

The Gig Economy

Flexibility dream or vulnerability nightmare?



Is the gig-economy set to take over the world of work? With the potential to fulfil the growing desire for flexibility and independence, it's no surprise that the gig economy has more than doubled in size in the past 3 years¹; reflecting the popularity of companies like Uber, Deliveroo, Airbnb, and Fiverr.

So why have we seen gig-economy workers protesting on the streets? Well, if you dig a little deeper, it's not always the dream way of working that you would hope or expect. In fact, due to certain legal loopholes in employee rights, this new dynamic of work can leave workers in extremely vulnerable situations. No employer wants this; but equally what can be done to help?

What's the problem?

The main business model of companies soliciting such work involves hiring people, not as employees but instead as freelancers. These individuals are paid for every task completed and not necessarily for the time they were on call to do the tasks, as is tradition.

This reaps many benefits. In a recent report by the UK government, gig economy workers praised their jobs for the independence and flexibility it offered them². You're allowed to choose your own hours, the types of gigs you do, and get directly rewarded for the amount of gigs you deliver.

However, it also comes with a number of pitfalls. Most apparent is the uncertainty of how much and how often individuals will get paid. Factors such as the fluctuating supply and demand from the consumer, increase in market competition, or changes to their own personal responsibilities all contribute to how much they'll receive in a month.

For example, a driver gets more demand for rides when it's raining, because people don't want to walk in the rain. Later on that month, this same driver may get less customers because customers are using a competitor company who are giving deals on rides instead. And, the next week his son might be ill meaning he needs to take time off to look after him. All of these factor into this person's pay.

Furthermore, the label 'employee' brings with it a plethora of rights that aren't always given to gig economy workers. Business models typically don't entitle workers to sick pay, holiday pay, pensions, or parental leave. Considering some of these fundamental workplace benefits were initially established in 1938, the industry is seemingly taking a significant step backwards.

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From the employers' perspective, if they were to give their workers these traditional benefits this would increase their costs and conversely lower the flexibility that comes with the job, therefore potentially collapsing the effectiveness of their business model. The employers' argument is that the higher rate of pay should be sufficient to account for these 'lost traditional benefits'. Unfortunately, the reality is that in having to research, understand and then arrange these benefits themselves, the complexity often results with the worker ending up with unsuitable or insufficient replacements, and the lack of understanding allows them no accountability at all.

Likewise, the higher pay is also intended to cover their working capital: for instance their car if they're employed by a delivery company. This can trigger further issues. Often services and MOTs are due at the same time, and require a large lump sum of money. Workers are expected to account for these workplace costs when budgeting. But, this is seemingly not the case; 40% of gig economy workers stated that they would not have £500 to cover an emergency bill³.

All of these issues could be deemed acceptable if people who work in the gig economy used the gig economy purely to supplement another job which forms their main source of income. This often isn't

the case, and if the gig-economy is set to take over the world of work something needs to be done to protect these workers so that they don't have to choose between flexibility and financial security.

How can organisations help the gig-economy?

There is growing evidence that caring about your employees' wellbeing has great benefits for the business, with higher productivity, increased loyalty, and lower staff turnover rates.

Seemingly the biggest issue is the reliance on tracking earnings and finances. This is probably one of the simpler problems to solve as there are a number of established FinTechs like Abaka, MoneyHub or MyEva who already successfully help workers track, manage, save and project their budgets. These apps can also assist workers build up an emergency fund to account for unforeseen expenses.

Other issues like losing out on sick pay or workplace pension schemes may come with more complexity to implement but are certainly not out of reach. For example, the government could introduce a system whereby gig-economy workers receive set package of yearly benefits to use no matter which job they're in. Whilst this is logistically complicated to implement, it could solve the issues faced regarding benefits.

Whatever happens, gig economy workers are some of our most vulnerable and action needs to be taken to protect their rights. If the gig economy grows at the same rate, it will make up 20% of Britain's workforce by 2022 and should continue to increase exponentially in the foreseeable future. With more and more people working in this industry this makes protecting these people even more critical.

Sopra Steria's Chemistry is working together with gig-economy employers, industry bodies and importantly the gig-economy workers to collectively create a working environment that doesn't require workers to choose between having a job that offers flexibility and independence, and one that offers security.

Together, we have the power to make the gig economy less of a 'tough gig', and fully embrace the flexibility and independence it offers.

About Chemistry

Sopra Steria launched Chemistry, an ecosystem bringing together established financial services organisations, fintechs, academia, charities and subject matter experts to solve the biggest consumer challenges using technology. With half of UK adults displaying a behaviour characteristic of a potentially vulnerable customer, Chemistry focuses on using the power of data to identify, prevent and mitigate vulnerable situations.

Interested? Click [here](#) for more information or contact Kerry Nicolaides who is running Sopra Steria's Chemistry programme - Kerry.Nicolaides@soprasteria.com

**Delivering genuine
change for good**

Welcome to Chemistry

The Sopra Steria ecosystem



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Sources:

¹ 'Platform Work in the UK 2016-2019', Statistical Services and Consultancy Unit (SSCU) & University of Hertfordshire and Hertfordshire Business School (HBS), 2019

² 'The experiences of those in the gig economy', Department for Business Energy and Industrial Strategy, 2018

³ 'To gig or not to gig? Stories from the modern economy', CIPD, 2018.

Thank you for reading

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