

# WORKING WITHOUT BORDERS

## The Promise and Peril of Online Gig Work

S4YE Innovation Exchange and  
Partner Summit 2023



# Why should we pay attention to this new form of work?

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**GIG WORK IS  
GROWING  
RAPIDLY**



**REDUCES FRICTION  
AND TRANSACTION  
COSTS**



**IMPLICATIONS ON  
GEOGRAPHY OF  
JOBS, THEIR SKILL  
CONTENT AND  
MODES OF  
DELIVERY**



**SHIFTS NEEDED IN  
POLICY AND  
REGULATION**



**INVOLVES  
SEVERAL RISKS  
THAT AREN'T  
FULLY  
UNDERSTOOD**

# Six questions that this report addresses

## SUPPLY

1. How many online gig workers are there?

2. How inclusive is the online gig economy?

## PLATFORMS

3. In a market dominated by a few large global platforms, what is the role of local platforms?

## DEMAND

4. What types of firms are demanding gig workers, for what tasks, and why?

## BALANCING RISKS AND OPPORTUNITIES

5. How should developing countries address the lack of social protection for gig workers?

6. How can operational programs be designed to tap the opportunities of gig work but also safeguard workers?

# Building on proprietary firm databases and using data science methods, we find 545 online gig work platforms across the globe.

Global distribution of online gig work platforms by headquarters

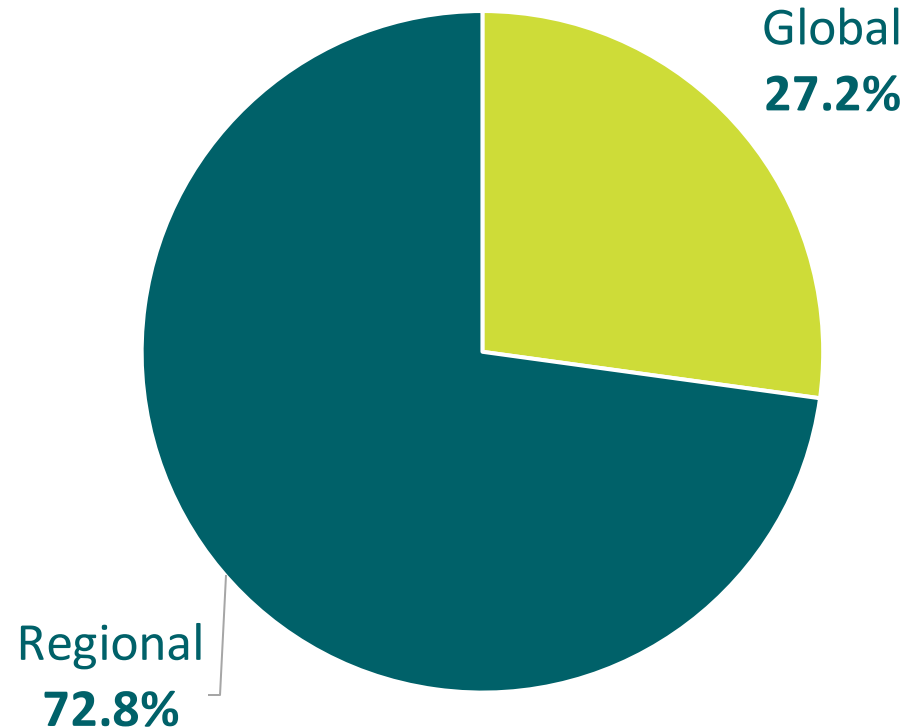


Note: Bubble size is proportional to the number of platforms.

Source: Team database

# Surprisingly, almost 3 out of 4 platforms are regional/local and play an important role in local private sector development.

Share of global and regional/local online gig platforms



Source: Team Database

Notes on methodology: The study used website traffic data to classify platforms as regional or global. A gig work platform was classified regional if more than 60% of the monthly average traffic (weighted by internet users) originated from a single region. Robustness checks with different thresholds were conducted.

# Local platforms play a less known but vital role in the local ecosystem, but they face challenges in growing.



## SUPPLY SIDE

- Lowering entry barriers
- Adapting the gig model to local constraints
- Overcoming language barriers in the gig economy.



## GOVERNMENT

- More accessible potential partners on policy goals
- New source of workers for e-governance initiatives.



## DEMAND SIDE

- Catering to resource constrained local MSMEs and startups
- Providing a pool of local talent with local knowledge for larger companies.

# Online gig work is a growing and non-negligible new form of work: it accounts for up to **12%** of the global labor force.

To overcome limited data, the report relies on an innovative combination of mixed methods including:

- Data science methods
- Global survey in 12 languages to reach non-English speaking online gig workers



**Method 1**  
Data science

**154 million** online gig workers  
**4.4%** of the global labor force



**Method 2**  
Global survey

**435 million** online gig workers  
**12%** of the global labor force

Lower bound

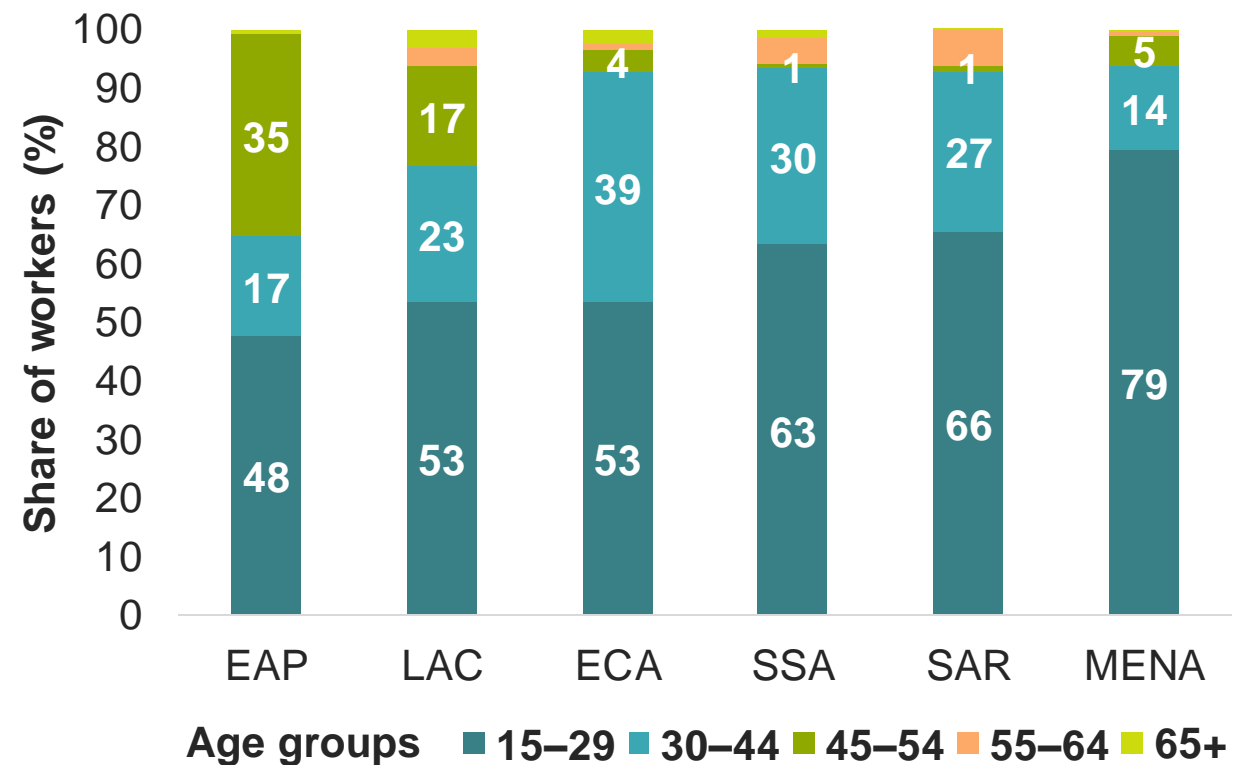


Upper bound

# Over half of online gig workers are youth.... ...that's about a quarter billion young people!

- The **majority** of online gig workers across regions are youth, **under the age of 30**.
- Online gig work offers young people:
  - ✓ The opportunity to learn **new skills**
  - ✓ A way of **earning income while studying**
  - ✓ **Flexibility** in managing their time.

Age composition of online gig workers by region



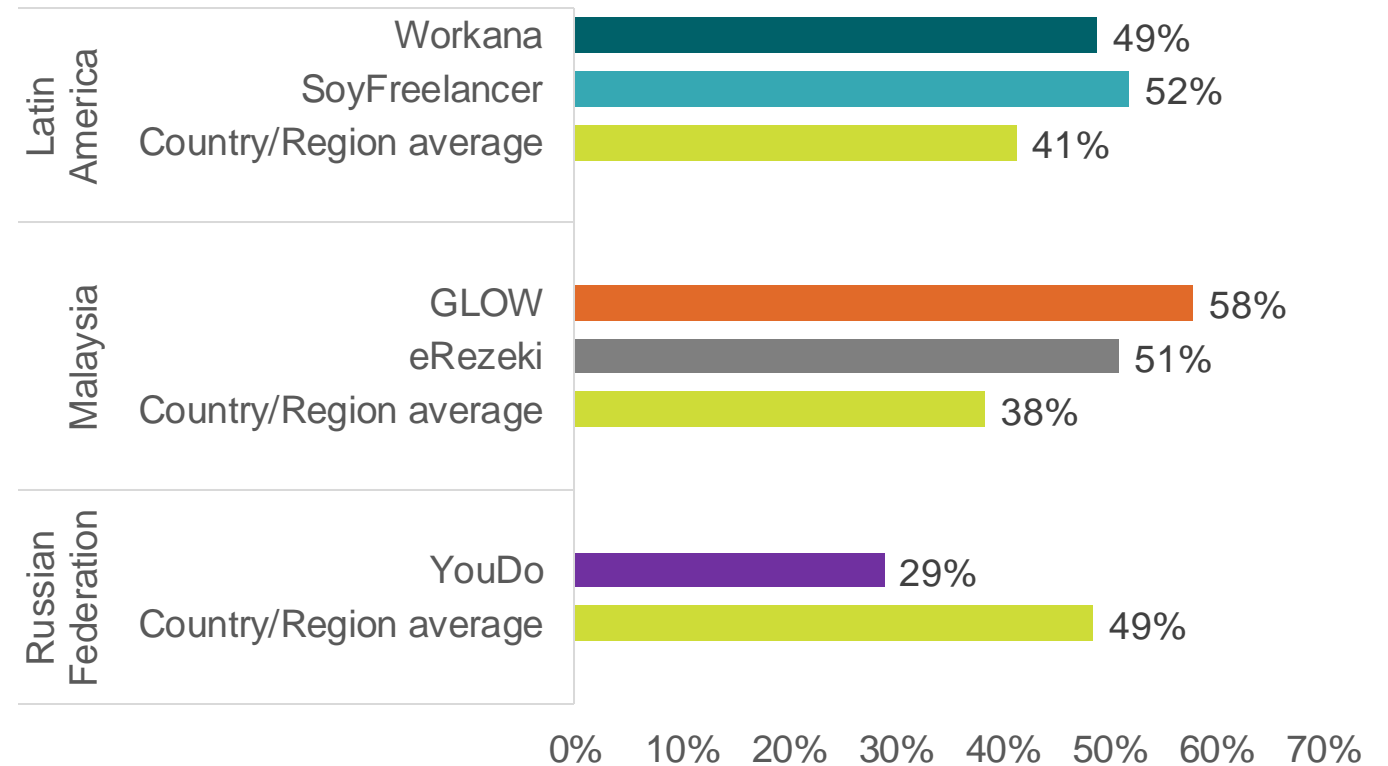


# In some regions women are participating in the online gig economy to a greater extent compared to the general labor market.

Women appreciate online gig work because it offers them:

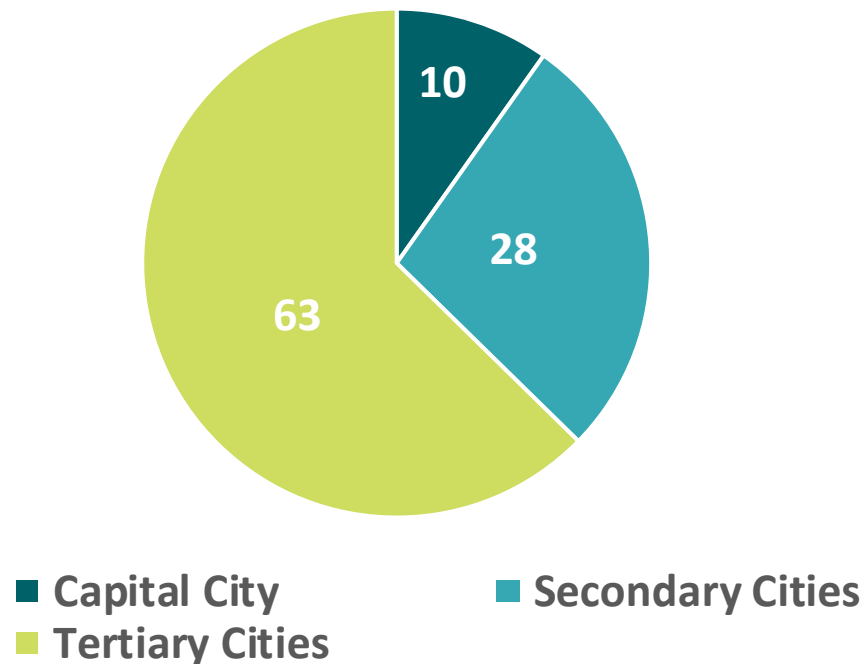
- ✓ A way of earning **additional income**, especially due to lack of local job opportunities
- ✓ **Flexibility** in managing where they work and when they work.

Women participation in the labor force and on select online gig work platforms/programs



# Gig work has the potential to address spatial inequality in accessing jobs: **over 6 in 10** online gig workers live in smaller cities.

Distribution of online gig workers by city size (%)



Source: Team Analysis of global RDIT survey.

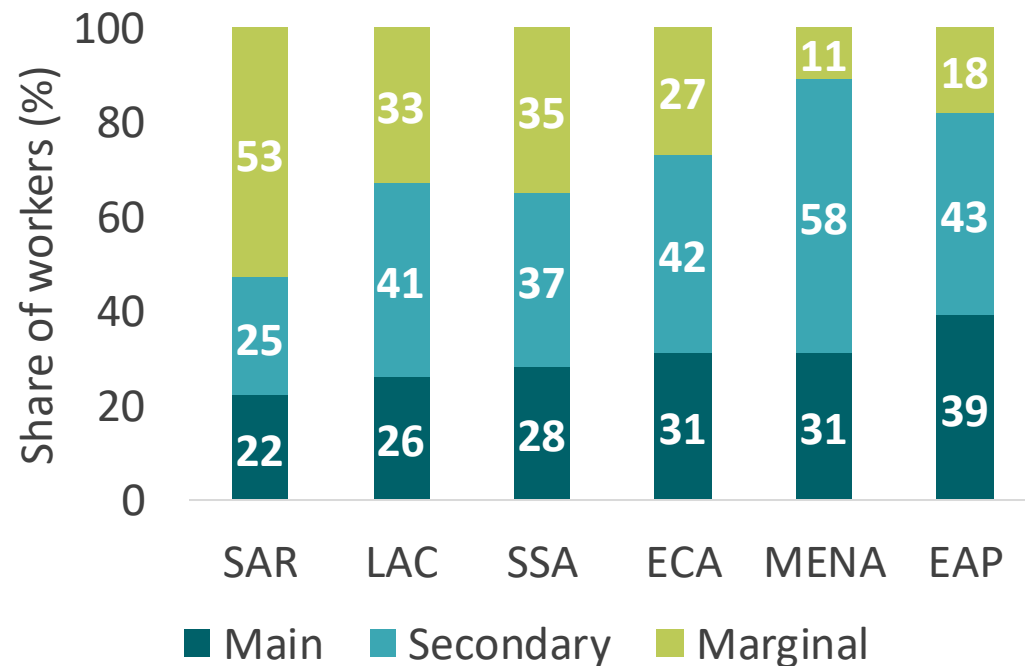
- Online gig work can contribute to **addressing regional inequalities** in access to jobs.
- **Connectivity infrastructure** remains a key enabler of access to online gig work.

Note on the classification of cities:

- Secondary cities - the top 10 largest cities in a given country, not including the capital city
- Tertiary cities - smaller cities and towns beyond the capital city and the top 10 largest cities in a given country

# Online gig work is an important source of earning supplemental income, with potential for income smoothing.

Share of online gig workers based on intensity of work



Source: Analysis based on the global RDIT survey.

Intensity of work

% of personal income	Less than 10 hours a week	Between 10 and 20 hours a week	More than 20 hours a week
Less than 25	Marginal	Secondary	Secondary
25 to 50	Secondary	Secondary	Main
More than 50	Secondary	Main	Main

Source: Adapted from Urzì Brancati et al. (2020).

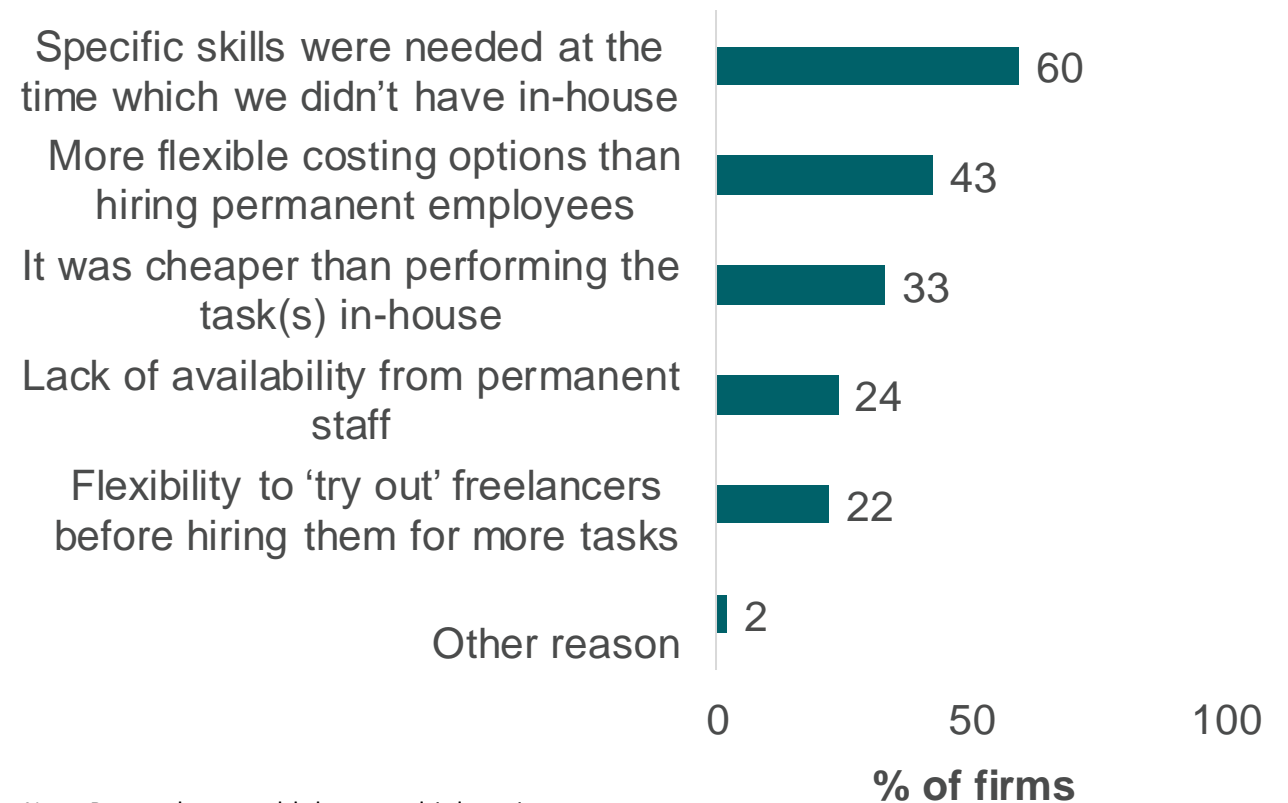
# Micro, small and medium-sized enterprises (MSMEs) drive the demand for gig workers... and we need firms to grow to create more jobs in the economy.

MSMEs and startups are increasingly using online gig workers to:

- ✓ Access a **larger talent pool of labor**, skills, and expertise
- ✓ Reduce **transaction costs**
- ✓ Overcome **conventional hiring barriers**

*Firms need to remain agile to adapt to rapid shifts in the market.*

## Reasons for hiring online gig workers



Note: Respondents could choose multiple options.

Source: Team survey of firms hiring through digital labor platforms, 2022.

# Social protection policies for online gig workers in developing countries need new approaches that consider the high levels of informality in the labor markets.

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Cover all, without segmenting to reach more informal workers



Partner with digital work platforms on broader policy goals, e.g., expanding social registries, economic inclusion



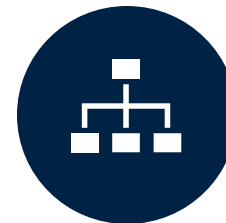
In the short run, innovate and experiment with social insurance designs



Support modern innovative models of collective bargaining



Collect data, track, and monitor scale of gig worker through augmented labor force surveys



For higher capacity governments, support steps to clarify status in employment

# Calling for new ideas and interested partners to join hands in leveraging the opportunities of online gig work!

New models and an experimental approach are needed to tap the opportunities of online gig work and find new ways to manage risks. Potential avenues:



Leverage existing instruments to expand safety nets to vulnerable gig workers



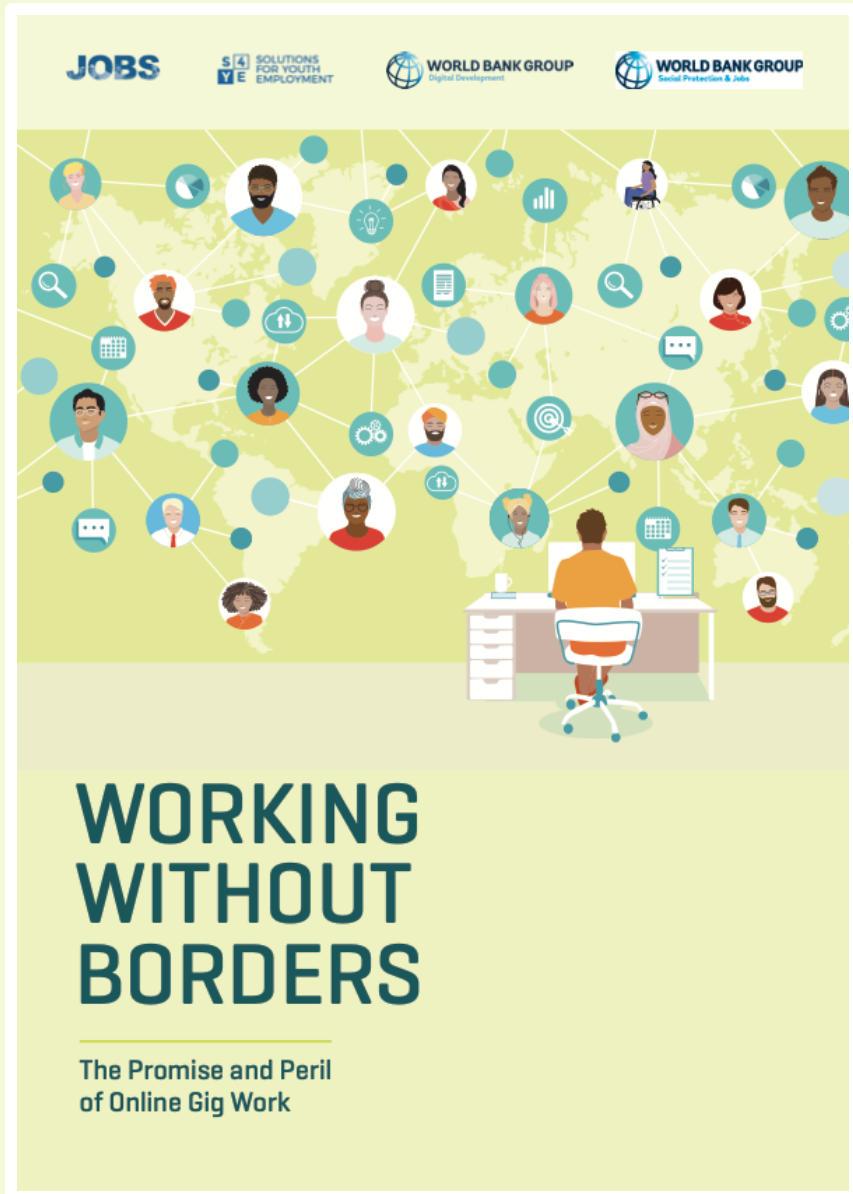
Design comprehensive operational initiatives on online gig work, from partnering with stakeholders (e.g. platforms) to training programs and increased access to infrastructure



Pilot initiatives in 5-7 countries



Share your ideas!



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