

**title**

How Your Organization Can Thrive in The Gig Economy

**meta-description**

The gig economy presents tough challenges to employers but it also creates the opportunity to become more agile.

**keywords**

Manage a contingent workforce, agility in the gig economy, flexible workforce,

**body**

The gig economy is a favorite topic at industry conferences and in the blogosphere, and the buzz shows no signs of abating. Social scientists and politicians fret about worker protections, and labor boards voice concerns about health care. Employees worry their steady jobs will disappear, and employers struggle with managing risks and relationships.

Over 50% of companies have increased their contingent workforce over the past five years, and the non-traditional workforce has grown by 66% in ten years.<sup>1</sup> While the gig economy presents tough challenges to employers, it also creates the opportunity to become more agile.

### Benefits of a Flexible Workforce

The growth of the contingent workforce creates benefits of flexibility, scalability and cost control to companies that manage the complexity well.

- With the right sourcing in place, you can quickly ramp up and down for special projects, seasonal work, or when you need unique skills to augment your workforce.
- With employee benefits and ancillary costs rising to over 40 percent of salary, the ability to engage staff only when you need them can control labor expense.
- Consultants could help to manage and accelerate organizational change and provide unique expertise that would be prohibitively expensive if you hired an employee. A data scientist can cost over \$200,000 per year in salary and benefits, but you may only need one for a few weeks.

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<sup>1</sup> Storey, David, Tony Steadman, and Charles Davis. "Is the gig economy a fleeting fad, or an enduring legacy?" EY, 2016. Retrieved December 21, 2016 from <http://www.ey.com/gl/en/services/people-advisory-services/the-gig-economy-transforming-the-workforce>.

## A New Approach to Workforce Management

Many companies have a fragmented approach to contingent work. Business units often manage contingent workers ad hoc, with little or no coordination. That approach may have worked well when contingent workers meant managing a small collection of staffing agencies, but today's gig economy requires a more disciplined approach. A structure of governance will form the foundation on which you can build the flexibility to adapt your staffing to business needs and business practices to non-traditional work.

An ad hoc approach can decrease productivity and increase risks. When the contingent worker arrangement is strictly transactional organizations miss out on the benefits of engagement and purpose. Failure to provide the right onboarding and offboarding experience can increase exposure to substantial risk.

The new workforce requires a unified approach to strategic planning and new partnerships across the organization. Workforce planners and talent managers can benefit from collaboration with procurement, so each does what they do best.

Your people analytics should include contingent workers to give business leaders a holistic view of the workforce. Manage performance and measure results just as you do with your employees. Understand the value they bring to the organization and their impact on business outcomes.

## Collaborative Talent Acquisition

Online platforms are or will soon be available to crowdsource talent both inside and outside your organization. The tools make it easier for workers and employers to connect, and often provide a way for you to evaluate work product. Most do not require you to pay until you approve the work. However, few platforms vet their members, leaving you to manage the risks.

Managed well, on-call and contract workers can become a long-term solution, especially for those workers who are in the game by choice. This has proved true over the long term in the SaaS software market, where providers create networks of partnerships with independent consulting and contracting companies, who in turn have long-term relationships with individual contractors.

## Onboard Everyone

Contingent workers need a sense of belonging as much as employees. Many of the communication tools you use in onboarding will benefit your temporary and contract workers. Give them a reason to want to contribute.

Going to a new workplace can be stressful, and the first few minutes will set the tone for the entire engagement. Get the work team involved, and may sure workers know in advance all the little things that can make a day go right, such as where to go for lunch.

| Who's responsible for contingent workers?                                    |  |
|--|--|
| 37%  | Admit to having fragmented governance models for managing their contingent workforce |
| > 30%  | Use multiple vendor management systems to manage their gig workers                   |
| > 30%  | Use manual off-boarding processes with their contingent workforce                    |
| 55%  | Of contingent workers report not having gone through an onboarding process           |
| Source: "Is the gig economy a fleeting fad, or an enduring legacy?" EY, 2016 |  |

Much of the compliance and safety training you provide for employees will apply to other workers. Protect them and your company by making sure they know the rules and behavioral norms.

### Know and Nurture Your Talent

People have many reasons for taking part in the gig economy. Most freelancers and independent contractors prefer the flexibility, freedom, and the ability to work from home. On-call workers and temporary help agency workers would often prefer full-time employment.

Non-traditional workers can often be more engaged than employees. Freelancers and independent contractors depend on favorable testimonials to grow their businesses, and top talent will be focused on customer satisfaction. Employees who are seeking steady work can be eager to please if they see an opportunity for recurring or permanent employment.

Be on the alert for friction between employees and contingent workers. Fifty-eight percent of independent workers say permanent employees are treated better than they are.<sup>2</sup> Contingent workers can also have concerns about the lack of benefits and job security, which could affect them on the job.

### Chart Your Course

There is no tried and true formula for making it work. Each organization must chart its own way through the risks, optimization, and cultural challenges of a multi-faceted workforce.<sup>3</sup> It requires a new way of thinking. It will pay off as your organization improves its ability to meet the challenges of the future.

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<sup>2</sup> Storey.

<sup>3</sup> Schwartz, Jeff, Udo Bohdal-Spiegelhoff, Michael Gretczko, and Nathan Sloan. "The gig economy: Distraction or disruption." Deloitte University Press. February 29, 2016.