SHRM BETTER WORKPLACES BETTER WORLD™

EXECUTIVE SUMMARY

A CLOSER LOOK AT HR EXCELLENCE: FUNCTIONAL ACCELERATION



THE ROLE AND IMPACT OF THE FUNCTIONAL ACCELERATION DIMENSION

As organizations navigate an era of rapid change, the role of HR has become increasingly critical in driving both business performance and employee outcomes. Today, HR leaders face mounting pressure to demonstrate their value, compete for top talent, and embrace technological transformation. To help organizations understand and assess HR's impact, SHRM developed the HR Excellence (HR-X) Framework, which consists of four foundational dimensions. The framework defines HR's vast responsibilities through 16 core practice areas and more than 70 sub-practice areas, offering a structured approach to evaluate and understand HR's impact in driving organizational success.



A Closer Look at HR Excellence: Functional Acceleration



This report focuses on the **Functional Acceleration** dimension. Functional Acceleration encompasses HR Function Strategy & Management as well as HR Technology, two critical practice areas. Functional Acceleration reflects HR's ability to align HR practices with business goals and strategically adopt and integrate HR technology. A strong functional foundation enables HR to deliver greater value and drive broader organizational impact.

FUNCTIONAL ACCELERATION

Maximizes people and technology resources through effective strategies and efficient operations.

TALENT OPTIMIZATION

Drives performance, engagement, and retention through innovative talent management approaches.

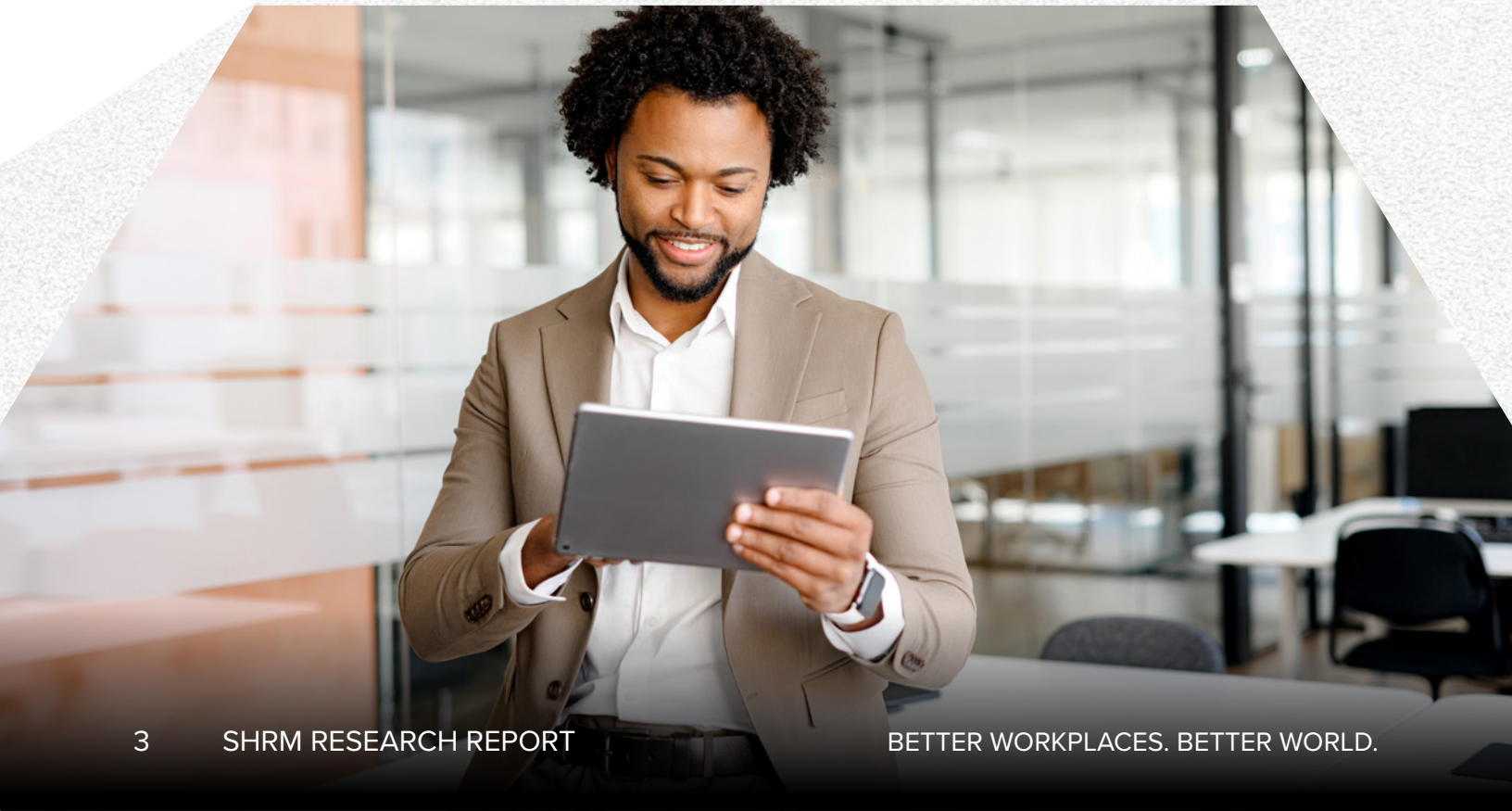


ORGANIZATIONAL IMPACT

Drives organization outcomes by shaping the future of work, engaging the C-suite, and managing change.

MARKET DISCERNMENT

Possesses deep understanding of the business and labor market to both find and reward top talent.



KEY FINDINGS

1. Functional Acceleration ranks as the second most mature dimension.

Within the HR-X framework, Functional Acceleration ranks as the second most mature dimension. Slightly more than 1 in 5 organizations (23%) have reached a high level of maturity in this area. Functional Acceleration shapes how well resources are allocated, ensuring that return on investment (ROI) is maximized with proactive cost-saving opportunities; technology selection is rigorous and aligned to goals; and implementations include comprehensive training, integration, and user adoption. HR technology is treated as a strategic asset with a clear future vision, fueling continuous improvement and measurable value.

2. Operational strength is common, but strategic maturity is not.

The majority of organizations (62%) operate at an average level of maturity within HR Function Strategy & Management. At these organizations, HR Function Strategy & Management is process-driven but conventional: Resources are aligned to current business needs with rudimentary ROI checks, and HR systems improve efficiency but lack integration. HR talent development uses reviews to assess skills, offers role-based development, and provides linear career paths. Initiatives follow standard project steps and use traditional metrics, yet long-term strategy, integration, and measurement depth are limited. HR Technology shows a similar pattern to HR Function Strategy & Management, with slightly over half of organizations (54%) operate at an average level of maturity in HR Technology. Within these organizations, technology selection includes the comparison of a few options on features and price, and implementations follow standard project steps with partial integration and change management. Training and adoption occur but are typically inconsistent; trend tracking relies on generic news and events.

3. There are substantial gaps in HR planning, investment, and development.

Overall, there is the most room for improvement in the sub-practice areas Managing HR Initiatives, HR Budget, and HR Talent Development. HR initiatives often exhibit modest alignment with business needs, and communication with other functions within the organization is often one-way. HR budget is another area of opportunity because the findings demonstrate a relatively narrow understanding of resource allocation and narrow alignment between spending and business needs. Across all of the Functional Acceleration sub-practice areas, HR Talent Development was the lowest performing. Skills are assessed through performance reviews, and development opportunities are tied to current roles. However, there is a lack of alignment between skills and organizational goals. Furthermore, career paths lack flexibility, and there is a focus on progression rather than continuous growth.



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