



HCMWORKS™

Human Capital *Management Trends*



2020 | What Workforce Trends Your Organization
Should Focus On To Stay Ahead

*Resource
Guide*



The management of a contingent workforce is complicated. That's why procurement and HR teams must adapt to new trends if they are to overcome skills shortages and acquire the top talent within their industry.

Here's the top five trends that are set to change your human capital management strategies in 2020.



CONTENTS

Introduction

Trend One: Direct sourcing

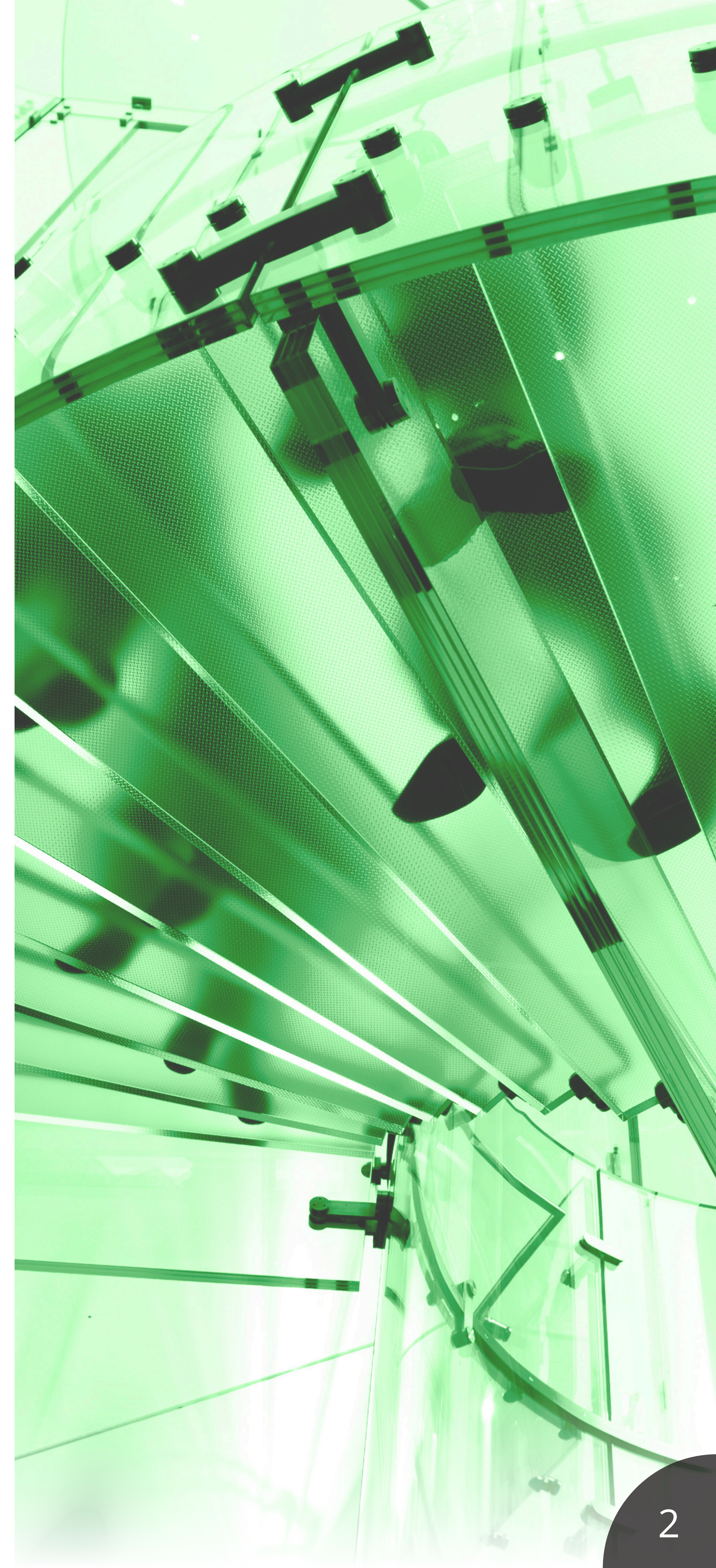
Trend Two: Increased mobility

Trend Three: Technology takes precedent

Trend Four: Workers in control

Trend Five: Growing impact of Artificial Intelligence

Conclusion



INTRODUCTION

The contingent workforce, part of the gig economy, is becoming increasingly important for large organizations with reports suggesting that as much as 40 percent of the entire US workforce will be contingent by 2020.

The surge in contingent workers has coincided with companies realizing the vast number of benefits they can gain from hiring contract workers. From rapid scalability to hiring on a project-by-project basis, this new world of work is allowing employers to create an agile workforce that hires the best talents for the exact moment and timeframe that they are needed.

Hiring contingent workers will set an organization up for rapid market changes, shortages in skilled workers, skill development and expertise in subject areas that the company might not require a full-time employee for.

Whether a business has seasonal demand or it simply needs specific expertise for certain projects, hiring contingent workers will help that organization to be more efficient, boost profits and lower the company's bottom line.

However, the management of a successful contingent workforce is complex. This management is often split between departments as well as HR and procurement teams, creating fragmented processes, inconsistent hiring, wasted administration time and extra costs.

Not only is the management of this workforce complicated, but it's also ever changing. To keep up with the demands of contingent workers and ensure that organizations have access to the very best talent in their industries, it's essential that these companies keep up with current trends in human capital management.

With talent acquisition strategies changing, and technology becoming an increasingly more important force for the management of contingent workers, we take a look at the top five trends set to affect contingent workforce management in 2020.



TREND ONE:

Direct sourcing



HCMWorks
estimates that for
any given company's
total staffing volume,
approximately
**15-25 percent is
accomplished
through direct
sourcing.**

The successful sourcing of top talent can have a significant impact on a company's revenue and future direction. As a result, businesses are moving away from traditional hiring models and adapting to a new generation of workers.

Many organizations are turning to direct sourcing in combination, or in lieu of, traditional staffing vendors for the recruitment of temporary workers. This staffing strategy can come with significant time and costs savings if done correctly, and can improve a company's access to the booming contingent workforce.

Direct sourcing refers to the process in which companies make use of their own internal candidate talent pool to place workers within the company on a temporary basis. Companies that find and engage with contingent workers outside of a traditional staffing agency relationship are, by definition, engaging in the practice of direct sourcing. Based on empirical data, HCMWorks estimates that for any given company's total staffing volume, approximately 15-25 percent is accomplished through direct sourcing.

This internal candidate pool can be made up of former employees, retirees or applications within the company's own applicant tracking system. Once selected, these contingent workers are often engaged, managed and paid by an outsourced managed services provider (MSP), which also establishes an arm's length relationship and ensures their proper classification.

Making the most of this labour pool is now the modern day organization's best weapon in the war for talent. Direct sourcing can significantly reduce the time and costs associated with recruiting, as well as constantly re-engage proven talent over a long period of time. However, a properly managed strategy is essential.

TREND TWO: Increased mobility

Technology and communication tools have helped organizations to make huge leaps in the past two decades, and they have also changed workforce behaviour. Ease of communication has allowed remote and contract workers to work on their own terms, increasing both the available talent and number of contingent workers.

The digital workplace has been helped by developments in communication technologies, with organizations implementing solutions such as live chat, video calls, internet meetings and cloud-based intranet systems that allow their workers to work from any corner of the globe.

These technological improvements have empowered contingent workers to become a mobile workforce, allowing them to work from wherever they want and at whatever time they want.

Increased mobility has given businesses the ability to hire on-demand teams that collaborate with each other when necessary, working on specific projects and offering their specialized expertise which may not be needed year-round.

The mobility of the contingent workforce is allowing organizations to hire workers who work from home, and this can significantly cut down overhead costs. In fact, the average real estate savings for a full-time remote worker is \$10,000 per employee each year.



Not only that, but remote workers have been found to be more productive than in-house employees. Research has found that teleworkers are more productive and respond to emails and phone calls more efficiently. That's not even taking into account that businesses lose some \$600 billion each year from workplace distractions.

Taking advantage of the mobility of the contingent workforce can save your organization money on overheads - but it can also help you to tap into a more efficient workforce that helps boost your revenues and grow your company.

Reference: <http://www.peopleticker.com/blog/every-cpo-should-know-these-7-contingent-workforce-trends>

TREND THREE:

Technology takes precedent

Procurement and HR professionals are invaluable to the success of their companies. They not only possess the necessary skills to balance costs, deliver massive returns, fulfill social responsibility, and manage supplier relationships, but now more than ever they're expected to also be innovative in order to gain a competitive advantage.

To perform their duties efficiently and bring positive contributions to their businesses, these professionals must now implement new technology that will transform the way they manage their contingent workers.

The implementation of a vendor management systems (VMS) - a cloud-based or SaaS software that acts as a central hub for companies to record every detail about their contingent workers and the vendors who provide them - is fundamental to the success of any large companies contingent workforce strategy.

A VMS will give an organization complete visibility into their entire non-permanent workforce, from contracts, expenses, time logs, performance reviews, payments and remunerations, compliance, onboarding and much more.

With the information of their old, current and potential non-permanent workers all saved in one database, an organization will have the data and tools needed for rapid scalability, long-term growth and a rise in revenue.

New technologies will also help a large businesses approach to candidate relationship management.

Automation tools will help an organization to set up reminders to interact with candidates, schedule events such as phone calls, emails or interviews, manage recruitment and email marketing campaigns, and analyze and track recruiting data. This, in turn, will allow a business to improve the candidate experience, and continuously attract and retain the best possible talent.



A report last year, titled '2018 North American Staffing & Recruiting Trends Report:

The Industry's Outlook for 2018', found that 40 percent of the 1,400 staffing and recruiting professionals questioned said that automation's greatest value is increased efficiencies, while the same percentage said its biggest benefit is increased engagement.

Despite that, more than a third (35 percent) of firms do not automate during the prospecting, client engagement, or account management stages, and about 40 percent do not automate candidate selection, screening, or nurturing.

Those who do not invest in the right technology-driven solutions could fall behind. Most companies spend at least a third of their overall budgets on purchasing goods and services, meaning procurement is clearly critical to their bottom lines. Therefore, any improvement that comes from investing in the right technologies can dramatically cut costs and improve efficiencies.

Reference: <https://www.bullhorn.com/blog/2018/01/top-staffing-recruiting-trends-2018/>

TREND FOUR:

Workers in control

Unlike in the past where companies were able to freely choose the best talent on the market, today's job market has completely changed. A shortage in skilled workers has meant that the top industry talents are now able to choose the companies and projects that they want to work with.

The very best candidates are now picky, and they can afford to be so. They come with specialized skills and expert knowledge that can seriously benefit a company and its goals for future growth.

In a bid to attract contingent workers, organizations are now turning to innovative recruitment and marketing techniques, as well as looking into ways they can create a workplace culture that both attracts and engages contingent workers.

More than anything, workers are now seeking an enjoyable place to work - rather than looking solely at career development and remuneration. This has made employee engagement a key aspect for any company that wants to hire the best talent in their field.

This was found to be true by a study conducted by Glassdoor, in which 70 percent of job seekers consulted the employer review site during the hunt for a new job. Job seekers who found negative reviews from current and former employees were more often than not turned away from working with the company they searched.

As a result, employers should regularly check job boards and review sites to see what employees say about them. It's important that they then address any common issues and complaints to improve their "brand" as an employer.

Companies must understand exactly what today's contingent worker is looking for. Failing to do so will prevent an employer from meeting their needs, and in turn, will see top talent move on to work with their competition. Word of mouth is strong, and if a contractor has a bad experience with a business that news can spread to other top talents.

Reference: <https://www.peoplescout.com/the-contingent-workforce-landscape-trends-technology-and-strategies/>



TREND FIVE:

Growing impact Artificial Intelligence

Artificial intelligence (AI) is becoming increasingly important in a world that is more and more interconnected and driven by data. Whether it's driving a car, recommending a place to eat, or analyzing data in the workplace artificial intelligence is more influential now than ever before, but what does this means for large organizations and their talent acquisition strategies?

With some 74 percent of employers claiming they frequently hire the wrong person for a position (which costs them an average of \$15,000), AI is set to play an increasingly important role in the sourcing, hiring and management of contingent workers.

So, what is artificial intelligence? AI is a technology that allows computer systems to

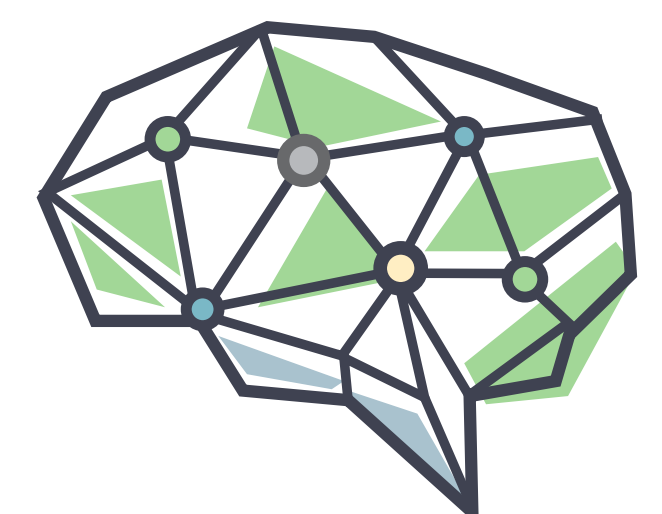
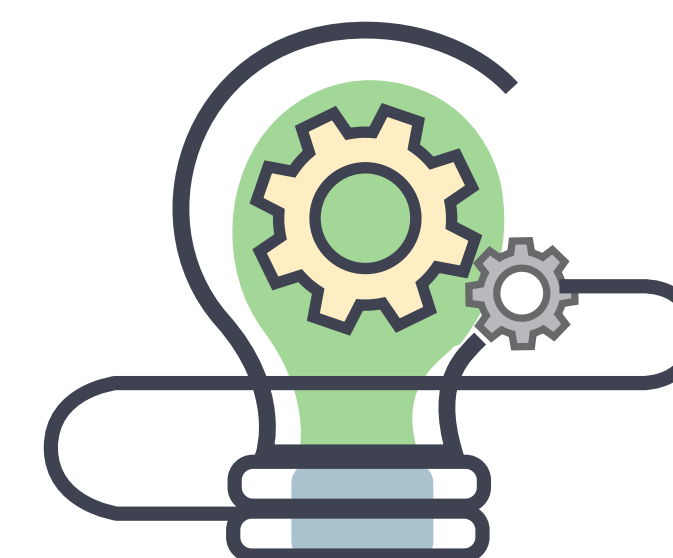
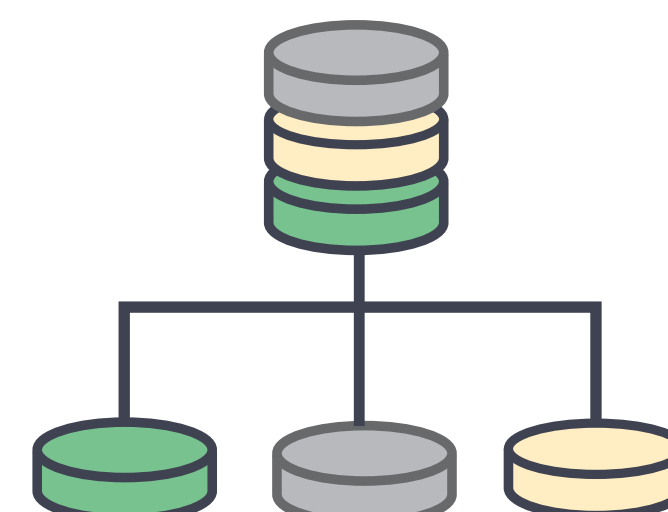
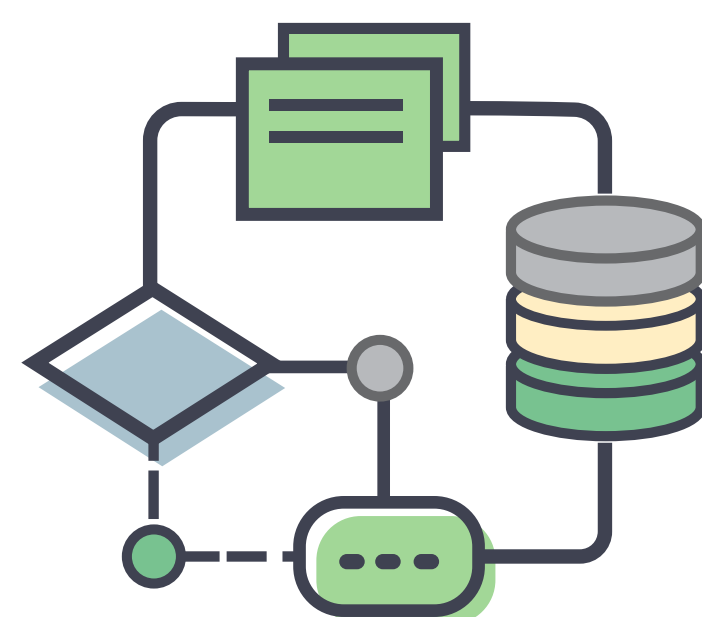
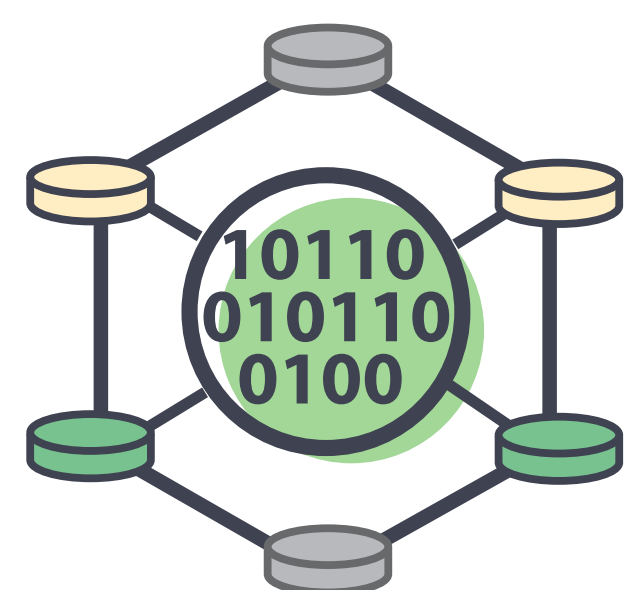
learn from experience and perform human-like tasks. These technologies are more efficient than humans when it comes to information, with AI able to process large amounts of data and recognize patterns within this data. AI technology, such as predictive analysis, machine learning and augmented reality, will soon offer new opportunities for employers. It will improve efficiencies within the hiring of contingent workers, enhance the quality of talent they have access to and be an important tool in data analysis of past, present and future workers.

According to a report from pwc, business leaders understand the importance of of AI technology with nearly three in four considering AI a “business advantage that will be fundamental to their future operations.”

It's likely that we will see the integration of AI into existing software such as vendor management systems. This will allow for faster decision-making, more accurate data that helps you to hire the correct contingent workers and increased automation in the management of non-permanent workers.

If this is integrated successfully, organizations will soon find new ways to increase the success of their talent acquisition strategies as well as enhance the understanding of their workforce. Ultimately, this will drive cost savings, improve the quality of talent and promote business growth.

Reference: https://www.hr.com/en/magazines/hr_strategy/december_2018_hr_strategy_planning/ai-and-its-impact-on-contingent-labor-management_jpwux4y9.html



Conclusion

In this Trends Ebook, we've demonstrated that the future calls for new and innovative sourcing channels, increased mobility on a global scale, the role of emerging technologies and the impact of AI or simply the turning of tables, where workers are now having the upper hand.

As such, organization must increasingly be aware of the changing nature of today's workforce to keep an upper hand.

By staying on top of these trends an organization will find that not only will they be able to hire workers that push their business towards long-term growth, but that they have all the tools and data needed to deepen their understanding of their contingent workforce and what they'll need moving forward.

There are plenty of opportunities for organizations willing to adapt to these trends, but those who don't will soon find that they are losing top talent to their competitors.

**High-Performance, Vendor Neutral,
Contingent Workforce Solutions.**



United States
244 5th Avenue Suite 1460,
New York, NY 10001

Canada
360 Albert Street Suite 1750
Ottawa, ON K1R 7X7

TALK TO US!
1-866-564-4222
info@hcmworks.com

visit us: HCMWorks.com