

EMPLOYEE–EMPLOYER RELATIONSHIPS IN THE GIG ECONOMY: HARMONIZING AND CONSOLIDATING LABOR REGULATIONS AND SAFETY NETS

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ABSTRACT. Following recent research (e.g. Harris, 2018; Lobel, 2017; Steinberger, 2018 etc.) on the possible suitability of current laws and regulations to gig work, I have identified and provided empirical evidence that they may not apply to independent contractors and cannot be adequately enforced in the digital economy. Using data from Bloomberg BNA, CIPD, McKinsey Institute, ONS, U.S. Census Bureau etc., I performed analyses and made estimates regarding reasons for partnering with a peer-to-peer ridesharing, taxi cab, food delivery, and transportation network company, number of U.S. employer and nonemployer business establishments, including percentage distribution, share of U.S. adults earning income in a given month via online platforms, and cumulative growth in overall employment, number of employees, and number of self-employed (UK).

Keywords: gig economy; online platform; labor regulation; safety net

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1. Introduction

Firms in the gig-economy employ independent contractors aiming to decrease expenses and diminish employment-related liability. Without adjusted criteria to establish employment status, firms may be driven to get involved in a race to the bottom on wages and work expenditures without the traditional safety measures in use to protect employees. (Steinberger, 2018) The online platform economy has uncovered grave shortcomings in worker classification legal regulations that are addressed in contexts distinct from those for which they were formulated, and that are too unclear and imprecise to generate the unsurprising and coherent outcomes that are intrinsic to any legal treatment. (Harris, 2018)

2. Literature Review

The digital epoch has altered employment relationships substantially, leading to a large-scale level of legal uncertainty (Ahmed et al., 2016; Ionescu, 2017a,b,c; Moghtader, 2017; Zogning, 2017) as to which regulations address in cyberspace. An individual who performs offline for an online platform may undergo risks distinct to liabilities of a traditional employee and thus necessitates a tailor-made adjustment. (Todolí-Signes, 2017) The advance of the gig economy creates serious challenges to established patterns for regulating labor and applying minimum criteria (Balica, 2017; Mengoli, Odorici, and Gudjonsson, 2017; Panova and Buber-Ennsner, 2016) that are made intricate by the triangle of connections between personnel, digital go-betweens, and final end-users. Regulatory improvements should arrange that the blurring of the link between go-betweens and personnel (Agostinone-Wilson, 2016; Giroux, 2017; Machan, 2017), an essential characteristic of nearly all platform-based business patterns, does not turn down their workers of the kinds of protections that constitute fundamental rights. (Stewart and Stanford, 2017) Laws and regulations destined to assist workers are prejudicing them by hampering firms from allocating benefits to autonomous suppliers that both the contractor and firm would choose they be provided. Firms confront unpredictable expenses, whereas workers cannot presume what benefits they are eligible for and will eventually obtain. (Nadler, 2018)

3. Methodology

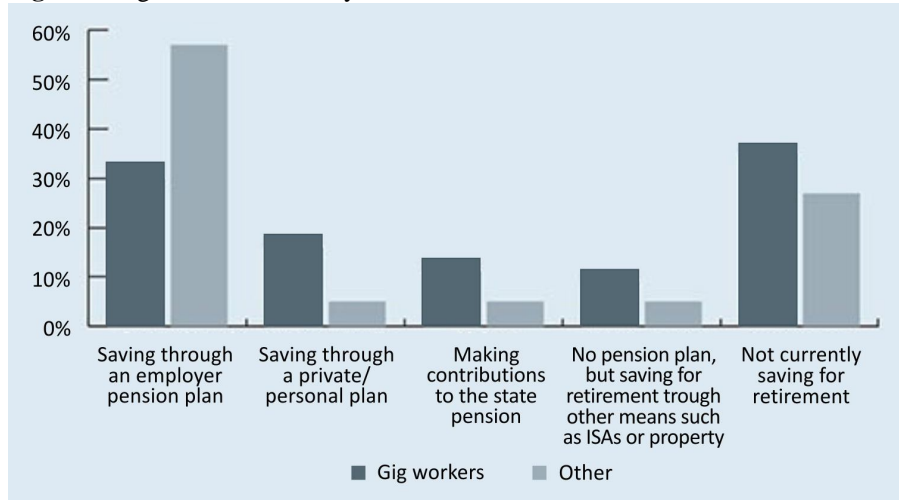
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4. Results and Discussion

The ascent of the platform is somewhat attributable to the decrease of permanent jobs and periods of significant unemployment rates, and constitutes a shift in choices (Bratu, 2016; Nica, Potcovaru, and Mirică (Dumitrescu), 2017a,b; Plevný, 2017; Popescu Ljungholm, 2017a,b), as numerous individuals entering the labor market opt for adjustability and management of their work-time. The platform provides chances to use one's labor more unswervingly. In contrast to people hired via human resource agencies, platform firms permit workers to obtain a more significant proportion of the earnings and to link to each other and coordinate in manners formerly unavailable. (Lobel, 2017) Allegations of worker misclassification dispute the character of the services supplied by, and to, actors in the gig economy. Such

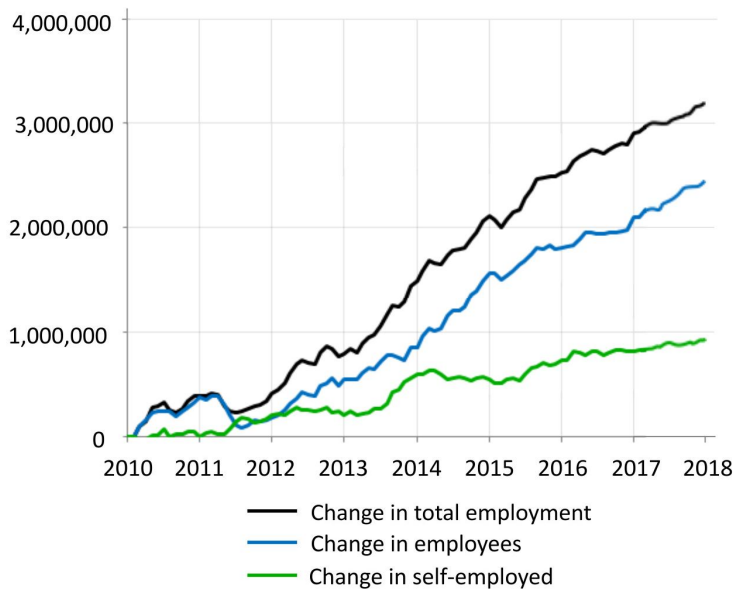
firms either generate more efficient markets (Green, 2016; Nica, Comănescu, and Manole, 2017; Petcu, 2017; Sharp, 2016) by operating as platforms for intermediation among autonomous commercial participants, or they get involved in regulatory arbitrage to gain a competitive advantage while performing no dissimilarly than established employers. (Nadler, 2018) (Figures 1–7)

Figure 1 Gig workers less likely to save for retirement



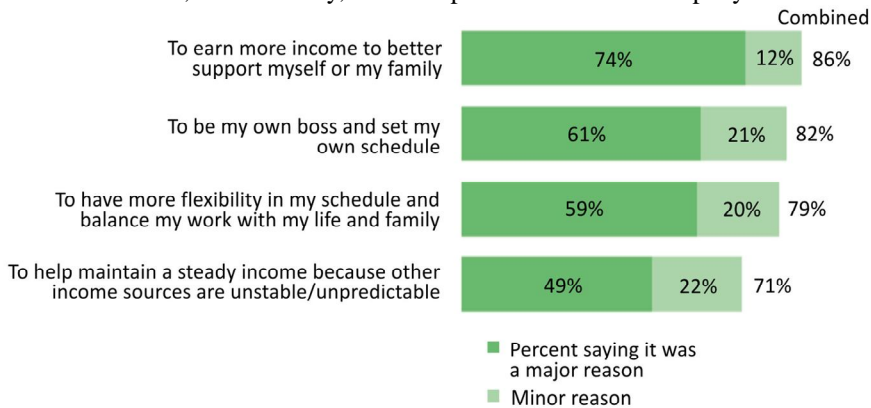
Sources: CIPD; my survey among 2,800 individuals conducted September 2017.

Figure 2 Cumulative growth in overall employment, number of employees, and number of self-employed (UK)



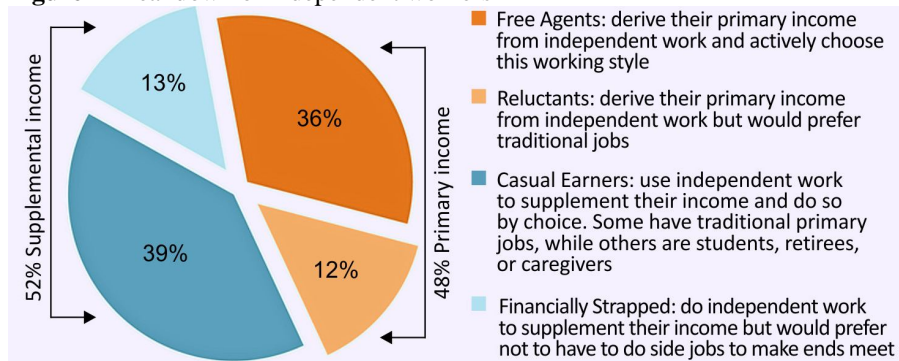
Sources: ONS, UK labour market; Full Fact; my estimates.

Figure 3 Reasons for partnering with a peer-to-peer ridesharing, taxi cab, food delivery, and transportation network company



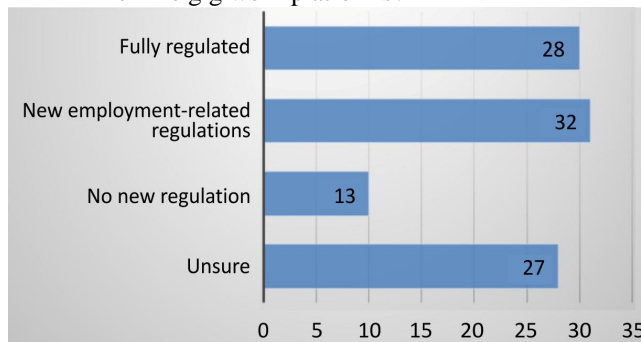
Sources: Hall and Krueger (2015); Beneson Strategy Group (2014); Heritage; my survey among 3,200 individuals conducted October 2017.

Figure 4 Breakdown of independent workers



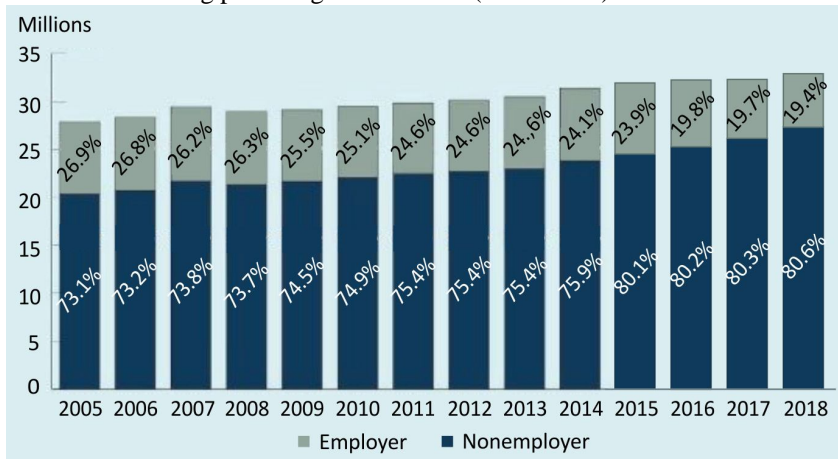
Sources: McKinsey Institute; Bloomberg BNA; my survey among 2,700 individuals conducted August 2017.

Figure 5 How should governments regulate online gig work platforms?



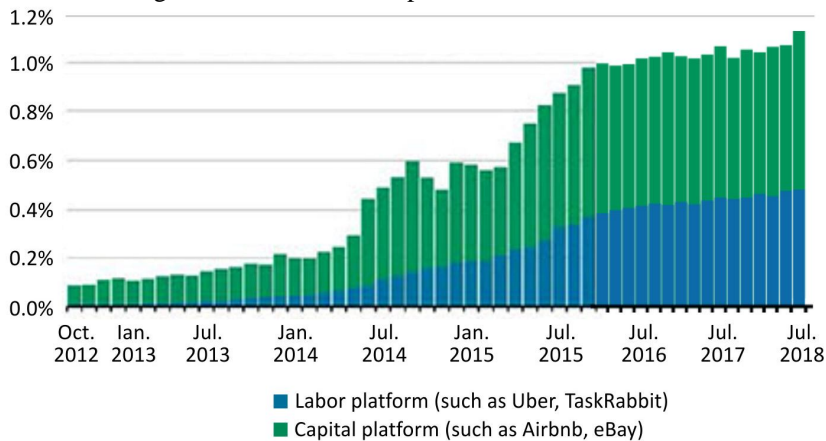
Sources: Vromen (2018); my survey among 2,600 individuals conducted May 2017.

Figure 6 Number of U.S. employer and nonemployer business establishments, including percentage distribution (2005–2018)



Sources: U.S. Census Bureau; my estimates.

Figure 7 Share of U.S. adults earning income in a given month via online platforms



Sources: JPMorgan Chase Institute; WSJ.com; my estimates.

5. Conclusions

The arrival of the platform economy has brought about groundbreaking workplace arrangements (Nordberg, 2017; Olssen, 2017; Peters, 2017; Popescu, Comănescu, and Manole, 2017) whereby users employ service suppliers via manifold transaction platforms. A supplier who gets involved through a transaction platform may be labeled either as an employee of the platform operator in the bounds of workplace protective regulation (Malott, 2016; Means, 2017; Pol and Reveley, 2017; Popescu Ljungholm, 2016) or as an autonomous contractor outside its scope. (Spitko, 2018)

Author Contributions

The author confirms being the sole contributor of this work and approved it for publication.

Conflict of Interest Statement

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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