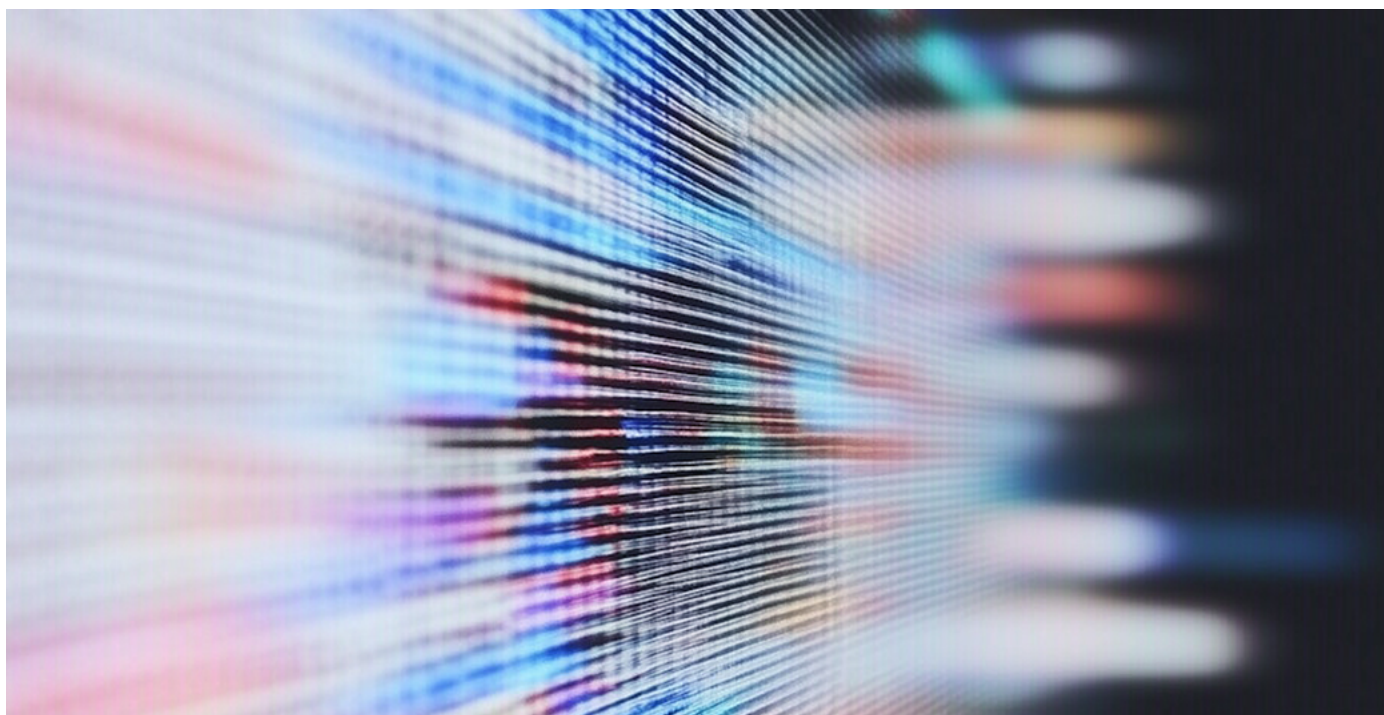


How AI Is Driving Workplace Strategy: 10 Insights from Top CHROs

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Executive Summary

Artificial intelligence is dramatically transforming how organizations work and what their workforces look like, and human resources leaders are on the front lines of managing both. Here are 10 insights from our partners' conversations and our discussions with CHROs in Modern's M1 community about how AI is transforming their HR functions—and what's coming next.

As artificial intelligence accelerates its impact across every corner of the enterprise, nowhere are the implications more immediate—or more complex—than in the talent realm.

As the executive most closely positioned at the intersection of people, work, and culture, the CHRO holds a uniquely consequential role in this transformation. It is CHROs who will help capitalize on what organizations do with the time AI frees up, and whether it becomes space for innovation or vanishes into inefficiency. It is CHROs who will shape how ethical boundaries are drawn around people and emerging technologies, how displaced roles are reimaged or eliminated, and how labor, whether digital and human, is integrated.

Over the past decade, I have had a front row seat to what these executives face, leading nearly 400 in-person meetings that convene CHROs around the world. The most requested topic for the agenda has been issues of “HR technology and automation.” By early 2023, AI started coming up, and it has been a major point of discussion ever since. The conversation has evolved over time, from chatter about general use platforms like ChatGPT and Microsoft Copilot to now nearly entirely about the role of AI agents in organizations.

Meanwhile, our partner team has had conversations with dozens of HR leaders about the practical, philosophical, and structural implications of generative and predictive technologies and how they’re transforming CHROs’ organizations, jobs, and leadership teams.

Below, we aggregate 10 key insights we’ve heard across both types of discussions, all shared here

anonymously. They make one thing clear: CHROs are not just watching the AI revolution. They’re leading it.

1. AI agents are becoming a formal part of the workforce model at many companies.

CHROs are starting to define “agent labor” as another category in their workforce planning—distinct from full-time employees and contingent workers. AI agents are being used for tasks ranging from basic scheduling to complex analysis, and their presence is growing quickly. Some CHROs anticipate they will end up managing hundreds of agents in coming years and are beginning to quantify them in headcount discussions.

What they’re saying: “We have contingent labor. Then we have our agent labor. There’s a certain amount of augmentation, but it’s actually like redesigning roles,” one leader told us.

What they’re doing: This shift requires entirely new management frameworks: How are agents deployed, measured, branded, and integrated into teams? At least one company is already debating whether to personify its AI agents or create other identities that will help build user trust, an early indicator of how quickly these tools are becoming embedded in culture and operations.

2. Eliminating entry-level roles risks damaging companies' talent pipeline.

CHROs have sounded the alarm about the long-term consequences of reducing or eliminating entry-level roles due to automation. While AI can streamline low-level tasks, doing so across the board could leave companies without a talent pipeline.

What they're saying: One executive recalled a previous period of minimal hiring: "We woke up five years later and we had no pipeline for any of our jobs. And that's what I worry about [with AI]. ... There's the sexiness. You can get intoxicated by it."

What they're doing: Rather than eliminate these roles, CHROs are exploring ways to repurpose them—creating AI quality assurance jobs, integrating entry-level workers into AI oversight, and doubling down on apprenticeship models to transfer tacit knowledge before it's lost.

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3. Cognitive load could become a quiet productivity threat.

As AI takes over routine tasks, what's left behind is often cognitively demanding knowledge work. That shift is starting to take its toll. Employees accustomed to finding satisfaction in knocking out dozens of transactional tasks a day must navigate fewer "easy wins" and the sense of feeling drained or under-recognized.

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What they're saying: "When you do transactional work, you cross 100 things off your to-do list a day and you feel really good about it," one CHRO shared. "When you do the hard work [left over when AI routinizes transactional tasks] nobody's telling you thank you."

What they're doing: Some CHROs are considering preserving a small volume of transactional tasks, or rotating them among teams, to provide mental breathing room and a sense of completion throughout the day. Others are rethinking job design altogether to better distribute cognitive demands.

4. AI use adds slack, and without direction, time can be wasted.

Freeing up employee time with AI does not inherently lead to innovation or value creation. Without instruction from leaders about how to use that reclaimed time, much of it may go to waste.

What they're saying: "Be clear about what you want people to do with that free time, because one of two things will happen," one CHRO said. "They will either do nothing, or they will start doing other stuff you don't want them doing to fill the void."

What they're doing: Organizations with high turnover or burnout may benefit from AI-induced slack, but CHROs emphasized the need to be intentional. Design roles with creative or strategic uses of time in mind and be ready to adapt as new tools launch.

5. AI will shrink HR teams—but not evenly or immediately.

In a poll of 49 CHROs back in March, nearly all predicted AI would affect the headcount of their HR teams over the next five years, with just two saying they thought there would be no change. Only a handful predicted a decline of more than 20%, with some telling us since that HR reductions could top 50%, or team size could even fall by two-thirds.

What they're saying: "I see [AI] as having a seismic impact," one said. "There's significant change that will

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come in how we do our work and honestly, what kind of people we need.”

What they’re doing: Most CHROs have made it clear their goal isn’t mass reduction. Instead, the opportunity is to shift the HR function toward higher-value work such as coaching, analytics, and strategic workforce planning.

6. AI coaching and development tools are scalable—and sticky.

CHROs are seeing strong early returns from AI-powered coaching and performance tools, especially for broad-based employees who haven’t traditionally had access to leadership coaching.

What they’re saying: AI coaching tools “will allow us, for the first time, to scale something that has been extremely difficult to scale with quality in the past,” said one CHRO.

What they’re doing: One interesting application shared is the streamlining of performance reviews, with AI already helping to save anywhere from 20 to 35 hours per employee annually, one executive shared. The result: More bandwidth for human-centered development, and more consistency in feedback.

7. CEO avatars bring a new angle to an old leadership dilemma: authenticity.

AI avatars representing senior executives have been a flashpoint, with some CHROs intrigued by

their potential to reduce time-zone burdens or broadcast consistent messages. Others, meanwhile, are concerned about the message it sends if an avatar is sent to meetings instead.

What they’re saying: “There’s probably elements of it which just give CEOs back time,” said one CHRO. Others thought an agent that’s transparently depicted as a representative might be acceptable, if done intentionally. “You have to be really purposeful.”

What they’re doing: HR executives point to what they see as a more acceptable path, such as AI “ambassadors” that represent a function rather than an individual, but they’re grappling with the technical possibilities and ethical implications of their CEO having digital twins.

8. Governance models split between centralized versus decentralized innovation.

How do you approach AI governance? Some favor a centralized model co-led with finance and IT to ensure risk management and strategic alignment. Others support a more distributed approach, encouraging innovation at the edges through domain-specific pilots.

What they’re saying: “We want to see who is able to either come up with the best ideas or who can adopt fast,” said one, while another shared that the “triumvirate of finance, HR and tech is feeling really important to us.”

What they’re doing: CHROs tend to agree that organizations need both guardrails for approaching AI policy and room for experimentation.

9. AI literacy among executives is uneven—and training needs a rethink.

Despite it being one of the most common conversations we have with CHROs, many still feel behind when it comes to AI or see a real lack of AI fluency across their senior leadership teams. While some execs are power users of tools like Microsoft Copilot, they've said, other top leaders haven't even opened them.

What they're saying: Many CHROs described themselves as merely “dabbling” in AI, “still kind of early in the technology progression,” or experiencing “FOMO—like fear of missing out—that I'm way behind everybody else.” When it comes to training their teams, “you have to get people to use it, and just video-based online training doesn't cut it,” another explained.

What they're doing: Those earlier in the process of adopting AI named areas such as recruiting and talent acquisition as well as self-service chatbots, learning and development, and workforce management as core AI applications. Other mentioned using AI for internal comms, comp analysis, and employee listening. Just starting? Pilot projects with clear metrics are key.

10. AI is changing more than just work. It's prompting a rethink of CHROs' titles themselves.

People leaders are increasingly debating the evolving identity of their roles—both how HR will be structured with smaller teams, and what it will be called once they are managing the work of humans and AI agents or autonomous robots. Some see alternative titles for the role, proposing names like “Chief Workforce Integration Officer” or “Chief Work Officer,” even using AI chatbots to help brainstorm the new names.

What they're saying: Some CHROs say it's not time yet for such redefinitions. “There's this door to step through right now that's going to redefine whatever we call this work. We have to define the work, and then I think the title comes.”

What they're doing: For now, CHROs might think of their role as “chief alignment officers,” one said, getting their organizations onboard with AI's potential and perils while making sure they don't fall behind. As partners to the CEO, they're being asked to play a central role in building an AI strategy—and a people strategy—that's business strategy, too.



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