



CHRO OUTLOOK



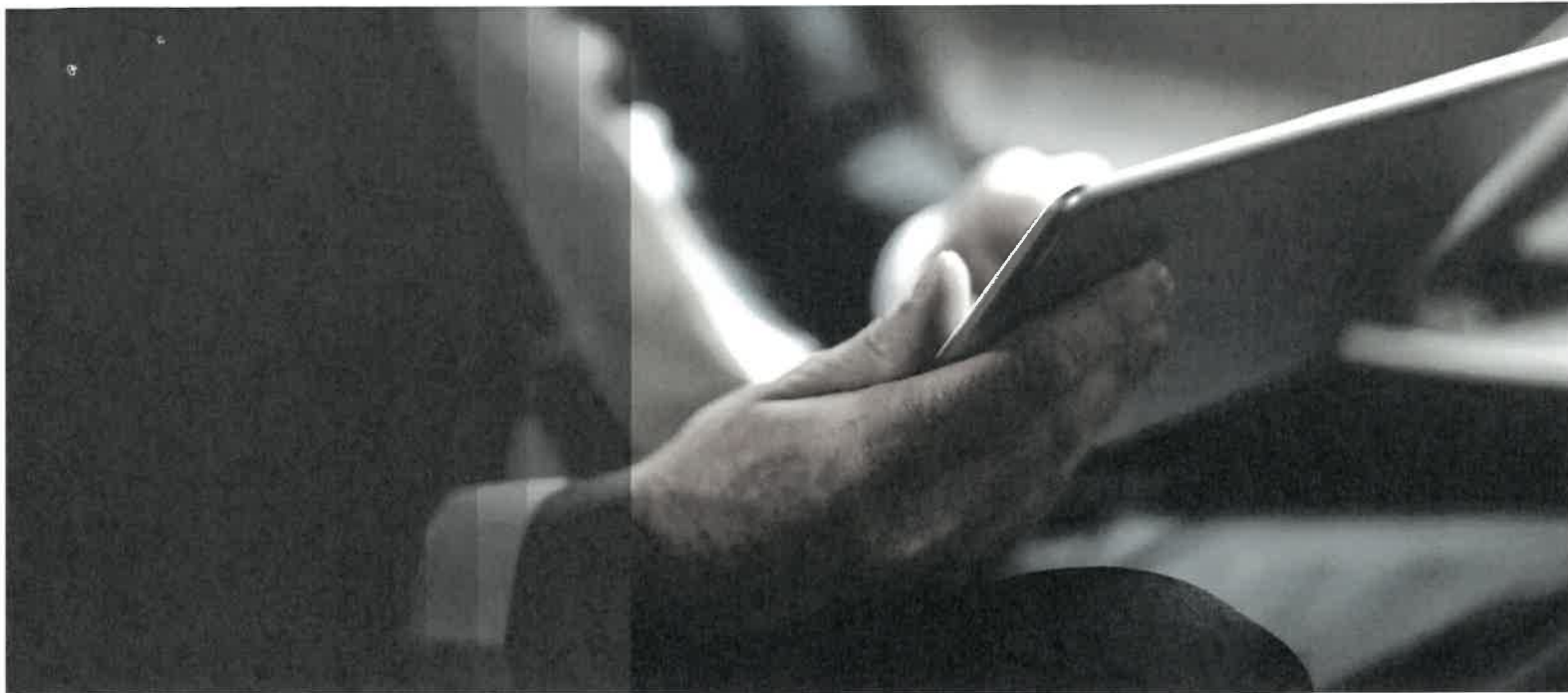


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CHRO OUTLOOK: EXECUTIVE SUMMARY

CHROs are uniquely positioned to gauge the pulse of the U.S. workforce. So **SHRM, in partnership with Chief Executive Group**, set out to assess these leaders' perspectives on the economic outlook for business in the coming year and beyond.

This survey of 219 CHROs, conducted in February 2021, identified their widespread optimism about the post-pandemic economy, though that hopefulness is tempered by enduring concerns about work, workers, and the workplace.

As mass vaccination brings the U.S. closer to a post-pandemic reality, nearly three-quarters of CHROs believe current business conditions are **"good to excellent."**

92%

of CHROs predict business conditions will be **"good to excellent"** a year from now.

53%

of CHROs expect to increase their workforces in the next year.

Remote work—a feature of the pandemic—has made implementing an inclusive workplace culture difficult, CHROs are finding, so many organizations plan to implement a careful, people-focused return-to-workplace strategy. Other CHRO challenges for the coming year include retaining high-performing employees, recruiting qualified candidates, and addressing employee morale and mental health.

HR leaders are also concerned about external factors that may impact business strategy. They continue to monitor public-policy changes coming out of the Biden administration, especially COVID-19 strategy and vaccine distribution plans and changes to health care policies and the minimum wage.

Overall, HR leaders are positive about the new, post-pandemic world of work. Assuming organizations can work out solutions to some persistent workplace challenges, the U.S. economy is primed to be a stronger, better one for all employees—regardless of race or ethnicity.



CHROs EXPECT SIGNIFICANT HIRING BY 2022 WITH STRONG FOCUS ON DE&I, LEADERSHIP

Earlier this year, SHRM, in partnership with Chief Executive Group, conducted a survey of top HR leaders in the U.S. to analyze the economic outlook for business from the perspective of Chief Human Resource Officers (CHROs) across the country. As the leaders responsible for developing and executing human resource strategies for their organizations, CHROs are uniquely positioned to gauge the pulse of the U.S. workforce.

Based on responses from 219 CHROs, the research identified widespread optimism among HR senior leaders about the post-pandemic economy—although that hopefulness is tempered by enduring concerns about work, workers, and the workplace.

A BRIGHT FUTURE FOR THE ECONOMY —AND HIRING

As mass vaccination inches the United States closer to a post-pandemic reality, the U.S. economy is poised to bounce back from its pandemic-induced recession in the coming months, these leaders believe.

92%

of CHROs predict business conditions will be “good to excellent” a year from now.

74%

of CHROs assess current business conditions as “good to excellent.”

8%

of CHROs claim business conditions will be “average to poor” next year.

Favorable economic conditions bode well for long-term business revenue as organizations react positively to the loosening of COVID-19-related restrictions.

Nearly

40%

of CHROs forecast at least a 10% increase, with 15% expecting an increase of 20% or more over the next 12 months.

Perhaps most importantly, economic optimism will be reflected in hiring—current and prospective. Twenty-three percent of CHROs forecast at least a 10% increase, with 11% of CHROs projecting an increase of 20% or more. This signals a commitment to hiring, benefiting U.S. workers in need of financial security.



SPENDING AND INVESTMENT TARGET DE&I, LEADERSHIP

With organizations readying the resources to spend and invest, CHROs are focusing primarily on the empowerment of their employees—from entry-level workers to People Managers—across the racial and ethnic spectrum. According to surveyed CHROs, their three highest spending and investment areas for the next 12 months are:

- **Diversity, equity, and inclusion (DE&I)**

72%

- **Leadership development**

54%

- **Employee engagement**

49%

As the COVID-19 pandemic evolves, and organizations respond accordingly, a clear focus on leadership-driven DE&I has emerged in recent months. Organizations not only are planning to cultivate the leaders who can promote DE&I in the workplace, they also are committing the resources to foster a positive workplace culture.

Given the social turmoil of recent months, the organizational emphasis on DE&I initiatives is particularly encouraging for communities of color. Driven by HR leaders, organizations are recognizing a need for change, building on **SHRM's Together Forward @Work** platform created last year.

Today, change-driven organizations are the norm, not the exception, as they commit the resources to match their rhetoric surrounding DE&I. A significant component of this change is seen in greater investment in leadership development. Increasingly, organizations are empowering People Managers to implement DE&I initiatives in the workplace, entrusting these key efforts to those who lead employees daily at all levels of the organizational hierarchy.



FROM INVESTMENT TO IMPLEMENTATION

Investment alone is not sufficient for change. Organizations must focus on actual, actionable implementation. According to HR leaders participating in the survey, **the three most important initiatives for 2021 are:**

- **Creating a culture of inclusion**



- **Developing the leadership bench**



- **Identifying a return-to-workplace strategy**



Most organizations are promoting DE&I by strengthening their workplace culture. This approach goes hand in hand with developing People Managers into leaders who can implement inclusivity at work.

Inclusion and leadership are self-reinforcing: The best managers are inclusive of all employees, welcoming a wide range of perspectives from across the workforce. This benefits racial and ethnic minorities as they become workplace leaders in their own right.

But even with the right leaders, remote work makes implementing an inclusive workplace culture difficult, so many organizations are committing to a return-to-workplace strategy that supports business goals while also focusing on health and safety. With many workplaces remaining shuttered, the question of when to resume in-person work continues to weigh on the minds of HR leaders.

WORKFORCE CHALLENGES REMAIN

In-person work is just one of many issues occupying today's HR leaders. Human capital is more important than ever. While most CHROs share a sense of optimism, they face continuing challenges in talent management, even during a pandemic economy.

According to

45%

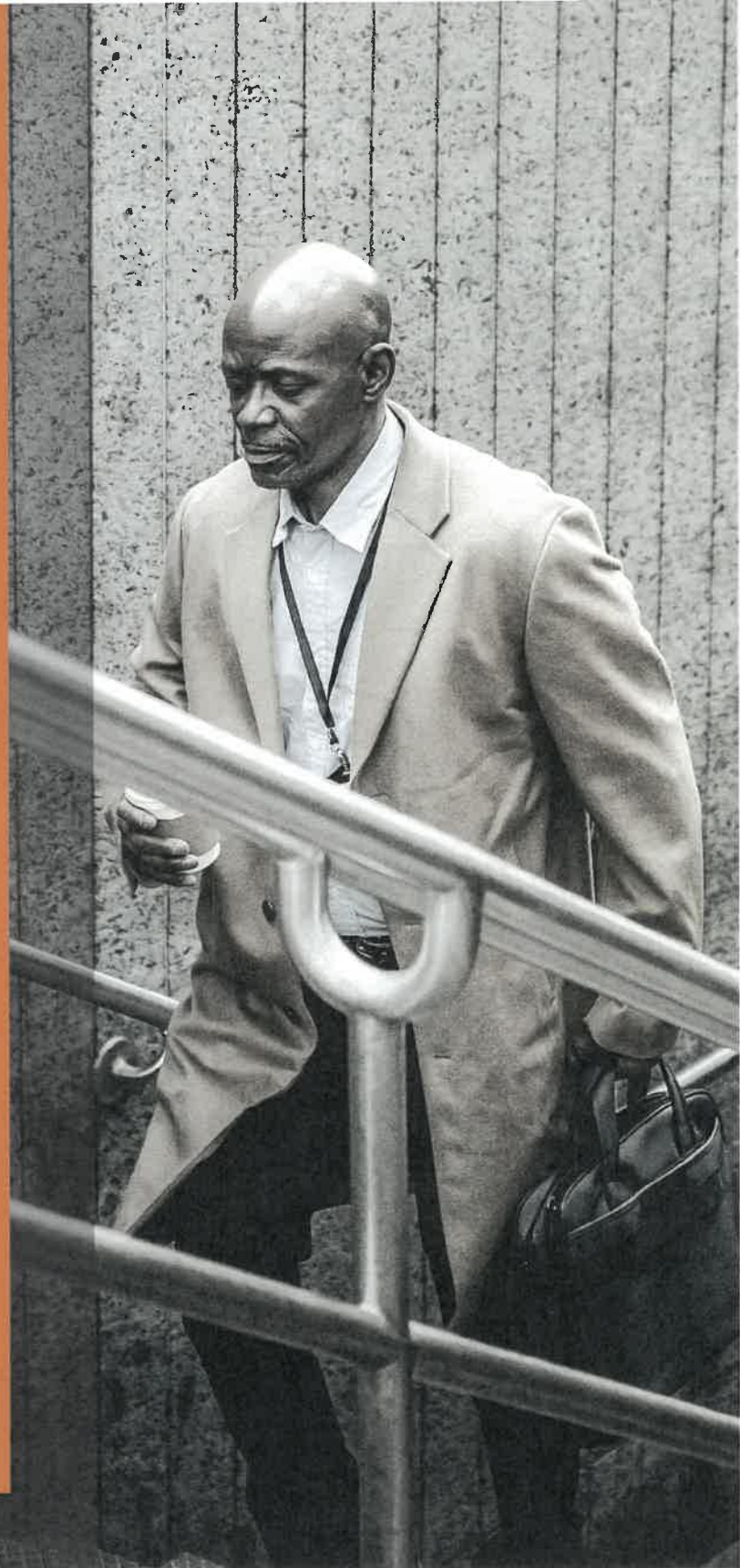
of surveyed CHROs, retaining high-performing employees is a top workforce-related challenge for the next year.

32%

say the same for recruiting qualified candidates.

The stresses of the pandemic are certainly affecting employee retention. Over one-third of CHROs are concerned about workplace morale (35%) and express concern about the mental health of their employees (34%).

While organizations are generally committed to change, instigating action is not so straightforward. CHROs face a huge number of competing priorities that pull them in many directions. It follows that many HR leaders question the realistic application of DE&I in today's world, with 38 percent of CHROs expressing concern about implementing their DE&I goals.





REGULATORY QUESTIONS PERSIST

Beyond workforce-related challenges, HR leaders are also concerned about external factors that affect work, workers, and the workplace—from policy to politics. CHROs cited the top public-policy issues most likely to impact their organization over the next 12 months:

52%

• **Labor and wage laws**

34%

• **Racial and gender equity**

32%

• **Economic stimulus**

30%

• **Health and safety regulations**

25%

• **Health insurance**

With policy flowing downstream from politics, HR leaders continue to watch the Biden administration closely. For CHROs, the top political issues that may impact business strategy are:

83%

• **COVID-19 strategy and vaccine distribution plans**

42%

• **Changes to health care policies**

40%

• **Increases to the minimum wage**

Above all else, HR leaders are eager to see how the Biden administration approaches COVID-19-related economic restrictions and how that approach may differ from the previous administration's.

While issues like health care and the minimum wage are important to many HR leaders, the current administration's pandemic response—and its impact on employees—is all-encompassing and therefore most directly relevant to CHROs.

THE LONG-TERM ECONOMIC OUTLOOK

With business revenue on the rise, spending and investment have followed suit, benefiting current and prospective employees. From implementing DE&I to hiring, HR leaders are optimistic about the new economy that may emerge from the pandemic.



METHODOLOGY

The CHRO Outlook survey is a quarterly joint research conducted in partnership between **SHRM** and **Chief Executive Group**. A total of 219 surveys were completed February 16-19, 2021.

The survey was fielded electronically to U.S.-based CHROs and senior HR executives.

Respondents represented organizations of all sizes—from **10 to 10,000 employees**—in a wide variety of industries across the United States; 73% of respondents were from organizations with **500 or more employees**.

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As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally. More than 95% of the *Fortune* 500 rely on SHRM members to drive their people and strategy. The SHRM Executive Network is a vetted, private collective of CHROs and VPs at mid-market and large enterprises who influence human capital.

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