



# SAPIENT

## INSIGHTS GROUP

Contingent Workforce Management

# Why HR Needs to Own This Competitive Advantage

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SAPIENT INSIGHTS RESEARCH

# The Contingent Workforce Conversation: Current State

Throughout the past few years, we've become accustomed to news reports proclaiming that the growing gig economy is changing our world economics – impacting everything from social contracts between workers and employers to national labor laws, tax revenues, and retirement planning.

Studies vary somewhat by country, but for the most part, current research aligns in stating that 30%-40% of the global labor market is participating in some form of contingent work, with estimates rising to 50% or more in the next few years. In the most recent Sapient Insights Group 2020-2021 Annual HR Systems Survey<sup>1</sup>, more than 75% of organizations leveraged contingent workforces to some extent.

## Contingent workers account for:

**30%-40%**  
of the global labor  
market today

**50%**  
of the labor market within  
the next few years

## Sapient Insights 2020–2021 Survey White Paper:

**75%**  
of companies leverage  
contingent workers

## What Contingent Work Means

Contingent work is defined somewhat differently around the globe, but the practice of procuring labor other than through a traditional company-employee relationship is common worldwide. We hear such terms as contractors, subcontractors, gig workers, freelancers, temporary employment, casual labor, and nonstandard employment. These types of workers fall under the umbrella of what we consider as contingent work.

Generally, we can loosely define 4 common types of contingent work worldwide:

1. **Fixed-term contract.** This involves work that's temporary in nature and timebound, and in which a worker is paid directly by the company through its payroll process.
2. **Casual, part-time, on-call, or on-demand work.** These workers might be on the company payroll, but may not be guaranteed any hours or work.
3. **Multiparty relationships.** Typically, this represents subcontracting through a staffing agency or other supplier/vendor serving the company.
4. **Self-employment.** This is typically an independent contractor or freelancer who provides labor either on an hourly or fixed price basis and is paid via a submitted invoice.

The practice of  
procuring labor  
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<sup>1</sup>[Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition](#), Sapient Insights Group / Stacey Harris, 2020.



Common to all types of contingent work is its time limitations and lack of guaranteed work, beyond a possible term or project deliverable. By its nature, contingent work holds no promise of:

- Long-term work
- Hours of work
- Benefits, such as health/wellness, education, or retirement

Contingent work primarily favors employers in meeting their needs to:

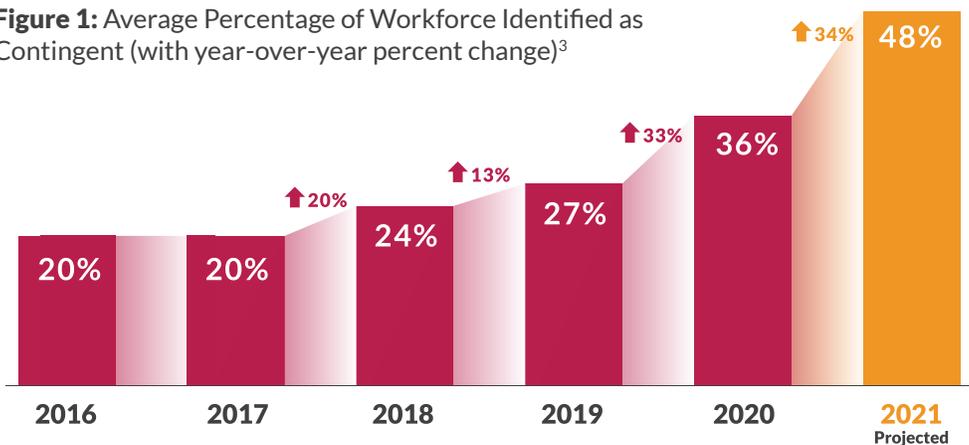
- Run the business with a flexible and often cost-effective staffing option
- Secure the volume of staffing needed to meet peak demand periods
- Augment for scarce skills
- Quickly find talent for ad-hoc project work

## How HR Has Handled Contingent Workers To-Date

HR's common practice thus far has largely been managing just a portion of the organization's total contingent workforce – only those directly contracted by the company and paid via HR payroll systems, such as fixed-term contractors, interns/co-op and summer students, and part-time staff. Otherwise, HR functions seem to happily relinquish ownership and responsibility for managing workers who contribute through B2B Statements of Work (SOWs), staffing agency contracts, or independent freelance invoices to their counterparts in operations, procurement, and legal.

While this practice has kept HR's hands clean of messy contract negotiations and legal concerns, it's also prevented HR from having access to the experience, skillsets, and costs of the company's total workforce. Splitting responsibility for managing contingent workers made sense when contingent labor was a very small and limited part of the workforce, but no longer: Today, an average of 36% of an organization's workforce<sup>2</sup> could be categorized as contingent.

**Figure 1:** Average Percentage of Workforce Identified as Contingent (with year-over-year percent change)<sup>3</sup>



Source: Sapient Insights Group, 2021.

<sup>2</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition, Sapient Insights Group / Stacey Harris, 2020.

<sup>3</sup>Sapient Insights Group Annual HR Systems Survey 2017-2021, Sapient Insights Group, 2021.

Over the last 5 years, we've seen the average percentage of contingent workforces almost double in size – with no slowdown on the horizon.



As shown in Figure 1, between 2016-2020, we've seen the average percentage of contingent workforces almost double in size — particularly in large and multinational organizations — with no slowdown on the horizon. In fact, we expect to see an even bigger jump for 2021, especially with companies shifting their staffing tactics post-pandemic.

In fact, the recent World Economic Forum's Future of Job Report, 2020 found that 41% of organizations plan to expand their use of contractors to address changing skills requirements coming out of the tumultuous events of 2020. Executives must be aware: Not considering contingent workers a part of the workforce may seem negligent in the eyes of stockholders, employees, and contingent workers themselves.

## The Shifting Relationship Between Companies & Workers

For many years to come, workers from all industries and all levels within will remember 2020 as the year organizations worldwide scrambled to adapt to the constant stream of disruptions, unlike anything experienced in the last 100 years. But these disruptions continue to impact how work is done. As companies adapt post-pandemic, they must plan how best to respond to:

- The renewed focus on diversity, equity, and inclusion (DEI), as organizations address, for example, challenges of systemic racism highlighted by critical social justice movements
- Remote and hybrid work styles, as many employees may likely change employers if remote work is not an option going forward
- A progressive wave of staffing shortages, currently making news headlines, as employees reassess employment options with economies reopening and expanding

Employers are feeling growing pressure for more accountability, social responsibility, and transparency. Companies are being challenged by workers to redefine the nature of work – to make it more equal, more flexible, and better align pay with cost of living. And workers face far more choices now regarding the type of work, schedule, location, and company culture they want to align themselves with.

Bottom line: Organizations that fail to recognize these shifts may well struggle to acquire critical talent, while also putting their employment brands and legal standings at-risk.

In the next section, we take a look at how the contingent workforce can impact an employer's brand and its social responsibility.

In today's job market, any form of workforce planning or HR strategy that doesn't consider a contingent workforce is risky at best.

We're witnessing a quiet power shift — between employers and their workforces.

In the same way that the pandemic and social injustices dramatically accelerated the trend toward remote work, we believe the post-pandemic employment market will accelerate and even reshape how we think about the contingent workforce.



# Why Contingent Workforce Management Matters

Throughout the past few years, we've become accustomed to news reports proclaiming that the growing gig economy is changing our world economics – impacting everything from social contracts between workers and employers to national labor laws, tax revenues, and retirement planning.

Studies vary somewhat by country, but for the most part, current research aligns in stating that 30%-40% of the global labor market is participating in some form of contingent work, with estimates rising to 50% or more in the next few years. In the most recent Sapient Insights Group 2020-2021 Annual HR Systems Survey, more than 75% of organizations leveraged contingent workforces to some extent.

Data gathered in the 2020 Sapient Insights Annual HR Systems Survey demonstrated that the top 10% of organizations which effectively manage HR-related social responsibilities, consistently achieve better outcomes.

## Correlating Outcomes with Social Responsibilities

In 2020, we found 4 categories of worker-related social responsibilities with a higher-than-average impact on 3 organizational outcome areas (talent, HR, and business):<sup>4</sup>

- Employee assistance programs
- Rewards
- Compensation
- Contingent workforce management

We then took a closer look at this data and found a very intriguing correlation: Of these 4 worker-related social responsibilities, only 1 of them scored very highly in all 3 outcome areas – contingent workforce management (see Figure 2).

**Figure 2:** Talent, HR & Business Outcomes Align with Perception of Excellence<sup>5</sup>

Perceived as Excellent	Achieves Top Talent Outcomes	Achieves Top HR Outcomes	Achieves Top Business Outcomes
Employee Assistance Program	✓	✓	
Employee Engagement & Rewards		✓	✓
Compensation Pay & Equity	✓		✓
Gig / Contingent Management	✓	✓	✓

The only area to achieve excellence in all 3 outcomes.

Source: Sapient Insights Group, 2021.

HR strategies and practices play a lead role in shaping social responsibility and the employer's brand.

Contingent workforce management is the only worker-related social responsibility to score highly in all 3 organizational outcome areas.

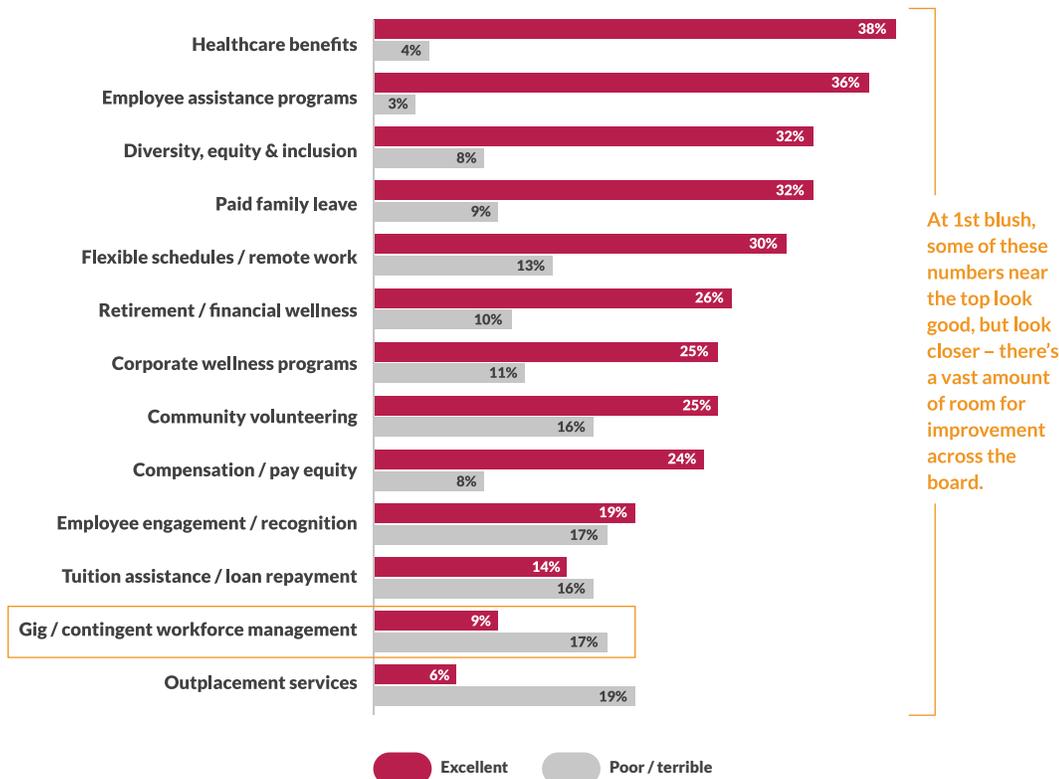
<sup>4</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition, Sapient Insights Group / Stacey Harris, 2020.

<sup>5</sup>Ibid.



So, this is one of those good news/bad news issues: The good news is contingent workforce management aligns with the highest levels of organizational outcomes, but the bad news is that it's also 1 of 2 categories where companies are least likely to do well (see Figure 3).

**Figure 3:** How Well Does Your Organization Address These Social Responsibility Issues?<sup>6</sup>



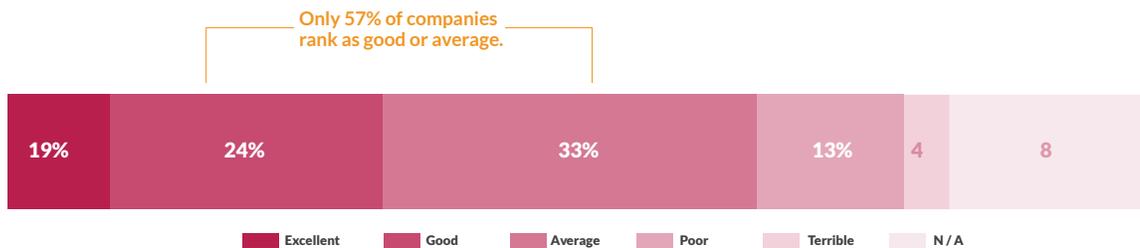
Just 9% of organizations feel they're "excellent" at managing their contingent workforce.

Source: Sapient Insights Group, 2021.

With only 9% of companies reporting that they're excellent at managing their contingent workforce, it seems that 91% of organizations have their work cut out for them – or are they missing the mark entirely when it comes to contingent workers?

As illustrated in Figure 4, most companies (68%) are definitely missing the mark to some extent.

**Figure 4:** How Effective Is Your Organization at Managing Contingent Workforces?<sup>7\*</sup>



\*Percentages may not total 100% due to rounding

Source: Sapient Insights Group, 2021.

<sup>6</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition, Sapient Insights Group, 2020.

<sup>7</sup>ibid.



As a place to begin in considering how best to address this issue, we offer Conversation Starters (with defined audiences for those discussions) to move this topic forward.



## Conversation Starters

Audience: HR with HR, HR with CHRO

- If better management of the contingent workforce is a promising path to achieving top talent, HR, and business outcomes, then why aren't we paying more attention to this?
- What barriers and challenges need to be addressed before HR can take ownership of this critical business area?
- Who are the stakeholders? What functions currently manage some part of this?
- What do we need to understand about contingent work?
- What are the related strategies and practices that align with better management of the contingent workforce?

## The Social Responsibility Conversation Around Contingent Work

There's a strong obligation of social responsibility associated with contingent work. Around the world, governments and employers are being called upon to ensure "decent work," which comes with a clear warning to employers: Don't misuse contingent workers for the sake of profitability without addressing the needs of the community.

Even if HR doesn't manage the contracting and invoicing aspects of contingent work, HR needs to take primary ownership of the conversation — especially, the governance and leadership related to contingent work.

In Figure 5, we provide a framework for the key criticisms of contingent work that HR will need to address as part of this conversation-ownership goal.

HR must educate the organization, especially the C-suite, on the broader social impacts of contingent work, and lead in creating a holistic staffing strategy and programs to address these perceived social impacts.

Figure 5: Addressable Social Impacts of Contingent Work

<b>Financial Impacts</b>	Pay for hours worked may be less if paid using a fixed rate or piecemeal model	No employer-paid leaves for vacation, statutory holidays, sick days or leave of absence	Less apt to qualify for credit cards, financing major purchases or a mortgage
<b>Lack of Benefits</b>	No employer-provided health, wellness, disability or retirement benefits	May not qualify for or not receive the same coverage for government provided employment insurance, parental leaves, family care leaves, etc	
<b>Career Development</b>	No employer-provided training, certifications or tuition assistance beyond compliance training	No informal personal development, coaching and mentoring	
<b>Personal Impacts</b>	Lack of control over hours worked impacts ability to schedule other work, childcare and additional schooling	Job industry can play a role in delaying starting a family and overall consumer confidence	

Source: Sapient Insights Group, 2021.



## The Free Agent Workstyle Can Be Very Attractive

It's natural for values related to work to evolve over time. The desire to shape work decisions around purpose and values has increasingly become a dominant conversation for more than a decade now. But suddenly, we have this remarkable intersection of a desire for more freedom of choice and control over one's work, combined with the acceleration of remote work.

The events of 2020 forced so many workers to reassess their priorities. Throughout the pandemic, the importance of family time, and the value of health and wellness have been front and center for most workers. Many realized that, whatever their work environment, they want options. Workers want to define their journey through the world of work, in which their performance and skills dictate the value of their efforts in the market.

Based on 2020 findings from Sapient Insights Annual HR Systems Survey, the top 3 reasons individuals move to gig/contingent work are:

1. **Flexibility and autonomy.** Options of where, when, and how work is completed are nonnegotiable benefits for many contingent workers, especially now that remote work has proven to be a very viable option:
  - Students want part-time shifts they can juggle around school schedules
  - Parents want flexible start and end times to their workday to navigate around their children's needs
  - Mid-career workers want the freedom of not being "boxed in," to advance their careers as they see fit — take time off between gigs to travel, build work around hobbies, or pursue advanced education
  - Experienced workers are flocking to contracting, consulting, and freelancing to remain engaged in the workforce and control how the work gets done, but not necessarily work the hours they once did
2. **Skills specialization.** Many freelancers and contractors only want to work in their chosen discipline. They're not interested in:
  - Managing other people
  - Taking lateral moves to experience other types of work
  - Climbing the ladder toward leadership

They're passionate about what they do and only want to provide that specialized skillset which, in many cases, may not align well to a traditionally structured work week. These freelancers and contractors also value the opportunity to leverage their skills across multiple organizations, as opposed to spending years at one company.

Workers want to define their journey through the world of work – with their performance and skills dictating their value in the market.



3. **Higher income.** Workers of all ages embrace contracting, self-employment, or secondary gigs (beyond a primary job) as a viable path to a higher income. Many who choose the contingent work style cite the potential for higher income, as they don't have a cap on their earnings in terms of:

- Hours worked
- A fixed annual salary
- Bonus structure

Additionally, many countries offer favorable tax benefits to operate as an independent contractor or freelancer — putting more after tax income directly into the hands of the contingent worker.

Today's talent know their worth, and the value of continuing to move and grow: They know they can do this on their terms. With the combination of this value shift, the variety of options for legally structuring independent work, and advances in technology, more and more empowered workers choose to reject the traditional structure of a job.

Factors such as worker empowerment, lifestyle values, technology, globalization, skills shortages, and remote work are all contributing to a market in which contingent work is poised to soar. In a recent Monster.com online poll of job seekers, 92% felt that 2020 was a good time to explore the gig economy.

Worker empowerment, lifestyle values, technology, globalization, skills shortages, and remote work all contribute to helping contingent work continue to soar.

<sup>4</sup>Monster.com survey, 2020.



# Perspectives on the Prevalence of Contingent Work

As much as the critics of contingent work are ringing alarm bells about its societal impacts, we must acknowledge that the traditional notion of a full-time “job” (35 hours or more, in most countries) should no longer be the default option for employment. That model excludes too many workers and too many types of work that aren’t suited to a full-time work structure.

Before we go any further, let’s take a closer look at 2 key perspectives on contingent work – global and US-based.

## Global Perspectives

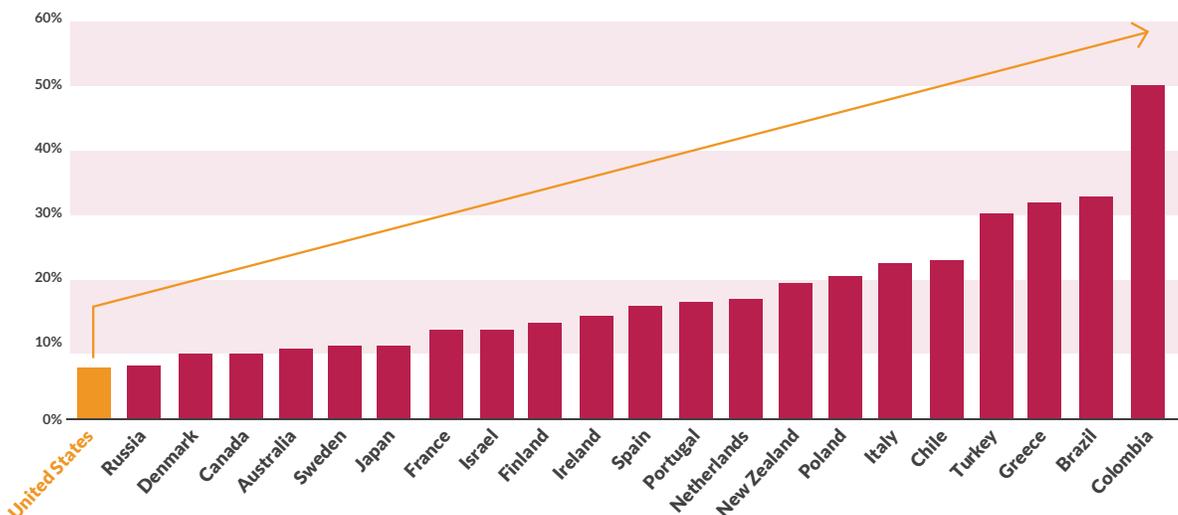
Around the globe, workers and employers are embracing gig work, within the legal frameworks allowed in their respective countries. The growing number of various types of contingent work points to a determination to create new work structures that align with our work-lifestyles versus adjusting our lives around an inflexible definition of work.

But how widespread is contingent work itself? And what types of contingent work are growing? While the headlines might report staggering projections about the growth in the gig economy, folks reading this in the US may be surprised to learn that the US continues to have one of the lowest rates of contingent work (measured as a percentage of total employment), as compared with other countries.

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Figures 6-8 represent data snapshots from the Organization for Economic Co-operation and Development (OECD) that paint a broad picture of the global realities of self-employment (see Figure 6), temporary employment/contract (see Figure 7), and part-time employment (see Figure 8).

**Figure 6:** Global Perspective of Self-Employment as a Percentage of Total Employment\*

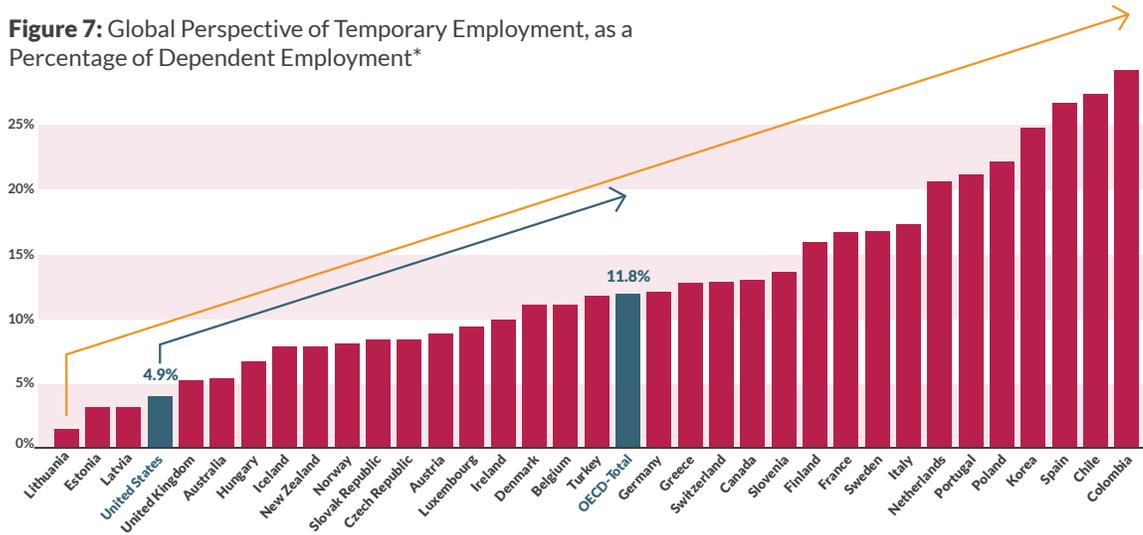


\*This data is based on 2019 or latest available country data.

Source: Labour Force Statistics, Summary Tables, 2021.



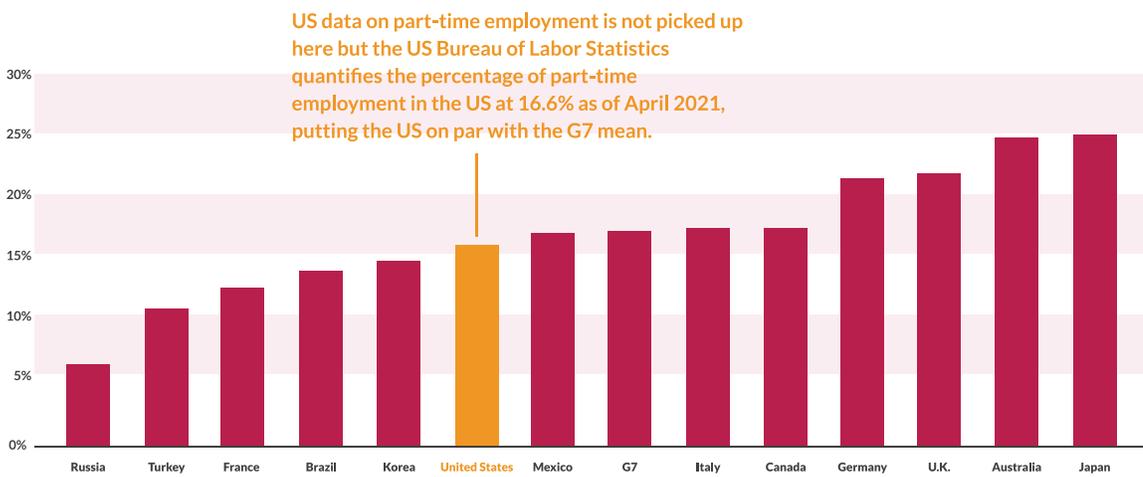
**Figure 7: Global Perspective of Temporary Employment, as a Percentage of Dependent Employment\***



\*This data is based on 2019 or latest available country data.

Source: Labour Force Statistics, Summary Tables, 2021.

**Figure 8: Global View of Contingent Work by Prevalence of Part-Time Employment by Country\***



\*This data is based on 2019 or latest available country data.

Source: Labour Force Statistics, Summary Tables, 2021.

As Figures 6-7 illustrate, the US is experiencing some of the lowest percentages of self-employment and temporary work, as compared with other countries tracked by the OECD. Interestingly enough, the US is on par with other countries when it comes to part-time employment, as Figure 8 reveals.

Basically, executives of global companies headquartered in the US should be aware of the broader global prevalence of self- and temporary employment. They should ensure that contingent workforce strategies, practices, and HR systems are not based on traditional US-centric staffing models.

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## US-Based Perspectives

While the numbers in Figures 6-8 might look low for the US, the total percentage of these 3 types of employment adds up to more than 26% of total available work. Remember, this does not account for the percentage of the total workforce procured through SOWs and subcontracting relationships.

Bottom line: Organizations must recognize that contingent work is still relatively low in the US. But don't disregard headlines and statistics that announce figures in the realm of 30%-40% of the workforce being contingent labor or claiming that more than half of all workers will be "gig" workers by 2025. In comparing global figures, we believe that self-employment and temporary work could easily double in the US, even before the US is on par with its global counterparts.

As compared with the rest of the world, the US is only starting to embrace contingent labor as part of a total staffing solution. We see the 2 primary reasons for this as:

- **Social policy.** In the past, with healthcare coverage largely tied to full-time employment, workers usually chose the safety net of full-time employment, more so than in other countries for which healthcare and other social benefits have been less tethered to employment.
- **Legislation.** The US also has legislation regarding "at-will" employment, providing employers with a mechanism to easily terminate employment, as compared with other countries, such as Canada and the UK for which severance payouts are the norm when ending full-time employment. (Leading employers in those countries prefer contracting relationships which are less risky/costly to terminate.)

As the perceived risk of contingent work begins to decline and healthcare in the US becomes less tied to employer benefits, we see a huge growth opportunity in self-employment and temporary contracting for the US.

US employers – get ready for continued growth in contingent work.

We see a huge growth opportunity in self-employment and temporary contracting for the US.



## HR Should Prepare for Accelerated Growth in Contingent Work

Organizations are competing for talent in an era in which workers hold more power to define how they want to work, live, and contribute their skills within a global economy. HR functions must dig into the topic of contingent work as more than just an afterthought or procurement issue.

HR must develop more holistic workforce planning and talent management practices inclusive of the contingent workforce. In the following sections, we take a look at a few key factors to help with this, along with actions to guide HR functions through this process:

- Manage compliance and your brand as a socially responsible employer
- View your contingent workforce through a talent lens
- Invest in the HR systems needed to effectively manage the contingent workforce

### Manage Compliance & Your Brand as a Socially Responsible Employer

As contingent work grows, legislation to protect contingent workers is also increasing, while collective agreements designed to protect full-time work are still the norm in many industries. For example:

- The UK stands out as a global leader in mandating rights for the worker, such as legislating that contract and agency workers must be granted the same rights and protections as a regular employee (after 12 weeks of work).
- Most of the world is very familiar with the growing legal and social responsibility debates around protecting on-demand workers (e.g., Uber drivers), most notably with legal actions being brought forth in California. In these instances, Uber and Lyft won their cases and remain classified as independent workers. However, in the UK, the Supreme Court took the opposite view and determined they're employees under the law.

These examples showcase how differing social values, existing legislation, and politics can result in 2 vastly different outcomes for workers and employers. They also signal that we'll likely continue to see debate and changing legislation around contingent work worldwide.

While worker protections are being debated and legislation is trying to catch up, organizations can't afford to sit back and wait for legislation to force taking a fairer position on staffing. Progressive, forward-thinking companies must be steps ahead. Executives and senior leaders should view contingent work as an opportunity to gain competitive advantage and a way to better enhance the company's overall brand.

Organizations can't afford to sit back and wait for legislation to force taking a fairer position on staffing.





## Take Action

- **Conduct a self-assessment of your hiring and staffing practices, policies, and business processes related to contingent work.**
  - Ensure that policies and practices meet compliance requirements.
  - Consider how your contingent work practices support a strong brand as a top employer.
  - Determine whether your company is conscious of being socially responsible when it comes to managing the balance between full-time and contingent employment.
- **Speak with your legal team/legal advisors.**
  - Heed their advice on where the legal boundaries need to be drawn to keep contingent workers from being classified as full-time employees.
  - Share your HR challenges with them.
  - Ask what can be done to showcase your company as an employer of choice for the entire spectrum of workers across your workforce.
- **Be clear about your DE&I practices and the role your contingent workforce plays within that context.**
  - Ensure your contingent workforce isn't being used to fill in gaps in diversity and inclusion within your core workforce.
  - Ensure the principles behind your DE&I strategy apply equally to all types of contingent workers.
- **Prepare for the questions.**
  - Review Figure 5, concerning the economic and social risks of contingent work and reflect on where your contingent labor practices could be improved.
  - Identify the successful programs and initiatives in your organization that could be showcased to counter any possible negative stereotypes of contingent work.

## View Your Contingent Workforce Through a Talent Lens

Very real legal boundaries exist — on a country-by-country or even state-by-state basis — as to how much training, guidance, equipment, and actual work that organizations can give to contingent workforces. But, no limits exist to prevent organizations from building a culture to entice contingent workers to stay and even refer others to your company.

Within legal limits, contingent workforce strategies can be amazing tools to keep critical talent and take stock of potential future talent pools that already exist within your organization. Many companies have leveraged these previously untapped talent pools to quickly ramp up new business areas or maintain work levels during major transformational initiatives. Other organizations are expanding the parameters of benefits — by offering incentives and outcome bonuses for contingent workforces, as well as assignment-related training and education — where possible within legal boundaries.

Contingent workforce strategies can be amazing tools to keep critical talent and identify future talent pools.





## Take Action

- **Recognize that workers' needs and values change at various stages in their careers, and full-time employees might not always want or be able to work full-time. Be prepared to accommodate workers vs losing them.**
  - Provide options for full-time employees to move into part-time roles, job-sharing arrangements, or to reduce core workload to enable them to take on a secondary internal assignment as a means for lateral growth.
- **Structure fair compensation for all workforces.**
  - Continuously review contract rates and negotiated terms to ensure pay equity for similar skills and work efforts.
  - Conduct external benchmarking (similar to employee salary ranges) to ensure awareness of market pricing, and the regional or economic factors that impact those rates.
- **Build a healthy, productive workplace culture for all workers, regardless of the type of work or employment agreement.**
  - Consider that your extended temporary workforce may be your greatest talent pool for new assignments or open full-time positions.
  - Review the current practices you use to identify, engage, and retain high-performing workers.
  - Learn to negotiate fair and feasible options for possible future hiring with third-party providers of temporary labor.
  - Ensure part-time or temporary workforces are treated with respect.
  - Make sure your temporary workers speak highly of your organization when asked about your culture or work environment.
- **Build a strong supplier network.**
  - Identify the best sources for finding your best contractors.
  - Keep top contract candidates alerted to new assignments.
  - Inform contingent workers of any important company changes that may impact their assignment.
  - Determine if/how (within legal limits) your contract or freelance employees could be included in the organization's culture beyond just providing a deliverable (i.e., including them in any reward and recognition programs, etc.).
  - Determine ways to acknowledge their contributions to the organization, regardless of the time period with the company.
  - Include your contingent workers (if legally possible) in talent exercises, like building skills profiles to be used for recruitment and staffing assignments.
- **Make data-driven decisions.**
  - Analyze data regarding your "win rate" on hiring contractors or freelancers as full-time employees.
  - Garner insights from such analysis (i.e., reasons for turning down offers, etc.).
  - Create opportunities for contingent workers to share their experiences with your organization (i.e., through post-assignment feedback efforts, referral opportunities, assignment ratings, project outcome analyses, etc.).



## Invest in the HR Systems Needed to Effectively Manage the Contingent Workforce

Contingent work is complex! Given the variety of types of work, and the changing legislation and compliance aspects related to each type of contingent work, organizations need advanced data systems to:

- Classify workers
- Track and report on compliance
- Manage permissions for each contingent worker across multiple systems needed to perform their duties

Companies also need systems that enable them to manage all of this complexity, while creating a positive experience for contingent workers.

In discussions with a cross-section of HR leaders to identify why so many feel they're not managing contingent workforces effectively, a resounding theme was *complexity*:

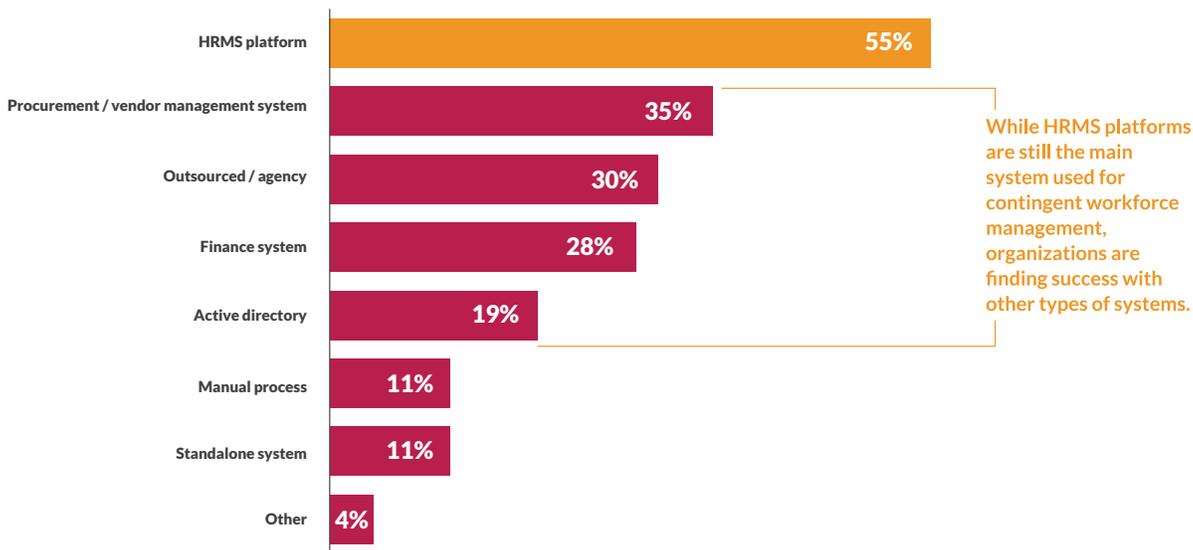
- The myriad of compliance and regulatory parameters to manage
- The ever-changing legal and tax implications
- The variability in payment methods, timing, invoices, and rate cards
- Managing interdepartmental work, including time-tracking
- The increase in hiring foreign workers, and managing visas and work permits
- Managing system access based on job requirements, while limiting access to other employee-specific applications (apps)
- The challenges of providing access to training and talent management processes required for the assignment, while excluding contingent workers from programs and benefits, wherever legally necessary
- Guiding managers to ensure they're a contractor/supplier relationship versus an employer/employee relationship

To help manage the complexities associated with contingent workers, core HR and talent vendors have quickly adapted their systems' data structures and rules engines to allow for more precise management of various types of workers and the business rules associated with each.

Organizations that leverage at least one internal app to manage contingent workforces — versus outsourcing the effort or managing it manually — are 25% more likely to report being excellent or good at the process. And slightly more than half (55%) of organizations with contingent workforces leverage their HRMS platforms for management efforts (see Figure 9).



**Figure 9: What Systems Are Used to Manage Contingent Workforces?<sup>9</sup>**



Source: Sapient Insights Group, 2021.

Think about what systems your organization needs to manage your contingent workforce. Also note that a growing number of ERP and HRIS add-on solutions exist in the market to help manage contingent workers, as well as apps specifically tailored for contingent workforce management.

Traditionally, contingent workers have been managed through a mix of finance systems, active directory apps, and vendor or contract management systems: All of these apps are largely under the domain of IT and procurement functions, with a primary focus on managing the successful delivery of goods and services against a contract or SOW.

Managing contingent workers like a procured commodity is no longer sufficient. To compete for talent, HR needs the ability to manage contingent workers separately – but with a view to the full lifecycle of that worker, along with all the touch points of that worker to other employees, systems, and processes.

Today, there are a growing number of specialized contingent workforce systems tied to an organization’s total talent environment that appeal to the HR user by providing a view to all the individuals who supply talent to the company. This includes those individuals who are part of a B2B partner’s delivery team and working on a company project governed under the umbrella of an SOW or third-party agency relationship.

Today, a growing number of specialized contingent workforce systems provide a view to all the individuals who supply talent to the company.

<sup>9</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition, Sapient Insights Group / Stacey Harris, 2020





## Take Action

- **Cultivate an understanding of contingent workforce technology.**
  - Gain awareness of the contingent workforce technology space, the vendors, and their offerings.
  - Partner with IT, finance, and procurement colleagues to seek out systems that allow your organization to comprehensively manage all types of contingent workers.
- **Develop use cases that illustrate your needs for the system, as well as those needs of your partners and stakeholders.**
  - Create use cases that consider not only the administrative side of contingent workforce management, but also the user experience of those managing the resources and the resources themselves.
  - Run your most complex extended workforce use cases with the vendor's system.
  - Test the vendor's capability to provide the functionality and reporting your organization needs for various types of contingent workers.

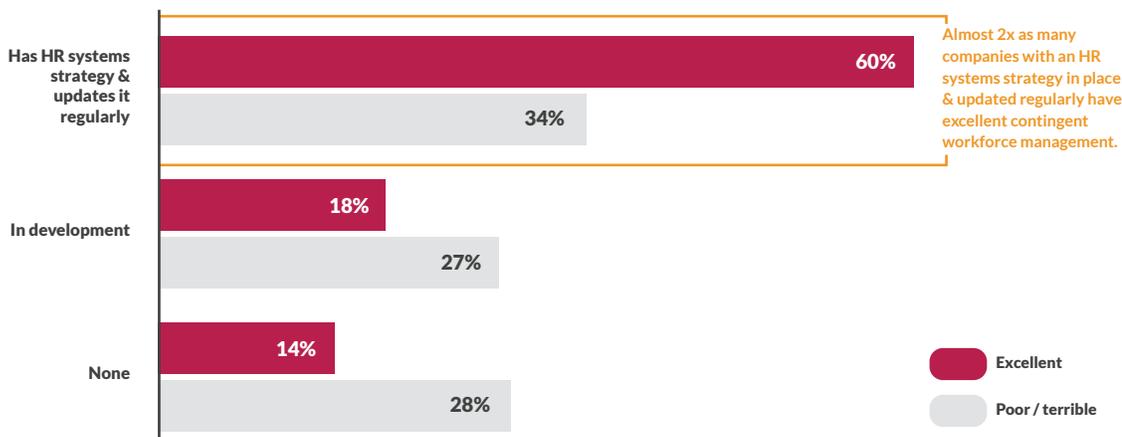
You might find very little difference between how you manage full-time and part-time employees, other than time and attendance, and payroll processes. But systems planning work becomes far more complex in terms of differing functional requirements: Look at fixed-term contractors on the payroll – vs independent contractors and freelancers who invoice the organization directly, plus any outsourcing or third-party supplying labor under a B2B contract.

### It Takes More Than Just Technology

Technology alone can't address the complexity of managing the contingent workforce. A holistic strategy is required – including a practical roadmap for change, growth, and maintenance of systems. Not surprisingly, organizations that have a regularly updated HR systems strategy are 75% more likely to report being excellent/good at managing their contingent workforce.

If you don't have an HR system plan to manage today's complexities around the contingent workforce, imagine how the challenges will multiply as contingent work grows.

**Figure 10:** Having a Comprehensive HR Systems Strategy Aligns with Excellent Contingent Workforce Management<sup>10</sup>



Source: Sapient Insights Group, 2021.

<sup>10</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition. Sapient Insights Group / Stacey Harris, 2020.



As shown in Figure 10, a whopping 60% of organizations with an HR systems strategy report excellent contingent workforce management. Investing in an HR system strategy for managing your total workforce, including contingent labor, puts HR in a strategic position as a valued leader in the organization.

Bottom line: Be sure to review opportunities to better manage your contingent workforce from the point at which a worker engages with your organization through the full lifecycle of their assignment.

Invest in system assessments, market research, and business case approvals now before you experience accelerated growth of your contingent workforce.



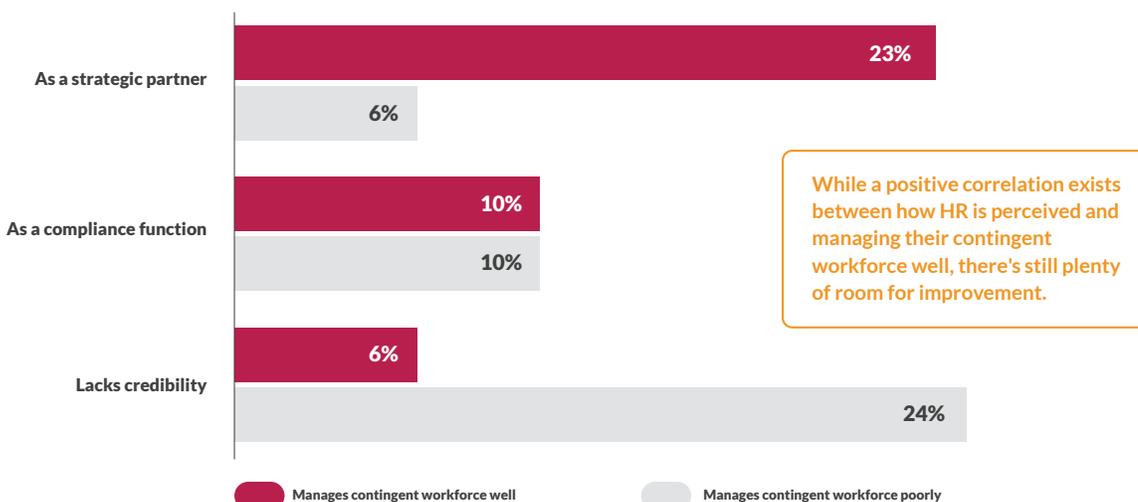
# HR's Business Case for Holistic Workforce Management

Remember: The goal in creating an HR systems plan to better manage your contingent workforce isn't just to meet today's compliance standards. It's also to solidify the company's brand reputation as a responsible employer that talent will choose to work with, regardless of how that working relationship is contractually defined.

Be strategic about the balance of full-time and contingent labor — and be mindful of both the business outcomes and social impacts of those staffing decisions. As Figure 11 illustrates, our research shows that HR functions which manage their contingent workforce well, are 3 times more likely to be viewed as strategic partners — which adds value to their organization's business outcomes — than those HR functions seen as managing their contingent workforce poorly.

Be strategic about the balance of full-time and contingent labor — and mindful of the business outcomes and social impacts of those staffing decisions.

**Figure 11:** Perception of HR Function Aligns with Positive Contingent Workforce Management<sup>11</sup>



Source: Sapient Insights Group, 2021.

Organizations should take the time now to assess and reframe their strategies around contingent work. This will enable a much clearer view of the company's HR system functionality, and the associated contingent workforce data needed to compete for talent as workers worldwide continue to embrace the contingent workstyle. With HR taking ownership of the contingent workforce conversation and guiding the organization through thoughtful HR policies, practices, and systems planning, the organization should be well-positioned to excel at managing contingent work.

<sup>11</sup>Sapient Insights 2020–2021 HR Systems Survey White Paper, 23rd Annual Edition, Sapient Insights Group / Stacey Harris, 2020.





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