

The results are in...

Southeast Labor Force Survey

In today's highly competitive marketplace, talent acquisition is an extremely important function for any business.

While finding talent to fill high level salary positions is critical, companies must also depend on hourly labor to perform the most fundamental tasks of their businesses. Given that hourly workers make up almost 60% of the overall US labor force (Jones 1), it is important that companies have an efficient, effective strategy in place to acquire and manage hourly workers. The Southeast Labor Force Study focuses on southeastern companies' current use of contingent labor and their views on the strategic management of acquiring quality talent. Survey results also include a comparison to the Aberdeen Group's "Hourly Workforce Study" (2004), a similar study about companies' current status regarding the acquisition, management, and retention of hourly labor. This study differs from the Aberdeen study, however, because it measures perceptions of different solutions for the management of an hourly workforce.

The results of the Southeastern Labor Force Study were compiled through an online survey designed by student-interns from the University of Richmond, and Virginia

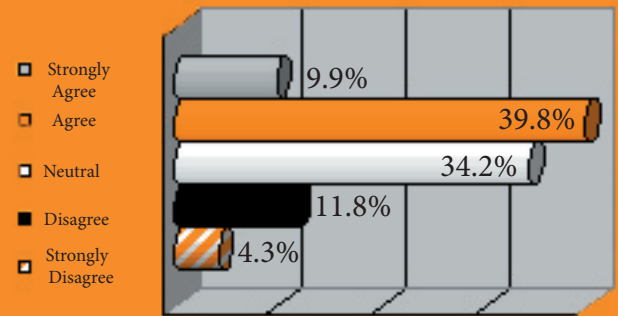
Commonwealth University. Results included responses from 162 professionals representing 138 different companies and 18 different industry types. Respondents included C-level executives, and HR leaders. The study was sponsored by Monument Consulting.

Talent Acquisition

The results of the Southeast labor force survey were collected over the course of a two week period, and bestowed a 10% response rate. The first main finding revealed how much value companies place on talent acquisition. Here is a summary of these findings:

- 91.3% of respondents identified talent acquisition as tremendously important, 23.9% of whom cited talent acquisition as their top priority.
- 93.0% of respondents cited quality placement as the most important result of a sound recruitment process. Other responses were timely placement (5.1%) and low cost (1.9%).

These overwhelming results indicate a consistent business focus among CEO's, CFO's, and HR executives. The vast majority of these leaders regard talent acquisition as a vital aspect of their business, and measure the success of recruitment processes on the quality of candidate placement.



“Our company considers hourly labor as an important part of our overall workforce.”

Contingent Workforce Management

Survey results depict a modern marketplace where the vast majority of companies utilize temporary labor. 93.3% of respondents surveyed indicated using temporary employees in at least one of their departments. Respondents were also asked to indicate the size of their company's contingent labor force as a percentage of their overall workforce. Participants selected a range that was most representative of their company. These ranges are listed in the table below and the corresponding percentages represent the number of respondents that fall into each range.

contingent labor as a % of total workforce	% of respondents in each range	key
0 - 5%	55.6%	■
5 - 10%	26.5%	■
10 - 25%	11.7%	■
25 - 50%	5.6%	■
> 50%	0.6%	□



Additional findings reveal that temporary labor is not only prevalent in the modern workforce, but it is also a valued asset amongst southeastern companies.

- Only 16.1% of contributors said they do not consider temporary/contract labor to be an important part of their workforce
- Only 16.8% of participants indicated that they do not include hourly workforce planning in their overall personnel planning.

These findings show that HR departments recognize the importance of, and also spend time managing their hourly workforce.

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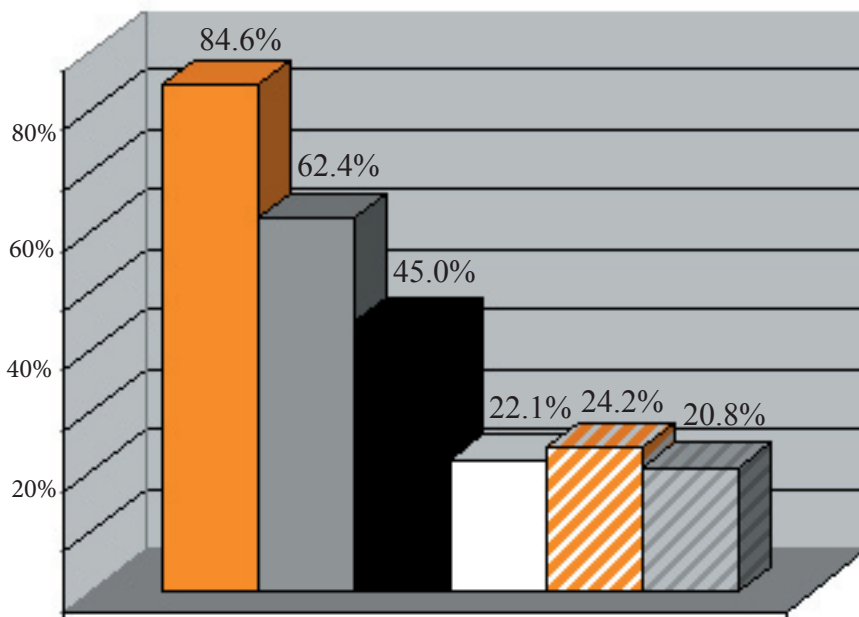
Challenges and Attitudes

In addition to the aforementioned results, comparisons were made between findings from the Southeastern Labor Force Study and the Aberdeen Study. The first of these comparisons presents a clear picture of the biggest challenge that companies face in acquiring talent. Like the Aberdeen study, which identified the failure to hire qualified workers as an enduring challenge facing organizations, 84.6% of the Southeast Labor Force Study participants cited “supply of qualified candidates” as a hiring challenge they face. These congruent results designate quality candidate flow as the biggest hiring challenge facing companies today.



A second similarity comes in respondents’ attitudes towards the management of hourly workers. The vast majority of Aberdeen Study participants felt that they could achieve a competitive advantage for their company by improving the hiring and management functions of their hourly labor force. Similarly, the Southeast Labor Force Survey indicated that 81.8% of respondents

believed that “having a structured business process is important to managing third party agencies that provide temporary labor.” These findings display similar, positive trends implicating the need for a streamlined process for hiring and managing hourly and contract workers. Parallels like this are important because of the challenges and attitudes that they quantify, and also because they correspond to huge proportions of each studies population. These factors increase the validity of these particular findings, making it clear that companies are having trouble finding quality talent, and are very open to improving the efficiency of their hourly workforce management.



Challenges Companies Face Relating to Talent Acquisition

- Supply of qualified candidates
- Timeliness for positions to be filled
- Scalability to support hiring demand changes
- Appropriate recruitment technologies with metrics to track performance
- Recruiting coverage across all geographies
- Cost associated with talent acquisition

84.6% of participants cited “supply of qualified candidates” as a hiring challenge they face

Discussion of Findings

This Southeast Labor Force Study has depicted a marketplace where companies consider talent acquisition tremendously important, and where companies truly value their temporary workforce. In addition, this study and the Aberdeen study suggest that the biggest challenge that companies face is the ongoing supply of qualified candidates. Another similarity between these two studies shows that companies believe in the importance of a key business process to acquire and manage hourly workers.

These two works characterize the vast majority of companies surveyed as businesses that value their talent, understand the importance of hourly workforce management and yet still face major hiring challenges. While managing temporary labor is clearly a complex challenging practice, industry experts have recognized ways to overcome these challenges. In an interview with Shawn Boyer, CEO of SnagAJob.com, Boyer emphasized the need to establish a strategic business process to manage a contingent labor force. “It is very important not only to plan for a temporary labor force, but also to develop a strategic recruiting process that brings it on board in a timely and efficient manner. This requires a mix of people, process and technology that combine to recruit right-fit workers and manage them once they’re hired. At SnagAJob.com, we have seen that companies that get this right are better positioned to succeed within their industry.”



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Insourcing vs. Outsourcing

Organizations that decide to make the acquisition and management of their temporary labor force a strategic business process generally have two options. These companies can either insource or outsource the management of this process. Before a company can make their decision, it must commit to the fact that they must ultimately streamline the entire vendor management process which includes the following activities:

- Standardization of all vendor contracts
- Selection of appropriate vendors
- Rate card development and negotiation
- Management and tracking of all candidate flow
- Ongoing performance management of vendors
- Management of candidate feedback from HM's
- Collection and consolidation of invoices
- Time entry reconciliation

Many organizations today are realizing the benefits of outsourcing their Vendor Management Solutions (VMS) business process.

This process is highly administrative in nature and requires a firm commitment by the company to deploy the appropriate resources to manage it. A study conducted by Human Resources Outsourcing Association revealed that 61% of an HR department's functions are tied up in administrative, reporting and compliance activities. This statistic firmly holds true with the creation and ongoing management of a staffing vendor management solution. HR executives must consider the implications of this prior to making a decision to in-source this business process.

Many organizations today are realizing the benefits of outsourcing their Vendor Management Solutions (VMS) processes. Some of these benefits include a single point of contact (instead of managing multiple vendors), an out-of-the box implementation strategy, a comprehensive technology solution and established vendor relationships. In addition, most outsourced VMS solutions are vendor-funded, which means the client company does not pay for the ongoing management of the program. This is seen as a significant benefit allowing the HR team to redirect resources to other areas.



The Utilization of Outsourcing

The final aspect of the Southeast Labor Force Study looked at the perceptions and usage of outsourced contingent workforce management. This study's findings are congruent with additional research on the perception towards outsourcing major HR functions.

- The Southeast Labor Force Study found that 23.7% of respondents have considered, or would consider outsourcing the management of their hourly workforce to third parties.
- Stan Lepeak's study, "Talent and Transformation," revealed that only "19% of respondents said their organizations have outsourced much or most of their recruiting activities" (Lepeak, 3)
- Jessica Marquez's work "Employers Look to Establish RPO Standards" found that while "most employers would admit that they have a problem attracting and recruiting talent, they aren't ready to outsource major HR functions to third parties," (Marquez 15).

While the Southeast Labor Force Study and Lepeak's study quantify the use and perception of outsourcing major HR functions, Marquez's work is especially telling because it demonstrates a general reluctance towards outsourcing, even from employers who recognize that their own system is flawed. Reasons for this reluctance are not analyzed by this study, but possible explanations are feasible. Probable reasons for the reluctance to outsource could relate to any of the following issues:

- Negative perceptions towards outsourcing as a whole
- Lack of knowledge regarding the outsourcing of hourly work force management
- Fear that outsourcing eliminates the control companies have over important HR decisions

Future research could explore these factors to determine what exactly affects the perceptions business leaders have towards this form of outsourcing. Regardless of what future research is done, the findings of the Southeast Labor Force Study, and previously mentioned studies, provide valuable information regarding contingent workforce management. By understanding the values, attitudes, and challenges, that companies experience when finding talent today, businesses can make more informed decisions for their future.



Resources

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MONUMENT CONSULTING

In 2003, after more than 10 years in management consulting and human resources, the founding partners of Monument Consulting decided the traditional model for staffing was outdated and inadequate. Monument Consulting began as their vision of a new and better way to help companies find the best talent quickly and seamlessly, while adding extraordinary value along the way.

They approached clients' needs differently, serving as trusted recruiting consultants, who offered expert guidance, creative solutions, and previously unheard of flexibility. This partnership-based approach met with quick success, establishing Monument as one of a new breed of Recruitment Process Outsourcing and Vendor Management Solutions providers redefining the industry. Today, Monument is the go-to firm for companies looking for a more effective way to keep pace with their demanding and dynamic recruitment and vendor management needs.

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