

The people-first path to business success



Contents

Behind the report

Our purpose & process

P. 3

[Go to section →](#)

Executive summary

A word from our
Co-Founder & Co-CEO

P. 4

[Go to section →](#)

Key findings

An overview of
workforce trends

P. 6

[Go to section →](#)

Trend #1

Economic pressures push
HR to rethink strategies

P. 8

[Go to section →](#)

Trend #2

Leaner tech stacks take center
stage as a cost-cutting solution

P. 17

[Go to section →](#)

Trend #3

AI can give you an edge — but
employee adoption lags

P. 26

[Go to section →](#)

Trend #4

Managers need more support
than ever to drive results

P. 40

[Go to section →](#)

Conclusion & next steps

Actionable recommendations
for HR leaders

P. 57

[Go to section →](#)

Methodology

How we conducted the
research: overview, sampling &
respondent profiles

P. 61

[Go to section →](#)

Behind the report

Our purpose & process

The urgency of **today's HR challenges** — from the rapid rise of AI to shifting market conditions and a more distributed, diverse workforce — requires that People leaders stay agile and rethink processes.

In collaboration with award-winning market research agency Opinium, Leapsome **surveyed 2,500 professionals** across the United States and Europe to uncover their evolving priorities, concerns, and intentions amid shifting workplace dynamics.

The resulting report delivers actionable insights on the impact of economic pressures, AI adoption, tooling challenges, and more — for people-first leadership that fuels business success.



2,500 respondents



USA & Europe



HR leaders, managers & individual contributors



Tech & consulting companies

Executive summary

Balancing people-centricity with business priorities

Today's HR leaders are grappling with a tough environment shaped by macroeconomic challenges, workforce restructures, and rising expectations; executives are looking to increase profitability to address financial strains, while Millennial and Gen Z employees demand more flexibility, purpose, and well-being.

Nearly half of HR leaders face reduced budgets, and two in five have had to downsize their teams — all while trying to maintain productivity and prioritize employee development.

Managers and individual contributors (ICs) are shouldering heavier workloads, which is affecting work-life balance and leading to burnout. Following restructures, **over 60% of managers now oversee more direct reports**, and **one in three ICs is considering quitting**. This highlights the urgency for organizations to focus on employee retention by balancing well-being and productivity.

In response to these pressures, HR leaders need strong technical and people skills, along with tools to manage distributed teams. Simplifying tech stacks is now a strategic priority, with **85% of HR leaders working to streamline systems, optimize processes, and reduce costs**.

Executive summary

Consolidating HR systems into intuitive, all-in-one platforms is crucial for optimizing processes, enhancing user experience, and safeguarding data integrity. **AI is also emerging as a powerful tool** to boost team productivity, facilitate analytical tasks, and improve decision-making, but concerns about data quality — the basis for effective automation — remain, particularly across fragmented systems.

To navigate these challenges, companies must equip their managers with the right resources. Managers are key to bridging strategy and execution; by providing AI-driven tools for better insights and more, companies can stay agile, reduce overwhelm, and build a more resilient workforce.

We invite you to explore our report and see how you, too, can follow a people-first path to success, balancing people-centricity with business priorities.

Jenny Podewils

Co-Founder & Co-CEO at Leapsome



Key findings

Core trends redefining the future of work & leadership

#1

Economic pressures push HR to rethink strategies

As budgets shrink and layoffs mount, HR leaders need to operate differently. Proving ROI for People initiatives has become a top priority.

#2

Leaner tech stacks take center stage as a cost-cutting solution

Simplifying technology solutions is now crucial. Leaner tech stacks improve user experience and operational efficiency while addressing budget constraints.

#3

AI can give you an edge — but employee adoption lags

AI is a powerful tool for boosting leadership efficiency, but widespread adoption by employees remains slow. HR must prioritize strategies to close this gap.

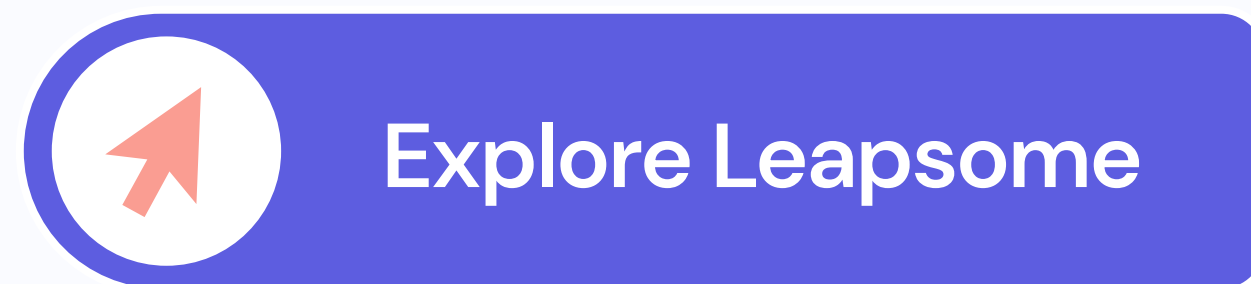
#4

Managers need more support than ever to drive results

In 2024, performance expectations are higher than ever. Empowering managers with the right tools and insights is key to building resilient, adaptable teams in uncertain times.

Ready to ramp up employee performance, tool consolidation & AI automation?

Take a 5-minute self-guided tour to discover how Leapsome can streamline your People processes and drive better results.



Trend #1

Economic pressures push
HR to rethink strategies

HR's new reality: budget cuts, layoffs, & promotion freezes

Half of HR leaders have faced budget cuts in the past year



Over one-third experienced hiring freezes, promotion halts, layoffs, or team members leaving



7 in 10 HR leaders say the current business climate is increasingly challenging





“HR may have seemed like the ‘winner’ during the pandemic’s workplace shifts — but with budgets tightening again, the focus has shifted to efficiency.

Leveraging data helps People teams maximize impact even with limited resources.”

Julia Reis

Founder of Julia Reis Consulting



HR leaders struggle to get approvals for People initiatives

The economic climate has increased pressure on HR teams to prove ROI for their initiatives. With tighter budgets and heightened scrutiny, getting approval for People programs has become increasingly difficult.

Without strong data to support business cases, securing leadership buy-in remains a challenge.

That's why leveraging tools that consolidate People insights — like Leapsome's platform — can be a game changer, helping HR teams justify investments by showing the direct impact on employee development, retention, and performance.



62%

faced challenges in getting **insights** to back up proposals



60%

find it difficult to prepare **HR business cases**



58%

found it hard to get **budgets** signed off over the past year

Proving HR's value remains an uphill battle

HR leaders need accurate data and the right tools to demonstrate impact and align initiatives with business goals.

1 in 2 HR leaders struggle with

Proving ROI through data

48%

Aligning initiatives with business goals

47%

1 in 3 HR leaders are hindered by

Data inaccuracy

35%

Inadequate HR tools

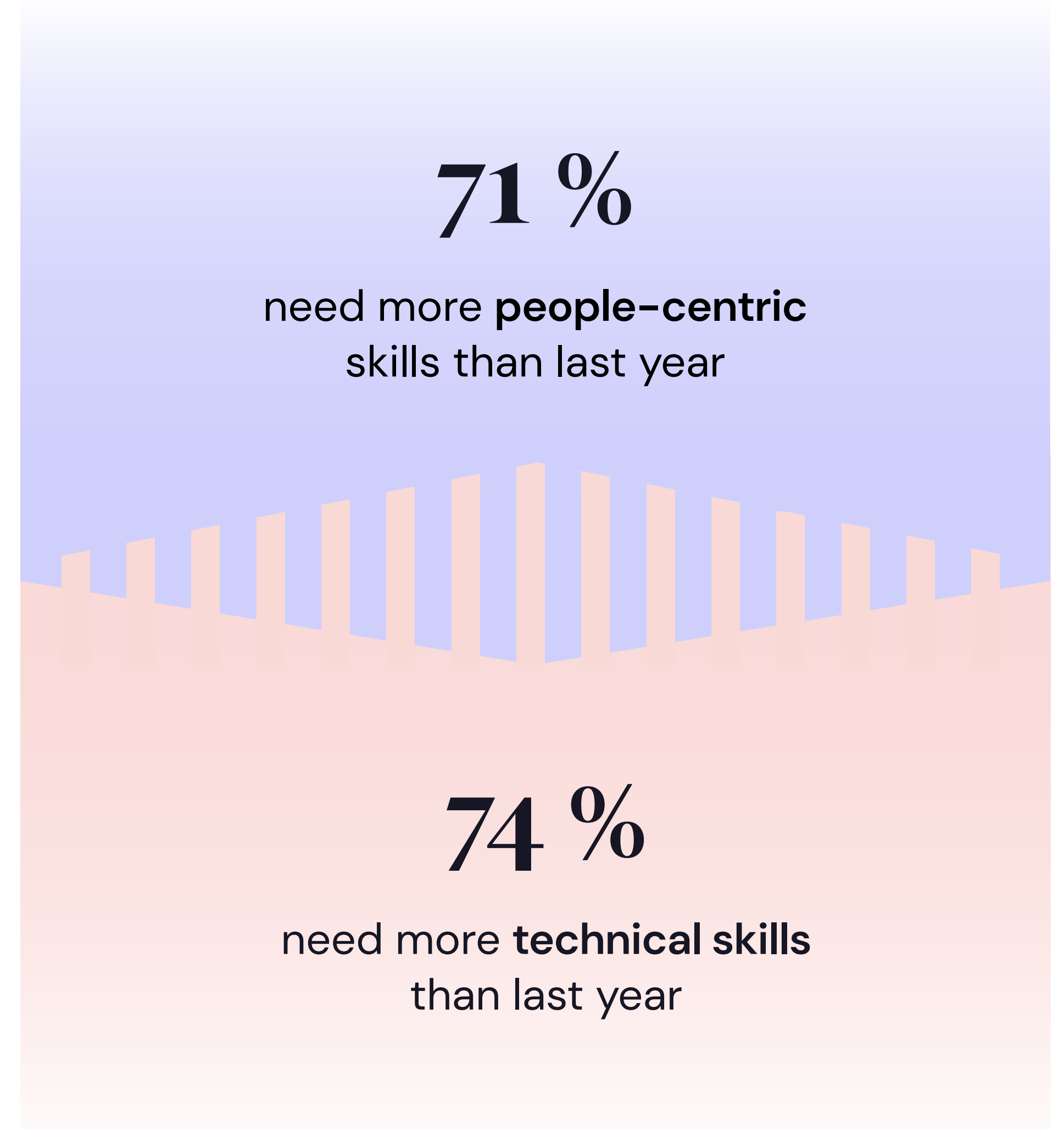
34%

Striking the right balance — HR leaders & managers are wearing many hats

In today's workplace, HR and managers need a mix of strong people skills and technical expertise to succeed.

HR leaders are expected to use data to build stronger business cases, predict turnover, and analyze employee sentiment. They must not only excel at talent development but also know their way around HR tech and analytics tools.

Similarly, managers can no longer rely solely on interpersonal abilities. They need to be comfortable working with employee data and People analytics to make better-informed decisions and drive team performance.



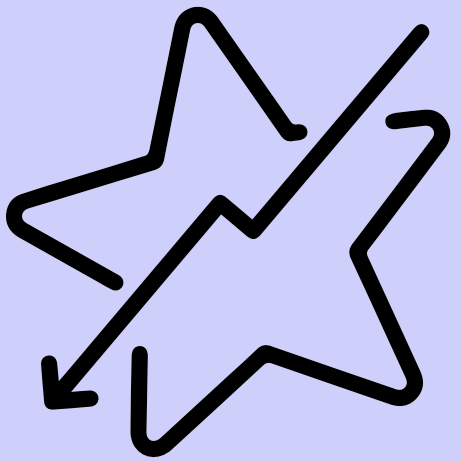
Why your top talent walks out the door

Top three reasons people leave — what HR leaders need to address right now.

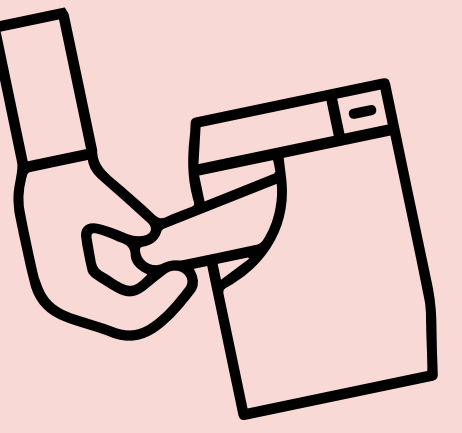
Heavy workload & poor work-life balance



Lack of career growth



Inadequate pay





“In times of economic uncertainty, businesses may be tempted to reduce their investment in people-centric programs like skills training, coaching, and recognition. However, this short-sighted approach risks lowering engagement and increasing turnover.

Protecting your business during tough times also means retaining top performers and high-potential employees. These programs are vital to maintaining the talent necessary for long-term success.

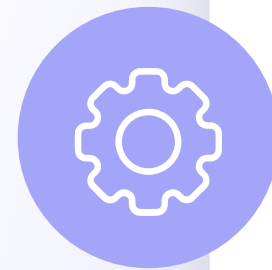
HR leaders should adopt a holistic approach, aligning people programs with broader business goals while addressing employee needs. Prioritizing initiatives that foster stability, career growth, and manageable workloads helps keep employees engaged and drives overall business success.”

Luck Dookchitra
VP People at Leapsome



Navigating what's next

With tighter budgets and reduced teams, HR leaders must act quickly to manage the strain of limited resources.



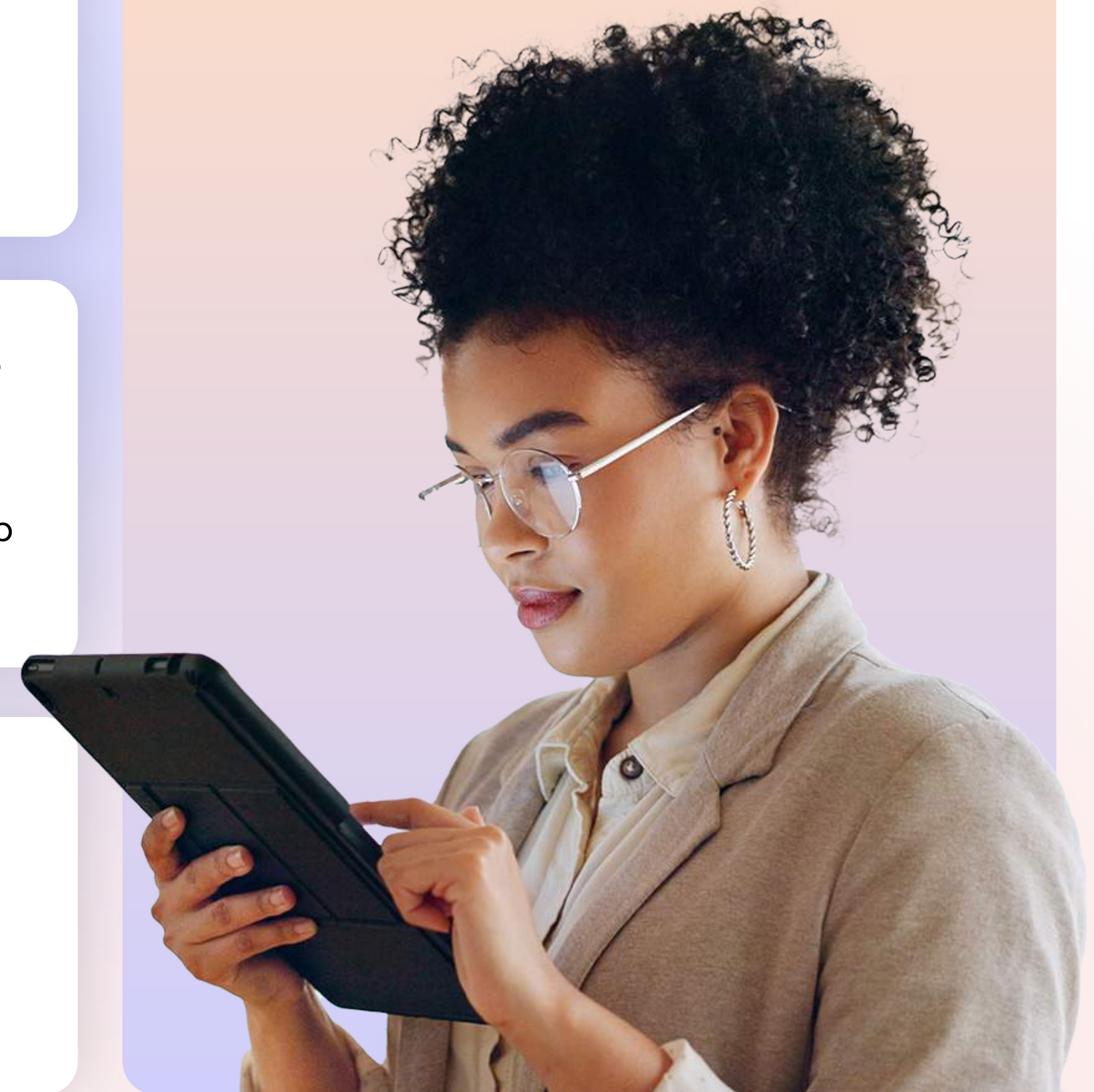
As leadership approval for People initiatives becomes harder to secure, **data-driven tools** that consolidate People insights **are essential for building stronger business cases.**



Today's People leaders must **balance strong interpersonal skills with technical expertise**, enhancing data literacy, digital fluency, and leadership through targeted training.



In these high-pressure times, **supporting employee well-being is critical.** By investing in upskilling and flexible work policies, organizations can keep their workforce engaged.

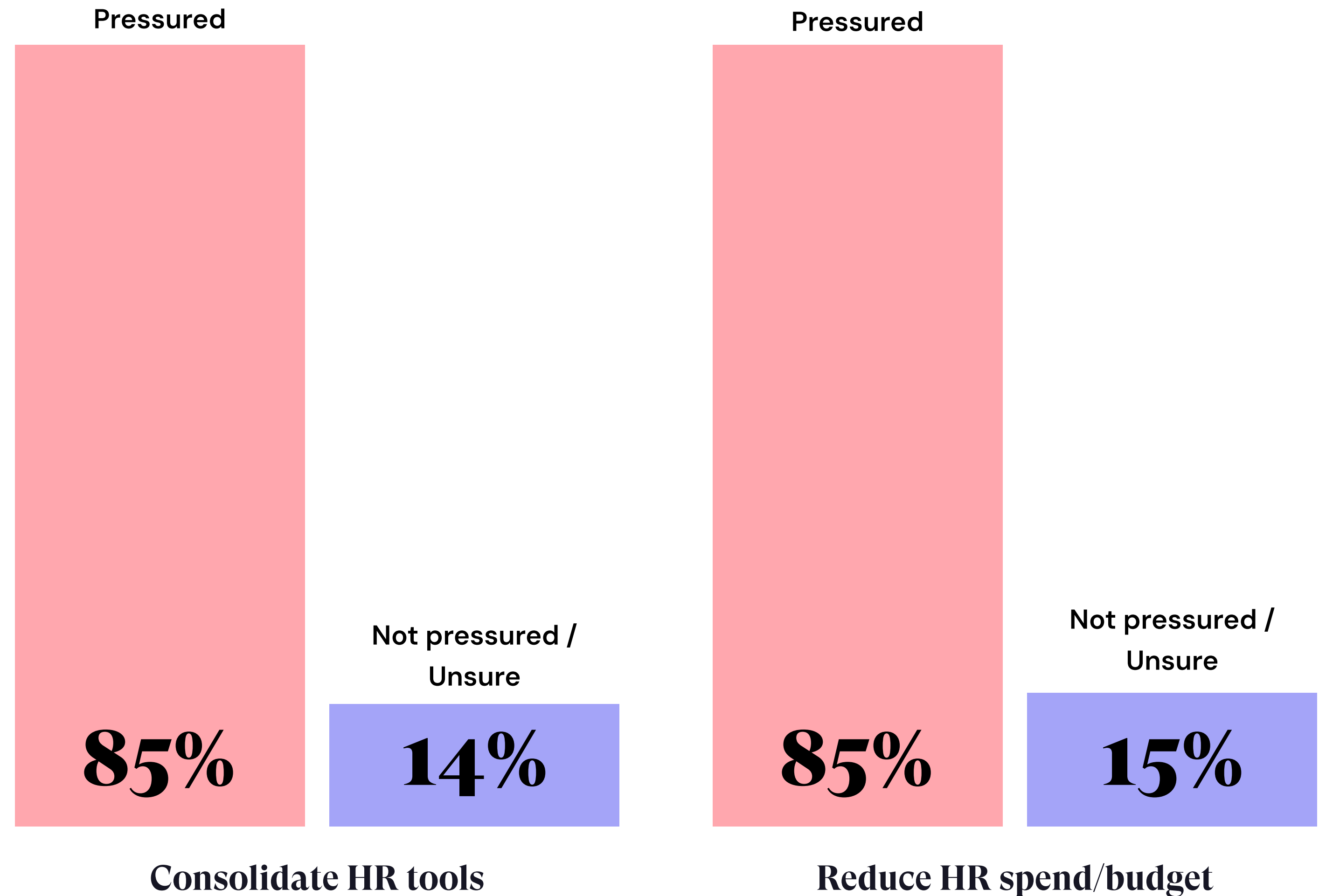


Trend #2

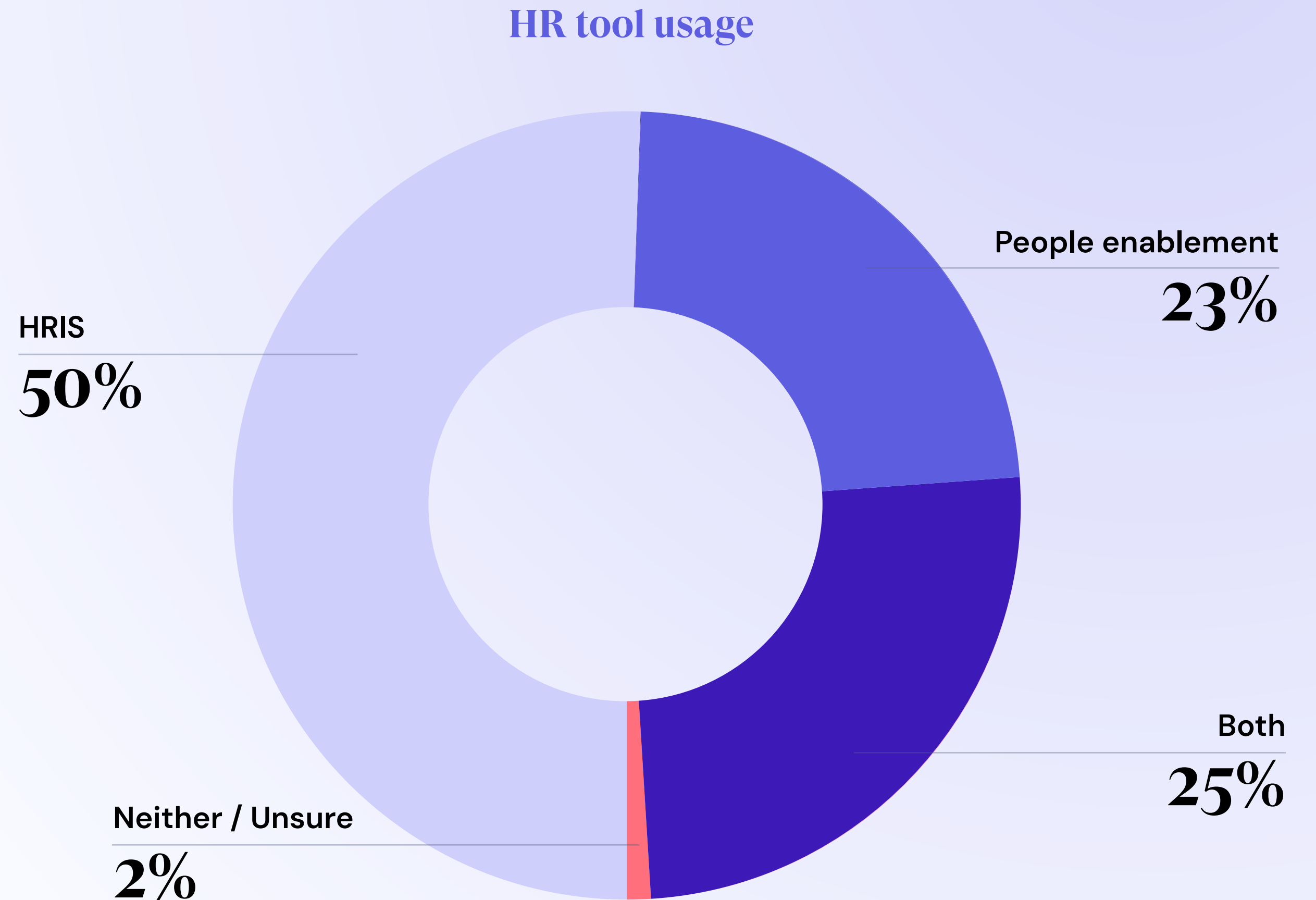
Leaner tech stacks take center stage as a cost-cutting solution

Feeling the *pinch*: HR under pressure to reduce spend & streamline tools

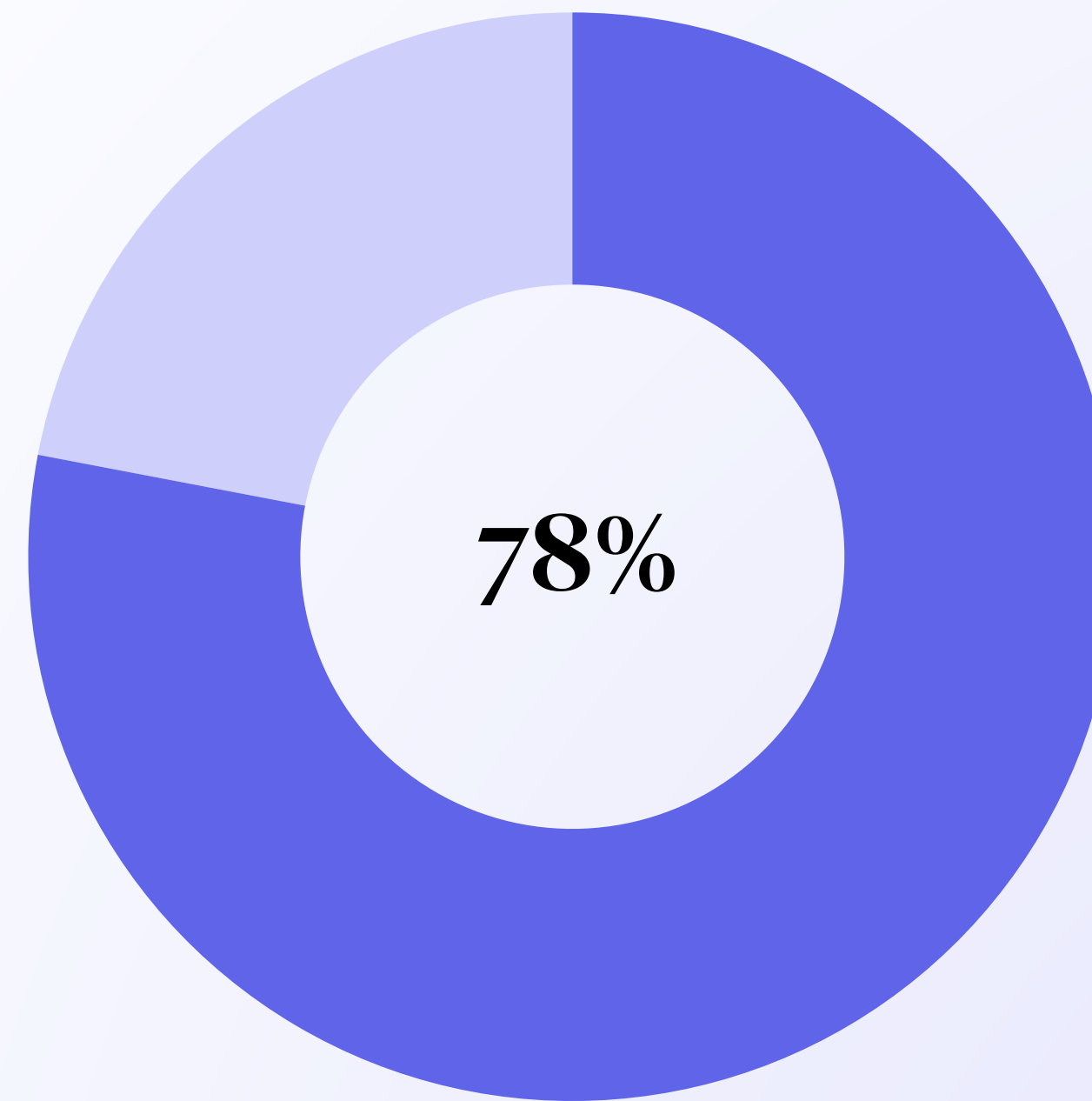
85% of HR leaders are being pushed to consolidate their tech stacks and cut costs.



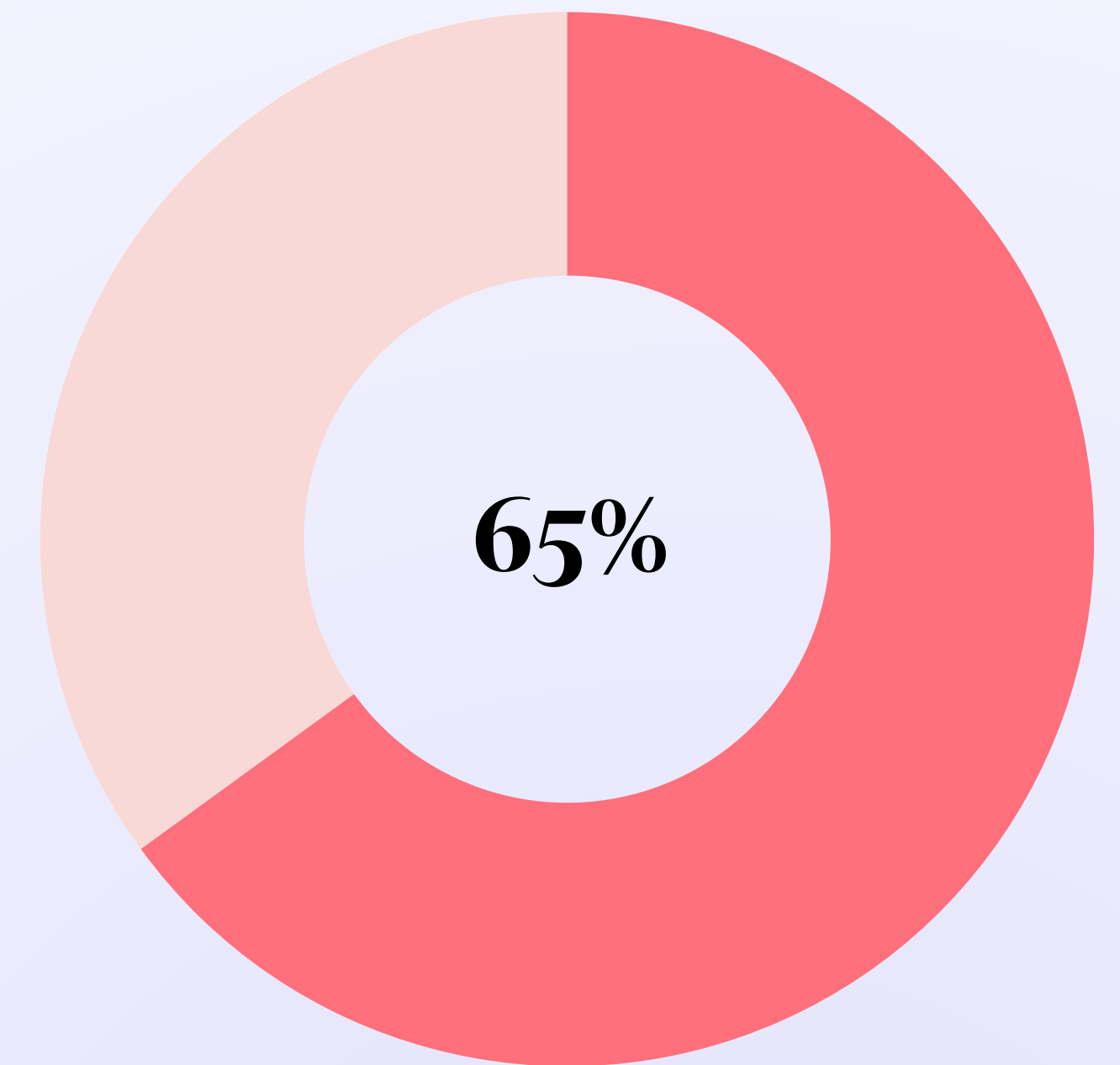
HR tech is *mission-critical*: 98% of companies rely on it



Businesses are calling for unified, user-friendly People data tools — but most *miss the mark*



HR leaders need a unified source of people data



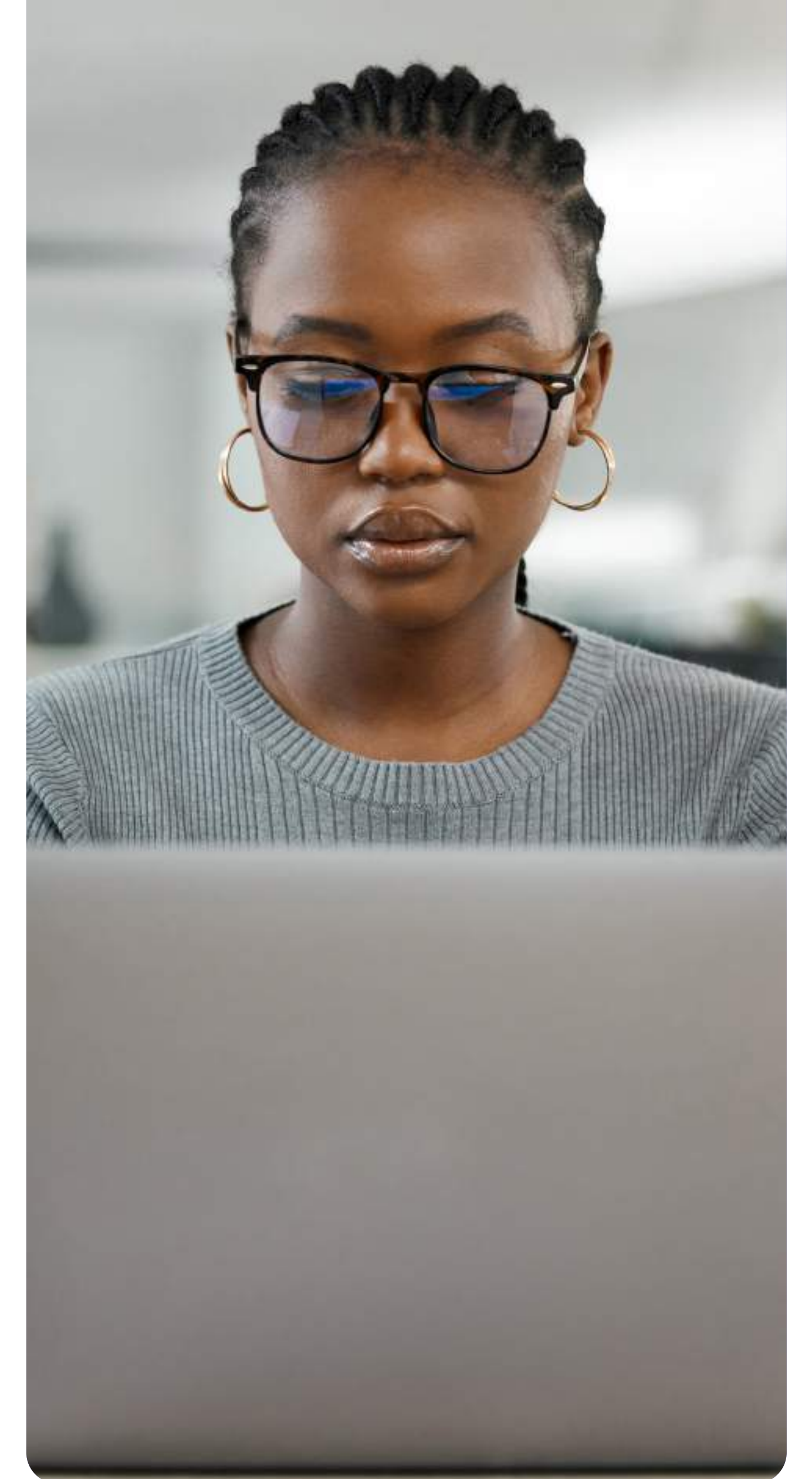
HR leaders say tools are not user-friendly

Ease of use & all-in-one capabilities are top priorities for HR leaders when choosing tools

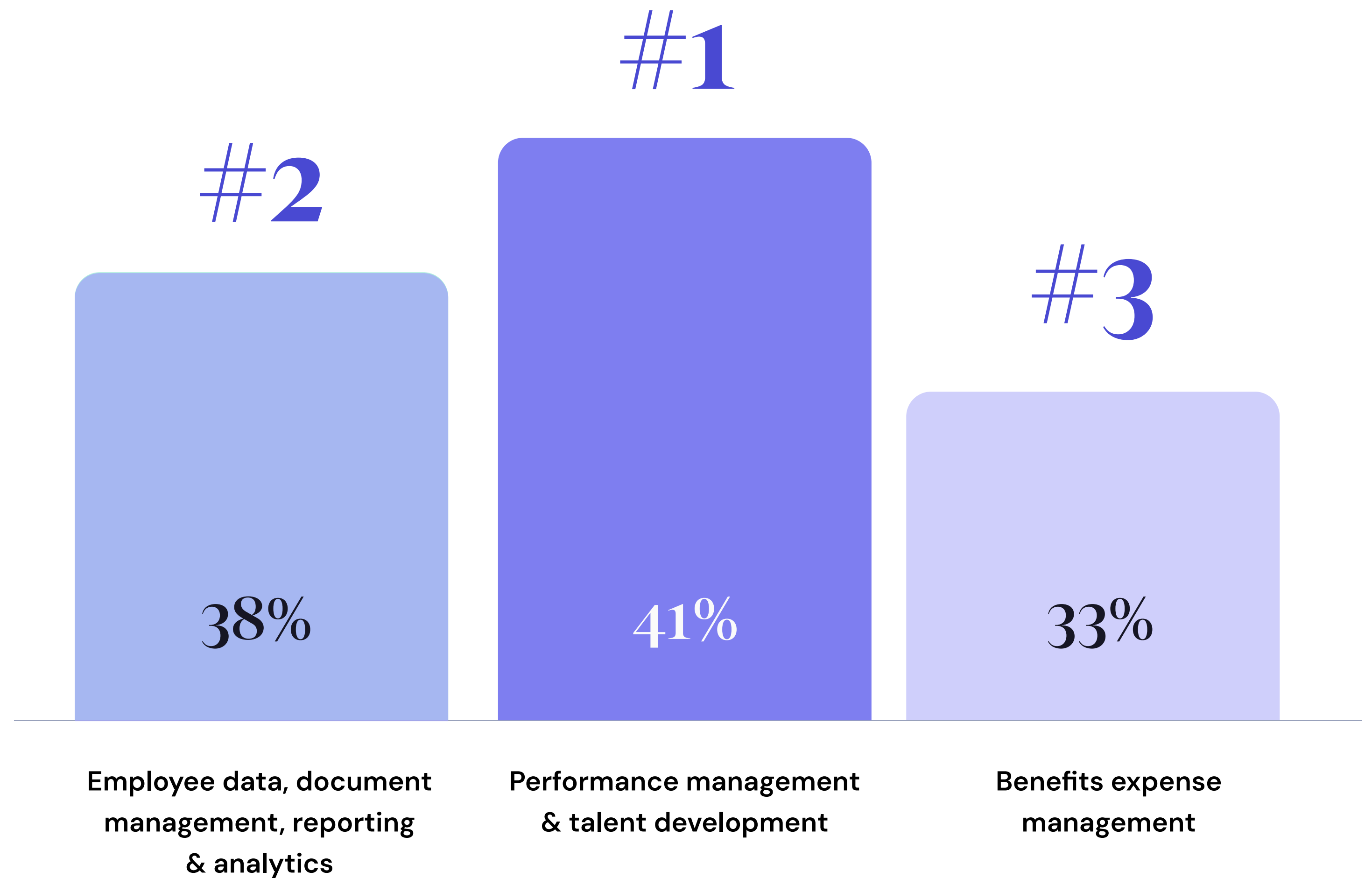
In today's complex HR landscape, tools that streamline processes and centralize data are no longer a luxury — they're a necessity.

HR leaders are also prioritizing **integrations**, strong **customer support**, **scalability**, and **customizability** when selecting a solution.

The goal is to provide a unified, intuitive experience that empowers everyone (from leadership to individual contributors) to work more effectively.



Top 3 tools in the HR tech stack



Top 3 tasks HR wants to automate

By automating these critical functions, HR teams can free up valuable time and focus on strategic initiatives that drive business success.



41%

Analytics & reporting



36%

Reviews & performance management



36%

Employee data management

Navigating what's next

With mounting pressure to reduce spending and streamline operations, HR teams must take a strategic approach to managing these demands while maintaining impact.



Simplifying tech stacks can reduce costs and increase data accuracy. An all-in-one system will **provide a single source of truth** for actionable insights and better decision-making.



When choosing new tools, organizations should **prioritize user-friendly, customizable solutions** that can scale with evolving business needs.



As HR increasingly depends on tech to handle sensitive employee data, **robust data protection measures are crucial** for building trust in these systems.



Elevate your People strategy with Leapsome's new HRIS

Tired of juggling multiple tools?

Streamline your tech stack, unify employee data, and drive HR excellence — all in one platform.



Join the waitlist today



Trend #3

AI can give you an edge —
but employee adoption lags



“AI and automation aren’t replacing HR — they’re empowering it. By embracing these technologies to handle routine tasks, HR professionals can focus on what truly matters: strategy, employee experience, and driving organizational change.

The ROI isn’t just financial; it’s reflected in increased employee potential.”

Marie Richter
Fractional Chief People Officer
& HR Consultant



The AI gap

HR leaders & managers adopt AI, but employees lag behind

>80%

of HR leaders and managers use AI at work several times per week (sometimes **daily**)



83%

of HR leaders and managers have seen an **increase in efficiency** thanks to their use of AI

42%

of individual contributors in tech and consulting use AI weekly or daily



1 in 3

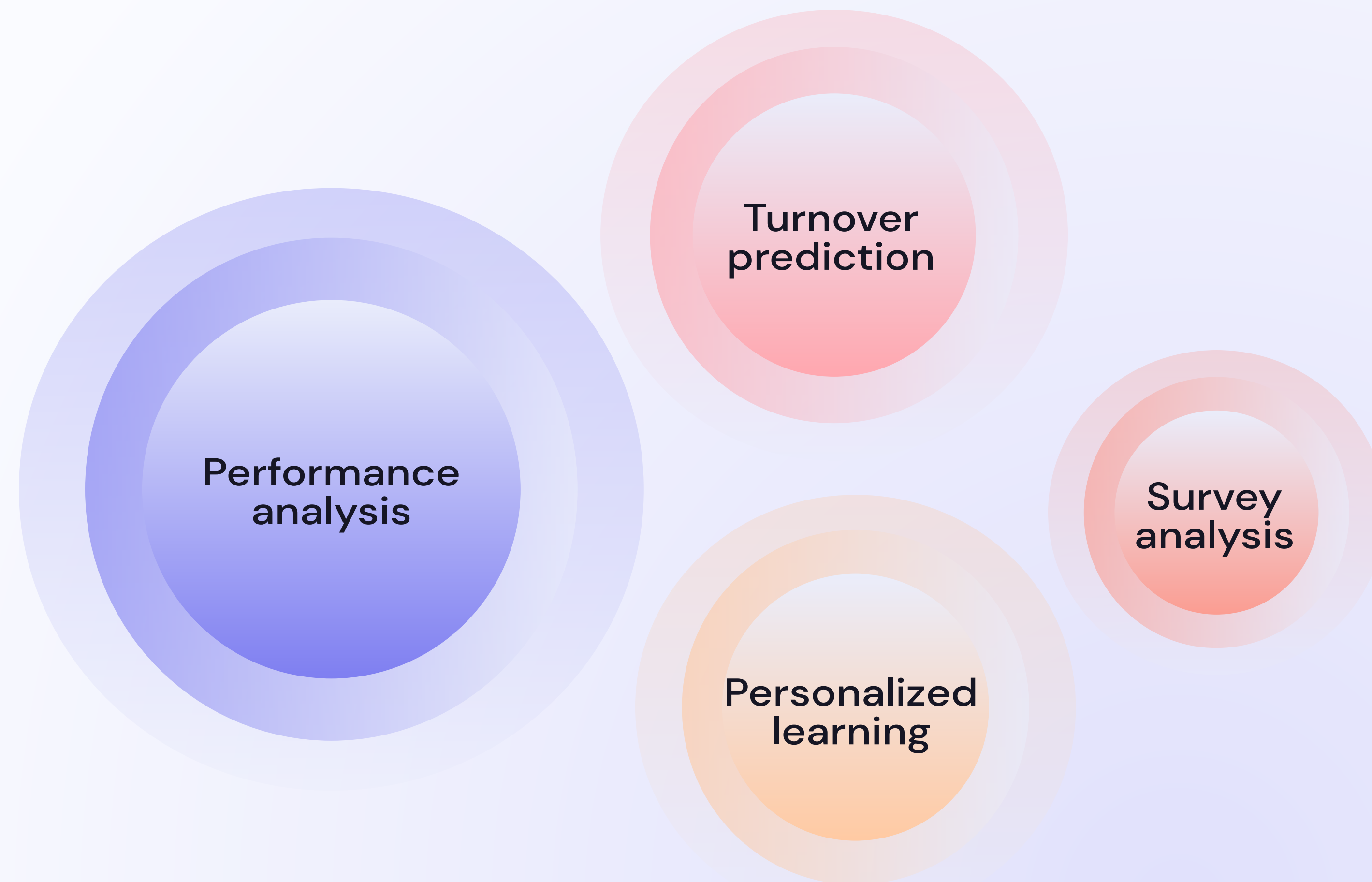
individual contributors in tech and consulting **don't use AI at work**

AI is empowering HR teams to work smarter — not harder

AI takes center stage in reshaping HR strategies: From performance analysis and turnover prediction to personalized learning and survey analysis, AI tools offer valuable insights that help HR leaders make faster, data-driven decisions.

With AI, HR teams can free up time to better engage and develop employees, reduce turnover risks, and drive organizational success.

Top use cases of AI in HR





“HR leaders who embrace AI and automation will lead the next wave of the function’s evolution.

By adopting AI, People leaders will be better prepared to design advanced strategies for employee engagement and organizational success, driving innovation at an unprecedented pace.”

Tracy Avin
Founder of TroopHR

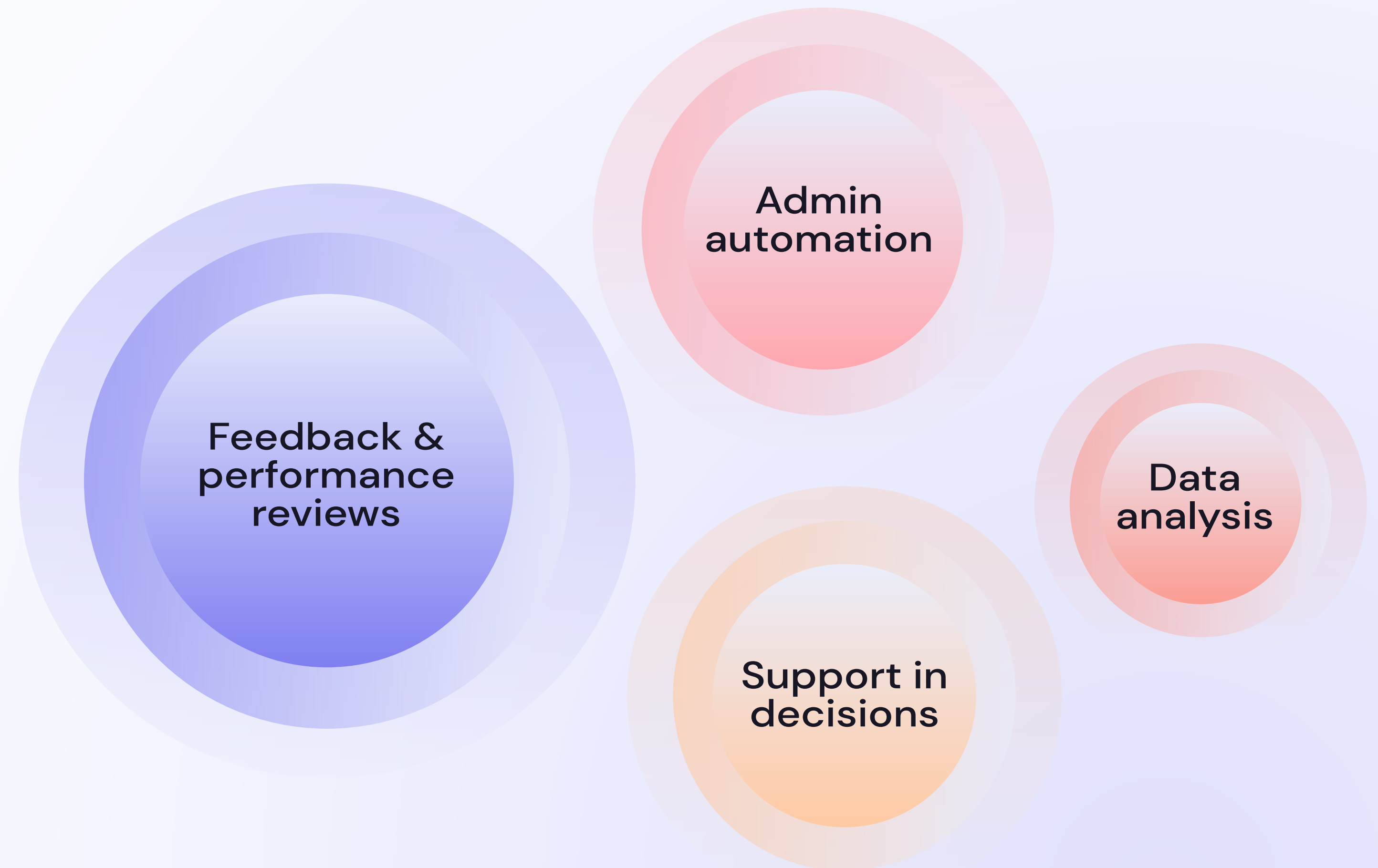


AI empowers leaders to focus on people & performance

AI is helping managers streamline processes, freeing up time for team development and strategic initiatives.

By automating administrative tasks and delivering real-time data insights, AI allows managers to monitor performance, offer feedback, and make faster, better-informed decisions.

Top use cases of AI for managers



There's a mix of *comfort & skepticism* about AI's involvement in people management

Despite confidence in AI's potential to enhance people management, HR leaders and managers express reservations — even among those optimistic about the technology's impact.

> 4 out of 5

HR leaders and managers agree

"I feel **comfortable** with the increasing role of AI in people management processes."

2 in 3

HR leaders and managers agree

"I feel **skeptical** that AI will be used appropriately in people management processes."





“HR never felt like a department that would be drastically impacted by AI. It’s in the name: Human Resources.

However, the past year has demonstrated the rapid advancement of HR technology, with many of my preferred people enablement platforms introducing AI-powered features. These innovations significantly reduce the time spent developing resources or analyzing data, allowing for more data-informed actions.

While the ROI of HR tech is evident in the time saved, there is a misconception that increased investment in technology could reduce the need for HR personnel. AI can do a lot of things, but it cannot replace the essential human element at the core of human resources.

My advice is to embrace AI and HR tech — but to do so thoughtfully. Tread with caution but with an open mind.”

Monica Sarkar
Co-Founder at Purple Umbrella



Future-proofing HR with effective AI & People tech adoption

As organizations face growing pressure to build high-performing teams and retain top talent, leveraging AI and other technologies is critical.

HR leaders need technologies that streamline performance management and employee development while ensuring these tools are fully adopted across the organization.

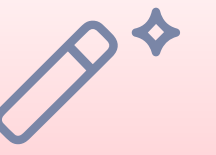
Top five challenges for HR leaders



Building high-performing, productive teams



Employee training & development



Effectively leveraging AI & other technology



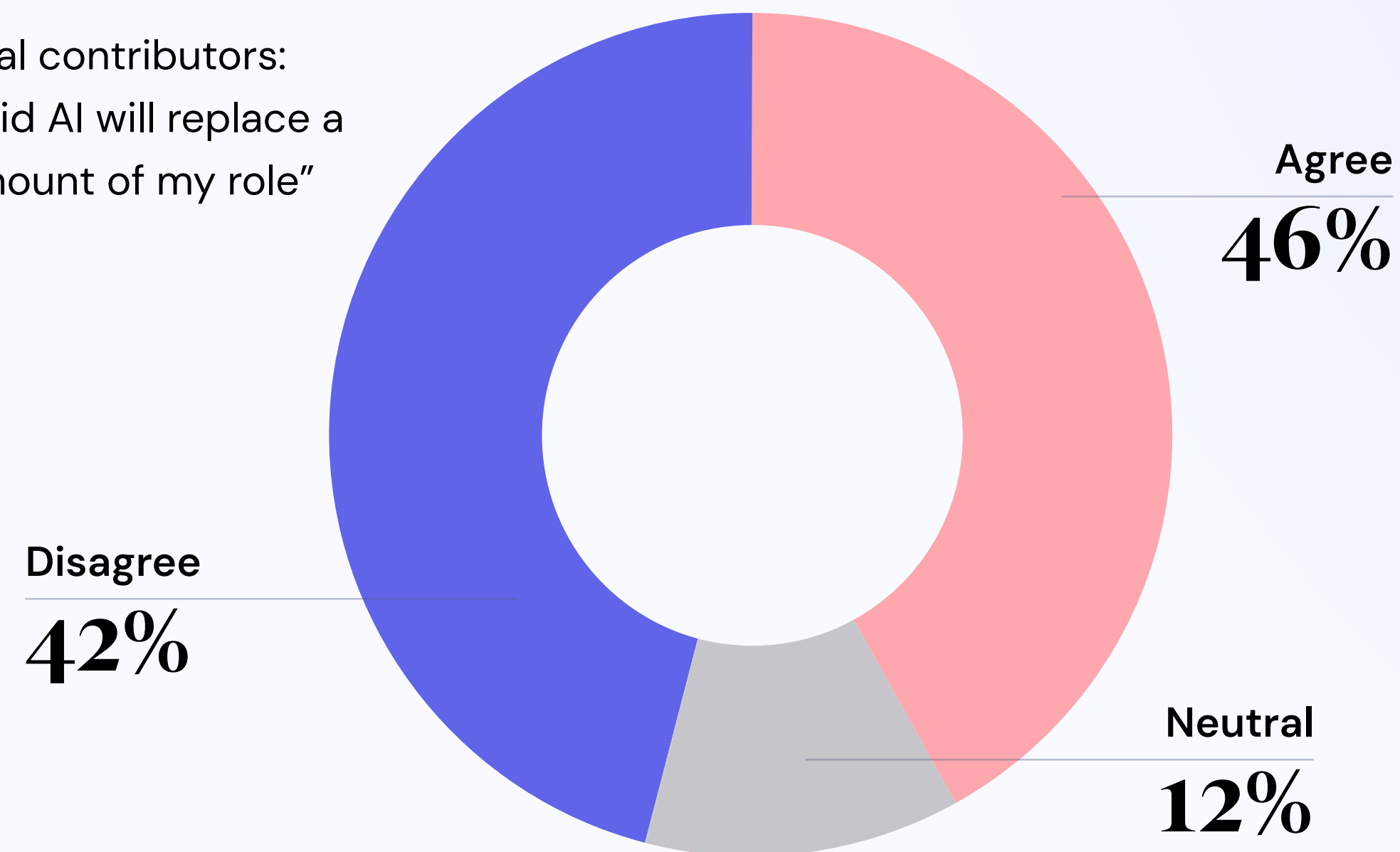
Managing employee performance



Employee engagement & retention

AI fear is real & slowing down employee adoption rates

Individual contributors:
"I'm afraid AI will replace a large amount of my role"



"Job security concerns are creating resistance to AI adoption, with many employees hesitant to embrace technologies they believe could make their roles redundant.

To address this, businesses must actively show how AI complements, rather than replaces, human work. Clear communication about AI's impact on roles and providing reskilling opportunities will help ease concerns and encourage broader adoption across the workforce."

Kajetan Armansperg
Co-Founder & Co-CEO at Leapsome



The good news: AI is the *#1 skill* employees want to learn right now

While some individual contributors (ICs) are wary of AI, many are eager to learn more — indicating a mindset shift when it comes to AI adoption.



41%

ICs report AI as the top skill they want to improve



1 in 3

ICs using AI gained this knowledge through their companies learning platform



“HR technology should enhance efficiency and deliver tangible value to the organization and its people — otherwise, employees won’t use it.

Our primary goal is to educate our people on how HR tech can streamline their work and improve their overall experience.

AI is a game-changing tool, and we must ensure its adoption is both compliant and ethical.”

Polina Skliar
Global HR Strategies &
Systems Manager at Playtech



Navigating what's next

As AI and automation become integral to organizational processes, there's a gap between leadership and employee adoption.



ICs need **clarity** on how their roles will evolve with AI, along with upskilling programs that prepare them for the future of work.



HR leaders can **demonstrate AI's immediate benefits** by showcasing how it simplifies everyday tasks and improves workflow efficiency.



By positioning **AI as a complement to human work** rather than a replacement, businesses can help employees feel empowered and secure amid ongoing tech advancements.



Unlock the potential of AI-powered people management

Explore Leapsome AI to discover how it can automate tasks, provide actionable insights, and drive smarter decisions across your teams.



Take a tour of Leapsome AI



Trend #4

Managers need more support than ever to drive results

Rising workloads are fueling burnout

Workloads have increased for **71%** of managers and **63%** of ICs since last year



6 in 10 managers and 5 in 10 ICs report feeling more overwhelmed than they did a year ago



Over 50% of managers and ICs say their mental well-being has deteriorated over the past year



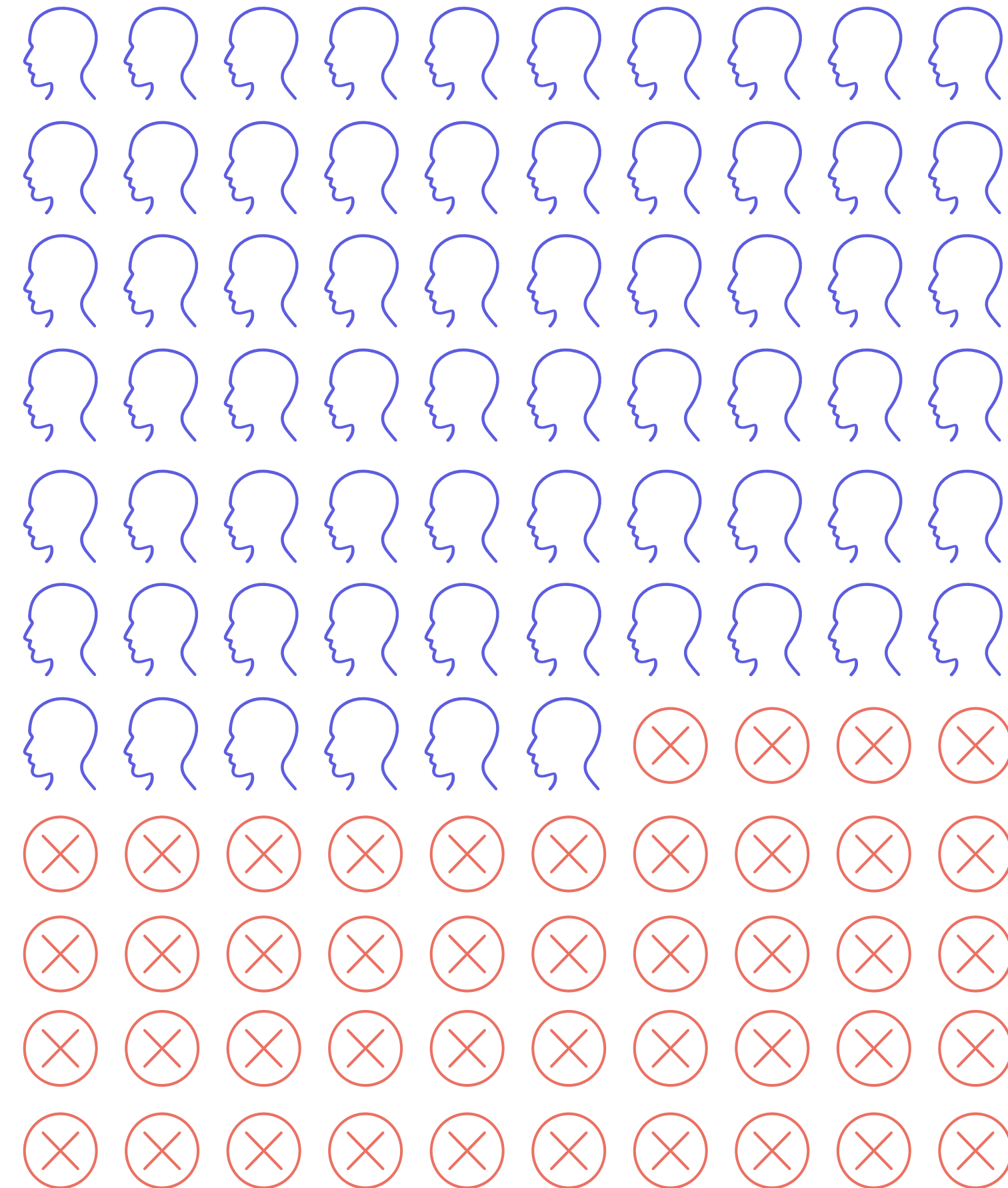
1 in 3 employees want to quit

Voluntary turnover among individual contributors remains a pressing issue — but knowing this also offers HR leaders a chance to take proactive steps.

By focusing on retention and engagement strategies, HR teams can foster a culture of retention. Offering career growth opportunities, flexible work arrangements, and robust support systems can play a critical role in keeping top talent engaged and motivated.

66%
want to stay

34%
want to leave

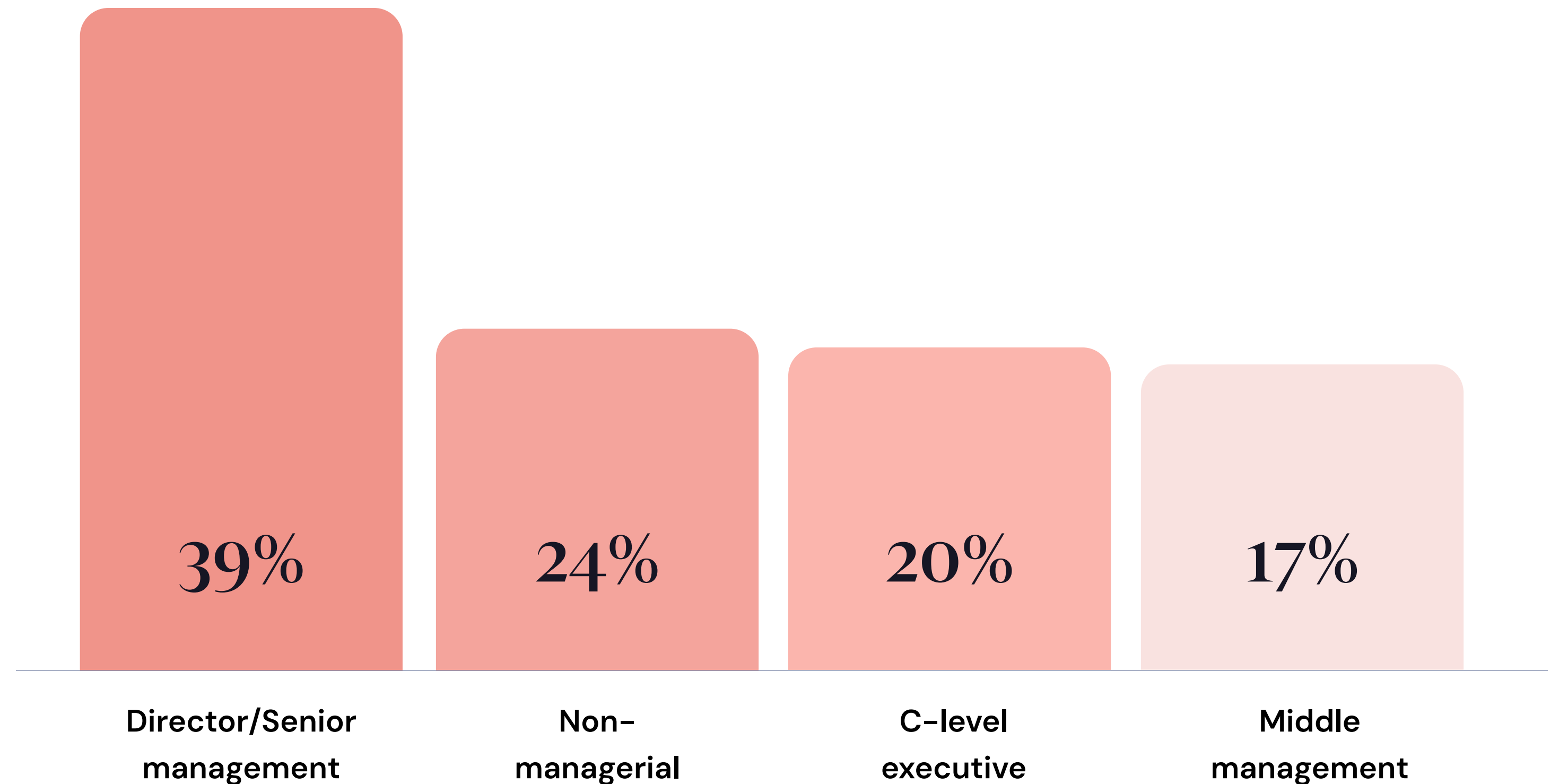


Layoffs at the top are leaving middle managers to fill the *leadership gap*

While many employees are choosing to leave on their own, companies are also facing the need to downsize. Layoffs at higher levels are becoming more frequent, creating significant leadership gaps.

As a result, middle managers and the remaining senior leaders are being called upon to step up and fill these roles, adding pressure to an already demanding environment.

Job level most affected by layoffs*



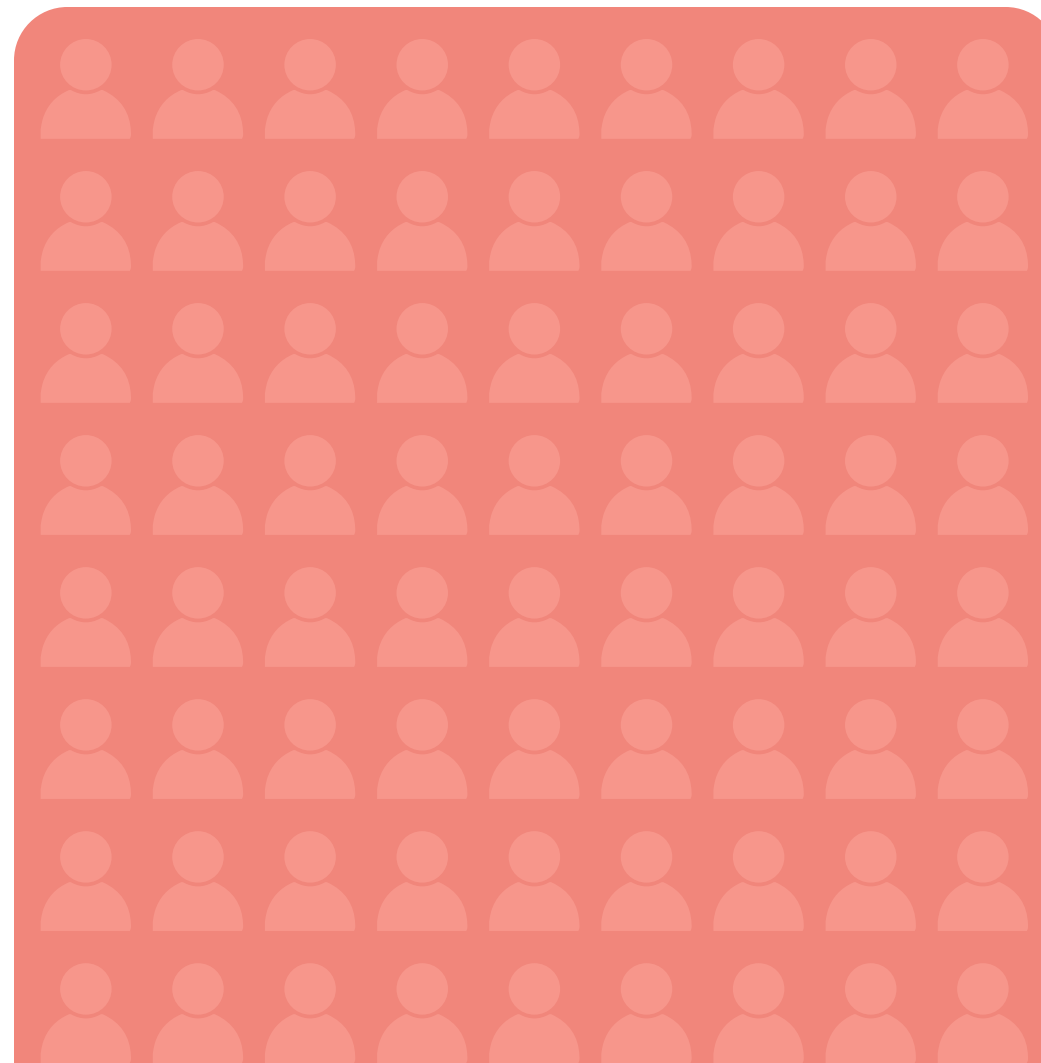
*as reported by HR leaders

More direct reports, more pressure: managers are *stretched thin*

Layoffs and hiring freezes have left many managers overseeing larger teams and shouldering heavier workloads.

This increased strain makes it challenging for them to offer the support and guidance their teams need to thrive.

Number of direct reports per manager vs. last year



61%
increased

Number of direct reports per upper-level manager vs. last year



81%
increased

The 4 main *challenges* of an increasingly dispersed workforce

Supporting work-life balance...

when home becomes the office



Monitoring performance & productivity...

when your team's only visible on a screen



Promoting employee well-being...

when personal connections are digital



Ensuring alignment & collaboration...

when meetings happen in virtual rooms



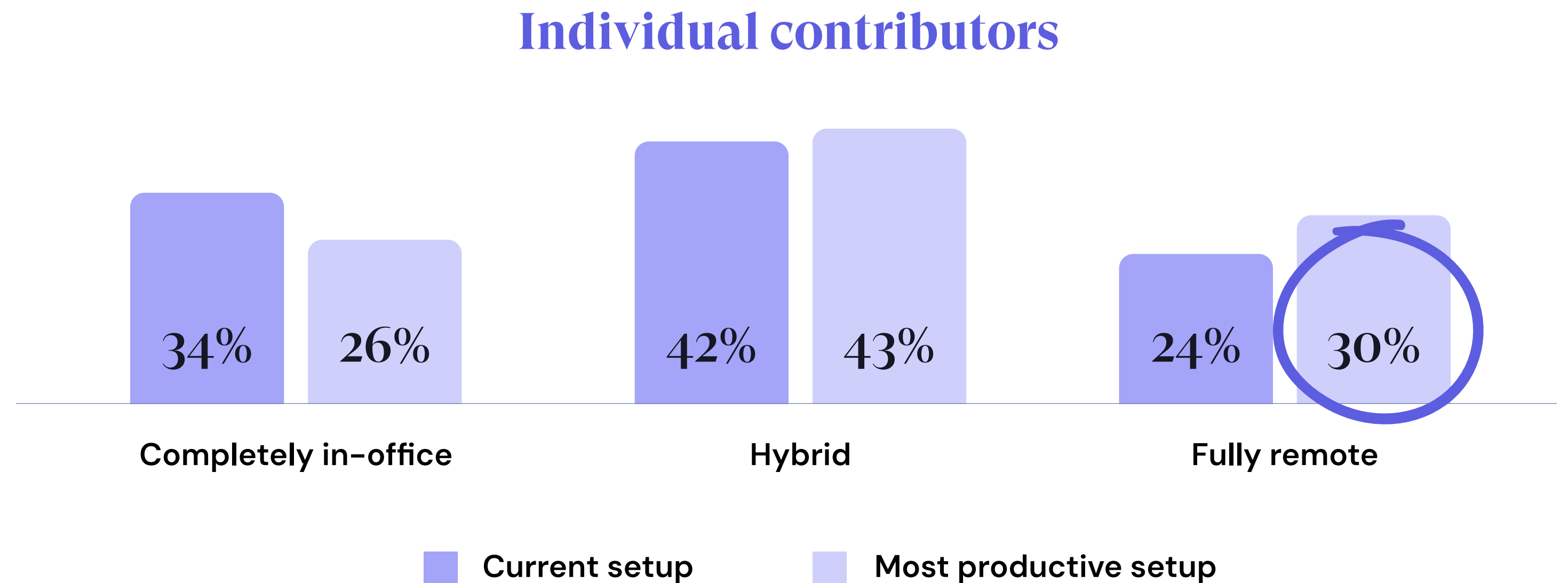
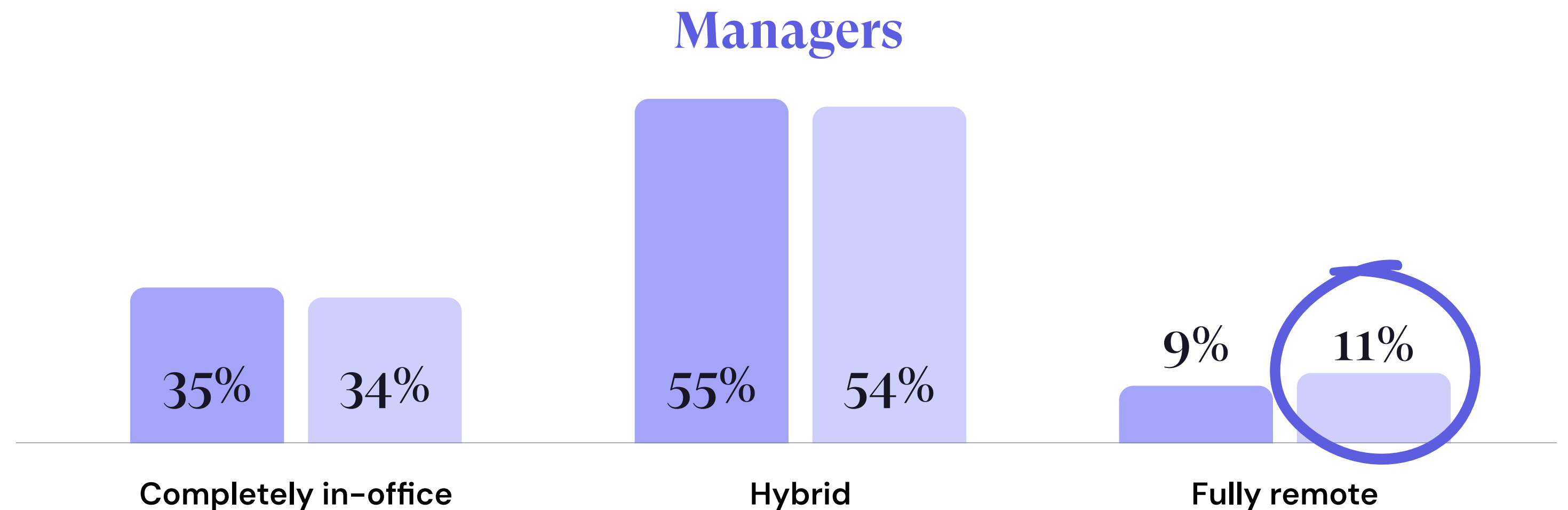
The right technology setup is key to overcoming these challenges

Managers & ICs are on *different sides* of the remote vs. in-office debate

Managers often lean toward in-office or hybrid work, finding it difficult to maintain team cohesion in virtual environments.

In contrast, many individual contributors prefer fully remote setups for the focus and autonomy they offer.

This divide may stem from generational differences, with managers appreciating the structure and dynamics of the pre-pandemic office.





“In a world where we all have to do more with less, effective leadership goes beyond basic task management. It is about cultivating meaningful connections, fostering collaboration, and nurturing talent.

By understanding each team member’s unique needs and creating an inclusive environment, leaders can empower their teams to innovate and adapt, achieving more with less effort.

Prioritizing open communication and continuous learning allows us to thrive in a constantly changing world, proving that true leadership lies in doing less while maximizing impact.”

Jill Katz

Founder & Chief Candor, Courage and Care™
Officer at Assemble HR



Three ways managers can empower employees to succeed right now

Support needed to boost productivity and well-being — according to ICs

1. Training & development

Custom-tailored by managers to foster growth and unlock potential

2. Flexible working arrangements

An environment where managers blend flexibility with efficiency to support work-life balance

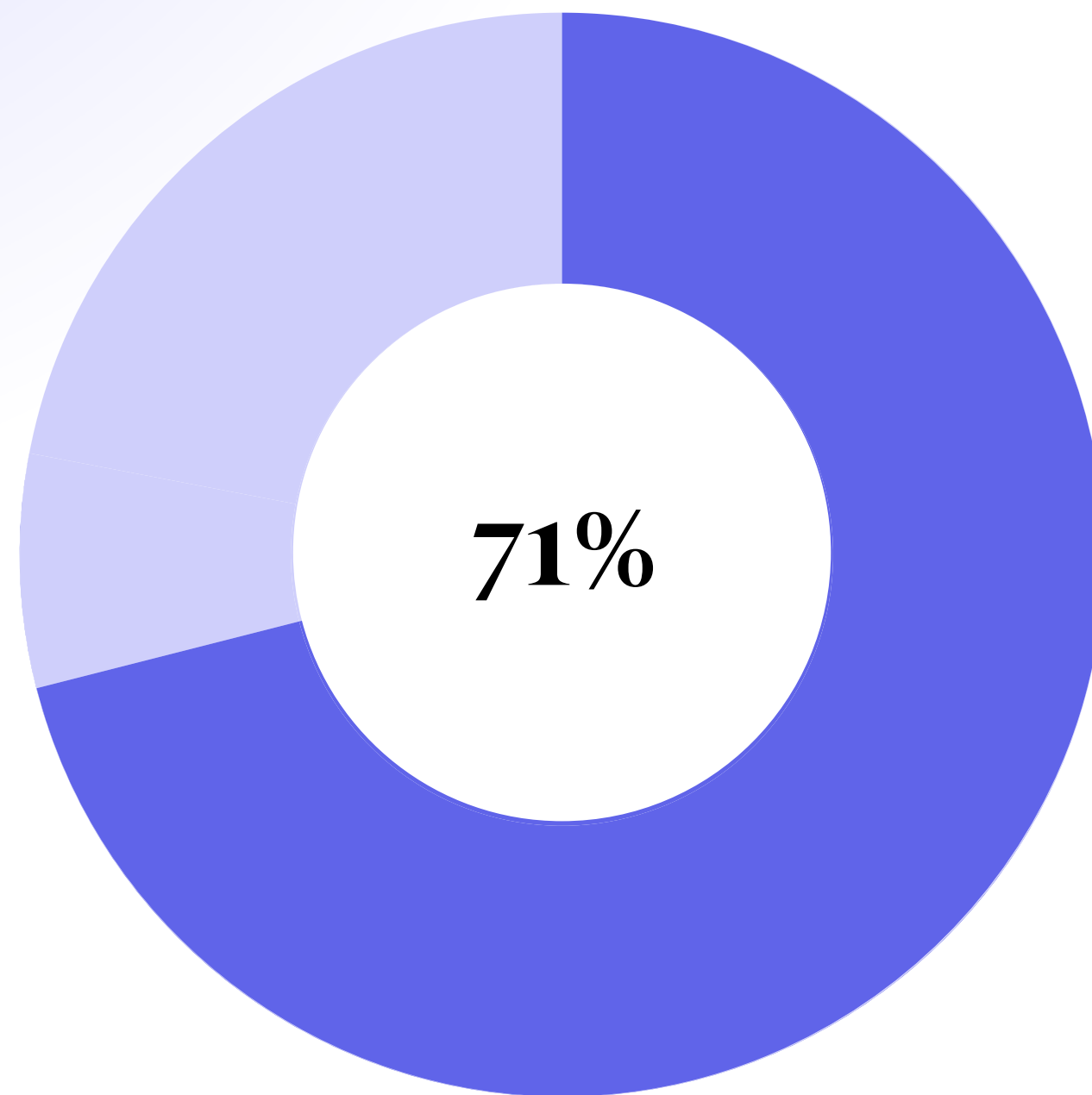
3. Actionable feedback & performance reviews

Delivered by engaged, well-trained managers for continuous improvement



Managers

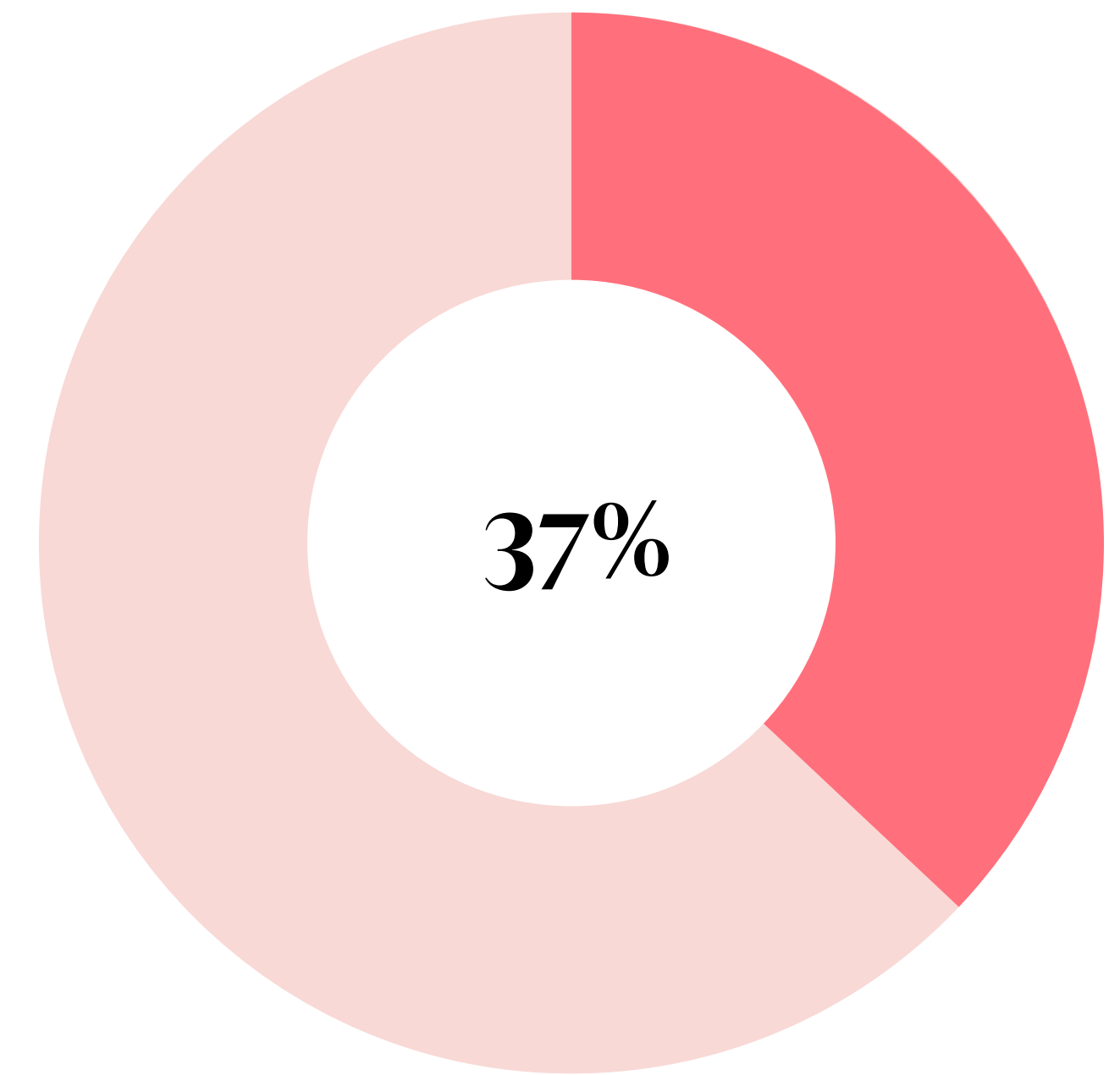
Gave constructive feedback since last week



**Mind the
*feedback gap***

ICs

Received constructive feedback from manager since last week



There's a disconnect between ICs & managers on the delivery of feedback

While 7 out of 10 managers believe they have provided constructive feedback since the past week, only 37% of individual contributors (ICs) agree.

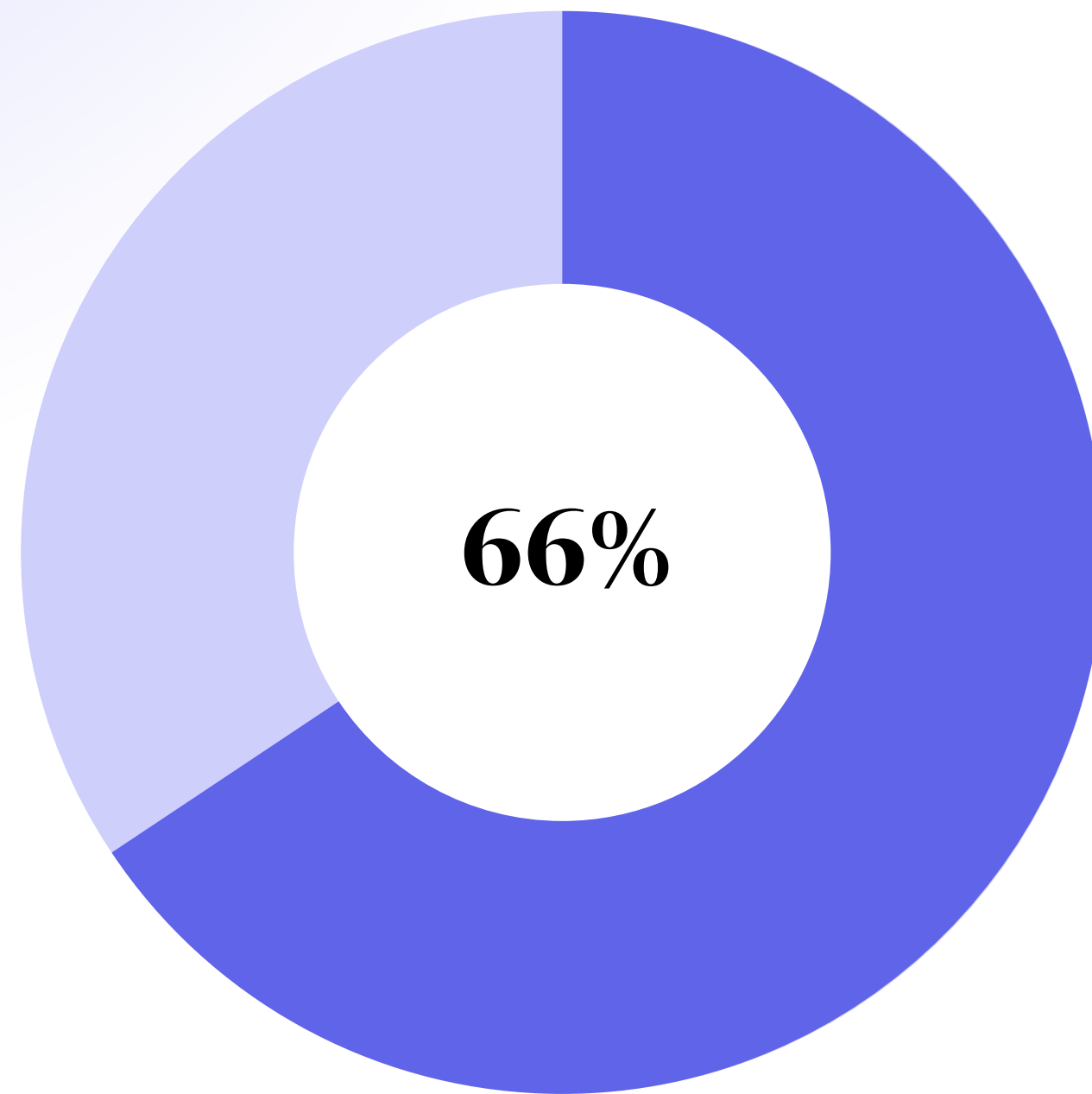
Constructive feedback is essential for boosting employee performance — and 8 out of 10 employees say that it enhances their productivity.

However, to meet IC's calls for more feedback, managers may need training and tooling support.



Managers

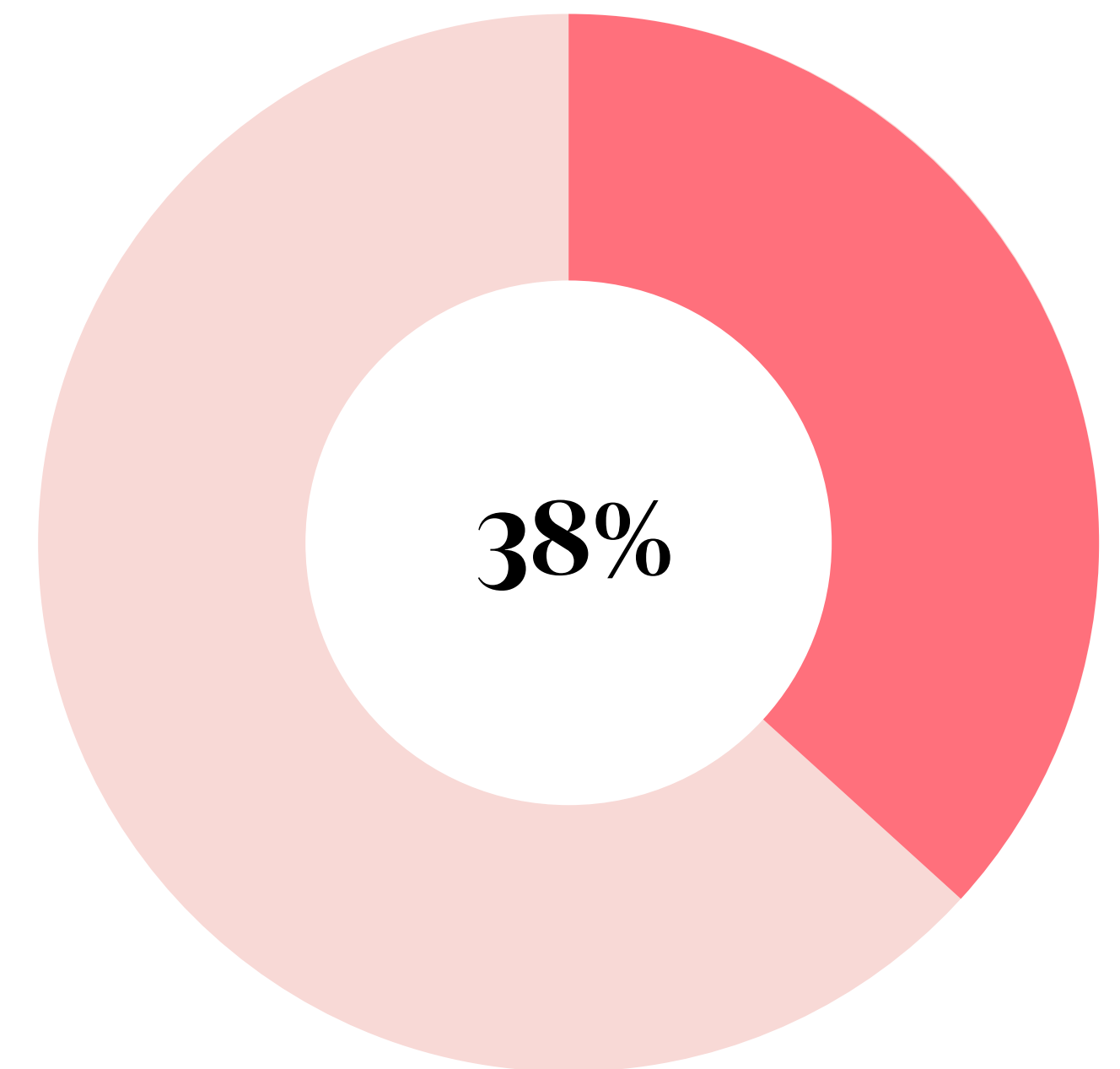
Gave recognition or praise at work since last week



Recognition is
off track

ICs

Received recognition or praise from manager since last week

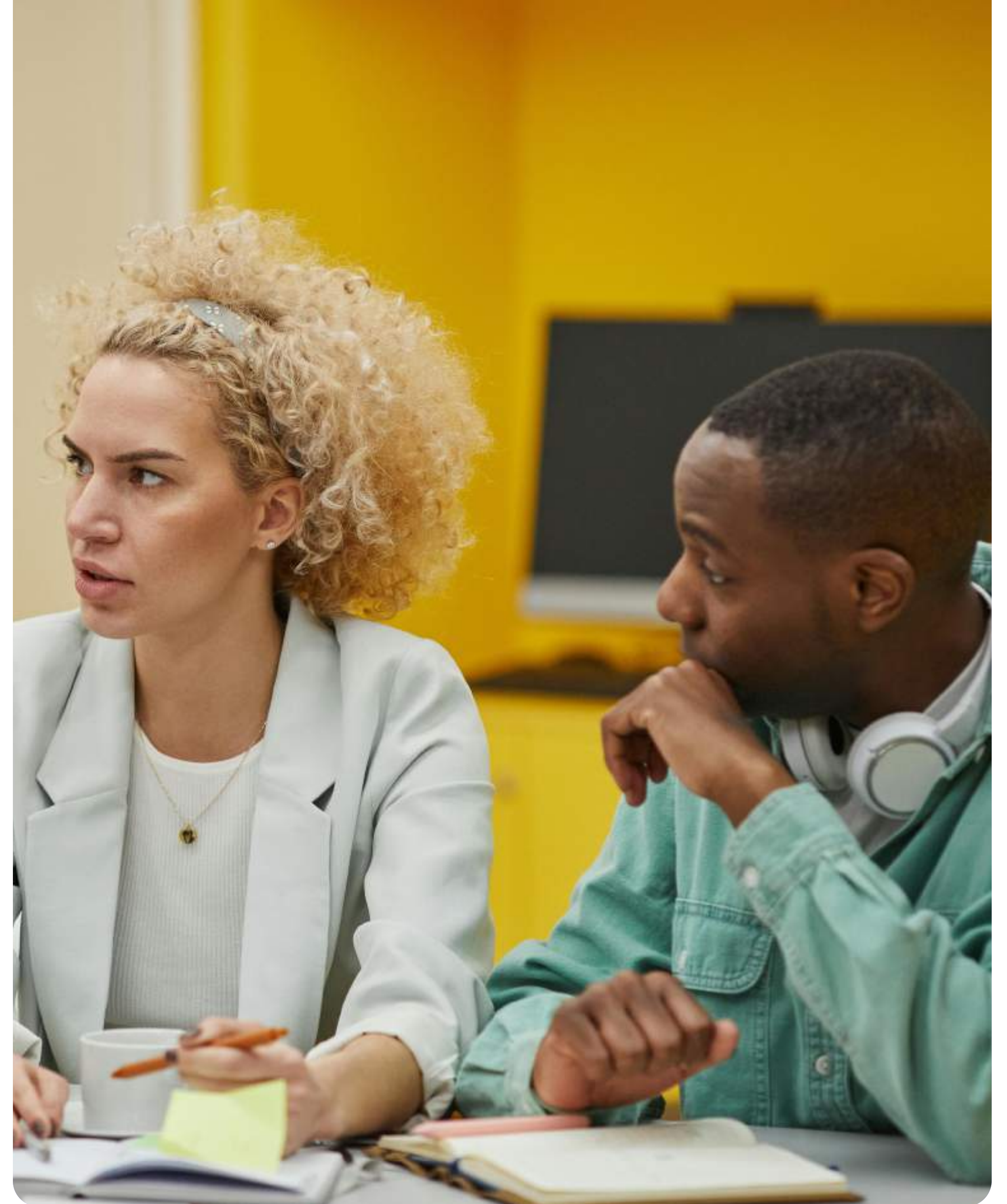


Managers think they're praising — *but employees don't feel recognized*

The disconnect between managers and ICs extends to recognition. While 2 in 3 managers say they gave praise since the past week, only 38% of employees recall receiving any.

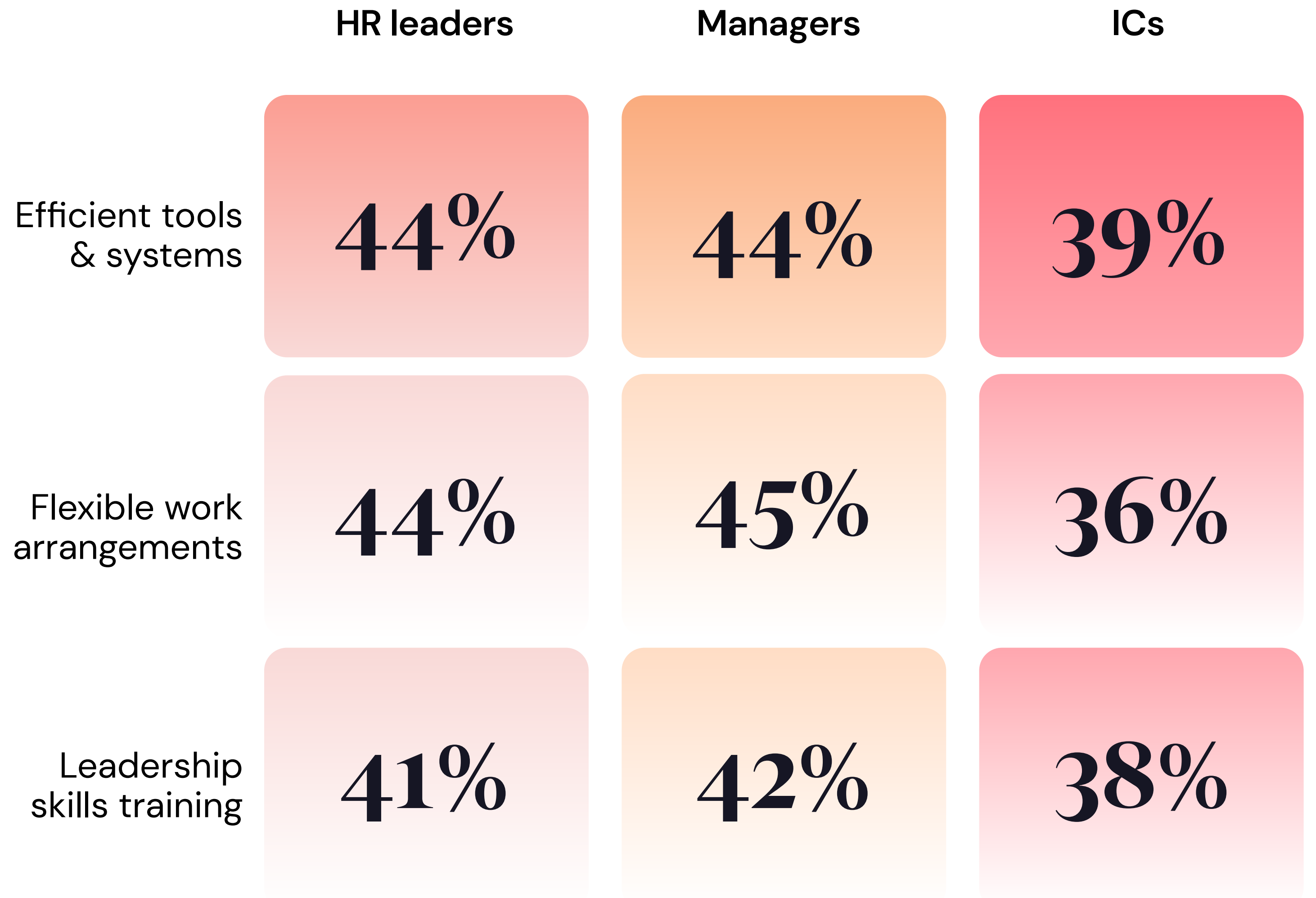
This suggests that employees are more likely to remember criticism than positive feedback. To ensure praise resonates, managers must prioritize recognition — ideally linking it to specific achievements or behaviors they want to reinforce.

Making recognition a regular and meaningful part of workplace culture can bridge the gap between managers' intentions and ICs' perceptions. This can lead to higher engagement, productivity, and job satisfaction.



What managers *need* to succeed

HR, managers & Individual contributors agree on top requirements for productivity and well-being





“Managers are the key to unlocking employee happiness in remote teams. As an advisor to Series A–C companies, investing in manager development is always one of our top priorities.

If you’re not already thinking about your plan for manager development in 2025, it’s time to add that to your list. **Investing in managers is critical for distributed organizations to combat issues with retention, burnout, and workplace conflict.**

To build high-performing, highly connected teams, you need managers who set clear goals, build trust, communicate effectively, provide feedback in a remote environment, and lean into difficult conversations.”

Shelby Wolpa
HR Advisor to Series A–C
Startups & Scaleups



Navigating what's next

As workloads increase and hybrid or remote work becomes the norm, managers play a fundamental role in supporting employee well-being and productivity.



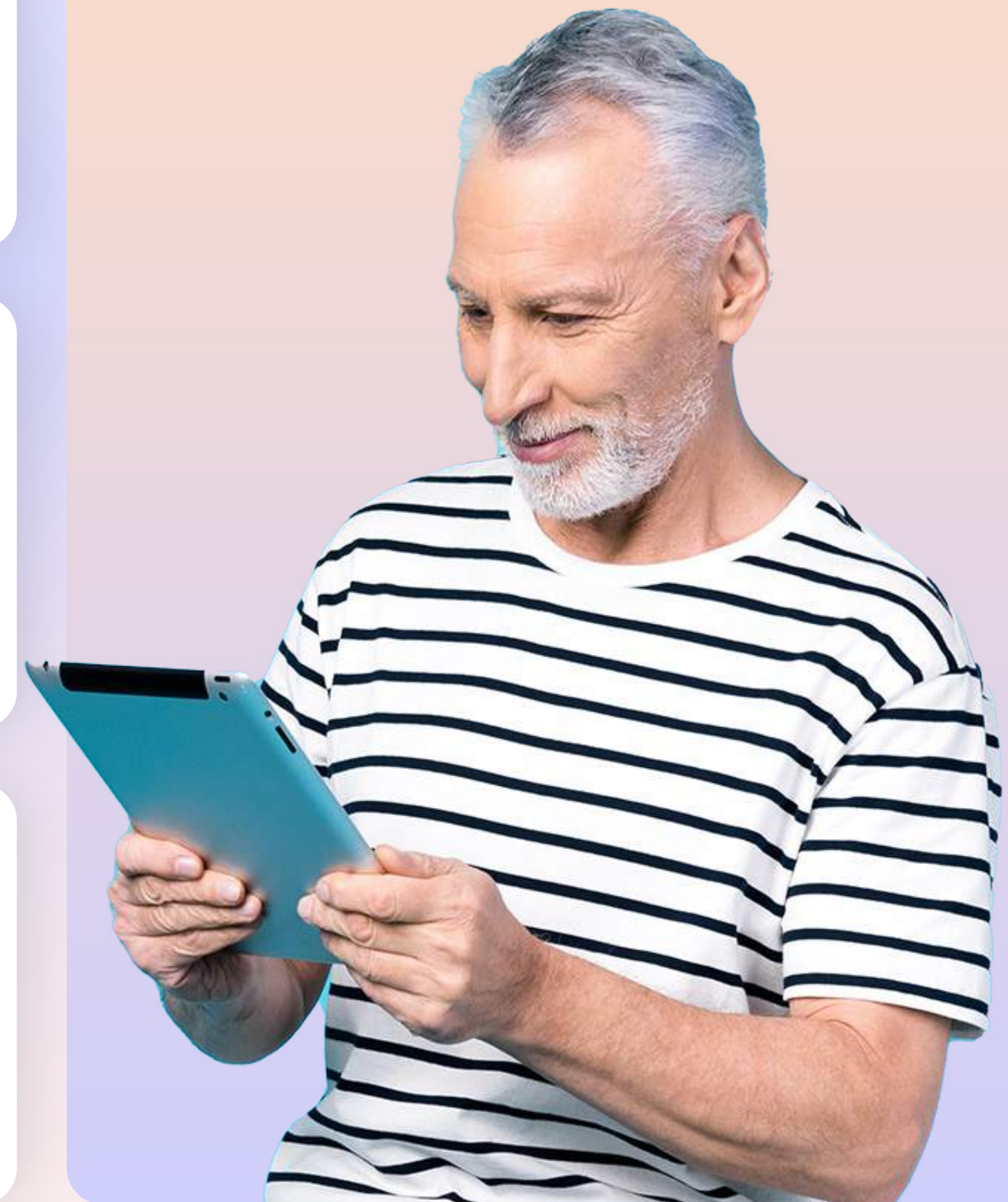
The growing sense of overwhelm and declining mental well-being signal that **organizations must act quickly** — and managers need the right resources to guide their teams.



Effective communication, better tools for tracking performance and well-being, and more flexible work policies allow managers to **alleviate burnout** and keep their teams engaged.



With the right technology, managers can boost productivity, strengthen team collaboration, and ensure employees thrive — no matter where they work.



Give managers what they need to boost impact with Leapsome's Instant Feedback tool

Foster a culture of regular, meaningful feedback, where managers celebrate achievements and support team growth. Create an environment where everyone feels valued and appreciated.



Explore Instant Feedback



Conclusion &

recommendations

From pressure to progress: a summary of *key insights at a glance*

1. Economic pressures are straining HR teams and businesses

Layoffs, budget cuts, and hiring freezes are hitting HR leaders hard, forcing organizations to balance productivity with fewer resources. Almost half of People teams face budget constraints, and two in five have downsized.

2. Rising demands on managers highlight need for support

As layoffs increase workloads, managers are facing unprecedented challenges. Equipping them with the right tools and insights is essential to fostering resilient, productive teams.

3. AI is reshaping leadership effectiveness

HR leaders and managers are using AI to streamline workflows and make faster, data-driven decisions. However, individual contributors lag behind in adoption, highlighting the need for targeted training to unlock AI's full potential.

4. HR tool consolidation is critical

With 85% of HR leaders facing pressure to reduce costs, consolidating tech stacks with user-friendly, all-in-one platforms is essential for boosting efficiency and safeguarding data integrity.

5. Feedback gaps are hindering productivity

Despite employees calling for more feedback, managers often overestimate how much input they provide. Closing this feedback gap is key to enhancing engagement and driving higher performance.

Looking forward: *driving innovation* in HR leadership

As the HR landscape evolves under economic pressures, shifting workforce dynamics, and rapid technological advancements, People leaders must be agile and proactive.

1. Embrace AI and automation to expand potential

AI will continue to play a vital role in streamlining HR processes and reducing workloads. HR leaders should prioritize investing in AI tools and training to harness AI's potential.

2. Prioritize HR tool consolidation for greater efficiency

Simplifying tech stacks with all-in-one platforms will raise productivity, improve data accuracy, and reduce costs — key elements in achieving operational success.

3. Empower managers to build resilient teams

As managers take on heavier workloads and more direct reports, leadership training and well-being support will be crucial for reducing burnout and enhancing team performance.

4. Close the feedback gap to boost engagement

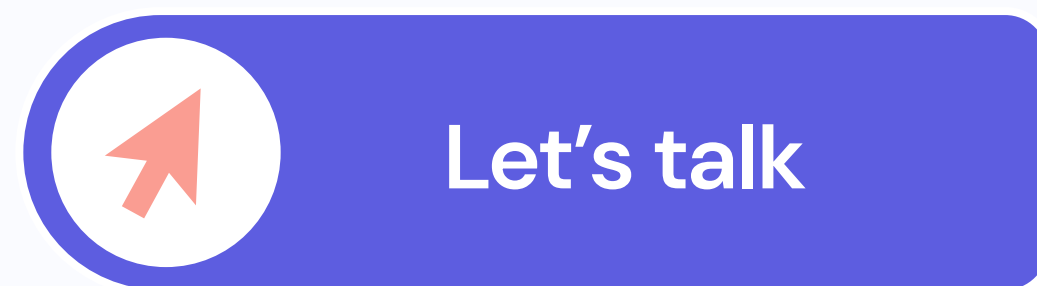
Encourage managers to deliver frequent, actionable feedback that fosters employee development and higher productivity.

5. Focus on upskilling to future-proof the workforce

As new technologies reshape the workplace, upskilling individual contributors will be key to ensuring long-term success in a tech-driven environment.

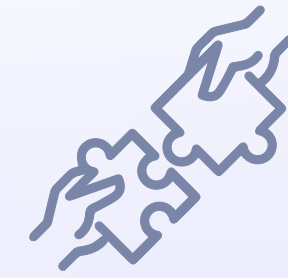
Chat with a Leapsome expert to explore how we can optimize your People processes

Discover our AI-powered platform for HR excellence. From HRIS to people enablement, we've got the tools to support your entire employee lifecycle.



Methodology

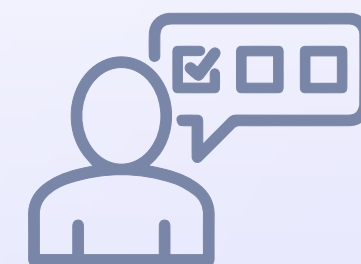
How we conducted *the research:*



Leapsome partnered with Opinium to conduct a **15-minute online survey** targeting professionals from companies with 50 to 2,500 employees.



These companies operate in the technology/IT and professional services/consulting sectors across the **USA, United Kingdom, and Germany.**



Survey responses were collected **between July 31 and August 20, 2024**, capturing timely insights during a period of significant technological change and shifting workforce dynamics.



This research aims to provide HR leaders and company executives with valuable data on how to navigate these changes, particularly in areas like **People leadership, business impact, and technology integration.**

Sampling & respondent profiles

Respondent profiles

Sample sizes

HR leaders			
▶ Directors/senior management or above		Total	n=861
▶ Working within HR or directly contributing to senior management decisions on HR/People-related tools, processes, and policies			n=500
			n=261
			n=100
▶ Working 30 or more hours per week			
Managers			
▶ Non-HR professionals		Total	n=1,583
▶ At least one direct report			n=1,042
			n=317
			n=224
▶ Working 30 or more hours per week			
Individual contributors (ICs)			
▶ Non-HR professionals		Total	n=327
▶ No direct reports			n=168
			n=83
			n=76
▶ Working 30 or more hours per week			