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The New Contingent Workforce: What Drives the Future of Work – Today

EXECUTIVE SUMMARY

Three of four companies surveyed confirmed use of freelance or contingent workers. Is your company ready to be their employer of choice? The use of today's contingent workforce raises many critical questions for the employers who hire them. From understanding the psychographic and fiscal drivers that motivate these workers, to the macro-economic issues that guide larger workplace dynamics, employers are challenged. They are challenged by needing to know what impresses, attracts and retains this group sufficiently enough to position the company as a place the contingent labor pool will want to work. For many employers, this requires understanding the "vibe" of a workforce of Talentsumers, technologically empowered workers who are living through a revolution in the workplace and who are in search of work/life integration. Employers also must develop a keen awareness of the needs of the organization itself. Done well, the process can transform both contingent and permanent workers into brand ambassadors, and elevate the company in the marketplace as an employer of choice.

By:

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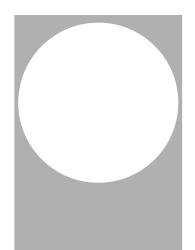


Myths of the Contingent Workforce

Myths and disinformation surround the contingent workforce and the companies that utilize it. Some perceive them as "job hoppers" disinterested in the commitment of full-time employment, or as unqualified and unreliable workers whose subpar skills force them to job hop.

Similarly, misperceptions would have one believe the companies that employ contingent workers must be Fortune 1000 corporations looking to reduce costs by employing a temporary workforce that they can avoid paying benefits. Another misperception is they're seeking these short-term employees because the organization cannot recruit from the area's best-inclass employees. Another myth: employers reluctant to invest in workforce training instead are expecting a "ready-made" labor pool of as-needed workers.

Actually, the last "myth" is a truth pervasive in the modern workforce. Whether myths or



realities, many in today's contingent workforce are proven, career-minded professionals well-trained in the latest skills needed to perform at the peak of their industries.

The companies committed to employing contingent workers recognize the benefits of the temporary and temp-to-perm workforce and have created an organization well suited and matched to their career intentions.

What Employers Don't – But Must – Know About Today's Contingent Worker

Who are today's contingent worker Who are today's contingent workers? Simply put, they're different from permanent employees. (As an additional point of clarification, both contingent and permanent employees can be "full-time," based on the number of hours worked. Contingent workers, though, work shortterm engagements, often for several months up to a year, or whenever the assignment or project is completed).

Contingent workers have specific drivers not seen in the permanent workforce. They're driven by economic factors. They're Talentsumers who strive to get their "foot in the door" in an industry or competitive specialty area, or seek the chance to build their resume with attractive employer brands, challenging projects or trending market skills.

To further explore the Talentsumer marketplace is to understand how today's workforce exists in an empowered world in which people no longer need to learn "work" at work. The technology available throughout their lives from laptops to tablets to smart phones - surpasses what most employers can provide. It's pervasive throughout work and society, and is just one reality that has led today's worker to the "consumerization" of work. Having lived through the consumer revolution, we now are living through a revolution in the workplace: the age of the Talentsumer, Talentsumers now consume work and interact with employers very similar to the way they interact with a consumer brand, product, service or experience.

Contingent workers are individualistic and opportunistic regarding their careers. Contingent workers are psychologically and professionally mobile and seek career flexibility. In fact, they're part of a trend among both temporary and permanent employees who define their careers by the work they perform, not by the company they work for (e.g., "I'm a research analyst," versus "I work for XYZ Research company").

Contingent workers readily self-identify as independent contractors as they progress through their careers or even rise through the hierarchy of their industry or employer organization. The assignments they're given may grow with managerial importance or stature, but many remain fiercely independent. Not all contingent work is the same. Contingent work can range from low-skill, low-wage tasks with commensurately lower career opportunities, to high-skill, high-wage jobs sought by aspirational professionals.

These higher skilled workers seek out the prestige of professional advancement, knowing challenging assignments will benefit their skills and careers. They actively identify contract engagements with similarly blue-chip employers for the cachet of a company's name on their resume.

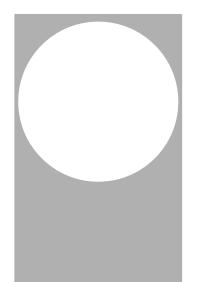
Where low-skill, low-wage workers might seek or be satisfied with slight hourly wage increases, high-skilled contingent workers often are savvy negotiators who know their skills and demand employers give them higher compensation especially over a shorter assignment period. This can lead to an inherent flexibility where few seek to wed themselves to the job or company. The desire of this class of worker to seek temporary engagements often fluctuates based on the economy and type of work they do. As the economy improves, their willingness grows for even shorter terms in search of higher compensation.

With mobility also comes the flexibility to seek only those engagements they find personally or professionally desirable. They seek progressive organizations, especially those known to invest in career and skills training, and they abhor bureaucracy. Contingent workers often will avoid otherwise attractive opportunities if the possibility exists they'll get mired in office politics or their skills will atrophy.

What Drives the Employer?

With the preceding psychographics snapshot as both a profile and a warning sign, a growing number of employers of all sizes are asking how to use contingent workers. Companies ranging from Fortune 500 corporations to small companies can benefit from the infusion of highly skilled expertise.

Companies must match the worker to their most pressing needs and then weigh where contingent workers best fit into their existing matrix. For example, given their mobility, temporary workers often aren't best for positions where permanence, or longevity of management is needed. Conversely, those organizations that face predictable cycles or seasonal "peaks and valleys" often become adept at the hiring patterns necessary to maximize the use of contingent labor.



While there are highly skilled contingent workers, companies trying to utilize staffing firms with the sole purpose of finding someone with a niche skill set just to avoid paying training costs often end up with such high bill rates that, over time, training a less niche worker would not only have saved money but helped their organization develop a top-end training program for the future. Training is essential to prepare workers for assignments and employers must become efficient in creating the workforce they seek. Peter Cappelli, the George W. Taylor Professor of Management at The Wharton School and Director of Wharton's Center for Human Resources. notes that a balance must be struck between the employer's needs, its perceptions of the existing workforce, and its obligations to bring workers up to speed.

As quoted in the Wall Street Journal (October 24, 2011), Cappelli said, "...employers are demanding more of job candidates than ever before. They want prospective workers to be able to fill a role right away, without any training or ramp-up time...To get America's job engine revving again, companies need to drop the idea of finding perfect candidates and look for people who could do the job with a bit of training and practice."

"Training" also includes indoctrinating the existing employee base to the benefits of contingent workers. Culture is important. If temporary workers view internal employees as dismissive of or threatened by contingent workers, the company could lose its temporary workers and be branded in the community as hostile and not a great place to work for this population.

Together, training and acculturation can elevate a company's reputation and status in the marketplace and transform contingent and permanent workers into loyal brand ambassadors.

How Can Companies Maximize Effective Use of Contingent Workers?

Commitment to the use of contingent workers is only part of the equation. Companies must determine how to deploy workers into the workplace to maximize the positive impacts.

The first question often is a matter of scope. "How much of the organization do we want to utilize this flexible workforce?" The simple answer is: There is no hard-and-fast answer or magic formula. The answer is best determined by asking the right questions – about the organization and what jobs are core to the company's mission, its cycles and needs, its current workforce trends, and economic projections.

The goal is to attract the best possible workforce and prevent attrition among existing talent. In fact, retention is essential. Tools include competitive pay scales, challenging assignments, active training programs, and reassigning them to new, plum projects when their existing contract is completed.

In the end, smart use of contingent workers is achieved by building strong partnerships. Beyond internal stakeholders

(management, HR

directors/internal hiring managers, and permanent employees), contingent and permanent workers, partnerships may include the counsel of staffing organizations positioned to help the employer recognize the benefit of contingent workers and intelligently target, recruit, onboard, train and introduce/indoctrinate candidates to the employer's brand.

Conclusion

If statistics note that some 75% of employers are using freelance and contingent workers (according to Tower Lane Consulting), employers and freelancers alike face a challenge of adapting to a changing workplace. Some may believe this evolution may put these Talentsumers in the driver's seat of the employer-employee relationship. The best employees will seek rewarding engagements with employers who understand their needs and are willing to invest the time and money to train and advance the worker professionally.

Employers who aren't weighing these issues aren't considering the right issues. They'll watch as good employees – even contingent workers - leave in pursuit of an engagement more suited to their skills with management more understanding of their professional goals. In the end, by working with internal stakeholders and external vendors versed in today's contingent workforce, employers will be ideally suited tomorrow as an employer of choice.

About the Author

Ron Hetrick is the Director of Market Analytics with Allegis Global Solutions. He brings more than 20 years of labor force economic experience to Allegis Global Solutions. In his current role as Director of Market Analytics, Ron primarily works with organizations across different industries as a site selection and workforce planning consultant. He also provides economic analysis for the longterm strategic growth of the Allegis Group family of companies. Prior to working for Allegis Global Solutions, Hetrick spent nearly eight years as an economist with the Bureau of Labor Statistics in Washington D.C. He was a supervisory economist overseeing the monthly employment estimates and acted as the primary media liaison for manufacturing employment for the division. Quoted by NBC, CNN, USA Public Radio, The Wall Street Journal, and numerous other news agencies, Hetrick provided analysis for Alan Greenspan, The Council of Economic Advisors and Congress.

About Allegis Global Solutions

Allegis Global Solutions is founded on a culture that is passionate about transforming the way the world acquires talent by delivering client-focused solutions that make a difference for businesses worldwide. From refining how you manage your contingent workforce to strengthening your employer brand to recruit top talent, our integrated solutions drive the business results you're after. As an industry leader, we draw upon decades of experience to design innovative tools, products and processes. We develop competitive practices that position organizations for growth and we deliver the insight needed to succeed in today's global marketplace. For more information. email: solutions@allegisglobalsolutions.com.

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