



+



DISPATCHES FROM THE NEW ECONOMY:

THE ON-DEMAND ECONOMY WORKER STUDY



By some measures, the labor market is as healthy as it has ever been. After a record **76 straight months of jobs growth**, every day a record **145 million Americans** report to a full-time payroll job. **The unemployment rate stands at 4.7 percent**. There were 5.5 million job openings in the U.S. in December.¹ Nearly eight years into this economic expansion, there are signs that the economy is approaching full employment.

Given the macroeconomic climate, one would expect to see a decline in self-employment and the number of people eager to engage in on-demand work. But that's not what is happening. In the wake of the Great Recession, several platforms emerged that provided an outlet for underemployed Americans who could not find steady work, were seeking highly flexible ways to supplement their income or who wanted to boost self-employment and create businesses. These platforms are continuing to exert a magnetic pull on the attention and aspirations of American workers. For the last two years, Intuit, in partnership with Emergent Research and 12 on-demand economy and online talent marketplaces, have been measuring the behavior, motivations, and aspirations of the millions of Americans who choose on-demand work.² The number of people working on-demand jobs on such platforms rose from 3.2 million in 2015 to 3.7 million in 2016. And we forecast that their numbers will more than double by 2020, to 7.7 million, and continue surging to 9.2 million in 2021. The portrait that emerges from our survey is a complex, multi-faceted workforce that is largely satisfied with such work and that plans to continue on this path.

“ In an updated forecast by Intuit and Emergent Research, the number of people working on-demand jobs will grow from 3.9 million Americans in 2016 to 9.2 million by 2021. ”

¹ The economic data in the opening paragraph comes from the U.S. Bureau of Labor Statistics and sourced through the Federal Reserve Economic Databank (FRED), <https://fred.stlouisfed.org/>

² Intuit On-Demand Workforce study, <https://www.slideshare.net/IntuitInc/dispatches-from-the-new-economy-the-ondemand-workforce-57613212>

The bottom line: On-demand work is playing a far greater role in people's lives, planning, and career goals than we had previously thought. Interest in this work is not simply a function of the economic cycle. Many people choose this mode of work, even when they have other options. And the range of activities that fall under this umbrella is expanding. To understand why people find on-demand platforms appealing, it helps to understand the underlying dynamics affecting the mood of workers, and the reasons why people say they are engaging in on-demand work. Most are not doing it only because they have to or because they cannot find other work or full-time jobs.

“ In an age of structural economic insecurity, many on-demand workers regard their efforts as a means of building greater financial stability. ”

Only 11 percent of the respondents to our survey said an inability to find employment was a trigger for seeking on-demand work. In fact, for a large number of participants in this labor market, signing up with on-demand platforms is an offensive move aimed at gaining greater financial security and/or greater satisfaction and control in their professional lives. In an age of structural economic insecurity, many on-demand workers regard their efforts as a means of building greater financial stability and security. One in five, or 20 percent, said they are turning to on-demand work due to a financial hardship. At the same time, many others are using these powerful platforms to help build their own businesses and function as their own bosses.

For the purposes of this study, we define on-demand economy providers as people who work through an online on-demand platform that connects independent providers with customers. This is a narrower and smaller group than the larger mass of technology-enabled self-employed. For example, this group does not include people who earn money selling goods on Craigslist or eBay, or local babysitters who find gigs through word-of-mouth. It does include people such as product designers who find clients on Upwork, childcare providers who find gigs through Care.com or people driving for Lyft.

Study Methodology

In the fall of 2016, we surveyed 6,427 providers who find independent work on twelve on-demand economy platforms: Lyft, Amazon Mechanical Turk, Upwork, TaskRabbit, Wonolo, MBO Partners, OnForce, Work Market, Catalant, Field Nation, Kelly Services and Avvo.

A total of 6,247 workers who find work opportunities via the above mentioned online platforms completed an online survey between Sept. 20 and Nov. 18, 2016. The results were weighted to reflect the proportion of workers in each of the following segments: drivers/delivery/onsite consumer, online/offsite talent, field service/onsite business. This was the second year of this ongoing study and the overall results were consistent with the prior year's study results.³

On-Demand Work: Providing Financial Stability

One of our key findings is that on-demand work allows people to integrate work into their existing lifestyles, to manage it along with other work, and to assemble what amounts to a form of income insurance.

Nearly nine years after the onset of the financial crisis, and 7.5 years into the current economic expansion, the experience of workers vary widely. Underneath the macroeconomic numbers, there is a high baseline level of insecurity surrounding jobs, income, and benefits. Wages have generally been stagnant even though cost for vital services like education, housing, and health care have risen sharply.⁴ The typical worker has little in the way of savings and little capacity to weather a financial shock.⁵ In our survey, 44 percent of respondents said they wouldn't be able to cope with an emergency expense greater than \$400 without borrowing money and 34 percent said they have no retirement savings. When people lose their jobs, regardless of the rung on the income ladder they occupy, they often lose earnings power.⁶ It is difficult, especially for older workers in

3 Dispatches From The New Economy: The Five Faces Of The On-Demand Economy, Intuit, February 1, 2016 <https://www.slideshare.net/IntuitInc/dispatches-from-the-new-economy-the-five-faces-of-the-ondemand-economy>

4 Understanding the Historic Divergence Between Productivity and a Typical Worker's Pay, Economic Policy Institute Briefing paper 406, September 2, 2015

5 Report on the Economic Well-Being of U.S. Households in 2015, U.S. Federal Reserve Board, May 2016 <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>

6 Why does losing a job permanently reduce earnings?, Pawel Krolikowski, February 13 2015, World Economic Forum, <https://www.weforum.org/agenda/2015/02/why-does-losing-a-job-permanently-reduce-earnings/>

industries in transition to find new posts that pay as much as their old ones. In an era of fierce global competition and rapid change, companies are facing pressure to keep a tight lid on payrolls and benefits. The threats of disruption, automation, offshoring, and consolidation leave many workers feeling anxious.⁷

“ In an era when pensions, unemployment benefits and other social services are changing, many Americans view on-demand work as a way to create their own financial stability. ”

Add it all up, and there is a certain fragility underlying today's prosperity. Some 41 percent of the people in the survey reported experiencing a financial hardship over the past year, while only 34 percent said their income was more or less stable. About half of the on-demand workers said they were motivated by financial hardship either as a primary reason (19 percent) or as one of several reasons (32 percent) for pursuing on-demand work.

As a result, many people have a desire and both a financial and psychological need to have multiple sources of income. In an era when pensions, unemployment benefits and other social services are changing, many Americans view on-demand work as a way to create their own financial stability. Wanting to earn money or supplement income was cited as the leading answer for why people engage in on-demand work – 57 percent. A combined 41 percent of those in the survey already have full-time jobs (27 percent) or part-time jobs (14 percent). And of those, one-third see on-demand work as a backup in case something happens to their regular job. A combined 39 percent of on-demand workers say that the work has made their financial position somewhat better off (29 percent), or much better off (9 percent), while 14 percent report being worse off financially.

⁷ Uncertainty About Jobs Has a Ripple Effect. New York Times, May 16th 2014 https://www.nytimes.com/2014/05/17/your-money/uncertainty-about-jobs-has-a-ripple-effect.html?_r=0

The median income generated from their on-demand activities reported by on-demand workers in the survey – about \$2,500 annually – is substantially lower than the average of about \$12,000, which indicates that the typical on-demand worker is boosting income by a modest amount.

Baby Boomers Un-Retire Using the On-Demand Economy

In the evolving 21st century economy, it is becoming increasingly difficult for people over the age of 60 to find and retain full-time payroll employment.⁹ Meanwhile, many Baby Boomers are financially unprepared for retirement. According to the **Pew Charitable Trusts**, only 13 percent of Baby Boomers are covered by defined benefit pension plans.¹⁰

A recent PWC survey found roughly half of Baby Boomers have set aside \$100,000 or less, while over one-third have less than \$50,000 in retirement funds and only 15 percent have nest eggs worth more than \$500,000.¹¹ As a result, many Baby Boomers will find that they need to keep working. As it is, according to the **Bureau of Labor Statistics**, about 20 percent of Americans over 65 are working – the highest percentage since before the U.S. enacted Medicare in the early 1960s.¹²

9 Age Discrimination and Hiring of Older Workers, Federal Reserve Bank of San Francisco, February 27th, 2017, <http://www.frbsf.org/economic-research/publications/economic-letter/2017/february/age-discrimination-and-hiring-older-workers/>

10 Retirement Plan Access and Participation Across Generations, Pew Charitable Trusts, February 15th, 2017 <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/02/retirement-plan-access-and-participation-across-generations>

11 PWC 2016 Employee Financial Wellness Survey, <http://www.pwc.com/us/en/private-company-services/publications/financial-well-being-retirement-survey.html>

12 'I'll Never Retire': Americans Break Record for Working Past 65, Bloomberg May 13, 2016 <https://www.bloomberg.com/news/articles/2016-05-13/-i-ll-never-retire-americans-break-record-for-working-past-65>

At every stage of their journey, Baby Boomers have exerted a powerful demographic force on every phenomenon they have encountered. The on-demand economy is no different. For several reasons, it is likely that even as they enter retirement

- roughly 10,000 members of the vast cohort turn 65 each day
- Baby Boomers will seek self-employment on a full- or part-time basis.

But it's not simply about need. There is evidence that older workers are more likely to see on-demand work as a way to remain socially engaged. Of those 55 and over, 32 percent cited "like being around interesting people" as a motivating factor, compared with only 15 percent for the population at large.

Because Baby Boomers are healthier than prior generations of seniors, they are more able to keep working – especially in service positions. And as they age, Baby Boomers will continue to seek flexible work that allows them to pursue other interests, like travel or spending time with grandchildren. In our survey, six percent of all respondents – and 31 percent of those over the age of 55 – said they were retired. Of the retired respondents over 55, most – 58 percent – said they were retired but still wanted to work, while 42 percent said they needed to work.

The reasons on-demand Baby Boomers gave for participating in such platforms were generally quite similar to the reasons cited by the on-demand population at large. Of those self-identifying as retired, 67 percent said they wanted to supplement their income, compared with 57 percent for the entire population; 74 percent of the Baby Boomer demographic said they were highly satisfied or satisfied with on-demand work, compared with 67 percent for the population at large; and 35 percent of those over 55 cited "doing what I love" as a reason compared with 30 percent for the total. And Baby Boomer workers, like the population at large, identified not having enough work as the top challenge.

The On-Demand Economy is Building Businesses

A second major theme that emerges from our survey: a large proportion of people regard the on-demand economy and on-demand platforms as places to start and build their own businesses. This may be part of the same impulse driving those seeking more financial stability. In today's world, many find a greater sense of security in owning a business or being self-employed.¹³ But at some level, it is a fundamentally different imperative. The platforms do not simply provide hourly or project work. They function as platforms on which people can construct, build, and run businesses that may ultimately employ others.



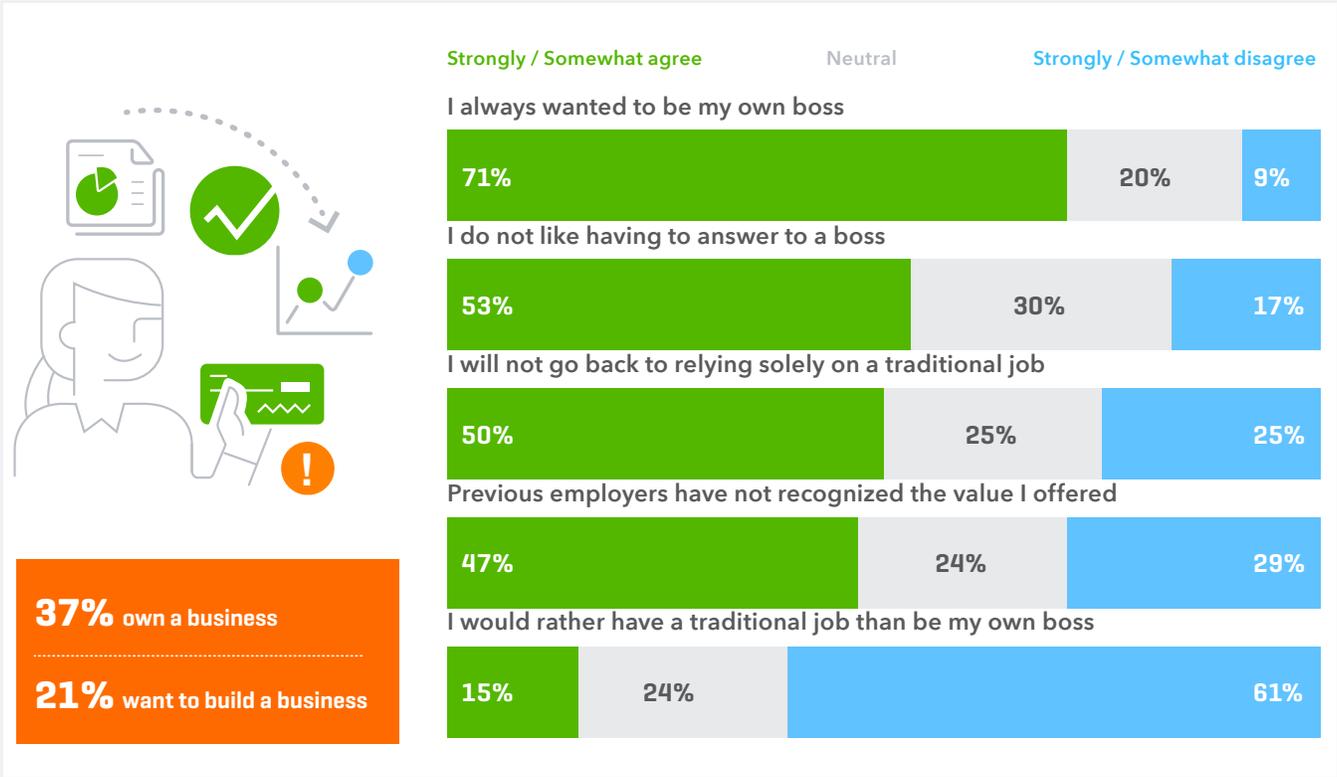
For traditional independent workers and business builders, turning to these marketplaces to find new customers is becoming a powerful channel for customer acquisition.



In our survey, 37 percent of those who responded said they already own a business. Those building a business — about 20 percent of our survey — are the most likely to already have their own business and use gig work to supplement or expand this existing business.

¹³ MBO Partners 2016 State of Independence study, <https://www.mbopartners.com/state-of-independence>

Clearly, the same impulse compelling individuals to seek financial stability is at work here. But there’s another powerful motivating factor for people to build businesses on on-demand platforms. There is a strong independent streak among on-demand workers. Some 71 percent of survey respondents reported they had always wanted to be their own boss, while 53 percent said they did not like having to answer to a boss, and half vowed not to return to relying solely on a traditional job. The desire to create and control one’s own schedule was the second-most-frequently cited reason for working in the on-demand economy, with 46 percent citing it, behind wanting to earn more/supplemental income (57 percent). **And 91 percent of those surveyed said they like controlling when, where and how they work.**



Measuring Satisfaction

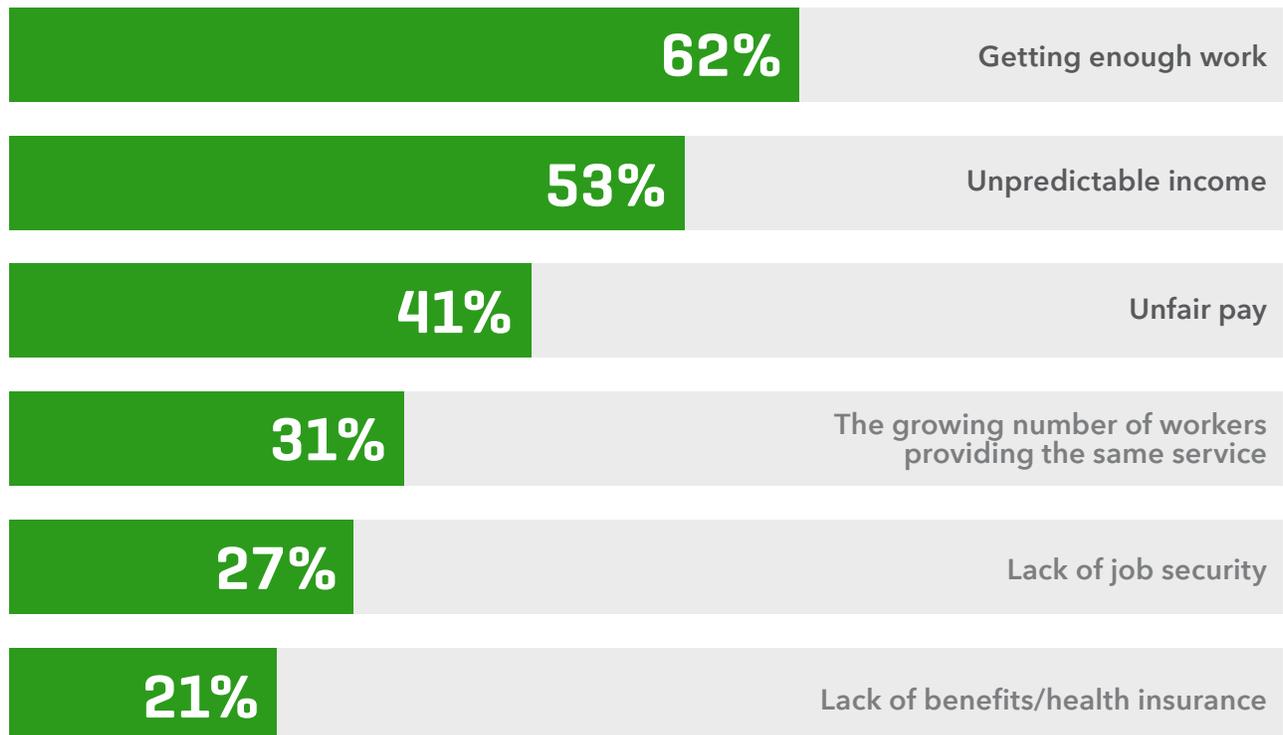
The data tells us that the interest in on-demand work is not simply a function of economic cycles, or the short-term dynamics in supply and demand for full-time jobs. Rather, for many people, the ability to do this work taps into structural and deep-seeded factors. In part because they can use these platforms to augment their income or build businesses they can control, those who do on-demand work are committed to it – emotionally and professionally. Two out of three on-demand workers in our survey reported that they are satisfied with this mode of working: 50 percent are highly satisfied, and 17 percent are satisfied. In a further indication that this mode of work is rewarding, the overwhelming majority of respondents – over 80 percent – believe they are likely to continue. Of those surveyed, 45 percent said they definitely plan to keep working with their primary on-demand economy partners 12 months from now, while 36 percent said they probably would. Only 15 percent of those surveyed said they might not continue to work with their primary on-demand partner while the remaining 3 percent said they probably would not continue.

Satisfaction can vary, however. Only 38 percent of those doing on-demand work because they can not find full-time employment say they find the work rewarding, compared with 96 percent for those who view gig work as a viable and strategic career path.

Challenges and Issues

On-demand work does not work equally well for everybody, and as with any new mode of working, there are challenges that arise in the on-demand workplace. For example, there is often a fine line between independence and being on your own. On-demand work is not typically a complete substitute for full-time payroll employment and it is often difficult to find a consistent stream of work. As a result, many on-demand workers have to factor in both income variability and uncertainty when trying to budget and save. Another challenge that on-demand workers face is being able to navigate an already crowded market. More than 3 in 10 report a growing number of workers providing the same service in their marketplace.

Top Challenges

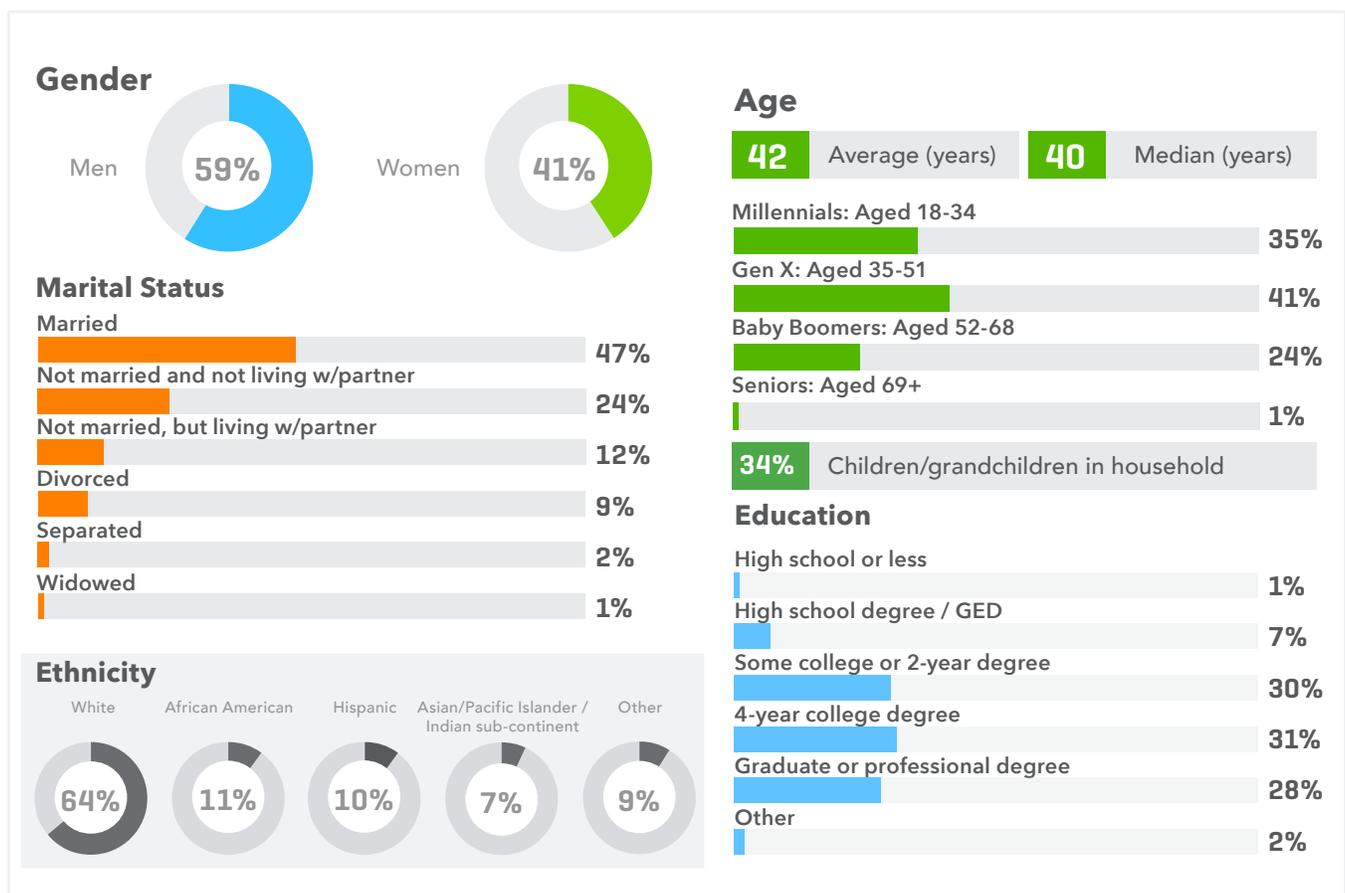


One of the main challenges reported by on-demand workers is that they can not get enough of it. In the survey, 62 percent said a top challenge was getting enough work, while 53 percent cited unpredictable income. Nearly half – 47 percent – said they would like to increase the amount of work they do on these platforms, while 34 percent said they would like to keep it about the same. And many of the features that people complain about with regard to part-time or full-time jobs are also present in the on-demand workplace. In the survey, 41 percent cited unfair pay as a top challenge, while 27 percent cited the lack of job security, and 21 percent cited the lack of benefits/health insurance.

While it offers more flexibility and control, on-demand work does not come without risk. Only 25 percent of those surveyed said working independently is less risky than traditional employment. Just one out of three gig workers reports monthly income that is more or less stable. And a quarter of such workers say they lack health insurance or had to forgo medical treatment for financial reasons in the past 12 months.

Who Does On-Demand Work

A popular image of on-demand workers holds that they are disproportionately young, single millennials who had difficulty gaining a foothold in the labor market, or people without options in the workplace. But that is not the picture our survey paints. The on-demand workforce is generationally diverse: 35 percent Millennials, 41 percent Gen Xers, and 24 percent Baby Boomers. The on-demand workforce skews male, by a 59-41 percent margin, although less so than in the past. (In 2015, by comparison, survey respondents were 63 percent male and 37 percent female.) A majority of the participants in this economy have a college degree, with 31 percent reporting a bachelor's degree and 28 percent having graduate or professional degrees. That is significantly higher than the proportion achieving this level of education in the population at large.¹⁴ And nearly half – 47 percent – are married.



¹⁴ Educational Attainment in the United States: 2015, U.S. Census, March 2016, <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf>

Conclusion

The fact that people are embracing on-demand work as a way to improve their financial security and stability and as a way to build business – even at a time when traditional payroll jobs are plentiful – suggests that this mode of working is here to stay. With each passing year, finding work and building businesses on these platforms becomes more important to a larger number of people.

It is important to note that on-demand work is a tool to help manage income volatility, and not the solution to some of the issues affecting the labor market today. And while it can alleviate some of the big economic challenges American workers face, especially by providing an additional source of income and a safety net in times of need, it is not yet sufficiently robust to provide the amount of work, at the sustainable wage rates, that all its participants seek.

As effective as these platforms are, and as rapidly as they have grown, there is still work to be done in analyzing and understanding the motivations of on-demand workers – and on meeting their needs. Policymakers and the private sector should continue to innovate to allow on-demand workers to thrive and build a greater sense of stability. On-demand platforms offer the potential to empower large numbers of people to take advantage of work opportunities, make contacts, and gain vital income.

The on-demand economy is still very much in the early stages of growth. We know that in the future, work and jobs will be more complicated, nuanced, and diverse. As on-demand platforms evolve and grow, we will continue to analyze and monitor developments in this dynamic sector.