

6 CHRO Strategies to Connect Employee Success and Business Growth

CHROs face a chasm between employee expectations and business goals. Here are six ways to bridge the gap.



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Your people, your growth

If the key to a successful business is its people, then the key to business growth is people growth. The companies that succeed at recruiting and retaining top talent are those that help their employees explore their interests and passions, build their skills, and grow their careers. And businesses are catching on: A 2023 LinkedIn report reveals that 83% of companies want to build a more people-centric culture, recognizing that employee success determines organizational success.¹ But being people-centric isn't enough. Companies truly soar when chief human resources officers give managers throughout the business the tools to connect employee success to bottom-line growth and profits.

CHROs today must lead their organizations across a chasm between business goals and employee expectations. Many employees feel disconnected, unsupported, and change fatigued after the turmoil of recent years. Meanwhile, the business pressure runs high to cut costs—often meaning staff and payroll cuts—and increase productivity in a slower-growth, margin-sensitive economic environment. And recruiting isn't getting easier: Globally, nearly four in five companies are having difficulty finding talent to fill open positions in 2023, according to the Manpower Group.²

With the right strategies and tools, however, CHROs' organizations are finding ways to make their people feel valued and connected through a shared vision of business success. They're using data to gain a deeper understanding of workforce issues and how they correlate to profitability, and they're giving analytical tools to management teams to make HR strategies relevant in day-to-day decision-making.

“People analytics is really a conversation for every leader in the organization,” says Heather Whiteman, a professor at the University of Washington's Information School, who describes herself as a “people data enthusiast” and who specializes in workplace measurement strategies. “The number one asset that produces value for an organization is its people....To think that the insights and understanding around humans shouldn't be potentially the topmost important line item on a balance sheet is baffling.”

Here are six strategies CHROs, line-of-business managers, and your entire organization can use to connect employee success and business growth.

¹ “Building the agile future,” LinkedIn Learning, 2023 (PDF).

² “2023 Global Talent Shortage,” Manpower Group, 2023 (PDF).



1 Use AI to supercharge HR and employee productivity

HR teams are increasingly using AI to support tasks ranging from hiring and retention activities to shaping the employee experience and enhancing career development. Typically running behind the scenes as part of cloud-based HR and other business software, AI offers impressive versatility. It can be applied to help improve the productivity and efficiency of HR teams, supporting tasks such as writing first drafts of job listings or performance reviews. During onboarding, AI-powered chatbots and virtual assistants can answer employee questions and guide them through the required paperwork and training.

AI can also enhance employee training and development initiatives by recommending personalized learning opportunities. It can analyze individual skills and knowledge gaps to recommend relevant training materials, courses, or learning paths, and AI chatbots can provide real-time support during the learning process. Publishing giant Hearst is one company that takes advantage of AI to do all of the above to make professional development easier and more personalized for employees. “Employees and managers can go from seeking the proper training for individuals to leveraging AI to provide the guidance necessary for individuals to best grow their careers,” said Kim Kohlman, VP of HCM operations for Hearst, in a recent webcast.³

77%
**of workers are ready
to learn new skills and
retrain entirely.**

Source: PwC



³ “Announcing the latest innovation to the Oracle ME employee experience platform,” Oracle, April 19, 2023.

Generative AI's rising role

Today, the primary form of AI that's embedded in HR software and other business systems is traditional AI—algorithms that solve specific problems by recognizing patterns and making predictions and recommendations. Generative AI is the next phase in AI's evolution and is one of the industry's hottest topics. Companies almost always access both traditional and generative AI capabilities using cloud-based services. Generative AI can learn from data to summarize and generate new content, crafting text or visuals. It offers the potential for more-creative, open-ended use cases, making it particularly valuable to core business functions such as HR.

For example, generative AI could be used for assisted authoring. Just as tools such as ChatGPT, Cohere, and Google's Bard help users generate a wide range of content, AI-fueled assisted authoring can help HR leaders and people managers produce content for users to review, modify, and authorize. This could help them complete many important tasks—such as drafting job requisitions—faster.

“Using generative AI in HCM applications will be a game changer for organizations,” says Gareth Abreu, domain principal, HCM Business Platforms, The Co-op. “This technology has the power to completely reinvent how we're thinking about work and the work of HR specifically.”

AI also brings some risks, which CHROs must address. Security measures are essential given the type of data that HR uses. Company and personnel data has no place in a consumer-focused, web-based AI tool that the business has no data control over and no security agreements with. CHROs should make sure any AI service they use meets their organization's security, privacy, and compliance standards, giving their company control of its data.



2 Fill gaps between business goals and talent

Only 14% of business executives strongly agree that their organization uses their workforce's skills to the fullest potential, according to a 2022 Deloitte survey.⁴ That gap between talent potential and talent use gets even more worrisome in a slow- or no-hiring environment. If you can't hire and still have big business goals to meet, you need to get creative and find and use all the skills you have in-house.



CHROs can help line-of-business managers meet this challenge. By creating a skills inventory that tracks employee abilities as they evolve, CHROs can help leaders compare available skills with the skills they need to support their multiyear business plans to see what vital competencies are missing. But a skills inventory is more than a planning tool. Its dynamic skills data also supports day-to-day decision-making—for example, it can help HR and business unit leaders assign the right individuals to the right projects and make sure key skills are included in current job requisitions.

⁴ Sue Cantrell, Michael Griffiths, Julie Hillpakka, and Robin Jones, "The skills-based organization: A new operating model for work and the workforce," Deloitte, September 8, 2022.

McKinsey & Company finds that some 87% of organizations have a skills gap or will have one within a few years.⁵ HCM applications with AI-driven, personalized learning capabilities can help workers acquire skills related to their current work, areas of interest, and aspirations. And managers can connect employee development plans to relevant projects that fill immediate business needs and also help their employees build or apply new skills. 77% of workers are ready to learn new skills and retrain entirely, recognizing that upskilling and reskilling are vital to employability, according to a 2021 PwC survey of 52,000 workers across the globe.⁶ By tying employee growth opportunities to near-term business outcomes, CHROs can make the development needed to close skills gaps feel relevant and urgent to employees and line-of-business managers.

Wendy's chose finance and HR systems that fit its strategy to surpass customer expectations and cater to the diverse needs of employees and franchisees.

[Here's how it's linking ERP and HCM](#)



⁵ "Mind the [skills] gap," McKinsey & Company, January 27, 2021.

⁶ "Upskilling's impact on learning, talent retention and talent acquisition," PwC ProEdge, 2021.

3 Identify, measure, and address employee uncertainty and change fatigue

To keep employees invested in the business during times of economic uncertainty, employers must address the impact that constant change has on their people. In addition to causing uncertainty in the workforce, ongoing disruption can lead to change fatigue—a feeling of being overwhelmed by organizational changes.

By capturing employee sentiment through surveys and cross-referencing that data with other metrics, such as employee satisfaction levels based on location or department, HR can spot problems. Key risk indicators of employee disengagement include employees not using training and development programs, not signing up for company benefits, such as insurance, not engaging in performance reviews, and not using career planning tools. Capturing sentiment is just the starting point, however. The big wins come when HR can empower managers to get that information so they can understand, support, and respond to their employees in ways that make their team members successful.



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Source: McKinsey & Company

⁷ “Mind the [skills] gap,” McKinsey & Company, January 27, 2021.

To reengage the workforce, HR teams can take several actions.

- **Spark one-on-one engagements.** Some of the most meaningful workplace interactions occur between managers and their direct reports. Today's employee experience tools can make these interactions easier by capturing employee feedback via scheduled check-ins or quick surveys or providing managers with recommended actions based on employee data. For example, a manager might get a notification about an employee milestone, such as a work anniversary, and be prompted to send a congratulatory note.
- **Communicate with purpose.** Sharing organizational updates can go a long way toward easing employee anxiety. Regular communication is especially crucial for remote or hybrid workers.
- **Give personalized guidance.** Through 2025, 92% of organizations will prioritize employee experience enhancements, the consulting firm WTW finds,⁸ and personalization will be key to their success. Tools that offer personalized learning recommendations, new hire or transfer checklists, and career development options can help employees deliver their best work.
- **Offer 24/7 assistance.** Employees expect quick responses to their questions. Self-service HR help desks allow them to submit inquiries via multiple channels—including digital assistants, text messages, email, and chatbots—to get fast replies to resolve any problems they encounter.

⁸ "Survey Report: 2021 Employee Experience Survey," WTW, July 20, 2021.

4 Get specific about what employees value in your employee experience

Improving the employee experience is all the rage. But for the CHRO, that's a big, squishy idea that can feel about as actionable as business transformation. After all, the employee experience is every interaction an employee has with a company from their application experience to their exit interview. To make employee experience efforts more manageable and effective, HR should survey their workforce to learn what their people value most and find a way to align those values with business priorities. Looking at recent public surveys, these four actions may help improve aspects of the employee experience that show the greatest signs of strain and deliver tangible business benefits.

- **Allow flexibility—in ways that are right for your business.** An increasing number of employees expect to work wherever they're productive. "By the end of 2023, 39% of global knowledge workers will work hybrid, up from 37% in 2022," according to a Gartner report.⁹ In addition, "Gartner® estimates that remote workers will represent only 9% of all employees worldwide by the end of 2023." The workforce needs the right technology to be effective in this environment, such as collaboration and communication tools. Frontline workers who can't be remote, such as nurses, retail staff, or manufacturing employees, increasingly expect more flexibility, which might mean being able to swap shifts more easily, work more hours in fewer days, or have more predictability in areas such as overtime. Such moves increase complexity for managers, so they need their CHRO team's help putting systems and policies in place that help them provide flexibility without adding costs.
- **Provide career development for all workers.** Workers from all backgrounds and industries are looking to develop skills through learning modules and projects, but many feel they aren't getting these opportunities. According to a 2022 US McKinsey McKinsey & Company survey, frontline workers, such as nurses, value the chance to grow, increase their pay, and learn above all else.¹⁰ But a 2021 survey from consulting firm Eagle Hill found that 35% of healthcare workers aren't confident they're getting the right skills training—an issue that can have dire consequences.¹¹

⁹ Gartner Press Release, *Gartner Forecasts 39% of Global Knowledge Workers Will Work Hybrid by the End of 2023*, March 1, 2023

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¹⁰ Swathi Bhaskaran, Andrew Davis, Christophe Desbrière, and Sara Wasserteil, "Bridging the advancement gap: What frontline employees want—and what employers think they want," McKinsey & Company, July 21, 2022.

¹¹ "The healthcare employee experience through the pandemic," Eagle Hill, 2021.



Mobile learning options with modular content make it easier for frontline workers to learn wherever they are. And while knowledge workers tend to have greater access to career development tools, most still feel unsupported, with 85% unsatisfied with their employer’s career support, according to the 2021 AI@Work Global Study by Oracle and Workplace Intelligence.¹²

- **Help managers be great managers.** Gallup estimates that employee engagement scores vary up to 70% depending on whether someone has a good or bad manager.¹³ Companies must train managers on how to offer support and also how to have tough, productive discussions, and they must equip them with the tools to lead and communicate effectively. For example, digital employee experience tools can help managers schedule frequent one-on-one meetings to review goals and needs and to initiate conversations about immediate concerns. Helping people be better managers is one of the hardest jobs CHROs face, but it’s also essential to their ability to implement any of the business strategies discussed here.
- **Connect company values and policies.** 86% of workers prefer to work for companies that care about the same issues they do, reports PwC.¹⁴ But just saying you care about diversity, equity, and inclusion (DE&I), the environment, or other issues isn’t enough; employees want to see your commitment. About 80% of workers told PwC that their organizations don’t gather and analyze data on discrepancies in compensation, hiring, performance, and promotions.¹⁵ Yet doing so can help minimize the impact of unconscious bias. For example, when [Synlait](#), a New Zealand milk producer, began tracking these metrics, their HR team realized they had gender inequities and took swift action to correct them.

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Source: Oracle and Workplace Intelligence

¹² “AI@Work 2021 Global Study—Back in the Driver’s Seat: Employees Use Tech to Regain Control,” Oracle and Workplace Intelligence, October 2021.

¹³ Randall J. Beck and Jim Harter, “Why Great Managers Are So Rare,” Gallup, March 13, 2014.

¹⁴ “Beyond compliance: Consumers and employees want business to do more on ESG,” PwC, 2021.

¹⁵ “Global Diversity, Equity & Inclusion Survey,” PwC, 2021.



5 Protect data to maintain employee trust

Data privacy and security is a major factor in maintaining employee trust. In an Accenture study, 64% of employees said events at other companies related to the misuse of data have caused them to question whether their personal data is at risk, while 52% of workers said the use of new sources of workforce data risks damaging trust.¹⁶ More than one in two workers said they'd consider leaving a company that didn't use workplace data responsibly.

One way for businesses to foster trust with their employees is to be up-front about the data they're collecting and why. There are many types of sensitive data—from Social Security numbers to compensation and bank details—and being transparent about what information HR is gathering and analyzing can help employees understand their company's approach to data privacy. The goal is to be open and transparent with employees about data security measures, privacy policies, and changes that may affect their data. It's also important to address any concerns about the use of employee data and to provide avenues for them to report potential security issues.

To offer this transparency, CHROs need to be confident the data is in fact as secure as possible. Employee data is coveted by attackers, and news of a security breach involving employee data can spread rapidly and cast doubt on a company's ability to securely maintain other confidential business data.

¹⁶ "More Responsible Use of Workforce Data Required to Strengthen Employee Trust and Unlock Growth, According to Accenture Report," Accenture, January 21, 2019.



CHROs' security teams should make sure their HR data and applications are encrypted, secure, and continuously monitored to spot suspicious activity. Automation and advanced AI-based security controls apply machine learning algorithms to sift through what can be millions of interactions a day, volumes that are impossible to monitor manually.

CHROs should ask their security teams whether their architecture can:

- Detect whether there's been unauthorized network access to an employee's payroll account or personnel file, including across multicloud or hybrid cloud environments
- Spot if an employee changes their bank information at an odd time, which could signal a security breach
- Send alerts about suspicious activities
- Provide insights on general security vulnerabilities and areas for improvement, including configurations or settings that may increase risk, such as turning off encryption or other security controls
- Keep applications updated against the latest security vulnerabilities, using automated updates multiple times a year to stay current as new risks emerge

CHROs oversee some of the most sensitive and sought-after data in the company, so they need to collaborate closely with the CIO and CISO to make sure layers of security and monitoring are built into all applications to safeguard employee information. Staying ahead of attackers is a job that never ends.

6 Focus on the right HR KPIs

The above strategies don't mean much if you can't track their success—yet for many companies, measurement is a challenge. A 2022 HR.com survey of HR professionals revealed that only 16% of participants are very good at gathering people analytics, and just 31% are good or very good at making data-based talent decisions that improve business outcomes.¹⁷

With the massive amounts of data available, it's critical for CHROs to zoom in on the KPIs that are most relevant to business growth, and that starts with partnering across the C-suite to align on organizational goals. Think of the business functions that span both HR and finance, for example, which include workforce planning, payroll, procurement, and accounting. By sharing related data, both departments can get a clearer picture of how factors such as talent shortages or salary changes impact profitability.

However, information sharing is only worthwhile if it drives the right next action. The right HR KPIs can provide insights that CHROs can use to increase retention, boost revenue, and decrease operating expenditures. Here are some key KPIs CHROs should monitor.

Recruiting KPIs

- **Hires to goal** is a measure of your recruitment success in a given period versus a predetermined hiring goal. Calculate it by dividing the total number of new hires in a period by your hiring goal for that period to see if you're meeting objectives.
- **Cost per hire** is the average cost of bringing in a new employee. Calculate it by adding your external and internal costs related to all new hires over a defined period and dividing the result by the number of hires made in that same period. External costs include staffing agency and relocation fees, while internal costs cover expenses such as referral bonuses and training programs. This KPI keeps you realistic about hiring costs and what elements drive them.

¹⁷ "The State of People Analytics 2022-23," HR.com, September 2022.



- **Application and offer diversity** measures the distribution of employment applications and offers by gender, ethnicity, age, and other characteristics. This helps you spot the underrepresentation of specific groups to improve hiring equality, DE&I initiatives, and overall performance. A McKinsey & Company study reveals that ethnically diverse companies and companies with a gender-diverse executive team are respectively 36% and 25% more likely to outperform less diverse companies.¹⁸

Retention KPIs

- **Employee Experience Index (EEI)** is a collection of data points that together paint a picture of employees' on-the-job experience, something CHROs can then assess at the company, business unit, and manager levels. What you choose as the EEI factors will vary depending on your company and industry. Some factors to weigh might include the number of logins to systems such as benefits and training portals; the use of other operational or communication systems; employee survey feedback; and core data, such as your retention rate.
- **New hire turnover** measures the number of newly hired employees who leave their positions within a set time frame. This can determine the effectiveness of your recruitment and retention strategies and help you optimize them to prevent further turnover.
- **Top talent at high risk of loss** identifies employees with high performance ratings who are potential flight risks. By identifying these high performers, you can design a retention strategy to keep them at your company and avoid the costs of hiring and training their replacements.

Performance management KPIs

- **Performance rating distribution** measures the distribution of employees in different performance rating categories across an organization, tracked over time. A normal distribution curve resembles a bell shape, and if done right, it helps HR spot top and average performers so they know who to reward and who needs help improving.
- **Average tenure** measures the average length of time employees spend at your company. It can be used to help estimate turnover rates and indicate employee satisfaction levels.

¹⁸ Sundiatu Dixon-Fyle, Kevin Dolan, Dame Vivian Hunt, and Sara Prince, "Diversity wins: How inclusion matters," McKinsey & Company, May 19, 2020.



- **Absenteeism rate** is the number of employee absent days divided by the number of available workdays in a given period. It helps you evaluate employee engagement and assess productivity issues. Excessive or rising absenteeism may indicate problems within your organizational culture. And it costs employers \$225.8 billion annually in lost productivity, according to the US Centers for Disease Control and Prevention.

Compensation and benefits KPIs

- **Total Cost of Workforce** goes beyond wages and salary to consider all the costs of a productive employee, factoring in costs tied to benefits, recruiting, initial ramp-up training, ongoing training and support, and similar elements. The factors that go into this will vary based on the company and industry, and the metric is likely to rely on data that spans departments and is drawn from multiple sources.
- **Salary change rate** provides an overview of salary changes for employees depending on their performance and potential. By looking at the performance of employees who received base salary increases during a reporting period, you can get an indication of how your organization rewards high performers versus low performers. You can also chart that change rate relative to relevant business metrics, which could include both internal drivers (profit) and external drivers (inflation).
- **Workforce salary distribution** measures the overall distribution of salaries across an organization. It can be measured within a role, team, department, or organization to generate different insights, but the common goal is to limit distribution, particularly within roles and teams where job requirements are very similar. Salary distribution is a key indicator of disparities related to DE&I and can help you identify areas where your compensation strategy needs improvement.

The conditions that created today's chasm between employee expectations and business goals also create an opportunity for CHROs and their teams. We have reached a turning point in how organizations think about their people strategy and the value of data in shaping and supporting that strategy. A strong understanding of employee data is no longer a nice to have. By better understanding the skills their business has today and will need in the future, by creating personalized employee experiences that improve retention and productivity, and by measuring what matters, CHROs can confidently lead their organizations to simultaneously drive employee success and business growth.



CHROs connect employee and business growth using Oracle Cloud

[Oracle Fusion Cloud HCM](#) can help CHROs close the gap between business goals and employee expectations. HR teams are using Oracle Cloud HCM alongside other unified apps that span the organization—from finance and supply chain to marketing and customer experience—to personalize employee experiences for better hiring and retention, develop talent to meet company needs, and increase efficiency and find fresh insights using new capabilities, such as AI. Using Oracle’s integrated suite of [cloud applications](#) and [Oracle Cloud Infrastructure](#), HR has the power to manage and develop their workforce to deliver measurable business outcomes. CHROs can track the metrics they most care about, give managers tools to be better people leaders, and automate routine tasks so their teams can focus where it matters most.

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