

FUTUREOFWORKHUB

A LEWIS SILKIN INITIATIVE

STRATEGIC WORKFORCE PRIORITIES – WHAT MATTERS MOST?

**Shaping the future of
work in 2025 and beyond**

INTRODUCTION

In an era marked by rapid technological advancements, economic uncertainties, and evolving workforce expectations, businesses are navigating a complex landscape that demands strategic foresight and adaptability.

This report delves into the front of mind issues facing HR professionals and business leaders as significant trends continue to shape the future of work and have profound impacts on organisational workforce planning and HR strategy. By examining the challenges and opportunities presented by these large-scale trends, this report surfaces actionable insights to provide a roadmap to support organisational preparedness and success in an ever-changing environment.

The report underscores the ongoing importance to business strategy of technological advancements, including AI, which are expected to be the leading concern for business in 2025 alongside the impact of global dynamics and political trends. However, it appears that the strong focus on these two areas over the past year may have come at the expense of business action to mitigate the impact of longer-term trends such as climate change and ageing workforces.

The findings of the report, based on a survey of business and HR leaders, highlight a range of critical issues facing business, including the impact of the cost of living crisis on the workforce, the challenges of navigating continuous and complex regulatory change, and the critical need for improving leadership and management capabilities. However, it also underscores the potential for growth and innovation through strategic investment in technology, workforce development and organisational culture.

As we look ahead to 2025, the insights gathered from our survey paint a vivid picture of both the challenges and opportunities that lie ahead for businesses, workforce planning and HR strategy.

As businesses navigate the complexities of the modern work environment, these strategic priorities will be crucial in building organisational resilience and maintaining a competitive edge in an ever-evolving landscape.



Strategic workforce planning demonstrates the immense value the HR profession brings to organisations and their people. It puts HR at the very heart of what is a crucial period of change, ensuring positive outcomes for individuals, organisations, economies, and society as a whole. This is an incredible purpose to drive the profession forward.

- Peter Cheese, Chief Executive, CIPD



James Davies

Partner



Lucy Lewis

Partner



Madeleine Jephcott

Legal Knowledge Director



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WHAT MATTERS MOST?



Technological advancements including AI, are expected to be the leading concern for businesses in 2025



Post-election employment law reforms and an increasingly complex regulatory environment are significant concerns



Resource constraints including limitations on time, budget and people, are the most significant barriers organisations face in responding to large-scale trends



Global dynamics and political trends continue to significantly impact organisational workforce planning and HR strategy



Leadership, line manager capabilities and workforce skills are under significant pressure



There is a rising expectation for businesses to support **workforce health and financial wellbeing** and provide good work



The cost of living crisis is a top concern for business



Workforce social and cultural expectations and values have a significant impact on HR strategy

STRATEGIC TAKEAWAYS FOR BUSINESS

Employers are struggling with limited resources but need to do more

- 81% are experiencing pressure on resources (time, budget, people)
- 89% are feeling the impact of cost of living difficulties on workforces
- 66% are feeling pressure to improve support for workforce wellbeing and financial health
- 64% are concerned about responding to workforce social and cultural expectations and values

Businesses need to assess strategic exposure to longer-term risk and blind spots

- 79% are experiencing demands on leadership and management capabilities
- 58% reported a no to low impact of AI-safety risks on HR strategy and workforce planning
- 71% experienced only a no to low impact from an ageing workforce
- 88% rated a no to low impact in relation to climate events affecting their business operation, local workforce or supply chains

Employers must build robust risk and compliance frameworks and embed horizon scanning into strategic agendas

- 72% are significantly impacted by post-election employment law reform
- 60% are concerned about an increasingly complex regulatory environment
- 53% are experiencing impacts from evolving regulations around AI technologies and data
- 59% are feeling increased exposure to legal risk

Employers need to build trust and improve culture to build strategic advantage

- 57% have had difficulty in maintaining work culture
- 38% are experiencing low levels of trust/cultural resistance
- 89% are experiencing challenges from a lack of HR/line manager skills/capabilities to implement and sustain transformational change

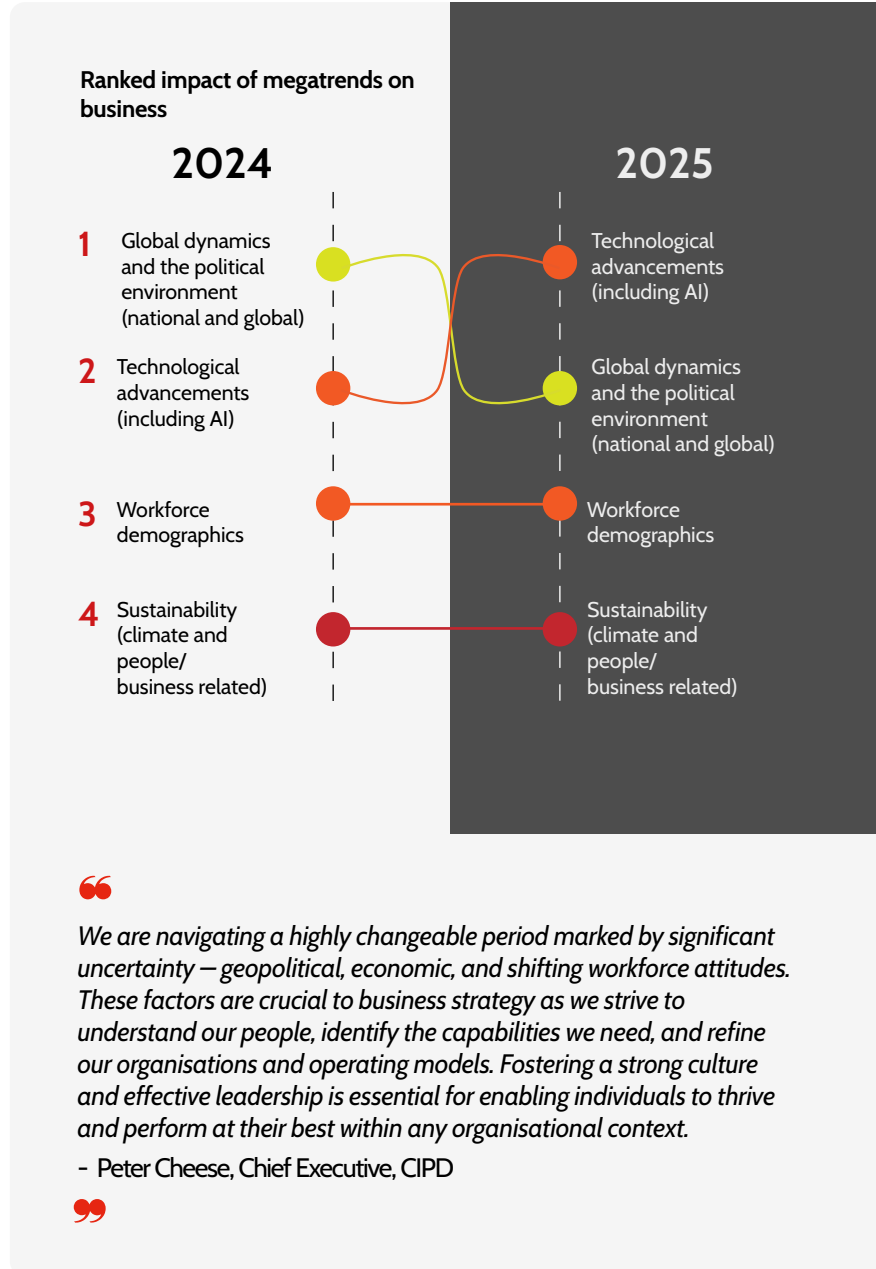
A CHANGING LANDSCAPE

Respondents pointed to global dynamics and politics and technological advancements as having the biggest impact on their business in 2024.

It's no surprise - 2024 brought tough economic challenges, record-setting global elections and a wave of post-election employment law reforms in the UK. Add to that the ongoing talk and focus on AI's game-changing potential and it's clear why these trends stood out.

Looking ahead, navigating the impact of these large-scale trends is expected to remain a top priority for businesses, with responses indicating that technological advancements, particularly AI, will take centre stage in the year ahead. This shift suggests that, after a period of exploration and experimentation, businesses are gearing up to fully embrace AI's transformative power. This comes at the same time as the UK government announcing its plans to "turbocharge AI" as part of its industrial strategy.

The combined influence of these external large-scale trends on workforce planning and HR strategy is profound. The rapid pace of technological change necessitates investment and time in upskilling and reskilling to enable the workforce to adapt. Businesses are feeling the pressure to respond to workforce expectations and improve support. At the same time, businesses are facing resource constraints and leaders, managers and people professionals are feeling the strain of increasing demands. Meeting these challenges is not straightforward. However, organisations that take a proactive approach to navigating these impacts will be in the best position to thrive in the evolving landscape of the future of work.



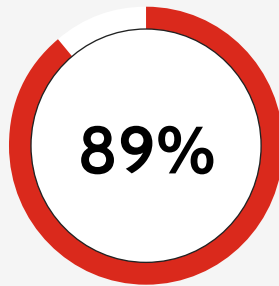
Lewis Silkin, December 2024, What Matters Most?: Q.1 How do you rate the level of impact these trends have had on your business in 2024? | * Q.14 Which of the following trends is your organisation most concerned about for 2025?

KEY FOCUS: GLOBAL DYNAMICS AND POLITICS

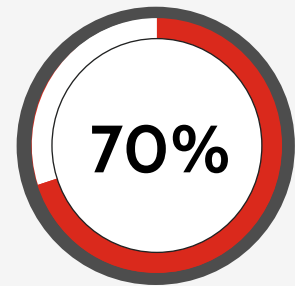
Responding to cost of living pressures

Cost of living pressures on the workforce had the most significant impact on organisational workforce planning and HR strategy in 2024.

Rising costs have led to financial stress among employees, affecting productivity, engagement and overall wellbeing. Pressure to increase wages to support employees and offer competitive compensation and benefits become even more important in high-cost environments. But businesses have been navigating economic pressures and escalating costs which will have put pressure on resources. This will continue to be challenging to manage in the year ahead as economic headwinds and rising costs are expected to persist.



Are feeling the impact of cost of living pressures on their workforce



Expect cost of living pressure on their workforce to remain the top strategic priority for their organisation in 2025**

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So much so it was the most highly ranked impact on workforce planning and HR strategy across all trends in 2024

Challenges of global dynamics and politics in the workplace

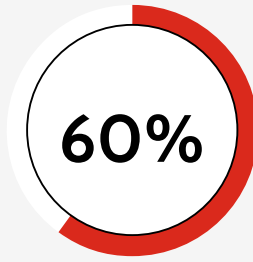
“Pay demands and increased operating costs”

“Inability to be able to reward or pay over market norm for the high expectations of younger workers”

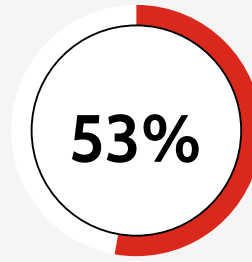
Adapting to rapid employment law reforms

As the regulatory environment continues to evolve at pace, businesses have been feeling a significant impact from post-election employment law reforms, and that looks set to continue in 2025.

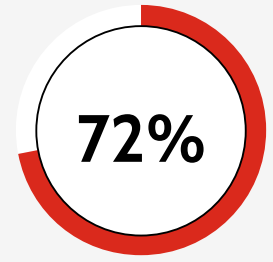
Navigating a complex regulatory environment often requires significant resources to ensure compliance and reduce risk. Uncertainty about future changes can also impact on businesses' ability to plan long-term strategies which can affect recruitment and investment decisions. Regulatory changes can alter the competitive landscape, benefiting some businesses but disadvantaging others. As legal developments attempt to keep up with the rapid pace of change, companies that can quickly adapt to new regulations can achieve competitive and reputational advantages and mitigate against exposure to legal risk.



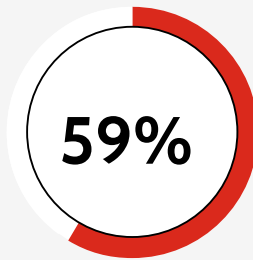
Are concerned about the increasingly complex workplace regulatory environment



Over half are experiencing impacts of navigating regulation of data use and technology



Of businesses are significantly impacted by post-election employment law changes



Are feeling the exposure to legal risk



Probably the most significant thing to keep a close eye on is going to be the approach various countries adopt towards regulating AI in the workforce – whether it's disrupting jobs, AI safety and increasing use of AI in the workplace. Different political approaches to regulating AI are going to be very, very important, and I think that's something that organisations need to keep a particular close eye on as politics fragments.

- James Davies, Partner, Lewis Silkin



Adapting to rapid employment law reforms

“Political environment/tax/laws in the UK are making it harder to attract and retain key talent”

“Difficulty training line managers to adhere to new legislation due to capacity and operational pressures”

Navigating geopolitical shifts

Respondents ranked global dynamics and politics as having had the biggest impact on their business in 2024.

This area of concern looks set to continue, with those that ranked global dynamics and politics as the most significant concern for 2025, also ranking geopolitical risk and conflict as second on their list of impacts to strategically prepare for in the year ahead. Geopolitical conflicts often lead to economic instability alongside changes in trade policies and regulations, so businesses will need to monitor this closely.

After a year of record global elections, businesses perhaps anticipate having to navigate the fallout of ongoing political uncertainty on their business operations in the year ahead, particularly for those organisations operating across borders. It is crucial for organisations to track cross-border regulation where approaches are diverging, especially in areas like data privacy and AI.

With the new Trump administration, American-based multinationals will need to keep an eye on the increasing politicisation of DE&I. Although respondents didn't report experiencing

significant external political/stakeholder pressure to reduce ESG and/or DE&I focus or investment in 2024, increased scrutiny and pressure on workplace DE&I initiatives may well extend beyond the US in its implications. While the legal, cultural and political situation in the UK is not the same as in the US, going forward, businesses will need to pay attention and carefully navigate a shifting landscape in the year ahead.

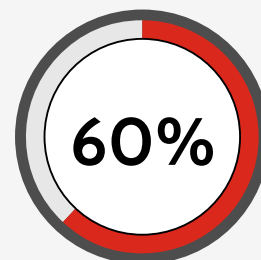


2024 was a year of significant elections... Looking at the outcomes from these various elections, there are two trends that are particularly noticeable. The first is the rise of extremes and populism, and the second is the fragmentation of politics. The rise of extremes and populism is something we've seen in many countries, and it's leading to a more polarised political climate. This is something that employers need to be aware of, as it can lead to increased tensions in the workplace. The fragmentation of politics is also something that employers need to be aware of, as it can lead to a more complex regulatory environment. This is something we've seen in the UK, where the government has introduced a number of new regulations, and it's something that we're likely to see more of in the future.

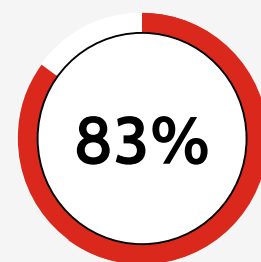
- James Davies, Partner, Lewis Silkin



Businesses will need to stay agile to navigate uncertainty in the year ahead



Geo-political risk and conflict is a high concern for 2025**



Rated pressure from external political/shareholders to reduce ESG and/or DE&I focus investment as no or low in 2024

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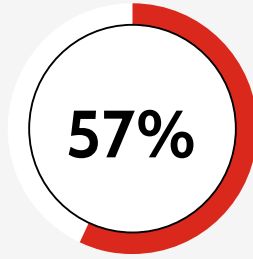
Global dynamics and politics ranked highly as a significant impact for the year ahead*

Innovating workforce strategies

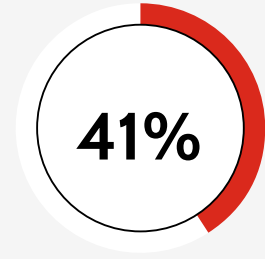
Tight labour markets, coupled with a rise in economically inactive, had an impact on workforce planning last year.

This will have affected businesses' ability to fill skills gaps and meet the changing needs of the business, complicating workforce planning and holding back growth and productivity. HR functions will have felt the pressure to innovate recruitment and retention strategies in the face of more competition for a limited pool of candidates with the right skills.

While respondents see opportunities ahead in innovating workforce strategies and embedding flexibility, they also foresee tensions emerging as resistance to workplace attendance and expectations of flexible work locations pull against evolving business approaches to return to office.



Rated a high/significant impact of tight labour markets on their workforce planning and HR strategies



Experienced difficulties in attracting and retaining the best people with the right skills

Opportunities in 2025

“Be innovative with employee demands - continue to be flexible with roles and work patterns”

“Embrace truly flexible and modern working practices and differentiate ourselves and attract talent because of this”

Businesses are feeling pressure points across recruitment and retention

“Having the right talent for a changing workforce”

“Flexibility is reduced which makes it harder to recruit and retain, leading to skills gaps”

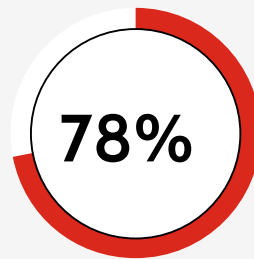
Anticipating barriers to skills access

Despite evident challenges businesses faced last year in finding people with the skills they need to meet business needs, businesses didn't appear to be overly concerned about the current immigration rules or reliance on or access to global recruitment.

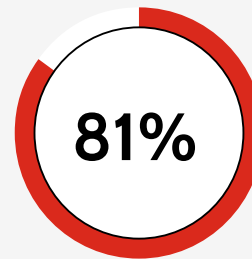
Businesses also didn't appear to be markedly concerned about the impact of a rise in protectionism and nationalism on their business. For those respondents that ranked global dynamics and politics as the most significant concern for 2025, this didn't appear to shift when looking to the year ahead.

But there are reasons this assessment may change in the future. Protectionist policies often lead to economic uncertainty and result in unpredictable

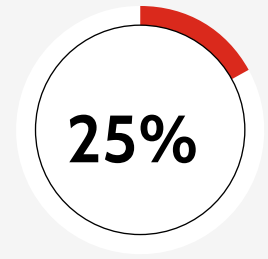
Business outlook on recruiting globally, immigration and protectionism



Rated low / no impact of restrictive immigration rules on their workforce planning



Rated low / no impact on workforce composition because of immigration rules changes



Under one third of businesses were concerned about the impact of rising protectionism and nationalism

regulatory changes, including in relation to immigration policies. This can act as a significant barrier by complicating long-term planning, presenting challenges in finding people with the right skills, and increasing

costs, making it more difficult for businesses to operate efficiently. Businesses will need to keep track of rapidly changing immigration rules and policies.

Global dynamics and political impacts on organisational workforce planning and HR strategy (2024)

Cost of living pressures on the workforce



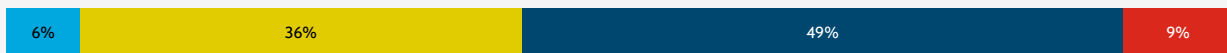
Employment law changes resulting from national elections



Complex regulatory environment governing workplace issues



Tight labour markets (coupled with a rise in economically inactive)



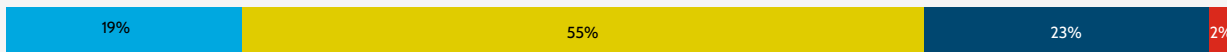
Global competition for the best people



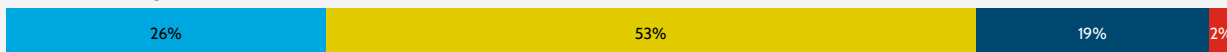
Geo-political risk and conflict



Rise in protectionism and nationalism



Restrictive immigration rules



no impact low impact high impact significant impact

Note: Percentages may not add up to 100% because of rounding.

Ranked global dynamics and political impacts on organisational workforce planning and HR strategy (2025)**

1 Cost of living pressures on the workforce

5 Tight labour markets (coupled with a rise in economically inactive)

2 Geo-political risk and conflict

6 Restrictive immigration rules

3 Employment law changes resulting from national elections

7 Protectionism and nationalism

4 Complex regulatory environment governing workplace issues

8 Global competition for the best people

Lewis Silkin, December 2024, Strategic workforce priorities - What matters most?: Q.5 How do you rate the level of impact these aspects of Global dynamics and politics had on your organisation's workforce planning and HR strategy in 2024? | * Q.14 Which of the following trends is your organisation most concerned about for 2025? | ** Q.15 You answered that Global dynamics and the political environment (national and global) was the trend your organisation is most concerned about for 2025. Which aspect of this is most important for your organisation to strategically prepare for in 2025? Q.4 How do you rate the level of impact these aspects of Technology had on your organisation's workforce planning and HR strategy in 2024? | Q.3 How do you rate the level of impact these aspects of Sustainability had on your organisation's workforce planning and HR strategy in 2024? | Q.7 What were the challenging workplace outcomes of the high and significant impacts you identified? Select all outcomes that apply

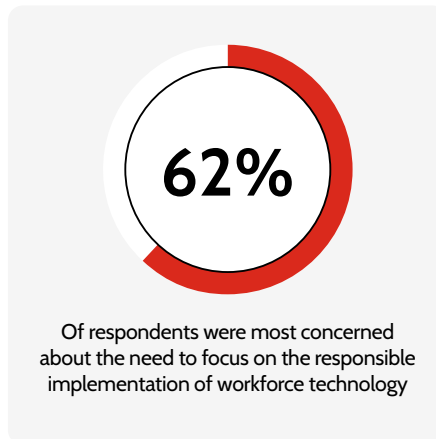
KEY FOCUS: TECHNOLOGICAL ADVANCEMENT (INCLUDING AI)

Ensuring responsible technology implementation

While respondents clearly felt significant business impacts from technological advancements last year, the picture is less clear on exactly where those impacts were felt in relation to workforce planning and HR strategy.

Although the impact was relatively evenly spread across a range of factors, respondents were most concerned about the need to focus on the responsible implementation of workforce technology. Implementing technology responsibly involves addressing a range of issues at the same time, including managing ethical concerns, complying with legal

obligations, ensuring transparency, developing workforce trust, and managing the impact on jobs and skills. This will require significant change management efforts and will likely place resourcing pressure on already stretched HR functions in the year ahead.



“

It's very, very important that you are cognisant of how you deploy AI within the workplace and that you really get employees on board, and you get them involved, and you get them trained up on how to use the systems. But you also give them the assurances that these systems are not going to be replacing them. Getting employees on your AI journey as an organisation I think is absolutely critical.

- Bryony Long, Data, Privacy & Cyber Partner, Lewis Silkin

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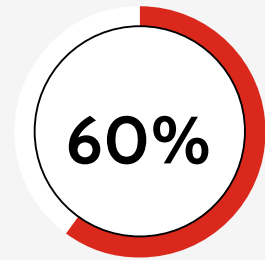
Adapting to rapid change

The impact of rapid workplace transformation also featured high on the corporate agenda, and that focus looks set to continue in the year ahead.

Rapid technological advances, including AI, can create skills gaps as the demand for new skills outpaces current workforce capabilities. Rapid change can also lead to increased stress and anxiety among employees, requiring employers to prioritise wellbeing and support. The shift towards remote and hybrid work

models has required employers to work hard to develop workplace flexibility to balance organisational needs and workforce expectations. Taken together, this presents businesses with a range of challenges in the year ahead.

To navigate the complexities of workforce transformation and position organisations for long-term success, leaders must be committed to driving change and set a clear vision, engage employees and communicate transparently. Investing in training and development programmes will be crucial to equip employees with the necessary skills.



Two thirds of respondents ranked rapid workplace transformation as high / significant on the corporate agenda

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Rapid workplace transformation highly ranked as a top impact for 2025**

How do you see the workplace evolving in 2025?

“A focus on increased automation and new tech systems to improve efficiency, quality of work both employee and client experience”

“Introducing new technology properly, having regard to the needs and concerns of all stakeholders, as well as the exciting opportunities it will provide”

What do you think is the biggest opportunity for your business regarding the future of work in 2025 and beyond?

“A rise in the use of AI to enhance productivity”

“Continued focus on performance, up-skilling and more use of AI”

“The use of AI for menial tasks and give employees time back to do the bigger picture pieces”

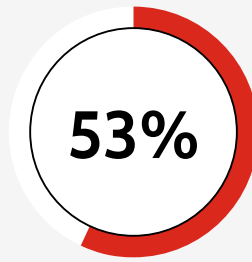
“Embracing flexibility and AI - defining the role of AI and the roles of the people using it”

Bridging the skills gap

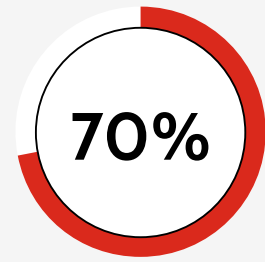
Employers will need to invest in upskilling and reskilling to avoid skills gaps and ensure employees can adapt to new technologies.

Employers' assessment of the impact of automation and AI were centred around its potential to redefine jobs and lead to skills gaps, rather than the risks of it replacing jobs or leading to job losses. This reflects the shift in the wider conversation towards skills impact rather than job losses over the past few years. Of the respondents that ranked technology as the biggest concern for the year ahead, the impact of automation and AI on skills appears to be the most significant strategic priority to address. Employers will need to help the existing workforce develop new skills or offer support to transition to other roles, to mitigate job losses.

Just over half of employers see automation and AI as having had a significant impact on jobs and skills gaps in 2024



7 in 10 rated automation and AI's impact on job losses as low or negligible



1 Of the respondents that ranked technology as the biggest concern for the year ahead, the impact of automation and AI on skills appears to be the most significant strategic priority to address**

“

I think what's important is for employers to understand that AI will not be able to replace human judgment and that humans will be required to work alongside tech, but they need the skills to be able to implement the tech.

- Nimmi Patel, Head of Skills, Talent and Diversity, techUK

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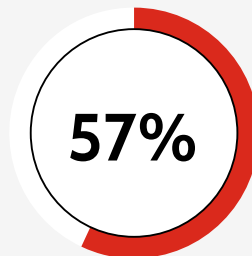
Overlooking AI risks

AI-safety risks didn't appear to feature highly on the agenda for the majority of respondents last year, and even less so in relation to the DE&I risks associated with technology.

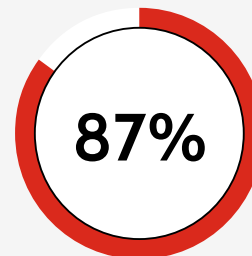
This potentially indicates a lack of awareness, or an underestimation, of the extent of the risks AI poses. Businesses may also be more focussed on the immediate perceived benefits of AI over potential long-term risks, or not have sufficient resources to identify and mitigate these types of AI risks which can be complex and a resource-intensive exercise. This lack of focus may prove costly as AI adoption and its application to decisions impacting the workforce accelerates in the years ahead.

While respondents do not appear to be currently experiencing a workforce divide between AI adopters and non-

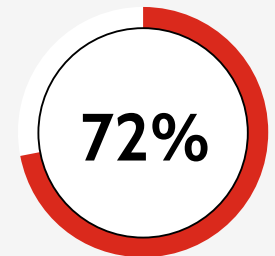
Businesses may prioritise AI's short-term benefits, downplaying risks with minimal perceived impact.



Responded that AI-safety risks (data and legal) have had low to no impact in 2024



Four in five employers reported that DE&I risks associated with technology have low to no impact



Stated low to no impact from polarisation between workforce AI adopters and non-adopters

adopters, as investment in AI and other digital technologies grow, this might change. Employees who embrace AI can leverage tools to enhance their productivity and grow their skills. Those that don't may struggle

to keep up, leading to potential inefficiencies, differing capabilities and friction in the workplace. Leaders will need to encourage AI adoption through training, support and clear communication about its benefits.

Technology impacts on organisational workforce planning and HR strategy (2024)

Focus on responsible implementation of workforce technology



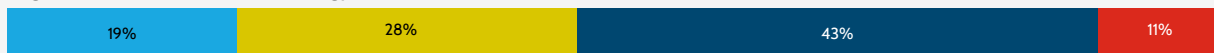
Rapid workplace transformation



Automation, including robotics and AI, redefining jobs/leading to skills gaps



Regulation of data use and technology



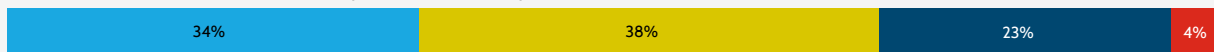
AI-safety risks (i.e. breaching equality, data or AI specific laws or giving flawed results)



Automation, including robotics and AI, replacing jobs/leading to job losses



Polarisation between workforce AI adopters and non-adopters



DE&I risks associated with technology (i.e. not supporting organisational objectives)



no impact low impact high impact significant impact

Note: Percentages may not add up to 100% because of rounding.

Ranked technology impacts on organisational workforce planning and HR strategy (2025)**

- 1 Automation, including robotics and AI, redefining jobs/leading to skills gaps
- 2 Rapid workplace transformation
- 3 Responsible implementation of workforce technology
- 4 Automation, including robotics and AI, replacing jobs/leading to job losses
- 5 AI-safety risks (ie. breaching equality, data or AI specific laws or giving flawed results)
- 6 DE&I risks associated with technology (ie. not supporting organisational objectives)
- 7 Polarisation between workforce AI adopters and non-adopters
- 7 Regulation of data use and technology

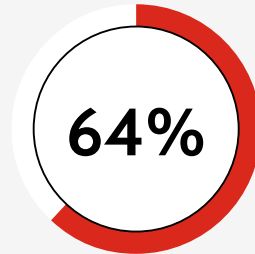
Lewis Silkin, December 2024, Strategic workforce priorities - What matters most?: Q.4 How do you rate the level of impact these aspects of Technology had on your organisation's workforce planning and HR strategy in 2024? | * Q.14 Which of the following trends is your organisation most concerned about for 2025? | ** Q.17 You answered that Technological advancements (including AI) was the trend your organisation is most concerned about for 2025. Which aspect of this is most important for your organisation to strategically prepare for in 2025? | Q. 9 What actions did you take in 2024 (or do you plan to take in 2025) to manage the challenges you identified? Select all that apply

CONTINUING FOCUS: WORKFORCE DEMOGRAPHICS

Supporting values-driven workplaces

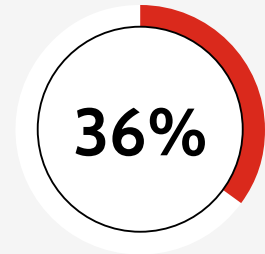
In 2024, workforce social and cultural expectations and values had the most significant impact on HR strategy, and this looks set to continue for respondents that ranked demographics as the most significant concern for 2025.

Employees increasingly look to work for organisations that align with their values and cultural expectations. A strong commitment to social and cultural values can make organisations more attractive to potential employees, improve retention and build a positive workplace culture. Organisations that are responsive to social and cultural changes are better positioned to adapt to external pressures and disruptions and achieve long-term sustainable success. Promoting a values or purpose-led organisational culture can foster transparency, trust and a shared commitment among employees and will help organisations attract and retain the best people.



Reported managing workforce social and cultural expectations was a high to significant concern in 2024

Actions for 2024/2025



Are taking a values or purpose led approach to developing organisational culture



Employers need to really think - what is our value proposition for the people who show up for work here and for the talent we're trying to attract and get really crisp about that. What is our purpose in the world that you're going to have an impact on? How can we help you grow in your career? But a relationship is two ways, so it's also important to be really clear on what's in it for the organisation, for the employer and does that really clear [employee] expectations? They're thinking about the relationship they have to their work and to their employer, and they're asking, is there something out there that's a better fit for me, that meets my needs. We would recommend addressing what my undergrads used to call "having a DTR moment", a define the relationship moment, with employees.

- Derek Newberry, Head of Organization and Culture at co:collective



What do you think is the biggest opportunity for your business regarding the future of work in 2025 and beyond?

"Leveraging our strong culture and purpose-led approach to build on existing successes"

Dynamics of diversity

Diverse teams bring a variety of perspectives and experiences which can lead to more innovation and better decision-making.

With workforces becoming increasingly diverse, and a recognition that different groups in the workforce have different needs and challenges, it is surprising that growing workforce diversity, multi-generational workforces and Gen Z didn't feature as a more significant concern for respondents. This might be because HR strategy in this area can vary widely among employers depending on sector and size, demographic workforce composition and geographic location.

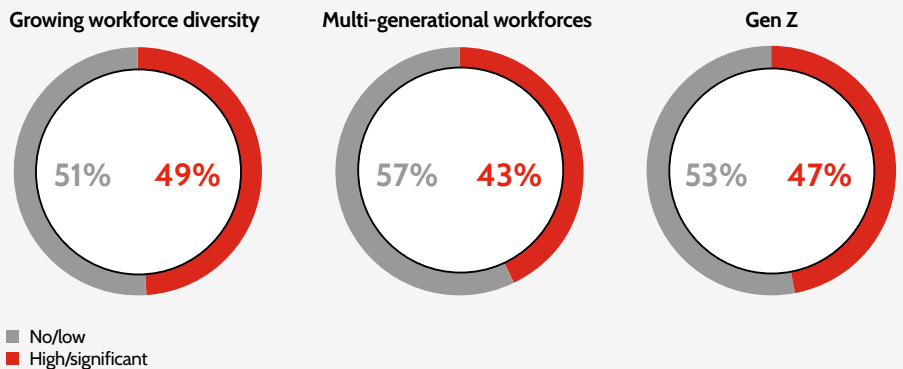
In many cases, different generations value many of the same things about work – sometimes in a different priority order and for different reasons. So employment practices that are highly valued by one generation can be beneficial for all employees at different life stages. Given how highly respondents ranked the impact of workforce social and cultural expectations, it might be that organisations are seeing the impact of demographic shifts emerging through the actions they are taking to respond to workforce expectations more broadly.

Overlooking ageing workforces

As the population ages, healthier older age for many is leading to an ageing workforce.

However, the majority of respondents did not consider the impact of ageing workforces as having a significant impact on workforce planning and HR strategy last year, and this is reflected in the responses of those that picked demographics as the most significant concern for the year ahead. This is a strong indicator that businesses do not yet feel, or possibly appreciate, the significant implications of ageing workforces on businesses. Responding proactively to ageing workforces presents a huge opportunity for organisations and taking targeted action to address it can bring competitive advantage by solving skills gaps, improving retention and boosting productivity.

Workforce diversity, multi-generational teams and Gen Z were relatively evenly balanced between having no/low and high/significant impacts in 2024



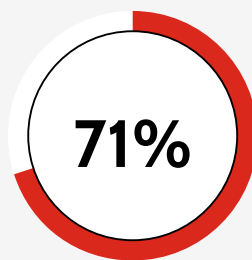
Employers who can successfully combine the talents and diverse outlooks of their employees, whatever their age, generally find that their workforce is enriched and more productive as a result.

- Shruti Singh, Project Lead, Ageing and Employment Policies at OECD



Employee expectations are rising most significantly among employees under the age of 40, suggesting younger employees are seeking to drive the most significant change. As younger

generations enter the workforce, their values and expectations are likely to have a greater influence on workforce planning and HR strategy in the years ahead.

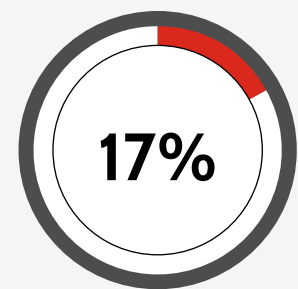


Of respondents did not consider the impact of ageing workforces as having a significant impact on workforce planning and HR strategy in 2024



It's this iceberg that, from all the data, it's very predictable. There's nothing surprising about where we're heading demographically. It's been in the data for many, many years but like climate change, I don't think you really react until it's on you and really hitting you and your workforce and your customers and becoming a very obvious pressure point.

- Avivah Wittenberg-Cox, CEO, 20.first and Thinkers 50 Hall of Fame 2023



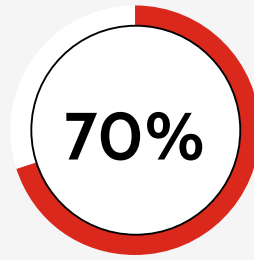
Few ranked ageing workforces as being the most important workforce demographic impact to strategically prepare for in 2025**

Workplace harmony in polarised times

Businesses do not appear to have been significantly impacted by societal polarisation and conflict spilling into the workplace in 2024.

This is perhaps surprising in a year where wider societal divisions became more apparent as a result of a raft of global elections and wider political and social shifts. However, this could be because businesses have been successful in leveraging positive and inclusive workplace cultures to buffer the impact of external societal tensions.

This is an area to watch. With respondents expecting conflict and tensions to grow in the year ahead, businesses should continue to focus on maintaining a positive workplace culture and developing effective conflict resolution capabilities to mitigate against this.



Reported societal polarisation and conflict as having no/low impact in the workplace in 2024



We see fissures and divisions across organisations. The successful organisations are doing some really simple things. The first one starts with listening. We need to hear and understand what people are saying.

-David Liddle, CEO, The TCM Group
HR Most Influential Thinker 2024



What is your biggest concern regarding the future of work in 2025 and beyond?

“Imbalance between employer responsibilities and employee expectations continuing to widen”

“Conflicts in the workplace and unrealistic expectations from employees”

“Increasingly divergent views being brought into the workplace without any tools / culture to co-exist”

Workforce demographics - impact on organisational workforce planning and HR strategy (2024)

Workforce social and cultural expectations and values



Growing workforce diversity



Gen Z



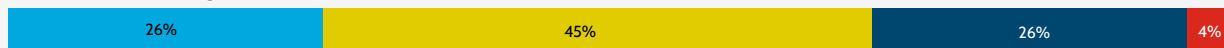
Multi-generational workforces



Ageing workforces



Reliance on/access to global recruitment



Societal polarisation and conflict spilling into the workplace



Workforce composition because of immigration rule changes



no impact low impact high impact significant impact

Note: Percentages may not add up to 100% because of rounding.

Lewis Silkin, December 2024, Strategic workforce priorities - What matters most?: Q.2 How do you rate the level of impact these aspects of Workforce demographics had on your organisation's workforce planning and HR strategy in 2024? | * Q.10 Which of the following trends is your organisation most concerned about for 2025? | ** Q.21 You answered that Workforce demographics was the trend your organisation is most concerned about for 2025. Which aspect of this is most important for your organisation to strategically prepare for in 2025?

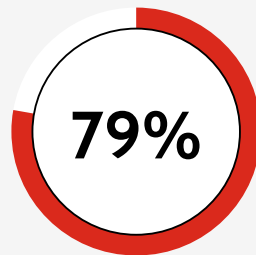
CONTINUING FOCUS: SUSTAINABILITY (CLIMATE AND PEOPLE RELATED)

Leading the way

Last year, the demands placed on leadership and line manager capabilities had a critical impact on workforce planning and HR strategy.

As organisations grow and workforce expectations evolve, managing a diverse and dynamic workforce becomes more complex. Leaders and line managers need to be adept at handling a range of challenges that impact on strategic objectives, such as managing the impact of technology, workforce engagement and wellbeing, skills development, and compliance and risk management. Effective leaders and managers are increasingly critical to people strategies and organisational success, but many are becoming overwhelmed by the growth of their responsibilities and the demands placed on them.

Growing demands on leadership and line manager capabilities significantly impacted workforce planning and HR strategy



Felt increasingly impacted by the demands on leadership and line manager capabilities

2

So much so it was the second most highly ranked impact on workforce planning and HR strategy across all trends in 2024

Enhancing workforce resilience and adaptability

“Improving general line manager capability to manage their teams effectively”

“Support development of better-quality leadership at all levels”

“Ensuring transparency in leadership and willingness to change and take bold action”

“Upskilling leaders to focus on leading healthy cultures which increase productivity”



I think without trust, then it's very difficult to develop a productive work culture and sustainable work culture where people will want to stay with you as an employer and be resilient under pressure. I think the most important consideration for employers and HR teams if they're thinking about improving job quality and also business performance, is to focus on training your line managers to manage people properly. How managers manage and support people on a day-to-day basis is fundamental to their job quality, to their level of engagement, whether they say they're going to go the extra mile for their organisation, whether they say that their work has a positive or negative effect on their mental health, how much stress they're under. All these factors are affected or mitigated by their relationship with their line manager.

-Ben Willmott, Head of Public Policy, CIPD



Rising to the challenge of “Good Work”

Businesses experienced a rise in workforce expectations in relation to their role in supporting workforce health and financial wellbeing and providing good work.

This rise was likely to be in response to employees experiencing significant pressure from cost of living rises, ongoing economic uncertainty and adapting to rapidly evolving workplaces and jobs. Looking ahead, businesses that picked sustainability as the key concern for 2025 anticipate an ongoing need to support workforce wellbeing and provide good work.



Good work looks at things like pay and benefits, people’s contractual relationship, work-life balance, job design, relationships in the workplace, employee voice, and health and wellbeing. Job design will look at things like the purpose of the job, and how that relates to the organisational purpose. It looks at things like health and safety, productivity, and job quality, so things like flexibility, how much autonomy people have in the role, what sort of breadth and challenge there is.

-Ben Willmott, Head of Public Policy, CIPD



Shaping the future of leadership and workforce expectations in 2024

55%

Reported increased expectations to provide “good work”

66%

Experienced increased pressure to support employee health and financial wellbeing

The flexibility divide

The impact of workforce conflict arising from competing views on flexible working models such as hybrid and remote working appears to be relatively evenly spread across 2024 and 2025.

This is likely to reflect the differing return to work and remote working approaches seen over the past few years in different sectors and organisations with different demographic compositions. Organisations with strong leadership and an inclusive culture that values employee input and flexibility may also experience less conflict than others. But persistent economic challenges

and a focus on growth and productivity in the year ahead means the pull and push on return to work approaches is likely to continue.

49%

In 2024, roughly half reported a high/significant impact of workforce conflict over flexible working models

How do you see the workplace evolving in 2025?

“Increased resistance to workplace attendance, expectations of flexible work location”

“Contrast of employer’s demanding return to the office vs genuine hybrid vs fully remote”

What is your biggest concern for 2025 and beyond?

“Retaining good staff particularly if we try to move away from hybrid model currently in place”

Climate disconnect

Despite a succession of record temperatures and other extreme climate events signalling an urgent need to act, the majority of respondents rated a low impact of climate events affecting business operations in 2024.

This also featured as a low priority for those that chose sustainability as the key concern for 2025. This might be reflective of the geographies in which respondents were based, alongside already resource-stretched HR departments often focussing on more immediate workforce issues.

Ongoing climate emergencies and growing societal and workforce pressure on organisational environmental sustainability may lead to more focus in HR functions on

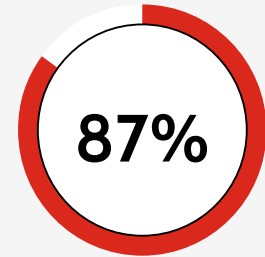
integrating these values into their core strategies, or risk a growing disconnect between employee expectations and HR priorities.



While in general, business is the most trusted to do what is right, the 2023 Edelman Special Report on Climate showed that trust in business to keep climate commitments has fallen. Among the 65% who say companies are not doing well at living up to their climate promises, the number one reason is because they are too focussed on short-term profit, followed by business only pretending to care, and leaders fearing a backlash. People are six times more likely to say that business isn't doing enough on climate change or inequality compared to doing enough. Within the most recent Edelman Trust Barometer finding that

economic fears persist as societal concerns rise, it is clear that people overwhelmingly want more engagement from business on a range of societal issues which is where the opportunity is.

- Penelope Mantzaris, Senior Vice President, Edelman Intelligence



The majority of respondents rated no to low impact in relation to climate events affecting business operations in 2024

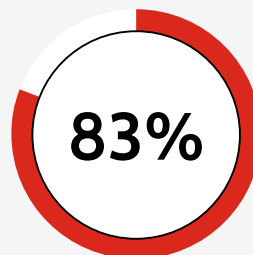
Sustaining progress amid shifting pressures

Businesses don't appear to have faced notable external pressure to reduce ESG and DE&I focus and investment in 2024.

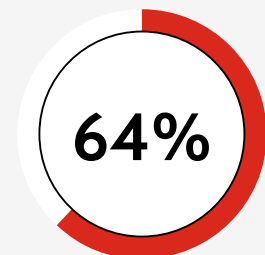
In many regions, particularly in the EU, there has been a strong regulatory push to enhance these standards, encouraging businesses to maintain or even increase their focus in these areas. At the same time, investors, customers and employees increasingly expect companies to prioritise these issues, which can also enhance reputation and brand value. Many businesses have voluntarily adopted and promoted these initiatives to differentiate themselves in the market. Effective ESG and DE&I strategies are also seen as essential for managing risks related to climate change, social inequality, and governance issues.

However, this may change in the years ahead. Changes in political leadership and policies, particularly in regions like the US which has experienced growing polarisation and backlash against ESG and DE&I initiatives, could lead to reduced regulatory pressure. Economic downturns or financial pressures could lead to businesses cutting costs,

There is a mandate for business to do more



The majority felt little or no external political/shareholder pressure to reduce ESG and DE&I focus and investment in 2024



However over two thirds rated workforce social and cultural expectations and values as high/significant impact, reinforcing the "mandate" to do more from the workforce



I think we really see much of the sustainability work that organisations are doing is because they want to recruit the best, they want to retain the best and it is really important for those people that they are working for a company that they are proud of, that they believe is having a positive impact on the world. So, I think increasingly, employees have a greater share of voice in the importance of sustainability within an organisation. And I think that we are going to see a really interesting period over the next two to three years of those companies that are doubling down and will achieve some of that change and will be able to differentiate themselves as a consequence and those that will find it more difficult to do that and the challenges that they will face from employees and consumers by going perhaps too slow.

-Giles Gibbons, CEO and Founder, Good Business



potentially reducing investment in these initiatives, prioritising short-term financial performance over long-term sustainability goals. Differences

in regulatory approaches between regions, such as the EU and US, could create challenges for multinational companies.

Sustainability impacts on organisational workforce planning and HR strategy (2024)

Demands on leadership and line manager capabilities



Pressure from the workforce to play a larger role in supporting employee health and financial wellbeing



Expectations to provide "good work"



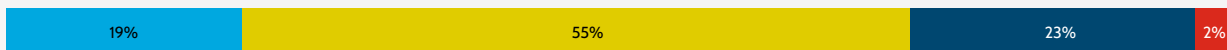
Workforce conflict arising from competing views on flexible working models/hybrid/remote working



Expectations from employees and external stakeholders around ethical behaviours, transparency and responsible business



Workforce conflict arising from workplace practices (e.g. ESG, DE&I, climate change mitigation)



External political/shareholder pressure to reduce ESG and/or DE&I focus investment



Climate events affecting locations in which the business operates, local workforces and/or supply chains



no impact low impact high impact significant impact

Note: Percentages may not add up to 100% because of rounding.

Lewis Silkin, December 2024, What Matters Most: Q.3 How do you rate the level of impact these aspects of Sustainability had on your organisation's workforce planning and HR strategy in 2024? | * Q.10 Which of the following trends is your organisation most concerned about for 2025? | ** Q.19 You answered that Workforce demographics was the trend your organisation is most concerned about for 2025. Which aspect of this is most important for your organisation to strategically prepare for in 2025? | Q.2 How do you rate the level of impact these aspects of Workforce demographics had on your organisation's workforce planning and HR strategy in 2024?

NAVIGATING 2024

Despite a turbulent 2024, businesses experienced a range of benefits as they navigated the impact of large-scale trends on work. One of the most significant advantages identified by respondents was the benefit of ongoing enhanced flexibility as a result of hybrid and remote working capabilities. Just under half of respondents rated improved workforce communication and enhanced risk management strategies as a beneficial outcome last year.

Despite these benefits, employers encountered several challenges in adapting to the impacts of these large-scale trends. One of the primary issues respondents identified as posing organisational challenge last year was increased exposure to legal risks, alongside maintaining workplace culture.

Several barriers hindered many organisations' ability to fully capitalise on these trends. Resource constraints, including limitations on time, budget and people, emerged as the single most significant barrier organisations faced last year in responding to these trends, followed by lack of HR and line manager skills to implement and sustain transformational change.

Overall, while businesses have been able to reap significant benefits by adapting to large-scale trends in 2024, they continue to face substantial challenges and barriers that require strategic management and innovative solutions. Addressing these issues effectively will be crucial for sustaining growth and maintaining a competitive edge in the evolving world of work.



What beneficial outcomes did employers experience in 2024?

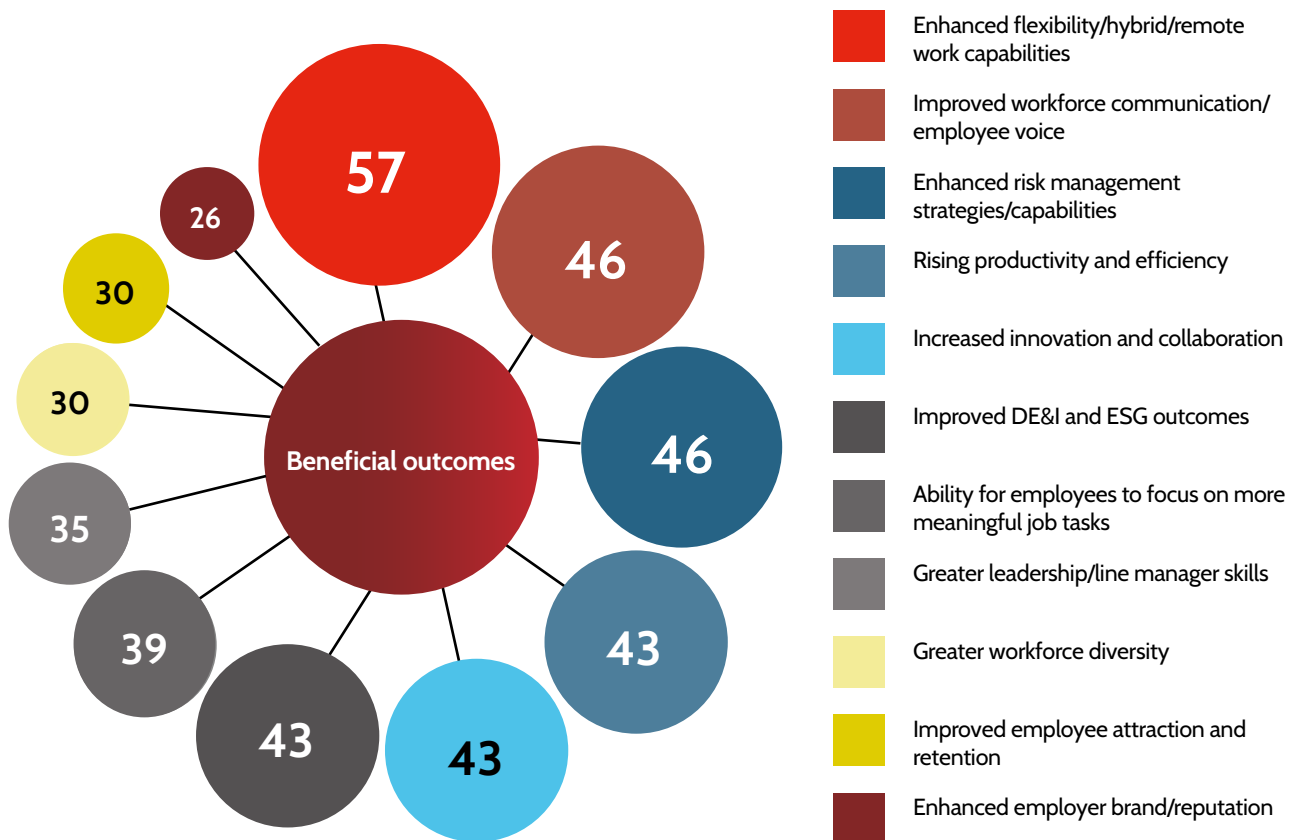
- 1** **Enhanced flexibility:** will have helped to foster a more inclusive and engaged work environment and contributed to improved employee satisfaction and retention.

- 2** **Improved workforce communication:** will have supported a positive workplace culture and contributed to enhanced productivity, improved engagement and workforce trust, teamwork and collaboration and reduced conflict.

- 3** **Enhanced risk management strategies:** will have brought a range of benefits, including bolstering resilience against unforeseen challenges, enabling better organisational decision-making, risk and cost reduction, and helped to build trust by demonstrating organisational preparedness.

“
Trust is the foundation that allows an organisation to take responsible risk and to innovate and, if it makes mistakes, to rebound from them. So, in that way trust is a kind of insurance for a business, beyond, say, just its reputation. Because reputation fades in importance if personal experience is discordant with that reputation, but trust is an individual belief and therefore the strongest and most entrenched anchor in the decision-making process.
 - Penelope Mantzaris, Senior Vice President, Edelman Intelligence
 ”

What beneficial workplace outcomes did employers experience in 2024? (% of respondents who selected as an issue)



What challenging workplace outcomes did employers experience in 2024?

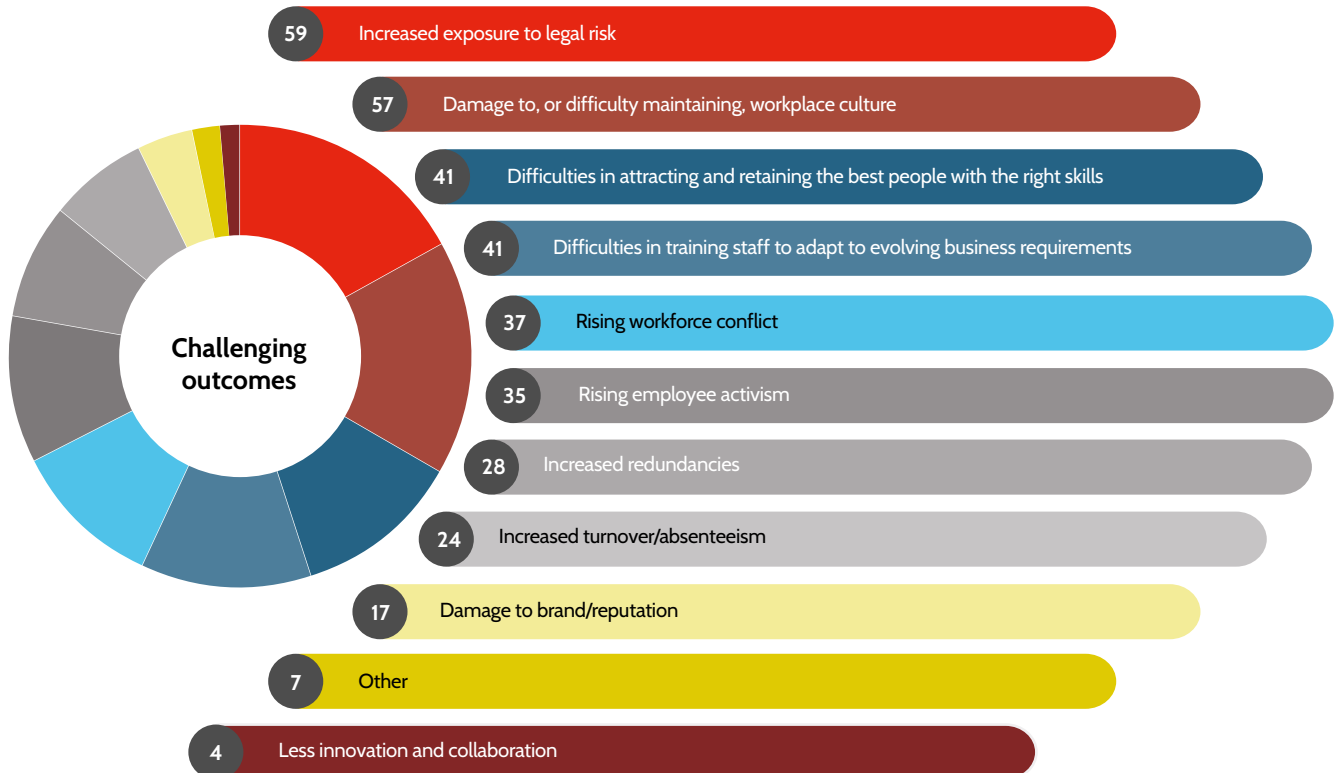
1 **Increased exposure to legal risk:** will have led to organisations having had to carefully track and respond to an evolving and increasingly complex regulatory landscape and post-election employment law changes.

2 **Damage to/maintaining culture:** perhaps illustrates the challenges posed by increasingly hybrid and remote working arrangements, diverging workforce views and the impact of rapid transformation.

3 **Attracting and retaining the best people with the right skills:** could have been the outcome of a tight job market and emerging skills gaps alongside evolving workforce expectations demanding more from employers.

4 **Training staff to adapt to evolving business requirements:** illustrates the need to invest in upskilling and reskilling opportunities to adapt to evolving business requirements and improve workforce understanding of new technologies.

What challenging workplace outcomes did employers experience in 2024? (% of respondents who selected as an issue)



What were the top barriers that most threatened employer's ability to manage the challenges identified?

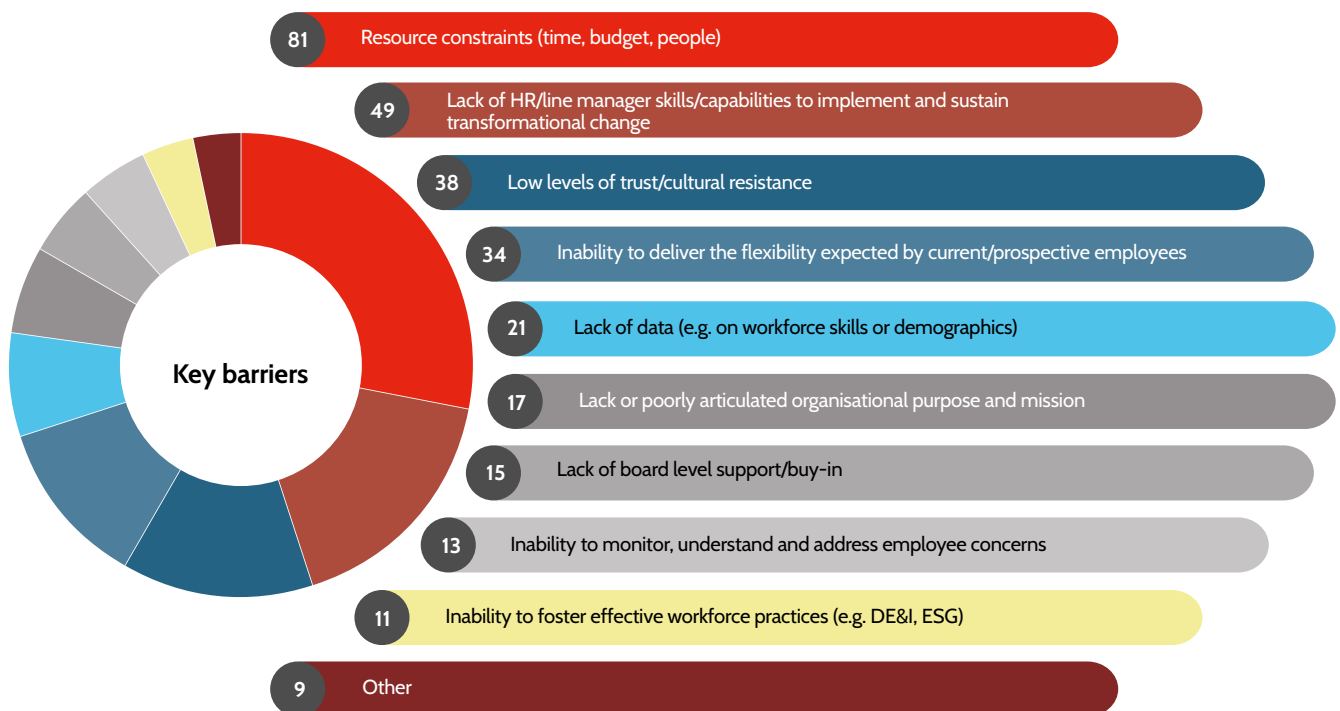
- 1 **Resource constraints (time, budget, people):** will have significantly impacted businesses' ability to adapt to long-term drivers of change, such as investing in innovation, building risk and compliance frameworks, evolving workforce initiatives, and respond to shifting workforce expectations.

- 2 **Lack of HR and line manager skills and capabilities:** will have further complicated efforts to drive and maintain transformational change.

- 3 **Low levels of trust and cultural resistance:** poses significant obstacles for organisations in driving transformational change, perhaps indicating a reluctance or hesitancy of the workforce to embrace new technologies or ways of working.

- 4 **Inability to deliver the flexibility and pay expectations of current and prospective employees:** risks rising workforce dissatisfaction and conflict, particularly in a sluggish economy where certain skills are not in demand and there are less options to move on to another job.

What barriers threatened employer's ability to manage challenging workplace outcomes in 2024? (% of respondents who selected as an issue)



2025: FROM PRESSURE TO OPPORTUNITY

Challenges and pressures in 2024

In 2024, businesses faced significant challenges due to tough economic conditions and an uncertain geopolitical environment. Tight labour markets and economic constraints made it difficult to attract and retain skilled employees. These challenges were compounded by growing pressures on leaders and managers from an increasingly vocal workforce. The workforce also faced challenges from rising living costs and growing societal polarisation. Rapid changes driven by automation and AI put pressure on employees to quickly adapt and upskill, and businesses had to work hard to maintain trust and manage cultural resistance to change.

Concerns and strategic approaches

Employers have become increasingly concerned about their employees' ability to rapidly adapt and upskill in an environment of constant change. At the same time, resourcing pressures have grown and are giving rise to mounting concerns about the impact these constraints on businesses' ability to respond to change. In addition, the evolving regulatory landscape has the potential to impact businesses' ability to track and comply with legal changes and many are concerned about managing legal risks. Looking ahead, businesses anticipate growing uncertainty and societal division, with tensions expected to affect workplace dynamics, especially in the context of technology adoption and flexible working practices. Businesses will need to navigate these complexities by enhancing transparency in decision-making, improving workforce communication, and building trust-based cultures to build organisational resilience and capitalise on strategic opportunities.

Opportunities and investments

Recognising that continuous change affects confidence and morale, businesses are leveraging employee voice mechanisms to address concerns and manage technology's impact on skills and jobs responsibly. Employers also see opportunities to enhance productivity through innovation and data utilisation to reduce costs. Many plan to invest in workplace culture, people management, training, and upskilling. Businesses are also looking to build up flexibility and adopt innovative modern working practices to attract the best people and stand out from competitors. Employers also recognise the need to develop robust risk and compliance frameworks to minimise legal and reputational risks and ensure organisational preparedness and competitiveness in a dynamic legal landscape.

Biggest concerns for 2025 and beyond

- “Imbalance between employer responsibilities and employee expectations continuing to widen”
- “Conflicts in the workplace and unrealistic expectations from employees”
- “Political environment/tax/laws in the UK makes it harder to attract and retain key people”
- “Those making decisions not having ‘lived experience’ of the challenges that employees face and no properly informed view of what good working practices look like”
- “Increasingly divergent views being brought into the workplace without any tools / culture to co-exist”
- “Working out what to prioritise and what is going to be the burning platform. Inability to resource and address each challenge, so deciding what gets put on the back burner”
- “Continuous change eroding confidence, moral and culture”
- “Keeping up with the pace of change, bringing people on the journey and avoiding burn out”
- “Flexibility is reduced which makes it harder to recruit and retain, leading to skills gaps”

Biggest opportunities for 2025

- “Leveraging strong culture and purpose led approach to build on existing successes”
- “To embrace truly flexible and modern working practices and differentiate ourselves and attract the best people because of this”
- “Better understand how AI can drive growth and people experience, not just cut costs”
- “Be innovative with employee demands - continue to be flexible with roles and work patterns”
- “Empowering employees with better tools, processes and communication would generate significant incremental value”
- “The use of AI for menial tasks and give employees time back to do the bigger picture pieces”
- “Wider and more diverse pools of talent”
- “Embracing flexibility and AI - defining the role of AI and the roles of the people using it”

Leading through uncertainty

In 2024, tough economic conditions and an uncertain geo-political environment placed significant demands on businesses.

Leaders and managers faced increasing pressures from within the organisation. Social and cultural expectations and values grew and employees and stakeholders exerted pressure on businesses to act responsibly, ethically and transparently. Workforces expected their employers to support their health and financial well-being and provide meaningful work.

Looking ahead, businesses anticipate increased uncertainty and societal

division to continue and anticipate these tensions spilling into the workplace, leading to widening gaps and divisions. These challenges are particularly expected to arise from technology deployment and changing working practices, including growing resistance to workplace attendance and work location policies, particularly if these negatively impact on individual flexibility.

Leaders will need to deftly navigate uncertainty and conflict while improving transparency and communication with an evolving workforce. Building organisational and workforce resilience and developing trust-based working cultures present significant strategic opportunities for businesses that can capitalise on this

with strong investment in growing the capabilities of their leaders and managers.



Trust and transparency are two sides of the same coin. Research has shown numerous times that when companies are transparent around a commitment to fairness in the workplace it makes a difference in the minds of employees. On the flip side, when there is no transparency, employees really start to fill the void, often, of course, with misinformation.

- Ritu Mohanka, former Managing Director and Head of EMEA at Syndio



Key Insights:

Leadership capabilities are under significant pressure due to evolving workforce and societal expectations, ongoing uncertainty and economic challenges.

Key Challenges:

Continuing uncertainty and ongoing workforce tension alongside lack of HR/line manager skills.

Key Opportunities:

Investing in upskilling leaders and improving line manager/HR capabilities, improve transparency and workforce communication/employee voice mechanisms.

Optimising resources

Businesses faced significant challenges in 2024 due to tight labour markets and economic constraints which made it difficult to attract and retain the best people with the necessary skills.

Businesses struggled to balance pressure on resources on the one hand with meeting workforce expectations on pay and flexibility on the other. This will have hindered their ability to develop people with the skills needed to keep up with the rapid pace of change and evolving business needs.

The challenging economic climate is expected to persist, with rising labour costs further straining resources. Employers continue to be worried about their ability to respond to upcoming challenges, including providing the flexibility current and prospective employees expect and meeting the reward expectations of younger workers and those with in-demand skills. Businesses anticipate attracting and retaining the best people to remain a significant challenge.

Despite this, employers recognise opportunities to enhance productivity

through AI and technology adoption, innovation and leveraging data to identify and reduce costs.



I think the other thing is to be able to build the business case for investment in people management, so really highlighting the data that will influence senior leadership teams and boards as to why investment in HR and people management and development is critical to the delivery of business strategy.

- Ben Willmott, Head of Public Policy, CIPD



Key Insights:

Economic constraints and tight labour markets are straining resources.

Key Challenges:

Attracting and retaining people amidst budget and resource constraints.

Key Opportunities:

Innovating and leveraging data to support workplace planning, drive down costs and boost productivity.

Workforce empowerment

The workforce in 2024 faced numerous challenges. A difficult economic environment and high living costs left many workers feeling vulnerable and under pressure.

Growing uncertainty and societal divisions combined with emerging tension from both business and the workforce around flexible working models. Rapid changes due to automation and AI demanded that employees quickly upskill and adapt to evolving business needs. Many businesses found it difficult to maintain workforce trust and faced resistance to change.

Businesses recognise that continuous change erodes confidence, morale and

culture. As they anticipate increased uncertainty, tension and conflict to continue in the year ahead, many see opportunities to leverage employee voice mechanisms to better address workforce concerns and build trust. Businesses understand the importance of responsibly managing the deployment and impact of technology on workforce skills and jobs and see the need to improve workforce understanding of the potential and capabilities of increased automation.

Many businesses plan to invest in workplace culture and people management, training and upskilling in the coming year and recognise the benefits of building flexibility and adopting innovative modern working practices to stand out from competitors and attract the best people.



There will continue to be black swan events. We'll continue to have massive issues coming down the line ...[such as] the cost of living crisis. All of the stresses in our economy are going to create ongoing challenges within our workplaces. So, the nature of the future of work will be defined by the character of the way that we handle disagreements and tensions. The successful organisations of the future will be the ones that harness the potential within the diverse thinking and disagreements and the conflicts.

- David Liddle, Founder and CEO of TCM Group, HR Most Influential Thinker 2024



Key Insights:

Workforces are under pressure from economic factors and the rapid pace of technological changes.

Key Challenges:

Managing divergence between employer and employee expectations, rising conflict and adapting to rapid transformation.

Key Opportunities:

Investing in workforce training, upskilling and improving internal communication/build employee voice mechanisms to better address workforce concerns.

Crafting a roadmap for regulatory compliance

Amid resource constraints and worries about leadership and managerial skills, concerns about the ability to track and comply with legal changes, and increasing exposure to legal risk, have become more prominent on the corporate agenda.

These challenges necessitate a strategic approach to the development of robust risk and compliance frameworks to ensure organisational preparedness and effective management and mitigation of potential legal risks.

With ongoing global external events continuing to present challenges for businesses in the year ahead, businesses will also need to navigate a more complex workplace regulatory environment, driven by evolving regulations governing data and AI technologies and emerging post-election employment law changes. Additionally, businesses working across borders must stay informed about international regulatory changes and political shifts to maintain compliance across different jurisdictions.

Businesses with effective horizon scanning capabilities can prepare and adapt to upcoming legal and governance changes and minimise

legal and reputational risk. By proactively identifying and analysing upcoming changes, organisations can implement timely adjustments to business models and update contractual and workplace policies, ensuring they remain compliant and competitive in an ever-changing legal landscape.



Policymakers, businesses and individuals need to be contemplating how the world of work might change over the next 20 or so years.

- James Davies, Partner, Lewis Silkin



Key Insights:

Concerns about businesses' ability to track and comply with legal changes, coupled with increasing exposure to legal risks, have become more prominent on the corporate agenda.

Key Challenges:

Resource constraints and worries about leadership and managerial skills are impacting on the ability of businesses to track developments and maintain compliance.

Key Opportunities:

Embedding horizon-scanning in strategic agenda and developing a robust risk and compliance framework can support businesses in effectively managing and mitigating potential legal risk.

Empowering and developing skills

As the focus on automation and AI shifts from job displacement fears to the impact on workforce skills, employers are increasingly worried about their employees' ability to rapidly reskill to keep up with constant change.

A tight labour market and evolving business needs have made it challenging to attract and retain the best people with the necessary skills and to train staff to adapt these evolving requirements.

As businesses anticipate increasing the use of AI to support organisational strategies, a key focus is on properly

introducing and deploying new technology, while considering the needs and concerns of all stakeholders. Transparent communication and improving the workforce's understanding of the potential and capabilities of increased automation is seen as crucial to addressing these challenges. Businesses plan to integrate AI into work practices, alongside effective training and skill development, to boost productivity and efficiency. Additionally, businesses are increasingly viewing AI as a tool to augment employees' work by freeing them from mundane tasks, allowing them to focus on more significant projects and enhancing their experience at work.

Employers appear ready to embrace AI, shifting their focus from merely cutting

costs to driving growth and improving employees' work experiences. Opportunities identified by businesses include using AI to provide real-time insights to enhance productivity and employing data gathering exercises to identify skills gaps to support workforce planning and strategy.



As AI develops, it's still the responsibility of humans to decide how to teach it, how to deploy these technologies and it's crucial that people are equipped with the skills they need to thrive to use this technology to support the workplace of the future.

- Nimmi Patel, Head of Skills, Talent and Diversity at techUK



Key Insights:

Automation and AI are redefining job roles and creating skills gaps.

Key Challenges:

Attracting and retaining skilled employees in a tight labour market.

Key Opportunities:

Enhancing productivity through AI to build growth, improve the employee experience and focusing on upskilling.



I think we need to be much more thoughtful, both as a society, but also as HR leaders talking to our organisations about the quick and easy thing to do is hire those lower skill workers, pair them with an AI and get the same level of productivity for lower cost. But the better thing to do is to really empower amazing people to do things they were never able to do before.

- Dr Vivienne Ming, a Theoretical Neuroscientist, Entrepreneur, and Co-founder of Socos Labs



I think there needs to be a return to a sense of obligation to your employees; and I think that should come in the form of constant training that is personalised, bespoke, driven by the individual not by the company so that it's individualised learning. I think that is the key to creating an agile workforce fit for the 21st Century.

- Eliza Filby, Sunday Times Bestselling Author and Award-Winning Speaker on Generations, Work, Wealth & Family



HOPES AND FEARS IN 2025

Looking ahead in 2025 and beyond, businesses are navigating a landscape filled with both promising opportunities and significant challenges.

On the one hand, there is a strong sense of optimism about the future of work, with hopes centred around fostering a positive work culture, enhancing creativity and innovation through AI and leveraging data for strategic decision-making. Employers are also focussed on promoting trust and transparency, prioritising responsible business practices, and supporting continuous learning and employee wellbeing to build up organisational and workforce resilience.

Conversely, there are palpable fears that could hinder these aspirations. The uncertain external geopolitical and economic environment poses a significant threat, alongside the challenges of attracting and retaining the best people as business needs evolve rapidly. Businesses are also concerned about societal divisions affecting workplace cohesion, widening skills gaps due to automation, and the ability of current leaders to manage future complexities. Legal risks, resourcing constraints, and keeping up with the rapid pace of change further exacerbate these concerns. All of this has the potential to impact employee morale and organisational culture.

Moving forward, balancing these hopes and fears will be crucial for organisations to grow and thrive in the years ahead.

Hopes

1 Good work, culture and voice

Employers aim to provide good work, improve internal communication, and foster a strong values or purpose-driven culture to meet evolving workforce expectations and enhance the employee experience to attract and retain the best people.

2 Creativity and innovation

Employers are optimistic that using AI for routine tasks will free up employees to focus on more significant projects, enhance creativity and innovation.

3 Productivity and efficiency

Employers see opportunities in integrating AI to work practices to boost productivity and efficiency and invest in people management capabilities.

4 Leveraging data

Employers recognise the strategic value of data collection to generate insights on workforce demographics, skills, and the impact of technology, to inform decision-making and improve workforce planning.

5 Trust and transparency

Employers believe that promoting transparency and trust within the organisation is essential for strategic success and enabling every employee to perform at their best.

6 Responsible business

Employers plan to prioritise the ethical and responsible use of technology in the workplace and integrate DE&I, ESG and wellbeing practices into organisational strategies to support innovation, performance and engagement.

7 Diversity

Employers see value in embracing flexibility and modern working practices to help attract a diverse workforce, drive growth and improve the employee experience.

8 Leadership and people

Employer focus on supporting continuous learning and development, and the upskilling and reskilling of their people at all levels, is seen as crucial to maintain a resilient and adaptable workforce.

Fears

1 Political and economic environment

The uncertain geopolitical climate, along with rising costs and economic pressures, will continue to challenge businesses and employers are concerned about the impact on workforce wellbeing and productivity and overall business performance.

2 Finding and keeping the best people

Businesses are concerned about attracting and retaining staff with the skills they need, especially as rapid technological advances impact on business models - particularly if there is a move away from flexible hybrid work arrangements.

3 Division and conflict

Employers worry about societal division and conflicts spilling into the workplace and a growing imbalance between employer responsibilities and employee expectations. Businesses expect to need better conflict management and employee voice mechanisms.

4 Skills gaps

Automation and AI are redefining jobs and creating skills gaps. There is uncertainty about how employees will adjust to the increasing use of AI in the workplace and whether they can adapt quickly enough to new skills and work requirements.

5 Leaders and managers

There are significant concerns about the ability of current leaders and managers to navigate the complexities of the future workplace, especially as demands are only expected to increase.

6 Legal risk and complexity

National elections are driving changes in employment laws both in the UK and globally, increasing the complexity of the regulatory environment. Worries persist that limited resources will hinder companies' ability to keep track and comply with new regulations.

7 Cost reduction

Financial constraints are leading to reduced capacity and resources, with concerns that businesses will shift from a growth and innovation mindset to one focussed on cost reduction and performance delivery.

8 Rapid pace of change

Businesses worry that continuous change will erode confidence, morale, and culture, making it difficult to keep employees engaged and motivated and risking growing workforce resistance and tension.

WHAT MATTERS MOST IN 2025: PRIORITY ACTIONS FOR THE CORPORATE AGENDA

In a rapidly evolving landscape, employers must adopt strategies to ensure their organisations and their people remain resilient, adaptable, and competitive.

By focussing on these priority actions, employers will be well-equipped to navigate the complexities of the modern work environment and meet future challenges.

1

Upskilling leaders and managers equips them with the necessary skills to effectively navigate and manage transformational change and respond to evolving workforce expectations. Enhancing HR capabilities ensures that HR professionals can address workforce concerns, implement strategic initiatives and support employee development, and contribute to building organisational resilience and adaptability. Together with building up workforce communication mechanisms and transparency in decision-making, these efforts can build a strong foundation for a trust-based working environment, enabling the organisation to thrive in the evolving landscape of the future of work.

2

Developing tailored training programmes and focussing on reskilling and upskilling ensures that employees are well equipped with the necessary skills to meet evolving business requirements and technological advancements. By addressing specific skills gaps and promoting a skills-based approach, organisations can maintain workforce agility and adaptability. This proactive investment in employee development, which fosters a culture of continuous learning and innovation, will enable organisations to stay competitive and resilient in the face of future challenges.

3

Focussing on good work, enabling employee voice and supporting employee wellbeing ensures that employees feel supported and find their roles meaningful and fulfilling, which boosts engagement and productivity. By prioritising health and financial wellbeing, and integrating DE&I and ESG practices, organisations create a supportive and inclusive work environment that can better adapt to future changes. This holistic approach to employee welfare fosters loyalty and resilience, enabling the workforce to thrive amid evolving business demands and challenges.

4

Promoting a values or purpose-led organisational culture fosters a sense of transparency, trust, and a shared commitment among employees which is crucial for navigating future challenges. This approach encourages continuous learning, curiosity, and adaptability, helping employees to embrace change and innovate. By aligning the organisation's mission with its values, companies can attract and retain the best people who are motivated and engaged, ensuring long-term success and resilience in the evolving work landscape.

5

Conducting data gathering exercises enables organisations to gain a comprehensive understanding of their workforce demographics, identify existing skills gaps and assess the impact of technological advances on jobs and skills. Leveraging this data allows for informed decision-making, improved workforce planning and the development of targeted training programmes that address specific needs. By utilising data-driven insights, organisations can enhance their strategic objectives, maintain workforce agility, and ensure they are well-prepared to meet future challenges.

6

Horizon scanning allows organisations to anticipate and prepare for future trends, challenges and opportunities by systematically exploring and analysing potential developments in the external environment. Building robust risk and compliance frameworks ensures that organisations can effectively manage and mitigate risks, adhere to evolving legal obligations, and maintain operational integrity. Together, these practices enable organisations to stay agile, proactive and resilient in the face of change, ensuring long-term sustainability and success.

WHAT MATTERS MOST IN 2025: ROADMAP FOR CHANGE

1

Embrace technological innovation and AI integration

2

Navigate global dynamics and political trends

3

Address the impact of rising cost pressures on the workforce

4

Improve ability to track and respond to regulatory changes and compliance

5

Enhance leadership and managerial competencies and workforce skills

6

Respond to workforce demographic shifts and values

7

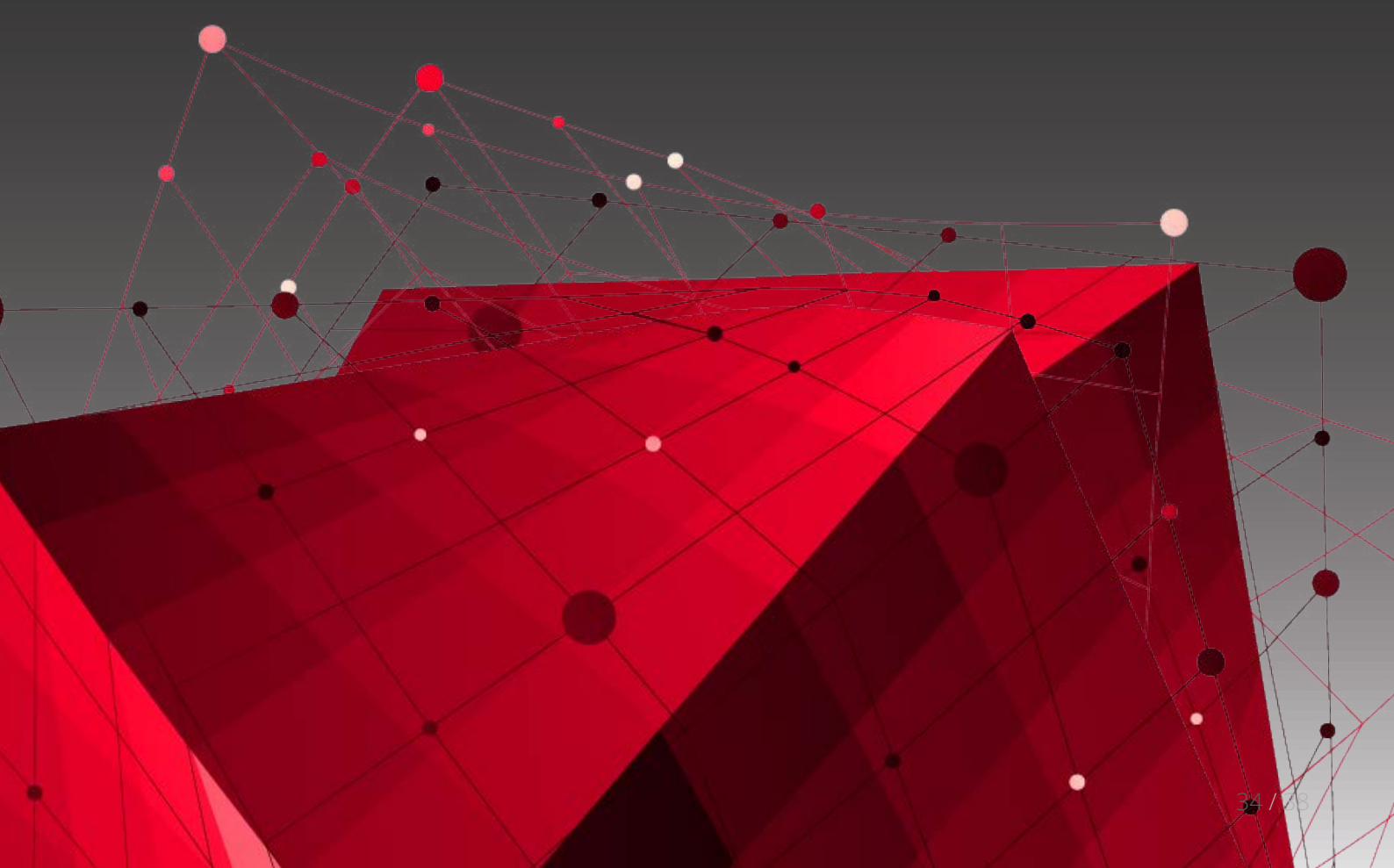
Assess exposure to sustainability and climate change risk

8

Address the negative impact of resource constraints on achieving strategic goals

9

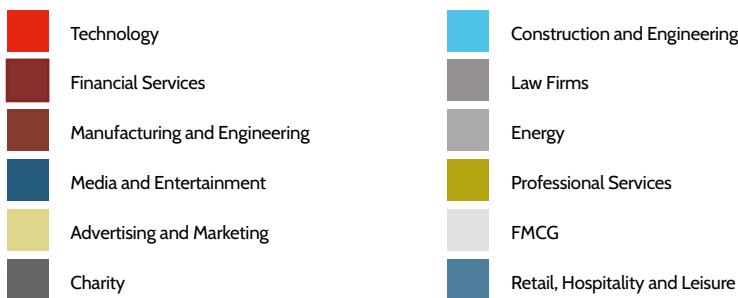
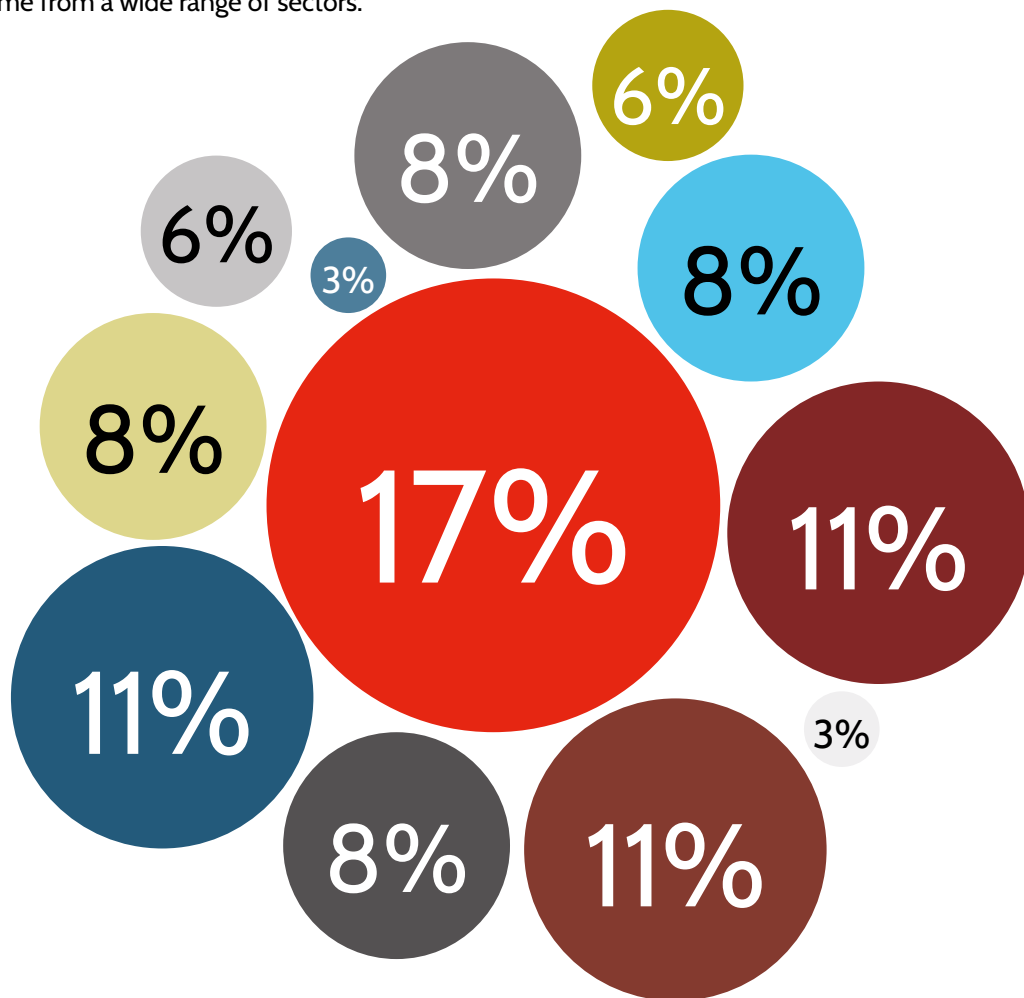
Promote employee voice, wellbeing and good work



ABOUT THE “WHAT MATTERS MOST?” SURVEY

This report presents insights based on the “Strategic workforce priorities – What matters most?” survey (completed between 20 November and 11 December 2024). The survey is complemented by insights from interviews with thought leaders and experts from our Future of Work Hub community as part of our “In Conversation...” podcast series. Additional quotes referenced in the report are anonymous responses to survey questions.

Organisations come from a wide range of sectors.



Where is your organisation headquartered?



UK

57%



EU

22%

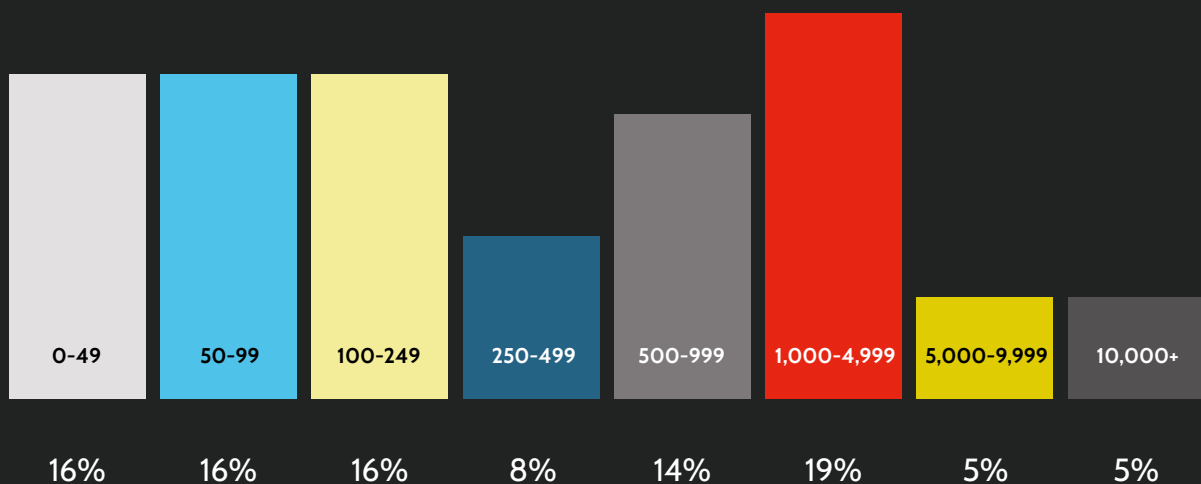


US

22%

Most survey respondents were headquartered in the UK and EU.

How many employees are employed by your organisation in the UK?



Survey respondents collectively employ 80,000 employees between them.

HOW WE CAN HELP

Innovative and empowering solutions for your business and your people.

With the world of work evolving rapidly, it's essential that you keep your HR and legal teams up to date on legal and cultural issues impacting your business.

Culture reviews

Our culture reviews enable you to look under the bonnet of your organisation so that you can understand what your staff are concerned about. A culture review enables you to get ahead of a problem and to address issues before they result in formal grievance processes or resignations.

Workplace conflict resolution

Our "Solutions Pathway" approach provides your business with a people-centred alternative to resolving conflict, using facilitated conversations and mediations in place of the normal grievance or performance procedures.

GDPR health assessments

Our GDPR Health Assessment is a cost-effective way to check your GDPR and security compliance positions without having to go through a full-scale audit process. We ask the right questions to gain an understanding of your business and provide you with a compliance score and suggested strategy to help maintain or achieve a better level of compliance.

AI assurance

Our AI assurance services use the latest technology to help you to adopt AI technologies responsibly. We focus on AI transparency, fairness, accountability and security, while ensuring that the underlying technology driving any AI system also aligns with these principles.

Leadership and manager training

Your leaders and managers need to be role models for your corporate culture. Our training courses provide them with the cultural awareness and the knowledge of employment law that they need to bring out the best in their teams.

Employment law academy

This in-depth course is designed to upskill HR professionals in key areas of UK employment law, highlighting their role and guiding them in best practice. Delivered in a practical and engaging way, we use real examples, filmed case studies, and group discussions to bring the issues to life.

Employee voice

We can leverage our legal, industrial relations, HR consulting and training teams insights and experience to help your business to create an employee voice strategy that aligns with your particular objectives.



Other useful materials

Future of Work Hub podcasts

Our Future of Work Hub 'In Conversation with...' podcast series brings together thought-leaders, innovators, and senior business leaders to get their take on the longer-term trends and immediate drivers shaping the future of work.

Future of Work insights

Read our latest insights and resources from across the web to keep you up to date with emerging trends and workforce strategies.

Future of Work events

We host free events to discuss the key people issues that employers will face. Aimed at those with strategic responsibility for HR, our events are a great opportunity to learn more, network with peers and gain new perspectives on the challenges of the future.

About the Future of Work Hub

Lewis Silkin LLP launched our Future of Work Hub ten years ago. The interest in and impact of the future of work continues to grow and plays a central role in both business and political thinking in the UK and across the world.

The world is changing continuously and at an unprecedented pace due to rapid technological advances, shifting demographics and evolving societal expectations. The convergence of these drivers of change is having a significant and direct impact on the world of work, bringing complex challenges for government, businesses and individual's alike.

The Future of Work Hub is a resource that supports organisations in their horizon-scanning - enabling them to see ahead, identify and anticipate future opportunities and challenges and evaluate how best to respond. The Hub website brings together leading resources on the drivers shaping the world of work and regularly produces and curates original content from a broad range of stakeholders on how organisations can respond and adapt. The Hub also acts as a forum to generate and inform debate through conversations with leading experts, innovative thinkers and peer-to-peer insight sharing.

Want to hear more from us?

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- [Visit our website or follow us on X.](#)

