Decoding millennials in the gig economy
Six trends to watch in alternative work

By Kelly Monahan, Jeff Schwartz, and Tiffany Schleeter

Introduction

A growing body of research points to the growth of the alternative workforce—particularly as it relates to many millennials “opting out” of the traditional workforce. A recent 2017 study reports that overall self-employment is likely to triple to 42 million workers by 2020, with millennials leading the way. The study predicts that 42 percent of all self-employed individuals in the United States are likely to be millennials by 2020. As people consider new forms of employment, many organizations are turning toward the growing alternative workforce segment and seeking to hire more workers off their balance sheets as part of a workforce ecosystem.

How well do we understand what millennial alternative workers generally look like, do, and want? As more organizations begin to leverage this supply
of talent, what story does the data tell about millennials working in the alternative workforce? In this article, we examine over a decade of data and research collected on millennials entering and exiting the alternative workforce to identify potentially notable or statistically significant trends over the years. The data appears to point to six emerging and notable trends that should be on the radar of any leader seeking to leverage the millennial alternative workforce:

1. The proportion of women in the millennial alternative workforce is shrinking, possibly because more millennial women than men are going back to school.

2. The proportion of household income millennials receive from alternative work is increasing.

3. Most alternative millennial workers make less than their traditional full-time employed counterparts.

4. Millennial alternative workers are often supported by someone else in their household.

5. Alternative millennial workers are more likely to find jobs in the arts, maintenance, and administrative professions.

6. Alternative millennial workers appear to be more likely to break the rules, have emotional agility, and work hard.

METHODOLOGY AND ALTERNATIVE WORKFORCE SAMPLE

In 1997, the US Bureau of Labor Statistics (BLS) began conducting interviews with individuals living in the United States who were born between 1980 and 1984 (as of 2013, their average age was 31). The study continued to gather detailed information on these individuals through 17 subsequent rounds. We examined data from these interviews beginning in 2003, when the subjects were between ages 19 and 23 (around the time they were most likely to enter the workforce) and ending in 2015, the last round for which data has been released.

The data includes information regarding a person’s household and geography; parents, family, and childhood; dating, marriage, and children; health, pregnancy, and fertility; crime and substance use; education, training, and achievement; employment, income, and assets; and attitudes and expectations. In total, more than 70,000 data points have been collected.

The most powerful aspect of this information is its longitudinal nature. In the first round, 8,984 millennial individuals were interviewed, and nearly 80 percent of the sample (7,103 people) were also interviewed in round 17.

For purposes of this article, we defined the millennial alternative worker as someone who received a portion of their income reported on US Form 1099 at the end of the year. These workers could have participated in the gig economy or may have started their own small businesses. Approximately 9 percent of the sample reported alternative work income, with alternative workers representing between 8.1 and 10.8 percent of the sample in various years.
Trend 1: The proportion of women in the millennial alternative workforce is shrinking, possibly because more millennial women than men are going back to school.

The BLS data shows that there is a slightly higher proportion of men than women in the millennial alternative workforce, with the difference in gender representation widening over time. In 2003, the millennial alternative workforce consisted of 52 percent men and 48 percent women; by 2015, that proportion had shifted to 60 percent men and only 40 percent women.

The decreasing percentage of women in the millennial alternative workforce may be because millennial women are more likely than millennial men to pursue secondary education, with some leaving the workforce (alternative or traditional) entirely to do so. Among the general millennial population, more millennial women are entering colleges than millennial men, and the women are completing their degrees faster than men. This trend could also explain our finding that among the millennial alternative workforce, women are more likely to hold a bachelor’s degree than men (figure 1).

With nearly 55 percent of the millennial alternative workforce in our study having yet to complete any postsecondary education—a similar proportion as in the overall millennial population—it is evident that, as some millennials make trade-off decisions related to college debt, many are forgoing the completion of additional education after high school and jumping into the labor market. However, when one looks at the trend line (see figure 2), it is also clear that many millennials are completing secondary education at their own pace, with millennial alternative workers doing so slightly later than the general millennial population.
While alternative millennial workforce participation may be slightly decreasing, the amount of overall income received from alternative work is increasing.

The gender difference in the likelihood of pursuing a college degree, however, is unlikely to be the only reason why there are fewer women than men in the millennial alternative workforce. Some studies indicate that women may be facing higher barriers to entry into the alternative workforce related to a lack of access to networks, financial capital, and underrepresentation at incubators. As more millennials seek out alternative forms of work, ensuring there is broad access to financial capital and networks could be key to ensuring a diverse alternative workforce.

Trend 2: The proportion of individual income millennials receive from alternative work is increasing.

Alternative workforce participation increased sharply in 2007 and 2008, before dipping slightly in later years. One reason for this may be that the recession resulted in millennials facing high barriers to entry into the regular job market; nearly 14 percent of the millennial generational cohort was unemployed during 2007–2008. Another explanation could be the declining number of women millennials reporting income from alternative work. While alternative millennial workforce participation may be slightly decreasing, the amount of overall income received from alternative work is increasing, meaning more participants seem to be going all in when they do participate in alternative worker arrangements (see figure 3).
Organizational leaders seeking high quality work from the alternative workforce may be better positioned to recruit contract workers based on fair market pay.

Trend 3: Most alternative millennial workers make less than their traditional full-time employed counterparts.

In general, the alternative millennial worker has consistently lagged behind peers in regards to individual income earned (figure 4). There may, however, be a silver lining: In 2015, the millennial alternative worker reported a big jump in earnings moving from median income of $30,720 in 2013 to $38,000 (see figure 4). While the general millennial population also showed a big earnings jump during this period, in percentage terms, it was not as significant as that of those who reported alternative income.

Organizational leaders seeking high quality work from the alternative workforce may be better positioned to recruit contract workers based on fair market pay. A recent study by the Bureau of Labor Statistics found that organizations can save up to 30 percent of labor costs by opting for a contract worker over a full-time one. It may be no surprise then that another study found 43 percent of all alternative workers citing insufficient pay as their reason for leaving the gig economy.

Too often it seems the alternative workforce is seen as a way for organizations to cut costs, rather than create greater value and leverage within their operations. No wonder then that many organizations feel they do not get the same quality of work output from the alternative workforce. Not only does seeing alternative work as a cost-cutting exercise potentially diminish the quality and value workers offer back to the organization, it can also make these workers feel at a disadvantage if they are not
With age, the general millennial population has trended toward greater household contributions than the alternative worker.

**Trend 4: Millennial gig workers are often supported by someone else in their household.**

As many millennial alternative workers reported lower earnings compared to the general millennial population, it is no surprise that many are likely to have a household member helping offset daily expenses. Figure 5 shows the percentage of income millennials in the sample contribute to their overall household. For example, the data shows that at 21, millennials in both the general and alternative workforce were contributing approximately 20 percent of the overall household earnings. With age, the general millennial population has trended toward greater household contributions than the alternative worker. In the most recent data collection, at 33, the general millennial population contributed approximately 57 percent to the overall household earnings, while the alternative worker lagged behind at 51 percent.
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This trend caused us to dig deeper to determine who most alternative workers were likely to live with (figure 6). Data shows that the alternative worker is less likely than the traditional full-time employee to live alone or with a parent. Rather, most of the millennial gig workers live with a spouse or opt for other living arrangements such as a roommate. Most alternative workers are likely to seek support as they build their businesses and may rely on others in their household for doing so.
Trend 5: Alternative millennial workers are more likely to find jobs in the arts, maintenance, and administrative professions.

Analyzing the data, we found that most alternative workers were finding their work in three distinct categories, in the arts, maintenance, and construction fields as well as administrative roles, and across two sectors, professional services and manufacturing (see figure 7). Likewise, alternative work is declining in administrative support roles, such as receptionists, mail carriers, data entry, and tellers. This is likely explained by the increased use of technology in such areas. The finance, insurance, and real estate industries also saw decreased millennial alternative workers in roles such as banking, insurance, and real estate agents. Alternative workers are likely to continue to hone their craft and become specialized in their chosen field, be it in the arts, manufacturing, or professional services. Organizations should seek to further develop and provide project-based opportunities for these workers to gain greater expertise in their chosen skill.

Trend 6: Millennial gig workers appear more likely to break the rules, have emotional agility, and work hard.

The last trend we explored within the data was possible distinctive personality test traits that emerged as more statistically different than the general millennial population. These traits were derived from the NLYS97 database through the personality questionnaires collected throughout the years that measured millennials’ attitudes, expectations, and
beliefs. Within our analyses we found that millennial gig workers are more likely to score higher on the emotional agility, hard worker, and breaking the rules questions than traditional full-time millennial workers. For example, millennial gig workers are more likely than the general millennial population to rate themselves as dependable and self-disciplined, extraverted and enthusiastic, and being open to new experiences. They were also more likely to score higher on questions such as “I do not intend to follow every little rule.” As a result, entrepreneurial jobs may have appeared attractive to the millennial alternative worker.

**Conclusion**

The alternative workforce is likely to only continue to grow each year as organizations seek to expand the reach of their workforce, and individuals, especially millennials, carve out different modes of working. As a result, organizational leaders should look beyond traditional resumes and enterprise employment models to find talent. For example, when considering the alternative workforce, limiting criteria to a college degree could overlook talented workers who are specialized in a particular skill, trade, or experience. Another concern for millennials may be that of income for alternative workers. As mentioned in previous reports, it may take aligning individuals, organizations, and societies in a common direction to help fulfill the changing needs of the worker and workplace. In addition, organizations seeking to not only attract but retrain alternative workers may be wise to take a close look at the financial and learning and development mechanisms that alternative workers may be actively seeking as they continue to grow and expand their businesses.

To learn more, read our research about extending your organization’s culture beyond your campus and balance sheets.
ENDNOTES


2. Wendy Wang and Kim Parker, By the numbers: Gender, race and education, Pew Research Center, August 17, 2011.


4. Meghan Foley, “This is what the recession did to millennials,” the Cheat Sheet, May 13, 2015.

5. Karla Walter and Kate Bahn, Raising pay and providing benefits for workers in a disruptive economy, Center for American Progress, October 13, 2017.


7. For a discussion and framework for engaging the alternative workforce into your company’s culture, see “Beyond office walls and balance sheets: Culture and the alternative workforce,” Deloitte Review issue 21, July 31, 2017.

8. See sidebar Methodology and alternative workforce sample for more information on the NYLS97, and for further explanation on the personality traits variables collected within the study, please visit https://www.nlsinfo.org/content/cohorts/nlsy97/topical-guide/attitudes.

9. Wang, “The number of Americans working for themselves could triple by 2020.”

10. For further discussion on aligning individuals, organizations, and societies, see “Navigating the future of work: Can we point business, workers, and social institutions in the same direction?,” Deloitte Review issue 21, July 31, 2017.
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