



EXECUTIVE SUMMARY

UNVEILING THE NEXT ANYTHING

Navigating new frontiers in talent,
compliance and technology

HR trends and priorities for 2025



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for People®

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Throughout 2025, leaders will navigate significant shifts across **talent, compliance and technology**. The advent of generative artificial intelligence (AI), the prioritization of skills development, the broader emphasis on employee well-being, the equity and transparency of pay and the revamping of employee classifications and work time are posing formidable **challenges to organizational agility** worldwide.

The end of the COVID-19 pandemic did not mark the end of work's evolution. As leaders grapple with the implications of generative AI, a transforming labor market and employees' demands for **better compensation and work-life balance**, they're also confronting the complexities of remote work compliance and whether to return to the office. These developments have underscored the significance of humanity at work, compelling leaders to put their people ahead of less important business matters.



Effectively navigating such a complex business environment will depend on leaders' capacity for open-mindedness, knowledge expansion, interpersonal harmony, versatility and flexibility.



Category

TALENT



Generative AI is affecting employer-candidate interactions

Generative AI can significantly transform hiring practices, offering tools for faster résumé review, automated job-description creation, bias management and more efficient interview scheduling. Despite these advancements, maintaining a **human-centric approach** to hiring is crucial to preserving personal connections and enabling accurate talent identification. Organizations are encouraged to integrate human oversight with generative AI to enhance the candidate experience and avoid potential legal issues related to bias.



The employee experience and well-being are ongoing business priorities

Fostering a fantastic employee experience is crucial for boosting workforce engagement, loyalty and productivity. Individually tailoring work environments, tasks and recognition can make employees feel more appreciated and supported, and it's important to **openly address mental health, stress and burnout** through direct manager communication, technology solutions and feedback, as this can enhance employee satisfaction and improve business outcomes.



Skills have emerged as a strong indicator of employee success

The job market is increasingly prioritizing skills over degrees, leading to a heightened focus on vocational training and boot camps. This trend can benefit employers and job seekers, fostering a stronger alignment between roles and individual skills. It also underscores the importance of continuous skills development, both technical and soft, to adapt and thrive in this evolving landscape. This shift towards skills-centric hiring practices can encourage workforce efficiency and effectiveness, benefiting the economy at large.



Talent is becoming more geographically dispersed

With the growth of organizations and technology, leaders are embracing a more geographically dispersed approach, leading to a rise in remote work. This surge is enabling organizations to access broader talent pools, transcend localities and reap the rewards of better job fits and potential cost savings. While talent dispersion creates challenges, such as ensuring equitable career prospects for remote workers and navigating diverse compliance obligations, there's an opportunity for employers to balance the flexibility of remote work with these considerations.



Additionally, seeking legal advice to manage multi-state compliance can further enhance the positive impact of talent dispersion and remote work.

Category

COMPLIANCE



New laws are limiting how AI is developed and used in employment decisions

Emerging laws are setting new standards for AI's use in employment decisions, aiming to protect employees by mandating transparency, bias monitoring and secure data usage. These regulations emphasize the necessity of **careful AI application** to prevent discrimination and enable compliance. Some legislative acts have introduced stringent requirements for AI systems, while others have mandated annual bias audits for employment decision tools. As AI in the workplace accelerates, adherence to evolving **legal frameworks** is crucial for responsible, secure and ethical deployment.



Pay equity and pay transparency remain business priorities as gaps persist

It's crucial to keep **pay equity** and **pay transparency** in mind, given enduring pay gaps and recent legislative acts underscoring the importance of fair and open compensation. Leaders should embrace opportunities to conduct audits, report discrepancies, disclose pay ranges and responsibly address pay disparities. Understanding and openly discussing pay equity and pay transparency is essential for organizations striving for fairness and compliance and can help build employee trust.



Multiple wage-and-hour developments are giving employers pause

Recent developments in wage-and-hour regulations are prompting employers to reassess their compensation, tax and timekeeping practices. There's a growing trend to **eliminate state taxes on tips and overtime**, with some states already enacting relevant laws. Definitions of work time, including compensable time for security checks and the potential for a shorter workweek, are also under scrutiny.

Employers must stay current on these evolving requirements to ensure their practices comply with federal and state laws.



Category

TECHNOLOGY



Generative AI continues to revolutionize HR, jobs and the workplace

Generative AI is introducing efficiencies and productivity opportunities across HR and business. While it feels ubiquitous, its full potential has yet to be realized across all business sizes. Small businesses may soon find significant value in its capabilities, while larger organizations are already implementing or exploring its use. Despite concerns about data privacy and data quality, its positive impact on processes and productivity management is notable.

Integrating generative AI into daily work can enhance business outcomes if leaders prioritize employees' job duties and on-the-job needs.

Throughout 2025, the excitement around generative AI is expected to evolve as the technology becomes more integrated into daily workflows, requiring strategic implementation, careful management and responsible use.



Firms are looking to expand skills to benefit from emerging technologies

Organizations are prioritizing skills development to take advantage of generative AI and related technologies, with most aiming to bridge AI skills gaps through **upskilling and reskilling**. This focus is driven by the need to retain talent and ensure long-term success with generative AI. CEOs agree that upskilling is crucial, yet investment in technology often outpaces workforce development. Despite a significant increase in AI-related job postings, few workers have received AI-specific training, highlighting an opportunity for more targeted skills development initiatives.

Strategies for success include creating safe environments for employees to experiment with generative AI, using it to preserve institutional knowledge and recognizing the importance of technical and adaptive skills.





Well-being technology is helping firms humanize the employee experience

Interest in well-being technology is high as organizations aim to enhance the employee experience in a post-COVID-19 workplace. Many firms are ready to revamp their benefits programs to support workers' mental, physical and personal health, recognizing the crucial role of technology in addressing rising burnout rates and overwhelming job demands. Executives can leverage the power of well-being technology to enhance talent attraction, retention and overall worker happiness.

Data indicates a strong inclination toward investing in mental health solutions, stress management tools and personalized benefits experiences, across companies of various sizes, especially among larger firms.





NEXT STEPS

Work continues to evolve in today's fast-paced world, presenting various challenges and opportunities for HR professionals, business leaders, technologists and strategists alike. Throughout 2025, staying ahead will require **insight** and the **right tools** and **support** to navigate whatever comes next.

At ADP, we understand the **future of work** is unpredictable, but that doesn't mean you can't prepare for it. Our commitment lies in creating **easy, smart, human solutions** that empower you to meet forthcoming challenges head-on. Whether your focus is on attracting top talent, ensuring compliance or capitalizing on the latest technology, our comprehensive range of products, services and expert guidance is crafted to give you the confidence to handle the future.

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