

From cost to capability: redefining external workforce strategy in 2025

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About the research

This paper analyses the evolving role of the procurement function in a complex and fast-changing world, focusing on external workforce management. It is based on the fourth annual global survey, conducted by Economist Impact, which included 2,026 C-suite executives across industries and organisational functions, spanning chief procurement officers (CPOs), chief financial officers (CFOs), chief operations officers (COOs), chief supply chain officers (CSCOs) and chief human resources officers (CHROs). The 2025 survey covers 23 countries, providing a broad and comparative view of how procurement priorities, risks and capabilities are shifting around the world. It was conducted from December 2024 through February 2025.

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- **Philip Ideson**, founder, Art of Procurement
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- **Kelly Barner**, co-founder and head of content and operations, Art of Procurement
- **Tiago Marcaneiro**, head of procurement, Americana Foods
- **Michael Raphael**, chief procurement officer, JLL
- **David Ulrich**, professor emeritus, Ross School of Business, University of Michigan
- **Carmen Vidal**, chief procurement officer, ENGIE AMEA

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Executive summary

As workforce design has evolved in response to changing market conditions, digital transformation and skills shortages, the external workforce (EWF) has emerged as a strategic necessity. Once regarded as a tactical cost-containment measure, external workers have now become a source of agility, resilience and business-critical expertise, especially in the AI era.

To realise the full potential of the EWF, however, organisations must rethink how they engage with talent, technologies and the relationship between internal teams and external partners. Procurement leaders are central stakeholders in this. More than simply soliciting workforce resources, they must orchestrate the overall talent ecosystem, deepen cross-functional collaboration, support cultural integration and ensure proper governance and oversight.

This report, part of *The Procurement Imperative* initiative from Economist Impact, explores the external workforce-related data and findings of the 2025 survey, which polled 2,026 C-suite executives across functions and industries. It focuses on the evolving rationale for an EWF and the optimal tactics and strategies for success. Key findings from the research include:

- EWF engagement is evolving to combine risk reduction and cost efficiency for talent maximisation.** While risk reduction was once considered a key driver of EWF utilisation, the majority of business leaders today consider cost efficiency (74%) and access to specialised skills (62%) as the primary motivations for recruiting contingent labour and services. While cost has long been part of the risk management calculus for the EWF, the shift is indicative of a more strategic view of the EWF as a means to addressing cost as a risk factor in itself, and as a means to adapting to technological and operational change.
- Holistic talent management is key to leveraging the EWF as a dynamic asset.** Pivoting from compliance- and control-focused priorities to capabilities development, businesses are employing holistic talent strategies that unify suppliers, partners and platforms, and the external and internal workforce in key areas of communication and culture.
- Trust in the procurement function's talent management skills is waning, but internal pressures have impeded its success.** While confidence in procurement's management skills declined slightly, from 51% in 2024 to 43% in 2025, ineffective internal procedures, problems inherited from other teams and onerous workloads have all made EWF management harder for the function. Yet the spotlight continues to focus on this area. Chief financial officers (CFOs) are taking more active roles in the management of risk, integrating EWF oversight into financial, compliance and ESG responsibilities.
- Artificial intelligence (AI) capability is a top priority for procurement leaders, but it requires a strong foundation.** AI proficiency has become a top development priority for procurement leaders (68%), with businesses relying on the EWF to fill in-house skills gaps, especially for agentic AI. However, as siloed and fragmented data along with cyber risk pose significant barriers, AI's potential to drive efficiency and productivity in procurement also hinges on robust foundational infrastructure and data governance.

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Tapping the external workforce

Workforce design strategies have evolved rapidly in recent years, with a rising number of companies tapping into the external workforce (EWF). Once seen as a stopgap or temporary measure, the EWF, which comprises service providers and contingent labour, such as freelancers, independent contractors and temporary staff, has become a strategic asset. As businesses grapple with uncertainty and evolving workforce expectations, the EWF helps firms to be resilient and agile.¹

In the UK, nearly 20% of the workforce comprises contingent labour, including around 1.4m temporary workers, while in the US this stands at 40% and is expected to rise to 50% by 2050.^{2,3} Past surveys by Dayforce, Inc. have found that the majority of executives planned to use more contingent labour over the coming years, as they seek greater flexibility, fresh perspectives and innovative thinking from an EWF.⁴ However, EWF utilisation poses a series of tactical and strategic questions for procurement officers on everything from cultural continuity and compliance to the balance between in-house expertise and external talent.



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¹ Owen Daniels. December 19, 2024. "Labour Procurement – What to Expect in 2025 with the Rise of Contingent Workers". [https://www.owendaniels.co.uk/blog/labour-procurement-ndash-what-to-expect-in-2025-with-the-rise-of-contingent-workers] Accessed August 12, 2025.

² Centuro Global. May 16, 2025. "Contingent Workers: What UK Businesses Need to Know in 2025". [https://www.centuroglobal.com/article/contingent-workers/] Accessed August 12, 2025.

³ HR Grapevine. January 6, 2025. "Flexibility | Contingent shift-based workforce in the UK: Understanding macro trends and implications". [https://www.hrgrapevine.com/content/article/magnit-2025-01-02-contingent-shift-based-workforce-in-the-uk-understanding-macro-trends-implications] Accessed August 12, 2025.

⁴ Staffing Industry Analysts. August 10, 2023. "65% of companies say they plan to increase use of contingent workers". [https://www.staffingindustry.com/news/global-daily-news/65-companies-say-they-plan-increase-use-contingent-workers] Accessed August 12, 2025.

A group of diverse business professionals are seated around a conference table in a modern office setting. In the center, a woman with dark hair and bangs, wearing a grey turtleneck, smiles warmly. To her right, a man with a beard and grey hair, wearing a blue shirt, is also smiling and gesturing with his hands. On the left, a woman with glasses and curly hair is partially visible, looking towards the center. The table is cluttered with papers, a laptop, and a glass of water. The background is softly blurred, showing office plants and large windows.

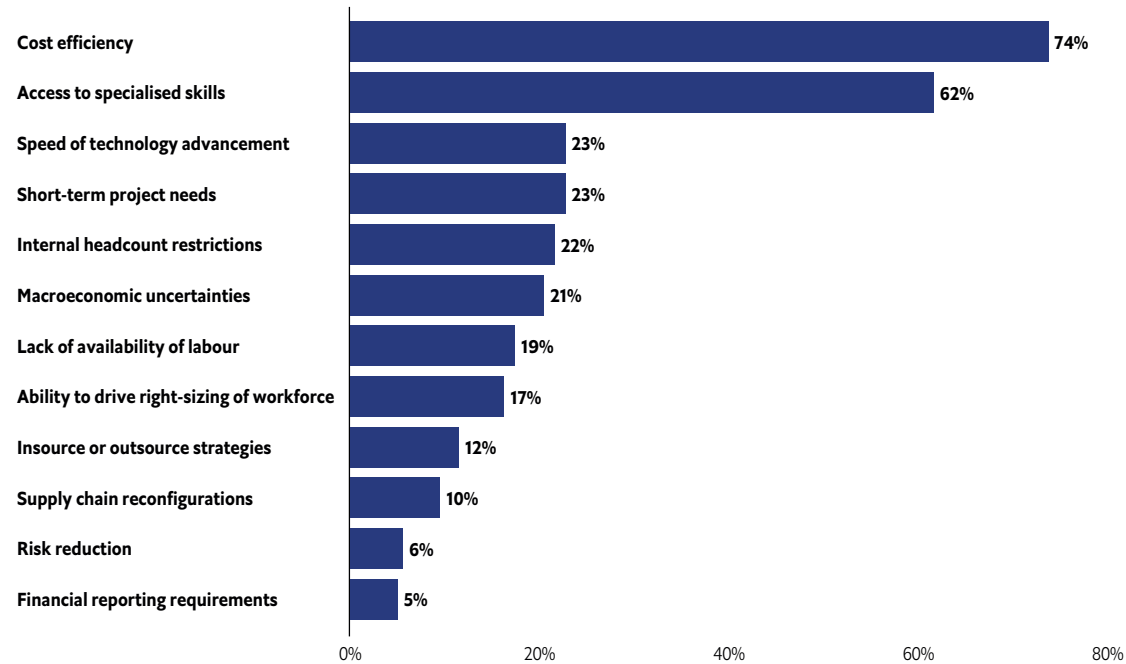
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Shifting priorities

Results from the 2025 Economist Impact survey of C-suite executives on procurement reveal that the impetus for EWF utilisation is evolving. In 2023, risk reduction was cited as a top driver by 31% of organisations. This dropped to just 6% in 2025, with cost efficiency (74%) and access to specialised skills (62%) now the dominant drivers.

Dave Ulrich, professor emeritus at the Ross School of Business at the University of Michigan, believes risk has not become irrelevant, but rather, is more intertwined with cost. “To mitigate risk, businesses need to reduce fixed costs, and labour is often a high fixed cost and needs to be seen as a source of growth,” he says.

Figure 1: Top reasons organisations are increasing use of an external workforce



Source: Economist Impact 2025 executive survey on procurement

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Moreover, Carmen Vidal, chief procurement officer at ENGIE AMEA, an energy company, says the shift to a cost and skills focus is because organisations have been “raising the profile” of their workforce to one that is “more aware of risks and is able to mitigate them earlier by integrating them earlier”. Cost was the joint-second contributor to lowering organisational risk, after legal and financial obligations, in our 2024 survey. This could be achieved by using EWF to reduce the core fixed cost headcount.

Ms Vidal adds that this is partly due to greater scrutiny on the compliance profile of potential hires. “Unless there is a technical performance issue, businesses will focus on the cheapest hire, because they know that all candidates are compliant with their minimum requirements,” she says. Many firms have become more comfortable outsourcing core business functions to external specialists on the basis of cost reduction.⁵

But leaders are increasingly viewing the EWF through a strategic lens too, with the contingent workforce offering flexibility, targeted knowledge and experience that can be hard to find in the permanent talent market.

“The fight for talent is still extraordinarily real,” says Michael Raphael, chief procurement officer at JLL, a global real estate company. “While most of our clients want to reduce or fix costs in some particular areas, they still want [the work] to be done at a very high level and, as such, it’s difficult to find workers.”

Mr Raphael notes a mismatch in many industries, where immigrant workers fill critical labour force gaps. Managing and retaining this contingent workforce is complex and, in an era of tighter immigration, retention will be critical. “It’s not just about standing at the door and having people walk through and fill in forms—they need better environments, career progression and opportunities.”

More strategic engagement is also evident in the technology space. With AI capability now a pivotal part of digital transformation, businesses are turning to the EWF to plug in-house skills gaps.



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⁵ Harvard Business Review, August 2023. “Cost Cutting That Makes You Stronger”. [https://hbr.org/2023/07/cost-cutting-that-makes-you-stronger] Accessed August 12, 2025.

Agency workers are often the fastest route to technological adoption and operationalisation, transferring knowledge and helping organisations grow their digital skills base.⁶ This is especially valuable in operating environments where organisations find it challenging to upskill their employees at the same rate as technological developments.⁷

Agentic AI is a case in point. “That’s where procurement is definitely looking for external help, because they need someone that can manage the [AI] coding, even if it’s low-code or no-code,” says Kelly Barner, co-founder and head of content and operations at Art of Procurement, a media, events and advisory firm. “Having someone help [with AI coding] so that it can be tested is a much faster way to get something into practice.”

The rationale for workforce planning is also evolving, our survey finds. In 2023, survey respondents spoke of “right-sizing” and “flexible workforce planning.”

In 2025, leaders refer to the EWF in the context of project-based needs and adaptation to technological change, indicating a more intentional use of external labour to cater to fluctuating workloads, needs or technical complexity.

This task-specific approach helps mitigate the risks associated with permanent hires and uncertainty over their organisational fit, and makes organisations more resilient, agile and responsive to changing market conditions.⁸ This agility, however, must be balanced against governance requirements.

“We are transitioning from outdated policy frameworks [with respect to project-based needs] to more market-oriented governance models, introducing cross-functional review mechanisms to maintain compliance while accelerating market responsiveness,” says Tiago Marcaneiro, head of procurement at Americana Foods, “the challenge and opportunity is striking the right balance between governance discipline and the agility required for project-based needs.”

Mr Raphael says global organisations may lose sight of their obligations to the contingent workforce without full observability into data, like time served. JLL partnered its human resources (HR) department with a single provider to manage contingent labour, consolidating its complex international network. “In some markets, once someone has been a contingent worker for a certain amount of time, they become entitled to certain benefits that hiring managers might not know about.” There are also coordination benefits to utilising a single partner, such as orchestrating recommended leave periods around different geographic trends and norms.

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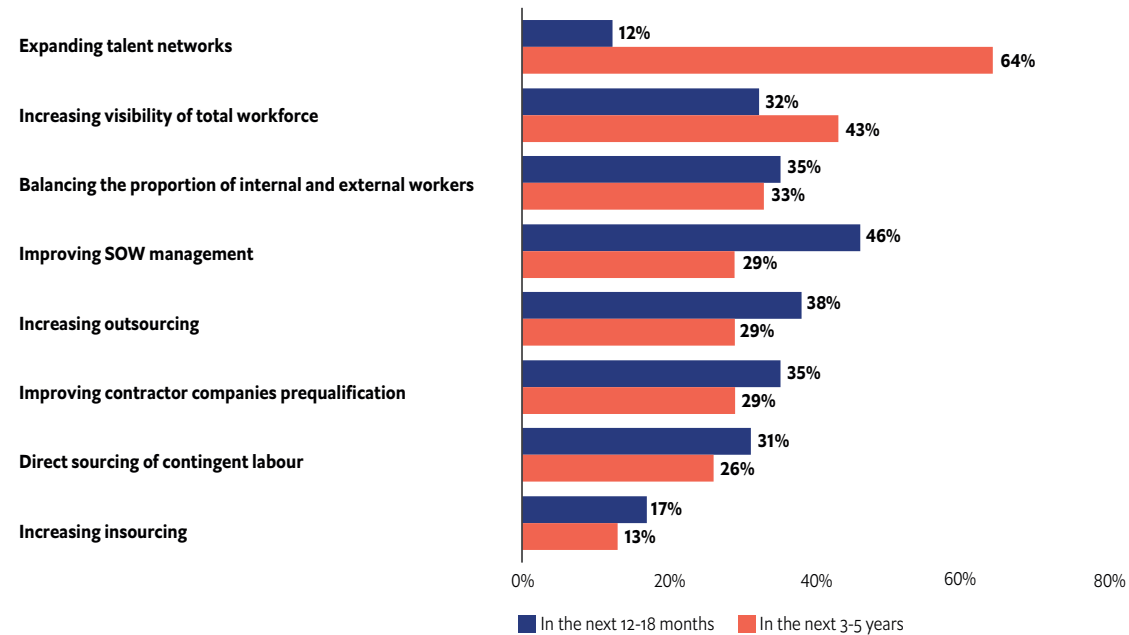


⁶ Recruitment and Employment Confederation. May 29, 2024. “The work we want”. [https://www.rec.uk.com/our-view/research/recruitment-insights/work-we-want#agency] Accessed August 12, 2025.
⁷ World Employment Confederation. December 2023. “The work we want: Reimagining the world of work”. [https://insights.wecglobal.org/the-work-we-want/home/] Accessed August 12, 2025.
⁸ Contrax Workforce. August 1, 2023. “External Workforce: Driving Business Agility in an Unstable Economy”. [https://www.contraxworkforce.com/en/blog/external-workforce-driving-business-agility-in-an-unstable-economy] Accessed August 12, 2025.

Governance challenges can be mitigated by deeper integration of the EWF into organisational structures and strategy. In 2025, respondents were more likely to prioritise the expansion of talent networks in their 3 to 5-year horizon, selected by 64% of respondents compared to 54% the previous year.

Mr Ulrich states this shift has occurred because “[talent] networks have replaced hierarchical organisations” as they allow talent to move quickly from one setting to another. Ms Barner, however, points to a strategic shift to networks and capability building, which signals that the use of an EWF is part of a longer-term view that demands better responsiveness to market conditions. “The more sustained, strategic use of an external workforce within procurement is a recognition that the whole model is starting to move in terms of longer-term expectations,” she says. “That means having access to a person or team that has the knowledge to create a more visionary impact on the business going forward.”

Figure 2: Top priorities for managing contingent labour and service providers



Source: Economist Impact 2025 executive survey on procurement

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Workforce dynamism

To meet this need for adaptation and resilience, organisations are increasingly adopting a holistic talent supply chain management (TSCM) approach. In contrast to traditional workforce structures, TSCM treats the workforce as a dynamic rather than static resource, with HR and procurement teams working together to identify skills gaps, forecast future talent needs, optimise workforce allocation and integrate workforce technology.⁹ A total talent management (TTM) model goes further, integrating human capital management (HCM) systems with vendor management systems (VMS).¹⁰

According to Ms Barner, procurement is taking on greater responsibility for people management. “We’re starting to see more thoughtfulness around the management of services and a sense of ownership in procurement. There’s a sense that we need to be more comprehensive in how we’re managing talent, by being analytical of the benefits, looking at relative cost and managing that more broadly.”

These models, mirroring the workforce ecosystem approach from Deloitte and MIT Sloan, acknowledge the interconnectedness of permanent and external employees.¹¹ Much like TSCM, under this model, effectively

integrating and managing a blended workforce demands close cross-functional collaboration between HR, finance and procurement. Mr Marcaneiro believes “clear service level agreements and consistent communication are non-negotiable to align external and internal workforces. When both ecosystems operate under unified objectives, organisations unlock efficiency and value.”

However, this represents one step along the collaboration maturity curve, helping procurement move from control to integrated orchestration. A more advanced model of collaboration would encompass a procurement function that is not just cross-functionally integrated and strategically driven but also actively involved in managing and designing an ecosystem of internal and external suppliers, partners and platforms.

In this approach, each team is no longer simply responsible for finding talent, enforcing budgets or hiring employees, but rather managing talent suppliers as strategic partners, modelling total cost and value of the labour mix and creating holistic talent strategies that take advantage of marketplace platforms and reskilling initiatives.^{12,13} Throughout this journey, the overall integration architecture must have community-building and cultural alignment of the EWF at its heart.^{14,15}



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15 The Society for Human Resource Management (SHRM) and SAP. “External Workforce Management Toolkit”. [https://www.shrm.org/content/dam/en/shrm/research/ExternalWorkforceManagementToolkit.pdf] Accessed August 12, 2025.

“Clear service level agreements and consistent communication are non-negotiable to align external and internal workforces. When both ecosystems operate under unified objectives, organisations unlock efficiency and value.”

Tiago Marcaneiro,
head of procurement,
Americana Foods

Bridging the divide

One dynamic that might be under-provisioned in an EWF is the softer dimension of company culture. “Even getting people fully on staff to be aligned with cultural expectations can be tricky,” says Ms Barner. Multinational pharmaceutical and medical technologies company Johnson & Johnson has adopted several community-building strategies to help bridge this cultural divide. The shift to a “boundaryless” HR model, enforced via an HR Decision Science team, has enabled the company to dismantle functional silos and leverage in-house data resources to develop a more unified workforce strategy.¹⁶



Making the EWF feel part of the team is critical to an inclusive culture. It can be bridged by inviting external workers to participate in meetings, providing access to collaborative tools and showing the link between their contribution and business outcomes. For instance, Cisco, a digital communications company, has made strides, through its Designated VIP programme, to recognise the contribution of external contributors to its online community.¹⁷

Even before an external worker becomes part of the team, rapid onboarding can help them build relationships with internal co-workers more quickly, boosting productivity. Still, the onboarding process has its pitfalls. “We talk about operating models, but what are the operating procedures that go with that? What are the standards of communication? What information do you share?” asks Ms Barner.

Striking the right balance is not easy, but a thoughtful approach to knowledge-sharing, together with a collaborative contract design that embeds strategic considerations, can help.¹⁸ An organisation’s public-facing branding plays a role too, with external workers influencing how internal staff and potential new hires perceive an organisation. A strong brand strategy must start with a well-defined employee value proposition (EVP) articulating the mission, values and culture.¹⁹

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¹⁶ Deloitte. February 5, 2024. “From function to discipline: The rise of boundaryless HR”. [https://www.deloitte.com/us/en/insights/topics/talent/human-capital-trends/2024/human-capital-strategy-boundaryless-organization.html] Accessed August 12, 2025.

¹⁷ Cisco. 2025. “Cisco Designated VIP Program”. [https://www.cisco.com/c/en/us/support/web/communities/vip.html] August 12, 2025.

¹⁸ Tory’s Quarterly. 2023. “Collaborative contracting: key considerations for complex projects”. [https://www.torys.com/our-latest-thinking/torys-quarterly/q4-2023/collaborative-contracting-for-large-projects] Accessed August 12, 2025.

¹⁹ The Society for Human Resource Management (SHRM) and SAP. “External Workforce Management Toolkit”. [https://www.shrm.org/content/dam/en/shrm/research/ExternalWorkforceManagementToolkit.pdf] Accessed August 12, 2025.

Hybrid sourcing

Companies are increasingly pivoting towards hybrid and open talent ecosystems, where task-based hiring takes precedence.²⁰ Around 62% of respondents to a 2025 Randstad survey found that enterprises are already using, or plan to use, talent platforms within the next two years, signalling how organisations are broadening their search for talent via curated marketplace platforms and from international markets.^{21,22} These changes suggest a deeper level of workforce maturity, with companies no longer looking to simply fill roles, but rather using omnichannel sourcing to build flexibility, specialist skills and resilience into their workforce.

With so many sourcing options, organisations must consider how best to refine and balance the mix between internal and external labour. At ENGIE, the balance is strongly skewed towards internal employees, with the EWF covering particular needs.

Unilever is pivoting to a skills-first approach to workforce design, which allows leaders to match specific tasks to

those with the appropriate skills. The company's internal "flex" marketplace, for instance, is focused on matching both internal and contingent workers to specific projects and tasks based on their skillset.²³ Other organisations are starting to utilise total cost of ownership (TCO) models that combine workforce analytics, procurement data and financial forecasting to assess the optimal mix of internal and external workforce capacity.²⁴

As the external workforce grows, VMS, SOW tracking tools, real-time analytics, improved data integration and supplier transparency are all becoming increasingly necessary to meet governance, risk management and visibility requirements.²⁵

Improved visibility, in particular, allows organisations to reallocate talent quickly; balance cost, risk and speed; and engage in more accurate and insightful scenario planning over the longer term. Cisco has developed a unified contingent workforce strategy that provides visibility into roles, costs and performance, enabling it to standardise contingent workforce practices across business units.²⁶



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²⁰ Randstad. June 10, 2025. "62% of enterprises are turning to talent platforms: new report highlights how open talent is reshaping workforce strategy". [https://www.randstad.com/press/2025/enterprises-are-turning-to-talent-platforms/] Accessed August 12, 2025.

²¹ Randstad. June 10, 2025. "62% of enterprises are turning to talent platforms: new report highlights how open talent is reshaping workforce strategy". [https://www.randstad.com/press/2025/enterprises-are-turning-to-talent-platforms/] Accessed August 12, 2025.

²² PR Newswire. October 31, 2024. "Global Shift in Tech Talent Sourcing: 1,300% Increase in Demand for Remote Generative AI Talent, Multiplier Study Reveals". [https://www.prnewswire.com/news-releases/global-shift-in-tech-talent-sourcing-1-300-increase-in-demand-for-remote-generative-ai-talent-multiplier-study-reveals-302289217.html] Accessed August 12, 2025.

²³ Deloitte. September 7, 2022. "The skills-based organization: A new operating model for work and the workforce". [https://www.deloitte.com/us/en/insights/topics/talent/organizational-skill-based-hiring.html] Accessed August 12, 2025.

²⁴ Visier. "Rising Wages: Time to Know Your Total Cost of Workforce (TCOW)". [https://www.visier.com/blog/time-to-know-your-total-cost-of-workforce-tcow/] Accessed August 12, 2025.

²⁵ Oboloo. July 31, 2025. "What is a Vendor Management System (VMS)? 3 Powerful Reasons It's Essential for Procurement Success". [https://oboloo.com/what-is-a-vendor-management-system-vms/] Accessed August 12, 2025.

²⁶ The People Space. April 2, 2025. "The blended workforce in action: how organisations are unlocking talent agility". [https://www.thepeoplespace.com/practice/articles/blended-workforce-action-how-organisations-are-unlocking-talent-agility] Accessed August 12, 2025.

While the advantages of the EWF are considerable, so are the risks. In this context, technology plays a pivotal role in managing complexity and safeguarding operations.



Managing financial and external risk

While the advantages of the EWF are considerable, so are the risks. In this context, technology plays a pivotal role in managing complexity and safeguarding operations.

VMS can help minimise errors like worker misclassification, which can result in tax penalties and reputational damage as well as onboarding delays.²⁷ Data breaches, which can transpire from contractors inappropriately accessing core systems and sensitive information, can be minimised through standardised onboarding and offboarding procedures and managed with built-in security protocols.^{28,29}

Our survey indicates a shift of ownership over the contingent workforce over time, from the HR function in 2023 towards more strategically positioned C-suite roles, like the chief executive officer, in 2025, reflective of a more strategic realignment. In 2023, 46% of respondents said HR was responsible for EWF strategy, with procurement a distant second at 30%.

Trust in the procurement function to manage the EWF appears to have waned compared with last year. Just over half of leaders (51%) in our survey were highly

confident in procurement's management skills in 2024, compared to 43% in 2025. In fact, CFOs and COOs are now taking more active roles in the management of risk, integrating EWF oversight into financial, compliance and ESG responsibilities.³⁰ This shift to EWF management by the CFO and COO, and away from the CHRO, according to our 2023 survey, is reflective of its more strategic utilisation in the near term.

Ms Vidal believes this erosion of trust is the fault of structural issues within organisations. "Procurement is less able when it doesn't have effective internal procedures," she says, adding that "procurement is at the very end of a very long chain of development. So usually [procurement teams] inherit all the problems, such as a lack of time, specifications or budget."

Mr Marcaneiro believes the problem is one of too many competing priorities. "Procurement's role is to secure and commercially manage third-party workforce engagements, ensuring cost efficiency and compliance. However, operational accountability must rest with the requesting function. This shared ownership model

balances commercial governance with the operational expertise needed to manage day-to-day workforce performance," he says. Additionally, the roles and responsibilities of procurement are expanding rapidly, and Ms Barner claims procurement is having to deal with high workloads and a steep learning curve as a result.

"I think the contraction in confidence is because we're learning new things, as opposed to being a true downward trend," she says, adding that procurement functions are often overstretched, preventing them from engaging in higher-value tasks. "That's where bringing in the EWF in a more sustained way is giving procurement time, not for sourcing or supplier management, but to think about branding and messaging. There hasn't been a lot of capacity within teams for that sort of higher-level work."

Mr Ulrich, meanwhile, takes a broader view, referring to an operating environment where "heightened uncertainty and increased [use of] technology make decisions more difficult." Trust comes from building predictability and reliability, and "focusing on what is certain even in a world of uncertainty," he says.

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²⁸ The Ash Group. June 3, 2024. "Mitigating Risks in Contingent Workforce Management". [https://www.theashgroup.com/mitigating-risks-in-contingent-workforce-management/] Accessed August 12, 2025.

²⁹ Beeline. "Mitigating compliance risks in your contingent workforce". [https://www.beeline.com/resources/factsheet/mitigating-compliance-risk-in-your-contingent-workforce] Accessed August 12, 2025.

³⁰ The CFO. March 13, 2024. "Risk Management: The Name of the Game for the Modern CFO". [https://the-cfo.io/2024/03/13/risk-management-the-name-of-the-game-for-the-modern-cfo/] Accessed August 12, 2025.

The impact of AI and digitalisation

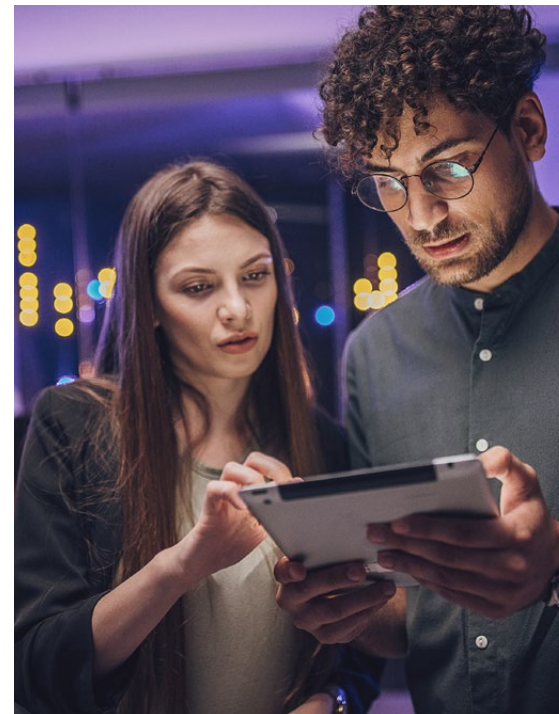
While the use of technology can introduce complexity, the urgency around AI and digital enablement in procurement is clear. The majority of leaders in our survey (68%) ranked AI proficiency and ethics as a top development priority over the next 12–18 months. This signals a rapid need for upskilling in areas such as predictive analytics, AI applications, AI-related risk management and digital procurement tools (39%), which featured prominently as a development priority.

AI’s forecasting capability is proving particularly effective in determining when and where external labour is needed. By using real-time operational and labour market data, AI tools can take a proactive role in hiring decisions, anticipate skill shortages, recommend scheduling adjustments and redeployments, optimise resource allocation and model future workforce capacity scenarios.^{31,32}

At ENGIE, AI is being used for similar purposes, says Ms Vidal, such as “[assisting with] due diligence, supplier intelligence and market intelligence,” as well as technicians using AI in the field to identify and source spare parts from original equipment manufacturers.

In some instances, AI can take care of habitual tasks, allowing employees to focus on higher-value work. Data shows the gains are significant, with studies citing an average productivity increase of 35% after integrating AI into workforce operations.³³ AI can also analyse historical data and market trends to identify seasonal fluctuations, anticipate surges or downturns and provide a blueprint for future labour requirements.

Maximising these AI-related benefits, centralised digital workspaces, which combine human and digital agents, can help organisations streamline project management, communication and security across internal and external teams. For instance, in April 2025, leading workforce solutions company Adecco launched r.Potential, an enterprise intelligence subsidiary that uses market and company data to suggest and simulate the most effective combinations of human and AI agents for specific tasks.³⁴



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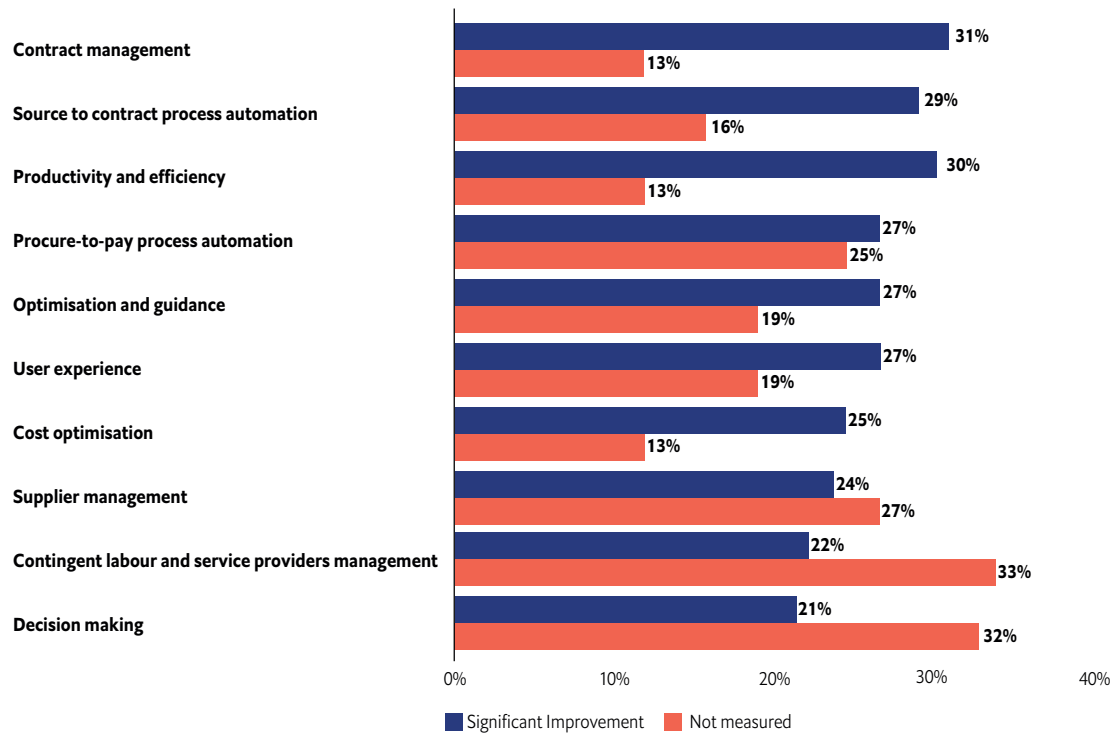
³¹ Marc B. Sokol, Beverly A. Tarulli. Society for Industrial and Organizational Psychology. 2024. Strategic Workforce Planning: Best Practices and Emerging Directions. [https://global.oup.com/academic/product/strategic-workforce-planning-9780197759745?cc=in&lang=en&] Accessed August 12, 2025.

³² KPMG. 2025. “Rethinking strategic workforce planning with AI agents”. [https://kpmg.com/us/en/articles/2025/strategic-workforce-planning-with-ai-agents.html] Accessed August 12, 2025.

³³ KPMG. 2025. “Rethinking strategic workforce planning with AI agents”. [https://kpmg.com/us/en/articles/2025/strategic-workforce-planning-with-ai-agents.html] Accessed August 12, 2025.

³⁴ Adecco Group. April 23, 2025. “The Adecco Group introduces r.Potential: Preparing enterprises to strategically manage human and digital labour at scale”. [https://www.adeccogroup.com/our-group/media/press-releases/the-adecco-group-introduces-r-potential] Accessed August 12, 2025.

Figure 3: AI-driven improvements in procurement outcomes over the past 12–18 months



Source: Economist Impact 2025 executive survey on procurement

While the productivity gains from AI are widely acknowledged, determining who bears the cost of AI tools and who accrues the gains is an issue that is subject to debate.

“One potentially underexplored area is determining who benefits from the gains from AI,” says Ms Barner. “How are you using it? How is it changing your outcome? Who’s going to eat the cost and who gets to benefit from the efficiency gains that result from that investment? I think there’s probably an adjustment coming in terms of the cost model.” For the true benefits to be felt, organisations will need to improve their measurement capabilities around the use of AI and the external workforce.

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“One potentially underexplored area is determining who benefits from the gains from AI.”

Kelly Barner, co-founder
and head of content
and operations,
Art of Procurement

Conclusion: External workforce as a strategic asset

The role of the EWF has evolved far beyond a short-term adjustment or stopgap measure. As our survey results make clear, external workers are now considered a crucial strategic lever for organisations to expand their agility, responsiveness and resilience to changing market conditions. With new technologies such as AI demanding more specialist skills, organisations increasingly recognise the value of the EWF in plugging urgent technical gaps to avoid falling behind in their digital transformation journey.

As these needs evolve, so too does the depth of workforce integration and collaboration between HR, finance and procurement. More mature and holistic talent management models are coming into view, which recognise internal and external workers as part of a unified ecosystem. This maturity also brings added complexity, with cultural alignment, governance and procurement performance falling under increased scrutiny.

While the move towards a technology-driven, holistic, skills-based and hybrid talent ecosystem is likely to accelerate, organisations can take several steps to manage this complexity and position themselves for

success. Breaking silos between internal teams and fostering deeper strategic collaboration will help bring HR, finance and procurement into alignment, but organisations should use this as a springboard to move towards ecosystem thinking.

Talent ecosystems based on project-specific skills and capabilities will provide the flexibility needed to react quickly to business needs, while efforts at cultural integration and clearly defined governance practices ensure external workers are valued and their adverse impact on business continuity minimised. Digital infrastructure has already taken on an outsized role in this process, but its role is growing.

Organisations must redouble their efforts to invest, train and upskill their entire workforce to use advanced tools such as VMS, AI-powered analytics and digital workspaces. As the role of the EWF in driving business agility grows, procurement's role in delivering value will also expand. Where once it was guided by risk and cost, it must now deliver the right skills at the right time.



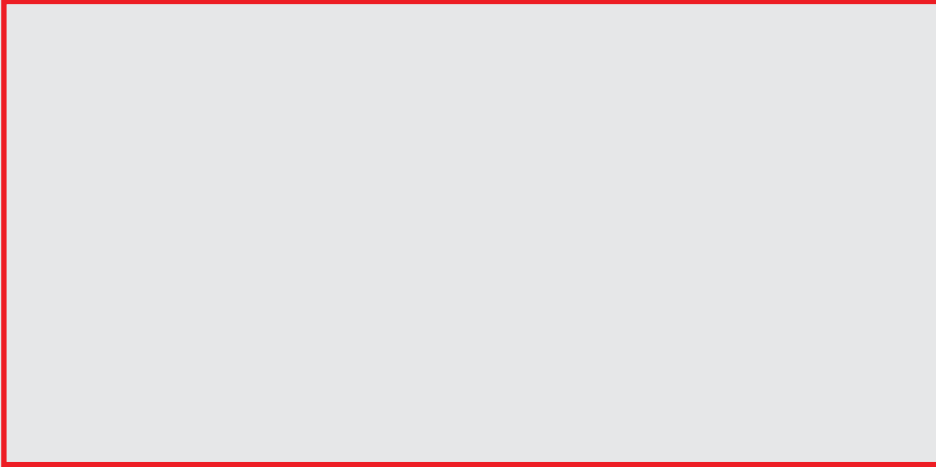
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