

HR & Payroll Pulse 2026

A Reality Check for Europe

Workforce
planning
has become
urgent



Introduction

Workforces across Europe face a host of colliding pressures in 2026.

Many companies find it harder and harder to find the right people amidst talent shortages, while also having to reduce headcount. Employees seeing their teams shrink are dealing with rising expectations. Automation and AI are reshaping how work is done, putting more pressure on people to work faster and shed cost.

These and many other factors are making workforce planning an urgent priority. Companies need enough people to remain productive and efficient against the toughest headwinds, which are likely blowing in fast. At the same time, measures have to be optimised for day-to-day planning, service continuity and cost effectiveness.

The issue is that organisations are responding to immediate operational pressures first, and not funnelling enough time and investment into longer-term strategic decisions.

AI and automation tools, for instance, provide opportunities to relieve workforce planning pressures. However, getting the most value out of these technologies will require companies to redesign work and workflows and reassess which people skills are needed. AI will also fill capacity from staffing shortages, but workforce planning will be even more essential in these cases.

Using data from the 2026 HR & Payroll Pulse research, this report examines workforce planning trends and challenges in more detail. It provides insight into how organisations see workforce planning now and what HR leaders should do to bolster their workforces and plan for the future.

About the research

The HR & Payroll Pulse Report is the largest annual research project on HR in Europe. As the flagship resource from SD Worx Research Institute, it provides evidence-based insights to help HR and payroll specialists enhance their day-to-day operations and long-term strategies. It also helps leaders and teams understand the field now and anticipate critical trends.

The 2026 report focuses on five key themes: HR challenges, payroll, time & planning, reward, and AI, plus how each trend affects organisations and their people.

Based on the research, SD Worx Research Institute is also releasing four specialised reports to give more detail into several of these topics. This report provides a unique and detailed perspective on the urgent workforce planning challenges and how HR and payroll leaders should address them.

2026 research scope

Scope: Belgium, Croatia, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Romania, Serbia, Slovenia, Spain, Sweden, and the United Kingdom.

Target groups: Decision-makers in HR management and employees, covering 5,936 HR leaders and 16,500 employees.

Data collection: Anonymous online survey conducted among the international panel of Bilendi Group and analysed by our SD Worx Research Institute experts.

Key takeaways

01

Workforce planning has become urgent, though many organisations still treat it as a capacity problem. HR leaders say it's critical for adequate staffing (48%), workforce cost optimisation (40%) and service continuity (39%)

02

There is a significant shift from headcount to capabilities, but excitement and readiness around skills-based work hasn't translated into implementation fully. 27% of organisations focus mainly on skills but 43% still mix roles and skills in planning.

03

Companies are focusing more on scenario planning, but one in three organisations still don't align plans with business strategy.

04

Internal mobility remains a major blocker. Even though it makes workforces more resilient and brings strategic value, only one in three employees find it easy to move internally.

05

Strategic workforce planning is becoming a core skill for leaders in HR and outside of the discipline. Nearly half (47%) of HR leaders rank it as a top capability need.



“

“The question becomes: how do we make sure we have a continuous supply of talent, that the talent supply chain keeps running, and above all that we can be forward-looking, so that it does not all become ad hoc decision-making?”

Jan Laurijssen
Researcher and Consultant, SD Worx

Defining workforce planning

One key distinction to cover before digging into the data is the difference between strategic workforce planning and operational planning. Companies can often get these two mixed up, which can undermine the best intentions.

Operational planning covers scheduling and current capacity, while strategic workforce planning focuses on future capacity and capabilities.

Organisations need to bolster both, but ensure they understand the distinction so proper investment and time can funnel towards both interconnected initiatives.

The top 10 most urgent HR challenges



Workforce planning continues to be an urgent challenge for HR

Companies across Europe are finding it more and more important to bolster their workforce planning in 2026. Last year, workforce planning ranked as the 11th most urgent issue for HR leaders and departments. It now ranks in the top ten, with 18.7% of organisations placing it in their top five challenges, putting it at 7th overall.

Though other pressures like employee well-being and experience rank higher, workforce planning is unique among many of the top challenges for its growth. Many of the top challenges actually lost a bit of focus.

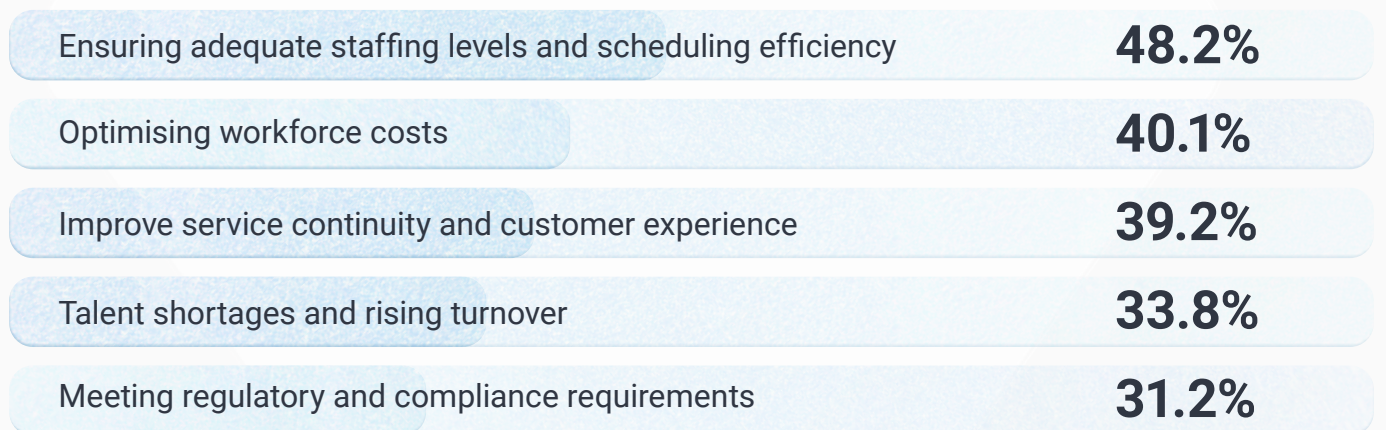
How important is workforce planning in 2026?



It's clear that a majority of organisations across Europe are putting workforce planning towards the top of their agendas, but the reasons why vary.

The top two reasons address the urgent pressures of maintaining adequate employee numbers and keeping costs down or within reason. Nearly half (48.2%) of organisations say ensuring adequate staffing levels and scheduling efficiency is a factor in prioritising workforce planning. Around 1 in 3 (33.8%) cite talent shortages and rising turnover.

The top five reasons why workforce planning is urgent in 2026



Companies also point to striking the right balance between permanent and flexible workers, adapting to hybrid work models and preparing for AI technologies as crucial reasons for moving towards more robust workforce planning.

A substantial share of organisations also highlight the fact that strategic workforce planning will be important for career advancement in HR now and in the future. Nearly half (47.4%) say that strategic workforce planning is essential for HR professionals.

The most important capabilities for HR leaders in 2026

Strategic workforce planning	47.4%
Coaching and communication skills	47.3%
Change and transformation leadership	39.3%
Technology and digital fluency	36.9%
Business and financial acumen	34.6%
Navigating regulatory and compliance complexity	32.5%
Data and analytics literacy	31.8%
None of the above	4.0%

Headcount is going out of fashion in 2026

One of the more significant trends in workforce planning is a marked focus on moving away from job roles and reframing work around skills and capabilities. There are still firms across the continent that centre planning around headcount and more rigid positions, but the mentality is shifting to sourcing talent and solutions based on the work that needs to be done.

More than half of organisations are shifting to capabilities and skills

- **55.3%** of organisations say they're shifting workforce planning from job roles to skills and capabilities.
- **61.3%** say they know the skills they will need in the next two to three years.

What this suggests is that companies are exploring more novel ways to unlock productivity. They are focusing on business outcomes and then figuring out which tasks and strategic plays will get them closer to those milestones. Reorganising work around skills also spotlights what's actually critical now and what to expect in the next couple of years.

Defining outcomes translates into the skills a company will need to find, as opposed to traditional job roles. The question arises,

however, whether or not the data reflects companies actively taking action or still at the planning stage of this workforce shift.

Based on SD Worx Research Institute analysis, it seems that companies are excited at the prospect of the skills-based firm. Leaders are quick to express their intention to make this transformation, demonstrating that they see the value and are actively discussing ways to leverage skills more effectively. But the data may overestimate tangible progression.

Workforce planning today: Intention versus execution

While many organisations demonstrate a strong willingness to move towards skills rather than roles, with many reporting that the transition is already underway, the current reality adds necessary nuance.

Presently, organisations show a varied approach to operational and strategic planning. Most companies bring some structure into workforce planning now but there's a minority that opts for ad-hoc planning. Just over 5% report not having any set strategy for workforce planning this year.

What share of organisations in Europe have a structured planning approach?

20.7%

Yes - mainly operational planning (short-term staffing, scheduling).

29.0%

Yes - mainly strategic planning (future workforce needs, skills and capability planning).

32.9%

Yes - both operational and strategic planning.

12.1%

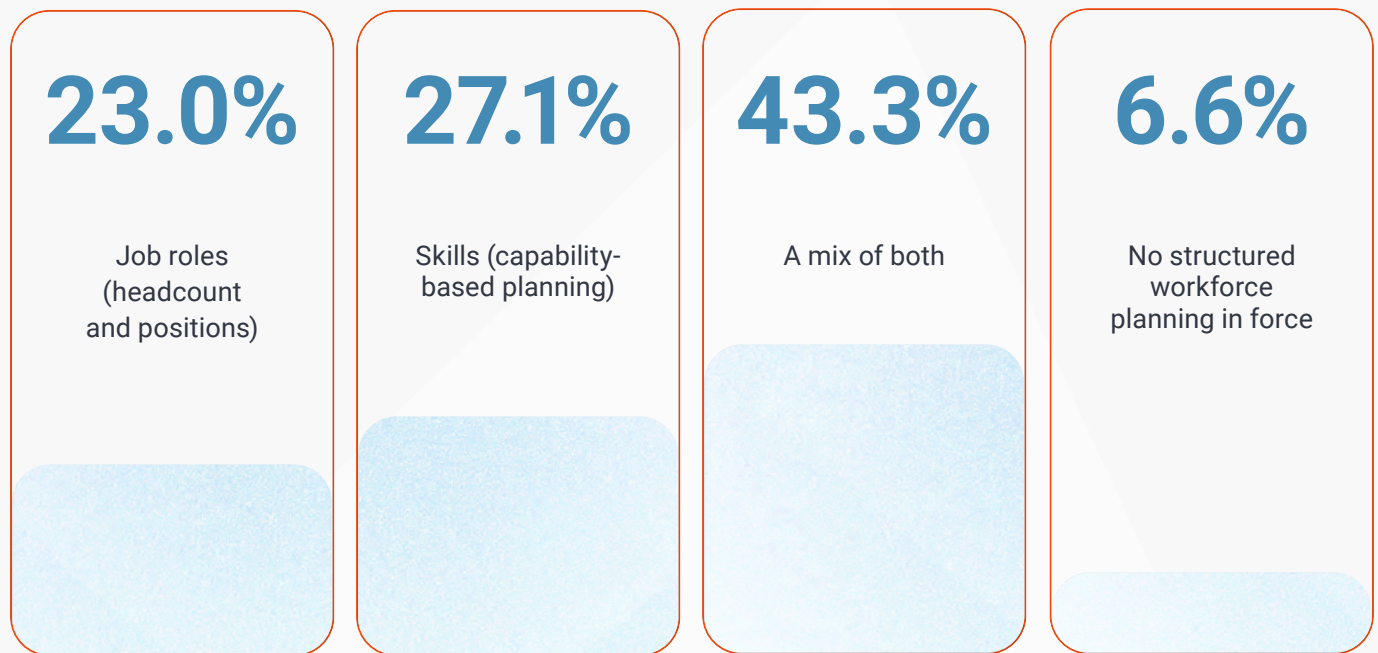
No - planning is informal or ad hoc.

5.3%

No - we do not have any workforce planning.

Organisations are also predominantly structuring their workforce planning, strategically and operationally, around a mix of jobs and skills. There is a significant balance between the share of companies that primarily plan around job roles and capability-based considerations, while 6.6% of companies say they have no structured workforce planning in place.

Breakdown of what organisations base workforce planning on today



An important wrinkle here is whether organisations feel they have the workforce required, and how employees are experiencing this shift. Just over half (52.1%) of companies say they are facing a shortage of workers to get all the requisite jobs done.

On top of that, there is the big question of how aligned this planning is with broader business strategies.

- **64%** of organisations align workforce planning with business strategy and future growth priorities.
- **54%** use scenario planning to anticipate future workforce needs and challenges.
- **52%** include the contingent workforce, such as freelancers, contractors, and temporary staff, in workforce planning rather than treating it separately.

All of this suggests that HR leaders and decision makers outside of the people pillar see the importance of workforce planning and momentum is building. Strategic workforce planning, in other words, is a live business topic, even if implementation maturity is mixed.

Practical steps:

To turn workforce planning intention into action, a crucial step is to tie planning to business outcomes. Define scenarios in hiring, reskilling, redeployment and automation, to name a few, and turn them into playbooks that address capacity, cost, and continuity.

Internal mobility is still a challenge for many companies

Redeploying the skills you already possess internally is often faster and definitely more cost-efficient than hiring new people. Talent shortages are real and recruitment has its own host of challenges. Building a system that allows for more adaptability and flexibility in your workforce is a potential short- and long-term strategy for attaching people to tasks at the rate at which they arise.

However, making it viable and sustainable for a workforce to adapt and move internally is far easier said than achieved at scale for a variety of reasons. Moving people around too much halts efficiency and productivity. Managers sometimes even hoard talent while leaders see this flexibility as a continuity risk.



“Internal mobility only works when HR leaders or those owning these internal initiatives design them with discipline. Organisations need enough movement to unlock talent and create career opportunities, but also enough guardrails to protect continuity. It is about knowing how much rotation the business can absorb, and managing it deliberately.”

Jan Laurijssen
Researcher and Consultant, SD Worx

Even though it's operationally and strategically challenging to build an environment that allows for functional and scalable mobility, the benefits outweigh the risks, especially as many employees feel they have more to give their employers.

Employees are also likely to respond positively to more opportunities to advance, especially if it means not having to hop from one company to another to showcase their best abilities.

- **46%** of employees feel their talents and potential are being used fully in my current role.
- **41%** see opportunities to grow or move within their organisation.
- **34%** say their organisation makes it easy to explore internal jobs, roles or projects that match their skills and interests.

While it is a good sign that nearly half of employees feel they are working to their full potential, it also shows that there is a whole host of people looking to do more. Breaking down systemic and technical barriers within organisations makes it that much easier to access the benefits of a more liquid internal workforce.

Nearly half (46%) of employees see their team's planning as efficient and well-structured, while 42% say their organisation offers tools and systems for planning work. Organisations across Europe can get so much more productivity and value out of their current teams if they address these operational challenges, while also seeing them as intrinsically linked to business strategy and not completely disconnected.

Practical steps:

To achieve internal workforce flexibility that works for your organisation, there are several simple but vital considerations to take:

1. **Decide what level of rotation your company can tolerate.**
2. **Define the minimum time people must spend in roles to extract value.**
3. **Create coherent and consistent guidelines for all departments.**
4. **Set mobility targets for managers to make sure they are encouraged and part of the decision-making process.**

Strategic workforce planning requires smart collaboration and automation

Based on Pulse research, it is clear that companies aim to set a higher benchmark for workforce planning. There are mounting cost and continuity risks associated with the many pressures companies face in 2026. HR leaders and their teams won't be able to achieve this level of cohesion alone.

At present, 61% of managers in HR and other departments say they have the tools and data they need to plan workforce capacity effectively. This leaves a significant gap for improvement, and one that automation and AI tools, as well as robust governance, can help fill.

Practical steps:

Strategic workforce planning can feel abstract or overly ambitious. Breaking it down into ownership, tasks, and resources is the smartest and simplest way to start.

1. **Loop together HR, strategy, finance, operations and IT and establish ownership so all parties respect an equal partnership. HR should not be taking orders but setting the pace.**
2. **Define the new capabilities HR needs like business acumen, change management and performance analytics.**
3. **Connect time, skills and task data to better understand what your employees do, when they work, and what they actually are capable of achieving. Analyse these insights as a more holistic architecture rather than several silos across HR.**

With workforce planning presenting a myriad of challenges to go from vision to execution, many organisations are turning to AI and automation to make this strategic transition less of a hike and more of a sprint.



“If you need to plan for 250 people, or make a plan for the coming years for 10,000 people, then you really do need help from automation.”

Jan Laurijssen
Researcher and Consultant, SD Worx

AI can improve forecasting, optimise scheduling and augment skills, among other advantages, so it is no surprise that the technology is quickly integrating into Europe’s ways of working.

AI in workforce planning as a top HR priority

Top 5 areas with highest priority for AI use

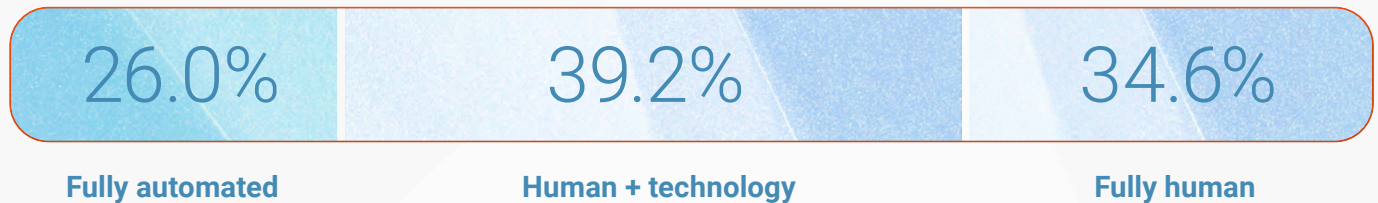
Time & attendance / Time tracking	31.3%
Reporting and analytics	28.2%
Payroll management	27.2%
Workforce planning and scheduling	26.9%
Learning and development	25.3%

Organisations do not necessarily perceive AI and automation as a wholesale replacement for people. In many cases, organisations are turning to AI to potentially make their employees’ experiences better. Around 1 in 5 (19.9%) are prioritising AI to address employee well-being and mental health support, and 15.1% see AI as a way to support diversity and inclusion initiatives.

Most organisations today say the ideal way to address workforce planning is with a balance of human and technology involvement. Only around 1 in 4 (26%) perceive complete automation as an ideal scenario for planning. Human workers are essential to workforce planning, and many companies haven’t lost sight of that.

Striking the ideal balance between automation and human involvement

What should be the balance between automation and human involvement in workforce planning?



Finding the right balance between humans and generative AI copilots also requires understanding the tasks and skills required to actually make your organisation run smoothly. As more companies try on fluid workforce models, workforce management becomes more about identifying the skills you need, how they evolve and what tasks are linked to each skill.

The modern workforce architecture is not built on job titles, but mapped across tasks, skills, traits, work styles and the right allocation for all of these elements. You stop asking “who can do the job?” but rather “who is best suited in this context or situation?”

Also, you remove the rigid classification of job roles so you can automate certain tasks more easily while giving people tasks that fit their skills and aims. Balance should elevate people to better manage complexity, rather than reduce their value, still defining judgement as a human task.



“We talk a lot about skills, but it’s not just about skills. It’s also about soul. Never lose the soul of an organisation. Never lose the people. Even something as simple as understanding where people work and interact can strengthen belonging.

Let’s make sure we keep that soul in everything we do. It makes things a bit harder, but also more meaningful.”

Jan Van Autreve
CEO of Prottime, part of SD Worx

Best practices for HR leaders

1. **Always be strategic about work planning. Continuously think about how to deploy people for the outcomes you want now and in the future.**
2. **Get a granular view of the entire work context. Start with a more granular look into the work your teams are doing, the people themselves, and the workspace. Break this down by tasks, skills, preferences, capabilities, costs and the context in which all these individual elements operate.**
3. **Make continuous planning the norm, rather than an exception. This moves the focus from reactive planning to an always-on approach that lets your leaders and teams be more proactive.**
4. **Forecast for varying futures and scenarios and document these into actionable playbooks.**
5. **Share accountability between HR and other pillars of the organisation. A complete view includes business leaders, finance, operations, facilities, IT and other departments with actionable data to contribute to workforce measures.**
6. **Build workforce liquidity that matches your organisation's expectations and goals. Make skills more visible and reduce friction for talent to move between teams, roles and projects. Normalise internal mobility, rather than stigmatise it.**

Conclusion

Workforce planning is no longer a nice to have for companies across Europe. Many people feel they have more to give their employers, while technological progress urges a smarter, more adaptable way of placing employees across tasks and jobs.

The right plan, aligned across all major business functions and built towards shared goals, can make your organisation run smoothly and transparently. Your workforce is a living ecosystem and requires consistent maintenance and investment.

How to optimise workforce planning is just one of the challenges HR leaders are reckoning with this year. Our 2026 HR & Payroll Pulse explores this and other critical pressures surrounding people operations and strategy in Europe now and in the coming years.

You can download the full report for free for the most expansive look at where AI adoption and smarter use sit among other challenges and what organisations should do to future-proof the world of people work. For the latest evidence-based insights, head to the SD Worx Research Institute hub to better understand and address your unique HR and payroll challenges.

Check out the [SD Worx Research Institute website](#) for more insights about the European workplace.