




Managing workforces beyond COVID-19: the flex reflex





Based on the survey 'The Future of Work and People in Europe 2020 – HR, Fluid as Hula-Hoop Shaking'

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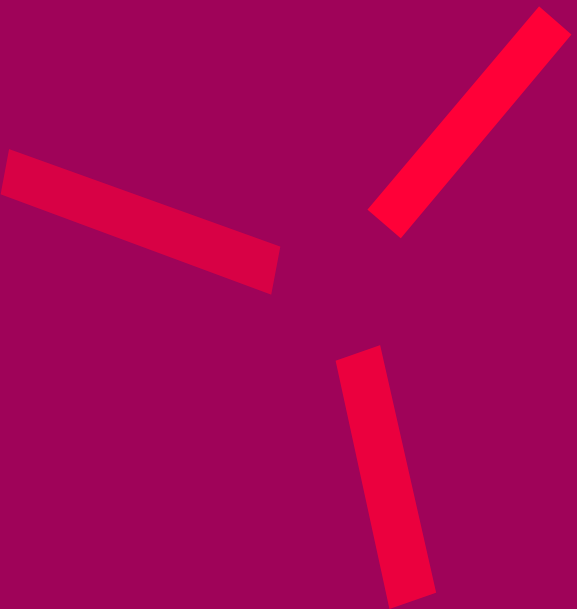
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The global COVID-19 pandemic has left its mark on the European labour market. The economic uncertainty caused thousands of people to lose their jobs and exposed others to non-standard work models for the first time. However, in some sectors the sudden upswing in demand forced organisations to scale up, leaving them struggling to find the right talent in time. And with the pandemic still raging across the continent, employers will need to come up with new and creative solutions to further optimise their workforce management in 2021.

Since organisations will have to deal with highs and lows for quite some time, adding flexibility to their teams will be key to working efficiently and effectively. How many employers have already found the right formula? What are the possible benefits of a more fluid way of dealing with workforce management? And how do you ensure legal compliance while building a contingent workforce?


Through an extensive online survey, SD Worx reached a total of 3,000 companies spread across 11 European countries. The goal: assessing the state of workforce flexibility in today's HR. Our most noteworthy findings are laid out in this e-book.

For similar analyses on payroll, outsourcing, reward policy, digital HR and employee experience, we invite you to download the other e-books in this series.

The rise of contingent workforces?

What is a contingent workforce?

A contingent workforce is a **labour pool that consists of employees that are not on your permanent payroll**. In other words, contingent workers are non-permanent or outsourced workers, such as freelancers, consultants, students and on-call workers, which work on-site or off-site. Some may not even be under the supervision of HR or fall under your company's authority.



COVID-19 calls for new approach

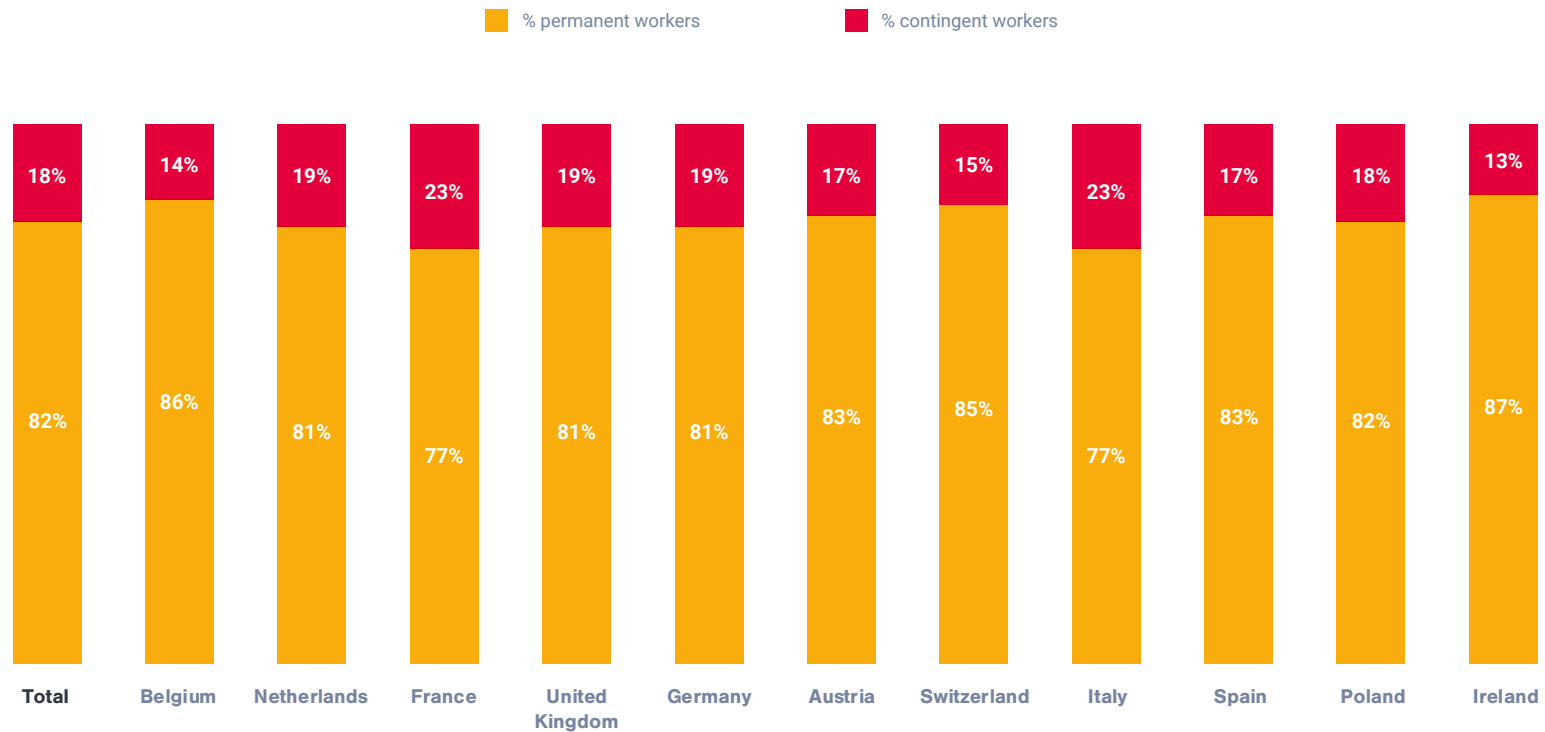
The labour market has been under great pressure the last couple of years. First of all, the **growing need for specific (digital) skills and competencies** has companies struggling to find the right profiles. Second, the **mass outflow of experienced and skilled baby boomers** leaves many companies with a great number of complex vacancies to fill. Conclusion: the **war for talent** is still very much a **structural issue** in most European countries and it won't disappear any time soon.

With COVID-19, employers have a **new challenge** on their plates: **will their current skill needs look differently tomorrow?** Fluctuations in demands make it difficult to plan ahead, so companies are increasingly being forced to rethink their workforce management strategies. One thing's for sure: adding some **flexibility** to the mix **needs to be top of mind**.



A possible way to achieve more workforce flexibility is by hiring contingent workers. Today, about 1 in 5 employees (18%) are contingent workers:

Permanent vs contingent workers (FTEs)



We might see more flexible workforces in the months (and years) to come. The highly **uncertain economic context** will cast a shadow over our business life for quite some time, meaning **companies will be reluctant to invest in permanent staffing**. In this context, contingent workforces could be on the rise, since they offer employers the much-needed flexibility to deal with unexpected situations.

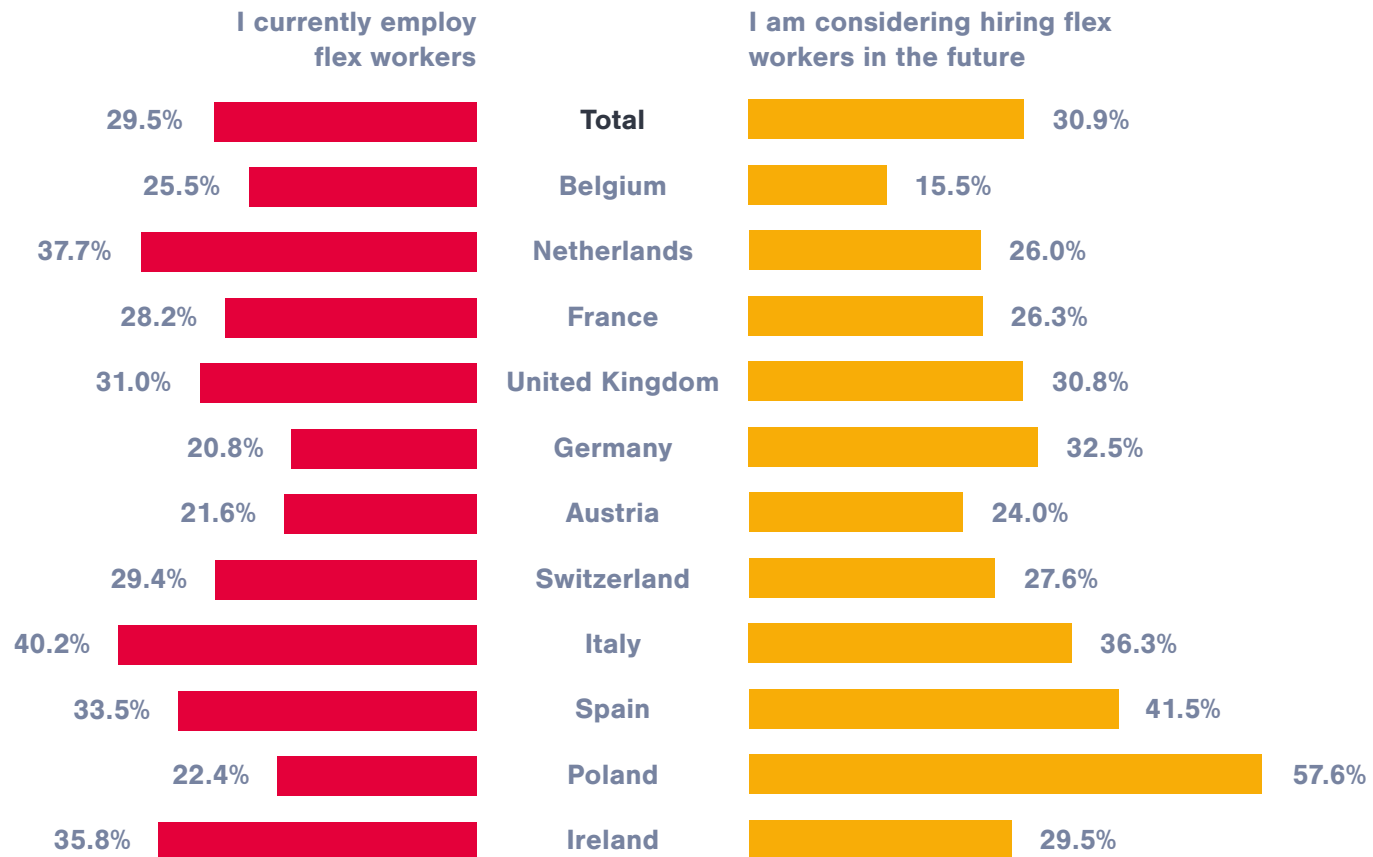
“One of the main workforce challenges for HR will be to reconcile the prospect of more flexibility with a growing number of employees craving job security and financial stability.”

Christophe Petit, CEO SD Worx Staffing & Career solutions



The trend towards contingent workforces is reflected by the results from our European survey. While only 30% of companies currently employ flex workers, another 30% consider it to be a fruitful option for the future:

Are you considering hiring or do you currently have flex workers in your organisation?





60%

of European companies
employ flex workers or
consider doing so in the
future.



**Top 5 countries with
contingent workforces**



Italy



The Netherlands



Ireland



Spain

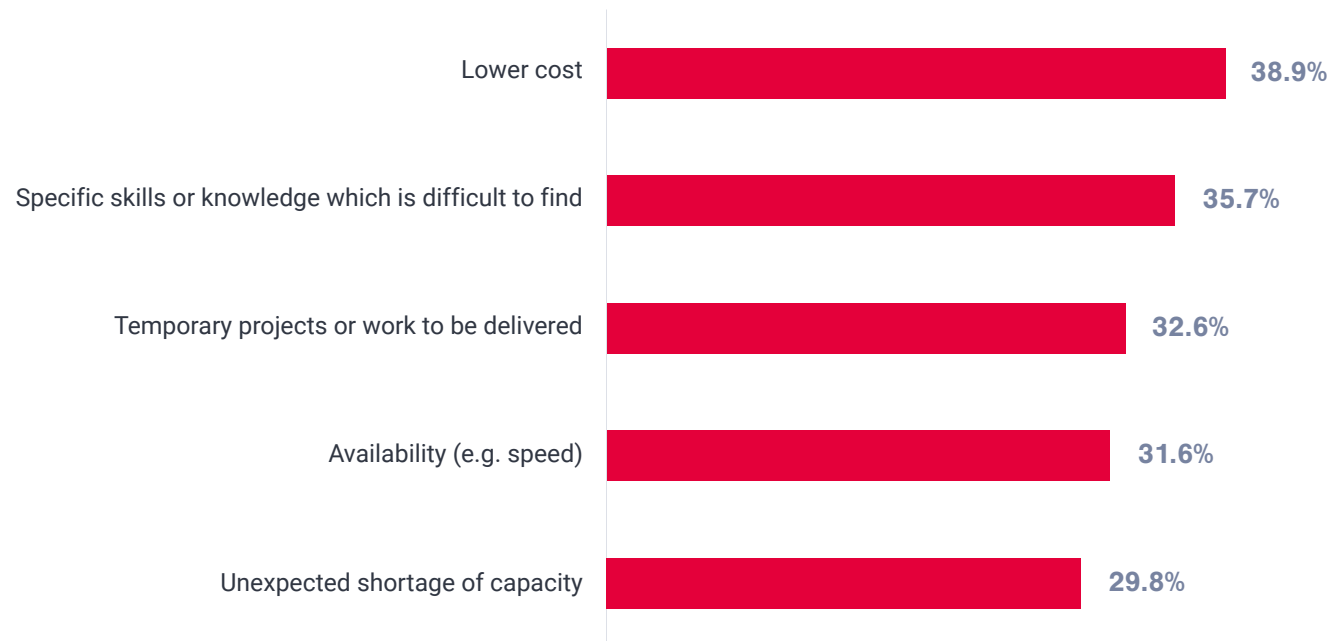


The United Kingdom

Benefits of flex workers

So, why exactly should employers at least consider hiring flex workers? We've asked those companies that already employ flex workers what's in it for them. These answers came out on top:

What are the reasons for you to recruit flex workers instead of permanent co-workers on the payroll?



The top 5 benefits

#1 Lower costs

The financial argument can be a decisive advantage for companies. Simply put, hiring **contingent workers is financially interesting** for employers in some cases. **Employment taxes** might be lower and there are usually **less employee benefits** involved. Moreover, the costs related to recruiting, onboarding and dismissal are all in favour of contingent workers. It should be noted, however, that according to a company's industry, required skills, location and other parameters, hiring certain contingent workers may prove to be more costly.

#2 Access to specific skills and knowledge

From highly skilled managers to inexperienced production aids, **contingent workers can help you cover the whole talent spectrum**. They might not want or be able to work for you on a permanent basis, but they could be interested in a flexible working agreement. Extra benefit: when there's a fit, you can still offer them a permanent contract.

In Belgium, the UK and Italy, a lack of specific in-house skills or knowledge is the main reason for flex work.

#3 Temporary projects or work


Chances are that you only need **specific skills and knowledge for certain projects or periods** of time. In some cases, you're better off **upskilling and training current staff**. In other cases, **turning to contingent workers** may prove to be a fruitful way forward. Again, your company's context will define which road to flexibility is best.

#4 Availability

Depending on the **type of skills** you need and the **type of employment** you're looking for, contingent workers could solve availability issues. You **hire more when needed** and **downsize** your contingent workforce **during quieter times**. This is especially handy now that COVID-19 has made mid-term and long-term workforce planning a nightmare for a lot of employers.

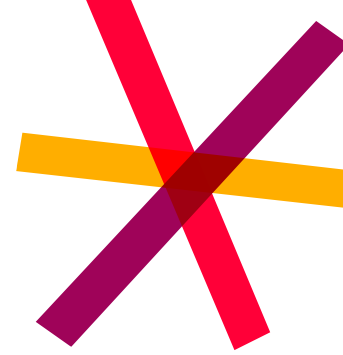
#5 Unexpected shortage of capacity

Sometimes, **time is of the essence**. You need someone straightaway, without the hassle of an intensive selection, recruiting and onboarding process. In that way, contingent workers offer companies the possibility to **acquire the right talent at the right time**.



"Many tasks that used to be the sole prerogative of permanent workers – from IT to payroll administration – are now done by temporary project staff or outsourced to third parties. Companies are increasingly seeing the undisputable added value of both options."

Charles Knox, Director of Products and Solutions at SD Worx UK



Sparks by SD Worx

The **current crisis** has urged entrepreneurs and HR professionals to **embrace the element of fluidity** in their operations. In doing so, organisations can react more quickly to changing situations. For example, with contingent workers on board and solid management strategies to handle them, it's **easier to quickly scale up and down when necessary**:

- **downscale**: employers who end up in rough waters can avoid layoffs by letting go of contingent workers. You know exactly how many contingent workers are employed, if they perform business-crucial tasks or not, and which ones you can let go easily.
- **upscale**: certain companies see sudden upswings in demand, which forces them to instantly react. With clear workforce management strategies in place, you know

which work can be outsourced or taken over by contingent workers, and how to efficiently find these aids.

At SD Worx, **we are convinced that contingent workforces** – and therefore contingent workforce management – **will play a crucial role** beyond the pandemic. Even when the dust settles after COVID-19, other major events waiting to happen could just as easily have an exceptional impact on your business. **Our advice: don't get taken by surprise again; act today.**

[Discover how to optimise your workforce management](#)

Internal and external mobility as high-value alternatives

When employers need to bridge skill or competency gaps, the choice between hiring permanent or contingent workers is not necessarily the only bullet they have to bite. There are other **options to create flexibility** within workforce management. And they're all about **building talent**.



Buy, borrow, build

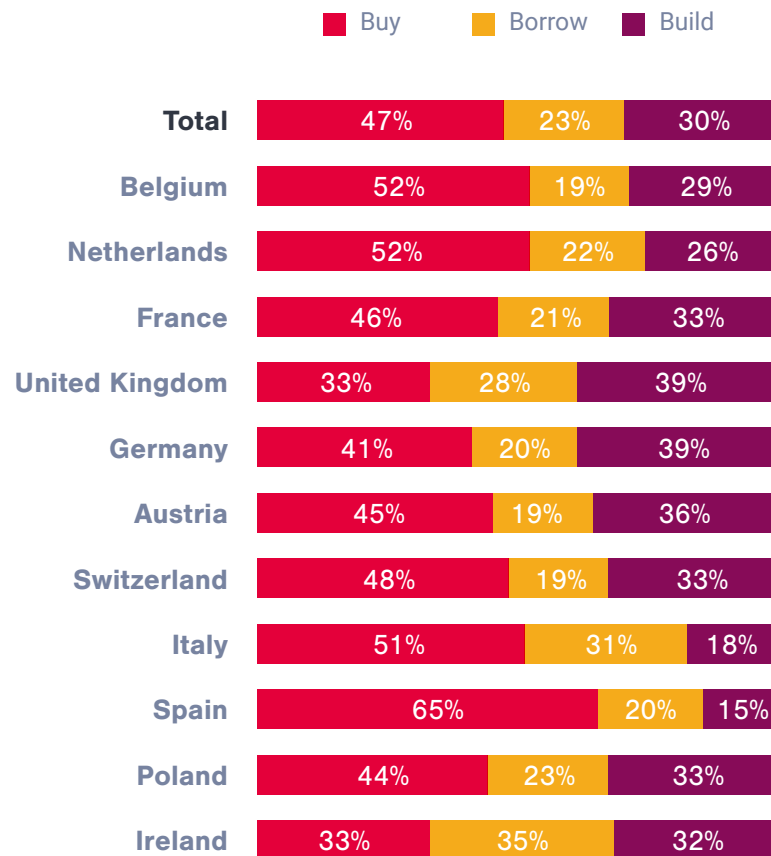
When companies are looking to **add skills and knowledge to their workforce**, they have 3 main options:

- buying talent (i.e. hiring permanent workers)
- borrowing talent (i.e. hiring contingent workers)
- building talent (i.e. training permanent workers)

Almost every company implements a type of workforce management that combines 2 or 3 elements. Sometimes you need fresh blood in the form of contingent or non-contingent workers, sometimes upskilling your current employees is the way to go. It all depends on a few **crucial factors**, such as the **type of expertise** you need, the **period you need it for** and the **costs** each option entails.

This graph shows how often buying, borrowing and building talent is used by employers nowadays:

When looking for new colleagues, how often do you buy, borrow or build talent?



“German and British employers in particular focus on upskilling and reskilling their employees.”


As expected, **buying talent** is still the **number one option** when companies are looking to strengthen their workforces. Nearly half of the companies we surveyed turn to new permanent employees to resolve skill and competency gaps.

In **second place: building talent**. It is the preferred course of action in 30% of cases in which staffing issues arise. German and British employers in particular put great emphasis on moulding their employees into the best versions of themselves. But Austria, France, Switzerland, Poland and Ireland also follow this path.

Change from within

Building talent is closely related to boosting internal mobility. This often allows employers to **fill in vacancies in a cost-effective way**. Moreover, by focusing on sustainable employability, employees will be more productive and loyal to the company. Needless to say, in times of COVID-19 these are vital benefits.

Keeping an open mind and being creative is the first step. For example, building talent is mostly done via formal training courses, but temporary exchanges, job enrichment and internal internships are also valuable initiatives that enable employees to develop new skills and competencies.



“When COVID-19 broke out, all our teams joined forces to keep serving and advising our customers. A great example of this was our Talent Mobility Hub, a way of realigning staffing supply and demand. In short, we made sure that colleagues who needed help got it from the colleagues who had extra time on their hands. Managers could let us know through a platform how many hours a week their employees were available and what their talents and skills were. Conversely, managers who were looking for extra staff could tell us what the required time investment was and which skills they needed. As a result, many sales accounts were deployed in our SME call center, which suddenly got flooded with questions of concerned companies. Sales were happy to contribute rather than sitting on the bench and also learned a lot about the customers and their concerns.”

Cathy Geerts, HR Director at SD Worx

These 5 additional suggestions could also boost internal mobility:

#1 Map your talent

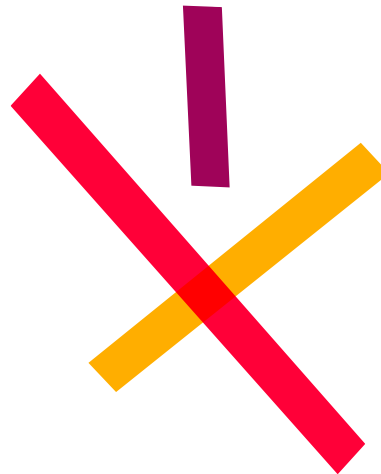
Talent mapping allows you to **identify the talents** of your employees, accurately predict future talent gaps and – more importantly – to assess the viability of your current staff to bridge those gaps.

#2 Maintain an open dialogue

This way, your employees get to know **where the organisation is heading**, which roles are best suited for them on that growth path, and how you can help them get there.

#3 Focus on strengths

Trying to improve weaknesses can easily lead to frustration. Instead, look how you can **exploit an employee's strengths** even further. This will improve employee motivation, engagement and – ultimately – productivity.



#4 Include everyone

Internal mobility is not the sole prerogative of **younger generations**. More **experienced employees** can equally be willing to change their professional ambitions. And remember: internal mobility is **not only about going up**.

#5 Take away obstacles

Boost the rematching of employees with new roles by **taking away the fear of losing seniority, a lower paycheck or increased work pressure**. Last but not least, make sure your employees know there won't be a backlash if they (unsuccessfully) apply internally.


The end goal: creating change from within. Once the global pandemic is out of the picture, your business might look totally different – something 46.7% of European companies agree with. Having a solid internal mobility system can provide you with the necessary workforce flexibility to prepare for that situation.



Talent sharing: thinking outside the box

Besides internal mobility, there's also **external mobility**: (temporary) talent sharing.

The global pandemic has split up the labour market into businesses that need to upscale and others that need to downscale because of plummeting consumer demand. This imbalance could be addressed by **sharing talent between companies and sectors**.



“In Belgium, SD Worx brings companies from different sectors together. We advise them on how to put their talent sharing ambitions into practice and what the legal implications would be.”

Tamara Troucheau, Sr. Consultant at SD Worx

Benefits of talent sharing include **avoiding lay-offs** and allowing employees to **learn new skills** in new environments. Over 1 in 4 European companies already claim that talent sharing is somewhat to very common in their workforce management policies.

Exchanging personnel with other organisations:

7.5% = very common

19% = somewhat common



If 2021 is anything like 2020, this number is likely to rise. We might even see **talent sharing** emerging **in a more structured way**, because of its promising potential to offset costs, to stimulate collaboration between company's in the same value chain and to train people on the job.

In order for this to succeed, companies will need to figure out **how to properly manage the logistics of talent sharing**. When is it advisable? How many workers are needed? How long are they needed for? And what about intellectual property? Finding solutions for these and other issues, could be a huge relief for company's and could make talent sharing even more attractive.





Sparks by SD Worx

The current business climate forces companies to **rethink their workforce management strategies**. To sum up, organisations need to strike a **balance between** having a **solid permanent workforce** to cope with constant skill needs and, at the same, having a more **flexible workforce** available to quickly respond to changing staffing requirements. Each company should decide which practices, such as internal and external mobility, best fit their context, but one thing's for sure: there are more options than ever.

Two main options have to do with building talent. This process will play a crucial role in 2021. Simply putting your training and development programs on pause until we get back to normal is not an option, because we're not going back to normal anytime soon, if ever. Our advice: **start today**.

Discover our solutions for training and development

Smart workforce management: 4 best practices

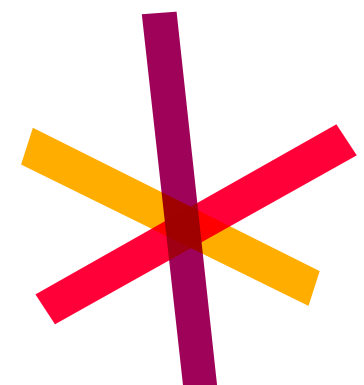
Adding **flexibility** to your workforce – either by integrating **contingent workers**, **internal mobility** or **talent sharing** – is one thing, smoothly **managing a more flexible way of working** is another thing. We've listed **4 best practices** to help you make the right decisions.

#1 Explore total talent management

Total talent management

focuses on satisfying a company's staffing demands by **integrating all talent sources**: from employees on permanent payroll to contingent workers.under the supervision of HR or fall under your company's authority.

The essence of talent management is that you **place value over contract**. By shifting the focus from employment contracts to the added value someone can bring to the company, you open the door to new opportunities. For example, **external consultants often bring best practices** from other jobs to the table, while shared workers can help you to keep up with increased production demand.



This approach implies aligning HR practices for both permanent and contingent workers. These two ideas will help you get the gist of it:

- **Provide an inclusive onboarding (and exit) policy**

An important rule of thumb is that you can't just throw people in at the deep end and expect them to start swimming straightaway. You need to **onboard every worker** with a warm welcome, access to support, efficient internal communication and much more. This will not only **shorten the learning curve**, but will also have a **positive impact on engagement, retention and compliance** with organisational procedures and goals.

- **Lay out a transparent reward system**

Transparency reduces the perception that massive **inequities** exist **between members of the same team or company**. Contingent workers are sometimes paid more for the same work, which can lead to a low in employee morale, loyalty and performance. Keep that in mind before hiring a large team of contingent workers to work alongside your permanent staff. This doesn't imply that you need to get everyone's salary out in the open. **A total reward statement for all employees** can already be a **good start**.



#2 Keep track of all performances

Many **organisations don't measure the performance and value of their contingent workers**, and those that do often capture this information outside of their traditional HR systems and employee databases. The result: they lack data covering an increasingly important part of their workforce.

For example, for a high-level project, you quickly need a project manager with strong language and ICT skills. Hiring a full-time employee would take too much time and nobody from your current staff pool with the right profile is available, so you contact a project-based worker. In the end, your temporary project manager does an excellent job, but you fail to formally capture his achievements and general contribution to the company – a missed opportunity!

If you would, however, have **performance data available**, this would allow you to:

- **compare the performance** of certain flex workers with permanent employees and other flex workers.
- present fact-based **arguments to hire** high-performing **flex workers** on a **permanent** basis.
- gain **insights into required skill sets** for certain positions or projects.
- **Identify performance issues early on**, before they negatively impact your company.





“Tracking performance provides HR with the opportunity to act proactively when talent is identified. For example, someone who starts out as a temp can become a project-based worker and eventually even a permanent employee.”

Jan Laurijssen, Sr. Managing Consulting at
SD Worx

#3 Embrace innovative HR technology

If you efficiently automate the management of your contingent and permanent workers, your HR department and managers will have **less extra work**. What's more, employees nowadays crave **digital and mobile solutions**. In short, by embracing innovative technology, you create a win-win.

When dealing with flex workers, these **three technological options** can be real game changers:

Time registration

Without an automated system for time registration, you assume that everybody complies with their required working periods, while reported deviations are dealt with manually. **Digital time registration**, on the other hand, offers a **clear overview of time worked with less manual labour**. For subordinate employees, the system knows exactly what to report and to whom. This again provides a **strong basis for payroll**, but also gives you **insights into possible capacity shortages**, so you can quickly intervene.

Discover how to accurately track time and attendance

Smart planning tools

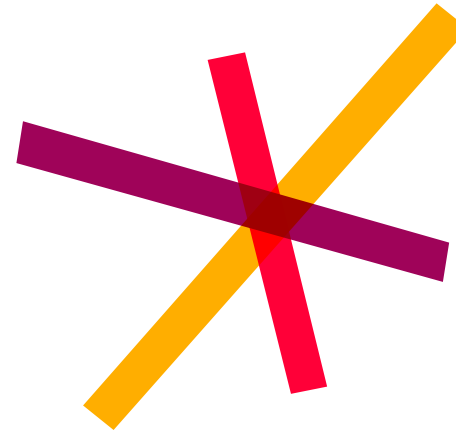
In these times, it's often hard to know how many employees you'll need next week. With a smart planning tool, you proactively tackle this issue. You gain **visibility and control over changing timetables**, get **real-time access to up-to-date scheduling** from any device, and give both **employees and managers self-service applications** to allow for flexible scheduling. Moreover, you can easily integrate flex workers into your planning without having to worry about legal compliance.

Discover how to gain efficiency with powerful planning capabilities

Collaboration tools

Everybody working in the same team should, to a certain extent, know what each team member is doing, permanent employee or not. Collaboration tools can help to achieve this goal. They offer **insights into the progress of projects**, people's roles, targets and plenty of other key factors. Moreover, collaboration tools could **trigger collaboration across different departments**.

Discover the added value of a futureproof collaboration tool



“HR technology has come a long way. Today, different tools allow employers to instantly align staffing and workload, to maximise the productivity of their personnel and to smoothly include flex workers in a company's operations – a blessing for workforce management.”

Karl Indigne, Chief Operating Officer at Protime

#4 Get external support

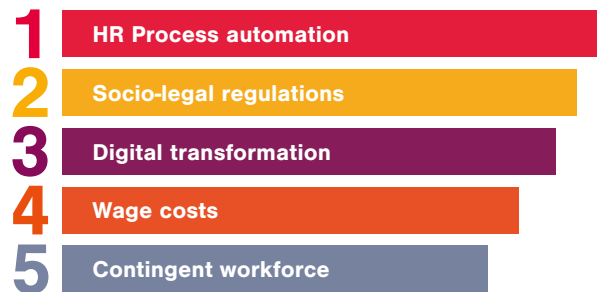
Few companies have considerable experience with and expertise in the process of hiring and managing contingent workers. This isn't a reproach. After all, **organising a flexible shell** probably **isn't your core business**. It does, however, mean that the **help of a seasoned HR** partner is very useful. And many companies already benefit from external support.

You can contact a third party for advice or directly outsource the hiring and management process of flex workers. That way, you're also sure that you won't stumble across legal issues. All selection, contracting and administrative procedures are taken over by your outsourcing partner, which allows you to concentrate on value-adding tasks.

Extra advantages:

- find the best talent within your sector
- benefit from new tools
- flawless payroll calculation and payment

Top 5 HR tasks companies wish to mostly or entirely outsource





“Many employers still hesitate to contract flex workers because of legal complexities and administrative hassles. Moreover, finding the right talent is a time-consuming task, while time is not always on your side. That’s why SD Worx has created staffing solutions for all types of requests, from short-term reinforcements to project-based workers to permanent recruitment.”

Maurice Bisschop, Country Director Netherlands,
Staffing & Career Solutions at SD Worx

Conclusion

A year ago, we already expressed the fact that the world was changing at a rapid pace. Little did we know that 2020 would be so eventful. Now, change has become a daily reality for all businesses. It's everywhere you look, so you might as well get used to the idea and prepare for more to come.

Agility is critical for organisations during these challenging times, and talent flexibility will be key to achieving it. This, however, is easier said than done. It requires HR being able to successfully balance its permanent workforce with a flexible workforce, while safeguarding legal compliancy and inspiring talent mobility. As is the case with hula-hoop shaking, the trick is to combine a solid base with fluid movements.

Over time, the value that a worker can provide to the business will become more important than their employment status. Making this mental

shift sooner rather than later can give you a competitive edge. But, as stated before, you'll need to optimise your workforce management first.

Analyse your HR's strengths and weaknesses, decide which workforce priorities to tackle first and get started – either with the help of a partner or alone. There's no time like the present.



