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Harnessing the Potential of the Contingent Work Force

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The last economic crisis changed the employment landscape forever. Employers have learned hard lessons about the need to transform their talent-acquisition strategies in the face of growing global competition. Now, as the business environment begins to improve, employers must be poised to respond quickly to a rapidly changing marketplace and growing disconnect between where labor is needed and where it is available. That means developing more flexible work forces and keeping fixed costs low — to do more with less.

Yet employers no longer have either the confidence or the resources to hire more permanent employees. Instead, they must develop the capability to find, hire and retain the talent needed to support their overall business strategies, in ways that allow them to increase their flexibility and that address the growing mismatch between their needs and where the best talent can be found.

Now employers are relying more and more on external talent or contingent workers — whether they are temporary employees, contractors, outsourced workers or consultants — to achieve business goals in a more strategic, flexible way. In a Manpower recent survey of 41,000 employers in 35 countries and territories, more than a third of respondents said they view contingent labor as a key element of their work force strategy.

According to Manpower research, the most common reason worldwide for employing contingent workers is to meet peak seasonal demand. Yet 14 percent of employers across the globe now turn to contingent employees for more strategic reasons: to try out candidates prior to hiring for permanent positions, to provide longer-term flexibility, to quickly find talented people possessing specialized skills and to outsource non-core business functions. Demand for specialist contractors and outsourced workers will rise, especially in knowledge-driven areas where technology allows talented people to work from anywhere in the world.

And as more and more companies understand how to leverage a contingent work force to gain strategic value, that percentage will only grow.

Contingent workers can indeed improve a company's talent level, strategic options and productivity. Yet their contributions are by no means a given. Employers should not assume that contingent workers will perform like company veterans after just a few hours on the job. Making sure contingent workers will perform up to expectations requires, first, that employers find the right person with the right skills matched to the right job. Making that match can be a challenge. Whether an organization is hiring its contingent talent directly or sourcing it via an employment services firm, having a proven process in place for assessment and selection is critical.

The second requirement for maximizing contingent workers' ultimate value and for retaining the best individuals is engagement — the degree to which workers are committed to the company and its business goals and overall strategy. Companies looking to fully engage their contingent work force must understand how to successfully integrate, train, manage and encourage these workers.

Manpower research suggests that contingent workers typically feel more loyal to the host companies where they are working than to the employment agencies that pay them. Indeed, contingent workers want to be engaged and to feel that they are part of the host organization and are making a real contribution. Thus, keeping contingent workers motivated should be easy, so long as the host organization:

- Integrates them successfully into the workplace;
- Works to keep them committed throughout their assignment, whether it lasts a week or a year;
- Demonstrates to them that they are contributing to the company's overall performance.

Still, far too many companies struggle to engage their contingent work force, primarily because they treat them as outsiders. More than a quarter of employers worldwide, for instance, do not expose their contingent employees to the same induction and assimilation processes as their permanent employees receive, a key cause of lower engagement levels.

Companies can do much to help boost the engagement of their contingent workers. Consider these three approaches:

1. Segment the contingent work force. Organizations should develop customized, flexible strategies to accommodate different segments of the contingent work force, just as they would with their permanent employees. Factors that should be taken into account include:

- The nature of the job itself. What engages a professional IT consultant will be different from a factory worker. Are the employee's skills specialized and hard to find, or general and readily available?
- Differences in age. Younger workers have very different expectations about the workplace than older workers, who may be less familiar with social networking practices and Web 2.0 technologies;
- Cultural factors. As the work force globalizes, different cultural approaches to work

matter more and more;
- Personal goals. Workers with families, for instance, have very different needs and goals than workers nearing retirement, and flexibility is essential in managing them.

2. Make them part of the team. Successfully engaging contingent workers rests largely on integrating them fully into the workplace and keeping them integrated. Loyalty matters, and making contingent workers feel like outsiders is no way to promote it. Every company should work to:

- Improve induction and orientation processes for contingent workers. No matter how elaborate the process, the key is to communicate the mission, vision and values of the host organization;
- Ensure that contingent workers have the tools and resources needed to do their jobs. Knowledge workers, for instance, must be given the hardware, software and network access they need to become productive as soon as possible. Workers performing manual labor, for example, must receive the job instructions and safety training needed to make them feel that their position is valued;
- Consider a training program for the permanent work force to foster better integration of contingent employees. Managers need to understand the expectations and behaviors of the various segments of contingent workers. Permanent employees need to understand that contingent workers play an important role in meeting company goals. They must be encouraged to welcome contingent workers and treat them as a valued part of the organization;
- Remove the unnecessary barriers that keep contingent workers from feeling part of the team. Excluding them from corporate communications, newsletters, company events, etc. can do real damage to morale, and the effects can be easily remedied.

3. Don't ignore career development. Even though they are not permanent employees, an ongoing program to improve the skills — and thus the value — of contingent workers will ultimately help the host organization meet its business objectives. By demonstrating the willingness to develop talent across all employee segments, companies can not only build their capabilities but also their employer brand, and thus attract and retain top talent in the future.

While contingent workers give employers their much-needed flexibility, it is important to note that as we emerge from the downturn, flexibility will become just as important to employees, for a number of reasons. First, after an extended period of downsizing, employees' loyalty has been tested and they may be more unwilling to make personal sacrifices for the sake of work.

So in the post-downturn environment, it makes sense that many workers, whether they be permanent or contingent, will be looking for a better work-life balance. The flexibility that contingent employment offers individuals, along with the support that employers give such work arrangements, can serve to attract key skills into an organization or to retain them.

Second, employers should remember that generational differences are also driving the need for more flexibility in the workplace. The younger generation of workers simply does not view work the way their parents do. Fewer workers are looking for the traditional working week

and are instead seeking to work on their own terms, especially younger workers and downshifting baby boomers. Contingent work offers them the ability to do this.

In a Manpower recent study, for instance, three-quarters of Generation Y-ers interviewed see no reason to compromise on their demands for a good salary, the ability to work flexibly, access to training, the availability of overseas assignments or a work week of no more than 40 hours — despite the fragile state of the economy. In another study, 73 percent of the Generation Y-ers surveyed said they are concerned about achieving a satisfactory balance between professional obligations and personal pursuits. Thanks to technology, they believe work is something that can be done "anytime, anywhere." We see no reason for such attitudes to change over the long term.

In fact, we expect the continuing trend toward virtual working, teleworking or homesourcing as it is often called — work performed by individuals from home or another remote location enabled by technology — will become more popular as younger generations enter the work force and others realize the benefits of this more contemporary, flexible work arrangement. For example, Manpower recent research supports this trend with the sum of all teleworkers increasing by 17 percent in the United States from 28.7 million in 2009 to 33.7 million in 2010. And this is not just salaried workers. Hourly workers, too, are increasingly working virtually. A similar trend is also reported in Europe, therefore, employers would do well to get ahead of this curve. The same is becoming true for Russia.

In such an atmosphere, more and more workers of all ages are likely to find the flexibility of contingent work more suited to their lifestyle needs — whether that work is performed onsite for a client or virtually. If companies can develop the management processes required to keep their contingent work force truly engaged and harness their potential, they have a real opportunity to create a work force designed to meet their strategic business goals.

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