

Outmaneuvering uncertainty:

The contingent workforce and a winning employment model





With today's talent and skills shortages and quickly emerging new technologies, organizations are increasingly recognizing the immense potential of the contingent workforce. From adapting swiftly to market fluctuations and cost-effectively managing human resources to bridging critical skills gaps, the contingent workforce is reshaping traditional employment models. In the United States alone, [nearly 36%](#) of the workforce considers themselves independent workers.

However, managing this new workforce demands a fresh perspective and a modern approach. Hiring contractors is much more than a stop-gap measure. Comprehensively and strategically tapping into this unique and flexible talent pool helps with long-term growth, diversity, and adaptability.

In this report, we explore the critical and growing role of the contingent workforce and how contract workers are helping businesses navigate uncertainty, optimize their workforces, and close growing skills gaps.

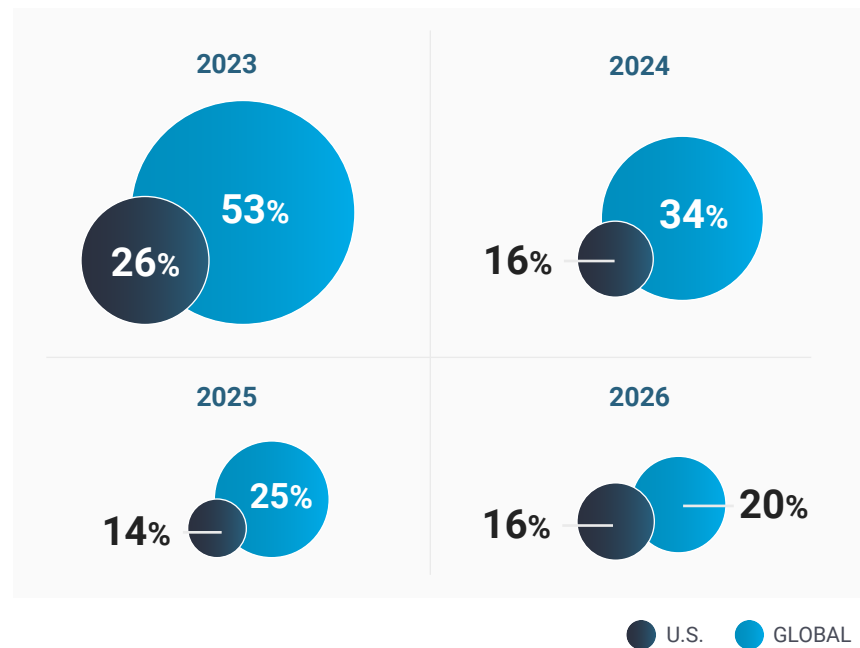




The undeniable case for a contingent workforce

From soaring highs to numbing lows, nonstop recruitment campaigns to extensive layoffs, the volatile market has caused businesses to continually adapt their personnel strategies. There has been a notable surge in the use of contingent workforces over the past three years – a trend we anticipate will persist.

Predicted growth in contingent workforce participation



Source: Eightfold Talent Intelligence Platform, 2023

Based on our latest talent insights, the contingent workforce – including freelancers, consultants, and temporary contract workers – is projected to grow by [53% globally](#) within 2023. This explosive growth can be attributed to several factors, including economic unpredictability, increased layoffs, and the significant shift toward matching skills with work.

But why is contingent such an effective solution? The contingent workforce offers a versatile approach to workforce planning, helping organizations bridge growing skills gaps at a lower cost and scale up or down on demand. This strategy minimizes overhead risk and ensures rapid talent mobilization to meet sudden demand surges or personnel fluctuations. And businesses are noticing. According to a [2020 report on gig work](#) by Mastercard, “freelancers could make up half of the workforce in the U.S. within one decade.”



Outmaneuvering the skills shortage

Employers estimate that [44% of workers' skills](#) will be disrupted in the next five years, according to the World Economic Forum. Much of this has to do with digital transformation and broad adoption of new technologies, such as AI. However, while six in 10 workers will require training before 2027 – according to the WEF – only half of workers have access to adequate training opportunities today.

Contingent workforces allow businesses to quickly tap into a broad talent pool with specialized skills, allowing them to address skills gaps without lengthy processes, costs, or legal hurdles of hiring or laying off full-time employees. It enables organizations to bring in experts for specific projects, ensuring that the [right skills](#) are available when and where needed, driving business growth and innovation.

A winning employment model

Hiring contingent workers presents a winning scenario where the organization benefits from operational flexibility and reduced costs. Workers enjoy diverse project engagements (commonly seen in tech sectors where independent workers work for multiple companies at once) and more flexible working arrangements.

One of the key advantages for organizations is the elasticity contingent workers provide. Companies can easily onboard these workers and just as readily conclude their services, bypassing the complex processes often associated with permanent hires. It's an effective way to avoid layoffs when right-sizing the workforce. Additionally, contingent work offers a unique opportunity for both parties to assess compatibility before considering a full-time engagement. This evaluation period can ensure a stronger, more harmonious relationship in the long run.

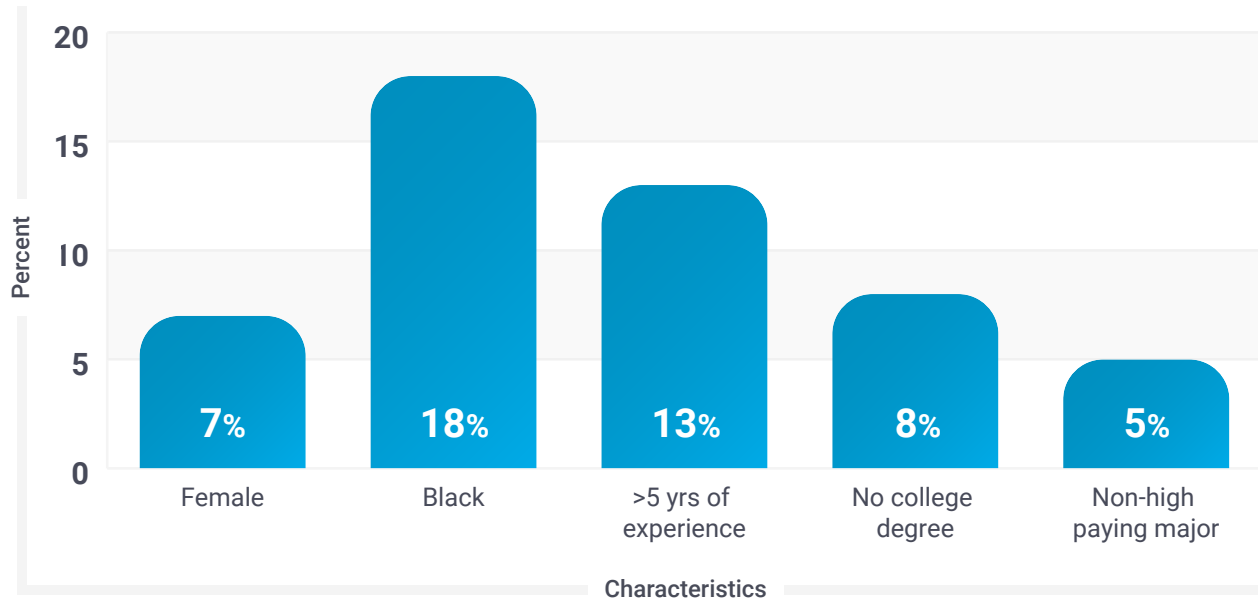


Breaking down the demographics of the contingent workforce

As the [gig economy](#) expands, it's critical for organizations to understand the demographic composition of the contingent workforce. This broad talent pool has varying levels of skills, backgrounds, and experiences.

Understanding the diverse background of the contingent workforce can contribute to a more [inclusive and diverse workplace](#). In fact, contingent roles often appeal to various marginalized groups, including women, underrepresented racial demographics, and individuals without college degrees. By hiring from these groups, businesses inherently foster a more diverse work environment while they discover hidden talent.

Which groups are more likely to be contingent workers?



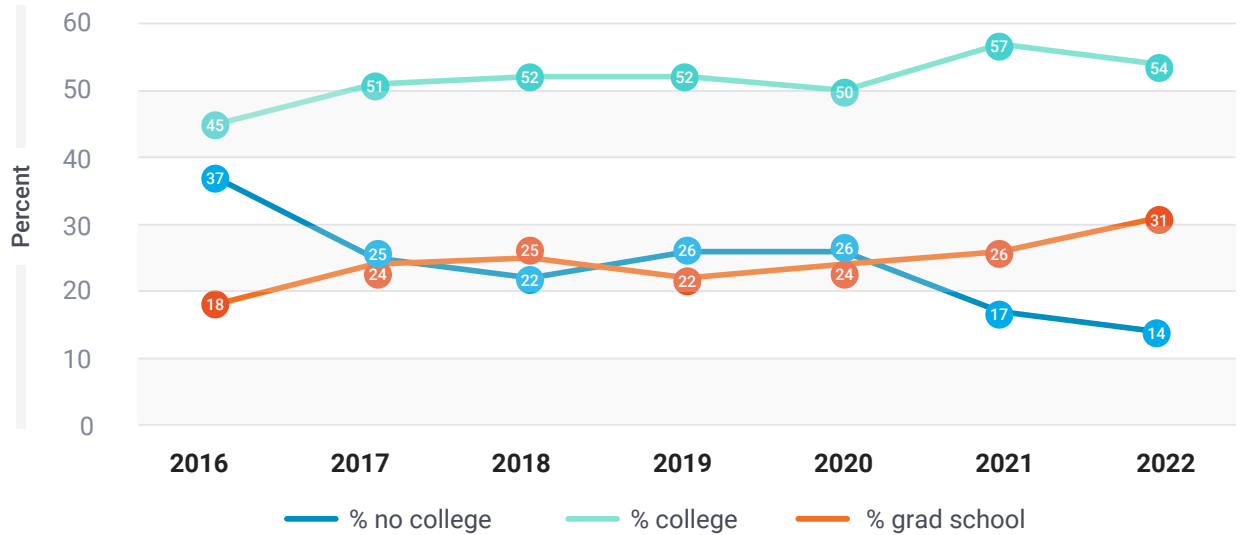
Source: Eightfold AI Global Data

Contingent work serves as a conduit for underrepresented groups to gain footing in the labor market. It offers the possibility of exposure, experience, and eventual integration into the labor force in a more permanent capacity.

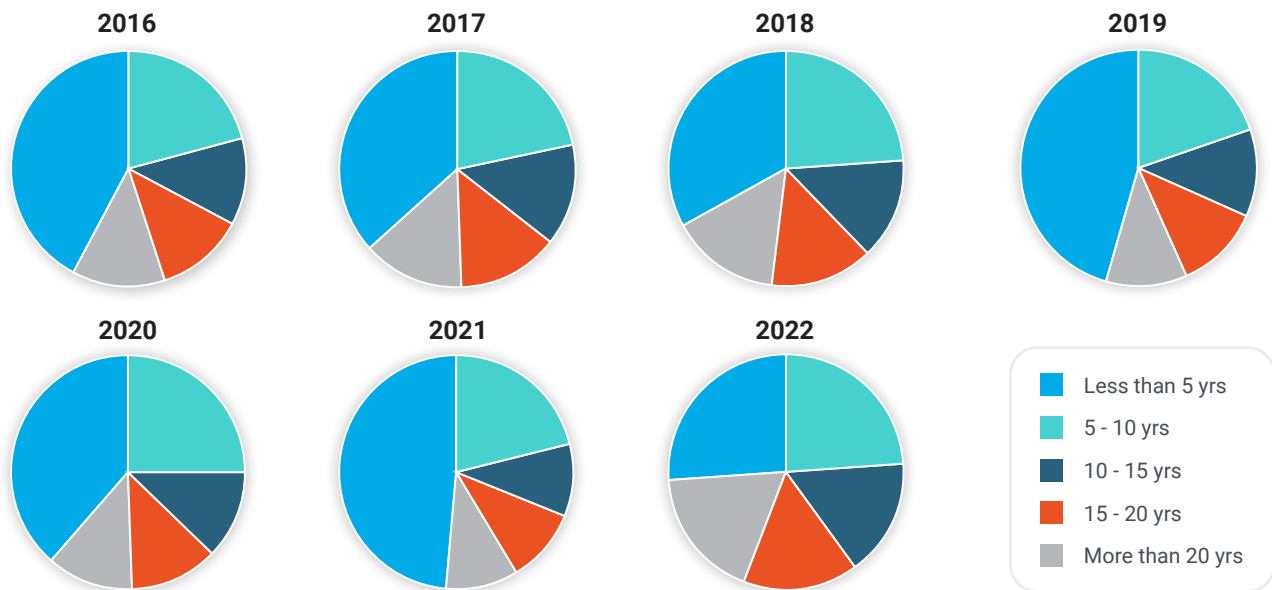
The contingent workforce also increasingly has a college education. In 2021, 57% of global contingent workers had a college degree, up from 45% in 2016. More workers are seeing the value in having more control over their work every day, which can increase overall well-being.



Education level of global contingent workers (%)



Experience level of global contingent workers (%)

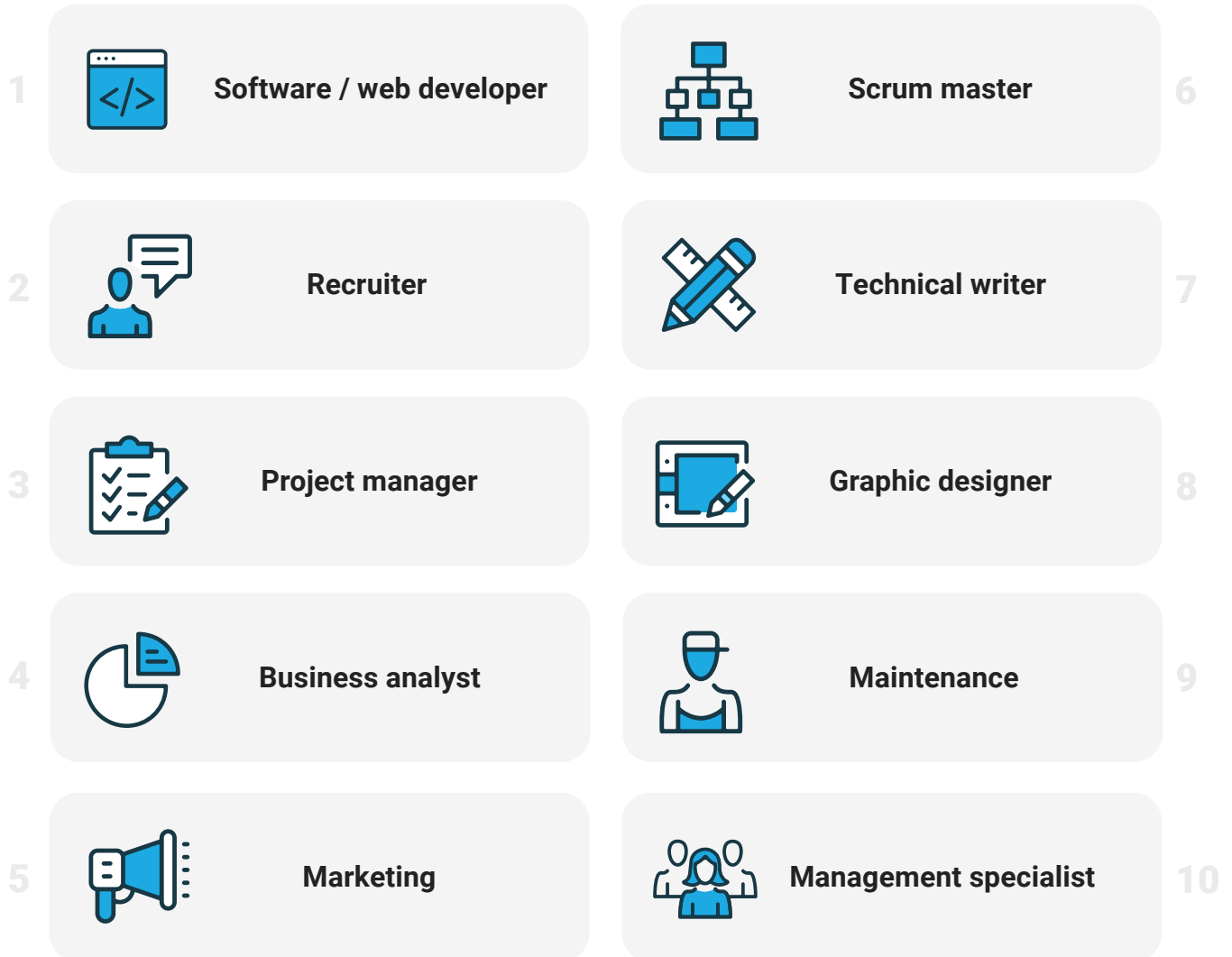


Source: Eightfold AI Global Data

Interestingly, contingent work is not restricted to entry-level or low-skilled roles. A growing number of highly skilled professionals are choosing freelance or contractual work. A McKinsey Global Institute report suggests that up to [58 million people](#) in the United States consider themselves independent workers.



Global contract workers: Top 10 titles in 2022



Source: [Eightfold research](#)

These numbers aren't just static figures — they tell a compelling story of contingent workers' critical role in shaping the future of work. As market dynamics evolve, contingent workers are a growing and integral part of successful businesses. They provide flexibility to adapt, innovate, and grow — and organizations need to respond with a solid workforce strategy.



How to build a progressive contingent workforce strategy

In an era where the future of work is characterized by agility and adaptability, devising a forward-thinking strategy for managing a contingent workforce is table stakes. Building a successful contingent workforce calls for a change in mindset, meticulous planning, and the implementation of robust, insightful mechanisms for tracking workforce dynamics.

Reconsider the expendable: The need for a paradigm shift

Many organizations have traditionally treated contingent labor as a transactional necessity rather than a strategic resource. This legacy mindset results in contingent workers being viewed as expendable commodities rather than valuable assets.

However, this perspective is increasingly proving to be shortsighted. In today's competitive and rapidly evolving business environment, companies that value their contingent workforce are gaining a significant advantage. This includes keeping labor costs down, attracting best-fit talent, quickly acquiring competitive skills, and improving overall workforce quality.

The contingent value proposition (CVP) lies in its flexibility, diversity, and scalability. Businesses can access the right skills at the right time, accommodate workload fluctuations, and foster innovation through diverse perspectives. This is particularly relevant today as organizations grapple with the complexities of a hybrid workforce and the demand for digital skills. Lastly, to build a successful strategy, leadership must be convinced that the old model of 100% full-time employees won't cut it. The market is changing, and those that don't adapt risk getting left behind.

Meticulous resource demand planning: The heart of effective management

Successful contingent workforce management is grounded in precise, strategic planning. Organizations first need a thorough understanding of their existing workforce – of the skills they do and don't possess. Then, with an informed view of which skills are rising or falling in the workforce, organizations must make plans to buy, build, or borrow the skills they need.

Effective resource demand planning should be fluid, allowing for adjustments and tweaks as the organization evolves. This process should include a clear projection of workforce demands, accounting for project timelines, specific skills required, and budgetary constraints. A well-planned strategy ensures that the right people are in the right roles at the right time, maximizing productivity and fostering a high-performance working environment.



Align your contingent workforce program with strategic goals and initiatives

Consider your company's top objectives for the current quarter or six months. Tapping into the contingent workforce can help you quickly activate highly skilled talent to ensure your most important projects and initiatives have the skills and resources needed to succeed.

For instance, many organizations and hiring managers will start requisitions looking for senior individuals, but due to scarcity and long hiring processes, they end up hiring more junior candidates. Hiring contract workers provides a cost-effective way to quickly gain access to highly skilled talent.

Embrace the contingent workforce as a strategic advantage

Contingent workers have emerged as a vital component of a high-performing workforce, bringing unique skills at a lower cost and with greater flexibility. Businesses can unlock their full potential by rethinking traditional mindsets, using data for precise planning and forecasting, and aligning contingent workforce programs with broader objectives. This includes creating an inclusive and engaging work environment that values and respects all workers, regardless of their employment status. In the long run, strategic hiring positions organizations for sustainable growth, maximizing the value of permanent and contingent workforces.

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Ready to create a data-driven, strategic approach to a truly elastic workforce built for your needs?

[Eightfold Talent Flex](#) gives talent and business leaders the power to directly source high-quality contingent workers faster. With increased visibility into your contingent workforce, meet business needs by closing skills gaps and connecting your talent strategies while reducing costs and dependencies on staffing agencies and suppliers. Discover how we can help you build a future-ready workforce with a contingent workforce plan today.

[Transform your workforce.](#)

About Eightfold AI

Eightfold AI's market-leading Talent Intelligence Platform™ helps organizations retain top performers, upskill and reskill their workforce, recruit talent efficiently, and reach diversity goals. Eightfold's patented deep learning artificial intelligence platform is available in more than 155 countries and 24 languages, enabling cutting-edge enterprises to transform their talent into a competitive advantage. For more information, visit www.eightfold.ai.