How CHRO's are Transforming the Future of Work

By leveraging their understanding of organizational dynamics, HR leaders can address these challenges, and drive the workplace into the future while ensuring human-centered approaches to AIintegration, according to report authors.

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New data indicates that more than 90% of CEOs say HR should have a hand in developing an organization's future of work strategy, with one in five indicating that the CHRO is fully in charge of it in their organization.

However, in most cases, the people team isn't leading the company's future of work initiatives. According to IBM researchers, this gap presents a significant opportunity for HR to shape the next phase of workplace dynamics, particularly with the rise of generative AI.

Although HR has a strong grasp of culture, skills and change management, many organizations have yet to fully harness its capabilities to shape future of work strategies.

How can HR drive the Future of Work?

In the IBM Institute for Business Value & Oracle report (September 2024), researchers identified a group of forward-thinking organizations that are already succeeding with their strategic approach. These organizations have a clear plan for the future of work, have forecasted the impact on employees and many have communicated this vision to their workforce. These "visionary" companies report immediate ROI from their future of work strategies: 27% are seeing benefits today, and 43% anticipate additional returns by 2026. Their commitment to innovation has resulted in 35% higher profitability compared to their competitors.

So, what makes these firms "visionary," and how can CHROs find inspiration in their profiles? IBM and Oracle found that what sets these organizations apart is their comprehensive planning approach, with 80% having developed clear plans for the future of work that include detailed employee impact forecasts. Moreover, these organizations prioritize transparency, with 76% effectively communicating their vision to their workforce.

A separate report from McKinsey states that "organizations that can reallocate talent in step with their strategic plans are more than twice as likely to outperform their peers." This further reflects the importance of human resource expertise in organizational direction.

Is HR the answer to these future of work challenges?

Despite these areas of opportunity, the future of work isn't without hills to climb. The most timely might be the effective integration of AI and automation, especially as further investment in this tech increases.

IBM and Oracle's chief executive survey reveals that 87% expect AI to augment rather than replace jobs, confirming commitment to human-AI collaboration. However, organizational readiness remains a concern, with only 45% of organizations having completed forecasts of AI's impact on their employees.

Communication transparency also presents a challenge, as only half of IBM's surveyed organizations with established AI visions have shared implementation details with their employees. Additionally, the lack of AI expertise continues to be a significant barrier, with 62% of IBM and Oracle's respondents citing this as a major obstacle to executing their AI strategies.

Future of work: HR's Strategic opportunity

By leveraging their understanding of organizational dynamics, HR leaders can address these challenges, and drive the workplace into the future while ensuring human-centered approaches to AI integration, according to report authors.

The CHRO's strong expertise in organizational culture, skill development, HR technology and change management, uniquely qualifies the human resources team to lead the future of work transformation.

As executives increasingly invest in processes focused on career growth, pay transparency and continuous talent development, HR leaders should take the driver's seat in developing and implementing use case strategies, drawing on their unique understanding of the workforce.

IBM and Oracle researchers predict that success will depend on HR's ability to champion change, develop talent and create environments where both people and technology thrive. Here are areas where CHROs and their teams can have an impact.

1.Talent Development and Management

Organizations are increasingly recognizing the importance of strategic talent management, according to IBM and Oracle, with three-fourths actively working to improve their ability to forecast employee potential. This requires sophisticated AI-powered succession planning systems and leveraging advanced data analytics for deeper talent insights. The tech giants identified that those visionary HR departments are taking steps to democratize skills data across their organizations, ensuring valuable insights are accessible to all stakeholders.

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IBM and Oracle researchers suggest that latest tools can democratize access to skills data and insights, offering valuable guidance to HR leaders, people managers and employees.

2.Employee Experience enhancement

In 2023, the IBM Institute for Business Value conducted interviews with nearly 6,000 CEOs and other C-suite executives worldwide. This is a different project than mentioned above, executed to explore where chief execs anticipate generative AI will have the greatest impact, how they intend to invest in it and the challenges they expect to face along the way.

This research shows that organizations prioritizing employee experience can achieve up to 31% higher revenue growth. According to the Report Authors, developing human-machine partnerships that will engage employees—not enrage them—is an organizational change challenge on steroids.

3.Technology integration

Close collaboration between HR and IT departments is required to ensure seamless AI implementation across business functions. This includes leveraging AI for core HR processes while maintaining the ethical standards of the organization. The IBM & Oracle report states that, AI can be the 'connective tissue' between diverse data, analyzing, assessing and recommending.

4.Change Management

HR leaders must clearly articulate the organization's vision for the future and guide the cultural transformation necessary for successful AI adoption. Addressing employee concerns about AI integration while balancing technological advancement with human-centered practices is crucial. The IBM and Oracle report suggests thinking big, starting small and moving fast with purpose and intention.

5.Skill Development

Creating environments that support continuous learning and leveraging AI to provide personalized development opportunities are key. This includes building future-focused expertise across the organization while ensuring traditional skills remain valued. The study highlights the importance of recognizing employees with natural potential, as well as those who could become a "teachable fit," by providing them with access to diverse experiences and opportunities.