



EXECUTIVE SUMMARY

HR TRENDS AND PRIORITIES FOR 2026

Balancing innovation with compassion
in an intelligent world of work



Always Designing
for People®

KEY TRENDS AND PRIORITIES FOR 2026

The workplace of 2026 will be defined by a new era of technology, interconnectivity and human centricity, driven by advances in artificial intelligence (AI) and expectations of fairness and trust. Leaders face the clear challenge of balancing innovation with compassion to cultivate workforce agility, organizational resilience and long-term business growth.

This summary, based on ADP's 2026 HR trends report, highlights key ongoing developments that will influence people, compliance and technology within the human capital management (HCM) space in 2026. It covers various topics in each of these three areas, including skills-based job redesign, people's professional experiences with AI, the role of AI in employment decisions, pay transparency, multijurisdictional compliance, agentic AI and the growing partnership between HR and IT.



Use these insights to inform your understanding of HCM today and achieve clarity and direction for your plans tomorrow.

Category

PEOPLE



Organizations are assessing their skills inventories

Two factors are compelling leaders to consider how their workforces can be more efficient: (1) a focus on skills in hiring and development and (2) the rise of AI taking on routine tasks.

In the process of adopting a more skills-focused approach to jobs as AI reshapes the workplace, leaders have initiated a more thorough examination of the most critical competencies necessary for any given role, allowing a deeper breakdown and analysis of what's required to accomplish a given job.



AI is creating a mix of experiences for people at work

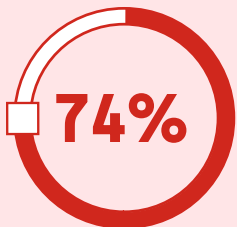
AI isn't new, but its evolution within the workplace is affecting how people interact, solve problems, complete tasks and feel about work. While productivity gains are expected at organizations of all sizes,¹ experts advise against placing undue pressure on employees by setting unrealistic expectations for this still-evolving technology. Instead, leaders should focus on reframing AI as augmentation rather than automation to encourage teams to engage more deeply with meaningful work and view AI as an enhancement.





Organizations are affirming their commitment to employee well-being

Well-being remains an important consideration for employers, with a majority of organizations (74% or more) agreeing they have a responsibility to ensure employees' physical, mental and financial well-being.¹ That said, the data shows a significant gap between their strong sense of responsibility to ensure well-being and confidence in their ability to offer the resources needed to enhance well-being. To bridge this gap, organizations must build a culture that puts their strong sense of responsibility into practice. This involves not just recognizing the importance of access to resources and benefits but implementing and strengthening programs that support physical, mental and financial health.



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COMPLIANCE



Countries are regulating the use of AI in employment decisions

As countries and U.S. states consider whether and how to regulate AI in employment decisions, differing approaches are emerging. Use of AI in certain types of impactful employment decisions, like hiring, promotion, work assignments and discipline, is generally considered high risk. When a use is considered high risk, the laws provide more limitations on how AI may be used and often have requirements for transparency about using AI and auditing the outcomes of AI-assisted decisions.

It's important for employers to understand where AI is used in employment decisions, have humans involved in decision making and audit outcomes to ensure organizational practices comply with employment laws as well as specific laws related to the use of AI.



Pay transparency requirements are expanding, especially in the EU

New pay transparency requirements will be in effect for European Union (EU) member states beginning June 2026. Larger employers will also be required to audit gender pay equity and report pay gaps, with additional requirements for employers with gaps over 5%. Some EU member states are considering lower pay-gap thresholds that trigger a duty to investigate and remediate gaps. U.S. states continue to enact and enforce laws on pay transparency and pay equity as well, with Massachusetts and Delaware entering the spotlight.





Congress passes tax treatments for certain wages and benefits

Congress recently passed the [One Big Beautiful Bill Act](#), increasing tax incentives for employers who provide child-care benefits and paid family and medical leave.² Overtime and tips will also be taxed differently for federal income tax.



Some states are expanding paid and protected leave laws

Many U.S. states are requiring employers to provide some paid sick leave, and are expanding protected leave, both paid and unpaid. States are also expanding the reasons an employee may take time away from work without risking their job. Organizations should check the paid sick leave laws for every location they have employees. It's essential to understand the paid and unpaid leave laws for the employee's location and to consider how different locations' requirements fit a given organization's leave policies.





The DOL may revise rules for employee classification and joint employers

In its semiannual regulatory agenda, the U.S. Department of Labor (DOL) stated³ it will review the rules for joint employers and classification of independent contractors, both of which have shifted depending on the presidential administration.



California is expected to evaluate time rounding practices

The California Supreme Court is expected to decide *Camp v. Home Depot* and whether employers may use neutral time rounding practices when they also have the exact times employees worked. Prior case law allows California employers to round up or down, but the employer must also ensure that each employee is paid for all time worked.



Employers continue to face multijurisdictional compliance dilemmas

Employers continue to face various legal requirements from local, state and federal authorities. Establishing one internal standard is often easier to implement and administer, supporting consistency and minimizing confusion and errors that increase risk. In more complex cases of multijurisdictional impact, it's worth considering additional factors, such as the administrative burden and expense of having multiple internal standards, the impact on the culture of the organization should different rules apply in different places and whether all employees would be treated fairly based on the standards implemented.



Category

TECHNOLOGY



Agentic AI is emerging as a core HCM capability

Agentic AI is being used in some capacity at businesses of all sizes,¹ complementing prior and ongoing advancements in AI. ADP's 2025 HR trends survey indicates that usage increases as business size increases, with 4% of small businesses saying they use agentic AI, compared to 25% of midsize businesses and 48% of large businesses.¹ A survey of 200 global HR executives shows chief human resources officers (CHROs) projecting a 327% growth in agent adoption within their organizations by 2027, with 80% projecting that, within five years, most workforces will have people and AI agents working together.⁴

Like generative AI, agentic AI is still evolving. Leaders are exploring how to use this technology to optimize business processes and accomplish key objectives.





Data management is evolving as companies deploy agentic AI

Agentic AI is influencing organizational data management strategies, compelling leaders to prioritize seamless data flow between software applications. To implement this technology effectively, leaders are working to establish agent dialogue between disparate best-of-breed systems, positioning agentic models to operate with the details and context necessary to provide comprehensive insights and effective cross-functional automation. Leaders must recognize, however, that agentic AI introduces challenges around data management practices, including data quality, data privacy and data security. In fact, most IT leaders (79%) believe AI agents bring new security challenges, while 48% worry their data foundation isn't set up to get the most out of agentic AI and 55% aren't fully confident they have the appropriate guardrails to deploy AI agents.⁵



HR and IT are increasingly reliant upon each other

The relationship between HR and IT is becoming more interdependent as AI reshapes the workplace. In a 2025 survey of 1,100 IT leaders, 64% predicted a complete merger will happen within five years, while 31% predict HR and IT will not merge but become far more collaborative during that same period.⁶ For HR leaders, success will increasingly hinge on IT's expertise in selecting, implementing and managing complex technologies. At the same time, IT will rely on HR to provide insight into how these tools affect people in terms of adoption and human impact.



HR and IT's partnership isn't just tactical; it's strategic.

Both functions carry responsibility for safeguarding company data, incorporating people data into business strategy and influencing how leadership responds to AI's transformation.

EASY, SMART AND HUMAN, IN PRACTICE

The forces shaping 2026 demand more than insight; they require thoughtful action. Across people, compliance and technology domains, leaders must navigate heightened complexity while maintaining a human touch.

With tools that are easy, smart and human by design, ADP helps organizations turn insight into action, instilling confidence in leaders worldwide as they build resilient, intelligent, people-centric workplaces.

Discover ADP's solutions

1. [ADP, HR trends study, internal analysis, 2025](#)
2. [SPARK, The One Big Beautiful Bill Act Series, 2025](#)
3. [U.S. Department of Labor, Spring 2025 Agency Rule List, 2025](#)
4. [Salesforce, HR Leaders to Redeploy a Quarter of Their Workforce as Agentic AI Adoption Expected to Grow 327% by 2027, 2025](#)
5. [Salesforce, State of IT: Security, Fourth Edition, 2025](#)
6. [Nexthink, IT's New Mandate: The Science of Productivity Report, Part 2: The Experience Silo: HR, IT, and the Digital Workplace, 2025](#)



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