

Five Forces Redefining the CPO Role in 2026

Insights from 40 Chief People Officers on what's driving critical decisions on talent, technology, and organisational transformation in volatile times.



In an age of constant disruption, Chief People Officers (CPOs) can no longer rely on past patterns. The World Economic Forum's Future of Jobs Report 2025^[1] highlights persistent talent shortages, intensified by rapid demographic and geoeconomic shifts. At the same time, HR itself is in flux: AI presents both opportunity and uncertainty, with Bain reporting that 80%^[2] of CPOs believe generative AI could transform talent management practices. People leaders must simultaneously transform the workforce, modernise their own ways of working, and attract and retain the talent needed to deliver that transformation.

CPOs can no longer operate solely as functional leaders. The most effective are trusted partners in the boardroom, linking people strategies directly to enterprise performance, growth, and sustainable returns. Cross-functional fluency is now critical, but so is corporate nerve. As McKinsey's Daniel Aminetzah observes^[3], true innovation requires “unleashing corporate muscle,” meaning organisations must “move fast, fail fast, learn fast”, even amidst macro headwinds. CPOs must now master the tension between safeguarding employee wellbeing and accelerating enterprise growth.

So, what are CPOs really thinking and feeling in this climate? We explored this by interviewing 40 CPOs from global organisations across manufacturing, transportation, aerospace, energy, construction, and technology.

Our research revealed five critical forces reshaping people leadership. These are:

1. Talent scarcity requiring strategic workforce planning
2. Wellbeing properly embedded, as a performance multiplier
3. Leadership capability for perpetual change
4. Artificial intelligence as a talent amplifier
5. The evolving role of purpose-driven partnerships

By exploring these forces in depth, this whitepaper equips C-suite leaders with an actionable roadmap grounded in real-world research. It demonstrates how mastering the five forces will build the resilient, high-performing organisations of tomorrow.

[1] <https://www.weforum.org/stories/2025/09/chief-people-officers-outlook-2025-rethinking-talent-strategy>

[2] <https://www.bain.com/insights/generative-ai-exploring-possibilities-for-talent-management/>

[3] <https://www.managementtoday.co.uk/mckinseys-head-business-building-why-leaders-need-innovators/podcast/article/1933649>



The CPO as Value Creator

Are you designing the workforce of tomorrow, or defending yesterday's model?

In 2026, the traditional HR playbook appears to be failing us. Across boardrooms throughout the UK, Chief People Officers are grappling with challenges that outdated approaches simply cannot resolve. Employee engagement scores plateau, despite increased investment in wellness programmes. Critical roles remain unfilled for months, not weeks. High-potential leaders leave for competitors offering purpose, not just great pay and progression. Current talent pipelines fail to account for a range of plausible future scenarios.

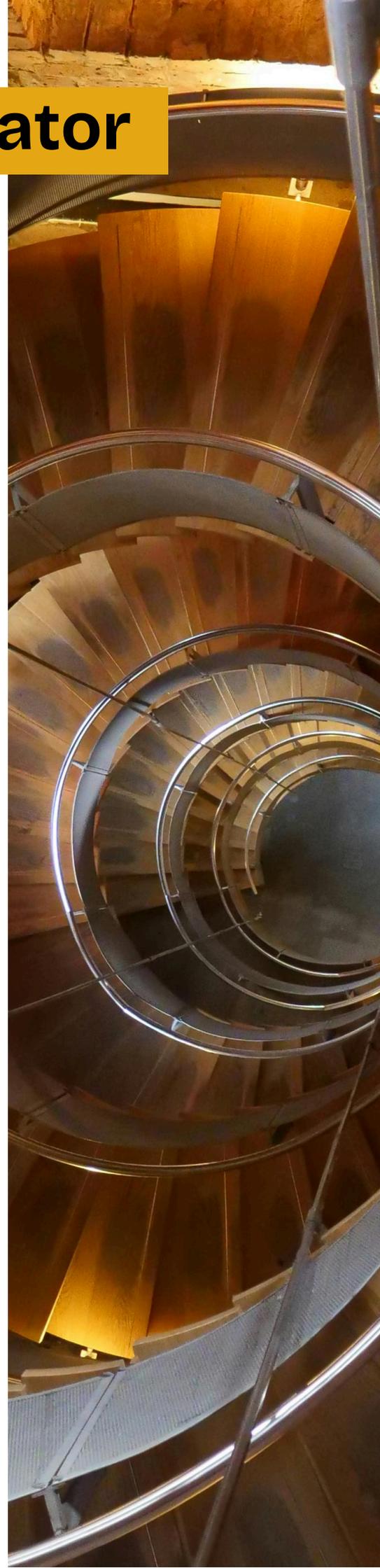
The argument for progressive people management couldn't be stronger: companies in the top quartile for employee engagement experience 23% higher profitability and 18% higher productivity, according to recent Gallup research^[1]. Meanwhile Gartner^[2] found that 76% of HR leaders believe that by not adopting AI in the next two years, they won't be as successful as organisations that have embraced it.

We sought a close-up view of CPOs' perspectives on the forces reshaping people leadership. For this whitepaper, our research methodology involved extensive qualitative interviews with 40 CPOs during Q4 2025 and Q1 2026. These leaders collectively oversee hundreds of thousands of employees, and navigate complex challenges from managing neurodivergent talent to integrating AI-powered systems while maintaining human connection.

What emerged from our conversations is a series of tactical responses to immediate pressures. And there's a fundamental reimagining of how strategic leaders should build organisational capability. The most successful businesses are adapting. They're addressing these forces head-on, to accelerate competitive advantage.

[1] <https://www.gallup.com/workplace/229424/employee-engagement.aspx>

[2] <https://www.gartner.com/en/human-resources/topics/artificial-intelligence-in-hr>



The Five Forces Analysis



Unfortunately, the ones you lose are
your talent.



Force 1: Talent scarcity requiring strategic workforce planning

The Risk: Critical skills shortage limiting growth

The talent crisis extends far beyond simple vacancy rates. Our research reveals a volatile combination of skills shortages, demographic shifts, and evolving expectations that threatens business continuity. A precision engineering leader said long-serving, experienced employees are increasingly approaching retirement, and “workforce renewal” is challenging. In aerospace and defence, companies report difficulty attracting Gen Z talent to traditional manufacturing and logistics environments. This points to deeper challenges in sector attractiveness that transcend individual employer actions. One major manufacturer noted that they have “exciting work and growth opportunities,” yet young professionals increasingly prioritise flexibility and environmental impact over industry heritage.

Energy companies told us they face dual pressures: transitioning to renewable technologies while maintaining expertise in traditional operations. Several CPOs believe it's the bureaucratic hiring processes that discourage quality candidates, and stalls recruitment. Equally, a lack of strategic workforce planning leaves hiring managers reactive rather than proactive for many companies.

The Opportunity: strategic workforce planning as competitive advantage

Leading organisations are transforming talent acquisition from a reactive function to a strategic capability. Rather than simply filling vacancies, they're building talent pipelines aligned with five-year business strategies. This requires sophisticated understanding of demographic trends, skills evolution, and market dynamics.

The most successful approach involves creating talent ecosystems rather than traditional recruitment funnels. This includes partnerships with educational institutions, apprenticeship programmes, and targeted development of internal capabilities. Efforts are also going into attracting under-represented groups, with many CPOs we spoke to enjoying better employer brand recognition due to successful marketing and communication campaigns. Logistics and manufacturing companies are also reimagining role specifications, focusing on potential and adaptability, rather than rigid experience requirements.

There was strong consensus among our interview participants, that HR standards gain traction only when CEOs visibly embody them and actively champion the strategy. Several HR leaders expressed frustration that, without visible CEO sponsorship, key stakeholders default to legacy behaviours, undermining momentum for change.

The Reward: Sustainable competitive advantage through people

Organisations that solve the talent equation gain disproportionate advantages. They can pursue growth strategies that competitors cannot execute, attract higher-quality candidates through reputation for development, and build resilience through diverse capabilities. Companies implementing strategic workforce planning report dramatic improvements in hiring quality and speed, and succeed at building talent pipelines, which competitors cannot match.

The Five Forces Analysis

"Your CEO is going to ask: What value does doing all this mental health awareness, menopause training, being family flexible, family dependent add? How does it improve the bottom line...?"

Force 2: Wellbeing properly embedded as a performance multiplier

The Risk: Wellbeing initiatives without strategic integration

Traditional Employee Assistance Programmes often fail because they treat wellbeing separately from performance. Our research highlights a key vulnerability: middle management burnout. These leaders are squeezed between delivering results and supporting teams under change fatigue. One CPO noted, "We have strong support for front-line employees and executive coaching for senior leaders, but middle managers are caught in the middle without adequate resources."

The challenge is acute in physically demanding industries. A utilities leader highlighted musculoskeletal issues among older workers, while another CPO raised concerns about the impact of rising far-right movements on low-paid, culturally diverse workforces, such as warehouse staff.

HR leaders also identified gaps in emotional intelligence among business leaders, particularly in supporting mental health. Shortcomings are most visible in high-stress situations. A manufacturing executive explained that managers often panic when employees express strong emotions, exposing a critical leadership weakness.

The consequences extend beyond individual stress to organisational performance. One facilities management company reported a 40% turnover rate, with middle management burnout a primary driver. Yet many employers continue investing in peripheral wellness initiatives rather than tackling the root causes of workplace stress.

The Opportunity: Wellbeing as performance multiplier

Progressive organisations recognise wellbeing and performance as mutually reinforcing rather than competing priorities. This requires shifting from reactive support to proactive resilience building. The most effective approaches integrate wellbeing into business processes rather than treating it as an add-on.

For example, one transport company demonstrated this approach in practice, transforming their employee engagement scores from 41 to 64 over two years by treating wellbeing as a performance enabler rather than a separate initiative. By integrating wellbeing into their core performance strategy (rather than relying on peripheral wellness programmes) they created a measurable link between employee resilience and business outcomes. The result was happier employees, and a more productive, engaged workforce that directly contributed to commercial success.

Several CPOs spoke of their programmes redesigning work practices to reduce unnecessary stress, providing managers with emotional intelligence development, and creating psychologically safe environments where people can perform at their best. Companies are also implementing predictive analytics to identify burnout risks before they impact performance.

The Reward: Growth through people resilience

Organisations that successfully integrate wellbeing as performance strategy report significant competitive advantages. They experience higher employee engagement, lower healthcare costs, reduced absenteeism, and improved innovation metrics. One organisation we spoke to halved attrition from 10% to 5% through structured dialogue and engagement programmes.

The Five Forces Analysis

“The thing about cultural change or transformation is that by the time you’ve completed a two-year programme, the world has moved on. You’ll have to adapt to something else.”

Force 3: Leadership capability for perpetual change

The Risk: Leadership development lag causing missed opportunities

Several CPOs expressed that their organisation is on a never-ending journey, with one saying: “HR needs to accept that change is a constant state, not a project with an end date.” A major risk facing CPOs is internal leadership capability gaps at a time when the world is in flux. Our research revealed a succession planning crisis where firms struggle to develop leaders who can navigate perpetual change. It’s clear that traditional leadership development focuses too often on stable environments that no longer exist.

Several organisations described setting up sophisticated development programmes, but struggled to translate these into effective succession outcomes, often defaulting to external hiring for senior roles despite stated preferences for internal promotion. A facilities management leader described being distracted by finance and governance issues, “which can cloud or delay key hires”. Several CPOs identified a tension between administrative demands and their strategic role of scanning the horizon, acquiring talent, unblocking issues, and focusing on workforce strategy.

The challenge intensifies when considering emotional intelligence requirements. Technical competence alone doesn’t ensure leadership success in uncertain environments. Leaders must simultaneously manage change fatigue, inspire teams through uncertainty, and maintain performance while adapting strategies. Many organisations report having talented individual contributors who struggle to transition to leadership roles requiring different skill sets.

The Opportunity: Adaptive leadership at scale

The most resilient organisations aren’t leaving leadership to chance. Instead, they’re deliberately nurturing adaptive leaders who can thrive in uncertainty. The distinction is critical: change fatigue is what happens when poor change management overwhelms people; change capability emerges when leaders know how to navigate ambiguity, while keeping their teams engaged and performing.

One CPO spoke of investing over £1 million in an immersive leadership programme for its top 100 leaders, designed to equip them with the skills and mindsets needed to drive cultural transformation across a predominantly blue-collar workforce. Recognising that senior leadership development alone wouldn’t deliver change, they simultaneously assessed and trained all frontline managers, introducing a structured ‘catch ups’ process - voluntary 20-minute human conversations every four months, to build people-centric leadership capability at every level. This dual approach demonstrates that adaptive leadership requires investment not just in executive development, but in building capability across the entire management population.

Other CPOs spoke of using experiential learning that pushes leaders out of their comfort zones, cross-functional projects that expose them to new perspectives, and mentoring systems that accelerate growth. The most forward-thinking companies are also blending technical skills with emotional intelligence, ensuring their leaders are as capable of managing people’s emotions as they are of managing processes.

The Reward: Organisational agility through leadership capability

Organisations with strong adaptive leadership capabilities can execute strategies that competitors cannot. They respond faster to market changes, recover more quickly from setbacks, and identify opportunities others miss. Companies investing in systematic leadership development report improved decision-making speed, higher employee engagement, and enhanced innovation outcomes that create lasting competitive advantages.

The Five Forces Analysis

“Part of the challenge with AI is how do you stop what you're doing day-to-day to go and learn a different and a better way of doing it?”

Force 4: Artificial intelligence as a talent amplifier

The Risk: Digital divide in HR functions

AI adoption is about reimagining how technology amplifies human capability, both within HR and across the wider business. Our research shows a sharp divide regarding adoption rates: some HR departments still manage talent on spreadsheets, while others use tech platforms and AI analytics to predict performance, spot development opportunities, and unlock potential. More broadly, HR tech tools are being adopted in different ways. A retail leader described using AI to remove unconscious bias and improve efficiency, “but we’re also mindful of maintaining the human touch and personality in customer-facing environments”. The challenge is balancing automation benefits with the need for human connection.

One transport leader described a £10 million Workday investment paired with an employee app, creating a unified ecosystem for staff and managers. This contrasts with piecemeal investments in isolated tools that ignore core infrastructure. Some sectors are taking the lead. In logistics, leaders we spoke to are testing AI across onboarding, absence management, manager coaching, and even apprenticeship programmes to prepare employees for the future.

The Opportunity: AI as Strategic Enabler

Visionary leaders see AI as a way to boost what people can do, not replace them. For HR, that means using technology to handle routine admin, so the team can focus on higher-value, strategic work. To make this shift, CPOs and HR professionals need new skills, especially in data and digital tools, so investing in upskilling is essential.

Ultimately, executive boards must determine how AI can simplify and lower the cost of managing people. It’s possible to move from reactive to predictive talent analytics, with one CPO saying: “We're starting to look at predictive patterns. Does absence spike six months before people start leaving? So, can I spot trends? Can I start to anticipate?”

Beyond insight and efficiency, it can reshape work itself, highlighting which roles are most critical, pinpointing the skills needed for the future, and revealing positions that may no longer be necessary. In doing so, AI helps organisations plan a workforce that is both leaner and more strategically focused.

The Reward: Talent intelligence as competitive advantage

Recent industry research shows more than two-thirds of recruitment^[1] professionals now use AI in their work, and the vast majority view it as a positive force. Organisations that harness AI for talent acquisition and people management are already reaping the benefits: smarter hiring decisions, earlier identification of development opportunities, and sharper allocation of resources. The result is efficiency, but also sustainable competitive advantage built on future-ready people decisions.

[1] <https://www.theaccessgroup.com/en-gb/evo/insights/>

The Five Forces Analysis

"You'll probably have disengaged people working for you in silent protest. I don't really want to be here... But I've got to be at work. So, I'll just do enough."

Force 5: The evolving role of purpose-driven partnerships

For over a decade, organisations have proclaimed that "people move for purpose, not pay." Yet this rhetoric has rarely translated into meaningful action. The reality our research reveals is more nuanced: employees aren't leaving because they lack a sense of purpose. They're leaving because they don't feel connected to their work, their teams or their organisation's success.

The Risk

The danger lies not in abandoning purpose, but in continuing to treat it as a communications exercise rather than an operational reality. When purpose remains confined to mission statements and town halls, employees experience a disconnect between what the organisation says and what it does. This gap breeds cynicism and disengagement. One CPO spoke of the cost of "silent protest", measured in lost productivity, innovation and discretionary effort, pointing out that this far exceeds the cost of genuine connection practices.

The Opportunity

Progressive CPOs are moving beyond purpose statements to implement tangible connection practices that give employees stake, voice and recognition in the enterprise they're helping to build.

Making success visible and shared: One global manufacturing company deployed an organisation-wide profit-share scheme with the explicit message: "If the business does well, you will do well and we'll share it together." Another introduced a shop-floor bonus scheme (£500-£1,000) linked to productivity, quality and absence, giving over 1,000 employees direct control over their rewards. Engagement scores subsequently rose as employees felt they had genuine influence.

Creating structured dialogue: One transport operator introduced voluntary 20-minute "catch ups" every four months between managers and staff - simple human conversations that build trust. Another organisation launched a branded engagement programme featuring webinars with functional leaders and local team activities, moving the company from lowest to highest performer in their group whilst halving attrition from 10% to 5%.

Recognising contribution meaningfully: One manufacturer redesigned their retirement programme, replacing a £150 voucher with family celebrations, £500 gifts and partner recognition, creating emotional moments that reinforced belonging. Their tiered service awards now acknowledge loyalty at more frequent intervals, from one year onwards, recognising that career tenure patterns have fundamentally changed.

Enabling employee voice: At one aerospace company, neurodivergent employees formed a committee and delivered a professional workshop to the Senior Leadership Team, sharing lived experiences through video and audio. The impact was so significant it became mandatory training for C-suite leaders, demonstrating how employee-led initiatives can drive cultural change more effectively than top-down programmes.

The Reward

Organisations that systematically implement connection practices achieve measurable outcomes, including: higher engagement scores, reduced attrition, increased discretionary effort and stronger employer brands. More importantly, they build workforces that are emotionally invested in collective success, not because they've been told to care, but because they've been given genuine reasons to belong.

Strategic Recommendations: The C-suite action plan

Our research and interviews across leading UK organisations confirm five strategic priorities that many CPOs will recognise as ongoing focus areas, and which the evidence shows are worth sustaining, sharpening, and scaling.

1. Establish strategic workforce planning capability: Move beyond reactive recruitment to proactive talent strategy. Implement five-year workforce planning that aligns talent needs with business strategy. This includes demographic analysis, skills mapping, and partnership development with educational institutions. Quick wins include simplifying hiring processes and creating talent communities for future needs.

2. Integrate wellbeing into performance management: Transform wellbeing from peripheral programme to performance enabler. Focus particularly on middle management support and psychological safety creation. Implement predictive analytics to identify burnout risks before they affect performance. Quick wins include manager training on emotional intelligence and workload optimisation.

3. Accelerate adaptive leadership development: Build leadership capability for perpetual change rather than stable environments. Implement experiential learning programmes and cross-functional development opportunities. Focus on emotional intelligence alongside technical competence. Quick wins include mentoring programmes and leadership exposure to diverse challenges.

4. Deploy AI for talent intelligence: Leverage artificial intelligence to amplify human capability rather than replace it. Implement predictive analytics for talent decisions while maintaining human judgment for complex situations. Focus on efficiency gains that enable more strategic work. Quick wins include automated administrative processes and data-driven talent insights.

5. Redesign employee value propositions (EVPs): Enhance remuneration with purpose-driven employment deals that engage multi-generational workforce. Focus on building connections, facilitating a sense of belonging, flexibility, and impact alongside compensation. Involve employees in purpose definition and recognition system design. Quick wins include flexible working arrangements and employee-led belonging initiatives.

Success metrics and KPIs

Leading indicators:

- Employee engagement scores (target: top quartile for sector)
- Time-to-fill critical roles (target: 50% reduction within 12 months)
- Leadership pipeline strength (target: 2x internal successors for critical roles)
- AI adoption in HR processes (target: 70% administrative automation)
- Employee Net Promoter Score (target: 50+ within 18 months)

Lagging indicators:

- Revenue per employee (Target: 15% increase within 24 months)
- Voluntary turnover rates (Target: bottom quartile for sector)
- Innovation metrics (Target: 25% increase in improvement suggestions)
- Customer satisfaction scores (Target: 10% improvement through employee engagement)
- Return on people investment (Target: 300%+ within three years)

The Growth Opportunity for Early Movers

Organisations that delay implementing these strategic priorities face ratcheting pressures, and risk poor commercial performance. Talent shortages will constrain growth opportunities. Wellbeing challenges will escalate to crisis levels. Leadership gaps will limit strategic options. Technology lag will create competitive disadvantages. Employment propositions will fail to attract quality talent.

Early movers, by contrast, gain real advantages. Our research shows that people strategy now has the capability to drive business performance. CPOs who act decisively as enterprise strategists will shape the future; those who hesitate will be left behind.

With Holmes Noble's blend of industry expertise and talent advisory experience, we help people leaders navigate these challenges and convert them into lasting advantage. Our focus is on ongoing dialogue and continuous learning. In 2026, we will share further insights from our discussions with clients across sectors on the evolving role of the CPO. We look forward to partnering with people leaders who are confronting these issues as they shape their next decisions.

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