



HR in 2026: Insights & Best Practices

A Paycor survey of more than
3,000 business professionals.





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Based on a national survey of more than 3,000 business professionals, we found five best practices that set top-performing companies apart from lower performers. We also asked survey respondents to share their thoughts on the economy, the job market, and current and future HR priorities. Here's what we learned.

5 Best Practices of Top-Performing Companies

1. **Systematically identify top talent.** The highest-performing companies are nearly **80% more likely** than low performers to identify top talent in a structured, systemic way. Performance reviews and feedback from managers and peers are the most common ways of identifying top talent.
2. **Invest strategically in HR technology.** Leading organizations are **three times more likely** to increase their HR tech budgets and keep their systems over the next 36 months. They view technology as a strategic enabler, not just an operational expense.
3. **Enable managers to focus on people development.** Managers at successful companies are **40% more likely** to say they have time to coach and develop their teams.
4. **Establish regular CEO-HR partnership.** Nearly **1 in 3** struggling companies report that their CEO and HR leaders rarely meet, compared to just **1 in 5** successful companies.
5. **Prioritize AI readiness and upskilling.** High performers are **83% more likely** to be planning widespread employee AI upskilling in the next three years.



More Survey Insights on the Economy, Talent, and HR Priorities

- **Current market dynamics:**
Despite economic uncertainty (**47%** view the economy as not particularly strong), **80%** of companies plan to hire this year.
- **Strategic HR with resource constraints:**
HR teams face the challenge of delivering greater strategic value while **54%** operate with flat budgets.
- **Addressing the financial wellness gap:**
When asked about their biggest external concern, **45%** of employees chose cost of living outpacing salary. Nearly half of companies (**48%**) plan to increase flexible pay options in the next 12 months.

3,214 people responded to a 15-minute online survey we fielded in May 2025.

By role:

Individual contributors 32%
Managers 35%
VP/Director 24%
CEO/Owner 9%

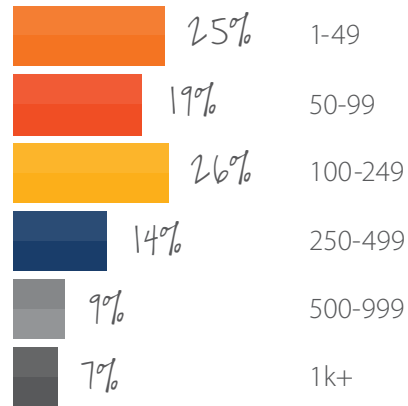
By department:

HR 57%
Finance 13%
Operations 10%
Recruiter 3%
Other (please specify) 17%

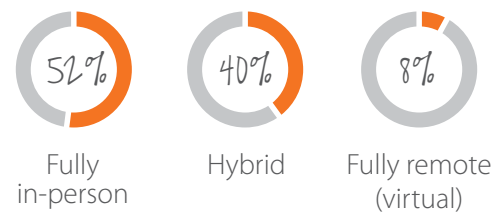
By industry:

Non-profit 15%
Manufacturing 14%
Healthcare 13%
Professional Services/Insurance 21%
Construction/Real estate 7%
Food & Beverage 7%
Tech/Software 6%
Retail 6%
Other (please specify) 25%

By # of employees:



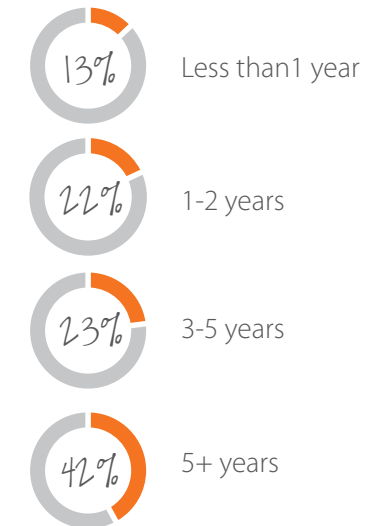
By worker type:



By generation:

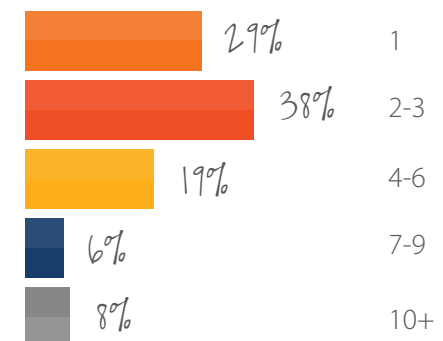
Gen Z (13-28 years old) 6%
Millennials (29-44 years old) 32%
Gen X (45-60 years old) 45%
Baby Boomers (61-79 years old) 17%

By tenure:



Size of HR department:

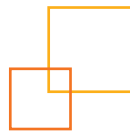
(# of HR roles on the HR team)

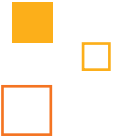




PART 1:

Economic & Hiring Outlook



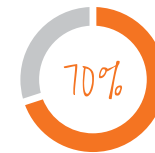


Business Confidence Despite Uncertainty

Even though the broader economy looks shaky, most businesses feel good about their own future. The real problem? They can't find the right people to hire.

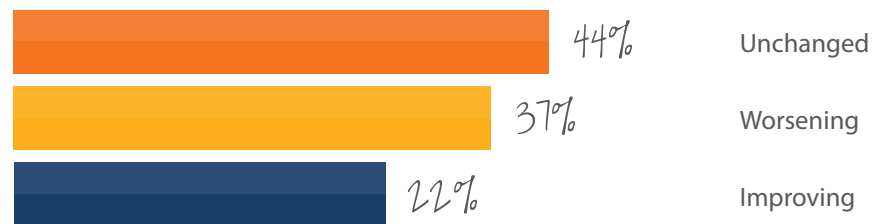
SURVEY HIGHLIGHTS:

Nearly half (47%) think the economy is weak, but 80% still plan to hire new employees.



identify candidate quality as their top hiring challenge.

See the job market as:



Why This Matters: The challenge of “finding quality candidates” has been the number one recruiting challenge for years now, according to a wide range of surveys from Paycor and others, like McKinsey, Pew, and Gallup.

WHAT YOU CAN DO:

- Stop looking for the “perfect” resume. Instead, **focus on people with real-world experiences and transferable skills**, even if they don’t have the typical background or college degree.
- Train current employees for new roles and use AI recruiting tools to **find people who aren’t actively job hunting**.

How Paycor Helps:



Applicant Tracking System (ATS)



AI-Powered Candidate Sourcing



Recruiting Analytics & Optimization



Onboarding Workflows



PART 2:

The Evolution of HR

From Transactional to Transformational

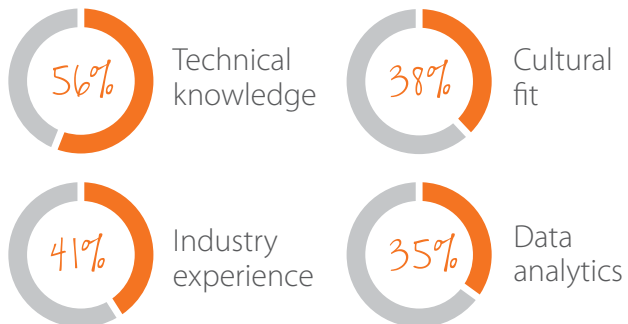
HR's sphere of influence is expanding. But most HR teams (or "teams of one") aren't getting additional headcount or funding in the next 12 months..



SURVEY HIGHLIGHTS:

Only **13%** of HR teams say they'll get **increased funding**. **17%** plan to **add HR headcount**.

When hiring HR roles (select all that apply),
companies prioritize:

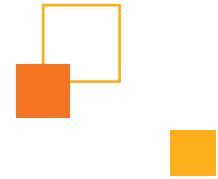


When asked to select their **top three HR priorities**, companies chose:

1	Engagement/retention	63%
2	Skills development	47%
3	Leadership development	44%

31% expect HR to have more authority over **learning and development** in coming years,
19% more authority over **organizational restructuring**, and
18% more over **technology decisions**

Why This Matters: HR professionals today need to juggle multiple roles: strategist, data analyst, and people developer. But their budgets aren't growing to match these expectations.



WHAT YOU CAN DO:

- **Train your current HR team instead of trying to hire more people.** Focus on strategic thinking and data skills.
- **Use AI tools to handle routine tasks** so your team can focus on important work like **employee development, organizational design, and technology planning.**

How Paycor Helps:



Automated Payroll & Benefits Admin



HR Analytics & Reporting



Learning Management System (LMS)





PART 3:

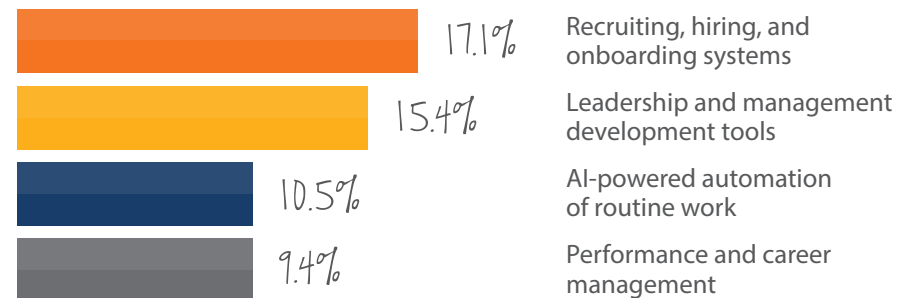
HR Technology Priorities

HR Tech Investments Balance Talent Acquisition and Development

Organizations are spreading their technology investments across different stages of the employee experience, with equal attention to bringing people in and helping them grow.

SURVEY HIGHLIGHTS:

When asked which **single HR technology would deliver the most value**, the top four responses were:



Why This Matters: HR leaders understand they need to **both recruit good people and develop the ones they have**. They're using AI selectively—letting it handle boring, repetitive work while **keeping human connection** at the center of their people strategy.

WHAT YOU CAN DO:

- **Look at your current technology** and find the gaps that make things harder for employees from the day they apply to the day they become leaders.
- **Make sure your recruiting and employee development systems talk to each other.** Break down walls between different tools so information flows smoothly.
- **Use AI automation where it matters most.** Target repetitive, high-volume tasks.

How Paycor Helps:



End-to-End Talent Management Suite



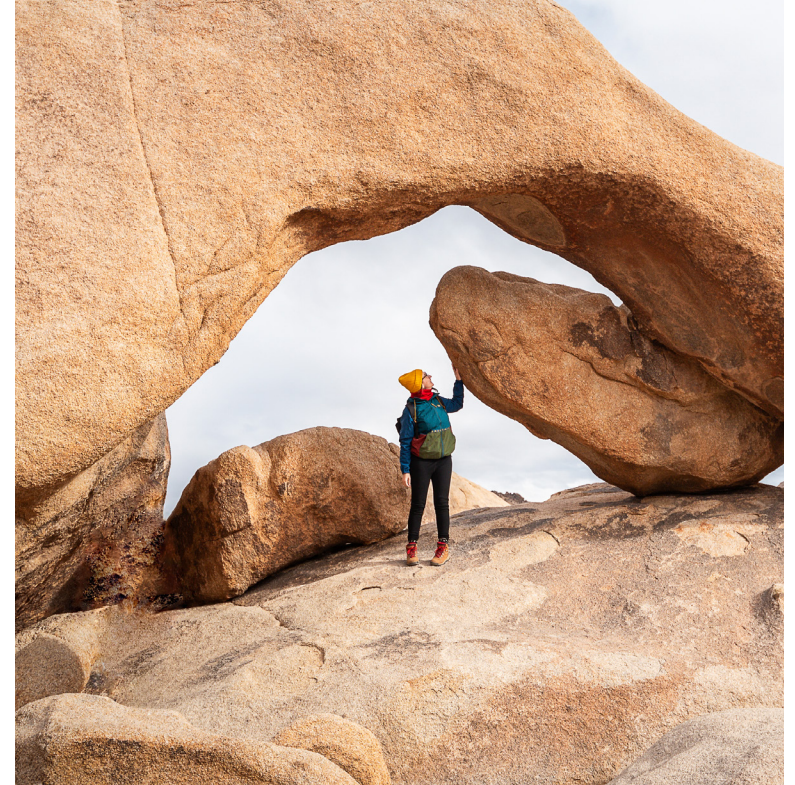
Seamless Data Flow & Integration



Conversational AI Assistant



Leadership Development & Performance Management



PART 4:

Financial Wellbeing & Benefits

Employees Need Financial Help Now, Not Later

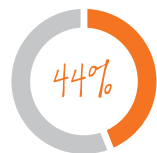
Companies are responding to workers who say they're struggling financially by offering benefits that help immediately, not just in the distant future.



SURVEY HIGHLIGHTS:



of employees chose **"cost of living outpacing salary"**. (More than triple any other concern.)



of companies plan to **increase flexible pay** options in the next 12 months.

Top three emerging benefits (multiple selections allowed):

- | | | |
|---|-----------------------------|-----|
| 1 | Mental health support | 44% |
| 2 | Financial wellness programs | 33% |
| 3 | Lifestyle accounts | 26% |

Why This Matters: Employees have been saying they need money help right now, and companies are listening. Instead of relying only on annual raises or long-term benefits, employers are giving people immediate access to money they've already earned.

WHAT YOU CAN DO:

- **Let employees access their earned wages** when they need them, which reduces stress and keeps them from borrowing money for emergencies.
- **Add mental health support** to your benefits package.
- **Create financial wellness programs** that combine immediate help (like flexible pay) with long-term education about saving and budgeting.

How Paycor Helps:



On-Demand Pay Solutions



Comprehensive Benefits Administration



Employee Financial Wellness Tools



PART 5:

Best Practices of Top-Performing Companies

What Separates High Performers from Everyone Else

In the final part of this report, we distill five best practices of top-performing companies.

How We Defined Performance

We compared companies based on how they rated their own financial performance. “Top performers” scored both their *past revenue* and *expected future revenue* at 8 or higher (out of 10). “Poor performers” scored both at 4 or below.



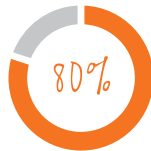
Top Performers Identify Their Best Talent

High-performing companies don't leave talent identification to chance—they learn to spot and develop their stars.



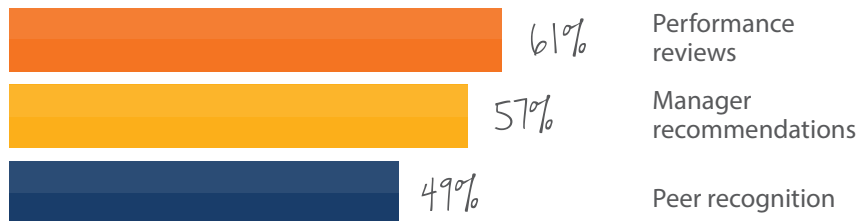
SURVEY HIGHLIGHTS:

High-performing companies are nearly



more likely to have a formal system for identifying their best employees.

When asked to select *all methods* they use for **identifying talent**, top performers chose :



Why This Matters: You can't develop people if you don't know who your best performers are. The strongest companies use multiple sources of information to get a complete picture.

WHAT YOU CAN DO:

- **Build a system that combines performance data, manager feedback, and peer input** to identify your best people.
- **Create personalized development plans with clear growth paths** for the talent you've identified.
- **Keep your best people engaged with competitive pay and real opportunities** to advance before they start looking elsewhere.

How Paycor Helps:



Performance Management,
Reviews, 9-Box



Talent Development &
Career Management



Succession Planning



Compensation Management

2 | Top Performers Invest in HR Technology

The best companies treat their HR technology as an investment, not an expense, and they regularly update their systems.

SURVEY HIGHLIGHTS:

Strong performers are **three times more likely** to increase their HR technology budget (*19% vs. 6%*) in the next three years.

Why This Matters: The technology gap isn't about having the newest features—it's about having systems that work together and give you real insights about your workforce. Top companies see HR technology as a strategic investment.



WHAT YOU CAN DO:

- **Review your current technology** to find gaps and old systems that create problems instead of solving them.
- **Make a 3–5-year plan that focuses on integration and analytics** rather than flashy individual features.
- **Show the business case by calculating what outdated systems cost** you in wasted time, poor data, and missed opportunities.

How Paycor Helps:



Unified, Single-Source-of-Truth HCM



Advanced Analytics & Reporting



Scalable & Future-Ready Solutions



Paycor Integrations & Connectivity

3 Top Performers Empower Their Managers

The best managers spend time coaching their people, but many companies accidentally make this impossible.

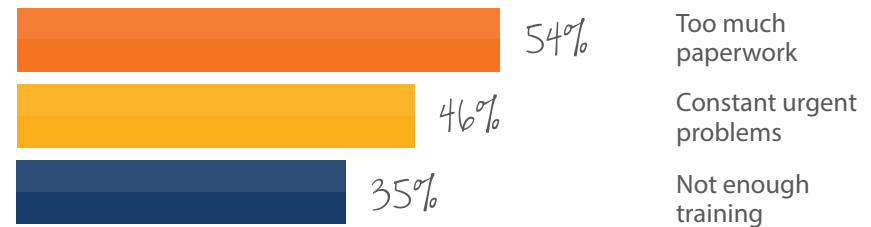
SURVEY HIGHLIGHTS:

Managers at successful companies are

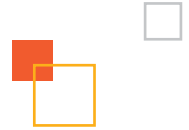


more likely to have dedicated time for coaching their teams.

When we asked respondents to select **the barriers to coaching**, the most common culprits were:



Why This Matters: A manager's most important job isn't completing forms—it's developing their people. But most organizations accidentally create systems that pull managers away from this crucial work.



WHAT YOU CAN DO:

- Make sure managers have **reasonable workloads** that allow time for coaching.
- **Automate** paperwork and provide support resources to free managers from administrative tasks.
- Train managers on **coaching skills** and make it part of how you **measure their performance**.

How Paycor Helps:



Performance Management Tools



Custom Learning
& Development Platform



Org Chart & Skills Gap Analysis



AI-Powered Assistance
& Automation



4 | Top Performers Get HR to Meet Regularly with the CEO

HR leaders have a seat at the table—at least they do at the most successful companies.

SURVEY HIGHLIGHTS:

Nearly **1 in 3** struggling companies report that their CEO and HR leaders rarely meet, compared to just **1 in 5** successful companies.

The top reason HR doesn't meet with the CEO:

"HR is perceived as *administrative*, not strategic" (40%).

Why This Matters: HR doesn't automatically get a place in executive discussions—they earn it by contributing to business strategy and showing measurable impact. When HR leaders have CEO access, it creates a positive cycle where people insights shape business decisions and vice versa.

WHAT YOU CAN DO:

- **Automate routine tasks** like payroll and benefits so you have time for strategic thinking.
- Develop the ability to provide meaningful insights **about workforce trends, costs, and employee satisfaction.**
- **Focus your conversations on business impact**—how talent, benefits, and organizational health directly support what the CEO cares about.

How Paycor Helps:



Advanced Workforce Analytics
& Dashboards



Strategic Reporting Tools



Free Flow of Data, No Data Silos

5 | Top Performers Prioritize AI Upskilling

Low-performing companies are wildly outside the mainstream when it comes to AI education.

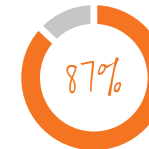
SURVEY HIGHLIGHTS:

Almost



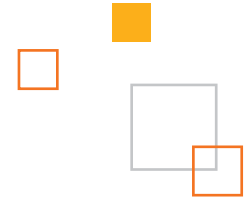
of all companies say they'll need
**to upskill at least half their
workforce with AI training**
in the next three years.

Poor-performing
companies are



less likely to say
they **need to upskill**
their employees.

Why This Matters: It could be that low performers are more likely to have their heads in the sand, or it could be that they are so focused on “house on fire” problems that they can’t lean into opportunities. Either way, the data shows that less successful companies aren’t planning for an AI-driven future.



WHAT YOU CAN DO:

- **Start with AI tools you already have.** Most modern HR systems include AI features like personal assistants and predictive analytics that can serve as practical starting points.
- **Create AI training programs and track who completes them.**
- Identify where your organization lacks AI-related skills, then **create targeted training and career development to fill those gaps.**

How Paycor Helps:



Conversational AI Assistant



Workforce Management AI Insights



Intelligent HCM, Personalized AI Experiences



Custom Learning Platform



The Five HR Strategies of High-Performing Companies



CHEAT SHEET:

1. Create Formal Systems to Identify Your Best People

Top performers are nearly **80%** more likely to have formal talent identification systems in place to find and develop their best people.

2. Treat HR Technology as a Strategic Investment

Strong performers are **three times** more likely to increase HR tech funding and consistently refresh their systems.

3. Free Up Managers to Coach Their Teams

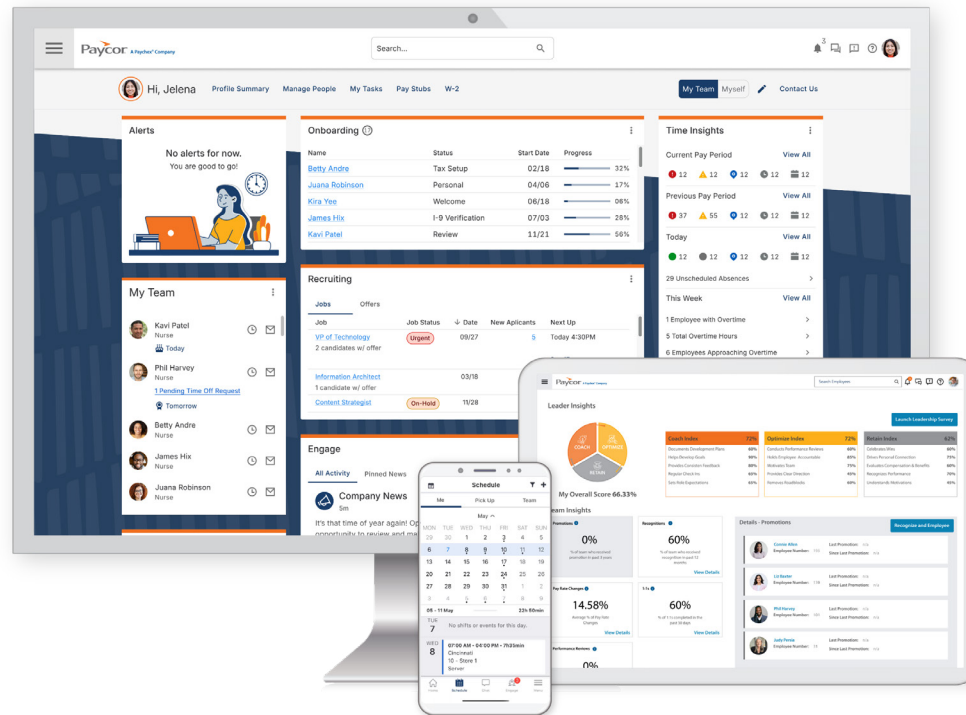
Successful companies give managers **40%** more time for employee development by reducing administrative burdens.

4. Establish Regular CEO-HR Meetings

Nearly **1 in 3** struggling companies report CEO-HR meetings rarely happen, compared to just **1 in 5** high performers.

5. Prioritize AI Upskilling

High-performing companies are **83%** more likely to be planning widespread employee AI upskilling in the next three years vs. low performers.



The Paycor Advantage

Paycor, a Paychex company, connects leaders to people, data, and expertise. We help leaders drive engagement and retention by giving them tools to coach, develop, and grow employees. We give them unprecedented insights into their operational data with a unified HCM experience that can seamlessly connect to other mission-critical technology. And by providing expert guidance and consultation, we help them achieve business results and become an extension of their teams.

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