

The Effect of The Gig Economy on Its Employees  
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With the eruption of platforms that support independent contractors and on-call workers, more and more of these employees have been experiencing difficulties with mental and physical health due to subpar working conditions or extreme workloads. The field of supplemental employees has expanded at such an astounding rate that proper legislation has not been put in place to limit minimum hourly rates and maximum hours available to work. We will look into how these and many other issues in the gig economy effect these new age workers and what are some ways to correct the downfalls of this portion of our economy to create a healthier work environment. Instead of solely painting the negatives of the gig economy I will also attempt to highlight the advantages it provides it employees.

Firstly, we will review and discuss “The emerging issues for management of occupational road risk in a changing economy: a survey of gig economy drivers, riders and their managers”, a study by Nicola Christie and Heather Ward. This study highlights some real-world examples from over 200 drivers, riders and managers from the gig economy. An important point found in these interviews was “that some gig workers could self-regulate and just sign off on they were tired but others felt the pressure intensely clearly working from necessity and this affected their wellbeing.” (Christie, N., & Ward, H. 2018). This shows how to the excessive demand for work and lack of upper limit for hours worked daily or weekly has a negative effect on individuals lacking the ability to regulate in their work life. Along with the possibility for excessive work hours many gig economy workers have “few rights at work which are limited to protection for health and safety purposes and some protection

against discrimination.” (Christie, N., & Ward, H. 2018). A large portion of these workers who are responsible for transportation, food delivery and many other services that we are fairly dependent on have reported being distracted by their platforms app while on the job, being severely fatigued, being involved in collisions and even being injured as a result. Pair the lack of security in their employment with the risk these workers put themselves at by working long hours to keep up with demands and the results do not seem promising.

A few statistics pertaining to risk and risk management in this study that were relevant to this are 63% of gig economy workers said that “the company did not provide any training on how to manage risks on the road and 65% said they did not provide any safety equipment (such as a high visibility vest). Most of the survey respondents (70%) said they provided their own safety equipment.” (Christie, N., & Ward, H. 2018). With workers of transportation companies like Uber experiencing numerous near accidents every day and pressure to travel over the speed limit to meet expectations of gig work, 45% of the workers interviewed disagreed with the following statement “There is a person at my gig company that I can contact if I have any concerns about safety at work” (Christie, N., & Ward, H. 2018). From the analytics gathered from Nicola Christie and Heather Ward it is extremely reasonable to extrapolate that there is an overwhelming sense that supplemental employees on these platforms do feel completely safe or cared for.

Another recently published paper “Uber happy? Work and well-being in the ‘Gig Economy’” shines some light on the current state of the gig economy in the UK by putting Uber in the spotlight. In the UK Uber drivers have a considerably lower gross weekly income than the median gross weekly pay among London workers as a result of “Thus, while it is straightforward to show that the median London driver received an average hourly payout of £16.50 from Uber (net of its ‘service fee’) in January–March 2018, based on data registered in the Uber app, this does not capture their earnings after covering their costs. To estimate expenses incurred while driving with Uber, ORB therefore surveyed drivers on their expenditure on car rental or financing repayments, insurance, and petrol. We complement these data with independent estimates of the cost of car tax, depreciation, and maintenance for the vehicle fleet operated by the drivers in our sample, as well as estimates by Transport for London (TfL) on the costs of becoming a licensed PHV driver” (Berger, T., Frey, C. B., Levin, G., & Danda, S. R. 2019). After considering all these factors the median pay of Uber drops from the advertised £16.50 to a potential £10.72.

Alongside the analytics pertaining to gaps in advertised pay versus the real median pay of Uber drivers in the United Kingdom there is also some interesting statistics on “suggestive evidence showing that drivers who emphasize flexibility as an important motivation to join Uber also report higher levels of subjective well-being. However, a minority of drivers who report that they would prefer work as an employee report lower levels of life satisfaction and higher levels of anxiety.” (Berger, T., Frey, C. B., Levin, G., & Danda, S. R. 2019). Showing

that individuals with different personality types and goals have very different reactions to the demands of the gig economy. While a percentage of Uber drivers have seen a slight increase in life satisfaction and worthwhileness over regular London workers after becoming an Uber driver, they have also seen a substantial increase in anxiety compared to London workers.

The next research article entitled “Good Gig, Bad Gig: Autonomy and Algorithmic Control in the Global Gig Economy” focuses on the job quality of work in the remote gig economy. In this article remote gig economy work is described as a wide variety of digital services from data entry to software development mediated by online labour platforms such as Amazon Mechanical Turk (MTurk), Fiverr, Freelancer.com and Upwork. The authors focus on the algorithms that control these platforms and how “Algorithmic management techniques tend to offer workers high levels of flexibility, autonomy, task variety and complexity. However, these mechanisms of control can also result in low pay, social isolation, working unsocial and irregular hours, overwork, sleep deprivation and exhaustion.” (Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. 2019). Analysing the underlying algorithms of these gig economy platforms is extremely important task that leads to understanding the algorithmic bias that has a monumental effect on the state of their ‘employees’. Following this the author highlights the growth of market-mediated, open employment relations, they state that “This form of employment relationship entails the replacement of administrative rules with market mechanisms for determining job outcomes. It also entails the shifting of economic risks and responsibility for skill development on to workers, as firms are no longer willing to

provide security and training for their workforces. Market-mediated, open employment relationships are ‘based on free market forces and competition and are associated with relatively weak labour market institutions, standards and regulations.’ They can be contrasted with closed employment relations based on strong institutional protections ‘derived from unions or firm internal labour markets’” (Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. 2019).

Moving into the job quality of remote gig work, the article defines the major factors of job quality as: income, health, autonomy, control over work activities and hours, and social contact. The leading factor out of these being income, a survey of over 1510 gig economy workers showed a correlation between low pay, the contributors of which are the high ratio of unpaid work to paid labour and a lack of available work and a sense of lower job quality. A lack of work may be fine for some, however, “Workers without alternative employment (around 40% of Berg’s sample) lacked employment-linked social security (Berg, 2016). However, Berg’s findings also highlight some positives. Workers controlled their place of work, which enabled the overcoming of barriers to labour market participation. Although these findings are important, their ability to illuminate the job quality of remote gig work more generally is limited. Both MTurk and CloudFlower are ‘microwork’ platforms, which by definition provide the most fragmented, deskilled and commodified work.” (Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. 2019).

Another important topic when discussing the world of gig economy is the sheer size of it. The resulting report, *Independent work: Choice, necessity, and the gig economy*, finds that up to 162 million people in Europe and the United States—or 20 to 30 percent of the working-age population—engage in some form of independent work. While demographically diverse, independent workers largely fit into four segments (exhibit): free agents, who actively choose independent work and derive their primary income from it; casual earners, who use independent work for supplemental income and do so by choice; reluctants, who make their primary living from independent work but would prefer traditional jobs; and the financially strapped, who do supplemental independent work out of necessity (Manyika, J., Lund, S., Bughin, J., Robinson, K., Mischke, J., & Mahajan, D. 2016).

With this growth of the gig economy, laws put in place to protect employees and employers have become dated. In the article “Workers and the Online Gig Economy” the authors talk about how this is caused by “technological developments occurring in the workplace have come to blur the legal definitions of the terms “employee” and “employer” in ways that were unimaginable when employment regulations like the Wagner Act of 1935 and the Fair Labor Standards Act of 1938 were written.”(Dokko, J., Mumford, M., & Schanzenbach, D. W. 2015). When these acts were written they were relevant to the current working conditions, however, now they are on the verge of being archaic in the new age workforce and will soon need to be updated. As well as reviewing laws and acts that effect our

current workforce the article also helps explain why the contingent workforce is rising at such an unprecedented rate. Many things contribute to this change in our economy, however, “The rise of new forms of contingent work is being driven by both businesses and workers. There are three reasons businesses might promote such arrangements. First, some businesses, such as those experiencing short-run fluctuations in the demand for their goods and services, benefit from the flexibility in being able to hire workers on a temporary and contingent basis. Second, businesses seeking to reduce labor costs can turn to contingent relationships with their workers. For example, subcontracting relationships allow firms to obtain specialized skills held by outside contractors without incurring the attendant training costs and other investments (Abraham 1990). Third, some firms use contingent work relationships to meet capital market pressures on short-term performance and efficiency, noting that the announcements of layoffs are no longer viewed as signs of distress but rather as laudable improvements in efficiency, and that they are rewarded through higher stock prices for the firm (Weil 2014).”(Dokko, J., Mumford, M., & Schanzenbach, D. W. 2015).

In conclusion, the results of this research paper provide some fascinating insights into the effects of the gig economy on its workers, employers and our overall economy. While some people thrive in the hustle and bustle of the gig economy others just fight to survive seeing increases in anxiety and lower overall satisfaction with life. Either way the sharing economy has opened up a new way to make money and live in our society and the effects on a person entering this new way of life sit at both ends of the spectrum.



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