

Growth of gig economy highlights urgent need for scalable and compliant workforce solutions

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Following reports that the gig economy will become a \$455.63 billion market by 2023, specialist background screening and identity services firm, Sterling, advises employers, recruiters, and investors not to compromise on compliance in order to create agile and scalable talent solutions.

According to the world's largest market research store, Research and Market, elements such as the increasing adoption of digitalisation, changing work preferences, and rising inflation are all contributing to the growth of the gig economy overall.

This growth is being further evidenced by the latest labour market data from the Office for National Statistics (ONS), which showed that the number of self-employed jobs in the UK had risen by 82,000 in the first quarter of 2023.

However, as Steve Smith, President, International at Sterling, explains, the risks associated with employing gig workers should not be under-estimated by those new to the market or planning to expand globally:

“The growth of the gig market is something we expected to continue as flexible working practices became the norm post-pandemic. With the rise of sharing economy businesses over recent years, the latest announcement forecasting continued growth is perhaps no surprise. However, while this may be a lucrative market for gig businesses, recruiters, and investors, it is also one that requires a planned and robust approach to compliance in order to help mitigate risk and meet hiring obligations.

“For anyone tapping into this market for the first time or planning to expand their gig-based operations, ensuring the right compliance and screening processes are in place now is crucial. Generally speaking, vetting workers is challenging as more sophisticated forms of fraud are being utilised. Other challenges of remote working include the ability to clearly identify that the person initially screened and vetted is, in fact, the person carrying out the work, particularly if they are working remotely with little to no in-person interaction with their employer. With gig workers often interacting very closely with the public, the potential for risk may be significant, and the impact on brand reputation could also be significant should any negative incidents occur following an inadequate vetting process.

“Getting the compliance element right in the gig economy now needs to be a priority as, with the clear growth of the market, the financial and reputational damage that worker fraud can have on a brand is significant and difficult to reverse.”

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