Towards a more equitable gig economy

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Executive summary

The concept of the “gig economy” is popular in discussions about the future of work, and is sometimes hailed as a solution to underemployment and unemployment. In particular, a main advantage of gig work is that it allows flexible hours and worker independence, as compared to a standard nine-to-five role. This is especially relevant for those who are disadvantaged by standard models of employment and would benefit from the ability to choose how and when they work, such as caregivers or persons with a disability. An article in The Globe and Mail in 2017 claimed that “For women with children, the gig economy is a means to balancing family duties with a fulfilling professional career…[it] gives women the option to scale up or scale down as necessary and without the repercussions that often come with traditional employment.”

However, it is arguable whether the gig economy is a viable alternative to standard work. Although the concept itself may suggest possibilities for a liberating transformation in labour, many companies have taken advantage of the abundance of people willing to work gigs, and have deprioritized worker welfare in order to increase profits. Gender inequity, as well as racial and class inequities, also persist within and may be enhanced by gig work. Thus, while the gig economy can be beneficial for those who are looking to pad their incomes, it can have dire consequences—such as financial precariousness, an absence of benefits, vulnerability to harassment, and overwork—for those belonging to less privileged groups. Companies, governments, worker cooperatives and researchers therefore face an imperative to ensure the safety and rights of gig workers, many of whom are struggling to make living wages and find secure employment in difficult labour markets.
What is the gig economy?

The term “gig economy” generally refers to a workforce that takes on short-term jobs, contracts, and freelancing work, rather than working full-time for one employer. Central to the gig economy are digital labour platforms such as Upwork or Uber: companies that use technology to connect clients to services on a short-term or by-task basis. The popularity of these platforms has risen alongside the increased use of smartphones, cashless payment systems, and customer review sites, as well as the increasing prevalence of temporary and contingent employment. Notably, many digital labour platforms recruit gig workers by advertising that they will be able to earn a decent income on flexible hours. While the gig economy does not only involve digital labour platforms (for example, workers in a temp agency may be considered part of the gig economy), recent analysis and critique of the gig economy tends to focus on these platforms.

The types of gigs attached to digital labour platforms vary. Ridesharing applications like Uber and Lyft are perhaps most well-known, but there also applications which focus on “handyman” tasks such as moving and cleaning, like TaskRabbit; food delivery apps like Skip the Dishes and Doordash; and butler services, such as Hello Alfred. Some digital labour platforms also provide white-collar services. Examples include freelancing websites like Upwork, which connect professional creative workers to potential clients, and Amazon Mechanical Turk, a “crowdsourcing marketplace” that connects businesses to individuals who carry out microtasks for them. Each digital labour platform has different practices and policies.

How many people work in the gig economy, and who are they?

There is little Canadian-specific data on workers in the gig economy. According to Statistics Canada, in 2018 26.6% of Canadian workers held term, contract, casual, or other temporary jobs, or were self-employed. However, it is difficult to tell exactly how many people are finding work through digital labour platforms, as well as the demographics of these workers. These platforms tend to restrict access to user data, and gig work often goes unreported. Most data on the demographics of workers in the gig economy come from surveys run by private companies or think tanks.

One survey, conducted in 2016 of 2,304 residents of the Greater Toronto Area (GTA), found that 9% work or have worked in the “on-demand service economy.” The most popular services for gig workers in the GTA are ridesharing, cleaning, and providing clients with home-cooked meals. Of these workers, the gender balance is roughly equal: 51% identify as men and 48% as women. Workers are also young: about a third are 18-29 years old, and almost 40% are between 30 and 44. Further, 54% identify as racialized which is comparable with the proportion of racialized workers in the Toronto labour force (49%). Similarly, a study from the United States suggests that 8% of Americans have earned money through digital labour platforms, and participation in these platforms is more common for blacks (14% have used digital labour platforms for work) and Latinos (11%) than for whites (5%). However, other studies have

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1 Note that the gig economy is different from, but intersects with, the sharing economy, which refers to a workforce using or distributing their underutilized assets, goods, and services to make income. For instance, Uber is part of the gig economy because drivers work as independent contractors on non-traditional schedules, as well as the sharing economy, because drivers use their own cars.
found that gig workers are predominantly white and male. Further research is needed to better identify the demographic groups represented in the gig economy.

Because of this lack of data, it is unclear how much the gig economy is growing. What is certain is that there is a rise in precarious employment in Canada and globally. Between 1989 and 2014, the percentage of Canadian workers in temporary or self-employment increased from 13.7% to 21.8%. One report found that 64% of Canadian gig workers say they need extra money, 55% say it’s the only way to make a living, and 53% say it’s something to do until they can find a better job. Another report from the United States found that 56% of gig workers say their income from these platforms is essential or important to their livelihoods. Moreover, of those who say their income from gigs is essential or important, 64% are non-white and 57% have household incomes of less than USD 30,000. This data suggests that the gig economy is a way for workers to cope with a difficult labour market, and that those who are reliant on it for their livelihoods are likely to be racialized and/or in a low-income group.

How does the gig economy impact workers?

The gig economy may be advantageous for workers in several ways. One main benefit is that many digital labour platforms can offer workers a high degree of flexibility. This allows people to make income even if they cannot or do not want to hold a full-time role with fixed hours, or if they need a way to work until they can find a better job. Some platforms even suggest that they help workers become successful entrepreneurs, allowing them to choose their schedules and rates, and grow their own client base. Moreover, these platforms can provide an accessible way for the workforce to monetize underutilized assets, such as their cars, bikes, or computers. Certain digital labour platforms like freelancing websites also offer workers some anonymity during transactions, which could lessen the impact of biases, such as gender or racial bias, on pay and opportunities. Finally, some advocates of digital labour platforms contend that they have the potential to create a more democratized world, where new connections and collaborations forge, and workers can become less dependant on employers.

However, these discourses can mask the problems that workers may experience. Due to a lack of regulation, digital labour platforms can take advantage of workers who are trying to make ends meet in a difficult economy, significantly affecting their protections, security, and independence. In this sense, the gig economy is more viable for people who are already financially secure. For instance, if someone is freelancing on Upwork but has another stable source of income, the precariousness of the gig economy does not necessarily have a significant impact on them. The groups who are most impacted are groups who are less privileged; for instance, people who have a disability that impedes their ability to work full-time, women who are trying to work around a time-consuming caregiving role, or those who are unemployed and have low socio-economic status. For these groups, taking on gig work without social protection or possibilities to invest in a more financially secure future keeps them in precarity.

Lack of legal, social, and financial protection

Most digital labour platforms do not officially employ gig workers, which allows them to avoid economic and legal risks as well as labour costs. Instead, platforms claim that they are solely technology companies with the goal of connecting services to clients. Therefore, on-demand rideshare drivers, food couriers, cleaners, etc. usually sign on as independent contractors. While this classification allows workers some flexibility,
As independent contractors, workers do not receive protections and benefits such as maternity leave, sick leave, paid vacation, supplemental health and dental benefits, or pensions. Many do not have access to safety or other job training, which is especially relevant for workers whose jobs can pose high safety risks, such as furniture building, cleaning, or driving at night. Additionally, because gig workers are not employees, they may not receive workers’ compensation for injuries on the job. These major risks can add up for workers in the long run.

Further, academic research has explored how gig workers face income uncertainty. Although some labour platforms, such as freelancing websites, allow workers to decide their rates, others have rigid pay rates. For example, Uber and Lyft decide on drivers’ minimum rates and can change them whenever they want. Food delivery services like Foodora employ a similar model. Since workers are not employees, platforms can deactivate their accounts at will, and without any repercussion. Platforms also take a considerable cut of workers’ pay: for instance, Upwork takes a 20% commission; TaskRabbit takes 15%. Considering that workers have to supply their own tools and assets, such as internet, software, vehicle expenses, transportation expenses, etc., net income from gigs can end up being minimal. According to a recent report, Uber drivers in the United States earn on average about USD 11.77 an hour after deducting fees and expenses, which is below minimum wage in many areas.

It is important to note that digital labour platforms have power over workers because there is an abundance of people willing to take on gigs, and the short-term and piecemeal nature of this work means that high turnover does not have a significant impact on companies’ profits. Therefore, many digital labour platforms do not invest in fair labour conditions to meet their business needs. As workers are not employees and tend to be isolated from other workers, they also do not have easy access to collective bargaining to influence the practices of digital labour platforms.

Lack of real flexibility

Digital labour platforms do not necessarily provide as much flexibility as they purport, and gig workers may still face substantial constraints on their time. Indeed, academic research has shown how nonstandard work makes it more difficult to adhere to a boundary between work and non-work. For instance, some platforms monitor how many jobs or tasks workers take on, and require them to accept a certain percentage of requests in order to avoid deactivation of their accounts. TaskRabbit workers (“Taskers”) have to respond to a task within 30 minutes of receiving it and accept at least 85% of received tasks, or risk being deactivated. This need to be “on-call” means that Taskers work unpaid time by waiting to receive tasks. Further, being available to respond to tasks almost instantly can be difficult if they work multiple jobs. Workers on Amazon Mechanical Turk have indicated a comparable difficulty: a recent academic study in the United States and India found that in order to find appropriate work, workers have to be online for unpaid hours.

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2 This is contextual and depends on the digital labour platform: in Canada, some digital labour platforms register with workplace safety or compensation boards so that their workers are covered, even if they are independent contractors.
Moreover, compensation for some gig work pays such a low wage that a significant time commitment is required to achieve financial viability. While Uber markets to potential drivers by stating that they will be able to decide their own schedules, pay is significantly higher if drivers work during less desirable hours: late nights and early mornings. Further, Uber’s income guarantees are only met if drivers meet consumer demand by being online during specified hours, accepting a certain percentage of the trip requests they receive, and driving a specific number of rides. Similarly, in a recent news article, a worker for Amazon Mechanical Turk stated she spent as many as 17 hours a day completing tasks to make enough income to cover her expenses. Although many gig workers want to supplement their other income or have time to take care of their families, gigs can actually add rigidity to their schedules.

Sustained inequity

The gig economy cannot be separated from the inequities that affect underrepresented groups. Recent academic research has examined how discrimination based on race, class, and gender affects workers and consumers on digital labour platforms in varied ways. For example, Uber deactivates drivers if their average rating from passengers drops lower than 4.6 out of 5 stars. However, consumer ratings are often influenced by racial or ethnic bias. Since there are no overarching evaluators to provide an objective check of these ratings, this bias can have significant impacts on drivers’ livelihoods. At the same time, studies have also found evidence of workers discriminating against consumers: scholars found that Uber drivers in Seattle and Boston are twice as likely to cancel rides for passengers with African-American names, and Taskers are less likely to accept work in low-income neighbourhoods.

Gender wage gaps in the gig economy also persist. Scholars examined the wage earnings of women and men on a digital labour platform and found that women earned an hourly rate that was 37% lower than men’s, even after controlling for variables such as hours worked, education, occupational category, and feedback score. In other words, women made less than men for the same work on the same platform. Similarly, a recent academic study of wages of Uber drivers found a 7% earnings gap between men and women. This was attributed to men feeling safe to drive in more lucrative locations (such as areas with higher crime rates and more drinking establishments), having more experience because they are able to drive more each week, and driving at higher speeds (meaning they could pick up more rides). Such studies show that gender differences have real effects on income regardless of the use of digital platforms.

Gig workers can also be subjected to harassment, an especially notable impact for women who may be looking to leave traditional work for flexibility. Scholars have argued that the gig economy can make business transactions seem intimate and informal, which in turn makes gig workers vulnerable. Digital labour platforms often encourage workers to create a personal profile sharing photos and personal information. Workers then enter into the houses of their clients or allow strangers into their cars on a short-term basis, and with no expectations of being seen again. However, digital labour platforms rarely address the topic of sexual harassment, and since gig workers are generally not employees, they do not have recourse to human resources departments for support. Any risks fall squarely on gig workers.

Researchers have suggested that women on digital labour platforms are still subject to the “double bind” that is common in traditional workplaces: if a woman is seen as too feminine, her abilities and skills are called into question; if she displays masculine characteristics, she is likely to be severely judged. One study found that women on freelancing platforms negotiate between adhering to masculine entrepreneurial behaviours like assertiveness, and behaviours that are more feminine. For example, women feel they have
to build a personal brand without looking brazen or too forthright, instead demonstrating that they are nurturing and relatable. They also face pressure to cultivate authentic relationships through social media, in order to adhere to the norm that women are social and expressive. This extra labour often goes uncompensated.\textsuperscript{35}

**Towards a more equitable gig economy**

Researchers have outlined several possibilities for more equitable flexible work, including suggestions for the involvement of multiple stakeholders.

**Change policy and legislation**

Policymakers and lawmakers need to respond to technology-driven changes in employment, particularly as temporary and contingent work become more common. For example, it is a contentious topic as to whether “independent contractor” is the correct designation for workers on digital labour platforms. In several instances in the United States, such misclassification has led to litigation.\textsuperscript{36} While litigation based on employment standards claims is less common in Canada, a case recently occurred in Ontario: *Heller vs. Uber Technologies* is a class-action lawsuit where an Uber driver claimed that drivers are employees and should be covered under the provisions of Ontario’s Employment Standards Act, 2000.\textsuperscript{37} This case is still ongoing.

Such worker misclassification suits claim that although gig workers can often choose when and how much they work, labour platforms still exert significant control over them and their services, e.g. by deciding their rates. Thus, some academic researchers and policymakers have recommended that gig workers be classified more appropriately as “dependent contractors” and that they receive the same protections as employees.\textsuperscript{38} For example, “The Changing Workplaces Review,” a 2017 independent review of Ontario’s Labour Relations Act, 1995 and Employment Standards Act, 2000, recommended that the Ministry of Labour make worker misclassification an enforcement priority; that the term “dependent contractor” be added to the definition of employee; and that if there are classification disputes, it should be up to the employer to prove the worker is not an employee so that the burden of proof is not placed on the worker.\textsuperscript{39}

Considering temporary and self-employment rates are increasing, policymakers also have the opportunity to reconsider how social and financial protections are tied to permanent employment.\textsuperscript{40} In early 2019, the Government of Canada enhanced the Canada Workers Benefit, which provides a tax credit to low-income workers, as well as the Canada Pension Plan. The Canada Child Benefit also increased in July 2019, providing higher payments to low and middle-income families. It is possible that these and other measures can provide important assistance to precarious workers who lack protection.

**Cultivate worker solidarity through cooperatives and unions**

Gig workers can create their own supports and protections, such as through platform cooperatives, unions, and online forums. Scholars focusing on platform cooperatives have argued that worker co-ownership of digital labour platforms would allow wealth to be shared more equitably among workers and communities, while compelling technology companies to be accountable to their platforms’ users.\textsuperscript{41} Although it is questionable whether larger, established technology companies would transition to a worker-owned model,
newer startups could consider it. Alternatively, cooperatives that already exist in a non-digital space can create their own digital labour platforms. Some gig workers, such as rideshare drivers, have already done so in order to offer the same technology-based services to consumers without the intermediary of a corporation that controls their rates.42

Although forging collective solidarity may be difficult when working independently in disparate locations, gig workers have also managed to organize with existing unions to make demands for better labour conditions. For example, in Australia, Unions New South Wales reached an agreement with the digital labour platform Airtasker on minimum labour standards for their gig workers.43 In Canada, Foodora couriers have similarly joined with the Canadian Union of Postal Workers to organize for improved standards for work.44 The internet has also served as a tool for solidarity: a website called FairCrowd.work was founded in Europe as a joint project among multiple labour unions, where reviews and ratings of digital labour platforms are posted so workers can decide which is best for them.45

Transform the practices of digital labour platforms and other workplaces

Digital labour platforms can take steps to improve workers’ experiences. For instance, several digital labour platforms have found success in employing workers, rather than hiring them as independent contractors. Hello Alfred, MyClean, and Managed by Q are three examples: they employ their service workers and offer them benefits, decent wages, and other important protections. As a result, recruitment costs are lower: employees stay on long-term and refer people in their networks to work at these companies.46 Further, prioritizing worker wellbeing through secure employment avoids expenses relating to worker misclassification lawsuits.47 Other digital labour platforms, particularly those that are up-and-coming, can follow suit.

Digital labour platforms can also make changes to mitigate occurrences of discrimination on their platforms. For example, scholars have suggested that platforms like Uber adjust their ratings systems in order to reduce the effects of racial bias on workers, such as by requiring users to provide extra reporting if they give low ratings, or by using ratings systems in combination with other evaluation techniques.48

Additionally, employers in the traditional workforce can increase their flexibility. Gig workers may leave the traditional workforce because they want to be more autonomous, but are then left in precarious positions. By not adjusting to their employees’ needs, employers lose talented staff. If these companies offer more flexibility, employees may not feel that insecure gigs are a better option. Companies can try innovative techniques such as job sharing, where a job is split between two or more employees, or creating an “internal” gig economy, where employees can take on different, potentially short-term roles for their company as needed.49

Fill research gaps

Policy changes and stronger worker protections need to come from rigorous, country-specific research. Academics who have conducted literature reviews on the gig and sharing economies have noted that there remain significant knowledge gaps related to its effects. Therefore, they suggest that scholars begin to focus on the health and economic impacts of gig work, as well as discrimination faced by workers. Further, most studies on the gig economy are focused on the United States, and thus less is known about the Canadian context.50
Conclusion

While the rise of the gig economy may mean that the underemployed and unemployed—particularly those who require flexibility such as caregivers—have more options for income, gig workers’ rights are often neglected by digital labour platforms. Therefore, gig work is not a solution for achieving greater economic inclusion of women and other underrepresented groups in the workforce. Many gig workers are left without social protection, are low-paid and financially insecure, and can still face considerable constraints in their hours, among other vulnerabilities. This is especially impactful for gig workers who are not able to find other work and are struggling to make ends meet. Put simply, insecure, risky work is a poor substitute for more secure employment. In order to move towards a more equitable gig economy, policymakers, researchers, worker unions and cooperatives, and digital labour platforms themselves must rethink the design of gig work.
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