



2022 STATE OF THE CONTINGENT WORKFORCE REPORT:

**Heightened Expectations and Competition
Endure as Recession Clouds Hover**

*New data challenges conventional wisdom on
how to attract and retain non-employee workers.*





EXECUTIVE SUMMARY

The Great Rethink Has Reached the Contingent Workforce

Workers everywhere are re-evaluating their lives and what is important to them in their work. The pandemic prompted many to shift their priorities toward greater balance and to find roles that align with their professional passions and personal lives. This phenomenon has clearly reached the contingent workforce.

The contingent, or non-employee workforce, is growing at a rapid rate – and so is the competition for this increasingly important source of talent and skills. Contingent workers now comprise up to 50% of the average company’s workforce. Employers are realizing that tapping into this growing segment of the workforce opens their access to new and specialized skillsets to drive value creation and organizational agility.

Flextrack took a market pulse from contingent workers across industries in the U.S. and Canada in August 2022 to uncover the workplace attributes most important to this group. The survey identifies opportunities for employers to attract, engage, and retain the most sought-after talent. This report provides a readout on the state of the contingent labor market and how organizations can strengthen their position as an employer of choice for contingent workers.

Our findings indicate organizations need an intentional and sustained focus on the non-employee workforce experience to maintain access to talent and to ensure returns on their contingent workforce investments. Our data also suggests that much of the conventional wisdom around what attracts and motivates contingent workers is changing.

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COMPANY CULTURE IS CATCHING UP TO PAY AS A TOP WORKFORCE PRIORITY

Conventional wisdom maintains that pay rate is a primary factor in determining whether someone accepts a contingent work assignment. The fact that 71% of contingent workforce program managers have increased pay rates over the past year to address talent shortages bears this out.¹ As these increases have spread across the market, however, cultural factors such as meaningful work, workplace respect, collaborative environments and a commitment to diversity, equity and inclusion have begun to show increased influence on contingent workers' decisions to accept an assignment - or to end one early.

In fact, when asked about the most important factors contingent workers consider when deciding whether to accept an assignment, meaningful work topped the list. Sixty-six percent of workers said this is very or extremely important to them. Sixty-five percent said the same for schedule flexibility.

In statistical terms, contingent workers' most important preferences are relatively close, however simply maximizing compensation did not break into the top five assignment considerations. Of course, this doesn't mean that competitive pay rates aren't essential - they are. In an increasingly transparent and dynamic market, competitive pay has become table stakes. Given inflation is at a 40-year high, employers simply won't be able to hire contingent talent without competitive and fair pay rates. But it takes more than bigger checks to win and retain top contingent talent.

Factors Influencing Contingent Workers' Acceptance of Assignments, in order of preference:

- 1  Meaningful work
- 2  Schedule flexibility
- 3  Company stability
- 4  Collaborative/supportive work environment
- 5  A positive interview experience
- 6  Potential for health/welbeing benefits
- 7  Company commitment to Diversity, Equity and Inclusion
- 8  Maximum compensation
- 9  Up-to-date tools and technologies
- 10  Professional development/upskilling opportunities

¹ "Workforce Solutions Buyer Survey 2022 Americas," Staffing Industry Analysts, 2022.

Today's non-employees have higher expectations of their employers, especially in terms of working environment and company culture. For example, sixty percent of respondents indicated that company commitments to diversity, equity, and inclusion (DE&I) are very or extremely important to their accepting an assignment. This is a wake-up call for companies that haven't yet made this commitment part of their culture and extended it to their contingent workforce. At the same time, over half of respondents indicated that they would consider ending an assignment early due to a toxic workplace or bad management.

Stability also ranked high among preferences, especially as fears of a recession grow. Sixty-four percent of respondents said company stability is very or extremely important to them when evaluating offers. Other important workplace attributes include collaborative and supportive work environments (63%) and a positive interview experience (63%).



“ The most important workplace attributes vary between generations. Meaningful work was tops for Gen Z while schedule flexibility was #1 for Millennials.

MEANINGFUL WORK: THE NEW EMPLOYER VALUE PROPOSITION

Nearly half (46%) of non-employees say they prefer contingent work over regular employment. Conversely, 53% said they'd consider ending an assignment early if a full-time, permanent opportunity became available. Nearly a third of the responses for these two questions were neutral, indicating a substantial opportunity for employers to influence contingent workers' commitment to completing assignments and staying engaged with the organization - either in contingent roles or as full-time hires.

Of the non-employee workers who said they'd consider switching to full-time employment, meaningful work (75%) was a top factor for this group when evaluating assignments. Research from McKinsey backs this up: Talent in non-traditional work arrangements cited meaningful work as a top reason to return to traditional employment.² This finding, in addition to the data above showing that meaningful work is a top overall consideration among contingent workers, highlights the overall importance of meaningful work in attracting any type of worker. Companies that connect work with purpose and meaning give themselves an advantage in any talent market, and stand to increase their workers' engagement, commitment and productivity as well.³

² "Gone for now or gone for good? How to play the new talent game and win back workers," McKinsey, March 9, 2022

³ "How to Make Work More Meaningful for Your Team," Harvard Business Review, August 9, 2017



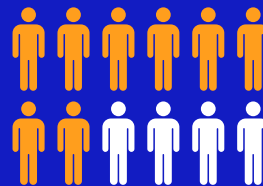
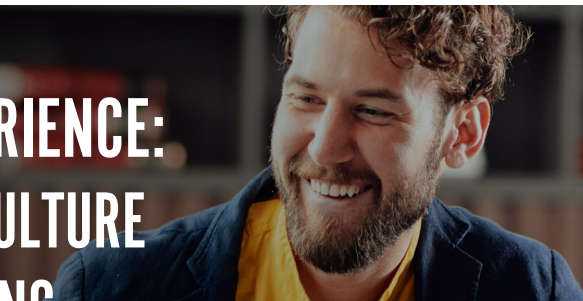
Across all workforce segments, including non-employee workers, people are seeking work that satisfies their need for meaning and purpose. Employers who understand this and can find ways to emphasize this meaning and purpose can give themselves an advantage in all markets for talent while creating a more human-centered work environment.



Jeff Mike

Head of Research, Flextrack Inc.

CONTINGENT WORKER EXPERIENCE: HISTORICAL GAPS IN WORK CULTURE EXPECTATIONS ARE NARROWING



Almost 60% of contingent workers in our survey report regularly receiving recognition for good work.

As more organizations recognize the critical role contingent labor plays in today's workforce, the traditional divide between the contingent and full-time and permanent worker experience is narrowing. While historically non-employee workers may have experienced marginalization relative to the full-time workforce and company culture, our data paints a more promising picture.

The overall contingent worker experience today is positive. Almost 60% of contingent workers in our survey report regularly receiving recognition for good work. On top of that, over half of workers say they always or often experience the same respect as full-time and permanent employees in their work assignments and that they regularly experience inclusion in important work activities with traditional full-time employees.

The biggest worker experience gap that employers should aim to close is providing mechanisms for contingent workers to give constructive feedback on their assignments. Forty-seven percent of workers say they don't get this opportunity and nearly 60% say they aren't regularly given post-assignment exit surveys. These are easy fixes with the right contingent workforce technology that enables surveying of contingent workers during assignments or at their completion. Of course, managers need to follow up on this feedback once it's been given.

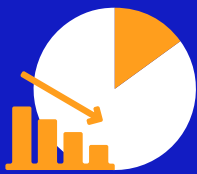
Given the risks associated with employment classification companies need to have the technology guardrails and policy checks in place to ensure compliance with regulatory requirements around specific segments.

However it's clear that the days of relegating contingent workers to second-class status in terms of employment experience are over. The companies that double-down on the contingent worker experience will ultimately attract, engage and retain a greater portion of this vital source of talent.

ECONOMIC OUTLOOK: A MIXED PERSPECTIVE ON STABILITY CREATES OPPORTUNITIES FOR EMPLOYERS

Just over half (51%) of contingent workers say they're confident in their current work stability despite a potential recession. About the same number, 45%, report they'd consider leaving an assignment early based on unstable economic conditions. Between one-quarter and one-third of respondents to these questions did not express strong convictions, again suggesting an opportunity for employers to influence the outlook of those contingent workers who are valuable and whom they want to ensure remain committed to the organization.

In today's economic environment, only 15% of contingent workers indicated a strong willingness to accept lower pay in return for a regular, full-time opportunity. Nearly two-thirds of respondents indicated a neutral or slight willingness to make this compromise, suggesting again that factors beyond pay rate can influence a contingent workers' decision to stay with a current assignment or accept a full-time role.



15% of contingent workers indicated a strong willingness to accept lower pay in return for a regular, full-time opportunity.

As recessionary clouds loom, employers should enhance their efforts on reinforcing the non-compensation elements of the work while continuing to manage labor costs.

As recessionary clouds loom, employers should focus their efforts on reinforcing the non-compensation elements of the work while continuing to manage labor costs. The rate gains of the past few years have been hard fought, and labor markets could punish employment brands that simply follow the traditional route of cost-cutting in a recessionary environment if a full-blown recession never appears or once a recovery is underway.

The good news: thirty-eight percent of respondents believe a recession would make contingent work more stable than full-time and permanent employment. Only 21% disagreed with this assertion while 40% indicated a neutral outlook. This suggests that if employers offer meaningful work assignments, emphasize non-compensation elements, and demonstrate company stability and resilience in addition to offering competitive pay, they will be more apt to attract and retain contingent workers, even in a turbulent economic climate.

UNMET WORKER EXPECTATIONS DRIVE TALENT FLIGHT

Workers have more power in today's labor market, thanks in large part to long-term shortages of digital skills and workers re-thinking of where their careers fit into their lives. In fact, this is why many professionals choose to be part of the contingent workforce.

Nearly half of non-employees (45%) have terminated an assignment early due to dissatisfaction. Beyond the fact that non-employees have higher expectations for their employers across the board, if employers don't deliver, the most skilled workers are also empowered to quickly find a new role that better suits their needs.

About half of contingent workers would consider ending assignments early if the following expectations weren't met after starting:



45%

A change in remote or in-person working expectations

49%

The role is not what was described during interviews

45%

The role has fewer hours or less work than promised

As indicated earlier, over half of respondents said they would consider ending an assignment early due to a toxic workplace or bad management. Additional factors workers said would cause them to consider quitting early include an opportunity with greater professional development (47%) or daily pay (44%) became available, a role with a significantly greater pay rate (43%) or hours (43%) became available, or they experienced a lack of inclusion in team or work activities (42%).

TODAY'S WORKERS WANT IT ALL

“As skills shortages endure and as workers re-think their work life priorities – it’s time for employers to upgrade the strategies and technology they’re using to manage the non-employee talent that is instrumental to the success of their business



Peter Carr
President, Flextrack Inc.

The expectations - and stakes - are higher for employers today than ever. Workers want projects that align with their values and make an impact. They want flexibility, stability, diversity and inclusivity. They want two-way feedback and opportunities to grow and develop. And all the while they want to be earning a highly competitive wage.

Corporate culture and workforce experience clearly have a direct impact on the attraction, engagement and retention of non-employee workers. Leadership teams and managers need to be conscious of the fact that inclusive, healthy and happy workplace cultures are incredibly important to the contingent talent that is increasingly fundamental to an organization’s people strategy.



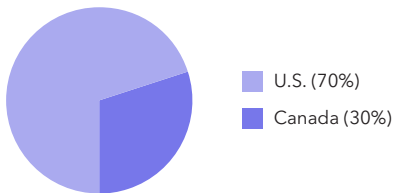
Employers should take their cues from the investments made over the past decade in the full-time employee experience. But translating these investments to the non-employee side will not be a “cut-and-paste” exercise. The digital transformation of the past decade has just started to reach the contingent workforce. Technology innovation is taking off to help employers upgrade their non-employee workforces, and these workers’ experiences, while managing risk and capturing returns on investment. Organizations that select adaptable, user-friendly and cost-effective tools will be in a position to cultivate an agile, engaged and highly productive non-employee workforce as part of a complete talent strategy to fuel the business.



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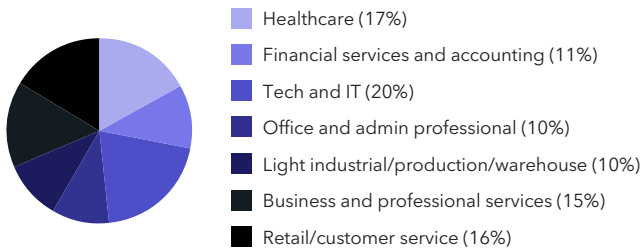
DEMOGRAPHICS

GEOGRAPHY



Flextrack surveyed **640 contingent workers** across the U.S. and Canada.

INDUSTRY



ABOUT FLETRACK

Flextrack is the world's first Extended Workforce Solution powered by Salesforce, offering organizations a unifying solution to view, analyze, manage, and adapt their entire workforce ecosystem with a simple, powerful user experience. Designed by expert contingent workforce practitioners and technologists, Flextrack provides an open approach to plug-ins and access to an industry-leading application exchange, allowing customers to integrate best-of-breed services quickly and seamlessly across front, middle, and back-office functions. The Flextrack platform enables the flexibility and power to meet your current and future talent needs while leveraging brand, optimizing investments, managing risk, and creating value.

Learn more at: www.flextrack.com

As Head of Research at Flextrack, Inc. **Jeff Mike** works closely with HR, Procurement and IT leaders to design extended workforce ecosystems that fuel and future-proof enterprise business strategies. Jeff brings over 15 years of experience leading HR functions, along with five years leading global HR- and workforce-related research, to combine the best thought leadership, business practices, and platform technology into purpose-built solutions.

Prior to joining Flextrack, Jeff was Head of Human Capital Research and Insights with Deloitte, Vice President of Human Capital for a research and consulting firm based in Maryland. Jeff holds an MS in OD and Strategic HR from Johns Hopkins University, and a doctorate in Human and Organizational Learning from The George Washington University.

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