Talent and trust in financial services

Amal was disappointed but not surprised when her manager and an HR representative sat down with her and told her she was being laid off. The rumors had been circulating around the bank for weeks. She had hoped that as a seasoned analyst she wouldn't be one of them. As it turned out, she was one of 30 who were let go that day.

Six months later, Amal was back in a similar role as a contingent worker. She had fewer benefits and less security, but her wages were significantly higher. Although her preference was to return to a full-time role, she knew this was the way the world was going, and she was happy to have made the transition to the gig economy relatively quickly and smoothly.

Amal's story is a familiar one within many large financial institutions. In the wake of the global financial crisis, shareholder pressure to manage costs and liabilities has driven financial services companies to increase their focus on reducing headcount. Yet, while the number of traditional employees on financial services payroll has gone down, EY's US Contingent Workforce Study has found that more than half (57%) of financial services companies surveyed increased the use of contingent workers at the same time. Of the financial services contingent workers surveyed, 66% say they began contingent work in the last two years, the highest across all sectors. Some, like Amal, returned to their previous employer as giggers to the same or similar roles.

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Four in 10 financial services organizations indicate that they expect more than 20% of their workforce to comprise contingent workers by 2020

This trend is set to continue as four in 10 financial services organizations surveyed by EY indicate that they expect more than 20% of their workforce to comprise contingent workers by 2020. This estimate seems conservative when we look across other industries who are forecasting that up to 40% of the total workforce will be contingent by 2020.

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Aspirations and expectations are the same. It's how they're fulfilled that's changed.

Digital transformation is repositioning the size, shape and capabilities of the workforces financial services firms need to succeed. Yet, just as job roles and skill needs are changing, so too are the aspirations and expectations for those jobs. Expectations of career progression, learning opportunities, stable compensation and benefits are associated with traditional employment, and are vestiges of the golden age of "job for life," where careers were built within an organization, rather than a market. People entering the workforce today may have similar aspirations. However, they do not expect to achieve them within a single organization.

Today, in the UK, the typical worker entering the workplace is likely to have more than 10 jobs over a working life of between 45 and 48 years. As contingent work continues to take hold as a more mainstream alternative to traditional employment, workers are not only acclimatizing to, but embracing a more fluid work life. So how do they achieve aspirations based in a bygone age while taking up the fluid opportunities of the present one?

The disappointment in the current lack of answers to this question is reflected in the responses EY received when surveying contingent workers in financial services. Workers still aspire to have opportunities to grow and develop their career, work with teams, travel and contribute to a firm culture. They see the absence of these as a big downside to "gigging." In fact, some of the key reasons they leave even short-term engagements are a lack of variety and challenge, and adequate compensation for the work they are delivering.

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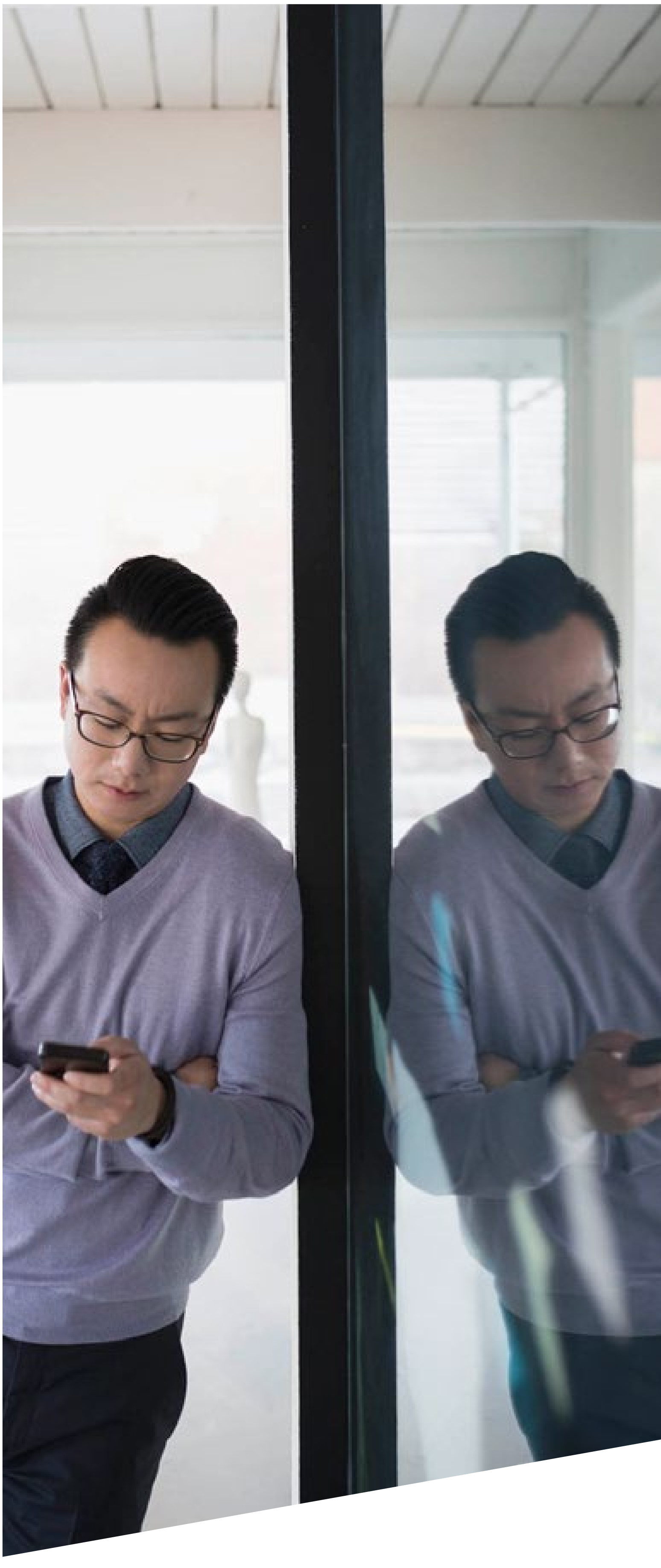
65% of contingent workers say they would work differently if they were permanent employees,

with **one in three** saying that they would invest more into a future plan with the organization

There is a link between the degree to which contingent workers are included and their levels of engagement. Although 71% of contingent workers believe that existing workers benefit from skills transfer from contingent workers, 47% say that it is hard for them to feel as if they are part of a team. Further, of the 65% of contingent workers who say they would work differently if they were permanent employees, one in three say that they would invest more into a future plan with the organization. This lack of engagement and underlying disappointment can create a culture of mistrust that can impact the organization's brand (and ultimately the relationship with their clients/consumers). Because you'll never be loved by your customers unless you're loved by your workers – all of them.

It's time financial services companies started to consider, and improve, their contingent work brand.

Engaging contingent workers starts with changing their experience



So what would an improved contingent worker brand look like? It starts with being purposeful about the contingent worker value proposition. This can be a complex task on two levels. First, firms need to set the boundaries of what is possible when considering corporate security concerns (e.g., cyber), and put legal compliance frameworks in place to prevent contingent workers being deemed to be traditional employees. Organizations must also find the right balance between including contingent workers as part of a broader definition of an optimal employee mix, and not being so inclusive as to cause traditional workers to question why they should remain in that category.

Once firms have been purposeful about the space available to change, and have adopted a strategic approach to their total workforce approach, they need to start to change the contingent worker experience. This cannot be the sole job of HR and supply chain functions. Although experience is impacted by shifts in governance, process and access to infrastructure, the role of managers dealing with contingent workers is key. The relationship any worker, but more specifically a contingent worker, has with his or her manager will manifest itself in his or her level of satisfaction and engagement.

Trust is important, but what about loyalty?

Building a more inclusive experience for contingent workers may improve engagement, but what about loyalty?

Loyalty may seem less necessary as technology such as robotic process automation and artificial intelligence reduces the need for roles containing repeatable activities. In these cases, financial services organizations will be looking for workers that have a specific capability for a specific initiative at a specific time — a skill set that likely won't be needed again.

However, just as engagement during the tenure of a contract remains crucial, loyalty should remain a prized attribute to encourage skilled workers to accept future contracts with the organization when next their services are required.

To attract the right talent at the right time for the right job, financial services organizations will have to show that they are trustworthy — that workers can trust that they will offer something of value for them, and then deliver on it.

A purposeful approach to the contingent worker experience will bring them in and keep them coming back

The pressure from shareholders and activist investors to squeeze costs from the business is an ever-present challenge for financial services organizations. Reducing headcount has always been a favorite target as something tangible organizations can point to as an action that they've taken. Filling roles vacated by permanent employees with contingent workers may seem like a win-win for organizations and shareholders alike. However, in doing so, organizations need to make sure it's a win for their workforce as well.

As organizations grow their contingent workforce, they need to be purposeful about creating an inclusive contingent worker environment that stimulates engagement during, and loyalty after, the contract. Having the right governance, processes and infrastructure in place is a good start. But it will be the relationships managers build with their contingent workers that will encourage them to invest in the organization while they're there, and keep them coming back.

About the survey

The EY Contingent Workforce Study was developed by subject-matter professionals within EY People Advisory Services in collaboration with our in-house research division, EY Sweeney. In developing the survey, we sought to unearth new and valuable insights not available through any other existing research. The EY Contingent Workforce Study involved two surveys:

Employer survey

The employer survey involved senior business decision-makers across organizations based in the US. This was an internet survey among workers who are in a supervisor role or above in a company with greater than US$100m in turnover and greater than 1,000 employees. The survey included 202 respondents who were sourced from a panel provider, and 12 respondents were sourced from EY's contact database. The surveys were completed between 20 April and 27 June 2016.

Contingent worker survey

We also conducted a second survey of 1,008 contingent workers based in the US. EY Sweeney conducted the survey online between the 8 and 19 July 2016. All respondents were over the age of 18, currently employed in paid work, and maintained a non-permanent employment status. Respondents represented a wide range of sectors. More than a third (35%) had more than 10 years of experience in their sector, vs. 30% who indicated that they were just entering their sector and had two years or less in experience.

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