

The Future of Workforce Management: **Embracing Change in 2025**

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As we look ahead to 2025, the landscape of workforce management is poised for transformative changes driven by AI and technology, the need to fill skills gaps, and the organisational drive to achieve more with less, optimising cost management.

Organisations around the world are recognising the need to adapt and innovate in response to evolving economic, social, and technological dynamics. By embracing the latest trends, we're seeing organisations position themselves not only to survive but to outperform their markets, in an increasingly competitive and complex environment.



Cost savings to remain at the forefront, in the face of employment costs and legislative change

As legislative landscapes continually evolve and the cost of employing workers rises, organisations are compelled to become more cost-conscious to ensure compliance while maintaining financial stability.

The introduction of new laws may require companies to invest in updated technologies, additional training for employees, or hiring compliance experts, all of which incur additional costs. Furthermore, non-compliance can result in hefty fines and legal fees, making proactive adaptation a financial necessity.

With employer's National Insurance Contributions rising and the threshold at which employers begin to pay NI on an individual's

salary reduced from £9,100 to £5,000, the majority of businesses will face a significant increase in payroll and external workforce costs, even with an offset coming from an increase in Employment Allowance.

Adjusting to regulatory changes and the resulting costs can strain existing budgets, leading organisations to reassess and prioritise their expenditure meticulously. For instance, funds may need to be reallocated from other projects to cover compliance-related expenses, potentially delaying or scaling back on innovation and development initiatives.

This necessitates a strategic approach to workforce management, ensuring that essential functions are not compromised while meeting new legislative requirements.

“ Cost sensitivities in the face of the increased cost of employing people is the 'big one' for me in 2025," states **Annelise Smith, Managing Director - Workforce Solutions Impellam UK & Europe, Lorient.**

“Balancing these cost issues with the need to get new skills in will see organisations challenging partners like ourselves to offer them different and more innovative solutions to plug those skills gaps rather than the traditional offerings. I also think we will see an increased focus on ESG and social value, but this will have to be budget conscious as well. **”**

Data-driven everything, with human centred design.

People have been advocating for a data-driven approach for years but in challenging and uncertain times - where budgets need to be optimised, and value clearly demonstrated – organisations are looking to develop data into a strategic asset.

Leveraging data allows organisations to make informed decisions, optimise operations, and predict future trends with increasing accuracy, but it is dependent on that data being easily accessible, to the right people, at the right time, in the right format. Human centred design places the needs, motivations, and behaviours of employees at the forefront of technology development and integration.

There is more data available than ever before but turning it into insights that drive decision making requires on-demand access and easy to use. By using technology to analyse vast amounts of information, companies can drive true innovation and ultimate efficiency.

// In 2025, data needs to drive every decision, states **Hoa Ngo, Managing Director at Comensura**. We're seeing this be especially prevalent in the public sector. Following years of increasing direct awards, more local authorities are prioritising competitive tenders to maximise value for money from their MSP, with optimising data capabilities a key organisational priority.

The underlying theme is that organisations are under greater financial pressure than ever and so are leaning on partners to help them to deliver more cost efficiency. That might be through delivering cost saving opportunities for temporary labour, driving social value initiatives or optimising spend through alternative buying channels like services procurement.

At every stage, these approaches will need to be tested for efficiency, and this will only be possible with reliable data accessed through easy to interpret dashboards and formats. **//**

Services procurement presents biggest value driver for external workforce strategy

Organisations have begun to identify that more of their external workforce spend is being channelled through professional and technical service firms, rather than contractor and temporary labour.



With an enhanced focus on cost management strategies, services spend represents a key external workforce opportunity to enhance value and deliver cost savings. Integrating services spend, will enable better visibility and control over the total cost external workforce expenditure, meaning that organisations can make informed decisions on resource allocation and cost management.

In addition, it facilitates a more cohesive and agile response to market demands and regulatory changes, ensuring that the organisation can remain competitive and compliant. By leveraging technology and data analytics, businesses can streamline their procurement and workforce management processes, helping business users to choose the right sourcing and contractual route to get work done, balancing cost, quality and speed.

"As we navigate 2025, success in the workforce solutions arena hinges on adaptability to change, the ability to quickly bridge talent, capability and workforce gaps, and the commitment to fostering innovation"

"Delivery-based Statements of Work (SoWs) contracts will continue to gain traction as a vehicle for organisations to quickly achieve results and close workforce capability gaps. In turn, procurement leaders who master effective services procurement management as part of their external workforce strategy will unlock even greater value from services firms and consultancies."

Through better services procurement data availability, real-time supplier analysis, overarching operational/process requirements and strategic insights, leaders can help to deliver transformational outcomes from professional services spend and services procurement management, ensuring their organisation thrives through innovative and responsible spending."



A skills-based enterprise model

A new focus on skills-based enterprise will see a shift from 'traditional job roles' to the specific skills and competencies that employees and external talent bring to the table. This approach is great for individuals as it encourages continuous learning and adaptability, but it will also be invaluable in helping organisations mitigate skills gaps, as workers can apply their skills in various contexts.

By fostering an environment where skills are prioritised over titles, companies can tap into a more versatile and highly capable workforce, driving innovation and resilience.

This model supports both personalised career paths and employee growth, ensuring that talent is utilised to its fullest potential and aligned with organisational goals.

The next phase of AI integration

To date, much of the AI integrated into the workplace has been in the form of point solutions, aimed at enhancing the efficiency or accuracy of specific processes. While this is commendable for improving business operations and promoting fairness, the future outlook involves integrating these individual solutions into a comprehensive support system for the business, covering each step of the process from inception to completion.

AI is expected to evolve into more 'agent-like' entities capable of managing much of the coordination efforts. This advancement will allow project managers to focus on cultivating relationships with managers and addressing the human aspects of their roles, rather than devoting extensive time to process documentation and organisation.

“If we think about implementing our programmes for customers, there are some known and sometimes some unknown risks and the next generation of AI is going to be able to predict some of those upcoming potential risks,” states **Pam Beard, SVP Technology and Project Management at Guidant Global**.

“This will allow the project manager to plan in advance for those and to keep things moving much more quickly if we think even further into the future.”

“We often see candidates that have backgrounds that would lend themselves to multiple roles,” states Darren Topping, Director of Enterprise Solutions Insights & Partnerships at Lorian. “Technology is a classic example, where candidates have experience in a range of roles with a number of different platforms and tools.

A traditional 'role-based' model would tie them into one role with a limited number of platforms and tools. A skills-based model means they have an area of the business they are brought in for, but their full range of skills are made clear so that they can be moved to wherever they are most needed, increasing organisational agility.

For example, an individual is brought in for a 3-month software migration. When that migration is complete, traditionally that worker would then leave as the role no longer exists. Instead, if that individual has been successful and is a good cultural fit, it could be they are then moved to another project or area of the business using their skills in a different role, such as the technical side of digital marketing.

There are costs reduced in terms of recruitment and training, and the organisation keeps a valuable team member that has already settled in and proved their worth.”

Continuous learning and leveraging apprenticeships to respond to skills gaps

Continuous learning is important in today's dynamic industry landscape. By promoting a culture of continuous improvement, organisations can ensure that their workforce stays skilled and responds effectively to new challenges and opportunities. Encouraging employees to participate in ongoing education and skill development enhances their individual capabilities and contributes to the overall strength and adaptability of the organisation.

Apprenticeship programs effectively address skills gaps by combining hands-on experience with theoretical learning. This approach helps apprentices gain a comprehensive understanding of their field, preparing them for their roles. Leveraging apprenticeships can be particularly beneficial in plugging skills gaps that may arise due to technological advancements or changes in industry standards. By partnering with educational institutions and industry experts, organisations can design apprenticeship programs tailored to their specific needs, ensuring that new talent is trained in the most relevant and up-to-date practices.

Furthermore, apprenticeships offer a valuable opportunity for knowledge transfer within the organisation. Experienced employees can mentor apprentices, sharing their expertise and insights, which not only aids in the apprentices' development but also helps to retain critical knowledge within the company. This mentorship fosters a collaborative learning environment, strengthening the sense of community and support among employees.

“Integrating social value into workforce management is not just a matter of corporate responsibility; it is a strategic imperative,” states **Chris Blackburn, Head of Skills Growth at Impellam**.

By prioritising social impact, businesses can foster a more equitable and inclusive workforce, leading to higher levels of motivation, enhanced

loyalty, innovation, and long-term success. I can see many more organisations looking to boost social mobility and unearth fresh pools of talent through on-the-job training for people from a wider range of backgrounds. Apprenticeships and work-based training provide not just practical skills and knowledge, but also a career path that might seem inaccessible to those from disadvantaged backgrounds where a traditional academic route isn't a financial option.

With such massive talent shortages across the board and a greater willingness from employers to look beyond what has 'always been done,' this is a win-win situation for all, and I look forward to working with more organisations who want to support this approach in 2025. ”

Next steps for 2025

Nat Jackson, Sales Director for Guidant Global is optimistic for 2025, despite the economic and political uncertainty.

“Navigating the complexities of today's external environment will require a multifaceted approach and innovative thinking, embracing a broad workforce strategy focusing on leveraging AI and data across the enterprise, remaining laser-focused on cost and finding new channels for spend optimisation, integrating services procurement, developing re-skilling and re-deployment workforce opportunities, and seeing social value initiatives as an opportunity to differentiate, as some organisations choose to step back from their commitments

Change and disruption offers opportunities, the organisations that develop a strategic approach to workforce management by aligning HR & Procurement stakeholders, data, and planning, will respond best to the upcoming financial constraints and legislative changes in 2025. Organisations must balance the imperative for compliance with the need for innovation, ensuring that they remain agile and competitive in the evolving landscape of 2025. Together, these strategies will enable businesses to thrive and achieve sustainable success in the years to come. ”

For more information on how your organisation can embrace the latest trends to overcome upcoming challenges in 2025, **get in touch** with Nat Jackson for a conversation about your workforce needs.



Nat Jackson
Sales Director

Get in touch