

It's a gig, but is it a job?

Last update: 18 February 2016



© serprix.com

Time was when the only people who had gigs were long-haired types who stayed in bed till noon and played in bars till dawn. These days, it seems, everyone's hopping from one gig to another—drivers, software designers, cleaners. Bye-bye full-time work, hello freedom and flexibility. Well, maybe...

The “gig economy” has emerged as potentially one of the major shifts in the new world of work. It's certainly one of the most eye-catching. Unlike other trends in this brave new world, the gig economy seems to represent a significant shift in what it means to be a worker. Depending on where you stand, it will either liberate millions of people to become mini-entrepreneurs free from the 9-to-5 grind or imprison them in a world of low-wage self-servitude and insecurity.

If you're confused by what defines the gig economy, you're not alone. The term is used to refer to everything from old-style temping to the sharing economy—think amateur-hotelier sites like Airbnb or car-rental sites like RelayRides. But it seems mostly to describe various forms of self-employment and independent contracting facilitated by online platforms like TaskRabbit and Uber. Indeed, in France, uberisation has become shorthand for the gig economy.

This ambiguity is not a trivial matter. Uncertainties over the gig economy, and what it means to be a gig worker, have sparked reviews and court cases in a number of countries. In the US, for example, a judge in California recently gave the green light to a group of Uber drivers to sue to establish their legal status. The drivers contend they are effectively employees of Uber, and so entitled to be reimbursed for expenses, including the cost of buying petrol and maintaining

their cars. Uber argues that they are independent contractors, which means it is not required to cover payroll taxes, health insurance and the cost of maintaining cars. As *The New York Times* pointed out, the outcome of the case “could strike at the heart of the ride-hailing company’s business model.”

That’s not the only uncertainty hanging over the gig economy. Despite all the hype there doesn’t currently seem to be a lot of evidence in US jobs data of a big upsurge in self-employment. The same is true, too, of the UK, according to Ian Brinkley of The Work Foundation. But, as he also points, the emergence of the gig economy may still be “too recent a development to show up in the aggregate figures”.

Indeed, given the rapid growth of services like Uber so far, it’s hard not to feel that we are witnessing genuine shift in the economy. That may well continue, if for no other reason than demographics. By many accounts, the so-called Millennial generation—the oldest of whom are now approaching their mid-30s—are particularly keen on gig working. According to research in the US, almost half of millennials “will choose workplace flexibility over pay”. Of course, a few years down the road, when they’re trying to feed children and pay school fees, Millennials’ taste for job security may well increase.

Indeed, for individual workers, that tension between the freedom of freelancing and the security of the 9-to-5 may become a core issue. “There’s certainly something empowering about being your own boss,” Arun Sundararajan of the NYU Stern School of Business wrote in *The Guardian*. “[...] But there’s also something empowering about a steady pay cheque, fixed work hours and company-provided benefits.”

There will be dilemmas, too, for government policy, both in terms of wider regulation of the gig economy and unleashing what some argue is its potential to create jobs. According to consultants McKinsey, it could contribute US\$2.7 trillion, or 2%, to the global economy over the next 20 years and add the equivalent of 72 million full-time equivalent jobs.

But will they be good jobs? That question is relevant not just to the gig economy but to other trends in the world of work, such as temporary and short-term employment, both of which are on the rise. As we’ll discuss in the next post, some fear that the benefits of these shifts may be outweighed by the loss to workers of both income and job security. *Brian Keeley*

Adapted from an article which originally appeared on www.oecdinsights.org on 5 October 2015. Visit www.ft.com/indepth/new-world-of-work and www.oecd.org/employment

References

Brinkley, Ian (2015), “Hard evidence: how as the sharing economy changed job security”, The Conversation, August <http://theconversation.com/hard-evidence-how-has-the-sharing-economy-changed-job-security-46049>

Dobbs, Richard, Susan Lund, James Manyika, Kelsey Robinson and John Valentino (2015), “Connecting talent with opportunity in the digital age”, McKinsey Global Institute, June <http://www.mckinsey.com/global-themes/employment-and-growth/connecting-talent-with-opportunity-in-the-digital-age>

Keeley, Brian (2015), “Say goodbye to the 9-to-5”, OECD Insights, October <http://oe.cd/1e5>

Sundararajan, Arun (2015), “The “gig economy” is coming. What will it mean for work?”, The Guardian, July <http://www.theguardian.com/commentisfree/2015/jul/26/will-we-get-by-gig-economy>