

Understanding work force options

How to make the contingent work force work for you

In today's competitive corporate climate, businesses are searching for ways to streamline operations and increase efficiency.

"They're being slowed down by an ever-growing list of administrative responsibilities that steal time away from revenue-generating activities," says Kathy Golding, staffing consultant for Principal Technical Services. "The contingent workforce is an under-utilized resource that can make companies more competitive in today's economy.

"The mistake many companies make," says Golding, "is using contingent workers reactively to plug holes, rather than proactively to help achieve long-term financial and operational goals."

Smart Business spoke with Golding about the nature of the contingent work force, why a contingent work force strategy should be part of a comprehensive business plan and how to get productivity out of contingent workers.

What is a contingent worker?

The contingent worker, or temporary worker, is a person who does a job for your company while being employed by another company, usually a staffing agency. And although the traditional concept of a 'temp' is someone who comes in for a few days to cover for an employee who is out sick, today's contingent worker can be a degreed professional and may be placed at a company for months or even years at a time.

What types of individuals work on a contingent basis?

In the past, temporary employees mainly performed clerical and administrative duties.

Today, many contingent workers are high-level professionals with valuable expertise in a particular field. They work in varied job categories, including accounting, engineering, information technology, science and health care. In fact, the number of contingent workers in the U.S. is almost 3 million and growing.



Kathy Golding

Account manager, staffing consultant
Principal Technical Services

What are the benefits of having a contingent work force strategy?

It all comes down to flexibility and cost savings. Contingent labor adds flexibility by providing the ability to add or trim labor cost on a whim, thus being able to respond more quickly to economic or strategic changes. Contingent labor usage also results in a reduction in other staffing-related costs. These costs can range from fringe benefits and employment taxes to recruitment, training and termination costs.

Utilizing a contingent work force helps companies avoid the expensive and complicated hiring/layoff cycle. Suppose, for example, individuals with expertise in a specific field will be needed only for the duration of a particular project. If these individuals are a part of your contingent work force rather than your core staff, their assignment has a predetermined endpoint, and there is no need for layoffs when the project is completed. Similarly, if additional manpower is needed during peak periods, using contingent workers allows the company to return to its previous staffing level without having to lay anybody off.

Another benefit of utilizing individuals

on a contingent basis is that it lends itself well to a trial period. After bringing someone into the company on a trial basis for six to 12 months, the arrangement can either be made permanent or it can be terminated — again, without the pitfalls of traditional hiring and firing.

Are contingent workers as productive and reliable as direct employees?

If a contingent arrangement has the potential to be converted to direct employment in the future, a temporary worker will be motivated to perform at a high level in order to increase the chance of being hired directly.

When a direct staff position is not likely to be offered, a company can take steps to motivate its contingent staff and instill a sense of loyalty. First, the contingent worker should be offered a wage rate and employee benefits comparable to those of core employees with a similar job description. Second, the contingent worker should be treated with the same respect and should not be singled out as 'the temporary guy.' Third, the company should offer continuing education to increase his knowledge and make him feel like the company is investing in his potential.

What is the role of a staffing agency in a contingent work force strategy?

The best decision a company can make is to pursue activities that generate income and delegate supplemental responsibilities to specialists with learned efficiencies in those areas.

A staffing agency is a specialist with learned efficiencies in the areas of recruiting, skills assessment, payroll processing and benefits administration. Utilizing a staffing agency relieves a company of the burden of these administrative responsibilities, freeing up resources to be used for more productive purposes.

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