SEPTEMBER 9TH, 2026 Lattice 7TH EDITION©

2027 State of People Strategy Report

People Strategy is *the* Strategy

Key Finding #1	*Key Finding #2*	*Key Finding #3*	*Key Finding #4*
Performance and tech are business imperatives.	AI pulls HR closer to the center of the business.	Culture isn't soft, it's your performance differentiator.	When it comes to tech, HR has some regrets.
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This is the year of renegotiation.

If HR was supposed to get a moment to catch its breath, it never came. People teams barely had a chance to gasp, let alone fill their lungs.

The business demands, and HR delivers. Teams may be tired, but the relentless change has sharpened their instincts, and they're more clear-eyed for what lies ahead.

Performance makes a big break.

38% of HR teams say performance is their top priority, while engagement hits a five-year low.

Buyer's remorse looms large.

47% of HR say they regret a recent tech purchase. The top reasons? Functionality and integration issues.

HR is reconsidering everything.

55% of HR considered leaving the profession this year; 39% of them say it's due to feeling undervalued at work.

In 2027, HR is ready to set its own terms. We can't say everything's about to get easier. But the HR leaders who take a seat at that fabled table are more knowing — about what they can deliver, where technology has a place, and how their value gets measured. And, naturally, what they want from the profession itself.

HR’s mandate is expanding faster than its support.

Overall engagement among professionals has held relatively steady since 2026. More than half expect headcount (52%) and budget (54%) to rise, yet HR teams are feeling more worn out after years of whiplash, with the share of those reporting that they’re fully engaged and energized dipping from 41% to 30%.

In HR’s funhouse, any hope of earning credibility and making a difference can quickly warp into feeling undervalued and out of control. People teams are expected to lead AI adoption across their companies and use it to solve challenges in their own departments, yet many have a sinking feeling they’re optimizing themselves out of a job. Of those considering leaving HR, more than one in five (21%) fear being replaced by AI.

“I don’t think there’s a function anywhere that’s undergone the kind of extreme change that the HR function has,” reflected Matt McFarlane, founder of Startup People Summit. “Fifteen years ago, HR was a back-office compliance job. Then it was pushed squarely into a more commercial function through events such as the pandemic and geopolitical upheaval. Now, the role is increasingly expanding to lead AI adoption across the workforce, with performance and profit expectations. Left unsupported, it’s a recipe for disaster.”

For those feeling crushed under the enormity of their role, it could be time to rediscover what they came into the profession to do.

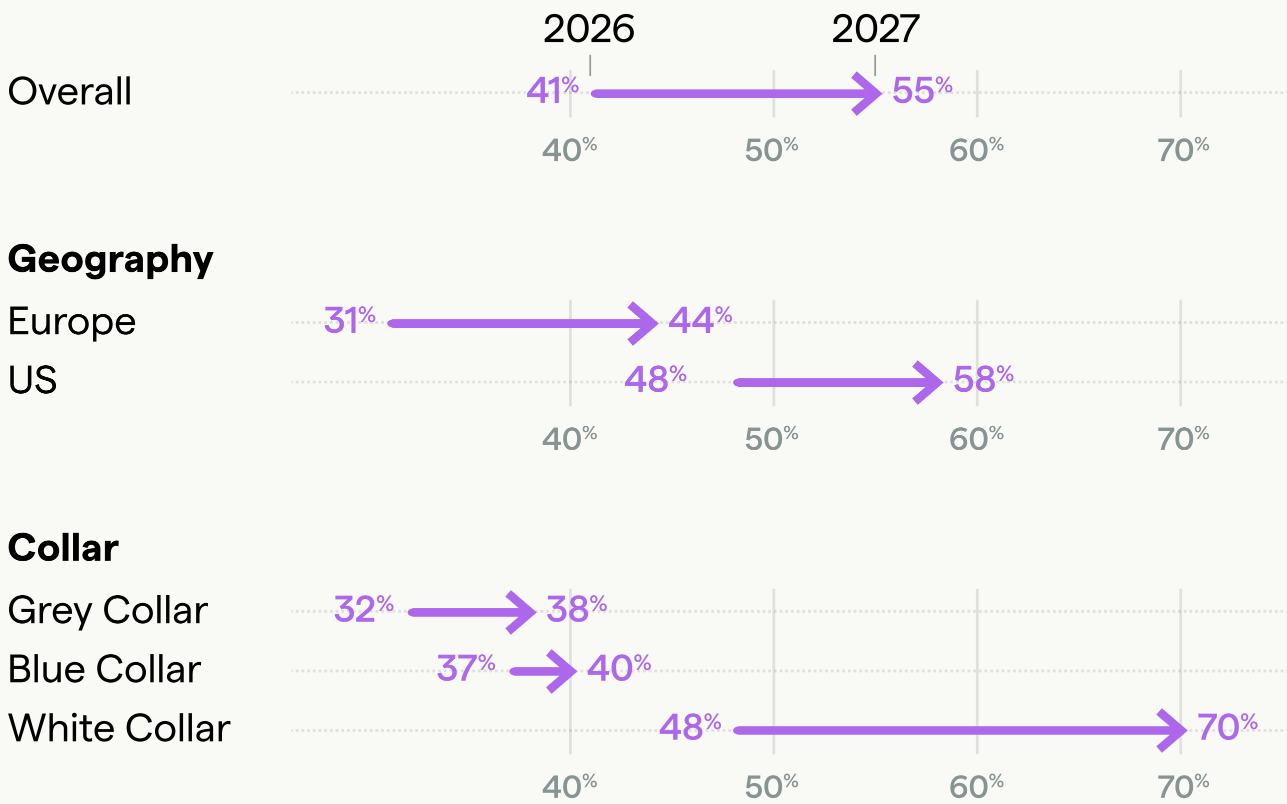
“It’s okay to leave HR, but it’s not okay to abandon what you believe in because it got hard,” said Chuck Marcelin, director of HR at HVPG. “If you believe in a way of doing this work and your organization won’t let you do it, don’t shrink; go build it somewhere else.”

Top Reasons for Leaving HR:

Feeling undervalued	Operating in crisis mode	Pressure and burnout
39%	35%	34%

Over half of HR considered a career change this year.

HR's hand is on the escape hatch. When asked whether they were thinking about leaving HR, the below respondents said yes.



> *It's okay to leave HR, but it's not okay to abandon what you believe in because it got hard. If you believe in a way of doing this work and your organization won't let you do it, don't shrink; go build it somewhere else.*

Chuck Marcelin
Director of HR @ HVPG

Global HR priorities are worlds apart.

Ask US HR leaders where their priorities are this year, and you'll find them joining hands in a familiar dance. Performance management took the top spot, with 42% of respondents prioritizing it. Employee engagement came in second with 36%, and manager enablement and training in third at 33%.

But the choreography looks very different across the ocean. In Europe, 41% of HR leaders said their biggest priority for 2027 is updating their HR tech, while L&D and talent acquisition trail in second and third place with 32% and 31% of the vote, respectively.

Performance didn't even slide into Europe's top five, likely because they're weaving it into everyday practices. Compared to the US, European teams are almost four times more likely to prioritize DEIB programs (27% versus 7%), a practice proven to support performance and business outcomes.

Meanwhile, US HR teams seem more hamstrung by capacity. They're more likely to run weekly or biweekly one-on-ones between managers and employees (45% versus 27%), but simultaneously cite time constraints as the main reason managers struggle to provide more one-on-ones, updates, and feedback (70% versus 48%).

While some companies think they can solve time constraints with automation, US HR teams are also more likely to say that productivity gains associated with AI are overestimated (77% vs 64%).

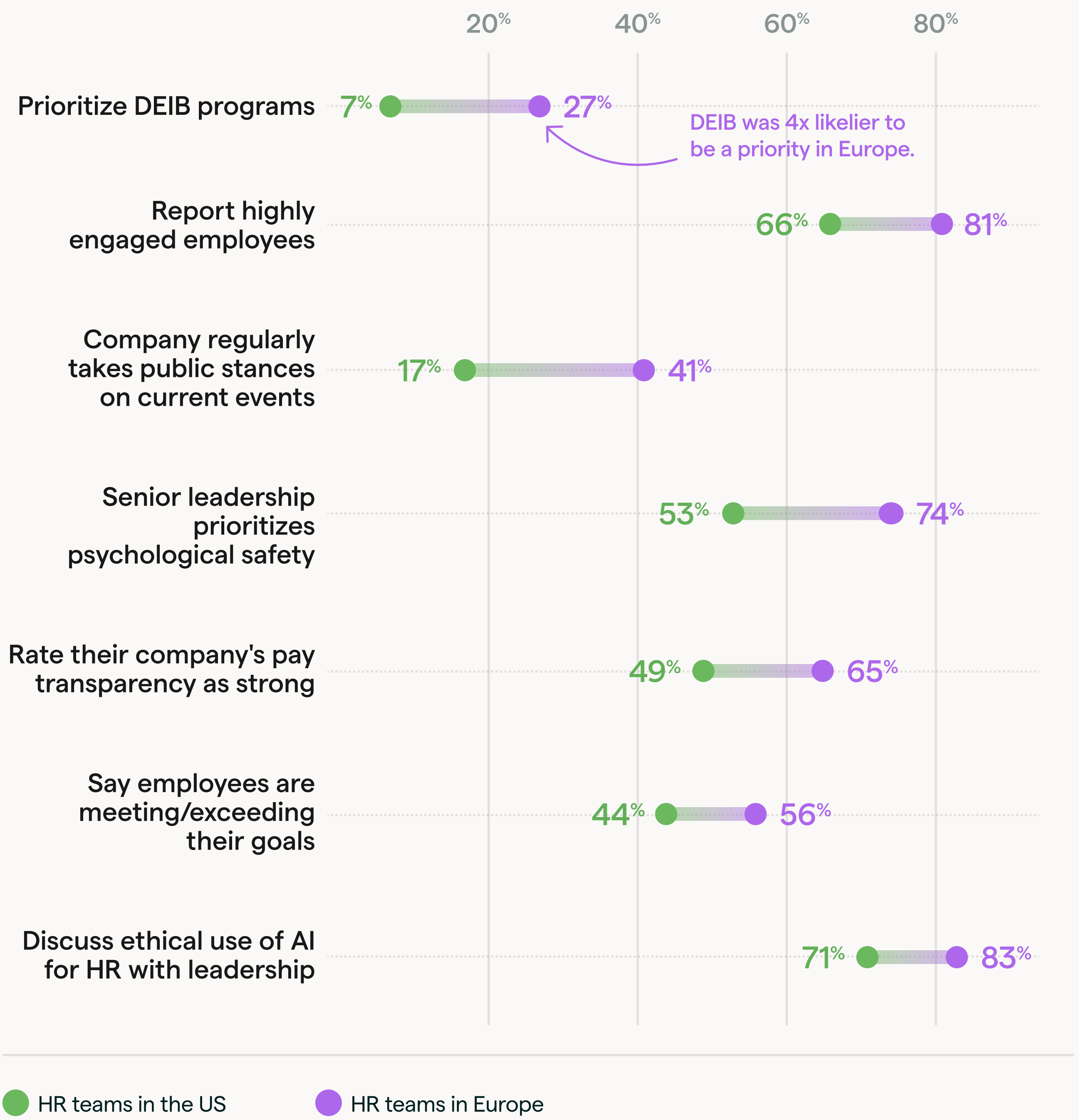
Both regions clearly care about performance, but the way they get there is very different.

"A people-first culture doesn't mean you are lowering your performance expectations, it's about creating the conditions for people to do their best work," said Dave Druzynski, CPO at Fleetworthy. "That means clear expectations, frequent coaching, accountability, and a genuine investment in employee growth and development."

The people-first route is paying off: 81% of European HR say their employees are highly engaged, versus 66% in the US.

Transatlantic Gaps: European vs. US HR

European HR teams are pulling ahead in DEIB, psychological safety, pay transparency, and other critical areas.



High performance is by design.

For high-performing teams (those exceeding their goals), performance management requires intricate infrastructure, where every cog that connects people, process, and tech is precisely placed to move in concert with the others.

Performance isn't top of their priority list — it doesn't need to be. They're far more intentional about curating the conditions that enable it.

"The teams that are thriving right now are leveraging AI to climb out of the back office and automate the administrative side of their work," said Erin Grau, cofounder at Charter and chief operating and AI officer at The San Francisco Standard. "They're reinvesting that time in the work only they can do, like coaching managers, codifying culture, planning which skills the company needs going forward, and building organizational trust."

2X

Top HR teams are more than 2x as likely to be updating HR tech in 2027 than low-performing teams.

Their tech stacks are carefully curated, too. Top HR teams are more than twice as likely to cite updating HR tech as their key priority compared to those falling short of their goals (41% versus 20%).

But it's not just what these high performers do; it's also how they're supported. They're the outcome of a broader environment that's primed for performance — one where senior leadership prioritizes psychological safety (75% versus 40%) and company culture over productivity (72% versus 36%).

And when HR feels valued, heard, and safe to challenge, it pays off for the whole organization: Top HR teams are more than twice as likely as underperforming ones to say their employees are highly engaged (85% versus 40%), and ten times more likely to say employees are exceeding the company's goals (42% versus 4%).

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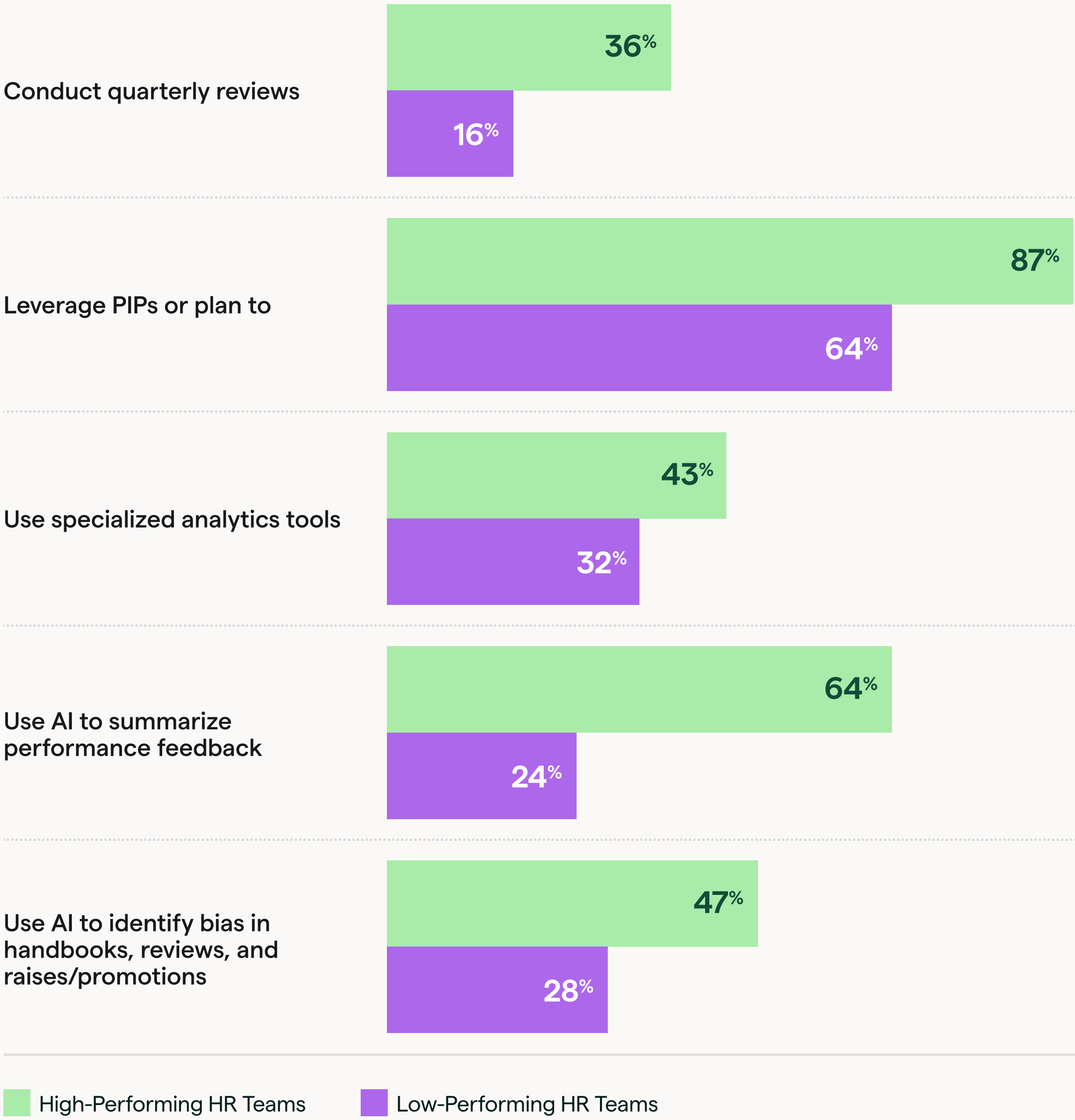
People-first can often be conflated with 'Do whatever your people want.' In my mind, it's involving your people in the performance you're trying to achieve.

Matt McFarlane
Founder @ Startup People Summit

The top HR teams lean into performance management and technology.

When comparing teams who were exceeding and falling short of their goals, a few notable trends stood out.



Performance and tech are business imperatives.

Performance and engagement have long been HR's most enduring power couple, but our 2027 data shows the signs of an impending breakup, a burgeoning dynasty for performance and tech, and a record low for DEIB. What gives?

"Dare I say we're experiencing a vibe shift?" commented Hebba Youssef, founder of I Hate It Here and CPO at Workweek. "For a long time there was the 'We care about our people' mentality, and it often didn't get checked against the costs. Then budgets tightened, headcount got way leaner, and there's no slack left when it comes to performance. Also factor in the ever-evolving and somewhat unproven AI layer. For better or for worse, AI is somewhat raising the bar on what 'meets expectations' even means. And because of that, performance went from an HR ritual to a board-level question and organization-wide focus."

While performance management has this year's sash and crown, a new challenger is emerging from HR's overstuffed to-do list: updating HR tech. Almost one-third (32%) of HR professionals reported it as a key focus for the coming year, a more than twofold increase since 2025.

Coincidence? We don't think so. Just as performance and engagement are cosmically aligned, performance and HR tech seem to be in the same kind of orbit.

HR tech is what keeps performance in perpetual motion, structuring feedback, goals, and employee growth into a repeatable, data-driven process that runs year-round. But HR tech only delivers those insights when managers and employees give it something meaningful to work with.

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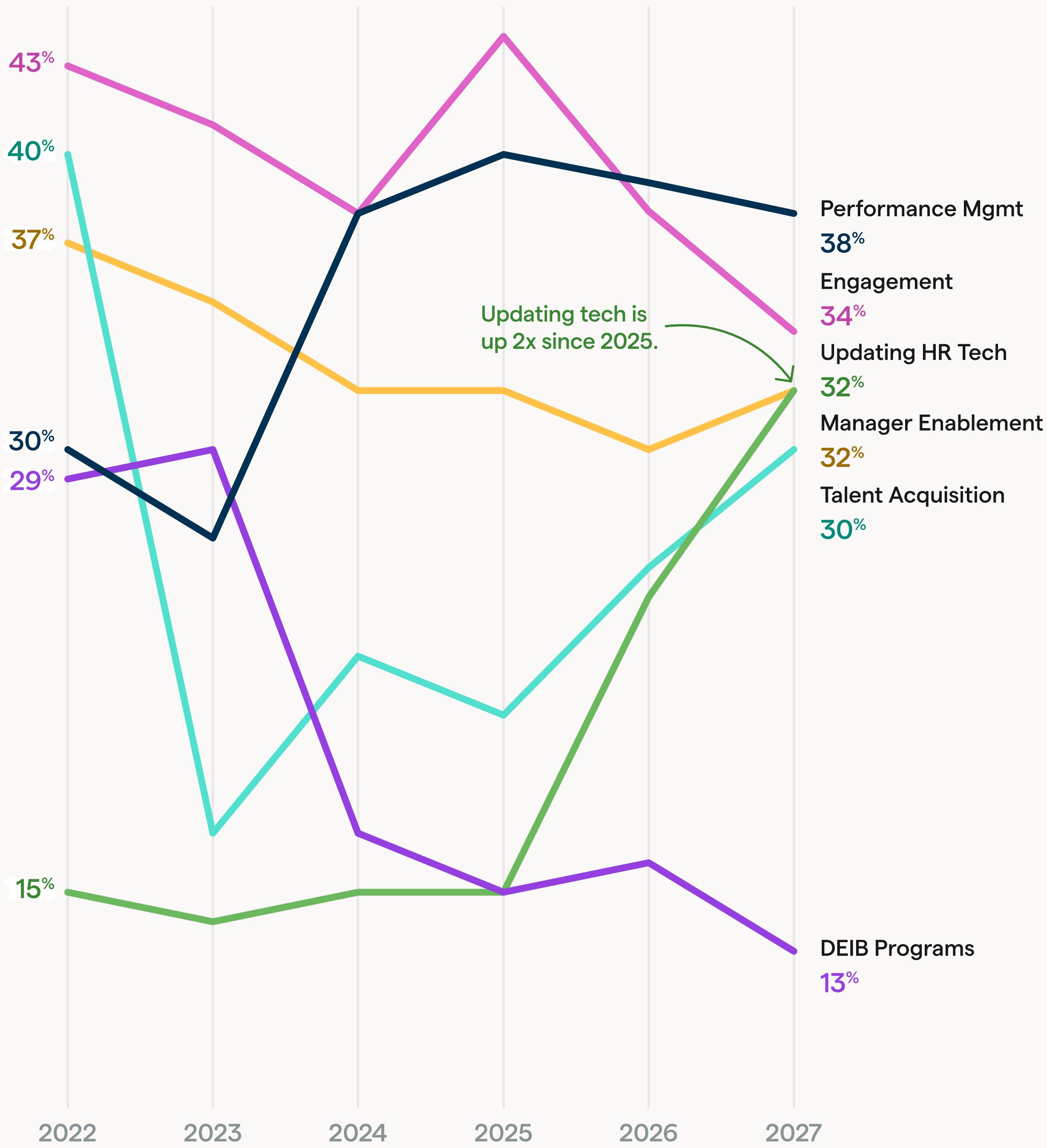
Hebba Youssef
CPO @ Workweek

HR's Fastest Growing Priority: Updating Technology

Performance management continues to lead HR's priority list for the year ahead. Employee engagement and DEIB continue their slide from last year.



AI's Time to Perform

Nowhere is HR tech's impact more clearly felt than in performance management.

Annual reviews are still a mainstay for many, but there's a growing contingent moving toward more frequent reviews. One-third (33%) of organizations run reviews on a quarterly basis, while 12% run them monthly, a threefold increase since 2025.

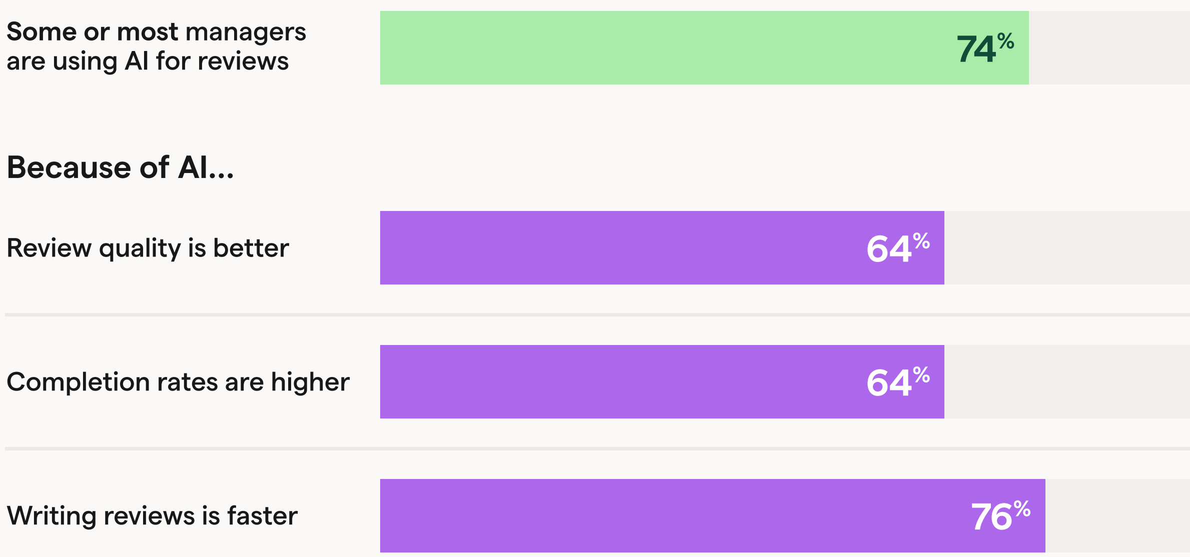
But shouldn't all those extra review cycles lead to a whole heap of extra admin?

Nope, says HR, because the tech is pulling that extra load.

"If implemented properly, AI should reduce the administrative burden of performance management, but it should never replace the human conversation," said Druzynski. "If AI helps managers organize feedback, identify patterns, or draft reviews more efficiently, that's a win. The real value of performance management isn't in the written review, it is in the conversation that follows."

Secret's out: AI is already writing your reviews.

Almost three-quarters of HR believe some or most managers are using AI to write performance reviews. Most say that's a good thing.



More Work, Same Paycheck

This year, pay-for-performance is still working as HR's gilded carrot-on-a-stick, with 64% using merit raises and bonuses to reward high performance.

But for a growing share of employees, that extra effort is going unrewarded. Over half (54%) of HR leaders say that employees are being asked to do more work without more pay, up from 43% last year.

"AI is freeing up real time by taking writing, review, and admin work off people's plates," Marcelin said. "Leaders see that freed-up capacity and add more work at the same rate, so employees end up doing 120% of what they used to do in 100% of the time. The fix is to be honest that more responsibility should come with more pay, not just more capacity."

54%

of HR leaders say that employees are being asked to do more work without more pay, up from 43% last year.

PIP, PIP, Hooray?

More than half (51%) of HR leaders report using performance improvement plans (PIPs) as part of their performance strategy, while a further 31% plan to do so in the future.

"Feedback always has to come first," said Ashley Alvarado, director of people strategy at Away. "A formal plan is what happens when someone can't take ongoing feedback and adjust — it's the structure that helps them get back on track when informal coaching hasn't been enough."

While PIPs are already common, they still cause trepidation; only 18% of HR professionals globally said they had no reservations about PIPs. In the US, 64% of HR professionals said their top concern is that employees view PIPs as the precursor to being fired. European HR leaders are less worried about that, but 42% are concerned about how PIPs impact employee morale.

To work through those concerns, Alvarado stressed the importance of "getting clear on the actual outcome we're driving toward and making sure managers are genuinely leaning into coaching rather than just going through the motions."

HR has a complicated relationship with PIPs.

Over half of HR teams leverage performance improvement plans. That doesn't mean they don't have reservations about their use.

		Overall	US	Europe
1	Perceived link to termination	58%	64%	37%
2	Impact on employee morale	38%	38%	42%
3	Unrealistic goals from manager	33%	34%	31%
4	Associated admin costs	24%	22%	32%
5	No concerns	18%	16%	25%

The Way Forward

Co-Designing Performance Processes With Your People

Employees can tell the difference between a performance management system designed to enable them and one designed to control them.

Pay-for-performance and PIPs may pull on the strings that drive short-term motivation. But they're tactics. If organizations want greater predictability around performance, they need to create the conditions and culture to support it.

Case in point: PIPs can feel like one step away from being fired when they're used too late or in the absence of meaningful context.

"A well-executed PIP should always represent a genuine opportunity to improve. Employees deserve clear expectations, regular coaching, and an honest assessment of where they stand throughout the PIP," said Druzynski. "When delivering a PIP, managers should use the conversation as an opportunity to inspire confidence in the employee, and let them know that they support them and believe in them."

That same openness needs to run across the entire system.

"People-first can often be conflated with 'Do whatever your people want,'" McFarlane said. "In my mind, it's involving your people in the performance you're trying to achieve."

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Dave Druzynski
CPO @ Fleetworthy

Involvement means transparency in how performance is defined and how decisions are made. Engagement survey insights can help you identify how your processes are working right now — if people know what's expected of them, trust pay and promotion decisions, or feel like they get enough feedback.

From there, co-design formal and informal performance processes in line with how employees will actually get the most out of them. This may mean keeping your formal annual review while enabling managers to tailor informal processes — like one-on-ones and check-ins — to their team's routine. It could also mean integrating AI into daily tools to shape behavior and performance between review cycles with in-the-moment nudges, McFarlane suggested.

But whatever your performance processes look like, employees have to be able to get behind your rationale. That's the deciding factor in how many performance reviews your organization should run.

"The golden goose of performance systems is continuous feedback," McFarlane said. "The challenge is that it's hard to systematize. It doesn't always have to be formalized, but the formal checks are how we capture and action performance. If you can better link those formal checks to clear outcomes (that people understand), you'll be granted permission by your workforce to do more frequent reviews. Companies need to define the threshold between more and less reviews for themselves, ideally in tandem with their people."

AI pulls HR closer to the center of the business.

Over the last year or so, much of the forecast around AI has been high bluster, a smattering of uncertainty, and a strong chance of screaming panic. HR leaders have been there, umbrellas flipped inside-out, to weather it all.

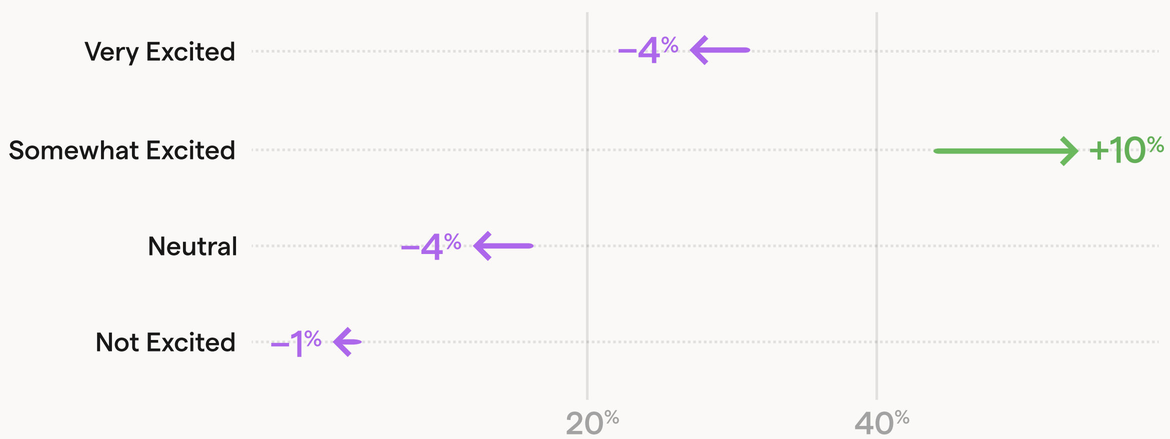
In 2027, the weather is looking rather sunny from where we're sitting: 83% of HR leaders are somewhat or very excited about the use of AI in HR.

Optimism is also growing for agentic AI. The share of HR leaders who are actively excited about agentic AI increased from 13% to 19% since 2025, while those who feel cautiously optimistic rose from 31% to 35%.

Those who are optimistic, hopeful, or excited outnumber the skeptics by almost four to one: 79% look forward to shedding some administrative deadweight with a few agents on the team, compared to 19% who don't.

HR's excitement over AI continues to climb.

Over 80% of HR leaders are excited about AI. That's a notable jump from 2025, driven by a large wave moving from neutral to "somewhat excited."



The AI Comfort Zone

Primary use cases for AI this year look much like they did a couple of years ago, with HR leaders still using AI to write job descriptions and reviews, or summarize data.

But now, depth, not breadth, is becoming a rising priority. Usage of enterprise platforms with embedded AI jumped from 31% to 44% year over year, marking a move from plunking around on LLMs to designing a more AI-forward stack entirely.

AI is also becoming more integrated in HR's core software layer. Over half (58%) of HR leaders this year said they use productivity or automation tools with AI features, up from 46% in our 2026 report.

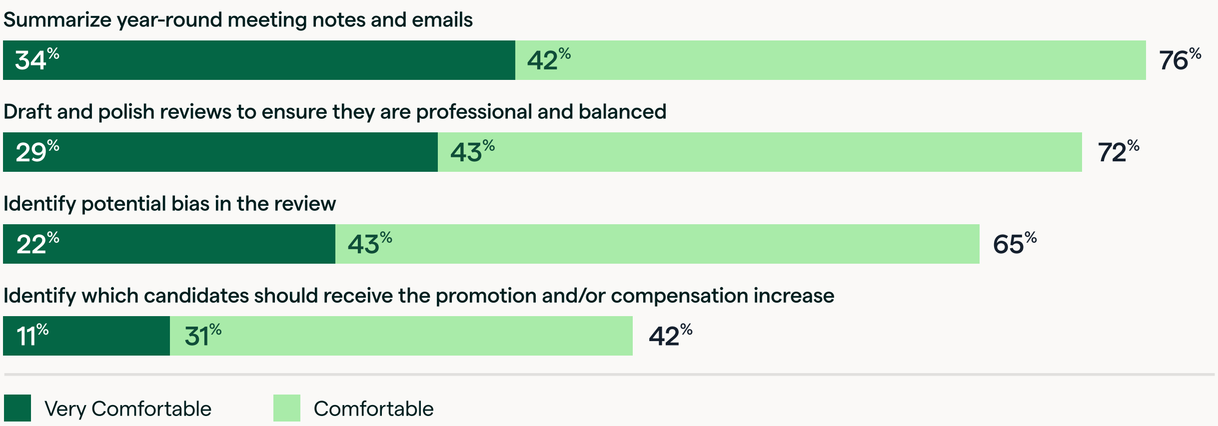
All signs point to a function getting comfier with AI overall — up to a point, of course.

Most HR leaders say they're comfortable with managers using AI to summarize meeting notes, draft performance reviews, and identify bias within reviews. But that confidence level drops when someone's livelihood is at stake: HR leaders were almost twice as likely to feel comfortable letting managers use AI to distill meeting notes and emails as to use it to identify who gets the promotion or raise.

"I don't see AI making the final call on raises or promotions, and I don't think most leaders I know want it to," Marcelin said. "AI is excellent at the inputs: who's performing, what the market data says, where the pay bands should sit. It can make that process faster and the recommendation sharper. But the decision itself affects someone's income, their family, their life, and 'The AI decided you didn't get promoted' isn't a sentence any leader should have to say. The recommendation engine, yes. The decision, no."

HR trusts AI with busywork, not decisions.

Most HR leaders are comfortable with managers using AI to summarize meetings, draft reviews, and identify bias. Comfort drops in use cases of promotions and pay.



Pressure From the Top

Over half (51%) of HR leaders feel C-suite pressure to use AI to improve efficiency, up from 39% last year. The good news: 62% of them already think they're delivering on that expectation.

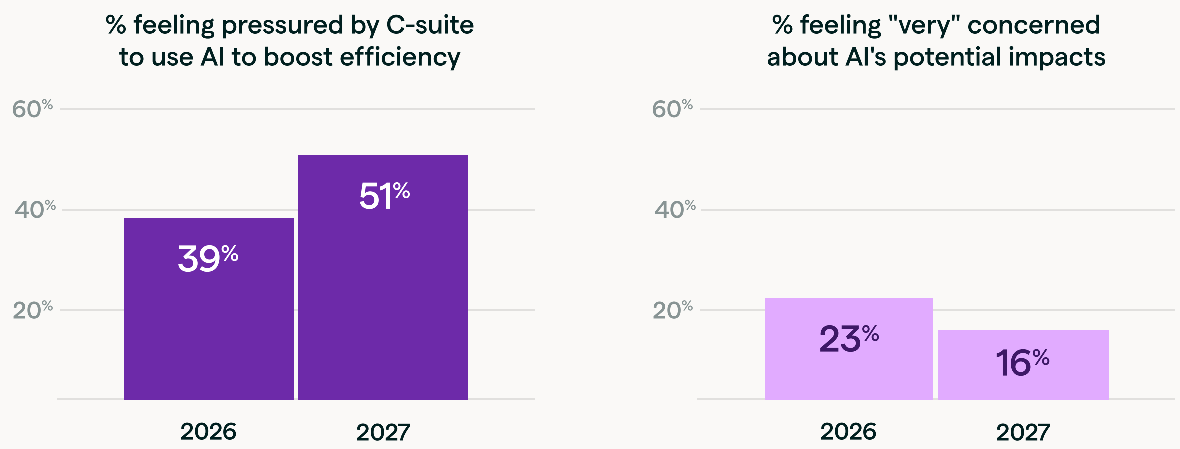
But despite the pressure (and the progress), worry is waning in the right places and prompting practical action. The share of HR leaders who said they were "very concerned" about ethical issues related to AI — including bias, climate change, and job loss — fell from 23% to 16% year over year. And while 61% of leaders remain wary of AI's potential impacts, 71% have already voiced those concerns to their leadership team.

HR has the training to see risks from a mile away, and they aren't about to let AI off the leash. Investigating their concerns is critical when adopting new use cases.

"What data is the AI trained on, and who's checked it for bias?" Youssef said to ask. "The human in the loop is a must, and leaders need education on how this bias can come up."

AI pressure is rising. HR teams are getting cozier with the risks.

They share of those feeling "very" concerned about AI's downsides has dropped.



Under No Illusions

Though AI was once touted as the cure-all for HR's ills, teams are no longer buying its universality. Instead, they're using it for the aches it can help.

Over two-thirds (69%) of HR leaders say they're satisfied with third-party AI tools, likely because their expectations of how those tools can offer value are now more calibrated to what's actually possible.

That level-headed view is playing out in how HR responds to the recent swathes of AI-driven job cuts, too: 74% believe that the organizations cutting their workforce in favor of AI overestimate the productivity gains they're going to get.

The "people out, AI in" calculation may come at a broader human cost.

"Even if a company has meaningfully reduced workforce needs through AI, at a time when companies are counting on AI adoption to drive those efficiencies, nothing says 'We haven't got your back' like seeing your colleagues lose their jobs to the tech you're being asked to use," McFarlane said. "People will just wonder how much longer until they're on the chopping block and push back on adoption altogether — likely to companies' long-term detriment."

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The Way Forward

Getting the Foundations Right Before Scaling AI Across HR

If HR's expectations of AI have finally caught up with reality, the timing couldn't be better. A lot of the work needed to integrate it into their processes has little to do with the tech itself.

"Part of why the results can be disappointing is that too many teams bolt AI onto processes that were already broken," said Grau. "Not enough companies have AI pointed at their customers, revenue, or innovation. The companies that are winning in AI transformation right now are the ones giving teams tools, clear goals, and authority to achieve those goals and redesign how they work."

Take a diagnostic look at every HR process, from both the functional side and the employee-facing side. Where are there extra steps? Where is there extra friction? Where are employees finding workarounds or getting stuck? Can AI solve this, or is it a workflow problem?

Once you've triaged your processes and where AI should sit within them, you need to decide what it can (and can't) do. Grounding the conversation in business terms is where HR can give some tactical steer.

"Bring a business lens to the conversation, not just a people lens," Marcelin said. "Instead of stopping at 'Is this ethical?' the smarter conversation is 'Do we need this exact model, or can we get the same output with a smaller footprint and stay just as aligned?' The topics that belong on that agenda are legal exposure, compliance, and token usage, because our job is to make sure AI gets used well, not to block it."

Youssef anchors this conversation around three questions. First, where is AI making or influencing decisions about people? Second, what data is it trained on and who checks it for bias? And third, what happens if it's wrong?

"Anywhere the stakes are high, a human needs to be accountable for the final call," Youssef said. "The more clarity HR can give around these three areas, the better the ethical concerns can actually be addressed."

Culture isn’t soft, it’s your performance differentiator.

We’re in a moment where HR’s span of control is starting to feel...out of control. Source talent. Implement AI. Drive adoption. Shape strategy.

Moving fast and saving money are the business metrics that hit the hardest. And culture — that’s just the marshmallowy center, right?

Wrong. HR teams in organizations that prioritize psychological safety — the extent to which employees feel safe to take risks, challenge decisions, and be themselves without fear of judgment — are more than 12 times as likely to be exceeding their goals as HR teams at organizations that don’t prioritize it. They’re 8 times more likely to be pumped about the growing use of AI in their function. And they’re significantly less likely to be burned out.

“AI adoption thrives in a culture of experimentation and high trust where people can show their work, learn out loud, and share what’s working and what’s not,” said Grau.

That feeling of safety is reinforced by company values — the shared behaviors and actions that keep people marching in step. At organizations that do a good or excellent job of exemplifying their core values:

44%

of HR leaders say most employees can articulate company goals (versus 22% at organizations that don’t).

59%

say employees are meeting or exceeding their goals (versus 42%).

89%

say their employees are highly engaged (versus 53%).

Both of those cultural conditions — psychological safety and tangible company values — push toward the same outcome: higher engagement and performance for employees and the HR teams that support them.

Having values posters on the wall is one thing, but values lived in public is another. And when organizations do nail their colors to the mast, it really resonates. The share of companies that frequently take political stances dropped from 30% to 22% since last year, but they still see higher engagement than those that don't (88% versus 48%).

> *AI adoption thrives in a culture of experimentation and high trust where people can show their work, learn out loud, and share what's working and what's not.*

Erin Grau
Cofounder @ Charter

Where psych safety goes, performance follows.

Far from a "nice to have," psychological safety has a real impact on how HR teams show up.

The Pressure Paradox

Culture initiatives shouldn't have anything left to prove — but the boardroom clearly didn't get the memo. Compared to last year, HR teams are sweating even harder to justify their core people programs across the entire employee lifecycle.

Growth programs are feeling the most heat, with almost half (48%) of HR leaders facing pressure to justify L&D and manager enablement training programs. But even proven, evergreen programs like employee engagement and wellbeing aren't immune from scrutiny.

The softer stuff is easier to defend when HR has a little soft power of its own. HR leaders who report an excellent relationship with their C-suite face significantly less pressure to justify their efforts across every single program than those with poor relationships. They also face less pressure to use AI to improve efficiency (46% versus 59%).

Of course, rapport with leaders takes time to build. "It doesn't happen overnight. It's years of consistently showing up as a trusted confidant, a strong thought partner, and someone who keeps people strategy aligned with business strategy," Alvarado said.

But the more the C-suite ratchets up the pressure, the greater the fallout. HR professionals under significant pressure are more than three times as likely to be burned out as those under minimal pressure (14% versus 4%), and almost twice as likely to say they're considering leaving the profession altogether (70% versus 37%).

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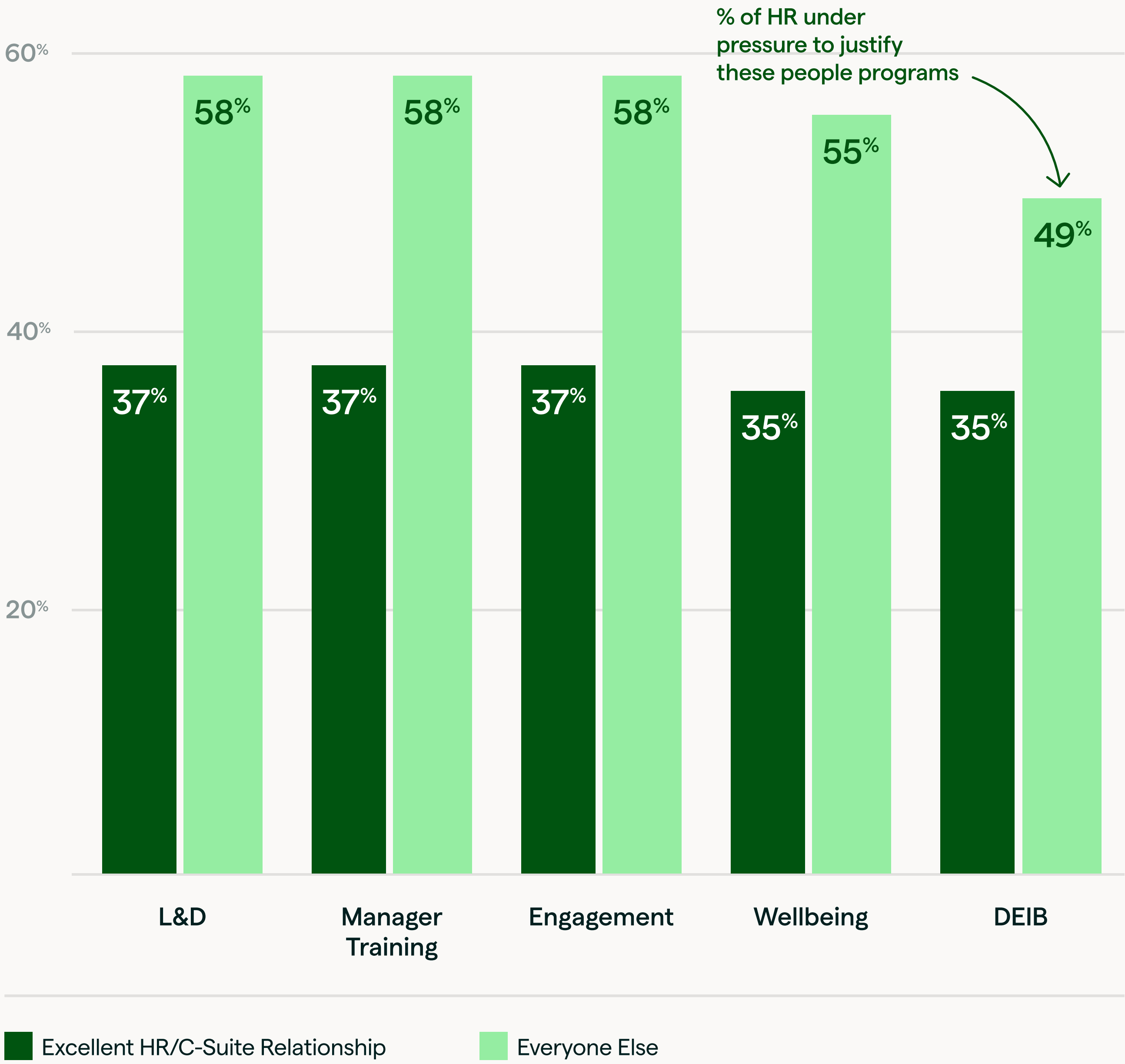
It pays for HR to have friends in high places.

HR is generally under more scrutiny this year. But those with stronger connections to the C-suite enjoyed less second-guessing of their people programs.



The Way Forward

Positioning Every People Program as Business Strategy

HR teams across almost every country we surveyed agreed that their leading challenge this year is "aligning HR strategy with business goals." And when even the initiatives that make people stay — like engagement and growth — are under scrutiny, alignment is where everything has to start.

"If you're the CPO, your job is to understand what your business is trying to achieve commercially, and determine how best to enable that through your people," McFarlane said. "The CEO often isn't an HR professional, so they're counting on you to have the same focus as they do — but with a people lens. If your HR strategy isn't also the business's strategy, then it's the wrong strategy."

The goal is to frame your people programs with business performance in the front, and HR in the back.

"Executive teams don't wake up thinking about engagement scores. They wake up thinking about growth, customers, execution, and risk," Druzynski said. "Don't tell executives engagement is low. Show them how improving engagement will reduce turnover, improve customer experience, and accelerate growth. When HR consistently connects its work to business outcomes, it stops being viewed as a support function and becomes a strategic partner."

52%

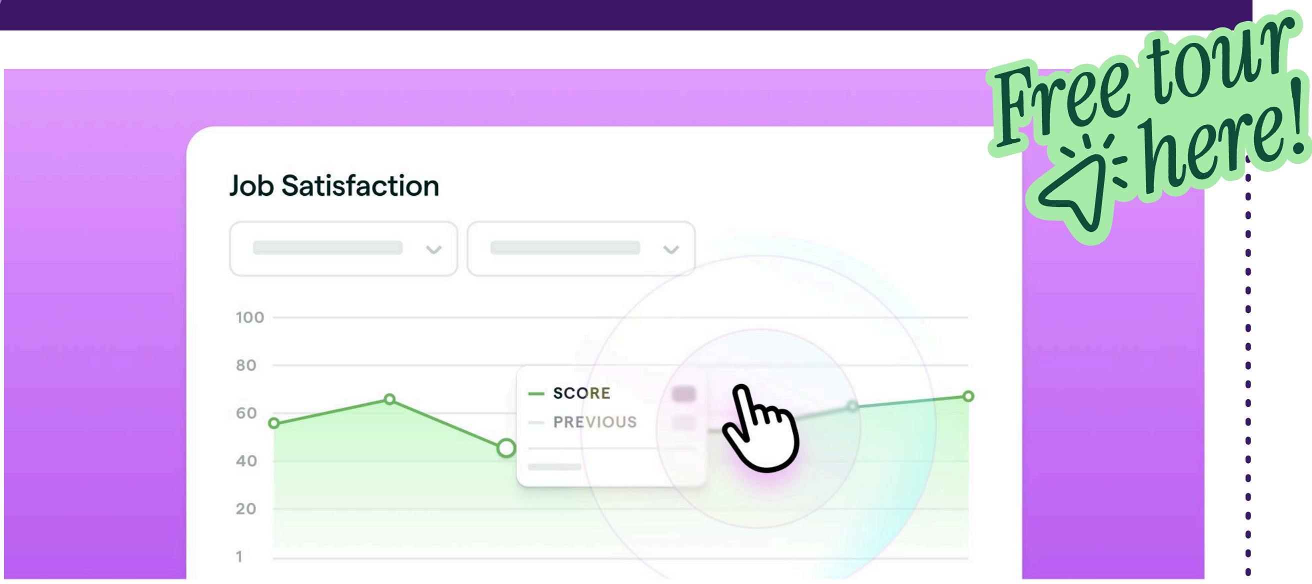
of HR leaders say having influence across the organization brings them satisfaction in the job.

Generally, HR leaders want to fill that strategic role; 52% say having influence across the organization brings them satisfaction in the job. And while positioning people programs in business terms is helpful, nurturing your relationship with executives is crucial, too.

The HR leaders with great C-suite relationships have a shared language around value, and clear alignment on how HR proactively supports the business through people programs. In the end, that alignment makes proving HR's value less of a solo mission.

"I don't think that's one person's job," Marcelin said. "It's every individual's job to understand what page the business is already on, and to make sure the chapters they're writing align with that story. HR's role isn't to force alignment — it's to translate it."

LATTICE CAN HELP



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When it comes to tech, HR has some regrets.

Click. Add to cart. Repeat. HR's supermarket sweep has only just begun as leaders everywhere hustle to update their stack before the year is through.

AI enthusiasts are far more likely to mark upgrading their tech as a priority compared to skeptics (39% versus 23%), perhaps because they want to replace lingering legacy platforms with options that integrate AI more readily.

"I've seen firsthand how AI in our hands can be invaluable for optimizing our organizations," Alvarado said. "AI can be a real force multiplier for enablement and productivity, and I don't think that's been unlocked to its fullest potential yet. Be the person who brings these ideas to the forefront and redefines what it actually means to be an HR function."

But AI isn't the only reason HR is looking for new tech. Almost half (47%) of HR teams said that at least one solution purchased in the last two years underperformed expectations or was a clear mistake.

So, what had HR leaders hovering ruefully over the cancel button?

50% said functionality fell short of expectations.	34% cited integration challenges and complicated platforms.
18% cited opaque pricing and unexpected fees.	18% said the platform simply wasn't worth it.

No matter the reason, there's a desire for better HR tech across several segments, with a definite pattern among organizations with a higher degree of complexity or operational pressure.

> *AI can be a real force multiplier for enablement and productivity, and I don't think that's been unlocked to its fullest potential yet. Be the person who brings these ideas to the forefront and redefines what it actually means to be an HR function.*

Ashley Alvarado
Director of People Strategy @ Away

For some, upgrading HR tech isn't just important. It's priority number one.

The importance of upgrading tech varied across geography, industry, and headcount. These respondents said it was a top focus.

Segment	% Saying Updating Tech Is a Top Priority	Where Tech Ranked (#/15)
US	29%	6
Europe	41%	1
Blue Collar	46%	1
White Collar	35%	3
Grey Collar	36%	1
1-100 Employees	20%	7
101-500 Employees	36%	2
501-1,000 Employees	45%	1
1,001+ Employees	41%	1
1 Person	21%	6
2-5 People	29%	6
6-10 People	40%	1
11-20 People	40%	1
21+ People	42%	1
High Performers	41%	1
Low Performers	20%	7

HR Wants Receipts

HR leaders are facing pressure from every corner of the business to make the data work for them. The appetite is there, with 44% saying they get genuine job satisfaction from identifying trends and making analytical decisions.

But following through is harder. At least half (51%) of HR professionals report they're under pressure to quantify manager effectiveness with data. And getting a handle on HR's influence is no easier; 28% say measuring HR's impact is one of the biggest challenges facing the profession at the moment.

Among respondents, HR analytics and reporting is the fastest-growing category of specialized HR software, with adoption rising from 33% in 2025 to 41% in 2026. Yet it feels a little too ironic, then, that analytics is also the most likely software category to fall well short of expectations — cited by 28% of HR leaders globally.

51%

of HR professionals report they're under pressure to quantify manager effectiveness with data.

28%

of HR professionals say measuring HR's impact is one of the biggest challenges facing the profession at the moment.

Building a Stronger Case Before You Buy

The Way Forward

Playtime's over. HR teams are getting serious about optimizing their tech stack. But as HR's processes only get more tech-enabled, the stakes get higher with every bad buy. One bad tool is an annoyance, but a whole fleet of them can derail employees' daily productivity.

"A failed HR tech implementation is more than a wasted budget line — it's a trust problem," Marcelin said. "Every tool switch touches real people's daily workflows, and if it goes badly, that damage follows the HR leader who championed it, sometimes for the rest of their tenure."

The right buying strategy can help squash that regret, and the patterns in this year's data point to where it starts. Beyond functionality and integration challenges, almost a quarter (23%) of respondents said that their team wasn't ready for a new solution, while a further 16% felt their platform was more robust than they actually needed.

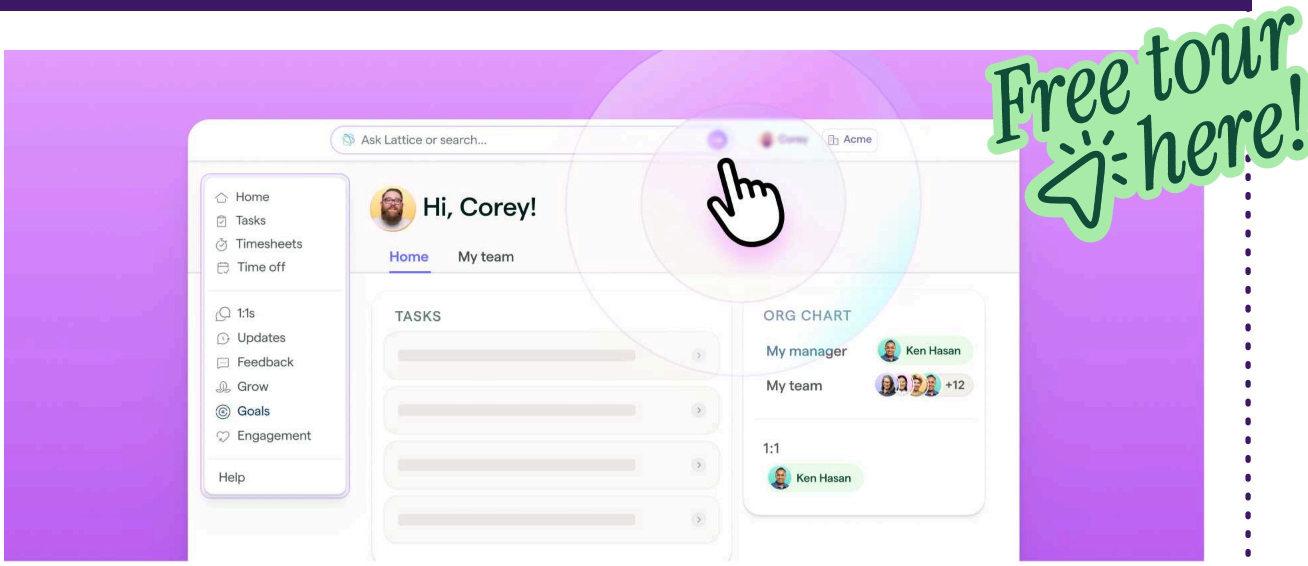
That mismatch between tech ambition and organizational readiness means assessing fit is non-negotiable.

- *Start with the use case or job to be done, mapping it to a clearly defined process problem or outcome, rather than external pressure or a hunch that an upgrade is overdue.*
- *Gather data to support the impact of that challenge, including adoption rates, employee dissatisfaction with your current solution, or operational metrics that underline the cost to the business, such as error rates, turnaround times, or unplanned spend.*
- *Then, understand your tech and operational limitations — the specific factors about your organization that might make implementation fail — such as a globally distributed workforce, specific compliance needs, or an HR team of one with limited IT support.*
- *Finally, once you're in conversations with vendors, pressure-test those failure points against what the platform can do, and what it can't.*

"Before I bring in anything new, I want it hitting close to five things: better technology, better pricing, better customer support, meaningful AI or automation value, and clean compliance for our industry," Marcelin said. Honesty is also crucial. "I trust a vendor more who tells me their tech is a 6 out of 10 and their support is excellent than one who tells me they're better than every competitor on every dimension, because the grass is never that green."

Beyond functionality and integration challenges, almost a quarter (23%) of respondents said that their team wasn't ready for a new solution, while a further 16% felt their platform was more robust than they actually needed.

LATTICE CAN HELP



Take a Free Tour of Lattice

Clear eyes, full carts, can't choose? Discover why the Lattice People Management Platform is the best option to create a high-performance culture where your people grow, your managers lead, and your teams succeed.

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Conclusion

HR is pulling into 2027 with a clearer sense of agency, hands confidently on the wheel, and AI under the hood. Teams can tell when their tech is actually doing the job they need it to do, and they have the diagnostic maturity to understand when it isn't — and why. They have a better understanding of AI's limits, renewed clarity over where they themselves are indispensable, and more confidence in deciding where AI can take on everything else.

There is still progress to be made in proving HR's value and securing its recognition, but teams now have a better sense of the way forward. The power of the right data and tech is in their capable hands. The measurable business outcomes — the ones fueled by increased performance, engagement, retention, and growth — are hewn from the judgment HR brings in how data and tech are used and applied.

Because for all that keeps changing, HR's purpose has been the same all along: helping people do their best work, so that the organizations they're a part of succeed.

People + AI Succeeding Together

Lattice is the #1 AI-powered people platform that turns managers into leaders, employees into high performers, and companies into the best places to work. Lattice provides interconnected and intuitive HR tools designed to help people and AI succeed together.

With offices across North America and the UK, Lattice serves more than 5,000 customers worldwide, including Brilliant Earth, Calm, Figma, Intercom, NPR, Tide, and more. The company is recognized as one of Inc.'s Best in Business and a Deloitte Technology Fast 500™ company for business excellence, growth, and innovation.

Request a demo

Take a tour

“

Lattice is an incredibly intuitive and easy-to-use product. I particularly like how simplified it is and appreciate working with their team. We work as partners, truly collaborating on solutions.

Rabilyn Abalo
Organizational Development Manager @ Strava

“

Lattice gave us a place to codify the capabilities we want to develop org-wide. Connecting skills to growth plans and performance conversations supports the continuous growth employees expect.

Kara Hannigan
Sr. Director, People Development @ PitchBook

“

Lattice has transformed the way we do performance calibrations and compensation reviews. Making it easy for facilitators and managers to engage in the process and seamlessly incorporates approval processes.

Meg Colón
VP of People @ Assembly AI

The *2027 State of People Strategy Report* features survey responses from **1,358 HR professionals** collected between April 2 and June 11, 2026.

Respondents work across various industries and company sizes, across a range of job levels, departments, and remits. They're located in the US, Canada, the UK, France, Germany, and other global markets.

In our 2027 survey, we dug into some of the topics that are top of mind for HR leaders at the moment, including driving employee performance at scale, honing a positive and inclusive workplace culture, upgrading tech to get the job done, and deciding whether they want to stay in the profession at all.

We analyzed these responses and compared them to those from previous years to identify the key trends, plus actions HR teams can take to tackle some of their biggest challenges and priorities.

Data points presented as percentages have been rounded to the nearest whole number.

HR TEAM SIZE

1	5%
2-5	28%
6-10	31%
11-20	17%
20+	19%

COMPANY LOCATION

United States	65%
United Kingdom	17%
France	8%
Germany	8%
Other	3%

COMPANY INDUSTRY

Software & IT	29%
Retail & Trade	12%
Professional & Business Services	12%
Manufacturing	11%
Healthcare	5%
Banking/Credit Union	4%
Financial Technology	4%
Construction	3%
Insurance	2%
Non-Profit	2%
Telecommunications	2%
Transportation	2%
Advertising & Marketing	2%
Leisure & Hospitality	2%
Food & Beverage	1%
Education	1%
Media & Entertainment	1%
Life Sciences	1%
Utilities	1%
Wealth Management	1%

COMPANY HEADCOUNT

11-24	2%
25-50	3%
51-100	10%
101-250	31%
251-500	10%
501-1,000	16%
1,001-2,000	19%
2,001-3000	5%
3,001-5,000	2%
5,001-7,000	1%
7,001-10,000	<1%
10,001+	1%

ROLE

VP or Head of People/HR	2%
Director-Level People/HR or HRBP	3%
HR Generalist	10%
People Ops Team	31%
Recruiting	10%

2027 State of People Strategy Report

This report was thoughtfully and creatively produced by many insightful people — a reminder that, above all else, people are what make work meaningful. A heartfelt thanks to our contributors, without whom this report would not be possible:

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