Leadership Vision for 2023

Top 3 strategic priorities for Chief HR Officers
Leadership Vision for CHROs in 2023

Amid economic uncertainties and cost pressure, and with talent both scarce and expensive, CHROs must understand how the trends impacting the workforce and broader organization will shape their priorities in 2023 and beyond.

In this climate, it is critical CHROs take action to increase the positive impact that they and their teams have on the organization.

CHROs can use this research to respond to major trends impacting the workforce and improve their own personal impact and effectiveness.

Key Questions Addressed

- What are the major trends affecting CHROs and the HR function?
- How should CHROs prepare for the year ahead?
- What skills and capabilities do CHROs and HR business partners (HRBPs) need to succeed?
Organizations Face Uncertain and Confusing Times

The Triple-Squeeze
Three Compounding Pressures that Most Executives Have Likely Never Experienced

1. Rising Inflation
   - 90% of CEOs expect a significant rise in inflation within the next 12 months.
   - 23% of CFOs are specifically increasing employee pay to compensate for consumer price increases.

2. Scarce Expensive Talent
   - 50% of HR leaders expect increased talent competition over the next 6 months.
   - 46% of HR leaders anticipate attrition will remain high for in-demand roles in 2023.

3. Global Supply Constraints
   - 48% of CFOs believe supply-chain volatility and shortages will last beyond 2022.

Source: 2022 Gartner CEO and Senior Business Executive Survey; 2021 Gartner CFO Capital Allocation Survey; Gartner webinar poll: CFOs’ 2022 Playbook for Enhancing Profitability and Driving Digital Acceleration; Attracting and Retaining Critical Talent While Preparing HR for Disruption (July 2022); 2023 Gartner HR Priorities Survey
Workforce Is Increasingly High Priority for CEOs

Top 10 CEO Business Priorities, 2022 and 2023
Percentage of Respondents Including in Their Top Three Mentions, Coded Responses

Q: Please tell us about your organization's top five strategic business priorities for the next two years (2022-2023).

Source: 2022 Gartner CEO and Senior Business Executive Survey

n = 410, all respondents
Shifts in Employee Expectations Are Here to Stay

New Employee Expectations Impacting Retention and Attraction

**Flexibility**
52% of employees say flexible work policies will affect the decision to stay at their organizations.

n = 3,500 employees
Source: 2021 Gartner Hybrid and Return to Workplace Sentiment Survey

**Shared Purpose**
53% of employees want their organizations to take actions on issues they care about.

n = 5,000 employees
Source: 2021 Gartner EVP Employee Survey

**Well-Being**
70% of companies have introduced new well-being benefits or increased the amount of existing well-being benefits.

n = 77 HR leaders
Source: 2021 Gartner EVP Benchmarking Survey

**Person-First Experience**
82% of employees say it’s important for their organization to see them as a person, not just an employee.

n = 5,000 employees
Source: 2021 Gartner EVP Employee Survey
HR Leaders Must Weigh Many Trade-Offs

Periods of economic uncertainty can offer business leaders the opportunity to reinvest to drive future growth, but this requires deliberate prioritization of trade-offs in budget.

Some of the most relevant and significant trade-offs HR leaders must balance are managing spend, securing talent, and accelerating growth.

Increased digitalization and automation will ultimately make workflows and processes simpler, faster, and more cost-effective while also providing HR staff with more time to focus on the activities that add business value. At the same time, HR leaders must address business leaders’ concerns and ensure the organization’s employee value proposition (EVP) is clear and designed to attract and retain the right talent – particularly those with digital and data skills.

Source: Gartner
CHRO Priorities for 2023

Top Business-Supporting HR Initiatives

1. Leader and Manager Effectiveness
2. Organizational Design and Change Management
3. Employee Experience
4. Recruiting
5. Future of Work
6. Learning and Development
7. HR Technology
8. Diversity, Equity and Inclusion
9. Talent Analytics
10. Total Rewards

n = 353 heads of HR

Q: Please select the two key initiatives you need to concentrate on the most in your function to effectively support each of the priorities you ranked most critical to your organization.
Source: 2023 Gartner HR Priorities Survey
Leaders Need a New Approach

The shifting work environment has changed employee expectations and blurred the relationship between leader and employee. It requires leaders to approach their core responsibilities in new ways by displaying “human-centric leadership” – leading with authenticity, empathy and adaptivity. While these traits have been listed among the key qualities of great leaders in the past, today’s environment has made them imperatives that employees no longer just desire but demand.

<table>
<thead>
<tr>
<th>Core Leader Responsibility</th>
<th>Role Model Behavior</th>
<th>Support Teams</th>
<th>Deliver Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Approach</td>
<td>Professional</td>
<td>Employees</td>
<td>Efficient</td>
</tr>
<tr>
<td></td>
<td>Enable workplace boundaries</td>
<td>Address work needs</td>
<td>Manage standardized workflows</td>
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<tr>
<td>Work Environment Shift</td>
<td>Social and Political Turbulence</td>
<td>Work-Life Fusion</td>
<td>Hybrid Work</td>
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<td></td>
<td>High stress and risk of controversy</td>
<td>Increasingly visible personal lives</td>
<td>More variety in work patterns and norms</td>
</tr>
<tr>
<td>New Approach</td>
<td>Personal</td>
<td>People</td>
<td>Individualized</td>
</tr>
<tr>
<td></td>
<td>Enable safe self-expression at work</td>
<td>Address life needs</td>
<td>Manage tailored, flexible workflows</td>
</tr>
</tbody>
</table>

Source: Gartner
Recommended Actions for CHROs to Build Human-Centric Leadership

✅ **Understand** how the concept of human-centric leadership and associated behaviors aligns with your organization’s current leadership competency model and identify needed adjustments.

✅ **Identify** potential trade-offs that may need to be made between focusing on investing in leadership development programs and other business requirements.

✅ **Assess** your own strengths and development areas as a human-centric leader and identify opportunities to display authenticity, empathy and adaptivity with your own team.

✅ **Adjust** leadership development programs to develop human-centric qualities (while maintaining a focus on business needs) and update succession strategies to identify successful human-centric leaders in high-impact roles.

✅ **Position** HR team members to identify employees who can share diverse perspectives with leaders in order to catalog high- and low-stakes opportunities for leaders to display vulnerable human leadership.

✅ **Ask** your leadership team to actively commit to clear expectations for human-centric leadership by providing the option to choose between people-leadership and non-people-leadership career pathways.
Open-Source Change to Lead Through Uncertainty

To decrease change fatigue and support employees through uncertainty, CHROs should lead their organizations to adopt an open-source change strategy instead of a top-down change strategy. When employees are active participants with ownership in an open source-change strategy employees are 1.5x more likely to be willing to change and overall change success is 14x more likely. The risk of change fatigue also drops as much as 29 percentage points.
Recommended Actions for CHROs to Lead Open-Source Change

✔️ **Collaborate** with the communications function and senior leaders to craft messages about change, including specific messages to help employees understand the impact of change on their own work.

✔️ **Communicate** openly about disruptions and changes with your own team.

✔️ **Encourage** HR team members to share insights openly and provide feedback on change plans.

✔️ **Upskill** the HR team to help leaders shift implementation planning to employees and solicit upward feedback and constructive criticism.

✔️ **Design and implement** processes to share employee feedback to demonstrate employees' voices are being heard.
Facilitate Culture Connectedness by Intention

For a culture to truly succeed, employees must be both aligned and connected to it. Because of less time in offices, fewer in-person contacts and shrinking work ecosystems, HR leaders now have to be more intentional about how they connect employees to the culture rather than through osmosis.

Source: Gartner
Recommended Actions for CHROs to Facilitate Culture Connectedness

- Define how your organization’s culture impacts your employee experience.
- Work with senior leaders to identify leaders and managers who can help champion intentional efforts to drive culture connectedness.
- Set up an HR team to review “moments that matter” to identify when employees feel seen.
- Solicit employee feedback about work processes and how to redesign them to ensure they are aligned with the desired culture.
- Create opportunities for HR employees and teams to share how they appreciate the organization’s culture and support other leaders to do so in their own areas.
# Model of a World-Class CHRO

Developed with the input of Gartner’s CHRO Global Leadership Board and validated by the most talented CHROs and CEOs in business today, this model establishes a global standard for CHRO excellence.

## Drive Business Results

<table>
<thead>
<tr>
<th>Board and CEO’s Leader of Human Capital &amp; Culture</th>
<th>Win In a Dynamic Talent Landscape</th>
<th>Leader of Enterprise Strategic Change</th>
<th>Leading Through Evolving Stakeholder Scenarios</th>
<th>Trusted Advisor and Coach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan and Support CEO and C-Level Succession</td>
<td>Ensure Top Talent and Capabilities for Critical Roles</td>
<td>Create Organization Agility and Resilience Capability</td>
<td>Anticipate and Respond to External Trends</td>
<td>Advise and Coach the CEO</td>
</tr>
<tr>
<td>Build Effective Compensation Supported by Shareholders</td>
<td>Embed DEI Into Talent and Culture Strategy</td>
<td>Assess and Catalyze Actions to Drive Competitiveness</td>
<td>Align and Link Organizational Metrics to Stakeholder Expectations</td>
<td>Maximize Senior Team Effectiveness</td>
</tr>
<tr>
<td>Drive Culture and Purpose</td>
<td>Deliver a Compelling Employee Value Proposition</td>
<td>Integration of Organizational Levers to Sustain Change</td>
<td>Focus on Workforce as a Primary Stakeholder</td>
<td>Coach and Develop Key Enterprise Talent</td>
</tr>
</tbody>
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## Business Acumen

- **Functional Business Leader**
  - Create a future-focused, technology-oriented, operationally capable and financially disciplined team to run the HR function.

## Business Strategy Development

- **Trend Watchlist**
  - Developed with the input of Gartner’s CHRO Global Leadership Board and validated by the most talented CHROs and CEOs in business today.
HR Professionals Competency Model

86% of HRBPs report an increase in the skills required to be effective. To attract and retain HR talent, HR leaders must assess their employees’ competencies and develop their skills for current and future roles.

**Business Acumen**
- Industry Knowledge
- Organizational Knowledge
- Financial Knowledge

**Strategic Consulting**
- Consultative Problem Solving
- Project Management
- Risk Management

**Relationship Management**
- Collaboration and Networking
- Persuasion and Influence

**Data Judgment**
- Data Foundations
- Data Interpretation
- Data Storytelling

**Talent Management**
- Strategic HR Expertise
- Employee Experience Management
- Change Management
- Technological Savviness

**Agility**
- Growth Mindset
- Innovation and iteration

Source: Gartner
Address Barriers to Strategic HR Impact

For decades, HR leaders have tried to maximize the strategic impact of HRBPs. Regardless of operating model and organizational structure, four key barriers prevent HRBPs from reaching their full strategic potential.

<table>
<thead>
<tr>
<th>What We Hear From HRBPs</th>
<th>What HR Leaders Can Do</th>
<th>What HR Professionals Can Do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclear Expectations</td>
<td>Interest, Skills and Expectations</td>
<td>Develop Key Skills and Competencies</td>
</tr>
<tr>
<td>“I’m not even sure what it means to be strategic.”</td>
<td>Identify HR staff best suited for strategic work and communicate role expectations.</td>
<td>Build the competencies necessary for strategic effectiveness.</td>
</tr>
<tr>
<td>Tactical Work Takes Precedence</td>
<td>HR Ecosystem</td>
<td>Shape Strategic Decisions</td>
</tr>
<tr>
<td>“I wish I could get to strategic projects, but I spend most of my day putting out fires and collecting data.”</td>
<td>Leverage shared services for transactional work, ensure employee self-service is user friendly, and provide easy access to data.</td>
<td>Develop strong analytical skills and use data to shape strategic decisions.</td>
</tr>
<tr>
<td>HR-Business Misalignment</td>
<td>Partnership Clarity</td>
<td>Improve Line Partnerships</td>
</tr>
<tr>
<td>“My business unit never asks for my strategic input.”</td>
<td>Define partnership clarity principles and tie business strategy to HR outcomes.</td>
<td>Ask the right questions to challenge leader assumptions and build credibility.</td>
</tr>
<tr>
<td>Hard to Break Habits</td>
<td>Change Management</td>
<td>Change Management</td>
</tr>
<tr>
<td>“Even after we put in self-service, the business kept coming to me for help.”</td>
<td>Involve your team and the business in changing the status quo.</td>
<td>Leverage change management techniques to ensure success.</td>
</tr>
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</table>
Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for HR leaders:

**Research**
Top 5 Priorities for HR Leaders in 2023
Learn about actionable and objective insights to tackle your top HR challenges.

**Research**
Build a Better Strategic Plan for Your Function
Turn your strategy into action with our tools and templates.

**Resource Hub**
Future of Work Reinvented
Reinvent where, when and how we work to maximize employees' engagement and productivity.

**Journal**
HR Leaders Monthly Magazine
Stay up to date on the latest trends impacting your HR function and best practices from the world's top organizations.

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