

# A Growing Contingent of Workers



Today you need a plan to find and manage your contingent workforce as part of a vital strategy for businesses in the Canadian market. The ability to leverage a contingent workforce is having a significant impact on trends in the global workforce. In several recent surveys organizational leaders have identified managing their growing contingent workforce as a top priority.

A recent Manpower report ranked 75 countries for their “Contingent Workforce Index” (CWI). The index factors they looked at included

- **Availability:** Locations and availability of skilled and professional workers
- **Cost effectiveness:** Costs of engaging with contingent workers in different countries and regions
- **Productivity:** Productivity of contingent workers regionally and nationally
- **Regulations:** Markets with reduced geopolitical risk

Among the data points considered within these factors were English proficiency, secondary education availability, financial risk, business regulation, labour market efficiency, technical readiness, infrastructure and average monthly wages.

Among the 75 countries Canada ranked 7<sup>th</sup> on their CWI index behind Hong Kong, the US, China, Singapore and India (respectively). A break down of the data globally revealed:

**Availability of Contingent Workforce:** The top 6 included China, India, the US, Thailand, Vietnam, Ireland; Canada did not rank in the top 10

**Cost Efficiency:** The top 6 included India, Thailand, Chile, Philippines, Morocco and Guatemala; Canada did not rank in the top 10

**Regulations Rankings:** Canada ranked 7<sup>th</sup> behind New Zealand, Denmark, Singapore, Australia, The UK and Hong Kong

**Productivity rankings:** Canada ranked 5<sup>th</sup> behind Singapore, The US, New Zealand and Switzerland

**Within the Americas:** The top 5 markets in the Americas for Contingent workers were Guatemala, Puerto Rico, Chile, The US and then Canada. Within these markets Canada ranked highest for costs but also second highest for productivity and for regulatory requirements (Canada was considered ‘moderate’ for regulatory requirements). This contributed to the overall world ranking of 7<sup>th</sup>.

## **What does this mean for Canadian Employers?**

Canada has a limited, productive but growing supply of contingent labour, but the cost of this contingent labour within Canada is relatively high. The appropriateness of a contingent workforce will depend on why you need these workers, what skills you need (and how in demand they are) and how much it will cost to find, hire and onboard this workforce. Specialized skills such as technology, engineering, accounting and design may have a higher short term cost, in that specialized contingent workers may cost more in salary, but you may save costs if you only need these workers for a short window of time. The cost for lower skilled contingent workers may seem more reasonable but the wages often do not vary between contingent and non-contingent workers and a contingent workforce is more fluid and may be more difficult to recruit and onboard.

As an organization it is important that a decision to move to or use a contingent workforce is well considered. To help you consider if a contingent workforce is a useful solution for your organization here are some questions to ask yourself:

### **Questions to Determine If a Contingent Workforce Is Right For Your Organization**

1. What is the duration of the need for the contingent workers? Is this a onetime need, will it be ongoing or reoccurring?
2. Are the required skills specialised and if so how often will you need these skills?
3. Is the contingent workforce necessary or could temporary gaps be filled by internal workforce reallocation?
4. Is the contingent workforce a reflection of a recruiting issue, a problem with recruitment or lack of recruitment strategy?
5. Do you know the full cost of your contingent workforce?

### **Best Practices Workforce strategies, planning and management:**

- Assess and project the skills and special knowledge needed to close any productivity gaps and determine the cost benefit of hiring a contingent workforce
- Develop an integrated contingent workforce processes and system that promotes efficiency; considering cost of hiring, onboarding, training and related costs
- Have a plan to engage contingent labour when it is the best option to deliver the organisation's strategic priorities and meet immediate business needs
- Identify the proportion of contingent labour that is a 'stop-gap' hire in relation to the workforce that is planned
- Create transparent reporting of contingent labour activity and track data including costs, performance, and impact on other employees. Use this data to track and evaluate the real cost of your contingent workforce
- Provide contingent workers with formal on-boarding and off-boarding.

The odds are that you area already tapping into a contingent workforce or will be soon. Take the time to get a full picture of your needs and costs and then get ready to adapt to a future where as much as or more than half of your workers are contingent.