

# CONSIDER HIRING A CONTINGENT WORKFORCE

Using non-permanent employees gives employers the flexibility to manage workers to serve specific needs when they arise **BY MIRANDA LEE**

**T**HE workforce of the future will look very different from now. There have been many changes in the modern day economy due to the disruptive economic landscape driven by technological innovations, changed customer preferences and social habits. Many of the traditional methods of employment are changing as the labour force management continues to be more competitive.

For instance, there is a very apparent global shift in public transport options triggered by new business models by companies such as Grabtaxi and Uber fundamentally changing the experience of transportation.

Companies such as Netflix also recognised a trend where more people are increasingly consuming content at one go and at their own convenience on their “smart” devices. Netflix has redesigned its strategic model by producing its own content and bringing it directly to consumers. This innovation is compacting the traditional value chain function in the entertainment market and has fundamentally changed the industry.

From an employment perspective, the removal of the middle layer will have an impact on the employment of the workers. They need to focus more on developing strong, hard individual skills rather than rely on a single company to provide them job security. This has also brought in a new wave of non-permanent employees known as the contingent workforce – one that is brought in to serve specific needs when they arise.

Singapore has one of Asia’s fastest ageing populations. It is estimated that one in six residents in Singapore will be at least 65 years of age by 2020. While older people are staying longer in the workforce, younger cohorts of Generation Y are also entering the workforce globally. According to the Tripartite Alliance for Fair Employment (TAFEP), Generation X and Y employees now make up 60 per cent of the workforce.

This can also be an opportunity for companies. Instead of struggling with attrition rates to maintain their businesses, employers can turn their heads towards tapping into the contingent workforce.

The use of the contingent workforce increases flexibility in managing the employees of a firm. Moreover, as companies face financial constraints during economic downturns, tapping into the local contingent workforce can allow the company to save on cost with minimal impact to company structure or disruption.

Experiences in the United States, with its more mature labour practices, may point the way to come for Singapore. In 2015, 40.4 per cent of the US labour force comprised the contingent workforce. This was a 9.8 per cent increase from 10 years ago. Most of the contingent workforce were independent contractors and standard part-time employees. This is in contrast to the marginal growth in Singapore where 11.3 per cent (202,400) of the resident workforce were employed on a contractual basis in 2015.

Although Singapore has a large population of contingent workers, that figure has been relatively stable in the past 10 years, and the majority of employers have stated that they believe that the number of permanent



employees are going to remain the same.

Many of Singapore’s older workers may still be attached to the concept of job security. Moreover, companies are also very focused on building a pool of permanent employees as a means of reducing risk of failure from relying on non-permanent employees. Tapping into the concept of a contingent workforce therefore offers opportunities.

Nonetheless, increased competition will pressure companies to change. Companies in Singapore should thus focus on building and maintaining a core team of individuals with strong subject matter expertise with support from a set of peripheral support teams consisting of non-permanent employees that are responsible for carrying out specific functions for the company depending on its needs.

As Singapore’s labour market becomes more competitive, attracting and retaining talent has become a prime concern for small and medium-sized enterprise (SMEs). Most SMEs do not usually focus on building a strong employer brand. Moreover, due to the financial constraints faced by most SMEs, any fluctuations in the economy may result in layoffs, and this creates an impression that SMEs may not provide job security. To top it off, changes in labour quotas means that it is increasingly more difficult for SMEs to rely on foreign labour.

SMEs can overcome this issue by relying on the contingent workforce which would be particularly useful for SMEs that run projects of varying sizes. This would enable them to beef up their manpower strength to manage bigger projects and shed them off when projects end without

damaging their employer brand and yet retaining the expertise of the core team members.

To encourage SMEs to play an active role in hiring a contingent workforce, the Ministry of Manpower’s TAFEP has recommended a number of flexible work arrangements to accommodate the other roles individuals perform in life. This includes back-to-work women who need the additional income to run day-to-day activities while being physically present for their children.

Having a contingent workforce creates a dynamic team that can be used to supplement peak periods within their functional departments. For example, they can support core human resource personnel in preparing and paying out the end-of-year bonuses which is typically the time of the year when the staff are stretched beyond their daily tasks.

Because your workers are hired for their specialised and valuable skills for individual projects, you can cut down on the overall time spent, which not only saves labour costs, but ensures that you waste as few of your own resources as possible.

For many companies, a sturdy employer brand could be their strongest weapon in the war for contingent talent. Having an employer value proposition is also critical to future business success in an age where organisations’ workforce experience a different brand of employment. Ultimately, there still leaves a lot of room to play with and a lot of scope to do more to attract both groups. ■

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