



SAP Report | PUBLIC

# The top 5 HR trends today —and HR's guide to what's next

# Introduction

Each year, the [HR research scientists at SAP SuccessFactors](#) conduct research to understand the top HR and workforce trends facing organizations and share our perspective on what HR teams should consider as they look to help their companies address these trends. With the objective being to gain a comprehensive understanding of the most prevalent and important trends in 2025, this year we aggregated and synthesized data from **40** global and regional reputable business press sources that put forward **254** individual trends and predictions grounded in their own research and data. We then conducted a content analysis of the trends sample to derive the **five** key themes, or “meta-trends,” included in this report.

While our annual report always includes some pointed commentary and critique about each trend based on our expertise in psychology, new this year is calling upon our own body of original applied research to incorporate data points and insights, resulting in a more evidence-based point of view. For a description of our research studies and samples that we reference throughout this report, please see page [20](#). Now, read on to see **what’s now** and **what’s next** for each trend along with some **fast facts** that uplevel the nerdiness of this year’s trends report.



# HR's role in the 2025 trends: This is your year to shine

In past years, HR has been the subject of its own trend, usually focused on how the HR function itself is transforming with new set-ups, new roles, or new skills required to meet the business' new needs. While HR will rightly continue to transform, the predictions about HR transformation in this year's trends data were nothing novel to warrant it being its own trend, rather just ongoing references to the need for HR to build its analytics skills and the never-ending call for HR to "earn their seat at the table."

So where does that leave HR in this year's trends? Perhaps we concluded that HR will be less important and relevant this year? On the contrary, we are going "all in" on HR and the pivotal role they will play. The rationale for this stance becomes readily apparent if you skim this year's trends. Employee disengagement; artificial intelligence (AI); skills; diversity, equity, inclusion, and belonging (DEI&B); hybrid work—what might feel like "evergreen" topics—are all at critical inflection points requiring HR stewardship, with worrisome trends needing to be reversed, visions and expectations needing to manifest, and polarizing policy decisions needing to be shepherded through implementation with care.

But admittedly, these trends are in different stages of maturity and on different trajectories; therefore, the role that HR needs to play to help businesses tackle and capitalize on these trends is different. We've organized the trends into two sections aligned to the dual role HR will play in addressing them.

First, **HR as Conductor**, leading the orchestration of a strategy and associated change management across the business to realize the opportunities these trends offer:



Second, **HR as Navigator**, leading the organization through precarious waters and circumventing obstacles to put policies into practice for the betterment of all stakeholders:



Taking this year's trends together, what is incredibly clear is this is not the year for HR to turn inward, focusing too much on *their own transformation*. With what is afoot, this is the moment for HR to be a driving force of *the organization's transformation*. Because, as much as these might appear to be just "people topics" relegated to HR to sort out on its own, they are foundational workforce strategy issues that have direct effects on the success of a company's business strategy. Expect companies who "do right" by these trends this year (and HR teams who help their companies make this happen) to reap significant and tangible benefits.

So, lean in, HR! You are in a unique position at a unique time to do what you do best—leading with the *human* part of human resources. If not HR, then who?



## Part 1: HR as Conductor

These first three trends are not really *human resources* trends at all—they are *business* trends that have far-reaching implications across the organization. These topics require close collaboration across all C-suite functions to formulate a comprehensive strategy that fully realizes the return on what will admittedly be a considerable investment of time, energy, and money. In all three cases—employee disengagement, AI, and skills—the theme that is currently emerging is “more is not better.” Businesses will not succeed by doing more employee experience (EX) programs (instead of prioritizing only the most important EX factors with more intention), racing to implement more AI use cases (instead of being judicious about which will provide the most value), and trying to become fully “skills-based” (instead of recognizing that a “fit for purpose” approach to skills is what is needed). Enter HR as the conductor to skillfully orchestrate a harmonious strategy, relying on the unique talents of each function to contribute their piece and deliver a compelling end result that inspires and satisfies diverse stakeholders.

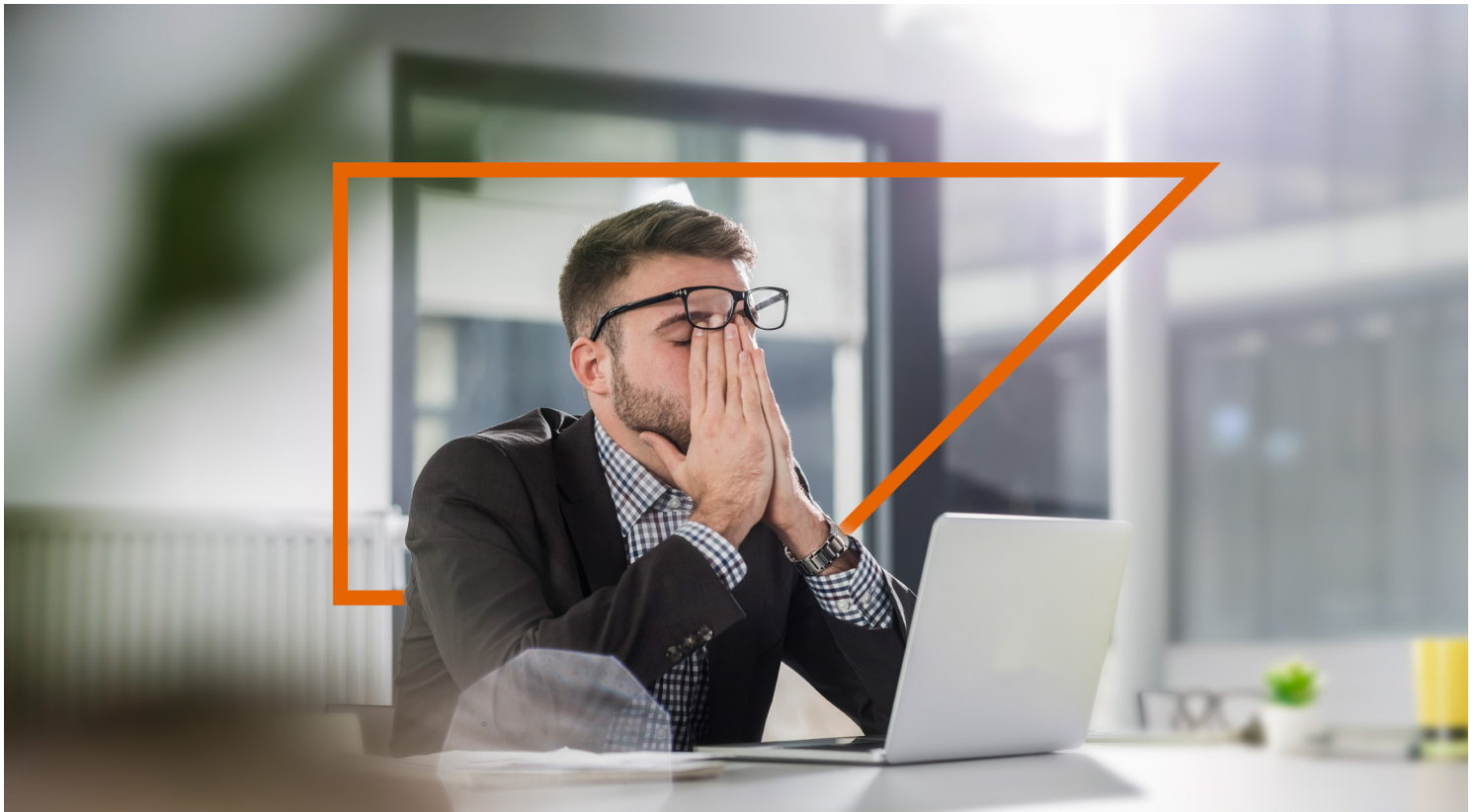
As they assume this role, HR would do well to learn from the best conductors: commanding respect through a powerful (musical) vision, guiding an ensemble to play well together, refining and iterating over time for continuous improvement, and having a discerning ear to know when less is indeed more in service of the broader piece of work.

# #1: Reconnecting the disconnected employee

## What's now

Last year, we predicted that concerning rates of employee stress, burnout, and disengagement would serve as a forcing function requiring organizations to repair the trust and relationship between employees and senior leadership. According to this year's trends, this reparation has failed to materialize. Not only have last year's pressures of contentious policy and personnel decisions, macroeconomic and sociopolitical stressors, and trust breaches with senior leadership not been resolved, but new iterations of these stressors have also been introduced. The compounding effect has resulted in what we can only declare as a state of emergency on employees' sense of connection with their leaders and organization.

To be clear, what we are talking about is bigger and more serious than employees feeling disengaged at work and taking part in relatively passive behaviors like “quiet quitting” or “coffee badging.” Left unresolved, we anticipate that employees will resort to more extreme and highly problematic counterproductive behaviors as a method of coping with stress, retaliating, or regaining control—sabotaging deliverables, withholding important information, even taking legal action. These behaviors have legal and financial consequences, but also cultural consequences as they become normalized and further ingrained in employees' daily habits and perceptions of their organization. Organizations will need to start seeing efforts to reconnect the disconnected employee as an imperative critical to the survival of their business, rather than a trivial bout of hurt feelings that will resolve itself over time.



# What's next

## 1. Leaders must ruthlessly prioritize fulfilling their end of the “psychological contract.”

A “psychological contract” refers to the unwritten agreement about the basic mutual obligations between employers and employees; employees will work hard to meet their company’s expectations, and employers will give them the resources they need to do so, reward them fairly, and treat them well. This might sound simple—and our research suggests it can be. When asked which factors have the largest impact on their experience at work, employees reported that the basics—physical and psychological safety, well-being, fair pay, and manager communication—were most important, outranking factors like career and skill development, meaning and purpose, and flexible work. This finding suggests that leaders will realize more success and impact by recommitting to getting **100%** of the “must haves” right before they put effort into the “nice to haves.”

This is because building a strong psychological contract relies on understanding employees’ basic needs and, more importantly, following through on meeting them. Take employee listening as an example: based on the topics and questions included in employee surveys, organizations are actually signaling to employees what matters to senior leadership. So, will you choose to ask employees how they feel about their recent compliance training or the organizational changes that were just announced? If used to directly assess employee disconnect and the factors most responsible for causing it, listening can be a powerful way for leaders to repair this connection and build the psychological contract. But choosing to shy away from topics that may be difficult or uncomfortable (but are undoubtedly on employees’ minds), or spending time asking about things you don’t fully intend to fix, are surefire ways to make employees feel like you’re failing to uphold your end of the deal. So, get comfortable with the uncomfortable; ask the hard questions and use the information to rebuild employees’ trust—or be prepared for employees to breach their end of the contract too.

## 2. People managers will be seen as a lifeline for employees drowning in disconnect.

“People leave managers, not organizations”—a familiar narrative, but is it still true today? According to our research data, managers are indeed the single most important source of impact on an employee’s overall experience at work. Yet the contentious actions cited in this year’s trends as the reasons for employee disconnect and eventual turnover—return-to-office (RTO) mandates, endless organizational restructures, and mass layoffs—fall outside managers’ spheres of control. This leaves managers in a tricky spot, not only dealing with the fallout from these actions but also serving as the primary source of support and reassurance for their team members as they navigate the impact of these changes. And one thing is for sure: in the face of such uncertainty and disconnection, employees will lean on managers more than ever this year for support and reassurance. Indeed, our research shows that “demonstrating concern and care for their team members” is the most important manager behavior to employees (even more so than “communicating and influencing” or “fostering growth and development”). HR teams can support managers to play this crucial role in reconnecting disconnected employees by giving them opportunities to build their skills in empathetic listening, providing them with resources to communicate a clear rationale for organizational decisions, and opening a channel for managers to elevate employees’ concerns as the first line of gathering feedback.

### Fast facts

■ **57%** of employees believe that unless their company makes serious changes, their burnout will not get better.

■ **41%** of employees believe their company’s leaders would prioritize making more money over keeping workers at the company.

■ Only **8%** of organizational leaders have a data-driven view into the damaging effects of employee disconnect, reporting that they link employee sentiment data to business outcomes.



## #2: Moving from AI hype to AI impact

### What's now

Early-adopting organizations are entering the AI big leagues this year, transitioning from pilot projects and experimentation phases to ambitious enterprise-wide rollouts. Gone are the days of targeting “low-hanging fruit” use cases; instead, top of mind are multi-faceted use cases and maybe even leaps forward in innovation like agentic AI. It remains to be seen to what extent the promises of AI agents will materialize this year; however, what is certain is that organizations (and vendors) will need to prove the value of AI solutions to a much greater extent than in prior years. Calculating the ROI of AI will force organizations that don't have a defined AI strategy to get clear on their priorities. Without fully considering their AI value drivers, organizations risk focusing too much on expected short-term cost or time savings at the expense of longer-term, more strategic outcomes like innovation.

# What's next

## 1. Organizations will home in on their key value drivers for AI, revealing their true priorities.

When asked about their desired outcomes from using AI (or “value drivers”), HR and IT professionals in our research cited a wide range of goals such as efficiency and productivity gains, improved employee experience, and better data quality and decisions for HR and other business leaders. But when it comes to value drivers, more is not necessarily better. Indeed, investing in AI without clarity about what you want to achieve will only serve to complicate decision-making, dilute the power of your AI spend, and create a fractured technology landscape. Organizations that will win in the next phase of AI investments are those that:

1

Consider their business strategy and users' unique needs to get specific on their top value drivers

2

Prioritize use cases based on these value drivers to ensure strong adoption

3

Use these value drivers as measurement criteria to assess the success of their AI initiatives

This exercise will also force organizations to answer important questions about their greatest priority: people or profit. Should an organization still invest in an AI use case that improves the employee experience but doesn't move the needle on financial metrics? Conversely, should an organization invest in an AI use case that has financial benefits but at the detriment of employee experience? HR's influence will be critical in these decisions. Not only does our research show that HR professionals prioritize employee experience as a top AI value driver, but they also know better than most that employee outcomes have a downstream impact on business performance that must not be overlooked.

## 2. The body of research on the ROI of AI will be built this year.

The time to speculate about AI's potential impact has passed; the time to measure AI's actual impact is now. Conducting empirical research to prove the tangible real benefits of AI is undoubtedly challenging. Still, we urge businesses not to shy away from this effort to gain important insights that can be used to make data-driven decisions about future AI strategy, prioritization, and investment. For instance, our team of research scientists has been conducting this type of business impact research with several customers over the past year; our early findings have shown substantial time reductions due to AI for tasks such as:

59%

Self-service HR

66%

Writing job descriptions

71%

Writing interview questions

## What's next

Through our experience conducting this research, three things have become evident:

- **The “blank canvas” of AI impact research does not need to be daunting.** To date, very little robust research has been done to measure the return on AI investments in organizational settings. Without an existing body of research, organizations and researchers alike have struggled to get started on their own studies. But the concept of ROI research is not new to organizations or their HR departments. While AI research requires some unique considerations, HR already has many of the skills they need to contribute: hypothesizing how the business and its workforce will be impacted by a new initiative or technology, measuring the impact, and making recommendations for improvement based on those findings. Our call to action for organizations and their HR teams is to play to their existing strengths—and get started.
- **The impact of AI is not often straightforward or universal.** To be clear, not all organizations or employees will benefit equally from AI. The relationship between AI and outcomes is often more complex and requires measuring and analyzing additional factors that change the strength or nature of a statistical relationship (called “moderators”). For example, you might find that using AI yields greater productivity—but only for employees who are currently low performers. Or AI saves employees time—but only for certain tasks or new hires who aren't as familiar with the tasks. This complexity isn't a reason to abandon AI solutions. In fact, understanding the contextual factors behind why AI is or is not having the desired benefit will be incredibly informative, as companies get more precise with their AI investment decisions and optimize for adoption and impact. Again, our call to action for organizations and their HR teams is to embrace these complexities and what can be learned from them—and get started.
- **AI capabilities are continuously changing, so research must keep pace.** This fast pace of AI innovation and improvement adds to the challenge of studying its impact, especially because it might require collecting data at multiple time points or replicating previous studies. If initial research shows weak results, you may find that the impact of AI is clearer or stronger as technological capabilities mature and more data is collected. Our final call to action for organizations and their HR teams is to not just get started with AI research, but to stick with it over time.

So, while our call to action is clear, you don't have to do it alone. We encourage organizations to hold their AI vendors accountable to support them in, or even lead, this research. It is in an organization's best interest to understand the value of their investments, and it is in a vendor's best interest to demonstrate the value of their solutions.





## What's next

### 3. Organizations will find friction between leaders' and employees' goals for using AI.

There is no question that AI can make work happen more quickly; our research shows that **58%** of employees have saved time by using AI tools, averaging **31 minutes saved**. "Saving time" is also employees' #1 value driver for using AI. On the surface, employees and their organizations are aligned in their anticipation of and excitement about saving time by using AI.

But dig a little deeper, and a troublesome discrepancy emerges. Organizational leaders expect that when employees save time using AI, they will spend that extra time doing more work, which is why leaders often cite productivity gains as the benefit they are looking for from AI. But employees see it differently. With burnout and stress underpinning this year's trend of employee disconnect, some employees feel they have earned the time back for themselves. In fact, according to our research, **46%** of employees feel that the time they save by using AI tools at work belongs to them, not their organization. For those employees who feel they are already giving their organization so much of their time and energy and their organization isn't holding up their end of the psychological contract (see [trend #1: Reconnecting the disconnected employee](#)), it's not surprising that those employees would feel they deserve to recoup some of their time and autonomy over how they spend it.

Mistrust and contention await organizations that do not recognize and proactively address this misalignment. Make no mistake, this issue is urgent. While our data shows that employees are currently saving about a **half-hour** in their day by using AI, we anticipate the amount of time in question will only continue to increase as AI efficiencies multiply. HR will need to mediate between leaders' expectations of more productivity and employees' expectations of more personal time. In doing so, organizations should be open-minded about ways in which employees can spend time benefitting the business that aren't just about getting more work done, like improving their skills or doing tasks they find meaningful. Simply put, clear communication is needed about how employees are expected to use their newfound time and how expectations about their productivity do or don't change as a result of using AI.

## Fast facts

- If required to reallocate any time saved from AI to other work-related activities, employees say they would be most likely to spend it on:
  1. Improving their existing work products
  2. Catching up on work they didn't have time for
  3. Doing more work tasks that they find meaningful
  4. Improving their work-related skills or knowledge
- **57%** of employees say that their company has not communicated with them about how AI will or will not impact their job.



## #3: Striking a balance to steer skills forward

What's now

Read [3 key takeaways from a top HR trend today: Skills-based talent management](#) for a deep dive on our take of this trend!

Once again, this year's trends highlight the pervasive skill gaps organizations are facing, partly due to the rapid pace of AI development and the need for upskilling in this area. We saw calls for HR to:

1

Adopt skills-based hiring to more accurately find and secure the skills needed from the external marketplace

2

Build stronger learning cultures and design meaningful learning experiences to encourage reskilling and upskilling internally

3

Help employees lean into “human skills” as their unique differentiator against AI

But each of these calls, though well-intentioned, is missing an important piece of the puzzle. We believe this is the year organizations will make tangible progress in their skills journey by striking a better balance: recognizing that being “skills-based” does not have to mean being *all in* on skills, that building employees’ motivation to upskill requires both intrinsic and extrinsic components, and that leveraging our humanness to *understand* the technical changes and advancements of AI so that we can adapt appropriately may be the best “defense” of all.

# What's next

## 1. “Skills-based” will no longer be the (only) goal.

Although practices like skills-based hiring have received plenty of attention across this year's trends, our research serves as an important reminder that adopting *entirely* skills-based approaches is not the end goal for many organizations—nor necessarily should they be.

Only **34%** of surveyed organizations reported they wanted to eventually take an entirely skills-based approach

Whereas **63%** said they wanted to include skills data *in addition to other information* when making decisions

Employees and managers agree that while skills should be prioritized when making decisions, this information shouldn't be used alone. According to our survey data, basing decisions **70%** on skills and **30%** on other criteria is what employees and managers find to be the right balance.

Without question, skills-based practices are associated with important positive outcomes. Employees reported they would have a better employee experience, perform better at their jobs, and be more motivated to learn new skills if they knew their company made decisions based on skills. But we wonder—is there a potential downside to going too far down the path of deconstructing employees into a list of their skills? Could employees' sense of identity at work, which we know is associated with job satisfaction and well-being, suffer? Might someone feel less integrated into a new team and culture or less motivated to perform at their best if they feel they were hired only for a skill they possess and not for the other important attributes (for example, personality, values, preferences) that encompass who they are? It will be important for organizations to weigh these risks and benefits to find the approach to skills that makes sense for them, recognizing that the “right” approach might look different across their business based on function or even role.

We developed the [SAP SuccessFactors skills framework](#) to help organizations do just that. The framework outlines four different approaches (skills-implied, skills-included, skills-led, and skills-based) to incorporating skills into HR practices, along with key considerations and examples of enabling technologies. From AI-enabled skills architecture to skills extraction and inference, technology has advanced so far that executing a successful skills strategy is now more possible than HR could have dreamed of only a few years ago. It's time to jump in and make it a reality.



# What's next

## 2. Pay will prove itself the missing piece of the upskilling puzzle.

According to our research, what keeps employees from doing more work-related learning is **1) a lack of financial reward and 2) a lack of recognition**—even over 3) not having time to learn. Indeed, as part of last year's trends report, we questioned whether continued calls for stronger learning cultures and growth mindsets would be enough to tangibly impact employees' motivation to upskill, and therefore, organizations' ability to close skill gaps. As an additional approach, we suggested that organizations consider financially incentivizing employees' upskilling efforts. While this year's trends show little indication that this concept has gained traction, the research we've conducted with dozens of organizations and over 2,200 employees on the topic of skills-based pay may help explain why.

Although surveyed employees reported feeling overwhelmingly positive about the idea of being paid for skills they have or acquire, most of the organizations we spoke with were still extremely hesitant to adopt this practice. One of the main reasons for this hesitancy was fear that employees would take their new skills (and money) and run to a competitor. While this could be the case with one-time bonuses or yearly merit increases based on skills, offering retention-based incentives like restricted stock units for skills gained would circumvent such risks, offering employees the incentive they need to obtain new skills and organizations the reassurance that they'll stick around to use them.

## 3. The human vs. technical skill debate will move from *or* to *and*.

A major theme across this year's trends was the growing importance of human skills for workers in our increasingly technological, AI-enabled world—some examples we read about included critical thinking, communication, and emotional intelligence. Employees will need their organizations to clarify what these sought-after human skills are, as well as offer appropriate learning and development opportunities to help employees bolster them. For our human resource professionals, this call for human skills is an opportunity to lean into skills that are both core to the HR profession and will continue to add value in AI-augmented workplaces, like leadership, ethical judgment, and risk mitigation.

We do, however question whether the concept of a human skill is, to some extent, a moving target. After all, how can we continue to reference communication as a uniquely human skill when widely available AI tools can already do things like engage in customer service interactions or adapt the tone of their own writing to a specific audience? AI will only continue to become more adept at replicating human tendencies, which is why neither employees nor HR can ignore the other half of the equation. They should also ensure they possess the technical skills and knowledge needed to use AI. At the same time, one could argue that technical AI skills are just as much a moving target. Prompt engineering may be a hot technical skill today as an example, but for how long, as AI inevitably continues to evolve and won't need a well-constructed prompt to know what you want it to do? This is why we would urge HR to prioritize developing the **AI literacy** (both their own and that of the workforce at large) that underpins these technical skills as a long-term success strategy. According to our research, employees would most prefer formal learning (like training or certifications) to learn the core competencies of AI literacy: knowing about the concepts related to AI, knowing how to apply AI tools to achieve goals, being able to detect when interacting with an AI tool, being able to assess the limitations and opportunities of using AI, and being able to consider ethical factors when deciding to use AI.

## Fast facts

70% of managers agree that AI technology for skills-based decision-making would be somewhat or very valuable.

57% of employees would be more motivated to learn new skills if they knew their company made skills-based decisions.

Compared to people with high AI literacy, those with low AI literacy are **six** times more likely to feel apprehensive, **seven** times more likely to feel afraid, and **eight** times more likely to feel distressed about using AI at work.



## Part 2: HR as Navigator

These next two trends find themselves in a similar spot at the start of this year. By this point, most companies' leadership teams have taken a position on DEI&B and hybrid work through their policy decisions, and those who haven't quite made a call will soon enough. With loud voices, both internal and external to the organization, decrying or celebrating each policy announcement based on their own ideas of assumed positive or negative impact, it's time for HR to wrangle this confluence of leader, worker, and public sentiment and chart a course for how to implement the company's chosen path with optimal benefit and minimal risk. Enter HR as the navigator to skillfully maneuver through the rapids of this next phase of these trends and ultimately find a safe harbor for the company and its workforce on the other side.

As they assume this role, HR would do well to learn from the best navigators: possessing an expert understanding of the terrain, advising the ship's captain of the route options and associated tradeoffs on the journey, and using data to guide ongoing decision-making, not to mention avoiding hazards along the way.



## #4: Divesting or doubling down on DEI&B

### What's now

The topic of diversity, equity, inclusion, and belonging (DEI&B) has consistently made the list of top HR and workforce trends in our annual analysis. Organizations' associated goals and priorities have been clear for some time, with many making marked progress toward outcomes like reducing bias in decision-making, providing equal opportunities, improving pay equity, and building a more inclusive culture. In other cases, some organizations have struggled to find the right interventions and resources to achieve their aims, leaving them disappointed or disillusioned with their limited or nonexistent progress. But this year, trends data shows that factors such as governmental and regulatory changes (especially in the United States<sup>1</sup>), activist investors, lawsuits, and backlashing employees and consumers have forced this steady topic into total turbulence. Some organizations remain committed to their goals, continuing to ask, "How are we going to do this?" Others plan to divest, instead now asking, "Are we going to do this?" In short, businesses are taking a stand on DEI&B—what will happen next depends on which path they choose: 1) stay the course or lean in even further or 2) remove, reduce, or "go underground" with their investments.

<sup>1</sup> [Ending Illegal Discrimination and Restoring Merit-Based Opportunity](#) (Executive Order #14173 on January 21, 2025)



## What's next

### 1. Most organizations will stay the course on their DEI&B investments—and some will go even further.

Recent research has shown that, contrary to media buzz, most businesses will hold steady or even increase their DEI&B investments this year. That is because, though opinions about the topic abound, the evidence is clear: diverse workforces, equitable practices, and inclusive cultures are good for business. Organizations that prioritize these outcomes are more likely to meet their business goals, have more satisfied customers, and be more innovative. Expect companies that understand this to make additional investments in areas aligned to the top issues that came out of this year's trends data: supporting a multi-generational workforce, enhancing family-friendly policies, and increasing neurodiversity inclusion and digital accessibility.

### 2. Some organizations will shy away from DEI&B goals, but this won't look the same for all of them.

Organizations' decisions to roll back DEI&B efforts will not be a binary “keep” or “cut.” Yes, some companies will take a far-reaching approach: cutting all financial and personnel resources once allocated to the topic, removing any mention of related values from their messaging, and sunseting policies and practices that were put in place across the business to achieve the goals they once set.

However, we expect others will choose to narrow their focus instead. There will be companies that redirect their DEI&B efforts to focus just on the psychological aspects of the topic—*inclusion and belonging for all*—and remove the more demographic-focused components addressing equity and diversity. We expect organizations will try to make their strategies more “palatable” this way, but any actual impact or benefit from this approach is unlikely as it lacks structural change to policies and practices. Some companies might head in the other direction, focusing instead on remaining compliant with legislative requirements like fair pay, but doing nothing more. As countries vary widely in terms of their current legislative landscapes and we anticipate even further changes to come, aligning a strategy to a “moving target” may prove difficult. Either way, organizations that have chosen to narrow their approach must proceed with caution: meaningful, lasting impacts will likely only come from a multifaceted approach. And without that impact, leaders and employees alike will question whether a narrowed focus is worth it at all.

Finally, we have already seen and anticipate more organizations taking their efforts “underground”: gutting dedicated DEI&B resources and messaging but retaining the people practices aimed at achieving their goals by further integrating them into the business instead of operating from a dedicated (and sometimes isolated) department. What value this brings depends on the intention behind these actions. Some organizations will simply rebrand their efforts as something else to avoid scrutiny. But others will use this change to systematically integrate their values of inclusion and equal opportunity within all of their business practices and decisions—this is what its supporters, including us, have been advocating for all along to drive truly meaningful change.



## What's next

### 3. Taking a stand on DEI&B will change organizational cultures in the long term, but it's not clear exactly how.

The “attraction-selection-attrition” theory of organizational psychology states that people will be attracted to organizations that align with their values, organizations will select them based on their fit with those values, and employees will leave if their values become misaligned. This suggests that as organizations’ newly-espoused values about DEI&B become solidified, workers aligned to them will be more likely to come and stay—thus resulting in a more homogenized culture within companies and, over time, widening the cultural divide between organizations that have diverged on their values and approaches.

However, labor market trends indicate that employees are less likely to leave dissatisfying workplaces than in the past, instead remaining in their seats while unhappy. In this case, it is not unreasonable to expect that employees who are dissatisfied with their organizations’ approaches will start grassroots efforts in alignment with their own values and counter to their organizations’. Individual employees or teams could prioritize or deprioritize this topic and grow their own culture from within, even without the support of formal programming or resources—making the overall organization’s culture less consistent and more fractured.

### 4. Different organizational approaches to DEI&B means better data to prove out its value.

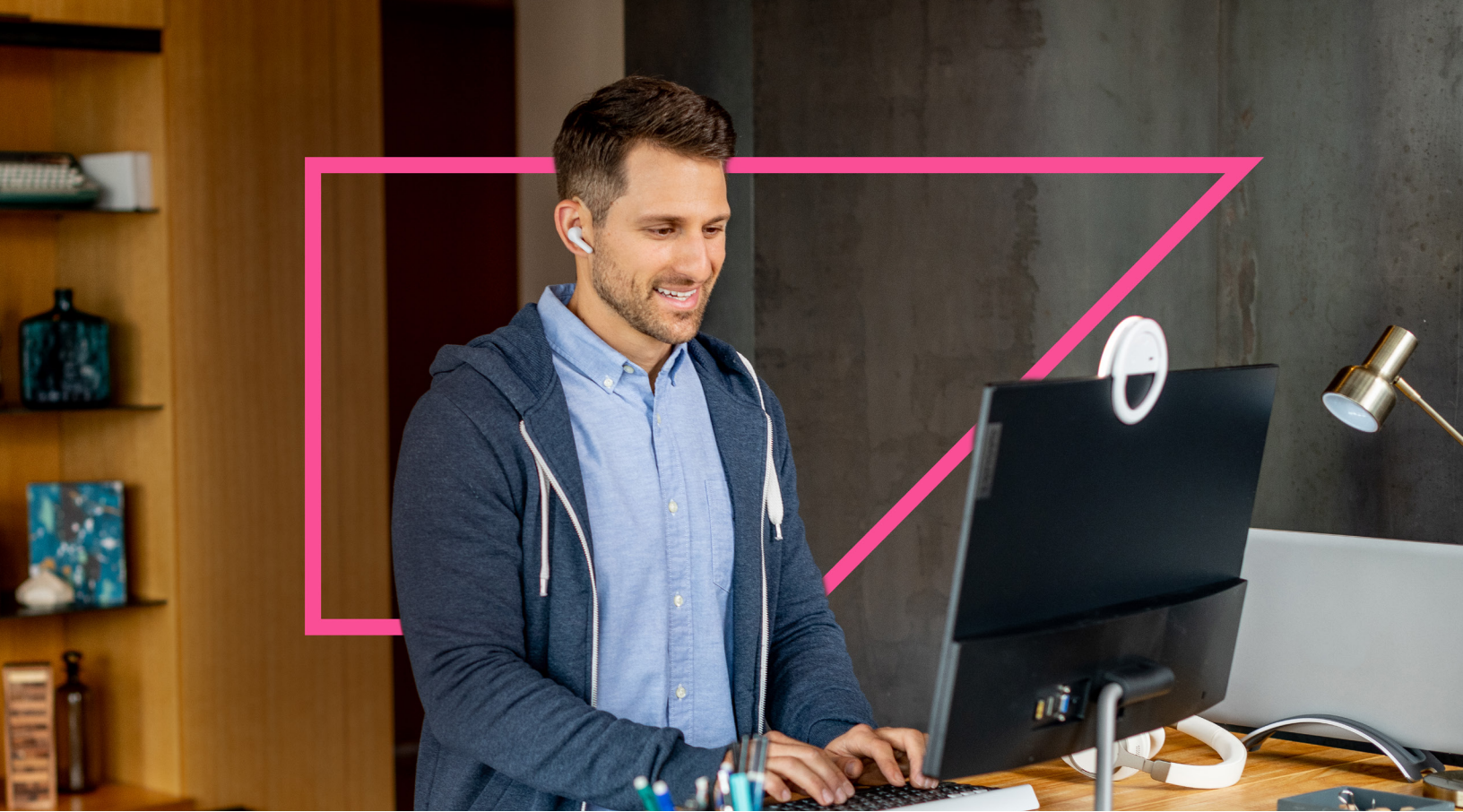
With businesses now differing significantly on if they are investing in DEI&B and if so, how much and on what, this will introduce much more variability across companies allowing for better research on the impact of these investments and decisions. For example, cross-organizational research should give a clearer picture of whether and how DEI&B positioning, investment, and prioritization impact outcomes like applicant pool size and composition, job offer acceptance, employee referrals, employee engagement, and turnover—all key indicators of a company’s employee value proposition. Linkage research could even investigate the impact of policy decisions on customer and consumer behavior as companies’ stances become more publicized. After all, there are certainly a lot of presumptions and predictions about how DEI&B is a causal factor in good and bad outcomes. Why not focus this year on turning this conjecture into hypotheses that can be tested and let the data speak?

## Fast facts

■ **81%** of employees would rather work for a company that values DEI&B than one that does not.

■ **23%** of employees expect they will feel less included at their company in the next year.

■ **41%** of employees think that companies are focusing an **appropriate amount** on diversity and inclusion, while **33%** think that they are focusing **too little**, and **26%** think they are focusing **too much**.



## #5: Plugging into or pulling the plug on hybrid work

### What's now

Last year's trends data indicated a "pendulum swing" away from remote work and toward a five-day, in-office workweek; since then, a seemingly never-ending stream of high-profile RTO mandates proved this to be correct. At the same time, many businesses are sticking to (and even expanding) their hybrid or remote work strategies, prioritizing employee autonomy, balance, and personalization to attract and retain top talent. In any case, now that organizations have taken a stand on where their employees will work, it's now time to see if they achieve the outcomes they intended with their chosen approach—and if, or how, they will further adapt those approaches based on their findings.

# What's next

## 1. Those businesses choosing the RTO path will see whether their bets paid off this year.

To date, research has largely shown that individual employees fare better in hybrid scenarios than in fully in-person or fully remote arrangements. But big questions about the broader assumptions and expectations of RTO policies remain. Businesses frequently cite improving their culture and innovation as reasons for bringing people back to the office—has RTO made any difference to these outcomes? Dissatisfied employees are signing petitions and threatening to leave their companies because of RTO mandates—are they actually leaving, and what is the impact on future applicant attraction? We believe the next phase of research on hybrid work will (and should) focus on how organizational-level outcomes like culture, innovation, and retention change over time as new and clear in-office policies are made and enforced. Given the relatively simple nature of testing some of these assumptions (for example, adding culture questions to employee surveys and tracking retention metrics pre-RTO and post-RTO), HR is in a prime position to lead this effort and prove out what organizations have gained (or lost) from their chosen approach. We also hope the outcomes from this research stream are widely shared for cross-organizational learning and serve as a way to push this currently noisy chatter about which companies have chosen to do what and how everyone feels about it towards a dialogue about evidence and business value. After all, decisions have been made—now we get to see if they are good ones.

## 2. Those choosing the hybrid or remote path will take it a step further, integrating autonomy as a core value in other aspects of work design.

The “job characteristics model” in psychology states that key characteristics of an employee’s job influence what psychological experiences they have at work, which in turn influence their work-related outcomes. Decades of research have shown that autonomy (one of the five key job characteristics) makes employees feel more responsible for their work outcomes, increasing their work motivation, performance, and satisfaction. Companies that have prioritized employee autonomy in their work location policies now have ample opportunities to take autonomy to the next level. For example, one impactful way to provide employees with autonomy is by letting them decide what work they do or how they do it, also known as “job crafting.” Giving employees even more control over their work not only makes them more motivated, but also it gives them a sense that their organization trusts them—and builds their trust in their organization in return. This reciprocal trust serves as a resource to help employees flourish in the face of myriad workplace stressors that exist today.

## Fast facts

▀ **50%** of employees who consider their work arrangements “very flexible” say their company’s hybrid work policies have made them less likely to leave their jobs.

▀ **67%** of workers believe companies that try to control when and where their employees get work done are stuck in the past.

▀ **54%** of workers would consider being paid less money if it meant they could have more flexibility in where and when they work.

# The statistics and data points referenced in this report are from studies conducted by our team of HR research scientists

## **AI x HR think tank: The future of HR in the age of AI.**

Opinion paper forthcoming.  
Based on four focus groups  
with 14 global HR leaders from  
14 SAP customer  
organizations.

## **Building a culture of lifelong learning.**

[Research report](#). Based on  
survey responses from 1,470  
employees and 33 focus  
group sessions with 92  
learning leaders from 52 SAP  
customer organizations.

## **Four approaches to a skills-based talent management strategy.**

[Research report](#). Based on  
survey responses from 9,432  
employees and interviews  
with 278 HR leaders from SAP  
customer organizations.

## **HR's guide to enterprise AI adoption: Strategies for AI governance and workforce engagement.**

[Research report](#). Based on  
survey responses from 2,610  
people managers and 1,413  
individual contributors and  
interviews with 79 HR and IT  
professionals from 52 SAP  
customer organizations.

## **HR's guide to improving AI literacy and AI readiness across the business.**

[Research report](#). Based on  
survey responses from 2,610  
people managers and 1,413  
individual contributors and  
interviews with 79 HR and IT  
professionals from 52 SAP  
customer organizations.

## **Improving the experience of every employee.**

[Strategy workbook](#). Based on  
survey responses from 2,110  
employees and interviews  
with 62 HR, IT, and employee  
experience leaders from SAP  
customer organizations.

## **Quantifying the business impact of AI.**

Report forthcoming. Based on  
longitudinal data from 41  
employees from 2 SAP  
customer organizations.

## **Six best practices to prepare people managers for today and tomorrow.**

[Research report](#). Based on  
survey responses from 731  
people managers and 716  
individual contributors and  
interviews with 31 HR leaders  
from SAP customer  
organizations.

## **Skills-based hiring: Changing mindsets and assessing the timeline.**

[Infographic](#). Based on survey  
responses from 2,269  
employees.customer  
organizations.

## **Winning the race for skills with skills-based pay**

[Infographic](#). Based on survey responses from 1,389  
people managers and 880 individual contributors  
and interviews with 49 talent acquisition and talent  
management leaders from SAP customer  
organizations.

## **Unpublished results from a survey**

of 1,758 individual contributors and 2,272 managers.

# How SAP SuccessFactors solutions can help your organization address the 2025 HR trends

## Trend #1: Reconnecting the disconnected employee

- **SAP SuccessFactors Performance & Goals:** Drive alignment across the business by setting clear and meaningful objectives at the organization, team, and individual levels while using activity tracking and continuous feedback to encourage ongoing dialogue between managers and employees.
- **SAP SuccessFactors Compensation:** Make informed decisions about employee pay by executing compensation strategies across the organization with central oversight and empowering managers to have data-driven discussions with AI-assisted compensation insights.

## Trend #2: Moving from AI hype to AI impact

- **SAP SuccessFactors HCM:** Help employees, managers, and HR teams work faster, smarter, and differently with AI capabilities across the employee lifecycle, including AI-assisted writing for rewards and recognition, AI-assisted career insights, AI-generated interview questions, and AI-driven job recommendations.
- **Joule:** Empower your employees with an AI copilot that helps to simplify HR tasks, surface relevant information, and provide guidance within the SAP SuccessFactors HCM experience, as well as connecting across SAP Business Suite.

## Trend #3: Striking a balance to steer skills forward

- **SAP SuccessFactors Career and Talent Development:** Identify and develop the right skills by using an intelligent, common skills framework to connect employees to relevant opportunities (short-term assignments, mentors, new roles, and others) based on the skills and competencies captured in the employee growth portfolio and the needs of the business.
- **SAP SuccessFactors Learning:** Help employees quickly discover and develop the skills they need and desire with a learning experience that uses AI to enhance personalization, delivering relevant content anytime, anywhere.
- **SAP SuccessFactors Recruiting:** Help attract, source, and hire the right candidates with the skills needed for the future with AI-driven skills-based job recommendations, skills matching, and AI-assisted applicant screening.
- **SAP SuccessFactors Performance & Goals:** Give managers visibility into their workforce strengths and areas for growth with the ability to assess, rate, and compare skills during performance cycles. Leverage skills inferencing based on continuous performance management data such as feedback, achievements, and activities, to reveal hidden skills and ensure all employee skills profiles are up to date.

# How SAP SuccessFactors solutions can help your organization address the 2025 HR trends

## Trend #4: Divesting or doubling down on DEI&B

- **SAP Business Data Cloud:** Drive better people and business decisions by gaining visibility into your entire workforce and having readily available workforce insights accessible across the organization.
- **SAP SuccessFactors Recruiting:** Adopt a skills-based approach to hiring with AI-enabled capabilities, including AI-enhanced job descriptions, AI-generated interview questions, and skills matching for AI-assisted application screening.
- **SAP SuccessFactors Career and Talent Development:** Provide equal access to development and advancement opportunities while empowering employees to take control of their careers with AI-driven career recommendations tailored to their skills, interests, and aspirations.

## Trend #5: Plugging into or pulling the plug on hybrid work

- **SAP SuccessFactors Employee Central:** Understand the entire makeup of your organization with a real-time view of all worker types, locations, and working models—including traditional, hierarchy structures and non-traditional, project-based dynamic teams.
- **SAP SuccessFactors Time Tracking:** Make it easy for employees to adopt a hybrid working model by providing options for common HR tasks regardless of when and where they are working, such as clocking in and out via desktop, mobile, or Microsoft Teams.
- **SAP SuccessFactors HCM:** Help employees quickly complete HR tasks in the flow of work by making HR data and tasks available in work tech applications, such as Microsoft Teams, smoothing the transition between in-office and remote work environments.

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