THE QTI GROUP

HR TRENDS WEBINAR

2027 HR OUTLOOK:
NAVIGATING WHAT'S NEXT

October 29, 2026

WELCOME



Londa Dewey
CEO
The QTI Group

Please send any follow-up questions after the webinar to qti@qtigroup.com.

Agenda

- 2027 HR Trends: Emerging Trends & Signals to Watch in the Year Ahead
- Adapting to AI
- Top 3 HR Challenges for 2027
- Beyond the HR Challenges
- Panel Discussion: Real-World Perspectives on 2027

Our Work is People.

Because People are the Heart of Every Business.



For 69+ years, we've been helping organizations adapt, grow, and succeed through people. This year marks our 17th year of administering the HR Trends Survey.

Staffing
Temporary, contract-to-hire, and direct hire talent solutions.

Recruiting
Professional and technical recruiting focused on fit and long-term success.

Executive and Board Seach
Finding leaders who align with your culture and goals.

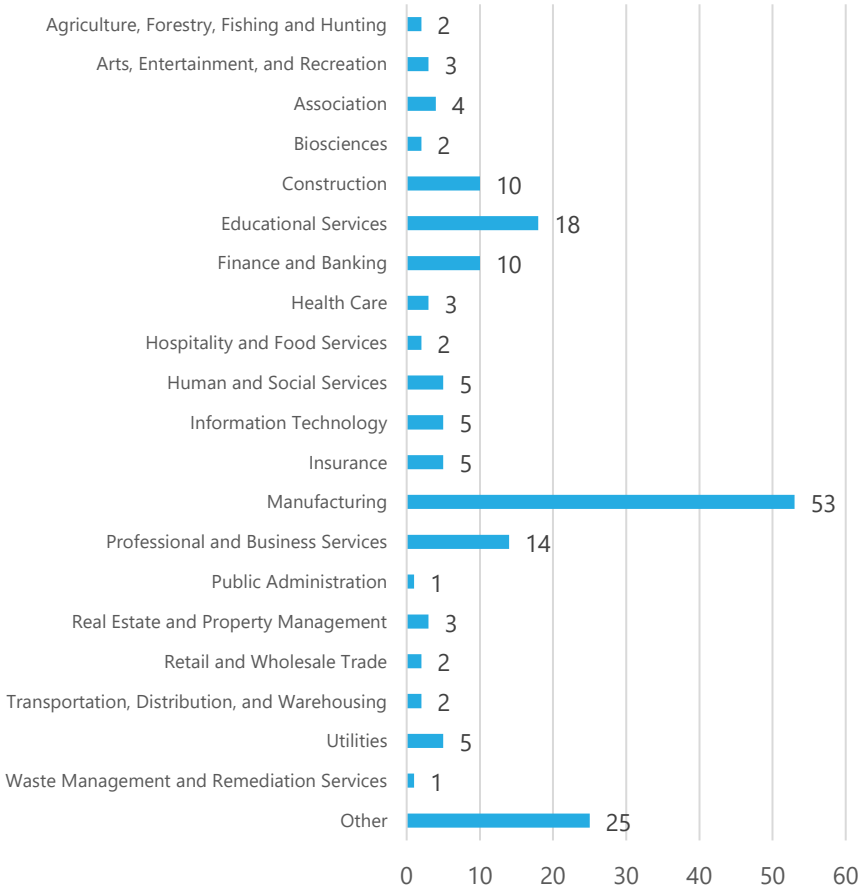
Total Rewards Consulting
Compensation, engagement, and HR strategies that help attract, engage, and retain talent.

Hogan Assessments
Data-driven insights for hiring, leadership development, and succession planning.

Participant Profile (Industry, Size, and Ownership Type)

This year's survey reveals some of the biggest shifts since the survey launched.

Industry

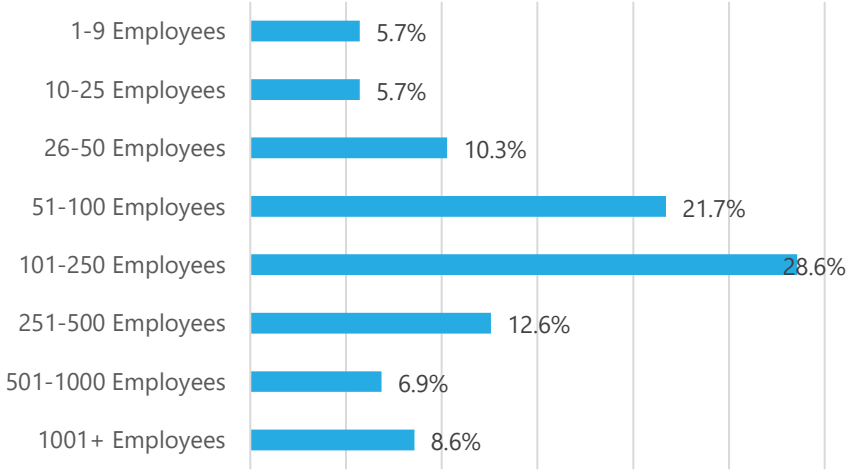


175 Primarily Wisconsin-based organizations

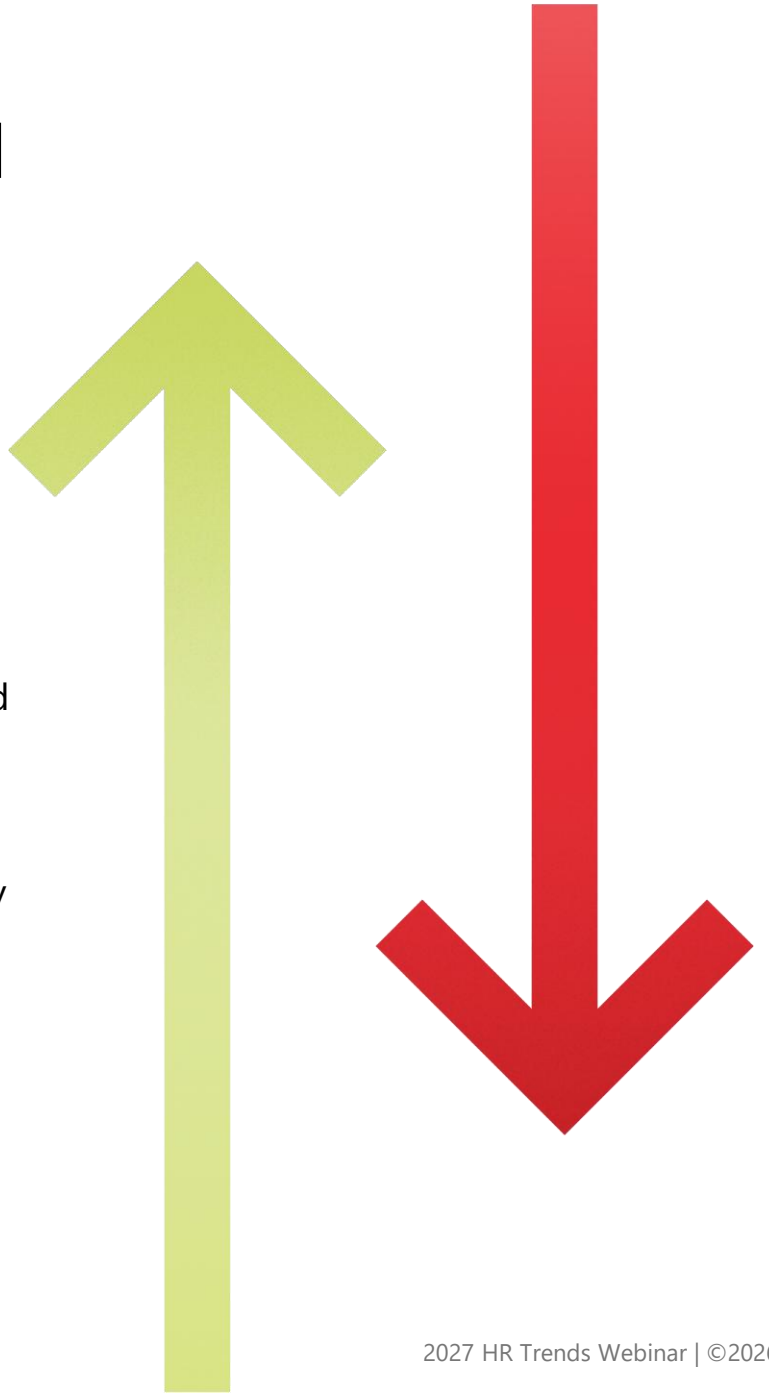
Ownership Type

- ESOP: 5.1%
- Not-for-Profit: 29.1%
- Privately Held (Family-Owned): 32.6%
- Privately Held (Not Family-Owned): 21.1%
- Publicly Owned/Government Agency: 7.4%
- Publicly Traded: 4.6%

Organization Size



What Moved Since 2026



- Formal AI governance +21pts
- Succession Planning rated a moderate or significant challenge +17 pts
- Documented compensation philosophy +14 pts
- HR team prepared to evaluate and implement AI tools +14 pts
- Recruitment strategies rated effective or better+14 pts
- Using AI or automation tools in HR +13 pts

- Voluntary turnover higher than the prior year -7pts
- Employee engagement ranked a top-3 HR priority -9pts
- Merit increases more than once per year -10 pts.
- Lack of in-house expertise as an AI concern -15 pts
- No formal oversight of AI tools in HR -27 pts

2027 at a Glance

Six numbers that frame this year's results.

82%

say attracting the right talent is a moderate or significant challenge

83% in 2026; #1 for a sixth year

76%

say succession planning is a moderate or significant challenge

59% in 2026

60%

use AI or automation tools in HR

47% in 2026

3.0%

median planned base pay increase for 2027

3.2% delivered in 2026

12%

report higher voluntary turnover than the prior year

19% in 2026; 62% now say similar

58%

rate employee burnout moderate or higher

New question in 2027

Prior-year figures are from QTI's 2026 HR Trends Survey report (n=102-118 per question), except the 3.2% 2026 actual base pay increase, which is reported by respondents to the 2027 survey. The annual surveys are separate samples of organizations, not the same organizations tracked over time.

Signals to Watch

01 **Change management is rising.** As an HR priority, it nearly tripled from 4% to 11%.

02 **Contingent workforce use is growing.** Organizations using contingent workers rose from 54% to 66%.

03 **Retirement is a mixed signal.** Concern about an aging workforce is rising, but fewer organizations expect 5% or more of their workforce to retire in the next 1-3 years (57% to 46%).

04 **What respondents want next.** AI in HR (52%), employee experience analytics (51%), and total rewards innovation (48%) topped the list of requested research topics.

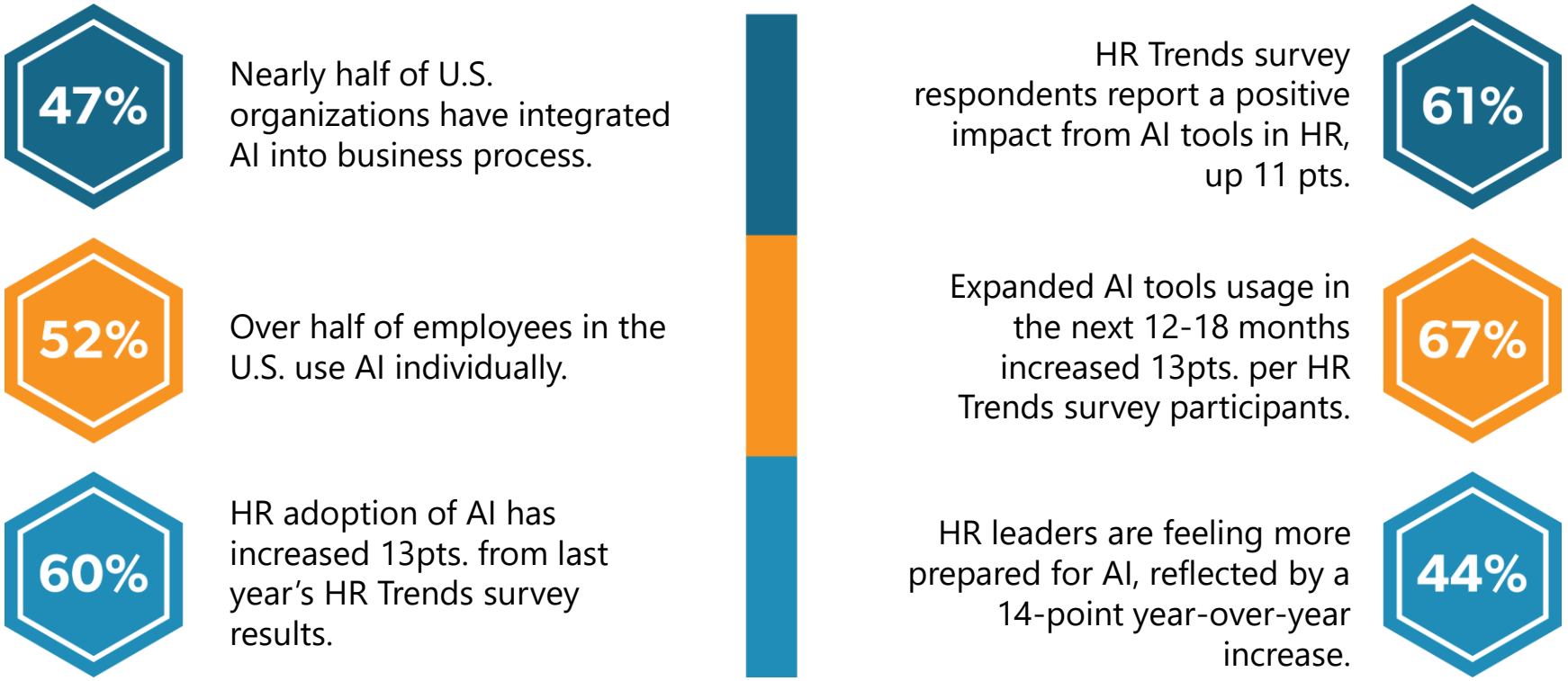
05 **AI is a strategic imperative.** HR leaders feel more prepared for AI. +14 pts.

Adapting to AI

A Strategic Imperative

AI is Here: Moving Beyond Experimentation

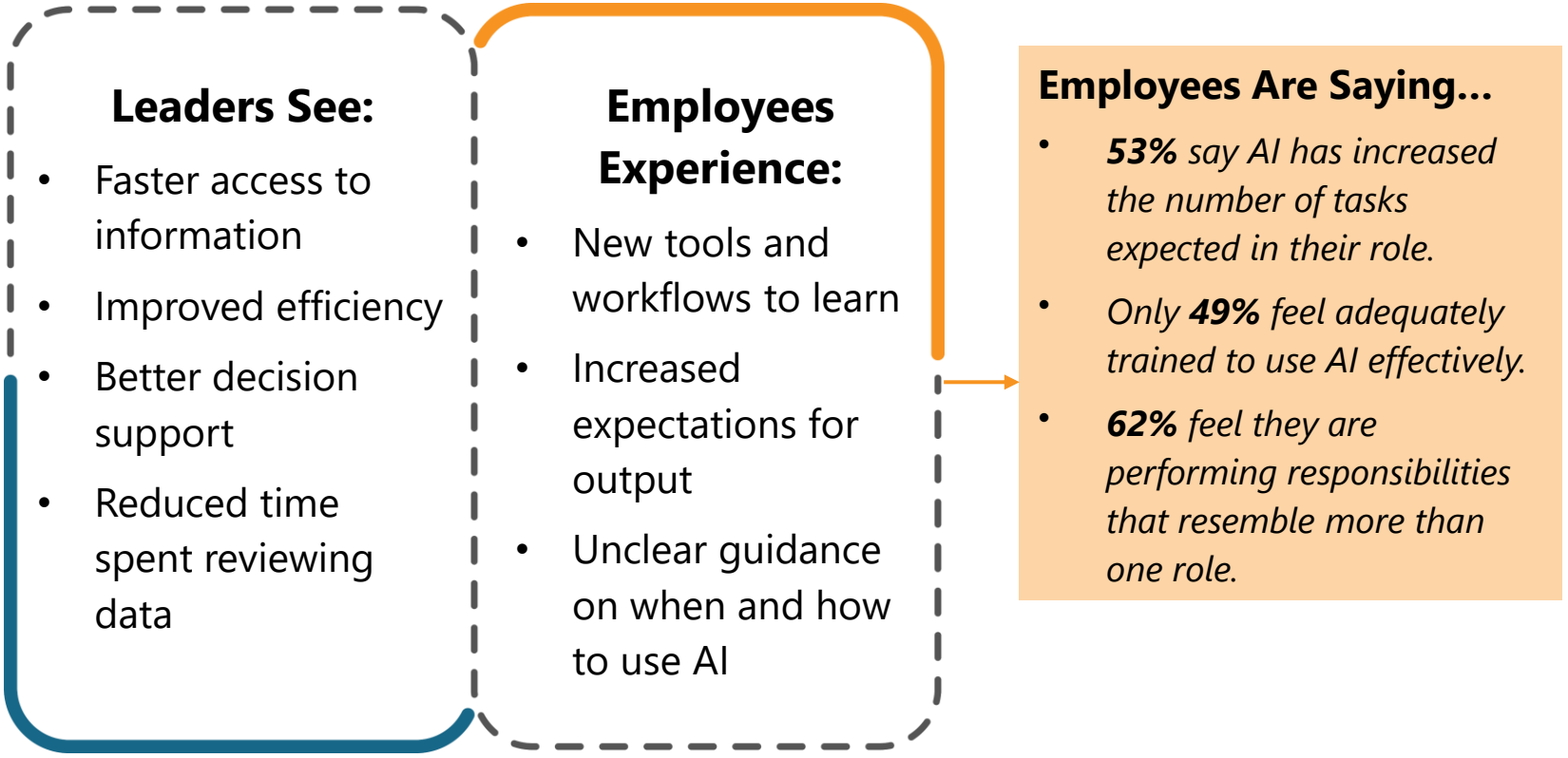
AI has become the standard part of how work gets done.



Organizations are no longer asking whether to use AI. They're determining how to scale it effectively and safely.

Sources: Gallup: Organizational AI Adoption Jumps 6 Points; 2027 HR Trends Survey

The AI Productivity Gap



Source: Korn Ferry: AI Productivity Problem; US results

The Link Between Leaders' AI Messaging & AI Adoption

- Research shows a correlation between the type of messaging leaders share around AI and AI adoption and performance.
- Clear messages around hope and growth lead to better AI adoption and performance compared to ambiguous or unclear AI messaging.

Difference in employees' daily AI use by AI narrative communicated

	Minutes
An expected part of the job	+40
Enables higher-quality, more meaningful work	+18
Supports career growth	+17
Improves productivity and efficiency	+3
Necessary to stay competitive	-3
Other AI message	-8
No communication at all	-10
No clear communication about AI	-19

Source: Gabrielle Rosen Kellerman, David Martin, and Julia Dhar, Harvard Business Review

Source: Harvard Business Review: How Leaders Talk about AI Predicts Adoption

Governance is Catching Up

As adoption increases, organizations are putting more structure around AI use.

- Organizations with **no formal AI oversight** declined from 63% to 36%.
- **Formal AI governance policies** increased from 17% to 38%. Yet fewer than half of organizations have formal AI policies.
- **Data privacy remains the top concern**, increasing from 66% to 73%.

The Challenge



*Balancing **innovation** with **security, privacy**, and **accountability**.*

Source: 2027 HR Trends Survey

People First. AI-Enabled. Building an AI-Ready Workforce

Shift the Focus from AI Expertise to AI Fluency

- Most employees today can quickly learn the "mechanics" of a new AI platform.
- To build an AI-ready workforce that can deliver a competitive advantage, organizations should recruit for or develop those with AI fluency over AI technical expertise.



"AI fluency is the ability to understand, evaluate, and appropriately apply AI tools as work evolves."

Source: Korn Ferry: The AI Skills Your Workforce Needs and How to Build Them

Human Skills Enhanced By AI

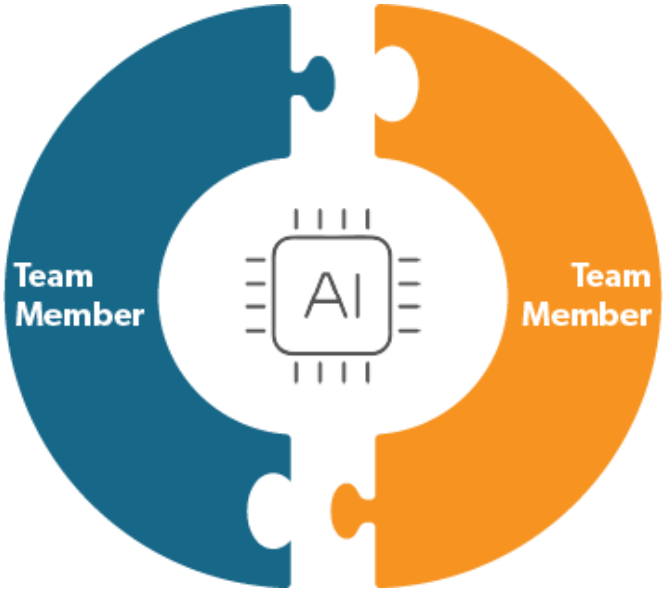
Organizations Will Increasingly Need Employees Who Can:



Source: Korn Ferry: The AI Skills Your Workforce Needs and How to Build Them

Is AI Affecting Team Relationships?

- **Displacement** – going to AI for help instead of a human colleague.
- Displacement leads to "**relationslipping**" - the weakening of teams working together and substituting AI input for a team member's input.



The Result:

- Increase in duplicate efforts
- Decrease in knowledge of "who is the expert"
- Decrease in team trust
- Decline in team coordination

Decrease the risk of "relationslipping" through daily team connections, create an environment where it's safe to ask questions, and reward team AI successes over individual ones.

Source: HBR: Team Dynamics Weaken When Employees Turn to AI Instead of Colleagues

Some of the capabilities CEOs value most—judgment, pattern recognition, resilience, and an original point of view—are built through the messy process of doing difficult work. Outsource too much of that process, and you may get a better product today without becoming better at producing one tomorrow.

Process is human because it's imperfect and slow and meandering. I'm smarter and a better pattern recognizer not because books exist with my ideas in them, but because I wrote the books.

-Simon Sinek, author/speaker/ Start with the Why

QUESTION FOR LEADERS



How do we leverage AI effectively and safely

while keeping the "human in the loop"?

Top HR Challenges for 2027

HR Trends Survey Results

Top Challenges for 2027

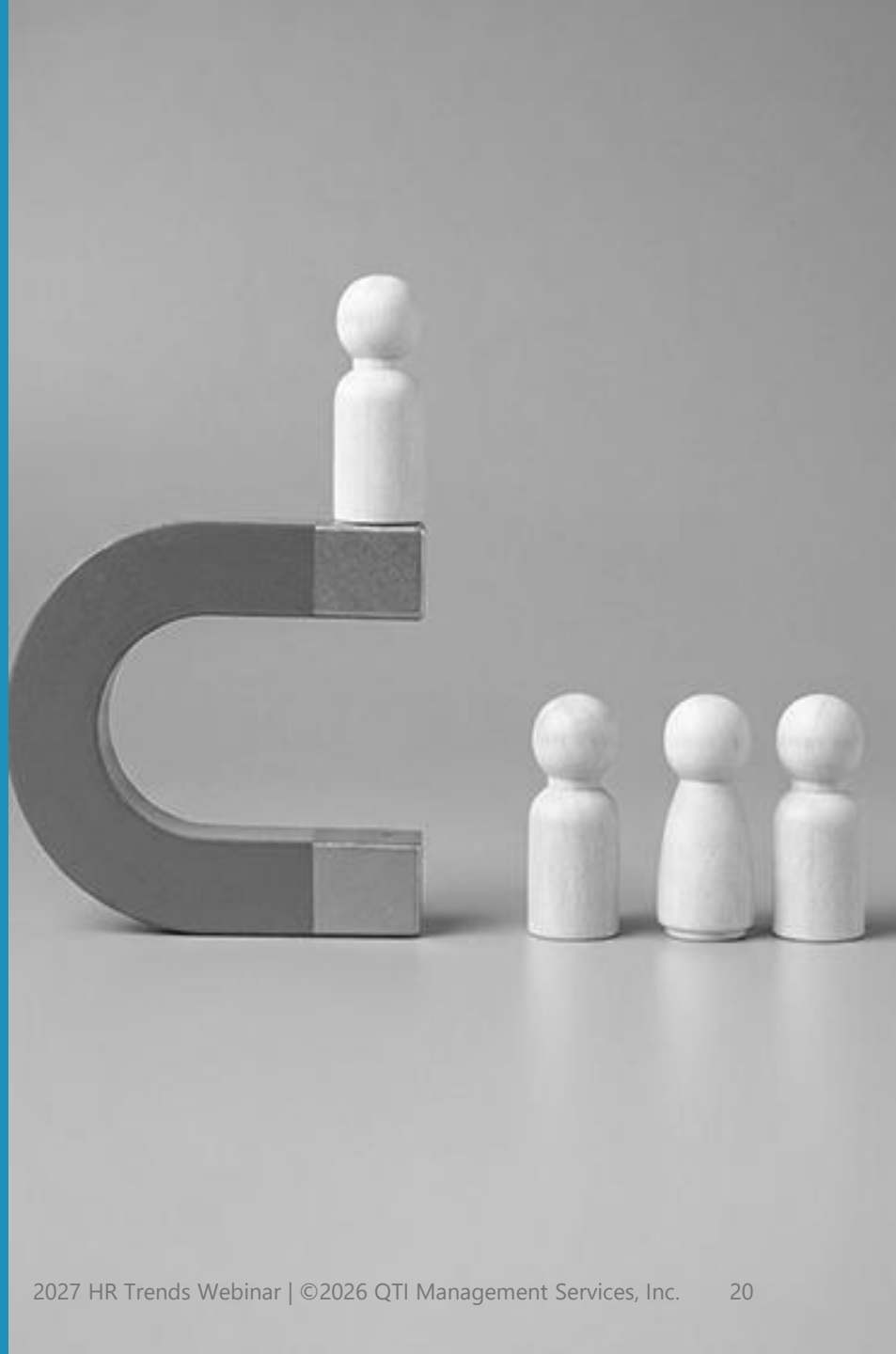
Attracting, Developing & Sustaining Talent



Since 2026 Survey:
Succession planning (76%, up from 59%) enters the top three. Enhancing employee engagement (74% to 65%) drops out.

#1 Attracting the Right Talent

Turnover is calm, but attracting talent is still the #1 HR challenge.



The Great Stay: Turnover is Stable, But Hiring Remains Difficult

Stability is Returning

- Organizations reporting **higher turnover** fell from 19% to 12%
- **Retention** as the #1 HR priority dropped from 24% to 15%

Talent Attraction Remains



Talent Attraction is the #1 HR Challenge for the 6th consecutive year.

82% *rate attracting talent as a top challenge for 2027*

Only **17%** *are very or highly satisfied with candidate quality*

Source: 2027 HR Trends Survey

Why Attracting Talent is So Hard
4 Forces Reshaping Talent Attraction



Workforce demographics are shrinking the available talent pool

- 55% rate the aging workforce a moderate to significant challenge.
- As baby boomers retire, the labor market loses experienced workers.

The skills organizations need are changing rapidly.

- 50% cite skills shortages among their top attraction challenges.
- AI and technology are creating demand for entirely new capabilities.

Competition for qualified talent remains fierce.

- 60% cite a competitive market as their top attraction challenge.
- High demand continues for skilled and specialized roles.

AI is changing the recruitment process.

- 27% of organizations are applying AI specifically to recruiting (SHRM)

Source: 2027 HR Trends Survey: SHRM: The State of AI in HR in 2026: 5 Critical Insights for CHROs

AI is Accelerating Both Sides of Recruiting

Candidates can:

- Create polished resumes in minutes
- Apply to significantly more jobs
- Tailor applications quickly

Employers can:

- Screen resumes faster
- Automate scheduling
- Move candidates through the process more efficiently

The Result

- More applicants per opening
- More competition for attention
- Increased candidate ghosting
- Harder to identify truly qualified talent

Source: Korn Ferry: Growing Nowhere

Critical Roles and Skills



*Rate "**leadership and executive management**" among the most critical roles for the next 1-5 years*

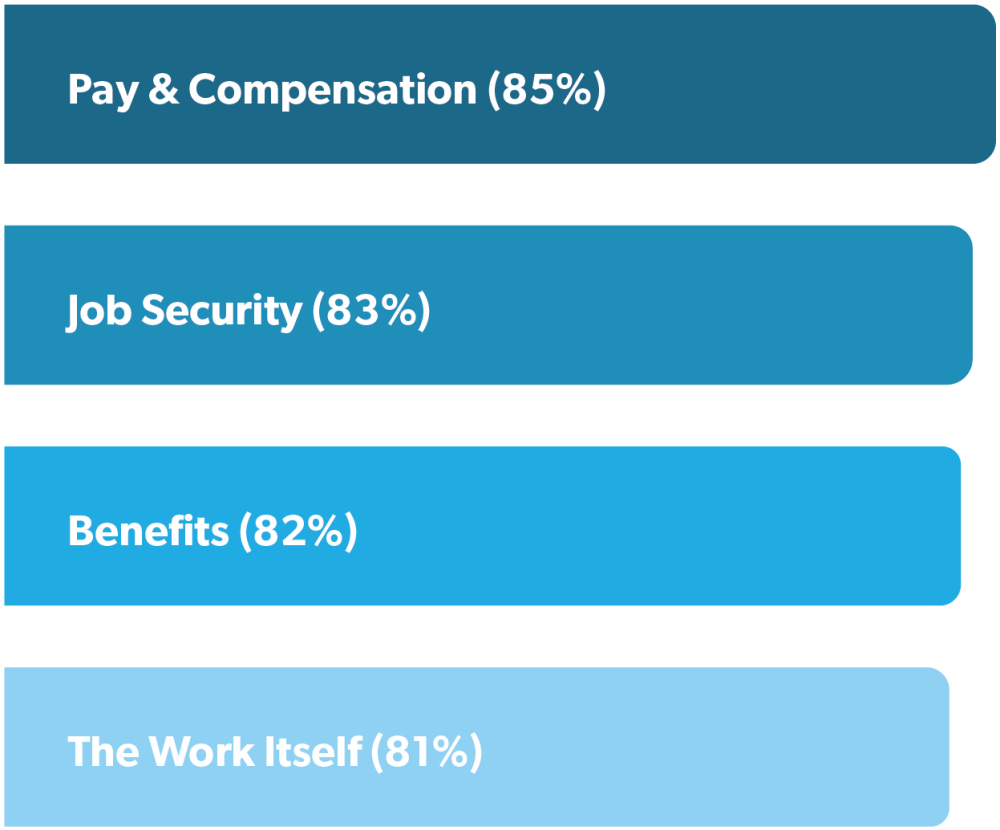
Top 5 Critical Roles

1. Leadership and executive management (72%)
2. Sales and business development (40%)
3. Project management (27%)
4. Data analytics/data science (23%)
5. Operations/supply chain (21%)

Source: 2027 HR Trends Survey

Talent Attraction: Compensation Matters More Than Ever

Top Drivers of Selecting a New Job



- Candidates are prioritizing certainty and value.
- To compete effectively for talent, organizations must clearly communicate compensation, benefits, career opportunities, and stability.
- Know your employee value proposition.

Source: Korn Ferry: Growing Nowhere

Winning Talent in the Era of the Great Stay



- Strengthen your employer brand
- Communicate purpose and mission
- Differentiate beyond compensation

- Connect work to business outcomes
- Reinforce purpose and contribution
- Celebrate successes

- Compensation communication
- Career growth opportunities
- Stability and development

- Invest in upskilling
- Create internal pathways
- Develop future-ready skills

- Strategically recruit for skills that will drive future growth
- Partner with a recruiting firm for access to a larger talent pool and recruiting expertise

QUESTION FOR LEADERS



How are you developing your Employee Value Proposition? How does that help you attract, engage, and retain employees?

#2 Improving Leadership Development

Organizations need stronger leaders more than ever, yet managers face growing responsibilities and limited time for development.



Leadership Development Rose to the #2 HR Challenge

80% *rate* ***Leadership Development*** *as a top challenge for 2027*

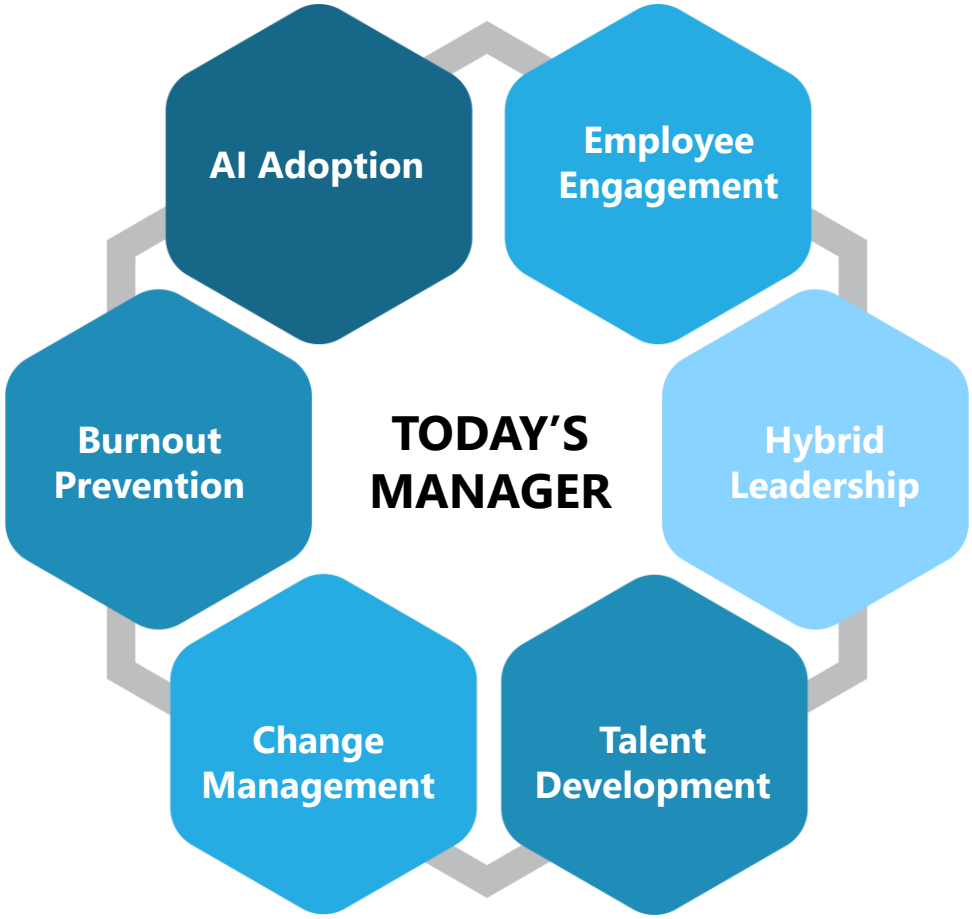
44% *cite* ***competing priorities*** *as their biggest obstacle to leadership development.*

Obstacles to Effective Leadership Development

1. Competing priorities (44%)
2. Lack of time (17%)
3. Budget constraints (14%)
4. Limited leader participation (12%)
5. Difficulty measuring impact (5%)

Source: 2027 HR Trends Survey

Competing Priorities of Today's Manager



More Responsibilities +

Higher Leadership Expectations =

Greater Need for Leadership Development

Sources: Adapted from SHRM and Gartner leadership research on manager development, employee experience, change management, talent management, and AI transformation.

Drivers of Leadership Development

Succession Planning

- 22% cite it as their primary driver of leadership development.
- 41% state **retirement** as one of their top three resignation reasons.

Growth and Expansion

- 27% cite it as their primary driver of leadership development.

Employee Engagement and Retention

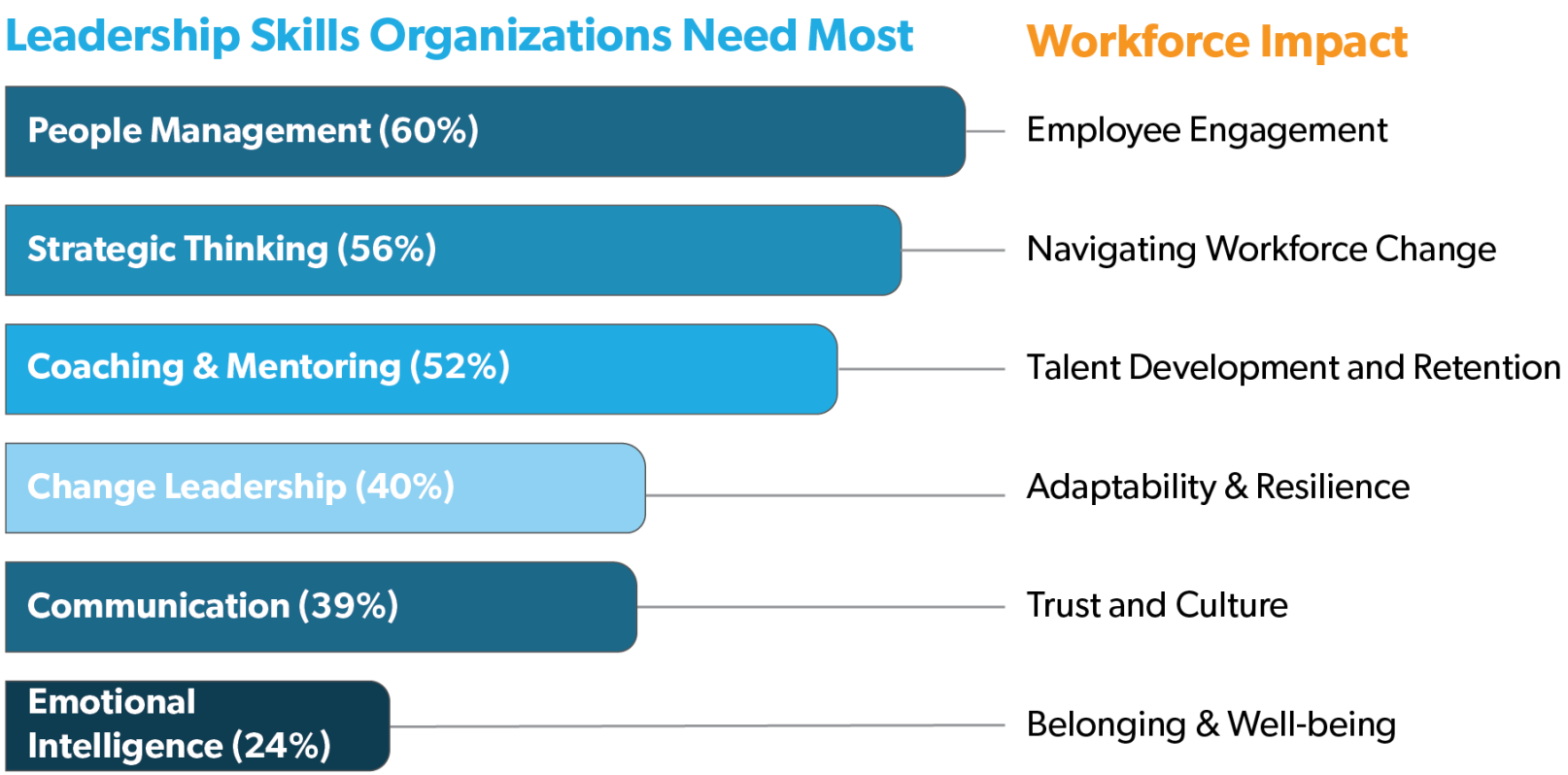
- 34% rate it as a primary driver of leadership development.
- 58% report **burnout** at a moderate level or higher at their organizations.

Culture Changes

- 11% cite it as their primary driver of leadership development.
- 52% report maintaining culture and engagement as a challenge with **remote or hybrid work**—*the most commonly selected response.*

Source: 2027 HR Trends Survey

The Leadership Skills Organizations Need Most Are the Same Skills Driving Today's Workforce Challenges



QTI 2027 HR Trends Survey Results

Leadership Development Approaches

Center for Creative Leadership: Effective Leadership Development



The top leadership development approaches used by HR Trends Survey participants include:

Experiences	Peer-to-Peer Learning	Formal Training
Stretch assignments (21%)	Coaching (60%)	Formal leadership training (55%)
Job rotations (5%)	Mentoring (45%)	Digital learning platforms (26%)
	Peer learning groups (18%)	Leadership assessments (25%)
		Executive education (16%)

Sources: QTI 2027 HR Trends Survey Results; Center for Creative Leadership

QUESTION FOR LEADERS



How is your organization helping leaders navigate today's growing competing priorities?

#3 Succession Planning

The future-focused practice of identifying the knowledge, skills, and abilities needed to perform certain functions, then developing a plan to prepare multiple individuals to potentially perform them.



Succession Planning Continues to Grow as a Challenge

76% rated **succession planning** as a moderate to significant HR Challenge for 2027

▲ **17 pts. year-over-year**



Yet only 28% of respondents rated it among their top 3 priorities for 2027

Organizations want to grow their own talent, but many lack the systems to build the skills internally.



Training and development ***is the #4 HR challenge for 2027.***

▲ **6 pts. year-over-year**

Skills-Based Practices Used By HR Trends Survey Participants

- 11% have internal mobility programs
- 14% do skills gap analysis
- 36% use skills-based promotion or advancement

QTI 2027 HR Trends Survey Results

Types of Succession Planning

Succession planning and leadership development are essential concerns across all industry sectors.

- **Long-term Succession Planning** involves preparing for expected leadership changes well in advance.
- **Emergency Succession Planning** involves creating a process and strategies for replacing key leaders unexpectedly.
- **Succession Planning Continuum** can range from relatively simplistic and bounded to relatively complex and comprehensive.

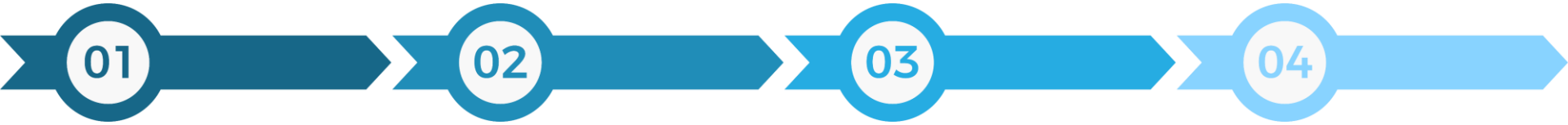
Replacement Planning	Succession Planning	Succession Management
• Identify Successors	• Identify Successors • Develop Successors	• Identify Successors • Develop Successors • Include all Organizational Levels



Basic **Comprehensive**

Succession Plan Approach

This systematic approach ties succession planning closely to business and operational strategy, ensuring leadership continuity by improving employee development, retention, and/or talent recruitment.



Review the future strategy and the required skills to execute it.

- Determine key or critical roles
- Define current and future skills, experiences, and competencies to execute the future strategy.

Assess and evaluate current employees' skills.

- Methods can include: 9-box grid (performance and potential), interviews with the leadership team and manager, performance review, Hogan assessments

Identify Gaps

- Assess employees to determine who has the skills and ability to grow into these roles.
- Determine what gaps can be filled with internal talent and which will need external recruiting.

For internal succession:

- Determine what resources, training, or experience is needed to fill these gaps.
- Create individual development plans to create a roadmap for success.

Recommend succession scenarios

- Combine all the components from the previous steps to develop a plan based on succession scenarios, including a comprehensive search process and timeline for filling key positions.

QUESTION FOR LEADERS



What strategies do you have in place to future-proof your business?

Beyond the Top HR Challenges

Total Rewards Matter. How to Get it Right.

What Employers are Telling us



68% say meeting higher compensation, benefits, and total rewards demands is a moderate-to-significant challenge.

49% have implemented or plan to implement total rewards statements.

39% say employees know their pay range, a 7-point increase over last year's results

Base Pay Increase Budgets

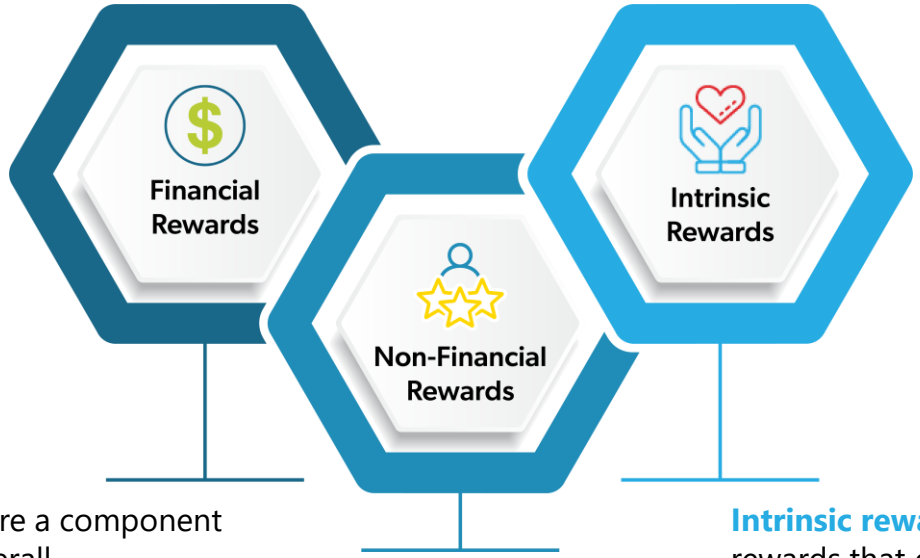
Projected 2027 base pay increases are 3.0% at the median, unchanged from last year's projection and just below the 3.2% delivered in 2026.

Year	Overall Median	Overall Average
2026 Planned	3.0%	3.5%
2026 Actual	3.2%	3.2%
2027 Planned	3.0%	3.2%



Source: 2027 HR Trends Survey

What are Total Rewards



Financial rewards are a component of an employee's overall compensation package and refer to the monetary compensation and benefits provided by an employer.

- Base Pay
- Bonuses
- Stock Options
- Benefits
- Retirement Plans

Non-financial rewards refer to incentives, recognition, or benefits given to employees that do not involve money.

- Time Off
- Recognition Programs
- Professional Development
- Work-life Balance
- Career Advancement
- Perks and Benefits

Intrinsic rewards are non-monetary rewards that come from within an individual. They are the personal benefits or gratifications that individuals experience as a result of their actions, decisions, or accomplishments.

- Sense of Purpose or Fulfillment
- Mastery
- Recognition
- Personal Growth

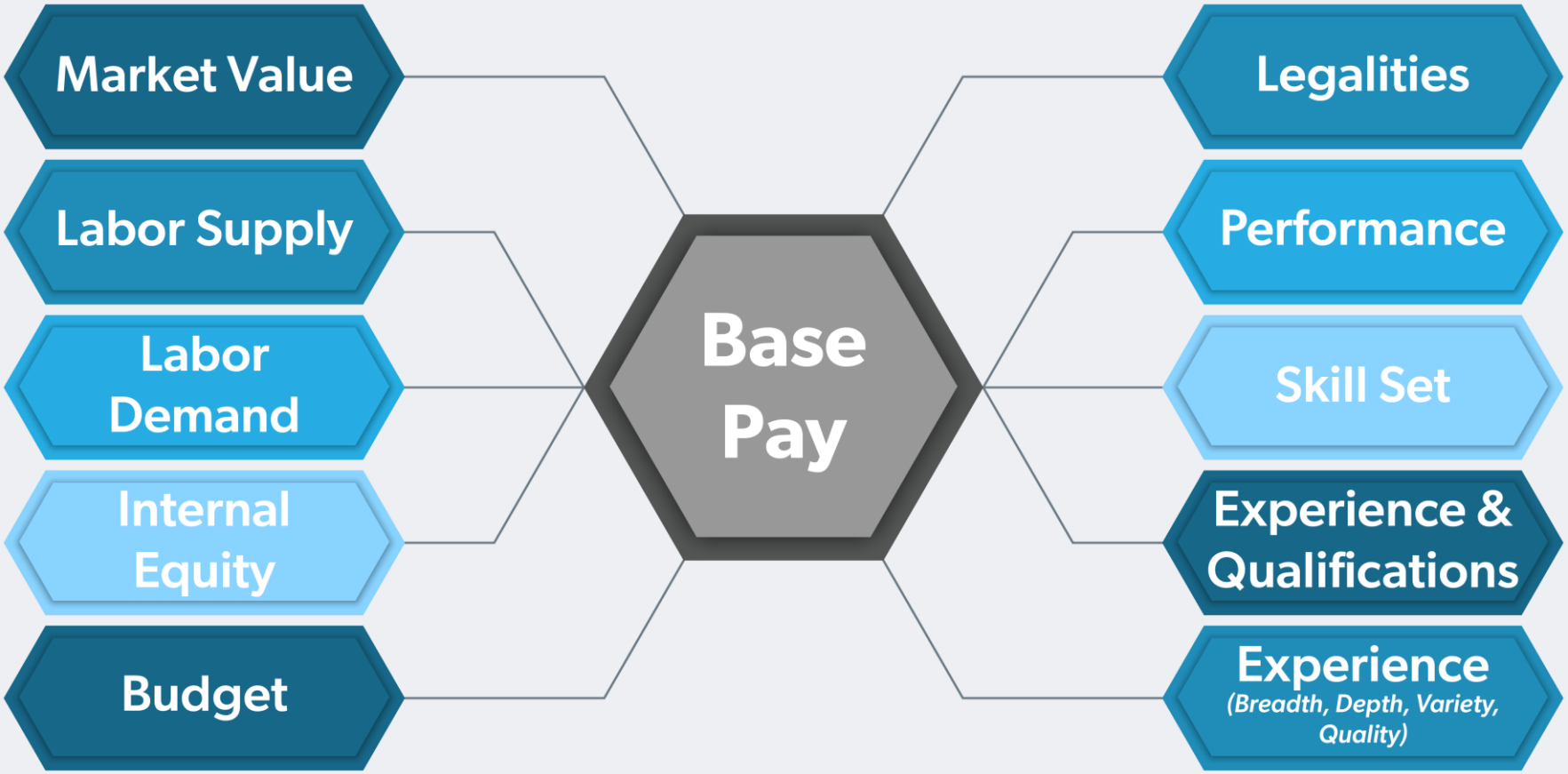
Total Rewards Philosophy

Your philosophy is the map every pay decision follows. It should answer:

- How pay supports your mission and values.
- Whom you compete with for talent.
- Where you target the market (e.g., 50th percentile).
- How performance affects pay.
- The role of base pay vs. incentives.
- How you balance market data and budget.
- What you share about pay, and when.
- How often you review the program.

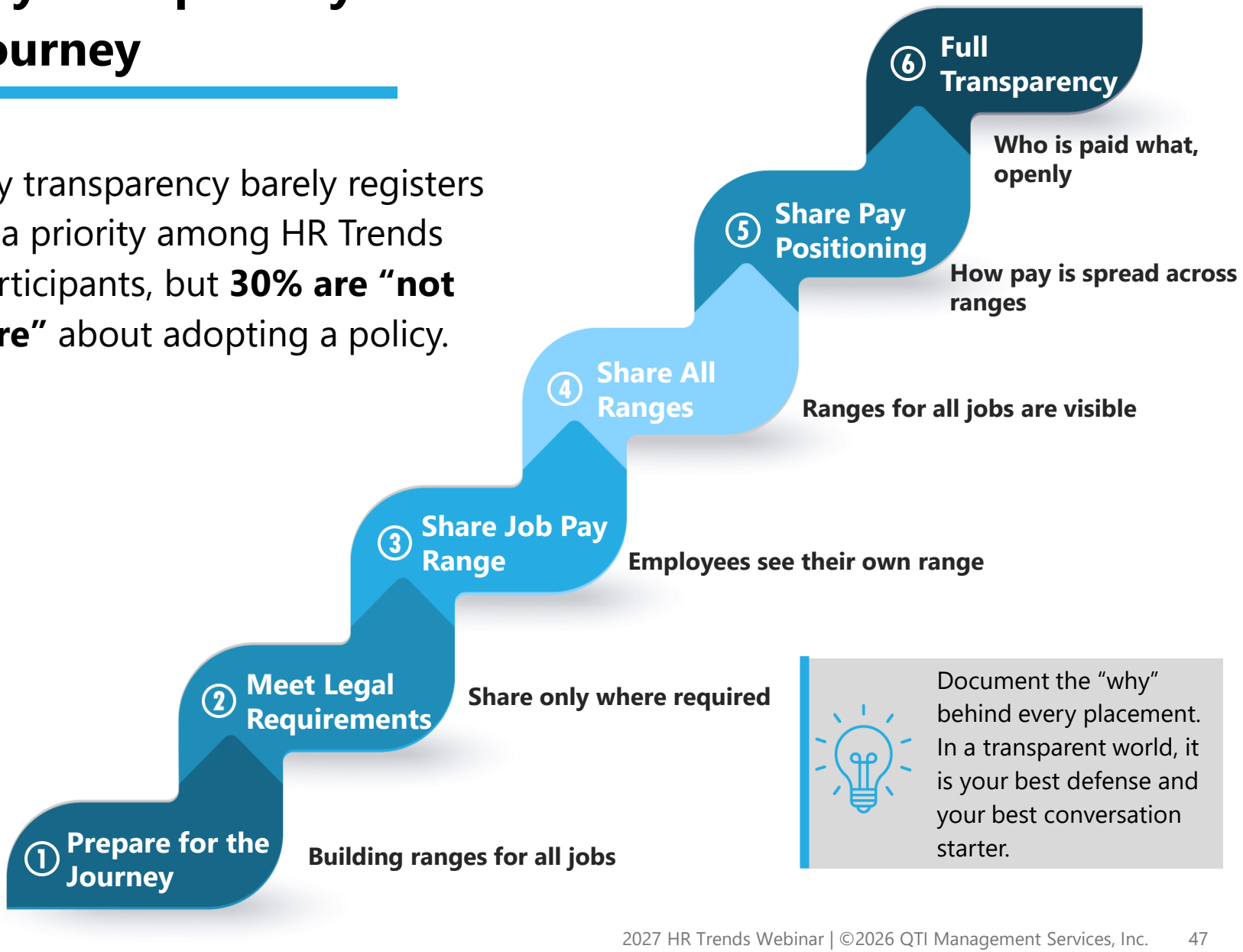


Base Pay Considerations



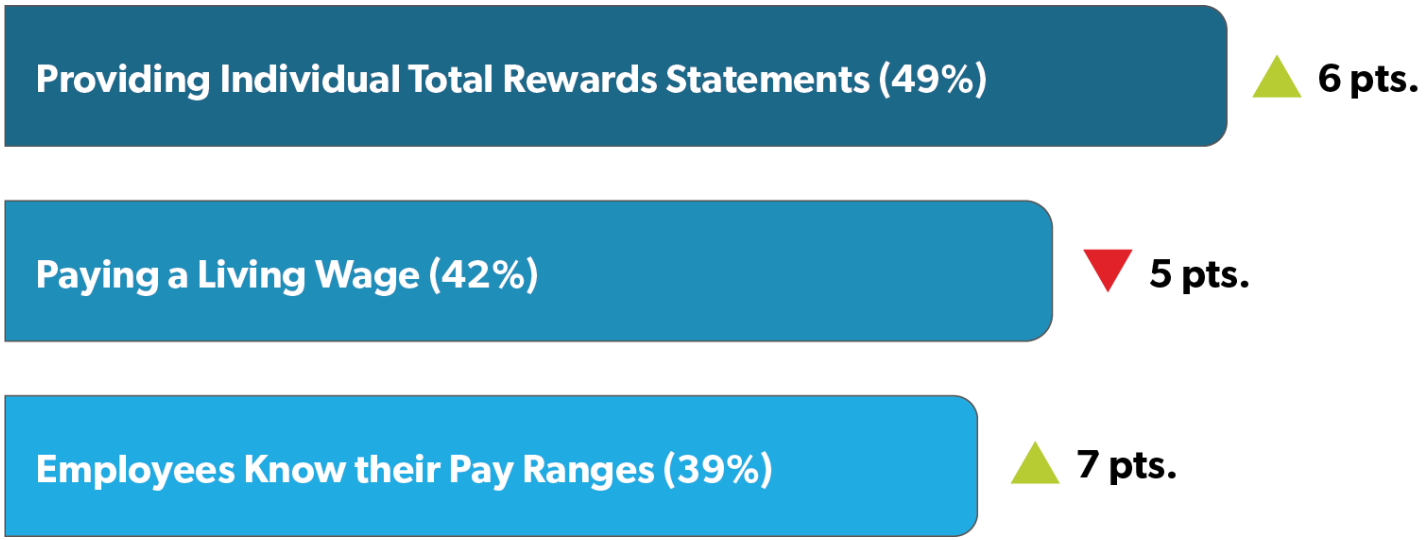
Pay Transparency is a Journey

Pay transparency barely registers as a priority among HR Trends participants, but **30% are "not sure"** about adopting a policy.



Document the "why" behind every placement. In a transparent world, it is your best defense and your best conversation starter.

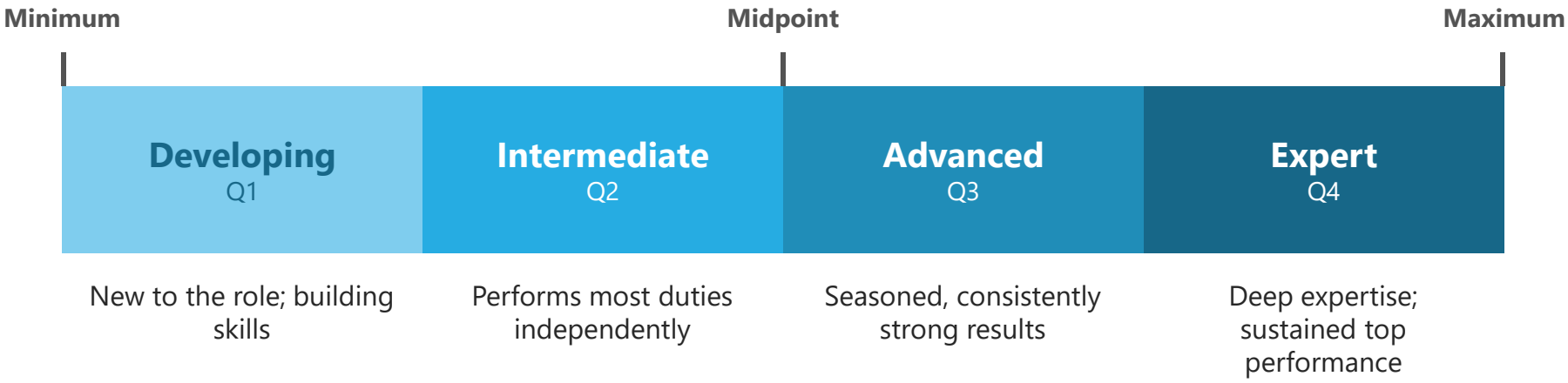
Compensation Communication & Transparency Continue to Gain Ground



- Total rewards statements reclaimed the top position, increasing from 43% to 49%
- Living wage initiatives remain important but declined from 47% to 42%.
- Pay transparency continues to gain momentum, with employees knowing their pay range increasing from 32% to 39%.

From Pay Ranges to Individual Pay

Each job sits in a grade with a minimum, midpoint, and maximum. Where someone lands depends on skills, experience, and performance.



Employees want to know how they move through the pay ranges. Include this in your communication strategy.

Where to Start

- Develop or review your Total Rewards strategy and philosophy.
- Review your compensation pay ranges to ensure they are market-competitive.
- Conduct a benchmark compensation study.
- Communicate your total rewards overall.
- Communicate individual rewards through Total Rewards statements.

QUESTION FOR LEADERS



Where are you on your journey to develop a total rewards approach?

The Organizations That Thrive in 2027 Will:



- Invest in leadership at every level.
- Embrace AI while strengthening human-centered skills.
- Prioritize retention through growth, engagement, and meaningful work.
- Develop internal talent pipelines and succession plans.
- Recruit strategically for the skills and capabilities that will drive future growth.
- Have a total rewards strategy that helps attract, develop, retain, and engage the talent and culture you need.

Meet the Panelists

Four leaders bringing perspectives across people, finance, and organizational leadership.



Lori Giese

Director of Human Resources

EK Machine



Tenisha Grimmer

CFO

Access Community Health Centers



Cara Capretta

CHRO

NGL



Sue Horne

VP-Director of HR

State Bank Financial