



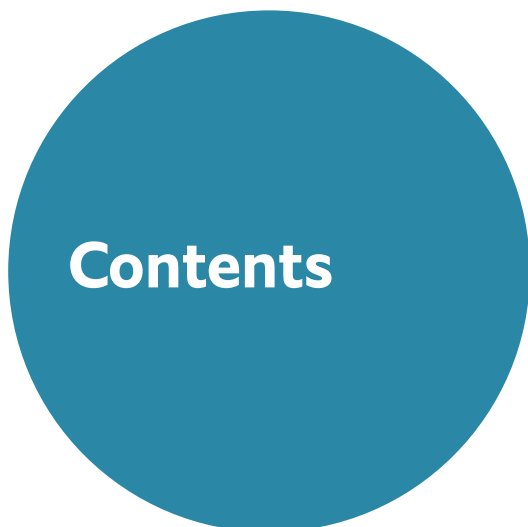
**The
Economist**

**INTELLIGENCE
UNIT**

A report from The Economist Intelligence Unit

Sourcing and managing talent in a gig economy

Sponsored by **northhighland.**
WORLDWIDE CONSULTING



Contents

Sourcing talent in a gig economy	2
Business imperatives drive the use of gig workers	3
Benefits and drawbacks of gig workers	4
Why a gig workforce?	5
Making it formal	5
Growth in the use of gig workers	6
How gig workers are sourced and managed	6
Finding gig workers	7
What matters most	8
A cautionary note	8
Conclusion: The gig economy is becoming the norm	9
Appendix: survey results	10

Sourcing talent in a gig economy

61% of respondents expect the use of contract labour to grow over the next five years

The business case for a gig workforce is strong and its use is growing. Lower costs and greater flexibility would be an advantage in any environment. But in the age of disruption, when business models are overturned like rows of dominoes, they become a matter of survival.

The evidence is found in a survey conducted by The Economist Intelligence Unit, sponsored by North Highland, of executive decision-makers at 210 US and UK companies with at least 2,000 employees.

All of the companies surveyed rely to some extent on gig workers, and at over half (58%) they account for more than a fifth of the workforce. What respondents are most likely to prize in a gig workforce is flexibility and cost:

- Flexibility is imperative because almost three-quarters (73%) of respondents are undergoing some type of transformation, while about two-thirds say that they're forced to adapt to a more volatile business environment than three years ago.
- Controlling costs is imperative because about four-fifths (79%) say they're under pressure to boost productivity and two-thirds (67%) are under pressure to reduce labour expenses.

As a result, more than six in ten respondents (61%) expect the use of contract labour to grow over the next five years.

Business imperatives drive the use of gig workers

The choice to use gig worker strategies flows from business challenges. These challenges are shown in the following chart, ordered by the degree to which the survey respondents agree with each statement.

A majority of respondents agree with all of the statements, except perhaps the last (“can’t keep pace with practices to deliver business value”). The one eliciting the most agreement (79%) is “we are under strong pressure to increase workforce productivity”. It was number one in terms of agreement regardless of where the respondents lived, who they worked for or what they did.

Increasing workforce productivity is exactly what a gig workforce does. It’s the same idea as the cloud, which swaps out the fixed cost of a data centre for the pay-as-you-go arrangement of a cloud provider.

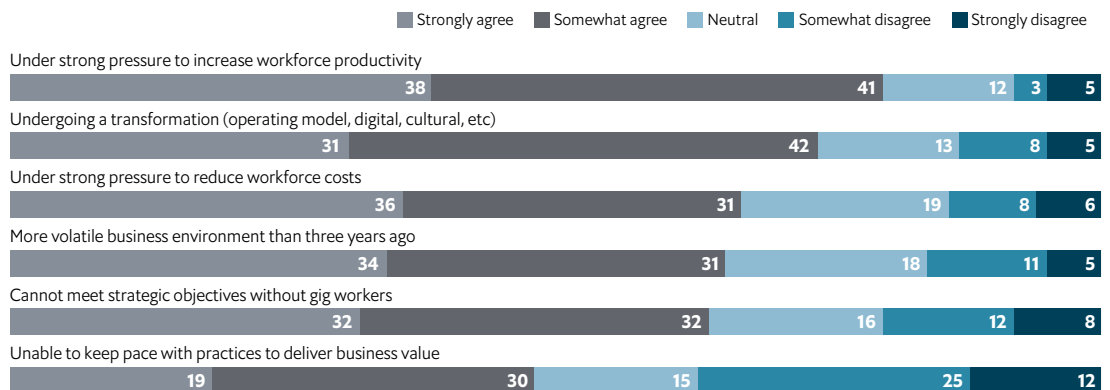
The second most agreed-with statement is “we are undergoing a transformation (operating model, digital, cultural, etc)”. This could drive the use of gig workers in two ways:

- Self-transformation often requires bringing in people with new capabilities and skills that didn’t exist before. Some may be permanently needed, others only during the transition.
- At the operational level, gig workers can take on the quotidian tasks while permanent staff divert their attention to more transformational efforts.

Reducing workforce costs, the third most agreed-with statement, is the flip side of improving productivity. Productivity rises as costs decline, as long as output is growing, stable or declining less than input costs. The use of gig workers is one way to reduce workforce costs—others include outsourcing and automation.

Agree—disagree statements on the business environment

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

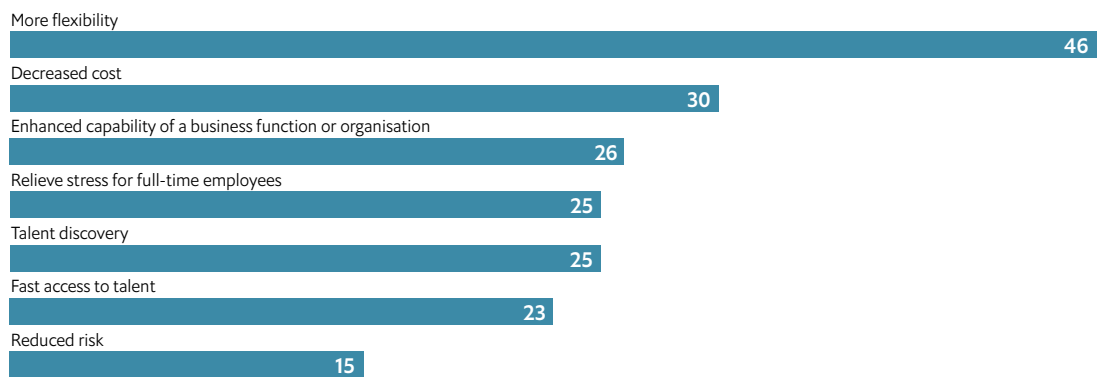
Across all demographics, a single benefit stands out: flexibility

Benefits and drawbacks of gig workers

Across all demographics, a single benefit stands out: flexibility. Otherwise, the other benefits are roughly evenly valued (with the exception of reduce risk, cited by only 8%). The drawbacks of gig workers stem from the fact that workers aren't a commodity; each is a unique individual, not easily plugged into a job with specific demands. The skill and culture fit may not be right; onboarding takes time, and new workers can be unavailable or unreliable. Cost is a particular concern in labour-tight sectors such as IT.

Benefits of gig workers

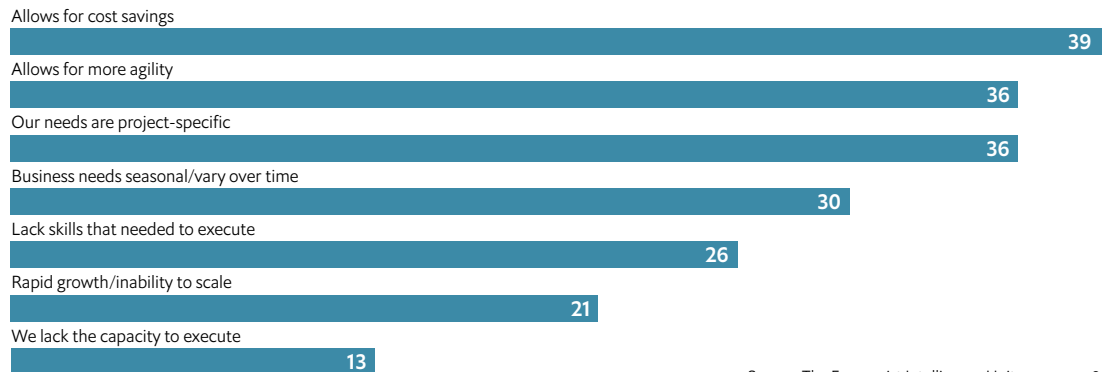
(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

Why use gig workers?

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

Why a gig workforce?

Organisations have a variety of motivations for turning to a gig workforce. The top three, essentially tied from a statistical point of view, are lower costs, more agility and the existence of temporary projects:

- The cost rationale matches an earlier response indicating that companies are under pressure to reduce labour costs;
- to achieve agility, with their need to operate in an increasingly volatile business environment; and
- the need to staff temporary projects goes with their attestation that their organisations are undergoing transformations.

The bottom three rationales all presume that respondent organisations lack the ability to adapt. Perhaps organisations have the ability to execute the tasks that they hire gig workers to do, but they want to deploy their full-time staff in other ways.

Making it formal

Nearly all respondents surveyed have a formal workplace augmentation strategy or are in the process of developing one. The responses include:

- One strategy for the entire organisation (53%);
- strategies implemented by business units (33%);
- in the process of developing a strategy (13%); and
- no strategy, no plans to develop one in the near future (1%).

Large organisations (5,000+ employees) are less likely to have an organisation-wide strategy (only 44% do, versus 53% for all companies) and are more likely to leave strategies to the business units (41% do, compared with 33% for all companies).

Growth in the use of gig workers

Will the use of gig workers grow over the next five years? Executives say yes. More than six in ten expect the use of contract labour to grow over the next five years.

Expected five-year change in gig workers

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

How gig workers are sourced and managed

There is no dominant sourcing model for gig workers. The most common approach is to hire individuals and then assemble them into a team managed by full-time employees (FTEs). That's the model followed by 40-44% of companies regardless of country or size.

A less common model, but still quite popular, is the traditional consulting approach of hiring a team in its entirety, with project managers, at a single stroke. Over the sum of all respondents, this is the most common approach at 51%. It's slightly more common among medium-sized companies (33%) and in the US (32%), less so among large companies (24%) and in the UK (24%). The most senior respondents (director-level) cite it more (34%) and respondents below the level of director cite it less (22%). Less senior employees may simply have less awareness of the practices of hiring entire teams of consultants.

The least common model is hiring one-off individuals to assist teams of FTEs. The proportion of respondents citing this approach was 50%, but it varies from 13% (for less senior managers of medium-sized UK companies) to 33% (director-level respondents at large companies).

Finding gig workers

Companies find gig workers in two ways: directly and through intermediaries. Direct hiring appears to be more common.

Direct channels include the re-hiring of former contract workers, soliciting references from current employees, turning to former employees and maintaining an internal database of outside talent. Together, 57% of respondents cited these four channels.

The rest of the respondents cited intermediaries including staffing agencies, contract worker sites and consulting firms. A third (34%) of the respondents cited two sources: agencies and contract worker sites.

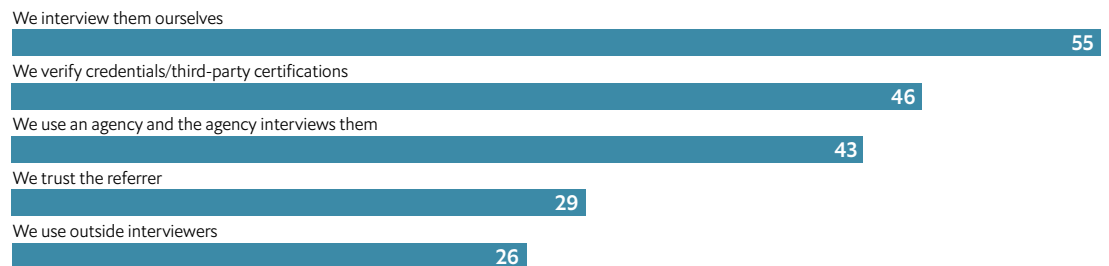
- Companies typically say that gig workers cost less (about 57% of respondents) for about the same level of productivity (41%) or slightly higher productivity (39%) as FTEs.
- Gig workers can be found quickly. Almost two-thirds (68%) of companies say they can find suitable gig workers within a week.

Companies qualify gig workers most often through in-person interviews, interviews outsourced through an agency, or third-party credentials or certifications. UK companies are more likely to rely on agency interviews.

Onboarding procedures are fairly consistent across demographics. Most companies employ a variety of methods.

Vetting gig workers

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

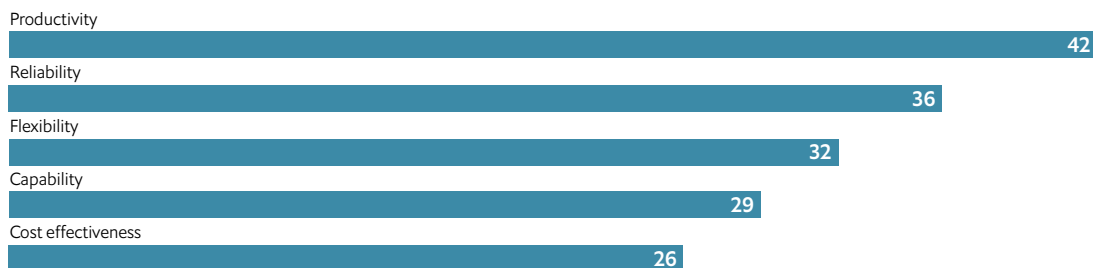
80% of respondents agree that managing gig workers requires a different approach than managing FTEs

What matters most

80% of companies agree that managing gig workers requires a different approach than managing full-time employees. Over half say that the advantages of gig workers are partially offset by their higher risk and the need for more management attention.

What matters most

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

A cautionary note

The use of gig workers has both promise and peril. By a large margin (80%), respondents agree that success in managing gig workers requires a different approach; simply transferring existing methods to new demands won't work.

More importantly, clear majorities (58% and 55% respectively) say that there's a trade-off between the benefits of gig workers on the one hand and the need to devote more management resources and accept or mitigate more risk on the other hand. Management needs to accept these challenges to realise the benefits of a gig workforce in costs, agility, productivity and ability to scale quickly.

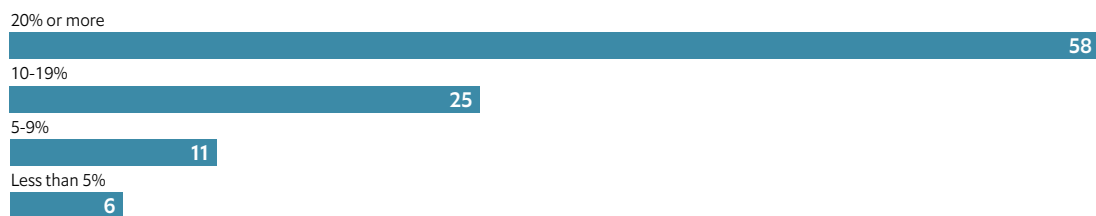
Conclusion: The gig economy is becoming the norm

All companies of all sizes use gig workers. That’s not new. What is changing is the fact that a sizable, semi-permanent gig workforce is becoming the norm. As companies master the art of onboarding and integrating gig workers, they are discovering that the greater flexibility and lower costs more than offset the increased risk and burden on management. That’s a big reason why more than six in ten respondents see their companies making greater use of the gig workforce over the next five years.

The advantages that an on-demand workforce brings, combined with progress in recruiting, onboarding and integrating temporary help, ensure that the gig workforce is here to stay.

Percentage of gig (contract) workers?

(% of respondents)



Source: The Economist Intelligence Unit survey, 2018

Appendix: survey results

Percentages may not add to 100% owing to rounding or the ability of respondents to choose multiple responses.

To what degree are you responsible for talent/staff augmentation decision-making within your organisation?

(% of respondents)

Not at all responsible

0

Not very responsible

0

Somewhat responsible



Very responsible



Gig workers and your business environment

To what extent does your organisation currently employ gig (contract) workers?

(% of respondents)

More than 40% of our workforce



30-39% of our workforce



20-29% of our workforce



10-19% of our workforce



5-9% of our workforce



Less than 5% of our workforce



We do not currently employ gig workers

0

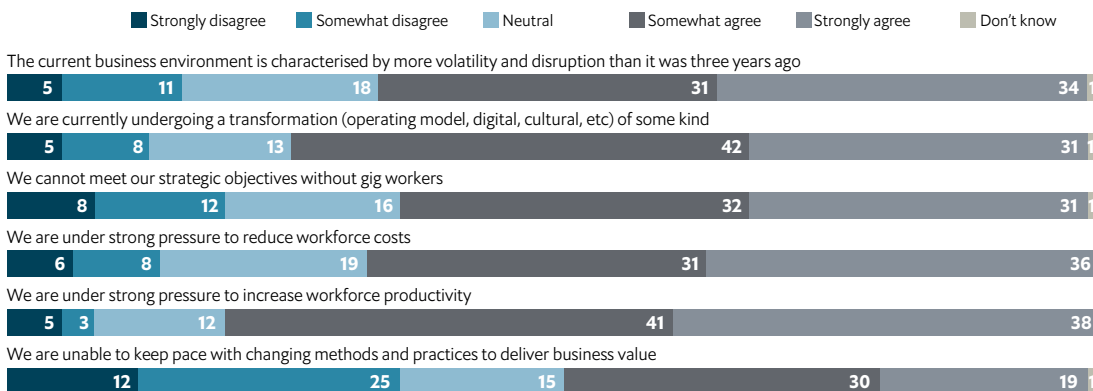
In the next five years, how do you expect the proportion of gig workers in your organisation's workforce to change?

(% of respondents)



To what extent do you agree or disagree with the following statements as they relate to your organisation?

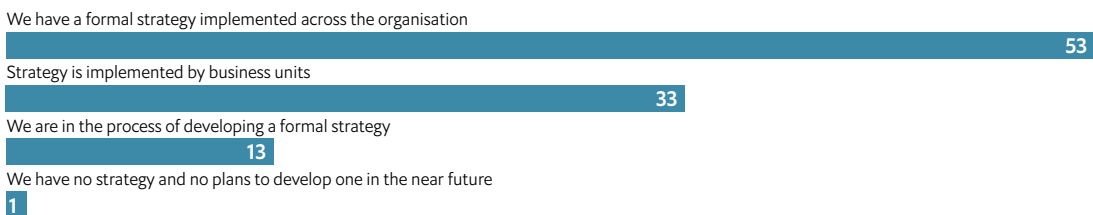
(% of respondents)



How we use gig workers

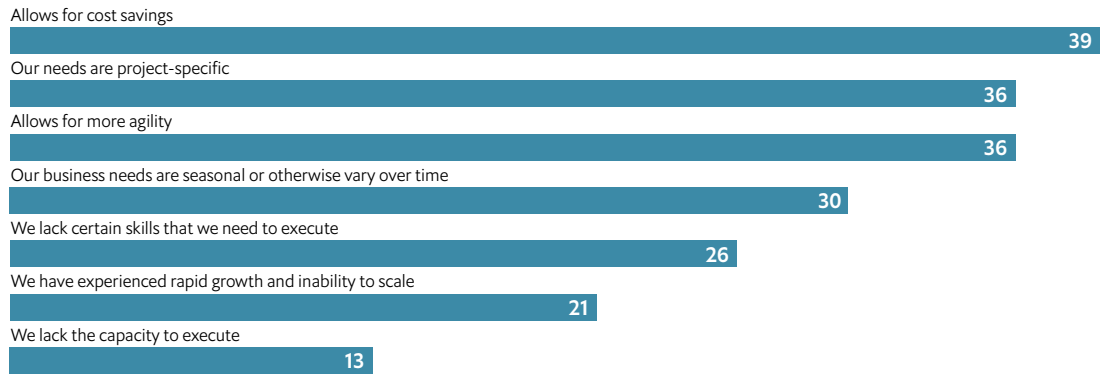
Which of the following best describes your organisation's overall strategy for augmenting its workforce using gig workers?

(% of respondents)



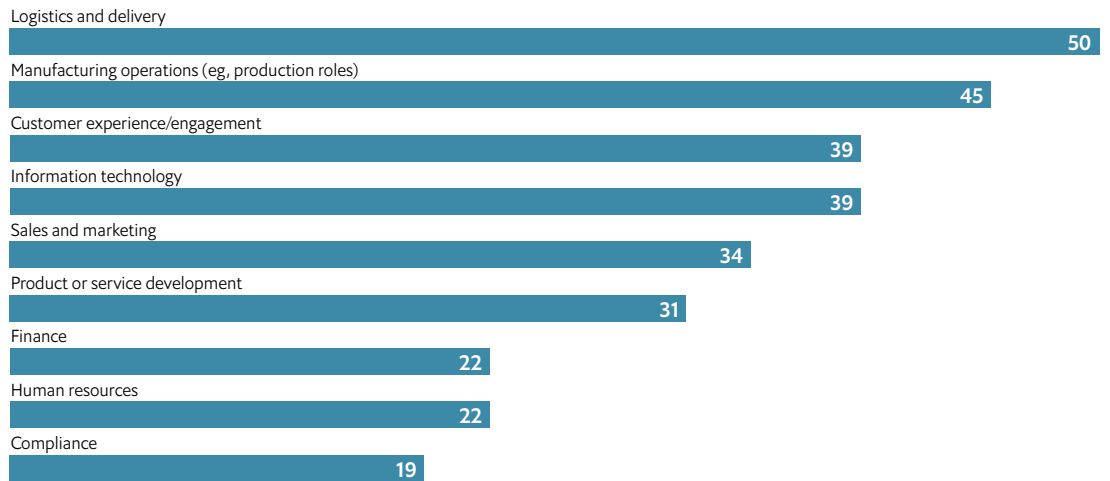
Why does your organisation employ gig workers?

(% of respondents)



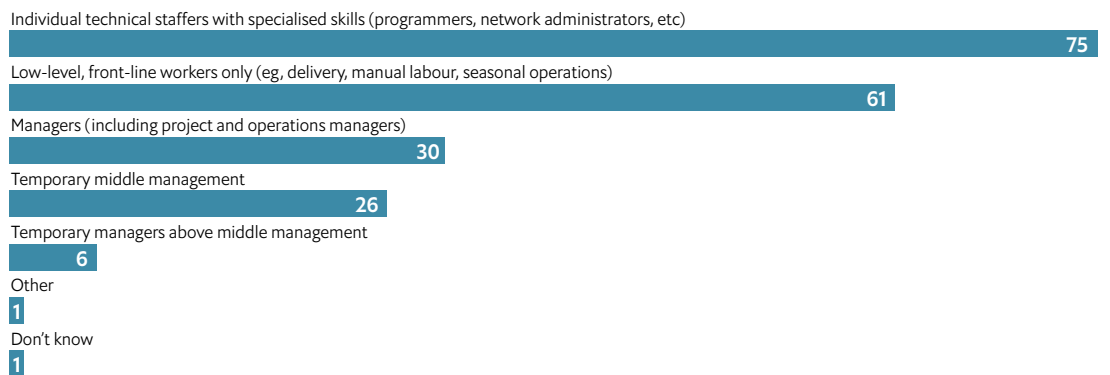
In your understanding, which areas of your organisation most frequently use gig workers?

(% of respondents)



At what level of seniority does your organisation most often hire gig workers?

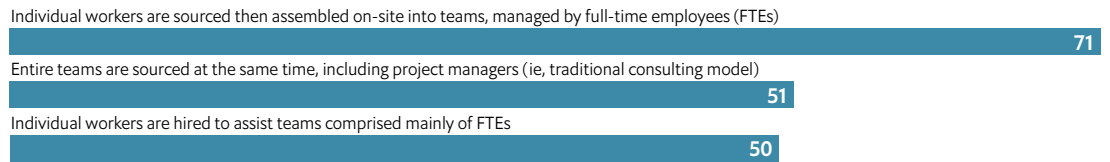
(% of respondents)



Sourcing gig workers

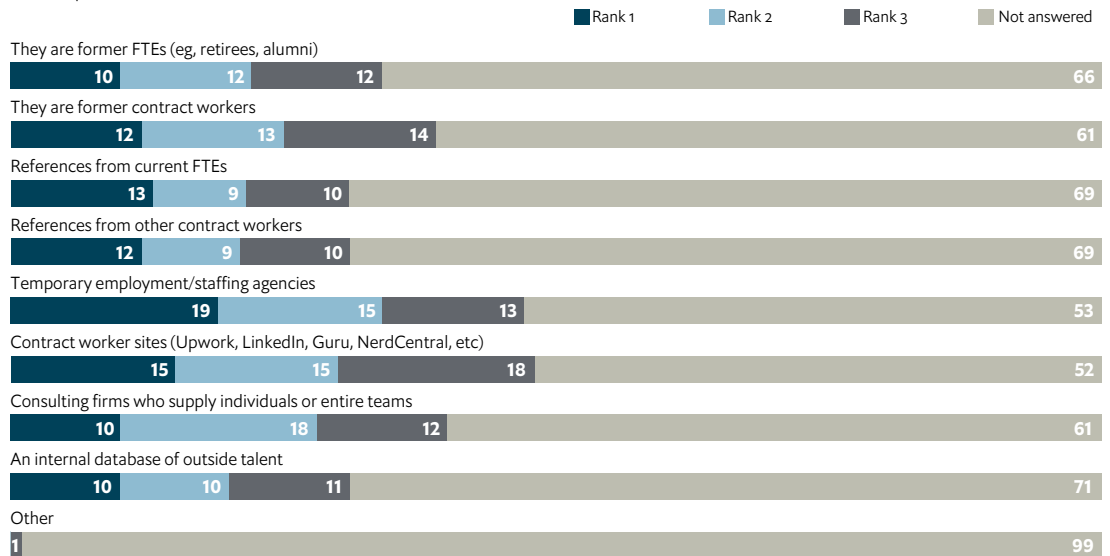
What sourcing model does your organisation typically follow when hiring gig workers?

(% of respondents)



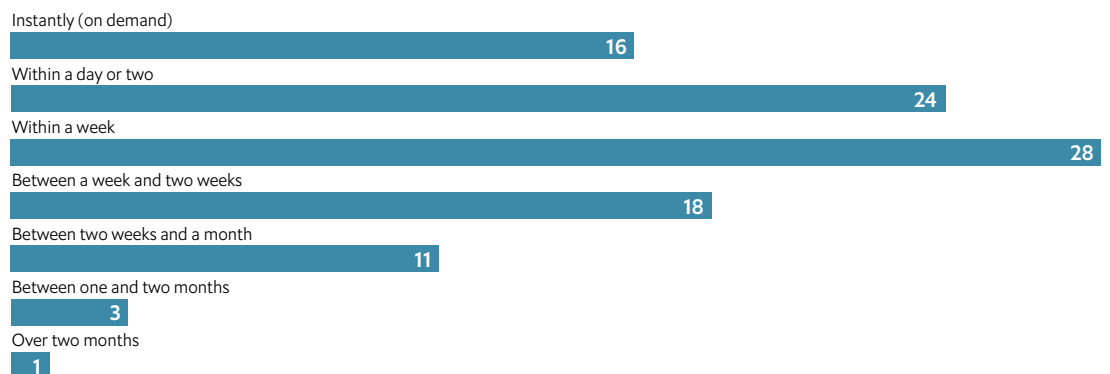
How does your organisation most often find gig workers?

(% of respondents)



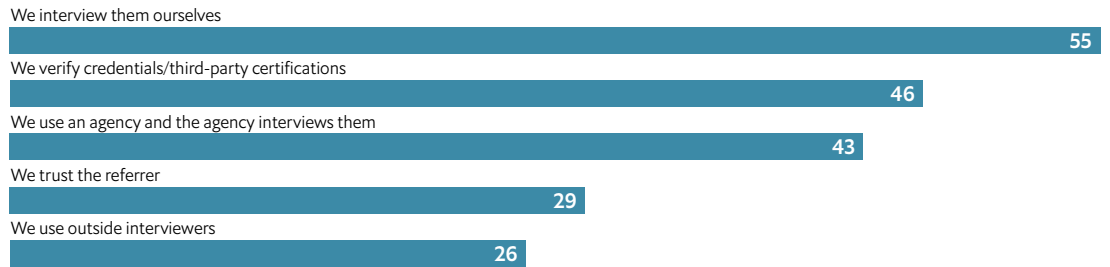
In general, when your organisation needs well-qualified gig workers with a given skillset, how quickly can they typically be found?

(% of respondents)



How does your organisation qualify this kind of talent?

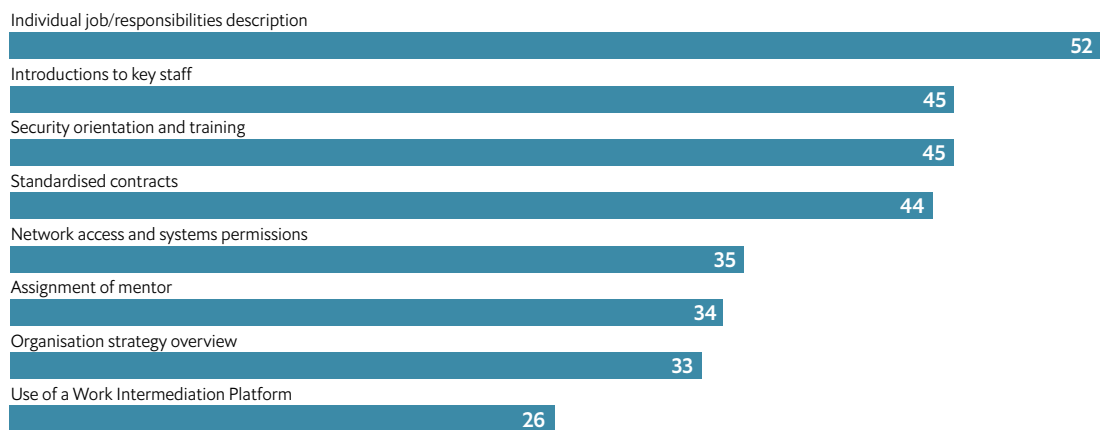
(% of respondents)



Onboarding and integrating gig workers

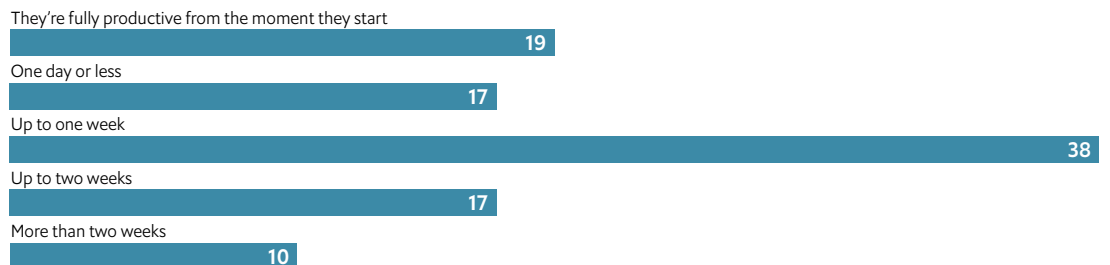
Which of the following characterise your organisation's onboarding process for gig workers?

(% of respondents)



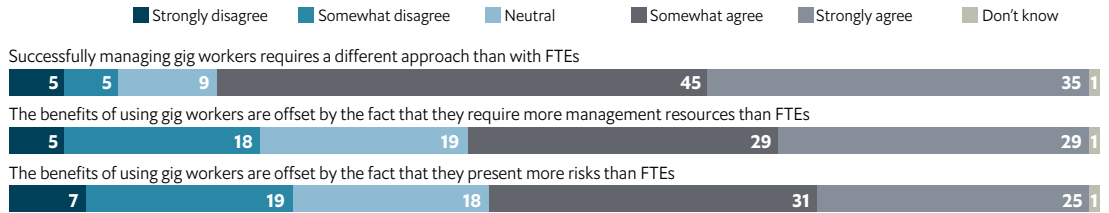
How long does it typically take to onboard gig workers and bring them up to full productivity?

(% of respondents)



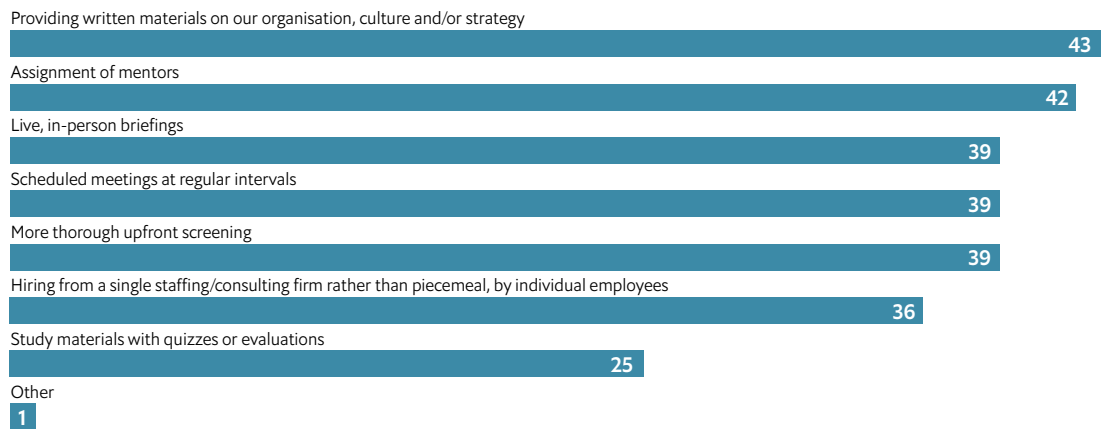
To what extent do you agree or disagree with the following statements?

(% of respondents)



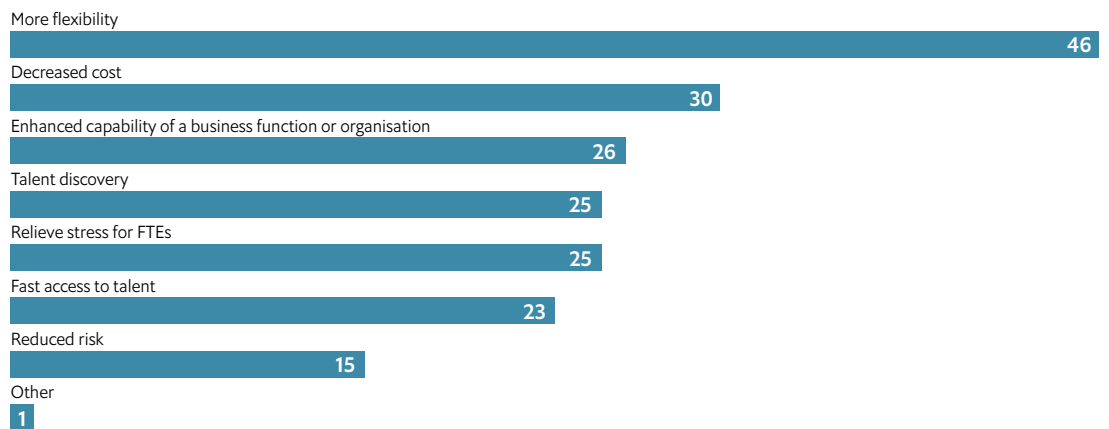
In your experience, what are the most effective actions organisations can take in order to get gig workers onboard and fully productive?

(% of respondents)



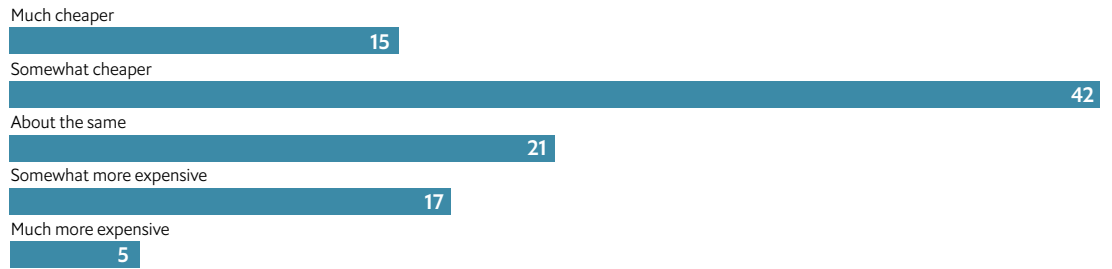
Benefits and drawbacks of gig workers
In your experience, what are the main benefits of employing gig workers?

(% of respondents)



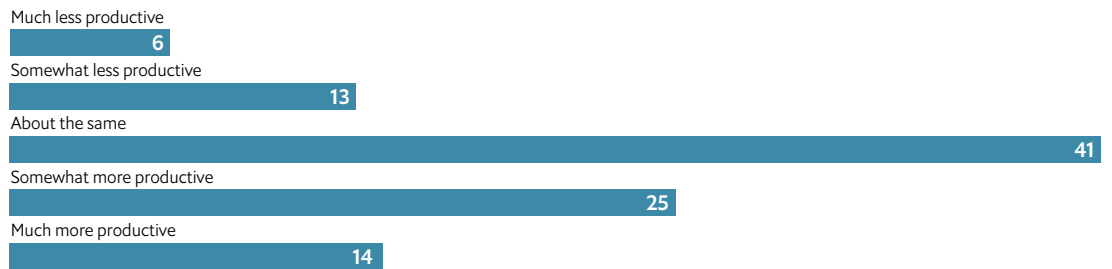
In general, what do you believe is the cost difference between gig workers and FTEs at your organisation?

(% of respondents)



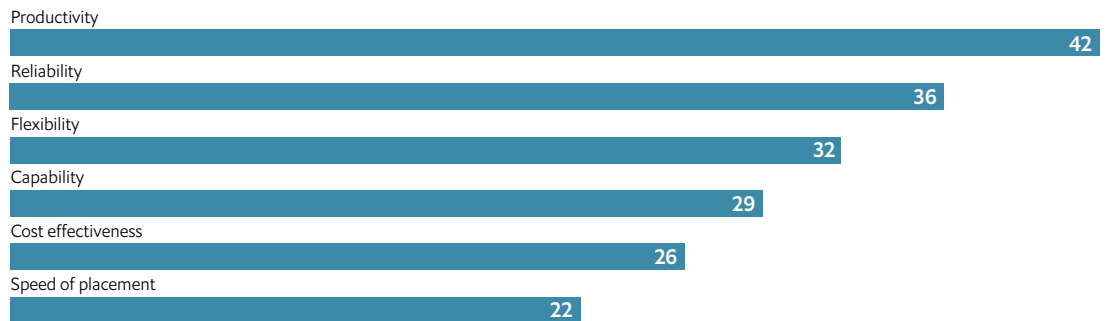
What do you believe is the productivity difference between gig workers and FTEs at your organisation?

(% of respondents)



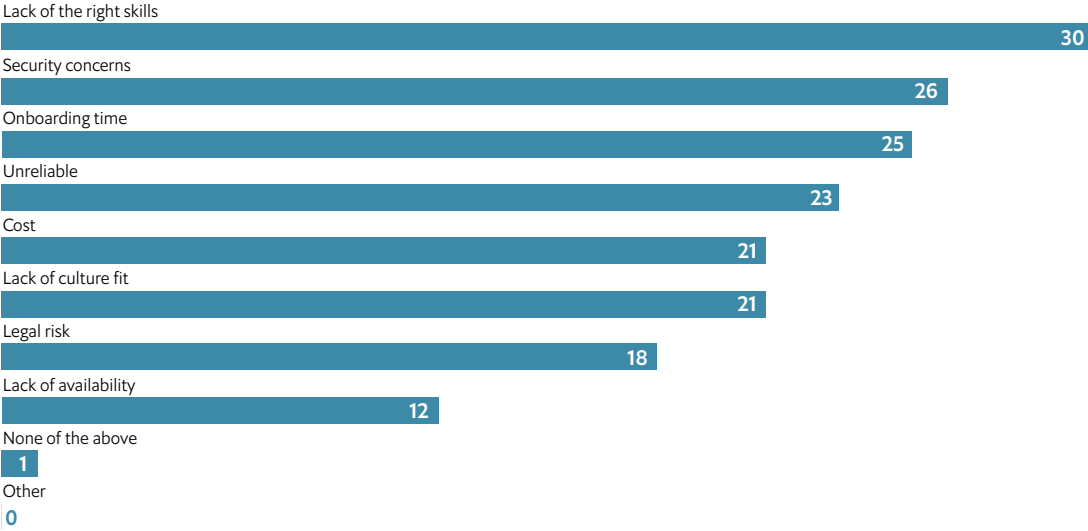
What matters most to you in your organisation's recruitment of gig workers?

(% of respondents)



What are the biggest drawbacks of employing gig workers for your organisation?

(% of respondents)



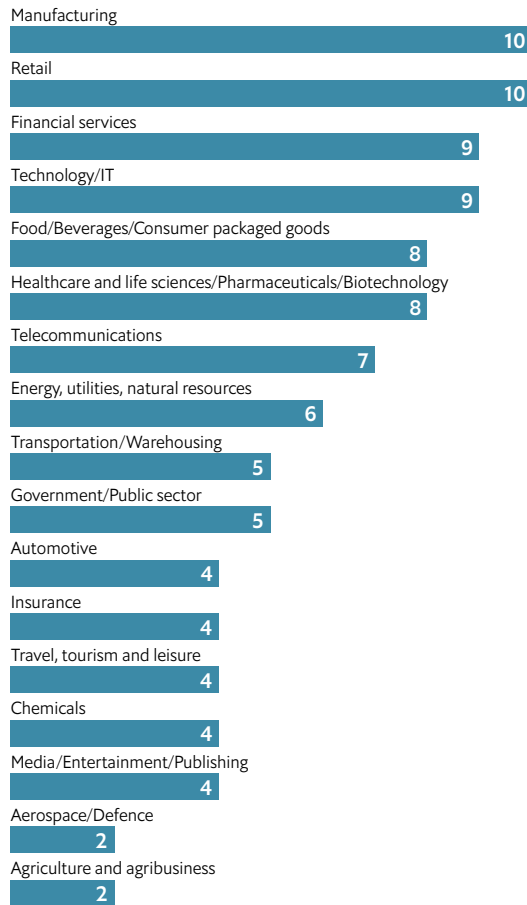
In which country are you personally located?

(% of respondents)



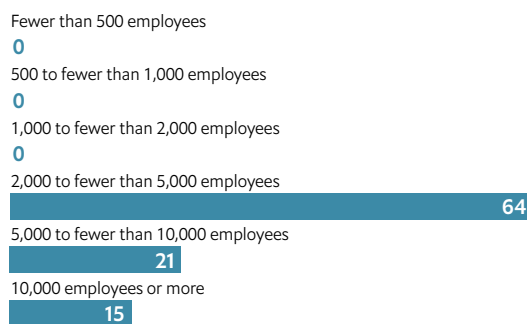
What is your organisation's primary industry?

(% of respondents)



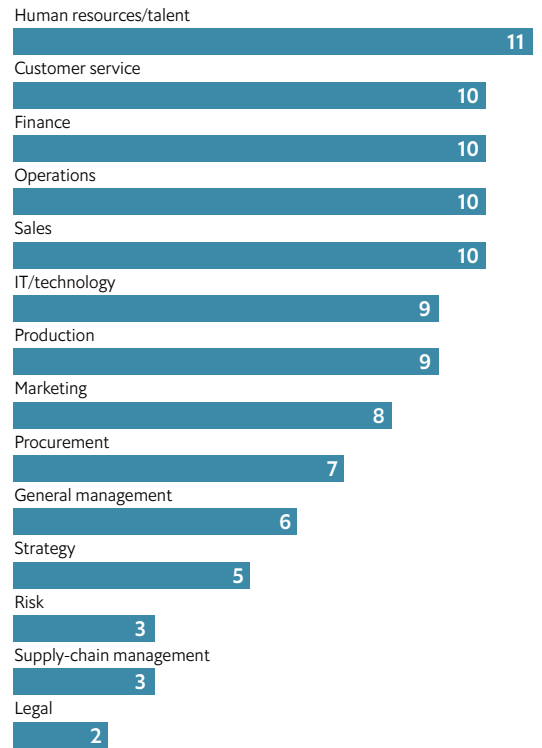
What is the number of employees at your organisation?

(% of respondents)



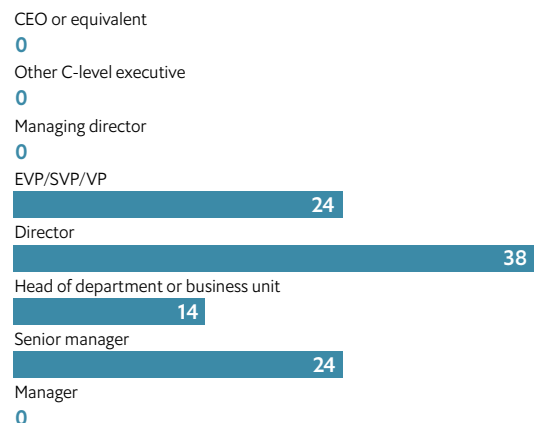
What is your main functional role?

(% of respondents)



Which of the following best describes your title?

(% of respondents)



While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.

London

20 Cabot Square
London
E14 4QW
United Kingdom
Tel: (44.20) 7576 8000
Fax: (44.20) 7576 8476
E-mail: london@eiu.com

New York

750 Third Avenue
5th Floor
New York, NY 10017
United States
Tel: (1.212) 554 0600
Fax: (1.212) 586 0248
E-mail: newyork@eiu.com

Hong Kong

1301 Cityplaza Four
12 Taikoo Wan Road
Taikoo Shing
Hong Kong
Tel: (852) 2585 3888
Fax: (852) 2802 7638
E-mail: hongkong@eiu.com

Geneva

Boulevard des
Tranchées 16
1206 Geneva
Switzerland
Tel: (41) 22 566 2470
Fax: (41) 22 346 93 47
E-mail: geneva@eiu.com

Dubai

Office 1301a
Aurora Tower
Dubai Media City
Dubai
Tel: (971) 4 433 4202
Fax: (971) 4 438 0224
E-mail: dubai@eiu.com