

# BUILDING RESILIENT HR FOR ECONOMIC UNCERTAINTY



Today's fluctuating economic landscape demands full-service HR partnerships that consolidate fragmented systems and provide more predictable costs, positioning organizations to thrive through volatility.

HR has historically reflected what's happening in the wider world — from economic and geopolitical perspectives to social change.

The World War II era saw HR pioneering women's workplace integration and childcare programs with men serving in the military. Victory gardens at workplaces and war bond sales became popular HR initiatives to build employee engagement.

In the 1970s, stagflation and oil crises led to cost-cutting measures, layoffs and the decline of guaranteed pensions.

HR shifted toward variable compensation and lean staffing models.

The dot-com boom brought stock options, flexible work arrangements and elaborate perks as HR focused on attracting talent in a competitive labor market.

Most recently, the pandemic era saw HR rapidly adapting to remote work policies, mental health support and employee safety protocols.

Today's HR professionals face a particularly complex environment. While expectations include generational shifts demanding workplace flexibility and easing inflationary pressures, reality has delivered a softened labor market and continued uncertainty. This unpredictability is driving behaviors from employee, business and investment perspectives.

## Traditional HR can't keep pace with instability

According to ADP VP, HRO Sales Strategy Greg Usberti, "The traditional employer model operates in silos: payroll, workers' compensation, 401(k), Affordable Care Act compliance, benefit administration and HR functions are separate, becoming more time intensive and complex over the years."

This fragmented approach becomes problematic during economic volatility. When businesses face unpredictable costs and budget pressures, the complexity of managing multiple vendors and systems creates additional strain on already stretched resources.



## A strategic response to uncertainty: The full-service HR partnership

Professional employer organizations (PEOs) offer a fundamentally different approach. Unlike traditional siloed HR models, a PEO provides a full-service HR partnership that brings technology and human expertise together.

This model consolidates vendors, streamlines processes and integrates systems into a cohesive package that simplifies business operations, creates a more resilient HR function and helps mitigate risk across multiple fronts:

**Benefits** — While recent ADP research found that compensation still matters most, employees increasingly value personalized benefits packages.<sup>1</sup> The PEO model amps up buying power for smaller companies, allowing them to enhance their benefits package and make it more attractive to employees and job seekers.

PEOs also handle complex administrative tasks such as open enrollment, claims support, COBRA administration and compliance reporting, which frees internal teams to focus on strategic priorities while still supporting employees.



### Protection against talent market volatility —



Economic uncertainty creates even more competitive talent markets. A PEO offers access to advanced expertise and technology to help retain key employees while also attracting skilled labor to fill critical roles.

Benefits also play a huge role in hiring and retention. A PEO partner can assist in building personalized benefits to help you stand out as an employer of choice, as well as creating a culture that values employee development, engagement and satisfaction.

**Compliance management** — Compliance can often become more complex during instability, especially with workforce changes, state law variations and evolving regulations.



Equal Employment Opportunity Commission, Fair Labor Standards Act and Occupational Safety and Health Administration modifications are occurring rapidly. State-level compliance has also become particularly complex since the pandemic drove multi-state hiring practices. A PEO helps ensure compliance with standards that could otherwise result in costly lawsuits or penalties during economic stress.

## Resilience in a volatile business climate

As businesses navigate an increasingly unpredictable economic landscape, the traditional fragmented approach to HR management becomes a liability rather than an asset. The full-service PEO model offers companies a strategic advantage by consolidating complexity into a unified partnership that can adapt quickly to changing market conditions while maintaining compliance and supporting employee needs.

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