



APSCo Australia Discussion Paper

The Gig Economy

Structure, Measurements & Opportunities



Supported by APSCo Australia
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Executive Summary

The purpose of this paper is to determine the nature of the gig economy; its actual and potential current and future impact on the talent market both within Australia and internationally; and what enterprises might do to sustainably and ethically utilise this emerging form of talent engagement. We summarise what the gig economy is; how it works; its economic and demographic profile; the structural differences between the gig economy and traditional forms of employment or labour; and universal needs of all talent regardless of contractual structure.

The paper proposes that the gig economy is of political significance as the latest challenge to the traditional model of, 'labour versus ownership'. It frames this political debate through the concept of Permanent Fulltime Bias, which uncritically privileges traditional hourly rate-based fulltime work. It argues that insecure work is not merely limited to flexible work, illustrated through instances of precarious work in traditional labour structures. To disrupt this assumption, it proposes a new model for structuring talent resources based on considering the talent market as a market of talent sellers and buyers, supported by talent brokers. We conclude that a shift from 'categorisation comes first', where talent is assessed as either employees or business owners before determining access to equitable standards, should be replaced with a, 'conditions come first' approach based on contractual terms and conditions that explicitly and openly state how talent is engaged, rewarded, and supported.

This paper builds upon the current body of knowledge by providing a highly focussed definition of gig work and presenting a model that helps navigate the contemporary options for talent. We then expand this model to discuss how to assess the quality of an engagement opportunity based on the effort and resources required, versus the nature of the rewards being offered. It suggests that such a model requires improving commercial literacy for buyers, sellers and brokers, such as through entrepreneurial literacy and talent engagement literacy. Finally, we provide suggestions of how such a system may be supported by new opportunities for enterprises to supply portable services directly to talent.

Keywords

Gig economy, gig work, permanent fulltime bias, flexible work, employment.

Introduction

The gig economy has become a hot topic over the past few years as platforms such as Uber, Freelancer, and airBnB have launched into controversy about their legitimacy.

Former US Secretary of Labor Robert Reich called the emergence of the gig economy, “the biggest change in the American workforce in over a century” (Appel 2016). What is euphemistically called ‘standard employment’ – that is, permanent fulltime employment of an individual by an enterprise in exchange for time-based remuneration – was a model that became typical for the first time during the industrial revolution, became more popular during the twentieth century, and again began to decline in the last few decades, parallel with the economic shift from products to services, where access to large amounts of capital was no longer an impenetrable barrier to entry to self-employment (Eurofound 2017; McKinsey & Co 2016; Donkin 2010). The arrival of information and communication technologies has further advanced this shift away from the ‘standard employment’ model by providing easier and better access to a continuous flow of high-quality, transportable, flexible, and non-routine work opportunities.

Non-standard roles are traditionally categorised widely and include models such as part-time, freelancing, and independent contracting. Newer work arrangements can include agency workers, virtual workers, and statement-of-work consultants (Staffing Industry Analysts 2016). These non-standard roles are representations of work that is not the ‘standard’ model (i.e. permanent full time with benefits) but are also a way for work to move from the informal to the formal work landscape (World Bank 2015). When structured well and legally protected, non-standard work offers flexibility for both demand and supply of talent; however, it has also been held to be responsible for insecurity in the labour market (American Action Forum 2016; Deloitte 2016; Hudson-Sharp & Runge 2017). Gig work is the newest structure to foray into the non-standard portfolio of talent engagement arrangements.

“By some measures 40% of US workers will be in non-standard jobs by the year 2020”

World Bank 2015

What is the gig economy?

The gig economy is a recent term, describing economic activity related to short-term, project-based, outcome-defined work.

In this paper, the gig economy is defined as comprising 'gigs', offered by those that need the work done, in terms of 'demand'; and those who undertake the work, or 'supply'. 'Gigs' themselves refer to the work done as part of the gig economy. As a phenomenon that is still in flux, there are differing opinions of the nature and expanse of the gig economy, but this definition is the most targeted. Other definitions may discuss the gig economy as part of the 'sharing economy' including activities such as renting out one's own home or rooms; micro-enterprise work offered on market platforms such as Etsy, up to being as broad as including any work described as 'insecure', meaning any work not included in 'permanent fulltime employment' status such as temporary work, contract work, or casual work. However, as many of these forms have their own specific defined meaning, they do not aid in understanding the gig economy.

How the gig economy works

There is some disagreement about what makes 'gig economy' jobs, work. It ranges from the narrow (e.g. only work undertaken in piece rate mode and facilitated via the internet) to an umbrella term for any non-standard work including contracting and temporary jobs (Staffing Industry Analysts 2016). Uber is the most visible platform generally accepted to be part of the gig economy, but is likewise also a problematic platform: the legal case of O'Connor v. Uber Technologies Inc. found it does not treat its drivers expressly as external suppliers of an outcome: the control of drivers is strong even though managed by an automated system. However with Uber being so well-known, higher quality but lower visibility gig economy opportunities are often left out of the discussion (Burtch, Carnahan & Greenwood 2016). As a rule, the gig economy is not a 'monolith'. It goes from commodity-style jobs (like Uber) to specialised micro-business style, for example project workers or turnaround consultants (Grossman & Woyke 2016). Companies that manage gig work opportunities can be identified in terms of their activities and influence on gig worker talent – they:

- Collect a portion of job earnings;
- Control the brand;
- Control the provider-client relationship (non-circumvention clause);
- Thus, gig work can be considered different to freelance work as the gig worker is not building or managing their own reputation or their own 'business'.

– Donovan, Bradley & Shimabukuru 2016

“The gig economy is the collection of markets that match providers to consumers on a gig (or job) in support of on-demand commerce”

Donovan, Bradley & Shimabukuru 2016

“A typical estimate is that currently, the gig economy represents about 0.5 percent of all work”

*Katz & Krueger 2016;
Appel 2016*

Economic size of the gig economy

While this suggests on one hand that the gig economy is quite small and not worthy of much attention, research by Staffing Industry Analysts (2016) found that 29% of all US workers had done some form of gig work in the previous year, to a value of US\$792 billion. Of the 44 million individuals who had undertaken gig work, 26 million had done so for individuals, and 18 million for enterprises. It affects many people and has a large economic value. Gig work is not just something that is a singular option or alternative to other forms of work: the individual who has a permanent full-time job but also does occasional, or one-off work is also engaged in gig work. Likewise, that work may be for an organisation, or it may be for an individual (Staffing Industry Analysts 2016).

Currently, the true size of the gig economy is not confidently known due to there being a lack of a single agreed definition, and a lack of regular or standardised statistical collections on the subject (Appel 2016). However, if we consider freelancing to be similar in nature to the gig economy, there are some useful insights into such work in Australia. The Australian Industry Group (2016) found that between 2014 and 2015, 32 percent of Australians undertook freelance work. Of these:

- 44% was in web mobile software development;
- 14% in design & creative;
- 13% in customer & administration;
- 10% in sales & marketing;
- 8% in writing.

Together, this suggests that the gig economy is a small segment of the overall talent market, but being undertaken by and for large numbers of enterprises and individuals, in roles from basic to complex, and with a significant economic benefit.

Demographic profile of the gig economy

Is gig work supplanting traditional labour, or supplementing it?

Research by JP Morgan Chase suggested that for individuals engaged in gig work, their income through these streams did not grow and remained of a supplemental size. This suggests that gig work is moonlighting by another name, but enabled by technology to be more flexible and accessible (Appel 2016). This conclusion is supported by empirical evidence which suggests that for example when universities are on break, there is a sudden increase in the amount of gig work being undertaken (Burtch, Carnahan & Greenwood 2016). This supposition is boosted by research from McKinsey & Co (2016) that found there are four key segments of independent workers:

- 30% are free agents who voluntarily choose it for lifestyle reasons;
- 40% are casual earners who supplement their regular incomes;
- 14% are reluctantly doing independent work as their only way to make a primary income;
- 16% are financially strapped who do supplemental gig work out of personal necessity.

In other words, the gig market does not have ‘stable numbers’ because it is not an alternative to traditional modes of work such as permanent fulltime, but in many cases, is an adjunct, supplement, or time-filler, depending on the individual, the time of year, and state of the economy.

Old Models of Capital and Labour (Time)

Traditional models of work are based on the concept of selling time.

Work is now more akin to selling productive capital such as knowledge, talent, networks, and resources which may or may not include time. As such, the gig economy in one way is an atomisation of work – that is, breaking up parts of larger packages of tasks or ‘jobs’ into smaller component parts – but is also a repackaging of resource offerings (World Bank 2015). If we consider that the traditional model of work was that a capitalist such as a business owner would provide primarily or exclusively capital by way of large assets such as building and equipment, and workers would primarily or exclusively provide their time, then the gig economy is reframing that to fit with the newer ways that workers, or perhaps more aptly named, talent. As such, arguments around the gig economy being part of ‘insecure work’ only succeed where there is a mashing together of traditional employment and gig economy models. What this suggests is that at least part of the reason for the focus on the gig economy is its being a potent political and economic symbol of deeper fundamental changes in the social landscape that are exposing the flaws in an outdated and strained traditional system (Appel 2016).

Insecure Work and the Permanent Fulltime Bias

It may be useful to consider gig work, and its political discussion, by entertaining that society may have a Permanent Fulltime Bias (PFB) – a bias that allows any job, no matter how dead-end, low-paid, menial, or precarious (e.g. bankrupt or dubious employer, inability to shift to better employers due to reputation of employer or lack of transferable skills) to be given a sheen of preferentialism.

That is, in popular culture, permanent fulltime work is presumed to be better than any comparable non-permanent fulltime role. Much of the concern about the value or perceived instability of gig working is focussed on the individual, but this concern is translated into the job structure, even though the job structure itself can simply become a place to hide the problem. For example, someone working as a contractor could be doing so involuntarily. Yet if they are in a precarious ‘permanent full time’ role, the very same problems are hidden, and the result of that precariousness, such as insolvency of the employer, is not fewer hours but cessation of the job in its entirety and potentially, permanent unemployment. It should be evident that the problem of precarious work is based on an individual’s circumstances rather than the nature of the work or the form of engagement.

It goes without saying that one cannot simply wish that a singular model of work will have all jobs fit the needs of every individual. For example, it should be noted that despite some segments painting the gig economy as “permanent fulltime jobs turned into insecure work”, the reality is, there are jobs (i.e. sets of tasks that must be done for this person or this enterprise) that simply aren’t fulltime, or long-term. Or, do not have the skills or experience needed for more than one engagement e.g. the SOW Consultant with in-depth knowledge of fast-moving consumer goods (FMCG) will not be the same consultant needed to assist the client from the tourism industry despite the management consulting firm being an ongoing enterprise and having “Management Consulting” as its service (Staffing Industry Analysts 2016). In this way, the gig economy can be attacked as ‘insecure’ but it is also emerging due to its benefits to individuals who may want to focus their attentions on specific career goals and achievements, and avoid those sorts of

dysfunctions built into the traditional 'remuneration for time spent' of traditional permanent fulltime roles (Australian Industry Group 2016). The worker's desire must also be a key consideration, and not all workers want to be permanent fulltime employees for a single employer (Staffing Industry Analysts 2016)

Precarianism and Gig Work

At its worst, the gig economy may be a way to externalise costs, and then not pay the full economic value of those costs by, for example, transferring the cost of equipment to those who use them and then failing to pay for the equipment by improperly remunerating for it in say, a 'piece rate' that considers best-case rather than typical maintenance requirements (World Bank 2015).

However more generally, this is simply an example of poor practice, and externalising then ignoring costs can happen in any talent supply structure. For example, a permanent fulltime role that requires the purchase and cleaning of specific uniforms by its staff while also not including that in its pay rate is also improperly externalising costs.

The improper externalisation of costs is a marker of poor-quality work, and those who cannot secure better-quality work can be said to be 'precarian'. A Precarian has been defined as individuals who do not have quality work-related security such as health cover, or regular and emergency leave such as annual leave or sick leave. Precarians also lack long-term employment and job security in that they cannot reasonably anticipate the nature of future work or a minimum income (Standing 2012, in Cleave 2016). It is possible to be unaware of one's precarious position, for example by assuming work is ongoing and at a fixed income even though the enterprise is no longer solvent. Precariousness can be shown to have various foundations, such as lack of education or marketable skills, economic conditions, career stage (e.g. new or transitioning), or the temporary nature of the work. Precariousness can be shown to have various effects that can be categorised along multiple lines, such as in terms of tenure, and conditions (Lewchuk 2017).

It is more effective to be aware of whether an individual's own set of circumstances are precarious, instead of focussing efforts on which form of engagement may be more likely or less likely to have precarious characteristics – in other words, assessing whether an engagement is precarious, rather than if that class of engagement might be more likely to be precarious. An individual with high marketability and multiple offers is not in a precarious position simply because they undertake a gig on the side, for example. Nor is an individual secure merely because they are unaware of the actual precarious nature of their situation.

Talent-Based and Buyer-Based Drivers of Flexible Work Practices

The gig economy has a chance to change our views of the labour market from the more recent “Powerful boss/powerless labourer” narrative, and focus our attention to a 21st-century version of the market being about buying and selling services and expertise, because there is nothing particularly special or timeless about the model where productivity is best served by measuring time spent in the presence of supervisors.

In terms of productivity, measuring productive output over time is traditional, due to the industrial model of otherwise-undifferentiated workers operating machines: if there are three workers available, the one with the lowest hourly rate for the highest throughput is the best hire. In the gig economy, driven by outcomes, the time spent is no longer a factor, so project-based drivers and completion characteristics become the better measurement. The gig economy is highly flexible – in the best models, it is the worker who decides when, where, and how to complete the work as the only measure is based on the delivery of the best outcome (Australian Industry Group 2016).

It should be clear by now that gig work lacks the characteristics of time-based, presence-based, traditional employment. Yet this does not mean it automatically has the characteristics of a small business. Gig workers do not develop their own ‘goodwill’; and they do not necessarily conduct their own business development, rather relying on platforms to secure projects. Thus, they are not enterprises in the traditional sense. They are, in a way, more like traditional multilevel marketing engagements such as Tupperware or Avon, where significant aspects of the work are managed or controlled by a service provider (The Conversation 2016). This lack of clear distinction between time-based employment and profit-based self-employment makes gig work difficult to classify in traditional models.

The difficulty in classifying gig work is at least partly a problem of the newness of the term and the lack of a statistical model of it; some attempt to consider gig work as a form of independent contracting but this is also ineffective. The question “are they a time-based employee, or a time-based independent contractor?” is answered with “neither”. But it does provide us with a starting point: is this worker sitting here filling in time sheets in the gig economy? No. Is this worker who is paid piece rate but is required to be here at 9am and not able to leave before 5pm and given a lunch break, in the gig economy? No. The traditional labour market structure does not recognise that ‘labour’ may not be about time spent, or about ‘plug and play’ undifferentiated employees. We have a problem of language as well, in terms of ‘permanent’ and ‘contingent’ workforces. The ‘contingent’ or ‘temporary’ may not be a once-off, or less valuable, but rather a wider net, or an ‘at call’ or ‘project workforce’.

The gig economy is a niching of entrepreneurial activity. For example, why start up a hairdressing salon on your own, if you can gig hairdressing engagements? The cost of setting up your own business (specially bricks and mortar) is extremely high; for those who are unemployed, being forced to commence entrepreneurship is linked to low rates of success. The gig economy opens up the opportunity to engage with work, quickly and cheaply, as talent rather than as entrepreneur, and build a steady income from there. Because it is not connected to any one

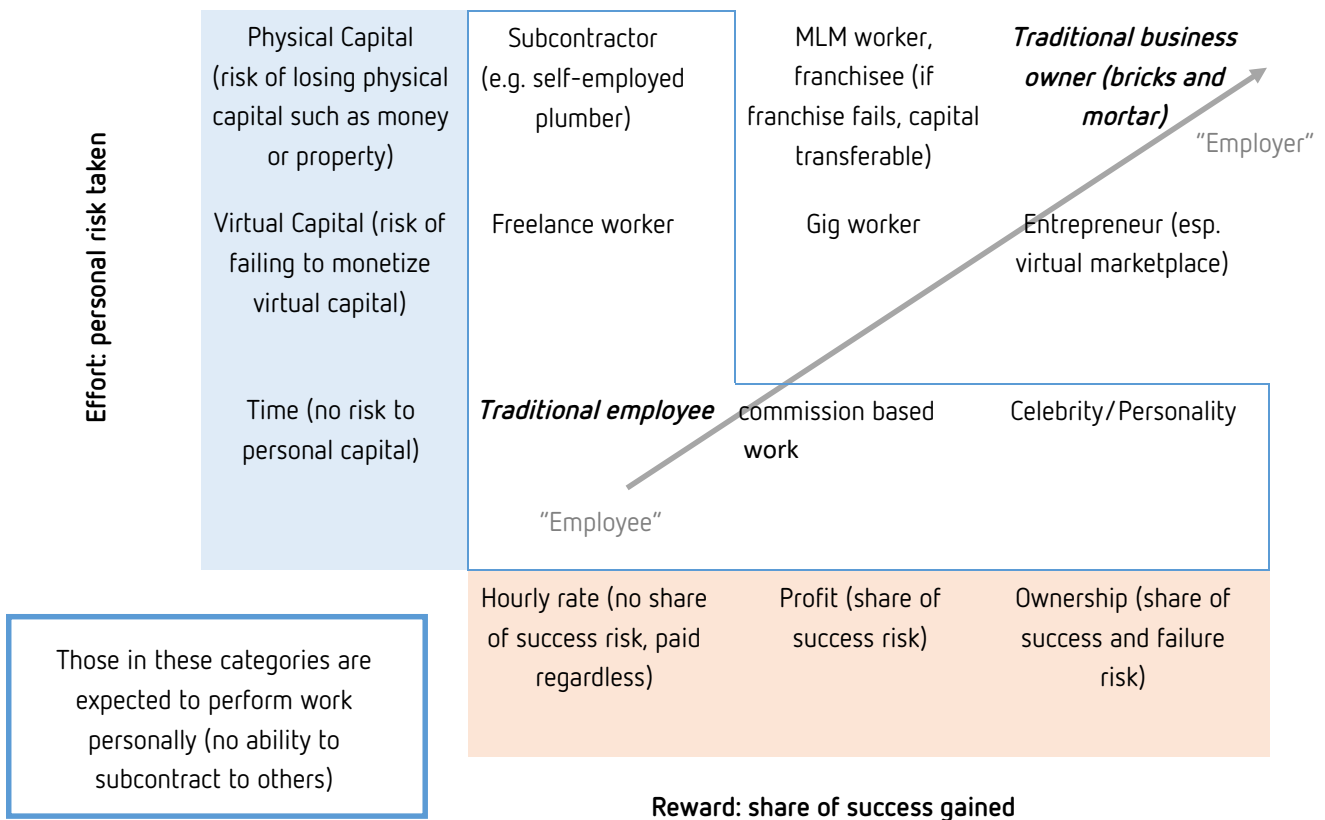
‘employer’, there is also less opportunity for employers to take advantage of gig workers as they can gravitate to those that offer higher-quality opportunities (Burtch, Carnahan & Greenwood 2016). This also goes some way to explaining how the gig economy and sharing economy are linked: by the blurred lines between the provision of financial capital, personal capital, and ‘labour’ (McKinsey & Co 2016).

Capital and Time: the shift from capital/labour to fuzzy edges

There is little evidence of entrepreneurial activity arising from ‘gig work’ so does this suggest that the gig economy is another stop on the Employee/Business Owner line?

The gig economy allows those who would otherwise be poor quality entrepreneurs to instead be high-quality self-directed talent (Burtch, Carnahan & Greenwood 2016). The more ways the gig economy is examined, the clearer it becomes that the traditional linear models – worker/business, employed/self-employed, dependent/independent – are strained to breaking point.

Talent Engagement Structures are based around personal risk taken & potential reward



The world is no longer about who owns the capital and who provides the labour in terms of providing their time; instead it is now about who creates the structures to take advantage of an economic opportunity and who uses those structures to engage with that opportunity. It is true that workers in the gig economy must invest some capital into a business over which they have little control – for example by purchasing a vehicle that meets Uber’s standards or purchasing equipment for the online platform. Yet this is also true of employees where they must purchase clothes, uniforms, tools, and phones; franchisees; and those in the older established MLM companies (The Conversation 2016). The notion of ‘capital’ in this context is also poorly defined and problematic. Traditionally, the required capital was generally high-cost such as buildings and machinery, where the owner of the capital was not really required to operate it. Indeed, the business owner was more an investor, who if working within the business would take up employment within the business they had invested in. However, this is no longer as clear-cut. Much work is done on equipment that everyone has anyway such as mobile phones and computers, and in many fields, the true competitive capital is now talent and training, not bricks and mortar (The Conversation 2016). For example, software developers create software; graphic designers buy that software; customers benefit from the output. However, the capital is knowledge, and its competitive profitability is reliant on the designer’s skills rather than the secured software. In the strictest sense, a gig worker buying software is risking capital, but is using it themselves to generate income, and cannot simply buy the software and hire the cheapest labour around to operate it for them in a parallel to the factory owner and labourer. Yet, how does the graphic designer find the projects to work on? Are they creating their own structures like an enterprise, or are they outsourcing that to a gig economy or freelancer platform and finding work via that online marketplace?

The risk factor is important but the risk is not via capital. For example, if you buy a car and use that car for Uber driving, the car has general value regardless of its use. There are fewer gig economy businesses that require say, the capital purchase of specific non-transferable equipment. The true risk is in fluctuations of gigs. This is something that can be built into the hourly, project, or piece rate (The Conversation 2016). It may serve us best to shift the conversation from how some work relationship can be categorised

“Is this person an independent contractor or are they a little bit more like a freelancer? They use technology to gain work, so they are a gig worker? But they have been engaged regularly so maybe they’re more like an employee? It turns out they rent an office, so does that make them a small business owner?”

and rather, focus our attentions on how best to achieve a set of ‘minimum outcomes’

“Does this person get remunerated comparably for their geographic location? Are they able to access emergency benefits such as income insurance? How are they managing their routine benefits such as annual leave? Are they able to manage any inconsistencies in remuneration, say via building up a fund and paying themselves a consistent income from that?”

The arguments around the gig economy are exposing a core problem: we’re not addressing the challenges in front of us. We’re trying to address what we think the challenge ought to be. The underlying problem is that the various platforms for work provide different levels of access to minimum conditions. The regulatory system for the labour market is a core platform to

maintaining equity in work. It can improve this access by providing universal mechanisms for protections rather than basing access to protections around classification, and making that assessment around times of work and hourly rates. An effective system would provide no intrinsic or regulatory benefit to one form of engagement over another beyond the specific desires of the parties involved. For example, there would be no intrinsic structural value in sham contracting, bogus self-employment, or moving permanent work into casual work, because the universal minimum standards would cover each form in an equitable manner. Thus, a universal minimum enhances market efficiencies and flexibility by becoming market-driven rather than bureaucracy-driven (Hudson-Sharpe & Runge 2017).

Gig economy: a study in supply-side outsourcing

Thought experiment: You need to rebrand. You can hire a casual, a “permanent full time” until the position is made redundant, a freelancer, a temp, a subcontractor, independent contractor, engage a ‘business of one’ to do the work (employee is owner manager), or a ‘business of many’ where the one person doing the work is an employee (of various guises) of someone else. What is the difference to equity and to outcomes?

The illustration, “Talent Engagement Structures”, demonstrates the futility of the “either an employee or a business owner” at the heart of this thought experiment. For enterprises, the two core questions are, “What is the level of resourcing we need to engage: just time, or does the person need their own tools, or equipment?”; and “What are we prepared to offer in return by way of reward? A flat fee, a share of the profit, or do we want them to share in the risk of failure as well?”

Gig work sits fairly in between a range of other options. Gig work risks some non-exclusive capital such as expertise or vehicle use, and shares in the risk of success by being rewarded upon outcomes. They are neither employees nor employers. They are not paid an hourly rate. They bring more than their own time, but do not risk losing physical capital if there is a failure to perform. The difficulty in classifying gig workers may come from the inability to create a linear fiction for this newly-visible category. Gig workers are more like entrepreneurs where the client relationship has been outsourced at the expense of independence. They get to choose the work they will do by selecting from assignments, they can focus or diversify, they can compete for work, but within the confines of the platform(s) they use to access that work. Similarly, those who engage gig workers on a platform may not be able to demand the work be performed by a specific person where the platform assigns work (Donovan, Bradley & Shimabukuru 2016).

Gig economy: supply

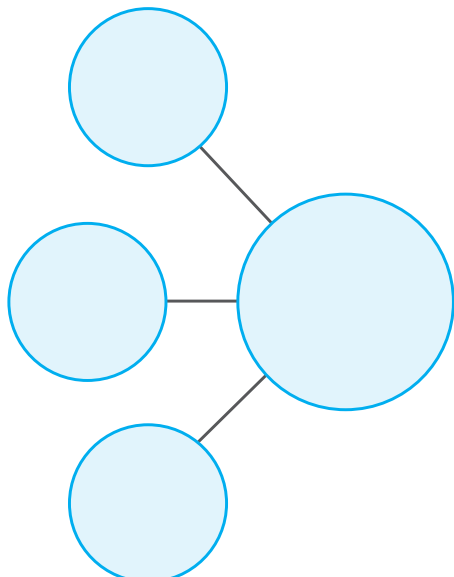
The gig economy is making challenges created by flexible work practices in the workplace more visible.

'Standard employment' is expected to represent only a slim majority of the workforce and yet, remains at the heart of legal and economic models, and social expectations. Shifting away from these traditional views will require more than simplistic debates about whether it is good or bad, and will require better quality changes to the current system than categorising gig work as either employee or self-employed business owner (Kenney & Zysman 2015). Starting with a language shift, we consider changing the concepts of enterprise and labour, to the tripartite relationship of talent supply, talent demand, and talent broker.

- Talent demand: the identification of a productive opportunity to be exploited, and sourcing the talent resources required to achieve that goal.
- Talent supply: meeting the need of enterprises and individuals by supplying the talent-based resources they require to achieve a goal.
- Talent broker: the individual, platform, or other avenue that matches the right supply of talent, to the right demand for talent.

Hub and Spoke Talent

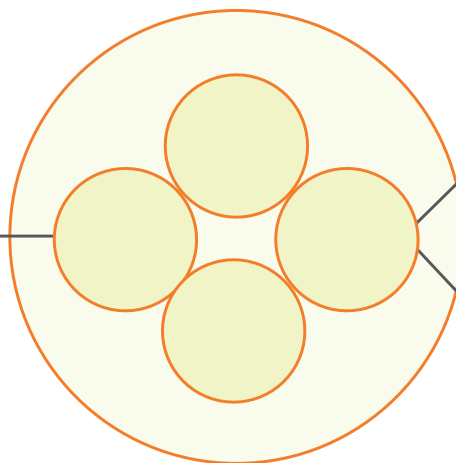
Project 1: Talent sourced by gig platforms



Project 3: Traditional Outsourced Service



Internal Hubs



Project 2: Regularly Engaged Freelance Talent

Gig economy: demand

This model shifts the language from one of labour – that is, time – to one of talent resources. It can and likely will be a mix of various forms of talent, with both internal or ongoing talent in an enterprise accessing talent from external avenues in various arrangements to achieve those goals. Workplaces (central locations where all workers gather to work) are changing into workspaces, in a hub-and-network arrangement, with technological platforms as the enablers (Farrell & Corbel 2017). Internal talent may be thought of as a hub that acts to coordinate talent, virtual, and physical resources to meet goals, while external talent can be secured on regular, occasional, routine, non-routine, and once-off agreements to achieve specific goals in a more efficient and effective way than expecting internal talent to “do their best” with limited personal resources.

Gig economy: the broker’s view

For enterprises, this shift requires a change in understanding of talent from the simplistic ‘hourly rate’ model to a more nuanced result-based model.

Likewise, for talent, the ability to assess offers in terms of the resources that must be used and the remuneration that should be expected, is becoming essential instead of relying on minimum wages or commonly accepted hourly rates of pay. The role of brokers, including governments and regulators, is shifting from creating categories and determining hourly rates of pay and conditions, to enabling the market to manage these needs on their own while setting proscriptive boundaries. Brokers can enable this shift by focusing on the question of gig economy ‘literacy’: for talent, entrepreneurial literacy that enables assessing whether opportunities are viable and managing one’s own minimum needs and risks; and talent engagement literacy that enables enterprises to understand how to engage talent in the best model at the right set of conditions for that opportunity. In other words, this model proposes shifting from capital and labour-based discussions of ‘cheapest price’, to goal-oriented ‘best fit’.

Considerations for Quality Engagements

This points to the engagement of workers in either adaptive or maladaptive ways. For example, small enterprises accessing gig workers for small, short-term, project-based work can access good quality talent that may otherwise be inaccessible and reward that work appropriately, thereby opening up opportunities that otherwise are hidden. Conversely, an enterprise can engage in a ‘race to the bottom’ competition for the cheapest work which results in very poor quality. But in both cases, the problem is not the platform used to access the talent, nor in the form the engagement takes. Rather it is in the literacy of those involved: engaging best fit, or engaging cheapest rate (Cleave 2016). To address the shift in work, Kenney & Zysman (2015) recommend considering four key factors: infrastructure; training and skills; social protections; and regulatory transitions.

“The weakening of income growth and the economy may not be due to the gig economy per se, but rather to the lack of equal protections for gig workers”

World Bank 2015

The core concerns for gig workers are:

- Bargaining power: the ability to effectively bargain for good quality work and good rewards
- Economic inclusion: protection from exclusion from markets for non-talent-related reasons such as geographic location or prejudice
- Intermediated value chains: the ability to have their talents effectively represented, especially where their work is secured through multiple nodes (e.g. gig platform, then consulting agency)
- Upgrading: the ability to improve skills and opportunities

– Graham, Hjorth & Lehdonvirta 2017

How the Traditional Employee Model is no longer working

Essentially, gig work must become fully legally formalised (Burtch, Carnahan & Greenwood 2016) and the answer may be through providing a single flexible set of rules along with universal minimum conditions that must be met, and how enterprises may 'reasonably' be assured they are being met.

Minimum standards plus a base fee with benefits that are either managed or paid out is a simple form of this (Cherry & Aloisi 2017). Universal minimum standards for talent would be conditions that all stakeholders would be required to assess or address, including workers, employers, recruiters, agents, and platforms. This could be done by engagement contracts that set out clearly who is taking that responsibility, and how the associated costs are being remunerated (Australian Industry Group 2016).

It is unclear how or if gig workers are being effectively captured in regulatory and safety net frameworks (American Action Forum 2016). In a system of universal benefits plus flexible conditions, wrongful classification becomes a legal infraction where say, the labour buyer 'hires' a gig worker as a micro-business, but does so on a lower than 'reasonably expected' remuneration, and knowingly wrongly assumes that conditions are being met based on that 'micro-business' classification but with no checking that it even exists. This fits with established legal principles that employment relationships are defined by the actual nature of those relationships, and that legalese cannot extinguish employment rights (LexisNexis 2017). However, rather than the traditionally conceived 'employment agreement', such a system could be expanded into a 'talent engagement statement'. Such statements could then form part of the terms and conditions of enterprises. Gig work platforms would likewise be required to include such statements, and would be required to take reasonable steps to ensure minimum standards are being met, akin to how job advertising publishers are required to ensure that employment ads are not sexist or racist. Moving from the formal Employment Agreement to a formal Talent Engagement Statement means creating a single model for all talent regardless of categorisation. A model for universal standards would include consideration for base remuneration (time or fee based), premiums (such as overtime for time-based work or premiums for emergency work), administrative factors

(such as who is responsible for professional development), benefits funds (how regular or expected benefits such as annual leave are accounted for), risk insurance (such as sick leave, and whether this is remunerated or managed), and loyalty activities (such as standard forms of engagement confirmations for external talent). The goal of regulation should be to shift from deciding what regulation fits in what work arrangement and instead have mechanisms to extend all protections and payout benefits to work regardless of its contractual structure (World Bank 2015). The same digitisation strategy that the Australian Government is now discussing could be used to extend worker protections to all workers regardless of whether they work for one employer, many consecutively, or many concurrently (World Bank 2015).

Standard protections for employees are:

- Minimum wages based on hours
- Overtime or bonus pay based on days worked or extra hours
- Unemployment protections
- Time-based leaves
- Payroll taxes

Voluntary protections may include:

- Health benefits
- Retirement benefits
- Life insurance
- Disability insurance
- Sick leave
- Vacation leave
- Childcare
- Reimbursements (e.g. vehicle, travel, phone allowance)
- Other (e.g. wellness programs, gym memberships)

– Donovan, Bradley & Shimabukuru 2016

Gig economy services are beginning to be established to assist micro-enterprises and gig workers by treating them as customers that need a set of services to support their work lifestyles. For example, the gig economy platforms themselves are a form of 'client management' service but there are also platforms to bundle business services (administration, invoicing). However, as it is also quite new, these systems are not yet mature and as such there are gaps in the market. Also, some enterprises or systems have not yet either been identified as potential benefits, or have shifted into this market. For example, employee review sites like glassdoor.com remain primarily employee-focussed rather than as a way for gig workers to discuss what would be traditional benefits like equal opportunity or OHS issues (Grossman & Woyke 2016). The packaging of these services, and extending these services into benefits management is achievable. Superannuation itself is a form of transportable packaging that is talent-centred rather than enterprise-centred. Talent-based service delivery could expand upon this to support gig workers and others to improve their own conditions. For example, banks could offer a form of 'financial smoothing' where business revenues are automatically presented as various streams (drawings, benefits, administrative costs) based on previous expenditures, historic fluctuations, and future expectations.

21st Century Talent Markets: Burning Away Irrelevancies

The popular debate around the gig economy is new, and is muddled by a range of irrelevancies. Much of understanding the gig economy is stripping away what it is not:

- It is not the atomisation of work, it is the reframing of the supply and demand of resources outside of traditional concepts of capital and labour;
- It is not precarious work, which is a question of the quality of conditions, but rather a new form of supplying talent;
- It is not a poor substitute for permanent fulltime work, with 70 percent of workers choosing this form of work and a further 16 percent undertaking gig work to supplement their regular incomes for financial reasons;
- It is not poor-quality work or a shirking of employment conditions, although it may be the latest tool used by some unscrupulous operators to do so due to its newness and lack of universal minimum standards for talent supply;
- It is not currently being effectively monitored due to its lack of stable size, categorisation, and lack of measurement standards;
- It is neither labour or business ownership in a traditional sense, but a new structure that borrows from both and uses technologies to combine them in new ways.

By shifting the discussion away from traditional models of 'capital versus labour' and 'job versus enterprise', we can begin to consider the gig economy as a niche that allows individuals to utilise a range of capital (social, network, intellectual, creative, virtual and physical assets) and their personal participation, to generate a profit for themselves for their work by accessing demand-based services such as project-based websites. Neither a 'job' in the traditional sense, nor an 'enterprise', it instead straddles the two, providing those who want its freedom to do so without needing to engage in the risk of starting up their own full-fledged business.

Legal, economic, and commercial structures are yet to catch up with the gig economy. Labour law is still focussed on employment, the debate is still mired in hourly rates of pay, statistical models are still focussed on getting the model done first before looking at how to address inequity issues. However, it is likely that the true drivers will be commercial enterprises that see the gap to help the demanders and suppliers of talent to broker equitable outcomes. The gig economy is shifting engagements from traditional models of control, based around presence and time, to new models based on outcomes, managed by core internal staff working as hubs for networks of talent. That talent are new customers for supporting services specialising in gig economy micro-enterprises such as administrative, bookkeeping, taxation, and representation. Finally, legal structures must shift from politicised arguments over how categories outside permanent fulltime are proxies for insecure work, to instead abandoning the attempt to categorise every form of work and going straight into a system that supports universal basic protections for everyone based around value of product, supported by safety net requirements.

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