2025 Global Human Capital Trends

Turning tensions into triumphs: Helping leaders transform uncertainty into opportunity

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Turning tensions into triumphs: Helping leaders transform uncertainty into opportunity

Our 2025 Human Capital Trends report aims to help leaders navigate increasingly complex tensions in the worker-organization relationship for better business and human outcomes.

Jason Flynn, Corrie Commisso, David Mallon, Yves Van Durme, Stephen Harrington, and Gaurav Lahiri

Should we consider going bossless?

Should we consider replacing some of our entry-level work with AI?

Should we consider having people come back to work onsite?

Should we consider investing in this new AI technology?

Or … should we not?

When we're surrounded by uncertainty it can be tempting to slow-roll our decision-making and take a wait-and-see approach. Or to revert to simplified, old ways of thinking that lead to decisions focused only on bottom-line results.

These approaches are understandable, considering we're in an increasingly boundaryless world where work and workforce-related navigation points we've traditionally used to chart a course of action are disappearing. Hitting the pause button gives us more time to gather information, test out ideas, get the full picture before committing to something. And bottom-line thinking has been a solid go-to for decades, especially when economic cycles shift and we often lack the data to reasonably predict broader future outcomes.

But what happens when the world is moving and changing so fast that the decision to *not* make a decision actually puts us at a disadvantage? When outdated thinking and indecision turn into missed opportunities and lost momentum?

These are the fundamental tensions (figure 1) that organizational leaders everywhere are currently facing. And our 2025 Global Human Capital Trends research (see "Methodology") suggests that leaders are finding themselves stuck in a wait-and-see cycle, unsure how to navigate these tensions and make the complex choices necessary to balance the business and human outcomes that will move their organizations forward.

This year's report aims to help leaders gain traction amid the tensions, exploring some key questions about which they will likely be expected to make important choices in the near future, including:

- How do I ensure the right **work** is being done, and in an optimal way?
- How do I access, develop, and motivate the necessary **workforce**?
- Do I have the right **organization and culture** to enable performance?

How leaders answer these questions may be the key to an organization's ability to stop waiting and start thriving in today's fast-paced and constantly changing work environment.

Short-term results versus long-term value: It's not an either/or proposition

In last year's Global Human Capital Trends report, we highlighted an emerging tension between business and human outcomes and turned our attention to how organizations could navigate this tension to drive human performance in an increasingly boundaryless world of work. We defined the human performance equation as the combination—or balance—of both business *and* human outcomes, emphasizing that they are mutually reinforcing, and that focusing on the human element is becoming one of the most important factors in unlocking and sustaining organizational performance.

However, our research this year suggests that advancing this goal has not been easy. Only 6% of respondents to this year's survey say their organizations are making great progress in establishing human sustainability—the ability to create value for all people connected to the organization—as a guiding business strategy. Finding balance between business and human outcomes can be challenging, as efforts to improve one can sometimes seem to come at the expense of the other. And it appears that some organizations may still be over indexing on business outcomes that yield short-term results instead of human outcomes, where long-term value may take more time to become evident.

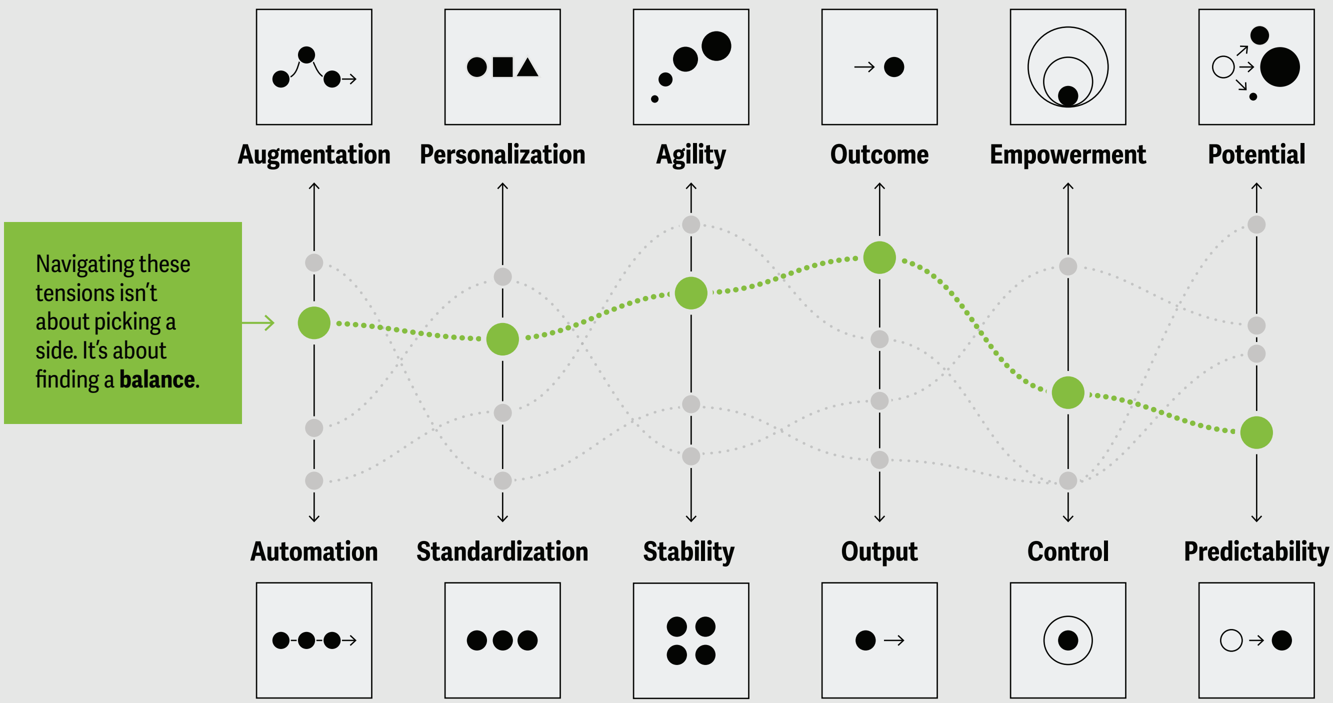
But this isn't an either/or proposition. It's a both/and proposition.

In this year's report, we take a deeper dive into some of the specific tensions that underscore the balance between business outcomes and human outcomes. As we discussed last year, these outcomes can be mutually reinforcing, but they will require thoughtful decisions across a number of dimensions.

For example, as your organization transforms, should you consider creating sources of stability and belonging for workers, or focus on creating agility for the organization? Should workers be given more or less empowerment about where and how they work? Should advances in artificial intelligence automate work or reinvent it? By trying to ensure predictable outcomes, are we limiting the potential of our people and organizations to grow, innovate, and explore new territory?

Figure 1

Navigating the tensions



Source: Deloitte analysis.

There's no right or wrong answer here.

Navigating these tensions isn't about picking a side (figure 1). It's about finding the right balance between *both* sides of these tensions. While you may skew toward one end of a spectrum overall, specific choices can—and will—be made all along the spectrum. The choices will likely differ from one organization to another, and even within the various functions of the same organization. And they'll likely evolve over time.

Niki Rose, Telstra's workforce experience and capability executive, explains it this way: "We need to recognize and value both ends of the decision spectrum, the polarities, understanding that in a systems thinking approach, both can be true at the same time," she says. "Navigating the tension between them means having the courage to make choices without the certainty of their outcomes."

Understanding the dynamics involved in this kind of organizational decision-making requires a nuanced approach, particularly from those at the helm. Since decision-making is largely the responsibility of organizational leaders, they play a particularly important role in helping their organizations navigate these tensions moving forward.

The vital role of leaders in this year's trends

To be a leader is to decide—to make choices—and the pressures executives face are often intense and contradictory. Leader well-being is taking a hit, as at least four out of 10 workers, managers, and executives in Deloitte's Well-being at Work Survey say they "always" or "often" feel exhausted or stressed.[1]

Executives, in particular, are feeling the squeeze. They're caught between conflicting pressures from boards and stakeholders to deliver short-term financial results while also taking risks for long-term gains—and that can have a bigger impact than you might think. Research from the National Bureau of Economic Research shows that tough decisions during economic downturns can actually shorten a CEO's lifespan by an average of 1.5 years.[2]

On top of all this, the rapid rise of AI is changing the way we work, and leaders now face the tough task of building trust and preparing their teams to adapt to working alongside AI.

The core of what it means to be a leader remains what it has always been: working with and through others to create value greater than the sum of the parts—clarifying intention, marshalling resources, and overcoming obstacles as needed. And while truly great leaders recognize the imperative for shared business and human outcomes at the heart of the human performance equation, it often seems they are in conflict. That leaders must choose between them. In periods of high uncertainty, leaders often face pressure to focus solely on business outcomes.

Given the pressures described above, executives can't be faulted for defaulting to a focus on the basics.[3] But with organizations and workers facing constant change in the future, including the accelerating impact of AI, leaders should challenge themselves to take a longer view. The key is embracing the idea that human performance isn't a zero-sum equation between human and business outcomes, and it doesn't involve choosing workers over profit, or profit over workers.

Leading only for business outcomes isn't leadership: it's an algorithm. Computers are infinitely better at executing algorithms than humans—which is why there are already discussions of AI replacing CEOs.[4]

And leading only for human outcomes isn't leadership either: it's conservatorship or guardianship. While that sort of relationship is valuable to those under its care for a time, it's focused only on preservation—not creativity, growth, or adaptability—and so it comes with an expiration date.

This is why human performance is about balancing both business and human outcomes.

Moving forward, leaders can find (or rediscover) the focus needed, mitigate and rationalize the many competing pressures, and turn these tensions into sources of potential energy by leaning into the human performance equation. They can use it to improve decisions and decision-making, ensure that the systems in and through which they lead are supportive of mutually beneficial outcomes, and address the full scope of decisions related to humans and AI head-on.

Making good decisions in ambiguity

Decision-making is a discipline, one that can be improved through rigor and that involves skills that can be practiced and developed.[5] As leaders, we can and should commit to improving the rigor of decision-making processes and the skills we bring to them. Refining decision-making capabilities isn't a finite task, with a clear state of completion. Instead, it's an ongoing journey of understanding, learning, and improving.

In addition, leaders should also consider the organizational systems in which they are making decisions. These systems—culture, governance, rewards, and reinforcements—are the water leaders swim in, so omnipresent and essential that they're often unnoticeable. Over time, they convey both overt and covert messages about how leaders should act, what they should prioritize, and who they should focus on. As leaders, we need to build support for human performance into the system.

So what does it mean as a leader to make good decisions in a future dominated by change? And what should you keep in mind to help ensure you're making the best choices possible?

- **Ensure you're considering the right data—not just the data that's easy to collect.** High-quality decisions are based on evidence, which can help drive integrity in the decision-making process. Leaders should make sure they're considering the *right* data and be forthright in when, how, and where that data will be used in the decision. Focus on metrics that measure human outcomes, such as data on skills development and employability; emotional, mental, physical, social, and financial well-being; career stability and advancement opportunities; and societal impact.[6]

- **Consider the input of multiple stakeholders, but don't get bogged down by trying to achieve consensus.** Striving for unanimous agreement can slow down the decision-making process and lead to indecisiveness. Instead, leaders should aim to balance inclusivity with decisiveness, ensuring that they make informed choices while keeping momentum going. Educating stakeholders on how decisions are made in your organization can also have an impact on how quickly you're able to take action: High-performing organizations are 22 times more likely to openly discuss strategies for how decisions will be made, nine times more likely to teach decision-making skills and capabilities, and seven times more likely to provide tools to support higher-quality decision-making than are low-performing organizations, according to Deloitte's decision intelligence research.[7]

- **Place decision-making responsibility at the right levels and involve people with the right experience.** Delegate decision-making authority to those who have the relevant knowledge and experience to make informed choices. For instance, when it comes to integrating AI into business processes, it's essential that leaders involved in these decisions have a solid understanding of AI technologies and their implications. This understanding enables them to evaluate potential benefits and risks more accurately, foresee implementation challenges, and make strategic decisions that align with the organization's goals.

By working to develop skills and processes that support informed and agile decision-making, leaders will be in a stronger position to make the often complex and difficult choices that are necessary to fuel human performance. This ongoing journey of refining decision-making capabilities can not only enhance individual leadership but also strengthen the overall resilience and adaptability of the organization, improving its ability to successfully navigate the tensions between business and human outcomes.

Key questions, tensions, and decisions for leaders in the 2025 trends

Our research finds that organizations that are leading in addressing the challenges posed by this year's trends tend to outperform other organizations. For example, organizations that successfully increase the capacity of workers to grow personally, use their imagination, and think deeply are:

- 1.8 times more likely to report better financial results.
- 1.4 times more likely to say they are creating broad value for customers, community, and society.
- 1.6 times more likely to say they provide workers with meaningful work.

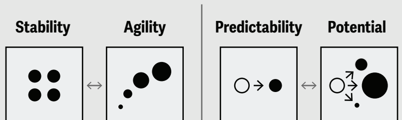
Achieving success like this means that leaders will likely need to make tough choices across multiple dimensions, setting a clear vision and direction that balances business and human outcomes for their organization. This year's *Global Human Capital Trends* report shines a light on these choices, organized around the themes of work, workforce, and organization and culture, and what it means to navigate the tensions in them.

Here's a preview of some of the key questions, tensions, and decisions we explore in this year's report.

The work: How things get done

How do I provide stability for my workers while creating the agility my business needs to thrive?

Key tensions:



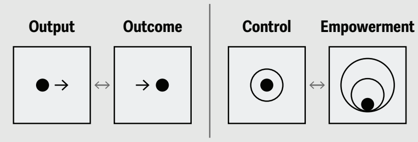
A strong connection between worker and organization—one that drives positive human and business outcomes—depends on a certain amount of shared, solid ground. But as the nature of work changes at speed and scale, much of that stable ground is eroding.

Today's workers are being asked to learn new skills and ways of working, adapt to new technologies and pivot in response to unexpected change, both internal and external. According to our 2025 survey results, a disconnect between executives and workers is emerging, with leaders preparing for more agile ways of working and workers favoring stability.

The challenge is that the ability for organizations to evolve and adopt new models of work depends largely on the ability of the workforce to do the same. How can leaders find the right balance between the stability that workers crave and the agility that organizations need to create *stagility*?

How do I unlock worker capacity, and how should it be used?

Key tensions:



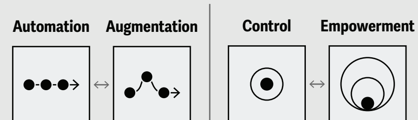
Opening up worker capacity may hinge on an organization's ability to implement two key things: a new corporate mindset about how we define and value slack—unscheduled, unassigned time that workers have autonomy over how to use—and a new mechanism to evaluate the best path to reducing or streamlining unnecessary tasks and processes and replacing them with essential work.

When it comes to the practical question of how organizations can begin to unlock worker capacity, we propose a work reset that includes hitting pause and taking some time to evaluate the most important human and business outcomes. Implementing a framework that has both horizontal reach and vertical empowerment across the organization for this work reset can help ensure that organizations are focused on the right work and the right outcomes, that they capture and "spend" the capacity created in the most impactful ways, and that they guard against losing capacity gains.

The workforce: Who's doing the work and how we support them

Do I need to update our employee value proposition for an AI-powered world, and if so, how?

Key tensions:

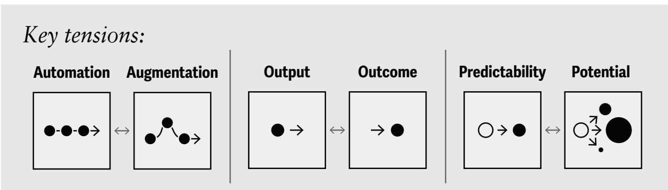


Organizations will need to think through the ways they can help their people thrive in a world where AI is reshaping work and how we do it. An organization's employee value proposition (EVP)—sometimes called a workforce or human value proposition—crystallizes the reasons people come to an organization and stay with it. Revising the EVP for a new AI world of work will likely be essential to realizing both human and business outcomes.

Why is this urgent now? Because people are at the heart of AI's promise. Technology's value doesn't come from replacing human labor; it's about working more closely than ever with humans, amplifying the human ability to discover and capture opportunities for innovation and growth. As AI becomes increasingly intertwined with workers, it's changing their experience—often through silent, unintended impacts on the work they do and the ways they do it.

An updated EVP for the world of human and machine collaboration can account for those changes and support a healthy, mutually beneficial relationship between organizations and their workers.

Why are my new hires not ready to contribute?

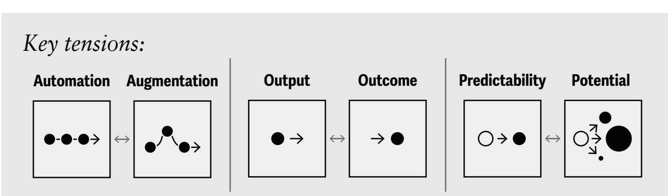


The experience gap—the gulf between what employers demand and what workers bring—presents a thorny and ever-present riddle: Workers can't get jobs without having the required experience. But they can't acquire the necessary experience without foothold jobs or equivalent opportunities.

While this gap has always been a challenge, the ability to gain experience is being complicated by new developments such as AI taking on entry-level work, the erosion of the apprenticeship model in the face of remote work, and the growing complexity of work that increasingly demands more—and more varied—types of experience.

Closing the experience gap is possible, but it will likely require changes on both the supply and demand side of the talent market. Hiring organizations, job seekers, and educational institutions should reflect deeply on the capabilities organizations truly seek when they impose experience requirements so they can determine how to meet those underlying needs—including new approaches they might take.

How do I get more value out of work and workforce technology?

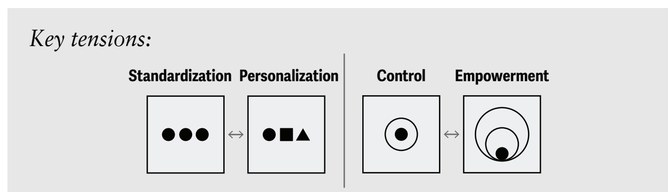


It used to be relatively easy for organizations to decide whether to invest in technology and which technologies to choose. No longer. The value case for new technology investments must capture not just process efficiencies or a simple set of inputs and outputs, but also the tech's impact on less easily measurable results traditionally associated with human capabilities, such as innovation, ways of working, and human performance and outcomes. The value case also needs to account for additional investments or changes necessary to realize the technology's promise.

In the face of a changing tech and work landscape with a myriad of new work and workforce technologies emerging daily, leaders need a new calculus to identify the right tech, the right timing, and the right stakeholders to create the value case that will realize human and business outcomes. In short, they need a new value case for tech.

Organization and culture: The structure and practices that unlock performance

How can we motivate people to do what needs to be done to unleash human performance?

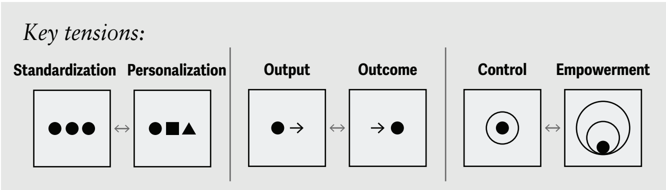


Understanding what drives people to act can help organizations boost performance, spark innovation, and drive collective action for change. Yet our 2025 survey results indicate that few organizations appear to recognize the power of motivation and are taking deliberate action to harness it.

Emerging technologies have long been influencing consumer behavior by tapping into motivations in marketing and customer engagement, yielding remarkable results. But why aren't some organizations applying the same focus on their workforce? What's holding them back?

While some organizations may feel their employee value proposition reflects the motivations of their people, it is only by understanding and tapping into motivations at an individual level—the unit of one—that we can truly drive performance. In doing so, organizations can encourage people to do things that they might not want to do, incentivize them to improve their performance and the quality of their work, and create unified teams.

Why doesn't performance management work?

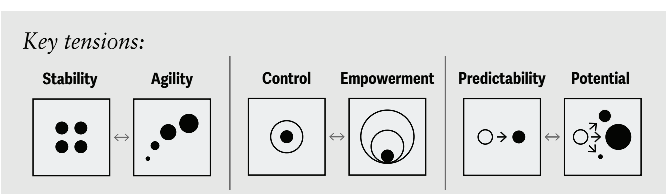


Given that negative perceptions of performance management processes have persisted over decades of reinvention, the question arises: Do we even need performance management?

The real issue is that we are expecting too much from the performance management process. We look at it as the primary driver of human performance. But the reality is that many things must happen to drive human and business outcomes—what we call human performance—in today's complex world of work, more than a single human resources process can achieve. Relying on a single process to drive human performance is just unrealistic.

We will always need the ability to assess people's performance to make people decisions like promotions and rewards. And we may not always love it. But if continually reinventing the process won't solve our core need to unlock how people create business and human outcomes, we need to move beyond process to a broader, more long-term effort to engineer human performance in the flow of everyday work.

Do we still need managers, and if so, how should they spend their time?



Some key capabilities that managers often perform will always be needed—like coaching and development of their people. People being managed are in need of support more than ever today due to the shrinking half-life of skills, the impact of AI on jobs, and the increasing pace of change. And new capabilities will need to be developed in light of a changing landscape in the world of work. This suggests that managers may need to take on new roles as well.

For most organizations, eliminating managers altogether isn't the solution. But neither is simply retaining or elevating the role of the manager as it has existed for over a century. Instead, organizations should consider seeking a third path: reinvention of the role entirely. Because in an age in which work is increasingly complex and volatile, people-powered, and more AI-augmented than ever before, the traditional role of the manager is no longer fit for purpose.

We may indeed have fewer managers in the future, but what and how they do their work will need to evolve for the new world of work.

Leading for human performance

Tensions between organizations and workers have always existed and are not going away. If anything, they can be expected to intensify as the impact of AI on work and workers accelerates. Moving forward, leaders will likely need to take an approach to decision-making that puts human performance—balancing business and human outcomes—at its heart.

Of course, leaders can't do this alone. Organizations must shift, too, redesigning structures and metrics to elicit the behaviors and actions that lead performance, and ensuring leaders can both learn about and benefit from tech tools and AI. Doing so may not be simple, but it can blaze a trail for a sustainable future for organizations and the people who inhabit them.

This effort is not about marketing or brand. But it is about writing your narrative—your story as a leader. A story in which you demonstrate the value of leading human performance to drive greater outcomes for your organization and its investors, your workforce, and the communities in which you live and work.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

Endnotes

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BALANCING TENSIONS IN THE WORK

Stagility: Creating stability for workers for organizations to move at speed

As disruption becomes the norm and traditional sources of stability for workers fall away, organizations should identify new anchors to adapt and thrive

Shannon Poynton, Sue Cantrell, Nic Scoble-Williams, David Mallon, and Gaurav Lahiri

A strong connection between worker and organization—one that drives positive human and business outcomes—depends on a certain amount of shared, solid ground. But as the nature of work changes at speed and scale, much of that stable ground is eroding. Today's workers are being asked to learn new skills and ways of working, adapt to new technologies, and pivot in response to unexpected change, both internal and external.

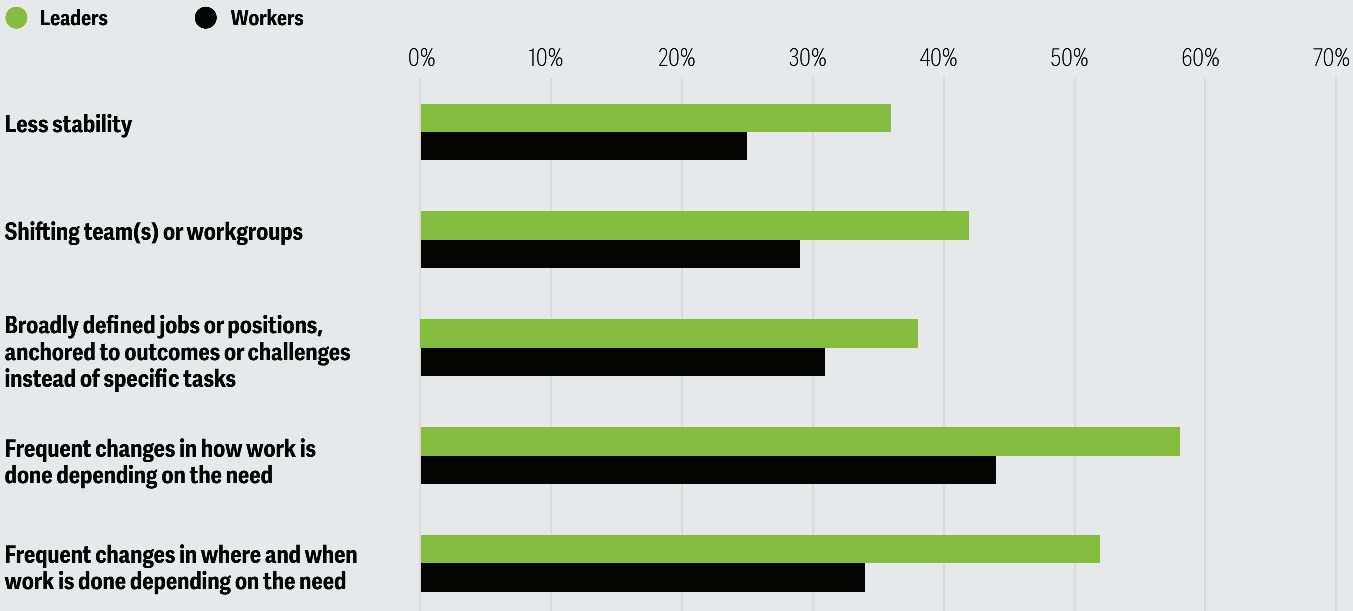
Many workers are struggling to adjust to these changes. About two-thirds of workers globally are overwhelmed by how quickly work is changing, and 49% are worried that the pace of change will leave them behind.[1] The average worker experiences 10 planned enterprise changes each year—including organizational restructuring, culture transformation, large technology initiatives, and more—up from two in 2016.[2]

In our 2025 Global Human Capital Trends research, 75% of workers stated that they are hoping for greater stability in work in the future. Business leaders, on the other hand, are feeling pressure to adapt and evolve. Just 19% of business executives believe traditional models of work are best suited to

Figure 1

The changing nature of work no longer reflects workers' ideal ways of working

Percentage of workers answering the question, "Which of the following describes your ideal way of working," and percentage of leaders answering the question, "Which of the following statements best describes the changing nature of work in your organization?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

create value for workers and the organization.[3] And 85% say that organizations need to create more agile ways of organizing work to swiftly adapt to market changes.[4]

A disconnect between executives and workers is emerging, with leaders preparing for more agile ways of working and workers favoring stability (figure 1). The challenge is that the ability for organizations to evolve and adopt new models of work depends largely on the ability of the workforce to do the same. How can leaders find the right balance between the stability that workers crave and the agility that organizations need to create *stagility*?

For many organizations there is a gap between knowledge and action. According to our 2025 Global Human Capital Trends survey (see "**Methodology**"), a significant majority of organizations (72%) recognize the importance of balancing agility and stability, yet only 39% are doing something meaningful about it (figure 2). Whether organizations can strike this balance will likely depend on their ability to find ways to anchor the work, the organization, and the worker. These new anchors should provide a sense of identity, a clearly defined path of action, and a mental model for the way work *works*. They should also provide a sense of grounding and direction, binding worker to organization in a shared vision that benefits both parties.

Traditional anchors that have long provided stability for both organizations and workers are being challenged. These anchors include static job descriptions, defined teams, and linear, internal career pathways and employment models. As these anchors become upended, workers may struggle to find the grounding they require to act with confidence and creativity and to have a dynamic capability to respond and evolve.

Organizations and workers must find new sources of stability to reinforce the connection between worker and organization, putting both in a position to adapt and thrive. These new anchors will come in the form of reimagined organization structures, greater intentionality in the design and resourcing of work, a better understanding of workers as individuals, and stronger networks within and beyond the four walls of the organization.

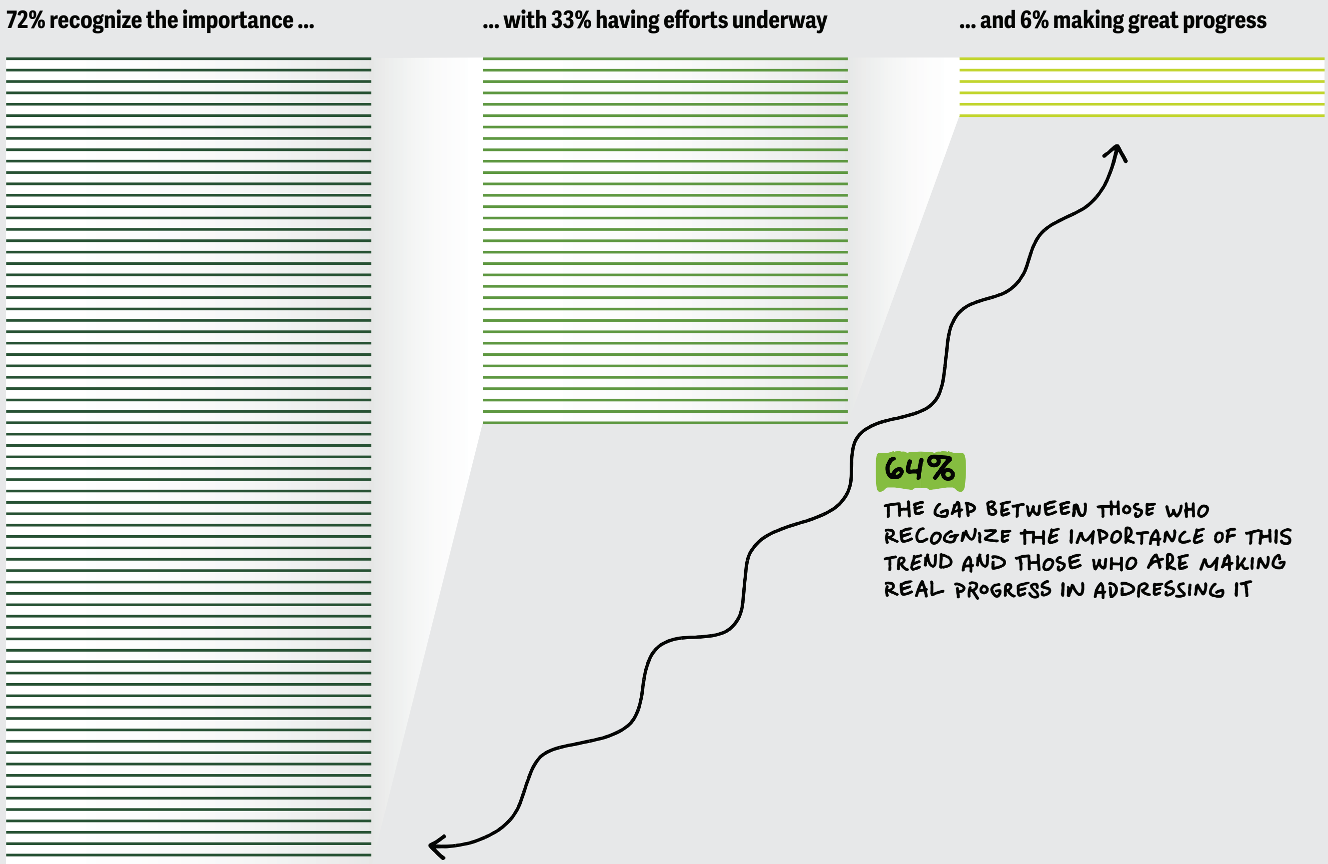
Sources of instability for work, organization, and worker

For organizations and workers to establish new anchors, they should first assess the sources of instability they face. These fall under three broad categories: work, organization, and worker.

Figure 2

Organizations say striking a balance between agility and stability is important, but few are making great progress

Percentage of respondents answering the questions, "How important is reinventing design and structure of the organization to balance agility and fluidity for the organization with stability for workers?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Instability in the work

Traditional models of work are giving way to more fluid and dynamic frameworks, thanks largely to new market demands, evolving stakeholder expectations, rapid advancements in technology, and the evolution of artificial intelligence. More than 4 out of 5 executives (81%) agree that work today is increasingly performed across functional boundaries.[5] More than 2 out of 3 workers (71%) perform work outside the scope of their job descriptions.[6]

Even in traditional models of work, many organizations often struggle to effectively define the work, break it down, and assign it to workers in ways that could enhance performance. However, there's an opportunity to use the very AI solutions that are disrupting work to help rearchitect work in ways that drive new and improved business and human outcomes.

Instability for the organization

Organizational design and structure have long played an important role in not only organizing work but providing a sense of organizational home to workers. In traditional models, where work could be grouped into tasks and tasks could be neatly organized into jobs, organizational design's purpose was to hardwire jobs and functional structures to create those organizational homes.

As organizations seek new ways to unlock potential through collaboration, traditional structures might act as barriers to more fluidly organizing work at speed. Nearly half (45%) of HR leaders cite "organizational transformation" as their top priority for 2024, indicating a shift toward proactive organizational transformation strategies.[7]

Instability for the worker

Workers have long been anchored to their jobs as a source of identity, and to linear, internal career paths for a sense of direction. But these anchors have come at a price, as some organizations have undervalued worker skills and capabilities—among a host of unique individual attributes—while assigning too much value to job definitions and experience. Meanwhile, career development has stagnated for many workers due to an overreliance on the limited internal pathways organizations can identify and provide.

Workers are demanding a change in approach. According to this year's Global Human Capital Trends research, roughly 2 in 3 say it's very or critically important for their organization to customize the design and experience of work and workforce practices based on worker skills, behavioral patterns, motivations, passions, and work styles. Meanwhile, 59% say their organization values job experience and degrees over demonstrated skills and potential,[8] and 66% say they would be more likely to be attracted to and remain at an organization that values and makes decisions based on their skills and potential rather than on jobs and degrees.[9]

As jobs and functional teams evolve, organizations will need to find new ways to provide workers with a sense of stability, community, and connection to grow, adapt, and thrive.

Giorgia Agnello, chief human resources officer at Ceva Santé Animale, and the executive team at Ceva are actively working to close the disconnect between worker and organizational needs. In that journey, they're exploring how to empower their workforce with five different types of agility—neuro-emotional, learning, trust, stakeholder, and growth—to create a new form of stability for the workforce that will drive both workforce and organizational performance.[10]

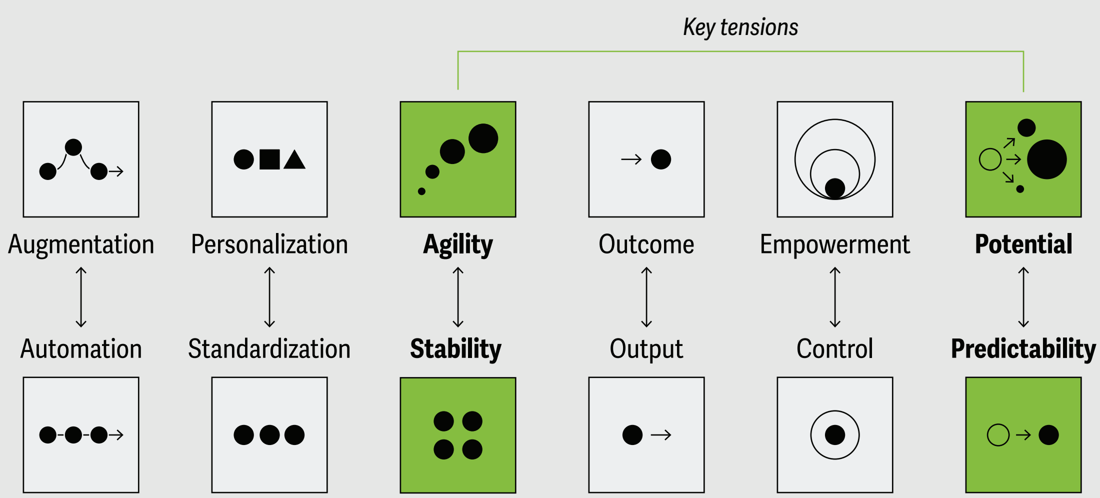
Finding new anchors

In addition to navigating the tension between stability and agility, leaders will also need to make decisions on the spectrum between predictability and potential (figure 3) to establish new anchors for workers. "Predictability" deals with the known or decided in advance, with reliable and repeatable outcomes, enabling leaders to mitigate risks. "Potential" focuses on the capacity to become or to develop something in the future that is currently unknown or unrealized, which requires taking some risk.

Getting to an "and" rather than an "or" between predictability and potential is at the heart of this trend; organizations and workers need both predictability and the ability to stretch and grow into the unknown. However, organizations will need to shift *where* they find predictability to unlock potential.

Figure 3

Navigating the tensions: Where you'll likely need to find balance to create new anchors for work and workers



Source: Deloitte analysis.

The sources of instability mentioned above can be addressed by establishing new anchors in each of the three categories, that is, work, organization, and worker.

Anchoring the work

As organizations integrate new technologies, they should consider the combination of humans and technological tools that can most effectively drive both business and human outcomes. Progress will be measured less by specific actions completed than by value delivered. The following examples illustrate some of the actions organizations can take to anchor work in a world of rapid technological advancement.

- **Use technology to create value for both the organization and the worker.**

  As the capabilities of AI and advanced technology continue to progress, organizations must be intentional about how they're applying technology in ways that create new value for both the organization and the worker.

  Agnello says she recognizes that technology transformations meant to increase organizational agility can sometimes have the opposite effect. "When our workforce is not empowered and fails to see how technology can help them be better at their work and their work be better for them, we don't see the desired business outcomes." Agnello and her team are working to align what people expect and want from the technology and what the technology can provide.

  Shell is using AI to reengineer monitoring and inspection processes at energy and chemical plants, pipelines, offshore facilities, and wind and solar farms. This work, which used to be performed in person by inspectors and maintenance technicians, can now be done remotely by robots and drones. As a result of these changes, inspectors and maintenance technicians can focus on other priority activities or, if they're onsite, performing more advanced verification. At the same time, new tasks are emerging for multidisciplinary teams, such as annotation for images to improve inspection algorithms.[11]

- **Empower employees on the journey to rearchitect work with AI.**

  AI tools can also be used to assist workers more directly. Mercedes-Benz, for example, has democratized production and management-related data to its car plants worldwide through a gen AI–powered data platform. The platform generates data-rich insights for employees, who can then ask questions using plain language instead of technical prompts. The platform enables employees to quickly access data to support decision-making and has been instrumental in helping to identify process improvement opportunities and bottlenecks across the assembly line, supply chain, and more.[12]

- **Leverage AI to drive collaboration across silos and teams.**

  Organizations can also consider the ways in which AI can help bridge the gap between different departments and teams. Klick Health developed an AI copilot to bring together siloed teams in pharmaceutical companies to improve omnichannel marketing efforts. AI-driven representatives of different departments can now complete a first pass review of briefs, scopes, and other project documents, creating a starting point for discussion and refinement. Then, during the creative process, workers can integrate real-time AI-based feedback, streamlining workflow. The tool automates the process of linking different perspectives, freeing up experts to prioritize the parts of the project that fall under their purview.

Anchoring the organization

As organizations become more dynamic and flexible, they should consider moving away from hardwired jobs toward softwired networks of multidisciplinary teams, each aligned to specific business outcomes. Rather than anchoring workers to single, static jobs, stability for workers and teams can come from a clearly defined purpose, specific strategic priorities, and tangible expected outcomes. This possibility is exciting for workers themselves, who prioritize a clearly defined purpose and mission nearly as highly as job stability.

- **Develop structures that focus on outcomes, not actions.**

  Organizations are experimenting with new organizational structures to better align workers and work to business and human outcomes. For example, Haier has transformed into a "zero distance" company, where everyone is directly accountable to customers, employees are energetic entrepreneurs, and a formal hierarchy is replaced by an open ecosystem of users, inventors, and partners. The company has divided itself into more than 4,000 microenterprises of 10 to 15 employees, organized by specific business outcomes.[13] All employees can join a microenterprise at will or start a new one. The microenterprises are grouped into platforms that identify opportunities for collaboration. Within the company, there are only three categories of employees: "platform owners," "microenterprise owners," and "entrepreneurs," with no higher or lower rank.[14]

- **Cultivate workforce ecosystems that go beyond the boundary of the organization through workforce ecosystems.**

  Some organizations are experimenting with creating networks that cross organizational boundaries to the benefit of the organization and the worker alike. Two major electronics companies created a job-swap program that supports the upskilling, advancement, and adaptability of the workforce across the two organizations. One company is leveraging the others' engineers and business planning employees in their electronics and semiconductor businesses, using their workers to support the commercialization of services using metaverse technology and products that combine AI and image sensors. The other company is similarly leveraging employees from their job swap partner for research and development, specifically looking at how to utilize AI and virtual space technologies in industrial fields.[15] These ecosystems are cropping up in the public sector too. The US Department of Defense and five private sector participants created the Public Private Talent Exchange to share talent across organizations through temporary projects and assignments.[16]

  To create greater organizational agility in the face of an aging and shrinking working-age population and changing consumer behaviors, global hotel company IHG Hotels & Resorts in China now embraces different types and sources of workers, including workers from workforce crowdsourcing platforms. This allows the organization to increase speed and tap into under-represented talent pools, particularly those from other industries (especially from manufacturing sectors), as well as individuals seeking flexible, nontraditional work arrangements (for example, young mothers, freelancers, and college students seeking to gain working experiences). Gina Yue, vice president of human resources at IHG, said, "As we seek greater organizational agility, at the same time we also need to provide foundational stability and a culture of care for *all* our workers (including flexible workers) in a way that motivates them to choose IHG for where they distribute their workable hours."[17]

  To achieve this balance, IHG brings stability to the agile crowdsourcing strategy in three ways:

  - **Supporting and training managers** in how to access, develop, and motivate flexible workers effectively
  - **Redesigning work** to be task-based, rather than job-based, so work can be packaged to be performed effectively and in a meaningful way by different types of workers including crowdsourced workers
  - **Cocreating** the redesign of work and roles by engaging hotel frontline managers, fostering collaboration and innovation to drive human performance

Anchoring the worker

In the new world of work, organizations can help workers make career choices not merely in terms of a progression but also growth in capabilities.

- **Focus on skills more than jobs.**

  Organizations should consider moving past an understanding of workers solely as job holders to an understanding of workers as value creators. Kirsten Lange, the chief people officer for tech and enterprise operations and domain orchestration at the National Australian Bank (NAB), shared how NAB redesigned its delivery system in a way that allows for stability for its workers without an overreliance on formal job descriptions. NAB's approach dedicates resources to specific customer needs, allowing them to contribute in various ways while also building experience and capability over time for faster delivery. It operates as an end-to-end business with clear strategic goals and aligned metrics for transparency. "With this model, we build long-term experience and capability, enabling us to deliver faster and more effectively. Everyone is aligned on the goals and invested in achieving the best outcomes for our customers."

  In another example, India-based tech company Zoho doesn't define jobs rigidly and doesn't assume there is an optimal pathway for individuals to move through the company. Instead, it encourages workers to develop new products and processes. Teams are built around diverse skill sets, which company leaders find ultimately results in better products. "We don't have rigid job descriptions because they promote rigid thinking," said Sridhar Vembu, founder and CEO of Zoho. "If you give people flexible pathways, they evolve into lots of roles they would have never thought they were interested in."[18]

- **Understand the individual worker.**

  Many organizations are beginning to collect data that enables a more nuanced understanding of workers at the individual level, often with a focus on using skills to better match workers to work. (See our chapter "**Motivation at the unit of one**" for how companies are tapping into data about individual worker motivations.)

  Employees at Standard Chartered Bank, for example, now have "skills passports" that show what they are capable of beyond their job descriptions. An AI tool matches employees to project-specific roles. As employees gain skills, they can unlock more opportunities and career options both inside and outside the organization. Explains Group Head of HR and Chief Human Resources Officer Tanuj Kapilashrami, "We are moving away from past performance to agility and skills being a predictor of potential."[19]

Meanwhile, brewing company Molson Coors has scrapped résumés altogether for certain positions in its European region. Applicants indicate their motivation for the role and how they might add to the culture at Molson Coors. They then take a task-based assessment and participate in an interview that might include giving a presentation on a favorite brand. "We are interested in seeing your behaviors in action and how they will help you become successful at Molson Coors, giving everyone the opportunity to show their potential, regardless of background or experience," said one brand manager at the company.[20]

These are just some of the ways organizations can begin building new anchors for workers that provide stability while also enabling organizational agility. To continue establishing new anchors, leaders can also consider the who, how, and where of work (figure 4).

Figure 4

The new anchors for stagility

	Source of instability	Old anchor	New anchor
Work			
"Who" teams learn from	Higher rates of attrition and shorter job tenures, expansion of AI	Boss and team	Cross-functional teams and collective intelligence powered by AI
"How" teams work	Flatter and more fluid organizations and distributed decision-making closer to the customer	Performing specific tasks in service of a job to create fixed outputs	Taking a set of actions based on data in support of value and outcome creation
"Where" teams work	The rise of virtual and hybrid work	The office, factory, etc.	Flexible workplaces defined by the work itself and organizational needs
Organization			
"Who" does work	Rise of contingent workforce; expansion of AI	Employees, in jobs, organized into functional teams	Workers and AI organized into networks of internal and external teams
"How" work is organized	Need for greater fluidity and agility in ways of working	Organizations rigidly designed with sticks and boxes in service of the enterprise executives	Organizations fluidly designed in service of the customer and the business outcomes
"Where" organizations work	Dynamic need to access capabilities that are not readily available inside the organization	Inside the boundaries of their organization	Inside and outside the boundaries of their organization, accessing capabilities and skills available in the market to more dynamically meet business needs
Worker			
"Who" workers are (to the organization)	Greater need for speed, agility, and worker agency	Employees who are understood based on their pre-hire and post-hire job experience	Workers who are understood based on skills, passions, motivations, and potential
"How" workers feel connected	AI and technology creating disconnection and loneliness in work	Functional team	Cross-functional teams; skills guilds; platform cooperatives[21]
"Where" workers go next	Increasing array of jobs and career paths and breaking of linear advancement models	Linear, internal career paths	Lateral career paths and external opportunities

Source: Deloitte analysis.

What do the new anchors enable for organizations and workers?

Fundamentally, these new sets of anchors are all measures of the relationship between the organization and the worker. For organizations and workers seeking stagility, here's what's at stake:

- **Worker engagement and innovation.** With the right anchors in place, workers can gain trust in the people they work with and for. This could lead to an overall sense of belonging, with workers feeling more comfortable at work, connected to the people and teams they work with, and confident that they are contributing to meaningful work outcomes. All of this together can boost engagement, performance, and innovation.

- **Trust.** As some traditional anchors are upended by technology, organizations can be at risk of losing workforce trust. This may be especially true in certain industries and geographies where new technologies and models of working may feel counterintuitive to long-established values. For instance, Darren Clarke, executive of culture, leadership and learning delivery at the National Australia Bank, noted, "As industries, including financial services, face an ever-increasing wave of scams, fraud and cybercrime, the value of the human at the heart of the worker–customer relationship has never been more important. The right human response, paired with robust technology, is vital. At the center of that human connection is trust, and it is critical to maintain both stability and agility to preserve this currency of trust."

- **Retention.** A sense of stability with their organization reduces the chances that workers will seek opportunities elsewhere, leading to lower turnover rates and increased workforce satisfaction. This is especially important in an environment in which switching jobs has become more normalized. Nearly half (46%) of working professionals surveyed across 31 countries said they were considering quitting their job in 2024.[22]

- **Business outcomes.** Human outcomes are directly tied to business outcomes in a mutually reinforcing cycle. Studies have found that organizations that are more committed to practices related to human sustainability—or the ability for organizations to create value for workers—produce stronger business results.[23]

- **Upskilling, reskilling, and human employability.** According to our research, most workers believe that it's the primary responsibility of the organization to support their long-term growth and employability. In fact, our research has shown an increase in this trend since 2020.[24]

Perhaps the most important benefit of creating new anchors is that it gives organizations the ability to adapt. To remain agile and perpetually reinvent themselves in the face of ongoing change, organizations need a base level of stability.

That stability begins at the level of people. If workers don't feel a stable connection to the organizations they work for, an organization's ability to continuously adapt and evolve could be hindered. In other words, changing direction at the organizational level is far more difficult when there is a fundamental lack of internal coherence.

This is not about the choice of stability *or* agility, but rather about strengthening and enabling both stability and agility to elevate experiences and outcomes for workers, businesses, and customers.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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When work gets in the way of work: Reclaiming organizational capacity

How can organizations create more slack and free up workers to focus on what really matters?

Stephen Harrington, Corrie Commisso, Bill Eggers, Kevin Moss, Tom Alstein, and Julie Duda

When the chief operating officer of a performance coaching firm conducted an informal social experiment[1] to document how people responded to the question "How are you?", they were surprised to discover that a majority of respondents—nearly 8 in 10—gave the same, one-word response:

Busy.

There's little doubt that "busy" is an accurate description of what workers are currently feeling. A poll conducted by UCLA Anderson School of Management showed that nearly half of Americans feel "time poor"—like they have too much to do and not enough time to do it.[2] And they're feeling the squeeze in the workplace as well: Some 68% of respondents to another recent survey say they don't have enough uninterrupted time to focus on important tasks during the workday.[3]

It's not hard to understand why. Every wave of technological advancement has promised to make work more efficient. Economist John Maynard Keynes first predicted in 1930 that advanced technology would lead to a 15-hour workweek within a century.[4] And yet the promise of a future where technology frees workers to focus on high-value work—strategic thinking, creativity, complex problem-solving—seems to keep getting deferred.

New tools meant to increase productivity and efficiency often add new layers of complexity instead: more notifications to check, more dashboards to update, more digital busywork. Workers are often left tackling tasks that feel urgent but not necessarily important.

If worker capacity is our most valuable resource, why do so many organizations struggle not only to find it—but to keep it?

Part of the problem may lie in the long-held belief that visible effort should be the primary measure of productivity, pressuring workers to always be "on." A third of respondents to a survey conducted by software firm Visier say that they prioritize work that is most visible—regardless of whether that work is actually valuable to the business.[5] And respondents to Deloitte's 2025 Global Human Capital Trends survey (see "**Methodology**") report that 41% of their time every day is spent on work that doesn't contribute to the value their organization creates.

In the 2024 Global Human Capital Trends report, we explored the idea that traditional productivity metrics focused only on outputs may not capture the full picture of human performance and introduced a new equation that considers both business and human outcomes.

But shifting the way we measure productivity is only part of the solution. To truly realize both business and human outcomes, organizations will likely need to address a deeper issue that may be undermining performance. It's the meeting overload, the outdated processes, and the myriad of nonessential work that drains focus and keeps people from achieving the outcomes that matter most.

This often comes with real costs for organizations: reduced performance; damage to employee morale and well-being; and erosion of organizational capacity, culture, and innovation. And as we move further into the era of generative artificial intelligence, getting stuck in nonessential work may also inhibit our ability to fully unleash the potential benefits of advancing technology, as advancements inevitably slow down when they reach humans who don't have the capacity or bandwidth to learn, implement, or master the tools.

Our survey respondents say creating capacity for worker growth, imagination, and deeper thinking is a top priority. And yet they also say it's one of the areas where they're making the least progress among all the topics surveyed (figure 1).

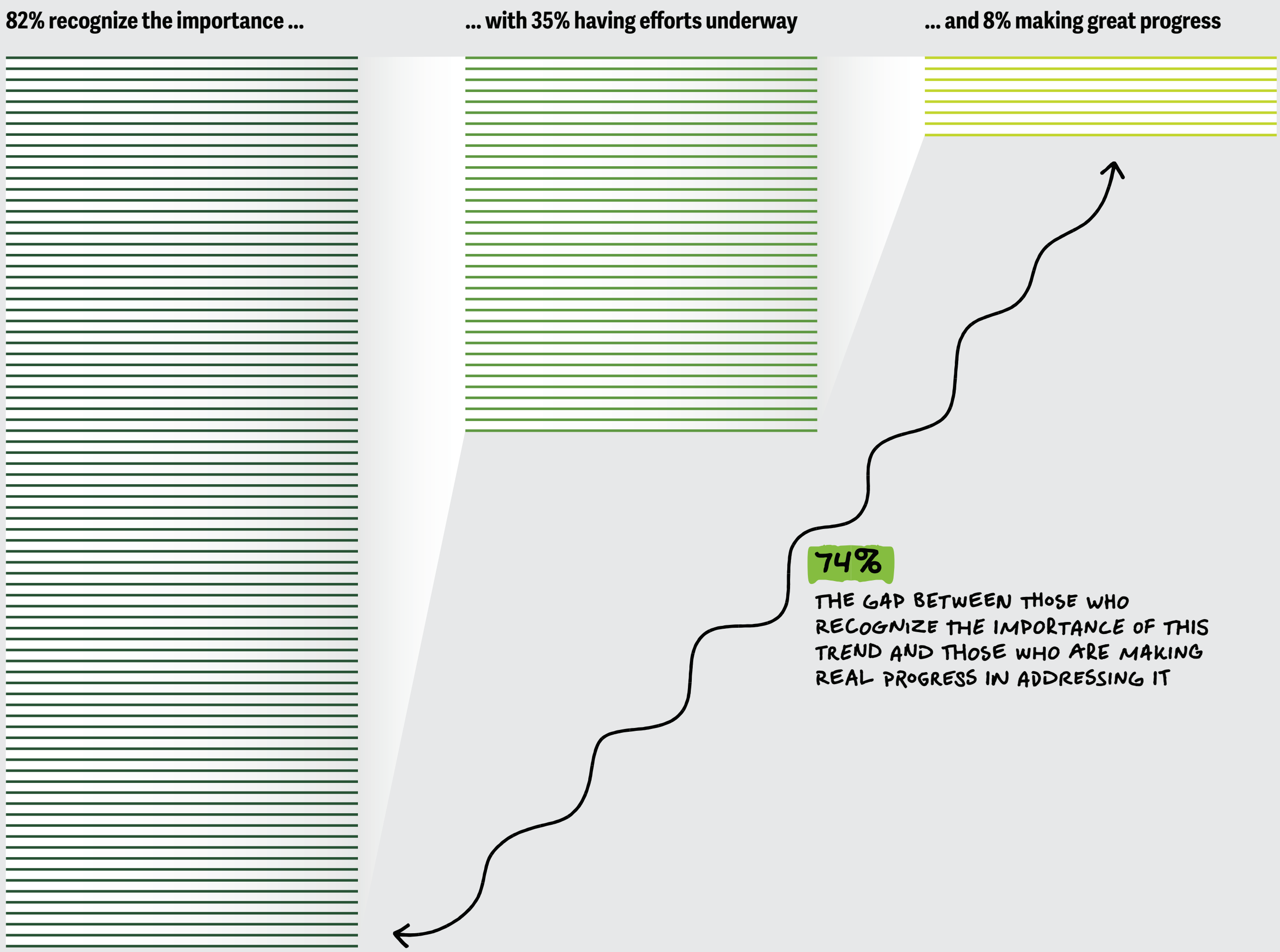
As current efforts to rethink unnecessary work appear to be falling flat, how can leaders and workers come together to reclaim organizational capacity for enhancing human performance?

It's about more than optimizing performance and resources for current work. It's about reclaiming worker capacity for net new work, improved well-being, and better responsiveness to market changes and challenges. Opening up worker capacity hinges on an organization's ability to implement two key things: a new corporate *mindset* about how we define and value slack—unscheduled, unassigned time that workers have autonomy over how to use—and a new *mechanism* to evaluate the best path to reducing or streamlining the tasks and processes that create unnecessary work.

Figure 1

Organizations say freeing up worker capacity is important, but few are making great progress

Percentage of respondents answering the questions, "How important is increasing the capacity of workers to grow personally, use their imagination, and think deeply, while also removing nonessential work?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Only 22% of our survey respondents say their organization is highly effective at simplifying work, however. To address the challenges created by an overload of unnecessary work, organizations can pause to take stock of work based with outcomes in mind, applying a work design framework focused on two dimensions: horizontal collaboration, which fosters cross-functional input, and vertical empowerment, which clarifies ownership and accountability across all levels.

Where has all the organizational capacity gone?

Why are leaders and workers all so busy? What's impeding organizations from making decisions, innovating, and improving both human and business performance outcomes?

It's the complex decision-making that requires email chains 30 people deep. Old and outdated technology that needs constant, expensive maintenance to work properly, and doesn't play well with newer, more advanced systems. It's meeting overload, where people spend most of their day attending meetings about work rather than attending to the work itself. Even collaboration—which is generally considered a good thing—can be a distraction to achieving outcomes.[6]

Getting buried in nonessential work isn't something that happens randomly; it accumulates over time as an organization becomes more complex. But to effectively address this deluge of unnecessary work in the interest of creating capacity, it's important to first understand some of the current mindsets and mechanisms that create it.

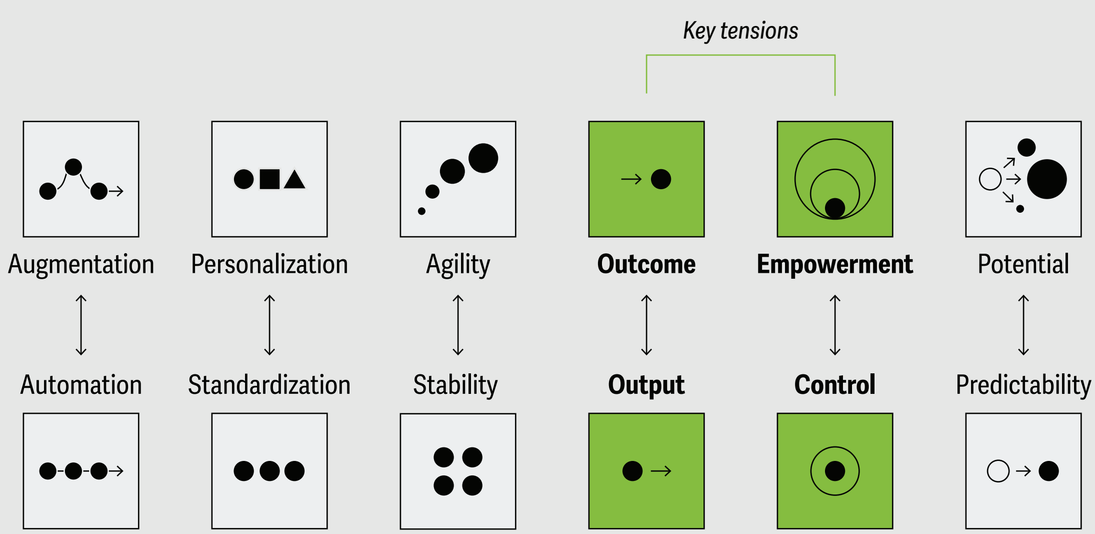
- **Leadership and worker mindset.** Whether consciously or unconsciously, many leaders are in the habit of finding new tasks to fill every minute of their workers' time, regardless of whether those tasks are making valuable contributions to achieving organizational goals.[7] In fact, according to one study, 42% of workers say they spend half their time on busy work.[8] But leader mindset alone isn't the only contributor: Workers have also internalized the message that every minute of their time should be utilized. According to a recent survey by Visier, around 43% of workers say they spend more than 10 hours a week just trying to look productive rather than on valuable tasks.[9]

- **Outdated or unexamined processes and work design.** Asana's "2022 Anatomy of work" report found that workers spent an average of 257 hours annually navigating inefficient processes, and almost the same amount (258 hours) on duplicative work and unnecessary meetings. That adds up to 12 workweeks per year.[10] While some processes may have served a purpose or worked well in the past, process isn't usually a one-and-done activity. Organizations that fail to update workflows can quickly find themselves mired in nonessential work.

- **Additive versus subtractive mindsets and incentives.** "Every organization is in the business of starting, maintaining, and stopping things. Most are really good at starting and maintaining, but poor at stopping," said the chief information officer of one research lab in an interview with Deloitte executives. "Workers are overloaded with toil, all the little tasks that take up time and attention. If we want them to be innovative, we need to give them space by stopping stuff, reducing the toil burden."[11] The rapid evolution of workplace technology and AI is a case in point: Every new tool or technology added to a worker's toolbox increases the "toggle tax"—the amount of time workers spend switching between apps during the day. One study estimates that the average worker already spends 9% of their year—almost 200 hours—just switching between workplace apps.[12] Worker incentives are also often designed to encourage an additive mindset. When incentives prioritize the quantity of work over the quality of the outcomes, for example, workers may be encouraged to engage in tasks that are more easily measured regardless of how valuable they are to organizational outcomes.

Figure 2

Navigating the tensions: Where you'll likely need to find balance to free up worker capacity



Source: Deloitte analysis.

- **Collaboration overload.** According to data collected over the past two decades, the time spent by managers and workers in collaborative activities has ballooned by 50% or more.[13] While collaboration is generally regarded as a positive in the workplace, digital tools have made it easier than ever to create the kind of over-collaboration that bleeds critical time away from important work; for example, excessive emailing, too many meetings, or duplication of efforts. Meeting overload has significant financial implications. According to a survey conducted by transcription software company Otter.ai, time spent in unnecessary meetings could be costing organizations over US$25,000 per employee per year.[14]

Beyond understanding how noncritical work continues to accumulate, freeing up worker capacity will also require leaders to navigate tensions—in particular, between outputs and outcomes, and control and empowerment (figure 2). Leaders will need to make strategic decisions about how to balance these tensions as they strive to create slack for their workers.

Optimizing work isn't enough. It's time to rethink 'slack.'

Not all busywork is bad, of course. Sometimes rules and regulations can provide guardrails that protect against decisions that could have serious consequences. For example, highly regulated industries may have compliance requirements that seemingly create excessive administrative work but are designed to protect consumers or uphold ethical standards. And even the most mindful innovation and collaboration will create some transactional cost—after all, teams still need to communicate with colleagues on a regular basis; otherwise, a sense of camaraderie and connection may be lost and progress toward goals may be hindered.

Simply identifying and weeding out nonessential work is likely not enough to solve the issue on its own. The missing ingredient in the equation has been—and continues to be—the accompanying mindset shift around what should be done with the resulting freed-up worker capacity. In other words, how should workers be spending their time?

If the use of the word "slack" in this article gives you pause, you're in good company. Many leaders equate it with "slacker": someone who avoids anything that requires work or effort. But if we want a long-term solution to worker capacity, we need to reframe how we define—and value—slack.

Consider this analogy: In rock climbing, keeping slack in the rope that supports the climber is a critical practice that ensures the climber's safety. It gives the climber the flexibility to move freely and prevents excessive wear and tear on the rope itself, which could lead to damage or failure in an unexpected event like a fall. And when something unexpected does happen—a foot slips or a rock breaks away—the slack in the rope allows it to stretch and absorb some of the force, reducing the impact on the climber.

Think about slack in the workplace in the same vein. Creating slack is not about giving workers opportunities to shirk responsibility, but rather giving them space to manage their responsibilities in ways that work for them *and* the business. Slack is the intentional creation of unscheduled, unassigned time in the workday that workers have complete autonomy over how best to use.

The benefits of balance

The real benefits of slack will likely emerge when leaders are able to let go of the belief that emerged during the Industrial Revolution that their job as leaders is to maximize worker utilization. Some organizations have had success over the past few decades in working to shift this mindset and recognize the value of slack in work design.

Google's well known 80/20 policy, for example, famously encouraged Google employees to spend 80% of their time on core projects, and roughly 20% (or one day per week) on unplanned company-related innovation activities that interested them personally. Almost half of Google's product launches, including Gmail, Google News, and AdSense, have been reported to originate from this extra "slack" in workers' schedules.[15]

Likewise, at 3M, workers maxed their utilization at 85%, customizing the rest of their work time as long as they stayed within the strategic boundary of working on projects they felt had the greatest potential to create value for their organizations.[16]

Missing out on the value of slack could be a particularly risky mindset as gen AI and other advanced technologies are poised to take over many transactional tasks that can free up worker capacity. If we expect to fill every second created with more busywork—or even with more complex, critical work—we have fundamentally misunderstood the assignment. The assignment is to find the balance.

In particular, as AI takes over more tasks, workers will be increasingly asked to invest in work that requires critical thinking, innovation, collaboration, and meaningful human interaction. Creating space for those activities—and offering workers autonomy in managing them—improves engagement with work and reduces job-related burnout. Extra capacity also can be used to invest in individual development like skill building.

Consider Belgian company DPG Media as an example. DPG only schedules 80% of a team's capacity with work. What do they do with the remaining 20%? Nothing. The buffer is meant to give workers the ability to accommodate any unexpected issues. If worker utilization was maximized at 100%, DPG says, unexpected work would lead to excessively long workdays and hours of overtime.[17]

But reclaiming worker capacity can't be an exercise that benefits only the organization. When workers benefit, the organization also benefits. Improved worker well-being, for example, often leads to improved retention and business outcomes. In our 2025 survey, workers listed flexibility, well-being, time off, and learning new skills—all of which are facilitated when organizations create slack—among the top 10 motivations that drive them to perform at a high level. Reclaimed capacity can benefit both workers and organizations: One does not need to come at the expense of the other.

For example, health insurance company Medibank launched a four-day workweek experiment in 2023, using a 100:80:100 model: Workers received 100% of their pay, worked 80% of their hours, and were expected to maintain 100% of their productivity. The company worked to reduce low-value work to give the extra hours back to workers—calling the reclaimed time "the gift" and allowing workers to use the time any way they chose. Midpoint results of the experiment were promising: Productivity and performance levels remained the same, and worker turnover intention and absenteeism dropped dramatically while workers experienced a 9.6% reduction in job stress and a 13% improvement in overall health.[18]

Similarly, Salesforce's cloud-based communications platform, aptly named Slack, recently invited employees to join a two-week experiment where they were instructed to take regular breaks from their work throughout the day and use that time however they wanted to. Over the course of two weeks, productivity scores increased by 21%; scores related to worker ability to manage stress increased a whopping 230%; worker focus increased by 92%; and overall satisfaction at work increased 63%. Even participants who didn't take as many breaks still saw increased metrics.[19]

Reworking work

If creating slack can help workers and organizations reclaim capacity for investing in the outcomes that matter most, the practical question remains: Where do we begin? How can organizations find the slack that their workers need to perform at their best?

To start finding slack, organizations can think about challenging existing work processes by hitting pause and taking some time to evaluate their most important outcomes. This allows organizations to evaluate each task for a given role, project, or team and identify opportunities to reduce or automate certain activities, ideally leading to performance gains and more effective use of resources.

This kind of reset can be aided by implementing a framework for the reset that is both horizontal and vertical in nature. Horizontally, it's about expanding reach—getting teams to collaborate across functions and borrow ideas from other areas. This kind of cross-pollination brings in fresh perspectives and helps break down silos. Taking a page from finance and learning from zero-based budgeting, for example, could help organizations reevaluate the tasks that are most important for achieving goals and outcomes.

Vertically, it's about cocreating the redesign of work with workers at all levels of the organization. After all, who knows the work better than those who actually perform it? Engaging workers in the process of determining what work should be done and how it should be done can have a positive impact on employee engagement.

This horizontal and vertical framework and mindset that can help organizations ensure that they're focused on the right work and the right outcomes, that they capture and "spend" the capacity created in the most impactful ways, and that they guard against unnecessary work creeping back into processes, losing the hard-won capacity gains.

An example of this process in action can be observed in the story of how Great Britain's men's eight rowing team course-corrected their mediocre competitive performance. After years of following the same processes, the same practices, and the same mindsets, they decided to streamline their efforts and focus on a single goal: making the boat go faster. As they prepared for competition, the team started evaluating every activity and addition to their practice routine with the question, "Will it make the boat go faster?" Any time the answer wasn't "yes," the activity was phased out. The result was a gold medal at the Sydney Olympics.[20]

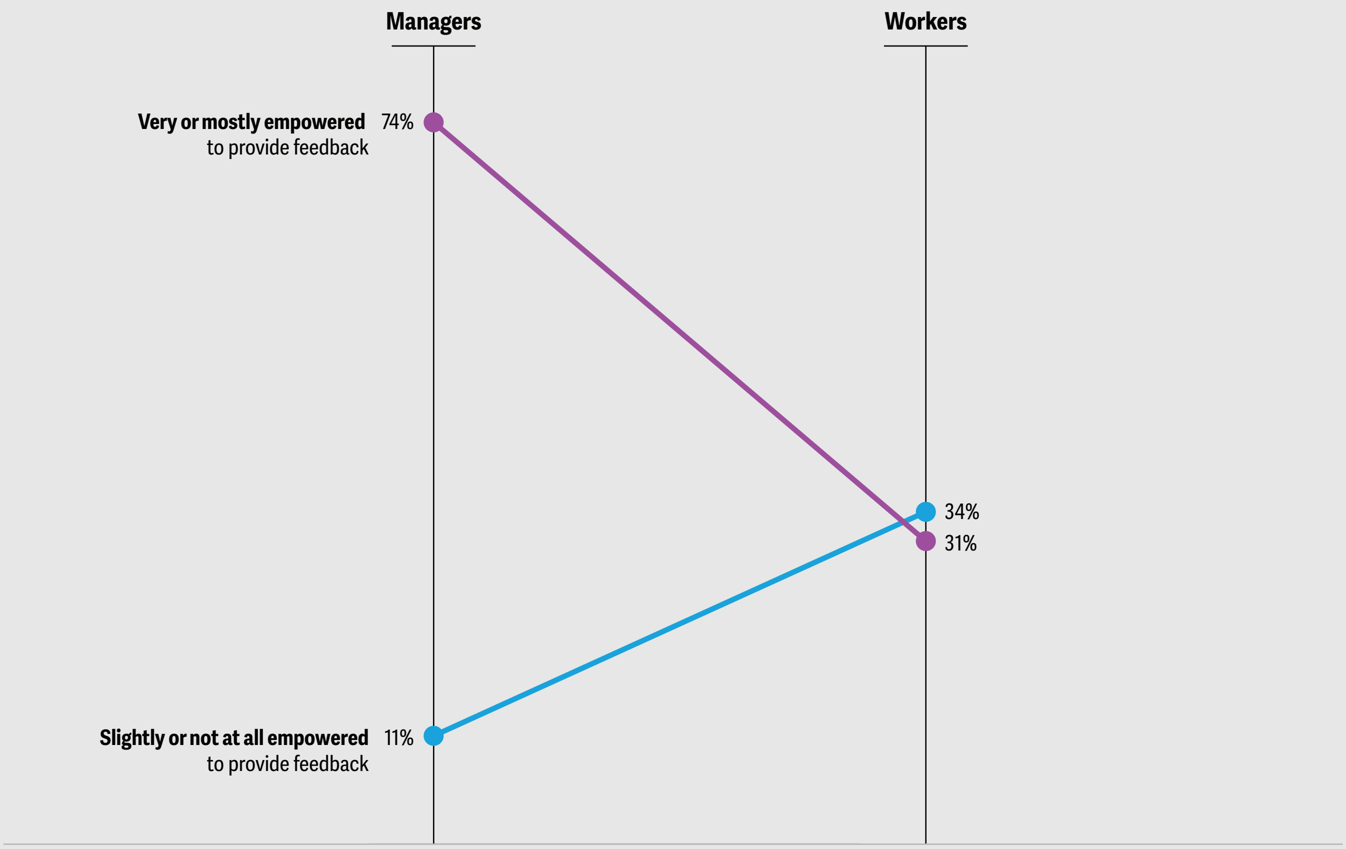
Finding the slack

This horizontal and vertical approach to reworking work is not the process reengineering of old; rather than top-down process redesign, it involves workers from the start. A work assessment is a prime opportunity for workers and leaders to collaborate on the task of

Figure 3

Workers feel less empowered to call out nonessential work

Percentage of respondents answering the question, "How empowered are you to provide feedback to your organization on how to make your work more valuable?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

addressing nonessential work. Often, the workers who are closest to day-to-day processes and how work actually gets done are in the best position to identify specific areas where this work is inhibiting performance. But only about a third of workers in our survey say they feel empowered to provide feedback about how to make their work more valuable (figure 3).

How can leaders and workers work together to identify noncritical work and create slack, and how can organizations build worker trust in the process?

- **Use workforce data to identify value-added and value-robbing activities at a task level.** Workforce data can help identify—and prioritize—the skills and tasks that are truly necessary to achieve strategic outcomes and help target tasks that can be reimagined, stopped, automated, or augmented. For example, when German energy company Dortmunder Energie- und Wasserversorgung GmbH wanted to improve its customer service function, it identified case processing as a task that consumed much of its worker capacity. In response, the team developed AI collaborators to process hundreds of thousands of standard cases, freeing up workers to handle more complicated cases and customers.[21]

- **Help workers identify and understand the value of their roles and where efficiencies can be gained.** Process maps and job descriptions rarely capture the full truth of how everyday work gets done. Simple tools informed by workforce data, like job canvases—visual tools that map out and define the key responsibilities, skills, impact, and value of a particular role—can expand worker and leader visibility into that role. Empower workers to lend their firsthand experience to build out accurate job canvases. The canvases can be used to discuss and consolidate opportunities to improve the work being performed by certain roles.

As an example, nonprofit health system Providence Health deconstructed its nursing role and discovered that while the job included many "top of license" tasks (those that utilized the nurse's high-level medical skills), it also included many tasks that others without specialized training could perform. Highly trained nurses were spending a significant amount of time on basic tasks like taking patient temperatures and recording information on hospital charts. Not only was this costly, but it also affected the nurses' engagement and job satisfaction. To solve this problem, Providence created a new patient attendant role that delegated these tasks to student nurse assistants, not only freeing up the time of the most qualified nurses but also creating a pipeline of future skilled nurses in the process.[22]

- **Make AI your ally.** When used responsibly, AI can help reduce time-consuming work by identifying and addressing inefficiencies in workflows and processes. AI algorithms can uncover bottlenecks, manage and integrate diverse data sets, and provide predictive analytics for proactive decision-making. JPMorgan Chase, for example, uses AI to take on the time-intensive tasks of financial document interpretation and analysis, revolutionizing how its finance division operates.[23]

Keeping the slack

Perhaps just as challenging as finding slack is resisting the tendency to want to fill the newfound capacity with more work. But doing so without careful consideration will only allow unnecessary work to creep back into the system, undoing any progress you've made in freeing up worker capacity. This is where leaders can play an important role as the drivers of organizational culture. Guarding reclaimed capacity means supporting from the top efforts to shift to a human performance culture that values outcomes over outputs. And it means being committed to continuous assessment and ongoing iteration.

- **Cocreate new metrics with workers that focus on the outcomes defined in the work reset.** Transparency about what outcomes are being measured can encourage workers to focus on the work that matters and remove or reduce unnecessary tasks from their work. For example, online retailer Zappos set an outcome for superior customer service. Rather than evaluating its call center agents on how quickly they resolve an issue, its metric is how satisfied the customer was with the interaction—regardless of how long it took.[24] During the pandemic, Zappos even encouraged its agents to take calls on any topic, including helping people deal with issues related to the pandemic.[25]

  Outcomes-based metrics should also be implemented in your organization's performance management approach, to ensure that workers are evaluated on the right outcomes.

- **Make work resets an ongoing process.** Reworking work is not a one-time event: It requires continuous effort to ensure that the necessary culture and mindset shifts around the value of slack become embedded in how your organization operates. While implementing a continuous work reset process may seem daunting at first, remember that it doesn't need to be an all-or-nothing approach. You can begin by identifying the workforce subsets where a work reset would likely have the most impact based on your priorities and goals. Begin with annual assessments that are included in your overall annual workforce planning efforts. If you can establish a shift in mindset through that annual focus, it can be nurtured into an organizational culture that continuously assesses work to enhance performance.

The renowned early-20th-century management consultant Peter Drucker once said, "There is nothing quite so useless, as doing with great efficiency, something that should not be done at all."[26]

This insight speaks to the heart of something many organizations may overlook: Efficiency doesn't fully deliver if it's applied to the wrong tasks. It's easy to get stuck in outdated processes and practices. But what if we paused to assess what truly drives value? When organizations embrace slack, they're not just clearing away noise; they're creating room for fresh ideas, better performance, and healthier workers and work cultures. In the end, embracing slack isn't just a strategy for reducing inefficiency. It's a strategy for growth.

Because when organizations free their workers from busywork, they can create capacity to get busy with the *right* work.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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BALANCING TENSIONS IN THE WORKFORCE

AI is revolutionizing work. You need a human value proposition for the age of AI.

Artificial intelligence is reshaping work and the worker-employer value proposition. How can organizations create an EVP that makes AI a friend rather than a foe?

Sue Cantrell, Jason Flynn, and Nic Scoble-Williams

Why should people work for your organization? What's in it for them? Is it possible to "friend" a machine?

Artificial intelligence is changing the context for those questions as it permeates organizations at scale. For many workers, work today is fundamentally different than it used to be. Six in 10 workers already think of AI as a co-worker.[1]

Organizations will need to think through the ways they can help their people thrive in a world where AI is reshaping work and how we do it. An organization's employee value proposition (EVP)—sometimes called a workforce or human value proposition—crystallizes the reasons people come to an organization and stay with it. Revising the EVP for a new, AI world of work will likely be essential to realizing both human and business outcomes.

Why is this important now? Because people are at the heart of AI's potential. Technology's value does not come from replacing human labor; it's working more closely than ever with humans, amplifying their ability to discover and capture opportunities for innovation and growth. As AI becomes increasingly intertwined with workers, it's changing their experience—often through silent, unintended impacts on the work they do and the ways they do it. An updated EVP for the world of human and machine collaboration can account for those changes and support a healthy, mutually beneficial relationship between organizations and their workers.

Be aware of AI's silent impacts

AI is inherently neutral. How it's used determines whether it supports or erodes an organization's EVP. But leaders, excited by AI's promise, may look at the technology through rose-colored glasses, overlooking or minimizing the ways it can undermine people's work experience. Not acknowledging and addressing these impacts could compromise the human-technology relationship, and in turn the worker-employer relationship, to the detriment of both organizations and their people.

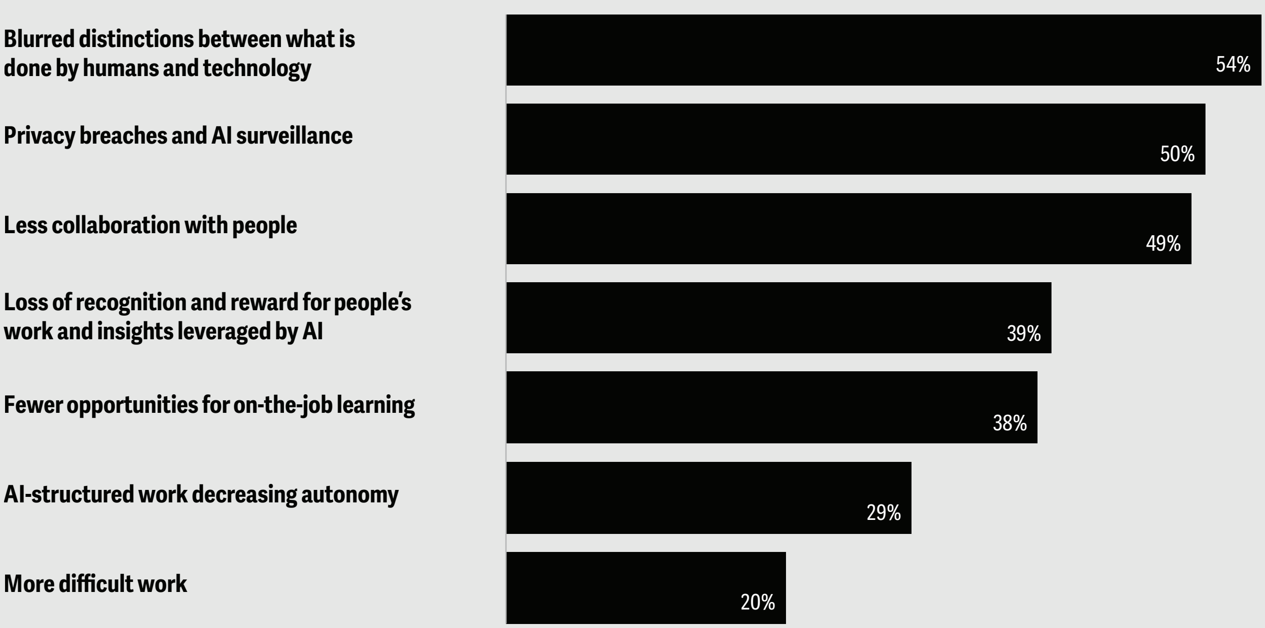
For example, AI often does the easy, rote work, leaving only the hardest tasks for workers. It may reduce human agency (for example, telling a driver which route to drive rather than letting them decide for themselves). It may reduce person-to-person interaction, contributing to loneliness and isolation[2]—at one hospital, for example, an intelligent robot fills prescriptions that are distributed by pneumatic tubes, leaving pharmacists to work in their cubicles.[3]

Likewise, studies have shown use of AI can contribute to burnout.[4] Elizabeth Anne Watkins, a social scientist studying human and machine collaboration at Intel, explains how many workers wonder how they are supposed to spend time not only doing their jobs but also teaching machines how to do their jobs.[5] And when AI takes on tasks traditionally performed by early career workers, it can lead to a loss of learning opportunities.[6] Consider medical coding: Companies using AI-based coding systems may need only experienced coders who can audit the system's decisions, eliminating entry-level roles where people can gain experience.[7]

Both workers and organizations are increasingly concerned about these potential impacts. An informal poll conducted during a Deloitte webinar in December 2024, which included about 3,900 workers and leaders primarily based in the United States, found that the blurring lines between humans and tech, privacy concerns, and the loss of human interaction are looming questions for many (figure 1).

Figure 1

Top concerns about the potential silent impacts of AI



Source: Informal poll of 3,907 workers primarily based in the United States conducted during a Deloitte webinar, December 2024.

Figure 2

AI's potential silent impacts

The common narrative	Potential silent impact	The worker experience
AI improves our productivity and well-being by reducing our workload.	Increased workload and stress	77% of surveyed employees say AI has increased their workloads and decreased their productivity,[8] and 61% say it will increase burnout.[9]
AI makes our work easier.	Harder, more complex work	Up to 45% of routine work activities can be automated by AI, while only a small portion of complex tasks can be.[10]
AI empowers us with new tools and agency.	Decreased autonomy	14% of surveyed European workers are subject to algorithmic management,[11] and workers directed by AI may put less care and effort into work and perform less accurately.[12]
AI + teams = Super teams	Isolation and loneliness	33% of surveyed workers say they lack human interaction and collaboration because of AI,[13] and 28% say it has led to the loss of personal connection.[14]
AI helps us learn by putting collective knowledge at our fingertips.	Reduced opportunities for growth[15]	28% of surveyed early-career workers say they have fewer on-the-job learning opportunities due to AI.[16]
Workers get new machine teammates	Blurred distinctions between human work and machine work	54% of workers and leaders are concerned about blurred distinctions between work done by humans and technology, the number one concern cited in an informal Deloitte poll.[17]
AI creates volumes of newly available worker data and insights.	Problems with data privacy, responsibility, and ethics	About 60% of surveyed workers say employee turnover has increased as a result of their organization's attempt to collect and use worker data with AI and other technologies.[18]

Source: Deloitte analysis.

These challenges contrast with the common narrative that AI can be used to make us more productive or make our work easier, among other benefits (figure 2).

Navigating these dynamics will be central to capitalizing on AI's potential for both workers and business. To that end, organizations' EVPs should incorporate a clear understanding of AI's impact on work, workers, and people's relationship with employers. The need becomes more important by the day, as AI use continues to spread quickly: In particular, generative AI has had a significantly faster adoption rate than previous major technologies like the personal computer and the internet:[19] Global use of gen AI jumped from 55% in 2023 to 75% in 2024.[20]

People and AI, indivisible?

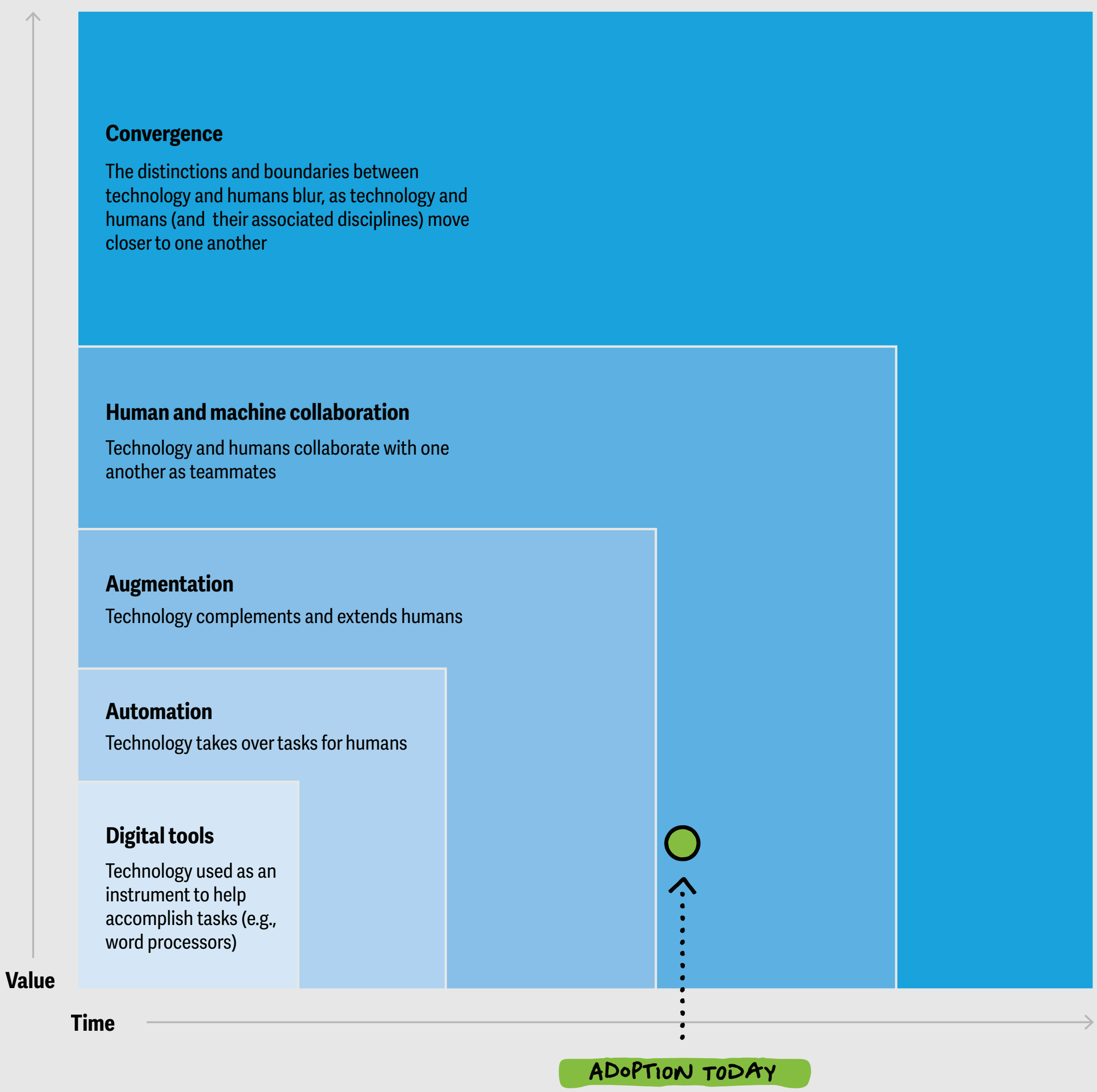
AI fundamentally changes the relationship between workers and technology, as people work with machines in ever more intertwined, integrated ways—heightening the urgency to revisit the EVP.

The narrative around AI first centered on task replacement through *automation*. Next, it shifted to *augmentation*: assisting and extending people's capabilities. As AI technologies matured, a more nuanced understanding emerged that emphasized the potential for *collaboration* between humans and AI. In this model, people and AI interact side-by-side as teammates. Most organizations are at the beginning of this stage.

Looking out toward the AI horizon, a new era may be dawning in which the distinctions and boundaries between technology and

Figure 3

Are we entering a new era of AI and human convergence?



Source: Deloitte analysis.

humans may blur. Consider the ways more human-technology interfaces, such as voice and gesture interfaces, can seamlessly integrate AI into people's lives and work.[21] Or how AI increasingly can act as an extension of an individual—for example, embedding the person's expertise into its algorithms, or becoming digital representations of them that act on their behalf as agents or co-pilots.

"Digital Doug" is one example. Doug was a much-loved automotive company employee who was full of institutional knowledge. Before he retired, he volunteered to be monitored by an algorithm that would learn from his actions. That process birthed Digital Doug, an AI application that makes human Doug's rare, specialized knowledge available forever and at scale and coaches others in how to use it.[22]

We call this growing integration *convergence*—moving toward the same point and coming closer together or meeting. Its possibility suggests technology could move beyond acting as an enabler, facilitator, and teammate and become woven into the very fabric of the workforce (figure 3).

Getting the human part right in an era of collaboration and potential convergence requires leaders to grapple with thorny questions and important strategic tensions (figure 4), including:

- How do we optimize the ways people work with AI for both business outcomes and human sustainability?
- How do we balance the need to automate for greater efficiency with the need to augment and collaborate with AI to realize growth and human potential?
- How does AI's ability to be creative change the worker experience, the worker-organization relationship, and the workforce value proposition?
- How much should we enable workers to redesign work with AI versus managing work redesign from the top down?

Nine signs pointing to a possible era of convergence

How can we tell convergence of human and machine is on the horizon?[23]

Technology becomes more human, with more human-like interfaces and capabilities.

- The body electric: Technology becomes more human, with more human-centric interfaces
- Artificial EQ: Technology takes on more human capabilities
- The rise of humanoids: Robots increasingly resemble and mimic humans

Technology increasingly acts as an extension of an individual.

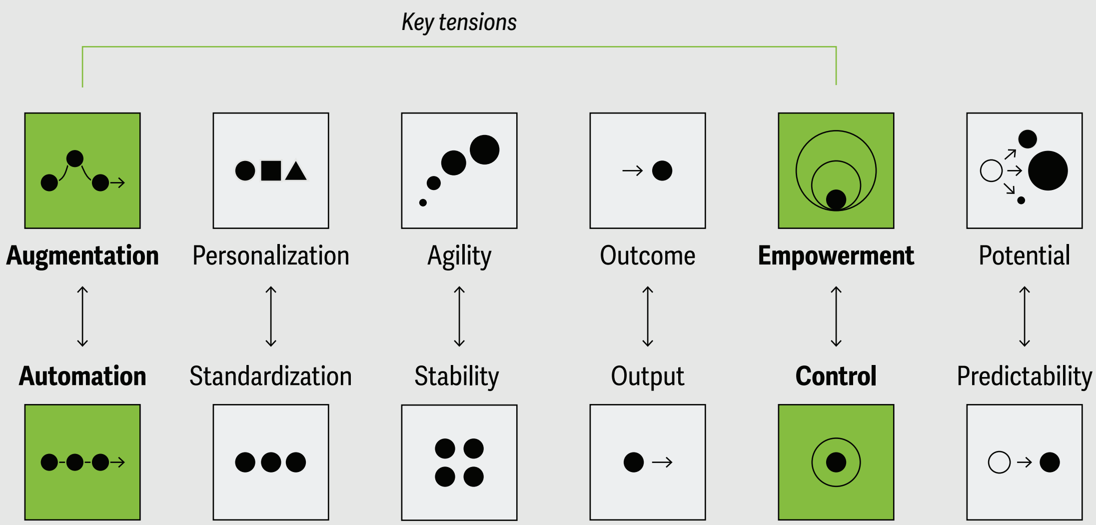
- From centaurs to cyborgs: AI becomes integrated into human workflow, acting with us more like an integrated "cyborg" than a "centaur" with a clear-cut division of labor[24]
- Digital doppelgangers and agents: Digital agents act on people's behalf
- Machine-student learners: Humans teach AI, and AI teaches humans

Disciplines converge as technology advances.

- Every human is a coder: All talent can now be tech talent
- Engineering and humanities unite: Multidisciplinary skill sets are in demand
- Quali-quant-itative: Qualitative data joins quantitative data, helping us understand the "why" and the context behind the insights

Figure 4

Navigating tensions: Where you'll likely need to find balance in creating a human value proposition for the age of AI



Source: Deloitte analysis.

Considerations for creating a human value proposition for the age of AI

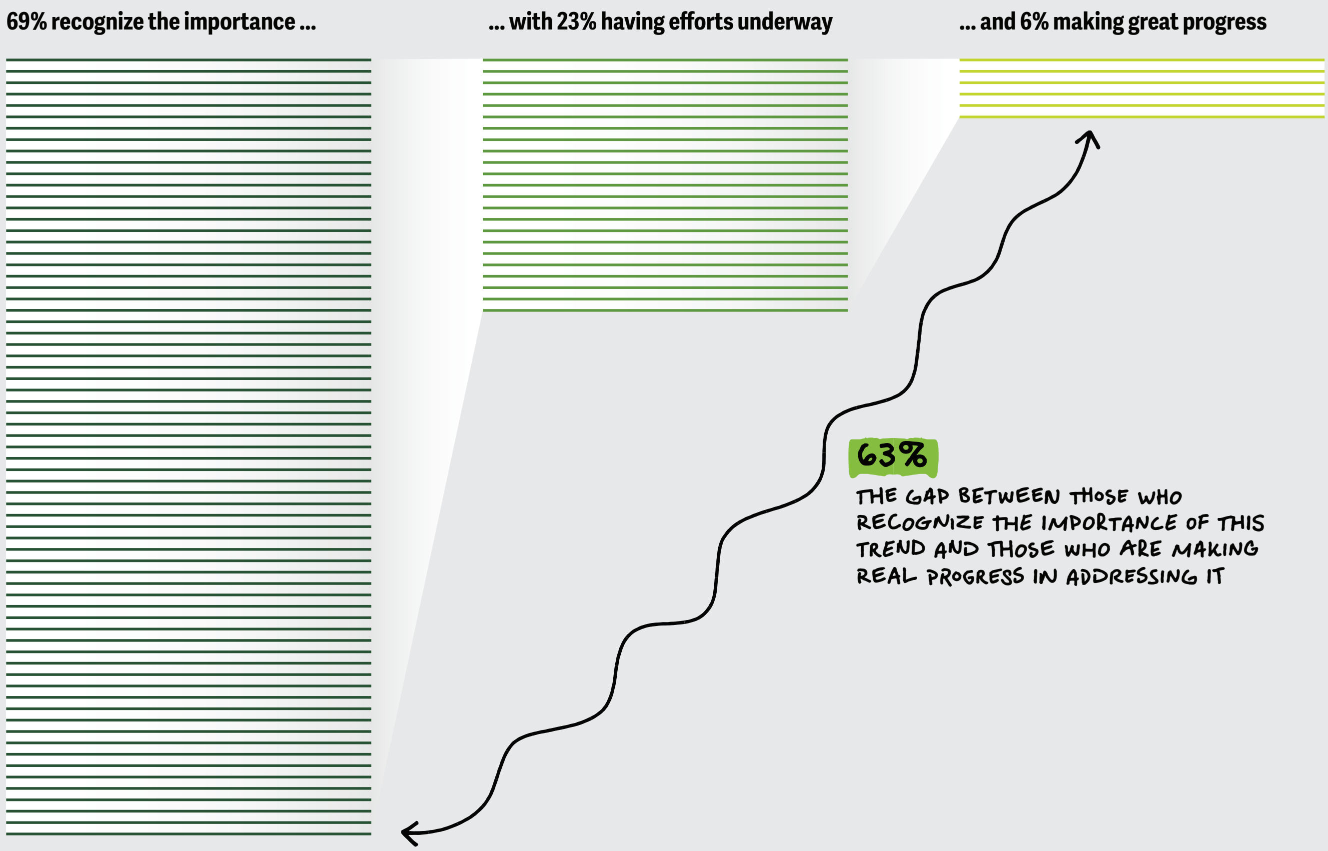
The collaboration and possible convergence of AI and people make technology's promise inextricable from human potential. That means we can't realize the value of AI without accounting for its impact on the human experience—and we can't create a compelling human experience without accounting for the impact of AI.

Leaders appear to be paying little attention to this shift, much less augmenting their EVPs to account for it. According to our 2025 Global Human Capital Trends survey (see "Methodology"), only 52% of respondents view unlocking the potential of blurring human and tech boundaries as very or critically important. To the extent they have considered the people side of AI transformation, most have focused mainly on tactics—exploring use cases, AI adoption and change management, AI fluency, and the disaggregation of jobs into tasks to determine which to assign to machines or humans.[25] And while organizations are just beginning to recognize the importance of reinventing their EVP to reflect increased human-machine collaboration, making progress has been challenging (figure 5).

Figure 5

Organizations say reinventing their EVP to reflect increased human and machine collaboration is important, but few are making great progress

Percentage of respondents answering the questions: "How important is reinventing the EVP to reflect increased human-machine collaboration?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

A human value proposition for the age of AI will not be a replacement for the traditional EVP. It will be an evolution of it—an update for a world in which the half-life of skills is shrinking and the boundaries between workers and machines are blurring (figure 6).

Let's look a little deeper at some examples of what this evolution of an EVP might take into consideration.

How can you share the rewards AI creates with workers?

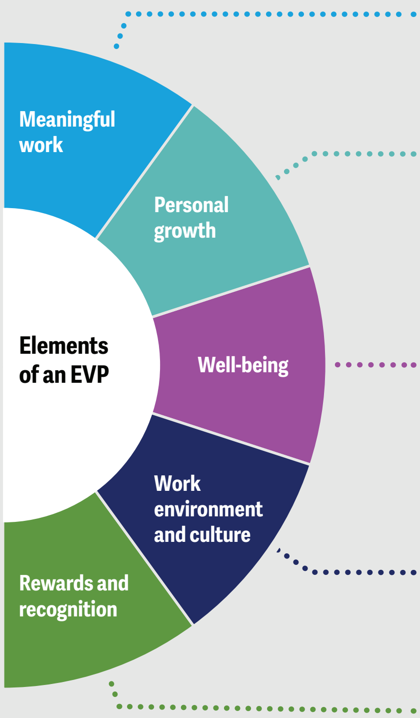
Organizations are almost six times as likely to receive significant financial benefits from AI when their workers personally derive value from it.[26] Our survey found that more than half (56%) of respondents say it is very or critically important to share the rewards that AI creates with workers. Yet, most organizations (77%) aren't doing anything meaningful about it.

To figure out how to share AI-created rewards, organizations will need to navigate some tricky terrain. To offer one example, should Doug receive ongoing rewards after retirement, since his expertise is now applied at scale through "Digital Doug"?

As you consider this issue, maintain perspective on the people and work at the heart of your business. For example, stock image provider Shutterstock trained its Shutterstock AI image generator on the library it had built over years working with photographers—but

Figure 6

Considerations for updating an EVP for the age of AI



Can you use AI to create hyper-personalized work experiences based on individuals' unique motivations?	How can you capitalize on AI to create more "slack" time?	How could AI enable greater agency and autonomy for workers?
How will you cultivate human capabilities, adaptability, and resilience?	Can we help workers learn from AI and AI learn from workers?	When AI disrupts workers' ability to gain experience, can you provide on-the-job learning and opportunities to practice judgement?
Can AI efficiencies help support work-life balance, possibly through shorter work weeks?	How will you ensure data privacy and responsible use of worker data?	What are you doing to ensure safety for workers interacting with humanoids or other physically embodied AI?
Do you give people freedom to play and experiment with leading-edge AI technologies?	Can you give every worker an AI intern?	Can you use AI to tailor workspaces to individual preferences?
How can you share the rewards AI creates?	How can you recognize a worker when AI uses their data, work, or expertise?	How can you use AI to treat everyone like a high-potential worker?

Source: Deloitte analysis.

only after securing their permission and offering them royalties for the use of licensed images. "It's about protecting the core of our business, but also respecting the core, which is the artists and the contributors," said Michael Francello, then director of innovation at Shutterstock, in an interview with Deloitte in 2023.[27]

Likewise, Waste Management, a North American waste and environmental services organization, is piloting a program that lets drivers stray from AI-optimized routes for various reasons but gives them a financial incentive for generally following the routes and picking up more trash. "We're … sharing some of the productivity pickup in the form of wages back to the driver," says one executive in an interview with *The Wall Street Journal*.[28]

Appraising performance based on joint human and machine outcomes could help workers share in the wealth AI creates. "We don't need to evaluate performance based on whether people are using AI," said another executive to Deloitte. "If you measure outcomes, the means will sort themselves out: The people who use AI will likely get better outcomes and therefore get more rewards."[29]

How can AI efficiencies help support work-life balance?

When contemplating sharing rewards, consider whether AI might enable your people to work less. Use of AI made it possible for Canadian law firm The Ross Firm Professional Corporation to implement a four-day work week.[30] Many other AI-empowered organizations may follow suit: One Tech.co survey of 1,000 business leaders found that 93% of businesses where AI is critical to business function are considering a four-day work week, compared with 41% that aren't using AI at all.[31]

How can you use AI to treat everyone like a high potential?

In our survey, respondents indicated that, among workplace practices, performance management was the second-most important area for change, after learning and development, given the growing collaboration between humans and technology. With the help of AI, organizations can give every worker high-potential treatment. AI-powered talent marketplaces can place everyone in stretch assignments, provide everyone with an AI agent that acts as a personal intern, and deliver personalized coaching at scale. For example, Amazon gives workers an AI coach that provides ongoing coaching and feedback based on the experience and evaluations of everyone it has hired.[32]

How can you cultivate human capabilities, adaptability, and resilience?

The proliferation of AI increases the need for organizations to develop human capabilities like collaboration and emotional intelligence. For workers, well-honed human capabilities are more important than ever to employability, making their development an increasingly valuable piece of the EVP. According to our 2025 Global Human Capital Trends survey, organizations that prioritize developing human capabilities are nearly twice as likely to have workers that feel their work is meaningful and twice as likely to have better financial and business results.

Financial services organization USAA has intentionally made the development of human capabilities in light of AI part of its EVP. Amala Duggirala, executive vice president and enterprise chief information officer of USAA, explains, “As a result of AI transformation, we have started planning for the skills of the future, and the ways to re-skill our workforce to align with these future skills. This will also involve the employee value proposition shifting to skills that are uniquely human—and moving away from skills that machines can master. Our planning and intent are oriented toward giving employees the opportunities and training to adapt as the work environment changes.”[33]

How can we help workers learn from AI and AI learn from workers?

Organizations also need to think about learning as a two-way street: People and AI need to learn from each other. Consider global energy company Repsol, where workers at refineries analyze production options generated by AI, incorporate hard-to-quantify context, and feed their analyses back into the AI system—thereby changing its processes so it gets better at helping workers learn.[34]

Recognizing this shift, 57% of leaders surveyed in an informal poll during a Deloitte webinar say they need to go beyond AI fluency programs and teach people how to think with machines to create better human and business outcomes.[35]

As agentic AI—systems that can act autonomously to achieve goals with minimal human intervention—comes onto the scene, organizations may need to go from keeping humans in the loop to keeping humans *on* the loop, with AI agents consulting humans when they get stuck, like a junior employee might with a senior counterpart.

How can we empower workers to play and experiment with AI?

The winning organizations of the future may be the ones that empower workers to use AI to achieve the highest level of performance: providing their people leading-edge AI tools, encouraging them to play and experiment, and supporting them in learning to use the tools well and responsibly. That process will include education on what AI can and can’t do.[36] One study found that generative AI can improve highly skilled workers’ performance by nearly 40% when it is used within the boundary of its capabilities, but using AI outside that boundary causes worker performance to decline by 19%.[37]

Organizations will want to encourage workers to use AI in new ways and to share what they learn—navigating the strategic tension between control and empowerment. “Here’s what we don’t want to happen,” says Ryan Duguid, former chief evangelist for software company Nintex. According to *Forbes*, Duguid said, "We don't want workers who self-automate to keep this to themselves. We want to reward their agility and curiosity.[38]

The path to an evolved EVP: Where to start

Starting with the framework and questions above, organizations will need to continuously reevaluate and enhance their EVPs based on evolutions in technology and their impact on work and workers. Eventually, AI could even change organizations' fundamental structures. Wharton professor Ethan Mollick observes that today's structures have been built to accommodate finite human expertise and attention by delegating tasks and establishing layers of management to make decisions. To add expertise or attention, organizations had to add people, demanding a larger hierarchy. In the future, organizations could add expertise and attention *without* expanding the hierarchy—potentially unlocking worker autonomy like never before.[39]

How can organizations begin to move toward a new EVP that accounts for how AI is transforming work and the worker-organization relationship?

- **Study workers' use of AI and its silent impacts.** Half of leaders in a Deloitte survey say they recognize the need to study how different types of workers work with AI to help them create better human and business outcomes.[40] They can use any number of methods, including anthropological research, surveys, focus groups, and sentiment analysis; they can even use AI itself to collect data on the effectiveness of human and machine collaboration. Elizabeth Anne Watkins, for example, is on a team of social scientists at Intel who study how AI and human workers interact, including unintended impacts.[41]

- **Share the plan for AI with workers.** Transparently spell out how AI will affect work, how the organization will help workers create optimal new ways to work with AI, and how AI will create value for workers as human beings, thereby improving trust and human sustainability.

  USAA's CEO, for example, broadly and transparently communicates to all employees about the impacts of AI. These communications are frequently reinforced from line of business leaders, as well from leaders from both HR and IT. All employees also receive introductory AI training to promote awareness and understanding of the technology and its potential.[42]

- **Forge a relationship between the HR and tech functions.** Creating a new value proposition for the age of AI requires expertise from both the tech and people domains. In a recent Deloitte survey, 30% of executives said they believe that to create better human and business outcomes, they need their chief information and chief digital officers to join forces with the chief human resources officer to optimize human and machine collaboration and help people work with AI. Another 11% said they believe that the role of chief human resource officer should shift to being "chief human and machine resource officer."[43]

  Some organizations are experimenting with creating new roles that combine HR and IT expertise such as senior vice president of people eXperience and technology.[44] Deloitte research reveals that dual-titled executives that span across multiple functions are growing increasingly common in functions like HR.[45]

  Others, like USAA, are forging strong relationships between the HR and tech functions, with the chief human resource officer and the HR organization taking on a significant role in strategic workforce planning in light of the impacts of AI and preparing and transitioning the organization as AI and its adoption evolves.[46]

Revising the value proposition you offer your people will likely be critical in the years to come. Over 70% of managers and workers are more likely to join and stay with an organization if its EVP helps them thrive in an AI-driven world. Another 18% say this aspect of the EVP will be important to them in the next three years.[47]

As you redesign jobs, reimagine organizational design, and reconfigure business processes in light of AI, seek to elevate both human and business outcomes. Your AI investment is counting on it—and so are your people.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Closing the experience gap

Organizations struggle to find talent with the experience they need—just as workers struggle to find foothold roles where they can gain it. How can we bridge the gap?

David Mallon, Sue Cantrell, and John Forsythe

As technology and other forces change work, organizations around the world are having difficulty finding the experienced talent they need.[1] Often, the people they do hire are unprepared for the changing demands of the work. Two-thirds (66%) of managers and executives in Deloitte's 2025 Global Human Capital Trends survey (see "**Methodology**") say that most recent hires were not fully prepared, and experience was the most common failing. In this new world, the gulf that is hardest for organizations to close is not the skills gap—it's the experience gap.

Some organizations are responding by raising experience requirements. Research from the World Economic Forum found that 61% of employers have increased experience requirements in the past three years.[2] And most so-called entry-level jobs now require two to five years of experience.[3]

Meanwhile, both new workers and career-changers struggle to find foothold jobs (for example, entry-level roles or new jobs from a career transition) where they can acquire experience, even in sectors that are desperate for people.[4] Recently hired workers can quickly find themselves under pressure, and many may be fired because they lack the experience needed.[5] Alternatively, they may end up underemployed—trapped in less-rewarding career trajectories that don't align with their education and training.[6]

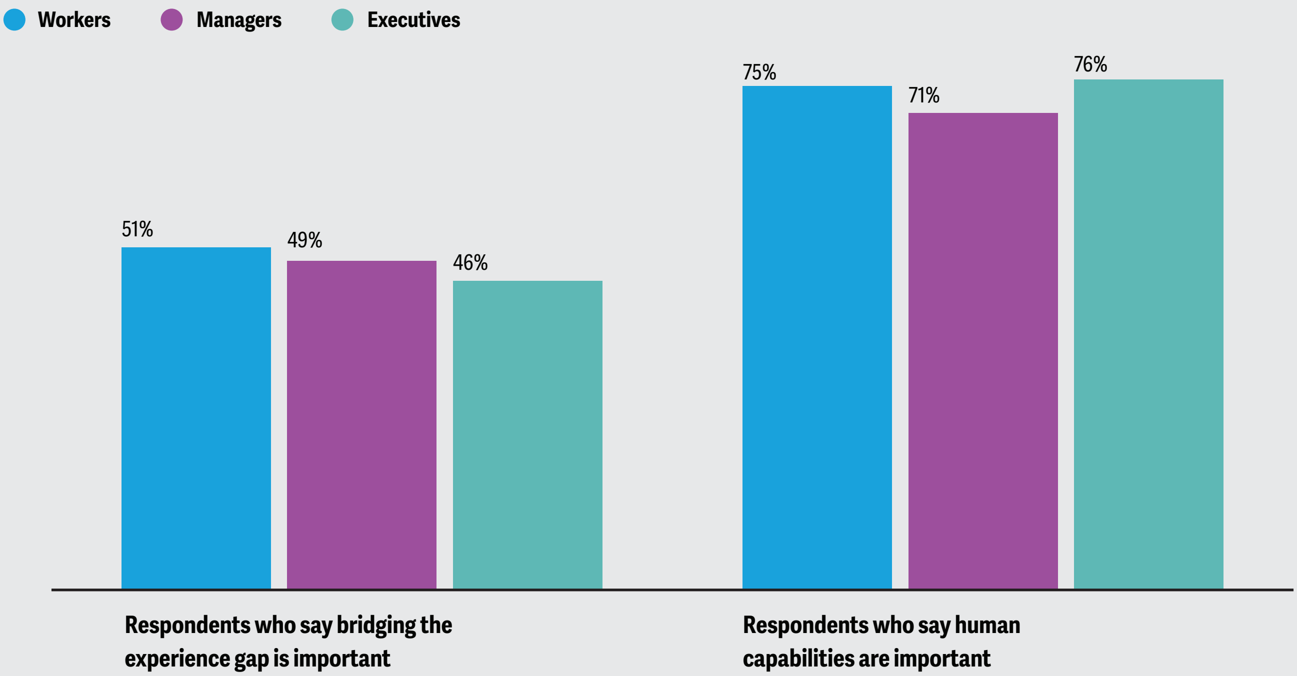
Executives continue to rate critical talent shortages one of their greatest fears,[7] while job-seeking workers report despair about their prospects.[8] And yet neither side seems prepared to address it.

Our research reveals that the experience gap is not widely acknowledged as an important challenge for organizations, with just 48% of respondents saying it's very or critically important. By contrast, a high

Figure 1

Prioritizing human capabilities ranks high in importance, but organizations are just beginning to understand their relationship to experience

Percentage of respondents answering "very important" or "of critical importance" to the question: "How important is prioritizing human capabilities (e.g., curiosity, emotional intelligence, etc.) in the organization's workforce practices?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

percentage of respondents cite an urgent need to prioritize enduring human capabilities (figure 1) such as curiosity and emotional intelligence. These two needs are closely related: Human capabilities are essential to adaptability and are assumed to strengthen with experience, and calls for both experience and adaptability reflect an underlying need for workers with well-honed human capabilities to navigate constantly shifting contexts.

This experience gap—the gulf between what employers demand and what workers bring—presents a thorny and ever-present riddle: Workers can't get jobs without having the required experience. But they can't acquire the necessary experience without foothold jobs or equivalent opportunities. Peter Cappelli, professor of management at the Wharton School, sums it up this way: "Everybody wants to hire somebody with three years' experience, and nobody wants to give them three years' experience."[9]

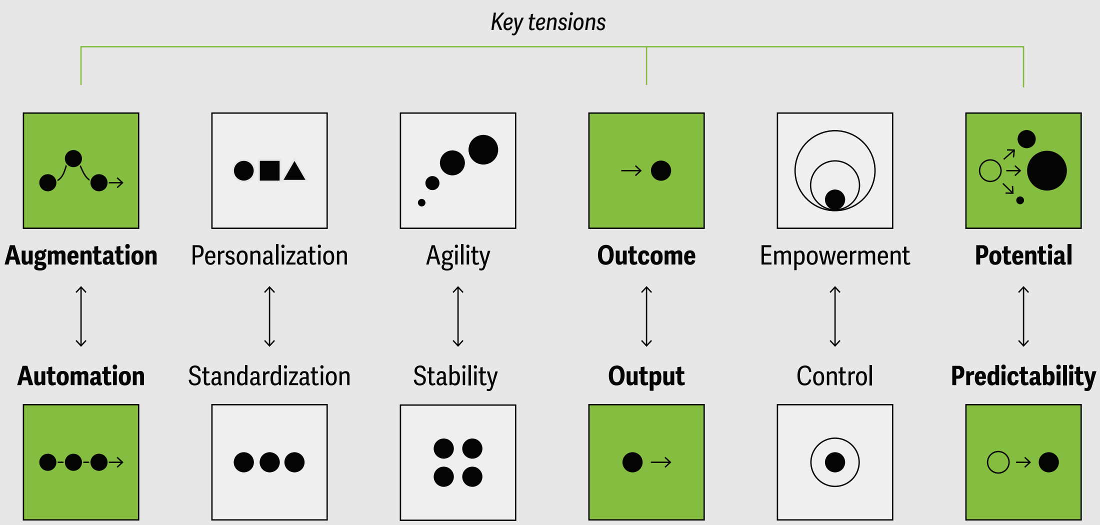
While this gap has always been a challenge, the ability to gain experience is being complicated by new developments such as AI taking on certain tasks, the erosion of the apprenticeship model with remote work, and the growing complexity of work, which increasingly demands more—and more varied—types of experience.

Where can workers begin when it's never been harder to start?

Closing the experience gap is possible, but it will require changes on both the supply and demand sides of the talent market. Hiring organizations, job seekers, and educational institutions all need to reflect on the capabilities organizations truly seek when they impose experience requirements so they can determine how to meet those underlying needs—including new approaches they might take.

Figure 2

Navigating the tensions: Where you'll likely need to find balance to bridge the experience gap



Source: Deloitte analysis.

Organizations will need to consider their plans in the context of key workforce tensions, such as automating tasks versus augmenting people's ability to perform them (figure 2). In addition, leaders will also need to make decisions between using number of years of experience as a predictable output versus the potential for workers to achieve outcomes without directly relevant experience.

What is experience, really?

What do we mean when we talk about experience? Most people think of how much time has been spent executing directly relevant tasks. But time spent is a proxy, and a potentially poor one, for what leaders need from workers.

What leaders really need from experience in today's environment is an expanded definition: the ability for workers to apply skills, knowledge, and human capabilities in context—under real-world conditions and external constraints—to create outcomes.

An individual's potential, skills, and human capabilities such as curiosity, emotional intelligence, and problem-solving can be applied across multiple contexts. Over time, workers develop mental frameworks that enable them to quickly process new contexts and adapt their performance accordingly.

Human capabilities and potential should receive billing at least equal to skills (figure 3), and they should serve as equal anchors for matching workers to work. For example, consider why a restaurant server might be an effective candidate for a department store floor sales job. The reason is not just their customer service skills, but also their ability to empathize with customers (a human capability), and the potential to grow over time to take on new responsibilities. By applying these in context and practicing them in a new domain, they can build the experience the organization needs.

When an organization attaches an experience requirement to a role, it's betting that a worker who has practiced applicable tasks over the specified time will have repeated the process enough in different contexts to develop judgment and form the frameworks that support adaptability.

Figure 3

What do we mean by experience, anyway?

What do leaders want from experience? Adaptability in different contexts. How do they get it?

Traditional view of experience	**Expanded** view of experience
Number of years of directly related experience as a proxy	Application of human capabilities and technical and functional skills in real-world contexts
WHAT LEADERS THINK THEY WANT FROM EXPERIENCE	WHAT LEADERS REALLY MEAN AND NEED BY EXPERIENCE

Source: 2025 Deloitte Global Human Capital Trends research.

Deloitte has long-defined skills broadly to encompass "hard" or technical skills (such as coding, data analysis, and accounting), human capabilities (such as critical thinking and emotional intelligence), and potential (including latent qualities, abilities, or adjacent skills that may be developed and lead to future success). Eventually, we see the word "skills" as becoming short-hand for more granularly defining workers as unique, whole individuals—with an array of skills, interests, passions, motivations, work or cultural styles, location preferences and needs, and more.

Johnson & Johnson, for example, recently shifted beyond a strictly skills-based approach to a whole-person model that considers skills, experiences, aspirations, traits, and motivations. Likewise, organizations should focus on defining "whole work," including the outcomes, skills, human capabilities, and importantly, contexts in which the work will happen.

Medtronic, a medical device company, sought to diversify its workforce and remove barriers for job seekers by moving away from traditional degree requirements. The company partnered with workforce education provider InStride to recredential 65 roles across 17 job families—not just inventorying the skills needed in those roles but also describing the contextual pathways in which those skills are used, then pairing developmental programs with these pathways. The exercise is helping attract a broader pool of talent, create a more inclusive hiring process, and ensure that workers are prepared to use skills in context. Today, half of Medtronic's information technology workers are in roles that do not require a degree.[10]

Why is it more difficult to gain experience today?

Organizations were historically built to accommodate a flow of workers with little experience, and workers were allowed to grow into creating value. Entry-level roles suited a wide variety of candidates and involved work that required only human capabilities and widely transferable skills. Many organizations employed immersion and apprenticeship models where less experienced workers gain knowledge and wisdom from experienced colleagues through repeated exposure to the work and ongoing guidance.[11]

Shifts in the world have undermined those models.

- **The work itself—for both white- and blue-collar workers—is moving from predictable and routine to context-specific and exception-based.**[12] Work increasingly requires more specialization, judgment, and the ability to manage complexity. But these are hard to develop without real-world practice.

- **Economic and market pressures force organizations to be more lean and agile.** Automation, offshoring, and outsourcing reduce the need for workers in entry-level roles (which includes roles that don't have significant skill requirements). Many organizations have shifted toward leaner, flatter structures with fewer managers and more contingent workers—eliminating roles that traditionally provided advancing talent with both mentoring and career stepping stones. The drive to minimize costs and maximize agility also reduces organizations' capacity and appetite to support a layer of developing workers who are still growing in their capabilities.

- **The pursuit of efficiency is pushing greater responsibilities to lower organizational rungs,** raising experience expectations for staff in roles that might have once served as early career footholds. For example, interactions patients once had with their doctor were pushed first to nurses and now are often delegated to nurses' assistants.

- **Early-career workers often are less prepared for work.** Social connection and interaction appear to be declining rapidly, especially among young people.[13] Teen employment is generally low globally[14] and has been in steady decline for decades.[15] These developments have hindered development of the social and emotional qualities new workers need to operate effectively. Nearly 6 in 10 (57%) US hiring organizations told a December 2023 survey that recent college graduates lacked professionalism required for work, and almost 4 in 10 (38%) avoid hiring recent Gen Z college graduates in favor of older workers because of these gaps.[16]

These trends have been underway for years, but AI and other technologies amplify them. New technologies can perform certain rote tasks more efficiently than more junior workers; the work that remains increasingly involves addressing complex, exceptional situations. And the more powerful the technology, the more necessary and valuable workers' judgment becomes.

The status quo is likely to disappoint both organizations and their people in the years to come. Organizations need new approaches to bring people in and develop their capabilities. Those that succeed stand to create stronger, more sustainable outcomes for both their business and their people.

What's at stake?

The chasm between organizational needs and workers' experience could be detrimental to organizations. Recent studies suggest that there may be a global talent shortage by 2030.[17]

Despite this potential shortage, many countries in the world are currently facing significant challenges of unemployment and underemployment, pointing to the experience gap dilemma.

Consider the following:

- 42% of workers in India under the age 25 who have a graduate degree were unemployed as of 2022, despite an overall unemployment rate of just 6.6%.[18]

- Only about half of US workers with a bachelor's degree secure employment in a college-level job within a year of graduation; the other half end up underemployed, typically for about 10 years.[19]

- China's youth unemployment rate reached a record high of 21.3% in 2023.[20]

Organizations that don't take steps to overcome the experience gap face the prospect of atrophied pipelines for future talent.

Closing the experience gap will equip hiring organizations to be smarter and more strategic about where and how to look for the capabilities they need while expanding the sources of talent available to them.

For workers, the challenges may be even more acute: gainful employment today and rewarding financial and career outcomes tomorrow. Addressing this gap will better position workers to make informed choices about where and how they prepare themselves.

WHO'S RESPONSIBLE FOR BUILDING EXPERIENCE?

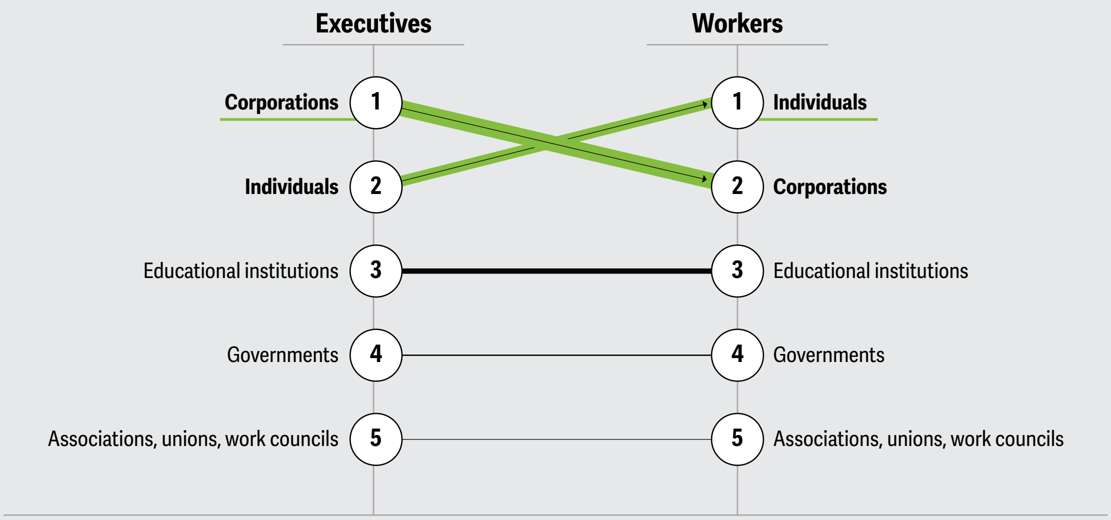
Both workers (72%) and executives (73%) surveyed believe that organizations should do more now to provide existing workers with more opportunities to gain experience.

When asked which entity was most responsible for ensuring that the workforce has the skills and experience to be hireable moving forward, their top five choices show that they place more faith in each other than in other institutions (figure 4).

Figure 4

Who is responsible for building experience?

Which of the following entities do you believe is most responsible for ensuring that the workforce has the skills and experience required to be viable in today's marketplace?



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Closing the experience gap through sourcing and development

While most talent acquisition strategies rely on sourcing candidates based on years of experience, a new mindset and set of practices is needed for both sourcing and ongoing development of people to close the experience gap.

To do so, organizations should develop and source from external pools that provide ingredients of experience. Pair sourcing with experiential learning to help create talent pools composed of candidates who have the judgment and adaptability that typically come with experience.

Consider the following approaches for sourcing.

- **Unpack experience and degrees together.** Many organizations are removing degree requirements. It makes sense to unpack experience requirements at the same time to make sure they align with the organization's underlying needs.

- **Audit your recruiting algorithms.** Use talent acquisition tools but verify their work. New sourcing and hiring tools can make it harder for less experienced workers to get a foot in the door. They can narrow employers' field of vision in ways that can make it difficult for potential workers with experiences in transferrable contexts to get noticed, especially for new entrants and career-changers. One way of doing this, for example, is to remove a stringent requirement of years of experience in a directly related job as a filter for candidates.

- **Capitalize on internships.** Employers overwhelmingly believe internships yield higher return on investment than any other strategy for recruiting new hires, and interns tend to convert to full-time faster and stay longer than other candidates.[21] Internships also deliver major benefits to workers: Completing an internship while in school substantially reduces the risk of long-term underemployment.[22] Take advantage of the proliferation of solutions providers such as Handshake and Podium Education,[23] which can help connect organizations with potential worker-learners. Internships should be paid to ensure a broad and inclusive talent pool.

- **Reconsider apprenticeships.** Apprenticeships are long-term relationships between a student worker and an organization. While apprenticeships can have substantial early costs, research shows they typically are profitable investments for organizations and workers.[24] In Switzerland, apprenticeships are used in a range of industries and professions, including banking, retail, and IT.[25] They are on the rise elsewhere, expanding to include "higher apprenticeships"[26] that provide degree-like accreditation and target knowledge work. For example, the UK's National Health Service has partnered with a number of universities to create a pathway to becoming a doctor via apprenticeship rather than through traditional education.[27]

  Intel,[28] TSMC[29] and other semiconductor companies are expanding apprenticeship programs to address the sector's growing talent shortage. As part of Australia's Industry 4.0 initiative, Siemens has partnered with Swinburne University to pilot and scale an apprenticeship program in which students work on real industry projects, gain practical experience, and earn an associate degree.[30] The combination of academic learning and practical experience helps apprentices learn to navigate the rapidly changing technology landscape, making them more resilient and versatile in their careers.[31]

- **Partner with higher education.** Cooperative education and work-integrated learning programs combine periods of classroom instruction at educational institutions with paid, discipline-related work experience at organizations. Schools such as Northeastern University (United States), University of Waterloo (Canada), and Swinburne University of Technology (Australia) are rising in popularity because they offer opportunities to gain experience while learning.[32]

Our 2025 Global Human Capital Trends survey found that learning and development was the talent process most in need of reinvention due to AI-related disruption in work. Reinventing learning and development will take more than new methods or tools; it will require organizations to rethink where they focus workforce development and why.

Most executives in our survey gained experience the traditional way: More than half (57%) indicated their primary source of initial experience was an apprenticeship, an internship, or an entry-level or part-time role. Then, they rose through the ranks after excelling in roles that today are scarce. These execs may struggle to understand and empathize with workers' predicament—potentially creating headwinds to developing talent in the near term and to building benches of long-term leadership prospects.

Organizations can take a whole work approach to development by integrating skill-building with practical, contextual experience, thereby helping workers build judgment and adaptability.

Consider the following approaches for development.

- **Upskill in context.** As in the Medtronic example above, workers can develop skills for and within the context of target roles, so they can directly apply what they learn.

- **Create micro-opportunities to develop judgment.** Provide less-experienced workers with controlled environments where they can make decisions and practice judgment, such as through talent marketplaces and in digital playgrounds (safe digital environments in which people can practice and play).[33] Targeting specific skills in context can be an effective way to frame talent marketplace gigs for greater impact,[34] and including reflective learning moments helps lock in the benefits.[35]

- **Work closely with managers.** Managers may continue to be the biggest proponents of experience requirements through hiring practices, and they are overwhelmed. Our research shows that managers spend just 13% of their time, on average, on tasks such as hiring and onboarding. Yet managers should play a critical role in accelerating the sharing of tacit knowledge and gaining experience.

Closing the experience gap by reimagining work

Reimagining the work itself—especially the ways humans and machines can work together—may offer effective solutions to bridge the experience gap.

Leaders can start by redesigning roles to enable workers to practice judgment and accelerate experience over time. The following strategies can encourage workers to exercise judgment and gain work experience.

- **Design for gateways and possible future paths.** Recent research by Guild found that organizations often have too few steppingstone roles where junior staff can grow into fully experienced talent.[36] Trends toward flattening and hollowing out of organizations may exacerbate the problem. To overcome this challenge, organizations can design individual roles with developmental pathways in mind. Some organizations are taking this approach already, intentionally bringing back roles designed to be feeders for critical positions. Organizations also might consider assigning some tasks to people instead of automating them to capitalize on the work's long-term developmental benefits. They should avoid creating entry-level roles comprised of only undesirable tasks or lacking obvious progression opportunities.

- **Design for teams.** Scope roles based on the experience required for the whole team, and construct teams made up of people with varying types and degrees of experience. One theme that emerged from interviews for this year's report was the effectiveness of pairing novices with experts. For example, BMW found that mixed teams outperformed others, as more-experienced workers contributed wisdom and less-experienced workers brought fresh perspectives.[37]

AI, when used responsibly, can also be integrated into the design of work and roles to help workers gain experience. Technological disruption is part of the cause behind diminishing low-experience roles in organizations. AI also can be part of the solution. Organizations can use AI to:

- **Harvest tacit knowledge.** Tacit knowledge is the unwritten, intuitive pattern recognition for work in context.[38] It is a big part of experienced workers' advantage. But tacit knowledge is hard to capture, in part because people often struggle to know why or how they know what they know. It is typically transferred through person-to-person social interactions, with attempts to capture and transfer it via technology largely unsuccessful.[39] AI could change the equation with its ability to glean insights from large amounts of data at a scale and speed not possible for humans.[40]

- **Supplement actions of less-experienced workers.** Using AI agents to assist the work of humans can help less-experienced workers grow into their roles. Many organizations, including Amazon (see "**Could AI be a team's experienced veteran?**") and major banks such as Goldman Sachs, Morgan Stanley, and Deutsche Bank,[41] are experimenting with AI tools not just to replace the synthesis work done by junior staff, but to augment it.

- **Accelerate the development of conceptual frameworks.** Experience provides conceptual frameworks workers can use to quickly evaluate new contexts. Although AI tools often are touted as sources of quick answers, nurses,[42] teachers,[43] salespeople,[44] managers, and others are finding value from AI tools that ask questions. AI coaches and tutors can enhance the development of workers' conceptual frameworks by offering personalized guidance, supporting reflection, and providing "extraheric" prompting[45]—posing critical questions to stimulate deeper thinking and creativity. Early AI-related research suggests that AI's impact on skilled worker performance is best when the AI tools encourage workers to exert "cognitive effort and judgment when working with AI" instead of simply adopting AI responses as given.[46]

COULD AI BE A TEAM'S EXPERIENCED VETERAN?

Covered in our 2024 chapter on digital playgrounds, digital doppelgangers are digital representations of people that replicate their skills, knowledge, and other attributes.

In essence, AI synthesizes the knowledge footprint of a person or team into a digital facsimile that could be scaled and shared broadly. Doppelgangers of experienced workers could serve as coaches or mentors to other workers or fill gaps in a team's experience. Research firm Gartner anticipates digital doppelgangers to become so common that by 2027, 70% of new contracts for employees will include licensing and fair use clauses for AI representations of employee personas.

Amazon recently introduced a generative AI culture coach—a model trained on internal documents such as performance reviews and promotion documents—to offer employees feedback and support in navigating day-to-day work interactions and decisions. It was developed specifically in response to the need for young people to develop experience and gain mentorship. In the words of Amazon's senior vice president of people experience and tech, "this coach is able to draw from the experience of all of the people that we've hired, all of the people that we've evaluated, what we said was good, and what we said was maybe not as good, or what could have been improved, and give that kind of feedback."

The path forward

The experience gap undermines organizations' and workers' ability to realize their potential. For organizations, a dearth of workers with the ability to apply their skills and human capabilities in different work contexts threatens to hamstring organizations' ability to achieve business goals. This is especially true in the AI era, when people and technology have the potential to multiply each other's value. For workers, a lack of foothold positions and clear career trajectories undermines their employability and other key aspects of human sustainability.

Leaders and executives today shouldn't wait for higher education or government policy to solve this problem. And the longer they wait to address it, the more their talent pipelines are likely to wither, and the harder it will be to repair them. Fortunately, organizations have many options to close the experience gap. Those that proactively and intentionally unpack the components of the "years of experience" proxy can use a range of tools and strategies to reproduce them—positioning themselves and their people to deliver value to each other for years to come.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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New tech. New work. Your old value case isn't enough.

In a radically changing tech and work environment, organizations need a new calculus to select, plan, assess, and achieve value from their work and workforce tech investments.

Victor Reyes, David Mallon, and Amy Sanford

Deciding whether to invest in technology and which technologies to choose used to be a relatively straightforward process for organizations. No longer.

Until recently, business technology's role was mainly to automate or facilitate work. The math behind investment decisions was simple: Paying $X to purchase and implement a new tech platform would increase efficiency by Y%, yielding a measurable, predictable return. Today, however, many new technologies promise to augment human capabilities—offering potential that may outweigh the predictability delivered by previous generations of tech.

This evolution has led to a major shift in organizations' main value cases for technology investments. Our 2025 Deloitte Global Human Capital Trends survey (see "**Methodology**") found that the top two business case drivers for investing in new technologies were enabling a workforce to do more, faster and decrease cost. Respondents said the most important drivers are enabling workers and machines to create value together, enabling the workforce to create new types of value, and improving worker well-being.

These responses present a new reality that complicates the ROI equation. The value case for the new technology investments must capture not just process efficiencies or a simple set of inputs and

Figure 1

Work and workforce tech value cases

In the past	Now and in the future
Four to five tech players	Hundreds of tech players
Two to three use cases	Dozens of use cases
ROI driven by automation, labor savings	ROI driven by wide range of metrics
Platform/ERP-driven tech	Ecosystem of tech options
Enables existing operations and processes	Enables new ways of working
Single functional owner/stakeholder	Multiple cross-functional owners/stakeholders

Source: Deloitte analysis.

outputs, but also the tech's impact on less easily measurable results traditionally associated with human capabilities, such as innovation, ways of working, and human performance and outcomes. The value case also needs to account for additional investments or changes necessary to realize the technology's promise.

In the face of a changing tech and work landscape with a myriad of new work and workforce technologies emerging daily, leaders likely need a new calculus to identify the metrics, approaches, and governance needed to create a value case that will realize human and business outcomes.

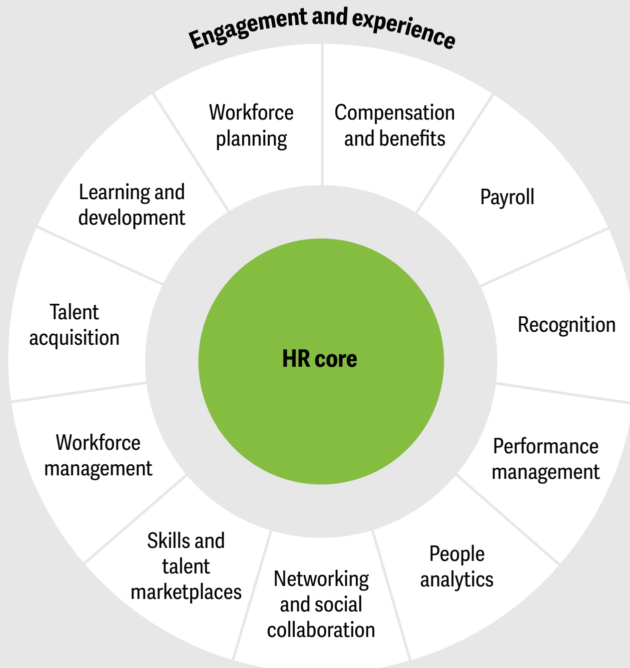
In short, they need a new value case for tech.

New tech + new work = new value case

Leaders are in a new normal. Instead of a few core technologies to choose from, they are faced with hundreds. Instead of a handful of use cases, they are presented with dozens—often in the same platform, with overlapping use cases across the board. Instead of single functional stakeholders and owners of technology, tech is now owned across multiple functions and stakeholders. And perhaps most importantly, many emerging technologies now enable organizations to create altogether new ways of working, instead of just enabling existing processes to be done faster or cheaper (figure 1).

Figure 2

The emerging workforce technology ecosystem



Source: Deloitte analysis.

This change is happening everywhere, across all types of technologies. For our purposes, we are focused specifically on work and workforce technologies.

Work tech includes technologies serving as productivity, augmentation, and collaboration tools. These are technologies we use to do our work (e.g., spreadsheets, email, social collaboration tools, medical diagnostic tools, navigation tools, etc.) and new artificial intelligence technologies in which people and smart machines work together.

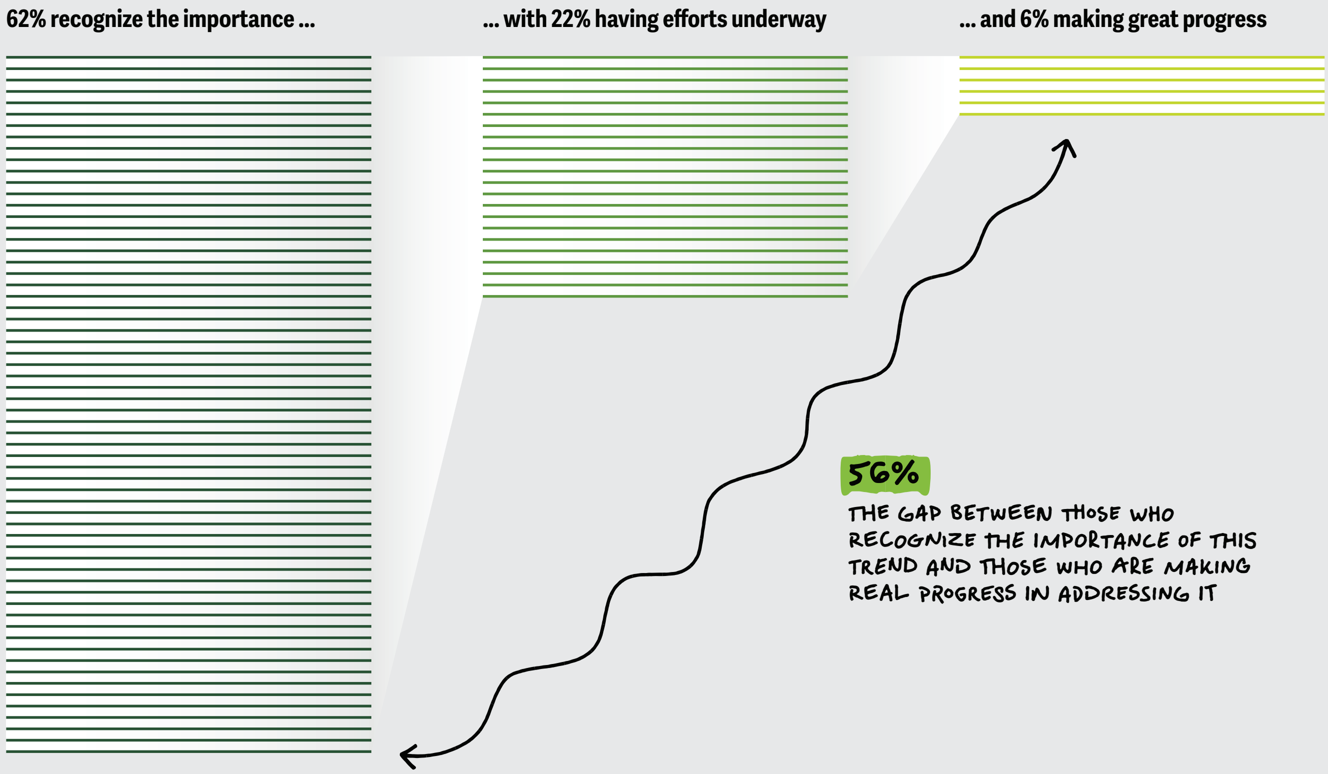
Workforce tech includes a dizzying array of systems that help organizations manage, grow, and develop their workforces (figure 2).

Leaders today must organize and orchestrate new technologies in a world where traditional boundaries between them are falling away. Sixty-two percent of respondents to our survey say this is critically important to their organizational success, yet only 28% are doing something meaningful about it (figure 3).

Figure 3

Organizations say it's important to organize and orchestrate technology in a world where traditional boundaries are disappearing, but few are making great progress

Percentage of respondents answering the questions: "How important is organizing and orchestrating technology in a world where traditional boundaries are disappearing?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

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So what's holding them back?

HR and IT leaders rarely have been pressed to consider so many shiny new objects. They have the tantalizing sense that certain technological advancements, particularly various manifestations of AI, could unlock enormous value—if they could just figure out which ones, gain enough clarity about the value to articulate it in a compelling business case, and implement it effectively.

Yet organizations may be jaded after watching previous investments in tech stacks fall short of expectations and fail to realize expected ROI. In fact, one Deloitte study found that only 50% to 75% of organizations believe they are getting value out of the major tech investments, such as enterprise resource planning, data architecture, and cloud platforms, and traditional and generative AI.[1]

Based on these challenges, leaders are faced with difficult questions, such as:

- My team says this tech will be game-changing—but how do I make a business case when the benefits are hard to quantify?
- We have so many tools already. Do we really need a new one—or will it just cause confusion and frustration?
- Will this technology create lasting value for our business and our people—or is it just the latest shiny new object?
- Should we invest in new tech or hope our cloud platform providers eventually incorporate the functionality—and how do I assess the cost of investing versus waiting?

These questions demonstrate that some leaders are overwhelmed by their options and hesitant after previous disappointments that may lead them to feeling paralyzed.

Alternatively, leaders may feel pressure to act even in the absence of clear goals, a realistic appraisal of the ability to achieve them, or an understanding of the connections between those goals and larger business strategies. According to our 2025 survey, more than four in 10 organizations we surveyed (42%) cited unrealistic business cases or a lack of data to evaluate them properly as key reasons tech investments have fallen short. As a result, many leaders will sink considerable time and capital into buying and implementing new technologies, only to change direction later or realize they have invested in redundant technologies.

This changes the nature of the decision-making process. As technology's role and potential impacts become more complex, so does the value case for it.

But failing to invest in technology threatens to undermine outcomes across multiple dimensions, including human performance, business performance, quality, expertise, brand, innovation, and the worker experience, potentially leading to loss of faith among workers, partners, customers, and investors.

To make effective investments in tech, leaders will need to navigate difficult tensions, including how to balance a focus on the immediate and predictable return of automation versus the potential larger value from augmentation use cases (figure 4). In addition, there is a tension between focusing on harder to quantify outcomes (e.g., innovation, capabilities) in the value case versus more traditional outputs (e.g., efficiency).

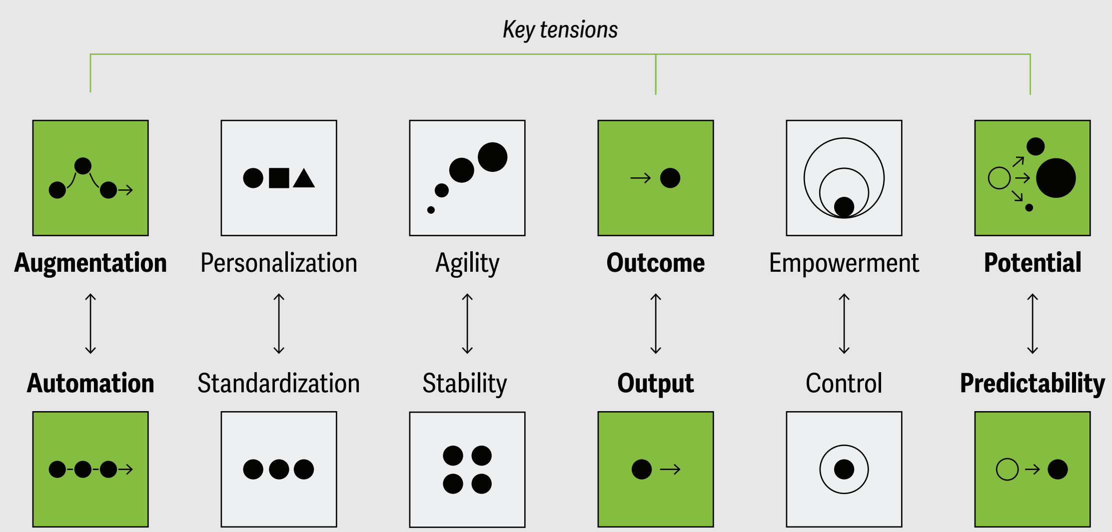
Finding the value in work and workforce technology

Given the tensions and challenges discussed above, most organizations will need a new approach to work and workforce technology and new metrics to measure the value these technologies are creating. How can leaders identify when their tech value case warrants a nontraditional approach?

Start by defining the intent of the technology. Some organizations graft the technology onto existing business processes without converting the work to account for changes the tech introduces.

Figure 4

Navigating the tensions: Where you'll likely need to find balance to assess the value of your work and workplace tech investments



Source: Deloitte analysis.

Based on the intent, consider whether a traditional business case is sufficient for the goals you are pursuing and the technologies or other investments you are considering. You may need a different approach if:

- **Your technology investments will reshape work.** For example, AI-powered writing tools used to draft stories for media, job descriptions, policies, or legal documents for humans to review may alter roles and job design.

- **The technologies are intended to magnify or improve human capabilities, not replace them.** Next-generation workforce technology investments may elevate your workers' creativity and ability to innovate, help them learn faster, enable them to tap and internalize your organization's tacit knowledge, or provide value in a host of other ways that can be difficult to quantify.

- **The investment case is probabilistic.** Some next-gen technologies promise large payoffs if they work but present meaningful risk of failure.

- **The technologies would have broad impact across functions.** Certain investments may have implications across your organization, not just within HR or any other single department. For example, AI-powered collaboration tools (even relatively basic tools embedded in video and sharing platforms) tend to be broad in their value or impact.

- **The time horizon is unclear.** Can you anticipate a measurable payback in a year? Three years? Is it possible to know how long the return on investment will take?

- **Success will depend on complementary organizational changes or investments.** The more interdependencies there are between the investment and additional technologies or changes, the greater the complexity, the wider the potential range of outcomes, and the more you may need a more nuanced, holistic business case.

Once you've identified whether your organization needs a nontraditional approach to tech value, you can begin to develop the new metrics, new approaches, and new governance that will help ensure your tech investments are delivering value.

New metrics: Focus on business and human outcomes

Nearly three quarters (73%) of executives surveyed in Deloitte's *Mapping digital transformation value* report said the number-one challenge to determining the value of tech investments was the inability to define metrics.[2]

Organizations evaluating technology may be applying outdated, too-narrow frames that fail to capture the quickly expanding range of ways technology can be applied. Deloitte research has identified a taxonomy of 46 key performance indicators related to digital transformation value. Organizations are using only a slice of them: Most of these KPIs are used by less than 55% of organizations surveyed.[3]

Consider the process for evaluating an investment in a productivity tool that saves every worker 30 minutes per week. The organization needs to decide how to attribute value to that time savings. If it applied the traditional technology investment mindset, it might sum the time savings across the enterprise, determine the number of full-time equivalent workers it works out to, and assume a commensurate reduction in head count. But that approach may not represent reality; it may be more germane and more valuable for the organization to consider the ways it could use workers' additional 30 minutes per week to achieve other business goals, such as reducing burnout or stimulating innovation, and measure progress toward those outcomes.

For example, when one Fortune 100 food and beverage company sought to justify the value case of implementing a digital experience hub for its 300,000-plus global employees, the company needed a holistic business case that went beyond the traditional measures of productivity and cost efficiency. At its core, the company's value case focused on three key pillars:

- **Faster:** Give time back to workers to focus on value-added tasks.

- **Stronger:** Reduce cost to serve, and enhance resilience and agility.

- **Better:** Improve the employee experience to increase engagement and retention.

While the first two pillars included typical metrics such as productivity and cost avoidance, they also included measures of "slack" for value-added work and enabling organizational agility. The company identified 2 million hours of time as part of its value case that would be given back to workers each year. Under the "Better" pillar, the workforce experience was at the heart of the story. The company highlighted the links between improved worker metrics (employee net promoter scores, worker retention, etc.) and better business outcomes such as customer satisfaction, profit, and innovation.

Beyond these immediate value drivers, a key part of the value case also included metrics around future AI deployment. The experience hub plays a pivotal role in setting the foundation for adoption of more advanced technologies in the company's future roadmap, bringing value to both workers and the organization.[4]

In another example, Eaton, a global power management company, needed to establish new metrics to measure the value of modernizing its talent acquisition process using AI. Its value case began with metrics that would improve the candidate experience and then expanded to include improved metrics for hiring managers and recruiters. The AI implementation helped the company achieve double-digit increases in these metrics, including time to market, time to present, and time to offer. In addition, the company saw a 30% to 40% increase in candidate velocity and a fourfold increase in its talent network.[5]

Until recently, most technology value cases focused on substitution. The aim of a tech investment was to improve efficiency and productivity, typically by reducing the need for human workers. However, some experts like MIT professor Daron Acemoglu estimate that only 5% of jobs are potential candidates to be replaced by AI in the next 10 years, due to challenges related to reliability and the need for human judgment and oversight.[6]

Many organizations are starting to leverage technology to boost performance through augmentation—for example, by equipping maintenance workers with augmented-reality glasses that show real-time instructions and asset information, enabling them to work more quickly and safely because they don't have to carry or repeatedly refer to other materials.

Organizations are now moving toward an era of collaboration and convergence between humans and technology.

This movement toward collaboration and convergence puts people at the heart of technology's value proposition. Organizations can no longer segregate the value of technology from its impact on human beings.

Given people's central role in capitalizing on next-gen tech, technology that harms human sustainability—for example, by leading to overwork and overwhelm—ultimately stands to undermine its own potential value to the organization.

Conversely, organizations can use technology to pursue a range of potentially valuable human outcomes, including boosting innovation, promoting and supporting collaboration, fostering greater worker well-being, helping workers develop experience, improving job satisfaction, unlocking strategic differentiation for the business, and more. Improvement on those human metrics, in turn, promises to help the organization's workers—and the organization itself—wring greater value out of its technology.

The convergence of technology and human work has the potential to support human performance and human sustainability to a greater degree than ever before, empowering organizations to make progress on both specific human outcomes and business outcomes beyond productivity and efficiency (figure 5).

Organizations have the potential to create positive feedback loops in which technology investments better cultivate and support their people, who, in turn, create greater value with technology. Start by determining the human performance and human sustainability outcomes you want to achieve, such as workforce happiness and well-being, loyalty, innovation, brand, risk mitigation, and other key outcomes related to talent. As you weigh new human-centered metrics and KPIs for technology investments, ask:

- What human outcomes can technology investments support now?
- In what ways does the introduction of a particular technology change the work being done and alter the human work experience?
- Within the organization, who are the best people to own progress toward this basket of outcomes?

Figure 5

How technology investments affect human and business outcomes

Technologies that drive business outcomes ...	can also drive human outcomes:
Worker productivity	Worker well-being and meaningful work
Innovation to drive new products and services	Sense of purpose from creating new sources of value
Collaboration to achieve organizational KPIs	Rewards from belonging to a high-performing team
Proficiency in new skills	Long-term employability

Source: Deloitte analysis.

Metrics that include both business and human outcomes can work together in a mutually reinforcing cycle (figure 6), ensuring that as the business grows and succeeds, its workers do, too, leading to a virtuous cycle of continuous improvement.

New approach: Take a cue from research and development with a portfolio approach

Rather than applying the traditional tech investment frame, in which individual investments drive quantifiable efficiencies that produce predictable ROI, consider applying an R&D frame: Assemble a portfolio of investments intended to help your organization advance toward the goals you have identified, with the expectation that the ones that pan out will more than pay for the ones that don't.

In some cases, the portfolio view may help you rationalize and simplify your organization's use of technology. You may find that the collection of current and potential technologies threatens to increase the digital busy work your people must cope with and opt to forego investments or undo others.

WHEN SETTING GOALS FOR HUMAN OUTCOMES AND EVALUATING PROGRESS TOWARD THEM, CONSIDER THE FOLLOWING HUMAN OUTCOMES:

Workforce metrics

- Employee retention
- Employee development
- Employee engagement/satisfaction
- Number of agile pods or teams
- Tolerance for experimentation and intelligent failure
- Internal talent mobility
- Employee innovation
- Employee utilization rate
- Employee productivity

Purpose metrics

- Social return on investment
- Human sustainability
- Organizational trust
- Organizational resilience
- Organizational mission fit
- Corporate reputation

Figure 6

Organizations should measure success in both business and human outcomes

Organization	Tech	How they are measuring success
Workforce technology		
Roche, a global pharmaceutical and biotech company	AI-powered learning technology	• Shortened speed to competency (reduced from 1.5 years to 90 days) • Lower employee turnover and greater customer satisfaction[7]
TEK Systems, a global provider of business, technology, and talent solutions	AI-driven learning experience platform including badging and credentialing	• Increased new hire time to productivity • Improved retention and attrition • More promotions (including those into leadership roles and higher-level sales and recruiter roles) • Higher net promotor score[8]
VMware, an American cloud computing company	AI-enabled, personalized leadership coaching	• Increased sense of belonging (by 11%) • Improved psychological safety • Improved readiness of diverse leaders[9]
Work technology		
IBM, a global technology company	AI-powered platform for work that integrates conversations, apps, and customers in one place	• Faster product time to market (16% increase across organizations that use it for technical teams)[10] • Improved workforce productivity[11] • Improved incident management and operations for engineering teams[12]
Wiley, a global publisher	AI-powered customer service technology	• Faster onboarding of seasonal agents (50% faster), leading to a 213% ROI and US$230,000 in savings • Improved case resolution (by over 40%)[13]
Grupo Bimbo	Front-line worker digital tools to improve plant operations	• Reduction in safety incidents • Better safety performance via real-time visibility and data • Reduced manufacturing errors • Improved customer satisfaction and reduced customer complaints by 50%[14]

Source: Deloitte analysis.

For example, a company's desired outcome may be to accelerate the development and launch of new products. It may make several related investments to:

- Make generalized AI tools available to engineers and designers, who will figure out how to apply them to ideation and innovation.
- Deploy new virtual modeling software to help product designers rapidly prototype new product designs.
- Invest in new smart manufacturing tools such as industrial robots and AI-powered quality screening tools to reduce rework and speed time to market.

Any one of these investments may not produce the full desired business outcome in a short time frame, but in combination they could produce transformative results. Continually evaluate the portfolio's impact on progress toward your outcomes as well as each individual investment's contribution to it—and be prepared to shift. This ongoing awareness is important for leaders, who may need to make decisions about when to pull the plug and when to make a shift based on a different calculus.

A range of characteristics may indicate whether a more traditional, discrete investment case or a portfolio approach is more appropriate, including the complexity of measuring value, the degree to which realizing the value depends on other conditions, the time horizon for payback, and the uncertainty of the outcomes. Another set of characteristics relates to the diffusion of value across an organization. Is the technology's impact on a single, clearly defined process or function, or is it spread across multiple areas or the entire enterprise?

New governance: Include interdependencies and multiple stakeholders

Cocreate value cases for new technologies with a broad set of stakeholders across the organization, including workers and leaders in relevant functions. Different perspectives can educate each other: For example, leaders in finance, human resources, or other departments can help IT leaders understand their needs; IT leaders can guide their counterparts toward technology investments that will be most effective for addressing those needs; and workers can provide input on the impact given technologies could have on their lives and work experience.

In some cases, once foundational investments in technology platforms and data are in place, deployment of incremental technologies can move primarily into the hands of business leaders who see novel use cases—this has been borne out at Salesforce, as they've rolled out AI-powered agents to support employees.

In another example, Johnson & Johnson's HR leadership saw an opportunity to break down functional boundaries in creating an HR Decision Science team composed of experts and specialists from across the organization. The cross-functional team is tasked with tapping the organization's vast data resources to make better end-to-end workforce-related decisions, improve organizational and worker outcomes, and drive science-based and data-driven people decisions across talent practices.[16]

One of your key tech stakeholders will likely be your workers, and optimizing the relationship between workers and technology should be a priority. Haphazard accumulation of technology tools, for example, can cause digital workplace overload and anxiety among workers, negatively affecting employees' psychological well-being.[17]

SALESFORCE TAPS AI AGENTS TO HELP CREATE A MORE AGILE WORKFORCE

When Salesforce's Employee Success (ES) organization set out to improve the employee support experience, it turned to the use of low-code or no-code AI-powered agents that could be built on its existing cloud investments. The organization initially deployed two agents—one that summarized relevant and similar cases for ES advisors to help resolve employee inquiries faster, and another that supported more than 76,000 employees globally in determining eligibility for well-being benefit reimbursements. Twenty-five more AI agents are currently in development.

While the agents are projected to save thousands of hours in both employee and HR advisor time, and usage of the monthly well-being reimbursement has surged as a result of the agents' deployment, Ruth Hickin, vice president of workforce innovation at Salesforce, said the business case for the agents was not over-engineered.

It started with a commitment by CEO Marc Benioff to make AI agents central to the company's future as a way to develop a "more agile, future-ready workforce." Making Salesforce "customer zero" for testing its own technologies was another justification in creating a value case for deploying new functionality.

Hickin noted that because the barriers to deployment are relatively low and the use cases so diverse, the main stakeholders are business leaders—not necessarily the traditional IT stakeholders that drive major monolithic technology investments.

"We have a really democratized process for creating agents," Hickin says. "They're different from just automating a process—they're essentially digital workers, and any function can deploy them."[15]

What's more, evidence suggests organizations are falling short on even the most basic dimensions of employee support for workers as they introduce new tech tools. More than four in five workers (82%) say their organization has not provided training on using gen AI, according to research by Asana and Anthropic,[18] and our 2025 Global Human Capital Trends research indicates that the number-one reason workforce technology investments have failed to meet their investment case is "lack of workforce skills/capabilities."

Leaders should continuously monitor worker experience with technology, establishing the right metrics for measuring impact, ready to make adjustments as necessary (even if that means pulling the plug on a tech investment).

The value case should encompass not just direct technology costs, but also the ways the organization needs to change for the technologies to help achieve desired outcomes for an increasingly diverse array of stakeholders across functional areas. An ongoing governance and evaluation process should include how the technology is being used. When evaluating and deploying new technologies, embrace user-centric, agile product management practices to implement tech that people actually need, value, and use.

Humans are integral to technology's promise

Technology is not what it used to be. The shift from automating work to be more efficient to augmenting people's capabilities to unlock their performance has broad implications for work, and it complicates organizations' decisions about which tech to purchase, what it can expect to get out of its investments, and how to recognize and measure value.

Organizations that can adapt how they think about and weigh technology investments have the potential to feed a virtuous cycle of human and technological progress, for the mutual benefit of businesses and their people.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Special thanks to **Kristine Priemer** for her leadership in the development of this content.

BALANCING TENSIONS IN ORGANIZATION AND CULTURE

What moves your people? Tapping into motivation at the unit of one.

What's the last mile of realizing human performance? Understanding and capitalizing on what makes the people in your organization tick—at an individual level.

Nic Scoble-Williams, Sue Cantrell, John Forsythe, Chloe Domergue, and Ben Fish

Understanding what drives people to act can help organizations boost performance, spark innovation, and drive collective action for change. Yet few organizations appear to recognize the power of motivation and take deliberate action to harness it.

Emerging technologies have long been influencing consumer behavior by tapping into motivations in marketing and customer engagement, yielding remarkable results.[1] But why aren't organizations applying the same focus on their workforce? What's holding them back?

While some organizations may feel their employee value proposition reflects the motivations of their people, it is only by understanding and tapping into motivations at an *individual* level—the unit of one—that we can truly drive performance. In doing so, organizations can encourage people to do things that they might not want to do, incentivize them to improve their performance and the quality of their work, and create diverse yet unified teams.

Consider the hypothetical case of Jane and Ellen, two high-performing first-level managers who lead IT development projects at a Fortune 500 consumer products company. Not only do Jane and Ellen share the same job title and job description, but they have the same nationality, gender, race, location, and age demographic. What's more, they both have two children under the age of five and both are perceived as high performers.

When it comes to motivation, however, they couldn't be more different. Jane is motivated primarily by success, recognition, and financial well-being. Ellen, on the other hand, strives for purpose and meaning. She is motivated by solving difficult problems, leading a balanced life, and improving the lives of colleagues and customers.

Yet despite these differences in motivation, their company treats them largely the same. They're both offered the same career path toward higher levels of management, even though they have different motivations to grow. They're both compensated in the same way, without options to opt in to stock options, bonuses, or other alternative compensation methods, even though different combinations of rewards may resonate more deeply with each of them. And they're both appraised using the same criteria and timeline, even though they have different preferences and needs for feedback.

Jane and Ellen do well by the company and its customers. But both could experience better human outcomes, while also contributing more to their organization's success, if the organization tapped into the different ways they were motivated.

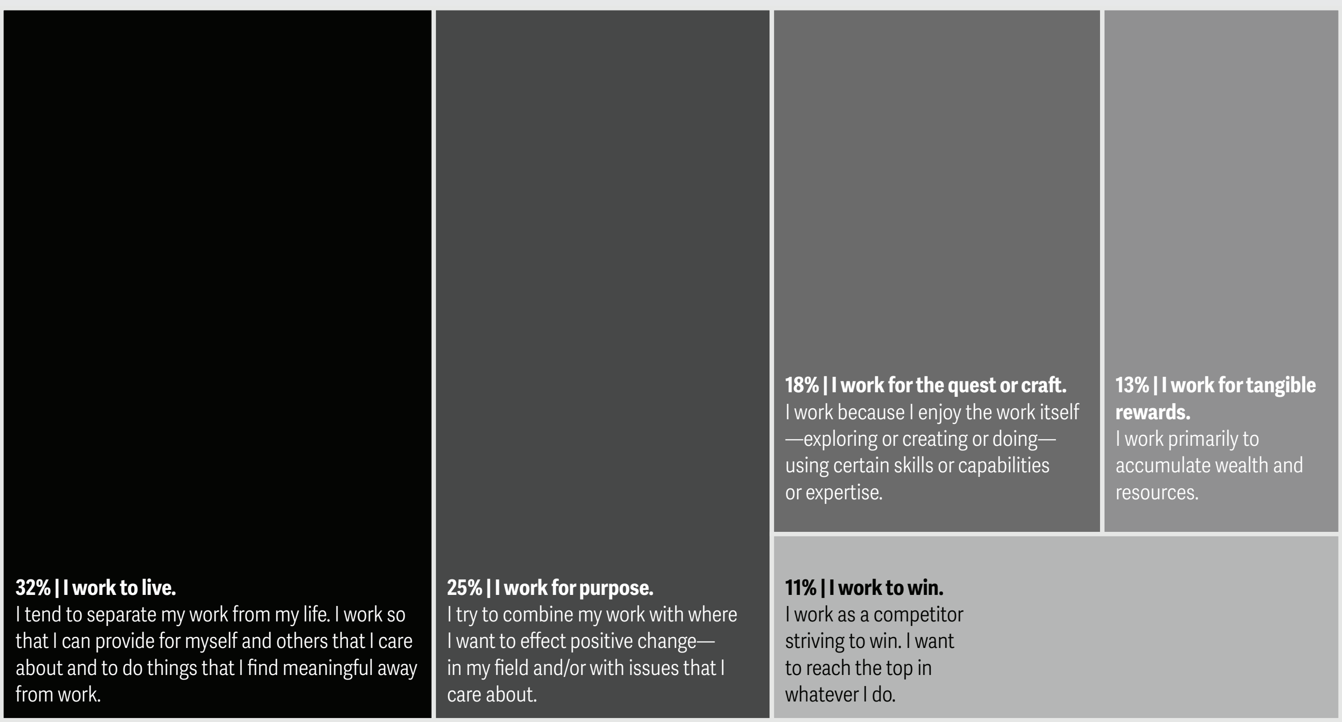
If we consider that the same holds true for the thousands of other workers in their organization—as well as the countless workers across other organizations around the globe—it becomes clear that organizations may be missing out on a seldom-used lever for unleashing the potential of their people and generating value for their business.

When workers surveyed in Deloitte's 2025 Global Human Capital Trends research (see "Methodology") were asked to name their most important rationale for working, they gave a variety of answers, from working to provide for themselves or others to working for the pure enjoyment of the work itself (figure 1).

Figure 1

Why do we work?

Percentage of respondents answering the question: "Which of the following statements best describes your MOST important rationale for working? Select one."

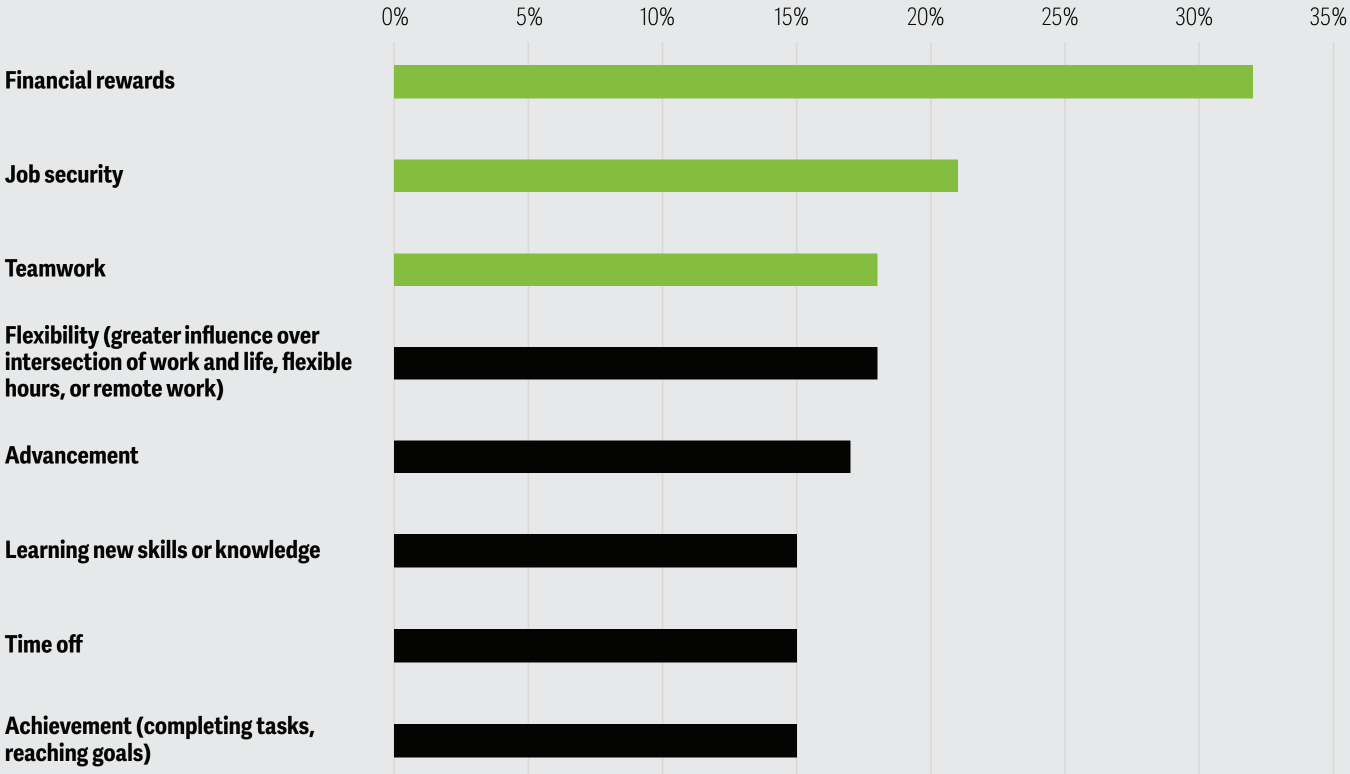


Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Figure 2

Financial rewards and job security top the list of motivations for work performance

Percentage of respondents answering the question: "Of the following contributors to motivation, which drives you to perform at a high level in your current role every day? Select up to three."



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Whatever their core motivation, most workers are driven by a wide range of motivations on a daily basis and often experience multiple motivations at the same time. Many surveyed workers also said their reasons changed over time: 38% reported that the main factor driving their work has changed over the past three years.

"We are consumers inside and outside of work, and we have come to expect a level of personalization and choice in the workplace that we are provided with outside our work life," says Jennifer Hornery, senior vice president of global people and culture at Cochlear, highlighting the power of the motivation lever and why it is so important today. "By understanding and catering to motivations at the individual level, we can unleash the potential of each person to advance the aspirations and strategic priorities of the business."[2]

Many organizations are already assessing motivations and aspirations at the highest levels, using leadership psychometric assessments to evaluate and cultivate leadership potential. However, advances in technology and data collection now give us the opportunity—and the imperative—to do so for individuals across the organization, harnessing the data at our fingertips to advance outcomes for all workers.

And many workers are now demanding it: According to our 2025 survey, 60% expect their organization to increase their motivation to perform the work that they do. But to do that, organizations should focus on understanding what motivates an individual in the first place.

And although the majority of workers (78%) have clarity as to what motivates them, only about a third (33%) strongly believe their organizations and managers understand their motivations.

WHAT IS MOTIVATION?

Some researchers define motivation as the general desire or willingness of someone to do something.[3]

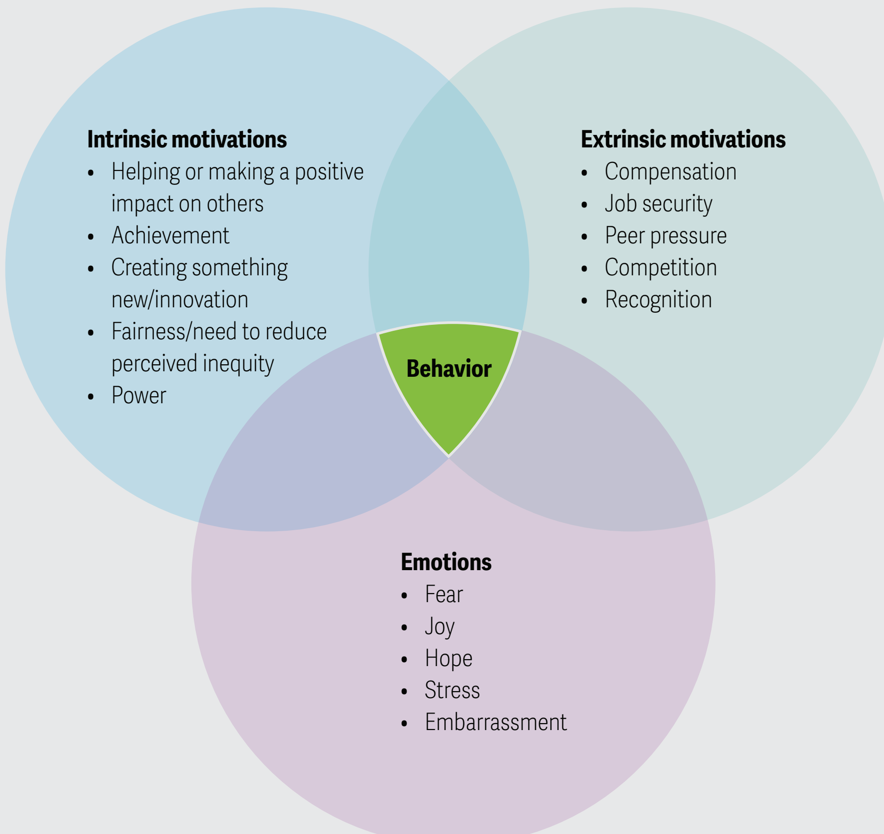
For our purposes, however, we define motivation as the reasons why one behaves or acts in a particular way. These reasons may be conscious or unconscious, rational or emotional, short or long term, internally motivated or externally motivated (figure 3). Put simply, motivations are the driving force that moves the way an individual thinks, acts, and behaves.

It should also be noted that motivations aren't static. Rather, they will inevitably change based on the contexts in which they arise, with the same person motivated by one factor in one situation and a completely different factor in another situation.[4]

Figure 3

What moves us? Intrinsic and extrinsic motivations combined with emotions

Motivation is defined as the reasons why one behaves or acts in a particular way. Emotions can influence behavior, as can intrinsic and extrinsic motivations.



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

The last mile of influencing worker behavior

Leaders recognize the need for customization: More than two-thirds of leaders in our survey (67%) say that customizing the design and experience of work and workforce practices based on worker skills, behavioral patterns, motivations, passions, work styles, and more is important (figure 4). But they're struggling to make progress. Many organizations may try to achieve this customization by segmenting workers based on demographics like generation, roles, or geography—often using personas, for example—to tailor practices.

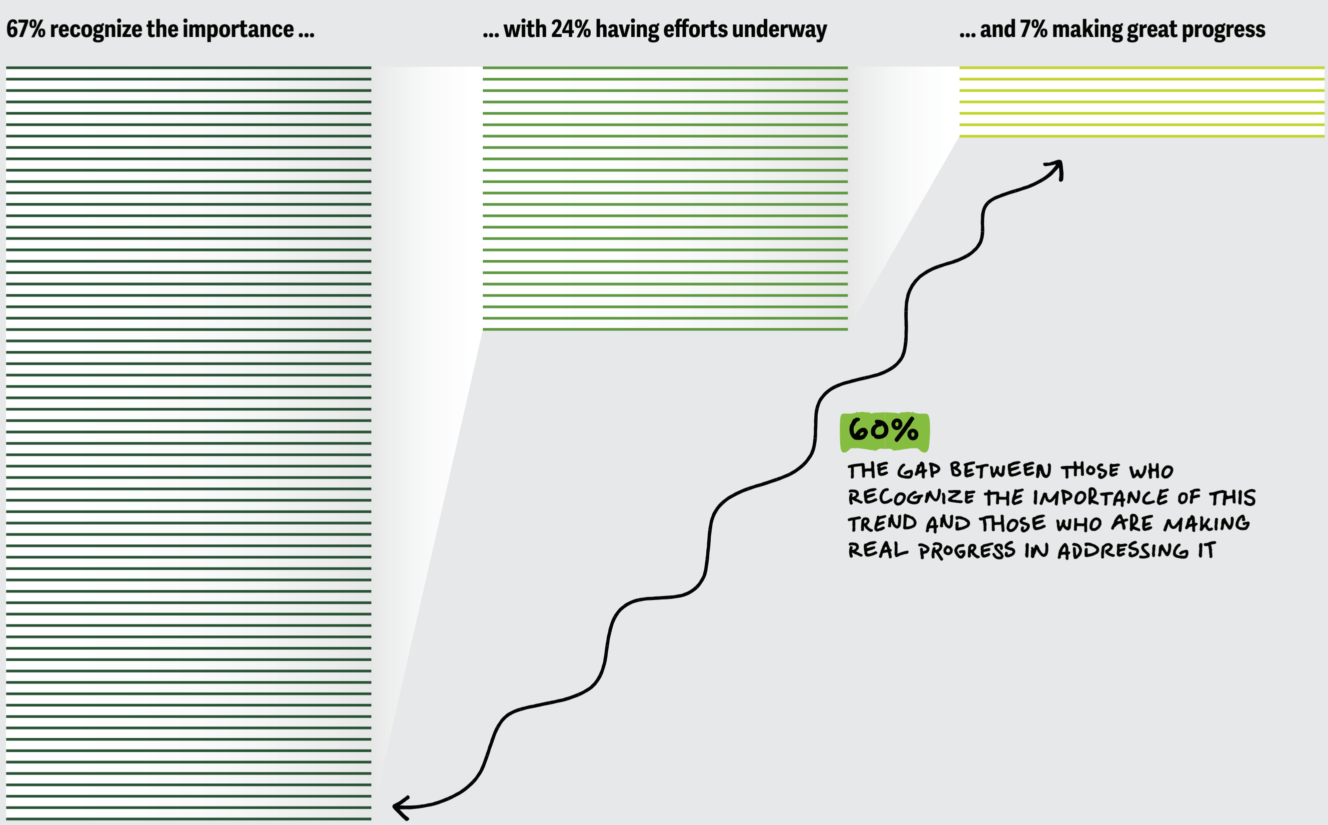
However, as highlighted in the example of Jane and Ellen above, while segmentation is quick and cost-effective, it can miss important motivational differences and even perpetuate stereotypes. To avoid these pitfalls and go the "last mile" of truly connecting with workers in ways that move them most toward positive outcomes, organizations should tap into motivation at the unit of one: the individual worker as a unique human being.

This approach is what we call hyper-personalization, in which customization happens at the granular, individual level. Fifty-five percent of leaders say it is critically or very important to use new technologies to hyper-personalize how they influence workers based on their motivations, yet only 5% are leading in this area—and only 17% have efforts underway.

Figure 4

Organizations say customizing the design and experience of work is important, but few are making great progress

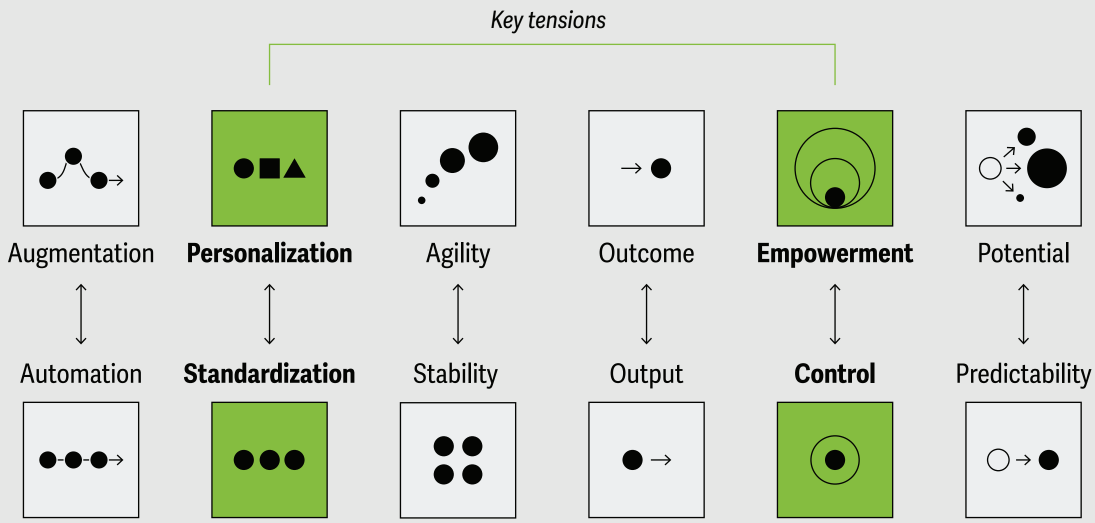
Percentage of respondents answering the questions: "How important is customizing the design and experience of work and workforce practices based on worker skills, behavioral patterns, motivations, passions, work styles, etc.?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Figure 5

Navigating the tensions: Where you'll likely need to find balance to hyper-personalize the work experience



Source: Deloitte analysis.

In order for organizations to make progress toward motivation at the unit of one, leaders will likely need to find balance in the inevitable tensions between standardization and personalization, as well as between centralized control and individual autonomy and empowerment (figure 5).

Achieving motivation at the unit of one

Motivation at the unit of one is a game changer for achieving human performance—the mutually reinforcing cycle of business and human outcomes. It challenges organizations to understand what truly moves their workers to act—or fail to act—in the ways they do, enabling hyper-personalized strategies that are purposefully tailored to individual motivations.

While many organizations are now seeking to better understand workers as more than just "job holders" and recognize their diverse portfolio of skills in what we call a "**skills-based organization**" approach, few are combining this understanding with data and insights into personal motivations, interests, passions, and needs. Johnson & Johnson, however, is pioneering this approach.

BEYOND THE SKILLS-BASED ORGANIZATION: JOHNSON & JOHNSON'S WHOLE-PERSON APPROACH

Johnson & Johnson (J&J) recently shifted beyond a strictly skills-based approach to a whole-person model that considers skills, experiences, aspirations, traits, and motivations.

J&J recognizes that workers might be motivated by a variety of factors, none of which are mutually exclusive. These might include monetary rewards, the opportunity to work with cutting-edge technology, a desire to improve the lives of patients and customers, or a desire to be constantly challenged. The organization collects worker data largely through worker-directed profiles and psychometric tests, then encourages workers and managers to bring insights from this data into one-on-one check-ins and workforce planning conversations to determine what work and roles best suit the workers.

"The power is in the workers' hands, but always with clarity around what the organization needs and values," said Christina Norris-Watts, J&J's head of assessment and people practices. "We've always assessed top-level leaders on their traits, aspirations, and motivations. Now we're trying to extend this assessment to all workers and combine that data with skills and experience data to make better decisions about our workforce."[5]

Tapping into motivation as a means of influencing worker behavior to realize both human and business outcomes requires two broad steps: Understanding worker motivations through the collection and analysis of data, and using hyper-personalization approaches to act on that data in ways that create value for workers and the organization (figure 6).

Figure 6

How to motivate at the unit of one

Understand

Collect data about individual worker motivations through:
- Passive data collection
- Self assessments and surveys
- Manager interviews

When possible, combine with other individual data such as:
- Skills (including human capabilities)
- Interests and passions
- Personality traits
- Work styles and preferences

Turn the data into insights using:
- Analytics
- AI
- Human judgment

Responsibly use data and tech by:
- Allowing choice (opt-in)
- Auditing for bias
- Offering workers benefits in exchange for their data
- Guarding worker privacy

Act

Identify your use cases:

Why I work:
- Customized rewards and benefits
- Recruiting outreach based on motivations

What I work on:
- Matching people to meaningful work based on motivations
- Customizing work responsibilities based on motivations

How and where I work:
- Development and learning based on what motivates people most
- Customized communications
- Flexible work based on motivations
- Tailored change initiatives to motivations (e.g., change stories, nudges, work activities, and rewards)

Who I work with:
- Team alignment or intentional diversity based on motivations
- Identification and creation of microcultures based on varying worker motivations in groups

Choose your hyper-personalization approach:

Manager-driven:
- Managers and colleagues personalize their interactions with individuals based on the individual's motivations

Modular choices:
- Provide workers with a standard set of options from which they can choose based on their own personal motivations

Tech-driven:
- Use technology to provide customized practices based on an individual's unique motivations

Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Understand individual motivations

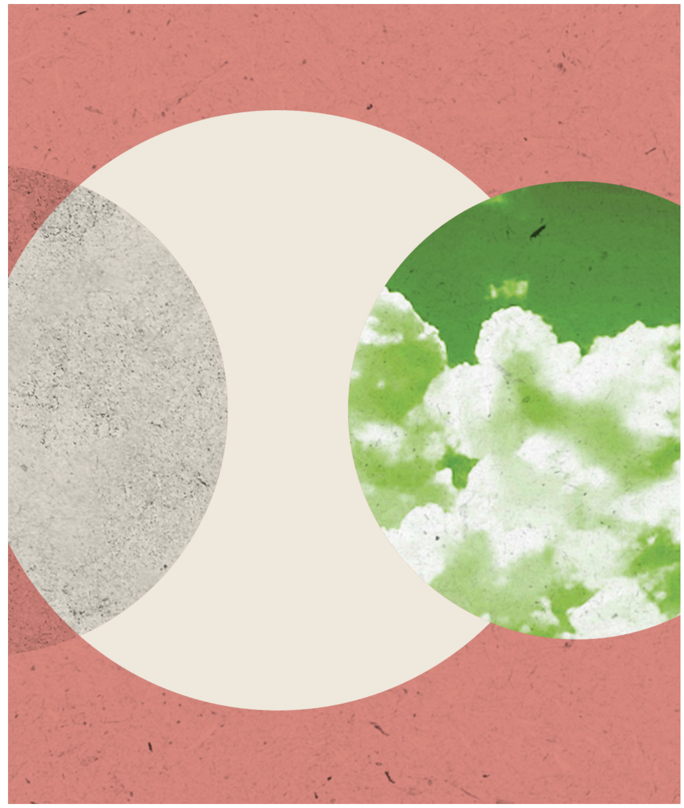
The first step in harnessing worker motivation to unleash human performance is embracing a multimodal approach to collecting and understanding workers' varied motivations. Self-reported worker data—through traditional approaches such as surveys, focus groups, or prompts to enter information into a workforce portal—while useful, has limitations. Workers may be hesitant to reveal the full extent of their feelings, motivations, and preferences regarding their work and employer due to fear of organizational blowback. Further, workers may claim to feel one way about their work while acting in ways that suggest other, hidden, motivations.

Consider how self-reported data, like the type we collected in our survey, can often point to conflicting motivations. For example, while only 13% of workers we surveyed said their core motivation to work was for tangible rewards, these same workers ranked financial rewards as the top motivator that drives them to perform at a high level every day. Often, workers aren't fully aware of what motivates them to behave the way they do.

As advancements in artificial intelligence and other emerging technologies continue to accelerate, organizations have the opportunity to emulate the success seen in marketing and consumer engagement. Organizations can go beyond self-reporting to observe and infer individual worker motivations, in real time and at scale. A suite of technologies, from eye-tracking to machine learning to voice AI, are starting to understand people more deeply, including why they behave the way they do and the emotions affecting their motivations.

Many organizations already have a wealth of worker data available, but it has been in isolated repositories and thus not fully utilized. In J&J's case, leaders realized that data they had been sitting on for over a decade could be brought together using generative AI and other tools to enable a holistic and deeper understanding of workers at an individual level, including their motivations and other individual data like skills, interests, passions, work styles, and preferences.[6] That understanding could then be applied to solving specific business challenges.

Collecting such data from workers, especially if done passively through technology, should be performed responsibly, however, to build trust. While workers increasingly seek hyper-personalized experiences, they also want their data privacy protected and their data collected only if it benefits them. A significant 69% of workers are comfortable with organizations knowing more about them if it leads to better communication tailored to their needs. Our research around "**transparency paradox**" has also highlighted that workers are more likely to share their data and trust their organizations when they are given a choice to opt in to data collection, receive clear benefits, and see transparent data practices in action.



Whether the organization uses AI, analytics, or simple human judgment, this data can then be turned into insights to help the data "speak" and drive the hyper-personalization of a wide variety of workforce strategies and outcomes.

Act on individual motivations by identifying use cases and selecting a hyper-personalized approach

Insights into what makes an individual tick can be applied to a variety of different use cases, from tailored communications and improved work performance to accelerated career development. In choosing where to start, organizations and workers should collaborate to identify the areas where strategies to motivate at the unit of one will have the greatest impact in improving business and human outcomes.

In addition to prioritizing *what* outcomes to prioritize and *why*, organizations will also need to decide *how* to hyper-personalize based on one or a combination of different approaches, each of which has various trade-offs.[7] It is important to recognize that none of these approaches can stand on their own, but rather need to be part of a systematic framework focused on understanding and harnessing worker motivation.

Manager-driven approaches

Manager-driven approaches empower managers to hyper-personalize their interactions with individuals based on specific motivations. Johnson & Johnson's whole-person approach, described in the sidebar, is an example of a manager-driven approach.

Another organization using this approach is Unilever, where managers support workers as they develop an individualized "Future-fit Plan" that charts the worker's desired path for the next 18 months, potentially including destinations outside Unilever. To develop their plan, workers discuss their motivations and aspirations with managers in one-on-one conversations. Managers then help connect workers with personalized learning, coaching, mentoring, and networking opportunities via Unilever's online learning hub and with access to relevant work opportunities via the company's Flex Experiences Program. This approach has led to a more motivated workforce: 92% of workers with a Future-fit Plan report having jobs that inspire them to go the extra mile, compared with only 33% of those without.[8]

Manager-driven approaches require little or no investment, but they are dependent on the **ability of managers to be effective people developers**. Variation in this capability among different managers within the same organization may cause fairness concerns for workers.

Modular approaches

Modular approaches provide workers with a set of options to choose from based on their personal motivations. These approaches are common in consumer marketing. Consider, for example, how some coffee shops offer a variety of modular components—syrups, milk types, and espresso shots—that can be combined to meet customers' desire for personalization and self-expression, all while enabling them to manage customization at scale.

Organizations adopting a modular approach to compensation, for example, empower employees to customize their rewards to create hyper-personalized packages based on unique personal motivations. Some offer flexibility in choosing between cash, stock options, or restricted stock units with different vesting schedules.[9] Others let employees decide between a lower salary with a potential for a higher bonus, or a higher salary with a smaller bonus possibility. These customizable options can help ensure that compensation packages align with individual preferences and aspirations, fostering a more motivated and satisfied workforce.

Modular choice can be applied to a wide range of other workforce practices as well. For instance, talent marketplaces can empower workers by offering them a selection of discrete projects that align with their motivations, allowing them to supplement their core duties with modular assignments. One global insurer created an internal marketplace for data scientists, where they could be flexibly assigned to modular projects across the organization based on their interests, motivations, skills, and capacity, eliminating the need for traditional core jobs altogether.[10]

Modular approaches can transform time management, too. In Japan, Panasonic offers four-day work weeks, allowing workers to choose how they use the fifth day based on their unique motivations—be it for rest, personal appointments, hobbies, reskilling, side jobs, community service, or deep-thinking work.[11] Similarly, Land O'Lakes offers workers a choice between standard full-time work or flex roles in which they set their own shift schedules and total hours. Previously, all workers had to complete 12-hour shifts to support 24-hour production. Though this modular approach requires more time for scheduling and has led to hiring additional staff, it has significantly boosted employee retention and attraction.[12]

Modular approaches can provide greater organizational control than other approaches and are often seen as fairer, since all workers are given the same choices. However, they are also less personalized, and the options on offer may be too limited to be relevant to some workers.

MANAGING FAIRNESS AND UNITY WHEN MOTIVATING AT THE UNIT OF ONE

As organizations hyper-personalize practices and solutions based on individuals' unique motivations, questions of fairness might be raised when people's work experiences now vary from person to person. However, a significant amount of research has shown that when there is a fair process (known as "procedural justice"), accommodating for differences can actually lead to higher levels of fairness.[13] When all workers are empowered with tailored tools and the opportunities they need to individually perform at their best, they may not be treated exactly the same, but they will have equal opportunity.

Likewise, while hyper-personalized strategies may create a perception of compromising team and organizational unity, organizations pursuing motivation at the unit of one can and should balance a focus on the individual with an understanding of the larger system, knowing that motivation happens at all levels. When people practices vary from person to person, other types of organizational "glue" may be needed to create a sense of unity, such as organizationwide values when adopting **microcultures**.

Tech-driven approaches

New advances in workforce technology, modeled on similar advances in consumer marketing technology, can help organizations better understand individuals' motivations by collecting behavioral and emotional data to provide hyper-personalized experiences for workers.

At Swissport, leadership recognized the need to forge deeper connections between their frontline workforce and the company's mission, values and organizational goals by tapping into their workers' behaviors and motivations. Through the Firstup intelligent communication platform, they implemented sophisticated personalization strategies inspired by consumer marketing approaches that deliver tailored, meaningful content to each worker. The platform analyzes behavioral data that then provides advanced customization approaches to optimize everything from message timing and content to format and language preferences for each worker. In addition, utilizing communication fatigue metrics, Swissport can fine-tune message frequency at an individual level, ensuring engagement without overwhelming its workforce.[14]

Neuroavatar technology, for example, can be used to hyper-personalize interactions based on individuals' top motivational needs, like power, connection, or stability. Borrowing from consumer marketing techniques, actors are scanned and digitized to dynamically hyper-personalize communications. AI helps these avatars continually adapt their tone and approach, tailoring training or messages to individual preferences and motivations. For example, during the post-merger integration of a German group into an American listed company, neuro-avatars were used to tailor training on new external financial reporting requirements for the newly acquired workforce, accelerating onboarding and ensuring compliance with SEC deadlines.[15]

Technology can also help organizations understand and respond to unconscious, emotion-based motivations. For instance, using a platform from IHP Analytics, a trading firm tracked traders' stress levels through wearables and combined this data with individual trading performance metrics. The platform revealed how stress slowed response time and led to worse decisions, negatively affecting profit. Personalized dashboards showed individual traders how to reduce stress by adjusting their trading screens, practicing emotional regulation, and increasing self-awareness of their individual risk profile. As a result, 98% of traders felt more focused and supported, experiencing a 9% improvement in well-being and an 18% increase in retention over the next 12 months. Additionally, the firm saw an estimated 3% gain in net profit by managing unconscious behavioral drivers more effectively.[16]

Tech-driven approaches may require more investment than other approaches. They may also raise privacy concerns. However, they can offer a greater degree of hyper-personalization than other approaches, and they can help an organization scale hyper-personalization strategies with impact at speed.

Small steps, big results

Motivating at the unit of one doesn't necessarily require big budgets, massive change, or large technology investments. Organizations can get started now by simply asking managers to better understand their workers' unique motivations and tailor their feedback, development plans, or other practices accordingly. No matter the strategy used, organizations that let the data speak can gain a better understanding of what drives each individual to act the way they do, giving them the power to unlock human performance.

As you consider how to harness your people's potential to compete in today's human-powered economy, don't forget that it is the unique motivations of individual workers that move them to act the way they do. Your business—and your workers—are counting on it.

RESEARCH METHODOLOGY

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Reinventing performance management processes won’t unlock human performance. Here’s what will.

While performance management processes enable business and talent decisions, engineering human performance takes more than a process

Julie Duda, Jason Flynn, Sue Cantrell, Nic Scoble-Williams, and Amy Sanford

For years, headlines have made clear how much workers and their leaders dislike performance management, largely because they think it is ineffective. In fact, Gallup recently published survey results showing that only 2% of chief human resource officers (CHROs) think their performance management system works.[1] Possibly even worse, people largely don’t trust it. In Deloitte’s 2025 Global Human Capital Trends survey (see “Methodology”), 61% of managers and 72% of workers could not say that they trust their organization’s performance management process.

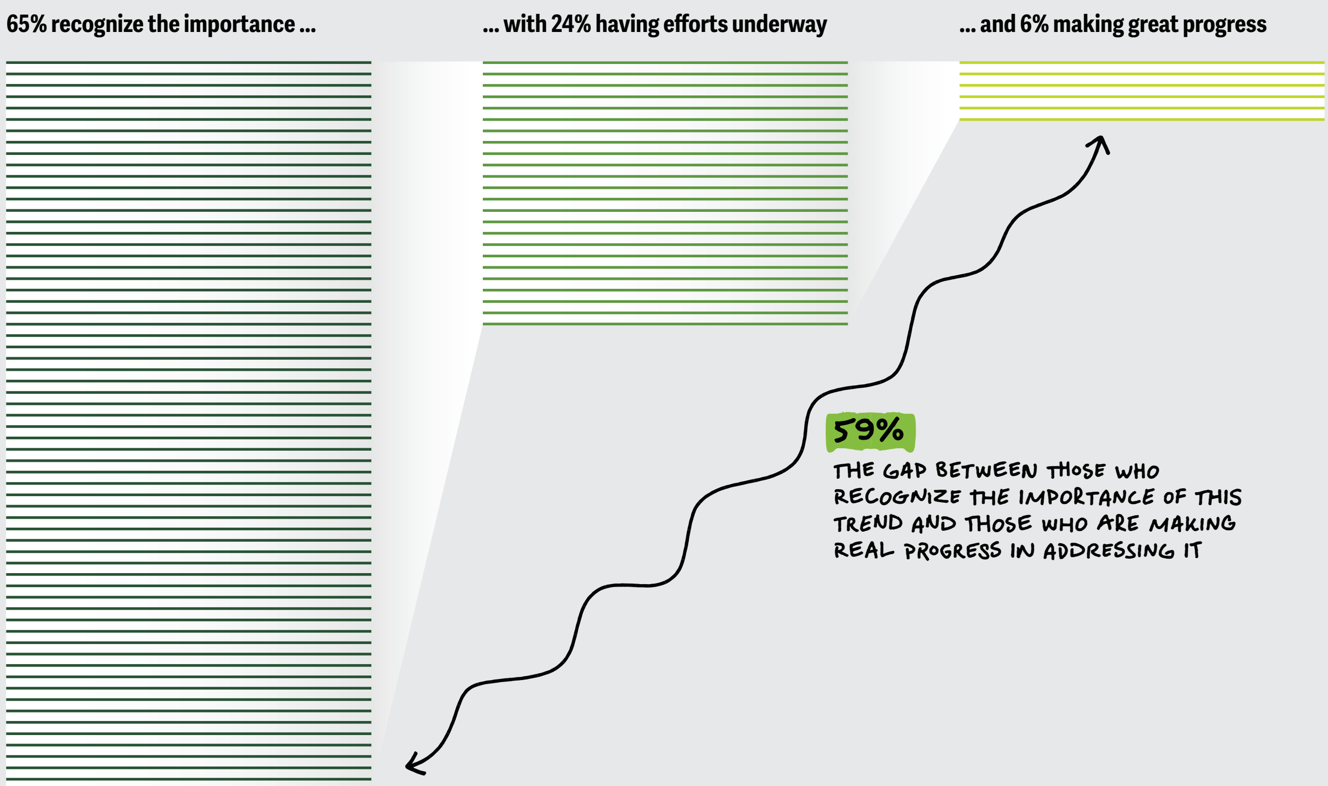
That lack of trust is a major concern. Fewer than one in three workers surveyed by Betterworks think performance reviews are “very fair and equitable.”[2] Despite these pervasive concerns, just 6% of organizations surveyed said they’re doing great things using data and evidence to capture the value of workers’ performance while enhancing worker trust (figure 1).

Given that these negative views have persisted over decades of reinvention, the question arises: Do we even need performance management? The real issue is that we are expecting too much from the

Figure 1

Organizations say rethinking performance management is important, but few are making great progress

Percentage of respondents answering the questions: "How important is rethinking or replacing performance management to use data/evidence to better capture the full value of workers while also enhancing worker trust?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

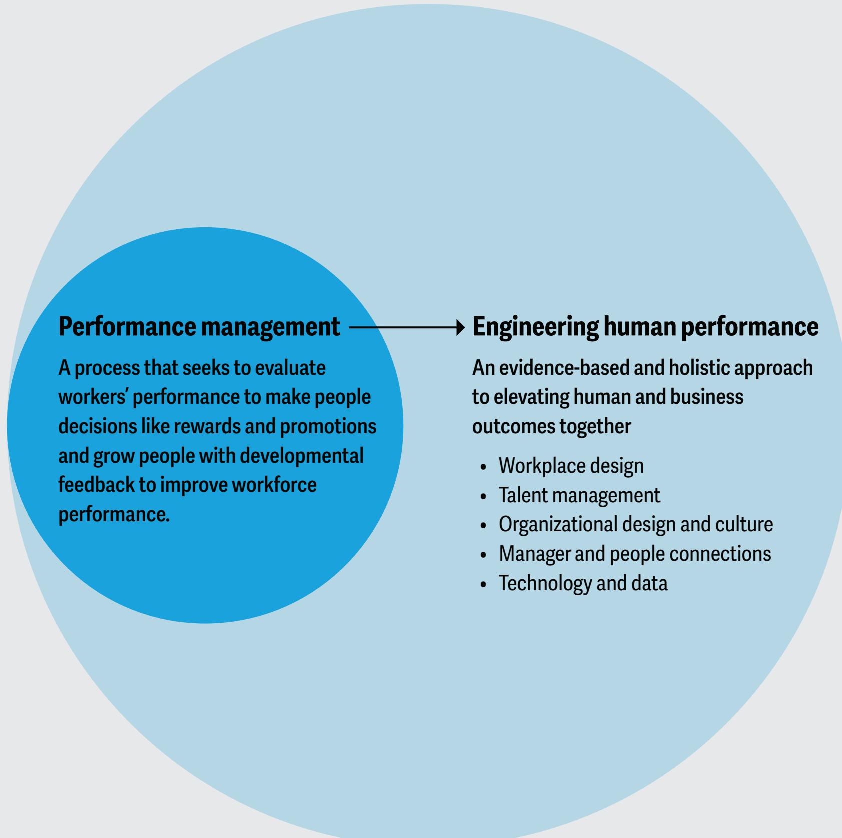
performance management process. We look at it as the primary driver of human performance. But the reality is that many things must happen to drive human and business outcomes—what we call *human performance*—in today's complex world of work, more than a single human resources process can achieve. Relying on a single process to drive human performance is just unrealistic.

We will always need the ability to assess people's performance to make people decisions such as rewards allocations. And we may not always love it. But if continually reinventing the process won't solve our core need to unlock how people create business and human outcomes, we may need to move beyond process to a broader, more long-term effort to engineer human performance in the flow of everyday work.

As we shared in last year's *Trends* report, human performance will be the differentiating factor going forward, requiring a holistic approach that drives human outcomes and business outcomes together. To effectively drive human performance, we need to adopt additional practices and tools beyond performance management processes. We call this expanded approach *engineering human performance* (figure 2).

Figure 2

Engineering human performance includes performance management, but goes beyond it



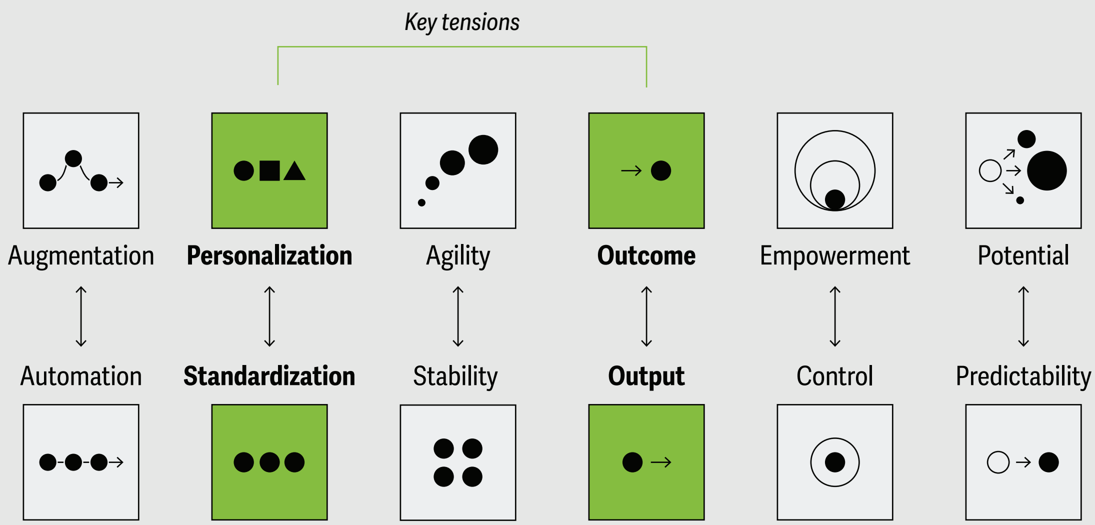
Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

The human performance equation requires both business and human outcomes supporting each other. However, outdated organizational mindsets often prioritize business over human. Organizations are also torn between the short-term cost of a focus on managing compensation and low performance, and the long-term value of fostering future performance growth.

Organizational choices around these tensions (figure 3) affect how performance is measured (outputs versus outcomes), leader and worker autonomy in setting and completing goals (control versus empowerment), and how customized tools and approaches are (standardization versus personalization). Left unresolved, these tensions can undermine trust and cause problems in the strategy, design, and execution of efforts to engineer human performance.

Figure 3

Navigating the tensions: Where you'll likely need to find balance to engineer human performance



Source: Deloitte analysis.

Performance management: An unavoidable reality

Performance management by its very nature assesses performance. It's inescapable: Organizations need some way to make defensible people decisions like allocating rewards and promoting people. Even if organizations try radical redesigns—like having peers assess one another's performance or doing away with ratings altogether—the reality is that performance will still be assessed, with people compared to one another. This will inevitably breed strong emotions; when your bonus and promotion is dependent on your performance assessment, deeply personal feelings come into play. And no matter what variation you use, a few people may try to game the system. Although performance management also seeks to provide developmental feedback to help people learn and grow, this often lives in the shadow of assessment.

Consider a few statistics about the design and execution of performance management that are likely not surprising:

- **It's just not useful—for anyone.** In many cases, organizations' performance management processes, tools, and required practices are not having an impact. Two-thirds (64%) of workers see performance reviews as "a complete waste of time that doesn't help them perform better," according to Betterworks.[3] In our 2025 survey, only a third of executives (32%) said their approach enabled timely, high-quality talent decisions about high and low performers.

- **It's time consuming and inefficient.** The performance management process can often require a lot of time spent doing something neither workers nor their managers believe adds value. One Gallup report projected that performance management evaluations cost organizations as much as US$2.4 million to US$35 million a year in lost working hours.[4] In addition, a strategy focused on activity and outputs leads to busywork by workers trying to prove their worth—which gets in the way of driving real results, including human and business outcomes.

- **Managers don't always provide clear, useful feedback tied to organizational goals.** What managers say day-to-day often fails to align with what workers hear at the end of year. In Deloitte's 2025 Global Human Capital Trends survey, only about a quarter (26%) of organizations report that their managers are very or extremely effective at enabling the performance of people on their teams. This dynamic may be related to managers' analysis that they only spend 13% of their time developing people.

- **Expectations and goals aren't clearly communicated.** Workers cannot perform if they do not know what they are aiming to achieve. In a Gallup survey, less than half of workers (47%) know what's expected of them.[5] Some of this disparity may be due to the challenge of accurately describing what someone is supposed to do in a period when we are moving from job-based to skills-based work.

- **Individual worker outcomes are difficult to measure.** In last year's Global Human Capital Trends survey, we discussed organizations' focus on easy-to-measure productivity numbers, rather than credible, objective metrics that assess the actual value of work—its quality, complexity, or level of innovation, for example. The challenge continues this year: 75% of organizations rated their ability to accurately evaluate the value created by individual workers as not very or not at all effective.

The common response to these challenges is to reinvent performance management entirely. But despite a flurry of reinventions over the past decade—including everything from eliminating ratings to skills-based rewards and performance management to peer-based evaluations—some people are still unhappy with the process.

We need to live with some kind of process. But we need to design it in a way that is cost and time effective, builds trust, and if possible, promotes personal growth and development. Organizations can make shifts today to address the tensions and challenges preventing better outcomes:

- **Clearly define the purpose and scope of performance management.** Deloitte research reveals that organizations with better business and organizational outcomes define their performance management strategy around purpose and mindset, rather than processes and models.[6] Performance management can have a wide range of intents—including development and coaching of people. Organizations should be clear about which intents their performance management process wants to pursue and jettison the rest. For example, organizations may seek to decouple developmental conversations from assessments and instead embed them in the flow of work.

- **Design to build trust and fairness.** Starting from a foundation of cocreation increases the likelihood that workers and managers will buy in. That means not just asking their opinions but granting them influence and decision rights.[7] Build trust by ensuring assessments are evidence-based, with a transparent, clearly communicated process for making assessments and people decisions. To help with this, people managers will need training in assessing performance using data and eliminating bias from their assessments. Organizations can also consider rewarding high-performing workers with compensation without penalizing lower-performing workers.[8] At Rolls-Royce, top performers are now rewarded more significantly, while there is less impact on low performers, to encourage differentiation of outcomes and make direct and open feedback easier to give and receive.[9]

TYING BONUSES TO PERFORMANCE GOALS TO DRIVE BUSINESS AND HUMAN OUTCOMES

WalkMe, recently acquired by SAP, offers quarterly bonuses to nearly 1,000 employees across a wide range of roles. Bonuses start at 8% of salary, depending on role and seniority. High achievers can earn up to 120% of the target bonus, while low performers receive at least 50%.

The bonus structure is designed to be clear and attainable, with goals aligned to priorities set by the executive team. Individual goals are developed in partnership with one's manager and are tracked using HCM. The quarterly payout is based on a combination of firm financials, team achievement, and the completion of individual goals. WalkMe also sets development goals, which are less directly tied to the bonus but are discretionary for the leader.

Worker and candidate feedback is positive: People like knowing exactly what they need to achieve and the ability to influence their take-home pay. The impact on the business has been favorable as well. Before implementing this approach, there was less compliance with performance management, and bonuses were awarded without a clear tie to accomplishment. Now, there is clarity on expectations and a credible, data-driven process that can lead to results.

- **Simplify the process and model it from the top.** If performance management process can only play a limited role in improving human performance, it is best to simplify it so that it is as painless as possible for both workers and leaders. Tufan Erginbilgiç, CEO of Rolls-Royce Holdings plc, sent a rallying cry to the workforce in January 2023, and set out a significant transformation agenda to address the aerospace and defense company's performance issues. He identified the performance management culture as a priority for transformation. As part of the systemic shift, personal performance management expectations were reset with processes simplified, clear goal setting aligned to a granular strategy, and more honest performance dialogue enabled by calibrated ratings. The impact of the changes is being felt across the whole organization and the leadership shadow has been a critical success factor.[10]

  Use of technology can also be used to simplify performance management. GenAI, for example, can be used to identify feedback providers, aggregate and synthesize data sources (goals, self-reflections, feedback, etc.) for evaluation, and identify potential bias.

Engineering day-to-day human performance

Continually reinventing performance management won't solve our core need: to truly unlock how people create business and human outcomes. To do this, we need to consider moving beyond the mere process of performance management to a broader and longer-term effort to engineer human performance in the flow of everyday work.

To engineer performance in the flow of everyday work, we need to build a human performance strategy—not just a performance management strategy. Setting a human performance North Star requires focus from the C-suite, with a clear desired state and a well-defined path forward. In the example above, the new Rolls-Royce CEO saw the potential for much greater results, sent out a clear call to action, and has continued from there.[11]

Once the human performance strategy is set, organizations can consider the following actions:

- **Create a human performance culture and org design.** The culture of an organization must support valuing business and human outcomes equally to achieve the multiplier effects of human performance. Consider the high-stakes world of Formula One, where McLaren Racing's approach to performance extends beyond the track. Daniel Gallo, McLaren's chief people and sustainability officer, emphasizes that the welfare of the team is as crucial as the performance of the car. McLaren has implemented various strategies to support the physical and mental well-being of its employees, including access to in-house doctors, psychologists, and fitness coaches for manufacturing staff and race teams alike. "We're very clear that human performance equals car performance and that's a fundamental competitive differentiator for us," Gallo told *Raconteur*.[12] Ultimately, Gallo's methods show that investing in employee well-being and fostering a strong culture can lead to stronger business results. McLaren's number-one finish in the 2024 Constructors' Championship is a testament to the impact of these efforts.[13]

  A fit-for-purpose organizational design can also help unlock human performance; Deloitte research shows that organizations with a mature organization design capability that continually senses the external environment and responds to changes through redesign are over five times more likely to manage change effectively than other organizations.[14] Other Deloitte research shows that designing work and organizations for well-being can have a far greater impact on worker well-being than bolt-on well-being programs like gym memberships or new benefits.[15]

- **Improve manager and people connections.** Managers know they need the training and tools to provide clear, honest, actionable feedback that helps workers grow. Yet only 54% of managers say they're confident coaching for career development, according to Betterworks.[16] Standard Chartered, however, created a robust development and accreditation process for managers based on developing capabilities such as building trust and aligning teams, and a separate one devoted entirely to coaching. It also fostered a community of middle managers to learn from one another.[17]

  At the same time, driving human performance means encouraging the formation of positive, fruitful connections among workers. Teams should be designed to support one another, versus assuming one strong employee can somehow lift the group. In one study, a professor at the Rotterdam School of Management divided students into groups to complete a management task, with a prize for the best team. However, each team included someone playing a negative role. One negative member reduced team effectiveness by 30% to 40%, regardless of other members' talent and intelligence. Negative attitudes quickly spread, causing others to mimic the poor behavior.[18] Establishing clear norms can enable smooth working relations. Team cultures should encourage taking risks and potentially failing, augmented by a practice of providing real-time feedback on both points of improvement and successes. Deloitte's High-Impact Total Rewards research found that organizations with a strong culture of recognition report significantly stronger talent and business outcomes.[19]

- **Redesign workforce practices for human and business outcomes.** Workforce practices—from hiring to learning to rewards and recognition—can be crafted to unlock human performance. However, many organizations today design these practices instead to primarily manage employment; our Deloitte 2024 Human Capital Trends research on boundaryless HR found that only 20% of C-suite leaders strongly agree that their HR function and the workforce practices that it manages improve their workers' performance.[20] Instead, organizations should make workforce practices more relevant to individuals or workforce segments, create more human-centric practices co-designed with workers themselves, use technology in new and innovative ways, and design practices to meet customer and business needs.

Some organizations, however, are redesigning their workforce practices to elevate human and business outcomes. For example, Roche used technology to enhance its learning and development approach to rapidly equip its engineers and specialists with the latest and greatest skills required to build biotechnology for its customers. The new approach simplified the learning experience by allowing learners to simultaneously engage in both mandated and skill-based training, with clear pathways and checkpoints throughout the journey to support individual learning, while also ensuring competence. As a result, Roche established a straight line from learning to human performance with speed to competency reduced from 1.5 years to 90 days, which both reduced turnover and improved customer satisfaction.[21]

Another example is AXA, the global insurance provider. Recognizing that workers' well-being is a significant driver of human performance, the organization launched a comprehensive "We Care" program for all employees worldwide. It extends far beyond traditional benefits offered by most organizations, such as the ability for workers to take paid leave to care for family members, a robust set of benefits to support those facing domestic violence, and a Healthy You program with support for both mental and physical well-being, including fertility treatment, menopause, in-person medical checkups, and more. Taeko Kawano, executive officer and chief human resources officer of AXA Holdings Japan, highlighted that "the program is designed not just for employees but also for their families, underscoring that holistic well-being—at work and in life—is crucial for employees to bring their whole selves to work and perform at their peak." Since its launch, the organization has seen improvements in both business and human outcomes, including worker well-being and satisfaction.[22]

- **Use technology and data to support how work gets done.** Historically business technology mainly has served to automate or augment work; new technologies have the potential to enhance human capabilities in ways that achieve human performance and potentially reduce unnecessary work. Workers partnered with tech can perform more effectively than either people or technology could independently, and leaders and managers can better develop and interact with their workers using tech. Not only can greater performance be unlocked, but when workers and machines work in close proximity, it can be easier to distinguish and measure individual human performance.

  A major US-based electronics company has seen this firsthand. At its repair facility, implementing robots to assist workers significantly improved the ability to observe individual employee productivity. Managers were able to collect data that allowed them to more easily distinguish between human and machine errors. Noting that the robots consistently made the same type of error, human errors became easier to identify and correct.[23]

  In addition to using technology as a collaborator in the work, tech tools can use all the data they collect about work to provide real-time performance insights. New technologies like Gong.io and Salesforce Einstein Sales Coach Agent, for example, provide real-time feedback to sales professionals helping them adjust and learn real time in the flow of work. Likewise, smart factory technology can guide a worker to use safer or more efficient techniques, while a software pop-up could tell a worker that the data they are entering is outside of expected ranges and should be double-checked. The key is that workers receive feedback while they are working, enabling them to put the guidance into action immediately.

HOW IHP ANALYTICS USED WORKFORCE DATA AND TECH TO IMPROVE HUMAN PERFORMANCE

A software company faced attrition and stress-related absences that affected business growth. It engaged IHP Analytics to examine 12 months of individual mental and physical health data from wearables, merged with calendar and collaboration platform data. The analysis showed high stress and low well-being during the financial year-end and performance review season, particularly among the worker cohorts with highest absence and attrition.

IHP introduced "performance engineering," shifting from traditional, periodic performance management to a more continuous approach. This method leveraged real-time data integration using dashboards of personal behavioral signals alongside organizational metrics enhanced by management activities to build trust. Individuals had input into personal performance target zones, linked to team and organizational targets. Personal metrics like well-being and job behaviors became part of ongoing, proactive reviews.

These changes fostered a value-focused culture with a total performance perspective, balancing the tensions of business versus human outcomes and control versus autonomy. The transformation led to a more flexible, resilient business that achieved 7% revenue growth in the first year, with a 36% drop in attrition and a 19% reduction in sickness absence.[25]

Technology can also help drive human outcomes in the flow of work—one of which is well-being. Examples abound showing how data-enabled tech can highlight safety concerns or identify toxic interactions so they can be addressed. Indeed, the job matching and hiring platform, used communication software to embed its inclusive language guide into the flow of work, providing inclusive language suggestions in real time and empowering workers to have better conversations with clients and each other.[24]

- **Optimize workplace design.** As many organizations have pulled their workforce back to the office, a long-held belief in the importance of serendipitous encounters has regained prominence. Google designed its Bayview campus in Silicon Valley to optimize these interactions. It also focused on mental and physical well-being, using biophilic design principles to add greenery, natural daylight, and outdoor views.[26]

  Can workspace design help or hinder human performance? Data collected at a pharmaceuticals company indicated that a 10% increase in interactions between sales personnel and co-workers from other teams correlated with a 10% increase in sales performance. To facilitate these interactions, management transitioned from having one coffee machine for every six employees to one for every 120 and introduced a new large cafeteria accessible to everyone. As a result, sales increased by 20%, or US$200 million, within just one quarter, swiftly validating the capital investment in the redesign.[27]

  Physical space design has an impact on non-office work environments as well. Optimizing the design of a manufacturing facility can boost productivity and efficiency while enhancing workforce well-being, safety, and comfort. By considering the sequence of operations and positioning workstations to minimize unnecessary movement, production speeds up and worker fatigue is reduced. One executive mentioned that before renovating a 50-year-old facility, the company surveyed employees to identify key workplace improvements. Improved lighting, including natural light, and better air quality topped the list, and the smart factory design was based on this feedback.[28]

Unlocking human performance for the future

Despite years of reinvention and retooling, performance management processes still fall short when they're relied on as the sole means to unlock human performance. That's because one singular process isn't big enough to encompass the many factors that drive both human and business outcomes. Rather, organizations need to expand beyond the performance management process if they want to meet the very goals that they hoped performance management would deliver. Engineering human performance includes a robust performance management process, but it goes beyond process to incorporate organizational culture and design, manager and people connections, tech and data, workforce practices, and workplace design.

The potential benefits are evident: Our research indicates that organizations that are very or extremely effective at enabling human performance are 2.08 times more likely to report positive financial results than the rest. When we get engineering human performance right, humans and organizations thrive.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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Is there still value in the role of managers?

For most organizations, the value isn't found in eliminating the role—or ignoring the need for change. There's a third path: reinvention. And AI can help.

Sue Cantrell, Lauren Kirby, Nic Scoble-Williams, Joan Goodwin, and Andy Bayiates

Companies with strong management report up to 15% higher financial performance than those with weaker management,[1] and evidence suggests managers may have more influence on an organization's performance than any other group.[2] So why are some organizations either eliminating the role completely or greatly reducing the number of middle manager roles?

This shift toward "bossless" organizations is likely being driven by a renewed focus on efficiency, agility, and worker empowerment with "zero distance" to the customer. Economic pressures have organizations looking to reduce costs, and artificial intelligence and other technologies are poised to take on many administrative tasks. According to one analysis, US employers were advertising 42% fewer middle management positions at the end of 2024 than they did in the spring of 2022.[3] And research by Gartner predicts that through 2026, 20% of organizations will use AI to flatten their organizational structure, eliminating more than half of current middle management positions.[4]

These changes beg the question: Is there still value in the manager role?

Some key capabilities that managers often perform will always be needed—like coaching and development of their people. Today, the people being managed are in need of support more than ever due to the shrinking half-life of skills, the impact of AI, and the increasing pace of change.

And new capabilities will likely need to be developed in light of a changing landscape in the world of work. This suggests that managers may need to take on new roles as well. Managers, for example, are uniquely situated to redesign work to capitalize on the promise of AI, enable change and agility in the face of increasing volatility, and make judgment calls and decisions closer to the customer. It might not be the manager who performs these capabilities, but for most organizations, keeping these capabilities in the manager role makes the most sense.

For most organizations, eliminating managers altogether isn't the solution. But neither is simply retaining or elevating the role of the manager as it has existed for over a century. Instead, organizations should seek a third path: reinvention of the role entirely. Because in an age in which work is increasingly complex and volatile, people-powered, and more AI-augmented, the traditional role of the manager may no longer be fit for purpose. We may indeed have fewer managers in the future, but what and how they do their work should evolve for the new world of work.

AI, along with new support structures, is a key enabler to this reinvention. Not only can AI automate much of the administrative work that takes the time of managers today, but it can also become a powerful ally in assisting them with focusing on and leading what matters most to organizational results:

- Developing, coaching, motivating, and nurturing people
- Redesigning work, reallocating resources, and optimizing human and machine interactions to drive human performance in the age of AI
- Enabling agility, strategic problem-solving, and innovation

What is a manager, anyway?

In many organizations, leaders struggle to clearly define what a manager even is. Managers—those who oversee direct reports and act as a bridge between executive strategy and front-line execution—are all too often a catch-all role in the organization. They are constantly pressured to be project supervisors, change agents, coaches, administrators, problem solvers, and more. And all of this on top of doing the work itself.

THE PROMISE AND PERILS OF UNBOSSING

As the role of the manager has come under increased scrutiny, the "unbossing" trend that involves thinning out middle management has emerged.[5] Many organizations are now experimenting with eliminating middle manager positions, either as a bold new operating model based on self-organizing teams, or as an exercise focused on cost cutting and reducing bureaucracy.[6] Others are significantly reducing layers of management and increasing the ratio of workers to supervisors.[7] In an ideal world, this model gives employees more autonomy and control over their work while offering a positive narrative for shareholders that flattening management will lead to greater efficiencies and agility.

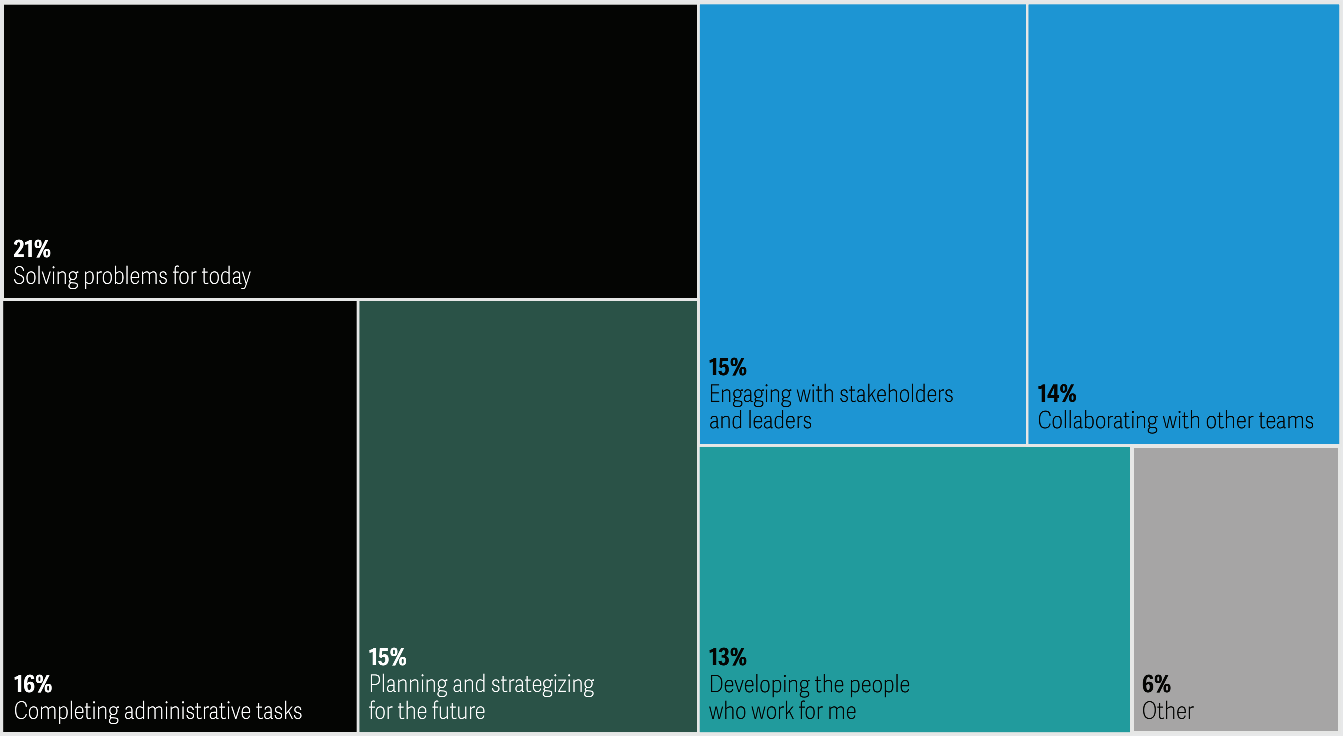
For some organizations this model works. But many organizations struggle with realizing the promise of it.

You can cut the roles, but humans will still lead and be led, even without the formal titles. This can create "shadow leaders" and unclear decision rights that slow the organization rather than create efficiencies. Organizations that have attempted new forms of unbossing—for example, holacracies and self-organizing teams—often found that a decentralized, bossless system ended up creating its own form of bureaucracy or other complications.[8] One foundational study revealed that flattened firms with fewer middle managers typically exhibit more control and decision-making at the top—the opposite of what was intended to reduce costs and push decisions downward to improve agility.[9]

Figure 1

Where are managers currently spending their time? Mostly on administrative tasks and tackling today's problems

Percent of time respondents spend on the following categories of work



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

Nearly 40% of their time is eaten up firefighting today's problems or on administrative work (figure 1).

It's no wonder that managers are often overwhelmed, frustrated, and burned out—one research study suggests that they're the most depressed and stressed category of worker.[10] Case in point: 40% of managers said their mental health declined when they took on a managerial or leadership role. And 72% of workers in Japan don't even want a management position,[11] what was once the highly sought-after path toward upward mobility has lost its appeal for many around the world.

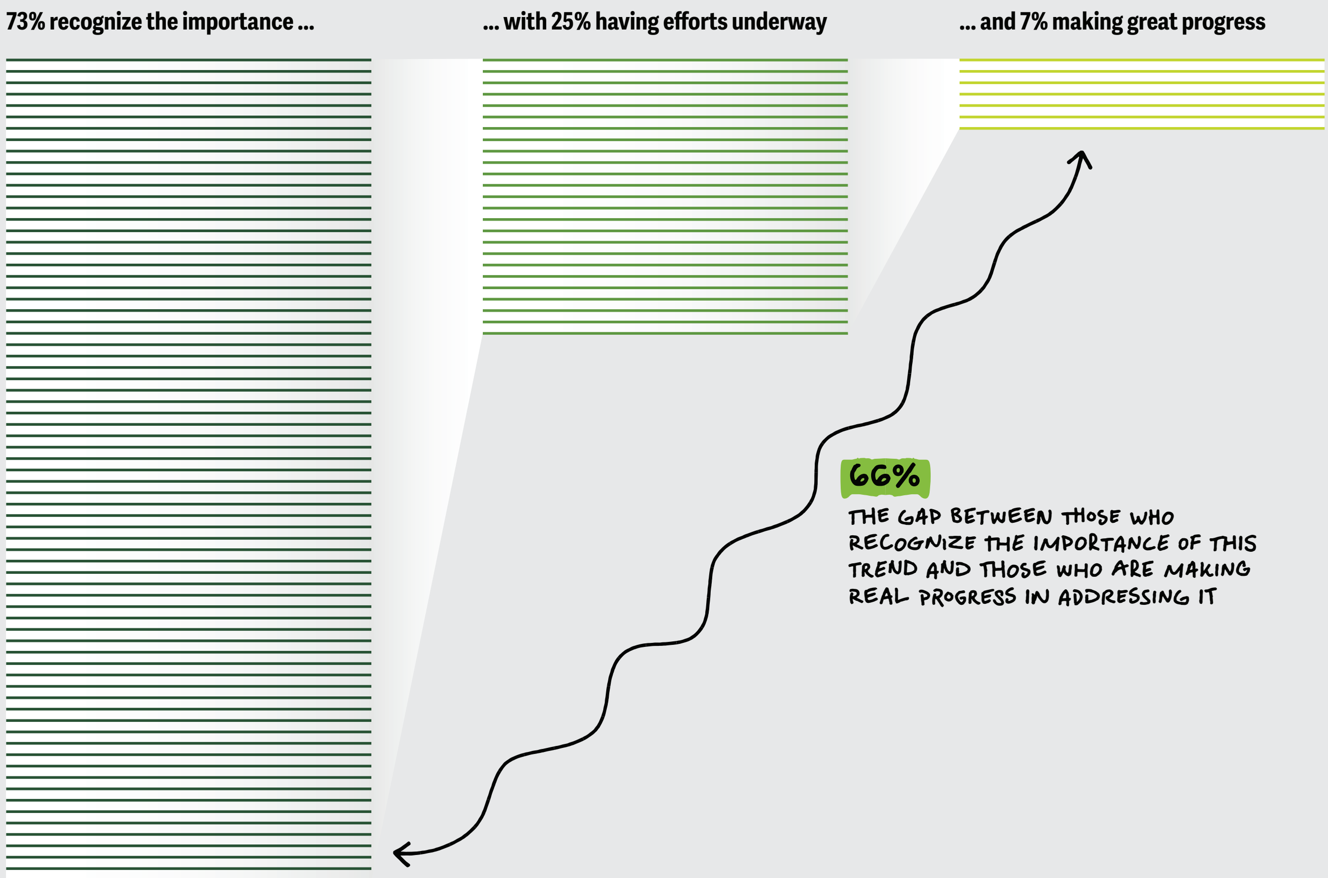
Yet most managers feel their organizations are doing very little to support them. Our research shows that organizations recognize the importance of better supporting managers and reinventing their role but are struggling to make progress (figure 2). According to our 2025 Global Human Capital Trends survey (see "Methodology"), 36% of managers felt they were not sufficiently prepared for the people-manager parts of their role and 36% do not believe their organization has implemented technology solutions to help them perform these roles.

Managers need support and development—especially younger managers who earned promotions based on their achievements as individual contributors, but who haven't yet developed the most important skill needed to meet all three new capabilities for the reinvented role of the manager: judgment.

Figure 2

Organizations say reinventing the role of the manager is important, but few are making great progress

Percentage of respondents answering the questions, "How important is reinventing the role of the middle manager to be less focused on task management and worker oversight, and more focused on enabling human performance, leading change, connecting groups, and redesigning work?" and "Where is your organization on its journey to address this issue?"



Source: Analysis of Deloitte's 2025 Global Human Capital Trends survey data.

The key capability needed for tomorrow's middle managers: Judgment

In an era in which the technical and functional work can increasingly be performed by AI, and in which work is increasingly fluid and complex, the most important skill managers will likely need is the art of judgment—or the ability to make difficult decisions where there are no cut-and-dry answers or when the information available is insufficient. Judgment is the ability to understand organizational history, culture, and context and use human capabilities like empathy and imagination to guide discretion and to improvise rather than simply apply rules.

Judgment isn't something that can be learned from a textbook—it requires experience and practice. Yet increasingly, organizations are finding it difficult to supply that experience to workers so they can develop into strong managers.

Judgment is the foundation for all three new capabilities for the reinvented role of the manager (figure 3)—the ability to have the empathy to make the right calls needed to coach an increasingly diverse workforce; the creativity and wisdom to redesign work and unlock human performance in the unchartered territory of an AI-augmented world; and the ability to exercise strategic problem-solving in the face of uncertainty.

Judgment, in fact, is the key skill needed by managers to resolve tensions (figure 3). They will need to continually balance the necessity for organizational stability and control, while also enabling and driving organizational agility and empowerment. Likewise, managers are in a unique position to spot and realize the potential of their people, while also working to achieve predictable outcomes and minimize risk.

WHAT'S THE ROLE OF THE MANAGER?

Traditionally, the role of the manager was to tell workers what needed to be done, observe their output, and reward or sanction workers accordingly—often doing the work alongside their teams.

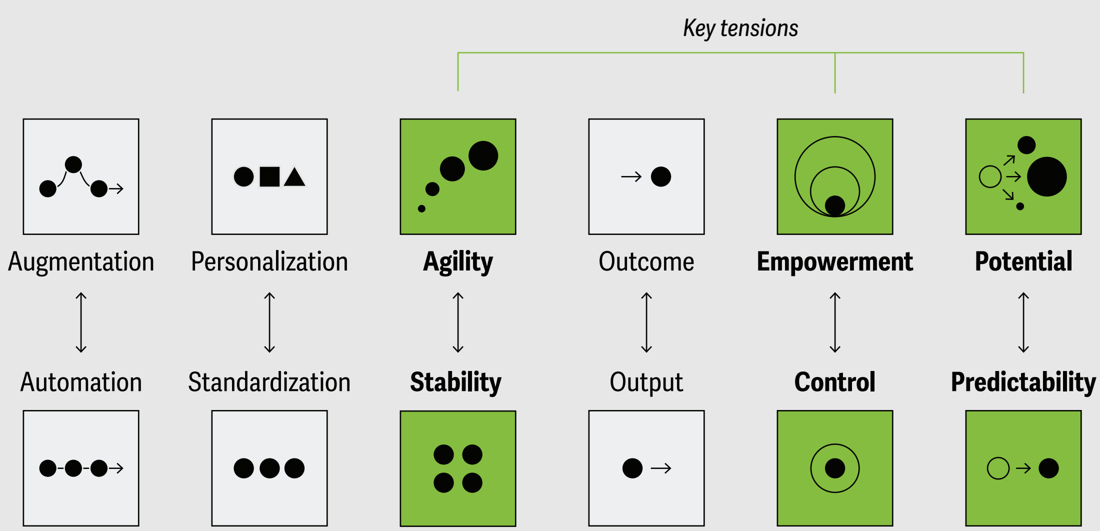
But the role is shifting. Managers are increasingly becoming leaders of people who use judgment to:

- Develop, coach, motivate, and nurture people.
- Redesign work, reallocate resources, and optimize human and machine interactions to drive human performance in the age of AI.
- Enable agility, strategic problem-solving, and innovation.

This redefinition includes both "player-coaches"—those who do the work alongside their people—and "orchestra conductors" who lead from the front.

Figure 3

Navigating the tensions: Where you'll likely need to find balance to reinvent the role of the middle manager



Source: Deloitte analysis.

The three critical capabilities managers need and how organizations can support and build them

What are the new capabilities of the reinvented role of the manager, and why are they important in today's world of work? And how do we use AI and other organizational support structures to build them?

1. Develop, coach, motivate, and nurture people

Coaching and development are some of the most important roles a manager can play. Our 2025 research suggests that a manager's ability to lead, inspire, and engage the workforce is one of the largest influencers in maintaining a productive workforce. The most effective development and motivation happen at a one-on-one level between managers and their people.[12] Other Deloitte research shows that effectively developing your direct reports can boost their performance by as much as 27% and make them 1.5 times more likely to exceed their goals.[13] Further, 67% of employees in our 2025 survey say that their manager knows best what motivates them.

Consider one life sciences organization, which conducted an experiment to understand the impacts of increasing the span of control for managers supervising field representatives. Specifically, this organization conducted a small project in which it nearly tripled the number of field representatives for which a manager was responsible. The findings of this experiment uncovered that while managers were able to absorb the increase in the number of employees from a day-to-day operations perspective, this came at the cost of the human elements required (e.g., coaching, people development), resulting in lower employee engagement and increased turnover. As a result of this experiment, the organization was able to find the optimal span of control that did not jeopardize the critical role that managers play as people leaders and coaches.[14]

In consulting organizations, employees have long had "coaches," who help workers grow and develop, and separate project leaders. In a similar vein, Telstra, an Australian telecommunications and technology company, split the role of the manager into two distinct roles: leader of people and leader of work. Leaders of people focus on ensuring their workers have the skills and capabilities needed for the business and help them chart paths to other parts of the business to avoid silos and further integration. Leaders of work, on the other hand, don't directly manage people or control budgets; they're responsible for leading project teams to ensure deliverables are on time and on budget.[15]

How organizations can support managers in building this capability

Organizations can use AI to help managers in this role. AI can offer managers real-time performance insights, for example, to help them become better coaches. Insights can include data on worker sentiment; how, when, and with whom workers work; how effectively employees are collaborating, and the outcomes of workers' work—to name just a few.

At Intel, for example, managers use AI to help guide them in providing development opportunities and feedback to their workers. Christy Pambianchi, Intel's chief people officer, says, "Having a built-in [AI] coach for the manager can help give them insights about the team that they're managing and the activities that they've taken on." Although AI can help, Pambianchi suggests that AI isn't a replacement for the manager role. She explains, "Empathy, support, connectivity, psychological safety, commitment to the enterprise—those are all things that I think only a manager and leader can help create, and co-workers can create for each other."[16]

As workplaces combine human and robotic workers, AI tools can also enable managers to better measure individual performance of both robots and humans, analyze their errors, and improve performance.[17] Managers in a repair facility at one electronics company found that many employees followed a regular pattern of higher productivity in the morning, with substantial variance in afternoon productivity and increased error rates as they rushed to meet their daily quotas. Managers could newly see this due to the precise data provided by the robots. As a result, managers were able to better coach their workers, reduce errors, and improve their performance.[18]

Other technologies can help too. At one telecommunications company, managers can develop better people development skills by practicing difficult conversations with an avatar in virtual reality, with AI analyzing their data to act as a coach to refine their skills.[19]

In addition to using AI and other technologies, organizations can also support managers in being better people coaches and developers by:

- Requiring training, development, and accreditation of managerial coaching and development skills.
- Creating opportunities to practice and learn how to have difficult conversations and make challenging people decisions.
- Assessing manager performance on coaching and development, and tying monetary rewards to the assessment.
- Acknowledging great coaching and development through recognition programs (e.g., granting more time off, public recognition, badges, etc.).
- Building a culture of growth and development from the top.
- Helping managers learn how to customize the way they develop people by tapping into individuals' unique motivations, skills, and passions.

2. Redesign work, reallocate resources, and optimize human and machine interactions to drive human performance in the age of AI

AI is transforming work, with more workers working with AI than ever before. Studies suggest that global use of generative AI has jumped from 55% in 2023 to 75% in 2024,[20] and Deloitte research reveals that more than eight in 10 workers now interact with AI at work.[21] As workers become increasingly intertwined with AI, managers will need to take on a new role of redesigning work and roles, helping their people better collaborate with smart machines, and reallocating resources to perform work—whether that be human or machine.

Managers are well positioned—being close to the work but not too close—to help redesign work and jobs. For example, one mining company introduced fully automated, remotely operated trains to transport minerals, retaining drivers to assist if the automation technology failed and redesigning their roles. Although their knowledge was critical to the automation process, managers realized that drivers suffered from lack of role clarity, autonomy, and stimulating work, often performing low-skill work like polishing trains and feeling less confident in recovering broken-down trains since they no longer had opportunities to drive. Drivers' roles were expanded to include more meaningful tasks—such as training recruits—and they were allowed to rotate to different ports to keep the work varied.[22]

Also, consider the role managers played for one retail fashion organization in helping workers collaborate better with AI to create better outcomes. When AI was introduced to help fashion buyers select which styles customers would want to wear next season, managers noticed the buyers often didn't adopt AI's strategic recommendations. The fashion buyers felt that the AI recommendations took away the creative work of selecting new styles—the favorite part of their roles. Instead, they became profit optimizers, required to test various collections with AI to identify which collections would likely make the most profit. Managers helped the fashion buyers more effectively collaborate with AI by redefining the buyers' identity as "visionaries" who strategize about new collections. As a result, the buyers' resistance faded and trust in their AI counterparts increased.[23]

Managers also have an important role to play in helping others develop human capabilities like judgment, empathy, and imagination to work effectively with AI, as well as mitigating the risks of AI. They will also need to increasingly oversee AI, in addition to people. In the future, managers may need to manage multiple AI agents working together in an agent ecosystem. At organizations like JPMorgan Chase, the company is already developing autonomous agents that perform complex multistep tasks.[24] George C. Lee, co-head of the office of applied innovation at Goldman Sachs and the firm's former chief information officer, argues in his *Fast Company* article that managers need to develop "machine capital management."[25]

How organizations can support managers in building this capability

Ironically, organizations can use AI itself to help support managers in their new role of optimizing work for AI and human collaboration.

Organizations can use AI to democratize process redesign, empowering managers and employees to use AI to foster continuous improvement and large and small process or work redesign.[26] One manager of research engineering at NASA, for example, used commercially available AI software to reinvent the design process for specialized

one-off parts, with workers collaborating with AI to produce complex structure designs in just hours rather than months.[27]

AI can also help managers make decisions about which resources should perform which work. Organizations like Nestlé and MetLife, for example, use an AI-powered technology that democratizes workforce planning—giving managers access to the data and insights regarding workforce implications of AI or digital transformation, for example, to help them make better resourcing decisions.[28]

In addition, organizations can support managers in this role by:

- Helping managers redesign their own role in light of AI by shifting the weight of "doing" off of managers so they can focus on how the work is done.

- Supporting risk-taking by creating a safe environment for AI and other work redesign experimentation.

- Giving managers open information about the organization's financial and strategic goals as well as customer data to provide the right context for work redesign.

- Providing education, training, and development on AI—including what it can and cannot do, responsible use of AI, and how workers can best engage with AI as a teammate and collaborator.

- Developing managers' ability to make the important judgment calls needed to make trade-off decisions regarding who performs the work and how.

3. Enable agility, strategic problem-solving, and innovation

In the past, managers would take the directives and strategy set by senior leaders at the top and translate it into actionable plans for their direct reports. But in today's world in which speed and responsiveness rule the day, managers will need to continuously strategically pivot in response to rapidly changing conditions.

Research by INSEAD, for example, found that 80% of transformation programs led by middle managers succeed, compared to only 20% of those led by senior management.[29]

Managers, in fact, are a key to enabling a more decentralized, responsive organization—one of the key goals that "bossless organizations" aim to pursue. Managers can empower and unblock their people, instead of directing them in a bureaucratic traditional command-and-control organization. This enables the kind of decision-making at the edges of the organization that lets organizations shape-shift at will.

At the Chinese e-commerce company Handu Group, for example, the role of the manager has been radically reinvented in its core brand HStyle to reflect how work is done through networks to achieve greater agility and market responsiveness. In an internal entrepreneurship model, team leaders guide small, agile teams with decision-making power to develop and sell products. The organization incentivizes team formation and mobility, rewarding original teams for training departing members and providing residual bonus payments to former team leaders, fostering adaptability and innovation.[30]

And at French tire producer Michelin, the role of the plant manager was redefined from being a boss to being a mentor, shifting their role from "deciding" to "enabling" through a focus on activities like building team skills and resource planning. The "responsabilisation" (French for empowerment) increased the authority and accountability of workers on the front lines—letting them play bigger roles in areas such as safety, quality, staffing levels, scheduling, and even participating in high-level planning meetings on topics like plant design and yearly targets. Managers were taught to "lead from behind" and develop judgment skills like emotional intelligence to support their teams, leading to half a billion dollars in manufacturing improvements.[31]

Managers can also play an important role in connecting workers to others across other functions or workforces, something that can drive greater agility and empowerment. According to Gartner research, the manager coaching style with the highest impact on employee performance is the "connector" who connects workers to experts in the organization based on the manager's deep network and understanding of workplace culture and dynamics.[32]

How organizations can support managers in building this capability

AI-driven language models can empower managers to grant more decision-making authority to workers by observing workers' decision-making effectiveness and making recommendations. Klick Health's machine-learning technology called Genome, for example, analyzes every project at every stage in the firm, suggesting rewarding more responsibility to people who have demonstrated consistent competency and success. The AI tracks every decision made in the firm and the context in which it was made.[33]

AI can also help managers make better strategic decisions. Sanofi uses an AI application called Plai to synthesize companywide data across key metrics of integrated business plans to help managers of teams in finance, manufacturing and supply, and quality make better decisions—allowing managers to have better discussions about performance and make decisions based on data like trends and potential root causes.[34]

AI can even suggest key performance indicators to inform strategy, enabling smart KPIs powered by AI to become sources—not merely measures—of strategic differentiation and value creation.[35] At shipping and logistics company Maersk, for example, front-line managers were conflicted: Should they define performance based more on speed of transportation or schedule reliability? Although managers assumed prioritizing speed was most important, AI helped them make the counterintuitive decision that going more slowly would reduce costs and result in more on-time arrivals.[36]

In addition, organizations can support managers in this role by:

- Connecting your best connectors. Focus on drawing better connections among managers within your organization, so they might better solve strategic problems and reinvent together.
- Empowering decision-making. If you want your managers to be the catalysts for your agile response to problems, then those managers need to be empowered to make decisions. Consider how you can push decision rights down in your organization.
- Developing managers' judgment skills in strategic decision-making and problem-solving by giving them opportunities to practice with feedback.
- Helping managers learn how to develop microcultures and micro strategies to drive performance within their sphere of influence.

The role of the manager is inevitably changing. The decision before us is: How do we best reinvent the role to help organizations and workers embrace the pace and change and thrive? It starts with recognizing the importance of the three fundamental capabilities discussed above. The term "manager" isn't what's important here—what's important is ensuring that these core capabilities are embedded in the organization's DNA and that the organization is helping people excel at them.

Regardless of which path works best for your company's culture, embrace the opportunity to reinvent the role of the manager. Chances are, they're a vital and valuable key to your organization's future growth and profitability.

RESEARCH METHODOLOGY

Deloitte's 2025 Global Human Capital Trends survey polled nearly 10,000 business and human resources leaders across many industries and sectors in 93 countries. In addition to the broad, global survey that provides the foundational data for the Global Human Capital Trends report, Deloitte supplemented its research this year with worker-, manager-, and executive-specific surveys to uncover where there may be gaps between leader and manager perception and worker realities. The survey data is complemented by more than 25 interviews with executives from some of today's leading organizations. These insights helped shape the trends in this report.

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