

The Gig Economy: A New Name for an Old Game



By: Dick Kuiper

While many millennials may think they have come up with this brilliant new workstyle change called the gig economy, I must assert that as an aging baby boomer, I've been knee deep in the gig economy for decades. Back in the day, we simply called it moonlighting...or more simply, taking on a part-time job.

The name has changed but the game is still the same.

A quick Google search produced the following definition of the gig economy:

gig e-con-o-my – *noun* - a labor market characterized by the prevalence of short-term contracts and freelance work as opposed to permanent jobs.

Hmmmmm...sounds like a moonlighting twist to me.

Say Goodbye to the 40/40/40 Rule

It's no surprise to anyone that the old "gold watch" workstyle mentality is gone forever. The modern day term for it is the 40/40/40 rule. As I was growing up back in the 1950-1960 time frame, the majority of Americans lived by it. Work 40 hours a week for 40 years and retire on 40% of your average income...plus be awarded the gold watch at retirement.

So, what's changed? Well, the list is long and not so distinguished. It's not any one thing at the center of this glacial shift; it's been the cumulative effect of a series of societal changes over the past 5-6 decades:

- Laser-like focus on corporate quarterly profits on Wall Street
- Politician-driven entitlements explosion
- Corporate greed (aka shareholder greed)
- Labor union wage demands
- Legal issues arising from employee terminations
- International trading supply and demand economics
- Skyrocketing employee benefits costs
- Ever-increasing unemployment problems
- Entrepreneurial enlightenment
- Shift from a "goods economy" to a "service economy"

Some of these line items sound devious while others...well, they just happened.

Cubicle Farms Fading Away

Perhaps the greatest catalyst of all was the advent of the Internet Age which blossomed in the late 1990s and has gone steroid-crazy ever since. Workers are no



longer stymied by the brick and mortar office buildings and cubicle farms of the past.

“In this digital age, the workforce is increasingly mobile and work can be done from anywhere, resulting in a rise in short-term job opportunities,” says Kyle Kensing, online content editor at CareerCast. “Opportunities to work on a contract or freelance basis and make a great career of it are growing across a variety of occupations and sectors.”

A labor force of new entrepreneurs, is growing rapidly in the U.S. and around the world. Experts project that as much as 50% of the U.S. workforce will be involved in the gig economy – whether it be full-time or part-time – in the not too distant future. It could be the force that saves the American worker.

Here’s some proof. Buried inside a recent report by the U.S. Government Accountability Office is a startling statistic stating over 40% of the U.S. workforce is now made up of contingent workers, i.e. people who don’t have what we traditionally consider secure jobs. In 2005, about 31% of workers were in this category. That means there was a 35% increase in just five years.

A major shift in attitude is a driving force behind this revolution. It was not too many years ago that the old 40/40/40 rule gave way to a “dog-eat-dog” career ladder emphasis. All of a sudden, the stigma of being a “job hopper” was pushed aside. If you weren’t changing companies every three or four years, you simply weren’t getting ahead in your career.

Consultants and Entrepreneurs Arise

I recall the standing joke about 25 years ago that “consultant” and “entrepreneur” were euphemisms for “unemployed.” Back then, if you said you were a consultant or freelancer, people snickered and wondered what was wrong with you. Their assumption was that you were not qualified to get a normal job.

Today, being a consultant or freelance subcontractor with multiple clients is a badge of honor and warrants a high level of respect. It's almost like yesterday's chronically unemployable are today's superstars.

"If you think being an entrepreneur is risky, try working for someone else for 40 years and living off social security," said Warren Buffet.

Complacency Was Killing America

In my opinion, the new emphasis on the gig economy is driving the revitalization of American business. During my years on the corporate treadmill, I saw productivity gradually giving way to complacency. This may sound harsh, but I'm talking about the big picture average here. There have been and continue to be many hard workers with a strong work ethic in today's business world.

While job security is now a faded memory, it was not many years ago that many people took their weekly paychecks for granted. The old school thinking of "a good day's work for a day's pay" was replaced with "the company owes me a living" mindset.

Having been both an employee and a business owner, I got a first-hand look at both sides of the issue.

Unlike those who have never owned a business and were spared the worry of making payroll each month, I saw the downside of company ownership. Managing a P&L (Profit & Loss) scenario is definitely not for the faint of heart. It's like dealing with a life and death situation every single day. Expenses are ugly blood-sucking monsters that always seem to be getting out of control.

Contingent Workers to the Rescue

So, put on your business owner hat and step back for a look at the options you have for getting work done in your company. Putting robotics aside for a moment, there are two basic options; hire regular employees or craft agreements with independent contractors.

The primary decision point of selecting the best option for getting the work done is determining whether the work to be done is permanent or temporary. In most cases, when the work to be done is permanent in nature - i.e. ongoing indefinitely - the obvious option is full-time employment.

Now for the fun part. Given the societal change issues itemized above, most business owners have opted for using contingent workers for getting non-permanent work done. To put it in a slightly different context, let's call this "project work." Projects have a starting point and a predefined end. When the end of the project is reached, the contingent workers are released. No severance pay. No termination disputes. No settlement of unpaid benefits.

Contingent workers come in many varieties from minimum wage temps to highly skilled professional consultants. At the upper end of the scale, many companies now look to the "ultimate professionals" to solve problems that are out of the reach of their regular employees. They save money by hiring top-tier experts only for the duration of projects requiring special skill sets they could otherwise not afford to have on the payroll.

The "Not So Good" News

For highly skilled people with an entrepreneurial spirit, the gig economy provides the ideal employment solution. As long as their expertise is in demand, they are free to float from project to project, taking whatever time off they want between gigs. Compensation is attractive because employers can pay premium rates for their services since there are no employee benefits or severance packages to worry about. For the more industrious

entrepreneurs, higher annual incomes can be realized by juggling multiple gigs simultaneously.

But what about the people who do not fall into this upper echelon category? For them, the picture is not nearly as rosy. With the job security of the old 40/40/40 era now a thing of the past, people with low-demand skill sets are finding the gig economy to be somewhat of a struggle.

There's a lot of uncertainty associated with gig work. All of a sudden there are costs involved with working. No more company paid benefits. No paid vacation or sick leave. No subsidized health insurance. No pension to look forward to. And paid maternity leave? You've got to be kidding!

Landing enough work to provide a stable income from gigs alone isn't always easy, or even possible. As a result, many contingent workers find gigs adequate for part-time work but not a full-time career. Workers may struggle looking for jobs, not knowing what will come their way.

Not having set hours like the old 8 to 5 work day scenario is challenging for many contingent workers. Unless you're a very self-motivated individual, it can be hard to focus.

The New Gig Search Replaces the Old Job Search

So, how does one adapt to the rules of the new game? Gone are the days of writing your resume and then scanning help-wanted ads in the newspaper for places to send it. Not only is everything online, but new intermediaries have popped up all over the place to supplant many of the traditional recruiting firms and temp agencies.

Anyone with Internet access and a little ingenuity can discover a cornucopia of gig opportunities. At the low end is the "gig" section of Craig's List where employers can post contingent worker opportunities for free and gig seekers can post their skills and availability. Then came Fiverr.com, a gig marketplace where buyers (employers) and sellers (contingent

workers) can find each other. Originally, Fiverr was a place where you could find someone to write your resume or whatever for \$5 (hence the name). Now it has grown to be a full-blown marketplace for gig economy opportunities.

An explosion of these online gig marketplaces has occurred, giving birth to entities such as: Elance, Thumbtack, LinkedIn's Profinder, PeoplePerHour, BidOrHire, Zaarly, VirtualEmployee, TaskRabbit, GigBux, and many more.

Also gaining traction in the "side gig" arena is the network marketing arena. From the early days of Amway several decades ago, this industry has blossomed into a \$40 billion market in the U.S. alone with over 20 million Americans acting as direct marketers. Network marketing suffered through many "pyramid scheme" scandals and government restrictions to emerge as a viable gig opportunity.

From Revelation to Renewal

So, while the gig economy is not truly a new revelation, it certainly has proven to be a game changer. While the concept of moonlighting has been around for at least two generations, it's now been born again with a new name. Over the years, pressures were created by government regulations and society itself intended to protect the rights of employees. These pressures forced business owners to reevaluate the increasing cost burden of maintaining a traditional employee base.

We saw the first hint of this with the outsourcing boom of the 1990s. The next logical step was the offshoring movement brought on by the realities of labor cost supply and demand imbalance in the global marketplace.

The meteoric rise of the Internet's e-commerce and virtual marketplace functionalities of the last ten years caused the reliance on brick and mortar business establishments to fade.

In this brave new world of the gig economy, workers must figure out ways to differentiate themselves from other income seekers. We must be more innovative in seeking out

opportunities for income generation. Workers must become more self-reliant than ever before.

Not many years ago, the American dream of “being your own boss” lost its luster as the majority of people who went out on that limb found it to be far more perilous than they ever imagined. As they scurried back to the protective cocoon they had left behind, many found that safe haven to have disappeared.

Fortunately or unfortunately, the die has been cast. The era of the traditional 40/40/40 employee has come to an end. Those who shift to a more entrepreneurial mindset will find opportunities aplenty in this new gig economy. But, if you wait for opportunity to come knocking, you may be in for a very long wait.

About the author

Dick Kuiper has been doing freelance writing and ghost writing for years for clients all across North America. He has written hundreds of articles, blog posts, business proposals, marketing collateral pieces, brochures, training booklets, technical manuals, speeches and a great deal more. He has written five books both as an author and as a ghost writer. Dick has also authored several training courses on a number of subjects. Visit his website at www.ghostwriterhelp.com for more information.