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The New Role for the Managed Service Provider (MSP) in Human Capital Management

Table of Contents

Current State 3

Expanding the Value of the Contingent Workforce.....4

The State of Readiness for Integrated Workforce Management5

Why a Managed Service Provider Matters Now.....6

Steps Toward Success8

Authors and Contributors9

About Brandon Hall Group..... 10

Current State



Brandon Hall Group research shows that 90% of organizations have at least some contingent workers, with 6% saying contingent/non-employee labor comprises over half of their workforce. **Still, that group has been long neglected.**

Historically, managed service providers (MSPs) haven't come up much in strategic Human Capital Management discussions. Contingent work has been seen as a separate silo of non-employee workers for too long, whereas it should be seen as a key component of organizations' overall human capital capabilities.

Contingent workers are underutilized — not just in terms of how and when they are used, but what agility and value they can bring as an integrated component of the total workforce. Contingent and contract workers do more than plug temporary holes in the workforce. They are sources of critical skills, brand ambassadors, and have the possibility of creating engagement (or disengagement!) among your full-time staff.

Expanding the Value of the Contingent Workforce

Organizations that use more contingent labor have shown a year-over-year improvement in employee engagement, turnover, productivity and revenue, according to the Brandon Hall Group Contingent Workforce research. However, the real strength of having contingent labor comes in how that workforce is utilized. It's smart to use contingent labor to fill an unexpected or temporary vacancy, of course, but there is real long-term value in creating the type of instant adaptability that allows you to fill critical skills when the labor market is tight, when there is business uncertainty, or even during an organization-wide digital transformation.

Organizations can cost-effectively source, engage and manage contingent workers even in the most volatile of talent markets or within a broad range of “non-traditional” business use cases. Contingent workforces at their best are part of an integrated workforce/total talent management strategy that works just like any other part of business, solving problems and helping to achieve organizational goals.



The State of Readiness for Integrated Workforce Management

CHROs need to begin thinking about how they will tackle the challenges ahead of them, regardless if their contingent workforce management functions reside within HR, procurement, finance or operations — or if they even have a dedicated group.

Many CHROs and other talent leaders are going into previously untapped remote-work locations where their organizations may not have previous experience with local regulations and laws. In addition to rapidly sourcing and engaging needed talent compliantly, MSPs can help

retain talent and critical skills — increasingly important when less than one-third of organizations describe their efforts to retain top talent as successful, according to Brandon Hall Group’s study, *Retaining Your Top Talent*.

To improve your organization’s ability to evolve from traditional uses of contingent workers to higher-value integrated workforce management, you should determine what people, processes, technology and (most importantly) data and analytics are in place to help make that happen... or what is missing.

Organizations should ask themselves the following questions:



Do you consider your contingent workforce program a significant source of critical talent?



Does your technology allow you to access data about the contingent workforce to give you a picture of skills, costs, availability, etc.?



Do you have tools and analytics that enable talent sourcing and optimization across permanent and contingent workforces?



What metrics can you use to determine the effectiveness of your integrated workforce management efforts?

Why a Managed Service Provider Matters Now

The MSP is no longer the siloed business process outsourcer (BPO) for temporary staffing programs that it once was. The most evolved MSPs are now becoming broader technology-enabled solution platforms for sourcing, engaging and managing all kinds of contingent workers.

Leading-edge MSPs now play a more strategic role in talent acquisition and management by:

1

Expanding contingent sourcing beyond traditional staffing suppliers. Not just one sourcing channel; rather, multi-channel sourcing (including direct sourcing) to recruit different types of contingent talent and drive significant cost savings

2

Being an employer of record and managing contingent worker DE&I, ensuring compliance of remote contractors, and providing up-to-date market data and skills intelligence for operations, strategic planning and talent optimization

3

Creating a talent-centric focus on areas where human intervention is crucial to better attracting, engaging and managing talent, including direct sourcing, worker experience, skills-based hiring, DE&I, talent pool management, retention and redeployment

4

Increasing the ability of organizations to replicate and localize contingent workforce programs to additional global regions and talent markets

5

Leveraging state-of-the-art, client-optimized technology and analytics, including AI, pay intelligence and talent intelligence, to inform data-driven decisions and impart organizational change

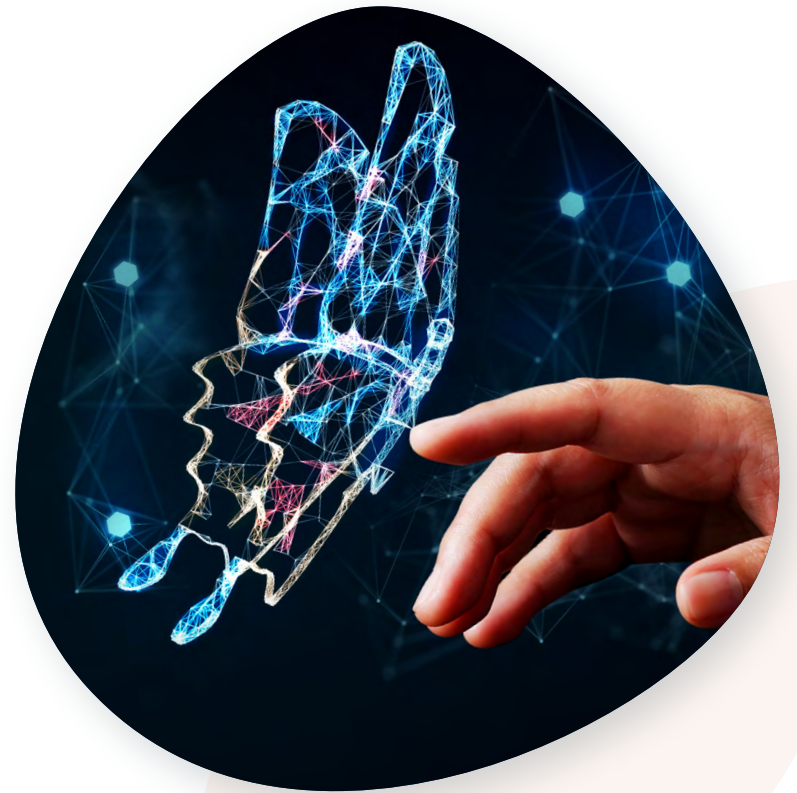
An MSP allows you to do more with less, but the hidden value is in giving any business **the ability to quickly transform and adapt to even the most sudden market shifts.**

In this era of rapid and unpredictable change, it has become an absolute necessity to build as much organizational resiliency as possible. Brandon Hall Group's Talent Management Maturity study found that 90% of companies believe a lack of talent mobility is a significant risk to the business, meaning they cannot reallocate talent resources to the areas where the business needs them most, creating gaps that must be filled in different ways.

An MSP can help with establishing dynamic, curated and engaged contingent talent communities by offering:

- A positive worker experience
- Benefits (insurance, skill development, etc.)
- Redeployment opportunities for other contingent or permanent roles

This is the true power of a next-generation MSP — they don't only maximize the abilities of your contingent workforce, they streamline and future-proof your entire organization.



Steps Toward Success

Prepare for Exponential Growth

One way higher-performing companies are preparing for an increase in contingent workers is the simplest: they are allocating more money specifically for that increase. In the Brandon Hall Contingent Workforce study, 70% of high-performing organizations expected to increase their budget for contingent or gig workers, as opposed to only 40% of all other organizations.

Create More Opportunities for Contingent Workers to be Assimilated into the Larger Workforce

With the advent of technologies and processes that create a more seamless workplace experience for all types of workers, there is less excuse for not treating all workers equally. Brandon Hall Group research has shown that

nearly 50% of organizations still use procurement (rather than HR) for the people management of contingent workers, and in those cases, it's hard to see how an organization expects to keep a consistent employee experience.

MSPs can enable truly holistic talent strategies and workforce planning and optimization. Any organization that uses contingent labor and finds itself in an increasingly uncertain market (so, according to research, nearly all) needs to consider the usage of advanced technologies and services available to them.

Prepare for the Workplace of the Future

The old mindset of using contingent, contract, or gig workers is that they were a temporary solution to a challenge. Seasonal surges, rapid

growth, or global pandemics might necessitate staff augmentation. However, the more advanced way of thinking is to see contingent labor as a way to increase workforce agility and capability.

Platform-enabled integrated workforce management (IWM) allows forward-thinking organizations to have a diverse mix of worker types that can meet any type of challenge in the shortest amount of time by quickly assigning solutions (in the form of known skills) to problems.

The organizations that are successful in the future will be no different from the individuals that are successful — they will have learned to work smarter, not harder.

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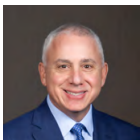
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About Brandon Hall Group

With more than 10,000 clients globally and 28 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

