



The Gig Economy: Implications for Workforce Management

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ABSTRACT

The gig economy, characterized by short-term, flexible, and digitally mediated work arrangements, is reshaping traditional workforce management paradigms. This paper examines the defining features of the gig economy, its challenges and opportunities for workforce management, and strategies for effectively integrating gig workers into organizational structures. Key themes include the flexibility and autonomy offered to workers, the impact of ambiguous legal classifications on labor protections, and the necessity for organizations to develop tailored HR practices for gig workforce management. Through case studies and best practices, this paper highlights actionable insights for organizations to optimize gig talent while fostering engagement and aligning with strategic objectives.

Keywords: Gig economy, workforce management, platform economy, flexible work, gig workers, HR strategies.

INTRODUCTION

In addition to the blend of employment, the gig economy is also characterized by a blend of workers. Millennials and members of Generation want more autonomy in the workplace and see freelance and gig work as the meaningful and desirable alternative to the 9-to-5 job. For workers, gig work offers independence, flexibility in the work sphere, and freedom. It could also increase income and the organization's reputation. Additionally, for those with existing employment, gig work can supplement their current income and potentially expand their experience and professional networks. For this group of workers, the gig economy allows them to act on their own authority rather than that of an employer. Worker involvement in the gig economy can help support life changes, such as travel or personal/family needs that require more freedom. In a traditional employment structure, a worker might not have the ability to move away at a moment's notice or create their own schedule. Gig economy participation can act as the support employees would desire in these instances [3, 4].

Key Characteristics of the Gig Economy

A number of names describe the channel of mobile apps linking freelance workers with shared economy opportunities: the gig economy, the platform economy, the on-demand economy, and the sharing economy. Increasingly, these terms are being used interchangeably, as distinct sectors that were perceived as distinctive come to overlap. All these terms are premised on the central characteristic of gig work: that traditional employees earn a living from several short-term jobs. At its core, the gig economy began as a model for contracting temporary workers to complete online projects, such as a small software development task. The work is often defined by its transient nature. Most workers are only engaged on a very short-term basis, working alongside a portfolio of other jobs as they are required. In this way, firms can hire in expertise or labor as final demand from their customers with minimal risk [5, 1]. Recent years have seen a significant increase in the number of platforms management serving a diversifying range of industries. There are platforms for childcare, cleaning and delivery, selling, and tasks often requiring higher education such as programming, graphic design, and cybersecurity, but also access to legal advice. The largest body of research has instead branded any digital marketplace where individuals or businesses

can offer and contract these short-term services as microwork, suggesting this sector is a sub-section of the gig economy. Clearly, any attempt to envisage a workforce in which over 40 percent of the workforce functions in short-term, casualized, digitally brokered employment opportunities is going to complicate our current assumptions about HRM and workforce management. We suggest that in order to attend to the management of this emergent workforce as a distinct group, tailored workforce management practices should now be designed in relation to the gig workforce [6, 7].

Challenges and Opportunities for Workforce Management in the Gig Economy

The gig economy confronts workforce management with dual challenges but also offers new opportunities. One problem is that gig workers are not always classified as employees, leading to issues related to the classification of workers in this sector and their organization. As a consequence, organizing the workforce portfolio strategically is challenging for companies, not least because of fluctuations in worker availability due to competing work engagements among gig workers. A further issue is that the employment status of gig workers is not clear-cut. Yet, ensuring compliance with labor laws presents a challenge, as the employment status of gig workers is often ambiguous [8, 9]. The labor laws of many countries do exclude workers providing services in a gig-like manner from many of the legal employment protections. Some gig workers might not be classified as workers under labor laws. Additionally, even when they have obtained the same legal status as other workers, the use of large portions of the workforce who are providing services outside the protective arrangements can lead to workforce instability. However, even though the gig economy creates challenges for workforce management, these should be complemented by the new opportunities organizations have in leveraging gig work. Smart sourcing of certain critical tasks from the external workforce can contribute to an organization's agility and its capability to scale personnel resources in response to business demand. Yet, there are many professions in which people prefer to work in rigid structures, and there are many jobs that simply cannot be carried out by gig workers. Modern businesses often thrive on collaboration in teams – a setup that is hard to achieve if the workforce is cut up into many small pieces. Even when the resources are available, administration and coordination of workers that charge for their time in much shorter slivers seems significantly more costly. While movements into the gig economy can reduce the fixed costs associated with the direct employment of labor, they may increase some other costs and are likely to make the total cost of employing labor less predictable. Thus, the empirical evidence has shown that where gig firms became competitors with traditional firms, the returns to employment increase, suggesting that the reduced direct costs of labor are more than offset by the increased risk and the costly coordination associated with engaging the service from people who supply them gig style [10, 11].

Strategies for Effective Workforce Management in the Gig Economy

In this paper, we will examine areas for investment and reimagination in workforce strategies and tools to improve gig workforce management. We will discuss four areas: (i) building a culture that embraces gig workers; (ii) integrating gig workforce management within organizational workflows and technologies; (iii) rethinking workforce planning, performance management, and development for gig workers; and (iv) building continuous models of feedback between organizations, the reporting relationships to gig workers, and the gig workers themselves. Within each area, the questions we discuss are: What can we do today with current technology and organizational capabilities to improve our management and support of gig workers? What do we need to invest in to improve our management of gig workers and workforce in the future? What are areas in which we have little or no investment today, but that we believe would enable us to reimagine the possibilities for managing and optimizing our gig workforce talent? In this paper we will examine how gig workforce talent can be best utilized and managed, particularly from the point of view of human resource management. We will provide specific strategies for how to ensure that gig workers remain engaged and aligned with organizational objectives. Also, we recommend that organizations start to use a set of leading indicators to assess workforce needs, as well as comprehensive HR technology systems and analytics in order to gather and analyze recruitment and selection data. In addition, we will introduce ways to invest in human resource management that will innovate and spur discussion on the treatment of gig workers in important organizational processes [12, 13].

Case Studies and Best Practices

This paper present example of how organizations manage different segments of their talent supply with a gig workforce strategy. The organizations profiled represent a range of sizes, industries, and corporate structures and approach workforce management somewhat differently from each other. While the message about the value of a flexible and responsive workforce comes through most significantly in the

following case studies, two additional themes can be found in the profiles: keeping on top of changing market conditions and the importance of maintaining good relationships with workers – whether they are an organization's own employees or not. Much use is made in the following pages of “gig workers,” an umbrella term for workers contracted by organizations for specific, typically high-skill projects. Conventional wisdom suggests that this is the labor market segment that first springs to mind when the term “gig economy” is used. It should be noted, however, that the gig economy also includes the workers who accept gigs of a more ad hoc nature. The case studies suggest that some organizations are also adopting relevant strategies to manage one-off gig workers [14,15]. In addition to the four case studies, three best practices that organizations might consider are presented. The recommendations are based on the cumulative experience and knowledge of gig economy researchers and the project's modernization partner participants. Each person attending a meeting or presentation on the gig economy project was invited to participate in a study and referred up to three people at other organizations capable of discussing workforce management. The participating employers were told that their responses would be used only for research. The study was conducted in 2019. A total of 19 phone interviews and 27 email surveys were completed. Meetings were held with HR or talent executives and others responsible for contractor and gig work within Canada and the United States. Meetings were influenced by considerations such as company size, industry sector, location, and known experience as a gig employer. Research participants represented, among other things, government, healthcare, manufacturing, insurance, publishing, IT, accounting, retail, social services, communications, marketing, news, and music. Industry participants included employees of companies in aerospace, investment banking, petrochemicals, technology, supplier systems, and education. They also worked in large and small businesses. At the time, their organizations were either using labor market monitoring to improve commentator relations, in the pilot to monitor contemporary practices, or in the final stages of developing new artifact offers and monitoring practices. They were not necessarily looking for a job while being a gig employee [16, 17].

CONCLUSION

The gig economy presents a dual-edged sword for workforce management. On one hand, it offers unprecedented flexibility and access to a diverse talent pool, enabling organizations to scale operations and respond swiftly to changing market demands. On the other hand, the ambiguous legal status of gig workers and challenges in integrating them into organizational workflows necessitate innovative management strategies. By embracing a culture inclusive of gig workers, investing in advanced HR technologies, and developing robust frameworks for workforce planning and engagement, organizations can turn the challenges of the gig economy into opportunities for growth and resilience. The future of workforce management lies in balancing the needs of gig workers with organizational objectives, ensuring a mutually beneficial ecosystem.

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