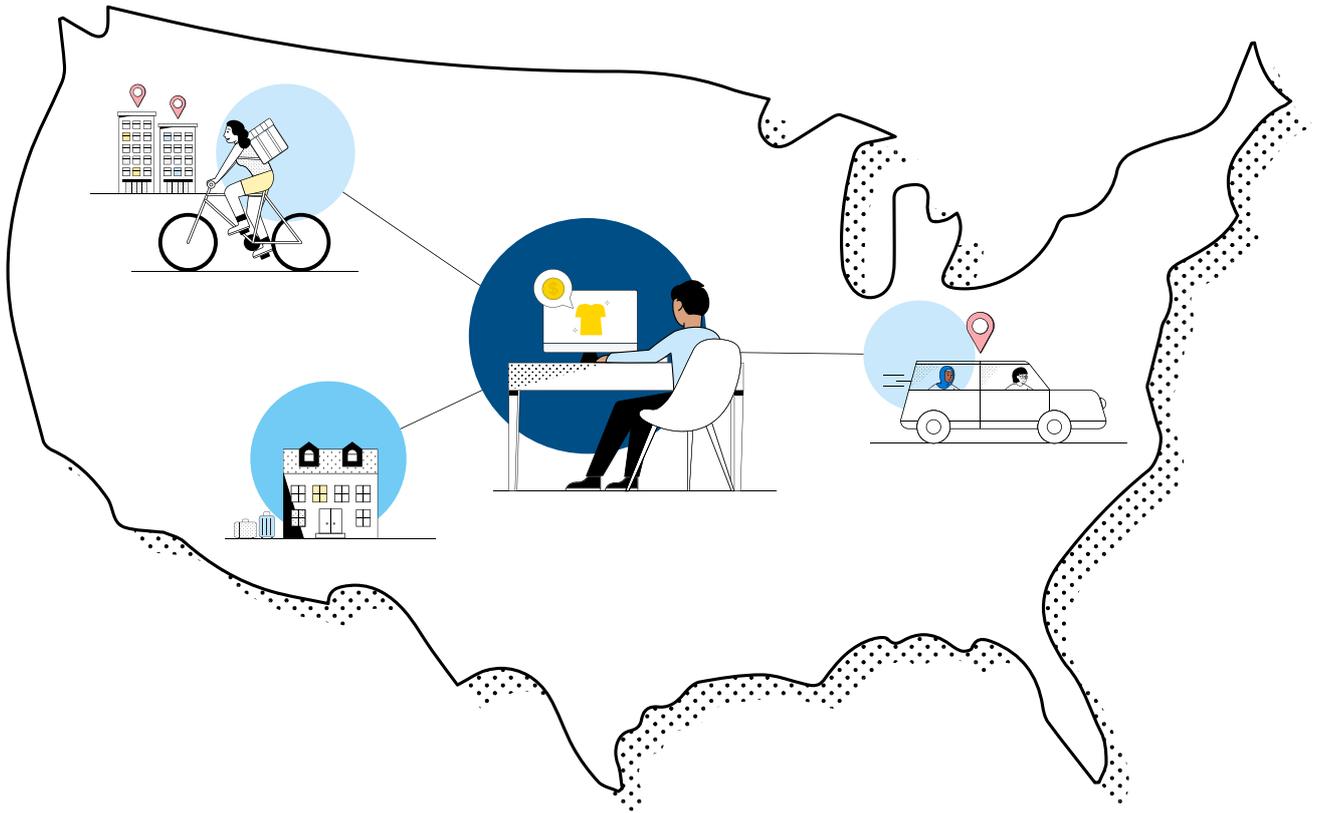


Legal & General U.S. Gig Economy study

2022 U.S. Gig Economy study: Part 1

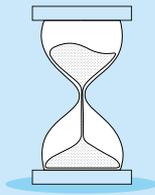
The Gig Economy is here to stay



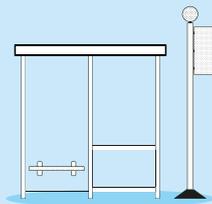
New research indicates the Gig Economy is here to stay

Signifies a sea change in U.S. worker preferences

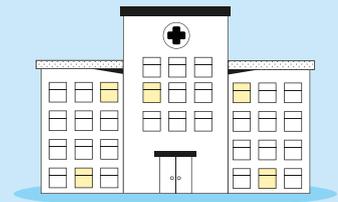
69% of survey respondents see themselves working in the Gig Economy for the foreseeable future.



Less than **1 in 10** expressed a desire or plan to leave the Gig Economy in favor of more traditional permanent employment.



62% of gig workers don't like having to pay for their own health insurance.



The Gig Economy comprises incomes ranging from under **\$50K to \$4 million**, and jobs from Uber driver to best-selling author.

Looking at the current U.S. labor economy, we at Legal & General sensed a sea change taking place in the way the U.S. labor force is approaching work, a cultural shift so pervasive that we felt it merited a closer look. Traditional models are being chipped away at, as commentary such as Kearney's [Death of the Workday](#) indicates. With a plethora of anecdotal evidence that momentous changes are taking place in the way we want to live our lives and make our livelihoods, we decided to conduct an extensive survey of U.S. gig workers—people not employed in a traditional, salaried job. This provided compelling evidence that, partly accelerated by the pandemic, the very nature of work and people's relationship to it is changing, toward a more independent, flexible, and yes, less financially predictable position in our lives. And that these changes could be self-sustaining through and beyond the 21st Century.

Statistically, in America today, if you were to get together with a small group of friends—even two friends—chances are excellent that at least one of you would be a member of the gig economy. The number of self-employed people in the U.S. continues to rise.

Currently estimated at around 36 percent of the population, or 59 million people, it's expected to reach 85.6 million by 2027. That sizeable chunk of the population has resisted classification while continuing to self-identify and differentiate in myriad ways. Comparatively, a much smaller proportion of the [labor force in the UK](#)—an estimated 4.2 million people, or 6.2 percent of the population—are considered gig workers, though this number is also climbing.

To find out more about today's gig workers in America, Legal & General designed a study which YouGov carried out for us in late August 2022. One of the critical questions we wanted to probe was, Will we ever go back to a traditional way of working? In this first, introductory report we put forth the notion that, at the broadest level, gig work is here to stay. Among the gig workers we interviewed, 69 percent see themselves working in the gig economy for the foreseeable future. While 69 percent might not initially seem like a resounding endorsement, when viewed within the context of the rapidly evolving U.S. labor market, it suggests a surprising level of job satisfaction.

The sentiment was affirmed when we examined job satisfaction in the short term—among those surveyed, less than one in ten (9 percent) showed an immediate desire to take up, or return to, permanent employment in a traditional job setting. A comment from one of our respondents sums this up:

“

I can control how many hours I work and how much I make per year. No boss, no co-workers.”

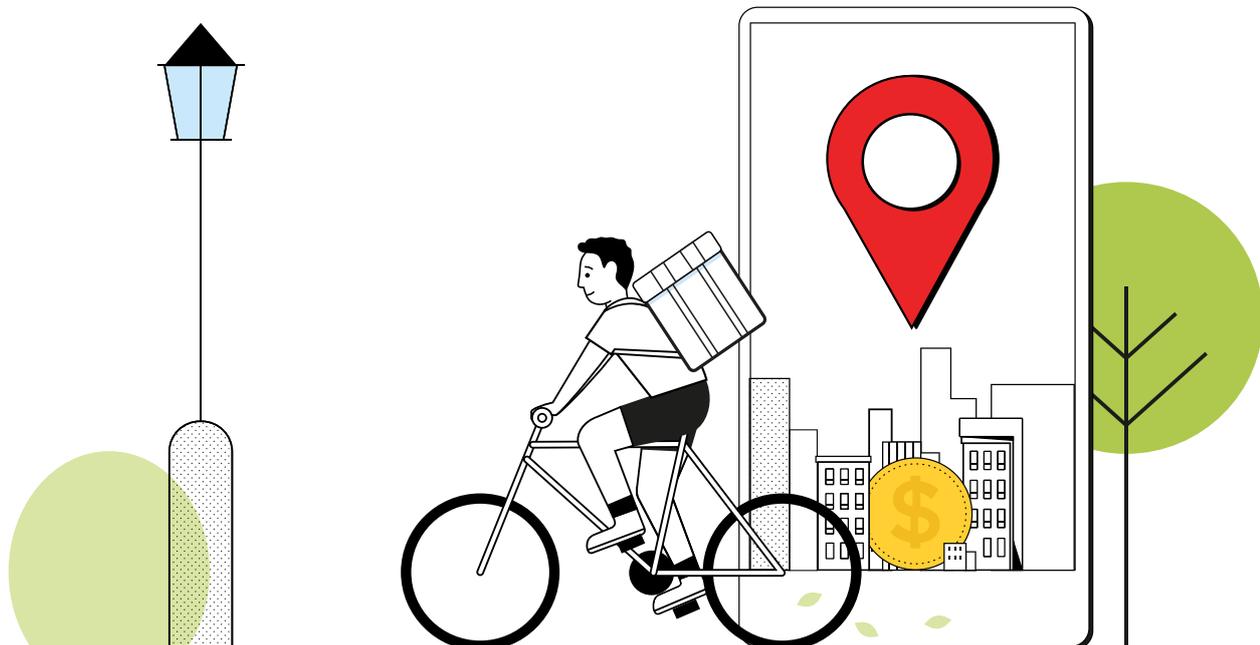
Formulations of this sentiment were repeated time and again.

Genesis for change in how we work

Though it could be said that the industrial revolution created a new employer-employee model with the emergence of big companies, mechanization, and industrialized manufacturing, the concept of gig work—also known as contract or independent work, self-employment, and seasonal labor, to mention a few—has been around for centuries. Consider Michelangelo being commissioned to paint the ceiling of the Sistine Chapel. Or a master plumber being brought in on a building project for a fee. A healer seeing clients out of her home, paid by the service. A fisherman going out those months of the year he's able to and making his living based on what he can haul out of the sea. These are timeless trades that share the common theme of self-employment.

The term 'gig,' as we're using it today, goes back to [1926](#), when New Orleans jazz musicians started referring to their musical engagements as 'gigs.' Gig work as a way of making a living across industries emerged through the 20th Century with the ebbs and flows of economic and job stability. Looking back to the late 1980s, when professional schools were pumping out more graduates than a recessionary economy could find "real" jobs for, many firms took up the practice of hiring new people as 'contractors,' paying them hourly or by the job, without stability or benefits such as health insurance and contributed retirement plans. The tax cuts, decreased social spending, increased military spending, and market deregulation characteristic of '[Reaganomics](#)' added to a sense of self-determination for U.S. workers, as well as employers, at this time. Young people having no other choice but to work this way if they wanted to remain in their field soon found that they could make more money by taking on more work. And so gig work came into acceptance as a practice in the U.S.

Analysts believe that economic downturns have given rise to people seeking alternative ways to make a living. A galvanizing moment came in 2009, when job loss during the Great Recession was so severe that many intellectuals and white-collar workers took to pursuing "a bunch of free-floating projects, consultancies, and part-time bits and pieces while they transacted in a digital marketplace," according to former New Yorker editor Tina Brown, who is credited with coining the term '[gig economy](#).' Some of these high earners wound up making even bigger bucks as freelance consultants—our study canvassed gig workers who earn up to \$4 million a year—and never looked back.



According to one [comprehensive study](#) examining the ethical concerns around gig work and conducted as the gig economy gained momentum in the mid-2010s, some skeptics branded it as an overly idealistic [experiment](#) concocted by venture capitalists, exemplified in startups like Uber and AirBnB that treated contract workers like employees, except in the most important ways. These detractors doubted that this radical labor model could be profitable while still providing employee satisfaction.

It's true that some of the more half-baked models of contract or gig work have gone belly-up—there were 432 [failed VC-backed startups](#) between 2014 and 2022, according to CB Insights. Here is one [report](#) from 2017 citing Teforia, Jawbone Health Hub, and Hello as a few examples. Another [report](#) looked at the demise of Homejoy, Tutorspree, Helloparking, Rivet & Sway, and Dinnr, all of which spun out of orbit due to poor market research, customers only using the promotional offer, or heavily funded competitors. However, the overall result has been a stronger, more sustainable gig economy, one poised for growth, our study would seem to indicate.

As one respondent said:



I've been successfully freelancing for 18 years, and I consider it regular work."

Figure 1. What gig workers are saying

See themselves doing gig work for the foreseeable future	69%
Not having access to retirement plans and other benefits is a key drawback	67%
Worried about job stability / security and predictability of income	65%
Don't like paying for own health insurance	62%
Realize they can make more money this way *(54% among those earning 100K+)	35%*
Could not work in a corporate setting	19%
Plan to leave gig work for more traditional employment	9%

A surge in gig work occurred not only because of employees' desire for flexibility, but equally as a result of employers sharing that same sentiment. According to Taskmo, demand for contract workers surged 66 percent in one month, from May to June 2022. And despite numerous legal problems, 'Uber' and 'AirBnB' have become verbs in the American lexicon.

Fast forwarding to the Covid-19 pandemic, [53 percent of U.S. adults](#) who quit their "real" job in 2021, spurred on by workplace shutdowns and the economic shifts they brought, changed their occupation or field of work. While employers are still mired in an era of workplace and career change dubbed the Great Resignation, gig workers have remained largely exempt from this trend of jumping industries. Many of them had set up in-home offices and figured out efficient, independent working habits long before the pandemic forced so many workers in America to do so—and before Zoom made it even easier for them to work remotely.

The debate around gig work

During the past several years, discussing the gig economy has become a polarized, politicized [debate](#)—often overshadowing the voices of real gig workers. Opponents of gig work often dub this practice “precarity labor,” viewing gig work as an excuse for corporations to not offer healthcare and job security. Proponents of gig work see the practice as quintessentially American—offering workers the freedom and individuality to work when they want, however much they want. As one gig worker we surveyed put it:



All my life I have wanted to work for my own company. There is no going back!”

In this scenario, the worker exists as a sole small business owner, motivated by results rather than hours supervised.

Victimized or empowered? The reality lies somewhere in between, but with the modernization and acceptance of gig work, the overall work environment will likely inch closer and closer to the latter reality, providing workers with a newfound sense of flexibility, freedom, and control over their finances.

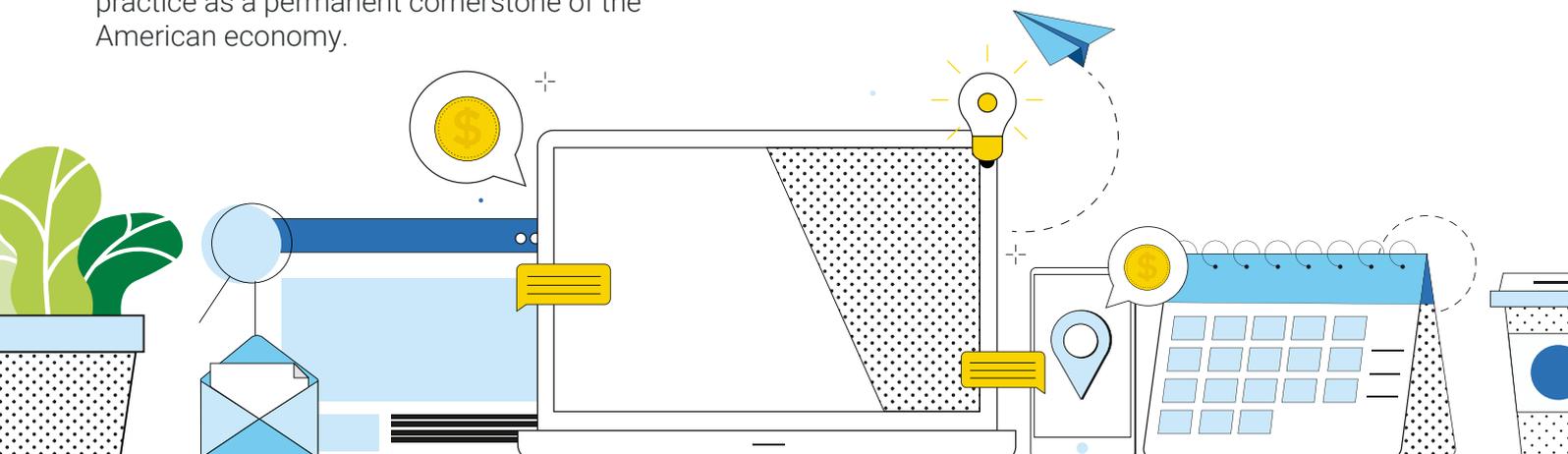
The purpose of our survey was to identify and analyze the themes that motivate gig workers. Were these people working this way out of necessity or as a conscious decision? What were their aspirations, and did they align with the work they were currently doing? Did they consider their job as “temporary,” as those critical of gig work have done? The responses were illuminating, and provide a roadmap for how gig work might be improved—in order to solidify this practice as a permanent cornerstone of the American economy.

It’s not all rosy: legitimate concerns abound

As we discovered, worker satisfaction isn’t everything. Our survey found legitimate criticisms of the gig economy, which will be covered in depth in later installments. Lack of health insurance and retirement saving plans are two blights on the emerging model—our study found that paying for their own health insurance was a pain point for 62 percent of respondents, while 67 percent said that not having access to retirement plans and other benefits was a huge detriment to working this way. Large companies, legislators, and gig workers themselves are grappling with how to remedy this situation, the entire debate a sign of the gig economy’s growing pains. This is a segment of the economy worth studying—never has the role of the American worker changed so drastically or pervasively. Our hope is that this change ushers in an era of profitability, transparency, and independence for labor in the United States. But first we need to understand it.

This is the first installment of a multi-part report which seeks to holistically examine the gig economy. In the course of eight thematic reports, our findings from the study will cover areas as diverse as the massive income ranges and types of work encompassed by gig work; that gig work is a choice, and how this shows up; the fierce independent-mindedness of gig workers; the extent to which gig workers meet their health and life insurance needs, ditto on their retirement needs; what it would take to get gig workers to go back to “the office”; and the pandemic fallout for gig workers.

Our next section, **The Gig Economy Represents a Rainbow of Possibilities**, will look at the dozens of industry subsectors and range of earnings represented in the U.S. gig economy.



Methodology

The data was collected via online survey fielded to individuals sample sourced from YouGov's US panel. The survey scripted and hosted on Gryphon, YouGov's proprietary survey scripting platform and the field work took place between August 19 and 31, 2022. 1,044 surveys of freelancers and self-employed workers between 18 and 60 years old, non-student/non retired drawing 60% or more of their income from gig work were completed. Key demographics such as age, gender and region were allowed to fall out naturally. 20 questions were designed to understand facts about earnings, drivers of and barriers to gig working, financial product ownership & financial capacity when coming across adverse situations, and future expectations of being involved in the gig economy. Verbatim comments were captured by Legal & General in research carried out in June 2022 among 100 U.S. respondents.

Study authors



Sir Nigel Wilson
Group Chief Executive
Legal & General

Sir Nigel Wilson was knighted in the Queen's New Year's Honours list 2022 and has served on the UK government's Levelling Up Council. He has been a member of the Prime Minister's Business Advisory Group for two Prime Ministers and has chaired and served on a variety of UK government commissions. He was appointed Group Chief Executive of Legal & General in 2012 and holds a PhD in Economics from Massachusetts Institute of Technology (MIT).



John Godfrey
Corporate Affairs Director
Legal & General

John has worked in the City of London for over 30 years. Having joined the firm in 2006, with responsibility for communications, public policy issues and the group brand, he spent 2016-2017 working at Number Ten Downing Street as Head of Policy under Prime Minister Theresa May, where his team was responsible for advice on a broad range of UK domestic and Brexit-related issues.



Edyta Borowy
Group Brand Insight Manager
Legal & General

Edyta specializes in designing and developing research studies that look into current consumer and customer behavior and sentiment. Eliciting insights from the findings, she then translates them into business initiatives and strategies.