

# 6 Strategies to Maximize Success with Your Growing Contingent Workforce

HR Executive | Bhushan Sethi | June 23, 2022

Company leaders have weathered unprecedented chaos over the last year, from the Great Resignation and a growing skills gap to inflation and rising interest rates. Consequently, more companies now consider the value of contingent workers—whether they be independent contractors, part of a staffing firm or a service provider with specific skills and expertise. However, if leaders don't proceed thoughtfully with their approach, they may find they are exposing the business to unnecessary risk and damaging relationships with their current workforce.

Currently, there are two job openings for every one candidate, according to the U.S. Bureau of Labor and Statistics. Thus, the ability to readily access available, skilled and experienced talent at the right variable cost is an increasingly appealing benefit of hiring contract workers, a move that can offer the flexibility to meet current needs without the cost of full-time employees. As leaders consider expanding their workforce strategy to include contingent workers, there are six core areas they should consider to maximize success.

## **Established leadership**

Before hiring new contract workers, determine who will be accountable for defining the contingent workforce strategy and program, which is important given the level of coordination needed among multiple internal and external stakeholders. It's imperative to establish governance over the contingent workforce. Typically, this is the role of a procurement or vendor management team, with input from a range of stakeholders including human resource, finance, procurement, technology, real estate, and facilities, legal, risk and compliance—and, of course, the business that identifies the need for and manages the contractors.

Companies should select leadership accordingly and guarantee the new temporary workforce has a clear guide during their contract. Having a designated contingency program leader provides both contractors and the core team with security.

Ensure the leadership has strong communication skills and designate someone to communicate potential policy changes and expectations throughout the contract period. Contingent workers should have a clear understanding of their roles in the company, as well as of the exit plan when their contract ends.

## **Understand the risks**

While hiring contract workers offers lots of upsides, there are also risks, from financial to reputational and legal concerns. Companies need to be aware of the wide range of risks and implement a strategy that addresses potential issues. In particular, data and cybersecurity are top areas of focus. While there are legal requirements and co-employment risks associated with contingent worker training, there are no such requirements for cybersecurity training. With today's current risks, it is imperative that contract workers understand how to keep the organization safe during their tenure.

Another area of potential risks is financial. If the IRS or state were to deem these workers as W-2 employees under the ABC or Common Law test, then an employer is theoretically liable for any unpaid taxes such as withholding, Social Security and insurance, along with associated penalties and interest. To mitigate risk, companies should delegate a leader responsible for monitoring the law and maintaining compliance.

Often-overlooked risks are those that threaten the business' reputation or operation, and related legal concerns. To avoid stumbling, companies should make thoughtful decisions when crafting programs and policy; negative publicity can damage a company's reputation and even lose core team members in the process. Along these lines, the lack of a record of the company's contingent workforce can pose issues down the line for operations. Companies should carefully track the contingent worker budget and activities. Furthermore, contingent workers are classified as employees by regulators, making the organization liable for their actions.

## **Know where they go**

Companies should leverage contract workers in areas where they need temporary, specialized skills, avoiding areas where they want to invest heavily and develop long-term. Before hiring contract workers, leaders should have a clear understanding of what skills they are bringing in and what those workers will achieve during their contract.

Contract workers should also have strong coaching skills. What knowledge can they pass on to full-time employees to be utilized even after their contract ends? Focus on the playbooks, programs and capabilities they will leave behind.

## **Support with technology**

Digital transformation has streamlined many tasks that used to be people-dependent, offering an opportunity to simplify and prioritize workloads. Conversely, contingent workers often join organizations that overwork and undervalue them. Leaders should utilize all resources available, especially technology solutions, to help their entire workforce reach their full potential, find meaning in work and avoid burnout.

## **Culture fit**

As they interact closely with full-time employees, it is imperative that contingent workers share values with their organization. These are people entering an ecosystem with well-established procedures, values and beliefs. Ensure they will be positive additions who are culturally

appropriate. Not only will this facilitate their transition into the organization, but it will also offer enriching experiences for the core teams working alongside them.

Additionally, program leaders must remember that contingent workers—like any employee — crave the same values in a job, such as flexibility, authenticity and fulfillment. Keeping these factors in mind while interacting with contract workers will help to create harmony across the entire workforce.

### **Have a strategy to measure success**

While companies cannot offer contingent workers performance reviews or training, it is still important to measure the program to determine what works and what doesn't. Program leaders should get creative, evaluating progress periodically to report back to leadership. The success or failure of a team can help inform future hiring decisions, where contingent workers are needed and even how to improve management.

More companies are moving toward a workforce strategy that leverages an ecosystem of multiple providers. It is important for businesses to continue to build their capabilities to help set up long-term success. As companies implement contingent workers, they must have a clear vision and strategy that facilitates the process and allows for smooth transitions. By thoughtfully approaching how workforces interact together, companies can create an experience that is beneficial for all.