



Megatrends Shaping the Future of Work 2025



Introduction

People are the drivers of organisational success

Our partnership with UKG means every year we have access to an international team of UKG researchers, thought leaders, and social scientists that reflect on the previous year's developments, evaluate the implications for executives and their HR teams, and predict how these forces will shape organisations and the industry for years to come.

Through extensive collaboration, research, and analysis — along with one-on-one conversations with leaders and HR practitioners at organisations of all sizes — UKG determines which workplace trends are likely to impact organisations and employees across the global workforce in the year ahead. As a result of this concerted effort, UKG has identified three Megatrends set to shape workplaces worldwide in 2025 — and provides a roadmap for how to successfully navigate them.



Megatrend 1

THE ESCALATING GLOBAL
LABOUR DEFICIT

Megatrend 2

THE AMPLIFIED EMPLOYEE
EXPERIENCE IMPERATIVE

Megatrend 3

THE HUMAN-AI
ADVANTAGE

1

The Escalating Global Labour Deficit: Reimagining Talent Acquisition

In many countries, organisations across multiple industries report a talent scarcity that is making it difficult to recruit employees. Reasons for the shortage include demographic dynamics, geographic imbalances, skills gaps issues, shifting labour force participation rates, and changing employee expectations. This talent deficit is expected to grow significantly over the next decade.

The Path Forward:

Organisations must act now to implement a multifaceted talent acquisition strategy that will help them address the current talent shortage while simultaneously preparing them for what will inevitably become a much more challenging situation.



What You Can Do

To survive — and thrive — amid a massive talent and skills shortage, you need a way to predict, analyse, and address the gaps between your workforce practices today and your human capital needs of tomorrow.

A robust talent strategy focused on skills-based hiring can broaden the talent pool and help organisations achieve critical performance and growth targets. Focusing on a person's abilities and competencies rather than solely on their education and direct experience is a more expansive approach that considers applicants who don't fit the traditional template for a role but have the skills that can be applied to the job.

To remain competitive in an environment where it's becoming increasingly challenging to find or attract talent, it's important to streamline the application and hiring processes and boost the accuracy of the candidate-matching and candidate-evaluation processes.



Here are some ideas for how to achieve this:

Strategic workforce planning

Establish flexible and strategic workforce planning practices that can help you determine the current and future needs for your full-time, part-time, and gig workforce. Artificial intelligence (AI) insights can help identify staffing trends, optimal staffing levels, hiring opportunities, and recruitment recommendations for both short-term forecasting and long-term workforce planning. AI can also help improve planning agility with flexible, easy-to-use workload budgeting and capacity planning tools.

Skilled talent

Unlock talent in your organisation by connecting potential and current employees to growth, development, and mobility opportunities that keep them — and your organisation — thriving. Apply skills-based hiring methodology to current employees for job changes, promotions, and development opportunities. Help employees expand their skills so they can advance their careers. needs in the future.

Improve recruitment process

The best way to effectively source, track, and evaluate talent, to attract the best people for your organisation, is to use tools designed to continuously improve the recruitment process and hiring practices, to help you build an inclusive and people-driven culture. Utilise recruiting features that not only assess skills and experience but also behaviours, motivations, and career aspirations to determine long-term candidate success and fit.

2

The Amplified Employee Experience Imperative: Unleashing Engagement

Employee engagement has historically been a key indicator of success in both large and small organisations. With low unemployment and the growing labour shortage, the importance of engagement is amplified because engaged employees are more likely to stay with their organisations. Consequently, C-suite leaders are prioritising engagement as a vital business metric because it has seen insufficient improvement over the last decade.

The Path Forward:

The goal is to be an employer of choice in this competitive labour market, so organisations must renew their focus on creating a people-centric culture and delivering a differentiated employee experience to increase trust, engagement, and — ultimately — retention.



What You Can Do

Trust, the foundational element of employee engagement and a people-centric culture, is built through everyday moments throughout the employee experience. Building a culture of trust results in a better experience for your people – which pays off in several ways. Employees who trust their leaders and feel involved in decisions that impact them are more likely to deliver great customer service, stay a long time at their organisation, and strongly recommend their workplace to others.

When you invest the time to understand what truly matters to your employees, you can establish policies and programmes that meet the needs of all employees – from the office to the frontline – and that'll help motivate them to perform at their best.

When you give your employees a voice and listen to them, you can identify what matters most to them as well as areas that may be impacting engagement, productivity, performance, and more. The insights gained can assist you in making strategic decisions and creating action plans based on their feedback.



Below are some ideas on how to get there:

Leverage employee sentiment data

By bringing together data, research, and your employees' voices, you can turn typical HR metrics into actionable insights that enhance workplace culture and align them with critical organisational outcomes. Leverage employee sentiment data and extensive benchmarking to help identify areas for organisational improvement and recognise workplace excellence. Enhancing employee engagement to foster a high-trust culture is essential for organisational success.

Identify employee values

Employee experience technology can help create a positive work environment, improve engagement, and optimise touchpoints throughout the employee lifecycle. From accurate pay delivered on time, to financial literacy resources and flexible pay options to flexible schedules that can be easily viewed and easily changed, knowing what your employees value in their workplace experience and meeting these needs are essential to creating a great experience and sense of belonging for all employees.

Gather employee insights

Surveys are a robust solution for gathering and analysing employee insights and helping organisations keep up with evolving workforce needs, concerns, and engagement levels. With customisable surveys and real-time reporting tools, organisations can gather and analyse information quickly, streamline decision-making, and foster a more positive employee experience and productive work environment.

3

The Human-AI Advantage: Unlocking Productivity

The world of work is undergoing significant transformation due to rapid innovation and the introduction of automation technologies that include generative AI (GenAI). AI's most significant value to an organisation is its potential to augment and improve the productivity and performance of the workforce. To that end, AI offers considerable promise. While many organisations are already seeing the benefits of AI, these tools rely heavily on quality data and human engagement. Humans help power the AI, and the AI helps empower humans. This necessitates an important connection between the two.

The Path Forward:

To successfully operationalise AI technology and harness its full potential, organisations must simultaneously invest in their people through skills enhancement and digital enablement, while establishing a foundation of quality data to unlock future AI outcomes.



What You Can Do

AI is a transformative technology that significantly impacts how we work. It's important to educate employees about AI and how it's being ethically used in your organisation. Be sure to provide comprehensive training programs on its value, which includes boosting efficiencies and output so employees can focus on more strategic business goals.

Without connection and a sense of belonging, employees can feel detached from the workplace and their colleagues — and this can lead to a lack of engagement and decreased productivity. You can help foster collaboration by increasing the adoption and efficacy of AI. Involve employees in opportunities to use AI, recommend new ways of doing so, and establish forums to share best practices. Then watch collaboration flourish.

Harness the power of AI to streamline people-centric processes and create exceptional workplace experiences. When you automate routine and common tasks, you empower your managers and employees to focus on high-value work.



Below are some ideas on how to get there:

Technology that delivers insights

To remain competitive in the evolving business landscape, you need technology that delivers insights and guidance where and when they're needed. With the help of GenAI, empower your people to quickly find the answers they need — based on proven practices and organisational policies — by asking questions right in the flow of work. This access can enhance the employee experience by providing reliable and timely information that frees HR and IT teams from routine inquiries.

Leverage the power of AI

AI can help break down communication barriers and improve performance and productivity — and its use can be a discussion point for employees as they collaborate to leverage the power of AI more effectively. Providing a single source of truth for timely and relevant employee communications can create a feeling of inclusivity in the workplace and help improve engagement. Plus, creating an environment where employees feel valued, involved, and motivated to excel can help boost productivity.

Integrate AI into daily work flows

Utilise an AI platform that can complete tasks, such as request PTO, shift swap, get feedback on employee headcount, solve problems autonomously to reduce errors, and speed up decision-making so employees can focus on higher priority activities. Integrate AI into the daily flow of work with a trusted AI sidekick to help employees quickly and easily get answers to questions about organisational policies, processes, benefits — and more — that would otherwise be found by digging through HR documents, user guides, and knowledge articles.

HR Megatrends

The Megatrends shaping the world of work in 2025 are focused on finding new and innovative ways to reimagine talent acquisition, unleash engagement, and unlock productivity. The time is now to focus on broadening talent pools, revamping the employee experience, and harnessing the power of AI to help create real and lasting changes in the workplace that'll lead to happier, more engaged employees and a better bottom line.

About PayEscape

The future of Payroll, Human Resources, and Time Management

Payescape is one of the UK's fastest growing Human Capital Management Providers specialising in outsourced Payroll, HR and Time Management solutions. Our cloud-based technology coupled with world-class customer service is revolutionising how businesses today manage their employees.

We remove the administrative burden from your workload and deliver simple, effective, and reliable Payroll and People Management solutions to support your business now and for the future.

