

HR IN AOTEAROA: 2026

A TOMORROW'S PEOPLE RESEARCH REPORT

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Welcome to our annual exploration of Human Resources trends in Aotearoa.

As we navigate 2026, HR continues to evolve. This report captures insights from 50 senior HR leaders shaping the future of work across the country.

In 2025, we heard a lot of talk about AI. In 2026, that talk has shifted, at least for some, toward planning and early implementation. The change isn't universal yet, but the conversation has moved from "should we?" to "how do we?" Meanwhile, the return-to-office debate that dominated headlines just two years ago has gone quiet publicly, though it's still being worked through behind closed doors.

Working with senior HR leaders across Aotearoa, we explored the real-world challenges they're facing. Three themes kept coming up: widening gaps in leadership capability, the reality of change fatigue, and an emerging AI readiness gap creating anxiety even among those actively preparing.

Compared to our 2025 report (based on 41 participants), this year's expanded sample of 50 leaders gives us richer insight into how these challenges are playing out.

What follows is where HR leaders are today, and where they're heading next.

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METHODOLOGY

The methodology for this research was designed to capture a deep understanding of human resources trends across New Zealand. In our pursuit to gather rich, qualitative data, we adopted a multi-faceted approach that involved selecting a diverse range of companies and conducting in-depth interviews with Senior HR leaders.

SELECTION OF COMPANIES

We deliberately sought out a diverse mix of organisations across New Zealand: different sizes, different industries, different challenges. This meant we could explore how HR trends play out differently in a 50-person startup versus a multinational corporation, or in tech compared to manufacturing, how HR challenges and priorities vary depending on context. A 100-person professional services firm faces different realities than a 5,000-person manufacturer and we felt it was so important to capture both.

PARTICIPANTS

We interviewed 50 senior HR leaders across New Zealand in 2026, nine more than our 2025 cohort. These are the people at the coalface: CHROs, HR Directors, and senior People & Culture leads making strategic decisions and managing teams. We reached them through a combination of our existing networks, word-of-mouth referrals, and direct approaches. a combination of networking, referrals, and direct outreach, ensuring a diverse and knowledgeable pool of interviewees.

A NOTE ON APPROACH

This research prioritises qualitative depth alongside quantitative accuracy. The statistics we present: percentages, trends, patterns, accurately reflect the data from our 50 participants. We're confident in those numbers.

But we're not claiming statistical representativeness of New Zealand's entire business landscape. The real value of this research lies in the qualitative richness: the patterns, themes, and honest reflections that emerged across 50 in-depth conversations. That depth, what HR leaders are genuinely grappling with, what keeps them up at night, how they're innovating under pressure, is what you can't get from survey tick-boxes or statistical models.

INTERVIEW PROCESS

We maintained consistency with our 2025 research framework to track shifts in the HR landscape whilst identifying emerging trends. Most interviews were face-to-face, with remote sessions used where needed. We built upon our established foundation to create comprehensive year-on-year analysis.

The interview framework mirrored our 2025 approach, using the same question set to ensure data comparability. This continuity allowed us to identify shifts in organisational priorities, changing challenges, and evolving innovations. We maintained conversational flexibility, encouraging participants to explore emerging themes beyond the core questions. This approach yielded rich comparative data whilst capturing the evolution of HR practices. The methodology proved particularly valuable in understanding how organisations' responses to key challenges, especially around AI adoption and change management, have shifted over the past year.

Our questions spanned:

- Strategic workforce planning and talent management
- Employee experience and wellbeing initiatives
- Leadership development and organisational culture
- Technology adoption and digital transformation
- Diversity, equity, and inclusion programmes
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Additional themes emerged organically, reflecting the dynamic nature of HR heading into 2026.

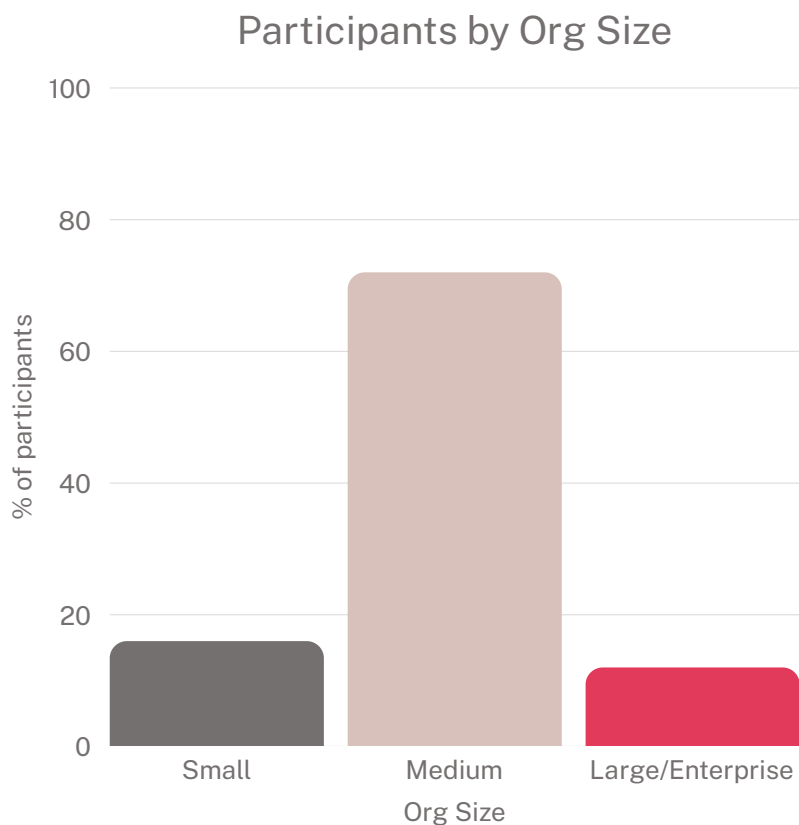


PARTICIPANT OVERVIEW

Our research participants represent a diverse cross-section of New Zealand's business landscape, with representation across key industry sectors and organisational sizes. To ensure accurate representation of the modern business ecosystem, participating organisations were categorised according to New Zealand's standard industry classifications and segmented into clear size groupings.

This distribution provides valuable insights into the varying HR challenges and opportunities across different organisational scales, with particularly strong representation from New Zealand's crucial small and medium enterprise sector.

This research focuses on organisations with established HR functions, the majority of which are medium to large organisations with 500+ employees. While these represent a small fraction of New Zealand businesses by count, they employ a substantial proportion of the workforce and face the complex HR challenges this research explores. Our findings reflect the realities of organisations with dedicated HR leadership rather than the broader small business landscape where most Kiwi businesses operate.

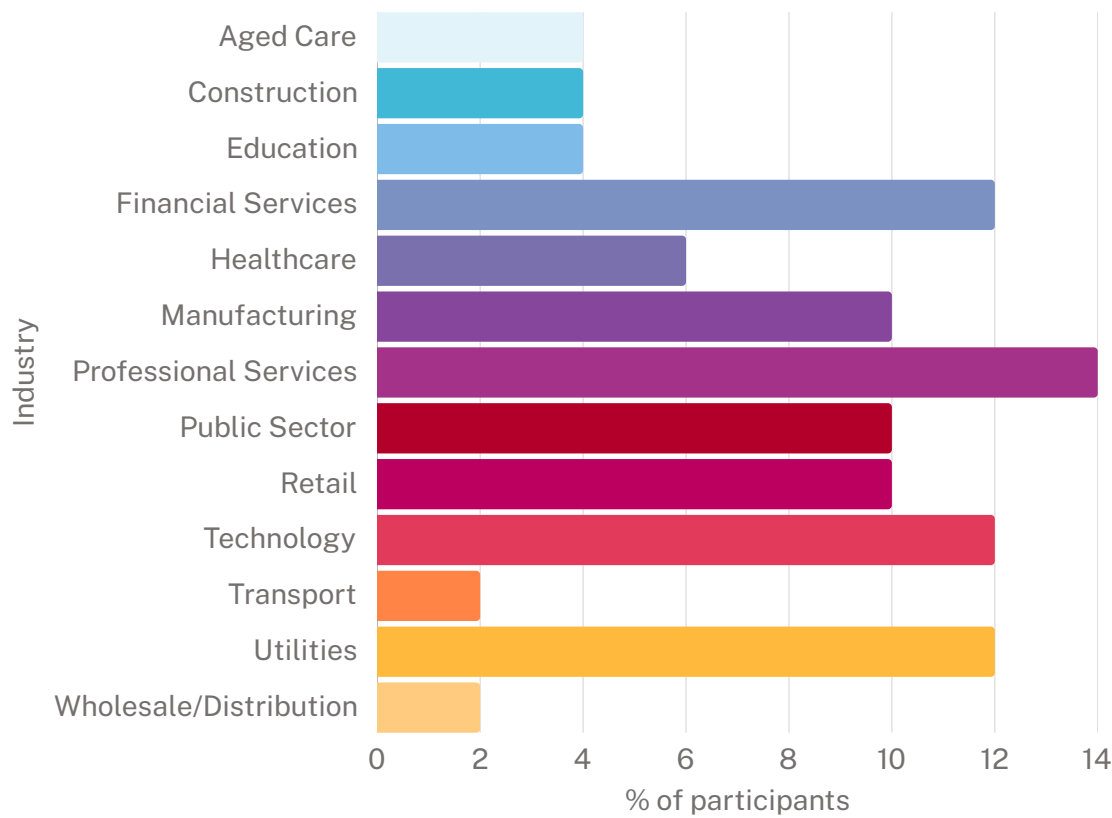


***A Note on Sample Distribution**

Our participant distribution is weighted toward medium and large organisations, which differs significantly from New Zealand's overall business landscape where approximately 97% of enterprises employ fewer than 20 people. This reflects that we sort organisations with established, strategic HR functions capable of providing insights into complex workforce challenges, technology adoption, and formal HR practices.

Industry segmentation

Our participants came from diverse sectors, with the strongest representation from Professional Services, Technology and Financial Services.

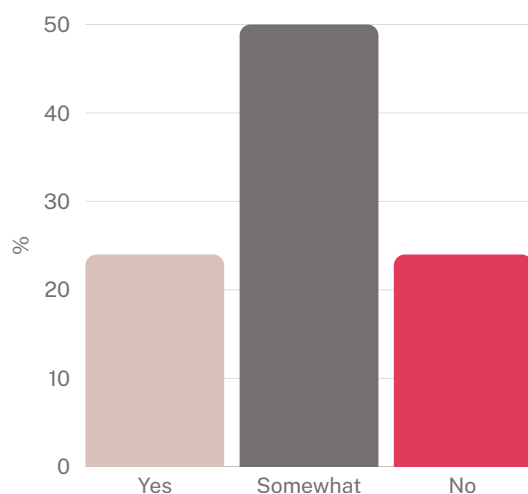


THE HR TEAM



HR teams across Aotearoa are being asked to do more strategic work, often with the same resources. This section examines how HR functions are structured and resourced from team sizes and ratios to resourcing levels, and what this tells us about the state of HR capability heading into 2026.

IS YOUR HR TEAM PROPERLY RESOURCED?



AVERAGE HR TEAM RATIO

1.6 HR PEOPLE
PER 100
EMPLOYEES

Our research found an average HR team ratio of 1.6 HR people per 100 employees across all 50 organisations, a very surprising increase from the ratio of 1.2 in our 2025 research, driven by a higher proportion of medium-sized organisations in this year's sample.

This growth in ratio seems counterintuitive given widespread expectations that AI and automation would reduce HR headcount. In analysing the data, we believe this increase is due to sample composition: we interviewed significantly more medium-sized organisations this year, and the data suggests that medium organisations naturally maintain higher HR ratios. It is also worth noting, that we have not observed any real resourcing changes as AI impact is occurring more slowly than predicted in the HR function.

The resourcing picture is a little bleak. Only 24% of organisations report their HR teams are properly resourced. This means over three-quarters of organisations are asking their HR teams to deliver strategic outcomes without adequate resources at precisely the time when 100% are planning significant changes. The gap between what's expected of HR and the resources available to deliver it has become a defining challenge for the function.

HR TEAM SIZE RATIO

HR team ratios vary by organisation size, with medium organisations showing the highest ratio of HR people relative to workforce.

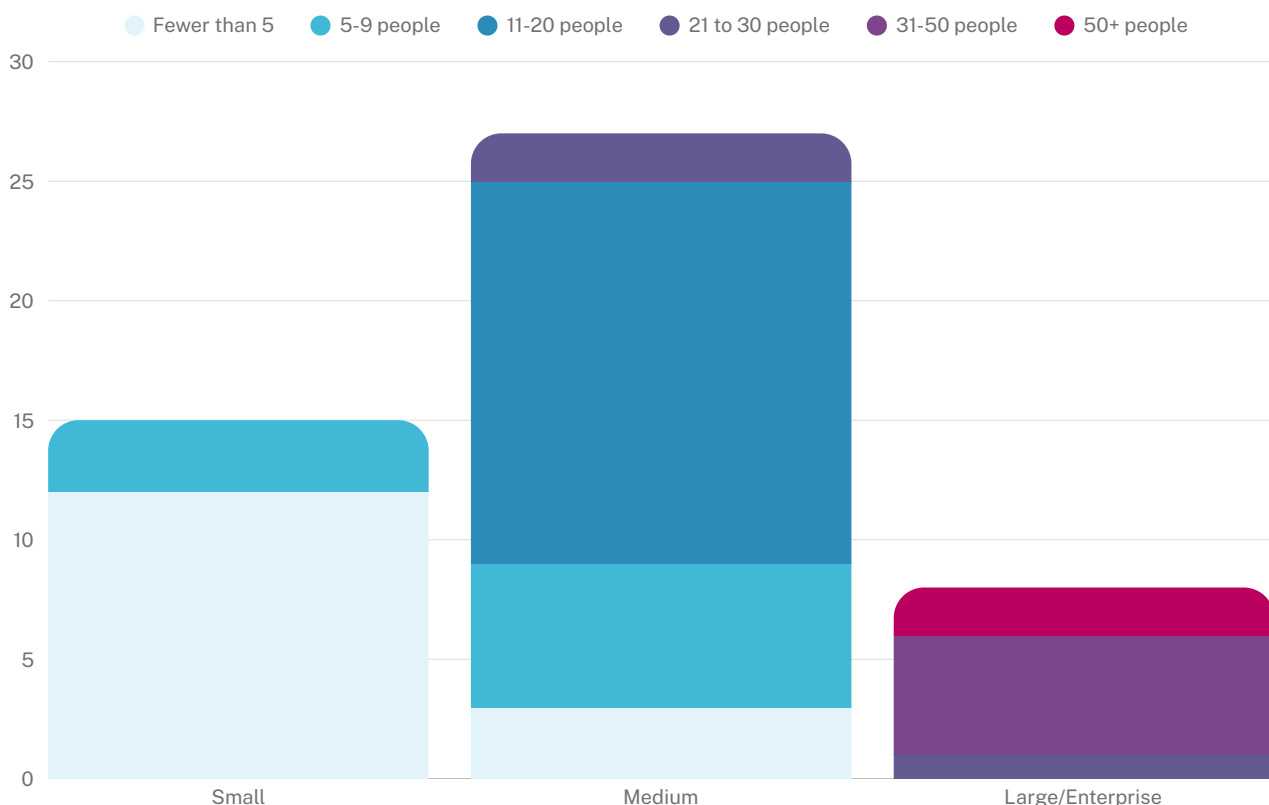
Small organisations (under 500 employees) operate with lean HR teams averaging 4 people: a ratio of **1.3 per 100** employees. At this scale, HR teams are very generalist in nature.

Medium organisations (500-999 employees) show the highest ratio at **1.8 per 100**, with average teams of 13 people. This likely reflects their position between small and large: beyond the simplicity of small organisations but not yet at the scale where technology platforms, shared services, and process efficiencies deliver productivity gains.

Large and enterprise organisations (1,000+ employees) operate at **1.5 per 100** employees. Despite substantially larger teams, averaging 54 people, these organisations appear to benefit from scale advantages including technology, centres of excellence, infrastructure and shared service models.

HR team sizes vary significantly across the 50 organisations we surveyed, with more corporate environments such as Professional Services and Financial Services tending toward larger teams than operationally-focused sectors like Retail and Manufacturing.

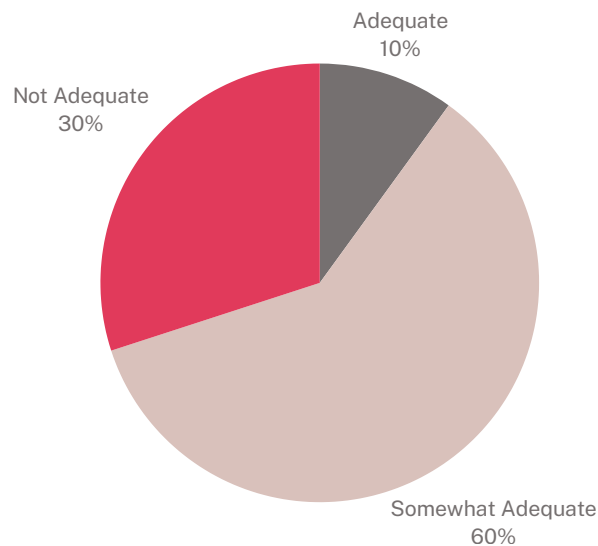
HR TEAM SIZE BY ORG SIZE



THE LEADERSHIP CHALLENGE



ONLY 10% OF ORGANISATIONS REPORT THEIR LEADERS ARE FULLY EQUIPPED FOR TODAY'S CHALLENGES.



Put another way: 90% of organisations see their leadership capabilities as either only somewhat adequate or not adequate at all.

THE TECHNICAL EXPERT PROBLEM

The leadership gap isn't random — it has a clear pattern. Across sectors, HR leaders described the same challenge: organisations promote people into leadership based on technical excellence, then discover those technical skills don't translate to people leadership.

"They're technically, phenomenally good at what they do and they grow to a point where they're expected to be a leader, but leadership does not come naturally."

This pattern appears everywhere: the brilliant lawyer who becomes a partner, the exceptional engineer who becomes a team lead, the top-performing salesperson who becomes a manager. Technical capability gets rewarded with leadership responsibility — but the skills required are fundamentally different.



Three interconnected challenges dominated our conversations with HR leaders in 2026.

- First, a leadership capability crisis: **90%** of organisations report their leaders are either only somewhat adequate or not adequately equipped for today's challenges, with particular struggles at middle management level.
- Second, universal change: **100%** of participating organisations are navigating significant change, creating widespread change fatigue and burnout.
- Third, an AI readiness gap: while **63%** are actively preparing for AI and automation, anxiety is near universal, even among those furthest along.

Organisations are asking under-skilled leaders to guide exhausted teams through constant change, technological transformation, and increased productivity demands. These pressures aren't new, but HR leaders are experiencing them all at once.

Beyond these three dominant themes, our research reveals what HR leaders identify as their biggest operational challenges, their strategic priorities for the year ahead, and perhaps most tellingly what's disappeared from the conversation: the public debates around return-to-office and the quiet deprioritisation of formal DEI initiatives.

The following sections explore what the research revealed in detail.

WHERE LEADERS STRUGGLE MOST

When we asked what specific leadership capabilities were lacking, clear themes emerged:

- **Leading through ambiguity and constant change.** When every quarter brings restructures, new initiatives, or strategic pivots, leaders need to maintain team morale and direction without having all the answers themselves. Most haven't developed this capability.
- **Managing performance conversations effectively.** Whether addressing underperformance, delivering difficult feedback, or having career development discussions, many leaders avoid or bungle these conversations often creating downstream problems for HR.
- **Making the transition from technical expert to people leader.** The mindset shift from "I'm valued for what I know" to "I'm valued for how I develop others" doesn't happen naturally. Without support, leaders continue operating as senior individual contributors rather than true leaders.
- **Sustaining their own capability under pressure.** Leaders are burning out trying to support exhausted teams while managing their own overwhelming workloads. They're expected to model resilience while running on empty themselves.

THE MIDDLE MANAGEMENT SQUEEZE

The challenge appears particularly acute at middle management level. These leaders face competing demands from every direction: executives expect strategic thinking and delivery, direct reports need support and direction, and they're managing day-to-day operations simultaneously often with minimal support or development. When capability gaps exist at this level, everything suffers.

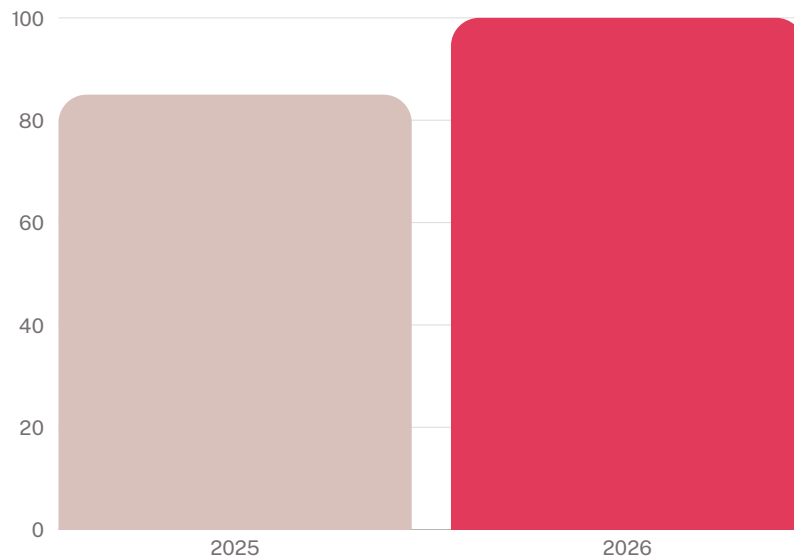
THE RESPONSE: INVESTMENT IN LEADERSHIP DEVELOPMENT

The positive news? Organisations recognise the problem. **88%** told us they're planning leadership development initiatives in 2026, the highest priority area for people investment. But recognition alone won't solve the challenge. The question is whether these leadership development initiatives will be robust enough to address genuine capability gaps, or whether they'll be standard training programmes that don't fundamentally shift how leaders operate.

The organisations making real progress on leadership capability aren't just running courses: they're providing ongoing coaching, creating peer support networks, setting clear leadership expectations, and actually looking at how to develop, not just promote, leaders.



100% OF ORGANISATIONS ARE PLANNING OR IMPLEMENTING SIGNIFICANT CHANGE IN 2026



Every organisation in our research is navigating major change. In 2025, 85% reported planning significant change; in 2026, that's risen to 100%.

This shift isn't just a statistical increase, it represents a fundamental change in the operating environment for New Zealand organisations. There's no longer a "steady state" to return to. Change is now the baseline condition.

The fatigue isn't abstract it shows up in tangible ways:

- Leaders struggle to maintain enthusiasm for "the next initiative"
- Teams become cynical about change messaging
- Change adoption slows as people become overwhelmed
- High performers burn out or leave
- Productivity drops as people navigate constant disruption

"This year has been so incredibly reactive from an HR perspective, it's nearly impossible to do anything strategic because there's just change, change, change, change, change, problem, change, change."

Retail Sector HR Leader

THE STRATEGIC PARADOX

Here's the paradox: organisations need to be strategic about change, but the volume and pace of change makes strategic thinking nearly impossible. HR teams find themselves in constant reactive mode: responding to urgent people issues, managing restructure processes, supporting leaders through transitions with massively reduced capacity for proactive, strategic work.

Several HR leaders described feeling like they're "building the plane while flying it" or "firefighting constantly." The work is still getting done, but there's no breathing room to step back, assess, and plan ahead.

WHAT'S DRIVING UNIVERSAL CHANGE?

Why is every organisation changing right now? The drivers vary by organisation, but common themes emerged:

- Economic pressure: Cost reduction, efficiency gains, doing more with less
- Technology imperative: Systems reaching end-of-life, pressure to modernise, AI creating urgency
- Market shifts: Customer expectations changing, competitive pressure intensifying
- Workforce evolution: Hybrid work embedding, skills gaps widening, talent shortages forcing adaptation

And of course, many organisations are responding to multiple drivers simultaneously: economic pressure AND technology imperative AND workforce evolution, creating a perfect storm of change.

LOOKING AHEAD: BUILDING CHANGE RESILIENCE

It really isn't whether change will slow down in 2026, most HR leaders don't expect it will. Instead, what HR leaders are grappling with is: how do we build sustainable approaches to continuous change?

The good news? HR leaders are starting to shift their thinking from "change management" (managing discrete projects) to "change capability" (building organisational muscles to navigate ongoing transformation).

WHAT ORGANISATIONS ARE DOING DIFFERENTLY IN 2026

We asked HR leaders what they're planning to do differently to manage the impact of continuous change. Here's what emerged:

- **Building Recovery Into the Rhythm.** Rather than treating change as constant, some organisations are deliberately building in recovery periods. This means spacing major initiatives, creating "quiet periods" after big transformations, and acknowledging that teams need time to stabilise before the next wave hits.
- **Getting More Selective About Change.** Several HR leaders mentioned becoming more disciplined about which changes to pursue. Not every improvement needs to happen right now. Not every initiative is equally critical. Being more selective means teams can focus energy on changes that matter most.
- **Investing in Leader Capability for Ambiguity.** Organisations are recognising that managing change at this pace requires different leadership skills. Investment in leadership development, particularly around leading through uncertainty, resilience, and communicating transparently, is a priority for 88% of organisations in 2026.
- **Acknowledging Organisational Change Capacity.** Some of the more progressive organisations are starting to talk about "change capacity" the same way they talk about budget or headcount, as a finite resource that needs to be allocated thoughtfully. This means being honest about limits and making conscious trade-offs.

THE SHIFT THAT'S NEEDED

These are early experiments. Most organisations are still in survival mode, managing change reactively rather than building long-term capability to thrive in it.

But the conversations are shifting. HR leaders are moving from "how do we survive this?" to "how do we build resilience into our culture?" That shift in mindset, from surviving change to building the capability to navigate it, might be the most important change of all.

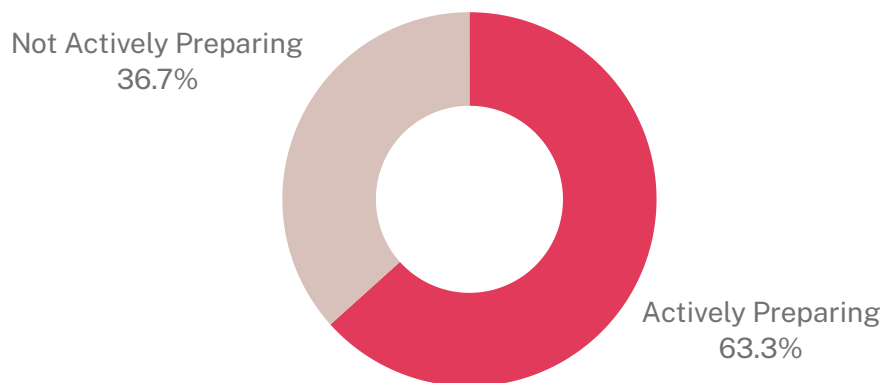
The organisations that figure this out won't just manage change better. They'll turn continuous transformation into a competitive advantage.

THE AI READINESS GAP



63% ARE ACTIVELY PREPARING FOR AI, BUT ANXIETY IS WIDESPREAD

The conversation around AI has shifted dramatically from 2025. It's no longer "will AI impact HR?" but "how do we need to respond?" What's striking is that even organisations actively preparing for AI, express significant anxiety about keeping pace.



But these numbers don't tell the full story. The 63% "actively preparing" ranges from organisations running pilots and building governance frameworks to those still trying to understand what AI even means for their function. And the 37% not yet preparing aren't ignoring AI, they're paralysed by competing priorities, budget constraints, or simply not knowing where to start.

THE MATURITY GAP

Among the 63% actively preparing, we found huge variation in maturity:

- **Early Exploration** (approximately **40%** of those preparing.) Organisations at this stage are researching options, attending webinars, experimenting with ChatGPT for drafting policies, and trying to understand what's possible. They're asking questions like "What could AI do for us?" but haven't moved beyond exploration.
- **Building Foundations** (approximately **45%** of those preparing). These organisations are developing governance frameworks, working through vendor selection processes, identifying specific use cases, and starting to think about change management. They're asking "How do we implement this safely and effectively?"
- **Early Implementation** (approximately **15%** of those preparing). These organisations have deployed specific AI tools: often for administrative automation, resume screening, chatbots for employee queries, or analytics. They're learning by doing and learning to iterate constantly.

VERY FEW ARE AT THE STAGE OF SCALED, SUCCESSFUL AI IMPLEMENTATION.

There was a definite, fundamental tension in how participant organisations think about AI:

- **The Promise:** AI will free up HR teams to focus on strategic work by automating administrative tasks.
- **The Reality:** Implementing AI requires significant time, expertise, and resources; all of which HR teams don't have. In the short term, AI preparation creates additional burden rather than relief. This creates a paradox: the organisations that would benefit most from AI efficiency gains (those with under-resourced HR teams) are often the least capable of executing AI implementation successfully.

LOOKING AHEAD: THE WIDENING GAP

Our concern for 2026 and beyond isn't just that 37% of organisations aren't yet preparing for AI. It's that the gap between early adopters and late adopters is likely to widen significantly.

Organisations that successfully implement AI will realise efficiency gains, free up capacity, and reinvest in further innovation. Organisations that struggle will fall further behind, operating with outdated processes while competitors leverage AI-driven advantages. It's not about whether to prepare for AI: the pressure and potential benefits make that decision inevitable. Instead, it is how do under-resourced HR teams build the capability, capacity, and confidence to navigate AI transformation successfully while managing everything else on their plates?

For most organisations, that question remains unanswered.

THE PATH FORWARD: WHAT DIFFERENTIATES ORGANISATIONS MAKING PROGRESS

Looking at the 63% actively preparing, a pattern emerges around what separates those making genuine progress from those stuck in planning mode.

The organisations furthest ahead share common characteristics:

- They started with specific problems, not broad strategies. Rather than attempting enterprise-wide AI transformation, they identified one painful process: high-volume resume screening, repetitive employee queries, manual data analysis and focused there first.
- They maximised existing tools before buying new ones. Several mentioned discovering AI capabilities already embedded in their HRIS that they hadn't been using. Others started with freely available tools for drafting policies and summarising documents before investing in dedicated solutions.
- They built capability through experimentation, not training. The most confident teams weren't those who'd completed formal AI courses rather they were teams who'd been given space (and permission!) to experiment, make mistakes, and learn by doing.
- They strategically used external support. Recognising capacity constraints, successful organisations brought in targeted external expertise for governance frameworks, vendor evaluation, and technical implementation - freeing internal teams to focus on adoption and change management.
- They created protected capacity. Whether by reducing other workload, bringing in temporary support, or designating an AI champion with protected time, these organisations acknowledged that AI preparation couldn't happen "on top of" everything else.

THE COMMON THREAD

The organisations making progress didn't have better conditions, bigger budgets, or more sophisticated HR teams. They had a different mindset: rather than waiting for perfect conditions, they asked "given our constraints, what's possible?" and started there.

This distinction between organisations waiting to be ready and organisations building readiness through action may determine which organisations successfully navigate AI transformation and which fall further behind.

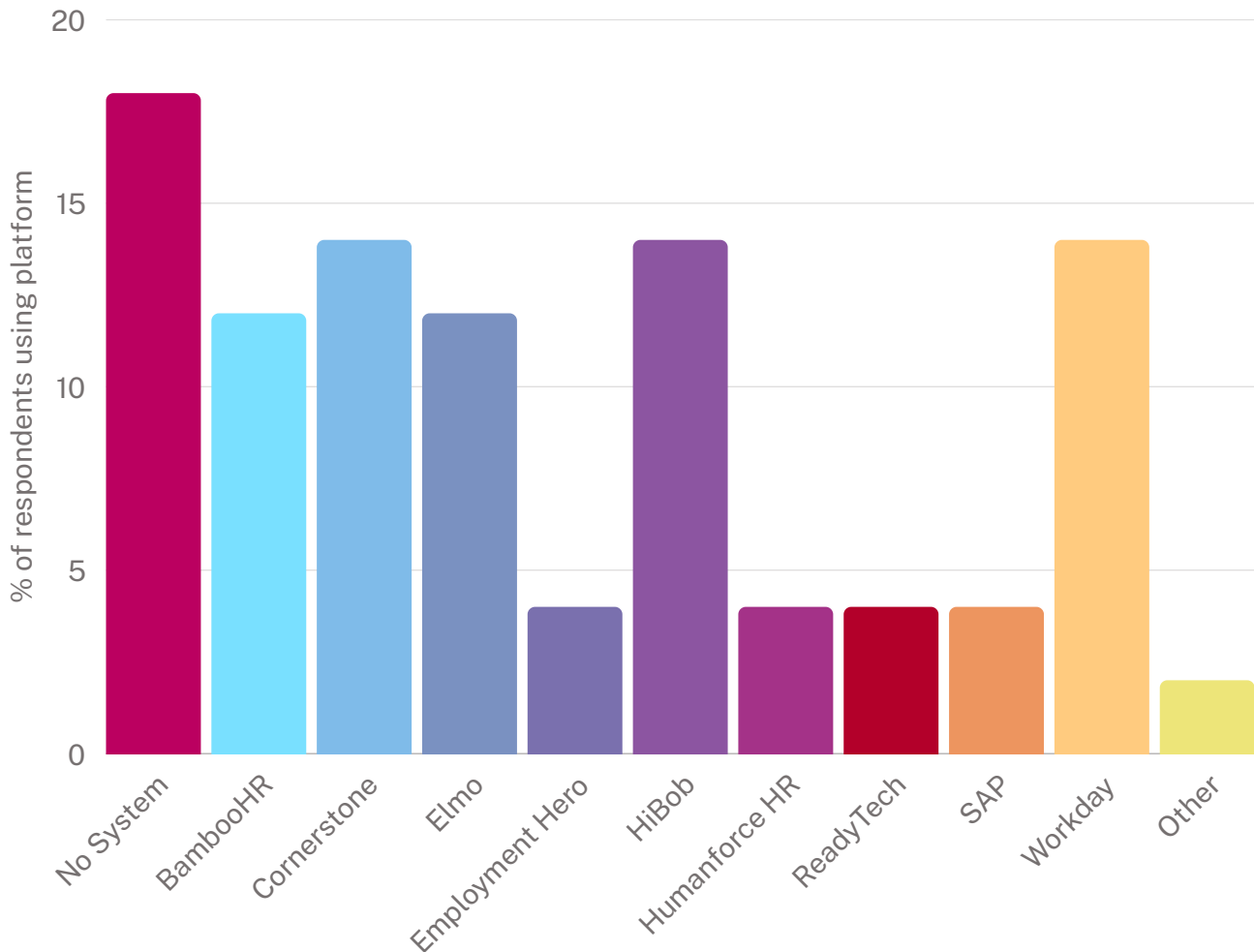


THE PICTURE OF HR TECHNOLOGY INFRASTRUCTURE ACROSS NEW ZEALAND ORGANISATIONS REVEALS SIGNIFICANT FRAGMENTATION AND A CONCERNING LACK OF STRATEGIC PLANNING.

One concerning but not surprising (sadly) piece of data is that 18% of organisations in our sample operate without any dedicated HRIS , making "no system" the most common single response.

But another concerning finding isn't about who lacks systems; it's about who lacks strategy. 91% of organisations operate without formal HR technology roadmaps, even as 34% potentially plan new system investments in 2026. Organisations are making significant technology decisions without frameworks to guide them.

HRIS Systems Used

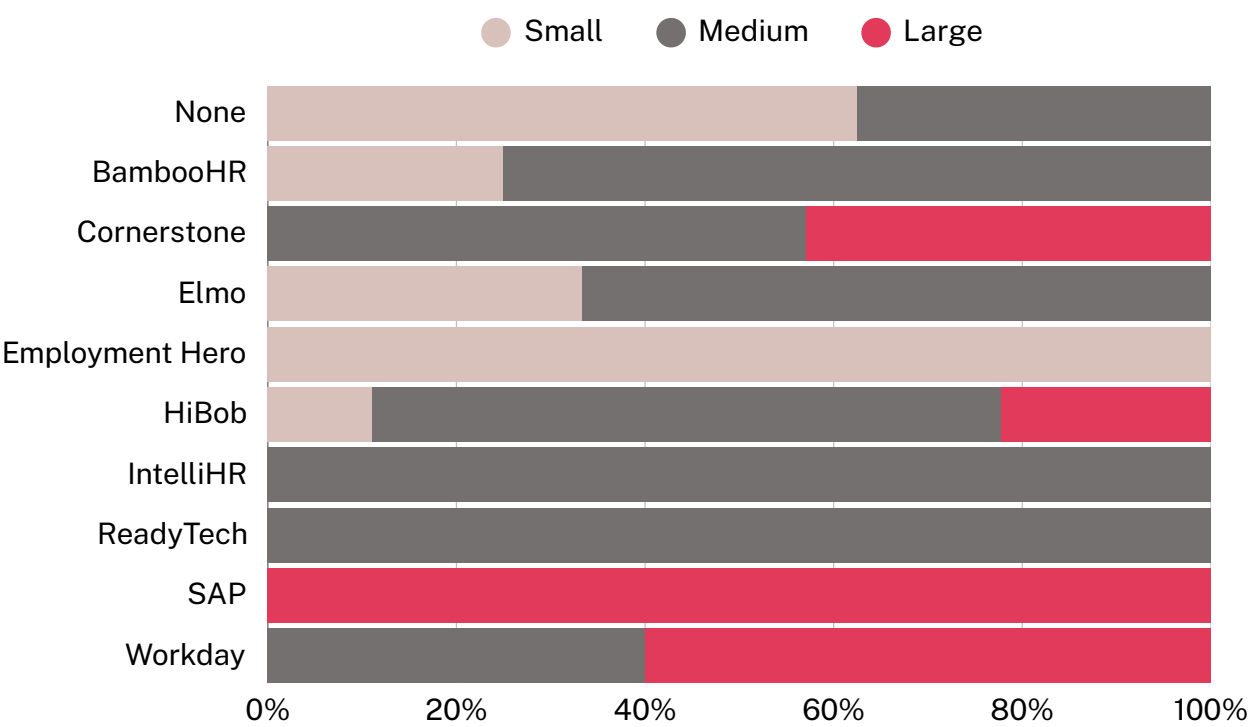


HR SYSTEMS BY ORGANISATION SIZE

The relationship between organisation size and HR technology reveals clear patterns in system adoption across New Zealand organisations:

- **Small organisations** (under 500 employees): Almost half are operating without any dedicated HRIS, relying on spreadsheets and manual processes. When they do invest, they typically choose mid-market cloud solutions. Enterprise-grade systems don't appear in this segment.
- **Medium organisations** (500-999 employees): The most diverse segment. Mid-market cloud solutions dominate (58%), but enterprise system adoption is emerging (31%). Notably, 11% still operate without a dedicated HRIS, even at this scale.
- **Large/Enterprise organisations** (1,000 + employees): Strong shift toward enterprise platforms (71%). The "no HRIS" category disappears entirely, managing 1,000+ employees without dedicated systems becomes untenable. Some organisations (29%) continue using mid-market platforms at this scale.

HR SYSTEMS BY ORGANISATION SIZE

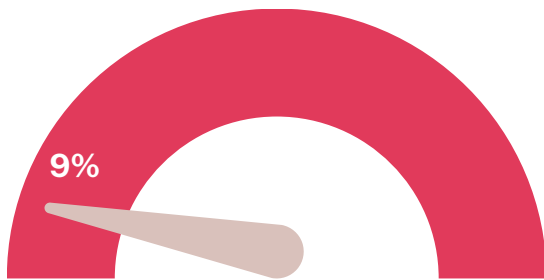


The chart above shows how each HRIS vendor's usage distributes across organisation sizes within our sample. Clear patterns emerge: some vendors scale across multiple segments while others have concentrated presence within particular size groupings.

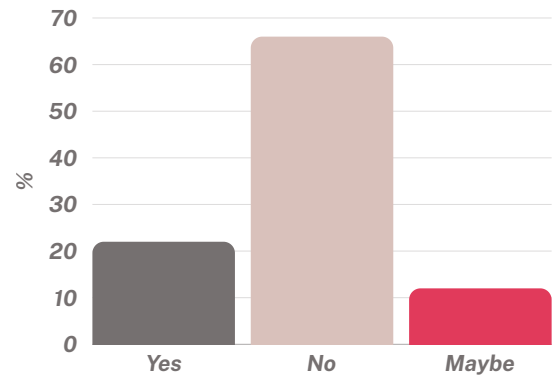
STRATEGIC PLANNING AND INVESTMENT

Here's a concerning finding: only 9% of organisations have a formal HR technology roadmap or strategy. Most are approaching HR tech reactively rather than strategically.

Do you have an HR Tech Strategy or Roadmap?



Are you planning for new HR Tech in 2026?



The disconnect is frankly, worrying. 9% have a roadmap, but 34% are planning or considering new systems. Organisations are making significant technology investments without strategic frameworks to guide them.

THE REALITY OF HR TECHNOLOGY IMPLEMENTATION AND OPERATION

The pain points organisations reported around HR technology were remarkably consistent across sectors and organisation sizes.

- **The Vendor Support Drop-Off.** Multiple HR leaders described a familiar pattern: exceptional support during sales, followed by a dramatic drop-off once contracts were signed. Implementation teams were less hands-on than expected and customer success managers seemed uninterested.

"Support was great during the sales process, then disappeared once we signed. We were basically alone for implementation. The CSM team don't seem to know what they're doing. We like the product, but we know we're not optimising it."

- **The Integration Challenge.** Poor integration between systems was the most frequently mentioned frustration. HR leaders described manually transferring data between HRIS, payroll, recruitment, and learning platforms — defeating the purpose of having technology in the first place. One leader summed it up: "We bought these systems to reduce admin work. Instead, we're doing more admin because nothing talks to each other."
- **The Promise vs Reality Gap.** HR leaders described purchasing systems based on promised capabilities, only to discover features didn't work as expected, required extensive additional configuration, or were in beta. Several leaders mentioned becoming cynical about HR technology generally after being burned by vendors.
- **The "No HRIS" Experience.** For the 16% operating without dedicated HRIS, the pain was different but equally real: manual processes consuming time, inability to generate analytics, compliance concerns, and difficulty scaling. Notably, several mentioned previous bad implementations as why they'd rather manage manually. "We tried a system three years ago. It was a disaster. Honestly, spreadsheets are less painful."

WHY THESE PROBLEMS PERSIST

When asked why these issues were so common, HR leaders pointed to several factors: inadequate vendor due diligence, underestimating implementation complexity, lacking internal technical expertise to evaluate systems properly, making reactive purchasing decisions without strategic frameworks, and budgeting only for licenses without adequate implementation support.

The overall picture: the HR technology market feels overwhelming, vendors sometimes overpromise or misunderstand requirements, and without guidance, it's easy to make expensive mistakes that create lasting cynicism about technology investments.

These pain points don't diminish the value of HR technology, they underscore what success requires: strategic thinking upfront, properly supported implementation, and ongoing partnerships that delivers real efficiency, insights, and capacity for HR teams.



THE UNSPOKEN SHIFTS

THE RETURN-TO-OFFICE CONVERSATION: QUIETLY BUBBLING

Unlike 2024-2025, when return-to-office policies dominated headlines, the conversation has gone quiet publicly. But it hasn't gone away, it's seemingly just moved to private discussions.

From our conversations, hybrid work has become normalised, but expectations vary significantly by team and leader. Several HR leaders mentioned organisations quietly increasing office expectations without formal announcements. The phrase "3 days" came up repeatedly as an informal norm, though enforcement is inconsistent.

"We don't talk about RTO in public forums anymore, it's too divisive. But privately? It's still very much alive in leadership discussions. We're just more careful about how we approach it. If the CE had their way, we'd all be back in full time."

RTO is no longer being discussed as a strategic priority. Organisations have settled into whatever arrangement they've landed on.

DIVERSITY, EQUITY, INCLUSION AND BELONGING: THE QUIET RETREAT

Like return-to-office, the conversation around DEIB has gone very quiet, but unlike RTO, where the work continues privately, DEIB appears to be genuinely deprioritised across New Zealand organisations.

In 2025, DEIB featured prominently in strategic priorities and budget allocations. In 2026, it's conspicuously absent. Only 9% of organisations mentioned specific DEIB programmes as a strategic priority for 2026, and very few mentioned formal programmes when discussing planned initiatives.

We don't believe this to be about organisations abandoning values or suddenly becoming less committed to diverse, equitable workplaces. It's about competing priorities in a constrained environment. When budgets are tight, headcount is frozen, and teams are managing restructures and constant change, formal DEIB programmes become difficult to justify and sustain.

Several HR leaders acknowledged this shift with discomfort. They recognised the importance of DEIB work but struggled to maintain momentum when everything else felt more urgent. One described it as "death by a thousand cuts", no single decision to stop DEIB work, but a gradual erosion of focus, resources, and priority.

This is concerning for several reasons:

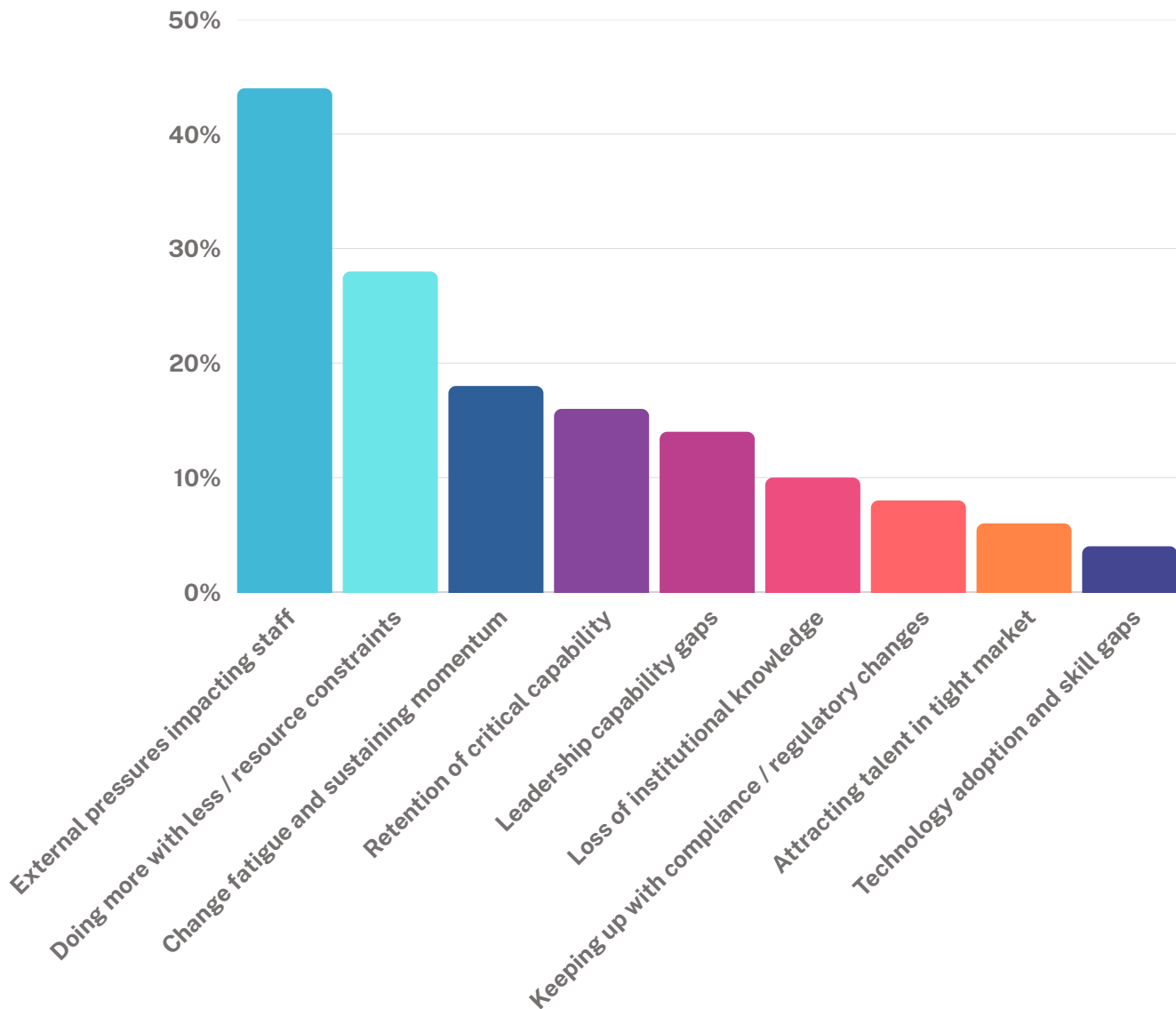
- First, the progress organisations made in recent years was fragile. Embedding genuine cultural change takes sustained effort over years, not months. When formal structures disappear, momentum stalls and old patterns re-emerge.
- Second, the groups most impacted by DEIB de-prioritisation are often those already marginalised. Reducing focus on equity doesn't affect everyone equally, it disproportionately impacts those who benefited from intentional DEIB efforts
- Third, this retreat is happening quietly, without public acknowledgment or debate. Unlike restructures or budget cuts which are communicated transparently, DEIB de-prioritisation is happening through absence rather than announcement.

Whether this is a temporary pause driven by immediate economic pressure, or a more fundamental shift in how New Zealand organisations think about DEIB, time will tell. We certainly hope that this is one trend that will not continue.



THE REAL CHALLENGES

When we asked HR leaders about their biggest challenges for 2026, we expected to hear about systems, compliance, change challenges or talent pipelines. Instead, the answers went far beyond technical HR issues, revealing a profession grappling with the weight of supporting people through genuinely difficult times.



THE TOP CHALLENGE: EXTERNAL PRESSURES IMPACTING STAFF.

"How do I ask people to bring their best selves to work when they're struggling to afford groceries? When they are so stressed and when everything feels harder?"

This sentiment came up repeatedly in our conversations. HR leaders aren't just managing workforce issues anymore, they're increasingly managing the spillover effects of a cost of living crisis and cumulative stress that people bring through the door every day.

This is different from previous years, where challenges focused more on tactical HR problems with tactical HR solutions. In 2026, HR leaders are grappling with the broader context their people are living in, and there's no policy or programme that fixes it.

The external pressures are tangible: employees asking for pay advances, increased financial stress showing up as distraction and anxiety, parents struggling with childcare costs, people taking second jobs to make ends meet, previously stable employees facing housing insecurity.

Several HR leaders described feeling caught between business pressure to maintain productivity and employees facing genuine hardship. One put it bluntly: "We're not a counselling service. But we're being expected to act like one."

The longer-term concern is what happens when external pressures don't ease. When organisations have been asking people to "hang in there" for months or years, and people simply can't anymore.

This isn't a challenge HR can solve alone. But it's one HR is navigating daily, doing what's possible within the constraints they're working with.

DOING MORE WITH LESS

Resource constraints came "runner-up" on the challenges list. But this isn't new. HR has been operating lean for years. What's different now is the context: teams are being asked to do more with less while simultaneously managing unprecedented change, supporting people through genuine hardship, and navigating AI transformation. The maths simply doesn't work.

When 76% of organisations report their HR teams are either under-resourced or only somewhat resourced, and 100% are navigating significant change, something has to give. And what's giving is strategic work. HR teams described operating in constant reactive mode: responding to urgent people issues, managing restructure processes, handling compliance requirements, firefighting crises. The strategic work: workforce planning, leadership development, culture initiatives, technology optimisation, gets perpetually postponed.

Several HR leaders described a vicious cycle: under-resourcing creates inefficiency, which creates more work, which increases pressure, which leads to burnout and turnover, which creates more under-resourcing. Breaking this cycle requires investment but investment in HR is often the first thing cut when organisations face budget pressure.

The irony isn't lost on HR leaders: organisations expect HR to drive performance, engagement, and productivity while simultaneously cutting the resources HR needs to deliver those outcomes. As one HR leader put it: "We're expected to be strategic partners at the exec table, but we're spending 80% of our time on admin because we don't have the headcount to do anything else."



THE TOP PRIORITIES

We asked 50 HR leaders about their top strategic priorities for 2026. Each organisation could mention multiple priorities (typically 2-3), so the numbers reflect how many organisations mentioned each specific priority.



CONTINUITY AND SHIFT

These priorities will look familiar to anyone who read our 2025 report. Last year's three dominant themes were Large Scale Change, Leadership Development, and Digital Transformation. Those themes haven't disappeared, they've just shifted slightly.

WHAT'S GENUINELY NEW: THE ECONOMIC LENS

The biggest shift from 2025 isn't in the themes themselves. it's in the lens organisations are applying to them. These are seemingly economic survival priorities, reflecting organisations under pressure to do more with less, prove value, and demonstrate ROI on everything.

Workforce planning tops the list not because organisation need to anticipate needs, protect critical skills, and plan strategically and there is still a large amount of “right-sizing” occuring. This leads to the need for critical capability retention as organisations are focused on keeping what they have rather than ambitious growth. In a constrained environment, losing key people creates crises.

THE PRAGMATIC REALITY

Compare these 2026 priorities to 2025's themes and the shift becomes clear: the same challenges remain, but the language has changed. What was "digital transformation" has become "productivity and efficiency." What was broad "change management" has become specific "change resilience." The priorities are grounded in immediate operational needs rather than aspirational transformation.

HR leaders are prioritising what they can control (workforce planning, operational efficiency, leadership development) over what they can't (market conditions, economic uncertainty). They're building foundations rather than pursuing transformation.

The organisations that execute these priorities well by building genuine workforce planning capability, developing leaders effectively, creating sustainable approaches to productivity, embracing technology strategically, will emerge stronger when conditions improve.

But here's the risk: these priorities require investment and focus. In an environment where HR teams are under-resourced and operating reactively, there's a real danger these become documented aspirations rather than actual work. Strategic priorities that get perpetually postponed because everything else feels more urgent.

The question for 2026 isn't whether these are the right priorities, they clearly are. The question is whether organisations can create the capacity and focus required to actually deliver on them.

Conclusion



First and foremost, to the 50 HR leaders who gave their time and energy to talk with me, I honestly can't thank you enough. The conversations were rich, honest, and sometimes uncomfortable. We covered the emotional spectrum from genuine optimism about what's possible to frustration about what isn't, and frank discussions about the weight HR is carrying right now. It was a privilege to spend time with each of you. Thank you again.

THE FUTURE OF HR IN AOTEAROA

As we conclude this exploration of HR trends across New Zealand, several themes emerge that will shape our industry in 2026 and beyond. The landscape ahead presents significant challenges but also opportunities for HR professionals willing to navigate them strategically.

The data paints a picture of an industry under pressure. With 100% of organisations navigating major change (up from 85% in 2025), HR teams are being asked to do more than ever often with fewer resources and while supporting people through genuine external hardship. This isn't a temporary spike; it's the new operating environment.

Our research highlights critical areas demanding attention:

Leadership Capability: The reality that only 10% of organisations feel their leaders are fully equipped for today's challenges signals an urgent need for investment. This isn't about training it's about developing leaders who can navigate ambiguity, maintain resilience through uncertainty, and make decisions with incomplete information.

AI Readiness: While 63% of organisations are actively preparing for AI, anxiety is near universal even among those furthest ahead. The gap between early adopters and late adopters is likely to widen significantly. Organisations need practical pathways forward not just aspirational strategies.

Human Sustainability: This finding isn't about systems or processes, it's about the recognition that we cannot sustainably ask people to do more with less, maintain performance through unrelenting change, or bring their best when external circumstances make that nearly impossible. HR leaders are grappling with questions that extend far beyond traditional HR challenges.

Technology Fragmentation: With 91% of organisations operating without formal HR technology roadmaps, yet 34% planning new system investments, there's a fundamental disconnect between technology ambition and strategic planning. Organisations are making significant investments without frameworks to guide them.

A CALL TO PRAGMATISM

The role of HR has never been more complex. As we navigate economic pressure, technological anxiety, constant change, and genuine employee hardship, HR professionals face an impossible mandate: be strategic while firefighting constantly, support people while cutting costs, drive innovation while under-resourced.

The path forward requires:

- Honest prioritisation about what will and won't get done
- Strategic use of external support where internal capacity doesn't exist
- Investment in leadership capability as non-negotiable, not optional
- Acknowledgment that some problems extend beyond HR's ability to solve
- Focus on executing the basics brilliantly rather than pursuing everything adequately

FINAL THOUGHTS

The insights in this report reflect not just data but real experiences, challenges, and occasionally desperation from HR leaders across New Zealand. But within these challenges, there's also resilience, innovation, creativity, and genuine commitment to doing right by people despite impossible constraints.

The most important shift we heard in 2026? HR leaders moving from "how do we survive this?" to "how do we build sustainable approaches?" That shift in mindset from reactive survival to strategic resilience might be the most important development of all.

The organisations that figure this out won't just manage change better. They'll turn continuous transformation into capability, build genuine leadership strength, and create workplaces that acknowledge human limits rather than ignore them.

The future of HR in Aotearoa will be shaped by those willing to make hard choices, prioritise ruthlessly, and acknowledge what's actually possible given current constraints.

Thank you again to every leader who contributed to this research. Your honesty, wisdom, transparency and willingness to share both successes and struggles make this work possible.

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ABOUT THE AUTHOR:

After years working in HR, recruitment, and HR tech, Jane started consulting in 2007 - partly because she wanted the freedom to work how she actually wanted to work and founded Tomorrow's People in 2017 as New Zealand's first specialist HR technology consultancy.

With a background in psychology and economics, she brings a research lens to implementation and strategy work. Jane's passionate about helping organisations make smarter technology decisions, but she's equally passionate about making the tech world and executive teams understand why HR actually matters.

Jane publishes regular industry research and loves sharing findings - from Tomorrow's People's annual HR trends report to analysis of emerging workplace challenges. She speaks at conferences and corporate events about HR, tech, workplace transformation, and the future of work. Backed up with a particular passion for dropping barriers for working parents and creating genuinely flexible workplaces.

In her spare time, Jane's nerdy about automation, AI, neuropsychology, and building solutions that actually work for how humans think and operate. She's normally found with her "unqualified emotional support" rescue dog Lando velcroed to her side.

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ABOUT TOMORROW'S PEOPLE:

Tomorrow's People is New Zealand's first specialist HR technology consultancy, founded in Aotearoa in 2017. We provide independent, vendor-neutral advice and support across the entire HR tech lifecycle, from strategic advisory and system selection through to implementation, integration, and ongoing optimisation.

Our team combines deep HR expertise with technical capability, helping organisations cut through the noise of the crowded HR technology market to choose the right systems and get them working effectively. Our approach is straightforward: independent advice, partner-level delivery, and all with your goals in mind.