

Solving the Productivity Crisis with a Blended Workforce

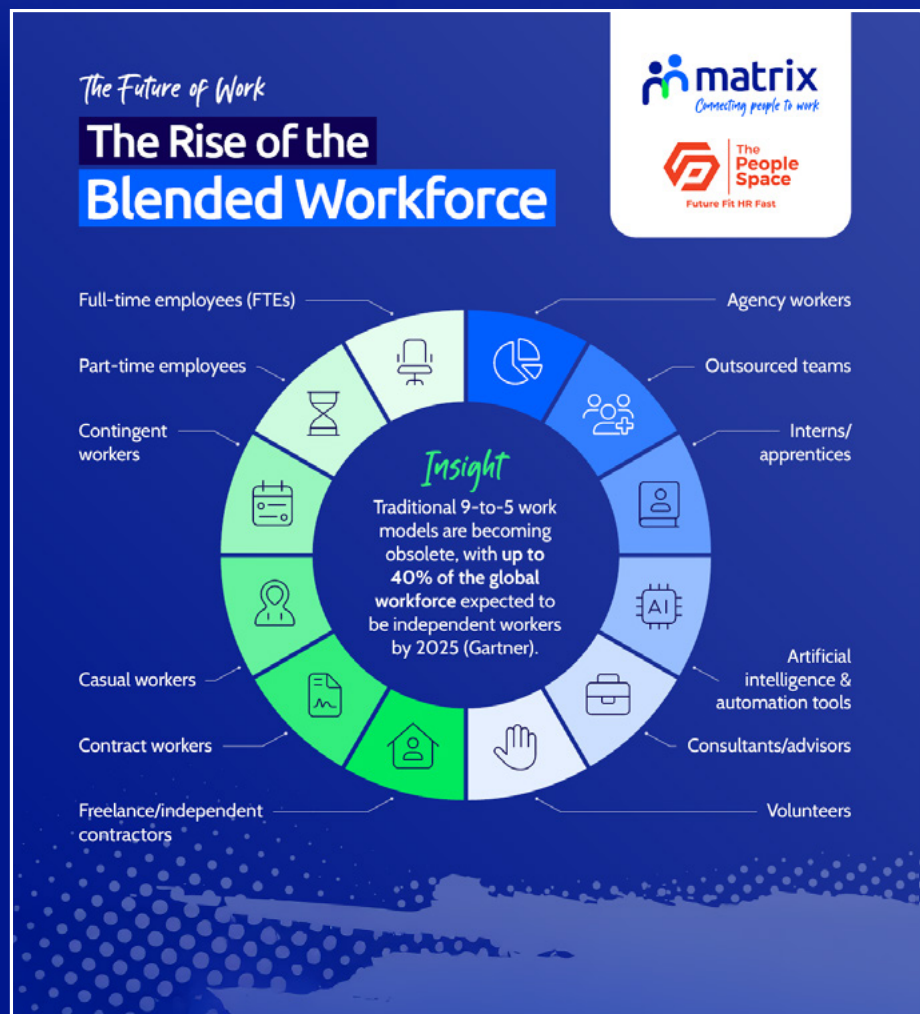
AN EXECUTIVE BRIEFING

Productivity growth has stalled across advanced economies and HR leaders face expectations they cannot meet through hiring alone. Skills remain scarce, burnout is rising and demographic decline is shrinking the labour pool as working-age populations fall across many advanced economies and fewer younger workers enter the market to replace those leaving it. Permanent headcount has become an increasingly fragile lever for resilience and growth.

A more effective approach is emerging. Organisations progressing fastest are redesigning work around the full ecosystem of talent available to them. This includes permanent staff, contingent workers, freelancers, gig talent and AI. A blended workforce offers scale, agility and access to scarce skills in a way that conventional models cannot match. When designed well it frees people for the work that depends on judgement, creativity and care.

Early economic forecasts highlight the potential. AI could lift productivity and GDP by nearly 3% by 2055 if effectively integrated, with almost half of all tasks in many roles suitable for automation. Inside organisations the first signs of this shift are visible in the rise of AI-enabled “superworkers” and managers who use technology to elevate decision-making, improve wellbeing and reduce the pressure that fuels burnout.

This briefing summarises what the blended workforce means for productivity, the levers HR must prioritise and how frontline-first AI can reshape workforce design across health and social care.



Why the Workforce Model Must Change

Location debates have dominated management thinking, yet evidence shows that where people work does not materially shift productivity. Productivity improves when work itself is redesigned. The challenge is that most HR functions still design work through the narrow lens of permanent headcount, even though labour markets no longer support this model.

Hiring is slower and more expensive. Research shows 74% of employers struggle to find the skills they need and capabilities critical for survival remain in short supply. Burnout now affects nearly three-quarters of workers. Many employees report they do not have the time or energy required to meet increasing expectations and leaders themselves acknowledge the rising demands they place on their people.

Demographic decline compounds the pressure. Working-age populations are falling across Europe, China and many advanced economies. Fewer young workers are entering the labour market and more older workers are leaving it. This structural shift will define the next several decades of workforce planning.

Amid these constraints a blended workforce creates flexibility that permanent hiring cannot match. Contingent workers and freelancers bring specialist skills on demand. AI provides scale and speed at low cost. Together they extend organisational capacity without adding structural headcount.

Industry expert Josh Bersin's research into "supermanagers" shows the impact when leadership and technology evolve together. Managers who enable people and manage technology give employees time back, improve clarity and create space for innovation. AI supports judgement rather than replacing it and contributes to more sustainable patterns of work.



The Four Levers of a Resilient Blended Workforce

Research from The People Space and Matrix identifies four levers that matter most when building a blended workforce. These levers help HR move beyond process management into genuine workforce architecture.

Design

Workforce planning must integrate permanent, contingent, freelance and AI talent within a single system that balances capability, cost, risk and outcomes.

Compliance

Governance must protect the organisation without slowing progress. Those who master compliance gain agility and scale talent pools with confidence.

Culture

Stigma around contingent talent restricts performance. When all contributors feel part of the same mission engagement rises and execution speeds up.

AI Integration

AI should be treated as part of the workforce. HR must plan for the tasks AI performs, the skills it augments and the decisions it influences.

These levers create the foundations for a workforce model that is flexible, fair and future-ready.

Matrix's frontline experience shows how powerful this can be in complex environments. Andrew Curry, client engagement director for Health and Social Care, observes:



Frontline-first AI is one of the most important shifts we will see in the next decade, and its real power in health and social care goes far beyond digitising workflow. AI can finally give us a neutral, system-wide view of how work truly happens: where variation in productivity comes from, where clinical pathways stall, where scarce skills collide with avoidable competing demand, and where human factors or hierarchy quietly shape outcomes.

For the first time, we can redesign frontline services around capability rather than job titles, model thousands of alternative workforce configurations and optimise the flow of care in real time. Used well it unburdens judgement and creates a future-ready workforce that is fairer for staff, more productive for services and fundamentally better for patients."



What HR Must Do Next

HR now holds significant strategic influence. New data shows that CHROs report stronger impact on profitability, productivity and talent recruitment than at any point before. To realise the benefits of a blended workforce HR needs to adopt more architectural roles and less administrative ones.

Own workforce design

HR must lead the creation of models that blend human and AI contribution in a coherent system.

Reframe the HRBP role

Business partners need to act as advisors on workforce composition and evidence-based practice.

Educate leaders

Executives must shift conversations from headcount to capability and recognise the value of contingent and AI-enabled talent.

Act on evidence

Data on contingent and AI work should inform decisions in the same way employee data does today. Managers need support to lead with clarity, dialogue and recognition so teams can sustain performance through change.

The Future of Work

The Move to Skills-Based Hiring

matrix
Connecting people to work

The People Space
Future Fit HR Fast

Insight

55%
of workers

say they have already or are likely to switch employment models throughout their careers, reflecting a shift from job-based structures to skills-based hiring (Deloitte).



Flexible working models also play a growing role. Studies indicate productivity increases are possible when organisations design work intentionally around flexibility rather than defaulting to rigid structures.

The Cost of Inaction

If workforce models remain unchanged organisations risk rising costs, widening skills gaps and continued productivity stagnation. The productivity gains leaders seek will not come from longer hours. They will come from workforce architecture that blends the strengths of permanent staff, contingent talent and AI in a way that is guided by evidence and enabled by confident managers.



The blended workforce will not mature by accident. HR has a decisive role in building models that allow capability to flow where it is needed most, supported by fair governance, inclusive culture and thoughtful AI integration. Those who move now will be better placed to manage risk, strengthen resilience and deliver the productivity improvements their organisations need.

For more [read our full article](#) on The People Space.

Download our whitepaper [Unlocking Unseen Talent: Leveraging the Blended Workforce and AI for the Future of Work](#) for CHRO comment and extra insights.



Sources:

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