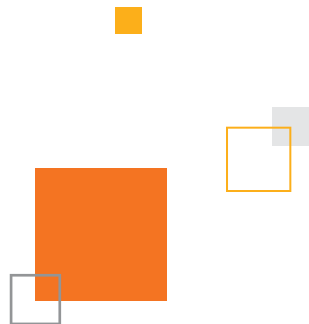




HR in 2025:

Insights & Predictions

A Paycor Survey of More Than
7,000 HR, Finance, and IT Professionals





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In a nutshell:

The majority of businesses are hiring and finding talent is the number one recruiting challenge. To compete in an environment of talent scarcity, AI will soon become a must-have in the recruiting process, and onboarding will become even more important as workers with less tenure are 38% more likely to quit. Managers are a key driver of employee engagement and retention, but effective management is relatively rare. Companies with highly effective managers cite a strong company culture and manager autonomy as the top drivers of success. Hybrid workplaces beat out both remote and onsite when it comes to employee engagement, while remote workers tend to think less highly of their leaders, doubt they are paid fairly, and have less role clarity. Managers of remote teams are the most in need of leadership training and support.



KEY TAKEAWAYS:

- **“Newer” employees—those who have been with a company for two years or less—are the biggest flight risk.** They’re **38% more likely** to quit in the next 12 months. And employees who have been with a company for one year or less are 21% less likely to rate their leaders favorably.
- **Nearly half (46%) of HR professionals have been in their roles for two years or less, which suggests there’s a high level of inexperienced HR professionals in the industry.** In the coming year, smart companies will invest in an extended, more robust onboarding experience for newer hires in general and new HR professionals specifically.
- **The C-suite sees HR as the owner of leadership development.** Chief executives cite “lack of HR support” and “outdated performance management systems” as the top two reasons for ineffective management, suggesting a consensus at the top of the organization that HR is indeed strategic, and leadership development is one of HR’s most important objectives.
- **Effective leadership drives business results.** Compared to low-performing companies, employees who work for high-performing companies are **110% more likely** to get productive feedback from their managers and **397% more likely** to say their company’s senior leaders are engaged and inspirational.

SURVEY DEMOGRAPHICS

This report is based on a nationwide survey of businesses and includes both Paycor customers and customers of other HCM providers. In total, there were **7,167 respondents to a 9-minute online survey, conducted April-May 2024, with an 82% completion rate.**

By role:

Individual contributors (ICs) 30%
Managers 34%
VP/Director 24%
CEO/Owner 12%

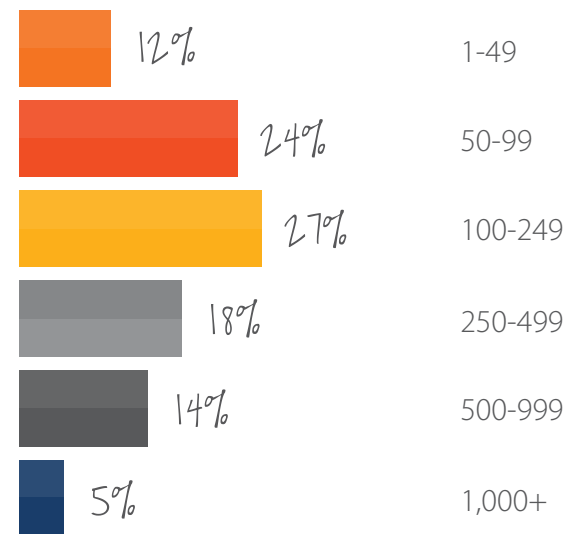
By department:

HR 54%
Finance 20%
Recruiting 13%
IT 11%
DEI 2%

By industry:

Food & Beverage 11%
Healthcare 15%
Manufacturing 18%
Other 21%
Professional Services 15%
Retail 9%
Technology 11%

By # of employees:*



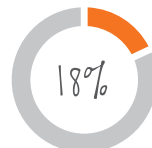
By worker type:



Primarily
Frontline Workers

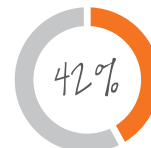


Primarily
Office Workers



Mix of Both

By workplace type:



Fully In-Person



Fully Remote



Hybrid

* Note that the organizations represented in this survey match the distribution of company sizes as reported by the North American Industry Classification System (NAICS).



PART 1:

Recruiting & Hiring Outlook



PART 1: RECRUITING & HIRING OUTLOOK

Top 5 Recruiting Challenges

91% of businesses are hiring, and, across industries and company size, there is broad agreement on the top 5 recruiting challenges.

SURVEY RESULTS:

What are the biggest challenges to recruiting? (Rank order)

1	Finding quality workers 71%
2	Convincing candidates to accept an offer 15%
3	Managing the hiring process 10%
4	Ability of onboarding to scale 2%
5	Ability to communicate to job seekers throughout the process (email, mass text messages) 2%

Based on 1,296 responses



PAYCOR PREDICTION:

- **The talent shortage is here to stay.** Finding quality workers is the number one recruiting challenge. Contributing to the shortage are low birth rates, baby boomer retirements, a widespread skills gap, and historically low labor participation rates due to, among other things, child and elder care obligations keeping workers at home.
- To compete in an environment of talent scarcity, **AI will soon become a must-have in the recruiting process**, as it will allow companies to optimize their search for talent and widen their net to attract active and passive candidates.
- **The best employers will level up the hiring experience as job seekers' expectations rise.** 52% of candidates have declined job offers due to a poor experience during the hiring process, according to *CareerPlug*.

How Paycor Helps:



Recruiting



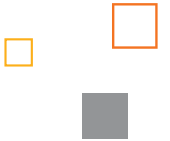
Candidate Text Messaging



Paycor Smart Sourcing



Onboarding



Turnover & Retention Drivers

Our survey finds that 20% of employees will actively search for a new job in the next 12 months. The drivers of turnover and retention are similar.

SURVEY RESULTS:

What are the top 3...

	...most important things you look for when considering a new job?	...most important reasons you stay at your current job?
1	Better pay or benefits 23%	Flexible schedule 15%
2	More flexible schedule 15%	Salary & benefits 14%
3	Career growth 14%	Company culture 14%

Based on 1,247 responses

Based on 4,879 responses

PAYCOR INSIGHT:

- **To attract talent, companies will have to benchmark compensation accurately and often** (most do it annually, according to SHRM). That's table stakes.
- **But to win the war for talent, employers can't get caught up in bidding wars.** According to *Gartner*, 50% of CEOs see employees demanding large pay increases, which 54% of organizations have difficulty resisting. To avoid unsustainable salary increases, smart companies will invest in **creative but cost-effective benefits** tailored to the needs of their employee population, best-in-class scheduling software that empowers workers to feel in control of their time, and career and skill development that's a win/win for both employees and employers.

How Paycor Helps:



Pay Benchmarking



Compensation Management



Paycor Mobile Wallet



Time & Scheduling



Career Management



Paycor Skills



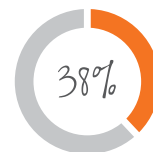
PART 1: RECRUITING & HIRING OUTLOOK

Employees with two years or less at a company are the biggest flight risk.

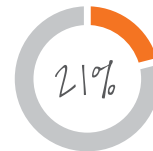
It's generally accepted that 30% of new hires leave within 90 days (*HBR*), but our survey finds employees with as much as two years at a company remain flight risks and have markedly less connection to their organizations than more tenured workers.

SURVEY RESULTS:

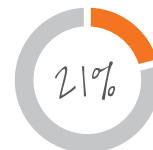
Less tenured workers are:



MORE LIKELY to search for a new job in the next 12 months.



LESS LIKELY to feel their roles are clearly defined.



LESS LIKELY to rate their managers favorably.

Based on 2,464 survey responses

PAYCOR PREDICTION:

- **Nearly half (46%) of HR professionals have been in their roles for 2 years or less.** In general, we know less experienced employees are more likely to quit. Could there be a wave of HR resignations coming? Let's not find out...
- **To counteract newer hire turnover, smart companies will choose to invest in extended onboarding.** In 2023, *CareerBuilder* found that 72% of companies said their onboarding is less than a month and 51% said it was one week or less. We believe that's going to change. Onboarding will extend at least through the first year of the employee experience and focus on continuous communication, feedback, performance measurement, and career development, all keys to employee engagement and retention.

How Paycor Helps:



Onboarding



Paycor Paths



LMS



Paycor Pulse Surveys



Predictive Resignations



PART 2:

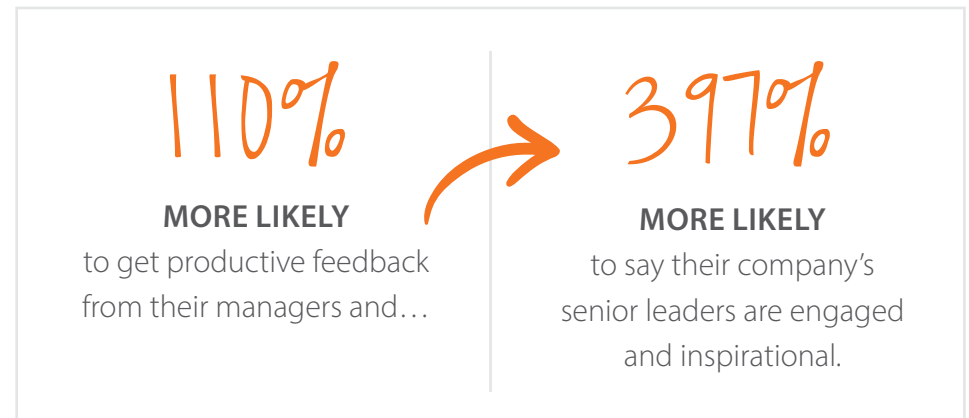
What Makes a Great Leader?



PART 2: WHAT MAKES A GREAT LEADER?

Leaders drive financial performance.

Compared to low-performing companies, employees who work for high-performing companies are:



Based on 3,137 responses



PAYCOR INSIGHT:

- **Everyone has a boss, and nothing engages and motivates employees more than a good one.** We found that 83% of companies that report excellent financial performance over the last 12 months agreed or strongly agreed that their leaders were highly effective. The inverse is also true: 85% of companies with poor financial performance say their leaders are ineffective.
- The formula for success is straightforward: **effective leadership drives employee engagement, and that gets results.** Companies with a high level of employee engagement are more profitable by a factor of 21% (*Gallup*). 60% of employees in organizations with strong coaching cultures rate themselves “highly engaged” (*TLNT*). And when employees are highly engaged by a leader they trust, it can take a pay raise of more than 20% to poach them (*Gallup*).

How Paycor Helps:



COR Leadership



Talent Development



Paycor Paths



Paycor Engage



Paycor Pulse Surveys

Great management is relatively rare.

Almost half (46%) of employees say their company does not have outstanding managers. A whopping 71% of the C-suite agree.

Is HR the cause of ineffective management?

It depends on who you ask. Burnout is the number one factor according to most. But the C-suite disagrees, citing “lack of HR support.”



SURVEY RESULTS:

Why are managers ineffective?

	#1	#2	#3
C-SUITE	Not enough HR support	Outdated performance management systems	Ineffective training
VP/DIRECTOR	Burnout	Lack of clear vision/direction	Lack of training
MANAGER	Burnout	Lack of accountability	Poor communication skills
INDIVIDUAL CONTRIBUTOR	Burnout	Lack of team cohesion	Poor communication skills

Based on 3,879 responses

PAYCOR PREDICTION:

- **There's no doubt anymore, HR is a strategic partner.** The divergence of C-suite opinion suggests that they see “developing managers” as an HR function. Over the years, we’ve seen the perception of HR shift, from a low in 2014 when only 38% of HR professionals said they were seen as strategic to the post-pandemic highs of 46% (*Sapient HR Systems Survey*). In the next 12 months, **81% of HR professionals say they plan to become a “center of excellence,”** with transactional work outsourced, processed offshore, or automated by AI (*PWC and HR Today*).
- Below the C-suite, **the consensus that burnout is the problem suggests a disconnect between the C-suite’s corporate strategy and day-to-day realities,** a problem that a well-staffed, technologically sophisticated HR team is uniquely positioned to tackle.

How Paycor Helps:



COR Leadership



Talent Development



Paycor Paths



Analytics

What are the drivers of effective management?

In companies that rate their managers above average, all levels of the organization from the C-suite to individual contributors cite “high company morale and strong company culture” as the #1 driver of success. A second factor, “managers are given authority to make decisions,” appears in everyone’s top three.



SURVEY RESULTS:

Why are managers effective?

	#1	#2	#3
C-SUITE	High company morale/ strong company culture	Low turnover/team is cohesive	Managers are given authority to make decisions
VP/DIRECTOR	High company morale/ strong company culture	Managers are experienced	Managers are given authority to make decisions
MANAGER	High company morale/ strong company culture	Managers are given authority to make decisions	Low turnover/team is cohesive
INDIVIDUAL CONTRIBUTOR	High company morale/ strong company culture	HR is able to support managers	Managers are given authority to make decisions

Based on 2,445 responses

PAYCOR INSIGHT:

- **The two success drivers—a strong culture and the authority to make decisions—are related.** A strong culture of shared values, priorities, and goals creates an environment in which decisions are easier to make (everyone's on the same page) and easier to understand (everyone's rowing in the same direction).
- It's interesting that individual contributors cite "HR support." What are they noticing? One possibility is that in companies with effective management, **individual contributors get more coaching from their supervisors**, which is not usually the case. A *McKinsey* study found that district managers devote less than 10% of their time (some as little as 10 minutes per day) coaching their teams. It could be that in high-performing companies, **HR has figured out ways to give managers time back in their days to coach and develop**, probably relying on a mix of interventions, from timesaving HCM technology to leadership training.

How Paycor Helps:



COR Leadership



Talent Development



Goals & OKRs



Paycor Skills



Paycor Paths



PART 3:

In-Person, Hybrid,
and Remote Workplaces



PART 3: IN-PERSON, HYBRID, AND REMOTE WORKPLACES

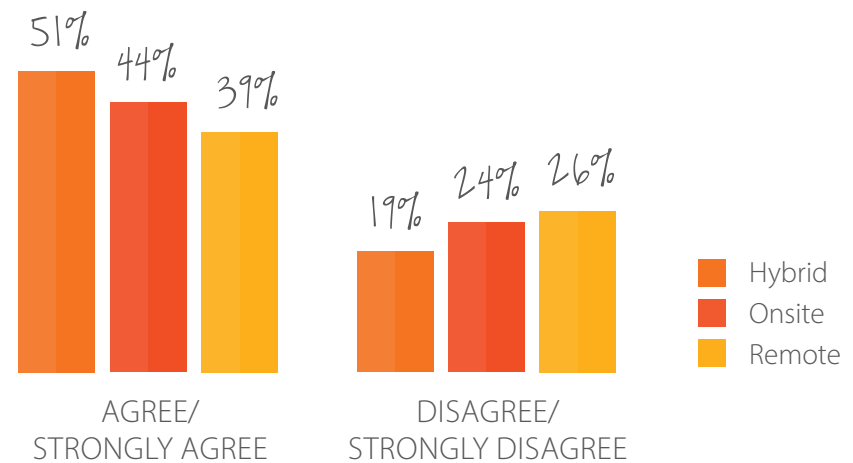
Hybrid workers are most engaged.

Employees who split their time between an office and a remote location have found the sweet spot; they are more engaged than their remote and onsite counterparts.

SURVEY RESULTS:

To what extent do you agree with the following statement:

"Overall, employees at my company are highly engaged."



Based on 5,134 responses

PAYCOR INSIGHT:

- **For companies that have the option of offering hybrid or remote work, it seems that the hybrid arrangement is a win/win.** Employees prefer it—our survey found flexibility is the #1 reason employees stay at a company and *Gallup* found that 9 in 10 remote-capable workers prefer some kind of remote work flexibility, with the majority preferring hybrid work. *Gallup* also found that when employees work from their desired location, they tend to be more engaged, less burned out, and less likely to quit.
- We'll talk onsite next, but it's worth mentioning here (borrowing again from *Gallup*), that while fully in-person workers don't seem to begrudge hybrid workers, they do **value time flexibility higher than location flexibility.** They say they want more control over their schedules (e.g., choice of which days they work, flexible start/end times, etc.).

How Paycor Helps:



Paycor Mobile App



Talent Development



Career Management



COR Leadership



Paycor Paths



Analytics

Fully onsite companies come in a solid second place and remote is a distant third.

For the most part, onsite and hybrid work experiences track, but remote workers report less satisfaction across the board.

SURVEY RESULTS:

To what extent do you agree with the following statements:

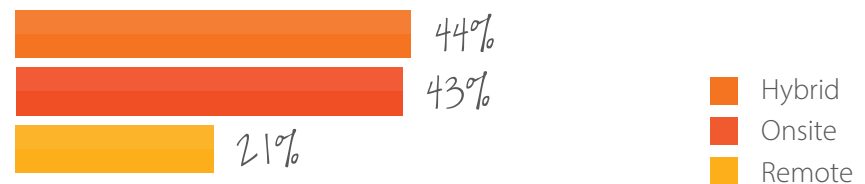
"I get productive feedback from my manager."



"I am paid fairly."



"Leaders at my company are highly engaged."



Based on 6,221 responses

PAYCOR INSIGHT:

- **Fully remote workplaces are struggling**—their workers are less likely to get productive feedback from their managers and less likely to feel they are paid fairly. Both onsite and hybrid workers rank their leaders twice as highly as remote workers.
- **The only silver lining for remote workplaces is that their workers are 34% less likely to quit than onsite workers and 20% less likely than hybrid.** All employees value flexibility, and no other work arrangement offers more flex than remote, so it makes sense that employers of fully remote workers are 26% more confident that they'll meet their 12-month recruiting goals than onsite and 10% more confident than hybrid.

How Paycor Helps:



Talent Development



Career Management



COR Leadership



Paycor Paths



Analytics



What remote workers want.

Aside from flexibility, what do remote workers want? While most aren't looking for new jobs, the ones who are may offer a clue. Remote workers who are actively searching for a new job are **55% more likely** to be motivated by the desire to "have a better relationship with my manager" than onsite workers and **50% more likely** than hybrid workers.

Remote companies also answer the leadership efficacy question differently.

SURVEY RESULTS:

Why are managers ineffective?

	#1	#2	#3
REMOTE	Not enough HR support	Outdated performance management systems	Limited access to talent analytics
HYBRID	Burnout	Lack of accountability	Poor communication skills
ONSITE	Burnout	Lack of accountability	Poor communication skills

Based on 3,879 responses

PAYCOR PREDICTION:

- **Remote workplaces have a different theory than hybrid and onsite about why managers are ineffective.** They say it's lack of HR support, followed by bad performance management systems and limited access to data. This suggests that talent development software is even more important in a remote context and leaders of remote companies will be looking for a technological solve.
- Managers of remote teams need training and in 2025 and beyond, they're going to get it. The World Economic Forum predicts that **by 2030 remote work will increase by 25%. And yet today, 75% of managers don't get specialized training on leading remote teams** (*TechSmith Corp's 2024 Workplace Flexibility Trends Report*). The market abhors a vacuum; look for technology partners to fill this gap with training and development tools for the remote workforce.

How Paycor Helps:



Talent Development



Career Management



COR Leadership



Paycor Paths



Analytics



Turn the page to see how *Paycor can help* make 2025 your most successful year ever.

The Paycor Advantage



In the next 12 months...

91%

of business will hire new employees. 79% of Paycor customers are confident they'll meet their recruiting goals in the next 12 months. Only 56% of companies that don't use Paycor say the same. [Learn more about Paycor's Recruiting software.](#)

20%

of businesses will switch HR software providers. Paycor customers are 16% less likely to switch than companies that don't use Paycor. And Paycor customers in food & beverage, manufacturing, healthcare, or professional services are 18% less likely to switch than companies in those industries that don't use Paycor. [See our demo.](#)

20%

of employees will look for a new job. The employees of companies that use Paycor are 55% less likely to look for a new job in the next 12 months compared to employees of companies that don't use Paycor. [Learn more about Paycor's Talent Development software.](#)



Leaders will continue to manage burnout and look for ways to simplify. By switching to Paycor, our customers were able to streamline their businesses by reducing the number of HR tools and people management systems they were using by 184%. [Check out Paycor's Marketplace.](#)



How Paycor Helps

Paycor's human capital management (HCM) platform modernizes every aspect of people management, from recruiting, onboarding and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years we've been listening to and partnering with leaders, so we know what they need: a unified HR platform, easy integration with third party apps, powerful analytics, talent development software, and configurable technology that supports specific industry needs. That's why more than 30,000 customers trust Paycor to help them solve problems and achieve their goals.

LEARN MORE AT [PAYCOR.COM](https://www.paycor.com)

CALL 844-981-0040

Paycor Empowering Leaders™

