



## What's driving the demand for the open talent economy?

How supply drivers, demand drivers, demographic trends and structural changes shaping the Future of Work.

The open talent economy has emerged as a reaction to a variety of shifts and fundamental changes in the professional market. The on-demand workforce is not simply a trend: it represents the demands and mind sets of the changing world of work, and the increasing connectivity of all areas of modern businesses – from recruitment and training to customer service and asset management. The 'drivers' of the open talent economy can be categorized into four main groups: supply drivers, demand drivers, demographic trends and structural changes. As these factors continue to evolve, the open talent economy will develop with it, providing new ways to meet the needs of employers and workers.

### Supply Drivers

In order for the open talent economy to succeed, it relies upon a strong, reliable and infinite supply of independent professionals that are aligned with the values that the new work economy represents. The main supply driver of the on-demand workforce has been the exponential increase in the number of professionals who are choosing to go freelance. According to [Upwork](#) (a global freelancing platform) and the non-profit organization Freelancers Union, 54 million working Americans (34 per cent of the US workforce) were freelancing in 2015. That's an increase of 700,000 from the year before. Why? Because job security and long-term financial gains are no longer guaranteed in the traditional workplace, and freelancing allows workers to fill in financial gaps and create new career opportunities.

This increase has been driven by changing attitudes towards the workplace, and towards careers in general. The inflexible nine-to-five routine, where workers would stay with a company for years and work their way up from the bottom, is no longer the only way of achieving professional success. Workers are looking for flexibility and fluidity, and are likely to work with multiple employers, in many locations and across different sectors throughout their lifetimes. This isn't just the case for low-level work. According to a study by management professor [Peter Cappelli](#), less than one third of the top executives of the FTSE 100 in 2011 started their careers with their current employers, down from 45 per cent in 2001 and more than 50 per cent in 1980.

We are starting to see the impact of a conceptual shift, driven by a new generation of workers that view the workplace as more of a level playing field than a strict hierarchy – and many companies are responding to this, focusing on developing inclusive and sociable company cultures. With an influx of young talent, for most of whom on-demand and peer-to-peer services are second nature, companies are becoming increasingly open to innovation. As well as accepting the idea of outsourcing services and using offshore resources, many organizations

are realizing the benefits of employing external talent with highly relevant skills, cutting-edge experience and exciting new perspectives from a variety of industry backgrounds, rather than just relying on candidates that have experience within a particular industry. This will only proliferate as more and more businesses demonstrate the success of the model.

### **Demand drivers**

Corporate pressure is mounting in many companies to refine the workforce and reduce budgets, while boosting performance. As consulting budgets are scrutinized, the open talent economy allows procurement departments to be more efficient in external spending, achieving business aims. The need for on-demand specialist skills is difficult to satisfy in the traditional job market, but through the open talent economy, an employer can quickly and cost-effectively find an independent professional who is available for the exact amount of time needed for the work, and is open to working in whatever way is most suitable.

The volatility of demand and the rapid rate of innovation mean that it's almost impossible for businesses to predict what skills they might need to invest in for the future. By developing an on-demand and fluid talent pool that transcends borders, your company will have instant access to the most relevant skills and expertise at all times, which will evolve organically to include skills that you might not even have thought of yet.

### **Demographic drivers**

There are two main demographic drivers of the open talent economy: the influx of millennial and Generation Y workers, and the retirement of 'baby boomers'. The younger generation of workers brings a new approach to work – which places emphasis on work-life balance, flexibility in the workplace, greater levels of autonomy and a more fluid career path – and, as members of the older generation retire, companies are increasingly influenced by the younger culture. Some companies with aging workforces are noticing a shortage of relevant skills (big data and trend analysis, for example), and on-demand talent can help them fill in these gaps. Many ex-consultants are also taking up in-house positions within companies to help them redefine their operations, which has helped many businesses embrace the opportunities of outsourcing and consulting more comfortably.

### **Structural changes**

There are multiple structural developments enabling the open talent economy, and technology is arguably the most important. The rise in internet and connectivity has enabled workforces to decentralize their operations. Companies now have access to videoconferencing software, telepresence and cloud technology, which means that, for many positions, it's not necessary to be in the office all the time. With computers able to operate faster and store an infinite amount of information in cloud-based software, it's now possible to collaborate with employees in real time and share official documents securely and instantly, from anywhere in the world.

Working remotely is not only possible, but also extremely effective, and employers can hire on-demand freelancers without having to worry about having the resources and office space to accommodate them. On top of this, freelancers and independent professionals now have more opportunities to tap into online resources and internet communities that can help them develop their skills and careers further. As technology grows more intelligent and powerful, networking platforms will get smarter and more efficient, enabling employers and independent professionals to be matched accurately, quickly and reliably, and work together seamlessly.

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