

Global Talent Trends 2025 Highlights

Risks & opportunities for HR leaders in Europe

Based on inputs from 1,892 HR Leaders, including 421 in Europe
Survey data collection in October 2024
A companion to the 2024-2025 Global Talent Trends Study report

Global Talent Trends 2025: HR leader pulse survey

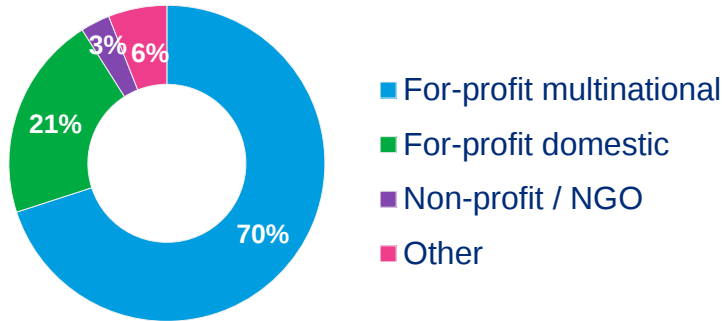
Total responses from Europe = 421

Countries include:, Belgium, Bulgaria, Croatia, Czech Republic, DACH, Denmark, Finland, France, Greece, Hungary, Ireland, Israel, Italy, Lithuania, Netherlands, Norway, Portugal, Serbia, Slovenia, Spain, Sweden, Türkiye, UK

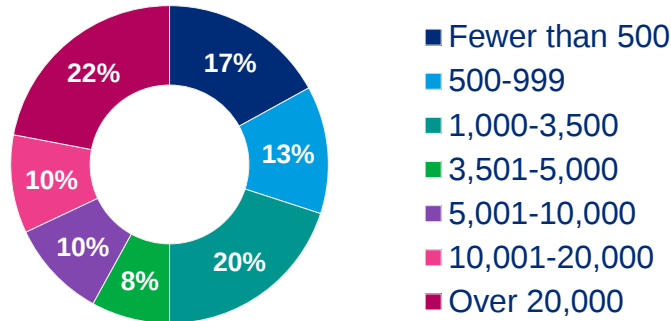
Mercer’s 2024 Global Talent Trends study identified four key trends based on input from 12,000+ business executives, HR leaders, and employees across 17 geographies and 16 industries.

This 2025 pulse report provides an update on how organizations are making progress against these trends.

Org type

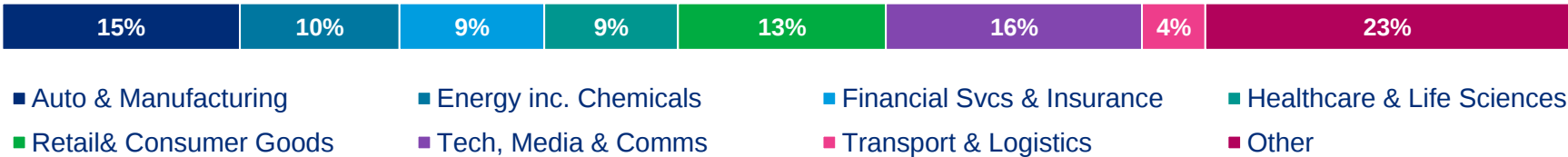


Org size (total # of employees)



Industry sector

Includes industries with 36+ respondents



Invest for impact: Risks & opportunities in Europe

Societal dynamics are reshaping organizational structures, economic volatility has led to job uncertainty/stagnancy, and AI continues to advance at an astonishing pace. The challenge for 2025: Take advantage of this moment to build more agile & sustainable People practices that enhance the quality of growth.

Talent shortages are impacting key organizational metrics



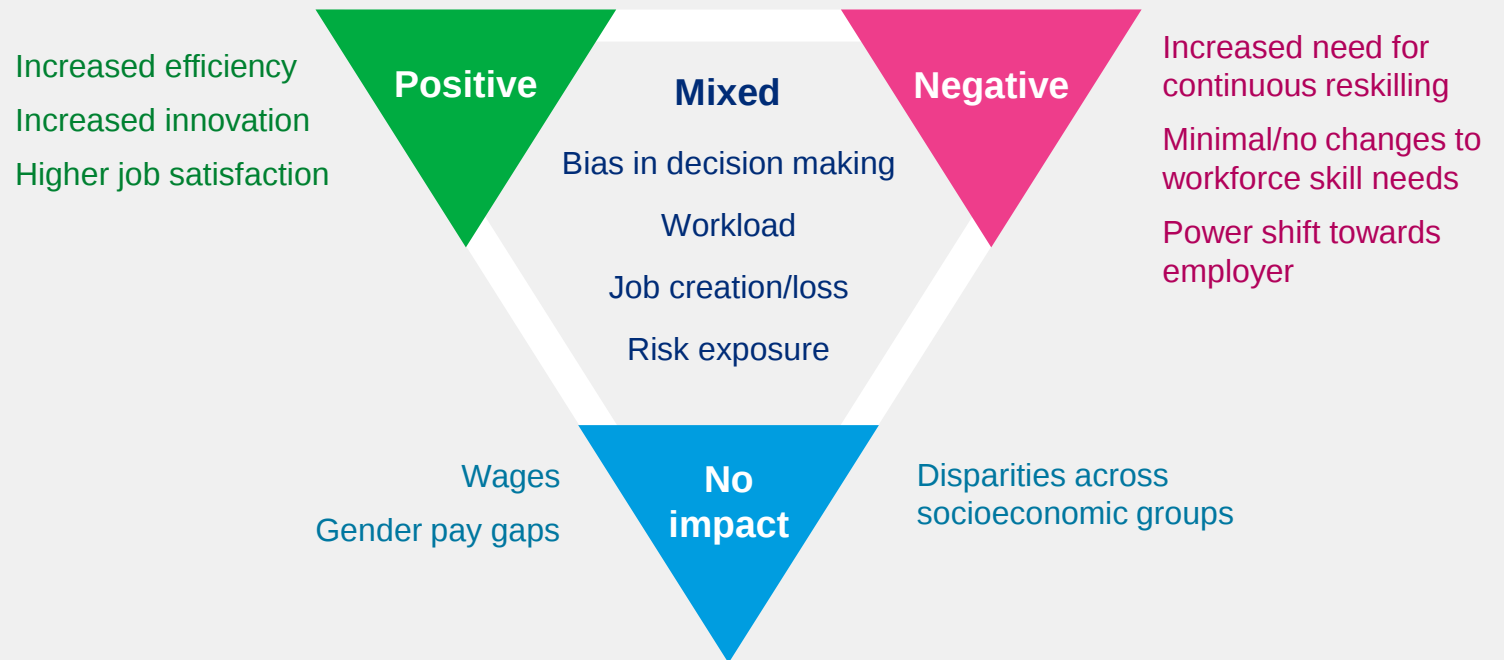
1 in 3 organizations report that **difficulty filling open positions** has had an impact on their business

What has been the impact of not being able to fill open positions? (Top 3)

- 1 Increased recruiting costs
- 2 Increased compensation costs: paying a premium to attract talent with key skills
- 3 Increased employee burnout risk (of understaffed teams)

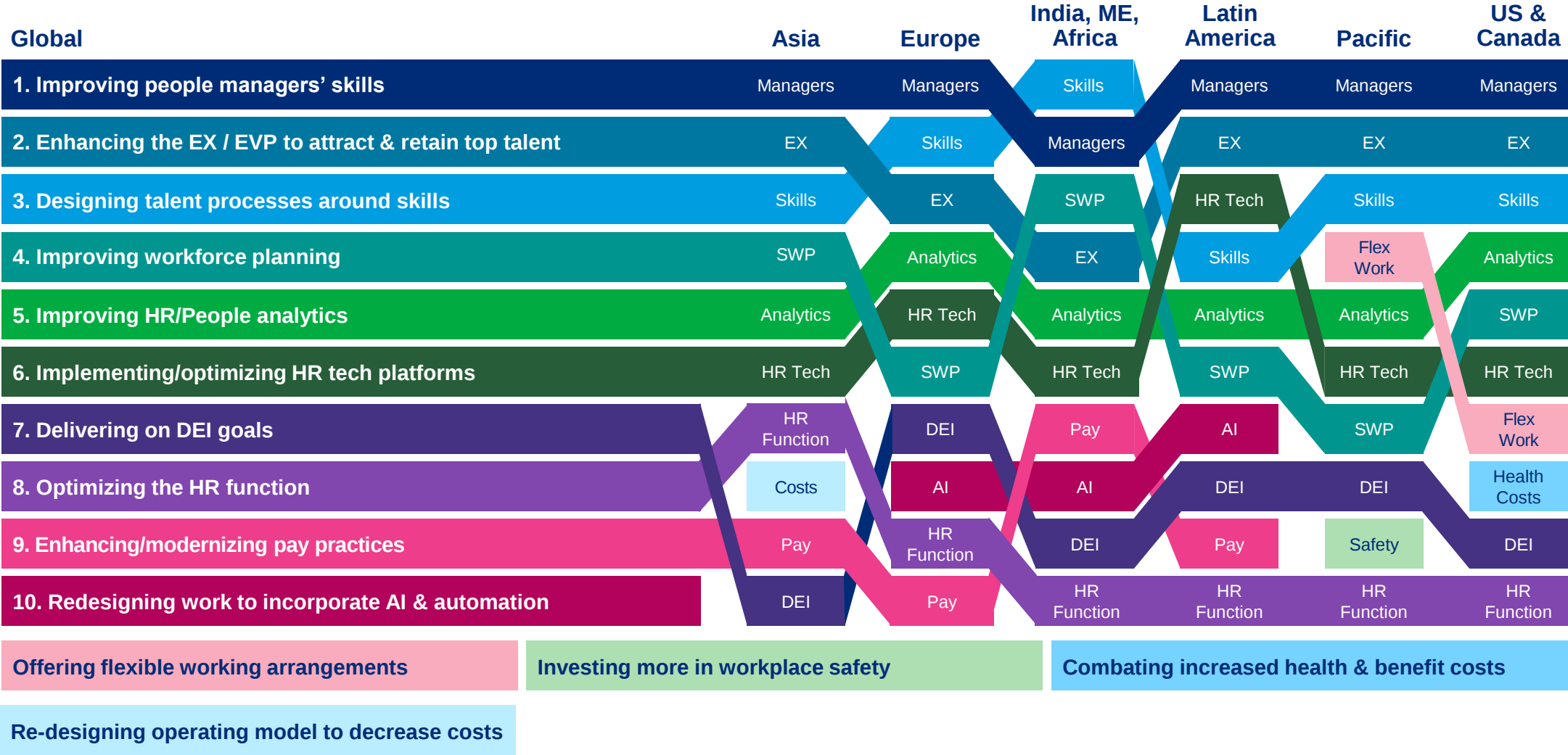
Has generative AI delivered on its promise?

Despite its transformative potential, only 43% of organizations are regularly using generative AI. 8% of HR leaders at those companies say that AI has led to a fundamental shift in their business model.

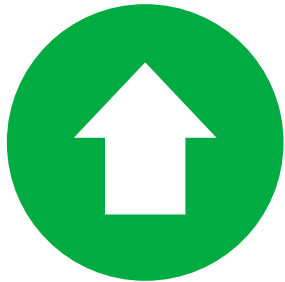


2025 priorities for HR leaders vary by geography

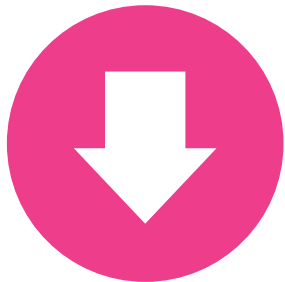
Which of the following are priorities for your 2025 People agenda? [Top ten results]



How have priorities changed for HR leaders in the past year?



Higher priority this year	2024	2025
Designing talent processes around skills	#8	#2
Improving people managers' skills	#10	#1
Rolling out new HR technology or optimizing our existing platforms	#15	#5



Lower priority this year	2024	2025
Investing more in benefits to improve physical/mental health	#3	#18
Investing more in benefits related to retirement savings and financial well-being	#7	#21
Improving our sustainability accountability, metrics, and reporting	#9	#14
Combating increased health and benefit costs	#11	#20

A critical question for HR this year:
Where should we *invest for impact*?

Top 10 priorities

For HR leaders in Europe

- 1 Improving people managers' skills
- 2 Designing talent processes around skills
- 3 Enhancing the EX / EVP to attract and retain top talent
- 4 Improving HR/People analytics capabilities
- 5 Rolling out new HR technology or optimizing existing platforms
- 6 Improving workforce planning to inform buy/build/borrow strategies
- 7 Delivering on DEI goals, including pay transparency and pay equity
- 8 Redesigning work to incorporate AI and automation
- 9 Optimizing the operating / service delivery model of the HR function
- 10 Enhancing or modernizing pay practices

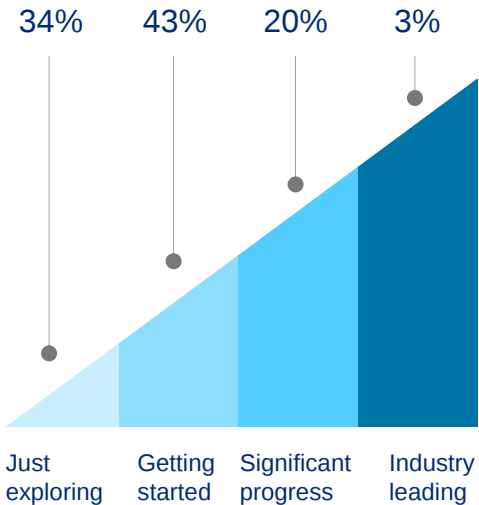
How are companies in Europe unlocking human potential in a machine-augmented world?

Workforce 2.0: Four trends that are shaping the People agenda



Drive
human-centric
productivity

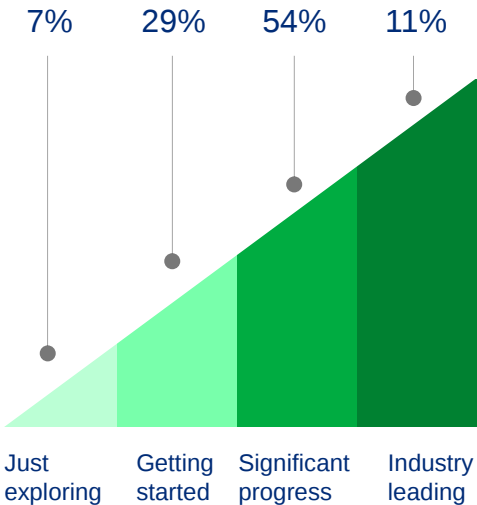
Solving the productivity equation with AI, assessment and work design





Anchor
to trust
& equity

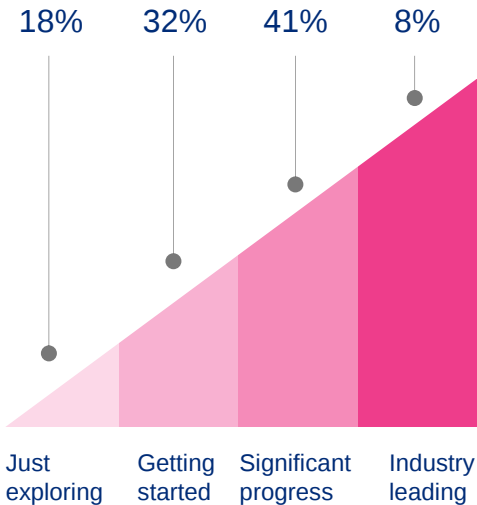
Fostering a climate of trust through fair pay, equity, and inclusion





Boost
the corporate
immune system

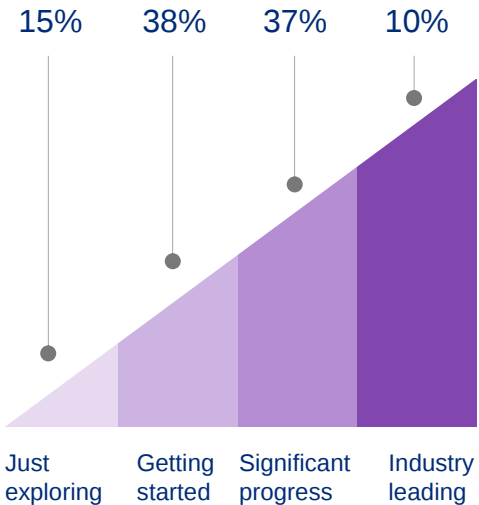
Building resilient cultures with teams that are risk aware and healthy at the core





Cultivate
a digital-first
culture

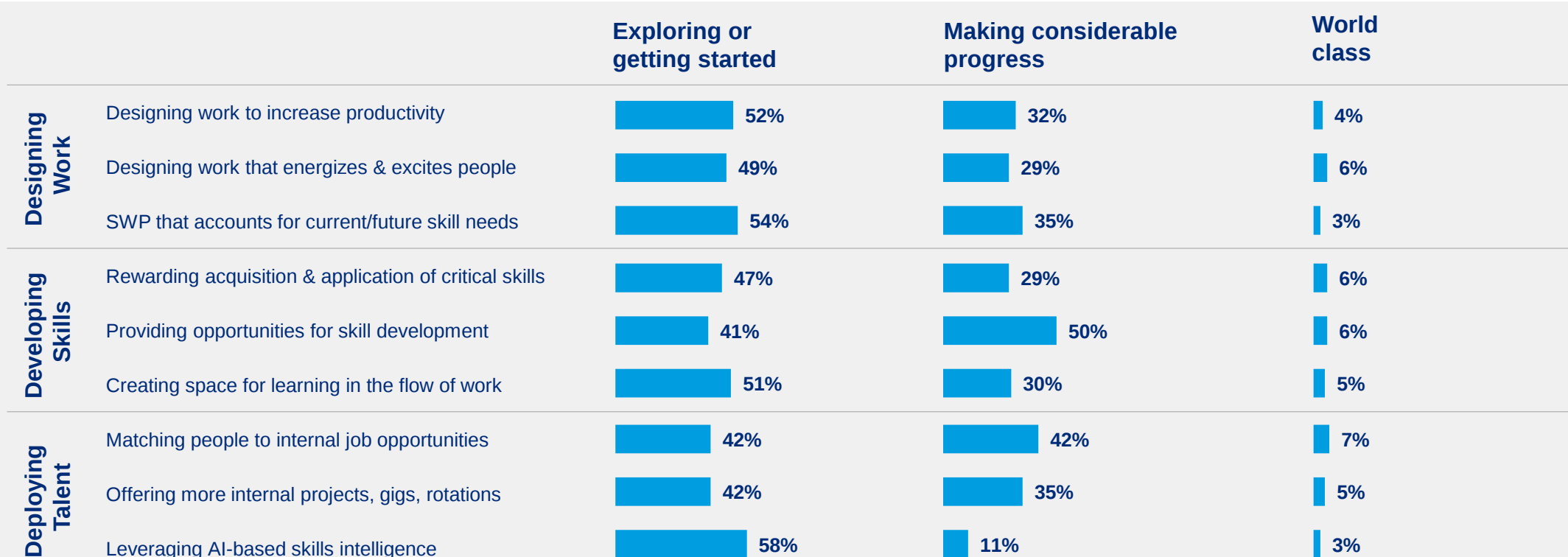
Designing an adaptive, digitally fluent organization where people can thrive



Excludes 'not a focus for us' responses

Companies in Europe are leaning into skills & insights to drive human-centric productivity

To remain competitive in an ever-changing world, organizations need to be great at three things: Designing Work, Developing Skills, and Deploying Talent. Many are strengthening their skills foundation (job architecture, skills taxonomies, etc) to accelerate and scale, and **59% are focusing on redesigning the work itself**.



Not included in the above data: "Not a focus for us"

Companies in Europe are leaning into skills & insights to drive human-centric productivity

Leading on skills pays off. Of those that are further ahead on the journey to becoming a skills-powered organization, **88% have already seen a positive impact.**

The upside of a skills-powered organization



40% or more have seen the following benefits:

1. Better sharing of talent across departments
2. More relevant employee development experiences
3. Increased employee engagement
4. Faster talent deployment
5. Improved skills transparency

Using talent foresight for real business advantage

72% of organizations that use psychometric assessments report making better hiring decisions.



Which skills differentiate great leaders?

#1 Promoting a culture of trust & transparency

#2 Driving innovation

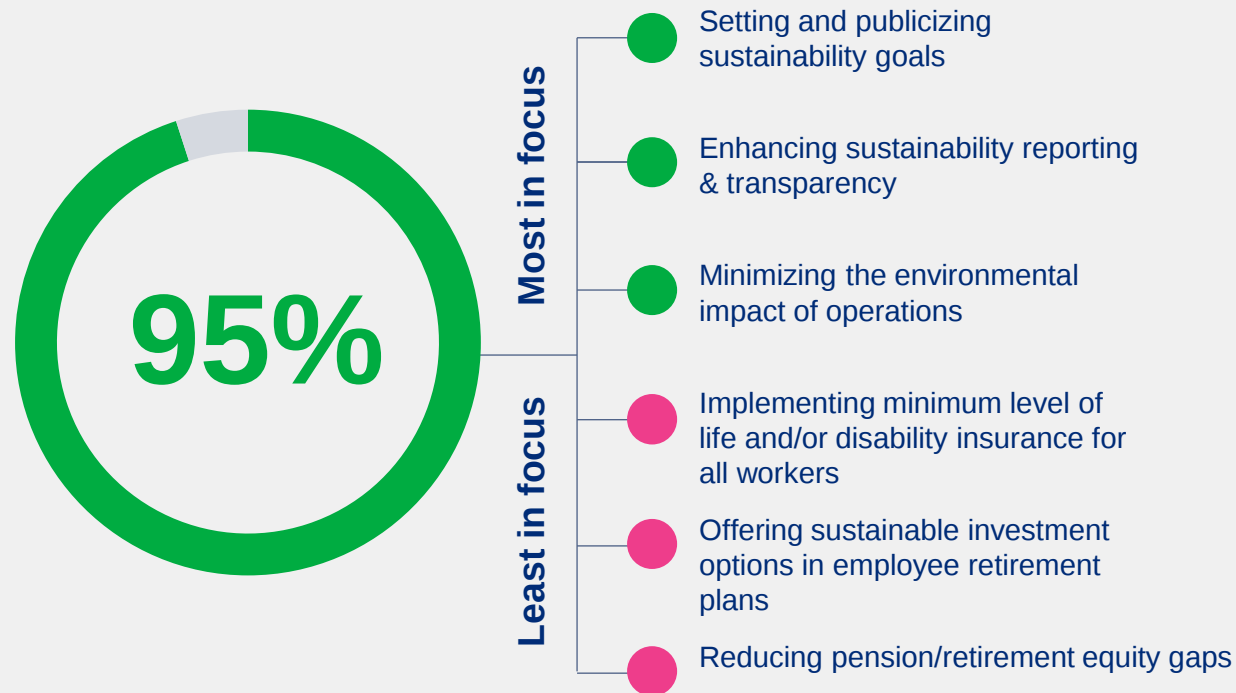
#3 Making decisions in the face of ambiguity

#4 Tackling complex problems with critical thinking

Companies in Europe are anchoring to trust & equity by focusing on fair pay and meeting obligations

One way that organizations build workforce trust is by delivering on sustainability commitments. Yet **only 49% of HR leaders are very confident** that their organization has done enough to drive positive outcomes in this area.

Most organizations have put in place sustainability practices, with compliance and reporting as key drivers



Sustainability has fallen on the priority list for HR leaders in 2025

Putting sustainability at the heart of the business & transformation agenda



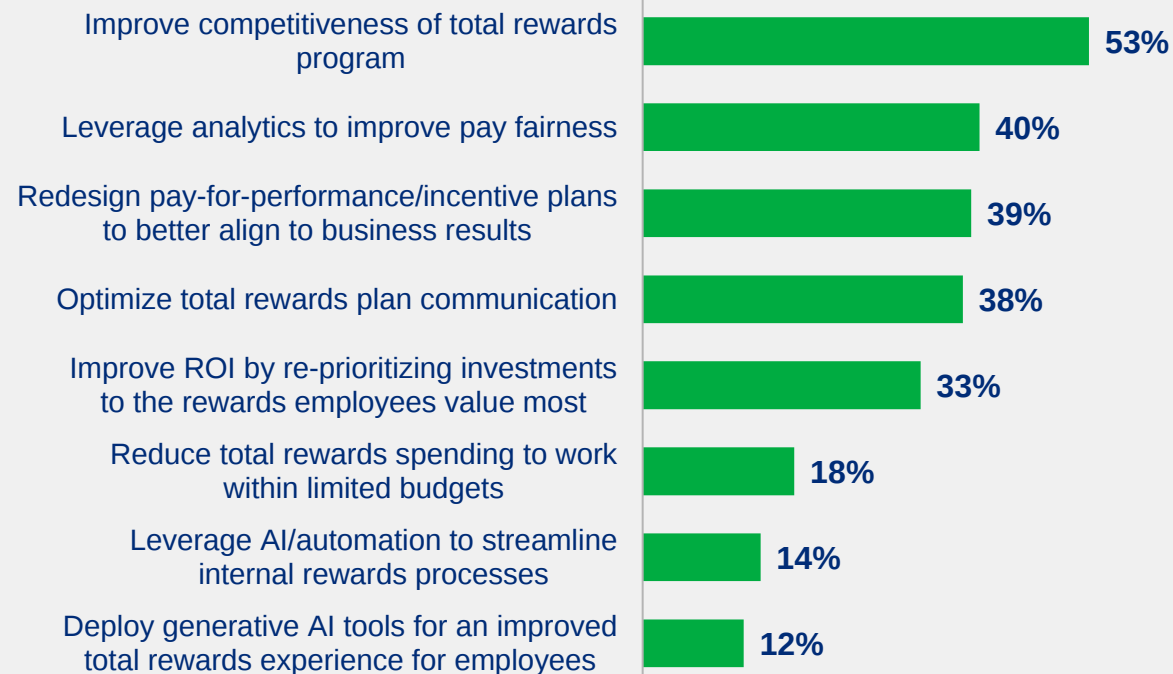
Delivering on the WEF Good Work standards (living wage, gig/supply chain worker protection, etc)



Companies in Europe are anchoring to trust & equity by focusing on fair pay and meeting obligations

Upholding fairness is key to earning and maintaining employee trust. People want to feel valued for their contributions and expect to be paid equitably relative to their peers. In terms of their 2025 priorities, HR leaders rank **delivering on pay equity & transparency** at #7 and **modernizing pay practices** at #10. A key question: *How comfortable are your leaders to have critical conversations with their team about pay and equity?*

The Total Rewards agenda for 2025



Pay equity & transparency are in focus

A majority of organizations had this on their agenda last year, but HR leaders are not confident that their organization has done enough to drive outcomes

	On the 2024 agenda	HR leader confidence
Reducing pay equity gaps	92%	52%
Increasing transparency of pay & promotion decisions	92%	42%

What can help is consistent messaging and a tech-enabled communication strategy

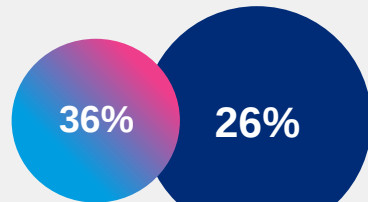
Educating managers on making & communicating pay decisions	Updating HR platforms to share pay ranges with managers, employees, candidates
24%	25%

Companies in Europe are maximizing resilience & building healthy societies to **boost their corporate immune system**

People risks are business risks, and 43% of HR leaders see a **risk management mindset** as a hallmark of great leadership. **35% of HR leaders themselves have gotten more involved** in risk management and crisis/contingency planning since 2020.

What's needed: A proactive, predictive, and disciplined approach to people risk

There's work to be done to build resilience into the system, especially as new technologies are embedded into everyday work.

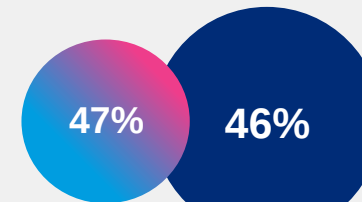


HR leaders who believe the use of **generative AI** has increased their organization's risk exposure

HR leaders who are very confident their company is doing enough to **build risk awareness into their organizational DNA**

What gets measured gets managed: Using data to fuel a risk-aware culture

Enabling enterprise resilience depends on timely, actionable intelligence to guide mitigation strategies.



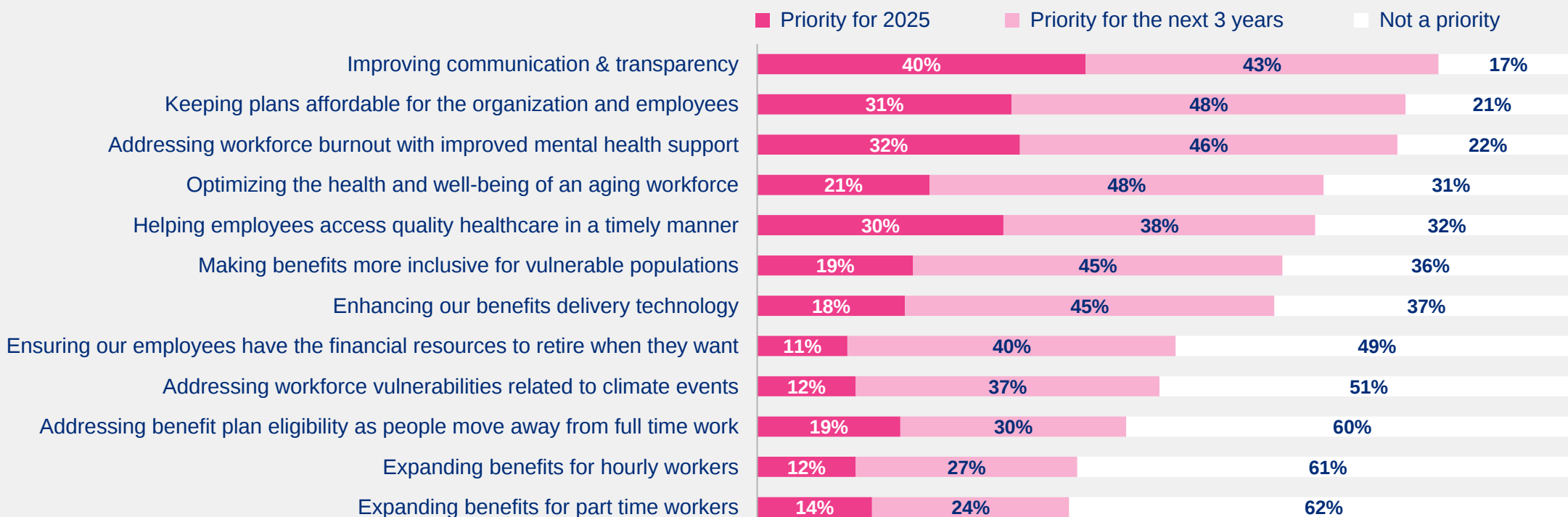
Organizations that have **enhancing People Analytics capabilities** as a top priority in 2025

HR leaders who are very confident their company is doing enough to **make talent decisions based on objective data**

Companies in Europe are maximizing resilience & building healthy societies to **boost their corporate immune system**

The resilience of every organization depends on the health and well-being of its people. Yet **only 37% have made progress** in designing work with employee well-being in mind. A holistic benefits strategy makes a meaningful difference, offering “benefits that really benefit” and delivering the best return on their investment.

Benefit plan priorities for 2025-2027

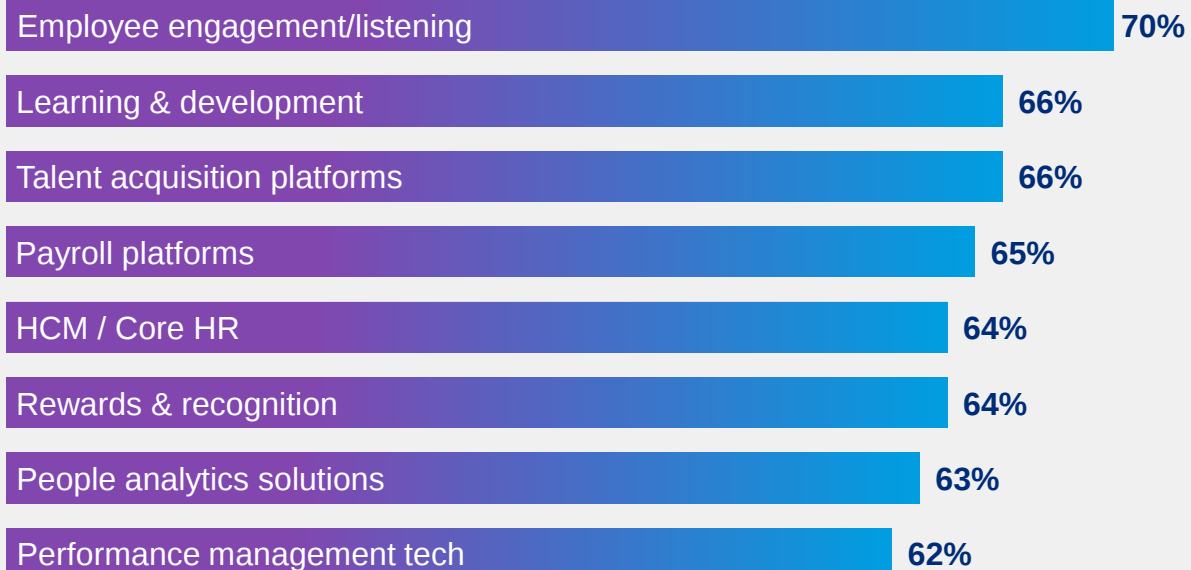


Companies in Europe are cultivating a digital-first culture by inspiring workforce change

90% of companies have implemented or upgraded their HR technology recently, and an additional 46% plan to do so in 2025. But being digital is not only about new platforms and apps; the real value is in deploying new capabilities and driving employee-centric transformation at a behavioral and cultural level.

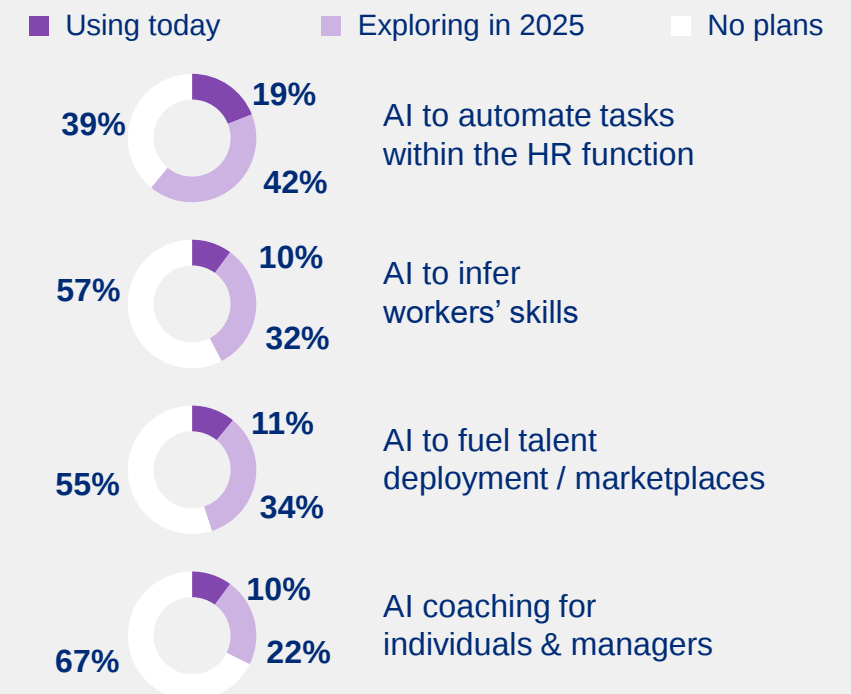
New technology implementations do not always deliver the expected ROI

Some technologies are having an outsized impact on driving transformation. HR technologies delivering a positive ROI include:



Excludes 'not a focus for us' responses

AI has the power to transform HR, but uptake has been slow



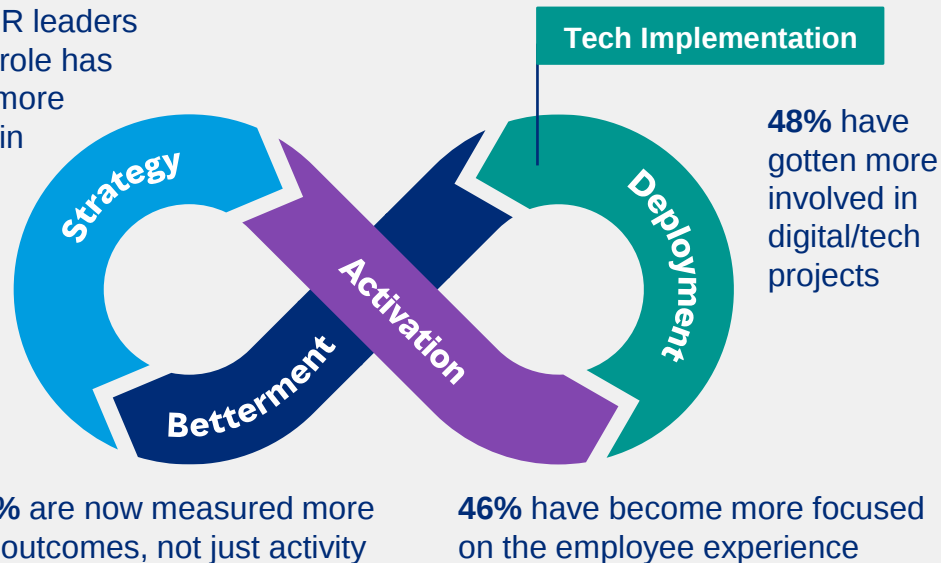
Companies in Europe are cultivating a digital-first culture by inspiring workforce change

“Digital by design” embeds human-machine teaming into how people learn and collaborate, how data is harnessed, how innovation is encouraged, and how decisions are made. Most organizations are at the beginning of their digital-first journey, with **53% still exploring or just getting started**.

HR is pivotal in putting people and outcomes at the heart of transformation

HR's role in setting strategy, human-centric activation, integrated deployment, and continuous improvement is key to meaningful digital transformation.

66% of HR leaders say their role has become more strategic in the last 5 years



Biggest obstacles to cultivating a digital-first culture



Unlocking human potential in today's machine-augmented world requires a new set of organizational competencies

How ready is your organization for what's next? What are you doing to *invest with intent* this year? How are you rethinking work and the workplace for sustainable success?

Companies that are leveling up to **Workforce 2.0** are balancing economics and empathy in the pursuit of productivity. They are building a foundation of trust and equity to combat a growing sense of uncertainty and to deliver on vital transitions. They are contributing to healthy and prosperous societies by boosting organizational and individual resilience across all generations. And they are taking a digital-first approach to deliver a stellar employee experience.

Leading organizations are embracing this once-in-a-lifetime opportunity to disrupt business-as-usual and **redesign work around their people**: inspired by what they are good at, aligned to how they want to work, and informed about the future to keep them healthy, energized, and employable.



For more insights and recommendations on how to make progress this year, visit www.mercer.com/global-talent-trends

