

The U.S. Gig economy: economic imposition or economic choice?

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Abstract

Part-time work, with workers finding themselves in non-structured payroll jobs is not new. The purpose of this paper, intended for HR professionals, seeks to examine the growing phenomenon that is the U.S. gigging economy, and the opportunities and challenges facing the U.S workforce, in light of disruptive technologies, creative destruction, and disruptive innovation, as the resultant technology displacement of workers continues to swell the ranks of the gigging workforce. This paper, synthesizing and representing a distillation of thought on the gig economy, examines among other things, the phenomenon of senior-level executive positions in career streams such as, finance, accounting, and IT not being exempt from inclusion in gigging activity, with resulting business agility and flexibility being inserted at this hierarchical level. The paper closes with research recommendations regarding the gig economy, with an outlook on the near- to medium-term, with reasoned cautious optimism regarding the "animal spirits" unleashed by proposed changes for the economy. However, the gig economy with its job-hopping and employment reshaping patterns, the growing attractiveness of attendant career changes to bolster employability, and thereby supplement individual incomes, all taken together, do appear to have created a certain element of rigidity against a near-term significant decline in U.S. gigging behavior.

1. Introduction

A study by Intuit, predicted that by 2020, 40 percent of American workers would be independent contractors (Gig Economy, n.d.). Other studies have indicated a trend, where American workers are involved in a mix of side jobs, sets of unrelated paid activities, and contractual work (Dishman, 2017). Yet, part-time labor, with workers finding themselves in non-structured payroll jobs, is not at all new. This paper examines the growing phenomenon of the gig economy and the opportunities and challenges facing the U.S. workforce, in light of disruptive technologies, creative destruction, and disruptive innovation (see Christensen et al., 2017), as the attendant technology displacement of workers continues to swell the ranks of the gig workforce.

The paper starts with a set of key terms and definitional explanations. In the following section, it examines the growth of the gig economy. The third section explores representations of gig worker differences. In the sections that follow, the paper presents a listing of job options in the gig economy in the fourth section, the role of technology in the fifth, followed by the upsides and downsides of the gig economy in the sixth. A discussion of jobs vs. careers is presented in the seventh, with the paper ending with a discussion and conclusion, with some research recommendations offered for consideration.

Construct	Definition/Explanation
Contingent worker	A worker who does not have an implicit or explicit contract for long term employment. Also, a temporary employee who is (1) hired for contingent work, (2) paid per hours worked, and (3) draws no benefits that are commonly available to the regular employees (see also businessdictionary.com).
Gig economy	An environment in which temporary positions are common and organizations contract with independent workers for short-term engagements, on demand (see Whatitis.com , n.d.).

Independent contractor	Called also a freelancer, this is a self-employed person (architect, consultant, engineer, etc.) who provides certain services to a second-party called the principal (or clients or order), to a third-party, on behalf of the client (see businessdictionary.com).
Nonemployer	A self-employed individual operating a very small unincorporated business with no paid employees (see Torpey and Hogan, 2015 p. 1)
Sharing economy	The coordination of exchanges between individuals as would a traditional market, but in a flexible, self-governing, and potentially revolutionary way (see Innovation Tactics, 2017).

Table 1: Some Key Terms

2. Growth of the Gig Economy

Several forces have been identified as fueling the growth of the gig economy. Among them (see Gig Economy, n.d.; Strauss, 2017; Manyika, et al., 2016) are:

- a) Today's digital age workforce mobility.
- b) A decoupling of work and job locations, enabling work to be done anywhere, and from almost anywhere.
- c) The decoupling of work and job locations, that allows for temporary job choice, with the entire world as the workplace (involving a physical presence), and workspace (involving a computer-mediated or an online presence).
- d) Barring too, the negative effects of the imposition of some travel restrictions, employers can tap into a global workforce pool that enables selection from the best available workers---from anywhere.
- e) A decline in domestic pension programs, resulting in less retirement savings for older members of the workforce, causing increases in long-term financial insecurity.
- f) High unemployment levels, driven by the last recession, influencing job seekers' decisions to seek opportunities in the freelance market.
- g) Freelance employment, undertaken simply to earn more money.
- h) Stated aspirations of traditional workers wishing to become independent.
- i) Large unemployed, underemployed and inactive populations who want to work.
- j) An increase in demand from both consumers and organizations for independent services.

Although digitization and automation of work, together have reduced the number of jobs because of the growing phenomenon of innovative technology's displacement of workers, the need to show increasingly short-term positive financial company performance, has also contributed to job reduction and job losses (see Basken, 2017). Even when viewed negatively by recruiters, some workers too, may be forced to migrate from job to job sometimes, because of M&A (mergers and acquisitions) activity, and any subsequently-related company rightsizing and employee downsizing. This, therefore, removes or reduces some of the elements of choice at the individual level (see Strauss, 2017; Manyika, et al., 2016).

3. Types of Gig Workers

There has always been an element of unemployment and underemployment in most organized labor markets, leading to part-time work. Nonetheless, some people have always worked for themselves, but at the same time, providing their services to several employers, serially, or potentially, to all---about the same time. Some, on the other hand, have always worked within a structured system as their primary and perhaps, their only job, that position being abandoned or relinquished, if and only when forced to do so.

In today's work environment, those in the earlier group (no fixed jobs) are regarded as temporary or peripheral workers, and independent contractors. The latter group is generally regarded as core employees, generally working at a single job, for a single employer, and with expected benefits. However, there is no widespread consensus on the descriptors used for different

worker categories doing temporary, part-time, or just-in-time work in the context of the gig economy per se. In this regard, the McKinsey Global Institute, in a recent study, identified a four-group taxonomy (Manyika et al., 2016):

1. *Free agents*: those who actively choose independent work and derive their primary income from independent work
2. *Casual earners*: those who use independent work for supplemental income, and do so by choice
3. *Reluctant*: those who make their primary living from independent work, but would prefer traditional jobs
4. *Financially strapped*: those who do supplemental independent work out of necessity.

This classification appears to capture largely attitudinal responses to gig economic activity within an ecosystem. Here too, the issue of choice is brought into sharp relief. A report associated with the U.S. Bureau of Labor Statistics (sometimes referred to simply as, the BLS), indicates that workers in the gig economy might be categorized as: a) *Alternative employer type*, b) *Nonemployee type*, c) *Contingent type*, and d) *Other type* workers. It also examined the current state of workers who are consistently not employed by a single employer, identifying such workers as *Non employer types*. The BLS defines a *Nonemployer* mostly as “a self-employed individual operating a very small unincorporated business with no paid employees” (see Torpey and Hogan, 2015 p. 1). Close examination of the BLS’s typology points to a more occupational approach, with a reduced focus on individual choice. Mulcahy’s (2017) examination of peripheral workers suggests that classifications may be highly cultural, as in the “dependent contractor” or “independent worker”, terms used in Germany, Canada, and Spain. For the purposes of this discussion, however, workers not employed in a traditional primary long-term company employment relationship are hereinafter, considered and described, as being deployed in the gig economy as gig workers, and their economic behavior as gigging.

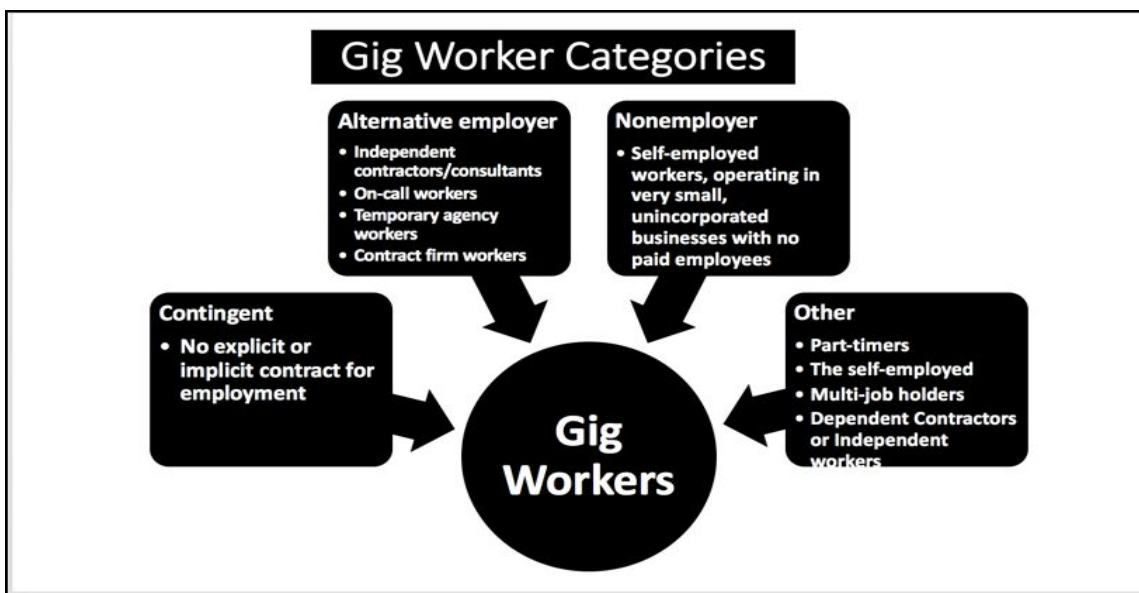


Figure 1: Gig Workers. Sources: (see Torpey and Hogan, 2017; Mulcahy, 2017).

As depicted in Figure 1 above, there are several types of workers included in the gig workforce. But perhaps, the most significant characteristic of today’s gig environment is its temporal nature. A gig-related job can be short, as in the time it takes to complete online surveys to supplement income, through to, that taken for special projects lasting months, as in the building of websites (see also Strauss, 2017; Manyika, et al., 2016). However, the services sector appears to fit many of the job needs, of those whose occupations are associated with on-demand work types. It is of import to note too, however, that workers can belong to several gig categories---all at the same time. In addition,

workers may straddle two or more gig categories, as they engage in employment in more than one line of work, or as they transition to other fields (say) with training provided by massive open online courses (MOOC). It follows, therefore, that at the individual worker level, categorization can be situational, and very fluid.

4. Job and Occupational Options in the Gig Economy

Table 2 below shows a variety of jobs populating three economic sectors closely linked to today's gig economy. The in-exhaustive list presented below, intends a quick overview of what is possible, and what is trending in this very dynamically changing ecosystem.

Category	Job Options
Household:	<ol style="list-style-type: none"> 1. Construction 2. Furniture assembly 3. General home improvement 4. Housecleaning 5. Minor home repairs: Carpenters, painters 6. Mounting and installation 7. Moving and packing 8. Pet walking 9. Yard work
IT and Media	<ol style="list-style-type: none"> 1. Computer programing 2. Data entry 3. Editing 4. Graphic design 5. Photography 6. Project management 7. Software development 8. Technical writing 9. Web design
Transportation:	<ol style="list-style-type: none"> 1. Driving for Uber and Lyft 2. Ride-sharing services

Table 2: Jobs in Three Sectors in the Gig Economy

5. The Role of Technology in the U.S. Gig Economy

Technology use, particularly information technology (IT), plays a very important role in the gig economy, and in a very real sense, technology may represent its greatest enabler today. This, perhaps, more than anything else, differentiates the gig economy's growth from the temporary employment and working relationships of the past. Information technology links workers to employers via websites to gain awareness of jobs vacancies. The IT sector especially, lends itself easily to the creation of whole single jobs, such as website development, software development, and computer programmer. Such gig work tends to be involved with the creation of small business websites, or new types of software. This can enable increased employee job satisfaction, with greater control of whole pieces of work, sometimes from start to finish. Those with talent in media and media communications are also suitable candidates for gigging. In this regard, the services of photographers, technical writers, translators and interpreters can claim niches (see Torpey and Hogan, 2017).

The education ecosystem also plays a very significant role in the U.S. gigging economy. For example, the increased involvement of hi-tech companies such as Boeing in secondary level education is instructive, at several levels (see Diversity Inc., 2017). Such companies, by reaching out to provide instructors to STEM-based secondary education institutions, which in turn, may be interlinked with colleges, can actively grow reservoirs of individuals with skills in coding and related hi-tech skills. Such skills can translate into individual employment in future high-paying

jobs. Gigging therefore, does not mean low compensation. Culturally, for certain population segments, reductions in income and gender inequality may be positively affected, with opportunities for greater gender and ethnic inclusion---a valid societal and diversity Mega outcome (see Kaufman, 2011; Best, 2017).MOOC-assisted education provision today, enables opportunities for job seekers to avail themselves of high-quality education courses, from the best universities around the world. A virtual smorgasbord awaits them. Important for the gig economy, in particular, would be such in-demand courses as computer programming, software development, writing, data entry, and graphic design. Carter (2016) cites a recent study, which indicates the availability of good paying jobs, with high hiring needs and low worker displacement by technology, in the following disciplines: computer and information sciences, engineering, architecture, management, health professions, and finance. In addition, most of the related jobs are not low-quality, low-paying jobs. Moreover, if graduates are to find employment in the gig economy, it is noteworthy that gig employers are seeking part-time workers with successful track records and strong profiles for their projects (Taylor, 2017).

Online access, with related jobs being advertised similarly online, jobseekers in the hunt for training to obtain available industry jobs, have the whole world as their marketplace and market space. Additionally, different population and geographically-segmented need scan also be satisfied. Those already occupied, the job-ready, and new hires with high in-demand skills, can also benefiting terms of careers, by up skilling to improve career benefits. On the other hand, those without the requisite skills can transition to certain job categories by re-skilling to new fields (see Zhenghao, et al., 2015).

The gig economy also has room for those with largely non-technical skills, by interfacing with such websites as Etsy.com, and TaskRabbit.com. (Here, gigging varies slightly from the dynamics of the more individualistic "sharing economy".)Etsy.com helps freelancers with their skill offerings related to building and selling handmade goods, thereby joining millions of independent sellers. TaskRabbit.com connects household-help services providers, with those who need their services. Provision is done by vetted "Taskers" by way of an online app, with a promise of seamless payments for jobs, inclusive of minor home repair, mountings and installations, furniture assembly, moving and packing, housecleaning, yard work, and general home improvement. Mobile technology facilitates many of those interactions. Here too, digital platforms act as the base for large-scale and efficient marketplaces, enabling direct and real-time links between needy customers requiring services, and available networked workers (Manyika, et al., 2016).

6. Upsides and Downsides in the Gig Economy

From the individual worker's perspective, the gig economy gives workers the latitude and freedom to select, where and when they want to work. Such flexibility enables them to choose jobs regarding projects that they particularly like, arranging such work around their lives, as they wish. Added adaptability permits such workers to pick vacation times that are most suitable to them. In addition, workers may avail themselves of the opportunity to try several different job types---and at the same time. This opens avenues for career exploration, with respect to both experienced and inexperienced workers, to satisfy sometimes, latent passions and interests.(Mulcahy, 2017; Torpey and Hogan, 2017).

One of the downsides of gigging is personal stress. Regarding this, there is a need for workers to adjust and adapt to a pattern of living from paycheck to paycheck, and to ensure that they enjoy a certain satisfactorily consistent level of income. To secure this, and to avoid the potential "feast and famine" swings and their related income flows, workers must obtain steady streams of gig assignments. Getting part-time work on a consistent basis may be difficult to achieve. However, there remains the even bigger hurdle of enjoying full-time careers (Mulcahy, 2017; Torpey and Hogan, 2017). In this regard, and to a certain extent, the gig economy further undermines the notion of single career paths, with several related jobs in a hierarchy but in one field, replacing those with

several unrelated jobs and income streams during the working years, approximately age 15 through to, the elevated retirement age of 70.

Scheduling, too, is a particularly problematic issue. With it come these: non-standardized days and times, in which to complete some assignments. To a certain extent therefore, a degree of individual flexibility is lost. Yet, perhaps, the least worker-friendly aspect of the gig economy is the lack of job benefits. Chief among those is most likely to be this: the lack of paid time off. Besides not getting annual paid leave and sick leave, gig economy workers who do not work, correspondingly, do not get paid (Mulcahy, 2017; Torpey and Hogan, 2017).

7. Jobs vs Careers: Gig Economy Dynamics

The 1980s saw the change to HRM (Human Resource Management), from a strictly Personnel Management (PM) viewpoint in recruitment, retention and hiring as HR (Human Resource) policy, to the more strategically-oriented and dominant HRM perspective. Then, as now in the gig economy, workers hired and retained, reflect the more-valued core, and the lesser-valued peripheral workers. To a certain extent, the new developments in hiring, recruitment, selection, and HR business and company's policies associated with today's gig economy, are representative extensions of the continuing ripple effects of that period. Some observers of the gig economy, therefore, view on-demand hiring as a cost-reduction strategy, as well as the ongoing competition for scarce talent. Viewing this in terms of the HR implications for workers' careers with respect to traditional workers, career paths are being phased out, with contemporary jobs having a greater focus on skill development, as opposed to career development. However, the gig economy continues to move from its traditional roles, particularly in the IT industry. Senior-level executive positions in career streams such as, finance, accounting, and IT are not beyond inclusion, with resulting business agility and flexibility as a component of organizational culture at this level. Having such organizational positions today extending into the gig economy, allows organizations the flexibility of on-boarding new talent, and off-boarding unused or unneeded skills, much faster. This reduces the number of previously-needed approvals, while it lessens the organizational burdens of paperwork and employment taxes (see Dishman, 2017).

8. Discussion and Conclusion

Although assembled from largely secondary sources, the information gathered and presented in this paper, provides some insights regarding current trends in U.S. gigging, with a cautious outlook, going into the future. Employment conditions continue to change. Even with the steady stream of positive economic data from the BLS, and declines in the unemployment rate, now down to 4.7 percent (see McGrath, 2017), some observers suggest that a high component of temporary jobs are embedded in those figures. Therefore, there is a need to distinguish between permanent from temporary employment. Economic forces are continuously impacting and shaping the economy, effected by the rapid pace of technological and innovative change, among other things. Some have significant implications for the gig economy, in particular. Among such developments would be: 1) a double-digit downsizing trend in the retail sector, with employment and store-count declines regarding key actors such as, Macy's, Kohl's, and JC Penny, reacting in part, to very intensive online competition from Amazon.com; 2) the phasing out of coal as a major energy source (this, with its negative employment impact, and it being replaced by natural gas, and renewable energy resources); 3) creeping low expectations regarding the employment effects of the new administration's proposed infrastructure spending; and 4) the anticipated repatriation of profits from overseas subsidiaries, that may well be diverted into stock buybacks and dividend distributions, with little major investment and job-creation impact.

Some observers are beginning to view the negative employment impact of technology and innovation as being irreversible. As such, regarding those displaced by technology, but who are incapable of being retrained, this is prompting calls for the introduction of Universal Basic Income (UBI) provision (see Basken, 2017). However, there is a need for cautious optimism, even when there

is every likelihood that very large companies may continue to shed employees, and create smaller numbers of permanent jobs in the immediate future. Increases in employment indicated by payroll data may still mask temporary and short-term job creation, even in the small business sector, the expected driver of significant employment growth going forward. Moreover, firms in the hi-tech industry, strategically and characteristically employ just a limited number of core employees---witness the market capitalization and staff complement at the time of Facebook's IPO---augmented with employees from abroad. However, today, even with the "animal spirits" unleashed by the change in administration and by its proposed fiscal policy, hiring faces moderation by populist movements, and anti-globalization sentiments, that together seem to support the gig economy's growth curve.

Nonetheless, flowing from all of this, one compelling area of research would be a study of the effects of the domestic populist movements on the employment of gig workers from overseas by way of migration. Next would be studies of the impact of the populist movements on employment growth. Finally, the impact of both issues on gigging in the U.S. economy would be a useful area for continued monitoring and research.

From the above, the near- to medium-term outlook points to the continued expansion of U.S. gigging activity, and a general upward tick in employment creation. Overall, technological change appears to have inserted greater scope for the use of temporary workers. Untrained workers appear to have little choice in addressing this reality, other than to retool adaptively to achieve acceptable and sustainable standards of living. However, the gig economy with its job-hopping and employment reshaping patterns, the growing attractiveness of attendant career changes to bolster employability, and to supplement individual incomes, taken together, these do appear to have created a certain element of rigidity against a near-term significant decline in U.S. gigging behavior. To some, gigging is inevitable; to others, it can be a matter of choice.

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