HR Insights Report 2025
Global Leadership Forecast

Largest Leadership Study of Its Kind

The *HR Insights Report 2025* is a specialized analysis drawn from the *Global Leadership Forecast 2025*, the world's longest-running global study of leadership. Now in its eleventh edition, the forecast reflects more than 24 years of research into evolving leadership and talent practices. This report focuses on the voices of HR and analyzes responses from 2,185 human resource professionals, including 212 CHROs, and 10,796 leaders across 2,014 organizations worldwide. Spanning over 50 countries and 24 major industries, the research reveals critical insights into HR's evolving role, greatest challenges, and strategies that will define its future impact. A full breakdown of respondent demographics follows below.
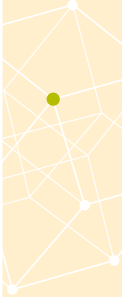
Demographics

10,796 Leaders
2,185 HR Professionals
2,014 Organizations

Generation
- 6% Baby Boomer
- 48% Gen X
- 45% Millennials
- 1% Gen Z

Leader Level
- First-Level Leader 54%
- Mid-Level Leader 38%
- Senior-Level Leader 5%
- C-Level Leader 3%

Country/Region
- 2% Africa/Middle East
- 3% Australia/NZ
- 24% China
- 8% Europe
- 17% Japan
- 7% Other
- 8% Southeast Asia
- 7% Taiwan
- 24% U.S./Canada

Industry
- Automotive & Transport 4%
- Construction & Real Estate 6%
- Energy & Utilities 9%
- Finance & Insurance 5%
- Healthcare 5%
- Manufacturing 22%
- Other 17%
- Pharmaceuticals 4%
- Professional Services 3%
- Retail 12%
- Technology 13%

Gender
- 33% Woman
- 67% Man
- 0% Non-binary

Race/Ethnicity
- Non-Minority 65%
- Minority 35%

INTRODUCTION

HR at the Breaking Point: Why Business as Usual Won't Work Anymore

HR is standing at the edge of a breaking point—and a breakthrough. After years of being buried in administrative overload, stalled by reactive firefighting, and sidelined by strategic decisions, HR leaders have learned to survive under pressure. But survival mode is no longer enough. HR faces a stark choice: remain reactive—and watch the cracks widen—or rise as a strategic force.

Today's environment is unforgiving to status quo thinking. Geopolitical and economic instability, AI acceleration, burnt-out employees, the hybrid work revolution, five-generation workforce dynamics, and leadership vacuums all demand sharper, faster, more human-centered decisions. It's not just the scale of these challenges—it's the velocity. **The accelerated pace of change has broken the old reactive playbook. By the time HR responds to today's crisis, tomorrow's has already arrived.**
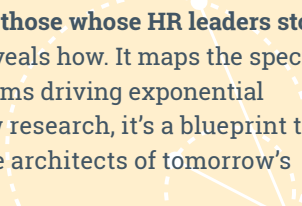
That's why the most effective organizations aren't simply coping with complexity. They're empowering HR to get ahead of it—to anticipate rather than react, to forecast rather than firefight.

The divide is stark. While some HR teams remain trapped in endless cycles of crisis management, others have fundamentally transformed how they operate. They don't just fill roles—they build future capability. They don't just partner with the business—they see around corners to what's coming next. And the data proves it: These forward-thinking HR teams drive dramatically better business outcomes.

But that future isn't guaranteed. Fewer than one in five CHROs say they have leaders ready to fill critical roles. Gen Z is opting out of bad leadership entirely. And while turnover appears stable, beneath the surface, burnout and disengagement are eroding the bench.

Yet within this crisis lies unprecedented opportunity—for those bold enough to seize it. **The organizations that will dominate the next decade won't be those with the best technology or the deepest pockets. They'll be those whose HR leaders stop chasing the future and start creating it.** This report reveals how. It maps the specific behaviors, metrics, and mindsets that separate HR teams driving exponential value from those barely keeping pace. Backed by new research, it's a blueprint to help HR step into its most vital role yet: becoming the architects of tomorrow's competitive advantage.
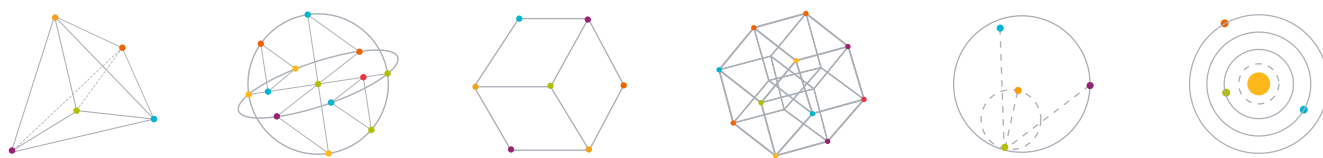
Table of Findings

HR Anticipators Own the Future

HR Strategy Drives Leadership Quality and Financial Performance

In today's volatile business environment, the strategic positioning of HR can create a significant competitive advantage. Organizations that elevate HR from an administrative function into a strategic "anticipator" role gain a clear edge: 33% more high-quality leaders and **2X greater likelihood** of top-tier financial performance, proving that how you position HR directly impacts business success.

We identified three orientations that characterize how HR functions operate:

Reactors: HR teams that primarily respond to immediate needs and focus on administrative tasks.

Partners: HR teams that collaborate with business leaders but mainly execute on established strategies.

Anticipators: HR teams that proactively forecast future needs and drive strategic talent decisions aligned with business goals.
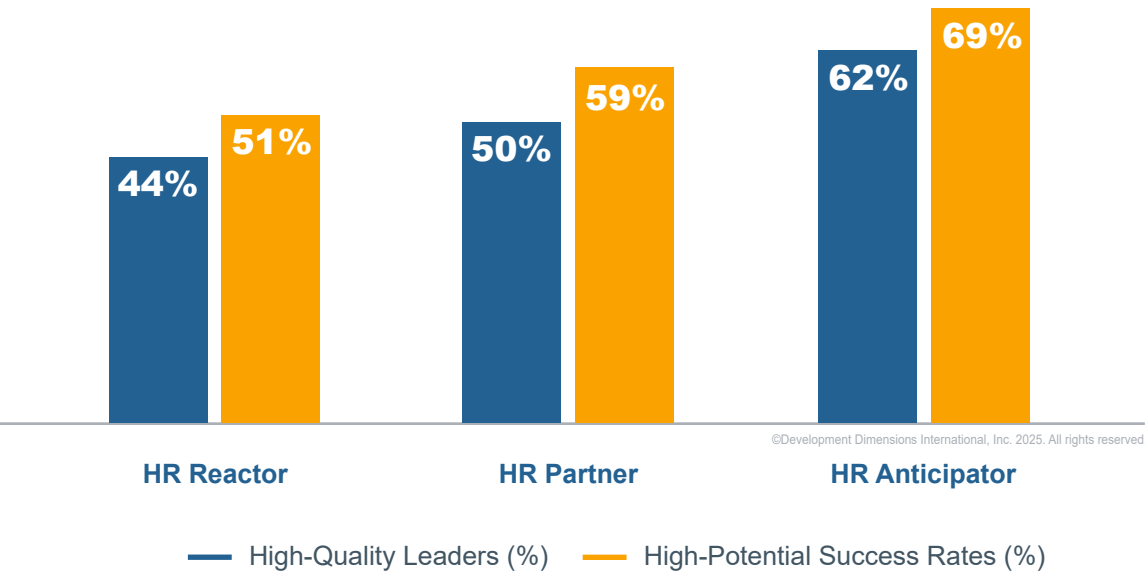
When the anticipator orientation dominates, organizations are more effective with succession planning. Anticipator organizations achieve a 24% higher success rate for high-potential leaders, transforming the pipeline into a profit-driving powerhouse.

What sets anticipators apart? They demonstrate four key differentiating behaviors:

- They actively forecast capacity and capability gaps before they become critical.
- They align talent strategies with long-term business goals and continuously adapt to evolving priorities.
- They design development programs that are tightly connected to real business challenges.
- They measure the business impact of talent initiatives, not just activity metrics.

These behaviors enable HR anticipators to build leadership pipelines that are both deeper and more aligned with future needs.

Strategic HR Gets Better Outcomes

Bar chart comparing High-Quality Leaders (%) and High-Potential Success Rates (%) across HR Reactor (44%, 51%), HR Partner (50%, 59%), and HR Anticipator (62%, 69%).

HR Reactor   **HR Partner**   **HR Anticipator**

━ High-Quality Leaders (%)   ━ High-Potential Success Rates (%)

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Reposition HR as a Driver of Business Success

To unlock the full impact of HR, organizations must actively support the transition from reactive service providers to strategic business partners. Becoming an anticipator doesn't just happen; it requires HR teams to be empowered with data, equipped with future-focused tools, and supported by executive leadership.

One of the clearest differentiators of the HR anticipators is their data-driven mindset. They are **2.1X more likely** to use assessment data in hiring decisions, ensuring the right people are placed in the right roles from the start. They are also **2.7X more likely** to use a systematic process to forecast future leadership needs, which is critical in a climate where the pace of change can outstrip traditional development pipelines.

HR anticipators are relentlessly focused on measuring what matters. Instead of tracking surface-level metrics like time in training or completion rates, they zero in on indicators that reflect real business outcomes. For example, they are **2.3X more likely** to measure the effectiveness of succession programs—not just whether those programs exist, but whether they're producing the leaders the business needs.

Critically, HR anticipators are more connected to the C-suite. They are **2.1X more likely** to have senior executives who champion leadership and talent strategies, giving HR the influence it needs to make strategic decisions and drive behavior change across the business.

Empowering HR to lead with data and foresight means shifting the focus from activity to impact and from short-term fixes to long-term strategy. To make this shift, organizations should take the following key actions:

- **Engage senior leadership** to build alignment by enlisting senior leaders as talent champions—those who model, advocate for, and actively sponsor strategic HR efforts.

- **Forecast future capability needs** with scenario planning and predictive analytics to stay ahead of emerging gaps.

- **Use data-driven assessments** to guide hiring and development decisions, ensuring leaders are selected based on objective criteria and readiness.

- **Cascade business priorities** into specific leadership capabilities at every organizational level, ensuring development efforts directly contribute to strategic outcomes across the organization.

- **Speak the language of the business** by framing talent strategies around KPIs that matter—turnover, engagement, and promotion readiness—and build the case with data that resonates across the C-suite.

> HR teams must lead the way in building future-ready organizations. **The question isn't whether your organization can afford to transform HR into a strategic anticipator, but whether it can afford not to.**
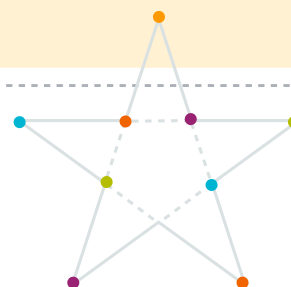
The Assessment Advantage

Why Personalization—Not Just Content—Drives Leadership Program ROI

Leadership programs are under pressure to deliver more—more scale, more speed, more impact—with shrinking resources. While scalable tools like online learning libraries promise reach, they often fail to deliver results when used alone. Instead, the highest returns come from pairing these tools with personalized insight.

New data shows that objective diagnostic assessments—such as simulations and skills-based tests—deliver the strongest ROI of any method, with 54% of companies reporting strong returns. Tools like 360-degree feedback (51%) and executive coaching (53%) also perform well, reinforcing that personalized, insight-driven development consistently outperforms content alone. In contrast, only 37% of companies report strong ROI from standalone learning libraries, underscoring the limited impact of self-directed, ad hoc content without opportunities for practice and feedback.

This pattern holds at the top. Companies that pair assessments with coaching are **1.8X more likely** to be among the top 10% of financial performers than those that don't.

The data is clear: It's not that scalable content doesn't work—it's that without aligned direction or applied feedback, it lacks power. To maximize development ROI, companies must shift from a "content-first" to an "insight-led" model, where learning journeys start with diagnostics that create a wake-up call about performance gaps. This personal reality check drives buy-in for the insights and behavior change that follow.

Personalized, Insight-Led Approaches Unlock Scalable Impact

Approach	Organizations Reporting Strong ROI (%)
Objective assessment (not self-insight tools)	54%
Executive coaching	53%
360-degree feedback program for leaders	51%
Immersive learning experiences	48%
AI-based learning experiences	37%
On-demand learning library	37%

Organizations Reporting Strong ROI (%)

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Use Diagnostic Insights to Drive Personalized, High-ROI Development

Organizations that lead with assessments are positioned to see more substantial ROI, greater engagement, and better business outcomes. Objective assessments offer leaders the clarity to close specific gaps, while coaching and 360-degree feedback add accountability and context. These methods work together to transform scalable tools, like libraries and AI learning, into personal and purposeful development experiences.

Top-performing companies know this:

- Most-admired companies are 69% more likely to use assessments in leadership hiring.
- Top financial performers are 55% more likely to use assessments across the board.

Consider these best practices for building high-ROI development journeys that begin with insight and end in meaningful behavior change:

1. **Start with Insight:** Use objective assessments early to identify key leadership strengths and gaps. Repeat throughout the journey to track progress and adapt development. Use specific and actionable assessments, from comprehensive to short and targeted, in development programs and back on the job.

2. **Build Learning Plans from Diagnostics:** Transform assessment data into dynamic development road maps that adapt to each leader's evolving needs. A systematic approach enables organizations to orchestrate personalized learning journeys for large populations while ensuring every intervention targets high-impact skills.

3. **Track What Matters:** Don't just count completions. Measure outcomes, like behavior change, leader readiness, or performance improvement.

4. **Monitor Progress and Integrate Feedback:** Most companies drown in feedback and metrics; the differentiator is having the backbone to sunset underperforming initiatives and redirect resources based on what the data actually says, not what leaders want to hear.

5. **Incorporate Ongoing Coaching:** Enable manager-as-coach by sharing simplified assessment insights, key coaching prompts, and accountability checkpoints. When managers know what their leaders are working on and how to support them, development sticks.

One-size-fits-all learning is out. To achieve real ROI, companies must connect scalable tools to diagnostic insights. **Assessments are key, turning passive content into performance-driven development.**

The CHRO Agenda: Succession

HR Leaders Respond to Hiring Crisis by Building Stronger Internal Pipelines

Amid accelerating AI transformation and evolving business models, CHROs are rewriting the script for talent strategy, with half prioritizing internal talent development over all other initiatives to stay ahead.
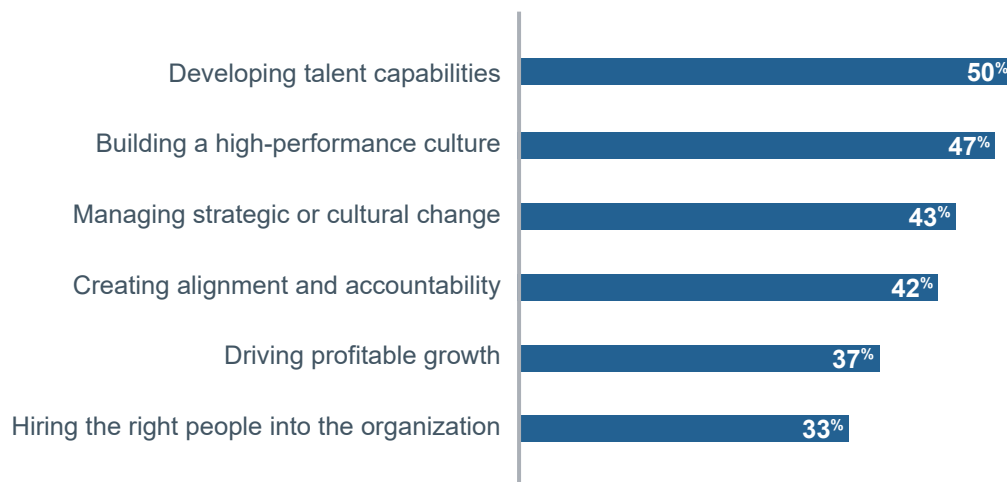
This shift comes at a time when 58% of leaders say hiring the right talent is their toughest challenge. But the problem runs deeper than talent scarcity. In a business landscape that is constantly evolving, even the best hires can't keep pace without continual growth. In response, HR leaders are doubling down on internal talent development and succession management to create a more robust talent pipeline that drives business performance.

- 75% of organizations now prioritize internal promotion for leadership roles.
- 60% select leaders from succession pools when opportunities arise.
- 57% promote the majority of their leaders from within.

Still, confidence in internal pipelines remains debilitating. Only 20% of HR leaders say they have leaders ready to fill many or almost all of their critical business leadership roles.[1] On average, internal candidates could fill just 49% of these positions immediately.

This disconnect between strategic intent and internal readiness is the leadership paradox facing CHROs. They're betting on internal development but struggling to execute these strategies effectively enough to close the readiness gap.

Top Business Priorities of CHROs

Priority	%
Developing talent capabilities	50%
Building a high-performance culture	47%
Managing strategic or cultural change	43%
Creating alignment and accountability	42%
Driving profitable growth	37%
Hiring the right people into the organization	33%

CHROs Selecting Each Business Priority (%)

See next page for Where to Focus ▶

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Build Internal Talent with Strategic Succession Planning

To close the gap between internal potential and performance, organizations must move beyond good intentions and invest in the systems that sustain internal growth. That means building comprehensive, future-focused succession strategies that forge leaders who outmaneuver competition and deliver exponential value. Successful internal promotions are far more likely when succession systems are structured and scalable. Specifically, promotions are:

- **3.7X more likely** when leaders participate in cohort-based leadership development.

- **3.2X more likely** when leadership development courses are sequentially planned.

- **2.6X more likely** when leaders receive frequent coaching from their managers.

- **1.6X more likely** when assessments are used to inform leadership selection.

In other words, building a healthy leadership pipeline requires investment in development, not just the expectation that someone will be ready. Consider these best practices for building a future-ready bench:

1. **Prioritize Strategic Roles:** Not all roles are equal in impact. Focus your resources where leadership transitions make the most significant difference. This can be achieved when organizations:
   - Build intentional development paths for critical-to-success roles.
   - Accelerate readiness for emerging executives and next-generation leaders.

2. **Establish a Comprehensive Talent Pipeline:** Succession is not just replacement planning. It's about cultivating leaders across all levels of the pipeline to support long-term business goals and cultural continuity. To do so:
   - Map critical roles and future success profiles.
   - Provide visibility into readiness across organizational levels.
   - Embed leadership transitions in strategic workforce planning.

3. **Develop Future-Ready Leaders:** Go beyond skills training. Use assessments to identify potential early, then match individuals with stretch opportunities, coaching, and targeted experiences. Organizations should:
   - Balance technical expertise with people leadership skills.
   - Prioritize growth for high-potential employees before the need is urgent.

> Future-ready CHROs are embracing internal pipeline development as their strongest talent strategy. This approach builds organizational adaptability by prioritizing long-term capability over short-term convenience and turning potential into performance.
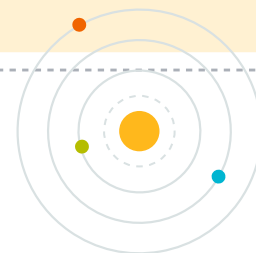
The Retention Mirage

## Why Staying Doesn't Mean Thriving and What It's Costing You

On the surface, it looks like good news: Turnover is down. Only 25% of HR leaders say turnover has increased in 2024—a dramatic drop from 51% in 2022. Yet the underlying data suggests a more complex picture.

While attrition appears to have slowed, half of leaders say they're concerned about retention. Furthermore, 51% of leaders who plan to leave in the next year are not fully engaged today. The real crisis isn't who's leaving, it's who's staying but has stopped caring. The turnover numbers look stable, but leaders and teams are going through the motions, delivering minimum effort, mentally checking out. As economic uncertainty persists, more employees are staying, not because they're thriving, but because they feel they must.

This fuels a silent erosion—of energy, commitment, and performance. Disengaged employees don't just underperform; they create a contagion effect that drags down top performers, stalls critical initiatives, and slowly transforms competitive advantages into vulnerabilities. Organizations that equate low turnover with a healthy culture may be overlooking a slow-building crisis. When half your leadership bench is disengaged, succession planning becomes impossible—you can't develop tomorrow's executives from today's checked-out managers.

Companies must invest in strategies that boost engagement before disengaged employees, already a hidden drag on missed targets and stalled transformation, become their next wave of exits.

Turnover Surges Subside

HR Indicating Turnover Surge (%)

36 — 2020
51 — 2022
25 — 2024

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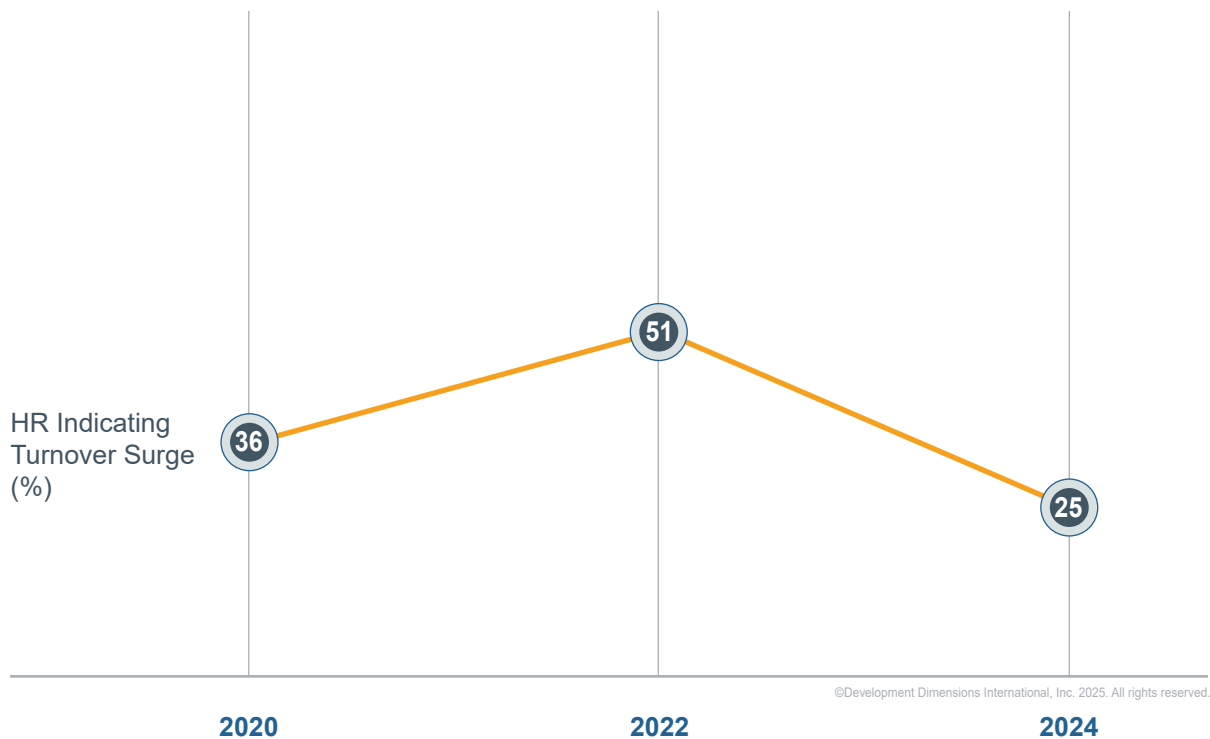
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Turn Passive Retention into Active Engagement

To avoid mistaking low turnover for engagement, organizations must dig deeper. That means recognizing the signs of disengagement and responding early, with leadership practices and development investments that reconnect people to purpose and potential.

When managers demonstrate the right behaviors—recognizing effort, offering support, and providing feedback—leaders are **5.4X more likely** to be engaged. And when those same leaders also feel purpose, trust their manager, are part of an inclusive culture, and have access to interpersonal skills development, they are **26.2X more likely** to be engaged than those who lack those conditions.

Staying isn't enough. Consider these best practices to help leaders thrive and combat disengagement:

Build Everyday Engagers
Equip managers to create connections through frequent recognition, psychological safety, feedback, and everyday conversations. These small acts compound to build trust and meaning with their teams.

Don't Wait for Exit Interviews to Learn What Went Wrong
Help leaders recognize early behavioral cues like withdrawal, silence in meetings, or drop-offs in initiative—and act quickly to engage and retain talent. Pair pulse checks and stay interviews with more visible follow-through. Engagement shouldn't be a standalone metric—it should fuel a conversation.

Create Visible Internal Growth Paths
Leaders and HR must collaborate to build insights-driven career maps that show exact skill requirements for advancement. When employees can see their assessment results against role requirements and access the specific development resources to bridge the gap, growth becomes a clear, achievable journey rather than an organizational mystery.

Tailor Development to Each Leader's Needs
One-size-fits-all leadership programs don't cut it. Use assessments to deliver insights and targeted experiences that meet leaders where they are.

Build a Culture of Purpose, Trust, and Collaboration
Leaders who feel aligned with the organization's purpose and empowered to innovate are dramatically more engaged. Create systems where employees can share ideas and see that their contributions matter.

> **Retention isn't just about who stays—it's about who thrives. To build a resilient and motivated workforce, organizations must start by re-engaging the people who are already there.**
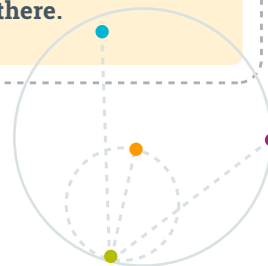
Gen Z's Exit Strategy

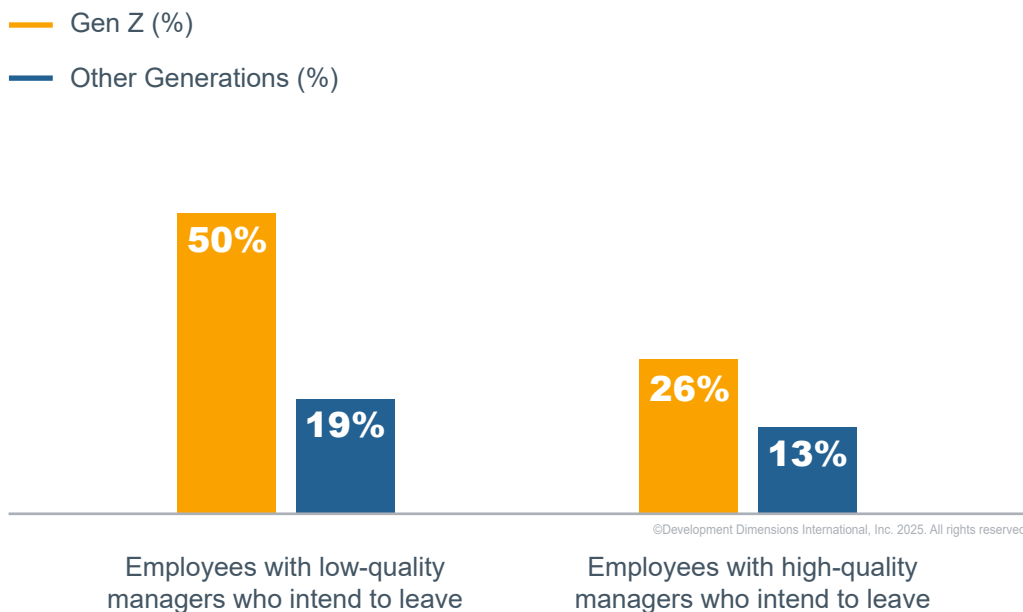## Why They're Leaving Bad Managers—And Refusing to Become Them

There's a generational shift shaking the foundation of leadership expectations—and Gen Z is leading the charge. While many companies are evolving toward more collaborative and less top-down workplaces, the data reveals a sharper, more urgent truth: Gen Z is walking away from poor leadership and doing it at unprecedented rates.

Gen Z is **2.8X more likely** than other generations to leave when they perceive leadership as low quality. Moreover, half of Gen Z intend to leave when leadership is low quality, compared to just 19% of older generations. And this isn't just about dissatisfaction; Gen Z's approach to work is deeply personal. They're seeking purpose, autonomy, and well-being. When leadership gets in the way of those values, they opt out.

This creates a dual crisis for organizations. First, there's an immediate retention problem—losing talented Gen Z employees who refuse to tolerate ineffective management. But the second impact runs deeper: Poor leadership modelling is polluting your pipeline, actively turning Gen Z away from pursuing leadership roles themselves. When leadership quality is low, Gen Z is **1.4X more likely** than other generations to abandon leadership roles. This is the essence of "conscious unbossing," a trend where Gen Z isn't lacking ambition, but rather rejecting traditional leadership models that conflict with their vision of what work could be.

Why would they aspire to become the kind of leaders they're fleeing from? Especially when alternative paths—from creator platforms to gig economy opportunities—offer the autonomy and purpose they crave without the baggage of broken corporate hierarchies. Gen Z represents the newest cohort entering leadership pipelines, especially in tech, retail, and hybrid-first sectors. Yet many are witnessing firsthand how not to lead. The result? A generation that's not just unwilling to tolerate outdated leadership culture—they're unwilling to perpetuate it.

Poor Leadership Drives Gen Z Turnover

— Gen Z (%)

— Other Generations (%)

50% / 19%	26% / 13%
Employees with low-quality managers who intend to leave	Employees with high-quality managers who intend to leave

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Create a Leadership Culture Gen Z Wants to Sustain

To retain Gen Z and prepare them to lead, companies must build leadership cultures that resonate with their priorities: authenticity, transparency, growth, and well-being. But that doesn't just mean modernizing development programs. It means redefining leadership itself, moving away from outdated top-down models and toward relational and purpose-driven leadership experiences.

Gen Z's engagement soars under quality leadership. They are:

- **6X more likely** to be engaged when they receive adequate coaching from their manager.

- **3.1X more likely** to be engaged when they trust senior leaders to do what's right.

- **2.5X more likely** to be engaged when their leaders demonstrate strong interpersonal skills.

- **1.6X more likely** to want internal coaching from sources beyond their direct manager.

Organizations can build a future-ready leadership culture that embodies Gen Z's priorities by implementing the following best practices:

1. **Evolve Your Culture of Leadership**
   Reframe leadership as collaborative, empowering, and values-aligned—not as positional authority. To do so:
   - Showcase leadership as a meaningful, purpose-driven path.
   - Celebrate diverse leadership styles, normalize inclusive leadership behavior, and identify champions.

2. **Foster Leadership at All Levels**
   Don't wait for formal promotions to start the leadership journey. Instead:
   - Offer stretch roles and leadership opportunities outside of job titles.
   - Recognize informal leadership and peer influence.

3. **Integrate Development into Daily Work**
   Make growth continuous, not episodic. Learning and development teams should:
   - Embed coaching, feedback, and learning into everyday work flows.
   - Promote a culture where both giving and receiving guidance are routine and expected.

> Gen Z will lead the future—but only if they see a leadership culture they want to join. **It's time to design leadership that they'll stay for, grow through, and ultimately champion.**

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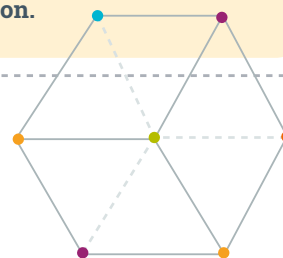
Seeing Is Believing

Behavior Change Beats ROI as HR's Top Impact Metric

Leadership development faces intensifying pressure to demonstrate its value. As demands for adaptable, future-ready leaders grow, HR isn't just being asked to deliver programs—they're being asked to prove impact. While development has historically struggled to show direct financial returns, today's HR leaders are embracing broader success metrics. They say what matters most now is visible behavior change and tangible outcomes like engagement and retention.
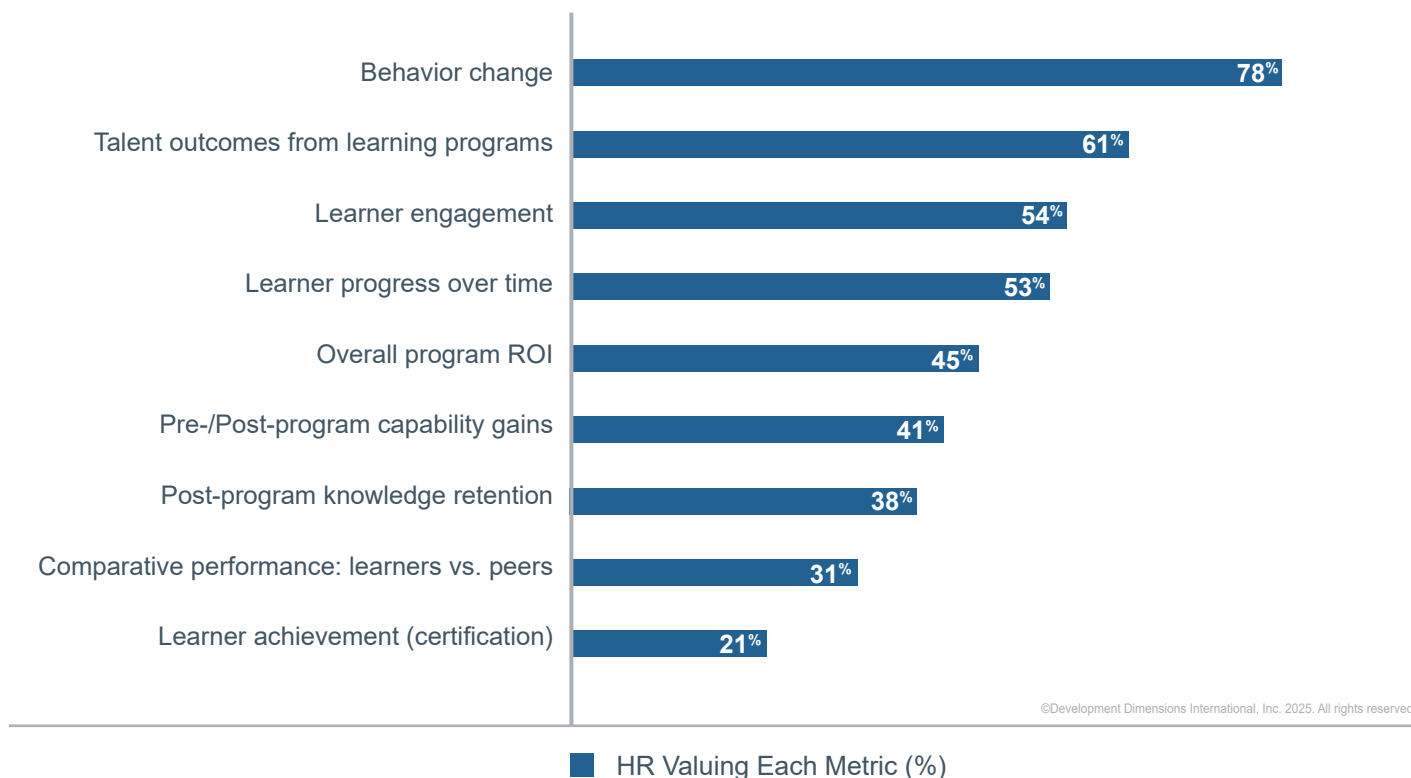
A striking 78% cite behavior change as their most valued metric, by far the top response. The impact on talent outcomes from learning programs follows at 61%. In contrast, only 38% prioritize measuring knowledge retention, and just 21% value learning certifications. The message is clear: Development must show up in how leaders act, not just what they know.

This shift reflects a hard-won insight: The top two metrics HR leaders value measure what happens outside of the classroom, not in it. The 86% of HR leaders expecting increased skill demands over the next five years[2] know they need more than seat time—they need transformation.

The real differentiator lies in how leaders are supported to apply what they learn. Leaders who receive high-quality tools, feedback, and manager coaching apply 25% more of their learning on the job. That kind of support—whether it's safe-to-fail practice, realistic scenarios, or timely feedback—turns training into lasting behavioral change.

To drive the behavior change HR leaders prioritize, programs must build in application from day one. This means supporting learning with a safe practice space, manager coaching, peer learning, and on-the-job application. When HR leaders say they value behavior change, they're not lowering the bar—they're raising it.

Metrics HR Uses to Evaluate Learning Program Success

Metric	HR Valuing Each Metric (%)
Behavior change	78%
Talent outcomes from learning programs	61%
Learner engagement	54%
Learner progress over time	53%
Overall program ROI	45%
Pre-/Post-program capability gains	41%
Post-program knowledge retention	38%
Comparative performance: learners vs. peers	31%
Learner achievement (certification)	21%

■ HR Valuing Each Metric (%)

[2] *Global Leadership Forecast 2025.* DDI, 2025, https://www.ddiworld.com/research/global-leadership-forecast-2025.

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Measure Success by Behavior Change—But Don't Stop There

It's time for HR to expand its measurement strategy. Yes, prioritize behavior change, but also prove the business case. While 78% of HR leaders focus on behavioral impact, only 45% measure overall program ROI—a dangerous gap when budgets tighten and executives demand justification.

The reality is stark: Behavior change alone won't protect your program from cuts. CFOs and CEOs need to see the connection between leadership development and business results—revenue growth, productivity gains, and cost savings. Without this translation, even the most transformative programs become vulnerable to "nice-to-have" status.

To secure your program's future, HR must become fluent in the language of business impact:

1. **Start with Strategic Alignment:** Connect your programs to critical business drivers from day one. If the goal is profitable growth, identify the specific leadership behaviors that drive it. Development programs are **3.9X more likely** to improve leadership capabilities when leadership competencies are defined.

2. **Track Implementation Excellence:** Make proof of impact non-negotiable. Go beyond attendance by measuring quality indicators: manager feedback provided midway through the program; skill-specific usage patterns; and participant engagement with specific content. Leaders who perceive their development programs as high quality are **4.4X more likely** to feel equipped to do their jobs well.

3. **Measure Talent Enhancement:** Capture behavior change through multiple lenses—skills-assessment insights, manager observations, retention rates, and succession readiness—to demonstrate growth in leadership capability across the organization. Companies with high-quality development plans see **38% more high-quality leaders,** according to HR.

4. **Calculate Business Impact:** Partner with finance to quantify results—hours saved through improved efficiency, dollar value of reduced turnover, productivity gains, and safety improvements. Transform percentages into profits.

5. **Close the Loop with Stakeholders:** Share results regularly in business terms. When leaders see 18% productivity improvements or 12%- to 15%-time savings, they understand the value in ways that "improved engagement scores" never convey.

> To secure development, HR must link behavior change to business outcomes by partnering with finance and translating leadership impact into P&L terms. In doing so, they become not just defenders, but strategic drivers of the business.
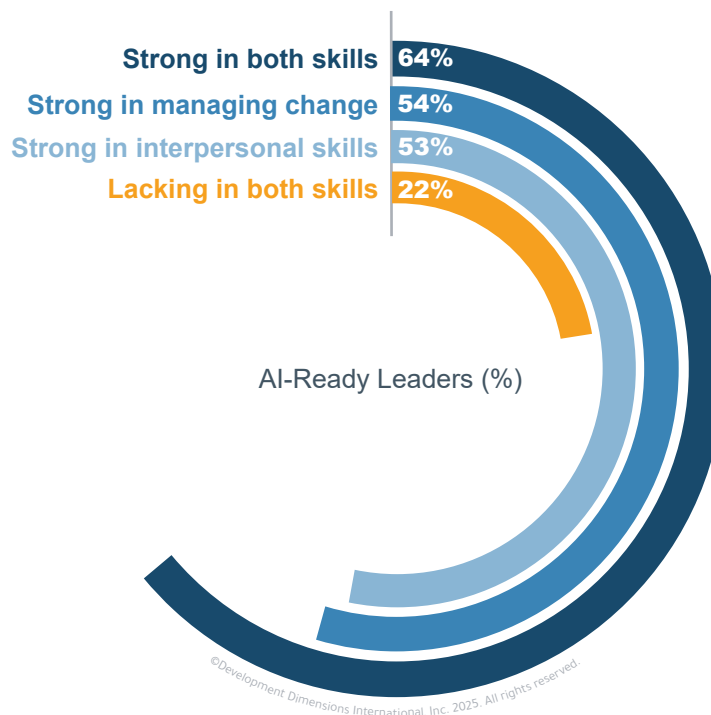
AI's Achilles Heel: Leadership

Why Technical Skills Can't Save Your AI Initiative—But Interpersonal Leadership Can

AI's influence on business is growing exponentially. But while most organizations focus heavily on technical readiness, the real differentiator isn't tech—it's leadership. Organizations that equip their leaders to lead change with empathy are significantly more likely to succeed with AI and other emerging technologies.

Yet few companies are set up for success. Just 34% of HR leaders and only 22% of business leaders say their organizations manage change well. And at the individual level, the gap is just as stark. Leaders strong in both change management and interpersonal skills? 64% are ready for AI success. Strong in just one skill? That drops to half. Lacking both? A mere 22%.

AI transformation isn't just a technical journey—it's a human one. Without empathetic, change-ready leaders, even the best technology strategies fall short. To maximize the return on AI initiatives, HR must embed interpersonal skill-building and change leadership into core development strategies. Because in the race to adopt AI, the winners won't be those with the best technology—they'll be those with leaders who can inspire, guide, and support their people through transformation.

AI Success Depends on Leadership Skills

Strong in both skills: 64%
Strong in managing change: 54%
Strong in interpersonal skills: 53%
Lacking in both skills: 22%

AI-Ready Leaders (%)

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Develop Adaptable, Human-Centered Leaders

To lead in an AI-driven world, leaders must be more than just digitally fluent—emotional intelligence is essential. The critical skills that matter most are the ones that help people navigate disruption: empathy, trust-building, clear communication, adaptability, and the ability to lead with vision.

The payoff for organizations is clear:

- Leaders who are strong in managing change alone drive **12X greater** employee engagement.
- Leaders with strong interpersonal skills drive **2.2X greater** employee retention.
- Those who lead change well are **2.6X more likely** to report high financial performance.

But what does human-centered leadership look like in practice? It comes down to five essential capabilities—**Connection, Conscience, Creativity, Clarity, and Curiosity—or "The Five Cs,"** which prepare leaders to guide teams through change and unlock AI success:

1. **Foster Human Connection:** Build trust, empathy, and psychological safety to support teams through AI-driven change, tailoring your approach from the frontline to the executive level.
2. **Lead with Conscience:** Make ethical, values-based decisions about AI use, balancing efficiency with human impact and establishing responsible governance frameworks.
3. **Drive Creativity:** Go beyond automation by reimagining work flows, encouraging experimentation, and leveraging AI-human collaboration to spark innovation.
4. **Communicate with Clarity:** Cut through complexity to provide clear direction, translate technical insights, and help teams navigate uncertainty with purpose.
5. **Model Curiosity:** Embrace continuous learning, question assumptions, and explore evolving AI capabilities to stay agile and adaptable in a rapidly changing landscape.

When these Five Cs are implemented, the difference isn't marginal—it's exponential. Organizations are:

- **9.1X more likely** to succeed with AI when they combine change readiness with empathy.
- **8.2X more likely** to succeed when they manage change effectively.
- **4.3X more likely** to succeed when they develop leaders' interpersonal skills.

> What looks like "resistance to change" in AI adoption is usually leadership failure in disguise. The companies building strong leadership now won't just succeed with AI—they'll be ready for every transformation that follows.

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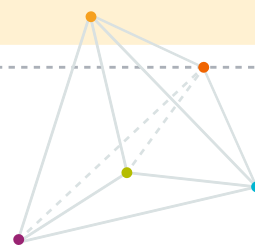
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About DDI

DDI is a global leadership consulting firm that helps organizations hire, promote, and develop exceptional leaders. From first-time managers to C-suite executives, DDI is by leaders' sides, supporting them in every critical moment of leadership. Built on five decades of research and experience in the science of leadership, DDI's evidence-based assessment and development solutions enable millions of leaders around the world to succeed, propelling their organizations to new heights.

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