



Rumors of the Death of the Gig Economy Are Greatly Exaggerated

Insights

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Now that the US economy is showing signs of recovery, especially in the area of job creation, some observers have noted that the pool of available contingent workers appears to be shrinking, as workers return to more traditional employment. Some commentators have pointed to this trend as a sign that the gig economy may be over. Others say: “Not so fast.”

Commentators who suggest that the gig economy is shrinking and may soon become much less important to the US economy point to the falling number of contingent workers and the lengths to which some businesses are going to fill demand. For example, in the face of fewer available contingent workers, many businesses have resorted to offering perks, such as signing bonuses, to attract enough contingent workers. Similarly, the demand for workers with specialized skills in fields such as engineering and computer science exceeds the supply, and the shortage has driven up the fees that such workers can command.

However, as commentators who have concluded that the gig economy will continue to be relevant for some time note, the number of contingent workers has not fallen off across the board. For example, as Jordan Yadoo at Bloomberg reported, while the overall number of contingent workers who were working at least 15 hours per week fell this year by 700,000 to 16.2 million, the number of high-earning contingent workers—those earning over \$100,000 per year—is up 4.9 percent to 3.2 million this year, and according to one recent survey, the percentage of these high-earning contingent workers is up over 60 percent since 2011. These high-earning contingent workers overwhelmingly tend to be workers with in-demand specialized skills. The business trend toward hiring workers with specialized skills on a project basis is also fueling the demand and driving up fees.

Similarly, the total number of “occasional” contingent workers—workers with regular jobs who supplement their income with “side gigs”—has increased 23 percent this year to about 12.9 million. This year’s weak wage growth may be the engine that is driving the increase in occasional contingent workers. Moreover, as Yadoo reported, some 65 percent of the workers surveyed said they are in the gig economy by choice, up from 59 percent in 2016, and 55 percent in 2011, when the job market was weak and many turned to gig work out of necessity.

So, while there is no question that certain aspects of the gig economy have shrunk as the availability of more traditional employment improves, the real story is that the gig economy is adapting and

evolving in response to the needs of the businesses and workers who access it and will likely continue to be an important machine in the US economy for the foreseeable future.