

permanent / contingent

Engaging The Total Workforce

A Manpower White Paper



About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. The \$16 billion company offers employers a range of services for the entire employment and business cycle including permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting. Manpower's worldwide network of 4,400 offices in 72 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities. Manpower Inc. operates under five brands: Manpower, Manpower Professional, Elan, Jefferson Wells and Right Management. More information on Manpower Inc. is available at www.manpower.com.

Contents

Executive Summary	2
Composition of the Total Workforce	3
The Host Organization's Influence on Productivity of Contingent Employees	6
Driving Performance of the Total Workforce	9
A Call to Action for Human Resource Executives	15
Conclusion	18

Executive Summary

The world of work has evolved rapidly over the past several years, and employers have adapted their talent management strategies to meet the changing needs of their businesses. Outsourcing non-core business functions to other companies that specialize in these services has been a hot trend for the past decade, and it is now a common consideration when companies look to identify ways to increase efficiency in their organizations.

In addition, the utilization of contractors to supplement companies' highly skilled staff in areas like IT and engineering has become a common means of coping with surges in workload volume that tend to overwhelm such departments from time to time throughout the year. The use of lower-skilled temporary employees in administrative and industrial roles has continued to be a reliable means of finding quality supplemental staff either on short notice during absences of permanent employees, or when workloads increase periodically due to customer demand. Consultants also continue to be a favored means of obtaining specialized expertise for challenging projects that cannot be handled by internal resources.

All of these groups – temporary employees, contractors, outsourced employees and consultants – represent the external workforce that employers engage to supplement their permanent staff. Manpower refers to the combination of permanent and contingent workforces as the “Total Workforce” of human resources that employers now utilize in different ways to conduct their businesses. The contingent labor sources comprise an estimated 20 percent of the total workforce in most organizations today, and are likely to grow to even greater proportions in the coming years.

The challenge, as we see it, is that most companies do not recognize contingent employees as an extension of their workforce but rather, they see these individuals as part of vendor organizations. This White Paper challenges that notion by demonstrating that both the employers of contingent workers and their clients – the “host organizations” for which contingent employees perform their work – play important roles in the engagement and productivity of those employees.

Clearly, there are employment laws that require a certain degree of distance between the host organization and the contingent employees in some countries like the US and UK, however, there is good reason to believe this distance should be reduced.

Why does this matter? First, in the drive toward ever-increasing efficiency and high performance across the corporate world, it seems appropriate to focus attention on the productivity and performance of the 20 percent of the workforce that performs in a contingent capacity, and devise strategies to enhance performance.

Second, as the supply of talent continues to diminish due to demographic shifts and globalization, employers will find themselves competing not only for permanent staff but also for contingent labor sources. Consultants and contractors in high demand roles already feel that they are in the driver's seat in selecting which clients they want to work for, shunning those that do not provide a quality experience for them and choosing instead to work for companies that offer challenging assignments in which they feel valued and respected, even if it means they will be paid less. As the talent shortage becomes more acute across more segments of the workforce, employers who disregard the need to engage contingent staff will find it more difficult to obtain them, which will directly impact their ability to secure the talent required for their business to function effectively.

Employers of contingent labor and their clients or “host companies,” both have roles to play in addressing the need to optimize and engage the total workforce, now and in the future. The first requirement is to view all members of the permanent and contingent workforces as part of the same team, working toward common goals, with mutual respect and support for the roles and contributions of all members of the workforce. Changes in corporate policies and labor legislation may also be necessary to eliminate some of the barriers to productivity and engagement that currently exist.

Composition of the Total Workforce

The world of work has evolved more quickly than ever over the past decade due primarily to the rapid advancement of globalization and technology. As employers worldwide have felt the sting of tougher competition and recognized the need to become more nimble and flexible to adapt to these rapid changes, they have begun to focus more strategically on talent management. This has led to booming growth in the contingent workforce worldwide, which continues to accelerate.

There is no common definition of the contingent workforce due, in part, to the speed of change in this segment of the workforce. For purposes of this White Paper, Manpower defines the contingent workforce by considering all of the types of workers who provide human resources to the client or “host organization,” but are not resident on their permanent staff. These contingent workforce groups consist of Temporary Employees, Contractors, Outsourced Employees and Consultants. All of these groups work synergistically to provide the “people power” that drives the success of the business entity.

“Although there is no official data on the total size of the contingent workforce, Manpower estimates that it represents approximately 20 percent of the average company’s total workforce.”

Since the 1940s, “host organizations” have been utilizing temporary employees to fill administrative and industrial positions when a permanent employee is away from the job, but over the past several decades, the large-scale use of temporary employees has grown immensely. It is now commonplace to find a manufacturing operation or contact center that is fully staffed and supervised entirely by temporary employees. This approach provides the host organization with a reliable source of labor that is flexible enough to adjust to peaks and valleys in customer demand more effectively than could be achieved using permanent staff.

In the 1990s, the use of professional contractors to supplement permanent professional staff began to boom, and hit its peak in the late 90s when Y2K and the dot.com bubble made IT professionals the hottest commodity in the labor market. Since then, the use of professional contractors has continued to expand and evolve to include everything from engineers to laboratory technicians and market researchers.

The consulting industry has been around for decades, but has grown exponentially over the past decade as host organizations rely on them more frequently to provide “on demand” expertise for major projects and initiatives that cannot be performed by the permanent workforce. The field of consulting has grown to include not just management consultants, but also IT, HR, Strategy, Logistics and many other forms of consultancies.

Outsourcing is the most recent addition to the contingent workforce, as host organizations have sought to become even more agile and efficient by moving non-core business functions to other companies that can perform the work more effectively. Outsourced work can be performed by a team from the outsourcing company that works within the host organization (e.g. outsourced mailroom, maintenance, housekeeping, copy repair or cafeteria services) or from their own facilities either on- or offshore, as in the case of many IT outsourcing firms. A more recent entrant to the outsourcing services continuum is Recruitment Process Outsourcing, in which the host organization engages an employment services firm to manage the recruitment function for its permanent, temporary and contract workforces.

Although there is no official data on the total size of the contingent workforce, Manpower estimates that it represents approximately 20 percent of the average company's total workforce. This is based on knowledge gained from working with our 400,000 clients per year, as well as a comprehensive review of available data from government labor ministries, industry associations, and various international studies by consulting firms worldwide. We anticipate that this segment of the workforce will continue to grow over the coming years, due in part to the rise of the talent shortage, which will make it increasingly difficult for host organizations to find the talent they require to run their businesses.

“93 percent of U.S. firms employ some type of contingent workers. Among these companies, the overwhelming rationale for the use of contingent workers rested on the need for talent and staffing flexibility. 73 percent placed the need to attract ‘specialized talent’ as either ‘very’ or ‘somewhat’ important rationales for their use of contingent workers.”

Source: American Management Association, 2000.

Profiles of Contingent Workforce Segments

There are distinct differences in the reasons why individuals work as part of the contingent workforce, and important variations in their relationships with both their employers and the host companies within

which they work. These variations demonstrate the complexity of engaging the four segments of the contingent workforce.

The Contingent Workforce

Temporary Employees	Contractors*	Outsourced Employees	Consultants
Typically lower-skilled, non-degreed	Typically higher-skilled, degreed professionals	Both degreed and non-degreed individuals	Highly skilled, degreed professionals
Work on-site at customer location	Work on-site at customer location	Work either on-site at customer location or in their own facilities	Work either on-site at customer location or in their own facilities
Viewed by the client as contingent staff	Viewed by the client as contingent staff	Viewed by the client as a vendor	Viewed by the client as a vendor
Can be either short-term or long-term assignments	Can be short-term, long-term or project-oriented assignments	Typically long-term assignments that are part of an outsourcing service contract with the client	Work is typically for a defined project or period
e.g. Administrative, Manufacturing, Call Center, etc.	e.g. Engineering, IT, Sales/Marketing, Scientific, Management, etc.	e.g. Outsourced Maintenance, Cafeteria, Copy Repair, Corporate Travel, Staffing	e.g. Management Consultants, Auditors, Jefferson Wells Professionals, etc.

*Note that the term “contractor” varies from country to country based on labor legislation. For example, in France, hiring a temporary worker at any level for any duration requires a contract. Therefore, all temporary employees are in effect, contractors. In most countries, the term “contractor” is used simply to convey a higher level of esteem.

Temporary Employees

Temporary employees primarily hold administrative, industrial and other support positions in their host organizations, and are engaged to provide either short- or long-term assistance during workload peaks or when permanent employees are absent. There are many temporary employees who choose to work in this capacity because they desire more flexibility than they could have if they worked as permanent staff for an organization. These individuals are typically working mothers, retirees or individuals who have another source of income through their own small businesses. Others work as temporary employees hoping that the client or “host organization” will hire them as permanent staff after they have had an opportunity to prove themselves. These include individuals who are re-entering the workforce after unemployment and/or downsizing, and those changing careers or seeking better opportunities. Approximately 70 percent of temporary employees find permanent employment in this manner. The length of assignments for temporary employees can range from one day to a year or more, depending upon the needs of the host organization.

Contractors

Contractors typically have university degrees and hold professional positions in their host organizations and are engaged to provide assistance during workload peaks or to assist on specific large projects. Contractors typically choose to work in this capacity because they desire more flexibility and a greater variety of challenging assignments than they could have if they worked as permanent staff for an organization. Some small business owners work as contractors on an occasional basis to supplement their income when business is slow. Others work as contractors after they have been downsized from another company, hoping that the client or “host organization” will hire them as permanent staff after they have had an opportunity to prove themselves. Approximately 70 percent of contractors find permanent employment in this manner. The length of assignments for contractors can range from a few weeks to a year or more, depending upon the needs of the host organization.

Outsourced Employees

Outsourced employees typically work for a vendor to whom the host employer has chosen to transfer the work required to fulfill a particular business function that is considered non-core to the business. Employees are either hired directly by the outsourcing company, or transitioned from the host organization after the decision has been made to outsource the business function. Outsourced employees are considered permanent staff of the outsourcing company; however the outsourcing contract with the host organization is up for renewal on a regular basis, typically annually. These employees can be either lower-skilled, non-degreed individuals who perform work such as office equipment repair and maintenance, mailroom or cafeteria services; or they can be professionals with university degrees specializing in fields like IT. They may work either on-site at the host organization or at their own facilities, depending upon the outsourcing agreement and type of services provided.

Consultants

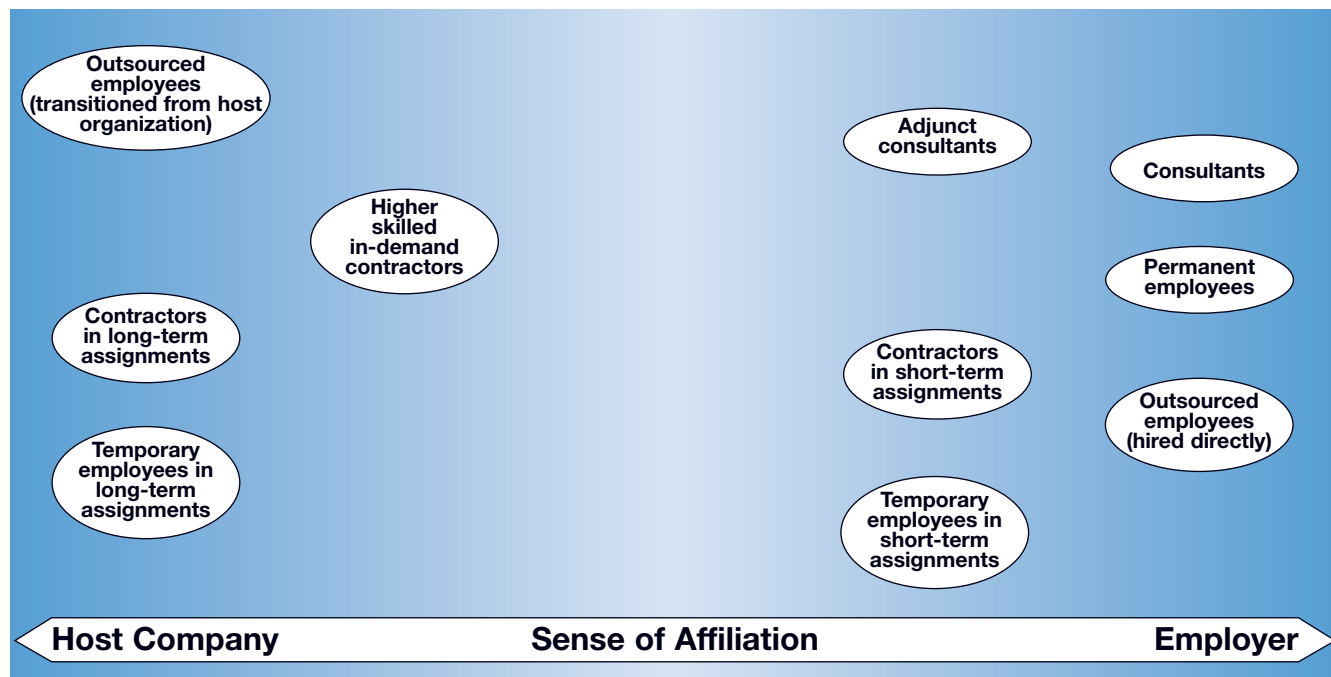
Consultants are highly skilled individuals with university degrees who are engaged typically on a project basis to assist the host organization in resolving a challenging business issue or creating and/or implementing new strategic initiatives. The length of assignment is usually several weeks to a year or more. Consultants are usually considered permanent staff of the consulting firm, although some consultants work on a freelance basis as “adjunct” consultants to the consulting firm. They may work on-site at the host organization, in their own offices, or a combination of both locations.

The Host Organization's Influence on Productivity of Contingent Employees

Manpower recently conducted 25 focus groups across the US, UK, India, Singapore and Australia to gain additional qualitative insight into the factors which affect employee engagement among consultants, outsourced employees, temporary employees, contractors and permanent employees. Our findings indicated that the host organizations within which contingent employees work play a far greater role in the motivation and productivity of these workers than they tend to realize. In fact, most human resource executives tell us that they view the engagement of contingent staff as the sole responsibility of their vendors, the direct employers of the contingent staff who work within their organizations.

This viewpoint stands in stark contrast to the way that contingent employees view their relationship with the host organization. When we asked each focus group about their emotional affiliation with their employer and host organization, we discovered that several groups feel their primary emotional affiliation toward the host organization, despite the fact that their paychecks come from their actual employers.

Relative Sense of Affiliation with Host and Employer



Not surprisingly, the groups that felt the strongest sense of affiliation with their host organization are employees who have been transitioned from the host organization to an outsourcing provider and are now working within the same role and environment, but are employed by another company. Clearly, these people have good reason to feel a mixed sense of affiliation, and this is something that both the employer and host organization need to manage effectively to ensure the outsourcing provider is effectively engaging the employees and addressing the emotional aspects of the transition process (e.g. sense of belonging, feeling respected and valued, etc.).

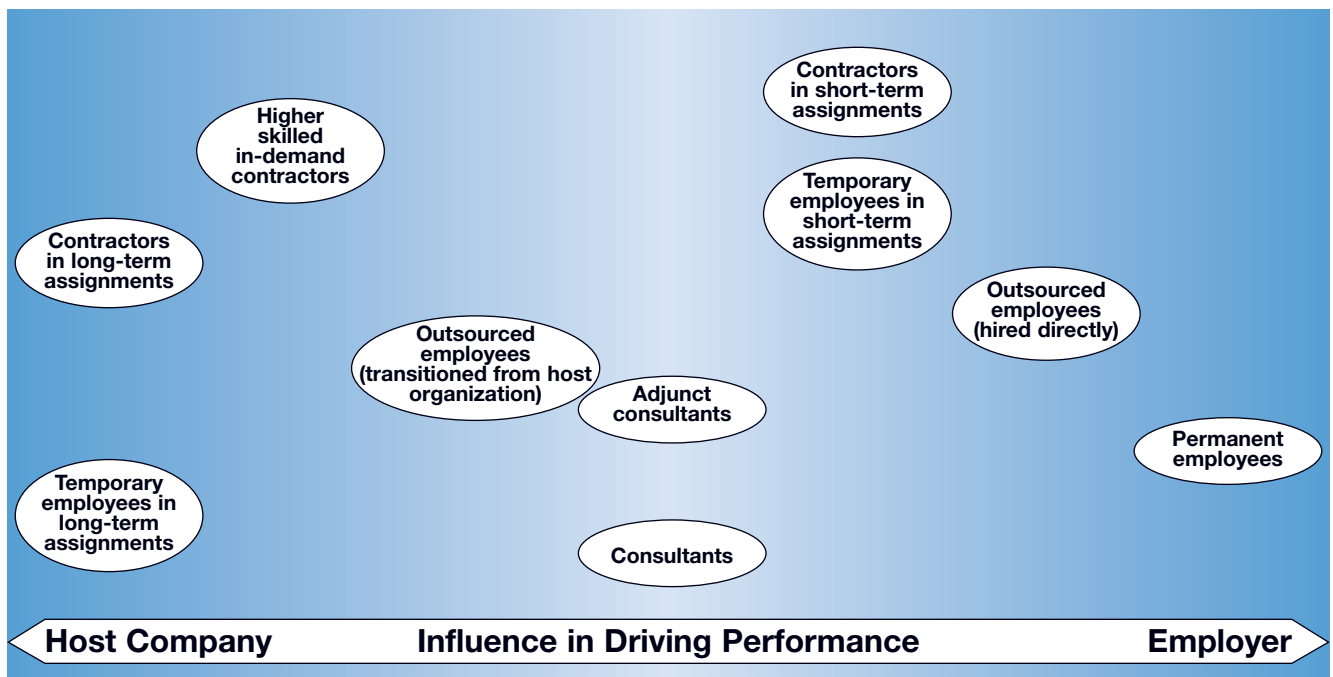
Another group of individuals that felt a very strong sense of affiliation with the host organization is temporary employees and contractors who have been working for the host organization on long-term assignments. These individuals have developed strong relationships and a sense of belonging in their host organization over the

length of their assignments that has effectively shifted their sense of their employer to the host organization.

Higher-skilled contractors who know that they could find another job easily due to the strong demand for their skills are another group that feels a strong sense of affiliation with the host organization. This group is a bit different, with more “mercenary” tendencies, as they feel no strong loyalties to either the host organization or their employer, but rather, they choose to work in assignments which they find challenging and where they feel a strong sense of being valued for their skills and the work they are delivering. If the host organization does not deliver these things, they will move on quickly to the next assignment.

Conversely, consultants and outsourced employees who have been hired directly by the outsourcing firm (rather than transferred from the host organization) feel the strongest sense of affiliation with their actual employers.

Influence of Host Company and Employer on Performance



Beyond the sense of affiliation with the host company, nearly all of the contingent employees in Manpower’s study confirmed that the host organization controls at least 50 percent of the factors that drive their motivation and performance levels. As shown in the previous figure, several groups reflected that virtually 100 percent of the factors that drive their performance are controlled by the host organization, in direct opposition to the level of responsibility that most human resource leaders in host organizations feel they have for driving productivity among contingent employees.

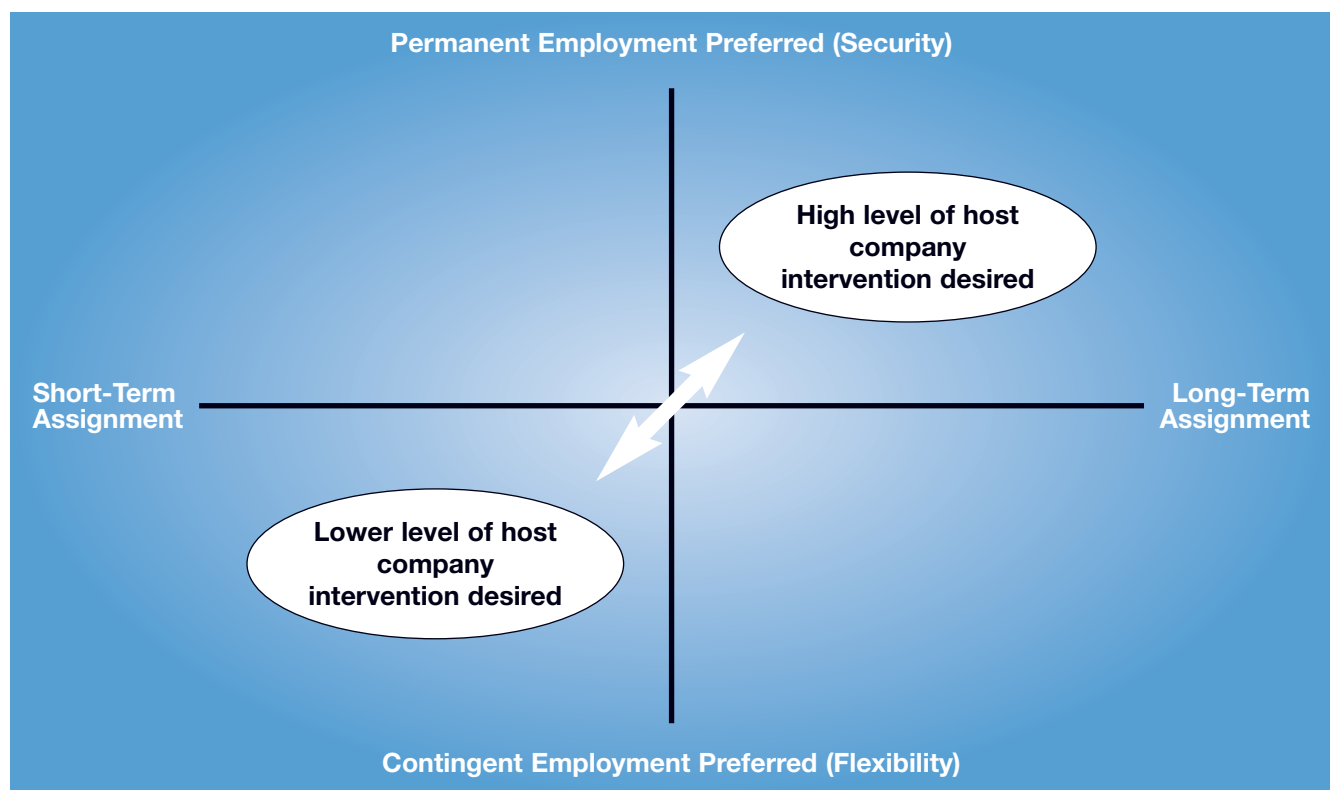
“Fully engaged employees are two-thirds more likely to work hard and stay on the job for the next two years. One-third are more likely to go the extra mile for customers, and 93 percent would be willing to work for less money, compared to 10 percent of unengaged employees.”

Source: Society for Human Resource Management, 2005.

The Manpower study found that the degree to which a contingent employee desires a stronger relationship with the host organization is directly related to their desire for job security versus their desire for a flexible work arrangement, as shown in the figure below. This security vs. flexibility axis becomes more important when we review the factors that drive performance among the various segments of the contingent workforce.

The degree to which a high level of host company intervention is desired when contingent employees work for them on long-term assignments is significant due to the fact that talent shortages, like the one we are entering now, tend to increase the length of assignments for contingent employees dramatically. As talent shortages intensify, so will the desire for host organizations to engage their contingent staff more effectively if they wish to avoid losing this talent to other organizations.

Security Versus Flexibility Axis



Driving Performance of the Total Workforce

There are 12 engagement drivers that we have identified, which affect motivation and performance of permanent and contingent employees alike.

The Manpower study found that “clarity of expectations” and “being treated with respect” are the two most important performance drivers for all segments of the contingent workforce. Host organizations are not viewed as doing a great job in meeting these needs, which inhibits contingent employees’ motivation and performance.

Engagement Drivers

1. Being Treated with Respect
2. Having a Clear Understanding of What is Expected
3. Having a Sense of Belonging
4. Being Treated Equally
5. Access to Tools, Resources and Information to Perform
6. Receiving the Training that is Needed to Perform in the Role
7. Open and Honest Two-Way Feedback
8. Strong Teamwork
9. Receiving Recognition
10. Opportunities to Learn, Develop and Progress
11. Understanding how the Role Contributes to the Success of the Business
12. Security

A Matter of Respect

By far the most significant performance driver for all segments of the contingent workforce that host organizations are not meeting effectively is treating the contingent employees with respect. Contingent employees expressed a great deal of frustration with host organizations where permanent staff will not say hello to them and can’t be bothered to learn their names. Conversely, they gave glowing reviews of organizations where they have been engaged as part of the team and made to feel valued from day one through to the end of their assignment. The divergent paths a contingent employee’s motivation and performance levels can take when he feels disrespected in a host organization were remarkably clear throughout the focus groups.

Setting Expectations

All members of the contingent workforce expressed a strong desire to do a good job in their assignments, however they noted that they are frequently inhibited in this effort due to lack of clarity in the host organization’s expectations of them. This is clearly a matter that is tied to the direct supervisor of the contingent employee.

The Need to Belong

All segments of the contingent workforce noted that it is important for them to feel a sense of belonging within the host organization in order to motivate them to perform at their peak. However, all groups reported that this is one of the areas where host organizations are the weakest in meeting their needs. This is not surprising, given the fact that human resource leaders do not view contingent employees as part of their total workforce, and the fact that many contingent employees feel a stronger emotional affiliation with the host organization than with their own employer.

Equal Treatment

Contingent employees expressed disdain for the language, policies and practices that create a line of demarcation between them and the permanent staff within host organizations. Identification badges that label them as “contractor” or “consultant” were seen as demeaning, particularly when the individual’s name is not utilized on the identification badge. For temporary, contract and outsourced employees, the policies which prohibit them from access to team building activities with their colleagues from the permanent workforce or perks like the company’s fitness facility are seen as discriminatory behavior. In some countries, there are employment laws which require contingent employees to be treated differently, but this is either not explained to the contingent employees by either their employer or the host organization, or they consider the explanation unconvincing.

Access to Tools and Resources Needed to Perform

When a contingent employee begins to work for a host organization, there is a great deal of frustration that they are often not provided with the resources and tools required to perform in their roles. Several individuals described situations when they were not provided with computers or network access for several days after they began their jobs due to poor planning. Consultants expressed frustration at the struggle to gain access to information and individuals within host organizations who possess the information needed to perform their assignments. All of these obstacles are seen to inhibit the contingent employees’ ability to perform, which results in feelings of job insecurity due to the non-permanent nature of their roles. Some described this feeling as though the host organization was actually working against them.

Receiving Training to Perform the Role

When a contingent employee begins an assignment for a new host organization, their employer assumes a level of responsibility for orienting them to the job requirements and, as much as possible, to the company and department in which they will be working.

In addition, the contingent employees noted that the host organization needs to provide the additional training or orientation required for them to perform, such as showing them where information pertaining to a given project resides, introducing them to team members who have responsibility for related work, advising them where to locate office supplies and showing them how to use online systems that are unique to the company. Host organizations are viewed as inconsistent in recognizing and performing their role in training a new contingent employee.

Open and Honest Two-Way Feedback

Receiving both positive and negative feedback from the host organization was a strong desire for all members of the contingent workforce, but it was more important to consultants than to any other group. Temporary and contract employees were the least likely to feel that either the host organization or their employer was providing this feedback sufficiently to assist them in improving their performance.

All contingent employee segments expressed the desire to work in an environment where the host organization encourages them to share their ideas and suggestions, and listens to this feedback with respect. This is a critical factor influencing the extent to which contingent employees feel valued by their host organizations.

Strong Teamwork

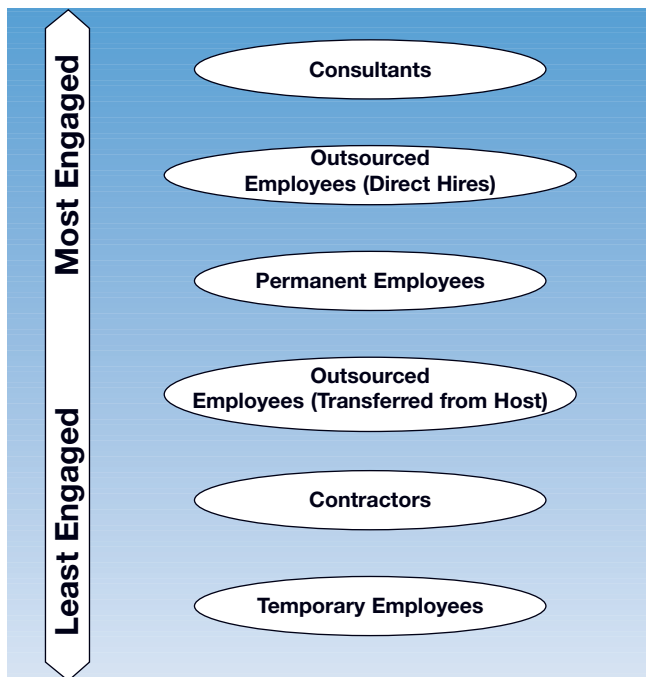
Contingent employees noted that the motivation level of the permanent staff on their teams in the host organization has a big impact on their own level of motivation and productivity. Conversely, the opposite occurs when the team is not functioning well. In other words, motivation levels are contagious. It is also helpful when colleagues from the permanent staff treat the contingent employees as full and equal members of the team and welcome their contributions.

Levels of Engagement

Interestingly, our qualitative study revealed that the most engaged segments of the total workforce were not the permanent employees, but rather they were the consultants and those outsourced employees who were hired directly by the outsourcing company (rather than transitioned from the host organization). These two groups felt that every driver was met to a higher degree than the other groups in the study. Permanent employees were significantly less engaged than the consultants and outsourced employee groups.

This greater degree of engagement may be due to the fact that there is a direct correlation between performance of the consultant or outsourced employee and the company's service delivery that is not necessarily present with permanent employees of the host organizations. Therefore, the outsourcing and consulting companies do a better job of engaging these employees because it is simply a higher business priority to do so.

Engagement Levels of the Total Workforce



To determine the reasons for differing engagement levels, it is necessary to review the degree to which both the employer and host organizations play a role in permanent and contingent employee engagement. The Manpower study revealed that the groups with the highest levels of engagement are those who feel a closer affiliation with their respective employers (rather than their host organizations).

Clearly, the Manpower study revealed that the responsibility for improving engagement levels among contingent employees is shared between the employer and host organization. As the employers of contingent employees tend to have similar employee engagement requirements to other employers, all of which have been discussed at length many times by other firms, we will focus our insights on the role of the host employer in contingent employee engagement.

Most host organizations do not recognize the high level of responsibility they bear for engaging their contingent employees, so it is no surprise that they are not fully meeting the needs of contingent employees. The motivation to do so should lie in the reality that approximately 20 percent of their total workforce is working on a contingent basis, and may be performing at less than optimal levels of productivity due to factors that could be easily addressed for their contingent workforce.

The Engagement Gap: Transitioning to Outsourcing

Analysis of data from the Manpower study revealed a major outsourcing challenge facing today's human resource leaders; there is a distinct and troublesome difference in the level of engagement exhibited by outsourced employees who were hired directly by the outsourcing company versus those who have transitioned from the host organization. The transitioned employees expressed a weak sense of belonging, job insecurity and feeling that they were not being treated with respect or equality by the host organization. At the same time, they had even lower engagement levels with the outsourcing company, their new employer. This suggests that they are in a sort of emotional limbo between the two companies.

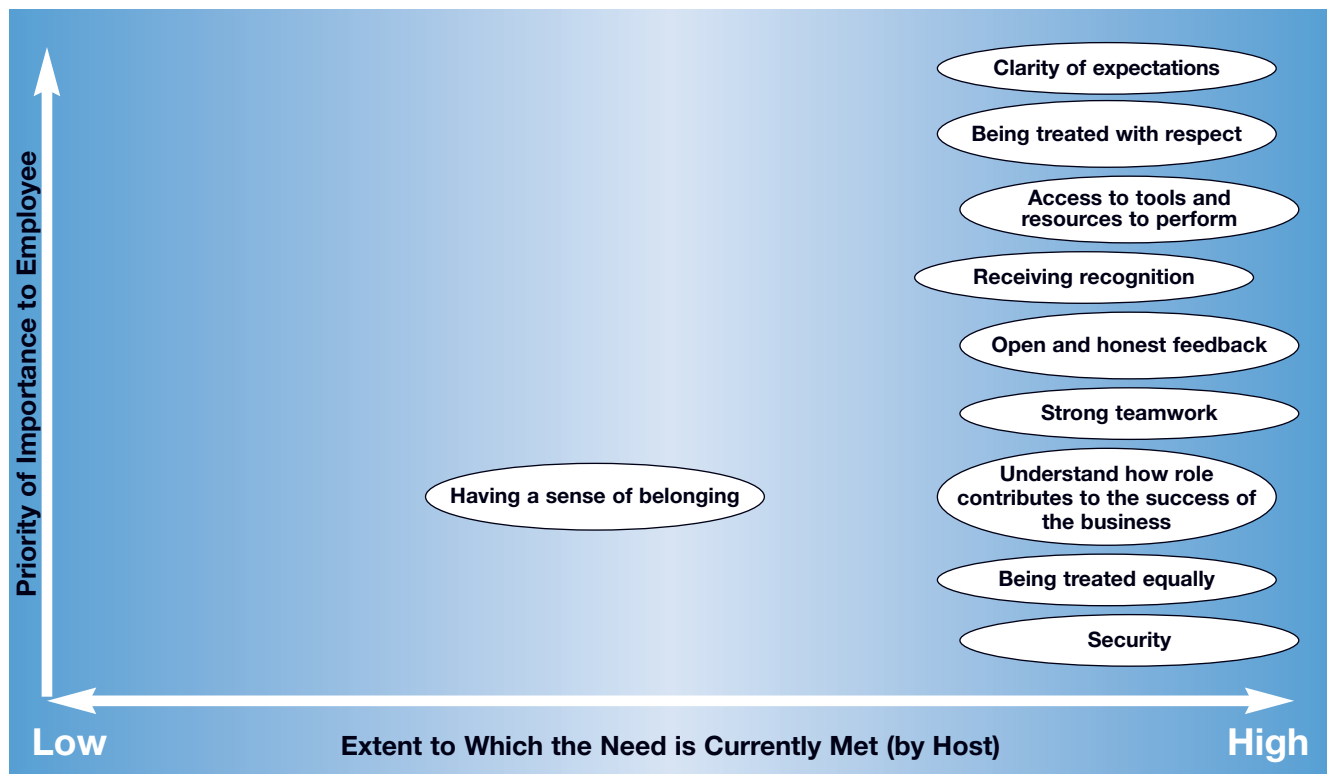
As noted earlier in this White Paper, this group had a much greater sense of affiliation with the host organization than their outsourced colleagues who were hired directly by the outsourcing company.

Clearly, as the tables below indicate, there should be much more attention paid to transitioning employee engagement as individuals are moved from one employer to the other in such situations. This finding should be cause for concern among outsourcing companies, as the less engaged employees could negatively impact both the quality of the service that is provided to their clients and the motivation levels among their employee population as a whole. As noted previously, motivation levels are contagious.

Although some may read this and presume that the best solution is to avoid transitioning workers from host organizations altogether, this is unlikely to be a viable option due to the inherent problems it poses for the host organization, and the rising talent shortages, which increase the need to retain and re-train individuals whenever possible.

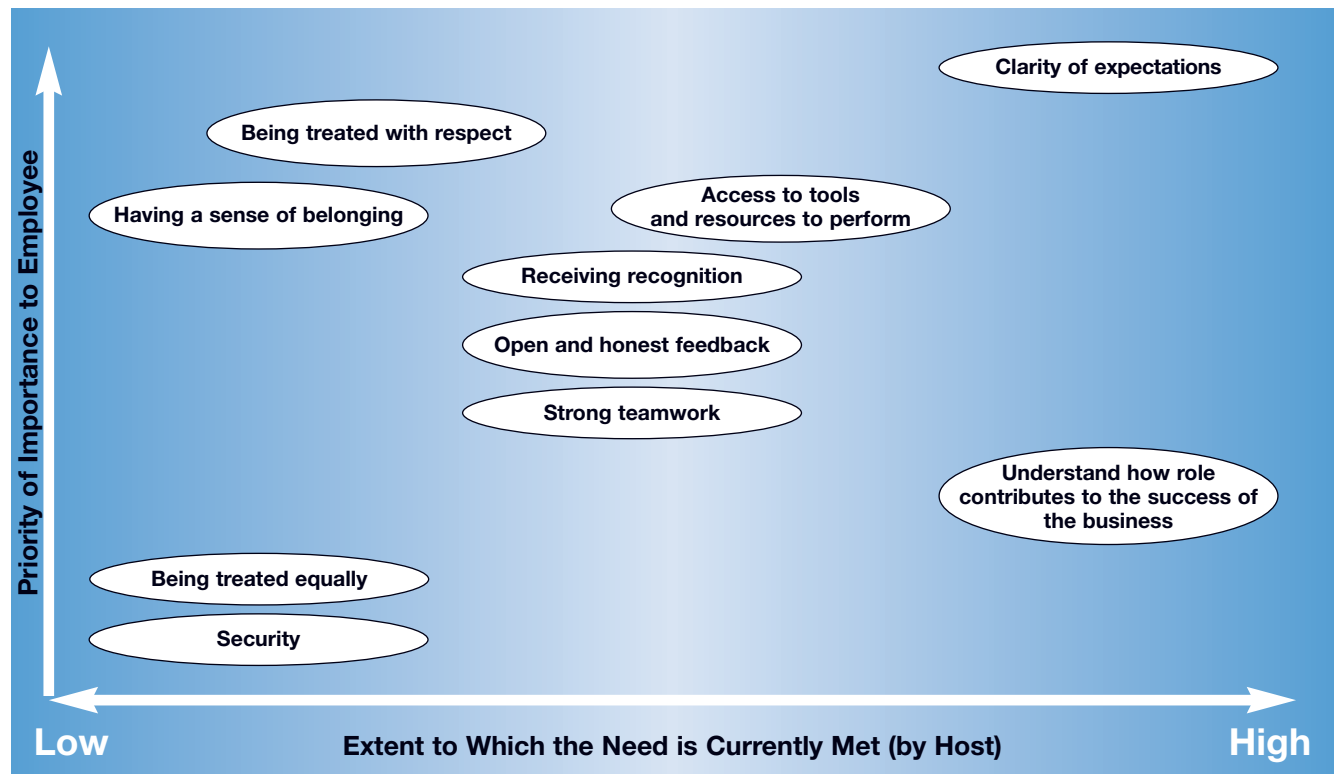
Drivers of Performance

Outsourced – Employed Directly by Outsourcing Company



Drivers of Performance

Outsourced – Transitioned from Host Organization



Tension Between Permanent and Contingent Employees

The focus groups also revealed an element of tension that exists between permanent employees and contingent employees in many host organizations. This tension, much of which is centered on job insecurity, perceptions about the fairness of compensation and work rules for different groups, impacts markedly on productivity and should be addressed.

For example, temporary employees typically feel a strong need to outperform when they begin a new assignment in a host organization because they want to prove themselves and ensure they are kept on the assignment. A permanent employee who performs a similar job and sees this over-performance can feel very threatened due to a fear that the temporary employee may take his job.

In the case of contractors, there is a common perception that the contractor is paid more and has more flexible hours. But the permanent employee does not realize that the contractor is only paid on days when he works and does not receive the benefits package that a permanent

employee in a similar role would receive. There is also a sense of being treated unfairly when permanent employees perceive that the contractors receive the most challenging assignments, which inhibits their own ability to learn new skills and advance their careers.

Permanent employees tend to view consultants in much the same way as they view contractors, with resentment stemming from the perception that consultants are better paid and receive better assignments.

Outsourced employees tend to remind permanent employees that their jobs could also be outsourced, which leads to greater job insecurity. This fear tends to reside only with permanent employees who have similar skill sets to the outsourced employees. Such anxiety may be well founded, given the current trends toward outsourcing, but it can be managed by supervisors acting to reduce the level of distraction and worry among permanent employees.

Impact on Recruiting and Retention

One of the more interesting insights gleaned from the focus groups with permanent employees was the degree to which poor treatment of contingent employees impacted the engagement of permanent staff. Permanent employees noted that they felt less respect for their supervisors in particular, and their company in general, when they saw contingent employees treated poorly or disrespected.

Add to this that most individuals who are currently working as contingent employees have previously held permanent positions and many permanent employees have previously worked in contingent roles, and we begin to see why they can so easily recognize the differences in how permanent and contingent employees are treated in their work environments.

Individuals' Backgrounds Blur the Barriers Between the Total Workforce Segments



Contingent employees at all levels expressed an unwillingness to accept a permanent position if it was offered from a host organization that did not treat them and their contingent colleagues well. It is clear from these comments that a host organization's failure to engage contingent employees can have a chilling impact on recruiting them to become permanent staff. This is an important point to note for human resource executives and supervisors who frequently utilize the contingent worker arrangement as a means to assess individuals in the actual workplace before hiring them on as permanent employees. More importantly, the failure to engage contingent employees can have a negative impact on engagement of permanent staff as well.

If not addressed, this may well be a competitive disadvantage over the next several years as the talent shortage extends beyond the highly skilled IT professionals and other specialized professionals who currently view themselves as being in the driver's seat when it comes to choosing the employers and assignments they are willing to accept. Organizations that have relied upon contingent employees to supplement their permanent staff will find it increasingly difficult to find individuals who are willing to accept assignments from them if they continue to view engagement of contingent staff as the sole responsibility of their vendors.

A Call to Action for Human Resource Executives

The role of the human resource function has become much more complex over the past several years as organizations have required greater flexibility and efficiency in order to compete and adapt to the speed of change in today's business world. The human resource executive has had to flex and adapt recruiting, retention and engagement strategies to encompass an ever more dynamic workforce. The total employee base is now coming from various labor pools, as the four segments of the contingent workforce have been integrated with the permanent employee base. But creating a flexible workforce is only the first step.

Human resource leaders cannot afford to ignore the engagement requirements of such a considerable proportion of their workforce. The previous pages have provided clear evidence that the full engagement of contingent employees can no longer be presumed to be

the responsibility of recruitment firms, outsourcing companies and consultancies. Host organizations play a major role in determining the engagement level of contingent employees, and the degree to which that role is a positive one resides in the host organization's willingness and ability to take advantage of the opportunity that is before them. It is time to take the next step to engage contingent employees more effectively in order to drive greater productivity across the total workforce.

The Manpower study revealed many ideas and opportunities to drive greater engagement of the contingent workforce segments. We suggest starting with a few quick fixes that will make a marked impact on the most important engagement drivers for the contingent workforce: being treated with respect and having a clear understanding of what is expected.

Quick Fixes

Quick fixes are focused on issues that may seem insignificant to a permanent employee or supervisor, but which clearly came through in the Manpower study as areas where a little improvement would go a long way toward making contingent employees feel more welcome in the host organization.

Onboarding/Orientation

Manage the onboarding and initial training process to ensure appropriate access to information and resources is handled properly across all five components of your total workforce, rather than focusing only on the onboarding of permanent staff. Assume responsibility for company-specific training that is required to ensure a quick start for the contingent employee, and assign a mentor from the permanent staff to help train the individual on company-specific software, provide introductions to key staff they will need to interact with, and help them find their way around their work environment.

Employee Identification

Changing employee identification systems to remove the line of demarcation between different groups in your workforce will make a significant difference in creating the sense of belonging and respect that are among the most important performance drivers for contingent employees. There are certainly security and cost considerations that will need to be managed; however, there is no reason for identification cards to look different and single out employees by labeling them. If it is possible to identify the individual by their name, like the permanent employees in their work groups, this would be preferred. Some companies have stated that they identify contingent employees by their own company name (e.g. Manpower Professional) rather than labeling them as a "contractor" or other "type" of employee, feeling that this would be more respectful. However, the contingent employees in the Manpower study were not in favor of this approach.

Supervisor Training

To do a better job of enabling contingent employees to be productive members of their teams from day one, supervisors must be better and more consistently trained to make the contingent employee feel welcome, feel part of the team, and obtain access to the resources they need from day one. Supervisors must also have a better understanding of how to manage the rest of the team to ensure that permanent staff clearly understand the role and responsibilities of contingent staff in order to reduce tension between groups based on perceived inequities. Team building activities and common courtesy must be viewed as a priority among the team to ensure all members feel respected.

Challenge Policies Governing Contingent Staff

Many organizations have policies in place that inhibit the ability of supervisors to provide a more inclusive environment for contingent employees to feel that they are active members of the teams in which they are working. Some of these policies were implemented as measures to ensure full compliance with employment laws in certain countries, which require restrictions on the use of contingent

employees. However, there are also many policies, like those pertaining to identification badges, which have no basis in employment law. Policies such as those excluding contingent staff from employee events or perquisites (perks) such as the company gym may have cost or administration considerations, but should be challenged to determine if there is an effective means of enabling contingent staff to be included on a more equal basis with permanent employees.

Business Process Outsourcing

When outsourcing a business process or function to another company, it is essential to communicate clearly to permanent employees the value proposition, and to choose an outsourcing provider that has a strong corporate culture and level of employee engagement that will enhance synergy with your own organization. If permanent staff will be transitioned to the outsourcing company as part of this transition, it will be essential for both the host organization and outsourcing company to manage the emotional dimension of the transition for the employees who are transitioning. These employees will have a much higher level of engagement, and will project this to their former co-workers, if the outsourcing company makes a concerted effort to provide a sense of job security and belonging as early as possible in the new relationship.

Developing an Engagement Strategy for the Total Workforce

Manpower recommends a three-phase process toward building and implementing an effective engagement strategy for the total workforce that will derive sufficient

recruiting, retention and productivity gains to justify the resource requirements for this effort.

Toward Total Workforce Engagement

Phase 1	Phase 2	Phase 3
Utilize contingent labor to provide more flexibility, efficiency and a larger pool of skilled resources. Contingent labor sources include temporary employees, contractors, outsourced employees and consultants, as and where needed.	Conduct research to better understand the engagement drivers for your total workforce and how to address them. Implement quick fixes to enhance engagement of the contingent workforce to more acceptable levels.	Develop engagement strategy for the total workforce, including contingent segments, so that they all work more productively and harmoniously. Implement engagement strategy across the total workforce, in collaboration with vendors who provide contingent employees to your organization. Measure results and adjust engagement program as needed.

Manpower estimates that the contingent workforce represents approximately 20 percent of the average company's total workforce. As a starting point in developing an engagement strategy for the total workforce, we suggest that human resource leaders begin by determining what percentage of their total workforce is working in a contingent capacity throughout their own organizations, and where it resides in the organization. This would, of course, include all temporary employees, contractors, outsourced employees and consultants. The challenge in ascertaining a precise number of contingent employees lies in the fact that many supervisors engage consultants directly, and the human resources department is not aware of the relationship, and in many companies the relationship with recruitment firms and outsourcing companies lies with the procurement function rather than human resources. Therefore, it may be necessary to survey the full management team in order to create an accurate picture of the total workforce.

Given the competitive advantages that may be gained through enhanced engagement of the contingent workforce, this Manpower study may provide a compelling business case for centralizing the procurement of contingent labor pools through the human resource department rather than through the procurement department or scattered throughout the business. If centralization is not an option, then the engagement strategy will require better procedures and training for those who are responsible for the relationships with contingent workforce providers.

After the contingent workforce has been identified, the next logical step would be to define and analyze the characteristics of these groups and the companies for whom they are employed. We suggest that human resource leaders consider including their contingent employees in their permanent employee engagement surveys, or perhaps creating a modified version that can be conducted with these labor pools to identify their current level of engagement. To deploy such a survey to contingent employees will require the cooperation of all companies that are providing contingent staff to the host organization. This would be a good time to engage these companies and ask for their ideas and partnership in devising your engagement strategy.

As the total workforce engagement strategy is being developed, there will certainly be opportunities to leverage engagement programs that are already in place for permanent staff and expand or adapt these to engage the remaining segments of your total workforce. However, it may also be necessary to prioritize the work that can be accomplished due to limited resources.

These prioritization decisions should take into consideration:

- Alignment with the business strategy.
- Talent requirements of the organization.
- Feedback derived from surveying the contingent employees, which will help to determine the areas that require the greatest level of attention, and those that can be addressed via quick fix strategies.
- Talent shortages that exist in the local market for critical skill sets, and where the company must focus its recruiting and retention efforts to overcome these shortages.
- Demographic trends within the workforce, such as impending retirement of older workers who may be strong candidates to return to the workforce post-retirement on a contingent, part-time basis to continue contributing their skills.
- The relative value of various talent groups to the business, regardless of whether these talent pools reside in the permanent or contingent workforce.

As human resource teams review the various solutions for implementation of the total workforce engagement plan, one option to consider that may prove cost-effective and more efficient than handling everything internally, is to engage an employment services firm to manage recruitment, assessment, selection, training, engagement and outplacement across your total workforce – both permanent and contingent. This will enable the human resource leader to remain focused on strategy, and have a single, centralized resource to tie everything together across the total workforce.

Looking toward the future, it may also be wise for employers of contingent workers and host organizations to consider working together to encourage national and local governments to change employment laws if these are inhibiting the engagement of the total workforce in unnecessary ways.

Conclusion

Contingent employees play a vital role in today's fast paced business environment where companies must remain nimble and flexible if they are to compete effectively. Now that most companies utilize temporary employees, contractors, outsourced employees and consultants to supplement the skills of the permanent workforce, the entire team must be focused and engaged to drive the business forward with maximum productivity.

Recruitment firms, outsourcing companies and consultancies provide vital services that enable their clients to obtain the talent they need in a timely and efficient manner to keep their businesses moving forward. Human resource executives have come to rely on these service providers to help them adjust to the peaks and valleys in demand for their services, and to effectively manage the challenges and opportunities that arise in their businesses.

As the global talent shortage intensifies in the next several years, the war for talent will become the war for engagement. The organizations that have determined how to recruit the right people, retain them past retirement age, and keep them engaged, motivated and productive, will realize distinct competitive advantages. This is where quality and service levels that companies are able to deliver to their clients will become key differentiators in the marketplace. Those companies – including recruiters, outsourcing firms, consultancies and their clients – who have the best, and most engaged talent in their organizations will clearly rise to the top.