



Navigating economic headwinds with workforce agility

How workers and HR leaders
see the world of work evolving
in a post-pandemic landscape



contents

03

Guiding enterprises through economic crises

Business growth during an economic slowdown

05

A brief history of economic downturns

What constitutes a recession or depression, the cause of past headwinds, and the circumstances we face today

09

HR leaders' crucial role in navigating economic headwinds

Three agile principles organizations should institute into their work structure

16

Workforce agility: A company's greatest asset

How prioritizing internal mobility creates value and efficiency

19

The hidden cost of layoffs

How to avoid the lasting—and ballooning—costs associated with workforce reductions

23

Business growth during an economic slowdown

Economists, business leaders, and HR professionals share the value of internal mobility

27

Building a stormproof company

Developing a resilient and agile workforce



01 Guiding enterprises through economic crises

It's human nature to look for stability.

As enterprises look to forecast their business and make plans for the future, nothing strikes fear into the heart of the C-suite like a list of question marks, shrugs, and how-do-we-get-there answered with we-don't-know-where-there-is.

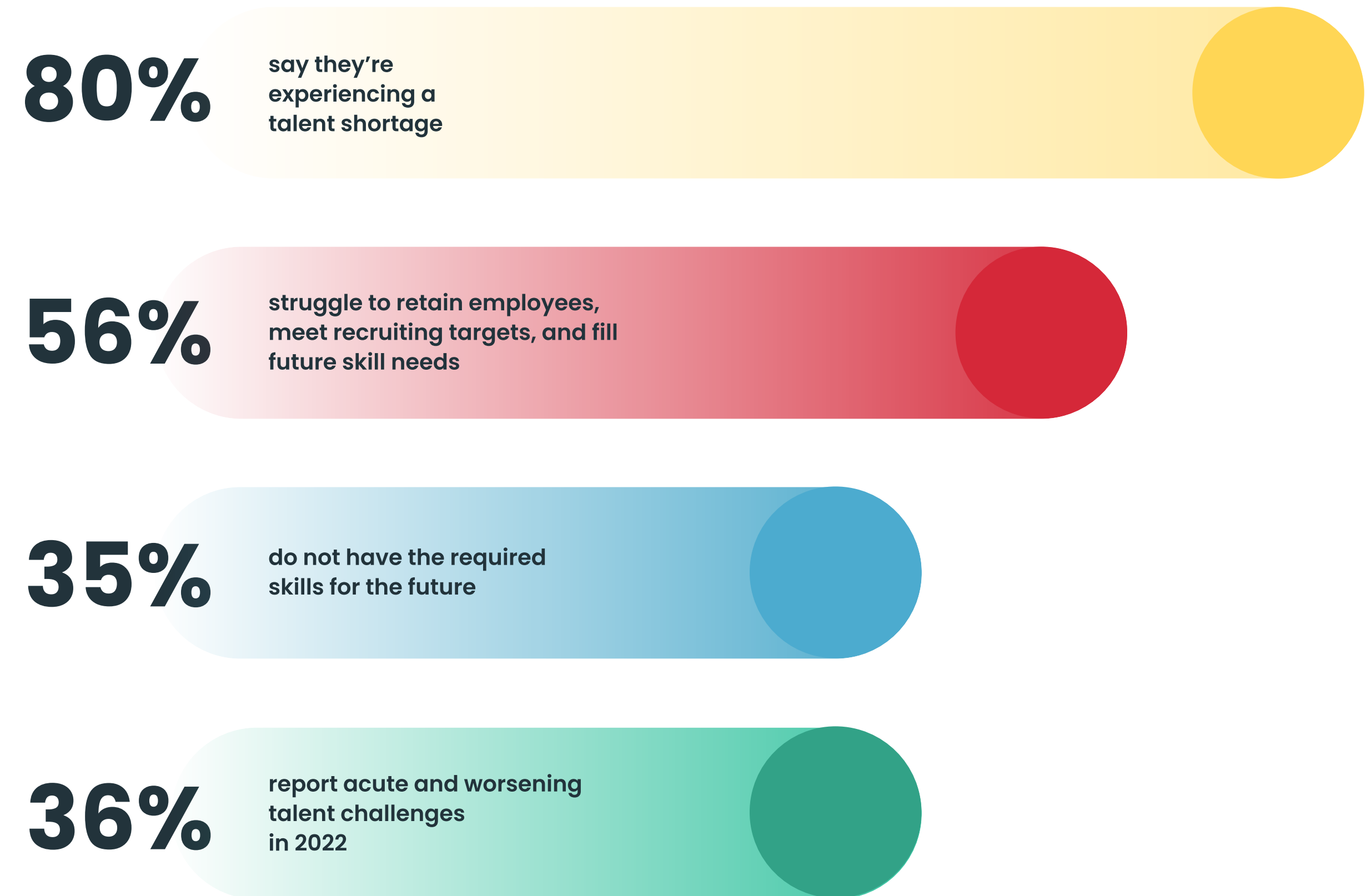
There's a reason for alarm as we enter the back half of 2022. Seth Carpenter, Morgan Stanley's Chief Global Economist, recently said that we are in the **“most chaotic, hard-to-predict macroeconomic time in decades.”** And as companies are still rebounding from the economic downturn caused by the onset of the COVID-19 pandemic, another round of uncertainty can feel insurmountable to organizations still finding their footing.

When global tensions disrupt supply chains, inflation takes a toll on investment markets, and workers' demands increase, leaders must activate new strategies to keep pace.

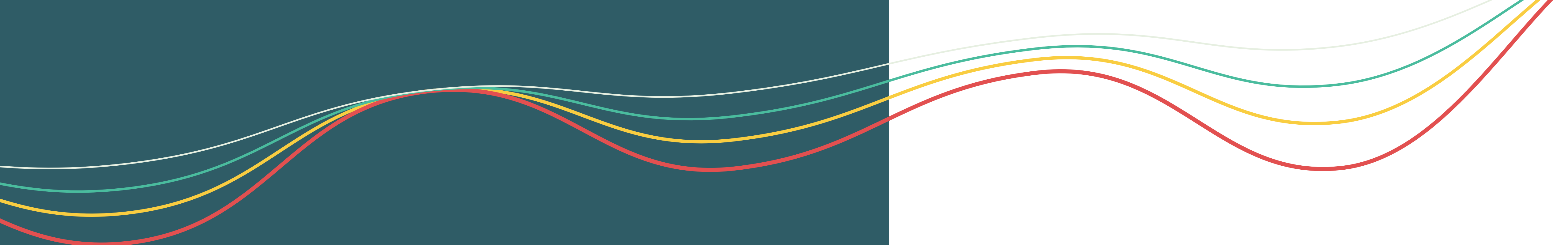
Where companies traditionally addressed economic downturns through layoffs and hiring pauses—and may still need to resort to them to maintain solvency—new tools can mitigate the damage these processes can have on an enterprise's objectives, and at-times even forgo the need for headcount cuts.

Emphasizing workforce agility and internal mobility unlocks value within a company's current workforce. But for this to happen, leadership must be committed to breaking down traditional work silos and job hierarchies that stymie growth.

How HR leaders see the slowdown



Source: [Great Resignation 2.0 survey](#), Gloat Research Group



02

A brief history of economic downturns

The economic landscape materializing before us is as opaque as it is threatening. While more than two in three economists believe a recession is likely to hit in 2023, according to the IMF World Economic Outlook, the main cause of it is still up for debate. More importantly, how organizations can prepare for a downturn are unclear, as the current state of the global economy does not point to any easy remedies for its cure.

Uncertainty and fear are making organizations rethink their business strategies and look for new ways to tackle these problems. But before looking to the future, it's helpful to understand a few periods of economic slowdown in the United State's past to see what can be learned from their example —and where those lessons no longer apply.

1929

The Great Depression

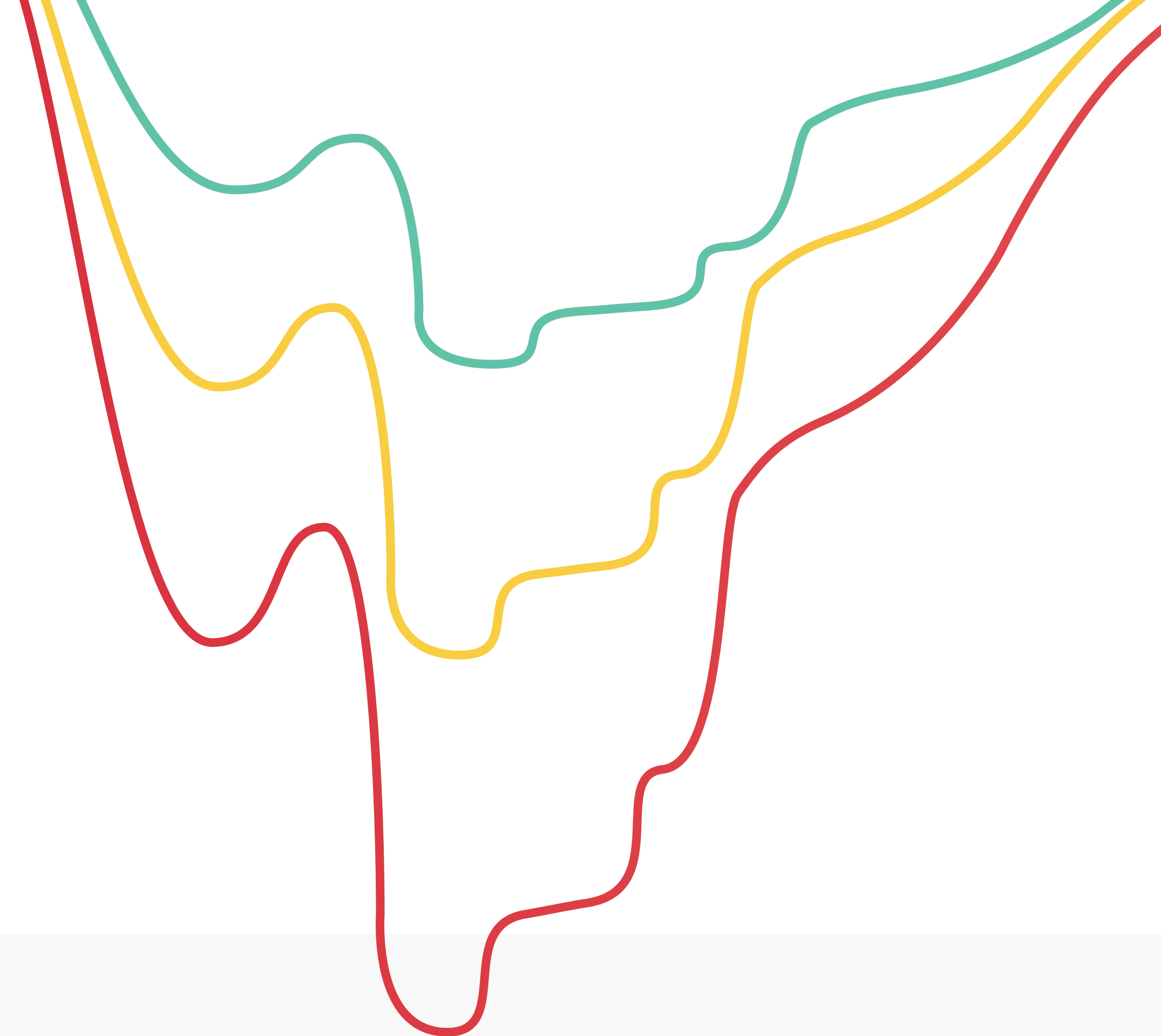
This current economic outlook is nowhere near as dire as the one people faced in 1929. A massive stock market collapse, tariffs smothering international trade, banking failures, and drying out of the money supply in global markets all contributed to this economic catastrophe

How businesses survived

Many didn't, but those with enough cash reserves in a cash-starved market were able to weather the storm and invest in businesses that didn't share the same luxury. Similarly, only companies working in the most vital industries like groceries were able to find new lanes to attract customers whose buying power had all but vanished.

What we can learn from it

Only those looking to instill panic in the market would compare our current headwinds to those of 1929. But what can be learned is what that fear can do to disrupt standard operating procedures and create an amplification of real problems, like what was seen during the runs on banks as countless people sought to withdraw their money from financial institutions. Government intervention helped rebuild trust in those institutions with the implementation of FDIC protections, guaranteeing depositors any money up to \$2,500 in 1933.



1970s

Stagflation of the 1970s

Many parallels to today's economic outlook have been drawn by economists to those of the 1970s. Specifically, today's elevated inflation and weak growth, and a shock from prolonged accommodation to monetary policy (near-zero interest rates for a decade) have business leaders concerned that a sequel five decades in the making could be on the horizon.

How businesses survived

In the United States, a drastic raising of federal interest rates—up to 19% on 30-year mortgage rates in 1981, for example—quelled high inflation and brought a trend for the Fed to focus on keeping inflation to a target of 2% yearly. But spiking energy prices spurred on by oil embargoes made companies rethink debt practices, focusing on making their businesses more efficient and able to withstand future economic disruptions.

What we can learn from it

Evidence is mounting that today's economic growth may not be able to keep up with the current levels of inflation. Though dire, stagflation is not nearly as threatening as a global depression. If history repeats itself after fifty years, today's business leaders still have many tools their predecessors didn't have when it comes to unlocking value from their company: a global economy more connected than ever, technologies designed to make operations more efficient and workforces more agile, and the ability to learn from history's mistakes and avoid repeating them.

2008

The Great Recession

The most recent downturn was most notably caused by the housing bubble that began to burst in 2007. Low-interest rates, easy credit approvals, and insufficient regulation of the lending community. As a result, many financial institutions went out of business and global economic momentum was driven to a halt.

How businesses survived

Mass consolidation of companies occurred, including the mergers of many longstanding financial institutions and restructuring of automobile manufacturers. Government bailouts helped keep struggling companies afloat, ensuring that as much damage as possible could be mitigated.

What we can learn from it

Though fiscal regulations, monetary policy, and unprecedented regulatory actions were taken by the US government to stabilize the economy, businesses needed to learn to adapt to a more connected world. Greater turbulence exists when the global economy is more tightly connected, and enabling organizations to **pivot and shift** resources when necessary is becoming a critical asset of every modern business.



03

HR leaders' crucial role in navigating economic headwinds

No matter how the economic landscape transforms, there are a few key strategies business leaders can implement today to prepare their organization for whatever the future holds. Though some of today's circumstances may be eerily similar to the past, the tools available to modern businesses—in combination with the right planning and implementation—can mitigate the impact an economic downturn has on your organization.

Talent marketplaces were built for this. They have proven to be an invaluable asset in helping organizations embrace agile, dynamic work structures. The intrinsic value of the talent marketplace is the ability of a company to quantify its skills and capabilities in a single space, shedding light on what was once an unknowable sum.

As skills are established, companies can break down jobs into their core tasks, gigs, and projects to match the appropriate people with business-critical functions. With shrinking resources being a natural byproduct of an economic slowdown, creating efficient work structures is essential to an organization's continued success.

Workforce intelligence solutions provide the “why” to the talent marketplace’s “how”. By centralizing all data that helps inform talent strategies, business leaders can access real-time insights into their company. Without that information, talent marketplaces can lose some momentum by being unable to match talent with relevant projects, slowing down collaboration.

Automation is key to implementing agile strategies at scale. To manually allocate talent and assess skills capabilities is to add massive amounts of work, potentially negating the benefits of a fully-mobilized workforce.

3 ways HR leaders can help organizations navigate economic uncertainty

With the help of a workforce agility platform and a top-down commitment to embracing workforce agility, company leaders are not left to simply react to the economic circumstances presented. Instead, strategic allocation of resources becomes the primary way to lessen the downturn's impact.

Agility is not just about letting employees move within a company for the sake of movement. It's the survive-and-thrive mechanism modern businesses are adapting to, creating an organization ready to pivot as business needs change in an ever-connected economic landscape. An Accenture study shows that improved collaboration and communication are the highest benefits of agile transformations, with the response "better way of working" being right behind, and both benefits are critical to navigating further disruptions.

Here are three of the ways HR leaders can ready their organization to continue pushing through economic shakeups:

1. Rethinking hiring strategies

Traditionally, external hires were the main source of talent influx for companies looking to revitalize their skillset. As budgets tighten and hiring is deemed too risky, leaders can instead shift their focus from acquisition to allocation.

Prioritizing the internal mobility of your current workforce can help your organization fill skill gaps by unlocking the full capability of your people. This process takes complete commitment throughout your organization to get the most out of it, but advancements in workforce intelligence solutions make this transition scalable, reliable, and practical.

When internal surveys at **Schneider Electric** revealed that nearly half of departing employees were leaving due to a lack of internal growth opportunities, they decided to make a change. By enhancing internal mobility and focusing on its talent pool, company leadership decided upon implementing an artificial intelligence-backed talent marketplace to keep growing its people's skills.

The result: more than \$15 million in savings through enhanced productivity and reduced recruiting expenses, and its workers are more empowered to find opportunities that match their ambitions.



\$15 million

in savings

enhanced productivity and reduced recruiting expenses

Gloat's Career Pathing actually helped us identify a disconnect in our internal structure. We realized that the recommendations were not aligned with our enterprise goals and that we needed to revisit our job architecture design so we were more future-oriented.

Jean Pelletier, VP of Digital Talent Transformation at Schneider Electric

2. Prioritizing critical skills

Hiring may not come to a complete halt, but it can't be relied upon during tightened budgets. Instead, HR leaders should focus on identifying skills that are already within their organization—beyond what's cataloged in outdated job descriptions. From there, organizations can strategically deploy talent and move people from low- to high-demand areas based on the full arsenal of skills and knowledge they possess, effectively shifting the company to a skills-based organization model.

To do this, the traditional structure of jobs and roles must be rethought. By breaking down work into tasks and gigs, people with the right skills for a project can be deployed flexibly to address company priorities.

At Standard Chartered Bank, a talent marketplace enabled the organization to build a continuous upskilling and reskilling environment, putting its employees in hands-on learning experiences rather than a strict content-consumption approach. Its pilot program alone led to the company's biggest year-on-year increase in satisfaction with career and development opportunities within the company, fostering a constant growth mindset to meet new challenges of digital currencies and changing economic landscapes.



The Talent Marketplace is a speed and acceleration opportunity for how we re-skill and upskill priority segments of our workforce.



Watson Stewart, Head of Talent Solutions at Standard Chartered

3. Embracing flexibility and mobility

Possibly more threatening than the inability to hire new talent is the fear of losing the people crucial to your organization's success. Since pay increases and benefit options may be off the table, HR leaders have to be creative in how they design a company worth staying for.

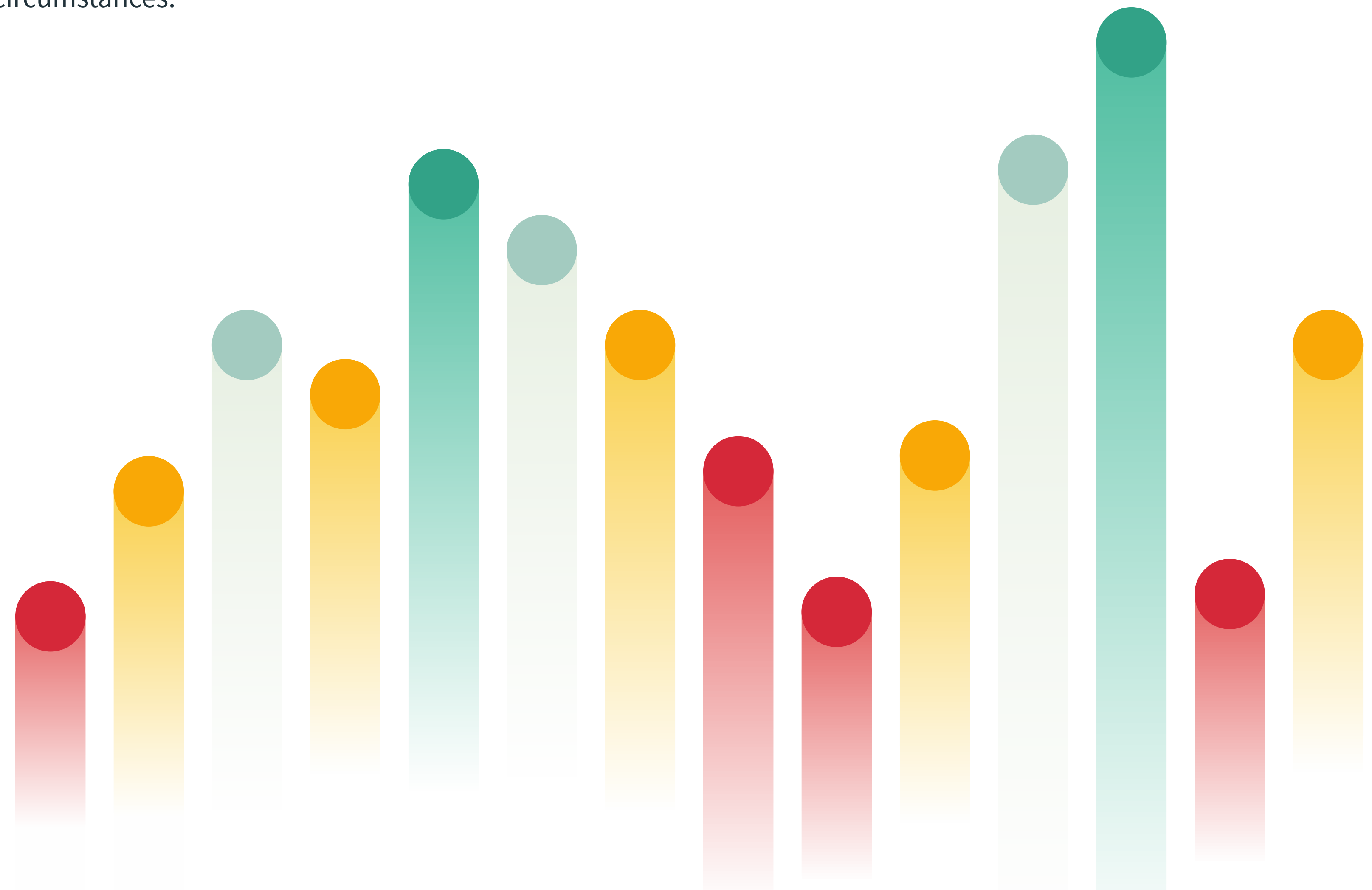
Choice, autonomy, and meaningful growth opportunities are often cited as the most incentivizing prospects a company can offer an employee. Our [recent survey results](#) from more than 1,300 employees and HR leaders show that out of all reasons for leaving, 58% cited better pay and 49% said that more opportunities to grow outside of the organization drove their decision. Offering this kind of flexibility and agency over their own career can encourage employees to stay within your organization, building trust through concerted action over platitudes.

Tata Steel created a support system for its workforce spread across five continents, connecting them all by breaking down organizational silos with a talent marketplace. The result of greater internal mobility was unlocking more than 200,000 hours of productivity and a ten-point increase in employee engagement scores, allowing employees greater opportunities to achieve no matter where in the world they were located.

FLEX [powered by Gloat] was a godsend, something we're so glad existed. It provided us with a holistic platform. We have not lost any critical talent in the nearly two years since we started using FLEX.

Pragna Thanneeru, Learning & Wellbeing Lead, South Asia

Every organization has a unique set of needs, economic circumstances, and objectives. However, all companies can implement agile practices to empower (and keep) their people. With a Workforce Agility Platform at the center of a skills-based organization's structure, enterprises can manage, deploy, and nurture talent to meet difficult circumstances.





04

Workforce agility: A company's greatest asset

As companies look for solutions to the next set of economic headwinds, the answer could exist within their walls—and more specifically, by breaking those down.

Organizational agility has officially graduated from an industry buzzword to a fundamental business strength. While disruptions come in many forms—economic recessions, technological revolutions, and geopolitical upheaval, to name just a few recent examples—agility is what enables businesses to respond (instead of reacting) to disruption.

And as the pace of disruption shows no sign of decelerating, businesses must institute faster processes and more systematic and fluid talent movement to be relevant today and remain competitive into the future. Preparing organizations for that kind of work means fully embracing digital transformation and leveraging its capabilities to actualize employees' full potential. Implementing a **workforce agility platform** is the first step in gaining the skills visibility, talent mobility, and internal intelligence that allows for smarter decision-making.

What is a workforce agility platform?

A workforce agility platform combines two of the most powerful tools available to HR leaders: a **talent marketplace** fueled by **workforce intelligence**.

Even if economic headwinds affect every company in the world, each business will require different approaches to the problems unique to them. While some companies might require headcount reductions and need to redeploy talent, others might instead prioritize building new skills that better fit market needs.

But without insight into your company's skills or a tool that can enable organizational agility, even the best plans are too slow to implement and too cumbersome to manage.

Enabling a skills-based organization

To get the most out of a workforce agility platform, business leaders must fundamentally rethink the way jobs have been structured so far. Often referred to as workforce pixelation or business composability, many skills-based organizations have broken down traditional departments, teams, roles, and even specific tasks into their core skills to better understand how they fit within the company's larger skills landscape. This is how an internal gig economy gets built: instead of relying on specific departments to handle tasks, projects are understood as a sum of their skill-specific requirements and are met by the workers best-equipped to handle them, regardless of job titles.

An engaged workforce is statistically more productive than a disengaged one, and providing the avenues to tackle relevant, exciting projects that align with an employee's growth and career interests can be the action that affirms your company's promise to employees.

Work at the speed of life

The world is much more globally connected than it was during the events of 1929, the 70s, and 2008. Today's issues evolve and worsen much faster than the ones 20th- and early 21st-century business structures could have handled. As once-unthinkable challenges emerge at an ever-faster pace, businesses must adjust organizational models to keep up. Speed and agility are critical—and building a resilient organization in the 2020s starts with laying the groundwork of an agile workforce, and deploying the tools built for thriving in the future of work.



05

The hidden cost of layoffs

One sad, historic reality of economic slowdowns is the reliance on layoffs. Though a short-term remedy to shrinking budgets, layoffs have cascading negative impacts on your organization.

Some of the obvious downsides of layoffs include:

- reduced workforce capacity
- increased skill shortage and skill gaps
- institutional knowledge loss
- L&D investment value loss,
- lowered employee morale
- damaged company brand and reputation.

While leaders are looking for any solution that would result in lowering immediate operating costs, a light must be shone on the true cost of mass layoffs. On top of the losses cited above, replacement costs can quickly balloon and negate any long-term cost savings the cuts were initially intended to yield.

As an example, consider an organization with 10,000 employees determines that it's necessary to lay off 10% of its workforce. With an average salary of \$53,490, (**US Bureau of Labor Statistics**) the company could decide that “saving” \$534,900 is critical to remaining solvent despite the damage to employee morale, capability, and skills acumen.

But add in the additional costs of severance with an average tenure of roughly 4 years: 8% of a worker's salary. Then, factor in a potential future replacement for this lost talent (including losses in productivity, recruiting expenses, and onboarding and training costs) which would amount to **84% of worker salary.**

The actual cost of laying off 10% of their employees for the organization would total \$49,046,215 down the road. Is that number worth an immediate \$534,900 of cost savings?

of employees **10,000**

% of layoffs **10%**

Average salary **\$53,490**

Source: [Using US Average](#). Source: [U.S. Bureau of Labor Statistics \(BLS\)](#).

Severance costs **8%**

Source: [Based on the average tenure of a US employee \(4 yr\) and one week pay/year of severance](#)

Replacement costs **84%**

Source: [Bersin by Deloitte](#)

Layoff costs **\$49,046,215**



Though organizational costs may vary, or perhaps be mitigated through strategic restructuring, seeing layoffs as the only cure for financial pressures is short-sighted. Tough decisions must be made during an economic downturn, but relying on cost-cutting measures leaves a mountain of potential untapped.

Here are three ways to counter economic pressures before resorting to layoffs:

1. Enabling a skills-based organization

Start by looking at where your company can create value—not subtract from it. If your organization is freezing new hires to accommodate shrinking budgets, it's up to leaders to identify untapped skills. A workforce agility platform breaks down talent silos and connects people to relevant projects and gigs throughout the business, allowing managers to share talent and skills throughout the organization.

Not only does a free-flowing environment engage workers in projects that better match their abilities and interests, but it can spur innovation without adding expenses. Collaborative businesses are seen to **innovate 17% of the time and are 70% more likely to do so** than those that do not collaborate.

2. Focus on building critical skills—and find the people in your organization capable of it

One of business leaders' greatest fears is losing the institutional knowledge, technical capability, and critical skills that support their organization. To mitigate this concern, begin by understanding what skill gaps already exist within your company through better skills visibility and training relevant talent to close these gaps.

The problem is that **two in five HR leaders state that they aren't sure what competencies they have in their workforce**. After workforce numbers have settled, talent marketplaces can connect people to the upskilling and reskilling opportunities needed to continue addressing business needs despite a reduction in headcount. By encouraging this type of career development, organizations can re-engage employees with sinking morale by investing in their growth.

3. Optimize workforce planning for future disruptions through better skills visibility

None of us own a crystal ball—even if advancements in artificial intelligence might promise us we do. But until there is a way to reliably predict and prognosticate when the next economic disruption will happen, it's up to businesses to act quickly and institute foundational changes to the way companies respond to turmoil.

Strategic workforce planning requires clear insight into talent capital. Yet **less than 16% of leaders say they possess the ability to use data to make informed talent decisions**. By harmonizing disparate sources of truth into one location, leaders can understand where their company stands at any given point, and act on that information with confidence. If headcount reductions are an unfortunate inevitability, knowing where cuts can be made while preserving critical skills can greatly affect how a company emerges from economic disruptions.



06

Business growth during an economic slowdown

Though past periods of economic turbulence might not be the best guide to navigating today's choppy waters, there are examples of how today's most innovative organizations have revolutionized their workforce to embrace agility. The onset of the COVID-19 pandemic shortened response times and forced the need for reinvention: answers were needed immediately, and business-as-usual was impossible to maintain.



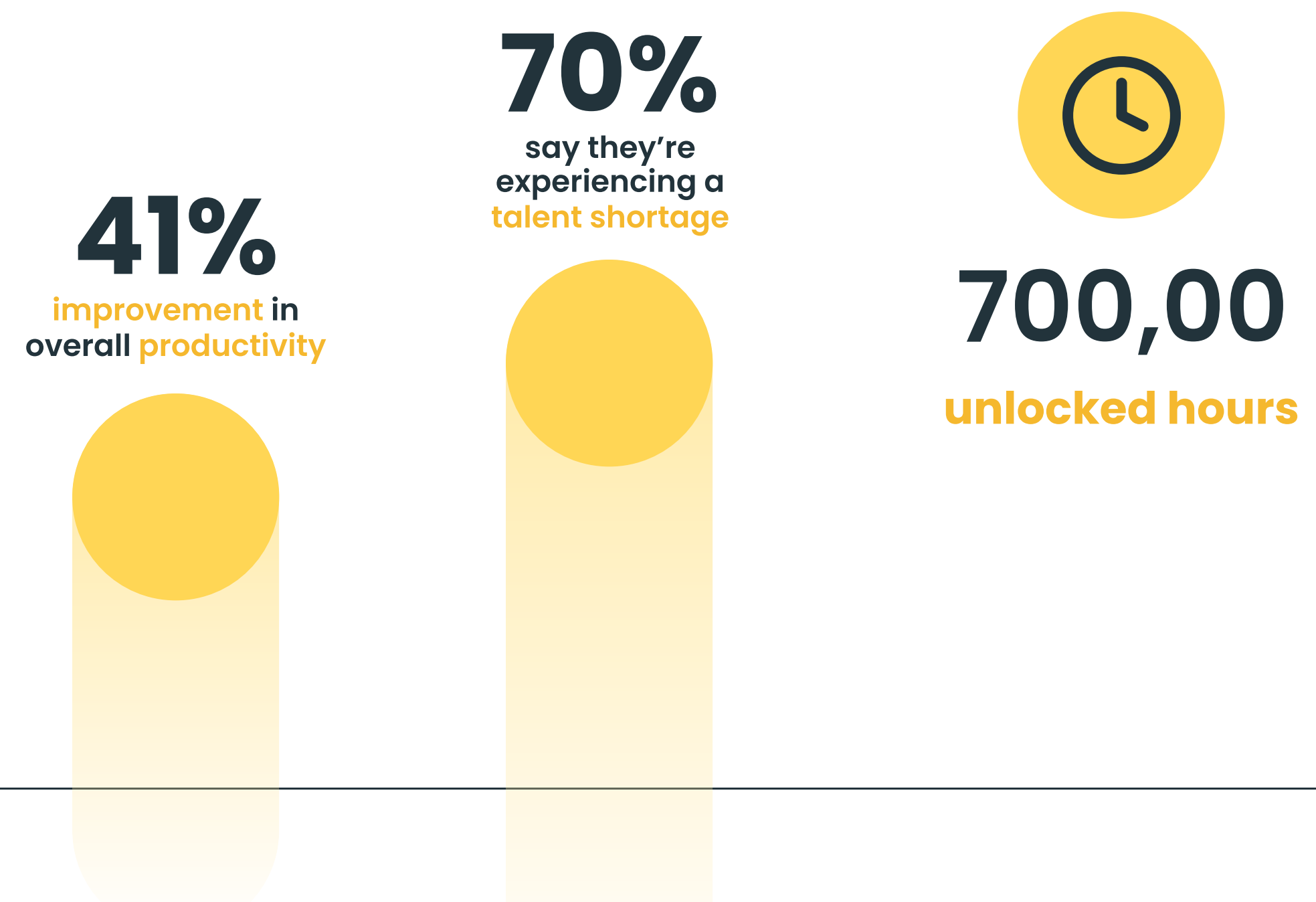
The multinational consumer goods giant employs more than 149,000 workers and wants each of them to feel empowered with the skills and tools needed to thrive in the next chapter of work. The sudden disruption from the pandemic wasn't the beginning of their transformation; with **50% of the global workforce needing to reskill by 2025**, Unilever knew it needed to act quickly to remain atop its industry.

Patrick Hull, VP Future of Work at Unilever, helped the organization take on their skills transformation by addressing their needs with Gloat's talent marketplace and insights into how their work gets done.

“We identified early on this need for more talent mobility, more flexibility, and continuous learning,” Hull says. “Everyone was talking about the importance of lifelong learning, so we decided it was time to scan the market for tools and ideas that we could implement to make an impact within our organization.”

As a result, FLEX Experiences, the name of Unilever's talent marketplace, **increased overall workforce productivity by 41% while unlocking roughly 700,000 hours of work** with 70% of assignments being tackled by cross-functional teams.

“FLEX Experiences [powered by Gloat] has been a real game-changer for us,” Hull says. “We see it as more than just a platform, it's a mindset. It's bringing our people along and shifting their mindset from relying on the people they see in front of them to a far more flexible, resourcing mindset.”





Standard Chartered Bank

As one of the most respected financial institutions in the world, Standard Chartered wanted to build on its reputation by creating a more flexible, inclusive workforce. The London-based company understood how capable its 85,000 employees were, but with them spread in more than 60 markets around the world, finding a solution to unify and amplify their talents was nearly impossible without digital tools.

To compete at the scale needed to compete in global finance, Standard Chartered implemented a talent marketplace to match supply and demand trends more efficiently, upskill and reskill effectively, and foster an inclusive workforce that allowed all of its people to contribute.

“Gloat’s talent marketplace is an enormous opportunity for D&I,” Watson Stewart, Head of Talent Solutions at Standard Chartered, says. “We’re creating an inclusive environment where we can get diversity of thoughts from a variety of different people and introduce them into our projects while uncovering hidden talent that we would never have known existed before.”

With **\$1.3 million in savings through internal gig work and a record-setting increase in employee satisfaction** with career and development opportunities, Standard Chartered’s workforce agility platform allows them to continue finding the balance between investing in their people and maintaining the organizational agility needed to respond to future challenges.

Standard Chartered Bank’s talent marketplace transformation



\$1.3 million

in savings
through
internal gigs



54,000+

unlocked hours
through
internal projects



Record-setting increase in employee satisfaction
with career and development opportunities



Mastercard

As a technology leader in the global payments industry, Mastercard was no stranger to the impact digital tools could have on everyday life. With Gloat's Workforce Agility Platform powering its internal transformation, the company **unlocked over \$21 million in productivity** by connecting its organization to the new standards of the future of work.

“Now that disruption is the new norm, we really need employees to be on top of their game,” Lucrecia Borgonovo, Mastercard's Chief Talent and Organizational Effectiveness Officer, says. “They need to stay current, stay relevant, learn new skills, and become agile.”

With more than 24,000 employees across the world, a workforce agility platform served as the perfect venue to unite the entire organization and tackle the challenges of the pandemic. The CEO-driven initiative Project Possible was a way for employees to get involved with projects from across the organization, but was manual and labor-intensive—and nowhere close to being scalable.

Heather Yurko, VP of Digital Talent, had been with other companies when instituting a talent marketplace and knew that Gloat's AI-powered platform was what Mastercard needed to continue building those avenues for improvement without burdening their systems.

“What we learned from the conversations we had with Gloat was that they were thinking holistically about where the platform was going to go,” Yurko said. “It's not just about our immediate needs, but also our longer-term vision.”





07

Building a stormproof company

As economic headwinds build and uncertainty becomes our collective reality, business leaders have a chance to transform the way their organizations respond.

Organizational models built in the 20th century were not built to respond to pandemics, geopolitical upheavals, and technologies that connect the world instantaneously. Businesses have the opportunity to implement agile work structures that respond in kind—flexible enough to shift strategies as circumstances change—and rely on information that enables strategic decision-making.

Overcoming dire circumstances necessitates bold changes. By enabling workforce agility, companies can fundamentally shift the way they tackle problems from reactive to proactive, find solutions within their workforce, and develop a skills-based framework that will keep them ahead of their industry.



The future of work is here. To ready your organization for today's agile, fast-paced, and data-driven world, ask for a demo.

We've seen what a workforce agility platform can do for a large number of enterprises throughout the world, and can't wait to share what it can do for you.

[Book a demo](#)