

# HR Trends Report 2026

Personio

# Seven shifts you need to know about

2026 is shaping up to be a year of real change for HR. AI is moving from pilot projects to everyday work. The competition for talent isn't slowing down. And organisations need to adapt faster than they have before.

HR's role — and the number of hats you have to wear — has expanded significantly. With input from our community and expert voices, this report looks at which topics will matter most in 2026 and what skills you'll need to tackle them.



# Trend 1: AI is changing work – and HR needs to lead the transition

AI is changing how people work. Job descriptions are shifting, expectations are evolving, and team structures are being rethought. HR sits right in the middle of this change.

Here's the challenge: whilst business leaders are pushing for faster AI adoption, many employees feel uneasy about what it means for them. According to Personio's [2025 Workforce Pulse report](#), employees who are worried about losing their job to AI are **39% more likely to be job hunting**. And those who feel uneasy about AI-driven changes to their work are **29% more likely to be looking elsewhere**.

What HR needs to do:

## Give people clarity

Which roles will change? What new skills will teams need? How can people develop in the right direction?

## Reduce the risks

AI-related uncertainty is expensive. Employees who feel threatened by AI are significantly more likely to leave.

## Manage the transition

New team structures and skill requirements need planning, training, and honest communication.

## Be a strategic partner

With good data, HR can help leaders navigate change proactively instead of reactively.

Without a clear plan, AI anxiety doesn't just hurt morale – it costs money. The Workforce Pulse report found that European companies lost an average of £235k (€274k) to preventable people problems last year, with AI poised to amplify those problems.

HR can bridge this gap. You know your people better than anyone. You can help the business move forward with AI whilst keeping employees informed, supported, and engaged.

"AI is set to transform nearly every job, industry, and workplace – and that change is already here. Some roles will feel the impact sooner than others, but history shows that every major technological leap not only disrupts work, it also creates entirely new professions and opportunities. Just look at LinkedIn: hundreds of today's job titles didn't even exist ten years ago.

So what can you do? Start with curiosity. Build a safe space for yourself and your team to experiment, learn, and understand what AI can unlock. Once you move past the initial hesitation, the journey often shifts from apprehension to exploration – and eventually, excitement."

**Neil Millen,**  
Director People Business Partners

# Trend 2: Pay transparency is becoming the norm – but the UK and Ireland are on different timelines

Pay transparency is coming, but it will look different depending on where your organisation operates.

## For UK companies:

The UK already requires gender pay gap reporting for employers with 250+ employees – a requirement in place since 2017 under the Equality Act 2010. But change is accelerating. Proposed reforms could soon require salary ranges in job adverts, ban questions about previous pay, and expand reporting to cover ethnicity and disability pay gaps.

Modern job seekers expect salary transparency, and organisations that get ahead of these changes build stronger employer brands and attract better talent.

## For Irish companies:

The EU Pay Transparency Directive is coming into force, making pay openness a legal requirement. For Irish businesses, it's not just another box to tick – it's a real push to examine pay gaps, be more open with employees, and build trust from the inside out.

Current state of play: According to a [German study](#), only 37% of surveyed companies have a concrete action plan to implement the directive, and only 30% have adjusted their pay structures already. Most are still in planning mode.

## What this means for multi-country organisations

If you operate in both the UK and Ireland, you'll need to manage different legal requirements whilst maintaining consistent values around fairness and transparency.

### Map your obligations

Identify which reporting thresholds and timelines apply across your EU locations – reporting cycles vary by company size and country.

### Adapt for evolving laws

National formats and requirements remain in flux, so processes must stay flexible until legislation is finalised.

### Prepare your data foundation

Ensure your HR systems can store, segment, and export all required pay-relevant data (salary, variable pay, hours, job attributes, groups, audit trails) for manual calculation and submission.

### Go beyond compliance

Use gender-segmented pay data, job architecture, and documented evaluation criteria to understand disparities and build long-term fairness.

## Implementing the EU Directive

Personio helps you get ready for the EU Pay Transparency Directive by keeping all your people and pay data in one place and making it easy to export everything you need for reporting. And with automated Gender Pay Gap reporting coming in 2026, you'll stay prepared as national laws evolve.

[Here's a full guide to how Personio helps.](#)



# Trend 3: Why inclusion needs to be structural

Some companies are pulling back on DEI initiatives. But in doing this, they're overlooking one fact: diversity and inclusion aren't trends. They're structural necessities.

The workforce is changing. Baby boomers are retiring. Skilled workers are hard to find. And the people you employ are more diverse than they've ever been — in age, background, working patterns, and needs.

If you want to attract and keep good people, DEI needs to be embedded into how your company actually works — not just talked about in values statements.

"Over the past decade, workplace DEI efforts have often meaningfully improved the employee experience, boosting engagement and creating more supportive cultures. Yet in many organisations, inclusion still operates on the margins — treated as an optional initiative rather than an embedded organisational value. When priorities shift or resources become strained, these efforts are often the first to be scaled back.

HR professionals are uniquely positioned to change this dynamic. By intentionally applying an inclusion lens to everyday conversations and decisions, HR can help transform inclusion from an "add-on" into a consistent, structural practice. Whether we're shaping policies, designing processes, or evaluating moments across the employee lifecycle, proactively asking "How can this be more inclusive?" ensures that our work supports all employees — often in ways they may not consciously notice, but will undoubtedly feel."

**Sarah Murphy,**  
Learning Experience & Enablement Partner

## What HR needs to do

### Embed DEI in recruiting

Make sure your job descriptions, screening processes, and interview structures reduce bias and widen your talent pool.

### Design inclusive onboarding

New starters from all backgrounds should feel welcome and set up to succeed. Consider cross-generational mentoring.

### Create fair development paths

Make career progression transparent and accessible to everyone.

### Invest in health and wellbeing programmes

Corporate health management reduces sick days and improves retention. Things like HEPA filters in offices, flexible work models, sabbaticals, and career support all make a measurable difference.

### Handle offboarding with care

Structured exits protect knowledge and maintain relationships. Consider alumni networks for mentoring or consultancy.

# Trend 4: Psychological safety drives performance

Organisations where people feel safe to speak up, ask questions, and make mistakes are more innovative, more adaptable, and better at keeping talent.

Psychological safety isn't a nice-to-have. It's what allows teams to solve problems, try new things, and actually improve.

**HR expert Karin Lausch identifies four areas that matter:**

## Clear leadership and direction

People need to understand where the organisation is going and what success looks like.

## Learning from mistakes

Mistakes should be chances to improve, fostering courage, accountability, and team learning.

## Trust and participation

Employees need to feel valued, have a say, and see that their contributions make a difference.

## Regular, effective routines

Small, continuous rituals strengthen collaboration, feedback, and open communication.

"Psychological safety is widely discussed, yet many organisations struggle to move from rhetoric to consistent practice. A powerful starting point is assessing how proactively senior leaders seek out employee perspectives and feedback – and how openly they acknowledge their own mistakes. Employees need to see psychological safety in action, not just hear it referenced in presentations or values statements.

This kind of visible modelling is often underestimated, but it sets the tone for the entire organisation. When leaders demonstrate curiosity, humility, and accountability, they create the conditions for others to do the same. HR plays a crucial role here: we can challenge and support leaders to genuinely "walk the walk," ensuring psychological safety becomes a lived behaviour rather than an aspirational slogan.

When leaders model it, teams mirror it – and the culture shifts."

**Sarah Murphy,**  
Learning Experience & Enablement Partner

# Trend 5: Flexible work is now a deal-breaker in the talent market

Employees across all generations expect flexibility in work hours and location. It's not a perk anymore — it's a fundamental part of what makes an employer attractive, what keeps people motivated, and what stops them from leaving.

According to the [2025 Workforce Pulse report](#):

Employees trusted to work remotely are twice as motivated and less likely to leave.

32% of under-35s consider flexible work locations essential when changing jobs

37% of under-35s would consider quitting if forced into too much office presence, preferring hybrid or flexible models.



## Practical resource

[Use this checklist to build a hybrid work culture that actually works.](#)

# Trend 6: Continuous learning keeps people (and organisations) competitive

AI, automation, and new tools are reshaping what jobs involve and what skills people need.

If employees don't keep learning, they'll fall behind. If companies don't invest in development, they'll lose talent to organisations that do.

## Why developing your people is a strategic necessity:

**Technology and AI:** Employees need to master new tools and processes.

**Changing roles:** Job descriptions alone are insufficient; skills must be updated continuously.

**Leadership development:** Leaders must guide teams in learning and foster a learning culture.

## What HR needs to do

### Create targeted learning paths

Develop training that's specific to roles and career stages. Use flexible digital formats so people can learn in ways that work for them.

### Turn managers into learning coaches

Train managers to support development and establish regular check-ins focused on growth, not just performance.

### Map skills and identify gaps

Understand what skills your people have, where the gaps are, and create clear development paths to close them.

### Make learning visible and valued

Frame learning as an opportunity, not a chore. Celebrate successes and make achievements visible across the organisation.

# Trend 7: HR data is how you prove your value

Companies are under increasing cost pressure, and HR needs to demonstrate its business value. According to Personio's 2025 [Workforce Pulse report](#), companies lose an average of £235k (€274k) annually due to inefficient HR processes — costs that could be avoided through better planning, automation, and data-driven decisions.

7%

Only 7% of HR leaders currently use people data strategically across the organisation. But those who do report higher performance, better motivation, and more accurate turnover forecasts.

## The solution: Intelligent integration of data and processes

### Build a solid data foundation

Centralise your HR data in one place and document decisions transparently so you can track what's working.

### Automate to save time and money

Streamline recruiting, onboarding, payroll, performance reviews, and absence management. Every automated process frees up resources and reduces errors.

### Use data for strategic planning

Apply workforce and skills analyses to predict gaps before they happen. Align HR planning with finance and operations so you're all working from the same playbook.

"In an era of relentless cost pressure, HR data is no longer just a record of the past — it is the blueprint for a more profitable future. When only 7% of leaders are using people data strategically, the opportunity isn't just to save £235k through automation; it's to transform HR from a support function into a high-performance engine that predicts gaps before they become crises."

**Suzie Rogers,**  
VP, People Business Partners and organisational development

# What this means for HR in 2026

These seven trends are interconnected. AI changes how people work, which affects psychological safety and learning needs. Hybrid work impacts inclusion and requires better data. Pay transparency connects to trust and fairness across everything else.

## The thread that ties them together?

HR's evolving role. You're not just managing policies and processes anymore. You're helping organisations navigate real change whilst keeping people engaged, supported, and productive. That's a big job. But it's also what makes HR work interesting

## The skills HR needs to succeed in 2026

### Connect HR to business outcomes

Show how people topics directly affect revenue, costs, productivity, and innovation. Make the link explicit.

### Get comfortable with AI and digital tools

You don't need to be a tech expert, but you do need to lead your organisation into the AI era with confidence.

### Build strategic credibility

Demonstrate your value with data, results, and smart prioritisation. Move from reactive to proactive.

### Use the right tools

Modern HR systems and transparency are essential for doing your job well.

### Know when to say no

HR can't do everything at once. Prioritise what matters most and have the courage to deprioritise the rest.

### Shape culture actively

Enable good decisions, but know when to intervene if culture or people are at risk.

### Stay ahead of what's coming

HR is evolving fast, and the role keeps expanding. Our newsletter cuts through the noise to give you practical insights and solutions for the many hats you're wearing.

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