The Contingent Workforce

Table of Contents

I. Introduction
II. Workforce Realities, Structural Shifts, Change in Social Norms
III. Introducing the Contingent Workforce
IV. How You Can Benefit from the Contingent Workforce
V. Conclusion

What’s going on?

✓ Workforce realities, structural shifts, and a change in social norms are affecting the nature of employment; work is becoming more project-based and relies heavily on highly technical skill sets.
✓ Businesses and workers need to know how to adapt to these changes.

Why is it important?

✓ Businesses need to stay competitive and keep up with the changing workforce realities.
✓ Workers need to know how to prepare for a more flexible, project-based working world to sustain their careers.

What should you do about it?

✓ Utilize the contingent workforce!
✓ Businesses can benefit from employing contingent workers.
✓ Workers can learn a lot from the contingent workforce, like how to advance their careers and market their skillsets.
I. Introduction

There is an exciting evolution happening in the working world today. The nature of employment is evolving, and within this evolution are two correlating parallels that are perpetuating the transformation of the working world – the workforce (people) and the structure of work (business) – and they are both changing rapidly.

Within the last decade or so, a new type of workforce has emerged as a result of these paralleled changes, and by definition, is made up of independent workers who do not possess an explicit contract for ongoing employment: the contingent workforce. Commonly known as temporary workers, on-call workers, freelancers, outsourced workers, and/or independent contractors, the contingent workforce has quickly grown into a major faction of today’s working population.

You may be thinking to yourself, how does this apply to my business? As employers, it’s time to start thinking differently. Take a fresh look at this workforce, and consider the possibility of employing contingent workers in the future (if you aren’t already!).

As for workers? You can stay competitive by grasping today’s workforce realities and using them to their advantage.

II. Workforce Realities: Businesses and Workers

Within the concept of employment there are workers and there are businesses that need work to be done. It is a simple premise that has stood the test of time. From there things aren’t quite so simple. Running a company today is widely different than it would have been ten years ago – even as recently as five years ago. The world is complex, change is constant, and competition is coming from everywhere; and the pace of business is speeding up too.

Business leaders have had to react with new thinking and business strategies to keep their businesses competitive and sustainable. Consequently, workers have also had to reevaluate how they will remain competitive in order to sustain their careers.
First, let’s review what’s impacting businesses today. A combination of outside factors has forced companies to look at how work gets done; and in doing so; they have had to learn how to operate differently:

- Globalization and its impact on competition
- Shifts in technology and skills for work in the digital age
- Need for recovery from economic recessions
- Rising labor costs including workers comp, benefits, and taxes
- Alternative work arrangements in the mainstream

How have businesses had to operate differently under the scope of these workforce realities? The answer lies in what we refer to as a structural shift in business practice. The structure of “work” is now increasingly being viewed as a project-based model where employers rely on highly technical skill sets and increased worker flexibility. This is far different from the days where workers would “punch the clock” and spend eight hours a day in a permanent position with a strict schedule. (In those days, lunch breaks measured down to the minute, and five o’clock-on-the-dot meant freedom!) These recent workforce realities developed this new structure and influenced how businesses operate, and how workers work!

For workers, social norms and expectations surrounding employment are contributing to the change in employment. Those, for example, in the Silent Generation (born between 1925 and 1942) view employment differently than those born in the generation entering the workforce today. Years ago, employees expected to climb the “corporate ladder,” perhaps working for one organization for decades and reaching retirement by age 65. Today, this structure of employment is no longer guaranteed, or expected. Recent graduates coming out of college today can anticipate working multiple jobs at different employers, changing jobs often throughout their career, and retiring well into their 60s and 70s. This is our collective reality today – and for many, it’s a preference.

Although this latest shift in work structure is a recent development, it is not a new concept. As employment trends are often cyclical and affected by outside factors, it is no surprise that the concept of a contingent workforce has existed for decades, even centuries. The last emergence of a contingent workforce emerged as recently as the 1990s.

CBI Group  We can help you.

However, I like to compare this increasingly prevalent 21st century contingent workforce to that of the workforce that emerged in mid-19th century American West.

In the mid-19th century American West there were very few rules or regulations around business practices and people were 100% responsible for developing their own careers. Imagine free enterprise against the backdrop of an open frontier. That paints quite a colorful picture of contingent
workers and how they operated in business. Shopkeepers, saloon owners, railroad workers, and even the tycoons that drove the Industrial Revolution had to rely wholly on themselves to stay ahead of their competitors. After all, the large, established corporation did not exist back then. No large company was looking out for you, enrolling you in their 401K. Partner, you were on your own.

Centuries later, many find themselves in the same career situations as the men and women who sought out work out in the West. Many are forging their own path and developing their own career.

Let’s get to know who makes up today’s contingent workforce...

III. Introducing the 21st Century Contingent Workforce

As determined, the need for sophisticated, project-based work combined with the mindset of finding work independently has contributed to the emergence of the 21st century contingent workforce. As of June 2012, there were 2.534 million contract and temporary workers in the U.S., a number just shy of exceeding the all time high of 2.657 million reached in August 2006. (Bureau of Labor Statistics)

Who exactly makes up this newly emerged contingent workforce? Men and women who choose to work independently. Why? Here are the top three reasons:

1. Flexibility of Schedule (31 %)
2. Money is better (28 %)
3. To be in charge of my own career (21 %)
   (HR.BLR.com)

Time, compensation, and freedom of choice. These are driving factors towards the growth of a highly skilled, professional contingent workforce. Workers are quickly realizing that they need and can be responsible for their own careers.

These workers include skilled IT, creative, medical, and sales professionals. The term “temp” or “contract worker” should no longer be associated with an inexperienced employee who is simply there to “fill-in” until a full-time worker is hired. More and more contingent workers are becoming specialized in their fields, are refining their skill sets, and are even in managerial roles. In fact, nearly one-third of temporary workers are currently holding supervisory or managerial positions. (Workforce360 Study)
Take Ed Trevisani for example, his story is featured in a Harvard Business Review article, *The Rise of the Supertemp*, published in May 2012. The article highlights Trevisani’s current employment as what the article refers to as a “supertemp”.

Trevisani chooses to work as an independent contractor, where he offers project management expertise and advises high-powered executives at Fortune 500 companies. (Harvard Business Review) Ed’s story is a perfect example of who makes up the 21st century contingent workforce. He is not simply a clerk or a temporary administrative worker. His job requires a high-level skill set and years of previous experience.

Many highly skilled contract workers make up the contingent workforce. They work in many different disciplines, across all levels of employment, from entry-level positions up to strategic executive roles. They can no longer afford to devote 30 or 40 years to a single employer with the expectation of a comfortable retirement package waiting for them at the end of their careers. Workers are taking responsibility, and they are learning to showcase their skills and find work in different ways – and the advantage for employers as well as workers are increasingly apparent as alternative working arrangements become mainstream.

**IV. How You Can Benefit from the Contingent Workforce**

Up until this point, I’ve covered the factors that have generated the latest surge in contingent work. Yet, perhaps the most critical element of this white paper is to identify how the contingent workforce will benefit you – an employer or employee. The increased benefits of employing contingent workers can be seen within the following spheres: employee morale, cost savings, and productivity.

- **86%** of temporary/contractors agree their current level of job satisfaction is very good/excellent compared to **73%** of permanent workers.

- **54%** of contingent workers strongly agree with the statement “I am paid what I’m worth,” compared to only **42%** of permanent workers. (HR.BLR.com)
Contingent workers choose to find work independently because they enjoy the flexibility, the level of compensation, and the freedom to choose their work. These added benefits contribute to effects of higher employee morale as shown in the statistics above. Contingent workers not only experience high levels of morale and fulfillment, they play a part in contributing to improved morale for permanent job holders. As businesses adapt to the factors of a post-recession economy, and scramble to maintain production levels and profitability, contingent works can come in and support the necessary workload so that permanent job holders don’t burn out.

Employing contingent workers not only alleviates the workload for permanent jobholders, but it can also serve as a cost saver for you as an employer. **Contingent workers, who work for contracted lengths of time, are less expensive to employ than permanent workers.** Benefits costs, 401K plans, and employment taxes are eliminated. Moreover, when a contingent worker is employed through a staffing or recruiting firm, the third party provider assumes the costs.

In terms of productivity, the combination of a higher employee morale plus a lower cost is indication enough of a probable boost in productivity. For one thing, contingent workers equipped with specialized skillsets, often work doubly as hard to prove their capabilities within a permanently employed team. Plus, when there is an opportunity for extended employment, contingent workers will work to show they deserve a permanent spot on the team. Studies show that 70% of people in temporary positions ultimately get a permanent job.

V. Conclusion

I believe that in regards to the rapidly evolving workforce, the notion of survival of the fittest applies to today’s times. Smart workers are figuring it out. They are getting an education on today’s realities. They are focused on skills, and embracing change, and I hope they find that my company can be their agent or career coach. And the businesses? Well they need a workforce strategy. Considering all the factors described here, a workforce strategy has become just as integral to business success as a strategy to develop a new market or a new product. Again, we hope to be there as a resource to show how employers and workers can adapt swiftly to changing times and be sustainable and competitive.
About CBI Group

CBI Group is an Outside-In® recruitment solutions company. Outside-In® is a mindset and operating philosophy that drives us to be customer-centric in everything we do. Serving customers nationwide, we build recruitment, staffing and outplacement solutions across a variety of industries including Financial Services, Manufacturing, Healthcare, Pharma, Not-for-Profit and Hospitality.

Our Outside-In® Partners

Based on market demand, we have teamed up with Placers and Barton Career Advisors to better serve the needs of our customers. Together, we provide Blank Sheet of Paper Solutions, customized to address talent challenges.

Learn more at www.theCBIGroup.com

Connect with Us.

If you would like to discuss this topic further, whether on behalf of your company to discuss how to use a contingent workforce strategically, or as a worker who would like to take control of your career; please reach out to us — we can help you.

CBI Group Main Office
1501 Casho Mill Road, Suite 9
Newark, DE 19711
(877) 746 – 8450
icanhelpyou@thecbigroup.com

Our Sources


