

FIXING YOUR FLEX – WORKFORCE PLANNING TO ACCESS A WIDER TALENT POOL

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The world of work has become ‘flexible’, and not just in terms of when and where people work but in how skilled workers want to engage with employers.

Despite what you may read, there is nothing new in supplementing or enhancing internal talent with external high-skill resource. Temporary and contract resources have been the backbone of business continuity, project delivery and new market exploration for many decades. Over the years the pendulum has swung from permanent hiring to contingent worker hiring, and back again numerous times in response to the rise and fall of economic stability.

The changes we see in early 2023 are in how permanent and non-permanent, internal, and external talent are integrated in strategic workforce planning. The term ‘Total Talent Management’ has been around for the last ten years but is now evolving into the more intriguing ‘Talent Ecosystem’ or ‘Universal Workforce’, with all skills sources available for consideration.

TALiNT Partners has partnered with experts in talent solutions, Omni RMS to explore how talent acquisition leaders are leveraging contingent resources to increase access to scarce skills and the ability to up and downscale with flexibility in an uncertain economic climate.

We surveyed UK Talent Leaders in Q4 of 2022, in the middle of demand planning for the following year. Only **23%** reported high confidence in their demand plan for 2023, although over half (**55%**) acknowledged moderate confidence. Seen against market trends over the last quarter, this lack of certainty is understandable; despite economic pressures of a post-pandemic, post-Brexit, mid-war crisis during this time, vacancy levels have remained at an all-time high, unemployment levels have been at their lowest since 1973, and many employers have been ‘hoarding’ their talent, rather than having to replace it later. Little wonder we are confused.

We asked to what extent use of contingent workforce is a factor in 2023 demand planning; almost two thirds reported non-permanent resource as highly or moderately important in their plan. Project work and scalability/agility were cited jointly as the primary reasons for this use by **68%** of talent leaders; next was interim cover for permanent headcount at **55%**. There was little use of contractors to increase workforce during a hiring freeze, relevant to only **9%**. Interestingly one third of respondents reported use of contingent workers for planned spikes in activity – and the same number for unplanned spikes, although availability of specific skills may make the latter more difficult.

Discussing the results at a TA Leaders dinner in London, hosted by TALiNT Partners and

Omni RMS, Els Hol-Ferman, Talent Acquisition Director explained the complexities of accurate demand forecasting, particularly in collaborative, or private equity backed organisations where many stakeholders are involved, each with their own priorities and operational challenges. 'Workforce plans can't always cover every eventuality; versions are ripped up and you have to start again to include factors which are important for specific areas of the business. We need to constantly adapt to ensure we deliver,' she said.

Declan Slattery, Chair of the Global Advisory Board for TALiNT Partners challenged whether a complete workforce strategy was feasible, suggesting that 'an initial roadmap, with a focus on critical skills requirement, which can be updated over time' was both more possible and more useful.

Scott Siwicki, Director Managed Service Solution for Omni is seeing 'significant increases from our customers for resourcing transformation advice, particularly around workforce demand, planning and market insights. Real insights enable organisations to be creative and agile, to further scale contingent workers whilst remaining focused on retention, acquisition and internal workforce mobility to meet demand.'

The inclusion of contingent workforce at the planning stage is driven by both the availability

of skills to meet current demand (46%) and to provide the agility needed for the future (36%) according to the Deloitte 2023 Global Human Capital Trends survey.

Demand for contingent workforce looks set to continue rising for the foreseeable future. In January 2023 Forbes reported that 'To Cut Costs, Companies Will Hire Contractors Instead Of Permanent Employees In 2023'. Likewise, Gartners' '9 Future of Work Trends For 2023' report predicts that 'alternative approaches, including flexible gig workers will be part of "quiet hiring" to acquire new skills and capabilities without adding new full-time employees'. To indicate the potential scale of growth, the freelancer marketplace tool YunoJuno reports a '72% increase in marketplace bookings from Q3 to Q4 in 2022'. The report also highlights an interesting shift in demand from generalist to specialist skillsets, which indicates a widening of contractor use from traditional project demand.

Whilst contingent worker hiring has historically provided a shortcut to skill acquisition in many organisations, avoiding headcount approval and complex screening processes, that is no longer the case. Results of our survey showed the involvement of multiple business areas in the acquisition process. 55% reported involvement by both procurement and talent acquisition, representing a change, with business

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leadership, generally more dominant in the decision-making process, reported as involved by only half of the respondents. **45%** reported HR involvement and **32%** noted the inclusion of finance. This distributed decision-making highlights the strategic importance and size of spend attached to non-permanent resource.

It would not be surprising for legal teams to also be involved in decision-making. Legislative complexities are important in contingent workforce management. Whether managed through internal resource or outsourced to a third party provider, **55%** of respondents were confident in their ability to manage compliance, data and visibility of their entire workforce.

This seems a positive result but, given the organisational risk of non-compliance in the UK, US, EMEA and APAC, the remaining **45%** presents a worrying gap. Perpetual shifts in legislation, such as the on-off narrative of IR35 in the UK have not helped confidence; misunderstanding and confusion have created reluctance to fully optimise contingent labour, except in times of critical need.

In our discussion, an organisational design expert in the public sector shared differences which are built into process, such as having separate onboarding and training processes for contractors. Tom Baker, Head of Talent & Resourcing for M&G Plc concurred, noting that some differences in people management are important to ensure compliance for both the contractor and the organisation. Line managers can be ill-equipped to know where to differentiate. A move to a talent ecosystem could significantly alter attitudes to areas which have traditionally separated treatment of permanent and non-permanent resource.

Contractor availability is an important area of focus. Pre-pandemic, the rise of the 'gig economy' was regularly headline news; forecasts of longer working lives, digitalisation and rising demand for soft skills opened a world of opportunity for more self-directed employment. The picture post-pandemic in the UK indicates a moving away from full-time self-employment with the ONS reporting an **11%** drop in the 12 months ending Nov 2022, although conversely there was a **76%** rise in part time self-employment.

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In January 2023, **13%** of the UK workforce are self-employed and of those with employed status, **6%** are listed as temporary workers.

Comparing this with the US workforce, the SIA reported (also in January 2023) that **22%** of the US labour force are contingent workers. In both cases we cannot know whether the figures are shaped by worker preference or the type of work on offer, but either way, these are large talent pools of both specialist and generalist skills.

We asked employers whether they had a contractor value proposition (CVP) which could distinguish their organisation to available contract talent. Over two thirds of responses (**68%**) reported low scores, with only **9%** indicating a high level of confidence.

Building a compelling contractor proposition will be important for organisations looking to leverage this valuable resource as part of their workforce plan. As part of the talent ecosystem, expanding development, flexibility, inclusivity, and connectivity, which are such important factors in the attraction and retention of permanent talent, to contingent workforce as an extended resource looks set to become part of an overall talent strategy. YunoJuno

predict that skill development will be a ‘critical differentiator to support top talent in staying relevant and high value’.

The contingent workforce is described as a ‘Potential lifeline for labour market challenges’ by The HRDirector. Offering the flexibility sought by many skilled workers and the scalability needed by organisations to navigate a time of economic uncertainty, the inclusion of contingent resources in workforce planning would indeed seem a practical solution. What then are the biggest barriers to leveraging contractors? **23%** cited demand planning as the primary challenge, and only **14%** saw legislation as an obstacle. The biggest barrier to using contingent workforce, according to **55%** of respondents, is cost.

Without clear controls costs can spiral, particularly where contractor use is supplemental to demand planning. Ability to track expenditure and review requirements regularly are essential in mitigating risk.

Whether for cost management, contract term, skills needed, delivery or diversity, visibility and data are key, whether through smart partnering with a solution provider or investment in internal capability.

Louise Shaw, Managing Director, Omni RMS shared that they see these strategic and tactical changes as part of the evolving flow of the modern workforce. 'Accurate demand forecasting is a challenge' she suggests, proposing that, 'A roadmap for workforce planning, which can be altered over time, is more feasible than a complete strategy.'

The further involvement of multiple business areas in the acquisition process of contingent workers shows the strategic importance of these workers both in size of spend and an organisation's success.

Understanding how EVP and CVP are aligned, and the data for diversity across the entire workforce, including project-based needs, all further increase the stakeholder's awareness.'

In a talent market still struggling to find the skills needed to deliver sustainability and growth, adopting a wider lens to incorporate

both permanent and non-permanent workforce in demand planning, as a single talent ecosystem can provide the flexibility and agility needed in every sector to respond quickly to challenging and changing market conditions.

Now is the time to understand the potential and pitfalls of contingent workforce management, unlocking this valuable skill pool as an extended asset in a more creative workforce plan.

Talent scarcity looks set to remain a challenge for the foreseeable future. Creative thinking is now a critical capability for talent acquisition leaders if they are to leverage the whole talent ecosystem to meet the skill demands of their organisations. It is time for curiosity and experimentation in demand planning.

To find out more on how you can widen your access to in-demand skills, contact scott.siwicki@omnirms.com.



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