

Q1:2026 People & Culture

Market Brief



Insights for People & Culture Leaders

March 2026 and the People & Culture agenda is clear: this isn't a year for incremental change.

It's structural.

Organisations are rethinking not just programs, but **the architecture of work, talent deployment, leadership capability, and culture**. Beyond compliance; diversity inclusion, and equity remain central to organisational resilience and performance.

This brief highlights **five critical market themes** shaping how People & Culture leaders locally are creating impact; and the strategic risks they need to manage.

1. The Evolution of the CPO Remit

- Pace.
- Growth.
- Transformation.
- Risk & Compliance.

The CPO role has moved from functional oversight to **enterprise leadership**. Boards expect leaders who can translate people strategy into measurable business outcomes, drive transformation at pace while protecting culture, manage regulatory exposure and workforce risk, and enable growth through strategic workforce planning.

Risk Signal: Delaying structural decisions or lacking commercial fluency in the CPO seat exposes the organisation to margin pressure, regulatory scrutiny, and avoidable talent loss.

2. AI, Technology & Ethics

- Adoption.
- Productivity.
- Governance.
- Cybersecurity

AI is embedded, not experimental. People leaders are redesigning workforces for automation and AI augmentation, **leveraging tech to improve employee experience**, implementing ethical human-AI frameworks, measuring productivity without eroding trust, and building AI into core HR operating models.

Cybersecurity & P&C Ownership: As AI and HR tech accelerates, People & Culture leaders must embed privacy, security, and ethical data use into systems and decisions —not bolt them on afterwards.

Risk Signal: Poor AI literacy, weak data governance, or missing ethical guardrails drive disengagement, inequity, cyber/privacy exposure, and leadership distrust.

3. Skills-Based Organisations

- Talent-to-Value over roles.

High-performing companies are shifting from job titles to **deploying capabilities where they create commercial impact**. Leaders aim to align recruitment, mobility, and L&D to capability needs, adopting *talent-to-value* frameworks rather than filling roles. Drive to redesign performance metrics around contribution to enterprise outcomes, and enable workforce flexibility for evolving business priorities.

Early Career & Skills Mismatch: Narrowing pathways for junior career progression and limited internal mobility threaten future capability. Organisations must deliberately build pipelines to close gaps and enable mobility.

Risk Signal: Failing to align skills with business priorities – and to build future pipelines – creates capability gaps, higher workforce costs, and lost productivity.

4. Leadership in Change

- Resilience. Adaptability. Listening.

Change is structural, not episodic. Leaders are expected to navigate ambiguity without over-correcting, communicate transparently with all stakeholders, build team resilience while maintaining performance, and listen actively and adapt in real time.

Middle Management Pressure: Middle leaders sit at the frontline of policy, performance, and change. Without the right support, they become a bottleneck for transformation and a flashpoint for psychosocial and cultural risk.

Risk Signal: Static or unsupported leadership models erode trust, amplify change fatigue, and slow organisational adaptation, leaving strategy and transformation delivery at risk.

5. Structural Workforce Redesign

- Jobs of the Future.
- Offshoring.
- Automation.
- Leaner Models.

Organisations are actively rethinking how work gets done, including which roles should be in-house versus offshore, which tasks can be automated without losing capability, how to design leaner operating models that still sustain impact, and how to future-proof critical skills for growth and competitiveness.

Risk Signal: Ignoring structural workforce design exposes companies to talent scarcity, regulatory gaps, fragmented culture and reduced organisational resilience.

Worth Noting

Beyond the five core themes, additional forces are shaping the 2026 market that cannot be ignored:

Employment Deal Shifts: Employees demand flexibility, meaningful work, and input amid growing workloads and uncertain job security. With flat Australian wage growth, **fair pay, total reward, and career pathways** drive retention.

Regulatory & Reporting Pressures: WGEA, ESG disclosures, and pay equity rules intensify scrutiny of HR data quality and workforce practices.

Skills for the Future Gap

Current L&D and mobility lag AI/automation shifts. Leaders face the **CEO dilemma**: where to invest when ROI is uncertain, prioritising 2–5 year capabilities using data-driven scenario planning to close gaps and unlock growth.

Employee Wellbeing & Burnout

Change acceleration, heavier workloads, and hybrid expectations fuel burnout, threatening engagement and retention.

These trends signal both **risk and opportunity**: leaders who act deliberately can strengthen resilience, culture, and workforce performance.

Key Takeaways

The strongest People & Culture leaders in 2026 embody **Ability, Agility, Ambition**:

- Ability** to convert people strategy into measurable commercial outcomes and simplify complexity
- Agility** to navigate and drive structural change and volatility
- Ambition** to drive enterprise-wide impact

They seamlessly blend commercial insight, workforce strategy, and human judgment; with AI, structural redesign, and skills-based approaches as essential levers, not optional initiatives.

It's going to be a big year.

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Sources: Gartner HR & Future of Work 2026 | ManpowerGroup Global Workforce Trends 2026 | Mercer Global Talent Trends 2026 | Australian News & HR Publications | Chapman CG | HCA Magazine & The Human Capital Hub | McKinsey Linking Talent to Value | "Data compiled from 2026 industry reports, P&C leaders and surveys relevant to People & Culture leadership in Australia and global markets."