



THE FUTURE OF WORK

THE 5 BIGGEST CONTINGENT WORKFORCE TRENDS IN 2022

The use of contingent workers is set to rise significantly in 2022. In this eBook we take a look at the biggest contingent workforce trends that can help your business drive new growth this year.

contrax



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INTRODUCTION

The last couple of years have been challenging for businesses across every single industry.

As a result of COVID-19, organizations have had to rethink the way they look at their workforce, they have had to deal with economic closures and lockdowns, they've seen new challenges such as the workforce shortage, and they have had to find new ways to improve business agility as a result.

As we move into 2022, there are new trends, challenges and opportunities when it comes to the workforce that will impact business growth.

In fact, as we move into what is being dubbed as the "post-pandemic" world, organizations will turn to the contingent workforce to address challenges such as workforce shortages, reduce workforce costs and allow for the rapid scaling up and down of their workforce when required.

As a result, the use of the contingent workforce is expected to grow significantly in the coming years. The average percentage of workers who are contingent is expected to grow to 24 percent in 2022, and to 29 percent by 2030 (Staffing Industry Analysts).

With that in mind, we've created this guide of the top five contingent workforce trends your organization can expect to see in 2022.

In this eBook, you'll learn about some of the biggest trends in the contingent workforce over the coming year, and how your company can better manage its eternally-sourced workforce strategy to help drive new growth.





A FOCUS ON BUSINESS AGILITY WILL HIGHLIGHT THE IMPORTANCE OF CONTINGENT WORKERS

As we mentioned, the past two years have been tumultuous. Businesses have had to deal with sudden shutdowns, consumer concerns, paused projects and rapid increases in consumer demand.

The challenges introduced by the pandemic and the uncertain economy has created a volatile climate for the vast majority of businesses, forcing them to be more flexible and agile than ever before.

When companies focus solely on full-time employees, they lose that flexibility. They aren't able to scale up and down as the economy

demands, they can't adapt to new customer requirements and they lose the ability to quickly revise their strategy based on current market conditions.

To address this volatility in the marketplace, businesses in 2022 will focus their efforts on being more flexible and agile than ever before. That means they need to be able to rapidly scale up and down their workforce, while maintaining quality, depending on their current business requirements.

To keep up with this increasing need to be flexible, a growing

number of organizations over the coming year will turn to the contingent workforce to augment their existing full-time employees and meet their ever-changing workforce requirements.

The contingent workforce gives businesses the ability to assess their workforce requirements on an ongoing basis.

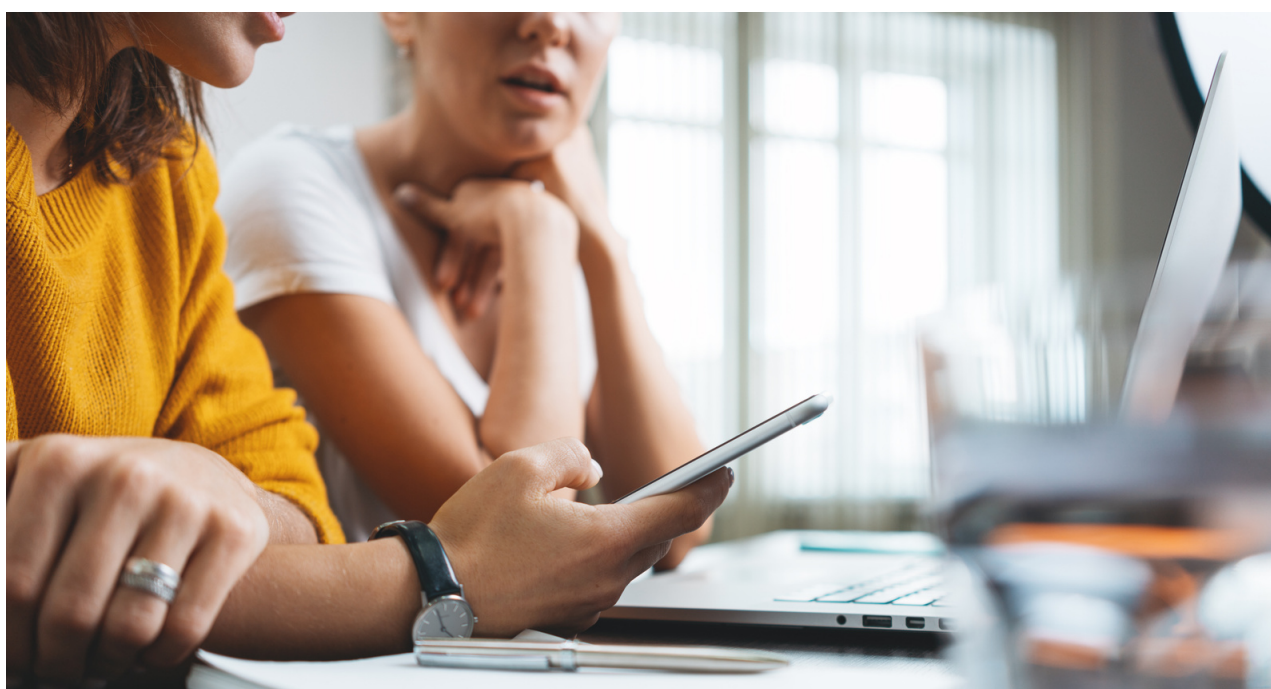
The contingent workforce is attractive to businesses in the current economic climate, as it gives them the opportunity to improve business flexibility, access specialized skills in a competitive market, improve talent acquisition, and engage workers on a project-by-project basis, as-and-when they are needed.

At the same time, engaging contingent workers is also more cost effective than full-time employees when they are managed effectively.

Engaging temps, independent contractors, freelancers and other types of contingent workers gives organizations the flexibility they need to change their workforce depending on current workforce requirements and business demand. Contingent workers can be onboarded quickly and efficiently, allowing companies to scale their workforce up and down when needed.

This is why the contingent workforce is growing rapidly, and will continue to do so even faster in 2022.

Today, the contingent workforce is huge. In fact, roughly 25-30 percent of the US workforce alone is now contingent, and more than 80 percent of large corporations plan to “substantially increase” their use of a flexible workforce in the coming years, according to a report from Intuit.





CONTINGENT WORKFORCE MANAGEMENT WILL BECOME A BUSINESS PRIORITY

With more organizations turning towards the contingent workforce, many organizations will realize in 2022 that contingent workforce management programs are a business priority.

The reality is, right now, that most businesses don't have an 'official program'. Instead, the contingent workforce is typically associated with 'non-core' business functions that leave organizations with no company-wide processes in place.

This leads to a lack of standardized processes, with hiring managers engaging staffing agencies on their own terms and at their own price.

The result is a complete lack of control over where money is being spent, and a complete lack of visibility into how many externally-sourced workers are being hired by the organization. This gives rise to rogue spend across the business, which typically runs rampant through all departments.

However, as the use of contingent workers grows, we expect that businesses will begin to see contingent workforce management as a business priority. Here are four benefits that organizations will realize once they focus on getting their contingent workforce under control in 2022.



1 - Access top talent, faster

As we mentioned in the first section of this eBook, today's businesses need to be more agile and flexible than ever before. To improve how your company can adapt quickly to ever-changing market conditions, a contingent workforce program will ensure you are able to monitor and track vendor performance so that you can gain important insights such as time-to-fill, time-to-submit and workforce turnover. This will give you an idea of how your business, and the agencies you use, can improve the quality and speed of your contingent workers.



2 - Improved bottom line

When the contingent workforce isn't managed properly, rogue spend runs throughout your organization and significantly impacts your bottom line. The worst thing is that your business probably doesn't even have the visibility to know that this is occurring. An effective contingent workforce management program changes that. In fact, Staffing Industry Analysts' Workforce Solutions Buyer Survey: 2020 Americas Results found that 84 percent of companies have experienced cost savings with Managed Services Providers (MSPs) and 76 percent have seen savings with a Vendor Management System (VMS).



3 - The mitigation of risk

As with any business process that relies on external vendors, the contingent workforce comes with a variety of risks - from staffing agency performance to contingent worker misclassification. With a successful contingent workforce program, your organization will be able to document all externally-sourced workers and ensure that you comply with local and national employment regulations.



4 - The creation of standardized processes and rates

To prevent hiring managers engaging contingent workers and staffing agencies on their own terms, a contingent workforce management program is required. This will put a stop to fragmented processes across your departments, ensuring that all hiring managers follow the same processes, pay the approved rates and document all actions appropriately.



THE WORKFORCE SHORTAGE WILL CONTINUE TO HAVE AN IMPACT ON HIRING STRATEGIES

The 'skills gap' – the difference between the skills required for a job and the skills employers are able to find – has been an increasingly growing challenge for organizations around the world for a number of years.

But this issue broadened in 2021. It's no longer just a shortage in skilled workers, but a complete shortage in workers in general. According to the US Chamber of Commerce, the US is suffering from a "workforce crisis" that is slowing the nation's economic recovery.

The Labor Department reported in late 2021 that the US had a little

more than 9.2 million vacant job openings in May, a record-shattering number despite the 9.3 million unemployed Americans. For comparison's sake, before the pandemic shut down broad swaths of the nation's economy, there were roughly 7 million available jobs.

Businesses in 2022 don't just have the challenge of the skills shortage. Now the challenge is filling all open positions, whether skilled or unskilled workers are needed.

The problem is a worldwide issue. A McKinsey Global Survey, found that 87 percent of executives said they were experiencing skills gaps in the

workforce or expected one within a few years. In a blog post, Chamber Economist Curtis Dubay wrote: "While some skills mismatches remain, the major problem is that the available workers are reluctant to go back to work, whether because of lingering COVID-19 concerns, childcare issues, or generous government benefits."

Yet less than half of respondents had a clear sense of how to address the problem – a question that the pandemic has only made more urgent.

Canadian companies, according to a Harris Poll, are also struggling to find workers – and they think it's only going to get worse in 2022. In fact, 84 percent of companies said they expect to face problems hiring, with almost one-third reporting they currently have open positions they can't find anyone to fill.

In the manufacturing industry alone, according to CTV news, it's estimated that eight in 10 Canadian manufacturers are facing a talent shortage.

There's a number of factors impacting the workforce shortage, including more competition in the job market, a significant decline in immigration, pent up consumer demand driving business requirements, employee retention challenges, worker fatigue, and worker concerns around heading back into the office. With that in mind, organizations in 2022 will be focusing on initiatives that help them address the workforce shortage. These include:

Offering a competitive salary

With businesses fighting against their competitors from such a small pool of workers, in 2022 organizations will have to increase the amount they pay their candidates. Increasing pay doesn't have to be looked at negatively. It's an investment into the quality of a workforce and, in turn, the company's growth.

Optimizing the contingent workforce

Externally-sourced workers give organizations a fantastic way to source and access both skilled and unskilled workers to meet their workforce needs. The use of a vendor management system (VMS) to properly optimize how businesses manage these workers (and the staffing agencies used to source them) will ensure companies have complete visibility and control over workforce spend and quality.

Offering a flexible work environment

In such a competitive environment, pay is no longer enough. Workers re-entering the workforce are seeking a strong work-life balance, more control and the ability to work from home – where the positions allow for that. To address these concerns, organizations will continue offering flexible scheduling and remote work opportunities in a bid to fill positions and hire talented workers.



BUSINESSES WILL FOCUS ON POSITIONING THEMSELVES AS AN ‘EMPLOYER OF CHOICE’

With the competition for workers becoming increasingly fierce, contingent workers now represent an important opportunity for businesses to stay competitive, access the top talent in their industry, improve business flexibility, build a highly-scalable workforce and reduce workforce costs.

This is particularly more important in 2022, as the workforce market becomes increasingly more competitive than ever before.

Yet contingent workers are often underutilized and undervalued.

These workers have been traditionally seen as “temps” that simply come into an organization, do a job, and then leave. Team leaders often don’t understand just how important these workers are to the success of their business, and there’s no real strategy behind engaging and retaining them.

With workers becoming increasingly more difficult to source, businesses must now make a conscious effort to become an ‘employer of choice’ for the contingent workforce.

That's why over the coming year we expect to see organizations start positioning themselves as the first choice for contingent workers, and building strong relationships with those workers so that they can be re-engaged over and over again as-and-when needed.

To do just that, we predict that businesses will focus on a few key areas to improve the contingent worker experience:

Businesses will recognize contingent workers for their work

Unlike permanent employees, contingent workers aren't legally entitled to benefits. Providing them with benefits could leave businesses vulnerable to the risk of misclassification or co-employment. Instead, companies will focus on engaging more strategically with contingent workers in terms of candidate experience and overall feedback and engagement, as well as giving them the opportunity to work with their business again on new contracts or projects.

This will increase the likelihood that talented contingent workers will want to work for the business again, or even recommend that brand as an employer to their fellow contingent workers.

A focus on company culture

Everybody wants to feel like their work is important. Just because contingent workers are temporary, doesn't mean that they don't want to feel like they matter. Contingent workers still want to be included in a company's culture, and understand the role they play in the success of that business.

That's why an increasing number of businesses will pay attention to their company culture, with an eye on how contingent workers impact it. For a successful contingent workforce program, it's crucial that both permanent employees and contingent workers are integrated into a business seamlessly. With the percentage of contingent workers increasing, ignoring this can have a significant impact on overall culture.



The creation of long-term relationships with contingent workers

Contingent workers are able to choose the projects they work on and the companies they work for. To be able to access the top talent in their industry, businesses need to build strong relationships with these workers. This will help organizations re-engage talented contingent workers for future roles, as well as encourage them to recommend their business as an employer to their peers.

Building strong relationships with contingent workers will ensure they feel included during their time with an organization and that will improve the likelihood that they'll want to work with the same company again in the future and improve the overall employment brand of the business. Worker satisfaction, attraction and retention doesn't just apply to employees.

Companies will ensure their externally-sourced workforce is visible

To understand the true value and ROI of contingent workers, businesses need to gain complete visibility into their entire workforce. Visibility into skill count, headcount and future needs will give organizations the insights they need to optimize their workforce.

Stay tuned for the next section of this eBook, where we will discuss some of the most common methods businesses can use to effectively manage their contingent workforce management strategies.





THERE ARE MORE WAYS TO SUCCESSFULLY MANAGE A CONTINGENT WORKFORCE

When it comes to managing the contingent workforce, organizations have traditionally had no real program in place.

These companies have typically managed their contingent workers and staffing agencies on spreadsheets, with no company-wide processes. This is particularly true when it comes to organizations with smaller volumes of contingent workers.

The problem is, these manual management strategies result in two problems:

1 - Firstly, the company has a complete lack of visibility and control over its contingent workforce, with no insight into where externally-sourced workers are being hired and for how much and how well their processes and vendors are performing.

2 - Secondly, the business suffers from rogue spend, with no standardization for how much hiring managers should be paying staffing agencies. This results in higher than market costs.

But as businesses move through 2022 and increase their use of the contingent workforce, they will realize the importance of creating an effective contingent workforce management program.

Today, there are more contingent workforce management options than ever before – with both internal and outsourced options. Here are the top ways companies can manage their contingent workforce in 2022:

An MSP

A Managed Service Provider (MSP) model is the practice of outsourcing the responsibility of a company's entire non-employee workforce management to a third-party provider with expertise in contingent workforce and staffing agency management.

In an MSP arrangement, the outsourced company will be responsible for all things related to the contingent workforce, from setting up the program, interacting with vendors, hiring contingent workers, onboarding, offboarding, billing and much more. What aspects of the program that are managed by the MSP can typically be customized by the client.

A Managed Services Provider aims to alleviate the burden of contingent workforce management from a company's plate, taking the entire tactical work on so that the client can focus on the strategic, high-value work that drives real value to their business.

A Master Vendor program

A Master Vendor program (also known as a Prime Vendor model) is a step down from the complexities of a full MSP program. Instead, companies engage an outsourced Master Vendor, which will then work with their own network of pre-approved staffing agencies to fulfill the workforce requirements of the organization.

With the Master Vendor model, outsourced experts still manage the entire externally-sourced workforce program on behalf of their clients, but without the process flows, customized solution and full implementation of an MSP program.

Essentially, rather than paying an MSP to manage the entire contingent workforce program, companies simply carve out a piece of business for the master vendor who then assumes responsibility for supplying staffing.



The internal use of a Vendor Management System

A Vendor Management System (VMS) is a platform that allows businesses to facilitate, automate and centralize all of the processes and data associated with managing staffing agencies and externally-sourced workers.

By acting as a system of record for a company's entire contingent workforce program, a VMS gives companies the ability to manage processes such as maintaining vendor relationships, measuring staffing agency performance, sourcing workers, and making payments all on one company-wide piece of software.

With all contingent workforce information stored in one centralized place, a VMS gives organizations complete visibility and control over their contingent workforce. A VMS is used by companies to manage their contingent workforce internally, as well as to augment an MSP program.

Project recruitment

If you have the management of your contingent workforce program in place internally, but need assistance with ramping your workforce up for seasonal or peak demand, then working with an outsourced provider that offers a project recruitment program might be a great solution for your business.

In this program, a workforce expert will essentially work with your organization to parachute workers into your business for the required time period to help you fulfill your workforce requirements. It's a program that helps you better access high-quality workers, quickly.





CONCLUSION

Acquiring top talent is no doubt going to be difficult in 2022. The marketplace for workers is more competitive than ever before, exacerbated by workforce shortages, the skills gap and the growing needs for companies to become agile.

When it comes to addressing these challenges over the coming year, the contingent workforce is the solution.

By building a contingent workforce – made up of freelancers, consultants, contractors and temps – businesses are able to improve their flexibility and augment their existing in-house talent.

Thankfully, there are a new range of methods (both internal and outsourced) and innovative

technologies that help organizations better manage their contingent workers and partner with the right staffing agencies.

As businesses move through 2022 and increase their strategic use of the contingent workforce, many will find that they are able to realize significant cost savings, improve their talent acquisition, enhance business agility and beat their competitors to workers.

By simply staying up to date with the top contingent workforce trends, your business will ensure it is in the best possible position to realize optimum ROI from its contingent workforce management program.



CONTACT

Contrax is a powerhouse of industry leading knowledge in contingent workforce and staffing agency management. Our executives have the deepest contingent workforce, SOW program and procurement experience in North America.

With a range of solutions - including managed services provider programs, vendor management system advisory and master vendor models - Contrax works closely with a broad range of organizations to ensure they are able to better manage their externally-sourced contingent workforce program and strategically manage their staffing agencies.

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