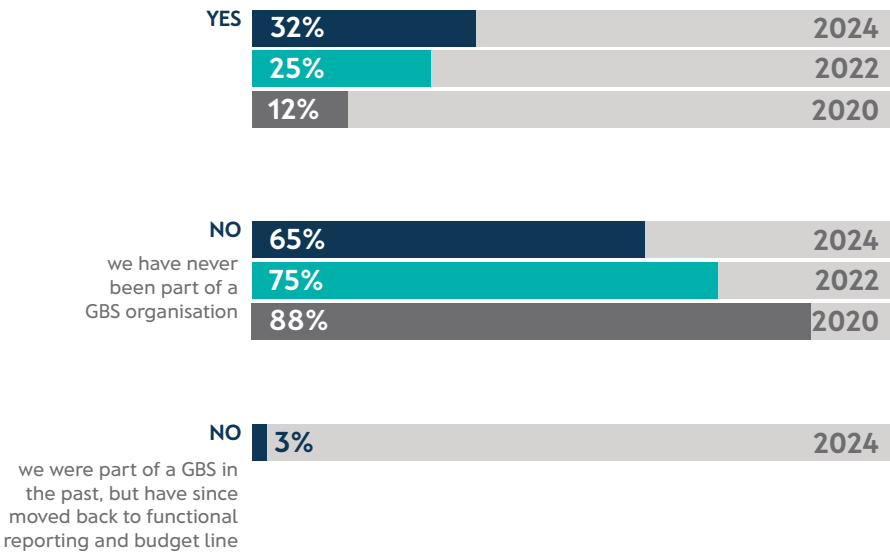


Head of People Services,  
Global Professional Services Firm

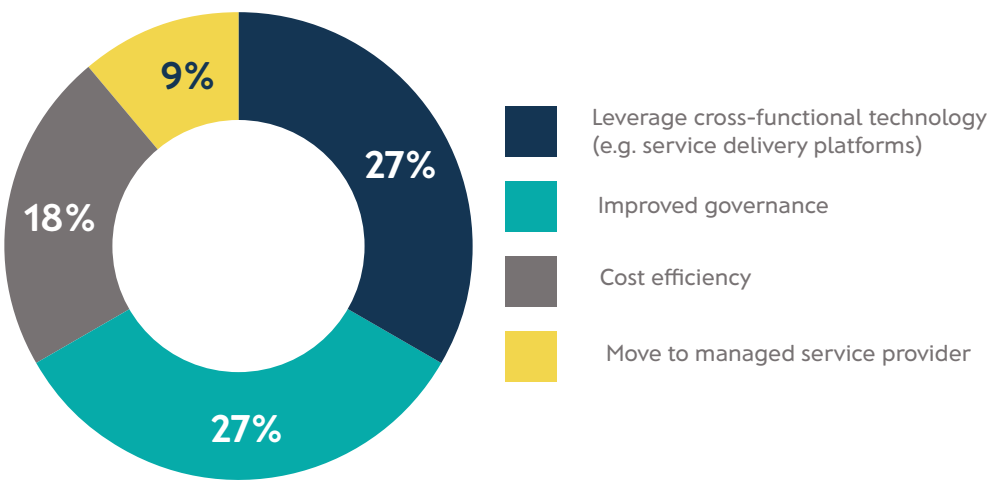
# Structure, governance and continuous improvement

# A hybrid of virtual networks and co-located teams continues to be the preferred service delivery model, but is the case to become part of a Global Business Services model becoming stronger?

Are you part of a Global Business Services (GBS) organisation?

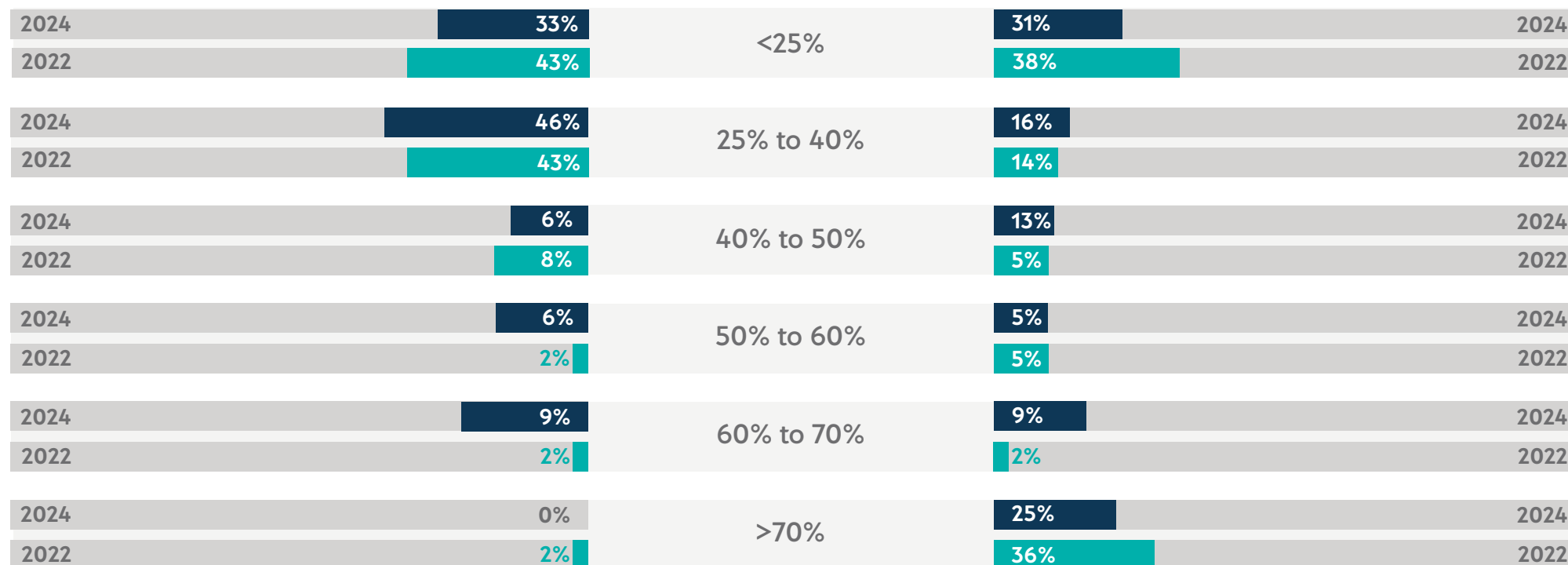


If so, what was the main strategic driver to move HR operations into a GBS organisation?



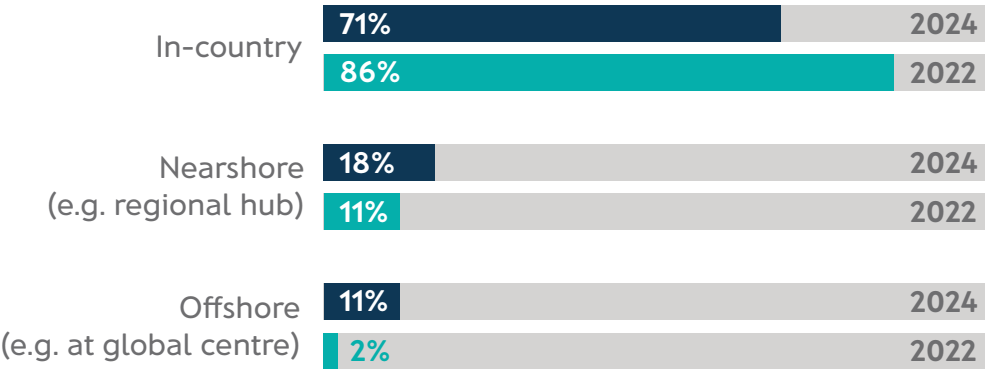


Approximately what proportion of overall HR full time equivalent (FTE) are within the HR shared services organisation?

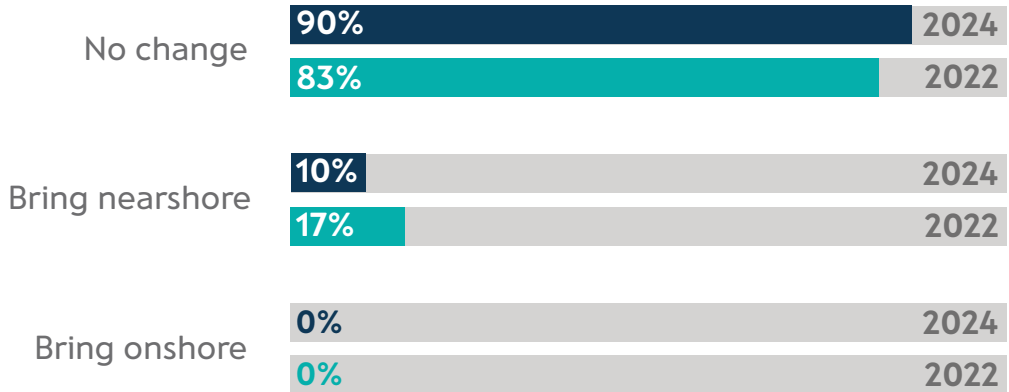


Approximately what proportion of overall HR FTE are co-located within hubs versus working as a virtual network?

Where are your front-line HR advisors located?



If you have nearshore / offshore capabilities, what are your strategic plans for the next 12 – 24 months?



**Almost a third (32%) of respondents are part of a Global Business Services (GBS) organisation – 11 respondents. This has increased year-on-year since 2020 in our respondent profile, moving from 12% in 2020, to 25% in 2022 and now to 32%.**

The main strategic drivers for moving to GBS are to leverage cross functional technology and improved governance. All 11 GBS organisations formally measure service performance – 10 use operational measures and eight use experience measures. This appears to be more robust governance than HR shared services functions which are not in GBS, based on our data set – see additional detail on page 31.

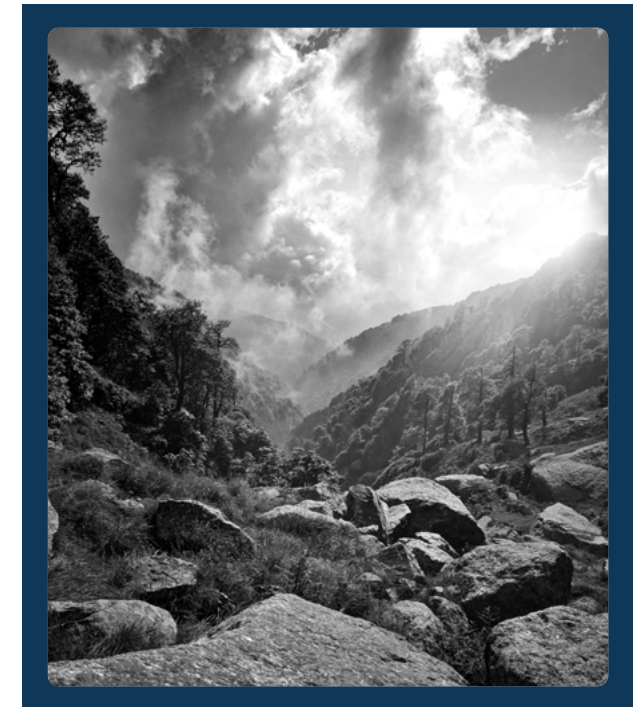
Most HR shared services

organisations manage up to 40% of the total HR FTE resources. This remains similar to 2022 and there are no notable variations by industry sector or organisational size.

Almost a third of respondents said that their teams worked as a local virtual network (31%), with the remaining 69% co-located in hubs. Whilst there has been a slight decrease in the number of organisations saying that over 70% of their HR shared services teams are co-located (dropping from 36% in 2022 to 25% this year), this should be viewed with caution due to limited shifts in the data elsewhere.


A hybrid model of virtual networks and hubs continues to be the preferred operating model, with a significant proportion of front-line HR advisors still located

in-country (71%). 10 organisations said they operate a nearshore or offshore service delivery model. This appears to be working, as only one of these said they had plans to change it in the next 12-24 months.





## Client perspective



“HR should not feel like it’s losing control when moving services into a GBS environment. Rather, HR has leadership it trusts bringing operational excellence to deliver the functional activity on its behalf. The ownership model is crucial. I’ve seen functional mutiny where the GBS takes on too much control and decision rights, resulting in functional leadership wanting to take back the service. This can’t be success. GBS needs to demonstrably bring value and make the functional, business and employee outcome and experience better. Collaboration is also key – e.g. sponsorship from the CHRO and involvement of their leadership team, along with having the GBS HR lead on the HRLT.

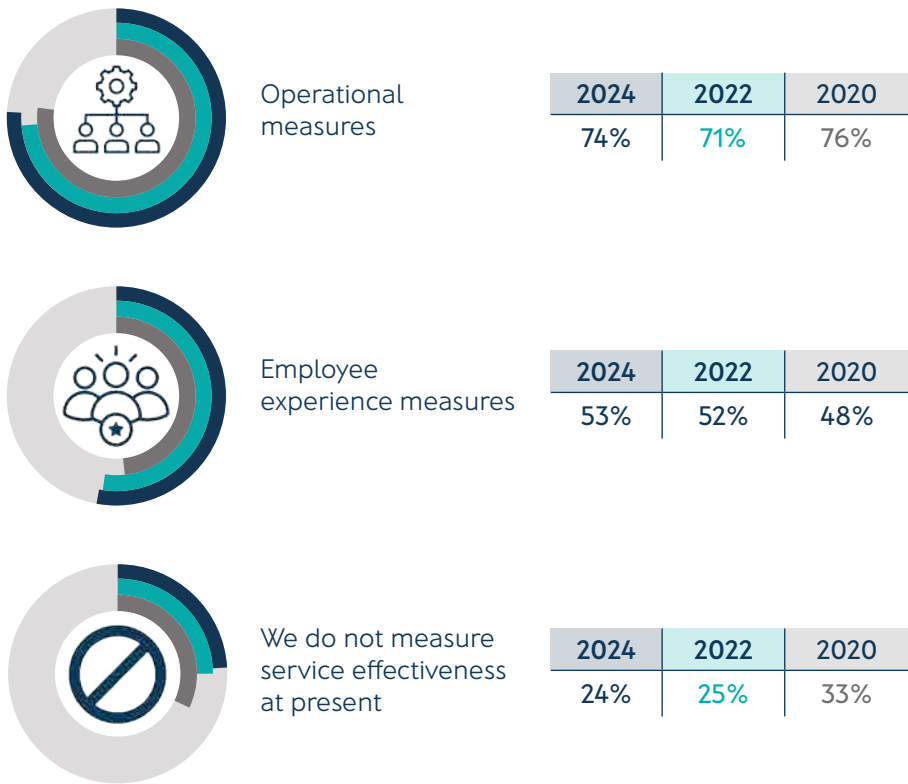
GBS can bring a robustness of process and controls, with a supercharged ability to provide capacity (human and technical) to an area often resource constrained. For example, HR at Norgine benefited from a GBS deployment of ServiceNow, which on its own it would not have done. GBS can bring a heightened level of skillset in operational improvement and act as a catalyst to drive standardisation. HR is often very local and hard to drive the standards. GBS is a good way to partner and drive this where it matters – e.g. onboarding and employee data.”



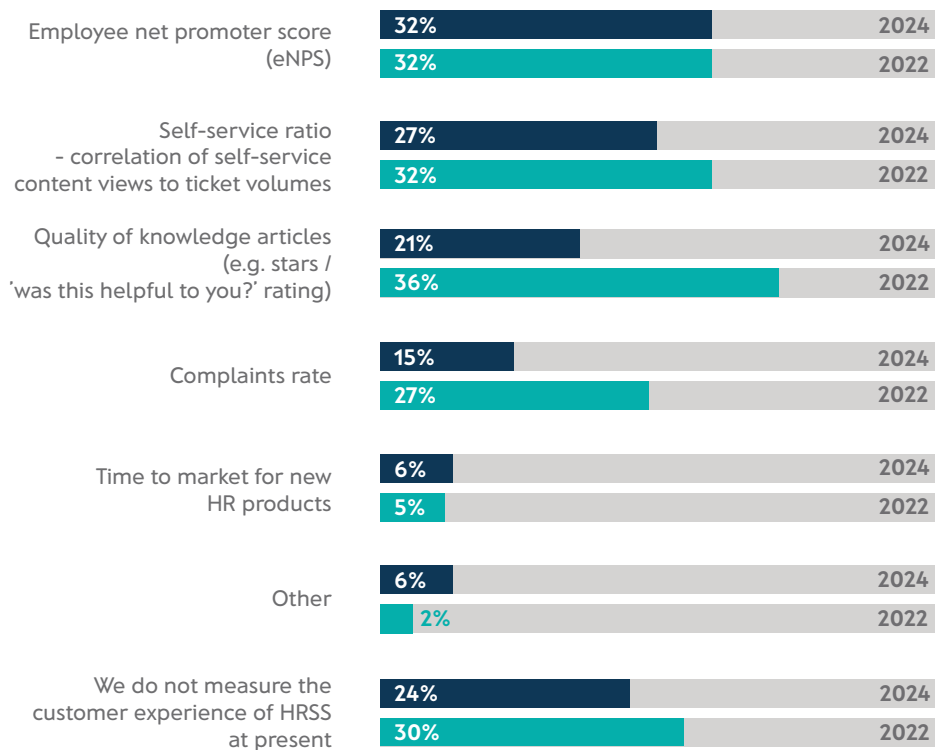
**Nick Prangnell**  
VP Global Business Services,  
Norgine

# Organisations are building a more holistic view of experience effectiveness, but there's still more to do

## How do you measure service effectiveness?



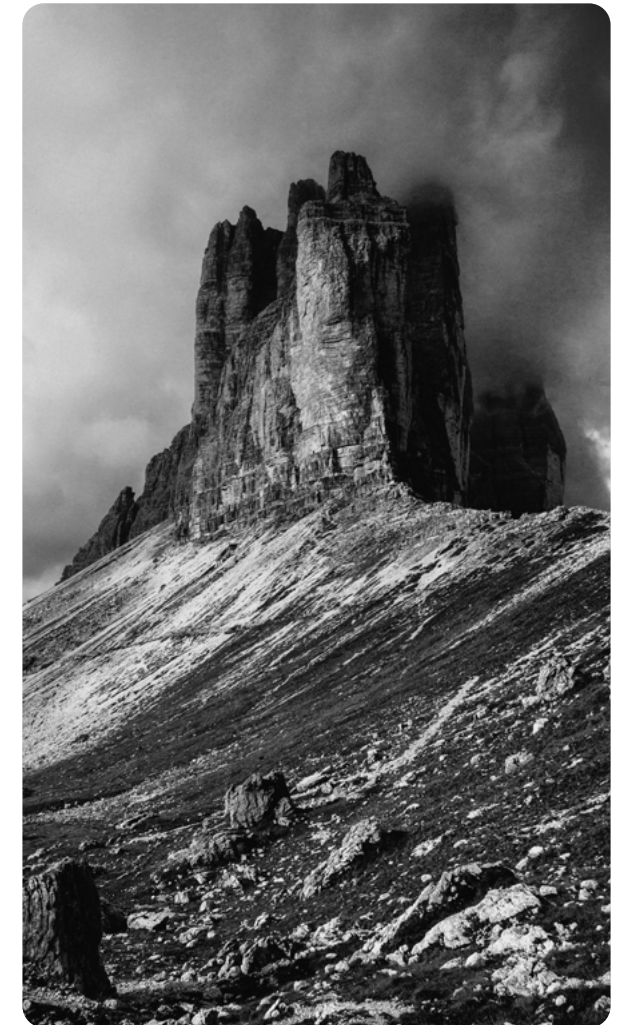
## What experience measures do you use?



Organisations are maintaining the status quo when it comes to managing service effectiveness – there has been no real change in the baseline data since 2020. Operational measures are still more popular than experience measures (74% vs 53% respectively), with a quarter of organisations still not measuring service effectiveness at all (24%).

Given the reported importance of the employee and line manager experience (it was cited as the number two priority for HR shared services leaders this year) it is surprising not to see more movement in this data. Is it in the 'too hard to measure' bucket? For organisations that measure employee experience, eNPS and

self-service ratio are the two most popular measures (32% and 27% respectively). 39% of respondents said they use two or three experience measures – allowing a more holistic view of experience than simply relying on eNPS.

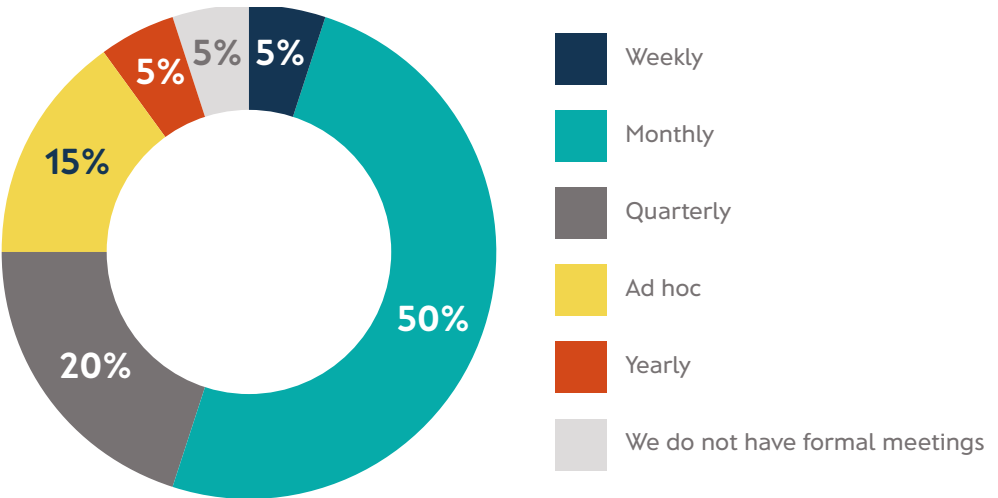
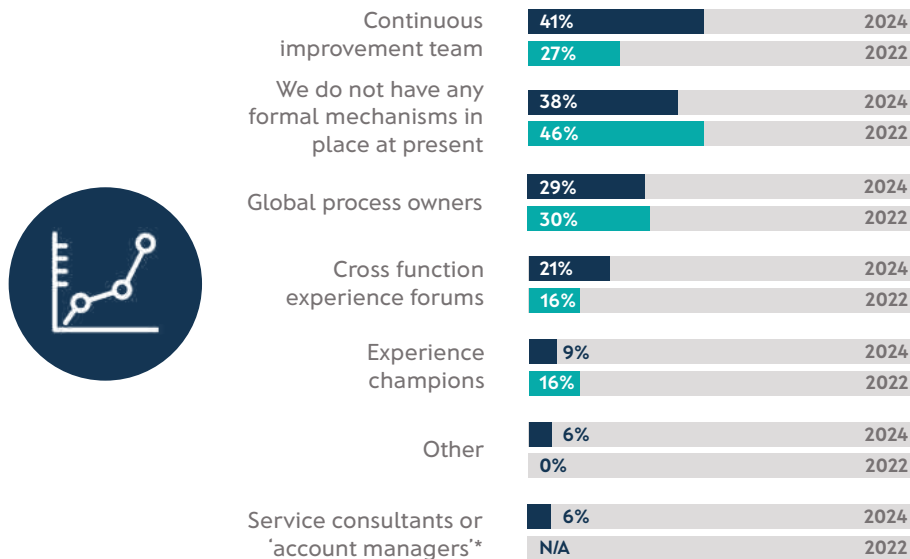




# A more conscious focus on continuous improvement

What mechanisms to support continuous improvement do you have in place?

How often do you meet with your third-party providers to discuss progress, effectiveness, future plans, etc?



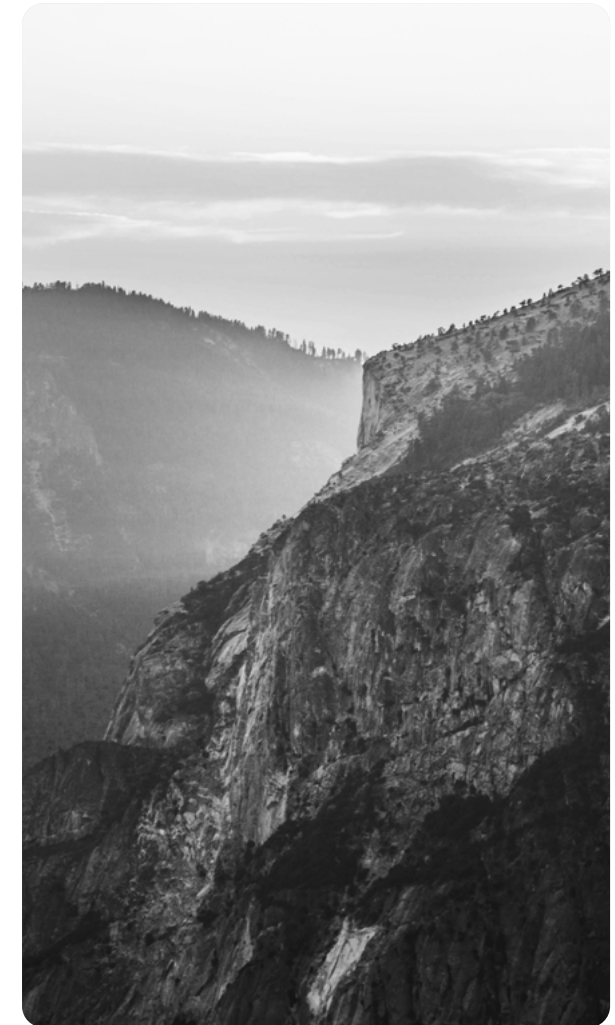
\*Added as a new option in 2024's survey

**Around two in three organisations have put in place formal mechanisms to support continuous improvement (CI) - up from just over half in 2022.**

The most frequent CI mechanism is a dedicated CI team (this has increased by 50% since 2022), followed by global process owners and cross function experience forums. As referenced in the section on capabilities and behaviours (page 37), CI remains a top focus for the year ahead so it will be interesting to see if, and how, this data shifts going forwards.

The majority (50%) of HR shared services leaders meet with third party providers monthly to discuss service performance (a new question

this year). There continues to be a reliance on operational measures to manage performance, although surprisingly not all those who have third party supplier relationships formally manage performance – two organisations (10% of those who said they outsource an aspect of HR service delivery) said they have no measures in place.



# Capabilities, behaviours and talent



The top skills go hand-in-hand with the top behaviours of 'customer first' mindset and being a trusted advisor, with an increase in the need for a greater focus on collaboration

### Which skills are a priority for you in 2024?

	2024	2022	Trend
Continuous improvement	74%	91%	-
Customer service (service excellence and EX focus)	71%	68%	-
Data interpretation and analytics	62%	57%	-
Digital	56%	41%	-
Generative AI related (e.g. programming, data manipulation and preprocessing, machine learning)	44%	-	New
Relationship management	38%	39%	↓
Solution design	29%	36%	↓
Strategic thinking and leadership	29%	23%	-
Communication	27%	34%	↓
Agile	21%	41%	↓
Compliance awareness	21%	36%	↓
Functional expertise (e.g. employee relations, talent, reward and recognition)	21%	20%	↓
Consulting	12%	9%	-
Coaching	9%	16%	↓
Commercial acumen (balancing customer-first mindset (value) with commercial realities (cost))	9%	23%	↓

### Which behaviours are a priority for you in 2024?

	2024	2022	Trend
Customer first mindset	79%	77%	-
Trusted advisor	59%	52%	↑
Resilience	56%	55%	↓
Collaborator	50%	36%	↑
Big picture thinker (how solutions fit together and with business requirements)	41%	45%	↓
Flexibility	32%	41%	↓
Creative innovator	29%	36%	↓
Challenge (not afraid to say 'no')	29%	34%	↑
Connector (facilitator of networks and connections)	29%	30%	↑
Integrity	24%	23%	↑
Empathetic and caring	21%	32%	-
Hunger to learn (brings the outside in)	18%	39%	↓

**Given that the top skills priorities have remained the same since 2020 and HR shared services leaders have been developing these skills within their teams during that timeframe, it poses a tough reflection question: is enough really being done? Why is this still an issue?**

For the past four years, the top three priority skills have consistently been: continuous improvement (74%), customer service (71%) and data interpretation and analytics (62%). Unsurprisingly, they underpin the priority strategic focus areas for HR shared services leaders (as shared on page 10).

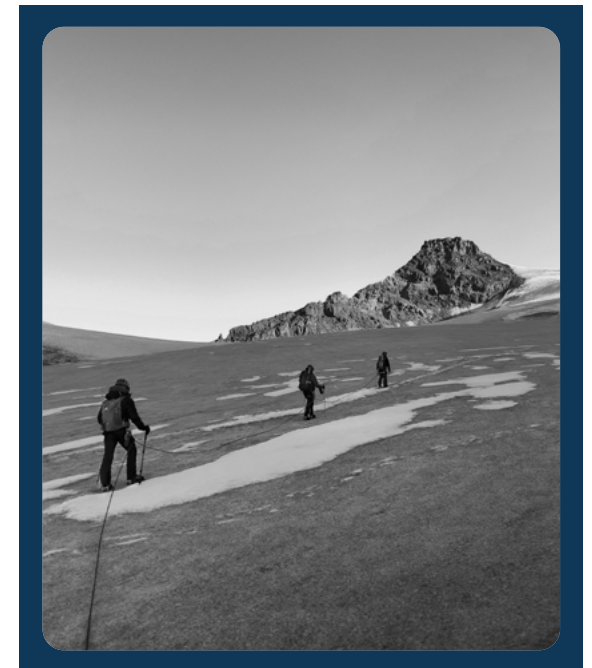
There has been an increase in organisations saying they need to accelerate their digital capabilities, up from 41% to 56% this year. This links to one of the top enablers for strategic success over the next 12-24 months – optimisation of digital enablers (as discussed in chapter 8).

Due to the potential impact of generative artificial intelligence (AI) on HR shared services operations and service delivery, we included a new option this year to reflect the specialist skills associated with using it. It ranks in the top five, at 44%.

The biggest movers in priority ranking are agile, compliance awareness and commercial acumen. They were sitting in the middle of the list in 2022, but are now in the lower quartile (commercial acumen

is now at the bottom, when it ranked seventh in 2022 for example).

Just over half of respondents (56%) selected three to five skills from the list.



**The top skills go hand-in-hand with the top behaviours – ‘customer first’ mindset (79%) and being a trusted advisor (59%). As we have seen throughout this report, employee experience is now firmly part of the HR shared services DNA.**

The biggest mover in priority ranking is collaboration, up three places from 2022 to fourth and with 50% of HR shared services leaders stating it as a priority behaviour for the coming 12 months – up from 36% in 2024.

Another notable change is the focus on hunger to learn (bring the outside in), which has decreased by 21% this year to only 18%. In the quest of continuous improvement,

keeping up to date with external HR trends and digital developments is key – therefore, whilst the ‘outside-in’ view might not be seen as a priority, it should not be lost sight of.

Nearly one in three respondents had three priority focus areas for behaviours; just over half (59%) had between three and five.



## Client perspective



“I’m not surprised that continuous improvement and employee experience remain top priorities. As technology increasingly handles routine tasks, HR shared services have to focus on more complex matters, requiring empathy and discernment. The ability to do this is a real differentiator and are skills that need to be developed.

The shift from an internally focused operational process mindset to a customer-centric, easy-to-deal-with, and outcome-focused mindset requires ongoing effort and time.”



**Ben Debnath**

Head of HR Operations,  
De Lage Landen Leasing Limited



## Client perspective



"Everyone has an objective around data, starting from the C-Suite and flowing down through every team. In the HR team, we track success against this objective by looking at quality for everyone (on time, late, no entry at all) and are now moving on to accuracy."



Director, Global HR Services and Operations,  
**Global Industrials Company**

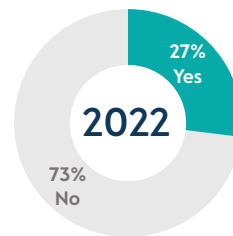
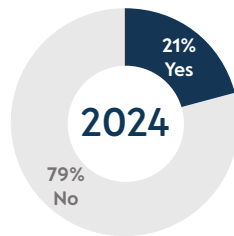


"Generative AI and moving to more open access data is coming, whether we like it or not. As HR shared services and GBS leaders, we can't afford not to be thinking about it now and building a plan."



Director of Reward and HR Shared Services  
**Global Consumer Business**

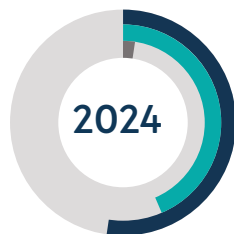
Is having an HR qualification on your job description a pre-requisite for your HR advisors?



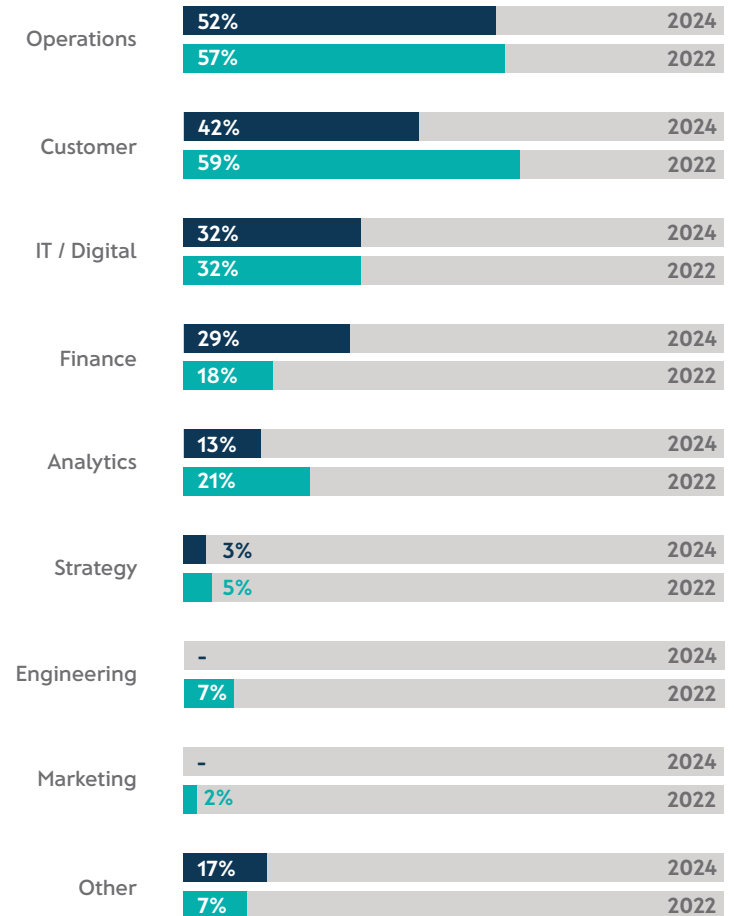
How often do you source talent from non-HR backgrounds into your HR shared services teams?



To what degree do you see this needing to change in the future?



If you do bring in talent from non-HR backgrounds, where have your new joiners come from over the past 12 months?





There have been no significant shifts talent sourcing approaches over the past two years – 44% of respondents said they did not see the need to change that much, up from 27% in 2022. This suggests that either HR shared services leaders are happy with the model and it's working well, or that other priorities are more important (the adage of 'if it isn't broken, don't fix it').

In line with 2022, roughly a quarter (27%) of HR shared services leaders said they regularly source talent from non-HR backgrounds, although the proportion who answered 'rarely' is much higher in 2024.

Most of this 'external' talent still comes from areas such as Operations (52%) and Customer

Services (42%), although there has been a significant rise in the proportion coming from Finance (up from 18% in 2022 to 29% in 2024).

Most respondents continued to say that they do not feel that an HR qualification is a pre-requisite for an HR advisor role. This reflects the finding that whilst content knowledge is important, broader skills and behaviours around innovation, service and analytics are critical and they are developed through experience in a variety of prior roles and contexts.

## Client perspective



“Whatever way you look at it, our resourcing model is changing both in terms of skills needed and also the expectations of colleagues moving into careers.

People are moving faster through HR shared services roles. This may be generational, it may be aspirational with the changing face of technology and media expectation. The pace of change will probably outstrip our ability to create strong pipelines of talent soon so we must plan now or face talent shortages in the near future.

One thing we should all aspire to do and to be proud of when we achieve it, is to be able to welcome people into HR shared services based roles and to be ready to facilitate mobility into other roles in organisations – a strong HR shared service colleague has a wealth of expert knowledge to take forward.”



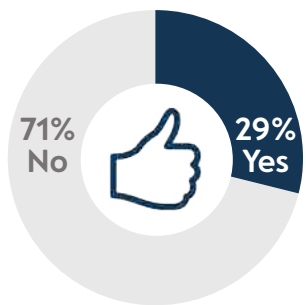
**Ben Steel**

Global Head of HR Operations,  
Informa

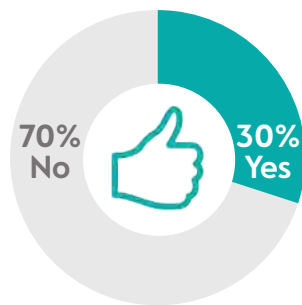


# Organisations are taking a holistic approach to talent development, yet most still do not have defined career pathways for their HR shared service team members

Do you have defined career pathways for your HR shared service teams?



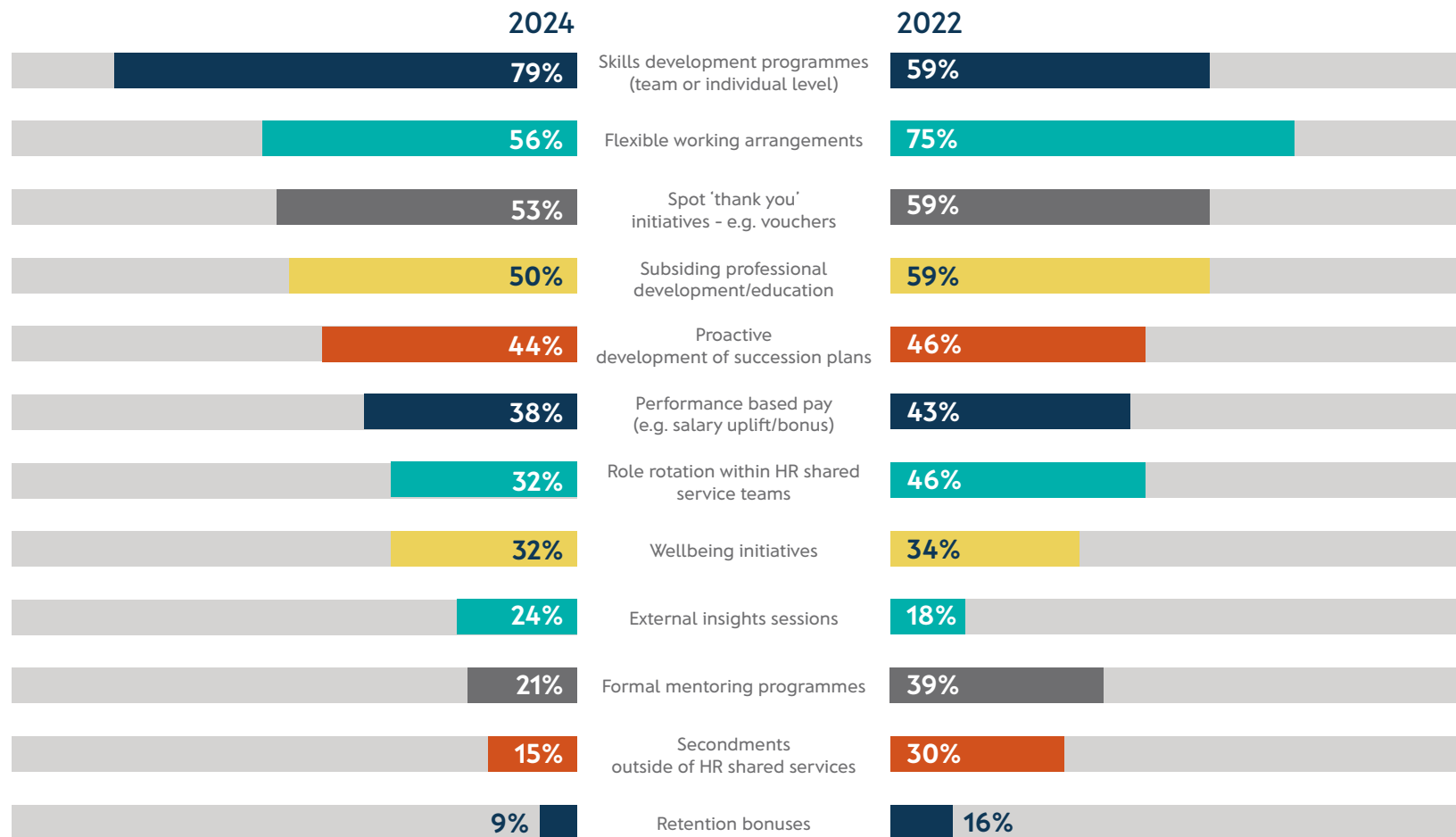
2024



2022



## How are you investing in the development and retention of your teams?



**Nearly three quarters (71%) of HR shared service leaders still say they have no defined career pathways for their teams. Interestingly, the proportion of respondents saying that ensuring a 'great' employee experience for their HR shared service teams is a priority for the next two years has dropped significantly – from 75% to 27% this year (as discussed in Chapter 9).**

In our conversations with our HR Shared Services Forum, members openly acknowledge that more needs to be done to support career development into, within and out of HR shared services organisations, but that when push comes to shove, other priorities take precedence – and this is what the data in this report continues to show us. Even

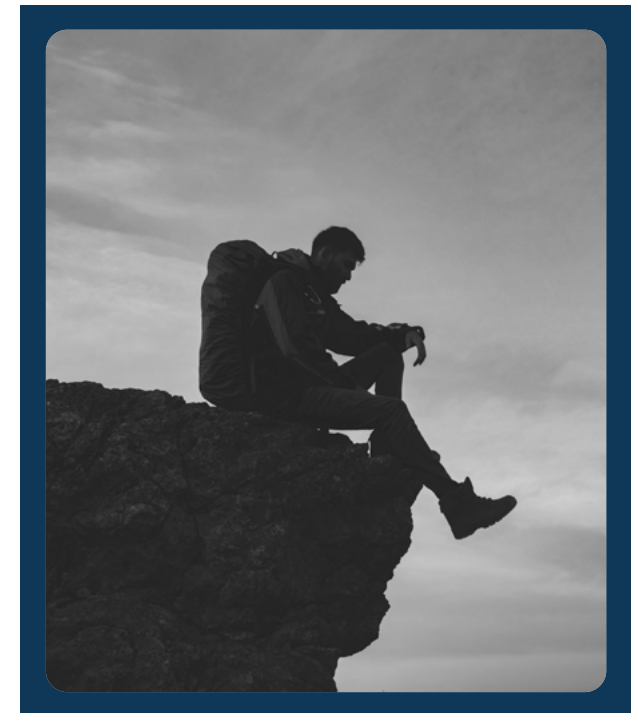
so, that doesn't mean that nothing is happening, just that it is perhaps not happening at the pace they would like. So, what initiatives are being deployed to support the development and retention of HR shared services teams?

Skills development programmes is the most popular initiative, up by 20% since 2022 to 79%. This is followed by flexible working arrangements (65%) and spot 'thank you' initiatives (53%).

Role rotation was the joint third most popular initiative in 2022, but is now down to seventh place at only 14%. In addition, formal mentoring has dropped from fifth to tenth place.

Less emphasis is being placed on monetary incentives, such as performance related pay (used by

around one in three organisations) and retention bonuses (used by 9%). This could be due to increased budgetary pressure and/or a reflection that a holistic approach to development and retention is needed.



# Client perspective



“At IFS, we’ve implemented a defined career pathway within the function and focused heavily on skills development. This is paying forward as we’ve got a talent pipeline ready to deploy as we grow and take on new requirements. It has also significantly reduced attrition. We’re still working on a potential programme to look at career opportunities that segway out of HR shared services to other functions outside of HR, such as Consulting and Customer Success.

The actions we’ve taken and the benefits we’ve seen:

- Ad-hoc training session delivered throughout the year by experts from other teams
- Quarterly training sessions developed and delivered by HR shared services senior lead
- Scope for progression has evolved from four to six levels
- Retention rates have improved, with no unplanned leavers since the new HR services structure was introduced, meaning we are actively retaining our best talent
- Engagement scores continue to improve
- Collaboration with other teams to widen the scope for career progression opportunities.”



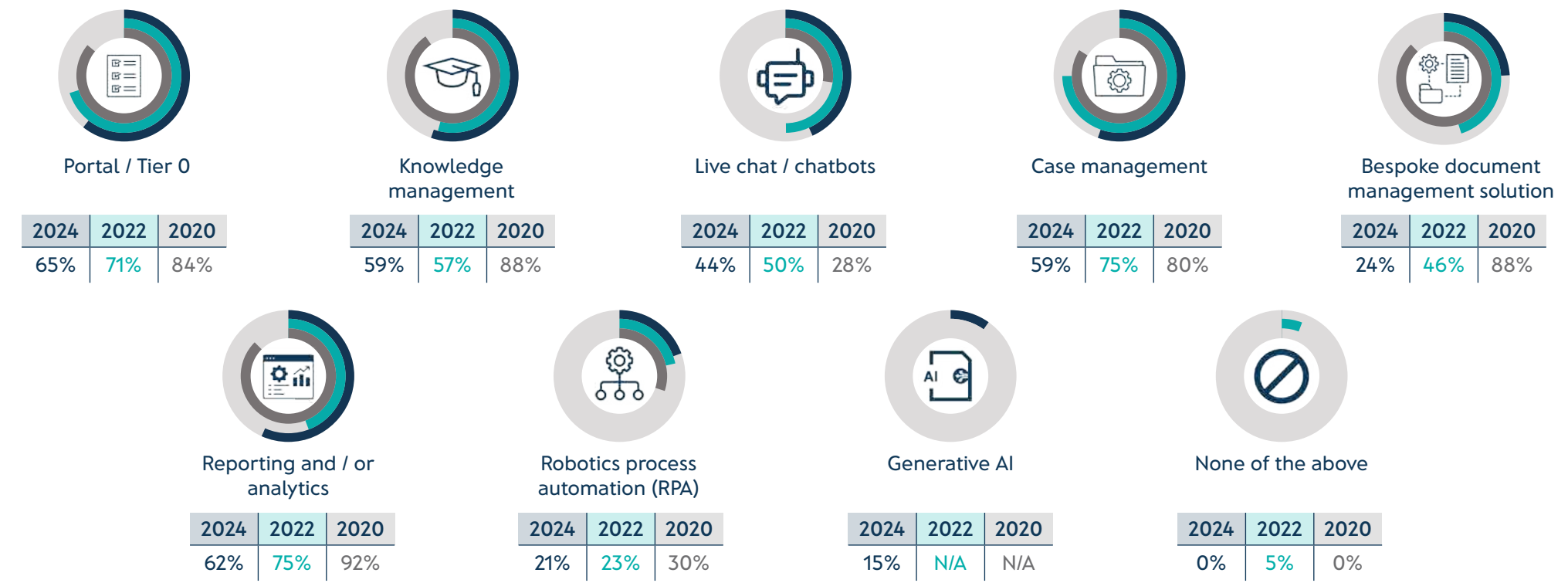
**Clare Phillips**  
Global Head of HR Services  
IFS



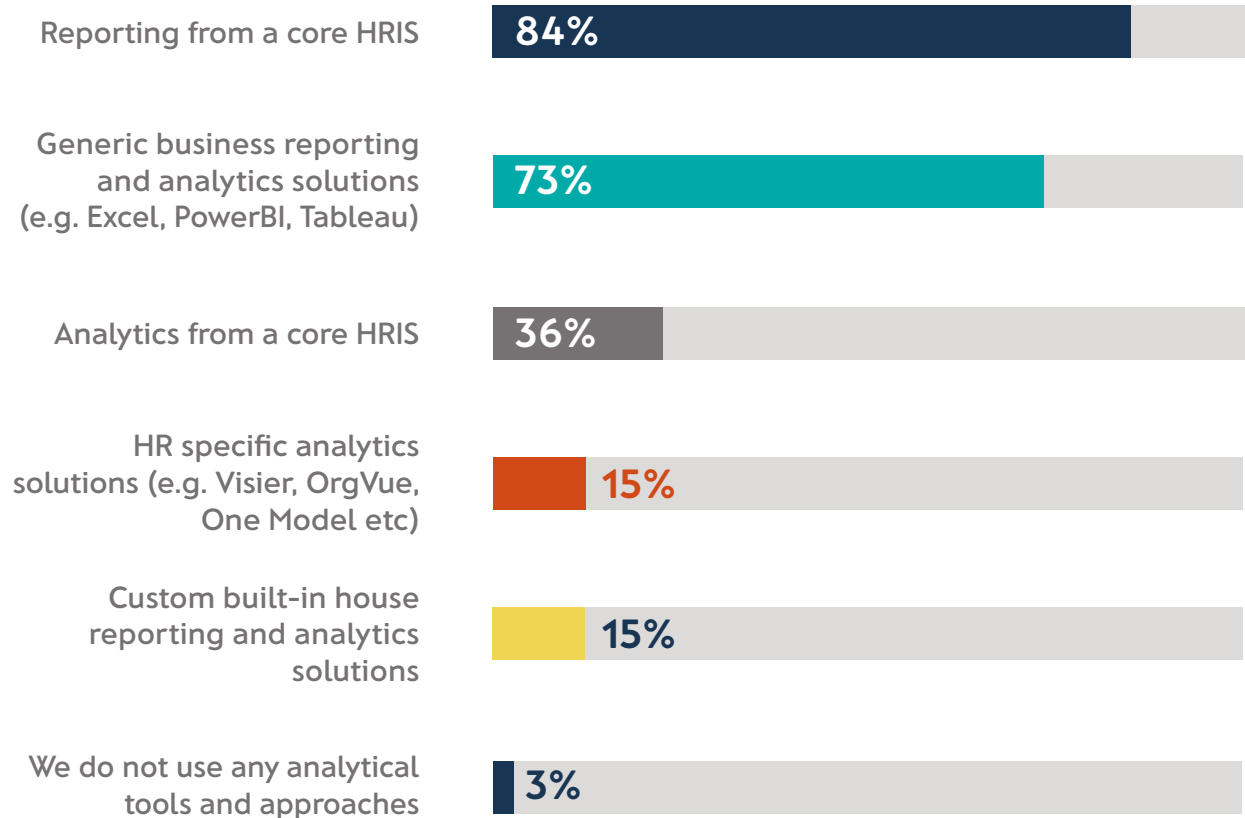
# Digital enablers

# Organisations continue to expand their portfolio of service delivery technologies but are still to close the opportunity ‘gap’ for AI and advanced analytics tools

What service delivery technologies do you use?



If you use analytical tools and approaches to support day to day HR shared services service delivery and operations, what types do you use?





**Our survey data over the past four years has shown a bi-annual decline in the usage of service delivery technology across practically all dimensions. However, the spread of different types of service delivery technology used by organisations has increased since 2022, from between two and four in 2024 (52%), to between three and six this year (56%).**

The most frequently used technologies remain the same across 2020, 2022 and into 2024 (knowledge management, reporting / analytics and document management), although their priority ranking has fluctuated. The largest fluctuation in ranking is document management – moving from being joint second popular in 2020 to fifth place this year, with the proportion of organisations saying they use it

halving in each survey. Given the importance of having a robust document management strategy and approach to ensure compliance (especially in countries such as Europe with GDPR), this perhaps raises some questions for HR shared services leaders.

Usage of RPA and AI remains low, at 21% and 15% in 2024 respectively.

Further exploitation of more mature and advanced analytical tools and approaches remains an opportunity for HR shared service organisations. Reporting capabilities of a core HRIS or generic solutions (such as Tableau and PowerBI) are the most used – 84% and 73% respectively – whilst more specific analytics solutions (either off-the-shelf or built in-house) are only used by 15% of respondents.

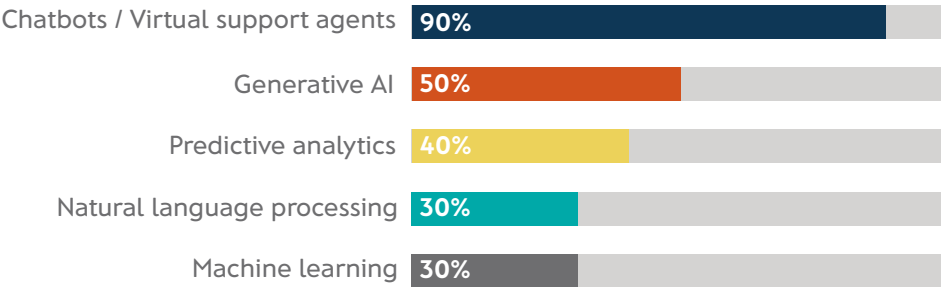
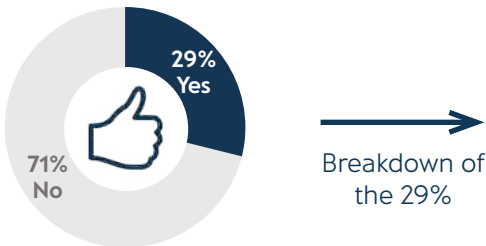
As detailed in the section under capabilities and talent (page 37), data interpretation and analysis remains one of the top three skills priorities (a theme for the past two years). This is perhaps linked to the continuing maturity of analytical approaches and low adoption of RPA and AI mentioned above.



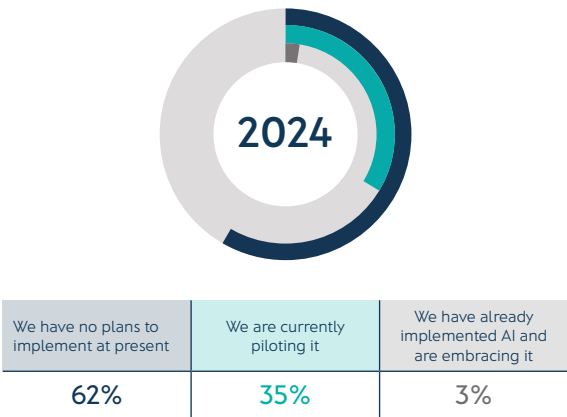


# Organisations are taking baby steps with generative AI, with returns largely in line with expectations

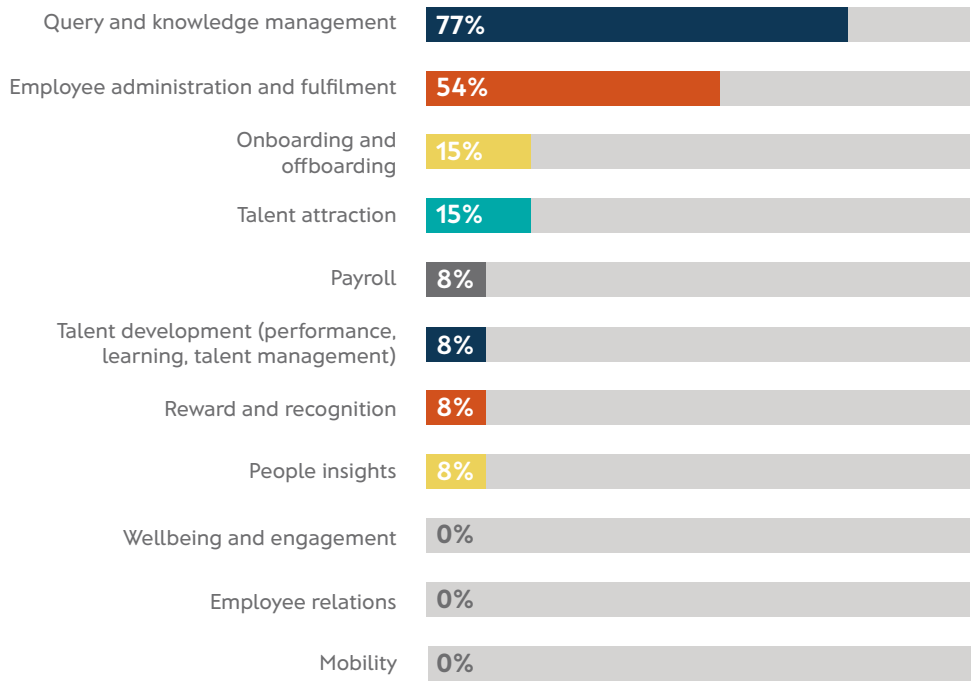
Do you currently use artificial intelligence (AI) in your HR shared services processes?



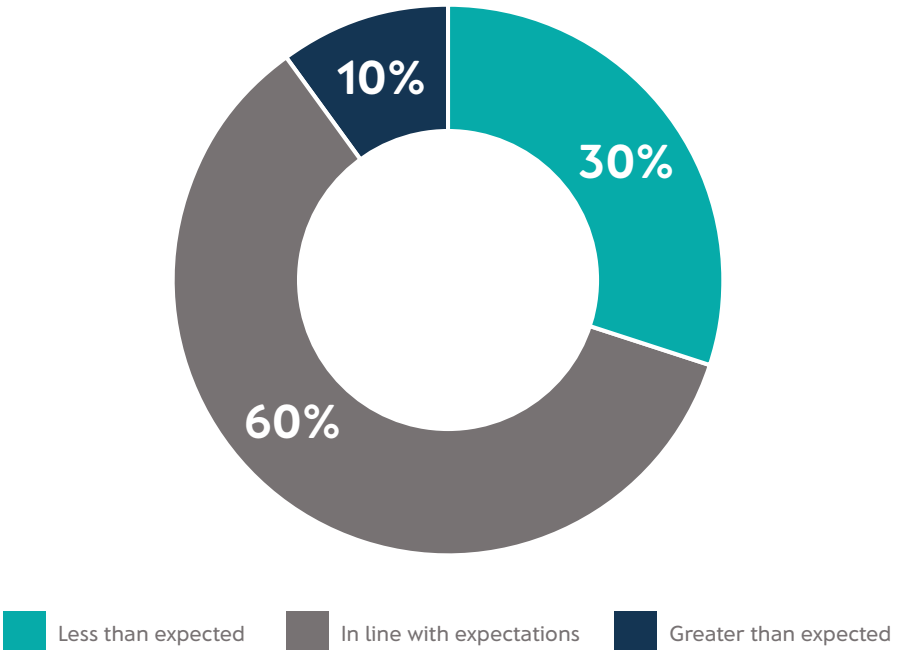
How do you see your use of AI across your HR processes evolving over the next 12 months?



If you have implemented / are piloting AI, which processes is it being used in?



What has been the return on investment from AI?



**There has been much talk in the market about whether generative AI is the 'next big thing' for HR service delivery and employee experience, much in the same way that moving to cloud HR technology was. As such, we included a deeper dive into the topic in this year's survey to better understand what's happening in the HR world specifically.**

29% of respondents are currently using AI. Of these, all but one use chatbots - the typical entry point to exploring AI and one of the more established offerings in the digital marketplace. Generative AI is still in its infancy in HR. Only five organisations (15%) stated that they are currently using it in HR shared services processes.

The top two areas in which AI is being used currently are query/ knowledge management (77%) and employee administration (54%). This is perhaps not surprising, given that these processes are typically the core remit for HR shared services and key to delivering brilliant basics every day for employees and line managers. Alongside this, organisations are also slowly starting to dip their toes into exploring AI in more specialist areas, including talent attraction.

New roles being created in HR shared services to support the implementation of AI include knowledge curators and people analytics / data scientists, along with investing in additional capability around robotics and building AI solutions.

For those who have implemented AI, the return on investment has largely been in line with expectations (60%), although almost a third said it had been less than expected – not an insignificant finding.

However, despite all the market noise, the talk is not yet turning into action as nearly two thirds (62%) of respondents said that they had no plans to implement AI over the next 12 months – barely any change to two years ago, where it was 68%. When we consider about future investment in digital, AI is low down the list there too, with only 13% stating it as a priority for technology investment over the next 12 months (as shown on page 60).

## Client perspective



“We need a more structured orchestration of information if we want generative AI to be successful. There’s an even greater risk of information overload for people.”



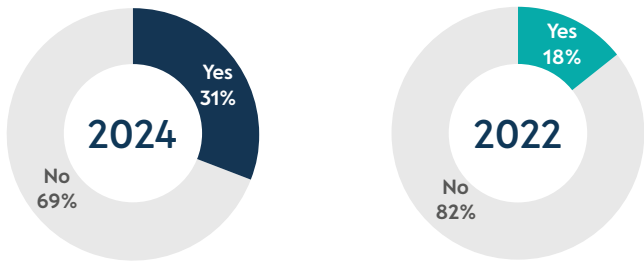
VP People and Culture Global Operations  
Global Consumer Business



# Investment in service delivery technology continues to be important

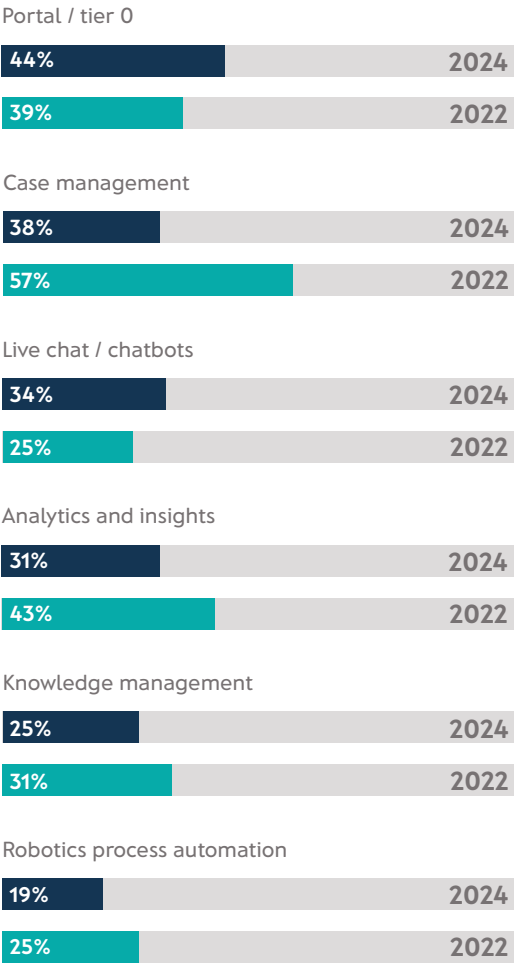
If you are making an investment in technology in the next 12 months, where will you be focusing?

## Moving to the cloud

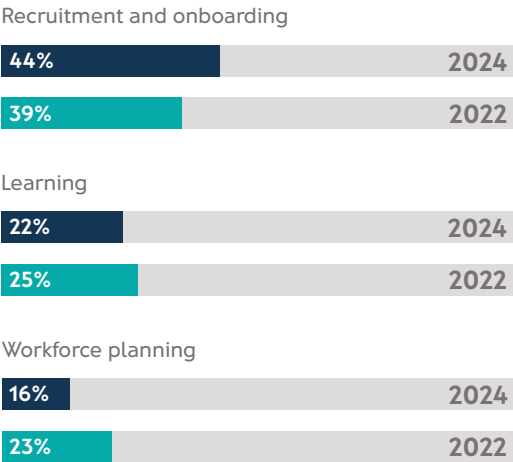


Respondents could select multiple responses from a list of 19 options to this question (moving to the cloud, nine vertical solutions across the employee lifecycle and nine service delivery technologies). The 10 most popular responses are shown here.

## Service delivery technology



## Best of breed solutions



**Investment in service delivery technology continues to be more important than investment in vertical / best of breed solutions in 2024, with six of these capabilities featuring in the top 10 areas for digital investment according to survey respondents.**

Portal/tier 0 and recruitment/onboarding are the top areas for digital investment over the next 12 months (both at 44% and a slight increase on 2022).

Notable decreases from 2022 in the overall percentage of respondents saying it is a priority for investment include:

- Live chat / chatbots: down 9%, to 34% this year
- Case management: down 19%, to 38%

- Knowledge management: down 14%, to 25%.

The perceived need to invest in knowledge management has decreased over the past four years since our first survey – it was one of the top two priorities for investment in both 2020 and 2022 but has fallen to fifth in the rankings in 2024.

Almost all (10) of the 11 organisations who were currently using on premise HCM platforms said they planned to move to the cloud in the next 12 months.



## Client perspective



“The potential for AI to unlock productivity is huge. We could get to a place where the helpdesk does not exist and we shift the focus of these HR shared services teams to be content writers and analysers.

Right now, there are moments that matter which need human intervention, but I don't have the luxury of doing them as I don't have the headcount. Generative AI could free that headcount up, so I reallocate it to where it makes the biggest impact.”



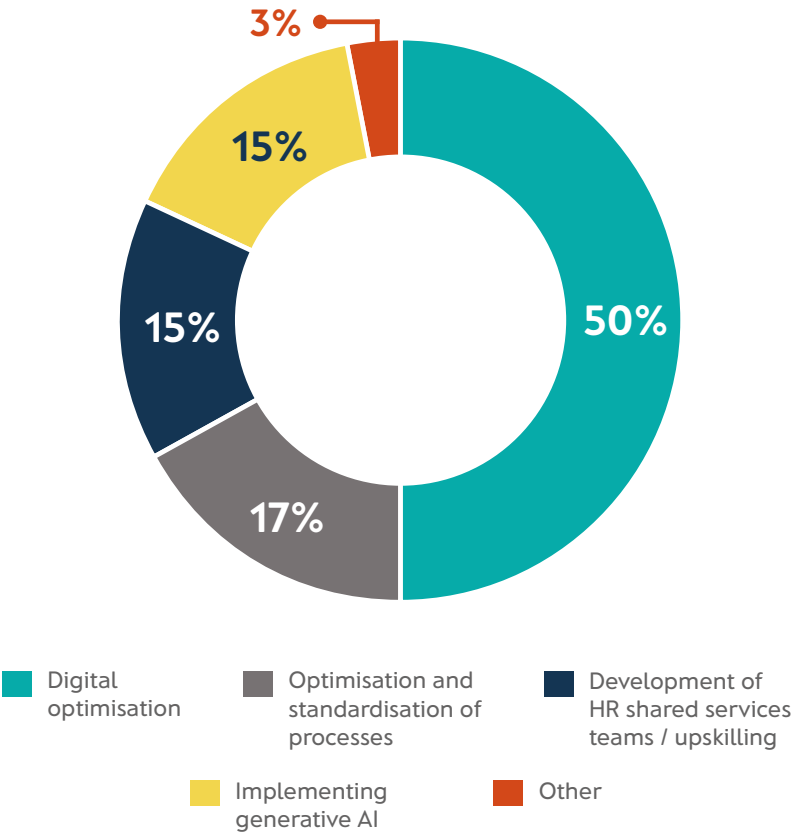
**Alex Gasmena**

Senior Director, Global Human Resource Services  
Equinix

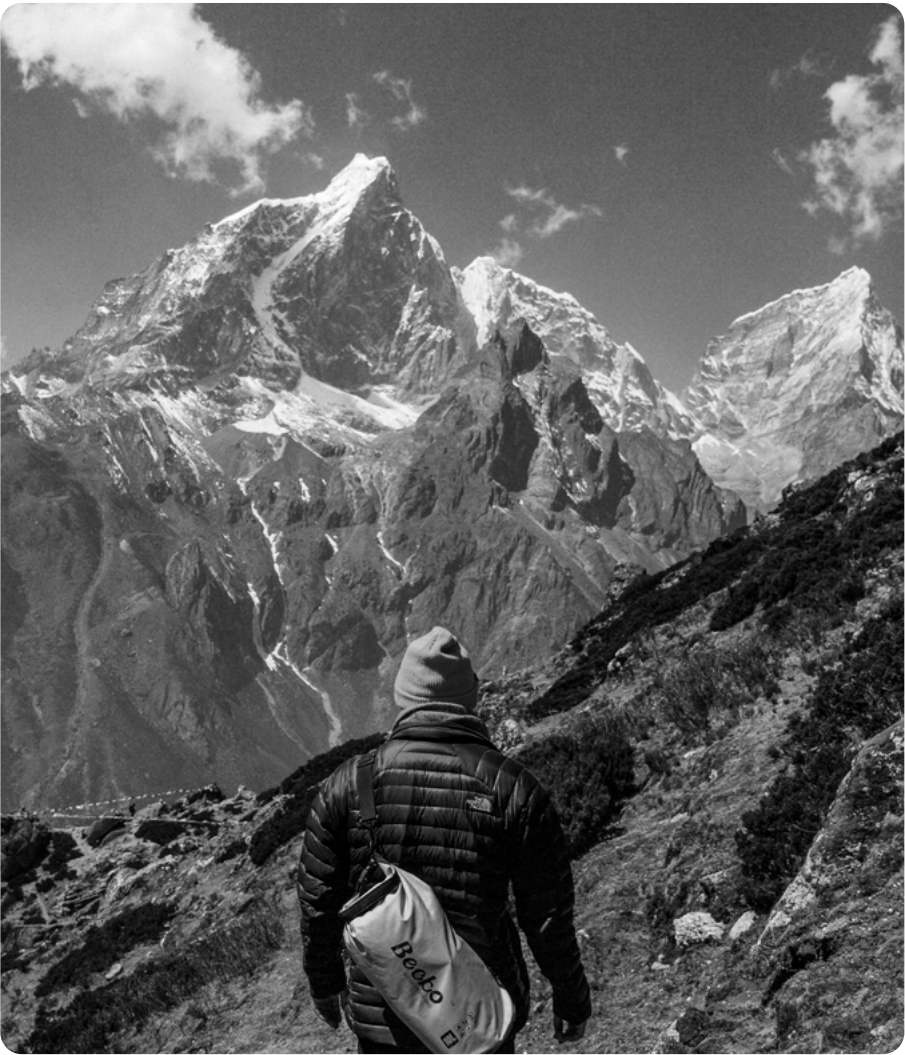
# Looking ahead



What is the key area you will be focusing any investment budget on over the next 12-24 months?



A new question for 2024 and respondents were allowed to select only one answer.



**Digital optimisation is the top investment priority – 50% of HR shared services leaders will be focusing any investment budget on this over the next 12-24 months.**

Whilst it is perhaps unsurprising to find digital investment at the top of this list (given that nearly half of the

respondents said that their current HR systems and digital enablers are not fit for purpose), of the 17 organisations that chose it as their response, only eight then said that they thought optimisation of digital enablers would be critical to their success over the next 12-24 months (our final survey question).

Ultimately, all elements of the HR shared services operating model (people, processes, technology, governance, ways of working) are equally important to help achieve strategic objectives and deliver functional and business value – some just require more investment of time, resource, effort and budget (such as technology).



## Client perspective



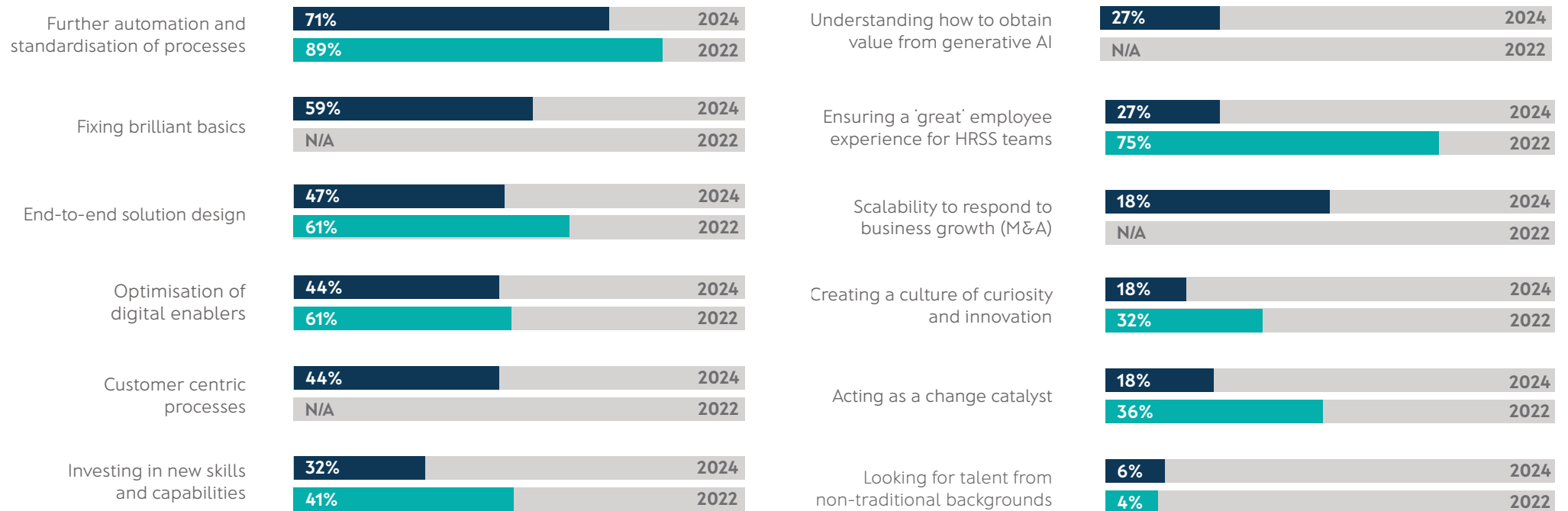
“Technology must augment the experience, not replace it (people).”



**Niro de Alwis**

Head of HR Business Services Asia Pacific,  
**Chanel**

## Overall, what do you think will be critical to your success over the next 12-24 months?



Respondents were allowed to select multiple answers for this question.



Standardising and maintaining robust foundations remain the priority for the next 12-24 months.

This year, we included four new options for this question:

1. Fixing brilliant basics – this is different to further automation and is something that so many organisations we speak to say they still need to focus on, therefore we wanted to see how common a theme that was more widely in the marketplace.
2. Customer centric processes – linking to employee and line manager experience and focus areas, as discussed in chapter 5.
3. Understanding how to obtain value from generative AI – the innovation that everyone is talking about.

4. Scalability to respond to business growth mergers and acquisitions – a nod back to business strategy for some organisations, although this is very context specific and not necessarily applicable to all.

Further automation and standardisation of processes not only remains the main objective of HR shared services leaders in the next 12 months but it also continues to be seen as most critical to success for the future. Nearly three quarters of respondents (71%) cited this, linking to the earlier finding that HR shared services teams are placing a more conscious focus on continuous improvement.

When we adjust the findings to compare rankings like-for-like across 2022 and 2024 data, the largest change is that ensuring a

‘great’ employee experience for HR shared services teams has dropped significantly – from second in 2022 to fifth in 2024 (from 75% to 27%). If the data around talent development in chapter 7 showed that most organisations had comprehensive plans in place develop and retain the best talent, then it might explain this shift in opinion – but it’s not showing this. Career pathways within HR shared services and out into the wider HR function / business still remain a gap, with no movement in that data at all in the past two years.

Whilst the overall percentage of respondents choosing the options of end-to-end solution design and optimisation of digital enablers has fallen, they remain in the top three enablers for success in 2024, as per 2022.

Fixing brilliant basics is still a focus area, cited by over half of respondents (59%) and ranking second on this list. Given these are the foundations for effective day-to-day service delivery and ultimately credibility (e.g. accurate data or on-time and quality service), it poses the question: why is this still an issue?



## Client perspective



“Further automation and standardisation, fixing ‘brilliant basics’ and end-to-end solution design are fundamentally linked together – you cannot achieve one without the other two. For example: If you look at a complex process like onboarding, to get the basics right you must agree automation and standardisation with all teams that support the end-to-end process.

You can then focus on some of the more value add elements like experience once the basics are happening consistently. You must work with teams like recruitment, IT, facilities, etc. and look at things from the hiring manager and candidate perspective to improve things that will stick, getting the balance between experience, compliance and efficiency.”



**Paul Eaves-Seeley**  
Director of People Services,  
Mitchells & Butlers

# Conclusion and reflections





## Service offering and client centricity

- What is your value proposition for HR shared services and how well are you articulating this?
- How can you create a 'pull' from markets / business units for HR shared services support?
- How are shared services teams driving innovation as part of BAU, not just during transformation?
- Could you be bolder in sharing successes and stating what you expect of others to help your HR shared service teams be successful?
- In the hunt for productivity (effectiveness/efficiency) through automation, have you lost sight of 'human' intervention where it really matters? How 'personal' does the experience now feel? Does that matter?

## Structure, governance and continuous improvement

- How are you sharing learnings across hubs and virtual teams?
- If you have many countries with small employee populations (or a 'long tail'), are there opportunities to leverage scale and enhancements through a wider Global Business Services model?
- Have you put measuring experience in the 'too difficult' bucket or do you have clear, tangible and holistic measures in place to enable action?
- What does 'continuous improvement' mean in your context? Should it be part of everyone's objectives to reinforce behaviours?

## Capabilities, behaviours and talent

- We must turn the dial on HR shared services talent development and make it a priority, both in terms of time / capacity to focus on it and HR and business investment.
- Do you have a plan for each of the skillset priorities on your list – skills for today as well as those you'll need in two to three years? Are you reactive or proactive?
- How well are you sharing the experiences and career stories of those joining your teams from a non-HR background? What role models are you creating to inspire and energise others?
- The ability to work flexibly is now a standard expectation of most employees and new joiners. If this is one of the top three 'development' initiatives on your list, you need to think bolder.

## Digital enablers

- We must critically hold up the mirror and stop getting distracted. The time has come to fix the basics, once and for all – process, data, governance. Without these, any future digital investment will not realise its true potential.
- The business expects insights driven people decisions. Relying on the reporting capability of your HRIS is not sufficient. What advanced capabilities do you need to tackle complex, value differentiating business problem statements?
- What is your approach to document management? Think beyond compliance.
- The world of digital innovation is evolving so fast that you cannot afford not to have a plan for generative AI. What new roles do you need to create? What foundational preparation activity do you need to undertake? How can you partner with IT, Legal, Risk and other functions?

Small adjustments and lever-pulling can create a high impact, business aligned capability that is integral to HR's success – irrespective of how mature the HR shared services function is or the level of financial investment available.

**Business objective****Example questions HR shared services leaders might want to consider**

The desire for engagement and customer intimacy

- Are your teams aligned to support end-to-end delivery or 'employee journeys'?
- How are you going to measure 'experience' and 'customer intimacy'? What does success look like? What feedback mechanisms do you have in place and how well are they working?
- How involved are different business employee groups in the design of new services and knowledge sharing?



The hunt for productivity (efficiency / effectiveness)

- Would the shared governance associated with moving to a GBS model drive greater process standardisation and improvement by taking a holistic cross-functional lens? Could it make the investment case a little easier for service delivery technology (i.e. more scalable)?
- Have you really fixed the basics (data, policies, knowledge articles) to enable you to get the best from AI? Who owns the AI agenda within HR? What is the impact on the HRIS team today and in the future – roles, skills, ways of working?



The quest for agility

- Is your partnership model future-proofed? Does it allow you flexibility to scale up / down services effectively? Could you use alternative talent pools to greater effect, versus relying on formal partnerships?
- Do you need a dedicated change / projects / continuous improvement team (or capability) in HR shared services to help you scale and provide consistency of service delivery as you do so?



The pursuit of rapid growth

- Do you have a plan for developing resilience and innovation skills across the HR shared services teams?
- How repeatable and scalable is your process intake approach (e.g. for new services or markets coming into scope through business growth)?
- What services are 'core' versus those you might want to rent or buy using partners?

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