

NOVEMBER 2023

Re-Elevating the CHRO Role: How Strategic HR Leaders Unleash Workforce Potential

John Doyle

EXECUTIVE VICE PRESIDENT



Effective CHROs must bridge the gap between employee demands and business strategy.

The hot U.S. labor market has shown remarkable resilience in recent years. Despite gradual stabilization—driven by a [decrease](#) in job openings and [recent upticks](#) in the national unemployment rate—the tumultuous echoes of the [Great Resignation](#) and quiet quitting continue to disrupt industries. As the [war for top talent](#) wages on, hiring, retention, and employee engagement will remain top business priorities in the new year.

The CHRO role will be central to success in the midst of growing workforce challenges. In 2024 and beyond, CHROs must once again become strategic partners to the CEO to unleash the full value of human capital.

Navigating Workforce Challenges

New challenges have continuously countered positive workforce developments in 2023. Despite a consistent [decrease](#) in employee quit rates throughout the year, many businesses are facing a productivity decline even when headcounts remain unchanged. In fact, [Gallup](#) reports employee engagement has dropped to 32%—its lowest level in nearly a decade.

The heart of the problem is the [disconnect between employers and employees](#). Habitually, business leaders seek opportunities for solutions in compensation and work arrangements, and yet [McKinsey](#) reports employees want to be *valued* above all else. The majority of employees also desire the priceless benefits of supportive management and a sense of belonging within their teams. As companies prescribe raises, promotions, and remote work without addressing chronic culture issues, low engagement will persist despite fluctuations in hiring and turnover rates.

Band-Aid solutions will no longer suffice. Long-term labor market challenges are sure to expose deep-rooted flaws in surface-level talent strategies. As the labor force [shrinks](#) and retirements loom, further exacerbating hiring and retention challenges, effective CHROs must drive organizational growth by bridging employee and business demands.

The Essential Role of CHROs in Workforce Transformation

The abundance of labor challenges in recent years has created an [empowered workforce](#).

Despite economic uncertainty, employees have gained the flexibility of choice—[37%](#) plan to find a new job within 12 months—putting businesses under pressure to heed employee demands. But while competitive salaries have proven useful for short-term hiring and retention, strategic CHROs will leverage *culture* as a sustainable, long-term solution. HR leaders must become [champions of the employee experience](#). Developing and optimizing human-centric strategies—such as [career pathing](#), employee recognition, and mentorship—will prove central to the CHRO role.

To do so, HR executives must combat the setbacks caused by the turbulent pandemic environment. Prior to the onset of COVID-19, CHROs—who were once consumed by administrative tasks—were evolving into more strategic leaders with value-added contributions to the C-suite. However, during the pandemic, CHROs in many organizations were forced to focus on more tactical, day-to-day issues. Today, CHROs must shift directions once again. Effective HR leaders are increasingly leading the proactive transformation of company culture, regularly collecting and analyzing employee feedback to align strategies accordingly.

In the process, combatting chronic work stress will be a particularly important goal for CHROs. [Over 40%](#) of workers—predominantly, members of Generation Z, millennials, and women—and [53%](#) of managers report feeling burnt out, marking a continued rise in stress that hinders engagement. CHROs will be tasked with fostering a culture that centralizes employee wellness—perhaps through the establishment of mental health programs, resilience training, and similar resources. Pairing wellness strategies with diversity, equity, and inclusion (DEI) initiatives can further enhance the much sought-after sense of belonging for employees.

By adding value to the employee experience, CHRO empowers and motivates the workforce to add value to the organization as a whole.

CHROs as Growth Executives

As solving people-related challenges becomes business critical, the efforts of CHROs to combat workforce challenges directly affect company profitability. To maximize their positive bottom-line impact, HR leaders must become data-driven leaders who leverage technology and analytics to optimize their strategies.

Advanced cloud solutions have enabled CHROs to capture robust HR data—including employee experience metrics, time to productivity, and retention rates—and weigh it against organizational key performance indicators (KPIs). The modern CHRO draws actionable

insights from these metrics to further understand employee needs, predict future hiring needs, and assess existing team performance.

CHROs also leverage data to communicate the bottom-line benefits of cultural transformation to increasingly numbers-driven executives and board members, enabling people strategies to have a far-reaching impact—spurring growth well beyond the HR department.

Breaking Out of the HR Silo

CHROs are no longer exclusively in the people business—and their organizational influence can no longer be limited to the human resources realm. Empowering HR executives to drive profitability through talent strategies requires the elevation of the CHRO role within the C-suite.

In coming years, CHROs must regain direct access to CEOs and influence their decision-making. As HR executives resume their place as strategic leaders, contributing to conversations about business strategy and profitability, their best performance will solidify their seat at the table when conversations about business strategy and profitability occur. More than ever, CHROs will work in line with traditionally high-ranking executives. This collaboration will enable CHROs to optimize the workforce for financial performance—analyzing employee performance, skills gaps, and beyond to predict future outcomes—and improve long-term hiring strategies and succession planning.

When CHROs are positioned to work cross-functionally with other executives, they also gain influence within the C-suite. This enhances their ability to generate buy-in for proposed company culture changes—a crucial ingredient to organization-wide transformation.

As hiring, retention, and engagement grow more challenging, how will you ensure your HR leaders rise to the occasion?