

Is Today's Contingent Workforce Really Contingent?

A present reality is that enterprises are seeking direct synchronicity between expenses and revenues. To that end, economic resources, including labor, are used 'on demand'. At the same time, advancing levels of professional specialization within the workforce are fostering mobility and independence among workers; what you do has become more important than where you do it. As a consequence, procuring contract talent is evolving from an ancillary workforce augmentation effort to a core component of overall strategic workforce management. Procuring competencies for projects is now core to the enterprise, while looking for short term professional challenges has become a way of life. Current estimates are that more than 25% of all work engagements are project based. That means that the label 'contingent' no longer adequately covers the true nature of the 'flexible' component that is now a structural part of the workforce.

An employment agreement is no longer the instrument of choice to connect people with work

Parallel to the increasing significance of project work, the average length of the traditional job has been decreasing precipitously over the decades, to an average of less than 4 years. The new reality is that 1 out of 4 work engagements is not really a 'job', while the remaining 3, which technically do qualify as 'jobs', only last 4 years. Unfortunately, employment – as an engagement platform - does not accommodate this level of dynamism and fluidity in the workforce. The two part design - income for work plus security, benefits and entitlements in exchange for long term dedication - is flawed, when long term dedication is neither expected nor offered. The bottom line is that there is a mismatch between the old design and the general, current application of employment.

Shortcomings of conventional contingent work models

Present workforce dynamics suggests that adequate short term engagement platforms are available. Not so. Designed around employment conventions and the traditional short term 'work force augmentation' approaches of the past, conventional models do not meet today's needs. Typically, the solutions transfer the 'employer of record' status to a third party. Although this method can still serve its original purpose in some cases – as a short term, employer centric augmentation solution – it is less suitable as a platform to engage professionals who are part of an enterprise's structural, flexible workforce. Being the employee of a designated third party – 'umbrella' or 'portable' employer – off and on as projects may come and go, can be very disruptive in the lives of independent professionals. Further, 'pseudo' employment arrangements often lack financial transparency for the contractor, carry significant mark-ups of the contractor's bill rates, may be part of impersonal, commoditized supply chains and diminish opportunities to build contractor loyalty.

Work needs a new platform

Above describes the emergence of 'contract talent' as a new, growing class between the employee and the contingent worker. Neither conventional employment nor prevailing contingent models offer satisfactory engagement platforms for independent professionals who are part of this group. This is where the B2b vendor platform offers an equitable, compliant and cost effective alternative way to procure the services of professionals for projects. The premise is simple: the 'employee' is supported by the enterprise; the 'contingent worker' relies on a 3rd party employer, while the truly independent professional operates as a 'Company of One', permanently fortified by benefits, protection and support, otherwise only accessible in 'bursts' through 'on and off' employment by third parties.

Contemporary workforce strategies

Geared to today's realities, workforce strategies need to support an overall enterprise focus on core competencies, recognize the need for flexible cost structures and foster a project approach to work. In order to have continuous access to high quality talent, the enterprise must promote itself as a desirable place to work, ensure a contractor friendly, compliant and transparent environment with fair remuneration practices. The modern enterprise is known for efficient on-boarding as well as fair off-boarding practices and has multiple engagement platforms - including B2b vendor options - to accommodate an optimal workforce configuration. Professional community building together is important. Enterprise centric, commoditized procurement approaches through expensive middlemen are 'out'; talent centric solutions that value the individual's professional contributions and development are 'in'.

Myth: employment is a prerequisite for loyalty

Yesterday's employment conventions suggest that worker loyalty is tied to security, status, benefits and perks. Dependence meant loyalty. Today's workforce 'lives' in the conceptual age and believes that identity, status, security, destiny and a sense of belonging are tied to the individual and not to the enterprise. The modern enterprise recognizes this, builds a culture around professional accomplishment, creates support networks and augments the traditional 'HR' function with an 'RH' (Resources for Humans) effort.

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