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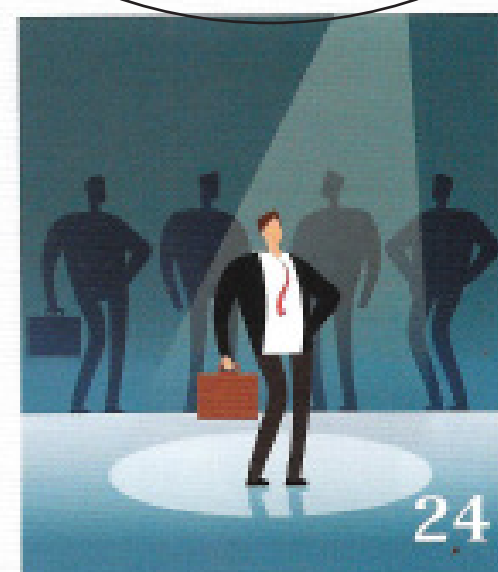
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The gig economy - Transforming the workforce and HR industry



From talent management to team management



Giving people meaning in work

HUMAN RESOURCES

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The gig economy: Transforming the workforce and HR industry, as we know it

The workforce of decades past has always been of a conventional nature – arrive at around 9am at a designated office with all of your colleagues surrounding you and leave at around 5pm.

What the HR industry has seen over recent years, however, is this convention being turned on its head and plunged into a new world order – the gig economy.

The change in the workforce has seen workers abandoning traditional employment in droves and opting for self-employment or casual work. This shift has given prominence to a freelance market globally, including in New Zealand, - and one that challenges everything the HR industry has come to know.



The gig economy also poses the question around loyalty - it simply no longer exists



Members of the gig economy can choose whom to work for, and how long they wish to be there. Workers get the freedom they need while employers get cost-effective access to experienced, expert staff without the hefty salary and employer commitments.

So, who is driving the gig economy? Part of the gig economy's success is arguably its suitability for all age demographics. While initially driven by the younger generations –

namely Generation Z & Millennials – seeking flexible work arrangements and the ability to 'shop out' their expertise and earn a good income while doing so, the gig economy has come to encompass all age groups.

While Generation Z look to capitalise on their know-how with a high pay rate, Millennials and Generation X are seeking better work-life balance, juggling a young family and the desire to work from home. Even Baby Boomers are taking advantage of the gig economy to earn a side income post-retirement. The gig economy is for everyone.

According to Statistics New Zealand, a third of working New Zealanders are self-employed, temporary or part-time.

The report noted 'major changes in the composition of New Zealand's workforce, including increases in self-employment and temporary employment.'

A similar scenario is evident in Australia. According to the Bureau of Statistics, one in three working Australians are now employed on a casual basis. Twenty-five years ago, this statistic was more like one in ten.

While some may assume a gig economy worker is referring to something like ride sharing service Uber, this isn't always the case.

Recently the OrgDev Institute gathered HR leaders to explore the issue of the gig economy and AI and what it meant for the future of Human Resources which has been converted to a Whitepaper.

The gig economy has extended into a variety of roles from admin and hospitality right up to specialised and skilled designers, IT developers and communication specialists.

The expansion of the mobile workforce is

largely due to digital capabilities. Digital platforms allow freelancers and contractors to connect with potential employers to simultaneously seek assignments, promote their skills and services and manage a number of clients. The vast number of roles makes freelancing accessible to increasing numbers of people in the workforce, regardless of skill level.

With the cost of living increasing year-on-year, some workers undertake freelancing to supplement their income, while others are able to make a full-time job of it and even build their own businesses.

Freelancer.com is the world's largest freelancing and crowdsourcing marketplace, connecting over 19 million employers with workers in 247 countries. Between 2009 and 2014 its number of users increased 10-fold – from one million to ten million.

While the gig economy was very much created by workers for workers, there are a number of perks for the organisations and companies that take them on. For example, hiring at an executive level can give companies the opportunity to "borrow" the expertise and experience of a contracted employee if the business is lacking in a certain area.

The same principle applies particularly for smaller companies. Depending on budget, they can hire a senior executive for a short period, absorb their expertise, use them on projects or for mentoring and training.

However, it's not all good news. The rise of the 'non-traditional' worker places considerable implications on HR management teams and the full-time staff

who look to them for leadership and guidance.

It also raises issues around performance, maintaining strict quality of the work; staff engagement and ensuring part-timers feel valued and a part of a team. Many of these issues can be addressed by HR management at the time of bringing the gig worker on board. HR must ensure there is a cultural alignment between the employer and the employee and that they understand the overarching business goals and values.

The gig economy also poses the question around loyalty, and with the constantly evolving full-time/part-time/freelance mix, or balance, of employees, HR professionals believe it simply no longer exists.

Ben Morris, construction company, Mirvac's Co-Head of HR and GM Performance Reward, would agree. "What is loyalty these days?" he says. "If I was coaching someone around commitment to their employer I'd say their commitment to you is four weeks and I think that is just the reality of how we work."

While the outlook towards work is



HR management teams are no longer trying to 'cope' with higher turnover of staff - they've embraced it



changing, so too is the way human resource divisions are responding. By changing their outlook and their response, HR management teams are no longer trying to 'cope' with higher turnover of staff - they've embraced it.

"Since the concept of loyalty is diminishing, it's time for us to reframe and say, however long you want to be here, we hope it's a good time and we can utilise you effectively," said Mr Morris.

"Changing this perspective means HR divisions will no longer get frustrated by the fact that people aren't staying and you're just providing a great experience for them, however long they're there for."

Senior HRBP Organisational Development of Volkswagen Group Australia, Paula Tufa, says her employee tenure is typically capped at around three years.

"We know that they're not going to be there forever, whereas if you came to Volkswagen 10 years ago, it was a very different story," she said. "It used to be, what are you doing for me until I retire? But you can absolutely see in the last few years that's changed exponentially."

Because of this, Ms Tufa said the company is big on creating a career path even if it means moving outside the business.

"We just look at it like, how can we track you for this 'tour' and then move you on, instead of trying to hold on. This is especially relevant in marketing and IT departments."

Through this lens HR professionals such as Ms Tufa recognise that there is a more powerful long-term loyalty that supports growth and increases brand capital exponentially compared to the old concept

of keeping staff for long tenure. This new loyalty is retaining them as brand advocates after their 'gig' or 'tour' on the job.

When people have a great experience with the brand, they move on to other companies and into the world as a long-term brand advocate and influencer, following, supporting and recommending the brand for many years to come in many different scenarios including social media.

This brand capital is immensely powerful in today's fluid socially connected world, so the focus of forward thinking HR professionals in the gig economy is to ensure long term and gig team members alike have a great experience and become loyal to the brand even after their gig inside the brand has long since come to an end.

In terms of keeping a gig-worker on board, HR departments have turned to a different type of currency – purpose. That is, finding positive job meaning, or purpose, in an employee's daily role.

"When an employee feels that what they're doing is really having an impact, that's when they feel their best. You can bring on everything else, but it means nothing if the job they're doing is a job that they really love doing and they can see the results. That's when you've got them," said Lexmark Human Resources Director, Maryanne Abdullah.

Purpose is certainly the currency in the Government sector, said NSW Department of Planning Environment Executive Director, Helen Lyons.

"We don't pay bonuses or commissions or anything like that. We have engineers and architects who work on projects and they can say things like 'see that light rail, I was part of making that better'," she said.

"So, it's those non-monetary things that allow us to get the heart as well as the head."

If companies are not quite ready to shift part of their workforce to freelance, there is another trend within the gig economy that they should consider: flexibility. Now more than ever, employees are expecting more flexible work environments and variable employment arrangements.

A global report by Mercer this year, based on 5400 employees and 1700 HR professionals from 37 countries and 20 industries, reported a rise in people expecting their employer to "make work work" for them as individuals.

According to a recent study by recruitment firm Hays, 55 percent of Australians would take a 20 per cent salary cut in order to work from home. A further 22 percent would sacrifice 10 percent of annual income in return for flexible working arrangements.

Airtasker is an online community marketplace for people and businesses to outsource tasks, find local services or hire flexible.

Airtasker's 2015 survey of the future of work revealed that 85 percent of Australians believe that the traditional nine to five office hours are inflexible for both present and future workers.

With the gig economy growing at an exponential rate, driven by the power of the digital age, the workforce is undeniably undergoing major transformations. This phenomenon offers remarkable opportunities for both employees and

employers – provided the correct systems are put in place.

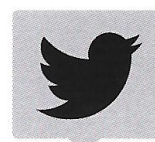
While initially the gig economy presented an uncharted grey area between gig workers being employees or independent contractors, the reality is they're a bit of both. While they work independently, offering their services to multiple agencies, they still need to feel part of a team. Providing them with this will allow them to align with company culture and business values, and ultimately ensure what they're producing meets company expectations.

While the number of gig workers is only set to increase, the HR industry is already proving that it is up for the challenge. In order to plan for further development of a changing workforce, it's imperative they remain ahead of the curve. Offer flexibility and meaningfulness and in return, there's maximised engagement, satisfaction and productivity for everyone involved.

The OrgDev Institute whitepaper is available to be downloaded for free at <https://goo.gl/phNxvn> **HR**



John Belchamber is the Chief Development Officer of the OrgDev Institute (Organisational Development Institute). The OrgDev Institute (ODI) was founded by 10 industry leaders from Australia, New Zealand, Singapore and the United States to provide industry practitioners from across the globe with best of breed tools and solutions to create happier and more productive people in the rapidly changing workforce. OrgDev Institute is a partner company of PD Training, one of the world leaders in professional development courses.



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