

The GIG economy: challenges and opportunities

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Working definition:

- The gig economy involves the exchange of labour for money between individuals or companies (increasingly via digital platforms) that actively facilitate matching between providers and customers, on a short-term and payment by task basis.
- Also called: On-demand Economy. Sharing Economy. Collaborative Economy

Main industries include



Transport - paying passengers in personal vehicle (for example, taxi rides) – Uber is the market leader in this



Food and drink from food outlets and restaurants to customers – with Deliveroo and others



Providing courier services (for example, package and postal deliveries)



Cleaning, decorating, plumbing, electrical work, dog walking or other manual tasks



IT, web and software development, writing and translation, accounting, legal and admin services, arts, media and communication services, other freelance professional services – Task Rabbit

Size of global gig economy



Independent workers generally fit into four segments.

Share of working-age population engaged in independent work

	Primary income	Supplemental income
Preferred choice	<p>Free agents 30% 49 million</p>	<p>Casual earners 40% 64 million</p>
Out of necessity	<p>Reluctants 14% 23 million</p>	<p>Financially strapped 16% 26 million</p>

Source: 2016 McKinsey Global Institute survey of ~8,000 US and European respondents

McKinsey&Company

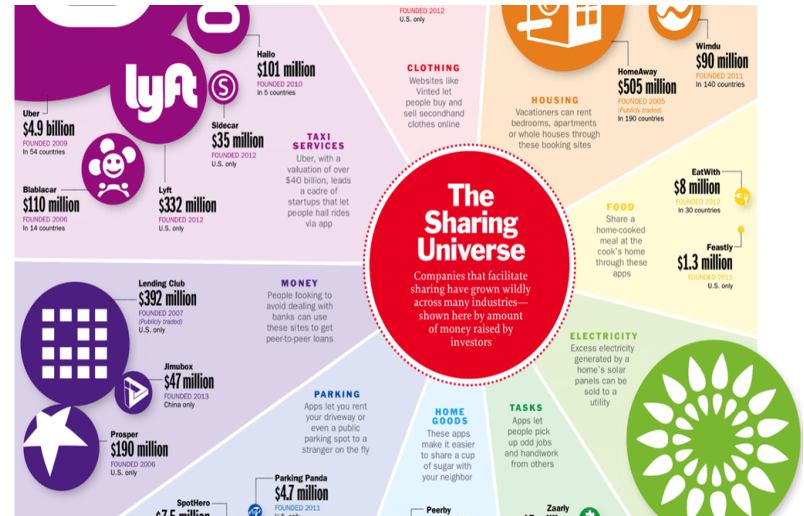


Table 1: Size of employment in UK, in each type of gig work

Type of gig work (people can be in multiple categories)	Definition	Count	% of gig workers*
Private hire drivers	carried paying passengers in your vehicle (eg taxi rides)	52,898	11%
Food delivery drivers	delivered food and drink from food outlets and restaurants to customers	82,649	18%
Couriers	provided courier services (eg package and postal deliveries)	56,433	12%
Manual personal services	cleaning, decorating, plumbing, electrical work, dog walking or other manual tasks	92,663	20%
Desk-based services	web and software development, writing and translation, accounting, legal and admin services, arts, media and communication services, or similar non-manual tasks	246,417	53%

* People can partake in multiple forms of gig work, therefore the percentages do not sum to 100%.

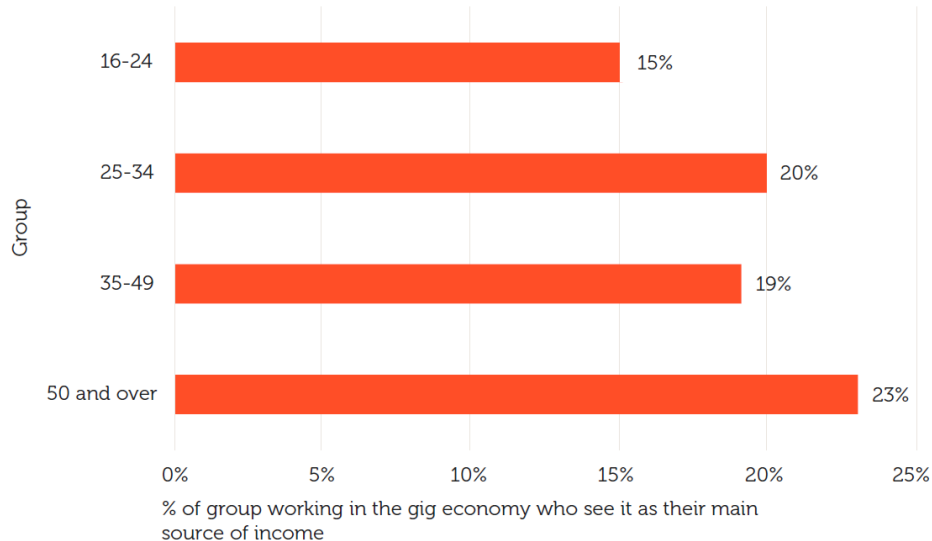
Source: Estimates from the Labour Force Survey, January–March 2022.

CIPD Research – UK Snapshot

The gig economy:
What does it really look like?

Demographics

Figure 5: UK gig economy workers who see gig work as their main source of income, by age (%)

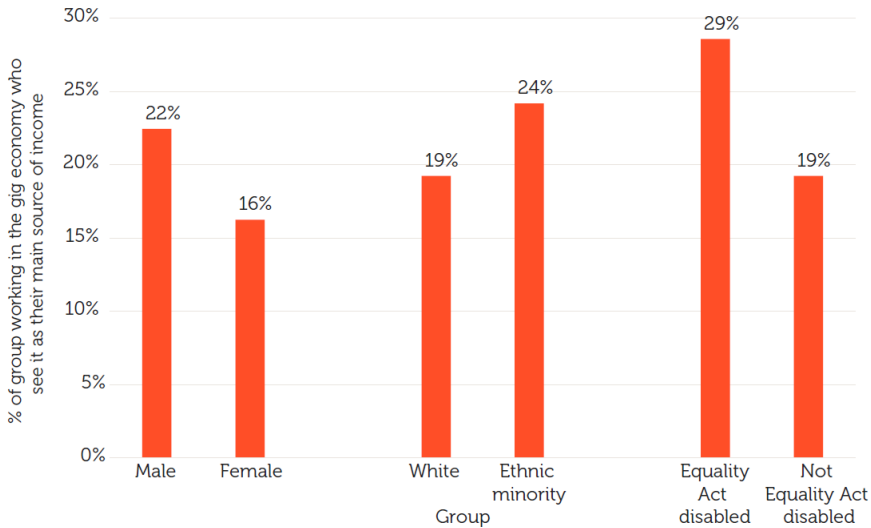


Source: Estimates from the Labour Force Survey, January–March 2022.

- Are certain demographic groups more dependent on the gig economy than others?
- Those aged 50+ are the group most dependant on the income the gig economy provides
- 23% of gig economy workers aged 50+ see it as their main source of income
- 15% of gig economy workers aged 16-24 see it as their main source of income

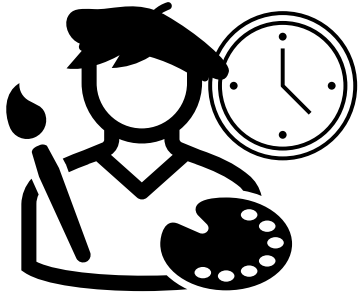
Demographics contd.

Figure 4: UK gig economy workers who see gig work as their main source of income, by gender, ethnicity and disability status (%)

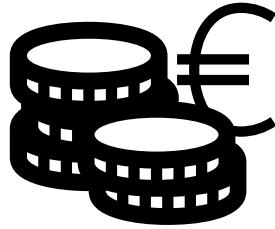


Source: Estimates from the Labour Force Survey, January–March 2022.

- Men working in the gig economy are more likely to say it is their main source of income (22%) than women (16%).
- Ethnic minorities working in the gig economy are more likely to say it is their main source of income (24%) than those with a white ethnic background (19%).
- Those with a disability working in the gig economy are more likely to say it is their main source of income (29%) than those without a disability (19%).
- Ethnicity and disability figures may highlight wider issues



The Hobbyist



The Side-Hustler



The All-in Player

Types of Gig workers

Research findings



Those in the transportation 'gig economy', are more likely to have the gig economy as their main source of income and be self-employed in their main job. The 'visible' gig economy.



The non-transportation 'gig economy' far exceeds the size of the transportation gig economy. Includes manual personal and desk-based services in a plethora of occupations. There is a large proportion of this group who are employees and have the 'gig economy' as their side hustle.



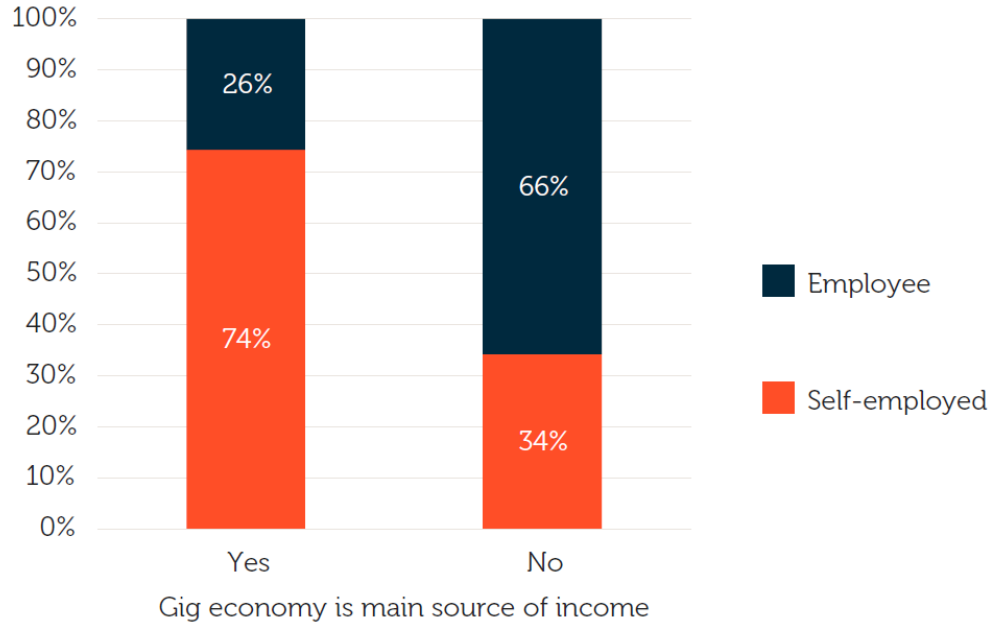
A gig worker is an atypical worker

- Most likely not 9-5.
- Can be freelancers, contract workers, or temporarily hired for a specific gig
- Includes zero-hour contracts (where there is a contract but no guarantee of fixed salary or supply of work)
- Gig workers are most likely to be self employed



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Figure 6: Employee vs self-employed: Gig work as a main source of income (%)



Source: Estimates from the Labour Force Survey, January–March 2022.

How many gig workers are self employed

74% of people who have the gig economy as their main source of income define themselves as self-employed in their main job



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Implications for HR Professionals and Employers

Employer Pros and Cons



Flexibility and responsive to market conditions – scaling up or down



Access to specialised skills on a need basis

Challenges and risks

- Workforce planning
- Talent pipelines
- Workforce stability/instability
- Requires swifter hiring and onboarding
- Could be costly
- Loyalty, teamwork and impact on performance management
- Learning, training and development
- Alignment to organisational, culture, values and branding
- **Establishing employment status?**

Gig Worker – Pros and Cons

- Flexibility
- Chance to find purpose at work
- Work Life Balance/ Integration
- Faster hiring and onboarding
- Skills based hiring
- Can benefit people with specific needs e.g. some disabled people, people with caring responsibilities



Establishing employment status and rights



Classification is key

- Can be complex or intentionally made ambiguous.
- Uber example - Uber drivers entitled to workers' rights, UK supreme court rules in 2021

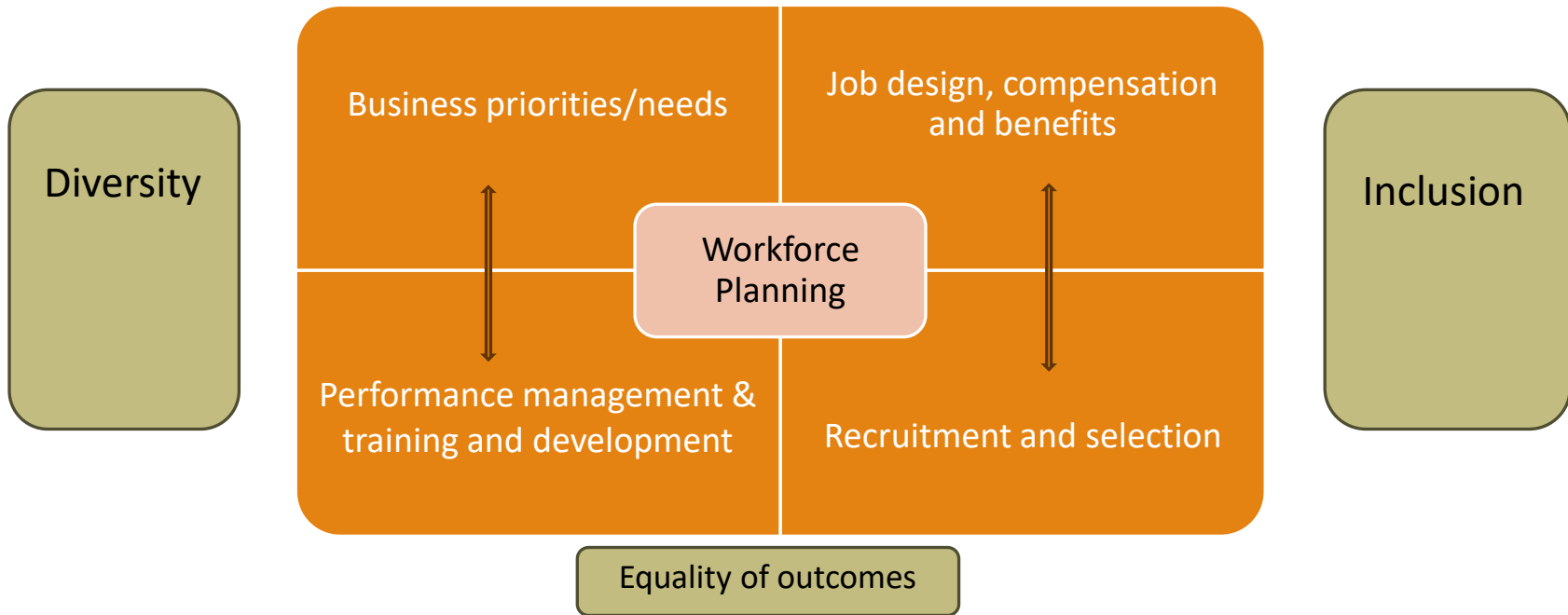


Former Uber drivers James Farrar and Yaseen Aslam pose in front of the Supreme Court on Friday



CIPD's guide to gig or atypical working

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- [An employer's guide to atypical working](#)
 - Build, buy or borrow – approach (Professor Dave Ulrich)
 - CIPD #flex1st – a day 1 right to flexible working



Gig workforce strategy



Managing gig workers

1. See the job from their perspective and hire the best
2. Be clear in your brief, provide a contract with expectations and details of benefits.
3. Facilitate the rating and reviews to ensure quality work
4. Communication and engagement – clarity, flexibility and accessibility
5. Maintain confidentiality
6. Give feedback but don't micro-manage
7. Pay on time
8. Be fair - value and respect diversity, inclusion and equality



Promote what constitutes good work and responsible employment



Know that fair and equal treatment can bring better business and wider societal benefits



Gig working can be win-win for both individuals and employers

Final thoughts



Thank you

Questions, comments and thoughts.

“In order to build a rewarding employee experience, you need to understand what matters most to your people.”

Julie Bevacqua

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