



Study Shows The Gig Economy Isn't Just For Start-Ups

Insights

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When most hear the phrase “gig economy,” they immediately think about giants like Lyft and Uber. Personally, I use Lyft and Uber often while traveling and enjoy talking to drivers about why they choose to work in the gig economy, how long they have done so, and whether they enjoy their jobs. Most enjoy their gigs, and have been doing them for less than a year. Many of the drivers also have full-time jobs, but prefer the flexibility of making extra money during their down time.

Others who hear the phrase immediately think about companies on the other end of the gig spectrum: start-up businesses. Many of these companies are small, and are unable to offer fulltime employment to workers. For these businesses, being able to offer wages to workers per task, as opposed to on an hourly basis, is cost effective. Doing so also absolves them of many financial burdens associated with hiring traditional W-2 employees.

However, according to a [recent article](#) on Fortune, large, multi-national employers are increasingly engaged and active in the gig economy. The article describes a recent University of Oxford study which showed that more large employers are using freelance platforms to find designers, marketing staff, information technology specialists, and other professionals. According to the study, large companies have cited three primary motivations for utilizing freelance platforms: (1) it provides easy access to a scalable source of labor, skills, and expertise; (2) it reduces start-up and transaction costs; and (3) it eliminates traditional hiring barriers. Speed and efficiency are integral components of business, so having easy access to talent is very important. Transaction costs are a necessary evil for most businesses, so finding effective ways to reduce these costs, while not losing quality, is important. Freelancing platforms have enabled employers to hire a more flexible workforce in low-cost ways.

Large Companies Use Freelance Platforms

According to Upwork, an online freelancing platform, large employers are relying more heavily on freelance workers. Just a few years ago, many of Upwork’s clients were start-up businesses, and small companies – usually under 100 employees. More recently, however, the demand for their online freelancing services has expanded to include more large, multi-national companies. Accordingly, Upwork has doubled the size of its “enterprise team” that supports Fortune 500 companies.

Samsung was one of the businesses included in the Oxford study. In early 2016, Samsung began working with Upwork to resolve issues related to staffing quick turnaround projects. The article indicates the company has been very happy with its collaboration with Upwork; using the platform enabled it to realize a 60% cost savings and reduced administrative time by 64%. In addition, Samsung's onboarding process was improved to seven times faster than with traditional models. Needless to say, Samsung has plans to expand the model and relationship with Upwork.

What Will the Future Hold?

If this trend continues, it could permanently change the traditional workforce model. Once the results of the Oxford study are seen by other large companies, it is likely that many other companies will begin using online platforms in the same manner. The motivations cited by companies participating in the Oxford study are likely shared by many other similarly situated companies who did not take part in the study. We will continue monitoring the rise of this phenomenon, as well as its relative impact on the workforce.