

Environmental Scan Series.11

The Future of Work: Part 1 The Gig Economy and the Future of the Job

This scan is the first of a series of three that examine the future of work. The first looks at the emerging ‘gig economy’ and the future of jobs. The second considers the changing workplace, the environment in which we work, how we do our work, and with whom. The last considers the skills we will need to be successful in this ‘future of work’. We will explore questions around the future of work and how these changes will affect TRU’s students and TRU as an employer. Does a gig economy create ‘micro-entrepreneurs’ or a ‘digital serfdom’? What does a disaggregation of work mean for access and equity for students and graduates in the labour market? What skills are needed for the future of work and how will TRU deliver those skills in a rapidly-changing, just-in-time world?

Defining the Gig Economy

A gig economy is an economy built around non-traditional work. There is no broad agreement on the definition of the ‘gig economy’. It may include multiple types of alternative work arrangements such as completely independent workers (freelancers) and less independent contingent workers (on-call, contract and temporary).¹ Despite its current spotlight, gig work is nothing new. When Uber launched in 2009, most taxi drivers were already self-employed.² At the same time, around 13% of the US population were self-employed or working as independent contractors (including 45% of accountants, 50% of IT workers, and 70% of truck drivers).²

Intelligence Revolution & Creative Destruction

Previously, the Industrial Revolution (also called Industry versions 1.0 to 3.0) resulted in the concept of the “job”; work was aggregated into jobs and people went to where the jobs were (usually migrating from rural to urban centres). Now, the Intelligence Revolution (also called Industry 4.0) is resulting in the disaggregation of jobs into work, and people can more easily access the work (in many cases, digitally).³ This is the age of the micro-entrepreneur, who makes an income from many different sources and employers, perhaps entirely through internet platforms. Individuals may

Gig Economy

Broadly defined: multiple types of alternative work arrangements such as independent contractors, online platform workers, contract firm workers, on-call workers and temporary workers.

Micro-entrepreneur

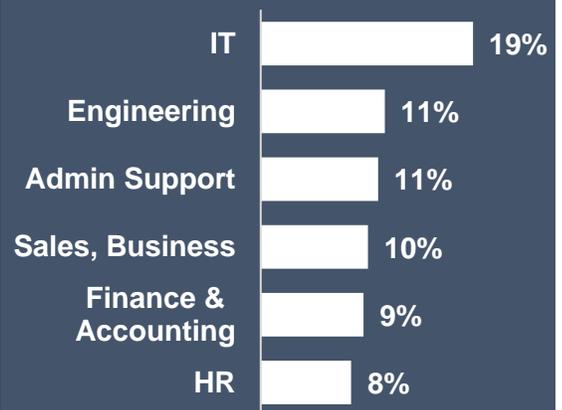
An individual who makes an income from many different sources and employers.

Quick Facts¹

30% of Canada’s workforce are non-traditional workers

>1 in 4 Canadian workers are freelance

Industries with the highest % of non-traditional workers:



¹ Ranstadt, 2017.

Environmental Scan Series.11

generate income from, and patronize, the gig economy. For example, a person may rent out part of their home via Airbnb, do contract web development during the morning via Freelancer, and deliver packages and drive-share in the afternoon with Amazon Flex and Uber, all while at the same time hiring someone from TaskRabbit to clean their home and ordering dinner from SkipTheDishes.

Job disaggregation and distributed work (resulting in the gig economy) is largely driven by technology. The exponential development and the convergence of automation, artificial intelligence [[for more on AI, see our earlier briefing note](#)], robotics, machine learning, inexpensive data storage, and advanced communication technology define the Intelligence Revolution and are disrupting traditional work. It is estimated that up to 50% of today's jobs could be lost due to automation, and will be replaced by employment that requires critical information-seeking capacity.³

The loss of traditional jobs to automation and artificial intelligence can be described as 'creative destruction'. More than 50 years ago, Joseph Schumpeter coined this phrase to describe the process by which the emergence of new technology "destroys" jobs by rendering them obsolete, and "creates" new jobs in their wake.⁴ He argued that creative destruction (the incessant revolution of the economic structure, and the creation-destruction process) is an, "essential fact about capitalism".⁵

"Gigging" Boomers

Although the post-war baby boomers in developed nations are reaching retirement age, they are not exiting the labour market. Instead, they are using the gig economy to supplement their incomes. About one in three baby boomers has a non-traditional primary job, while 27% of Gen Xers and 26% of millennials do gig work.¹

Older workers are more likely to participate in the gig economy and are more likely to benefit from the personal capital, experience, and networks that are success factors for micro-entrepreneurs.⁶ Men are more likely to participate: 29% of men compared to 19% of women work in non-traditional work full-time, while women are more likely to be doing part-time gig work.¹

Benefits for independent (freelance) gig workers can include autonomy, flexibility of hours, more control over assignments and career, short or no commute, and the ability to pursue work they are passionate about. Gig options could be used to supplement or fill an income gap, or as a permanent arrangement.¹ Both workers and employers from all generations have the ability to obtain skills and experience not available in traditional settings by participating in the gig economy.

Growth of the Gig Economy

The gig economy is growing. App-based services have grown exponentially. In 2014, five years after the launch of Uber, there were 14 app-based services in the laundry category alone.² The first economic indicator of the online gig economy, the [Online Labour Index](#), tracks the number of projects and tasks across platforms in real time. Occupations in software development had the largest increase (52%) over the last three years, while creative, multimedia, and other professional services showed modest gains.⁶ The United States is by far the largest labour market in the Online Labour Index, followed by the UK, Australia, Canada, and India.⁶

In the US, 94% of the net job growth between 2005 and 2015 came from alternative employment arrangements.² It is estimated that 20% to 30% of the working-age population in the United States and European Union engaged in

Environmental Scan Series.11

freelance work in 2016.² Some estimates of part-time work in the US were as high 40% of the workforce.²

In Canada, the contingent (on-call, contract and temporary) workforce increased from 4.8 million in 1997 to 6.1 million in 2017; it now accounts for about one-third of all jobs and is likely to keep growing.^{3,7} More than one in four workers are freelance, and about a quarter work virtually or remotely.⁵ According to Statistics Canada, more than 90% of jobs created in 2015 and 2016 were temporary positions and paid on average of 30% less than permanent positions.^{3, 6, 8}

Challenges and Consequences

Not everyone is equally likely to benefit as creative destruction remodels the economy and work. Several sources point to a dark side of the new gig economy. As jobs are disaggregated, workers may become vulnerable as they find opportunities that are shorter in duration, more uncertain, and that may provide lower wages and fewer benefits. This non-traditional work may weaken the social contract between employers and workers.^{1,6,11} In some cases, contingent workers may become target consumers for their parent companies. For example, Uber has created a subsidiary for sub-prime auto loans, which would deduct the contractor's car payments directly from their Uber earnings.^{2,10}

The gig economy has the potential to unsettle Canada's economy as a whole. A strong labour market with secure jobs is important for economic growth. In January 2019, The Bank of Canada's Senior Deputy Governor observed that demand for products and services will suffer if Canadians lose confidence from a lack of secure, good-paying work.⁹

The gig economy also presents challenges for governments in terms of taxes and labour laws. The rise in of global telework within service

sectors disrupts labour mobility, labour rights, pay equality, and the Canadian tax base.¹⁰ A lower tax base means lower government income, and compliance tracking for online work may be more difficult for governments to monitor and enforce, especially across borders. The Canadian Revenue Agency is currently working on materials to educate citizens on how to be micro-entrepreneurs, how to report earnings, and how much can be earned before having to pay GST.¹²

Disrupting Disruption

In September 2019, the gig economy itself was disrupted by a decision from the State of California. Senate legislators approved a bill requiring app-based companies, like Uber and Lyft, to treat contract workers as employees. As of Jan. 1, 2020, "workers must be designated as employees instead of contractors if a company exerts control over how they perform their tasks or if their work is part of a company's regular business." Democratic State Senator Maria Elena Durazo expanded, "Let's be clear: there is nothing innovative about underpaying someone for their labor."¹³

A Role for Post-Secondary

Post-secondary institutions will need to consider how to prepare students with 'future-proofing' capacities to ensure success in the rapidly-changing employment landscape. Courses in micro-entrepreneur business skills, career readiness programs focusing on adaptability, and work-integrated learning are just a few possibilities.

Next in the Series

The next two reports in the Envision TRU Environmental Scan series will also focus on the Future of Work, including the changing workplace and skills for the future of work.

Environmental Scan Series.11

Sources

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