

WORKSPAN

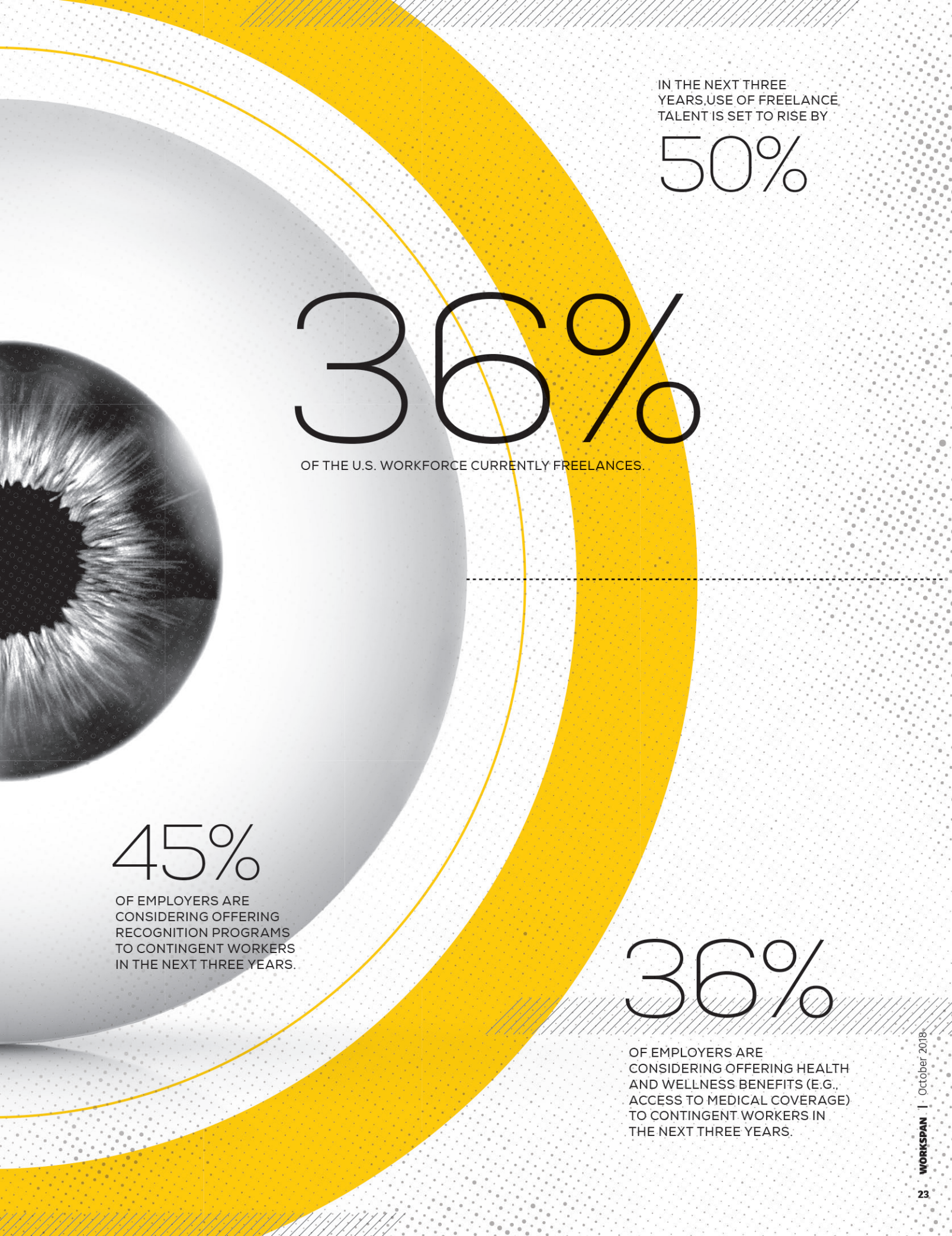
41%

OF EMPLOYERS EXPECT TO
PROVIDE ACCESS TO HEALTH
AND WELLNESS PROGRAMS
(E.G., GYM MEMBERSHIPS) TO
CONTINGENT WORKERS IN
THE NEXT THREE YEARS.

SEEING THE GIG PICTURE

Contingent Workers Demand a New Talent Value Proposition

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IN THE NEXT THREE
YEARS, USE OF FREELANCE
TALENT IS SET TO RISE BY

50%

36%

OF THE U.S. WORKFORCE CURRENTLY FREELANCES.

45%

OF EMPLOYERS ARE
CONSIDERING OFFERING
RECOGNITION PROGRAMS
TO CONTINGENT WORKERS
IN THE NEXT THREE YEARS.

36%

OF EMPLOYERS ARE
CONSIDERING OFFERING HEALTH
AND WELLNESS BENEFITS (E.G.,
ACCESS TO MEDICAL COVERAGE)
TO CONTINGENT WORKERS IN
THE NEXT THREE YEARS.

SEEING THE GIG PICTURE

Whether it's more flexibility, interesting work, additional income on the side or simply because traditional employment is unavailable, people are increasingly looking for work that best suits their evolving needs, lifestyles and aspirations.

In the United States alone, more than 57 million workers (about 36% of the workforce) freelance today, and data found in the Upwork survey, "Freelancing in America: 2017," predicts that most of the U.S. workforce will freelance by 2027. Millennials are leading the way, with nearly half freelancing already.

Supporting the surge, organizations expect to make greater use of freelance talent as they look to both fill skill gaps and consider how best to get work accomplished in consideration of cost, speed to capability and risk factors. In fact, the Willis Towers Watson "2017-2018 Global Future of Work Survey" reveals that employers' use of free-agent workers is set to rise by 50% in the next three years. The net? Organizations will engage with a wider range of talent that has very different needs and expectations of a short-term employment relationship than that of workers in traditional, full- or part-time engagements.

FREELANCE FALLACIES?

The future of work research dispelled some commonly held myths about contingent workers. Most critically, they are neither disengaged nor uncommitted to an organization's success. Instead, about half of employers said that contingent workers are *just as likely* to put in extra effort as full-time employees. Furthermore, employers believe that freelancers are just as likely as their full-time employee counterparts to recommend an organization to friends as a good place to work, underscoring the importance of leaders and managers in engaging all talent types.

And because nonemployee talent is so critical, committed and likely to promote the company as a good place to work, nearly half of the employers

in Willis Towers Watson (WTW) research reported that they are considering providing some level of rewards to this population. Specifically, organizations are expecting to increase the use of recognition programs and health and wellness programs (e.g., access to the gym) to these alternative worker types.

As the workforce continues to embrace the new gig economy, contingent workers are looking at opportunities through a new lens — and the most highly skilled among them will expect (and even demand) more than just competitive pay. WTW's employee opinions normative database provides some understanding around the preferences of the gig economy. Results from contingent workers in 112 companies were aggregated for analysis, representing more than 100,000 respondents.

So, how does this population feel about the work experience? Contingent workers generally score more favorably on various topics than typical employees in high-performance companies, suggesting a relatively positive work experience. But contingent workers score lower than the usual trend, indicating challenges and opportunities, in three areas:

- Workload and work-life, especially fairness in work distribution
- Goals and objectives, especially understanding how work goals fit with company objectives
- Operating efficiency, especially timeliness of decision making.

Collectively, the findings suggest that an otherwise positive job experience is marked by (perceived) unfair workload, misalignment with company goals, and poor decision speed (which may instead reflect poor line-of-sight to decision processes). In other words, these workers may feel overly stretched and underappreciated. (See "HR Has a New Gig in the Gig Economy.")

CONTINGENT CONUNDRUMS

The lines between employees and contingent workers are blurring as organizations make greater use of nonemployee talent and as flexible and remote work become more prevalent. From an employer perspective, having a lot of contingent workers is risky. If disengaged, contingent workers can leave a lot faster than employees, taking their knowledge with them and potentially working for competitors the following week. Worse, they might remain working for their current organization, not recommend it as a good place to work



and underperform. Essentially, they could lack stickiness, aka loyalty.

Human resources must shift its thinking to focus on these new talent populations and how their needs may differ from those of a more traditional employee population. How will companies differentiate their organizations from others competing for the same skills and talent groups? How will they create a connection to the organization, its culture and how work gets done to achieve business objectives and drive high performance? How will they solve for the three challenge areas previously mentioned?

PIVOTING THE PROPOSITION

The employee value proposition (EVP) defines “the give and the get” by outlining what the organization offers workers and the behaviors expected in return. Articulating an EVP is not new, but the practice of expanding it to include both core and contingent workers is gaining momentum.

The talent value proposition (TVP) takes the traditional notion of an EVP and focuses on a broader population. It is about creating a competitive advantage by delivering a compelling work experience for all the talent sets connected to the organization. It also is about creating an exceptional working relationship that engages the right people from inside and outside the organization to achieve a shared purpose and goals.

Overall, an EVP may be working well for full-time employees, but the needs and risks of other talent populations likely are different, and the specific programs that can be delivered can differ as well. Pivoting from an EVP to a broader TVP allows organizations to better engage the entire talent network.

CREATING THE TVP: A 3-D APPROACH

The first step to developing a TVP is *discovery*. Identify the talent segments that the organization has (and needs) today and tomorrow. Get perspectives from these segments on the elements of the deal that will most drive engagement, referring to the challenge areas revealed by the research.

The second step is *debriefing*. This involves synthesizing a data-driven report on the implications for each talent segment, to include research on the future of work, talent and drivers of engagement. It also includes identifying risks and assessing opportunities relative to business performance objectives.

The final step is *developing*. This involves exploring the characteristics of the talent population

HR HAS A NEW GIG IN THE GIG ECONOMY

In the past 30 years, HR has pushed — and in most cases, succeeded — to have a seat at the C-suite table, essentially playing a strategic role in talent attraction, retention and engagement. This current traditional role of HR covers everything from recruiting to total rewards (design and administration) and employee development. HR today goes far beyond the legacy responsibilities assigned to the outdated term “personnel.”

Change, however, is here. A new and critically important role is emerging that will take precedence over everything that has come before. HR needs to address the challenges of the increasingly dynamic work environment with a similarly dynamic workforce. Traditional HR supports traditional employment designed to support legacy approaches to work. New and evolving work, driven by greater speed, artificial intelligence and automation has created a strengthening workforce of contingent and freelance talent. HR must be at the center of this change and, ultimately, the center of workforce productivity.

As HR continues partnering with the business on total rewards and career opportunities to engage an employee base that is stable (i.e., jobs primarily filled by full-time employees), new workplace realities, including temporary and sometimes unpredictable assignments, create new challenges. Traditional approaches become less important when career paths are evolving into portfolios of broad and nonlinear work experiences. How the work gets done and by whom are the questions HR is increasingly facing.

Just as work found in other occupations is being transformed, so too will the work of HR. Specifically, HR needs to:

- Move from being a business partner to a work and business integrator, focused on productivity
- Change focus from delivering on the EVP to delivering on the TVP for a broader population.

How will HR accomplish these changes? It must:

- Rethink work and talent management
- Redefine the talent experience
- Re-envision HR solutions
- Match skills and talent to immediate, fast-moving, highly prioritized work
- Apply data to create meaningful talent insights on a much more frequent basis.

Is HR ready? In most organizations, the HR function needs to be assessed against these new goals and likely modified to accommodate this changing environment. Winning the race for talent is about speed to talent, which includes all talent types: part-time, contingent, freelance and alliances. Jobs are becoming far more dynamic with shorter assignments and the work being constantly calibrated and iterated to ensure relevance to the current employer circumstances.

HR needs to plan for the shift and make changes. The need is now.



HOW THE WORK GETS DONE AND BY WHOM ARE THE QUESTIONS HR IS INCREASINGLY FACING.

through personal maps and identifying specific talent and rewards solutions that will differentiate the employer. Finally, this concludes with organizing the solutions into the talent value proposition.

Once 3-D design is complete, we recommend creating a personalized total rewards or HR portal to communicate the new TVP. (See “Co-Employment Considerations and Total Rewards.”)

TAILORING PROGRAMS FOR A BROADER TALENT NETWORK

Many organizations that have started to explicitly articulate their TVP have many part-time, seasonal, contract or other contingent workers. Some organizations (particularly those where technology is transforming work) recognize the need to engage an audience wider than their direct employees. These companies understand that a strong TVP helps them gain a competitive edge by engaging people with the critical skills they need to get work done.

There are some simple steps to get started and figure out your talent network, how to engage them and manage the risks:

- Understand the total talent mix: What is it now and what’s likely in the future?
- Figure out what these types of employees want from their relationship with you as the employer.
- Consider the potential risks related to these relationships and how you might mitigate against them.
- Define and execute some quick wins: Decide if you can introduce some tailored programs or activities to help you attract and engage the people who will make a difference for you in the short-term.

TVP: THE LINK TO HIGH PERFORMANCE

The definition of employees is changing who and what a company relies on for productivity and performance to get work done today can range from full-time employees to part-timers, from seasonal employees to freelancers and volunteers — and let’s not forget artificial intelligence.

Never have we had the opportunity to engage a network of talent in so many ways. As a result, how we design the work deal is evolving. Organizations

need new value propositions to both engage with this expanded talent network and to mitigate risk. The TVP can develop a true link between the worker, organization and culture, and subsequently create a highly engaged workforce with the stickiness to help drive performance. **WS**

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CO-EMPLOYMENT CONSIDERATIONS AND TOTAL REWARDS

While the law is still forming around co-employment considerations, some organizations express concerns around the idea of offering a value proposition that might misconstrue the line between employee and nonemployee status. Willis Towers Watson espouses the importance of separating the hype from the fact. For example, some organizations believe that providing access to health-care or retirement benefits will be viewed as employment. In fact, organizations only run the risk if they provide actual health-care benefits (versus options to purchase health care) or if they provide actual retirement benefits like a defined contribution plan (versus access to financial planning resources).

Furthermore, employers can provide many voluntary benefits to contingent workers, such as learning opportunities or recognition. Within the TVP solution, the challenge is to figure out the optimal combination of rewards for contingent workers and how/why they should be different from those of employees. This is specialized legal ground, so be sure to have your HR and legal teams collaborate on the specifics for your organization.