INSIGHT 222

Navigating AI and People Analytics

From Ambition to Action

Insight222 People Analytics Trends 2025-26

Introduction

Our research, outlined in this report, concludes that investment in people analytics in key areas leads to an improvement in how AI can be used, adopted, and deliver value. This investment in analytics, and its impact on AI, leads to an improvement in key business performance outcomes.

This report specifically discusses how leading companies in people analytics focus on eight specific characteristics to create impact, and the four key drivers that organisations can use to minimise risk and maximise value from AI in HR.

About Insight222

Insight222 research provides business executives and HR leaders with insights and recommendations to advance the HR profession to become more evidence-based. Through partnerships with leading practitioners, academics and thought leaders, we share ideas, pragmatic frameworks and structured guidance.

Insight222 is a global services and solutions company that enables organisations to deliver business value through people analytics and digital HR. The team at Insight222 provide consulting, learning and networking solutions to chief human resources officers and their key staff in analytics, strategy and planning. Insight222 clients and partners – typically large, multinational organisations – include some of the world's leading brands.

If you want to find out how to become an "A" Team in people analytics, or to bring this research alive in your organisation, then please contact any of the authors or email us at info@insight222.com.

You can also find out more at www.insight222.com

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Executive Summary

Executive Summary

We have been researching people analytics in detail for well over a decade, and publishing People Analytics Trends annually since 2020. While this year we have studied the general trends and growth of people analytics, as we always do, we have placed a special focus on the topic of artificial intelligence (AI).

It is clear from this research, and outlined throughout this report, that investment in people analytics in key areas leads to an improvement in how AI can be used, adopted and valued. And this investment leads to an improvement in key business performance outcomes.

External research shows great excitement for AI. Gartner[1] reports that the intent in using AI in HR has risen sharply: the share of HR leaders planning or deploying generative AI (GenAI) jumped from 19% in 2023 to 61% in 2025. But it is not just the use and adoption of AI that is grabbing headlines. The World Economic Forum's *Future of Jobs Report 2025*[2] shows that analytical thinking remains the most sought-after core skill among employers, with seven out of ten companies considering it as essential in 2025. And vendor investment follows suit. The "AI in HR" market is projected to have a compound annual growth rate (CAGR) of more than 35% through 2027.[3] Taken together, these signals point to rapid adoption, experimentation and rising spend in AI and analytics.

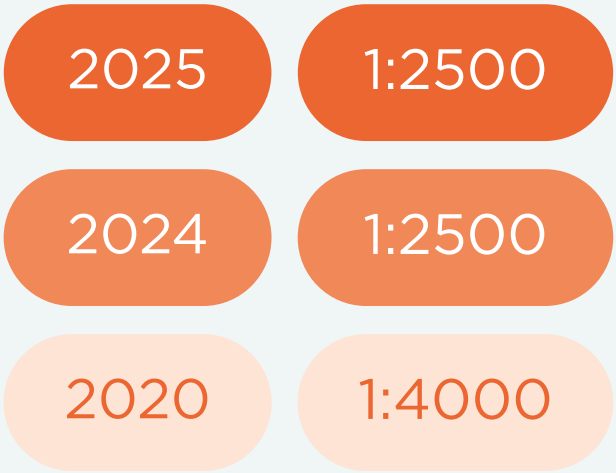
All this highlights why people analytics as a function continues to be highly invested in – even in an environment where, according to the International Monetary Fund, global economies are seeing a slowdown in growth, from 3.3% in 2024 to 3.0% in 2025.[4]

Our research supports this. Since 2020, people analytics has grown in size by 60%.[5] This is significant given the vast array of societal, healthcare, geopolitical and economic factors that have affected global business during that time.

This year we see that people analytics has stabilised. We report that there is one people analytics practitioner for every 2500 employees across the 372 companies researched (see Figure 1); this is the same as reported last year.

FIGURE 1

People analytics team ratio, 2025, 2024 and 2020



People analytics team : Total employee headcount
Base: 2025, n=372; 2024, n=348; 2020, n=60

This stability is interesting. Given the hype that AI will replace a significant number of jobs, some industry observers were predicting that analytics as a function would decrease in size. Indeed, some chief human resources officers have asked whether they should eliminate their teams, since "AI will replace analytics". If they do so, they do it at their peril.

While it is true that AI will replace some of the roles and skills of people analytics teams, such as data analysts, what we see is an equal number of roles and tasks that are needed even more due to the opportunity that AI presents for HR as a function. Roles such as data engineering and data governance are required even more than before, and, if they are invested in, then more workforce and organisational value can be derived from analytics and AI.

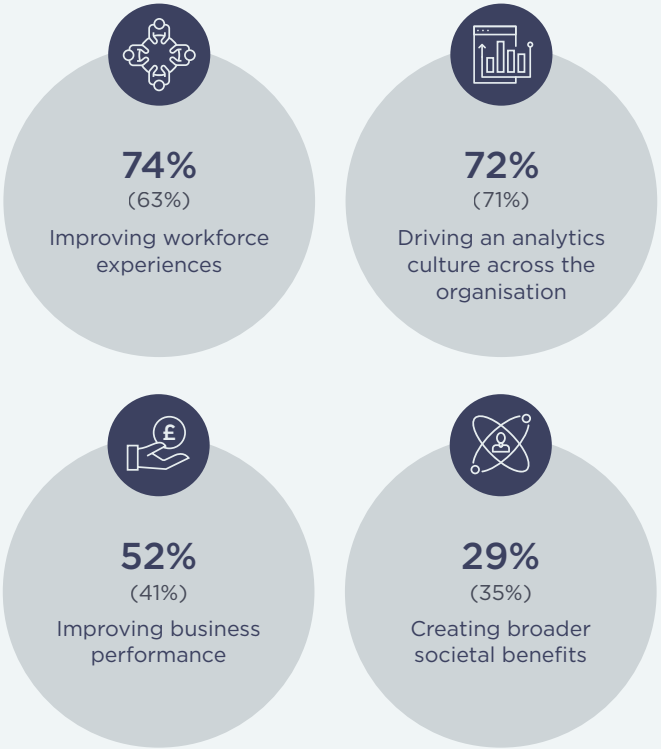
This year we researched again what the "best of the best" in people analytics actually do. We call this work "Leading Companies in People Analytics" and it helps us understand and measure how top companies create sustainable value from people analytics.

In terms of value, we find that more than half (52%) of all companies report that they have measured an improvement in some aspect of business performance through the use of people analytics (see Figure 2). This shows an 11-point increase since 2024. When looking at "A" Teams – the best people analytics teams – that number is 90%, compared with only 38% of "D" Teams, for improving business performance.

What we find is that "A" Teams are much more likely to be focused on business priorities such as productivity, location strategy, digital transformation and sales performance. Interestingly, "A" Teams also focus on helping their organisation's AI strategy in 83% of companies researched, whereas for "D" Teams this only occurs in 40% of companies.

FIGURE 2

The value of people analytics across four dimensions

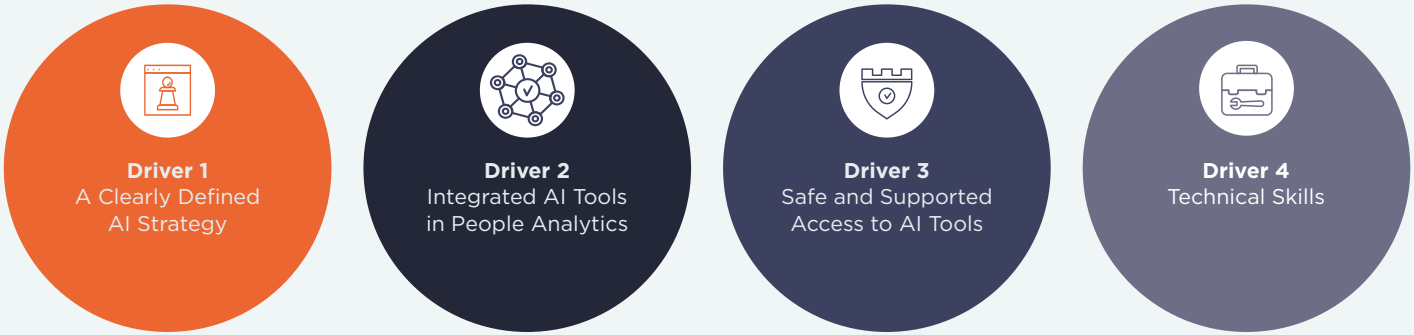


Percentage of organisations that calculate a measurable outcome from people analytics activities in the last 12 months, in each of the four categories.

Top percentage (2025); Bottom percentage (2024)

FIGURE 3

The four drivers of AI in HR



This leads us to the new and exciting topic of AI. For this year we researched extensively what the impact and opportunity of AI and generative AI (GenAI) is on people analytics, and HR overall. These findings and recommendations form the majority of this report and can be seen in Section 03: AI Usage: The Current Landscape, Section 04: Delivering Value Through AI in HR: Four Key Drivers, and Section 05: Recommendations and Advice.

What we have discovered is that there are four drivers for using AI in HR (see Figure 3) to deliver value. These are:

1. **A clearly defined AI strategy**
2. **Integrated AI tools in people analytics**
3. **Safe and supported access to AI tools**
4. **Technical skills**

Driving value from AI in HR requires much more than just adopting technology. It demands strategic clarity with strong leadership commitment, integration of AI tools within core analytical functions, robust and supported user access, and comprehensive technical capability.

Addressing these key drivers strategically positions organisations to realise substantial and sustained value from AI initiatives in HR.

There are multiple findings throughout the report. Our key findings are represented at a glance in Figure 4. This figure outlines a familiar scenario, the iceberg principle, that some findings are naturally "seen" while most are less noticed.

The findings that are easily seen are that people analytics has grown 60% since 2020, people analytics team size has stabilised over the last year and more advanced people analytics teams in our Leading Companies Model ("A" and "B" Teams) deliver more in AI use and value. The less noticed are ones that are discussed throughout this report.

The full list of key findings in this report can be found towards the end of the report in the Summary of Key Findings.

In conclusion, people analytics has a bright future. Those companies that have invested the most and that deliver sustained improved business performance from people analytics are also the companies that are delivering the most from AI.

In fact, the very existence of and investment in people analytics allows HR to deliver more value from AI to their employees, workforce and business.

Madhura Chakrabarti, Heidi Binder-Matsuo, Jay Dorio and Jonathan Ferrar

October 2025

FIGURE 4

Key findings at a glance

People analytics is growing.
More impactful teams report greater AI adoption and value.
People analytics functions have grown in size by 60% since 2020 and stabilised in size since 2024. The more advanced a team is ("A" and "B" Teams), the more they drive AI adoption and value.

New Industry Adoption
Engineering, chemicals & materials, food & beverage, and media & telecommunications are showing significant growth in distinct people analytics teams.

Concentration of Impact
The majority (90%) of "A" Teams (Leading Companies in People Analytics) measure and improve business performance, while only 38% of "D" Teams do the same.

Top AI Use Cases in HR
Survey text analysis, HR process automation and attrition prediction are reported as the top AI use cases, while chatbots, sentiment analysis and augmented job description writing are the top GenAI use cases.

Shifting Investment Priorities
70% of companies increased investment in AI technology in the past year, while only 29% increased specialist non-AI people analytics technology investments.

Uneven AI Adoption
AI adoption in HR is not uniform. While 86% use GenAI, 71% machine learning, and 68% natural language processing, only 34% use agentic AI, 26% recommendation systems, and 23% deep learning.

AI Value Delivery Drivers
There are four key drivers of delivering AI value in HR: (1) Clear HR AI strategy; (2) Integration of AI tools into people analytics workflows; (3) Safe and supported access to AI tools; and (4) Technical skills availability.

01 People Analytics Trends

01: People Analytics Trends

People analytics has been growing for the last five years. There has been a 60% increase in the size of the average people analytics team across the period between 2020 and 2025 reported through our People Analytics Trends reports.

In this section we explore core people analytics demographics that we have researched across the 372 companies. We review the size of people analytics teams, the reporting line of the most senior people analytics executive, people analytics across industries, and people analytics technology.

The People Analytics Team Ratio

For the last 12 months we have seen the people analytics team ratio remain level at 1:2500 – that is, one people analytics professional for every 2500 employees in the companies researched. This is consistent with 2024 (see Figure 5).

Putting this into context, for a typical 100,000-employee company, there are 40 people analytics professionals. Compared with 2020, for the same 100,000-employee company, there would have been 25 people analytics professionals.

Given all the column inches in the media devoted to AI – and how it will replace tens of millions of jobs, especially those of knowledge workers – it is not unreasonable to believe that people analytics as a discipline and function should have been decimated by AI in the last 12 months.

However, that has not happened. As we see in this section, people analytics in companies is very strong indeed. Later in this report, when we discuss our insights on AI in Section 04, we see that a high-performing “A” or “B” Team of people analytics professionals will also deliver more value from AI in HR.

FIGURE 5

The increase in people analytics team size, as shown by the people analytics team ratio, 2020 to 2025

People analytics team : Total employee headcount

Base: 2025, n=372; 2024, n=348; 2023, n=272; 2022, n=184; 2021, n=114; 2020, n=60

Note: In a 100,000-employee company, a ratio of 1:4000 means a team size of 25 people, and a ratio of 1:2500 means a team size of 40 people.

The People Analytics Team Ratio

Our approach to understanding the optimum people analytics team size compares the people analytics team with total employee headcount. This is more appropriate than a comparison of the size of the people analytics team with the size of the HR function, which is often assumed to be the most logical approach. This is because it prioritises the guiding purpose of the people analytics function: delivering business value (not just HR value).

Successful people analytics teams remain focused on the needs of the business. In other words, when prioritising people analytics projects, the team concentrates on work that will drive significant business value instead of carrying out work for the benefit of the HR function alone. People analytics teams must think “business first”, adopting an outside–in view and working for the business, not just for HR.

Therefore, the size of the people analytics function should be considered against the total employee headcount of the entire business.

People Analytics Function Size in Detail

Each year in our People Analytics Trends research, we have studied whether people believe their people analytics team will increase over the coming 18–24-month period, and whether their team actually did increase in the prior 12 months. It gives us an idea of expectation compared with reality and allows us to consider growth (or decline) as economic, political, technological or social changes occur at a macro level in the world.

For our report this year, we noticed some interesting trends.

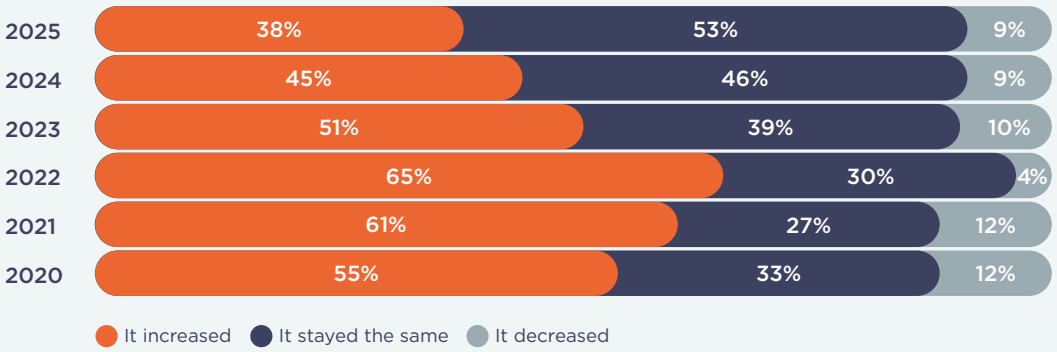
First, when we look at actual change in team size (see Figure 6), the 12-month period to mid-2025 (our research is always completed in June to July of each year) sees the lowest actual growth in team size since we started measuring this, with only 38% of companies reporting an increase in the size of their people analytics function.

Second, the number of companies reporting a decrease in the size of their people analytics function has changed very little over a six-year period. Figure 6 shows that in the last 12 months, only 9% of the 372 companies researched report a reduction in function size.

Finally, when we look at the 2024 forecast of function size, versus the actual reported function size in 2025, we notice that there is an "inflation of reality". More teams "thought" that their function would grow than actually did grow (see Figure 7).

FIGURE 6

Growth in the size of the people analytics function over a 12-month period, 2020 to 2025

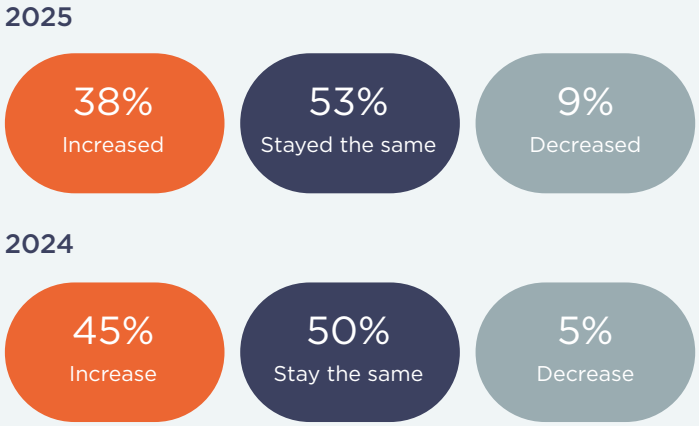


Based on the question: Over the last 12 months, how has the size of the people analytics function in your company changed?

Base: 2025, n=372; 2024, n=348; 2023, n=272; 2022, n=184; 2021, n=114; 2020, n=60

FIGURE 7

Forecasting the stability of the people analytics function



For 2025, based on the question: In the past 12-months the people analytics function in your company overall...Increased, Stayed the same, Decreased?

For 2024, based on the question: In the next 18-24 months, the people analytics function in your company overall is expected to... Increase, Stay the same, Decrease?

Base: 2025, n=372; 2024, n=348

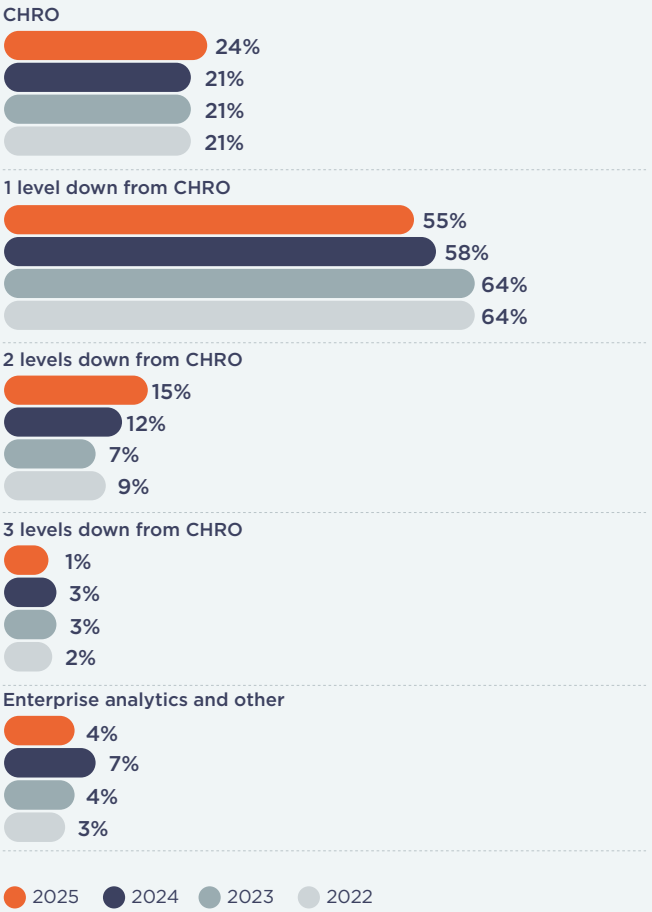
People Analytics Reporting Line

Over the last six years we have asked where the people analytics function reports into – that is, does it report into HR or does it report into an enterprise analytics function or other non-HR team? This is important for understanding the level and intensity of influence that the function has.

In short, the evidence is conclusive. People analytics reports into the HR function in 96% of cases across the 372 companies researched. This figure has fluctuated slightly over the years, but only by a few percentage points (see Figure 8). People analytics is an HR sub-function.

FIGURE 8

The reporting line of the people analytics leader



The people analytics executive reports into the chief human resources officer (CHRO), 1 level down from the CHRO, etc.

Base: 2025, n=372; 2024, n=348; 2023, n=272; 2022, n=184;

When we delve into this more deeply, we can consider the hierarchy of reporting. This year, the people analytics executive reports directly into the chief human resources officer (CHRO) in 24% of companies, an increase of 3 points over the last three years. The people analytics leader reports one level down in the company in a further 55% of companies.

This means that in almost four out of every five companies, the most senior people analytics executive is within one level of the CHRO and therefore has very close proximity to other C-suite peers. This is important, as we know that reporting closely to a C-suite executive has an impact on the people analytics executive's influence, and on the value that can be delivered by and the impact that can be extracted from people analytics. This is explored in our Leading Companies in People Analytics framework.[6]

In summary, when looking at the reporting line of the most senior people analytics executive, we conclude that people analytics reports into HR as a function, and close to the CHRO, in the vast majority of companies.

People Analytics by Industry

Looking at people analytics teams by industry, this year we note two key insights.

First, there are more industries reporting substantial numbers of discrete people analytics teams than in prior years. We record this as industries with at least 20 companies in our research.

Industries such as engineering, chemicals and materials, food and beverage, and media and telecommunications are all showing growth in the people analytics space.

Second, all industries except technology and retail and fast-moving consumer goods (FMCG) showed growth or stability in their people analytics ratio compared with 2024 (see Figure 9).

FIGURE 9

People analytics team ratio across industries, 2024 to 2025

	Financial Services	Technology	Pharma & Healthcare	Retail & FMCG	Transport	Food & Beverage	Media & TelCo	Engineering	Chemicals & Materials	Professional Services
No. of companies 2025 (2024)	81 (60)	67 (89)	48 (55)	38 (28)	17 (21)	23 (19)	23 (18)	24 (17)	21 (16)	15 (12)
2025	1:1500	1:1600	1:3700	1:5700	1:3100	1:2900	1:1900	1:4500	1:2700	1:2700
2024	1:1700	1:1400	1:3700	1:4600	1:3400	1:4000	1:2900	1:5300	1:4500	1:4100

People analytics team : Total employee headcount

Base for each industry highlighted for 2025 (2024)

People Analytics Technology

Given our focus on AI in this report, we asked many questions in our research about technology. Previously we have discussed technology in some depth, describing three waves of technology (see Figure 10).[7,8] In this report we note with much excitement a fourth wave of technology.

This wave focuses on AI technologies, and, unsurprisingly, a large majority of companies (70%) have invested in AI technologies. This is to be expected given the focus on AI globally (see Figure 11).

However, this also shows that investment in technology is seemingly being transitioned from other people analytics technologies to fund investment in AI. Both second wave (people analytics dashboards) and third wave (specialist people analytics) technologies have seen a decline in their investment, compared with the prior year's forecast.

FIGURE 10

The waves of technology

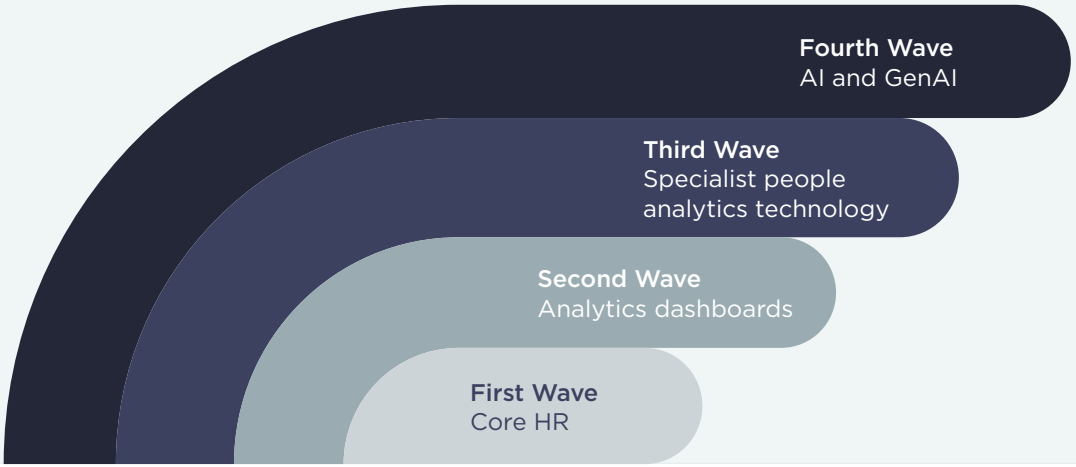


FIGURE 11

The investment in the four waves of technology

2025

In the **last 12 months**, your company's investment in the following types of technology has...

	Core HR	Analytics dashboards	Specialist (non-AI) people analytics technologies	AI technologies
Increased	35%	41%	29%	70%
Stayed the same	61%	55%	66%	29%
Decreased	3%	4%	5%	1%

2024

In the next **18-24 months**, your company's investment in the following types of technology will...

	Core HR	Analytics dashboards	Specialist (non-AI) people analytics technologies
Increase	37%	48%	56%
Stay the same	59%	47%	40%
Decrease	4%	5%	4%

The 2025 question is "backward looking": In the last 12 months...
The 2024 questions is "forward looking": In the next 18-24 months...
| The question about AI technologies was not asked in 2024.

Base: 2025, n=372; 2024, n=348

For example, for third wave technologies, 56% of companies in our research anticipated investing in these specialist (non-AI) technologies in 2024, yet only 29% reported that they actually did invest in them in the 12 months leading up to our survey in 2025.

Similarly for second wave (analytics dashboard) technologies, the anticipation to invest was reported by 48% of companies, but only 41% of companies actually did invest in them.

These findings seem important. Is there a shift from established technologies (second and third wave) to new technologies (fourth wave)? It certainly feels that way, and the data for the last 12 months supports this. This would be important for a large number of established technology vendors as well as for the people analytics executives who have placed much prominence – and reputation – on these prior technologies.

Advanced Analytics and Reporting

As people analytics functions seek to build greater influence and impact, our research also highlights the importance of investing in both advanced analytics and reporting.

While this may be contrary to popular belief, our data shows that teams that balance the two, regardless of the tenure of the people analytics function, are better positioned to meet immediate business needs while also driving longer-term strategic value. Almost all (90%) people analytics teams in our research report that they have data and reporting analysts in their team, while only 54% have data scientists and 24% have behavioural scientists.

FIGURE 12

Key roles in "A" Teams compared with all teams

	"A" Teams	All Teams
Data and Reporting Analyst	85%	90%
Data Scientist	83%	54%
Behavioural Scientist	41%	24%

The percentage of companies that report each role in their people analytics team

Base: "A" Teams, n=41; ABCD Teams, n=372

We see this reflected in our Leading Companies Model (see Section 03: Leading Companies in People Analytics). Those people analytics teams that deliver most value through cumulative investment ("A" Teams) seek to focus on the most strategically important topics using advanced analytics skills (such as data scientists and behavioural scientists) to deliver meaningful advanced analytics topics. They are also simultaneously delivering value through democratising analytics technology and solutions across the organisation. A significant proportion of "A" Teams have data and reporting analysts (85%), data scientists (83%) and behavioural scientists (41%), as shown in Figure 12.

One such "A" Team is Wells Fargo. They offer a perspective and a powerful example of the balance between reporting and advanced analytics in action (see Case Study on the next page).

In conclusion, with regard to core people analytics trends, we can report that people analytics is in a healthy situation.

Teams remain stable, with many companies continuing to invest in both people analytics skills and technologies. In addition, the level of influence seems to be slightly nearer the C-suite in 2025 than previous years (when using the reporting line as a proxy for influence).

Case Study

Wells Fargo: Balancing Reporting and Advanced Analytics for Lasting Value

With more than 200,000 employees worldwide, revenue in excess of $82 billion in 2024, and a heritage that stretches back more than 170 years, Wells Fargo is one of the largest financial services companies headquartered in the United States.[9]

Darrin Schulte is Head of People Analytics, Change, Strategy and Programs at Wells Fargo. In this role his challenge is to use insights to create change to improve the employee experience and advance human capital strategies to help Wells Fargo's business succeed. And in providing insights, he knows that some will come from extensive advanced analytics projects on complex topics, while much will also come from effective, streamlined, automated reporting.

When it comes to investing in advanced analytics and reporting, Darrin reveals that he never feels he needs to choose between them. He knows that both must co-exist, and he ensures that both activities thrive together to create incremental business value for Wells Fargo: "Reporting and analytics are not mutually exclusive," Darrin emphasises. "They complement each other and both drive value."

As such, Darrin rejects the old analytics notion that teams graduate out of reporting as they mature. Insight222's People Analytics Trends research confirms his perspective: more than 80% of people analytics teams – regardless of team tenure – continue to include reporting as a core function.

> "Three years ago, we weren't in the place we are today," Darrin reflects. "Reporting played a really important role in enabling us to deliver services and build toward the aspirational aspects of people analytics. We had to really focus on reporting first, and it required more investment, more people, and more attention than we had ever given it before."

For Darrin and his team, reporting always matters, because accurate business intelligence is what leaders need to run their businesses. He feels that many teams rush into advanced analytics without securing reporting foundations. And by doing so they fail to gain much needed credibility. Darrin explains:

> "If you don't really understand and address what the business needs through reporting, you'll be in a constant tug of war between reporting and advanced analytics. And maybe you won't even get a chance to do the deeper work because you aren't seen as delivering regular accurate information."

At Wells Fargo, the team treats reporting as a strategic product with senior-level leadership. The product mindset keeps reporting from being a static deliverable and ensures it continues to create value by iterating continuously to keep reporting relevant and impactful.

And since this combination of reporting and analytics is designed to meet important business needs throughout the company, the team required senior-level leadership and the right talent to meet that demand.

In so doing, the team has also invested in capabilities that ensure reporting creates lasting value by making sure that stakeholders can understand and actually use the information through strong communications, change management, and user engagement skill development. Darrin has summarised his tips for other analytics leaders in Figure 13.

As a final point, we asked Darrin for his thoughts on the future of people analytics and AI. He believes in taking a grounded approach: "In an era when vendors often overpromise AI-driven insights with little attention to underlying data integrity, the companies who will leapfrog with AI," he stresses, "are the ones who pay attention to governance and data foundations."

Enough said. We agree!

FIGURE 13

Darrin Schulte's tips for creating lasting value

Value both functions
Consider reporting and analytics to be complementary, not competing for resources.

Invest in the foundations
Ensure that governance and data quality are non-negotiable.

Take a product mindset
Own reporting as a product, with roadmaps and feedback loops.

Focus relentlessly on business challenges
Anchor work in solving real problems, not chasing shiny tools.

Elevate your talent
Raise reporting and advanced analytics talent to senior levels to influence outcomes.

02 Leading Companies in People Analytics

02: Leading Companies in People Analytics

Our People Analytics Trends reports in 2023[10] and 2024[11] provided insights on how companies can transition between different "states" of people analytics. This model, the Leading Companies Model (see Figure 14), has eight characteristics across two dimensions.

FIGURE 14

The Leading Companies Model: ABCD Teams can be plotted along the two dimensions of investment and value

We have always stressed that this model is not a "maturity model", which implies that a function can only mature to the next level if it has been through the immediate prior level. Instead, we identify these states as ABCD Teams. Each of these teams has particular characteristics (see Figure 15), and each provides the platform to transition to a more impactful level.

FIGURE 15

The Leading Companies Model: Definitions of the eight characteristics

Characteristic	Definition
Investment	
1. Influence	The people analytics leader actively influences the C-suite through their close reporting relationship with the CHRO.
2. Business Priorities	The people analytics function undertakes advanced analytics on the most important business priorities.
3. Skills	The people analytics leader invests in each of certain key skills: people analytics consultants, data scientists, behavioural scientists and data engineers.
4. Ethics	The people analytics function adheres to strong ethical standards for people analytics activities and communicates these directly with employees.
Value	
5. Measurement	The people analytics function measures and delivers financial value from people analytics activities.
6. Democratisation	The people analytics function democratises data to managers and executives across the enterprise.
7. Personalisation	The people analytics function has a strong focus on personalised people analytics products for employees.
8. Data-Driven Culture	The CHRO makes it clear that data and analytics are an essential part of the HR strategy and HR business partners are developing their data literacy.

ABCD Teams and Measuring Value

In this report, and through our research in 2025, we have focused our attention on what value is measured. We look at that through four dimensions, as outlined in Figure 16.

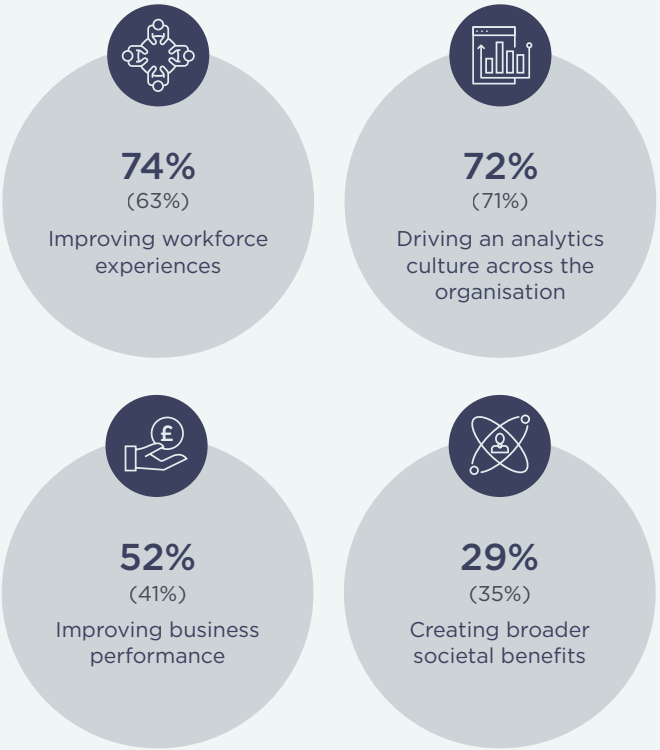
During our data gathering, we ask each company: What measurable outcome(s) has your people analytics function created over the last 12 months? (Select all that apply: improving workforce experiences; driving an analytics culture across the organisation; improving business performance; creating broader societal benefits.)

For 2025, the percentage of companies in our research that said they created measurable outcomes in each of these four dimensions is shown in Figure 16.

Of note this year is that there was an 11-point increase between 2024 and 2025 in the category of "improving business performance". This is welcome news! We have long been advocating for people analytics teams to be focused on the ultimate outcome: improving business performance.

FIGURE 16

The value of people analytics across four dimensions



The percentage of organisations that calculate a measurable outcome from people analytics activities in the last 12 months, in each of the four dimensions.

Improving business performance is the value outcome that attracts most attention from business executives. Top percentage (2025); Bottom percentage (2024)

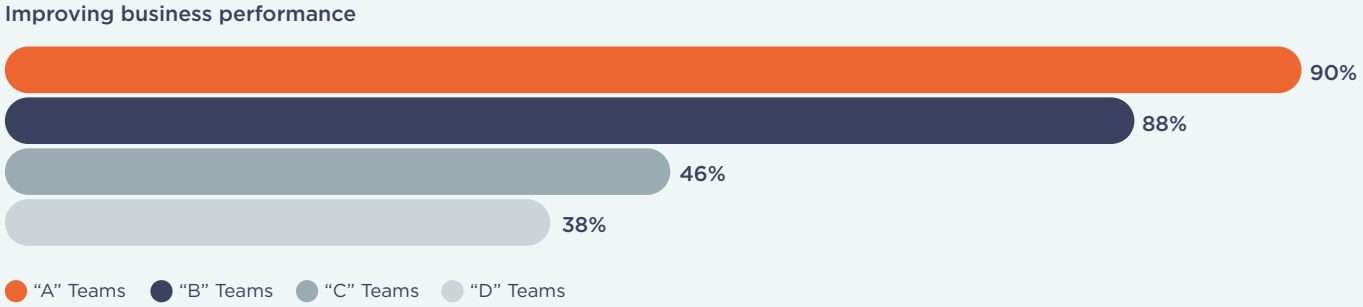
There was also an 11-point increase in "improving workforce experiences", which is great, but since this is already at a high level, it is not as dramatic a change as the dimension of "improving business performance".

When we dissect this more, we notice a very clear difference between "A" and "B" Teams, compared with "C" and "D" Teams (see Figure 17). This is not surprising since our model focuses on characteristics that, if done well, will lead to a team being higher on the "value" axis. But the size of the difference is much greater than we expected.

We believe that any CHRO would want to be an "A" or "B" Team based on this alone. Imagine the scenario where there is a clear roadmap to go from "D" or "C" Team to "B" or "A" Team and the business case indicates that there would be demonstrable business performance improvement – that will be measured. We are sure a chief financial officer would enjoy that!

FIGURE 17

Companies in 2025 reporting measurable outcomes for improving business performance, by team type



Desire versus Reality

Our research also identified something very interesting around what a team wants to do, versus what they actually spend their time doing. We call this "desire" versus "reality" (see Figure 18).

FIGURE 18

The difference between desire and reality when people analytics leaders report what they want their teams to spend time doing

	Improving business performance **"Desire"**	Improving business performance **"Reality"**
"A" Teams	80%	59%
"B" Teams	90%	50%
"C" Teams	68%	22%
"D" Teams	66%	25%

First column: Over the next 12 months, the number of companies whose people analytics team "want to spend > 25% of their time on"(2024 "forward looking" results)

Second column: Over the last 12 months, the number of companies whose people analytics team "actually spent > 25% of their time on" (2025 "backward looking" results)

When asked in 2024, 80% of "A" Teams say they want to spend at least 25% of their collective teams' time on topics that will improve business performance. This is their desire. They "want" to do this. In reality, when asked in 2025 how they actually spent their time, "A" Teams report in 59% of companies that they actually did spend time on topics that improved business performance. That's only a 21-point gap.

However, for "D" Teams, the numbers are 66% and 25%. So, first, there is a 14-point negative difference in "desire" between "A" and "D" Teams. And there is a 34-point negative difference in actually spending time on topics that improve business performance.

When asked, a number of people analytics leaders of "A" Teams talked about how they translate desire into action. Kunal Thakkar from IQVIA offers a powerful example:

> "We built a connected analytics framework that integrates people, finance, and business data—enabling predictive models to forecast hiring needs by role and country. This informs finance forecasts and talent acquisition plans, ensuring the right talent is in place at the right time. To scale impact, we also upskilled HR Business Partners through targeted training and building a community of practice, preparing them to confidently use and discuss analytics with their clients. These capabilities have enabled proactive conversations with stakeholders, delivering the workforce intelligence our company needs to accelerate innovation and drive sustainable growth."
>
> **Kunal Thakkar, Senior Director, People Analytics & Reporting, IQVIA**

“A” Teams and Business Priorities

Similar to our research in 2024[12] to understand why “A” Teams deliver impact, it is also useful to understand which business priorities they are focused on. These are the topics that are the most important at the C-suite, business executive and HR executive level, and have been prioritised by the people analytics team against clear, and agreed, criteria.

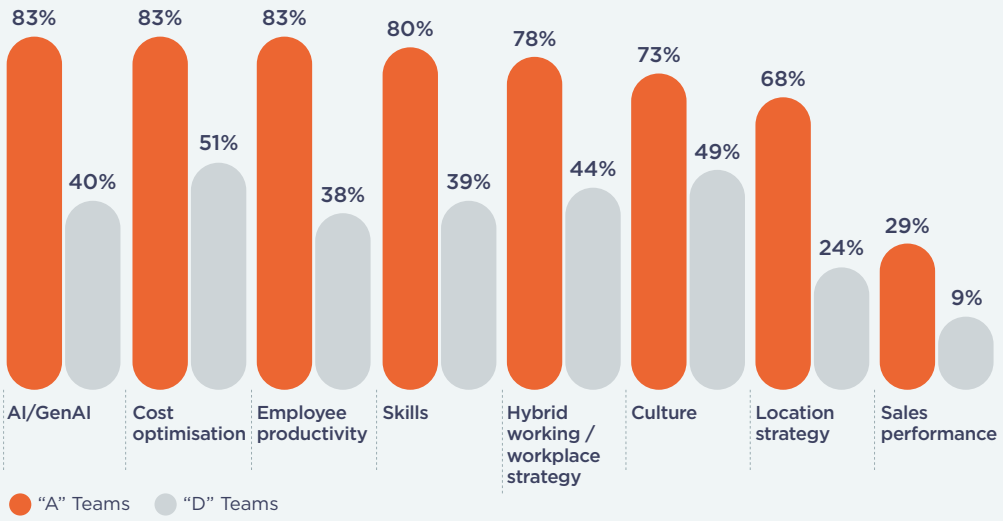
What our research has uncovered is that a higher proportion of “A” Teams are supporting these key business priorities than “D” Teams (see Figure 19).

This figure outlines those items in our research where there is at least a 20-point difference between “A” Teams and “D” Teams.

These results may be what we would expect as a differentiating characteristic of “A” Teams. But the extent of the difference is still very illuminating. No wonder “A” Teams get sustainable and cumulative investment. In the following case study, we discuss how one “A” Team focused on employee productivity.

FIGURE 19

The percentage of “A” and “D” Teams that spend their time on certain priorities, with at least a 20-point gap



Case Study

Studying Flexible Working to Improve Productivity

Like many other global technology companies, this organisation faced a big, strategic question surrounding its flexible working policy as remote working used in the pandemic started to be questioned: Can productivity be sustained in a flexible working model?

For the people analytics leader, the answer to influencing business policy had to begin with robust research specifically designed for the business's context and reality. "We wanted to understand what actually drives productivity and we had mounting pressure to justify why we support flexibility," he explains.

His team designed a large-scale study on work effectiveness for software engineers, combining survey data, collaboration analytics, and quantitative productivity metrics. Initial phases of their research measured focus time, which showed that the amount of focus time an engineer had was highly linked with employees' sentiment about their own productivity. "That was a good starting point, but we needed an objective productivity measure beyond employee sentiment … a smoking gun," the leader noted.

Additional predictive modelling using objective productivity measures from Jira[13] and Github[14] revealed that focus time and trust within the team were the strongest predictors of productivity for engineers. The leader's team then found no statistical difference in productivity between fully remote, hybrid or onsite engineers. However, engineers with too much in-office time were actually less productive because they lacked individual focus time.

He knew that dispelling the myth about in-office time for "the gold standard role" would attract executive attention and allow the people analytics leader to influence the opportunities to increase engineering productivity. "Our research showed that the existing travel policy was creating silos in the organisation which reduced our ability to innovate and create new products," reflected the leader.

The people analytics team quantitatively demonstrated that a small increase in the travel budget for employees to co-locate periodically, particularly for geographically distributed teams, would directly improve decision-making, problem-solving, agility and productivity. These findings were used to influence the chief people officer, chief executive officer and board of directors to change the flexible working policy, knowing that it would

enhance productivity.
While the organisation's people analytics team continues to further understand additional drivers of productivity for other roles in the company, for the people analytics leader, this story highlights how his team of scientists and analysts can shape company-wide policy. This is most true when they can deliver insights aligned to business outcomes.

When asked what he would say to peers in the industry, the leader paused, then explained: "Unpack the business problem before you start solving it."

It reminds us of that famous quote that is often attributed to Albert Einstein: "If I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and 5 minutes solving the problem."

The work from this example shows the power of people analytics, and how it can improve business performance.


command
option

03 AI Usage: The Current Landscape

03: AI Usage: The Current Landscape

Some of the biggest questions facing HR functions in 2025 focus on how, and how much, they should be using AI. Research supports that many HR teams are addressing these topics. But are all HR teams? The answer is a resounding "no".

While AI adoption in HR is growing at a rapid pace, it's not a universal reality. A number of factors are influencing the pace of AI integration across different organisations.

McKinsey[15] reports that over three-quarters of organisations now use AI in at least one business function. Similarly, Gartner[16] shows that the intent in using AI in HR is rising sharply: the share of HR leaders planning or deploying GenAI jumped from 19% in 2023 to 61% in 2025. Vendor investment is following suit, with the "AI in HR" market projected to grow over 35% CAGR through 2027.[17] Taken together, these point to rapid adoption, experimentation and rising corporate investment.

However, topline figures can mask uneven progress. Our research shows that adoption depth and realised value from AI in HR vary. In this section, we take a detailed look at how AI is being used today in HR and the patterns that are emerging.

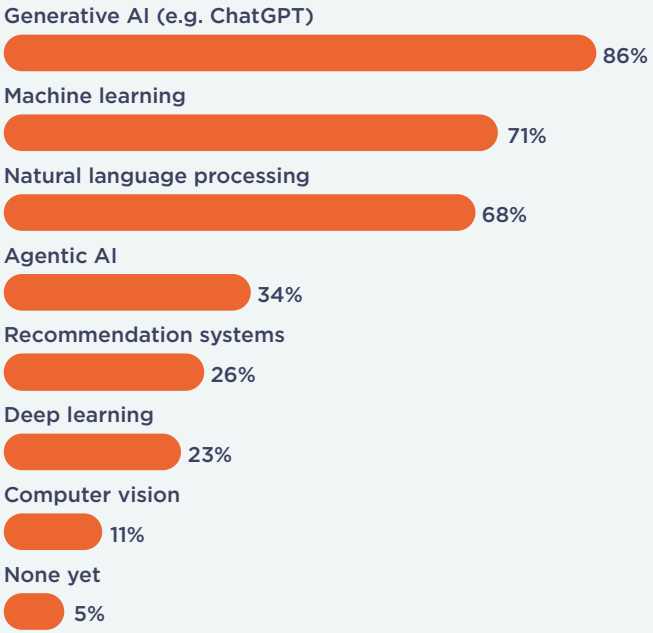
AI Techniques and Applications in HR

While overall momentum is clear, our findings reveal that what organisations use, and how deeply they use it, matters. Adoption is broad for familiar techniques (for example GenAI, machine learning, natural language processing), but it drops sharply for more advanced techniques, such as agentic AI, recommendation systems and deep learning.

This split suggests that most HR functions are focusing on mainstream, production-proven techniques, while a smaller subset is advancing into specialised, engineering-intensive applications.

FIGURE 20

The percentage of companies using AI techniques and applications



Note: Computer vision was defined as enabling computers "to see" and understand images and videos.

As shown in Figure 20, 86% of organisations are using GenAI, 71% are using machine learning and 68% are using natural language processing. However, a much smaller percentage are using agentic AI (34%), recommendation systems (26%) or deep learning (23%). These results reveal that not all AI is created equally, with a significant gap in adoption between more common applications and advanced techniques.

AI Use Cases in HR

Shifting the conversation from AI techniques to the problems organisations are trying to solve, we see that AI use cases within HR are becoming increasingly diverse, moving beyond basic automation to a range of sophisticated applications.

Currently, the most prevalent AI use cases include:

- Employee survey text analysis (68%): Organisations widely apply natural language processing to analyse large volumes of employee feedback, extracting actionable insights to guide managers, shape talent strategies and improve employee engagement.
- HR process automation (50%): AI-driven automation reduces manual workloads, increases efficiency and minimises errors in routine HR processes, such as onboarding, payroll and benefits administration.
- Attrition prediction (43%): Machine learning models help predict employee turnover risks, enabling HR teams and managers to proactively engage employees and implement retention strategies.

In almost all areas (that were measured in both 2025 and 2024), we see a considerable increase from last year to this year (see Figure 21). These results show that the use of AI to address practical, real-world situations across different areas within the human resources function is on the rise.

Notably, only 13% of the organisations in 2025 said that they are not using AI in their HR function, compared with 30% in 2024. The notable drop in the number of organisations not using AI in HR signals a major shift from early adoption and experimentation to wider implementation. This acceleration indicates that AI is no longer a niche or futuristic technology within HR but is quickly becoming a foundational element of modern HR operations.

FIGURE 21

The percentage of companies reporting current AI use cases in HR

Note: Some categories are new for 2025 and were not included in the 2024 research.

GenAI Use Cases in HR

GenAI is increasingly popular due to its effectiveness in specialised areas where it can create new content, analyse unstructured data and automate complex tasks that would normally require a significant amount of human effort. Unlike other AI forms that analyse existing data, GenAI is a tool for creation, allowing HR to operate with greater speed and efficiency.

Currently, the most prevalent GenAI use cases in HR include:

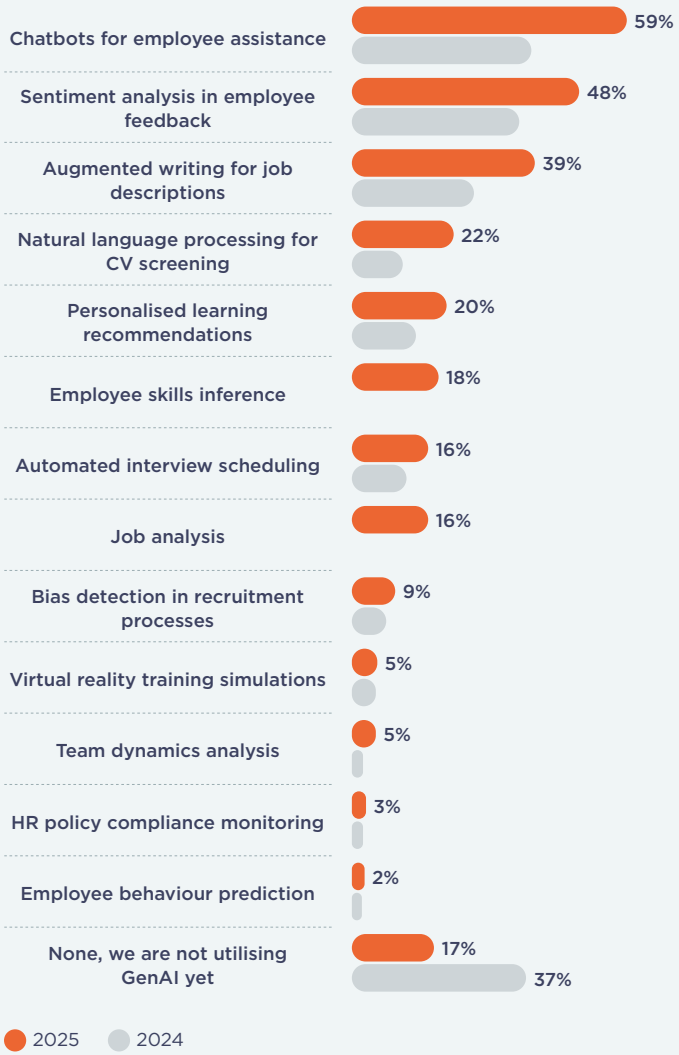
- Chatbots for employee assistance (59%): GenAI-powered chatbots address frequent employee queries, streamline administrative tasks and offer real-time assistance.
- Sentiment analysis of employee feedback (48%): Advanced GenAI tools interpret the emotional tone and sentiment behind employee communications, providing deeper insights into organisational morale.
- Augmented writing for job descriptions (39%): HR teams are using GenAI to craft clear, inclusive and optimised job descriptions, enhancing candidate attraction and recruitment outcomes.

Consistent with the trend in AI use cases, we see that more organisations report using GenAI within HR (see Figure 22) since last year, with the biggest increase in the use of chatbots – 59% in 2025 compared with 38% in 2024.

The stark increase in the use of GenAI chatbots highlights a clear trend: organisations are rapidly adopting conversational AI to streamline HR functions and improve the employee experience. This growth is driven by the immediate value these tools provide in handling a high volume of routine inquiries, freeing up HR professionals for more strategic work.

FIGURE 22

The percentage of companies reporting current GenAI use cases in HR



Note: Some categories are new for 2025 and were not included in the 2024 research.

ABCD Teams and AI and GenAI Use Cases

The rise of AI techniques, applications and use cases since last year is encouraging to see. However, not all organisations are on the same journey. Leveraging our Leading Companies Model and the concept of ABCD Teams (see Figure 14 in Section 02), we can see that the applications and use cases vary significantly across teams.

As shown in Figure 23, while approximately 50% of "A" and "B" Teams are using agentic AI, only 24% of "D" Teams are doing so.

FIGURE 23

The percentage of ABCD Teams using AI techniques and applications

	"A" Teams	"B" Teams	"C" Teams	"D" Teams
Generative AI (e.g. ChatGPT)	98%	96%	80%	80%
Machine learning	90%	88%	70%	62%
Natural language processing	85%	81%	72%	58%
Agentic AI	49%	50%	40%	24%
Deep learning	34%	44%	16%	17%
Recommendation systems	49%	40%	20%	19%
Computer vision	15%	13%	8%	10%
None yet	0%	2%	4%	7%

Nearly half (49%) of "A" Teams use recommendation systems, demonstrating their commitment to delivering personalised HR experiences. In contrast, only 19% of "D" Teams have adopted similar systems, suggesting significant room for growth.

When looking at the difference between "A" and "D" Teams in terms of AI and GenAI use cases, the difference in adoption is similar. For example, while 76% of "A" Teams are using AI for HR process automation, only 36% of "D" Teams are doing so. Nearly half of "A" Teams (49%) are working on AI-powered workforce planning, but only 10% of "D" Teams are doing this.

The differences between the "A" and "D" Teams are equally significant in use of generative AI within HR. More than three-quarters (76%) of "A" Teams are using chatbots for employee assistance compared with 48% of "D" Teams. In addition, 61% of "A" Teams are using GenAI for sentiment analysis of employee feedback compared with only 35% of "D" Teams.

This implies that although "D" Teams may be aware of the need to use AI and GenAI in HR, they have a long way to go in spreading awareness and use.

Adoption Patterns: Who Uses AI the Most – and Who Doesn't?

The adoption of AI tools among different employee segments within an organisation remains limited.

As shown in Figure 24, while 50% of organisations report that less than a quarter of their overall workforce is using AI tools today, only 30% report that more than half of their employees are using AI tools.

AI tool usage among HR practitioners, HR managers and HR executives unfortunately shows similar adoption patterns, with approximately 50% of organisations reporting that less than a quarter of the HR population uses AI tools, and approximately 30% reporting that more than half the HR population are using AI tools.

FIGURE 24

The percentage of AI tool usage by employee type

% using AI tools	All employees across the company	HR practitioners (non-managers)	HR managers	HR senior managers and executives
Greater than 75%	13%	11%	11%	17%
51-75%	17%	19%	19%	14%
25-50%	20%	19%	21%	18%
Less than 25%	44%	44%	42%	44%
None	6%	6%	7%	7%

The table above excludes 24% of the respondents who reported that they do not know about the usage of AI tools and applications in their respective HR functions.

The results are somewhat surprising and highlight that there are either challenges in adoption or gaps in measuring AI usage effectively.

Alarmingly, our research also revealed that nearly a quarter (24%) of the leaders who responded to our research admitted uncertainty regarding whether their HR teams are even using AI. This stark insight underscores a critical gap. Organisations are either not tracking AI adoption systematically or lack transparency and visibility into their teams' technology use.

This is further substantiated by the fact that, currently, only 28% of organisations report having clear frameworks for measuring AI adoption. Moreover, just 25% of people analytics teams are actively involved in measuring AI adoption, despite the integral role that people analytics could play in this domain.

24%

of leaders do not know if their HR teams are using AI

One company that has taken a rigorous approach to measuring AI adoption is Microsoft. This case study has multiple elements to encourage the forward-thinking executive.

Case Study

Microsoft — Measuring AI Adoption to Unlock Enterprise Value

Microsoft is a global technology company, headquartered in Redmond, Washington, USA, with over 220,000 employees worldwide and annual revenue exceeding $200 billion[18]. The HR Business Insights Function within Microsoft, led by Vice President Dawn Klinghoffer, who has spent close to 28 years at Microsoft in various roles and is considered a pioneer in the field of people analytics, chose a rather unconventional entry point into measuring AI adoption: the efforts began without AI usage data. The Employee Listening (ELS) Team, led by Katie Kirkpatrick-Husk, an industrial/organisational psychologist by training, constantly aspires to stay relevant to what's top of mind for their senior leaders, and the topic of AI adoption became increasingly important.

Therefore, the team decided to add AI-related survey questions to their annual engagement survey to gauge employees' understanding of the company's AI vision and their willingness to engage with AI tools. Results from this sentiment work sparked executive interest and opened doors to richer data sources (e.g. telemetry data) for measuring enterprise-wide AI adoption and answering the question: If people understand the vision, how does that translate to actual usage?

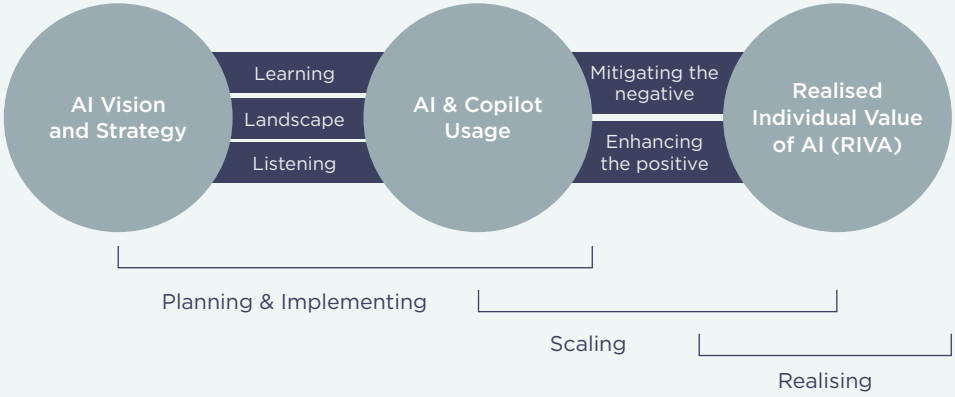
In this "second wave" of measurement, the team secured access to AI usage telemetry data and formalised a simple but powerful framework: Awareness of the AI Vision > AI Tool Usage > Value derived from AI. Two adoption pathways were tracked in parallel:

1. a bottom-up path (individuals learning and using general-purpose Copilot tools)
2. a top-down/agentic path (function-specific agents embedded in workflows).

FIGURE 25

Connecting the dots from vision to value[19]

As Microsoft moves from the implementation + scaling phases into the realising phase, employees start to see tangible value from AI usage.



Additional data sources were further layered on to combine engagement sentiment, productivity data, product usage telemetry and collaboration signals (e.g., Teams/email patterns) to understand not just if employees use AI, but eventually how work is changing. Some recent findings include:

- **Benefits accumulate with time**—the relationship between AI use and outcomes such as thriving, learning and productivity grow 20–30% stronger among longer-term users. Power users tend to be significantly higher in their Thriving[20] scores than non-power users.
- **Depth beats breadth**—"deep usage" (deeper actions in any given active session) reduced admin burden and improved perceived conditions for productivity, while "broad usage" (dabbling across many different applications in a given session) sometimes increased perceived burden and dampened gains.
- **Contagion matters**—manager-use of AI tools nudged team-use upward, and teams using Copilot regularly made managers twice as likely to become power users.

The ELS team runs the AI measurement research described above in six-month cycles. Each measurement cycle includes: defining a core question, aligning stakeholders, collecting the necessary AI usage and sentiment data and analysing it, then taking a roadshow of insights to the HR leadership, transformation leaders, engineering/product partners and the communications team. As an example, the global employee & executive communications team used this data to inform their internal communication strategy driving AI understanding, learning and incorporation to help employees thrive. This ensures insights change behaviour, not just dashboards.

Early challenges in the AI adoption measurement journey included fragmented data access across silos, multiple teams exploring AI measurement simultaneously, and fast-moving definitions (e.g. what counts as "good" adoption changed quarter to quarter). The people analytics team addressed this by forming a cross-functional coalition (HR, product, engineering, communications), sharing work to avoid duplication, and iterating the measurement framework as tools and behaviours evolved.

Microsoft's HR Business Insights function is at the centre of the AI measurement initiative for several reasons. It anchors the work in employee thriving—a demonstrated leading indicator of high performance—and treats AI adoption as a change and behaviour challenge as much as a technology question. This function also holds the people data and the research craft to link AI usage and sentiment to outcomes—while convening IT, engineering and communications to see the whole picture.

Some additional tips from the ELS team include:

- Think about it from a longer-term lens than just a couple of years. Think about bigger questions like - What does it look like to be a frontier employee and manager in 5-7 years?
- Continuously update your approach to measuring AI adoption – the technology and the way in which people engage with it changes fast, and the measurement has to move at the same speed.
- Stay close to other teams and experts who are also working on the topic – internally (e.g. engineering, IT, communications) or externally. As you show your value, you earn your way to more and more interesting AI data.
- Finally, it really helps to have a visionary people analytics leader like Dawn who proactively keeps a pulse on what's important to the CEO and the leadership team.

The more intentional Microsoft became about measuring adoption, the more value it could target and scale—from identifying power-user behaviours to designing communications that accelerate responsible use. The lesson for others: crawl-walk-run (sentiment-usage-value), build the coalition early, and let the people analytics function orchestrate a measurement system that turns AI from a promise into an enterprise habit.

04 Delivering Value Through AI in HR: Four Key Drivers

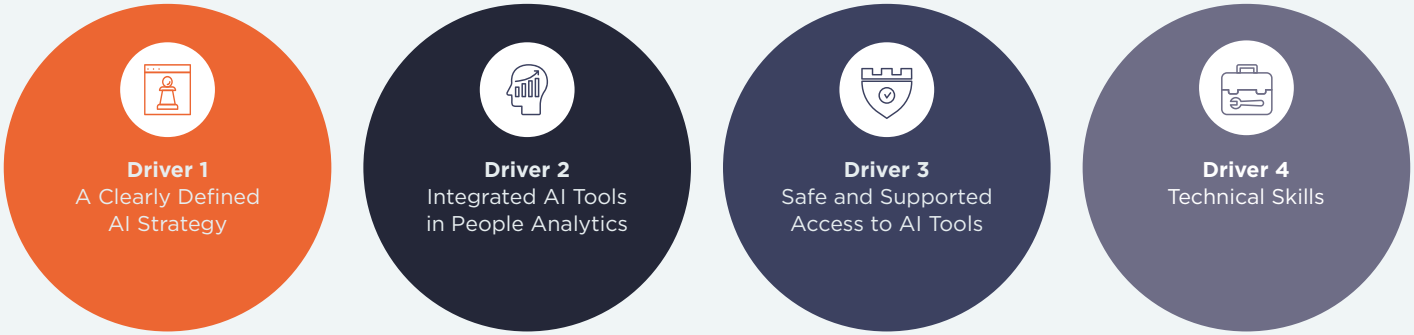
04: Delivering Value Through AI in HR: Four Key Drivers

We have established that adoption of AI across HR is growing. However, adopting AI without a clear plan for a return on investment is unlikely to provide long-term benefit. And this plan must start with an understanding of which factors will drive value.

In our research, we identified four key drivers of AI value that CHROs and their HR leadership teams should understand and focus on across the HR organisation (see Figure 26).[21] These are the most important drivers that organisations can use to maximise value and minimise risk from AI. In this section, we detail each of the four drivers identified in our research.

FIGURE 26

The four drivers of value for AI in HR



Driver 1: A Clearly Defined AI Strategy

Prioritising AI strategically and establishing a clearly defined AI strategy within HR significantly differentiates organisations that successfully leverage AI in HR.

Our research finds that 72% of organisations identify leveraging AI as a strategic HR priority, yet only 37% have a clearly defined AI strategy specific to HR.

"A" Teams are considerably ahead in this area, with 68% possessing clearly articulated AI strategies, compared with only 26% of "D" Teams. This gap represents a crucial barrier to maximising AI's potential.

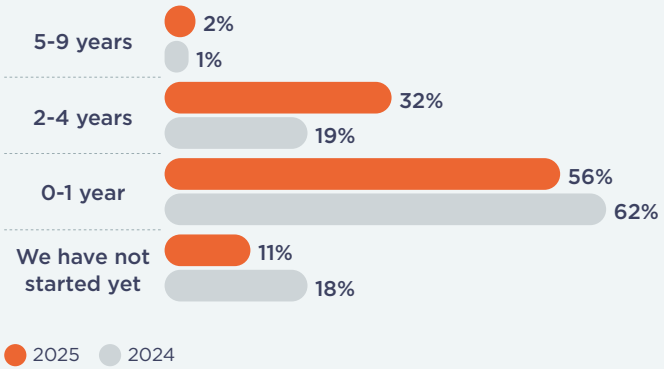
This strategic alignment is notably influenced by leadership support. Organisations with impactful AI solutions in HR typically have explicit endorsement from the CHRO. Indeed, 90% of "A" Teams report that their CHRO has clearly emphasised AI as integral to HR strategy, compared with just 50% of "D" Teams.

Organisations are gradually recognising AI's strategic value, with 32% of companies now two to four years into their AI journeys in HR, compared with only 19% in 2024 (see Figure 27). Looking at this data more closely, 61% of "A" Teams have been on their AI journey for two years or more, significantly higher than "D" Teams (25%).

Organisations aiming for higher value from AI in HR must develop, document and communicate a clear HR-focused AI strategy. Leadership support from the CHRO is crucial for fostering widespread adoption and effective implementation. Ensuring regular HR involvement in enterprise-level AI strategy decisions will further reinforce this alignment.

FIGURE 27

The number of years companies have been on the AI journey in HR



Question: How far into the AI journey is the HR function at your company?

Case Study

Merck — An HR-Focused AI Strategy that Scales Adoption

Merck is a global science and technology company, headquartered in Darmstadt, Germany, with over 62,000 employees and over €21 billion in sales and €6 billion in EBITDA.[22] Its Group-wide People Insights & Effectiveness function is led by Alexis Saussinan, a global leader with a multifaceted background in consulting, sales, analytics, profit and loss, and strategic workforce planning.

By 2024, Merck had massively invested in AI, but fragmented, inconsistent upskilling approaches made it difficult to prove return. Leadership posed the core question: "Can you confidently say we are realising the potential return on investment of AI?"

Baseline workforce-readiness results showed both opportunity and risk - 82% of employees looked forward to using AI, yet only 43% felt they had the right skills, and only approximately one-third knew where to find relevant data and AI upskilling resources.

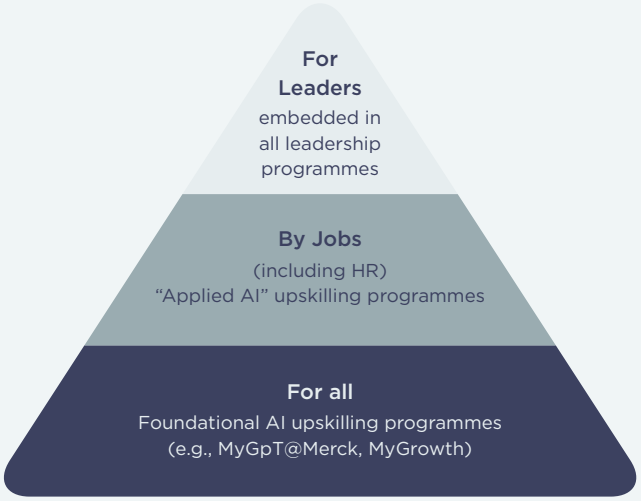
Under the sponsorship of its chief people officer and chief information officer, the People Insights & Effectiveness team partnered with Merck Data & AI offices and decided to define a "One Merck" vision for AI upskilling – a unified strategy that explains the "why" and "what", orchestrates execution across HR, data and AI units, and the business, and consistently measures outcomes with visible business value. The narrative framed AI's purpose as "freeing up the hands, to apply the head more, to do more from the heart" – making the change personally meaningful.

While designing this, Merck also built an operating model with three layers (see Figure 28) of enablement to determine the concrete "how" for AI upskilling:

- Leaders: AI is embedded in all leadership programmes, emphasising business cases and the role of people.
- By jobs (including HR): "Applied AI" upskilling programmes are tailored to specific functions and roles to ensure relevance in daily work.
- For all: Foundational AI upskilling programmes (for example, MyGpT@Merck) were made accessible to all through mentors, certifications, self-service learning (MyGrowth), and support across the employee lifecycle.

FIGURE 28

Merck layers of AI enablement



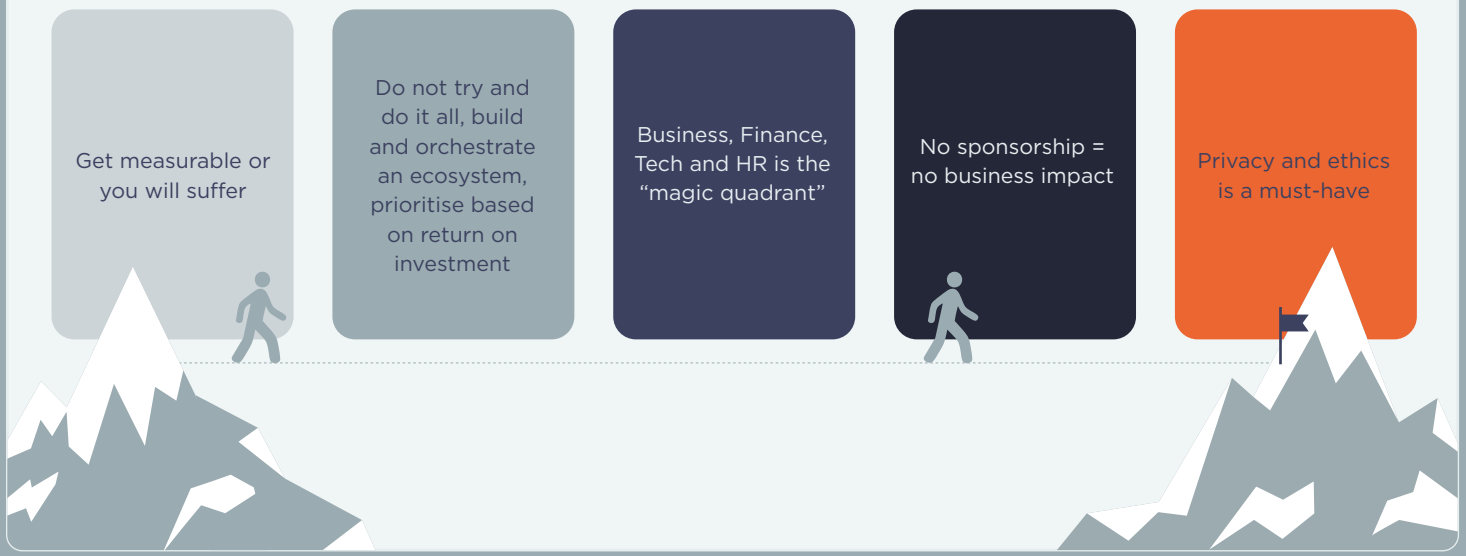
The People Insights & Effectiveness team treated adoption of AI like a product: orchestrated and measured, with sponsorship and cross-functional partnership. It calls the "Business–Finance–Tech–HR" collaboration the magic quadrant. The operating principles behind AI adoption and upskilling were explicit: prioritise by return on investment, secure visible sponsorship, measure or suffer, don't try to do it all. Instead, build and orchestrate an ecosystem – and keep privacy and ethics as non-negotiables.

The human-centred AI strategy shifted Merck from scattered initiatives to a unified and scaled programme that matches employee enthusiasm with role-relevant skills and trackable outcomes, turning AI into part of everyday work rather than a side project. Their learnings can be seen in Figure 29.

By grounding effort in their day-to-day work (where roles, skills and behaviour change live) and insisting on measurement, Merck created the conditions for sustained AI adoption and value creation, therefore illustrating how a people-focused AI strategy converts intent into capability with enterprise scale.

FIGURE 29

Learnings from the AI journey at Merck



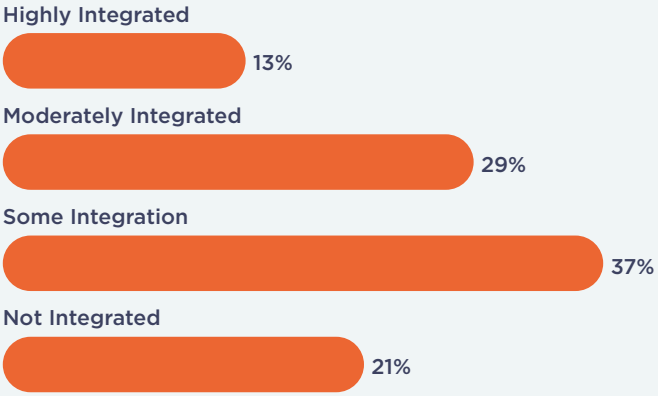
Driver 2: Integrated AI Tools in People Analytics

Effective integration of AI tools within people analytics teams substantially enhances their ability to generate actionable insights and strategic value. Currently, only 42% of organisations report that their people analytics teams have moderately to highly integrated AI tools into their workflows (see Figure 30).

Again, when using our Leading Companies Model to differentiate teams, the divide between "A" Teams and "D" Teams is substantial, with 39% of "A" Teams having highly integrated AI tools, while 29% of "D" Teams have not integrated AI tools at all (see Figure 31).

FIGURE 30

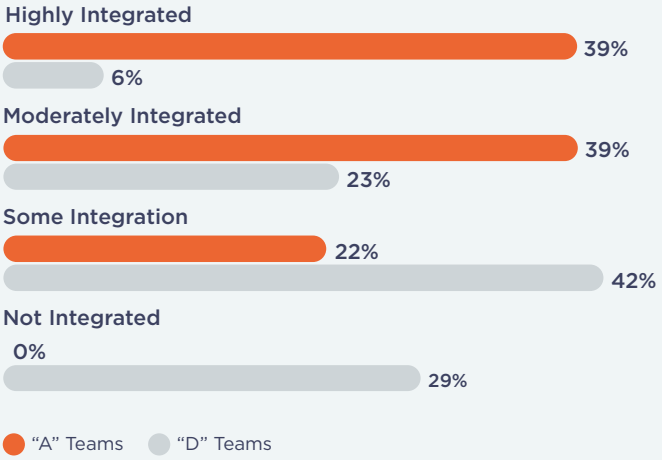
The percentage of people analytics teams integrating AI into their work



Question: How effectively has the people analytics team integrated AI tools into their work?

FIGURE 31

The percentage of "A" and "D" Teams integrating AI into their work



Question: How effectively has the people analytics team integrated AI tools into their work?

Looking into the topic further we address the complex and often emotional topic of AI eliminating the work of people analytics. It is not uncommon to hear business commentators, and even human resources leaders, who have an opinion that AI will reduce most people analytics tasks, and therefore roles.

Our research tells a different story.

We find there is minimal task elimination due to AI, with over 75% of companies in our research reporting that less than 25% of their people analytics teams' core tasks have gone away (see Figure 32).

FIGURE 32

The percentage of people analytics team tasks that have changed due to AI usage

% of Tasks	Eliminated	Staying the same	New tasks added
Greater than 75%	0%	23%	1%
51-75%	1%	16%	8%
25-50%	6%	22%	14%
Less than 25%	49%	11%	39%
No tasks	27%	11%	17%
I do not know	18%	18%	21%

Note: The numbers in each of the columns represent the percentage of companies in our research that report the answer to each of the three topics.

39% of companies report that more than 50% of their people analytics teams' tasks have stayed the same despite AI

23% of companies report that more than 25% of their people analytics teams' tasks are new because of AI

76% of companies report that less than 25% of their people analytics teams' tasks have been eliminated due to AI

We also found high stability in tasks, with 39% of companies reporting that more than half of their tasks stayed the same, with another 22% of companies reporting that 25–50% of their tasks were unchanged.

We did find some modest new task growth, with 23% of companies indicating that 25% or more new tasks being added to their teams' work.

Finally, some people analytics teams are still uncertain, with 18-21% of the people analytics leaders reporting that they still "don't know" how much AI has reshaped their own teams' tasks.

For this driver – the effective integration of AI tools in people analytics teams – we conclude that there are AI tools to help task simplification or elimination, and new AI tools that are emerging to ensure value is delivered. It is important that both are embraced in equal amount.

To bring this alive, we asked some people analytics leaders during our research to provide some qualitative insights to this. These are shown in Figure 33.

FIGURE 33

Insights from changes in core tasks in people analytics teams as a result of AI

New tasks being added

"As AI becomes further embedded in HR tools, making sure it's used in the right context will stay at the top of our list. Day to day, I expect that to mean keeping a go-to library of prompts for HR scenarios, checking and adding context to AI-generated insights before they're shared, and creating privacy-safe synthetic data for training. I also expect our role in data governance to expand across HR tools."

"In addition to using AI to help accelerate and enhance our analyses, our scope has expanded to include a focus on product development and deployment of AI-powered tools on top of people data. These tools are built to elevate the employee experience and better empower our leaders, for example, personalised skill development and internal mobility planning for employees, and allowing leaders and HR business partners to query data and insights on-demand with natural language prompts."

"A new element is to organise data based on AI usage to ensure we provide the most efficient analytical AI solutions possible and ensure the integrity of the results generated by predictive and prescriptive AI models. People analytics teams will need to develop new skills to integrate AI tools in order to generate efficiency in the development and maintenance of people analytics solutions."

"AI has transformed our people analytics team into a proactive, strategic, and efficient powerhouse. Our time is now spent iterating AI solutions for at-scale workforce intelligence, studying and optimising the use of AI across employees, and enabling enterprise workforce planning and transformation. Our team is positioned to be the key driver for workforce strategy - ensuring our company isn't just adapting to AI but actively using it to innovate 'what' and 'how' all work happens."

"I anticipate new tasks related to data governance, metric value chains, and user research to support accurate, relevant insight delivery through plain-language chatbots. I also foresee predictive and prescriptive analytics demand to increase as these bots become a primary channel to ask, 'what do I do about that?'"

Tasks going away

"I think as AI is increasingly built into HR tech, it will be important for people analytics teams to stay ahead of the curve. AI will free us up from more operational and inward-focused analysis because HR professionals will be able to get this directly from user-friendly HR tech."

"AI will automate much of our data preparation and business intelligence tasks, accelerating exploratory analysis and enabling us to focus on higher-value strategic questions."

"Our new analytics tool will streamline HR processes by automatically gathering, cleaning, and consolidating data from multiple systems, generating standard metrics, and providing robust dashboards and reports to our stakeholders."

"I expect that recurring, repetitive, manual tasks will get replaced by AI and agents, in order to free up capacity in HR to spend time on customer-facing, consultative work to strengthen the business."

Driver 3: Safe and Supported Access to AI Tools

Providing safe and supported access to AI tools is a non-negotiable foundation for any kind of AI journey in HR. When employees cannot easily reach or trust these tools, AI remains a "black box" used only by a few specialists, and the broader organisation misses out on potential gains.

Our research found that 65% of companies report they've achieved this baseline, that is, they report that HR colleagues have safe and supported access to AI tools.

However, there are some gaps and challenges:

- The information gap (48%): Less than half of HR practitioners feel they have the information to use AI tools safely and responsibly. Sixty-nine per cent report HR colleagues receive "minimal or some" training in AI, while only 20% report "significant or extensive" training. Eleven per cent report receiving no training at all. Without clear usage guidelines and training, employees risk misusing, or losing confidence in AI.
- The task clarity gap (26%): Only one in four clearly understand which HR tasks are best suited for AI support. When people aren't sure where AI adds value, adoption stalls and pilots never scale.

> "Safe and supported access is the real unlock for AI adoption. At Workday, our EverydayAI program combined learning, incentives, and social engagement to boost adoption to 80% in just six months—and those adopters were 13% more likely to see a clear career path and 15% more likely to feel aligned to company strategy."
>
> **Phil Willburn, Vice President, People Analytics, Workday**

- The motivation versus incentives challenge: While nearly half of employees (45%) say they are motivated to experiment with AI, nearly one in five (21%) report no formal incentive to do so. Without reward structures, be they recognition, career incentives or performance metrics, initial interest and motivation quickly fades.

For this driver – safe and supported access to AI tools – we believe that organisations that grant access, but fail to educate, clarify use cases, or incentivise, often see AI projects languish in pilot mode. Inconsistent usage can lead to data quality issues, fractured experiences, and scepticism about AI's value. Worse, a lack of responsible-use education can expose the company to compliance risks and reputational damage.

Finally, in most organisations, employees are far more likely to come up with powerful and targeted AI use cases rather than leaders.[23] Therefore, it is critical that organisations, in addition to providing easy access to AI tools, create a psychologically safe environment for employees to share their AI experiments, successful use cases and failures openly. By anchoring your AI journey in safe, supported access and then layering on information, task guidance and incentives, you create the trust, clarity and motivation needed to move from isolated pilots to organisation-wide impact.

FIGURE 34

Companies in 2025 reporting gaps in safe and supported access to AI tools

HR colleagues in my company...

Have the information they need to be able to use AI tools.	48%
Know for which tasks to use AI tools.	26%
Are motivated (e.g. quality output, time saving) to use AI tools.	45%
Are incentivised to use AI tools.	21%

Driver 4: Technical Skills

Having access to technical skills, like in data engineering and machine learning, is a key enabler of AI success in HR. These skills are fundamental to designing, building and maintaining AI models that are tailored to the complexities of HR data. Without them, organisations are often limited to off-the-shelf solutions that may lack context, nuance, adaptability or alignment with strategic people objectives.

Yet, access to these capabilities remains a significant constraint. Only 37% of organisations report having the required technical expertise within their HR or people analytics teams, and just 43% say they can reliably access such skills from outside the team. This lack of embedded technical capability can result in delayed execution, superficial implementations or a reliance on external vendors with limited contextual understanding.

> "A successful HR function in the world of AI belongs to those who bring techno-functional skills, augmenting domain knowledge with context and engineering to work smarter, faster, and with greater impact."
>
> **Ujjwal Sehgal, Global Head of People Analytics, Mars Inc.**

In addition to technical skills, the broader organisational infrastructure and alignment play a vital role in enabling AI.

Our research found:

- Only 50% of organisations report having the necessary systems, tools and data foundations to support effective AI integration in HR.
- Just 40% indicate that internal functions, such as IT, data teams and legal, are effectively aligned to support AI development and deployment.
- About 60% have established governance frameworks and policies for responsible AI use, which is encouraging, but leaves a significant minority without clear ethical guardrails.

FIGURE 35

Companies in 2025 reporting technical AI skills and governance

We have the technical skills (e.g., data engineering, machine learning engineering) needed to execute on AI projects within our team	37%
We can reliably access the technical skills (e.g., data engineering, machine learning engineering) needed to execute on AI projects from resources outside of our team	43%
Our HR systems and tools support the integration of AI solutions	50%
Our internal resources (e.g., IT, HR, data teams) are effectively aligned to support AI development or integration	40%
In my company, we have a documented policy on the responsible use of AI and governance	62%

"In our people analytics AI journey, we have learned that technology by itself is not enough to create impact. Without access to essential technical skills, such as data science and engineering, even the most sophisticated AI solutions remain underutilised."

Oliver Kasper, Group Head, Strategic People Analytics & People Planning, Swiss Re

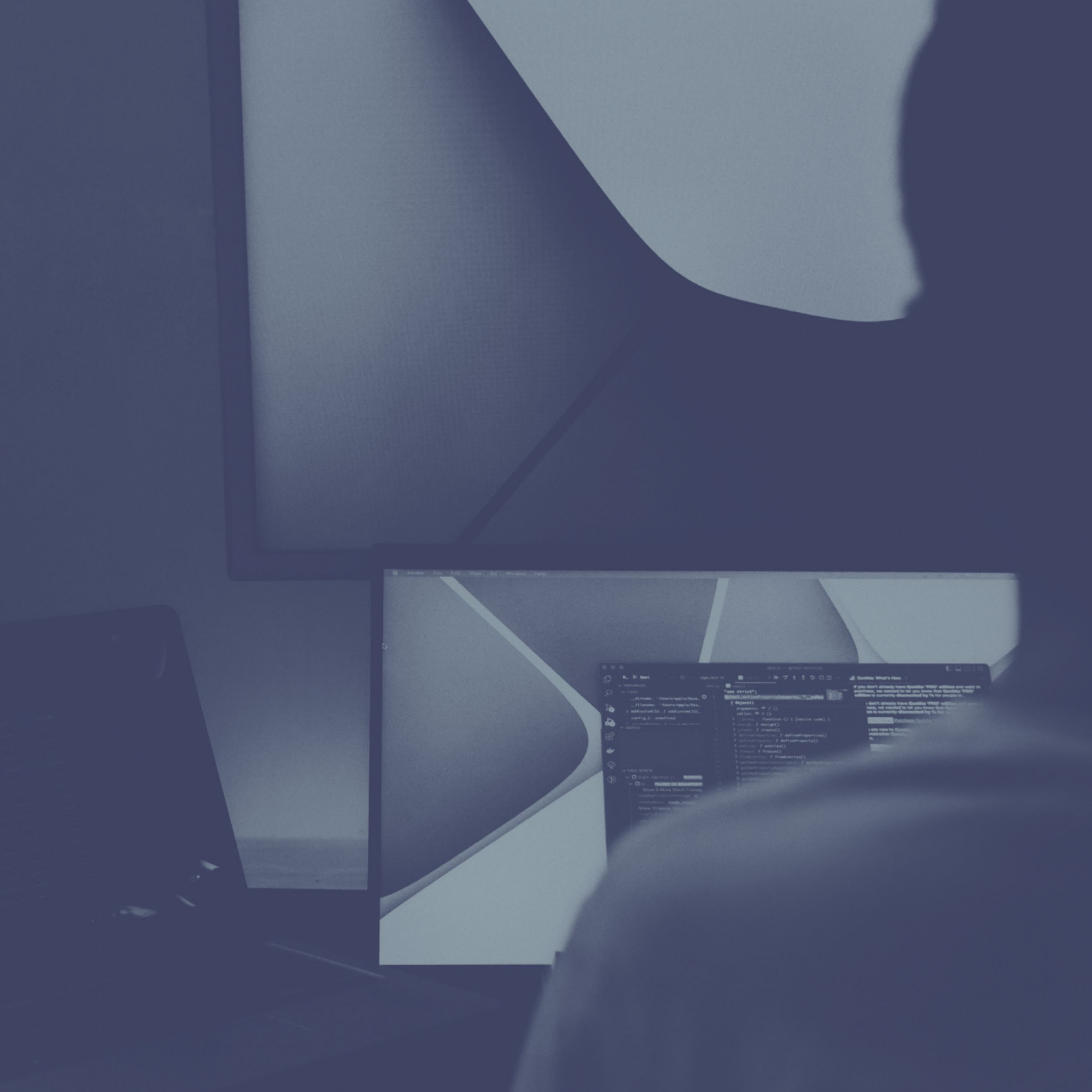
These supporting elements are not optional; they form the ecosystem that allows AI to scale and deliver value responsibly, be it for the HR function itself or elsewhere. For example, even the most advanced AI models cannot function effectively without access to high-quality, structured data.

Similarly, misalignment between HR and IT or a lack of legal oversight can slow down progress, introduce risk, or result in fragmented implementation.

To succeed with AI in HR, organisations should treat technical capability as a top priority—through hiring, training and partnerships. But this must be matched with investments in systems and tools, clear data architecture and a governance model that ensures ethical, aligned and effective use of AI across functions. Building this ecosystem is not only critical for performance—it is essential for long-term resilience and trust in AI-focused transformation.

"AI adoption flourishes when technical mastery meets strategic intent. Skills in machine learning and data engineering aren't just tools, they are the scaffolding of transformation."

Marc Jansen, Head of People Data, Innovation, and Strategy, Rabobank



05 Recommendations and Advice

05: Recommendations and Advice

Despite the hype, most organisations are still figuring out how AI usage in HR creates value. The signals are unmistakable. Among respondents who were primarily people analytics or senior HR leaders, 19% said they don't know how AI has changed their team's core tasks. Twenty-four per cent reported they don't know whether HR employees are using AI at all, 18% see no significant value from AI yet, and 57% say they do not measure AI's impact on critical outcomes like productivity or engagement.

These numbers don't mean AI is not working; they mean we're early and that not knowing is today's baseline. In this moment, the job of people analytics and senior HR leaders is less to proclaim certainty and more to build the conditions that bring truth to the surface quickly.

Calls to Action for People Analytics and HR Leaders

To close the AI adoption gap outlined earlier and fully capitalise on AI's potential, HR and people analytics leaders should undertake three steps (see Figure 36):

1. **Invest in capability development**
   Early findings suggest that one of the differentiating factors for advanced people analytics teams is their sophisticated application of machine learning, deep learning and recommendation systems. Prioritising these capabilities, rather than relying exclusively on off-the-shelf AI solutions, is essential.

2. **Measure AI adoption regularly**
   People analytics teams are uniquely positioned to drive and measure AI adoption due to their analytic expertise and role in promoting digital literacy. Organisations should establish clear frameworks to regularly measure and report AI usage, by personas, roles and other employee demographics (for example tenure, generation, work levels), and its impact on critical outcomes like employee engagement and productivity.

   Publish an internal "AI in HR" scorecard regularly. Without measurement, understanding the true usage patterns and pockets of resistance cannot be achieved.

3. **Encourage AI experimentation and create a safe environment for sharing**
   Almost half (49%) of the most advanced people analytics functions ("A" Teams) are exploring advanced techniques like agentic AI, compared with only 24% of the least advanced people analytics functions ("D" Teams). Leaders should foster a culture of experimentation and pilot innovative AI use cases to bridge this divide.

   In addition, leaders should make it safe (and expected) to share individual use cases, experiments and new ideas in regular forums; remove fear of repercussions (for example, "What are you doing with your time savings?") by recognising contributions, not just outputs; set "no penalty policy" for early attempts; and capture learnings in a searchable internal registry.

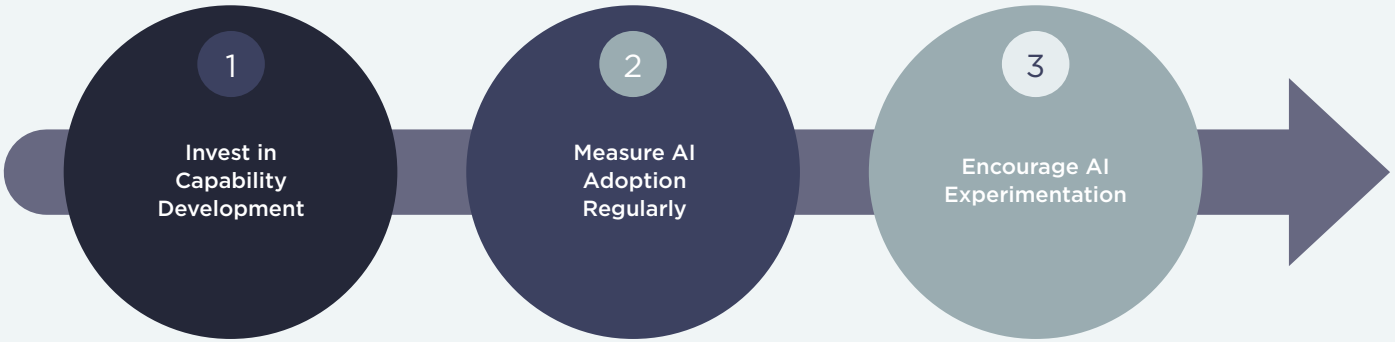
Closing Comments

The path from uncertainty to value is not a leap; it's a loop: Try > Measure > Learn > Scale or Stop.

Leaders who institutionalise that loop, through rigorous measurement and creating a culture of psychological safety, will turn today's AI unknowns into tomorrow's business advantages.

FIGURE 36

Steps to close the AI adoption gap



Methodology and Demographics

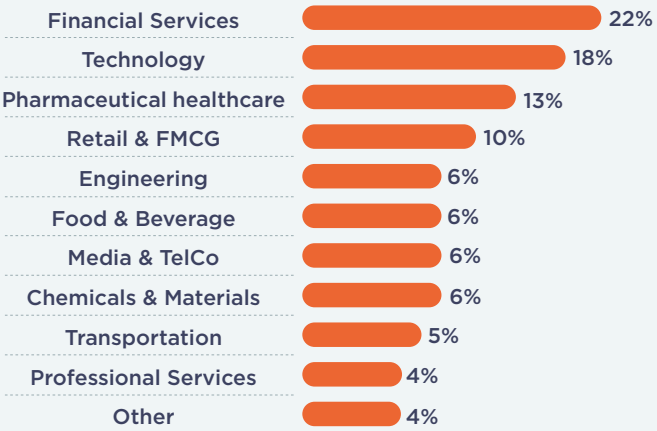
Methodology and Demographics

The report is based on a survey of 372 global companies, conducted by Insight222 in June and July 2025. The survey was sent directly to and completed by the people analytics leader (or an appropriate delegate) in that company with accountability for the function.

These organisations are collectively responsible for over 19 million workers and operate in more than 180 countries.

INDUSTRY

Companies surveyed in each industry group

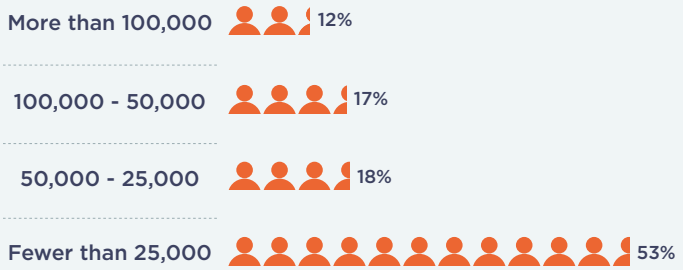


TENURE

Of the people analytics team

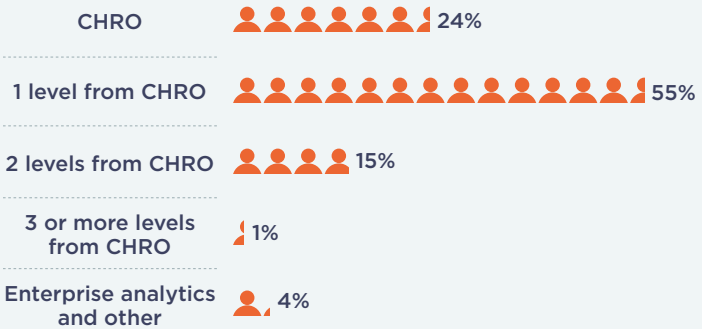
COMPANY SIZE

Number of employees

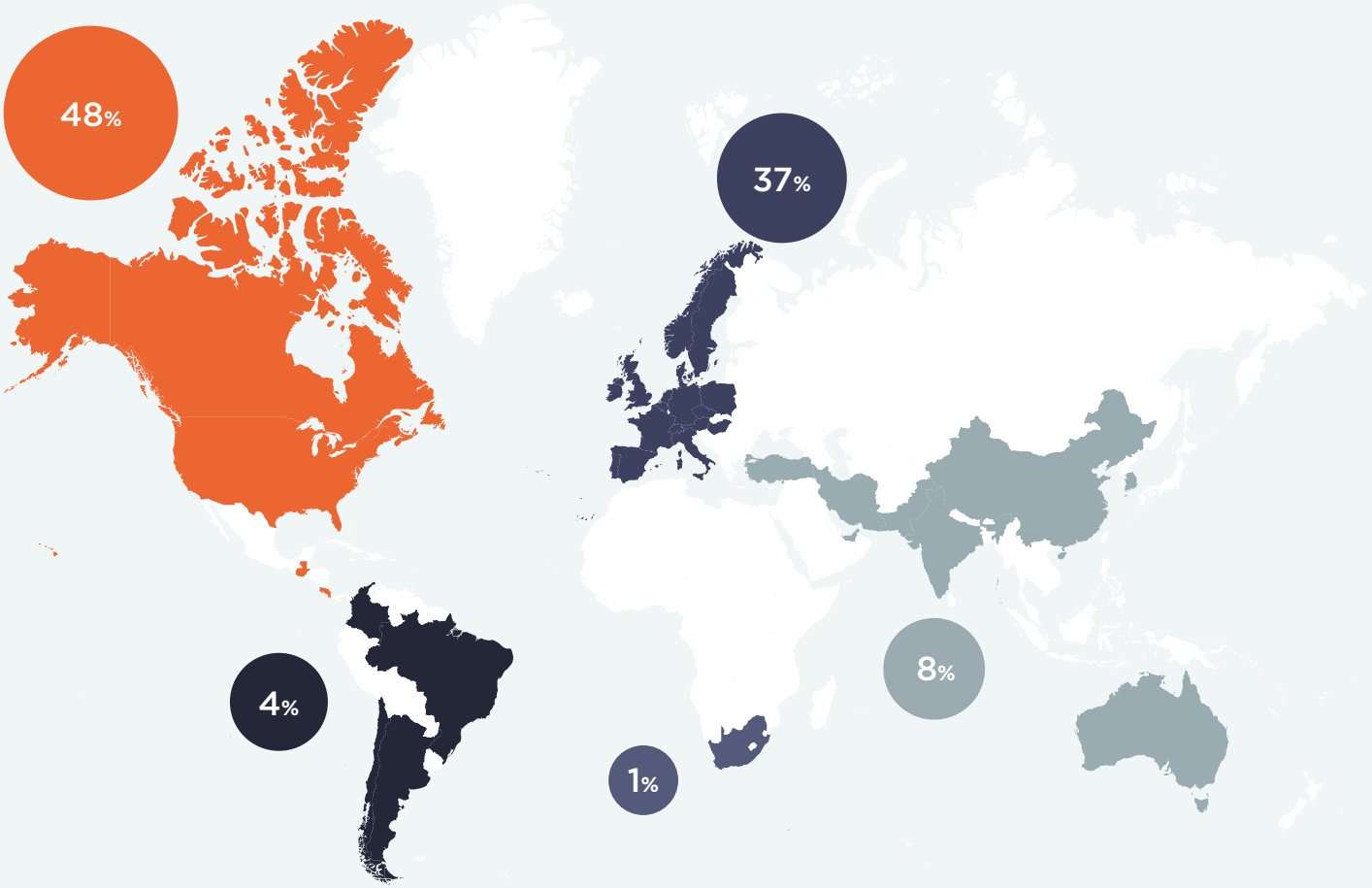


PEOPLE ANALYTICS LEADER REPORTING LINE

Leaders reporting to:



COUNTRY LOCATION OF PEOPLE ANALYTICS LEADER



There were respondents from thirty-six countries, with 48% from North America, 37% from Europe, 8% from Asia Pacific, 4% from South America, and 1% from Africa.

Summary of Key Findings

Summary of Key Findings

Core People Analytics

1. People analytics as a function in organisations has grown 60% since 2020 and has remained stable since 2024. We identify that there is one people analytics practitioner for every 2500 employees (1:2500) across the 372 companies that we researched. This ratio of people analytics practitioner to employee headcount was 1:4000 in 2020.

2. There are multiple new industries that now have more distinct people analytics teams in reasonable numbers than in the five prior years of our research. Industries such as engineering, chemicals and materials, food and beverage, and media and telecommunications are now all showing growth in the actual numbers of firms with distinct people analytics functions.

3. Technology investment during the last 12 months has increased for AI technologies (fourth wave technologies) in 70% of companies surveyed. Comparably, specialist non-AI people analytics technology (third wave technology) investment has only increased in 29% of companies, down from 35% in 2024. When compared with what people analytics leaders expected to invest, it is significantly lower too. For third wave technologies, the desired increase in investment "looking forward" for mid-2024 to mid-2025 was reported in 56% of companies, compared with the 29% who reported an actual increase in investment "looking back". In the current economy, desire to invest certainly outstrips the reality of actual investment.

Leading Companies in People Analytics

4. Leading Companies in People Analytics across ABCD Teams showed little change from 2024. Only 10% of people analytics functions are considered "A" Teams, the same as 2024.

5. More than half (52%) of all companies report that they have measured an improvement in some aspect of business performance through the use of people analytics. This shows an 11-point increase since 2024. A total of 90% of "A" Teams measure analytics for improving business performance, whereas only 38% of "D" Teams do.

6. In all, 83% of "A" Teams focus on helping their organisation's AI strategy, whereas this occurs in only 0% of "D" Teams.

Artificial Intelligence (AI) for HR

7. Companies are using AI unequally. While the majority of companies are using GenAI (86%), machine learning (71%) and natural language processing (68%), a much smaller percentage are using agentic AI (34%), recommendation systems (26%) or deep learning (23%).

8. The most common use cases for AI in HR are employee survey text analysis (68%), HR process automation (50%) and attrition prediction (43%). For GenAI, the most common use cases are chatbots for employee assistance (59%), sentiment analysis of employee feedback (48%) and augmented writing of job descriptions (39%).

9. By investing in people analytics, companies will accelerate the adoption of AI. In short, the use, adoption and benefits from AI match our Leading Companies in People Analytics framework. Those companies that have invested the most and that deliver sustained value from people analytics are also the companies that are delivering the most from AI. For example, 50% of "A" and "B" Teams (those that deliver most value) use agentic AI, but only 24% of "D" Teams use agentic AI. Similarly, 49% of "A" Teams use recommendation engines compared with only 19% of "D" Teams.

10. There are four clear drivers for delivering value through AI in HR:

    I. **A clearly defined AI strategy** – Our research finds that 72% of organisations identify leveraging AI as a strategic HR priority, yet only 37% have a clearly defined AI strategy specific to HR.

    II. **Integrated AI tools in people analytics** – Since the effective use of AI is not possible without good data, the integration of AI tools within people analytics teams is a "must have". Only 42% of organisations report that their people analytics teams have moderately to fully integrated AI tools into their work.

    III. **Safe and supported access to AI tools** – When employees cannot easily reach or trust AI tools, AI remains a "black box" and the broader organisation misses out on potential gains. There is still a significant gap here: only 48% of companies report that they have the information to use AI tools safely and responsibly, 26% report that they are not sure where AI adds value, and 21% report that they are incentivised to use AI tools.

    IV. **Technical skills** – Having access to technical skills, such as in data engineering and machine learning, is a critical enabler of AI success. Only 37% of organisations report having the required technical expertise within their HR or people analytics teams, and just 43% say they can reliably access such skills from outside the team.

Endnotes

Endnotes

1. **Gartner**. 2025. *AI in HR: How AI is transforming the future of HR.* Available at: https://www.gartner.com/en/human-resources/topics/artificial-intelligence-in-hr [last accessed 9 September 2025].

2. **World Economic Forum**. 2025. *Future of Jobs Report 2025.* Available at: https://www.weforum.org/publications/the-future-of-jobs-report-2025/ [last accessed 2 September 2025].

3. **ResearchAndMarkets.com**. 2022. 'The Global Artificial Intelligence in HR Market Will Grow to USD 17.61 Billion by 2027, at a CAGR of 35.26%', *Business Wire*, 31 March. Available at: https://www.businesswire.com/news/home/20220331005896/en/The-Global-Artificial-Intelligence-in-HR-Market-Will-Grow-to-USD-17.61-Billion-by- 2027-at-a-CAGR-of-35.26---ResearchAndMarkets.com [last accessed 9 September 2025].

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5. **Ferrar J., Verghese N. & Chakrabarti M**. 2024. *Harnessing Data for Growth: The impact of people analytics.* Insight222. Available at: https://www.insight222.com/what-we-do-our-research [last accessed 9 September 2025].

6. **See endnote 5**

7. **Ferrar J., Styr C. & Verghese N**. 2021. *Accelerating People Analytics: A data driven culture for HR.* Insight222. Available at: https://www.insight222.com/what-we-do-our-research [last accessed 9 September 2025].

8. **Ferrar J. & Green D**. 2021. *Excellence in People Analytics: How to use workforce data to create business value.* Kogan Page, London.

9. **Wells Fargo** was founded in 1852 by Henry Wells and William Fargo. It has 2024 reported total revenue of $82.3 billion and net income of $19.7 billion. See https://www.wellsfargo.com/about [last accessed 4 September 2025].

10. **Ferrar J., Verghese N. & Binder-Matsuo H**. 2023. *Investing to Deliver Value: A new model for people analytics.* Insight222. Available at: https://www.insight222.com/what-we-do-our-research [last accessed 9 September 2025].

11. **See endnote 5**

12. **See endnote 5**

13. **Jira** is a project management and issue-tracking software platform that helps teams plan, track and release work, acting as a central platform for diverse projects from software development to marketing. It is an Atlassian product. See https://www.atlassian.com/software/jira [last accessed 26 August 2025].

14. **Github** is an AI-powered development platform that allows developers to build and ship software on a single, collaborative platform. See https://github.com [last accessed 26 August 2025].

15. **McKinsey & Company**. 2025. *The State of AI: How organizations are rewiring to capture value.* Available at: https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai [last accessed 4 September 2025].

16. **See endnote 1**

17. **ResearchAndMarkets.com**. 2022. 'The Global Artificial Intelligence in HR Market Will Grow to USD 17.61 Billion by 2027, at a CAGR of 35.26%', *Business Wire*, 31 March. Available at: https://www.businesswire.com/news/home/20220331005896/en/The-Global-Artificial-Intelligence-in-HR-Market-Will-Grow-to-USD-17.61-Billion-by- 2027-at-a-CAGR-of-35.26---ResearchAndMarkets.com [last accessed 9 September 2025].

18. **Microsoft** is headquartered in Redmond, Washington, USA, with over 220,000 employees worldwide and annual revenue exceeding $200 billion. See https://www.microsoft.com/en-us/investor/earnings/fy-2025-q4/press-release-webcast [last accessed 4 September 2025].

19. **Azure AI.** April 2024. *The AI Strategy Roadmap: Navigating the stages of value creation.* https://www.microsoft.com/en-us/microsoft-cloud/blog/2024/04/03/the-ai-strategy-roadmap-navigating-the-stages-of-value-creation/ [last accessed 4 September 2025]

20. **Thriving** is an employee engagement type construct defined by Microsoft as to be energised and empowered to do meaningful work. To learn more about the concept of thriving, refer to https://www.microsoft.com/en-us/worklab/podcast/microsofts-dawn-klinghoffer-on-how-leaders-can-tell-if-employees-are-thriving. [last accessed 9 September 2025]

21. A multiple regression was used to carry out a key driver analysis (KDA) that identifies and quantifies the factors (or "drivers") that have the most significant impact on a particular outcome or performance metric. KDA helps organisations understand which variables most strongly influence a target variable – such as employee engagement, customer satisfaction or, in this case, the value delivered through AI in HR. By isolating the effect of each driver while controlling for others, KDA allows decision-makers to focus on the most impactful areas for intervention or investment, rather than treating all inputs equally.

22. **Merck** is a global science and technology company, headquartered in Darmstadt, Germany, with over 62,000 employees and over €21 billion in sales and €6 billion in EBITDA. See https://www.emdgroup.com/en/annualreport/2024/ [last accessed 9 September 2025]

23. **Mollick E**. 2024. *Co-Intelligence: Living and working with AI.* Portfolio.


MacBook Pro

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- **Darrin Schulte** - Head of People Analytics, Change, Strategy and Programs, Wells Fargo
- **Dawn Klinghoffer** - Vice President, HR Business Insights, Microsoft

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- **Kunal Thakkar** - Senior Director, People Analytics & Reporting, IQVIA
- **Marc Jansen** - Head of People Data, Innovation, and Strategy, Rabobank
- **Oliver Kasper** - Group Head Strategic People Analytics & People Planning, Swiss Re
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- **Marina Pearce** - Senior Director, People Strategy & Analytics, Salesforce
- **Mattijs Mol** - VP HR Technology, Strategy & Insights, Wartsila
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