

CIPD

# HR practices in Ireland 2023

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Survey report  
May 2023

The CIPD has been championing better work and working lives for over 100 years. It helps organisations thrive by focusing on their people, supporting our economies and societies. It's the professional body for HR, L&D, OD and all people professionals – experts in people, work and change. With almost 160,000 members globally – and a growing community using its research, insights and learning – it gives trusted advice and offers independent thought leadership. It's a leading voice in the call for good work that creates value for everyone.

Survey report

# HR practices in Ireland 2023

## Contents

1	Key findings and recommendations	2
2	Introduction	4
3	The growing impact of the people profession	5
4	The ongoing challenge of skills shortages	7
5	Hybrid working is here to stay, but challenges persist	10
6	Tackling culture and performance	13
7	Line managers a key constraint	16
8	Absenteeism and mental health	17
9	Research method	18

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# 1 Key findings and recommendations

## Skills shortages

Accessing key skills in the Irish labour market remains the key driver of the people agenda in many organisations, as 90% of survey respondents experienced skills shortages in the past year. A new priority emerging this year was leadership development, identified as the skill area of greatest concern in relation to attracting and retaining employees. For five years, the *HR practices in Ireland* survey has identified weak line management capacity and capability as a constraint to implementing successful HR practices, and this needs to be addressed to deliver a strategic approach to human resource management.

## Recommendations

- Analysis of future skills requirements needs greater attention, matched with increased upskilling effort to reduce skills gaps.
- Investment in leadership and people management skills is immediately required to build capability to lead and retain employees.

## Employee turnover

2023 is the first HR practices survey to identify the way the cost-of-living and housing crises are changing employee behaviour, contributing to increased employee turnover. They emerged as key drivers for employees to change jobs and are contributing to mental health issues. Despite organisations having a range of employee wellbeing initiatives in place, and the topic appearing on senior leadership's agenda, heavy workloads and burnout within the workforce remains evident, impacting both employee turnover and mental health.

## Recommendations

- Implement pulse surveys to identify the profile of employees at most risk of leaving, and the drivers of their behaviour. Take action based on the survey findings.
- Review reward benefits to ensure they are targeted at employees' immediate needs.
- Implement financial wellbeing measures to help deal with rising costs and accommodation supports where necessary.

## Hybrid working

Ways of working have yet to settle down since the pandemic and access to remote and hybrid working continues to grow. Hybrid working has been driven by team needs, most commonly resulting in employees working two or three days on-site and the remainder from home. Some of the difficulties of operating in this environment are now becoming clearer, and this survey found increased challenges in dealing with work culture, wellbeing, managing

performance and innovation. For many organisations, culture is in need of a reset in 2023, and greater focus is due to be placed on the employee experience, use of social gatherings and anchor days as tools to address this.

#### **Recommendations**

- Recognise that remote and hybrid working needs ongoing evidence and testing to embed effectively.
- Train and support managers to operate effectively in a hybrid world.
- Refocus the organisation's culture to realign with future ways of working.

#### **Sustaining the impact of the people profession**

The visibility of the people profession remains high, driven by influencing the strategy and direction of their organisations, putting strong emphasis on business partnering and adding value. Use of technology to support the work of the function is increasing slowly, and transformational change and people analytics remain key development areas. The sustainability agenda is growing from a people perspective, and particular attention was given to employee wellbeing, enhancing employee voice and participation, and fostering diversity and inclusion.

#### **Recommendations**

- Sustain the alignment of people priorities with organisations' priorities to maximise the impact of the profession.
- Ongoing development, particularly in digital transformation, is critical to maximise the benefits of technology in delivering HR strategies and services.
- Upskill employees on sustainable HRM practices and provide appropriate leadership on addressing the issues organisation-wide.

#### **Line managers**

To keep good people practices alive, the contribution of line managers is crucial. But a lack of time and weak devolution of responsibilities have resulted in large gaps in line manager engagement over the last five years. With leadership development emerging as a key organisational and HR priority for 2023, now is the time to take action to address this.

#### **Recommendations**

- Put metrics in place to demonstrate the impact of line management on employee performance and retention and agree future priorities and practices.
- Diagnose key skills gaps and invest in building leadership and people management skills.
- Define how best to devolve HR practices and support managers in their people management responsibilities.

## 2 Introduction

The CIPD's *HR Practices in Ireland* report provides annual insights on dealing with the challenges and concerns of the people profession in Ireland. The research is conducted in conjunction with the Kemmy Business School, University of Limerick. The environment for the past year has been challenging for organisations and people professionals, amid high levels of global uncertainty and inflation. Understanding how organisations and HR practitioners responded to these challenges, and their future plans, enables the profession to benchmark their practices and improve their impact.

The 2023 survey explores the visibility and impact of the profession, key priorities and challenges, and how these are being dealt with. It looks at how new ways of working are being implemented, the impact on culture and productivity, along with the attention on wellbeing, inclusion and sustainable people practices.

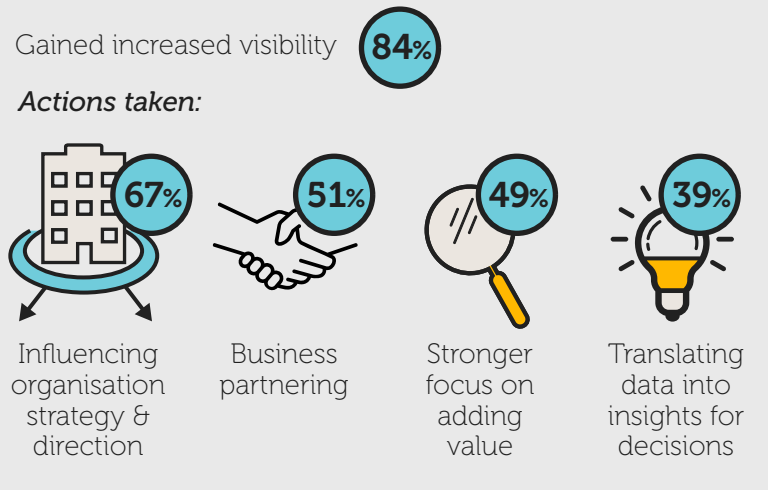
# 3 The growing impact of the people profession

## How HR teams add value



The 2023 *HR practices in Ireland* survey addresses the challenges and critical issues facing organisations from a people management perspective, and how HR professionals are adding value to their organisations and driving positive change in how work is managed, valued and rewarded.

## Building visibility



The contribution of HR is more vital than ever as we address external challenges and embed new ways of working. Our findings reveal that progress is being made in relation to providing evidence-based insights for decision-making (up to 87% from 75% a year earlier), and 84% reported that the HR team's visibility

has grown in the past year. The factors driving this increased visibility were influencing the organisation's strategy and direction (67%), business partnering (51%), and putting a stronger focus on adding value (49%).

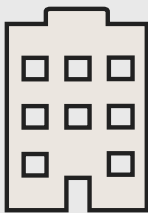
Our findings show that HR teams see themselves as adding value in a range of ways, from championing diversity (93%) and enhancing the employee experience (90%) to leading change effectively (82%). Another positive trend was that 87% reported providing evidence-based insights for decisions, up from 75% last year.

### HR skills development



- Transformational change
- HR analytics and technology
- Business acumen
- Leadership

### Top priorities over the next two years



#### *For organisations*

- Leadership development
- Talent management – attraction, retention & development
- Employee experience



#### *For HR functions*

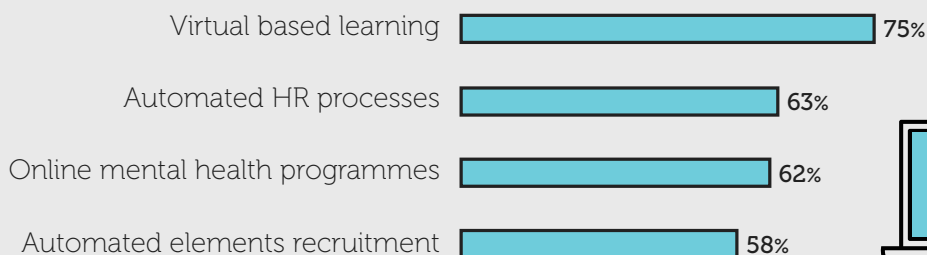
- Talent management – attraction, retention & development
- Leadership development
- Employee experience

To sustain this impact and stay current, HR practitioners themselves identified three key areas where skills development is required, namely transformational change, people analytics and technology, and business acumen. In relation to the function itself, 60% reported an increase in the automation of HR processes and 54% reported the automation of elements of the recruitment process.

However, the tight labour market and resourcing challenges will dominate the year ahead. This year's survey showed strong alignment between organisational and people function priorities for the next two years: leadership

development; attracting, developing and retaining employees; and the employee experience. This is the first time that leadership has jumped to the top of organisations' priorities and presents a real opportunity to tackle one of HR's key barriers to success – how HR is devolved to line managers and their skills gaps. A discussion with our HR leaders indicated that there was a lack of management development initiatives during the pandemic, and as organisations in Ireland have been recruiting heavily, now future leaders are not adequately equipped with the skills and mindset to build a strong workplace culture and support the employee experience in a new hybrid working world.

### Increased use of digital tools





## 4

# The ongoing challenge of skills shortages

90% of businesses facing skills shortages (up from 85%)



- Operations / frontline
- IT
- Other
- Project management
- Finance

Skills areas of most concern



- Leadership and influencing
- Collaboration and team working
- Analytical thinking and innovation
- Complex problem solving

Despite global uncertainty around jobs in the technology sector, overall, we face a shortage of skilled workers that could jeopardise Ireland's economic growth as we reach full employment. There is currently a highly competitive market for experienced employees, reflected in the survey feedback. The size of the issue is evidenced by 90% of respondents facing a talent deficit, with over a third (39%) indicating that they experienced significant skills shortages in the last year. Front-line and

operations staff in particular were in short supply, reported by 46% of respondents, and IT skills were only mentioned by 29%, down from 38% in our 2022 survey.

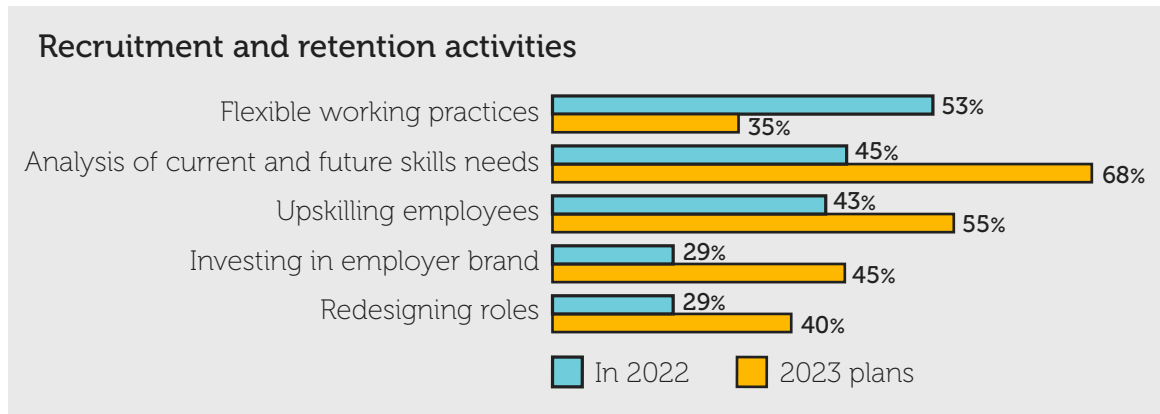
Interestingly, we found the not-for-profit sector reported the highest level of significant skills shortages in the last 12 months (56%), followed by the public sector (40%) and the private sector (36%).

Again, the issue of leadership emerged when we delved into the skill areas of most concern in terms of attraction and development. Matching global trends in key skills for the future, the respondents highlighted leadership and influencing skills, collaboration and teamworking, analytical thinking and problem-solving. These are in line with the challenges organisations are facing when it comes to managing a remote/hybrid working environment.

Resourcing over the past 12 months



- Competition for experienced talent increased
- Talent more difficult to retain
- Recruited more diverse workforce
- Developed more talent in-house
- Recruited from wider geography



### Spotlight remains on recruitment and retention

Skills shortages have put recruitment practices in the spotlight. As in the 2022 report, the survey found organisations adopting strategies such as employing a more diverse workforce (79%) and recruiting from wider geographical areas (70%). Despite predictions of automation replacing jobs, only a minority of respondents reported this as a counterbalance to skills shortages (19%).

With an increased emphasis on employee retention, the findings show that the top tactic used by organisations to improve retention last year – flexible work practices – is less important for 2023, with greater emphasis being put on analysing future skills needs (68%), upskilling employees (55%) and investing in the employer brand (41%).

All of these methods are now more prevalent than in the tight labour market of 2020 before the pandemic. The recent experience of more flexible/remote forms of work has increased demand for this to be offered on a more permanent basis. When asked about future strategic moves to improve recruitment and retention, plans included analysis of skills needs (61%), upskilling (49%), redesign of roles (45%), automating jobs (42%) and flexible work (40%). Intentions to use automation to overcome resourcing barriers have doubled, reflecting the opportunity to take advantage of technology and AI to redesign work.

### Employee turnover on the increase

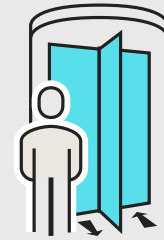
The term ‘The Great Resignation’ came to the fore in 2021, with worrying predictions that employees would quit their jobs at historic rates. The results of the CIPD’s *HR practices in Ireland 2022* survey found that, despite concerns, turnover rates had broadly remained at pre-pandemic levels, though more employees were taking stock of their jobs. However, the current survey reinforces the extent to which lifestyle decisions are now influencing job movements.

Half the respondents reported that employee turnover rates had increased (it remained the same for 37% and decreased for 13%). Under 5% is no longer the most prevalent turnover rate; this has been replaced by a turnover rate of 10–19% (36% of respondents). A third of respondents reported a turnover rate greater than 16% compared with 21% in the 2022 survey. More private sector organisations (47%) and not-for-profit organisations (76%) reported an increase than in public sector organisations (42%).

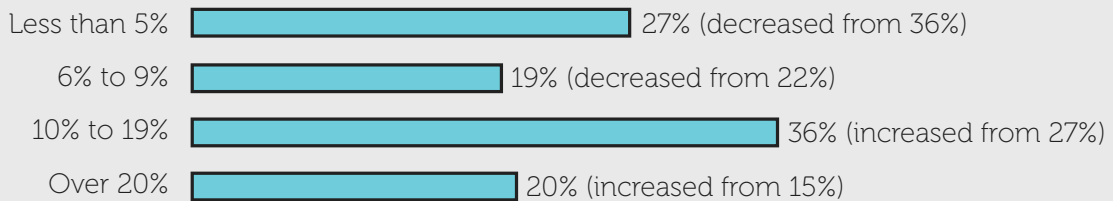
21% surveyed employees about leaving intentions

59% do not believe counter-offers are effective

50% report higher employee turnover rates



2022 turnover rate



Factors contributing to employee turnover

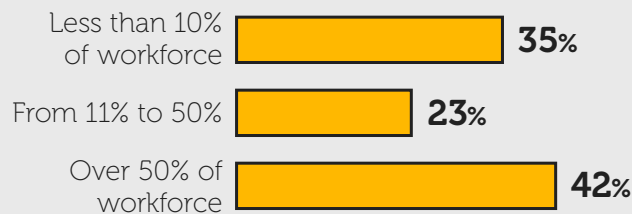


Only a fifth of respondents surveyed employees about their leaving intentions and why they might want to leave, clearly indicating that this is not a regular exercise. Such a practice would provide organisations with an insight into which employees are a flight risk, and what might cause them to leave. While we commonly see employees moving for career progression or career change, in addition, cost of living (50%) and location (40%) were identified as key factors contributing to employee turnover this year. This shows the impact that inflation and the housing crisis is having on employee decisions about where they work and live.

The survey also identified that workload/burnout (35%) and work-life balance (28%) were factors contributing to employees leaving. These figures are high enough to warrant concern and may indicate that employees are reassessing their willingness to compromise work-life balance and wellbeing due to work. Cost of living was also reported by 33% of respondents as a factor contributing to mental health issues in the workplace, which may also affect turnover decisions as well as productivity and absenteeism. A majority of respondents (59%) reported that counteroffers were not effective in reversing an employee's decision to leave.

# 5 Hybrid working is here to stay, but challenges persist

## More employees working hybrid than last year



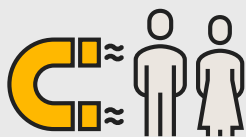
The nature of work has altered dramatically in terms of remote and hybrid working, and organisations are responding to employees' requests for hybrid working arrangements. A notable change this year is that more than twice as many organisations are allowing the majority of their employees to work in a hybrid capacity, facilitated by the removal of COVID-19 restrictions that impacted the results of our last two

surveys (in 2021 and 2022). Yet reflecting the nature of work carried out, we also found that nearly half said the majority of employees were working fully on-site (47%). A small proportion (12%) said the majority of employees were working fully remote and that this was more likely to decrease than increase in the future. This is surprising in view of the new legal entitlement to request access to remote working.

On the other hand, when it comes to flexible working, which the CIPD has been campaigning for, we found that 42% of respondents plan to increase access to this. This is also in line with the new entitlement to request access to flexible working for employees and parents with caring responsibilities.

### Hybrid working model

#### Remote/hybrid working



Part of attraction and retention strategy

69%



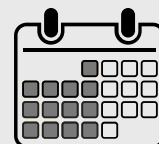
Line managers supported/trained to manage it

50%



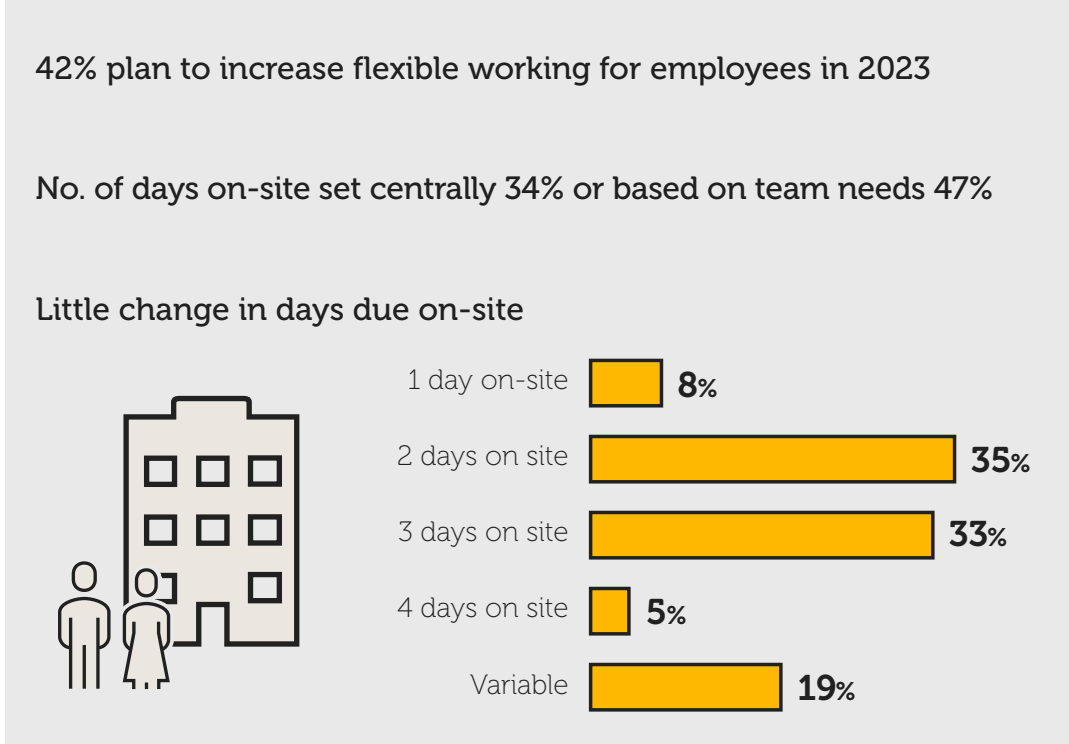
Policy to work within the state

61%



Interest in introducing four day working week

20%

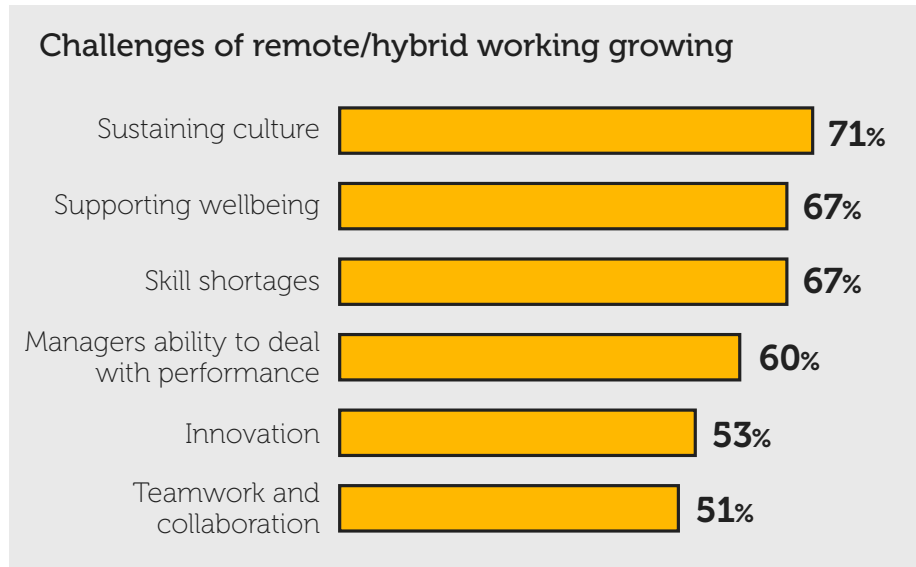


Remote and hybrid working were clearly part of strategies for attracting and retaining talent among the survey respondents (69%), yet less than a quarter have amended contracts of employment in this regard. While 27% have used new locations to attract talent, we found that 61% now have policies which specify that employees must work within the state. This is a significant change, up from 39% in the 2022 survey, reflecting the challenges in managing employees across international borders.

Where organisations have a hybrid model, a third require employees to work on-site two days per week and a third require them to work on-site three days per week. A fifth of respondents say it fluctuates, and interestingly, these are predominantly in the private sector. For a third of organisations, the decision on the number of days on-site is set centrally, and for 47%, the decision is based on team needs. Putting employees at the centre of this decision is a positive move in the CIPD's view, and more likely to reflect the principles and purpose of employees coming together in the workplace.

Disappointingly, only half of line managers have been trained to manage employees in this new way of working, an area that requires focus, particularly in the light of high employee turnover rates and the challenge of dealing with performance issues. In addition, over a quarter of organisations have not yet created a policy on remote and hybrid working, a factor growing particularly urgent in light of current practice and the new legislation on the right to request both flexible and remote working.

**Growing challenges of new ways of working**



This 2023 survey found increased reporting around the challenges of working in a remote/hybrid environment. Significantly, more respondents called out experiencing challenges associated with sustaining culture, supporting wellbeing, dealing with skill shortages and performance, innovation and collaboration. All of these were mentioned by over 50% of respondents, and 'sustaining culture' had risen to the top, mentioned by 71% (up from 45% 12 months earlier). Only 'induction' showed a significant drop, from 50% in November/December 2021 to 37% in this survey.

# 6

## Tackling culture and performance

### Sustaining the culture

Organisational culture and productivity were impacted by the move to remote working during the pandemic. In our first *HR practices in Ireland* survey after the arrival of the pandemic, over a third of organisations (37%) reported there had been a negative impact on culture as a result of the pandemic, almost a

third reported a positive change, and 30% reported that there had been no change. As time has gone on, this has not improved, and as mentioned, this year 71% of respondents reported that sustaining culture is increasingly a challenge in a remote/hybrid environment.

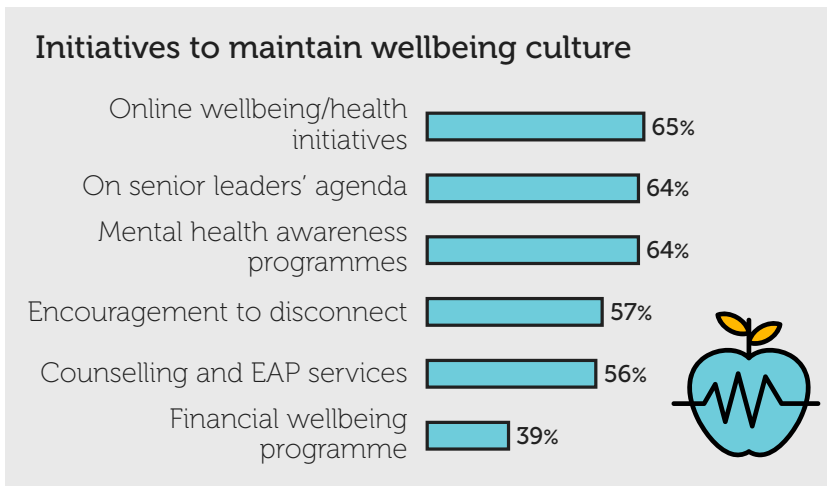
To help address this, we found organisations are engaging in a wide range of measures to counteract the negative effect of new ways of working on culture. Social gatherings

were the most frequently reported activity (66%), followed by increased emphasis on the employee experience. To give all employees the chance to meet and collaborate, 37% of organisations have instituted anchor days and events. A third of respondents are implementing initiatives to redefine the culture, and another third have time dedicated to wellbeing activities.

### Wellbeing culture

In this environment, increased effort is needed to sustain a wellbeing culture, as it has become a challenge for two-thirds of organisations. We found increased emphasis on mental health support and online wellbeing/health

initiatives (65%), an approach likely to increase accessibility and take-up of initiatives. For two-thirds of respondents it was increasingly on senior leaders' agenda. Lower levels of attention went on financial wellness



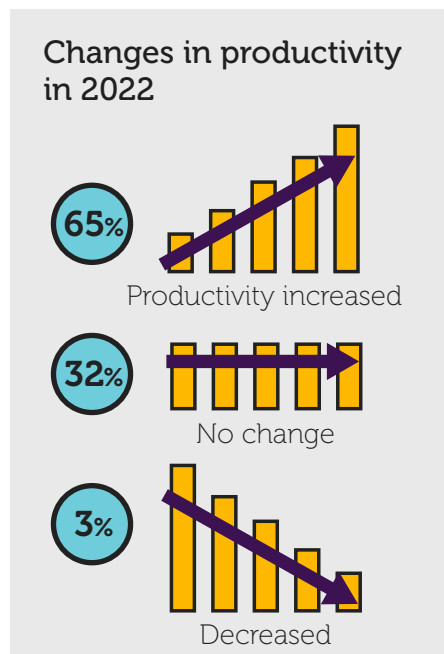


initiatives, even though cost of living/financial wellbeing emerged as a factor contributing to mental health issues in a third of organisations, as well as being a contributor to employees leaving. Only 28% of organisations had increased attention on training line managers to deal with wellbeing in a hybrid environment.

Attention is also going on encouraging employees to disconnect from work technology outside working hours and tackling a long-hours culture (57% and 37% respectively). We believe these need further care in light of the finding that workload/volume of work was called out by 55% of respondents as a factor contributing to employee mental health issues.

One aspect that received deeper examination this year was how HR is addressing the wellbeing of those within the profession, as the CIPD's *People profession 2022: International survey report* identified that some members of the people profession sadly report that work negatively affected their mental and physical health. The profession has to lead by example when it comes to wellbeing, particularly regarding working practices relating to hours of work and communications. A range of responses emerged, and activities to support HR professionals commonly included team-building, social events and regular check-in meetings, as well as aiming to work more regular hours and disconnect from work.

### Productivity



There were concerns that remote working might have had a negative impact on productivity. Figures from the *HR practices in Ireland 2021* survey allayed this fear, as overall responses indicated that productivity either increased (48%) or remained steady at pre-pandemic levels (21%). This pattern has continued, and despite the challenging environment at the time of this survey, 65% reported an increase in productivity in their organisations in 2022, and only 3% found a decrease. This is a substantial increase, reflected in company reports and economic indicators, and shows that remote and hybrid working are not barriers to success. However, questions remain about the extent to which national increases in productivity reflect increases in working hours.

### Inclusive culture

In this survey, we identified inclusive working practices as central to the strategy for attracting and retaining talent for 69% of organisations. Two-thirds of respondents used flexible and remote working to promote an inclusive culture, and activities to promote inclusion are vitally important when individuals joined organisations in a remote working capacity. While



**Activities to promote inclusive culture**

- Flexible, remote working
- Inclusive recruitment, retention strategies
- An inclusive working culture
- Training for line managers

59% of respondents referred to having an inclusive working culture policy, less than half (48%) provided line manager training on this issue – a significant gap. We also identified that 40% had invested in raising

diversity awareness among the workforce, and a smaller number (36%) used leadership development to increase diversity.

The survey found that targeted initiatives such as miscarriage, fertility and menopause policies are increasingly present (14%), alongside additional leave in caring and domestic abuse policies. The impact of the line manager role in creating an inclusive environment should not be underestimated and increased levels of training are needed to ensure that policies are being enacted as intended.

**Sustainable working practices**

The issue of sustainability has gained much traction in recent times, in both the area of climate sustainability and that of sustainable work and HR activities. The responses present a positive picture, with significant numbers of employers reporting an increase in activities associated with sustainable work practices. For instance, 77% report an increase in a wellbeing focus under this heading, 63% identify an increased focus on fostering diversity and inclusion, and 64% on enhancing employee voice and participation. In terms of environmental sustainability, 58% report an increase in embedding environmentally sustainable practices. The move to more flexible work arrangements is also seen as a sustainability factor, with 54% of respondents indicating that this will increase in 2023.

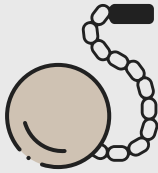
**Increasing focus on sustainable HRM**

- Wellbeing of employees
- Fostering diversity and inclusion
- Employee voice and participation
- Embedding environmentally sustainable practices, behaviours
- Long term employability focus (training)
- Flexible working practices

# 7 Line managers a key constraint

## Top 3 constraints on HR, unchanging

- Lack of time availability for line managers for people management
- Inadequate systems/technology
- Ineffective devolvement of HR to managers

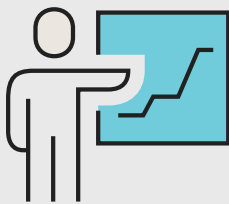


We ask respondents each year what constraints limit HR's contribution to the business, and one important limiting factor appears in every year's findings. This refers to the ongoing devolution of people management responsibilities and lack of time to carry out people management activities within companies. According to our findings, the collaboration between HR and line managers is still in a development phase. The fact that line managers do not appear to have enough available time to carry out the people management component of their function, and that HR devolution to this group of managers is not working effectively, is a source of concern.

The top three constraints mirror those in previous years' surveys with very similar percentages. Number one is lack of time available to carry out people management activity, reported by 64% of respondents. Two in five mentioned ineffective devolvement of HR to line managers, with a similar number mentioning inadequate systems and technology. It is reassuring to see that lack of skills on the HR team is the lowest area of concern, indicating that talent management in the HR department appears to be working well.

## Increased devolvement to line managers: 76%

### Actions taken to support devolvement



Training & development



Coaching



Use of HR technology

The survey findings over a five-year period highlight that this is an ongoing issue for HR, not something that has happened as a result of the pandemic. Given the growing importance of line managers in a hybrid work situation, and

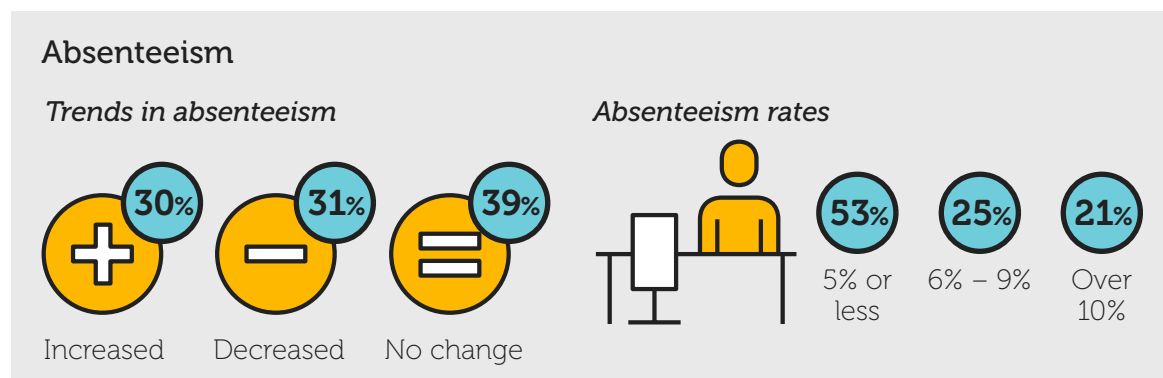
the plan to continue devolvement to this group (76%), organisations need to reassess the support and development of line managers as a top priority. Some evidence of an increased emphasis on training and development is emerging, with a third actioning this, and another third making coaching available to line managers. Over a quarter (27%) used HR technology (such as self-service) and another 13% provided data and insights to support managers. Successful devolvement is important for the development of a strategic approach to human resource management.

# 8 Absenteeism and mental health

Managing absence is an ongoing challenge and organisations reported more positive trends than a year ago, likely to be related to emerging from the pandemic. Over the past 12 months, absenteeism rates increased for 30% of respondents' organisations, decreased for 31% and stayed the same for 40%. The most common reasons for absence in the last year were still COVID-19-related issues, followed by mental health issues at 17% and acute medical conditions at 14%. Only 10% of respondents reported work-related stress as a factor in absenteeism, down from a year earlier.

We examined the factors contributing to mental health issues, and workload featured significantly, with 55% of respondents identifying this as a contributing factor. Non-work issues such as relationships/family were reported by 61% of respondents, and approximately a third of respondents highlighted cost of living, perceived lack of management support, always-on culture and concerns around returning to the office. These are significant and warrant attention to reduce any negative impact of work on employees.

Interesting differences were found between public and private sector respondents. Over half (54%) of public sector respondents reported a return to the office as a factor in mental health issues, as opposed to 17% working in the private sector. More private sector respondents (63%) highlighted non-work family issues than public sector respondents (50%). Finally, 60% of answers from the public sector cited workload/volume of work in relation to mental health, as opposed to 45% of private sector respondents.



## 9 Research method

Each year, the CIPD conducts our *HR practices in Ireland* survey in conjunction with the Kemmy Business School, University of Limerick, to collate annual insights on dealing with the challenges and concerns of the people profession in Ireland.

The CIPD conducted this survey of members and people professionals in Ireland in November and December 2022. Of the 239 responses received, the majority (66%) operated in the private sector, with 22% in the public sector and the remaining in the not-for-profit sector.

Under a fifth of respondents (19%) were employed in organisations of 1–50 employees, 32% had 51–250 employees, 14% had 251–500 employees, 11% had 501–1,000 employees, and 23% of respondents' organisations had 1,000+ employees. Overall, 63% of respondents worked in HR teams with five people or fewer. Eighty-one per cent who responded were CIPD members.



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