

The changing nature of work and talent

Harnessing the power of the gig economy for alternative ways of working



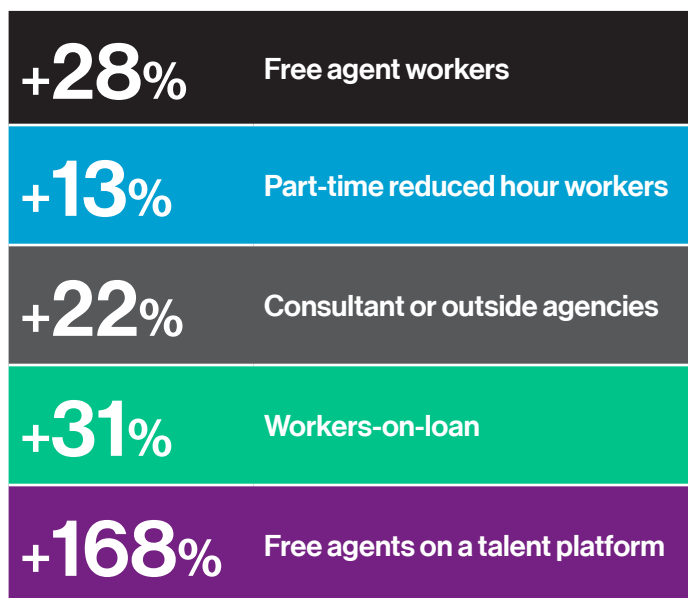
A top area of change for organizations is their need to use more non-permanent talent: freelancers, contractors or talent on loan from another organization. Organizations that successfully embrace this new mix as part of their talent strategy will reap the benefits, such as advancing their digital transformation maturity, re-calibrating their talent supply and demand based on business objectives, and matching talent to their new requirements in work.

An evolving legislative landscape

As the gig economy is evolving, so too are the laws with respect to the classification of workers.

Not just for freelancers anymore

The many categories of non-employee workers offer agility and efficiencies for organizations of all sizes.



At the state level

California has taken one of the most aggressive approaches to regulating non-employee rights and relationships.

The California Supreme Court's ABC test instated guidelines to determine whether an individual is an employee or contractor. To classify a worker as a contractor, the individual must be

1. Free from the control and direction of the hirer in connection with the work
2. Performing work that is outside the usual course of the hiring company's business
3. Engaged in an independently established trade, occupation or business of the same nature as the work performed for the hirer

California Assembly Bill 5, effective Jan. 1, 2020, codifies the ABC test, establishing the test to serve as the standard in California for determining employment status.

At the national level



U.S. Department of Labor focuses on whether a worker is “economically dependent” on an employer, which involves a 6-factor test that includes the nature and degree of the potential employer’s control.



National Labor Relations Board applies a common-law test by examining the factors through “the prism of entrepreneurial opportunity.”



U.S. Internal Revenue Service established an independent contractor test organized into three main groups – behavioral control, financial control; relationship type.

The important takeaway: whether to classify workers as “independent contractors” or “employees” should be an often-asked question – with the understanding that today’s answer may not be the same tomorrow.

Key questions

- What is the work and specific activities?
- What type of talent is suited to the work?
- Are the right elements in place to attract and engage this workforce?
- Do we have an integrated approach to sustain use of this workforce?

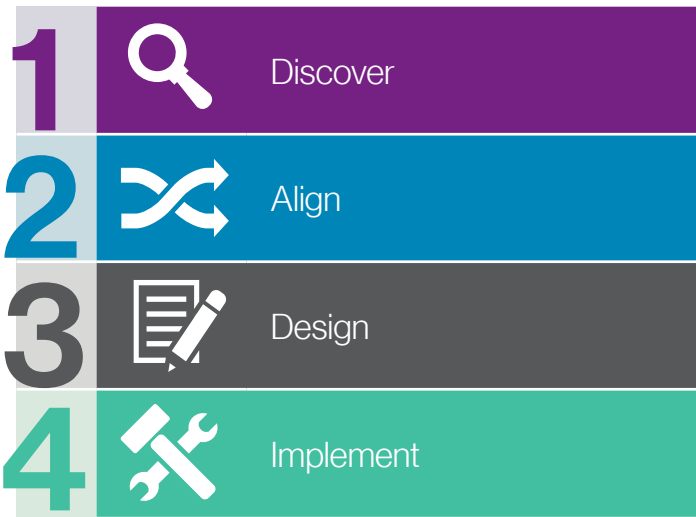


Is contingent talent right for your organization?

Companies must take a fresh view of the talent experience and understand that a winning combination occurs when human and business goals meet.

1. **Define the work:** Identify the work activities suited for alternative talent. Is it repetitive work that could be done at a lower cost? Is it variable, complex work demanding premier skills that you don’t need on a permanent basis?
2. **Define your talent:** Not all gig workers are created equal. Based on the work, what type of talent is most suited? Would freelancers on a talent platform provide the most flexibility or have you sourced independent contractors or an alliance? Does local proximity make a difference or will a different time zone fuel overall productivity?
3. **Decide what to offer:** Non-employee talent have the same needs as full-time employees: financial security, career growth through building expertise – but they’re realizing it through alternative work arrangements. Leading organizations carefully craft a differentiated talent value proposition for contingent talent, unique from employees. Examples include access to benefits platforms specifically designed for contingent talent, such as Stride Health.
4. **Onboard and integrate:** Do not exclude contingent workers from your corporate risk culture. Are they being effectively oriented to your organization values and the protection of information related to their work? For example, if they will have a corporate email account, do they receive policy attestation and behavior orientation on protecting information (to mitigate cybersecurity phishing risks).
5. **Establish sustainable management practices:** If you plan to use contingent workers as part of your talent strategy, it is worth taking an integrated approach for ongoing contingent workforce management? An integrated approach for contingent workforce management means that HR, Risk and Legal, and Procurement, collectively establish governance, logistics and systems (how contingent worker data captured and processed), quality and risk management, and knowledge transfer.

Next steps



The definition of employee is changing. Today, who and what a company relies on for productivity and performance to get work done can range from full-time employees to contractors, freelancers, or even artificial intelligence. At Willis Towers Watson, we're creating new value propositions to engage this network and drive high performance.

For more information, visit www.willistowerswatson.com/en-US/Solutions/services/the-contingent-workforce.

Case study

A multinational energy transportation company applied Willis Towers Watson's Reinventing Jobs methodology to deconstruct, evaluate alternatives for work and reinvent a number of HR jobs. For one HR job, several repetitive work activities were identified to be distributed to freelancers in order to create capacity for employees for more value-added work.

“Willis Towers Watson has helped us, in HR, do our part in moving the organization forward. We've re-imagined the work, and are exploring alternative talent sources to get work done – and we will only continue to do more of this in the future.”

Chris Boniface
VP Rewards, Enbridge

A private equity investment firm recognized its workforce was substantially changing with a growing mix of contingent talent. Willis Towers Watson facilitated a Contingent Workforce Management (CWFM) workshop bringing together key stakeholders across HR, Risk, Legal, Compliance, IT and Supply Chain for knowledge building about the changing workforce and future of work, and to align on the types of talent being used in the organization and key requirements for ongoing management. These control areas included a review and setting preliminary CWFM requirements for governance, risk, quality, knowledge transfer and the value proposition. An action plan was set ensuring cross functional teams could advance the CWFM management practices and requirements identified.

About Willis Towers Watson

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