asae foresightWORKS

Empowering the New Workforce

SUMMARY: New structures are emerging to support workers' rights and protections in the face of economic change. Workers are confronting challenges from two directions: deep structural changes—automation, the gig economy, and broader economic trends—that are shifting the balance of power in favor of employers, and the decline of unions and other traditional protections. Now, driven by innovative startups, a handful of political initiatives, and workers themselves, new solutions are emerging—including from associations, which can both contribute to and benefit from this movement.

Forecasts

- The work world will evolve from a dichotomy of traditional employment with full benefits versus alternative employment models with no benefits, to a model in which gig, part-time, and contingent workers have more support structures and access to many of the same benefits as full-time employees.
- A new infrastructure will support alternative workers with operational services, collective negotiations, and safety-net benefits—and help employers manage their independent-contractor workforces.
- Forward-looking organizations, including both startups and large gig economy players like Uber and Lyft, will offer alternative workers the benefits once provided by unions and governments—such as financial products, retirement plans, subsidized training, workers' compensation, and even paid time off. These entities will also develop innovative products for such workers, such as loans designed for intermittent incomes.
- If the gig economy continues to grow, governments will be under growing pressure to revise labor laws so that gig workers may have secure livelihoods.

Key Uncertainties

How far and how fast the alternative workforce continues to grow

•

Traditional unions' reactions if new entities encroach on their turf

•

Whether governments step in to support alternative workers and new structures

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Younger generations interest in organizing to navigate workforce changes

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Whether new companies that offer employee-style benefits to independent workers will find sufficient clients

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Supporting Trends

- **Declining American unions.** Membership in American unions has declined to include just 11 percent of all wage and salary workers. Some economists consider the decline of unions to be one of the reasons for stagnant middle class incomes.
- **Health insurance uncertainty.** The U.S. healthcare system faces years of change and uncertainty.
- **Benefits support for gig workers.** Dozens of "benefits startups" are emerging to support gig, part-time, and other contingent workers with services designed to improve their occupational stability.
- **Growth of global gig economy.** The global "gig economy," in which workers either freelance, work under short-term contracts, or work as independent contractors, is projected to grow.
- **Growth of the blended workforce.** "Blended" workforces—in which freelance workers team up with conventional employees on projects—are spreading. This on-demand option solves key problems, cuts costs, and offers flexibility for the company and the workforce.

Related Drivers of Change

- New Forms of Work
- Automating Work
- Bifurcated Workforce

Notable Data Points

GIG GROWTH

The number of **self-employed Americans could swell to 42 million by 2020**– and millennials are expected to comprise 42% of these self-employed workers.

Source: FreshBooks, Self-Employment Report, 2018

INDEPENDENCE COSTS

The U.S. federal government awards about $300 billion in annual tax breaks to full-time employees, **but only about $7 billion to independent workers.**

Source: Diane Mulcahy, "How U.S. Law Needs to Change to Support the Self-Employed and Gig Economy," Harvard Business Review, July 23, 2018

GIGGING... BUT NOT ENOUGH

In a 2018 survey of 9,000 active job seekers, **25% identified themselves as "a worker in the gig economy."** 38% of these said they had no current gigs and another 35% said they had only one gig.

Source: Jeffrey Marino, "Rethinking The Relationship Between Gig Economy Workers And Employers," ZipRecruiter

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Strategic Insights

- Making the new world of work a net positive for workers while preserving the advantages for employers means finding ways to give workers more economic security and control. Associations could offer safety-net benefits such as short-term insurance, subsidized training, or loans designed for intermittent incomes—and help member organizations develop these kinds of services for themselves.
- The movement to support alternative workers is currently driven chiefly by companies. "Benefits startups" like Stride Health, Zego, Bunker, Icon, and Trupo offer various financial services to independent workers, and established gig-economy employers like Lyft and Uber offer insurance, retirement options, and career counseling to their drivers. On the nonprofit side, Google.org and the Rockefeller Foundation support The Workers Lab in designing portable safety-net benefits, such as emergency loans for 1099 contractors.
- Private sector attempts to help alternative workers can go only so far. In the United States and elsewhere, giving a worker certain kinds of benefits can trigger an official employment relationship that requires a full slate of benefits. Ultimately, resolving the issue will mean revising labor laws.
- Associations could build on the experience of organizations that already provide benefits to independent workers. Alia, a new platform from the National Domestic Workers Alliance, allows households that use housecleaners to voluntarily add $5 on top of their regular payment, creating a fund that members can tap into for benefits including paid time off and disability insurance. Other approaches are offered by the National Education Association (a broad array of insurance, loans, and retirement benefits), and Freelancers Union (collective action as well as nontraditional benefits like support for client non-payment).

Timing

- **Stage:** Emerging, with multiple trends converging to push toward this future
- **Speed:** Medium, depending on how today's organizations respond to the need for new models

Potential Alternative Futures

- **Big Brother steps in:** Regulators and legislators move to prevent new organizational entities that challenge existing power dynamics.
- **Embracing gig workers:** Governments create policies to support freelancers and gig workers, reducing the structural need for guilds.
- **Workers of the gig, unite!** Contingent workers in some fields adopt union-like organizing and tactics, overtaking private sector efforts.

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Take Action

- **Resolve where your association's responsibility and loyalty lie as tensions arise between workers and employers.** In many individual membership associations, employers have considerable clout and often pay the member dues. Hybrid membership organizations have both employing organizations and individuals dependent on these organizations for employment.

- **Revisit the viability of affinity programs offering employee benefits.** Interest in benefit-based affinity programs have been declining in many associations. If employers are not offering critical benefits or if more people are self-employed and working independently, associations may be able to fill this gap in safety net benefits.

- **Use credentialing programs to vet competency.** Promote your credentialing programs as an efficient way to screen for competency. Insist that qualified individuals be rewarded consistent with these demonstrated skills and experience.

- **Give your local and regional affiliate structures a benefits focus.** Independent workers who cannot rely on employing organizations for training and networking could become the core constituency for local services. Identify where these individuals may be clustered, such as around employment centers for industries or congregating in co-working facilities.

- **Advocate for safe and just workplaces.** Know what the workplace issues are in your industry and strive to get on the right side of them. In a world where groups of stakeholders can easily organize to correct perceived injustices, your best defense is to act in socially responsible ways. This also may mitigate the likelihood that some members will feel the need to migrate to other organizations they believe better represent their self-interests.

Keyword Search

To continue researching this change driver, use these search terms:
work, gig, gig economy, freelance, temporary work, contract work, contingent work, part-time work, precariat, guilds, unions, apprenticeships, blended workforce, benefits

Who Will Be Affected

Professional membership societies could feel intense pressure to provide safety-net services to alternatively employed members. Associations with a growing number of consultants and independent professionals similarly may find they can offer new benefits and services less available to them in the general marketplace. Hybrid membership organizations with both corporate and individual members could feel more employer-employee tension.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

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