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U.S. labor market and the need for skilled workers, by turning to gig work.

Isaac M. O'Bannon • Mar. 16, 2020



While technology and innovation are transforming the way we work, they are also directly impacting *why*, *when* and *where* we work. In a first-of-its-kind study, the [ADP Research Institute](#) has focused the spotlight on the gig workforce in organizations, often described as a hidden or 'shadow workforce.'

The research report titled, *[Illuminating the Shadow Workforce: Insights into the Gig Workforce in Businesses](#)*, reveals tenured workers and retirees are capitalizing on the

tight U.S. labor market and the need for skilled workers, by turning to gig work. The

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compliance implications for businesses of all sizes.

In addition, the ADP Research Institute identified two worlds of gig workers in businesses. The first is comprised of 1099-M contractors who are independent contractors, often hired for their skillset on a project basis. These skilled, tenured workers tend to be older, highly educated and choose to work on what they enjoy. In fact, 30% of 1099-M gig workers are aged 55 or older. For some, their gig work is supplemental income to their retirement savings. The second includes short-term W-2 employees who are younger, less educated, have a lower income, and are typically working on a seasonal or on-call hire basis.

“It is clear there is a fundamental shift in the workforce as innovation continues to transform work, increasing the demand for skilled workers,” said Ahu Yildirmaz, co-head of the ADP Research Institute. “To bridge the talent gap in today’s tight labor market, many companies are hiring skilled workers at a premium. Our research shows that companies are turning to tenured, skilled workers and retirees on a gig-basis to meet this growing demand.”

Spotlight on the Gig Employment and Key Findings

Following are additional takeaways from the report:

- **Gig work is growing:** From 2010 to 2019, the share of gig workers in businesses has increased by 15%, with both short-term W-2 and 1099-M gig workers contributing equally to this growth. The research indicates gig work will continue to grow, further impacting workforce dynamics and forcing companies to optimize talent management and workforce strategy.
- **Every industry relies on gig workers:** Recreation, construction and business services are the top three industries utilizing the gig workforce.

- **Contract life is a choice:** More than 70% of 1099-M gig workers say they are

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- employees working for 12 consecutive months is similar, regardless of being a 1099-M worker or a traditional W-2 employee.
- **Millennials and Gen Z gig it their way:** Gig workers under the age of 34 view themselves as traditional employees, perhaps reflecting the shift in the workforce. However, the prospect of health insurance does not appear to change their job behavior. In fact, 74% say they would continue to work as a 1099-M worker, even if they lost their current health insurance.

Added Yildirmaz, “While the term ‘gig worker’ has seamlessly integrated into our vernacular and culture, there has been no real data-driven insight into the gig workforce in the enterprise space. This ‘shadow workforce’ is comprised of workers with vast skillsets, who work across all industries and in all regions of the U.S. Additionally, we have found that the majority of these workers are doing gig work out of preference.”

To see the detailed report, *Illuminating the Shadow Workforce: Insights into the Gig Workforce in Businesses*, including all data and insights, please download the report at <https://bit.ly/2IwRSDI>.

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