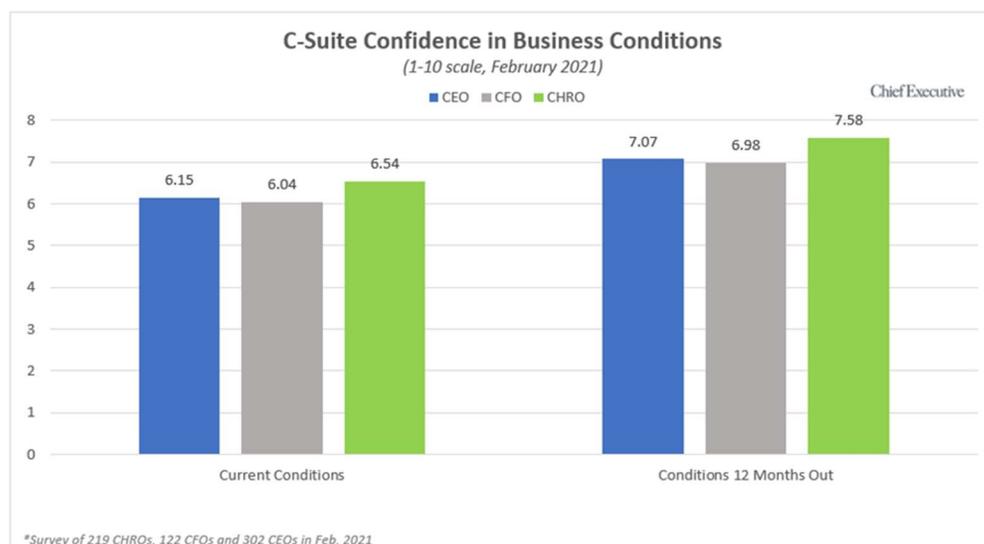


New Poll Shows CHROs More Optimistic than CEOs for 2021, Except in Hiring

America's HR chiefs are more confident than CEOs about prospects for business in the year ahead—with one very big area of difference.

As the business world begins to look beyond the Covid crisis for a potential economic boom in the year ahead, the nation's C-Suite leaders are increasingly optimistic about what's to come. Most hopeful? America's HR leaders.

A new survey conducted in February 2021 by *Chief Executive* and SHRM (The Society for Human Resource Management) puts CHROs among the most optimistic members of the C-Suite, with highly favorable projections for business for the year ahead. Overall, CHROs rate future business conditions a 7.5 out of 10, on our 1-10 scale (with 10 being "excellent"), some 7 percent higher than CEOs. CFOs rank current conditions lowest of the bunch at 6.89, 9 percent lower than CHROs.



Although both CEOs and CHROs are optimistic that conditions will improve by a significant margin in the near term, according to our leading indicators, America's HR chiefs also rate current economic conditions 6 percent higher than CEOs, at 6.5/10 vs. 6.2/10, and 8 percent higher than CFOs, who rated the current climate a 6 out of 10.

Overall, 62 percent of CHROs polled in February rated business conditions one year from now an 8/10 or above (meaning "very good" to "excellent" according to our scale points). CEOs are much more reserved, with only 25 percent ranking future conditions an 8 or above. As for CFOs, 45 percent reported being confident that business conditions will rank an 8 out of 10 or above by this time next year, but the proportion of CFOs ranking future conditions as "weak" is more than double that of CHROs—and 3 percentage points higher than the proportion of CEOs who did the same.

So, what's making CHROs so optimistic? Much like their C-Suite counterparts, hopes for a successful vaccine roll-out, increased consumer spending and enhanced supply chain stability are all reasons they provided to explain their forecast—although some say they also fear that less business-friendly policies in Washington could impede recovery.

“Once the vaccine is distributed, I believe the business conditions will improve,” said the VP of HR at a financial services company. “However, with the current president in place, I don't think business will be able to return to ‘very good’.”

Audrey Williams-Lee, SVP, HR, Talent Acquisition & Philanthropy at the Hyatt Corporation, explains why she rates future conditions a 7 out of 10, up from rating of 4 for current conditions: “Our industry has been hard-hit by the pandemic and is currently in recovery. As the vaccine is rolled out and the country starts to reopen, we expect business to improve. The demand exists, just not the comfort level,” she says, expecting a release of pent-up demand.

Forecasting for the Year Ahead

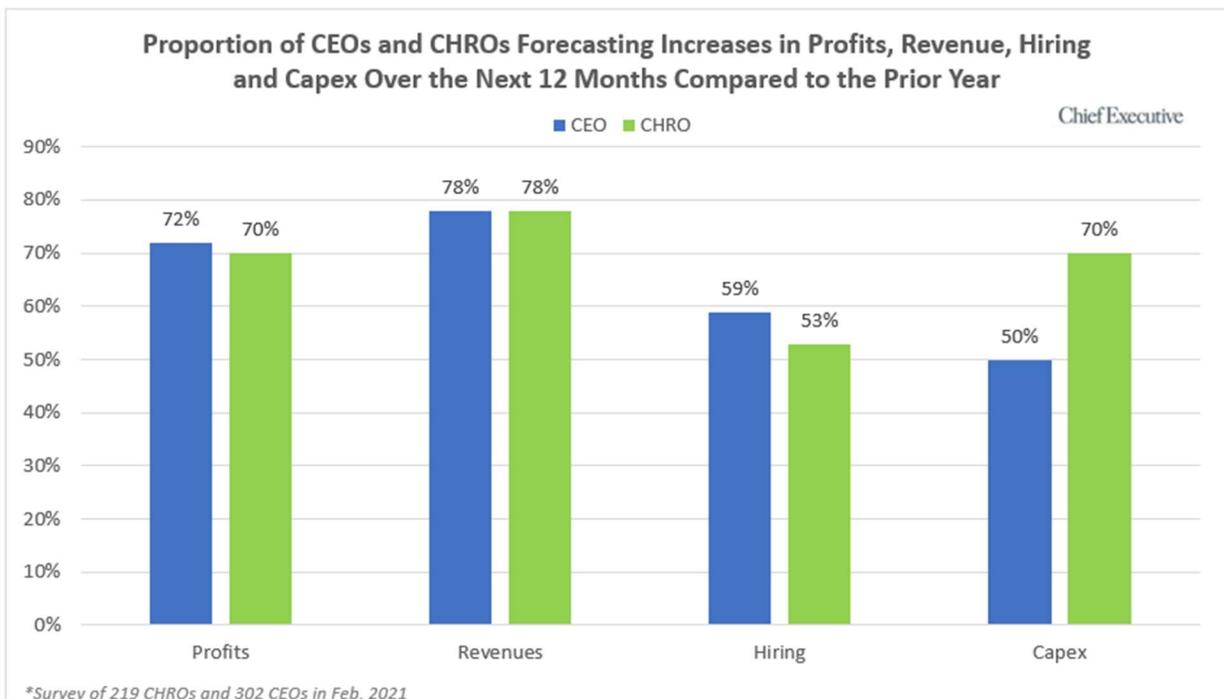
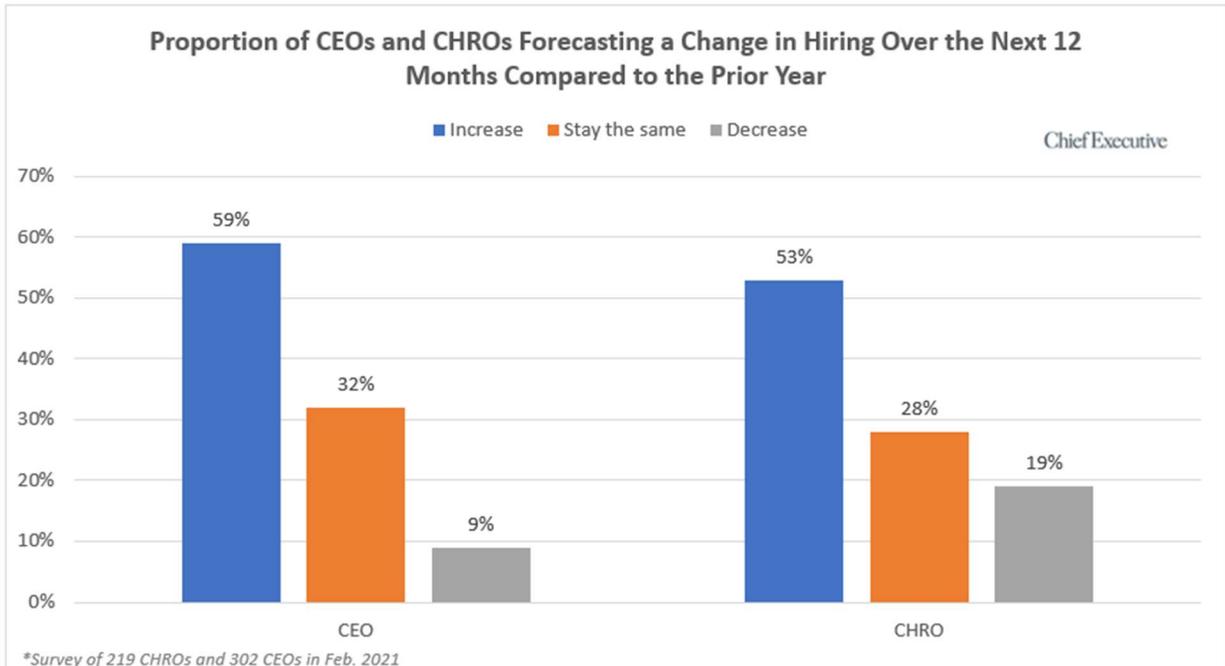
Echoing their optimistic business forecast, 78 percent of the CHROs we surveyed are projecting an increase in revenues over the next 12 months—the exact same proportion of CEOs.

When considering profits in the year ahead, 72 percent of CEOs and 70 percent of CHROs forecast an increase compared to prior year—once again demonstrating their shared confidence in a release of pent-up demand and increase in consumer spending in the months ahead.

CHRO opinions, however, widely differ from CEOs' when it comes to hiring and capital expenditures. Seventy percent of HR executives predict an increase in capital expenditures over the next 12 months—vs. 50 percent of CEOs. “This should come as no surprise,” says Dr. Alex Alonso, SHRM's chief knowledge officer and a partner in this research. “The availability of capital will present the short-term obstacle for most organizations, but the long-range war is for talent and mitigating talent shortages. CHRO confidence will become clearer as the true talent picture reveals itself post-pandemic.”

Similarly, there is a notable difference in the proportion of CHROs vs CEOs forecasting an increase in hiring. This time, fewer CHROs than CEOs forecast an increase in hiring over the next 12 months, at 53 and 59 percent, respectively.

According to our monthly [CEO Confidence Index poll](#), the proportion of CEOs expecting to add to their workforce in the months ahead is the highest it's been since September 2018, and February data shows only 9 percent of CEOs projecting a decrease in hiring. In contrast, 18 percent of CHROs expect to reduce the company's onboarding practices this year—a significant delta to note considering their role.



Sector & Size Views

CHRO optimism varies widely across industries, with the highest confidence recorded in pharma and industrial manufacturing. Conversely, consumer manufacturing ranks lowest; at 6.8 out of 10, it is the only sector below 7.

A gap between CEO and CHRO optimism is evident across many sectors, and the labor perspective appears to be driving the delta. A VP of HR at a pharmaceutical company, who rates future conditions a 9 out of 10, says optimism is being fueled by “investment activity in my sector (biotech) and current competitive labor market conditions.”

A CEO of a company in the same industry says he’s not as optimistic because “most businesses will still take the majority of the year to recover post-vaccine delivery,” explaining his lower rating of a 7 out of 10 for future business conditions.

When looking at confidence by company size, the largest difference in a statistically significant sample size is in the \$1 billion+ revenue category. CHROs within that group rate future business conditions 11 percent higher than their CEO counterparts—at 7.5 out of 10 and 6.7 out of 10, respectively.

Industry	CEO	CHRO	% +/-
Adv./Mktg./PR/Media/Ent.	7.0	7.9	13%
Energy/Utility	6.6	7.0	6%
Gov't/Nonprofit	7.3	7.3	0%
Healthcare	7.2	7.4	3%
Mfg. Consumer Goods	7.0	6.8	-2%
Mfg. Industrial Goods	7.4	8.1	9%
Pharma	7.5	8.8	17%
Professional Services	6.8	7.6	11%
Real Estate	8.7	7.0	-19%
Transportation	6.8	8.0	18%

**Survey of 219 CHROs and 302 CEOs in Feb. 2021*

Annual Revenues	CEO	CHRO	% +/-
Less than \$10 million*	6.7	8.3	24%
\$10 million to \$999.9 million	7.3	7.6	4%
\$100 million to \$999.9 million	7.6	7.5	-1%
\$1 billion +	6.7	7.5	11%

**Results may not be statistically significant*

“Our industry has been hard hit by the pandemic and is currently in recovery,” said the VP of HR at a company in the travel and leisure sector with revenues above \$1 billion. “As the vaccine is rolled out and the country starts to reopen, we expect business to improve.” He, therefore, rated future business conditions a 7/10.

CEOs within that cohort seem more cautious in their forecast, sharing concerns over inflation, regulation and interest rates.

“Economic growth should be strong,” says the CEO of a global energy company in the \$1 billion+ size group, “but I’m concerned about return of regulatory creep.” He rates his view of future conditions a 6 out of 10 on that basis.

About the CHRO Confidence Index

The CHRO Confidence Index is a quarterly pulse survey of CHROs and HR executives on their perspective of the economy and how policies and current events are affecting their companies and strategies. Every quarter, Chief Executive Group partners with SHRM (the Society for Human Resource Management) to survey hundreds of CHROs and HR chiefs across America, at organizations of all types and sizes, to compile our CHRO Confidence Index data. The Index tracks confidence in current and future business environments, as well as their forecast for their company’s revenue, profit, capex and hiring for the year ahead.

About Chief Executive Group

Chief Executive Group, a leading community for business leaders worldwide, exists to improve the performance of U.S. CEOs, CFOs and corporate directors. We publish *Chief Executive* magazine (since 1977), ChiefExecutive.net, *Corporate Board Member* magazine (since 1998), BoardMember.com, StrategicCFO360.com and RemoteWork360.com, as well as produce research, conferences and roundtables that enable CEOs, CFOs, Board Members and other members of the C-Suite to share experiences with their peers to grow companies, build communities and strengthen society. Learn more at [ChiefExecutiveGroup.com](https://www.ChiefExecutiveGroup.com).

About SHRM

SHRM creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today’s evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally. Learn more at [shrm.org](https://www.shrm.org) and on Twitter [@shrm](https://twitter.com/shrm).