BRIEFLY ON...

"Forget adopting AI—this may be a bigger issue in 2026."

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Leaders are facing a problem they haven't faced in a decade: millions of workers staying put.
By Russell Pearlman

The Mounting Ranks of Job Huggers

UNEMPLOYMENT RATES AROUND THE WORLD (Dec '22 vs. Jul '25)

Unemployment rates have ticked up in a number of countries.

NETHERLANDS 3.6 ▲ 3.9
CANADA 5.4 ▲ 6.9
GERMANY 3.0 ▲ 6.3
USA 3.6 ▲ 4.3
FRANCE 7.3 ▲ 7.5
CHINA 4.7 ▲ 5.2
JAPAN 2.6 ▼ 2.3
MEXICO 2.8 2.8
SAUDI ARABIA 4.9 ▼ 2.8
INDIA 4.2 ▲ 5.1
BRAZIL 8.0 ▼ 5.6
SINGAPORE 3.5 ▼ 2.0

I magine a corporate leader arriving in an auditorium for an annual town-hall meeting with a couple hundred staffers. The first thing she notices is how many faces look familiar—in fact, too many faces. Scanning the room, she realizes she can't find a single new hire in the crowd. Not one. It dawns on her: Hardly anyone has left the firm in the last year.
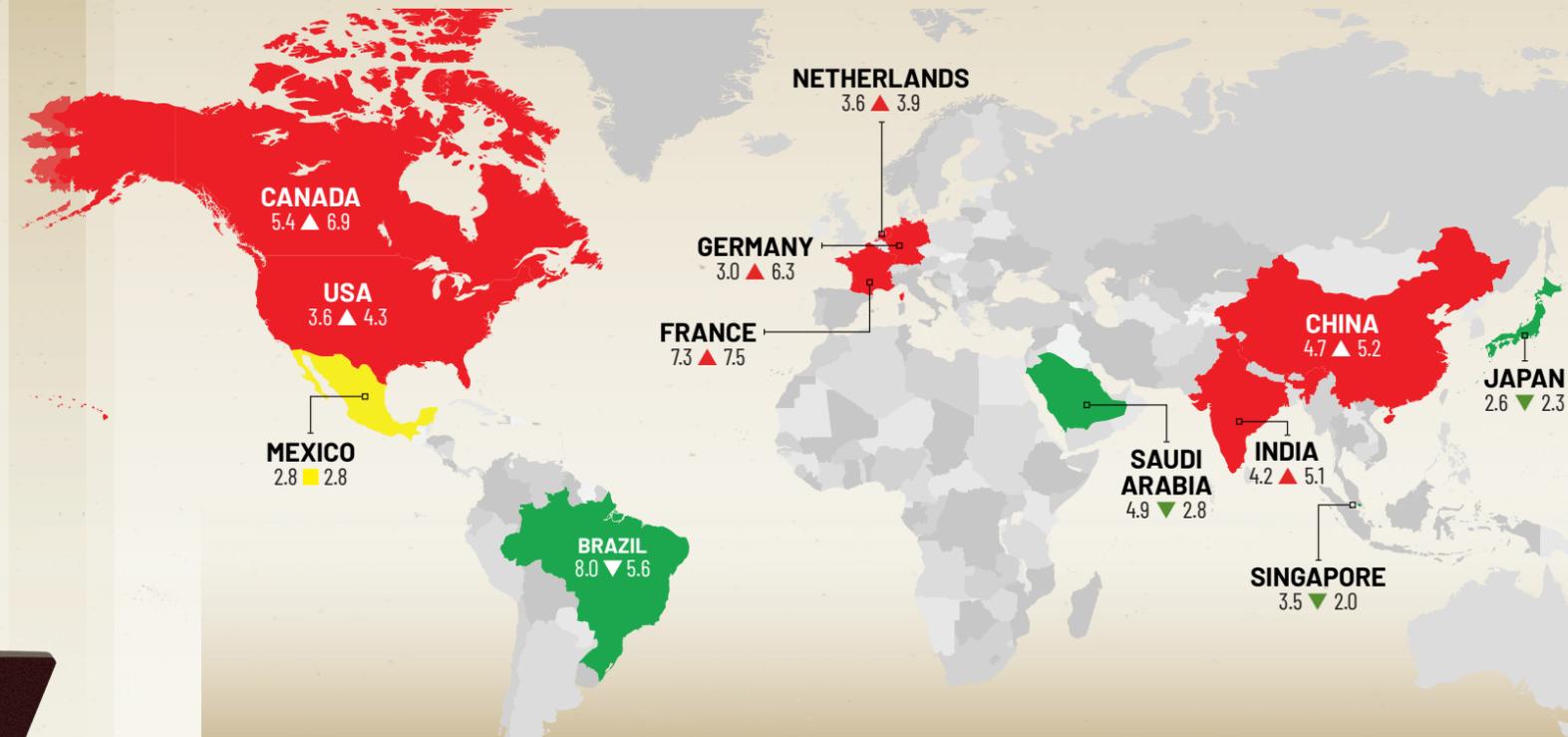
Multiply this by the thousands, and eventually millions, and you begin to realize that the corporate world has quite a problem on its hands. Forget adopting AI, in fact—this may be a bigger issue in 2026. Last fall, the term "job hugging" swept through the media, as workers young and old decided it was better to stay put than leave. Today,

they are still staying put.

Indeed, the population of job huggers is quite eye-opening. The current quit rate in the US is 2 percent a month, which, except for the worst periods of the pandemic, is the lowest in nearly a decade. It equates to a rather stunning statistic: The 1.5 million workers who would normally have left their companies each month are instead sticking around—more than 10 million of them since the start of 2025. Leaders, of course, like to have experienced employees, but they also need fresh blood to energize their firms. Plus, they worry that job huggers are much more

focused on staying employed than on taking risks to innovate. "There's a lot of struggle finding ways to incentivize full-time employees to work harder or differently," says Raquel Braun, cofounder of the media-consulting firm Mulier Fortis.

It's not difficult to figure out why so many workers are clinging to their roles. While unemployment hasn't increased much, there are 40 percent fewer open roles than there were three years ago. Meanwhile, firms report that attracting new recruits who already have work has become much harder. Many don't want to go through a job-search process that can take months or years; others worry they'll find themselves in a last-in, first-out situation if the new organization restructures, says Brittney Molitor, a Korn Ferry managing consultant in the firm's Human Resources Professional Search division.

Experts say that there are a variety of ways, even if none are foolproof, to get the most out of a group of job huggers. For starters, leaders can do a better job of figuring out who among them are the highest-potential and highest-productivity workers—and return the embrace with salary bumps and development opportunities. "We want our best talent to hug," says Kevin Cashman, Korn Ferry's vice chairman for CEO and enterprise

leadership. Conversely, firms may need to evaluate which of their job huggers might not be worth the extra investment. In many cases, companies' current systems, including evaluations, feedback sessions, and other performance tools, don't always do a good job identifying top talent.

There are more jarring options as well, including reassignments. Moving workers can be a way to fill jobs vital to future projects while also trimming costs associated with old ones. Plus, the reassignment, if communicated and well executed, could energize the job hugger. Layoffs are an option too, of course, but experts caution that carrying them out too quickly in today's business world could scare off talented new hires, and cause staff shortages during unanticipated growth spurts.

Importantly, experts say employers shouldn't let all the job hugging lull them into a false sense of security. "Organizations should acknowledge retention may be high for the wrong reason: fear, not loyalty," says California employment lawyer Eric Kingsley. Indeed, experts say the job-hugging phenomenon could easily fade, and companies that don't make an effort to keep today's job huggers could eventually find themselves short of top talent.∎

THE TAKEAWAY

Smart firms will find ways to embrace job huggers.

Leaders need to be aware that AI is still in its early stages.

transformation at Korn Ferry, says leaders need to think differently—particularly as they increasingly deploy chatbots and agents both internally and externally—about the algorithms and safeguards used to develop AI's "personality." "Context engineering is critical for generative AI and agentic AI to be able to effectively work as part of the organization," says Ackermann. Already, firms are dealing with the "spiral of misery" customers experience when chatbots don't deliver what they want.

There is also the risk of "jailbreaking"—hackers using sweet talk to circumvent security restrictions and gain access to internal systems. Researchers did find they could manipulate ChatGPT into violating safeguards designed to keep it from providing confidential, sensitive, or otherwise prohibited information. "The same techniques that allow users to get a really good answer from AI are also able to get it to return a forbidden one," says Michael Welch, a Korn Ferry senior client partner who specializes in AI and digital transformation.

Welch says the challenge for firms is to develop chatbots and agents that can be intuitive and adapt to user inputs on the fly—without being so pliable that they can potentially jump the guardrails controlling their interactions. That's part of why developers of large-language models employ sizable teams of engineers to continually refine and optimize personality and behavior models. In the end, says Welch, humans remain an important part of recognizing and training AI agents and chatbots to understand and block paths of manipulation. "AI can only learn from people, so how we approach it is how it will behave towards us," he says.

LEADERSHIP   BY RUSSELL PEARLMAN

The Other Turnover in the C-Suite

CEO DEPARTURES, WHETHER FORCED OR voluntary, continue to set records and make headlines. But another major change has been happening much more quietly among firms' top lieutenants.

Even with all the corner-office departures, the average CEO tenure is still hovering around 7.4 years, as those who stay tend to hang on for a long time. But take a look at the other members of the C-suite, and you'll find that the tenure for most is the length of a US presidential term: four years. It's a big shift from the past, and it's one that experts say is quietly redefining how the very top operates these days—for better or worse. "There will not be a return to the decade-long executive tenures that once defined corporate

DNY59/Getty Images

TECH   BY PETER LAURIA

AI: It Just Wants a Little Sweet Talk

AI, AT ITS CORE, IS SUPPOSED to be a machine. No emotions. No humor. No empathy. And that's pretty much how companies and workers are seeing it as they gradually adopt AI tools. The only problem: AI is starting to develop its own "human" qualities—and firms must adapt quickly, before it's too late.

A new study finds that chatbots and AI agents, not unlike humans, literally respond better to charm and sweet talk.

Researchers at the University of Pennsylvania found that prompts using psychological techniques of persuasion can produce improved responses from large-language models. Conversely, the study found that the wrong words can steer AI in a detrimental direction, creating possible risks for companies.

This is the latest in a body of research demonstrating that how people "talk" to AI—politely or rudely—is just as important to the technology's response as a prompt is. That means that firms and workers need to be acutely aware of how to approach and develop this once-in-a generation technology. Nearly one-third of employees regularly report using ChatGPT for work tasks and 80 percent of firms are planning to adopt AI chatbots—frequently the first point of contact for customers and clients—by the end of this year. "There could certainly be some unexpected downsides," says Nigel Melville, a professor of technology and operations at the University of Michigan. Developing chatbots that are too vulnerable to human persuasion, or too stubborn, can backfire, he adds. "Once it's broken, it's hard to rebuild."

To be sure, Bryan Ackermann, head of AI strategy and

Flavia Morlachetti/Getty Images

Firms are redefining
how to view the C-suite.

leadership," says Peter Cohan, professor of management practice at Babson College.

Within Fortune 500 firms, chief legal officers and CFOs have the longest non-CEO tenures, at 6.1 years and 4.8 years, respectively. After that, however, average tenure drops fast, with chief information and chief human resources officers at around 4.5 years, and most everyone else at four years or fewer. Clearly, many CEOs are not pleased with what their lieutenants have done lately. According to a recent Korn Ferry survey, only 10 percent of CEOs and directors were "extremely confident" that their C-suite leaders would thrive over the next three years.

Experts put a lot of the blame on stakeholder impatience: When a company isn't performing well, investors tend to push the CEO into first dumping subordinates. Plus, while a new CEO is usually granted a honeymoon period, functional executives typically aren't. "New executives are being asked to make a big impact in 90 to 100 days," says Stephanie Broadright, a Korn Ferry senior client partner specializing in recruiting revenue leaders. "No one hits pause to make a new business strategy." And the pace of change in some functional areas, especially technology, is burning out many top lieutenants.

"CEOs are so aware of today's pressures, and their C-suite hasn't caught up," says Noa Gafni, a consultant and lecturer at Columbia University. One interesting solution has been to merge roles, whether it's the CFO and COO or the CCO and CMO. Developing C-suite leaders with cross-functional experience helps firms build more well-rounded executives, as does having a CEO who encourages collaboration, rather than competition, among direct reports.

As for the CEO's bosses—the board—directors don't seem to mind the game of musical chairs. It makes sense to them, in today's fast-shifting business world, to bring in one skilled executive to solve the current set of problems and another when those challenges change. "Boards increasingly view executives as strategic assets deployed for specific missions, rather than long-term stewards," says Cohan. That's fine, say experts, as long as directors know they need to develop top talent internally that can take over when a C-suite job opens up. "If you want the best odds and the best outcomes, that's what boards need to do," says Jane Edison Stevenson, global vice chair of Korn Ferry's Board and CEO Services practice and global leader of its Board and CEO Succession practice. ◢

FALLING BEHIND...IN SKILLS

By 2032, 18.4 million workers with postsecondary education are expected to retire, far outpacing the 13.8 million younger workers entering the labor market with equivalent qualifications. The biggest shortages will be for managers.

- HIGH SCHOOL DIPLOMA OR LESS
- ASSOCIATE'S DEGREE OR SOME COLLEGE, NO DEGREE
- BACHELOR'S DEGREE OR HIGHER

SURPLUS

Management
−525,000
−736,000
−1,637,000

Office/administrative support
−168,000
−151,000
−213,000

Business/financial
−90,000
−190,000
−655,000

Legal
−26,000
−66,000
−184,000

SHORTAGE

Food prep and serving
+1,219,000
+832,000
+408,000

Healthcare support
+23,000
+35,000
+9,000

Life, physical, social sciences
+3,000
+7,000
−61,000

Sales and related
+91,000
+168,000
+47,000

Source: Georgetown University Center on Education and the Workforce

BY RUSSELL PEARLMAN
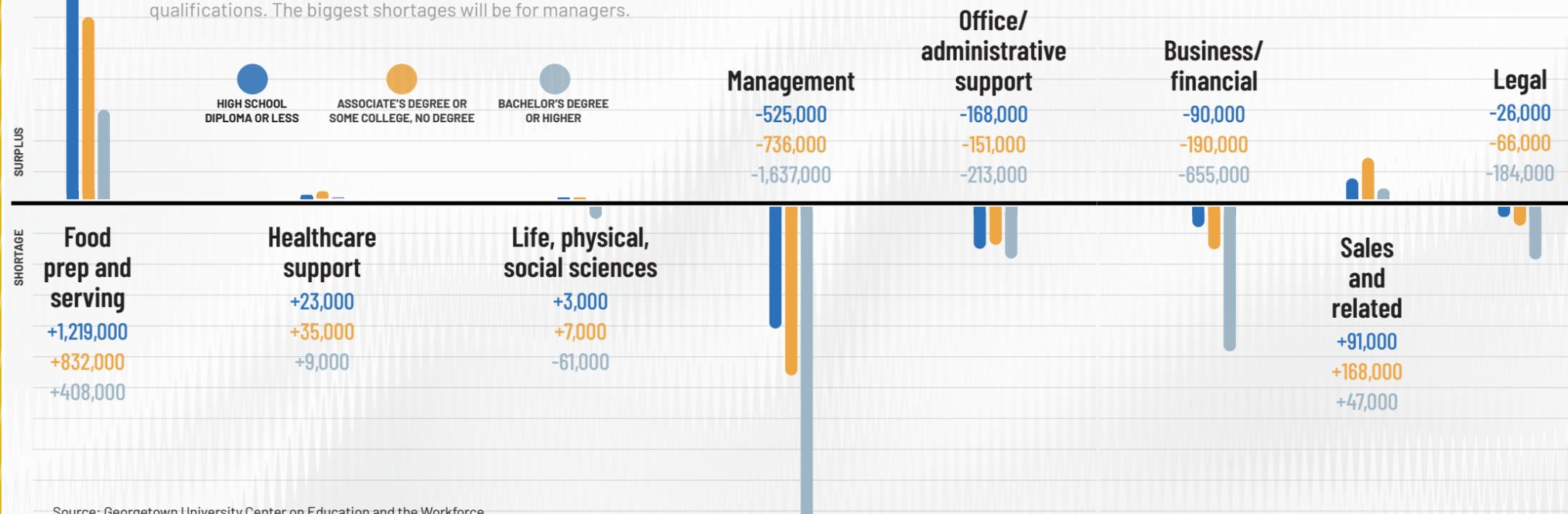
Telco Solutions From the Sky

FOR SOME TIME NOW, telecommunications firms have been trying to find ways to boost more revenue growth on Earth. Many have started looking skyward for help, but experts warn they'll need to make some big changes on the ground first.

The world's wireless carriers have spent billions to roll out 5G service, the latest generation of wireless technology, and to lay a foundation for future service upgrades. But they haven't been able to charge much of a premium for the new service. Wireless-service revenues are growing

THE TAKEAWAY

In this and other industries, leaders need to embrace total revamps.

by only 1 percent to 2 percent annually, below the rate of inflation, and hardly enough to cover the increasing costs of their big hardware rollouts.

Finding growth, of course, is an issue in almost every industry these days. But in the case of telecom, there may be help coming from above—namely, from satellites and satellite firms. Many telecom firms used to view satellites as a pricey, impractical alternative to broadband. But thanks to some technological breakthroughs, thousands of cheaper satellites were recently launched into low-Earth orbit. They will deliver high-quality service to millions of customers who currently have poor or no coverage. "These new satellites are a game-changing technology," says Jon Peha, professor of electrical and computer engineering at Carnegie Mellon University. Analysts predict that there could be more than 60,000 satellites in orbit globally by 2030, compared to 12,000 now. The satellites will not only reach unserved areas, but will also provide data to cars, wearable devices, phones, and nearly anything else that can connect online. "Convergence is no longer optional—it's essential," says Sylwia Kechiche, senior director of industry analysis at Opensignal, an industry market-research firm.

There is a catch, of course. The talent running satellite and telecom firms couldn't be more different: Traditionally, the former attract people seeking long, stable careers, while the latter often appeal to risk-takers. Experts say leaders on both sides will have to ensure that these disparate groups can work well together. Each workforce will need to be able to jump between software, AI, product, aerospace, and cybersecurity, which means that legacy organizational structures will need some overhauling. "A bureaucracy that worked in a stable era will not suffice in a dynamic satellite era," says Sue Ribot, a Korn Ferry senior client partner in the firm's Global Software and Technology practice.

The transition will require getting existing telecom workers acclimated to a lot of changes, something industry leaders have been struggling with. Many of the largest providers worldwide have gone through waves of layoffs; according to one survey, over 60 percent of telecom companies acknowledge that recent reductions in compensation and benefits are hurting talent retention. "It all hinges on having the right talent in the right places at the right time," Ribot says. ▰

WHAT'S ON THE NEXT BOARD AGENDA

1 ARTIFICIAL INTELLIGENCE
Directors can't lose sight of how this technology will totally transform their firms.

2 THE LONG TERM
Pressure is mounting to reduce financial reporting times and for boards to think more long term.

3 C-SUITE DEPARTURES
Turnover for many roles in the C-suite is increasing, jeopardizing leadership stability.

The Original Luddites

British textile workers protested new tech 200 years ago—and lost.

AFTER TRAINING FOR FOUR TO seven years, they were among the economy's most employable workers, known for their skill and acuity. Then came a new technology that accomplished much of their work without them. They soon found themselves unemployed. In their stead, employers hired an influx of cheap, low-skilled workers.

No, we're not talking about 2025. We're talking about 1812, when a group of skilled textile workers—think lace makers and hosiers—took center stage in Nottingham, England, to protest new technologies that produced textiles faster and with less labor. Their leader, Ned Ludd, was portrayed as a Robin Hood-like figure (he hailed from the same region) who strove to save jobs that are unfamiliar to us today, like croppers, who trimmed the fuzzy nap on wool to create attractive garments.

The new clothing produced by cutting-edge technology was not great. Factory-made socks were prone to developing holes within a year or two, unlike the handmade versions that might last a decade. "Machines were producing shoddier articles, more cheaply, and displacing workers," says Kevin Binfield, a Murray State University professor and author of *Writings of the Luddites*. The artisans petitioned Parliament on the grounds that the poorly made garments ruined the reputation of the craft—much as today's creatives, offended by so-called "AI slop," take issue with its low-quality, unoriginal content.

Today, of course, the term "Luddite" refers to someone opposed to new technology, but the original Luddites were less concerned about new equipment than they were about being replaced by less skilled workers. As the movement spread through parts of England, so did violence: Luddites attacked entire mills, but were eventually crushed, both physically and economically, by the government's military (perhaps you've heard the saying "poor as a stocking knitter"). The industrial revolution forged ahead.

Luddites were also the original work-from-home contractors, known for constructing garments from their own weavers' cottages. They did not respond well to their employers' sudden demand that they make cloth in factories. The class of worker impacted by Luddite-era mass automation—mostly skilled artisans—closely mirrors the modern artists, translators, graphic designers, copywriters, and others impacted by generative AI. "They're remarkably similar," says Brian Merchant, author of *Blood in the Machine: The Origins of the Rebellion Against Big Tech*. "Luddites were protesting for autonomy, control, and freedom." ▰

English laborer Ned Ludd leading a so-called "Luddite Riot."

Working Class Movement Library; ullo/Getty Images

Skilled textile workers took center stage in the protest movement.