

Human Resources Leaders IN THE Corporate Boardroom

A Review of Current
Data and Trends

A REPORT FROM ALLEGIS PARTNERS HUMAN
RESOURCES PRACTICE



The Premise

The last several years have seen a historic level of disruption in the business world, with extraordinary implications for business leaders. Nowhere is this more apparent than in the function of corporate Human Resources. As a leading Human Resources executive search firm, we are in continuous, daily conversations with CEOs, HR leaders, and public company board directors. Never before has the impact of Human Resources and the role of CHRO been under such intense scrutiny. It should not be surprising then, that there has been a dramatic increase in HR representation on public company boards over this same period.

Since Allegis Partners' landmark 2017 study, ["The Chief Human Resources Officer, An Underutilized Resource for Corporate Boards,"](#)

conducted in collaboration with the National Academy of Human Resources and other partners, we have witnessed - and now documented - an increase of 300% in HR leader appointments to public company boards. To bring a broader range of experience and expertise, as well as additional gender and ethnic diversity into the boardroom, many public company boards have widened their director search processes.

300%▲
INCREASE

in HR leader appointments to public company boards since report was published in 2017

METHODOLOGY

With data from BoardEx, Allegis Partners launched a comprehensive study to examine the current representation of HR leaders in corporate boardrooms. We chose the Russell 3000 as our population, as it represents 97% of the U.S. equities market by capitalization, and we identified all HR leaders serving as a board director of a Russell 3000 company as of December 31, 2021.

Our careful curation identified 211 board directors, including 151 career HR leaders, active or retired, who have held executive-level roles (*see titles list, p.2*), as

well as 60 multi-discipline executives who have spent a significant portion of their careers in HR, whether or not HR was their most recent role. In this report, this combined group of executives is referred to as HR leaders. Executives who did a brief stint in HR as part of their career development, were excluded. This methodology does not capture HR leaders who may have been board members in prior years, but not on December 31, 2021. Nonetheless, we believe our research serves as a reasonable proxy for current trends regarding demand for HR leaders in the boardroom.

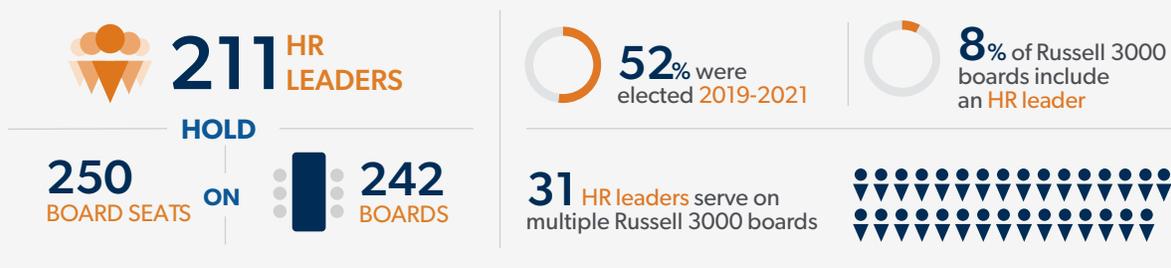
Current State

At year end 2021, HR leaders reached a milestone in holding 250 seats on 242 boards within the Russell 3000, with 52% of those appointments made during 2019, 2020, and 2021. Among those 211 HR leaders, 31 sit on two or more Russell 3000

boards. Indeed, HR leaders remain outnumbered by general management and finance board members, but the recent trend does represent a significant shift in the appreciation for the value of human capital experience in the boardroom.

KEY TAKEAWAYS

A RECORD NUMBER OF HR LEADERS ARE DIRECTORS ON RUSSELL 3000 COMPANY BOARDS



THEY HAVE HELD EXECUTIVE-LEVEL HR LEADERSHIP TITLES, INCLUDING



AMONG THE 211 HR LEADERS ON RUSSELL 3000 BOARDS



Diversity

Of course, the diversity that many public company boards seek goes beyond functional expertise and career experience, notably including gender diversity and individuals from historically underrepresented racial or ethnic groups. Among the 211 HR leaders on Russell 3000 boards, 78% are female. Of the 47 male HR leaders on those boards, 49% are diverse by race or ethnicity. In total, 89% of HR leaders on boards are diverse by race, ethnicity or gender.



Given the current gender, racial, and ethnic diversity within HR leadership, a board seeking a human capital expert is also reasonably likely to increase diversity.

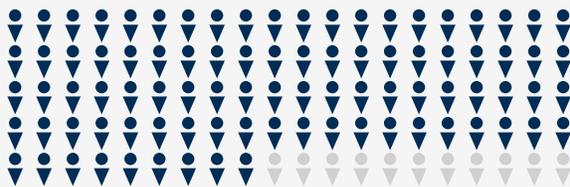


These findings, perhaps, should not be unexpected, as both the prioritization of diversity and the business case for having HR expertise in the boardroom have strengthened in recent years. Our study details these trends. Today, HR leaders provide boards with one of the most diverse sources of director candidates. Given the current gender, racial, and ethnic diversity within HR leadership, a board seeking a human capital expert is also reasonably likely to increase diversity.

And while it is true that boards often can turn to HR when seeking diverse leadership, it is also true that human capital issues have never been more significant for boards.

THE 211 HR LEADERS ON RUSSELL 3000 BOARDS ARE A DIVERSE GROUP

89% are diverse by gender, race or ethnicity



164 are women



Amongst **47** men,
23 are diverse



**Directors from historically underrepresented groups include women, Black/African American, Asian, Hispanic/Latinx, American Indian/Alaska Native, and multiracial.*

Strategic Human Capital

Board agendas now focus on a host of challenging human capital issues. These include proposed new employment and securities disclosures and regulations; racial equity initiatives; understanding and navigating the rapidly changing nature of work, as it is viewed by employees; environmental, social,

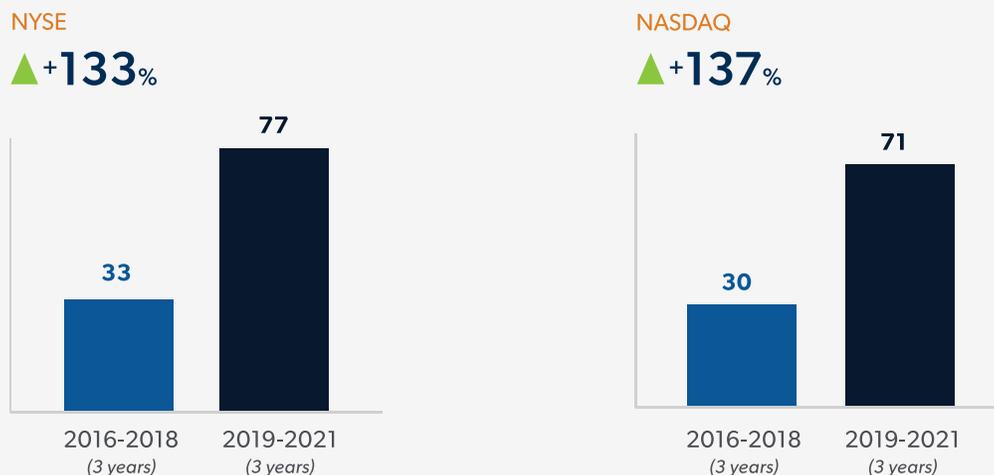
and governance policies; balancing equitable compensation and inflation; potential union representation; along with the task of rethinking business models amid what for some companies is a crippling talent shortage, further complicated by hybrid work challenges. What better moment to bring HR expertise onto the board?



Human capital issues have never been more significant for boards.



TRACKING NYSE AND NASDAQ COMPANY BOARD SEAT APPOINTMENTS OF THE 211 HR LEADER/DIRECTORS OF THE RUSSELL 3000



A CLOSER LOOK AT THE 211

Having identified the 211 HR leaders sitting on one or more Russell 3000 boards as of December 31, 2021, we then looked for all public board experiences they may have had.

Tracing back to the earliest public board experience of those individuals, we found that the first board seat for this group came in 1989, representing a notably long career as a board director. On the other hand, 60% of the HR leaders placed on boards in 2021 are stepping into their first public company board role.

NYSE

 **143** ON  **138**
BOARD SEATS BOARDS

- On 138 NYSE company boards, 143 board seats are held by HR leaders.
- The first NYSE board placement came in 1990.
- From 2016 through 2018, 33 NYSE board seats were awarded among our HR leaders. Between 2019 and 2021, 77 seats were awarded to the HR leaders.

NASDAQ

 **125** ON  **121**
BOARD SEATS BOARDS

- On 121 NASDAQ company boards, 125 board seats are held by HR leaders.
- The first NASDAQ board seat was awarded in 2000.
- From 2016 through 2018, 30 NASDAQ board seats were awarded among our HR leaders. Between 2019 and 2021, 71 seats were awarded to the HR leaders.

SLICING THE DATA DIFFERENTLY

ALTHOUGH THE NUMBERS ARE RELATIVELY SMALL, SINCE 2015, THERE HAS BEEN A:

 **+363%**
INCREASE

in HR leader new appointments to NYSE company boards

 **+325%**
INCREASE

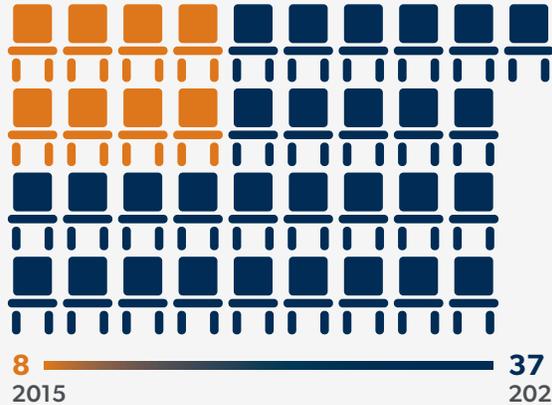
in HR leader new appointments to NASDAQ company boards

NEW BOARD APPOINTMENTS AMONG THE 211 HR LEADER/DIRECTORS OF THE RUSSELL 3000

BOARD SEATS

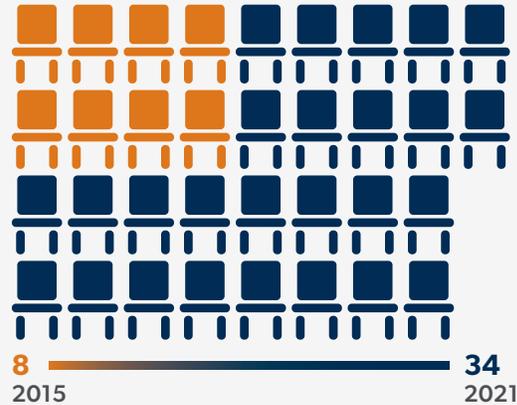
NYSE

37 ▲ +363%



NASDAQ

34 ▲ +325%



We wanted to further study the trajectory of the long-term rate of increase in HR leader board appointments.

- In total, 358 public company board seats have been held by this population of HR leaders, among 261 current and 87 prior public company boards.
- The entry of these HR leaders into public company boardrooms happened slowly. The three-year running average of board seats newly awarded to HR leaders began at 0.7 seats per year in 1991, and rises to 51.0 seats per year in 2021.
- Company size did not have a significant impact on HR leadership board representation, when looked at on a pro rata basis.

MILESTONES

HR Leader/Director total appointments among all public companies since 1989



Three-year running average of board seats appointed each year



60% of the HR leaders appointed to director seats in 2021 were first-time directors

75% of the HR leaders appointed to director seats in 2021 were actively employed

What's Ahead?

What meaning should we take away from the recent influx of HR leaders into boardrooms? What are boards truly seeking?

Thoughtful board composition is a bespoke process, unique to each company. A board skills matrix brings to the fore the competencies, experiences, and attributes that the board believes will be critical to its performance in advancing shareholder interests. As such, pivoting to add new competencies requires identifying the specific leadership capabilities, functional expertise, and industry knowledge of director candidates. Candidates that best embody those skills and competencies may, or may not, be HR leaders.

With that said, boards increasingly recognize the value in taking a proactive approach to assembling leaders with varied backgrounds and differing frames of reference, as this can add new context and informative insights to boardroom discussions. Diversity in experience, skill, geography, gender, race, and ethnicity all can contribute in a meaningful way to that broadened outlook.

Boards are also recognizing that topics related to human capital require more of their attention today than they did three, five, or 10 years ago. And the discussions go beyond CEO succession, executive compensation, and high-potential talent management, to nuanced subjects relating broadly to workforce planning, employee engagement, and the company's most valuable asset—human capital. Companies that fail to find an effective and sustainable way to win the hearts and minds of top talent may find themselves at a substantial disadvantage to their competitors for years to come. In the face of these challenges, it is clear that a significant number of board leaders are thinking, "We don't have anyone around this table with expertise in human capital issues. Maybe that should change."

About Allegis Partners

Allegis Partners is a boutique global executive search firm with a focus on identifying top talent for human resources, board of directors, chief executive officers and other executive and senior management roles across industries. Our high-touch process and deep functional expertise allow our consultants to bring unique insight into each relationship and customize each search within the global market. We excel at identifying diverse candidates with extensive skills and knowledge that meet the specialized needs of our clients. Allegis Partners is backed by the extensive resources of the Allegis Group, the global leader in talent solutions. To learn more about Allegis Partners, visit www.allegis-partners.com and follow Allegis Partners on LinkedIn, Twitter, and Facebook.



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