

Maximizing the Value of Contingent Employees

Human capital emphasizes respect, engagement and skilled management

By Bridget Mintz Testa

Traditionally, human resources views employees as costs and as interchangeable commodities. Human capital, though, takes the stance that people are the foundation of corporate performance, innovation and market value. The Human Capital Institute, based in Washington, D.C., is a membership association that performs strategic consultation, research and education in this new practice of evaluating employees' importance to the organization. Writer Bridget Mintz Testa spoke with HCI President and Executive Director Allan Schweyer about the application of human capital practices and philosophies to contingent workforces.

Contingent Workforce Strategies: How does human capital differ from human resources, both as a body of knowledge and as a practice?

Allan Schweyer: The difference is partly one of mindset. Traditional human resources views people not as talent but as replaceable cogs in a machine. Human resources looks at metrics like cost-to-hire and time-to-hire, not quality-of-hire. It looks at retention and turnover rates rather than good retention and good attrition. Human resources uses employee satisfaction surveys rather than employee engagement surveys.

Engagement is manifested in the willingness of an employee to put discretionary effort into his or her work, above and beyond what is required for satisfactory job

performance. Human capital focuses on how to leverage talent in organizations for competitive advantage, recruit and retain the right people, unify and integrate the human resources effort in alignment with corporate objectives. It treats people as individuals, and it's a more strategic view.

Contingent workers are often seen as commodities, to an even greater extent than permanent employees. What does human capital say about this view of contingent employees?

This longstanding paradox, needing your contingent workforce to be motivated and engaged — a part of the team, but also needing to keep them at a distance — is a real challenge in talent management.

There are many ways for the skilled and aware manager to get more out of a contingent worker while not crossing the line into co-employment or misclassification. You can't extend the same formal benefits or training to them, but you can know their names, and praise them for good work.

About 60 percent of temps surveyed say they'd rather work full-time. Many companies have temp-to-hire programs, and taking some percentage of temps to hire does motivate them to perform well. Even for those who don't want full-time

employment, seeing others hired permanently may motivate them.

What can companies do, in terms of human capital, to make the best use of its contingent employees?

We mustn't forget the reasons contingent workers are so popular. At one end, we have temps. They're intended to remain temporary by the company. Perhaps business has expanded, so a company brings them in to handle that expansion and won't need them once they're through the busy period. Or they're doing semi-skilled warehouse work or Christmas retail sales or clerical work for an accounting crunch. They sort of are interchangeable. You should treat them well and with great respect, but you should not apply the same talent management to them as you would with full-timers.

At the other end, we have extremely knowledgeable people, usually independent contractors, who are doing something critical. These highly-skilled individuals are contributing something



critical to the company, even if they're only around for a short time. Such a person is probably self-motivated and doesn't need to be engaged as much by the company as a full-timer, but you still want to treat him or her well.

That means knowing what motivates them beyond the paycheck. That is, you must still manage their talent. The way to do this is to invest in making hiring managers better talent managers. They can then do a better job with everyone, including contingent workers. They must also understand the need for a bit of a wall between the company and its contingent employees.

What are some other human capital techniques an employer can use to engage contingent employees?

If you have an especially good contingent worker, you can offer them flexible working schedules. That makes them appreciate working for you instead of other clients.

You might provide them with services like MyBizOffice (www.mybizoffice.com) or other tools, which are clearly for contingent workers and not for regular employees. You could pay professional dues if membership in an organization is required for the job the contingent worker is going to do for you.

For agency workers, training should ideally be provided by the agency, espe-

cially if it is generic training, such as accounting principles or advanced C++. However, if training is required that is very specific to the organization where the contingent worker is placed, it can be provided by the company.

The staffing industry paradigm is transactional, that is, an employer purchases or leases so many contingent employees for a time period ranging from days to months. What changes, if any, might human capital make in this paradigm?

Companies could use the paradigm of the supply chain. They could have their own pool of contingent employees. More companies today find their own inde-

pendent contractors than they did 10 years ago. Over time, a company might have thousands or more people in its contingent worker pool. When those in the talent pool aren't working for the company, they could work elsewhere but they could still be easily tapped for upcoming projects. <

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