

REPORT

HR Priorities 2026

Market signals, strategy shifts, & steps to lead the AI-powered workforce



- ✓ *Co-lead organizational AI transformation*
- ✓ *Reinvest AI capacity gains into growth*
- ✓ *Redesign HR for cross-functional outcomes*
- ✓ *Move from headcount to skill count*
- ✓ *Build AI fluency as a core HR capability*

The world of work is changing at an unprecedented pace and rapid AI adoption is creating the most consequential transformation of modern work.

This is the backdrop for strategic people decisions in 2026 and within this context, three forces are setting the agenda:

Pressure to grow.

[More than half of CEOs](#) expect Gen AI to fuel efficiencies, revenue, and profitability driving capacity reinvestment and cross-functional execution.

AI realities.

[Nearly 8 in 10 companies](#) have deployed AI in at least one function, but only [1 in 5 organizations](#) has rebuilt how work runs. Value follows workflow redesign—not tool count—making co-led AI transformation critical.

Talent.

[1 in 3 U.S. workers](#) fear reduced job opportunities and skills requirements are shifting faster than job structures. Skills-based approaches and AI fluency are non-negotiable.

HR Priorities 2026

- 1 Co-lead organizational AI transformation** **PAGE 3**
Take the lead in guiding people, culture, and capability.
- 2 Reinvest AI capacity gains into growth** **PAGE 7**
Turn time savings into tangible development opportunities.
- 3 Redesign HR for cross-functional outcomes** **PAGE 11**
Rethink HR's blueprint as a dynamic ecosystem.
- 4 Move from headcount to skill count** **PAGE 15**
Move from job-based structures to skill-driven ecosystems.
- 5 Build AI fluency as a core HR capability** **PAGE 19**
Close the AI competency gap in HR.

This report sets out five HR priorities to drive HR's credibility and impact in 2026. The world of HR is being rewritten in real time, and these insights offer a framework to both understand and lead that change.



AUTHOR

Dr Marna van der Merwe

Research & Insights Lead at AIHR



CONTRIBUTOR

Erik van Vulpen

Founder at AIHR



CONTRIBUTOR

Dr Dieter Veldsman

Chief Scientist at AIHR

1

Co-lead organizational AI transformation



Challenge today

AI implementation is accelerating at breakneck speed with organizations feeling increased pressure to deploy AI, often from leadership. But the current state of technology and IT-led implementations is creating alignment challenges with people, culture, and trust.

By stepping into a more strategic role, HR ensures that AI implementation is both technologically sound and human-oriented, aligning workforce planning, skills development, and organizational culture with the broader promise of intelligent transformation.



Lack of readiness

Workforce readiness can make or break AI investments, but is often neglected or forgotten.



Ethical & social risks

Poor governance magnifies bias, erodes trust, and threatens to alienate the workforce.



Failure to scale AI

Projects stall at the pilot stage without cultural readiness and HR's leadership.

Market Signals

IT is implementing AI, but the business isn't ready.

Data shows that few organizations are fully prepared to deliver on the expected value of AI.

This readiness gap reveals an urgent need for leadership beyond IT. Too many AI initiatives prioritize automation and efficiency, overlooking the workforce and human impact of change. [As traditional job pathways disappear](#) and skills needs shift, employees face growing uncertainty and disengagement.

Readiness is the foundation of successful AI implementations. AI will remain a tech project with limited impact without closing the readiness gap.



PRIORITY 1

Strategic Shift

We co-own AI strategy with IT to create a workplace where humans and AI thrive—and deliver value—together.

How you implement AI now will define whether your organization scales trust, adaptability, and performance. This requires thoughtfully and responsibly merging human capabilities with AI's processing power.

“AI’s biggest opportunities lie in how it reshapes people, culture, and work design to improve employee experience, enhance personal productivity, and foster innovation.”

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

HR is in a unique position to bridge the readiness gap by ensuring AI is not only efficient but also ethical, trusted, and human-centered.

By co-owning strategy with IT and the business, HR moves from a support function to an architect of the future of work. Companies like Moderna, which [merged HR and IT leadership](#), show the value of integrated approaches that combine technology deployment with workforce planning and culture.



PRIORITY 1

Steps to take

HR's credibility hinges on guiding people, culture, and capability. Cement HR's role as co-leader of AI transformation with immediate, visible actions that build trust, drive sustained organizational capability, and position HR as an indispensable partner to the business and IT.

- 1 Claim a seat in AI Centers of Excellence:** Establish HR as an equal partner in AI CoEs to ensure equal say in strategy, governance, and adoption reviews.
- 2 Map the workforce impact of AI:** Identify the top roles and skills most affected, gather managers' insights, and create a live dashboard to track changes.
- 3 Build trust through transparency:** Launch an internal AI comms hub, publish plain-language updates, and run regular "Ask Me Anything" forums to engage employees.
- 4 Pilot with purpose:** Collaborate with team leads to choose one AI tool, test it with a real team or workflow, and document what works to make scaling easier.
- 5 Set people-first success measures:** Define adoption, engagement, and cultural readiness metrics, benchmark them now, and report on progress at set milestones.

RESOURCE

AI Strategy Framework For HR Leaders

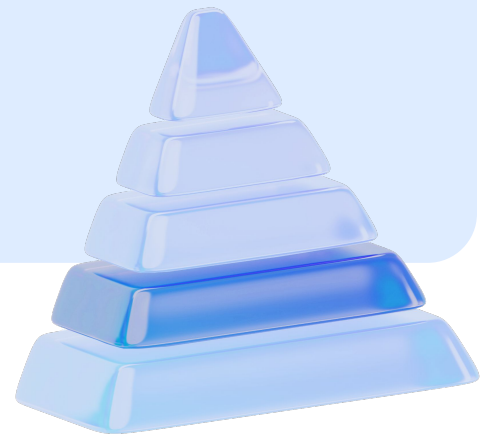
Get access to this five-pillar framework that outlines how to successfully develop your AI strategy.



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2

Reinvest AI capacity gains into growth




Challenge today


AI is unlocking extraordinary capacity with some employees poised to save [over 120 hours each year](#).


Organizations are scrutinizing what to do with the resulting additional economic potential—treat AI gains as margin play or as a growth lever—before increased workloads swallow the time saved.

But there are risks. Turning time savings into immediate workforce cuts erodes institutional knowledge and costly rehiring. Increasing output without role redesign or reskilling can lead to overextended employees.

HR must lead in framing AI as both a tool for optimization and an enabler of human potential. That means working with business and technology leaders to reinvest time savings into upskilling, innovation, and culture-building.

 **Short-termism:** Treating efficiency gains purely as cost savings undermines long-term adaptability.

 **Loss of meaning:** Removing fulfilling tasks without reinvestment erodes purpose and engagement.

 **Employee overload:** Using freed capacity to increase output without investing in human growth risks burnout.

Market Signals

We can do more with less using AI.

Research indicates that unlocking capacity is only half the equation. Turning saved time into immediate cost reductions—often through workforce cuts—erodes institutional knowledge and creates costly rehiring needs.

Some companies, like IBM learned the hard way [cutting roles only to rehire talent later](#) when growth stalled. Others have reinvested freed capacity into reskilling, giving employees ample time to prepare for new roles.

Ultimately, what leaders do with time and revenue gained signals an organization's true priorities and shapes employee experience.

30%

increase in productivity gains is expected on average

19%

reduction in labor cost per anticipated per employee

86%

of CHROs say integrating a digital labor is a critical part of their job



PRIORITY 2

Strategic shift

We are reinvesting freed capacity into reskilling so that our employees make AI more effective.

Productivity growth represents a fundamental opportunity for transformation. Just as electricity and the personal computer required changes in production methods and investment in human capital, so does AI.

Capacity gains are a strategic human resource and a growth lever. HR leaders must guide their organizations to balance productivity with purpose. By managing AI-driven capacity gains and their reinvestment, HR both protects employee trust and long-term business resilience through innovation, skills development, and cultural renewal.

“Reinvesting AI-driven capacity is essential in shaping the future of work and organizational sustainability. Ensure these gains fuel growth and meaningful opportunities for people, not just margin improvements.”

Dr. Dieter Veldsman,
Chief HR Scientist at AIHR



PRIORITY 2

Steps to take

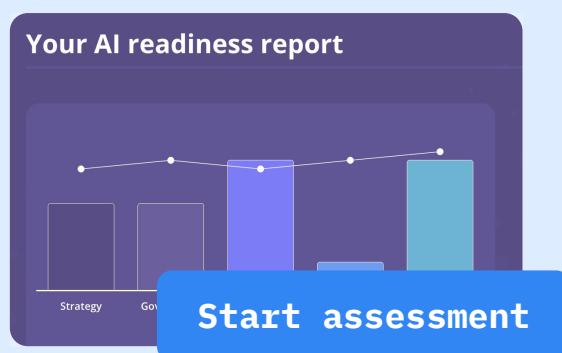
Steer your organization's redeployment of AI-generated capacity with a people-first growth strategy that secures the organization's future. This means turning time savings into tangible opportunities for development, learning, and resilience.

- 1 Champion capacity reinvestment:**
Track AI-driven time savings by function and launch reinvestment initiatives for skills development, innovation, and culture.
- 2 Prioritize the human impact:**
Evaluate how AI changes affect relationships, autonomy, and meaning in work beyond just efficiency.
- 3 Protect wellbeing and trust:**
Add technostress and trust measures to pulse surveys and introduce support for AI-impacted teams.
- 4 Create future talent pathways:**
Identify at-risk entry roles and design reskilling pilots, with progression models for sustainable careers.
- 5 Enforce ethical guardrails:**
Draft core AI ethics guidelines and train leaders to apply them consistently.
- 6 Measure reinvestment ROI:**
Define success metrics such as engagement, retention, and innovation, and publish bi-annual impact reports.

RESOURCE

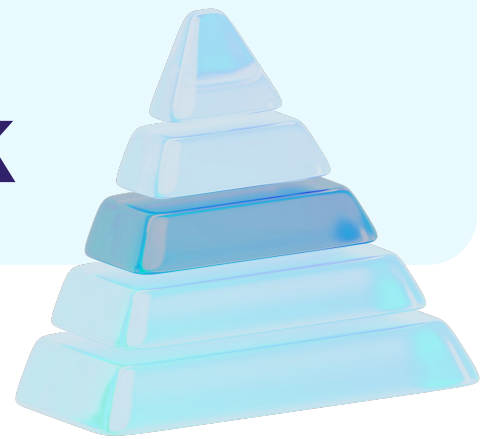
AI Readiness Assessment

Get a detailed report with actionable recommendations to help drive better business results.



3




Redesign HR for cross-functional work



Challenge today

The traditional HR model is increasingly misaligned with how AI operates and work gets done today.

Built on siloes, sequential workflows, and functional hand-offs, legacy HR structures actively undermine the value AI can deliver to HR and the business.

-  **Missed opportunity:** Siloed data prevents HR from delivering holistic AI-driven insights and ROI quickly.
-  **Stalled decision-making:** Rigid workflows slow HR's ability to respond to workforce issues in real time.
-  **Employee experience breakdown:** Fragmented ownership of the employee journey creates inconsistent experiences.



Market Signals

We need to digitize each HR function.

The Artificial Intelligence in HR market size is [forecasted to grow nearly 25%](#) year-over-year. The boom is propelled by demand for all-in-one, integrated HR solutions and the promise of streamlined, people-focused processes.

AI-enabled platforms like Workday, SAP Joule, and Microsoft Copilot are collapsing functional boundaries, offering integrated insights across recruitment, learning, performance, and workforce planning.

Without redesign, AI risks amplifying complexity rather than reducing it, leaving HR marginalized while business needs demand speed, agility, and collaboration.



PRIORITY 3

Strategic Shift

We redesigned roles and workflows to mobilize HR around critical outcomes like retention and workforce adaptability.

HR in leading organizations is driving a shift toward agile, outcome-based networks using pods and squads that combine HR, IT, and commercial expertise to deliver results across the employee journey at the speed of business.

“HR can no longer operate as fragmented centers of excellence. Redesigning HR for cross-functional work means dismantling legacy structures, adapt HRBP roles into strategic workforce partners, and embedding data and AI into everyday decision-making.”

Erik van Vulpen,
Co-Founder at AIHR

Those who rewire HR for agility and collaboration ensure AI amplifies value, not complexity. At the same time, HR is positioned as a driver of innovation, trust, and employee experience.



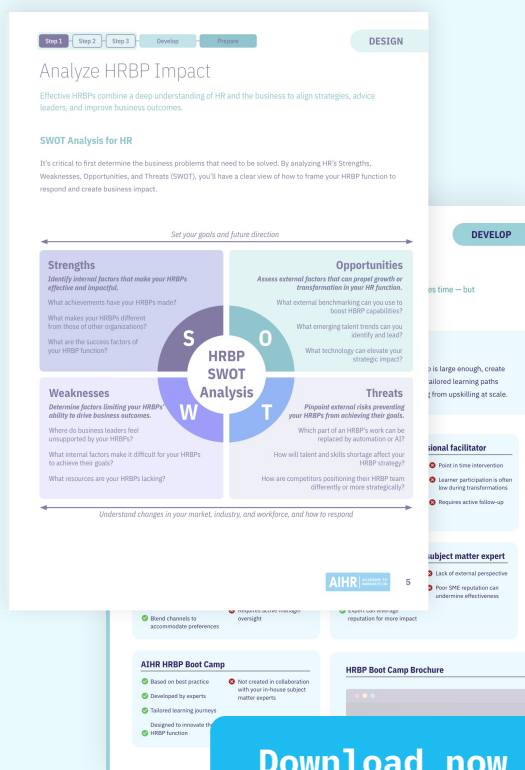
Steps to take

It's time to rethink HR's blueprint not as a fixed hierarchy of functions, but as a dynamic ecosystem that flexes in response to changing needs. This enables faster innovation, stronger alignment with the business, and readiness for the future of work.

RESOURCE

9-Step HRBP Capability Framework

Use this framework to develop the business acumen your HR team needs to drive real business impact.

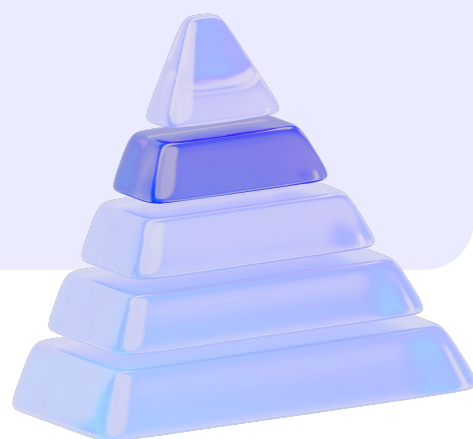


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- 1 **Pilot capability networks:**
Launch squads focused on outcomes like onboarding and retention, reviewing results quarterly.
- 2 **Redesign HRBP roles:**
Define competencies for Strategic Workforce Partners and roll out targeted training.
- 3 **Integrate workforce data:**
Conduct a systems audit and partner with IT to unify data with governance protocols.
- 4 **Upskill in systems thinking:** Enroll HR leaders in AI, ethics, and systems-level problem-solving programs.
- 5 **Align AI rollouts with structure:**
Map AI projects to workflow changes and test integrated models before scaling.
- 6 **Collapse silos into communities:**
Merge overlapping COE work into outcome-driven, cross-functional communities.

4

Move from headcount to skill count



Challenge today

-  **Clinging to formal roles:** Relying only on managers to lead limits development and stifles ownership
-  **Structural rigidity:** Job-based planning limits agility and slows innovation.
-  **Skills blind spots:** Lack of visibility into skills misallocates resources and hides capability gaps.

The rise of AI, automation, gig platforms, and blended strategic frameworks are reshaping what it means to have a workforce. At the same time, AI is taking over many coordination and administrative tasks once central to middle management.

As work becomes more modular, fluid, and tech-enabled, organizations that continue to plan around static roles and rigid hierarchies are falling behind.

HR has an unprecedented opportunity to reframe how value is created. This requires new ways of thinking about careers, leadership, and performance and it demands a mindset shift from owning talent to accessing capability in which HR conducts the talent ecosystems.

PRIORITY 4

Market Signals

These are the jobs we are hiring for this year.

63%

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

77%

of business and HR executives say flexibly moving skills to work is critical to navigating future disruptions.

73%

of workers say that skills-based practices would improve their work.

Analysts and researchers are observing a move to decouple work from jobs. Organizations are experimenting with new models, ranging from broader definitions like outcomes to be achieved all the way separating work into its most basic elements of tasks and projects.

What matters then is “skill count” and the depth, breadth, and adaptability of capabilities across employees, contractors, partners, and AI agents.

Skills-based organizations are [52% more likely](#) to innovate and 57% more likely to respond to change effectively. Yet most businesses still plan around roles and headcount, limiting agility and resilience.



PRIORITY 4

Strategic Shift

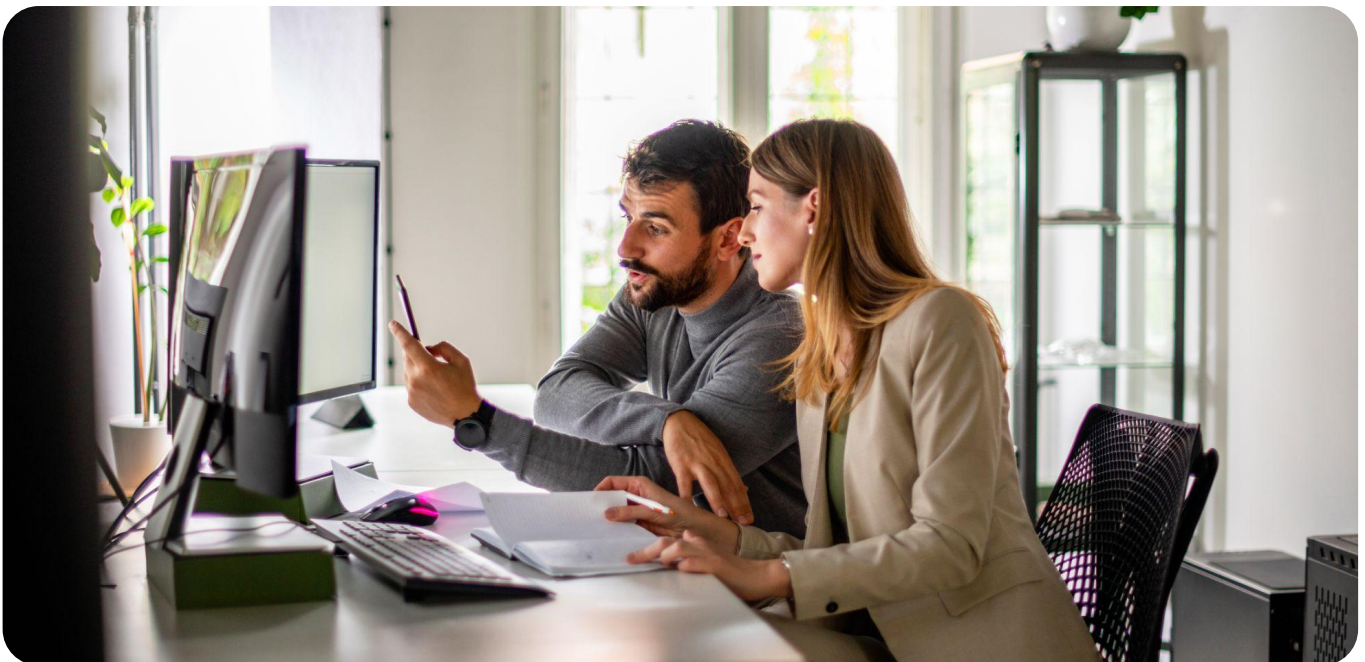
These are the technical skills and human skills we need in the organization to create value and achieve our goals.

The future of work will not be about how many people a business employs but how effectively it mobilizes skills and leadership at every level. This opens the door for HR to rethink how work is structured and how leadership operates.

By building skills taxonomies, enabling talent to move across teams more easily, and distributing leadership beyond traditional management, HR helps organizations stay flexible, innovative, and future-ready without constantly rebuilding from scratch.

“Without visibility into skills, shared leadership models, and adaptive workforce ecosystems, organizations will struggle to move at the speed of change. The cost isn’t just efficiency, but irrelevance.”

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



PRIORITY 4

Steps to take

HR must move decisively from job-based structures to skills-driven ecosystems. When performance, rewards, and governance are tied to skills rather than roles, HR creates a more flexible and competitive organization.

- 1 Introduce skills-based planning:**
Pilot AI-enabled skills mapping in one unit, then scale across employees, contractors, and AI.
- 2 Form talent pods:**
Launch cross-functional squads with outcome-based goals, expanding to gig and AI talent.
- 3 Redesign management roles:**
Audit tasks to separate AI-driven from human-led responsibilities and update KPIs.
- 4 Launch distributed leadership training:**
Roll out sprints on collaboration, adaptability, and influence across all levels.
- 5 Establish skills governance:**
Define standards for assessment, deployment, and ethical AI usage in workforce design.
- 6 Align performance and recognition:**
Pilot outcome-based metrics and recognize leadership behaviors beyond formal roles.

RESOURCE

T-Shaped HR Competency Model

Discover the six core competencies of T-shaped HR professionals and get a template for what the ideal HR organization looks like.

T-Shaped HR Competency Model

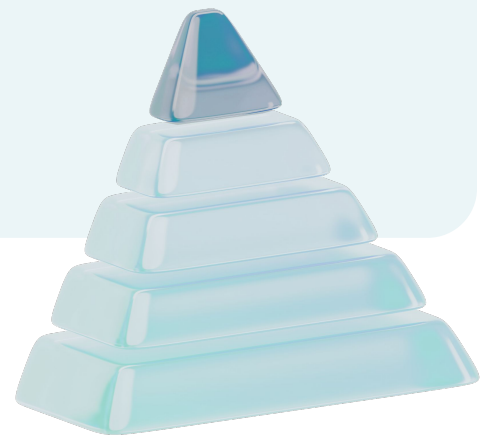
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HR Skills of the Future*

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5

Build AI fluency as a core HR capability



Challenge today

AI fluency is the ability to understand, interact with, and apply AI responsibly. It also includes uniquely human skills like empathy, ethical judgement, communication, and culture building. These skills have become a core professional competency. Yet most HR teams aren't ready.

Learning is fragmented, technical understanding is shallow, and many rely on shelf training which widens the gap between AI's promise and HR's ability to deliver.



Misuse or overreliance

Lack of process awareness risks inappropriate or unchecked AI use.



Technostress and FOMO

Fear of obsolescence grows as employees struggle with AI-driven change.



Exclusion from transformation

AI-illiterate HR teams risk being sidelined from enterprise-level projects.

Market Signals

We aren't sure how to use AI in HR.

We surveyed more than 1500 HR professionals to understand the gap between AI ambition and HR readiness, and we found that it is growing *fast*.

AI fluency must shift from a niche to a baseline competency across HR. AI fluency empowers HR to work effectively with enterprise systems, challenge assumptions, and ensure people remain at the center of transformation initiatives.

Without AI fluency, HR risks being sidelined by more AI-literate functions, losing influence over workforce strategy and employee experience. This requires embedding AI fluency across HR so it becomes a universal, future-proof competency.



PRIORITY 5

Strategic Shifts

We have a strong, AI-fluent team who is actively shaping AI transformation across the organization.

AI fluency isn't about making HR professionals tech experts, but about embedding confidence, critical thinking, and responsible application so HR can lead alongside business and technology peers. Embracing AI fluency positions HR as a co-leader in transformation, guiding how technology elevates the business and people outcomes.



“AI fluency ties into our T-shaped competency model, combining broad people expertise with a deep understanding of how to apply enabling technologies, such as AI in context. HR teams that build this fluency will strengthen trust and competitive advantage.”

Dr. Dieter Veldsman,
Chief HR Scientist at AIHR

Future-proofing the HR profession through AI fluency requires embedding it into role descriptions, training pathways, and career progression framework. HR leaders who speak AI's language can shape the future of work while staying grounded in people-focused values.

PRIORITY 5

Steps to take

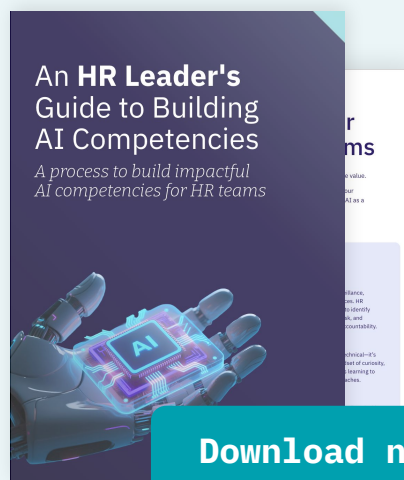
HR must move decisively to make AI fluency a core competency. By moving from awareness to practice to strategy, HR can close today's capability gaps and ensure its seat at the table in shaping the future of work.

- 1 Make AI fluency mandatory:**
Include fluency in development plans, role profiles, and performance reviews.
- 2 Upskill through real use cases:**
Launch training rooted in day-to-day HR applications, expanding to strategic pilots.
- 3 Build process awareness:** Help teams identify high-value opportunities by pairing HR expertise with AI projects.
- 4 Integrate ethics into training:**
Embed bias prevention, transparency, and human oversight in all learning pathways.
- 5 Link to the T-shaped HR model:**
Position AI fluency alongside behavioral, business, and people skills for hiring and promotion.

RESOURCE

An HR Leader's Guide to Building AI Competency

Get access to this step-by-step process to determine the most effective way to develop critical AI skills in your team.




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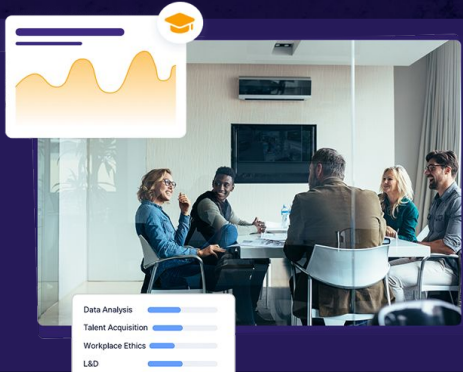
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