



SAPIENT
INSIGHTS GROUP



LEVELING THE PLAYING FIELD

Unlocking Better Business
Outcomes By Elevating the
HR Role

Licensed by:

isolved[®]

INTRODUCTION AND KEY THEMES



We specialize in serving these communities:

Executives, HR, Finance, IT leaders, and their organizations as they tackle process and technology transformation, modernize business practices, lead change, and develop workforces for today and tomorrow.

Vendors and investors, arming them with the latest market data, growth projections, and user feedback to guide spending plans, product roadmaps, customer service models, marketing, and strategic partnerships.

Supporting services providers and consultants with targeted data to shape their advice to customers and inform their practice roadmaps.

ABOUT US

Sapient Insights Group is a women-owned research and advisory firm with a strong sense of business ethics, a passion for data, and a commitment to achieving outcomes for our clients, partners, and the business functions we serve.

All that we publish is based on our Voice of the Customer research results and our work with the broader HR community. We have the confidence to challenge our industry on what drives results rather than so-called best practices. Organizations often waste time and resources trying to fit into a mold that doesn't work for their unique industry or size. We pride ourselves on offering information and practical guidance tailored to every organization type.

Everything we offer our clients is rooted in decades of experience, primary research, and proven practices. We bring you the insights you need and inject some fun along the way...



RESEARCH CONTRIBUTORS



STACEY HARRIS

Chief Research Officer,
Managing Partner

Sapient Insights Group



CLIFF STEVENSON

Director
of Research

Sapient Insights Group



TAMMY SMITH

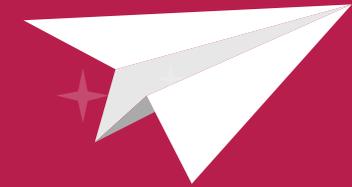
Manager,
Data Science

Sapient Insights Group





SAPIENT
INSIGHTS GROUP



LEVELING THE PLAYING FIELD

01

Elevate the HR Role
Through Business
Outcomes

02

Practical Guidance
on Elevating the Role
from Within

03

Leveling the Playing
Field: Addressing
Roadblocks

04

The Executive Power
Of HR: Owning Our
Leadership Role



ELEVATE HR THROUGH BUSINESS OUTCOMES

Human Resources has entered a defining moment.



Will we lead our organizations into the next era of economic and workforce change?



Will we be the first generation of HR professionals to actively shape the future of work, or will we merely continue to oversee the compliant dismantling of the previous era, as we have done in the past?



This isn't the first—and it won't be the last—time the world redefines work, what it means to be an employee, and how we value human ingenuity. During the Industrial Age, value was created through physical labor. The Knowledge and Information ages emphasized intellect and connectivity. Now, in an era being shaped by the rise of intelligent technology, value is shifting once again, towards the workforce's ability to apply critical thinking and sound judgment that is constantly informed by an adaptive learning style.



In a world increasingly shaped by AI, economic volatility, and global disruption, HR can't afford to ride in the passenger seat. This paper explores how organizations can drive better business outcomes by elevating the role of HR, recognizing it as a strategic function on par with finance and IT, and deserving of the same level of investment, credibility, and respect. By confronting long-standing stereotypes and structural barriers, we'll discuss how to level the playing field by turning common roadblocks into opportunities and touchy subjects into a brand of personal leadership that empowers HR to shape, not just survive, the future of work.

63%

of HR professionals are unaware of their organization's strategy for ethically using intelligent technology.

65%

of organizations have not implemented a Workforce Environmental Health & Safety System, citing a lack of perceived need.

Only 55%

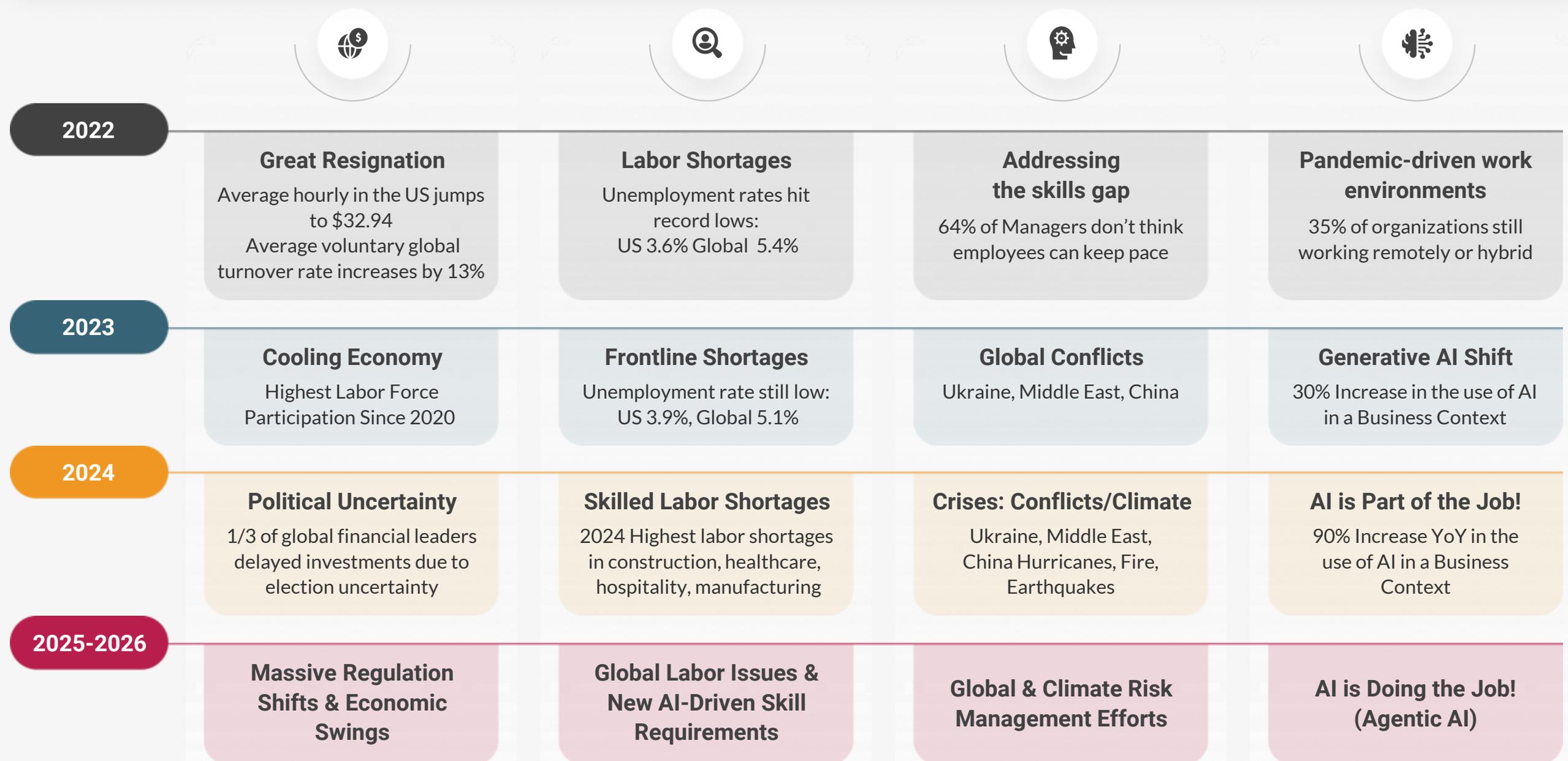
of organizations meet minimum compliance standards when it comes to addressing and openly discussing pay equity.



ELEVATE HR THROUGH BUSINESS OUTCOMES

Human Resources will always be responsible for ensuring organizations hire, onboard, pay, evaluate, and, when necessary, exit employees in compliance with local and global regulations. However, beyond these responsibilities, HR also plays a crucial role in navigating the gray areas, ensuring that these processes are handled with cultural, moral, and ethical integrity, while helping leaders strike a balance between fiscal responsibility and striving for a strategic vision. With more than 70% of organizations identifying revenue growth or improved efficiency as a top business priority for 2026, success will depend on the ability of HR, finance, and IT to operate as a cohesive, strategic team—balancing data, insight, and innovation to shape outcomes that are both ambitious and sustainable.

UNDERSTANDING WHY BUSINESS LEADERS ARE FEELING OVERWHELMED



Sources: U.S. Bureau of Labor Statistics, World Economic Forum, Sapient Insights Annual HR Systems Research



ELEVATE HR THROUGH BUSINESS OUTCOMES

[isolvd's 2025 HR Leader Survey](#) shows that 65% of HR leaders see power shifting back to employers, driven by economic uncertainty, slower hiring, and cost pressures. This places a greater emphasis on efficiency and leaner talent management strategies. Still, smart leaders recognize that staying prepared for the future is crucial. With ongoing changes in hiring practices and the rise of AI, we're unlikely to have enough skilled workers to meet hiring demand over the next five years.



The labor market never fully healed from the 2010 recession, and was walloped again in 2020 by COVID-19



Top jobs were less likely to require and or pay for college degrees starting around 2015

Are college graduate hiring gaps an early indicator of the impact of AI?

On the Other Hand

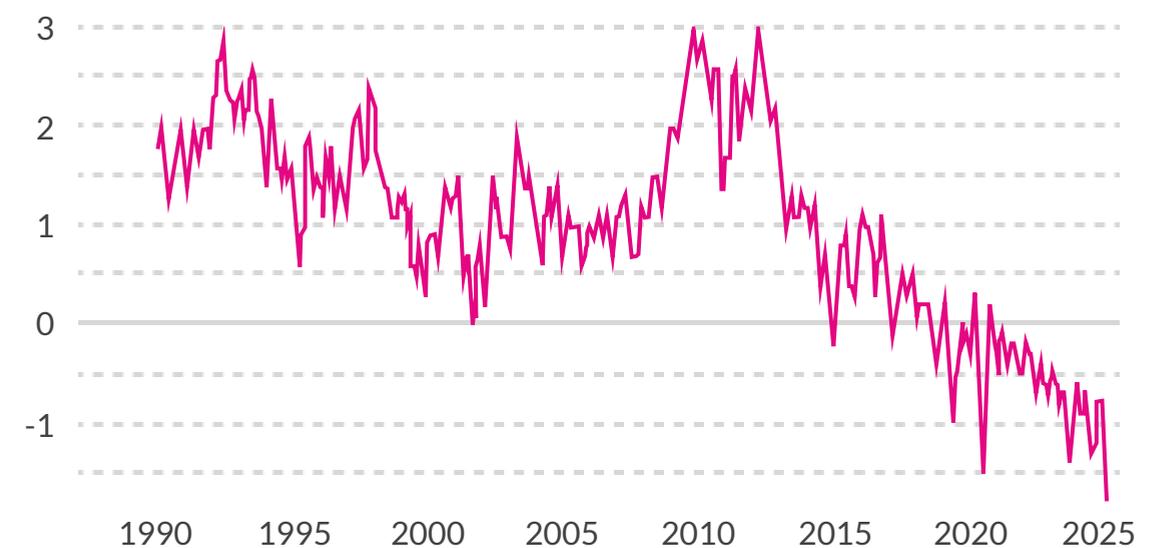
1.7 million skilled-labor / trades positions will be created in the next 10 years in just 7 roles

The number of Home Health and personal care aids needed by 2033 will be 1.7X's higher than AI / Software developers

The top 3 fastest growing jobs are Service technicians, solar installers, and nurses.

THE NEW COLLEGE GRADUATE HIRING GAP THROUGH 2025

— Total Unemployment minus Recent Grad Unemployment



2025

2035



92 MILLION JOBS

will be displaced by AI this decade



170 MILLION NEW JOBS

will be created in this decade



78 MILLION JOBS

to fill with a declining workforce in this decade

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey (IPUMS).

World Economic Forum: Future Of Jobs Report 2025



THE IMPACT OF A STRATEGIC HR FUNCTION

Sapient Insights Group research reveals a compelling truth: organizations with **strategic HR functions** achieve **34% higher business outcomes** over a five-year period, including increased profitability, innovation, and market share. In contrast, businesses tend to fall behind when HR is viewed purely as a compliance function or not taken seriously. Year over Year, companies that invest in an HR function recognized across the organization as a strategic asset see stronger business outcomes.

Yet **only 52%** of HR functions are currently viewed as contributing strategic value, despite a growing body of evidence that links outcome-focused HR to stronger business performance.



INTERNAL PERCEPTIONS OF HR

52%

Strategic HR

Contributes Strategic Value Across the Organization

30%

Almost Strategic

Beginning to contribute value to a few leaders

18%

Compliance / No Credibility

Compliance or transactional focus only



BUSINESS OUTCOMES – IMPACT OF HAVING A STRATEGIC HR FUNCTION OVER A COMPLIANCE OR NO CREDIBILITY HR FUNCTION

Have The Metrics Declined Or Improved In The Last 12 Months?



THE IMPACT OF A STRATEGIC HR FUNCTION

WHAT IS OUTCOME FOCUSED HR

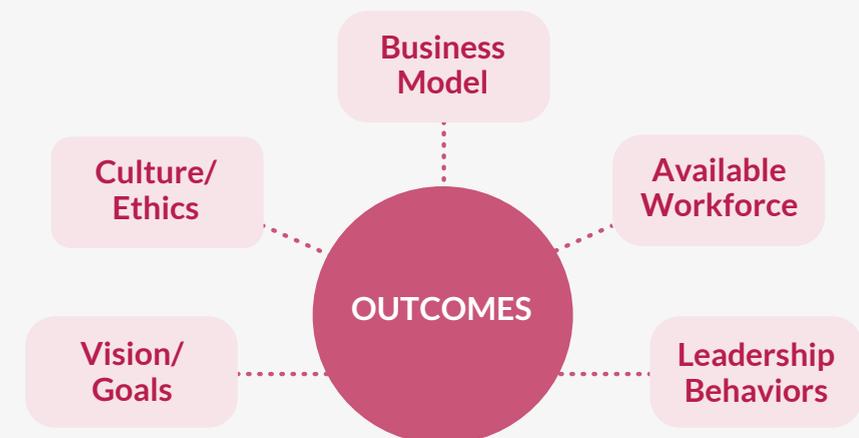
The work of HR is all about driving outcomes. And how we get there really matters. Outcomes are clear, measurable expectations of what customers, employees, and stakeholders can expect to gain from the organization's efforts. When HR focuses on outcomes, it's seen as more strategic and flexible, helping the business reach its goals more directly.

It's worth noting that becoming an outcome-focused HR function isn't a one-way maturity ladder. HR teams often shift between roles, sometimes refocusing on compliance and at other times adjusting to new practices. What matters most is incorporating outcomes into the everyday HR conversation. The goal is to start by understanding what the business and workforce need, before jumping into policies, processes, or compliance rules. We will always consider legal and ethical requirements before making decisions, but the initial discussions should be based on what we know about the business.

Over the past few years, we've seen that organizations with business-aligned HR investments, such as strong internal mobility, skills management, and time management practices, were twice as likely to bounce back with higher profits and growing customer demand after the pandemic. They also had lower voluntary turnover during the Great Resignation.

More recently, we've seen indicators that strategic HR functions with early adoption of AI have led to better business results. In 2024, AI-enabled organizations were twice as likely to have invested in HR analytics, workforce planning, and skills strategies, including those in SMB and Mid-Market organizations. What sets them apart is not just the technology, but also company-wide data habits, HR data fluency, and alignment with real business needs. In short, strategic HR functions are better equipped to weather disruptions. Business leaders who invest in making HR a valued partner across every function quickly see the results.

BUILDING AN OUTCOME-FOCUSSED HR FUNCTION MEANS KNOWING YOUR BUSINESS JUST AS WELL AS YOU KNOW HR



PRACTICAL GUIDANCE ON ELEVATING HR

While the ultimate goal is to build an outcome-focused HR function that delivers consistent, data-driven insights and strategic business guidance, all supported by strong compliance and deep industry expertise, achieving this takes time and resources. A practical starting point is to assess your HR team's current workload and day-to-day responsibilities. From there, examine closely how HR communicates and collaborates with key stakeholders across the organization, including board members, owners, and leaders such as the CEO, CFO, CTO, and heads of business units. Make adjustments that ensure role clarity, time for innovation, and time for cross-departmental relationship building. And that's the easy stuff!

How does HR develop the strategic muscles needed to deliver on expectations consistently? To explore this, we examined organizations already recognized for delivering real strategic value and identified what sets them apart. We found a mix of positive and negative patterns that influence how HR is perceived. Some of these traits won't surprise you, such as their strong capabilities in Change Leadership and willingness to offload tactical work to external partners. That's no surprise—businesses are evolving faster than ever, and success often depends on how quickly organizations can scale and adapt to business needs. Other major contributors to a strategic HR function include position-level planning, adequate time and leave systems, and transformational approaches to absence and skills management. These are core elements that shape employees' day-to-day experiences, both at work and in their personal lives.

TOP TRAITS OF STRATEGIC HR FUNCTIONS THAT INFLUENCE ORGANIZATIONAL PERCEPTION

Lead Change – Don't Let It Lead You

Today's organizations face an average of 4.5 significant business changes annually, not counting daily disruptions. Proactive change leadership keeps your workforce aligned and ready to shift when needed.

Plan for Positions, But Hire for Roles and Skills

As business models evolve, position planning creates capacity. Hiring for job roles and skills rather than titles creates a more flexible organization. You need both!

Elevate Time and Scheduling for Results

The way we track, schedule, and manage time should be centered on supporting employees to drive better business outcomes. Are your tools helping boost productivity, enhance experience, and improve performance?

Humanize Absence and Leave Management

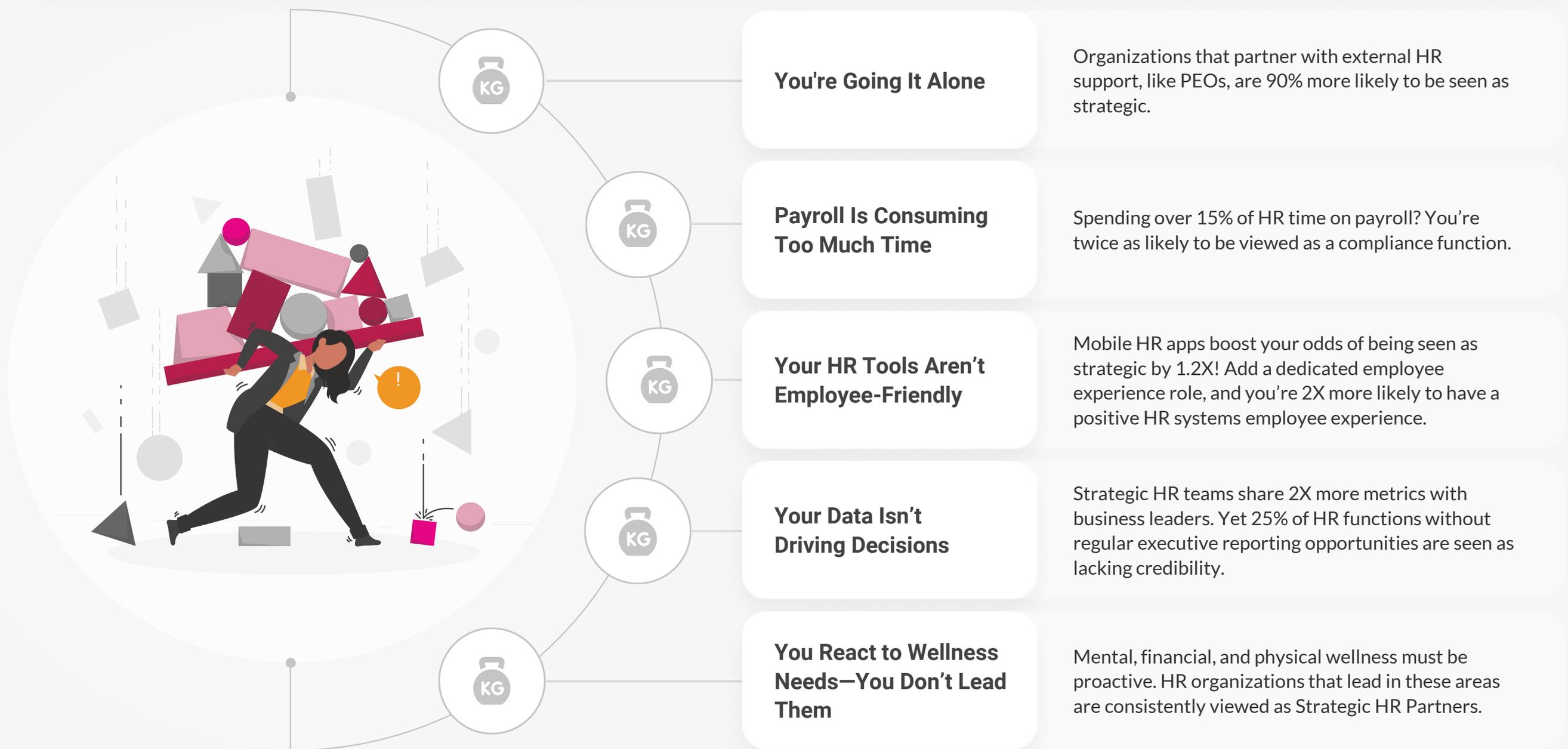
Exceptional leave policies reflect your culture. Everyone interacts with these systems—make them empathetic, efficient, and inclusive.



PRACTICAL GUIDANCE ON ELEVATING HR

Smaller HR teams, particularly in small to medium-sized businesses (SMBs), often face additional hurdles. They may have closer access to senior leadership, which facilitates effective communication and priority setting, but they are also more likely to be constrained by time and resources, often making it harder to operate strategically. Areas like employee wellness, mobile access, and data management can sometimes be overlooked or managed reactively in these resource-strapped environments. Even though they may seem like separate issues, how HR handles them has a significant impact on communication, personalization, and the overall employee experience, ultimately leading to a greater willingness to work more strategically with HR.

TOP SIGNS YOUR HR FUNCTION IS NOT READY TO LEVEL UP BASED ON ORGANIZATIONAL PERCEPTION



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

With all this evidence of improved outcomes and clear guideposts for making the shift, why are so many businesses still holding back from elevating the HR role? It's not a question of potential. More often, it comes down to structural barriers and outdated perceptions of HR, such as:



Persistent gender and business acumen biases that often limit the view of HR as a core business function and strategic partner



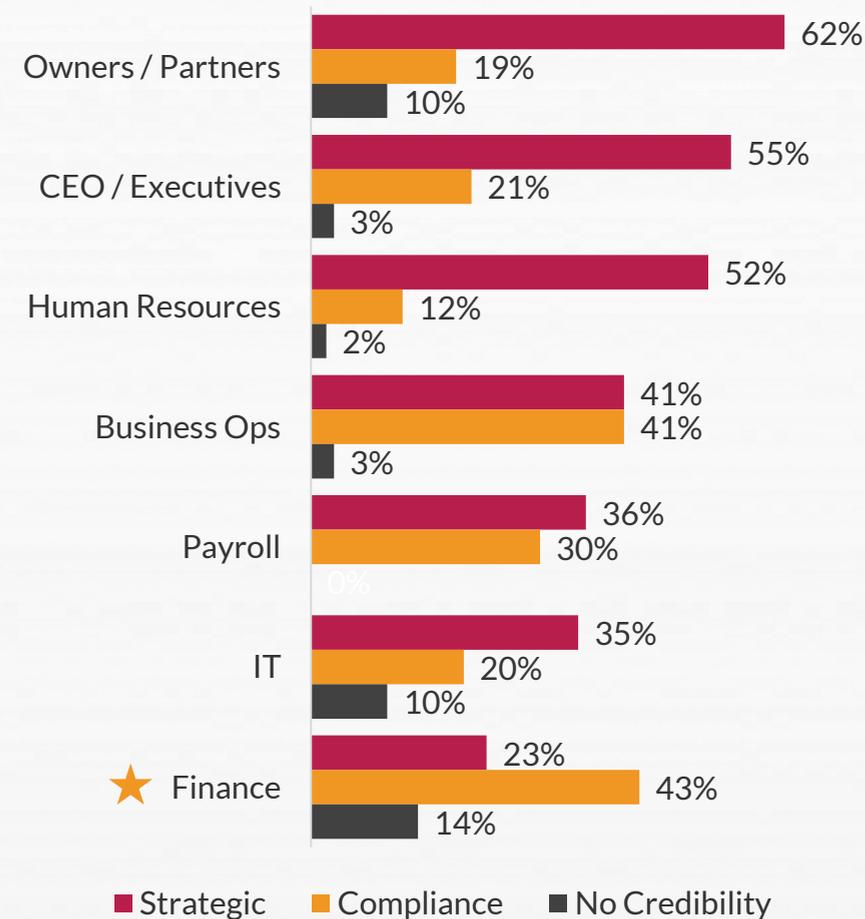
Disconnected systems and limited data capabilities that make it hard to deliver the insights needed for strategic decisions



A compliance-first mindset that keeps HR buried in tasks, leaving little room to proactively support the business

Let's dig into some of the tough conversations and explore practical ways to turn today's roadblocks into tomorrow's opportunities. A good place to start is by examining the assumptions about how HR is perceived. When we look across different roles in the organization, it may come as a surprise that owners and executives are the most likely to see HR as a strategic partner, even more than HR professionals themselves. The real perception gap shows up in other areas of the business. **Leaders in operations, payroll, and IT are less likely to view HR as strategic, with Finance being the most skeptical group, where fewer than 23% believe HR holds strategic value within their organization.**

WHAT IS THE PERCEPTION OF HR BY FUNCTION



LET'S TAKE ACTION:



Build personal connections with peers in operations, payroll, IT, and finance.

Invite them for coffee or lunch and ask about the challenges they face in their daily work. Understanding their world shows respect and opens the door to collaboration.



Volunteer for cross-functional projects.

Join or lead initiatives outside traditional HR boundaries, such as tech implementations, cost-saving task forces, or innovation pilots. Being in the room builds credibility.



Reframe administrative requests.

Saying "no" may not be an option but taking the time to turn a document request into an opportunity to push for innovative tools, or "break room setups" into a part of your wellness strategy, reframes the conversation and is time well spent.



Launch an internal HR brand initiative.

Start with your own team. Define how you want HR to be seen across the organization and outline small, consistent actions everyone on the team can take to support that vision.



Speak the language of business.

Learn the KPIs that matter to other departments and show how HR initiatives directly support those goals—whether it's reducing turnover, improving time-to-productivity, or optimizing labor costs.



Be proactive with data and insights.

Don't wait to be asked. Share useful, digestible workforce data with leaders regularly and link it to business decisions they care about.



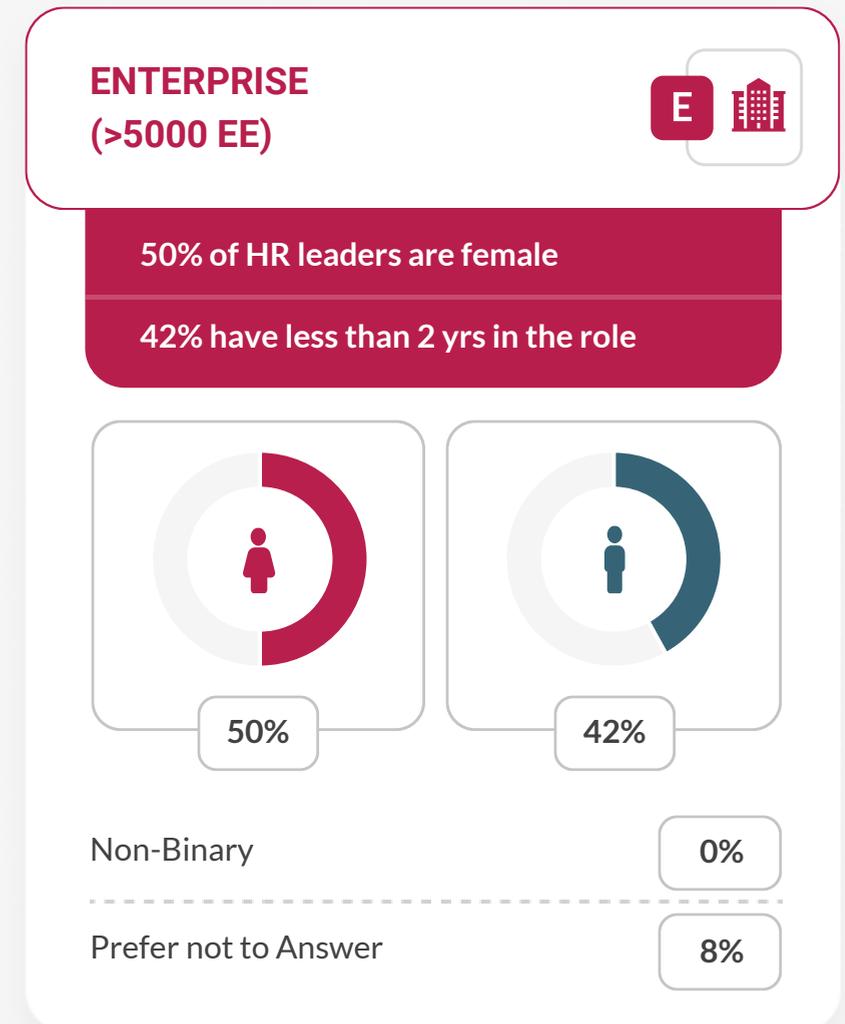
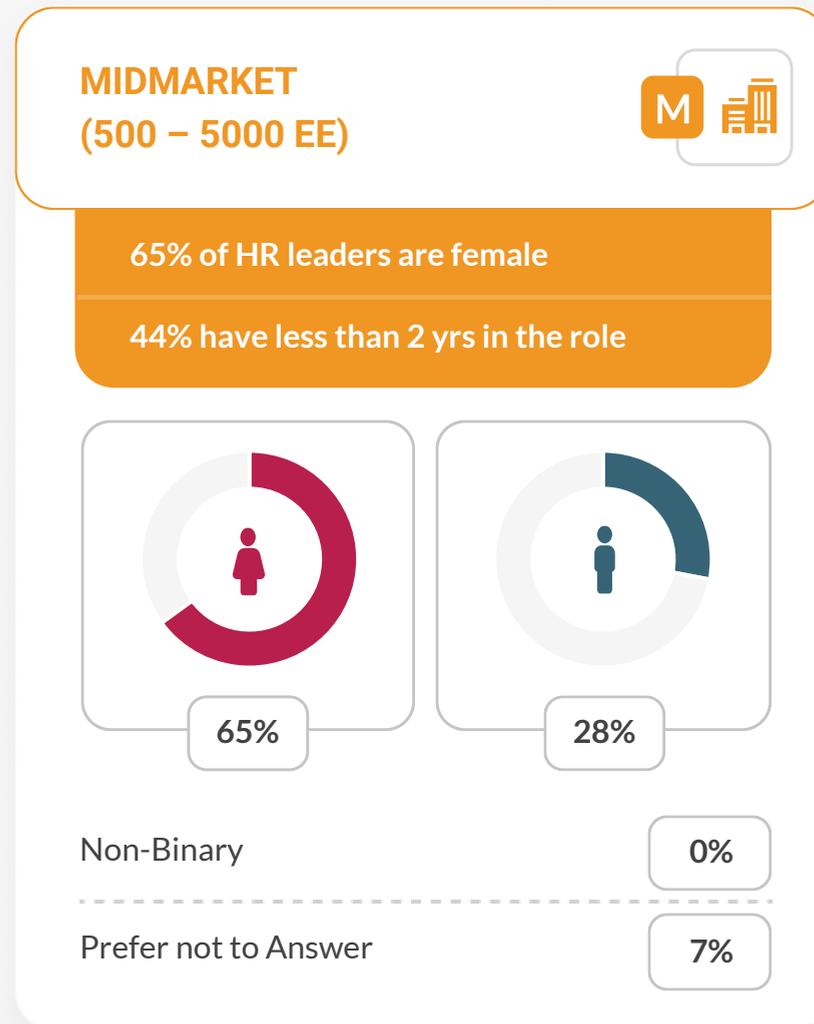
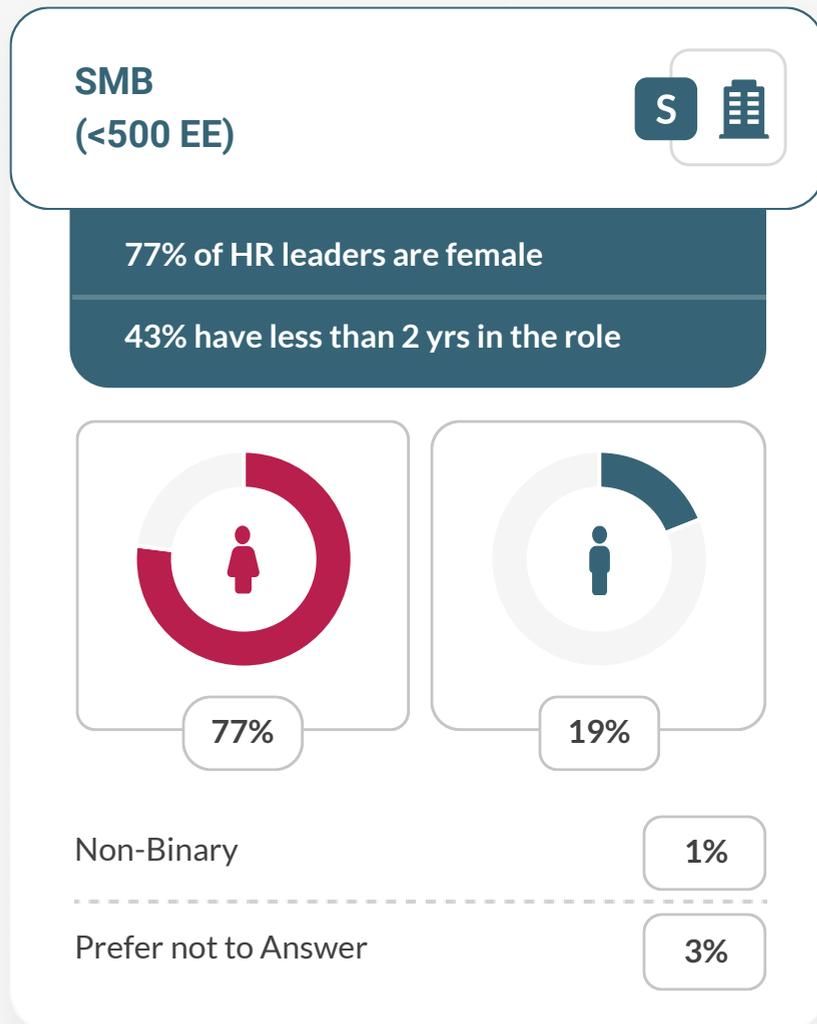
LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS



One area of bias we set out to examine was whether gender played into the long-standing perception of HR as more tactical than strategic. Our research suggests it does. Gender stereotypes influence how HR roles are described, the expectations placed on performance, collaboration from finance and IT partners, and access to leadership opportunities.

While women make up over 70% of HR professionals, their presence in top leadership positions decreases as company size and visibility increase. In small businesses, more than 80% of HR leaders are women. But, in public companies, men are 86% more likely to hold senior HR roles, indicating a clear pattern: as the perceived strategic value—and visibility—of the HR function increases, so too does its shift toward male leadership.

- Women in HR leadership face invisible ceilings, particularly when roles are labeled as “support” rather than “strategic.”
- Strategic roles in HR—those tied to business impact—are disproportionately offered to men, especially in technology and operations.
- Leadership credibility is often undermined by stereotypical views of HR as “emotional” or “soft,” both of which are subtly gendered criticisms.



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

Overcoming these patterns takes solid data, cultural change, strong leadership, and the courage to have honest, sometimes challenging conversations. What the data tells us about our SMB and Midmarket HR leaders

As HR professionals push to level the playing field, understanding how leadership experiences differ by gender can reveal important roadblocks—and opportunities—for strategic impact. Data from our research indicate that while male and female HR leaders are perceived as strategic at similar rates (43% for women and 41% for men), their experiences and the challenges they face differ significantly.

Female HR leaders are more likely to have longer tenure and greater control over HR tech budgets, signaling trust in their judgment. However, many report through payroll or finance, which can limit their strategic voice. They often work in more traditional environments but support collaborative and mobility-focused cultures.

In contrast, male HR leaders are newer to their roles and more likely to work in high-pressure, regulated settings. They tend to have more advanced credentials but are more likely to rely on outsourcing and have less control over HR budgets.

Together, these insights underscore the importance of aligning structure, access, and influence more effectively across all HR leaders, regardless of gender. The goal isn't to favor one path over another, but to remove structural barriers that limit strategic potential across the board.

FEMALE HR LEADERS....

43%
Viewed as Strategic

- 01 Staying Longer – With Highly Respected Judgement**
56% have been in their current role for over 3 years, and they're **twice as likely to control the HR technology budget**—a sign that their judgment and strategic input are highly valued.
- 02 Strategic Voice May Be Impacted by Structure**
They are 15% more likely to report through Payroll or Finance vs the CEO or owners, limiting their influence on business direction.
- 03 Shaping Collaborative Cultures**
47% more likely to work in team-based reporting environments and support internal HR mobility.
- 04 Anchored to More Traditional Work Models**
38% more likely to work entirely onsite than their peers, and in industries that require more hands-on work.



MALE HR LEADERS....

41%
Viewed as Strategic

- 01 Rising Fast – But Lacking Long-Term Influence**
70% have been in their role for under 3 years—often taking on early-stage transformations and digital expansions.
- 02 Risking High-Scale, High-Stakes Work Environments**
86% more likely to work in publicly traded companies, with high regulatory and technical demands.
- 03 Leans on Outsourcing, With Loss of Strategic Control**
2X more likely to outsource HR service delivery, and 2.4X more likely to have HR tech budgets managed by IT.
- 04 Credentialed and Advanced Degree Focused**
28% more likely to hold HR or IT certifications, and 2X as likely to hold a Master's degree.



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

Female HR leaders tend to focus on innovation through collaboration. They are nearly twice as likely to adopt AI/ML technologies within their HR functions, mainly focusing on increasing efficiency. They are also highly focused on workforce well-being, championing benefits such as paid family leave, flexible work arrangements, and community volunteer programs.

Male HR leaders, on the other hand, are more likely to emphasize internal mobility and manager-led cultures. They regularly share DEI and mobility metrics with executives and often lead efforts focused on transparent communication, particularly in areas such as pay equity, environmental goals, and social issues. However, cost remains a primary barrier to implementing HR AI among male-led teams

When examining the factors that drive transformation among HR leaders, the data indicates that while priorities may differ by gender, both male and female leaders are actively shaping more responsive and inclusive workplaces.

Together, this data reflects the evolving priorities of HR leadership. It also highlights the importance of aligning leadership influence with transparency, innovation, and outcome-focused strategies, regardless of who is leading the function. CEOs can elevate HR by championing its strategic importance across their entire leadership team.

FEMALE HR LEADERS....

Executive Level Metrics Matter



50% more likely to have no opportunity to share regular HR metrics with the Executive Leaders, but 46% more likely to share Workforce availability / Attendance data with Executive Leadership

Innovation Is a Team Sport



56% more likely to create an Employee Experience focused on collaboration and teamwork
1.8 X's more likely to adopt AI / ML solutions for their HR function

Top Transformational Processes:

- 01 Providing paid family leave resources
- 02 Fair & Equitable paid time off policies
- 03 Fair & Equitable retirement plans
- 04 Making Health and Wellness resources available to all
- 05 Supports flexible work schedules
- 06 Supports community volunteer efforts



MALE HR LEADERS

DEI and Internal Mobility Are Higher Priorities



2 X's more likely to share DEI and Internal Mobility metrics regularly with Executive Leaders, 50% more likely to implement Employee listening surveys

Empowered Managers Share the Burden



2 X's more likely to create an Employee Experience focused on a Manager-Lead Culture
#1 reason for not implementing HR AI is due to cost.

Top Transformational Processes:

- 01 Providing furloughed employees with outplacement services
- 02 Transparent communications of DEIB goals and metrics
- 03 Discussing pay equity transparently
- 04 Transparent communications on environmental impact and goals
- 05 Leaders supporting community dialogues on social or ethical conversations



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

THE DEIB RECKONING: LEGAL RISK MEETS EMPLOYEE EXPECTATIONS

HR is now navigating a fraught DEI landscape. New federal executive orders seek to eliminate DEIA programs across both public and private sectors, creating **legal uncertainty, public scrutiny, and brand risk**—especially for government contractors.

Organizations are responding in varied ways:

- Some see it as core to business and brand, focusing on outcomes.
- Others reframe **language and actions** around belonging and engagement to avoid legal exposure, while culturally supporting a diverse workforce.

HR's role is to balance this moment carefully, ensuring compliance while:

-  Assessing DEIB efforts in terms of **innovation, talent, performance, and customer experience**
-  Communicating changes with honesty, empathy, and, whenever possible, a clear explanation of the reasons behind them.
-  Creating psychologically safe environments where all employees feel heard and respected.



Homogenous
Teams

Create Echo
Chambers

POLICY DRIVEN

CULTURE DRIVEN



Diverse Teams
Create

Diverse
Perspectives

“

Organizations with diverse management teams generate 19% higher innovation revenue.

Boston Consulting Group



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

Strategic HR teams have a key opportunity to shift internal perceptions by exploring how to ethically adopt and apply AI tools already built into many HR systems. Most SMB and Mid-Market organizations are underutilizing available tools. 25% of SMB leaders report being unaware of any AI/ML features in their current solutions.

By simply uncovering and applying existing AI capabilities, HR can address opportunities to become more efficient and accurate. By understanding the ethical and legal risks, HR can lead the conversations on responsible AI use, data transparency, and how emerging technologies impact fairness, privacy, and workforce equity.

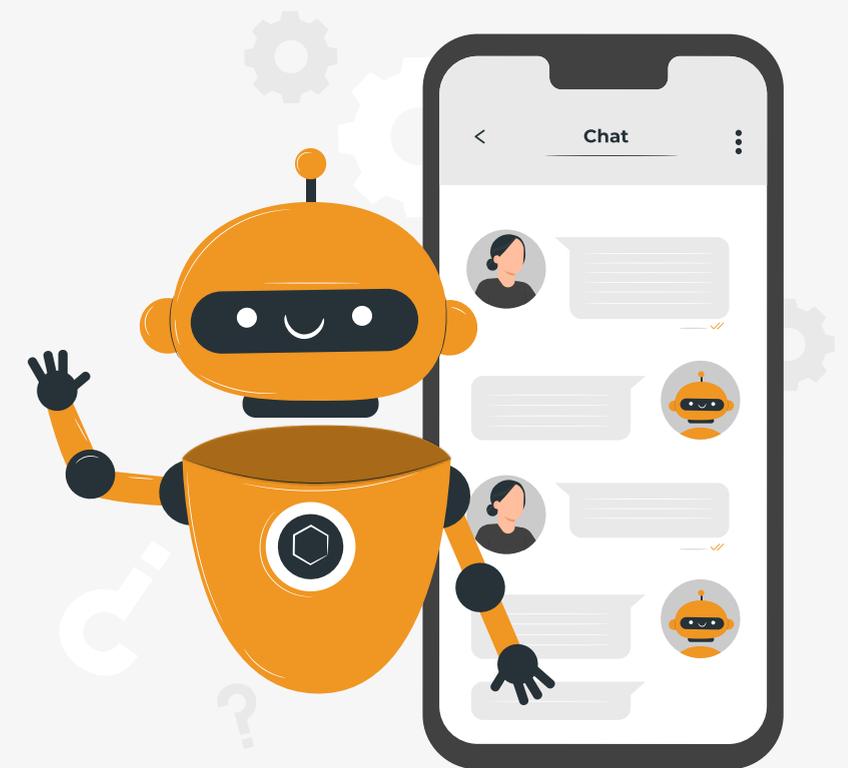
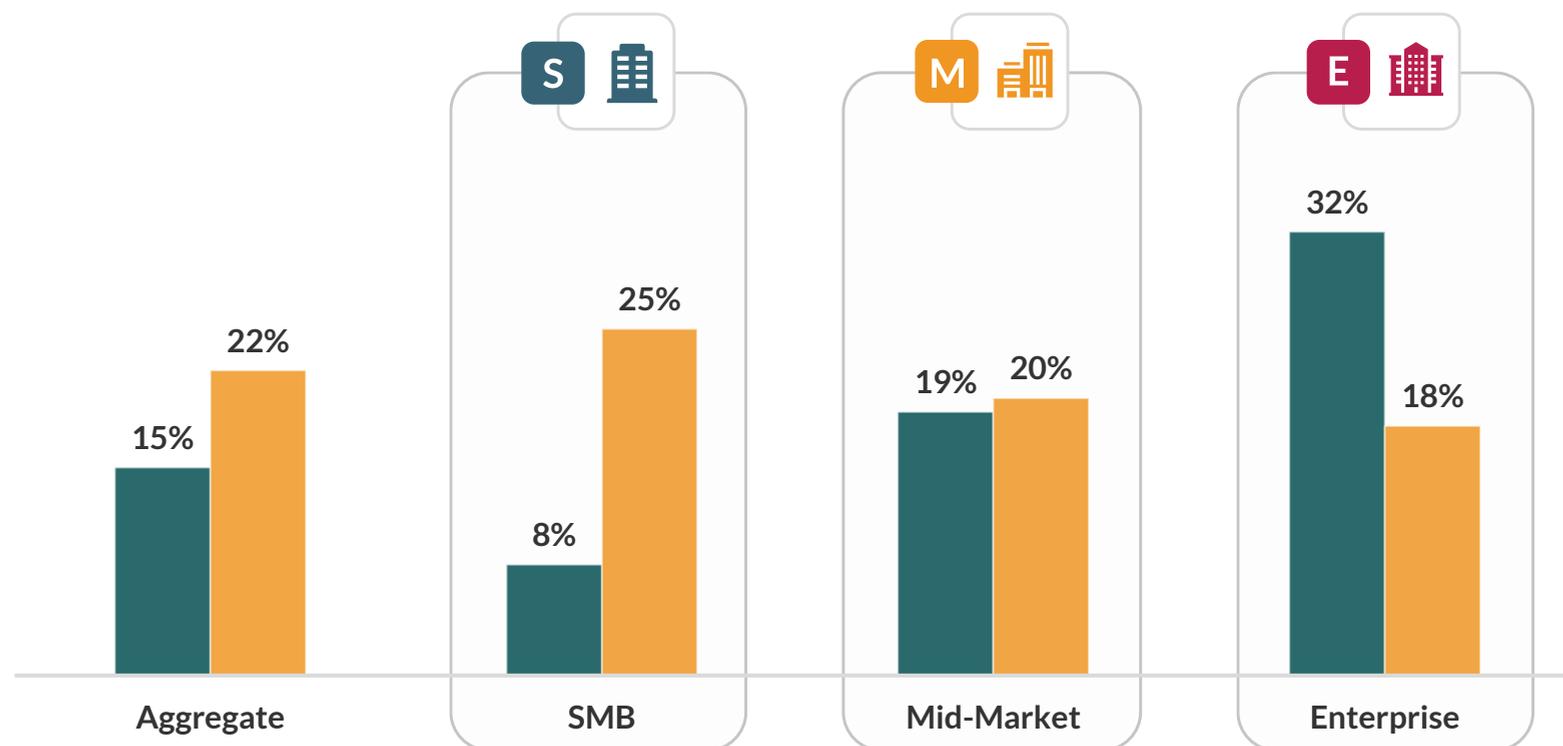


Using AI to automate tasks, surface workforce trends, and personalize employee experiences allows HR to move away from a transactional image and into a more strategic, insight-driven role.

Enterprise organizations already using AI in HR report an average 8% improvement in HR, talent, and business outcomes, for HR leaders looking to be seen as business-critical partners, championing this shift legally and ethically strengthens credibility across the leadership team.

ARE YOU CURRENTLY USING AI / ML PROVIDED BY YOUR HRMS SOLUTIONS?

- Yes
- I'm not aware of any AI/ML



Average HR, Talent, and Business Outcome Increases

8%



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

HR IS A CHANGE LEADER – AND THIS IS THE BIGGEST CHANGE IN DECADES

SMB & Midmarket Reasons for Using AI-Enabled HR, Ethical Considerations, and Reasons for Not Using AI

TOP WAYS ORGANIZATIONS

ARE USING AI

- 01 Job Descriptions
- 02 Process Efficiency
- 03 HR Help Questions
- 04 Recruitment / Onboarding
- 05 Updating Documents
- 06 Learning / Training

TOP REASONS

AI ISN'T BEING USED

- 01 Not Enough Knowledge / AI Skills
- 02 Privacy Concerns
- 03 Concerns over Data Quality
- 04 Cost Concerns
- 05 No Value-Add Use Cases
- 06 No Plans to Use Till Industry Standards Are Met

TOP WAYS AI IS BEING MANAGED ETHICALLY

37%

We Have No Process

27%

I Honestly Don't Know

24%

We Comply With Local Regulations

15%

We Require Human Oversight

12%

We have an AI code of conduct

9%

We depend on vendors for guidance



LEVELING THE PLAYING FIELD: ADDRESSING ROADBLOCKS

GENDER & DIVERSITY IN HR

LET'S TAKE ACTION

✓ Audit Leadership Perceptions of HR

Use internal surveys or listening sessions to uncover the impact of bias around leadership and budget control. Share the insights with executives to spark honest conversations about credibility gaps and influence.

✓ Elevate HR's Reporting Line

Advocate for HR to report directly to the CEO or executive leadership, especially for women in HR who are often routed through finance or operations. Focus on the business outcomes that this change will improve.

✓ Report Equity Metrics in Executive Dashboards

Give visibility into diverse leadership pipelines, pay equity by role level, internal mobility, and budget control. Make metrics a standing item in leadership meetings to normalize workforce equity conversations

✓ Redesign Job Descriptions and Career Paths

Audit all job descriptions for gendered or exclusionary language and prioritize skills-based roles that promote diverse candidate pools and internal progression.

✓ Champion Equitable Flexibility and Leave Policies

Assess current absence, leave, and flexible work options and gather usage data. Normalize the use of flexible schedules, leave benefits, and caregiver support across all genders to reduce stigma and increase usage.

FUTURE PROOFING HR

LET'S TAKE ACTION

✓ Become a Change Leader

Assess your organization's change readiness by reviewing communication channels, trust levels, feedback tools, and management's role. Position HR as a change leader by clearly communicating the "why" behind initiatives with empathy and clarity, setting a tone of trust and influence.

✓ Regularly Share HR Metrics with Executives

Close the visibility gap by sharing relevant, outcome-focused HR metrics with CEOs, CFOs, and other leaders regularly. Include workforce availability, internal mobility, performance, and skills development data.

✓ Embrace Operational Level Workforce Planning

Modernize workforce planning by going beyond traditional job descriptions. Promote hiring and development strategies based on current and future skill needs. Show HR's leadership in shaping a future-ready organization.

✓ Invest in HR Technology and Data Literacy Training

Ensure your team can confidently interpret, present, and act on workforce data. Offer training on data storytelling, dashboard tools, and basic analytics to build confidence and credibility as insight-driven business advisors.

✓ Reduce Fear of AI / Intelligent Tools in HR

Demystify AI and show its practical value for HR. Start small by highlighting low-risk, high-impact wins, such as automating routine tasks and enhancing job descriptions. Create space for open dialogue about concerns, especially around bias, transparency, and job security.



THE EXECUTIVE POWER OF HR: OWNING OUR LEADERSHIP ROLE

To fully leverage its executive power, HR must lead not only through systems and strategies, but also through culture, which is often the most overlooked driver of business success. As Schein’s Multi-Layered Organizational Culture Model illustrates, culture operates on three levels: visible artifacts (such as organizational charts and processes), expressed values (such as strategies and goals), and deeper, often invisible assumptions—the unspoken beliefs and behaviors that truly shape how work gets done.

Strategic HR functions have the opportunity—and the responsibility — to surface these cultural layers and ensure executives and board members understand their impact on business outcomes. That starts with asking bold questions: What values do we believe in, and how do our decisions reflect them? Where are the gaps between stated values and real behaviors? By tackling these inconsistencies, HR can reposition itself as a key player in shaping the unspoken dynamics that influence everything from leadership credibility to talent retention.



Culture, as the saying goes, eats strategy for breakfast. But HR is uniquely positioned to bridge the two. By connecting cultural assumptions to organizational artifacts and values, HR leaders can influence not just how strategy is executed, but also how it's embraced across the organization. That influence is the foundation of authentic executive leadership.

CULTURE: MORE THAN WORDS ON A WALL

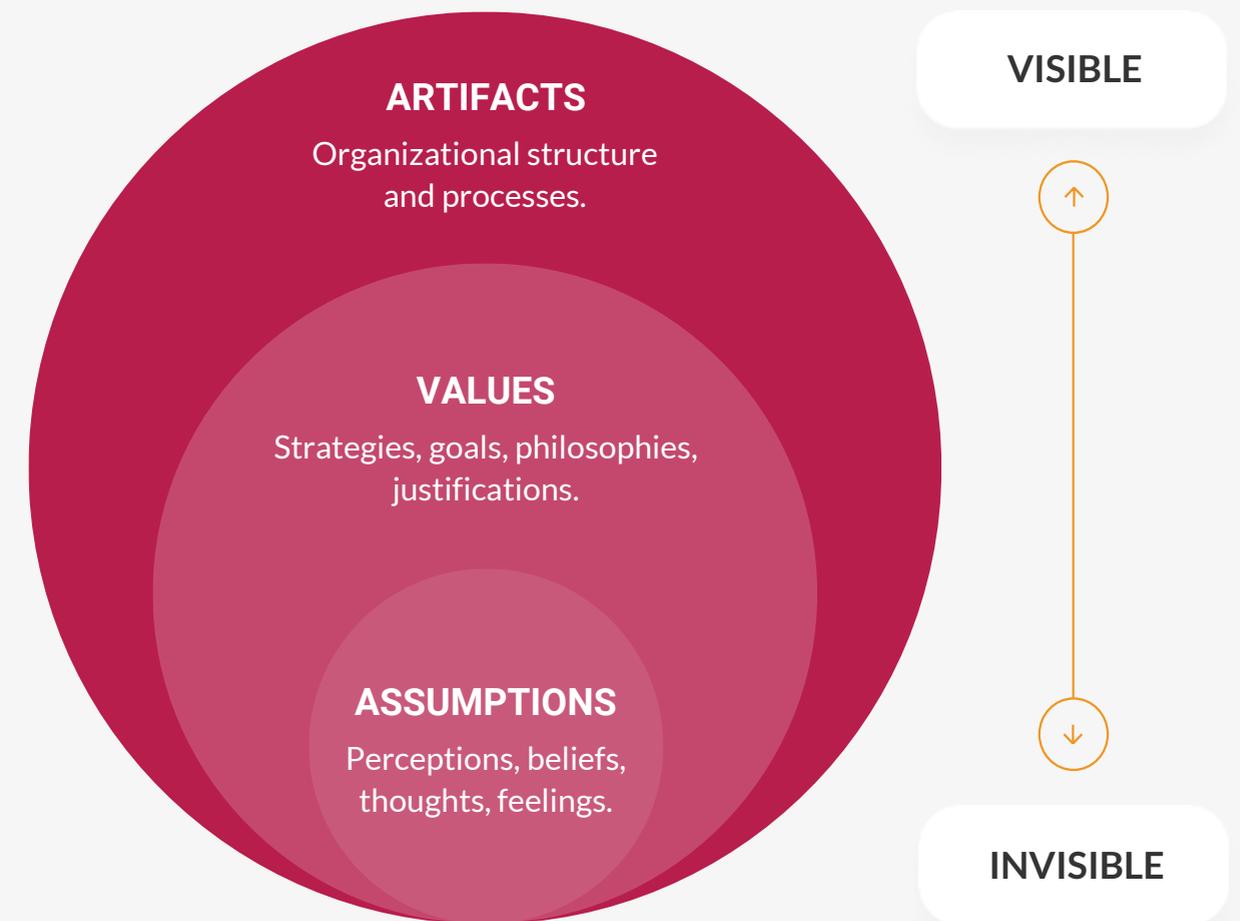
- What are your organization’s stated values?

- How are decisions made in the organization?

- What are the cultural inconsistencies between what is said and what is done?

- What is valued the most by organizational leaders?

**CULTURE EATS STRATEGY
FOR BREAKFAST!**



Schein’s Multi-Layered Organizational Culture Model



THE EXECUTIVE POWER OF HR: OWNING OUR LEADERSHIP ROLE



The next generation of HR leaders is already here, shaping the future in real time. Across SMB, midmarket, and enterprise organizations, over 40% of HR leaders today are Millennials or Gen Z, with many having held their current roles for less than two years. Emerging leaders bring fresh perspectives and a stronger comfort level with digital tools, including AI-powered chatbots and automation. However, their success depends on the foundation we lay now. By modeling inclusive leadership, offering mentorship, and providing structured support for new and early-career HR leaders, today's seasoned professionals, especially Gen X leaders, can help bridge generational gaps and build a better future.

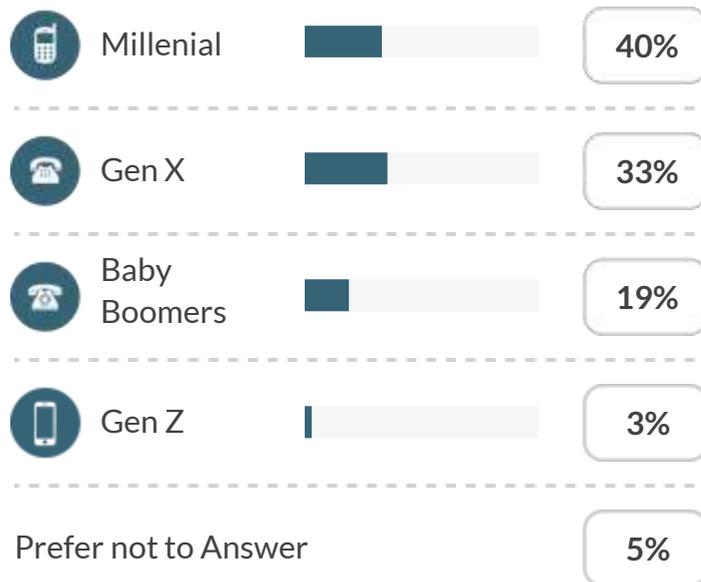
- How we lead today sets the standard for tomorrow's HR leadership. Over 40% of current HR leaders were born after 1981!
- Millennial HR leaders are 1.2X more likely to use Chatbots in HR Service Delivery than their peers. At the same time, Gen Z is 14% more likely to use AI solutions than other generations of HR leadership.
- Support for flexible work schedules is strong across all HR leader generations, except for Gen X, where enthusiasm tends to be much lower.

SMB HR LEADERS (<500 EE)



43% of HR leaders Mill / Gen Z

72% have less than 2 yrs in the role

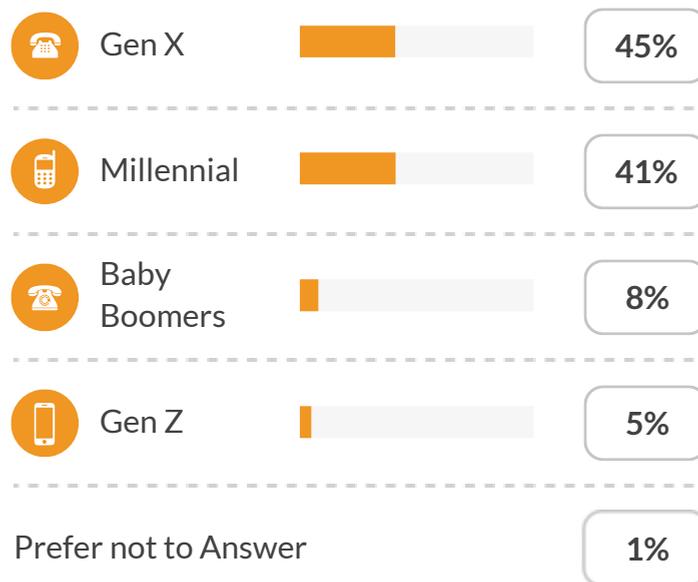


MIDMARKET HR LEADERS (500 – 5000 EE)



46% of HR leaders Mill / Gen Z

67% have less than 2 yrs in the role

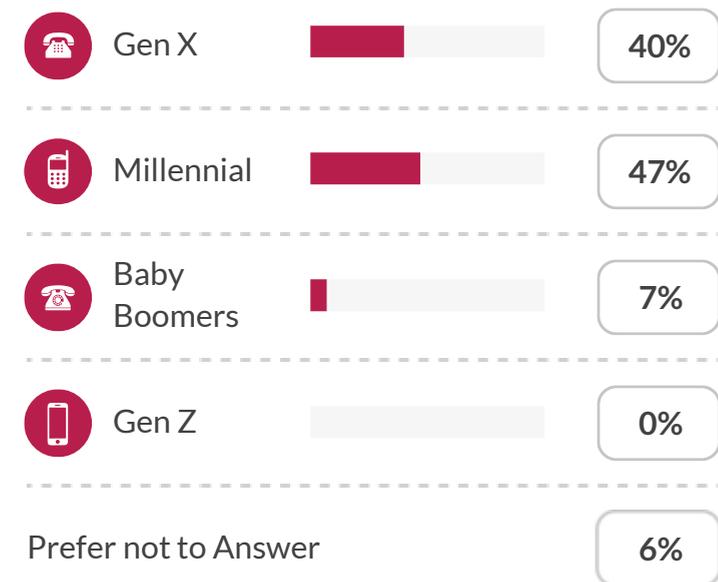


ENTERPRISE HR LEADERS (>5000 EE)



47% of HR leaders Mill / Gen Z

62% have less than 2 yrs in the role



THE EXECUTIVE POWER OF HR: OWNING OUR LEADERSHIP ROLE

In every great story, the hero faces an obstacle, and in today's workplace, that obstacle is often change. **By 2026, organizations anticipate managing twice the number of major change initiatives compared to pre-2020 levels.** While most organizations celebrate the idea of transformation, few are prepared for the discomfort of the process. That's where HR steps in. As stewards of culture and people, HR leaders are uniquely positioned to guide teams through complexity by building internal coalitions, modeling adaptability, and helping others find clarity in uncertainty. Change doesn't always require sweeping overhauls; sometimes, as Thaler and Sunstein remind us in **Nudge: Improving Decisions About Health, Wealth, and Happiness**, small shifts—like adjusting a process, reframing a message, or changing a default—make the biggest differences by leading people to make better decisions. The power of change leadership lies in making the journey not only manageable but also meaningful. When HR leads with empathy, transparency, and intention, they don't just support change—they become the champions that make it possible.

IN EVERY GREAT STORY ...



CHANGE IS OUR OBSTACLE



... THE HEROES ENCOUNTER AN OBSTACLE.



WRITING A NEW CHAPTER IN HR LEADERSHIP



Before closing this conversation, gather your team for a brief discussion using the following questions:



What **insights or data points** from this paper challenge the way we currently see our role in the organization?



What **HR processes or roles** could we begin to shift from transactional to more strategic with time, resources, or new technology?



What one small **action** can we take this quarter to increase our visibility or credibility with business leaders?



DISCUSSION OPPORTUNITY

Conclusion: Owning the Opportunity Ahead

This paper makes one thing clear: strategic HR is not just a concept; it's a capability that delivers real, measurable outcomes. HR leaders in SMB and Mid-Market organizations are no longer confined to back-office roles or compliance checklists. They have the data, tools, and now the roadmap to challenge outdated perceptions, elevate their influence, and directly shape the future of work.

But transformation isn't automatic. It requires intention, consistency, and a willingness to lead boldly. By focusing on business-aligned outcomes, embracing ethical innovation, such as tested AI solutions, and guiding change with empathy and clarity, HR leaders can firmly claim their place at the executive table. And they won't do it alone—true success will depend on HR, finance, and IT working in strategic harmony, combining their expertise to balance insight, innovation, and operational excellence.

This is more than a professional opportunity—it's a defining leadership moment. The path forward may be complex, but it's also filled with possibility. And the work we do today sets the stage for a more inclusive, data-driven, and resilient workplace for the next generation of HR leaders.



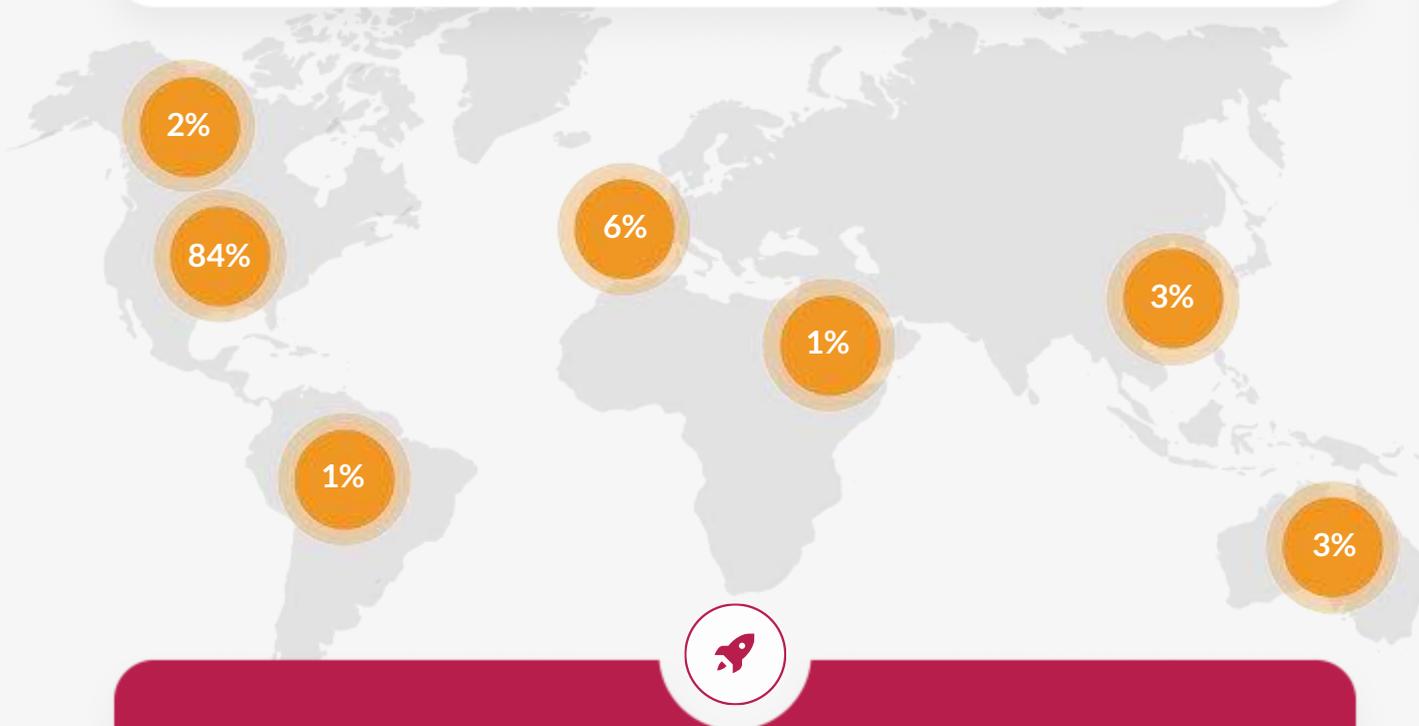
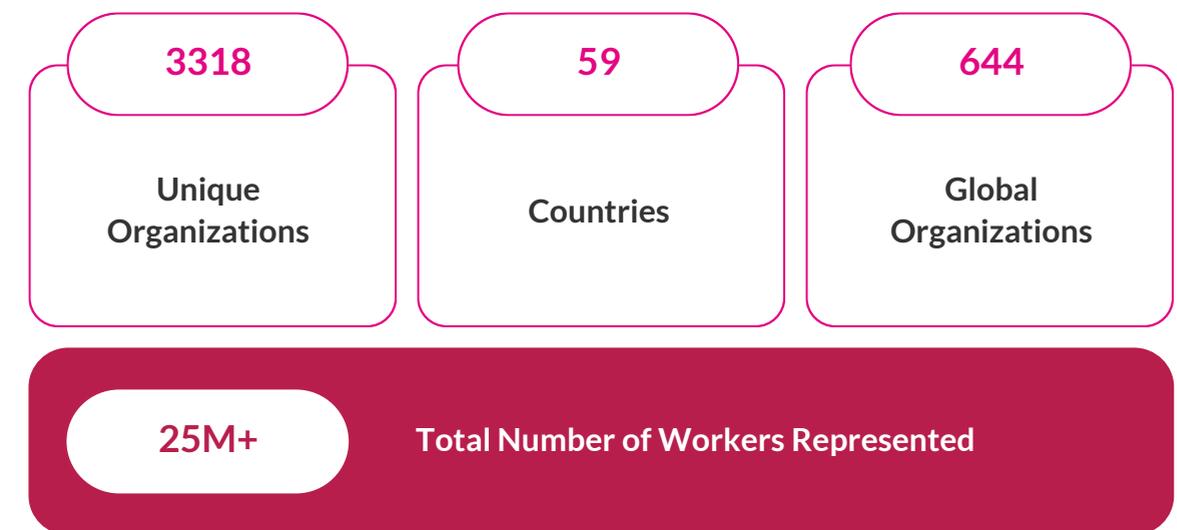
RESEARCH METHODOLOGY AND DEMOGRAPHICS

ORGANIZATIONAL DEMOGRAPHICS OF SURVEY RESPONSES

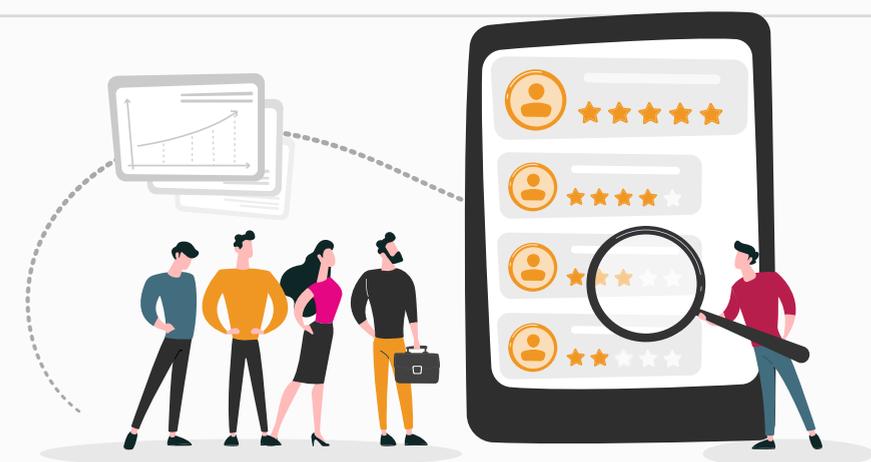
The 27th Annual HR Systems Survey was conducted from May 1–June 26, 2024. The survey had approximately 6,000 initial responses. Our research methodology includes an extensive cleansing process to remove duplicate organization details and responses with known inaccuracies based on a series of data validation steps. This year's report and research analysis are based on responses from **3,318 unique organizations** representing a total workforce of more than 25 million employees and contingent workers.

This research effort also includes longitudinal data from the previous 27 years of annual surveys and early insights from our 28th Annual HR Systems Survey, conducted from April 29th to June 25th, 2025.

Twenty-nine percent of respondents (644 organizations) have a workforce population in at least one additional country outside their headquarter locations. These global organizations have, on average, employees outside of headquarter locations in 18 countries. A total of 452 organizations (15% of respondents) are headquartered outside the United States.



THANK YOU! TO ALL OF OUR ANNUAL HR SYSTEMS SURVEY PARTICIPANTS



FOR MORE DETAILS ON THE FULL RESEARCH, ACCESS [SAPIENT INSIGHTS GROUP 27th AND 28th ANNUAL HR SYSTEMS RESEARCH](#)



NEED MORE INSIGHTS OR HAVE QUESTIONS?



STACEY HARRIS



The HR Huddle

Your ultimate resource for all things HR

[Sign Up for Our Podcast](#)



SAPIENT
INSIGHTS GROUP



info@sapientinsights.com



www.sapientinsights.com





SAPIENT

INSIGHTS GROUP



To participate in next year's research and receive an advanced copy of the Annual HR Systems Survey Report, please join our **Research Community**.



To request a media interview, email us at **Research@SapientInsights.com**.



More details on our research approach can be found on our website under **research methodology**.



To learn more about additional research efforts conducted by Sapient Insights Group, please visit **our website**.



Our research is an annual community effort; key aggregate findings can be found **here**.

COPYRIGHT

Information contained in this survey analysis report is compiled and analyzed by Sapient Insights Group as part of our commitment to provide thought leadership on human resources and its impact on business outcomes.

This report cannot be uploaded to any servers, databases, or any other means for the purposes of having it be summarized, read, or in any way used by an AI program.

This report cannot be publicly posted in part or in its entirety without explicit written permission from Sapient Insights Group. We do, however, encourage customers, media, partners, analysts, and other readers to quote from and share the information found herein liberally, providing appropriate credit to Sapient Insights Group.

LICENSED RESEARCH POLICY

Copyright © 2025 Sapient Insights Group. All rights reserved. This publication may not be reproduced or distributed in any form without prior written consent from Sapient Insights Group. This report is licensed to isolved for distribution.

Sapient Insights Group is an independent research and advisory organization that focuses on providing primary research data gathered directly from the practitioner community to deliver a unique "Voice of the Customer" perspective. Our research approach is vendor-agnostic and open to all organizations for participation. This report was written entirely by humans; although AI assistance may have been used for research, nothing in this report was written using generative AI programs.

