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# Emergence of the Gig Workforce & Total Rewards

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# 2023 At-a-Glance...



Market turbulence & economic uncertainty



>250,000 layoffs in Tech sector alone



RTO / Hybrid workplace is the norm



Skill gap (\*AI\*)



Employee engagement




CEOs taking a "Wait and See" approach in general

# 2023 Reductions in Force Headlines



# Early Indicators in Q1 2024

The companies that are winning in these current market conditions demonstrate a *different* leadership and cultural mindset

- 
- Embracing next gen technologies
  - Investing in up-skilling
  - Diversifying their talent strategies
  - Leveraging talent marketplaces

# The Rise of the Professional Gig Economy

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# The Rise of the Gig Economy

60M workers  
Growing 3x faster than the  
workforce

Over 50% of the workforce will be  
working independently by 2027

Over 50% of Gig workers provide  
“knowledge services” such as  
computer programming,  
marketing, IT & business  
consulting

26% have post-graduate degrees  
40% earn \$100K+ annually

# Gig Value Prop: What's in it for me?

## Workers:

- Flexibility
- Autonomy
- Diversify experiences
- Potential for higher earnings
- Ability to build multiple income streams

## Employers:

- Flexibility
- Lower fixed costs
- Ramp up/ scale faster
- Access to diverse talent pools
- “Just in time” access to niche skills



# Key Considerations

## Workers:

- Total Rewards trade-offs
- Quarterly tax payments
- Feelings of isolation
- Career development / career path
- Stability

## Employers:

- Compliance (e.g. worker classification, payroll, etc)
- Sourcing & Selection
- Retention
- Access to systems & information
- Team dynamic
- Supervisory responsibilities

# The Role of Gig in Your Talent Strategy

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# Workforce & Talent Strategy

## Considerations:

1. Operating plan, financial plan, forecasting accuracy, headcount & budgeting approach
2. Strategic priorities
3. Internal skills supply & demand

How work gets done	Ideal for...
<b>FTE (Status Quo)</b>	<ul style="list-style-type: none"><li>- Consistent, predictable business forecasting</li><li>- Accurate headcount planning &amp; budgeting</li><li>- Low turnover</li></ul>
<b>FTE (Redeploy)</b>	<ul style="list-style-type: none"><li>- Access to centralized employee skills database</li><li>- Flexibility to redeploy talent</li><li>- “High context” environment to support fast ramp-up</li></ul>
<b>Outsource Partner</b>	<ul style="list-style-type: none"><li>- High volume repetitive tasks that can be done cheaper/faster/better by a third party vs. in-house</li></ul>
<b>Contractor/Gig</b>	<ul style="list-style-type: none"><li>- Seasonal volume shifts require ramp up/ rap down</li><li>- Recuring work that doesn't require standard 40hr week</li><li>- One-time deliverables that require specialized skills</li><li>- Capacity needs due to turnover, leaves of absence, etc</li></ul>

# Aligning Total Rewards to Your Gig Strategy

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# Total Rewards Defined

*The total rewards package is the combination of all the rewards that an organization offers to employees that the employee finds of value (monetary & non-monetary)*



# Evolving Landscape

- Definitions of long-term and part-time employees
- Independent Contractor classification
- Secure 2.0 (e.g. 401K eligibility)

# Rethink “Total Rewards” for Gig

The standard Total Rewards framework for FTE does not translate to Gig:

- Legal/ compliance requirements
- Budget constraints
- Different motivators

# Align Rewards to the Gig Value Prop

*Determine which levers you can pull to optimize your ability to attract and retain your best Gig workers*

- Faster pay
- Sign-up bonuses
  - Upfront cash
  - Equity opportunities
- Milestone incentives
- Career training & development
- Free tools or services related to the work



**Closing Thoughts**

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# Gig Is Here To Stay

- Gen Z and Millennials are the most likely to explore Gig: >40% performed gig work in 2022
- Diversified workers become more common: 17% of U.S. workers seek multiple sources of income from a mix of traditional employment and Gig work
- Gig continues to grow among the most educated: 26% of all U.S. freelancers hold a postgraduate degree

# Companies Must Evaluate and Adapt

- Gig won't make sense for every company!
- Real benefits *and* challenges related to Gig work
- Must understand how work gets done and determine the optimal workforce & talent strategy within your current constraints
- Where Gig makes sense, develop a tailored approach to how you will attract, engage and reward Gig workers



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