

# THE BUSINESS CASE FOR HR EXCELLENCE

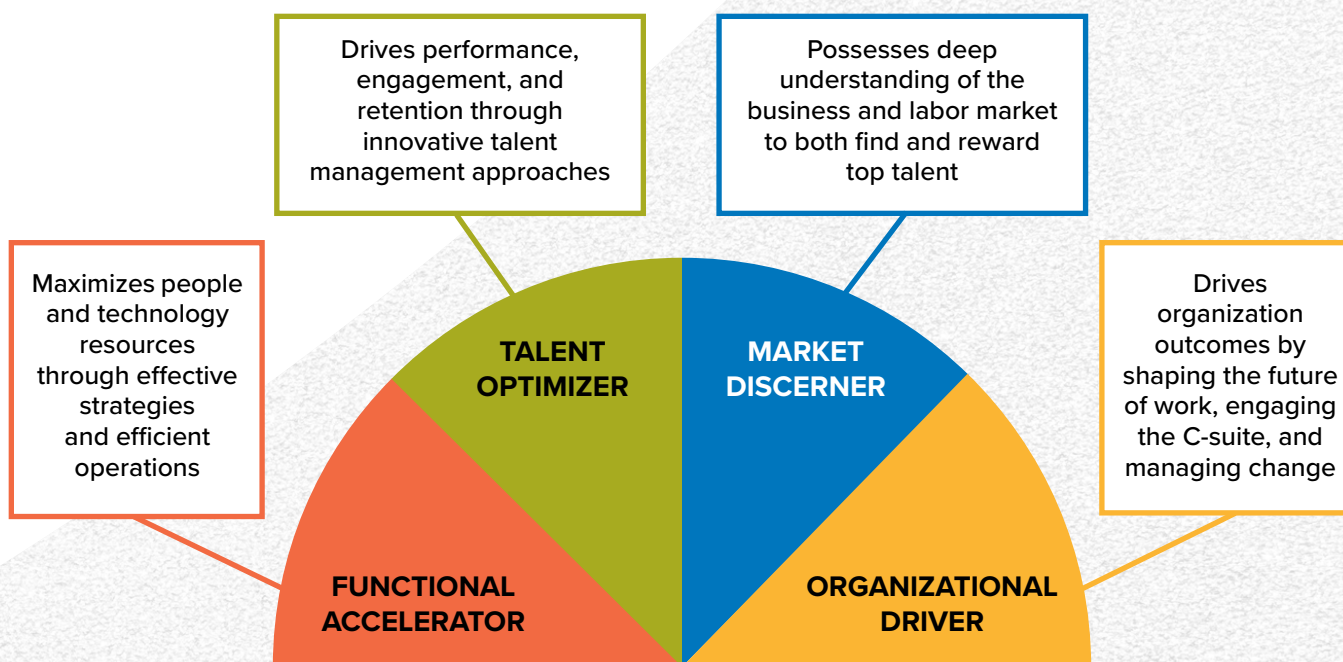




# THE CHARGE: DISCOVER HR'S VALUE TO DETERMINE HR'S FUTURE

Human resources (HR) has evolved over the past century into a strategic partner, guiding organizations through challenges including economic uncertainty, labor market shifts, and rapid technological change. Today, HR leaders face mounting pressures to demonstrate their value, compete for top talent, and embrace technological transformation. Recognizing these challenges and the resulting demands on HR to deliver more strategic and measurable value, SHRM launched a research initiative aimed at answering an essential question: **What must the HR function of the future look like to maximize its impact, value, and ability to drive measurable business outcomes?**

Central to this research effort is SHRM's HR Excellence (HR-X) Framework, a foundational model built around four key dimensions that encapsulate HR's responsibilities in organizations today: Functional Accelerator, Talent Optimizer, Market Discerner, and Organizational Driver. This framework defines HR's vast responsibilities through 16 core practice areas and more than 70 subpractice areas, offering a structured approach to evaluate and understand HR's impact in driving organizational success.



## DISCOVER THE FULL HR-X FRAMEWORK

Learn about the core practice areas that define HR's evolving role in today's world of work.

[Download the full report](#) to explore the findings exclusive to SHRM Members.

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To support this initiative, SHRM collected data from 1,287 HR leaders representing organizations with at least 50 employees, ensuring participants had the strategic insight needed to connect HR strategies with broader business objectives. Additionally, SHRM surveyed 2,003 U.S.-based workers to capture workforce perspectives on HR's impact.

Together, these insights offer a comprehensive view of HR maturity and its influence on both organizational and employee experiences, laying the groundwork for reimagining the future of HR.



## MOST ORGANIZATIONS EXHIBIT MODEST HR MATURITY, INDICATING STRONG FOUNDATIONS WHILE HIGHLIGHTING OPPORTUNITIES FOR GROWTH

The research shows that only 1 in 8 HR functions operate at a high level of maturity, highlighting significant improvement opportunities for most organizations. Making meaningful progress requires focused effort, dedicated resources, and close collaboration with key leaders throughout the organization. Given that resources are often limited, it's crucial for HR leaders to clearly demonstrate the strong return on investment that comes with advancing HR maturity.

## HR MATURITY DRIVES POSITIVE ORGANIZATIONAL OUTCOMES

Achieving high HR maturity can profoundly influence numerous organizational objectives. This research reveals a strong connection between high HR maturity and enhanced outcomes across several critical organizational metrics.

1. Improving 1 unit in HR maturity results in about \$62,000 gained in revenue per full-time equivalent, potentially resulting in millions of revenue dollars earned across the workforce.
2. For every 1-unit increase in HR maturity, annual workforce turnover rates decrease by 1.2%.
3. More than two-thirds of low HR maturity organizations (69%) have low employee engagement.



The Business Case for HR Excellence



# RIISING TO THE CHALLENGE: HR'S NEXT EVOLUTION

The evolving demands placed upon HR leaders warrant a strategic reimagining of the HR function to drive meaningful business outcomes. The HR-X Framework, with its four key dimensions of Functional Accelerator, Talent Optimizer, Market Discerner, and Organizational Driver, offers a well-defined road map for organizations striving to enhance their HR maturity and address these challenges. However, the data highlights a significant gap, with only 1 in 8 HR functions achieving high maturity, reflecting the complex nature of this endeavor.

The advantages of high HR maturity, however, are definitive and far-reaching. Organizations operating at this advanced level consistently achieve stronger financial performance and heightened productivity, supported by higher revenue projections. These organizations also benefit from reduced turnover rates and greater worker retention, as well as elevated worker engagement, higher satisfaction, and more positive employer brand perceptions.

As the HR profession continues to evolve and align more closely with broader business objectives, it must rise to the occasion to address these challenges with excellence, driving meaningful impact for both organizations and their workers.

## THE DATA IS CLEAR: HIGH HR MATURITY POWERS BUSINESS SUCCESS

See how SHRM's HR-X Framework drives stronger financial performance, deeper engagement, and higher retention.

[Download the full report](#) to explore the findings exclusive to SHRM Members.  
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# OUR PURPOSE IS TO ELEVATE HR

**Our mission is to empower people and workplaces** by advancing HR practices and by maximizing human potential. Our vision is to build a world of work that works for all.

**BETTER WORKPLACES. BETTER WORLD.**

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