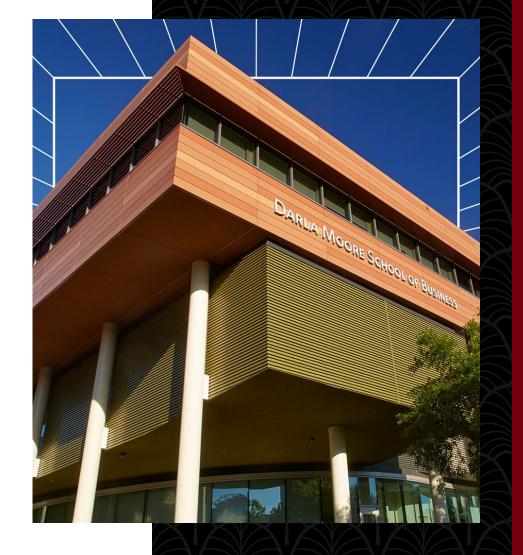
Center for Executive Succession Darla Moore School of Business University of South Carolina

THE CHIEF HR OFFICER ROLE

Results of the 2020 HR@Moore Survey of Chief Human Resources Officers



HR@MOORE
Survey of Chief HR Officers
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Many thanks to the Center for Executive Succession partner CHROs for their support of our research

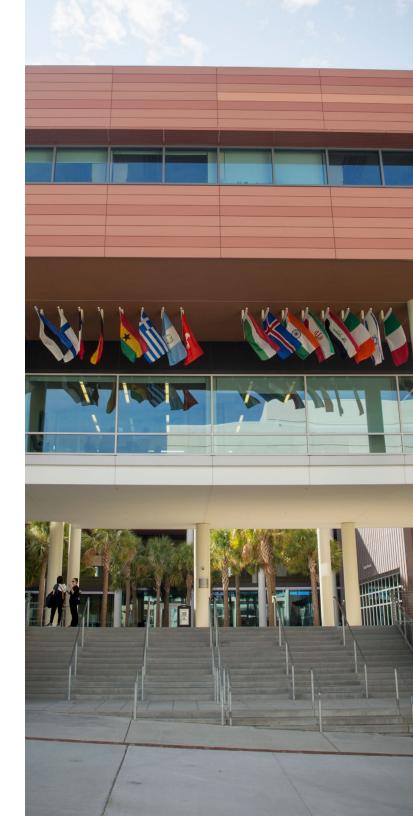
EXECUTIVE SUMMARY

he 2020 HR@Moore Survey of Chief Human Resources Officers (CHROs) was conducted during the COVID crisis, an unusual time for businesses. Because of this, fewer CHROs responded than usual (100), but still provided useful data for exploring the changing nature of the CHRO role.

We explored the demographic composition of CHROs based on the past three years of survey data as well as our own gathering of data on S&P 500 companies. Regardless of the data set, women comprised the majority (approximately 60%) of these roles and these roles also were predominantly white (over 80%). Interestingly, black females had greater representation (5–9%) than black males (1–6%).

Regarding the various demands of the CHRO role, CHROs reported spending the most time in leading the HR function followed by strategic advisor. The latter was not surprising given the centrality of the CHRO in the development of work-fromhome and employee safety strategies. They also spent significant time being the architect of the firm's talent. The results were similar when using the newer Gartner Group model of the "World Class CHRO" although the latter includes a "Driver of Culture" component that CHROs reported as comprising a significant portion of their time.

Finally, CHROs continue to predominantly enter the role through direct outside hires and this percentage was higher than ever before (64%). On the other hand, CFOs predominantly enter the role through promotions from within (49%) although that has decreased from its peak at 56%.





OVERVIEW



The 2020 HR@Moore Survey of CHROs, like every company process, saw chaos in its implementation. We began the survey at the beginning of the COVID crisis, and as CHROs focused 100% of their attention on helping their organizations navigate the crisis, we paused the survey. We then re-opened it in June for 3 weeks before closing the survey for the year. This created two issues. First, our response rate was lower than usual (100 participants vs. 140–160 in normal years). Second, some of our responses came at the beginning of the crisis in a climate of chaos, and some at later stages as companies began to experience greater predictability. There are not any statistically significant differences between those that responded in the first phase of the survey compared to those that participated in the second phase. However, we caution that data comparisons across years may be less reflective of long-term trends and more reflective of the unique set of demands resulting from the COVID-19 pandemic crisis.

With that in mind, we present data on three areas relevant to CHROs. First, we explore the demographics of those currently holding CHRO roles. Second, we explore how CHROs spend their time in various sub-roles using both our traditional set of sub-roles and those developed by the Gartner group. In addition, we examine the correspondence between these two different models of the CHRO role. Finally, we explore the paths that CHROs, CFOs and CEOs followed to their current jobs.

*This study was supported by the Center for Executive Succession in the Darla Moore School of Business at the University of South Carolina. Any errors of omission or commission are the responsibility of the authors.

Demographics of the CHROs

We always ask but seldom report the demographic information regarding CHROs. However, given the recent emphasis on diversity, equity, and inclusion, we provide this data. As a comparison, we begin with survey data from 2018 to 2020. In addition to collecting data on race and sex by asking respondents on the survey, we also have been collecting data on these characteristics by examining the websites of S&P 500 companies and coding the race and sex based on pictures and biographical information provided. In **Figures 1, 2 and 3** we provide the data in three different ways.

First, in **Figure 1** we report the sex of the CHROs on three administrations of the survey and based on S&P 500 websites. Across the three administrations of the survey it appears that approximately 60% of CHROs are women (57%–64%). The data from the S&P 500 resembles these results, while showing a slightly higher percentage (65.4%) of women.

DEMOGRAPHICS OF THE CHROS

Figure 1Sex of CHRO Survey Respondents

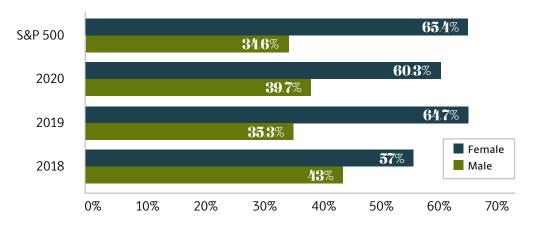
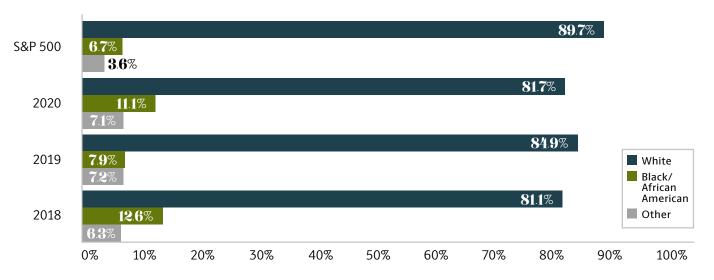


Figure 2
Race of CHRO Survey Respondents

Figure 2 reports the results for race. Not surprisingly, in the survey results just over 80% reported being white (81%–85%), around 10% Black or African-American (7.9%–12.6%) and around 7% other (6.3%–7.2%). The data from the S&P 500 shows that the respondents to the survey are a slightly less diverse group as across the S&P 500 CHROs are almost 90% white, 6.7% Black or African-American and 3.5% other.

Finally, **Figure 3** breaks down the data by race and sex. As can be seen in the figure, the survey data finds that white women generally constitute over half of CHROs (47%–57%) with white males following at around 30% (28%–34%). Black females ranged from 5% to 9%, black males from 1% to 6%, Other males from 5% to 6%, and Other females always less than 2%. Again, the data from the S&P 500 shows more diversity with white females comprising 60% of CHROs, white males 29%, Black females 5%, Black males 2%, Other females 3% and Other males 1%.

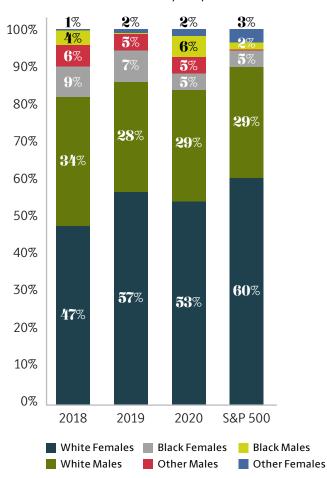


DEMOGRAPHICS OF THE CHROS (cont.)

While we are still coding the S&P 500 data for other C-suite positions, early indications suggest that more women have been promoted into the CHRO role than other ELT roles. Our data for the executive leadership teams from the S&P 500 reveals only 23.4% of all ELT members are female. Further, data from past surveys and the current survey for CEO successors and the talent pipeline for senior operating roles indicate only 25% of these positions are filled by women.

While it is unclear how the CHRO role compares to other positions, it appears that there has been less progress in promoting racial minorities into CHRO roles than many indicate is ideal as racial minorities only consist of between 10 and 15% of those holding the CHRO role. This overall number resembles the percentage of racial minorities we have found among S&P 500 executive teams (14%), but is much more heavily weighted toward Black or African-Americans. Our survey results show that Black or African Americans comprise between 6.7% and 13% of CHROs and compared to only 3.8% on the S&P 500 executive teams. On the other hand, other racial minorities (10.23%) seem to be more prevalent among executive teams than among CHROs (6.3–7.2% in our survey).

Figure 3Race and Sex of CHRO Survey Respondents



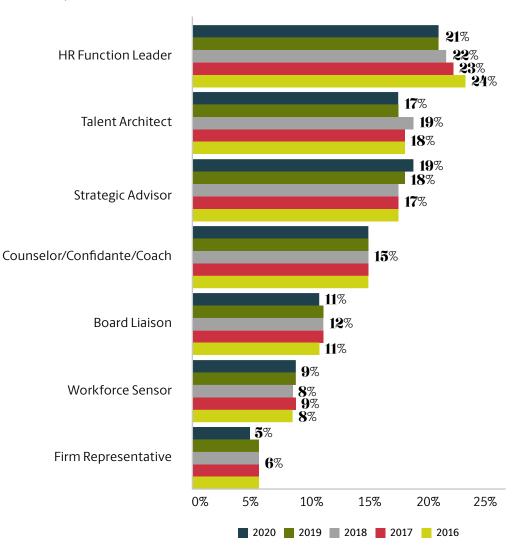
THE CHRO ROLE

The nature of the Chief Human Resource Officer (CHRO) role has changed significantly over the past 20 years. Based on a model of the CHRO role developed in 2009, the HR@Moore Survey of Chief HR Officers has tracked these changes for a number of years. In addition, the Gartner Group has developed a new model for the World-Class CHRO that somewhat overlaps with the HR@Moore model.

Every year we ask CHROs to indicate the time they spend in roles described and developed at the inception of this survey in 2009. Asking about these roles each year allows us to determine to some extent if CHROs are having to emphasize different roles over time. **Table 1** describes these roles. (See page 9).

Figure 4 shows the results as reported by sitting CHROs over the past 5 years (2016–2020). As can be seen, CHROs continue to report spending the most time in the HR Function Leader role, although that seems to be slightly decreasing from 24% in 2016 to 21% this year. CHROs reported spending 19% of their time in the Strategic Advisor role, a slight increase and likely due to being actively engaged in developing strategies for work-from-home as well as for maintaining safe work environments for those who could not work from home. They reported spending 17% of their time in the Talent Architect role, just under 15% in the Counselor/Confidante/Coach role and 11% in the Board Liaison role.

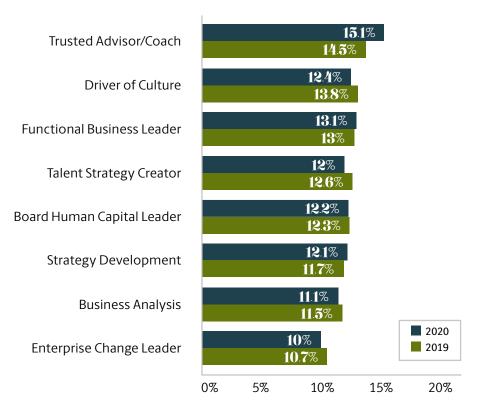
Figure 4
Time Spent in CHRO Roles



THE CHRO ROLE (cont.)

Figure 5 shows the results for how CHROs reported spending their time in the sub-roles identified by the Gartner group. Similar to the previous results, CHROs reported spending the most time as a Trusted Advisor/Coach (15%) and the Functional Business Leader (13%). This was slightly more time than they reported spending in the Driver of Culture, Board Human Capital Leader, Strategy Development, and Talent Strategy Creator (all approximately 12–12.5%). Finally, they reported spending 11% of their time in Business Analysis and 10% as Enterprise Change Leader.

Figure 5Time Spent in CHRO Roles (Alternative Scale)



We first note that the HR@Moore models show significant variation across roles (5% in firm representative to 21% in HR Function Leader), the newer model results in much more uniform allocations of time (10% in Enterprise Change Leader to 13% for 15% for Trusted Advisor/Coach).

Second. **Table 1** shows the correlations between the components of the two different models. These correlations indicate some correspondence between the two models where they share similar components (e.g., Strategic Advisor to the Executive Team and Strategy Development; Coach/Counselor and Trusted Advisor/Coach, etc.) ranging from .41 to .53. The two components unique to the old model (Workforce Sensor and Firm representative) correlate significantly with a few of the components in the new model, but none stand out as being strongly related. Similarly, the two unique components to the Gartner model (Enterprise Change Leader and Driver of Culture) have few correlations with any of the components of our model.

THE CHRO ROLE (cont.)

Table 1Correlation Between Items on Two CHRO Scales (Original on Top)

	Strategic Advisor to Exec Team	Leader of HR Function	Coach/ Counsel to ELT	Liaison to Board	Talent Strategist	Workforce Sensor	Firm Rep.	Other
Strategy Development	0.51***	-0.24***	-0.02	0.11	0	0.06	0.08	-0.28***
Functional Business Leader	-0.27***	0.53***	-0.1	-0.08	0.15*	0.06	-0.02	-0.22**
Trusted Advisor/ Coach	0.22**	-0.04	0.43***	-0.03	-0.1	-0.21**	0.04	-0.19**
Board Human Capital Leader	0.08	-0.04	0.07	0.44***	-0.01	0.03	0	-0.28***
Talent Strategy Creator	-0.28***	0.18*	-0.06	0.01	0.41***	0.21**	0.06	-0.24***
Enterprise Change Leader	0.08	0.05	0.14	-0.01	0.04	0.07	0.07	-0.23***
Business Analysis	0.26***	0.07	-0.01	0.17*	-0.05	0	0.03	-0.29***
Driver of Culture	0.05	-0.09	0.1	-0.02	0.15	0.27***	0.15*	-0.24***
Other	-0.28***	-0.26***	-0.29***	-0.23**	-0.3***	-0.2**	-0.19**	0.95***

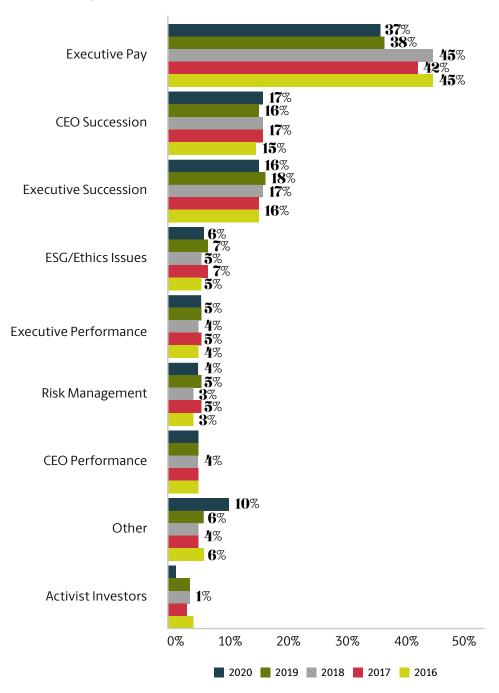
These results do not suggest the relative superiority of one model over the other.

They show some correspondence in areas where they should, but also some uniqueness.

TIME SPENT ON THE BOARD

Consistent with past surveys we also asked CHROs to indicate how much of the time they spent with the board was focused on a variety of different topic areas and these results appear in **Figure 6**. Executive pay continues to be the area where CHROs spend the most time with the board (38%), however, that percentage does seem to be decreasing over time. CHROs indicated also spending significant portions of the time with the board around CEO succession (17%) and executive succession issues (16%). This year the next most time was spent in the "other" category (10%), likely because the COVID crisis required them to interact more frequently with the board around the work-from-home and employee safety strategies.

Figure 6 Time Spent on Issues with the Board



THE PATH TO THE TOP

Consistent with past surveys, we asked respondents to indicate how they had been hired into the CHRO role (hired directly from outside, promoted from within HR, promoted from outside of HR, or hired from outside for the purpose of future promotion. We then asked the same questions regarding the CFO and the CEO. These results can be seen in **Figures 7, 8 and 9).**

Figure 7 illustrates that hiring CHROs from the outside continues to be the most frequent way in which CHROs gain their position. However, the results this year indicate such is the case for 64% of the CHROs which seems to be the most we have seen in our results over the years. It is difficult to ascertain if this is a trend or only due to the unusually smaller number of respondents this year. Just over 31% of CHROs were promoted from within HR in the company.

The results for CHROs contrast with those for the CFO. Approximately 49% of CFOs were promoted from within finance in the company compared to 44% hired from outside. However, examining these results over time shows that the trend may be toward hiring more CFOs from outside and fewer being promoted internally than in the past.

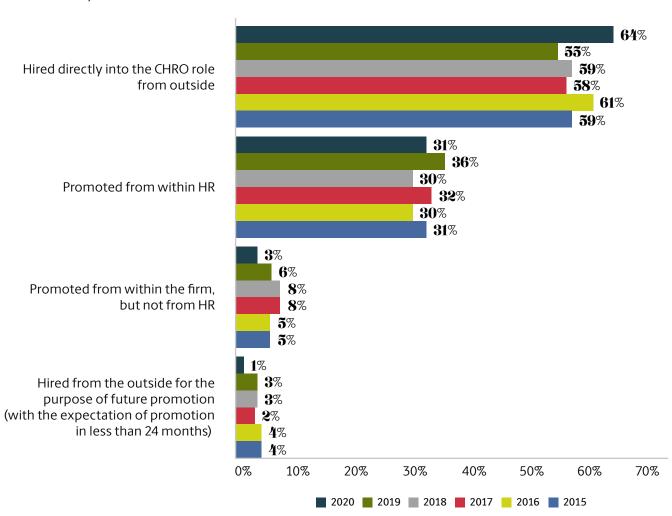
Finally, CEOs continue to be predominantly promoted from within with approximately 76% hired this way compared to approximately 23% being hired from outside.

On the whole, these results seem largely consistent with past results in showing that CHROs are far more likely to be hired from outside than CFOs. Previous reports (2017 Report: CFO and CHRO Succession: Comparing and Contrasting the Roles) have explored reasons for this phenomenon. However, we find it interesting that while CFOs continue to be most frequently promoted from within, it seems to trend toward this occurring less frequently.



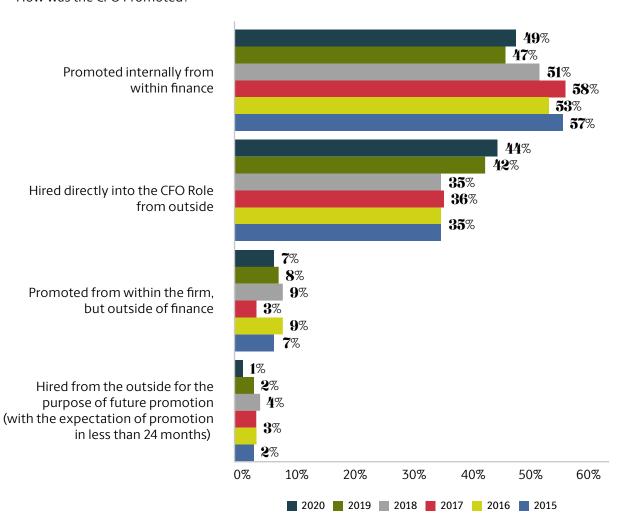
THE PATH TO THE TOP (cont.)

Figure 7
How were you Promoted to the CHRO Role?



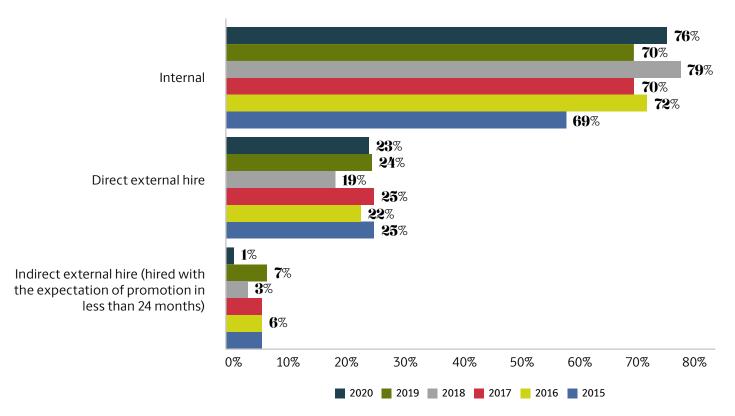
THE PATH TO THE TOP (cont.)

Figure 8
How was the CFO Promoted?



THE PATH TO THE TOP (cont.)

Figure 9
How was the CEO Promoted?





"CHROs continue to be most frequently hired from outside of the organization as opposed to CFOs who most often are promoted from within."

CONCLUSION

The 2020 HR@Moore Survey of CHROs shows that females comprise the majority of CHRO positions and that room for progress continues to exist for elevating minorities into these roles. Consistent with our findings regarding the talent pipeline for senior operating roles, organizations seemingly have emphasized the development and promotion of women more so than racial minorities, but we expect that emphasis to shift over the next 12–24 months.

In terms of the components of the CHRO role, CHROs continue to report spending the most time in running the HR function, and a slight increase in time spent in strategic advising regardless of which CHRO role model we used. We found some correspondence across the two models but had no evidence to suggest the relative superiority of either.

CHROs continue to report that of the time they spend with the board, most is on executive pay, followed by CEO succession and executive succession. This year they reported spending almost 10% of their time in the "other" category which seemed to stem from responding to the COVID crisis.

Finally, CHROs continue to be most frequently hired from outside of the organization as opposed to CFOs who most often are promoted from within. However, the CFO data suggests a trend toward hiring more from outside over the past few years.



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The Center for Executive Succession serves as an independent, objective source of knowledge regarding C-suite succession practices. The center provides a forum for corporate leaders to shape the future direction of succession practices, which are increasingly one of the board's top governance priorities. Our partners have the opportunity to contribute to cutting edge research that challenges the status quo and is empirically driven to further success in C-suite succession planning. For more information or to inquire about potential membership, please visit our website or contact us at sc.edu/moore/ces.

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The Darla Moore School of Business at the University of South Carolina is home to a world-class faculty and 12 major research centers. It is committed to educating leaders in global business and to playing a central role in the economic growth of the state by bringing the world to South Carolina and South Carolina to the world.

Founded in 1919, the Moore School has a history of innovative educational leadership, blending academic preparation with real-world experience through internships, consulting projects, study abroad programs and entrepreneurial opportunities. The Moore School has grown into a thriving site of academic excellence with an enrollment of more than 5,300 undergraduate students and more than 700 graduate students. The school offers a wide range of programs in nine undergraduate concentrations, seven master's degrees and two Ph.D. degrees as well as executive education programs and consulting services to the business community.

In 1998, the school was named for South Carolina native Darla Moore, making the University of South Carolina the first major university to name its business school after a woman.

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