



Agents of Workforce Change - the Gig Economy is Here and Growing

By Alan Wong, Managing Director, Kelly Services Hong Kong

- **The advent of the gig economy poses new challenges and opportunities to businesses and is likely to bring wholesale changes to the work landscape.**
- **Today's younger generation of workers are inclined to be less committed to the idea of working for one employer for life and more intent on directing their own careers. Flexibility is also a key driver for those seeking a new employment experience, with each generation placing value on what flexibility offers for its own specific reasons.**

A global shift in the changing nature of employment has given rise to the so-called gig economy, widening the scope for individuals to exert greater control over when, where and who they work for and providing employers with the flexibility to hire talent to perform particular tasks or undertake specific short-term projects.

As the gig economy gains traction, *"The 2018 PERSOLKELLY APAC Workforce Insights - Gig Economy:*

How Free Agents are Redefining Work" survey findings published by PERSOLKELLY, a joint venture between Kelly Services and Japanese HR firm Persol Holdings, reveals the changing relationships between employees and employers offer a mixed bag of positives and negatives for both parties. Few would argue with the observation that the "world of work" is undergoing disruption, resulting in new business models, technological developments and shifting attitudes to the way individuals choose to work.

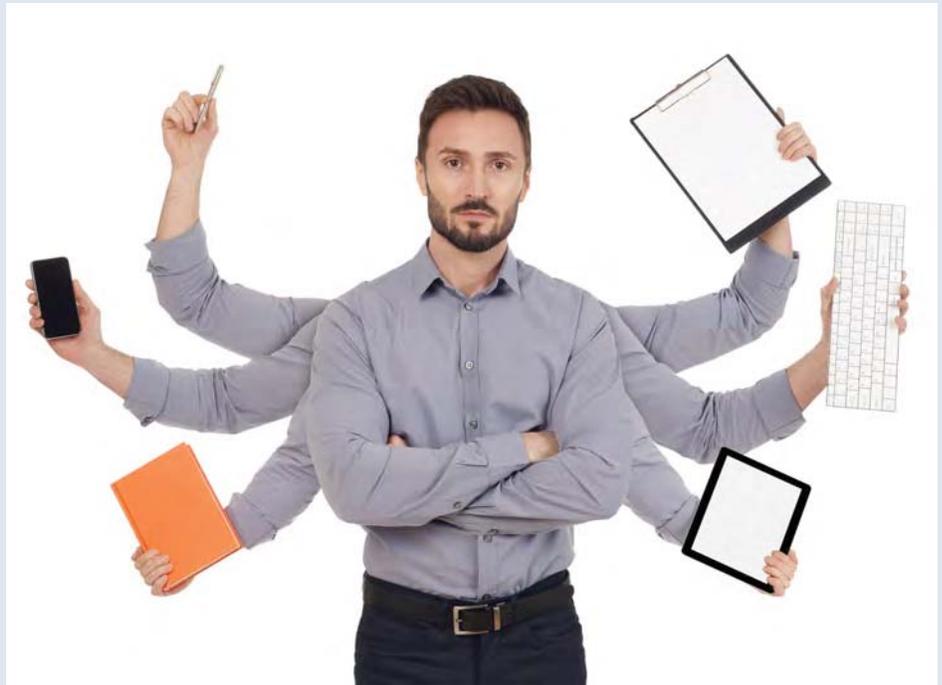
Characterised by the prevalence of short-term contracts or freelance work as opposed to permanent jobs, the gig economy has been on the rise for several years, and there is plenty of evidence to indicate the trend will continue to grow. Traditionally, while freelance or contract work was mainly associated with creative professions, such as designers, artists and video producers, today, driven by the internet and cloud technologies, part of the "fourth industrial revolution", the gig economy encompasses just about any

type of work that can be performed on a freelance basis, including senior roles in the finance sector.

Noted futurist and best-selling author, Faith Popcorn, founder and CEO of marketing firm BrainReserve, whose proven 95% accuracy rate includes everything from prophesying the popularity of home delivery services to the cultural trends that led to Donald Trump's presidential win, predicts that in the future individuals will have seven or eight jobs, with the average adult working for a number of companies simultaneously, rather than working for one employer. Whether Popcorn's predictions come to fruition remains to be seen, there is little doubt that the variously termed sharing economy, platform economy or gig economy is expanding in Asia. Across the region and industry sectors, technological, demographic and market forces are driving these changes and they are more likely to accelerate than slow down.

Gig work reflects the changing work landscape

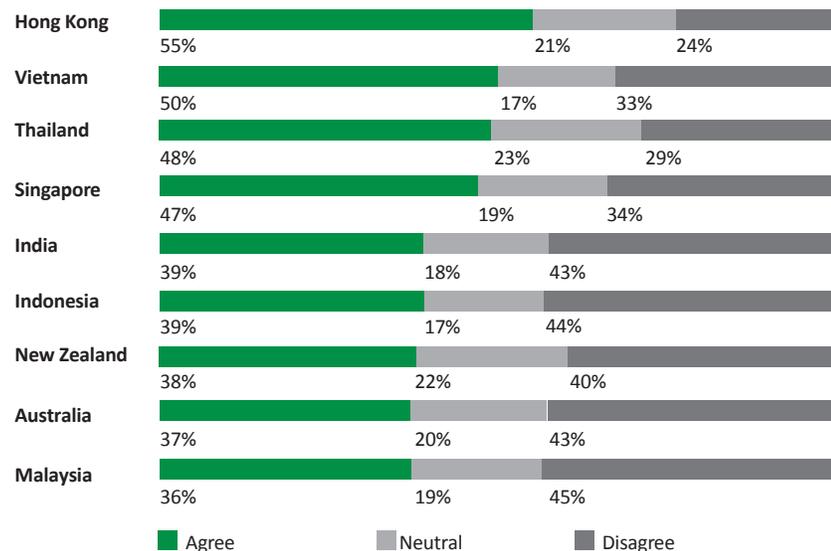
From an organisational perspective, "The 2018 PERSOLKELLY APAC



Workforce Insights - Gig Economy: How Free Agents are Redefining Work survey has found that 64% of Asia-Pacific organisations expect flexible work arrangements to increase over the next three years. Similarly, 88% of C-suite Asia-Pacific leaders are expecting to maintain or increase their number of contingent workers

as a way of implementing cost efficiency measures and gaining access to specialist skills and a fluid workforce that is adaptive to change. Globally, meanwhile, the style of work preferences of different generations, the technology-led "fourth industrial revolution", and businesses looking for ways to boost efficiency while making cost-savings, are collectively creating a broader environment, conducive to the growth of the free-agent workforce. Mirroring the global trend, according to a Hong Kong Legislative Council Secretariat report, from 1999 to 2015, Hong Kong saw a 40% increase in the size of its flexible workforce. "The 2018 PERSOLKELLY APAC Workforce Insights - Gig Economy: How Free Agents are Redefining Work" survey, which surveyed 9,000 hiring managers and job candidates between the ages of 20 and 70, from Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, Singapore, Thailand and Vietnam, reveals that Hong Kong leads the way when it comes to embracing the concepts of the gig economy in the Asia-Pacific region. Among Hong Kong employee respondents, 55% reported they are looking for a flexible contract-based role instead of a traditional permanent full-time position. This

Responses by country to the statement "there is a preference in your country for more flexible employment"



Source: The 2018 PERSOLKELLY APAC Workforce Insights - Gig Economy: How Free Agents are Redefining Work

compares to 43% for the entire Asia-Pacific region, and by country, 37% in Australia, 36% in both India and Malaysia and 47% in Singapore. In Hong Kong, banking and finance, retail and IT outsourcing companies continue to be the predominant users of contract staff, while front-line sales, event promoters, back-office roles and IT industries are the industry sectors where contract workers are most in demand.

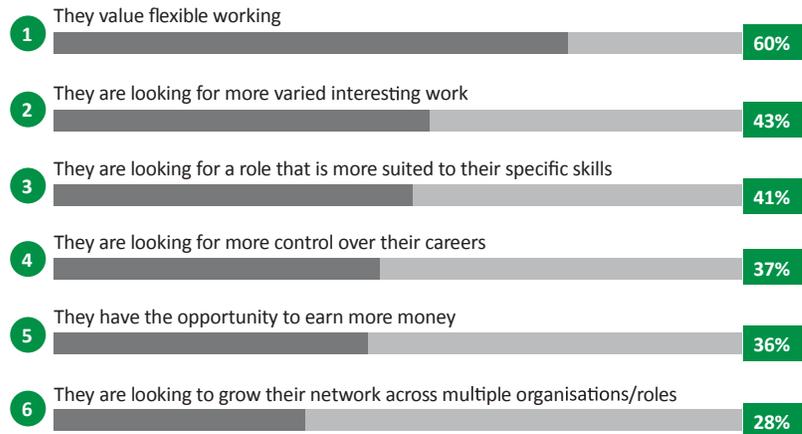
Flexibility a key factor

While the gig economy is not yet widespread, it is gaining traction – with age proving to be the main differentiator of attitudes and behaviour. Today’s younger generation of workers are inclined to be less committed to the idea of working for one employer for life and more intent on directing their own careers. Flexibility is also a key driver for those seeking a new employment experience, with each generation placing value on what flexibility offers for its own specific reasons. In the Asia-Pacific region, for example, Generation-X employees tend to value flexibility for the opportunity it presents to manage family responsibilities. Members of Generation-Y, who are often planning to start a family or already young parents, view flexible working as a way to earn more money while managing their family responsibilities. Meanwhile, members of Generation-Z tend to view flexible contract employment as a way to satisfy their search for varied and interested work and the opportunity to strike a balance between their personal lives and professional career goals.

Adapting to change

Employers that make flexibility a core part of their employee value proposition stand a better chance of being successful in the attraction, retention, and engagement of talent and ensuring its well-being. However, not all organisations are in the position to offer flexible working arrangements to their employees. Large organisations, for example, have the advantage of being equipped to offer flexibility through

Why do some people prefer flexible contract-based roles rather than traditional permanent full-time roles?



Source: The 2018 PERSOLKELLY APAC Workforce Insights - Gig Economy: How Free Agents are Redefining Work

reduced hours, working remotely from home and days off. Small companies, on the other hand, often need the continuity of permanent full-time or permanent part-time staff to manage workflow. Hong Kong’s current climate of low unemployment and widespread talent shortage makes finding enough staff to cover the regular workload a tough proposition, before considering offering flexible working arrangements.

The pros and cons

While Hong Kong employers and employees both welcome the principles of the gig economy, they also hold reservations about the pros and cons that gig-style work may create. A main concern for employers is their ability to effectively integrate contingent workers into their workforce. According to KellyOCG’s “Workforce Agility Barometer”, 66% of employers are concerned about the retention of intellectual property within their organisations while 59% are worried about protecting confidential information and data security. On the other hand, 38% of employees raised concerns about the loss of job protection and access to health benefits. In addition, a significant number of contingent workers feel that staff employed on freelance or

contract terms are an expense instead of an asset and are treated differently than permanent staff. Among the more frequent examples is being excluded from learning and development and career advancement opportunities. Contingent workers also report being assigned tasks that permanent staff don’t want to handle.

As businesses search for effective ways to ensure their long-term success and sustainability, the gig economy is destined to form an increasingly integral part of the “new world of work”. As the dynamics of the new world of work unfold, HR practitioners will be tasked with the challenge of formulating strategies that identify and engage the right people, to assign to the right jobs, at the right time. To do this successfully, they may need to review internal policies, which in some cases have impeded creativity and progress in harnessing talent to drive their organisations forward. Faced with new talent management challenges, they will need to identify optimal talent solutions that maximise their companies’ agility and talent attraction capabilities to lead their companies to achieve their critical goals, while making sure that the gig economy works for all parties. 