

Recruitment tops list of employers' biggest challenges

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Recruiting enough qualified workers, retaining existing talent, and managing rising costs are among the biggest challenges facing UK organisations right now, according to new [research](#) by HR and payroll software provider [Ciphr](#).

300 UK HR decision-makers were asked to share their views on the most pressing workplace issues for their organisations in the year ahead (to July 2026). The majority cited at least two or more causes for concern (five was the average).

Recruitment - attracting and engaging skilled candidates - was revealed as the biggest worry for UK businesses, with 29% of those surveyed calling this a major challenge.

A similar number of respondents (28%) expect employee retention to prove challenging, while others are bracing for rising costs and budget squeezes (27%).

Many (26%) also believe that their organisation may struggle to satisfy employees' remote or hybrid working expectations going forward.

Using AI, pay rise requests, and staying compliant (three distinctly different organisational 'challenges') were tied for fifth place in Ciphr's poll. One in four (25%) HR professionals anticipate difficulties with ensuring good AI practices, meeting salary expectations in a continuing cost-of-living crisis, and getting ready for the sweeping reforms of the [Employment Rights Bill](#).

Other big concerns included providing employees with: regular training and development (23%), a good work-life balance (23%), an inclusive workplace (22%), and new benefits and rewards (22%).

Challenges facing UK employers in the year ahead (top 10)

- Recruiting enough qualified talent (29% of surveyed HR professionals)
- Retaining employees / keeping top talent (28%)
- Managing rising costs / budget shortfalls (27%)
- Meeting employees' remote or hybrid working expectations (26%)
- Ensuring effective, secure and ethical use of AI (25%)
- Meeting employees' pay expectations (25%)
- The Employment Rights Bill - preparing for (and complying with) new employment legislation and reforms (25%)
- Investing in / providing regular and ongoing employee training and development opportunities (23%)
- Providing a good work-life balance for employees (23%)
- Ensuring a positive and inclusive workplace culture (22%)
- Investing in new employee benefits and rewards (22%)

Commenting on the survey findings, Claire Hawes, chief people and operations officer at Ciph, says: "It's interesting to see how close the top five results were, with just one percentage point difference between each one. Although recruitment and retention continue to make headlines, Ciph's research highlights that leaders have many other, equally concerning, challenges to navigate - including AI, the impact of tighter budgets, complex regulatory changes, salary inflation, and continuing RTO/WFH demands. With such a range of challenges, it's not always clear where to focus your efforts.

"Yes, there's the challenge of attracting the right talent. But that's only ever half the battle - keeping people engaged, supporting them and enabling them to grow in their roles, while meeting their pay expectations, is often another challenge again.

"Employers must prioritise creating a compelling employee value proposition (EVP), which covers every aspect of the employee experience. Be led by your data - use feedback from existing employees, of all ages, and recent leavers to understand what needs to improve. Maybe it's your benefits, maybe it's clearer career pathways or maybe it's more transparent communications. Make the changes you can and measure the impact.

"Operational resilience is contingent on how well organisations can balance rising costs with strategic investment in their people. Because the firms that put their people first will, I believe, be best placed to adapt and succeed in 2026."

Top priorities for employers

Ciph's research also revealed what HR teams think bosses should prioritise when it comes to their workers. Especially given the prevailing recruitment and retention challenges that many face.

Respondents were asked to consider all employers generally, when sharing their views.

Nearly half (46%) of the 300 HR professionals surveyed said 'providing a good range of employee benefits' should be the priority for employers, ahead of providing a good workplace culture, a good life/work balance, and even a good salary.

Offering training and career progression, and promoting fair treatment and respect at work, also ranked high in their list of priorities. Maintaining meaningful in-person connections among employees was also seen as more of a priority than offering remote or hybrid working (38% vs 27% of those surveyed).

Employers' top priorities when it comes to their workers (top 10)

- Providing a good range of employee benefits (46% of surveyed HR professionals)
- Ensuring a positive, respectful and healthy work environment / culture (45%)
- Providing flexible working / a good work-life balance for employees (45%)
- Paying a good / fair average wage (42%)
- Providing regular employee training, upskilling opportunities, and career advancement (42%)
- Ensuring all employees are treated fairly and equally, with no favouritism (41%)
- Protecting employees' health and safety at work (40%)
- Providing job security to employees (40%)
- Supporting employees' mental health and wellbeing at work (39%)
- Providing a good employee experience (39%)

Phil Curtis, MD of [Avantus Employee Benefits](#) (part of the Ciphre Group), says these findings aren't unexpected: "Employers who embrace flexible benefits – giving people greater autonomy to choose the benefits they genuinely want – have seen staff retention rates improve. So, it's no surprise that having a good range of employee benefits tops the list of priorities for UK employers looking to support their employees' physical, mental and financial wellbeing."

"A scattergun approach to reward strategy simply doesn't cut it anymore. Experience tells us that job seekers have become progressively more discerning, especially since the pandemic. They look beyond the headline salary when weighing up employment opportunities and they want to feel fairly rewarded for the value they bring to an organisation. Personalised benefits is an essential part of that."

He adds: "Investing in new benefits and rewards can be a challenge but doesn't necessarily need huge budgets. Much can be done without additional cost, especially when salary sacrifice benefits are introduced. It's also worth revisiting the value of certain core benefits, as it may be possible to unlock budget in this area with some creative thinking, targeting spend more effectively."

"Employees aren't always totally aware of what benefits they may already have access to. Regular internal comms can help remind them about any benefits they may have missed, while dynamic total reward

statements are a great way to illustrate the true value of their benefits packages.”

Ciphr commissioned OnePoll to conduct an independent survey of 300 HR decision makers (employed at UK organisations). The survey ran between 22-28 July 2025. The full results are available at www.ciphr.com/infographics/challenges-and-priorities-for-employers-in-2026.

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