Bifurcated Workforce

SUMMARY: Trends may create two classes of American workers: mission-critical players who move the organization forward, and foot-soldiers who do the basic work. The latter are regarded by employers as relatively disposable, with lower prestige and pay. Such a two-tiered workforce is not assured, but it is being driven by deep structural forces including the expansion of gig and freelance work and the rising inequality of opportunity for workers.

Forecasts

- The rise of a global gig, freelance, and contract work economy will produce a vast pool of workers for whom work is a piecemeal—and, in many cases, insecure—affair. Besides lacking salaries and benefits, contingent workers risk finding themselves treated by employers as second-class or disposable, with lower pay and professional standing.
- Lower-tier workers could represent all skill levels, and indeed may be as educated and skilled as their full-time counterparts. For instance, adjunct professors may be as capable as their tenured peers but typically work for little, with weak upward prospects.
- Automation will not be a determinant of whether a worker is considered crucial or disposable. Either tier of workers could serve as skilled counterparts to machine intelligence. But because automation will drive taskification, more work will be modularized and farmed out to contingent workers, potentially pushing a bifurcated workforce.

Key Uncertainties

Labor supply and demand in any given industry (which shapes treatment of all workers in that industry)

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Regulatory and policy protections for gig and contract workers

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Overall economic conditions (which shape business decisions about investment and hiring)

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Social insurance policies

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Risk of lower-quality products and services from less-invested contract and gig workers

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Supporting Trends

- **Growth of the blended workforce.** "Blended" workforces, comprising both full-time and gig or contract workers, are spreading, and this is leading to workplaces with substantial numbers of workers who may be working together shoulder-to-shoulder while in very different career situations.
- **Growth of global gig economy.** The global gig economy is projected to grow, becoming an important driver of future employment growth.
- **Freelancing expected to grow.** A number of drivers point to the continued growth of freelancing—which is one kind of gig work—as a work model in the United States.
- **Stalled income growth.** Income growth has stalled for lower- and middle-income workers in advanced economies, reinforcing economic and social divides.
- **Rising U.S. income inequality.** U.S. income inequality has been rising since the mid-1970s, in part reflecting a growing inequality of opportunity.
- **Decline in labor's share of income.** The share of U.S. national income going to workers has been declining since 2001.

Related Drivers of Change

- 21st-Century Guilds
- New Forms of Work
- American Inequality
- Automating Work

Notable Data Points

BENEFITS OF BLENDING

A 2016 survey found that
93% of companies in the U.S. are using a blended workforce:
freelance workers teaming up with conventional employees on projects.

Source: Field Nation and Future Workplace, The Gig Economy Study

ALMOST ALL RECENT JOBS CONTINGENT

94% of the 10 million jobs created in the U.S. between 2005 and 2015 were contingent, including
60% tied directly to the increase in freelancers,
independent contractors, and company contractors.

Source: National Bureau of Economic Research

COLLEGE, DOWNGRADED

A British study found
a rise in the share of college graduates taking "menial" jobs (e.g., clerical work)
that formerly would have gone to non-graduates.

Source: Higher Education Career Services Unit

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Strategic Insights

- Bifurcation would lead to a horizontal fracture in the workforce pyramids of many professions, and thus to a disruption in the career paths of many categories of members. For workers in many fields, advancement up the career ladder may be less assured than in the past. Associations may need to be much more attentive to this kind of career divergence within their membership and to distinguish their services and products accordingly—or they may need to make a hard decision to serve one tier or the other.
- In a bifurcation scenario, the interests of workforces and employers could diverge. Associations could become battlegrounds between these competing interests.
- With or without bifurcation, new kinds of associations are likely to arise to serve parts of the growing contingent workforce. Freelancers Union provides an early but well-developed model.
- Bifurcation may foster a return to the trades by educated workers, as it becomes clearer that education and skills don't guarantee job security or higher pay.
- Worker-organized cooperatives could make a comeback in advanced economies as a response to the power disparity between employers and contingent workers. Successful, well-established cooperatives exist in Europe and elsewhere, e.g., the Mondragon network of cooperatives in Spain.

Timing

- **Stage:** Growth in some industries, emergent or nonexistent in others
- **Speed:** Accelerating in fields that automate rapidly or where the gig economy is well under way; slow or no growth in fields resistant to automation and gig work

Potential Alternative Futures

- **Workforce patchwork:** Bifurcated workforces manifest in some industries but not in others, based on structural and regulatory factors.
- **Salary = excellence:** Research reveals that salaried workers produce more profitable outcomes, prompting industries from food service to financial services to revert to full-time hires.
- **Valuing contingent workers:** Forward-thinking companies cultivate a loyal pool of contract workers by providing a partial set of benefits and competitive pay.

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Take Action

- **Define the mission-critical people in your organization.** These people aren't always your most senior employees. They may hold essential historical knowledge, have a network of critical relationships, or possess content expertise essential to your mission. Value and reward these staff members to retain their talents.

- **Explore the positive possibilities of intentional bifurcation.** Could you creatively staff your association's non-critical positions through collaborative arrangements with other associations, retaining an association management company, or contracting with consultants or freelance workers? Likewise, could your members' companies opt for bifurcation as a strategic staffing decision?

- **Appreciate the continuity of a familiar face.** Association members and customers like working with people they know to navigate associations or businesses. A designated account manager or point of contact can fulfill this need. This familiar face can be backed up by other staff and automated processes.

- **Foster workforce development opportunities in your field.** Many professions and trades rely on people trained for supporting roles. Could your association train lesser-skilled people to meet workforce needs while respecting the scope of work of members with greater expertise? Associations that can successfully accommodate members with different tiers of expertise often exercise greater influence over the strategic direction of their industry or field.

- **Honor your association's values.** Potential exploitation of second-tier employees could conflict with your association's stated values or your members' sense of fair play. Anticipate how you will lead in issues of pay equity, advancement opportunities, health and safety, and other workforce concerns.

Keyword Search

To continue researching this change driver, use these search terms:
work, automation, income inequality, disposable workers, contingent work, freelance, precariat, work automation, taskification, flexible work, gig economy, temporary work, e-lancing, underemployment, blended workforce, workforce participation

Who Will Be Affected

Organizations that support flexible staffing approaches (professional employee organizations, temporary staffing companies, association management companies) may benefit from shifts toward a bifurcated workforce. Industry consultants and senior workers seeking more flexible employment could fill these staffing needs. Human resource professionals may have to redesign compensation and benefits to accommodate creative staffing approaches.

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- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

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