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# Global CHRO of the Future Research

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# Foreword

Chief Human Resource Officers have always played a critical role in their organizations, but the past year has elevated the role of the CHRO by requiring them to lead changes in how we work, where we work, why we work, and the technologies we use to stay connected.

This year, **Executive Networks** completed primary research with 112 Chief Human Resource Officers from Global 1000 organizations through a 40-question survey as well as 10 one-on-one interviews with global CHROs. Our research shows a clear growing importance of the CHRO role as HR issues are increasingly expanding onto the agenda of business leaders and the board of directors.

We see three vectors of disruption as HR leaders confront increased uncertainty in the marketplace on top of long-term technological transformation.

First, the Covid-19 pandemic continues to disrupt “normal” business operations. The **Work From Home Outlook In 2022 And Beyond** shows how employers are overwhelmingly choosing a hybrid work model where employees elect to work from home some of the time. While the hybrid

work model is preferred by most employees who can work from home, it does cause a new set of issues for HR and business leaders such as: creating guiding principles for successful hybrid work models, understanding the impact of proximity bias, and creating a new vision and purpose for the physical office.

Second, inflation rates have reached a forty-one year high, putting pressure on the Federal Reserve to continue to raise interest rates. With virtually every sector of the economy facing higher-than-normal inflation, some employers are facing pressure to raise salaries, while others are starting to lay off employees amid concerns of a recession.

Third, the geopolitical turmoil and social unrest continues globally as organizations face multiple disruptions from the war in Ukraine to social justice issues and the role organizations play in addressing these. According to the **2022 Edelman Trust Barometer**, a survey of more than 36,000 people across 28 countries, respondents are expecting businesses to tackle such societal issues as climate change, income inequality, and worker re-skilling.



In light of these increased business expectations, HR leaders are grappling with a more complex, ever-changing marketplace and global economy. Against this dramatic backdrop, the Executive Networks 2022 Global CHRO of the Future Research identified the following seven themes as top of mind among CHROs.

**1** As the complexity of managing the talent agenda has grown in recent years, CHROs are reporting that an increasing number of HR issues are now on the agenda of their board of directors. The top HR issues on the board agenda reported by CHROs include talent retention, environmental, social, and governance (ESG), talent attraction, future of work issues, and internal talent mobility. Additionally, 93% of CHROs surveyed agree that the impact of their HR team on business results is just as important as that of the finance team.

**2** Our research found that 83% of CHROs report facing a significant talent retention problem for in-demand skills. The top factors they attributed to higher levels of voluntary turnover include stress and employee burnout, lack of visibility into career advancement and development, dealing with work life balance issues, and requests for increased compensation.

**3** The top five areas of focus for CHROs for the rest of 2022 include talent attraction and retention, diversity, equity, and inclusion (DE&I), employee well-being and mental health, management of remote/hybrid workforces, and leadership development.

**4** Return to office has become a key issue for CHROs amid the pandemic. While 93% of CHROs report that a hybrid work environment is the most effective for company performance, only 88% say hybrid work is the most effective for producing a positive and nurturing company culture.

**5** Diversity, equity, and inclusion is increasing in importance as CHROs stay attuned to the political, social, and activist positions their organizations are adopting. Our study found 25% of CHROs are reporting metrics for DE&I, and 7% are creating public DE&I annual reports for the organization to track DE&I goals over time. When CHROs were asked where they would allocate additional funding if their HR budget was doubled in 2023, DE&I was ranked number two after improving the employee experience.

**6** The workforce will increasingly become a mix of both human and machine. Our study found 90% of CHROs report that digital automation workers (bots) will be part of the workforce composition in 2025, compared to only 10% today.

**7** Re-skilling HR professionals is a business imperative. This is especially important at a time when the SEC is requiring more transparency on workforce issues. The top five skills, competencies, and other HR initiatives that CHROs reported as needing to develop on their teams include business acumen, change management, data analytics, financial acumen, and new compensation strategies.

Our research points to a sea of opportunities for HR leaders to navigate these uncertainties in the workplace and build trust with stakeholders. Our goal: HR leadership creating positive outcomes at the personal, professional, and societal levels.

*We look forward to continuing the discussion of this research in our member meetings for the remainder of 2022.*

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