



BUILDING BENEFITS PLANS FOR TEMPORARY EMPLOYEES

nextSource

Document Date: February 21, 2022



www.nextsource.com



marketing@nextsource.com

INTRODUCTION

Many companies seek to expand their potential talent pool through the use of temporary talent that delivers specialized skills for a pre-defined period of time. As in the quest for permanent employees, talent bidding wars, sign-on bonuses and other financial benefits have become a reality for many. Too often, these efforts yield mixed results. What is the secret to success when sourcing talented temporary personnel?

Offer meaningful benefits.



A decade ago, many of you reading this would think “Offer benefits to temporary workers? Doesn’t that defeat the whole purpose?” Times have changed. Initially a source of cheap labor that could fill in during absences, today’s temporary workers include highly sought-after skilled individuals with exceptional academic and career credentials. These professionals are choosing to leave their employers to work for themselves as freelancers or contractors temporarily employed by a third party. The third parties who engage contractors are responsible providing financial benefits mandated by law. This includes ensuring that all federal and state taxes and statutory deductions are paid. In addition, introduction of the Affordable Care Act has ensured that contractors on longer-term assignments have access to health insurance if they meet the threshold for hours worked. Numerous States have enacted or are considering legislation that mandates additional selected benefits for temporary workers.

Drawing on the movements in Canada and Europe to create a new classification of freelance workers entitled to a base wage, unemployment insurance and other basic benefits, organizations in California, Massachusetts, Washington, Colorado, Illinois, New Jersey, and New York are proposing similar laws. If enacted, app-based drivers and service delivery personnel would be designated as “dependent contractors”, maintaining independent contractor status (i.e., not employees of the app-based company) but would have access to some benefits such as a base pay and paid sick leave.

MEANINGFUL BENEFITS

While these financial benefits are necessary, they are not sufficient. However, the majority of employers believe that financial compensation is the most significant benefit when attracting talent, resulting in many companies paying higher-than-market rate wages. Today's workers have expanded the very notion of benefits to include non-financial elements that speak to the work environment and culture of the companies in which they choose to work. Market research conducted by leading management consulting firms corroborates the findings of surveys conducted by nextSource into the preferences of temporary personnel.

While equitable financial compensation is essential, it no longer serves as the top priority. In our research, while equitable financial compensation is essential, it no longer serves as the top priority. Five leading categories emerged:

WELL-BEING. Previously expressed as "work-life balance", this category has expanded to include remote or hybrid work environments, paid time off, flexible work schedules, mental health/EAP services, access to gym/fitness facilities, childcare, and enhanced workplace safety initiatives.

IMPROVED CANDIDATE AND WORKER EXPERIENCE.

Respondents are seeking streamlined and "candidate friendly" recruiting and hiring processes as well as managers who are effective at communication, building team morale, and soliciting feedback.

PERSONAL GROWTH. Often thought of as a priority of permanent employees, temporary professionals are selecting engagements that add new skills, increase their professional network, and offer access to online learning.

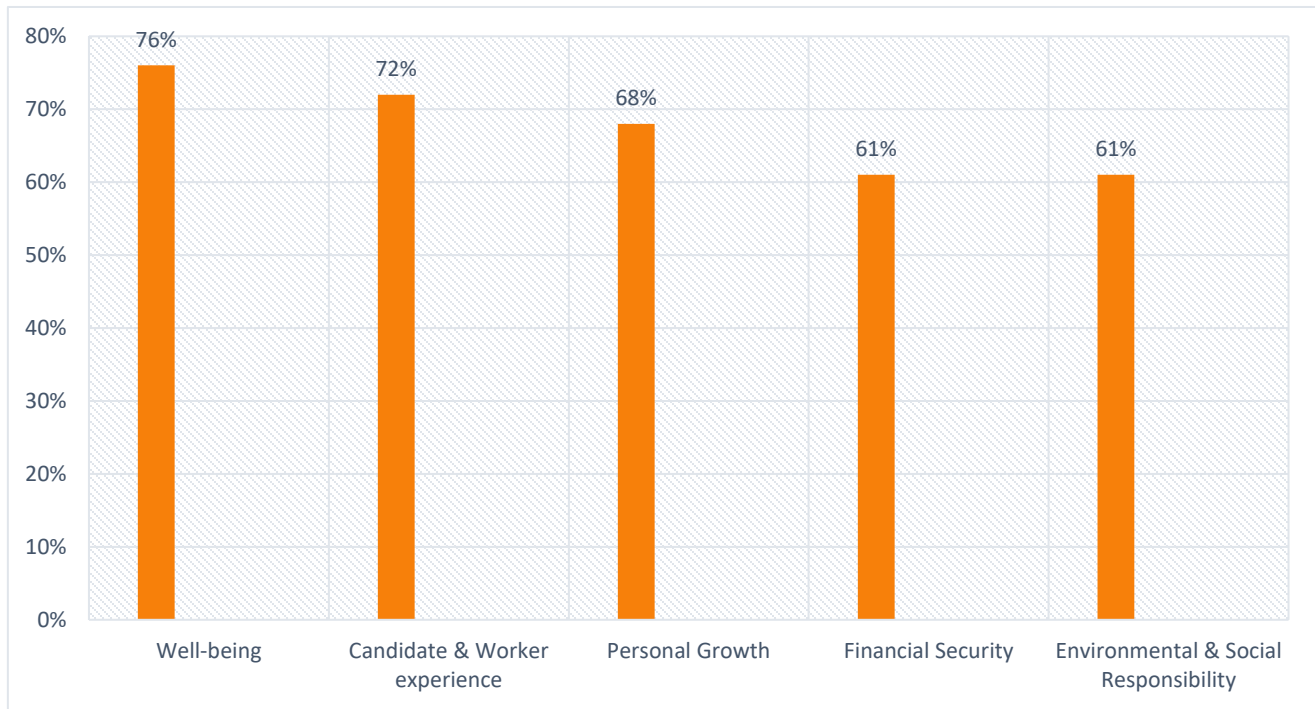
FINANCIAL SECURITY. For temporary professionals, preference is given to agencies and companies that offer opportunities for re-engagement, reducing gaps in employment while offering new assignment challenges.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY.

Respondents are seeking companies that support paid time to devote to environmental/sustainability pursuits. In evaluating the company's true commitment to Diversity, Equity and Inclusion (DEI), they are seeking evidence of plans that improve gender parity and racial equity with goals for representation, pay opportunities, work opportunities, and increasing a sense of belonging across the organization. In its research, [LinkedIn found](#) that 78% of job seekers on its site look for and expect to find DEI information on a company's LinkedIn page.



WORK ENVIRONMENT PRIORITIES



CONSIDERATIONS WHEN OFFERING BENEFITS TO TEMP WORKERS

In deciding what benefits to offer, companies should work with their staffing agencies and – for internally sourced workers – their Employer of Record/Payrolling agency to consider types of workers to be engaged, average lengths of assignment, business needs, cost trade-offs, and more. But keep in mind, mishandling of benefits can result in [co-employment claims](#).

Co-employment is a relationship between two or more companies that maintain control over the same employee. Each company is liable for the decisions made by the other party and – if a contingent employee files a legal complaint and wins – both the supplier of the worker and the client company could be responsible for paying damages. Co-employment claims surface when client companies treat contingent workers as regular employees. To avoid litigation, the benefits must be offered by the entity that engages the worker on behalf of the client company. The worker cannot directly participate in the client company’s benefit plans.

When serving as an Employer of Record for clients, nextSource offers standard benefits to our “payrolled” employees who meet eligibility requirements. Additional financial benefits are customized for each client, if desired. But to win in today’s competition for talent, we counsel clients on ways to deliver the non-financial benefits listed above.

OUR ADVICE

Assess the work environment. The employing entity should regularly conduct satisfaction surveys and feedback sessions, soliciting and acting on suggestions for enhancing the worker experience. Provide leadership training to managers - building their communication and administrative skills – and include an assessment of their managerial effectiveness in each performance review. Emphasize that when dealing with temporary workers, they must manage the work, not the worker.

Workplace flexibility is a “must have” for most workers. For many, that equates to the option to work remotely. We help our clients assess each position to determine the most effective options, then institute policies and procedures that enable remote work, maintaining work-life balance while meeting business objectives. Family care responsibilities are a significant factor contributing to the reduction of women in the workforce. In addition, while most companies are impacted by workers leaving for retirement, few have formal programs for retaining or re-engaging workers. Accommodations may include flexible work hours, job sharing, a hybrid work environment, flex days, and/or subsidized access to pre-screened back-up childcare providers.

Make strides to build a diverse and inclusive workforce. Companies viewed as unwilling to “walk the talk” experience less success when achieving diversity goals, losing access to large populations of talented professionals. Work with your temporary resource providers to establish proactive programs that go beyond meeting quotas for diversity spend to actually provide diverse candidates.

Build a “Ready When Needed” candidate pool. While professionals often turn to temporary work to engage in challenging assignments that builds skills and professional networks, they are also seeking ways to reduce time between engagements as well as the effort needed to find their next assignment. nextSource will establish and nurture a curated, client-specific talent community that includes past workers, referrals, retired employees, and others with targeted skills. This enhanced candidate experience leads to a stronger employer brand, reduced time to find needed talent, and the ability to re-engage individuals who have provided exceptional service in past engagements.

LEARN MORE

To learn more about the nuances of designing a benefits program that will provide a competitive edge when sourcing and retaining temporary workers, [contact us](#).