

WORKING WITHOUT BORDERS

The Promise and Peril of Online Gig Work

Short Notes Series #1:
Spotlight on Youth



Online Gig Work: A Potential Opportunity to Address Youth Unemployment?

Short Notes Series #1 | September 2023

Executive Summary

This Short Note is the first in a series based on the report "[Working without Borders: The Promise and Peril of Online Gig Work](#)," aimed at sparking discussions among policymakers and practitioners regarding opportunities in online gig work. **The focus of this short note is on youth employment.** *

The report reveals that globally, more than 243 million young people are engaged in online gig work, exceeding previous estimates. Online gig work could provide governments, especially in developing countries, with an opportunity to increase youth employment e.g., through tasks like IT and web design that require relatively minimal physical investment and accommodate a range of skill levels.

Furthermore, online gig work has the potential to mitigate spatial inequality and provide new opportunities to youth in smaller towns and villages that lack adequate good quality local jobs. Youth could earn an income while also learning new digital skills. The flexibility of online gig work is especially valuable for young women who face constraints in the labor market.

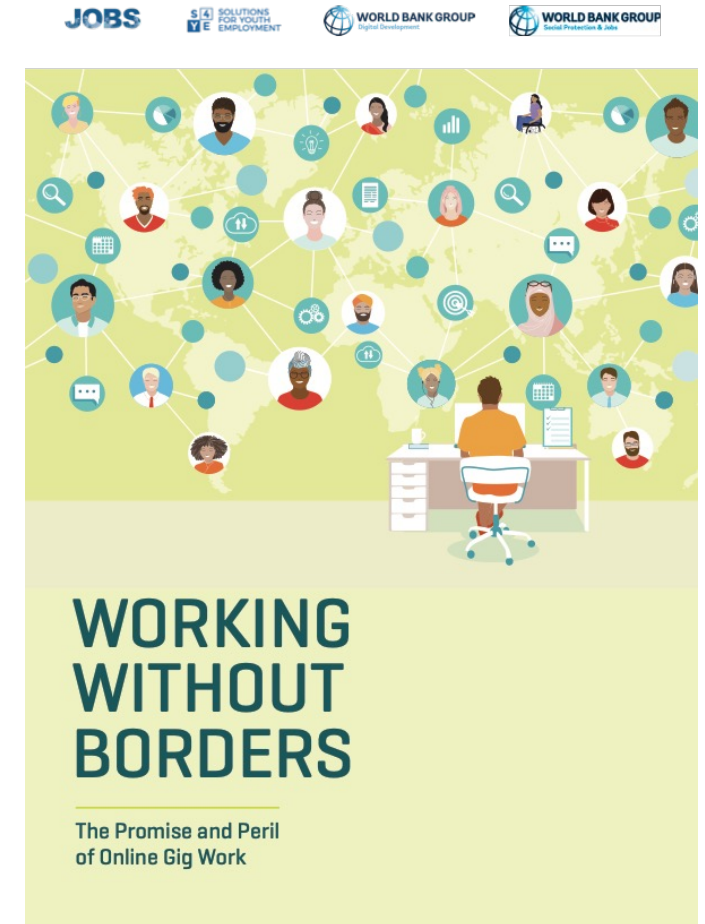
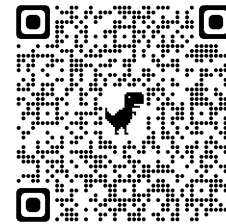
Governments, platforms, and other stakeholders can work to improve internet access, and provide training and support to youth, and also work with platforms to expand coverage of social protection policies.

** This short note has been developed by Natnael Simachew Nigatu, S4YE under the overall guidance of Namita Datta S4YE Program Manager and Lead Author, Working without Borders*

Explore the global findings in the full report

- The **full report** is available on the [World Bank Open Knowledge Repository](#)
- The **chapters** of the report can be downloaded as individual files
- The **Overview**, containing the **key findings** of the report is available in several languages:
 - [Arabic](#)
 - [Chinese](#)
 - [English](#)
 - [French](#)
 - [Russian](#)
 - [Spanish](#)
- The key findings are also available in a video: worldbank.org/gig

QR Code for the report




Contents




How many young online gig workers are there? Why should we pay attention to this new form of work?



What motivates youth to participate in online gig work?



What is the profile of young online gig workers, and how do they compare with the youth in the informal sector, service sector, and the general labor force ?



What skills are needed by the youth to succeed in online gig work, and what do they seek from online gig platforms?



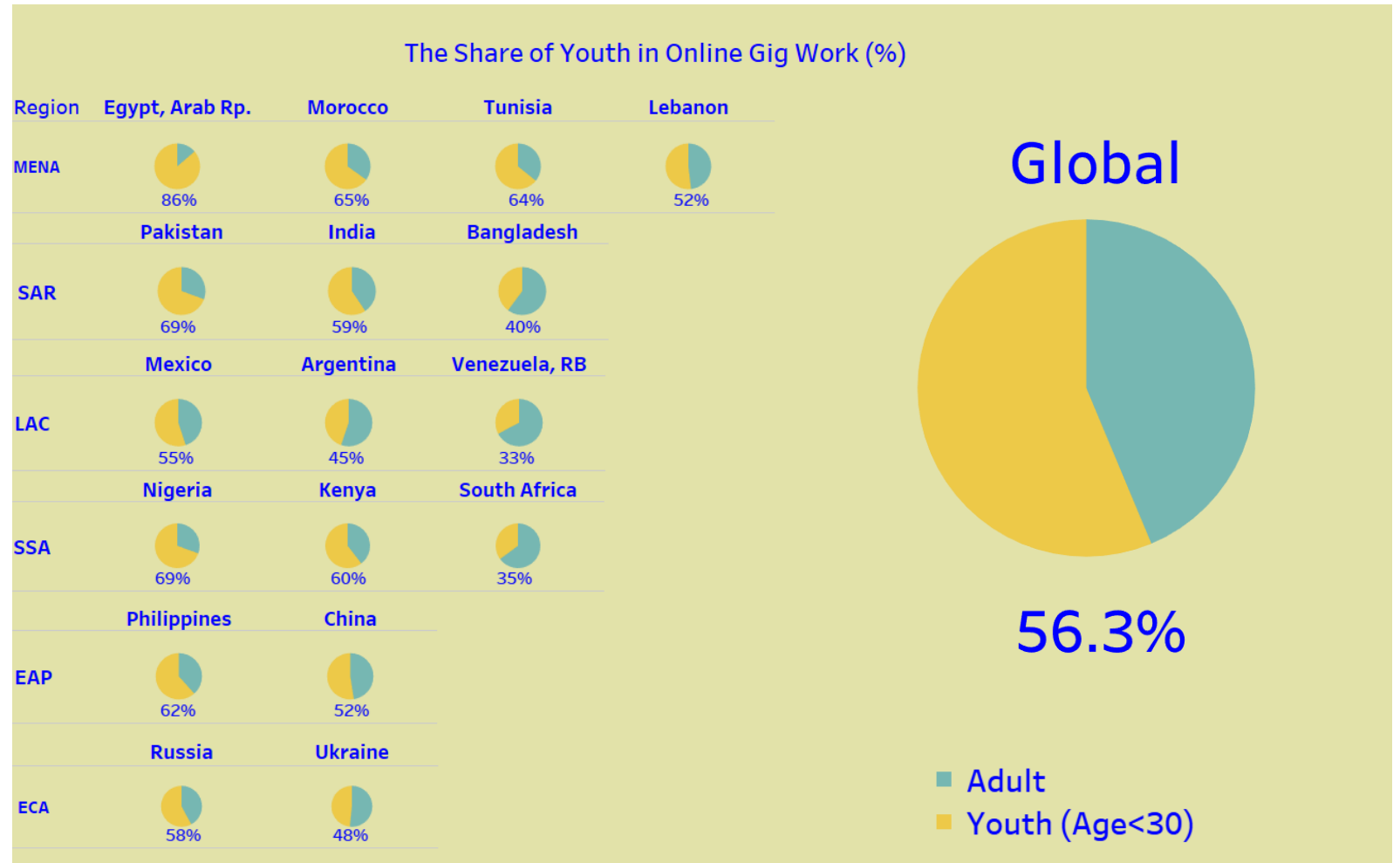
What are the aspirations of young online gig workers?

Across the globe, almost a quarter million young people are already doing online gig work

435M
The global # of online gig workers



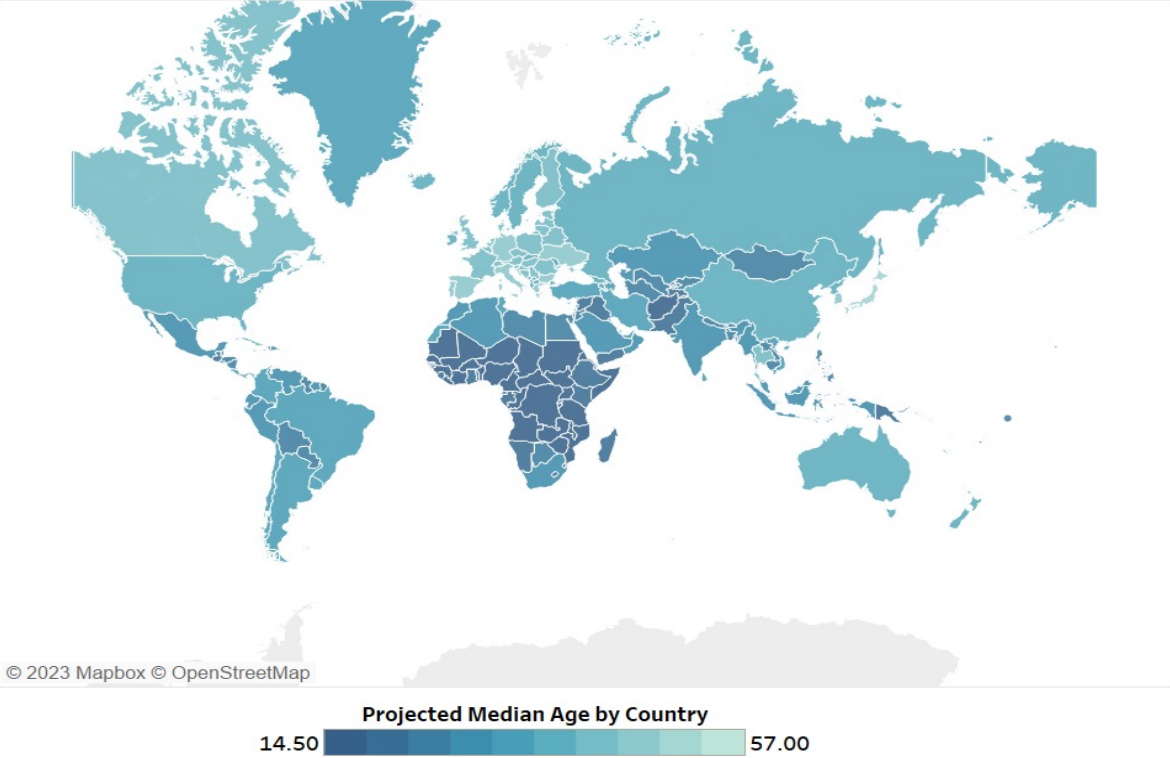
243M
The # of *young* online gig workers



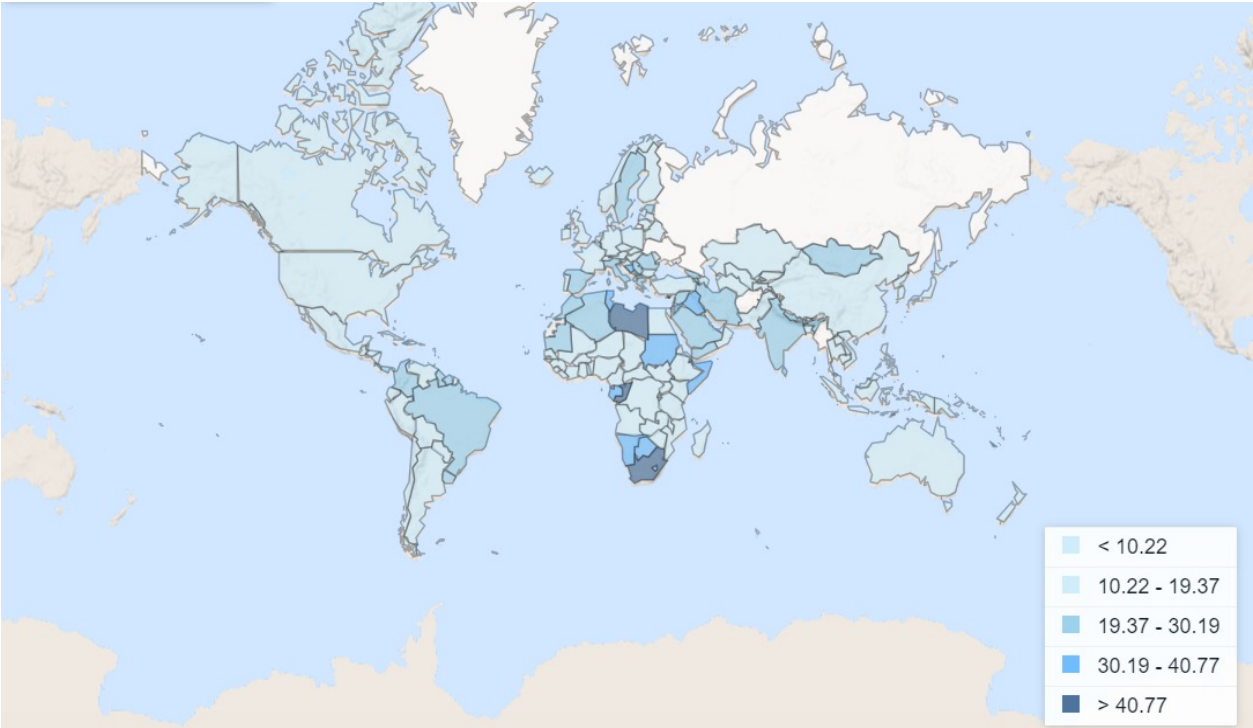
Source: Team Database

Many developing countries have large youth populations but also struggle with high levels of youth un- and underemployment.

Projected Median Age by Country in 2023



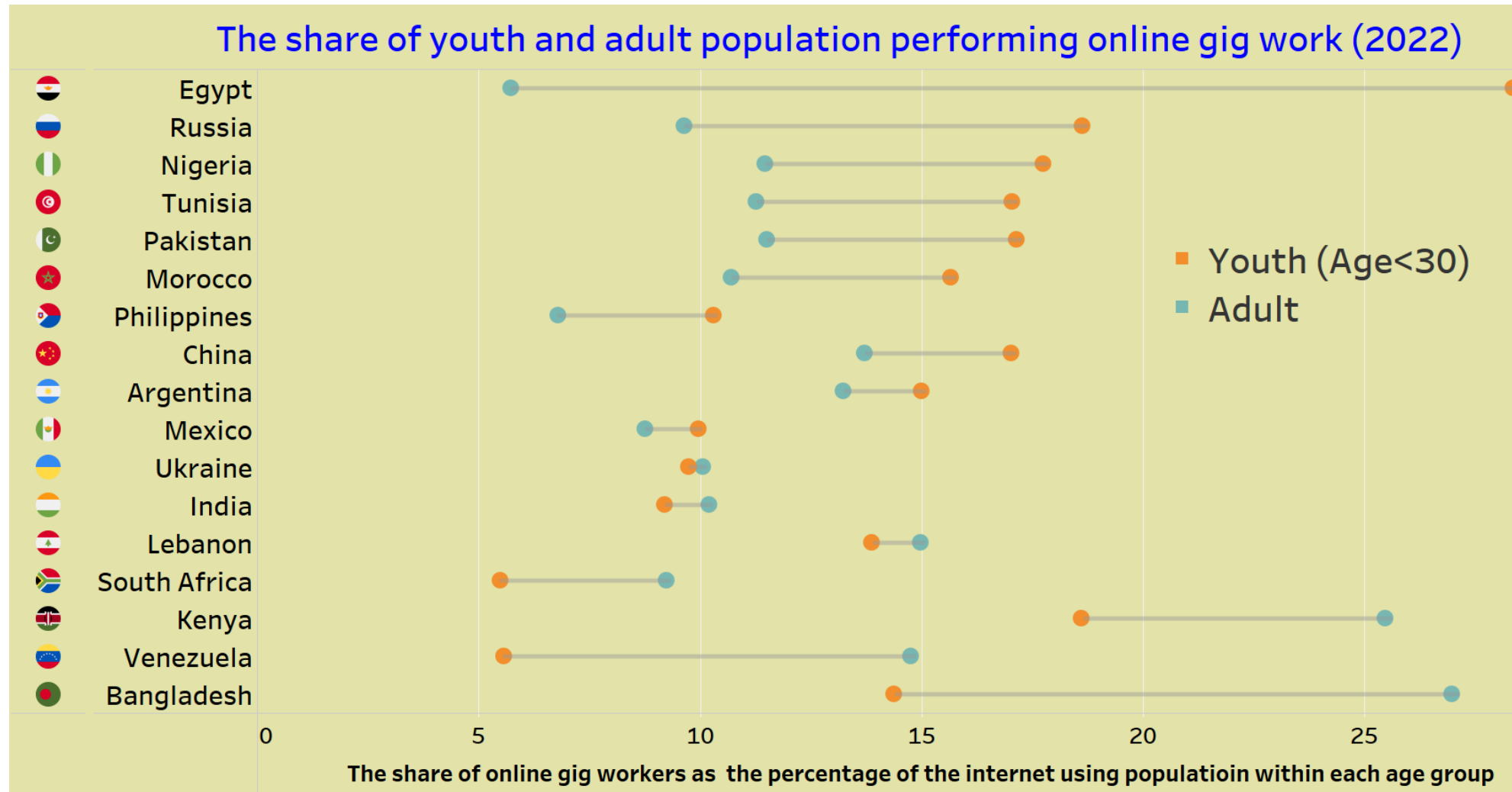
Youth Unemployment as a percentage of total labor force - 2022



Source: World Bank (Modeled ILO Estimates)

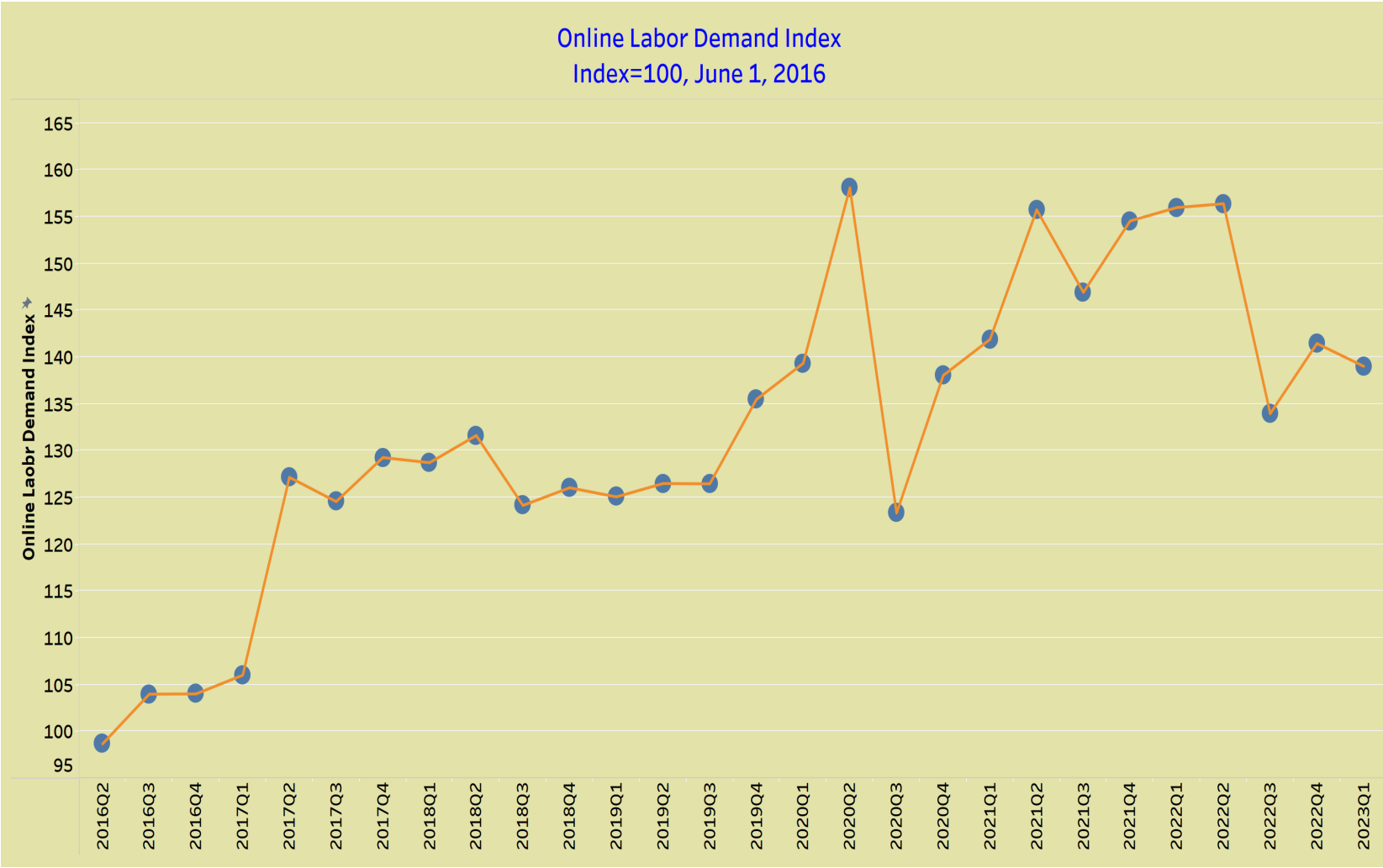
There are more youth doing online gig work than adults in most countries...but there are exceptions.

Even the adults participating in online gig work are mostly in the age group between 30 and 35.

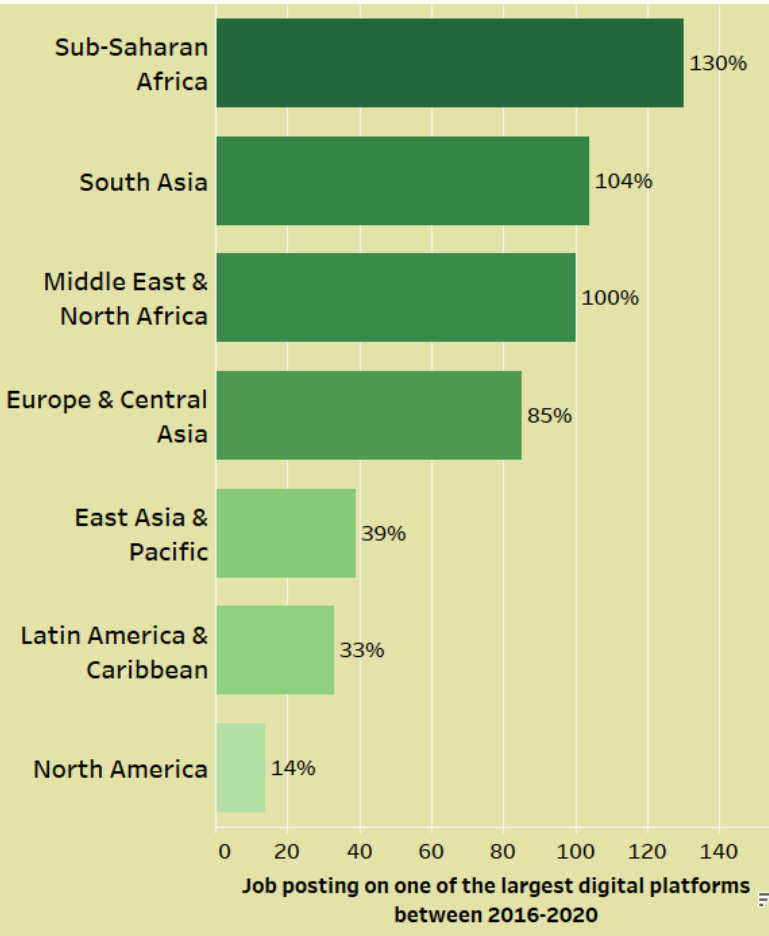


Source: S4YE based on Global Online Gig Workers Survey

The Rising Demand for Online Labor: A Potential Opportunity to Address Youth Labor Market Challenges...



The growth rate of demand for online gig workers by region in one of the largest platforms - 2016 to 2020



Unlike trade in goods, the complexity of online tasks (part of trade in services) is not strongly correlated with per capita income. This implies that developing countries can also tap opportunities of online tasks with relative ease, securing employment and better income for youth.

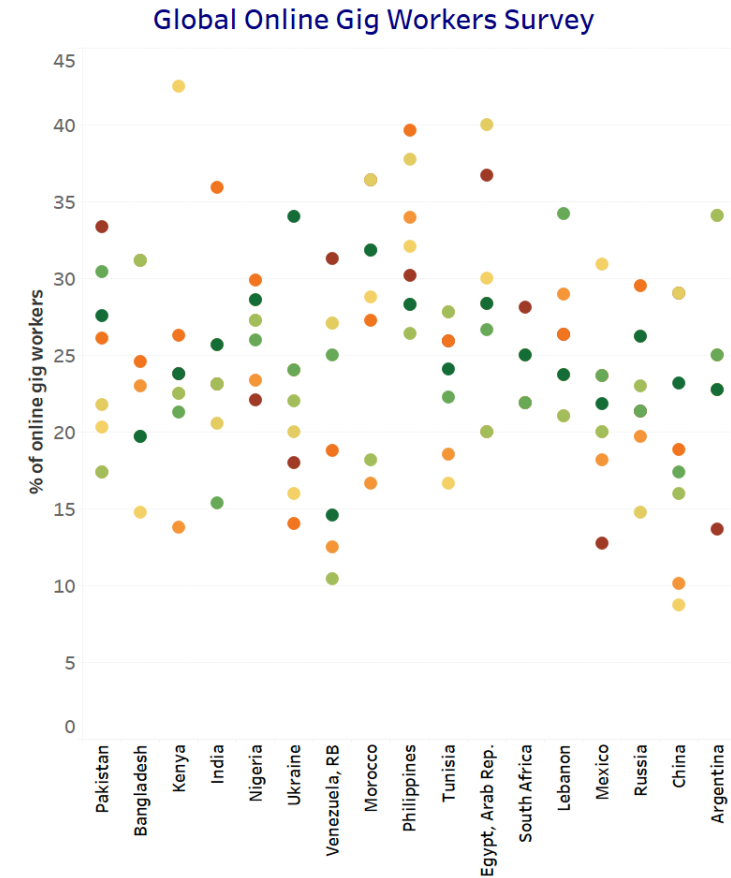
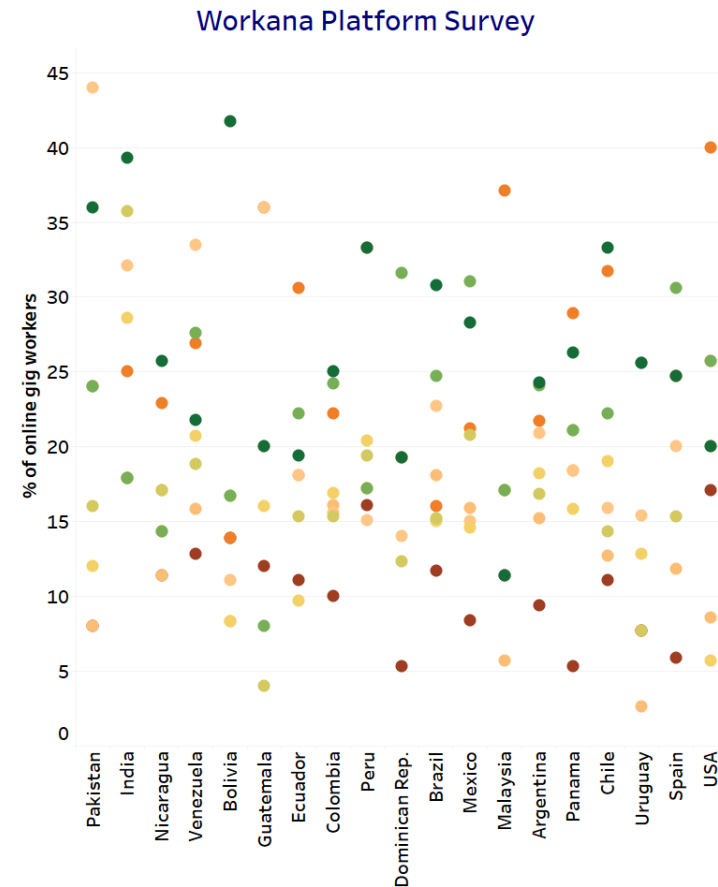


- IT, Software Development and Tech
- Design, Multimedia and Creative Tasks
- Business and Professional Management
- Sales and Marketing Support
- Writing and Translation
- Business and Professional Support
- Data Entry, Administrative and Clerical Tasks
- Online-MicroTasks

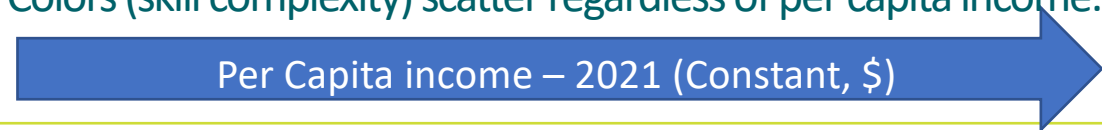
Online gig work can serve as an effective export diversification strategy (service trade), as developing countries can readily access high-paying/skilled work

Source: S4YE based on Global Online Gig Workers Survey and Workana survey

Working Without Borders: The Promise and Peril of Online Gig Work – Short Notes Series



Colors (skill complexity) scatter regardless of per capita income.

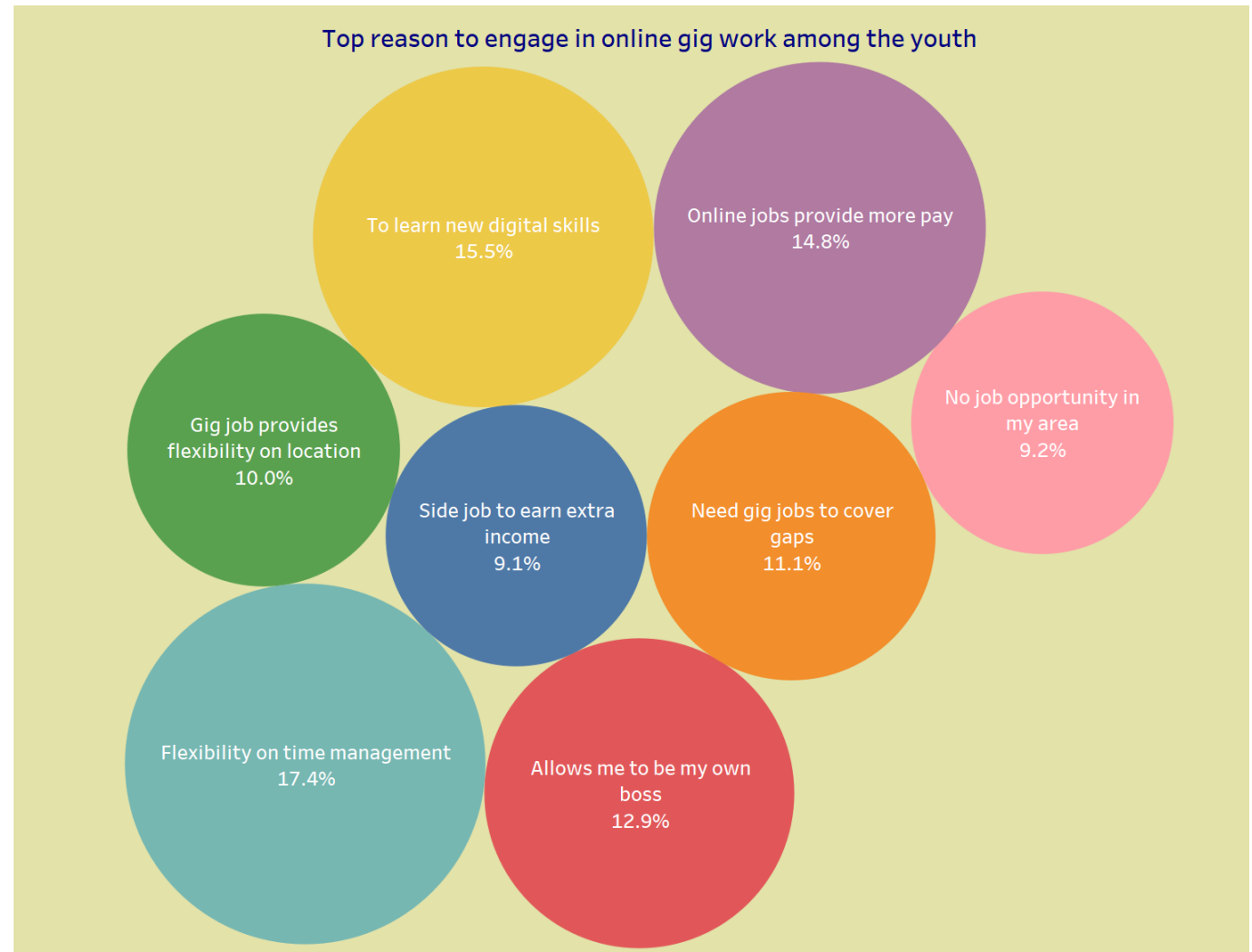


The top two reasons why youth engage in online gig work- it gives them **flexibility** to manage their time and an **opportunity to learn** new digital skills

- Online gig work is not only a way to earn money – but is seen as a skill-enhancement opportunity by youth
- Policymakers can use online gig work as a short-term instrument to teach digital skills and prepare youth for a successful transition into better paying jobs in the workforce.

Source: S4YE based on Global Online Gig Workers Survey

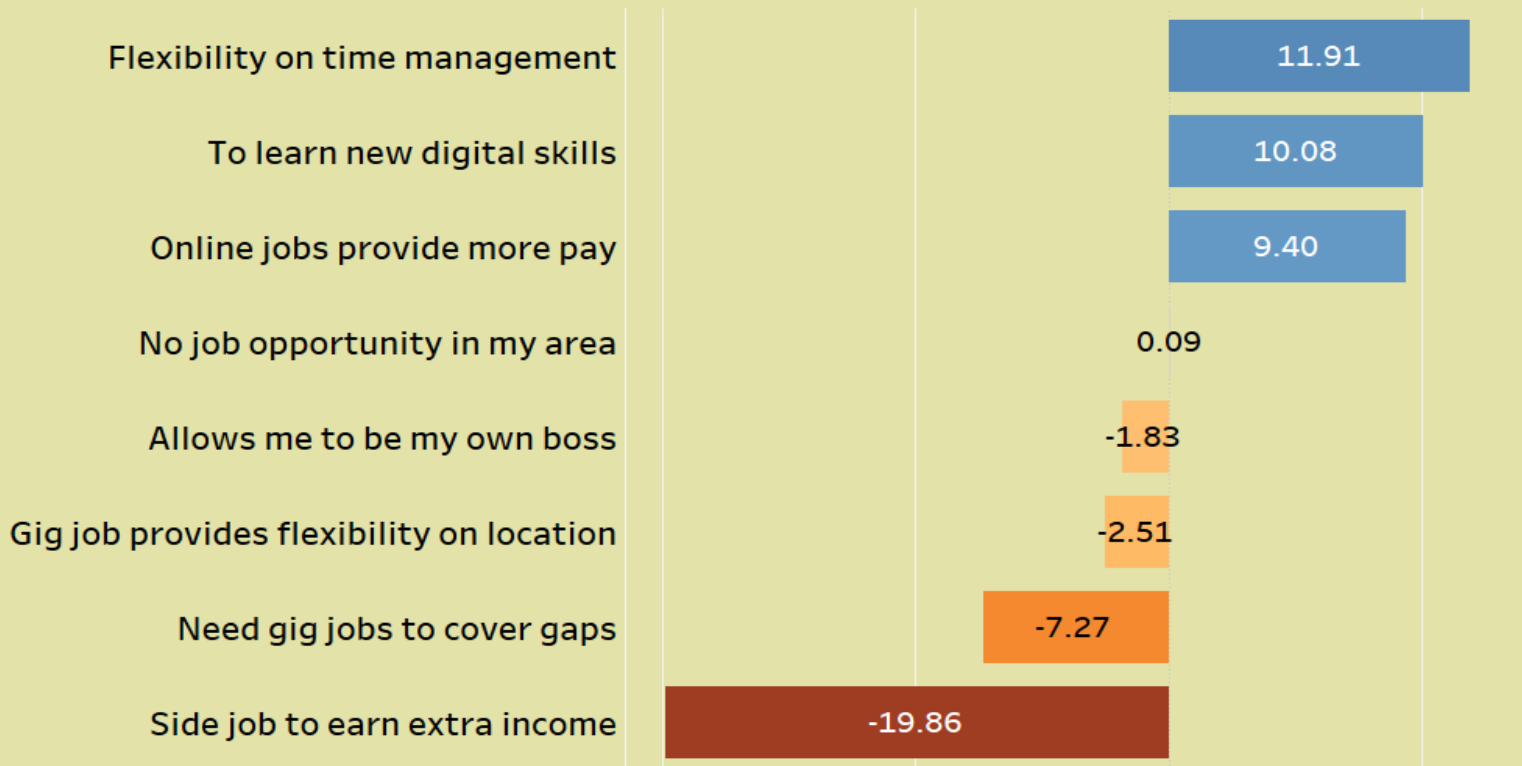
Working Without Borders: The Promise and Peril of Online Gig Work – Short Notes Series



There is a difference in what motivates youth to be online gig workers as compared to adults.

- The youth are primarily motivated by the ***flexibility in managing their time***, the acquisition of new digital skills, and the higher pay associated with online gig work.
- In contrast, adults are motivated by the additional income it brings and the ***flexibility it offers in terms of location***.

Difference in the top motivating factor to engage in online gig work between youth and adults

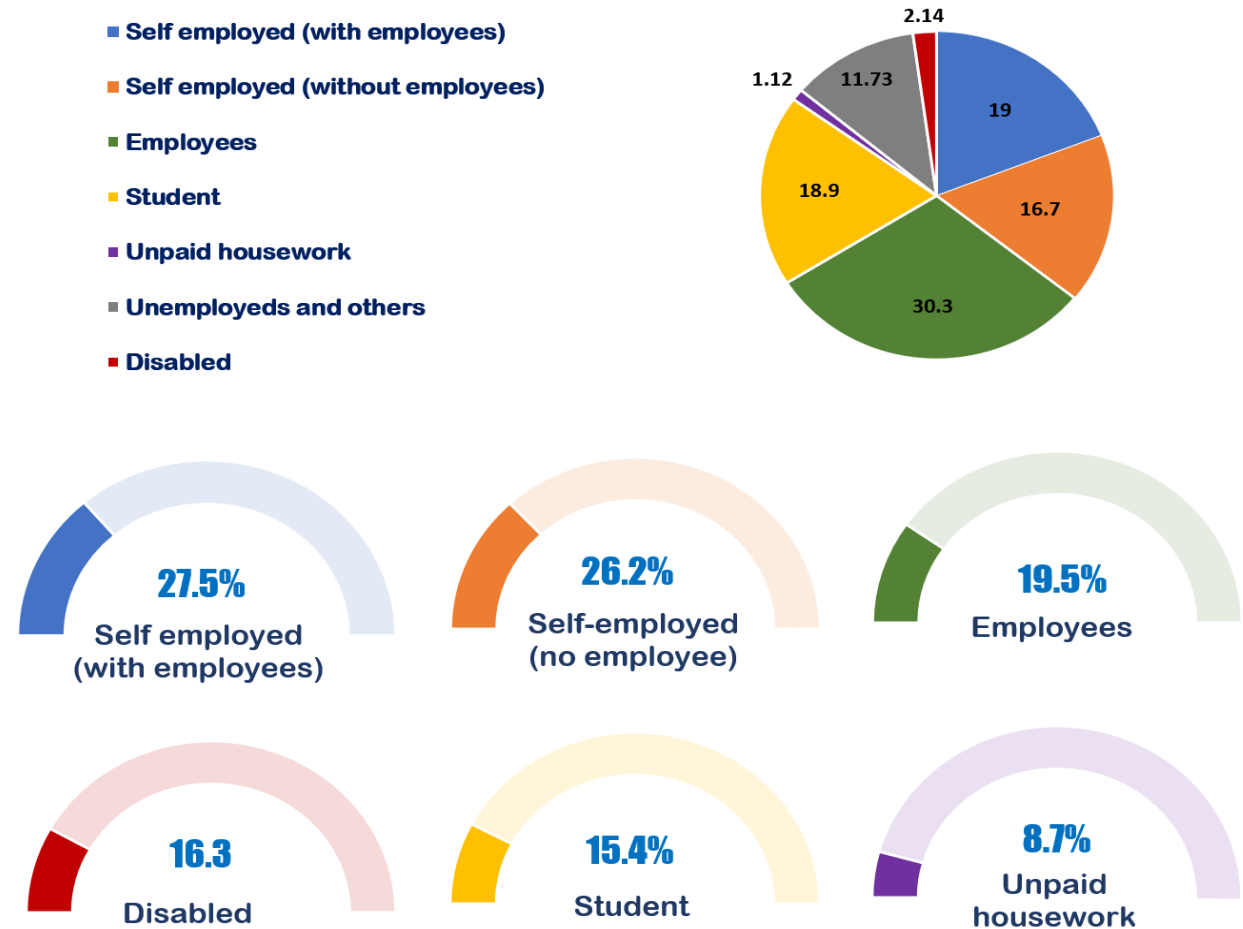


Source: S4YE based on Global Online Gig Workers Survey

Half of the youth engaged in online gig work either hold regular jobs or are students – but there is more to it.

- The highest proportion of online gig workers are in the self-employed category (26-27%).
- Online gig work also provides job opportunities for individuals with **disabilities** and those engaged in **unpaid household work**, such as housewives.

The share of young online gig workers across current employment status

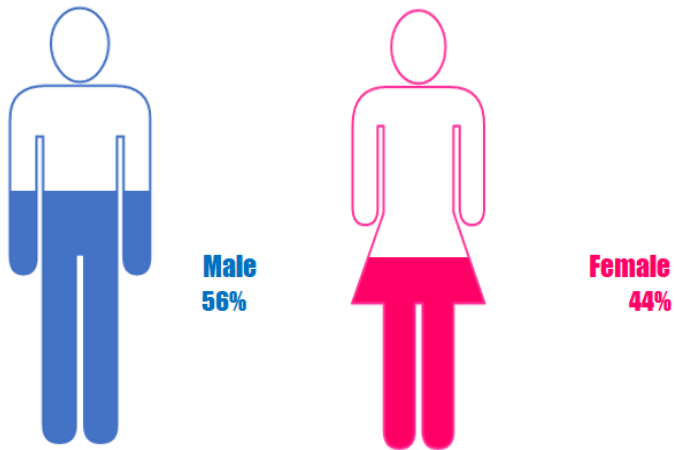


Note: The pie chart illustrates the distribution of youth online gig workers based on their employment types. The lower chart displays the percentage of youth online gig workers within each group relative to the overall internet-using population.

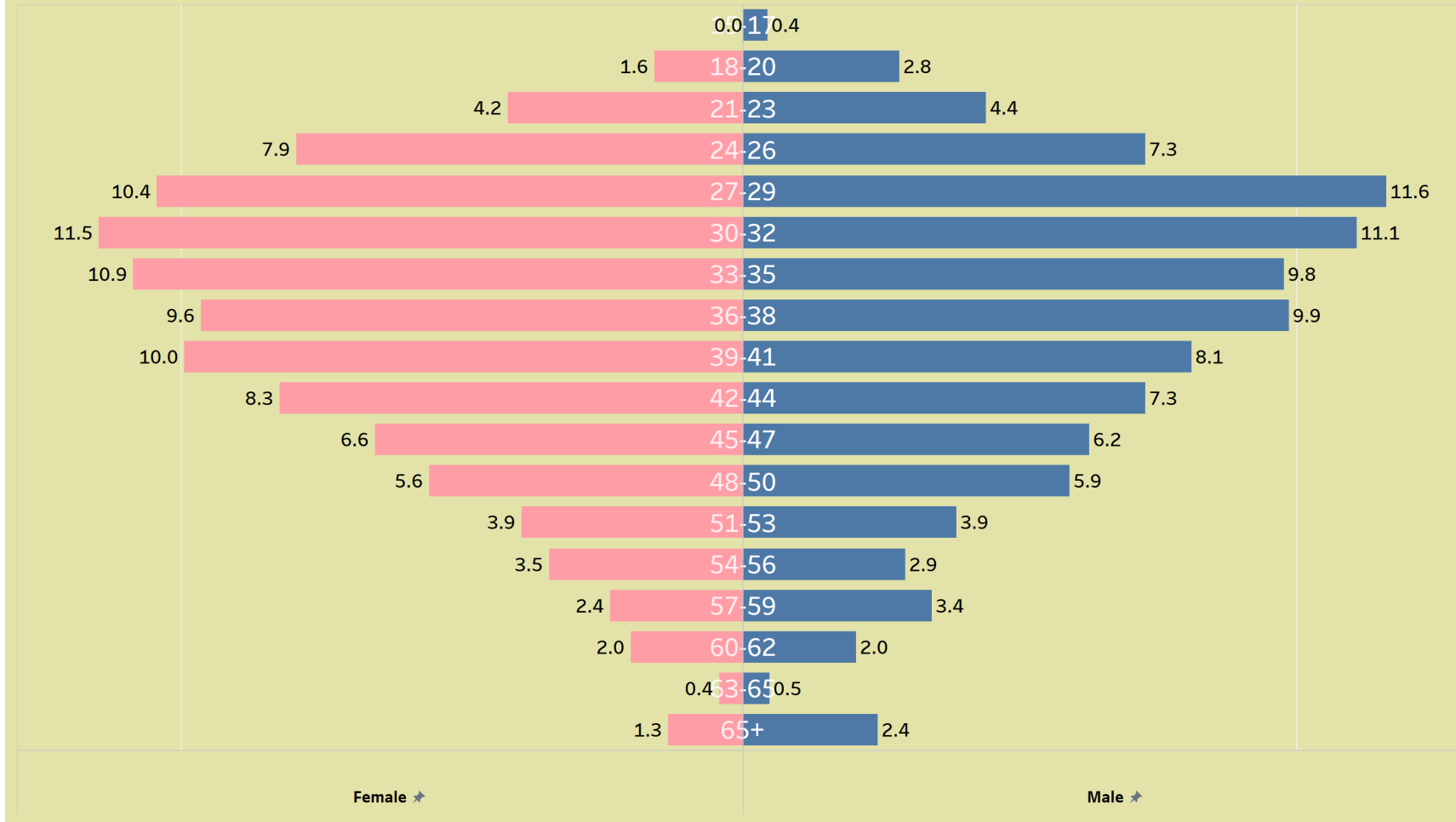
Source: S4YE based on Global Online Gig Workers Survey

The age distribution of online gig workers across genders is fairly similar.

- This doesn't mean the total number in each group is the same.
- The overall number of male online gig workers is higher (males accounting for 56%).



Percentage of online gig workers by age group within each gender



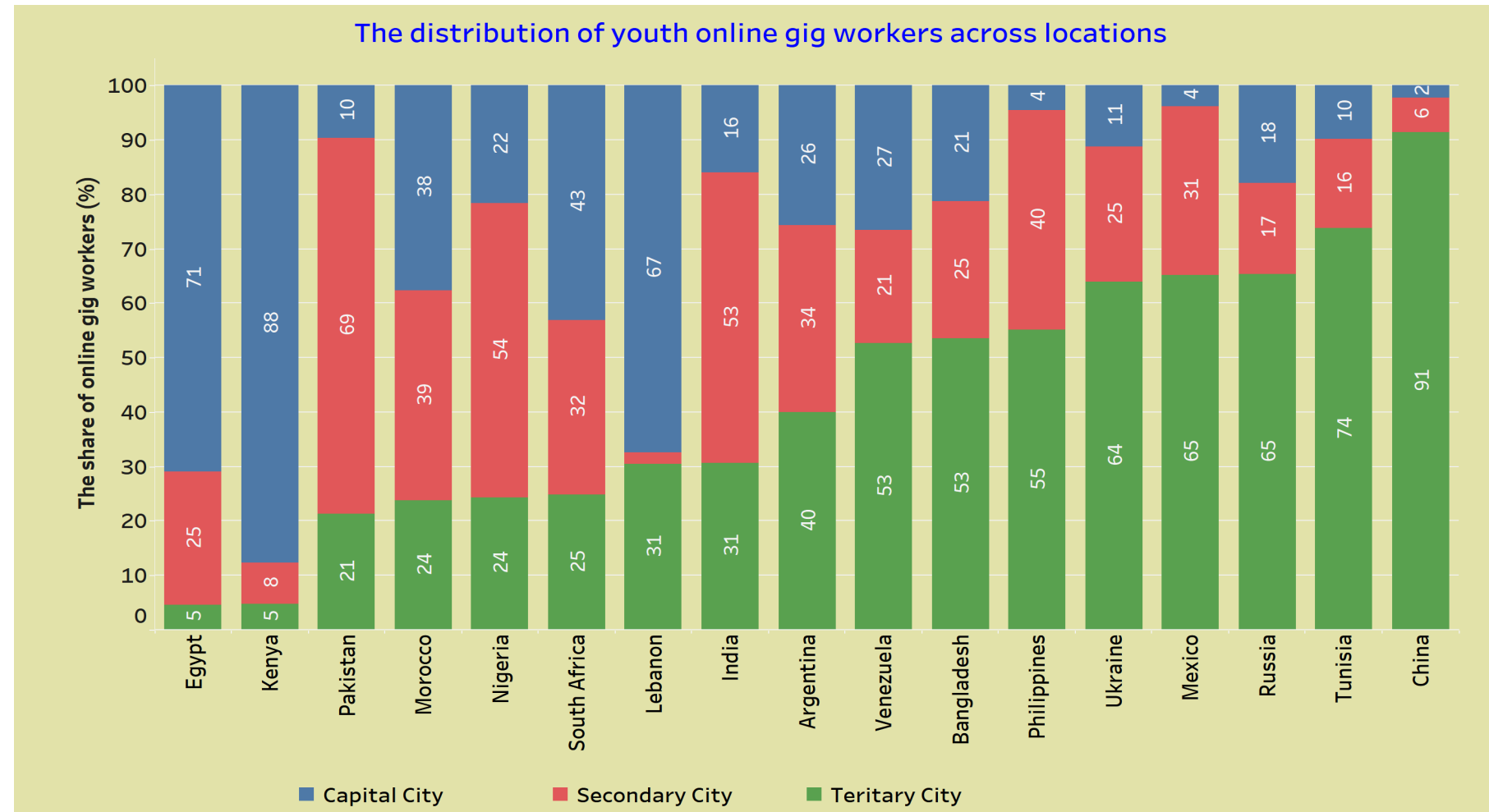
Source: S4YE based on Workana Platform Survey

Online gig work provides much needed work opportunities for youth in smaller towns and cities...which lack enough good local jobs.

However, there is significant cross-country variation.

Note: Secondary cities pertain to the ten most populous cities within a country, excluding the capital. All other smaller cities are classified as tertiary cities.

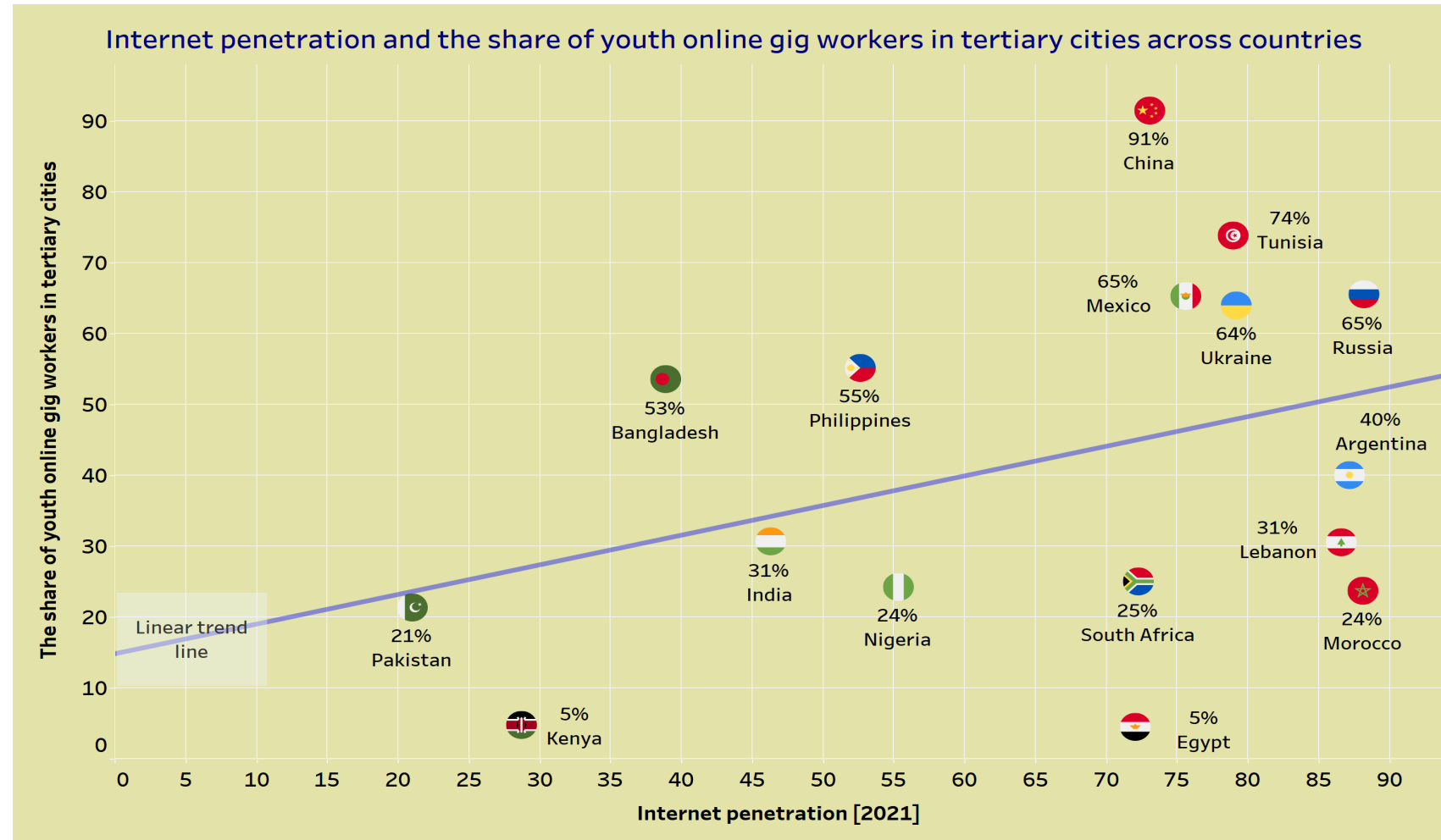
Source: S4YE based on Global Online Gig Workers Survey



Access to the internet is key to addressing spatial inequality of job opportunities.

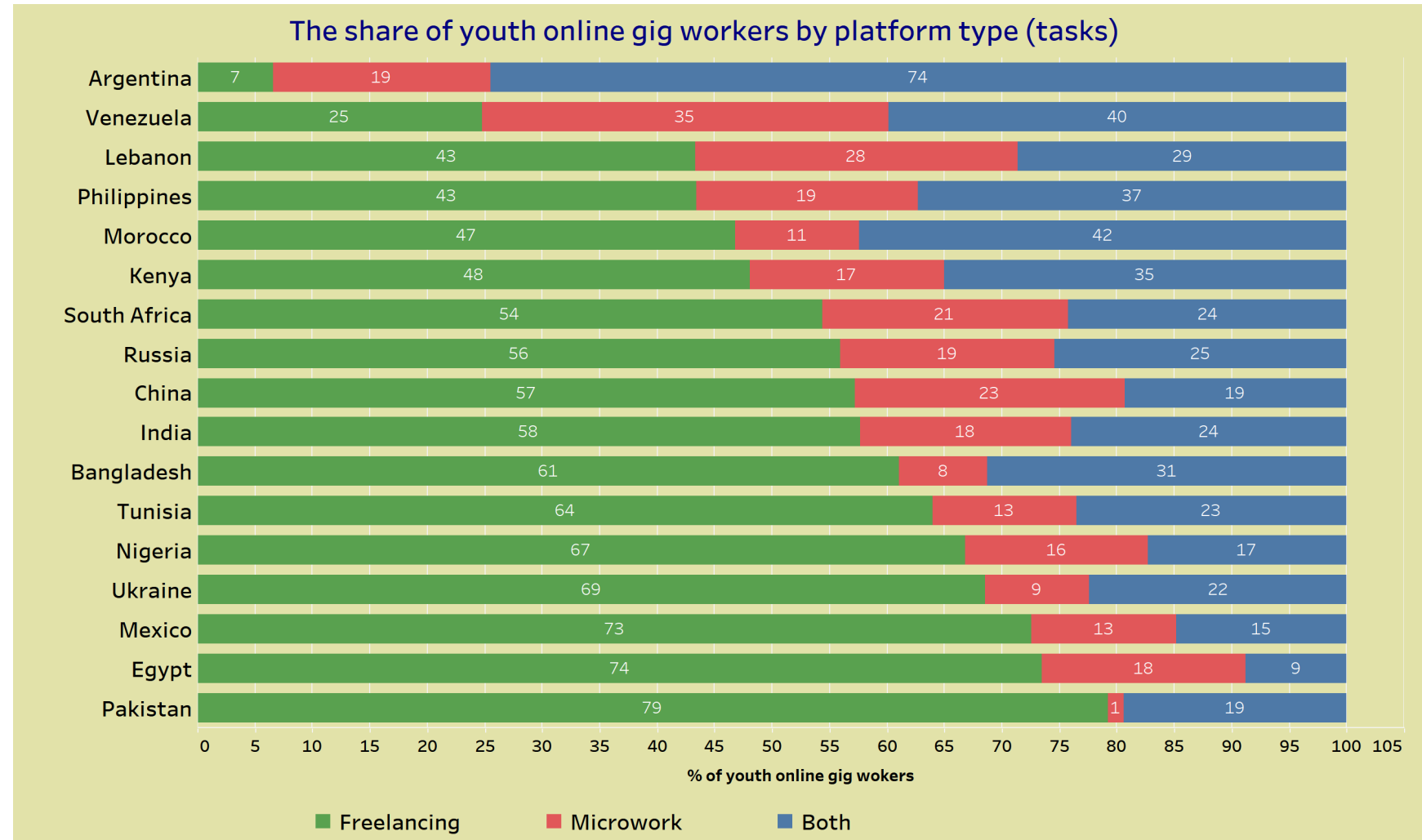
- On average, a country's internet penetration level is positively correlated with the share of youth who engage in online gig work from smaller towns/villages.
- However, for some countries, the share of youth in tertiary cities is smaller despite the internet penetration level – highlighting untapped potential opportunities (e.g., MENA – except Tunisia).

Note: The internet penetration measure used by WDI is determined by the percentage of internet users who have accessed the internet (from any location) using electronic devices within the last 3 months.



More youth work on freelancing platforms as compared to microwork platforms, but many also work on both.

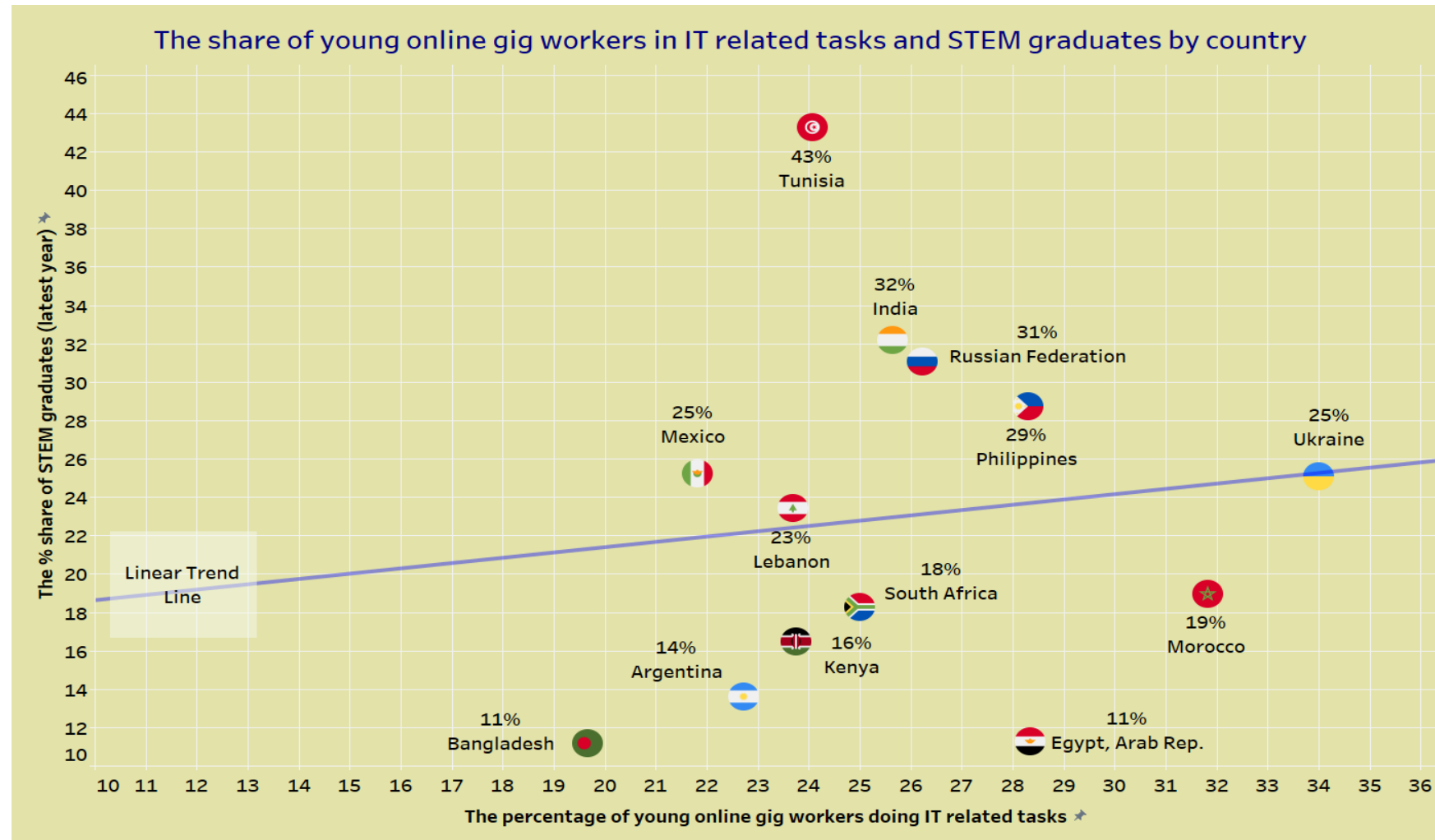
- But there is significant cross-country variation in countries like Argentina and Venezuela, where working on both types of platforms is common.
- Microwork involves very small tasks, that can often be done in minutes, involve small payment amounts and require more basic skills and equipment. Freelancing tasks on the other hand are more complex and require a higher level of skills.



Source: S4YE based on Global Online Gig Workers Survey

There is a positive correlation between the share of STEM graduates in a country and the share of youth engaged in IT-related online gig tasks.

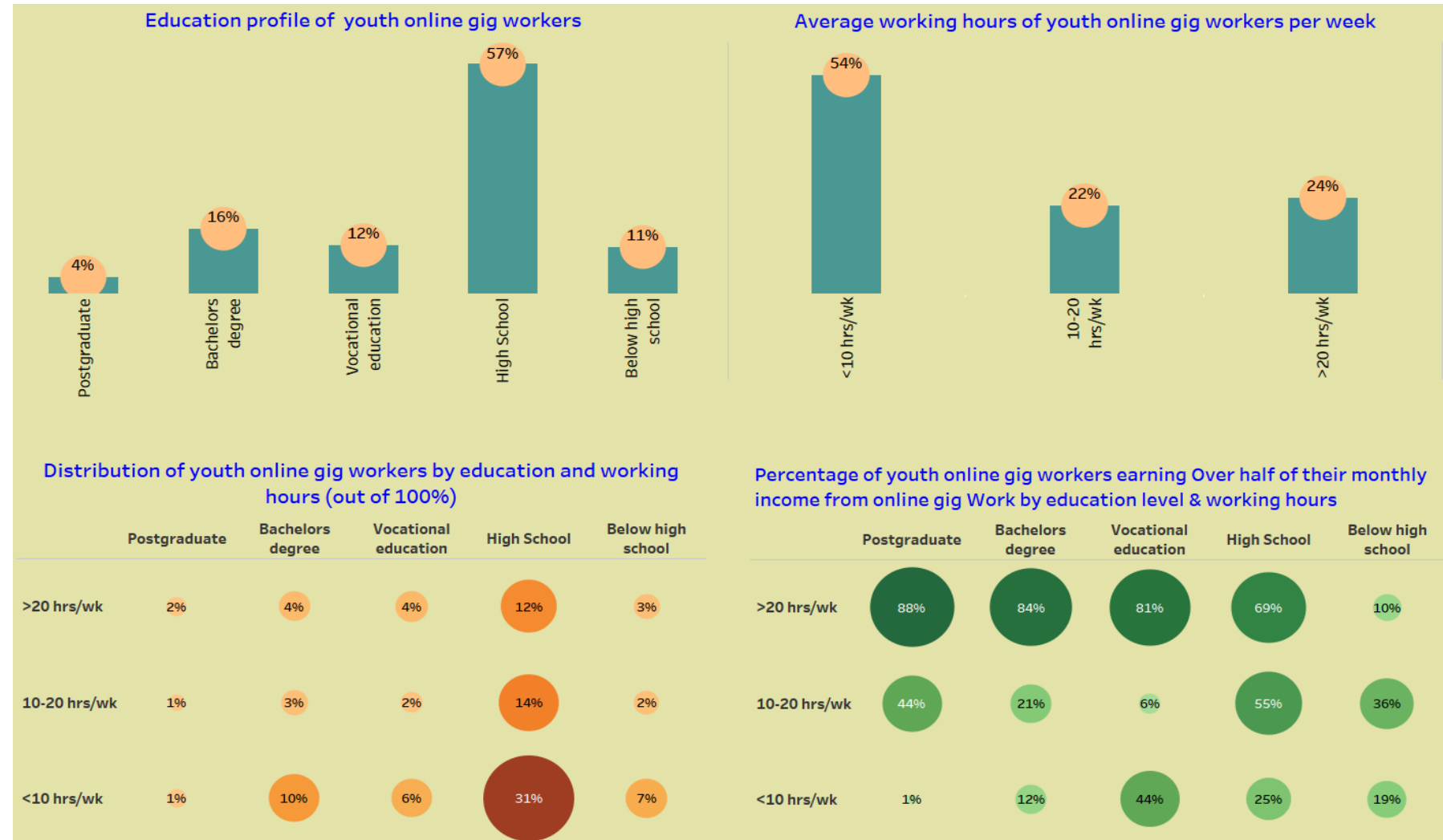
But there are exceptions. For instance, Tunisia has a high share of STEM graduates, yet its proportion of online gig workers is only 24, which is lower than Egypt's share despite Egypt having a lower share of STEM graduates at less than 15%.



Source: S4YE based on Global Online Gig Workers Survey and UNESCO Data

Although online gig work provides opportunities to youth with different skill levels...

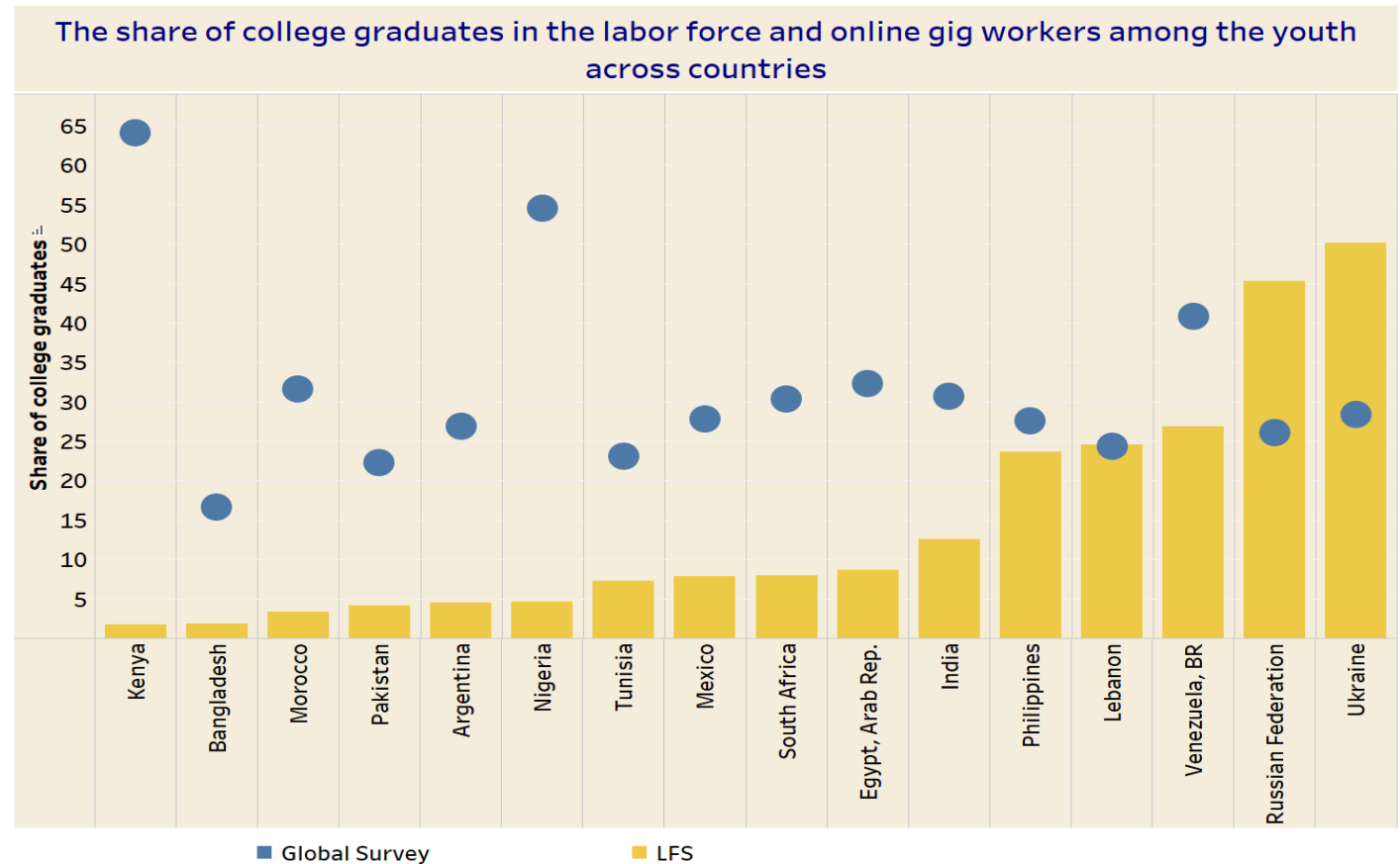
- Most youth online gig workers are high school graduates.
- More than half of young online gig workers work less than 10 hours a week.
- Nearly one-third (31%) of youth online gig workers with high school level education work less than 10 hours per week.



Source: S4YE based on Global Online Gig Workers Survey

... youth with a college education are better placed to access online gig opportunities, especially in countries with low levels of education.

The higher proportion of college graduate youth in online gig work can be attributed, in part, to the relatively low levels of education in Least Developed Countries (LDCs). In comparison, youth working in the offline labor market in the ECA region tend to have higher levels of education than online gig workers.



Source: S4YE based on Global Online Gig Workers Survey and ILOSTAT Data

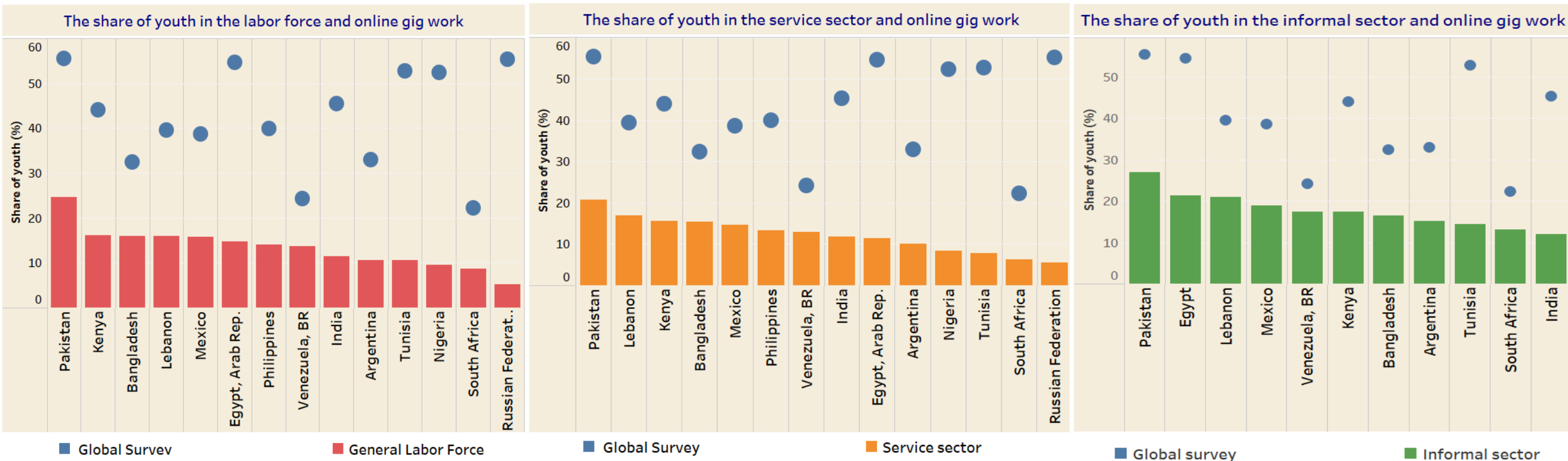
On average, youth earn more from online gig work than from informal sector jobs – even after controlling for observable factors.

The dependent variable is a dummy if an individual earns higher than the income stated				
	(1)	(2)	(3)	(4)
	Earn >100/month)	Earn >\$200/month	Earn >\$500/month	Earn >\$1000/Month
Online Gig Workers (dummy=1)	0.780*** (0.168)	2.625*** (0.243)	5.950*** (0.871)	5.723*** (1.231)
Age	0.125*** (0.0160)	0.171*** (0.0310)	0.183*** (0.0473)	0.172** (0.0689)
Female	-1.081*** (0.180)	-0.959*** (0.324)	-1.113* (0.616)	-1.354 (1.034)
Married	-0.174 (0.111)	-0.0967 (0.178)	0.369 (0.252)	0.687** (0.338)
Bachelor's degree	0.0291 (0.156)	1.484*** (0.395)	-0.823 (0.711)	-0.794 (0.974)
High School	-0.377*** (0.139)	0.615 (0.411)	-1.505** (0.758)	-1.616 (1.091)
Postgraduate degree	-0.278 (0.182)	1.402*** (0.418)	-0.946 (0.760)	-0.701 (1.032)
Vocational school	-0.141 (0.174)	0.985** (0.476)	-1.231 (1.208)	0 (.)
Work 10-19 hours/week	-0.0184 (0.148)	-0.116 (0.187)	-0.0920 (0.277)	-0.721 (0.464)
Work 20+ hours/week	1.495*** (0.166)	1.550*** (0.186)	1.680*** (0.240)	1.534*** (0.327)
Constant	-4.466*** (0.388)	-9.675*** (0.825)	-12.22*** (1.350)	-12.65*** (1.939)
N	2473	2473	2473	2266
Pseudo R ²	7.5	23.8	30.4	27.4

Note: The results are based on logit regressions. The Labor force survey data is from the Khyber Pakhtunkhwa region in Pakistan for the year 2021. Online gig workers' data is from the gig worker survey conducted in the KP region in 2022 and pooled with the LFS. However, income is measured in brackets in the online gig survey. A robustness check using order logit regression analysis yielded a similar result. Standard errors are reported in parenthesis.

$p < .10$, ** $p < .05$, *** $p < .01$

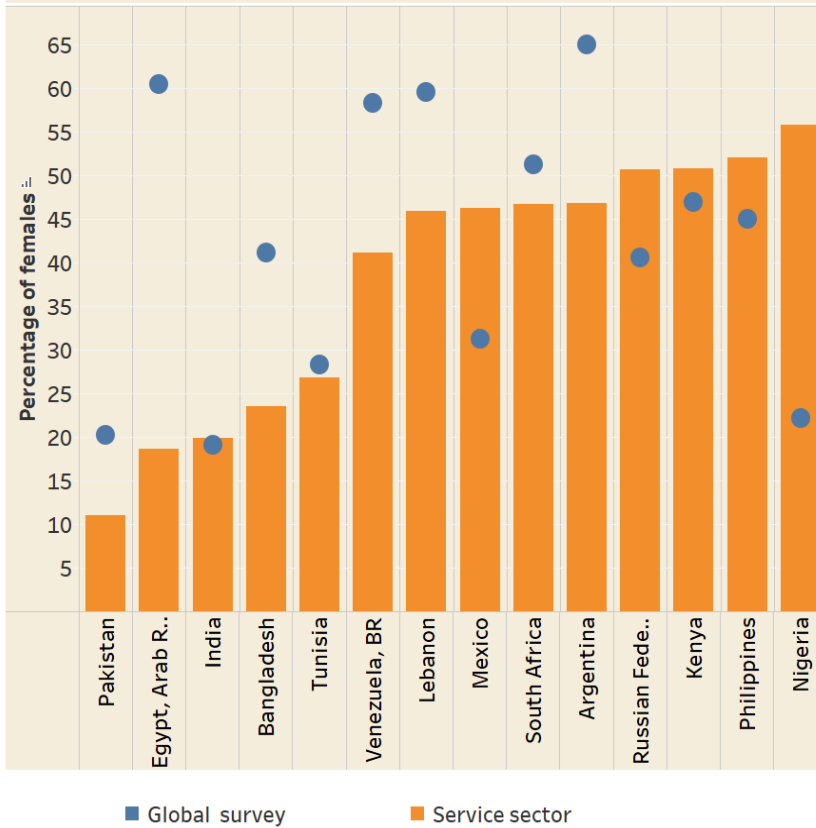
The proportion of youth engaged in online gig work is higher compared to the informal sector, service sector, and the general labor force.



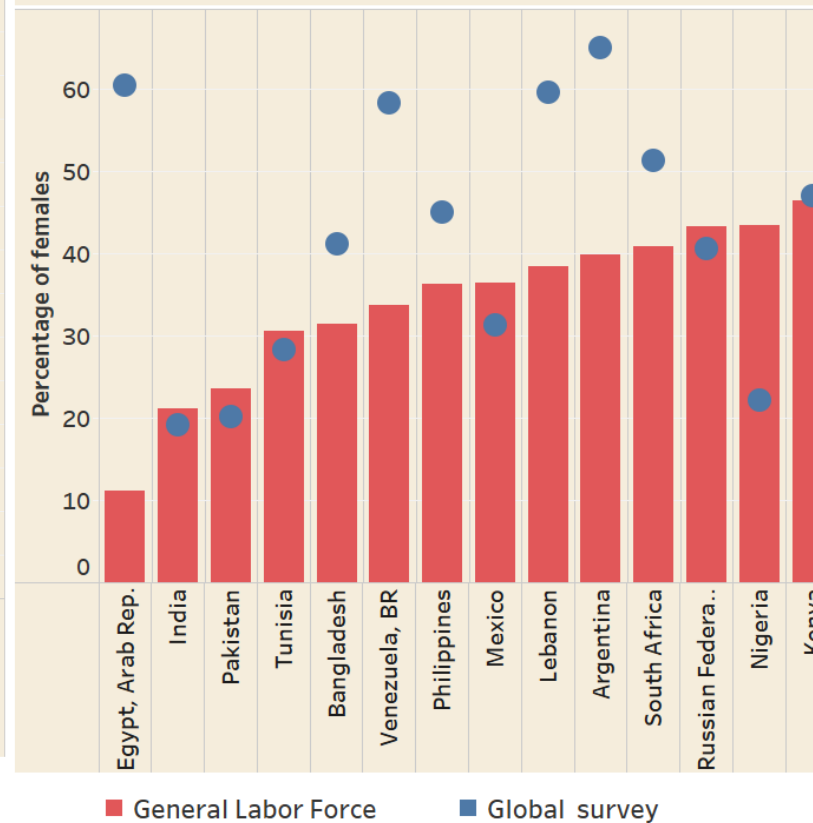
Source: S4YE based on Global Online Gig Workers Survey and ILOSTAT Data (latest available years)

The gender share in online gig work shows mixed results when compared to the general labor force, the service and informal sectors. However, online gig work has created significant opportunities for women in Egypt, Lebanon, Argentina, and Venezuela.

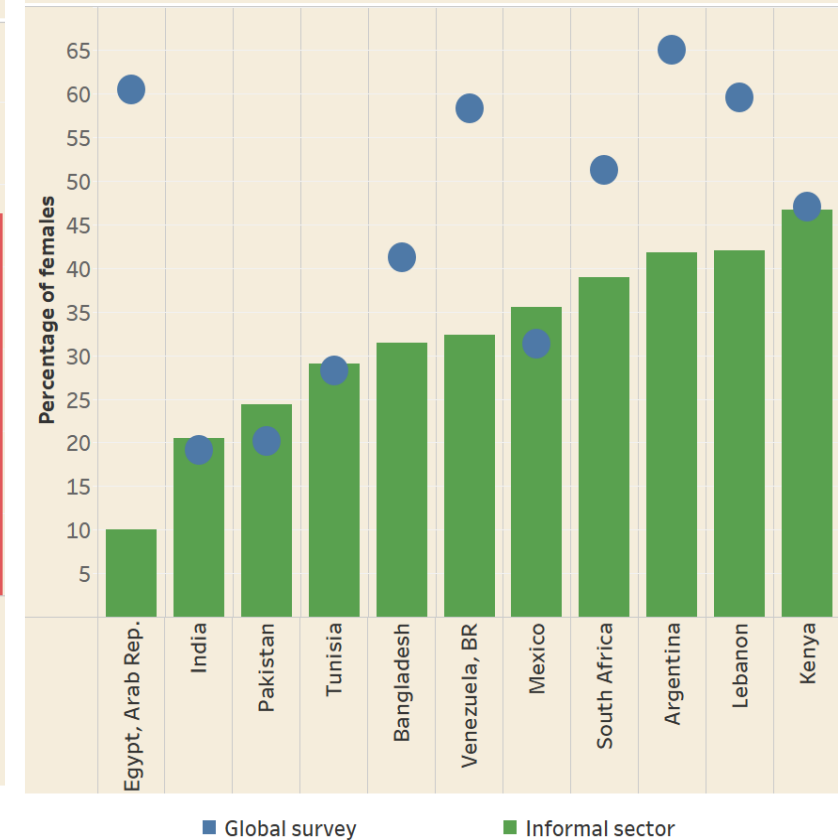
The share of females in the service and online gig work among the youth across countries



The share of females in the labor force and online gig work among the youth across countries



The share of females in the informal sector and online gig work among the youth across countries

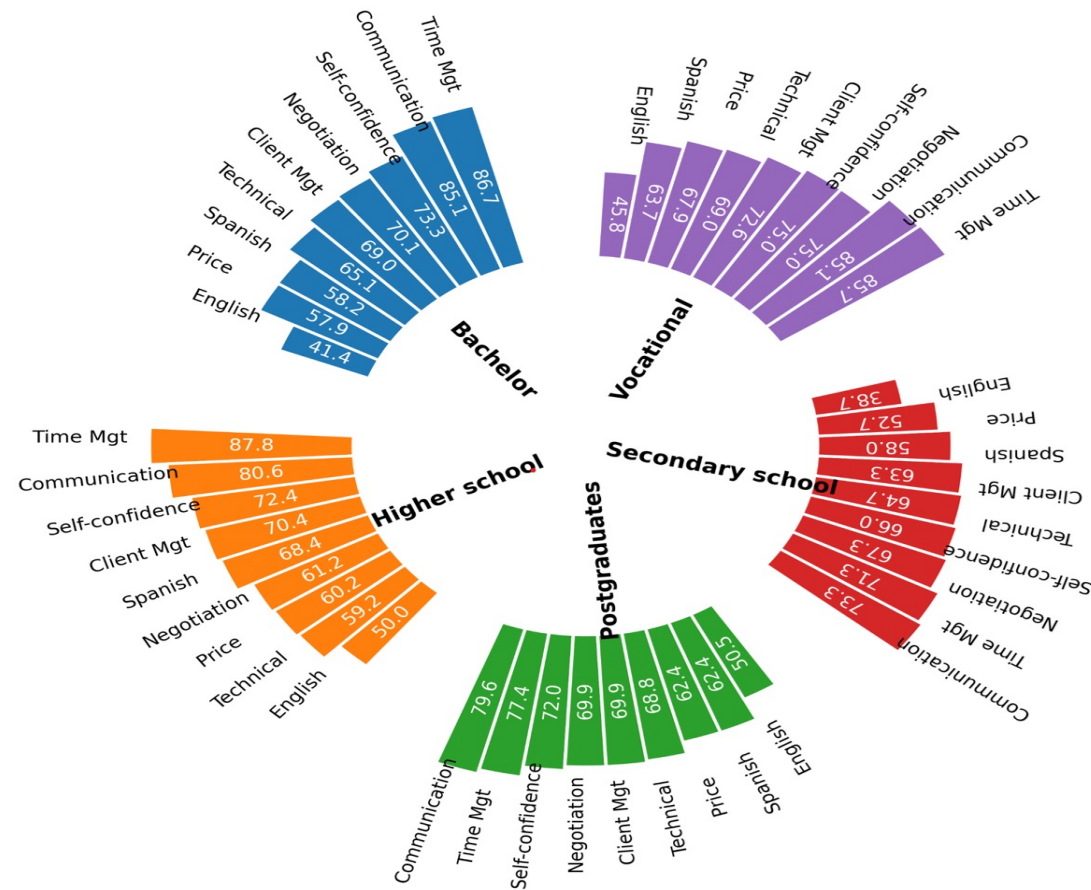


Source: S4YE based on Global Online Gig Workers Survey and ILOSTAT Data (latest available years)

The two skills youth consider critical to succeed online are **ability to manage time and communication skills**, regardless of their education level or gender.

Critical Skills Identified as 'Very Important' by Youth Online Gig Workers for Success

- Self-confidence and negotiation skills are also frequently mentioned as very important factors.
- Oddly, technical skills are not mentioned as a top success factor, even among non-college graduates.



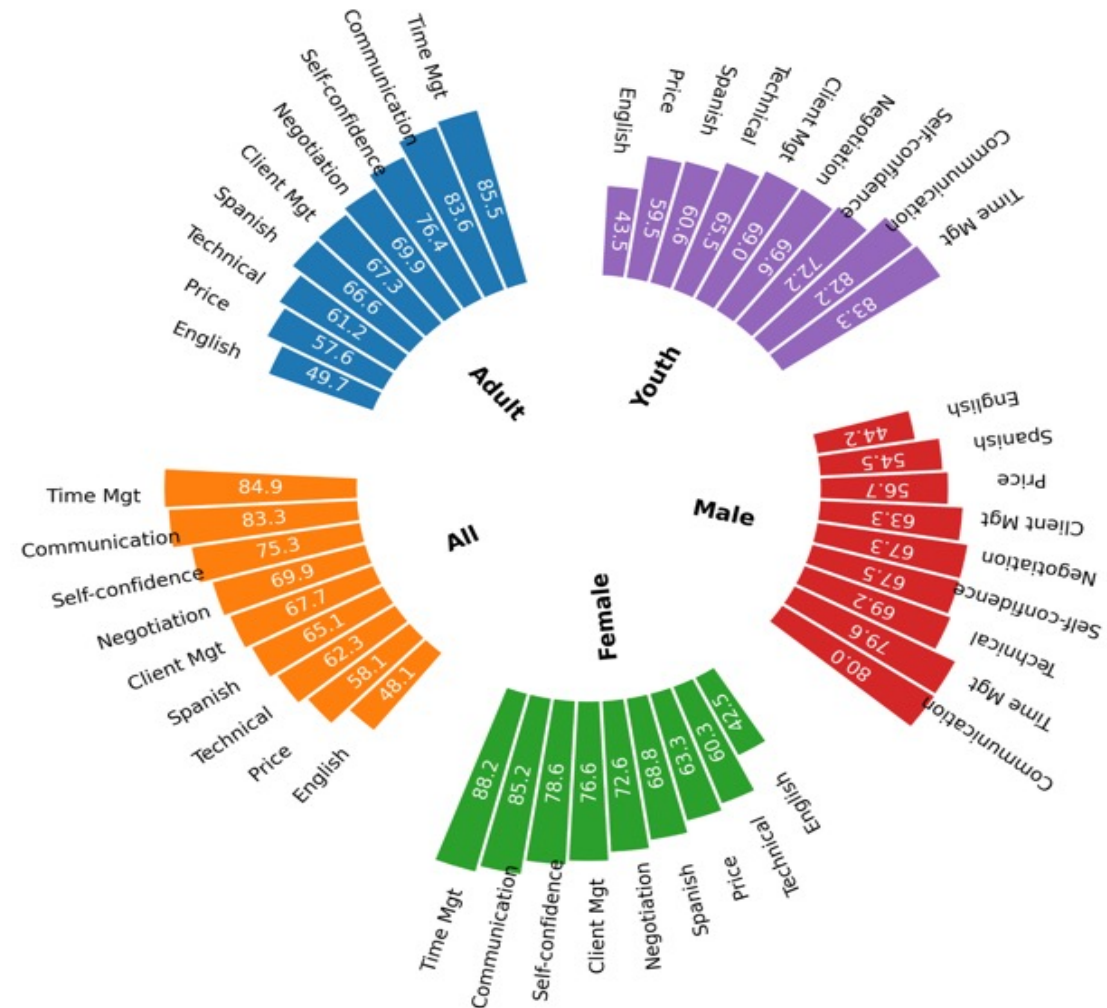
Note: Mgt=Management

Source: S4YE based on Workana Platform Survey

Young women place more importance on soft skills than young men

Critical Skills Identified as 'Very Important' by Youth Online Gig Workers for Success

- Young women place more importance on technical skills with more than a nine percentage point difference compared to men.
- While soft skills are crucial, it is important to provide technical training, especially for young female gig workers, as one in ~seven workers expressed the need for more support.



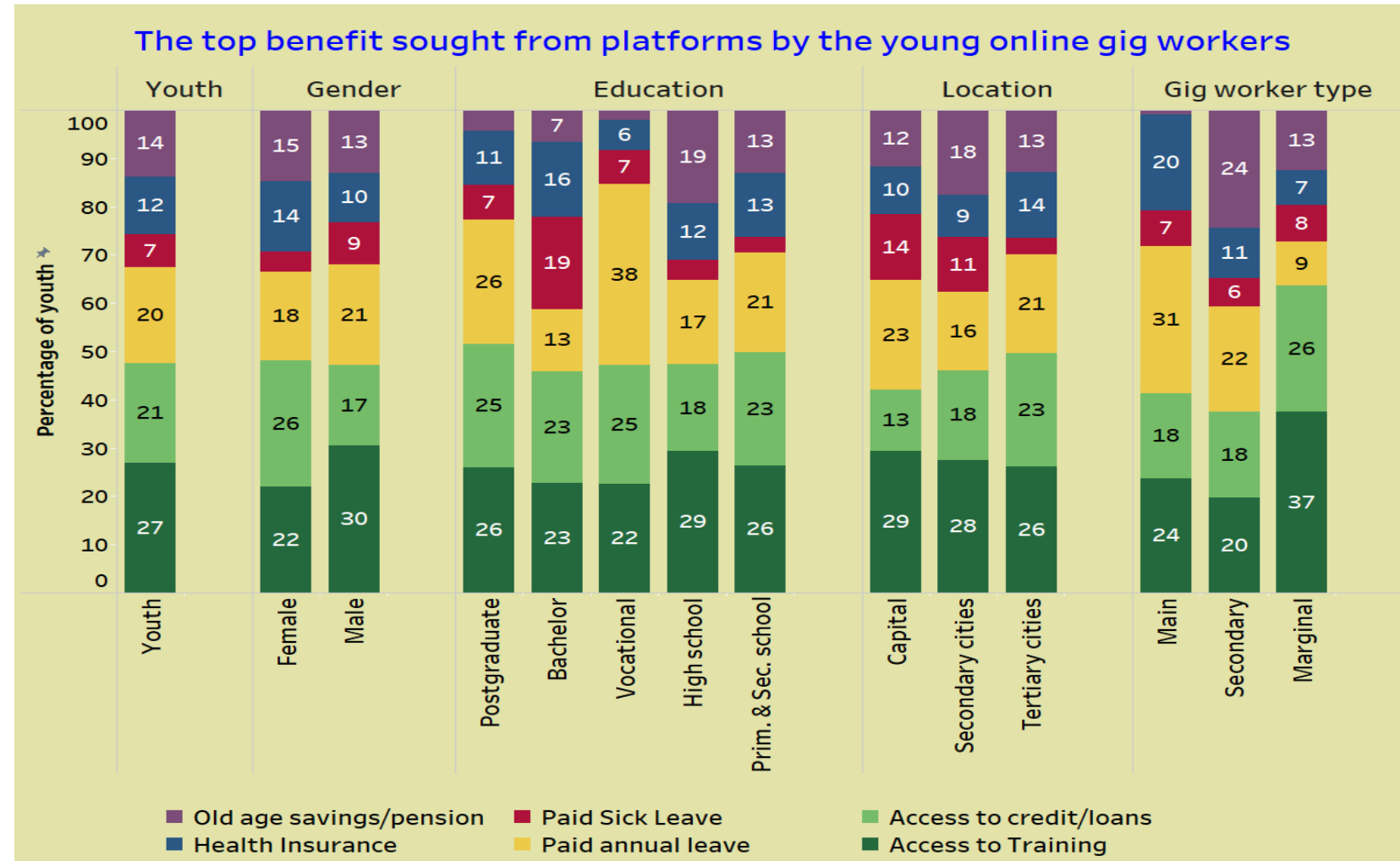
Note: Mgt= Management

Source: S4YE based on Workana Platform Survey

Youth want more than traditional social protection coverage.

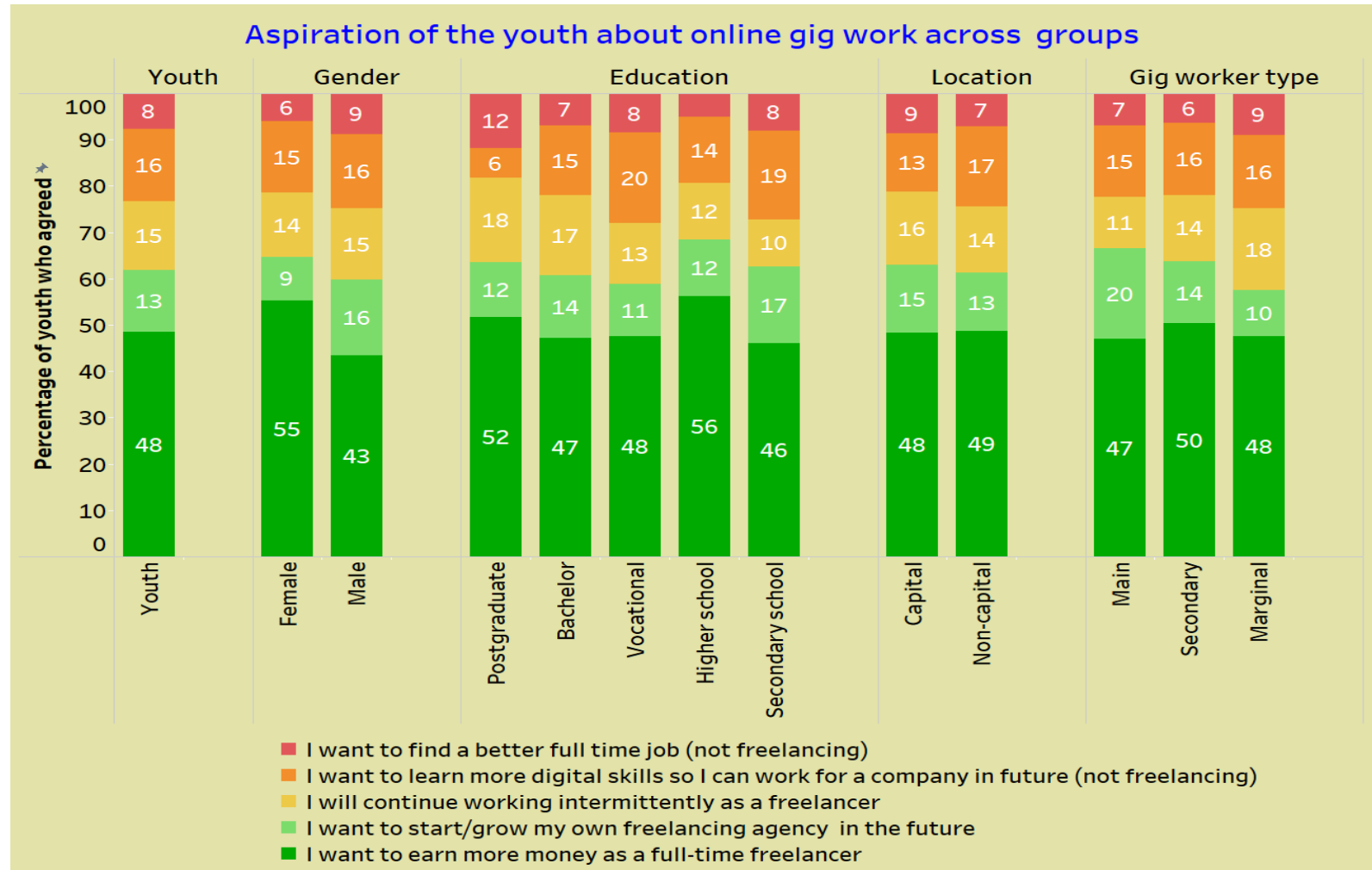
- Access to training and credit or loans for purchasing equipment, such as computers, are identified as the primary benefits sought by the youth from online labor platforms.
- Notably, access to training holds particular significance for ‘marginal’ online gig workers who work shorter hours and/or earn lower incomes, indicating their motivation to improve their skills.

Source: S4YE based Global Gig Workers Survey

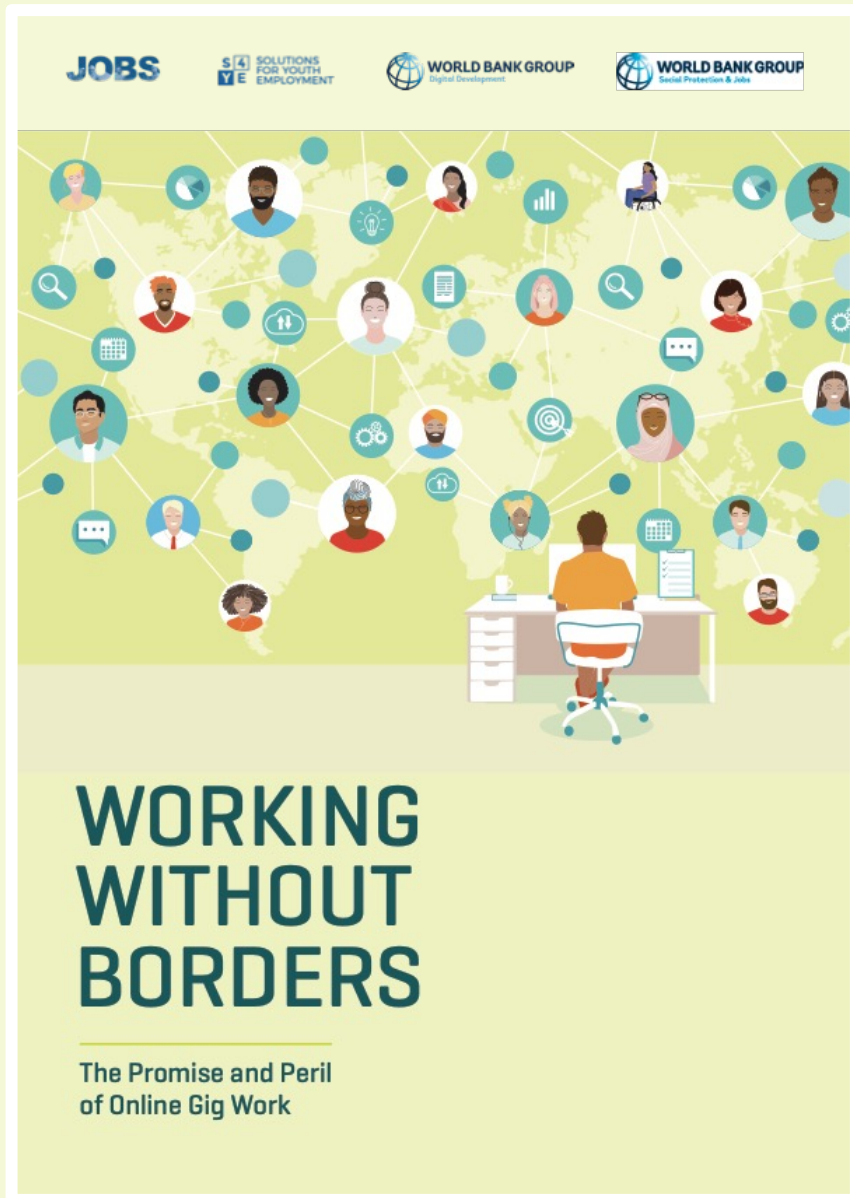


Six out of ten youth aspire to earn a higher income by transitioning full time into freelancing or setting up their own freelancing agencies.

- Young female online workers display higher enthusiasm compared to their male counterparts.
- Likewise, main gig workers and low-skilled online gig workers express positive views regarding their future prospects in gig work



Source: S4YE based on Workana Platform Survey



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