



Generation Y and the Gigging Economy

The transformation of UK graduate career aspirations
and what this means for businesses

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Introduction

The world of work is changing at breakneck speed. A prolonged global economic downturn has encouraged people to explore new ways of earning a living. Technological advances have made it possible to work collaboratively with people all around the world. And the challenges of balancing home and work life have spawned imaginative new solutions.

At Elance, we wanted to better understand how these mega trends are impacting on the career aspirations of UK University graduates from Generation Y - those born after 1980.

Though many of this generation have graduated and begun their careers during a time of economic crisis and stagnation, this group will make up a significant portion of the business leaders of the coming decades, developing businesses and driving the economy.

In particular, we sought to understand the extent to which Gen Yers are embracing a trend we've seen explode in the US – so called 'gigging' (working independently for several companies rather than one employer).

We think the results of our research into this area are startling. We've unearthed an enormous enthusiasm for gigging among UK graduates. Whereas the Baby Boomer generation prized the idea of a 'job for life' and Generation X accepted that their careers would consist of several jobs for different employers, it seems that today's Gen Y grads are questioning the value of having a traditional 'job' at all.

In this report we'll examine what gigging means and the extent to which Gen Y high fliers are choosing it as an alternative career path. We look at some of the key drivers and motivations behind their choices and the reactions of their Baby Booming parents. Finally we'll look at future gigging trends and the implications of the rise of the "Gigging Economy" for businesses wanting to recruit and retain the very best talent in this generation of workers.

Our research indicates that the gigging trend will require businesses to evolve their thinking around how they structure workforces and workplaces – and indeed perhaps redefine the very concept of what "work" is.

We hope you enjoy reading the study and welcome your thoughts on the insights it contains.

Hayley Conick

UK Country Manager

Elance



About the study

To prepare this paper, we commissioned student research specialists, Red Brick Research, to conduct primary research on our behalf. Red Brick interviewed over 1,000 Gen Y graduates in the UK, aged between 20 and 33 in November 2013.

We supplemented the results of this primary research with data from our own database, which draws on our community of tens of thousands of UK freelancers and businesses. We also conducted extensive desk research into existing third party reports.

Unless stated otherwise, data points in this report are taken from the Red Brick primary research.



Fresh research perspectives



What is gigging?

Gigging is a term coined in North America to describe the practice of working independently as a freelancer, as an alternative to pursuing a traditional full-time career.

As organisational psychologist Dr. Michael Woodward recently noted, gigging is where people decide “to work for themselves and offer services to individual clients and corporations. Essentially, it’s about creating and marketing the business of “You” to both individuals and companies looking for contractors.”¹

In the US, gigging is already a well-established phenomenon. An estimated 20–33% of the workforce consists of independent workers, according to a 2013 study by Accenture.²

In the UK, the phenomenon is less widespread, although the Professional Contractors Group estimates that today there are already 1.4 million British freelancers working across all sectors of the economy.³

Little data exists on the attitudes of recent UK graduates towards gigging, and this was the focus of our research.

Gen Y high flyers choose gigging

Our research found that freelancing or gigging is now seen as a highly attractive and lucrative career option by **87%** of students with first or second class degrees. This compares to **77%** of those with lower class degrees.

Interestingly, **21%** of graduates with first class honours say they have already chosen to work as a freelancer, suggesting that the so-called 'gigging economy' is beginning to take hold among those graduates with the strongest degree results.

Furthermore, **29%** of *all* graduates say freelancing is part of their career strategy for the next five years, a fact that suggests the gigging economy will continue to gather pace in the UK.

87% of graduate high flyers say they find gigging attractive

38% of respondents feel they can earn as much, if not more than they could in a traditional job

Flexibility and earning potential big draws

We wanted to find out what was driving this reappraisal of how to work among Gen Y graduates.

The flexibility offered by freelancing is cited as the biggest career draw, with over two thirds (**69%**) of all graduates saying they feel independent work offers them a better work-life balance.

The opportunity to work on a variety of different projects and across sectors is also appealing, with over a third (**38%**) saying this is a significant pull.

Respondents are also attracted to the earning potential of freelance work with **38%** saying they feel they can earn as much, if not more than they could in a traditional job. Elance data shows that the average hourly rate for UK freelancers increased **6.7%** in 2013.⁴

Go to work or be the boss

Entrepreneurialism has become increasingly fashionable in the last ten years: the continued popularity of programmes such as Dragons' Den and the stratospheric success of internet entrepreneurs like Facebook's Mark Zuckerberg, Groupon's Andrew Mason or Tumblr founder David Karp have made entrepreneurs the new rock stars. Being an entrepreneur and running your own business is increasingly viewed as viable, attractive and lucrative. Unsurprisingly Gen Yers are also increasingly eager to pursue an entrepreneurial career path. Over a quarter (**28%**) say they see freelancing as a way to fulfill their ambition to be their own boss.

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Gen Y have also suffered the brunt of the economic crisis, facing record highs in youth unemployment. With the latest data showing one in ten graduates remain out of work six months after leaving university, it's perhaps of little surprise that students are keen to take control of their own destiny.⁵

Vibrant working environments

The kind of working environment available to freelance giggers was also seen as important. Far from seeing freelancing as a career that restricts people to their home, **31%** of Gen Yers say they associate it with vibrant shared work spaces. **29%** say they want to be able to meet and share ideas with people from different companies and ventures.

As gigging has taken off in the US, there has been a concurrent boom in co-working spaces that is now spreading to the UK and Europe. The 2013 Global Co-working Survey found that four new co-working facilities were opening every day globally, and are regularly used by more than 110,000 people.⁶ The survey estimates that there are already over 150 such spaces in the UK, with the number growing rapidly each month.



Club Workspace Chiswick

Parental enthusiasm for gigging lags behind

Despite **85%** of Gen Y graduates seeing freelancing as 'becoming the norm' in the next five years, the research reveals parents are likely to remain more sceptical. Only **1 in 10** believe their parents would actively encourage them to freelance.

Freelancing would be seen as a risky career option by parents according to **41%** of graduates, with **24%** citing their parents' concerns about the lack of company benefits including private healthcare and company pension.

This is perhaps to be expected, given the differing expectation and experiences of the Baby Boomer workforce - according to the CIPD, over half have spent the last ten years with their current employer⁷. It may also take time for early Gen X to accept gigging as a viable and lucrative career option.

Just

1 in 10

believe their parents would actively encourage them to freelance.

The future of gigging

85% of Gen Y graduates say they think freelance or independent working will become a more common and accepted way to succeed in the job market over the next five years. There is plenty of evidence to suggest that opportunities are there for those that choose to pursue this route.

In 2013, Elance data showed the UK's freelance economy is booming, with the number of businesses hiring freelancers online increasing **46%** and payments to freelancers up **37%** year on year.⁸

The data showed that IT & Programming (at **41%** of all hires); Design & Multimedia (**24%**) and Writing & Translation (**18%**) still account for the lion's share of freelance jobs awarded online, but demand from employers has increased across all categories.

The job categories experiencing the biggest surges in demand are Engineering and Manufacturing (**94%**), Finance and Management (**69%**) and Legal (**64%**).

The data would seem to suggest that Gen Y graduates are aware of these trends and actively seeking to take advantage of them.

Top 10 Skills Supplied by UK Freelancers to Businesses in 2013

1. Article Writing
2. Content Writing
3. English translation
4. Blogs
5. Web Content
6. Graphic Design
7. PHP
8. Copywriting
9. Creative Writing
10. HTML

Implications for businesses

Our research shows that Gen Y graduates in the UK are increasingly looking to gigging as a viable career option. This suggests that if businesses want access to some of the UK's top graduates, they will increasingly need to tap into the freelance talent pool. The world of work is certainly shifting to a more flexible, freelance, collaborative experience. For Gen Y, work is no longer a place, the office is obsolete and the concept of a traditional "job" feels increasingly anachronistic.

This does not mean that full time employment will disappear. We will see more and more organisations adopting a hybrid model, where their on-site employees regularly work alongside freelancers both locally and remotely. Many businesses are already doing this recognising that freelancers can be a flexible, cost-effective way to import skills and fresh perspectives.

For those that are just embarking on the journey, here are five things we suggest they do today:

1. **Understand the trend:** The first step is to understand what is motivating Gen Yers to change their career aspirations. We hope this report has provided some valuable insights about the UK situation, but it also useful to understand the US experience, where gigging and freelancing is more established.
2. **Consider the benefits of hybrid models of working:** When hiring a full-time employee it often makes sense to future-proof by hiring generalists – jacks of all trades who can turn their hands to different areas of the business as your requirements change. With freelancers you can bring in specific, niche skills for exactly as long as you need them. This allows you to regularly bring in expertise not available in the core team without the permanent overheads. This will suit high-flying Gen Y grads who want to use their skills but not necessarily in the same business over the long period of time.
3. **Get out of the office:** Gen Y workers whether freelancing or permanent employees want the opportunity to work in a variety of locations. Working from home or from a co-working space one or two days a week is as attractive to Gen Y as the corner office was to their parents. Flexible hours are also valued as Gen Y seek the optimum work-life balance (something their Gen X employers have rarely mastered). Think what you can offer that will appeal from a lifestyle perspective rather than in terms of traditional business "perks".
4. **Use technology to run your business remotely:** Whether you're going to allow employees and freelancers to work from home or you want to tap into the global talent pool available through hiring online freelancers you'll need to set your business up to run well wherever your worker is. There are hundreds of platforms and tools designed to help you do this from Skype and Dropbox to Google docs and Elance; all commonly used by businesses to facilitate collaborative working from different locations. Gen Y are voracious tech consumers - if you're not already using these kinds of tools, get them embedded now.
5. **Allocate internal resources to manage freelancers:** Treat freelancers as an extension of your team. Freelancers are usually used to remote working and very self-sufficient, but they will need someone who can answer questions, handle issues, and monitor work completed over the course of their engagement. Make sure you have designated a project manager or other staff member who has the knowledge and bandwidth to oversee your freelancers. Finally, for Gen Y, having genuine interest in and passion for a project is high on the priority list. The more that you can get them excited about your business and what you are trying to achieve, the more invested they will be in delivering a great result.

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Picture reference

Page 7, *Club Workspace*

<http://club.workspacegroup.co.uk/>

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