



**HOW ENTERPRISES
ARE ADAPTING TO
THE GIG ECONOMY.**

“...a gig describes a single project or task for which a worker is hired, often through a digital marketplace, to work on demand.”

The so-called gig economy has been picking up steam for years, and has now effectively moved from emerging trend to the way much of work...works. While the term itself has many unofficial definitions, the [Bureau of Labor Statistics \(BLS\)](#) says “...a gig describes a single project or task for which a worker is hired, often through a digital marketplace, to work on demand.” Many people think of Uber drivers, TaskRabbit “Taskers”, Instacart shoppers, and the like when they think of the gig economy; this phrasing from BLS suggests the agency is thinking along the same lines.

A broader definition of the gig economy – and the one we’re working from in this guide – includes the practice of businesses increasingly utilizing contractors, freelancers, and independent consultants. It also includes the changing goals and preferences of today’s workers that lead them to seek project-based careers.

According to Deloitte, [more than one in three](#) US workers are freelancers – a figure expected to grow to 40 percent by 2020 – and [42% of employers](#) expect to increase their use of these contingent workers in the next three to five years.

This new model of work has significant upsides, but it can also have serious downsides. Notably, lack of employer-provided benefits and the general exploitation of gig workers have rightly become hot-button issues. These problems exist mostly within that more narrow view of gig work – the Uber-driver version – where demand is high but pay is relatively low. We don’t see them show up so much or to the same degree in the type of “gigs” an enterprise would have. That said, we’re certainly not advocating unfair work exchanges. We cover the pros, cons and cautions in this guide.

We also take a look at the various ways enterprises are adjusting to and taking inspiration from the gig economy – there are many great ideas to consider – as well as how intelligent people management and machine learning make it all possible.



TODAY: One in three US workers are freelancers



2020: 40% of US workers will be freelancers



Next 5 Years: 42% of employers to increase use of freelancers

Let's start with the pros and cons.

TREMENDOUS OPPORTUNITY.

The potential advantages the gig economy brings to employers are clear and substantial. A short list of the main ones:



Flexible Workforce

Whether there's a seasonal nature to your work, you have sporadic special projects that require more support, or your staffing needs are simply inconsistent, bringing on contractors is a wise way to scale up your workforce temporarily and as needed. This ensures you're employing only as many full-time workers for whom you have full-time, year-round work.



Higher Quality

Many freelancers are specialists — they focus specifically on a small set of skills. With focus comes excellence. Additionally, they often run their own businesses, which depend on repeat customers. How do they keep clients coming back? By delivering top-notch work. Employers who use freelancers generally enjoy that same level of quality.



Cost Savings

Probably the most well-known benefit to employers. Independent contractors and consultants can save companies a great deal of money. Even at the higher hourly rates freelancers typically charge, the cost savings for the business work out more than favorably. You save on the benefits package, sure, but you also save on office space and equipment expenses, as well as the costs associated with onboarding, training, and unproductive downtime (including unnecessary meetings).



Reduced Risk

Another frequently-cited benefit. Employers assume less risk in working with freelancers than they would full-time employees. While the latter are often entitled to unemployment insurance, workers' compensation, and other protections, independent workers are not. It's also much easier to discontinue work with a contractor — just cancel the contract — than it is to go through the unpleasant process (for all involved) of firing an employee.

Now, the possible pitfalls:

POTENTIAL DRAWBACKS.

? Risk of Exploitation

Critics of the gig economy cite cases of worker exploitation, typically in the type of gig model popularized in the media (high demand and relatively low compensation). Also, sometimes the work arrangement or type of work is very similar to that of a traditional employee-employer relationship, which also opens the door to taking advantage of workers.

This is less of a concern for the project-based, professional work that companies use freelancers and independent consultants for; that work yields higher rates and is typically based on contracts that are beneficial to both parties. Nevertheless, it's important for organizations and contractors alike to be mindful of establishing a fair value exchange for gig (or gig-like) work.

? Lower Commitment

Freelancers have other clients. Some of their time and brainpower is devoted to other companies. Depending on the project, this can be good or bad. Creative work, for example, benefits from exposure to a variety of business models, marketing strategies, etc. Many roles, however, often require dedication to one employer. Managerial, executive, and other strategic roles that participate substantially in company planning are among those that are best performed by a full-time employee.



? Reduced Retention

While a full-on gig-based career is not right for everyone, employers are increasingly attuned to the possibility of workers job-hopping in gig-economy fashion. It's a myth that millennials are jumping more often than past generations – but retention is definitely still a valid concern. An [ERE Media article](#) citing Deloitte research on millennials explains, “...two-thirds of them expect to have a new job by 2020. If five years from now seems far-off for that prediction, consider that 25 percent plan on leaving their job in a year.”

Employees today, especially top talent, are constantly looking to improve and advance, and the trend among these high-performers has been to move around every few years to continue to collect experience and skills. Not only is it costly to the company to replace these people – an [estimated 33%](#) of each worker's salary – but also unwanted turnover means fewer employees with the background and context needed for key positions within the company.

? Impact on Culture

Long-term employees build company culture. They form strong working relationships. They make up high-functioning teams based on trust, respect, and camaraderie. The gig economy's impact on retention could have further negative consequences on an organization's teams and overall culture. When employees are coming and going, no one is there to set norms and build bridges.



25% of Millennials Plan on Leaving Their Job in a Year

2 of 3 Millennials Expect to Have a New Job by 2020



A TWO-PRONGED APPROACH TO ADAPTING SUCCESSFULLY.

There are two main ways enterprises are adjusting their workforce management and planning to the gig economy. Both are beneficial; one is, at first, the less obvious route. Leading companies are beginning to implement this more innovative strategy, and as it becomes more mainstream, it's likely to have a dramatic, positive effect on retention, performance, and more.

For enterprises, a combination of *both* strategies is the best approach. Let's talk about the more familiar one first.

1. Use Contractors Where It Makes Sense.

You're probably already doing this: converting some of what would have been full-time roles in the past into contract gigs. As mentioned, creative functions such as graphic design and copywriting tend to make perfect sense for a contract model. Software development is another good example. Essentially, roles that do not manage others and are more focused on output than input can work quite successfully as freelance gigs.

By restructuring these roles, you can eliminate the costs associated with benefits, office space, equipment, onboarding, training, and unproductive downtime. You can also gain a new, higher level of work quality, and potentially benefit from an outside perspective with exposure to a broader set of ideas. Also, scaling your workforce when needed becomes much easier when more roles are contract.

2. Offer Internal “Gigs” to Employees.

This is where things get really exciting. While a flip to freelancers works beautifully for some positions, there's no denying the value of a long-term employee for the more strategic roles we've highlighted throughout the guide. Workers steeped in institutional and industry knowledge — especially high-performers — bring context and focus to a job that a contractor simply cannot.

How do you hang onto these people, in a tight talent market in which the gig economy has set a precedent for control, choice and rapid development for workers?

Offer them (internal) gigs.

Think about it: What if you gave your employees the freedom to choose their own projects? What if you allowed them to join any team they wished? What if you built a culture in which employees gig-hopped their way to their career goals – internally?



ENABLE THEM TO CHOOSE OR INITIATE THEIR OWN PROJECTS:

Imagine a sort of “marketplace” in which all of the projects in your company were visible – and open – to all employees. People could self-select into stretch projects that would help them build or further develop their skills, or give them experience in a whole new area of work. They could also create their own projects based on their interests and goals.



RECOMMEND HELPFUL LEARNING ASSETS:

A big benefit to changing jobs is the opportunity to learn a new role, new approaches, new processes, perhaps a new industry. In support of the internal gigs idea, you could offer a library of rich learning assets – webinars, ecourses, tutorials, etc. – that enable employees to continue to amass knowledge, while continuing to work for your company.



ENABLE THEM TO JOIN WHICHEVER TEAM(S) THEY WISH:

Similarly, in this marketplace with its increased visibility, employees could identify other teams and departments they may like to work in. They could get some of the pros of switching jobs – new challenges, new teammates, new skills, new experiences – without having to leave the company. They continue to grow, and you retain an employee in whom you’ve already invested onboarding time and training. Speaking of training . . .



CONNECT THEM WITH LEADERSHIP OPPORTUNITIES:

Have workers with managerial or senior-role aspirations? Many of your top performers will be in this category – and if they don’t see avenues for gaining leadership experience within your organization, they’ll look outside of it. The ability to choose their own teams and projects definitely opens up leadership opportunities for workers, but intentionally matching them to initiatives they can lead is even better.

This is how you will retain top employees. You offer the flexibility and opportunity a gig-based model affords, while increasing tenure and the overall experience and skill level of your workforce. By enabling self-development via learning assets, leadership opportunities, and stretch projects, you give employees a clear and customizable path to career advancement that doesn’t require seeking outside opportunities. This is the modern way: **Start with people and match them to jobs, not the other way around.**

*So what does this approach look like within the organization?
How can you create this sort of structure?*

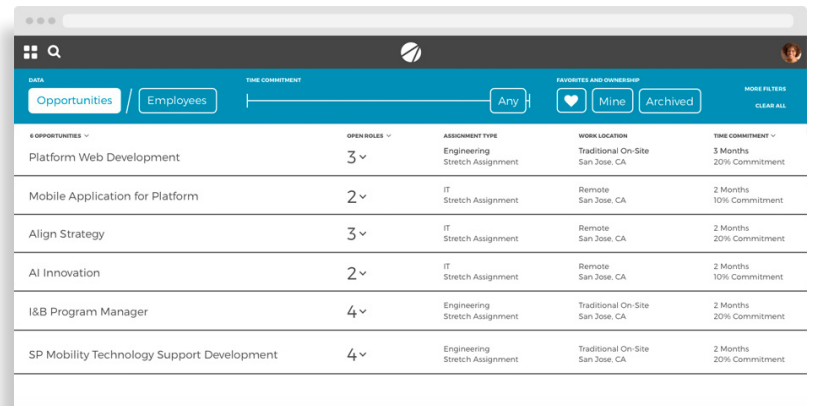
AI + MACHINE LEARNING MAKE IT ALL POSSIBLE.

It starts with determining workers' skills, interests, and career goals with **capability assessments**. This way, you have a robust, detailed profile of each of your employees. From there, machine learning intelligently surfaces recommended projects, learning assets, and leadership programs that align with individuals' long-term objectives. A **smart platform** gives employees that aforementioned visibility into existing teams they may like to join, as well as current and future internal roles (and the skills those jobs require) they may want to set their sights on.

An intelligent app like Ascendify's **Talent Marketplace** can similarly be used to manage consultants and contractors, and even potentially counteract some of the challenges that come with these workers not being full-time employees. Talent Marketplace helps companies manage contingent labor, while providing them with a place to develop stronger relationships with these workers.

It includes the ability to:

- Intelligently know who is moving on/off projects
- Understand what unique skill sets people have
- Easily access and plan what projects they go onto next
- Sign contracts and paperwork electronically



The screenshot shows a web interface for a talent marketplace. At the top, there are navigation tabs for 'Opportunities' and 'Employees', a search bar with 'Any' selected, and buttons for 'Favorites and Ownership' (Mine, Archived) and 'More Filters' (Clear All). Below the navigation is a table with columns: 'OPPORTUNITIES', 'OPEN ROLES', 'ASSIGNMENT TYPE', 'WORK LOCATION', and 'TIME COMMITMENT'. The table lists several roles with their respective details.

OPPORTUNITIES	OPEN ROLES	ASSIGNMENT TYPE	WORK LOCATION	TIME COMMITMENT
Platform Web Development	3	Engineering Stretch Assignment	Traditional On-Site San Jose, CA	3 Months 20% Commitment
Mobile Application for Platform	2	IT Stretch Assignment	Remote San Jose, CA	2 Months 10% Commitment
Align Strategy	3	IT Stretch Assignment	Remote San Jose, CA	2 Months 20% Commitment
AI Innovation	2	IT Stretch Assignment	Remote San Jose, CA	2 Months 10% Commitment
I&B Program Manager	4	Engineering Stretch Assignment	Traditional On-Site San Jose, CA	2 Months 20% Commitment
SP Mobility Technology Support Development	4	Engineering Stretch Assignment	Traditional On-Site San Jose, CA	2 Months 20% Commitment

Don't have the technology to support this kind of structure quite yet? You can still make adjustments in the spirit of the gig approach. Prompt managers to deep-dive into their direct reports' current skills and future goals, and to connect them with internal learning and leadership opportunities. Increase visibility across the organization into available projects, teams, and jobs, and promote self-selection. Communicate that the company is committed to supporting individual growth, and encourage employees to create their own development path within the organization.

The gig economy brings challenges, but especially for enterprises, it brings opportunity. Enacted thoughtfully and with the right technology, a two-part adjustment plan based on the gig economy is a smart strategy that is already proving successful for top organizations.

Interested in introducing these changes at your company? Reach out – we're here to help you work through it.



ABOUT ASCENDIFY.

Ascendify's Intelligent People Management™ platform reinvents how companies attract, develop and inspire their talent. Built for global organizations, Ascendify integrates machine learning and predictive analytics into recruiting and talent development with one seamless platform. This means a smarter way to identify the right people, which skills they have, what training and education they require and what guidance and motivation will keep them motivated to succeed.

Headquartered in San Francisco, Ascendify's customers include GE, Cisco, Panasonic, Disney, Deloitte, and Marriott. The company was founded in 2012 and is backed by Canaan, Cisco Investments and GE Ventures. For more information, please visit Ascendify at ascendify.com.

