



Financial security or greater control?

Uncover the tough decisions driving the Gig Economy
and how businesses can redress the benefits balance.

Aon

About the report

This report was developed in March 2020 based on interviews with the organisational leaders and consultants who are shaping the best practice benefits packages and strategies for gig workers. Thank you to all who took part in particular:

Tanja Geiger
Director Order to Cash, at ManpowerGroup Inc.

Jonathan Ollivent
Senior Counsel, EMEA Employment at Uber

Stefanie Stanislawski
*Head of Talent & Digital Strategy,
at Catenon Executive Search*

Andy Ross
Co-Founder, Digital Vision Search

About Aon’s data
Data referenced throughout this report is based upon a survey conducted across the UK, France, Germany, Spain and the Netherlands throughout November 2019. For the purposes of this research, we defined a ‘gig worker’ as inclusive of the following types of employment:

- Freelancers
- Independent consultants
- Self-workers
- Independent contractors
- Short term contractors
(on contracts up to 18 months)
- Fixed term contractors
- Zero hours contractors
- Contingent workers
- Digital platform workers (paid per task)
- Shared economy workers

Contents

04	The rise of the gig economy
10	Tomorrow's workforce
34	Why preparing your business for the gig economy matters
44	Financial security or greater control?
60	Building a workforce for the now
76	Conclusion

The rise of the gig economy

A global talent crunch, an ideological shift towards greater work/life balance and the need for an on-demand workforce. The combination of these emerging trends has been driving the growth of the gig economy for the past decade. Add in the COVID-19 global pandemic, and it's clear to see why the gig economy has disrupted traditional workforce models and will continue to transform the face of tomorrow's labour market.

04

WHERE TRADITIONALLY BUSINESSES have focused on recruiting and retaining employees, our latest research shows that prior to the COVID-19 pandemic there has been a rapidly increasing adoption and acceptance of contractors in our workplaces. To keep pace with dramatically evolving market conditions employers need access to talent on a more flexible and on-demand basis. While at the same time, workers have sought greater control of their careers; from the hours they work to the values they seek from an employer.

The COVID-19 Coronavirus pandemic potentially changes the landscape as it has exposed the potential vulnerability of people working in the gig economy. Many are curious to see whether this accelerates potential legislation essentially affording gig workers more

labour rights and protections, or indeed whether the autonomy and flexibility gig work offers becomes less appealing, particularly as the anticipated economic contraction takes effect. The current crisis has forced many employers to adopt a temporary remote working model; it will be interesting to observe whether this may permanently challenge employers to offer their workforces the flexibility and support they crave. For some, it will test the suitability and sustainability of the support they currently provide, in a way we have never seen before.

Whilst there are challenging times ahead, economies will recover and in order to survive and thrive businesses will need to be agile. What the labour force looks like post COVID-19 is unclear but it will inevitably include both

traditional employees and gig workers. The challenge for employers will be to ensure that all stakeholders feel engaged having both the flexibility and security they need. A people approach based on equality and meritocracy will be vital to the ongoing success of a business.

As we recalibrate our perceptions of a truly remote labour force, gig workers can no longer be seen as the second class citizens of the workplace.



But what do gig workers want and expect from employers? And what should the workplaces of tomorrow be expected to provide for people who have chosen to be independently employed?

06





Redefining our relationship with gig workers

Our recent research uncovers the personal choices driving the gig economy; where individuals have moved away from traditional employment in pursuit of greater control, but find themselves in a situation where more than half are worried about their future and finances. Concerns that have been exacerbated by the rapid impact of the pandemic and the economic uncertainty that has rippled across the globe.

In the most responsive cases, we have seen businesses step in to provide some form of financial protection for gig workers - for example sick pay for 14 days - if they are unable to work due to COVID-19.

We ask what role business should play in the financial wellbeing of gig workers and explore how the right mix of benefits can not only attract the best talent but fundamentally redress the perceived instability of gig work.

If this truly is going to be the future of our workplaces, we need businesses who can take an informed and leading role in shaping these relationships. We need decision-makers who rise to meet

the needs of the people whose skills they so desperately desire, and we need greater financial resilience in the people whose services they employ.

As technology becomes a catalyst for the continual transformation of business models and global markets, how can we harness its power in the development of digital, portable and personalised benefit schemes?

A revolution within our workplaces is already in motion, and whilst there might be a temporary interruption due to unprecedented circumstances, a competitive advantage will befall those ready to embrace and adopt more agile and flexible structures.



Tomorrow's workforce

**The complex forces
driving the growth of
the gig economy**

010





The gig economy is growing fast and it's here to stay

Offering greater work-life balance and choice to workers, with reduced overheads for employers, it would be simple to consider the gig economy as a positive employment revolution. And a revolution it certainly is; our study revealed that whilst 12% of businesses are typically comprised of 51–75% gig workers, 26% of HR Directors are expecting their workplaces to rise in line with that percentage within the next five years.

As a result of the COVID-19 pandemic, we have seen businesses forced to adapt their operations at pace; from the creation of remote working contact centres to those looking to digitise their products and services to generate new online revenue streams. In these times of uncertainty and disruption, employers will be seeking opportunities to reduce overheads and make efficiency savings. At the same time, employees will be seeking compassion and flexibility from their employers on an unprecedented scale — particularly those juggling care responsibilities with the need to work remotely. While these factors have always been important to employers and employees, the pandemic has exposed a greater need to embrace flexibility in the workplace.



A gig by any other name

Freelancer. Contractor. Platform worker. Fixed-term worker. Zero hours contractor. Contingent worker. Self-employed. Temporary worker.

This myriad of terms are just a few of the ways in which we define a non-traditional working status. So while it is true that the gig economy is growing, it also isn't new. The on-demand workforce has always played a role in the global economy — from au pairs to seasonal workers, teachers to project managers — there has always been a need for flexible solutions in the workplace on an as-needed basis.

The use of the umbrella term 'gig economy' in this report is used to cover all those working on a flexible basis, under a non-traditional contract. Where we use the term 'traditional employee' this denotes a long-term employer-employee relationship, defined by a contract covering an agreed salary, terms of work and available benefits.

•

Emerging gig markets

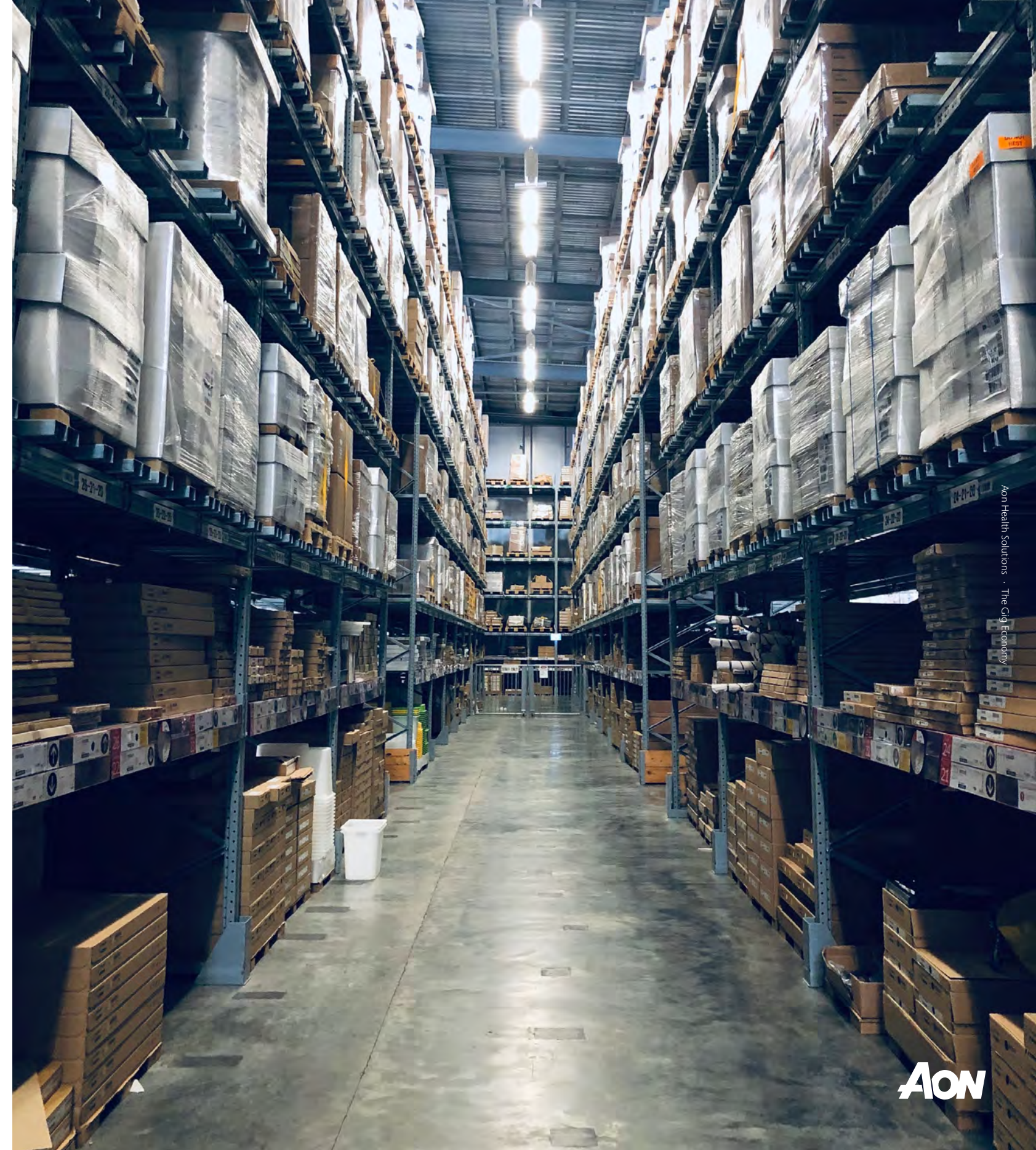
One area in which the gig economy has experienced exponential growth is with the emergence of the platform business model¹ – household names such as Uber, Amazon, Deliveroo and Airbnb, are all founded on continually evolving digital strategies.

The creation of these digital platforms has facilitated a network of online interactions, delivering innovative solutions that connect customers to products and services. In turn, this has opened up new opportunities to those seeking flexible freelance gigs, which within this report we categorise as **B2C gig workers**.

As the workforces of the world retreat into isolation during the COVID-19 crisis, many of these gigs have been recognised by governments and the public alike as having fundamental roles in our societies.

During this period many gig workers, previously working on precarious zero-hour contracts, have become critical to keeping essential goods moving and food shelves stocked. Roles in which workers typically toil for long hours on low pay are suddenly being viewed in a completely new light. In the US alone, Amazon is recruiting 100,000 new full and part-time positions in fulfilment centers and their delivery network to meet the surge in demand and is increasing the pay of their workers by £/\$/€2 per hour to recognise their efforts in the crisis².

1 Platform Work in the UK 2016-2019, TUC and University of Hertfordshire, 2019
2 blog.aboutamazon.com





018

Sector spotlight

Competition for gig workers has been most acute in the tech sector, where 68% of HR Directors say competition is increasing. This drops to just 36% in digital native (platform) organisations.

A second growth area in the gig economy is that of white-collar freelancers in professional services occupations — our B2B gig workers.

As developments in technology and globalisation rapidly transform our industries, these workers enable businesses across all sectors to tap into innovative, flexible and specialised talent at the exact moment it is needed, avoiding lengthy and costly onboarding and reducing staffing overheads. Where traditionally business would have promoted talent from within or hired full-time staff to be situated in the office, today businesses are contending with isolation and country-wide lockdowns as a result of COVID-19 inhibiting traditional recruitment and onboarding processes, driving a desire for capable individuals who can be far more responsive to immediate demands. In the UK, digital specialist recruiters, Digital Vision Search, were already seeing significant recruitment behaviour change only one month into remote working. Employers whose prior remote working policies were little more than tokenism, are locking down all recruitment in lieu of finding suitable remote working setups for their teams, whilst those with matured flexible and remote working policies continue to hire.

Gig workers may provide an answer, particularly as we are yet to see whether furloughed workers become redundant. What will become critical is having the right talent, and the ability to assess the right relationship to have with that talent now and in the future.

A 2019 study commissioned by the Trades Union Congress (TUC) estimates that one in ten working-age adults in the UK now works via gig economy platforms at least once a week³, with the majority using this type of work to supplement other forms of income.

³ Platform Work in the UK 2016-2019, TUC and University of Hertfordshire, 2019

Gig work isn't a temporary solution

We found that almost 50% of all B2B and B2C gig workers have been gig workers for three years or more, suggesting that gig work is an active career choice and not a temporary solution. Our research also found that loyalty to a company and gig work are not mutually exclusive, with almost nine in ten gig workers splitting their time between only one and three companies at a time.

020

29%

have worked as a contractor for **three–five** years

18%

have worked as a contractor for **six–ten** years
nine in ten gig workers spend their time in between **one and three** companies

Flexibility

Reasons employers hire gig workers⁴

The need to fill a gap until a permanent employee can be recruited or as a response to rapid expansion, that avoids lengthy and costly onboarding

For specialised skills on a short-term project basis

Employment on a temporary basis with a view to permanent recruitment (helps both workers and employers establish whether they are a good fit and enables flexibility)

To limit existing employee overtime costs

Choice

Reasons people become gig workers

A higher rate of pay and the opportunity to make more money

To maintain work-life balance and personal wellbeing

More flexibility and control over working hours/to fit around caring responsibilities, lifestyle and studies

To select meaningful work assignments

4 Illuminating the Shadow Workforce: Insights into the Gig Workforce in Business, ADP Research Institute, February 2020

Is there a typical gig worker?

Our research indicates that gig workers have traditionally prioritised flexibility over the financial certainty of a regular salary. With huge swathes of the workforce adapting to remote working during the COVID-19 pandemic, there will be polarising views of working from home as we emerge from this crisis. As some will crave the return to a normal working routine, others are likely to have identified unexpected benefits from remote working; for example, more time with family, no commute, greater headspace or the ability to add in a workout they might otherwise have sacrificed. The desire for flexibility, regardless of employment status, is unlikely to decrease, leaving employers with the question of whether it is more compelling to have a full-time worker on a flexible work policy, or a gig worker.

024

In the midst of the pandemic, only 20% of UK and US consumers⁵ (dropping to 10% amongst Gen Z) are concerned about the impact COVID-19 will have on their personal finances. Instead, they expressed greater concern over the health and wellbeing of their loved ones and high-risk groups. It is likely that the immediate impact of the pandemic will be a workforce that has re-evaluated the distribution of their time towards that which is perceived to be meaningful - compounding the call for employers to offer greater workplace flexibility.

Over the previous 10 years, there has been a global cultural shift towards achieving greater work-life balance, driven primarily by the Millennial and Gen Z workforce. Given that by 2020 we will reach a tipping point, where Millennials and Gen Z will account for 59% of the global workforce⁶, understanding the needs and expectations of this group should be at the top of every recruiter and manager's priorities.

A Deloitte survey⁷ of Millennials noted that this group generally expresses little loyalty to their current employers, prioritising their personal values ahead of organisational goals.

• They are a culture-shaping juggernaut, seeking to make value-driven decisions about where they work and choose employers whose values align with their own. When that purpose-matched organisation is absent, Millennials may find themselves in the gig economy through either necessity, picking up the quick-paying delivery riders or taxi jobs, or desire-creating their own micro-businesses and entering the contractor world.

•

⁵ Coronavirus: How consumers are actually reacting, GWI Research, March 2020

⁶ 3 rules for engaging millennial and Gen Z talent in the workplace, World Economic Forum, 2020

⁷ The 2016 Deloitte Millennial Survey – Winning Over the Next Generation of Leaders, Deloitte, 2016

Are Millennials feeling neglected?

Research suggests that six in ten Millennials feel their leadership skills are not being fully developed in their current role and that 44% expect to leave their current role within the next two years.

However, there has been a rise in the number of employees willing to take on an internal gig (a part time or one-off engagement in another department) in order to gain experience – up from 39% in 2018 to 51% in 2020. If businesses can restructure internal mobility to offer their employees more opportunities for learning on the job, could this stem the tide of workers moving towards the gig economy in search of experience and meaningful work?⁸

But gig work isn't just for the young. A recent report by ADP suggests that over 55s account for 30% of B2B gig workers and 20% of B2C gig workers⁹. Our research uncovered that more than any other demographic, the over-55 Baby Boomers are prioritising flexibility, the ability to do meaningful work and the opportunity to benefit from a higher rate of pay.

As people are living longer, healthier lives, workers aged over 65 will be responsible for more than half of all employment growth in the UK over the next ten years¹⁰. Something reflected by the emergence of businesses like Rest Less — an online platform matching over-50s to work and opportunities that align with their desire for flexibility and continued learning. Whether they are simply working to top-up pensions pots, or to do work that has meaning to them, this group should not be overlooked in the search for talent and diverse thinking within the gig economy.



8 The 2016 Deloitte Millennial Survey — Winning Over the Next Generation of Leaders, Deloitte, 2016
9 Illuminating the Shadow Workforce: Insights into the Gig Workforce in Business, ADP Research Institute, February 2020
10 Employment, Unemployment and Economic Inactivity by Age Group, Office for National Statistics, 2020



LOCAL LENS

Workers from the Netherlands are craving control and independence. They came out top when stating that they choose gig work so they can be their own boss at 77%.

028

Michiel Van Meer

Director of Human Resources for Benelux Aon
shared his insights on the explosive growth of the gig economy growth in the Netherlands.

“The government here has made it easier than ever to be self-employed, while the growth of the economy and tight labour market makes it the right moment for people to take that leap into the gig economy. The ability to choose from so many well-paid opportunities is giving workers here both the flexibility and financial remuneration they want.”

Gig work isn't a simple win-win

Despite our rapidly increasing adoption and acceptance of contractors in our workplaces, the realities of the gig economy are far more nuanced.

Our increasing reliance on gig workers poses as many challenges as it does opportunities and we find ourselves at a crossroad; traversing an employment revolution and a disruption to working practice as we know it.

While the ability to access talent on an on-demand basis helps businesses to stay lean and responsive, are internal processes and remuneration packages competitive and robust enough to adequately support gig workers?

The individual motivations and needs of gig workers suggest there is no one-size-fits-all solution when it comes to remunerating and supporting gig workers, but the very idea of what is considered competitive in the new normal is likely to have shifted.

•

31%

of gig workers are offered benefits within their contract

54%

of gig workers are worried about their financial future

42%

of gig workers want money

41%

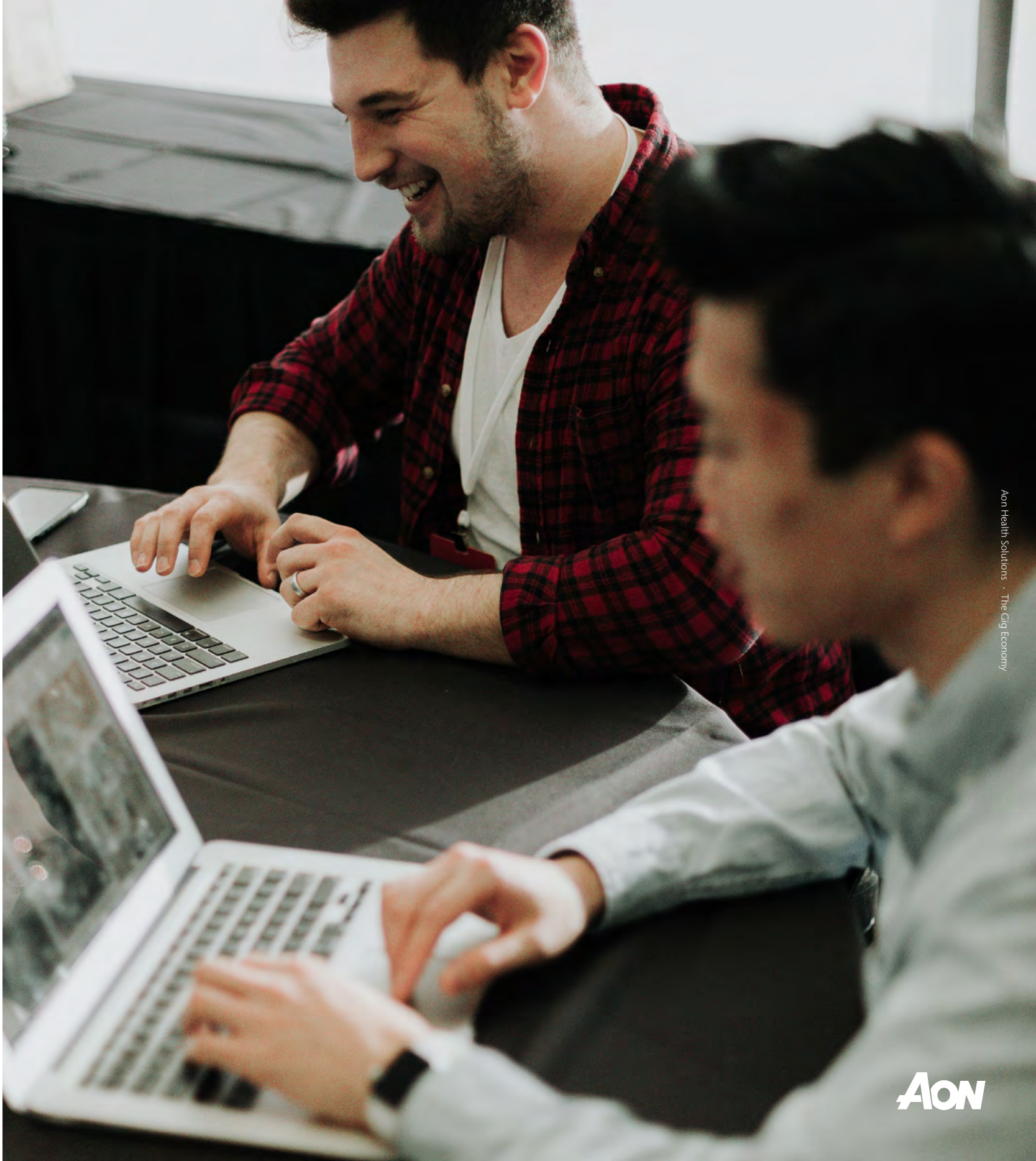
of gig workers want control over their working hours

67%

would be more likely to recommend a company if they were offered attractive benefits packages

67%

said they would feel more engaged and positive towards the organisation they work for with benefits in place



COMPANY SPOTLIGHT

UBER

Reshaping the transport and employment landscape

The transport giant that disrupted a sector and redefined traditional employment models now counts more than 75 million people globally as customers – a mere decade after its inception. With more than 5 million active drivers around the world, Uber has seen itself at the forefront of global debates about the gig economy.

As Jonathan Ollivent, Senior Counsel for EMEA Employment at Uber explains, the growth and appeal of working for Uber is the technology that is driving choice and rewards for workers:

“Depending on their own circumstances, drivers can choose if, when and where they drive, in real time. Driver treatment is very important and Uber is competing to ensure drivers choose the Uber app over others, which is why we've done a number of things to encourage this – for example, AXA insurance, UberPro benefits, Clean Air Plan, extensive safety features and bringing rider demand to the app.”

032



Why preparing your business for the gig economy matters

034





036

Regulation is about to get tougher

As awareness of the gig economy grows, so too do concerns about the increasingly transactional nature of work. Vocal champions of gig worker's rights from within governments, Unions, and from workers themselves are shining an increasingly intense light on HR practices. Concern is growing about the lack of regulation around the gig economy, the varying global practices and the need for increased protection of gig workers. The COVID-19 pandemic sheds a new light on the vulnerabilities of gig workers and the lack of regulation as governments grapple with how to protect the livelihoods of these individuals, some of whom are now being asked to stay indoors, with very little safety net, whilst others form part of the 'essential workers' category.

Historically the gig economy has operated in a grey area, caused in part by a lack of legislation to define the employment status of its workers. Gig workers across all sectors can often find themselves working as employees, but with none of the associated benefits and protections.

However, governments across the globe are taking strides towards the creation of more stringent employment laws concerning gig workers. In Germany, the Act on Part-Time and Fixed-Term Employment (2003) defines a minimum daily and weekly working time (three hours per shift and ten hours of work per week). While in Norway and Spain, the adoption of more standard employment protections for temporary agency workers and seasonal workers respectively, provides a partial safety net for workers, while not limiting the ability of businesses to get workers on a 'just in time' basis¹¹. Meanwhile in the UK, IR35 legislation to ensure off-payroll workers contribute equally to national insurance as payrolled staff have been delayed until 2021 following the outbreak of the pandemic. The legislation is coming, and the regulatory landscape is changing - making the need to consider, consolidate and capture gig worker policies now ever more prescient. We explore more about the relief packages in the US and UK in our OneBrief article, **What the Novel Coronavirus means for the Gig Economy**.

•

"Clarity is certainly welcomed, as is ensuring a level playing field – but this needs to not be at the expense of compromising the necessary flexibility offered."

•

Jonathan Ollivent,
Senior Counsel
Employment (EMEA)
Uber



LOCAL LENS

**A whopping 40%
of the Spanish HRDs
stated they use
contractors to fill roles
that require specific
expertise, compared
to their German
counterparts at 8%**

038

Competition for talent is getting fiercer

The Aon Global Risk Survey 2019 identified that the failure to attract and retain top talent is still a critical issue for businesses. The increasingly volatile nature of global markets and rapid technology advancements have transformed our economies from production-based to service and knowledge-based models. As we embrace new and disruptive technologies and business models, our demand for highly technical and specialised talent is increasing outstripping supply. The ability of large enterprises with top salary offers and start-ups with their lucrative stock options and cutting-edge projects are increasingly impacting the ability of small and medium-sized companies to attract talent.

Knowing about the people who work for you has never been more important

The use of AI (artificial intelligence) within HR is transforming the way businesses recruit, manage and enhance the experience of their employees. In addition to the cost-saving benefits that can be realised through improved efficiency of processes, it can also deepen our knowledge of the people who work for us. Driving up performance outcomes and solving critical business challenges.

But how much do we know about our gig workers? Research by *Maven* into the white-collar gig economy uncovered that when it comes to B2B managers, 93% have formal policies for managing employees, while only 34% have policies for managing contractors¹². Given that 83% of executives stated that managing employees is different than managing contractors, yet the majority have no strategies in place to counter this, we can see a clear inequality exists between our workforces.

A report by *ADP* defines gig workers as our 'invisible workforce'¹³ and argues that it is unthinkable that business leaders would lack critical knowledge about their traditional workforce. Yet businesses are operating with a huge knowledge gap about this growing proportion of the workforce, a workforce that should no longer be thought of as the future of work but rather the now of work. Without consistent methods to track these workers, their skills, motivations and their impact within a business, firms are missing out on critical data. Data they could be using to enhance their growth and innovation strategies.

The report identifies that those who cannot change or fail to transform their workforce at pace run the risk of being sidestepped or outmanoeuvred¹⁴.

¹² White Collar Gig Economy, Four On-Demand Workforce Trends According to Today's Business Leaders, Maven, 2017
¹³ Illuminating the Shadow Workforce: Insights into the Gig Workforce in Business, ADP Research Institute, February 2020
¹⁴ Aon Global Risk Survey, Aon, 2019

Aon Perspective

Are you listening?

Anja Metzler, Group Lead Operations of Health Solutions at Aon in Germany urges businesses to truly listen to and understand their employees.

“Too many times companies think they are really good at what they offer and are not paying attention. Now is the time to be more bold and open to change – and that starts by listening to the people who work for you.”

040

Summary

The gig economy offers a unique opportunity for those who need to scale-at-pace, innovate or require staff on an on-demand basis. Businesses that are prepared to embrace a more fluid workforce and cast-off outdated and restrictive people management frameworks can benefit from improved agility and greater potential for innovation. As traditional workers gain a greater sense of flexibility from their new remote working routines in response to COVID-19, we could expect to see greater demand placed on employers to respond to these benefits in the long-term. However, as competition for talent increases and regulations tighten, understanding the motivations and needs of the people we employ has never been more important.

Certain roles and sectors lend themselves to gig work more than others, with competition most acute in the tech sector, where 68% of HRDs told us that competition for talent is increasing. Historically, many gig workers have been treated poorly and companies have used gig workers to plug holes as they expand. But with the gig economy here to stay, businesses can no longer afford to be complacent and neglect this part of their workforce.

There is a critical lens focused on gig workers now, especially during the COVID-19 crisis, as huge swathes of the gig workforce become fundamental to keeping countries moving. They are being asked to do more, work longer and expose themselves to the virus, all while operating on a contract that offers them little or no safety net. As awareness of this issue grows, businesses who fail to show compassion or remunerate these workers properly for their sacrifices risk huge and lasting reputational damage.

Levelling the playing field between traditional and gig workers should be a critical factor in future people management strategies. The factors driving the exponential growth of the gig economy will force businesses to address frameworks and structures that have previously created a two-tier system within the workforce.

Which is why, as we turn our gaze to our new reality and look towards the future, Aon believes the creation of meaningful benefits for gig workers will help businesses to thrive in an era where an expanded workforce becomes the new normal. Building working environments in which gig workers feel truly valued, integrated and supported.

•

Does this signal the end of the traditional employee as we know it?

Stefanie Stanislawski, Head Of Talent & Digital Strategy at global recruitment firm Catenon in Madrid believes that it isn't. Despite witnessing first-hand the shifting demands of gig workers and the lack of local talent that is forcing businesses to fight for global talent, she believes that personal risk plays a huge role in whether or not people move into the gig economy.

“I believe that it's as much a matter of personality and age, as it is economic forces. Some people are naturally risk-averse and will always seek the security of full-time, traditional employment. We are romanticising the idea of the gig worker – owner of your own time, no boss, greater riches. But what happens to those that aren't being chased by big companies?”

Given that flexibility is something both traditional and gig workers value, it is prudent for companies to evaluate their offering to traditional employees and gig workers alike. Within their review of internal structures and processes, Microsoft has embraced a culture in which flexibility is the norm. In presenting a more equitable offering to both their expanded workforce of traditional full-time employees and gig workers, they've unlocked the benefits of alternative working arrangements — improved health, wellness, productivity and performance¹⁵.



Financial security or greater control?

The traditional idea that gig workers don't care about security isn't true. Our research has uncovered that while many are looking for a balance between the stability of full-time employment and the flexibility of gig work most haven't found it.

044



Financial futures

66%
64%
54%

Two-thirds say it's important to plan financially for the future and enjoy the present as well

Say security and stability are important to them

But more than half say they are worried about their future and finances

Germany is much less likely to provide a benefits package for gig workers. Only 35% of HR directors said they provided benefits package options, compared to 64% on average.

As we move to a future in which gig workers become an ever-critical pillar within our blended workforces, businesses should be seeking ways to build a company culture and organisational purpose that breaks down historical differences within the workforce.

In addition to structuring well-supported processes that integrate gig workers into businesses, we should also be offering them personalised employee experiences. The development of workers' physical, social, emotional, professional, and financial wellbeing should not just be an exclusive advantage of the traditional employee.

As more businesses seek to engage talent, we explore the ways in which meaningful benefits can help attract and support this workforce. Moreover, if businesses want to continue to draw upon the responsive talents and skills of gig workers, they need to better understand the economic outlook that this group of workers will now face in a post-COVID-19 world. The reality is that the pandemic has already had an unprecedented impact on gig workers, whilst some gig workers operating our delivery services, food, transport and sanitation industries have proved to be vital to running our economies, the impact of the pandemic for white collar gig workers has been devastating.

Italy recorded a 62.9% cancellation rate or suspension in commissions within their freelance economy between February 26-28, which rose to 89.3% between 14-16 March.¹⁶ Organisations need to recognise the importance of these workers at all levels, and design their workforce culture and benefits to better integrate and support the ever-flexing demand for their services.

16 Impact of coronavirus (COVID-19) on freelance work in Italy in 2020, Statista, March 2020

Aon Perspective

Fair and equal treatment

Andrew Cunningham, Chief Commercial Officer,
EMEA Health Solutions, Aon

“Businesses should be truly concerned about their responsibility and duty of care towards their gig workforce. If we are to get the best out of people, you need to treat your gig workers and traditional employees equally – regardless of their contracts. Both groups are likely to have similar concerns, financial pressures and commitments – it's just that gig workers have chosen a more flexible option and to have more choice in the way they work. In which case benefits such as life insurance, a pension, medical plans and protection benefits are just as relevant.”

048

Our research has uncovered that there is a growing willingness from employers to offer greater equality of benefits to their workforce. Of the employers who don't currently offer a benefits package option to their gig workers, 60% stated that they would be prepared to offer them an identical (25%) or similar (35%) benefits package to their full-time employees, but have varying reasons why:

29% 26% 18%

Contractors have the same priorities and needs as full-time employees

It's good for contractor attraction, engagement and retention

We want to show we value everyone equally

14% 12%

It keeps costs down

We can't administrate multiple packages

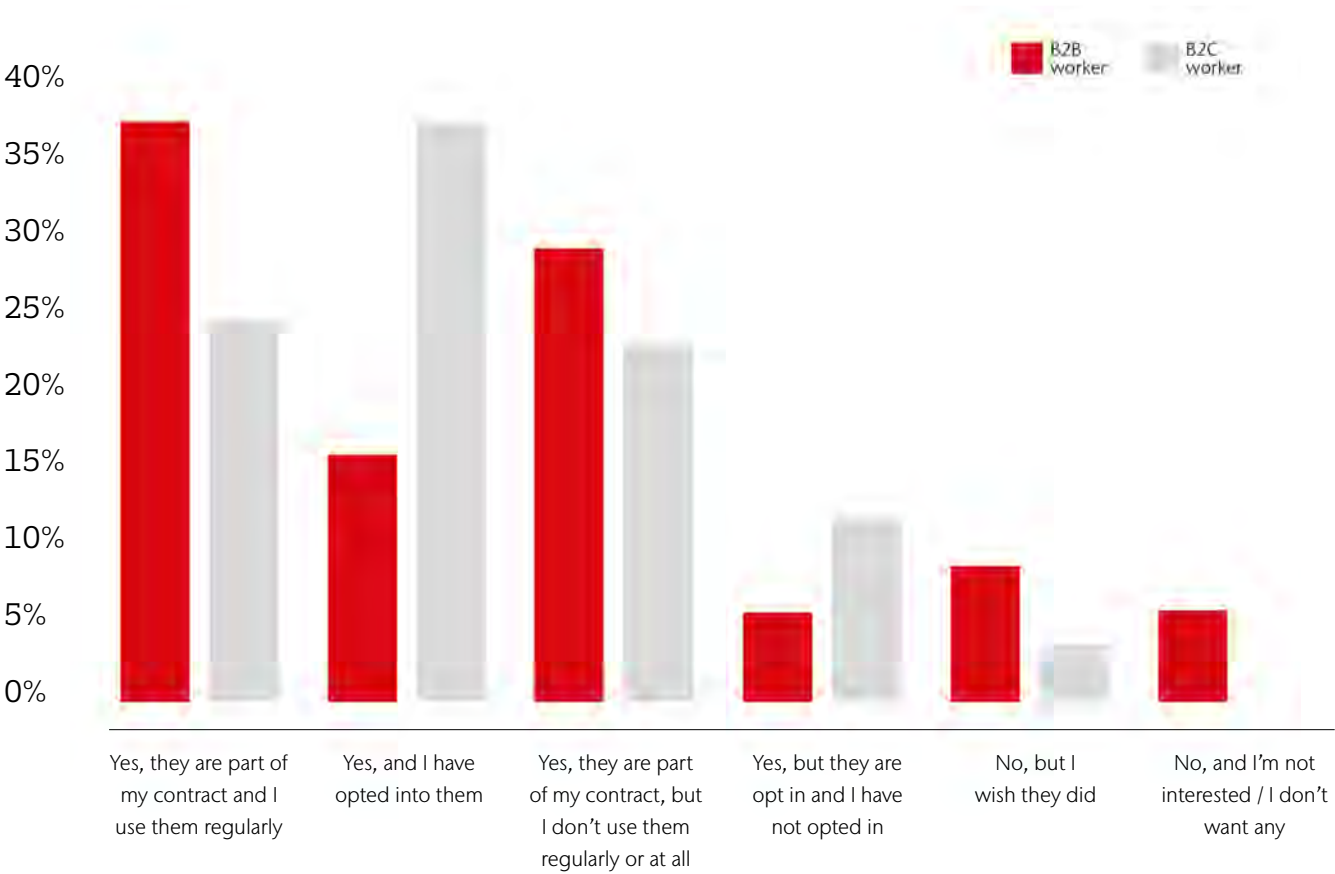
While the adoption of these practices has been slow, the picture is gradually changing. Most respondents to our survey indicated that they already have access to some benefits. Gig workers are accessing benefits that range from the traditional insurance

protections, all the way through to the everyday benefits of retail discounts, gym memberships and luncheon vouchers. But the important question is... are they the ones they really want?

-

The benefits gig workers get

Does the company you do the most work for as a contractor currently provide any benefits options?



050





Aon Health Solutions · The Gig Economy

052

Top five benefits gig workers are currently offered

B2B worker

24%

Training and development

27%

Pension benefits

B2C worker

29%

Maternity/paternity pay

25%

Training and development

27%

Sick pay

24%

Paid holiday allowance

24%

Critical illness cover

24%

Disability insurance

23%

Employee discount

24%

Private health/medical

Aon Health Solutions · The Gig Economy

The benefits they really want

- **UK** gig workers value **training and development** more than any other country (**28%**), with **Spanish** and **French** workers valuing it the least (**17%**)
- French gig workers were most concerned about their insurances, putting Accidental Death, Sick pay, Income Protection, Indemnity and Public liability insurances in their top five respectively
- Germany was the only country to put a Colleague Community Dashboard in their top five, indicating a need to feel more engaged in the businesses they work for
- Pharmaceutical gig workers in the UK were the only industry in the UK to put Maternity/Paternity pay within their top five, putting it at the top of their wish list at (**44%**)
- Digital natives (platform) in all countries except France put training and development opportunities in their top two, suggesting either an existing absence of opportunities or a desire to up-skill
- Gig workers in the Netherlands placed Accidental Death and Disablement Insurance high on their wish list across almost every sector
- German workers want to get fitter. Workers in financial services, professional services and the pharmaceutical industries all placed a gym membership high on their wish list. With every other country placing it in their least wanted list

In general, gig workers are seeking the same traditional, high-value benefits that traditional workers demand. But do gig workers actually know which benefits they should be asking for?

A precarious gig such as that of a food delivery driver should have benefits that reflect the risk. Employers should take the lead in benefit prioritisation, if you are offering a delivery driver a gym membership that they are unlikely to be able to access

for the majority of their working schedule, but not providing personal accident protection - what message are you sending to that employee about your understanding of their needs and wellbeing?

The varying needs of gig workers across all countries and sectors indicate that benefit design should have the flexibility to be personalised, while also providing a basic level of protection for workers financial futures.



Aon perspective

Wellbeing solutions don't need to be costly

Matthew Lawrence, Chief Broking Officer,
EMEA Health Solutions, Aon

"Employers have a huge and critical role to play in regards to the wellbeing of gig workers. You want all your workers to come through the door every day as healthy, productive, engaged and happy as possible. Part of fostering a culture in which people thrive is about fully embracing the responsibility to educate, inform and guide your employees – but this doesn't have to be expensive. You may not even be providing the solution, but instead, commit to signposting them to help and support that enriches their wellbeing. If you can plug in benefits that further supplement that, then your offering can become even stronger."

056

OUR RESEARCH UNCOVERED that while gig workers want access to an increased range of benefits, they also don't expect companies to front the entire cost. Only 7% of respondents said that they wouldn't be willing to contribute anything and expect the contracting company to pay fully.

Over a third (39%) said they would be happy to contribute €5.66 – €9 from weekly earnings to have access to health insurance. That's a fairly significant monthly investment of between €22 – €36 a month that people would be willing to pay.

From a country perspective, it's the B2C workers in the Netherlands, Germany, France and Spain that would be most willing to pay this amount versus B2B workers, while in the Netherlands a huge 80% of B2C workers would be happy to pay this. But the balance tips slightly the other way in the UK at 37% B2B and 30% B2C.

17 Converted from GBP on 3rd March 2020 via XE

•
€8.23¹⁷ B2B worker
€6.80 B2C worker
The average amount
gig workers are
willing to contribute
financially from their
weekly earnings to
have access to their
favoured benefits.
•

Summary

As we look to bridge the gap that has created a two-tier system in the workforce, it's important to ask the question – are employers and gig workers on the same page? More than two-thirds of gig workers (67%) stated that they would feel more engaged and positive towards the company they worked for if they offered an attractive health and benefits package. Confirming that a meaningful benefits offering is not simply a key recruitment tool, but also a contributing factor towards a positive working experience.

Conversely, more than half (51%) of all HRDs believe that contractors are motivated by high pay above anything else and that benefits do

not impact retention, engagement and productivity. Employers can't afford to have a blind spot when it comes to attracting talent and as we look to the future, businesses should be actively listening to all sections of their workforce.

By understanding their motivations and having a greater awareness of the challenges they face, businesses can tailor truly meaningful benefits packages. Benefits that unlock optimal staff performance and contribute to an environment in which staff wellbeing translates into business success.

-



Building a workforce for the now

As we embrace more flexible workforce models, benefits for gig workers will become the norm. But how will that work? And who's responsible?

060



Portable, digital and personalised benefits

In the US, where there is a strong and established gig economy, some cities and states are moving towards the implementation of portable benefits solutions. As they do, it is expected that governments, insurance providers and businesses globally will be keeping a keen eye on developments there.

Unlike many countries that offer universal health care and unemployment benefits, health insurance and unemployment protections in the US have traditionally been an associated benefit of an employment contract. But as the gig economy grows and workers are combining income from multiple gigs, there is growing concern about the protections offered to these workers.

A bill introduced by state legislators in Washington proposes that platform companies use a portable benefits fund to collect a fee of five per cent, or \$1 per hour (whichever is less) to pay into a benefits fund for gig workers — covering their health insurance, pension and annual leave¹⁸. The portability of this fund ensures that the benefits follow the worker, not the job. Breaking down the divide.

•

18 Could ‘Portable Benefits’ Help Gig Workers Find Stability?, Zoe Sullivan, published via nextcity.org, 18 April 2019



Aon perspective

Fostering a culture of wellbeing and equality

"We know that gig workers can feel huge amounts of stress; from being overloaded with work, through to worries about not bringing in enough income. Gig work can be lonely and isolating – never feeling like a true part of the team, or a lack of human interaction when working at home. In the Netherlands we're moving towards a culture of fairness and equality and the time is right for employers to embrace a greater sense of responsibility for the people that work for them."

Michiel Van Meer,
Director of Human Resources for Benelux Aon



The creation of portable benefits that are enhanced by business contributions, challenges a traditionally held view that gig workers should be responsible for their own financial, emotional and physical wellbeing. As we've discovered the realities of gig work are far more complex than the assumed and simplistic advantages of flexibility and greater financial reward.

49%

When asked, almost half of gig workers stated that they felt isolated in their work, while almost the same proportion of HR Directors acknowledged that the division between employees and contractors means there is increasingly a two-tier workforce.

54%

More than half of gig workers were worried about their financial future, indicating that existing people management models and strategies are falling short for this group.

•

066



connecting employee happiness to customer experience

"Employers are really starting to identify that they need to offer these benefits and even if they are not currently being taken up at the rate they anticipate, they should offer these rewards to gig workers. Employers have a role to play in communicating and educating their workers about the options and protections that are available. As organisations compete for labour, it's not just pay that people are interested in, but how they are treated and valued at work – it's an important part of the package."

Janet Heaton,
Global Benefits Principal at Aon explains why creating a culture of wellbeing in the workplace is so important:

Savvy gig workers in the **UK are keenest on portable products, with **40%** stating they would like a benefits package that is easily **transferred between contracting companies.****

Money worries are strongest for gig workers in digital native (platform) companies, with 60% worried about their future and finances, compared to 54% of gig workers on average.

069

Insider insight

Stefanie Stanislowski, Head Of Talent & Digital Strategy at global recruitment firm Catenon in Madrid is witnessing first-hand the impact the talent crunch is having and is advising businesses how to adapt to the new reality they face.

As we move away from gig work being a transactional process of offering skills in return for money, she offers her advice to those looking to adapt their processes and policies to recruit the talent they need.

- As a minimum basis always pay gig workers on time
- Offer advancements for larger projects to help with cash flow management
- Consider building in bonuses for meeting targets where talent is hard to obtain
- Be clear about your values and ensure that flows through into your people management practices
- Make discounts to health insurance and other protection benefits available
- Offer paid time off while gig workers are contributing and collaborating with your business
- Build loyalty and integrate gig workers into your team to show you value the contribution they make to your business
- Invest in mobile technology to integrate gig workers, offering wellbeing advice and on-the-go-training
- Ensure uniformity in your offering to both staff and gig workers to break down barriers

070



Shaping the future of meaningful benefits design and employee wellbeing

As businesses look to reshape their benefits offer, there is a clear demand for digital solutions to help them achieve this. When asked, the majority of employers (60%) want access to tailored and competitive benefits solutions (60%) and clearly value the experience and insights that a firm like Aon can provide. The future of the industry is being driven by digital solutions, and given that the gig economy is natively tech-oriented, it would be incongruous for businesses not to offer the same digital experience to their employees as they do their customers.

Well One

Aon's Well One health engagement app offers employees the ability to measure and manage their wellbeing, connect with their colleagues and earn rewards and recognition in an easy and engaging way. As a result, employers benefit from powerful data-driven insights. The data the app gets from each employee creates health scores based on their physical and emotional, social and financial wellbeing. While employees gain access to expert articles and personalised coaching to address concerns within their lives. Aon's team of experts can then use these data insights to bring evidence-led health solutions that help build productivity. Knowing more about the people that work for you can bring focus and clarity to your business strategies, reduce risk, whilst enabling healthy behaviour change across your organisation.



The Benefits Solution (TBS)

TBS gives employees instant access to their company-provided benefits via the convenience of their digital devices, tailored to their needs. Our award-winning technology makes employee benefits easy to understand, manage and use, helping to

increase engagement with schemes. In addition, the ability to send push notifications via the app straight into the hands of employees enables businesses to communicate to their workforces in real-time about initiatives that support their objectives.



073



LOCAL LENS

German gig workers appear to be juggling the highest number of gigs, with 12% combining five or more gigs at any one time. Yet they also have the lowest appetite for the creation of portable benefits (27%). These two statistics suggest there is an opportunity to get ahead of the demand curve by leading the way in the creation of personalised, digital, portable benefits solutions.

Summary

As we look to the future, it is clear that a fully scalable global product could have a transformational effect on the gig economy and the recruitment and regulation challenges that employers face. The true cost of the COVID-19 pandemic to our global economies is still unknown, but as we face a turbulent economic future, businesses are likely to have more limited resources, yet a greater need for a flexible and agile workforce.

A portable product could enable gig workers to move benefits with them from gig-to-gig – topping up their pensions, building their insurance protections, accessing beneficial health and lifestyle rewards (advice, coaching, gym memberships) as well as advice, training and opportunities for social interactions.

The ingredients for such a product are within reach. Digital technology enables us to learn about, communicate with, and engage our workforces in even more advanced ways than ever before. Meanwhile, employee wellbeing becomes increasingly important to workers and businesses alike as physical, social, emotional, professional, and financial wellbeing are linked to job performance.

Culture and infrastructure are the biggest inhibitors towards the adoption of a vehicle for flexible, portable and personalised benefits. In order for gig workers to have a truly portable wallet, it will require a new wave of employers who are ready to accept them, along with the administration that will come with it. But as the gig economy grows, and the pressure to recruit the best talent continues, so too will our need for innovative solutions to benefit design and access.

•

Conclusion

A global spotlight is shining on staff wellbeing like never before. With businesses more aware than ever that for their workforces to be productive, they need to play a critical role in their workers physical, social, emotional, professional and financial wellbeing.

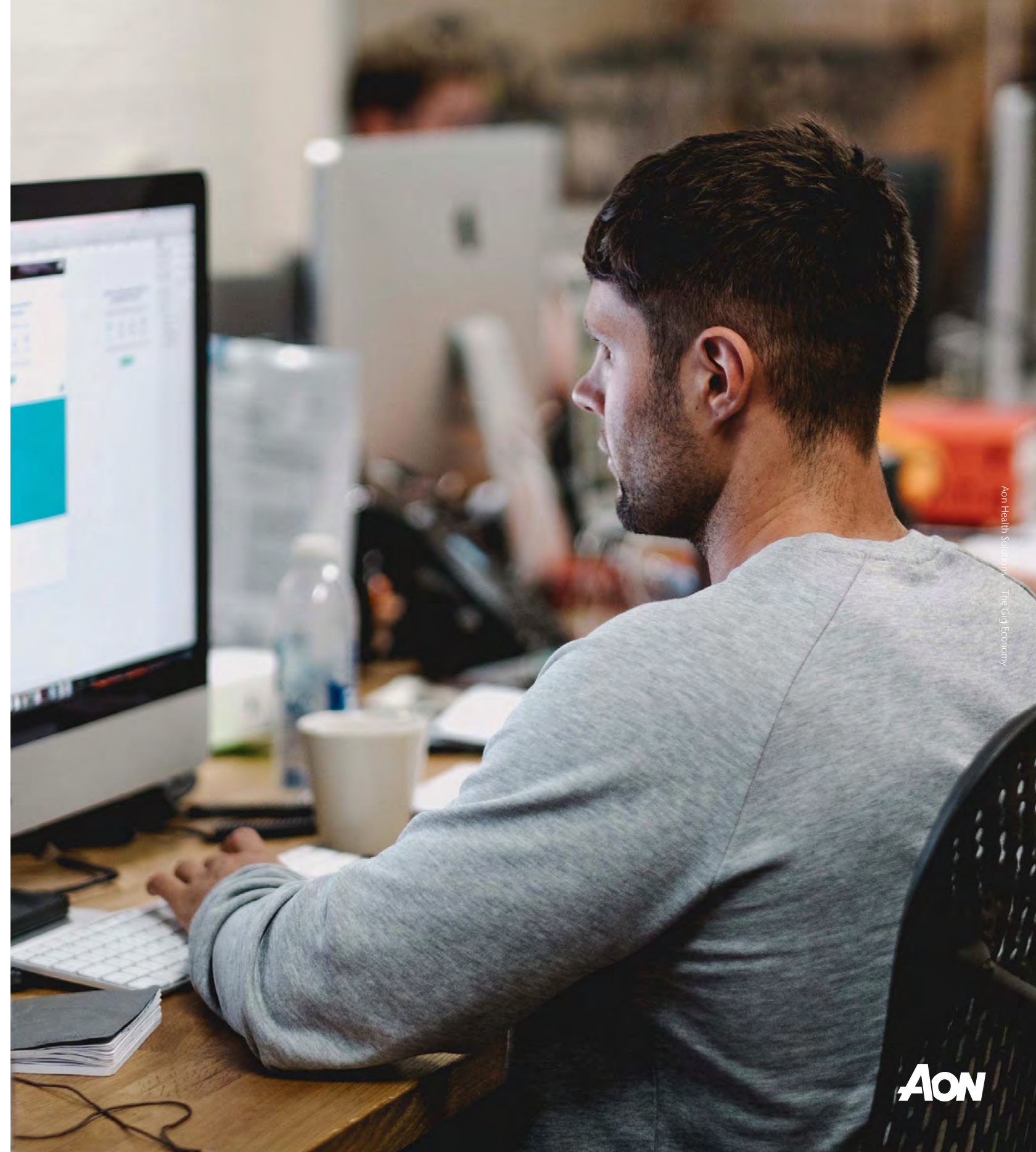
While the economic outlook after the COVID-19 pandemic is still unknown, what is certain is that life as we know it has shifted exponentially. How we work, what we spend our money on, how we communicate, what we value - our collective responses to all of these factors is likely to alter as we emerge from this crisis.

As a result of businesses creating remote workforces, almost overnight, we can expect to see changing perceptions about flexible working from both employers and employees. Will this lead to greater flexibility being offered to all workers as standard, or will businesses double down on their journey towards the adoption of more gig workers?

What is certain is that the pandemic has highlighted the precarious financial status of a large swathe of workers who underpin our economies. This is compelling societies, businesses and governments to reassess their perceptions of this workforce and the way we remunerate them in the future.

The gig economy is here to stay and those ready to embrace an expanded workforce will have a competitive advantage. The future of business agility and innovation lies within this hidden workforce; the key will be to harness its power through a culture of equality and wellbeing.

-



The workplace of the future will be one which doesn't force people to compromise between their desire for workplace flexibility and the security of their financial future.

The path to get there is clear and it's both meaningful and ethical — to the benefit of the worker and the business.

078

**Building meaningful
benefits for the future
of your workforce:**

Listen

Are the benefits and support you provide your workforce the right ones?

Research

Know your demographics and what motivates the gig workers you need

Invest

Commit to investing in your whole workforce

Personalise

Flexible benefits give your workforce the option to choose what works for them

Engage

Make it appeal — offer a fun user-experience

Integrate

Offer greater integration of gig workers within teams and businesses

Value

Put as much energy into keeping talent as you do recruiting it



Contacts

For report inquiries

Matthew Lawrence
Chief Broking Officer
EMEA Health Solutions
matthew.lawrence@aon.com

Andrew Cunningham
Chief Commercial Officer
EMEA Health Solutions
andrew.cunningham@aon.com

For press enquiries

Yolanda Fernandez De La Puebla Martinez
Head of Marketing
EMEA Health Solutions
yolanda.fernandez@aon.com



About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

© Aon plc 2020. All rights reserved.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Aon UK Limited is authorised and regulated by the Financial Conduct Authority

www.aon.com

