



What's the mood?

HR's take on business in 2025

New government? New budget?
Ever-changing economic climate? See
what HR professionals make of it all.



HRNINJAS

elementsuite

WORKERS WRONGED Labour's worker reforms will cost Br...
firms £5bn a year and risk job losses, Government analysis

Work-life balance was the highest-ranking...
future jobs for 83% of the 26,000 workers surveyed a...
line with job security (83%), and slightly ahead of pa

The HR reality check

If you're feeling uncertain about what lies ahead in 2025, you're not alone.

To get the real picture of what's happening in HR right now, elementsuite has partnered with the HR Ninjas to survey 490 UK-based HR professionals across diverse industries. We wanted to know: how's HR really holding up? What's keeping them on their toes? And how are they tackling 2025's challenges head-on? And, let's be honest – you probably want to know too.

With the UK Autumn Budget, rapid shifts in technological advancement, and the inevitable ripple effect of these changes on business priorities, uncertainty is written on every business leader and professional's mind.

At the heart of these changes is HR, playing a critical role in steering organisations through ambiguity, shaping workforce strategies, and ensuring businesses remain resilient amidst shifting conditions. But, how exactly are they doing this?

As Lizzie Henson, Founder of HR Ninjas, says, "HR as a function is nothing but resilient by nature. No matter what gets thrown in their way, we've seen time and time again how the HR community rolls up their sleeves, comes together, and figures it out."



Lizzie Henson
Founder of HR Ninjas



HRNINJAS

HR Ninjas is the UK's largest free online HR community, founded by Lizzie Henson.

With over 36,000* HR professionals in the Facebook Group, the community provides valuable support and insight to its members, underpinned by its philosophy of always being #strongertogether.

A huge thank you to everyone who took part in our "What's the mood?" survey. Your insights have helped us bring this report to life!

We hope you find this report a valuable tool as you navigate the months ahead.

thehrninjas.co.uk

**information correct at time of publication – April 2025*

According to our findings, HR teams are responding to today's obstacles in different ways. While some are focusing on cost-cutting measures to combat rising expenses, others are prioritising restructuring, maintaining stability with minimal disruption, or – more promisingly – growth and expansion.

Victoria Beaven at **elementsuite**, one of the HRIS partners at HR Ninjas, said, "What I found most fascinating about the findings in this report, is that it's a raw and honest reflection of the current reality of HR in 2025: balancing cost pressures with people priorities, navigating evolving government policies, and ensuring organisations remain agile in a constantly shifting landscape.

But more than anything, it highlights the sheer grit and adaptability of HR teams across the UK".

So, what's the mood in HR as we move deeper into 2025?



Victoria Beaven
HR Ninjas HRIS Partner, **elementsuite**

elementsuite

elementsuite is an innovative HR software vendor on a mission to shake up the way companies manage their HR functions.

With a focus on HR tech, data and AI, **elementsuite** provides comprehensive technology solutions for enterprise organisations and is trusted by McDonald's, Travelodge and Wesleyan, among many others.

In a move that reshapes the HR and Payroll technology landscape, **elementsuite** has joined forces with Zellis to create an AI-enabled, end-to-end HR, WFM and Pay solution. Together, we're transforming the future of HR and Payroll technology, where artificial intelligence meets human expertise to reimagine the world of work: intuitive and connected. Our all-in-one solution is designed to power exceptional employee experiences and help your business thrive.

elementsuite.com



Who took part?

We wanted to hear from HR professionals and leaders across all corners of the UK. So, we gathered insights from a diverse mix of industries, business sizes, and workforce types via the HR Ninjas community.

We obtained a sample of 490 HR professionals and asked them 20 multiple-choice questions, shedding light on how they're responding to:

- Economic challenges
- Shifts in government policy
- Evolving workforce priorities and HR leadership
- HR technology, AI adoption and investment

The goal? To get an accurate pulse on how HR teams are feeling, adapting, and planning for the year ahead. So, no matter what industry or company size you work in, you'll get a clear picture of how organisations like yours are navigating the 2025 HR landscape.



Industries

By classifying respondents based on their industry, we can identify trends that are unique to each sector



Retail & Wholesale



Health & Social Care



Professional Services



Education



Manufacturing



Hotels



Restaurants & Food Services



Construction



Transport



Public Sector & Defence



IT & Communications



Financial Services



Arts, Recreation & Entertainment



Real Estate



Utilities



Agriculture



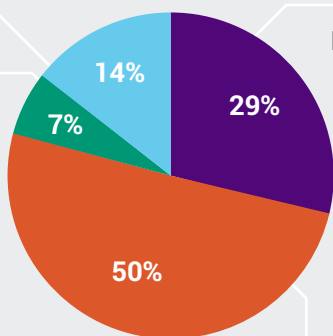
Not For Profit

Role in HR

Looking at different HR roles can have a major impact on shifting priorities and overall sentiment

Generalist (e.g., HR Advisor, Officer)

Specialist
(e.g., Recruitment, L&D, ED&I, Wellbeing)



Senior Leadership
(e.g., HR Director, Chief People Officer)

Managerial (e.g., HR Manager, Business Partner)

Company Size

Segmenting the data by company size helps us identify trends specific to organisations of different sizes

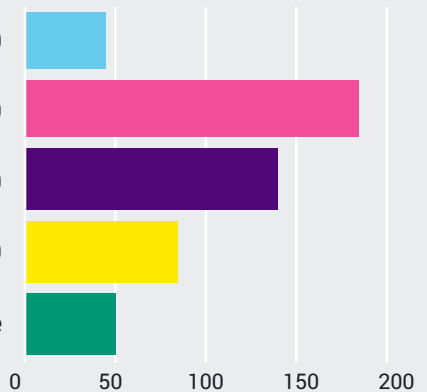
Fewer than 50

50 - 249

250 - 999

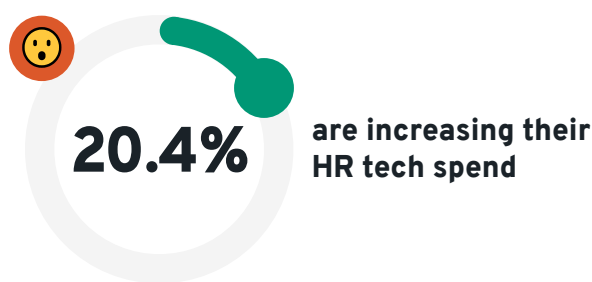
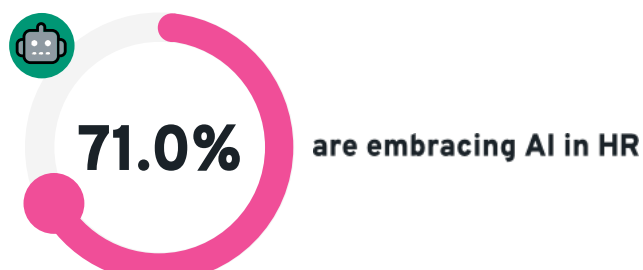
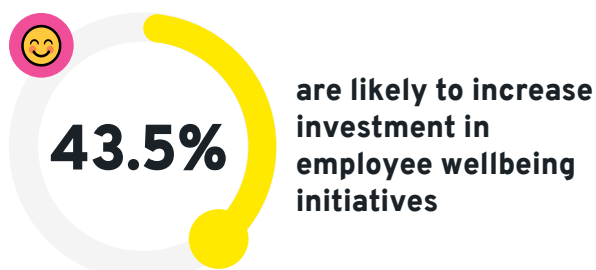
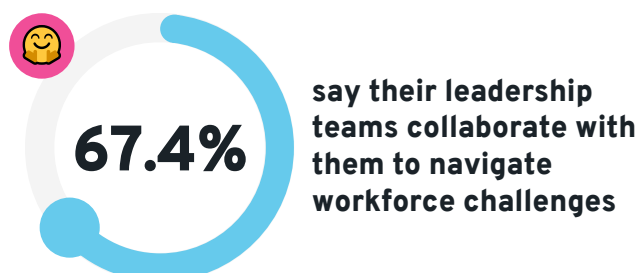
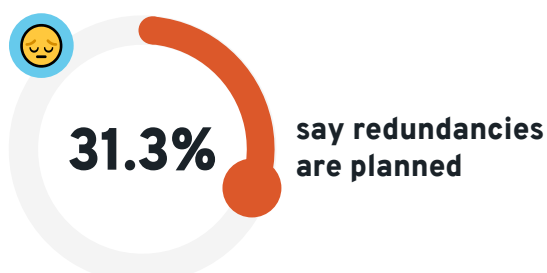
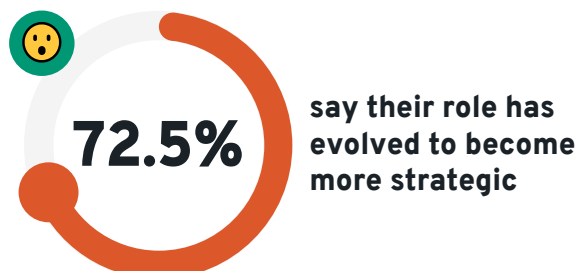
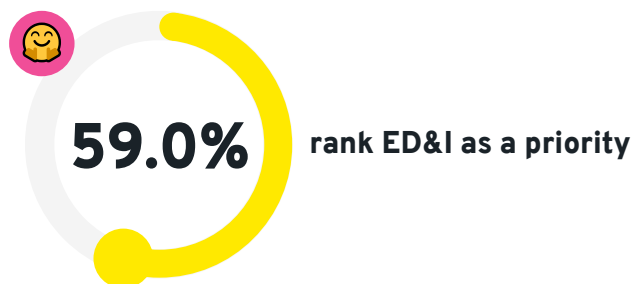
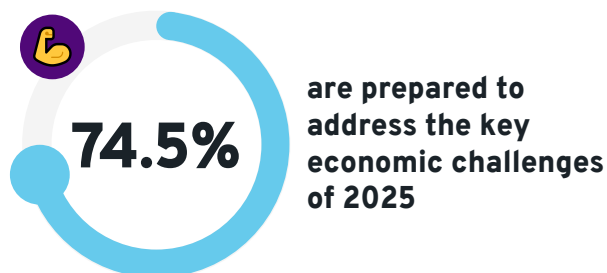
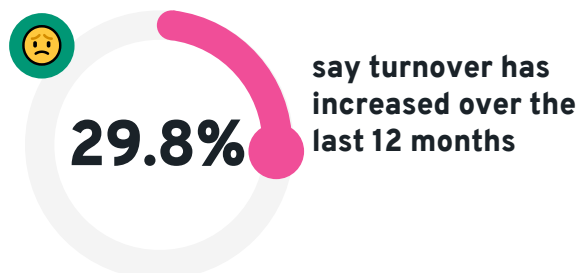
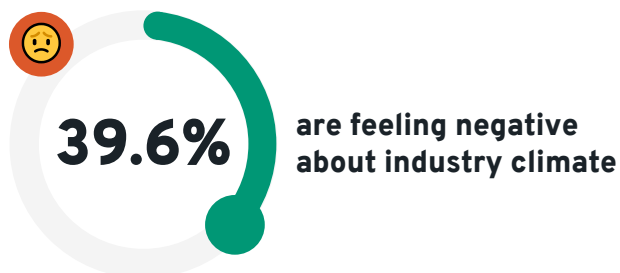
1,000 - 4,999

5,000 or more



Key survey findings

See how HR professionals are feeling about the year ahead and how they're adapting their HR strategies to drive success.



The state of HR in 2025

What is the current state of HR? Do your fellow HR professionals feel that business is thriving, or are they simply getting by?

Just as we anticipated, the response varied across industries.

What we found across the board is that 50.3% of HR professionals expressed a positive sentiment for the current UK business climate (which is promising, to say the least).

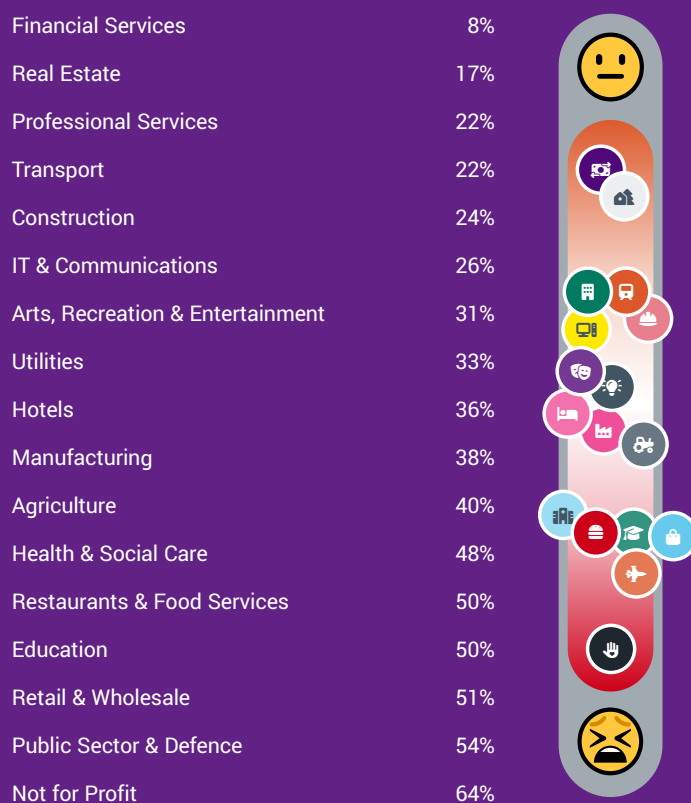
However, while on the surface it may appear all positive, there are still **39.6% of HR professionals in the UK facing notable challenges and uncertainties.**

39.6%

are feeling negative about industry climate



What percentage of organisations are feeling negative about the current business climate?



And when we look at the details, the picture becomes more complex. When asked how negative they felt about the current climate:

Not for Profit, Public Sector & Defence, and Retail & Wholesale report the highest levels of concern. And it makes sense when you think about the current economic challenges they are facing. These sectors are grappling with rising labour costs, tight budgets and, in the case of **Retail & Wholesale**, changing consumer behaviour and spending patterns. When your bottom line is squeezed from all angles, it's no wonder the mood is tense.

On the flip side, industries in **Real Estate, Financial Services, Professional Services, and Transport** are feeling more optimistic about opportunities in their sector. These industries tend to have more stable income streams, fewer frontline workers, and less direct exposure to fluctuating consumer trends, making them more resilient in the face of economic uncertainty. And for **Financial Services** and **Professional Services** in particular, demand often increases in tough times, as businesses look for cost-saving solutions, compliance support, and legal advice.

What was more of a shocker, however, was that there had been little variance in mood between business size or HR seniority. The survey evidenced that:

- Smaller organisations felt a little more positive compared to larger organisations
- **HR Leaders** felt less optimistic compared to their **Generalist** colleagues

The takeaway? HR is not standing still. Whether they are preparing for uncertainty or capitalising on growth, they are making strategic decisions that will define the future of their workforce.



How are HR dealing with economic challenges?

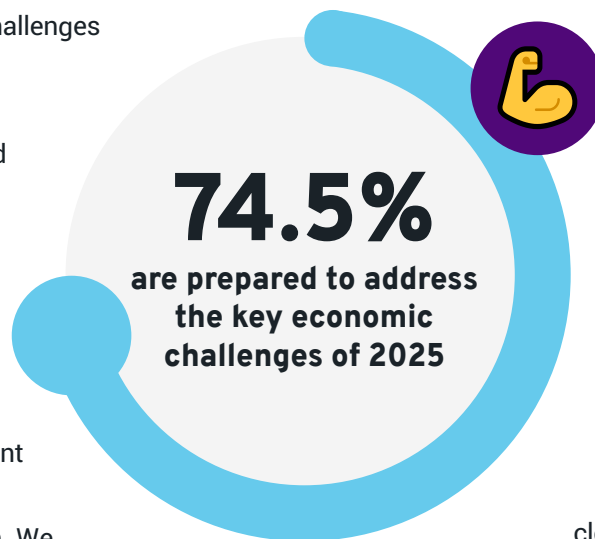
To fully understand the challenges HR is facing, we need to understand the variables impacting businesses and HR in the UK.

So let's start with the most obvious one: **looming economic challenges**.

Needless to say, the current economic and business climate in the UK is tough. We have the 2024 Autumn Budget, increasing Employer National Insurance contributions, a new National Minimum Wage (NMW) and Living Wage (NLW) coming into force, the never-ending fluctuations in inflation, and changes to UK employment law that will impact how every organisation approaches its talent management policies and procedures.

But how prepared are HR for these changes?

74.5% of UK HR professionals and leaders are prepared. This is amazing news, as it just goes to show that most organisations aren't just reacting to challenges, but actively planning ahead. It's a sign that HR are staying resilient, adapting strategies, and keeping a firm grip on business and workforce priorities despite the uncertainty ahead. But readiness isn't equal across the board.

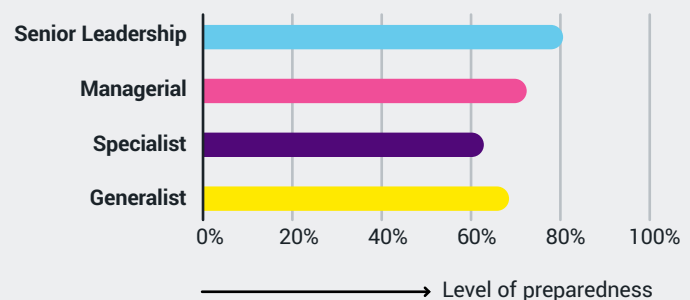


When we zoom in by role, we see that **Senior Leadership** feel the most prepared, with over **81% saying they're ready for what's coming**, which is understandable as they are often the ones setting the strategy and have a clearer line of sight into what's around the corner.

73.8% of Managers feel prepared, likely because they're navigating the tension between delivering day-to-day operations and supporting longer-term change.

Meanwhile, only **62.6% of Specialists** and **69% of Generalists** say they're prepared. This may come down to visibility, as they may not always be looped into wider business planning or the strategic direction being set.

How prepared is your organisation to address the key economic challenges of 2025, such as inflation, workforce costs, and regulatory changes?






It's also important to consider which sectors may be less prepared and whether an organisation's size plays a role in its readiness.

While there isn't much variance in the size of the organisation, which just goes to show that economic challenges are affecting all organisations, what did stand out was that some industries reported feeling more impacted than others.

Industries feeling least prepared:

-  Restaurants & Food Services (68%)
-  Transport (68%)
-  Real Estate (70%)

Industries feeling most prepared:

-  Utilities (87%)
-  Hotels (82%)
-  Financial Services (82%)

But, why are we seeing these trends?

Government changes are hitting hard...

As you are well aware, the UK Autumn Budget brought a lot of changes that will impact businesses in the coming year, such as a rise in the National Living Wage (NLW) and adjustments to business taxes and funding.

To no surprise, **over 60% of HR professionals reported that they have been impacted negatively by recent government changes.** Particularly, companies in the **Retail & Wholesale, Restaurants & Food Services, and Agriculture** sectors appear to feel more impacted by governmental changes than companies in the **Professional Services, Construction, and Transport** sectors.

These insights are quite fascinating, as it is clear that industries that are frontline workforce heavy are more impacted than others. Why might you ask?

Industries with frontline workers tend to have a higher volume of labour compared to industries requiring specialist skills. They tend to work on shift schedules, rather than standard 9-5 office hours, and pay structures tend to vary.

Match this with the National Minimum Wage and National Living Wage increases, these sectors are facing soaring labour costs like no other.

What percentage of HR departments are negatively impacted by government budget changes?

Professional Services	41%
Construction	43%
Transport	44%
Arts, Recreation & Entertainment	50%
IT & Communications	55%
Hotels	55%
Utilities	58%
Financial Services	62%
Manufacturing	66%
Education	66%
Health & Social Care	66%
Not for Profit	67%
Real Estate	67%
Public Sector & Defence	69%
Retail & Wholesale	71%
Restaurants & Food Services	75%
Agriculture	100%



For these industries, it's about finding solutions that protect both employees and the business. From optimising labour forecasting to redesigning shift structures, HR teams will need to take a strategic, long-term approach to balancing budgets while maintaining employee engagement and operational efficiency.

And in sectors like **Retail & Wholesale** and **Hotels**, the pressure is even more intense, because it's not just labour costs going up. Rising energy prices and rent increases are also squeezing margins from every angle. With so many costs outside of their control, these industries are left with tough decisions on where to focus and what to prioritise.

National Insurance uplifts are pinching pockets...

As of the 6th of April 2025, employer National Insurance Contributions (NICs) will be rising from 13.8% to 15%, along with the secondary threshold decreasing from £9,100 to £5,000.

When we asked HR how they are feeling about this uplift, it was no wonder that **80.5% reported that NICs have significantly impacted cost management and workforce planning.**

While the size of company did not make much of a difference, there was a variance of impact across industries.

Industries feeling the pinch the most:

-  **Retail & Wholesale**
-  **Real Estate**
-  **Agriculture**



Discover how you can maximise operational efficiency with labour forecasting tools

[Learn more](#)

This Week

ALL

M

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W

T

F

S

S

Total Hours

Night Shift

05

06

07

08

09

10

11

0

0 Hrs
£0.00

Name

Scheduled

Punch In

Punch Out

Timecard

Hours

Night Shift

Adam listed

09:32

17:28

8

0

Ben Atkins

HOL

HOL

0

0



Again, this is likely due to the labour-intensive nature of these industries, where payroll costs take up a huge chunk of expenses. Matching this with NIC only increases this major financial strain.

But, with limited options to absorb rising costs, these industries can't hide from the increasing labour costs. Neither can they afford to cut headcount and risk disrupting operations. We are afraid there's no dodging this one.

Now the question is, **how are these changes impacting business strategies?**

Business strategies are changing...

With all the regulatory and financial changes at play, businesses are having to make some tough calls. **Do they cut costs, keep things steady, or go all in on growth?** No surprises here: **most organisations are tightening their belts, with cost-cutting taking centre stage in 33.1% of organisations.**

And the industries leading the cost-cutting charge?



Education



Health & Social Care



Manufacturing



Not for Profit



Public Sector & Defence



Retail & Wholesale



Transport

But what organisations are feeling minimal impact and maintaining stability?



Agriculture



Construction



Financial Services



Restaurants & Food Services



Hotels

Not everyone is in survival mode. **Let's see who's focusing on growth and expansion:**



Arts, Recreation & Entertainment



IT & Communications



Professional Services





Utilities




Real Estate

Why do some industries have a bit more breathing room when it comes to economic challenges compared to others?

 **Arts, Recreation & Entertainment** are benefiting from renewed consumer appetite for experiences and cultural engagement. As people prioritise how they spend their time (and money), demand for events, entertainment, and creative content is creating growth across these sectors.

 **IT & Communications** are riding the wave of digital transformation and AI, meaning they can scale without huge labour costs.

 **Professional Services** stay in demand, as businesses turn to them for cost-saving strategies, compliance, and financial planning.

These industries are also less exposed to rising labour costs, making them far more resilient than frontline-heavy sectors.

So, are redundancies on the horizon?

We know that cost-cutting is on a lot of people's minds, but will reducing headcount be the go-to solution?

According to our survey, **53.5% of HR professionals say they are not expecting any redundancies**, which is reassuring. However, **31.3% confirmed that redundancies** – whether minor or significant – are on the cards, meaning that for some industries, workforce reductions are an unfortunate reality.

So, which industries are considering restructuring or downsizing?

- **Restaurants & Food Services and Retail & Wholesale** are seeing the highest likelihood of redundancies, reflecting the pressures of rising costs and shifting consumer behaviour.
- **Education** is also feeling the strain, likely due to funding limitations and budget constraints.

What's more interesting is that **larger organisations are more likely to consider redundancies than smaller businesses**.

- **Only 13.6% of smaller companies are likely to anticipate job cuts (13.6%)** With leaner operations and lower payroll costs, they have more flexibility to absorb financial pressures without resorting to layoffs.
- **37% of mid-sized organisations are likely to consider redundancies (37%)**. As labour costs climb, these businesses are really feeling the squeeze when balancing workforce expenses with efficiency measures.
- **Meanwhile, larger businesses (5,000+ employees) face the highest pressure, with 39.2% anticipating job cuts**. This comes as no surprise, as with substantial payroll costs and more complex workforce structures, reducing headcount inevitably becomes a primary cost-saving strategy.



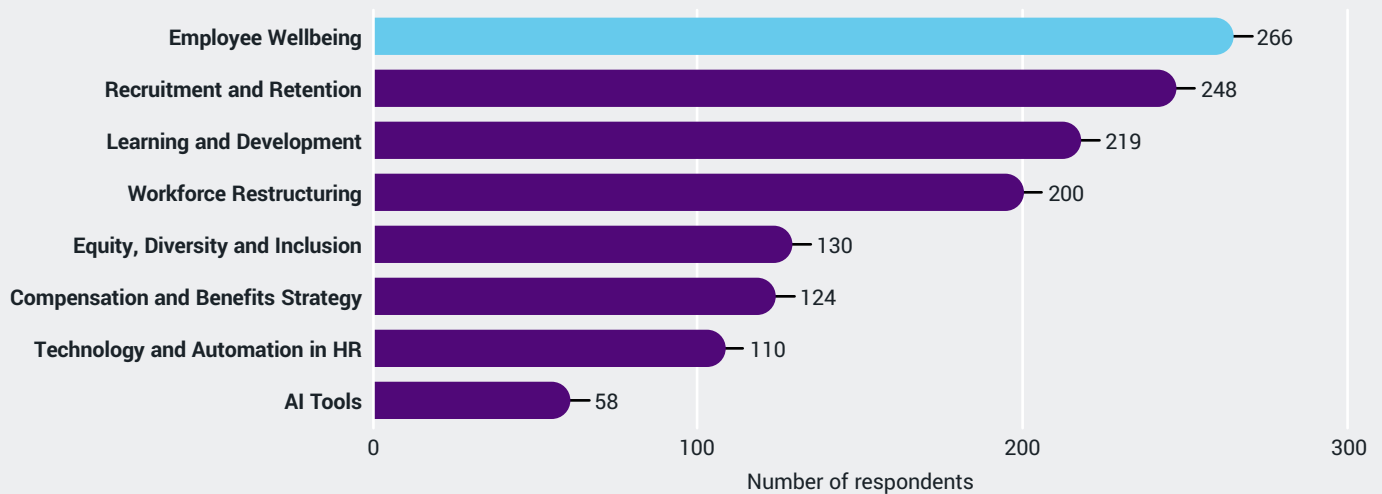
What percentage of businesses are considering redundancies due to budget-related financial pressures?

Real Estate	17%
Agriculture	20%
Health & Social Care	22%
Construction	24%
Utilities	25%
Arts, Recreation & Entertainment	25%
Professional Services	26%
Manufacturing	27%
Hotels	29%
Public Sector & Defence	31%
Financial Services	31%
Transport	33%
Not for Profit	35%
IT & Communications	36%
Retail & Wholesale	46%
Education	46%
Restaurants & Food Services	63%



What's the HR priority in 2025?

Which HR priorities do you plan to focus on most in the next 12 months?



With all the economic challenges and shifting business priorities, HR have found themselves at a crossroads: what are they focusing on as their top priority in 2025 to balance both employee experience and productivity while keeping in alignment with overarching business goals?

And the answer is... Employee Wellbeing.

This shouldn't come as a surprise, as HR professionals always prioritise their people, recognising that well-supported employees drive business success, even in times of uncertainty.

Most notably, **Employee Wellbeing** is the leading priority across **Agriculture, Education, Health & Social Care** and **Hotels**. Naturally, these industries are most prone to burnout. Could this be recognition that more is needed to support the workforce?

But, what are other industries prioritising?

- **Recruitment and Retention** dominate in **Construction, Hotels, Professional Services, Retail & Wholesale**, and **Transport**. No shocker here, as high turnover and skills shortages are major challenges in these industries.
- **Learning and Development** is a major priority in **Financial Services, Real Estate** and **IT & Communications**, which aligns with their goal for business growth in the next 12 months.
- **Workforce Restructuring** is the biggest focus in **IT & Communication**, where they're able to adopt AI and automation easily. This is also a priority for **Retail & Wholesale** due to shifting customer demands and rising economic pressures.



See how elementsuite has supported Travelodge in increasing the average length of employee service by 10%

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Is the employee wellbeing investment all talk or action?

See, “prioritising” wellbeing is one thing, but are businesses actually investing in it?

Well, the survey results tell a mixed story.

43.5% of HR professionals say their organisation is likely to increase investment in employee wellbeing initiatives, such as mental health support, education around financial wellbeing and flexible working. However, this still means that over half of organisations are either neutral or unlikely to invest further in wellbeing. Essentially, just because it is a high priority, does not necessarily mean actual investment always follows suit.

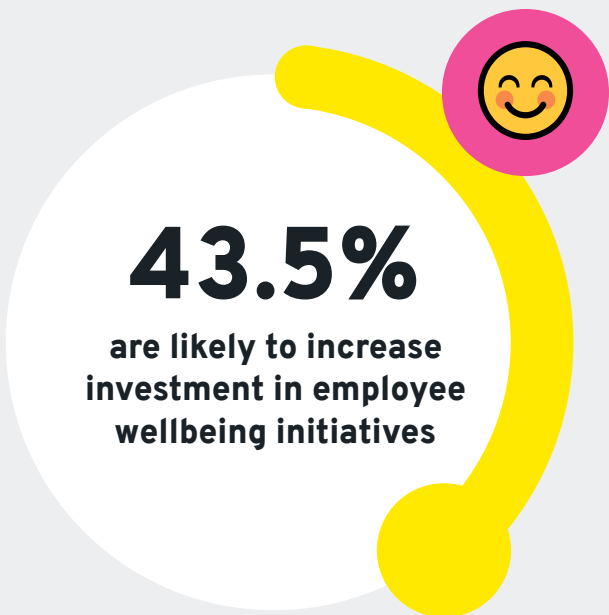
So, who is actually making the investment?

Hotels, Financial Services, and Education sectors are leading the charge in boosting their wellbeing budgets, showing a clear commitment to employee support.

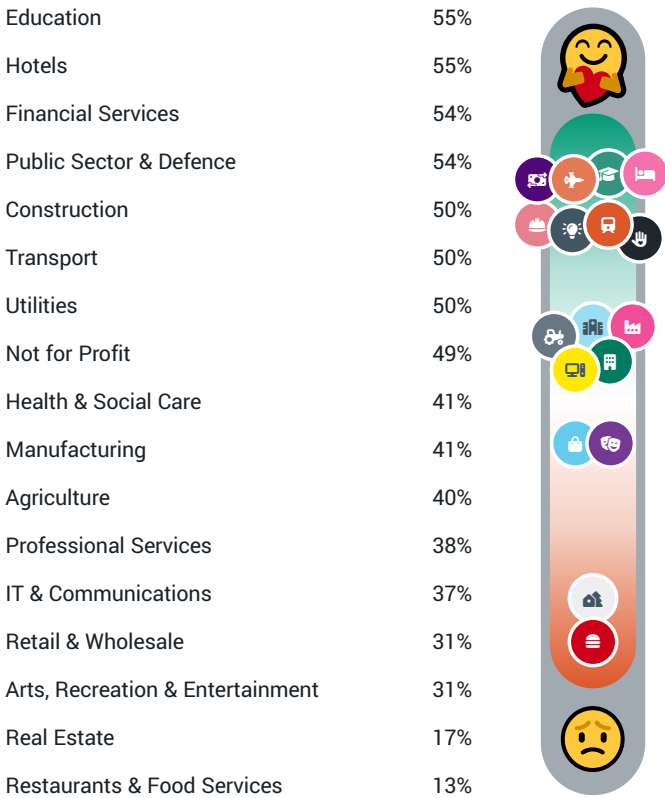
Restaurant & Food Services remain hesitant, indicating that while the importance of wellbeing is recognised, financial constraints could be influencing decision-making.

We looked deeper into this sentiment to understand exactly how likely HR in the UK is going to start acting and investing in their top priorities in 2025.

The next priority we delved into was recruitment and retention...



What percentage of organisations are increasing investment in employee wellbeing initiatives?



HR's recruitment challenge in 2025

62.5% of HR professionals reported that economic pressures, government policies, and skills shortages have led to moderate or significant changes in hiring strategies.

Industries feeling the strain the most? **Financial Services, Public Sector & Defence, and Health & Social Care.**

Employees in these industries require specialist skills and certifications, leading to longer recruitment cycles and higher costs to attract and retain skilled professionals.

Restaurants & Food Services are also feeling the impact of external factors, with economic pressures, such as National Insurance increases, slowing down recruitment processes in this industry.

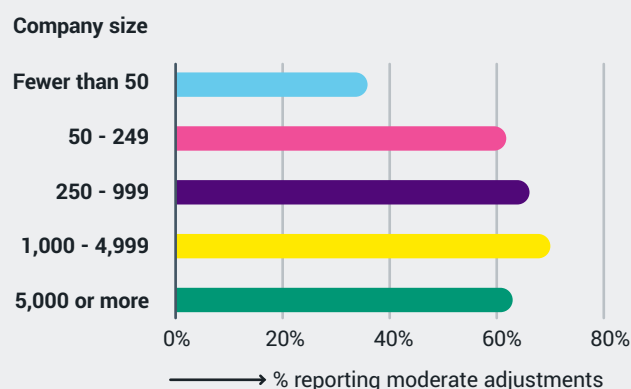
What about company size?

The results found that in fact larger businesses are feeling the recruitment squeeze the most, with **70% of companies employing 1,000-4,999 people** and **63% of companies with 5,000+ employees** reporting moderate adjustments to their hiring strategies.

Smaller organisations, especially **those with less than 50 employees (36%)**, while not immune, appear slightly less impacted.



How are external factors influencing your recruitment and retention strategies?



What percentage of organisations say external factors are influencing recruitment and retention strategies?

Financial Services	77%
Restaurants & Food Services	75%
Health & Social Care	75%
Public Sector & Defence	69%
Not for Profit	69%
Utilities	67%
Construction	67%
Real Estate	67%
Manufacturing	66%
Education	66%
Agriculture	60%
Retail & Wholesale	57%
IT & Communications	57%
Transport	56%
Arts, Recreation & Entertainment	50%
Hotels	45%
Professional Services	36%



So, how effective does HR think their organisation is at attracting top talent?

It turns out that despite the clear need to rethink recruitment strategies to accommodate the current economic pressures looking over the UK:

- **42.6%** of HR leaders say they are successfully attracting talent
- **17.8%** report that recruitment is becoming increasingly difficult
- **39.5%** are finding their recruitment efforts challenging but manageable

And while company size does not have an effect on how an organisation feels about its recruitment effectiveness, it was interesting to see that the **sectors feeling most confident in their ability to bring in high-quality candidates included:**

- 🎨 **Arts, Recreation & Entertainment:** With creativity and purpose often at the heart of these roles, this sector tends to attract passionate candidates, even if pay isn't always the highest. It's all about the culture and mission.
- 🌾 **Agriculture:** Despite being a sector under economic pressure, recruitment confidence may come from strong network community ties and a more stable seasonal hiring model that's easier to predict and plan for.
- 💻 **IT & Communications:** With flexible working and career development opportunities, this industry is well-positioned to attract top talent in a job market where tech skills are in demand.

And the least confident?

- 🚚 **Transport:** Due to the nature of long unsociable hours, matched with specific skill and certification requirements, recruitment in this industry remains tougher than other sectors.
- 🏗️ **Construction:** With project delays, difficulty filling skills gaps and the universal perception of lack of career advancement, this industry continues to struggle with recruitment.
- 🏭 **Manufacturing:** With ongoing skills shortages, an ageing workforce, and limited interest from younger jobseekers, attracting new talent is more challenging for this sector.

What this tells us is that regardless of your industry, or business size, getting creative with recruitment strategies is how you can keep ahead of the curve and attract and retain employees, while keeping within budget constraints.

While the overall consensus was positive, some may feel more confident than others. But the bottom line is: in 2025, recruitment strategies need to change to stay on top of the unavoidable economic winds that the UK is facing.

What percentage of businesses are able to easily attract top talent?

Arts, Recreation & Entertainment	67%
Agriculture	65%
IT & Communications	65%
Hotels	64%
Financial Services	60%
Professional Services	60%
Restaurants & Food Services	59%
Education	59%
Real Estate	58%
Health & Social Care	57%
Public Sector & Defence	57%
Utilities	56%
Not for Profit	56%
Retail & Wholesale	56%
Manufacturing	54%
Construction	54%
Transport	53%



Is HR winning the retention battle?

So, how is HR feeling about the effectiveness of their retention strategies in the current climate?

Without stating the obvious, employee turnover has long been a thorn in the side of HR, we don't need stats to tell you that. But as businesses battle economic headwinds, cost-cutting restructures and recruitment challenges in 2025, retaining top talent is proving to be more important than ever. Especially if labour costs are going to be put at bay.

So, how are businesses faring when it comes to retention?

- **48.4% of organisations say turnover has remained steady**, which, while not necessarily bad news, also isn't a sign of progress.
- **29.8% have experienced an increase in turnover**, showing that nearly a third of businesses are struggling to keep employees from walking out the door.
- **Only 21.8% have successfully decreased turnover**, which could mean that some industries have cracked the code on retention while others continue to battle attrition.

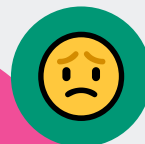
The big question is: **which sectors and company sizes are holding onto their people, and who is seeing talent slip away?**

The top industries on average struggling with turnover are:

- 🏠 **Real Estate:** A sector known for market fluctuations, job security concerns, and shifting workforce expectations, this was slightly expected.
- 🏥 **Health & Social Care:** No surprises here. Long hours, demanding work, and burnout continue to drive people out of the sector.
- 💡 **Utilities:** This sector may struggle with turnover due to limited development opportunities. Also, many utilities roles are customer facing, which can be stressful and repetitive.

29.8%

say turnover has increased over the last 12 months



What percentage of organisations agree that employee turnover has increased over the last 12 months?

Real Estate	67%
Health & Social Care	46%
Utilities	42%
Construction	39%
Restaurants & Food Services	38%
Retail & Wholesale	37%
Arts, Recreation & Entertainment	31%
Financial Services	31%
Public Sector & Defence	31%
Transport	28%
Manufacturing	28%
Professional Services	24%
IT & Communications	23%
Not for Profit	22%
Education	18%
Hotels	18%
Agriculture	0%



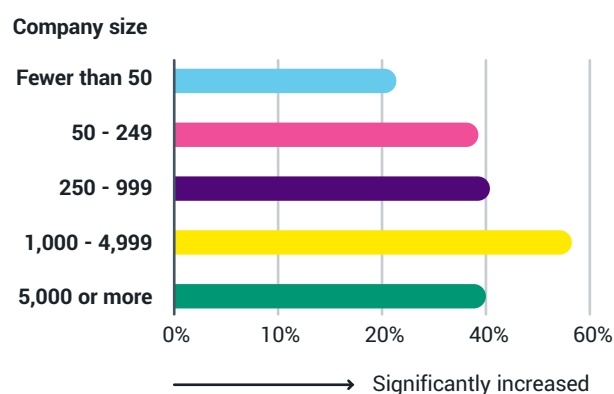
But while some industries struggle, others are **winning the retention game**:

- Agriculture:** Standing out as the sector with the highest stability, **Agriculture** continues to retain its workforce better than most.
- Hotels:** Known for traditionally high turnover rates, interestingly, this sector is seeing a drop in turnover, possibly due to increased investment in employee wellbeing initiatives.
- Education:** Schools and universities are also seeing the benefits of increased investment in employee wellbeing, with strong staff retention rates.

And in fact, **smaller companies appear to be winning the retention game** compared to their larger counterparts. Could this be due to stronger team bonds, cross-collaboration and leadership visibility? Or could it be that larger organisations struggle to maintain company culture as the business scales?

Whatever your company size, it's always cheaper and easier to retain existing talent than to replace them. That starts with creating an environment where employees genuinely want to stay. And in today's uncertain business climate, that might just be the best competitive advantage a company can have.

How has employee turnover in your organisation changed over the last 12 months?



Is HR really scaling back on ED&I or is it going to stand its ground in 2025?




We've all seen the headlines: well-known brands are pulling back on ED&I initiatives, restructuring teams, and even dissolving dedicated ED&I roles in response to economic pressures. But we wanted to see for ourselves. **Is HR really scaling back on ED&I? Or is it going to stand its ground in 2025?**

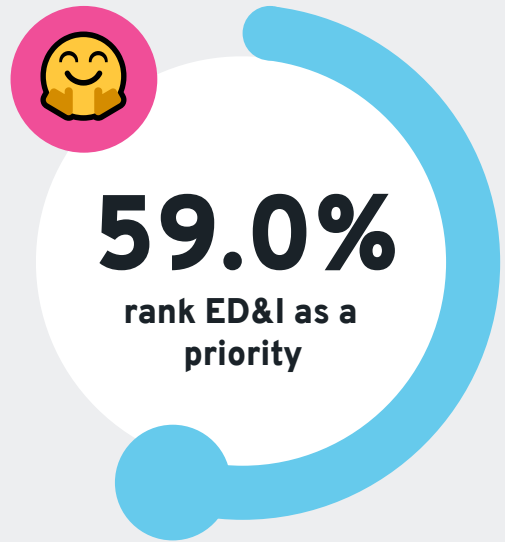
Despite what the media suggests, our survey tells a different story: **59% of HR professionals still rank ED&I as a priority.**

Industries prioritising ED&I initiatives:

-  **Not for Profit:** With a strong social mission at its core, it's no surprise that **Not for Profits** are keeping ED&I high on the agenda.
-  **Public Sector & Defence:** A sector that has long been under pressure to champion diversity and inclusion, particularly through government-led initiatives.
-  **Restaurants & Food Services:** An industry dedicated to attracting top talent that reflects the communities it serves.

Industries where ED&I is less of a focus:

-  **Transport:** A sector that faces challenges, such as rising fuel costs, supply chain disruptions, and labour shortages, ED&I falls further down the priority list.
-  **Retail & Wholesale:** Likely facing more pressing cost-cutting challenges, many retailers may be struggling to balance ED&I with economic pressures.
-  **Construction:** A historically male-dominated industry that continues to grapple with attracting diverse talent.



What percentage of organisations are placing a high priority on advancing ED&I initiatives in the current economic climate?

Not for Profit	87%
Public Sector & Defence	81%
Restaurants & Food Services	75%
Education	74%
Arts, Recreation & Entertainment	69%
Health & Social Care	66%
IT & Communications	65%
Utilities	58%
Financial Services	54%
Manufacturing	53%
Real Estate	50%
Professional Services	49%
Hotels	45%
Agriculture	40%
Construction	37%
Retail & Wholesale	34%
Transport	33%

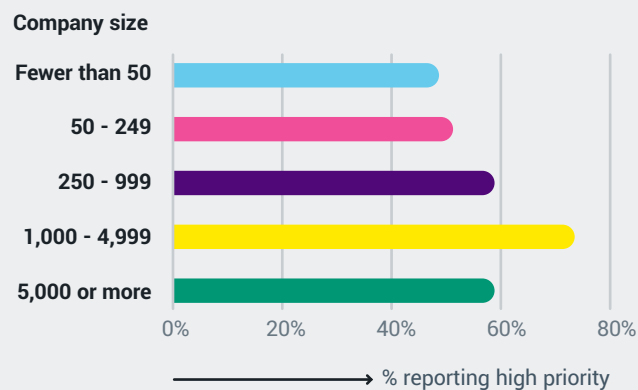


Does company size impact whether ED&I is a priority?

Larger companies are leading the way, with **73% of businesses with 1,000-4,999 employees prioritising ED&I**, compared to **49% of companies with fewer than 50 employees**.

As organisations scale, the need for effective strategies becomes more critical. Whether it's for ensuring compliance, attracting top talent, or fostering a positive company culture, implementing robust ED&I initiatives is essential for creating a diverse and dynamic workforce.

What level of priority does your organisation place on advancing ED&I initiatives in the current economic climate?



What's holding ED&I back?

If the majority of companies still value ED&I, what's stopping them from making bigger strides?

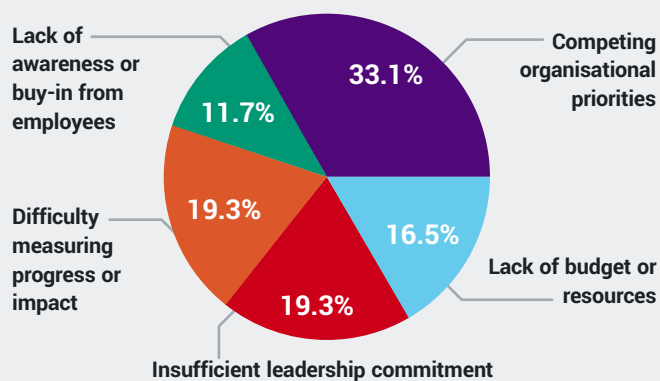
The biggest roadblock isn't a lack of belief in ED&I's importance – **it's that competing organisational priorities are often put first**.

Understandably, with financial pressures mounting, some businesses simply don't have the capacity to invest in ED&I initiatives at the same level.

Other significant barriers include:

- **Insufficient leadership commitment:** Without strong sponsorship from the top, even the best-intentioned ED&I initiatives can stall. And with competing organisational priorities being the biggest obstacle, leadership needs more convincing to gain commitment.

- **Difficulty measuring progress:** How can HR professionals get leadership buy-in if they can't prove the ROI of their efforts? This is reported as a major challenge in **Education, Financial Services, and Real Estate**.
- **Lack of budget or resources:** With financial pressures tightening budgets, it means less funding for dedicated ED&I programs. **Not for Profit** and **Public Sector** organisations feel this acutely, with budgets being diverted to more immediate needs.
- **Lack of awareness or employee buy-in:** Without engagement from staff, even the best policies can fall flat. Interestingly, this is more prevalent in industries like **Manufacturing** and **Transport**, where frontline employees may not see ED&I as directly relevant to their roles.



On a positive note, HR still sees ED&I as a priority. It is just the execution part where the real challenge lies. And the only way to overcome that is proving the ROI of your efforts. But, without the knowledge of what metrics to track, this can be difficult.



Click here to learn more about how you can start tracking your ED&I efforts, and build a business case for more investment

Is HR becoming more strategic?

In recent years, there has been a big push for HR to become more strategic, and gain more influence at the C-Suite level. But what's the mood? Is the HR function going through a strategic evolution? Or is it struggling to break away from the administration?

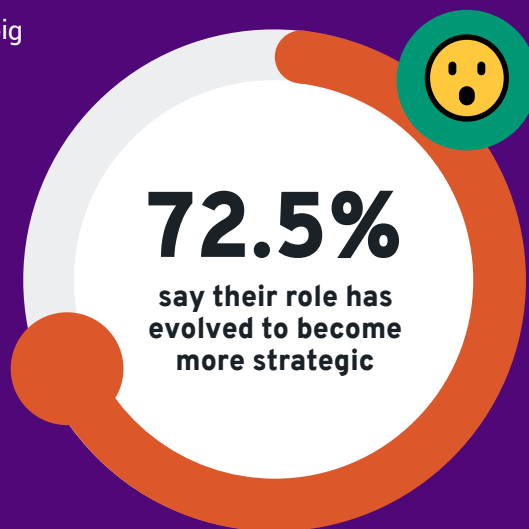
According to our survey, **72.5% of HR professionals say their role has evolved to become more strategic** over the last three years.

This is positive news, and it means that HR is finally starting to play a bigger role in business strategy, workforce planning, and organisational transformation. The function is getting a seat at the table, and making influential strides within the organisation.

But is this shift happening across the board? Or is it more pronounced in certain industries and company sizes?

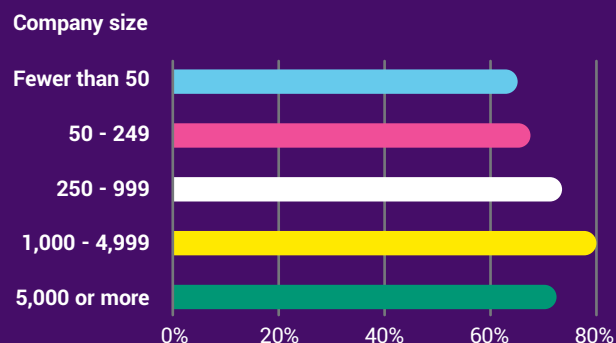
Well, it appears that the bigger the organisation, the bigger the role of HR:

- **80% of HR professionals in companies with 1,000-4,999 employees** report a more strategic role.
- **72% of HR professionals in companies with 5,000+ employees** have also taken on a more strategic position.
- And, only **65% of HR professionals in smaller businesses have become more strategic**, suggesting that HR professionals in these organisations are still more focused on operational tasks.






Bigger companies have bigger workforce challenges. It makes sense that HR would have more responsibilities and larger expectations held by stakeholders. In contrast, smaller businesses often lack the infrastructure or dedicated HR teams to shift away from day-to-day administration tasks, especially if they are still working with manual processes or outdated and clunky HR technology systems.

What percentage of HR leaders are becoming more strategic?



Which industries are seeing the biggest strategic shift for HR?

-  **Utilities:** With growth in this sector, due to a shift to **more sustainable energy initiatives**, we can see how HR is playing a key role in supporting and driving the future business strategy of this industry.
-  **Construction:** In an industry where talent gaps are increasing and are delaying entire projects, HR's role in talent management strategy and building a future of top talent is critical.
-  **IT & Communications:** Digital transformation isn't slowing down, and businesses are investing in their own technology. With this, HR must ensure they have the right people to push their organisation forward. They also need to ensure they're upskilling and reskilling employees for emerging tech roles.

And the industries where HR's strategic shift is happening a little slower?

-  **Real Estate:** With a relatively stable workforce, HR is still largely operational, focusing on talent attraction and retention rather than leading large-scale transformations.
-  **Agriculture:** Seasonal employment and temporary workforces means HR plays a big role in compliance and recruitment and onboarding, causing strategic transformation to take a backseat.
-  **Transport:** With driver shortages and retention challenges, HR often have to prioritise recruitment over strategic initiatives.

The verdict? HR's strategic value isn't completely universal just yet. But one thing is for sure: HR is stepping up. Could the economic pressures and current business climate be the catalyst for the change? It sure could be.

With businesses facing ongoing uncertainty, rising labour costs, and evolving workforce demands, HR is becoming less of a back-office function and more of a strategic partner in shaping the future workforce.

HR's role in pulling the business out of the economic storm

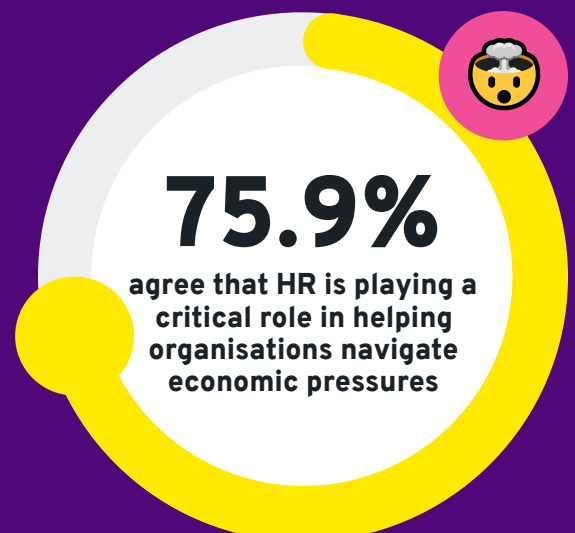
With HR adopting more of a strategic role within the business, how confident are HR in guiding the business out of the current economic headwinds?

The data speaks loud and clear: **75.9% agree that HR is playing a critical role in helping organisations navigate economic pressures.**

The time for HR to shine is now. Whether it's tackling skills shortages, driving workforce efficiencies, or managing organisational change, HR is stepping up.

Which industries have seen HR leaders roles significantly evolve to be more strategic?

Utilities	77%
Construction	75%
IT & Communications	74%
Public Sector & Defence	74%
Arts, Recreation & Entertainment	73%
Financial Services	73%
Hotels	73%
Not for Profit	73%
Education	72%
Restaurants & Food Services	72%
Health & Social Care	72%
Professional Services	71%
Retail & Wholesale	71%
Manufacturing	69%
Transport	61%
Agriculture	60%
Real Estate	58%



Are HR and business leaders working together to steer the ship?

If HR is going to lead the organisation out of the storm, they can not do it alone. They need strong collaboration with business leaders to turn a good people strategy into great business outcomes.

And the good news? **67.4% of HR professionals say their leadership teams work well with them to navigate workforce challenges.**

Bigger businesses, stronger HR buy-in?

It seems that way.

- **74% HR professionals in companies with 5000+ employees** are working collaboratively with leadership to manage their bigger workforces and complex people operations
- **72% of HR professionals in mid-sized companies** are working closely with leadership, as organisations of this size are typically focused on scaling up their operations..
- **However, smaller businesses report slightly lower collaboration at 61%.** This is likely because leadership is more directly involved with workforce decisions, leaving HR with less strategic influence.

So, which industries see HR and leadership in sync?
And where does HR still need to win leadership over?

- **Agriculture, Retail & Wholesale and IT & Communications** appear to be the industries where HR and leadership collaborate the most.
- **Public Sector & Defence, Transport and Manufacturing** have a little more work to do when it comes to collaboration.



The takeaway? HR's influence is getting stronger but there's still progress to be made when it comes to collaborating with leadership. How can they do that? By arming themselves with all the tools and skills they need to streamline their processes, leverage their people data and apply evidence based solutions through strategic storytelling.



Click here to learn more about how you can elevate your HR leadership with effective data storytelling

What percentage of HR professionals collaborate effectively with organisational leaders to address workforce challenges?

Agriculture	80%
Retail & Wholesale	80%
IT & Communications	77%
Not for Profit	76%
Hotels	73%
Education	71%
Financial Services	69%
Arts, Recreation & Entertainment	69%
Utilities	67%
Health & Social Care	67%
Real Estate	67%
Restaurants & Food Services	63%
Professional Services	62%
Construction	61%
Manufacturing	61%
Transport	56%
Public Sector & Defence	54%



How is HR tech supporting strategic HR leaders?

In an era of economic uncertainty and rising cost pressures, some might expect HR tech budgets to shrink. But for strategic HR leaders, the opposite is true – HR tech is a smart investment, not a sunk cost.

Rather than pulling back, forward-thinking organisations are doubling down on technology to streamline operations, drive efficiency, empower decision-making, and future-proof their people strategies. For them, tools like AI and automation aren't just trends – they're essential to doing more with less, unlocking talent potential, and building agile, resilient teams.

Who's doubling down on HR tech?

20.4% of organisations are increasing their HR tech spend, with **Agriculture** leading the charge. Interestingly, even traditionally cautious sectors like **Transport** and **Public Sector & Defence** are ramping up investment – a clear signal that HR tech is being seen as a strategic lever, not just a cost centre.

Who's less likely to invest?

Of course, not every business is increasing spend. **Restaurants & Food Services, Arts, Recreation & Entertainment** and **Hotels** are less likely to increase their HR tech budgets. These sectors often operate with lean budgets and may be prioritising cost containment over digital transformation. Or, perhaps they're in favour of consolidating systems for greater efficiency and overall cost savings.



Discover how consolidating your tech stack can cut costs, boost efficiency and improve the employee experience

20.4%

are increasing their
HR tech spend



What percentage of your organisation are increasing spend on HR software in the next 12 months?

Agriculture	40%
Transport	33%
Public Sector & Defence	27%
Health & Social Care	25%
Utilities	25%
Financial Services	23%
Retail & Wholesale	23%
IT & Communications	23%
Construction	21%
Professional Services	21%
Manufacturing	17%
Real Estate	17%
Not for Profit	16%
Education	16%
Hotels	9%
Arts, Recreation & Entertainment	6%
Restaurants & Food Services	0%



Does the size of the company have an impact on HR tech spend?

Yes, according to the results it does. **Companies with over 1000+ employees and large enterprises with 5000+ employees are more likely to maintain or even increase their HR tech budgets**, recognising that automation and AI-enabled tools can help them manage their workforce more effectively at scale.

Companies with less than 50 employees, however, are the most cautious. With tighter budgets and more hands-on workforce management, it appears that they may be prioritising immediate operational needs over new tech investments.

But the bottom line is, HR tech spending isn't disappearing. It's becoming more targeted and strategic. Companies aren't just spending for the sake of it; they're investing in tools that drive efficiency, automate workflows, and deliver measurable ROI.






The rise of AI in HR

With **43.6% of organisations** confirming that HR technology and automation are among the biggest trends shaping the HR function, we wanted to know where HR are with AI adoption.

Right now, **71.0% of HR professionals are embracing AI in HR**. Whether they have already implemented it or they're exploring its abilities, many HR professionals are recognising AI's immense potential – from automating admin-heavy tasks to enhancing data-driven decision-making.

What industries are embracing AI the most?

-  **Professional services: 88% of HR professionals in this sector recognise AI's potential** to summarise meetings, simplify tasks, and, all-in-all, help them focus on higher-value work.
-  **Restaurants & Food Services: With high-volume hiring and shift scheduling, 88% of this industry is taking advantage of the immense support AI offers** in streamlining workforce planning and recruitment.
-  **IT & Communications: 87% are embracing AI.** No shocker here. This industry is already deep into digital transformation, so AI adoption feels like a natural next step.

Despite just over half of respondents in the **Hotels, Health & Social Care** and **Financial Services** industries embracing AI, a lot of companies within these sectors are yet to explore the potential of this technology.

And when it comes to size?

Bigger businesses might have the budgets to experiment with AI, but adoption is still in the early stages across the board. And while most organisations are still in the experimentation phase, the sheer number of companies piloting and exploring AI suggests that full adoption is just a matter of time.

Take ELLA, elementsuite's AI-enabled HR assistant, for example. As a 24/7 AI assistant, ELLA doesn't just surface insights, it actively completes workflows, automates admin-heavy processes, and provides HR teams with instant, data-driven answers.

Whether it's generating insights, actioning workflows, or creating important HR documentation, AI tools like ELLA are designed to help HR become more strategic and boost workforce productivity.



71.0%
are embracing
AI in HR

What percentage of your organisation is currently embracing AI in HR processes?

Professional Services	88%
Restaurants & Food Services	88%
IT & Communications	87%
Real Estate	86%
Agriculture	80%
Education	79%
Transport	72%
Construction	71%
Retail & Wholesale	71%
Arts, Recreation & Entertainment	69%
Utilities	67%
Public Sector & Defence	64%
Not for Profit	64%
Manufacturing	63%
Financial Services	62%
Health & Social Care	61%
Hotels	55%



**Download
ELLA
brochure
here**



HR in 2025 is resilient, strategic and ready for the future

Overall, if this report has shown us anything, it is that HR in 2025 isn't just about survival. It's about business transformation. Despite economic pressures, government shifts, and workforce challenges, HR professionals are stepping up, balancing cost control with people priorities, and proving their value as strategic business partners.

Here is what stood out:

- **The strategic shift is real:** **72.5%** say their HR role has **evolved significantly** in the past three years, especially in larger businesses where HR is more embedded in strategic decision-making.
- **Recruitment and retention remain tightrope acts:** Hiring strategies are being rethought across the board, with some industries feeling more confident than others. Retention efforts show that smaller businesses are holding on to staff more than larger organisations.
- **ED&I hasn't vanished:** Despite media narratives, **59.0%** of HR professionals still view ED&I as important, but resources and leadership commitment remain barriers to deeper progress.
- **AI adoption and HR tech are rising fast:** While full AI adoption isn't there yet, most HR teams are piloting AI tools and making targeted tech investments to support efficiency and workforce planning.
- **Resilience is strong:** **74.5%** of HR professionals feel **prepared** for the changes ahead.

All in all, one thing is certain: the HR function is more important than ever. And success in 2025 and beyond will come down to working smarter – leveraging technology to streamline processes, using data to inform decisions, and strengthening the partnership between HR and leadership to drive business success.

It's not just about reacting to change, but being proactive in shaping what comes next. And it is HR's ability to combine operational efficiency with strategic vision that will set great organisations apart in the years ahead.



Your partner in strategic HR transformation

Today's HR professionals are more than people managers – they're business leaders, shaping strategies and driving growth. And in a world of rising labour costs, tighter budgets, and constant change, the most forward-thinking HR teams are turning to technology to lead with impact.

elementsuite is built for strategic HR leaders who want to elevate their role.

Our all-in-one HR, WFM and Pay platform covers the entire employee lifecycle, eliminating manual admin and delivering the insights you need to make smarter, faster decisions – all while keeping your people at the heart of your strategy.

From recruitment to workforce planning, learning to payroll, and compliance to engagement, elementsuite equips you with the tools to drive efficiency and unlock performance at scale. And with real-time dashboards, automated workflows, and ELLA, our AI-enabled HR assistant, you gain 24/7 support and powerful intelligence at your fingertips.

Why choose elementsuite?

- ✓ **A full-suite, AI-enabled, HR, WFM & Payroll platform**
Manage the entire employee lifecycle from one intuitive system
- ✓ **ELLA, your 24/7 AI assistant**
Enhance productivity whilst ensuring data security
- ✓ **Real-time analytics**
Our live reports and dashboards empower you to make data-driven decisions
- ✓ **Streamline people processes**
Easily manage contracts, onboarding, rotas, absences, performance reviews and more
- ✓ **Mobile-friendly**
Your employees' world of work right at their fingertips from any device, anytime, anywhere



Book a demo

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