Scholars Journal of Economics, Business and Management OPEN ACCESS
Abbreviated Key Title: Sch J Econ Bus Manag
ISSN 2348-8875 (Print) | ISSN 2348-5302 (Online)
Journal homepage: https://saspublishers.com

360 Degree Risk Assessment for Reliable Contingent Workforce Operations - A Business Credibility Model

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DOI: https://doi.org/10.36347/sjebm.2024.v11i09.003 | **Received:** 13.08.2024 | **Accepted:** 17.09.2024 | **Published:** 20.09.2024

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Abstract **Review Article**

The gig economy, while providing big tech companies with unparalleled access to specialized talent and operational agility, simultaneously introduces a complex spectrum of risks, ranging from financial liabilities to regulatory non-compliance and performance inefficiencies. Traditional risk management frameworks fall short of addressing the dynamic nature of these challenges. This paper presents the 360° Risk Assessment Model, an advanced, data-driven framework leveraging machine learning to deliver a real-time, multi-faceted evaluation of risk. By dynamically quantifying and recalibrating risk scores, this model empowers enterprises to strategically mitigate potential losses, optimize decision-making, and enhance the governance of their contingent workforce ecosystem.

Keywords: Contingent Workforce, Gig Economy, Risk Assessment Model.

○ INTRODUCTION

As the gig economy revolutionizes the labor landscape, contingent workforces are becoming increasingly prevalent, particularly within technology sectors, where they now represent up to 50% of the workforce. This transformative shift is propelling significant market growth in Contingent Workforce Management. While the gig economy's flexibility and access to specialized talent drive innovation within major tech firms, it simultaneously introduces complex risk factors. Unmanaged risks associated with contingent labor pose substantial financial repercussions and operational inefficiencies. The need for sophisticated and dynamic risk management solutions is imperative to enable companies to manage their contingent workforce more effectively and make informed, strategic decisions.

○ FIELD OF INVENTION

This invention lies in the field of Contingent Workforce Risk Management and Evaluation. It addresses the challenges faced by businesses in accurately assessing the risks associated with engaging contingent workers, such as freelancers, contractors, and temporary employees.

Key areas of innovation:

- **Comprehensive Risk Assessment Framework:** The invention introduces a structured framework for evaluating multiple dimensions of risk, including financial, legal, information, and emerging risks.
- **Real-time Data Analysis:** The framework leverages real-time data from various sources to provide an up-to-date assessment of risk.
- **Machine Learning Application:** The use of machine learning algorithms enables the model to dynamically adjust risk scores based on evolving trends and data patterns.
- **Data-Driven Decision Making:** The quantified risk scores empower businesses to make informed decisions regarding talent acquisition, project allocation, and risk mitigation strategies.

BACKGROUND

Existing risk assessment methods for contingent workforces often lack comprehensiveness, relying on static evaluations or focusing on limited aspects like background checks. These methods fail to capture the dynamic nature of the gig economy and the unique risk profiles associated with different project types and worker roles.

MODEL DESCRIPTION

This Business Credibility Product for Contingent Workforce (BCCW) is a comprehensive risk assessment tool that addresses the critical challenges in this landscape. It leverages real-time data from various sources and adopts a 360° risk assessment framework named GigForce360 that incorporates five core categories:

1. **Financial Stability & Reputation (F&R):** Evaluates financial responsibility and professional reputation through budget management, fraud prevention, payment history, client reviews, ratings, and issues such as non-payment or late payments, wage disputes, and misclassified workers. A weighted score (F_score) is assigned based on financial stability indicators and sentiment analysis of client reviews (weight: w_F).
2. **Governance & Compliance (G&C):** Assesses compliance with relevant regulations, security protocols, and legal requirements specific to the industry, project, and data access needs. This also includes data privacy breaches, intellectual property theft, and confidentiality agreements. A binary score (G_score) is assigned (1 for compliant, 0 for non-compliant), with the weight assigned as w_G reflecting the impact of non-compliance.
3. **Performance & Reliability (P&R):** Ensures effective management of suppliers and vendors by evaluating performance metrics, financial health, and analyzing track record factors such as completion rates (CR), client feedback (CF), talent expertise (TE), adherence to deadlines (DT), and project-specific KPIs (KPIs). A weighted score (P_score) is calculated using the formula: P_score = (α * CR) + (β * CF) + (γ * TE) + (δ * DT) + (ε * Σ KPIs), where α, β, γ, δ, and ε are weighting factors based on project priorities, and w_P is the overall weight for the P&R category.
4. **Operational Engagement and Efficiency (O&E):** Optimizes workforce effectiveness by integrating streamlined onboarding, targeted training, and advanced engagement strategies. This includes efficient communication practices, while also emphasizing on engagement, retention, and performance management. A weighted score (O_score) is calculated using: O_score = (α * OB) + (β * TR) + (γ * EC) + (δ * PM), with weights reflecting the importance of each component.
3. **Emerging Risks & Trends (E&T):** Utilizes machine learning (ML) algorithms to analyze industry data and worker profiles to identify potential risks (e.g., cybersecurity threats, skill demand fluctuations, talent acquisition risks, vendor management risks, tax compliance risks, insurance coverage risks). An emerging risk score (E_score) is generated using E_score = P_e * I_e, based on the probability (P_e) and potential impact (I_e) of identified risks. The weight assigned to E_score (w_E) reflects the company's risk tolerance for unforeseen circumstances.

MODEL IMPACT

BCCW utilizes machine learning algorithms to dynamically analyze this data, calculate risk scores, and provide actionable insights. The model is designed to adapt to evolving trends and emerging risks, ensuring its effectiveness over time. Real-time data feeds from talent acquisition platforms, project management tools, and worker profiles provide continuous updates for all scores (F_score, G_score, P_score, O_score). Machine learning algorithms analyze historical data to determine the optimal weighting factors (α, β, γ, δ) for the P_score and O_score formula, adapting to industry trends and project needs. Additionally, the E_score is dynamically updated as new risk data emerges.

Impact Quantification

GigForce360 quantifies the overall risk (R_score) for a worker using a weighted formula that considers the company's risk tolerance for each category: R_score = (w_F * F_score) + (w_G * G_score) + (w_P * P_score) + (w_O * O_score) + (w_E * E_score)

Companies can set thresholds for R_score to categorize workers as high, medium, or low risk, guiding informed talent acquisition decisions.

Potential Benefits

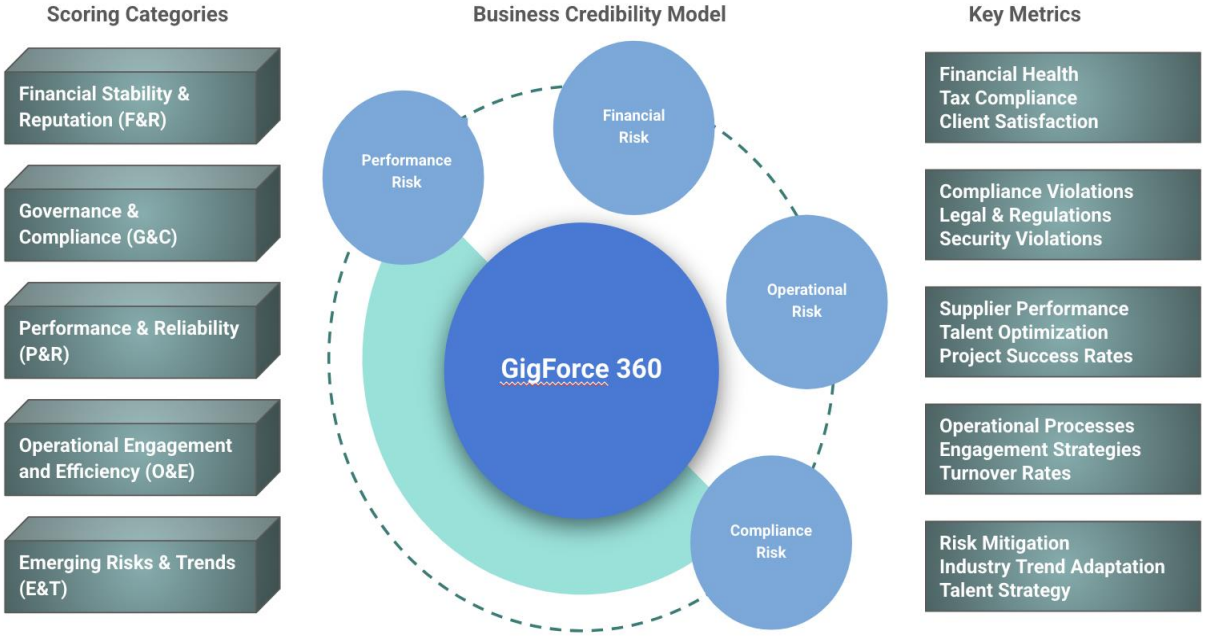
By adopting GigForce360, big tech companies can expect several significant benefits:

- **Reduced Risk:** The quantified R-score empowers data-driven risk mitigation strategies, potentially leading to a 15-25% reduction in financial losses, compliance liabilities, performance challenges, and operational disruptions.
- **Enhanced Decision-Making:** By quantifying risk, GigForce360 allows companies to make informed talent acquisition decisions, potentially improving project success rates by 5-10% based on case studies.
- **Improved Talent Acquisition:** A transparent and data-driven approach can attract top talent, potentially increasing the pool of qualified gig workers by attracting a wider range of qualified candidates.
- **Streamlined Workflows:** Automating risk assessment through machine learning can streamline workflows and improve overall efficiency in contingent workforce management.
- **Extrapolating Cost Savings:** Studies indicate that poor risk management practices can lead

companies to lose up to 30% of their contingent workforce costs ($465.2 billion by 2031) [1], equating to millions of dollars in losses across industries. Effective risk management could recover 30% of these losses, saving an estimated $41.87 billion yearly.

GigForce360 offers a comprehensive and data-driven solution for big tech companies navigating the complexities of the gig economy. By mitigating risks, improving decision-making, and attracting top talent, it empowers companies to build a successful and secure contingent workforce.

Pictorial Representation of the Model



The table below outlines the application of BCCW across different categories with relevant metrics and data points.

Category	Metrics	Data Points
Financial Stability & Reputation (F&R)	Payment History, Client Reviews, Tax Compliance, Financial Health, Financial Risk	Historical payment records, client satisfaction surveys, tax filings, financial statements (income, balance sheet, cash flow), evidence of late/non-payment, wage dispute documentation, worker classification records, insurance data
Governance & Compliance (G&C)	Regulatory Adherence, Data Privacy, Intellectual Property, Legal Risk, Co-Employment Risk	Compliance certificates, background checks, security protocol adherence, data privacy audits, intellectual property agreements, legal compliance records, joint employer status evidence, independent contractor verification, worksite control policies
Performance & Reliability (P&R)	Completion Rates, Client Feedback, Talent Expertise, Adherence to Deadlines, KPIs, Operational Risks	Project completion statistics, client reviews and feedback, assessments of talent expertise, adherence to deadlines, KPI tracking reports, quality control metrics, operational risk assessments, recruitment and skill gap analysis
Operational Engagement & Efficiency (O&E)	Onboarding Efficiency, Training Effectiveness, Communication Practices, Engagement & Retention, Performance Management	Onboarding process metrics, training evaluation reports, communication effectiveness surveys, engagement scores, retention statistics, performance management system usage and effectiveness
Emerging Risks & Trends (E&T)	Industry Trends, Worker Profiles, Risk Identification	Trend analysis reports, industry forecasts, worker demographic studies, skill set evaluations, risk assessment reports (e.g., cybersecurity threats, skill shortages)

Disclosure: This concept is an individual endeavor and not associated with any organization.

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