

The Rise of the Gig Economy - Is HR Ready?

The trend towards a gig economy has begun. According to a study by Intuit, it is predicted that by 2020, 40% of American workers will be independent contractors. In accordance, nearly 40% of top performing firms today have more than 30% of their labor workforce composed of contract/freelance workers. This rise in hiring contingent employees can be explained based on three key factors: (1) employers are seeing the value in having a flexible and blended workforce, (2) the immediate availability of these contractors and (3) the ability to access niche skills which might be too expensive to keep on a permanent payroll.



wide communications, clearly defining job descriptions along with measures for success would allow contractors to quickly fit into their new role. In addition, many companies are having their freelancers complete various behavioral and cognitive tests (typical assessments that they would conduct for internal employees) to assess overall culture fit.

► **Legal or regulatory uncertainty:** employers need to be aware of certain liabilities including

misclassification, compliance liabilities, any additional paperwork needed and contractual obligations that may arise.

What is Gig Economy?

The "gig economy" typically falls under two categories. On the one hand, we have what is called the "uberfication" of work which includes the buying and selling of services via online platforms such as Uber, TaskRabbit and Airbnb (to name a few popular ones). On the other hand, we have what is called "portfolio working" which includes skilled workers taking on various consulting projects for different organizations.

There is no denying that more and more employees are finding value in "Gig work" as this new trend allows them more flexibility, work-life balance and the opportunity to be selective of their chosen projects. As a result, we are moving towards an employment trend that is very much candidate driven. It is thus crucial for employers' to adapt HR initiatives towards this growing phase.

How will this trend affect HR?

A PwC report found that less than one-third of employers are basing their talent strategies on the rise of the portfolio career. However, HR professionals also report that they expect 20% of their workforce to be contingent workers by 2020.

Let's look at some key challenges that HR will encounter with this new trend on the rise:

► **Managing Quality Control:** according to a CIPD survey, many HR leaders are concerned with the quality of work of non-permanent staff. Performance evaluations, Training Programs and encouraging two-way feedback would be effective tools to drive engagement and increase quality of work.

► **Cohesion of workflow and cultural fit:** involving consultants with organization

While some may argue that the rise of the Gig Economy is merely a business fad, there is no denying that there has been a substantial increase in freelance work in the past couple of years. This trend will cause for an even more blended workforce and additional challenges for HR and Business leaders. As a result, it crucial for organizations to prepare for this global shift in the talent landscape in order to be strategically well positioned for future growth.

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