

Where Is HR Transformation Headed In 2025? 6 Predictions

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Despite decades of HR transformation experience, trying to predict what is going to happen in 2025 boils down to philosopher Laozi's famous quote: "Those who have knowledge don't predict. Those who predict don't have knowledge."

That said, let's give it a go.

The recent U.S. election and potential coming economic policies could have profound effects on a vast number of strategies, including the trajectory of total workforce management, labor laws, location strategies and business investment decisions, among many others. While organizations contemplate how best to navigate uncertainty, there are still key areas impacting the world and ways of working where savvy HR and business leaders can make some educated guesses about what will emerge in the coming year.

So, with many caveats due to living in the real world, these are our six best educated guesses about what 2025 might bring.

Prediction 1: Upskilling and reskilling as a core business imperative

The acceleration of automation and AI integration is creating an urgency for skill development and a holistic need for digital literacy. In 2025, companies will work to establish or expand robust upskilling and reskilling programs to keep their workforce competitive. As new skill sets emerge and talent pools shrink, business and HR leaders will need to focus on identifying skills gaps, providing learning pathways and ensuring a continuous learning culture.

Even with reskilling programs in place, the speed of technological change could outpace the workforce's ability to adapt. This will lead to skills shortages, especially in areas like data analysis, cybersecurity, AI development and machine learning. Companies will compete intensely for top talent in these fields, driving up costs and possibly creating talent silos in larger, wealthier organizations.

Prediction 2: The drive from "employee" to "customer"

With the continued and growing focus on the employee experience, HR will amplify the need to treat employees as customers. Leveraging customer-centric strategies to enhance engagement, loyalty and satisfaction, companies will create more consumer-like journeys for their employees, focusing on individualized onboarding experiences, continuous feedback loops and personalized development plans.

Employee "journeys" will be tracked and optimized just like customer journeys, using technology to deliver relevant, timely and engaging experiences throughout the employment

lifecycle. And with increased capabilities for hyper-personalization, consent and preferences will ensure employees can navigate experiences through the modalities most aligned with their needs.

Prediction 3: Balancing human and AI labor

As automation continues to replace or augment certain human tasks, HR departments will face the challenge of determining where human input adds the most value versus where machines should take the lead. Managing employee apprehensions and promoting a positive narrative around human-AI collaboration will be a critical part of HR's role. Finding the right balance between automation and human interaction will impact job satisfaction, retention and organizational success.

The key to success lies in redefining the roles humans play in an AI-enhanced workplace. With agentic AI—the ability for AI to perform complex tasks without human supervision—just around the corner, the autonomous ability for AI agents to work together will likely reframe this conversation in unexpected ways. While machines excel at processing data, detecting patterns and performing repetitive tasks, current models struggle to replicate uniquely human strengths such as creativity, empathy and ethical judgment. These qualities will remain vital as businesses tackle complex problems, foster innovation and build meaningful connections with customers and employees alike.

Prediction 4: The rise of the transformation office

Change, ideation, innovation and market adjustments are increasing at a relentless pace, necessitating the need for central functions to absorb, prioritize, quantify, and execute with agility and at scale. As transformation accelerates and organizations face pressure to adapt to rapidly changing demands, regulatory environments, technologies and customer expectations, the transformation office will be tasked with overseeing and driving large-scale strategic change initiatives.

Organizations have gone through significant digital shifts, with the adoption of advanced technologies like AI, automation and data analytics becoming ubiquitous. However, transformation isn't just about technology—it's about reshaping business models, ways of working and culture. The transformation office will be responsible for orchestrating these far-reaching changes, ensuring that the organization doesn't just implement new technology, but instead leverages end-to-end process design, establishes a firm point of view and provisions resources and investments in a way that threads together these often disassociated projects, programs and initiatives.

Prediction 5: Navigating the regulatory landscape

The regulatory landscape is expected to undergo continued and significant changes, particularly under the influence of local, regional and global economic policies. Deregulation and tax cuts could reduce compliance burdens in some locations, providing businesses with greater operational flexibility and resources to invest in growth. However, these shifts may also

challenge leaders to balance cost-saving measures with rising employee expectations around wages, benefits and job stability. In other regions, increased regulation and protective employee measures will add complexity for which HR may be wholly unprepared, particularly in organizations where HR's local presence has been reduced or eliminated.

While domestic production incentives could spur job growth, they may also strain HR teams to recruit and upskill workers in regions with limited skilled labor. Stricter immigration controls, meanwhile, could exacerbate talent shortages in key sectors like tech and engineering, requiring innovative recruitment and training approaches. Navigating these changes will demand adaptability as leaders work to ensure compliance, equity and sustainability in a fragmented and shifting regulatory environment.

Prediction 6: A "gig economy" for corporate roles

We may finally see a scaling of the "gig economy" model in corporate roles, disrupting the traditional full-time employment structure. In this scenario, companies would employ more professionals on a project or contract basis, allowing for a more agile workforce that can be quickly scaled up or down. This model could be facilitated by AI-driven talent marketplaces that match employers with highly skilled professionals on demand for high-level corporate roles.

This shift would allow organizations to reduce overhead costs while professionals enjoy the flexibility to work for multiple employers, increasing their earning potential and experience range. While some industries already use this model in limited capacities, especially for consulting roles, the widespread adoption of this approach for core business functions would represent a major transformation in HR and workforce planning.

Good guesswork for HR transformation in 2025

As we look toward 2025, the HR and transformation landscape will continue to be defined by rapid technological change, increased emphasis on employee wellbeing and the continuing shift to flexible work models. These trends come with challenges, from economic uncertainty, rapidly changing competitive landscapes to navigating complex regulatory environments. Companies will need to strategically invest in reskilling, data-driven decision-making and innovative recruitment to stay competitive.

HR leaders will play an essential role in shaping these transitions, bridging the gap between human and technological labor, and crafting the work experiences that drive employee satisfaction and retention. Whether it's embracing the gig economy model for corporate roles or navigating shifting policies, HR's evolution in 2025 will reflect a balance of adaptability and strategic foresight. And that, at least, is something we all know with certainty.