Conversation Flow

✓ **The Purpose of Looking at Trends**
The rationale and source for our annual HR Trends

✓ **Five Critical Priorities for HR in 2026**
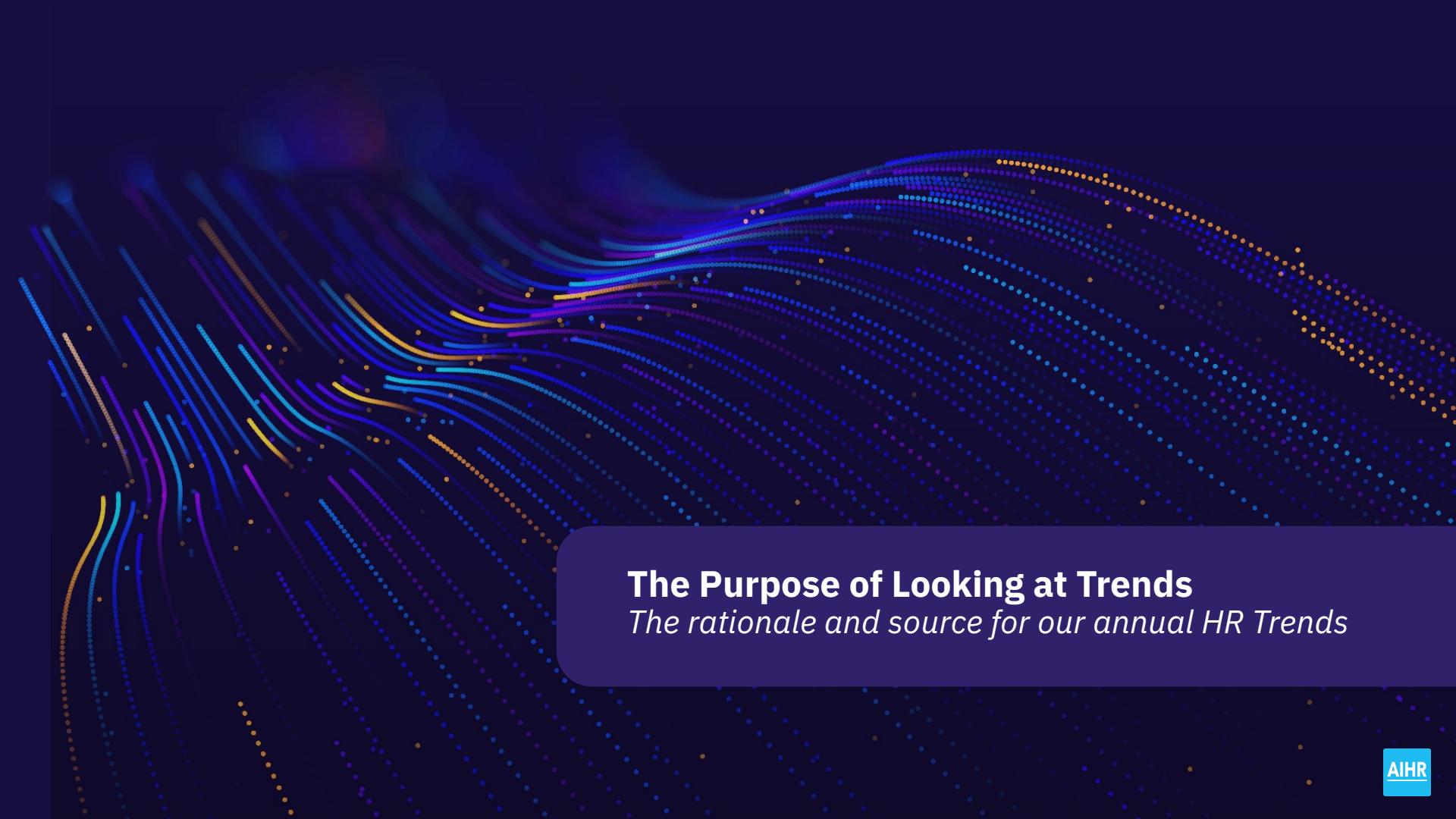*The 11 HR Trends shaping our priorities the coming year*

✓ **Key Takeaways and Actions**
How to get started

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The Purpose of Looking at Trends
The rationale and source for our annual HR Trends

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Five Critical Priorities for HR in 2026

The 11 HR Trends shaping our priorities the coming year

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5 Priorities for 2026

1
Co-lead organizational AI transformation

2
Reinvest AI capacity gains into growth

3
From headcount to skill count

4
Redesign HR for cross-functional work

5
Build AI fluency as a core HR capability

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Priority 1: Co-lead organizational AI transformation

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Priority 1

Co-lead organizational AI transformation

The Challenge:
AI is transforming every aspect of work, yet most organizations treat it as a tech project, ignoring the human side of AI readiness and transformation

Trend #1:
AI leadership coalition emerges with HR at the table

Trend #2:
Human-centered governance guides AI deployment

Trend #3:
Business invest in AI CoEs

What signals are we seeing

- **AI = Transformation**: Reshaping strategy, decisions, and value

- **AI Risks:** Bias and misuse quietly shape outcomes

- **AI CoEs:** Align tech, talent, and trust to drive impact

98% of organizations report an increased urgency to deliver on AI

87% are unprepared to capture AI's potential

91% not fully prepared to drive an AI-enabled culture

Why this matters:

→ Loss of HR's strategic relevance
→ Ethical and social risks
→ Failure to scale AI or sustain impact
→ Weak organizational readiness

Deloitte, 2024; PwC, 2024

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Action:

HR must co-own AI strategy, shaping how human and AI capabilities intersect to ensure trust, adoption, and value creation

1 **Co-own AI Centers of Excellence:**
→ Position HR as co-lead of AI COEs
→ Set success metrics beyond ROI (adoption, trust)
→ Co-prioritize use cases with business & IT

2 **Provide human-impact intelligence for AI transformation:**
→ Map jobs, tasks & skills to understand impact
→ Feed insights into workforce planning & redesign

3 **Lead change & build trust:**
→ Set and socialize AI use guardrails
→ Drive transparent communication and build feedback loops

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How ready is your HR function to actively co-lead AI transformation in your organization?

Not at all involved

Somewhat involved

Heavily involved

Leading the charge

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Priority 2: Reinvest AI capacity gains into growth

Priority 2

Reinvest AI capacity gains into growth

The Challenge:
AI frees up thousands of hours but without reinvestment, this "capacity dividend" risks being wasted on short-term cuts or employee overload

Trend #4:
AI capacity gains guide collective growth

Trend #5:
Technostress and FOBO enters the HR Agenda

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What signals are we seeing

- **AI Shifts Work:** Redefines not just time saved, but where time is spent

- **Value Beyond Efficiency:** From cost-cutting to enabling higher-value human effort

- **Human Impact:** Innovation and reskilling vs. technostress and FOBO

- **Substantial time savings:** **< 120 hours** saving per employee per year

- **Disruption of skills:** **40%** of workers' skills within 5 years

- **Cultural and psychological implications:** **68%** struggle with pace and volume

- **Shifting employee expectations:** **3 in 5** workers worry about job loss

Google, 2025; WEF, 2024; PwC, 2024; Microsoft, 2024

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3 Ways to reinvest AI capacity gains

Action:

AI-driven capacity gains must be reinvested in skills, culture, and innovation, not just efficiency.

1 Capacity extraction
Short-term cuts

What it is: Convert time saved into immediate cost reductions (often via headcount cuts)

Risk: Loss of institutional know-how, rebound hiring costs, morale decline

2 Capacity amplification
More output, same team

What it is: Use freed time to increase throughput without adding headcount
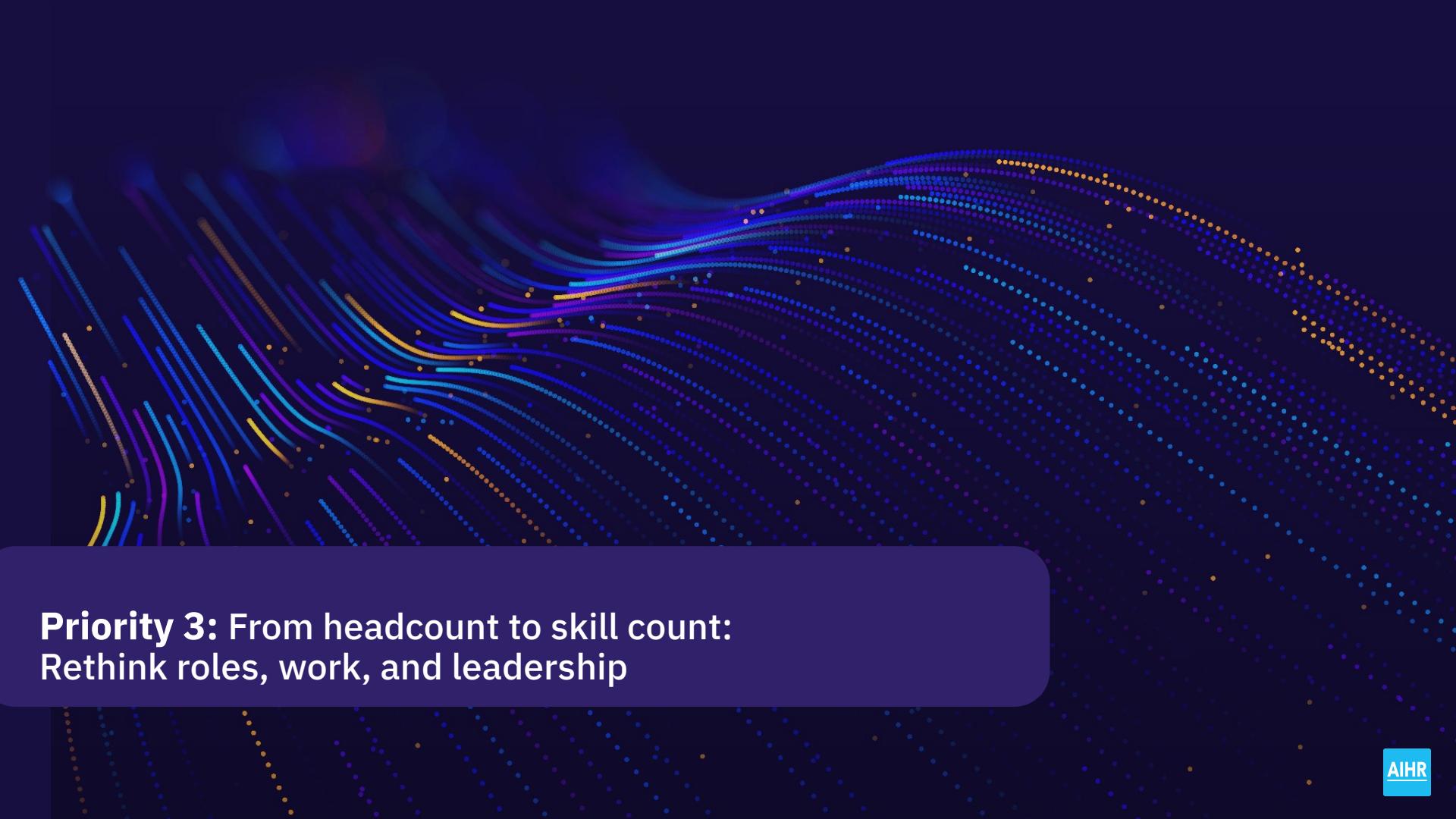
Risk: Overextension and burnout unless paired with reskilling and role redesign

3 Capacity reinvestment
Build long-term value

What it is: Redirect time into upskilling, innovation, planning, and culture

Risk: Requires upfront investment, harder to defend in cost-focused environments, poor execution can result in low ROI

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Priority 3: From headcount to skill count:
Rethink roles, work, and leadership

Priority 3

From headcount to skill count

The Challenge:
Workforces are fluid ecosystems: full-time employees, gig workers, partners, and AI agents. Traditional headcount models are too rigid

Trend #6:
Workforce planning expands beyond jobs and roles

Trend #7:
Leadership expands while management shrinks

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What signals are we seeing

- **From Jobs to Skills**: Workforce planning is shifting from roles and headcount to skills-first models, enabling agility, mobility, and innovation.

- **The Great Flattening**: AI and cost pressures are reducing management layers, while distributed and informal leadership grows in importance.

AI is changing workforce ecosystems

Structural rigidity no longer makes sense in AI-driven organizations

63%

Skills-based organizations are 63% more likely to achieve results than those without such practices

Growing skills mismatch persist, despite efforts to close the gap

£27.6bn

Without reskilling, the UK faces a £27.6bn digital skills gap by 2030

Hierarchies are flattening and leadership is changing

20%

By 2026, 20% of organizations are expected to use AI to eliminate over half of middle-management roles

Deloitte, 2024; University of Birmingham, 2025; Gartner & HBR, 2025

Action:

Shift from jobs to skills; from static headcount to dynamic capability orchestration. Redefine leadership in flatter, AI-augmented structures

1 Introduce skills-based workforce planning:

→ Build a dynamic skills taxonomy to map critical skills across the workforce using AI-enabled tools

→ Integrate skills data into workforce planning systems to replace static job-based models.

→ Forecast & close gaps

2 Design for ecosystem agility:

→ Distinguish between work best done by humans, partners, or AI agents

→ Design roles and workflows that blend internal and external capabilities

→ Support flexible talent assembly across projects and needs

3 Rethink and redesign leadership:

→ Clarify which responsibilities AI or systems can handle versus where human leadership is essential

→ Develop leadership at all levels, not just managers

→ Enable shared accountability through development and rewards

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Priority 4: Redesign HR for cross-functional work

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Priority 4

Redesign HR for cross-functional work

Trend #8:
Cross-functional structures replace HR siloes

Trend #9:
HR's AI spending is accelerating

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What signals are we seeing

- **HR at a Crossroads:** Traditional siloed models are outdated; AI-powered HR tech is becoming the backbone of workforce planning, performance, and learning.

- **Investment vs. Impact:** Budgets are rising fast, but adoption and ROI remain uneven across HR functions.

- **The Bottom Line:** Impact depends on skills, adoption structures, and smart decisions—not just spend

25% annual HR AI technology market size growth expected over the next 5 years

However, most HR teams won't get the anticipated ROI:

👎 Layering AI on outdated HR models creates inefficiencies and complexity

👎 Siloed data prevents integrated AI-driven insights

👎 Rigid workflows slow HR's ability to respond to workforce issues in real time

👎 Fragmented ownership of the employee journey creates inconsistent experiences

Grand View Research, 2024

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Action:

Dismantle silos and build agile, outcome-based "capability networks" aligned to employee journeys and business outcomes.

1 **Pilot cross-functional capability networks:**
- → Identify priority business challenges where cross-functional collaboration could deliver value
- → Form multidisciplinary squads that mix HR specialists with business leaders and tech partners
- → Run time-boxed pilots

2 **Refocus the HRBP role as "Strategic Workforce Partners":**
- → Re-scope the HRBP role to shift focus from transactional tasks
- → Build new skills to equip them as true advisors
- → Position HRBPs as core members of business leadership discussions, giving them ownership of people priorities

3 **Map & unify workforce data for predictive insights:**
- → Audit existing systems to identify data silos, overlaps, and quality gaps
- → Create a unified data architecture that integrates data sources, standardizes definitions, and enables secure access
- → Develop predictive dashboards and share insights

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Priority 5: Build AI fluency as a core HR capability

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How would you evaluate your AI fluency?
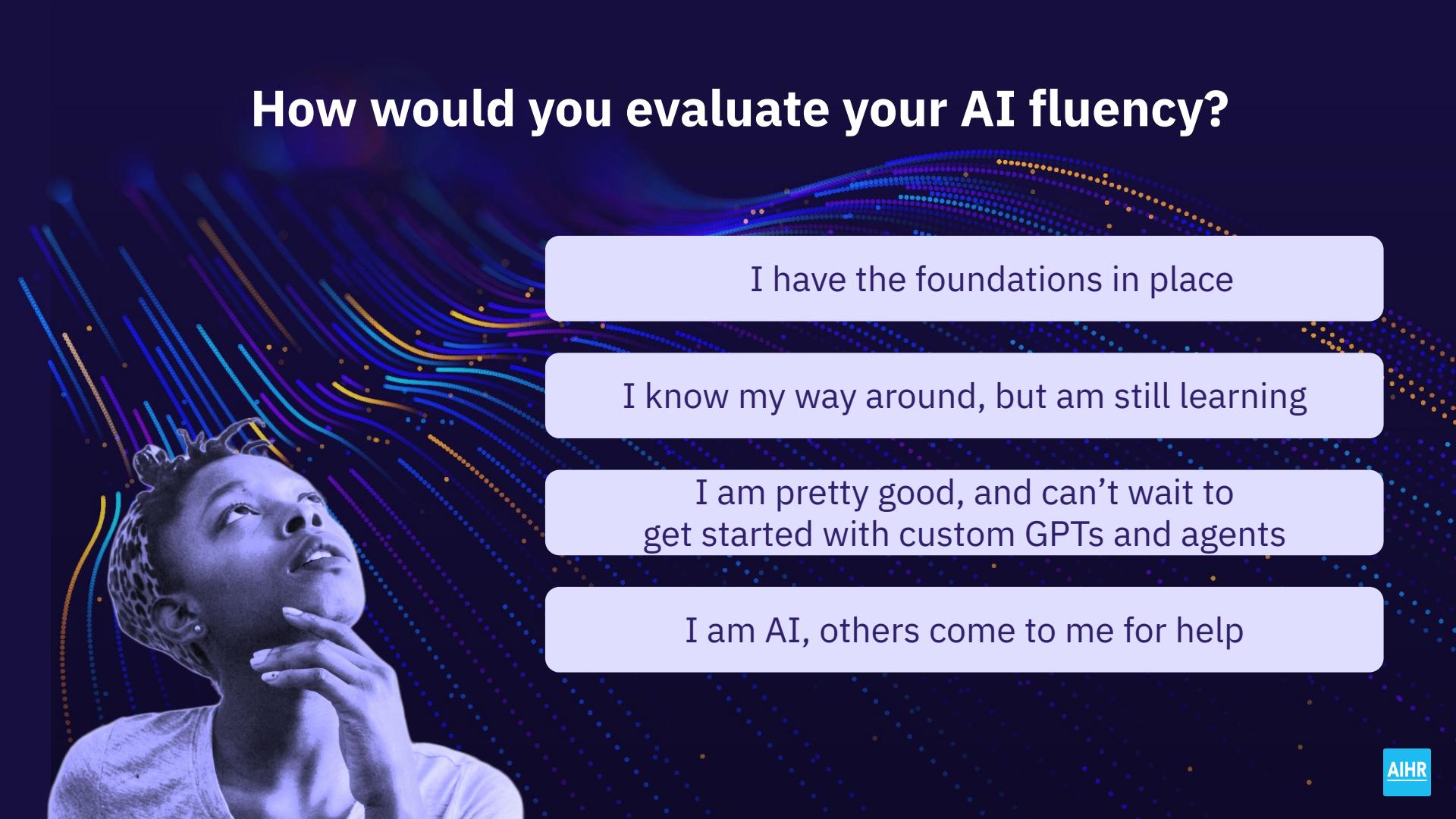
I have the foundations in place

I know my way around, but am still learning

I am pretty good, and can't wait to
get started with custom GPTs and agents

I am AI, others come to me for help

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Priority 5

Build AI fluency as a core HR capability

The Challenge:
Most HR professionals lack AI fluency, creating risk of misuse, low adoption, and exclusion from strategic transformation

Trend #10:
Human strengths will define HR's future impact

Trend #11:
AI Fluency becomes a baseline HR competency

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What signals are we seeing

- **Human Advantage**: Empathy, ethics, and culture-building are HR's critical differentiators as AI takes on routine work.

- **AI Fluency Rising**: Demand for HR professionals who can use, question, and apply AI is growing fast—early movers gain career and organizational advantage.

- **Continuous Learning**: Hands-on experimentation, adaptability, and emotional intelligence are essential for HR to remain trusted guides in transformation.
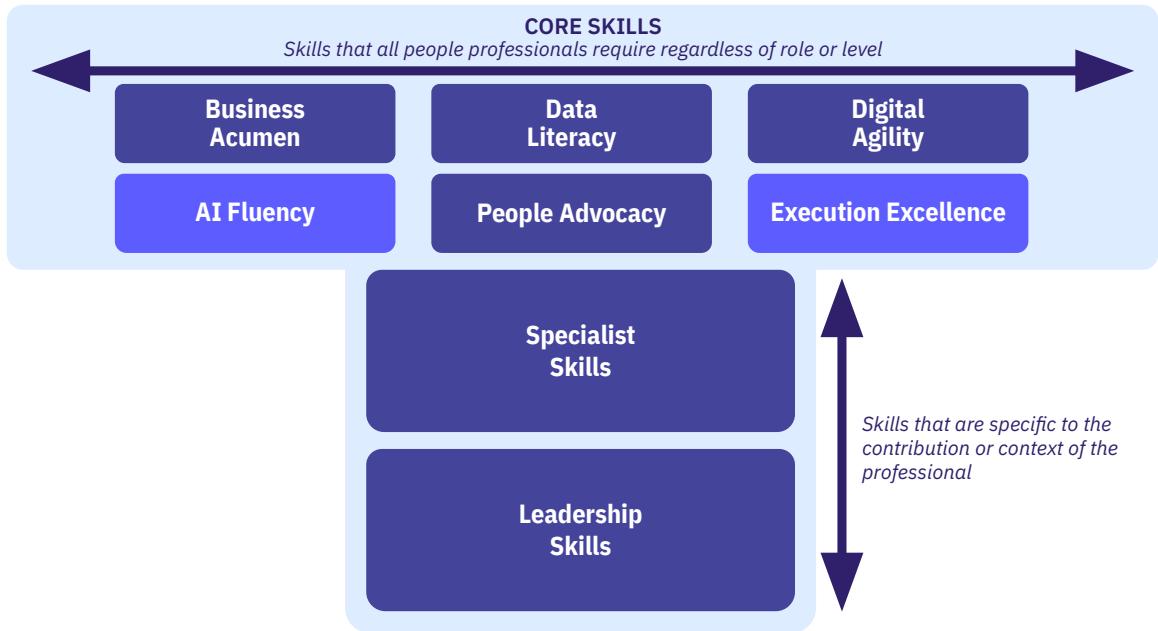
82%
of HR professionals use AI

BUT

30%
have received comprehensive, job-specific training

41%
of employees express apprehension about AI

AND

64%
of professionals are highly concerned about misuse

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Action:

AI fluency must be a core competency: understanding, applying, and governing AI responsibly within HR contexts

CORE SKILLS
Skills that all people professionals require regardless of role or level

Business Acumen	Data Literacy	Digital Agility
AI Fluency	**People Advocacy**	**Execution Excellence**

Specialist Skills

Leadership Skills

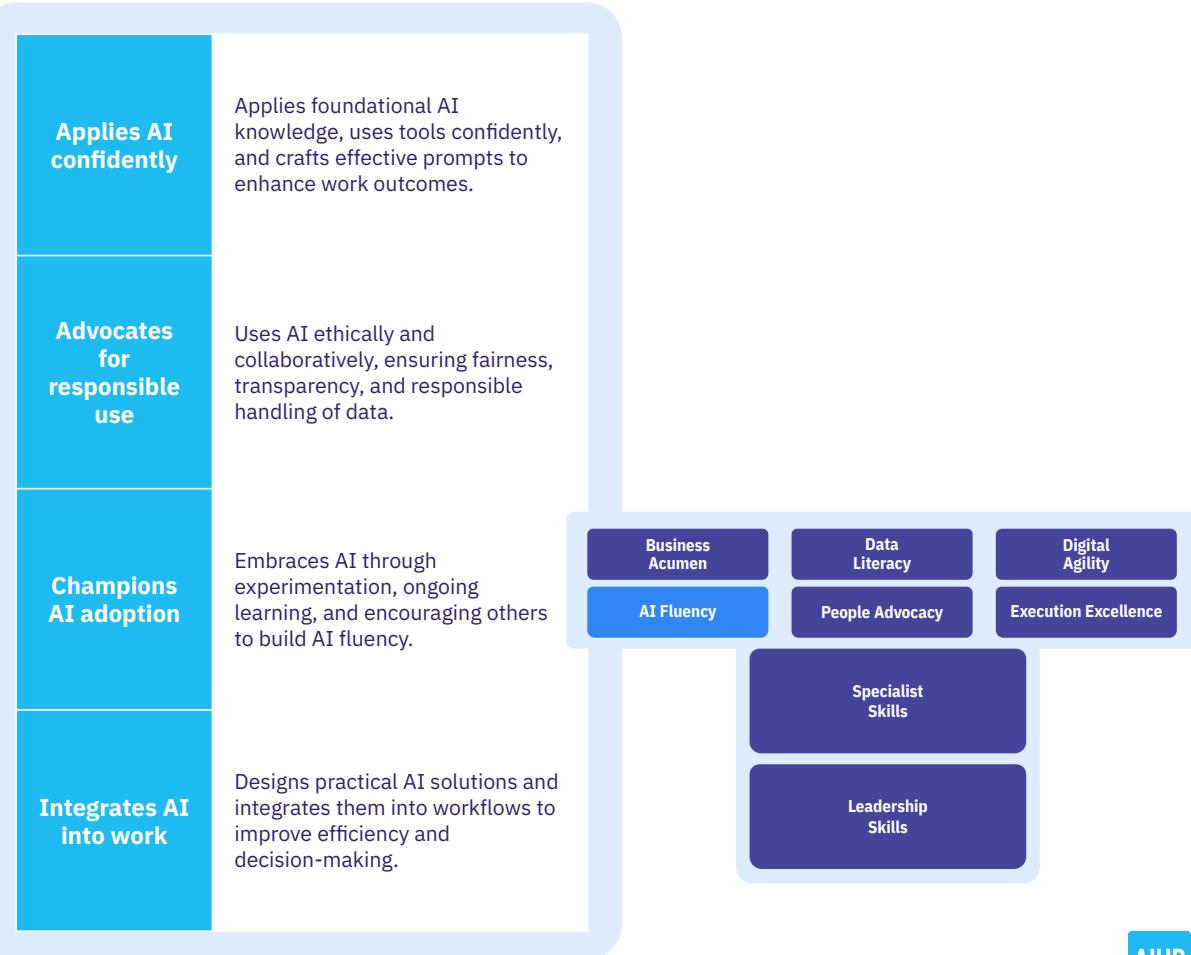*Skills that are specific to the contribution or context of the professional*

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Action:

AI fluency must be a core competency: understanding, applying, and governing AI responsibly within HR contexts

Applies AI confidently	Applies foundational AI knowledge, uses tools confidently, and crafts effective prompts to enhance work outcomes.
Advocates for responsible use	Uses AI ethically and collaboratively, ensuring fairness, transparency, and responsible handling of data.
Champions AI adoption	Embraces AI through experimentation, ongoing learning, and encouraging others to build AI fluency.
Integrates AI into work	Designs practical AI solutions and integrates them into workflows to improve efficiency and decision-making.

Business Acumen	Data Literacy	Digital Agility
AI Fluency	People Advocacy	Execution Excellence

Specialist Skills

Leadership Skills

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Action:

AI fluency must be a core competency: understanding, applying, and governing AI responsibly within HR contexts

Skills That Set HR Apart in an AI World

01 Empathy	02 Active listening	
03 Conflict resolution	04 Influencing without authority	
05 Facilitation	06 Ethical decision-making	
07 Inclusive thinking	08 Learning mindset	
09 Coaching	10 Trust-building	

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Action:

AI fluency must be a core competency: understanding, applying, and governing AI responsibly within HR contexts

Educate
Build awareness and understanding

➜ Structured upskilling
➜ Clear and relevant use cases
➜ AI competency frameworks

Equip
Provide tools and safe spaces to practice

➜ Structured experiments
➜ Application in daily workflow

Expose
Integrate AI into daily work and collaboration

➜ Access to tools
➜ Sandbox environments
➜ Safe experimentation

Elevate
Scale AI across HR strategy and functions

➜ Expand use across functions
➜ Establish oversight and roadmaps
➜ Measure impact

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Key takeaways and actions
How to get started

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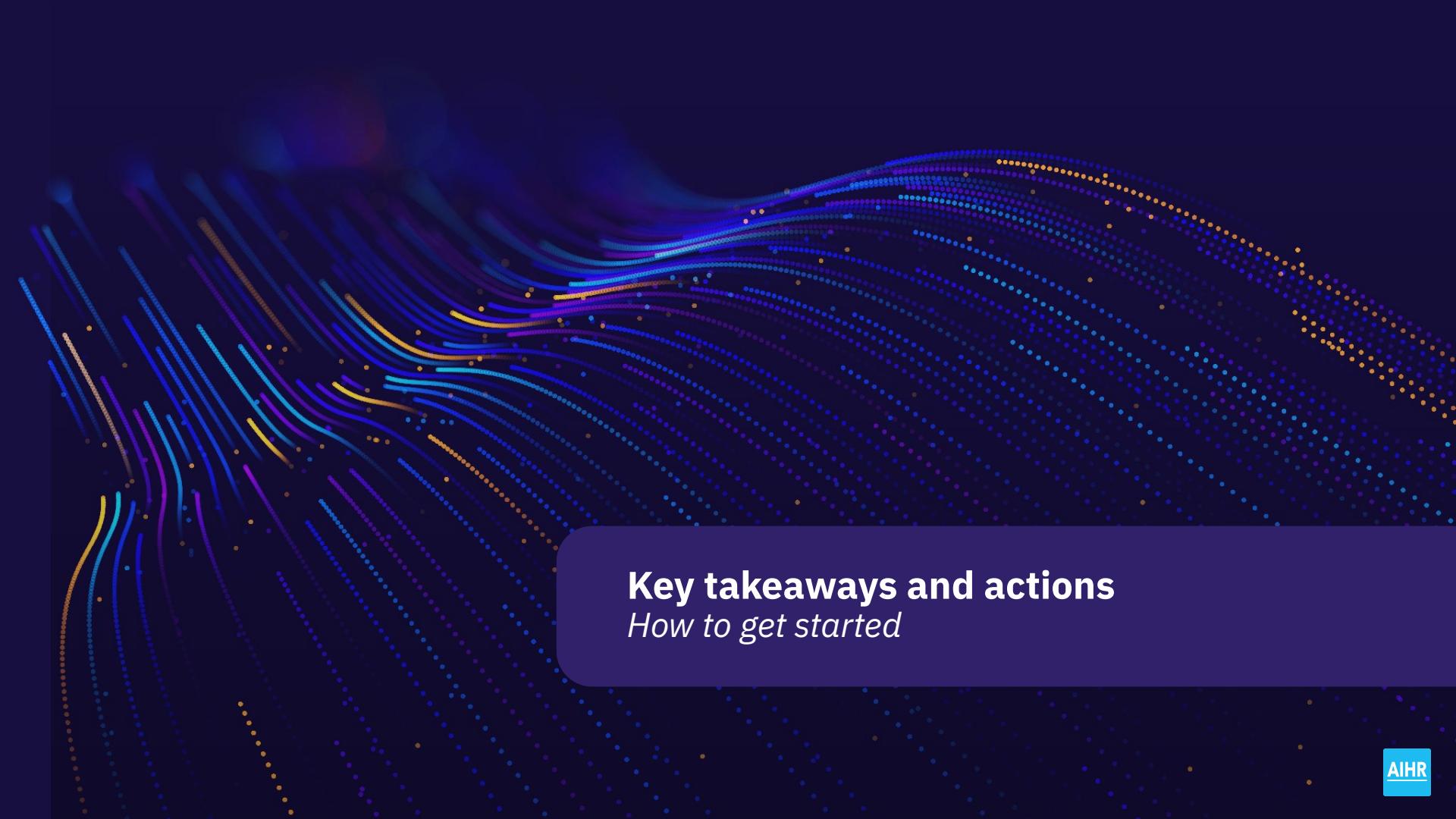
Key takeaways and actions
How to get started

1

Lead with courage in uncertainty

HR's role is to guide organizations through turbulence with clarity, confidence, and purpose

2

Humanize the AI revolution

Technology will transform work, but HR ensures it does not happen at the expense of people

3

Build adaptable organizations

HR's role is to design organizations that flex with change, enabling resilience and speed

4

Redefine leadership to drive impact

HR's role is to cultivate distributed, situational leadership that empowers impact at every level

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Change is inevitable, but progress is a choice.

Today, HR must decide: to merely adapt to change or to lead it with courage and humanity, creating workplaces that don't just survive AI, but use it to craft a better future.

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Questions?
Ask away!

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