2026 Priorities & Predictions

C-Suite Perspectives from i4cp's Boards

Institute for Corporate Productivity | i4cp

Contents

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i4cp

Kevin Oakes
Founder & Chief
Strategy Officer, **i4cp**

Author of *Culture Renovation*®

Whenever a **disruptive technology** enters the mainstream there is often a burst of centralization to make sense of novelty, followed by **gradual diffusion** as the technology becomes routine.

History Lessons

"Those who cannot remember the lessons of the past are condemned to repeat them."

I was reminded of this sage advice recently while reading an article in *MIT Sloan Management Review* that argued AI should be decentralized because "the arrival of the Internet didn't lead to Internet departments." The line was clever ... but my recollection was completely the opposite.

To check, I asked ChatGPT to research this and it confirmed my memory (thankfully). Centralized Internet departments and leaders were pretty common in the early days:

- IBM created a dedicated Internet Division in the mid-1990s to coordinate IBM's web strategy across business units.

- General Motors launched a separate Internet division in 1999 to drive online sales and digital initiatives.

- Colgate-Palmolive named Jack Haber "Chief Web Officer" in 1999, responsible for "all ... commercial Internet activities globally, including e-commerce."

- Ziff Davis listed a Chief Internet Officer in SEC filings (2000–2001).

There were many other examples that showed a very common pattern in the late 90s and early 2000s: organizations set up central Internet departments and functions initially and then folded them back in once this new concept and way of working was embedded enterprise-wide.

The same thing is happening with AI today and is following a familiar pattern. Whenever a disruptive technology enters the mainstream there is often a burst of centralization to make sense of novelty, followed by gradual diffusion as the technology becomes routine.

Today, many organizations have appointed Chief AI Officers or have formed centralized AI councils. Over time, as AI capabilities become ubiquitous and embedded across the enterprise, these centralized structures will likely give way to distributed ownership. These structures are not signs of bureaucratic overreach. Instead, they are necessary scaffolding for learning.

But structure alone doesn't determine success. Timing, readiness, and realism do.

The Illusion of Instant Transformation

History also consistently shows that transformative technologies rarely take hold as quickly as expected, or in the ways we initially predicted.

The "dot com boom" and eventual bust was littered with high-profile casualties. Companies like HomeGrocer.com, eToys.com, and Pets.com all raised hundreds of millions, only to eventually declare bankruptcy just a few years after founding. Each correctly identified a long-term shift—online grocery delivery, e-commerce convenience, the power of digital logistics—but misjudged the readiness of consumers, supply chains, and infrastructure. The core ideas eventually proved sound; today's Instacart, Amazon Fresh, and Chewy are some of the direct descendants of those early experiments. The problem wasn't the vision. It was the timing and the assumption that behavioral, logistical, and economic systems would adapt overnight (full disclosure: I was the CEO of Click2Learn.com in this same time frame. We made it through ... but it wasn't easy).

This lesson applies powerfully to the current AI moment. Nearly every dot-com collapse of the early 2000s was less a failure of imagination than a failure of timing, a useful reminder as we navigate the exuberance surrounding AI today.

To be clear, AI is moving much, much faster than the Internet. Organizations are also moving faster, rushing to deploy AI in every corner of their business, assuming that the technology's potential will translate quickly into productivity gains or competitive advantage. Yet, as with the Internet, the early returns are uneven. The companies that ultimately succeed will be those that treat this as a marathon, not a sprint. The long-term winners will invest in experimentation, governance, skills development, and—most importantly—a cultural mindset, while resisting the illusion that adoption alone equals transformation.

The leaders who successfully guide organizations through technological upheavals share a consistent trait: they pair curiosity with discipline. When a new transformative technology emerges there's immense pressure to act quickly, often amplified by investor expectations, media narratives, and competitive anxiety. But effective leadership during these periods isn't about keeping up with the hype; it's about creating a future-ready organization that can embrace and operationalize the change. The winners in the AI era will not simply be those who adopt the tools first, but those who build the organizational muscle to learn faster and apply those lessons more wisely than their competitors.

It is my hope that you keep this spirit in mind as you read through this year's *Priorities & Predictions* report. Our predictions—unlike so many we often read—aren't "safe." But neither are they unrealistic. Some of the predictions won't happen immediately, but hopefully each has benefited from the realization that meaningful transformation takes time, leadership, attention to culture ... and a willingness to learn from history.

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> Effective leadership during these periods isn't about keeping up with the hype; it's about **creating a future-ready organization** that can embrace and operationalize the change.

2026 Predictions

i4cp's Executive Boards

Chief HR Officers

Chief Learning & Talent Officers

Future of Work Leaders

Impact & Belonging Leaders

People Analytics Leaders

Talent Acquisition Leaders

Total Rewards Leaders

Learn more about these groups.

Since its inception, the Institute for Corporate Productivity (i4cp), has used the term *next practice* as a core tenet of our research. We define next practices as human capital strategies that are strongly correlated to better market performance, but not yet in wide use by organizations (often less than 20%).

The goal of uncovering these practices is to help our members look around the curve and be prepared for what's next. We do this in a variety of ways. Most of our studies highlight several next practices we believe our members should consider, and we even have **an area of our website** devoted to what we've uncovered. We host a **weekly webinar** that highlights next practices in action, and **our annual conference** is titled *Next Practices Now.* Part of that focused agenda is recognizing and **celebrating the most interesting and innovative approaches that i4cp members have deployed** via our *Next Practice Awards.*

To validate the next practices our data uncovers, we often rely on the insights of our **executive boards** as well as other executives in our network. i4cp's boards represent key HR functions—Chief HR Officers, Impact & Belonging Leaders, Chief Learning & Talent Officers, Heads of Talent Acquisition, People Analytics, Total Rewards, and our newest board, the Future of Work Board. We have also launched versions of these boards in other geographies: over the last couple of years we have launched our Australian CPO Board, the Southeast Asian CPO board, and our European CLTO board.
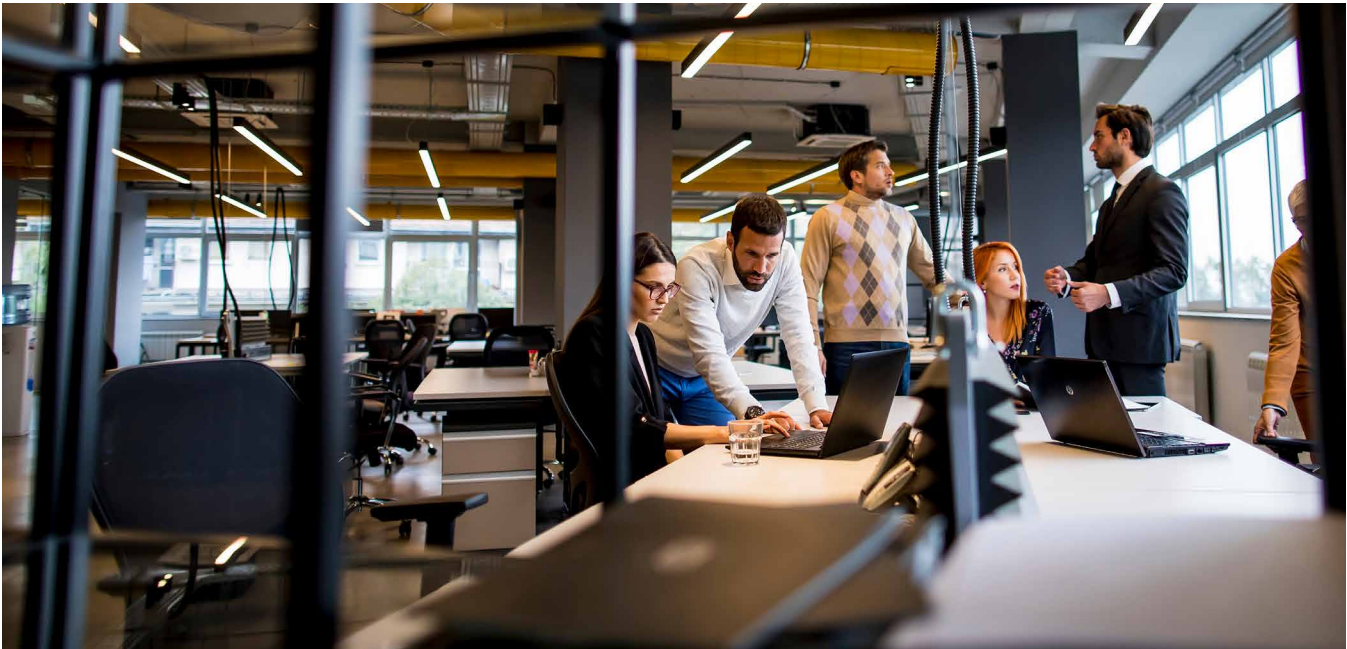
Boards advise each other on current initiatives as well as help shape i4cp's research agenda. At our conference and throughout the year, i4cp's boards meet to discuss and examine next practices in detail, and we ask them annually to share their top priorities for the coming year, as well as their predictions for future next practices.

In addition to predictions for each area of HR, we create our overall top four predictions for the industry for the coming year. In both 2024 and 2025 we emphasized AI's cross functional impact, and the culture/measurement rigor boards and senior teams increasingly expect.

As a refresher, here are the predictions we made in the previous two years:

2024	2025
1. High-performance organizations will step up HR's involvement in AI strategy.	1. Top companies will extend their lead by operationalizing AI while low-performing organizations sit on the sidelines.
2. Forward-looking organizations will create future-of-work leadership roles.	2. Until companies shift their cultures, efforts to scale skills-based marketplaces will stall.
3. Culture measures—both quantitative and qualitative—are now expected.	3. Older workers go from overlooked to overtly courted.
4. Macro pressures will continue to drive workforce divisiveness and challenge HR.	4. DE&I was under fire the last couple of years. In 2025, the pressure intensifies.

Several new areas in this year's *Priorities & Predictions* report all have the same throughline: *the architecture of work itself is being rewritten.*

While we're proud of these previous predictions, the environment is changing rapidly. While some of these same themes continue in 2026, we explore several new areas in this year's *Priorities & Predictions* report that all have the same throughline: *the architecture of work itself is being rewritten.* Here's what we believe HR leaders should be prepared for in 2026:

1. Companies increasingly use AI-driven layoffs as a strategic lever

While many factors are involved, it's interesting to note that since ChatGPT was introduced in November of 2022, job openings in the U.S. have declined 32% (**10.6M to 7.2M**) while the S&P 500 has increased approximately 65%.

Figure 1 Courtesy of **https://x.com/aakashg0/status/1984726908463169610**

To be fair, job listings peaked about six months before ChatGPT was introduced, but in most parts of the world, it's common knowledge that hiring has slowed ever since, and at the same time layoffs are increasing. And these layoffs are more regularly occurring at larger, iconic brands, and in a volume, we haven't seen in a few years:

Layoffs are more regularly occurring at larger, iconic brands, and in a volume we haven't seen in a few years.

- UPS **cut 48,000 roles in 2025** as part of a major restructuring.

- Amazon announced **a reduction of 14,000 jobs** in late October 2025.

- Microsoft incurred **multiple rounds of layoffs in 2025**, affecting approximately 15,000 roles.

- Verizon announced in November 2025 **plans to layoff 15K employees**, about 15% of its total workforce.

- Panasonic **announced layoffs** affecting approximately 10,000 employees globally as part of a major corporate restructuring to boost profitability.

"Job creation is pretty close to zero," **said Jerome Powell**, Chair of the U.S. Federal Reserve, at the end of October, 2025. He cited "a significant number of companies" announcing layoffs or hiring freezes, with many explicitly linking those moves to AI. "Much of the time they're talking about AI and what it can do," Powell said. "We're watching that very carefully."

In late October 2025, computer scientist and Nobel laureate Geoffrey Hinton, often referred to as the "Godfather of AI," said "I think the big companies are betting on it causing massive job replacement by AI, because that's where the big money is going to be."

We predict that in 2026 large enterprises will increasingly treat workforce reduction, not just workforce upskilling, as a deliberate by-product of AI adoption. What was once framed as "automation of routine tasks" will evolve into strategic workforce-reshaping. This will usually result in fewer layers, wider spans of control, digital coworkers, and human roles re-defined through the lens of AI efficiency.

Consulting powerhouse McKinsey **is a good example**. AI is causing the organization to "rewire its business," and is changing the ways McKinsey works with clients, how it hires, and even what projects it takes on. McKinsey is rapidly deploying thousands of AI agents that are now doing some jobs and tasks that others used to do. Bob Sternfels, the firm's global managing partner said he sees a day in the not-too-distant future when McKinsey has one AI agent for every human it employs.

Some of this is designed to instill more agility in the workforce.

"I've had many conversations with CEOs who have expressed frustration at the slow pace of change within their own organizations," wrote Alan Murray of the Wall Street Journal. "Several have admitted they cut head count, in effect, to force change." **Amazon CEO Andy Jassy** indicated that the layoffs his company has performed were more about creating agility than anything else, although Beth Galetti, Senior Vice President of People Experience and Technology, made it clear in a company memo that AI played a role.

Given the impact of AI, it's no longer enough to expect that employees will be redeployed into new roles; some roles will disappear altogether. Workforce planning will need to integrate scenarios of job elimination alongside upskilling and redeployment. When this happens, transparency, empathy, and ethics will matter significantly to preserve a healthy corporate culture.

2. Skills become the operating system of work

Soon, "becoming skills-based" will no longer be a future aspiration … it will be the way leading organizations operate. After years of pilot programs and isolated upskilling efforts, enterprises are beginning to operationalize skills as the connective tissue across all talent systems, from hiring and mobility to learning and rewards.

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Soon, **"becoming skills-based"** will no longer be a future aspiration … it will be the way leading organizations operate.

Only 12% of large organizations report **ongoing enterprise-wide efforts** with sustained investment in skills-based practices, while **44%** remain in the **planning or pilot stage.**

For decades, companies have been organized around roles and job titles. That structure is now dissolving and in 2026 more advanced enterprises will rely on dynamic skills data to make decisions such as:

- Who to hire and how to assess fit.
- Where to invest in development or automation.
- How to redeploy talent during disruption.
- What capabilities to build versus buy.

The reality is that most organizations today are still in early stages of their skills-based journey. **According to i4cp's 2025 research**, only 12% of large organizations report ongoing enterprise-wide efforts with sustained investment in skills-based practices, while 44% remain in the planning or pilot stage.

However, the same study found that skills readiness—what i4cp defines as "the confidence that the workforce has the skills needed for the next three years"—is the single strongest predictor of market performance. In fact, those with high or very high confidence in their skills readiness are:

- **12X more likely** (than those with low confidence) to offer upskilling and reskilling opportunities.
- **6X more likely** to have cataloged the skills/capabilities of their workforces.
- **6X more likely** to determine which tasks are best performed by humans versus AI.
- **4.5X more likely** to identify skills gaps.
- Nearly **4X more likely** to support internal mobility.

These same organizations are significantly ahead in operationalizing skills-based practices, particularly in hiring, development, and mobility. The direction is clear: skills-based talent practices are becoming core operating infrastructure, and a way to link strategy, workforce, and technology.

Artificial intelligence is, of course, playing a big role. Organizations are using AI to map skills to jobs, recommend learning, and detect emerging skill trends. **At companies like Dow and Target**, custom GPT tools and AI-powered interview guides are helping managers connect skills data to business decisions in real time.

The use of AI is accelerating the transition from skill tracking to skill intelligence, and half of high-performance organizations (HPOs) cite AI as a primary driver of their skills strategies. In fact, they are **2.5X more likely** than low performers to be leveraging AI in their skills-based initiatives.

However, AI may at the same time be preventing younger workers from obtaining the necessary work skills that come from experience. **A Stanford study** reveals a significant

Market Performance Index™ (MPI) Definition: i4cp defines high-performance organizations based on self-reported, multi-year performance in revenue growth, profitability, market share, and customer satisfaction.

decline in employment for early-career workers aged 22 to 25 in AI-exposed jobs, such as software development and customer service. This decline is attributed to the widespread adoption of AI which can replace "codified knowledge" or "book-learning" from formal education. In contrast, more experienced workers have seen steady or growing employment in these fields. The study suggests that AI may be less capable of replacing knowledge gained through years of experience, which is often not codified in AI models.

Future labor strategies will need to emphasize early AI fluency, rapid tacit-knowledge acquisition, and role redesign to ensure generational continuity in professional workforces.

Despite the influence of AI on becoming skills-centric, successful change relies on the organization's cultural mindset. In the future, skills will be the shared language connecting business strategy, technology, and talent. The organizations that succeed will not be those with the largest upskilling budgets or the most sophisticated platforms, but those that embed skills thinking into every decision, every role, and every conversation.

3. "Digital work twins" won't seem like science fiction

By the end of 2026, it won't be uncommon for some professionals to have a personal AI "work twin," a digital counterpart trained on their workflows, communication style, and task patterns. In fact, **some already have this** today. These AI agents move beyond passive copilots to become proactive, semi-autonomous collaborators. Rather than issuing one-off prompts, workers will delegate ongoing responsibilities to their AI counterparts such as scheduling meetings, drafting correspondence, surfacing insights, and analyzing data in real time.

To be fair, this transference won't happen overnight, but when it does it will mark a pivotal shift: AI is no longer just a tool we use, but a teammate we manage and develop. These twins will mirror not just what employees do, but how they do it, copying learning tone, sequencing, priorities, and decision logic to anticipate needs and act independently within defined boundaries.

While AI twins are expected to radically expand capacity, they'll also bring to the surface a core managerial concern: trust. The leap from augmentation to autonomy will require new governance, new skills, and new mindsets. Organizations will have to answer complex questions:

- Who owns the output, the human or their AI counterpart?
- When an employee leaves, does the twin leave as well?
- How do we measure productivity when part of the workforce never sleeps?
- How do we build psychological safety around being "twinned" by a machine?

In the future, skills will be the shared language **connecting business strategy, technology, and talent.**

AI agents move beyond passive copilots to become **proactive, semi-autonomous collaborators.**

The leap **from augmentation to autonomy** will require new governance, new skills, and new mindsets.

High-performing companies will treat the human-AI relationship as a **trust partnership,** emphasizing transparency, consent, and explainability.
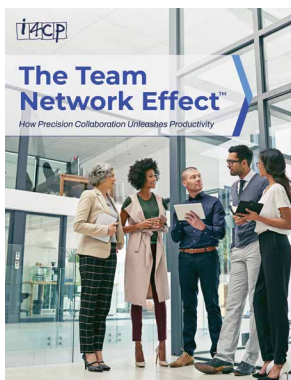
For more, see i4cp's *The Team Network Effect™: How Precision Collaboration Unleashes Productivity.*

High-performing companies will treat the human-AI relationship as a trust partnership, emphasizing transparency, consent, and explainability. Employees who understand and co-design their twins will report higher satisfaction and lower cognitive load mainly due to "digital off-boarding" of rote tasks.

The introduction of AI twins will also impact organizational design in various ways:

1. **Hybrid Workflows:** Humans will manage strategy, while AI twins handle execution—allowing employees to spend more time in judgment, creativity, and relationship-driven work.

2. **New Roles:** Expect the rise of positions such as *AI Workflow Architect, Digital Workforce Manager,* or *Trust Engineer* responsible for designing and auditing human-AI collaboration.

3. **Performance Metrics:** Traditional measures of individual output will give way to "human-AI performance indices" that evaluate the productivity, quality, and ethical integrity of the partnership.

Leadership development is expected to also shift sharply. Managers will need to learn "AI people leadership" (which was discussed in i4cp's report titled *The Team Network Effect™*) understanding how to coach, supervise, and evaluate hybrid teams of humans and agents.

In practice, leaders and individual contributors will ask: *What work should my AI twin handle?* and *What uniquely human value do I need to deliver?* The organizations that master this will see breakthroughs in efficiency and engagement because workers will relish spending most of their time doing meaningful, high-value tasks.

AI twins have the opportunity to become the most significant productivity multiplier since the personal computer, but managing these new digital teammates will test organizational culture and governance. Managed correctly, digital twins should allow employees to better focus on purpose, relationships, and innovation, the core of the human advantage.

4. Workforce design becomes fluid, modular, and adaptive

Traditional workforce planning (forecasting headcount by role) is being replaced by a more dynamic model that treats work as modular, skills as currency, and talent as a flowing ecosystem. In 2026, high-performing organizations will no longer ask, *"How many people do we need?"* but rather, *"What work needs to be done, and who (or what) is best equipped to do it?"*

As we've outlined previously and within some of these predictions, leading companies have begun to deconstruct jobs into tasks and capabilities. As these efforts mature, work is more easily distributed across internal employees, contingent workers, automation, and AI agents. This approach builds on the growing maturity of skills intelligence as well as internal talent marketplaces. As a result, work is increasingly assembled from a portfolio of human and digital contributors rather than assigned through fixed organizational hierarchies.

Internal marketplaces, fueled by AI and real-time skills data, are becoming the operating layer for workforce allocation. These systems automatically match emerging work needs to available capabilities, whether they sit inside the organization or within its extended ecosystem of partners and gig networks. The org chart begins to resemble a skills cloud, where employees dynamically move between projects and teams.

Talent mobility (which is rapidly increasing in organizations) won't be viewed as an exception. On the contrary, it will be the default operating rhythm.

This new level of fluidity also changes the role of managers and HR. Workforce design becomes a continuous process of sensing, shaping, and redeploying, more like managing a supply chain than maintaining a static roster. High-performing organizations will invest in "work architects" and "capability strategists" who orchestrate the mix of human and AI resources to deliver outcomes efficiently and equitably.

Culturally, this shift demands trust, transparency, and a new psychological contract. Employees will expect visibility into available projects, clear criteria for opportunity access, and development paths that transcend traditional roles. Managers will be expected to actively rotate talent instead of "hoarding talent," which has been the primary obstacle in mobility. Lastly, organizations will need to give up rigid job architectures, or they will risk losing talent to those offering flexibility, visibility, and a sense of agency.

The future of work design will be modular, adaptive, and boundaryless, where "workforce" extends beyond employment status, and agility replaces hierarchy as the dominant organizing principle. The companies that thrive will be those that treat work as a living system, continuously redesigned around strategy, skills, and technology.

In 2026, high-performing organizations will no longer ask, *"How many people do we need?"* but rather, ***"What work needs to be done, and who (or what) is best equipped to do it?"***

Talent mobility (which is rapidly increasing in organizations) won't be viewed as an exception. On the contrary, **it will be the default operating rhythm.**

High-performance organizations of the future will be defined not by size or stability, but by their ability to **sense and respond to change, to reconfigure and redeploy capabilities quickly,** as well as **emphasize and ensure future-readiness.**

Looking Ahead:
Agility Defines High-Performance

Across these four predictions, a clear throughline emerges: the architecture of work itself is being rewritten. AI is no longer a peripheral tool. It is a structural force shaping strategy, skills, and culture. The organizations that thrive in this era will be those that embrace continual redesign: treating skills as the operating system, AI as a trusted collaborator, and workforce design as a living ecosystem. High-performance organizations of the future will be defined not by size or stability, but by their ability to sense and respond to change, to reconfigure and redeploy capabilities quickly, as well as emphasize and ensure future-readiness. In essence, these organizations will be defined by one core concept: how well they embrace and embody *agility*.

Chief Human Resources Officers

2026 Chief Human Resources Officer Priorities

1. AI-related workforce initiatives **(68%)**

2. Leadership development **(57%)**

3. Strategic workforce planning for the next 1-2 years—including redesigning work—due to AI **(50%)**

4. C-Suite succession **(50%)**

It's not enough to simply respond to change, future-ready CHROs are effectively driving change in order to **enable renovation and reinvention.**

"As HR leaders fundamentally transform and prepare the workforce to thrive in an AI-powered future, we will need to **navigate levels of disruption we've never seen before.**"

Architect of a 'future-ready' organization

Several years ago, i4cp published the *5 Essential Elements to Manage Continuous Disruption*. In it, we predicted that "the days of managing change as a planned, time-bound event are over." That observation—that disruption had become the new normal—feels even more prescient today as CHROs prepare for 2026 and beyond.

As one member of our CHRO board said, "As HR leaders fundamentally transform and prepare the workforce to thrive in an AI-powered future, we will need to navigate levels of disruption we've never seen before."

The imperative now is to be *future-ready*. It's not enough to simply respond to change, future-ready CHROs are effectively driving change in order to enable renovation and reinvention. Three elements of readiness are key:

- **Culture readiness—**a culture that views change as opportunistic and manageable rather than a threat;

- **AI readiness—**a workforce and environment that enables responsible and effective use of AI;

- **Skills readiness—**the continual development of capabilities essential for the next one to three years.

As disruption continues and accelerates, these forms of readiness will increasingly define organizational advantage.

Most CHROs agree, however, that the path to future-readiness will be constrained by **shrinking HR resources.**

Biggest Challenges for Chief Human Resources Officers

- Delivering on top priorities with fewer resources **(59%)**

- Effectively leveraging AI **(44%)**

- Ensuring the function's employees can adapt to the changing needs of the business **(41%)**

- Ensuring the function has the skills needed to deliver on its priorities **(33%)**

Most CHROs agree, however, that the path to future-readiness will be constrained by shrinking HR resources. Ironically, the next most-cited challenge—effectively leveraging AI—also presents the greatest opportunity to augment the work that has demanded much of those same resources.

These and other challenges are not isolated; they stem from the same underlying tension: the scale and speed of transformation now outpaces the HR function's traditional capacity and capability. And with CHROs far more likely to anticipate budget cuts than increases in 2026 (32% vs. 21%), the mandate is clear: HR cannot simply resolve to do more with less; *it must work differently*.

AI offers a viable path forward. Imagine delivering greater employee experiences at scale, creating tailored development plans and recommending specific benefits to each employee based on the employee's health records, family status, and lifestyle. Also, using AI to analyze workforce sentiment to identify "weak signals" before they become elevated issues, and to deliver high-value business-specific insights and recommendations in real-time.

AI experimentation must begin with real business challenges, not abstract pilots. This reinforces a key truth: AI is less a technical problem than a creative one. That's why examples of how peers have applied AI to solve business-specific issues are so powerful; they spark ideas and reduce risk. At i4cp, we've built what we believe is **the industry's largest library of HR AI use cases**, a resource our members consistently cite as sparking innovation and accelerating action.

Given the imperative to leverage AI and create a future-ready organization, here's what CHROs told us are their top four priorities for the coming year.

Examples of how peers have **applied AI to solve business-specific issues** are so powerful; they spark ideas and reduce risk.
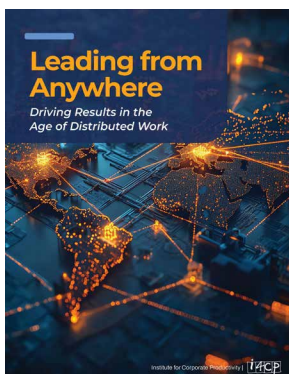

For more, see i4cp's *AI in HR: Real-World Case Studies.*
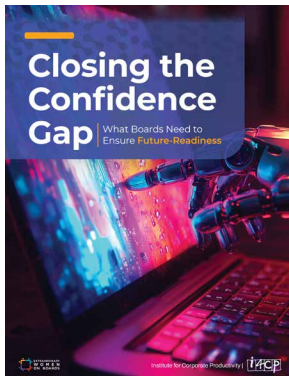
For more, see i4cp's *Closing the Confidence Gap: What Boards Need to Ensure Future-Readiness.*

Boards are increasingly looking to HR to **ensure the enterprise is prepared for what is next.**

For more, see i4cp's *Leading from Anywhere: Driving Results in the Age of Distributed Work.*

Priorities

1. AI-related workforce initiatives (68%).

AI is a top priority for most HR functions, but it's telling that over two thirds of CHROs listed this as a top priority. Driving this is the promise of agentic AI, along with pressure from CEOs to integrate AI into many areas of the business. **Research** finds that most CEOs say digital labor will have a greater impact on their business than the internet and cloud computing. In fact, 67% believe implementing agents is critical for their organization to compete in today's economic climate, and 73% agree that digital labor will transform their company structure.

In addition to the CEO, members of the i4cp CHRO board have also emphasized **the critical importance of a strong CHRO and board relationship**. Boards are increasingly looking to HR to ensure the enterprise is prepared for what is next. CHROs must be ready to lead that conversation. For more on i4cp's point of view on AI in HR, read our recent articles: *Generative AI: Four Imperatives for HR* and *Agentic AI: Four Imperatives for HR*.

External Pressures for Chief Human Resources Officers

- Macroeconomic uncertainty **(63%)**

- Regulations and / or compliance specific to industry **(41%)**

- Available talent pool **(37%)**

- Changing workforce demographics and expectations **(37%)**

- Evolving consumer demographics and expectations **(37%)**

2. Leadership development (57%).

As i4cp senior vice president Rob Cross said in the opening of our *Leading From Anywhere* study, leaders today are struggling. "As work has become more distributed, the volume and velocity of demands on their time have exploded," said Cross, "and the nature of these demands has shifted seismically. Some leaders are successful in this new era of work, but most, to be blunt, are drowning both professionally and personally."

In 2026, leadership development is about enabling networks, not hierarchies. The most effective leaders won't simply manage teams. Instead, they'll orchestrate collaboration, trust, and connection across boundaries. i4cp's research shows that leaders who build strong

networks of purpose and energy drive far greater performance, especially in distributed and hybrid environments. The next generation of leadership capability is clear: develop leaders who enable the network to lead.

Developing future leaders has always been critical, but employees seeking leadership roles seems to be dwindling. In i4cp's *Future-Ready Leadership Development* study, we offered several recommendations to develop leaders of tomorrow, such as offering personalized learning journeys, and leveraging AI for mentoring, skill gap analysis, program design, and adaptive learning. We also found that high-performing organizations are often involving senior leaders as teachers, sponsors, and mentors, significantly enhancing program impact and learning culture.

Chief Human Resources Officers:
Anticipated Budget Change for Fiscal Year 2026
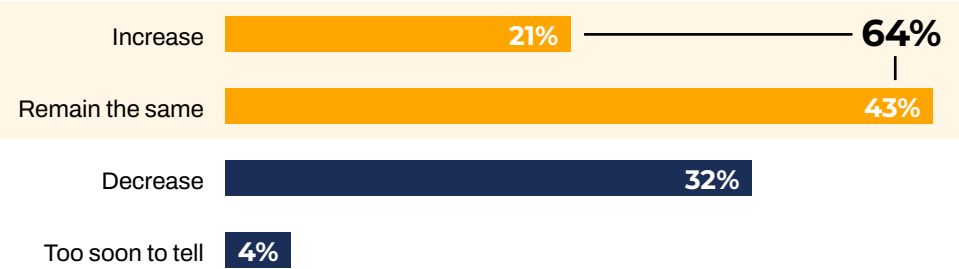
Increase	21% → 64%
Remain the same	43%
Decrease	32%
Too soon to tell	4%

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

3. **Strategic workforce planning for the next 1-2 years— including redesigning work—due to AI (50%).**

Every CHRO needs to be prepared to respond to the mandate articulated by Shopify CEO Tobi Lütke: *"Before asking for more headcount and resources, teams must demonstrate why they cannot get what they want done using AI."*

Leading organizations **such as ServiceNow** are addressing this challenge proactively by reimagining and reinventing how work gets done. A critical step is deconstructing roles into their component tasks, which, when combined with a clear understanding of AI's capabilities, enables organizations to pinpoint where AI can augment or replace work, and where human expertise remains essential. Tools like internal talent marketplaces can then rapidly and effectively redeploy employees to the areas of highest need.

This data-driven approach enables more accurate forecasting and strategic allocation of AI resources, as well as a clear understanding of where to invest in upskilling and reskilling. Some are even engaging the workforce in identifying tasks, roles, and processes that are candidates for automation as outlined in i4cp's *Workforce Readiness in the Era of AI*.
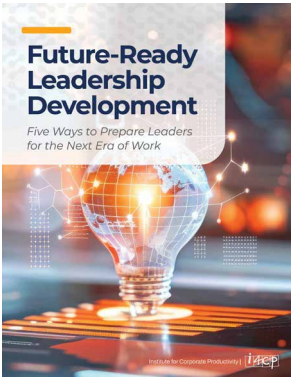
For more, see i4cp's *Future-Ready Leadership Development: Five Ways to Prepare Leaders for the Next Era of Work.*

High-performing organizations are often **involving senior leaders** as teachers, sponsors, and mentors.
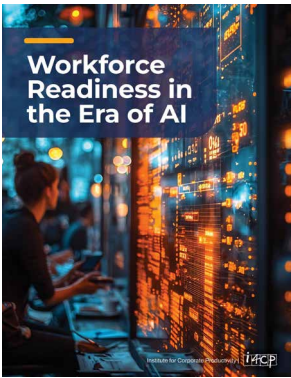
For more, see i4cp's *Workforce Readiness in the Era of AI.*

Top companies are extending their succession efforts beyond the executive level to also include **critical roles that impact business results.**

4. C-Suite succession (50%).

Global CEO tenure hit **a record low of 6.8 years** in the first half of 2025, due in part to the need for continuous business transformation. CFO turnover is also **at an all-time high**. And **global CHRO turnover is up approximately 15%**, or about 32% above the six-year average (U.S. departures drove a large share).

i4cp has previously reported that only 27% of high-performance organizations believe they have competent successors ready to fill executive-level roles. For mission-critical roles beyond the executive level, this number drops to 18%.

There are several barriers keeping organizations from being effective. Inaccurate or incomplete view of skills/capabilities (49%), lack of clear succession paths (49%), and outdated or insufficient successor development programs (44%) top the list. To overcome these barriers, top companies are extending their succession efforts beyond the executive level to also include critical roles that impact business results. They are also leveraging their People Analytics function to better understand impact and are prioritizing the retention and development of candidates not chosen for immediate succession, including brokering placements with key partners or customers.

A *next practice* **in succession planning** is building succession talent pools, rather than focusing on single successor candidates to broaden the bench of potential leaders. This gives the organization more optionality and enables greater agility. High-performance organizations are also more likely to focus on identifying critical roles and ensuring successor pipelines that meet both current and anticipated future needs, including cultural alignment and a 'change-ready' mindset.

Chief Human Resources Officer Predictions

1. Treat 2026 as an intern year for agentic AI.

Enterprise automation rarely scales as quickly as promised, and **Agentic AI** will likely take some time before organizations understand how to fully leverage it. Look no further than predictions for self-driving vehicles as a recent cautionary tale for "autonomy."

Unsurprisingly, according to **a recent survey** nearly every large company that introduced AI has incurred some initial financial loss, often due to compliance failures, flawed outputs, bias, or failure to meet goals. Despite that, many are still optimistic that AI Agents will ultimately yield significant benefits, but we need to temper immediate expectations.

"What you ultimately need to do, at a behavioral level, is treat it like an intern," **advised Haider Pasha**, EMEA CISO at Palo Alto Networks. What this means for CHROs is to plan for supervision, not replacement, and treat 2026 as the year of semi-autonomous "intern agents" that require human oversight. Full autonomy at scale will be the exception, not the norm in the coming year.

To achieve an even more realistic experience, i4cp created an "Agentic AI Onboarding Checklist" which our members can find **here**.

2. More focus on agility will lessen need for resiliency.

Agility is the key to an organization's ability to sustain high performance over time by staying ahead of change, not just surviving it. It sustains high performance by turning anticipation and preparation into a competitive advantage. Resilience, by contrast, is the muscle that allows organizations to recover from the unexpected, the unplanned, or even their own missteps. Agility keeps you ready; resilience gets you back up.

Previous i4cp research has shown that:

- High-performance organizations are **6.5X more likely** than low-performance organizations to respond quickly to changes in the business environment.

- They are also **3X more likely** to adapt to those changes, and **4.5X more likely** to exploit or take advantage of changes.

CEOs understand that to effectively compete in an AI-infused world, agility will be a key cultural attribute. CHROs should design elements that enable organizational agility into strategic discussions with the executive team and into its HR and talent strategies.

Many are still optimistic that AI Agents will ultimately yield significant benefits, but we need to **temper immediate expectations.**

CHROs should design **elements that enable organizational agility** into strategic discussions with the executive team and into its HR and talent strategies.

Whether facing political transitions, regulatory flux, or economic softening in key markets, **uncertainty has become a defining feature** of the operating environment.

3. "The theme of uncertainty will continue."

That's a direct quote from one member of our CHRO board. He went on to cite changes to budget due to reductions in U.S. government funding and contracts, modifications to project timelines due to unknowns relative to tariffs, and concerns about Medicare and Medicaid payments. "While we continue to pursue our growth strategy, we will exercise greater expense discipline," he predicted.

It's a sentiment shared by HR leaders across our global CHRO and CPO boards. Whether facing political transitions, regulatory flux, or economic softening in key markets, uncertainty has become a defining feature of the operating environment. According to the **Economist Intelligence Unit**, "geopolitical risk and policy uncertainty continue to weigh on the world economy, with global growth forecast to slow again in 2026 to 2.4%."

As another board member noted, "Global economic and political unrest will continue to disrupt the business landscape and create anxiety and distraction in the workforce"—highlighting not just U.S. policy shifts in areas such as DEI and skilled immigration, but the wider pattern of regulatory divergence and social polarization challenging employers worldwide.

So, what's an organization to do about it? See Prediction #2 …

4. The rise of the intelligent, adaptive HR ecosystem.

In 2026, the traditional three-pillar HR model will give way to a fluid, intelligence-driven HR ecosystem—one that behaves less like a set of functions and more like a connected network of capabilities.

- **Traditional HR Business Partners** will evolve to performance enablers, equipped with AI-driven insights and scenario models that empower leaders to act with speed and precision.

- **Traditional Centers of Expertise** will shift to enterprise intelligence architects, using Organizational Network Analysis (ONA) and workforce analytics to uncover bottlenecks, enable capability flow, and prescribe just-in-time learning.

- **Shared Services** will transform into 'employee experience engines', leveraging predictive analytics and AI to personalize employee support and surface "weak signals" before they escalate into systemic issues.

The HR function of the near future will be defined by responsiveness, insight, and integration—operating as an intelligent system that continuously learns, reallocates capacity, and amplifies human capability through technology.

The HR function of the near future will be defined by **responsiveness, insight, and integration.**

LAND O'LAKES INC.

Julie Sexton
SVP and CHRO
Land O'Lakes, Inc.

"*Given the current pace of change and disruption facing many sectors, it's critical that organizations provide a more predictable future for the teams, customers and communities we serve. This requires business leaders to take a more innovative approach to growth, leveraging their HR teams as thought partners and a ready resource to help drive change across their organization. For HR teams, this requires a mindset shift and redefining their perception of their role. Instead of viewing themselves solely as HR leaders, focused solely on their area of expertise, they should see themselves as business leaders and experts within the organization.*"

PRISMA HEALTH®

Amy Linsin
EVP and CHRO
Prisma Health

"*This year is about doing more with more. It starts with skilling and re-skilling. HR leaders can use technology and AI as a platform to help innovate and grow skills in the team. Innovation can bring people and ideas together. If culture, well-being, learning, and people programs become as integrated, available, and scalable as possible, everyone can be more resilient.*"

Chief Learning & Talent Officers

Learning cultures help companies stays ahead of the competition and **fuel bottom-line business impact.**

2026 Chief Learning & Talent Officer Priorities

1. Upskilling the organization's workforce **(59%)**

2. Leadership development **(54%)**

3. Increasing manager effectiveness **(46%)**

4. Implementing AI technology or services **(43%)**

The learning and adaptability link

There's one cultural aspect that has a huge impact on an organization's ability to adapt and navigate change: a culture of learning.
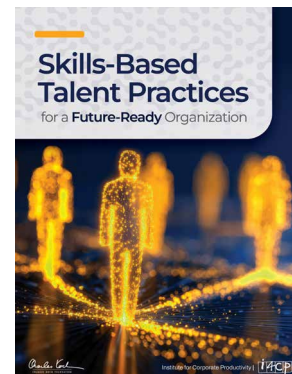
Learning cultures can be incredibly invigorating and agile. When a workforce is constantly gaining new knowledge—and more importantly, *sharing* new knowledge—a company typically stays ahead of the competition. This type of environment fuels bottom-line business impact as well. Previous i4cp research has found that high-performance organizations are **4X more likely** to say they have a culture of learning to a very high extent vs. low-performance organizations.

Chief Learning and Talent Officers inherently understand this and recognize that creating a learning culture helps enable a workforce that is better equipped with the skills needed to compete in the future. This also strongly correlates to an organization's ability to sustain high performance. In fact, **new i4cp research** has revealed that survey respondents from high-performance organizations were **nearly 3X more likely** than their low-performance counterparts to express high or very high skills readiness. Those from low-performance organizations were **7X more likely** to report low or very low skills readiness.

Key to readiness is how quickly a workforce can adapt and pivot. The corporate landscape is littered with the remains of companies that didn't pivot quickly enough (think Blockbuster, Polaroid, or Toys "R" Us). As AI is rapidly causing organizations to rethink their business models, their work processes, organization structure, and staffing needs, the ability to quickly adapt is suddenly very apparent.

For more, see i4cp's *Skills-Based Talent Practices for a Future-Ready Organization.*

Survey respondents from high-performance organizations were nearly **3X more likely** than their low-performance counterparts to express **high or very high skills readiness.**

Biggest Challenges for Chief Learning & Talent Officers

- Delivering on top priorities with fewer resources **(50%)**

- Effectively leveraging AI **(36%)**

- Providing evidence of the impact on the function's strategic initiatives **(31%)**

- Collaborating effectively with other functions on shared priorities **(31%)**

Recent **skills data from the U.S. Bureau of Labor Statistics (BLS)** reinforces this. *Adaptability*— defined as *adjusts behavior or work methods in response to new information or changing conditions*—is ranked as either the number one or number two skill across all detailed occupations and industries.

In a **recent interview** on the impact of Agentic AI between Jared Spataro, Chief Marketing Officer of AI at Work @ Microsoft, and Nick Thompson, CEO of the Atlantic, both stressed the importance of adaptability in the face of AI:

"The single biggest change is that adaptation—your ability to learn and adapt—will be a huge differentiator because the clock speed has essentially turned faster than it's ever been before," noted Spataro. *"This is something I've believed since the very beginning of AI,"* replied Thompson. *"If there is one skill to cultivate it's the skill of adapting to change."*

External Pressures for Chief Learning & Talent Officers

- Macroeconomic uncertainty **(58%)**

- Changing workforce demographics and expectations **(47%)**

- Available talent pool **(44%)**

In the face of adapting to change, Chief Learning & Talent Officers cited the following as their top priorities:

Priorities

1. Upskilling the organization's workforce (59%).

Having the necessary skills to compete in the future is what's on the mind of many, and today those skills start and end by leveraging AI. According to i4cp research, organizations with high confidence that their workforce has the necessary skills for the future are **12X more likely** to report being effective in offering upskilling opportunities. The link between skills readiness and effective skills programs should be obvious, but it's still hard to ignore. For example, those reporting high confidence in their workforce's skills readiness were also:

- **6X more likely** to have cataloged the skills/capabilities of their workforces.

- **6X more likely** to determine which tasks are best performed by humans versus AI.

- **4.5X more likely** to identify skills gaps.

- **2X more likely** to include most or all roles in their skills-based initiatives, instead of focusing only on identified critical roles.

While the performance gaps favor those that concentrate on a skills strategy, most organizations admit that forecasting future skills needs is difficult. Only 18% of respondents with high confidence in the skills readiness of their organization's workforce reported that they were highly effective at forecasting future skills needs. However, this compares favorably to the 0% of those who expressed low confidence.

2. Leadership development (54%).

Globally, it is estimated that companies spend at least $60 billion annually on leadership development programs. But only 27% of HR executives rate leadership effectiveness as a strength.

One of the primary reasons leadership development is a priority today is because leadership pipelines are shrinking. One CHRO told us, "I expect the talent pipeline for leadership roles to shrivel. Priorities are changing—for the younger generations but also Gen X and beyond who are no longer willing to give all that's required. Executive jobs are materially harder, they are all consuming, perks have largely gone away and there is no end in sight. Fewer people will choose that, which means we'll have a narrower pipeline for roles from people manager to CEO."

Leadership development ownership is split, with 43% of organizations taking a fully centralized approach and another 43% using a federated/hybrid approach. Centralized ownership is linked to more consistent delivery and standardized metrics, but a decentralized

Organizations with high confidence that their workforce has the necessary skills for the future are **12X more likely** to report being effective in **offering upskilling opportunities.**

"Executive jobs are materially harder, they are all consuming, perks have largely gone away and there is no end in sight. Fewer people will choose that."

Leaders in high-performance organizations are **6X more likely** to be "very effective" at **managing distributed work.**

For more, see i4cp's *The Six Dimensions of Distributed Work.*

High-performance organizations are **7X more likely** to stress **how goals are achieved**, not just the achievement itself.

approach offers additional agility. For global organizations an agile approach makes sense, but only about one-third (31%) of organizations have a global leadership development program or curriculum, with another 14% having developed one but not yet implemented it.

AI and distributed leadership have added new wrinkles to the traditional approach. 86% of organizations reported an increase in distributed work across geography, time zones, and functions. However, only 16% say their leaders are truly effective in distributed environments, and 58% say their leaders are only "somewhat effective" at managing this complexity. The challenges in developing leaders today are compounded by adding AI agents as team members.

As Salesforce CEO Marc Benioff **declared in January** at the World Economic Forum, the era of humans only managing humans is over. "From this point forward ... we will be managing not only human workers but also digital workers," he said during a panel at the event.

Research from i4cp shows that leaders in high-performance organizations are **6X more likely** to be "very effective" at managing distributed work. Key is that they build awareness and capability that enables leaders to selectively deploy among six specific practices based on the context of the particular challenges they face.

i4cp's assessment tool, *The Six Dimensions of Distributed Work*, helps organizations reflect on the degree to which specific initiatives will help, or hurt, leaders of distributed work.

3. Increasing manager effectiveness (46%).

Right in line with leadership development as a priority is improving the effectiveness of people managers. And for good reason. An i4cp study found that 53% of employees rate overall management as so-so or worse. **Up to 60%** of first-time managers perform poorly or fail outright during their first two years of tenure, and most new managers receive no advance training before starting their roles.

One of the keys to effective team leadership is ensuring people leaders are as focused on employee-oriented outcomes as they are on business outcomes, a practice that is **18x more common** in healthy cultures. High-performance organizations are **7X more likely** to stress how goals are achieved, not just the achievement itself, and focus on the ability to develop talent, retain top performers, move talent within the organization, and improve engagement.

4. Implementing AI technology or services (43%).

CLTOs, along with other HR leaders, are increasingly expected to play a central role in guiding their organizations through the adoption of generative AI, agentic AI, and related technologies, especially as these tools impact talent development and workforce planning. As organizations embed AI into their business strategy, CLTOs typically own upskilling programs to prepare the workforce for an AI future. Some top companies are setting good

Chief Learning & Talent Officers:
Anticipated Budget Change in Fiscal Year 2026
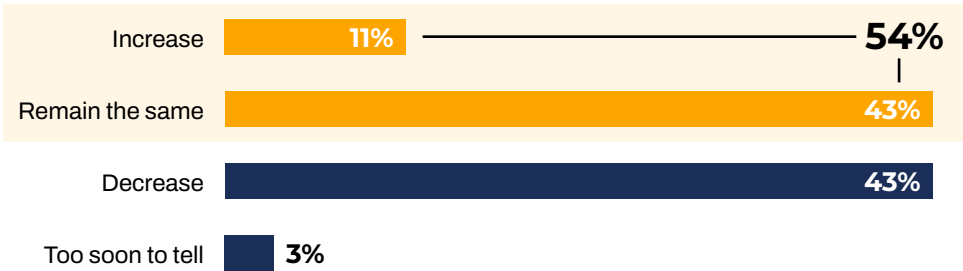
Increase	11% ——— **54%**
Remain the same	**43%**
Decrease	**43%**
Too soon to tell	**3%**

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

examples already. Walmart is training associates through their Academy Program in response to automation, while Toyota has introduced a Digital Academy for digital upskilling across the organization.

Offering upskilling programs is one thing. Ensuring the efficacy of those programs is entirely different. According to longitudinal data from two distinct i4cp studies, upskilling program effectiveness remains elusive, with 75% of respondents indicating that their organization is only somewhat or not effective at providing opportunities for upskilling and reskilling.

For as much as AI requires frequent upskilling, it also holds strong promise to increase upskilling impact via greater relevancy and timeliness of development, both of which will also deliver enhanced employee experience. For example, AI can map each worker's skills to jobs to identify specific skills gaps and suggest specific development opportunities to address those gaps.

Upskilling program effectiveness remains elusive, with **75%** of respondents indicating that their organization is only **somewhat or not effective** at providing opportunities for upskilling and reskilling.

In the future, learning and talent leaders anticipate **AI-enabled learning** to be more experiential, inclusive, and emotionally intelligent.

"Organizations that do not invest in early-in-career talent—and reimagine those roles for the age of AI**—will start to see a slow-motion collapse of their talent pipelines.** "

Chief Learning & Talent Officer Predictions

1. AI-powered learning will become the norm.

AI is redefining how organizations are delivering and enabling learning. From adaptive learning platforms to AI-driven coaching and mentoring, employees are beginning to experience more personalized, just-in-time development and performance support. Leadership development in particular is embracing scenario-based learning, powered by AI solutions, while AI coaches have exploded in order to make sure learning is put into action.

In the future, learning and talent leaders anticipate AI-enabled learning to be more experiential, inclusive, and emotionally intelligent, with more immersive experiences coupled with peer learning. While AI-powered learning tools are still gaining traction, high-performance organizations are leading in adoption.

2. Talent pipelines—especially for early career—will be more challenging.

While hiring has slowed, it's glacial for young entrants into the workforce.

Said one CHRO: "Organizations that do not invest in early-in-career talent—and reimagine those roles for the age of AI—will start to see a slow-motion collapse of their talent pipelines. We're taking the approach that cutting costs today versus investing in the future is a false choice: we can do both when HR plays a leading role in AI transformation. And we need to work with higher learning institutions to help make sure young people have the skills our organizations need for the future."

The slowdown is often attributed to AI, but the overall evidence is mixed and often sector specific. For example:

- Randstad **reported global postings** for entry-level (0-2 yrs) financial-services roles down 24%, stating "Artificial intelligence is accelerating change … reshaping the skills required and the roles available."

- Reinforcing this, **a Goldman Sachs internal memo** described a "hiring slowdown through the end of 2025" as part of an AI-driven productivity push.

- *Harvard Business Review* **argues AI** is "dismantling the traditional hiring model … which relied on large classes of junior associates," pointing to smaller entry cohorts and redesigned roles.

While AI is likely to impact many aspects of an organization's talent pipeline, it's clear that early career entrants are impacted more than others.

3. An "always on" talent ecosystem?

While it's clear that internal talent marketplaces will continue to become more adopted as well as sophisticated, one CLTO board member envisions something a little grander.

"I think we'll see a growing 'always on' ecosystem that begins to integrate AI into talent identification and development," she said. "Rather than a once-a-year event in terms of talent identification and succession planning, we're heading in the direction that it becomes more evergreen with agentic AI behind the scenes keeping us much more current and consistent in how/who we identify."

"Similar with learning," she continued, "I think it becomes less program driven and episodic and is feeding people what they need in a much more ongoing way—almost where people don't even realize it's "learning." That being said, my hope is that we continue to bring people together for meaningful collaborative learning!"

Have no worries ... you'll love the next prediction.

4. In-person training has a renaissance.

In-person courses and programs are back in vogue. "This is certainly true at (my company) where leaders are craving the connection that products like virtual training don't offer," said another member of the CLTO board. "In a post-pandemic era defined by GenAI, we're also seeing the need to develop evergreen leadership skills around communication, emotional intelligence, resilience, and well-being. These trends are being accelerated by return-to-office and the premium we're placing on in-person collaboration and relationship building."

While hybrid classes and online learning are still the dominant delivery methods, there is some evidence of an increase in face-to-face classes as pointed out in this **Financial Times article**. The demise of the classroom has been predicted for 30 years, ever since eLearning was invented, but it's never materialized and is likely to survive even with additional AI options.

Long live the classroom!

"I think we'll see a growing 'always on' ecosystem that begins to **integrate AI into talent identification and development.**"

While hybrid classes and online learning are still the dominant delivery methods, there is some evidence of **an increase in face-to-face classes.**

Medtronic

Amber Alexander
VP, Global Talent
Management
Medtronic

"*In healthcare technology and beyond, championing a culture of high performance is a catalyst for success. By integrating AI and automation into our talent systems, we can simplify complex processes, sharpen decision-making, and help employees see how their work drives meaningful outcomes for the patients we serve. As technology continues to evolve, maintaining that alignment—between people's daily impact and a larger mission—will be essential to sustaining performance and advancing what's possible in patient care.*"

LOCKHEED MARTIN

Wendy O'Connell
Director, Enterprise
Learning and Development
Lockheed Martin

"*L&D leaders are being asked to solve challenges at the very heart of business transformation— boosting performance, cultivating leadership capability and capacity, reskilling talent, and accelerating AI adoption. In 2026, success will hinge on our ability to move faster than ever, using AI to deliver scalable, effective learning. Navigating intricate budget and IT processes to secure the right tools will highlight the power of perseverance, agility, and collaboration.*"

Future of Work Leaders

2026 Future of Work Leader Priorities

1. Redesigning work (the responsibilities, jobs, and tasks that are performed) due to AI **(80%)**

2. Reimagining enterprise organization design to align with evolving business needs **(70%)**

3. Helping the organization become skills-centric **(70%)**

4. Improving the mobility of talent to optimize work impact and career engagement **(50%)**

How can we use AI and automation to **simplify workflow and make space for more meaningful work?**

There's no question that AI has fueled tremendous economic growth, but to date **most of that is the result of investment.**

Are we becoming more productive?

The role of Future of Work (FOW) leaders is relatively new. As a result, there is inconsistency in who leads it or where the function sits. Often there is a variety of focus areas between organizations. In fact, some FOW leaders believe there really shouldn't be a role at all, but instead a mindset and set of capabilities that should be inherent in all leaders to be able to be strategic, utilize foresight, insight, and action, and envision the future. In other words, it might not be about a single person leading a function but about raising our expectations for all leaders given the pace of change ... otherwise organizations will always be behind waiting for *the* FoW leader to identify, discern, and influence workflow and the workforce.

Despite the role and capability ambiguity, our FOW board generally agrees: how can we use AI and automation to simplify workflow and make space for more meaningful work?

There has been confusion, however, about how much capacity is actually being unlocked through AI. There's no question that AI has fueled tremendous economic growth, but to date most of that is the result of investment. Corporate AI investment reached $252.3 billion in 2024, with private investment climbing 44.5% and mergers and acquisitions up 12.1% from the previous year.

But does this result in increased productivity?

Currently, the data is mixed, with some companies and industries reporting progress while others are not. This is not unusual with new technology, and harkens back to "**The Productivity Paradox**," which refers to the slowdown in productivity growth in the U.S. in the 1970s and 1980s despite the rapid development in information technology (IT) over the

Biggest Challenges for Future of Work Leaders

- Ensuring the function has the skills needed to deliver on its priorities **(60%)**

- Delivering on top priorities with fewer resources **(50%)**

- Effectively leveraging AI **(50%)**

- Providing evidence of the impact on the function's strategic initiatives **(40%)**

same period. Nobel Laureate Robert Solow observed in the mid 80s that "you can see the computer age everywhere but in the productivity statistics," (which is why this is sometimes also referred to as the Solow paradox) and highlights the disconnect between the rapid growth of IT investments, expectations of progress, the ability of organizations to fully leverage technology rapidly, and the lack of visible productivity gains.

Whether we can recognize gains today or not, some worry the focus on productivity may be setting us back.

"I see a significant shift from the 'people-centric' focus of the last five years to a 'people productivity' focus, with a focus on how AI can make the HR function and employees more productive," said Cindy Ballard, Chief Future of Work, Chief People Officer, at Universal Music Group. "However, the investment in skill development isn't keeping pace with expectations of AI advancements. It may be used to exit employees who don't make the shift and develop their skills."

A case in point is the 11,000 jobs **Accenture cut globally** as part of an $865 million, six-month "business optimization" program in the fall of 2025. According to CEO Julie Sweet, the company is "executing on a compressed timeline people where reskilling … is not a viable path for the skills we need," meaning many of the cuts are of employees whose skills are judged insufficient for the AI-centered future the firm is betting on. Despite these cuts, Accenture **expects to grow headcount** in the future by building its AI capabilities.

Undoubtedly, we'll see many more organizations wrestling with similar decisions, with future of work leaders at the center of these discussions. It's clear many already are, as we explore the top four priorities this group identified for the coming year.

> Whether we can recognize gains today or not, some worry the **focus on productivity may be setting us back.**
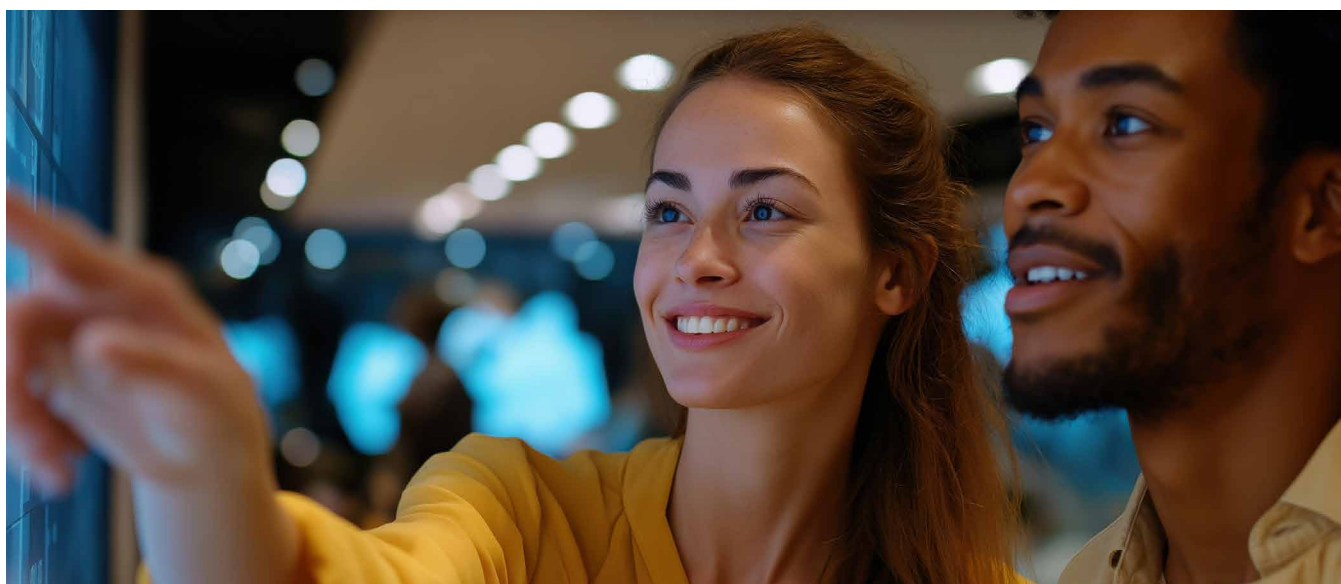
Many organizations are focusing less on leveraging AI for job replacement, and more on **deconstructing work into individual tasks for augmentation.**

High-performance organizations are moving toward **project- and task-based models** that enable greater mobility of people and capabilities across the enterprise.

Priorities

1. Redesigning work (the responsibilities, jobs, and tasks that are performed) due to AI (80%).

Many organizations are focusing less on leveraging AI for job replacement, and more on deconstructing work into individual tasks for augmentation.

Several progressive organizations involve their workforce in the task identification process. This co-creation approach often helps to overcome fear of replacement and foster a psychologically safe environment for workforce transformation. Examples are ServiceNow, **which deconstructed a customer service role** into 50 distinct tasks, and Pacific Gas & Electric (PG&E), **which enabled 4,300+ employees to uncover areas of automation** from frontline workflows, building 300+ solutions using bots and GenAI solutions that save approximately $75M annually.

The promise of job deconstruction was the subject of a book, published in 2022 by longtime i4cp board member John Boudreau and co-author Ravin Jesuthasan, in *Work Without Jobs*. As best-selling author Daniel Pink accurately described, "The world is changing fast but the way we work is, in many crucial ways, stuck in the past. Ravin Jesuthasan and John Boudreau lay out a powerful argument for moving beyond the staid and outdated assumptions and toward a reimagined work system." The i4cp report *Skills-Based Talent Practices for a Future-Ready Organization* also details how organizations can advance in their maturity as a skills-based organization.

2. Reimagining enterprise organization design to align with evolving business needs (70%).

Pink isn't the only one who thinks work is stuck in the past. Rigid, job-based hierarchies need to be eradicated according to many future of work leaders. Instead, high-performance organizations are moving toward project- and task-based models that enable greater mobility of people and capabilities across the enterprise, fostering agility and responsiveness to changing business needs.

While this is not a new idea or technological innovation, the concept of the internal talent marketplace is increasingly being adopted. The primary obstacle, however, is the mindset of people leaders and organizational culture that hold onto the "job mentality," and prevent the fluid movement of talent and capabilities.

Several years ago, Unilever launched an AI-powered internal talent marketplace called "FLEX Experiences" to allow employees to find short-term projects and stretch assignments across the company. It enables employees to "take on projects for a small or large proportion of time," increase depth of current skills, or build new capabilities. During COVID-19, Unilever redeployed employees via FLEX to more than 700 business-critical projects, unlocking

over 26,000 hours of work. The company says that over 30,000 employees in more than 90 countries have used FLEX to date. Other organizations—from Mastercard to HSBC to Booz Allen Hamilton—have similarly leveraged these marketplaces to shake up formal hierarchical structures.

External Pressures for Future of Work Leaders

- Available talent pool **(50%)**

- Changing workforce demographics and expectations **(50%)**

- Macroeconomic uncertainty **(50%)**

- Evolving consumer demographics and expectations **(40%)**

3. Helping the organization become skills-centric (70%).

i4cp research has previously identified several key practices to help organizations become more skills-centric, especially in the context of AI and workforce transformation:

- **Cataloging Current Skills:** Future-ready organizations are significantly better at cataloging current workforce skills (48% vs. 10% in less future-ready organizations). Maintaining an up-to-date skills inventory allows for more effective decision-making and resource allocation.

- **Forecasting Skill Needs:** High-performing organizations are more adept at forecasting future skill requirements (45% vs. 11%). This forward-looking approach helps ensure the workforce is prepared for upcoming changes and challenges.

- **Identifying Skills Gaps:** These same organizations are far more effective at identifying where skill gaps exist (45% vs. 13%), enabling targeted interventions such as upskilling and reskilling.

- **Offering Upskilling Opportunities:** Over half (55%) of future-ready organizations provide upskilling opportunities, compared to only 7% in less prepared companies. This is critical for retaining talent and maintaining agility.

Additionally, when work is viewed as scenario-based, it allows organizations to quickly adapt to emerging needs and redeploy talent based on skillsets. This skills-centric approach thrives in learning-centered, inclusive, and collaborative cultures, where leaders value and enable the movement of people and capabilities across the organization, which is the fourth priority future of work leaders identified.

The concept of the **internal talent marketplace** is increasingly being adopted.

When **work is viewed as scenario-based,** it allows organizations to quickly adapt to emerging needs and redeploy talent based on skillsets.

Formal talent mobility programs **significantly improve organizational agility,** allowing companies to quickly adapt to evolving business needs and changing market conditions.

Future of Work Leaders:
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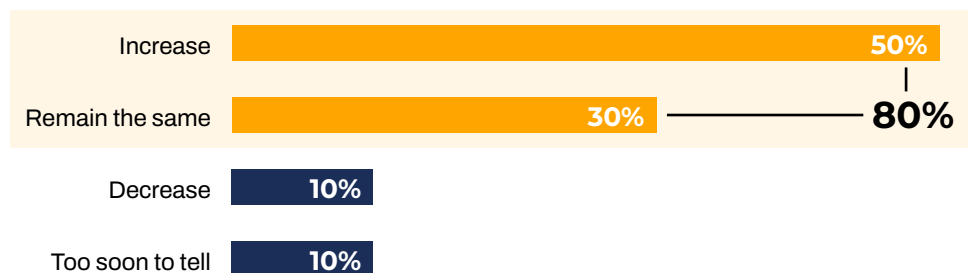
Increase	50%
Remain the same	30%
	80%
Decrease	10%
Too soon to tell	10%

4. **Improving the mobility of talent to optimize work impact and career engagement (50%).**

i4cp research has consistently shown the benefits of talent mobility in terms of workforce adaptability and overall business performance. Formal talent mobility programs significantly improve organizational agility, allowing companies to quickly adapt to evolving business needs and changing market conditions. When combined with cultures that are learning-centered, inclusive, and collaborative, the ability to move between roles and projects based on skills, interests, and business need is even easier and creates an environment that is much more future-ready than traditional structures.

In fact, i4cp data shows that high-performance organizations are twice as likely to emphasize talent mobility versus low-performance organizations. Yet, only a small percentage of companies have formalized this (estimated to be around 20%). Building a culture of mobility is a trait of very healthy organizations, and the benefits are clear: cross-functional collaboration increases, departmental cooperation is enhanced, innovation improves, and companies begin working more as one cohesive team instead of separate fiefdoms.

Future of Work Leader Predictions

1. Strategic workforce planning becomes a boardroom imperative.

In 2026, strategic workforce planning (SWP) will move from an HR exercise to a board-level priority. What began as a conversation about future skills and headcount is now about how to ensure the organization has the right mix of human and digital talent to execute strategy in the face of relentless change.

Last year, we noted a growing recognition for the need for dedicated *Future of Work* leadership, particularly in large enterprises where the investment implications of workforce and skills readiness demand focus and ownership. That recognition has since accelerated. As GenAI tools proliferate across functions, organizations are discovering that workforce planning isn't just about filling roles, it's about designing systems of work that can continuously reconfigure as automation, regulation, and skill demand shift.

The challenge is complexity. AI often is not replacing jobs one-for-one. Instead, it's fragmenting them. Tasks that once belonged to a single role are now distributed across people, bots, and platforms. This makes traditional workforce models outdated. Increasingly, corporate board directors recognize this—and companies must be ready, willing, and able to educate and inform their boards appropriately as explored in depth in i4cp's report titled *Closing the Confidence Gap: What Boards Need to Ensure Future Readiness*.

In the future we expect to see dedicated Future of Work and SWP functions reporting jointly to HR and Strategy. These roles will leverage AI-powered workforce simulation tools that model multiple futures and identify capability gaps before they emerge. The days of annual or 3-year workforce plans will give way to continuous planning cycles, and feature dynamic, data-driven adjustments. And other departments such as finance, IT, and operations will likely be involved in, and potentially jointly own, workforce design decisions.

The result is a redefinition of workforce planning from a narrow clandestine process to an open and shared executive responsibility to allocate human and digital capability. In 2026, Future of Work leaders will be counted on to anticipate disruption and subsequently design the adaptive architectures that determine who thrives in it.

2. "AI literacy" becomes a core enterprise skill.

In 2026, organizations will recognize that AI literacy is not a niche technical skill … it's the new digital fluency that every employee must possess to remain relevant and valuable. What began as "prompt engineering" workshops in 2024 and 2025

What began as a conversation about future skills and headcount is now about how to ensure the organization has **the right mix of human and digital talent** to execute strategy in the face of relentless change.

AI literacy becomes the new business acumen—particularly for high-performance organizations—blending technical comfort with human discernment.

will mature into enterprise-wide programs designed to embed AI comprehension, collaboration, and critical thinking into the DNA of the workforce.

In effect, AI literacy becomes the new business acumen—particularly for high-performance organizations—blending technical comfort with human discernment. Expect to see:

- **Mandatory AI fluency programs** for all employees (similar to cybersecurity training).

- **AI Centers of Enablement** that guide internal experimentation and upskilling.

- **Integration of AI proficiency** into performance evaluations and leadership competencies.

- **AI Mentorship networks**, pairing early adopters with business units to accelerate applied learning.

3. Productivity metrics will be redefined around "capacity creation."

For decades, productivity has been the holy grail of performance measurement—the ratio of output to input, rooted in industrial-era efficiency. But as AI reshapes the meaning of work itself, that definition no longer fits. In 2026, leading organizations will move beyond measuring *what* people produce toward measuring *how capacity is created*—how human and digital systems work together to expand the organization's ability to think, adapt, and innovate.

When discussing productivity metrics, the question will shift from *"How much did we produce?"* to *"What capacity did we unlock, and what incremental value did we create?"*

In 2026, Future of Work leaders will begin to reimagine traditional scorecards and dashboards. This will also apply to standard KPIs (efficiency, utilization, cost per unit) which will slowly give way to capacity KPIs, such as:

- **Time Redeployment Rate:** How much time freed by AI or automation is reinvested in innovation, learning, or customer impact?

- **Human Amplification Index:** How effectively are humans and AI systems enhancing each other's performance?

- **Adaptability Velocity:** How quickly can teams reconfigure in light of new problems or opportunities?

- **Learning Flow Rate:** How often and effectively are employees acquiring and applying new skills?

These new metrics signal a cultural shift: measuring *how well we grow and adapt* rather than *how much we output.*

4. The human operating system gets an upgrade.

It's not your grandfather's well-being program anymore. While AI and automation continue to capture headlines, 2026 will mark a turning point in how organizations invest in the *human system* of work. The next productivity revolution will not only come from faster technology, it will also come from smarter management of human attention, energy, and creativity.

Forward-thinking companies are beginning to recognize that, particularly as AI becomes more ubiquitous, the most constrained resource in the modern enterprise isn't capital or technology, it's the cognitive capacity of the workforce. As digital workloads intensify and collaboration becomes constant, burnout and distraction are the hidden taxes on individual performance. In response, organizations will increasingly apply neuroscience, behavioral analytics, wellness techniques, and AI insights to design *human operating systems*—intentional workforce architectures for focus, recovery, and flow.

We can also expect workflow to become data-informed. AI will analyze individual and team rhythms to predict overload and recommend "cognitive maintenance" practices, much like predictive maintenance for automobiles or other machines. Leaders will be trained to optimize *energy cycles* rather than meeting calendars. And well-being will evolve from programs and perks into a core capability that sustains creativity, innovation, and judgment.

The organizations that master this next layer of optimization—treating human cognition as strategically as they treat cloud computing—will unlock a new era of sustainable performance.

New metrics signal a cultural shift: measuring *how well we grow and adapt* rather than *how much we output.*

The next productivity revolution will not only come from faster technology, it will also come from **smarter management of human attention, energy, and creativity.**

Impact & Belonging Leaders

"The work is still happening; it's simply being messaged in a way that **meets the moment** and keeps it embedded in the organization's DNA."

2026 Impact & Belonging Leader Priorities

1. Promoting and embedding inclusive leadership practices and habits **(65%)**

2. Strengthening diversity, equity, and inclusion strategies to ensure alignment with organizational goals **(62%)**

3. Leveraging AI to enhance diversity, equity, and inclusion program effectiveness **(44%)**

4. Eliminating bias in processes, decisions, systems **(35%)**

2025—Probably the hardest year to date

Going into 2025 we all knew that it would be a tough year for the Impact and Belonging space. i4cp declared a year ago that ***"DEI was under fire the last couple of years. In 2025, the pressure intensifies."*** Like many others, we underestimated by how much. Diversity, equity, and inclusion programs were attacked from many angles—from legal and regulatory shifts, political backlash, public skepticism, cultural fatigue, and risk aversion in organizations—and these attacks have tested not only budgets and staffing, but legitimacy, narrative, and organizational courage.

As one member of our board said, "It is hard to predict 2026 when so much that you thought was impossible is happening unchecked in 2025."

Biggest Challenges for Impact & Belonging Leaders

- Providing evidence of the impact on the function's strategic initiatives **(50%)**

- Collaborating effectively with other functions on shared priorities **(44%)**

- Effectively leveraging AI **(38%)**

- Ensuring the function's employees can adapt to the changing needs of the business **(29%)**

2025 has been a test: for leaders in this field, the margin for error narrowed, the floor of tolerance shrank, and the stakes of visible misstep increased. Even the i4cp Chief Diversity Officer board elected to change its name to Impact & Belonging Leader board to help lessen the risk of federal scrutiny.

But professionals remain realistic, even optimistic, about the future of the industry. As one board member said, "Even as budgets hold steady, the way we talk about impact and belonging is shifting. External language is becoming softer, more universally appealing— belonging, inclusion-by-default, social impact—while internal systems continue to track, measure, and push for progress. The work is still happening; it's simply being messaged in a way that meets the moment and keeps it embedded in the organization's DNA."

"**It is hard to predict 2026** when so much that you thought was impossible is happening unchecked in 2025."

2025 has been a test: for leaders in this field, the margin for error narrowed, the floor of tolerance shrank, and **the stakes of visible misstep increased.**

> "Some regions will advance progressive DEI policies, while others may experience regulatory or cultural pushback. Multinational companies will need to navigate these differences with **agility and cultural sensitivity.**"

Another impact and belonging leader echoed this optimism.

"Rather than relying on standalone DEI programs, organizations will continue integrating inclusion into foundational systems—such as hiring, performance management, and leadership development—ensuring equity is operationalized and sustainable," she said. "Companies will increasingly rely on metrics to guide and justify DEI investments. This includes tracking representation, pay equity, promotion rates, and employee sentiment—linking inclusion outcomes directly to business performance and shareholder value."

However, she cautioned, there are significant regional differences and impact and belonging professionals will need to exert some adaptability as a result.

"Inclusion efforts will diverge globally. Some regions will advance progressive DEI policies, while others may experience regulatory or cultural pushback. Multinational companies will need to navigate these differences with agility and cultural sensitivity."

For more information on how practitioners are addressing these significant challenges, see **i4cp's Navigating DE&I in 2025 collection**. For 2026, let's explore the priorities this group is focused on in the coming year.

Priorities

1. **Promoting and embedding inclusive leadership practices and habits (65%).**

For many professionals in the impact and belonging field, it will be a massive victory to have inclusion become a core leadership expectation vs. just rhetoric. Inclusive leadership traits—consistently surfacing diverse perspectives, promoting psychological safety, and inviting dissenting views—aren't just nice-to-have, but are qualities that materially strengthen performance.

It's been estimated that less than 5% of global leaders meet the criteria of being inclusive, which is unfortunate because leaders who are viewed as fair and respectful **are 2.5X more likely** to have effective employees on their teams. This produces an inclusive culture, which has numerous business benefits. **i4cp research found** that low-performance organizations were **2X more likely** than high-performers to say that a lack of inclusiveness was an organizational challenge that impacted trust among teams and leadership. Those who describe their organizations' cultures as very healthy are **6X more likely** to cite inclusive as a culture trait.

By embedding inclusive leadership as a day-to-day leadership competency—not an optional add-on—leaders help build the muscle of *belonging* across the organization. Over time, that yields a culture where people contribute their full selves, speak up when ideas diverge, and feel safe to stretch. That is how inclusive leadership becomes a defining leadership norm vs. merely a program.
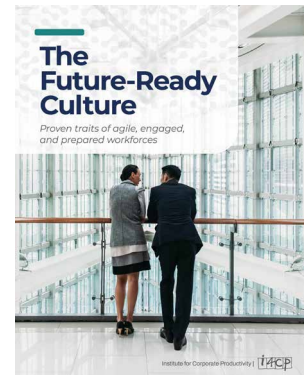
2. **Strengthening diversity, equity, and inclusion strategies to ensure alignment with organizational goals (62%).**

As organizations refine diversity, equity, and inclusion approaches to better align with their broader business, risk management, and compliance goals, many are finding that resilience amongst the diversity, equity, and inclusion community depends not only on advancing inclusion but also on ensuring legal defensibility. This includes coherence across practices internally along with commitments and perceptions externally, which requires embedding diversity, equity, and inclusion into enterprise continuity, compliance, and governance strategies, not treating it as a parallel effort.

i4cp research recommends organizations implement the following:

- **Work proactively with legal counsel** to anticipate and manage evolving legal and regulatory environments. For U.S.-based organizations, this includes navigating conflicting federal and state regulations; for global enterprises, it means adapting to diverse legal frameworks and cultural contexts.

- **Regularly audit people policies and practices for bias,** ensuring fairness and equity across all demographic segments of the workforce and across geographies.

Those who describe their organizations' cultures as very healthy are

6X more likely to cite inclusive as a culture trait.

For more, see i4cp's *The Future-Ready Culture.*

Resilience amongst the diversity, equity, and inclusion community depends not only on advancing inclusion but also **on ensuring legal defensibility.**

> **"All recent shareholder votes challenging corporate diversity, equity, and inclusion practices have failed by large margins, which is a strong signal for the business value of diversity, equity, and inclusion."**

One inclusion and belonging leader from a prominent i4cp member organization summed up how they plan to strengthen diversity, equity, and inclusion strategies this coming year, and her expectations of what other organizations would also do.

"2026 will likely look similar to 2025 in terms of how corporations discuss diversity, equity, and inclusion externally, in both terminology and content scope/breadth, to avoid political backlash while signaling ongoing commitment," she predicted. "Internally, progress will continue to be made as inclusive workplaces are recognized as essential for engagement, retention, innovation, and overall business performance; all recent shareholder votes challenging corporate diversity, equity, and inclusion practices have failed by large margins, which is a strong signal for the business value of diversity, equity, and inclusion."

External Pressures for Impact & Belonging Leaders

- Divisiveness associated with diversity, equity, and inclusion **(65%)**

- Changes made by the U.S. Government **(59%)**

- U.S. political instability **(56%)**

- Regulations and/or compliance specific to industry **(44%)**

### 3. Leveraging AI to enhance diversity, equity, and inclusion program effectiveness (44%).

"AI will continue to make inroads into the DEI space," said one board member. "Bias and inequity detection/transparency will increase, enabling fairer outcomes."

Enabling fairer outcomes is one of the top reasons inclusion and belonging leaders are excited about AI. It's also a reason why 65% of these leaders believe AI will be important or very important to their function's ability to deliver on its objectives in 2026.

According to i4cp research, the ways AI is leveraged today spans across several functions to aid diversity, equity, and inclusion efforts, from reducing bias in job descriptions and performance reviews to more adaptive and accessible tools that foster development and advancement.

High-performance organizations are more likely to use AI for building a more diverse workforce, with 53% of high-performing organizations citing this as a priority compared to 38% of low-performing organizations.

Impact & Belonging Leaders:
Anticipated Budget Change for Fiscal Year 2026
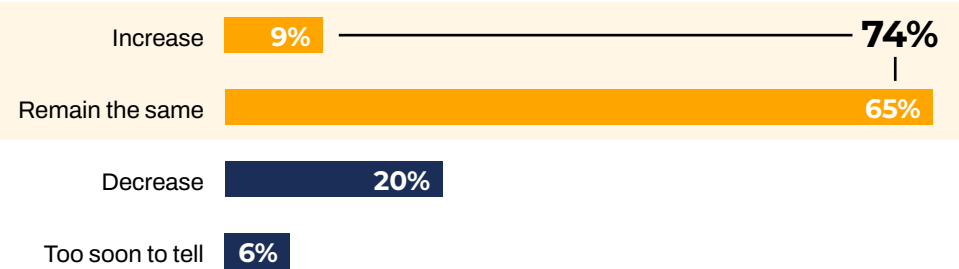
Increase	9% → 74%
Remain the same	65%
Decrease	20%
Too soon to tell	6%

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

4. Eliminating bias in processes, decisions, systems (35%).

It's usually unintentional, but many organizations have bias embedded in many areas of the organization. While AI is providing great assistance, it's important for organizations to be intentional in uncovering and eliminating bias throughout the enterprise.

Efforts to eliminate bias extend well beyond AI systems and touch many areas of human resources. In Talent Acquisition, for instance, bias auditing is critical for designing structured, consistent recruiting practices that advance diversity, equity, and inclusion. This involves reviewing job postings for gender-coded language, simplifying requirements to avoid unnecessarily limiting the candidate pool, and ensuring behavioral interview questions are open-ended and inclusive. For more, see the i4cp **Bias Audit for Talent Acquisition**.

65% of Impact & Belonging Leaders believe AI will be important or very important to their function's ability to **deliver on its objectives in 2026.**

Efforts to eliminate bias extend **well beyond AI systems** and touch many areas of human resources.

For more, see i4cp's
Bias Audit Workbook Series.

In Total Rewards, eliminating bias means ensuring pay, benefits, and advancement decisions are fair and transparent. Steps include discontinuing the use of compensation history or previous salary (which can perpetuate past inequities), using market data to set objective pay ranges, documenting all pay-related decisions, and conducting periodic audits to spot patterns that may impact protected groups. For additional recommendations, see the **Bias Audit Workbook for Total Rewards**.

Other areas of human capital are covered extensively in **i4cp's Bias Audit Workbook series**.

Impact & belonging will **increasingly be embedded into the business** in enterprise-wide governance frameworks instead of residing in specific programs.

Impact & Belonging Leader Predictions

__Note:__ Special thanks to Danyelle "DC" Wright, Member Co-Chair of i4cp's IBL Board and VP, Government Affairs & Social Impact, Employment & Labor Counsel, The E.W. Scripps Company

1.   Integration, not Isolation.

What's becoming clearer in many organizations is that impact and belonging will no longer sit off to the side in a siloed office. Indeed, it will increasingly be embedded into the business in enterprise-wide governance frameworks instead of residing in specific programs. For most, this isn't just culture work anymore; it's risk management and business health, with impact and belonging outcomes showing up as part of the organization's overall performance story.

2.   Legal and brand pressure is real.

The level of caution is increasing when it comes to demographic data disclosures and event-heavy programming that's identity-specific with no measurable impact. ERGs will be assessed not only for engagement but for business ROI, compliance, and tangible pipeline outcomes. Mentoring and sponsorship will need to be framed as career-advancing investments open to all employees, not just support networks.

3. Turning to the data.

Hiring, promotions, and pay decisions are trending toward data-backed processes: skills-based talent acquisition, pay equity analytics, and bias checks in AI-driven systems. The companies that anchor impact and belonging inside their performance management and rewards frameworks—rather than keeping it as an "extra" through heritage events—**will find stronger alignment and buy-in** from HR and senior leadership.

4. Widening the lens.

In the coming year, expect neurodiversity, age, and accessibility to rise in prominence alongside, and sometimes ahead of race and gender metrics. This opens the door for impact and belonging to connect directly with "future of work" strategies—innovation capacity, productivity measures, and stronger retention—making inclusion in some companies inseparable from workforce planning.

For more, see i4cp's *DE&I in 2025: How organization are making DE&I decisions.*

Pamela Hennard
Chief Belonging Officer & VP
NetApp

"*At NetApp, we know that inclusive teams are pivotal in boosting employee engagement, a key driver of our culture, innovation, and accelerating business performance. Inclusive teaming isn't reserved for big moments—it's built in everyday actions.*

From inviting different voices to be heard in meetings, to forming cross-functional teams that break down silos and creating space for fresh perspectives to shape our work, we are committed to fostering an environment where everyone feels valued.

We encourage every employee, regardless of their role, to actively contribute to building a culture of belonging where everyone can thrive."

People Analytics Leaders

2026 People Analytics Leader Priorities

1. Connecting people analytics data to the business' strategic goals **(63%)**

2. Workforce planning and scenario modeling **(63%)**

3. Implementing AI technology or services **(50%)**

4. Demonstrating the impact or ROI of talent programs and interventions **(50%)**

The ability to make **data-driven decisions about the workforce** has become a strategic imperative for high-performing organizations.

Uncertain times call for analytics

"We are living through a tornado of change in organizations. When things change, our old practices often don't work as well—or we're worried that they won't work as well. So, we change them—often on pretty shaky evidence," said Alexis Fink, the Chair of i4cp's People Analytics Board.

"When intuition based on the past is unreliable as a guide for moving forward," she added, "organizations can shift to using an analytics approach as a way to reduce uncertainty."

The ability to make data-driven decisions about the workforce has become a strategic imperative for high-performing organizations, a sentiment that is reinforced by the fact that two-thirds of people analytics board leaders anticipate their budgets to increase in 2026.

People Analytics helps organizations move beyond intuition and anecdote, providing leaders with concrete evidence to understand workforce dynamics, identify performance drivers, and anticipate future talent needs. Rather than simply describing what has happened, mature analytics functions can predict—and even prescribe—modeling outcomes such as attrition risk, productivity trends, and leadership potential. This enables organizations to align talent strategies directly with business objectives, improving both agility and performance.

Biggest Challenges for People Analytics Leaders

- Ensuring the function has the skills needed to deliver on its priorities **(50%)**

- Delivering on top priorities with insufficient technology **(38%)**

- Effectively leveraging AI **(38%)**

- Providing evidence of the impact on the function's strategic initiatives **(25%)**

Equally important, people analytics plays a pivotal role in creating more equitable and engaging workplaces. By uncovering patterns in hiring, promotion, and employee experience data, organizations can detect and address bias, improve inclusion, and design interventions that enhance engagement and well-being. In doing so, analytics becomes more than a tool—it becomes a vehicle for trust, transparency, and a key lever for developing and executing organizational strategy.

Mature analytics functions can **predict—and even prescribe**—modeling outcomes such as attrition risk, productivity trends, and leadership potential.

By uncovering patterns in hiring, promotion, and employee experience data, organizations can **detect and address bias, improve inclusion, and design interventions** that enhance engagement and well-being.

i4cp's research consistently shows that high-performance organizations are far more likely to **leverage people analytics as a core business capability** rather than a back-office function.

The most forward-thinking companies now recognize that their ability to leverage people data responsibly and insightfully is not only a means to sustainable business success, but also a source of competitive advantage.

i4cp's research consistently shows that high-performance organizations are far more likely to leverage people analytics as a core business capability rather than a back-office function. Over the past decade, organizations that have invested in workforce analytics have begun to quantify the tangible business value—and the results are compelling:

- **Experian achieved** a $14 million savings over two years by reducing global attrition by 4% through targeted workforce interventions.

- **Discover Financial Services** found that their tuition assistance program saved the company $11 million through avoided attrition, even accounting for wage gains from participants.

- Retailer Clarks **used engagement data** to reveal that a mere 1% rise in employee engagement correlated with a 0.4% improvement in store performance, highlighting the direct connection between workforce sentiment and business outcomes.

These organizations don't view analytics as an HR initiative; they see it as a strategic discipline that shapes culture, informs leadership decisions, and drives measurable performance outcomes. While financial returns vary by organization and analytical sophistication, the overarching lesson is clear: people analytics pays off.

With that as a backdrop, here are the top priorities for People Analytics leaders.

Priorities

1. **Connecting people analytics data to the business' strategic goals (63%).**

"People tend to focus a lot on the output of an analysis. But here's the secret—the inputs—the question you are pursuing, and the information you are using to get at that question—matter a lot more," offers Fink. "Great analytical work starts with clarity around priorities and constraints—exactly the kinds of things that deep internal experts like HRBPs bring to an organizational change question."

To be successful with PA, it's important to start with the business, not the data. Before running any analysis, top PA professionals meet with senior leaders and functional heads to understand what is a barrier. Is it productivity, innovation, retention of critical talent, customer satisfaction, or speed to market?

"One common, critical mistake is approaching questions like a lawyer—looking for evidence that you are right," Fink continued. "However, especially when the stakes are high, it's important to approach difficult questions by thinking like a scientist. Instead of trying to prove that you are right, look for evidence that you might be wrong, that is, really, truly test your assumptions. Ask, what other answer could explain this? By doing that, you can avoid, well, being wrong. You can find the risks and errors in thinking much earlier and build strategies to mitigate or avoid them."

The ultimate objective is to translate business goals into people strategies. For example, if the goal is innovation, link it to measures such as collaboration patterns, learning agility, or psychological safety. If it's growth, explore how sales performance, onboarding effectiveness, or leadership bench strength contribute. This is the pattern that leading People Analytics functions and leaders follow to establish strategic importance.

External Pressures for People Analytics Leaders

- Regulations and/or compliance specific to industry **(50%)**

- Data security and privacy **(50%)**

- Changes made by the U.S. Government **(38%)**

To be successful with people analytics, **it's important to start with the business**, not the data.

The ultimate objective is to **translate business goals into people strategies.**

High-performance organizations are nearly **3X** more likely to use **scenario modeling** to guide workforce decisions.

2. Workforce planning and scenario modeling (63%).

In uncertain times, workforce planning and scenario modeling are critical disciplines for aligning talent supply with business strategy. Effective workforce planning integrates data on skills, demographics, performance, and external labor trends to ensure the organization has the right capabilities at the right time. Scenario modeling adds another layer of strategic foresight, allowing leaders to anticipate the impact of economic shifts, automation, or growth initiatives on talent needs.

i4cp research found that fewer than 30% of organizations rate their workforce planning as highly effective. Yet, high-performance organizations are nearly **3X more likely** to use scenario modeling to guide workforce decisions. This proactive approach enables organizations to identify critical skill gaps early, optimize investment in talent, and remain agile in the face of disruption—turning workforce planning from an HR exercise into a core strategic capability.

However, most people analytics leaders don't believe their efforts are fully integrated with workforce planning. According to **a recent i4cp survey**, 67% of PA professionals say they are only somewhat, slightly, or not well integrated with workforce planning efforts vs. 26% that feel they are very well integrated.

Organizations are **increasingly using AI** to forecast turnover, identify emerging skill gaps, and model workforce scenarios.

3. Implementing AI technology or services (50%).

AI has certainly helped advance the people analytics function from retrospective reporting into predictive, proactive insight. Organizations are increasingly using AI to forecast turnover, identify emerging skill gaps, and model workforce scenarios. Generative AI is accelerating this shift by allowing leaders to ask questions in natural language (such as "Which business units are at highest attrition risk?") and instantly receive narrative explanations or recommended actions. These tools make analytics more intuitive, accessible, and actionable, and they enhance decision-making by connecting people data more directly to business outcomes.

The strategic value lies in speed, scale, and foresight. AI can rapidly process complex, multi-dimensional datasets to uncover patterns that human analysts might miss—enabling real-time insights into performance, engagement, and workforce readiness. By linking workforce variables to key financial and operational indicators, AI allows leaders to anticipate future talent needs, optimize workforce investments, and stress-test strategies against different economic or organizational scenarios. This makes people analytics a driver of business resilience and agility.

However, adoption must be thoughtful and ethical. Data quality, model transparency, and privacy remain significant challenges, and poorly designed systems risk reinforcing bias or eroding employee trust. The future of AI in people analytics is not about replacing human judgment but augmenting it—empowering HR and business leaders to make faster, fairer, and more informed decisions grounded in both evidence and empathy.

People Analytics Leaders:
Anticipated Budget Change in Fiscal Year 2026
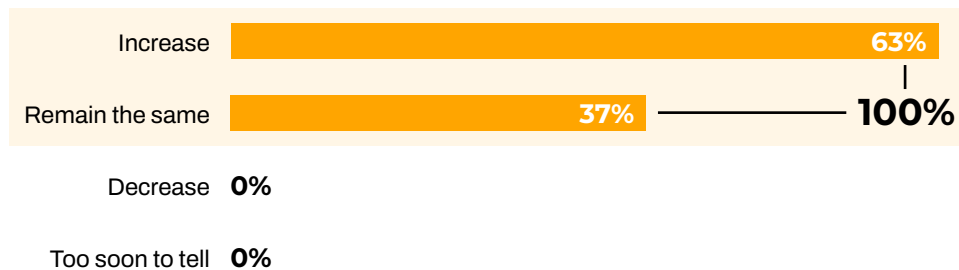
Increase	63%
Remain the same	37% — 100%
Decrease	0%
Too soon to tell	0%

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

4. Demonstrating the impact or ROI of talent programs and interventions (50%).

To effectively demonstrate impact, it's important to map business outcomes to workforce behaviors and data. More important is to not just present metrics. Instead, skilled people analytics professionals show how certain programs influence financial or operational KPIs (such as how engagement scores predict customer net promoter score (NPS) or revenue per employee).

Savvy people analytics professionals are involving business leaders early when framing hypotheses and defining success metrics. It increases buy-in and ensures relevance. They are also working cross-functionally, and collaborating with key areas like finance, strategy, and operations teams to validate models and connect workforce data with business performance data. Additionally, effective leaders rely on business terms to frame insights, focusing on areas like risk, ROI, and performance, instead of using HR jargon.

The bottom line is PA professionals with these skills are helping to deliver measurable business value that goes beyond traditional HR metrics and improves core business operations and outcomes.

> People analytics professionals are helping to deliver **measurable business value** that goes beyond traditional HR metrics and improves **core business operations and outcomes.**

Leaders will increasingly rely on AI and advanced analytics that can **interpret data, simulate outcomes, and recommend actions.**

Organizations that **unify their data ecosystems** will gain a more dynamic understanding of workflow, identifying informal networks, collaboration bottlenecks, and capability hotspots in real time.

People Analytics Leader Predictions

1. AI becomes the co-pilot of workforce intelligence.

While it's already happening, we expect that generative and predictive AI will eventually become embedded in every layer of the People Analytics ecosystem, transforming the function from one that explains the past to one that *anticipates and advises*. Instead of static dashboards, leaders will increasingly rely on AI and advanced analytics that can interpret data, simulate outcomes, and recommend actions. These tools won't replace the need for analysts but will significantly elevate their strategic influence by accelerating insight and reducing the typical time lag between data collection and decision-making.

As a result, "analytics literacy" will evolve from foundational requirement to an expected leadership capability. People leaders will be expected to query analytical platforms directly—asking, for example, "What's the retention risk of our high-potential engineers if we cut work-from-home flexibility by 20%?"—and receive contextual answers backed by evidence. The democratization of insights will broaden the reach of analytics beyond HR, embedding workforce data into everyday operational decisions.

A caution, however. This transformation will sharpen scrutiny on data accuracy, governance, and ethics. Organizations will need to invest in explainable AI, transparent data lineage, and ethical review frameworks to maintain employee trust. Those that strike the right balance—pairing AI's computational power with human empathy and judgment—will see significant improvement in agility and decision quality. In short, AI will become the co-pilot of organizational decision-making, not merely a back-end engine.

2. From people analytics to organizational intelligence.

The boundaries of the People Analytics function will expand beyond HR in 2026, integrating data from finance, operations, and customer experience to create a more holistic "organizational intelligence" strategy. Leading companies will no longer be satisfied analyzing engagement, attrition, or available skills in isolation—they'll correlate these with business performance indicators such as new logo sales, customer churn, and productivity cycles. This convergence will redefine PA as a cross-functional discipline sitting at the intersection of people, performance, and purpose.

The payoff should be profound: organizations that unify their data ecosystems will gain a more dynamic understanding of workflow, identifying informal networks, collaboration bottlenecks, and capability hotspots in real time. Instead of backward-looking metrics, these companies will use continuous sensing systems to

guide strategic decisions like where to invest in talent, which teams to scale, or how to restructure for speed.

The winners will be those who build connective tissue between analytics and action—translating organizational intelligence into adaptive design and agile workforce planning.

3. Ethical analytics becomes a boardroom issue.

As data pervades every aspect of the organization, ethical analytics will move from a technical concern to a board-level item. Soon, regulators will likely require greater transparency around how people data is collected, modeled, and applied, and what people data is disclosed publicly. This will push companies to formalize governance structures similar to those that exist for financial reporting or cybersecurity, with clear accountability for fairness, explainability, and consent.

High-performing organizations will go beyond compliance by building "trust by design" into their analytics processes—incorporating employee voice, clear opt-in mechanisms, and third-party audits of AI models. In turn, this transparency will likely strengthen culture and engagement, as employees increasingly judge employers by how responsibly they handle data.

The organizations that fail to build trust in their analytics will face talent flight and reputational risk.

Regulators will likely **require greater transparency** around how people data is collected, modeled, and applied, and what people data is disclosed publicly.

"
We are living through a tornado of change in organizations. When things change, our old practices often don't work as well—or, we're worried that they won't work as well. So, we change them—often on pretty shaky evidence. But most of the time when we do this, we are looking at a symptom—not at the root cause. Like a Sisyphean game of whack-a-mole, that root cause keeps throwing up problems in new places."

Alexis Fink

Chair of i4cp's People Analytics Leader Board and former Meta VP, People Analytics & Workforce Strategy

Organizations that master scenario intelligence will turn volatility into a competitive advantage.

4. Scenario intelligence drives strategic workforce agility.

Like traditional scenario planning, leading organizations will integrate continuous scenario modeling into their workforce planning processes, enabling leaders to test multiple "what if" futures in real time. These models will incorporate macroeconomic, geopolitical, technological, and demographic variables to anticipate labor market shifts, automation impacts, and evolving skill demands.

People Analytics teams will thus evolve into *strategic foresight engines*. Rather than producing quarterly reports, they'll maintain living simulations that inform capital allocation, M&A strategy, and risk management.

This capability will redefine HR's seat at the strategy table. As CEOs and boards demand evidence-based agility, PA leaders who can translate uncertainty into quantified options and prescriptive recommendations—not just insights—will become indispensable. The organizations that master scenario intelligence will turn volatility into a competitive advantage, making foresight, not hindsight, their primary asset.

Talent Acquisition Leaders

2026 Talent Acquisition Leader Priorities

1. Implementing AI technology or services **(65%)**

2. Improving internal talent mobility **(61%)**

3. Restructuring/reorganizing the TA function to align with evolving business needs **(48%)**

4. Leveraging data analytics to guide recruitment strategies and decisions **(43%)**

For talent acquisition executives, AI-driven hiring shifts call for **strategic recalibration** rather than retrenchment.

The future TA department will likely manage fewer requisitions but will focus on **higher-value advisory work**—skills mapping, workforce planning, and AI governance.

While many **blame a hiring slowdown on AI,** others argue that economic/cost pressures, macro uncertainty and business model changes also play big roles.

From operational hiring to workforce-strategy partner

The TA profession is being reshaped: the future TA department will likely manage fewer requisitions but will focus on higher-value advisory work—skills mapping, workforce planning, and AI governance—rather than volume-driven, transactional hiring.

This is happening in part because, over the past year, hiring activity across many industries has significantly softened. This trend is evident in both U.S. and international data; for example, the Bureau of Labor Statistics revised its job-growth estimates downward by nearly one million positions, reflecting a slower-than-expected labor market expansion. While this slowdown is not universal, numerous data points make it clear there is a cooling talent market.

One of the most visible contractions is in early-career hiring. Multiple reports from around the globe note that internship and rotational programs are being scaled back or paused as companies experiment with new AI-enabled productivity models that rely less on less experienced talent and more on smaller, AI-augmented teams.

The rise of artificial intelligence is often cited as both a *cause* and a *rationale* for this shift. Companies such as **Goldman Sachs** and **Accenture** have publicly acknowledged reducing headcount and slowing external hiring while investing heavily in AI tools and automation designed to improve productivity. One study found that nearly three in 10 companies (29%) have already replaced entry-level workers with AI, and another 34% are considering doing so. While many blame a hiring slowdown on AI, others argue that economic/cost pressures, macro uncertainty and business model changes also play big roles.

Biggest Challenges for Talent Acquisition Leaders

- Delivering on top priorities with fewer resources **(43%)**
- Effectively leveraging AI **(43%)**
- Ensuring the function's employees can adapt to the changing needs of the business **(39%)**
- Delivering on top priorities with insufficient technology **(30%)**

For TA executives, this environment calls for strategic recalibration rather than retrenchment. Several areas rise to the surface:

- Framing AI not merely as a cost-cutting tool but as an opportunity to make recruiting more strategic. Long term, the most successful TA functions will be those that combine automation efficiency with foresight about where human judgment is indispensable.

- Investigating the long-term risk of under-investing in early-career hiring—particularly the impact on succession and innovation pipelines, as well as possible increases in future hiring costs and creating a negative perception of the brand.

- Leveraging a quieter hiring period to redesign recruiting infrastructure by automating administrative work, upskilling recruiters in data interpretation and AI literacy, and building internal mobility programs that offset reduced external hiring.

Here's what the executive members of i4cp's Talent Acquisition board listed as top priorities for 2026:

Long term, the most successful TA functions will be those that combine **automation efficiency** with foresight about where **human judgment is indispensable.**

Priorities

1. Implementing AI technology or services (65%).

"The rapid advancements in AI technology are here—and if we fail to adopt these technologies we risk being left behind in a highly competitive market," said one member of i4cp's TA board. "AI can significantly enhance our ability to analyze data, automate repetitive tasks, and provide deeper insights into candidate suitability, ultimately leading to more efficient and effective hiring processes."

For most organizations, the TA function has been the biggest adopter of AI in HR.

For most organizations, the TA function has been the biggest adopter of AI in HR. But, despite the adoption, maturity varies dramatically. For i4cp's TA board, only 26% said that they are operationalizing AI today, while another 26% said they are currently researching potential models and applications. 43% said they are still experimenting.

Many organizations are deploying AI for basic functions (writing job descriptions, scheduling interviews) rather than high-value strategic tasks (skills-matching, predictive sourcing). Real ROI is happening with creative deployments that are delivering *measurable* impact. Some examples of i4cp member practices include:

- **ServiceNow** uses GenAI to **improve candidate sourcing efficiency** by automating time-consuming administrative activities.

- **GE Appliances** **significantly improved its recruitment process**, achieving higher response rates and better-quality hires by using AI to create highly personalized and compelling recruitment messages.

- **Land O'Lakes** **is leveraging AI to enhance candidate experience** and streamline recruitment processes through personalization, tailoring job listings and career site content to individuals based on their browsing history, geolocation, and other interactions.

External Pressures for Talent Acquisition Leaders

- Macroeconomic uncertainty **(57%)**

- Available talent pool **(43%)**

- Changes made by the U.S. Government **(43%)**

- Regulations related to the use of AI **(39%)**

For more, see i4cp's **Talent Mobility and Internal Talent Marketplaces Guidebook.**

2. Improving internal talent mobility (61%).

Hiring slowdowns, macroeconomic uncertainty, and AI edicts have all had an influence on the increasing focus on internal talent mobility.

Most TA leaders also know that increased mobility helps enable greater organizational agility. Top talent gains valuable cross-functional knowledge, communication throughout

the organization improves, innovation improves, and companies begin working more as one cohesive team. Additionally, roles and projects are filled more quickly by people with aligned skills, and mobility also helps early-career talent (especially those whose skills are more easily replicated by AI) gain exposure across the business for experiential and relational purposes. i4cps' **Talent Mobility Guidebook** helps organizations utilize this technique effectively.

Over the years i4cp has studied talent mobility, the correlation between formal programs and market performance is unmistakable. i4cp member company Cox Enterprises is an exemplar of **building a thriving culture of talent mobility** by starting with gig marketplace and rapidly demonstrating ROI.

Another i4cp member, E.W. Scripps, has evolved from a passive internal job board model to **an active internal sourcing strategy**. Recruiters now regularly mine Workday talent profiles, leading to a 38% conversion rate on internal referrals. The company also created a proactive outreach effort for employees nearing the end of fixed-term contracts—which achieved a 63% retention rate in 2024. Their unique Mobility Maps—physical map pinning ceremonies and digital dashboards—visually celebrate internal moves, reinforcing culture and transparency.

3. Restructuring/reorganizing the TA function to align with evolving business needs (48%).

"Organizations will continue to look at their organizational structures for opportunities to drive efficiencies," predicts a member of the TA board. "Technology will again loom large relative to the change it will drive and the impact it has on TA team members."

As hiring slows, it's natural the TA function would look to restructure. AI adoption, budget constraints, skills-based hiring, and shifting workforce priorities are forcing the issue. In 2025, TA teams already began moving from traditional business-unit alignment toward centralized or hub-and-spoke models, as well as skills-based models to better match evolving business

Talent Acquisition Leaders:
Anticipated Budget Change for Fiscal Year 2026
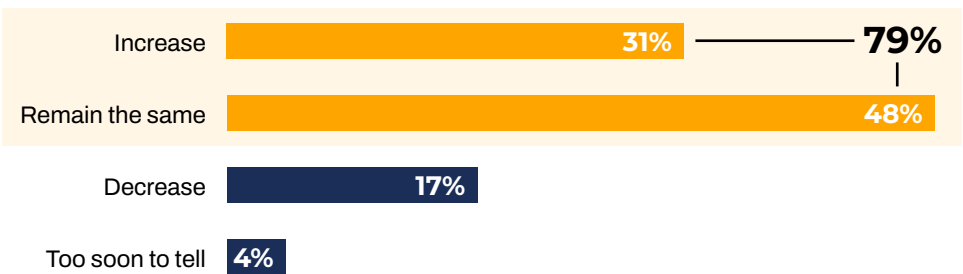
Increase	31% — **79%**
Remain the same	48%
Decrease	17%
Too soon to tell	4%

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

Mobility helps early-career talent (especially those whose skills are more easily replicated by AI) gain exposure across the business for experiential and relational purposes.

AI adoption, budget constraints, skills-based hiring, and shifting workforce priorities are **forcing the TA function to restructure.**

2026 will likely see not only process and technology change but also **the restructuring of roles, responsibilities, and reporting lines** across TA and adjacent HR functions.

strategies. Some organizations are integrating TA more closely with talent management and development functions, creating holistic "total-talent" strategies that unify permanent and contingent hiring.

Budget pressures have accelerated these changes, prompting many companies to centralize recruiting operations, adopt regional hub models, or create shared service centers. In short, 2026 will likely see not only process and technology change but also the restructuring of roles, responsibilities, and reporting lines across TA and adjacent HR functions.

Looking ahead, successful TA functions will likely operate through segmented service models—AI-driven for high-volume roles and human-led for complex hiring—and rely on centralized data, unified technology stacks, and tightly integrated partnerships with workforce planning and learning. This evolution positions TA not merely as a service provider focused on hiring activity, but as a strategic business enabler of workforce agility. In essence, the coming year will be defined by TA functions reshaping themselves to keep pace with a rapidly transforming talent landscape.

4. Leveraging data analytics to guide recruitment strategies and decisions (43%).

Organizations are increasingly shifting to a much more data-driven TA approach, measuring, analyzing, and reporting recruiting data so that teams can identify what sources yield the best candidates, where bottlenecks exist in the funnel (e.g., time-to-hire, cost-per-hire, offer-acceptance rates), and ultimately link hiring to business outcomes.

It's clear that TA functions expect to amplify their use of analytics—not just for reporting but for strategic decision-making. Analytics should become embedded in the talent acquisition

process: proactively forecasting demand, identifying skills gaps, optimizing sourcing channels, segmenting roles by risk/rarity/volume, and measuring quality of hire rather than just time-to-fill.

"But it's time to *really* invest in analytics," said Mimi Turner, i4cp Executive Sponsor of the TAB. "We've been talking about the power of analytics in talent acquisition for decades. It can forecast demand, identify skills gaps, and shift hiring from reactive to strategic. But let's be honest, that vision has yet to materialize in any meaningful way for many companies."

According to Turner, the reason isn't capability. It's commitment. Companies say they want data-driven insights, but when it's time to fund the hard work of integration, analytics often takes a back seat. HR and TA systems remain siloed, disconnected, and underinvested.

"We cannot expect analytics to transform decision-making when the data itself lives in isolation," she added. "This is not the time to scale back. As cost-cutting pressures mount, the instinct is to pause investment in HR and TA. But the leaders who invest in the infrastructure that enables true workforce intelligence will be the ones really seeing around the corner."

> It's clear that TA functions expect to amplify their use of analytics—not just for reporting but for **strategic decision-making.**

The increasing maturity of generative AI, automation, and talent analytics undoubtedly means that TA teams will shift many of their hiring processes to **AI-first workflows.**

Rather than just sourcing externally, TA will source internally, match skills to roles or gigs, facilitate redeployment, and **help create fluid talent marketplaces.**

Talent Acquisition Leader Predictions

1. The TA function will become AI-first and more data-driven.

"Organizations will continue to move forward along the spectrum of AI capabilities and tech in their TA organizations no matter where they currently are," said one member of our TA board. "Those who were earlier adopters will be more aggressive and further along in pushing agentic AI in their companies. On the opposite end of things, even those with low risk tolerance will feel the pressure of beginning to dabble in AI."

The increasing maturity of generative AI, automation, and talent analytics undoubtedly means that TA teams will shift many of their hiring processes to AI-first workflows. As that shift happens, TA roles will likely change: fewer resources will be devoted to repetitive tasks such as screening applications and scheduling interviews, and more will be spent on strategic work—designing role archetypes, advising hiring managers, curating candidate experience, interpreting analytics.

"With more and more technology companies being acquired and technology being consolidated, teams will look to simplify their tech stacks by reducing the number of vendors they partner with to get work done, improve integrations and the overall experience," predicted another member of the TA board.

As a result, TA executives will likely not only need to redesign the technology stack (which tools, dashboards, monitoring/oversight), but also the operating model (who does what), and governance (bias, fairness, transparency). This trend also highlights the need for TA to measure and act on data: time-to-fill, quality of hire, candidate drop-off rates, and outcome metrics of AI-driven vs. human processes. With the right data and AI systems in place, TA can become faster, more efficient, and more predictive rather than reactive.

2. The TA function will evolve toward a skills-first, talent-mobility-enabled model.

By 2026, TA won't just fill roles by job title and experience; it will increasingly hire and deploy around skills, capabilities, adaptability and internal mobility pathways. The shift to **skills-based hiring** is already underway, and companies are leveraging a skills-based approach in many other areas like learning & development.

This means TA will need to work much more closely with workforce planning, L&D, internal mobility, and talent management functions. Rather than just sourcing externally, TA will source internally, match skills to roles or gigs, facilitate redeployment, and help create fluid talent marketplaces. That also helps increase organizational agility by responding to shifting business needs more quickly and reducing the cost and time associated with external hiring.

For TA teams this means they will increasingly partner with the L&D functions to upskill current employees vs. a "hunt externally first" mentality. This approach will require new capabilities, which includes skills taxonomy, data on internal talent movements, internal candidate experience, metrics on internal fill-rate and mobility usage and speed, and governance on fair access to internal opportunities. The shift should make TA more strategic: not just "hire externally" but "deploy talent optimally across the enterprise."

3. **Talent acquisition will shift toward candidate-discovery marketing, creator/peer-led attraction, and employer-brand authenticity.**

In 2026 the way candidates find jobs and evaluate employers will continue to change, and TA will undoubtedly shift from posting jobs and reacting to sourcing, to proactive discovery, content marketing, peer networks, and even creator/employee-led engagement.

Additionally, TA teams will focus on trust, authenticity and culture more than just polished branding. Traditional employer branding is giving way to real employee voices, social proof, and peer-to-peer networks. What this means for TA is the organization's attraction strategy will look more like marketing combined with media. Companies will spend time testing channels that reach passive candidates in their social/creator feeds, build content strategies around employee stories, micro-influencers, creator partnerships, and monitor metrics like content engagement, talent pool reach, and conversion from discovery to application.

For TA leaders, this likely means rethinking budgets (less on boards, more on creator/ambassador programs), redesigning roles (talent brand specialists, creator-relations), supporting employee-generated content, and forging close alignment with marketing/communications. Brands will be pushed to show, not just tell, candidates in a push for authenticity and transparency. It also means TA ownership of candidate experience end-to-end, a concept the TA function has been discussing for some time.

4. **The TA function will revolve around strategic business partnerships and organizational agility.**

If executives still view TA as a "staffing service" they will need to shift their thinking. Going forward, TA will be more universally viewed as a strategic function aligned directly with business goals, workforce agility, internal mobility, and future readiness. What this means is that TA will be more organized for flexibility and scale. For example, one might see regional recruiting hubs supporting multiple business units, TA operations units handling high volume/transactional work, centers of excellence

TA teams will increasingly **partner with the L&D functions** to upskill current employees vs. a "hunt externally first" mentality.

Traditional employer branding is giving way to **real employee voices,** social proof, and peer-to-peer networks.

TA becomes not just the service that fills positions, but **the function that helps the organization build and deploy talent at pace.**

leading strategic sourcing/talent intelligence, and business-aligned TA partners embedded with major functions.

The goal is to enable faster response to workforce shifts, closer integration with the business, and better ROI on hiring.

TA leaders will need to evaluate their operating model and ask: Are roles aligned with business demand? Are we structured to respond to rapid change (e.g., skills shift, internal mobility, contingent workforce)? Are our governance and metrics aligned with business outcomes (e.g., skills readiness, internal fill rate, hiring scalability, cost per hire)? In short, TA will transform both structurally and functionally to meet evolving business needs.

Ultimately, this shift elevates TA from operational hiring to workforce-strategy partner. TA will be a function that increasingly influences workforce planning, internal mobility, reskilling/upskilling, talent marketplace design, and external sourcing. It becomes not just the service that fills positions, but the function that helps the organization build and deploy talent at pace.

Edwards Lifesciences

Chelle Wingeleth
VP, Talent Acquisition
Edwards Lifesciences

"We are navigating one of the most dynamic, complex talent landscapes in history. The challenge before us is to strategically adapt while sustaining growth and impact globally. As emerging technologies, shifting policies, and shrinking talent pools reshape the world, our opportunity lies in how creatively and intentionally we identify, develop, and deploy talent.

Now more than ever, leaders recognize that filling open roles is just the beginning. The real opportunity is to take a strategic view of the long-term talent pipeline: identifying critical roles, defining the skills that drive success, attracting exceptional talent, and crafting meaningful careers that inspire people to stay and grow.

The future won't wait. The strategic opportunity is to nurture a culture which embraces innovation and change, rewards talent for agility and resourcefulness, and fosters collaboration across diverse teams to achieve extraordinary results."

Total Rewards Leader Board

Reward strategies must be more precise, holistic, and **tightly aligned with business and workforce needs.**

2026 Total Rewards Leader Board Priorities

1. Evaluating healthcare coverage offerings to reflect rising costs **(88%)**

2. Implementing AI technology or services **(50%)**

3. Restructuring/reorganizing the total rewards function to align with evolving business needs **(50%)**

4. Aligning rewards to organizational objectives **(50%)**

Imagining the future "workforce horizon"

"In 2026, I expect continued uncertainty across several fronts including immigration, tariffs, and geopolitical stability which may lead to business disruptions that ripple through total rewards areas such as incentives and pay," predicted a member of our Total Rewards board. "Rising medical costs will remain a significant challenge, with no clear path to manage growing expenses related to pharmacy and other healthcare spending. At the same time, organizations will continue to advance AI and digital capabilities, as improving efficiency will be essential in navigating increasingly complex and volatile business environments."

In today's labor market, the concept of total rewards is under incredible pressure—both from the perspective of what employees expect and what organizations must deliver. Against a backdrop of wage inflation, benefits cost pressures, geopolitical disruption, and shifting workforce preferences, rewards programs are evolving from "salary plus standard benefits" into a comprehensive benefits program that is personalized to employees' needs and various life stages. In fact, **MetLife** found that 73% of employees demand personalized benefit experiences.

Core benefits (medical, dental, vision, ancillary) represent **about 15-30% of an employee's salary** in many organizations. At the same time, pay increases are moderating. **Average merit increases** are closer to about 3-3.5% versus the double-digit jumps seen immediately following the pandemic.

The message is clear: organizations cannot simply "throw money at the problem." Instead, reward strategies must be more precise, holistic, and tightly aligned with business and workforce needs.

At the same time, pay transparency is becoming a governance imperative worldwide. Across regions, new regulations and heightened societal expectations are pushing organizations

In today's labor market, the concept of **total rewards is under incredible pressure—** both from the perspective of what employees expect and what organizations must deliver.

Biggest Challenges for Total Rewards Leaders

- Delivering on top priorities with fewer resources **(50%)**

- Effectively leveraging AI **(50%)**

- Delivering on top priorities with insufficient technology **(38%)**

- Keeping up with advancements in AI **(38%)**

Pressure is growing around rising base salary and healthcare costs, organized labor activity, and critical skill shortages.

to disclose salary ranges and demonstrate fairness in rewards (e.g., EU Pay Transparency Directive, Australia's gender pay gap reporting, etc.). Yet, only about 18% of employers **feel fully ready** to meet these transparency demands. For organizations leading in this domain, reward communications, manager enablement and digital tools for choice and personalization are rising in priority.

From a strategic cost-management and analytics standpoint, rewards leaders are under pressure to show how their investments in pay, benefits and broader rewards contribute to business outcomes—not just employee satisfaction. Pressure is growing around rising base salary and healthcare costs, organized labor activity, and critical skill shortages. Many organizations are now designing dashboards and analytics to connect rewards spend with productivity, retention, and engagement outcomes, rather than just benchmarking to market.

This shift reflects an evolution from "what do others pay?" toward "what delivers value for us—and for our employees?"

In the future, reward leaders will need to sharpen their analytics, deepen personalization, and define how their reward investments create measurable business value.

Priorities

1.   Evaluating healthcare coverage offerings to reflect rising costs (88%).

It's no surprise that so many total rewards leaders listed this as the top priority: the pressure on health care and benefits costs continues to intensify. In response, reward leaders are re-evaluating how health care plans are structured and what offerings they provide. For example, some firms are redesigning plan tiers, steering employees toward high-value networks, increasing use of value-based care options, and introducing lifestyle or wellness-based incentives to reduce claim drivers (such as obesity or chronic disease). From a strategic viewpoint, this evaluation is no longer just about "what's the right premium split" but about aligning health benefits strategy with talent attraction/retention, employee wellness, and the broader employer brand.

In short: with cost inflation high, health benefits are a key lever for total rewards leaders. The companies that succeed will treat health benefits strategy not as a cost center but as a strategic rewards investment.

2.   Implementing AI technology or services (50%).

"The next era of total rewards blends human judgment with machine intelligence," predicts Nick Larson, VP of Compensation at T-Mobile. "Our challenge isn't replacing decisions; it's amplifying them with data and integrity."

Larson's advice rings true for many areas of HR including total rewards, but for most organizations the use of AI in the total rewards function is a mixed bag. **One study** found that roughly 40% of HR leaders said they are using AI in benefits administration/skills insights today, and another 40% plan to do so. However, **a more specific survey** of total rewards functions found only 6% of U.S. organizations reported using AI in compensation planning and design today. This shows that while interest is strong, actual adoption is early-stage—making this a smart priority by our total rewards leaders for the coming year.

The case for AI in total rewards lies in three converging dynamics:

- The sheer volume and complexity of data

- The shifting demands of employees for more personalized and transparent reward experiences

- The rising expectations of HR/rewards leaders to move from "administration" to "strategic value-creation"

What this means in practice is that total rewards functions now have the opportunity to elevate their role: rather than simply "administering pay and benefits," the team can leverage analytics and machine-assisted intelligence to inform strategy such as forecasting pay

The pressure on health care and benefits costs continues to intensify. In response, reward leaders are **re-evaluating how health care plans are structured** and what offerings they provide.

While interest in AI is strong, **actual adoption is early-stage—** making this a smart priority by our total rewards leaders for the coming year.

For larger companies the message is clear: if you don't **invest in AI-enabled capabilities,** you risk being out-paced in efficiency, insight and employee experience.

External Pressures for Total Rewards Leaders

- Macroeconomic uncertainty **(75%)**
- Changes made by the U.S. Government **(75%)**
- U.S. political instability **(75%)**
- Regulations and/or compliance specific to industry **(38%)**

pressures, mapping segments to rewards, detecting equity issues, etc. For larger companies the message is clear: if you don't invest in AI-enabled capabilities, you risk being out-paced in efficiency, insight and employee experience.

Implementing AI can be a differentiator—but success depends on having the right data foundation, governance, and change-management in place.

3. Restructuring/reorganizing the total rewards function to align with evolving business needs (50%).

This priority likely reflects two major pressures: one, the shift in what total rewards must deliver (agility, personalization, analytics) and two, the need for the function to connect more directly with business strategy.

Today, firms are increasingly embedding analytics, HR business-partnering, technology capability and "people science" into their rewards teams. Some are shifting structures to align with people insights or HR Strategy rather than acting as a stand-alone silo. This might mean adding roles for analytics, data-governance, technology enablement, or design thinking.

From a business-alignment perspective, this priority means the function must evolve not only in its output but in its operating model: how it works, which stakeholders it partners with, how decisions are managed, how data flows and how responsiveness is delivered. There's an expectation that total rewards become more proactive, dynamic and integrated with workforce strategies. Especially for larger companies, this may mean realigning budget, technology, skills, metrics, and governance structures.
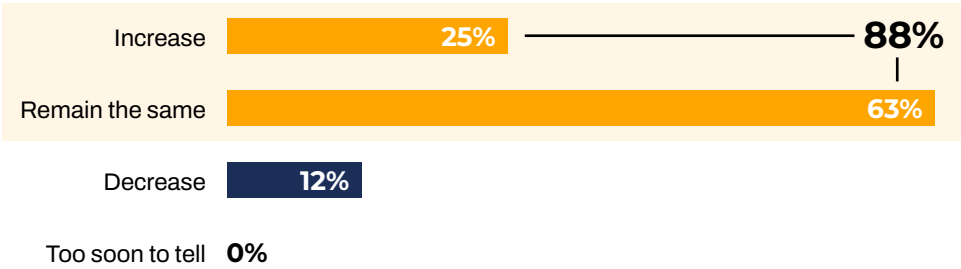
4. Aligning rewards to organizational objectives (50%).

Concrete examples of this alignment might include designing recognition and incentive programs that explicitly reward behaviors linked to strategic goals (such as innovation, customer centricity, agility), or structuring variable pay schemes that tie to corporate or

There's an expectation that total rewards become **more proactive, dynamic and integrated** with workforce strategies.

functional metrics rather than only individual performance. For instance, if a company's objective is growth in new markets, the total rewards architecture should reinforce sales expansion behaviors, internal mobility, and cross-functional collaboration, not simply tenure-based raises.

Aligning rewards to organizational objectives brings the highest strategic value. It shifts the conversation from "What do our peers offer?" toward "What do we need to drive strategic advantage?" For total rewards leaders, this alignment becomes a key differentiator in an increasingly competitive talent marketplace and cost-constrained environment.

Total Rewards Leaders:
Anticipated Budget Change for Fiscal Year 2026

Increase	25% — 88%
Remain the same	63%
Decrease	12%
Too soon to tell	0%

Source: *i4cp's 2026 Priorities & Predictions Survey*, 2025. Institute for Corporate Productivity (i4cp).

Total Rewards Leader Predictions

1. **Rapid acceleration of personalized, data-driven rewards experiences.**

The "one size fits all" total rewards suite will give way to far greater personalization enabled by analytics, segmentation and choice-architecture. Leading organizations will offer more tailored reward options (benefits, incentives, career pathways, recognition) based on employee life stage, performance, skills, risk profile and business value. Over 70% of employees say choice in benefits is important to them, yet only about 40% feel they have that flexibility.

Here's one example: a large employer might supply a "rewards wallet" where employees allocate a portion of their reward mix (wellness stipends, enhanced leave, equity-shares, remote-work support) rather than rigidly fixed benefit sets. Then, an AI-enabled systems can support a "curated benefit experience" whereby predictive analytics suggest the optimal reward mix for each employee segment.

Aligning rewards to organizational objectives brings the highest strategic value. It shifts the conversation from "What do our peers offer?" toward **"What do we need to drive strategic advantage?"**

The "one size fits all" total rewards suite will give way to **far greater personalization** enabled by analytics, segmentation and choice-architecture.

Total rewards will no longer simply deliver "what everyone else is doing" but will be **integral to forecasting and shaping** workforce strategy.

From a strategic perspective, this shift means total rewards teams must build stronger segmentation across roles and then design modular reward components that flex across segments. It also means investing in the technology, analytics and communications required to deliver choice at scale. If a company fails to do so, they risk having rewards that feel generic, undifferentiated and mis-aligned with what talent values—thereby weakening both attraction and retention.

2. The embedding of AI and automation increasingly shifts the total rewards function from reactive to proactive.

Over the next year, the total rewards function will evolve significantly through the embedding of AI, automation and advanced analytics—not only in process but in strategic decision-making. Some examples beyond simple chatbots for self-service include:

- **Analytics for pay equity, benchmarking and job architecture—**AI tools are increasingly used to scan compensation data, look for demographic or job family-based pay gaps, benchmark roles to market in real time, and help standardize job levels.

- **Personalized reward/benefit experiences and decision support—**AI is being used to personalize benefit-recommendations, assisting an individual to select the best health plan, offer targeted wellness or spend-account options, or nudge them toward underutilized (and high-value) benefits.

- **Forecasting and value-modelling of reward strategies—**AI allows total rewards teams to move from lagging-indicator "what did we spend last year?" to leading/predictive modelling: "What will be the cost impact of a 3% merit increase across certain segments?" Or "What happens if we reduce salary budget in a growth region but increase variable pay?"

Total rewards will no longer simply deliver "what everyone else is doing" but will be integral to forecasting and shaping workforce strategy. Total rewards leaders will need to be prepared to measure the business impact. As the models and tools scale, the expectation from business leaders will be "Show me how reward spend drives talent outcomes and business value." In essence, the role of the rewards professional shifts to a strategist and partner.

In the coming year, **reward programs will probably face heightened scrutiny** not just for being competitive, but for being strategically aligned and value-driving.

3. Stronger linkage of rewards to organizational objectives and value creation, with greater scrutiny on ROI.

In the coming year, reward programs will probably face heightened scrutiny not just for being competitive, but for being strategically aligned and value-driving. Organizations will ask: "How does our reward investment contribute to retention of mission-critical talent, to internal mobility, to innovation, to productivity?"

We are likely to see a resurgence of differentiated merit/bonus schemes (moving away from "peanut-butter" across-the-board increases) and greater use of metrics tying the reward package to business outcomes. For total rewards leaders, this means building stronger dashboards, linking reward KPIs to talent and business metrics, and making the business case for reward investment. It also means being comfortable with adjusting spend dynamically—reducing investment in less-impactful reward programs and redeploying into high-leverage areas. In large organizations this shift will require closer partnering with finance and business-unit leaders to build credibility.

Prioritizing the development of "reward-outcomes" metrics will be important, as will aligning the total rewards investments map to the organization's strategic objectives (growth, digital transformation, cost optimization, skills pivot).

4. Shifting workplace demographics and longer careers will reshape benefits and rewards models.

The changing workforce composition (multi-generational, longer careers, remote/hybrid, global) and evolving life- and work-expectations will force companies to rethink benefits and reward architecture more fundamentally.

For example, as people work longer, retire later, multi-generational teams become the norm. At the same time, other factors such as well-being, mental health and non-traditional workforce segments (gig, contingent, remote) are increasing pressure on reward design.

As a result, total rewards teams will need to focus on designing flexible retirement/defined-contribution plans that cater to longer (and increasingly hybrid) career paths. This may mean introducing alternative reward vehicles such as enhanced wellness credits, flexible leave for caregiving, modular benefits, and potentially equity or profit-sharing for non-traditional workers. It may also mean revisiting "location-based pay" policies in a remote world and differentiating reward models across job types and geographies.

Forward-looking organizations may consider conducting a "workforce horizon" review: project how your workforce demographics and work-modes will evolve (for example, what percentage of the workforce will be remote vs. in-office, what percentage will be contingent, what will be our average career length, etc.) and then assess whether your rewards architecture is fit for that future.

Companies that begin piloting benefit models that are more flexible, inclusive, and built around the realities of multi-generational, global, hybrid workforces will be better equipped to attract, engage, and retain top talent in the future.

For total rewards leaders, this means building stronger dashboards, linking reward KPIs to talent and business metrics, and **making the business case for reward investment.**

Total rewards teams will need to focus on designing **flexible retirement/defined-contribution plans** that cater to longer (and increasingly hybrid) career paths.

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i4cp Contributors

Kevin Oakes, Founder & Chief Strategy Officer

Kevin Martin, Chief Research Officer

Katheryn Brekken, PhD, Senior Research Analyst

Amber Burton, Senior Research Analyst

Rob Cross, Senior Vice President, Research

Joseph Jamrog, Survey Manager

Mollie Lombardi, Senior Research Analyst

Lorrie Lykins, Vice President, Research

Thomas Stone, Senior Research Analyst

Marianne Menta, Member Programs Coordinator

Designer: Eric Davis, Creative Director & Senior Editor

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Wendy O'Connell, Lockheed Martin, Director, Enterprise Learning and Development

Julie Sexton, Land O'Lakes, Inc. Senior Vice President and Chief Human Resources Officer

Chelle Wingeleth, Edwards Lifesciences, VP, Talent Acquisition

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