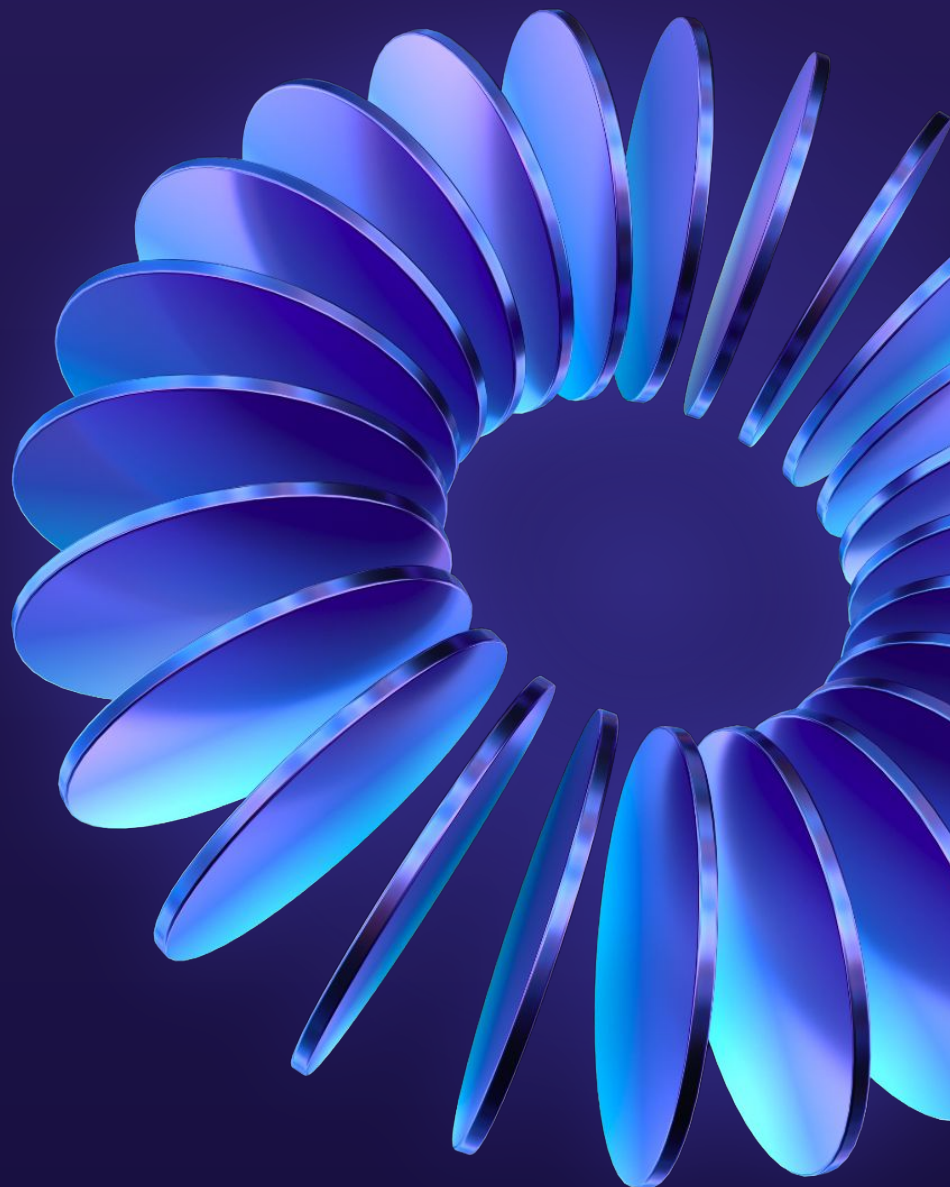


REPORT

2027 HR Priorities

*Redesigning for
the Future*



5 priorities for redesigning HR

HR enters 2027 with greater influence and responsibility, yet a clear alignment gap remains: 73% of HR leaders are confident their strategy aligns with the business, but only 30% of business leaders agree. Three conditions are widening the gap.

AI is outpacing work redesign. As it becomes part of workflows and decisions, organizations must reconsider roles, accountability, and oversight.

Capability needs are changing. External talent is harder to secure just as development pathways narrow and critical expertise remains tied to individual jobs.

Expectations of HR are expanding. The function is accountable for broader outcomes, but its authority, capacity, operating model and investment have not kept pace.

These five priorities show HR leaders how to address the gaps limiting HR's impact and show what the function must change to meet growing business expectations.

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AUTHOR

Dr Marna van der Merwe

Research & Insights Lead at AIHR



AUTHOR

Dr Dieter Veldsman

Chief Scientist at AIHR



AUTHOR

Erik van Vulpen

Founder & Dean at AIHR

1

Redesign work for human-AI performance

Challenge today

Organizations are embedding AI into workflows, deploying AI agents, and automating tasks people once handled. But many are adding AI to existing jobs and processes instead of redesigning how work should happen when people and AI share the execution.

The result is a gap between AI activity and AI value: employees save time on some tasks but spend it prompting, checking, and correcting AI output. Work is faster but not better, and accountability is less clear.

Three challenges now define the work system:

- ⊗ **Work and technology are designed separately.** Organizations deploy AI without redesigning the workflows, roles, and supporting technologies around it.
- ⊗ **Human-AI responsibilities remain unclear.** Organizations have not defined where AI can act, where human judgment is required, or who remains accountable for the outcome.
- ⊗ **Performance is measured as if humans work alone.** Organizations track metrics that don't capture the value versus failure of human-AI teams.

Market Signals

Leverage now comes from redesigning work.

Organizations are already experimenting with AI agents, and leaders expect digital labor to expand workforce capacity within the next 12 to 18 months. AI adoption alone is no longer enough. For example, when a European telecommunications company added an AI agent to an existing workflow, it improved productivity by 5%. But when they redesigned the work around that same AI, productivity increased to 30%.

The organizations creating the greatest value with AI are 2.8 times more likely to rethink how work is structured, coordinated, and delivered rather than just automating existing tasks.

The first wave of AI focused on individual productivity. The next wave of value will come from redesigning workflows end-to-end, including how people and AI collaborate, where accountability lies, and how they improve quality, speed, and business performance.



+5% 

productivity when AI is added to workflows

+30% 

productivity when work is redesigned around AI

Strategic Shift

We need to redesign work as a system.

Rather than asking where AI automate individual tasks, HR needs to design end-to-end workflows around the complementary strengths of people and AI. The objective is to create a work system that also strengthens accountability, trust, and future capacity.

Organizations need to first determine where AI creates value, where human judgment is essential, how to verify outputs, and how employees continue to build expertise and stay motivated through meaningful work, all of which depend on 3 core principles:

- Clear human-AI boundaries
- Defined verification checkpoints
- Deliberate development experiences

“The value of AI is not in adding it to existing work. It comes from redesigning work so people and AI contribute where they add the greatest value.”

Dr. Dieter Veldsman,
Chief Scientist at AIHR



PRIORITY 1

Steps to take

✓ START HERE

- 1 Choose one or two critical workflows**
Select ones that create significant business value, are materially affected by AI, or that have a clear performance problem to solve.
- 2 Redesign the work, not just the tasks**
Map tasks, decisions, and handoffs. Define where AI adds value, human judgment is essential, and oversight sits.
- 3 Pilot, measure, and improve.**
Test the redesigned workflow before scaling it. Measure its effect on productivity, quality, trust, employee experience, and business outcomes, then use the findings to improve the design.

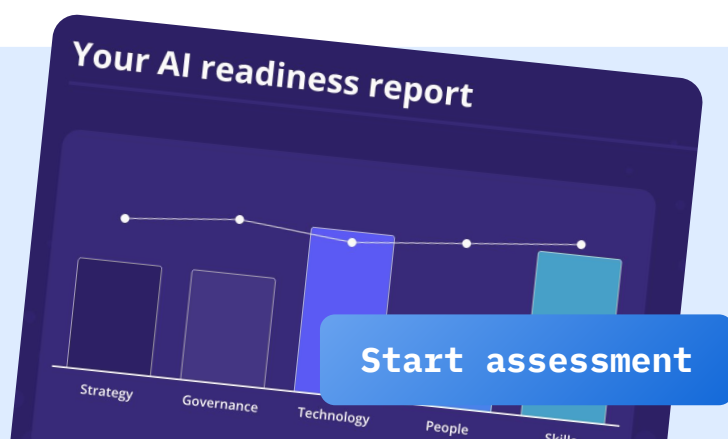
✓ WHAT COMES NEXT

- Apply the approach to additional work systems
- Establish common governance and verification standards across AI-enabled work
- Redesign roles and developmental experiences as the division of work changes
- Build ongoing employee communication and feedback into the transition
- Track how human-AI collaboration affects meaningful work, motivation, and capability development

RESOURCE

AI Readiness Assessment

Do you have the strategy, skills, governance, and systems to turn AI adoption into business value?



2

Prioritize talent as an enterprise capability

Challenge today

Most organizations still operate with the assumption that talent can be managed through the traditional processes of hiring, learning, performance, succession, and internal mobility. This worked when careers were predictable, capabilities remained relevant for longer, and organizations could hire the skills they lacked.

AI is automating the entry-level work through which employees historically built expertise, while skills lose relevance faster. The external labor market is tightening around the capabilities organizations need most. The result is a talent model focused on managing jobs instead of building, deploying, and protecting the capabilities the business needs most.



Buying no longer fills all the skill gaps. As talent markets tighten, organizations rely too much on premium recruitment budgets to fill them.



Capabilities move too slowly. Skills stay locked within functions, roles, and business units instead of flowing to the highest priority work.



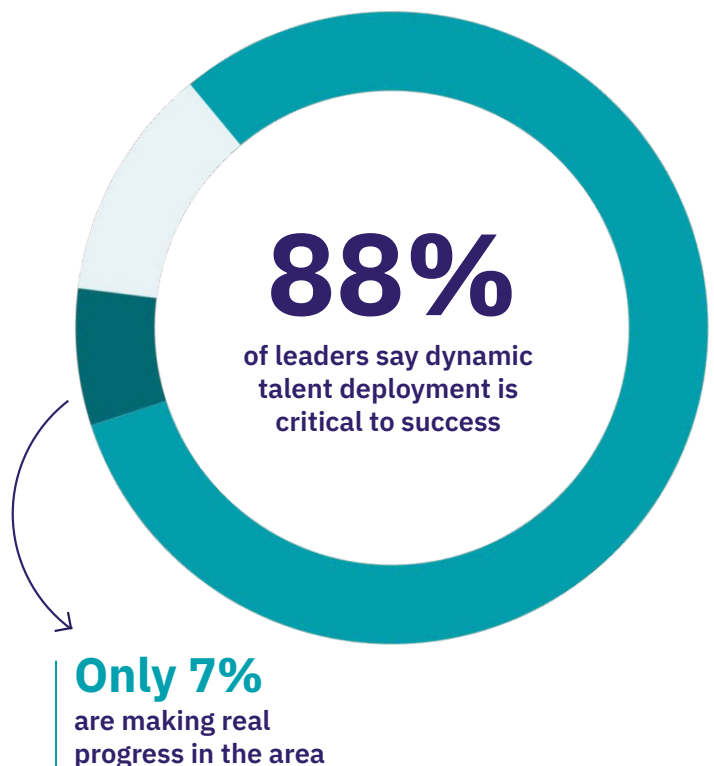
Critical expertise walks out the door. Organizations rely on individuals to pass on knowledge instead of building systems to capture and share it.

Market Signals

Building and managing capability requires more than hiring.

As available talent pools contract, competitive advantage increasingly depends on how effectively organizations build and deploy capability internally. But traditional talent models can't keep pace with changing capability needs. Leaders recognize that dynamically organizing people, skills, and resources is critical to success, but few are making meaningful progress.

The pressure is greatest at the start of the pipeline. Leaders expect significant AI-related change at entry-level roles and are already seeing junior talent develop more slowly. Junior employees will have fewer opportunities to build core capabilities such as judgment, creativity, and critical thinking. As traditional developmental experiences disappear, organizations need new ways to develop expertise and keep capability flowing through the business.



Strategic Shift

Move from managing talent to designing how capability flows.

The most effective HR functions move beyond a linear view of talent and focus on deployable capabilities. HR needs to design how capability is acquired, built through work, deployed where the organization needs it most, and how to retain it before it's lost. This means:

- **Redesigning entry-level roles** around the experiences that build judgment.
- **Using internal mobility and project-based work** as infrastructure rather than a talent perk.
- **Treating tacit knowledge transfer as a deliberate process** rather than leaving it to informal exchange.
- **Broadening access to talent** by eliminating job requirements that no longer reflect the realities of work.

“If you can’t close capability gaps internally, you shift the cost into premium recruitment and compete with the rest of the market for the same scarce talent.”

Dr. Marna van der Merwe,
Research & Insights Lead at AIHR

Competitive advantage no longer comes from having talent in the organization. It comes from identifying, mobilizing, and developing capability faster than competitors.



PRIORITY 2

Steps to take

✓ START HERE

1 Identify critical capability needs
Define the capabilities most critical to the organization's strategy and compare them with internal capacity.

2 Make skills consequential
Start using skills to guide hiring, mobility, rotations, and redeployment in the highest-priority areas. Start with a small number of critical capabilities and use them in select decisions.

3 Protect essential knowledge
Identify expertise at immediate risk of being lost and establish deliberate ways to transfer it. Begin with roles, teams, or individuals where concentration and departure risk are highest.

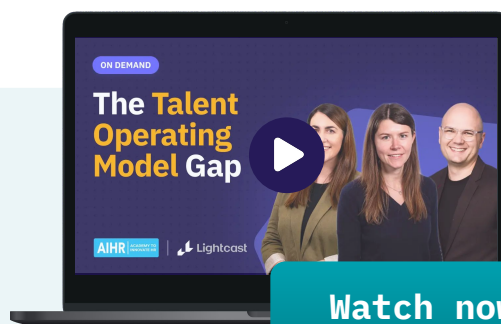
4 Establish a baseline
Begin measuring now by recording the benchmark for relevant measures, including skills and market data

✓ WHAT COMES NEXT

- Redesign entry pathways by building early career programs, apprenticeships, returnships, and internal transitions.
- Build formal internal talent markets through projects, gigs, rotations, and internal mobility to move capability toward the highest priority work.
- Measure and track internal mobility, capability growth, succession readiness, and how quickly capability reaches strategic priorities.

WEBINAR

The Talent Operating Model Gap: What Workforce Shifts Are Revealing in HR



Watch now

3

Define shared workforce authority

Challenge today

As workforce capability and AI adoption become central to business success, organizations increasingly need HR to address decisions about technology, future investment, and geopolitical workforce risks, and help deliver transformation. CHROs must translate these shifts into workforce risks and build the capabilities required to execute strategy.

The vast majority of CHROs report directly to the CEO, but our State of HR research found that very few business leaders rated HR's impact as strategic. Many decisions that shape workforce outcomes still happen outside of HR, providing evidence that access does not equal influence. It's up to HR to proactively define its place in enterprise decisions.



Access without authority. HR needs formal decision rights in the enterprise conversations that affect the workforce.



Workforce impact remain downstream. The business makes AI, technology, and investment decisions before considering workforce implications.



Judged on activity, not outcomes. HR measures success through HR metrics, while leaders look at what HR initiatives contribute to organizational performance.

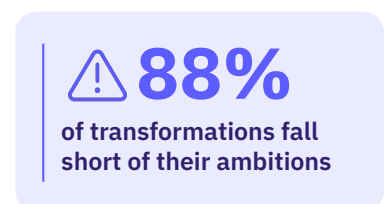
Market Signals

HR earns authority by improving enterprise decisions.

Business leaders recognize that talent and skills present a significant business risk, but workforce issues still receive limited board attention. The issue is not whether workforce risk is recognized, but whether it meaningfully informs enterprise decisions.

The downstream impact becomes clear during transformation. Those that succeed don't separate business and workforce planning, but identify and invest early in the roles and capabilities required to execute change. Our benchmark data shows this requires four aligned dimensions: strategy, skills, organizational structures, and systems of work.

Workforce implications are central to enterprise decisions, so HR can't remain a downstream implementation function. Its greatest value is helping leaders anticipate workforce impact, weigh trade-offs, and shape decisions before they are made.



Strategic Shift

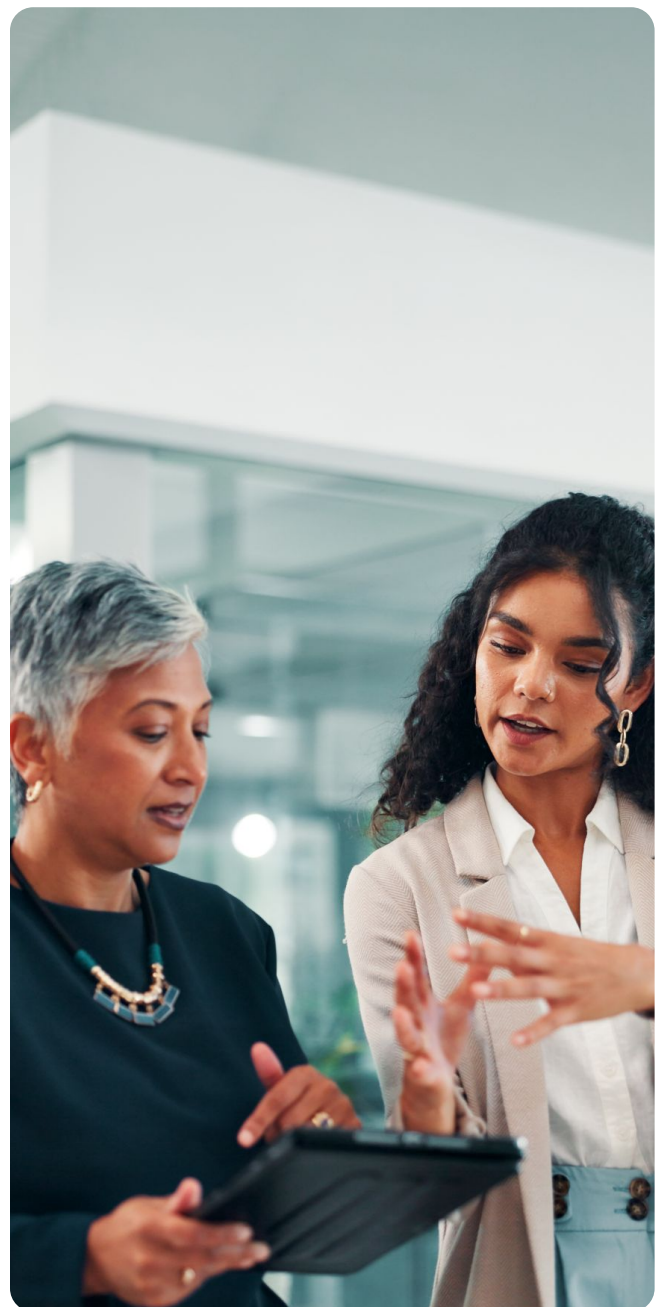
HR needs to move from influencing workforce decisions to co-owning them.

As workforce decisions become more complex, HR needs clear authority over decisions about the workforce, AI adoption, organizational design, and the people implications of business transformation. This clarity defines what the business expects HR to own or co-own and where to challenge work that doesn't serve business needs.

If HR can't identify enterprise decisions it has authority over, it cannot shape outcomes or share accountability for them.

“Reporting to the CEO gives HR access, but access alone doesn't improve decisions. HR's next step is to build shared authority and bring workforce evidence into enterprise decisions early enough to deliver better business outcomes.”

Dr. Dieter Veldsman,
Chief Scientist at AIHR



Steps to take

✓ START HERE

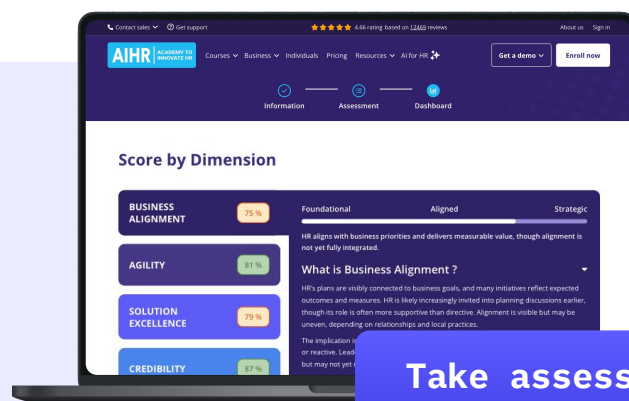
- 1 Clarify HR's authority.**
Name the specific enterprise decisions HR needs formal authority or co-ownership, not just input.
- 2 Align governance with key stakeholders.**
Define shared governance, decision rights, and ways of working so HR's authority is clear, supported, and consistently exercised.
- 3 Move workforce decisions upstream.**
Integrate workforce implications into business cases, investment decisions, and transformation planning.

✓ WHAT COMES NEXT

- **Strengthen evidence-based influence.**
Use workforce analytics, scenario planning, and commercial metrics to improve strategic decision-making. Invest in the data infrastructure that keeps them reliable as decisions scale.
- **Measure business contribution.**
Replace activity-based success measures with outcomes linked to commercial and business performance.

RESOURCE

HR Strategic Value Assessment



Take assessment

4

Redesign HR's operating model for human-AI delivery

Challenge today

HR can't credibly advise the business on human-AI work design without examining how humans and AI work together in its own operating model. Many functions have reorganized in the last two years, but unclear roles, decision rights and handoffs mean HR is layering AI onto an operating model already struggling to deliver strategic capacity.

While digital platforms increasingly automate routine work, many HR professionals—particularly HRBPs—continue to absorb administrative work that technology or shared services could perform.

Three challenges now define HR's operating model:



Roles have evolved faster than responsibilities.

Strategic and operational work remains mixed across HR roles.



Strategic roles absorb administrative overflow.

HRBPs end up carrying coordination and administrative work that was never designed into the role.



AI amplifies operating model problems.

AI accelerates existing coordination and accountability gaps instead of resolving them.

Market Signals

HR needs to redesign itself before redesigning the business.

HR operating models have changed rapidly, but many organizations haven't fully embedded those changes.

Teams have received limited support in learning how to work within new structures, and responsibilities across HRBPs, CoEs, and Shared Services remain unclear. Without ownership clarity, strategic partnering roles continue to absorb administrative and coordination work to which no one has no defined home.

This is the pattern HR is asking the rest of the business to avoid: adding new capability on top of an unresolved structure rather than redesigning how work gets done. Many HR teams still question whether their structure, systems, and processes can support their strategy.

To lead the business through human-AI work design, HR must first determine how people, platforms, automation, and AI should work together within its own function.



64%

of HR functions have changed their operating models in the last 2 years

60%

Provided no training on how to work within the new structure

Strategic Shift

Organize HR around the work it performs.

HR needs to redesign its operating model around an integrated human-AI way of working. Rather than layering AI onto existing structures, it needs to reconsider how work is divided among people, technology, and intelligent agents.

Use AI-enabled platforms to deliver routine service work, while specialist teams combine data, technology, and domain knowledge to solve business problems. Shift advisory roles from responding to requests toward using workforce intelligence to anticipate challenges, guide decisions, and inform strategy.

“The future HR operating model won’t be defined by new job titles. It will be defined by how effectively the function allocates work.”

Erik van Vulpen,
Co-Founder at AIHR

This requires four shifts:

01

Transform the HRBP into a workforce advisory capability: enable HRBPs to advise leaders on rewards, culture, talent, and workforce transformation.

02

Reorganize CoEs around products and solutions: bring together specialist expertise, technology, analytics, and employee insights to solve shared business problems.

03

Build an AI-enabled HR platform: evolve HR technology into an integrated platform built on data across the employee lifecycle.

04

Develop T-shaped HR capabilities: build and combine broad business, technology, and AI fluency alongside deep functional expertise.

Steps to take

✓ START HERE

- 1 Classify HR's work.**
Separate platform services from strategic work to clarify where each type belongs.
- 2 Design the operating model around that split.**
Decide what to centralize, embed, automate, or stop rather than defaulting to the current structure.
- 3 Clarify accountability.**
Define ownership across HR roles and eliminate overlaps and unnecessary handoffs.

✓ WHAT COMES NEXT

- **Redesign HRBP work.** Separate coordination, embedded partnership, specialist advisory, and enterprise architecture.
- **Expand digital delivery.** Use AI, automation, self-service, and shared platforms to deliver repeatable HR services.
- **Measure operating model effectiveness.** Track role clarity, administrative load on strategic roles, and business impact, not just where the reorg happened.

RESOURCE

The Post-AI HRBP Model



[Download now](#)

5

Refocus HR's investment on capabilities with the highest return

Challenge today

The first four priorities define what HR needs to become. This final priority explains how to fund that transformation. Today, HR continues to invest in transactional and service work, even as market demand shifts toward workforce strategy, HR technology, people analytics, organizational design, and AI.

Rather than expecting new investment, HR needs to reallocate existing investment to work that will create the greatest value.

Organizations that fail to rebalance their portfolios will continue funding work with declining value while underinvesting in new capabilities, technology, and capacity needed for future performance.

Three investment challenges now define HR:



Budget follows history, not value. Resources remain concentrated where work has traditionally been done, not where demand is growing.



Scarce capabilities remain underfunded. HR struggles to invest in the capabilities most critical to AI-enabled work and business transformation.



HR transformation lacks dedicated resources. Organizations expect HR to evolve without redirecting the budget and capacity required to change.

Market Signals

The market has already repriced HR's capabilities.

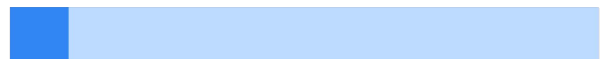
HR continues to invest in capabilities the market treats as abundant, while underinvesting in those it rewards. Most HR payroll remains concentrated in roles that are easiest to hire, automate, or outsource, while scarce capabilities receive a much smaller share.

59%



of HR payroll sits in the roles easiest to hire, automate, or outsource.

10%



of HR payroll goes to scarce capabilities

Hiring data shows this gap is widening. Demand is declining for roles in which HR is still heavily invested, while growing for organizational effectiveness and total rewards capabilities.

The signal isn't "invest more in analytics" or "hire fewer service desk agents". The market has already changed what it rewards, but HR's investment priorities haven't caught up.



Strategic Shift

Treat HR's budget and headcount as a dynamic investment portfolio.

Moving budget without redesigning roles, career paths, and reward structures recreates the imbalance HR is trying to correct.



Use external market demand to compare current investment with where capability needs are growing.

Fund the shift by deciding which work to stop, simplify, or automate rather than by defaulting to a request for more budget.

Redirect the budget and capacity this frees toward workforce planning, people analytics, HR technology, organizational design, and the capabilities need to to deliver Priorities 1-4.

“The future of HR isn’t defined by how much it spends, but by what it chooses to stop funding,”

Erik van Vulpen,
Co-founder at AIHR

Steps to take

✓ START HERE

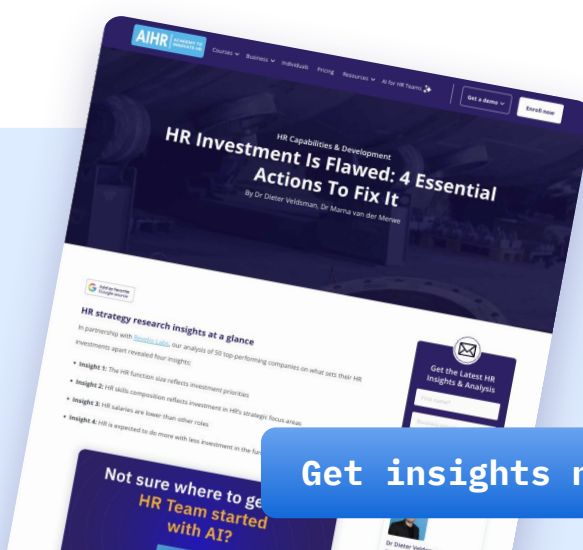
- 1 Audit current HR investment.**
Map how budget, headcount, technology, and external spend are currently distributed.
- 2 Apply market signals.**
Compare internal investment with external demand to identify where HR is overinvesting and underinvesting.
- 3 Reduce investment in declining work.**
Use AI, automation, standardization, and operating model redesign to reduce the resources required for work with declining value.

✓ WHAT COMES NEXT

- ➔ **Reinvest in scarce capabilities.** Direct freed funds toward people analytics, digital HR, organizational design, and workforce planning.
- ➔ **Make reinvestment visible.** Track where freed capacity and budget goes, what it produces, and report on it regularly. Reinvestment that isn't visible to the business doesn't change how HR is perceived.
- ➔ **Continuously review the portfolio.** Rebalance investment as market demand and business priorities change.

RESOURCE

HR Investment Is Flawed: 4 Essential Actions To Fix It



Get insights now

Turning transformation into business impact

Redesigning work requires a new talent model and shared authority over workforce decisions. HR's operating model must support both, with investment directed toward the capabilities needed to deliver them.

But HR cannot evaluate its transformation in isolation. The ultimate test is whether the organization performs differently as a result. The evidence should appear in day-to-day performance and in the business's ability to deliver on its priorities.

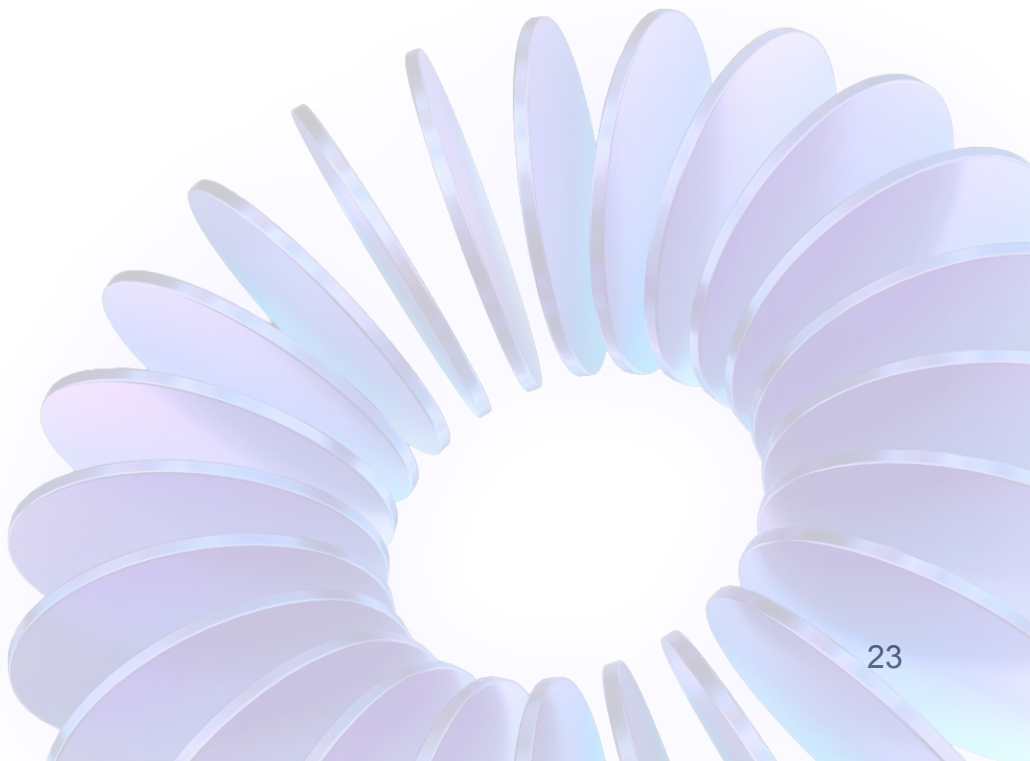
HR reports 73% confidence that its strategy is well-aligned with the business, while only 30% of business leaders agree.

This gap shows why internal confidence alone is not enough.

The evidence lies in stronger execution. When redesigned work improves performance and capability reaches priority work sooner, leaders are better equipped to make sound decisions. This is how HR creates enterprise value.

That requires HR to test its assumptions against evidence from the market and the business, rather than treating internal confidence as proof of success. When results fall short, the function must be prepared to adjust.

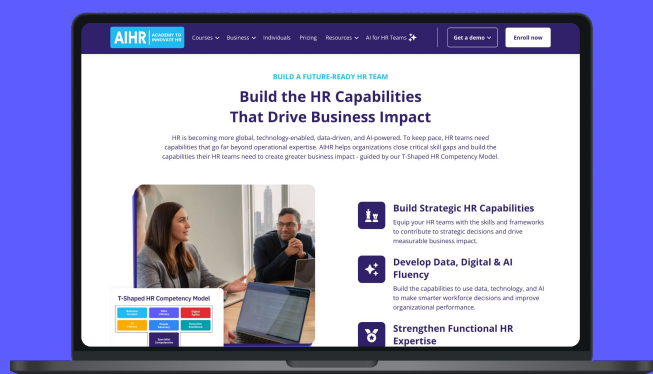
Credibility and influence aren't built by declaring transformation complete. They are earned when business leaders see the difference.



HR teams are only as successful as their skills are relevant. With engaging in-depth training and resources, AIHR helps HR teams become better at what they do and drive more business value.

Learn more at [AIHR.com](https://aihr.com) →

Your next steps



Build a Future-Ready HR Function

Enable your function to deliver measurable business impact through targeted upskilling and structured capability development.

[Learn more](#)



Inspiration Sessions

Help your leadership team make sense of what AI means for the future of HR and the actions you can take.

[Learn more](#) →



Speaking Engagements

Book an AIHR expert to turn the latest developments in HR, AI, and the world of work into practical ideas for your function.

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