keka HR Katalyst

HR Katalyst Playbook

HR in 2026: What's Changing, What's Breaking, What's Next





About Keka

Keka is a leading unified HR and payroll platform that helps organizations run people operations with consistency, compliance, and operational clarity. It brings together hiring, onboarding, time and attendance, performance management, payroll, and core HR workflows in a single system designed for scale.

Keka supports accurate and compliant payroll operations, helping organizations manage statutory requirements, reduce manual effort, and improve payroll reliability. The platform enables HR teams to standardize processes, managers to gain clear workforce visibility, and employees to access essential workflows through a secure, mobile-first experience.

Used by 12,500+ organizations across the world, Keka supports distributed and global workforces by enabling structured people processes in various roles, locations, and employment types. Founded in India, Keka is built for growing and enterprise organizations that require dependable people systems to support business continuity and long-term growth.

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Methodology

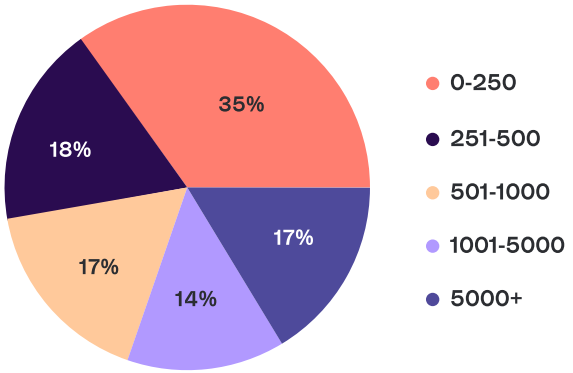
We surveyed 8,725 unique respondents across industries to gain the data points for this report.

Participants:

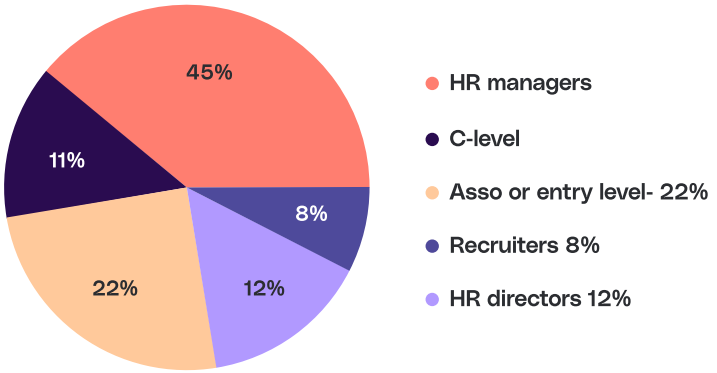
8,725

HR professionals and C-suite executives

Organization Size



Participant's Professional BG



How This Playbook Was Built

The Katalyst 2026 HR Playbook is a collated intelligence report, built from lived conversations, real-time polling, and first-hand perspectives of India's HR community-tailored for this year.

Over the course of the Katalyst 5.0 India-GCC conference, we:

- Surveyed 8,500+ HR professionals across India
- Engaged with HR leaders from enterprises, GCCs, startups, manufacturing, BFSI, healthcare, and IT & technology companies
- Listened to 50+ senior HR leaders, CHROs, founders, and people strategists share their best-kept strategies
- Captured live audience responses, disagreements, and shifts in sentiment across sessions

This report distils what emerged when practice met pressure, not what sounds good in theory.

Executive Summary

HR at a Breakpoint

HR enters 2026 with different conditions. This year demands faster decisions, clearer workforce choices, and less tolerance for error. Insights from 8,500 HR professionals show HR is now evaluated on improving decision quality under pressure.

Why 2026 Is Structurally Different

Several forces are converging simultaneously:

- Decision timelines across hiring, performance, restructuring, and workforce planning have compressed.
- Data volume has increased, but clarity has not; signal interpretation has become the bottleneck.
- People decisions are harder to reverse and constrain future options earlier.
- Workforce actions are more visible - internally, externally, and increasingly in regulatory or public contexts.
- Accountability remains human-owned, even as execution is accelerated by technology and AI.

Together, these shifts eliminate HR's historical margin for recovery. The ability to "adjust later" is disappearing. Consequences surface earlier and compound faster.

The Evaluation Standard Has Changed

For two decades, HR legitimacy was based on operational completeness. This standard is no longer enough. Leadership now expects outcome legitimacy. HR must answer:

- What decision did this improve?
- What risk did this surface early?
- What trade-off did this clarify?
- What consequence did this help avoid?

HR leaders are involved in business discussions, but often informally, lacking clear authority.

From Activity to Consequence

Katalyst discussions highlighted the breakdown of activity-led HR models. Functions are active but struggle to show business impact. Effective HR in 2026 focuses on outcomes.

- Hiring → workforce readiness
- Engagement → change absorption
- Learning → capability sufficiency
- Performance systems → decision quality
- Talent reviews → leadership continuity

This is not a reclassification. It requires prioritisation and subtraction of work that no longer influences outcomes.

Capability Is Now a Business Variable

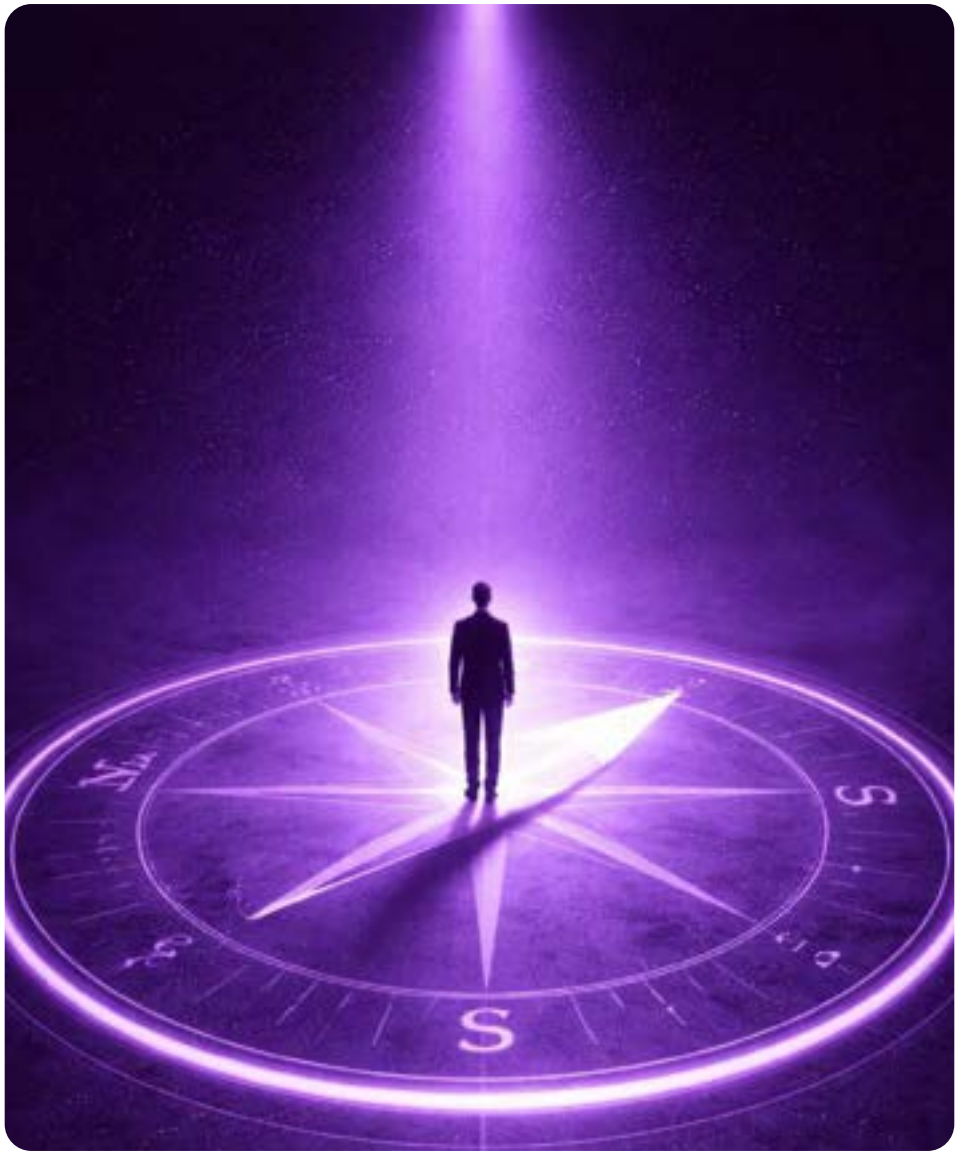
A defining insight from this playbook is that HR capability has become a business risk factor. HR leaders are increasingly expected to operate under ambiguity - interpreting imperfect signals, framing options, and advising leaders on timing and consequence. Expectations of judgment are rising faster than capability development, creating visible gaps at senior levels. Merely technology and AI do not resolve this gap. Where judgment is clear, impact sharpens. Where it is weak, exposure increases.

The Choice Ahead

As 2026 unfolds, HR leaders face a clear choice. One path keeps HR busy: more programs, more metrics, more tools. The other increases exposure: deciding earlier, focusing deliberately, and accepting accountability for how people decisions shape execution.

By the end of the first quarter, leadership teams will already have an answer, explicit or implicit, to a single question: Does HR help us decide under pressure?

This playbook exists to help HR leaders respond to that test with clarity, discipline, and structural intent, before the window closes.



CHAPTER - 1

01

2026 is a breakpoint year for HR

Why incremental HR will fail and why the cost of getting it wrong has never been higher

Most HR leaders are entering 2026 with a quiet assumption:

"We've survived disruption before.
We'll adjust again."

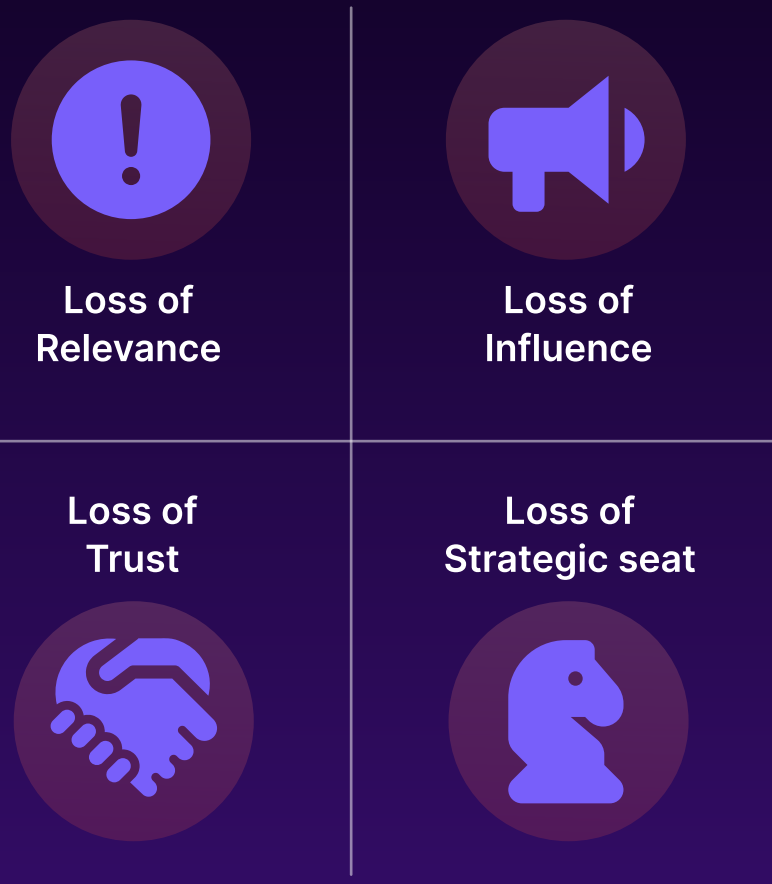
That assumption is dangerous. Because 2026 is not another adjustment year.

Across Katalyst sessions, a consistent undercurrent emerged-often unspoken, sometimes uncomfortable:

HR is being asked to operate in a fundamentally different system, using tools, expectations, and decision speeds it was never designed for.

This is not about doing HR better.
It is about doing a different kind of HR altogether.

And the cost of misreading this moment is high:



In 2026, HR does not get the luxury of learning slowly.

1.1 What Makes 2026 Structurally Different

Every year claims to be transformative.

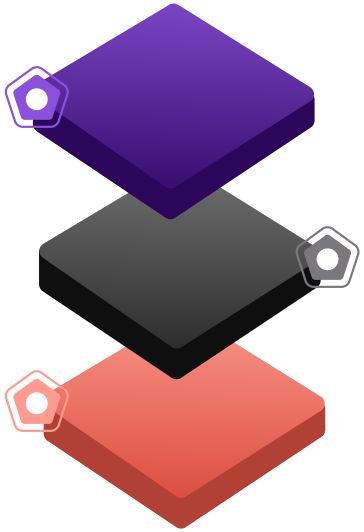
2026 actually is-because multiple shifts are converging at once, not sequentially.
From Katalyst audience polls and leadership discussions, four structural forces stood out.

1. Acceleration Without Alignment

HR is experiencing the fastest expansion of tools, data, and responsibility in its history, without a corresponding redesign of roles, skills, or operating models.

From audience polls:

72%
of HR professionals said their scope of responsibility has increased in the last 24 months



29%
of them only believe their function is structurally equipped to handle that increase

60%
of them feel they are "constantly catching up"

This gap, between responsibility and readiness, is not sustainable.



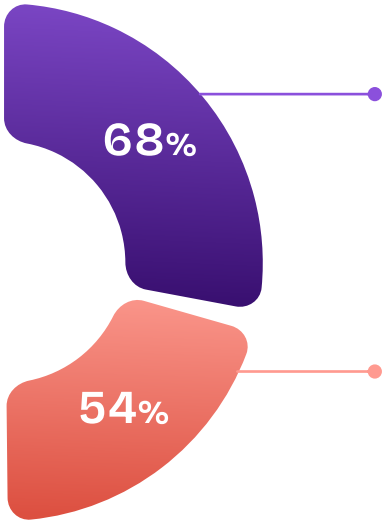
"HR has been given more power, but not enough clarity on how to use it."

- Senior HR Leader, AI Fluency for HR Leaders

2. Decision Velocity Has Collapsed Timelines

HR decisions that once took quarters now take weeks.
Some take days.

Hiring, performance calls, restructuring, workforce planning, policy changes-everything is moving faster, and the tolerance for HR lag has dropped sharply.



68% of HR leaders said leadership now expects HR recommendations faster than before

54% admitted they are not confident in the speed or quality of those decisions

This is where AI enters the picture-but not as a saviour.

AI accelerates decision inputs.
It does not reduce HR's accountability for decision outcomes.

2026 exposes HR functions that confuse speed with sound judgment.



"AI can surface patterns, but the responsibility for consequences still sits with humans."

- Satish Rajarathnam, Head - People & Culture, Myridius

3. The Business Now Expects HR to Be Directional, Not Supportive

A decade ago, HR was evaluated on consistency. Today, HR is evaluated on direction.
Leaders no longer ask HR: “What should we do?”

They ask:

“What are we not seeing?”



“What should we do?”





“What happens if we don’t?”

This is a profound shift.
In 2026, HR is no longer judged by effort or intent-but by quality of insight.



“HR has been very good at reporting activity. But business leaders want foresight, not dashboards.”

- Ashissh Kaul, Director, SHRM

4. AI Is Reshaping Expectations, Not Replacing HR

Yes, AI is undeniably transforming HR.
But not in the way most headlines suggest.

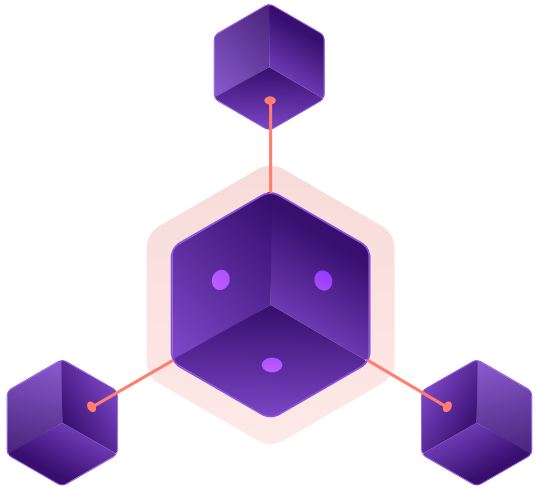
From Katalyst sessions, a more grounded reality emerged:

- ⚠ AI is raising expectations of HR output quality
- ⚠ AI is compressing timelines
- ⚠ AI is exposing weak processes
- ⚠ AI is removing tolerance for inefficiency

What AI is not doing is:

Setting values

Making ethical calls



Owning consequences

...unless you give it that power.
HR cannot opt out of AI.
But HR also cannot abdicate judgment to it.



"AI should inform decisions, not legitimise them."

- Panel Insight, When Machines Judge People

1.2 The Hidden Risk HR Leaders Are Underestimating

The risk in 2026 is misinterpretation, not disruption.

Many HR teams are responding to change by:

- Adding tools
- Launching initiatives
- Increasing communication
- Running more programs

But fewer are:

- Redesigning decision rights
- Rebuilding capability stacks
- Questioning what HR should stop doing

1.3 What Breakpoint Means for HR in Practical Terms

By the end of 2026, HR functions will split into two groups:

Group A: HR Functions That Adapt, They:

- Operate with clarity on what HR owns vs influences
- Use AI to improve quality, not just speed
- Invest in capability over headcount
- Provide direction, not just support

Group B: HR Functions That Plateau. They:

- Automate broken processes
- Rely on legacy metrics
- Mistake empathy for effectiveness
- Remain reactive under pressure

This divide is already visible. 2026 makes it impossible to ignore.

Katalyst poll snapshot:

57% of HR professionals said they are "busy but unsure if the work is impactful"

61% said they spend more time managing process than shaping outcomes

This creates an illusion of progress. Activity increases, but impact does not.

Field Notes

HR Salary Benchmarking Changed Career Conversations

What actually happened

Across Katalyst sessions, leaders shared how access to large-scale, clean compensation data changed:

- HR career planning conversations
- Pay parity discussions
- Credibility of HR advisory roles

HR leaders used benchmarking data to:

- Negotiate internally with finance
- Reset role expectations
- Position HR as a data-literate function



Why this matters

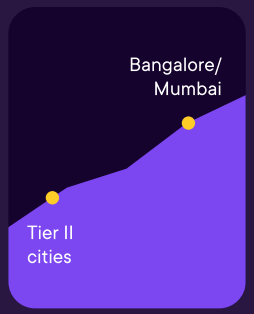
This is an example of data changing professional identity, not just pay.



"There is a clear demand–supply gap for HR talent in India, and the market is already responding by valuing strong HR capability more than before."

- Tapan Acharya, CRO, Keka

The brutal truth about HR pay in India in 5 numbers



Bangalore/Mumbai HRs earn 25–30% more than Tier-II HRs

Your PIN code is worth ₹20 lakhs as someone could earn 30% more for the same job.
But here's the twist: remote work is shrinking that gap by 5% every year.



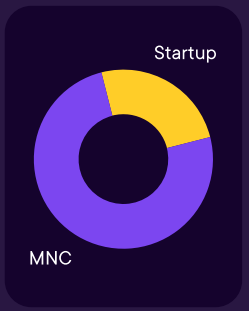
Tech/GCC HRs earn 30%+ above the national median of HR salary

Tech pays more. For the same job.
Not because they're better at HR, but because they think like data scientists.
The highest-paid HRs don't manage people. They manage patterns.



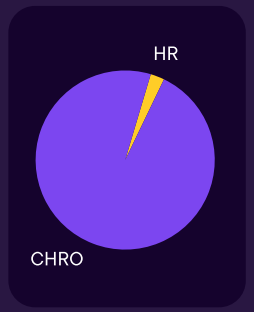
HR may be first to achieve gender pay parity by 2027

HR has a pay parity of 9-10%, while peer industries like tech have 15-17% pay gap.
BFSI and Hi-Tech have narrowed the gap to 3-4%.



HR working in MNC earn 4.3x HRs working in startups

Startup HR Salary: ₹11L.
MNC HR Salary: ₹47L. (4.3× jump)
But the real sweet spot? 1,000–5,000 employees, where pay compounds fastest (4× in 5 years).



Avg CHRO earns 12x an HR executive

Avg HR Executive earns ₹8.5L.
Avg CHRO earns ₹1.25 crore.
That's a 15× gap within the same function.

Download the full India HR Salary Benchmark Report 2025

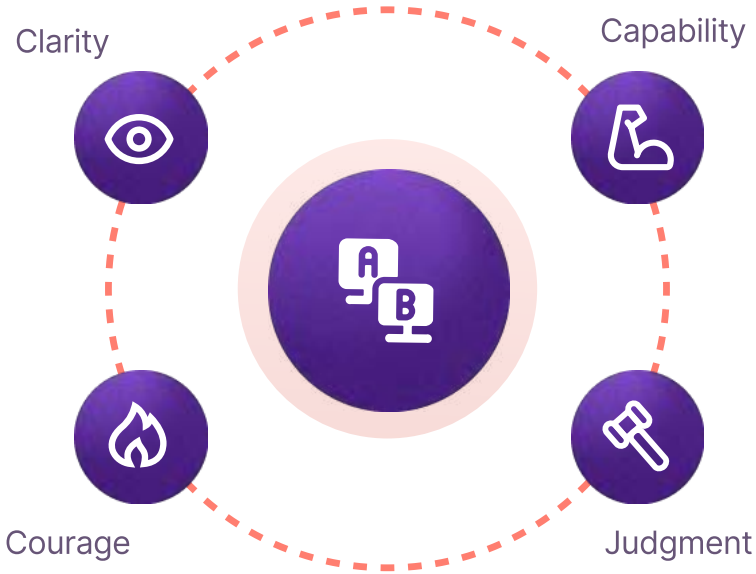


1.4 Why This Matters

This chapter exists to establish one core truth:

HR entering 2026 is not under threat–but it is under examination.

The function is being tested on:



Everything that follows in this playbook -
What's changing, What's breaking, What's emerging - rests on understanding this breakpoint moment correctly.

Misread it, and HR spends the year busy but irrelevant.
Read it clearly, and HR earns influence it has never had before.



Keka Editorial Take

2026 Is the Year HR Loses Its Excuses

Let's be very clear, and very grounded.
2026 is not unfair to HR. It is simply honest.

For years, HR has asked for:

- A seat at the table
- Strategic influence
- Trust from leadership

That seat is now available.

But it comes with conditions. In 2026:

- Activity is no longer enough
- Intent is no longer enough
- Empathy alone is no longer enough

HR must offer direction, not just delivery.



Keka's view is not alarmist–but it is firm:

HR functions that treat 2026 like a continuation year will lose relevance. HR functions that treat it like a redesign year will gain disproportionate influence. AI will amplify both outcomes. It will make good HR sharper. It will make unclear HR painfully visible.

CHAPTER - 2

02

WHAT'S CHANGING IN HR

The shifts rthat will define 2026

HR is entering 2026 with new constraints.

These constraints are subtle but structural: faster decisions, higher scrutiny, less tolerance for inefficiency, and rising expectations of judgment. Together, they are reshaping what HR is expected to deliver, and when it is evaluated.

The most important change is not what HR is responsible for, but the shrinking space to recover from poor decisions. The ability to "fix it later" is disappearing.

Based on Katalyst's audience polling and multi-session analysis, six shifts stand out. These are not emerging trends. They are already underway.

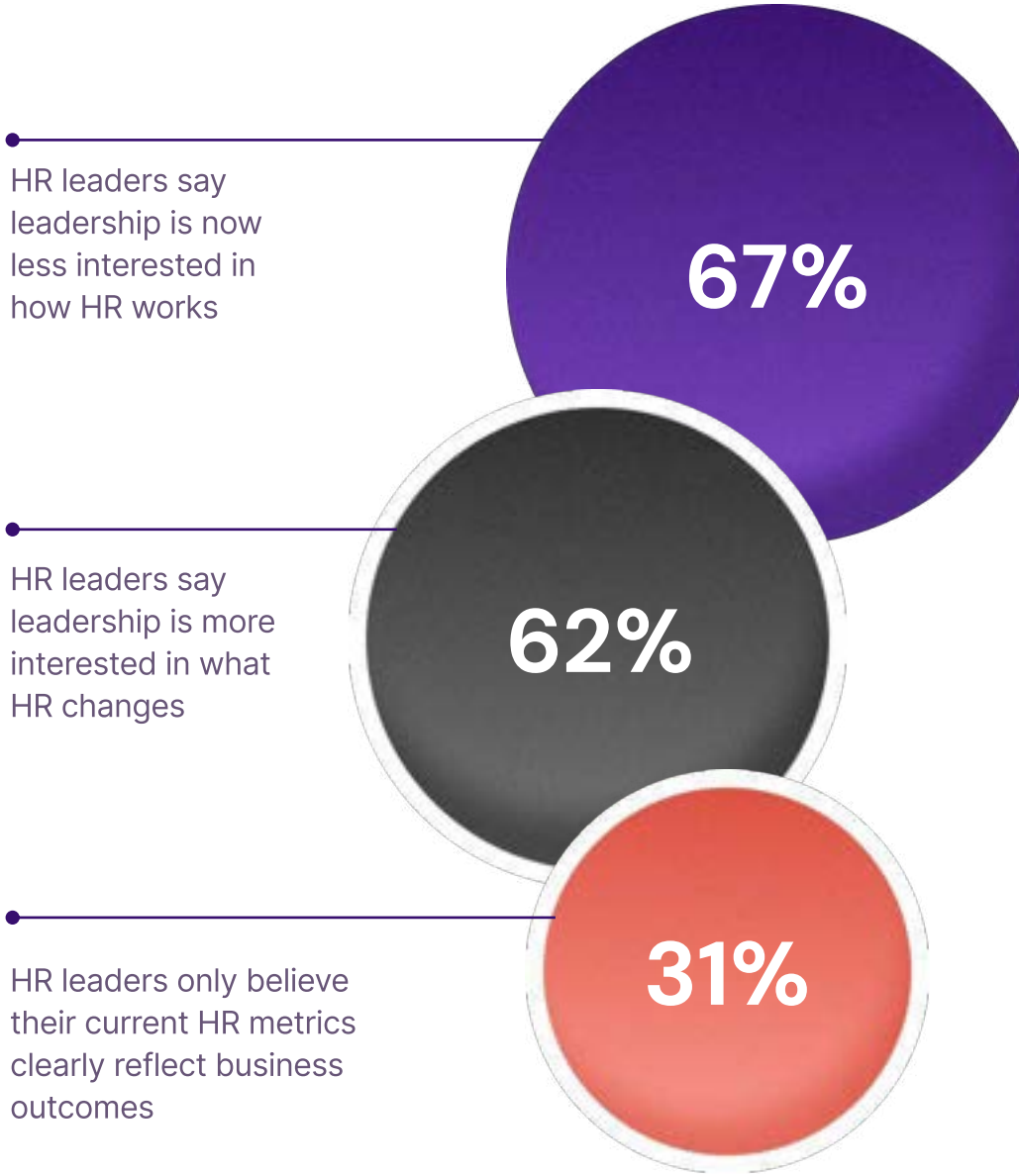
1. HR Is Being Judged on Outcomes, Not Operations

For most of the last two decades, HR effectiveness was inferred from operational hygiene:

- Processes ran on time
- Policies were followed
- Programs were executed
- Audits were clean

That logic is NOT sufficient.

Katalyst data shows:



This marks a shift from process legitimacy to outcome legitimacy.

In practical terms, HR is now expected to answer questions such as:

- What changed because of this intervention?
- What risk was avoided?
- What decision was improved?
- What cost was reduced or value created?

AI has accelerated this shift indirectly. By automating routine work, it has lowered the perceived value of activity.
What remains valuable (and visible) is judgment and impact.

Across Katalyst discussions on HR measurement, leaders repeatedly noted that dashboards which do not influence decisions are increasingly viewed as noise rather than insight.



"HR's credibility increasingly comes from how deeply it understands the business and whether it can challenge leadership decisions with informed judgment, rather than simply supporting execution."

- Harjeet Khanduja, Sr. VP HR, Jio

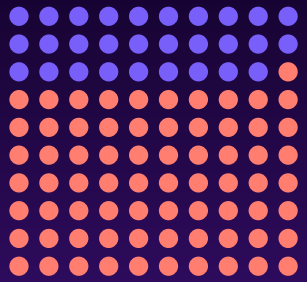
2. Decision Timing Has Become a Constraint

What has changed is not only **what** HR is judged on, but **when.** Historically, HR responded after signals became visible:

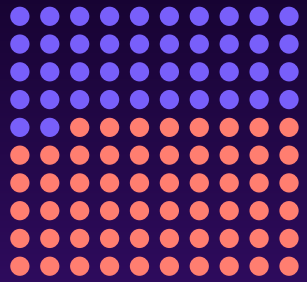
- Attrition after exits
- Disengagement after surveys
- Burnout after escalation
- Capability gaps after delivery failures

That lag is no longer acceptable.

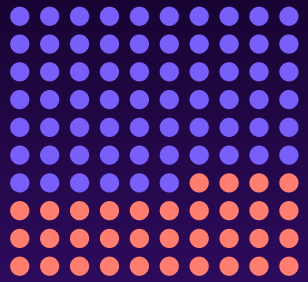
71%
of HR leaders are expected to flag people risks early



58%
are under pressure to predict workforce issues



34%
believe their current systems enable true anticipation



This is not simply a capability gap. It is a structural constraint. HR is now expected to exercise judgment earlier, with less complete information and higher consequence.

Credibility is increasingly formed **before execution,** not after recovery.

3. Experience Is Being Evaluated Through Its Consequences

Employee experience has not disappeared as a priority. What has changed is how it is interpreted.

At Katalyst, experience surfaced less through engagement scores and more through execution breakdowns:

- Stalled transformations
- Inconsistent manager behaviour
- Attrition following change
- Productivity volatility during uncertainty

Experience is increasingly understood as an operating condition, not a standalone agenda. When experience deteriorates, execution reliability suffers.

This reframing places experience directly in the path of business outcomes, reducing tolerance for HR interventions that feel disconnected from delivery.



4. Capability Is Being Scrutinised More Than Tenure

Another quiet but decisive shift is underway: experience alone no longer guarantees authority in HR. Audience insights from Katalyst show:



This does not make experience irrelevant. It changes how experience is weighed. HR credibility is increasingly tied to the ability to translate experience into:

- systems thinking
- data interpretation
- scenario reasoning
- decision framing
- change navigation

AI contributes to this shift by flattening the advantage of accumulated manual expertise. What differentiates HR leaders now is not what they know, but how effectively they apply judgment in complex environments.

HR Changed Metrics and the CEO Changed Behaviour



Ashish Kaul,
SHRM, Executive, described an HR team inside a technology organisation that intentionally stopped reporting traditional HR metrics after noticing they were routinely ignored in leadership reviews.

What actually happened

- created a Critical Role Stability Score (roles whose exit would halt delivery)
- tracked succession readiness for top leadership and niche technical roles
- measured internal mobility velocity, how quickly talent could be redeployed as tech stacks changed
- reported customer-reported defects per release as a people metric
- tracked engineering productivity and delivery effectiveness, owned jointly by HR and operations

Within six months, the CEO began attending HR reviews the same way he attended sales and operations reviews - asking questions, challenging assumptions, and acting on HR data.



Why this matters

This is a replicable pattern.
HR did not demand relevance. It earned it by reframing value.

5. Tool Adoption Is Giving Way to System Design

Most HR teams today use more technology than ever before. Fewer see commensurate improvements in outcomes.

Katalyst polling highlights:



69%

of HR professionals use more tools than three years ago



37%

believe these tools work together meaningfully



55%

say technology has increased speed, not clarity

This is driving a shift away from tool-centric thinking toward system design.

In 2026, effective HR teams are increasingly evaluated on whether they can:

- Design workflows around decisions, not feature sets
- Clarify decision rights instead of merely expanding data access
- Integrate systems around business moments, not vendor categories
- Reduce friction between people, policy, and process
- Enable consistency without eliminating judgment

AI fits into this shift as an embedded layer — not a standalone solution. It accelerates what already exists. If the underlying logic is fragmented, AI will scale fragmentation. If the system is coherent, AI will scale clarity.

The future advantage is not having more tools.
It is designing systems that make better decisions inevitable.

6. The Cost of Getting HR Wrong Is Increasing

Perhaps the most important shift is this: the consequences of HR misjudgement are rising.

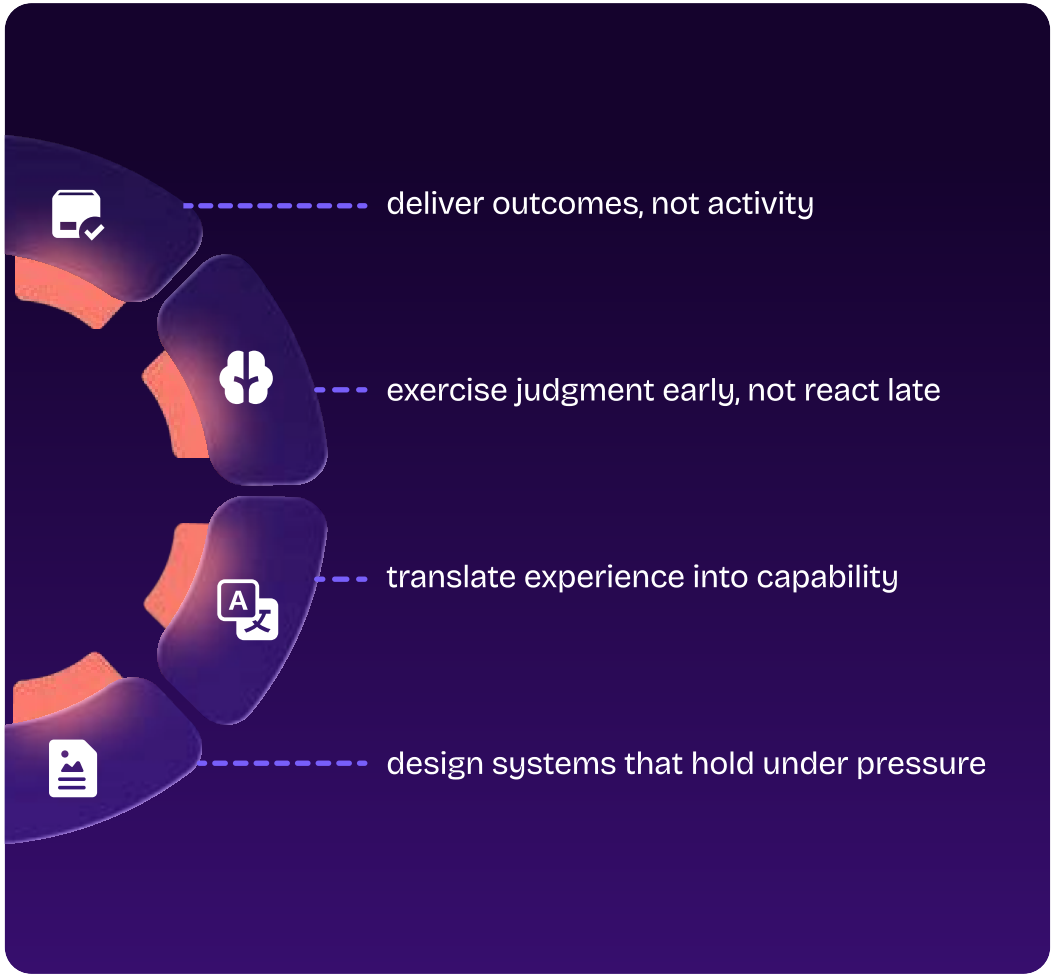
Workforce decisions now carry:

- Faster downstream effects
- Higher visibility
- Reputational implications
- Ethical and regulatory dimensions

AI amplifies these consequences by accelerating execution and widening impact. AI did not create these expectations. It made them unavoidable. This is why HR in 2026 is not just more complex, it is more consequential.

What Do These Shifts Mean Taken Together?

When viewed collectively, these changes redefine HR's operating context. By 2026, HR functions are being evaluated on whether they can:



This is not about doing HR better.
It is about doing a different kind of HR under tighter constraints.

Keka Editorial Take

HR's Margin for Error Is Shrinking

Keka's perspective is straightforward- In 2026, HR must make three hard shifts in how it operates.

1. From "Doing More" → "Deciding Earlier"

Most HR functions are over-invested in execution and under-invested in decision quality.
Keka believes HR must now measure itself by:

- How early it surfaces risks
- How clearly it frames trade-offs
- How confidently it recommends action

If HR enters discussions after problems are visible, it is already late.
Keka believes HR must now measure itself by:

2. From Broad Coverage → Deliberate Focus

HR has expanded its scope faster than its capacity to absorb complexity. The next phase is not expansion - it is selective depth. Keka's view:
HR leaders must explicitly choose:

- Which problems they will own
- Which problems they will influence
- Which problems they will stop absorbing

Without this clarity, HR remains busy but strategically diluted.

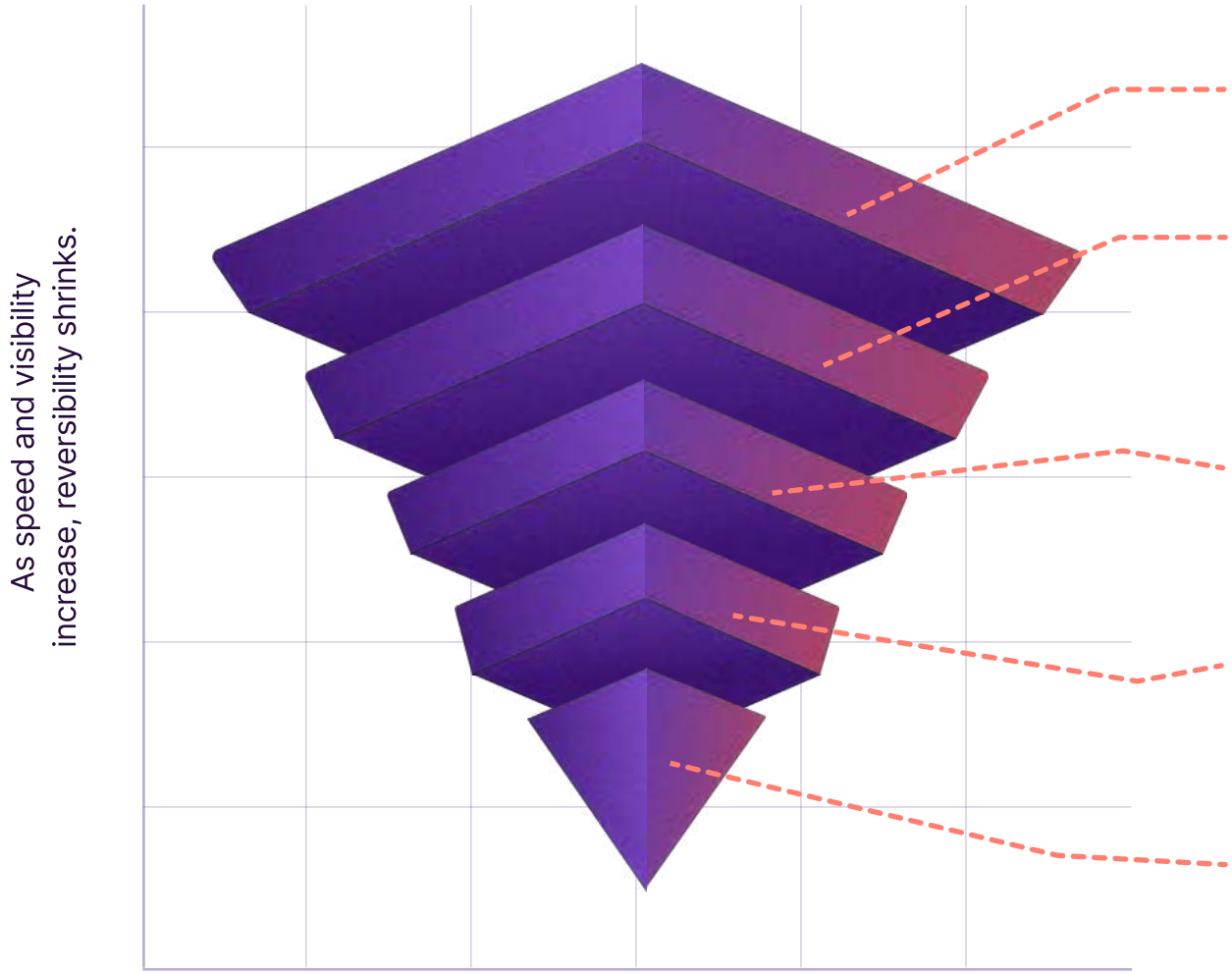
3. From tool-led thinking → system-led judgment

Technology, including AI, has improved speed.
It has not improved clarity by default.
Keka believes HR should stop asking:
"What tool should we add?"
And start asking:
"What decision should become easier, faster, or more consistent?"
If a tool does not improve a decision, it does not belong in the system.

What HR Should Do Next (Because of These Shifts)
Based on what we heard at Katalyst, Keka believes HR leaders entering 2026 should:
Audit where HR time is being spent vs where business value is created
Reduce the number of HR initiatives, not increase them
Redesign decision ownership before redesigning processes
Treat AI as a capability enhancer - not a substitute for judgment
Explicitly define where HR will not intervene
People decisions now cascade faster, travel further, and remain visible longer- internally and externally.
Misjudgments are amplified. Delays are exposed. Weak reasoning is harder to hide.
AI accelerates this- not by making decisions, but by removing friction from execution.
When execution becomes easy, judgment becomes the differentiator.
The HR functions that succeed in 2026 will not be the most comprehensive. They will be the most decisive.

FRAMEWORK 1:

HR is operating inside a shrinking tolerance zone.



Decision Speed

Workforce and organisational decisions are being made faster, often under incomplete information.

Signal Quality

Data volume has increased, but clarity has not. Noise travels faster than insight.

Reversibility

Decisions are harder to undo. Early commitments constrain later options.

Visibility

Workforce decisions are more visible internally and externally, often in real time.

Accountability

execution is automated or AI-assisted.

Why recovery is no longer reliable

CHAPTER - 3

03

WHAT'S BREAKING (QUIETLY, BUT FAST)

The HR assumptions that are failing in 2026, often without leaders realising it

The Risk HR Is Missing

Most breakdowns in HR do not announce themselves. They do not arrive as crises.

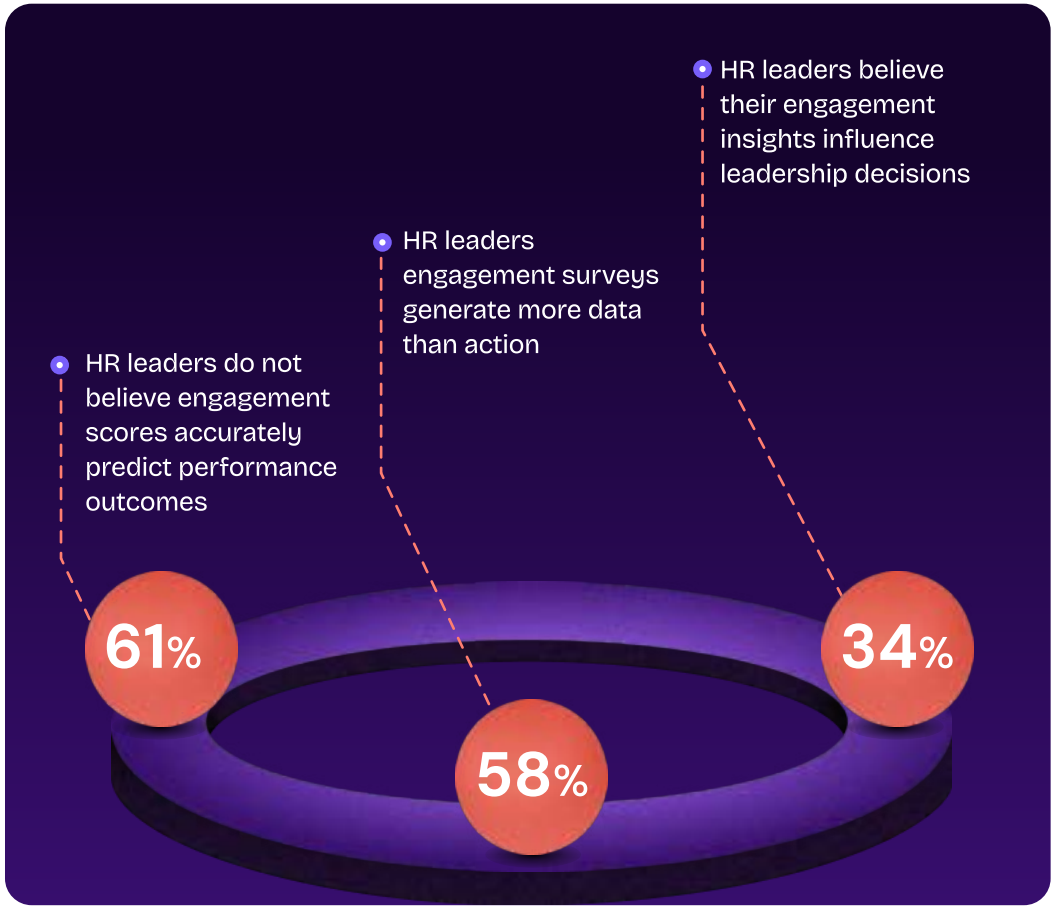
They arrive as normalised inefficiencies - practices HR has learned to live with, explain away, or compensate for. Katalyst data shows that the biggest risk for HR in 2026 is not disruption.

It is continuing to operate on **assumptions that were once valid, but no longer hold,** while believing they still do. This chapter outlines five such assumptions that are quietly breaking, and why ignoring them now creates **structural risk later.**

3.1 Engagement as a Proxy for Performance Is No Longer Holding

For years, HR relied on a simplifying assumption:
engaged employees = productive employees
disengagement = retention risk
engagement programs = performance insurance
This assumption allowed engagement scores to act as a shortcut for understanding performance and risk.

That shortcut is not reliable anymore.



The issue is not engagement itself. It is the assumption that engagement alone explains performance outcomes.

In 2026, engagement without prioritisation, segmentation, and consequence no longer provides meaningful guidance. When engagement data is not tied to decision pathways, it becomes descriptive rather than diagnostic - visible, but not useful.

The assumption that engagement scores can stand in for judgment is quietly failing.

3.2 HR Measurement Without Impact Is Being Devalued

Another assumption under strain is that measurement automatically creates influence.

Over the past decade, HR has invested heavily in analytics, dashboards, and reporting infrastructure. What has not kept pace is decision relevance.
This signals a clear shift. Metrics that do not inform action are increasingly viewed as administrative output, not strategic input.



> “Most HR metrics describe motion, not progress.”
>
> - Ashish Kaul, Panelist, The Great Measurement Scam

AI has accelerated this breakdown by making reporting easier and faster. When metrics are effortless to generate, relevance, not volume, becomes the differentiator.

The underlying assumption that visibility equals value is no longer holding.

3.3 HR as an Emotional Absorber Is Becoming Unsustainable

A third assumption quietly breaking is that HR can indefinitely function as an emotional shock absorber for the organisation.
This includes absorbing:

- employee stress
- organisational anxiety
- leadership indecision
- unresolved conflict

> "When emotional labour becomes invisible, it damages both HR effectiveness and credibility."
>
> - Vikram Kaul, Panelist, HR Is Not Your Therapist

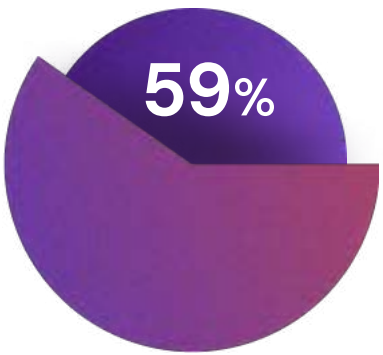


The failure here is not resilience.
It is the assumption that emotional labour can be absorbed endlessly without redefining boundaries, roles, or operating expectations.

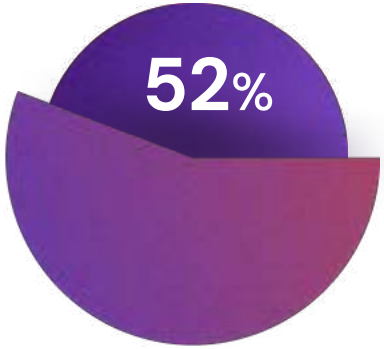
In 2026, HR functions that continue to internalise emotional load without structural redesign struggle to think strategically, operate predictively, or influence outcomes. What once felt supportive is becoming unsustainable.

3.4 One-Size-Fits-All HR Is Failing Diverse Workforces

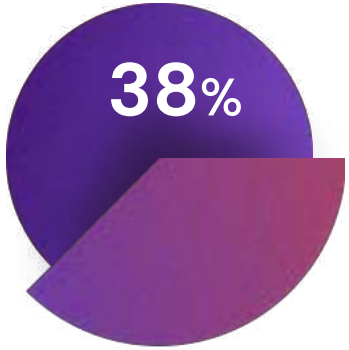
For years, consistency was treated as the primary mechanism of fairness. Standardised policies reduced ambiguity and limited bias. That assumption is now under pressure.



of HR leaders believe uniform HR policies no longer reflect workforce diversity



report frequent exceptions that undermine policy credibility



feel confident balancing fairness with flexibility

The problem is not standardisation itself. It is the assumption that consistency automatically produces fairness, regardless of context.

This breakdown is intensified by:

- multi-generational workforces
- distributed teams
- varied role criticality
- evolving employment models

AI surfaces these inconsistencies faster, but does not resolve them. Resolution still requires human judgment and deliberate policy design.

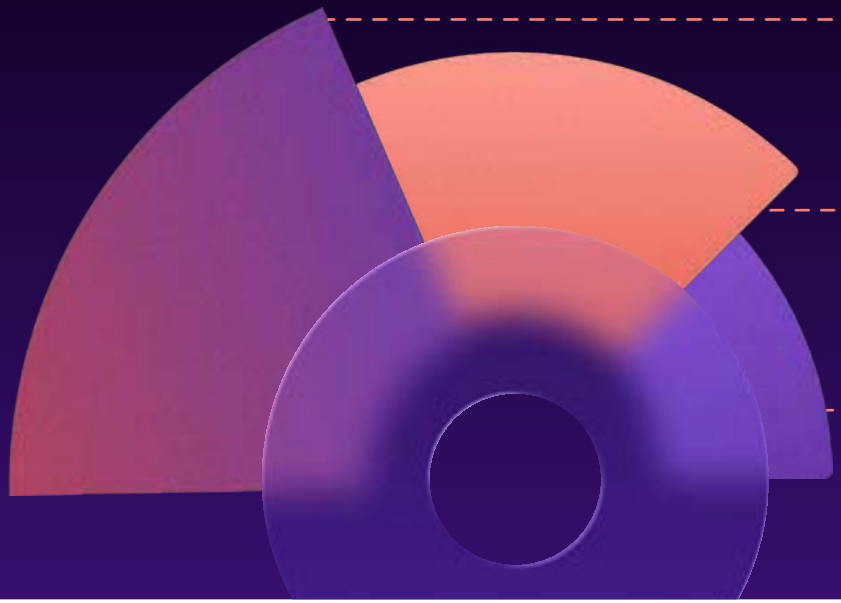
The assumption that uniformity can scale without context is not relevant.

3.5 HR Is Over-Investing in Programs and Under-Investing in Clarity

One of the most consistent patterns across Katalyst discussions was initiative overload. Underlying this is a familiar assumption: adding programs is safer than removing them.

> "We keep adding layers, but rarely remove anything."
>
> - Session insight, How to Choose Your HR Tech Stack in the AI Age

Audience polling revealed:



68% of HR teams launched more initiatives in the last two years

66% believe HR portfolios have become cluttered

32% of HR professionals retired older programs

This accumulation creates diluted focus, confused ownership, and limited follow-through. In 2026, accumulation without subtraction becomes a liability. The assumption that more programs signal progress is quietly failing.



What These Breakdowns Have in Common

These failures share a single root cause:

HR has optimised for coverage, not clarity.

- Engagement without decision pathways
- Metrics without consequence
- Empathy without boundaries
- Consistency without context
- Initiatives without exit criteria

AI amplifies this problem by making it easier to do more, without making it clearer what to stop.



Why This Matters Now

These assumptions are not collapsing dramatically.
They are eroding quietly.

Quiet erosion is dangerous because:

- It is rarely escalated
- It is hard to measure
- It is often rationalised

By the time consequences become visible, credibility has already weakened. What breaks quietly is rarely easy to rebuild loudly.

Keka Editorial Take

HR Needs Subtraction, Not Expansion

The dominant HR response to change has been addition:

- more programs
- more metrics
- more tools
- more interventions

Keka's perspective, grounded in what surfaced at Katalyst, is different.

In 2026, HR effectiveness will come from subtraction.

HR leaders must actively decide:

- which metrics no longer deserve attention
- which programs no longer justify their cost
- which emotional labour should be redistributed
- which policies need redesign, not defence

Clarity is not created by doing more.
It is created by deciding what no longer matters.

Keka believes HR functions should now apply the same discipline to themselves that businesses apply to strategy:

- fewer priorities
- clearer ownership
- explicit trade-offs

The HR teams that thrive in 2026 will not be the most comprehensive. They will be the most intentional.



CHAPTER - 4

WHAT'S EMERGING: THE NEW SHAPE OF HR

Across organisations represented at Katalyst, the changes taking shape in HR are not driven by ambition or reinvention. They are responses to pressure.
As the assumptions outlined in the previous chapter weaken, HR functions are being pulled into new forms of contribution. These shifts are not uniform or comfortable. They are uneven, often contested, and shaped by the limits of what no longer works.

This chapter traces the contours of that emerging shape as it is forming under constraint, through necessity rather than choice.

HR Is Becoming an Interpretive Layer Inside the Organisation

One of the most visible shifts is the growing expectation that HR will reduce ambiguity in situations where data alone is insufficient.

As decision timelines compress and workforce complexity increases, leaders are encountering signals they cannot easily interpret on their own. Attrition patterns, behavioural changes, capability gaps, and productivity fluctuations increasingly appear interconnected rather than isolated.

In this context, HR is being asked to engage earlier and more deeply with questions that require interpretation:

- What explains changes in behaviour across teams or locations?
- Why are certain risks surfacing repeatedly in specific roles?
- How do workforce signals interact with delivery pressure or business volatility?

Audience polling at Katalyst reflects this pressure. Nearly 70% of HR leaders reported that leadership now expects explanation and synthesis, not just presentation of data. At the same time, fewer than 40% felt their HR function was structurally equipped for this kind of work.

This shift reflects a gap between complexity and understanding. As that gap widens, HR is increasingly relied upon to connect signals and clarify implications. Interpretation is emerging as a response to the limits of descriptive reporting under pressure.

Experience Is Being Repositioned as an Operating Condition

Another pattern taking shape concerns how employee experience is being evaluated.

As organisations move through periods of transition, restructuring, and accelerated delivery, experience increasingly surfaces through its impact on execution.

At Katalyst, experience was discussed less as sentiment and more through its consequences: delays during transitions, inconsistent managerial behaviour under strain, and productivity volatility during uncertainty.

Audience data supports this reframing. More than 60% of HR leaders reported linking experience breakdowns directly to business disruption.

This pressure is narrowing how experience work is approached. Rather than broad initiatives, HR attention is concentrating on moments that carry disproportionate execution risk — onboarding into complex roles, leadership transitions, performance conversations during change, and periods of organisational uncertainty.

Experience is emerging as an operational condition because failure at these moments compounds quickly. The shift reflects the limits of treating experience as a parallel agenda when execution reliability is under strain.

HR Is Entering the Decision Cycle Earlier

One of the most consequential changes emerging concerns timing.

As decisions accelerate and tolerance for correction shrinks, leaders are increasingly drawing HR into discussions before commitments are finalised. At Katalyst, many HR leaders described being asked to assess workforce implications while options were still being explored, rather than after decisions were locked.

Audience data shows that more than 60% of HR leaders are now involved earlier in the decision cycle than they were two years ago.

This early involvement brings exposure. HR is often asked to surface trade-offs, sequencing risks, and second-order effects without the protection of full information or formal authority. Entering earlier means engaging before alignment has settled and before outcomes are predictable.

Several HR leaders described this phase as uncomfortable. Raising concerns at this stage can slow momentum, challenge assumptions, or create friction in leadership discussions. Yet the alternative, waiting until consequences surface, carries higher cost.

What is emerging is a form of influence shaped by necessity. As downstream risk becomes harder to absorb, HR is pulled closer to the point where decisions are still malleable. The function is not gaining control over decisions; it is absorbing greater responsibility for decision quality.



Capability Is Becoming the Primary Source of HR Credibility

As HR work moves closer to ambiguity and earlier judgment, credibility is increasingly established through capability rather than position.

Across Katalyst sessions, HR leaders repeatedly described influence being earned through the quality of reasoning. Comfort with incomplete information, the ability to connect systems, and clarity in framing trade-offs surfaced as consistent markers of trust.

Audience polling reinforces this pattern. Nearly 70% of HR professionals indicated that their roles now require capabilities they were never formally trained for. Fewer than 30% felt confident they were developing these capabilities fast enough.

This shift reflects a changing basis of defensibility. When decisions carry immediate consequence, authority rooted in role or tenure provides limited protection.

Capability emerges as the factor that allows HR to remain relevant under pressure.



Field Notes

One Culturally Misaligned Hire Triggered Organisation-Wide Damage

What actually happened



Keith Walter, Head HR - Middle East, Sabena technics, shared a real hiring experience where a technically strong leader hire:

- triggered grievances
- disrupted team morale
- damaged leadership credibility
- consumed disproportionate HR bandwidth

He quantified the impact bluntly: “A culture misaligned hire costs multiple times more than a performance miss.” As a result, his organisation: slowed hiring intentionally for leadership roles involved multiple leaders in final judgment treated culture fit as risk management, not intuition.



Why this matters

The example illustrates a broader pattern emerging across fast-scaling organisations: hiring decisions with cultural consequences are being treated as system-level risks. HR involvement is increasing at the point of judgment, not as remediation after damage has occurred.



Technology Is Becoming Background Infrastructure

Technology, including AI, is deeply present in this emerging HR shape, though rarely positioned as a focal point.

At Katalyst, AI surfaced primarily in relation to speed and visibility - enabling faster analysis, comparison, and signal detection. It was discussed in the context of work acceleration rather than as a separate domain of expertise.

Audience data reflects this positioning. While more than 70% of HR leaders reported using more technology than before, a majority described it as decision support rather than decision authority.

As execution accelerates, technology becomes embedded infrastructure. It shapes scale and pace, but it does not resolve ambiguity. Interpretation, judgment, and accountability remain human-led because the cost of misjudgment has increased.



Why This Chapter Matters

The patterns described here are not the result of deliberate transformation programs. They are responses to pressure created by faster decisions, higher visibility, and reduced tolerance for error.

As legacy assumptions break, HR is being pulled into new forms of contribution - earlier, closer to consequence, and under greater exposure.

What follows in the next chapter examines how these emerging behaviours begin to solidify into operating models, and where HR functions face the greatest risk if they fail to adapt to the environment they now operate in.

AI-Supported HR Decision Governance Map

Where AI Stops and Human Judgment Begins
Purpose: Prevent silent delegation of judgment to systems.

HR Decision	AI Role	Human Judgment Point	Named Accountability
Resume shortlisting	Pattern detection	Final shortlist approval	Talent Head
Performance calibration	Variance highlighting	Rating justification	HRBP + Business Head
Attrition risk prediction	Signal surfacing	Intervention choice	HRBP
Workforce planning	Scenario simulation	Risk acceptance	CHRO
Learning pathways	Recommendation engine	Priority approval	L&D Head

Non-negotiable rule:

Every AI-supported decision must have:

- a human owner
- a review checkpoint
- an override right

The Emerging HR Shape, Taken Together

Viewed collectively, these developments point to an HR function that is:



If you notice, this is not a uniform transformation. It is an uneven emergence, already visible in pockets across organisations. What distinguishes these HR functions is not scale, maturity, or investment level. It is how deliberately they have redesigned their role inside the organisation.

Keka Editorial Take

The Emerging HR Function Is Defined by How It Handles Ambiguity

Chapter 4 points to a shift that is subtle but consequential.
HR functions gaining influence are not doing more. They are engaging earlier, under greater uncertainty, and in spaces where consequences are still taking shape.

Across Katalyst conversations, clarity consistently emerged as the differentiator. Not clarity as simplification, but clarity as the ability to interpret signals, surface trade-offs, and articulate downstream impact before decisions harden.

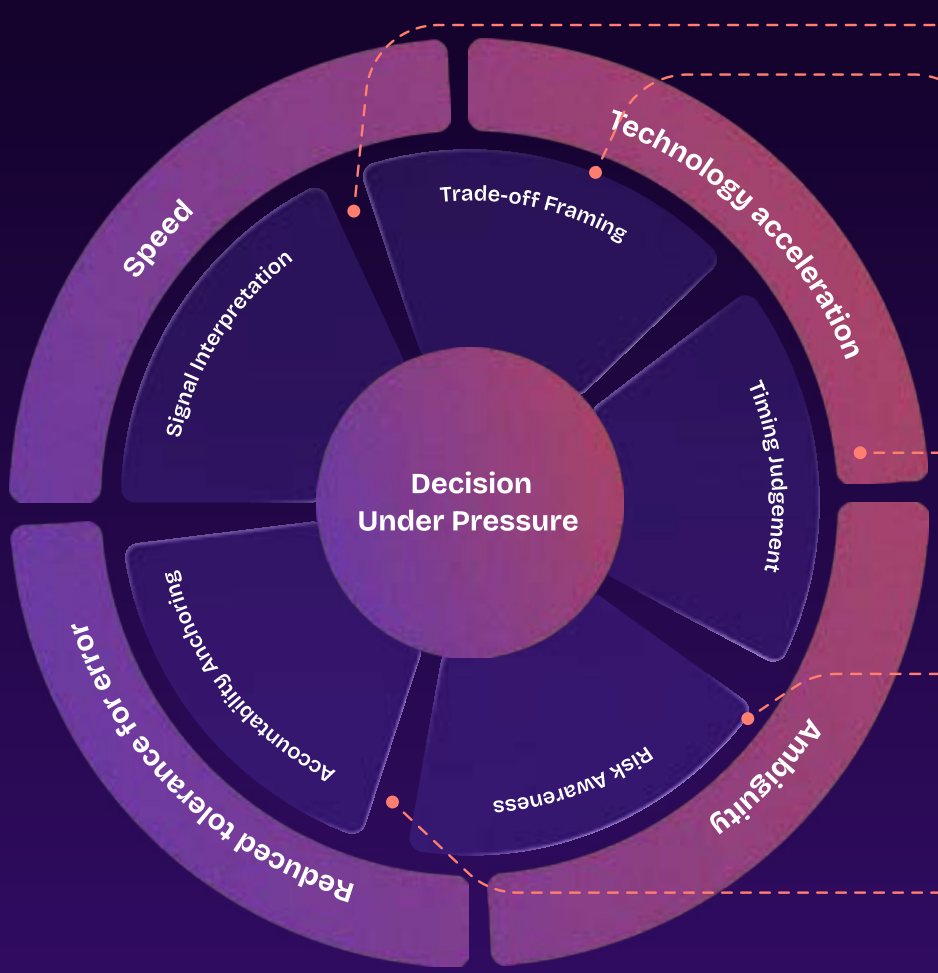
Keka's perspective, grounded in what surfaced at Katalyst, is that this emerging shape of HR is not driven by tools or trends. It is shaped by pressure.

Pressure to engage earlier.
Pressure to reason with incomplete information.
Pressure to make ambiguity workable for leadership.

In 2026, HR's impact will increasingly be judged by how effectively it reduces decision risk at the point of choice, when outcomes are still uncertain and reversibility is limited.
That is the HR function taking form.



The Interpretive HR Wheel



Ability to connect fragmented workforce signals into meaning.

Ability to surface what improves, what degrades, and what becomes irreversible.

Ability to intervene before alignment hardens, without waiting for certainty.

Ability to recognise where people decisions compound risk silently.

Ability to make human responsibility explicit, especially in AI-supported decisions.

A weak spoke destabilises the whole wheel.
HR influence breaks down not because of intent, but because one capability cannot hold under pressure.

WHAT BEST-PRACTICE HR TEAMS ARE ALREADY DOING IN 2026

The shifts outlined in Chapter 4 are not theoretical.

Across Katalyst conversations, a small but growing set of HR teams are already operating differently, not because they set out to transform HR, but because existing models stopped holding under pressure.

What follows are patterns observed among HR teams that have adapted fastest to the constraints of 2026.



1. They Design for Decisions, Not Coverage

As pressure increases, high-performing HR teams are narrowing their focus.

Rather than attempting to address every people issue, they are concentrating effort where judgment materially affects outcomes. This has led to deliberate choices around prioritisation and ownership.

These teams are characterised by:

- explicit clarity on which decisions HR owns, influences, or informs
- deliberate reduction of work that does not change outcomes
- recognition of decision quality as a core performance variable

The underlying shift is structural. Broad service-delivery models designed for completeness are proving difficult to sustain when consequence and scrutiny increase.

2. They Treat Early-Year Decisions as High-Risk Decisions

Leading HR teams consistently described the first quarter as the most consequential period of the year. Early commitments establish expectations, shape credibility, and constrain optionality. Errors made during this phase often compound quietly and are difficult to unwind later.

As a result, these teams are placing greater emphasis on:

- stress-testing plans before commitments are finalised
- delaying irreversible decisions where uncertainty remains high
- preserving flexibility in workforce and capability plans

The pattern that emerged repeatedly at Katalyst was clear: plans are being evaluated for their ability to hold under pressure, not for how well they perform in presentations.

3. They Govern AI as Infrastructure

Among HR teams using AI most effectively, the conversation has shifted away from adoption and experimentation.

Instead, attention is focused on governance, particularly on where judgment must remain explicit and accountable.

Observed practices include:

- clearly defined boundaries around AI-supported decisions
- named human accountability for outcomes influenced by AI
- documented override rights and escalation paths
- AI embedded within workflows rather than layered externally

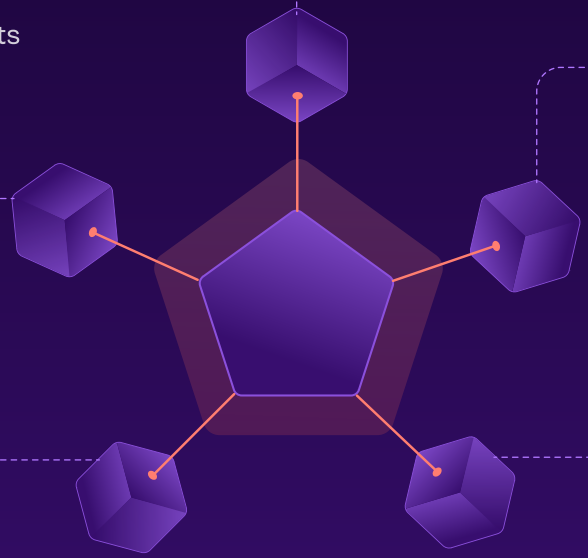
This reflects growing awareness of the risks created by implicit delegation of judgment to systems, especially as decision speed increases.

The Five Human Guardrails for AI in HR

Explicit Human Ownership
Every AI-supported decision has a named human owner.

Consequence Accountability
Accountability rema ins with humans when outcomes cause harm or risk.

Explainability at Decision Time
HR can explain why a recommendation exists at the moment it is acted on.



Override Rights
Clear authority to pause, reverse, or bypass AI recommendations.

Bias Review Cadence
Regular review of outcomes, not just inputs.

4. They Measure Fewer Things and Defend Them Under Scrutiny

High-performing HR teams have reduced the volume of metrics they track. What remains is subject to far greater scrutiny.

They prioritised measures that:

- influence leadership decisions
- alter behaviour
- withstand challenge during reviews

Metrics that lack consequence are increasingly viewed as credibility risks. As a result, HR teams are concentrating on decision-linked indicators, risk-oriented signals, and outcome-based measures.

5. They Enter Conversations Earlier – With Greater Discipline

HR teams gaining influence are not doing so through volume or visibility. Their impact comes from timing.

They are increasingly involved while options are still forming, when trade-offs can still be surfaced and sequencing adjusted. This requires restraint as much as confidence - intervening early, but selectively.

At Katalyst, this pattern appeared repeatedly: HR influence increased when intervention occurred before alignment hardened, not after execution began.

6. They Invest in Capability Density

Rather than expanding roles or adding layers, leading HR teams are strengthening core capability.

The emphasis is on depth rather than scale, particularly in areas such as:

- judgment under ambiguity
- systems-level reasoning
- decision framing
- ethical and risk-based reasoning

As consequence increases, capability density (the concentration of decision-ready capability within the function) is emerging as a more reliable advantage than headcount or role expansion.



Why This Matters?

These practices are not emerging uniformly.
They are appearing first in environments where pressure is highest and tolerance for error is lowest.

What distinguishes these HR teams is not intent or sophistication. It is responsiveness to constraint.

As the environment hardens, these patterns are becoming less optional and more indicative of whether HR functions can sustain influence in 2026.

CHAPTER - 5

05

THE 2026 HR OPERATING MODEL

How HR actually works in organisations that are adapting well

By 2026, the effectiveness of HR is determined less by intent and more by **design.**

Across organisations represented at Katalyst, HR leaders described a growing gap between what they are expected to influence and how their function is structured to operate. The result is not resistance to change, but friction - delays, diluted ownership, and unclear decision paths.

What is emerging in response is a different HR operating model. Not a universal blueprint, but a set of structural patterns that consistently show up in HR functions gaining credibility and influence.

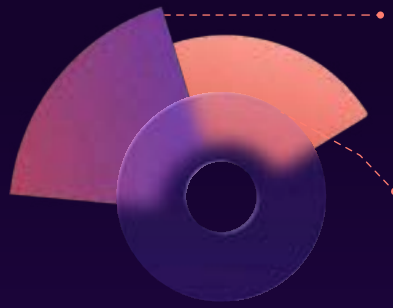
This chapter examines how HR is being organised, where it sits, and how work flows through it in 2026.

From Broad Service Delivery to Clear Decision Ownership

One of the most significant operating changes is a tightening of HR's mandate.

Historically, HR functions were designed to provide broad service coverage-touching recruitment, performance, engagement, learning, employee relations, compliance, and culture with relatively equal emphasis. In 2026, this breadth is becoming a liability.

Katalyst polling shows:

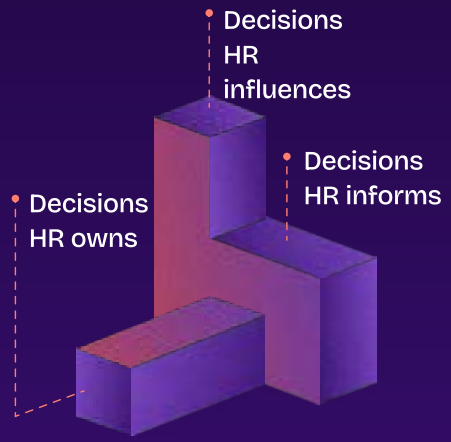


68% of HR leaders feel their function is expected to influence decisions beyond what it formally owns

66% believe decision ownership within HR is clearly defined

This ambiguity creates duplication, slow escalation, and diluted accountability.

In response, emerging HR operating models are clarifying three distinct roles:



This clarity reduces friction not by shrinking HR's role, but by making its authority explicit.

Decision Ownership Matrix

How Decision Authority Is Actually Structured in High-Credibility HR Functions
Purpose: Remove ambiguity. Reduce friction. Prevent HR from absorbing responsibility without authority.

People Decision Area	HR Owns	HR Influences	HR Informs
Leadership succession readiness	✅	-	-
Critical role risk assessment	✅	-	-
Culture-misaligned leadership exits	✅	-	-
Workforce restructuring design	-	✅	-
Org design & span changes	-	✅	-
Capability investment priorities	-	✅	-
Compensation budget allocation	-	-	✅
Headcount approvals	-	-	✅
Hiring volume targets	-	-	✅
Market entry workforce planning	-	✅	-

Design rule:

If HR is accountable for outcomes, it must own or influence the decision, never just inform.

HR's Position Is Shifting Closer to the Business Core

Another clear pattern is where HR sits in the organisation.

Rather than operating as a parallel function, HR is increasingly embedded into business rhythms - planning cycles, transformation initiatives, capability reviews, and leadership forums. Katalyst data indicates that 58% of HR leaders are now part of business discussions earlier than before, yet many report this involvement remains informal.

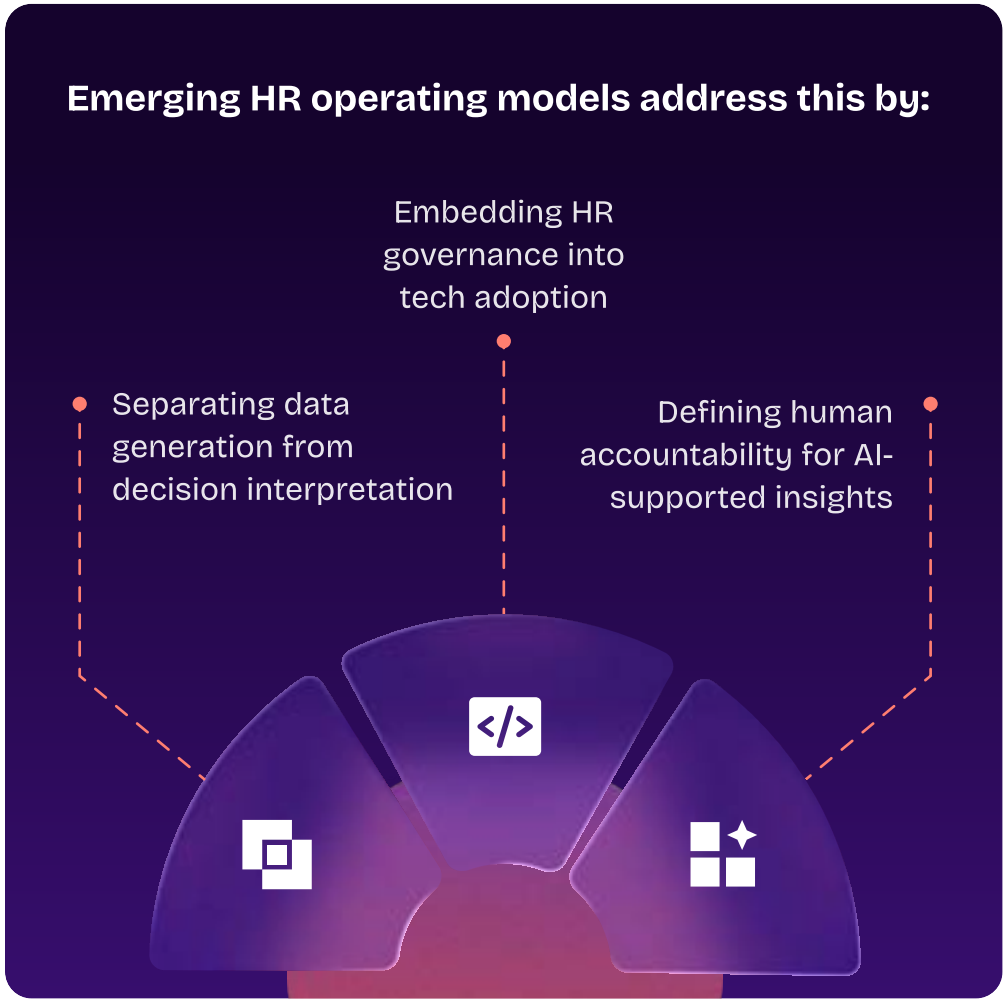
The emerging operating model formalises this proximity. HR is structurally linked to business decision points, not just execution stages. This enables HR to surface implications while options are still open, rather than managing consequences after alignment has occurred.

This shift does not require HR to dominate conversations. It requires HR to be present at the right moments.

A Clearer Interface Between HR, Technology, and Leadership

As HR becomes more integrated into decision-making, the interfaces between HR, technology teams, and leadership are becoming more explicit. Katalyst polling reveals that 55% of HR leaders experience friction between HR and technology functions, often due to unclear ownership of systems, data interpretation, or automation decisions.

At the same time, leaders expressed concern about HR becoming overly dependent on tools without sufficient governance.



Technology, including AI, is treated as infrastructure; powerful, but governed. The operating model makes clear where automation ends and judgment begins.

HR Is Reducing Layers, Not Expanding Them

A less obvious but important change is structural simplification.

Across Katalyst discussions, HR leaders acknowledged that additional layers - centres of excellence, shared services, project teams - have often increased coordination cost without proportional value.

Audience data supports this concern. Nearly 60% of HR professionals believe their function has become structurally complex, while only 32% feel that complexity has improved outcomes.

In response, emerging HR models are reducing internal layers and increasing capability density. Instead of adding specialised units, HR teams are strengthening core roles with broader decision competence.

This does not eliminate specialisation, but it avoids fragmentation.



Work Is Organised Around Outcomes, Not Activities

Another defining feature of the 2026 HR operating model is how work is structured. Rather than organising around activities (hiring, learning, engagement), HR teams are increasingly aligning work around outcomes such as:

Katalyst data shows that 64% of HR leaders are under pressure to demonstrate outcome linkage, yet fewer than 40% believe their internal workflows support this shift. Emerging models redesign workflows so that HR interventions are measured by their downstream effect, not their completion. This requires tighter feedback loops, clearer success criteria, and closer collaboration with business leaders.

AI Is Integrated Into the Operating Model, Not Layered Onto It

In mature HR operating models, AI is not treated as a separate stream of work.

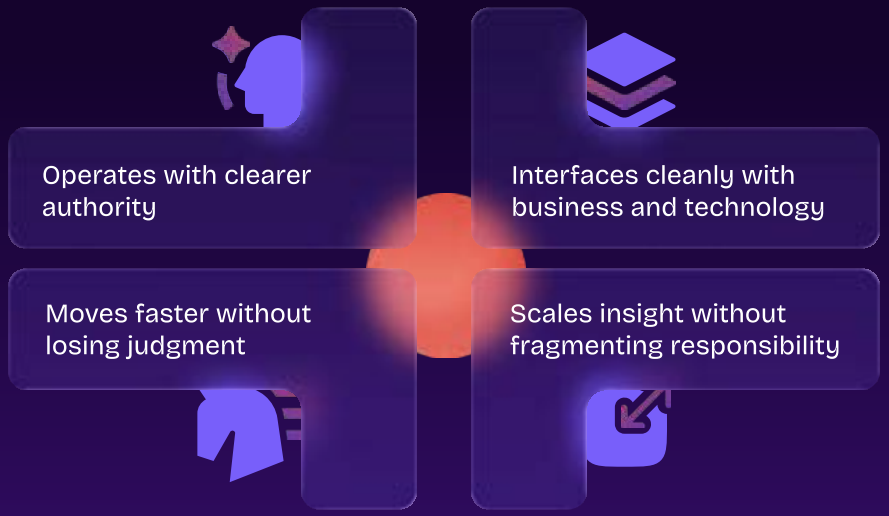
- Over 70% of HR leaders are using AI-enabled tools
- Only 34% believe AI decisions are clearly governed within their HR structure

This gap is driving a move toward integration rather than experimentation.

Emerging models embed AI into existing workflows; analytics, workforce planning, listening, talent decisions; while retaining explicit human ownership of outcomes. The operating model defines how AI informs decisions, who reviews outputs, and where accountability sits. This integration reduces both over-reliance and under-utilisation.

What the 2026 HR Operating Model Enables

Taken together, these shifts produce an HR function that:

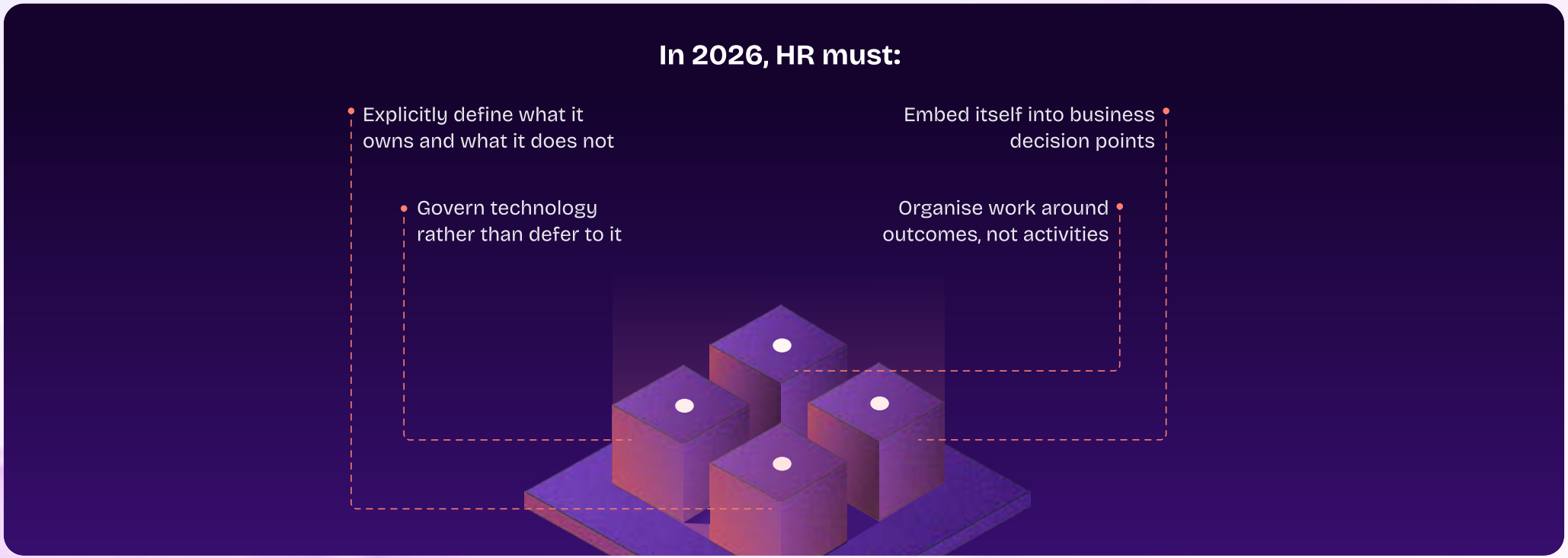


This model does not depend on size, industry, or maturity. It depends on design discipline.

Keka Editorial Take

HR's Operating Model Is Now a Strategic Asset

What Chapter 5 makes evident is that HR effectiveness in 2026 is no longer driven by intent or effort. It is driven by structure.
Keka's perspective, grounded in Katalyst insights, is that HR operating models built for coverage and compliance are struggling under today's expectations. Those built for clarity, proximity, and accountability are scaling influence.
The implication for HR leaders is practical.



These are not transformational ideals. They are operating requirements.
HR functions that treat their operating model as a strategic asset will find it easier to adapt as expectations continue to rise.
Those that do not will experience increasing friction, regardless of how capable or committed their people are.

CHAPTER - 6

THE 2026 HR CAPABILITY STACK

The capabilities shaping HR effectiveness in 2026



As HR responsibilities expand and decision cycles compress, capability has become the primary determinant of effectiveness.

Across Katalyst discussions, HR leaders consistently described their work in terms of judgment, interpretation, and navigation rather than task execution. The expectation is no longer confined to functional expertise. It extends to how HR leaders reason through complexity, connect signals across systems, and support decisions under uncertainty.

This chapter outlines the capability stack that is taking shape in 2026.



Judgment Under Ambiguity

One of the most prominent capability demands emerging from Katalyst is judgment in situations where information is incomplete, timelines are short, and trade-offs are unavoidable.

Audience polling shows that **63% of HR leaders** are now expected to provide recommendations even when data is imperfect. A smaller proportion feel confident doing so consistently. This gap reflects the growing importance of evaluative judgment - the ability to weigh competing signals, assess risk, and recommend a course of action without waiting for certainty.

This capability influences how HR participates in leadership discussions and how its input is received.



Systems-Level Reasoning

HR decisions increasingly affect multiple organisational dimensions at once: productivity, risk, cost, morale, and reputation. Katalyst conversations highlighted the need for HR leaders to understand how people decisions interact with broader systems rather than isolated programs.

Polling indicates that 61% of HR professionals find it difficult to trace workforce interventions to downstream business effects. As organisations become more interconnected, systems-level reasoning is emerging as a foundational capability, enabling HR to anticipate consequences beyond immediate outcomes.



Interpretation of Workforce Data

Access to workforce data has expanded significantly. Katalyst data shows that over 70% of HR professionals have more data at their disposal than three years ago. Fewer feel confident translating that data into insight that shapes decisions.

Interpretation has therefore become a critical capability. It involves identifying which signals matter, understanding their context, and explaining implications in a way that leadership can act on. This capability underpins HR's role in sense-making and advisory work.

AI increases the volume and speed of data, but interpretation remains a human-led function.



Ethical Reasoning and Accountability

With faster execution and wider visibility, HR decisions increasingly carry ethical and reputational weight. Katalyst discussions reflected heightened awareness of accountability, particularly in AI-supported processes, workforce restructuring, and performance management.

Audience data indicates that 59% of HR leaders feel responsible for ethical outcomes, while fewer report having clear frameworks to guide such decisions. Ethical reasoning is therefore emerging as a core capability, embedded into everyday judgment rather than treated as an exception.



Experience Design in Operational Contexts

Employee experience continues to influence productivity, retention, and change absorption. At the capability level, HR leaders described the need to identify moments that disproportionately affect execution and to design interventions intentionally around them.

Polling shows that only 34% of HR leaders believe their teams are strong at experience design. This capability involves understanding how experience shapes behaviour in specific contexts rather than monitoring sentiment in aggregate.



Change Navigation in Continuous Motion

Change is now a constant condition rather than a discrete event. Katalyst data reveals that 71% of HR professionals are managing overlapping change initiatives, while fewer than a third feel confident in their organisation's ability to absorb change.

Change navigation has therefore become a continuous capability. It includes sequencing interventions, maintaining coherence across initiatives, and supporting leaders through sustained transition rather than episodic programs.



AI Fluency as Professional Literacy

AI surfaced throughout Katalyst conversations as an environmental factor shaping HR work. Polling shows that 66% of HR leaders are expected to understand how AI influences workforce decisions, while 41% feel confident evaluating AI-supported outputs.

AI fluency in this context refers to informed oversight: understanding where AI adds value, recognising limitations, and ensuring accountability remains clear. This capability supports responsible adoption without displacing human judgment.



Decision Framing and Option Structuring

As HR enters conversations earlier in the decision cycle, the ability to frame choices has become more consequential.

Katalyst polling shows that over half of HR leaders struggle to articulate people implications in a way that influences outcomes. Effective decision framing requires clarity about trade-offs, timing, and downstream effects. It also requires the ability to present options rather than recommendations alone.
This capability shapes HR's influence at moments where direction is still fluid.

Capability Gaps and Development Pressure

When these capabilities are viewed together, Katalyst data highlights a widening development challenge.

- **68% of HR professionals believe capability expectations are rising faster than development opportunities**
- **57% feel underprepared for the demands of their role over the next three years**

This gap affects confidence, decision quality, and influence.

Field Notes

AI Fluency Was Built by Solving Live HR Problems (Not Training)



Dr. Ashish Mittal,
group CHRO,
Sreenidhi Educational Group,
shared his personal
transition from AI
scepticism to confidence.

What actually happened

Instead of attending AI courses, he forced AI into live HR workflows:

- hiring strategy simulations
- job descriptions drafted with KPI clarity
- performance evaluation structuring
- consumed disproportionate HR bandwidth

His breakthrough came when he stopped treating AI as a learning topic and started treating it as a **daily HR assistant** for real decisions.
He explicitly described how using AI for actual hiring and performance problems changed his confidence and judgment.



Why this matters

This is an operational insight: AI capability is built through usage, not certification.

Outcome-Based HR Work Map

How HR Work Is Re-Organised Around Outcomes
Purpose: Replace activity-based HR with execution-critical focus.

From Activities → Outcomes

Traditional HR Activity	2026 Outcome Focus	Core Question
Hiring	Workforce readiness	"Can delivery happen with current talent?"
Engagement surveys	Change absorption	"Where will execution slow?"
Learning programs	Capability sufficiency	"What skills are missing now?"
Performance cycles	Decision quality	"Are we rewarding the right behaviours?"
Talent reviews	Leadership continuity	"What breaks if X exits?"

Design shift:
HR work is no longer measured by completion.
It is measured by downstream business effect.

Keka Editorial Take

The HR Capability Moment of 2026



As 2026 begins, HR is entering a defining phase.

For the first time in decades, the gap between what HR is expected to contribute and what it is structurally prepared to deliver has become visible at scale. This is not a future concern. It is a present condition surfaced clearly through Katalyst conversations, audience data, and leadership dialogue.

What distinguishes this moment is not technological change alone. It is the convergence of compressed decision cycles, heightened accountability for people outcomes, and the growing visibility of workforce decisions in public and regulatory contexts. Together, these forces are reshaping how HR effectiveness is assessed.

At the centre of this shift sits **capability.**



HR Capability Has Become a Business Variable

In 2026, HR capability is no longer an internal maturity metric. It is a factor that directly influences organisational risk, execution speed, and leadership confidence.

Katalyst data shows that HR leaders are being asked to operate earlier in decision cycles, interpret increasingly complex signals, and support leadership under conditions of uncertainty. These expectations place a premium on judgment, reasoning, and synthesis, capabilities that cannot be substituted by tools, templates, or policies.

This is why capability density inside HR teams is emerging as a differentiator. Organisations with stronger HR capability depth are better positioned to navigate workforce volatility, manage change without fragmentation, and maintain coherence as strategies evolve.

The HR Trends That Will Matter Most in 2026

1

HR Is Becoming an Interpretive Function, Not an Administrative One

HR's value is increasingly defined by its ability to interpret fragmented signals, from data, behaviour, market shifts, and technology and translate them into actionable meaning for leadership. Execution matters less than sense-making.

2

Decision Quality Is Replacing Process Maturity as the Core Measure of HR Effectiveness

Organisations are shifting from asking "Are HR processes robust?" to "Did HR help us make the right call?" Decision outcomes, not process compliance, are becoming the benchmark.

3

Capability Density Is Overtaking Headcount as a Strategic HR Variable

High-performing organisations are investing in fewer, stronger HR professionals rather than larger teams. Capability concentration now matters more than functional coverage.

4

Workforce Experience Is Being Evaluated Through Execution Impact

Employee experience is no longer discussed in isolation. It is increasingly examined through delivery risk, manager effectiveness, change absorption, and productivity volatility.

5

HR Is Being Pulled Earlier into Decisions, Without Clear Authority

HR is entering conversations sooner, but often without defined decision rights. This creates exposure: responsibility without control. Clarifying ownership is becoming urgent.

The HR Trends That Will Matter Most in 2026

6

AI Is Raising the Standard for Human Judgment, Not Lowering It

AI accelerates speed and visibility, but it also exposes weak reasoning faster. In 2026, the differentiator is not AI adoption, but how well human judgment is governed around it.

7

Ethical Judgment Is Becoming a Board-Level HR Competency

Faster execution and wider visibility mean fairness, bias, transparency, and long-term impact are now scrutinised at leadership and board levels, not treated as operational issues.

8

HR Metrics Are Being Valued for Foresight, Not Reporting

Dashboards that describe the past are losing relevance. HR metrics are increasingly expected to signal risk early, frame trade-offs, and influence timing of decisions.

9

Talent Segmentation Is Replacing One-Size-Fits-All HR

Uniform policies are giving way to role-critical, skill-based, and risk-weighted approaches. Fairness is being redefined as contextual, not identical.

10

HR Operating Models Are Shifting from Coverage to Focus

Broad service-delivery models are proving unsustainable under pressure. Leading HR teams are explicitly choosing what they will not own, reducing cognitive and political load.

The HR Trends That Will Matter Most in 2026

11

Leadership Capability Is Being Assessed Through Change Absorption

Leadership effectiveness is increasingly measured by how teams absorb disruption, sustain performance, and maintain trust, not just by outcomes achieved in stable conditions.

12

Compensation Markets Are Fragmenting Inside HR Itself

The HR labour market is no longer uniform. Pay differentiation is emerging sharply based on capability depth, business proximity, and decision influence, not tenure alone.

13

HR Credibility Is Formed Before Execution, Not After Recovery

In 2026, credibility is established at the moment of recommendation, not after problems are fixed. Late correctness is losing value.

14

Emotional Labour Is Becoming a Recognised Structural Risk

HR's role as an emotional absorber is proving unsustainable. Organisations are beginning to confront the cost of invisible emotional labour on HR effectiveness and judgment.

15

Strategic HR Advantage Is Becoming Harder to Imitate but Easier to Lose

As tools and best practices commoditise, advantage increasingly comes from how HR thinks, decides, and prioritises under pressure. These capabilities compound but erode quickly when neglected.

These trends are not independent. They reinforce one another, raising the overall standard of what effective HR looks like in 2026.

What This Means for HR Leaders Now

The most important implication for HR leaders is practical. Capability development can no longer be treated as a gradual or secondary priority. The pace of change has reduced the buffer between learning and consequence. Gaps in judgment, interpretation, or ethical reasoning now surface quickly, often in high-stakes situations.

For HR leaders and teams, this calls for deliberate investment in:

- Systems-level thinking
- Data interpretation and narrative building
- Decision framing under uncertainty
- Ethical reasoning embedded into daily practice
- Experience design grounded in operational reality

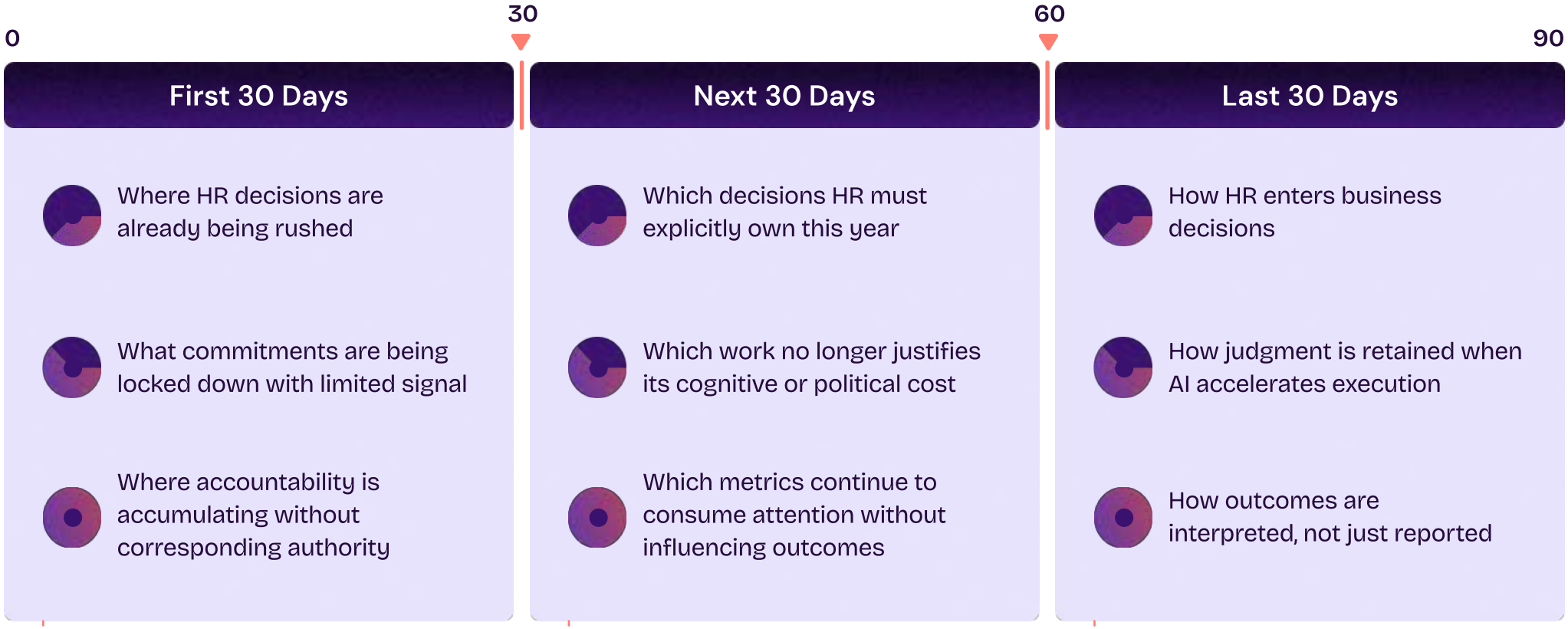
These capabilities determine whether HR is perceived as a stabilising force or a reactive function under pressure.



The 90-Day Choice HR Leaders Are Being Pushed Toward

As 2026 unfolds, HR leaders are being pushed into a choice that is rarely stated explicitly. HR will be evaluated on whether it helps organisations: keep pace with activity or manage consequence under pressure.

The distinction is already forming inside leadership teams. One posture keeps HR busy and occupied. The other pulls HR closer to judgment, exposure, and risk. The difference is not intent. It is decision discipline under constraint.



The Test That Will Define HR's 2026

By the end of Q1, leadership will already have an answer, even if it is never stated aloud:

"Does HR help us decide under pressure?"

That answer will shape:

- how often HR is brought into critical conversations
- how much trust it receives when trade-offs emerge
- how much influence it holds for the rest of the year

HR is unlikely to lose relevance in 2026.
It is more likely to lose patience from leaders it does not help decide well.

This playbook exists to ensure HR leaders are positioned on the right side of that judgment - early, and under pressure.

Keka's Perspective on the HR Outlook for 2026

Keka believes that 2026 will favor clarity over breadth. HR teams that enhance thinking and decision-making will gain trust and influence. Those relying on traditional authority will struggle as expectations grow. This marks a shift in HR's relevance, not its end.



The Defining Question for HR in 2026

As this playbook closes, one question stands out for HR leaders:

Is your HR function designed to keep up with activity or to keep up with consequence?

The answer to that question will shape HR's influence throughout 2026 and beyond. The capability stack outlined in this chapter is not an aspirational endpoint. It reflects the practical requirements of HR work as it exists today and as it is evolving.

HR's future will be shaped less by what it adopts, and more by what it becomes capable of sustaining. That is the defining HR trend of 2026.

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Conceptualised, authored, and led by:

Dr Nishat Afzal

Head - Corporate Communications, Keka



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Rajnish Kumar

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Design and visual execution:

Hemanth Ailineni

Sr Graphic Designer



Design and visual execution:

Joya Singh

Sr Visual Designer

HR Katalyst Speakers:

Dr TV Rao
Father of Human Resource Development (HRD) in India

Nishith Upadhyaya
Executive Director SHRM India, APAC & MENA

Tapan Acharya
Chief Revenue Operations, Keka

Harjeet Khanduja
Senior VP HR, Jio

Atul Tiwari
CHRO, blackNgreen

Rashi Gupta
CHRO, EDF power solutions India Private Limited

Vishal Nagda
Chief People Operations, Gera Developments Pvt

Satish Rajarathnam
Head of People & Culture, IT and Admin, Myridius

Nishith Upadhyaya
Executive Director SHRM India, APAC & MENA

Nidhi Jain Seth
Founder Director, Pinnacle Rewards and Recognition Pvt. Ltd.

Bhanu Sharma
Managing Partner, Helyxa Consulting Group

Pawan Kumar
General Manager - HR, Awfis Space Solutions Limited

Balaji Renganathan
Senior VP HR, MGM Healthcare

Nasrin Qurashi
Founder - Sr Aviation Headhunter, 8 Fold HR Consultancy

Maha Zahid
Head HR, Desertcart

Dr. Ankita Singh
CPO | Board of Director, Relevance Lab

Ashissh Kaul
Director - Knowledge and Advisory, SHRM India

Swarna Annapureddy
Sr Director - HR & Strategy, MOURI Tech

Charlotte Dumont
Director, Human Resources EMEA, Sirva

Rency Mathew
Managing Director India & APAC, Sabre Travel Technologies

Ruchi Mago
Head HR and Employee Experience, Orange Business

Abhishek Poddar
Co-Founder & CEO, Plum

Suhas Ram
Head Talent Management, AUROBINDO PHARMA LTD

Dr. Ashish Mittal
CHRO, Sreenidhi Institute of Science and Technology

Saurabh Shah
Head of People Operations, KRAFTON India

Alexander Rinku
Director - Human Resources, ORACLE

Madhurya Hariharan
Director - HR, Lennox India Technology Centre

Kieth Walter
Head of Human Resources - Middle East, Sabena technics

Nisha Karkera
Regional HR leader- IMEA, Lubrizol

Ganesh Raman
Associate Director (Head), Ex-Dubai Properties

Vikram Kaul
HR Director, Leadec India Pvt Limited

Govind Negi
Founder & CEO, Incredible Workplaces

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Sr Director, SHRM India

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