

# 7 Ways the Gig Economy Changed During COVID-19

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July 27, 2021



The gig economy was already exploding prior to the pandemic, but the gig economy changed during COVID in ways that are likely to continue well into the future. Businesses that previously thought face-to-face interactions were the only way they could conduct business had to suddenly pivot and become more open-minded and innovative about how they would interact with customers—and employees.

The pandemic has created massive shifts to the [gig economy](#) that impact staff, employers—and customers.

## How the Gig Economy Has Changed During COVID

### 1. Different types of jobs are being performed in the gig economy.

Computer programmers and developers can do work remotely. So can virtual assistants. But what about doctors? Or lawyers? Or any number of a wide range of roles that we've learned over the past several months *can* be done remotely.

For instance, David Reischer, Esq., an attorney and CEO of [ProBono.LegalAdvice.com](https://www.probono.legaladvice.com), says that COVID-19 kept the firm's law clinic from admitting new clients to consult with attorneys in physical offices located in midtown New York City for almost 18 months. That's the kind of hit that can be hard for businesses of any kind to effectively manage. Reischer says that his company has found that a strong online presence is essential to doing business.

ProBono.LegalAdvice.com has transitioned its business model from meeting clients physically to allowing interactions online. Many new clients, Reischer says, "are still able to speak with qualified lawyers online and these attorneys get paid just by answering legal questions online." In the legal professions, Reischer says, "the gig economy is alive and well."

The same is true in other professions.

## **2. There's greater demand for gig workers.**

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John T. Fleming is the author of [Ultimate Gig: Flexibility, Freedom, Rewards](#), Emerald Publishing (2021). "The pandemic has accelerated the growth of the gig economy, with employers and workers alike redefining the nature of work—where, when and how it is performed, as well as how it is compensated," says Fleming.

Fleming says that while he doesn't see the gig economy changing because of the pandemic, he does see it "becoming more and more appealing because of the need for more flexible choices in how we can work."

Data backs up his impressions. [GigSmart, a company that connects employers with gig workers reported](#) a 25% increase in the number of gigs completed daily after the emergence of the coronavirus last March.

## **3. More interactions are taking place online.**

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Companies are also finding more opportunities to interact with customers online. Customer service is one big example of this. In fact, a new acronym has emerged for remote customer service roles—GigCX, or gig customer service. Limitless recently released its [2021 report on Gig Customer Service](#) based on interviews with 15 global CX leaders and more than 600 GigCX experts. Some highlights from their research include:

- 90% said they are likely or very likely to invest more budget in GigCX in the next three years (up from 60% who said the same last year).
- By 2025, 20% of respondents felt that more than 80% of their customer service could be handled by GigCX.
- Demand drivers included increasing flexibility and the ability to handle demand volatility (40%) and reducing costs and increasing quality (30%).

Interestingly, while the availability of gig roles is on the rise, so is the number of people interested in these roles, leading to increased competition.

#### **4. Gig workers may be facing more competition—as well as more opportunity.**

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The current situation is a bit of a yin/yang for gig workers notes Dylan Houlihan, founder of [Swift Salary](#), a site that helps people find side jobs. Yes, demand for gig workers is up. But, Houlihan says, COVID-19 drove a “massive influx” of new gig workers so the field has become a lot more competitive.

On the flip side, though, he acknowledges that “it’s also caused more opportunities to pop up in the gig economy due to new and old companies leveraging gig workers more and more.” In addition, he says, opportunities that didn’t exist before are emerging.

Others, like Neil Goldsmith, a partner in the employment and labor practice group in [Lathrop GPM’s](#) Minneapolis office, agree that demand for gig workers may be outpacing supply.

The gig economy, Goldsmith says, is facing a labor shortage. “During the pandemic, many workers decided to collect unemployment instead of seeking work due to the additional weekly amounts the government provided on top of their usual unemployment amounts. Although these extra amounts have either expired or will expire shortly, the labor shortage in low-wage positions is likely to continue, as it was present even before the pandemic.” This, says Goldsmith, “means gig companies will need to get creative in offering various compensation incentives to recruit enough workers to provide the services their customers require.”

While gig workers are learning about new opportunities and roles that can be performed remotely, employers’ are realizing that the talent pool they can draw from is also increasing.

#### **5. Employers have a broader pool of talent to draw from.**

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As the concept of gig work and GigCX takes hold, employers are realizing that their talent pool is widening exponentially. If employees don’t need to be physically located in a company setting, why do they need to live in the immediate area? Many don’t. The ability to hire staff from around the country—or even around the world—whether gig workers or traditional employees can be especially beneficial for companies recruiting for hard-to-find talent.

But, while gig workers holds ample benefits for employers and workers alike, amid all of the shifts in the labor market, legislators are making moves to clarify and, in some cases, tighten up, rules and regulations related to gig or remote work, especially in terms of classifying workers as contractors versus employees.

## **6. More scrutiny of the employer/employee relationship is leading to new laws and the potential for increased scrutiny and regulation.**

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Since California passed Proposition 22 and President Biden was elected, Goldsmith says, companies hiring gig workers face potential challenges related to additional legislation at the federal or state level related to:

- Making it more difficult for companies to classify workers as independent contractors.
- Creating a new worker status that is a hybrid between an employee and an independent contractor like Proposition 22 did.

“In May, the U.S. Department of Labor rescinded Trump-era guidance that made it easier for companies to classify workers as independent contractors,” Goldsmith says. “The DOL has not yet proposed a new worker-friendly test, but many legal experts suspect it will, particularly given the appointment of David Weil as the Administrator of the DOL Wage and Hour Division, the same position he held in the Obama administration.” Weil, says Goldsmith, is an outspoken critic of the gig economy labor model as being unfair to workers.

The implications to employers of stricter requirements for defining gig—or contract—workers versus employees related to minimum wage and overtime requirements, and other benefits related to the Fair Labor Standards Act that impact employees, but not gig workers. Employers need to consider multiple factors in determining how to classify employees appropriately, including the level of control over how the work is performed, whether the worker is investing in their own equipment, and whether the worker controls their own opportunity for profit and loss.

## **7. Employers—and Managers—Thinking Differently About How to Measure Productivity**

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One of the many startling outcomes of the pandemic and the broad shift to remote work has been the busting of an age-old myth—that employees working from home would be less productive. In fact, the reverse has been the case for many companies that are reporting that employees working from home face fewer distractions and actually get more done.

## **The Future Holds Potential for Gig Work**

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Both employers and workers are likely to continue to realize benefits from a greater gig economy long past the pandemic.

“Firms that utilize independent contractors as affiliates, influencers and workers in their channels of distribution will continue to bring innovation into the economy,” Fleming says. “Workers will benefit from more choices and greater flexibility as to how and when they work; they will be more empowered.

Public policy makers, though, he says, “will be challenged to understand and then provide the policies that support these new efficiencies.”

All in all, the pandemic has driven massive, and rapid, experimentation in terms of how, and where, work gets done. It’s an experiment that is likely to continue for the near, and possibly, long term as workers, employers—and even customers—realize the many benefits related to the gig economy.

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