RESEARCH REPORT

The New HR Imperative:

HR Executives as Strategists and Visionaries
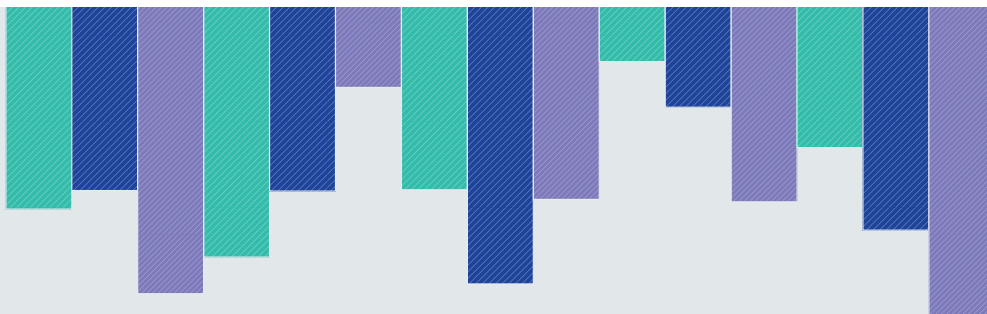
My mission as Indeed's chief people and sustainability officer is to make sure our employees feel challenged, inspired, included, and empowered to make progress toward our goals of helping all people get jobs equitably. Of course, as any senior HR leader knows, leading a workforce of any size today comes with inherent challenges. Employees rightfully expect more from their leaders and HR must balance the competing demands of managing critical "run the business" work alongside employee development, transformational projects, and keeping pace with emerging technologies.

This change and the increased demands from both the boardroom and the employees highlight the need for HR leaders at every level to evolve beyond traditional roles into strategic, operational partners.

This 2024 Harvard Business Review Analytic Services survey underscores this imperative, revealing that 82% of executives say it's very important for HR leadership to influence an organization's strategy and vision. Still, only 33% say their HR leadership is effective in this regard. This gap presents a tremendous opportunity for HR leaders to elevate their influence and impact.

The insights presented in this report underscore a critical reality: When we as HR professionals excel in fostering employee engagement, our organizations gain a significant competitive advantage.

Creating engaged employees can't happen overnight. It's a continuous journey that demands thoughtful planning, creativity, and commitment. By setting clear metrics and practices, we can measure and improve our engagement strategies, turning them into real business results. Achieving this goal requires a culture of recognition, opportunities for growth, higher prioritization of employee well-being, and transparent communication.

HR departments must move towards more transformative initiatives that foster an ethical, inclusive, and innovative organizational culture. Investing in continuous employee development and creating systems to motivate and engage talent are key. We are excited about the potential for leveraging artificial intelligence (AI) to streamline processes and enhance decision making. By embracing responsible AI, HR can free up time for strategic thinking, relationship building, and problem-solving, further solidifying their role as strategic partners.

HR executives are at a pivotal point where their strategic input is valuable and essential for overall business success. By expanding their roles and focusing on fostering an ethical, inclusive, and innovative organizational culture, HR can drive significant positive change, ensuring that employees not only are prepared for the future but are active shapers of it. This report guides HR leaders to harness their potential and lead with strategic vision and purpose. By doing so, we will drive business success and build a more inclusive and resilient future for all.

LaFawn Davis
Chief People and Sustainability Officer

Indeed

The New HR Imperative:
HR Executives as Strategists and Visionaries

Business strategies are becoming increasingly intertwined with workforce strategies. Organizations face the imperative to become more forward-thinking and agile while finding and retaining the talent to do so—all while dealing with the rise of new technology such as generative AI (gen AI). The opportunities and challenges these developments create naturally place the HR department at the center of change.

In March 2024, Harvard Business Review Analytic Services surveyed 444 members of the *Harvard Business Review* audience who are familiar with the practices of their organization's HR department. The respondents are primarily executive management or board members (32%) and senior management (34%), as well as other levels. The survey found that the majority of respondents (82%) say it's very important for HR leadership to influence an organization's strategy and vision. However, only 33% report the HR leadership at their organization is very successful in this regard.

"The job title of the chief HR officer [CHRO] has changed to things like people officer," says William Tincup, an HR thought leader and podcaster based in Arlington, Texas. "But in many cases, the HR mindset has not changed. HR needs to get on board with things like technology adoption or the operations and financial departments are going to take over its responsibilities."

The 33% of organizations whose HR leadership is very successful at influencing strategy and vision, according to respondents, are defined in this report as "leaders." The organizations whose HR leadership is identified as somewhat successful in that regard (37%) are defined here as "followers." Those that are not very successful in that regard (30%) are defined as "laggards."

Leaders are focusing on areas that have not traditionally been associated with HR. For example, 81% of leaders agree that "the HR leadership is regarded

"We are at a pivot point in the practice of HR and, more importantly, in the recognition of the value of HR as a strategically essential function," says Corinne Bendersky, faculty chair and associate professor of management and organizations at the University of California, Los Angeles (UCLA).

as influential in ensuring the organization acts in an ethical manner by people within the organization." "The strong HR organizations create a culture in which an ethical sensibility is manifesting because it's just part of how they do things, as opposed to there being a rule for that," says Amy Loomis, research vice president, Future of Work, at International Data Corp. (IDC), a consultancy in Needham, Mass. "They are being honest about how new ways of working aren't fully developed but are fully essential."

The demands of today's workforce are positioning CHROs to drive transformative change across the organization. They can fortify their position by shoring up their HR departments in several ways. The survey showed that HR departments have room for improvement around key talent areas, such as ongoing training and development of employees, creating systems to motivate employees, and performance management. The survey also indicated that most HR departments are lagging in their technology skills and emphasizing passive metrics like turnover. By putting more effort into these areas, CHROs can enable their departments to become even greater influencers in strategic decision making.

"We are at a pivot point in the practice of HR and, more importantly, in the recognition of the value of HR as a strategically essential function," says Corinne Bendersky, faculty chair and associate professor of management and organizations at the University of California, Los Angeles (UCLA). "HR leaders can't make strategically viable recommendations without data and analytics to guide them. HR needs to do a better job [of] keeping pace with the skill sets they need [in order] to use those technology resources to both enhance decision making and communicate persuasively."

This report will explore how HR departments must expand their role to become a greater strategic and visionary force, including the measures they must take to improve their workforce and overall organization, the obstacles they must overcome, and the capabilities they must develop and use to achieve their growing mandate. The survey findings illustrate the opportunities and challenges that arise from this new HR mandate, providing a guide for others to follow.

Pursuing New Priorities

Administrative tasks like compliance and recordkeeping have always been at the core of HR department functions.

Ninety-one percent of the survey's respondents say the HR department at their organization is very or somewhat successful at maintaining employee records. In addition, 86% say their HR department is very or somewhat successful at ensuring legal and regulatory compliance.

In these complex times, however, organizations need far more from their HR departments. "The tactical stuff of HR, like compliance, is the safe place," Tincup says. "The HR innovators are pushing beyond the safe places to the tougher tasks. They are thinking more about things from the perspective of the IT, finance, or sales departments."

CHROs and HR departments are positioned to make an even bigger strategic impact by moving beyond the tactical and practical to transformative tasks. A central element of HR making a strategic impact is its role in shaping an organizational culture. Strengthening the organizational culture is the top priority that HR leadership should focus on more, according to survey respondents. More than a third of leaders (35%), 46% of followers, and 43% of laggards want their HR leadership to increase their focus on this priority. **FIGURE 1**

However, there are other areas CHROs and HR departments should focus on improving to meet more of their organizations' growing needs. Respondents say their HR departments are "very successful" at expected duties, like maintaining employee records (55%) and ensuring legal and regulatory compliance (51%). They are less likely to see their HR department as "very successful" for many employee-focused tasks, such as creating systems to motivate employees (11%), mediating relationships between employees (17%), and onboarding and training talent (22%).

Three additional priority areas that survey respondents want their HR leadership to give greater focus to revolve around talent—improving talent retention (41%), employee engagement (38%), and employee development (36%). "If you're not focusing on retention, engagement, and development, I don't know what you're there to do besides paperwork," says Keahn Gary, a senior manager and innovation and disruption strategist at Cognizant Technology Solutions Corp., a global
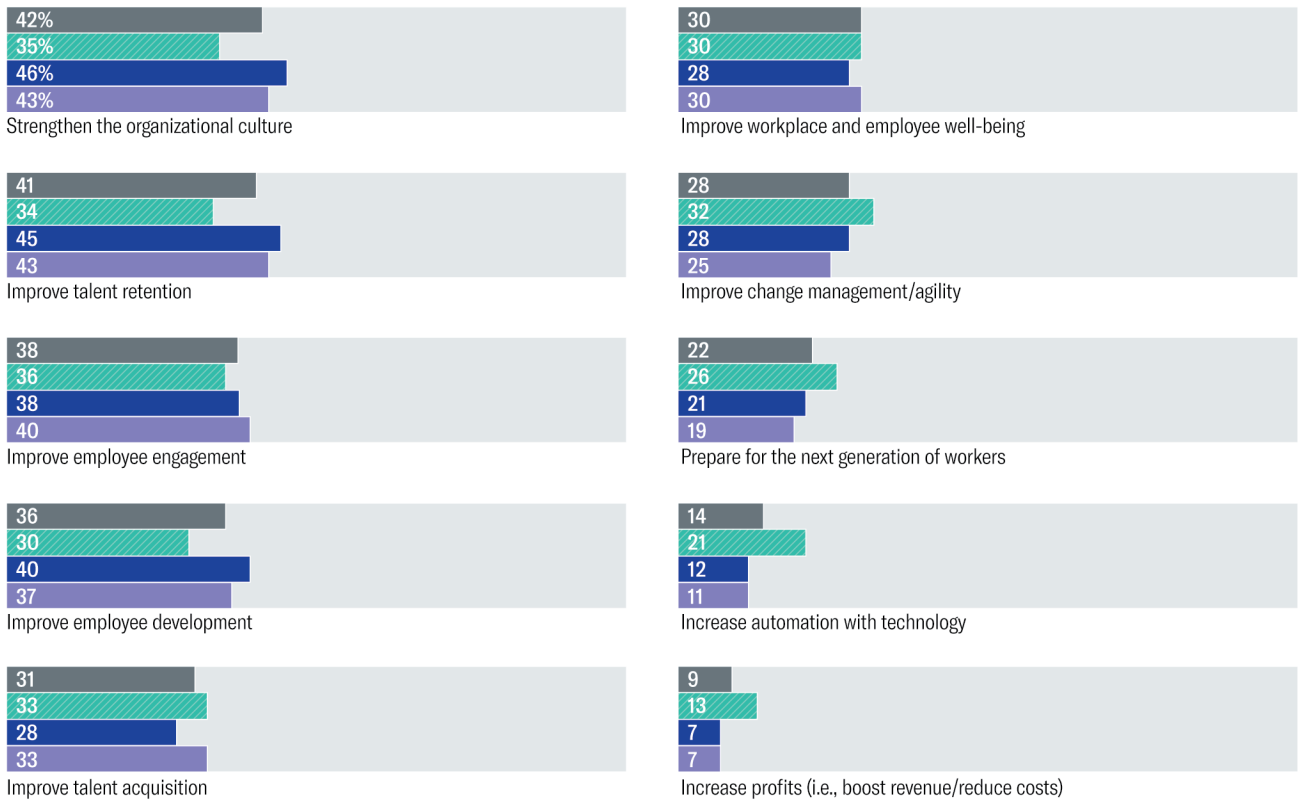
FIGURE 1

Where HR Should Increase Its Focus

Strengthening organizational culture is a top need

On what top priorities does the HR leadership at your organization need to increase its focus? *Select up to three.*

■ All respondents (total)   ■ Leaders   ■ Followers   ■ Laggards

Strengthen the organizational culture 42% 35% 46% 43%	**Improve workplace and employee well-being** 30 30 28 30
Improve talent retention 41 34 45 43	**Improve change management/agility** 28 32 28 25
Improve employee engagement 38 36 38 40	**Prepare for the next generation of workers** 22 26 21 19
Improve employee development 36 30 40 37	**Increase automation with technology** 14 21 12 11
Improve talent acquisition 31 33 28 33	**Increase profits (i.e., boost revenue/reduce costs)** 9 13 7 7

Base: 444 respondents. Not shown: 2%–3% other, 0% none, 0%–1% don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, April 2024

IT services and consulting firm headquartered in Teaneck, N.J. "You have to give people a space to grow."

Notably, few leaders (13%), followers (7%), and laggards (7%) cite increased profit as a top priority on which the HR leadership at their organization needs to increase its focus. Instead, leaders prioritize forward-thinking elements like increasing automation with technology (21%) and preparing for the next generation of workers (26%) more than do the other two groups. Meanwhile, talent-related priorities are at the top of the list for followers, including improving talent retention (45%), employee development (40%), and employee engagement (38%).

Experts say HR departments must focus their employee development efforts widely, reaching into every tier across the organization. "CHROs should keep their finger on the pulse of employee engagement and track the impact and strategy for leadership development," IDC's Loomis says. "This is true for mid-management, in particular, but also for senior leaders because their ability to shift their mindset and approach is a critical factor in organizational success."

New Capabilities Needed

CHROs and HR departments have heard the call to be a bigger force in dynamic and difficult times. The past five years have seen social unrest and a pandemic challenge companies' policies on remote work and employee wellness, increasing the responsibilities of and pressure on HR.

Two-thirds of respondents (65%) say the HR capabilities at their organization have become more critical for success in the past two years. "Even as little as three or four years ago, we were not seeing CHROs involved in the decision making for companies around what position they would take on social issues," says Art Mazor, global human capital practice leader for Deloitte Consulting LLP, headquartered in New York. "That's changed dramatically."

Respondents say the key obstacle preventing HR departments from achieving their goals is insufficient skills within their HR department. This was cited by 40% of respondents overall and 56% of laggards. In contrast, leaders (29%) are less likely to cite insufficient skills as an obstacle. Other key obstacles preventing HR departments

from achieving their goals include difficulty in demonstrating the link between HR efforts and business outcomes (38%), operational inefficiencies (37%), and a lack of resources and people power (33%). **FIGURE 2**

Respondents say the key capabilities that the HR leadership at their organization should have to increase their value to the organization are a mindset of growth and innovation, strategic thinking ability, talent retention abilities, and a strategic partnership orientation. However, differences emerged between what respondents say HR leadership at their organization should have and what the HR leadership does have to allow them to increase their value. In particular, key differences include a mindset based on growth and innovation (38% should have; 27% does have),
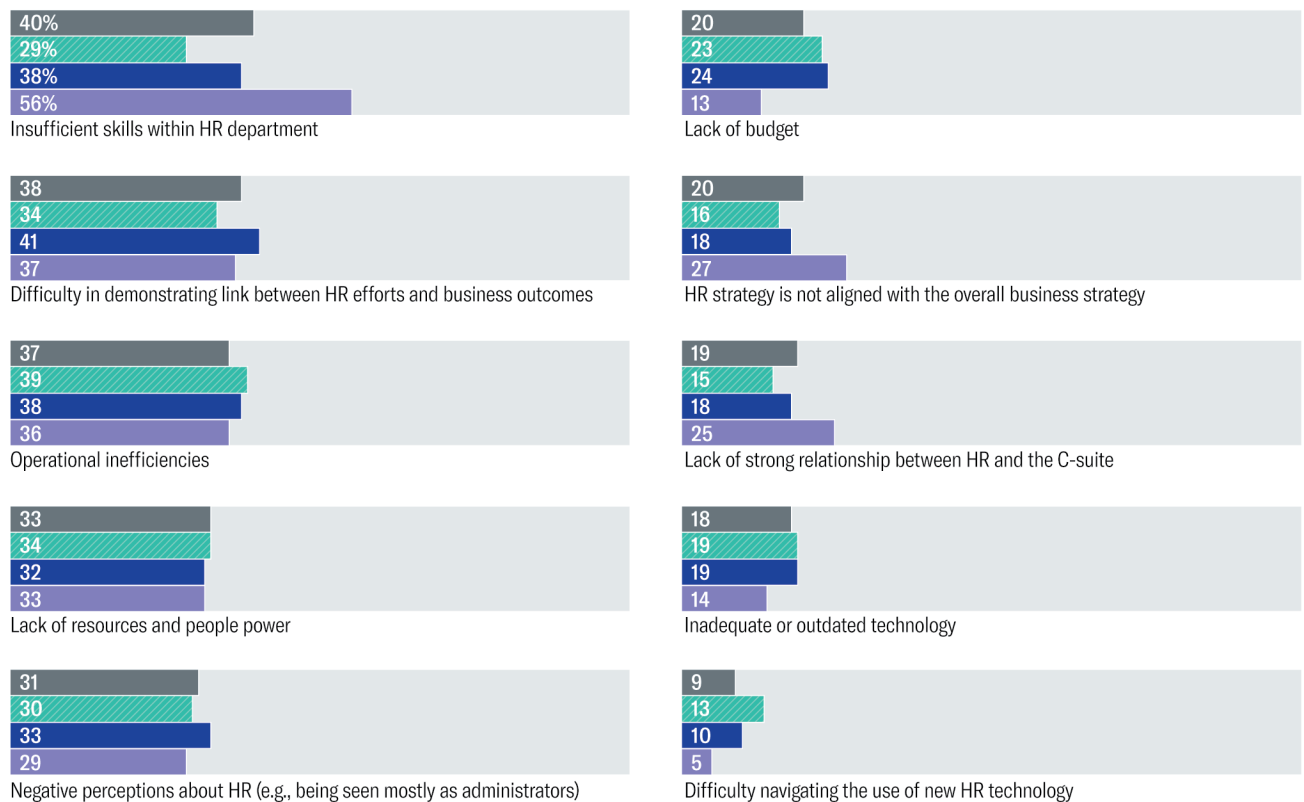
FIGURE 2

Obstacles to Overcome

HR departments need to develop more skills

What are the key obstacles that prevent the HR department at your organization from achieving its goals? *Select up to three.*

■ All respondents (total)　■ Leaders　■ Followers　■ Laggards

Insufficient skills within HR department
- 40%
- 29%
- 38%
- 56%

Lack of budget
- 20
- 23
- 24
- 13

Difficulty in demonstrating link between HR efforts and business outcomes
- 38
- 34
- 41
- 37

HR strategy is not aligned with the overall business strategy
- 20
- 16
- 18
- 27

Operational inefficiencies
- 37
- 39
- 38
- 36

Lack of strong relationship between HR and the C-suite
- 19
- 15
- 18
- 25

Lack of resources and people power
- 33
- 34
- 32
- 33

Inadequate or outdated technology
- 18
- 19
- 19
- 14

Negative perceptions about HR (e.g., being seen mostly as administrators)
- 31
- 30
- 33
- 29

Difficulty navigating the use of new HR technology
- 9
- 13
- 10
- 5

Base: 444 respondents. Not shown: 1%–5% other, 0%–3% none, 0%–3% don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, April 2024

65%

say the HR capabilities at their organization have become more critical for success in the past two years.
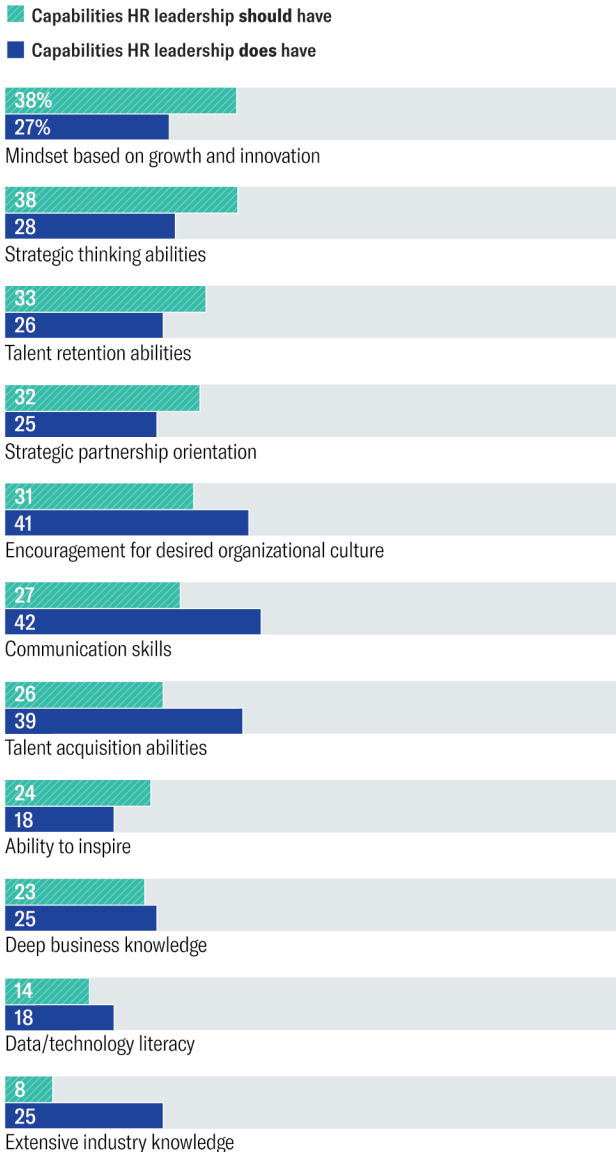
FIGURE 3

Skills HR Leadership Has and Needs

The mindset is insufficiently based on growth and innovation

What key capabilities **should** the HR leadership at your organization have to increase their value to the organization? *Select up to three.*

What capabilities **does** the HR leadership have that allows them to increase their value to your organization? *Select all that apply.*

▦ Capabilities HR leadership **should** have
■ Capabilities HR leadership **does** have

38% / **27%**
Mindset based on growth and innovation

38 / **28**
Strategic thinking abilities

33 / **26**
Talent retention abilities

32 / **25**
Strategic partnership orientation

31 / **41**
Encouragement for desired organizational culture

27 / **42**
Communication skills

26 / **39**
Talent acquisition abilities

24 / **18**
Ability to inspire

23 / **25**
Deep business knowledge

14 / **18**
Data/technology literacy

8 / **25**
Extensive industry knowledge

Base: 444 respondents. Not shown: 1%–5% other, 0%–3% none, 0%–3% don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, April 2024

and strategic thinking ability (38% should have, 28% does have). **FIGURE 3**

Diane Youden, principal in workforce transformation, PwC US, the New York-headquartered consultancy, notes the CHRO should establish a vision for the near future and build HR's brand as a key strategic partner engaged in solving business issues.

She says HR should invest time to understand key business topics such as gen AI, climate change, and cybersecurity in order to establish a point of view of HR's role in these important business priorities. This vision will set the objectives for investing in specific HR capabilities, achieving efficiencies in HR delivery, and establishing key foundations such as a talent architecture of skills and an internal career mobility program. It will also establish the core threads of how HR tells its story to key stakeholders, building its brand as a strategic partner engaged in solving business issues.

"CHROs should focus on building modern capabilities and skills within the HR organization," says Youden. "This includes not being afraid to innovate and introduce new programs that address the needs of an evolving workforce."
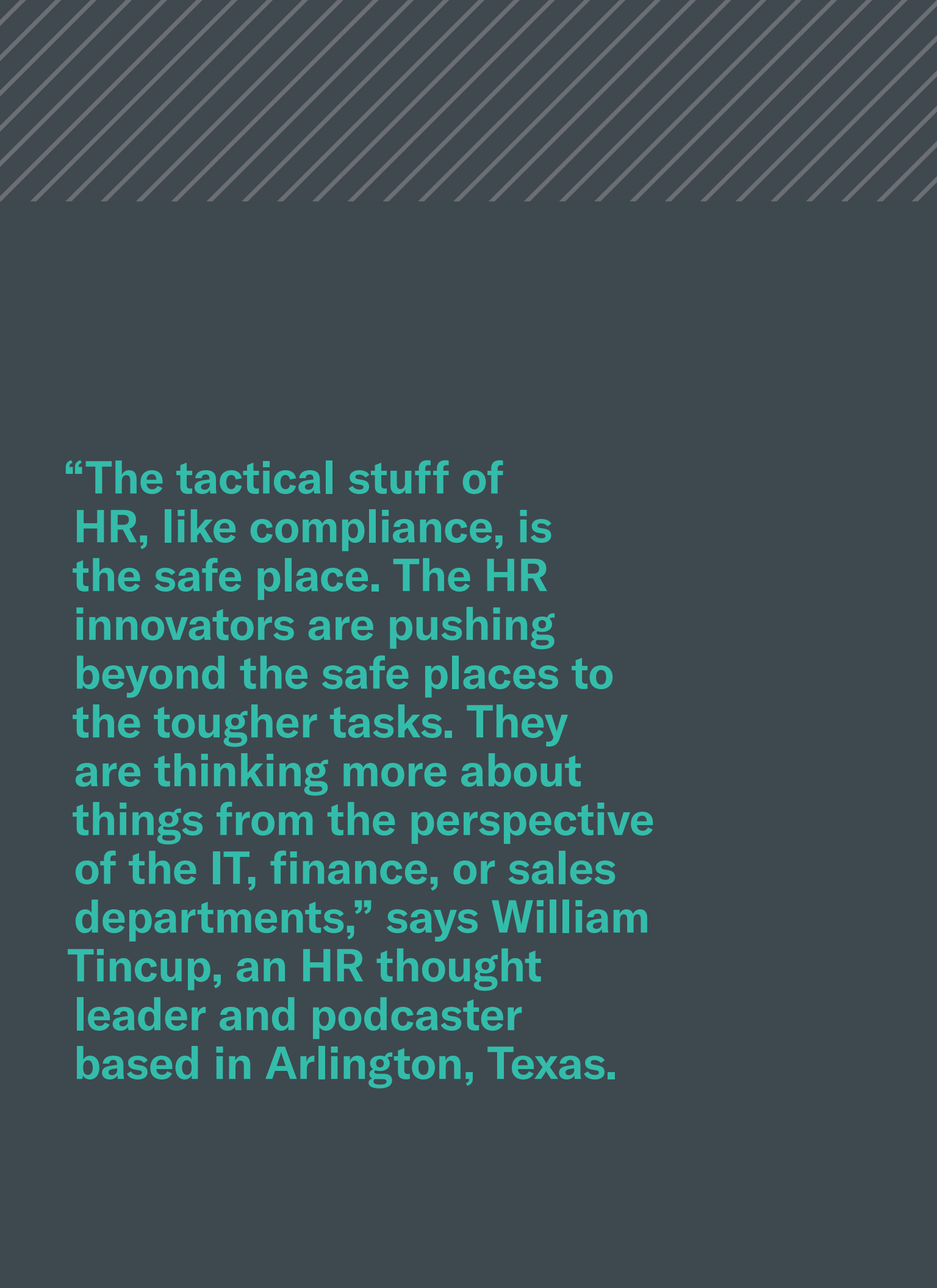
Many of these capabilities support the collaboration that is needed as HR tackles more complex issues. Effective HR leadership hinges on strong collaboration with other C-suite executives, particularly the chief information officer and CFO, on such issues as workforce planning, technology investments, and operational efficiency.

"To effectively cultivate these capabilities requires a commitment from the business leaders," Youden says. "HR will need to collaborate with the business to establish a clear vision and will also need to use a data-driven approach to show progress and demonstrate the positive impact of these initiatives. By highlighting tangible results and progression, HR can support the sustainability and scalability of these programs."

Forging stronger partnerships with the C-suite could also help HR nudge leaders in areas where HR has limited authority itself. "Organizational culture is a great example of something that only the top leaders can change," says Peter Cappelli, director of the Wharton Center for Human Resources at the University of Pennsylvania. "It is driven not by campaigns or communication but by acting differently. Culture doesn't change unless what the organization rewards and punishes changes, and HR has zero control over that."

Where HR Must Take the Lead

Even as their impact and role become larger, CHROs should give deeper consideration to whether they are focusing their time and efforts enough on areas of key importance to the organization. The survey found the areas where HR leadership has taken a primary role in addressing their organization's

"The tactical stuff of HR, like compliance, is the safe place. The HR innovators are pushing beyond the safe places to the tougher tasks. They are thinking more about things from the perspective of the IT, finance, or sales departments," says William Tincup, an HR thought leader and podcaster based in Arlington, Texas.
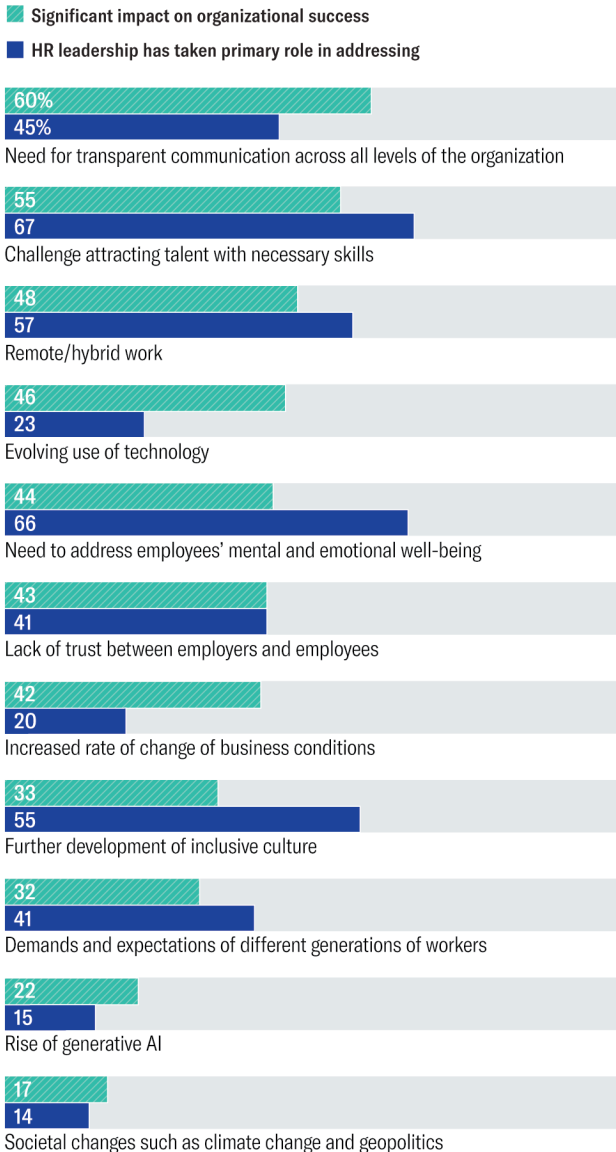
HR's Role and Impact

Transparent communication makes impact on success

How have the following developments impacted success at your organization? *Select all that apply.*

For which of the following developments has HR leadership taken a primary role in addressing your organization's need? *Select all that apply.*

▨ Significant impact on organizational success
▪ HR leadership has taken primary role in addressing

60%
45%
Need for transparent communication across all levels of the organization

55
67
Challenge attracting talent with necessary skills

48
57
Remote/hybrid work

46
23
Evolving use of technology

44
66
Need to address employees' mental and emotional well-being

43
41
Lack of trust between employers and employees

42
20
Increased rate of change of business conditions

33
55
Further development of inclusive culture

32
41
Demands and expectations of different generations of workers

22
15
Rise of generative AI

17
14
Societal changes such as climate change and geopolitics

Base: 444 respondents. Not shown: 1%–5% other, 0%–3% none, 0%–3% don't know; varies by segment.

Source: Harvard Business Review Analytic Services survey, April 2024

needs include well-established HR terrain, such as the challenge of attracting talent with necessary skills (67%), the need to address employees' mental and emotional well-being (66%), and further development of inclusive cultures (55%).

However, the survey also found gaps between the issues HR is addressing and the issues that have a significant impact on organizational success. Top among the gaps is the need for transparent communication across all levels of the organization. Sixty percent of respondents say the need for transparent communication across all levels has impacted success at their organization. However, only 45% say the HR leadership at their organization has taken a primary role in addressing it. **FIGURE 4**

"HR is critical for helping navigate the increased number of business changes; however, oftentimes they lack the right skills and capabilities to support the workforce through those," explains Anthony Abbatiello, workforce transformation practice leader, PwC US. "Investing in both areas can help HR be more effective in supporting business outcomes."

Transparent communication is an area where HR should take a lead, experts agree. Such communication can be done by soliciting employee feedback more frequently and then sharing the findings openly, even if those findings reveal organizational shortcomings. "It's vital that CHROs take the feedback they get from workers and then reflect it back to the workforce in an unvarnished way," Deloitte's Mazor says. "In the past, the norm was to polish up the results from engagement surveys to make it look like companies were doing better than they really were. Now HR is being very honest about exactly where they stand in terms of their level of inclusion and equity across the organization. Consequently, employees take HR seriously when they try to advance their agenda in that space."

He adds that transparency works best when the organization has invested the time to figure out what it needs to do to make corrections. Transparency becomes productive when it is coupled with solutions.

The survey found additional differences of opinion as to which economic forces are impacting organizational success and where HR is taking the lead. Forty-two percent of respondents say the increased rate of change of business conditions has impacted the success of their organization, yet only 20% say that the HR leadership has taken a primary role in addressing their organization's needs regarding this development. Likewise, 46% say that the evolving use of technology has impacted success at their organization, yet only 23% say that the HR leadership has taken a primary role in addressing their organization's needs regarding this development.

"HR's limited involvement may stem from a lack of connection between program outcomes and HR's value proposition," Youden of PwC says. To address this disconnect,
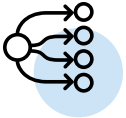
"By actively engaging with project teams and communicating their ability to contribute effectively, HR can reshape the perception of its role and become an indispensable partner in driving organizational success," says Diane Youden, principal in workforce transformation, PwC US.

HR professionals should "sell their plan" by approaching project teams and leadership, showcasing how HR can collaborate to drive the desired outcomes. "By highlighting the people factor, including change adoption, upskilling, and potentially associated changes in job responsibilities, HR can demonstrate its value in promoting success," Youden says. "By actively engaging with project teams and communicating their ability to contribute effectively, HR can reshape the perception of its role and become an indispensable partner in driving organizational success."

Ethics as HR Mandate

HR leadership is seen as key to ensuring ethical behavior. About two-thirds of respondents (65%) agree that the HR leadership at their organization is regarded as influential in ensuring their organization acts in an ethical manner by people within the organization. This finding was far more common among leaders (81%) than among followers (68%) and laggards (44%). **FIGURE 5**

"Companies need to think about the human implications of any decisions they make," UCLA's Bendersky says. "It saddens me when I hear about companies where HR is perceived as the bad guy who's just there to do investigations and protect the company. HR should be protecting the employees and be the voice of the employees at the C-suite."

Loomis says becoming a greater ethical force requires self-reflection on the part of HR. "It's very important for HR to be seen as ethical, and one of the ways they can do that is to acknowledge that, even with the best intentions, historically the systems that are put in place to support the organization on a day-to-day basis can make it challenging to recognize how to be ethical in the moment," she says. "Creating a culture of trust begins by looking in the mirror."
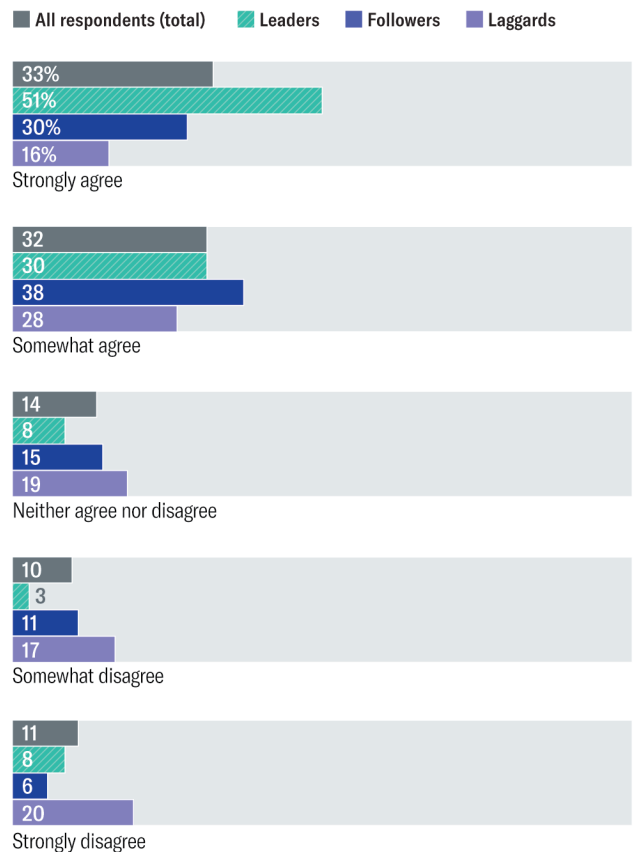
As part of that ethical standing, 74% of leaders agree that the HR leadership at their organization is taking steps to ensure there is trust between management and employees, whereas fewer laggards (38%) agree. Similarly, 79% of leaders agree that HR leadership at their organization is focusing on improving company culture to meet workers' rising expectations, but only 44% of laggards agree.

FIGURE 5

Becoming an Ethical Force

HR leadership seen as key to ensuring ethical behavior

Rate the extent to which you agree or disagree with the following statement: The HR leadership at my organization is regarded as influential in ensuring my organization acts in an ethical manner by people within the organization.

■ All respondents (total)   ▨ Leaders   ■ Followers   ■ Laggards

Strongly agree
- 33%
- 51%
- 30%
- 16%

Somewhat agree
- 32
- 30
- 38
- 28

Neither agree nor disagree
- 14
- 8
- 15
- 19

Somewhat disagree
- 10
- 3
- 11
- 17

Strongly disagree
- 11
- 8
- 6
- 20

Base: 444 respondents. Not shown: 0% don't know.

Source: Harvard Business Review Analytic Services survey, April 2024

"We don't talk about people as people, we talk about them as resources," Cognizant's Gary says. "That can be problematic because we don't consider all the other aspects and dimensions of their lives that contribute to how they show up to work every day, whether they want to come back tomorrow, and whether they want to have their friend come work with them. The core of every business is the people and their interactions and engagement with each other."

Impact of Artificial Intelligence and Data

Data and technology are critical tools that CHROs can leverage to make a larger impact. Hardly a day passes without discussion of new ways that AI and data could affect our lives and the way we work. The technology has both huge workforce and ethics implications. For example, there are concerns about whether artificial intelligence (AI) could unwittingly introduce bias into hiring decisions, making technology an element in HR's ethical mission.

At the moment, though, HR departments appear to be making limited use of AI within their own operations. In fact, 38% of survey respondents indicated that the HR department at their organization was not using AI. For those using AI, the most commonly cited ways AI is being used include reducing the number of routine or repetitive tasks for employees (21%), streamlining HR processes (20%), and bolstering learning and development (16%). In addition, 16% of respondents say they don't know if the HR department at their organization is using AI. FIGURE 6

Similarly, only 27% of respondents agree that the HR leadership at their organization is leveraging AI for transactional and operational efficiency to make room for the more human side of the business. "A lot of HR practitioners look at AI as a competitor that will take their jobs," Tincup says. "That's a natural response. But the reality is AI is going to take the low-value tasks. Right now, HR spends its time running from fire to fire to fire. AI will give them the time to think strategically so they can come up with those crazy ideas that will make the hair on the back of their necks stand up."

HR is also not playing a strong role in how the rest of the organization is using AI. Only 26% of survey respondents agree that the HR leadership at their organization is engaged in enterprise-wide gen AI strategy discussions.

"HR should be 100% involved in the generative AI discussions because companies need to think about the displacement effects of their AI policies and practices," Bendersky says. "It's not in society's interests to displace many people from jobs with computers. It is in society's interest to make people more efficient and productive in their jobs, especially with looming labor shortages."

As data-driven decisions and new AI tools become the norm, HR departments need to develop greater expertise in using data and metrics. "One of the big things that HR leaders do is take the temperature of the organization and know where their employees are and what they need to be able to anticipate and to be proactive concerning strategic decision making," Bendersky says. "So increasing analytical skills and bringing more technology analysts into the HR function is critical."

Taking that temperature well means selecting the correct metrics. The survey found that employee turnover and retention rates (59%), employee satisfaction (52%), and employee performance (50%) were the metrics respondents say their HR department tracks to help executives make decisions. Overall, leaders track more HR metrics to aid decision making than do followers and laggards. The metrics where leaders are most ahead of laggards are employee performance (64% vs. 32%), productivity measures (41% vs. 22%), cost to hire (37% vs. 16%), and training effectiveness (39% vs. 9%).

"Right now, too many of the metrics that HR uses are passive," Gary says. "Knowing you have an attrition rate of X% doesn't tell the full story of the employee life cycle. You need more detailed and personal information about employee sentiment. If an employee joined you a month ago, you should measure whether they know who their boss is, whether they know what to do, and whether they feel supported. You have to be sure you are collecting the data that makes sense and can tell a story over time, rather than just tell the story you want to tell."

Key Steps for HR Leaders

The survey and interviews with experts revealed key steps that leaders are taking to help them stand out from followers and laggards. Leaders do the following:

Emphasize transferable skills, experiences, and the ability to learn new skills. "Today, a big driver of engagement is the opportunity to grow new skills," Mazor says. "And the workforce is really looking for that, whether they're potential workers or the workers we have working for our companies now."

Improve manager listening and feedback to boost talent retention. "Companies used to do employee surveys once a year," Mazor says. "The best CHROs are driving employee listening to new frontiers, with regular pulse checks and regular focus groups that allow them to make changes that drive better workforce engagement."

Align employee learning with business goals, upskilling, and training on emotional intelligence. "We need to be relentless in ensuring our employees have all the tools they need to be successful," Tincup says. "Reskilling and upskilling are not a one-and-done. It's forever because skills have a half-life, and we don't talk about skills decay the way we should."

Develop a more inclusive culture focused on well-being. "There needs to be a massive shift in how we look at people,

"HR should be 100% involved in the generative AI discussions because companies need to think about the displacement effects of their AI policies and practices," UCLA's Bendersky says.
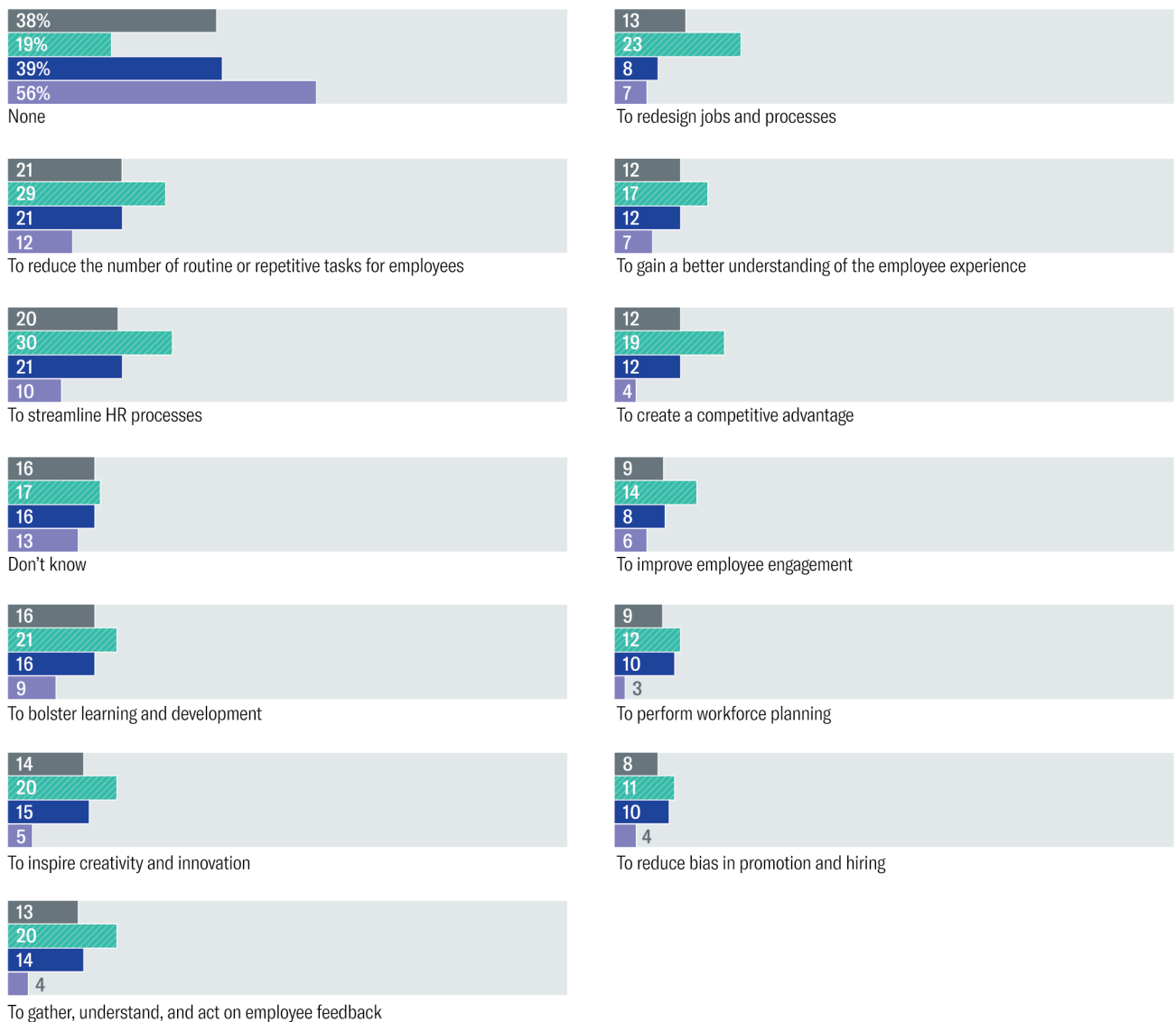
FIGURE 6

Slow to Embrace AI

At this early stage, more than a third aren't using AI

In what ways is the HR department at your organization using artificial intelligence? *Select all that apply.*

■ All respondents (total) ▨ Leaders ■ Followers ■ Laggards

None
- 38%
- 19%
- 39%
- 56%

To reduce the number of routine or repetitive tasks for employees
- 21
- 29
- 21
- 12

To streamline HR processes
- 20
- 30
- 21
- 10

Don't know
- 16
- 17
- 16
- 13

To bolster learning and development
- 16
- 21
- 16
- 9

To inspire creativity and innovation
- 14
- 20
- 15
- 5

To gather, understand, and act on employee feedback
- 13
- 20
- 14
- 4

To redesign jobs and processes
- 13
- 23
- 8
- 7

To gain a better understanding of the employee experience
- 12
- 17
- 12
- 7

To create a competitive advantage
- 12
- 19
- 12
- 4

To improve employee engagement
- 9
- 14
- 8
- 6

To perform workforce planning
- 9
- 12
- 10
- 3

To reduce bias in promotion and hiring
- 8
- 11
- 10
- 4

Base: 444 respondents. Not shown: 1% other in all segments.

Source: Harvard Business Review Analytic Services survey, April 2024
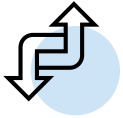
"CHROs will need to pivot and focus on board-level issues that help evolve the business model and create economic value for shareholders," says Anthony Abbatiello, Workforce Transformation practice leader, PwC US.

from a cost center to investment," Gary says. "Many studies show that diversity, equity, and inclusion has been dropping in importance since 2021, when it peaked as a high priority. But you can't be human-centered without understanding that DEI is critical to your success."

Employ HR metrics to aid decision making. As the survey suggests, they should track employee performance, productivity, cost to hire, and training effectiveness. "If you're still measuring turnover by itself, you're measuring the wrong thing," Mazor says. "Because we recognize that people are not staying with companies for a lifetime career, turnover can be healthy; it's a backward metric. Measuring engagement is more closely linked to productivity."

Conclusion

In fast-changing, complex times, CHROs are well-positioned to make their HR departments a strategic force within their organizations. "Today, HR leaders are expected to be strategic partners who contribute to the overall business strategy," Mazor says. "CHROs are now expected to not only be at the table but bring solutions and help organizations to make strategic choices around their workforce and the social agenda."

Leaders are far more likely to take a more forward-thinking and strategic approach to stay ahead of trends than are followers or laggards. More than half (57%) of leaders agree that the HR leadership at their organization takes a "futurist" outlook, staying ahead of business and workforce trends that affect their organization, whereas only 32% of followers and 19% of laggards agree.

Over the next three years, "CHROs will need to pivot and focus on board-level issues that help evolve the business model and create economic value for shareholders," Abbatiello says. Key responsibilities will include optimizing benefits and reward plans, maximizing tax efficiencies, reinvesting in skills architecture, upskilling the workforce, and delivering a world-class work experience.

To help their organizations change, HR departments themselves must change. "While new technologies will be a catalyst toward HR evolution, HR will also need to change its operating and service delivery models to free up capacity, as well as upskilling itself, to focus on these more strategic, value-added initiatives," Youden says. "HR will need to take an outcomes- or metrics-driven approach, to better articulate their impact on these and other business priorities."

As if all that weren't enough, AI poses a significant ethical challenge for HR. "Unlike other technology advances that have happened before, there is a fundamental moral aspect in AI, because it's going to reify and reinforce a lot of the innate bias," Loomis says. "On the plus side, there's an opportunity in the HR realm for using AI to expose bias."

For their organizations to thrive, CHROs and their HR departments must take a leadership role in ensuring their organizations embrace the people-first mantra that is becoming a strategic imperative. "We live in a different world now than we did only a few years ago," Gary says. "Everything's more complex; the values are different. We need to figure out how to ensure those values are reflected in the way that we approach talent management as a whole, so the workforce sees we are making a genuine investment and have a genuine commitment to the people who determine the organization's success."

Harvard Business Review Analytic Services surveyed 444 members of the *Harvard Business Review* audience via an online survey fielded in April 2024. Respondents qualified to complete the survey if they were familiar with the practices of the HR department at their organization.

Size of Organization

34%
10,000 or more employees

38%
1,000–9,999 employees

12%
500–999 employees

16%
100–499 employees

Seniority

32%
Executive management/ board members

34%
Senior management

19%
Middle management

16%
Other grades

Key Industry Sectors

16%
Technology

14%
Education

9%
Financial services

9%
Government/ not for profit

9%
Manufacturing

All other sectors less than 8% each.

Job Function

16%
HR/training

10%
General management

9%
Academia

All other functions less than 8% each.

Regions

41%
North America

23%
Europe

23%
Asia Pacific

9%
Middle East/Africa

5%
Latin America

Figures may not add up to 100% due to rounding.

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