HRO TODAY

2024-2025 *HRO Today* Annual Top Concerns of CHROs©

HUDSON RPO

Sponsored by Hudson RPO

introduction

This is the fifth edition of the *HRO Today* Annual North America and EMEA CHRO Survey. While there are other studies that examine the perceptions of the C-suite, none truly capture the outlook of chief human resources officers (CHROs). Human resources are directly responsible for workforce planning and employee needs, so the insights gained from this analysis are unique and valuable.

The annual CHRO Survey includes insights from 150 top HR executives in North America and EMEA. Survey respondents were invited to participate in the study via an email invitation sent out between December 11, 2024, and February 17, 2025. The report quantifies the extent of concern when planning for future staffing needs and assesses how organizations are training their workforces to meet anticipated needs. Where appropriate, comparisons are made between findings from prior waves of this study.

In 2025, CHROs and other senior HR leaders are navigating a complex landscape shaped by technological advancements, evolving workforce expectations, and organizational transformation. Key challenges include leadership and manager development, AI-driven workforce management, strategic workforce planning, change management, and HR technology optimization.

Addressing these challenges requires CHROs to adopt innovative strategies, invest in technology, and foster a culture of continuous learning and adaptability within their organizations. But what are the priorities for senior HR leaders? Read on to learn how today's top CHROs are addressing these issues and more to create real impact in their organizations.

This study was sponsored by Hudson RPO.

key findings

Workforce Challenges

Each year brings new challenges for CHROs, and the extent of concern over ongoing issues varies year-to-year. The overall extent of concern about factors related to the organizational workforce has declined for the second year. But the greatest concern among CHROs in this area is the availability of skilled workers in categories needed, with 59% either very concerned or concerned, up slightly from 57% in 2023.

While concern about retention among senior HR executives is down compared to 2022, it remains a concern shared by the second highest percentage in the most recent survey, up by three percentage points from 2023 to 54%.

Addressing employee stress and mental health was the third greatest concern in this area, with 45% of respondents extremely or very concerned. The extent of concern in this area has fallen for three consecutive years.

Company Operations Challenges

The extent of concern about leader and manager effectiveness was once again the area of greatest concern within company operations. Just over one-half (52%) were extremely or very concerned about it, though that was a decline from 62% in 2023.

HR Department Management Challenges

Fatigue and burnout across the HR function as a concern was explored for the first time in 2024, and it is regarded as the area of greatest concern of matters related specifically to HR department management. In total, 41% were “extremely” or “very” concerned about fatigue and burnout.

Workforce Size

In terms of workforce size, just under one-half (47%) of participants indicated the size of their workforce was close to what they had planned for the year. This was a slight decline over 2023 levels, where 52% felt their forecast was accurate. Looking ahead, today's HR leaders continue to face great challenges, such as the impact of tariffs, inconsistent job market, stubborn inflation, the continued threat of recession, wide stock market fluctuations, and geopolitical tensions.

key findings

Upskilling the Workforce

There has been little progress in upskilling workers despite the acknowledged need for skilled talent. Few CHROs reported that they made significant progress in 2024. Just 41% reported at least moderate progress. However, only 41% of senior HR leaders consider their own training and development capabilities as strong, which is the most frequently identified means to close the skills gaps in their organizations.

Artificial Intelligence

AI adoption in HR increased dramatically in 2024. Nearly two-thirds (65%) use AI, up 25 percentage points from the prior year. The most common application of the technology in HR remains talent acquisition. Nearly one-half (45%) agreed that AI will be the biggest disrupter of the HR function in the next two to three years, over three times more than those who disagreed (14%). In the coming years, the key metrics to examine will not be if AI is being used in HR, but exactly where it is being deployed.

Regional Divergence

While overall trends are similar across regions, there are significant differences in some key areas. These areas are summarized in the accompanying table. Overall, senior HR leaders from the EMEA region show higher levels of concern across multiple challenges than their North American counterparts.

Key Differences by Geographical Region

How has the size of your workforce in 2024 changed so far compared to the plans made for it in 2023?	North America	EMEA
Contracted the workforce more than planned	18%	**31%**
Expanded the workforce more than planned	**36%**	19%
Concern over company workforce areas		
Availability of skilled workers in categories you need	55%	**73%**
Wage inflation	**43%**	27%
Senior leaders are prepared to lead in future workplace	41%	**53%**
Concern over company operations areas		
Overall price inflation on goods and services	**52%**	38%
Leader and manager effectiveness	48%	**59%**
Security: Cyber	38%	**48%**
Disconnect between employee engagement and performance management systems	30%	**41%**
Concern over HR Department areas		
Fatigue and burnout across the HR function	38%	**52%**
Implementing technology	32%	**48%**
Obtaining budget for HR technology	25%	**55%**
Company culture that applies globally while respecting local nuances	23%	**38%**
Usability of existing HR technology	23%	**52%**
Most important to close a potential skills gap		
Establishing a strong pipeline from education	22%	**34%**
Internal training	**59%**	41%
Artificial Intelligence will be the biggest disruptor to the HR function in the next two to three years.		
Completely/Agree	42%	**55%**

Plans to Change Workforce Size in 2025

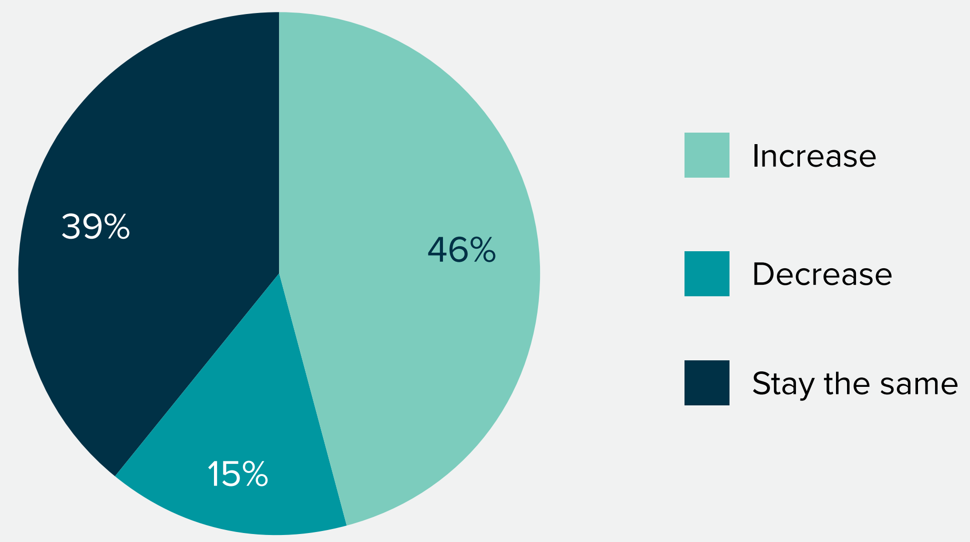
What are your plans to change the size of your worldwide workforce in 2025?

When asked how they planned to change the size of their global workforces in 2025, nearly one-half (46%) of respondents indicated an increase, though that was down for the third consecutive year. Just over one-half (52%) of respondents in EMEA plan to increase the size of their workforce in 2025, vs. just under one-half (45%) of those in North America.

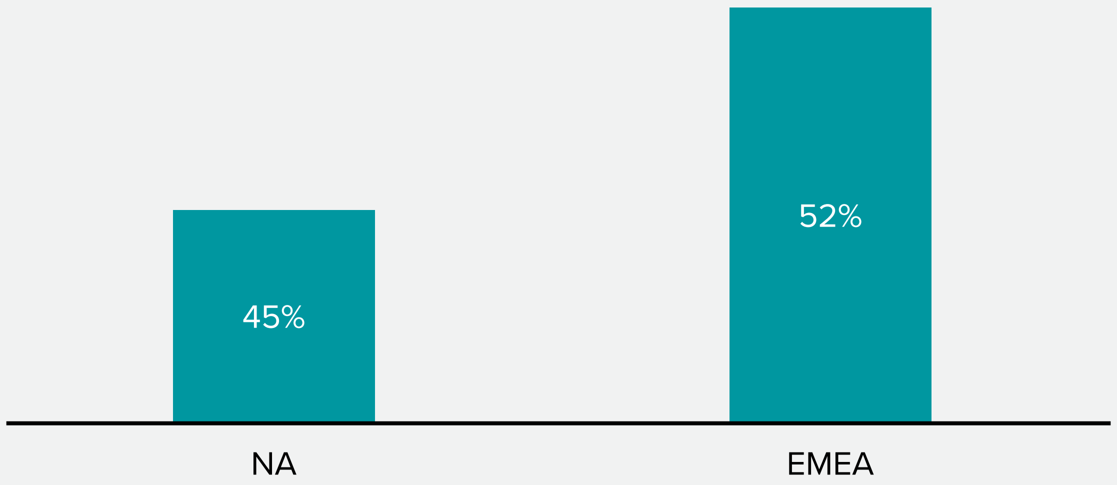
The U.S. labor force is anticipated to expand in 2025, with total employment projected to grow by approximately 6.7 million jobs from 2023 to 2033, driven mainly by the healthcare and social assistance sector.[1] Recent policy changes, including reductions in immigration and potential deportations, are likely to reduce the influx of new workers, exacerbating labor shortages in certain industries.[2] While specific projections for Canada's 2025 workforce size are limited, similar demographic trends, such as an aging population, are expected to influence labor force dynamics. Canada's immigration policies, traditionally more open compared to the U.S., may play a crucial role in offsetting potential labor shortages.

The International Labour Organization, a U.N. agency, indicated the global jobless rate remained at a historic low of 5% last year. It forecasts that the rate would stay there in 2025, dipping further to 4.9% next year. Mapping out longer-term aging and fertility trends to illustrate how the ebbing labor supply is affecting that, JP Morgan strategists noted the working-age population in developed economies looks to have peaked at 746 million in 2023 and is projected to fall by 47 million through 2050 based on U.N. forecasts.[3]

Plans to Change Workforce Size in 2025



Plans to Increase Workforce Size in 2025 by Region

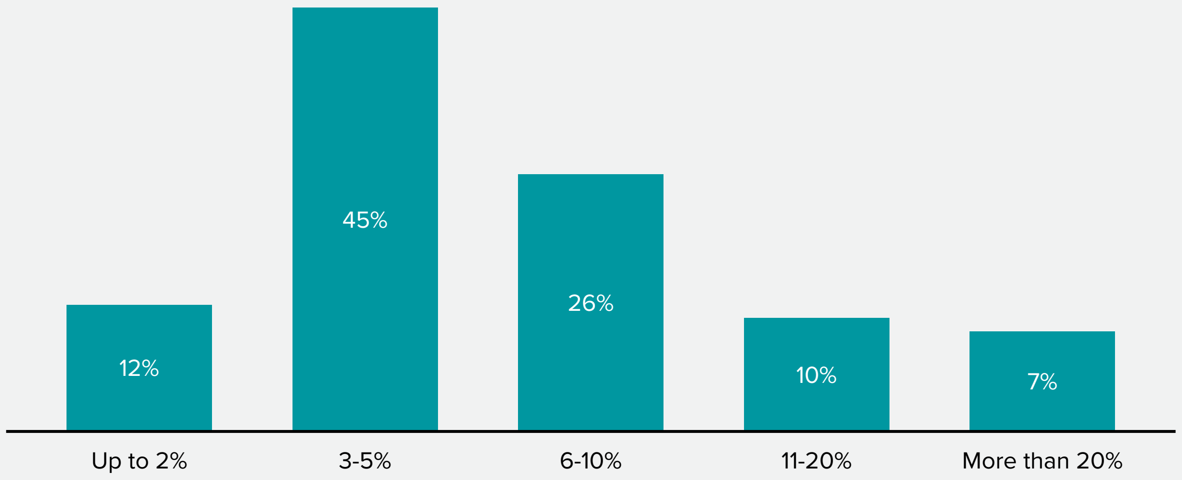


Plans for Workforce Growth in 2025

By what percentage is the size of your workforce planned to increase in 2025?

The respondents who anticipated an increase in workforce size were asked to quantify the size of the planned increase. Overall, 43% indicated planned growth of at least 6%, while the average increase is anticipated to be 7.2 %, comparable to the 6.8% planned in 2023.

Plans for Workforce Growth in 2025



Actual Size of 2024 Workforce Change vs. Plans Made in 2023

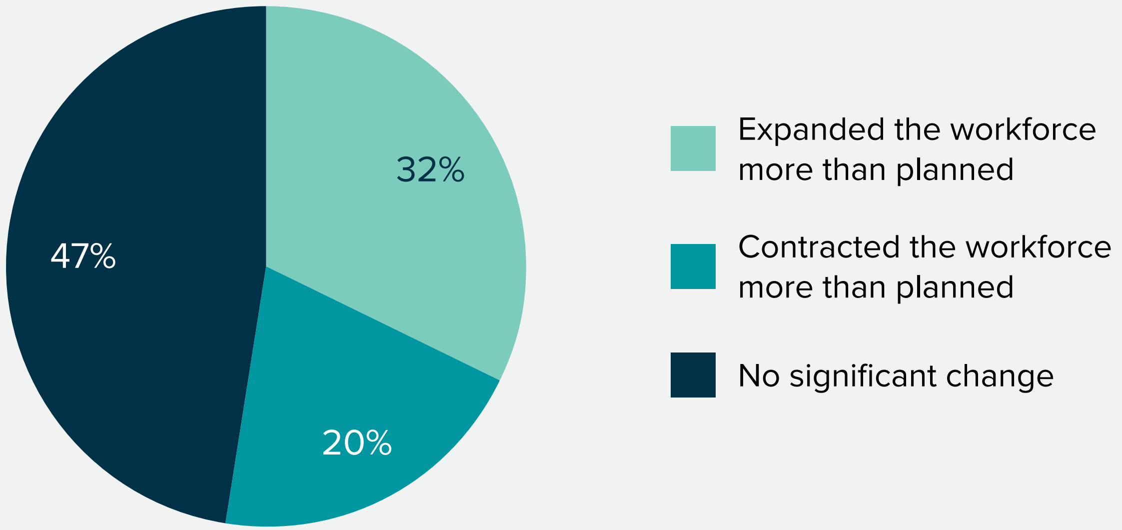
How did the size of your workforce in 2024 change compared to the plans made for it in 2023?

When asked how the size of their workforce changed compared to their 2023 plans, just under half of respondents (47%) indicated there was no significant change. For about one-half, plans for workforce size matched what transpired over the course of the year. One-in-five (20%) indicated that their workforce contracted more than planned, while 32% indicated they expanded the workforce more than planned. Overall, the U.S. economy performed better than expected in 2024, which likely led to more organizations expanding the workforce more than planned.

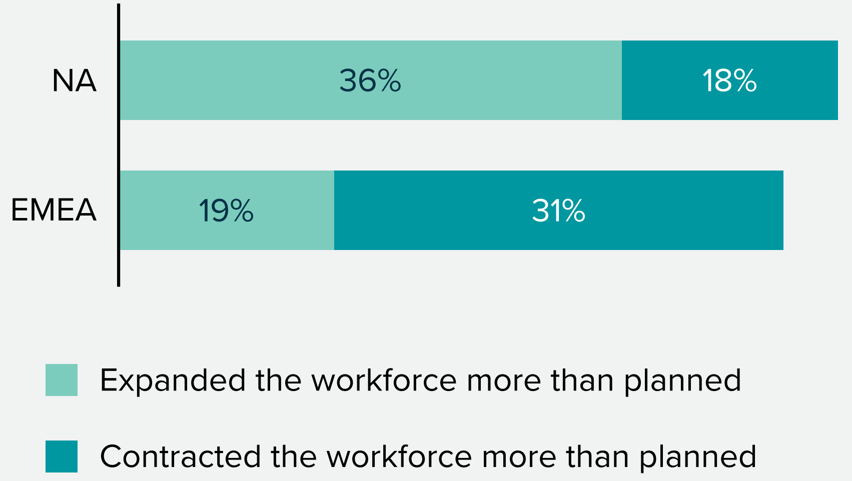
There were contrasting findings between North America and EMEA. While 36% of respondents from North America expanded their workforce more than planned, only 19% of those from EMEA did likewise. Conversely, nearly one-third of respondents from EMEA contracted their workforce more than planned, vs. 18% of those from North America.

In 2024, the workforce size in the EMEA region faced several challenges that negatively impacted its growth. Key factors included sluggish economic growth, skill shortages, and labor market tightness despite economic challenges.[4]

Actual Size of 2024 Workforce Change vs. Plans Made in 2023



Actual Size of 2024 Workforce Change vs. Plans Made in 2023 by Region



Size of Workforce: Changes in 2024

By what percentage did the size of your workforce increase?

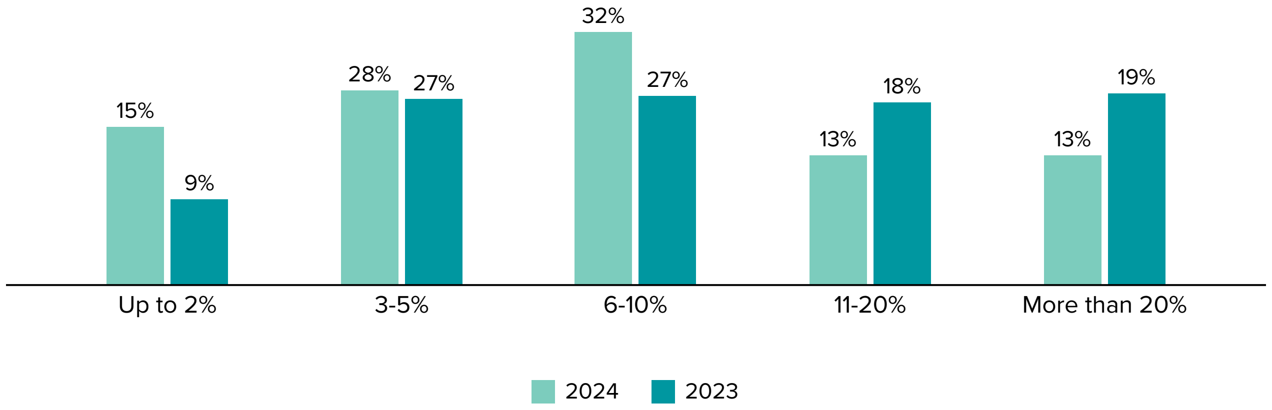
The respondents who indicated they increased the size of their workforce more than planned were asked to quantify the extent of the increase. For 2024, over one-half (58%) said their workforce rose by at least 6%, which was down from 64% in 2023. The average increase in 2024 was 8.9%.

Workforce expansion is very much tied to specific industries. Overall, the U.S. job market in 2024 reflected a robust expansion across multiple sectors, with government, healthcare, social assistance, and construction leading in workforce growth.[5]

The high-tech goods sector in the EMEA region saw substantial growth, with output increasing by 6.7% in 2024, surpassing the global average of 3.3%. This expansion was driven by heightened demand for advanced technological products, leading to increased employment opportunities within the sector.[6]

Size of Workforce Increases in 2023-2024

Base: Workforce Increased Size



By what percentage has the size of your workforce decreased?

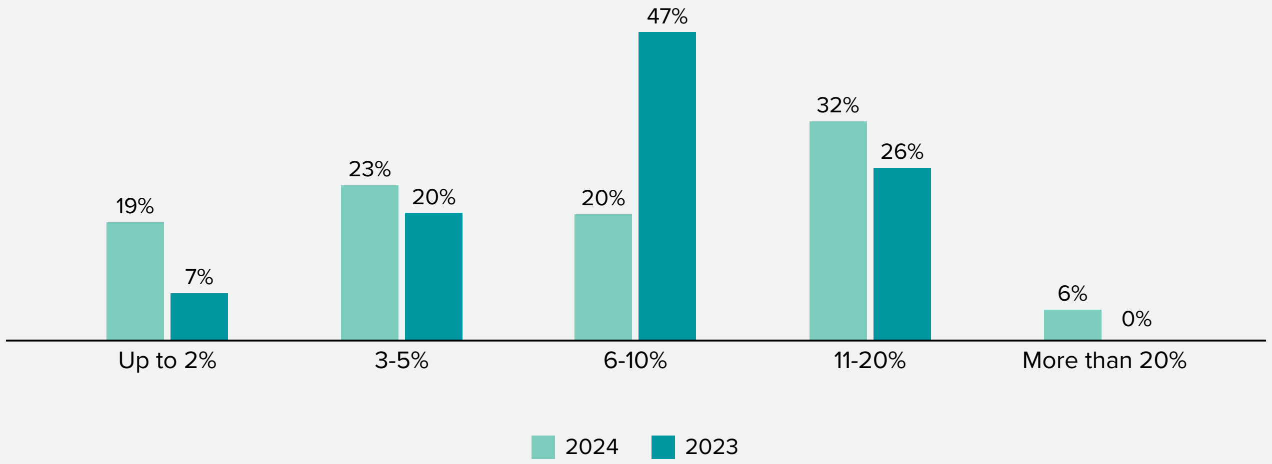
The respondents who indicated they decreased the size of their workforce more than planned were asked to quantify the extent of the decrease. Just over one-half (58%) indicated the reduction was at least 6%, with an average decrease of 9.3%. However, that is an improvement over 2023, when 73% indicated a reduction of at least 6%.

As in the case of increases in workforce size, an organization's industry is crucial when examining workforce size changes. In North American during early 2024, the leisure and hospitality industry lost approximately 781,000 workers.[7] The manufacturing industry faced a decline in labor market tightness throughout 2024, with July marking the first month since May 2021 where the number of unemployed in manufacturing exceeded job openings.[8]

In 2024, several industries across EMEA experienced significant declines in workforce size. In Germany, the automotive sector faced substantial job cuts due to challenges in transitioning to electric vehicles and increased competition. In France, the automotive industry was also notably affected, as was the pharmaceutical industry. The retail industry faced significant challenges, with nearly 170,000 shop workers affected in 2024, marking a 42% increase from the previous year.[9] The manufacturing sector in Europe experienced a downturn due to high energy costs and increased competition from countries like China.

Size of Workforce Decreases in 2023-2024

Base: Workforce Decreases Size



Extent of Concern: Company Workforce

How concerned are you, if at all, about each of the following areas that relate to the company workforce?

Study participants were asked to indicate their level of concern about 11 priorities related to workforce planning. The extent of concern shown below is defined here as either "extremely" or "very" concerned on a five-point scale. The overall level of concern has declined for three consecutive years.

The foremost concern was the availability of skilled workers in categories needed, at 59%, up slightly from 57% in 2023. In the U.S., 70% of corporate leaders report critical skills gaps negatively impacting business performance.

According to a recent report by the World Economic Forum, 44% of workers' skills will be disrupted in the next five years. Cognitive skills are reported to be growing in importance most quickly, reflecting the increasing importance of complex problem-solving in the workplace. Creative thinking to be growing in importance slightly more rapidly than analytical thinking. Technology literacy is the third-fastest growing core skill. **Six in 10 workers will require training before 2027, but only half of workers are seen to have access to adequate training opportunities.**[10]

While concern about retention among senior HR executives has fallen since 2022, it remains a concern shared by the second highest percentage, 54%, of study participants, up by three percentage points from 2023.

While the overall unemployment rate remains very low by historic standards, global economies are seen as unstable, which can impact many employees' options for advancement elsewhere. In some industries or regions, a tight job market can make it more challenging for employees to find alternative opportunities. **This can result in lower turnover rates as employees may be less inclined to leave when the job market is competitive**. Economic uncertainty is also likely to negatively impact employees' willingness to leave their current employer.

Addressing the reduction in employee stress and increasing mental health was the area with the third highest percentage indicating concern in the category of company workforce, though it fell for the third consecutive year, down 15 percentage points to 45%. **A Monster poll indicated that 74% of employees report negative mental health at work, with 40% describing it as "poor."**[11]

The American Psychological Association's Work in America Survey confirms that psychological well-being is a high priority for workers themselves. **Most (92%) workers say it is very or somewhat important to them to work for an organization that values their emotional and psychological well-being.** Additionally, 92% believe it is very or somewhat important to them to work for an organization that provides support for employee mental health.[12]

One of the new areas of concern added into the 2024 version of this study is assessing concern over how well senior leaders are prepared to lead in the future workplace. This was the area with the fourth highest percentage indicating concern, with 43% either "extremely" or "very" concerned. One example of how senior leaders must adapt is in the rapid integration of AI and other emerging technologies in transforming job roles and organizational structure.

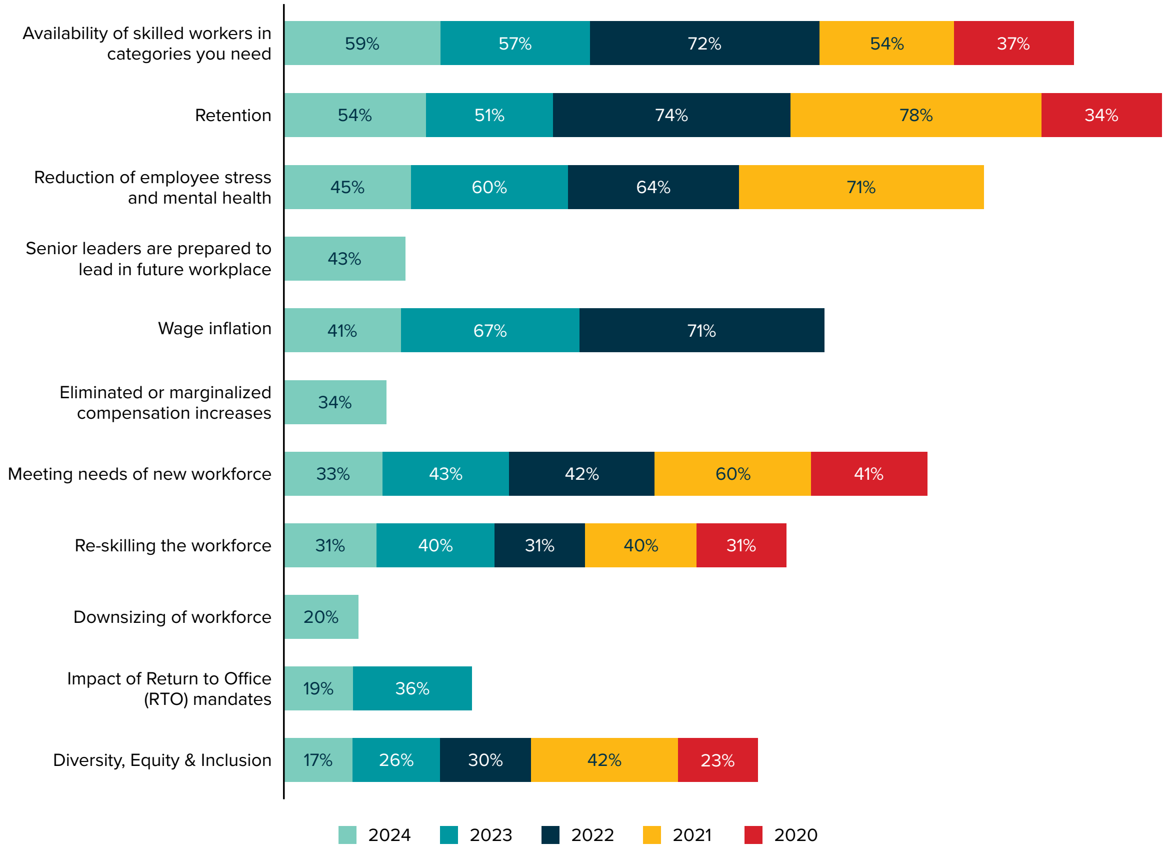
AI is expected to impact nearly 40% of jobs globally, with approximately 60% of positions in advanced economies being exposed to AI.

This shift necessitates that leaders not only understand these technologies but also guide their teams through the associated transitions.[13]

Concern over wage inflation fell again to 41% of respondents, down from its high of 71% in 2022.

In the U.S., diversity, equity, and inclusion (DEI) programs have been under fire. Concern about DEI fell for the third consecutive year, down to 17%, the lowest of the 11 areas examined here.

Extent of Concern: Company Workforce



Concern over the availability of skilled workers is significantly higher in EMEA than in North America (73% vs. 55%), as is senior leaders prepared to lead in the future workplace (55% vs. 41%). Wage inflation is a greater concern in North America than in EMEA (43% vs. 27%).

Extent of Concern: Company Workforce Top 5 Concerns by Region

	North America	EMEA
Availability of skilled workers in categories you need	55%	**73%**
Retention	54%	53%
Reduction of employee stress and mental health	45%	43%
Wage inflation	**43%**	27%
Senior leaders are prepared to lead in future workplace	41%	**53%**

Extent of Concern: HR Department Management

How concerned are you, if at all, about each of the following areas that are related to HR department management?

Respondents were asked to indicate the extent of their concern about six issues falling under HR department management. **Once again, the percentage of responses that are "extremely" or "very concerned" are shown in the accompanying chart**. In general, apprehension of the areas falling under HR department management were less of a concern than other topics explored.

Fatigue and burnout across the HR function was added to this area starting in 2024, and it is regarded as the area of greatest concern of matters related specifically to HR department management. **In total, 41% were "extremely" or "very" concerned about fatigue and burnout**.

In 2024, the HR function experienced significant levels of fatigue and burnout. The HR profession has undergone substantial changes in recent years. A survey revealed that 91% of HR leaders acknowledged significant transformations in their roles over the past five years, leading to increased responsibilities and workloads.[14]

The broader workforce also experienced heightened burnout levels, with 44% of U.S. employees feeling burned out at work. This widespread burnout added pressure on HR professionals, who were responsible for addressing these issues, thereby compounding their own stress and fatigue.[15]

Workforce planning was indicated as a significant concern by 37% of respondents, similar to the 2022 level of 40%. There are many factors that can lead to uncertainty in workforce planning. Among the factors are economic uncertainty, rapid technological changes resulting in a skills gap, changing work dynamics such as remote work and the gig economy, and talent retention.

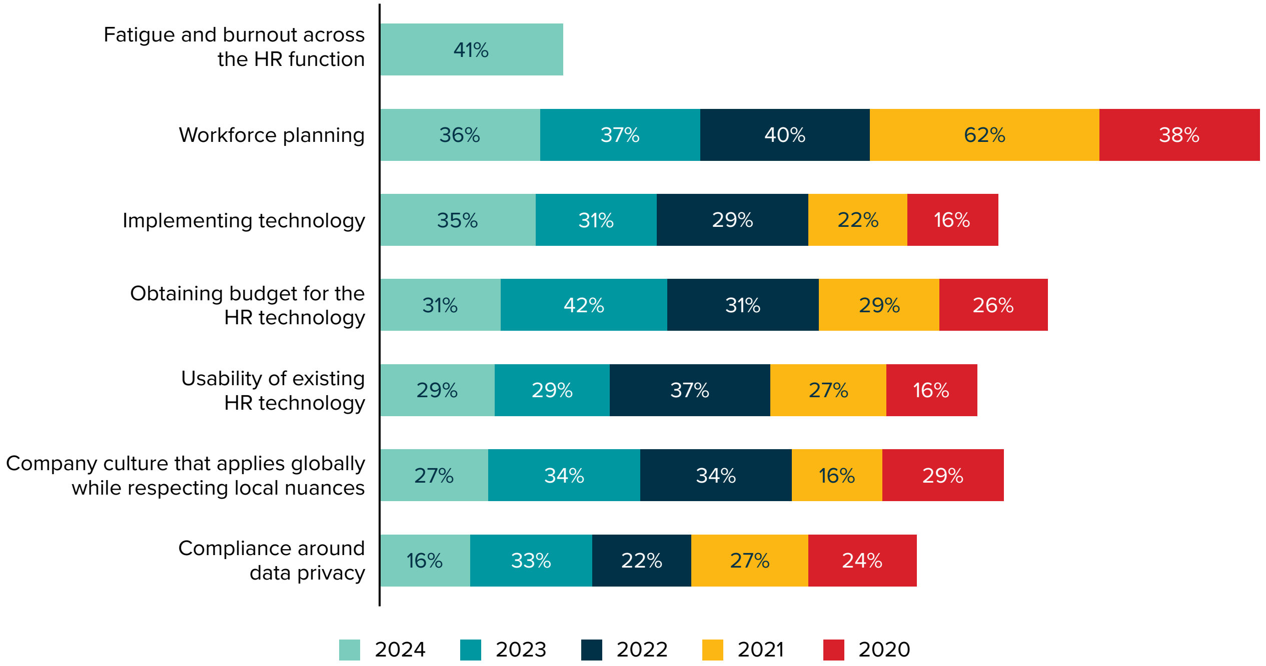
The third greatest area of concern here is implementing HR technology, with 35% extremely/very concerned. Implementing HR technology in 2025 presents several significant concerns for organizations. Among these concerns are integration with existing systems, data privacy, user adoption and training, cost and resource allocation, ethical and bias considerations, and change management.

Overall concern is higher among HR executives in the EMEA region than in North America, with a higher level of concern expressed in each of the seven areas examined. Chief among these is fatigue and burnout across the HR function, with over one-half (52%) of those from EMEA concerned vs. 28% of those from North America.

Obtaining budget shows the biggest gap (30 percentage points) between North America and EMEA. Related to that is the usability of existing HR technology, which shows a similar pattern.

How concerned are you, if at all, about each of the following areas that are related to HR department management?

Extent of Concern: HR Department Management



Extent of Concern: HR Department Management by Region

	North America	EMEA
Fatigue and burnout across the HR function	38%	**52%**
Workforce planning	35%	**41%**
Implementing technology	32%	**48%**
Obtaining budget for HR technology	25%	**55%**
Company culture that applies globally while respecting local nuances	23%	**38%**
Usability of existing HR technology	23%	**52%**
Compliance with data privacy	16%	17%

Extent of Concern: Company Operations

How concerned are you, if at all, about each of the following areas that relate to company operations?

Participants were asked to indicate the extent of their concern about nine issues related to company operations. In general, the extent of concern in this area is down from the prior year. The exception is the increased concern for the disconnect between employee engagement and performance management systems, up 11 percentage points from 2022 to 39%.

Leader and manager effectiveness is a concern for over one-half (52%), though that was down from 61% in 2023. In times of economic instability, effective leadership is crucial for guiding teams through challenges and maintaining productivity. Managers equipped with strong leadership skills can empower their teams, fostering resilience and adaptability.[16] A significant number of managers lack formal training, leading to inefficiencies and a toxic work culture. **In the U.K., for instance, 82% of managers are "accidental managers," highlighting the need for professional development to enhance management skills**.[17]

The area with the second-highest level of concern is overall price inflation on goods and services, with one-half (50%) extremely or very concerned. This percentage fell for the third consecutive year, down 15 percentage points. In 2024, the U.S. inflation rate was 3.0% from January to January 2025.[18] While in 2024, Canada's inflation rate averaged 2.4%, down from 3.9% in 2023.[19] As of December 2024, the inflation rate in the European Union was 2.7%.[20]

All of these rates have come down considerably since the pandemic, but all are above government goals. Given recent tariffs imposed by the Trump administration on about 90 countries, along with retaliatory tariffs from many of those countries, the rate of inflation will rise globally in 2025.

Cybersecurity was cited as a major concern by 40% of respondents, which has been very consistent over the last three years. The HR function has become integral to organizational cyber risk management in recent years. Along with IT, HR is increasingly called upon to help determine and enforce employee data permissions, train, and enforce cybersecurity policies and procedures, and help respond to cyber events involving employees. **HR's increased involvement is due to a convergence of factors, including: a more active regulatory environment, the pervasive use of technology and devices in employees' work, and recognition of the importance of a strong organizational cybersecurity culture**.[21]

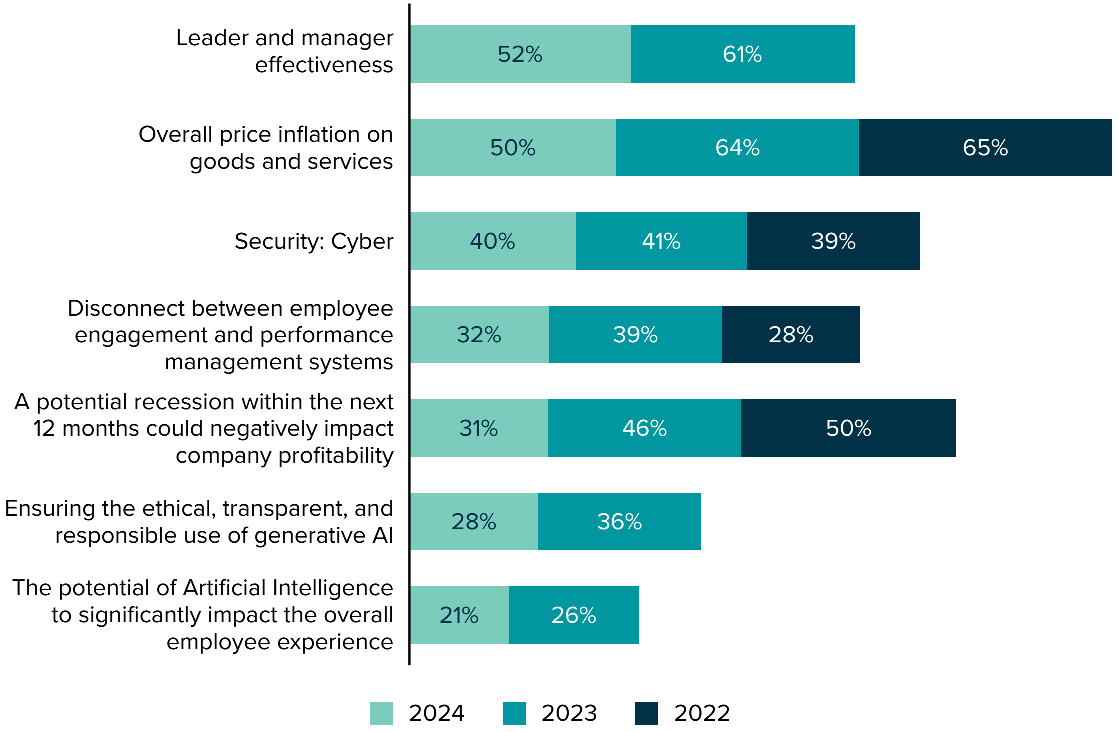
A potential recession in the next 12 months could negatively impact company profitability, which was concerning to nearly one-third (31%) of respondents, down 15 percentage points, the sharpest decline of any area. While estimates about the likelihood of a recession vary, current projections suggest a moderate risk of a U.S. recession in 2025, influenced by factors such as trade policies and economic indicators.

As of March 2025, the economic outlook for EMEA presents a mixed picture regarding the likelihood of a recession.

In Europe, recent developments indicate a slowdown in economic growth, though not necessarily a full-scale recession. The European Central Bank (ECB) has reduced its key interest rate to 2.5%, marking the sixth cut in seven meetings, in response to challenges such as potential U.S. tariffs and increased military spending needs. **The ECB now forecasts a modest GDP growth of 0.9% for the eurozone in 2025**.[22]

Concern over overall price inflation is markedly higher in North America (52%) than in EMEA (38%), despite more moderate inflation in the US. Leader and manager effectiveness concerns were higher in EMEA than in North America, as are cyber security concerns and the disconnect between employee engagement and performance management systems.

Extent of Concern: Company Operations 2024



Extent of Concern: Company Operations 2024 by Region

	North America	EMEA
Overall price inflation on goods and services	**52%**	38%
Leader and manager effectiveness	48%	**59%**
Security: Cyber	38%	**48%**
Regulatory changes from incoming national political leadership could require HR departments to adapt swiftly	34%	31%
Disconnect between employee engagement and performance management systems	30%	41%

Concern Over Remote Work's Impact on Employee Attachment and Loyalty

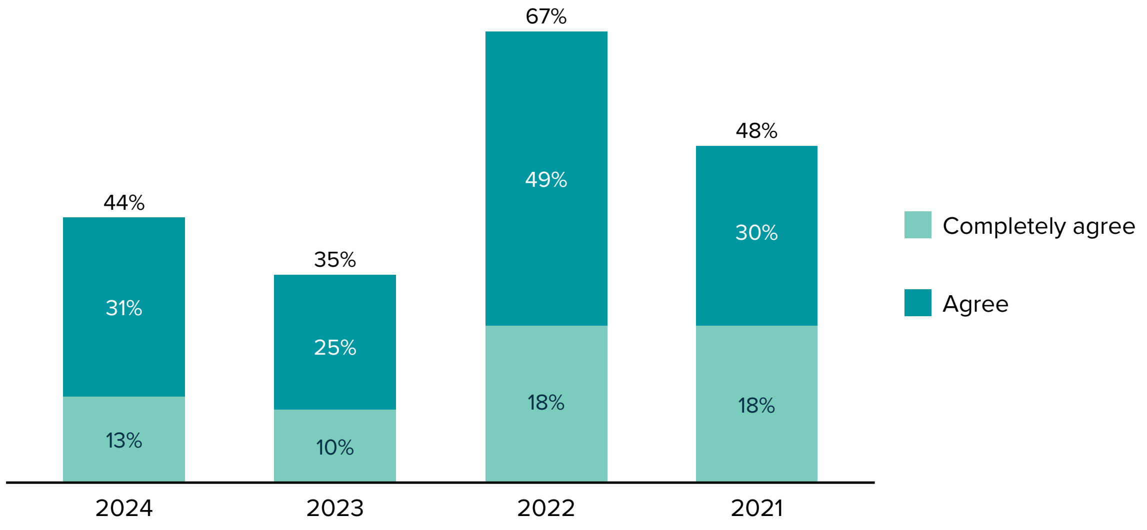
Please indicate your extent of agreement with the following statement: "I am concerned that remote work over an extended period has reduced employee attachment and loyalty to our company."

Remote work became the new normal during the COVID-19 pandemic, but concerns remain about its long-term impact on company culture. Overall, 44% of CHROs agreed that remote work has reduced employee attachment and loyalty to their company, up from 35% in 2023 and comparable to 2021 (48%).

Concerns over the impact of remote work leading to a reduction in employee attachment and loyalty increased in 2024. Remote work may negatively impact employee attachment and loyalty to their organization through several ways. There may be weakened social bonds, as employees may struggle to form strong relationships with colleagues and leadership. And there is a risk of a reduced organizational identity, leading to a disconnection from company culture. Communication gaps may also arise in remote teams.

The extent of concern about remote work's impact on employee attachment and loyalty is similar between North America and EMEA.

Extent of Agreement: Concern Over Remote Work's Impact on Employee Attachment and Loyalty



Extent of Agreement: Concern Over Remote Work's Impact on Employee Attachment and Loyalty by Region

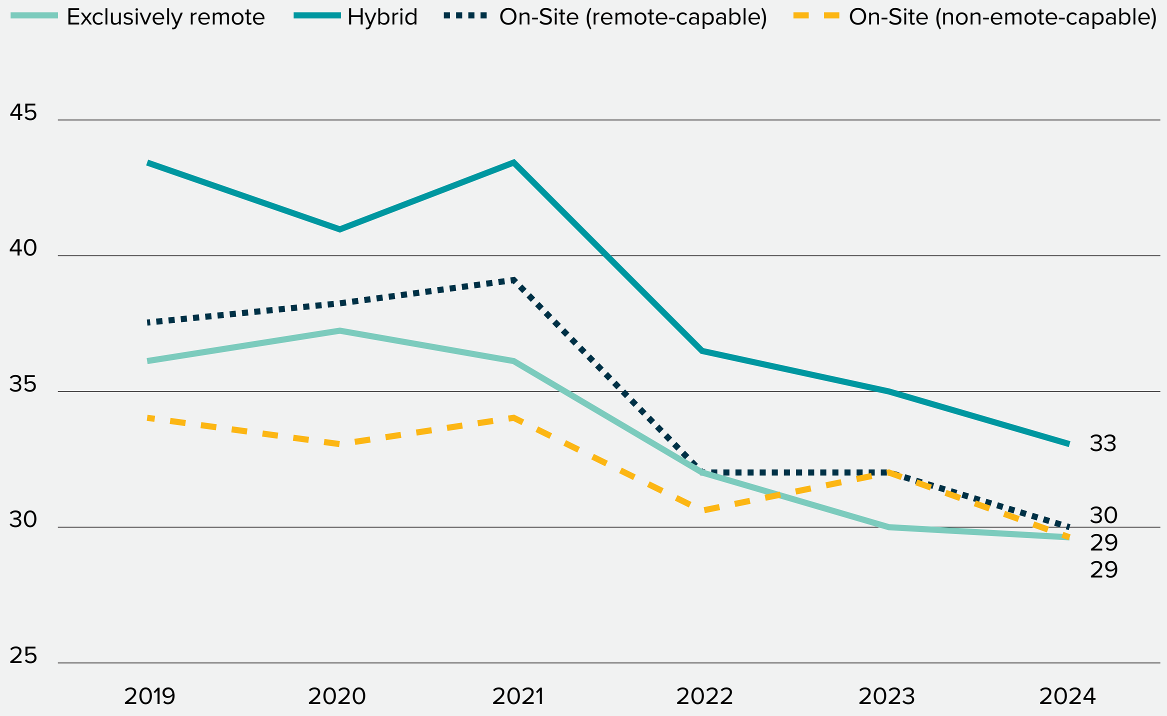
	North America	EMEA
Agree (net)	43%	50%
Completely agree	12%	17%
Agree	30%	33%

Increased concern over the impact of remote work on employee attachment and loyalty is not misguided. An ongoing study by Gallup shows that employees who are exclusively remote have the lowest level of agreement that the mission or purpose of their company makes them feel their job is important.[23]

Erosion of Employee Connection to Organization's Mission or Purpose

The mission or purpose of my company makes me feel my job is important.

% Strongly agree



Data are among U.S. full-time employees.

Source: GALLUP

Progress in Establishing Upskilling Programs

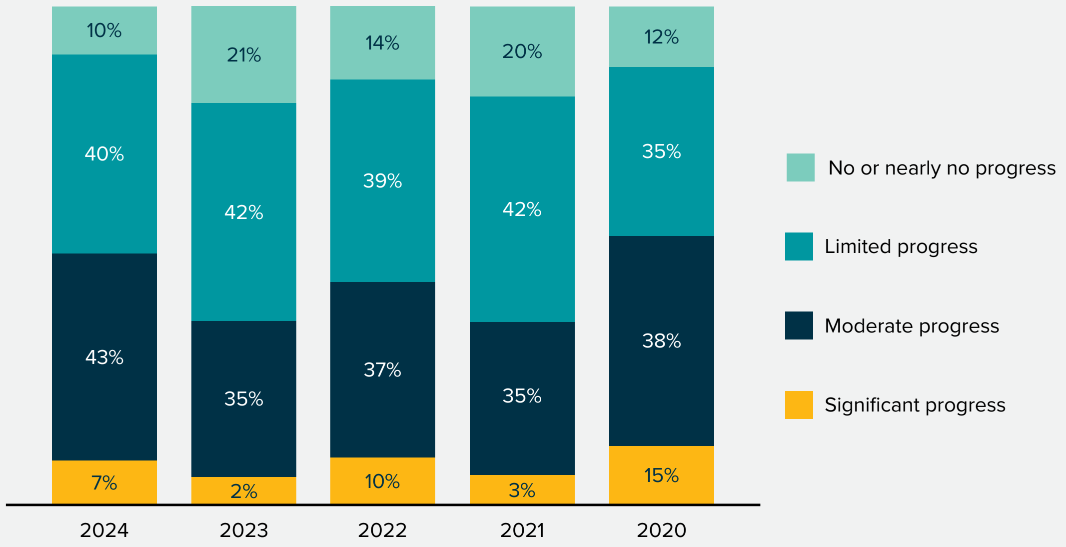
How much progress has your organization made in establishing an upskilling program that develops a mix of soft, technical, and digital skills?

When asked about their progress with upskilling programs that develop a mix of soft, technical, and digital skills, it becomes apparent that organizations have made little progress since 2020. Only 7% of CHROs reported that they made significant progress in 2024, while 43% reported moderate progress. This self-assessment is very similar to what was reported in 2020 and 2022, suggesting there is little momentum in this initiative.

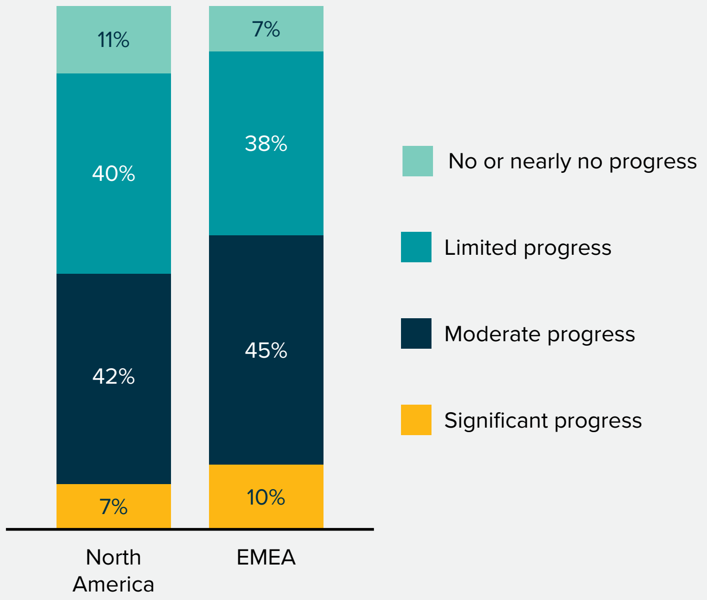
Respondents from EMEA reported significantly or moderately more progress in establishing upskilling programs than those from North America, 55% vs. 49%, respectively. A study by the Department of Education revealed that 90% of English businesses are struggling to fill skills gaps, particularly in technical, IT, customer service, and management areas. This shortage underscores the need for targeted upskilling initiatives that address both technical competencies and essential soft skills.[24]

The accelerating pace of technological change, coupled with evolving industry demands and employee concerns, has heightened the need for upskilling programs that develop a comprehensive blend of soft, technical, and digital skills. Organizations and educational institutions must collaborate to design and implement training initiatives that prepare the workforce to navigate and thrive in this dynamic environment.

Progress in Establishing Upskilling Programs



Progress in Establishing Upskilling Programs by Region



Rating of Company Training and Development Capability

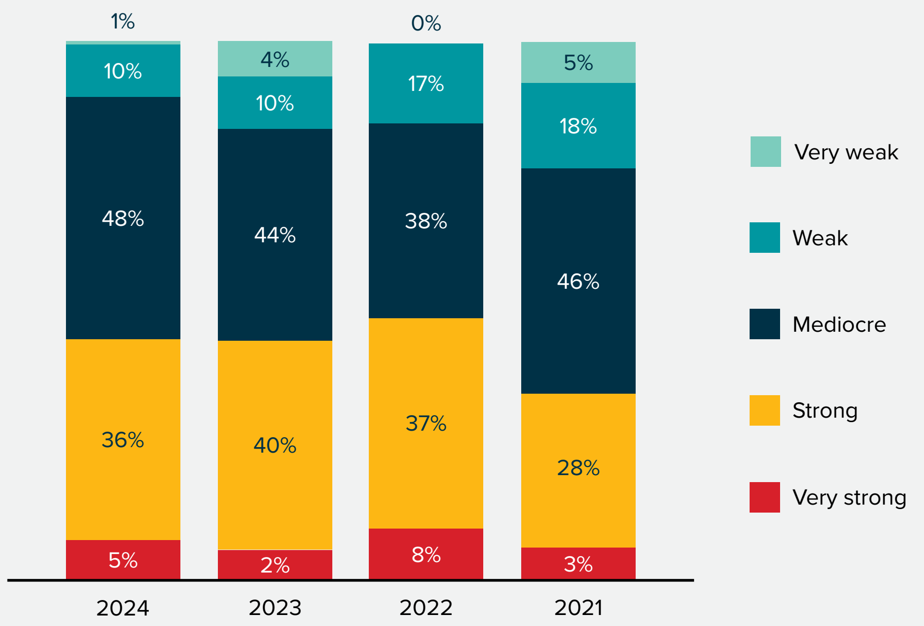
How would you rate your company's training and development capability?

When asked to rate their company's training and development capability, less than one-half (41%) of respondents considered it strong or very strong, nearly the same as in the prior two years. Overall, company training and development capabilities remain pedestrian, with an average score of 3.34 out of 5.00.

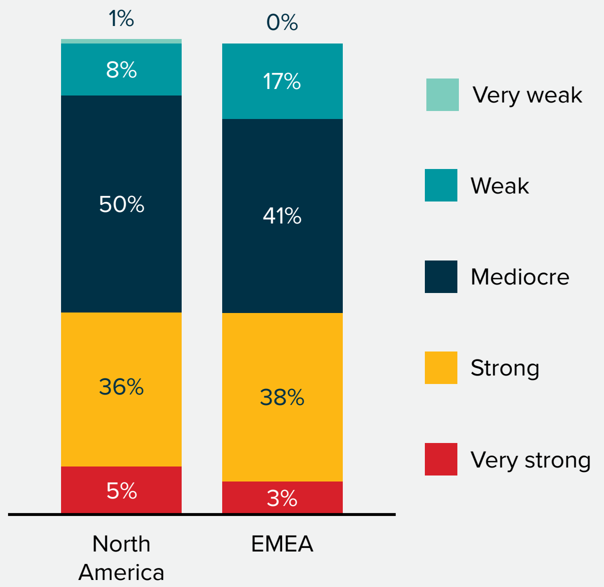
There is little difference between regions, as 41% of respondents in both North America and EMEA considered their company's training and development capability strong or very strong.

So, what is holding back progress in improving organizational training and development capabilities? There is often a lack of alignment with business strategy. Executives in charge of the training programs are often disconnected from their organization's strategic direction, leading to training programs that do not address critical business needs. Tying in success with business key performance indicators can ensure alignment. Further, training programs that are not engaging or relevant to employees' roles fail to capture interest and drive meaningful learning. Incorporating technologies like AI into training can enhance engagement and effectiveness.[25]

Rating of Company Training and Development Capability



Rating of Company Training and Development Capability by Region



Closing the Skills Gaps

Which of the following is the most important for closing a potential skills gap in your organization?

Respondents were asked to identify the most important vehicle to close potential skills gaps in their organizations. Overwhelmingly, internal training was the clear choice again in 2024, as indicated by over one-half (55%) of respondents, more than twice that of any other area. There is little year-over-year change in this area from 2020.

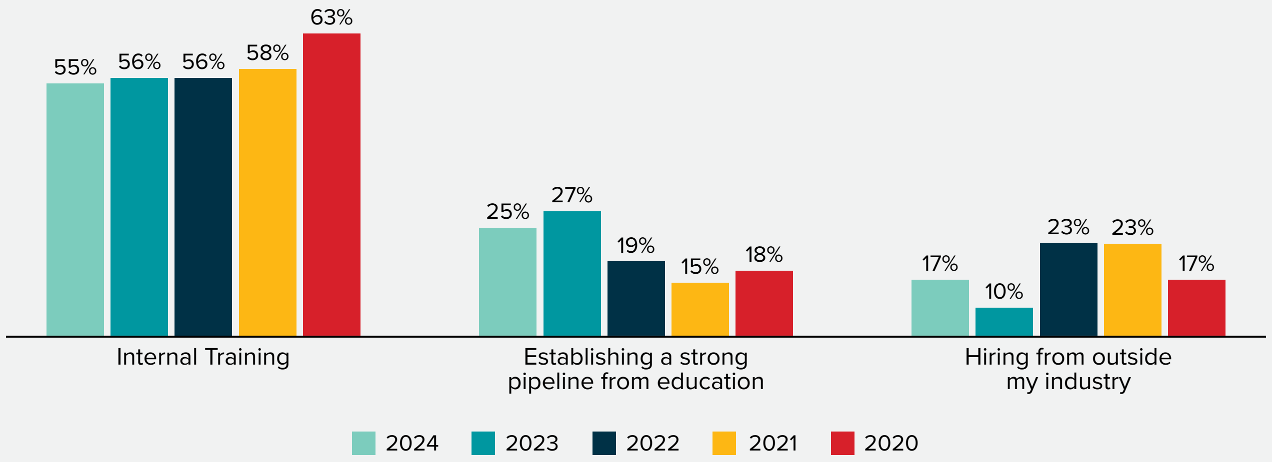
The issue this raises is that only 41% of CHROs consider their training and development capability strong or very strong, with only 5% of that very strong. How can they hope to use internal training when they consider their success in this area to be entirely mediocre? Organizations must invest more in internal training if they hope to close the skills gap.

There are stark differences between how North American and their EMEA counterparts are addressing the skills gap. Just over one-third (34%) of those senior HR executives in EMEA are establishing a strong pipeline from education, compared to 22% of those in North America. North American respondents are more likely to use internal training (59%) vs. those from the EMEA region (41%).

The focus on internal training is a sound strategy. Internal training programs can be tailored to address the specific needs of the organization, ensuring that employees acquire skills directly relevant to their roles and the company's objectives. These programs aimed at employees can also be more cost-effective than hiring externally.

Further, offering internal training opportunities demonstrates a commitment to employee growth, enhancing job satisfaction and loyalty. This investment in professional development can lead to higher retention rates and a more engaged workforce.

Closing the Skills Gap



Closing the Skills Gap by Region

	North America	EMEA
Hiring from outside my industry	16%	21%
Establishing a strong pipeline from education	22%	**34%**
Internal training	**59%**	41%

Interest in Skills-Related HR Goals

Please rank (1-6) the following skills-related HR goals in order of interest.

Study participants were asked to rank six skills-related HR goals in order of interest. The ability of employees to learn new skills needed for the future is ranked first in the most recent wave, up from third in 2023.

Defining the skills organizations should build is the second highest area of interest, the same as in 2022. Given the lack of progress in establishing upskilling programs, this area would be a solid first step in developing the plans for enhancing upskilling initiatives.

Retaining employees who have been upskilled fell to third, down from being ranked first in the prior three years. However, retention remains a major priority of senior HR leaders. Employees who perceive opportunities for personal and professional growth are more likely to remain engaged and satisfied in their roles. A study in the manufacturing sector revealed that upskilling initiatives led to significant improvements in job performance and opened new career opportunities for workers, thereby boosting job satisfaction.[26]

The top three ranked areas are the same among respondents from North America and EMEA, though the order differs. Retaining employees who are upskilled is ranked first in North America, but third in EMEA. Senior HR leaders ranked the ability of employees to learn new skills needed for the future as their highest skills-rated HR goal.

Rank Interest in Skills-Related HR Goals

	2024	2023	2022	2021	2020
Ability of employees to learn new skills needed for the future	1	3	4	3	5
Defining the skills your organization should build	2	2	2	4	3
Retaining employees who have been upskilled	3	1	1	1	2
Better managing disruption of day-to-day business activities	4	5	5	2	1
Dedicating additional resources to conduct the upskilling programs we need	5	4	3	5	6
Measuring the return on investment of our upskilling program	6	6	6	6	4

Rank Interest in Skills-Related HR Goals by Region

	North America	EMEA
Retaining employees who have been upskilled	1	**3**
Ability of employees to learn new skills needed for the future	2	1
Defining the skills your organization should build	3	2

Deployment of Artificial Intelligence (AI) and Machine Learning

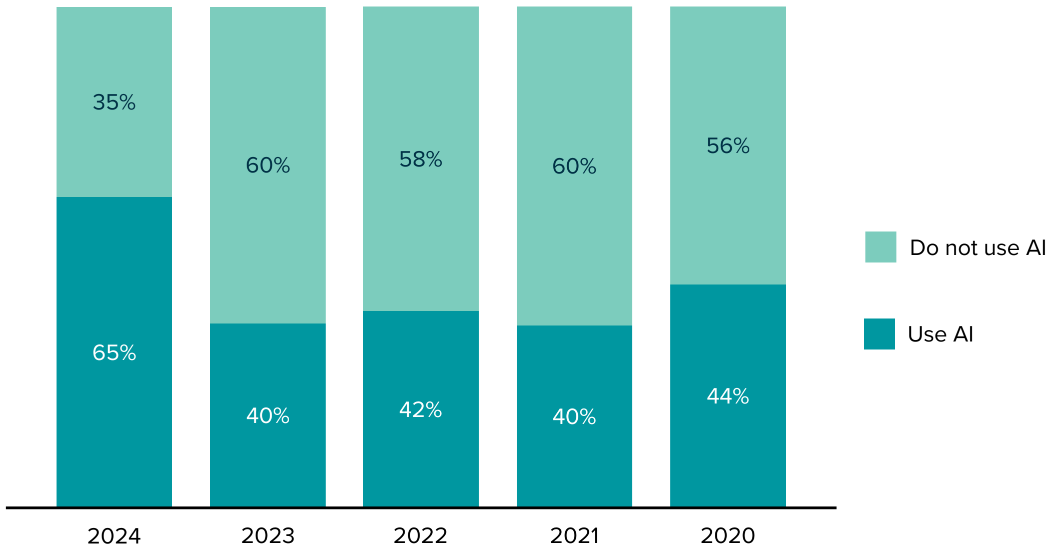
Where in your department are you employing the use of AI/machine learning?

AI adoption increased dramatically in 2024. Nearly two-thirds (65%) use AI, up from 40% in 2023. AI adoption was essentially flat between 2020 and 2023 before taking the dramatic jump.

The dramatic increase in AI adoption in HR is consistent with implementation of the technology in general. According to a report by McKinsey, in 2024, there was a significant rise in AI integration across various business functions, with global AI adoption rates jumping from 55% to 72%. This widespread acceptance created a conducive environment for HR departments to explore and implement AI solutions.[27]

The percentage of those using AI in EMEA is slightly higher than that of North America, 69% vs. 64%, respectively.

Adoption of AI and Machine Learning in HR



Adoption of AI and Machine Learning in HR by Region

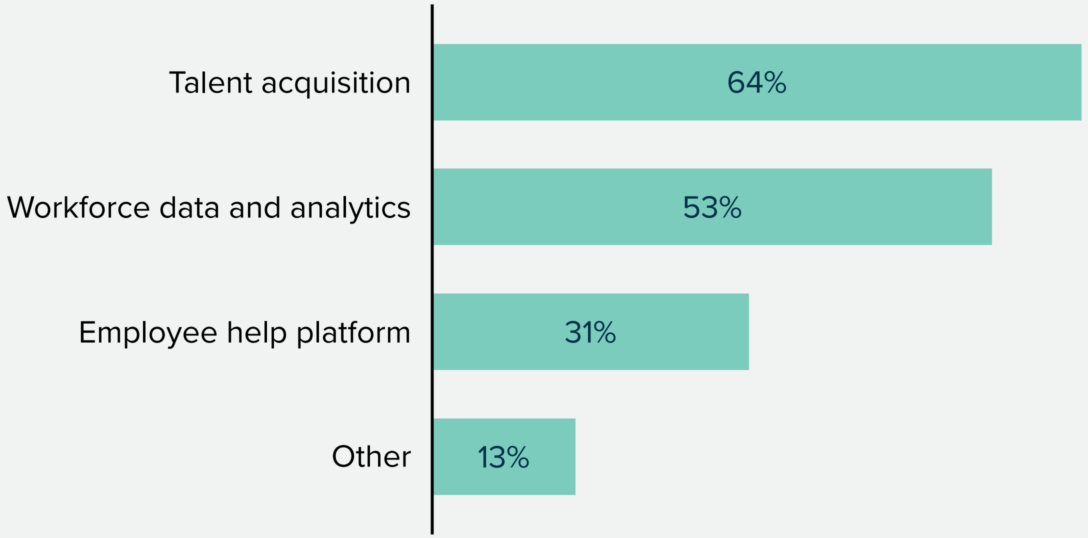
	North America	EMEA
Use AI	64%	69%

In 2024, talent acquisition was again the most common application of AI and machine learning, as indicated by more than three-quarters (64%) of respondents. Examples of how AI is used in TA include algorithms that analyze resumes to identify candidates whose qualifications align with job requirements, significantly reducing the time recruiters spend on initial screenings, AI-driven virtual assistants to engage with applicants, answer queries, collect information, schedule interviews, and expedite the hiring process and AI-powered personality and psychometric tests.[28]

Workforce analytics was selected second most often as a use within HR, by 53%. Algorithms can forecast workforce demand, identify skill gaps within organizations, and recommend actions by analyzing historical data, market trends, and business plans.

Just under one-third (31%) are using AI within their employee assistance platforms. AI-powered chatbots are often used to enable employee self-service. Chatbots have the advantage of being available 24/7. AI-powered ticketing systems can categorize and prioritize employee requests, ensuring that urgent matters are addressed promptly. Further, AI can assist in creating and maintaining a comprehensive knowledge base, making it easier for employees to find information on HR-related topics independently.

Deployment of AI and Machine Learning



Extent Agreement about AI as an HR Disruptor

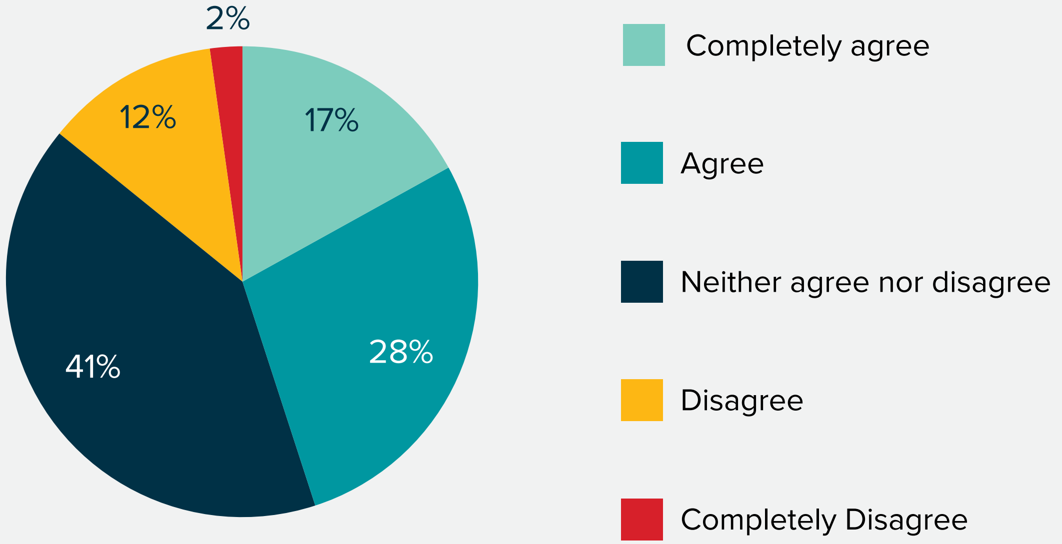
Please indicate your extent of agreement with the following statement: Artificial Intelligence will be the biggest disrupter to the HR function in the next two to three years.

Beginning in 2024, study participants were asked to indicate the extent of their agreement that AI will be the biggest disrupter of the HR function in the next two to three years. Nearly one-half (45%) agreed with the statement, over three times more than they disagreed (14%).

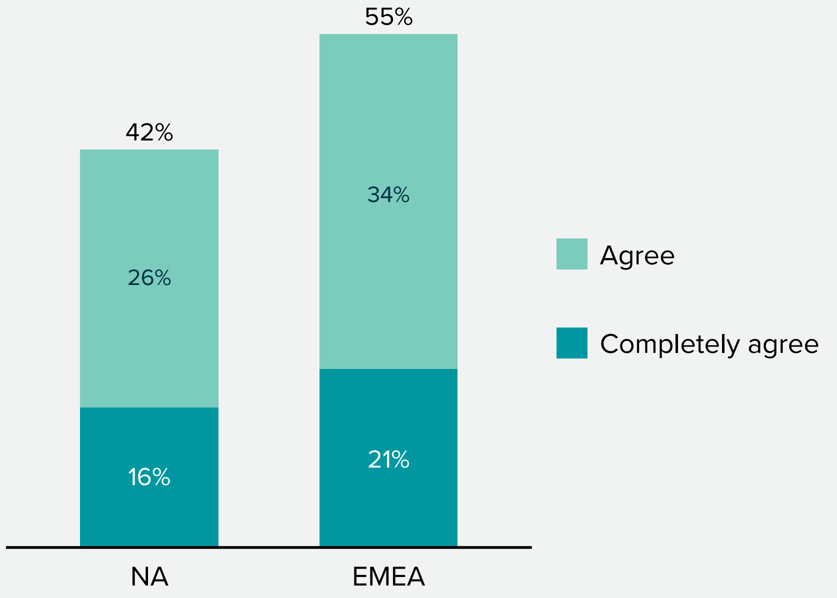
More than one-half (55%) of those in EMEA agree, higher than their North American counterparts (42%).

AI is revolutionizing HR by automating routine tasks, enhancing employee development, improving workforce planning, ensuring compliance, and transforming job roles. Workforce planning and management has long been an enormous challenge for organizations. AI analyzes workforce data to predict future talent needs and potential attrition, enabling proactive workforce planning. Gartner highlights that AI in HR affects various functions, including operations, recruiting, learning and development, and talent management.[29]

Extent Agreement about AI as an HR Disruptor



Extent Agreement about AI as an HR Disruptor by Region



Company Respondent Characteristics:

JOB TITLE	
CEO/President/Owner	3%
CHRO	25%
Executive/Senior VP Human Resources	12%
Head of HR	14%
Director of HR	21%
Other	26%

NUMBER OF FULL-TIME EQUIVALENTS (FTEs) GLOBALLY	
Fewer than 500	42%
500 - 2,999	27%
3,000 - 9,999	12%
10,000 - 24,999	9%
25,000 - 49,999	4%
50,000 - 99,999	4%
100,000+	2%

PRIMARY INDUSTRY	
Advertising/Sales/Marketing/Communications	2%
Automotive	2%
Biotech/Medical Equipment	2%
Business Services	2%
Chemicals	2%
Construction	5%
Education	4%
Engineering	2%
Finance, Insurance & Real Estate	9%
Government	5%
Healthcare/Health Sciences	17%
Hospitality	2%
IT, Technology, Software	10%
Manufacturing	10%
Non-Profit	5%
Pharmaceuticals	2%
Power, Oil & Energy	2%
Professional services	5%
Retail/Wholesale	2%
Telecommunications	2%
Transportation	2%
Other	9%

End Notes

1. "Employment Projections," *Bureau of Labor Statistics*, accessed February 25, 2025. https://www.bls.gov/emp/

2. Rajadhyaksha, Ajay. "The coming American labor market shock," *Financial Times*, January 2, 2025. https://www.ft.com/content/58160aaf-7890-4c03-bfd2-7396756bfbba

3. Dolan, Mike. "Worker shortages may define the 2025 economy," *Reuters*, January 17, 2025. https://www.reuters.com/markets/worker-shortages-may-define-2025-economy-mike-dolan-2025-01-17

4. "People at Work 2024: A Global Workforce View," *The ADP Research Institute*, 2024 www.adpresearch.com/wp-content/uploads/2024/04/People-at-Work-2024-A-Global-Workforce-View.pdf

5. Wells, Rachel Wells. "200,000 More Jobs Added In Summer 2024, In These U.S. Industries," *Forbes*, July 22, 2024. https://www.forbes.com/sites/rachelwells/2024/07/22/200000-more-jobs-added-in-summer-2024-in-these-us-industries/

6. "Growth sectors 2024 - Europe, Americas and Asia-Pacific," *Atradius*, Accessed February 25, 2025. https://atradius.us/knowledge-and-research/reports/growth-sectors-2024-europe-americas-and-asia-pacific

7. Melhorn, Stephanie and Hoover, Makinizi. "Understanding America's Labor Shortage: The Most Impacted Industries," *U.S. Chamber of Commerce*, February 11, 2025. https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-most-impacted-industries

8. Coykendall, John et al. "2025 Manufacturing Industry Outlook," *Deloitte Research Center for Energy & Industrials*, November 20, 2024. https://www2.deloitte.com/us/en/insights/industry/manufacturing/manufacturing-industry-outlook.html

9. Osborne, Alistair. "Bleak year for retail as 170,000 jobs lost," *The Times*, December 29, 2024. https://www.thetimes.com/article/bleak-year-for-retail-as-170000-jobs-lost-s3nq087lw?u

10. "The Future of Jobs Report 2023," *World Economic Forum*, April 30, 2023. https://www.weforum.org/publications/the-future-of-jobs-report-2023/digest/

11. Mental Health in the Workplace, *Monster*, April 2024. https://monsterworkwatch24.my.canva.site/monster-poll-mental-health-in-the-workplace-2024

12. "2023 Work in America™ Survey," *American Psychological Association*, 2023. https://www.apa.org/pubs/reports/work-in-america/2023-workplace-health-well-being

13. Paradis, Tim. "AI will reshape the global labor force. Employers will need to help their workers keep up." *Business Insider*. August 28, 2024. https://www.businessinsider.com/ai-will-change-most-jobs-employers-help-workers-keep-up-2024-8

14. Diard, Alexandre. "8 Surprising HR Burnout Statistics in 2025," *PeopleSpheres*. Accessed March 3, 2025. https://peoplespheres.com/8-surprising-hr-burnout-statistics-in-2024/

15. Gonzales, Matt. "Here's How Bad Burnout Has Become at Work," *SHRM*, April 30, 2024. https://www.shrm.org/topics-tools/news/inclusion-diversity/burnout-shrm-research-2024

16. "Manager effectiveness during economic uncertainty: the ultimate guide for 2025," *Leapsome*, Accessed February 28, 2025. https://www.leapsome.com/blog/manager-effectiveness

17. Hamilton, Jane. "Why aren't we doing more to manage our managers?" *Financial Times*, September 19, 2024. https://www.thetimes.com/article/98cc8552-d924-4024-a882-bc978b4c1f32

18. Consumer Price Index, *Bureau of Labor Statistics*, Accessed February 28, 2025. https://www.bls.gov/cpi/

19. Consumer Price Index: Annual review, 2024, *Statistics Canada*, January 21, 2025. https://www150.statcan.gc.ca/n1/daily-quotidien/250121/dq250121b-eng.htm

20. Harmonized index of consumer prices (HICP) inflation rate in Europe in December 2024, by country, *Statista*, Accessed March 3, 2025. https://www.statista.com/statistics/225698/monthly-inflation-rate-in-eu-countries/#:~:text=As%20of%20December%202024%2C%20the,the%20EU%20during%20this%20month

21. Warszona, Brian. "HRs Increasingly Important Role in Cyber Risk Management," *Marsh McLennan*, Accessed December 1, 2023. https://www.marshmclennan.com/web-assets/insights/publications/2020/july/hr-role-cyber-risk-management.pdf

22. Fairless, Tom. "ECB Cuts Rates to Guard Stalled Economy Against Tariff Threats," *Wall Street Journal*, March 6, 2025. https://www.wsj.com/economy/central-banking/ecb-cuts-rates-to-guard-stalled-economy-against-tariff-threats-b2f9c8eb

23. Indicators - Hybrid Work, *Gallup*, Accessed March 7, 2025. https://www.gallup.com/401384/indicator-hybrid-work.aspx?#

24. Curran, Niamh. "Nine in ten businesses are struggling to fill skills gaps," *The Times*. February 07, 2025. https://www.thetimes.com/business-money/entrepreneurs/article/businesses-are-struggling-to-fill-skills-gaps-researchers-say-enterprise-network-vxpdzzvn9?

25. Berwick, Isabel. "Time to make learning fun again?" *Financial Times*, November 20, 2024. https://www.ft.com/content/b94679a3-ded5-4344-ac56-95671059a2bf?

26. D'Cunha, Shiny Colaco. "The impact of upskilling and reskilling programs on job satisfaction and employee retention in the manufacturing sector," *ResearchGate*, June 2023. https://www.researchgate.net/publication/371179625_the_impact_of_upskilling_and_reskilling_programs_on_job_satisfaction_and_employee_retention_in_the_manufacturing_sector

27. "The state of AI in early 2024: Gen AI adoption spikes and starts to generate value," *McKinsey*, May 30, 2024. https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai

28. Liu, Evie. "Chipotle Looks to Hire 20,000 New Workers with the Help of AI," *Barrons*, February 19, 2025. https://www.barrons.com/articles/chipotle-stock-hiring-burrito-season-c7c5439c

29. "AI in HR: Position Your Organization for Success," *Gartner*, Accessed March 4, 2025. https://www.gartner.com/en/human-resources/topics/artificial-intelligence-in-hr?

About *HRO Today*

HRO Today magazine and newsletters are read by more than 140,000 HR executives and leaders worldwide and cover the latest industry trends in HR outsourcing, services, shared services, and operations. *HRO Today* is the publication of choice for the most senior executives facing the strategic decisions about operational excellence.

HRO Today and www.hrotoday.com offer the best content choices for the HR leaders seeking online information in the form of newsletters, webinar series, and online video content. *HRO Today* is a product of SharedXpertise Media.

About Hudson RPO

Hudson RPO is a leading global provider of flexible and scalable recruitment solutions. We service all levels of client organizations, from entry-level to the C-suite, focusing on mid-market and enterprise-level organizations worldwide. Taking a consultative and collaborative approach, we partner with talent acquisition, HR, and procurement leaders to build diverse, high-impact teams and drive business success. Learn more at hudsonrpo.com.