

THE GIG ECONOMY: A NEW WORKPLACE REINVENTED

Although the notion of the “gig economy” has, in recent years, become more mainstream with the likes of Uber, Instacart, and Waitr, it actually dates back as early as the 1900s with individuals, like musicians, who sought greater work flexibility with the benefits of being employed. The most simplistic view of the gig economy refers to employment that is outside a permanent job—often short-term—with labor protections such as unemployment and workers’ compensation. The world continues to rapidly evolve as technology transforms modern business.

Based on the policies instituted in recent months, the global pandemic is sure to change the way the world lives and works. COVID-19 has shown policymakers the true size of the gig economy for the first time, and it has become apparent that many of these workers are responsible for essential jobs during the pandemic.

Prior to the pandemic, over a third of U.S. workers were performing jobs within the gig economy. These numbers will begin to rise as the new normal of the pandemic is confronted, settles, and engraves its mark on society.

Researchers published an analysis in 2016 of what they referred to as “alternative work arrangements.” That term is more informative than “gig” because it adds more context to what has been going on in the American workforce since the 1980s. The term covers on-call work, temporary agencies, and independent contractors. American employers, for decades, have been adopting strategies to shed themselves of employees with benefits and other overhead costs. Between 2005 and 2015, researchers found that the percentage of women who were employed in any alternative work arrangement almost doubled—8.9% to 17%—and the numbers for men rose to 14.7% from the previous 12.3%. Today, one out of ten work injuries happen without the worker being covered by workers’ compensation at the time of injury. Some 90,000 lost time compensable injuries may be lost to the system each year. The workers’ compensation landscape continues to monitor the gig economy and explore coverage options.

Interestingly, the National Council on Compensation Insurance (NCCI), a trusted source for workers’ compensation information, noted that the proportion of self-employed and nontraditional work arrangements have not increased in the last 15 years with respect to primary employment. There are still about 15 million people in alternative work arrangements as their primary job and as many as 30% of US adults do some informal work. Most workers in nontraditional work arrangements earn less than one-quarter of their annual income from these sources.

The number of Americans doing electronically mediated work has tripled in the past five years, but income from this work still accounts for less than 1% of total income.

Several state legislatures and agencies have considered whether certain nontraditional workers should be employees or independent contractors. One thing is for sure is the gig economy will continue to be a game-changer for years to come. Enterprises will continue to need to adjust their operations to accommodate the new innovations and regulations, and gig economy workers will need to prepare to quickly pivot to line up with new regulations and to seek out opportunities that will offer meaningful benefits. Ultimately, as industries continue to evolve, everyone will still be able to win in a multi-billion dollar gig economy industry.

NCCI Explores: Is the Gig Economy Creating Full Time Jobs or Just Side Hustles? Posted Date: July 11, 2019

Which of the following are likely to be workers’ comp game changers in the next 15 years?

AIS Poll Respondents

