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Short-Term Benefits of Contingent Workers and Long-Term Value of Full-Time Employees at Odds in Today's Economy

New York, June 30, 2016— A new national survey sponsored and developed by the Aspen Institute's Future of Work Initiative, the Markle Foundation, Burson-Marsteller and *TIME* looks at how companies are coping with new employment models such as the growth of contingent and contract work and the On-Demand Economy. The survey was conducted by research firm Penn Schoen Berland (PSB).

According to the *Workforce of the Future Survey*, a majority of all employers, 56 percent, say having a full-time employee makes it easier to accommodate the ebbs and flows in work volume and report that contract workers are less loyal or invested. Conversely, employers cite using independent contractors both for the flexibility of hiring workers with specific skills as the need arises (90 percent), as well as for cost-saving purposes such as taxes and benefits (86 percent). Still, when presented with the tradeoff, most employers (58 percent) say full-time hires are better for their company because they provide more value over the long-term despite having to pay more up-front on taxes and benefits.

The survey is featured now in a story on Time.com. Read the story by TIME San Francisco Bureau Chief Katy Steinmetz.

KEY FINDINGS:

- **WHILE MOST EMPLOYERS PREFER FULL-TIME EMPLOYEES, MORE THAN HALF ARE CURRENTLY USING INDEPENDENT CONTRACTORS AND EXPECT THEMSELVES AND OTHERS TO USE MORE IN THE FUTURE.** A majority of all employers, 67 percent, say their company seeks to limit the number of contingent workers in favor of full-time employees, while 60 percent report using contingent workers. Of those who use contract labor, a majority, 57 percent, expect to use more in the future – and 70 percent of all employers predict that more companies and organizations will move toward a more on-demand labor model.
- **WHILE FOUR OUT OF FIVE EMPLOYERS BELIEVE PROVIDING WORKERS WITH BENEFITS IS NECESSARY TO ATTRACT AND RETAIN TALENT A MAJORITY OF EMPLOYERS DO NOT FEEL RESPONSIBLE FOR PROVIDING BENEFITS TO INDEPENDENT CONTRACTORS.** Seventy-nine percent of employers believe offering benefits to employees is a critical component of attracting talent, which tracks with the earlier *On-Demand Economy Survey* (an online survey of 3,000 adult Americans by Burson-Marsteller, The Aspen Institute and *TIME* fielded by PSB from November 16-25, 2015), which showed more than half of On-Demand Economy workers (54 percent) believe they should receive more benefits as part of their job. At the same time,

two thirds of employers feel they should NOT be responsible for providing benefits to independent contractors, but don't agree on who should bear that responsibility. And 50 percent don't think they should be responsible for providing training or education to independent contractors. Twenty-two percent of employers believe workers themselves should be responsible for providing benefits, 18 percent believe private companies that help workers manage/gain benefits should be responsible, while just 9 percent say it's the government's responsibility.

For this survey, the definition of non-employee contingent workers is those who work for an organization on a non-permanent basis and typically work on a form 1099, as opposed to full time, W2- based employees of an organization. Contract or non-employee contingent workers are also known as freelancers, independent contractors, or temporary contract workers. They do not include workers, part time or full time, who are issued a Form W2. Penn Schoen Berland (PSB) conducted 800 online interviews with employers (i.e., employers or business owners who make hiring decisions for their organization), from June 5-16, 2016.

"More than 80 percent of surveyed employers who use contingent workers do so because it allows them to quickly adjust to changing workforce needs or to hire people with specific in-demand skills," said Markle CEO and President Zoe Baird. "This makes it all the more important to ensure all workers have the skills they need in today's ever changing labor market, whether they are full-time employees or contingent workers. A more highly skilled workforce, one that can easily find pathways to train and retrain, is critical to enabling everyone to see themselves in the digital economy."

"The consensus that held the 20th Century social contract together is coming apart," said Bruce Reed, co-chair of the Aspen Institute's Future of Work Initiative. "While companies prefer full-time employees, more and more are using independent contractors to reduce costs, and two-thirds say providing those workers benefits is someone else's responsibility. We need a 21st Century social contract that works for everyone by making it easier for employers to share its responsibilities in investing in workers and easier for all Americans to take more benefits with them from job to job."

The *Workforce of the Future Survey* also reveals insights regarding the On-Demand Economy, defined for respondents as an industry that encourages consumers to share the use of goods and services rather than own them individually. Employers are both familiar with (71 percent) and favorable (68 percent) toward the On-Demand Economy, with 35 percent of employers saying they will use and provide more On-Demand Economy services in the next five years.

"This new survey reveals we are at a critical point in the evolution of the modern workforce," said Donald A. Baer, Worldwide Chair and CEO, Burson-Marsteller. "We started our research into this trend with the release of *The On-Demand Economy Survey* earlier this year, and the two surveys taken together demonstrate how the relationship between employers and workers is changing in this new environment."

Among the survey's other findings:

- **BOTH EMPLOYERS AND WORKERS SEE THE ON-DEMAND ECONOMY AS A COMPLETELY DIFFERENT WAY OF DOING BUSINESS.** Sixty-two percent of all employers believe that the On-Demand Economy is a completely different way of doing business and 52 percent say the On-Demand Economy is creating more opportunities for workers by bringing more wage-earning opportunities to more people. Similarly, according to the earlier *On Demand Economy Survey*, sixty-two percent of On-Demand Economy workers say it is a completely different way of doing business and 57 percent say it is creating more opportunities for workers by bringing more wage-earning opportunities to more people.
- **ALMOST ALL EMPLOYERS ARE SATISFIED WITH THE PERFORMANCE OF CONTINGENT WORKERS.** Ninety-seven percent of employers who use independent contractors report they are satisfied with their performance, those employers who report they will use more independent contractors are 98 percent satisfied and even those who say they will use fewer independent contractors report a 95 percent satisfaction rate with these workers.
- **EMPLOYERS HAVE AND WILL MOVE TOWARD MORE AUTOMATION, BUT SO FAR LARGE EMPLOYERS HAVE LED THE WAY.** Sixty-two percent of all employers say in the last five years, “my organization has invested in automating more tasks and functions” as compared to 77 percent of companies with 1000+ employees. In the next five years, 68 percent of all employers “will invest in automating tasks and functions” compared to 81 percent of companies with 1000+ employees.
- **EMPLOYERS ARE LOOKING FOR LOYAL, ENGAGED EMPLOYEES AND INDEPENDENT CONTRACTORS DON’T MEET THAT EXPECTATION.** Fifty-eight percent of employers who hire independent contractors agree that “non-employee contingent workers are not as loyal.” Additionally, 54 percent of employers agree that non-employee contingent workers are “not always available when I need them;” and 52 percent agree that non-employee contingent workers are “not as invested in their product.”
- **THERE IS A LARGE DISCREPANCY BETWEEN BENEFITS OFFERED TO FULL-TIME WORKERS AND INDEPENDENT CONTRACTORS.** Eighty percent of employers who hire independent contractors offer Healthcare benefits to full-time, W2-based employees, while only 17 percent offer those same benefits to independent contractors. Also, 80 percent of all employers offer paid vacation to full-time W2 based employees, while just 13 percent offer these benefits to independent contractors.

While the survey reports clear signs indicating traditional employment is still the most common model governing the workplace, there are definite changes to the traditional model as a result of emerging workplace trends, which will impact the workforce of the future.

Methodology

From June 5-16, 2016, Penn Schoen Berland (PSB) conducted 800 online interviews with employers (i.e. employers or business owners who make hiring decisions for their organization). The margin of error for the total sample is +/- 3.46% and larger for subgroups. This survey builds off the November, [2015 On-Demand Economy Survey](#) by Burson-Marsteller, The Aspen Institute and TIME which surveyed 3,000 adult Americans to understand the size and composition of the On-

Demand Economy in the United States and to provide insights into trends surrounding the On-Demand Economy and its participants (both workers and users).

About The Aspen Institute and the Future of Work Initiative

The Aspen Institute is an educational and policy studies organization based in Washington, DC. Its mission is to foster leadership based on enduring values and to provide a nonpartisan venue for dealing with critical issues. The Future of Work Initiative is a nonpartisan effort to identify concrete ways to upgrade the social contract and propose a more inclusive and dynamic model of capitalism in the midst of sweeping changes in the 21st-century workplace and workforce. For more information, visit www.aspeninstitute.org/programs/future-of-work/

About the Markle Foundation

The Markle Foundation works to realize the potential of information technology to address some of the nation's most challenging issues in national security, health care, and the economy. Markle's current initiative, Rework America, is focused on accelerating innovations that use the forces of technology and globalization to return opportunities to Americans in today's rapidly changing digital economy. For more information, visit markle.org and follow us on Twitter @MarkleFdn.

About Burson-Marsteller

Burson-Marsteller, established in 1953, is a leading global strategic communications and public relations firm. It provides clients with strategic thinking and program execution across a full range of public relations, public affairs, reputation and crisis management, advertising and digital strategies. The firm's seamless worldwide network consists of 73 offices and 85 affiliate offices, together operating in 110 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Group, a subsidiary of WPP (NASDAQ: WPPGY), the world's leader in communications services. For more information, please visit www.burson-marsteller.com

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Time Inc. (NYSE:TIME) is one of the world's leading media companies, with a monthly global print audience of over 120 million and worldwide digital properties that attract more than 150 million visitors each month, including over 60 websites. Our influential brands include People, Sports Illustrated, InStyle, Time, Real Simple and Southern Living, as well as more than 50 diverse titles in the United Kingdom.

About Penn Schoen Berland

Penn Schoen Berland (PSB), a member of Young & Rubicam Group and the WPP Group, is a global research-based consultancy specializing in messaging and communications strategy for blue-chip corporate, political and entertainment clients. PSB's operations include over 200 consultants and a sophisticated in-house market research infrastructure with the capability to conduct work in more than 90 countries. The company operates offices around the world, including in Washington D.C., New York, Seattle, Los Angeles, Denver, London, Hamburg, Madrid and Dubai, which are supported by

in-house field capabilities and fully equipped to provide the complete creative solutions PSB clients need. For more information, please visit www.psbresearch.com.

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For more information, including a presentation of the survey results, visit www.Burson-Marsteller.com/FutureofWorkforce

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