

Traditional Workforce VS Contingent Workforce



In today's hyper connected world, the workforce is becoming more dynamic. Hiring contingent workers is becoming a popular employment trend. According to Forbes, 57 million U.S. workers are part of the gig industry. In the United States, more than 40 percent of workers are now employed in "alternative work arrangements," such as contingent, part-time, or gig work.



Traditional Workforce (Employees)

VS

Contingent Workforce (Freelancers, Contractors, Consultants)

Hiring

Long term employment.

Fulfills needs of traditional skills.

Job applications, resume, and interviews are a mandatory part of the hiring process.

Generally hiring time ranges from 7 to 60 days.

Hired for specific projects with defined deliverables.

Fulfills needs of specialized skills.

Proposal, SOW, sample work, and endorsements are more prevalent in gig workforce.

Shift jobs claimed in a few minutes.



Onboarding

Forms & documents completed: I9, W4, State W4, and direct deposit.

Objective: Align with the company's vision, culture, and teams.

Forms & documents completed: W9 and contract documents.

Objective: Readiness to perform the job.



Work Arrangements

Works for one employer.

Employer controls working hours and place of work.

Works and performs duties under the control of employer.

Tools and technologies are made available by the employer.

Covered under minimum wage and overtime rules.

Usually works for more than one company.

Working hours and place of work are mutually agreed upon.

Works independently to achieve the objective.

Brings its own tools and technologies for work.

Not covered for minimum wage and overtime rules. Paid as per the terms of the contract.



Payment and Taxes

Compensation based on salary or on hourly basis, paid on scheduled pay dates.

Employers withhold taxes from their pay.

Employer provides W2 form as a statement of earnings.

Flat fee for work or on hourly basis. Usually paid at pre-defined milestones or end of work.

No taxes are withheld from their payments.

Employer provides 1099 form to contractor or self-employed.



Benefits

Comprehensive benefits package. Usually includes health, life, dental, disability, HSA, FSA, 401K, commuter benefits and so on.

No benefits to basic benefits (health) for gig workers.

