

2013 CHRO PULSE SURVEY

Introduction

Korn Ferry's Human Resources Center of Expertise surveyed over 100 Chief Human Resources Officers (CHRO) and human resources leaders from the Korn Ferry database of top U.S. companies. The CHRO Pulse Survey asked a variety of questions, ranging from talent development and Board and CEO expectations, to the most important CHRO competency. The survey set out to determine the foremost issues facing the human resources field and top human resource executives, in order to create a baseline of sentiment among CHROs who are tackling today's big human capital issues.

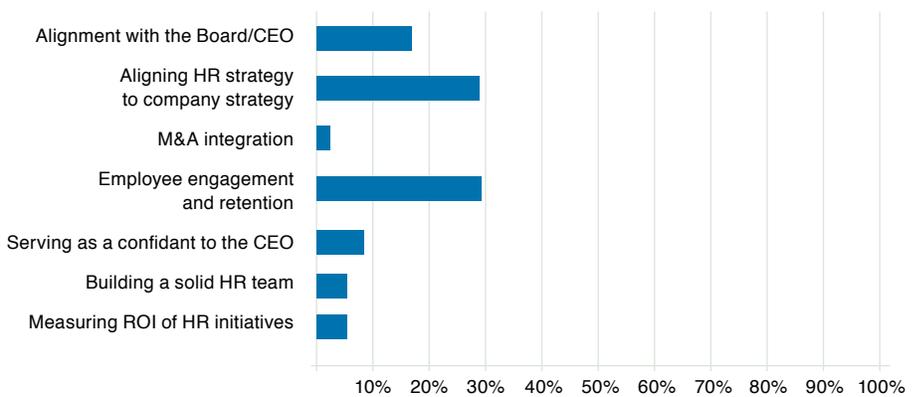
Here we aggregated top human resource executives' opinions on the key business issues impacting their companies and jobs, in order to provide us with a pulse of what is driving human resources (HR) decisions in the C-suite.

Today, CHROs are increasingly faced with delivering bottom-line results through the employee infrastructure. From workforce gaps, to legislative changes, HR is continuously adapting to new and, often, challenging environments. Knowing what keeps top HR executives in the field up at night and the foremost considerations that impact their daily decision making will help create a clearer picture of the HR landscape.

What’s keeping CHROs up at a night? The survey reveals that employee engagement and retention is keeping the majority of HR executives up at night, followed by aligning the HR strategy to the company strategy, and alignment with the Board/CEO. The survey shows that CHROs are less occupied with M&A integration, building a solid HR team, measuring ROI of HR initiatives and serving as a confidant to the CEO.

Figure 1

What keeps you up at night the most?



There has been a notable shift in the makeup of the HR function within a company over the past several years. Within the past five years, CHROs identify competitive pressure on the business as the greatest factor responsible for driving increased complexity in the HR role today, while the most important competency for a CHRO in today’s business environment is strategic vision (defined as business savvy, creative and innovative).

Figure 2

Which of the following factors is most responsible for driving increased complexity in the HR role today compared to 5+ years ago?

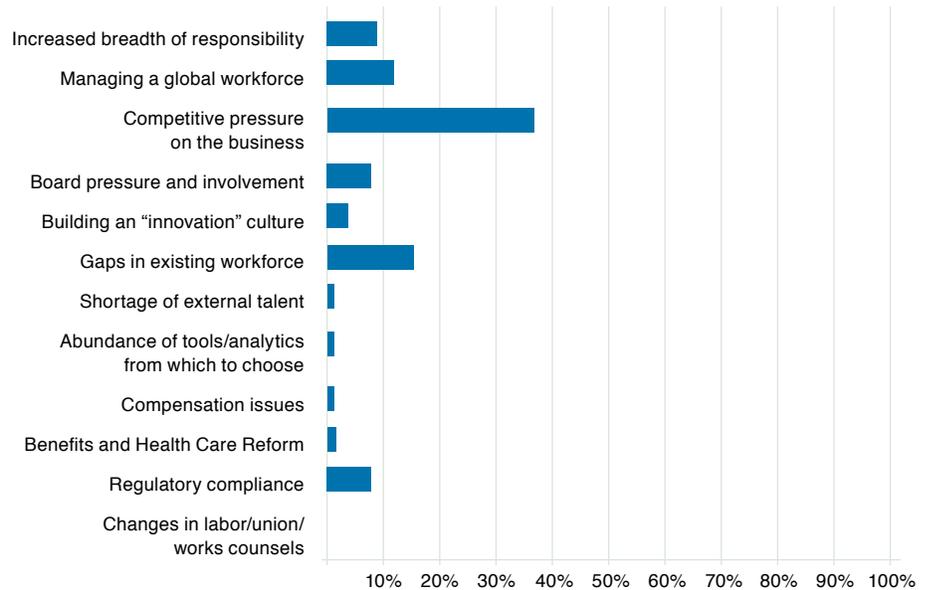
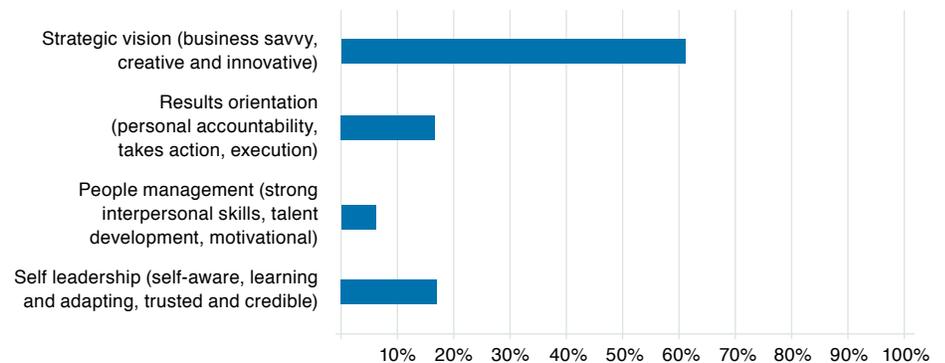


Figure 3

What's the most important competency for a CHRO to have today?



When an organization undergoes a transformation, there is often a change in the desired skills of its employees. CHROs are thus finding it challenging to hire strong HR talent. When asked what they value most when hiring new HR talent, the large majority of CHROs say business acumen, which is squarely aligned with the evolution of the HR role, while technical HR skills is the least desired.

Figure 4

Are you finding it challenging to hire strong HR talent?

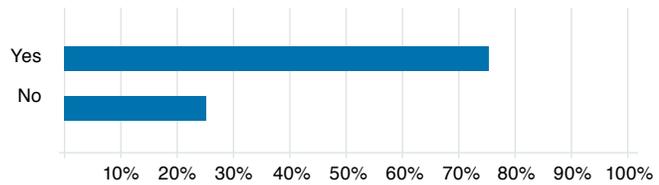
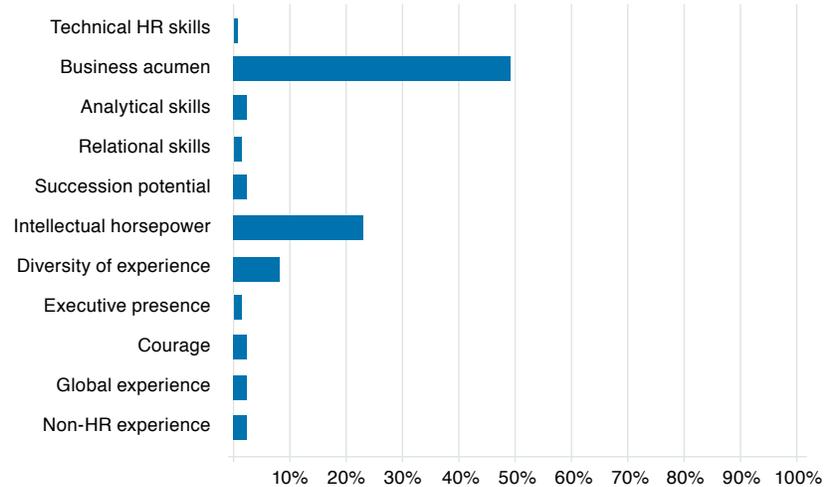


Figure 5

What do you value the most when hiring new HR talent?



CEOs and Boards are asking the majority of CHROs to take on more bottom-line responsibility. CHROs are focused on tying HR initiatives to the broader business strategy; they must also be acutely attuned to what their companies' CEOs and Boards expect. According to the survey, CHROs believe their largest impact on the bottom line can be made through capability building in departments like sales, marketing, customer service and product development. With an emphasis on employee talent growth, it is no surprise that CHROs say that their HR budget is expected to increase the most in learning and development and the largest decrease is anticipated in outsourcing.

Figure 6

Are your CEO and Board asking you to take on more bottom-line responsibility?

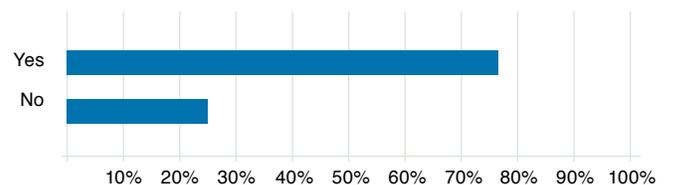


Figure 7

In which area do you feel you have the most impact on the bottom line?

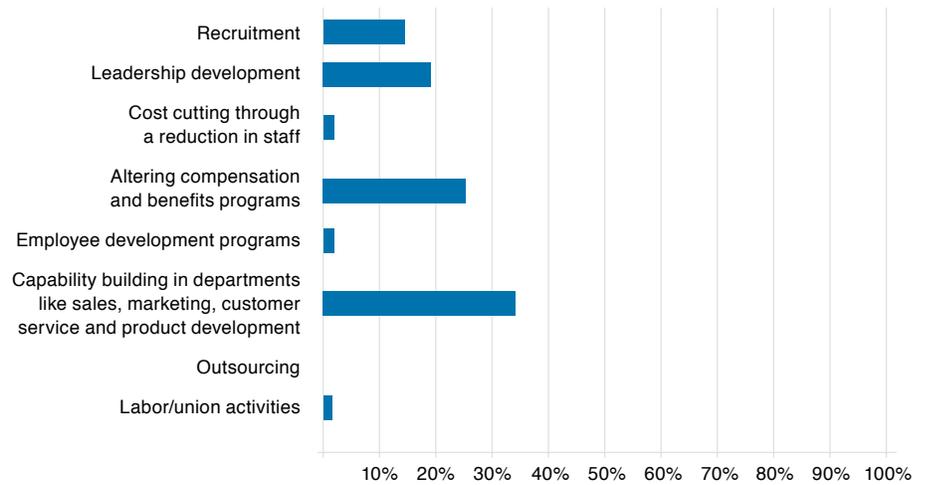


Figure 8

In which area is your HR budget likely to increase the most in the fiscal year ahead?

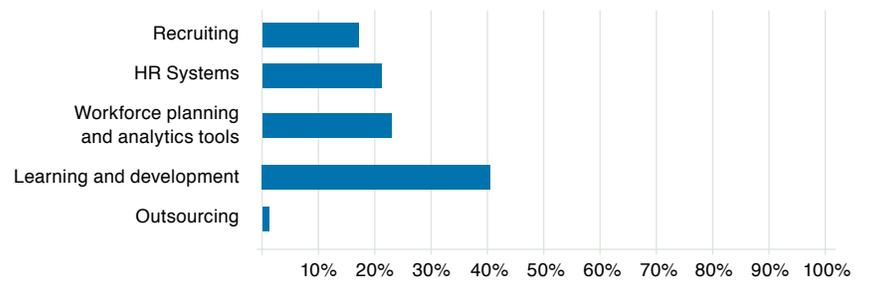
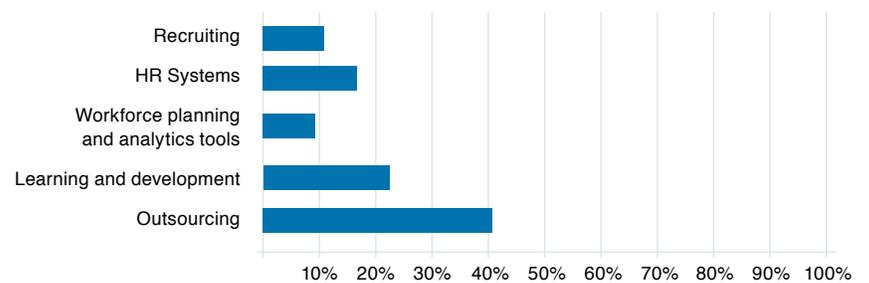


Figure 9

In which area is your HR budget likely to decrease the most in the fiscal year ahead?



The majority of CHROs say that their Board of Directors' involvement in HR has increased over the past three years. When asked where the Board of Directors' interest has been focused, CHROs overwhelmingly identify the following two areas: executive compensation and succession planning. However, when asked what the biggest talent challenge CEOs face when trying to optimize their workforce, CHROs are nearly evenly split among ensuring talent capacity and workforce deployment, ensuring a global leadership talent pipeline, ensuring leader speed-to-performance in pivotal roles on a global scale and creating globally agile organizations.

Figure 10

Has your Board of Directors' involvement in HR increased over the past three years?

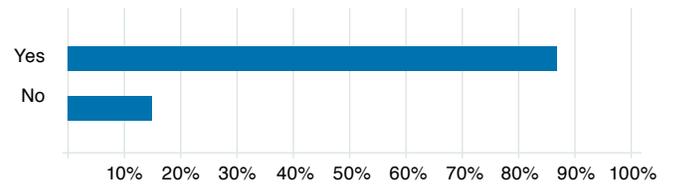


Figure 11

Where has your Board of Directors' interest been focused the most, specifically in regards to HR?

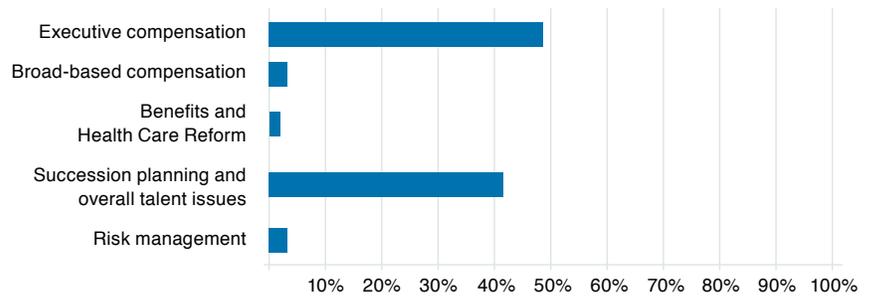
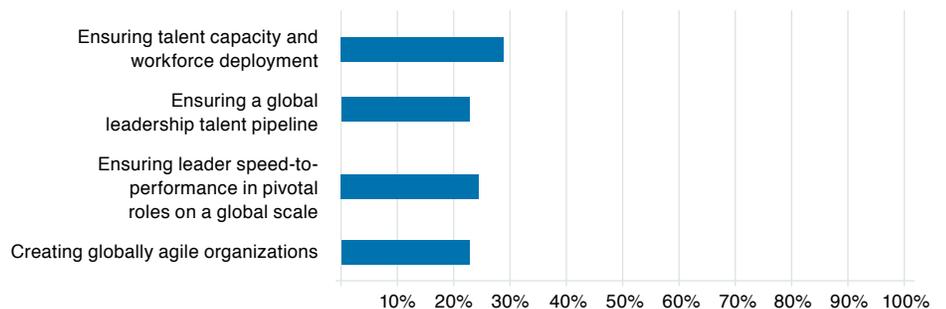


Figure 12

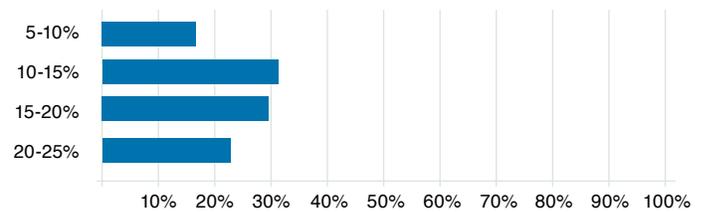
From your perspective, what is the biggest talent challenge CEOs face when trying to optimize their workforce?



As human capital is one of the greatest competitive differentiators that a company has, it is no surprise that the majority of CHROs say that the CEO spends over 15% of their time on HR-related issues.

Figure 13

How much time do you believe your CEO spends on HR-related issues?



The Affordable Care Act (ACA) is the largest legislative change to impact human resources. For CHROs, other legislative issues, such as ERISA, privacy laws, payroll tax changes and Say-on-Pay, pale in comparison to the impact the ACA will have on HR. However, CHROs believe that, in addition to the ACA, the legislative issue that Boards are most concerned about is Say-on-Pay.

Figure 14

From your perspective, what is the biggest talent challenge CEOs face when trying to optimize their workforce?

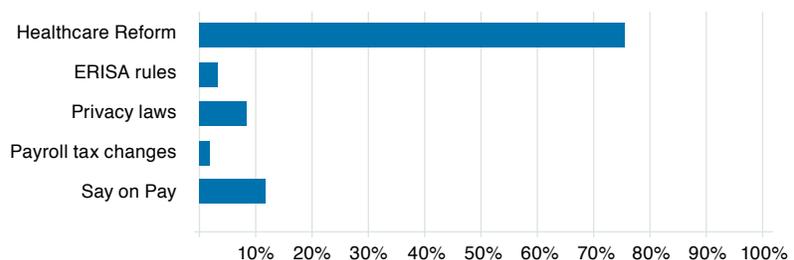
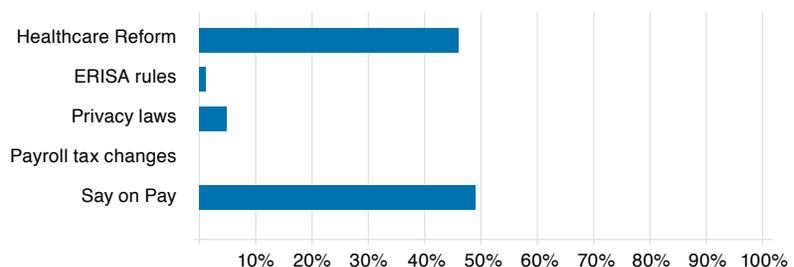


Figure 15

Which of the following legislative changes do you think your Board is most concerned about?



Key contacts: Human Resources Center of Expertise



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