

Talent Management

A Guide to Finding and Hiring the Best Contractors

by Alyssa Merwin

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Summary. Companies are increasingly relying on skilled contractors, but hiring them at scale is a fairly new phenomenon. Identifying people who are both open to new opportunities — and who are also open to contract work — can be challenging. Analysis of 6 million LinkedIn... [more](#)

The rise of — and demand for — contractors is starting to rewrite the rules of talent. Twenty to thirty percent of the workforce in the U.S. and the EU15 is doing some type of independent work, according to

the McKinsey Global Institute, and 42% of U.S. executives plan on hiring more of these workers in the coming years.

This is in part because companies need to hire highly skilled people for shorter periods of time as work flows in faster, less predictable cycles. As a result, hiring managers are now tasked with finding, hiring, and managing employees who run the gamut from full-time workers to those in remote, flex, or contract roles.

The catch is that hiring skilled contractors at scale is a fairly new phenomenon for companies, leaving many employers without a clearly defined path to find, attract, and hire top-notch people. Identifying people who are open to new opportunities — and who are also open to contract work — can be challenging.

To help companies better understand who contractors are, where they are in their career paths, what they want out of their next job, and where they can be found, we recently aggregated and analyzed data from public LinkedIn profiles. We defined contractors as professionals who work on time-based (as opposed to project-based freelance) contracts. For example, a company may hire an accounts payable professional to help cover a particularly busy time period or to backfill for someone on leave. Contractor status was determined through member-supplied position titles and based on profile and behavioral analysis. Years of experience was calculated as the time between university graduation and the end date (if available, or current date if not) of the latest position listed on each profile. Only profiles where this data was known or could be confidently inferred were included in the analysis — 6 million out of more than 500 million profiles on LinkedIn.

While there's still quite a bit we don't know about contractors, our analysis does shed light on who is working in the role and why. In addition, we've conducted a separate survey of contract workers to learn more about what they're looking for in a role. Based on what

we've learned, here are some tips that can help recruiters and hiring managers alike better understand the contractor mindset and develop strategies to integrate them into their workforce.

Be open to industry transfers and a range of experience

levels. Our data shows that 70% of contractors who switched jobs in the past year moved to an entirely different industry. So if you're striking out in your search for people within your industry, you might consider looking elsewhere. For example, the health care, real estate, and construction industries gained contractors in the past year, while public safety, retail, and the arts lost them. If you're reviewing candidates for a project management role in the real estate field, don't rule out folks who hail from a health care background, as long as they have the requisite, or transferable, skills.

And when it comes to experience, companies in the market for contractors shouldn't limit themselves to costly industry veterans. While one-quarter of contractors in our sample did have more than 16 years of experience, 31% had been in their careers for four years or fewer, and 27% for five to nine years. Companies can find plenty of junior or midlevel folks who are willing to take on contract roles to gain both career flexibility and marketable skills.

Search outside of traditional hiring hot spots to find hidden

gems. While you'll find the biggest supply of contractor talent — and the highest demand — in New York City and San Francisco, some cities have a larger supply along with a relatively low demand. Because of this, companies in these locations — Los Angeles, Houston, Philadelphia, Denver, and Washington, DC — are less likely to have competition.

There is some good news, too, for employers who struggle to find contractors in their market: Our data also shows that many people are willing to relocate. In fact, a full 13% of contractors who changed companies during the past year moved to a new region.

Appeal to what contractors want from their careers. To attract great contractors, go beyond the assumed perks of flexibility and competitive compensation, and address what made them leave their last role. Among the 600 respondents to our 2016 Talent Trends survey who identified themselves as contractors, a desire for more challenging work (30%), career growth and advancement (26%), and finding a culture and work environment they enjoy (23%) were the leading causes cited. They also value being able to contribute to the organization: 40% of contractors look for the ability to make an impact when considering a new role. Providing work that can fill these gaps could make you stand out from other prospects a contractor might have.

Design competitive compensation. Contractors who responded to the Talent Trends survey said pay is their number one priority, but determining how to compensate contractors can be tricky. Different locations may pay the exact same skill sets differently based on cost of living, supply and demand, competition, and years of experience. In some industries, contractors earn 10% to 20% more than regular employees, to make up for the lack of benefits received and to entice competitive talent.

The best rate is achieved when negotiation ends with a result that satisfies *both* parties. Paying what can be perceived as too little or too much can cause resentment and dissatisfaction with work output or contract length from either party. In addition, contract professionals are often incredibly networked, and probably will get new offers during their engagement. Consider raising their pay above market rates to ensure project continuity.

Focus on fairness, transparency, and inclusion. Start the relationship with a contractor with an honest appraisal of how you hope to work together and for how long. Don't mislead them by saying that a project or assignment should last 12 months when you know it will be closer to three, and be up front about the working conditions, what they'll need to be successful, and how to work with the team. Also, while some contractors enjoy the ability to move from

company to company, others hope contract work leads to full-time employment. Be realistic about whether there's a chance to convert, or if you are just looking for temporary help.

And don't forget: Give contractors the same respect you show your full-time workers. Provide them with the tools they need to be successful, and help them make connections internally. Create a welcoming atmosphere by including them in everything from all-hands meetings to informal gatherings. If you're unable to be inclusive in all ways, be clear about why.

As the nature of work continues to evolve, companies need the flexibility to evolve along with it. To find the contract help you need to remain competitive, there's a lot you can do: Be prepared to look outside of the big markets. Tailor your messaging to speak to their career goals. Pay your contractors appropriately per market expectations. And, of course, treat them with the same openness and respect as your full-time employees. In doing so, you'll attract and retain a powerful contractor workforce that can help drive your business and provide the flexibility you need to navigate changing market dynamics.

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Alyssa Merwin is VP of Sales Solutions at LinkedIn, where she oversees a team of 350 sales leaders. Alyssa has nearly 20 years of experience connecting buyers and sellers and is dedicated to helping sales professionals modernize their methods and mindsets.