THE QTI GROUP



2027 HR Trends Report Highlights

The Future of Work is Here, and HR is at the Center



THE QTI GROUP

2027 HR TRENDS
The Future of Work is Here, and HR is at the Center

From AI adoption and succession planning to leadership development and employee well-being, the priorities shaping 2027 reveal a workplace undergoing significant transformation.

Organizations may be experiencing greater turnover stability than in recent years, but that doesn't mean the pressure on HR has eased. Results from the 2027 HR Trends Survey show that talent attraction remains the top challenge for the sixth consecutive year, while concerns about leadership pipelines, workforce sustainability, burnout, and AI governance continue to grow.

Based on responses from 175 primarily Wisconsin-based organizations across a broad range of industries, this year's survey highlights emerging trends HR leaders should watch as they build workforce strategies for 2027.

For a deeper discussion of the findings, watch QTI's 2027 HR Outlook: Navigating What's Next webinar featuring HR and business leaders from across the region.

KEY FINDINGS AT A GLANCE

- 82% of organizations say attracting the right talent is a moderate or significant challenge.
- 76% identify succession planning as a moderate or significant challenge.
- 80% cite leadership development as a major concern.
- 60% currently use AI or automation tools in HR.
- 58% report moderate or higher levels of employee burnout.
- 3.0% is the median planned base pay increase for 2027.

Taken together, these findings reveal a common theme: organizations are being asked to do more with the talent they already have while simultaneously preparing for rapid workplace change.

From AI and succession planning to talent attraction and leadership development, the priorities shaping 2027 reveal a workplace undergoing significant transformation. Read on to discover what employers should have on their radar for the year ahead.



Top HR Challenges for 2027

This year's top three challenges all center on talent: attracting it, developing it, and sustaining it. Attracting the right talent remains the number one challenge for the sixth consecutive year. Leadership development climbed to second place from third in our 2026 survey. Succession planning is new to the top three, rising from seventh in 2026. Employee engagement fell out of the top three, dropping from 74% to 65%.

1

82%

Moderate or Significant Challenge

Attracting the Right Talent

2026 Rank: #1

2

80%

Moderate or Significant Challenge

Improving Leadership Development

2026 Rank: #3

3

76%

Moderate or Significant Challenge

Succession Planning

2026 Rank: #7

Signals to Watch

1. **Change management is rising.** As an HR priority, it nearly tripled from 4% to 11%.
2. **Contingent workforce use is growing.** Organizations using contingent workers rose from 54% to 66%.
3. **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%).
4. **What respondents want next.** AI in HR (52%), employee experience analytics (51%), and total rewards innovation (48%) topped the list of requested research topics.
5. **AI is a strategic imperative.** HR leaders feel more prepared for AI. +14 pts.

HR TREND #1:
Talent Attraction Remains the Top HR Challenge

Despite signs that turnover is stabilizing, recruiting continues to be difficult.

While only 12% of organizations report higher voluntary turnover than the previous year, attracting qualified candidates remains the number-one HR challenge for the sixth consecutive year. Eighty-two percent of respondents rate talent attraction as a moderate or significant challenge.

- **Several factors are driving this** challenge:
- Competitive labor markets
- Skills shortages
- An aging workforce
- Evolving skill requirements fueled by technology and AI.

The survey also found that only 44% of organizations are satisfied with the quality of candidates they attract, while 60% identify market competition as one of their biggest recruiting obstacles.

Survey results identify another emerging reality: AI is accelerating recruiting activity on both sides of the hiring process. Candidates can generate resumes and submit applications faster, while employers can automate screening and scheduling. The result is often more applications, greater competition for attention, and increased difficulty identifying the best candidates.

What Employers Should Consider

- Leading organizations are focusing on:
- Strengthening their employer brand
- Clearly communicating their employee value proposition (EVP)
- Connecting employee work to organizational purpose
- Investing in upskilling and internal career pathways
- Recruiting for future-focused skills, not just current openings

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%)



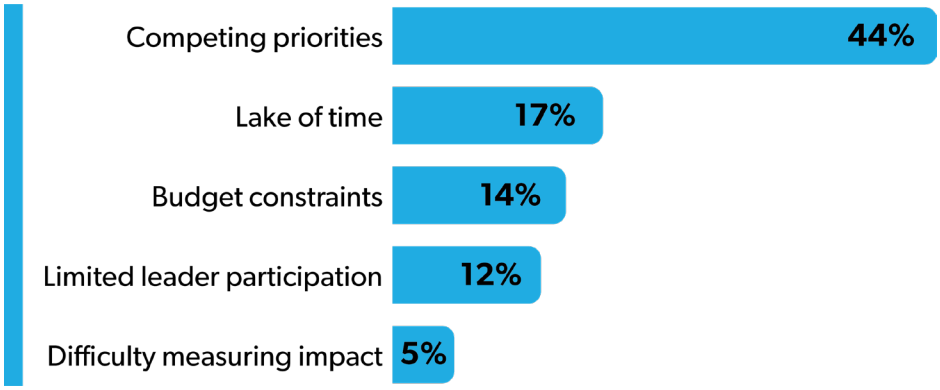
An employee value proposition aligns an organization's goals, values, and benefit offerings with those of prospective employees.

HR TREND #2:
Leadership Development Has Moved Into the Spotlight

Leadership development rose to the second-largest HR challenge in this year's survey, with 80% of respondents citing it as a significant concern.

Organizations recognize the importance of strong leaders, but many struggle to create the time and space needed for development. The biggest obstacle identified by respondents was competing priorities (44%), followed by lack of time and budget constraints.

Obstacles to Effective Leadership Development



Today's managers are being asked to:

- Lead change initiatives
- Support employee well-being
- Develop talent
- Manage hybrid teams
- Drive engagement
- Navigate AI adoption

At the same time, people management, strategic thinking, and coaching are the leadership capabilities organizations most want to strengthen.

The Leadership Gap

One of the most significant findings is the disconnect between concern and action. While leadership development and succession planning rank among the largest challenges, relatively few organizations place them among their top priorities.

Organizations that invest in leadership today will likely be better positioned to address tomorrow's workforce challenges, including retention, engagement, organizational growth, and succession risk.

HR TREND #3:
Succession Planning Is Rising Faster Than Any Other Workforce Challenge

Perhaps the most notable change in this year's survey is the dramatic increase in concern around succession planning.

The percentage of employers identifying succession planning as a moderate or significant challenge increased from 59% to 76% year over year. This represents one of the largest increases across all survey categories.

Yet despite widespread concern, only 28% of organizations rank succession planning among their top three HR priorities.

The survey suggests many employers recognize the risk but have not yet implemented the systems needed to address it:

- Only 14% conduct skills gap analyses
- Only 11% have internal mobility programs
- Just 36% use skills-based advancement practices

76%

identify succession planning as a moderate or significant challenge for 2027.

As experienced employees retire and critical skills evolve, organizations will increasingly need structured succession planning processes that identify future leaders and develop talent pipelines well before vacancies occur.

Types of Succession Planning

- **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.



Beyond the Top Three Challenges

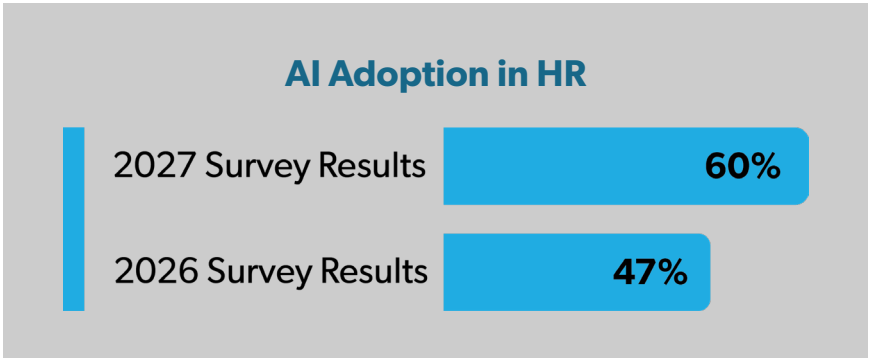
AI Adoption Is Accelerating Across HR

Artificial intelligence has moved beyond experimentation.

Sixty percent of organizations now use AI or automation tools in HR, up from 47% last year. Additionally, 67% plan to expand their use of AI within the next 12 to 18 months.

Respondents reported several positive outcomes from AI implementation:

- Increased efficiency
- Faster access to information
- Improved decision support
- Reduced administrative work



At the same time, organizations continue to navigate challenges related to AI governance and workforce readiness.

Key findings include:

- 38% have formal AI governance policies, up from 17%
- 44% believe their HR teams are prepared to evaluate AI tools
- 73% cite data privacy and security as their top AI concern

Rather than focusing solely on technical AI expertise, organizations should build AI fluency across their workforce. As AI continues to evolve, employees will need the ability to understand, evaluate, and appropriately apply AI tools in their day-to-day work while adapting to new workflows and technologies.

Total Rewards are Becoming More Strategic

Compensation remains important, but employers are taking a broader view of total rewards.

The survey found:

- 68% face increased demands for compensation and benefits.
- The median planned pay increase for 2027 is 3.0%.
- 44% have a documented compensation philosophy, up from 30%.
- 39% say employees know their pay range, up from 32%.

Rather than relying solely on larger salary increases, many organizations are improving how they communicate value through total rewards statements, compensation philosophies, career growth opportunities, flexibility, and employee development programs.

As labor markets remain competitive, employees increasingly want transparency around compensation, advancement opportunities, and the overall employee experience. Organizations that can clearly articulate their total rewards strategy may be better positioned to attract and retain talent.



Total Rewards include financial rewards (the monetary compensation and benefits provided by an employer), non-financial rewards (recognition programs, perks, etc.), and intrinsic rewards (non-monetary rewards that come from within an individual).

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. While budgets are flax, employee expectations are not. That is the squeeze many organizations are experiencing.

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

Turning HR Trends into Action

The survey findings point to several workforce priorities that organizations should address as they prepare for 2027 and beyond.

- Develop a succession planning strategy to ensure leadership continuity and reduce organizational risk.
- Invest in manager and leadership development to build the skills needed to lead through change and support employee growth.
- Strengthen AI governance and workforce readiness by establishing clear policies and building AI fluency across the organization.
- Review compensation philosophy and total rewards programs to remain competitive and meet evolving employee expectations.
- Build internal talent pipelines through upskilling and career development to reduce reliance on an increasingly competitive external labor market.

Organizations that focus on these five areas will be better positioned to navigate workforce challenges, strengthen resilience, and create sustainable growth in the years ahead.

Watch the Webinar and Explore the Results

The 2027 HR Trends Survey makes one thing clear: HR continues to play a central role in business strategy. Whether the challenge is attracting talent, developing leaders, planning for future workforce needs, implementing AI, or enhancing the employee experience, the organizations that invest proactively today will be better positioned for success tomorrow.

To hear additional insights and practical recommendations from QTI's leadership team and HR panelists, watch the 2027 HR Outlook: Navigating What's Next webinar and explore how these trends can help shape your organization's priorities for the year ahead.

Ready to put these insights into action? Contact the QTI team to learn more.

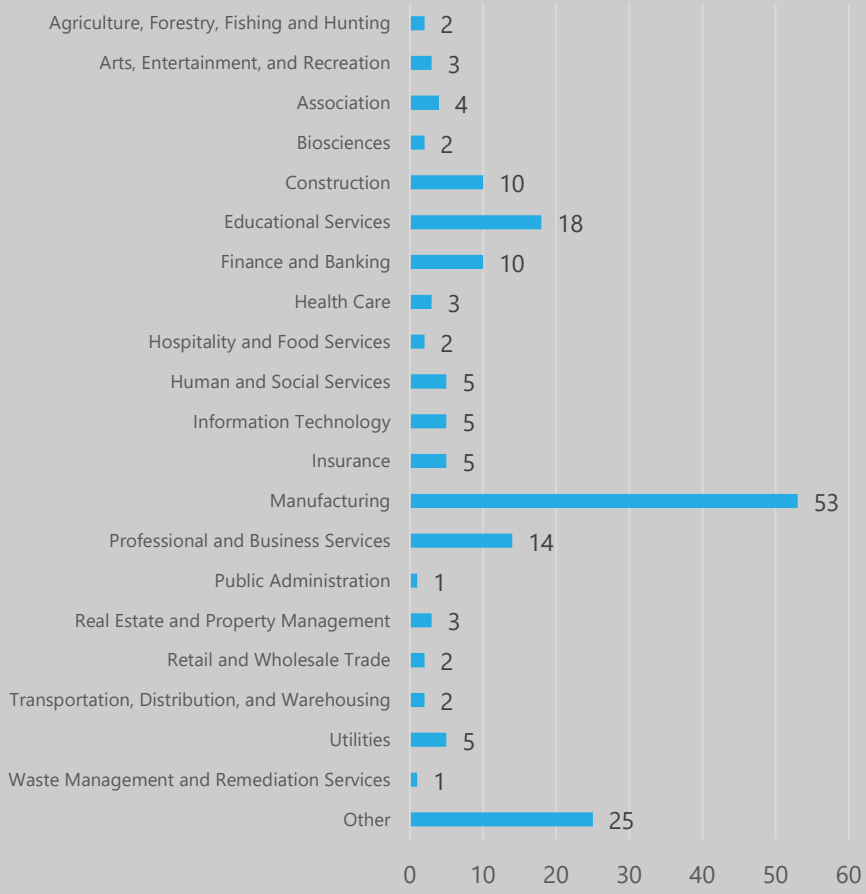
Looking for More Detailed Information?

Survey participants receive an exclusive copy of complete survey results. If you didn't have a chance to participate this year, please consider doing so next year to receive these additional insights. Contact us at QTI@QTIGroup.com to learn how.

Methodology

QTI's 2027 HR Trends report is based on data submitted by 175 primarily Wisconsin-based employers across a variety of industries and organization sizes. The majority of respondents are privately held organizations. The survey submission period was August 4-September 11, 2026. If you are interested in receiving the full survey results, please participate in next year's survey. Contact us at QTI@QTIGroup.com to learn how.

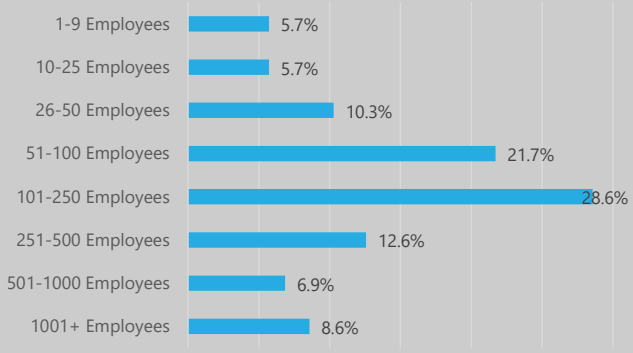
PARTICIPATION BY INDUSTRY



OWNERSHIP TYPE

- ESOP: 5.1%
- Not-for-Profit: 29.1%
- Privately Held (Family-Owned): 32.5%
- Privately Held (Not Family-Owned): 21.1%
- Publicly Owned/Government Agency: 7.4%
- Publicly Traded: 4.6%

OWNERSHIP SIZE



Our work is people.
Because people are the heart of every business.
Are you ready to apply these trends to your 2027 HR strategy?
Contact us to get started.

qtigroup.com | © 2027