

Workforce Trends Report 2025

Automation, workforce transitions, and
the shifting dynamics of employment



CONSULTPORT



Table of Contents

Executive Summary	1
Trend #1: Technology and AI Revolution	2
Trend #2: Workforce Composition and Agility	4
Trend #3: Addressing Skills Gaps	5
Trend #4: Hybrid Work and Flexibility	6
Trend #5: Shorter Work Weeks	7
Trend #6: Green Economy and Sustainability	9
Trend #7: Employee Training & Well-being	11
Trend #8: Geopolitical Risk & Global Workforce Dynamics	12
Conclusion	14
How to Work with Consultport	15

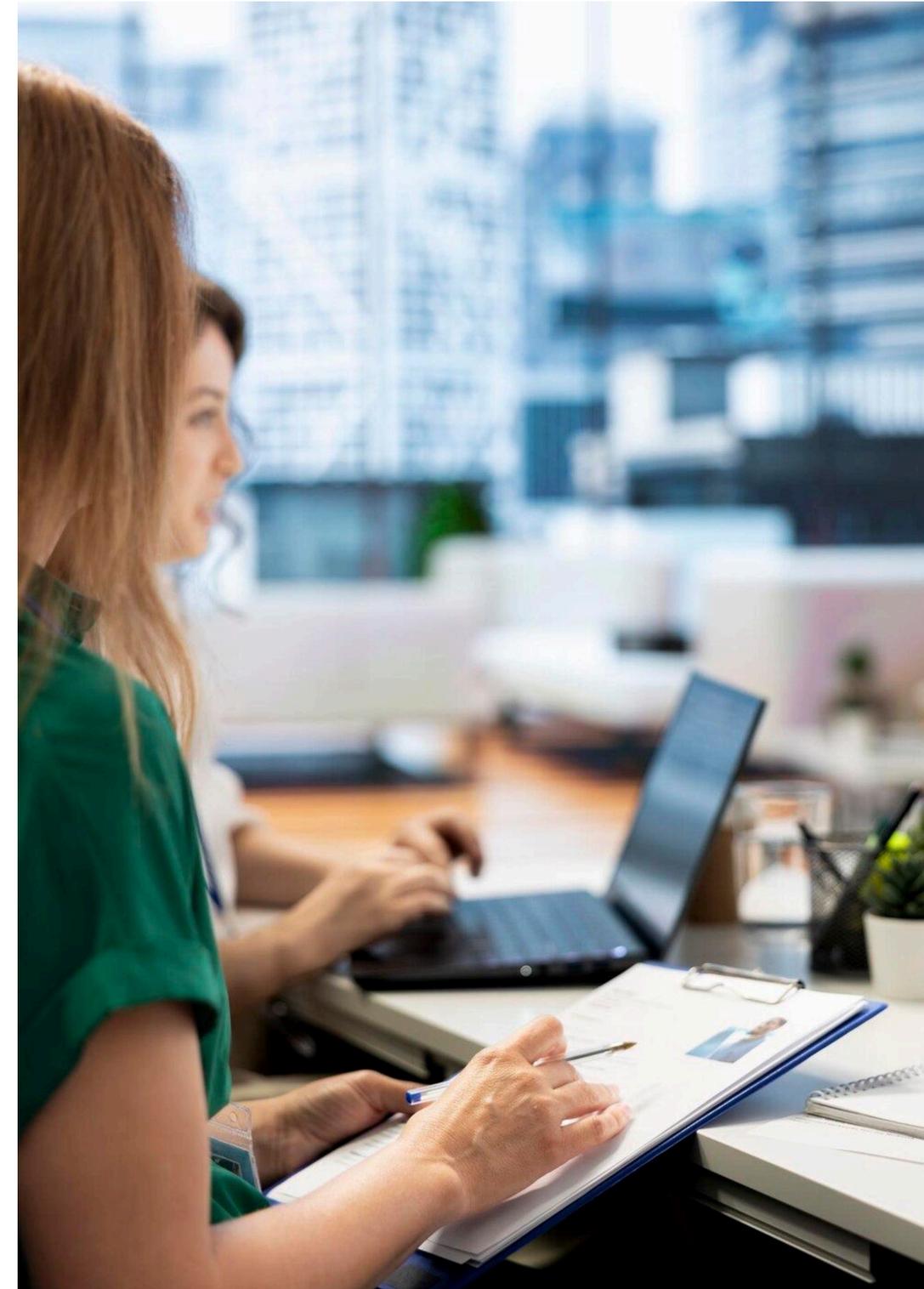
Executive Summary

The workforce composition is changing due to technological advancements such as automation and AI, but also due to shifts in job structures like remote work and gig-based employment. Skills requirements and workforce organization are evolving, influenced by the impact of technology on productivity and job availability.

By 2027, 75% of companies plan to adopt AI, big data, and cloud computing. This is fundamentally reshaping job roles and business processes. Automation will replace 42% of human-performed tasks by the same year, up from 34% in 2023. At the same time, workforce demographics are also shifting. By 2025, freelancers could make up over 50% of the U.S. workforce.

Skills shortages are a growing concern. In 2024, 79% of CEOs cited skills gaps as a major obstacle to growth, yet only 26% of companies actively plan for future skills needs. Meanwhile, hybrid work remains dominant, with 49% of knowledge workers splitting time between office and remote work. Employers must address new challenges, including retaining talent amid rising employee expectations.

This report outlines key labor market trends shaping the future of work, including workforce composition, skills shortages, hybrid work models, sustainability-driven job creation, and geopolitical risks impacting talent migration. It provides data-driven insights for leaders navigating these transformations, ensuring businesses remain competitive in an evolving economic landscape.

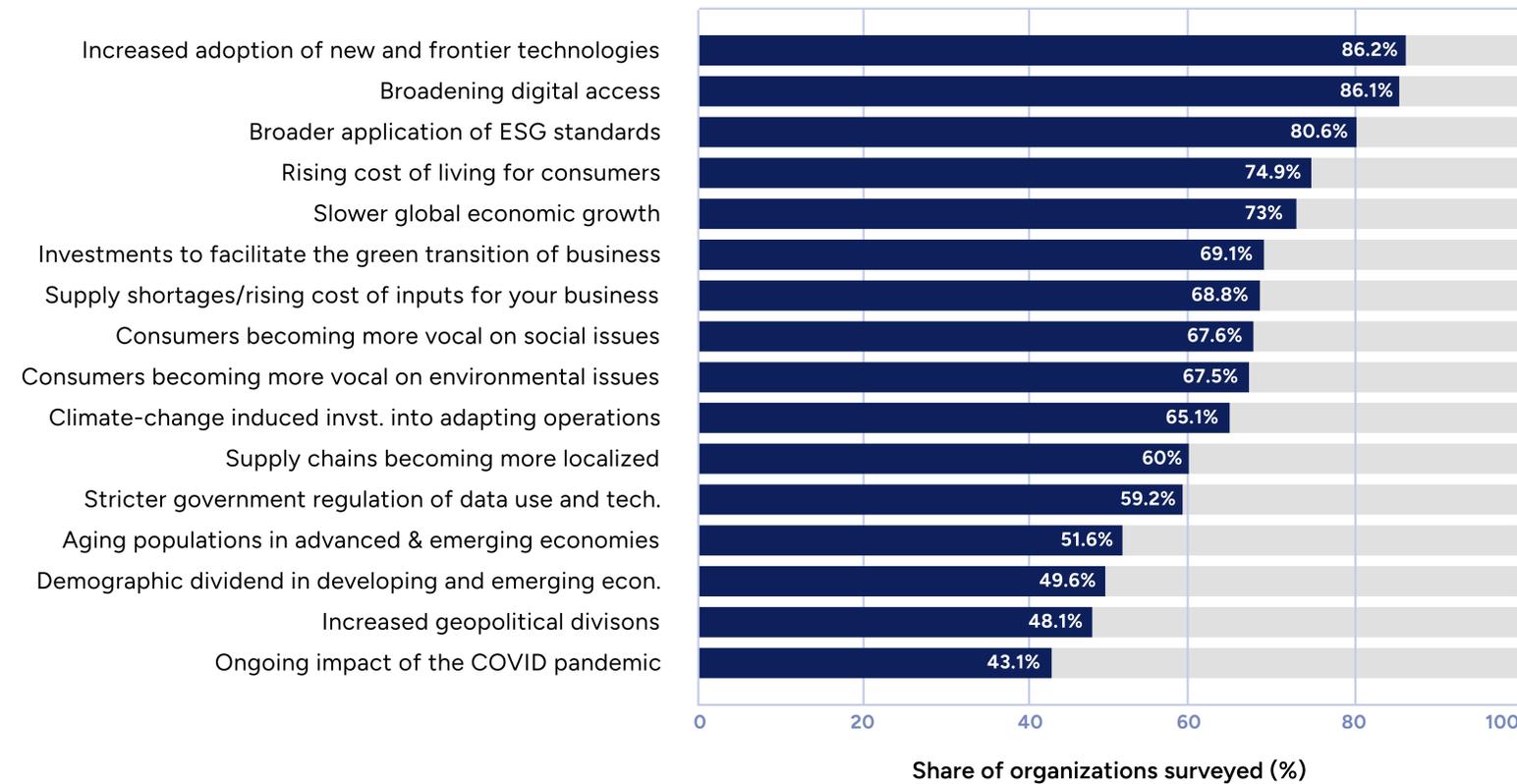


Trend #1: Technology and AI Revolution

Technology is the most important force in reshaping today’s workplace. Over 85% of organizations indicate that the increased adoption and use of new frontier technologies is the most significant trend that will drive business transformation in their organizations.

Among these, AI and automation will have the most significant impact, but leaders should also understand the challenges of implementation related to ethical concerns and human-AI collaboration.

Key Trends Driving Business Transformation



Source: World Economic Forum, Future of Jobs Survey 2023.



AI and Automation are altering workplace dynamics

By 2027, 75% of companies plan to adopt AI, big data, and cloud computing. This adoption is driving major shifts in operational workflows, with AI expected to handle up to 70% of employee tasks. Moreover, 41% of leaders expect to redesign business processes using AI in the next five years: 46% use it for analytics, 35% for learning and development, and 32% for performance management.

Automation is gaining momentum as well:

- Machine-performed tasks are projected to rise from 34% in 2023 to 42% by 2027.
- AI-driven tools, such as meeting assistants and business process solutions, are growing rapidly, with their market expected to reach \$11 billion by 2031.

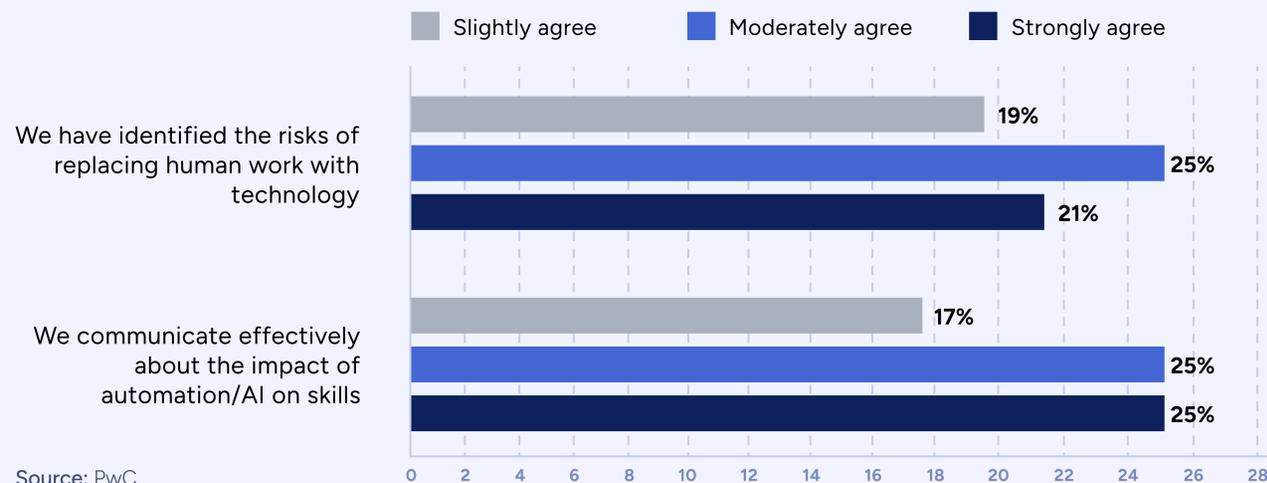
These advancements highlight the role of technology in increasing productivity and reshaping workplace responsibilities. Companies are investing in these tools to streamline processes and reduce costs, but successful integration will require a focus on workforce adaptability and skills development.

But they come with their own set of challenges

The quick adoption of automation and AI brings critical risks that many organizations are unprepared to manage. Among the top three challenges cited by leaders:

1. Identifying risks of replacing human work with technology
2. Identifying skills workers will need to develop in the future due to technology evolution.
3. Communicating about the impact of automation and AI.

Less than one-quarter of leaders are confident they know the potential risks of automating work



On top of that, ethical concerns are also rising: with internet searches for "AI ethics" increasing by 567% in the past five years. Companies must establish clear frameworks for responsible AI use to address these challenges. Without such frameworks, automation could lead to reputational damage and operational inefficiencies.

Trend #2: Workforce Composition and Agility

The future workplace will focus on promoting diversity, inclusion, and flexibility.

Diversity will remain a top priority

Workforce diversity is expanding. While debates continue on the direct financial impact of diversity, leadership commitment to diversity, equity, and inclusion (DE&I) topics is clear, with 93% of companies prioritizing DE&I strategies. These efforts are driven by:

- Increasing racial and ethnic diversity.
- A growing focus on intersectionality, addressing the varied experiences of diverse employees.
- Tackling gender inequality: 606 million women of working age remain out of the workforce due to "unpaid care responsibilities". A study by the European Investment Bank found that closing the gender gap could improve GDP by 23%.

Age diversity is also rising due to global aging trends. By 2050, 45% of the population in OECD countries will be aged 50 or older, creating multigenerational workplaces that challenge traditional workforce structures.

Freelancing and Contingent Work is Rising, too

Freelancing is reshaping the global workforce. Freelance workers may represent more than 50% of the U.S. working population by 2027. At the same time, 90% of corporate leaders prefer "quiet hiring" to acquire new skills without actually hiring new full-time employees, creating a hybrid workforce where full-time employees work side-by-side with freelancers.

This trend will become even more prominent in the future:

- Freelancers already account for more than 64 million workers in the US, where they contribute \$1.27 trillion to the economy annually.
- Generational shifts are fueling this trend, with 52% of Gen Z and 44% of Millennials engaging in freelance work.

Despite its growth, access to contingent workers remains a challenge for businesses. Only 23% of leaders report being able to source freelance or contingent talent easily. This is where consulting platforms like Consultport are bridging the gap, facilitating the connection between corporates and freelancers. Nearly 50% of corporate leaders expect their use of new digital platforms to increase in the future.

Trend #3: Addressing Skills Gaps

The demand for new skills is reshaping workforce training: 79% of CEOs indicate skills gaps as a significant impediment to growth and performance. As the demand for more specialized skills increases, workforce training is projected to experience a profound transformation.

Skills Gaps and Leadership Challenges

A significant challenge to tackle will be addressing the widening skills gaps:

- 70% of leaders report worsening skills shortages, yet only 26% actively plan for future skills needs.
- Workforce analytics, a key tool for predicting gaps, is underutilized, with only 23% of companies adopting it.

The disconnect between skills demand and planning presents a significant challenge. Without proactive strategies, companies risk losing competitive advantage.

The Importance of Soft Skills

Beyond technical skills, soft skills like communication, teamwork, and adaptability is vital. The soft skills training market was valued at \$29.8 billion in 2023 and is projected to reach \$83.5 billion by 2032. For businesses, balancing technical and interpersonal skills training will be essential to future-proof their workforce.

The Need for Reskilling and Upskilling

Training programs, particularly those emphasizing emerging technologies, are critical for bridging these gaps.

As companies increasingly implement AI and automation, by 2027:

- 44% of workers' skills will be disrupted.
- 60% of workers will require training to remain relevant.

AI literacy, analytical thinking, and creativity are the top priorities for training programs. 42% of companies are actively focusing on AI skill development to meet future demands. For instance, LinkedIn Learning saw a 160% increase in enrollments for AI-related courses in 2023.

Governments are also stepping in, funding programs that encourage both reskilling (acquiring new skills) and upskilling (enhancing existing skills). These initiatives aim to reduce the skills mismatch that threatens workforce productivity.

Trend #4: Hybrid Work and Flexibility

In 2024, the return-to-office mandate by Amazon, followed by other tech giants, limited the development of the remote job market. 82% of employees even expressed they were willing to quit before returning. However, remote work is still on the rise.

Remote Work Trends

Hybrid work is the dominant model for knowledge workers.

- 49% of knowledge workers are in hybrid roles, splitting time between office and remote work.
- The 2024 global workforce is composed of 17% fully remote workers, a 57% increase from 2023.

Despite misconceptions about a return to full-time office work, hybrid and remote models continue to grow. These setups align with workers' preferences for flexibility, as 86% of remote and hybrid employees report they would come to the office under specific conditions, such as higher compensation or shorter commutes.

Challenges of Hybrid Models

Hybrid work offers flexibility, but presents challenges in maintaining culture and collaboration:

- 47% of in-office workers report higher stress levels compared to 39% for hybrid and 27% for fully remote workers.
- Key drawbacks of hybrid setups include difficulty accessing information, building professional relationships, and feeling disconnected from company culture.

Employers are addressing these challenges through operational and technical solutions, such as clear communication, goal-setting, and fostering inclusive collaboration tools.

Additionally, hybrid workers spend an average of \$61 daily when in the office, which represents a 20% increase from the 2023 numbers. This financial burden, coupled with workplace stress, underscores the need for organizations to carefully balance flexibility with effective management strategies.

Trend #5: Shorter Work Weeks

One of the major changes to anticipate is the knowledge worker shortage. To attract workers, companies are shortening work weeks, rather than increasing pay.

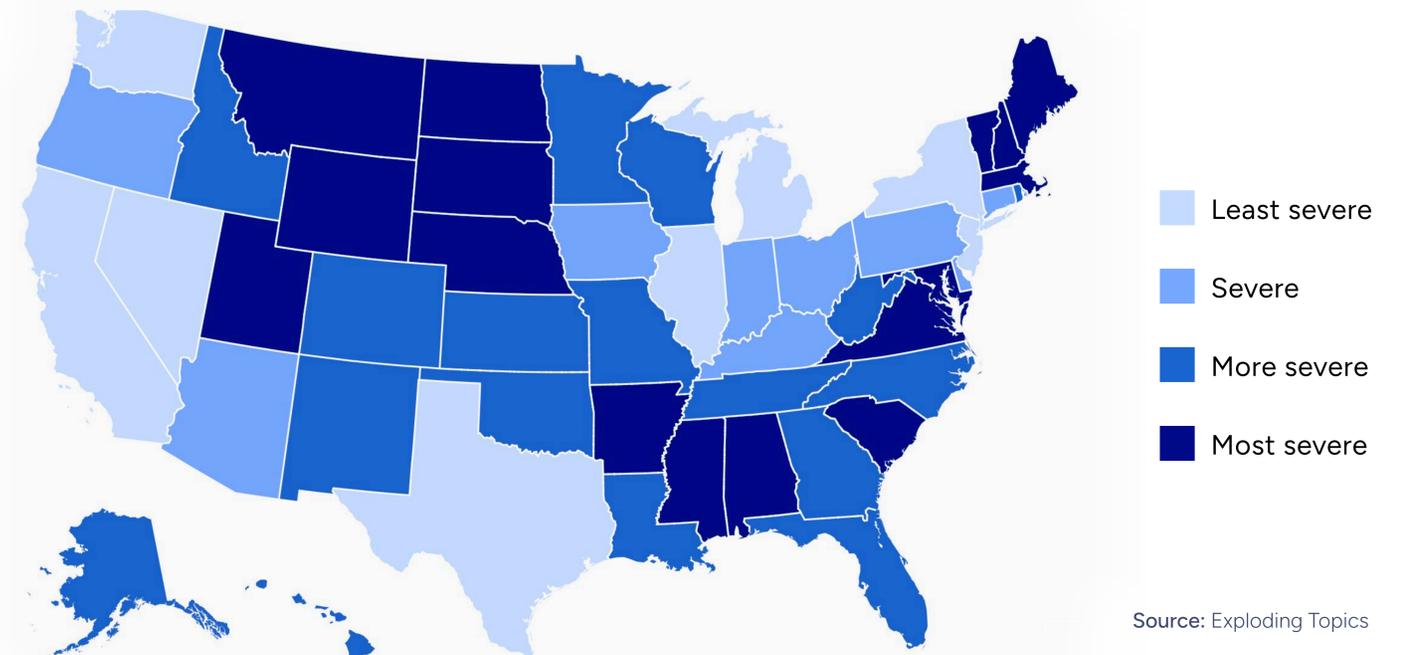
Global Skills Shortages

The US labor market faces a persistent skills shortage, contributing to a significant number of unfilled positions.

- Approximately 7.7 million open positions remain across the country.
- Five states, including North Dakota (worker-to-opening ratio: 0.42), have over two job openings per available worker.

Specific industries, such as construction, are particularly affected, with 80% of employers struggling to fill positions. Similarly, 70% of companies in financial, professional, and business services report challenges in finding qualified candidates.

Worker Shortage Rates by US State



However, skills shortages are not confined to the US:

- In the European Union, 77% of companies report difficulties in recruiting skilled workers, particularly in the technology, construction, and healthcare sectors.
- Australia faces its tightest labor market in decades, with job vacancies rising 65% above pre-pandemic levels.

These shortages are intensifying competition for top-tier talent. Employers are exploring alternative methods, beyond traditional pay raises, to attract skilled workers.

The Problem with Increasing Pay

While salary increases have been a common strategy to attract talent, inflation, and rising costs are limiting this approach:

- Inflation globally remains high. Prices are 21.2% higher than pre-pandemic levels, while the UK has seen rates above 6% throughout 2024.
- Many businesses have already increased wages significantly. Year-over-year salary growth in the US stands at 4.39%, down from earlier post-pandemic peaks.

Small businesses are particularly affected, with 24% citing inflation as their biggest challenge. Wage budgets have reached their limits, pushing companies to explore other incentives to remain competitive in hiring.

Shorter Workweeks as a Solution

Shorter workweeks are emerging as a viable alternative to wage increases for attracting and retaining talent:

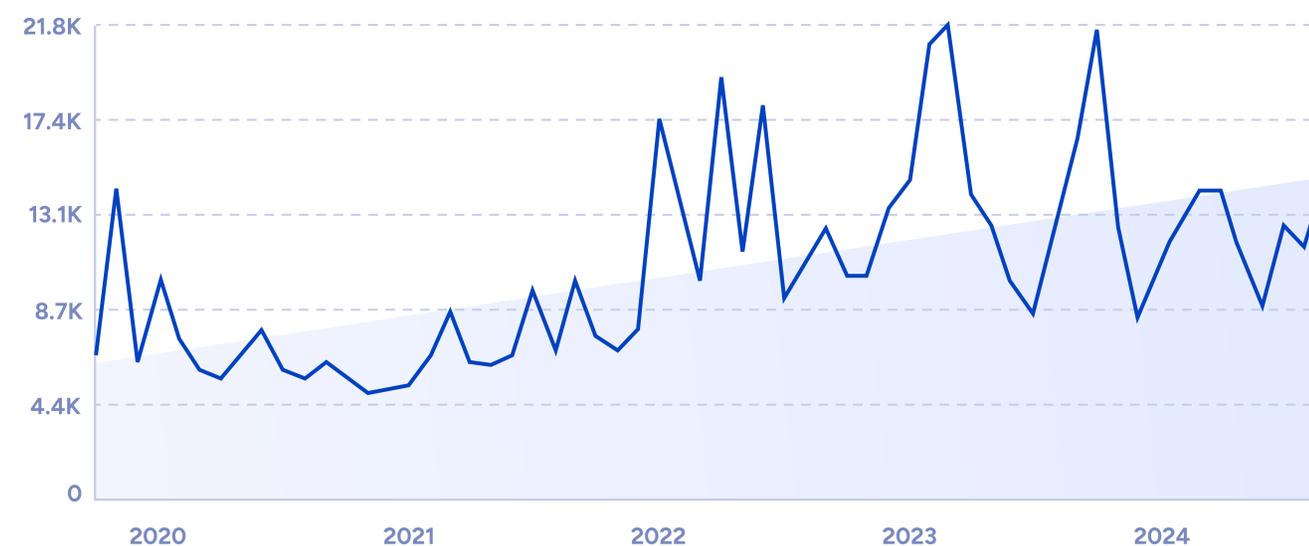
- Searches for "4-day workweek" have grown by 127% in the past five years, reflecting employee interest in this model.
- 75% of employees are in favor of a shorter work week through compressed hours.

This model addresses workers' desire for flexibility and work-life balance while helping businesses manage labor costs. Combining competitive pay with innovative scheduling, such as compressed hours, is becoming a key strategy for employers navigating a tight global labor market. Overall, the 4-day workweek is gaining traction globally, with positive results:

- 78% of employees report being happier and less stressed under this model.
- Government-led trials in 24 countries show 89% of participating companies adopting the 4-day week permanently.

Shorter workweeks appeal to employees seeking work-life balance and have proven effective in talent retention. For example, 63% of businesses report improved ability to attract and retain talent with a 4-day workweek. These findings demonstrate the model's potential to address workforce satisfaction and productivity.

Searches for "4 day week" are up 127% over 5 years



Source: Exploding Topics

Trend #6: Green Economy and Sustainability

Sustainability is reshaping workforce and industry priorities, influencing employees' priorities, job creation, and companies' investments.

Job Creation in Green Sectors

The transition to a green economy is driving significant job creation.

By 2030:

- Investments in renewable energy and sustainable technologies are projected to generate 30 million jobs globally.
- Roles like ESG Consultants and Sustainability Strategy Consultants are increasingly in demand.

These opportunities align with global efforts to meet climate goals while reshaping the workforce to prioritize clean energy and sustainable infrastructure. Governments and businesses investing in the green economy are not only addressing environmental challenges but also strengthening job markets in emerging sectors.

Employee and Consumer Expectations

Sustainability is becoming a priority for employees and consumers alike:

- 80% of employees want their employers to prioritize sustainability.
- 67% percent of workers report that their companies consider sustainability practices when selecting vendors and suppliers.
- ESG (Environmental, Social, and Governance) policies influence the job choices of 38% of workers, with some ranking these policies as highly as salary.

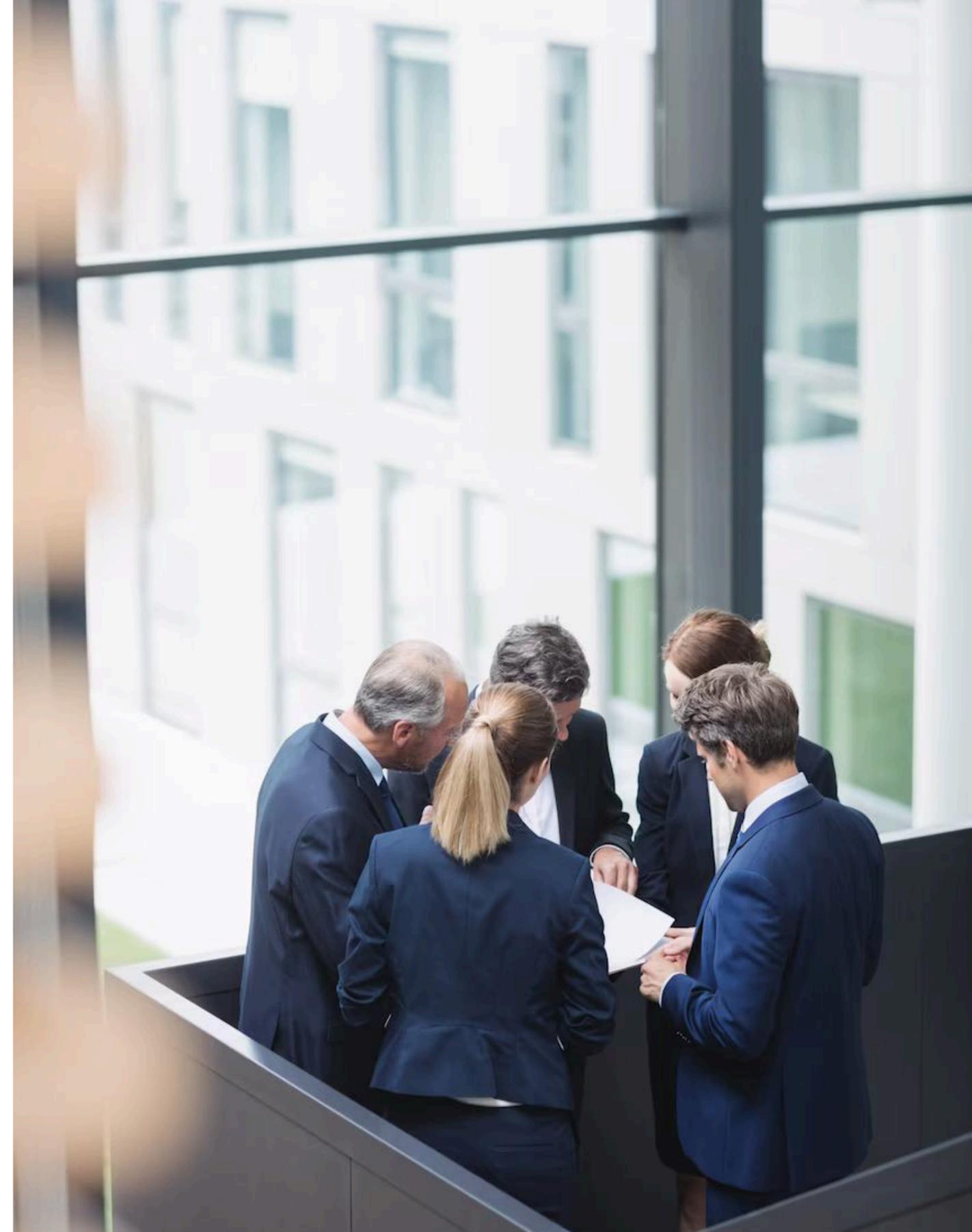
These statistics reflect a growing expectation for businesses to integrate environmental responsibility into their operations. Poor sustainability initiatives are more than a reputational risk—42% of employees say weak sustainability practices negatively impact morale, potentially driving turnover.

Green Economy Impact on Businesses

Sustainability strategies are not just needed for ethical reasons, they are also increasingly strategic for businesses:

- Searches for “sustainability score” have risen by 159% over the past five years, reflecting growing interest in measurable environmental commitments.
- 51% of workers aged 18-34 want employers to increase investment in sustainability, showing its importance for attracting younger talent.

As wage increases and reduced workweeks reach practical limits, sustainability is emerging as a differentiator for attracting and retaining employees. Companies committed to green initiatives align with workforce values, enhancing their competitiveness in securing contracts, partnerships, and long-term brand loyalty.



Trend #7: Employee Training & Well-being

Organizations are prioritizing holistic employee well-being to boost productivity, engagement, and retention.

Increased Investment in Learning and Development

Companies are allocating more resources to employee development:

- In 2023, organizations spent an average of \$1,283 per employee on workplace learning programs, a \$63 increase from the previous year.
- Employees received an average of 47 hours of training per year in 2024, down from 57 hours the previous year, indicating potential overextension and the need for balanced workloads.
- Learning modules are becoming more concise and accessible: 74% of companies report using virtual or online delivery as their primary training method, catering to the demand for flexible learning solutions.

This investment reflects a commitment to continuous learning and professional growth.



Linking Employee Satisfaction to Business Performance

A satisfied workforce correlates with improved business outcomes, as investing in employee satisfaction is proving to be a strategic advantage:

- Companies with highly engaged employees are 23% more profitable, highlighting the financial benefits of prioritizing employee experience.
- High employee engagement reduces absenteeism by 78%, showing the impact of targeted employee engagement programs.

In 2024, 94% of employees said that fostering a sense of belonging is crucial to workplace success, and yet 20% of workers still report feeling disconnected.

Trend #8: Geopolitical Risk and Global Workforce Dynamics

Geopolitical risks are increasingly impacting global supply chains, requiring strategic adaptations to maintain resilience. A hypothetical major geopolitical conflict could result in a \$14.5 trillion loss to the global economy over five years, primarily due to supply chain disruptions and infrastructure damage. This will cause nearshoring and friendshoring, impacting the future of work in Global Workforce Dynamics, Job Locations, and Talent Migration.

Talent Migration and Workforce Shifts

Geopolitical risks are driving talent migration and workforce redistribution globally. By 2030:

- Political instability could result in a significant increase in the cross-border migration of skilled workers to stable economies in North America and Western Europe.
- The Middle East and North Africa (MENA) region may lose 15% of its skilled workforce due to political and economic challenges, while nations like the UAE and Saudi Arabia could benefit from regional relocations through investment in economic diversification.
- South and Southeast Asia, particularly India and Vietnam, are expected to attract global talent, with manufacturing jobs growing by 25% as companies nearshore operations.

These shifts reflect the increasing importance of geopolitical stability in workforce planning, compelling organizations to reassess talent acquisition strategies and location choices.



Supply Chain Restructuring and Job Locations

Geopolitical risks are prompting businesses to rethink supply chain locations to ensure stability and minimize disruptions:

- Multinational companies will shift supply chain operations closer to their primary markets, driving job growth in North America, the EU, and Southeast Asia.
- Mexico's nearshoring boom is projected to create 1.17 million additional jobs by 2030, driven by U.S.-based companies seeking to reduce reliance on Asia-Pacific production.
- In Europe, countries like Poland and Romania are emerging as key logistics hubs, with investments in transport and warehousing expected to grow by 25% annually.

These changes underscore the importance of aligning workforce planning with supply chain strategies to ensure efficiency and resilience in the face of geopolitical challenges.

Future Impacts on Workforce Dynamics

Geopolitical risks will continue to shape where and how global workforces operate, especially in high-tech industries, highly concentrated in Southeast Asia:

- Talent shortages in Europe could worsen, with 75% of companies in these regions expected to face difficulties filling roles in technology and engineering, already impacting \$8.5 trillion in GDP.
- Climate-induced migration could see 200 million people relocating by 2050, disproportionately affecting labor markets in South Asia and Sub-Saharan Africa.
- Countries investing in workforce education and infrastructure, such as Vietnam and Indonesia, are likely to emerge as global talent hubs, attracting both foreign investment and workers.

Businesses must account for these trends in their long-term workforce and location strategies. Investing in local talent, building partnerships with emerging markets, and adopting technology-driven solutions will be crucial for staying competitive.

Conclusion

The evolving workforce, driven by technology and shifting demographics, presents both challenges and opportunities. AI adoption, projected at 75% by 2027, and automation, replacing 42% of tasks, necessitate a reevaluation of traditional employment models. Simultaneously, the rise of freelancing, potentially exceeding 50% of the U.S. workforce by 2025, offers a strategic avenue for enhanced organizational agility.

With only 23% of leaders reporting ease in sourcing contingent talent, consulting platforms like Consultport bridge this gap. This shift allows for rapid scaling of specialized skills without the constraints of traditional hiring. Given that 90% of leaders prefer "quiet hiring," leveraging freelancers addresses immediate skill shortages while maintaining workforce flexibility. The aging demographic, with 45% of OECD populations over 50 by 2050, further emphasizes the need to diversify talent acquisition strategies.

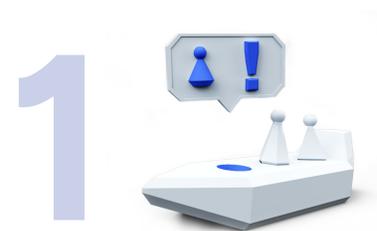
Integrating freelance talent effectively can mitigate skills gaps, cited by 79% of CEOs as a growth obstacle, while only 26% actively plan for skill needs. Make sure to stay ahead of these trends, taking action by leveraging opportunities and increasing your workforce agility.



Work with Consultport

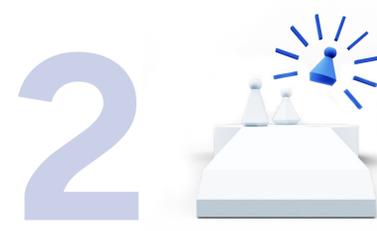
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