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Building the future of work together

Disintermediation of labour is not a reality

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Intermediaries are increasingly a feature of labour markets around the world and the trend is set to grow. It is driven by a number of factors including corporate strategies that refocus business and outsource non-core tasks; the need for greater flexibility in staffing levels in response to the ebb and flow of demand; and the added value that these third parties deliver to both workers and employers.

Traditional brokers such as public and private employment services, recruitment agencies and outplacement firms have of course been on the scene for many years. They facilitate a match between supply and demand in the job market and with increased economic volatility -OECD data show that 19% of jobs last less than 12 months and 33% less than three years - there is certainly a need for their services.

However, today's intermediaries are also playing a broader role in supporting the smooth functioning of labour markets. HR services are increasingly being outsourced as labour law becomes more complex and companies seek ever more specific skills. With organisations often on a permanent search for talent, it makes sense to place the task in the hands of experts who can source a wide range of skill-sets and ensure people are trained to carry out the tasks required. By turning to specialists firms free themselves to focus on their core business and drive cost efficiency.

For workers, economic fluctuation has led to rapid job creation and destruction and they find themselves back on the job market with increasing frequency. Intermediaries identify work and stay close to the labour market so understand the needs of employers and the skill-sets they require in staff. They also increasingly manage workers' careers, supporting them as they make transitions within the workplace and move from declining economic sectors into areas of opportunity.

Intermediaries also support governments by minimising unemployment and shortening the job search process so keeping people in work. We see growing cooperation between public and private employment services around the world in reconciling supply with demand in the labour market and employment and recruitment agencies are set to be major contributors to job creation in the years to come.

Research in both the US and UK shows that by 2020 job creation will be focused on manufacturing services; low carbon services; the creative and cultural sectors and high-value mediation services.

Professional corporate services – which include recruitment firms and other private employment services – are one of the sectors set to create the most jobs in the US over the next five years.

It goes without saying that the internet plays a central role in the recruitment and job search process today. While it will continue to be a go-to channel it can never totally replace intermediaries because of the added value they create in offering specialist advice and guiding clients. At the end of the day recruitment remains a people business and while IT can streamline and simplify the process it can never replace the personal contact needed to meet with and eventually hire employees.

Nevertheless I do see HR intermediaries becoming more focused on individuals. Just as they provide services to companies such as the creation of job ads and candidate lists and the provision of temporary personnel so they will now offer similar services to individuals working as independents or in micro-enterprises. Some will match supply with demand, others will defend one profession over another and others still will provide services such as local job listings or informal fairs or get-togethers. We already see a growth in brokers representing different professions or skills and these are increasingly likely to operate at a local level, facilitating the outsourcing of services and the matching of workers with work. As people navigate portfolio careers and operate in the on-demand, gig-economy so the security and support provided by the new labour market middlemen will grow to resemble that of the workers guilds that were a strong feature of pre-industrial economies in Western Europe and North America.

Ultimately intermediaries will continue to flourish due to the host of ways in which they enable the labour market: They enable work by creating jobs and opportunities; they enable adaptation by providing solutions for both workers and companies; they enable prosperity by reducing unemployment and the black economy; and they enable security by facilitating transitions and providing support and professional advice. Intermediaries are leading in a changing world of work and will be an indispensable feature of well-functioning labour markets in the years to come.