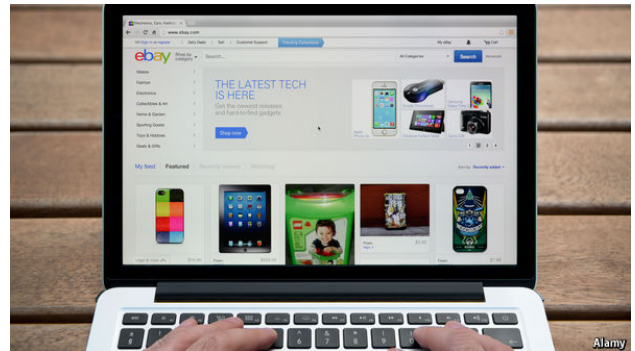


The "gig economy"

Does the gig economy revolutionise the world of work, or is it a storm in a teacup?

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YOU often hear that the traditional employee job is on its way out. It is a big topic of conversation [across the pond](#)



(<http://www.theatlantic.com/business/archive/2011/09/the-freelance-surge-is-the-industrial-revolution-of-our-time/244229/>) , but the issue is also generating heat [here in Britain](#) (<http://www.ibtimes.co.uk/sharing-economy-87-brits-see-gig-economy-taking-over-9-5-working-days-10-years-1519860>) . Whether it's selling your crafts on Etsy or Ebay, offering taxi services through Uber (perhaps renting out your car on easyCar Club the rest of the time) or accommodating tourists in your spare room via Airbnb (perhaps also commuters in your driveway via JustPark), the world of work appears to be changing. This is the so-called "gig economy"—where incomes are earned or supplemented by trading individual goods and services online.

But turn to official data and evidence for this revolution is hard to find. In both [America](#) (<http://www.wsj.com/articles/proof-of-a-gig-economy-revolution-is-hard-to-find-1437932539>) and [Britain](#) (<http://www.theguardian.com/sustainable-business/2015/aug/19/gig-economy-no-game-changer-impact-uber-airbnb>) , the share of workers with permanent jobs has not changed much in recent decades; nor has multiple job-holding. The share of workers who are self-employed is actually falling in America. [While it had been rising quite rapidly in Britain, it has plateaued in the past year.](#)

(<http://www.economist.com/news/britain/21676792-why-more-britons-are-working-themselves-uber-conundrum>)

Dig deeper into the data and the gig economy remains elusive. Freelancers—the most likely representatives of this brave new labour market—represent barely 2% of the workforce, a figure that has not changed much in 15 years. There has been far stronger growth among those who work for themselves, but it is not clear whether this captures the gig economy or traditional forms of self-employment.

Perhaps gig working is something people explore on the side of traditional employment rather than as a main income? Official data do not back this up either. Only a very small minority of workers, the data suggest, derive a second income from self-employment.

Are there are signs of the gig economy in the jobs self-employed people are doing? The picture is mixed. The three biggest growth sectors for self-employed workers since 2009 have been hairdressing, cleaning and management consultancy. Granted, these services could be traded in the gig economy, but they are also jobs with a history of growing self-employment that pre-date the gig economy. The next biggest riser is “renting and operating real estate”, which could reflect people offering their homes and driveways online. On the other hand, taxi operation is the biggest faller, perhaps quelling the suggestion that Uber is taking over.

So there are relatively limited signs for the rise of the gig economy in official data. However, let's not conclude the naysayers are right just yet, principally for two reasons.

The first reason is that the revolution may be in its infancy. For instance, [some have suggested](http://www.ft.com/cms/s/0/c9e14442-6a72-11e5-aca9-d87542bf8673.html#axzz3p1HDAslZ) (<http://www.ft.com/cms/s/0/c9e14442-6a72-11e5-aca9-d87542bf8673.html#axzz3p1HDAslZ>) that the significant rise in the legal wage floor associated with the new "national living wage" might drive an increase in self-employment as the costs of hiring employees rise. The significant losses that many tax-credit recipients are facing next April may also lead to them looking for ways to top up their income outside of their existing job.

Second, it is possible that we are not asking the right questions. Government surveys have never been good at measuring developments in the labour market. The recent furore around the true extent of zero-hours contracts is a case in point. This is especially true given the potential confusion around one's employment status in the gig economy. For example, people tend not to realise that renting out their house or their car on the side counts as work, and so they do not tell government statisticians about it. [Early evidence from America has indicated this this might be the case](http://fusion.net/story/173244/there-are-probably-way-more-people-in-the-gig-economy-than-we-realize/) (<http://fusion.net/story/173244/there-are-probably-way-more-people-in-the-gig-economy-than-we-realize/>) . A recent survey in Britain (by software provider Intuit) probed specifically for gig activities and estimated that 6% of Brits are creating or earning income in the sharing economy—a somewhat higher proportion than the official data suggest.

Measuring the gig economy matters. To get a clear picture on living standards, you need to understand how people combine jobs, work and other activities to create income. And this gets to the crucial question of whether the gig economy represents a positive or negative development for workers. All this makes it important for official agencies to have a go at measuring it.

Choice is usually a good thing in life, and the lowering of barriers provided by today's technology might be viewed as democratising entrepreneurial opportunity. But the fragmentation associated with gig economy working may bring with it new forms of insecurity. At the very least, it is likely to require new ways of looking at traditional policy tools around employment (and consumer) rights, income smoothing and pensions. If we want to understand the balance between freedom and security and the space for policy change, a vital first step is to find ways of better capturing who the giggers are.