THE NATURE OF WORK and the workplace is changing. In the future, work will be more flexible, more collaborative and more diverse, and may feel less stable than the world of work today. As organizations become increasingly global, multigenerational, multicultural, networked and reliant on technology, leaders must be able to plan and implement a strategy to build a productive, skilled and engaged workforce that may span multiple countries or regions. The very nature of how companies will address talent management in the future is changing dramatically, and HR and senior management professionals need to be prepared in order to secure and maintain a competitive edge.

Working with the Economist Intelligence Unit, the SHRM Foundation has identified five trends that are transforming the world of work:

1. **DEMOGRAPHIC SHIFTS**
The population is aging in much of the developed world. Over the next 15-25 years, the large Baby Boom generation will be leaving the workforce in countries such as the U.S., Japan, the U.K. and many others. In emerging markets, however, the population is overwhelmingly young, and those countries face challenges in providing education and jobs. For example, half of the population in the Middle East and North Africa region is under 25. This demographic shift creates incentives for global migration. Workforces are becoming more geographically diverse as young workers in developing regions move to more prosperous countries to find work or become global telecommuters who work remotely. In addition, in the next decade nearly one billion women—primarily from the developing world—are expected to enter the labor force.

2. **LOSS OF MIDDLE-SKILLED JOBS**
Technological advances in developed countries have automated many routine tasks formerly performed by mid-skilled workers (those with a high school diploma but not a college degree). In addition, productivity has increased substantially over the past few decades while workers’ wages have remained flat or even fallen. This “hollowing out” of the middle forces many mid-skilled workers to take low-wage jobs, resulting in a polarization of the job market into high- and low-skilled. For example, half of the 7.5 million jobs lost during the 2008 recession in the U.S. were middle-class jobs paying between $38,000 and $68,000. Yet after the recession, from June 2009 to the end of 2012, just 2 percent of the 3.5 million jobs created were middle-class jobs.

3. **SKILLS GAP: DISCONNECT BETWEEN EDUCATIONAL STANDARDS AND ORGANIZATIONAL DEMAND**
Educational authorities are struggling to remold their systems to meet the needs of the modern economy. Though the number of college graduates is growing, companies still report challenges in finding candidates with the right combination of technical and soft skills. In addition, there is a shortage of highly skilled manufacturing workers and skilled trades workers.

4. **ERODING PHYSICAL BARRIERS AND INCREASED GLOBALIZATION**
Technology has made it possible for employees to work from any location and has made their physical presence in the office less important. The rapid growth of technology has eroded physical barriers to working and has enabled people in previously isolated countries to participate in global business, thus allowing work to be performed far from its original source.

5. **NEW MODELS OF WORK: CROWDSOURCING**
Traditional employment models will always be with us; however, the rise of the Internet has facilitated a new way of working called crowdsourcing. New websites such as Gigwalk, Mechanical Turk and TopCoder have created online marketplaces where workers and those with project work can connect and transact business. Employees can do work for one company and, when work is slow, go work for another, entirely separate company. This practice avoids layoffs. Crowdsourcing is outsourcing from the crowd; it allows an organization to leverage the collective talent of the crowd to get work done, often in more efficient and cost-effective ways than the traditional employment model. By using “reputation scores” similar to sellers on e-Bay, these platforms allow companies to quickly evaluate and tap into global talent outside their own workforce.
Any discussion about the future of work would be incomplete without acknowledging the rise of the agile workforce and its growing role in shaping the future of business. As a leader in the talent management sector, we at Randstad US have seen agility momentum gain traction as more and more companies begin to embrace the advantages, and the necessity, of a more fluid workforce. It is our strong belief companies will soon heavily rely upon an on-demand, nonpermanent workforce to achieve the business agility needed to remain competitive in a fast-paced, fast-changing digital world.

Rather than rely on our anecdotal, albeit rich, evidence of this shift, Randstad recently invested in a groundbreaking research initiative to understand the role that agile talent will play in the 2025 workplace. The findings surprised even us. For C-suite and HR executives, the reality of a changing workforce and the erosion of the traditional employment model are apparent, with most recognizing the need to both embrace a new talent management model and institutionalize the benefits of doing so.
DEFINING THE AGILE WORKFORCE

There are many categories of workers considered when describing agile talent—freelancers, consultants, temporary workers, independent contractors and more. In our study, we define the agile workforce as one offering the strategic capability to anticipate talent needs, adjust in real time and use workers from a variety of employment arrangements.

As this agility revolution has progressed, companies have expanded their engagement of flexible talent to include a wider range of utilization. Typical scenarios include one-time temporary resources filling a talent void, seasonal staffing needs, support of year-over-year projects and bringing in highly-specialized consultants to manage and oversee critical enterprise initiatives. It is clear that a reliance on nonpermanent talent has become crucial to delivering agility for companies around the world.

AGILE TALENT IN THE 2025 WORKPLACE

One of the most compelling findings discovered from the Randstad Workplace 2025 Study is the similar projections among executives and workers today regarding the pervasiveness of a nontraditional workforce just nine years from now.

Eighty-seven percent of C-suite executives and HR leaders agree that their organizations will be much more committed to building an agile workforce by 2025. In fact, approximately half (49 percent) believe by 2025 the majority of their workforce will be employed in a nontraditional arrangement (e.g., freelance, independent contractor, contingent worker). Workers are also bullish on this issue, with 70 percent saying they agree this will be the case.

WHAT’S DRIVING THE MOVEMENT TOWARD AGILE WORKFORCE MANAGEMENT?

Several disruptive changes are contributing to the slow erosion of a traditional employment model and its more agile replacement—technological and digital innovation, globalization, talent scarcity and a fundamental change in the mindsets of today’s workers. Our Workplace 2025 Study examined the impact of each of these aspects in understanding the move toward agile workforce models.
TECHNOLOGY has enabled millions of workers to choose nontraditional work arrangements and career paths. Our study found 68 percent of workers agree that advancements in technology and mobility have made working as a nontraditional worker easier. In addition, virtual or remote workers make up about 22 percent of today’s organizations but, according to our study, leaders expect that number to increase to 33 percent by 2025.

IN TODAY’S CLIMATE of talent scarcity and globalization, organizations’ talent strategies are increasingly dependent on their abilities to leverage a diverse, globally sourced workforce. In fact, when asked for the top reasons to build an agile workforce, 33 percent of C-suite executives in our study believed “the shortage of talent in the coming years will require us to build an agile workforce” and 35 percent agreed that “globalization will require us to build an agile workforce, sourcing talent from around the world.”

APPROXIMATELY HALF (46 percent) of workers surveyed said they chose to become a nontraditional worker, and another 28 percent said nontraditional work was the best option for them. Companies are realizing this change, with 32 percent of HR and executive leaders recognizing “workers opting for nontraditional employment” to be one of the top reasons for building an agile workforce model. And, many of the common perceptions about nontraditional employment are eroding. Consider that 48 percent of agile workers completely or strongly agree that working as a temp or contractor is better for their career growth than working as a permanent employee.
USHERING IN A NEW CONTINGENT WORKFORCE PARTNERSHIP

Any disruptive shift of this magnitude will bring new challenges for companies as they adapt and transform their workforce models. Companies that embraced the contingent workforce model years ago will likely be ahead of the game, though there are new rules today.

For example, although the oversight of the contingent workforce model largely fell upon HR and procurement in the past, the adoption of an agile workforce will, in many ways, be a shared objective among the C-suite. New stakeholders will have real impact on the workforce strategy, including IT, finance and operations. This change will create the need to partner with workforce experts who can help build an agile talent strategy, implement the model, ensure optimal supplier performance and demonstrate supply chain optimization.

In fact, our survey found that nearly half (48 percent) of C-suite executives completely or strongly agree that by 2025 their reliance on staffing/recruiting partners will increase and that to build an agile workforce they will need to rely on staffing/recruitment partners to provide direction and guidance.

At Randstad, we look forward to continuing to study and examine this dynamic trend. We are entering an exciting era and remain committed to helping our valued partners understand the dynamic workforce changes ahead.

ENDNOTES


ABOUT THE SHRM FOUNDATION

The SHRM Foundation champions workforce and workplace transformation and inspires HR professionals to make it happen. The SHRM Foundation is a 501(c)(3) nonprofit affiliate of the Society for Human Resource Management (SHRM). Contributions to the SHRM Foundation are tax-deductible. To learn more, visit shrmfoundation.org or call 1.703.535.6020.