

Issue: The Gig Economy

The Gig Economy

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## Are Millennials failing to develop important work skills?

### Executive Summary

Many Millennials are gravitating toward the gig economy of temporary and freelance jobs, enabled to do so by the rise of sharing-economy companies such as Uber and the advent of powerful social media. Many who have taken this route say they enjoy being untethered from the traditional workplace and have little interest in permanent full-time jobs. Some observers say the 2007–09 recession and the soft economy that followed have pushed Millennials in this direction. Whether because of choice or necessity, the increasing prevalence of gig work raises the question of whether these younger workers are failing to learn the communications, leadership and teamwork skills that come from functioning in a more conventional work setting.

Some key takeaways:

- The number of those working in the gig economy increased 60 percent between 1997 and 2014.
- Millennials who expect to leave their jobs within two years exceed those who plan to stay for at least five years.
- A wealth of social media apps and websites has sprung up to facilitate life in the gig economy.

### Full Report



Uber and its ubiquitous app have come to symbolize the gig economy, with all its strengths and drawbacks. (Adam Berry/Getty Images)

Author and motivational speaker Simon Sinek argued recently that Millennials are spoiled – and this is wrecking U.S. workplaces.

“I keep meeting these wonderful, fantastic, idealistic, hardworking, smart kids, they’ve just graduated school, they’re in their entry-level job,” Sinek, who is 43, said in a December television interview. “I go, ‘How’s it going?’ They go, ‘I think I’m going to quit.... I’m not making an impact.’ I’m like, ‘You’ve been here eight months!’ ”<sup>1</sup>

Sinek’s argument: A perfect storm of internet-fueled impatience, a soft U.S. economy and poor interpersonal communication skills has made the generation born between 1982 and 2004 unfit for the traditional workplace.<sup>2</sup>

But there is another possibility: Because they came of age during the rise of major startups that earned billions of dollars by disrupting entire industries, Millennials don't *want* to be in that traditional workplace.

The Millennial workforce and the biggest startups are so intertwined because high-flyers such as the ride-sharing company [Uber](#), valued at \$69 billion, and hotel-alternative [Airbnb](#), worth \$31 billion, don't rely on traditional employees.<sup>3</sup> Uber is powered by independent contractors using their own vehicles to ferry customers around, while Airbnb asks people to rent out their homes (or their apartments, creating a matryoshka doll of renters renting a place they don't own).

The trend has a catchy name, coined at the height of the financial crisis in 2009 and derived from an earlier term applied to jazz musicians: the gig economy.<sup>4</sup> And it's a growing phenomenon. The number of these nontraditional workers – defined as the self-employed, sole proprietors, contractors and freelancers – increased from 15 million in 1997 to nearly 24 million in 2014, according to a study by the Brookings Institution, a Washington think tank.<sup>5</sup>

The growing prevalence of these young gig workers is reshaping the American workplace by changing the expectations people have about their work, the way they communicate with each other on the job and the competencies they develop. It also raises the question of whether Millennials will possess the skills in communication, leadership and teamwork needed to function in a more traditional corporate environment, should they choose to make that transition.

## Why Millennials Are Turning Down the 9-to-5

A wealth of data demonstrates that large numbers of Millennials, although perhaps not the majority, are uninterested in traditional jobs. A 2017 survey by the [Deloitte](#) consulting firm found that nearly one-third of Millennials worldwide prefer freelance work to full-time employment. It also found that the number of Millennials who anticipate leaving their current jobs within two years exceeded those who expect to stay for at least five years (although the gap has shrunk from last year).<sup>6</sup>

Millennials themselves cite three primary, correlated reasons for turning down traditional work: the soft economy, growing freelance opportunities and technology-enabled freedom.

"The Millennial struggle is definitely unique to our economy," says Katasha Kay, a self-described "recovering broke Millennial" who created the financial website [Broke Girl Rehab](#). "When my mother was my age, she was able to walk into an office – with no degree and no experience – and land a middle-class job as an IT professional. That's impossible now."

Instead, many Millennials are looking to create stability through a patchwork of jobs. Kay says she utilized the freelancing platform [Upwork](#) to make a living while traveling abroad, while other Millennials who shared their perspective discussed using online freelance marketplaces [Fiverr](#) and [TaskRabbit](#) to get revenue.

Morissa Schwartz, who created the online publishing site [GenZ](#) and authored a book on the gig world, says the economy is pushing her generation to go independent. "People are interning to get jobs, but that doesn't guarantee an opportunity as much as my mom's generation. Some of us would actually like to get jobs."



Simon Sinek: Millennials' elders didn't prepare them for today's economic realities.

There is a fascinating parallel between the Millennial take on an American Dream deferred and non-Millennial Sinek's view of the younger generation. In the TV interview, Sinek said that the older generation bears responsibility for the current Millennial challenges because it didn't prepare Millennials for the new economy of instability and disruption.<sup>7</sup>

Schwartz voices a similar thought: "My high school counselors said, 'You need a 9-to-5 to be a success,' but I don't. My counselors and advisers said, 'You need internships, you absolutely need to do this and that to succeed.' It virtually brainwashed us into thinking this was the only path."

It is no coincidence that the gig economy took off as the internet increased ways to generate revenue and boosted freelance job opportunities. Once-costly websites could now be launched for free, Web domains bought for under \$10 and social media profiles set up as virtual storefronts within minutes. And, of course, there were the Millennial role models, entrepreneurs such as [Facebook](#) co-founder Mark Zuckerberg and [Snapchat](#) CEO Evan

Spiegel, who banded together with others in their generation and created their own economic weather just by using a computer.

"I have the entrepreneurial spirit to do what I want when I want," Schwartz says. "I think many of us have that independent spirit being part of the internet generation."

The road is still steep, however. At tech incubator [YCombinator](#), the original business accelerator, less than one out of 10 startups attained a value of at least \$40 million. In other words, even at one of the most successful entrepreneurial organizations in Silicon Valley,

most entrepreneurs did not achieve significant success.<sup>8</sup>

## The Communication Gap

[Apple](#) unveiled the first iPhone in 2007, just months before the U.S. economy tanked, and at a moment when many Millennials were coming of age. The launch of the now-ubiquitous smartphone changed the way people communicated, spawning a host of apps ranging from Slack and iMessage to Instagram and Snapchat, as well as nomenclature such as text abbreviations and Japanese emoticons.

It also created a generational communications gap in the workplace, between Millennials raised on e-conversations through tech venues and older employers accustomed to face-to-face or at least telephone talks. And that gap may be shortchanging Millennials by leaving them wanting in some important communications skills, says Jodi Raymond, founder of [People Matters](#), a Michigan-based human resources firm.

“Building and maintaining effective relationships over time is an essential part of day-to-day life in the corporate world,” says Raymond, speaking about where she believes gig-economy Millennials may need to improve their skills. “Welcoming and acclimating new team members, listening deeply, sharing ideas without alienating teammates, working with challenging personalities, valuing and bringing together diverse perspectives, managing conflict and handling criticism are all aspects of being part of a team.”

Raymond adds that another valuable skill is “the ability to quickly understand a corporate culture and the ability to effectively operate within it. It includes identifying and interpreting formal and informal structures, building allies and relationships across departments, and behaving professionally. Being in an organization grows patience for bureaucracy and knowing how to still make an impact while staying within the written and unwritten boundaries.”

Kay says that having – or lacking – such skills can really matter. “I’ve noticed that for people who don’t have experience working in an office, they operate at a level that’s cute when you’re just a solopreneur,” she says. “But when you’re managing a team and landing \$100,000 contracts, that lack of professionalism makes everything fall apart fast.”

As for Schwartz, she’s finishing work on a master’s degree in communication at Monmouth University in New Jersey. “I need to make sure my communication is down pat,” she says.

## The Dark Side of the Gig Economy

Few pop-culture moments resonated as powerfully among Millennials as the publication of “The 4-Hour Workweek” by Tim Ferriss. The book, destined to become a best-seller, arrived in April 2007, just two months before the iPhone launch.

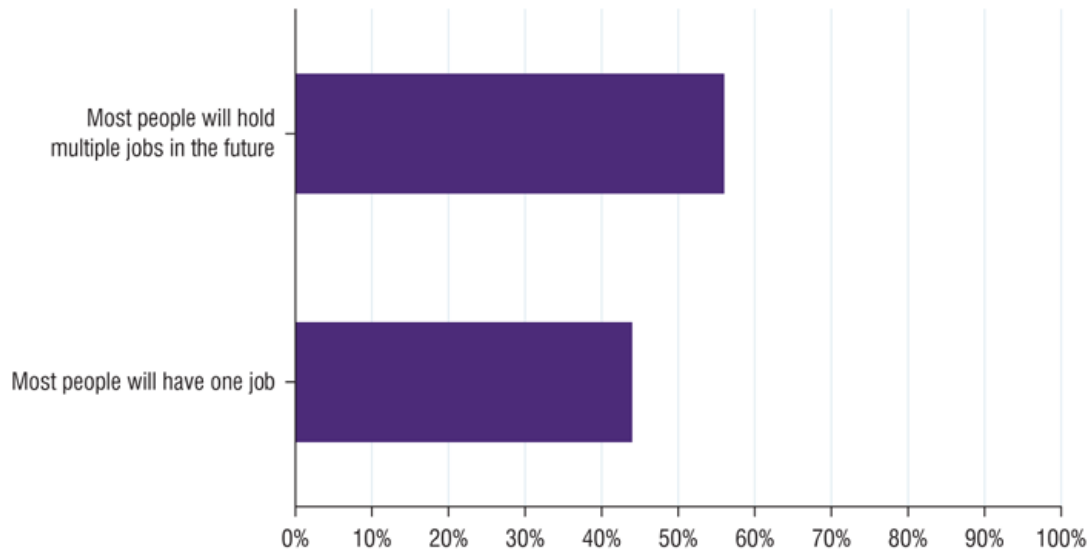
The essence of Ferriss’ book is that it *is* possible to have it all: A life of freedom, leisurely time and significant profits. “From using Jedi mind tricks to disappear from the office to designing businesses that finance your lifestyle, there are paths for every comfort level,” he wrote. “How does a Fortune 500 employee explore the hidden jewels of China for a month and use technology to cover his tracks? How do you create a hands-off business that generates \$80K per month with no management? It’s all here.”<sup>9</sup>

The book’s philosophy is superficially appealing but ultimately misleading, according to Ferriss’ critics. What his book underestimates, they say, is time: the time it takes to build a reputation within a job to earn a promotion; the time required to master a particular skill; the time needed each day to create a bond with co-workers. Ferriss seems to argue that things previous generations took years to do can be done swiftly with the right “hack” (shorthand for a quick work-around).

One such critic, author/entrepreneur Penelope Trunk, asserted that Ferriss’ own experiences undermine his argument. “The week that Tim actually works a four-hour work week will be a cold week in hell,” Trunk wrote in 2009. “Tim got to where he is by being an insanely hard worker. I don’t know anyone who worked harder at promoting a book than he did. But the thing is, he didn’t call it work.... His four-hour work week is merely semantic.”<sup>10</sup>

## Most Expect Workers Will Moonlight in the Future

**Office professionals predict most people will have multiple jobs**



Source: "Work in Progress," Adobe, May 2016, <http://tinyurl.com/yays4wwk>

Most people in the future will hold multiple jobs simultaneously, a majority of more than 1,000 U.S. office professionals surveyed in 2016 predicted. Majorities in the United Kingdom and India held the same view.

In a similar vein, Jia Tolentino, a writer for *The New Yorker*, has argued that there is a fundamental disconnect in the gig economy between appearance and reality.

"The contrast between the gig economy's rhetoric (everyone is always connecting, having fun, and killing it!) and the conditions that allow it to exist (a lack of dependable employment that pays a living wage) makes this kink in our thinking especially clear," Tolentino wrote recently.<sup>11</sup>

At the heart of this contradiction, she wrote, "is the American obsession with self-reliance, which makes it more acceptable to applaud an individual for working himself to death than to argue that an individual working himself to death is evidence of a flawed economic system."<sup>12</sup>

And gig-economy workers are at the mercy of the startups, lacking the benefits and legal protections of permanent employees, even those who can be terminated for any reason. Tolentino tells the story of a pregnant *Lyft* driver who felt so compelled to keep driving, perhaps because of the low pay rate, that she picked up a fare even as she was driving herself to the hospital, in labor, to give birth.<sup>13</sup>

*Lyft*'s biggest competitor, *Uber*, has faced its own controversies. Critics accuse it of using psychological techniques, such as an algorithm that sends another fare opportunity before the current trip is finished, to manipulate drivers into working longer hours. In May, *Uber* said it had mistakenly underpaid its New York City drivers and agreed to reimburse each one an average of \$900.<sup>14</sup> *Uber* announced in June that it was accepting a series of recommendations by former Attorney General Eric Holder Jr. stemming from his investigation of the company's internal culture.<sup>15</sup> Later in the month, a shareholder revolt forced co-founder Travis Kalanick to resign as CEO.<sup>16</sup>

## What's Next?



Katasha Kay created *Broke Girl Rehab*.

Millennials, particularly younger ones, often do not have the same familial or outside responsibilities faced by older generations. While the insecure gig economy may fit a twentysomething's lifestyle, it's less certain it will work for that person a decade later.

Both Kay and Schwartz say they are passionate about the gig economy, but also are aware that corporate-level skills will be necessary tomorrow, even if the gig economy is feeding them today. HR expert Raymond says the transition isn't something to be too concerned about: "These skills are harder to learn and obtain, but not impossible."

For Millennials such as Kay, keeping all options open feels like the smartest move. "This week, [my day job] informed me that layoffs were not beyond the realm of possibility," she says. "I figure, this is the best opportunity I have to finally take the plunge and become a full-time freelancer."

## About the Author

Damon Brown is a consultant, author of a weekly column for Inc.com and a speaker on platforms such as TED. He co-founded the platonic connection app Cuddlr. His most recent book is “The Productive Bite-Sized Entrepreneur: 24 Smart Secrets to Do More in Less Time,” the second in the “Bite-Sized Entrepreneur” series.

## Chronology

- 1982** The earliest Millennials are born, according to researchers William Strauss and Neil Howe, who define the generation as those born between 1982 and 2004.
- 2007** Apple launches the iPhone, initiating a major change in interpersonal communications.... Tim Ferriss publishes “The 4-Hour Workweek,” which becomes a best-seller.
- 2008** A severe recession boosts the U.S. jobless rate to 7.3 percent by year’s end and sends shock waves throughout the global economy.
- 2009** Uber starts operating in San Francisco, initially with contractors driving black town cars owned by the company, but shortly afterward by utilizing independent contractors who use their own cars and are not compensated for fuel or wear and tear.... The U.S. unemployment rate hits 10 percent in October.
- 2010** The Patient Protection and Affordable Care Act becomes law, enabling millions of Americans to get health insurance coverage without having a full-time job.
- 2011** The number of men and women ages 25 to 34 moving in with their parents rises 5 percent and 2 percent, respectively, over 2005 levels, according to the U.S. Census Bureau.... Billionaire Peter Thiel creates “The Dropout Fund” fellowship to pay college students \$100,000 each to drop out and found startups.
- 2012** Facebook executes an initial public offering (IPO), immediately making Millennial co-founder and CEO Mark Zuckerberg a billionaire and one of the youngest self-made rich people in the world.
- 2014** The number of Americans employed in the nontraditional gig economy – defined as the self-employed, sole proprietors, contractors and freelancers – reaches nearly 24 million, an increase of 60 percent from the 1997 level, the Brookings Institution reports.
- 2017** Among Millennials, 38 percent anticipate leaving their current job within two years, according to a Deloitte survey.
- 2020** For the first time, five different generations will be together in the workplace: Traditionalists, Baby Boomers, Generation X, Generation Y/Millennials and Generation Z.

## Resources for Further Study

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#### Books

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Tolentino, Jia, “The Gig Economy Celebrates Working Yourself to Death,” The New Yorker, March 22, 2017, <http://tinyurl.com/m8nouaq>. A writer argues that the new freelance economy exploits the young and the desperate.

## Reports and Studies

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“The 2017 Deloitte Millennial Survey – Apprehensive millennials: seeking stability and opportunities in an uncertain world,” Deloitte, 2017, <http://tinyurl.com/h4arf2c>. Analyzing results from a workplace study, the international consultancy reports that Millennials in developing countries are pessimistic about their future.

“America’s Families and Living Arrangements: 2011,” Housing and Household Economic Statistics Division, Fertility & Family Statistics Branch, U.S. Census Bureau, 2011, <http://tinyurl.com/y9ncvadt>. The U.S. Census Bureau presents its annual study on family cohabitation in the United States, reflecting the higher number of Millennials staying at or returning to their parents’ home.

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Hathaway, Ian, and Mark Muro, “Tracking the gig economy: New numbers,” Brookings Institution, Oct. 13, 2016, <http://tinyurl.com/yap56sj2>. A public policy organization examines the growing gig economy.

## The Next Step

### Gig Economy Globally

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Lowrey, Annie, “What the Gig Economy Looks Like Around the World,” The Atlantic, April 13, 2017, <https://tinyurl.com/y7kjo3g6>. A three-year study of workers in the online gig economy in sub-Saharan Africa and Southeast Asia by researchers at the University of Oxford and the University of Pretoria finds patterns, both positive and negative, that resemble the situation in the United States.

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### Protections for Gig Workers

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Knibbs, Kate, “Will Gig-Economy Workers Ever Have Benefits?” The Ringer, June 7, 2017, <https://tinyurl.com/y9akdlf7>. Sen. Mark Warner, D-Va., has proposed legislation to address the problem of lack of benefits for gig-economy workers: portable benefits that are linked to the employee rather than the job.

## Organizations

### American Civil Liberties Union

125 Broad St., 18th Floor, New York, NY 10004

1-212-549-2500

[www.aclu.org](http://www.aclu.org)

@aclu

Legal organization that represents the concerns of independent contractors in the gig economy.

### Brookings Institution

1775 Massachusetts Ave., N.W., Washington, DC 20036

1-202-797-6000

[www.brookings.edu](http://www.brookings.edu)

Nonprofit public policy institute that conducts extensive research on the U.S. economy.

### **Deloitte**

30 Rockefeller Plaza, New York, NY 10112

1-212-492-4000

[www.deloitte.com](http://www.deloitte.com)

International consulting firm focused on financial growth.

### **GenZ Publishing**

1-732-306-5995

[www.genzpublishing.org/](http://www.genzpublishing.org/)

[@genzpub](mailto:@genzpub)

Millennials-oriented online publishing house run by author Morissa Schwartz.

### **Upwork**

441 Logue Ave., Mountain View, CA 94043

1-650-316-7500

[www.upwork.com/](http://www.upwork.com/)

A freelance-hiring platform.

### **U.S. Bureau of Labor Statistics**

Postal Square Building, 2 Massachusetts Ave., N.E., Washington, DC 20212

1-202-691-5200

[www.bls.gov](http://www.bls.gov)

The federal agency that tracks job trends.

### **U.S. Census Bureau**

4600 Silver Hill Road, Suitland, MD 20746

1-800-923-8282

[www.census.gov](http://www.census.gov)

The government organization that collects and analyzes population statistics.

### **Y Combinator**

320 Pioneer Way, Mountain View, CA 94041

[www.ycombinator.com/](http://www.ycombinator.com/)

The original accelerator, it has funded more than 1,200 startups since 2005.

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