

What Will Define Work In 2026? 9 Predictions Every HR Leader Should Be Watching

HR Executive | Jason Walker and Rey Ramirez | January 2, 2026



Personnel, employment and recruitment concept. Assembling jigsaw puzzle pieces on wood desk.

As organizations plan for 2026, one reality is hard to ignore: The workplace is shifting faster than most companies can adapt. After a year marked by layoffs, cautious hiring and rapid AI experimentation, the coming year won't bring stability—it will bring acceleration. The forces shaping work are structural, interconnected and already in play.

Based on our work with organizations across North America, Europe and Latin America, here are the trends we believe will matter most in 2026.

1. A difficult labor market will persist—but for more complex reasons

Although many organizations reduced headcount in 2025—and will continue to do so in 2026—the talent market will remain tight. But not because workers are hard to find. The real challenge is that the skills companies need today are no longer aligned with the labor supply. Traditional job reporting metrics, including how the federal government calculates employment data, haven't kept pace with the realities of contingent work, gig talent and hybrid jobs that blend technical and soft skills.

HR leaders will have to plan for a labor market where supply-and-demand friction is structural, not cyclical. Skills forecasting, internal mobility and accurate workforce data will become essential tools—not optional ones.

2. M&A will pick up momentum—and HR will be at the center

With limited federal intervention and private equity firms holding substantial dry powder, 2026 is shaping up to be a strong year for mergers and acquisitions. But the headlines will focus on deal value; the real story will be in the aftermath.

HR teams will shoulder the responsibility of unifying cultures, harmonizing policies, retaining key talent and minimizing disruption. Companies that have already built strong change-management capabilities will have a clear advantage as consolidation accelerates.

3. “Job hugging” will create a talent bottleneck

One pattern we saw repeatedly in 2025—and expect to intensify in 2026—is “job hugging.” Employees who feel uncertain about the market are choosing to stay in their roles, even when they’ve outgrown them. The result is a backlog of high-performing early-career employees who are ready to move but are blocked by colleagues who aren’t progressing.

Organizations will be forced to make difficult decisions to unblock stalled career pathways. This won’t just be a talent problem—it will be a culture challenge, testing how transparent and honest companies are willing to be about performance and readiness.

4. AI will reshape roles faster than workforce models can keep up

If 2025 was defined by AI experimentation, 2026 will be the year companies feel its operational impact. HR leaders will have to grapple with fundamental questions: Which roles will be augmented? Which will be replaced? Who is struggling to adapt, and how can we support them?

Voice-based AI will expand significantly, streamlining workflows and reducing administrative burden. But the speed of adoption will magnify inequality in digital fluency across the workforce.

Organizations that take a proactive, transparent approach to AI literacy and upskilling will avoid the backlash that often accompanies technological disruption.

5. The traditional management ladder will continue to erode

The managerial career path—once the default aspiration—is losing its appeal. Gen Z, in particular, is opting out: more than 70% prefer to remain individual contributors. Simultaneously, companies are delayering, reducing middle-management roles to increase agility.

This will leave fewer managers overseeing larger, more complex teams. To succeed, they’ll need support in the form of AI-assisted coaching, feedback tools and streamlined performance processes. Leadership development will not disappear, but it will shift toward practical enablement rather than theoretical training.

6. Side hustles will become mainstream and employers will need a position

More employees are seeking creative outlets, supplementary income and opportunities to build skills outside traditional work. The stigma around side hustles is fading, and in 2026, it will become clear that employees are not doing this to disengage—they’re doing it to diversify.

Rigid policies will push talent away. Thoughtful, modern guidelines that balance organizational needs with employee autonomy will help companies retain their highest performers.

7. Career development will be a deciding factor in retention

In a year where job mobility is limited and career ladders are narrowing, employees will place a premium on development conversations. They want clarity about what's next, how they can grow, and whether the organization is invested in their long-term future.

Companies that provide visible development pathways and consistent manager-employee dialogue will keep their top talent. Those that don't will see quiet attrition, especially among their high performers.

8. The rise of contingent talent will redefine workforce strategy

Companies will continue hiring in 2026, but not through the traditional full-time model. To avoid building bloated departments, more organizations will rely on contingent workers, gig talent and fractional expertise. This gives leaders speed, flexibility and cost control at a time when predictability is elusive.

But it also demands a rethinking of onboarding, engagement and performance expectations for non-traditional workers—an area most HR teams are not yet prepared for.

9. Coaching will become largely AI-driven

The coaching industry is about to transform. AI-powered coaching tools will provide scalable, personalized guidance to employees and managers. Human coaches will not disappear, but their work will shift toward high-impact, strategic development rather than routine performance support.

This hybrid model will democratize professional growth while reserving human expertise for the most complex situations.

A defining year for people leaders

Next year won't simply extend the trends of 2025—it will amplify them. The organizations that thrive will be those that build resilience, anticipate role transformation and reimagine what a healthy workforce truly looks like.

HR leaders who embrace transparency, invest in data-driven decision-making and champion employee adaptability will not only guide their organizations through uncertainty, they will shape the future of work itself.