



7 HR Trends in 2025

Essential Insights
Shaping the
Future of Work

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The Strategic Role of HR

The role of human resources (HR) in building a strong, engaged workforce is more important than years past. Unemployment is expected to rise to 4.7% by the end of 2024, with only modest job growth of about 6,000 jobs per month anticipated in 2025, according to the Congressional Budget Office (CBO).

While these shifts make hiring easier for some roles, demand for specialized skills—especially in fields like technology, healthcare and engineering—will stay strong. For HR, benefits and payroll professionals, this means putting focused strategies in place to attract, retain and engage the best people for these critical roles.

Today's employees aren't just looking for a paycheck. They want flexibility, support for their well-being and workplaces that align with their values. Meeting these expectations isn't optional—it's the foundation for loyalty, engagement and growth.

In this report, we highlight seven key HR trends for 2025. Each trend provides actionable insights to improve recruitment, retention and engagement. Ready to make a meaningful impact on the future of work? Let's get started.

HR Trends for 2025

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Focusing on meaningful experiences will increase employee engagement and strengthen loyalty.
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Leveraging AI will streamline HR work, allowing more time to focus on growth and employee engagement.



Trend 1: Focusing on meaningful experiences will increase employee engagement and strengthen loyalty.

Employee experience (EX) is critical for HR, benefits and payroll professionals who want to attract and retain talent. Creating meaningful, personalized work experiences helps companies meet today's rising workforce expectations and build stronger employee loyalty.

Surprisingly, despite higher employee expectations, 76% of HR leaders don't see them as unreasonable, according to [isolvd's fourth-annual HR leaders research study](#). That's because 53% believe employees deserve a positive experience at work. However, delivering on EX has become a growing challenge, with many identifying EX as the biggest threat to talent retention.²

There's also a disconnect in how business owners and HR leaders view these expectations. In a recent [survey of over 1,000 business owners](#), 55% disagree and feel that employee expectations regarding EX have escalated. This difference in perspective highlights the need for more open discussions on balancing employee needs with business goals and points to the value of working together to create effective, practical strategies for EX.

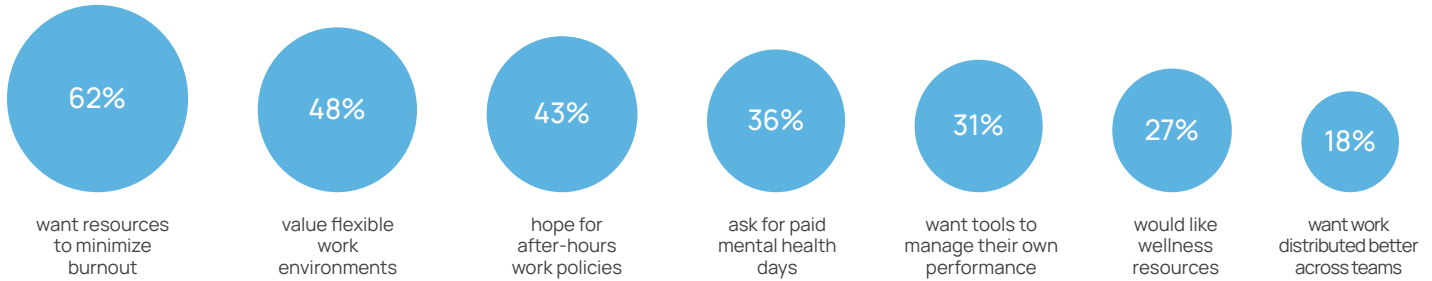
Prioritizing Mental Health and Well-Being

A major component of EX is employee well-being, which goes beyond physical health to include emotional, social and financial wellness. Eighty-seven percent of business owners have been increasingly concerned about their employees' overall wellness in the past year, making comprehensive wellness strategies more essential than ever.³

With 79% of employees experiencing burnout in the last year, it's no surprise that more than half say it has lowered their engagement and 36% say it has affected their performance, according to [isolvd's survey of over 1,000 full-time employees](#). Addressing burnout and enhancing work-life balance will be a priority for HR teams committed to maintaining an engaged, productive workforce.



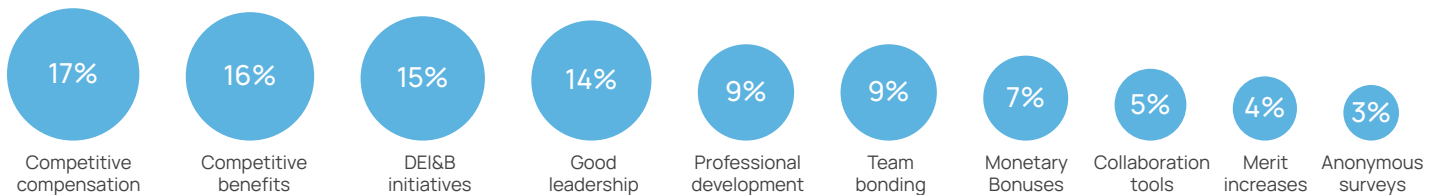
To address burnout, employees shared what they need most:⁴



It's not just employees who are feeling the pressure. HR professionals are struggling with burnout, too. [A survey by isolved and Talker Research](#) found that 30% of HR professionals feel mentally drained, 24% report experiencing burnout and 34% are considering a career change. When HR teams are stretched too thin, it's harder to maintain a positive workplace culture, impacting engagement and retention across the organization.

Key Investments for Enhancing EX

HR leaders say the most significant investments for creating an impactful EX include:²



Next Steps for HR Leaders

Creating a Strong EX in 2025

Investing in meaningful employee experiences—environments where employees feel supported, empowered and connected—will continue to increase in importance. It will help organizations drive engagement, loyalty and retention while strengthening overall reputation. By focusing on mental health, flexibility and growth opportunities, HR teams can create a workplace where employees feel valued and motivated to contribute their best. This people-first approach will set forward-thinking companies apart in today's competitive marketplace.



—Yutaka Takagi,
Principal Product
Evangelist at isolved

Prediction for 2025

"Experience. Balance. Burnout. Each word means something different to each person, which means organizations need to offer more than a one-size-fits-all approach. Flexibility will be the key to designing bespoke employee experiences—whether through when and where work gets done, time-off policies or compensation."

Trend 2: Flexibility will be key for creating adaptable workplaces that meet today's expectations.

Flexible work is a big draw for talent—with half of the workforce favoring jobs that offer hybrid or remote work options.⁴ For HR, the challenge is finding ways to offer this flexibility without losing productivity or team cohesion. As more companies encourage employees back to the office, balancing these needs will become even more challenging. The real test will be creating work models that meet employees' need for flexibility while staying aligned with company goals.

Flexibility as a Talent Magnet

Employees value work arrangements that support a better work-life balance, cut down on commuting time and give them the freedom to work from anywhere. One in 10 employees would look for a new job just to gain more flexibility, and another 16% say a flexible work environment is the most influential factor keeping them at their current employer.⁴ Many HR leaders see these expectations as challenging to manage.

When asked why they believe employees' expectations have gotten out of control, 40% said remote work expectations, while 15% of HR leaders shared that remote work expectations are the top threat to talent acquisition.² Navigating these evolving demands will require thoughtful communication, clear policy development and a commitment to creating an inclusive experience for both in-office and remote employees.



1 in 10 employees
would look for a new job just to gain
more flexibility.⁴

Supporting a Diverse Workforce with Flexibility

Flexibility also supports the needs of a multi-generational workforce. For example, different groups—such as working parents, caregivers and Gen Z professionals—often value the option to work remotely, adjust hours or adopt hybrid schedules.

It's important to understand that flexibility looks different for everyone. For some, it's about choosing where they work; for others, it's about having flexible hours or time off. HR teams who meet these diverse needs will create a more engaged, productive workforce and improve retention.

Next Steps for HR Leaders

Prepare for a Flexible Future

To stay competitive, HR teams need to keep evolving their flexible work models. This means establishing clear policies, investing in communication tools that connect remote and on-site teams, and ensuring every employee feels valued, regardless of where they work. By embracing flexibility and prioritizing employee needs, HR can build a work environment that supports happier, more engaged employees.



—Amy Bliss, Executive
Director at Wisconsin
Housing Alliance

Prediction for 2025

“Making time schedules flexible so they can have a good work-life balance is key to retaining top talent. Telling all potential candidates about flex schedules so they can work around daycare issues and other parenting issues that arise. What we cannot offer in benefits, they gain in flexibility.”

Trend 3: Offering benefits employees truly value, along with competitive pay, is essential to keep top performers.

Today's workforce expects more than just a paycheck—they're looking for benefits that fit their unique needs, whether that's mental health support, wellness programs, career development or retirement planning. Employees are also placing a higher value on pay transparency. They want a clear understanding of how their pay is determined and how it compares to industry standards.

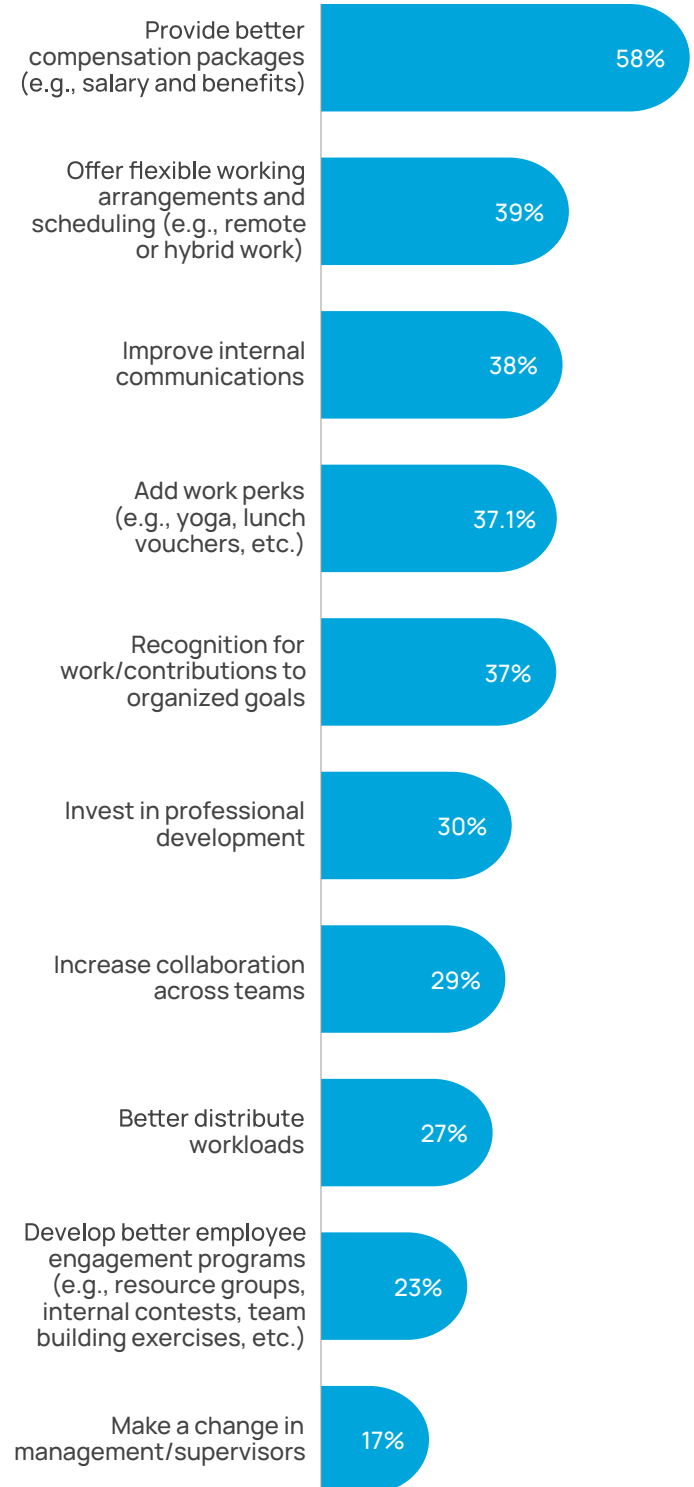
Better Benefits Boost Retention

Employees today want benefits that support their personal and professional lives, and they're not afraid to leave if those needs aren't met. **In 2024, one in four employees left their jobs for better benefits.**⁴ This trend signals that many companies still aren't meeting employee expectations. Surprisingly, only 43% of employees report having health insurance through their employer, and just 35% have access to paid time off (PTO).⁴ As benefits play a larger role in employees' decisions to stay, HR, benefits and payroll professionals need to proactively understand and address these needs.

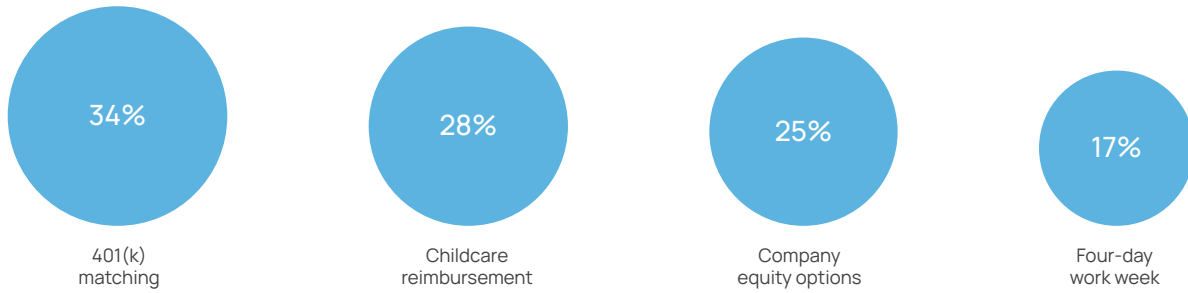


Only 43% of employees report having health insurance through their employer.⁴

What could be done to improve experience within your organization?



Employees most desired benefits—not currently provided by their employers—are:⁴



Beyond specific benefits, 58% of employees identified compensation as the top area for improving their work experience, followed by flexible work arrangements, improving internal communications, and added work perks like yoga, lunch vouchers, etc.⁴ It's clear that offering robust, tailored benefits is one of the most effective ways to retain top talent.

talent. HR professionals identified the top sources of employee dissatisfaction as salary (29%), feeling under appreciated (26%), poor work-life balance (25%) and benefits (23%).⁵ These insights reinforce the need for HR teams to regularly evaluate and adjust their compensation and benefits strategies to keep pace with evolving expectations.

Simplifying Benefits Enrollment

For many employees, choosing benefits can be stressful. Seventy-two percent of employees report finding benefits selection stressful, and 50% say a poor benefits enrollment experience would prompt them to seek new employment.⁴ Simplifying this process with user-friendly platforms and clear communication can significantly improve the experience. When employees feel supported in making these important decisions, they're more likely to stay engaged and loyal.

The Value of Competitive Compensation

In today's competitive market, compensation remains a key factor for attracting and retaining

Next Steps for HR Leaders

Tailor Compensation and Benefits for Better Retention

Staying competitive will mean offering value beyond just salary increases. For HR teams, this starts with regularly reviewing total compensation packages. If raises aren't feasible, consider other ways to support employees—like boosting health benefit contributions or enhancing retirement plans. These adjustments can help reduce financial stress and demonstrate a commitment to employee well-being.



—Mary Beth Quirk, HR & Finance Admin at Friends Life Care Partners

Prediction for 2025

"It's important to review employees' total compensation package to see where improvements can be made. If straight pay raises are not within budget, review benefit contributions to reduce cost to employees can be extremely valuable."

Trend 4: Prioritizing learning will help close skill gaps and keep top talent engaged with clear paths for growth.

Skill development and continuous learning are critical priorities for HR teams. With technology like artificial intelligence (AI) evolving at a rapid pace, employees need to update their skills to stay relevant—making upskilling and reskilling essential. As many businesses struggle to find candidates with the skills they need, offering development opportunities will be vital to retaining top talent. The challenge for HR will be creating learning programs that keep pace with change while meeting employees' expectations for growth.

Closing the Skills Gap

The skills gap is a growing concern for many organizations, with 43% of HR leaders identifying it as a major issue.² As specific skills become more in demand, developing internal talent to fill these gaps will be necessary. Employees are eager for growth opportunities, and businesses that provide the right support can stay ahead.

To address these needs, companies are implementing a variety of methods:²

Team training	Individualized training plans	Mentorship programs
Career pathing	Learning management systems (LMS)	Funding for continuing education

But it's not just about technical skills. HR teams also need to prioritize leadership development, equipping mid-level managers for future roles and building a strong leadership pipeline for long-term success.

39% percent of HR professionals shared that training and developing talent is the current top HR challenge for their departments to solve.⁵

The Rise of Personalized Learning

Employees will increasingly expect more tailored learning experiences. Fifty-four percent of employees rate their employer's commitment to furthering their career as average or poor.⁴ HR teams can bridge this gap by offering digital workspaces that provide custom learning recommendations, performance feedback and even personalized benefits. This one-on-one approach will keep employees engaged and invested in their roles.

Next Steps for HR Leaders

Empower Employees Through Continuous Learning

To keep teams adaptable and competitive, HR teams should prioritize closing skills gaps and building a culture of continuous learning. This strategy prepares employees for the future and creates an environment where growth and development are front and center. By investing in ongoing learning and leadership development now, organizations can build an agile workforce equipped to meet tomorrow's challenges.

Prediction for 2025



—Celia Fleischaker,
Chief Marketing
Officer at isolved

“Personalized digital workspaces will reshape how organizations engage, develop and retain their employees. From performance nudges and learning recommendations to tailored benefit suggestions and volunteer opportunities, employees will expect a level of personalization like the social, search and shopping apps they use daily. Delivering these experiences at scale will become critical for upskilling, reskilling and maximizing employee engagement—ultimately creating a more dynamic and productive workplace. Organizations that embrace this shift will set the standard for future success.”

Trend 5: Effective change management will help HR support employees and build resilience in tough economic times.

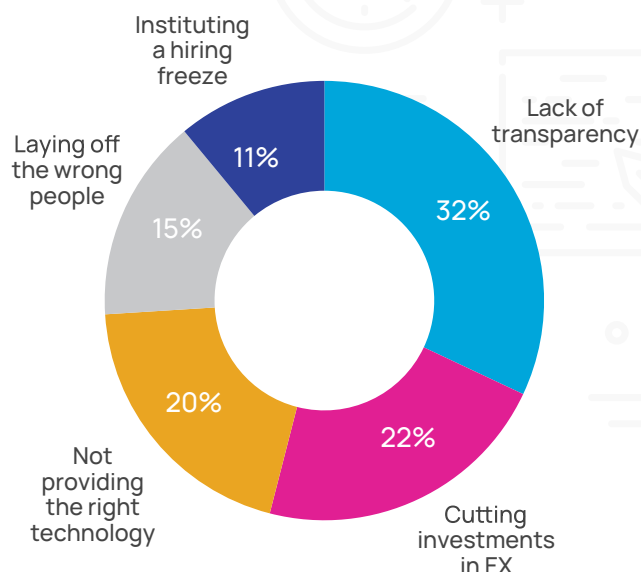
With inflation and economic uncertainty impacting both businesses and employees, HR teams face the challenge of supporting their teams while maintaining stability. Rising costs and financial pressures heighten employee concerns, making it essential for HR to balance cost-saving measures with strategies that retain talent and protect morale.

In these challenging times, employees look to HR for transparency and reassurance. Budget management alone isn't enough—employees need to feel valued and secure. The key lies in fostering open communication, providing financial wellness support and sustaining wellness initiatives to help maintain morale through difficult times.

The Importance of Transparency

During economic downturns, a lack of transparency is one of the biggest mistakes businesses make. According to 32% of HR leaders, failing to communicate openly is more damaging than cutting costs.² The second most common mistake? Reducing investments in EX.² In challenging times, retaining employees becomes even more essential, and transparency plays a key role in that.

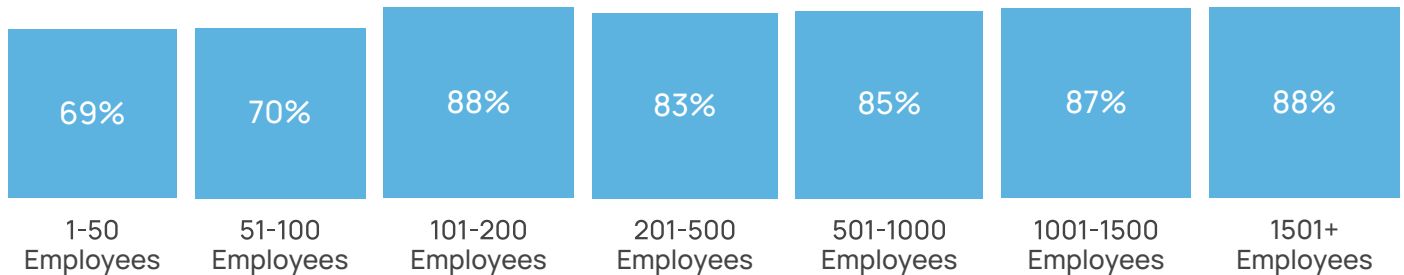
What's the biggest mistake business owners make during a financial downturn?²



Providing Financial Support

With 84% of business owners believing most of their employees live paycheck to paycheck, flexible financial support is more important than ever.³ In fact, 92% of employers are open to providing more flexible pay options, like earned-wage access or on-demand pay, to help employees manage their finances.³ This support can ease financial stress, improve morale and reduce turnover during tough times.

Business owners who say the majority of their employees live paycheck to paycheck:



Beyond financial support, many companies struggle with understaffing and skills gaps, impacting customer retention and daily operations. Fifty-seven percent of business owners have lost business or customers due to being understaffed or because their employees lacked essential skills.³ To address these challenges, HR and payroll teams can focus on strategic workforce planning and invest in upskilling and reskilling to ensure their teams are prepared to meet future demands.

Next Steps for HR Leaders

Equip the Workforce for What's Ahead

In uncertain times, employees rely on HR for guidance and support. HR, benefits and payroll professionals can build trust and maintain a stable workforce by focusing on transparent communication, offering financial wellness programs and supporting well-being. Addressing skill gaps and offering financial support can strengthen organizational resilience, helping teams stay engaged and secure—even through challenging periods.



—Amberly Dressler,
VP of Corporate
Marketing at isolved

Prediction for 2025

"As inflation and the cost-of-living rise, HR teams will face an increasing number of requests from employees for financial support. In 2025, proactive employers will need a comprehensive communication and benefits plan that highlights available financial resources, offers lifestyle discounts and gives employees more flexibility to manage their deductions. Clear, proactive communication will be key to ensuring employees are fully aware of the benefits available to help them navigate these challenges."

Trend 6: People analytics will help HR align company goals with employee needs for better results.

HR, benefits and payroll professionals will need people analytics to tackle complex workforce challenges. As hybrid work, rising employee expectations, and diversity and inclusion shape the workplace, data and analytics can guide HR through these shifts. The challenge is using these tools to track trends like turnover or engagement and to make balanced decisions that support company goals and employee well-being. Successfully using this data will help HR address workforce needs while keeping business priorities on track.

Making Smarter Decisions with Data

As HR becomes more data-driven, shifting from reactive problem-solving to proactive workforce management is crucial. Real-time data helps HR, benefits and payroll professionals keep an eye on important workforce trends—like burnout, disengagement or turnover risks—so they can act before these issues start affecting the whole organization.

AI adds another layer by spotting patterns that might not be obvious with traditional analysis. With AI-driven insights, HR, benefits and payroll professionals can catch early warning signs—such as increasing turnover risk—and make adjustments to keep the workforce engaged and adaptable.

With 91% of HR leaders saying they already have access to the data they need, analytics is still the top investment area.² Data empowers teams to understand what drives employee satisfaction and performance, allowing them to address issues early on. From fine-tuning hybrid work policies to spotting high turnover areas and tracking diversity goals, people analytics provide teams with the insights they need to make strategic, informed decisions.



91% of HR leaders
say analytics is at the top of their
investment goals.²

Next Steps for HR Leaders

Drive Growth Through People Analytics

People analytics will be key to improving employee satisfaction and achieving business goals. By using data to make smart, informed decisions, HR teams can tackle workforce challenges, create tailored solutions and drive growth. Integrating data into daily decisions allows HR to build a more personalized EX that aligns with broader business goals. Staying ahead of some of the trends we've already mentioned, like flexible work, employee well-being, and retention, will require HR, benefits and payroll professionals to fully embrace the power of data.



—Tanya Maldonado,
HR Director at Right
at Home

Prediction for 2025

“By leveraging advanced data analytics, HR teams can gain deeper insights into employee performance, engagement and well-being. This will allow them to make more informed decisions and create personalized employee experiences. Predictive analytics can help identify burnout issues before they escalate while data on productivity and work-life balance can guide the implementation of flexible working conditions and support systems.”

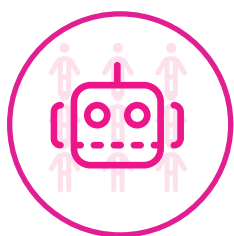
Trend 7: Leveraging AI will streamline HR work, allowing more time to focus on growth and employee engagement.

AI and automation have the potential to streamline many routine HR, payroll and scheduling tasks. However, adopting these tools means HR teams need to learn new systems, adjust workflows and sometimes change long-standing processes—a real issue for those used to traditional methods. This shift requires solid training and support. While automation can make processes more efficient, HR's core focus remains on people. The challenge is using AI to enhance productivity without losing the human connection that builds trust and strengthens work culture.

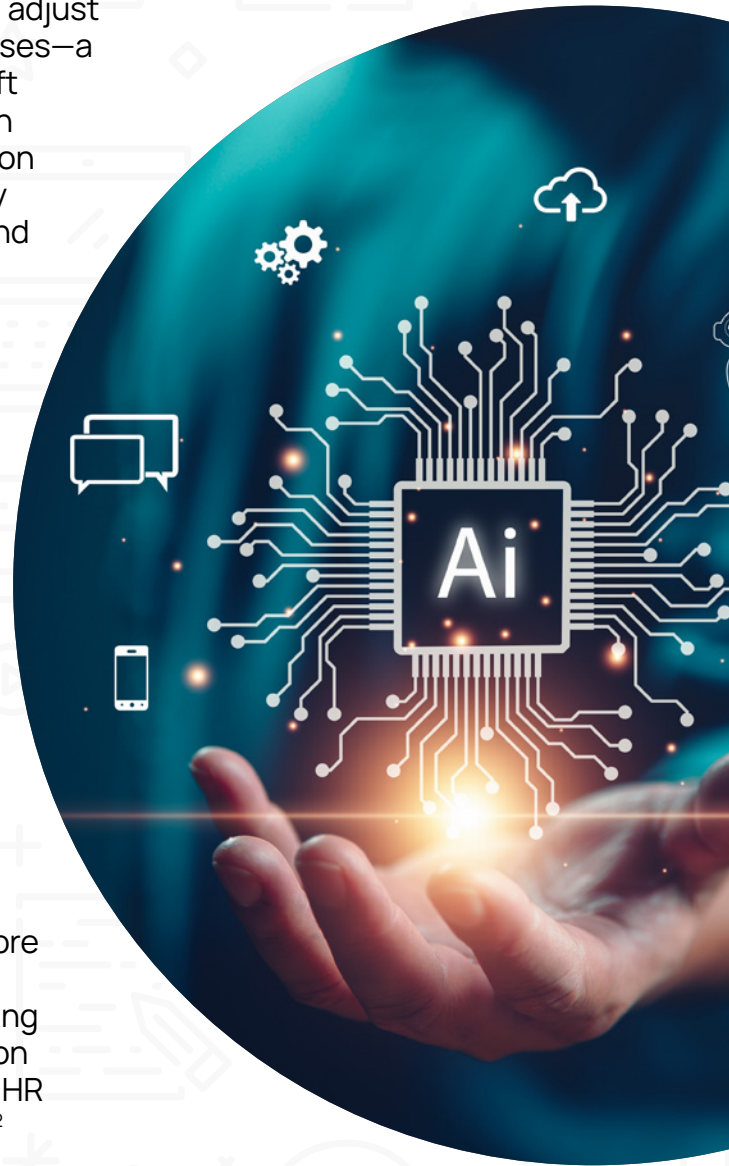
Where AI Can Make a Big Difference

With hybrid work becoming the norm and workforce dynamics growing more complex, HR teams are facing pressure to do more with less. **Only 9% of HR professionals report consistently completing their daily tasks, and 42% work outside regular hours just to keep up.**⁵ This is where AI can be a game changer for busy teams. Eighty-one percent of HR professionals who use AI say it helps them manage daily tasks more efficiently.⁵

As employees demand more tailored experience at work, AI is an essential tool to deliver on those expectations. From automating onboarding to customizing training programs and ensuring new hires feel connected from day one, AI is helping HR create a more supportive and efficient onboarding process—47% of HR leaders report AI's biggest impact here.² AI is also improving performance management (44%), benefits administration (43%) and payroll (41%) by reducing errors and enabling HR teams to provide more individualized employee support.²



47% of HR leaders
report AI is helping to create a more
supportive onboarding process.²



Preparing HR Teams for AI

As AI becomes a bigger part of HR, it's important to ensure teams are ready to use these tools effectively. Most HR professionals (77%) now see AI training as essential to their roles, and 80% of business owners have already invested in it.² By giving employees the skills they need to maximize AI, organizations are not just improving efficiency, they're setting themselves up for long-term success.

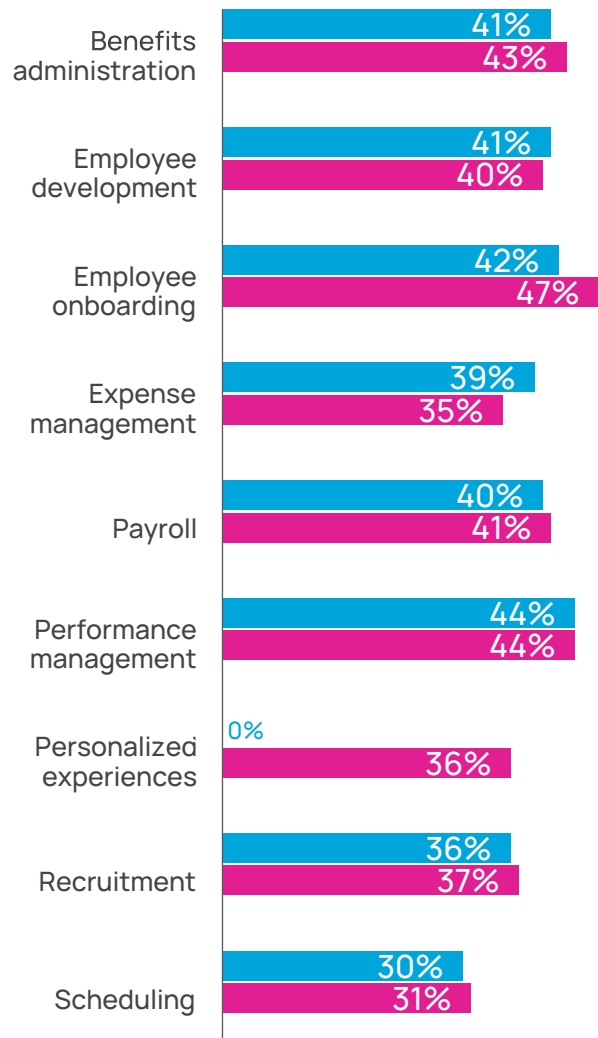
Next Steps for HR Leaders

Use AI as a Catalyst for Strategic Growth

HR teams that embrace AI and automation will have a strong advantage. By automating routine tasks, HR can focus on what drives success—developing talent, engaging employees and supporting growth. With AI's real-time insights, HR can make proactive decisions, like predicting turnover and personalizing employee experiences. These tools allow HR to work more efficiently, offer better support and scale as the organization grows.

Which HR processes are you currently leveraging AI for?

Which areas do you see the greatest potential for use of AI in HR?



—Tanya Maldonado,
HR Director at Right
at Home

Prediction for 2025

“As AI technology continues to mature, we can anticipate several new and improved use cases for AI in HR, like enhanced recruitment processes to screen resumes, conduct initial interviews and even predict candidate success based on historical data. AI can personalize the onboarding experience by providing customized training materials and answering common questions. AI can analyze employee performance data. An AI-powered chatbot can provide real-time support and feedback to employees, improving engagement and satisfaction.”

Navigating Key Trends for 2025

Today's HR, benefits and payroll professionals are more than just people managers—they're trusted advisors shaping the future of work. The trends in this whitepaper, from creating meaningful employee experiences, supporting flexible work models and leveraging AI and data for smarter decision-making—are all designed to help HR teams meet the evolving needs of their workforce.

At the heart of these trends, HR has the power to drive real, lasting change. By embracing these insights, people management teams can build workplaces where employees feel valued and motivated to give their best—improving engagement and helping organizations reach their goals in 2025 and beyond.

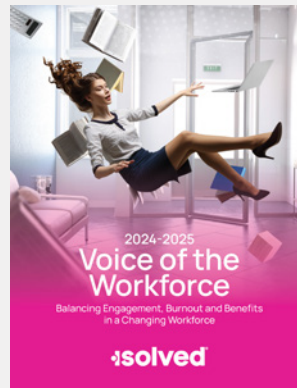


Methodology

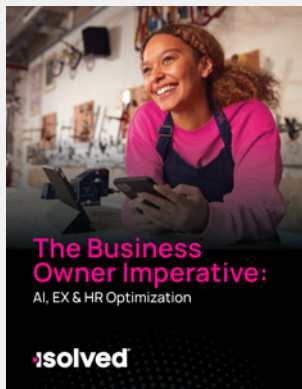
The insights presented in this whitepaper are drawn from four isolated surveys conducted in 2024. Each survey offered a unique perspective from HR professionals, employees and business owners, providing a well-rounded view of the trends impacting HR, benefits and payroll professionals as they plan for 2025. For any questions about our findings, please contact brand@isolvdhcm.com. The following surveys were used:



The HR leaders report analyzes the responses of 1,040 HR decision-makers in management roles or higher based in the United States.



The Voice of the Workforce report analyzes the responses of 1,127 full-time employees based in the United States.



The Business Owners report analyzes the responses of 1,002 owners and founders in the United States.



isolvd partnered with Talker Research to survey 1,000 HR professionals across the United States between July 26 and August 6, 2024.

About isolated

isolvd is the most-trusted HCM technology leader, providing the best combination of software and services to meet the needs of today's People Heroes – HR, payroll, and benefits professionals. From talent acquisition to workforce management to talent management, our solutions are delivered directly or through our HRO partner network to more than 6 million employees and 177,000 employers across all 50 states – who use them every day to increase productivity, accelerate decision-making and ensure performance, while reducing risk. isolated People Cloud™, our intelligently connected platform, automates the entire employee experience by design, so that organizations can engage, empower, and energize their talent while freeing their People Heroes to exceed their goals and grow their careers.

¹ "An Update to the Economic Outlook: 2023 to 2025," Congressional Budget Office, July 2023

² "Champions of Change: How HR Decision-Makers Are Delivering Employee Experiences That Matter," isolated, 2024

³ "The Business Owner Imperative: AI, EX & HR Optimization," isolated, 2024

⁴ "Voice of the Workforce: Balancing Engagement, Burnout and Benefits in a Changing Workforce" isolated, 2024

⁵ "Behind the Scenes in HR: What 1,000 HR Professionals Want You to Know About Today's Workforce Challenges," isolated, 2024



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