

AI Impact Report 2026

A benchmark of the field and what it takes for HR to land in the AI winner's circle.

Overview

Organizations are pouring resources into AI, yet many remain stuck in early experimentation, struggling to translate investment into meaningful, scalable impact. Against this backdrop, understanding how AI is reshaping HR, where its value is truly emerging and why so few organizations are capturing strategic advantage has never been more urgent.

Avature's AI Impact Survey Report explores these questions through three critical lenses: the current state of AI adoption across HR, the future trends reshaping the workforce and the concrete actions talent leaders must take to stay ahead.

By blending global survey insights with expert interpretation and customer experience, the report delivers the clarity HR needs to set direction, shape investment and successfully navigate the shift from experimentation to sustained, organization-wide impact. Readers will walk away with a clear benchmark of where they stand, a grounded view of emerging risks and opportunities and a data-backed vision for how HR leaders can compete—and win—in the age of AI.

SIX KEY TAKEAWAYS

88%

of organizations expect to increase investment in AI over the next 12 months, but 51% remain stuck in the piloting phase, and just 5% are using it for strategic advantage.

48%

cite skills shortages as their top HR challenge and confidence in forecasting future skill needs is low: just 11% feel "very confident" predicting needs 12 months out.

70%

of organizations are still building AI capabilities or have only isolated pockets of talent. Only 9% report strong, organization-wide AI expertise.

76%

of respondents concerned about AI's impact on early-career positions believe it will significantly reduce hiring.

83%

expect AI-related skills to be increasingly required in job descriptions over the next year.

27%

see AI driving innovation today, but that number jumps to 38% when looking at the next 2 to 5 years.

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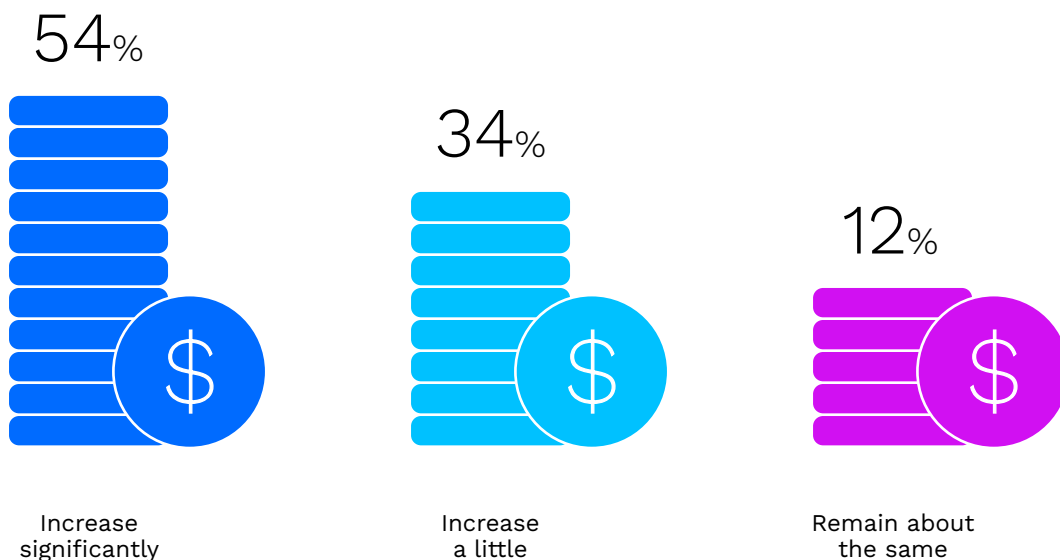
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Part I: The Current State of AI in HR

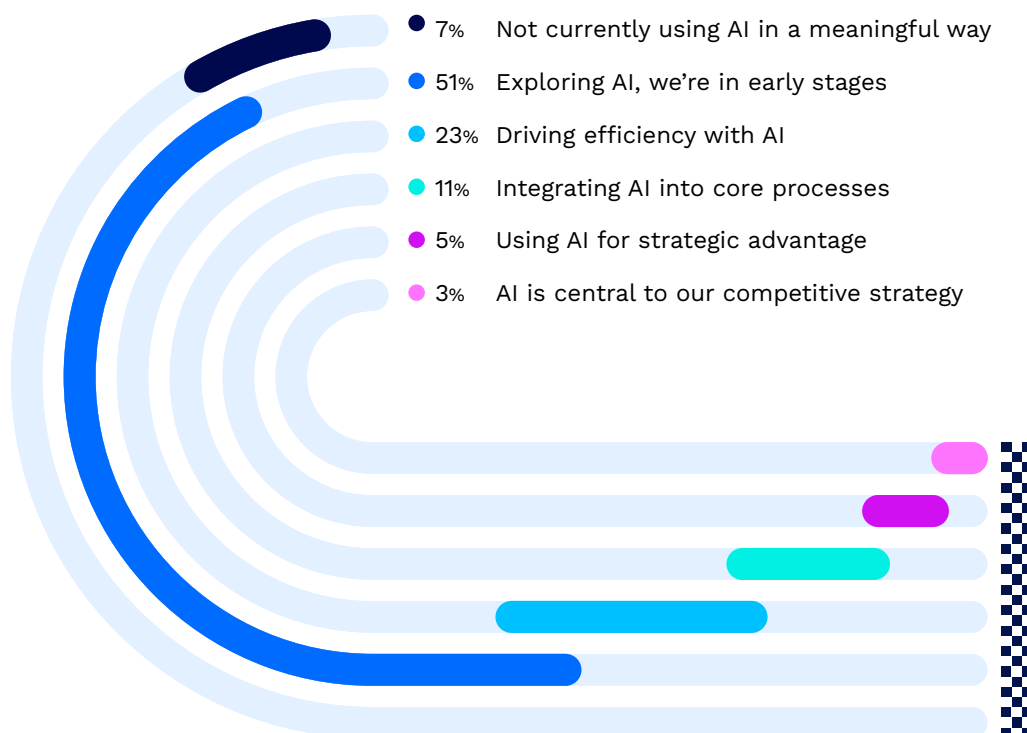
Everyone's Investing in AI, but Almost No One Is Ready To Scale It

Question: How do you expect your organization's investment in AI technologies to change over the next 12 months?




An overwhelming 88% of organizations expect to increase their spending on AI technology over the next 12 months, with more than half planning to invest significantly. Yet our survey reveals a critical gap between ambition and execution.

Question: How far along is your organization in adopting AI?



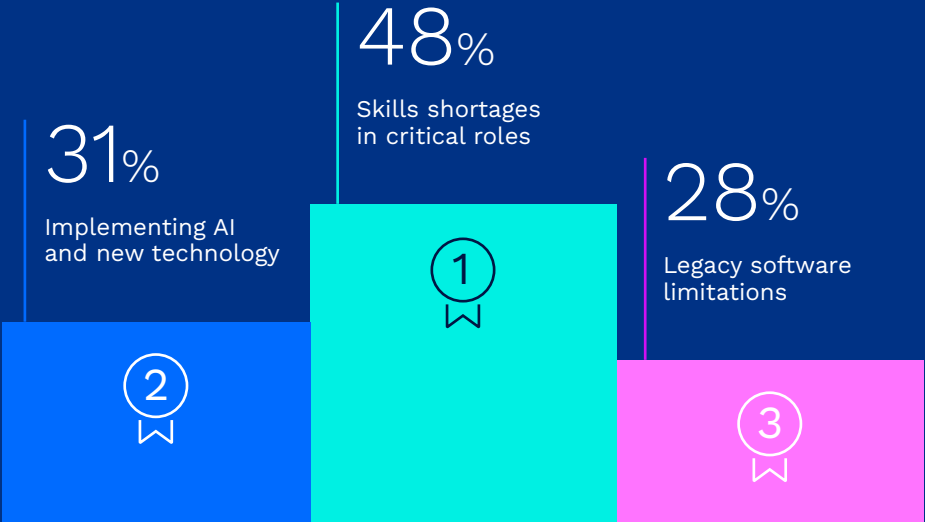
When asked how far along they are in their AI journeys, 51% admit they remain in the exploratory phase, assessing use cases, running pilots or building foundational understanding. A smaller segment—23%—is applying AI tactically to automate tasks, cut costs and streamline operations, but few have progressed beyond incremental efficiency gains. Only 11% report that AI is integrated into core processes, and just 5% say they are using AI for strategic advantage. A mere 3% describe AI as central to their competitive strategy.

 **Dimitri Boylan**
Founder and CEO, Avature

“If all you get from AI is that individual users become more efficient, as a business, you probably don’t end up on the right side of disruption, in the winner’s circle.”

Despite this surge in investment, several factors continue to hold organizations back from unlocking the transformative potential of AI. Skills shortages remain HR’s defining challenge, with 48% of respondents struggling to find or develop the capabilities needed to fill critical roles. At the same time, 31% cite difficulties implementing AI and new technology, while 28% of respondents see legacy software limitations as one of the function’s top obstacles.

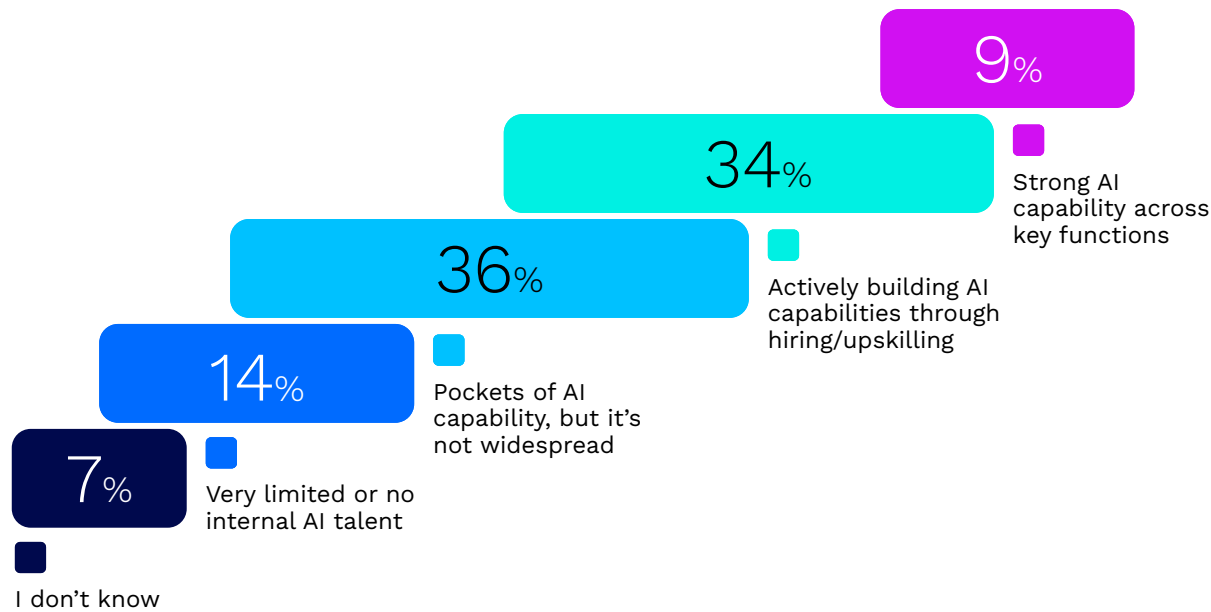
QUESTION: What are your organization’s top HR challenges?



To understand why AI maturity remains stalled, let’s take a closer look at the obstacles slowing HR’s progress.

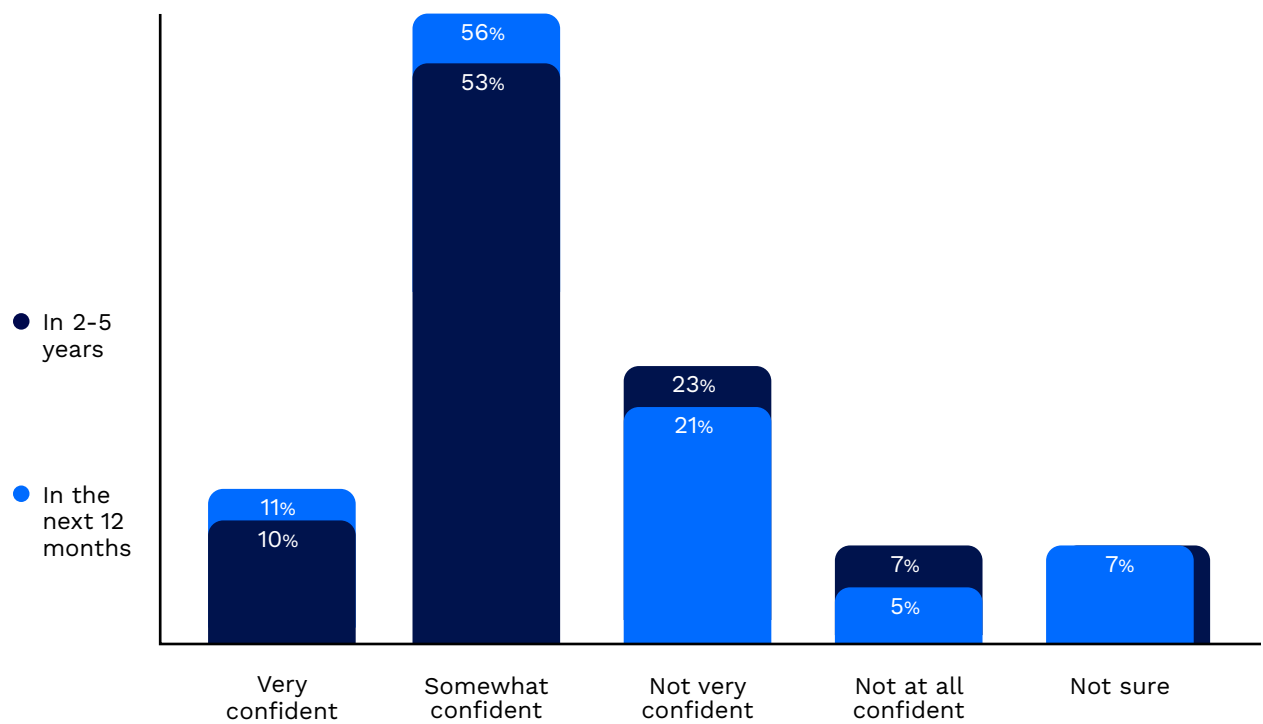
The Skills Gap: A Strategic Bottleneck for AI Maturity

Question: Do you have the talent you need to thrive in the age of AI?



While organizations race to adopt AI, their internal capabilities tell a very different story. Only 9% report having strong, organization-wide AI expertise, while 70% say they are either still building foundational skills or have only pockets of AI capability. This mismatch between ambition and readiness signals more than a resourcing issue—it represents a structural bottleneck that limits the impact of AI investments.

Question: Are you confident your organization can predict the skills it will need?



This concern runs even deeper when looking at future skills. Nearly half of respondents identify skills gaps as their top HR challenge, yet confidence in forecasting emerging skill needs remains strikingly low. Only 11% feel “very confident” predicting the skills their organization will require in the next year, and that confidence remains low when looking two to five years ahead. Without clarity on what skills will matter most, it becomes difficult for HR to build the workforce AI transformation demands.



Dimitri Boylan

Founder and CEO, Avature

“It’s really difficult at this very, very early stage to imagine the workforce of 2028... It’s going to require a skillset that’s not really defined yet. This is the execution gap HR must close.”

With aggressive investment underway, the risk is clear: organizations may spend heavily on AI while lacking the talent, structures and foresight needed to translate that investment into real competitive advantage. To move from experimentation to organization-wide impact, HR must evolve from being a consumer of technology to becoming a strategic architect of AI-enabled talent, ensuring the right skills, planning and development frameworks are in place to sustain AI at scale.

The Legacy Barrier

Before AI can transform the workforce, organizations need flexible, connected systems that allow AI to scale beyond isolated use cases. Yet 28% of respondents identify legacy software limitations as one of HR’s top challenges. Without modern, interoperable systems that support clean data flow and configurable workflows, AI cannot be embedded into processes that deliver measurable impact.

This constraint helps explain why 51% of organizations remain stuck in the exploration phase, unable to move beyond isolated experiments or small-scale automation. As highlighted above, only 11% have successfully integrated AI into core operations, and even fewer are using it to create a strategic advantage.

Until organizations address the limitations of their underlying infrastructure, AI will be unable to deliver the enterprise-wide transformation it’s capable of.



Ramesh Razdan

CTO and CIO,
Bain & Company



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“Building a flexible architecture that you are able to adjust as needs arise is important. Think about top-driven, bottom-up, collaborative culture, but also building a flexible architecture that enables you to win not only today but set you up for tomorrow.”

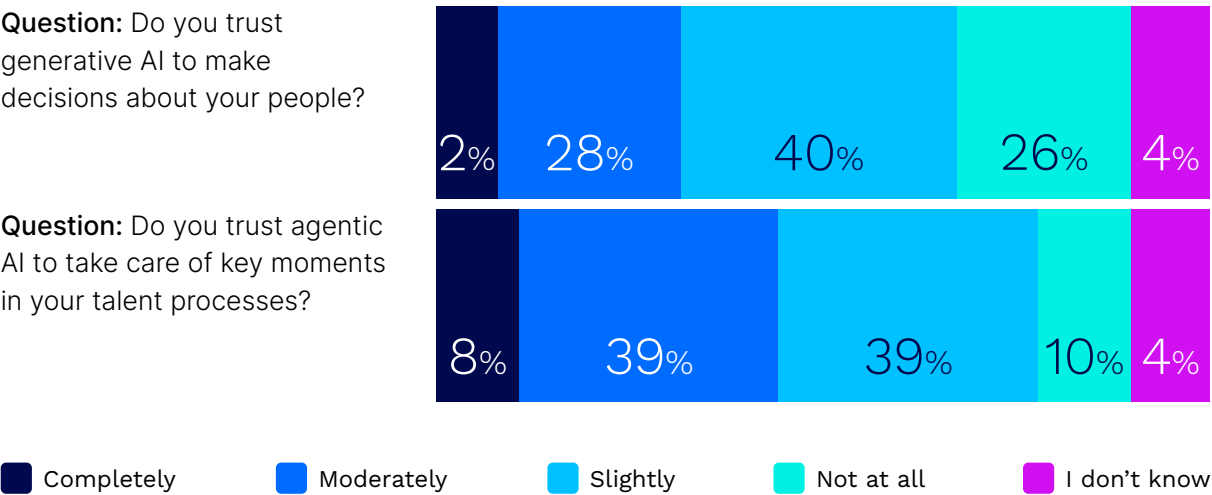
Our Consultants and Account Managers have identified four key practices that can help organizations to overcome the limitations of legacy systems:

- 1. Rethink Your Architecture.** Point solutions create more walls than bridges. Consolidating onto a best-of-breed, unified platform enables seamless data flow, shared context and friction-free user experiences.
- 2. Build Evolvable, Context-Rich Data Models.** AI thrives on rich, unstructured data, but it creates the most business value only when that data is modeled with context, relationships and the ability to evolve as the organization changes.
- 3. Prioritize Interoperability.** Ensure AI can operate seamlessly across your tech stack by choosing vendors that invest in integration-first design, including robust support for the Model Context Protocol, models-as-a-service architectures and best-in-class frameworks that enable intelligent interoperability at scale.
- 4. Design for Adaptability.** In a fast-changing landscape, resilience depends on your ability to evolve, not on someone else's roadmap. Choose solutions that give you the autonomy to reconfigure workflows, launch new use cases and respond to emerging challenges without waiting on lengthy upgrades or vendor timelines.

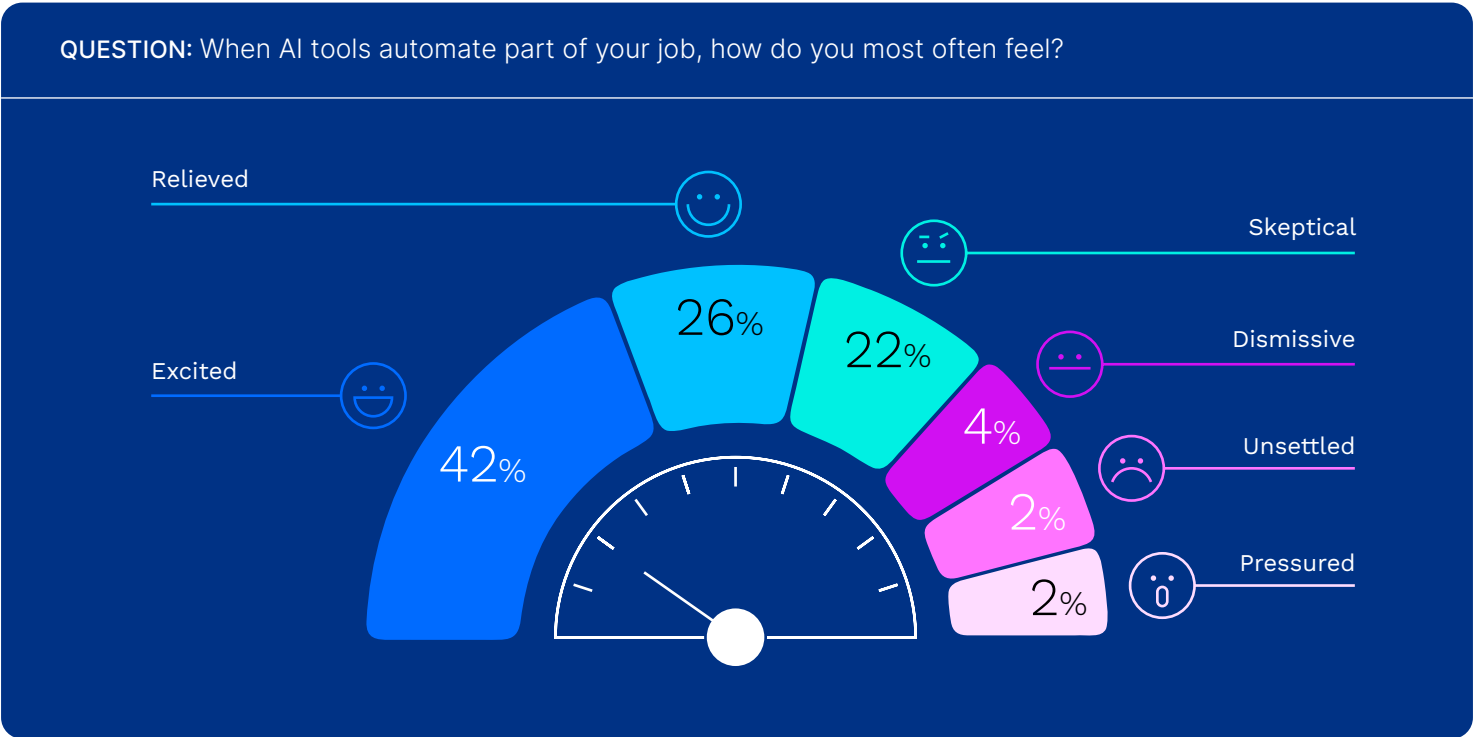


The Trust Cliff

Even as AI becomes more embedded in HR workflows, trust remains one of the most significant barriers to scaling it. Only 2% of respondents said they completely trust generative AI to make people-related decisions. Most express limited confidence—40% trust it only slightly and 28% moderately—while more than a quarter (26%) do not trust it at all. Trust in agentic AI is somewhat higher, yet still cautious, reflecting an openness to automation without full confidence in its judgment.



Employee sentiment mirrors this ambivalence. While 68% report feeling excited or relieved when AI takes on part of their workload, 22% are skeptical, noting that they “check its output every time.” This blend of enthusiasm and hesitation suggests that employees welcome efficiency gains but are not yet ready to cede control in moments that matter.



Respondents are comfortable handing off repetitive, rules-based activities to AI: 70% trust it to answer candidate FAQs, 64% to match candidates to roles and 63% to resolve simple employee requests. A majority also trusts AI for interview scheduling (62%) and keyword-based resume screening (61%).

But trust falls sharply when decisions become judgment-heavy. Only 34% would trust AI to generate candidate disposition communications, 9% would allow it to conduct first-round interviews with decision-making power and just 8% would trust it to make hiring decisions autonomously.

Question: Where would you trust AI to operate autonomously (assuming the right guardrails are in place)?



Regional differences add nuance: respondents in EMEA are significantly more likely to trust AI for candidate ranking (64%) and first-round interviews (18%) than those in North America (41% and 4%, respectively).

This “trust cliff” reveals a central execution challenge. CHROs want to embed AI into day-to-day operations and eventually leverage it to drive strategic advantage, but without building trust, AI is unlikely to deliver more than marginal efficiency gains.

Organizations that secure early buy-in from their workforce will be best positioned to move into AI's winner's circle. Building confidence takes more than optimism. It requires transparency, education and momentum. Here are four practical steps to get started:

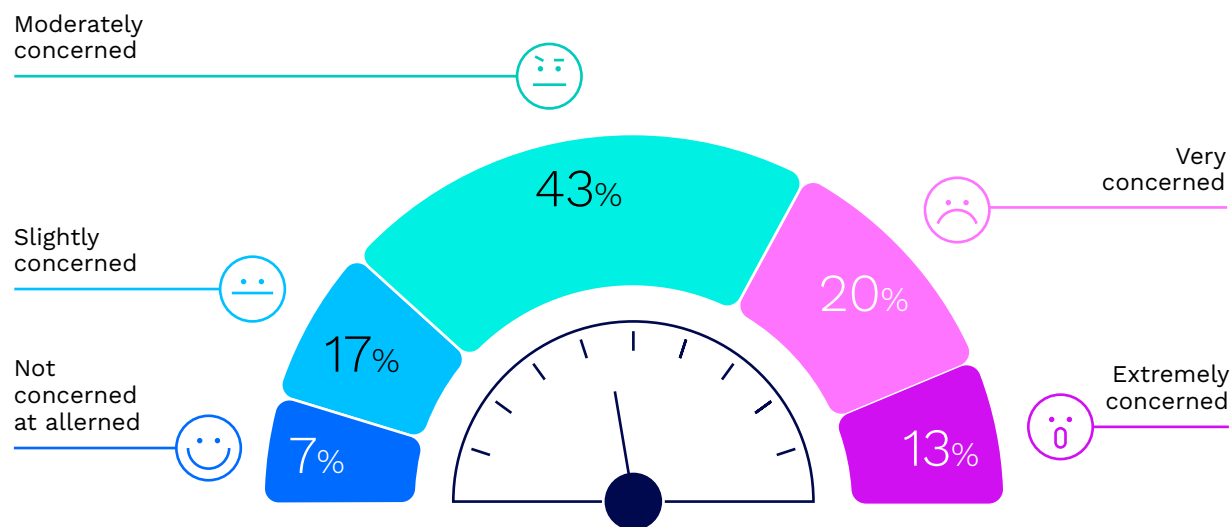
- 1. Build Visible, Credible AI Governance.** Trust begins with transparency. Establish clear frameworks for evaluating, implementing and monitoring AI across your organization. Create visible AI councils or cross-functional committees that offer guidance, set guardrails and communicate openly about the ethical use of AI. When employees see governance in action, confidence grows.
- 2. Boost AI Literacy Where It Matters Most.** Not every employee needs to understand the mechanics of machine learning, but targeted AI literacy can be transformative. Focus on roles most affected by AI, from recruiters to HRBPs to data analysts. By helping teams understand how AI supports their work, you turn apprehension into advocacy.
- 3. Scale Smart: Start Where Trust Already Exists.** Many organizations are already comfortable using AI in lower-risk, high-reward scenarios. For instance, 59% of respondents trust AI to source passive candidates, and 50% trust it to create inclusive job descriptions. These tasks offer prime opportunities to move from pilot to scaled impact. Map your talent lifecycle against existing trust levels. Automate the search (sourcing, scheduling), but keep a human touch on the decision (rejection, hiring). This balanced approach builds credibility and ensures AI augments rather than overrides human judgment.
- 4. Celebrate Early Wins.** As AI delivers value in trusted use cases, make those wins tangible and share them widely. Highlight teams that are using AI effectively, showcase measurable outcomes and give employees a platform to tell their own stories. Internal advocacy—from peers, not just leadership—helps normalize AI, builds confidence and accelerates adoption across the organization.



Part II: Future Trends - AI's Impact on Business, the Workforce and People

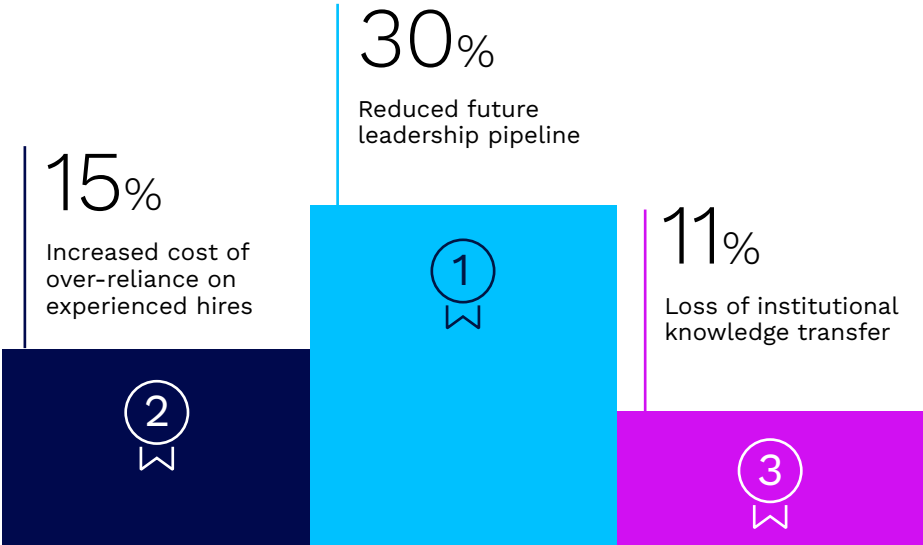
The Entry-Level Squeeze: Efficiency Today, Pipeline Risk Tomorrow

Question: How concerned are you that this “Entry-Level Squeeze” trend will lead to a significant reduction in entry-level hiring?



While the overall impact of AI on job numbers remains uncertain, one trend is already coming into focus: entry-level roles are at growing risk. Among respondents who expressed concern about AI’s influence on early-career positions, 76% believe it will lead to a significant reduction in hiring.

Question: What do you believe to be the hidden cost of hiring fewer entry-level employees?



As more routine work becomes automated, many organizations are re-evaluating their need for entry-level talent in the name of efficiency. But what seems like an operational gain today may create deeper strategic consequences tomorrow.

The top fear cited is the long-term impact on leadership pipelines. Early-career roles have traditionally served as the proving ground where managers build context, judgment and organizational understanding.

When organizations hollow out their early-career layer, they may gain efficiency in the short term—but they also weaken the foundation of future leadership. If entry-level hiring declines broadly across the market, the impact compounds, with companies relying more heavily on external hires from a shrinking talent pool at increased cost to the business.

YOUR MOVE

While it's too early to definitively understand the impact of AI on early careers, here are two practical ways that HR leaders can protect their leadership pipelines as a business asset and prepare their workforce to thrive in an AI-first environment.

- 1. Redesign Entry-Level Roles for an AI-First Workplace.** Many entry-level tasks historically served as learning vehicles, not just output generators. As AI absorbs routine execution, forward-looking organizations will replace those tasks with opportunities that build judgment and context—such as supervising AI outputs, performing quality control, rotating across functions and gaining exposure to decision-making inputs, not just final outcomes.

Closer collaboration with universities and education partners will also prove key in shaping AI fluency before talent even enters the workforce.

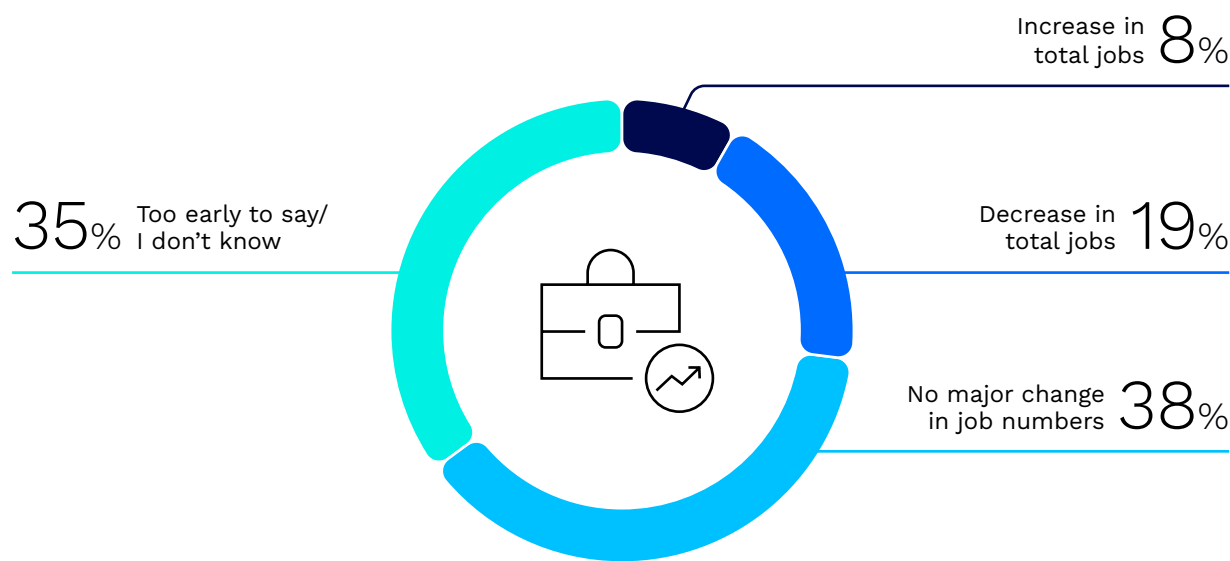
- 2. Rethink Planning for a World Without a Clear Starting Point.** Entry-level roles have traditionally anchored linear career paths. They provide a clear starting point, early skill development and visibility into future leadership potential. As AI reshapes or absorbs many of these roles, careers will begin and progress in more varied, non-linear ways, with fewer standardized entry points and less on-the-job observation early on.

In this environment, static workforce plans quickly become outdated. HR leaders will need more dynamic approaches to workforce and skills planning, ones that can model shifting career paths, anticipate emerging capability gaps, and continuously align hiring, development and mobility decisions.

With 33% of respondents citing it as a top priority, forward-thinking HR teams would be wise to invest in dynamic planning tools to simulate skills scenarios, align hiring with development pathways and proactively design the next generation of talent.

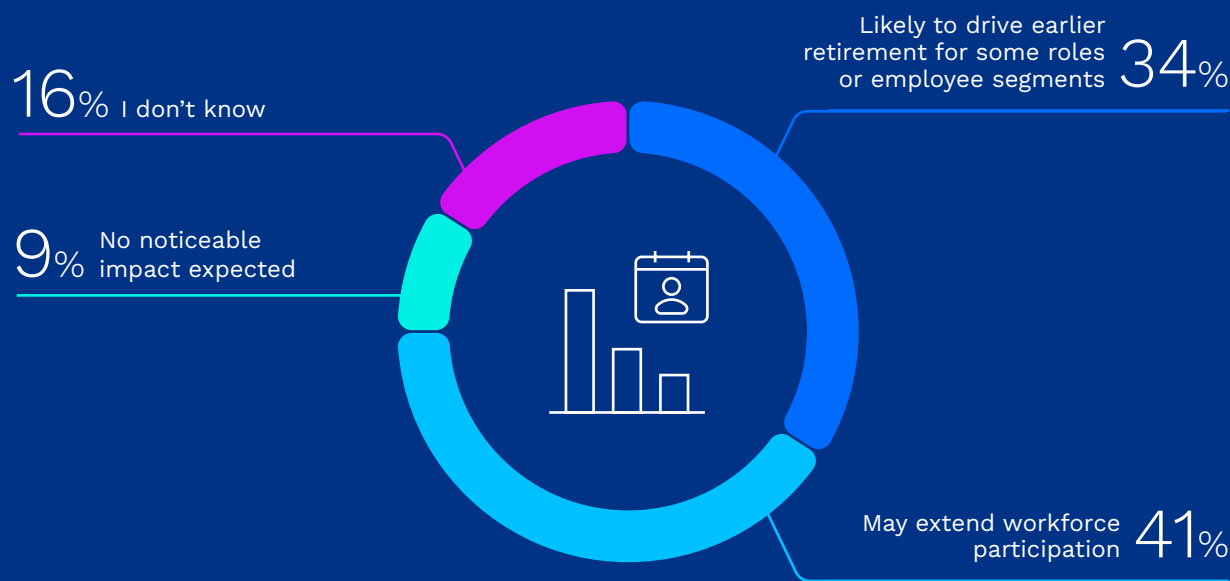
Signals of Change, but No Clear Consensus

Question: Will AI create more jobs than it destroys in your company in the next 12 months, or the opposite?



Despite ongoing debate about AI-driven job disruption, the data suggests that AI is not yet replacing jobs at scale, with only 19% of respondents expecting job losses in the next year. At the same time, confidence is far from universal, with 35% unsure of its impact, highlighting widespread uncertainty rather than a clear direction of change. Talent teams face the same ambiguity—41% expect headcount reductions, while 21% don't know what impact AI will ultimately have.

QUESTION: To what extent do you expect AI to influence retirement trends in your workforce?



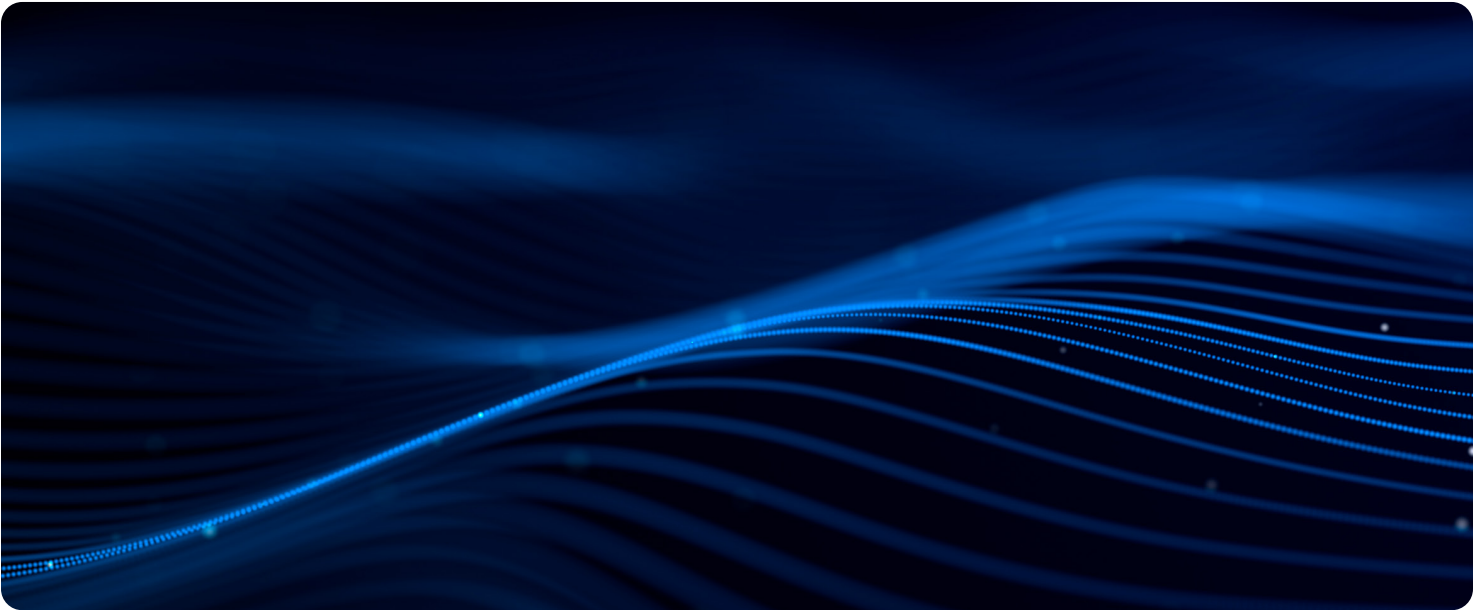
Uncertainty also reigns when it comes to AI's impact on workforce exits. In fact, 41% of respondents believe AI could extend careers by reducing workload and improving flexibility. Conversely, 34% anticipate earlier retirements as AI takes on work previously done by humans. No single narrative dominates, underscoring how uneven and unpredictable AI's impact on workforce participation may be.

The Four-Day Future?

Question: If AI reduces employment opportunities at scale, which of the following actions would you support?

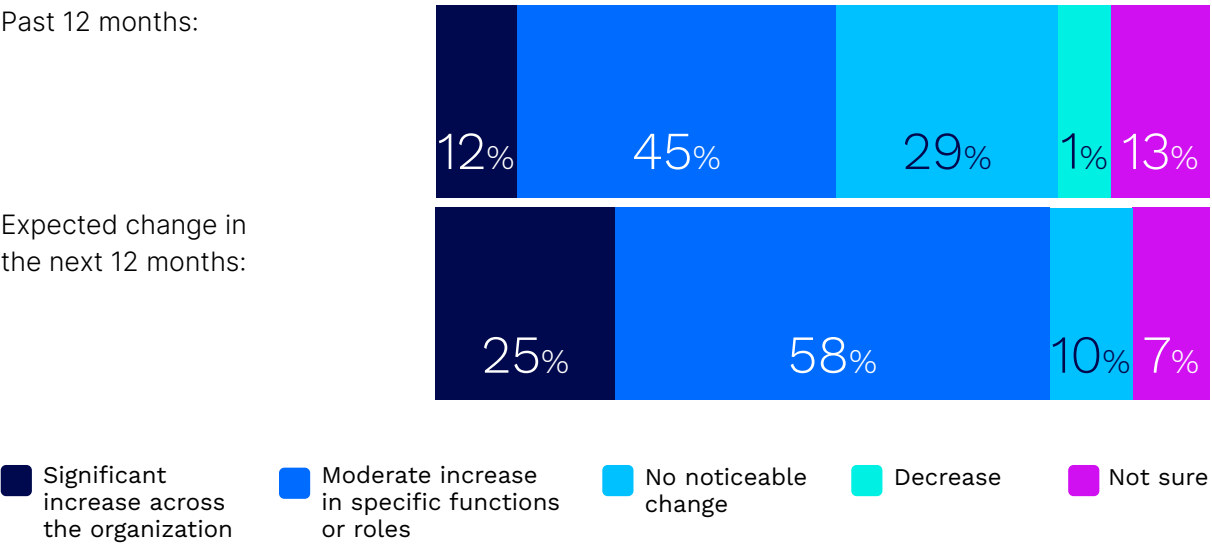


In the event that AI does reduce employment opportunities, respondents broadly support measures aimed at protecting workers and redistributing work. The most favored options include moving toward a four-day workweek (52%), expanding publicly funded reskilling programs (43%) and enforcing stronger regulations on AI deployment in the workplace (40%). These preferences reveal a desire to manage disruption proactively, ensuring efficiency gains don't undermine long-term workforce resilience.



The AI Role Rewrite: How Work Itself Is Changing

Question: Change in the inclusion of AI-related skills or responsibilities in job descriptions over the past 12 months vs. expected change in the next 12 months



As organizations experiment with AI, job roles are shifting in real time. Over the past year, 57% of respondents say the inclusion of AI-related skills or responsibilities has increased significantly or moderately, reflecting a steady shift toward roles that blend human judgment with increasingly automated workflows.

But the pace of change is set to accelerate. Looking ahead, 83% expect AI-related skills to feature more prominently in job descriptions over the next 12 months. This signals a broad recognition that AI fluency—whether in prompting, evaluation, oversight or collaboration—will become a foundational competency in tomorrow’s workforce.

Together, these shifts point to a deeper redefinition of work. As AI absorbs more administrative and rules-based tasks, job design will continue to prioritize higher-value capabilities such as problem-solving, creativity, stakeholder influence and ethical judgment. The organizations that adapt fastest will be those that treat AI not just as a set of tools, but as a catalyst for redesigning roles, skills and pathways for growth.



Jennifer Shappley
Global Talent & HR Leader



Listen to The Talent Transformation Podcast

“I think a lot of the roles that we do right now are going to change. In the short term, that might feel like they’re going away. In the long term, they’re just going to be different. I ultimately can’t predict the future, but I’m a big believer in humans and our ability to create.”

As AI reshapes work, success will depend less on how quickly organizations acquire new tools and more on how effectively they develop the capabilities to use them. With 36% of organizations reporting they have “pockets of AI capability”, the opportunity is clear: identify what’s working well and scale it intentionally. Here are three key ways you can get started:

- 1. Identify and Amplify Internal AI Champions.** Many organizations already have employees experimenting with AI to drive innovation across the business. Treat these individuals as catalysts. Give them visibility, time and platforms to share what works and what doesn’t.
- 2. Invest in Adaptability, Not Just Reskilling.** Reskilling alone won’t keep pace with change. As roles evolve, organizations must also invest in adaptability—helping employees learn how to learn, experiment and pivot as new use cases emerge. Hackathons, internal AI communities and hands-on pilots all provide safe environments for exploration, building confidence and accelerating practical adoption.
- 3. Redesign Roles Before the Labor Market Forces You to.** Rather than reacting to external shortages, proactively redesign roles to reflect the changing nature of work. By linking learning, skills and internal mobility data, AI can help surface the capabilities you already possess across both internal and external pipelines, enabling HR to ensure talent keeps pace with AI-driven change and remains future-ready.

**Jon Lester**

Vice President of HR, Technology,
Data and Artificial Intelligence, IBM

“We are developing what we call an ‘AI ways of working roadmap’ for every single IBMer, starting with HR. Here is how you learn how to interact with an LLM, with an agent, how to understand, how to improve the way you individually work, that you are, as an individual, AI-first in the way you think and the way you operate. It’s a very personal thing, and we’ve got a whole kind of 10-step process. We’re building prompt libraries, we are building training plans that will scale through HR and beyond.”

The Innovation Tipping Point

Question: Where has AI delivered — and where will it deliver — the greatest strategic value?



Today, AI's most substantial returns are concentrated in day-to-day execution, boosting productivity (67%), improving user experiences (40%) and supporting better decision-making (36%), rather than driving fundamental change. Only 27% of respondents say AI is driving innovation in their organizations today, and just 7% report that it is contributing to the creation of entirely new business models.

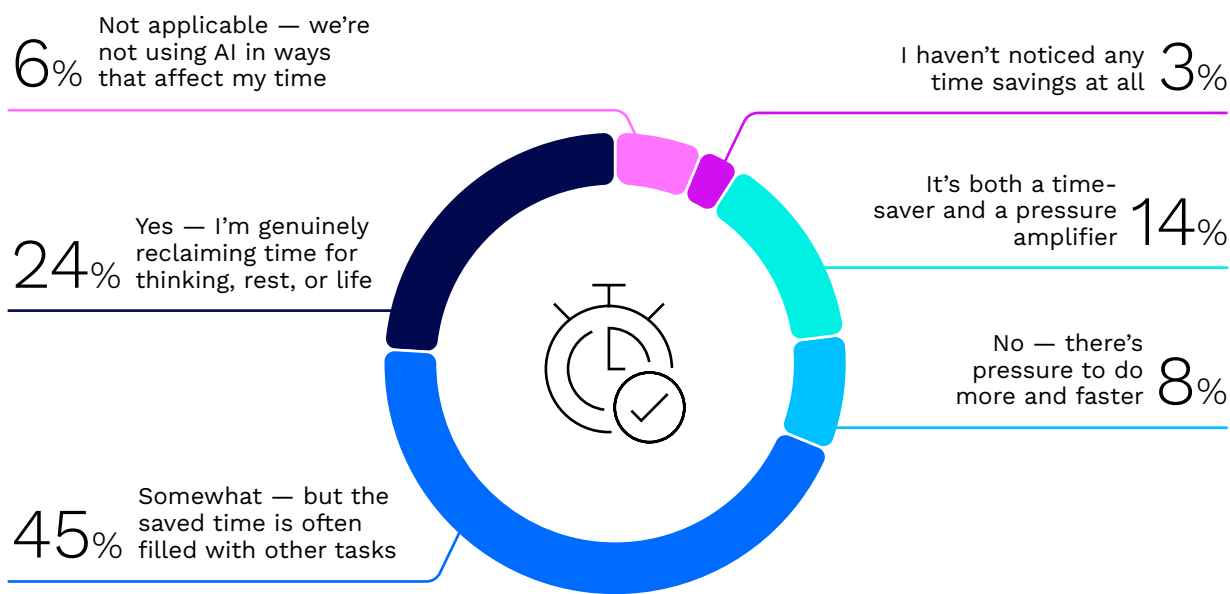
That balance, however, is beginning to shift. While efficiency and productivity remain the most anticipated benefits in the near term, respondents increasingly expect AI's impact to extend beyond operational improvements and into innovation and growth. When looking ahead two to five years, 38% anticipate AI will drive innovation, potentially supporting new products or services and 15% expect it to play a role in creating new business models—more than double today's figures.

This optimism extends to AI's ability to support growth as well: 14% of respondents believe AI will drive revenue growth, compared to just 5% who say it is doing so today, while expectations for AI enabling entry into new markets more than double, from 3% now to 7% in the future.

The challenge now is execution: turning long-term optimism into near-term capability, and ensuring today's investments in data, skills, trust and infrastructure can support the leap from optimization to innovation.

Short-Term Relief, Long-Term Pressure

Question: Do you feel that AI is giving you time back in a way that meaningfully supports your work-life balance?



While AI is often portrayed as a means to give employees more time, the reality is more nuanced. Overall sentiment is positive—42% of respondents say they feel excited by the opportunity to focus on higher-value work, and 26% feel relieved to have one less task to manage when AI automates part of their job. Yet far fewer experience a lasting benefit.

Only 24% say AI genuinely helps them reclaim time for thinking, rest or life outside work. For nearly half of respondents (45%), any time saved is quickly absorbed by additional responsibilities, limiting its impact on work-life balance, while 8% report feeling pressure to do more, faster.



QUESTION: The increased use of AI at work makes me feel...



That tension becomes even clearer when respondents are asked to describe their feelings about AI in their own words. While words like excited, curious and hopeful still appear prominently, they sit alongside emotions such as nervous, skeptical, concerned, cautious and overwhelmed.

This shift suggests that, beyond the immediate relief of task automation, many employees are grappling with uncertainty about pace, expectations and what success and roles will look like in an AI-driven workplace.

Against this backdrop, as the rate of significant job disruption more than doubles (from 12% to 25%) and the corporate mandate shifts from 'saving time' to 'inventing business models,' the workforce may soon feel the weight of performance anxiety. For HR leaders, the challenge will be ensuring that AI-driven productivity gains translate not only into better business outcomes but also into more sustainable ways of working for people.

Land in the Winner's Circle

This year's findings underscore a growing divide between exploration and execution. While most organizations are increasing their investment in AI, only a small fraction have moved beyond pilots to embed it into core talent processes, let alone use it for strategic differentiation. Legacy systems, siloed data and limited trust remain critical barriers.

Yet, the direction of travel is clear: HR leaders overwhelmingly recognize that the future of talent strategy depends on integrating AI and automation in ways that are transparent, ethical and aligned with business goals. The good news? Many are already laying the groundwork — improving data foundations, advancing interoperability and exploring low-risk, high-value use cases to build momentum and confidence.

This is a defining moment. HR has the chance not just to adopt AI, but to shape how it enhances the employee experience, empowers better decisions and unlocks new levels of agility. That will require courage, curiosity and a willingness to evolve, not just tools, but mindsets, workflows and expectations.

We hope this report offers clarity on where the field stands, what's working and how your organization can move closer to the winner's circle. Thank you to every participant who shared their perspective. Your insights are helping define the future of work.

For more insights and inspiration, tune in to the [Talent Transformation Podcast](#). Join Dimitri Boylan, CEO of Avature, as he interviews HR changemakers tackling today's most pressing talent challenges. Subscribe and listen on Apple Podcasts, Amazon Music and Spotify.



About Our Research

This report is based on Avature's Global AI Impact Survey, conducted between September and November 2025 with over 180 HR, talent acquisition and talent technology professionals spanning diverse industries worldwide.

The participant pool reflects the scale and complexity of modern enterprise HR: 61% of respondents work at organizations with more than 30,000 employees and the most common primary responsibilities include HR Technology and Systems (61%) and Talent Acquisition/Recruitment (57%).

Together, these insights form the analytical foundation for this report's benchmarks, trend analyses and recommendations, offering a data-backed view of where the field stands today and where it is heading next.

About Avature

Avature combines state-of-the-art, transparent artificial intelligence with unmatched configurability to deliver an always-fit-for-purpose platform that continues to evolve alongside the business. The platform of choice for 110 of the Fortune 500, 102 companies with more than 75,000 employees and 7 governments, Avature partners with the world's most forward-looking organizations to bring to life innovative, agile and fully digital talent strategies that deliver a competitive edge.

Avature solutions include candidate relationship management, applicant tracking, career sites, early careers, high volume, executive search, employee referral management, social onboarding, branded employee engagement, internal mobility and workforce optimization, employee case management, performance management and social learning.

Move from pilot to strategic impact.

Seek out the enterprise value of AI with the help of Avature.

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