



How to Manage Risk

In Your Contingent Workforce



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1.) An Introduction



An Introduction

The shape of the modern workforce is changing with the use of highly-skilled contingent labour on the rise.

This is being driven by post-pandemic employer demand and facilitated within a world that is digitally connected and increasingly mobile. In parallel, companies have had to address employee demands for more flexible working arrangements. And the freedom to perform meaningful work on a project basis.

This has created a twin dynamic. Businesses are seizing new opportunities and reaping the benefits of an agile workforce.

However, this shift has also posed challenging questions surrounding legislative, regulatory and financial compliance.

Procurement and Human Resources functions need to align and reconsider their approaches to risk.

Some are successful. But an alarming number of companies still lack the visibility, transparency and operational expertise required to guard against threats.

This guide outlines the benefits of utilising contingent labour. It also highlights the potential risks and outlines a holistic solution designed to save time, reduce costs, and assure compliance.



2.) The Rise of the Contingent Worker



The Rise Of The Contingent Worker

Source: 2022, MBO Partners: The Contingent Labor Imperative



28%

NEARLY 1 IN 3 WORKERS AT LARGE ENTERPRISES ARE CONTINGENT.



82%

OF ORGANISATIONS REPORT THAT SKILLED CONTINGENT WORKERS MAKE UP HALF OR MORE OF THEIR CONTINGENT LABOUR FORCE.



#1

'MEETING TEMPORARY WORKFORCE NEEDS' IS THE TOP REASON FOR HIRING CONTINGENT TALENT. IT'S NOT SIMPLY ABOUT COSTS ANYMORE.



Most companies are going to have to let go of their traditional thinking that everybody has to be a full-time employee.

Josh Bersin,

Global HR thought leader, principal and founder of Bersin by Deloitte.



The Benefits Of The Contingent Worker

The contingent workforce has grown as both employers and employees have adopted more flexible relationships.



FOR EMPLOYERS:

- Ability to meet spikes in demand
- Greater access to specialised skills
- Increased workforce flexibility
- Get tasks done more quickly
- Reduced HR fixed costs
- Increases competitive advantage



FOR CONTINGENT WORKERS:

- Remote and flexible working possibilities
- Exposure to more employers
- Greater work/life balance
- Networking opportunities
- Opportunity to gain experience
- Enhanced freedom and choice



Is your business likely to grow its contingent workforce in the next 12 months?

☐ Yes

☐ No

☐ Not Sure

Post answer

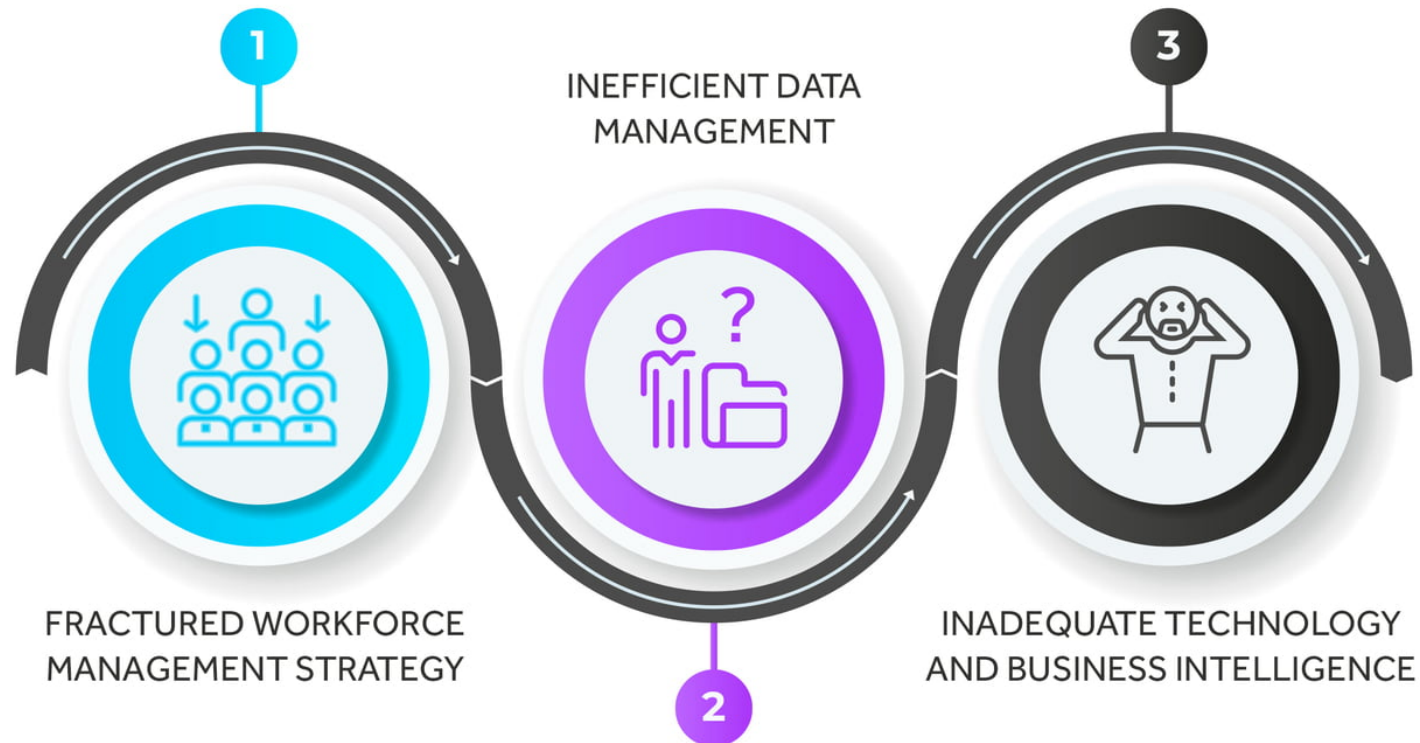
3.) What Are The Risks?



The contingent workforce is growing in importance and size.

However, many organisations are struggling to manage this shift effectively.

Major issues include:



Operational Risks

Inefficient management of a contingent workforce can have a detrimental impact upon business activity and productivity. Inconsistencies can arise when there are multiple hiring managers involved in the recruitment of the contingent workforce.

Negotiating power can be diminished, costs can escalate, the ability to scale requirements is impaired and there's a danger you will lose visibility of the size of your contingent workforce. Ultimately, failure to mitigate against these operational risks impacts your ability to maintain high levels of quality control.

Financial Risks

Not having compliant processes in place exposes a business to significant commercial risk and the threat of penalties and fines. Inadequate contingent workforce management also leads to cost inefficiencies associated with having to overpay for talent.

Information Risks

The leaking of confidential data can be seriously damaging to a company's brand and reputation. Failure to adequately manage a contingent workforce increases the possibility of security breaches, as well as intellectual and property theft. In Europe, the introduction of the General Data Protection Regulation (GDPR) has reemphasised the importance of secure data management. Fines for non-compliance are significant. However, managing this risk within the contingent workforce can be difficult.

Legislative Risks

Misclassifying contingent workers and a failure to properly onboard contingent workers puts businesses at risk of legislative repercussions. In the UK, a slew of high-profile off-payroll working reforms (IR35) has put the issues of 'disguised employment' and legislative compliance firmly on the agenda.

Meanwhile, employers are facing a new host of legislative challenges around employment rights and access to benefits. This was highlighted by a 2022 ruling by the UK Supreme Court that stipulated part-year workers should receive the same holiday entitlement as full-time workers.

The Procurement-HR Relationship

Many larger businesses have two function groups tasked with managing the contingent workforce - Procurement and Human Resources. Procurement has traditionally focused on cost savings within the contingent workforce. Meanwhile, HR has viewed contingent workers as an opportunity to attract and retain talent. This relationship can often be harmonious.

However, having multiple functions focused on contingent recruitment can lead to inefficiencies in delivery. Typically, problems will occur when these two functions fail to align on over-arching strategic objectives. To alleviate these concerns, an increasing number of businesses are turning towards third-party vendors to act as conduits between Procurement and Human Resources teams. These suppliers will engage with both Procurement and HR to understand each department's requirements. With the ultimate aim to deliver a solution that meets both parties' expectations.

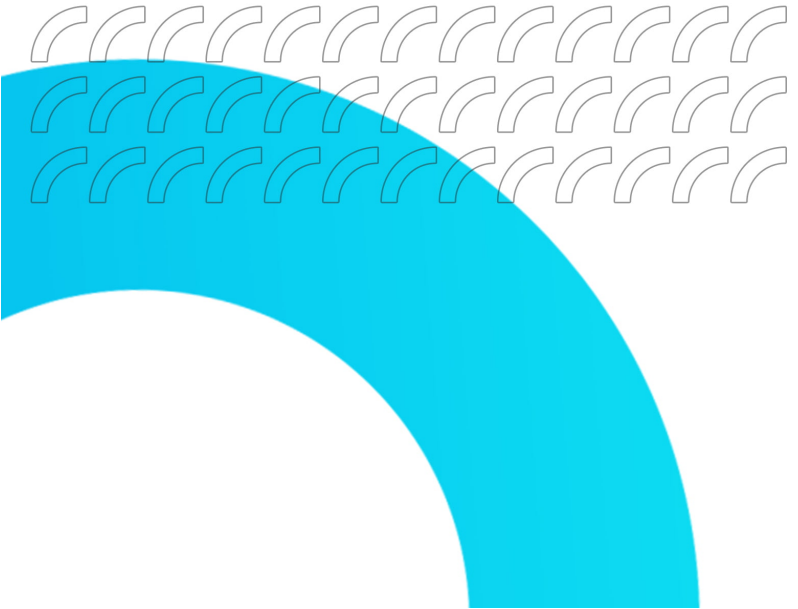
4.) What's the Solution?



Moving Towards a Compliant Model

Managing risk in the contingent workforce is an increasingly complex endeavour. Global companies require an all-inclusive model capable of guarding against multiple threats.

A **'World Solutions' model** is a suite of services designed to protect business activities and accelerate global growth. It involves a single vendor harmonising services and costs so that a company can retain its focus on core outcomes, reduce risk and align on a compliance-led agenda.



The Background

Both contingent employers and employees have their own concerns around compliance and risk. It's important to understand what these issues are:

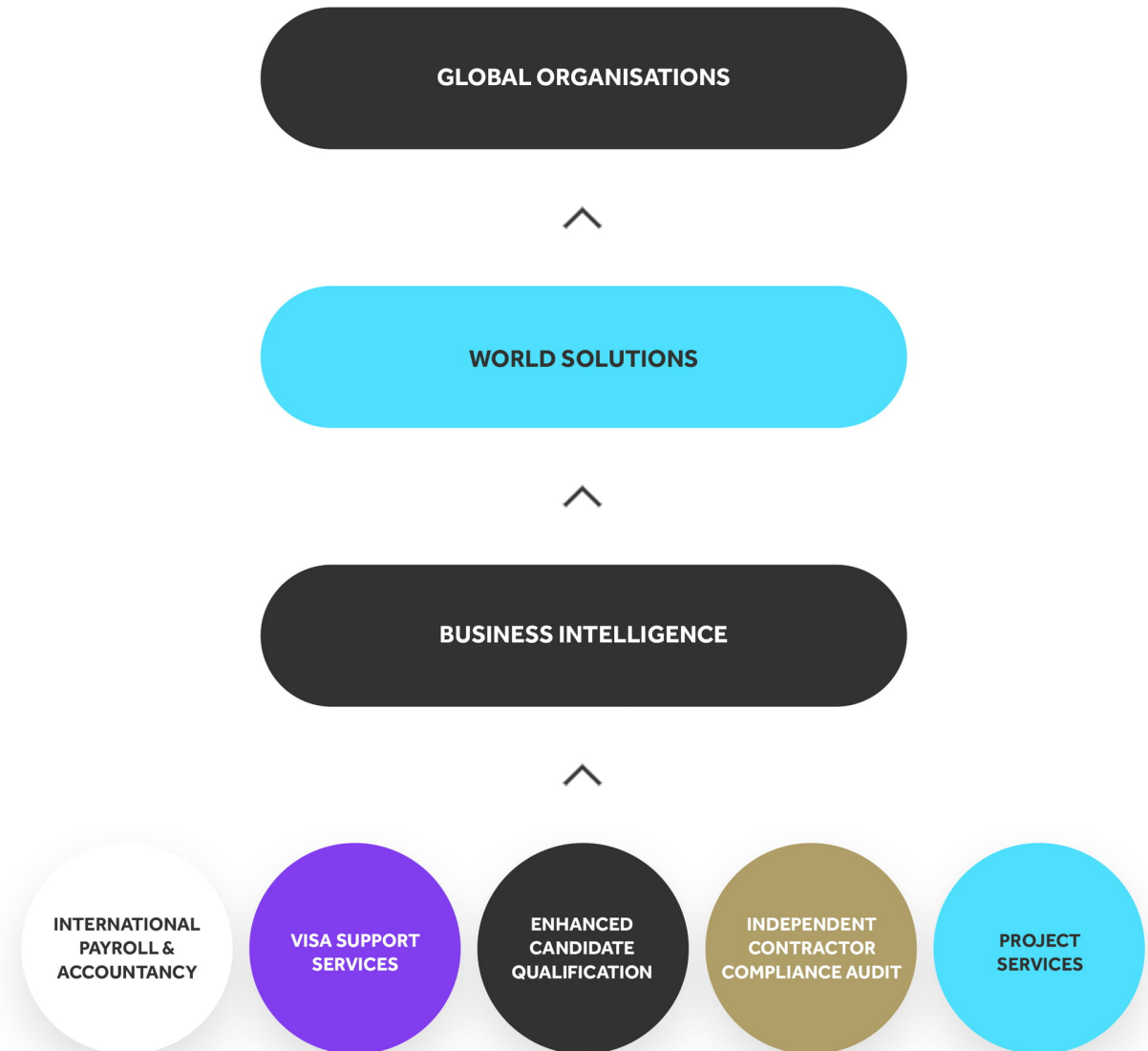
| Employer Concerns | Contingent Worker Concerns |
|--|--|
| Employment misclassification of contingent workers | Local taxation requirements |
| Right to Work and illegal worker regulations | Available operational structures |
| Inexperience of contingent workforce management | Contingent worker rights |
| Management of local labour demands | Relocation support |
| Insufficient local legal or governance knowledge | Visa and Work Permit application support |
| Local tax and employment liabilities | Project stability |

The World Solutions Model

The World Solutions model brings together all the services required for mobilisation, compliance and payroll under one umbrella.

It encompasses:

- **Compliant International Payroll & Accountancy Services**
- **Visa Support Services**
- **Enhanced Candidate Qualification (ECQ)**
- **Independent Contractor Compliance Audit (ICCA)**
- **Business Intelligence and reporting**
- **Project Services**



International Payroll & Accountancy Services

What is it?

An International Payroll and Accountancy Service provides compliant, in-country payroll solutions.

This includes:

- Local, in-country compliant payroll solutions
- Access to approved network of local accounting professionals for career contractors
- Flexible solutions for workers at all levels
- An adaptable solution for any size of payroll
- Risk management and localised compliance support
- Payment management services

Why's it needed?

First and foremost, both employers and employees need to ensure their global payroll processes are compliant. This service provides advice on local tax and employment regulations prior to placements and mitigates any regulatory and operational risks. Its quick set-up also allows greater flexibility for mobilising staff.

Conducting this process in-house can be inefficient and prove costly. Utilising our database of third-party suppliers ensures costs are kept highly competitive.

Visa Support Services

What is it?

Visa Support Services provides guidance and support on the movement of contingent workers worldwide.

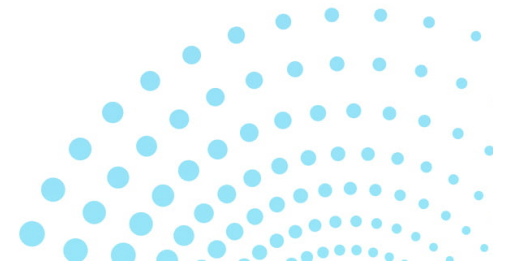
This includes:

- Consultation on work permit requirements
- Assistance from application specialists
- Guidance on best practice to maximise success rate
- Management of process for both client and applicant

Why's it needed?

Mobilising the deployment of contingent workers can often become an expensive and time-consuming burden if the correct administrative procedures are not in place.

To ensure compliance with Right to Work legislation in a time and cost-effective manner it's essential to have the benefit of local expertise. This will greatly increase the chances of visa and work permit applications being successful.



Enhanced Candidate Qualification (ECQ)

What is it?

An enhanced candidate vetting service that can be used to gain a deeper understanding of candidates or assist with shortlisting. This check may also be a legal requirement depending on the sector you operate in.

This includes:

- Global Candidate Qualification & Professional Membership Validation
- Global Candidate Criminal Background checking
- Global Candidate Identification Validation

Why's it needed?

Employing contingent workers without checking their qualifications creates financial and reputational risks, especially for companies where background checking is a mandatory requirement.

Businesses need to know that candidates are suitably qualified and can fulfil the technical requirements of the role.

ECQ performs deep-dive compliance checks, due diligence and reduces the time and cost of performing these checks internally.

Enhanced Candidate Qualification

| GLOBAL ORGANISATIONS | ENHANCED LOCAL | ENHANCED INTERNATIONAL |
|---|---|--|
| ID Validation Right to Work Check Candidate Referencing CV Screening interviewpro.seroon | All Mandatory Checks Local Qualification Validation Local Education Validation Basic CRB Check Enhanced Candidate Referencing covering 3 year plan | All Mandatory Local Checks International Qualification Validation International Education Validation Enhanced Local CRB Check Foreign Passport Validation Sanction Check International CRB Check Media Searches Adverse Financial Check |



Independent Contractor Compliance Audit (ICCA)

What is it?

The Independent Contractor Compliance Audit (ICCA) is designed to give an in-depth view of the contingent workforce and health check internal processes. Our report enables businesses to identify risk areas which require expert attention.

The ICCA:

- Identifies existing inefficient and uncompliant on-boarding procedures
- Offers proactive management to mitigate later disruption to project delivery
- Provides transparent and detailed understanding of where compliance risks exist
- Demonstrates a "duty of care" to the contingent workforce to regulators
- Enables better planning to reduce the risk of financial penalties due to un-compliant processes

Why's it needed?

Engaging contingent workers compliantly in multiple countries is challenging. Each location has its own nuances, customs, practices and legislative requirements. To minimise confusion and terminology, it's important to understand an organisations' responsibilities on a global and local level. This report enables businesses to implement risk management processes and safeguard operations across multiple regions.



Business Intelligence and Reporting

What is it?

Business Intelligence provides real-time reporting on current and historic contingent workers.

This includes:

- A single access point for all contingent workforce data
- Visibility of workforce costs
- Recruitment cycle transparency
- Insight into employee performance

Why's it needed?

A BI portal is an essential tool for companies who wish to gain a true understanding of their contingent workforce.

Businesses must have access to reliable data that allow them to: monitor how many contingent workers they're reemploying, where they're operating, assess recruitment key performance indicators, anticipate future requirements, manage payments and costs and accurately appraise performance.

Project Services

What is it?

A tailored solution for organisations that require project-based assistance, rather than a longer-term support structure.

This includes:

- Local payroll set-up and processing
- Assistance with foreign workers' payroll setup
- Advice and support on local employment regulations
- Talent Pooling and Salary Benchmarking
- In-country supplier engagement and management
- Project workforce cost analysis

Why's it needed?

Businesses moving into new markets and/or transitioning contingent workers into unfamiliar territories are likely to require a degree of advice and support.

A bespoke project service provides a compliant and cost-effective solution geared towards individual business requirements.

What's the alternative?

The alternative is to in-house these services to HR or another department who will need to manage multiple vendors for different solutions, gather information personally and keep up-to-date with all local changes.

This is no easy feat. And that's why an increasing number of businesses are turning towards third-party vendors to help them navigate the ever-changing contingent workforce landscape.

World Solutions model v Multiple Vendors

World Solutions



Multiple Vendors

VS



Would you consider using a single vendor to manage risk within your contingent workforce?

- ☐ Yes, we already rely on a single vendor/would consider this
- ☐ No, we're happy using multiple vendors
- ☐ Not Sure

Post answer



5.) Summary



Summary

Current predictions point to the continued rise of the contingent worker, especially those with sought-after skills. In the US alone, the number of independent workers has surged 69% since the pandemic, according to MBO Partners' "[State of Independence in America 2022](#)".

But to successfully unlock the true benefits of this shift, global companies need to ensure they're compliant, protected from risk and have full visibility of their contingent workforce.

In this guide we've outlined a compliant model that's been specifically designed to meet these goals.

However, if you have any unanswered questions please email sales@bps-world.com to talk with one of our experts.



Thank you for reading

How to Manage Risk In Your Contingent Workforce

