

HR TRENDS

GUIDE



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Insights and Action for HR Leaders

The better you manage your greatest assets — your people — the better prepared you are for growth and resilience. But in an uncertain economy, it can be hard to know where to focus your HR efforts. To help, this guide highlights 5 HR trends that can help you stay competitive.



Top 5 Trends

- 1 Embrace**
HR Technology
- 2 Elevate**
Workforce Planning
- 3 Outsource**
Compliance
- 4 Prioritize**
Talent Retention
- 5 Invest in**
Employee Engagement

What's Driving the Trends?

The results of our [2025 Priorities for Business Leaders](#) survey shed light on what's behind the latest HR trends. The key takeaway:



An uncertain economy creates monumental HR challenges for business leaders, which may impact their ability to stay competitive.

To navigate these challenges, the leaders we surveyed are implementing HR strategies that streamline their administrative tasks, reduce costs, increase productivity, and free up time for higher-level activities. The 5 strategies that rose to the top are the HR trends highlighted in this guide.

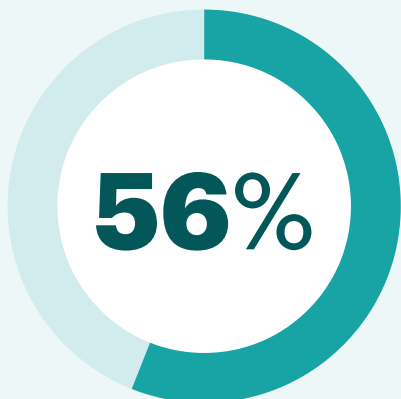


Trend 1

Embrace HR Technology

Challenge

Businesses are embracing HR technology to help them increase productivity, reduce mistakes, and improve analytics and reporting. The benefits are great, but the leaders we surveyed said technology also creates a few obstacles:



56% need to overcome
data security/employee
data privacy challenges¹



53% are concerned
about scalability/ability
of HR system to grow
with their company¹



Trend 1

Embrace HR Technology

Solutions

Conduct a needs assessment

To maximize the ROI of your tech investments, conduct a needs assessment before looking into solutions. This process will give you a list of “must-have” capabilities to bring to your vendors.

- 1. Define** your business and HR goals and how new technology can help you achieve them.
- 2. Evaluate** your current tech tools and capabilities.
- 3. Identify** the gaps to determine what you need from new technology.

Hold out for the “must-haves”

Scalability.

Hold out until you find an [HR tech platform that allows you to upgrade with ease](#). Even better: Future-proof your investment with a provider that continually launches upgrades based on customer feedback.

Data security.

Look for an HR tech platform with multiple layers of security and [integrations](#) that allow you to share data securely with your other solutions.



Trend 2

Elevate Workforce Planning

Challenge

Today's dizzying economic, labor, and technological landscape makes it nearly impossible to forecast the staffing and skills required for business growth. But the economic uncertainty that makes workforce planning so difficult is also what makes it so critical — and why business leaders are elevating it into their overall business strategy.

86%

say economic uncertainty
is a top business challenge¹



74%

are concerned
about business growth¹



Trend 2

Elevate Workforce Planning

Solutions

Business success rides on a precise balance of skills and headcount. To get there, start by analyzing your current workforce and business goals.



Skills Gap Analysis

Determine skills needed to achieve goals

Understand company goals and skills needed to achieve them, such as technical and soft skills, certifications, qualifications, and languages.

Assess employee skills & identify gaps

Collect data from self-evaluations, manager feedback, and performance records. Then identify where you need additional skills.

Close the skills gaps

- **Hire: Target your recruitment strategy**

Highlight the needed skills in job descriptions, look for them on resumes, craft interview questions or in-basket exercises to assess the capabilities, and reinforce them with ongoing training.

- **Develop: Train current employees**

Tailor [training opportunities](#) to help current employees strengthen or gain the skills you need.

SWOT Analysis

- **Define** your workforce's strengths
- **Recognize** weak areas
- **Find** opportunities to enhance skills
- **Identify** threats to your workforce

Get a big picture perspective

To successfully integrate workforce planning with your business strategy and goals, you need to see the big picture. So consider teaming up with an [HR Business Partner](#) to turn workforce planning into a competitive advantage.



Trend 3

Outsource Compliance

Challenge

The leaders we surveyed spend a significant amount of time and money keeping up to date on OSHA, EEOC, and DOL regulations:



5+ hours a month
complying with wage
and hour laws¹



5 hours a month
complying with
workplace safety laws¹



**10+ hours and
\$3,000 a week**
on HR administration tasks¹



\$171,000
a year in resource costs¹

As expensive as that is, the costs of noncompliance are potentially even more devastating: fines, legal actions, hits to brand reputation, loss of trust, disruption to operations, and decline in market value.



Trend 3

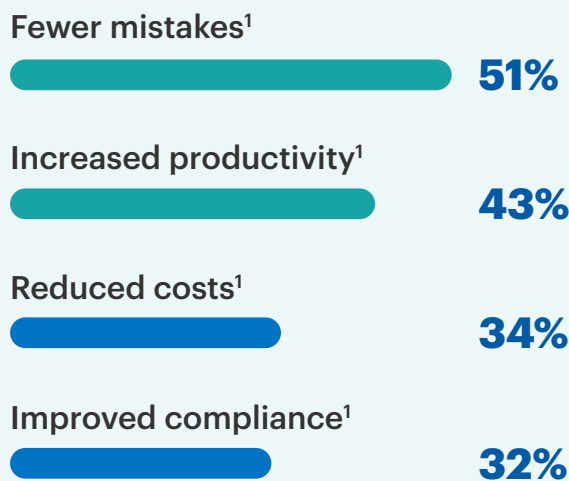
Outsource Compliance

Solutions

A big part of staying compliant is keeping up with ever-changing policies, procedures, and [laws in every state](#) you operate or employ people in — and being prepared for potential audits. It's a lot.

But you can get support from a team of compliance specialists who keep up with regulations and a dedicated HR Business Partner to help you develop a compliance strategy to keep you on track. Plus, they can help you identify [tax credits and incentives](#) that could save you money.

61% of leaders plan to outsource HR administration this year¹ and expect to benefit from:





Trend 4

Prioritize Talent Retention

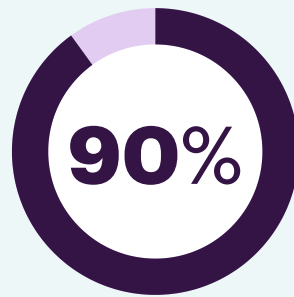
Challenge

The costs of turnover go beyond recruiting and hiring. There's disruption, lost productivity, onboarding. So, it's no wonder leaders are also focusing on activities that improve retention.



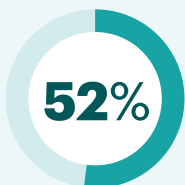
\$8,490

cost of turnover per employee¹



90% of leaders are concentrating on employee engagement, retention, and professional development¹

Businesses are investing in retention by:



Supporting employees' physical, financial, and mental wellbeing¹



Increasing pay¹



Improving benefits¹



Offering flexible work schedules¹



Trend 4

Prioritize Talent Retention

Solutions

[Lifestyle, financial, and voluntary benefits](#) provide the mental health and wellness benefits many employees prioritize — at no cost to your business.

Consider using [HR analytics](#) with [retention insights and turnover benchmarking](#) to help identify the top reasons people at your company may stay or leave, and the benefits they want.

[Compensation benchmarking](#) can help you determine where your wages need to be to stay competitive — and keep people from jumping to competitors.



Not sure where to begin?

Paychex can help you develop a benefits strategy that keeps you competitive.

#1 Employee Retention Strategy is Improving Benefits¹

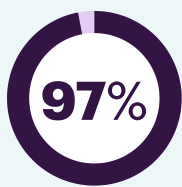


Trend 5

Invest in Employee Engagement

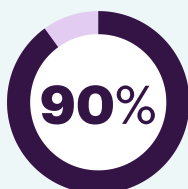
Challenge

Keeping people engaged can be challenging when you've got four or five generations working on dispersed, remote, and hybrid teams. But engagement is key to retention, productivity, and profitability, so businesses are doubling down.



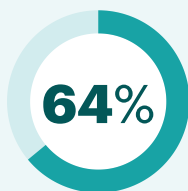
97% of leaders

surveyed said employee engagement is a top challenge¹



90% of leaders

are concentrating on employee engagement, retention, and professional development¹



64% of Millennials and Gen Z prioritize

career growth and development³



21% increase in profitability with

an engaged team⁶





Trend 5

Invest in Employee Engagement

Solutions

An effective [employee engagement strategy](#) includes actions that build workplace motivation and productivity. It's an ongoing and iterative process, so try one or more of the following steps and monitor to see if they make a difference.

- Update [perks and benefits](#)
 - Give [rewards and recognition](#)
 - Allow flexible work arrangements
 - Schedule frequent check-ins
 - Offer [employee assistance programs](#) (EAP)
- Provide [professional development and training opportunities](#)
 - Incorporate goal setting and career pathing
 - Explore [employee engagement software solutions](#)



Turn HR Challenges into Growth Opportunities

Every HR challenge presents an opportunity to strengthen your people strategy. Get started by contacting a Paychex expert today.

GET STARTED

¹2025 Business Leader Priorities, Paychex

²Navigating the New Workforce, Paychex 2024

³2024 Work Institute Retention Insights Report

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