

# Staffing Industry

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## FINANCE

### Study: Many Fortune 500 execs ignore contingent spending

One in five Fortune 500 companies cannot estimate its annual spending on contract labor, which remains a complex and unmonitored expense in large organizations, according to a new report by Taleo Corp., which sells software to automate hiring and manage staffing vendors. Researchers asked managers at 25 companies about contingent workforce management.

Discrepancies between estimated and actual spending on contract and contingent labor can total upward of \$100 million annually, according to the report.

Researchers estimated large companies spent an average of 7% of overall company revenue on contingent workers and that management practices vary widely. When asked, nearly all – 92% of executives surveyed said inconsistent costs and lack of price control is the major “pain point” of their current contingent labor workforce.

The survey also found that 69% of executives were highly concerned about their companies’ compliance with industry regulations such as the Sarbanes-Oxley Act, U.S. Securities and Exchange Commission rules and other requirements. Sixty-six percent were concerned about employee misclassifications and co-employment risk, while 50% did not know if their company had ever defended itself against a lawsuit associated with contingent labor.

The Taleo survey found that 33% of executives could not say which department – if any – had primary responsibility for minimizing their company’s risk and liability as it relates to workforce management. Twenty-one percent could not estimate their company’s current annual spending for contingent labor in the U.S. And 18% could not estimate the number of contingent labor providers. ◇