‘New Work’ – the Gig economy in the Western Region

Broadband and online platforms have enabled new forms of work and income generation to emerge which challenge our common understanding of work. Variously termed the gig economy, ‘sharing economy’, ‘crowd working’, ‘uberisation’ and ‘independent work’, incomes are earned or supplemented by trading or renting individual services and goods online. This WDC Insights examines some of the evidence on the extent to which the gig economy exists in the Western Region.

Types of ‘new work’

Examples of the gig economy include providing accommodation via Airbnb, transport via Uber and renting your time and skill for various tasks. These range from high-skill professional work such as programming and design through to taxi services and providing services in people’s homes such as childminding, pet care and cleaning. These can be considered part of the gig economy when they are sourced using digital platforms. According to one UK study, the most common type of work, undertaken by more than two-thirds is office work, short tasks and online ‘click work’.

Typically, the gig economy is often characterised by payment per task, assignment, or sales; it is characterised by a short-term relationship between worker and client, unlike e-Work which usually comprises contracted employer-employee relationships.

Increased broadband penetration and smartphone usage is likely to support greater levels of engagement in the gig economy.

The size of the gig economy

The gig economy is everywhere and studies suggest that patterns in modern economies are broadly similar. A recent analysis estimates that in the United States, 4% of the working age population are in the gig economy while 15% have tried to source such work. In the UK around 5 million people are engaged in the gig economy. Over a fifth (21%) have tried to find work via online platforms such as Upwork or Uber, with 11% (4.9 million people) succeeding.

The gig economy in Ireland: An urban or rural activity?

There is little data in Ireland on the extent of the gig economy with even less evidence at a regional level. A survey in 2015 found that 1 in 7 people (14%) make a supplementary income on the internet, however it is not clear whether this is a largely urban or rural phenomenon. In the UK, participation in the gig economy reflects the general population distribution, with no apparent geographical difference.

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2. ‘Click work’ includes creating or correcting texts, participating in surveys, searching and categorizing data. http://www.feps-europe.eu/assets/a82bcd12-fb97-43a6-9346-24242695a183/crowd-working-surveypdf.pdf
3. See footnote 1. ‘Independent work’ includes conventional self-employment but also captures the gig economy.
4. See footnote 2.
5. Red C survey conducted as part of the Indecon study Assessment of the Macro-Economic Impact of Internet/Digital on the Irish Economy March 2016. Department of Communications, Climate Action & Environment (May 2016)
6. See footnote 2.
Currently much of the focus of the gig economy is in urban areas as much of this type of work and service delivery is being developed in centres with significant critical mass. For example within Ireland, Uber is only in Dublin and Cork 7; while within the Western Region, Deliveroo so far only operates in Galway. In contrast, Airbnb operates in rural and urban locations and maybe very popular in more rural areas with more limited supply, especially in high season 8.

**The gig economy in the Western Region**

In Ireland, in 2015 a survey found that 15% of the working population now run a business from home while a significantly higher proportion of these are in rural areas – 23% compared to 9% in urban areas 9. Connacht/ Ulster reports the highest share (26%), followed by Munster (18%) and Leinster (10%)10. Research on broadband in rural areas (outside the five largest cities), found that of those 430,000 rural dwellers who use the internet at home in relation to their work, 7% sell online11 which captures some of those in the gig economy as well as the self-employed working from home.

The study by Airbnb highlights the gig economy and its impact in rural and regional locations. In 2015/2016, there were 1,200 hosts in the West12 Region accounting for 20% of the total (excluding Dublin city and county). This generated annual earnings per typical host of €2,500 and an estimated economic activity of €30 million. This indicates that rural dwellers are participating actively in the gig economy and actively pursue opportunities that arise.

**Implications**

Part of the model of the gig economy is its temporary nature with payment per task or by sales. Some suggest this is a further development of the trend where people tend to change jobs several times throughout their working lives, while others suggest it reflects situations of ‘enforced flexibility’ arising from the lack of alternative, better options. In reality for some it is likely to be the former, for others it reflects a lack of choice. A useful typology identifying four groups of ‘independent’ workers, based on an extensive survey13 helps identify the extent of practice by choice or through necessity;

- ‘Free agents’ – actively choose independent work and derive their primary income from it (30%).
- ‘Casual earners’ – supplement their income by choice (40%).
- ‘Reluctants,’ – make their primary living from independent work but would prefer traditional jobs (14%).
- ‘Financially strapped’, who supplement their income out of necessity (16%).

**Conclusions**

e-Workers engaged in online platforms are essentially a new category of self-employed. As such they have fewer employee benefits and protections (e.g. access to social welfare entitlements, health care, pension benefits)14. However some countries now offer additional protections to this type of worker15.

While parts of the gig economy are urban driven, with concentrations of population important for service delivery, it is by no means exclusive to it. The limited evidence suggests that the gig economy is both an urban and rural activity. By efficiently connecting service providers with users, the gig economy can be particularly useful to those living in more rural locations, helping to identify work opportunities as they arise. The gig economy can also be particularly beneficial to rural service users, with online communication helping to identify and connect to service providers more efficiently.

Online access for work purposes is very important to rural dwellers. Improved broadband connectivity and better mobile coverage will be essential to supporting the gig economy in rural areas. Ultimately public policy needs to ensure that workers have options to choose the type of work that suits them, whether they are rural or urban based.

7. Though the IDA announced a significant jobs announcement by Uber in Limerick in 2016.
10. Eir Connected Living Survey 2015. B&A unpublished data. It is likely that farming businesses are a factor.
13. See footnote 1. Survey conducted in the United States, United Kingdom, Germany, France, Sweden and Spain.