

The Rise of the CHRO

International Workplace Group's Third Annual HR Leaders and Hybrid Working Report reveals that CHROs are having more impact across companies than ever before – and flexible work practices can play a key role in helping them to achieve their goals.





Hybrid and more flexible ways of working are no longer just a perk – they are a strategic necessity for businesses aiming to thrive in today’s competitive landscape.

By embracing workplace flexibility, companies can unlock greater productivity and attract and retain top talent, ultimately building a happier workforce. CHROs are at the forefront of this transformation, ensuring that hybrid working not only supports employee wellbeing and progress, but also drives long-term business success.”

Mark Dixon, Founder and CEO,
International Workplace Group



The Indispensable CHRO



More than eight-out-of-ten CHROs say they are working more closely with their CEO than ever before – a powerful indicator of their growing influence. A recent report by The Conference Board, a leading US research organisation, underlined this, saying CHROs are not only becoming more integral to corporate boards and business strategy, but are also often serving as key advisors to the CEO. And a Harvard Law School report found that CHROs are exerting increased influence in strategic decision-making. It quotes research showing that nearly 70% of companies report increased CHRO engagement with the board over the past three years.

Reflecting this increased status, research by Nicholas Bloom and Mert Akan at Stanford University found that 13% of CHROs are now among the top five highest-paid executives in their organisations – a sharp rise from 30 years ago, when the figure was just 0.5%. And the gap between CHRO pay and CEO pay has closed by half. “I’m not surprised,” says Bloom, a world-leading expert on hybrid working. “If

you go back to the nineties, HR was about compliance, pension and payroll. Now it’s become far more complicated. HR has become central to firms as human (not physical) capital has become critical to business.”

The growth of more flexible ways of working has been a key factor in expanding the role of the CHRO, according to a report by LinkedIn’s Economic Graph Research Institute. CHROs are integral to managing the needs of a dispersed workforce and ensuring that the flexible model runs at maximum efficiency.

By empowering employees to work in the way that makes them feel most content and productive, CHROs can make significant contributions in all of the areas that are priorities for their organisations. IWG’s research found that these are attracting top talent (64%), employee wellbeing and happiness (64%), and boosting productivity (58%). For many, there is also a greater focus on policy compliance and enforcement (53%).



Attracting Top Talent – and Retaining It

Attracting top talent has become a key priority for nearly two-thirds of companies. As a result of a combination of factors, including an ageing workforce, rapidly evolving skills requirements and changing employee expectations, the demand for skilled workers is outpacing supply around the world. A recent survey of more than 40,000 employers in 42 countries by workforce solutions company ManpowerGroup found that almost three-quarters are struggling to find the skilled talent they need.

Hybrid working offers a critical advantage to organisations when it comes to attracting top talent. A survey of recruiters by IWG found that a remarkable three-quarters (75%) have had candidates turn down roles because they do not offer the opportunity to work in a hybrid way. Another survey found that half of workers would simply quit if asked to return to a central office full-time, with more than three-quarters (77%) considering a place to work close to home a must-have for their next job. It is unsurprising, therefore, that a previous study of CHROs by IWG found that more than nine-out-of-ten were using hybrid working as a recruitment tool.

When it comes to retaining talent, flexible working policies are a powerful tool. IWG's study found that more than two-thirds of organisations that have embraced greater flexibility anticipate an uplift in talent retention. Four-out-of-five CHROs say that flexible working is key to retaining talent, and two-thirds predict a



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significant decline in retention without it. The bottom line is that skilled workers are not only likely to look elsewhere if their expectations are not met – they will also find many companies willing to offer them what they require.

"It's clear that more flexible work models are crucial when it comes to staying ahead in the race for talent," says Dixon. "By ensuring that their organisation offers employees the opportunity to work where they feel happiest and most productive, CHROs will ensure that they both attract and retain the best talent."



The hybrid talent magnet: two real-world case studies

In America, retailer Neiman Marcus Group operates a ‘work from anywhere’ hybrid working policy based around a network of local hubs that gives its 10,000 employees the opportunity to work when, where and how they prefer. Eric Severson, Chief People, ESG and Belonging Officer at NMG, says the policy “enables our associates to achieve the highest level of results, productivity and quality, and empowers people to accomplish that on their terms”. It has also had a major impact on talent retention and attraction. “Across the country for the last several years, employee attrition has been going up and engagement has been going down. At NMG, it’s been the reverse,” says Severson. In the 18-month period after NMG implemented its new policy, its employee satisfaction score went up 34 points, and it has continued to see increased retention and decreased time-to-hire.

Software company Atlassian has seen job applications double since implementing a remote work policy that enables its 12,000 employees to choose where they work from. The policy, known as ‘Team Anywhere’, has also led to a 20% increase in offer acceptance rates. As a result of its new policy, Atlassian can now access a much broader talent pool: the number of veterans, spouses of active military members, women and parents working at Atlassian “have all gone up significantly”, says Annie Dean, VP, Workplace and Future of Work Transformation at the company.

Boosting Employee Wellbeing and Happiness

Employee wellbeing and happiness are increased priorities for more than six-out-of-ten companies. The Covid-19 pandemic brought a sharp focus on both physical and mental wellness in the workforce, and organisations continue to place an emphasis on the health and happiness of their teams.

Hybrid working can play a key role here, too. Research by IWG has shown that by eliminating daily long and expensive commutes, hybrid workers have more time for healthy pursuits and are better rested and less stressed. And workers fully understand the difference that flexible arrangements can make to their lives: in a previous IWG study, nine-out-of-ten HR leaders said that hybrid working is one of the most in-demand wellness benefits among their employees. Almost all CHROs (94%) say their role strongly influences workplace culture. Flexible working policies not only support physical and mental wellbeing but also help to drive employee engagement and job satisfaction, which are at the heart of a healthy and positive company culture.

At Standard Chartered bank, which operates what it calls “flexi-working arrangements”, the majority of employees choose to work in a hybrid way, spending just two to three days in a central office. An internal employee survey revealed that those who are working flexibly express greater satisfaction with their overall work experience and work-life balance in comparison to those working fully remotely or fully in the office. The most often cited positive in the bank’s 9,400 Glassdoor reviews is “good work-life balance”.



“A positive culture is crucial to creating and maintaining a successful business,” says Dixon. “Flexible working gives people more time for their personal lives, which means they enjoy their jobs more and consequently you have a happier workforce.”

68% of hybrid workers say their physical health has improved.

68% say they enjoy a better night’s sleep.

58% report more time for preparing healthier meals.

75% report a reduction in burnout symptoms.

86% feel they can cope with the day-to-day better when working flexibly.

Harnessing the Power of Gen Z

The LinkedIn Economic Graph Research Institute's report on the growing role of the CHRO identified a relatively recent addition to the CHRO's remit: harnessing the unique talents of Gen Z. This demographic cohort of tech-savvy 'digital natives' is increasingly transforming the workplace, bringing new ways of thinking and a passion for doing things differently. CHROs who understand what makes them tick can help their organisations gain a crucial competitive edge.

A major deal-breaker for Gen Z is flexibility over how and where they work. In a recent report by IWG, half said they simply would not apply for a job if it did not offer the ability to work flexibly. Nearly nine-out-of-ten favour a hybrid model rather than commuting to an office on a daily basis, which is seen as a time-consuming hassle by more than a third.

"For Gen Z, flexibility isn't a perk, it's a necessity," says Dixon.



Increasing Profitability and Productivity

More than nine-out-of-ten CHROs believe that their role strongly influences both company profitability and productivity. And again, workplace flexibility can play a major part. IWG research in 2024 showed that 72% of companies offering hybrid and more flexible working arrangements saw productivity increases. More recently, a study by IWG and Arup looked in detail at the ways in which flexible and platform working can increase output and outlined the significant productivity benefits and lower costs it brings to companies.

Overall, the study found that companies could see productivity increases of as much as 11% by 2030 thanks to flexible working. The opportunity to work in local workspaces means fewer distractions than at home, less time spent commuting to a faraway office and more freedom to work in a way that suits each employee. A significant chunk (40%) of the time saved by employees by working locally part

of the time goes directly into additional work. Employees using flexible spaces are 67% more likely to rate their productivity as 'excellent' compared to those working from home.

Companies can also save significant real estate and day-to-day costs by adopting flexible working practices. A report by Global Workforce Analytics concluded that employers using the hybrid model should be able to save about \$11,000 annually for every one of their employees working in the hybrid model.

"It's clear that flexible working is a long-term driver of productivity and a proven way to cut costs and increase profitability," says Dixon. "At a time when companies are targeting growth, it can provide a meaningful boost to the bottom line and free up valuable funds for investment in the business."



Potential increase to productivity brought by flexible working by 2030:

US 11% UK 12%

Improving Policy Compliance and Enforcement

Just over half of companies say that policy compliance and enforcement is now a critical area of focus. And this is also an area of increasing priority for CHROs. A recent report by the Harvard Law School Forum on Corporate Governance found that the CHRO's role now encompasses greater responsibility for corporate governance, as boards and senior management place greater emphasis on human capital strategies to meet changing business, regulatory and investor expectations.

One significant change noted by the Harvard study is that CHROs are now expected to report on DEI matters. Flexible working can play a

significant role in increasing diversity, equity and inclusion in the workplace. For example, it allows those looking after children or family members to tailor their work schedules around their responsibilities. It also broadens the geographic reach of recruitment, allowing for a more diverse workforce. Music streaming service Spotify reported that the number of women in leadership roles at the company grew from 25% to 42% in the two years following the introduction of its Work From Anywhere policy. The percentage of Black and Hispanic employees also increased from 12.7% to 18% over the same period.



Conclusion

It's clear that CHROs are now helping to shape their firm's core business strategies more than ever before. Trusted advisors to their CEOs, they are playing an increasingly crucial role in areas such as talent management, employee wellbeing and company culture. And they are also directly impacting the bottom line by enabling greater productivity and profitability.

"The role has changed beyond all recognition from the administrative and compliance-focused figure of yesteryear," says Dixon. "Today's CHROs are indispensable architects of key corporate priorities. With hybrid and more flexible ways of working now a firm feature of the modern workplace, I expect the CHRO to play an ever more impactful role within the C-suite in the years ahead."

We support more than eight million workers through our network of 5,000 flexible workspaces in 130 countries. Find out more about what we do at [iwgplc.com](https://www.iwgplc.com).

