2020 has been a year marred by uncertainty, confusion and panic, as business leaders grapple with the seismic changes in the world of work.

Across the world, pioneering organisations have theorised how to best adapt and thrive in this new business landscape.

In this guide, we’ve compiled the leading trends from these organisations, together with the expert insights from our 30 years of contractor management, to give you a comprehensive overview on the future of work.

Read on for:

- **Introductions**
  - Insights, opportunities and challenges
  - Trends compared to the rest of the world
  - Evolution of workers and the workforce
  - Total workforce management
  - Global workforce risks
  - What to look out for in the future
The 2020 coronavirus pandemic will leave a lasting impact on how, when and where we perform work. As the pandemic has completely accelerated and shifted the future of work, decision makers must now evaluate the overall impact on their organisation’s strategic goals and operations, identify key action points, and assess their degree of change pre and post COVID-19.

PRE-PANDEMIC
- 44% of companies globally did not allow remote work. (Owl Labs)

03/2020
- 88% of the organisations, worldwide, made it mandatory or encouraged their employees to work from home after COVID-19 was declared a pandemic. (Gartner)

04/2020
- Zoom reported it has surpassed 300 million daily participants (as the need for virtual collaboration increased). (Zoom)

>2021
- 25% to 30% of the workforce will be working remotely from home by the end of 2021. (Global Workplace Analytics)
77% of executives believe freelance and gig workers will substantially replace full-time employees within the next five years.

48% of employees will likely work remotely at least part of the time after COVID-19 versus 30% before the pandemic.

32% of organisations are replacing full-time employees with contingent workers as a cost-saving measure.

45% of executives believe their current workforce is adaptable to the new future of work.

39% of companies plan to hire more ‘boomerang’ talent (employees who return to their former company).

* Mercer Global Talent Trends 2020
98% of executives plan to redesign their organisations to make them fit for tomorrow.

85% of companies expect technological transformation to continue as a primary business disruptor.

39% of companies plan to use more variable talent pools.

Reskilling seen as the **top talent activity** most capable of delivering a **return on investment** (ROI).

1 in 3 HR leaders are quantifying the **skills gap** against business objectives, which over half of them say is a **challenge** (up 20% as compared to 2019).

65% of HR leaders say they will not be able to find the **right talent** due to **talent shortages**.

Hence, 76% of companies are planning to build from within this year.

68% of HR leaders say today’s market is **candidate-driven**.

93% of human capital and C-suite leaders viewed a positive **talent experience** as critical to **attracting talent**, while 80% had plans to improve this aspect of their operational strategies.

* Mercer Global Talent Trends 2020
* Randstad: Covid-19 & the Future of Work
THE AMERICAS VS. GLOBAL

LEGAL & WORKFORCE REGULATIONS

Mexico
Law Annex 23-A reduces a company’s ability to **outsourc**e employment to secondary companies

Canada
Tech industry expanding due to **liberal visas** for highly skilled in-demand positions

USA
States implementing Independent Contractor **classification laws** outside of adopted IRS 1099 Guidelines

REMOTE WORKFORCE

**+40%**
Increase

Gig workers
Rideshare
Delivery drivers

**+35%**
Increase in entirely **outsourced work**

**Only 28%**
Of workers to **return to office** by end of 2020

**IT positions** rising post-COVID as workers **stay virtual**

https://time.com/5634351/canada-high-skilled-labor-immigrants/
https://crsreports.congress.gov/product/pdf/IF/IF11308

Click here to find out how CXC can assist you in the Americas
More than one-third of the entire AUS/NZ workforce is made up of contingent labour and research shows that many HR managers expect the contingent share of the workforce to grow to almost 50%.

163,000 new contingent workers have joined the AUS/NZ workforce in recent years.

3 major trends shaping the Australian workforce...

**Extreme transitions in labour demographics**

33% of the Australian labour force are reaching retirement age – large amounts of experience and intellectual property are at risk of leaving the workforce.

**Developments in technology**

3 million Australian workers could see their job roles change dramatically due to technology in the next decade, leaving 10% of the workforce requiring upskilling into new roles.

**The uptake of flexible work**

Australian workers are moving away from full-time work in large numbers. The number of short-term roles has grown 68% more than full-time roles and the average Australian is working 110 hours less than they were 10 years ago.
of workforce in Asia is considered **contingent** or **non-employee**.

### 2020 CONTINGENT WORKFORCE BENCHMARKS

<table>
<thead>
<tr>
<th>METRICS</th>
<th>ASIA</th>
<th>MARKET AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of total non-employee workforce that is accounted for in corporate budgeting, planning, or forecasting</td>
<td>31%</td>
<td>38%</td>
</tr>
<tr>
<td>Percentage of accounted for non-employee talent that would be rehired for future projects or initiatives</td>
<td>42%</td>
<td>57%</td>
</tr>
<tr>
<td>Total compliance rate</td>
<td>64%</td>
<td>73%</td>
</tr>
<tr>
<td>Year-over-year cost savings</td>
<td>7.1%</td>
<td>9.2%</td>
</tr>
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</table>

**TOP AREAS OF FOCUS**

- **81%** Talent pool curation
- **72%** Direct sourcing
- **67%** Data analytics & reporting
- **47%** Implementation of new technology

The contingent workforce is expected to grow over the next **12 to 18 months** in Asia. Enhancing overall **control** and **visibility** over the contingent workforce is Asia’s #1 gap. **Reskilling** and **upskilling** will be major focal areas throughout 2020. There will be a faster transition to the **agile workforce**. Asian businesses are beginning to transform their **talent acquisition strategies** (i.e. direct sourcing).

* CXC x Ardent Partners: the State of CWM 2020
In 2021, the demand for talent in Eastern Europe is projected to grow by 10%, while in Western Europe by 3.5%.

**KEY FINDINGS**

- **4/10** firms in the EU had difficulties finding staff with the right skills.
- **>60%** of establishments in Austria and the Baltic states have difficulties finding suitably skilled employees. This is substantially more than in Croatia, Cyprus, Greece and Spain (less than 25% each).
- **77%** of the EU’s AI talent is found in the technology, education, and manufacturing sectors.
- **74%** desire to become a more agile business and focus on reskilling/upskilling.

How would you evaluate your company’s effectiveness in sourcing and managing alternative workforce sources?

- **8%** Best in class, with established processes to manage and develop alternative workforce sources.
- **38%** Sourcing and managing workforces well with room for improvement.
- **31%** Sourcing and managing workforces inconsistently, with variable quality and performance.
- **23%** Little to no processes in place for sourcing and managing alternative talent.

* SIA

Click here to find out how CXC can assist you in Europe.
<table>
<thead>
<tr>
<th>Work 9-5</th>
<th>Climb the corporate ladder</th>
<th>Relies on email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work anytime</td>
<td>Create your own ladder</td>
<td>Relies on collaboration technologies</td>
</tr>
<tr>
<td>Work in a corporate office</td>
<td>Predefined work</td>
<td>Focused on knowledge</td>
</tr>
<tr>
<td>Work anywhere</td>
<td>Customised work</td>
<td>Focus on adaptive learning</td>
</tr>
<tr>
<td>Use company equipment</td>
<td>Hoards information</td>
<td>Corporate teaching and learning</td>
</tr>
<tr>
<td>Use any device</td>
<td>Shares information</td>
<td>Democratised learning and teaching</td>
</tr>
<tr>
<td>Focus on inputs</td>
<td>No voice</td>
<td></td>
</tr>
<tr>
<td>Focused on outputs</td>
<td>Can be a leader</td>
<td></td>
</tr>
</tbody>
</table>

**EVOLUTION OF AN EMPLOYEE**

* SIA CWS 2020 - Keynote
**EVOLUTION OF THE WORKFORCE**

How likely are you to enable working from home practices for non-employed workers?

- Not at all likely: 6%
- Moderately likely: 28%
- Likely: 33%
- Highly Likely: 26%
- We already had this in place prior to restrictions: 25%

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How will the following employee types change as a share of your total labour force over the next 10 years?

- Freelancers sourced via platforms: +38%
- Entirely outsourced work: +35%
- Agency temporary workers: +31%
- SOW consultants: +29%
- Internally sourced temporary workers: +17%
- Other independent contractors: +12%
- Regular permanent employees: -13%

* SIA COVID-19 Workforce Manager Responses & Intentions Survey, 2020
* SIA, Workforce Solutions Buyers Survey North America 2020

Click here to learn more about managing your contingent workforce
THE HUMAN CLOUD

The “human cloud” is an emerging group of technology companies that connect workers to (typically contingent) work through a website or some other digital platform.

Staffing Industry Analysts have broken down human cloud into three business models:

**Online staffing:** direct legal relationship between manager and worker

**Crowdsourcing:** micro-task and contest/bid-based work performed by a typically anonymous “crowd” or workers each working independently and compensated

**Online work services:** platform facilitates and manages a freelance workforce to deliver a specialised product or service

The breakup of the human cloud business models is represented by:

- **Online Staffing:** 79%
- **Crowdsourcing:** 11%
- **Online Work Services:** 10%

80% of human cloud business models pre-pandemic focused on remote workers

*SIA, The Gig Economy and Talent Platforms 2020*
Contingent or independent workers generally fit into four segments

Share of working-age population engaged in independent work*

<table>
<thead>
<tr>
<th>Preferred choice</th>
<th>Primary income</th>
<th>Supplemental income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free agents</td>
<td>30%</td>
<td>49 million</td>
</tr>
<tr>
<td>Casual earners</td>
<td>40%</td>
<td>64 million</td>
</tr>
<tr>
<td>Out of necessity</td>
<td>14%</td>
<td>23 million</td>
</tr>
</tbody>
</table>

*McKinsey Global Institute Survey of 8000 US and European respondents
By implementing a well-managed contingent workforce program, companies are using their contingent labour to help reach their diversity goals.

Capabilities such as...

- Direct sourcing
- Reporting & analytics; tracking diversity metrics
- Supplier tiering for diverse-supplier focus
- Diversity focused talent pools

32% of MSP users STRONGLY believe their MSP provider works proactively with them to improve the diversity of their external workforce.

*SIA, Diversity & Inclusion in Contingent Workforce Survey

*SIA, MSP Landscape 2020 Reference Data
TOTAL WORKFORCE MANAGEMENT

Today...

- 53% of companies include SOW in their contingent workforce program
- 35% of companies include contingent workforce as part of their strategic planning
- 16% of companies have a Total Talent Acquisition strategy
- 30% of companies directly source contingent workers

Within the next two years...

- This is expected to decrease to 37% for companies including SOW in their contingent workforce program
- This is expected to increase to 54% for companies including contingent workforce as part of their strategic planning
- This is expected to increase to 51% for companies having a Total Talent Acquisition strategy
- This is expected to increase to 49% for companies directly sourcing contingent workers

Total Talent Barriers

- 75% Organisational siloes & complexity
- 46% Data analytics for making decisions not available
- 39% Lack of business case with compelling ROI
- 36% Misclassification/compliance/co-employment concerns
- 36% Fear of organisational/management changes

* SIA /AMS Towards a Total Talent Future 2019

* SIA, Workforce Solutions Buyers Survey North America 2020

Click here to learn more about contingent workforce management.
EVOLUTION OF THE WORKFORCE PROGRAM

- Workforce visibility
- Talent mobility
- Supplier diversity
- Total workforce diversity
- System of record
- Talent connectivity
- Employer brand
- Talent brand
- Filling a job
- Getting work done
- Where the office is
- Where the skills are
- Replacing workers
- Re-skilling workers
- Supply chain
- Provider ecosystem

* SIA CWS 2020 - Keynote
MODERN WORKFORCE- RISK HEAT MAP

The heat map illustrates generally where businesses are facing risk in relation to the modern workforce and where misclassification claims are an issue.

GIG ECONOMY: Global Risk Rating

- Risk Level 5 (HIGH) 9%
- Risk Level 4 (MEDIUM TO HIGH) 29%
- Risk Level 3 (MEDIUM) 29%
- Risk Level 2 (LOW TO MEDIUM) 27%
- Risk Level 1 (LOW) 6%
THE NEW NORMAL: WHAT TO CONSIDER

TRENDS ON THE RISE

- Remote work opportunities
- Increased use of employee data
- Employer as a social safety net
- The rise of contingent workers and contingent work/opportunities
- The use of contingent labour to reach diversity goals

NEW DISRUPTING FORCES

- Critical skills no longer synonymous with roles
- Humanising vs. dehumanising work (perception)
- Crisis response distinguishes top-tier employer brands
- Direct sourcing as the key talent strategy

CONTINUOUS LEARNING

- Prioritising resilience as much as efficiency
- Crisis management: organisational complexity, employee experience, culture and value proposition

THE NEW NORMAL

- Remote working as preferred mode of work
- Data Collection & Analysis
- Employee Monitoring Tools
- Shift to contingent work and workforce management flexibility
- Separation of critical skills and roles; reskilling & upskilling
- Emergence of new, top-tier employers
- Designing for efficiency vs. designing for resilience
- Rise of organisational complexity
- Importance of work-life balance
With the rapid change in workforce dynamics and contingent workers now playing a pivotal role in organisational growth and prosperity, CXC simplifies how organisations and contingent workers connect compliantly and efficiently.

Established in 1992 to provide contractor vetting, compliance and payroll, the contingent workforce market has continued to be our core, with services now delivered in over 50 countries internationally by local specialists. Our corporate offering has evolved over the past decade due to increasing market complexity, regulation, technology and evolving client demand.

CXC is an extension of your HR and Procurement function, taking responsibility for your entire contingent workforce. CXC’s difference is that, while managing visibility, cost and control, we also enable your talent first approach – including access to new and known talent and improving the engagement and performance of the workforce.

Contact us today to find out how you can improve the performance, efficiency and effectiveness of your future workforce.