Bridging the ROI Gap

The HR Trends Driving Value in 2026

Contents

Introduction

There are huge political, economic and social forces driving significant change in the HR sector - ranging from cost-cutting measures across industries and the evolution of employment rights to the rollout of new DEIB policies and a transformation of technology outpacing that of culture. HR managers are taking on responsibilities beyond their historic function, providing a louder voice in the boardroom and on the frontline of the business strategy battle.

With continued and growing scrutiny across all elements of businesses, decision-makers are leaning in to each and every opportunity to assign a value to activities and insights. It is as a result of this that organisations are exploring new metrics that incorporate traditionally-less tracked sentiments around employee motivation, collaboration, trust and more.

It is imperative that lines are drawn between these new metrics and their significant impact on business performance and valuations.

Being able to accurately measure these new metrics, however, is not straightforward. It requires sustained and targeted tracking of people's data from across the business. Naturally, responsibility for this sits with emboldened HR managers that are often eager to demonstrate their strategic skills at board level. But they are being asked to do so at a time when their own budgets are being put under significant pressure and scrutiny.

Here too, data-led insights are the key. Leaning on demonstrable ROI metrics doesn't just act as a vital proof-point when it comes to the resource allocation of initiatives. But it can in fact help transform those budget conversations too, enabling HR managers to make a compelling business case around effectiveness, productivity and growth.

While looking to help solve these big strategic issues, the more day-to-day function of HR managers is also shifting. As they look to devolve more responsibilities to line managers within their businesses in order to focus on more strategic priorities, they face an uphill task to suitably engage and upskill those intended recipients. Another challenge compounding this decentralisation project is the growth of employee aspirations for skills-based progression over traditional managerial paths.

As part of their evolving function, HR managers are finding themselves on the frontline. Not just in regards to leading training, but also in shaping policy and strategy, including the discussion around human quotas being introduced as the workforce faces an AI transformation.

Our extensive research, carried out among 2,000+ employees and 1,000 HR managers, gives an essential overview into these trends facing HR in 2026 and beyond, as well as insights into what's driving them at the ground level. These trends form a practical roadmap for HR managers to anticipate challenges, make informed decisions and prepare their business for success among a difficult backdrop.

Crucially, HR managers do not have to, and should not, face these challenges alone.

Executive summary

Trend 1: The rise of the unhappiness epidemic

- Half of employees are unhappy at work - just 51% of employees frequently feel happy in the workplace
- Happy workers are 42% more likely to feel productive or motivated than average
- Only 30% of HR professionals are currently measuring employee happiness

Trend 2: An ROI shortfall is exacerbating budget cuts

- Two thirds (67%) of HR departments have seen their budgets cut in the past 12 months
- HR teams who struggle to prove ROI have had their budgets cut by twice as much
- 90% of HR managers admit that they struggle to measure the effectiveness of some/all of their initiatives

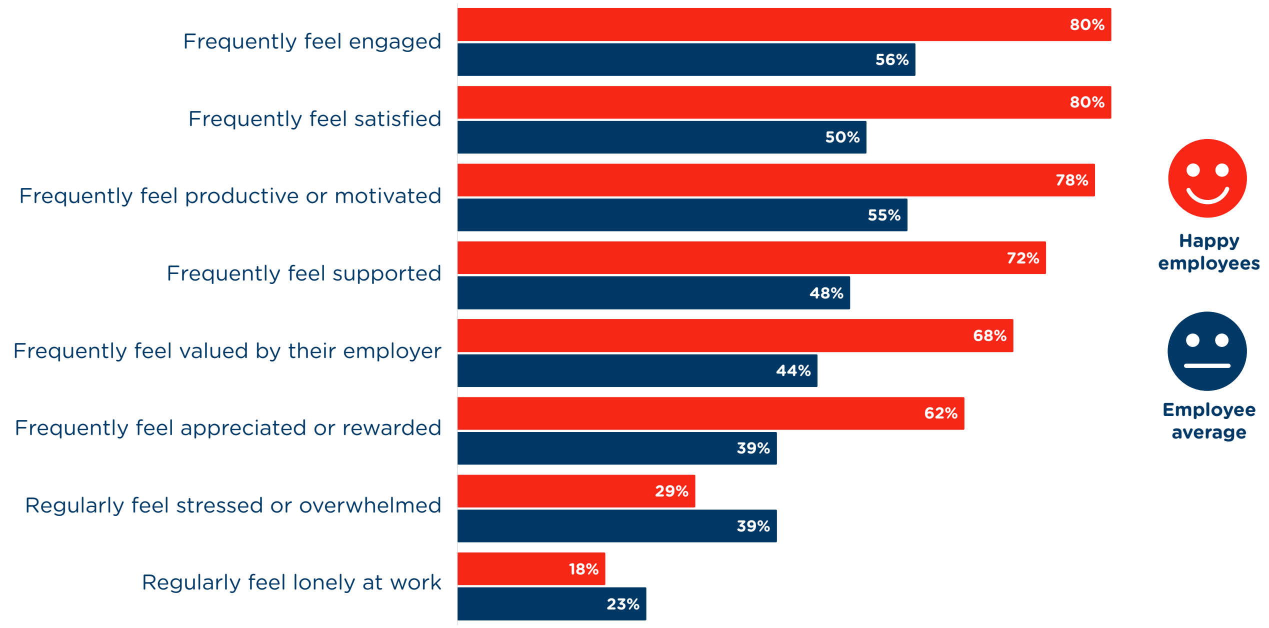
Trend 3: HR need to embrace the role of AI pioneer

- 73% of HR managers say they provide AI training but only 21% of employees say they've received it
- 22% of employees fear that AI could make their role completely redundant
- Data analysis is the most-commonly automated task amongst HR managers – despite 40% holding concerns over the security and privacy of AI

Trend 4: Empowering leaders in a management-averse workforce

- 95% of HR managers say that there are areas over which they would like to see line managers take more ownership
- 44% of employees want to progress in their career without becoming a manager
- 74% of employees say it makes them more productive when their progression is supported - climbing to 78% among Gen Z

The power of happiness: Happy employees over-index other employees on all measures



Trend 1: The rise of the unhappiness epidemic

One in two employees are unhappy at work

Mapping, understanding and quantifying the emotional experience of a workforce has become increasingly important to businesses across the UK. HR teams are expected to deliver an employee experience that can prove attractive to leading talent, as well as bolster culture, productivity and retention among those already within the business.

But, quite rightly, its importance is no longer confined to the People and Talent teams. Recognising and supporting the "emotional capital" of employees has evolved into an increasing feature of C-suite conversations too; its contributing factors being scrutinised by eyes from across the business.

Emotional capital refers to the pool of emotional skills, resilience and relational resources that employees and organisations draw upon to foster wider engagement, collaboration and performance. Ultimately, it is these, historically overlooked factors, that can fundamentally shape business performance and valuation.

The happiness gap

The scale of its adoption is evidenced by the fact that just 2% of HR managers say that their business does not track any 'emotional capital' metrics among employees.

However, it is notable that among those that do, there is no uninformed picture as to what that looks like. For example, around two thirds (62%) say that they track or measure recognition and reward among employees, 61% support and wellbeing, and 58% motivation and productivity.

What are HR managers tracking or measuring?

50%	48%	48%	34%	29%	19%
Feeling valued or respected	Satisfaction	Engagement	Stress or burnout levels	Connection and belonging among employees	Social connection/ isolation

Concerningly, half (51%) of employees aren't happy at work. But despite this, only 30% of HR teams are actually tracking employee happiness, and as such could be overlooking key factors such as employees feeling connected and valued.

With an increased commercial focus on employee retention and productivity, not understanding - or measuring - happiness is a commercial shortcoming.

Those employees who are happy at work:

- Report stronger feelings in every category of emotional capital
- Have a significantly better understanding of workplace benefits
- Are significantly more productive
- Appear to have better managers
- Have better progression opportunities without becoming a manager

42%

Happy workers are 42% more likely than average workers to feel productive or motivated

The components of emotional capital

Avoiding data waste

It is encouraging that the vast majority of HR managers whose business track 'emotional capital' metrics among employees say that they analyse the relationship between those metrics and business outcomes such as productivity, retention and financial performance.

But, our research reveals that far too often this is found to only be an occasional occurrence. Among this group, only 56% of HR managers say that they regularly analyse and link the emotional capital metrics they track to business outcomes, while a smaller 53% actually do so specifically around happiness.

This means that a significant amount of work and effort is essentially being wasted. Crucially, this is also denying them the ability to qualify it at SLT or board level and further demonstrate their own worth.

Putting emotional capital on the balance sheet

Emotional capital is the emotional investment from employees into the business and incorporates traditional less tangible sentiments including trust, morale, connection and satisfaction. These are then a driving force of more measurable metrics such as engagement, productivity and retention. These, in turn, have a direct impact on business performance and business value - bolstering retention, driving productivity and fostering a culture of innovation and problem-solving.

Emotional capital is the building block for happiness at work, which means measuring it is key to not only proving ROI through metrics such as productivity and retention, but to measuring happiness at work.

The impact of emotional capital

Emotional Capital
Trust
Happiness
Connection

→

Business Metrics
Retention
Productivity
Absenteeism

→

Business Growth
Business performance
Business valuation

The primary drivers of workplace happiness

In order to improve happiness levels, it's important to understand the factors playing a significant role in its creation among UK workers.

This is particularly relevant given that the experience of the modern workforce has undergone such a notable shift in the last few years.

Our research revealed that the top drivers of employee happiness were:

It is also worthwhile examining the variations across age and demographics. As might be expected, those at the early stages of their careers place heightened importance on opportunities for career progression and on learning and developing new skills. But they are also much more inclined to place importance in accessing wellbeing support and resources (15%) - three times that of Baby Boomers (5%).

There are also some differences to be conscious of at gender level.

- Female employees are 20% more likely to value a healthy work-life balance than their male counterparts - 41% vs 34%.
- Women feel similarly when it comes to feeling connected to colleagues and part of a community - 32% vs 26%.
- Male employees are 50% more likely to derive happiness at work from alignment with their employers' values and culture.

The least-happy tracker

A spotlight on demographics that are ‘not often’ happy

The hybrid working challenge

Regardless of whether people work in the office, at home or in a hybrid role, the feelings of happiness, appreciation and productivity remain constant. The same number (51%) say that they are frequently happy, feel similarly appreciated and similarly productive .

But there’s an engagement drop-off between those working remotely (51%), those in the office (58%) and those in hybrid roles (55%) - those in the office are more likely to feel connected (50%), compared to remote (44%) and hybrid workers (45%). On the other hand, the in-office cohort are also more likely to feel stressed or overwhelmed (41%) compared to their hybrid (35%) and remote (34%) counterparts

At a glance

It’s clear that employee happiness isn’t just good for morale - it’s good for business. Employers that invest in their people see measurable returns in productivity, retention, overall performance and growth. It also has the benefit of being the measurement most indicative of the employee experience.

But while 99% of boards have a CFO or finance director on their board, only 2% have an HR director or executive board member. So, while HR departments have long depended on more traditional metrics such as satisfaction and engagement, these were built for a different time when employee motivation and productivity were assumed and expected. With a wealth of data at their fingertips, HR managers need to be putting it to work as they look to shape strategy.

Trend 2: ROI shortfall exacerbating budget cuts

HR teams who struggle to prove ROI have had their budgets cut by twice as much

Businesses are universally being forced to scrutinise budgets, and this is no different for HR managers and their teams. Our research found that more than two thirds (67%) of HR departments have seen their budgets cut in the past 12 months, with almost half (45%) saying that the cut they’ve received has been greater than 10%. This can have a huge impact on existing programmes, placing unplanned limits on available resource and curtailing plans for the expansion or development of initiatives.

Looking under the bonnet, the overwhelming driver of these cuts is found to be economic or financial pressures - almost half (48%). Other drivers are revealed to be business restructuring (30%), reduced revenue (29%) and reduced recruitment activity (26%) - the latter being a likely bi-product of the others.

What is particularly noteworthy is that according to HR managers, 15% directly attribute the budget cuts they have been subjected to as being due to a lack of return on investment. Closer inspection of our data reveals those HR teams that struggle with Return on Investment (ROI) measurement of their initiatives experience budget cuts of up to 100% more.

With increasing scrutiny on ROI, HR leaders must justify their spend - explicitly linking their initiatives to measurable business outcomes, financial performance and ultimately business value.

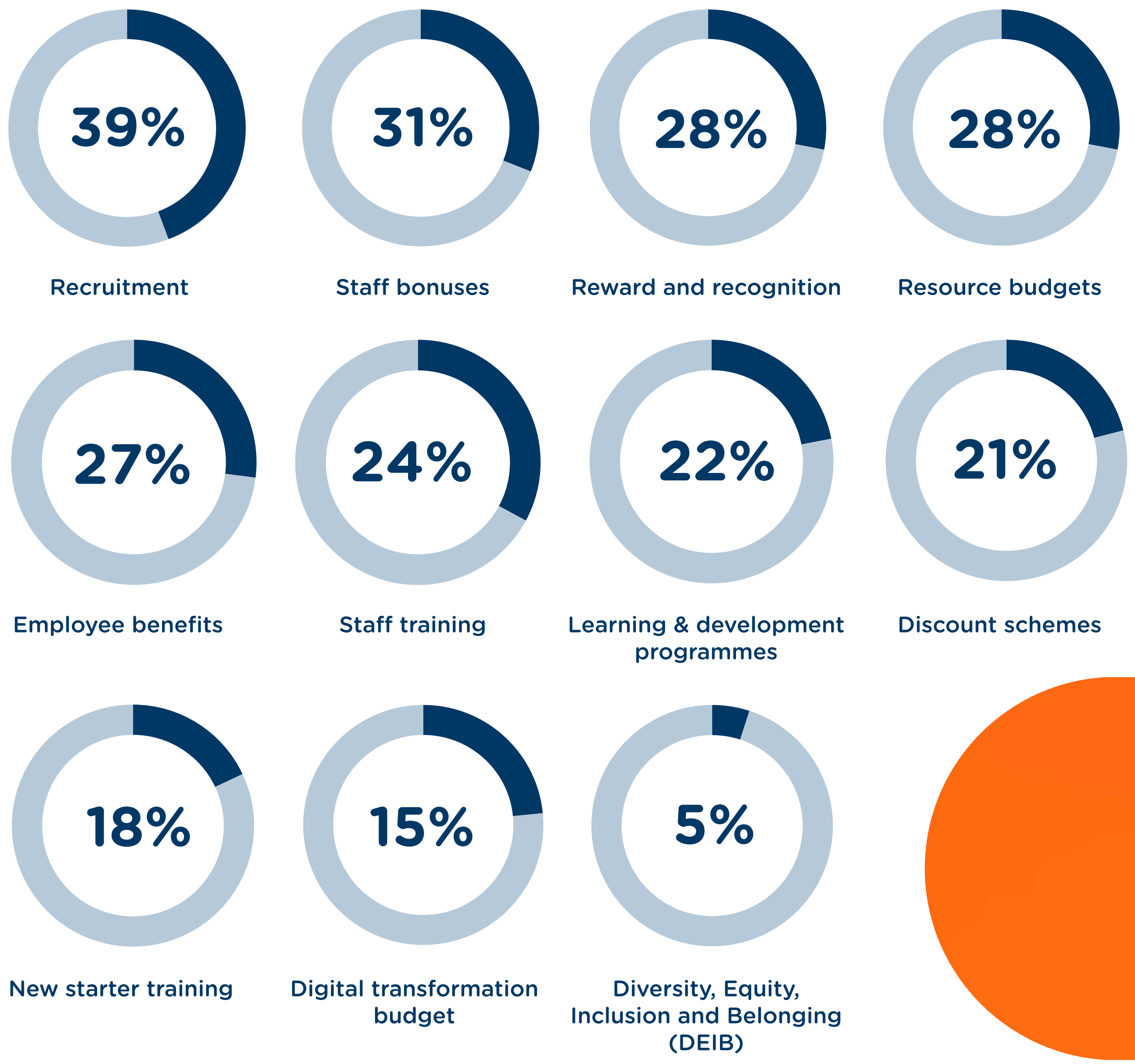
Measure for measure

HR managers should not be intimidated by this challenge. Data provides the ideal opportunity for HR departments to fight back, quantify their employee ROI and take a stronger stance at the budget table. But help is needed to ensure that they can do so with greater confidence.

The scale of the challenge facing the sector should not be underestimated. The overwhelming majority of HR managers (90%) admit that they struggle to measure the effectiveness of some/all of their initiatives. Just over two in five (41%) say they struggle most with measuring wellbeing programmes, 31% with employee engagement plans, and a quarter (25%) recognition initiatives. Even those which would be expected to have relatively straightforward metrics of effectiveness are posing a challenge, with 23% struggling with incentive and reward schemes and 21% the utilisation of discount schemes.

It should also be noted that financial pressure significantly increases the importance of optimising the limited budget that HR managers are given and ensuring that the decision-making around those areas and initiatives that receive their focus do so because they will be most impactful. Here too, being able to clearly analyse and present ROI is key.

Where are HR seeing their budgets cut?



Most impactful ROI metrics and methods

Retention and attrition	Retention rate Attrition rate
Productivity	Absenteeism – The Bradford Factor Lost time rate Revenue per employee Employee Lifetime Value (ELTV)
Business performance	Revenue growth Profit margin Revenue per employee Profitability ratios Growth metrics (e.g market share) Customer acquisition cost and lifetime value
Talent attraction	Recruitment costs Time to hire Time to onboard Quality of hire
Emotional capital	eNPS score Employee engagement score Stress and wellbeing assessments Turnover intention surveys Work-life balance metrics (overtime, time off utilisation)

Horizon scanning

Looking to the future, it is encouraging that there remains significant enthusiasm for HR-led initiatives and optimism about their ability to not just develop employees, but to deliver commercial value as well.

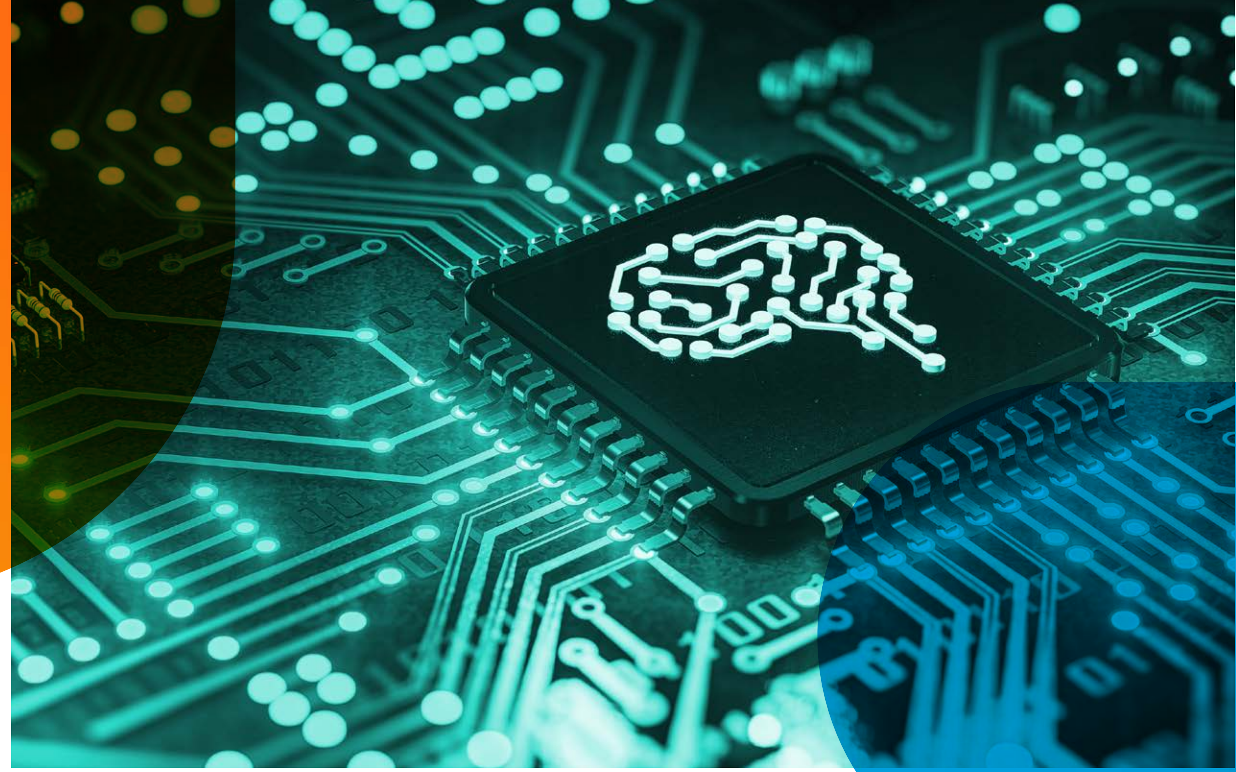
Our research found that when looking at what type of initiatives deliver the greatest ROI for HR over the next 2-3 years within their organisation, full employee engagement programmes (40%) are the most popular choice, along with incentive and reward schemes (40%). Also in the mix are wellbeing programmes (35%) and recognition initiatives (33%).

But it is unavoidable that cuts loom large when it comes to HR managers' concerns for 2026 - be that general budget cuts (36%), cuts to employee benefits (22%), cuts to wellbeing initiatives (18%), or those to other employee initiatives such as DE&I programmes (14%).

What this means in practice is that steps need to be taken to ensure that, when challenged, the ROI of initiatives is both demonstrable and robust.

At a glance

HR departments are required to be a strategic business partner, and to secure executive buy-in and continued investment. HR must seize the opportunity offered by the conversation shifting from activity to impact, while also demonstrating that the needs of employees are being met. Establishing tangible measurements around those core ROI spheres will ensure that discussion around budgets at the board level can be much more two-sided.



Trend 3: HR need to embrace the role of AI pioneer

73% of HR managers say they provide AI training but only 21% of employees say they've received it

The rapid rise of AI in such a short time frame is simply impossible to ignore for businesses of any size, with many facing a constant need to keep up and progress with digital transformation as well as an ever-present drive to tackle the productivity conundrum.

Large or small, the reality is that AI is in the process of reshaping the way HR works; whether it's the way employee benefit platforms operate, how administrative tasks are carried out or even how employees are upskilled.

As businesses look to harness its potential as a springboard for growth and innovation, HR managers face the challenge of helping to upskill employees, monitoring the 'Human in The Loop' (HITL), and even looking at the possibility of 'human quotas' for the workforce.

21%

Just 21% of employees in workplaces that advocate AI use have received formal training on it

AI proliferation

The rapid scale of AI adoption is breathtaking. Our research found that now more than half of employees (55%) are permitted to use AI in the workplace, with a further 26% expecting plans to allow its use to be rolled out within the next 12 months.

Interestingly, its adoption is notably wider among those businesses that work hybrid patterns. Among these workers 64% say their organisation actively encourages and promotes its use, compared to 52% of those that work solely in an office.

However, these numbers are in fact slightly higher according to HR managers. There, the overwhelming majority (86%) say that use of AI is permitted in the workplace, with just 3% expressly not allowing it - or having plans to change that stance in the coming year.

One explanation of this employee and HR mismatch could be a certain reluctance among the employees to utilise it as a workplace tool. Or perhaps the business' position has simply not been communicated to them clearly. Either way, this must be remedied if the business is clear in its desire to unlock the potential of AI use.

AI leaders and late adopters

Leaders	79% Finance	79% IT and Telecoms	76% HR
Late adopters	40% Retail, Catering and Leisure	49% Healthcare	51% Sales, Media and Marketing

Disconnected engagement

Across the majority of businesses, the job of navigating AI adoption among the workforce is falling at the feet of HR managers. Notably, only 10% of HR managers say they are not facilitating the use of AI in the workplace. But that discrepancy about businesses' AI approach is mirrored when we take a look at the rollout of both formal policies and training around AI.

In those businesses that are advocating AI adoption, around three quarters (73%) of HR managers say they have provided training on it - with 41% having provided formal training. Furthermore, just under two in five (37%) say that they have a formal established AI policy in place, with 31% saying that while they have no formal policy, they do have informal AI guidelines or principles.

But, there's a notable disconnect. When asked, only 16% of employees say that their business has a formal or established policy in place to govern the use of AI in the workplace. Interestingly, there's a substantial difference in opinion on this among the generations, with the younger cohorts much more certain that such a policy exists in their workplace.

This hint of greater engagement on the topic by younger generations is further evidenced by the disparity between the generations when it comes to receiving formal training on how to use AI.

Among those businesses that advocate the use of AI, while 66% of 18-24 year olds and 69% of 25-34 year olds say they have received it, this falls off significantly as we glance up the age scale. Less than half of those 35-44 year old workers say they have, and just 36% of those aged 55+.

There also appears to be a gender bias. In workplaces that advocate AI use, 59% of men say they've had training on it compared to 50% of women.

This apparent disconnect needs to be resolved as a priority. With such broad adoption of new tech, a lack of training and opaque guidance poses significant security and legal perspective.

There is a business performance case too. Firstly, empowering employees to use the technology well will improve their performance, productivity and ultimately the business' bottom line. Secondly, with a significant number of employees hesitant about embracing the change, and reporting stress and uncertainty over what it means for them and their role, demystifying AI among this group will help remedy concerns and, hopefully, encourage them to tentatively take their first AI steps.

FOBO – The Fear of Being Obsolete

Around two in five (41%) HR managers say they have concerns about the accuracy or reliability of AI-generated information, and a similar number (40%) worry about the risks around data security or privacy.

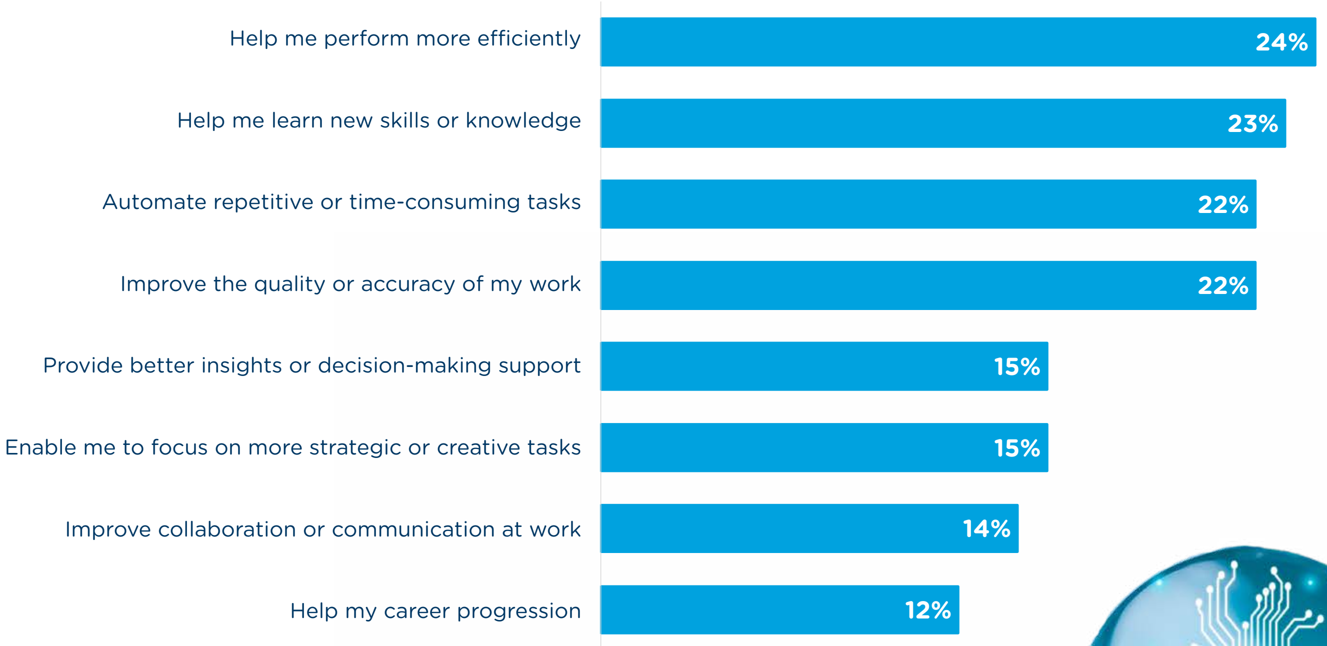
Furthermore, just over a third (34%) worry that AI could replace the human element from people management or decision-making, 28% express concern that AI could automate some of their key responsibilities, and 22% say they're worried that AI could make their role redundant or significantly reduce the need for it .

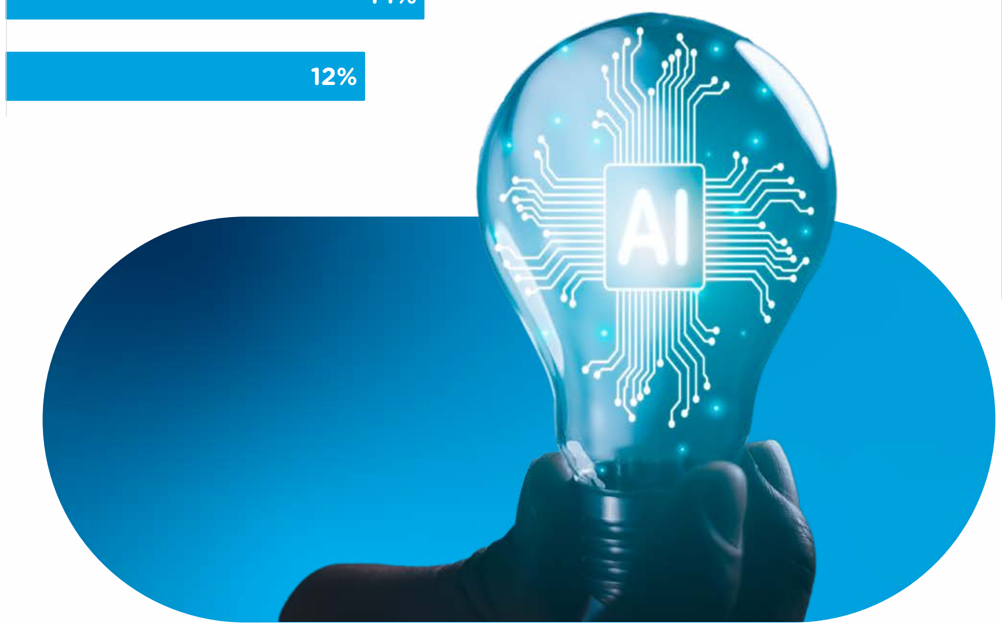
This is despite the fact that this is a cohort which is embracing AI for a host of elements across their role, with only 7% saying they are not using it at all. Worryingly, many are using it for exactly those tasks for which they express scepticism such as data analysis (38%), taking notes and meeting minutes (24%), and even the onboarding process e.g. documentation (15%).

Among the broader workforce there is also a significant dose of uncertainty around the role that it will play. Less than a quarter of employees (24%) say that AI will help them perform more efficiently, and 23% think that it will help them learn new skills or knowledge.

There is also significant scepticism among older workers. Almost half (48%) of employees aged 55+ say they see AI as providing no benefits for their role.

Employee perception of AI benefits





Looking at the employee experience of AI in the workplace, there is plenty of room for improvement. Despite the growing prominence of AI, our research found that fewer than half (44%) of employees actually feel comfortable using it, and nearly a quarter (24%) actively feel uncomfortable.

AI comfort

56% Gen Z

48% Millenials

32% Gen X

26% Baby Boomers

The AI Bubble

There continues to be significant discourse around an 'AI bubble', and what that means for investors and adopters alike in the future. What is unequivocal is that the genie is out of the bottle. The transformation impact that AI can have on the workplace is clear - so HR managers (nor businesses themselves) cannot afford to sit on their hands.

This doesn't mean putting all the eggs in the AI basket. But it does mean taking a measured approach to embrace the business opportunities that are on offer.

Examining the concerns that employees have about the impact of AI on their role, around a quarter (24%) were resolute they had none - those most unbothered being Baby Boomers (32%).

But others were not as certain. Data shows how FOBO (Fear of Being Obsolete) is a significant factor for many, with nearly a third (30%) of all UK employees concerned that AI could remove the human element from decision-making or people management.

More than one in five (22%) also fear that AI could make their role completely redundant, and broadly the same number again (21%) worry AI could automate some of their key responsibilities. There is also a cohort of 29% that simply do not see it bringing any benefits to their role, while just under a third (32%) identified more than two of these concerns.

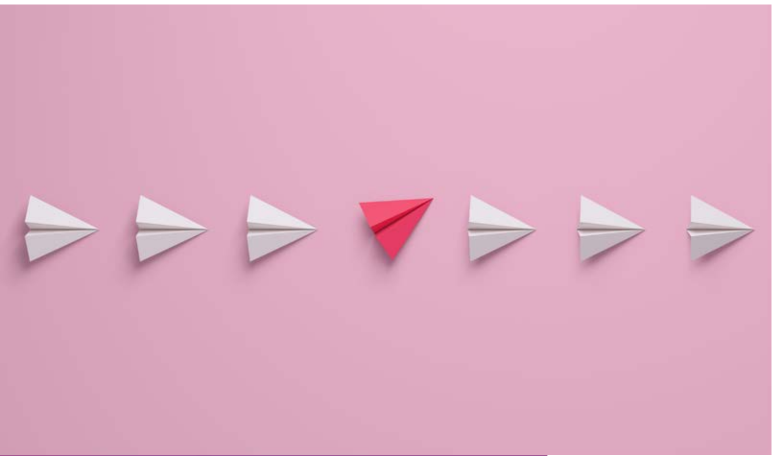
At a glance

AI provides a tricky landscape for HR teams to navigate, and while AI undoubtedly brings benefits, FOBO poses new stability and motivational challenges for employers. There is clear discrepancy in AI policies and different generations have different AI concerns. HR teams need to be at the forefront of this shift and will have to find a way to address these concerns without impacting retention or productivity - but at the same time businesses will be under pressure to prove the ROI of AI.

Trend 4: Empowering leaders in a management-averse workforce

44% of employees want to progress in their career without becoming a manager

An evolution of HR's role is happening before our very eyes. With a growing awareness of the strategic importance of the People function, there is a challenge to ensure that HR managers have sufficient capacity to take on that complex and growing role. An avenue that has been explored for some time now has been to equip and enable managers to perform a range of HR tasks and free up teams for more strategic priorities. But what has been less clear has been how to conduct this decentralisation effectively, particularly when a look into the future means HR teams will also need to acknowledge and address the growing desire for skills-based progression over hierarchical advancement amidst the current workforce.



Our findings have highlighted the extent to which HR are currently looking to empower both teams and line managers to take charge of People initiatives. In fact, 95% of HR managers say that there are areas over which they would like to see line managers take ownership in. However, a deeper look into the data reveals a current disconnect over the effectiveness of this decentralisation.

Bridging this gap is not only essential for HR to meet their increased demands for ROI but also to dial-up their role as culture champions – with buy-in and support from managers enhancing the teams' impact and ability to drive engagement with initiatives across their organisations.

However, a successful transition relies heavily on enhancing the toolkit at the disposal of line managers, as well as redoubling efforts to make roles that come with managerial responsibilities more attractive.

The importance of communication

So, what would help? Perhaps the most transformative initiative is ensuring there is a dedicated communication channel specifically for managers. Alternatively, HR team members could be assigned a specific manager/department under their scope and perform regular check-in calls to provide information, education and relevant materials. This would help ensure that line managers are not left to go it alone, and that HR managers have the opportunity to deliver necessary training and guidance.

Shifting focus from traditional roles and responsibilities

As HR managers explore opportunities to gain more bandwidth, the most popular area of decentralisation is performance management and reviews, with around two in five (43%) HR managers eager for this to move away from their shoulders. Similar figures are found for supporting employees through personal struggles, conflict resolution and supporting employees through professional struggles (all 39%).

We also find a third of HR managers (33%) expressing a desire for line managers within their organisation to take more ownership of communicating relevant benefits and initiatives to employees, with 29% wanting increased signposting of wellbeing resources to employees in need.

They would also like managers to shoulder more of the burden when it comes to onboarding and offboarding employees (25%).

With the *Employment Rights Bill* expected to receive Royal Assent in early 2026, more than a third (35%) believe additional HR compliance workloads will have a high impact on their business, followed by contacts and policies (34%), payroll and benefits (32%), hiring processes (32%) and employee retention (31%).

Addressing the resource gap

Understanding whether this more decentralised future is in fact feasible demands exploring the role that HR managers are currently playing in greater focus. And doing so reveals room for improvement.

An overwhelming number (87%) of HR managers say that they are confident that they provide line managers within their organisation the necessary tools & information to effectively communicate employee benefits, initiatives and wellbeing resources to their teams. And 88% are likewise confident when it comes to their provision of knowledge and training to conduct onboarding, manage conflicts and drive team performance.

But that does not wholeheartedly reflect the experience of employees. There, we find that only around two thirds (65%) of employees say they find it easy to find information about their workplace benefits. The same number (65%) say they find it easy to understand the information about their workplace benefits. Worryingly, our research shows that just 37% of employees say that they are aware of the benefits and initiatives available to them - or know how to access them

It is evident that there is a need for HR managers to establish better and clearer ways to communicate critical information to employees across the business. But also, if line managers are expected to pick up some of this slack, they are undoubtedly going to need to be given more comprehensive training and be better equipped to take on those more traditional HR tasks.

But this resource gap is two-sided, as when employee were asked about the delivery of the most important elements of their relationship with their line manager, around a third of these managers were found wanting. This cohort are not just failing to check on the wellbeing of their direct reports, but neglecting to set goals, check workload and review progression. Crucially, many of these are the areas which HR managers have said that they are keen to devolve further. Doing so before closing this performance gap risks setting the system for failure.

At first glance, the ambition of a decentralised HR world appears to be very achievable. Employees are only too used to engaging with their line manager on a host of more traditional HR topics. For example, when employees are asked about who they would go to in the first instance if they were having problems at work, the plurality chose their line manager (38%). Just 6% would go to HR as a first port of call.

Greater line manager training is urgently needed to ensure that line managers are able to successfully deliver on their current and future responsibilities.

Around a third of employees (32%) say their line manager fails to keep them informed on company news and updates

But 33% of HR managers want line managers to take more ownership of communicating relevant benefits and initiatives to employees

Two in five (40%) employees say their line manager doesn't regularly check on their wellbeing

But 39% or HR managers want line managers to take more of a role in supporting them through personal struggles

More than a third of employees (34%) days their manager fails to listen to their problems and takes steps to manage them

And yet 39% of HR managers want line managers to play a greater role in supporting employees through professional struggles as well as conflict resolution

36% of employees say their line manager fails to recognise them for their efforts and achievements

But 43% of HR managers want line managers to take more ownership of performance management and reviews

The additional challenge of a reluctant workforce

Worryingly, a further look into our research reveals that the long-term strategy of unburdening HR managers with these more day-to-day elements of their role and delegating them to line managers could be hampered by the managerial appetite of a modern workforce.

Just over two in five employees (44%) express a desire to progress in their career without becoming a manager. Interestingly, this sentiment is similar across age and gender demographics.

2 in 5

employees (44%) want career progression without becoming a manager

Furthermore, a significant number of employees have hit a ceiling where they feel comfortable and have no desire to move beyond. 19% of employees express a firm desire to not progress further as they're happy with their current role and responsibilities. This is notably the case among 7% of Gen Z, 11% of Millennials, 25% of Gen X and just under half of the Baby Boomer generation. In fact, over half of employees say that they can progress at their current company by developing their skills without becoming a manager - a figure that climbs to 71% for Gen Z.

At a glance

It's all very well looking to decentralise and devolve the more traditional HR roles to line managers, but these leaders need to be set up for success not failure. Worryingly few employees have the ambition of rising to take up the mantle of a line manager. This means that a lot of work needs to be done to help those that do take on that role to do it effectively, and help demonstrate to those sceptical of management that it's more attractive than it seems. This will undoubtedly include highlighting the importance of good and engaged managers on the broader performance of the business. Only then can HR managers confidently embrace that more strategic role across the business.

Getting modern progression right

It's evident that understanding and supporting progression matters. Around three quarters of employees (74%) said it makes them more productive, and 73% are more likely to stay in their role if progression is supported. A similar number (71%) also agree that it motivates them to go above and beyond their usual duties.

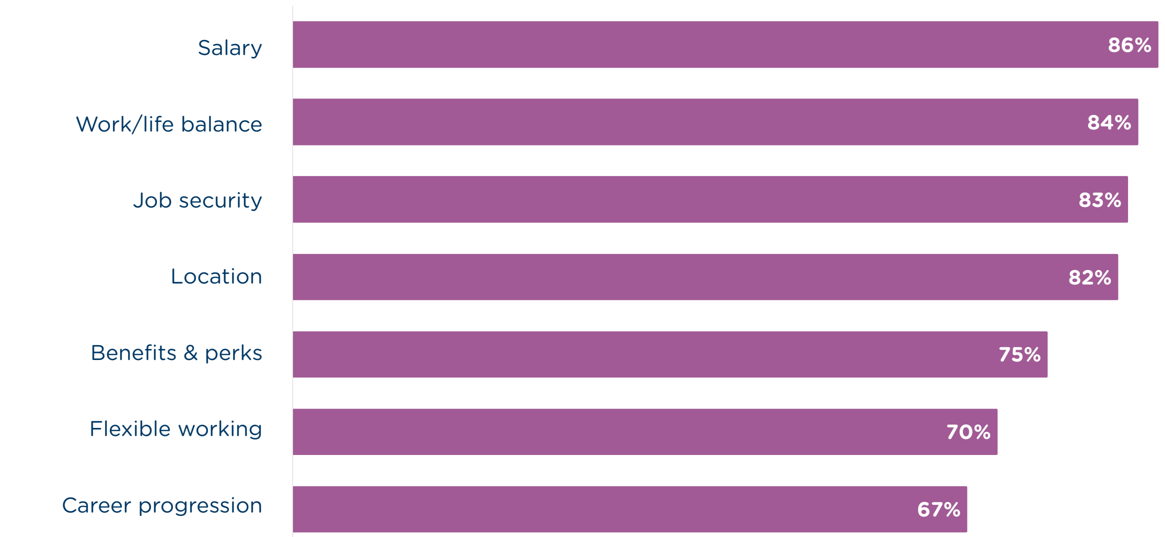
This is also found to be more important for the younger generations - with the number that say it would make them more productive sitting at 78% (compared to 68% among Baby Boomers). A similar gap is found when it comes to being motivated to go above and beyond (75% vs 66%).

Our research also revealed that 11% of employees are planning to leave their role due to a lack of progression.

But there is also a very clear business case to be made around its importance. Yet despite this, more than a third (34%) of employees said their line manager does not regularly review their progression, and 43% of HR managers feel line managers need to take more responsibility for performance reviews and management - exposing a clear focus area for businesses to address.

For businesses looking to grow and attract new talent, progression is also revealed to be a vital factor.

When considering a new role, it is salary that ranks as the driving factor for employees (86%), followed by work/life balance (84%) and job security (83%). But more than two thirds (67%) identify progression as a key element.



Takeaways for HR professionals

The 2026 HR landscape is defined by one central pillar: the need for greater efficiency and demonstrable ROI coinciding with the urgent demand for meeting evolving employee needs and measuring emotional capital.

The four trends explored in this report - from tackling the unhappiness epidemic to the anxiety surrounding AI and FOBO - all converge on the shift from traditional HR functions to move beyond transactional management and become the strategic heart of the business.

The challenges ahead are undeniable - businesses face genuine employee worries alongside economic uncertainty, this could look bleak - however, our data and insight allows the creation of a clear roadmap.

The next 12 months are crucial for HR functions and those that thrive will be defined by their ability to:

a) Quantify the human element:
Integrate emotional capital into regular reporting and strategic planning, directly linking metrics such as morale, trust, connection, and crucially happiness to organisational financial health and productivity

b) Empower the frontline:
Invest heavily in manager training and support, allowing line managers to effectively manage employee relations, progression and engagement.

c) Shape the future of the workplace:
Develop clear, ethical, and training-backed AI policies that transform the technology from a source of uncertainty into a tool for employee development, and greater business transformation.

But the elephant in the room is budgets - securing them, justifying them, and defending them. It is here that data can be the silver bullet for HR managers. Building a suitably robust framework for tracking and demonstrating ROI to leaders across the business will give HR teams the best chance for success, and set a firm foundation for business growth in 2026 and beyond.

Methodology

The research was conducted by Censuswide on behalf of Reward Gateway in November 2025, surveying 2,003 general employees aged 18 and over (excluding HR and middle managers), and 1,000 HR Managers aged 25 and above.

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