

Measuring the Gig Economy:

Inside the New
Paradigm of
Contingent Work



The Gig Economy: Market Estimates & Features of the US Contingent Workforce

As Staffing Industry Analysts (SIA) charts the evolution of work, our ground-breaking research report **The Gig Economy: Market Estimates & Features of the US Contingent Workforce** extends the market map and provides leading insights into what we know about the changing shape of talent today. The full version of the report is available to SIA Corporate and CWS Council Members. The report findings reflect the results of an online survey of over 7,000 adults conducted by SIA in May 2016¹. We are pleased to provide a summary here along with some of the highlights from that report as we examine the rise of the gig economy.

New ways of working continue to fuel global society, with livelihoods and meaningful work under the microscope. Meanwhile, the convergence of technology and talent continues to drive rapid change in work. From emerging platforms and business models to growing pools of freelancers, independent contractors, temporary workers and moonlighters,

the shape of the labor market is shifting. And along with the shift comes the need for a closer look at the rapidly evolving new paradigm.

According to the research, last year alone saw an estimated 44 million people taking on gig work in the United States. 29% of all US workers performed some degree of gig/contingent work last year, with gig/contingent work bringing with it a sizeable \$792 billion in total spending. Our estimate of 44 million contingent workers consists of people servicing individual consumers (26 million) as well as those servicing organizations (18 million).

Understanding who the gig economy workers are and how they engage with work is of critical importance to enterprise success; across the public and private sectors; and in an employment-forward future that reflects the nature of the workforce and can capture its strengths and innovations. With close to one third of the US workforce active in the

gig economy, and spend that is steadily approaching a trillion dollars, challenges and opportunities abound.

44 
MILLION

people took on **GIG WORK** in the US

29% 
of US workers did **GIG WORK** in 2015

Total 2015 US **GIG ECONOMY SPENDING:** 
\$792
BILLION



Defining the Gig Economy

Gig = Contingent

According to SIA, the **gig economy** is one of several names used to describe the various forms of “gig” work. Definitions of the gig economy vary widely. The more narrow definition includes limited-duration work, often assignment-based and typically facilitated by an internet platform or app. More broadly, **the gig economy includes any contingent work** of a fixed duration such as temporary work and independent contracting. As such, the definition of the gig economy extends beyond online transactions, although the role of technology in the advancement of opportunities in the contingent work sphere is not insignificant.

In defining the gig economy as synonymous with contingent work, and with the talent that drives it, anyone working on a temporary basis across one or more various types of work arrangements is considered to be a gig or contingent worker.

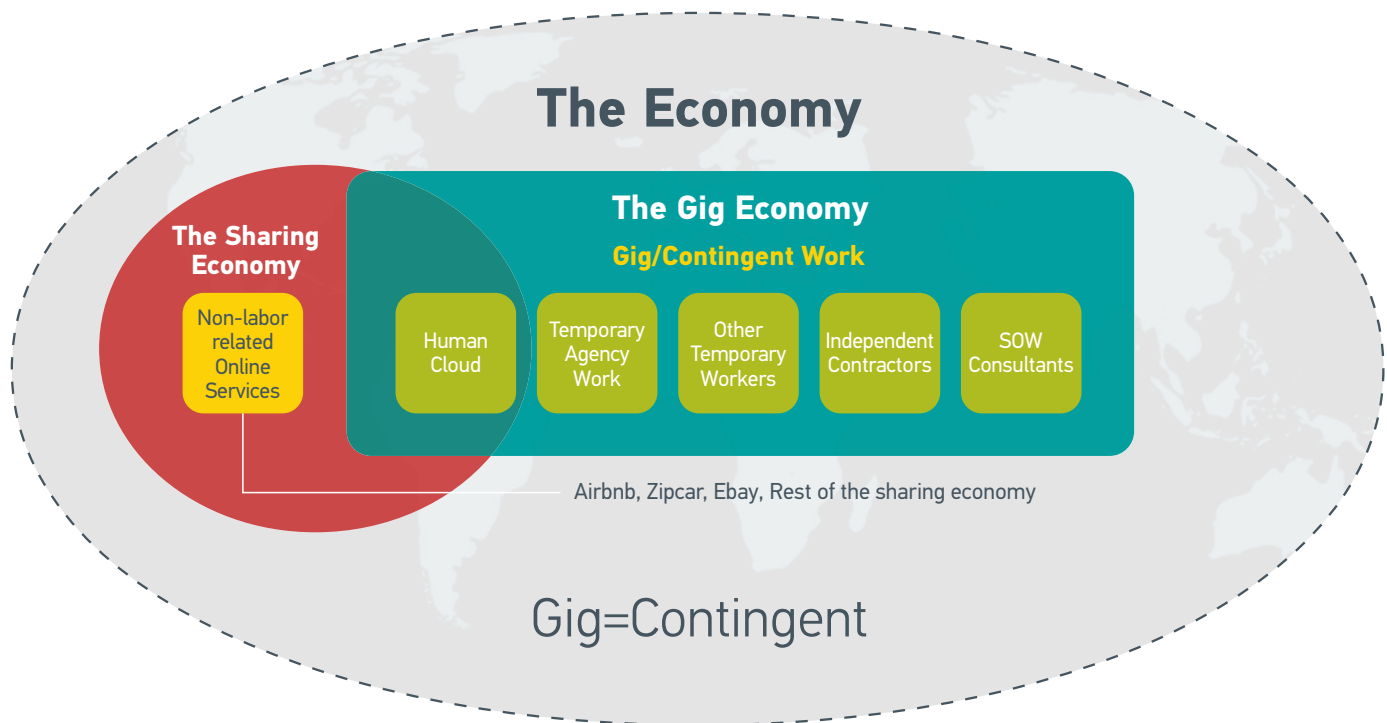
¹See page 7 for research methodology and demographics of survey respondents.

The Gig Economy

Many people view the gig economy as a recent phenomenon. At SIA, we have been studying this rapidly growing area of the labor market since 1989. What's new today is the intersection of gig work with web based labor platforms.

Although the term gig economy is sometimes used as a cover-all for a larger portion of the sharing economy, **labor** is at the essence of the term gig. Non labor-related services such as Airbnb and Zipcar, while regarded as included in the sharing economy, are not strictly part of the gig economy.

The main categories of workers comprising the current US Contingent/Gig Workforce as identified in the report are Temporary Workers Assigned through a Staffing Agency; Human Cloud Workers managed through an online platform; Independent Contractors/Self Employed Workers; Temporary Employees Sourced Directly; and Statement of Work (SOW) Consultants Employed by a Consulting Firm.



Lexicon of Global Workforce Solutions Related Terms²

Gig Economy/Gig Work – One of several names used to describe various forms of gig, or small project freelance work. Others include “on demand economy,” “collaborative consumption” and “sharing economy.” Work in this space is structured as small projects or relatively limited duration activities and is typically facilitated by an internet platform or app. Freelancing as intermediated by vendors operating in the Human Cloud is part of the gig economy. While the term Gig Work has more recently emerged to describe freelance work within the Human Cloud, the term could readily be used more broadly to describe any work of a fixed duration such as Contingent Work.

² SIA's Lexicon of Global Workforce-Related Terms | <http://www2.staffingindustry.com/site/Research/Free-Resources>

Key Findings

44 million people performed contingent work in the US last year, representing **29%** of the entire US workforce and accounting for **\$792 billion** in annual spend, a substantial segment of the US economy. The largest portion of these gig workers fall into the Independent Contractor/Self-Employed category. There were 14 million workers taking on contingent work via temporary assignments, through agency work or directly with an employer.

2015 Work Arrangement	# of Workers (Million) throughout the year	% of All Workers
Temporary Workers Assigned Through Staffing Agency	9.5	6.2%
Human Cloud Workers	9.7	6.4%
IC/Self-Employed With No Employees*	23.5	15.5%
Temporary Employees Sourced Directly	5.5	3.6%
SOW Consultants Employed by Consulting Firm	2.9	1.9%
Total US Contingent Workforce³	44.1	29%

* Excluding 1099/self-employed workers already reported as temporary agency or human cloud workers.



Temporary Workers Assigned through a Staffing Agency

9.5 million workers, **6.2%** of the US workforce, reportedly take on temporary assignments through staffing firms annually. These roles range fully from office and industrial workers to professional, technical, clinical and managerial roles in nearly every segment of the economy.

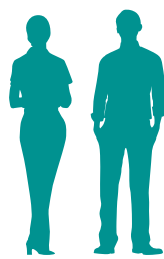
\$115.6 billion spend



Human Cloud Workers

9.7 million workers, **6.4%** of the US workforce, currently participate in work through the human cloud. In these types of arrangements, work is entirely facilitated and completed (including payment) through a web or app-based platform, such as Uber, Upwork or Freelancer. Online Staffing, Online Services and Crowdsourcing are the main segments of the human cloud. Many of these workers moonlight in multiple jobs.

\$11.5 billion spend



Independent Contractors/Self-Employed

23.5 million workers, **15.5%** of the US workforce, fall into the category of the independent contractor/self-employed worker. This category, which houses the largest concentration of contingent workers, covers a wide variety of occupations and includes many types of independent and freelance workers and professionals, including those with 1099 status as well as incorporated constructs. Only those self-employed workers without employees are included in this category.

\$425.2 billion spend



Temporary Employees Sourced Directly

5.5 million workers, **3.6%** of the US workforce, are directly engaged through their employer, often through a fixed-term contract, but sometimes on a more day-to-day basis as with substitute teachers sourced and payrolled directly through a school. These type of W-2 work arrangements include seasonal work, summer internships, and other explicitly short term types of work. Direct temporary work is more common outside the US where "at will" employment is rare.

\$40.1 billion spend



Statement of Work (SOW) Consultants Employed By a Consulting Firm

2.9 million workers, **1.9%** of the US workforce, engage as salaried employees of a consulting firm on a statement-of-work contract with a client company. As these consultants work on a temporary project basis and generally move from client to client, they are considered a part of the (client's) contingent workforce.

\$200.0 billion spend

³The sum of estimates from each of the five categories totals to more than 44 million, as a person could go on a temporary assignment through a staffing agency and could also take a gig through the human cloud. Within our estimates, a person that did both counts in each category, but only counts as one contingent worker.



Key Findings (cont'd)

While **\$116 billion** was spent on temporary workers through staffing firms in 2015, Human Cloud workers managed through online labor platforms made up a much smaller **\$11.5 billion** in spend. The disparity between the size of the temporary staffing market and the human cloud market is substantial, considering there are actually more workers in the latter category. This is partly because cloud work is more often used as supplementary income and assignments are generally shorter.

Independent Contractors/Self-employed contingent workers make up the largest amount of spend with **\$425 billion**, and temporary employees sourced directly make up **\$40 billion**. The largest category in terms of revenue per worker is Statement of Work consultants employed by consulting firms. This category is large in terms of dollars; it is made up of highly skilled professionals with high compensation and mark-ups.

Summing all categories gives a total US contingent workforce estimated spend of **\$792 billion**.

Work Arrangement	2015 Spend (\$ Billion)
Temporary Workers Assigned Through Staffing Agency	115.6
Human Cloud Workers	11.5
IC/Self-Employed With No Employees*	425.2
Temporary Employees Sourced Directly (No Staffing Agency)	40.1
SOW Consultants Employed by Consulting Firm	200.0
Total US Contingent Workforce	792.4

*Excluding 1099/self-employed workers already reported as temporary agency or human cloud workers.

Lexicon of Global Workforce Solutions Related Terms

Contingent Worker – Used to describe work arrangements that differ from regular/permanent, direct wage and salary employment. Contingent work and workers are primarily distinguished by having an explicitly defined or limited tenure.

Contingent workers include temporary employees provided by an outside staffing agency and independent contractors/consultants. Contingent workers may also include temporary workers from an internal pool, and others (such as summer interns, seasonal workers, freelancers, “crowd-sourced” workers, etc.) employed directly by an organization for an intentionally limited time period.

From an employer point of view, contingent work also includes statement of work (SOW) consultants who work for the company on a short term basis. While the consultants themselves may or may

not have an expectation of ongoing employment with their consulting firm, their work for the client is considered contingent.

Workers in Professional Employer Organization arrangements are not contingent workers, because the relationship is by definition ongoing. Similarly, outsourced service workers would not be included in contingent work as this work is expected to have an ongoing rather than explicitly defined, short-term tenure.

The “contingent worker” label applies to all workers of any skill type or experience level who meet this definition, including those in professional, blue-collar, or office/clerical roles.

Work Preferences: How Talent Wants to Work

When given a choice among various types of work arrangements, a substantial number of survey respondents voiced a preference for alternatives to full time employment, choosing an arrangement other than *full-time salary* or *full-time hourly* as what they prefer. With *part-time hourly* work emerging as a leading choice for many, **37%** of total respondents selected an alternative arrangement, suggesting that a substantial number of people are actively looking for alternatives to the traditional 40 hour work week. Our full report offers a detailed breakdown of preferences, with the following central considerations:

INDEPENDENT CONTRACTORS/ SELF-EMPLOYED WORKERS:

69% prefer to run their own business or work as an independent contractor or freelancer.

More so than workers in any other alternative arrangement, independent contractors/self-employed workers voiced a strong preference for what they do.

HUMAN CLOUD WORKERS:

30% specifically prefer web/app-based "gig" work, and

57% prefer alternative arrangements.

Those who do prefer full-time work are likely to be among those who utilize the human cloud as a moonlighter and take advantage of both traditional and alternative models to generate income.

TEMPORARY AGENCY WORKERS:

53% noted a preference for alternative work arrangements.

In this grouping, 22% registered a preference for explicitly part-time work, suggesting this grouping in particular is interested in opportunities outside of a traditional 40 hour work week.

SIA will be watching closely going forward as worker preferences change over time along with regulatory/legal changes, generational changes in the workforce and accelerating technology change.

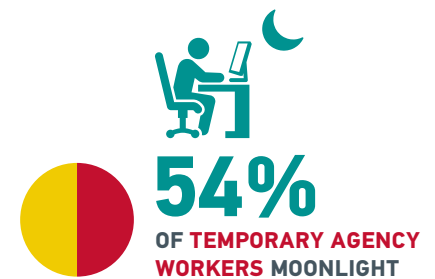
Moonlighting

Findings from the survey suggest that moonlighting is a common practice among gig workers, and data reflects the varying degrees to which contingent work serves as a source of supplemental income across the different categories of workers in terms of percentage of income.

In the context of this report, we define moonlighters as those individuals performing more than one type of work at a given time. Additionally, moonlighting includes workers who had income from multiple types of work during the course of 2015.



Moonlighting emerged as most prevalent among **human cloud workers**, with **69%** of these workers picking up additional work to supplement their income.



Temporary agency workers also were particularly active as moonlighters, with **54%** supplementing their income beyond agency work. Although the rest may take on more than one temporary agency assignment, findings show they are not likely performing other types of work to supplement their income.



Conclusion

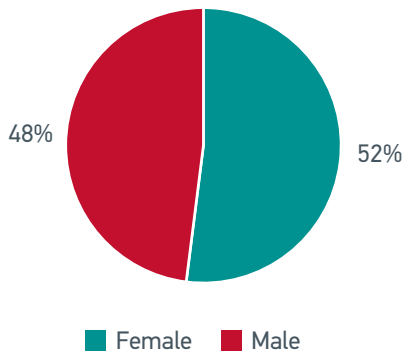
At 29% of the US workforce and nearly \$800 billion in annual spend, the gig economy and contingent work cannot be ignored. Furthermore, a significant percentage of these workers prefer alternatives to traditional full time employment. Adapting both traditional Human Resource strategies and the labor laws developed for an earlier industrial era will be one of the major work related challenges of the coming decades.

Methodology

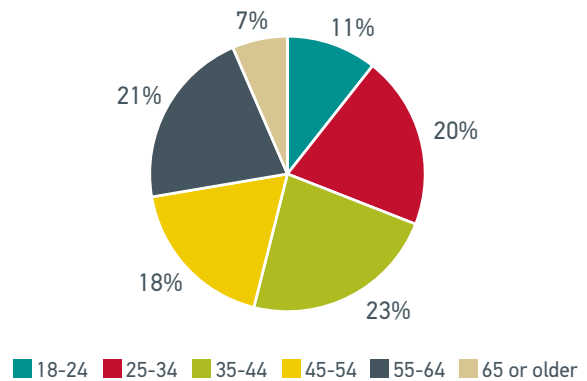
The data and analyses in *The Gig Economy: Market Estimates & Features of the US Contingent Workforce*⁴ report are based on the results of an online survey conducted by SIA in May 2016. The full version of the report, with the complete survey and detailed findings, is available to our Corporate and CWS Council Members: www2.staffingindustry.com/gigworkforce

The survey was sent to a random sample of the adult US population. The first question in our survey “Did you perform any work for money in 2015?” received 7,739 responses. The 2,474 respondents answering “No” to that question were removed from the sample. Of the remaining 5,265 respondents, 4,961 completed the survey. The survey sample was adjusted in terms of age, gender and occupation based on census demographics from the US Bureau of Labor Statistics in order to represent the overall American workforce. Demographic information of the respondent pool is shown here.

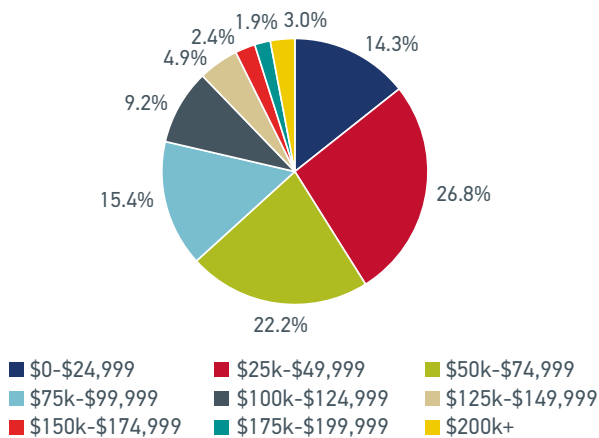
Gender distribution of survey respondents



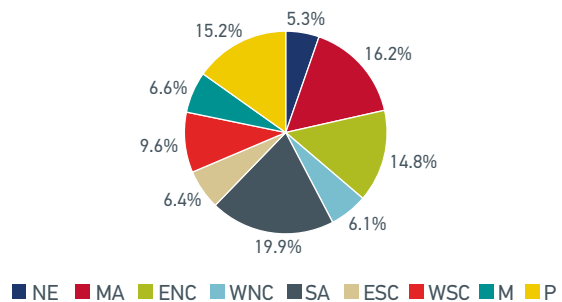
Age distribution of survey respondents (years)



Household income distribution of survey respondents



Region distribution of survey respondents



Region	States and DC
New England	ME, NH, VT, MA, RI, CT
Middle Atlantic	NY, NJ, PA
East North Central	OH, IN, IL, MI, WI
West North Central	MN, IA, MO, ND, SD, NE, KS
South Atlantic	DE, MD, DC, VA, WV, NC, SC, GA, FL
East South Central	KY, TN, AL, MS
West South Central	AR, LA, OK, TX
Mountain	MT, ID, WY, CO, NM, AZ, UT, NV
Pacific	WA, OR, CA, AK, HI

⁴This report does not address the informal workforce (those working outside tax and regulatory policies), although such work is arguably inherently contingent. While not within the scope of this report, it is by no means small. The Urban Institute estimates anywhere between 3% to 40% of the US workforce to be informal. More information can be obtained via www.urban.org/research/publication/informal-and-non-standard-employment-united-states.



About Staffing Industry Analysts (SIA) | www.staffingindustry.com

SIA is the Global Advisor on Staffing and Workforce Solutions

Elevating the Workforce Solutions Ecosystem

Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor. SIA's independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

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