

Engaging external workers: the importance of contractor experience management

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External workers are employees who work for a company but who are not on its formal payroll. This includes temporary staff, contract employees and free-lance or “gig workers”. External employees are a critical and growing portion of the workforce. Estimates suggests the number of external workers in the US is somewhere between [16 million](#) and [57 million](#) employees depending on how [labor data is collected and categorized](#). Most large organizations [rely on external workers to perform core business operations](#), and most leaders expect [use of external workers](#) to stay constant or grow over the coming years. Yet few companies have formal talent management strategies focused on ensuring an effective work experience for this critical part of their organization.

The impact of failing to manage external workers

There are many reasons why companies should invest in managing the work experience for external workers. The following are just a few of them.

Customer Service: Many companies use contractors to handle customer service issues. This work is often governed by service level agreements (SLA) that outline specific criteria that the contracting organization must fulfill. However, no SLA will create the same level of customer service that comes from employees who feel a strong emotional connection to the mission and brand of the company they are representing. Customers can tell the difference between a service representative who is committed to the company compared to one who is just going through checklists mandated by an SLA. If companies want contractors to provide truly exceptional service, they must ensure contractors feel positively toward the company they are representing.

Business Operations. Companies often use contractors to perform tasks that require specialized skills but that have a lot of variability in demand (e.g., installing technology solutions or fixing specialized machinery). How well contractors perform this work directly impacts company business operations. It also requires employing contractors who have the right skills and competencies. A company’s ability to consistently recruit skilled contractors is directly affected by the experience contractors have working for the organization.

Commitment of Full-Time Employees. How a company engages external workers impacts how full-time employees feel about the company. Companies that rely on hiring lower paid contractors to perform less skilled work run the risk of alienating more skilled full-time employees who may feel overworked. I saw this happen at an airline check-in counter that was staffed by one full-time employee qualified to issue tickets and three contractors hired to load bags. This process worked fine until a storm required passengers to rebook their flights. The full-time employee was quickly overwhelmed by frustrated passengers who saw one person helping them and three people standing around doing nothing. And the contractors showed anxiety from being forced to interact with customers they were unable to help. The commitment of full-time employees can also suffer if they feel their company is using temporary contractors to avoid incurring health care benefits costs associated with adding full-time staff. Full-time employees develop working relationships with contractors and may resent contractor management practices they perceive as exploiting people they value and care for.

Catastrophic Risk. Ineffective management of external employees can lead to extremely costly corporate catastrophes. The corporate brands of several global companies have been damaged as a result of employing contractors involved in [environmental disasters](#), [systematic labor law violations](#), and widespread [worker exploitation](#). These catastrophes were caused by contractors, not full-time employees. But in the eyes of the public, companies are responsible for the actions of anyone who does work on their behalf regardless of whether they are internal or external employees. The problem was the companies failed to pay enough attention to the working environment and management conditions of the external workers they were employing.

How to improve the external worker experience?

The answer to these problems is not about reducing use of external workers. To the contrary, companies are likely to rely even more on external workers to manage challenges associated with skills shortages and the volatility of business demand. The answer lies in figuring out how to create more positive, engaging, and effective work experiences for external workers. This starts with collecting experience data to understand what factors impact the quality of work for external workers. And then developing effective talent management methods for this critical but often overlooked part of the employee population. This will also require dealing with [legal complexities associated with contractor employment](#). But the benefits of improving the external worker experience greatly outweigh the mounting risks of doing nothing.