

HR at full velocity

The five key trends reshaping the function, today



Amid the Intelligence Age, work is shifting at a rate the HR function has not experienced before. To meet these new demands, HR must fundamentally change how they operate to be in a constant state of improvement and integrating AI.

Artificial Intelligence (AI) is accelerating workforce change, employee expectations are fragmenting, organizational structures and roles are being re-engineered, and talent economics are becoming a board-level priority. Through this rapid transformation, HR needs to be in a position — in close alignment with Finance and IT — to drive the necessary changes to enable people to adapt and thrive. It is also an opportunity to build the foundations for a broader strategic role in the organization, driving a change model and culture that is fit for the impact of AI, and enables the business to deliver on its strategy.

Moving from transformation 'cycles' to 'states'

What sets this period of change apart from others is that globally across KPMG firms' client base, research programs, and in-market delivery, it is increasingly clear that organizations and functions are no longer in a transformation 'cycle', rather they are in a transformation 'state'. Transformation cycles are project based and have a clear start and end, but transformation states continue and intensify. If the HR function is not ready for this way of operating, the flow-on effect to the broader business will likely be serious.

Reduced employee engagement, poor optimization of roles and teams, and slow uptake of technology, for example, can lead to higher costs to deliver services, slower delivery speed, and an inability to provide experience-led, personalized, consumer-grade offerings for HR customers.

However, if HR operates with a single enterprise workforce plan and focuses on optimizing an 'AI-plus-human' environment, the correct foundations can be in place to vastly improve competitiveness.

The trends that matter for HR

In this environment of change, **five key trends** will likely be shaping the strategy and approach of pathfinding¹ Chief Human Resources Officers (CHROs).

These five trends highlight the importance of being AI-first in HR delivery:

01 | AI-enabled reinvention: from automation to intelligent orchestration

The latest advances in agentic AI are enabling HR to move beyond task automation towards intelligent orchestration; where work is coordinated across multiple steps, systems and stakeholders. This means using specialized digital agents to complete or connect workflows at scale, while humans focus on exceptions, governance, and judgement handling. This helps to reduce friction for employees and managers, lowers cost-to-serve, and improves speed and consistency without sacrificing control.

A practical starting point is to consolidate HR services into a single 'front door' and redesign a small number of high-volume journeys² end-to-end. Rather than optimizing individual steps in isolation, organizations can reimagine experiences such as redesigning the entire hiring journey, using agentic AI to orchestrate every stage — from initial candidate attraction and screening through interviews and offer management.

In this model, intelligent digital agents work toward a defined outcome, dynamically planning actions, executing tasks in parallel, monitoring progress and adapting in real time. This end-to-end approach reduces fragmentation, streamlines the journey and delivers a smoother, more personalized experience for candidates, while maintaining appropriate human oversight.

One way organizations are beginning to achieve AI-enabled journeys is through an integrated, AI-powered orchestration platform that coordinates work across systems and stakeholders. Early evidence suggests that, when applied at scale for recruitment, this approach can increase recruiter capacity and support higher levels of internal mobility, demonstrating potential gains in both efficiency and talent engagement.

As these journey-based models scale, a critical question comes to the fore: how should different forms of digital execution, coordination and decision-making be intentionally designed to work together?

Moving from isolated automation to intelligent orchestration requires a way of thinking about agentic AI not as a single capability, but as a set of complementary roles operating across the HR operating model, from task execution, to coordination, to oversight and experience.

One useful method is to analyze agentic AI through the distinct roles agents play in enabling delivery, coordination and governance.

Used as a planning and architecture lens, this approach helps HR leaders determine where different types of agents should operate, how they should be composed together across systems and functions, and what level of oversight is required as orchestration becomes more dynamic. Framed this way, agentic AI supports deliberate design choices, not just automation decisions, while preserving accountability, control and trust.

KPMG professionals have classified six complementary agent roles that can be identified:

Execution and coordination:

1. **Task-level agents** execute specific, repeatable actions such as data validation, eligibility checks and policy application.
2. **Process-level agents** coordinate sequences of tasks, managing the flow of activities across systems and hand-offs.

Functional and end-to-end orchestration:

3. **Function-level agents** provide domain oversight within HR, ensuring operational activity aligns with functional policies, performance objectives and regulatory requirements.
4. **Value-stream agents** orchestrate entire employee journeys end-to-end, cutting across HR, IT, Finance and other functions to optimize outcomes rather than silos.

Trust, risk and experience:

5. **Control agents** underpin intelligent orchestration by monitoring risk, enforcing compliance and applying guardrails across all layers, ensuring AI-enabled decisions remain ethical, auditable and safe.
6. **Experience agents** shape how employees, managers and candidates interact with AI, ensuring transparency, clarity and appropriate escalation to humans when required.

02 Strategic sourcing strategy and ecosystems: vendor versus 'in-house' to strategic portfolio decisions for AI

Strategic sourcing strategy and ecosystems focuses on where work is performed, how it is delivered, and by whom — across internal teams, digital labor, managed services and advisory partners. Sourcing strategy is no longer a binary in-house versus outsource decision. Pathfinding HR functions are adopting a portfolio strategy that matches work to the most effective execution model based on capability, risk, speed, experience, and cost; especially as AI reshapes the effort and skill profile of HR work.

HR portfolios increasingly blend human expertise, agentic and AI automated delivery, platform capability, and external service partners, which is giving rise to three industry-agnostic pathways. These are:

- **Transform and outsource (vendor-led acceleration):** Outsource an entire service tower³ to a vendor with end-to-end accountability for outcomes, supported by outcome-based continuous improvement and agent optimization.
- **Managed service provider (co-source and co-build/buy):** This features an end-to-end service delivery that is provided through a co-sourced hybrid model of internal-external team with shared accountability for outcomes. This is increasingly augmented by a dedicated AI agent layer that supports execution, monitoring, optimization, and reporting across human and agentic delivery.
- **In-house build (strategic control):** This governs reusable agents built internally to maximize data stewardship, control and cross-enterprise reuse, while retaining strategic ownership of critical capability.

For HR, sourcing requires a deliberate build-buy-borrow-partner strategy, with outcome-based vendor governance, and clarity on which capabilities must be owned for risk control. For the organization, this could lead to better speed-to-value and flexibility to scale up and down.

03 The human and digital workforce: total workforce management

Workforce strategies increasingly span four bodies of workers: employees, contractors, vendors and digital teams. As a result, alignment with Finance, IT and Operations is key and increasingly about stewarding how work is resourced and delivered across the total workforce.

For Pathfinder CHROs, this represents a shift beyond traditional workforce planning to stewardship of the organization's end-to-end labor strategy, in what can be defined as labor stewardship. Labor stewardship takes an enterprise view across employee, contingent labor, digital labor and service providers, ensuring the right mix of resources is deployed in the right way.

As organizations operate in an AI-plus-human environment and transformation becomes a permanent state, talent can no longer be treated as static. Skills, capacity and roles are being continuously evolved — reshaped around capabilities and outcomes. Labor stewardship enables more deliberate and better labor allocation decisions (capacity, cost and risk), rather than allowing workforce decisions to be fragmented across functions and vendors. It also helps to reduce 'shadow' digital labor that creates compliance and security exposure.

04 | Workforce management shifts from static to continuous, signal-drive “zero-bench” engine

Traditional workforce planning models were built for stability, not volatility. In an environment shaped by AI, automation and constant demand shifts, static headcount plans and role-based job architecture are too slow and lack nuance. As a result, organizations are beginning to rethink the workforce itself as a continuously managed system.

In this environment, the workforce must be rebuilt to minimize idle capacity while maximizing adaptability. Pathfinding organizations are moving toward a ‘zero-bench’ engine, which means having no unmanaged under-utilization. This approach continuously senses where skills, tasks and capacity are drifting out of alignment with business demands.

This shift is underpinned by data-driven workforce planning and signaling. Predictive signals identify where work is changing, where demand is merging, and where individuals or groups are likely to be displaced or under-utilized.

At the same time, skills and tasks are taking precedence over static job descriptions, enabling organizations to see talent as a dynamic portfolio. This creates the foundation for faster redeployment, targeted upskilling, and more fluid movement of people.

Crucially, Pathfinding organizations are connecting signals and action, creating bridges that link under-utilized or under-skilled workers to training, emerging projects, and new sources of demand. This is turning workforce management into a continuous loop: sense, signal, redeploy, reskill; rather than a periodic exercise.

For HR, this presents a move from workforce planning as a forecasting activity to workforce orchestration as a continuous discipline that is grounded in data, focused on skills and tasks, and tightly linked to business demand.

05 | AI adoption is a culture shift, not a technology rollout

As AI moves from experimentation into everyday work, culture is emerging as a prerequisite for change adoption, determining whether AI becomes embedded at scale or stalls. High-performing AI-enabled organizations are recognizing that technology-first approaches are insufficient without leader role-modelling, cross-functional collaboration, and disciplined change management.

At the team level, cultural expectations are evolving. Teams increasingly require the freedom to test and learn with AI, supported by norms that encourage experimentation. Transparency is also essential — when AI is wrong, easy escalation and override mechanisms (without blame) are needed to maintain trust and reinforce human judgement.

Leaders need to guide teams through the human experience of constant change. Empathetic leadership, resilience-building and clarity of purpose are critical as roles evolve and work is re-shaped.

For HR, this means AI adoption is increasingly treated as a managed change outcome, not a technology milestone. HR plays a central role in shaping the cultural conditions for adoption by building literacy, reinforcing behaviors, and sending consistent trust signals.

From insight to action: a fast start

For HR functions ready to thrive in this accelerated environment, there are some practical steps that can be taken today. These include:

- **Check your HR ‘vitals’:**

Establish a fact-based view of the current health of your HR Function across cost, experience, risk and capability, and benchmark against peers and leading practice. Use this diagnostic to identify where value is constrained and where change will have the greatest impact, enabling prioritization of a small number of focus areas. Metrics to measure: Cost to serve, experience scores, risk indicators, capability gaps.

- **Map the experience ‘front door’:**

Document where the workforce goes today; simplify engagement entry points for HR services and technology; and instrument the top three friction journeys that drive demand and dissatisfaction. Metrics to measure: Adoption, containment, journey drop off.

- **Prioritize what to act on first:**

Score HR journeys against consistent ease of implementation and impact criteria, plotting them on a prioritization matrix to distinguish quick wins from strategic plays. Metrics to measure: Impact, effort, time-to-value, risk.

- **Pick two-to-three high-volume journeys:**

Redesign these processes end-to-end with AI assistance to improve speed, quality and efficiency, focusing on where scale and repetition create the greatest return. Metrics to measure: Cycle time, rework, cost per volume (handle per human and digital FTE), experience quality, level of augmentation.

- **Connect AI Transformation directly to the workforce to shape the future operating model:**

Breakdown how work is currently performed to understand the impact of AI on roles, skills, and capacity. Use this insight to assess workforce value, anticipate role evolution, and design the right balance of people and agents. Use a people and agent based analytical tool to support impact assessment and scenario modeling to create and optimize a future hybrid workforce like KPMG Mystro. Metric to measure: Role impact, value shift, skill adjacency, workforce capacity mix, adoption and augmentation levels.

Navigating what lies ahead

As you prepare for this new HR environment, focusing on factors such as AI integration, data driven workforce shaping, enhanced board level oversight and more, KPMG is here to help.

The HR functions that excel in constant change and help their business deliver on strategy are transforming without delay. If you would like to discuss these trends and how your function can get on track, **get in touch**.

To learn more please visit our [Workforce, People and HR](#) page.

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Footnotes:

¹ A Pathfinding organization, function or leader is one that leads its peers by actively reshaping how work is done, moving early, learning fast, and embedding new capabilities into core operations rather than waiting for perfect conditions. Followers, by contrast, tend to wait for proven blueprints before acting, slowing the translation of innovation into impact.

² An HR journey is an end-to-end sequence of interactions, processes, decisions and systems that deliver a specific outcome for an employee, manager or candidate, cutting across functions, technologies and service providers.

³ A service tower is a defined group of related work/services/capabilities that are managed and sourced and together allow organizations to apply different delivery and sourcing strategies to different types of work. For example, Payroll, HR ops/case management, HR Technology & Data. Sourcing decisions for payroll might be fully outsourced, whereas HR case management may be co sourced with AI-enabled MSP.

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