The New Talent Equation: **Building Better Talent Decisions**

Structural barriers constraining AI across talent operations

Talent Solutions
RPO
ManpowerGroup®

Talent Solutions
Right Management
ManpowerGroup®

AI is not transforming hiring evenly — it is exposing it.

Nowhere is this more visible than in Talent Acquisition, where organizations are seeing faster cycles, lower costs, and improved experience. But these gains are quickly becoming expected. Progress is widespread. Advantage is not—yet.

At the same time, disruption is moving faster outside the enterprise than within it. Candidates are using AI to generate resumes, applications, and responses, reshaping the signal employers rely on to assess talent. The result is a growing imbalance: more efficiency in process, less confidence in decisions.

This is the pattern seen in every wave of technology change. Tools scale quickly. Capability does not. Organizations that recognize the gap early tend to close it faster.

For HR leaders, the implication is clear. The question is no longer how to introduce AI into hiring, but whether current hiring models can hold up under it. Many cannot. They can, however, be redesigned.

What comes next is a shift; not just in tools, but in how hiring is structured: how work is defined, how skills are validated, and how decisions are made under increasing ambiguity.

AI is simply accelerating the test.

The outcome will not be uniform. Those that move from incremental change to intentional redesign will be best positioned to turn AI into real advantage.

Caroline Pfeiffer Marinho

Global Senior Vice President,
Talent Solutions RPO and
Right Management

Everest Group®

June 2026

The New Talent Equation: Building Better Talent Decisions

Structural Barriers Constraining AI Across Talent Operations

Talent Solutions RPO ManpowerGroup

Talent Solutions Right Management ManpowerGroup

Contents

Introduction

AI is rapidly reshaping how organizations approach Talent Acquisition (TA) and broader HR operations. AI adoption is accelerating across HR and TA, but most organizations are applying AI to workflows designed for a pre-AI environment. As a result, enterprises are improving execution speed without fundamentally changing how talent operations function.

This gap between AI's potential and its realized impact is becoming a defining challenge for HR and TA leaders. In an environment characterized by evolving skill requirements, rising application volumes, and increasing expectations for measurable business outcomes, incremental improvements are no longer sufficient.

As the first Viewpoint in the New Talent Equation series, **this report draws** on primary insights from HR and TA leaders to examine:

- Where AI is being applied across HR and talent acquisition processes today
- The types of value organizations are realizing and where gaps remain
- The key barriers preventing AI from scaling effectively across workflows
- How organizations need to redesign talent processes to fully leverage AI

This report provides actionable insights for organizations looking to align AI investments with business priorities, improve impact measurement, and unlock AI's full potential across the talent life cycle.

Research highlights

AI adoption is scaling faster than transformation

More than 90% of organizations use AI in talent acquisition, yet fewer than 5% report seeing transformational outcomes. AI is currently a checkbox intervention instead of a transformational experience.

AI is over-leveraged in high-volume, time-intensive workflows

Over 90% organizations' AI use is concentrated in sourcing, screening, and candidate outreach, while the highest-value talent decisions, such as hiring quality, workforce potential, employer branding, and long-term capability planning, continue to rely heavily on human judgment.

Organizations are optimizing for efficiency, not better decisions

AI is generating measurable operational improvements, particularly in efficiency, where 39% of organizations report significant impact. Transformational outcomes remain rare. Quick wins are taking priority over long-term transformation.

AI is creating a new talent signal problem

Nearly 54% of organizations say that AI is making candidate evaluation harder. Employers are struggling to distinguish authentic capability from polished presentation due to increasing AI use.

Fragmented systems and operating models are limiting AI scale

Organizations cite change management and adoption challenges (58%), governance concerns (55%), and data readiness limitations (55%) as the biggest barriers to scaling AI.

Long-term value depends on redesigning talent operations around AI

Nearly 72% of organizations report achieving expected AI outcomes within two years, with 26% realizing value in less than a year. This, tied with poor transformational impact, showcases a clear gap in goal setting and roadmap creation for AI pilots and use cases.

Research methodology

This research is based on a survey of 80 respondents, split across the US and UK, comprising C-suite and Chief Human Resources Officer (CHRO)-level leaders, Talent Acquisition Directors/Senior Directors, and equivalents. It examines how enterprises are adopting AI across HR processes, including key use cases, value realization, and operating models. The study also explores adoption drivers, barriers to scaling, and how organizations are building workforce readiness, leadership capability, and work approaches including human + AI. Respondent profiles span organization size, industry, role, and AI adoption stage, reflecting the diverse landscape shaping AI-driven transformation in HR and talent functions.

Respondent profile by **industry split** (n=80)	
Healthcare providers	25%
Life sciences and medical devices	25%
Manufacturing	25%
Technology/IT	25%

Respondent profile by **adoption** (n=80)	
Percentage of respondents have deployed AI across multiple HR processes	51%
Percentage of respondents AI deployment are in pilot or early stages	49%

Respondent profile by **region split** (n=80)	
US	70%
UK	30%

Respondent profile by **role** (n=80)	
Senior Director / Director, TA	51%
CXOs/CHROs/C-suite	33%
SVP/VP/AVP, TA	16%

Respondent profile by **enterprise size** (n=80)	
3,000-15,000 FTEs	50%
More than 15,000 FTEs	50%

The case for AI-led transformation

Most HR and talent acquisition processes were designed for a labor market with stable roles, predictable skill requirements, and manageable hiring volumes. Those assumptions no longer hold.

Today, employers operate in a labor market where skills are changing rapidly. Organizations are redesigning hiring for jobs that may not exist in their current form within five years.[1] This change, along with technological disruption, economic uncertainty, and demographic shifts, is reshaping workforce demand and supply.

Recruiters are expected to make faster decisions with less clarity and more noise than ever before. In parallel, HR functions are being asked to manage continuous workforce transformation, supporting reskilling, enabling internal mobility, and aligning talent supply with rapidly changing business needs.

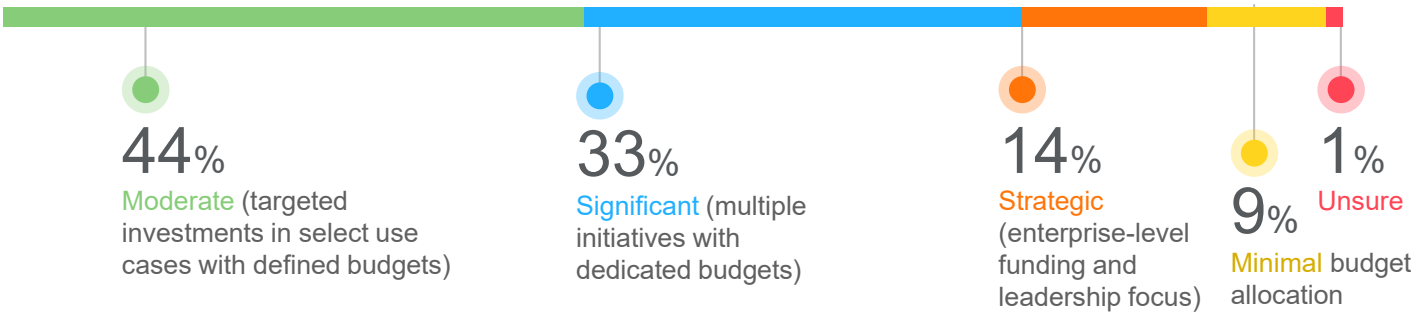
For many organizations, AI is no longer a technology initiative, but an operational necessity for managing the scale and complexity of modern talent operations. Everest Group survey findings indicate that AI deployment is now widespread, with organizations moving beyond experimentation toward more intentional and pointed investments. This shift is being reinforced by sustained investment momentum, as enterprises allocate dedicated budgets and expand AI initiatives across multiple HR use cases.

Exhibit 1 illustrates the investments organizations made in AI for HR over the last one to two years.

Exhibit 1: AI investments in HR over the past 1-2 years

Source: Everest Group (2026)

Percentage of respondents selecting the following options on AI investments in HR
n = 80



However, while intent and momentum are strong, how AI is adopted varies significantly across organizations and processes. AI is being deployed in different parts of the HR value chain, with varying maturity and impact levels.

Understanding where and how AI is currently being applied, and the value organizations are realizing from these deployments, is critical to assessing the true state of transformation.

1 LinkedIn report titled Work Change Report: AI Is Coming to Work

AI ambition and investment

Current AI adoption across HR and TA

Talent acquisition has become the primary entry point for AI in HR, with more than 90% of organizations reporting active deployment. However, adoption remains concentrated in high-volume administrative activities such as sourcing and screening, while decision-critical stages of hiring continue to rely heavily on traditional approaches. TA combines three characteristics that make it a natural environment for early and scaled AI deployment:

- **External facing:** continuous interaction with a dynamic and unpredictable talent market
- **High signal-processing intensity:** unstructured candidate data in large volumes requiring rapid evaluation
- **Direct linkage to business outcomes:** hiring speed and quality have immediate and measurable impacts on business performance

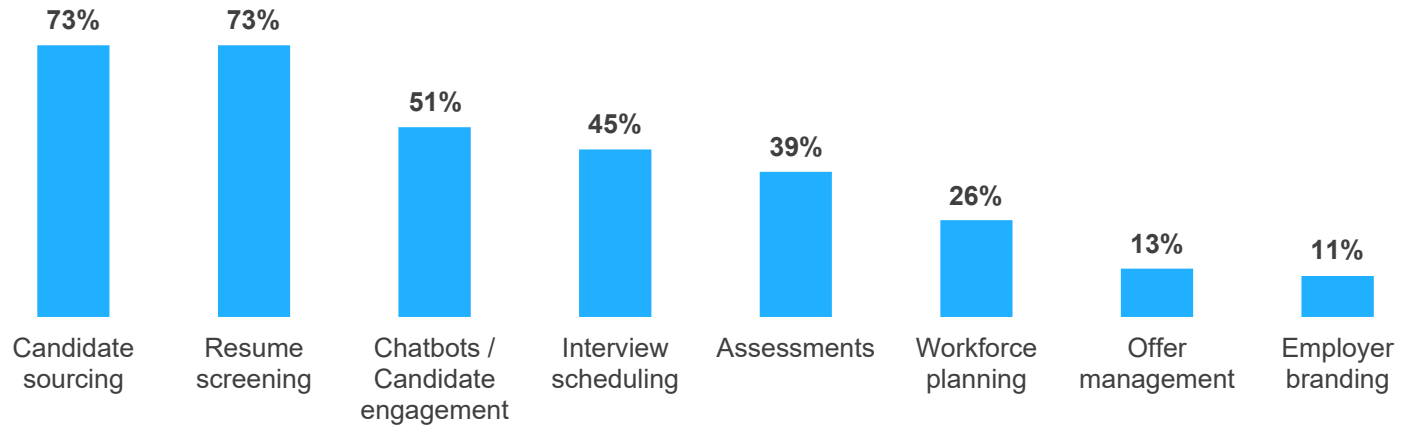
Within TA, AI deployment is concentrated in front-end hiring activities such as sourcing, screening, and candidate engagement. Exhibit 2 highlights the key areas within TA where AI is currently being deployed.

Exhibit 2: AI adoption across TA workflows

Source: Everest Group (2026)

Percentage of respondents selecting the following options on AI investments in TA

n = 80



Note: Percentages may not sum to 100% as respondents were allowed to select multiple options

Early-stage TA environments are characterized by high data volume, low signal clarity, and significant variability in candidate representation. This challenge has intensified in recent years with increased digital channel use, which has expanded candidate reach

Almost 60% organizations are deploying point AI tools for specific use cases, while 74% organizations report leveraging AI-enabled features within existing platforms.

and application volume. More than half of the organizations report that AI-assisted applications have made it harder to accurately assess candidate skills. As candidates increasingly use AI to optimize resumes, assessments, and applications, employers are facing a growing challenge in distinguishing presentation from actual capability.

In this context, AI is being deployed to filter and rank large candidate pools and standardize heterogeneous inputs. This enables organizations to stabilize the hiring funnel early, before downstream decisions begin. However, the AI deployment structure across these use cases is not uniform.

Most organizations are layering AI onto legacy hiring systems rather than redesigning hiring around AI. Point solutions, embedded platform features, and disconnected workflows are creating fragmented adoption patterns that limit enterprise-wide impact.

AI deployment across talent operations remains fragmented. Organizations are improving isolated workflow stages, but disconnected systems, fragmented data flows, and inconsistent decision processes are preventing AI from generating cumulative value across the hiring lifecycle.

This fragmented deployment model directly shapes how organizations define and measure value from AI, creating a disconnect between expected outcomes and realized impact.

Value realization: expectation vs. reality

Success is defined broadly, yet anchored in efficiency

Organizations expect AI to improve efficiency, decision quality, workforce agility, and strategic capacity. In practice, most deployments deliver operational efficiency gains, while improvements in decision quality and strategic outcomes remain limited.

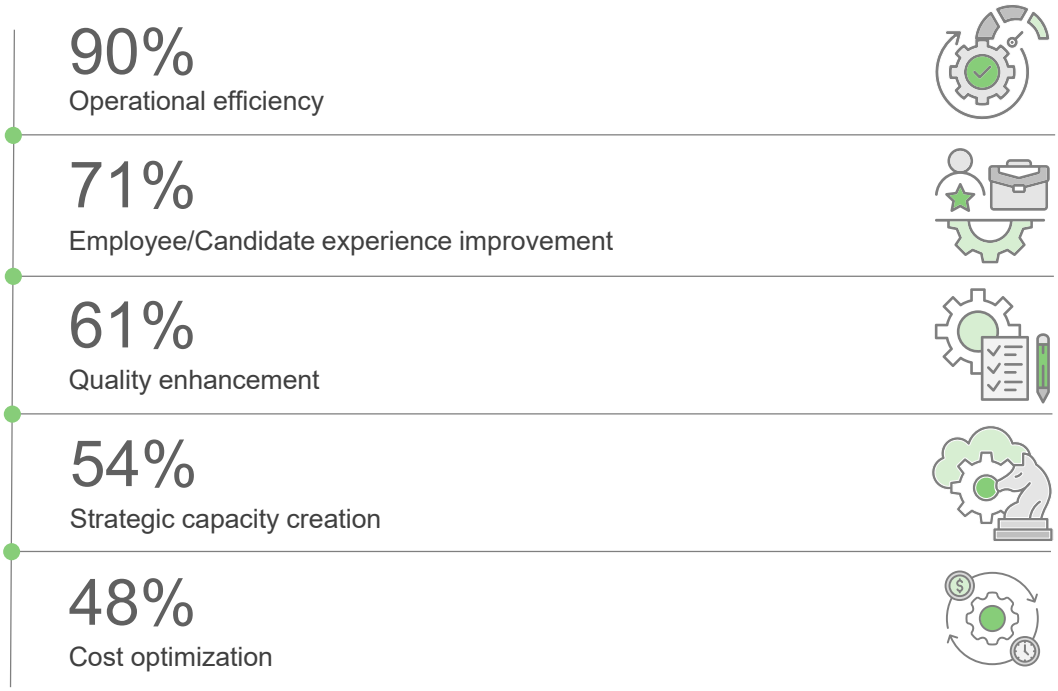
Exhibit 3 outlines the outcomes defining success for AI adoption in HR and TA.

Exhibit 3: Key outcomes defining success for AI adoption in HR and TA

Source: Everest Group (2026)

Percentage of respondents selecting the following options

n = 80



Note: Percentages may not sum to 100% as respondents were allowed to select multiple options

This pattern exposes weak leadership coordination around AI adoption. A use case-driven approach prioritizes initiatives that deliver quick, measurable gains within existing workflows. Organizations are prioritizing use cases that deliver immediate, measurable gains within existing workflows, as these are easier to justify and scale. As a result, AI is improving execution, but largely within the boundaries of current process design.

This creates a disconnect between ambition and impact and highlights limited enterprise leadership reimagination. While organizations expect AI to enhance decision quality and enable strategic capacity, the current deployment model is not optimized to support long-term re-engineering of the operating model.

A similar pattern is visible in the time horizon for value realization. A majority of organizations report achieving expected outcomes within two years, including 46% within one to two years and 26% in less than a year, with only a marginal share indicating longer timelines.

Organizations are prioritizing AI initiatives that deliver fast and measurable returns. This approach accelerates short-term value realization but reduces investment in initiatives that require deeper workflow redesign and longer implementation timelines. While this accelerates initial value realization, it constrains the impact scope, as initiatives requiring deeper integration and longer timeframes are systematically deprioritized. This dynamic directly shapes the impact observed across organizations.

Impact is visible, but remains moderate across metrics

The impact achieved by organizations reflects a consistent pattern across outcome dimensions. Moderate impact emerges as the dominant outcome, with 55% of organizations reporting moderate improvements in quality, 32% in employee and candidate experience, and 40% in strategic capacity creation.

A smaller share reports significant gains, most notably in operational efficiency, where 39% indicate significant impact, but transformational outcomes remain limited, with fewer than 5% of organizations reporting such impact across most metrics.

AI is generating measurable operational improvements across HR and talent acquisition, but transformational outcomes remain limited. Most organizations are improving efficiency within existing workflows rather than reshaping how talent decisions are made.

The transformation gap: what is limiting AI at scale

Despite growing investment and experimentation, organizations continue to face a consistent set of barriers to scaling AI in HR and TA. These barriers reflect broader system gaps across workflows, data, governance, and operating models.

As shown in Exhibit 4, these challenges concentrate around a few key areas.

Exhibit 4: Primary barriers limiting AI adoption in HR and TA

Source: Everest Group (2026)

Percentage of respondents selecting the following options

n = 80

Note: Percentages may not sum to 100% as respondents were allowed to select multiple options

Adoption challenges reflect unclear integration into decision workflows

Change management and adoption challenges (58%) include the difficulty of embedding AI into day-to-day hiring processes. Most organizations changed the tools without changing the hiring model. This leads to inconsistent usage, limited trust, and under-realization of value despite the presence of AI capabilities.

Governance concerns are restricting where AI can be applied

Legal, risk, and governance concerns (55%) are reshaping AI adoption pace and scope. Without clear frameworks for managing bias, compliance, and data privacy, organizations tend to limit AI use to lower-risk activities. This constrains adoption in decision-critical areas, where AI could otherwise drive a more significant impact.

Data readiness issues stem from fragmented and low-quality talent data

Over half of organizations (55%) cite data and technology readiness as a constraint. This reflects fragmented systems and inconsistent data across hiring stages, limiting the ability to generate reliable, end-to-end insights. AI cannot scale above fragmented hiring data. Most deployments continue to operate within isolated use cases rather than supporting integrated talent decision-making.

Capability and operating model gaps are limiting scale

Workforce capability gaps (46%) and operating model limitations (40%) highlight challenges beyond technology. Many organizations lack the skills to effectively leverage AI, along with clear ownership and coordination across HR, IT, and external partners. This results in fragmented implementation and difficulty scaling beyond isolated initiatives.

The challenge lies in integrating AI into workflows, data systems, and operating models. Without this integration, AI remains limited to isolated use cases and does not scale across the talent lifecycle. These constraints explain why, despite widespread experimentation and targeted deployments, most organizations remain in early AI adoption stages.

The transformation roadmap: rearchitecting talent processes

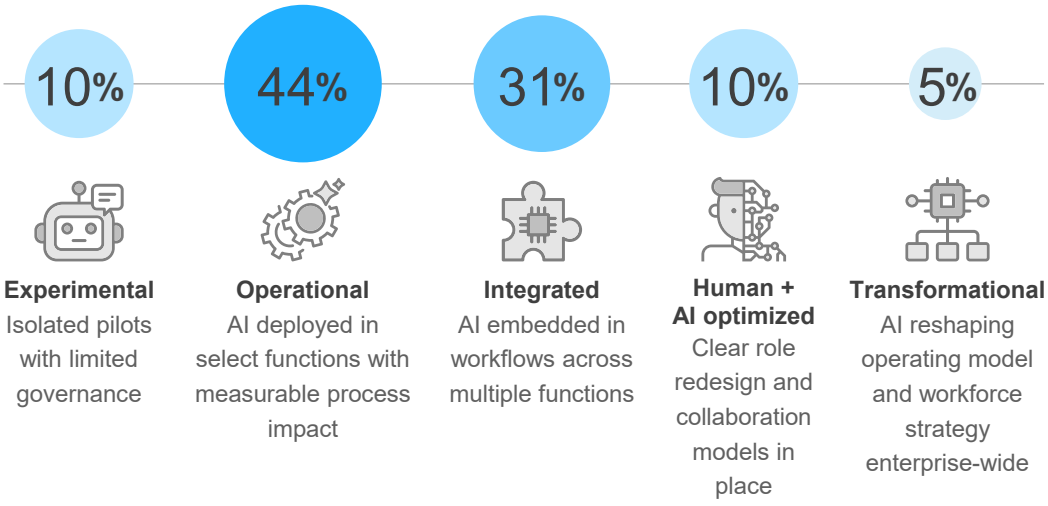
Most organizations remain in the early AI maturity stages, where deployments are focused on automating tasks and improving workflow efficiency. Only a small group has progressed toward embedding AI into broader operating models and talent decision-making. A smaller cohort has progressed to embedding AI across workflows, while only a limited share has reached stages where AI is fully integrated into operating models and decision-making, as shown in Exhibit 5.

Exhibit 5: Current AI workforce transformation maturity levels across organizations

Source: Everest Group (2026)

Percentage of respondents selecting the following options

n = 80



Most organizations are optimizing within existing workflows without fundamentally redesigning how those processes connect across the talent lifecycle. Long-term transformation requires organizations to redesign talent operations around AI capabilities rather than inserting AI into legacy workflows.

This transition can be understood through a progression across distinct operating states, as illustrated in Exhibit 6.

Exhibit 6: The roadmap to AI-enabled talent operations

Source: Everest Group (2026)

	01 Rationalization	02 Adoption	03 Enablement	04 Transformation
Primary objective	Reduce time spent on repetitive, manual recruiting tasks	Improve consistency and throughput across hiring workflows	Improve decision quality by connecting stages of the hiring process	Redesign how talent decisions are made across the organization
How work gets done	Tools are introduced to automate individual steps such as resume screening or interview scheduling, but the overall hiring workflow remains unchanged	AI is embedded into parts of the workflow, influencing how candidates are shortlisted, prioritized, and engaged, with some steps triggered or guided by AI	Data and workflows are connected across sourcing, screening, and selection, allowing information from one stage to inform decisions in the next	Hiring workflows are restructured around AI capabilities, with dynamic, skills-based approaches replacing static role-based processes
Decision model	**Human-led** recruiters review AI outputs but continue to make all decisions independently	**AI-assisted** recruiters rely on AI-generated recommendations to guide decisions, but retain final authority	**AI-informed** decisions are informed by integrated data and AI insights across the hiring lifecycle, rather than isolated stage-level inputs	**AI-embedded** decision frameworks, with humans focusing on oversight, exceptions, and strategic judgment
Value realized	Faster task execution and reduced manual workload	More consistent candidate evaluation and improved responsiveness across hiring stages	Better candidate matching and more informed, data-driven hiring decisions	Ability to align hiring with workforce strategy, enabling more agile and responsive talent operations

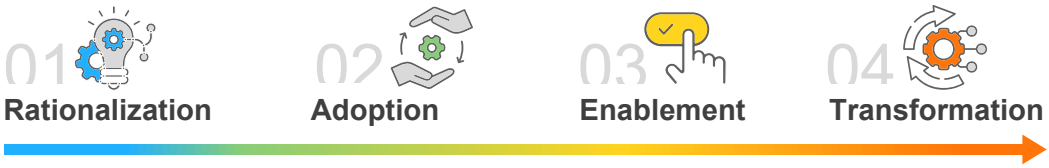
This shift changes how talent operations function, with AI playing a direct role in decision-making rather than supporting execution alone. Most organizations today are concentrated in the first two stages, where AI is used to automate tasks and augment workflows. These approaches deliver measurable gains, but within the boundaries of existing process structures.

The transition to transformation is not driven by adding more use cases. It depends on building the underlying enablement layer, including data integration, governance frameworks, skills, and operating model changes, that allow AI to scale across the talent life cycle.

Progression across these stages is also defined by how success is measured. As organizations mature, the metrics used to evaluate AI must evolve from efficiency and throughput to decision quality and, ultimately, business outcomes, as illustrated in Exhibit 7.

Exhibit 7: Key Performance Indicator (KPI) framework for AI-enabled talent operations

Source: Everest Group (2026)



Organizations measuring AI only through efficiency metrics are likely to automate faster, not hire smarter. Those that expand measurement to include decision quality and business outcomes will be better positioned to drive broader transformation. As organizations expand their definition of value, they are also forced to rethink the underlying systems that support AI adoption.

Building the system for success

AI success in talent operations is less about the sophistication of tools and more about how organizations design the systems around them. Scaling AI requires deliberate choices across data, decision-making, governance, and operating models, moving beyond isolated deployments toward integrated, enterprise-wide impact. Exhibit 8 illustrates the core design principles that enable organizations to transition from fragmented AI adoption to scalable, system-level transformation.

Exhibit 8: Design principles for scaling AI in talent operations

Source: Everest Group (2026)

Prioritize integration over isolated deployment

AI delivers disproportionate value when workflows are connected end-to-end. Rather than optimizing individual stages, **focus on enabling continuity** where data and decisions carry forward across sourcing, screening, evaluation, and selection. Most organizations remain concentrated in use case-led adoption; moving to integrated workflows is what enables AI to influence outcomes, not just improve individual tasks.

Invest in foundations, not just technology

Scaling AI is constrained less by tools and more by data quality, integration, and governance. In talent operations, fragmented or low-quality data does not just limit impact; it can render AI ineffective. Leading approaches **prioritize data standardization, skills-based architectures, and governance early**, recognizing that these foundational investments determine whether AI can operate reliably at scale.

Extend AI into decision-making, not just execution

AI's primary value lies not in automating tasks, but in improving how decisions are made. This requires embedding AI into candidate evaluation and prioritization by **integrating signals across the hiring lifecycle**. As AI matures, its role shifts from productivity enhancement to decision support, improving consistency, signal quality, and alignment with business outcomes.

Establish joint ownership across HR and technology functions

As AI evolves from point solutions to integrated platforms, execution increasingly depends **on alignment between CHROs and Chief Information Officers (CIOs)**. This shift reflects the growing importance of enterprise architecture, data integration, and platform strategy in HR transformation. Organizations are also moving toward cross-functional funding models, embedding AI investments within broader digital or data transformation programs rather than siloed HR budgets.

Redesign the operating model with a long-term value horizon

AI transformation is not a one-time deployment but a multi-year, continuously evolving effort. Beyond efficiency gains, the **real value lies in the capacity AI creates**, enabling HR to shift toward strategic priorities such as workforce planning and talent development. This requires redesigning roles, workflows, and decision models to support sustained, enterprise-wide impact rather than incremental improvements.

Conclusion

AI in HR and TA has moved from experimentation to widespread deployment. Organizations are already realizing measurable gains, but these gains remain largely incremental. The constraint is not access to AI or ambition; it is how AI is being operationalized. Most deployments remain anchored in existing workflows, limiting the ability to generate cumulative, enterprise-level value.

For enterprises, the implication is clear: scaling AI requires a shift from deploying use cases to redesigning how talent operations function. This means investing in data foundations, governance, and cross-functional ownership, and embedding AI into decision-making rather than just execution.

Organizations that redesign talent operations around AI will be better positioned to improve hiring quality, workforce agility, and alignment between talent strategy and business priorities.

However, process transformation alone is not sufficient. As AI becomes embedded into workflows and decision-making, the roles recruiters, hiring managers, and HR teams play begin to evolve. The second report in the New Talent Equation series explores workforce and talent implications associated with this shift, including:

- How talent is evaluated and hired
- How work and roles are redesigned
- How employees are reskilled and redeployed
- How human-AI collaboration is enabled at scale

Everest Group®
With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing deliver precise and action-oriented guidance. Find further details and in-depth content at www.everestgrp.com.

This study was funded, in part, by ManpowerGroup Talent Solutions

For more information about Everest Group, please contact:

+1-214-451-3000

info@everestgrp.com

For more information about this topic please contact the author(s):

Sailesh Hota, Vice President
sailesh.hota@everestgrp.com

Ambika Kini, Practice Director
ambika.kini@everestgrp.com

Subham Har, Senior Analyst
subham.har@everestgrp.com

Notice and Disclaimers

Build It: Benchmark Your Talent Operations

Organizations often focus on AI use cases and technology investments first. The research suggests that long-term transformation depends on a broader set of organizational capabilities.

Have you covered the capabilities required to build scalable AI in talent operations?

Use the checklist below to help reflect on current state within your organization. Respond based on how things work most of the time, not the ideal state.

Checked box = Yes | Unchecked box = No

Integration: Are your hiring workflows connected end-to-end?

- ❑ Data flows seamlessly across sourcing, screening, evaluation, and selection
- ❑ AI insights are shared across multiple stages of the hiring lifecycle
- ❑ Hiring teams use consistent AI-enabled processes across the organization

Foundations: Have you built the foundations required to scale AI?

- ❑ Talent data is sufficiently standardized and accessible
- ❑ Governance frameworks exist for AI oversight and risk management
- ❑ Data quality and system integration are not limiting AI adoption

Decision-Making: Is AI improving how decisions are made?

- ❑ AI informs candidate evaluation and prioritization decisions
- ❑ Decision quality is measured alongside efficiency and productivity
- ❑ AI insights are embedded into hiring decisions rather than isolated tasks

Enterprise Alignment: Is AI transformation owned across the enterprise?

- ❑ HR, TA, IT, and business stakeholders are aligned around common objectives
- ❑ Ownership and accountability for AI initiatives are clearly defined
- ❑ AI investments are integrated into broader workforce and business strategies

Long-Term Transformation: Are you redesigning talent operations for the future?

- ❑ Hiring workflows have evolved beyond task automation
- ❑ Roles and responsibilities are adapting alongside AI adoption
- ❑ AI investments are evaluated through workforce and business outcomes, not just short-term efficiency gains

Reflection

Organizations that can confidently answer “yes” across all five areas are more likely to move beyond isolated AI deployments toward sustainable transformation.

Areas with multiple “no” responses often represent the capabilities that require the greatest attention in the next phase of the AI journey.

Score *(No. of “yes” responses on the checklist*	**Likely stage**
0-4	Experimenting with AI - AI adoption is occurring in isolated pockets, but foundational capabilities required for scale remain limited.
5-8	Building Momentum - Early capabilities are in place, but gaps in integration, governance, and operating models may constrain value realization.
9-12	Scaling for Impact - Core enablers are established and AI is beginning to influence how talent decisions are made across the organization.
13-15	Transformation Ready - Your organization has many of the capabilities needed to move beyond automation and toward AI-enabled talent transformation.

See what comes next.

If your scores reveal gaps, you’re not alone. Most organizations are strong in pockets but struggle to scale across the full system or workforce.

Take the next step:

- Benchmark your results against peers
- Identify your highest-impact gap
- Define a focused plan to move from insight to action
- Ready to move from pilots to performance?

If your Build score is uneven, the next step is not more tools — it’s redesigning how talent decisions work end-to-end.

We can help you:

- Connect fragmented hiring workflows
- Scale adoption across teams and regions
- Prove impact with outcome-based metrics

→ Explore how to scale your talent operations and request a deeper diagnostic conversation

About Talent Solutions

Talent Solutions combines our leading global offerings RPO, TAPFIN-MSP, and Right Management to help organizations address their complex workforce needs. Talent Solutions leverages our deep industry expertise and understanding of what talent wants to provide end-to-end, data-driven capabilities across the talent lifecycle. From talent attraction and acquisition to upskilling, development, and retention, we provide seamless delivery, leveraging best-in-breed technology, and extensive workforce insights across multiple countries at scale. Talent Solutions is part of the ManpowerGroup® (NYSE: MAN) family of brands, which also includes Manpower and Experis. For more information, visit www.mpgtalentsolutions.com, or follow us on LinkedIn.

Talent Solutions Offerings:

RPO

RPO is the global leader in recruitment process outsourcing services for large-scale recruiting and workforce-intensive initiatives.

TAPFIN

TAPFIN is the industry-leading Managed Service Provider that works with organizations to enable an integrated approach to analyze and manage external talent on a global basis.

Right Management

Right Management is our global talent management offering for outplacement, career management and leader development solutions.

Talent Solutions | Your Global Workforce Leader

Talent Solutions
RPO
ManpowerGroup®

Talent Solutions
Right Management
ManpowerGroup®