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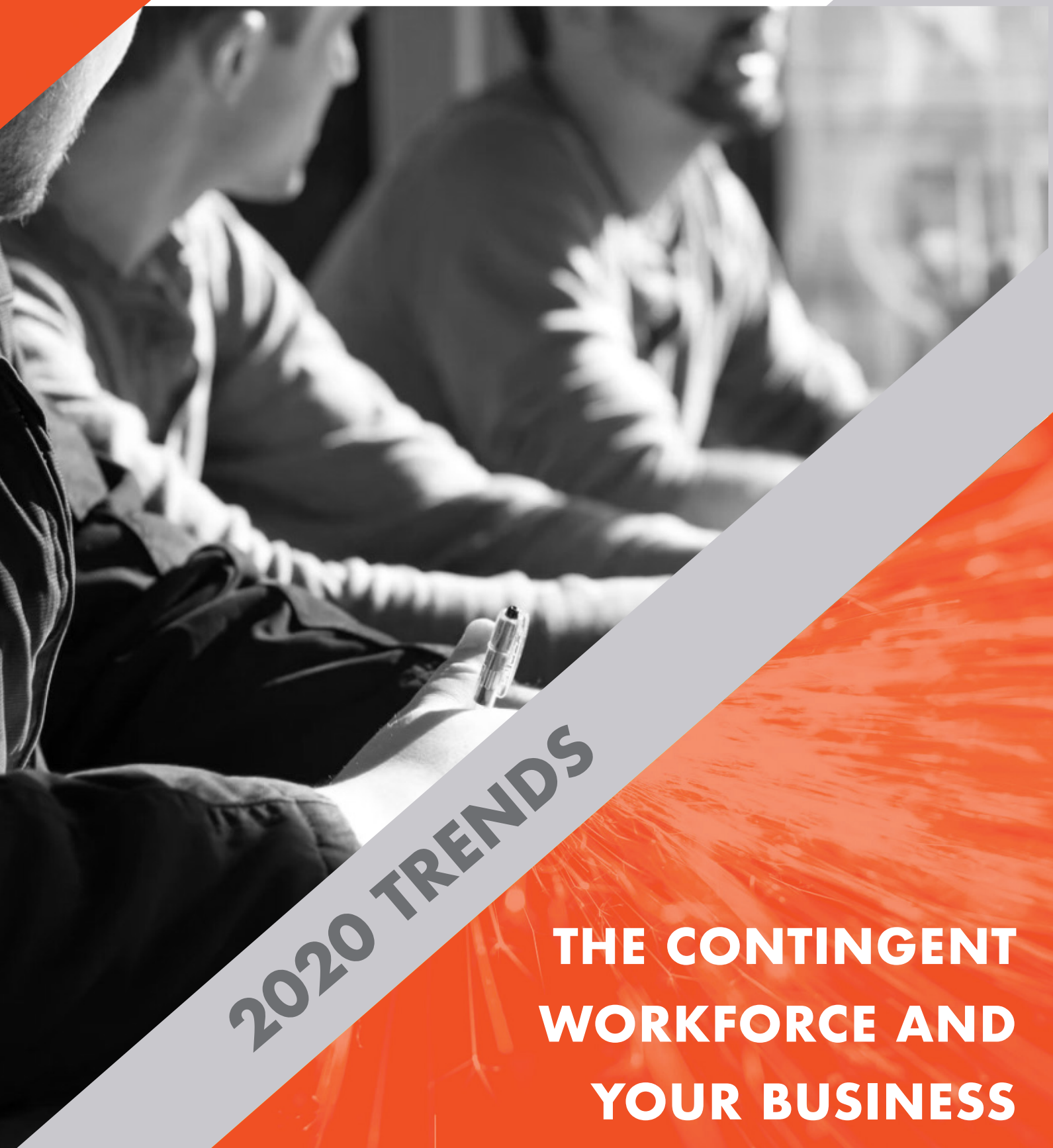

2020 TRENDS

THE CONTINGENT WORKFORCE AND YOUR BUSINESS

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2020 Trends: The Contingent Workforce and Your Business

There is an exciting evolution happening in the working world today. The nature of employment is ever-evolving and a new type of workforce is entering the mainstream – the contingent worker.

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. In fact, a recent poll from NPR found that 1 in 5 jobs in America is held by a worker under contract, and within the next decade contractors could make up half of the American workforce[1]. As of summer 2019, there were over 53 million workers classified as contingent workers, of which 10.1 million were temporary workers from staffing firms[2]. This trend is expected to impact work across all industries and levels.

> ***By our definition, a contingent worker is anyone earning money by performing work that has a limited tenure from the client's perspective, whether a summer intern or an outside consultant brought in for a project.***
>
> ***- Barry Asin, President of Staffing Industry Analysts***

You may be thinking to yourself, "How does this apply to my business? What need do I have for contingent workers?" As employers, it's time to start thinking differently – to take a fresh look at your business and its evolving needs, and consider the strategic advantages of employing contingent workers in the future (if you aren't already).

Let's take a look at the forces that have paved the way for contingent work in the mainstream, who makes up today's contingent workforce, and how your business can benefit from integrating contingent labor into your workforce strategy.

Today's Workforce Realities

The concept of employment is simple. There are workers, and there are businesses that need work to be done. From there, things aren't so cut and dry.

Running a company today is widely different than a decade ago. The world is complex, change is constant, and competition is coming from everywhere. To keep their business competitive, leaders need to think outside the box and develop innovative strategies that set them apart.

A combination of outside factors has forced companies to examine how their work gets done. Do any of the circumstances below sound relevant for your business?

- Globalization and its impact on competition in the marketplace
- Shifts in technology and skills for work in the digital age
- The need to make businesses recession-proof
- Rising labor costs including workers comp, benefits, and taxes
- Keeping up with evolving candidate expectations

How exactly are businesses altering their strategy to keep up with these realities? The answer lies in contingent work.

A Shift in Workforce Preferences

Yesterday's employees were:

- Eager to climb the corporate ladder
- Loyal to one company for the long-haul
- Competitive and believed in a hierarchical structure

Today's employees:

- View every position as a stepping stone
- Appreciate development opportunities within a company
- Value flexibility along with a fair wage

For workers, social norms and expectations surrounding employment are contributing to the move towards contingent work.

For example, those 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 careers, 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, emerging as recently as the 1990s.

One can compare this increasingly prevalent 21st-century contingent workforce to that of the workforce that emerged in the mid-19th century American West.

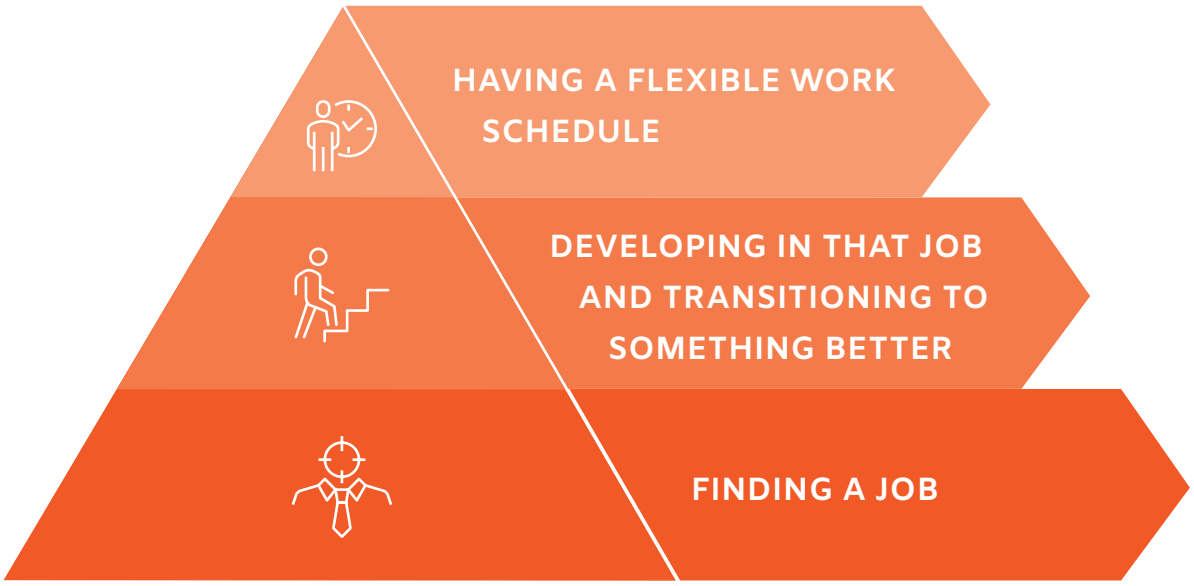
In the mid-19th century American West, there were very few rules or regulations around business practices and people were 100% responsible for developing their own careers. Imagine free enterprise against the backdrop of an open frontier. That paints quite a colorful picture of contingent workers and how they operated in business. Shopkeepers, saloon owners, railroad workers, and even the tycoons who 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 Wild West. Many are forging their own way and developing their own career path in ways that meet their unique wants and needs.

Meet Today's Contingent Workforce

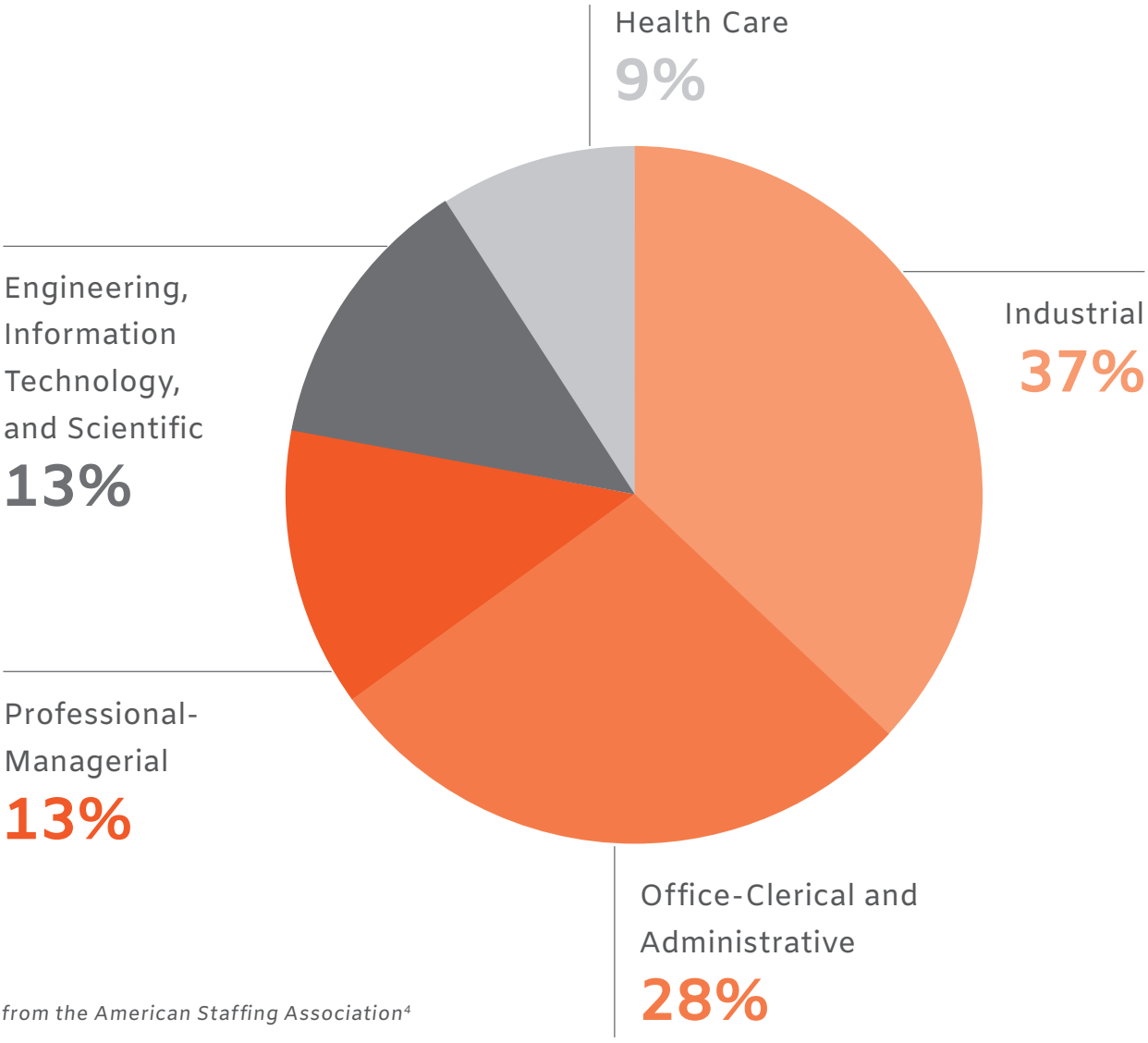
As mentioned, there are approximately 53 million contingent workers in the U.S. While their interests and motivations are diverse, the guiding "needs" of the group at large can be narrowed down to one pyramid – at least, according to the American Staffing Association. ASA recently reported on the preferences of temporary workers, and developed a hierarchy of needs based on their findings. Take a look at the pyramid below.

While at face value, the inherent flexibility of contingent work might seem like a major draw to this workforce, it exists at the top of the pyramid – as a "nice to have" but not a major motivational factor in their job search. Of slightly more importance is the opportunity for these workers to learn new skills on the job, so they can build their resume and become more well-rounded employees – essentially using contingent work to bridge the gap between where they are and where they want to be. But, the most fundamental need of the contingent workforce is securing a job that enables them to support themselves and their families.



In today's employment landscape, 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. The gig-economy incorporates positions across all industries and skill levels, so the classification "contingent workers" can include anyone from forklift operators and customer service specialists, to medical professionals and senior-level technologists. It's also worth noting that contingent workers are becoming increasingly specialized in their fields, refining their skill sets and working toward direct-hire roles at their companies. In fact, according to the American Staffing Association, 49% of temporary staffing employees say it's a way to get a direct-hire job and 35% were offered a direct-hire job by a client where they worked on an assignment[4].

Staffing employees work in virtually all occupations, in all sectors:



*Data from the American Staffing Association[4]

The Professionals Behind Contingent Work

Jennifer

Jennifer works as a marketing consultant for organizations who are looking to kick-start their initiatives with a punch of creativity. She works with a local staffing agency to find projects that best fit her experience and her contracts could last anywhere between three months to a year. **Jennifer is a contingent worker.**

Mike

Mike is an experienced forklift operator looking for extra income around the holiday season. He applied for part-time, seasonal warehouse work through a local staffing agency and is able to pick and choose his own schedule. **Mike is a contingent worker.**

Darrel

Darrel graduated with a degree in medical administration and applied to work at the local hospital through a well-known area staffing agency. While this is a temporary position, as a new grad, Darrel is looking forward to growing his skillsets and getting a foot in the door so he can eventually transition to a long-term position with the hospital. **Darrel is a contingent worker.**

Your Business and the Contingent Workforce

As leaders adjust their strategies to prepare for the realities of today's business landscape, there is one factor at the center of them all – agility. The market next month might be completely different from the next and businesses are continuously on high-alert for any shifts in the economy. Despite the ever-evolving nature of business, the show must go on without a hitch – products must go out the door and phones must be answered.

In uncertain times, it's practical to keep labor costs flexible until circumstances level out and leaders feel confident adding more direct staff to payroll. Simply put, by integrating contingent work into their talent acquisition strategy, businesses help ensure they're prepared to respond to whatever comes their way.

As leaders strive to make their operations more responsive to evolving needs and brace themselves for changes in the economy, the pressure often shifts to long-term employees. These employees might be asked to work longer hours because of an uptick in demand and hesitation to add more direct-hire headcount – employee burnout is a ticking timebomb.

According to a report from the Society for Human Resource Management, one of the top three reasons employees leave their jobs is because they're dissatisfied with the work-life balance of their role[5]. And when U.S. companies are expected to pay a collective $680 million in turnover costs[5]. within the next couple of years, this statistic has real bottom-line impacts. To avoid this, contingent workers can come in and support your business in whatever way you need, and on terms that work for you.

Total Talent Solutions – 2020's Contingent Workforce Strategy

The bottom line is, today's businesses need a workforce strategy that works for them – now, and into the future. Considering all the factors described here, a custom workforce strategy has become just as integral to business success as a strategy to develop a new market or product.

Here at Placers, we offer Total Talent Solutions that help propel businesses like yours to new heights. Our team truly cares about the success of our customers and develops custom-tailored solutions designed to flex with any and all of their workforce needs. Whether you're seeking a temporary employee, an executive with proven experience, or an entire high-powered workforce, we'll make sure you always have the talent you need.

Let's get started on your custom workforce solution. Reach out today!

Give us a call! **302-709-0973**
Send us an email!
ICANHELPYOU@MYPLACERS.COM

ABOUT PLACERS

Placers is a leading staffing and recruiting agency and one of the fastest growing companies in the state of Delaware. With a team of passionate staffing experts, high-powered hiring tools, and a wide network of candidates and positions, when businesses need talent and job seekers are searching for the perfect opportunity, they turn to Placers. Placers' Total Talent Solutions enable Delaware businesses to reach new heights by combining temporary staffing services, direct hire support, and contingent workforce management together in whatever way works best for their unique needs. No cookie cutter solutions in sight. As a Coach to the Workforce, the Placers team is passionate about connecting Delaware's job seekers with temp, temp-to-hire, and direct-hire positions they can feel good about. To learn more about Placers' workforce solutions or to search for a rewarding position visit:

www.myplacers.com

Give us a call! **302-709-0973**

Send us an email!

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