

# Work, Interrupted

## The New Labor Economics of Platforms



### EXECUTIVE SUMMARY

From its founding in 1968 to the present, Institute for the Future (ITF) has been on track to anticipate the changing nature of work—and to create truly workable futures. Starting with early experiments in computer-based communication on the ARPANET through the emergence of so-called groupware for work teams to the more recent ITF Workable Futures Initiative to define future work skills for on-demand work, ITF has sought to prepare the public for the coming phase shift in the way we work.

Digitally connected work platforms are a critical element of this phase shift, and our new report, *Work, Interrupted: The New Labor Economics of Platforms*, explores these platforms from multiple points of view. Undertaken with support from the Ford Foundation, the study includes: the historical arc that has brought us to where we are today, the technology shifts driving new ways of working, the challenges that today's systems present to traditional thinking about labor economics, and the possible pathways toward positive platforms for digitally connected livelihoods that work for everybody.

The shift toward platform-driven work offers both opportunities and challenges for creating more workable futures (as shown in the framework that follows). Platform work is neither inherently good nor bad. It has both potential for upsides to be amplified and downsides to be mitigated.

For example, forecasts suggest that by 2025 upward of 540,000,000 people could benefit from online platforms. Our analysis finds that platforms can provide workers access to jobs more quickly, ultimately reducing the duration of

unemployment. Job seekers may utilize platforms to gain extra income while they are searching for traditional jobs. In addition, platforms offer more flexible work arrangements than a traditional job, which could potentially provide greater inclusion of people with disabilities.

At the same time, unstable work schedules and job instability are critical concerns for many platform workers. A survey conducted by Intuit found that more than half of respondents felt that they were not receiving enough work on platforms and over 20% cited lack of job security as a detriment. Furthermore, workers on platforms may earn less than comparably-skilled traditional workers and may even be subject to new kinds of discrimination.

While platforms for labor are often framed as near-perfect markets, we have identified nine economic anomalies in the full report—many already well-documented—that will challenge all of our current economic preconceptions. Some of these anomalies such as: *the shift from jobs to tasks*, *platform reputation effects*, *price-setting anomalies*, *platform-worker discrimination issues*, and *global labor arbitrage* will warrant a much deeper exploration and will drive us to change our underlying economic definitions and assumptions.

This is a critical moment. If deployed wisely, online platforms not only have the ability to benefit both clients and providers, they also show immense potential to better address issues like underemployment and skill development. However, we believe that in order for online platforms to begin to reach their potential, the challenges need to be recognized and rectified as well.



INSTITUTE FOR THE FUTURE

**WORKABLE**  
FUTURES INITIATIVE



# Platform opportunities **to be amplified**

## Employment Creation & Access

According to McKinsey, up to **540,000,000** people could benefit from online talent platforms by 2025 and as many as **230,000,000** could find new jobs more quickly, reducing the duration of unemployment.<sup>1</sup>



## Flexible Hours

In 2005, **82%** of independent contractors reported that they preferred their more flexible work arrangement to a traditional job, and only **9%** reported that they would prefer a traditional work arrangement.<sup>2</sup>



## Greater Inclusion of People with Disabilities

Many platforms support telework arrangements that may have the potential to improve the working conditions of people with disabilities and can offer work opportunities for people who have chronic diseases and who are unable to leave their houses.<sup>3</sup>



## Reduced Environmental Impact

One car-sharing vehicle (e.g., Lyft) has the potential to replace **9 to 13 individual vehicles**.<sup>4</sup>



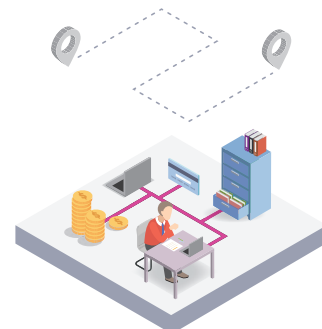
## Extra Income During Traditional Job Searches

Part-time workers and independent contractors report an appreciation for the flexibility that such work offers; this type of work is particularly helpful for those seeking income during an extended job search.<sup>5</sup>

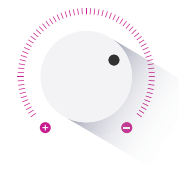


## Formalizing Informal Labor

“One way of looking at the recent exponential growth of online platforms in service delivery is to see it as a formalization of the informal economy, with the transparency of an open market replacing the old word-of-mouth methods of finding work, and the replacement of unrecorded cash-in-hand payments by trackable online payments, opening up at least the possibility for taxes to be collected and fairness to prevail.”<sup>6</sup>



# Platform challenges to be mitigated



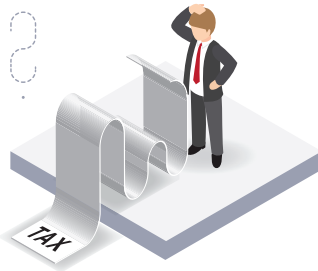
## Unstable Work Schedule

An Intuit survey of platform workers found that **57%** felt they were not getting enough work; **22%** cited lack of job security as a detriment.<sup>7</sup>



## Confusion Around Tax Issues

**Twenty percent** of workers cited confusion about tax classification as a deterrent to gig work.<sup>8</sup>



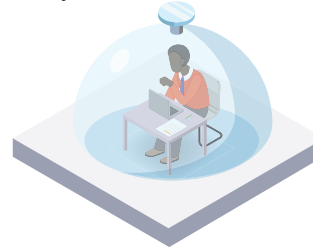
## Reduced Access to Benefits

“As involuntarily self-employed people are often in an economically precarious situation, they frequently have a limited ability to pay for insurance. In addition, low-earning self-employed people who choose to insure themselves against risks often face a disproportionately large financial burden when doing so, as insurance contributions do not vary according to income but are instead a fixed amount. As a result, freelancers, and especially those with low incomes, may decide not to acquire insurance against social risks as a result of financial restraints, leading to serious problems if a social risk—such as illness, a shortage of orders, similar event—occurs.”<sup>9</sup>



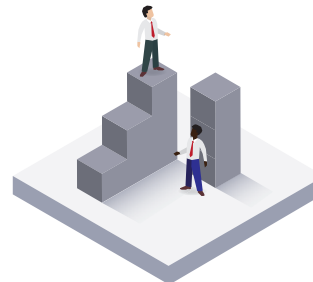
## Lack of Interaction With Co-workers

Studies that show increased social contact with co-workers gives workers a boost in both mood and productivity.<sup>10</sup>



## New Discrimination Issues

Using a new data set combining pictures of all New York City landlords on Airbnb with their rental prices and information about quality of the rentals, one study found that non-black hosts are able to charge approximately **12% more** than black hosts for an equivalent rental.<sup>11</sup>



## Earning Less Than Comparably-skilled Traditional Workers

Uber’s driver-partners are highly educated. Nearly half of Uber’s driver-partners have a college degree or higher, considerably higher than the corresponding percentage for taxi drivers and chauffeurs (**18%**), and above that for the workforce as a whole as well (**41%**).<sup>12</sup>



## About this Report

This project was funded by a grant from the Ford Foundation. It is part of the IFTF Workable Futures Initiative, which is catalyzing advocates, journalists, policymakers, and other change makers toward a shared vision of positive platforms for work.



## IFTF Workable Futures Initiative

The Workable Futures Initiative seeks to understand emerging work patterns and to blueprint a generation of positive platforms that will create more equitable opportunities and enable more sustainable livelihoods for all.

## Institute for the Future

Institute for the Future (IFTF) is an independent, nonprofit strategic research group with almost 50 years of forecasting experience. The core of our work is identifying emerging trends and discontinuities that will transform global society and the global marketplace. We provide our members with insights into business strategy, design process, innovation, and social dilemmas. Our research generates the foresight needed to create insights that lead to action. Our research spans a broad territory of deeply transformative trends, from health and health care to technology, the workplace, and human identity. IFTF is based in Palo Alto, California.

## For more Information

Please contact Devin Fidler at [dfidler@iff.org](mailto:dfidler@iff.org)



INSTITUTE FOR THE FUTURE

Institute for the Future  
201 Hamilton Avenue  
Palo Alto, CA 94301  
[www.iff.org](http://www.iff.org)



[workablefutures.org](http://workablefutures.org)

1. Manyika, James; Lund, Susan; Robinson, Kelsey; Valentino, John; & Dobbs, Richard (June 2015). Connecting Talent With Opportunity in the Digital Age. Retrieved from: <http://www.mckinsey.com/global-themes/employment-and-growth/connecting-talent-with-opportunity-in-the-digital-age>
2. Hall, Jonathan & Krueger, Alan (Jan 22, 2015). An Analysis of the Labor Market for Uber's Driver-Partners in the United States. Princeton University Industrial Relations Section Working Paper, 587. Retrieved from: [https://s3.amazonaws.com/uber-static/comms/PDF/Uber\\_Driver-Partners\\_Hall\\_Krueger\\_2015.pdf](https://s3.amazonaws.com/uber-static/comms/PDF/Uber_Driver-Partners_Hall_Krueger_2015.pdf)
3. Alkan Meshur, H. Filliz & Ciftci Ulusoy, Cigdem (Jan 2016). "Attitudes of People with Disabilities Towards Teleworking as an Employment Opportunity: It's Modelling in Terms of the Turkish Case." African Journal of Business Management, Volume 7(4): 227-243. Retrieved from: <http://www.academicjournals.org/journal/AJBM/article-full-text-pdf/1C5B0E927373>
4. Ernst & Young LLP (Oct 2015). The Rise of the Sharing Economy: The Indian Landscape. Retrieved from: [http://www.ey.com/Publication/vwLU-Assets/ey-the-rise-of-the-sharing-economy/\\$FILE/ey-the-rise-of-the-sharing-economy.pdf](http://www.ey.com/Publication/vwLU-Assets/ey-the-rise-of-the-sharing-economy/$FILE/ey-the-rise-of-the-sharing-economy.pdf)
5. Dokko, Jane; Mumford, Megan; & Whitmore Schanzenbach, Diane (Dec 2015). Workers and the Online Gig Economy: A Hamilton Project Framing Paper. Retrieved from: [http://www.hamiltonproject.org/assets/files/workers\\_and\\_the\\_online\\_gig\\_economy.pdf](http://www.hamiltonproject.org/assets/files/workers_and_the_online_gig_economy.pdf)
6. Huws, Ursula (Jan 6, 2016). "Logged In: The New Economy Makes It Harder Than Ever to Untangle Capitalism from Our Daily Lives." Jacobin. Retrieved from: <https://www.jacobinmag.com/2016/01/huws-sharing-economy-crowdsource-precarity-uber-workers>
7. Intuit (Jan 28, 2016). Dispatches from the New Economy, The On-Demand Workforce. Retrieved from: <http://www.slideshare.net/IntuitInc/dispatches-from-the-new-economy-the-ondemand-workforce-57613212>
8. Ibid.
9. Fachinger, Uwe & Frankus, Anna (Nov 2015). "Freelancers, Self-Employment and the Insurance against Social Risks" in The Handbook of Research on Freelancing and Self-Employment. Retrieved from: <http://www.crse.co.uk/sites/default/files/Self-Employment%20Insurance%20from%20Social%20Risk.pdf>
10. Pinker, Susan (2014). The Village Effect: How Face-to-Face Contact Can Make Us Healthier, Happier, and Smarter.
11. Edelman, Ben & Luca, Michael. Digital Discrimination: The Case of Airbnb. Retrieved from: <http://som.yale.edu/sites/default/files/les/les/airbnb.pdf>
12. Hall, Jonathan & Krueger, Alan (Jan 22, 2015). An Analysis of the Labor Market for Uber's Driver-Partners in the United States. Princeton University Industrial Relations Section Working Paper, 587. Retrieved from: [https://s3.amazonaws.com/uber-static/comms/PDF/Uber\\_Driver-Partners\\_Hall\\_Krueger\\_2015.pdf](https://s3.amazonaws.com/uber-static/comms/PDF/Uber_Driver-Partners_Hall_Krueger_2015.pdf)

