

# Flexibility Research

## Flexible approaches to talent management

SD Worx & Antwerp Management School

Despite the fact that 95% of businesses employ freelancers, a little more than 1 in 3 organisations have a formal strategy in place to bring the priorities of this new workforce in line with the objectives of the business. These results come from the latest survey conducted across five European countries<sup>1</sup> by HR services provider SD Worx together with Antwerp Management School. The research addresses the factors driving the flexibilisation of the labour market and how businesses as well as how independent workers are approaching the issue. The survey found that the majority of companies report that at least 10% of their current workforce is made up of self-employed workers, highlighting an urgent need for businesses to change the way they manage their flexible talent. Whilst the majority of independent workers has chosen for this type of career for intrinsic reasons, many of them are not actively investing in their future employability.

## **SD Worx & Antwerp Management School**

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<sup>1</sup> Belgium, France, Germany, the Netherlands and the UK



# 1| “It’s no longer about finding the perfect match. It’s about constantly adapting to change”

For a long time, full-time paid employment has been the standard against which ‘having a good job’ was measured. It was also the prototypical employment contract around which an organisation’s HR policies were centered. But times are changing... Over the past years, evolutions in the socio-economic context together with rapid technological evolutions have led to a change in the traditional **psychological contract** that was centered on job security and steady career progress in exchange for loyalty and hard work. Contemporary psychological contracts emphasize the need for life-long learning and adaptability, with employers no longer being able or willing to offer a predictable career path to their employees.

Recently, this changing perspective has also become apparent in how employers and workers are approaching **formal employment contracts**. In Belgium the rise of temporary work (from 5.0% in 1990 to 7.7% in 2015) and the increase of individuals working as independents (from 7.8% in 1990 to 9.2% in 2015) is still modest and below the average of the EU (*Sels, Vansteenkiste & Knipprath, 2017*), yet *global trends suggest that organisations will increasingly seek for alternative approaches to attract and engage the talent they need*. To realize sustainable growth in a VUCA context, adaptability will be critical for organisations and this adaptability also has to come from the workforce.

This has important implications for enhancing the adaptability of the traditional payroll employees (e.g. more willingness to move jobs, to adapt to changing tasks and job requirements, willingness to invest in their employability). But it will also increase organisation's need to more flexibly engage individuals on a temporary basis or via non-standard employment contracts, e.g. through service agreements.

On the individual side, demographic trends result in longer careers, technological evolutions create more jobs that allow individuals to offer their services (e.g. in graphic design, IT skills) to companies as independents and technology enables them to offer their work through online platforms. These evolutions are likely to increase the *openness towards different types of work relationships*. The long-term employment contract and steady career progress with a traditional employer may disappear as the standard or unique way to realise a sustainable career. This brings along opportunities such as increased autonomy and flexibility to pursue a career in line with one's talents, ambitions and personal needs which are likely to change throughout the lifecourse. But it also brings along challenges pertaining to the sustainability of work over time, increased individual responsibility for employability and 'marketability', and consideration of long-term consequences (e.g. pension).

Together these evolutions have important implications, not only for organisations and individuals, but also for policy makers and labour market intermediaries as it requires rethinking employment legislation in view of stimulating more flexibility yet at the same time securing sustainable careers for all types of workers. It also means that we need to prepare young individuals for different types of careers, hence there are important implications for education as well (Sels et al., 2017).

## 2| About this study

The current study set out to explore both the employer and individual perspective upon flexible talent within five European countries. It fits within the research agenda set by SD Worx and Antwerp Management School for the SD Worx Chair on “*Next Generation Work: Creating Sustainable Careers*”. Since 2011, as part of this chair research is being conducted on the changing career context, and what this implies for organisations and for the workforce. Through yearly surveys and qualitative studies we keep track of the people challenges the VUCA context brings along, the changing career and talent policies within organisations in response to these challenges, and the ways in which individuals are dealing with their careers.

In March 2018, we surveyed (1) a representative sample of 1,074 employers and (2) a representative sample of 1,874 independent workers in the following five countries: Belgium, France, Germany, the Netherlands and the United Kingdom.

Potential respondents were contacted using an online panel, with sampling based on size and industry for the employer survey and age and gender for the independent professional survey.

The **employer survey** contained questions about their workforce composition and workforce strategy, the strategic challenges they are facing as a company, the core competencies of their current workforce and their anticipated talent needs.

The figures below provide an overview of the morphological characteristics of the organisations being part of our sample.

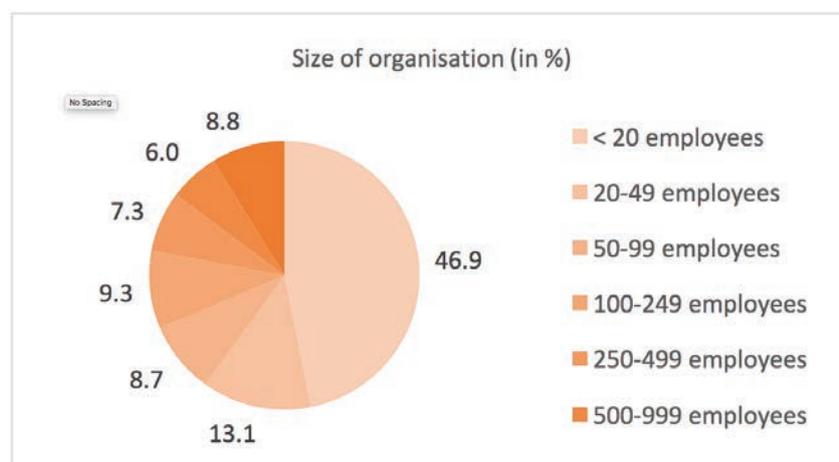


Figure 1: Distribution of responding organisations according to size

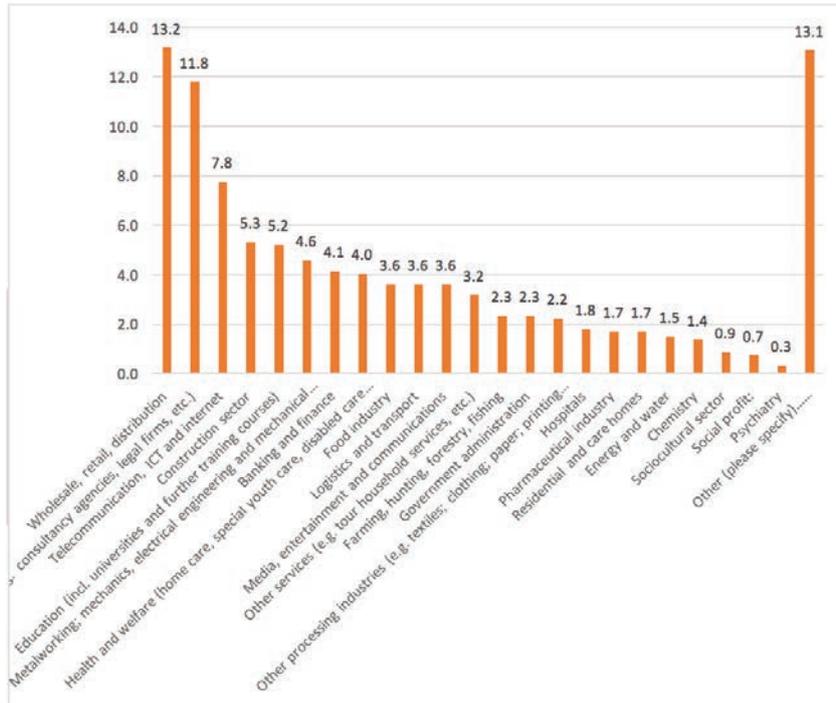


Figure 2: Distribution of responding organisations according to sector

The **independent workers** survey contained questions about their reasons for opting for an independent career, the type of work they are doing, their engagement and career satisfaction and their view upon their current and future employability.

About half of our respondents are female (47%). Their average career length is 25.4 years and they are working as an independent since 16.3 years on average. Whilst 76% of them is working full-time as an independent, the other 24% works as an independent on a part-time basis

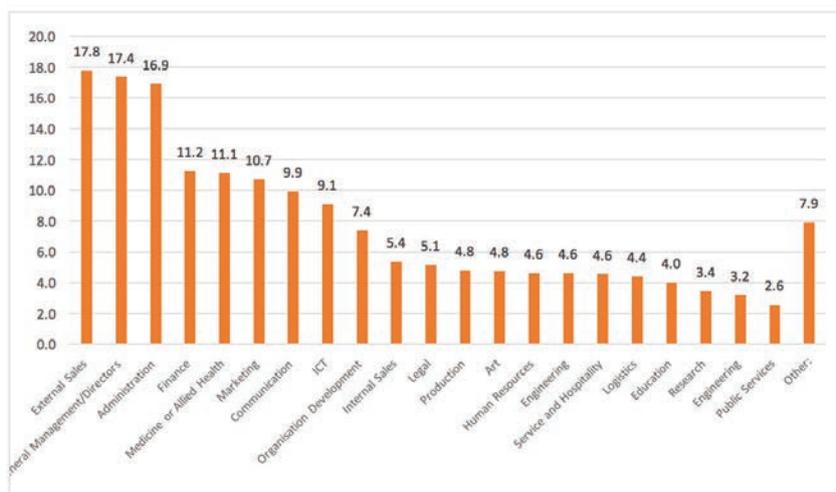


Figure 3: Distribution of respondents according to their primary functional domain



Employer &  
Independent workers  
survey

# 3| Major findings: Employer survey

## 3.1. Types of contracts in place

Employing independent workers is not an exception. Our figures show that **95%** of organisations surveyed employs them, with a majority reporting that at least 10% of their current workforce is made up of self-employed workers. Yet, working with classical employment contracts still appears to be the norm: **65%** of organisations report that they frequently employ employees full-time with contracts of indefinite duration, whilst **49%** report to frequently employ employees through part-time contracts, and **26%** frequently uses fixed-term contracts.

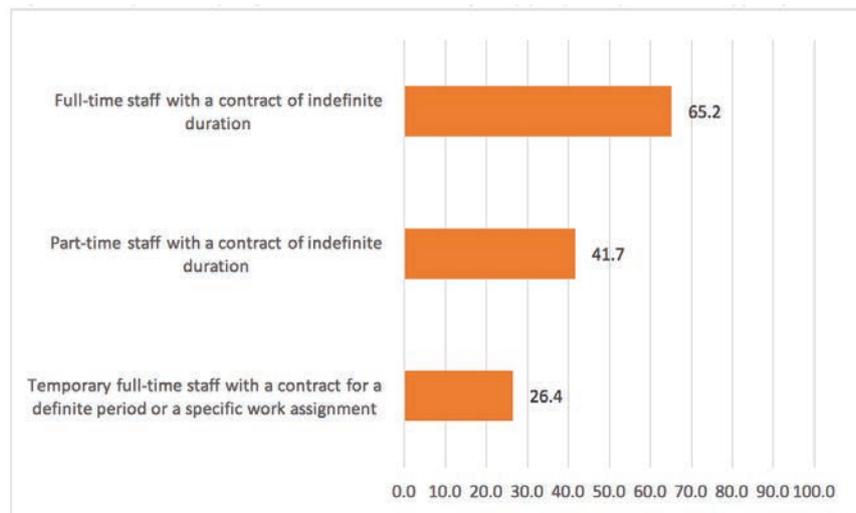


Figure 4: Proportion of organisations mentioning they frequently use each type of contract: Traditional contracts

In addition to the classical types of employment contracts, work can also be delivered through a variety of other sorts of contracts. More flexible arrangements that are most frequently in place are contracts with individuals working as independents (freelancers) (**29%**), temporary part-time staff (**23%**), and temporary staff (**19%**).



Figure 5: Proportion of organisations mentioning they frequently use each type of contract: Flexible contracts

## 3.2. A strategic approach?

Although many companies employ freelancers, for only one third of them this appears to be part of a formal workforce planning strategy, with **32%** mentioning that employing freelancers is rather an ad hoc process.

The decision of hiring an independent contractor is done directly by the manager responsible for hiring the independent contractor (either the direct supervisor or higher management) in **56%** of the cases. In the other **44%** of cases HR is involved in the decision. In **25%** of the organisations, HR is seldom to never involved in hiring an independent contractor, while in **35%** of organisations HR is responsible for contracts with independents.

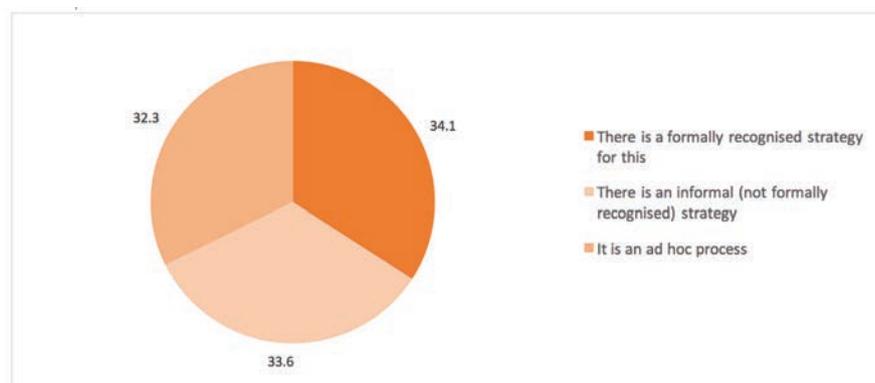


Figure 6: Distribution of organisations according to whether they have a formal strategy regarding independent workers



The observation that in most organisations working with freelancers is not part of a formal strategy might be related to the finding that **45%** of the organisations surveyed, believes that they will have no problems in attracting external talent over the next three years. Yet, at the same time **31%** anticipates a shortage in internal talent needed to achieve their mission, vision and strategy in the next three years. Moreover, only **30%** believe that a majority of their current workforce has the competencies needed to foster innovation.

### 3.3. Reasons for working with independents

Employers have different kinds of motives for employing independents. The two most important reasons are the greater flexibility it offers, with **65%** agreeing that this is at least a relatively important motivator, and the fact that people with a specific expertise are difficult to find on the labour market (**63%**). The least important reason seems to be the recruitment freeze for payroll staff (**28%**). Interestingly, **36%** also mentions the preference of the person to work as independent instead of payroll employee as a reason.

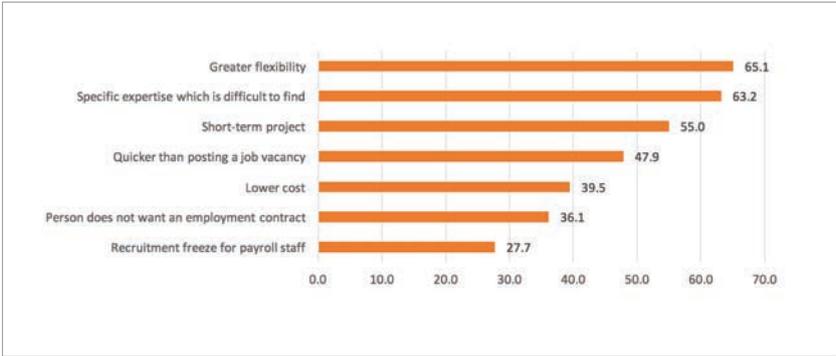


Figure 7: Reasons for working with independents – proportion of organisations marking each reason as (extremely) important

# 4| Major findings: Independent workers survey

## 4.1. Reasons for becoming an independent worker

The majority of respondents says that they opted for an independent career because of intrinsic reasons relating to the content of their job. For instance, **69%** of them report that they wanted a more interesting job content, **68%** mentions the need for a better fit between their work and their interests.

Another important group of reasons relate to flexibility in terms of when and how to work, in particular realizing a better fit between work and private life (**49%**).

Even though this is not the case for the majority of independents in our sample, quite some respondents indicate that they have opted for an independent career out of necessity. For instance, **15%** say they became independent because otherwise they would not find a position in regular employment, **18%** say the organisation was not willing to offer a regular employment contract, and **9%** were asked by their employer to become independent if they wanted to keep their job.

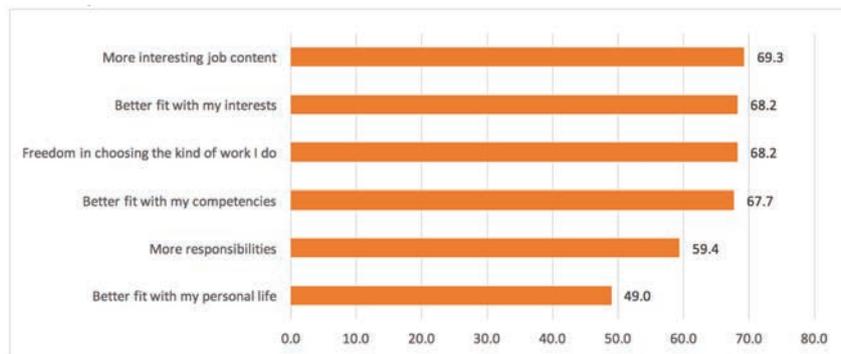


Figure 8: Most frequently mentioned reasons for becoming self-employed - Proportion of respondents mentioning each reason



## 4.2. Securing ones future as an independent

Whilst **70%** is optimistic about future assignments for the same work with their current clients, **62%** is optimistic about obtaining the same type of assignments elsewhere, and only **53%** believe they could easily get assignments or projects that differ from what they are currently doing. When taking a look at their more distal future, **62%** feels capable of continuing their current type of work until retirement.

To secure one’s professional future, employability-enhancing activities are important. Although a majority of independents opts for this career out of intrinsic motivation, only **41%** of them actively spends time improving their knowledge and skill set for their current work, and **56%** says to develop skills that they might need in future roles. In addition to traditional skill development, developing ones social capital is also an important leverage of employability. Yet, our results suggest that only half of our respondents (**50%**) has built a supportive network of contacts in their field of work.

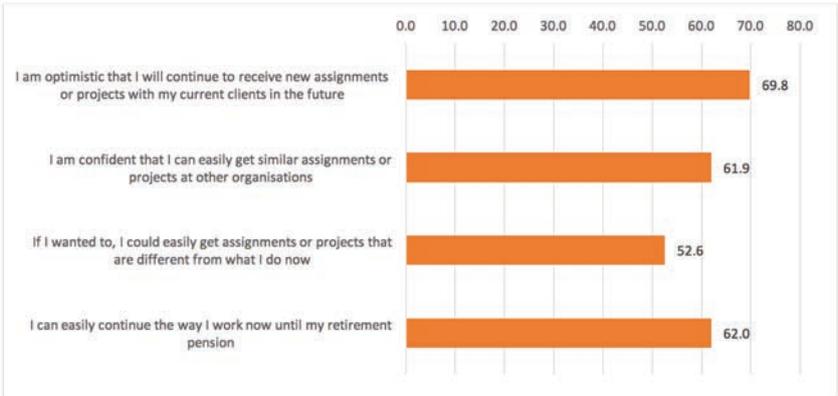


Figure 9: Optimism about ones career future – proportion of respondents agreeing with each statement

# 5| Implications

## 5.1. What it means for organisations: a more open mindset and approach regarding talent

Talent management becomes (even) more complex. It is no longer limited to choosing between growing internal talent or buying external talent but increasingly concerns questions as how to attract, retain and engage talent that is not on the payroll (for a long time).

This requires organisations to have a broad view upon their need for talent in all parts of the organisation, where this need comes from, and the ways in which these needs can be fulfilled most effectively through specific forms of work / service relationships.

HR policies and systems should not focus exclusively on a shrinking group of payroll employees but instead be inclusive. This requires rethinking traditional approaches. Building, buying and borrowing talent should no longer be seen as mutually exclusive options in this regard. Talent management should start thinking about integrating these three courses of action, in order to create sustainability in employment and long-term positive relations, even when there is a definite end to a contract. It is expected that this will not only help organisations brand themselves towards this flexible work pool as an interesting company, but also create a stimulating environment for independents to develop themselves.

## 5.1. What it means for individuals: a more open mindset and approach regarding a sustainable career

Whilst in the traditional employer-employee relationship, career development and employability tend to be seen as a shared responsibility, independent workers are often considered as being the sole responsible for securing their work and future career. This requires them to stay on top of their field, engage in networking behaviors, build relationships with customers, to name just a few of the employability-enhancing behaviors that are needed for this. Even though independents might have opted for this career because of the autonomy and self-directedness this brings along, it is important that they are aware of how they can build a sustainable career and who might be important to support them in that.



### 5.3. What it means for policy makers

Independent professionals form a substantial part of the working population. Even though a majority of them seems to have chosen for a career as an independent for intrinsic reasons, it should be noted that an important minority became independent for other reasons, such as decreasing their responsibilities, because they did not find a job as an employee, or because the organisation required them to work as an independent. Particularly for this group, it is important to consider which support and protection is needed in view of sustainable careers. Yet, with a lack of structured career policies towards independents by the organisation, it will be important to raise awareness among all independent workers about the importance of not only delivering a good job today but also securing their career future, and to facilitate them in this.