

MEASURING THE “GIG” ECONOMY: CHALLENGES AND OPTIONS



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SUMMARY HAIKU

Is gig work growing?
What do we know about it?
More data will help.

INTRODUCTION

The increase in internet-based services has raised policy interest in “gig work”. There’s currently no definition of gig work, but it is often assumed to include people who drive for Uber and sell their handmade jewellery on Etsy, alongside other temporary workers. In other words, it is work done outside formal employer-employee boundaries, generally with no expectation of an on-going relationship.

In 2018, StatsNZ reported that slightly more than half of temporary workers would prefer a permanent job, and the most frequently given reason for working in a temporary job was because no other work was available. However, gig work does benefit some workers, allowing them more flexibility or autonomy. It may also create new activities and opportunities.

Traditional employment measures do not necessarily capture gig work well and relatively little is known about its extent, recent growth, potential future growth, or likely policy implications. This paper provides a New Zealand-focused review of these issues.

POLICY INTEREST IN GIG WORK

Given the dearth of information about the nature and magnitude of gig work and the extent of its growth in New Zealand, it is unclear whether current regulatory institutions are adequate. There is also concern among policymakers about the effect of gig work on the financial stability of gig workers. Other reasons for concern among policymakers include:

- If gig work increases at the expense of more permanent employment without improving worker protections, risks and costs would shift from employers to workers.
- Missing gig work in traditional measures of economic activity has implications for monitoring the economy overall.

CLASSIFICATION OF WORK IN NZ

In Table 1 we look at different types of work arrangements in New Zealand, using the following criteria to judge whether that particular type of employment was traditional, alternative or gig work:

- Work Arrangement Characteristic
 - Paid wage or salary
 - Relationship expected to continue indefinitely
 - Predictable work schedule
 - Predictable earnings when working
 - Work supervised by firm paying salary

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Table 1: New Zealand work arrangement types and characteristics

Work Arrangement Type	Traditional Alternative or Gig work
<i>Employee</i>	
Permanent (full- or part-time)	Traditional
Fixed-term (full- or part-time)	Alternative
Casual	Alternative
Contract company worker	
• Labour-hire worker	Alternative
• Professional employer org.	Alternative
<i>Self-employed</i>	
Business Owners	
• Incorporated	Traditional
• Partner	Traditional
• Unincorporated sole trader	Alternative
Independent contractor, film production worker, freelancer	Gig
On-demand/on-line platform	Gig

DEFINING AND MEASURING GIG EMPLOYMENT

Abraham et al. (2018) defines gig employment as work arrangements where gig workers are remunerated but not paid a wage or salary, the relationship is not expected to continue indefinitely, and both earnings and hours are unpredictable.

Ideally, measures of gig work should be multi-faceted and easy to aggregate or disaggregate, given the variety of contexts in which these measures might be used. In addition, these measures should go beyond simply counting the number of people engaged in gig work and include measures of the extent to which people engage in gig work (e.g., number of hours, income, transaction volume), multiple timeframes (e.g., current, previous month, previous 12 months) and the total value of gig work. In this way we might be able to capture elements specific to gig workers, such as how many people work in gig jobs in addition to other work and how many workers do gig work in one month, but none the next.

DATA IN NEW ZEALAND

The data used to study the gig economy internationally have come from three main sources: household survey data, government administrative data, and private business data. Each of these sources has limitations and using different types of data provides differing results.



In New Zealand, the following data sets could be used to develop measures of alternative or informal work as proxies for gig work until better measures can be developed:

- The Household Labour Force Survey (HLFS) could be used for an analysis of non-standard work, especially if this survey allowed for additional probing for informal work activity. These measures may, however, be too broad to adequately distinguish gig work from other work. In addition, the HLFS redesign in 2016 directly impacts the measurement of the self-employed, making trend analysis difficult.
- One of the HLFS supplements, the Survey of Working Life, may provide better information to differentiate those with more precarious employment from more traditional employment. There are a number of relevant questions in this supplement that could help to differentiate gig work from other types of employment.
- Examining employment and income reported in the Household Economic Survey (HES) could also provide measures of alternative or informal work as proxies for gig work. The main limitation of using the HES would be the small sample size in historical data.
- Administrative data, typically tax data from IRD sources and made available by Statistics New Zealand, also allow for some measurement of alternative or informal work. To really understand gig work, an examination of the underlying microdata is needed.

NEXT STEPS

The first step in this process should be to build upon the work arrangements in Table 1 to further define gig work and to develop a taxonomy that takes into account the potential uses for these measures and those aspects of the labour market specific to New Zealand.

The next step would be to analyse existing survey and administrative confidential microdata, taking into consideration the development of measures based on the new taxonomy. This will ensure that sample sizes are sufficient and could demonstrate gaps in coverage or potential areas of concern.

Once the taxonomy is developed and the analysis of existing data is completed, agencies should think about changing existing data collection efforts or implementing new ones using the literature as a guide.

CONCLUSIONS

Most research done previously on this topic focuses on determining whether the gig economy is growing, and whether this is a cause for concern. However, measuring the gig economy has proven difficult because gig work is not fully captured by normal means and because there is little agreement on the definition of this work.

The measures of the gig economy used in the literature are very sensitive to the types of work arrangements included in the analysis as well as to the type of data used for the analysis. Hence, any measure should be developed with great care and consideration. Moreover, measures of gig work should be multi-faceted and easy to aggregate or disaggregate given the variety of contexts in which they might be used.

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