

5 Revealing Insights into HR's Biggest Challenges



Change: A Constant Force Reshaping HR

Change is no longer optional—it's HR's constant companion and the defining factor shaping HR's success. From the widespread adoption of **artificial intelligence** to the **ongoing redefinition of work** post-pandemic, change is not just influencing but fundamentally **reshaping HR**.

Year-end 2024 findings from *HR Executive's* annual **What's Keeping HR Up at Night?** research tell the tale, with change-related issues quickly climbing HR's list of concerns.

Among these, managing **HR technology** saw the most **significant rise in priority**, leaping from **ninth to the second-most pressing challenge today**. As these priorities shift, technology management is no longer a secondary task; it has become a mission-critical focus **for HR leaders** aiming to make a lasting impact in 2025.



How can HR leaders navigate the rapid rise of technology and workforce changes?

The answers lie in embracing these challenges head-on for 2025.

What Matters Now?

Although **hiring and retention** continue to be of top concern—despite an **18% decline** in importance in a year—HR leaders are now facing **additional challenges** that have grown in prominence, driven by the **evolving demands of today's workforce**.



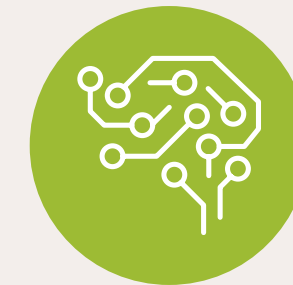
Top 5 Challenges Facing HR Today

3



Hiring & Retaining Key Talent

Cited by **32.5%** as a top concern.



HR Technology

Noted by **15.7%**, rising significantly in importance, likely due to the rapid proliferation of AI.



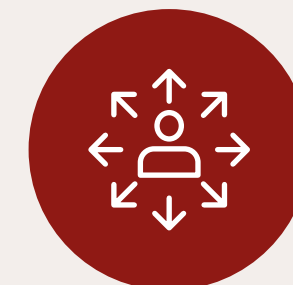
HR Budgets

Highlighted by **13.5%** emphasizing the ongoing impact of economic uncertainty.



Employee Engagement

Identified by **13.2%** reflecting its critical role in workforce stability.



Change Management

Selected by **11.9%** underscoring the difficulty of navigating constant transformation.

Identified by the percentage of survey respondents selecting each as one of their two biggest challenges.

What the Findings Reveal: 5 Key Strategic Insights

Strategic Insight #1

Today's HR Depends on Cutting-Edge Technology

Cause for Concern? Over 52% reported no adoption of new AI.

Respondents highlighted more **traditional tools (HRIS, Payroll, Performance Management, Recruitment, ATS)** as the most important **HR technologies** currently in use, with AI receiving less focus in this context. However, nearly **34% identified AI**, including **generative and agentic AI tools**, as among the most needed.

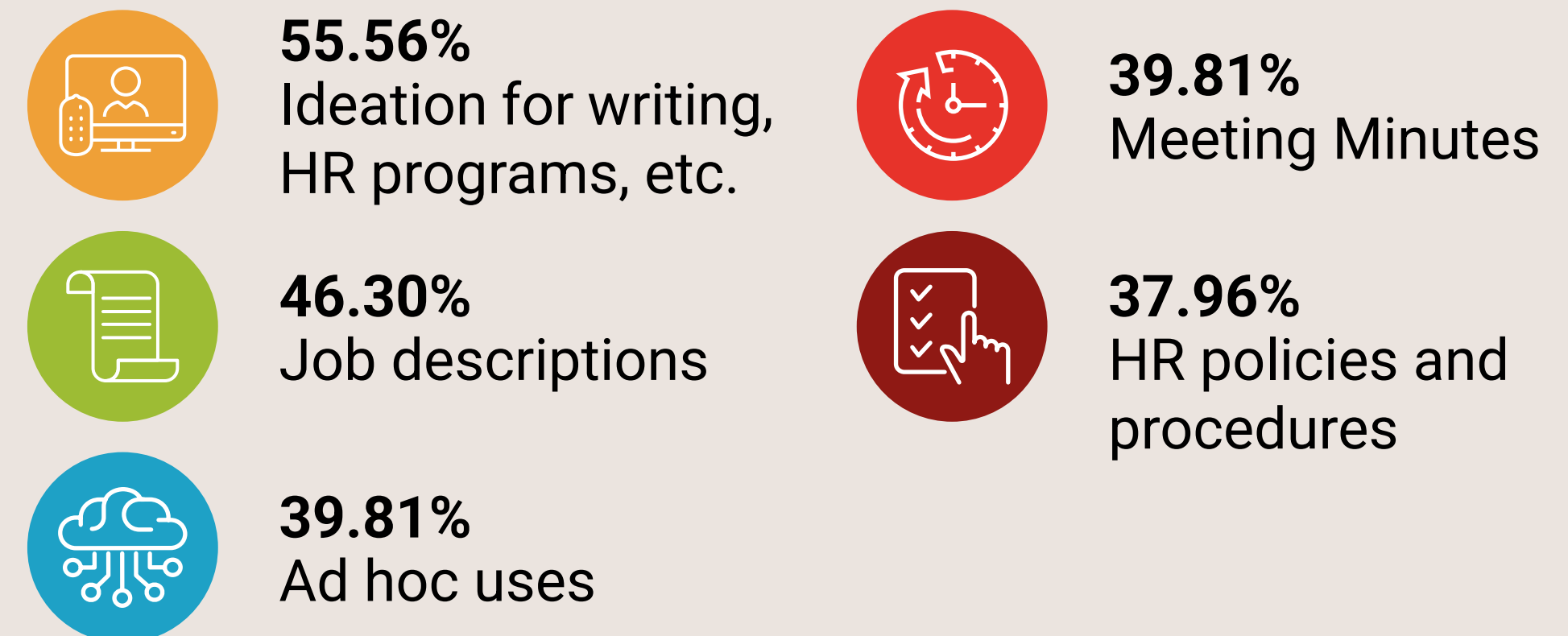


Top 5 HR Technologies Most Needed Now



Identified by the percentage of survey respondents selecting each as one of their three most-needed technologies.

Top 5 Uses of AI



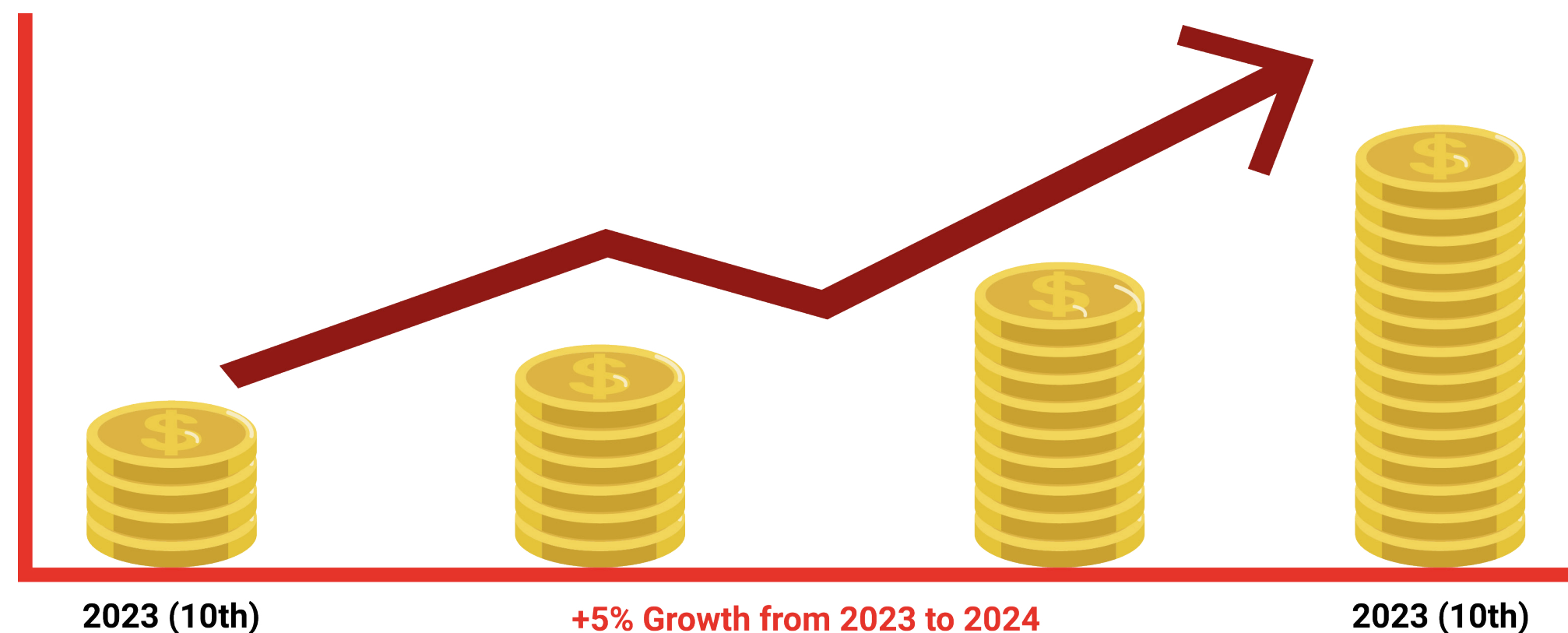
Identified by the percentage of survey respondents who are currently leveraging AI.

Strategic Insight #2

Economic Concerns Driving HR Priorities

Optimism is low regarding **HR's budget outlook**. Only **18% of respondents** expressed assurance that their organizations could fund the technologies they most need. At the same time, **escalating costs for benefits and salaries**, coupled with persistent skills shortages in specific industries, are expected to **keep financial pressures high** and will force **HR** to reevaluate how they **allocate funds to address workforce needs**.

HR Budgets Rise as Top Challenge



The economic uncertainty has led to significant budget reductions and a focus on reducing expenses across the company ... the team has been reduced in size, there are higher demands to improve performance and productivity with a smaller and burned-out team.

— Survey Respondent

Strategic Insight #3

Boosting Experience, Building Leaders: A Dual Priority

Despite economic and the rapid integration of new technologies, HR leaders dedicate nearly **50% of their time** to administration tasks and leadership development challenges. This commitment underscores the growing recognition of leadership development as a cornerstone for **improving employee experience (EX)**. In fact, leadership training is widely expected to **lead EX initiatives in 2025**, reflecting its strategic importance.

The urgency is amplified by the impending wave of retirements among experienced leaders and managers, leaving many organizations facing a **critical shortage of adequately skilled successors**. Addressing this talent gap through targeted leadership development programs is **essential for ensuring a smooth transition, maintaining organizational stability and fostering a resilient workforce for the future**.



Top 5

HR's Time-Intensive Areas



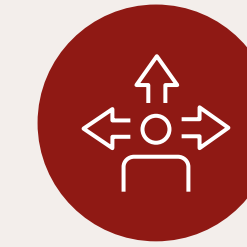
23.58%
HR Administration
& Operations



15.72%
Employee Relations



22.33%
Leadership
Development



13.84%
Retention



19.18%
Recruiting

Identified by the percentage of survey respondents selecting each as one of their two most time-consuming responsibilities.



HR teams need to be ready and equipped for increased demand for learning and development, particularly for leadership, in 2025.

— John Bremen, Managing Director, WTW



Strategic Insight #4

Change Management Becomes a Vital Competency

Fact: Change management debuted in the *What's Keeping HR Up at Night?* survey, ranking immediately in the top five.

As organizations face constant shifts—ranging from technological advancements and economic pressures to evolving workforce expectations—**effective change management has become indispensable**. Without it, initiatives such as digital transformation, restructuring and cultural shifts risk failure, leading to disengaged employees and unmet business goals.

Efforts to advance change initiatives should go beyond mere check-the-box processes. Change management must be integrated into an organization, becoming both a **formal and informal part of daily operations**.



The topic has always been important. Now, it's nonnegotiable, and it's the ticket to the game. To succeed, HR needs to help organizations make change management a part of their DNA.

— Megan Ackerson, CHRO, Xactly Corp



Strategic Insight #5

HR Stress on the Rise: What's Driving It?

76% Report Increased Stress Levels

HR's **growing focus on transformation** is a significant factor driving increased stress levels, as professionals are tasked with balancing **immediate responsibilities and long-term strategic initiatives**.

HR as First Responders: Hidden Stress Drivers



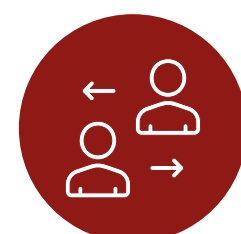
Workplace accidents



Restructurings



Security incidents



Employee life changes



Layoffs



2 Key Factors Potentially Contributing to Rising Stress:

1

Overburdened by Repetitive Tasks

HR administration and operational tasks dominate professionals' workloads, outpacing all other responsibilities. The sheer volume of these repetitive and time-consuming duties is straining HR's bandwidth, leaving less capacity to focus on strategic initiatives.

2

Gaps in Staffing and Succession Planning

Nearly half of respondents report being understaffed, while more than half lack a succession plan for future HR leadership. These gaps leave HR teams struggling to meet current demands and unprepared for future challenges, creating ongoing pressure.

Strategic Implications & Next Steps

Reflecting on these insights, it's clear that the integration of **technology and strategic management** of **HR functions** are more crucial than ever. As we move forward in 2025, **HR leaders** are encouraged to **leverage these insights** to drive **innovation and efficiency** within their organizations.

Discover more about the findings from ***What's Keeping HR Up at Night?*** survey and gain expert advice on how to navigate these growing challenges and what they mean for the **future of the profession here.**

10

Join the discussion on your favorite social platform.



LinkedIn



X



Facebook



Instagram



Youtube

Where You Go When You Need to Know

Since 1987, **HR Executive** has been the trusted global media leader on strategic issues in human resources. With a dedicated editorial team collaborating with industry experts, we ensure our content is timely, impactful and strategically relevant. Reaching nearly **200,000 HR decision-makers daily**, we're committed to informing and inspiring **HR leaders** to drive transformation, foster innovation and shape the future of work.



We also proudly host the globally acclaimed **HR Tech conference series**—the leading event for exploring how technology can help organizations **navigate evolving challenges, optimize budgets, elevate employee engagement and more.**



Stay connected, stay informed, and stay inspired!

[Get HR Insights in Your Inbox](#)



[Explore HR Tech](#)



[Explore HR Executive](#)



[Advertise with Us](#)

