trinet
People Matter

STATE OF THE WORKPLACE

Emerging Trends in Small and Medium-Size Business: 2025

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01. INTRODUCTION

As Chief People Officer at TriNet, I am honored to introduce our 2025 *State of the Workplace Report*—an essential resource at a time when the pace of change in the workplace is nothing short of extraordinary. Fueled by groundbreaking advancements in artificial intelligence, the continuing evolution of hybrid work, and an ever-growing emphasis on employee well-being and purpose, organizations are navigating complexities that require fresh thinking and bold leadership. Today's business leaders face both unprecedented challenges and exciting opportunities to reimagine how they support, engage and empower their teams in this dynamic new era.

At TriNet, a leader in comprehensive HR solutions for small and medium-size businesses, our unwavering belief is that people are the heartbeat of every thriving business. This year's report builds on the foundation of our inaugural 2024 edition, presenting insights from more than 1,000 employers and employees in the U.S. small business community.

By offering a year-over-year perspective, we illuminate emerging trends and vital shifts that are shaping the future of work. Each insight reflects our deep commitment to understanding the evolving dynamics of the workplace and equipping businesses to navigate these changes with clarity, confidence and compassion.

On behalf of everyone at TriNet, it is my privilege to present this report to you. Whether you are a founder scaling your team, an HR leader fostering culture or a CEO driving transformation, I hope these findings inspire you to embrace new possibilities, lead with courage and put people at the very center of your strategy.

Thank you for being a part of this journey.

Warm regards,

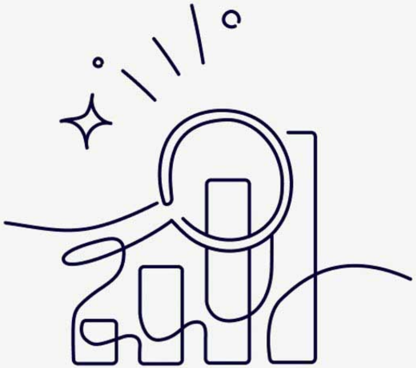
Catherine Wragg
Chief People Officer

01. SURVEY APPROACH

The State of the Workplace **provides a comprehensive analysis of employer and employee perspectives in the U.S. small business community, covering key topics like employee engagement, work/life satisfaction, AI usage and benefits understanding and technology. This dual perspective (of both employee and employer-specific responses) offers valuable insights into potential blind spots and fosters a deeper understanding that can enhance workforce satisfaction and retention.**

Leveraging survey data from more than 1,000 people, this report is comprised of unique data and insights that can help paint a picture of what's going on inside America's small business community.

In addition to year-over-year looks at the questions in our survey, various slices in the data have also been applied to explore how trends among employers and employees vary based on things like generational influences or industry trends. This approach helps identify distinct differences and similarities across age groups and business sectors.



01.
KEY TAKEAWAYS

1. EMPLOYEE ENGAGEMENT IS UP, BUT NOT AS MUCH AS EMPLOYERS THINK

Employers overestimate employee engagement. 47% of employers believe employees are "extremely engaged," rising 10 points from 37% in 2024. Employers, especially Baby Boomers, tend to overestimate intensity, with 46% describing their teams as "extremely engaged," while only a third of Gen Z employees say the same.

2. FLEXIBILITY BECOMES THE NEW NORMAL

Workplace flexibility has become a durable expectation. Three days in the office is employers' new sweet spot (26%, up from 21%), but just 14% of employees agree—unchanged from last year. Currently, 60% of employers offer hybrid work and 51% report providing flextime,[2] solidifying flexible work arrangements as a recalibration of when, where and how employees contribute.

3. READINESS GAP: THE WORKFORCE NOTICES A SKILLS GAP

Employers believe staff have the skills they need for work, but employees aren't so sure. 46% of employers say workers have the skills to succeed, while a decreasing number of employees agree, (49% in 2025 vs 59% in 2024). Organizations now face a widening talent readiness gap—two-thirds of managers believe recent hires are not fully prepared for their roles.[1] Employers are grappling with widening skills and experience gaps as AI accelerates major shifts in how work gets done, fueling pressure to invest in meaningful upskilling, reskilling and leadership development.

4. AI USE IN HR IS RISING, EXCEPT IN TWO KEY AREAS

Technology is both a disruptor and a lifeline. AI is now mainstream in small business—94% of employers and 84% of employees have used AI on the job, with two-thirds of employees tapping it regularly for HR tasks. Employees and employers alike are pulling back slightly in sensitive areas such as offboarding and training—places where human context and empathy still matter most.

1.https://www.deloitte.com/us/en/insights/topics/talent/human-capital-trends.html

2. https://www.shrm.org/content/dam/en/shrm/topics-tools/research/employee-benefits/2025_annual_benefits_survey_executive_summary.pdf

02. METHODOLOGY

TriNet surveyed 540 full-time employees and 500 full-time employers, working in the U.S. from companies with five to 500 employees in two separate, but related, surveys between June 30 through July 2, 2025.

Both surveys were authored by TriNet and administered by a third-party company, Qualtrics. “Employers” are people who identified themselves as either a managing director, CEO/president, HR manager/director/partner, people operations manager / director / other executive staff, CTO, principal, COO, CFO, HR decision maker, controller, CMO, HR generalist or CHRO. “Employees” are people who identified as individual contributors, managers, directors and executive or senior management. Respondents worked in one of the following industries: financial services, life sciences, “Main Street,” nonprofit, professional services or technology.

DEFINITIONS

Industries:

Financial services: Finance / financial services or insurance

Life sciences: Healthcare, science, biotech, R&D, pharmaceuticals

Main street: Arts, entertainment, recreation, construction, property management, skilled trades, hospitality, food services, manufacturing, retail, wholesale

Nonprofit: Education, nonprofit, charity organization, social services

Professional services: Accounting, consulting, law or legal services, media, marketing, advertising, PR, real estate, recruitment, HR

Technology: IT, software, cybersecurity, social media, etc.

Generations:

Baby Boomers: 1946-1964

Gen X: 1965-1980

Millennials: 1981-1996

Gen Z: 1997-2012

The margin of error for the employee survey is a +/- 4 points and +/- 5 points for the employer survey, both with 95% confidence and 0.5 estimated proportion.

The data and percentages cited are based on a sample population and may not represent all industries, company sizes or geographic regions. While every effort has been made to ensure accuracy, TriNet makes no guarantees regarding the completeness or applicability of the information to your specific organization or situation.

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

Employers and employees are trending in opposite directions when it comes to satisfaction with work/life balance.

Employers report increasing engagement scores, increasing work/life balance metrics and consistently overestimate employee connection.

While employees, too, saw minor engagement increases, certain employee cohorts report lower work/life balance satisfaction potentially for burnout reasons such as trying to move up the company ladder. For Gen Z, 22% say they clock more than 45 hours of work per week and nearly one in four Millennials report working too many hours—double what employers expect.

03.
WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

EMPLOYERS THINK WORKLOADS ARE MANAGEABLE, YET 23% OF MILLENNIALS DISAGREE—SAYING THEY WORK TOO MANY HOURS.

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

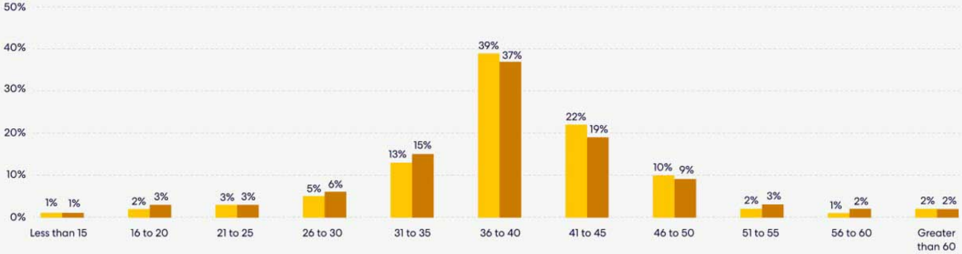
Employer perception of the hours their employees work and employee actuals are more aligned in 2025, with employer expectations shifting toward a more balanced distribution of work hours.

Just a year earlier, the disconnect was far starker: only 28% of employers believed employees worked 36 to 40 hours per week, while nearly 40% of employees reported doing so.

Hours per week

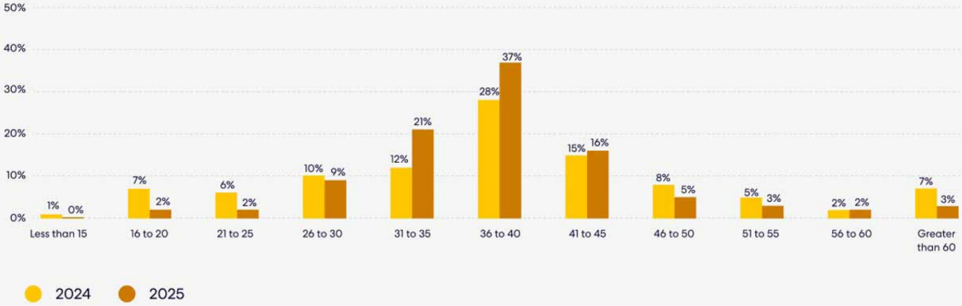
QUESTION (Employee):

How many hours per week do you work?



QUESTION (Employer):

How many hours per week do you think employees work?



03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

71% of employers believe employees work the “right number of hours,” up slightly from 68% in 2024. The percentage of employees reporting the “right number of hours” dropped to 56% from 68%. This may suggest that, while employers are seeing positive trends in work/life balance satisfaction, employee sentiment in this area may be declining.

The trend is more pronounced in younger generations; a growing number of employees say they work “too many hours”—23% of Millennials, up from 7% in 2024, and 22% of Gen Z, up from 5% last year.

Nearly one in four Millennials say they work too many hours—double what employers think.

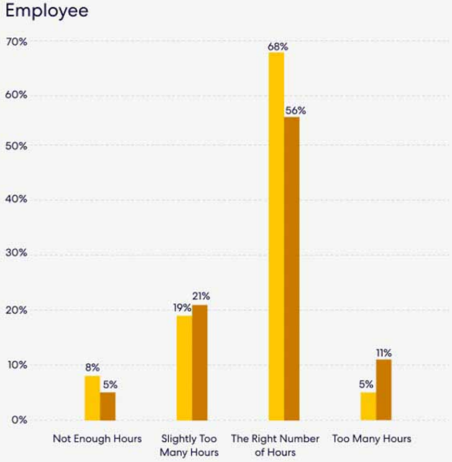
How do you feel about hours worked

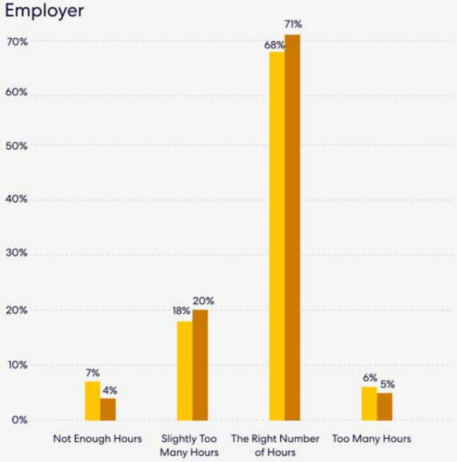
QUESTION (Employee):

How do you feel about the amount of hours per week that you work?

QUESTION (Employer):

How do you think your employees feel about the amount of hours they work?





2024 2025

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

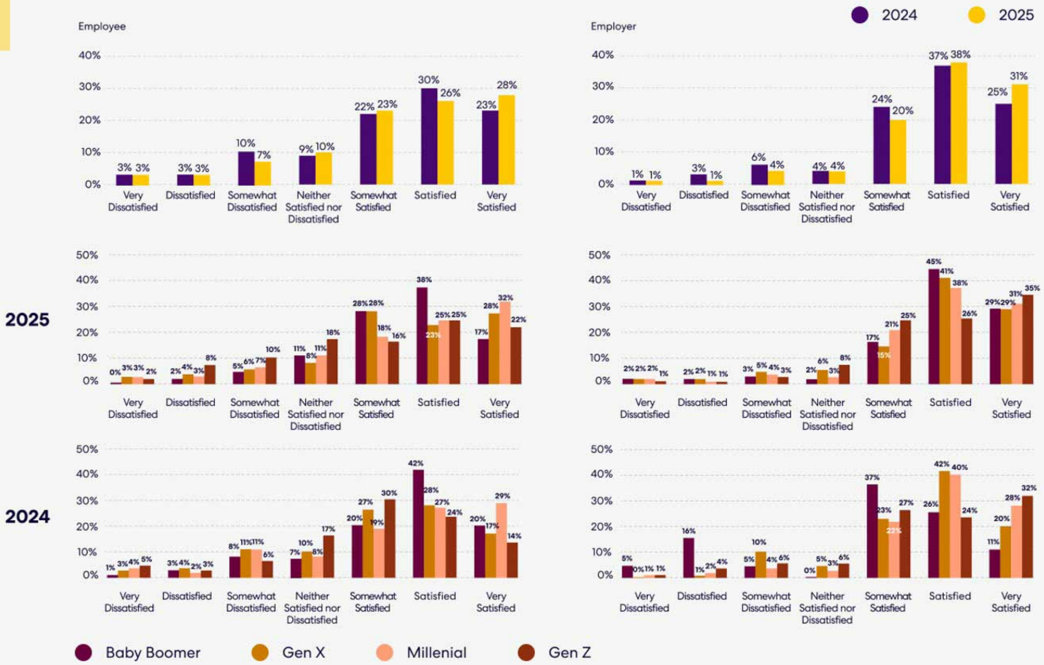
At a high level, employers and employees both see gains in overall work/life balance satisfaction. 89% of employers report some level of satisfaction, up from 87% last year and employees also saw a 2% increase to 77%.

At the generation level, we see more varied experiences between younger employees and older employers. Baby Boomer employers see the largest satisfaction gain, with over 90% reporting some level of satisfaction with their work/life balance, an increase of 16% from 2024. At the opposite end, Gen Z employees have the largest decrease in work/life balance satisfaction, dropping 5 points to just 63% reporting some level of satisfaction this year.

Satisfaction with work/life balance

QUESTION (Employees & Employers):

How satisfied are you with your overall work/life balance?



03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

EMPLOYERS TEND TO REPORT HIGHER WORK/LIFE SATISFACTION THAN EMPLOYEES,

PARTICULARLY WITH DIFFERENCES WHEN COMPARING DIFFERENT GENERATIONS.

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

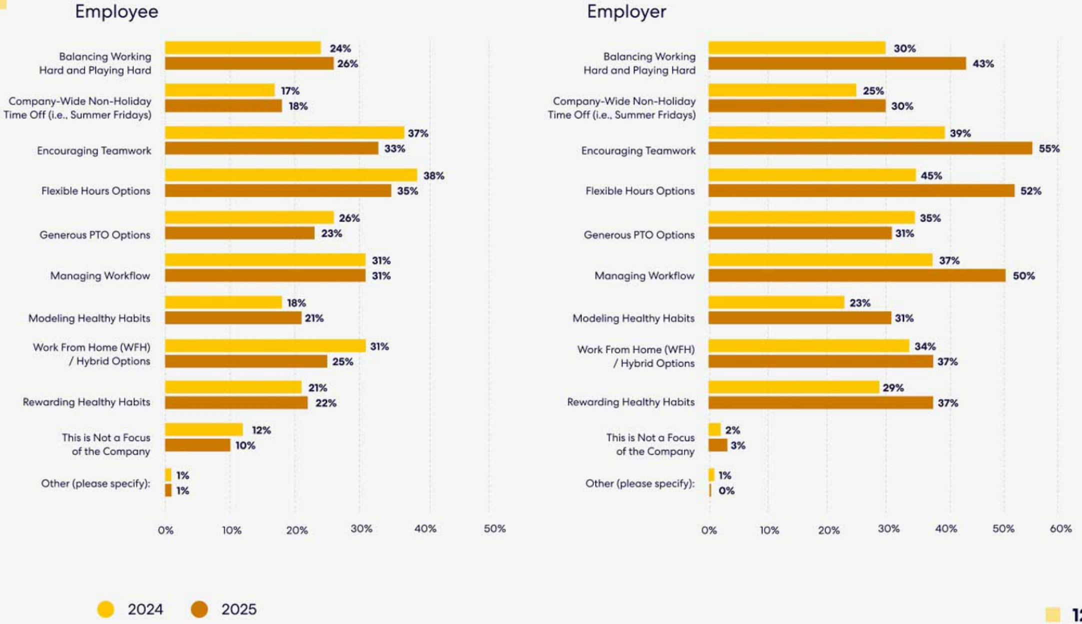
Employers and employees are trending in opposite directions regarding work/life balance satisfaction. All categories, especially teamwork (up 16%), balance culture (up 13%) and workflow management (up 13%)—suggesting employers believe they've expanded work/life balance initiatives.

Meanwhile, employees report a mixed picture. The data shows some slight increases in habits/ healthy culture, but declines in teamwork (-5%), time off (-3%) and flexibility (-3%).

How does your company prioritize work/life balance

QUESTION (Employee & Employer):

How does your company prioritize work/life balance?



03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

About 40% of employers believe employees spend one to five hours/week on personal matters during work hours, up from 37% in 2024.

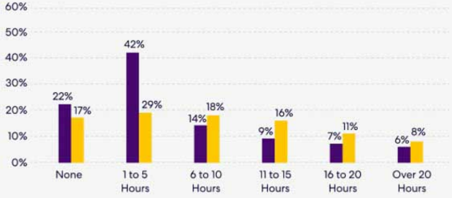
Just 29% of employees report spending one to five hours/week on personal matters during work hours, a significant drop from 42% in 2024.

40% of Gen Z employees say they spend more than 10 hours weekly on personal matters at work, an increase compared to the 21% reported in 2024 and above Baby Boomer rates (16% in 2025, up from 9% in 2024).

Personal matters at work

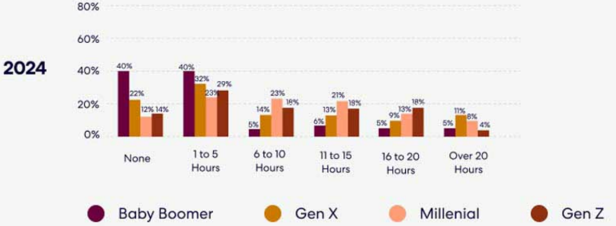
QUESTION (Employee):

How many hours are spent on personal matters during work hours?



QUESTION (Employer):

How many hours do you think employees spend on personal matters during work hours?



03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

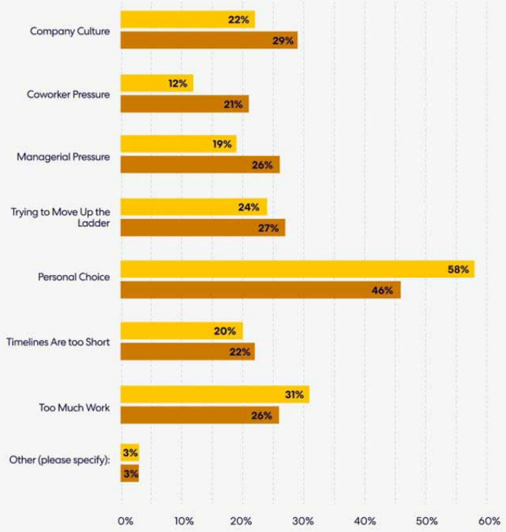
Nearly 60% of employers believe their employees work off-hours by personal choice, up 2% from 2024, while fewer employees agree—just 46%, a drop from 58% agreement last year.

Among employees, the leading reasons for working outside regular hours are personal choice (46% in 2025, 58% in 2024), company culture (29% in 2025, 22% in 2024) and trying to move up the ladder (27% in 2025, 24% in 2024).

Time spent on work outside company hours

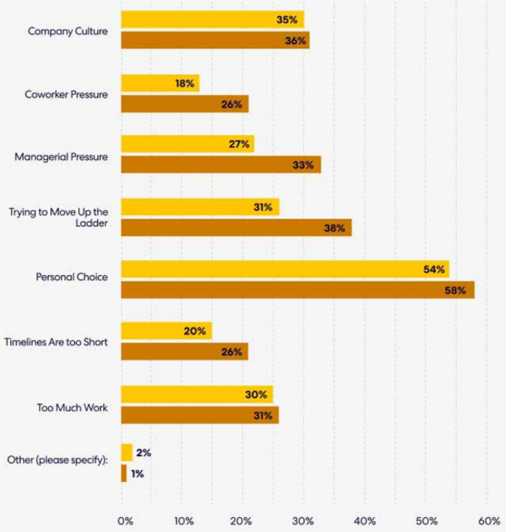
QUESTION (Employee):

How much time do you spend on work outside of company hours?



QUESTION (Employer):

How much time do you think is spent on work outside of company work hours?



2024 2025

03.
WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

WORK OUTSIDE OF HOURS IS DRIVEN BY PERSONAL CHOICE—BUT ALSO BURNOUT FACTORS, SUCH AS MANAGERIAL PRESSURE AND TOO MUCH WORK.

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

Employers and employees agree fewer people want five days in-office—but employees still experience higher full-week requirements. Employer preference for being in-office is up slightly, 26% in 2025 versus 22% last year, but employees report little change, with 34% preferring to be in office all week in 2025 compared to 33% in 2024.

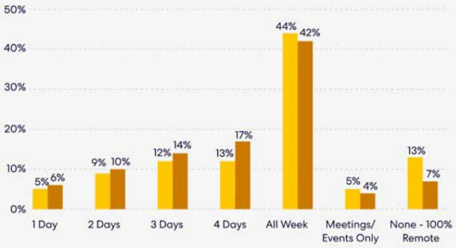
Three days in the office appears to be an employers preferred sweet spot, with 26% naming it the optimal arrangement, up from 21% in 2024. Only 14% of employees see three days as ideal, identical to 2024—suggesting that while companies view it as the right balance, workers don't show the same level of interest around the model.

Days at the office versus optimal for you

QUESTION:

How many days per week do you work from the office?

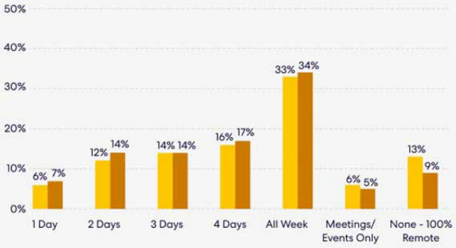
Employee



Employer

How many days per week is optimal for you to work from the office?

Employee



Employer

2024 2025

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

Employees and employers both value flexible hours as the #1 priority but split from there. Employers believe that team building and events are a strong incentive for employees to return to the office at 43%, while just 29% of employees agreed.

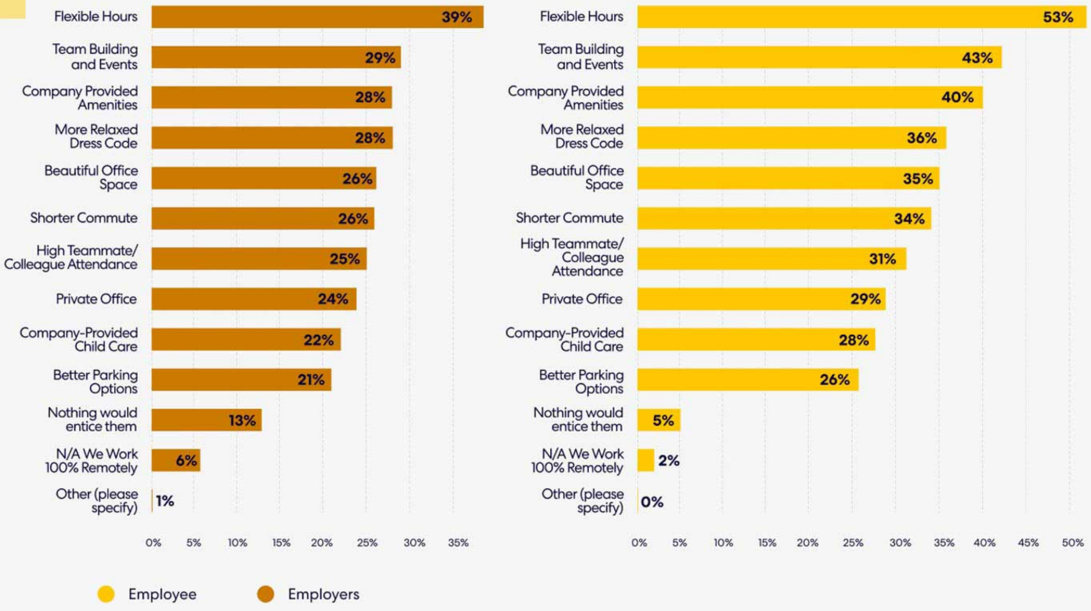
Company provided amenities also has diverging opinions, with 40% of employers believing it to be a strong RTO incentive, while only 28% of employees agreed.

More relaxed dress code is another area of disagreement, with 36% of employers believing it would entice employees back to the office while 28% of employees agreed.

Return to office

QUESTION (Employees & Employers):

What would entice you to come to the office more often?



03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

Perception of employee connection versus actual employee connection to aspects of work such as company mission and values, leadership, management shows misalignment in employer perception and employee reality.

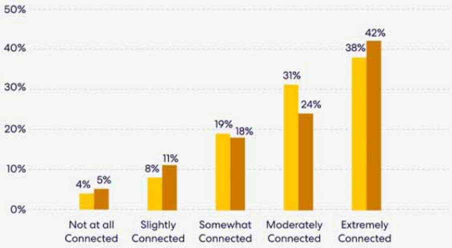
72% of employers report being moderately to extremely connected to leadership, flat compared to last year. 66% of employees felt moderately or extremely connected to leadership, up just a single % from 2024.

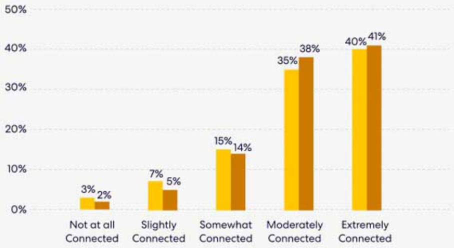
90% of employers believe employees are somewhat connected to company leadership, dropping slightly from 93%, while 85% of employees report the same connection, down 1%.

Connection scores

QUESTION (Employee and Employer):

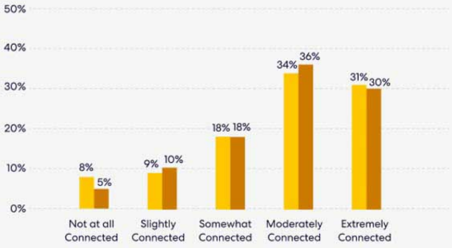
How connected do you feel to the company mission?

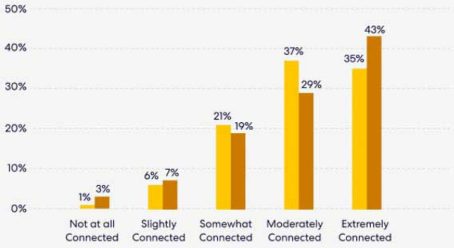




QUESTION (Employee and Employer):

How connected do you feel to leadership?





2024 2025

03. WORK/LIFE BALANCE & EMPLOYEE ENGAGEMENT

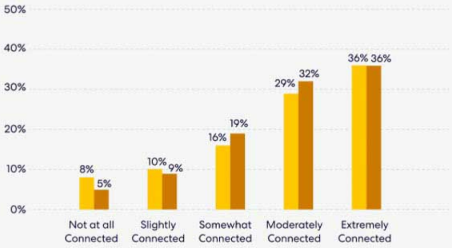
Manager connection scores are increasing for employers, with 45% believing that employees felt extremely connected to their direct manager, up from 37% in 2024. Employees do not share the same optimism, with the percentage of those feeling extremely connected remaining flat at 36% year over year.

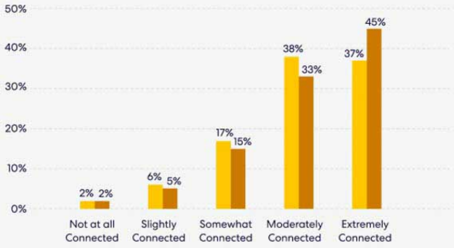
Employers and employees see diverging trends with connection to their work. A total of 82% of employers believe that employees are either moderately or extremely connected to their work, up from 77% in 2024, while employees drifted in the opposite direction—74% felt moderately or extremely connected to their work in 2025, down 8% from 2024.

Connection scores

QUESTION (Employee and Employer):

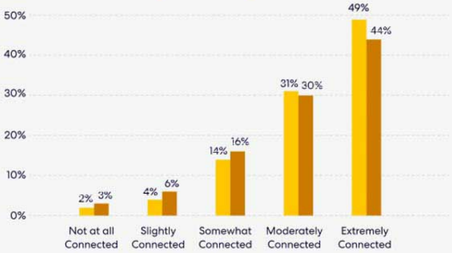
How connected do you feel to your direct manager?

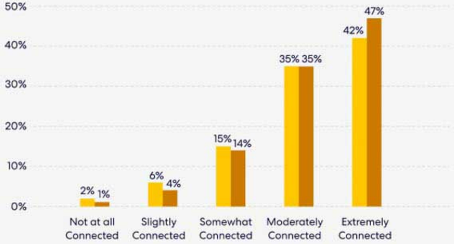




QUESTION (Employee and Employer):

How connected do you feel to your work?





2024 2025

04. BUILDING AN EMPOWERED WORKFORCE

As AI is shapeshifting many aspects of business, we see it also impacting workforce skills and talent gaps. Both employees and employers recognizing that success may require a blend of technical adaptability and human-driven capabilities. More than one in three employees (36%) now see role-related AI expertise as essential—up from 23% in 2024—and employer emphasis on AI has also risen to 38% (up 10 points year-over-year). Both groups continue to prioritize leadership (47% employees, 54% employers) and creative skills (40% employees, 55% employers).

At the same time, both employee's confidence in their job readiness as well as their employer's anticipation of their workers' abilities is falling. Only 39% of Gen Z feel fully equipped to succeed in their roles in 2025, a drop of 34% from the prior year. Employer confidence in their employees is down slightly to 51% from 53% in 2024. Together, these trends underscore a serious challenge: narrowing the skills gap and providing clear growth trajectories, all while maintaining aligning priorities across generations and roles to build a truly empowered workforce.

04.
BUILDING
AN EMPOWERED
WORKFORCE

GEN Z CONFIDENCE IN JOB READINESS FELL 34% YEAR OVER YEAR.

04. BUILDING AN EMPOWERED WORKFORCE

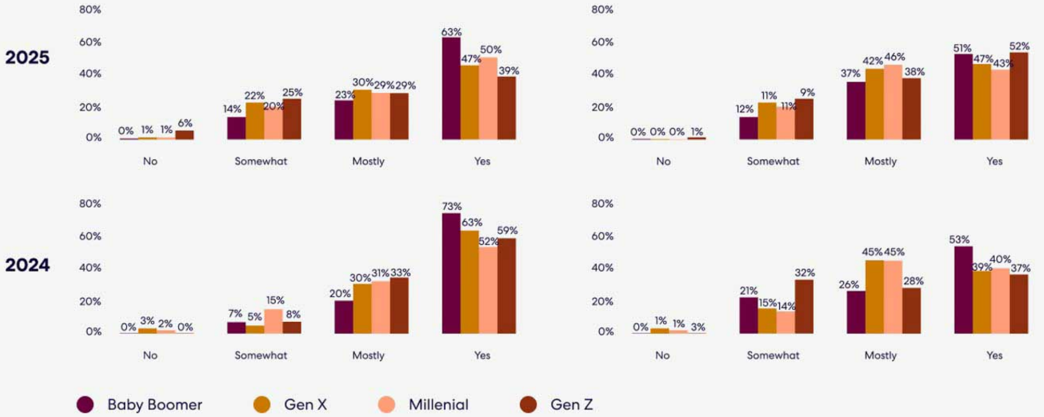
Employer confidence in their employee's ability to thrive in their roles is rising. A total of 46% of employers believe that employees have the necessary knowledge and skills to succeed, compared to 40% in 2024.

Employee confidence in their ability to thrive in their roles decreased to 49%, dropping 10% year over year. The largest decline came from Gen Z, whose confidence fell from 59% to 39%.

Knowledge and skills

QUESTION (Employee and Employer):

Do employees (or you) have the knowledge and skills to be successful in their roles?



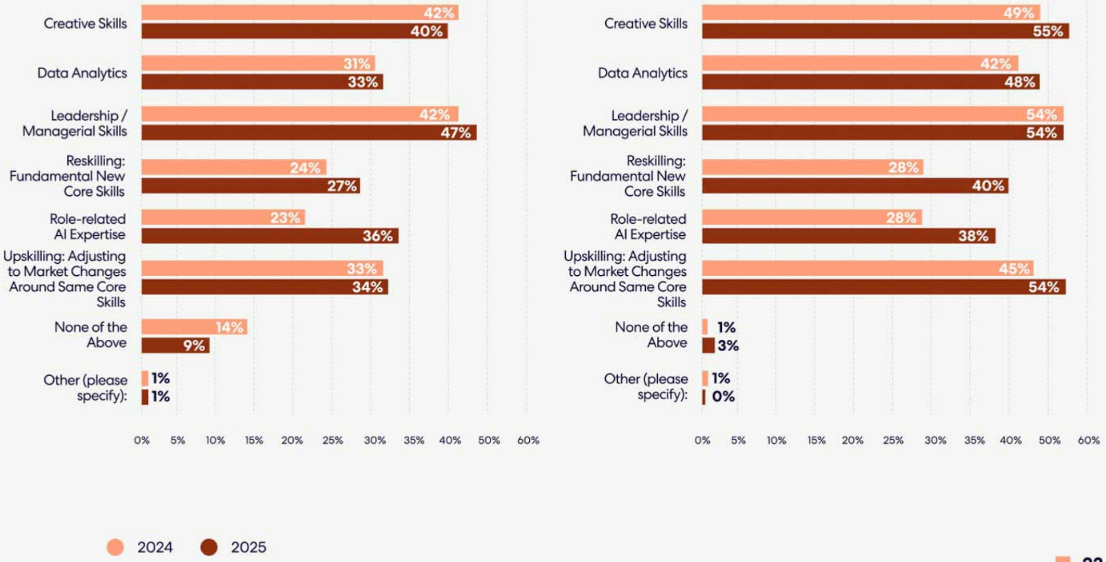
04. BUILDING AN EMPOWERED WORKFORCE

Employees and employers diverge on which skills will be most critical for the future, a finding consistent to survey results in 2024. In 2025, 36% of employees identified role-related AI expertise as essential — up from 23% in 2024—followed by upskilling (34%) and reskilling (27%). In contrast, employers emphasized leadership/managerial skills (54%) and creative skills (55%), with fewer (38%) citing AI expertise.

Skill development

QUESTION (Employee and Employer):

What skills do you (or your employees) need to develop in the next 3+ years?



04. BUILDING AN EMPOWERED WORKFORCE

92% of employers reporting having room to grow at their company—up from 81% in 2024. Employees, however, show no such change: 76% agreed in both 2024 and 2025.

Gen X shows the strongest year-over-year improvement in clarity around career growth (77% in 2025, up from 70% in 2024), while Baby Boomers declined slightly (74% in 2025, down from 76% in 2024). Millennials (79%) and Gen Z (69%) remain flat, suggesting younger employees aren't seeing additional progress in career clarity despite broader organizational efforts.

Growth path

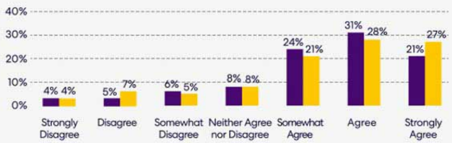
QUESTION (Employee):

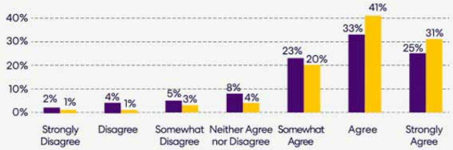
Do you feel you have room to grow?
Are you clear on your growth path?

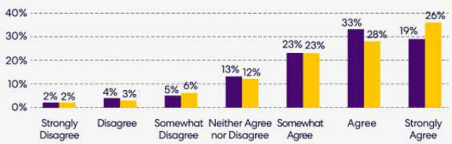
QUESTION (Employer):

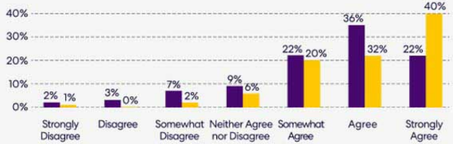
Do you believe your employees have room to grow?
Do you believe your employees are clear on their growth path?

2024 2025

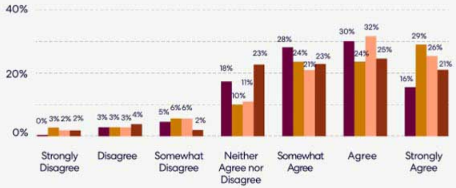




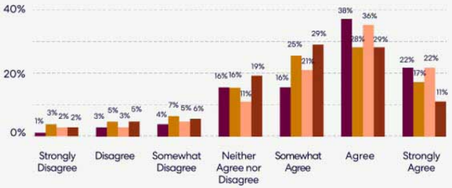




Employee 2025 - I'm on a clear growth path within my company



Employee 2024 - I'm on a clear growth path within my company



Baby Boomer Gen X Millenial Gen Z

04. BUILDING AN EMPOWERED WORKFORCE

Workers are at least slightly engaged with their work; 100% of employers and 99% of employees cite some level of work engagement.

When viewed by generation, employers often overestimate employee engagement. Employers believe more employees are "extremely engaged," with Baby Boomer employers showing a +30 point swing to 46% this year.

Gen Z report the least engagement among the generational splits. Only 33% of Gen Z employees reporting being "extremely" engaged in their work.

Engagement scores

QUESTION (Employee):

How engaged are you?

QUESTION (Employer):

How engaged do you believe your employees are?

ONLY ONE IN THREE GEN Z EMPLOYEES ARE EXTREMELY ENGAGED IN THEIR JOBS.

04. BUILDING AN EMPOWERED WORKFORCE

Employer views on compensation and incentives as drivers of engagement rose sharply, with 47% now calling them “extremely influential,” up from 40% in 2024. Employees, however, moved in the opposite direction—just 33% share that view, a 6% decrease year over year—revealing that employers place far more weight on pay and incentives than employees do.

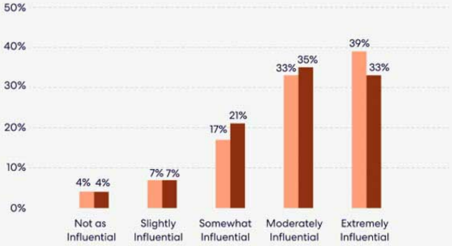
Belief in the company mission remains a rare point of alignment between employers and employees. In 2025, 38% of employers and 33% of employees said it is “extremely influential” to engagement—up 5 and 1 points respectively—while nearly all respondents agree it matters to some degree, with 99% of employers and 97% of employees citing at least some influence.

Influence on engagement

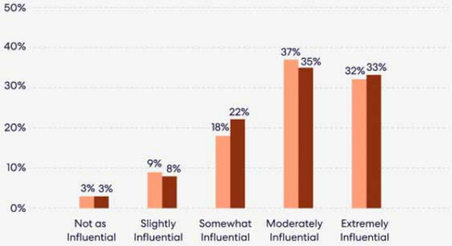
QUESTION (Employee):

What level of influence do the following have on your engagement?

Compensation / Incentives



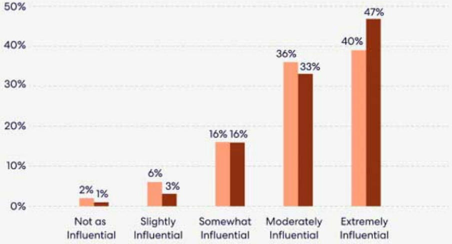
Belief in Company Mission



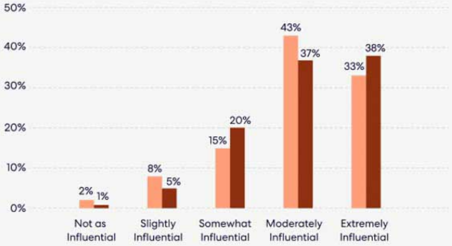
QUESTION (Employer):

What level of influence do you believe the following have on employee engagement?

Compensation / Incentives



Belief in Company Mission



2024 2025

04. BUILDING AN EMPOWERED WORKFORCE

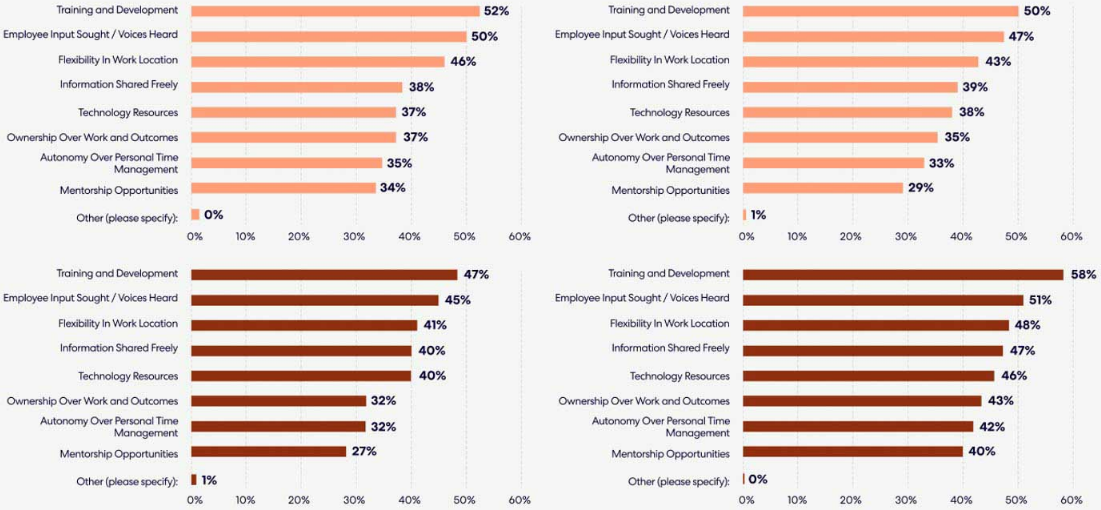
When asked what an empowered employee experience looks like, employers cite "training and development," "employee input sought / voices heard" and "flexibility in work location" (58%, 51%, 48%) as top factors, and employees agree (47%, 45%, 41%), though not as strongly.

The main difference from 2024 is that employers place greater value on mentorship, up to 40% from 29%, and autonomy, 42% vs 33%, while employees report decreases on both; mentorship is down 7% to 27% autonomy down to 32% from 35%.

Empowered experience

QUESTION (Employee and Employer):

What does an empowered experience look like to you?



2024 2025

04. BUILDING AN EMPOWERED WORKFORCE

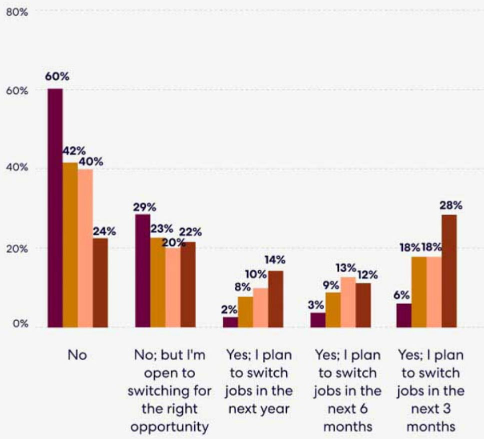
Employee turnover intent is rising, especially among younger workers. 31% of Gen Z employees plan to switch jobs within the next six months—up from 25% in 2024—while 17% of all employees plan to leave within three months, up from 11% last year.

Employers underestimate the the number of employees they believe ready to leave their jobs. 40% of employers believe that fewer than 10% of their workforce is actively looking for a job, up from 29% of employers in 2024. Just 9% of employers believe more than half of their workforce is looking, dropping from 14% last year, revealing a potential workforce blind spot.

Looking for a job

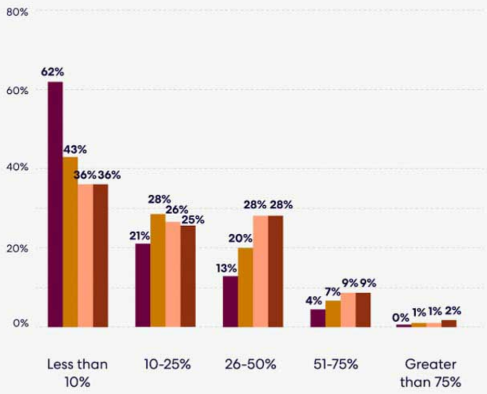
QUESTION (Employee):

Are you currently looking for a job?



QUESTION (Employer):

What % of your employees do you believe are looking for a job?



Baby Boomer Gen X Millenial Gen Z

NEARLY 1 IN 5 EMPLOYEES PLAN TO SWITCH JOBS WITHIN THREE MONTHS, AND EMPLOYERS MAY NOT BE AWARE.

04. BUILDING AN EMPOWERED WORKFORCE

While leaving a job "for better pay" remains the largest driver of employee turnover, its influence has softened to 31% versus 34% in 2024, with flexibility (up 2 points to 20% in 2025), commute (up 6 points to 21%) and leadership (up 3 points to 13%) rising.

Employer perception of turnover drivers is broadening beyond pay, with the sharpest rise in recognition of growth opportunities (up 10 points to 35% in 2025), flexible hours (up 7 points to 30%), benefits (up 6 points to 36%) and commute challenges (up 6 points to 32%).

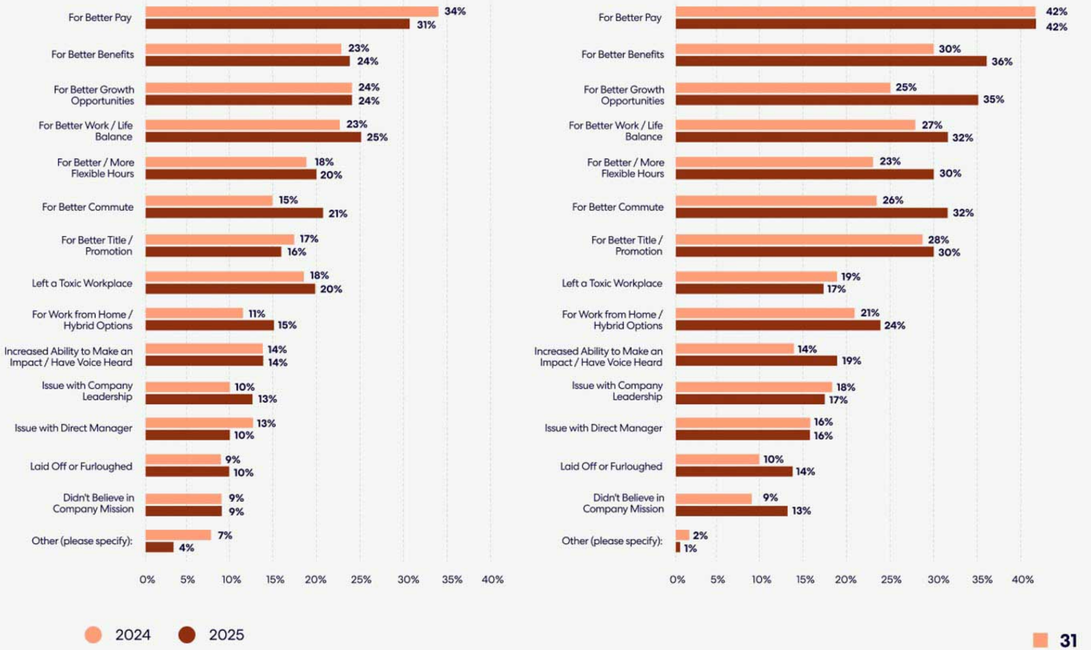
Why did you leave your job

QUESTION (Employee):

Why did you leave your last job?

QUESTION (Employer):

Why do you believe employees leave jobs at your company?



04. BUILDING AN EMPOWERED WORKFORCE

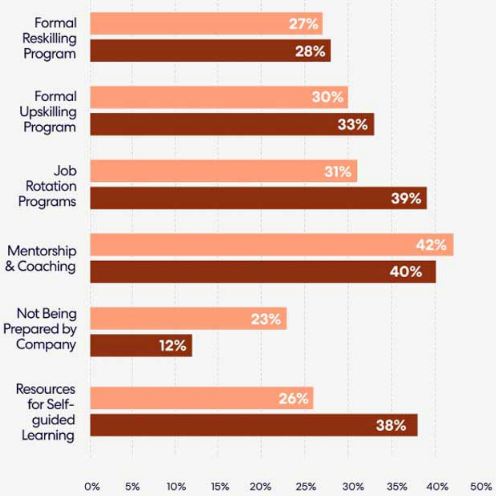
Fewer employees say they're getting the training their employers think they are.

In 2025, 37% of employers say they offer reskilling programs, but only 28% of employees agree. The same goes for upskilling—44% of employers claim to provide it, while just 33% of employees confirm. Still, more people feel prepared this year: only 12% of employees say they aren't ready for their jobs, down from 23% last year.

Job preparation

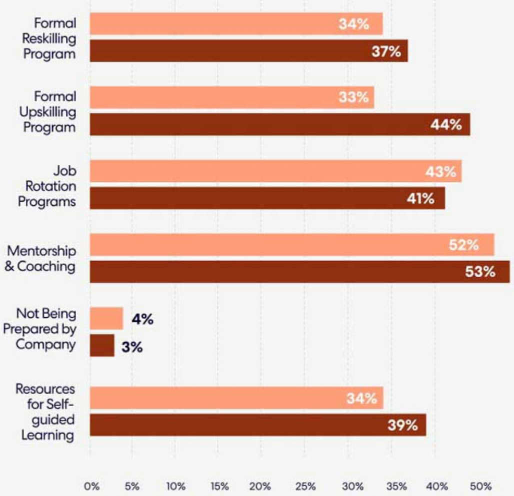
QUESTION (Employee):

How are you being prepared for jobs of the future?



QUESTION (Employer):

How are your employees being prepared for jobs of the future?



2024 2025

04.
BUILDING AN EMPOWERED WORKFORCE

When it comes to feedback on work and performance reviews, employees continue to push for more timely input with 21% saying real-time feedback is most effective, up from 8% last year.

Despite employees clearly hoping for quick or real-time performance feedback, employers still rely heavily on annual or semi-annual formats. Quarterly manager reviews are up 3 points to 42% and employers still believe employees prefer that cadence, sharply increasing to 22% from 15% the year before.

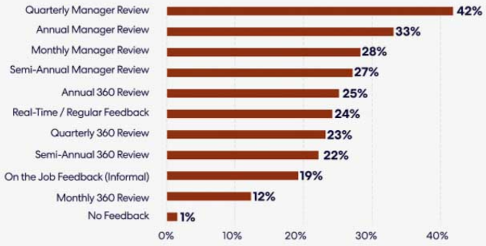
Receiving feedback

QUESTION (Employee):

How do you currently receive feedback?

QUESTION (Employer):

How does your company provide feedback?



Which format would you like to receive feedback in?

Which format do you think is most effective for your employees to receive feedback?

05. THE SIGNIFICANCE OF BENEFITS

Employers are putting more focus on traditional benefits like health insurance. In 2025, more than half (56%) said medical coverage is "extremely" important—up from 43% last year. They're also putting stronger value on dental and vision care, seeing them as must-haves, not extras.

Employees, on the other hand, aren't as focused on these basics anymore. Only 44% called medical insurance "extremely" important this year, down from 57% last year. Fewer employees are putting top priority on dental and vision too. Instead, they're starting to care more about things like overall well-being, flexibility and newer perks.

05.
THE SIGNIFICANCE OF BENEFITS

EMPLOYERS EXPECT TALENT POOLS TO CARE ABOUT BENEFITS.

30% MORE EMPLOYERS SEE MEDICAL BENEFITS AS A TOP CONCERN FOR EMPLOYEES WHEN THEY ARE SEEKING A NEW JOB.

05.
THE SIGNIFICANCE OF BENEFITS

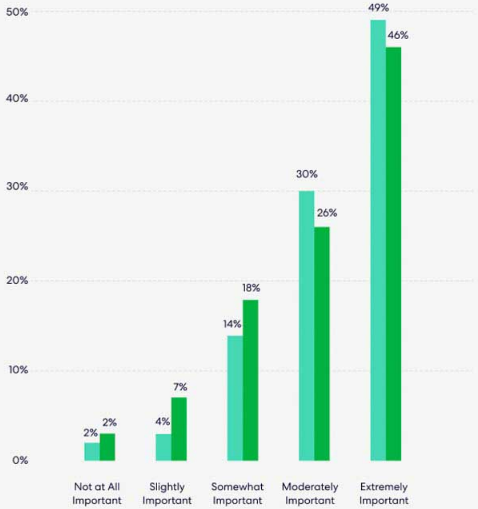
Employers view of retirement as an important benefit increased, with gains in "moderately important" (39% versus 31% in 2024) and a drop to zero in "not at all important" from 3% in 2024.

Employee prioritization of retirement is moving away from "extremely important," 46% versus 49% in 2024, toward mid-to-lower importance categories.

Benefits: Pension & retirement plans

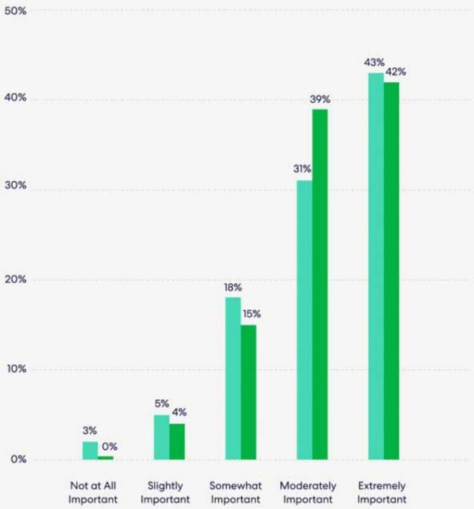
QUESTION (Employee):

What level of importance would you consider pension & retirement plans when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider pension & retirement plans when looking for a job?



2024 2025

05. THE SIGNIFICANCE OF BENEFITS

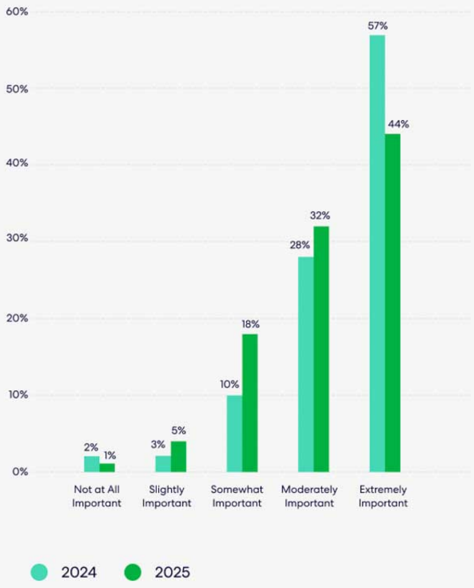
Employers place significant value on medical insurance, with “extremely important” responses rising to 56% from 43%. “Moderately important” shrank to 24% from 35%, suggesting stronger prioritization at the top end.

Fewer employees rank medical insurance as “extremely important” (44% in 2025, down from 57%), with responses spreading into the mid-to-lower importance categories.

Benefits: Medical insurance

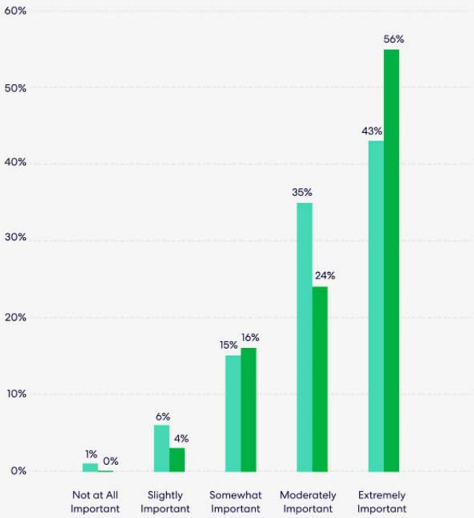
QUESTION (Employee):

What level of importance would you consider medical insurance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider medical insurance when looking for a job?



05.
THE SIGNIFICANCE OF BENEFITS

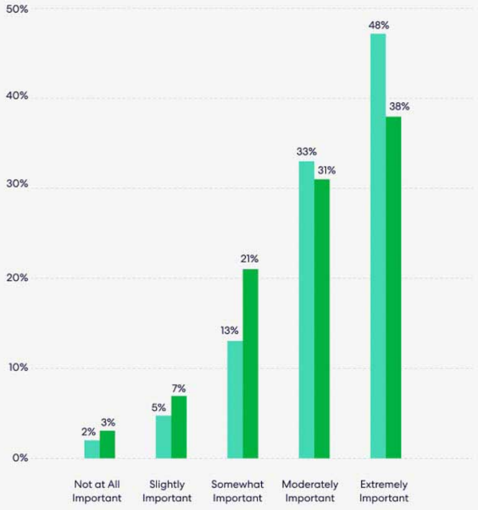
Employers see dental insurance as important, with more respondents shifting into the “extremely important” category, increasing to 44% from 39%. Like medical insurance, the “moderately important” group shrank as importance concentrates toward the high end.

Employees are less likely to rate dental insurance as “extremely important” in 2025, dropping to 38% from 48%.

Benefits: Dental insurance

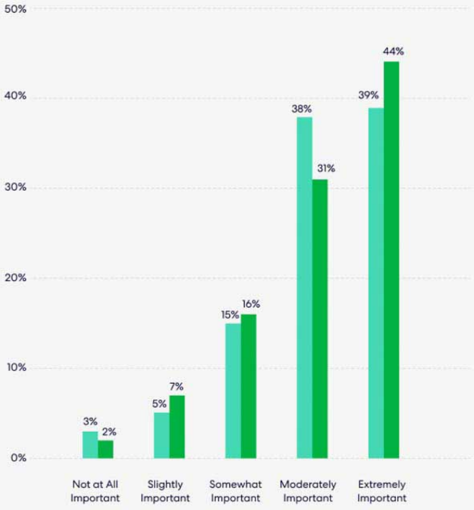
QUESTION (Employee):

What level of importance would you consider dental insurance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider dental insurance when looking for a job?



2024 2025

05.
THE SIGNIFICANCE OF BENEFITS

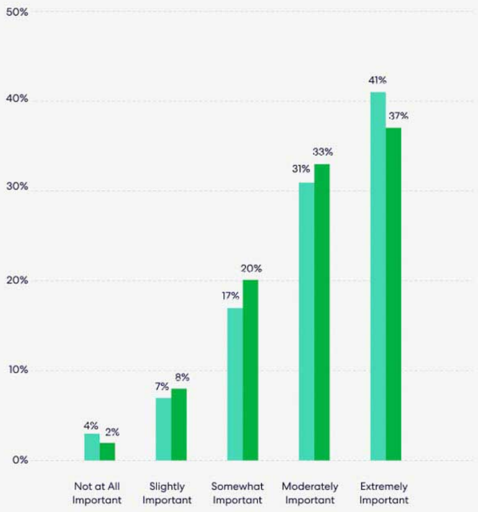
Employers place more emphasis on vision insurance, with “extremely important” ratings increasing to 39% from 31%.

Employees are less likely to call vision insurance “extremely important” as responses dip from 41% to 37%, with modest growth in “somewhat important” and “moderately important” categories. This may indicate that, like medical and dental, vision is becoming more of a baseline expectation than a differentiator.

Benefits: Vision insurance

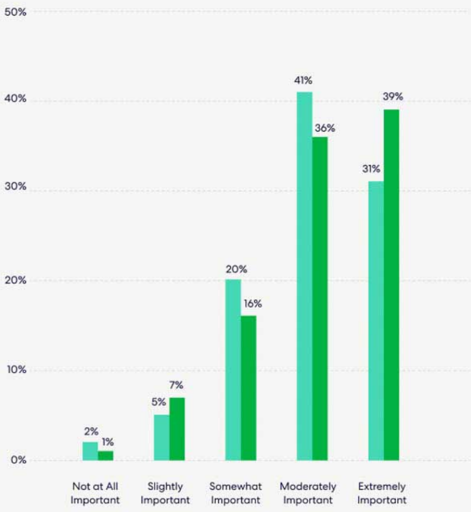
QUESTION (Employee):

What level of importance would you consider vision insurance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider vision insurance when looking for a job?



2024 2025

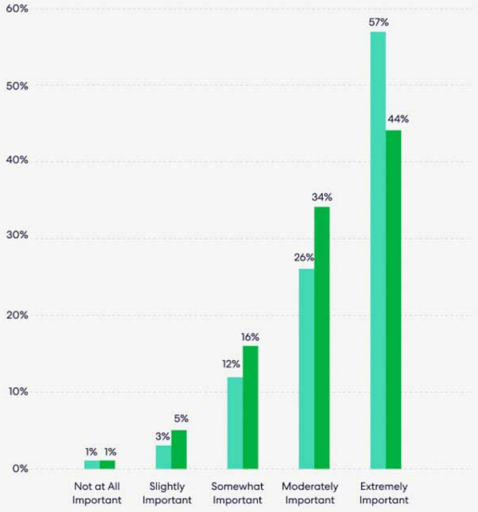
Employers rate paid and sick time off as highly valuable, with an increase in the “extremely important” category—up to 50% from 43%. Lower importance categories are shrinking, signaling stronger prioritization.

Fewer employees reported paid and sick time off as “extremely important,” decreasing to 44% from 57% last year.

Benefits: Paid & sick time off

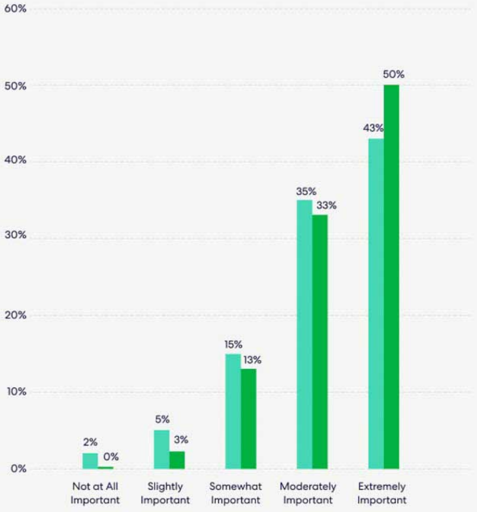
QUESTION (Employee):

What level of importance would you consider paid & sick time when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider paid & sick time when looking for a job?



2024 2025

05.
THE SIGNIFICANCE OF BENEFITS

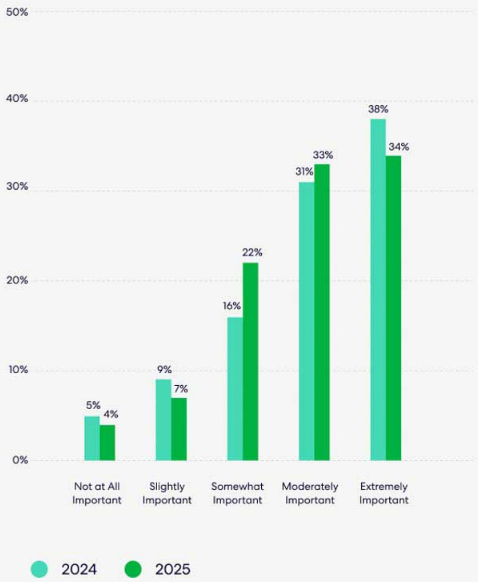
Employers show priority for mental health insurance; “extremely important” responses grew to 37% from 28% alongside declines elsewhere, signaling broader recognition of its significance.

Employees also recognize the importance of mental health insurance, with growth across both “extremely important” and “moderately important” ratings, reflecting a broader appreciation across the workforce.

Benefits: Mental health insurance coverage

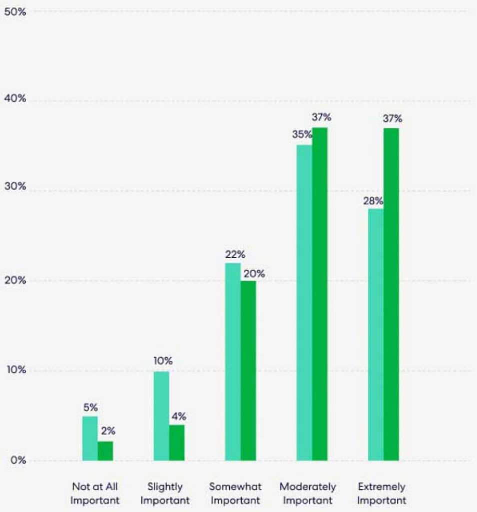
QUESTION (Employee):

What level of importance would you consider mental health insurance coverage when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider mental health insurance coverage when looking for a job?



05. THE SIGNIFICANCE OF BENEFITS

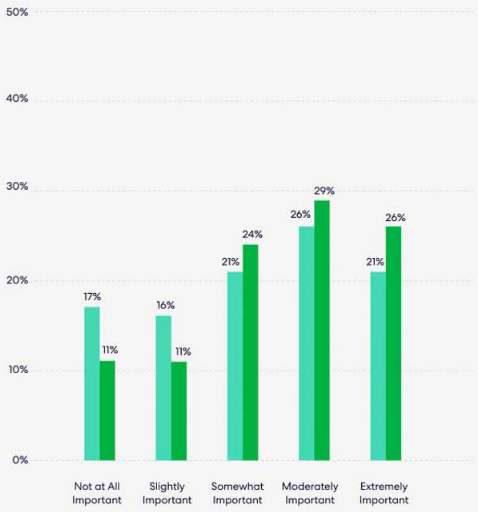
Employers believe wellness programs to be valuable, with the "extremely important" category growing to 31%, up from 22%. Lower categories have shrunk, suggesting stronger recognition of their role in overall employee wellbeing.

Employees also value wellness programs, with fewer dismissing them as unimportant, dropping to 11% from 17%. Growth in the "extremely important," "moderately important" and "somewhat important" categories suggest expanding consideration across the workforce.

Benefits: Wellness classes or app subscription

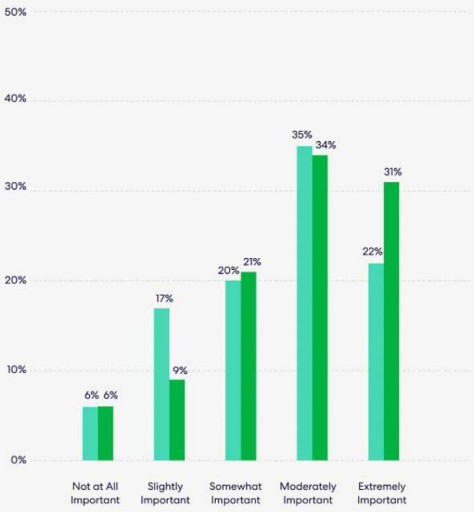
QUESTION (Employee):

What level of importance would you consider wellness classes or app subscription when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider wellness classes or app subscription when looking for a job?



2024 2025

05.
THE SIGNIFICANCE OF BENEFITS

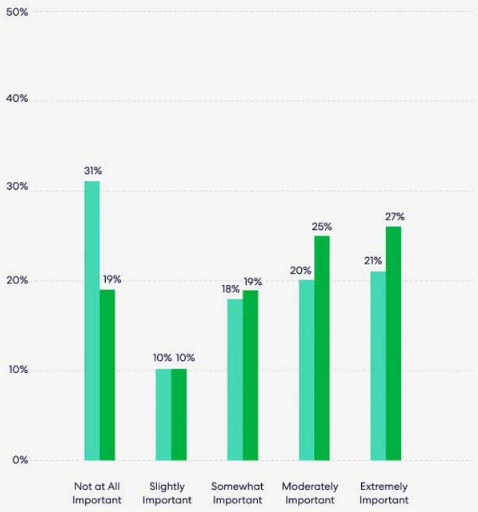
Fertility coverage is a priority for employers; "extremely important" responses grew to 29% from 25%, and "moderately important" responses increased to 31% vs. 28%, signaling stronger recognition but still with a modest emphasis compared to core health benefits.

Employees stating fertility coverage was "not at all important" fell to 19% from 31%, indicating rising recognition of its value.

Benefits: Fertility coverage

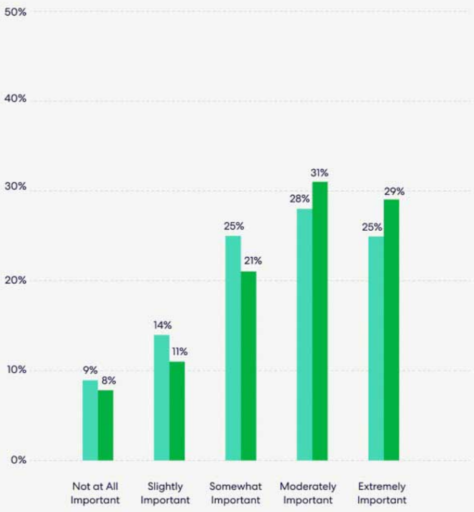
QUESTION (Employee):

What level of importance would you consider fertility coverage when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider fertility coverage when looking for a job?



2024 2025

05. THE SIGNIFICANCE OF BENEFITS

Life insurance is gaining momentum as an employer priority, concentrating more in the "extremely important" category, rising to 40% from 31% in 2024.

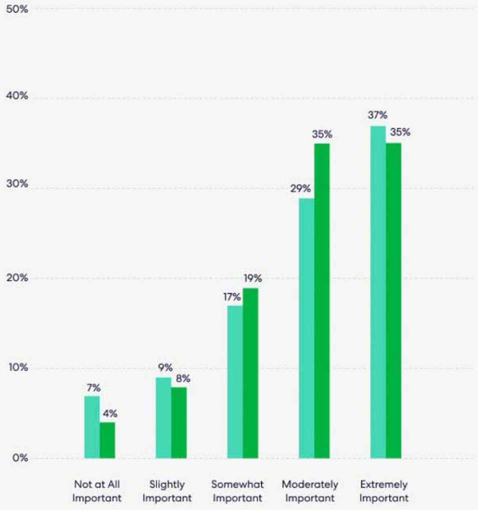
Employee emphasis is shifting, with a slight softening at the very top but strong growth in "moderately important" (35% in 2025 versus 29% in 2024) reflecting a broader middle-ground recognition.

This highlights a mild misalignment in intensity: employers report life insurance as increasingly critical, while employees recognize its importance but are less likely to view it as their top must-have.

Benefits: Life insurance

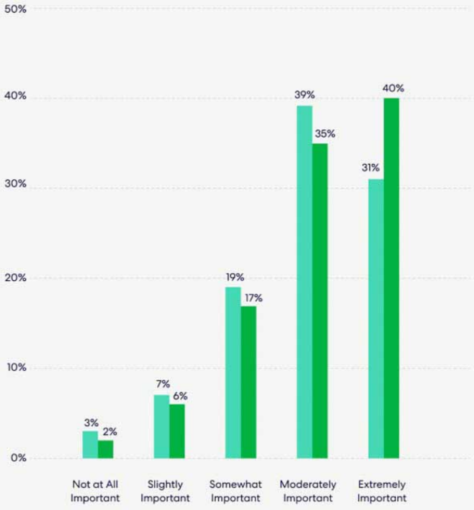
QUESTION (Employee):

What level of importance would you consider life insurance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider life insurance when looking for a job?



2024 2025

05. THE SIGNIFICANCE OF BENEFITS

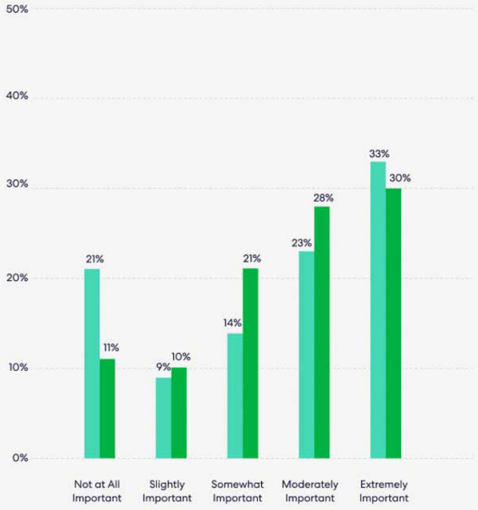
Employers value parental leave as a critical benefit, with gains in both “extremely important” (37% in 2025, 32% in 2024) and “moderately important” (35% in 2025, 33% in 2024) ratings. Lower categories are in decline, showing a consolidation of value at the top.

Employees broadly embrace parental leave; “not at all important” responses fell to 11% from 21% and “moderately important” and “somewhat important” categories see growth. While extremely important is fairly steady, overall recognition of parental leave as valuable is deepening.

Benefits: Parental leave

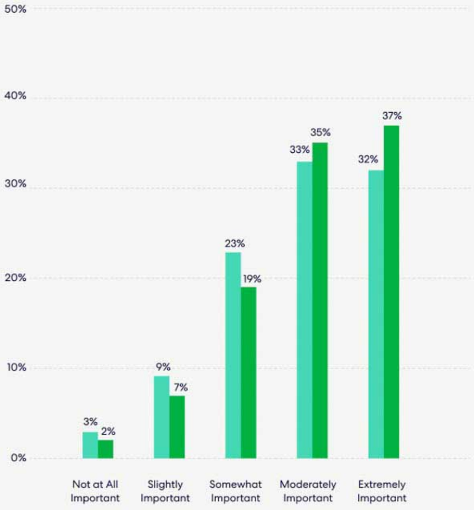
QUESTION (Employee):

What level of importance would you consider parental leave when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider parental leave when looking for a job?



2024 2025

05. THE SIGNIFICANCE OF BENEFITS

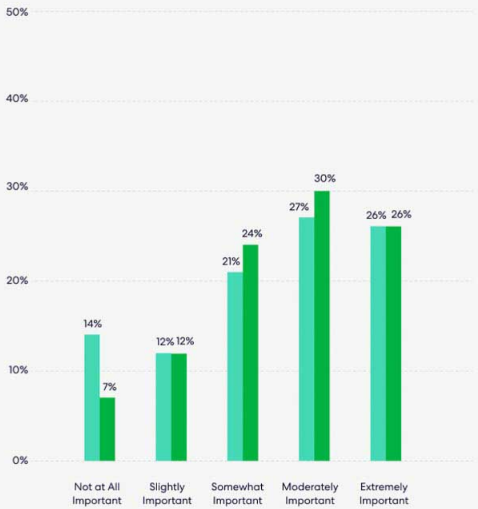
Wellness activity perks are a bigger focus for employers, with growth in “extremely important” responses to 31% from 24% last year. However, the decline in “moderately important” and “somewhat important” shows polarization: fewer see it as “moderately important,” more as either critical or less important.

Employees are taking greater advantage of wellness activity discounts. “Not at all important” is down sharply to 7% from 14% and employees report steady growth across the positive categories.

Benefits: Wellness activity discounts

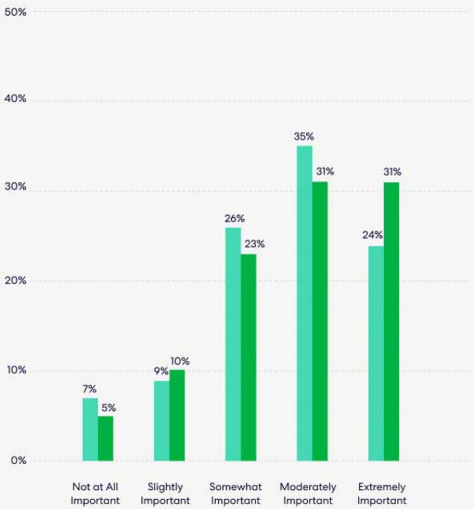
QUESTION (Employee):

What level of importance would you consider wellness activity discounts when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider wellness activity discounts when looking for a job?



2024 2025

05.
THE SIGNIFICANCE OF BENEFITS

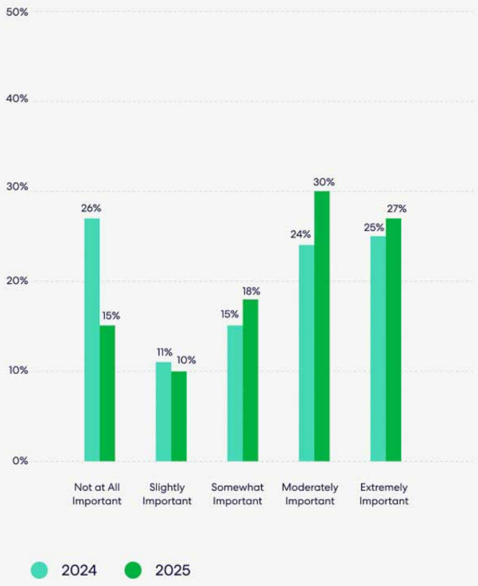
Employers value childcare assistance, with "extremely important" responses growing to 32% from 29% and "somewhat important" responses increasing to 23% from 19%, while lower categories declined.

Employees share this sentiment. The share of "not at all important" opinions declined 11% to 15% and all positive categories increased.

Benefits: Childcare assistance

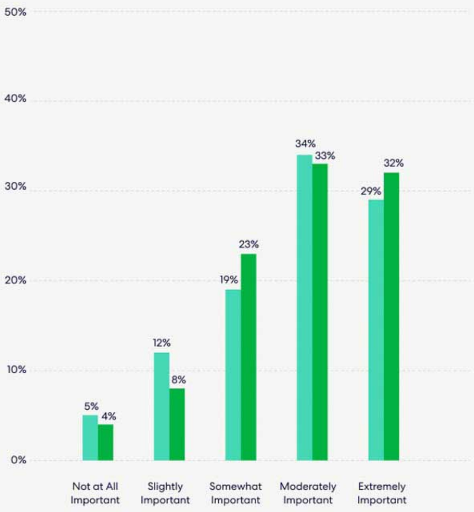
QUESTION (Employee):

What level of importance would you consider childcare assistance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider childcare assistance when looking for a new job?



05. THE SIGNIFICANCE OF BENEFITS

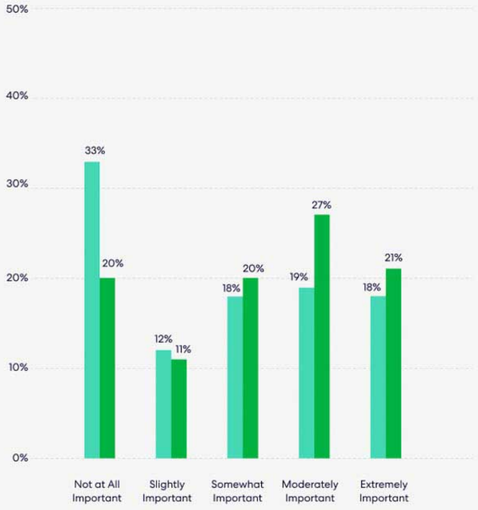
Employers view pet insurance as more critical; 24% rate it “extremely important,” up from 17%. However, declines in “moderately important” and “somewhat important” suggest division: employers may be split between seeing it as essential or less relevant.

The value of pet insurance is on the rise for employees, with fewer dismissing it as “not at all important”—20% in 2025 versus 33%—and more moving into “moderately important” and “extremely important.”

Benefits: Pet insurance

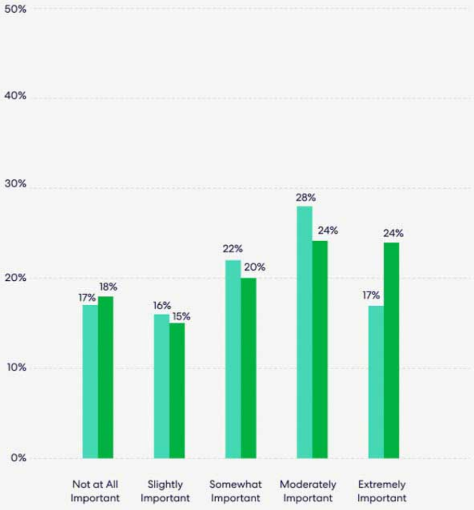
QUESTION (Employee):

What level of importance would you consider pet insurance when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider pet insurance when looking for a job?



2024 2025

05. THE SIGNIFICANCE OF BENEFITS

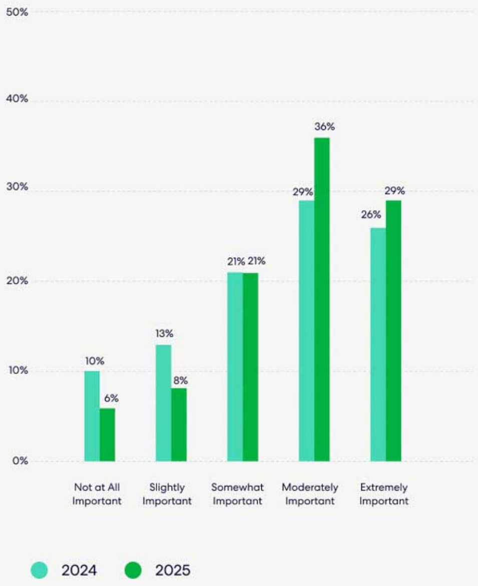
Employers place higher priority on employee discounts, with “extremely important” responses increasing to 32% from 27%. Middle tier responses decreased slightly, suggesting a sharper split toward seeing them as more essential.

Employees also value discounts, with “moderately important” responses increasing to 36% from 29% and fewer dismissing them as unimportant. This points to rising expectations for discounts as part of total rewards.

Benefits: Employee discounts

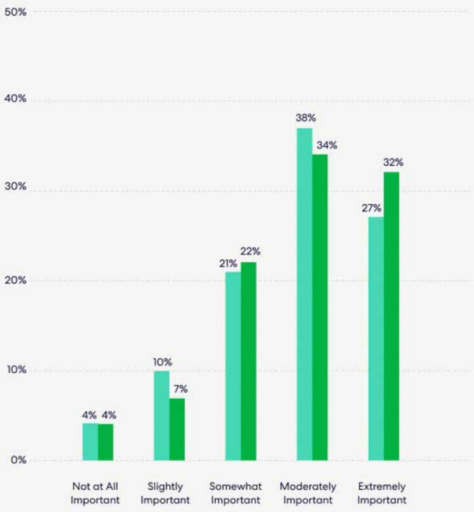
QUESTION (Employee):

What level of importance would you consider employee discounts when looking for a job?



QUESTION (Employer):

What level of importance do your employees consider employee discounts when looking for a job?



05. THE SIGNIFICANCE OF BENEFITS

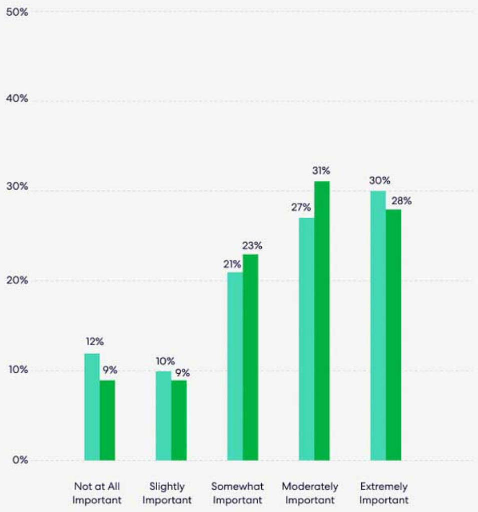
Employers and employees are aligned in elevating education reimbursement in 2025, both showing growth in higher-importance ratings.

“Extremely important” responses from employers increased to 33% from 28%, while employees spread growth across “moderately important” and “somewhat important” categories.

Benefits: Education reimbursement

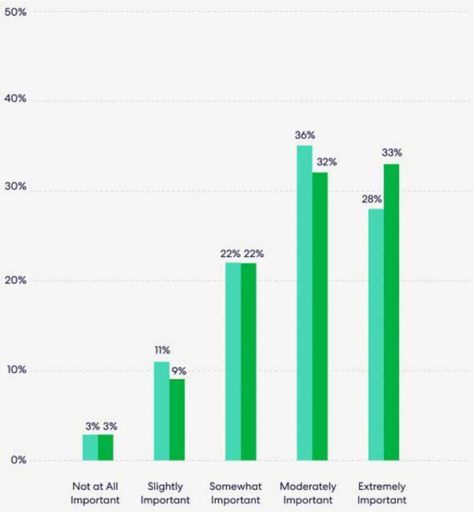
QUESTION (Employee):

What level of importance would you consider education reimbursement when looking for a job?



QUESTION (Employer):

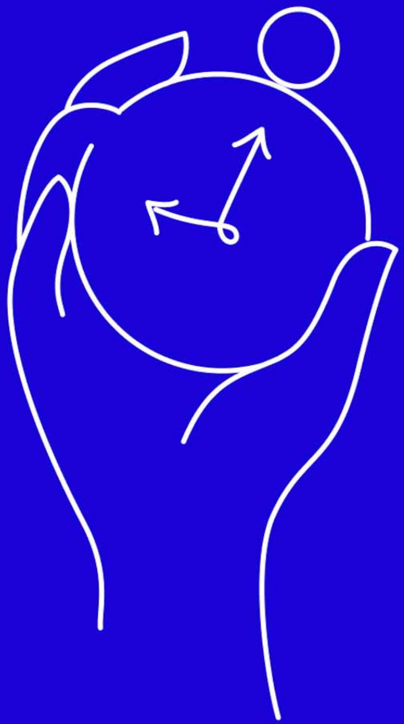
What level of importance do your employees consider education reimbursement when looking for a job?



2024 2025

06. THE DEMAND FOR 24/7 HR

As a trend, 24/7 access to HR support and resources is crucial for both U.S. small business employees and employers. Support that's within reach can help address important concerns like benefits inquiries or payroll discrepancies when they arise.



NEARLY 2 IN 3 U.S. SMALL BUSINESS WORKERS THINK HR SHOULD BE AN ALWAYS ON FUNCTION.

06. THE DEMAND FOR 24/7 HR

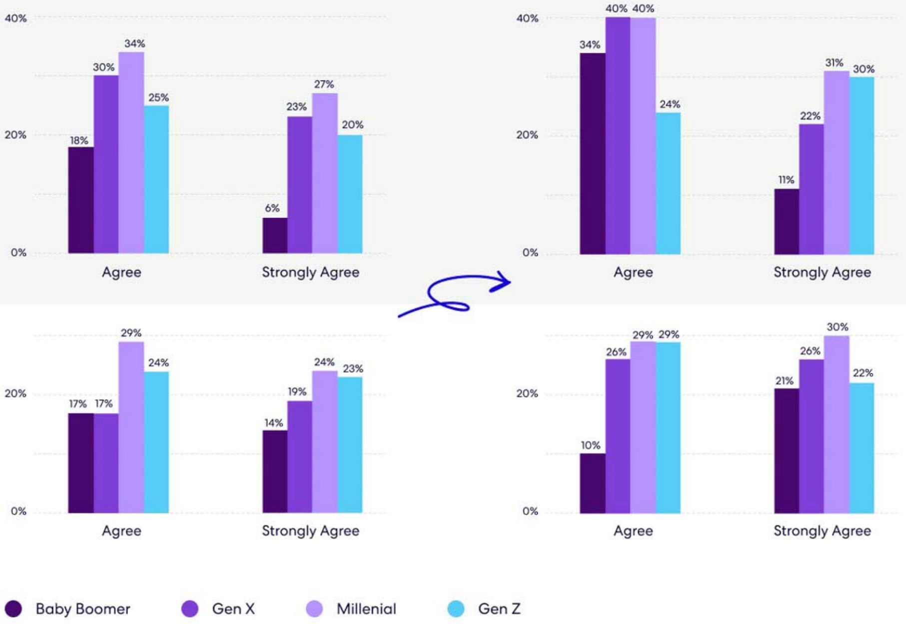
66% of employers and 53% of employees agree or strongly agree that HR should be a 24/7 resource, up from 54% and 44% respectively.

Generationally, support for always on HR was higher among younger workers, with 62% of Gen Z employees in agreement. Average agreement scores also rose, with employees increasing to 74% from 65% and employers to 85% from 77% in 2024.

24/7 HR

QUESTION (Employee and Employer):

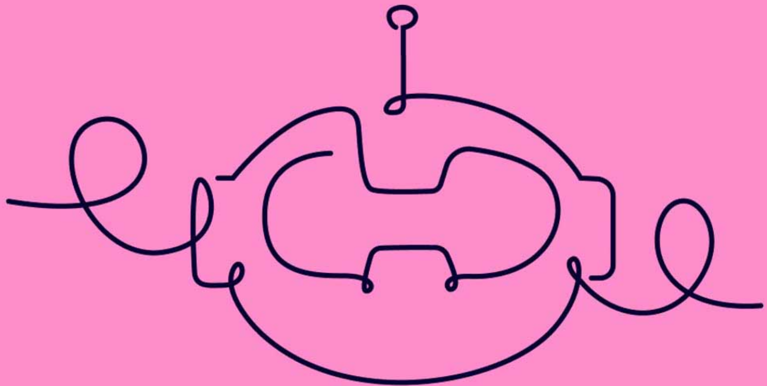
Do you agree with the following statement:HR should be available 24-7.



07. AI IN HR

AI has officially crossed into the mainstream of work. In 2025, nearly everyone in the U.S. small business ecosystem—94% of employers and 84% of employees—report using AI on the job. That's not just growth; it's normalization. AI has moved from novelty to necessity.

Three in four employees say they use AI for HR-related tasks, whether checking time off balances, exploring benefit options or navigating onboarding. Yet adoption isn't universal across all functions. Employees and employers alike are pulling back slightly in sensitive areas such as offboarding and training—places where human context and empathy still matter most.



07.
AI IN HR

94%

OF SMALL BUSINESS EMPLOYEES USE AI FOR WORK

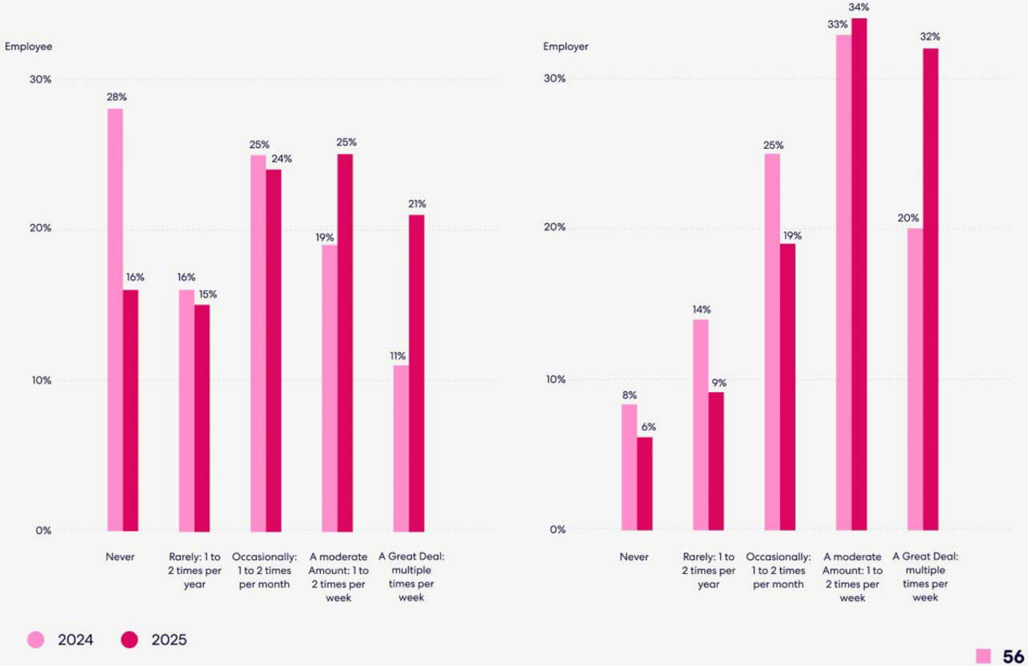
07.
AI IN HR

94% of employers and 84% of employees in small and medium-size business use AI on the job. While some report using AI just once or twice a year, others engage with it monthly or even weekly, showing that there are employers and employees actively harnessing AI on the job. When it comes to HR-specific tasks, three in four employees are using AI occasionally or more.

AI Frequency of Use

QUESTION (Employee and Employer):

How frequently are you using AI at work?



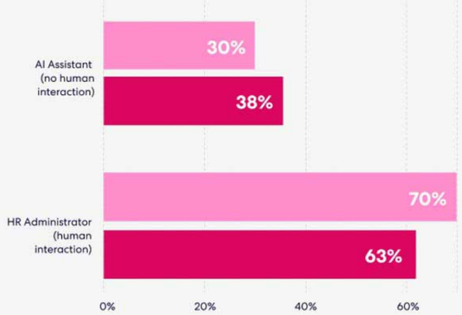
07.
AI IN HR

Employee preference for AI-only HR support climbed to 38% in 2025, up from 30% the year before, suggesting growing comfort with using AI for routine workplace questions.

AI usage for general HR

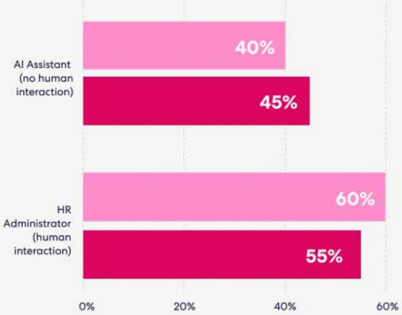
QUESTION (Employee):

How often do you use AI for general HR questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for general HR questions?



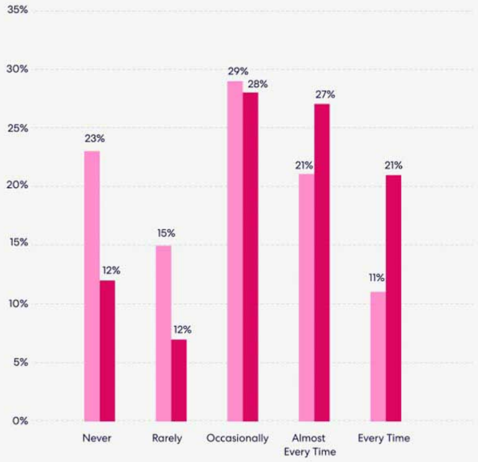
2024 2025

Employers and employees are more comfortable using AI for payroll. 48% of employees use AI almost every time or every time for payroll questions, and 64% of employers feel this is moderately or extremely acceptable, up from 32% and 56% respectively in 2024.

AI acceptability versus usage for payroll

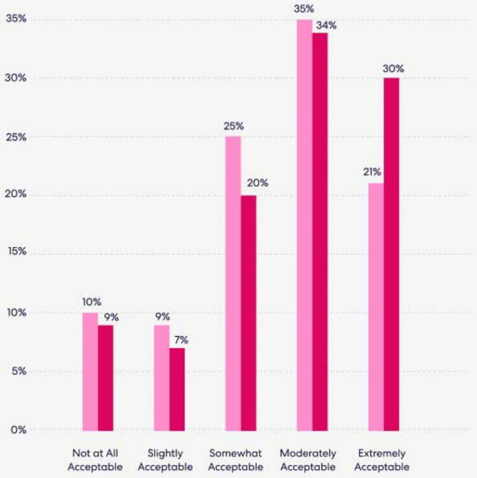
QUESTION (Employee):

How often do you use AI for payroll questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for payroll questions?



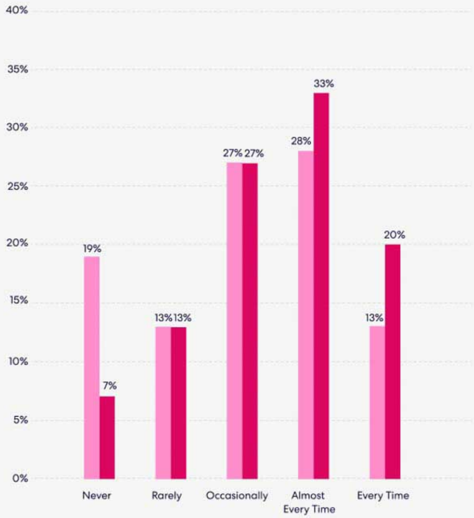
2024 2025

Employers and employees are more comfortable using AI for benefits questions. 53% of employees use AI almost every time or every time for benefits questions and 66% of employers feel this is moderately or extremely acceptable, up from 41% and 63% respectively in 2024.

AI acceptability versus usage for benefits questions

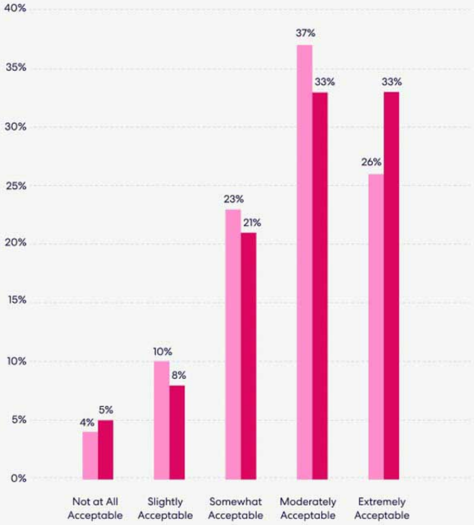
QUESTION (Employee):

How often do you use AI for benefits questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for benefit questions?



2024 2025

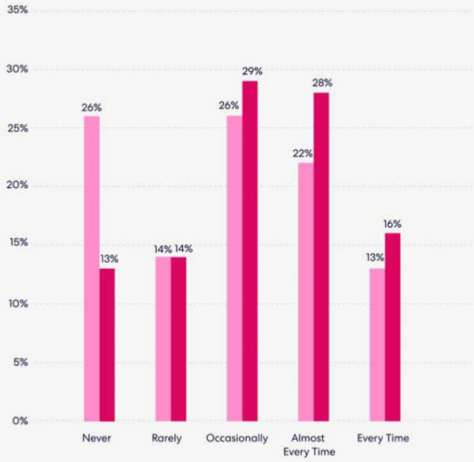
07.
AI IN HR

Employers and employees are more comfortable using AI for personal questions, such as health related inquiries, time off or performance feedback. In 2025, 44% of employees use AI almost every time or every time for personal questions and 40% of employers feel this is moderately or extremely acceptable, up from 35% and 53% respectively in 2024.

AI acceptability versus usage for personal HR questions

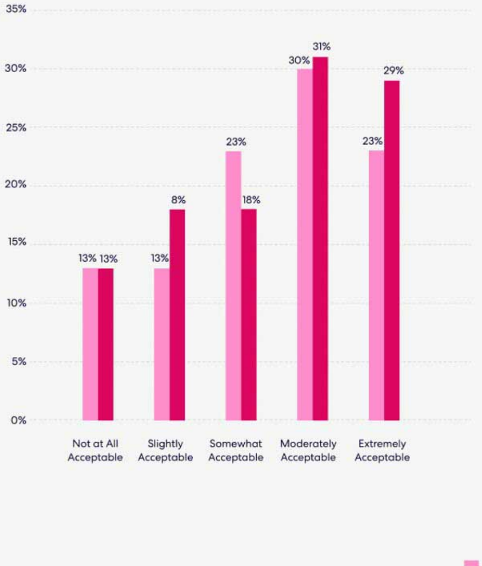
QUESTION (Employee):

How often do you use AI for personal HR questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for personal HR questions?

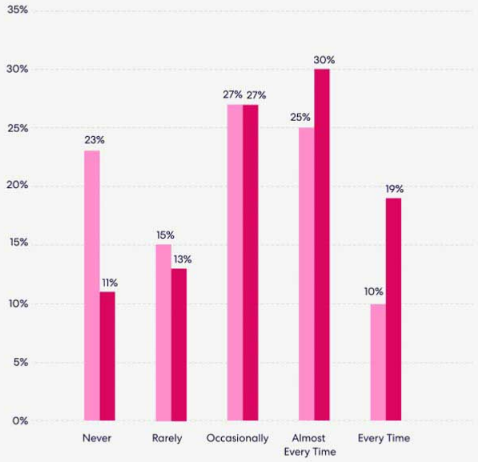


Employers and employees are more comfortable using AI for interpersonal questions, such as employee conflicts, roles and responsibilities or internal disputes. 49% of employees use AI almost every time or every time for interpersonal questions and 56% of employers feel this is moderately or extremely acceptable, up from 35% and 52% respectively in 2024.

AI acceptability versus usage for interpersonal HR questions

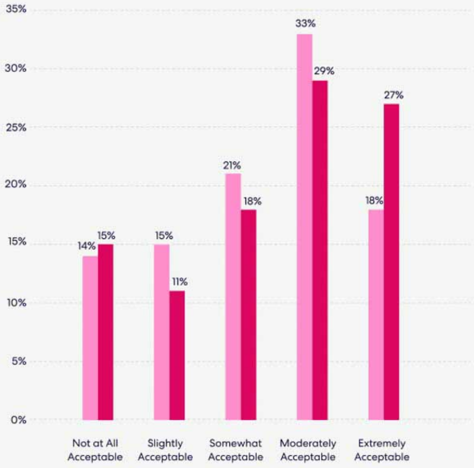
QUESTION (Employee):

How often do you use AI for interpersonal HR questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for interpersonal HR questions?



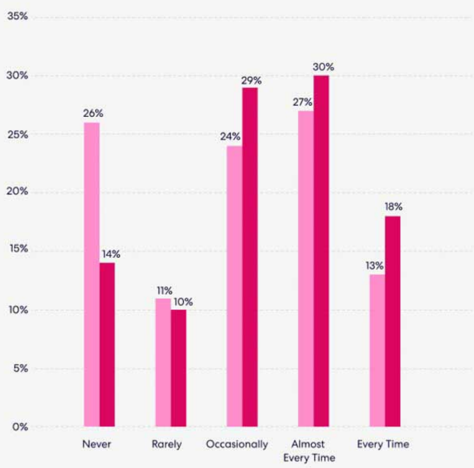
2024 2025

Employers and employees are more comfortable using AI for performance reviews. 48% of employees use AI almost every time or every time for performance reviews and 64% of employers feel this is moderately or extremely acceptable, up from 40% and 55% respectively in 2024.

AI acceptability versus usage for performance reviews

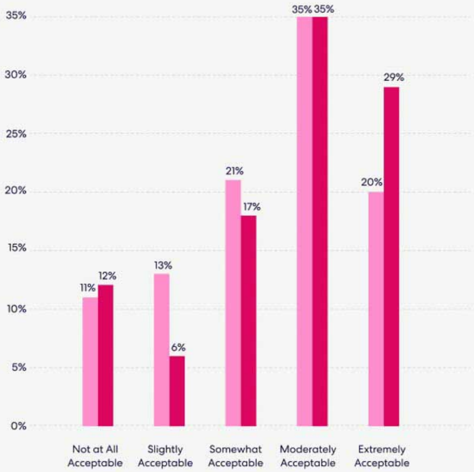
QUESTION (Employee):

How often do you use AI for performance reviews?



QUESTION (Employer):

How acceptable is it for employees to use AI for performance reviews?



2024 2025

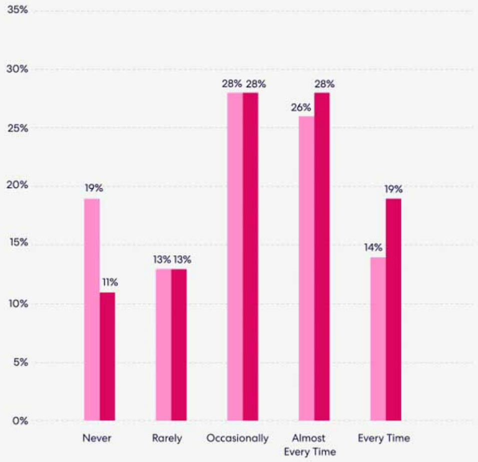
07.
AI IN HR

In a rare reversal, employers are growing less comfortable with using AI for employee training and development—even as workers embrace it more. Nearly half of employees (47%) now use AI for training, up from 40% in 2024. Yet only 61% of employers say they find this use moderately or extremely acceptable, marking one of the few areas where employer confidence in AI has declined.

AI acceptability versus usage for training/development

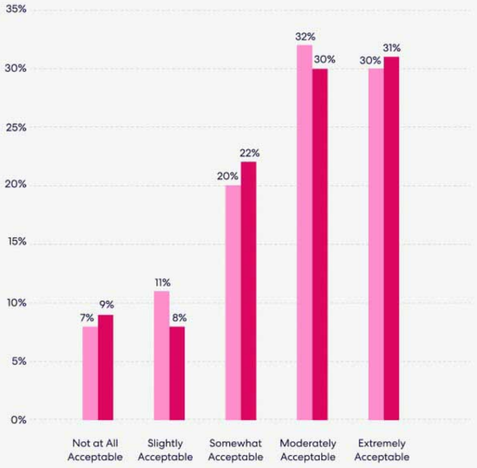
QUESTION (Employee):

How often do you use AI for training & development questions?



QUESTION (Employer):

How acceptable is it for employees to use AI for training & development questions?



2024 2025

EMPLOYERS ARE PULLING BACK ON AI IN TWO KEY AREAS: OFFBOARDING AND EMPLOYEE TRAINING & DEVELOPMENT.

07.
AI IN HR

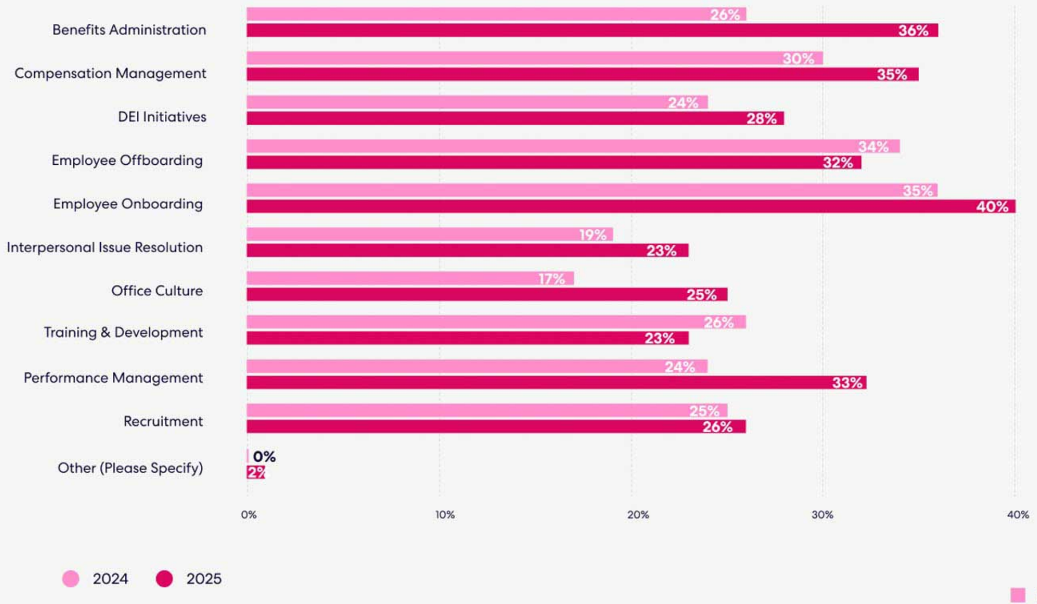
Across nearly every category, employers are showing greater willingness to delegate core HR tasks to AI. Benefits administration and performance management lead the shift: in 2025, 36% of employers prefer AI assistance for benefits administration, up from 26% in 2024, and 33% now favor AI for performance management, up from 24%.

Still, a few areas are moving in the opposite direction. Employer preference for using AI in offboarding slipped to 32% from 34% and in training and development fell three points to 23%—echoing broader unease about AI's role in employee learning.

Employer preference for AI delegation

QUESTION (Employer):

What tasks would you like to delegate to AI?



07.
AI IN HR

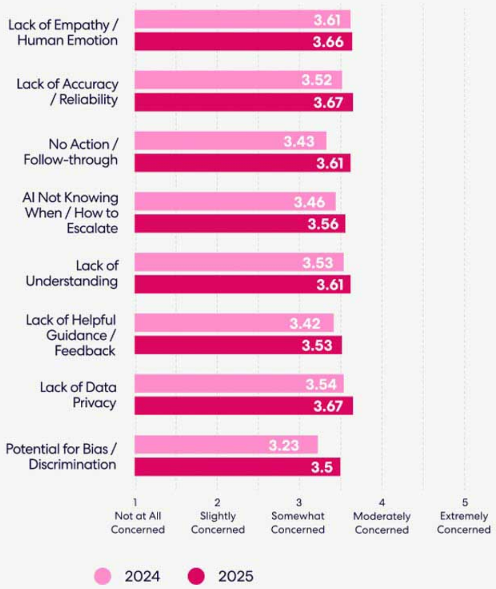
Most employer concerns are flat or nudged upward slightly, with the only meaningful decline being in "no action/follow-through" at 3.49 in 2025 versus 3.59 in 2024.

Unlike employers, employee concerns rose across every single category, with the largest jumps in bias/discrimination (3.50 versus 3.23 in 2024, the largest rise of 0.27), follow-through (3.61 versus 3.43 in 2024), accuracy (3.67 versus 3.52 in 2024), and privacy (3.67 versus 3.54 in 2024).

Top concerns when using AI for HR

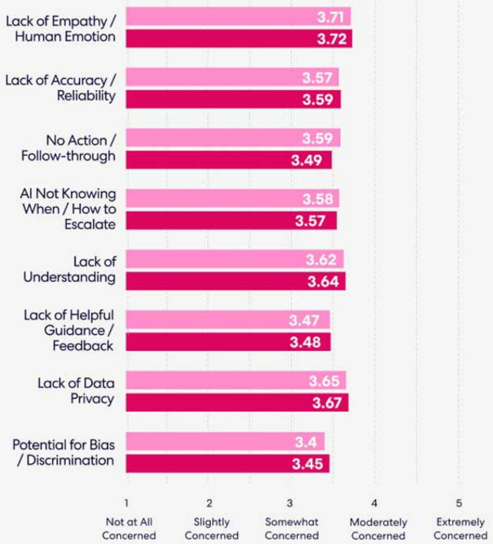
QUESTION (Employee):

What are your top concerns when using AI for HR tasks?



QUESTION (Employer):

What are your top concerns when using AI for HR tasks?



07.
AI IN HR

Employer comfort with AI in HR is steadily rising. “extremely acceptable” ratings improved across payroll (+9 pts to 30%), benefits (+7 pts to 33%), and performance reviews (+9 pts to 29%), showing that once-experimental tools are becoming mainstream. Even in sensitive areas like interpersonal or personal HR questions, comfort increased (+9 pts and +6 pts), underscoring AI’s normalization as a workplace tool.

Employees are leaning into AI, often outpacing employer acceptance. “Every time” usage rose in payroll (+10 pts), benefits (+7 pts), and interpersonal HR (+9 pts), while “never” responses dropped to single digits in most areas. Resistance is fading fast as AI becomes an expected part of daily HR tasks.

Top concerns when using AI for HR

QUESTION (Employer):

What are your top concerns when using AI for HR tasks?

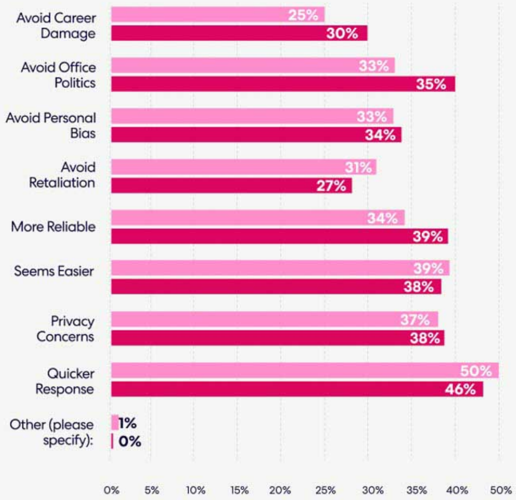
07.
AI IN HR

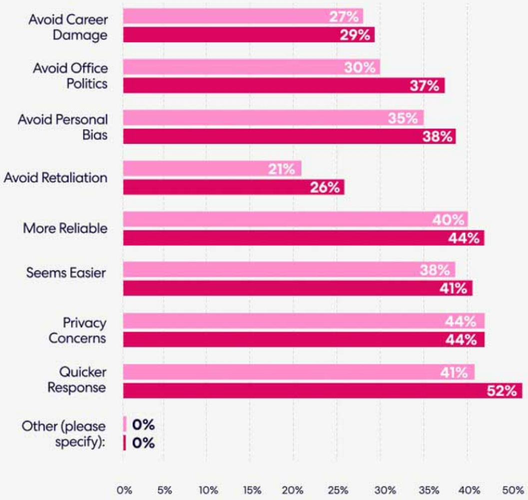
Employers cite speed (52%) and reliability (44%) as the primary reasons for using AI in HR, with an additional 30% to 40% valuing its ease of use and ability to avoid retaliation or workplace politics.

Reasons why AI was selected

QUESTION (Employee and Employer):

Please list the following reasons why you selected AI in order of importance.





2024 2025

08. CONCLUSION

The dynamics of the workplace continue to evolve and 2025 is proving no exception. This year's *State of the Workplace* report reveals widening gaps in employee engagement, a hardening stance on flexible work terms, growing uncertainty about job readiness and a cautious recalibration of AI's role in the employee experience.

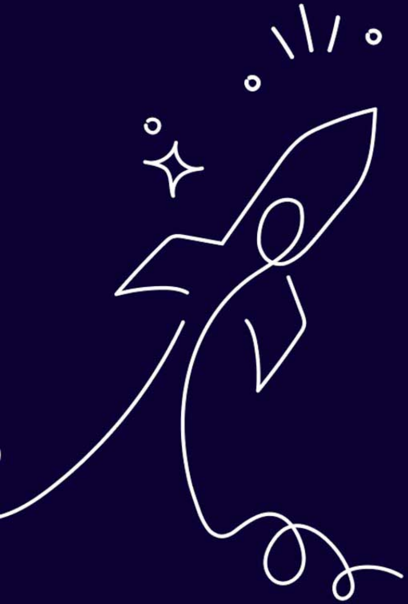
Employee engagement remains a paradox. While engagement scores among small business workers have improved, many **employers overestimate how connected their people feel**. The reasons behind disengagement vary, but the signal is clear: small business leaders should regularly check in on how employees experience belonging, purpose and connection at work.

The conversation around **flexibility** also continues to define modern work. Even as the pandemic recedes, employees' expectations for autonomy remain strong. For the second consecutive year, small business workers identified a hybrid schedule—about three days in the office—as ideal. Flexible hours, not just flexible locations, are increasingly desired.

Job confidence, however, is slipping. While nearly half of employers believe their teams possess the skills to succeed, fewer employees share that sentiment. Gen Z workers, in particular, report a steep decline in self-assessed readiness—just 39% now feel equipped for their roles, down more than 20 points year over year.

Finally, while AI adoption has become nearly universal—used by 94% of employers and 84% of employees—its limits are becoming clearer. **Employers are pulling back from applying AI to areas that demand human judgment and empathy**, such as training, development and offboarding. This suggests a growing maturity in how organizations balance efficiency with humanity.

We hope the insights in this report help leaders navigate that balance—driving smarter decisions, stronger teams, and more resilient workplaces.



About TriNet

TriNet (NYSE: TNET) provides small and medium-sized businesses (SMBs) with full-service industry-specific HR solutions, providing both professional employer organization (PEO) and human resource information system (HRIS) services. TriNet offers access to human capital expertise, benefits, risk mitigation, compliance, and payroll services, all enabled by industry-leading technology. TriNet's suite of products also includes services and software-based solutions to help streamline workflows by connecting HR, benefits, employee engagement, payroll, and time and attendance. Rooted in more than 30 years of helping entrepreneurs and adapting to the ever-changing modern workplace, TriNet empowers SMBs to focus on what matters most —growing their business and enabling their people.

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