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### Highlights

## Role of HR in GIG Economy | Aparna Sharma | Senior HR Professional & Certified Corporate Director | Editor's Collection

What do Uber, Swiggy, AirBnB, amongst others have in common, besides providing services at lower costs? Their leverage on information technology (IT)! IT has overcome the barriers of distance, time and cost, thereby levelling the playing field for everybody, allowing (or forcing, depending on who you ask) not just companies, but also individuals to compete in terms of costs, turnaround time, product quality and geography. It is therefore no surprise that IT-based companies are at the forefront of the gig economy.



### What is Gig economy?

Gig economy is simply, a big group of part-timers and freelancers working on contractual or ad-hoc basis. In the gig economy, “employees” are professionally referred to as contract workers. They are from all walks of life, participating in the gig economy to earn additional income, have a career that offers flexibility, try out for the experience, kill time, or simply out of passion. Some of

them even have day jobs. Due to these factors, they are less concerned with earning a fixed, steady salary and are in it for additional income. This helps to lower the effective costs of companies, at the same time increase the income of these “employees”. It is easy to see why the trend of the gig economy is on the rise.

### **Impact to HR: Challenges and Opportunities**



The impact of any trend is often obscure, with intertwining challenges and opportunities. It is not any different with the gig economy. Even though this is a growing trend, it currently encompasses a small portion of world’s recruitment market. It will be a rising challenge for HR as it is one of the first divisions in a company to deal directly with contract workers. A challenge that is best dealt with early on.

A survey by PwC found that less than 30% of employers are strategizing their future talent acquisitions based on the emergence of the gig

economy, in contrast with up to 46% of HR professionals expecting their workforce to be made up of at least 20% contract workers by 2020. Underestimating the demand for contract-based jobs hampers HR professionals’ foresight in sourcing for talents. Jobseekers with the right, or even more than adequate skills may be overlooked by recruiters simply because there is a gap in contractual – full time work expectations. This in turn, slows down hiring, which could potentially lower productivity, not to mention indirectly depriving a company of good talents.

The gig economy is not the only trend that is emerging; employee engagement, workplace culture, and work flexibility / mobility are also on the rise. The weight will be on HR to merge them to create a better workplace for employees.

Being contract workers, they are more likely than not to see little need for anything else except to get their work done. As such, the resulting lack of adherence to workplace culture would disrupt the intricate balance in the workplace and this could cause anxiety level to rise amongst permanent staff. HR professionals will need to be more nimble and proactive when it comes to managing contract workers.

The presence of contract workers accentuates the level of work flexibility / mobility within the workplace. This will inevitably ruffle the contentment of some permanent staff, raising questions such as “how am I different from him / her?”, “why can’t I have more flexibility too?”. The perceived inequality is biased nonetheless, so HR professionals will have their work cut out for them; to create awareness amongst permanent staff over the pros and cons of being a contractual worker.

Despite the challenges, there are also opportunities that HR professionals can exploit. Contract workers are relatively more cost efficient because in the long-term, companies save on expenditure related to hiring permanent staff. Creating a database of contract workers that are able to meet the requirements of the company in terms of work quality and cost will improve the search for talents. On top of this, HR professionals who are proactive will be on the constant lookout for talents who can give their companies a good value proposition. In this sense, HR stands to add value to the company.

One can expect the skillsets of contract workers to be ever evolving to cater to their demand for flexibility in careers. As such, a contract worker in the coming years may be multi-skilled. On top of this, there is the added dimension of increased diversification in employee profile. This is where HR professionals can move up the value chain by taking up more strategic roles in identifying, managing and tapping onto the pool of available contract workers. A diverse talent pool that is multi-skilled and requires ad-hoc procurement will require the help of technology to properly manage. If there isn't already a reason to push for HR management systems or data analytics, this is the best time to do so.

The emergence of various trends in the labour market is inevitable and bring much challenges. As with any trend, the sustainability of the gig economy is not certain. HR professionals can always ignore it as another fad. But the question isn't whether the gig economy is a fad. The question is, what if it is not. How HR professionals respond to rising challenges will prove critical to talent-thirsty companies and jobseekers alike.



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