

HOW THE ROLE OF THE CHRO IS EVOLVING

June 2022
Insights Forum:
Executive Summary



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NEW DATA FROM THE SHRM RESEARCH EXAMINES THE EVOLVING ROLE OF CHIEF HUMAN RESOURCES OFFICERS (CHROs) AND THE INCREASING IMPACT THEY MAKE WITHIN THE C-SUITE.



According to the research, there are three aspects of the CHRO role that are crucial to driving success for organizations, including:

1 Shaping the organization's culture, values and purpose

2 Designing, implementing and managing the organization's human capital strategy

3 Driving the forces of change management throughout the organization

A LOOK AT TODAY'S WORKFORCE LANDSCAPE QUICKLY REVEALS JUST HOW IMPORTANT THESE ASPECTS OF THE CHRO ROLE HAVE BECOME.

The ongoing effects of the global pandemic and the subsequent “**Great Resignation**” are presenting CHROs and their staffs with the challenge of filling more job openings, despite fewer qualified candidates, at a pace that leaves a startling number of HR professionals feeling overwhelmed, frustrated, and exhausted.

More than ever, workplace culture matters

Americans who quit their jobs in April....**4.4 million**¹

Percentage who quit over workplace culture or politics in the last 9 months.... **21%**²

Executives who believe they directly impact culture.... **97%**³

Today's growing challenge for HR professionals

U.S. job openings in April.... **11.4 million**⁴

Executives seeing less qualified applicants.... **71%**⁵

CHROs reporting burnout of their staff.... **88%**⁶

1. U.S. Bureau of Labor Statistics
2. The Great Resignation: An Analysis of the Employee Experience, SHRM Research, 2022
3. Workplace Culture Report, SHRM Research, 2021
4. U.S. Bureau of Labor Statistics
5. Surviving the Great Resignation, SHRM Research, 2021
6. CHRO Outlook: Investment in People are the Key, SHRM Research and CEG, 2021



“The Great Resignation is really putting pressure on CHROs to create the best possible employee experience as they fight to retain and attract talent,” said Ragan Decker, Ph.D., Lead Researcher for SHRM.

“The current competitive talent landscape and the increasing importance of workplace culture has influenced the role of an HR executive.”

BUILDING A BETTER CHRO:

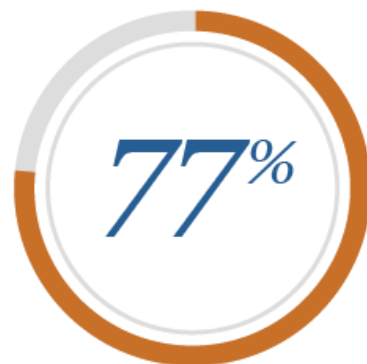
HR executives were asked to rank the most **critical competencies** for an HR leader to possess in 2022, then asked to rank those same traits based on what skills they think HR leaders **will need in 2027**.

CHROs ARE ALSO SENDING MIXED MESSAGES ABOUT HOW FUTURE-PROOF THEIR OWN SKILLSETS ARE.

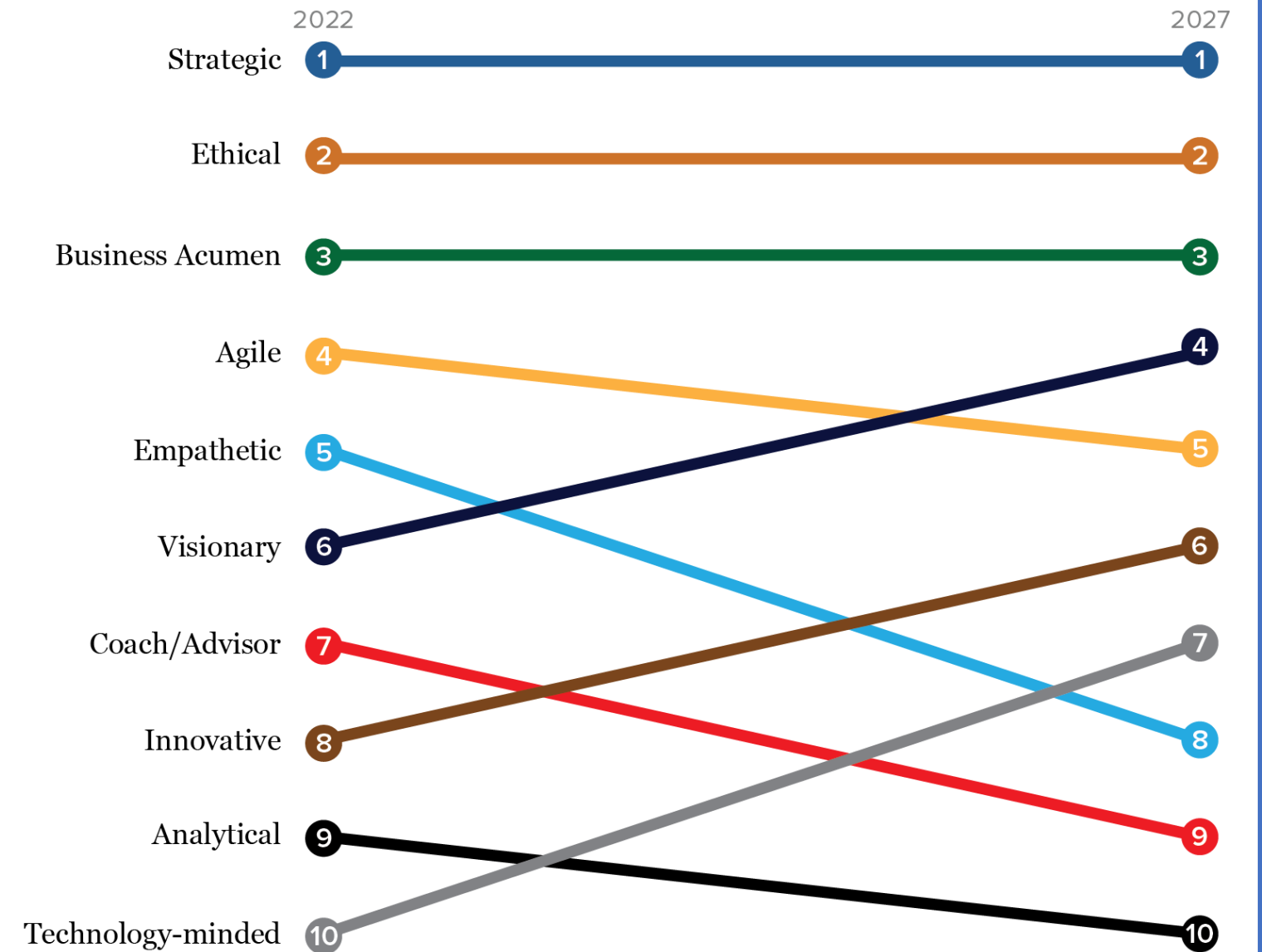


HR executives who say HR leaders do not currently have the skills needed to be successful in the digital age.

HR executives who say their current skill sets won't be outdated in three to five years.



TOP CHRO COMPETENCIES FOR TODAY AND TOMORROW:



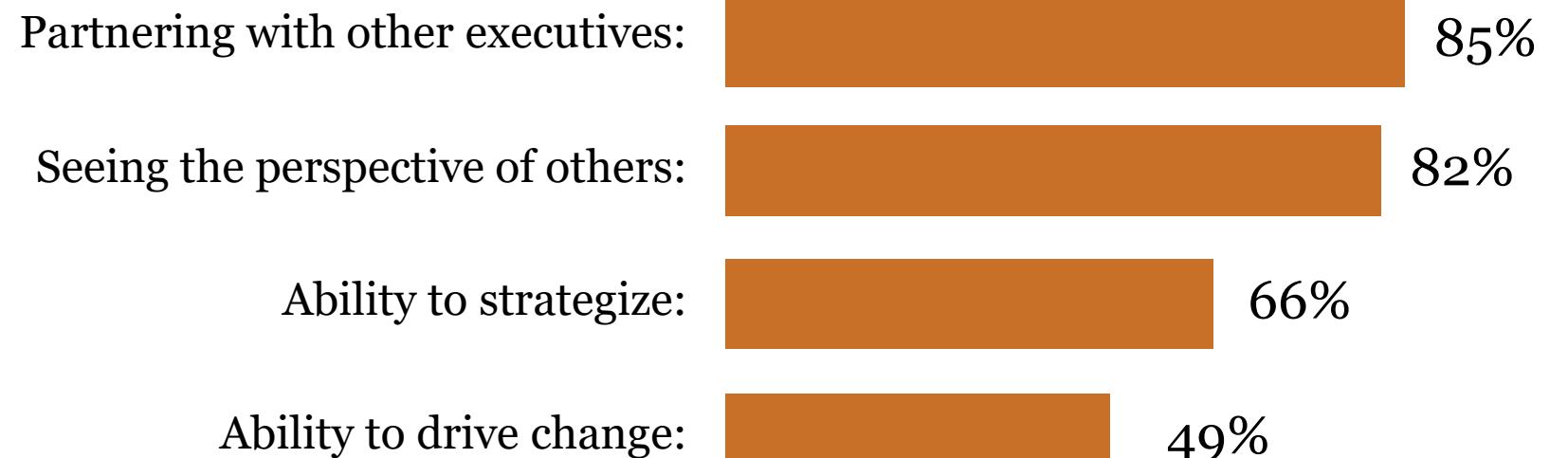
On an encouraging note, most CHROs say they have the **time** (70%), **resources** (81%) and **motivation** (94%) to pursue **learning and development**.

STRENGTHS AND IMPROVEMENTS:

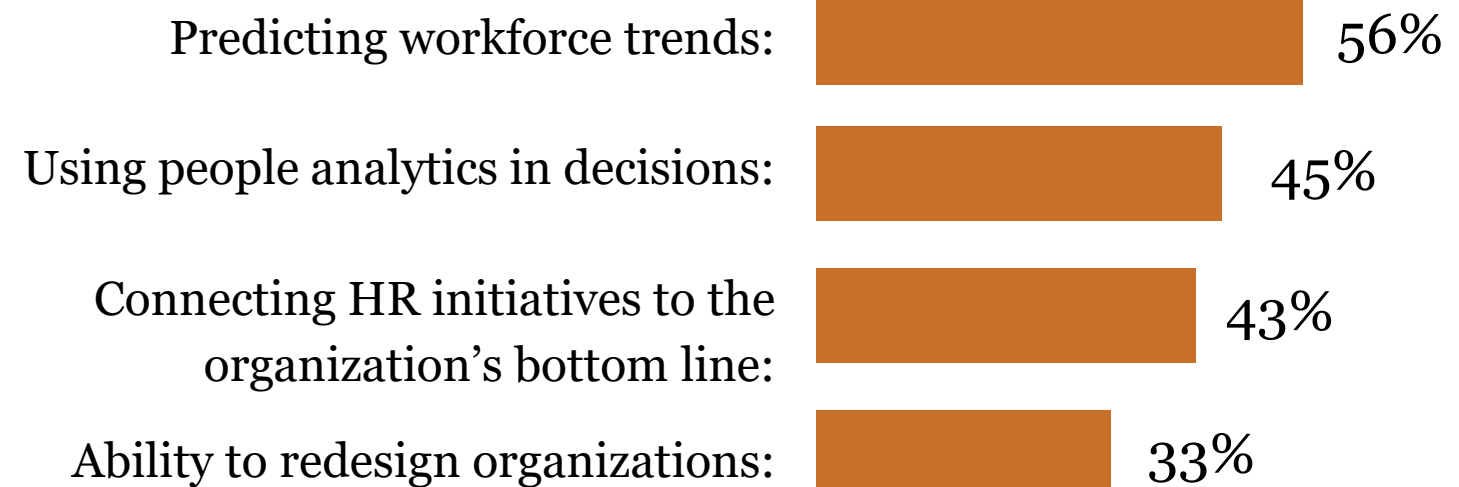
In terms of building on their strengths, CHROs feel they excel in their ability to **partner with executives**, see the **perspective of others**, strategize **effective business approaches**, and **drive change**.

The skills they want to improve include the ability to **analyze and predict workplace trends**, the ability to **tie HR initiatives** to their organization's **bottom line**, and the ability to **redesign their organizations**.

Where HR execs feel they excel:



Where HR execs want to improve:



SKILLS THAT REINFORCE EACH OTHER:

Decker noted the skills CHROs want to improve relate to the competencies that CHROs believe will be most important in five years, such as the **ability to predict workplace trends**.



“These competencies tie nicely together,” Decker said. “Often, the most innovative leaders are the ones who are visionaries. They have the ***ability to envision the future and rally employees around a shared vision***. And this alignment and forward-thinking promotes creativity and innovation. Also, this jump in technology mindedness suggests that the role of the HR executive will become a ***more technology-based profession***.”

GUEST SPEAKER



SHRM CHRO

Jim Link sees a
changing world ahead
for HR leaders.

“The world of CHROs has been changing and began to change at a **much more rapid pace**, simply because of what the world has been going through in the last two to three years,” noted SHRM CHRO Jim Link.

“The great thing about being an HR practitioner or an HR leader is that **the work that you do touches every other part of the organization.**”

WHY THE CHRO ROLE IS MORE IMPORTANT THAN EVER:

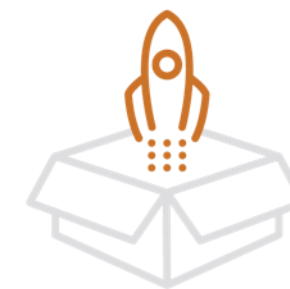
The role of any HR leader always has included **managing change**, but lately the rate of change has increased due to recent world events, such as the COVID-19 pandemic, Link said.

“When you think about the state of our **global labor market**, when you think about the state of COVID, and when you think about all of those things that are tied into issues around **business capability**, the **lack of talent** and the need for **continuation of business success**, you can see why the role of the Chief Human Resources Officer is becoming more visible,” Link said.

“In order to be able to really move the needle for their organizations, there are three things that CHROs must be today, and will even need to be more of in the future: **Being a partner, being a visionary, and being a strategist.**”



A Partner



A Visionary



A Strategist

CHROs AS BUSINESS PARTNERS:



Embracing the idea of being a partner to leaders and managers in all aspects of an organization – internal and external – is a crucial element of creating buy-in among others for HR initiatives, especially in terms of being able to access expanded resources.

“Buy-in is very important, particularly for anyone who’s in a support function like human resources,” Link said. “HR leaders have to get very good at **driving an agenda** that’s in collaboration and cooperation with others on the leadership teams to get whatever it is that they need to do get across the finish line. Whether that’s getting a **new policy in place** or driving **strategic initiatives** in an organization or driving **rapid transformation** of an organization, having that buy-in is something HR leaders particularly must have in spades.”

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CHROs AS VISIONARIES:



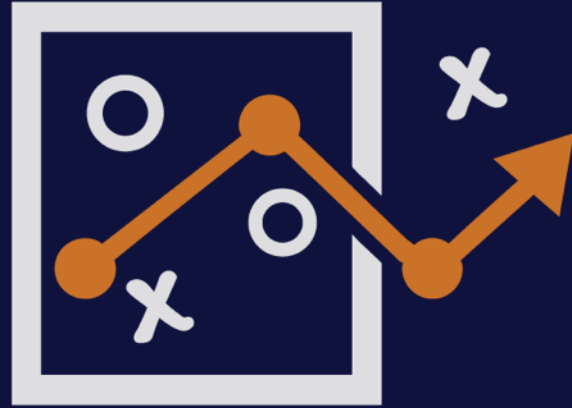
Those HR executives who report that they excel at creating a vision for their workplaces are most likely able to achieve that vision because they have the necessary resources to execute on their current talent strategy – a benefit of creating buy-in through a partnership mindset.

That means those HR leaders can execute on their vision for their organization’s future talent strategy, which allows them to tie the HR function to their organization’s bottom line.

“We’re hearing more about the demands on a Chief Human Resources Officer to become more and more **technology minded** and **analytically driven**,” Link said. “Where these folks have been able to excel is in their ability to have the resources to actually execute that vision. It’s becoming more and more important and more and more visible.”



CHROs AS STRATEGISTS:



To succeed in connection with business strategy means that HR leaders can build the connection between the role that human capital outcomes play in a direct connection to the bottom-line performance of the organization.

Those HR executives who say they have that capability to connect what HR is doing every day to the bottom-line performance of their organization are the ones who can make the argument for necessary resources to execute their vision when it comes to deploying human capital.

“You can have all the business strategies in the world that you like, but if you don't have a correlated, backed-up, defined human capital strategy to support that business strategy you're missing an important rung on the ladder towards success of that organization,” Link said. “I don't think you can do one without the other, particularly in the world in which we live today.” Link said.



When training HR managers, Link said that he focuses on having them first learn the ins and outs of the business they are supporting. “To me, you have to understand the **dynamics** and **metrics** of the business before you can effectively perform as a **human capital expert** in any organization.”

THE IMPORTANCE OF YOUR HR NETWORK:

Whatever challenges HR leaders face, it pays to have a deep and effective network of other HR leaders who can share advice and perspective when it comes to meeting challenges in managing today's workforce.



According to SHRM Research 58% of HR executives **frequently discuss** the issues they face with people who are **outside** of the company, a network of colleagues and other professionals that they've developed over the course of their careers.



“Working as a CHRO for many years, I found it **incredibly valuable** to have that network, to pick up the phone and call somebody and just say, ‘This doesn't make sense to me,’ or, ‘This doesn't feel right. *Can you help me think through this?*’ And mostly those folks said **yes** because something likewise had happened to them over the course of their career. The importance of that network gets **even more valuable** as you climb the ladder in your respective organizations.”

ISSUES FROM THE Q&A SESSION

How to deal with fewer qualified job applicants:

With the limited labor force available today, Decker suggested looking at what's behind specific job qualifications, as well as other barriers candidates might face. For example, is the requirement for a bachelor's degree or a master's degree a proxy for knowledge and experience which candidates might have gained without a diploma? In addition, HR leaders can become more willing to consider people with alternative credentials, as well as people with employment gaps, whether that's due to care-giving responsibilities, criminal records, or other reasons.

Empathy is still important:

One surprise from the SHRM research that Forum participants mentioned was that **empathy** was ranked as being **less important** three to five years from now, according to the survey respondents. That's not because empathy won't still be required in the workplace, Link said, but that **managers who lack empathy** simply won't be an issue going forward because emerging managers will take being able to empathize with the workforce as a given.

“I think that non-empathetic leaders are already a dying breed, and I think they're going to be a greater dying breed more quickly. I mean, they're heading toward extinction, because the world doesn't operate that way anymore,” Link said. “It's becoming more and more important that you have those empathetic care-giving leadership skills demonstrated every day. Having an empathetic leadership capability solves a lot of issues and concerns.”

BURNOUT ISN'T TRANSLATING TO INCREASED HR TURNOVER:

While SHRM data shows HR departments are reporting **burnout** from the stresses and challenges of the pandemic and the post-pandemic world, that trend has yet to lead to increased turnover among HR professionals, Decker said.

“We are not seeing higher levels of turnover within the HR department as compared to other areas of the organization,” Decker reported. “There definitely needs to be a focus on making sure that HR professionals have that time to **recover** and that they have the **resources** needed so that they aren't feeling burned out.”

“Just because we are not seeing higher levels of turnover within the HR department does not mean that the levels of stress and workload HR staffers are managing right now can continue,” she added. That doesn't mean that the levels of stress and workload HR staffers are seeing now can continue, she added.

“Down the road, maybe we would start to see those **higher levels of turnover**,” Decker said. “In the long term, it's not something that's sustainable.”



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