



The Future of Talent Strategy

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CHROs and talent management leaders face a variety of new challenges in today's environment, driven by AI, economic uncertainty and employee behavior. Four key trends will shape talent strategy in 2026:

- **HR prevents the decline of entry-level roles.** Business demands for entry-level talent are changing quickly. To prepare the next generation of midlevel talent, HR must reevaluate how organizations train and retain their early-career employees.
- **HR turns one-third of its recruiting capacity inward.** By 2030, 19% of all roles will need to be upskilled and redeployed.¹ HR must drive mutual accountability between talent acquisition and talent management teams to embrace this opportunity.
- **Regrettable retention becomes the top productivity barrier.** HR is under pressure to improve workforce productivity. But HR must recognize and address employees who are driving productivity – as well as those that are draining productivity.
- **Performance management becomes less (and more) human.** Performance management is among the fastest automating of all HR processes. To realize efficiency and efficacy gains, HR must shift its mindset from driving compliance to enabling performance.






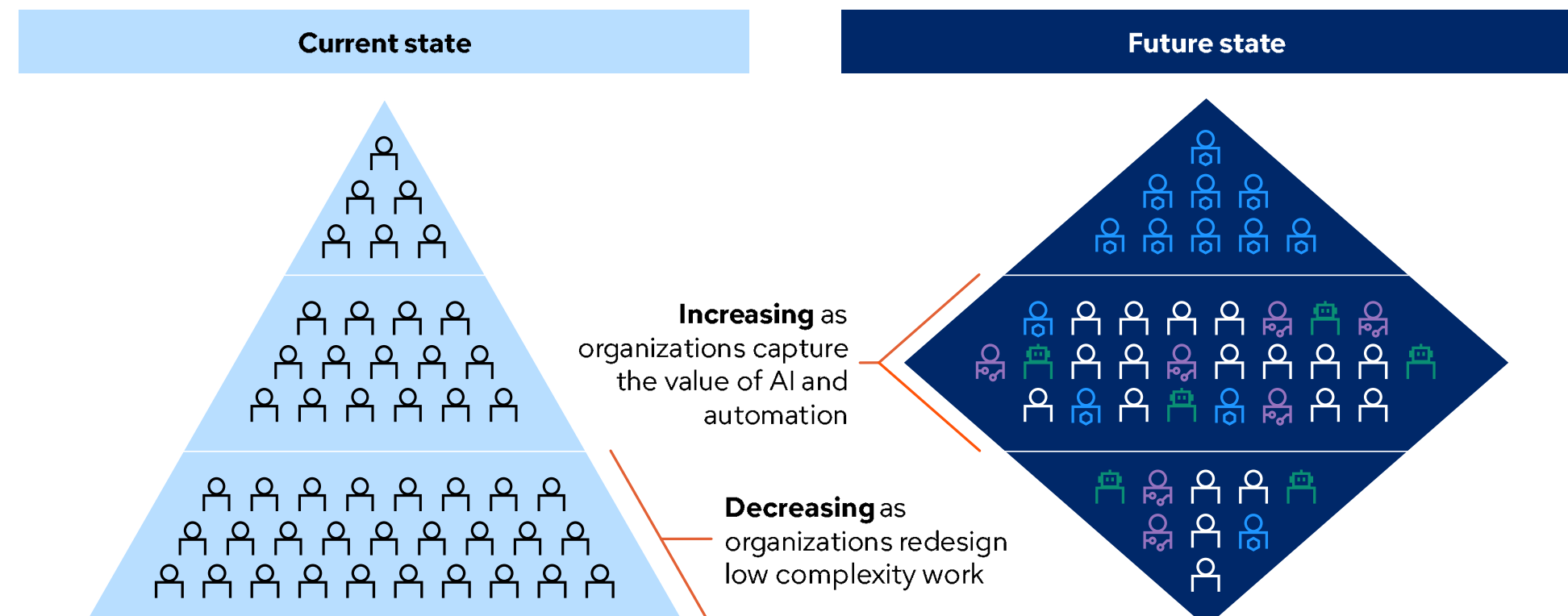
HR Prevents the Decline of Entry-Level Roles

AI stands to fundamentally alter the structure of the organization, eliminating many traditional entry-level positions as less complex work is automated and more employees shift from performing discrete tasks to managing AI-powered processes (see Figure 1). Businesses require new employees to build more complex skills, faster than in the past, at the same time as traditional on-the-job learning opportunities are being automated away.

In the AI era, organizations require a highly efficient early-career talent pipeline. This requires HR to be more intentional about developing and retaining entry-level employees to ensure a robust pipeline of talent for midlevel roles in the coming years.

» Figure 1: Current and Future State of Organizational Structures
Illustrative

 Human
  AI-augmented human
  AI agent
  Bot



Source: Gartner

To meet these demands, CHROs should focus on:

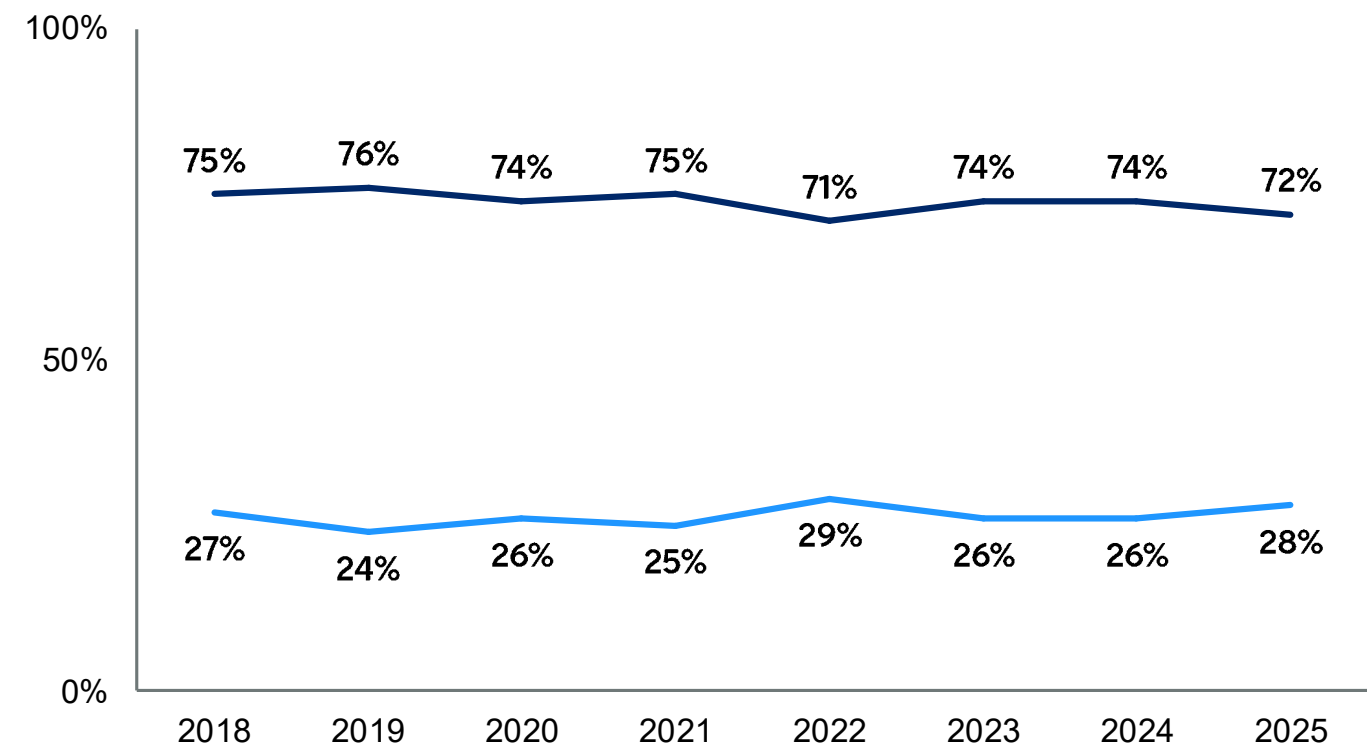
- **Scaling access to expertise:** Expand the pool of internal coaches by establishing minimum viable qualifications and enabling learner-led matching to foster meaningful coaching relationships that accelerate skill development. Use digital twins to replicate the skills of experienced employees to accelerate upskilling on critical skills with real-time support.
- **Addressing attrition drivers to increase retention:** Consider the main reasons why entry-level employees leave their organizations so quickly: compensation and career development. Job-switching premiums are historically low today, so it is a good time to start closing the pay gap between job switchers and employees who stick around. When it comes to career development, Gen Z values exploration and prioritizes job mobility over job security. Make it possible for early-career employees to explore and grow within your organization, so they don't look for those opportunities elsewhere.

HR Turns One-Third of Its Recruiting Capacity Inward

Despite the investments organizations have made in internal mobility, internal fill rates remain flat, and most openings are still filled with external hires (see Figure 2). Yet 36% of employees say they would have a greater impact in a different role.²

At the same time, the AI disruption will soon displace millions of existing jobs while creating an even greater number of new roles: By 2030, the World Economic Forum predicts, 19% of all workers will need to be upskilled and redeployed.¹ With roles and skills evolving faster than ever, organizations will face a shortage of external talent, limited hiring budgets and a massive demand for reskilling among their existing employees.

» Figure 2: Internal and External Fill Rates 2018-2025



n = 18,009
Source: Gartner

Planning for this upheaval requires a closer partnership between recruiting and talent management, centered on shared metrics including internal fill rates, lateral mobility rates, internal applications and cost per hire. CHROs should bring recruiting into the strategic workforce planning process earlier to take advantage of recruiting’s labor market knowledge in understanding what skills and roles the organization will need in the future and where and how to obtain the talent it needs.

CHROs can also unlock internal mobility by shifting hiring manager mindsets from skills proficiency to skills promise, meaning a willingness and ability to learn new skills from a minimum foundation. Rather than scouring the labor market for perfect candidates who already have all the necessary skills, identify existing employees with core foundational skills and desirable behavioral traits who can step into a new role and quickly become productive while developing their full range of new skills. Hiring for skills promise can enable the organization to fill urgent skills gaps more quickly and affordably.

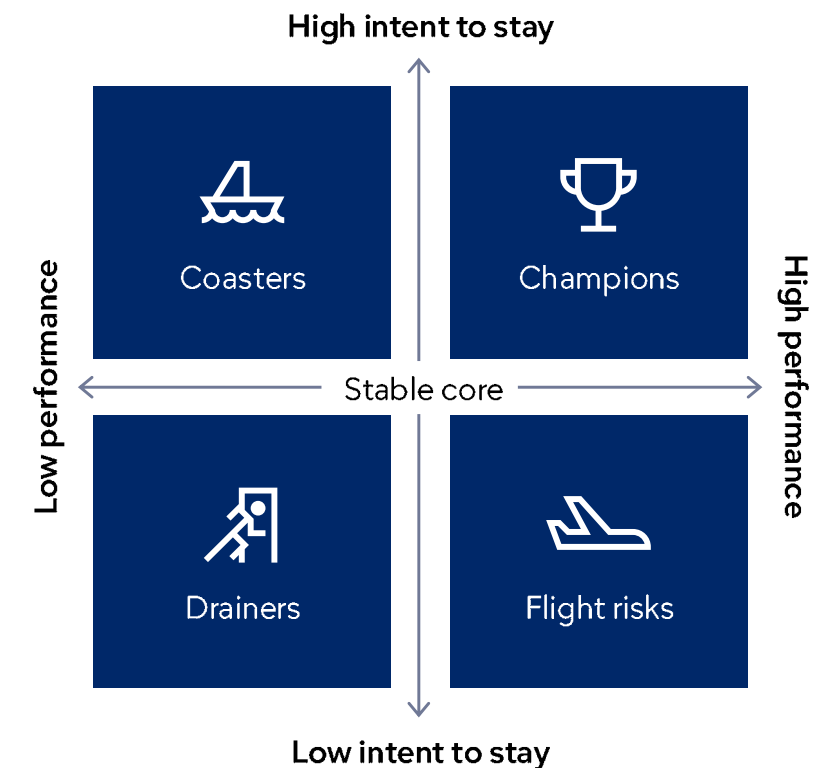
Regrettable Retention Becomes the Top Productivity Barrier

During and immediately after the pandemic, organizations focused heavily on retaining and engaging their workforce. Today, the goal has shifted sharply toward maximizing productivity. Organizations have implemented productivity monitoring, explicit productivity goals and on-site work requirements in an effort to drive productivity up, but about one in four employees are still not meeting expected productivity levels.³

The challenge is that the same productivity drivers won’t work for all employees. CHROs need to focus on the segments of the workforce that put productivity at risk. In general, organizations can lose productivity through both attrition of high performers and retention of low performers. That regrettable retention is the main drag on productivity in organizations today.

A useful framework for thinking about productivity is to segment the workforce by performance and intent to stay (see Figure 3). This framework shows why the same productivity strategies won’t work for the entire workforce, and it can help CHROs devise a more segmented strategy that focuses on the greatest opportunities.

» Figure 3: Employee Productivity Profiles
Illustrative



Source: Gartner

Regrettable retention comes from the employees on the left-hand side of this diagram. For drainers — low performers with low intent to stay — the best path forward is out of the organization, as soon as possible. These employees will often see themselves out, but the longer they stay, the more they risk dragging down the rest of the workforce. There is little value in making an effort to retain them or improve their performance, so managers should be encouraged to show them the door.

Coasters — employees who are content at their jobs but not performing up to expectations — are more complicated. For coasters, managers and HR should consider the factors driving down their motivation, such as low energy for work, burnout or long tenure in role, and intervene specifically to address these drivers:

- Define their individual accountabilities in line with business goals to focus their energy on what matters most to their performance.
- Embed wellness in the fabric of their day-to-day work to reduce burnout.

- Make internal mobility less risky, so long-tenured employees can move into roles where they can be more successful.

For some of these employees, separation will still be the best option. Those who are willing and able to bring their performance up to standard, however, will benefit from development plans that include specific goals, exact time frames and individualized performance metrics.

Performance Management Becomes Less (and More) Human

HR leaders and employees both tend to say performance management (PM) doesn't deliver on its goals of providing meaningful feedback, differentiating performance levels and ultimately driving better performance. While AI adoption in performance management has lagged relative to other parts of HR, that tide is turning, and performance management is becoming one of the fastest-automating HR processes.

Furthermore, managers are using AI on an ad hoc basis for performance reviews, even when the organization doesn't sanction this or provide a tool. Your employees may already be receiving performance reviews that were produced using public AI tools like ChatGPT.

Some of this automation is welcome: AI can make one of managers' least favorite tasks less time-consuming and tedious, and can even make performance feedback more accurate and actionable. However, if the process becomes too automated, there is a risk that employees will stop paying attention to it or that AI will simply replicate the things that aren't working in PM today.

To address this risk, CHROs must lead a shift from compliance-driven to human-driven PM, humanizing the process at the same time as it is being automated by connecting it to employees' aspirations and development plans. At a time when CEOs are hyperfocused on performance, PM should not just evaluate current and past performance but also drive employees' career growth.

Conclusion: First Steps

To start addressing each of these trends today, CHROs and talent management leaders should consider taking these actions:

- Determine where to pilot a more targeted early-career talent program.
- Develop internal mobility metrics for talent management and recruiting to share.
- Enable managers to identify regrettable retention.
- Craft your narrative on how AI will reshape performance management.

These first steps will set your talent strategy on a course that meets the moment and proactively addresses emerging challenges before they have a chance to become serious problems.

¹ [The Future of Jobs Report 2025](#), World Economic Forum

² **2024 Gartner Modernizing Talent Management Employee Survey.** This survey was conducted to understand how organizations can achieve level of flexibility in their talent strategy to be able to deliver on business needs. The research was conducted online from 24 May through 12 July 2024 and contains responses from 3,375 employees with representation from various regions, industries, and functions.

³ **2024 Gartner Global Labor Market Survey.**



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