Transforming the Enterprise:

Human Resources

Beyond workforce management: Orchestrating capability for the intelligent enterprise



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Foreword

Organizations are investing billions to transform their businesses. They are embedding artificial intelligence (AI), redesigning operating models and reinventing how they create value. But realizing the value of those investments requires organizations to confront a question that is often addressed too late: How does the work itself need to change?

AI is accelerating the urgency of that question. Organizations can deploy powerful technologies quickly, but technology alone does not transform work. Capturing its full value requires leaders to reconsider how work is designed, where decisions are made and how human and digital capabilities come together. It requires choices about what people should do, what technology can do and how the capacity created can translate into greater productivity and performance.

One of the challenges is that most workforce operating models were not designed for this level of change. Work increasingly moves across employees, external talent, ecosystem partners and digital labor, yet the systems and structures used to manage it remain fragmented. Human resources (HR) manages employees. Procurement oversees external talent and providers. Technology teams govern AI and automation. The work itself cuts across all of them.

This creates a significant opportunity for HR. The function has spent years modernizing its technology, strengthening its talent practices and earning a more strategic role within the enterprise. Now its mandate is expanding again.

HR can help the enterprise answer a more fundamental set of questions: What work needs to be done? What capabilities does it require? Where should those capabilities come from? And how can they be assembled and deployed to create greater value?

Answering those questions requires a more integrated approach to work and capability: Total Workforce Management, stronger workforce intelligence and operating models that can adapt as business needs change. It also requires HR to work differently across the enterprise, bringing together business, technology, procurement and other leaders around decisions that no single function can make alone.

This report, part of KPMG's Transforming the Enterprise thought leadership series, explores what that transition could demand. Our research finds that many organizations can see where workforce management is heading, but relatively few have built the operating models required to get there. Closing that gap represents one of the defining opportunities for HR leaders in the years ahead.

The next era of HR is likely to be defined less by how efficiently the function manages its current workforce and more by how effectively it helps the enterprise redesign work and orchestrate the capabilities required to deliver it.



Bernd Carette
Director, People Advisory
KPMG in Belgium

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About the research

This report is based on a global survey of more than 1,750 senior transformation leaders across 20 countries and territories, 13 industries and organizations ranging from US$100M to over $50B in annual revenue.

The study included a dedicated set of workforce and HR questions fielded among 120 HR leaders globally, forming the primary basis for this report.

Geography:

40%
Americas

38%
Europe, Middle East and Africa (EMEA)

22%
Asia-Pacific (ASPAC)

Respondents:

18%
C-suite and executive leadership

82%
Functional leaders across Finance, Front Office, HR, Supply Chain, Risk and Technology

Organization type:

34%
Public company

44%
Private company

13%
Private-equity-backed

9%
Private equity firm

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Sectors included:

26%
Technology and telecom

23%
Financial services

12%
Consumer and retail

10%
Healthcare and life sciences

8%
Automotive

7%
Industrial manufacturing

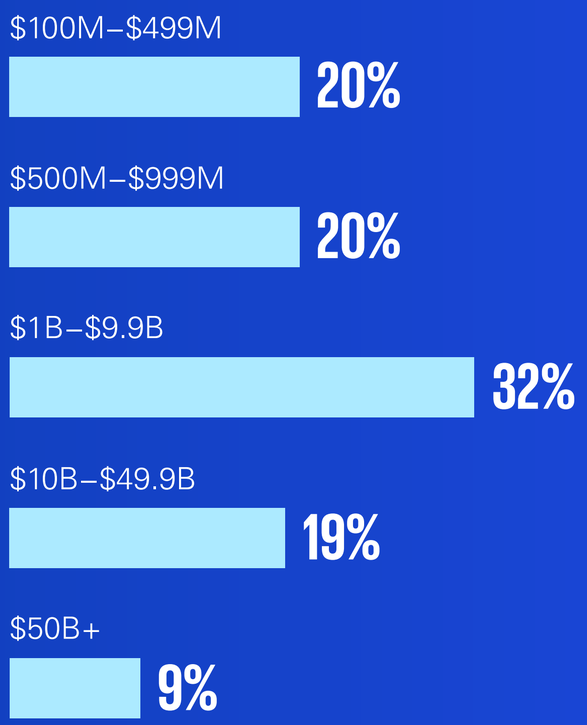
6%
Infrastructure, construction and transportation

5%
Energy, natural resources and chemicals

3%
Government and public sector

As part of KPMG's broader Transforming the Enterprise flagship thought leadership program, this report explores how HR leaders are responding to workforce disruption, accelerating AI adoption and the growing shift toward integrated workforce models spanning employees, external talent and digital labor. The research was fielded in February 2026.

Company annual revenue (USD equivalent):



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A new workforce reality



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Organizations are redesigning work faster than workforce models can evolve

Survey findings reveal that the average organization is now managing 3.4 transformation initiatives simultaneously, reflecting a reality in which change is no longer confined to a single function or transformation program. Many organizations are embedding AI and intelligent capabilities into existing technology, redesigning operating models, reimagining customer experiences and transforming core business functions in parallel.

While these transformations may begin in different parts of the enterprise, they ultimately converge in the same place: the work. It is through work that organizations combine capabilities, execute strategy and create value.

As multiple transformations reshape the enterprise, they are changing not only the work that needs to be done, but how and by whom it is performed. Work is becoming more dynamic and distributed, moving across organizational boundaries and increasingly performed through new combinations of human and digital capability. The assumptions that have long shaped workforce management — where capability resides, who performs work and how that work is organized — are changing with it.

Yet the models organizations use to manage workforce capability may not be evolving at the same pace. The enterprise increasingly needs to make decisions about work and capability across traditional boundaries, while the systems, governance models and technology architectures supporting those decisions remain designed around functions, business processes and categories of labor. Employees may sit within HR, external talent within procurement, managed services within vendor relationships and digital labor within technology. Work cuts across these boundaries, but workforce management often does not.

As that disconnect grows, the workforce model risks becoming a constraint on the very transformations many organizations are trying to deliver.

The workforce model is reaching its limits

The pressure on existing workforce models is only growing. Many organizations are setting dramatically higher expectations for the efficiency and productivity of the HR function, with survey findings showing that some aspire to support workforces at two, three or even several times today's typical HR-to-employee ratios. Technology and AI may make those ambitions possible at a scale previously out of reach. But they also raise a more fundamental question: Can organizations meet the demands of a radically different workforce simply by making today's model more efficient?

HR-to-employee ratio from 1:107 today, with aspirations reaching as high as 1:1,00

1:107 TO **1:1,000**

Today — Aspiration

Organizations are setting dramatically higher expectations for HR productivity as AI, automation and intelligent technologies reshape how HR work is performed.

Source: APQC Open Standards Benchmarking Database, licensed content accessed through KPMG's APQC Benchmarking Tool.

The 1:1,000 ratio represents an aspirational scenario and should not be interpreted as a generally applicable benchmark.

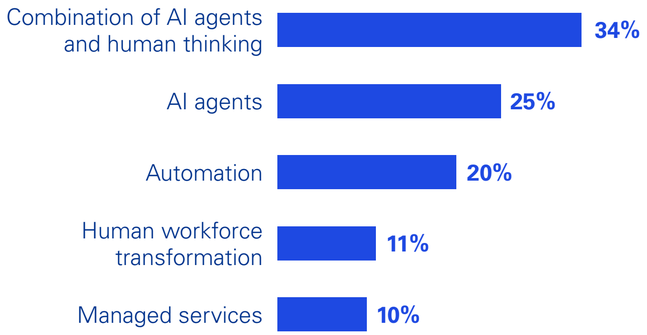
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The opportunity is not just to automate work, but to rethink it

Organizations can use new technologies to accelerate existing ways of working — or to rethink the work itself. HR leaders surveyed already expect the greatest operational gains over the next three to five years to come from AI agents, automation and combinations of human and AI capability, rather than from human workforce transformation alone.

Figure 1. HR leaders see the greatest performance opportunity in combining human and digital capability

In the next 3–5 years, where do you expect the largest operational performance gains to come from?



Future gains could depend less on optimizing any one source of capability and more on how effectively organizations bring them together. That shifts the starting point for workforce strategy: from the workforce an organization has today to the work it needs to accomplish — and then determining the right combination of human and digital capability to deliver it.

Work crosses boundaries. Workforce management does not

Most organizations are not structured to manage workforce capability as an integrated enterprise resource. Employees typically sit within HR systems, external talent within procurement or vendor management, managed services within separate contracts and governance processes, and digital labor within technology teams.

These divisions may make sense within individual functions, but they can fragment the enterprise's view of workforce capability. Leaders can struggle to see where critical skills reside, how capacity is distributed and which sources of capability are best suited to the work that needs to be done. Yet meeting a business need increasingly requires organizations to bring together employees, external expertise and digital capability across these boundaries.

This is not simply a workforce management challenge. It is an enterprise adaptability challenge. KPMG's Adaptability Index shows that responding effectively to disruption depends on coordinated execution across strategy, culture and ecosystems. Organizations cannot adapt quickly if they cannot see, access and reconfigure the capabilities available to them as conditions change.

Total Workforce Management provides a model for doing so. It considers employees, contingent talent, vendored work and digital labor as interconnected sources of capability — creating a more integrated view of how work gets done and what is required to deliver it.

This helps to reframe the fundamental question of workforce management. Instead of asking, "Who do we employ?" organizations should ask: "What work needs to be done, and what combination of human and digital capability is best equipped to do it?"

> **Businesses can use technology to make today's workforce model dramatically more efficient. But efficiency alone won't prepare organizations for a world where work is performed across employees, external talent and digital labor. The opportunity is to redesign the model around the work, not the categories of labor performing it.**

Katie Dahler
Principal, Head of Workforce Advisory
KPMG in the US

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The forces reshaping workforce management

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The forces reshaping workforce management

Business needs and capability requirements are changing rapidly. AI is altering the design of work, challenging assumptions about the technology that supports it and expanding choices about where and how capability is sourced.

Together, these shifts are expanding the mandate of workforce management: from building workforce capacity to continuously adapting how capability is accessed, deployed and combined.

Force 1: AI is changing the design of work, not just how work gets done

Artificial intelligence is typically viewed as a technology transformation. Its more fundamental impact may be on work itself. As intelligent systems become embedded in operations, organizations should reconsider how work is performed, where decisions are made and which activities are best suited to people, machines or a combination of both.

The opportunity extends beyond automating tasks. AI allows organizations to rethink how work is structured, responsibilities are allocated and roles are defined. The greatest value may come from redesigning work around the complementary strengths of human and digital capability.

Force 2: HR technology is facing its next disruption

For more than a decade, many organizations have invested heavily in cloud-based human capital management (HCM) platforms designed to create a more connected view of the workforce. Now, just as many are realizing the value of those investments, AI and intelligent agents are challenging assumptions about how workforce technology should operate.

HCM platforms are unlikely to disappear, but their role may change as intelligent technologies increasingly deliver services, insights and transactions across platforms and workflows. Leaders should now determine where to continue investing in existing infrastructure — and where AI could reshape the HR technology architecture they have only recently put in place.

Force 3: Dynamic workforce deployment is becoming mission critical

Business conditions are changing faster, and so are the capabilities organizations may need to respond with. Skills requirements can shift quickly as technologies evolve, competitors emerge and strategic priorities change. The workforce an organization needs today may not be the workforce it needs tomorrow.

This volatility is exposing the limitations of workforce planning built around stable roles and long-term forecasts. Organizations increasingly need a different capability: dynamic workforce deployment — the ability to continually assess demand, understand available skills and capacity, and reconfigure resources as priorities shift.

AI makes this more urgent. As intelligent agents and automation reshape workflows, organizations should continually reconsider the teams, skills and human contributions around them. Competitive advantage may increasingly depend not simply on building the right workforce, but on building the capacity to continuously reconfigure it.

> **AI alone will not transform organizations. Work redesign will turn its potential into impact. AI is simply the catalyst.**

Katie Dahler
Principal, Head of Workforce Advisory
KPMG in the US

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Force 4: The economics of workforce capability are changing

As organizations rethink how work gets done, they are also reconsidering where capability should come from. Decisions about employees, external talent and managed services have traditionally been shaped heavily by cost, capacity and access to specialized skills. But as workforce needs become more dynamic and technology reshapes delivery models, external capability can play a broader strategic role.

Managed services, outsourcing and ecosystem partners can provide more than additional capacity or labor arbitrage. They can give organizations faster access to specialized expertise, technology, data and capabilities that may be difficult or inefficient to build internally.

The question is shifting from what work can be moved outside the organization at lower cost to what combination of internal, external and digital capability can create the greatest value. Workforce advantage is likely to increasingly depend not simply on the capabilities an organization has, but on how effectively it assembles the capabilities it needs.

Force 5: HR is moving from measuring people outcomes to proving business impact

The connection between workforce decisions and business performance is not new. What is changing is the expectation that organizations can demonstrate it. Measures such as engagement, retention and employee experience remain important, but leaders increasingly need to understand how workforce decisions translate into productivity, agility, resilience, innovation and growth.

That requires a different level of insight into the workforce. Decisions about skills, workforce composition, leadership and organizational design can no longer be evaluated only through talent outcomes. Organizations need to connect workforce investments to measurable business outcomes — and use those insights to make better decisions about where and how capability is deployed.

Executive priorities reinforce the importance of that connection. Beyond AI, leaders identify leadership and culture transformation, talent strategy and workforce planning, and organizational design and change management among the most critical levers for driving business value.

Figure 2. Workforce and organizational levers remain central to driving business value

Beyond AI initiatives, what are the most critical non-AI levers you are currently activating to drive business value?



Taken together, these forces are changing the basis of workforce advantage. Anticipating workforce needs still matters, but advantage may increasingly come from the ability to redesign work, access new sources of capability and continuously reconfigure how that capability is deployed as business needs change.

> **For years, the question has been how to make HR more efficient. I think that many businesses are entering a period where a different question should perhaps be asked: Is the model itself still fit for purpose?**
>
> **Evan Metter**
> Principal, Workforce Advisory
> KPMG in the US

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Bridging the transformation gap



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The ambition to transform workforce management is outpacing organizations' ability to change

Organizations increasingly recognize that their workforce operating models need to evolve. There is growing alignment around what that evolution requires: more integrated workforce planning, greater visibility across sources of capability, and operating models capable of coordinating human and digital work.

But understanding what needs to change and building the operating model to support it are very different things. Across many organizations, ambition is moving faster than execution as new technologies and sources of capability are introduced more quickly than the structures, governance and workforce practices required to manage them.

The result is a growing workforce transformation gap: organizations increasingly understand the model they need, but relatively few have built it.

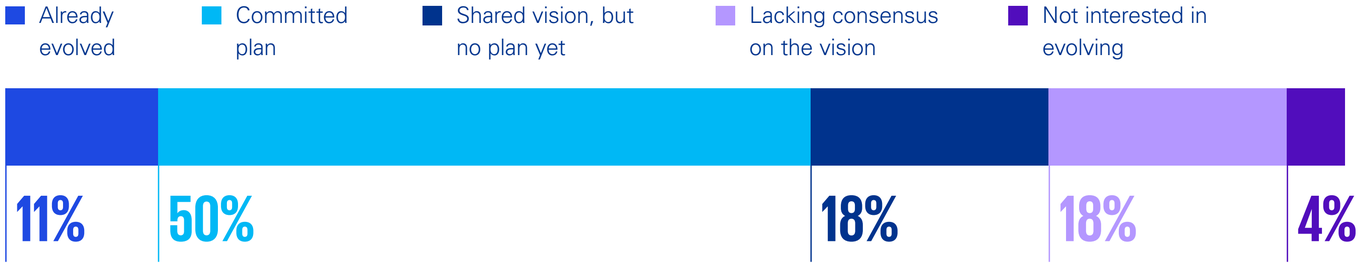
Total Workforce Management remains an ambition for most organizations

Total Workforce Management provides a framework for closing that gap. It offers an integrated approach to managing capability across employees, contingent talent, vendored work and digital labor — enabling organizations to make more coordinated decisions about the work that needs to be done, the capabilities required and the best sources of capability to deliver it.

Organizations have largely embraced that ambition. Operationalizing it is proving much harder.

Figure 3. Only 11 percent of organizations have evolved their approach to Total Workforce Management

How would you describe your organization's current approach to Total Workforce Management?



**Sum of percentages may not add up to 100% due to rounding.*

The data reveals a clear divide between ambition and execution. While most organizations are moving toward Total Workforce Management, only 11 percent have fully evolved their approach. The barrier is not ambition. It is execution.

That divide echoes a distinction KPMG firms have observed in their broader work on the future of HR. KPMG's Pathfinders are leading HR functions that focus on building the capabilities needed to execute strategy, using workforce insights to inform business decisions and integrating HR more closely with the wider enterprise and C-suite.

This research adds another dimension to that picture: organizations further along in operationalizing Total Workforce Management also demonstrate stronger capabilities across several dimensions of workforce transformation.

> **Total Workforce Management isn't about bringing more categories of labor into the same system. It's about giving leaders the ability to make better decisions about capability, wherever it resides.**
>
> **Mark Williamson**
> Global Head of Workforce Advisory
> KPMG International

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Total Workforce Management maturity is associated with broader workforce transformation

Progress toward Total Workforce Management (TWM) does not appear to happen in isolation. Organizations further along in their TWM journey also demonstrate greater maturity across other dimensions of workforce transformation. They are more likely to view operational agility as a source of competitive advantage and anticipate stronger returns from future HR investments.

The pattern also extends to how workforce decisions connect to business performance. Organizations further along in their TWM journey are more likely to provide leaders with evidence linking workforce investments to business outcomes.

59% vs. 19%

Respondent organizations that have evolved to TWM or have a committed plan are more likely to equip CEOs with empirical data connecting workforce investments to business outcomes.

While these relationships do not establish that TWM itself drives stronger performance, they reveal a consistent pattern: organizations further along in transforming their workforce model are also building more agile, evidence-based approaches to work, technology and talent.

The findings point to a broader transformation gap: between organizations building more agile, evidence-based workforce models and those still operating through fragmented approaches. As the enterprise transforms, that divide becomes increasingly consequential.

The gap widens when business transformation outpaces work redesign

Many organizations are redesigning products, services and customer experiences in response to changing markets and emerging technologies. Yet the implications for work and workforce capability are often considered later in the process.

The result appears to be a growing disconnect between how organizations create value and how work is organized to support it. Business models can evolve faster than roles, skills, incentives, governance and workforce practices — making workforce transformation a prerequisite for enterprise transformation rather than a separate initiative.

AI makes this challenge particularly visible. New technologies can be deployed relatively quickly, but redesigning work around them is considerably harder. Skills must be developed, roles and workflows redefined, governance adapted and people equipped to work effectively alongside intelligent systems.

> **“The organizations that lead won’t necessarily be the ones that predict the future of work most accurately. They are likely to be those that can adapt their workforce model fastest when the future unfolds differently than expected.”**

Kate Holt
Partner, Head of Workforce Advisory
KPMG in the UK

Figure 4. Few HR leaders report strong readiness for AI-enabled work

To what extent do you agree with each of the following statements about your organization?

Percent of HR professionals who strongly agree

AI readiness measure	
Our organization is culturally very open to adopting AI-driven processes	28%
Our organization provides effective AI training for employees	24%
Our functional teams have sufficient internal AI expertise	25%
Our workforce is highly proficient in utilizing AI tools	17%

The data suggests that technology adoption is moving ahead of workforce readiness. While most HR leaders report at least some proficiency with AI tools, relatively few strongly agree that their workforce is highly proficient — or that their organization has the culture, training and internal expertise needed to support AI-enabled work.

This creates a familiar transformation risk: introducing AI into existing work without redesigning roles, workflows or decision-making. The result may be incremental efficiency rather than meaningful change to the underlying operating model.

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Fragmented workforce data limits the ability to act as one enterprise

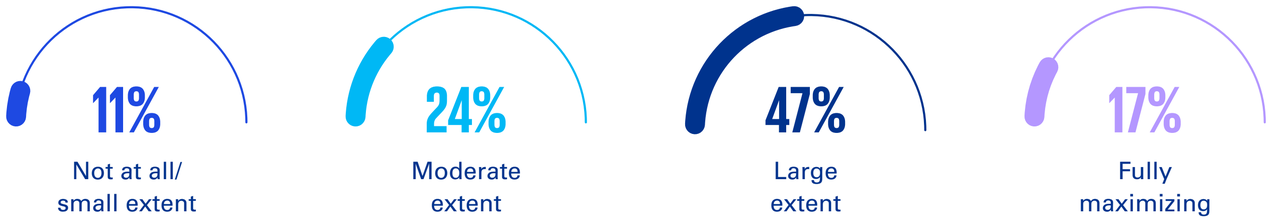
A more dynamic workforce model requires more than access to different sources of capability. It requires visibility across them.

Many organizations cannot effectively coordinate employees, contingent talent, vendored work and digital labor without understanding the skills and capacity available to them, where those resources reside and how they are being deployed. Yet the systems that contain this information often remain fragmented across HR, procurement, vendor management and technology.

Even within HR, many organizations are still working to unlock the full value of their existing technology foundations.

Figure 5. Most respondent organizations are still unlocking value from existing HR technology platforms

To what extent is your organization currently maximizing the capabilities of its core HR technology platform(s)?



**Sum of percentages may not add up to 100% due to rounding.*

Only 17 percent of respondents say they are fully maximizing their core HR technology platforms. Yet even as organizations work to unlock the value of existing platforms, they are investing in AI, workforce intelligence and new technologies that promise to make workforce decisions faster and more dynamic.

The transformation gap is an operating model gap

Organizations are adding new forms of human and digital capability, but the operating models governing how work gets done have been slower to change. AI can be deployed without redesigning work. External talent can be sourced without connecting it to broader workforce decisions. New technologies can generate more data without giving leaders the visibility or authority to act on it across organizational boundaries.

The result is a workforce transformation gap: organizations may have more technology, more data and more ways to access talent, yet may still lack the ability to bring them together around the work the enterprise needs to accomplish.

Closing that gap requires more than accelerating individual initiatives. It requires an operating model that can continuously connect work with the human and digital capabilities required to deliver it — and adapt that mix as business needs change.

> **Most respondent organizations recognize the future. Very few are designing work for it. That gap between awareness and execution is where workforce transformation succeeds or fails.**
>
> **Mark Williamson**
> Global Head of Workforce Advisory
> KPMG International

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Building the future operating model



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HR should evolve from managing a workforce to orchestrating capability

The transformation gap is ultimately an operating model challenge. Organizations cannot manage a more dynamic, distributed and technology-enabled workforce through structures designed primarily to administer employees.

The future of HR is not a more efficient version of today's people function. Its role should be to help the enterprise orchestrate workforce capability: understanding the work that needs to be done, identifying what is required to deliver it and determining how the right mix of employees, external talent, partners and technology can best be assembled.

Traditional responsibilities for talent, culture and employee experience remain essential. But they become part of a broader mandate to help the enterprise make better decisions about work and capability — through an operating model that can evolve as work, technology and sources of expertise change.

The HR operating model is entering its next era

For decades, the dominant HR operating model has combined business partners, centers of expertise and shared services, supported increasingly by cloud-based HCM platforms. That model brought greater standardization and efficiency while providing a common foundation for managing the employee workforce.

AI and new workforce models now challenge some of its assumptions. As intelligent agents take on more transactions and analytical tasks, traditional HR boundaries could shift. And as capability extends beyond employees, workforce decisions increasingly cut across HR, procurement, technology and business functions.

As work changes more rapidly, organizations should make decisions about skills, capacity and deployment continuously — not through periodic planning cycles.

Today's HR operating model is unlikely to disappear, but it may be significantly reconfigured. Activities that once required dedicated processes and interfaces can increasingly be embedded directly into workflows, while intelligent technologies operate across traditional systems.

This can allow HR professionals to spend less time administering processes and more time designing work, interpreting workforce intelligence and orchestrating capability across organizational boundaries.

The transition is likely to happen in stages. AI and automation may initially make existing processes more efficient, before enabling more fundamental changes in how HR services, insights and decisions are delivered. Ultimately, the opportunity is to rethink the operating model around the work and capabilities the enterprise requires.



Today

Optimize: AI and automation improve existing HR processes and platforms.



Tomorrow

Reconfigure: Intelligent technologies reshape how HR services, insights and decisions are delivered across workflows.



Future

Orchestrate: HR becomes an enterprise capability orchestrator, continuously connecting workflow with the human and digital capabilities required to deliver it.

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Five capabilities that can underpin the future workforce operating model

The precise structure of the future workforce operating model may vary by organization. But KPMG International's research and interviews point to five capabilities that can become increasingly important as HR moves from managing employees toward orchestrating workforce capability.

Capability 1: Integrated workforce planning and governance

Workforce planning can no longer stop at the boundaries of the employee population. Organizations should be seeking to have visibility across employees, contingent talent, vendored work, ecosystem partners and digital labor — and the ability to make deliberate decisions about which sources are best suited to different business needs.

Visibility alone is not enough. Organizations should also be seeking to have governance that connects decisions across HR, procurement, technology and the business, enabling the enterprise to determine how work gets done and where the required skills, expertise and capacity should come from.

Capability 2: Work design and human-digital orchestration

As AI becomes embedded across the enterprise, organizations should have the ability to redesign work around the complementary strengths of people and technology.

That means looking beyond which tasks can be automated to reconsider workflows, decision rights and where human judgment, creativity and relationships create the greatest value. Decisions about AI are therefore also decisions about work: how roles change, which skills matter and how people and intelligent systems operate together.

The opportunity is to design work so that human and digital capability create greater value together, rather than simply automating the greatest possible amount of work.

Capability 3: Dynamic workforce deployment

Traditional strategic workforce planning has largely focused on a long-range question: What workforce will the organization need in the years ahead? That question still matters, but organizations increasingly should respond to changing needs in real time.

As business priorities, technologies and skill requirements change faster than planning cycles, organizations should continually identify available capability and redeploy it against the priorities they face now. This shifts workforce planning from predominantly forecasting future demand toward continuously sensing demand, assessing supply and dynamically aligning the two.

Capability 4: Workforce intelligence and decision support

Orchestration depends on intelligence. Organizations cannot make dynamic workforce decisions without understanding what skills and capacity they have, where they reside, how they are performing and what the enterprise may need next.

A workforce intelligence layer should connect data across organizational and technology boundaries, enabling leaders to identify emerging gaps, model scenarios and evaluate alternative ways of getting work done. Its value ultimately lies in the decisions it enables about work and capability.

Capability 5: Workforce adaptability and human enablement

A more dynamic workforce model cannot succeed through technology and operating model redesign alone. People should be able to adapt with it.

As work changes, organizations should help employees understand how their roles are evolving, which skills will matter and where human contribution creates distinctive value. Reskilling remains essential, but organizations should also create the conditions for people to move across roles and opportunities, develop new capabilities and work effectively alongside intelligent technologies.

Leaders should help employees navigate greater uncertainty about how careers evolve as the division of work between people and technology continues to change.

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The future model will likely be defined by orchestration, not administration

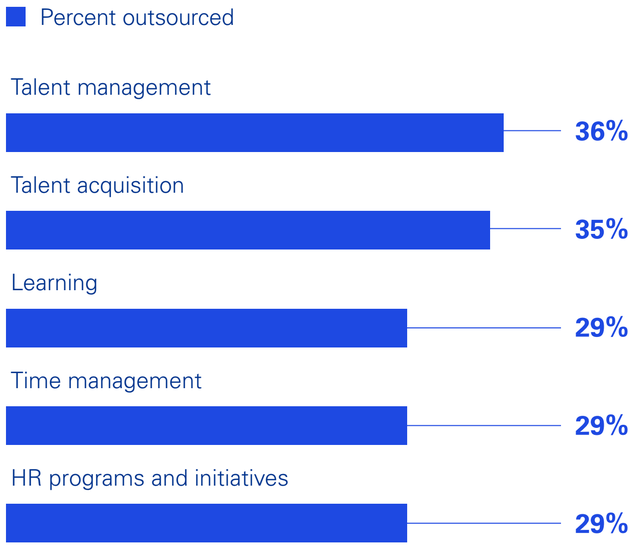
The function will continue to manage essential responsibilities for talent, culture, employee experience and workforce development. But its value to the enterprise should increasingly depend on connecting those responsibilities to a broader system of work and capability.

That means helping leaders make decisions across traditional boundaries: when to build capability internally, access it externally, augment it with technology or redesign the work itself.

No single organizational structure or technology platform is expected to define the future HR operating model. What matters is the ability to continuously align work with the human, external and digital capabilities required to deliver it.

That is the shift from managing a workforce to orchestrating capability.

Figure 6. Organizations rely on external providers to deliver critical workforce capabilities



> **The future CHRO should be as fluent in work design and AI orchestration as talent and culture. The role is expanding from managing the workforce to helping shape how work gets done across the enterprise.**

Kate Holt
Partner, Head of Workforce Advisory
KPMG in the UK

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Alliance perspective



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Alliance perspective: Workday

KPMG and Workday work together to help organizations transform how they manage people, work and technology. In this perspective, Callie Kemmer, Senior Director, AI Strategy at Workday, shares why AI is redefining work faster than many organizations can adapt — and what leaders can do to redesign roles, incentives and operating models around a workforce increasingly made up of both human and digital contributors.

Work is being redefined faster than most organizations can adapt

Organizations are applying familiar approaches to AI adoption — change management, training, and rollout — as though this were simply another layer of technology. In practice, the shift is more fundamental. As AI begins to take on tasks and decisions, work itself starts to fragment. Roles that once operated as coherent units break down into components that should be redistributed across human and machine contributions.

Most organizations have no operating model for managing this shift. Their systems for performance, incentives and career progression were designed for a human-only workforce, not one where work is increasingly shared across people, AI agents and automation.

The operating impact

Increased productivity without direction

In some cases, AI is unlocking meaningful capacity gains — but organizations are rarely explicit about how that capacity should be used. What work is deprioritized? What new work is created? How is value measured? Without clear answers, gains often dissipate or create uncertainty.

Roles that no longer map to the work

What individuals were hired, trained and rewarded to do is increasingly disconnected from where value now sits. The highest-value work is often more strategic, less defined and not yet reflected in role design or capability models.

Incentives that lag behind the shift

Employees are being asked to reimagine how work is done, but without aligned goals, incentives or performance measures, making the transition uneven and, at times, resisted.

Where many organizations can struggle

Most organizations have mature, decades-old systems for managing human work that track output, performance, skills and progression. They have almost no equivalent for managing machines as contributors. As a result, AI is often governed as a tool, even when it is actively participating in how work gets done.

What leaders do differently

The organizations moving ahead are treating this as a work design challenge rather than simply an adoption challenge: redefining roles, making explicit decisions about how capacity is redeployed and building new models to coordinate human and machine contribution as a unified workforce.

> **Most organizations are still thinking about AI as a technology deployment challenge. In reality, it is a work redesign challenge.**



Callie Kemmer
Senior Director, AI Strategy
Workday

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The leadership agenda for the future



AI generated image

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The leadership agenda for the future

The next era of workforce transformation demands different leadership choices

The shift from managing a workforce to orchestrating capability cannot be delivered by HR alone. It requires organizations to rethink decisions that have traditionally been made separately: how work is designed, where technology is deployed, which capabilities are built internally, which are accessed externally and how people are prepared for what comes next.

For leaders, this creates a different set of priorities. The task is not simply to modernize HR or deploy new workforce technologies. It is to build an enterprise capable of continuously aligning work with the human and digital capabilities required to deliver it and translating those choices into measurable gains in productivity and performance.

01

Start with the work, not the workforce

Organizations have traditionally approached workforce strategy by asking how many people they need, what roles to fill and which skills to develop. But work can now be performed by employees, external talent, partners, automation and AI.

Leaders should begin with the work itself. Identify what work creates value, how it is changing and where human judgment, creativity and relationships matter most. Then determine where AI can augment human contribution, where work can be automated and what combination of human and digital capability is best equipped to deliver it.

Redesign the work first. Build the workforce around it.

02

Make productivity central to design

HR has spent years modernizing technology, improving employee experience and strengthening talent practices. Those priorities remain important, but expectations are rising: leaders increasingly need HR to demonstrate how decisions about work, workforce and technology translate into business performance.

Leaders should make productivity an explicit workforce outcome. Define where gains are expected to come from, how capacity created by AI and automation can be redeployed and how value should be measured. Connect decisions about work design, skills, workforce composition and technology to outcomes such as productivity, agility, resilience, innovation and growth.

Measure workforce transformation by the value it creates, not simply the activity it generates.

03

Stop treating AI, workforce and business transformation as separate agendas

AI transformation may sit with technology, workforce transformation with HR, external talent with procurement and business transformation with strategy or operations. But the work being transformed cuts across all of them.

Leaders should bring these decisions together around the work. Create governance across HR, technology, procurement, finance and the business that asks a common question: What is the best way to get the work done? Establish clear accountability for decisions that cross traditional functional boundaries.

Transformation will remain fragmented as long as the decisions shaping work remain fragmented.

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04

Decide which capabilities to build, access or augment

Organizations have more ways than ever to access skills, expertise and capacity. Employees, contingent talent, managed services, ecosystem partners, automation and AI can all contribute to enterprise performance.

Leaders should make deliberate choices about where capability comes from. Determine which capabilities create competitive differentiation and should be built internally, which can be accessed through external partners and which can be augmented or performed through technology. Consider speed, scarcity, strategic importance, resilience and access to innovation — not cost alone.

Workforce advantage should come not from owning the most capability, but from assembling the right capability around the work.

05

Build for adaptability, not perfect prediction

Workforce planning has traditionally focused on anticipating future demand. But as business priorities, technologies and skill requirements change more rapidly, even the best forecasts have a shorter shelf life.

Leaders should build the capacity to respond when plans change. Create visibility into available skills and capacity, make it easier to move resources across priorities and enable faster access to external and digital capability. Planning still matters, but it must be complemented by the ability to sense changing demand and reconfigure capability in response.

The goal is not to predict every workforce need. It is to be ready when needs change.

06

Give people a stake in what comes next

The transformation of work cannot succeed if people experience it only as something being done to them. As AI changes tasks, roles and career paths, employees need more than training on new tools.

Leaders should make people participants in work redesign. Help employees understand how their work is changing, where human contribution creates distinctive value and what opportunities exist as roles evolve. Be deliberate about how AI-created capacity is redeployed, how people are supported through change and how incentives reinforce new ways of working.

Do not simply ask people to adapt to the future of work. Give them a role in shaping it.

> **The winners in the intelligent economy will not be the organizations with the most talent or the most technology. They are likely to be the organizations that can combine human and digital capability more effectively than anyone else.**

Mark Williamson
Global Head of Workforce Advisory
KPMG International

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How KPMG can help

Building the workforce of the future requires more than modernizing HR technology or improving individual talent processes. It requires rethinking how work gets done, how human and digital capability come together and how workforce decisions connect to business priorities.

KPMG professionals can help organizations move from workforce transformation ambition to execution — redesigning work, modernizing the HR operating model and building the capabilities needed to orchestrate a more dynamic workforce.

Redesign work for the intelligent enterprise

Rethink how work gets done as AI, automation and new sources of capability reshape the workforce.

Identify where work can be automated, augmented or redesigned; clarify the roles of people and intelligent technologies; and redesign workflows, roles and decision rights to unlock greater productivity and value.

Build the future workforce operating model

Translate workforce strategy into an integrated operating model built around work and capability.

Redesign governance, planning and service delivery across employees, contingent talent, external partners and digital labor — connecting HR more effectively with technology, procurement, finance and the business.

Enable workforce intelligence and dynamic deployment

Connect workforce data, technology and insights to make faster, more coordinated decisions about capability.

Build visibility across skills, capacity and sources of talent; strengthen workforce intelligence and scenario planning; and enable leaders to deploy and redeploy capability as business needs change.

Accelerate workforce adaptability and performance

Turn workforce transformation into measurable business value.

Build the skills, governance and change capabilities required to scale new ways of working, support people through the transition and connect workforce investments to productivity, agility, resilience, innovation and growth.

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Meet the authors



Mark Williamson
Global Head of Workforce Advisory
KPMG International

Mark is KPMG's Global Head of Workforce Advisory, focusing on AI-enabled transformation across Organization & People, HR, Learning and Payroll & Labor. He has over 35 years of consulting and industry experience spanning sectors, including Banking, Insurance, Manufacturing, Government, Consumer Markets and Life Sciences, leading large global Workforce and HR transformation programs in these sectors. He is a frequent industry commentator and co-author of a published book guiding organizations in HR and workforce transformation.



Evan Metter
Principal, Workforce Advisory
KPMG in the US

Evan Metter is a passion-driven leader dedicated to his mission to "connect people and ideas to create experiences that generate more understanding, meaning, and human flourishing." With more than 25 years of global experience, he helps organizations unlock business results through workforce transformation, human-centered innovation, and evidence-based research. His work includes leading KPMG's global *Transforming the Enterprise* study, exploring how organizations can reimagine work, the workforce, and workforce experiences.

An authentic advisor to C-suite leaders, Evan specializes in workforce transformation, agentic orchestration, workforce reskilling, and the evolution of HR into a Total Workforce Management function.



Kate Holt
Partner, Head of Workforce Advisory
KPMG in the UK

Kate has 30 years' experience in HR and People Consulting, both as a UK Human Resources Director for a leading professional services firm and as a global consultant, developing strategically differentiated HR functions that can bring value to their business. Kate has worked across all industries and has led projects that have focused on HR Transformation and HR Technology, behavioral change management, organization design and development, leadership and talent development, and performance improvements through people. She leads large global teams to deliver value to organizations.



Katie Dahler
Principal, Head of Workforce Advisory
KPMG in the US

Katie Dahler is a Principal at KPMG in the US with more than 25 years of experience in Corporate Consulting and Business Strategy. She currently serves as Head of Workforce Advisory in the US, helping clients with their workforce and HR agendas, including strategic workforce planning, workforce analytics, AI enablement, employee experience, change readiness, learning and development, talent strategy, organizational design, HR strategy and transformation, NextGen HR solutions, payroll strategy and transformation, and workforce management strategy and transformation.

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Contacts

Global

Mark Williamson
Global Head of Workforce Advisory
KPMG International

Belgium



Bernd Carette
Director, People Advisory
KPMG in Belgium
bcarette@kpmg.com

Local leadership

Australia
Meaghan D'Arcy
meaghandarcy@kpmg.com.au

Canada
Stavros Demetriou
sdemetriou@kpmg.ca

France
Philippe Valo
pvalo@kpmg.fr

Germany
Sascha Glemser
sglemser@kpmg.com

Greece
Georgia Kalemidou
gkalemidou@kpmg.gr

India
Sunit Sinha
sunitsinha@kpmg.com

Ireland
Conor McCarthy
conor.j.mccarthy@kpmg.ie

Japan
Liboshi Satoru
satoru.liboshi@jp.kpmg.com

Netherlands
Waseem Alkhateeb
alkhateeb.waseem@kpmg.nl

Saudi Arabia
Haitham Ibrahim
haithamibrahim@kpmg.com

Singapore
Jason Seng
jasonseng@kpmg.com.sg

Spain
Miguel Valdivieso Prieto
mvaldivieso@kpmg.es

United Kingdom
Kate Holt
kate.holt@kpmg.co.uk

United States
Evan Metter
emetter@kpmg.com

Katie Dahler
kdahler@kpmg.com

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