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*Building the future of work together*

## How the Gig Economy is impacting employment

by Denis Pennel

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**The advent of the gig economy has brought fundamental changes to the way in which we access goods and services and turned traditional business models on their head. But what is its impact on employment and the likely implications for the future of work?**

The rise in digital platforms is increasingly replacing face-to-face transactions. Businesses can now sell their wares at the press of a smartphone button and attract customers from around the world. All of this with very few staff and certainly without a classic salesforce or local office.

Today's hyper-networked world means companies can create a direct connection with customers through their online portals. Efficient systems ensure high levels of quality and customer satisfaction and we can all buy goods and services in real time, 24 hours a day, 7 days a week.

**The gig economy impacts all business sectors - from retail to media and from finance to accommodation.** Taxi drivers are being "uberised", bookshops "amazonised", hotels "airBnBised", travel agencies "bookingised"... A host of B2B and B2C services are available without ever leaving the house, and the process is faster, easier and very often cheaper.

And it doesn't stop there. Not only has the gig economy eroded established business sectors it has also created a host of new business models and opportunities: ebay, where people can trade second hand goods; Zilok, where people can rent all sorts of things; peerby, where you can borrow items from neighbours; and TaskRabbit where you can hire somebody by the hour to complete your tax form or walk your dog.

Just as the arrival of on-demand production 20 years ago saw the fragmentation of the manufacturing process, with much of it outsourced to third parties, so the on-demand economy has driven the concept of outsourcing or subcontracting.

**Today's online platforms have strong brand equity and name recognition but instead of producing goods and services themselves,** they serve as hosts for communities of people who are gaining employment and services. Hence Facebook is the world's most popular media platform, with over one billion subscribers, but it creates no content. Uber is the world's largest taxi company, but it owns no vehicles, and Airbnb offers more bedrooms than any hotel chain, but owns no real estate. And the change is happening fast. Hilton Hotels took over 90 years to build its empire around the world while Airbnb were took just five years to achieve the same number of rooms.

Tech organisations such as Google and Apple are some of our largest and most valuable companies but they employ just a fraction of the staff of their counterparts operating in the traditional manufacturing space. Instead they foster indirect employment through the creation of a far more flexible model where enterprising workers sell their skills and their time to a range of companies and bosses. Sometimes they operate alone, and on other occasions they join forces with others to create a team or consortium to undertake larger projects.

In the emerging, gig economy, the concept of work and jobs has been decoupled. There is plenty of work, but fewer jobs in the classic sense as contracts, hierarchies, functions and salaries are replaced by skills, tasks, professions and collaboration. Work is no longer provided directly through companies, but rather outsourced to a range of subcontractors, and very often delivered remotely and at any time of the day or night.

**In short, this new-style, collaborative economy demands that we are all more entrepreneurial and embrace a new business model in which people seek out work where it is available and pitch for jobs by the task and by the hour.** It operates with a range of diversified contracts and work statuses, and workers will also need a whole new set of rights and social protection to support them in leading more flexible, portfolio working lives.

We have seen resistance to this new reality in many parts of the world as people go on strike and demonstrate in response to attempts by governments and companies to usher in more flexible work contracts and working models. But like King Canute, we cannot hold back the tide of change.

The gig economy is here to stay and it gives many people the chance to offer their services online and operate in a collaborative way. Sometimes they will be professionals and at other times they will act as employees. I believe that as we move further into the 21<sup>st</sup> century, the primary activity of businesses will be to cultivate these communities of dispersed workers, to tap into the opportunity that they represent and to offer them new safety nets