

Committee: Economic and Social Council (ECOSOC)

Topic: Discussing the Impact of the Gig Economy on Workers' Rights and Social Welfare

Student Officer: Yiannis Gkoudis

Position: President

Topic Introduction

The technological advancements of the 21st century and a rise in demand for more flexible workplaces have helped in the exponential growth of the gig economy. Gig platforms have played a major role in providing gig workers a way to offer their services, making it extremely easy for clients to request them. While the rise of the gig economy has offered workers numerous benefits such as increased job flexibility, it has also created problems for policymakers who are trying to regulate it. Some of the challenges gig workers currently face are the absence of benefits that typical workers have, such as health insurance, paid sick leave, and retirement benefits. Additionally, they lack protection under labor laws, which cover issues such as the establishment of a minimum wage and workplace safety. This issue mostly stems from the fact that most gig workers are classified as independent contractors rather than workers, something that policymakers all around the world are trying to tackle without repressing the integrity of gig work. The goal is to provide gig workers with access to traditional social safety nets and a way to stabilize their income, so as for them to not be as vulnerable in times of financial crises.

Definition of key concepts

Gig

A gig is “a job that is temporary, does not offer many hours, or may end at any time, usually involving working for yourself rather than for an employer”¹.

¹Gig | English Meaning - Cambridge Dictionary, dictionary.cambridge.org/dictionary/english/gig#:~:text=a%20job%20that%20is%20temporary%2C%20does%20not%20offer%20many%20hours%2C%20or%20may%20end%20at%20any%20time%2C%20usually%20involving%20working%20for%20yourself%20rather%20than%20for%20an%20employer%3A. Accessed 27 June 2024.



Contractor

The term “contractor” typically refers to “someone who works or provides a service for a company for a limited period of time, but is not an employee”².

Gig Platform

Gig platforms are online spaces that provide gig workers the ability to offer their services to individuals or companies, whether it’s delivery services, ride-hailing, graphic design, etc. Some of these platforms include Uber, DoorDash, and Skillshare.

Universal Basic Income

“Universal basic income (UBI) is the concept of a government program in which every adult citizen receives a set amount of money regularly. The goals of a basic income system are to alleviate poverty and replace other need-based social programs that potentially require greater bureaucratic involvement”³.

Social Welfare

“Services provided by the government or private organizations to help poor, ill, or old people”⁴.

Background Information

The Rise of the Gig Economy and its problems

The term “gig job” originally emerged from the music industry in the early 1900s, when it was used to characterize musicians who performed at various venues. Gig work later became widespread, when companies that were suffering from employee scarcity started to hire workers on

² Meaning of Contractor in English - Cambridge Dictionary, dictionary.cambridge.org/dictionary/english/contractor#:~:text=someone%20who%20works%20or%20provides%20a%20service%20for%20a%20company%20for%20a%20limited%20period%20of%20time%2C%20but%20is%20not%20an%20employee%3A. Accessed 27 June 2024.

³ Peters, Katelyn. “What Is Universal Basic Income (UBI), and How Does It Work?” *Investopedia*, Investopedia, [www.investopedia.com/terms/b/basic-income.asp#:~:text=Universal%20basic%20income%20\(UBI\)%20is,potentially%20require%20greater%20bureaucratic%20involvement](https://www.investopedia.com/terms/b/basic-income.asp#:~:text=Universal%20basic%20income%20(UBI)%20is,potentially%20require%20greater%20bureaucratic%20involvement). Accessed 27 June 2024.

⁴ “SOCIAL WELFARE | English meaning - Cambridge Dictionary.” *Cambridge Dictionary*, 7 August 2024, <https://dictionary.cambridge.org/dictionary/english/social-welfare>. Accessed 11 August 2024.



a short-term basis. Some of the most popular early gig jobs included taxi drivers, courier services, and photographers and journalists, who sold their work to multiple clients and publications.⁵

Its rise in popularity didn't start until the late 1990s when the first online gig platforms were launched. One of them, namely Elance (now called Upwork), was a pioneer of the gig economy, with its model paving the way for other gig platforms to follow, such as Uber and Lyft.⁶

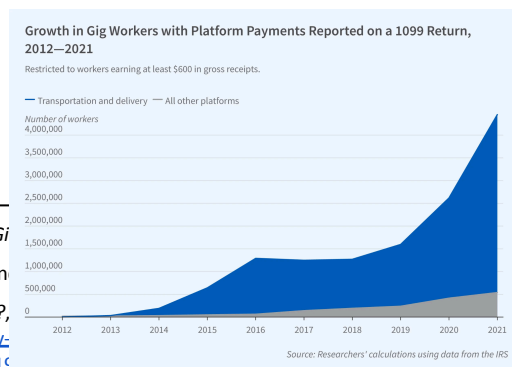
With the help of the technological advancements of the 21st century such as the creation of smartphones, GPS systems, and the internet as we know it today, the gig economy quickly became a global market in which freelancers and independent contractors could easily participate. Its impact was made apparent by the growing demand for services such as ride-sharing and food delivery. Additionally, the COVID-19 pandemic saw a rise in remote work, and consequently gig work as well. For example, in the United States of America, gig work rose from 28% in 2019 to 36% in 2020.⁷

Unfortunately, the lack of critical benefits such as paid leave, retirement plans, and health insurance has left gig workers vulnerable to various degrees. Since they are classified as independent contractors rather than regular employees, they usually do not have access to labor rights like minimum wage, overtime pay, and unionization rights. Because of this, there have been ongoing discussions on whether gig workers should be reclassified to provide them with better legal protections, or if new laws should be made to specifically meet their demands. Advocates for gig workers claim that as the gig economy grows, it's important to ensure that gig workers have access to fair compensation and other benefits, emphasizing that flexibility shouldn't come at the expense of job security.

⁵ "History of Gig Economy." *History of Gi*

⁶ "Upwork." *Wikipedia*, Wikimedia Foun

⁷ *Why Are so Many People Freelancing?*, www.fastcompany.com/90732237/why-grew%20from%2028%25%20in%202019



. Accessed 10 July 2024.

www.fastcompany.com/90732237/why-grew%20from%2028%25%20in%202019



Figure 1: Graph Outlining the Rise of US Gig Workers Reported by the IRS in the Years 2012-2021⁸

The Challenges Policy Makers Currently Face

As the issue has become more apparent, many policymakers have realized that gig workers aren't entitled to certain rights traditional employees have. Most importantly, they lack a stable income, job security, and health insurance. One of the first advocacy groups to address the issue was the [National Employment Law Project](#) (NELP), which conducts research and publishes articles highlighting the current problems gig workers face. One of its major successes was promoting and supporting the now-passed [California Assembly Bill 5](#).

Governments and policymakers worldwide are trying to provide gig workers with the rights and benefits they should be entitled to. Its rapid and steady growth has created all sorts of issues that must be addressed. First of all, there is a huge lack of clear data regarding the gig economy, with different studies having varying interpretations of what the gig economy encompasses. Many United Nations bodies such as the International Labor Organization (ILO) and the United Nations Conference on Trade and Development (UNCTAD) have begun to address the issue by conducting thorough research and reports outlining the problems gig workers are currently dealing with. However, the lack of understanding of the varying practices and pay structures each gig platform has, has thwarted research and policymaking a considerable amount.⁹

⁸ "The Evolving Role of Gig Work during the Covid-19 Pandemic." *NBER*, www.nber.org/digest/20238/evolving-role-gig-work-during-covid-19-pandemic. Accessed 10 July 2024.

⁹ Sharma, Ramkrishna. "Protecting Worker Earnings in the Technology-Driven Gig Economy: Policy Approaches for Sustainable Stability and Fairness." *Science-Policy Brief for the Multistakeholder Forum on Science, Technology and Innovation for the SDGs*, May 2024, sdgs.un.org/sites/default/files/2024-05/Sharma_Protecting%20Worker%20Earnings%20in%20the%20Technology-Driven%20Gig%20Economy.pdf.



Additionally, there has been some discourse regarding the nature of gig work, and how gig workers should be categorized. In some countries, such as Australia, the category “dependent contractor” is being considered, extending certain benefits to gig workers, and providing them with job security. However, this has the potential to bring a whole new set of challenges forth, such as recontextualizing what it means to be an employee. This can blur the line between different forms of employment and create legal complexities in ensuring fair treatment and social welfare across gig workers.

In order for policymakers to approach the issue at hand, they must have a clear grasp of the gig economy and everything that encompasses it. Member States must work together to innovate new ways to apply employment policies to gig workers by regulating gig platforms and ensuring their compliance. In this way, they can extend essential rights and protections, such as health insurance and minimum wage.

<u>1999</u>	Founding of Elance, one of the first online platforms that offered users the ability to sign up for freelance work. ¹⁰
<u>March 2009</u>	Launch of Uber, the first ride-sharing gig platform. ¹¹
<u>9 September 2015</u>	The National Employment Law Project begins advocating for better gig worker rights, highlighting issues such as the lack of social insurance protections. ¹²
<u>September 2019</u>	California’s AB-5 is signed into law. ¹³

¹⁰ “Upwork.” *Wikipedia*, Wikimedia Foundation, 26 June 2024, en.wikipedia.org/wiki/Upwork.

¹¹ “Uber.” *Wikipedia*, <https://en.wikipedia.org/wiki/Uber>. Accessed 12 August 2024.

¹² National Employment Law Project. “Report: Transforming Gig Jobs Into Good Jobs.” *NELP*, 9 September 2015, <https://www.nelp.org/report-transforming-gig-jobs-into-good-jobs/>. Accessed 13 August 2024.

¹³ “Worker classification and AB 5 frequently asked questions | FTB.ca.gov.” *Franchise Tax Board*, <https://www.ftb.ca.gov/file/business/industries/worker-classification-and-ab-5-faq.html>. Accessed 13 August 2024.



<u>8 December 2019</u>	COVID-19 outbreak. ¹⁴
<u>24 April 2024</u>	The EU Parliament adopts the EU Platform Workers’ Directive. ¹⁵

Major countries/organizations and alliances

Kenya

Kenya’s gig economy has been on the rise for the past decade, due to its unemployment rate reaching 26,4%.¹⁶ Gig work was able to provide alternative sources of income to many young unemployed Kenyans. With that, Kenya’s government has started to identify and address the challenges gig workers face with reports such as the [Fairwork Kenya Ratings](#). Additionally, with the help of an organization called the [Mercy Corps](#), Kenya’s government is attempting to reduce its unemployment rates by conducting research and gathering data on the gig economy, to develop policies that adequately solve the issues of gig workers.

United Kingdom

The United Kingdom is one of many countries that saw a surge in its gig economy during the COVID-19 pandemic. Surprisingly, delivery and ride-sharing services, such as Uber and Deliveroo make up only one-fifth of gig workers in the United Kingdom. Refer [here](#) for more information. Their Taylor Review of Modern Working Practices of 2017 recommended the creation of a new category named “dependent contractor”, which offers enough rights for them to still have the luxury of business flexibility without being full employees.¹⁷

¹⁴ “Timeline of the COVID-19 pandemic in 2019.” *Wikipedia*, https://en.wikipedia.org/wiki/Timeline_of_the_COVID-19_pandemic_in_2019. Accessed 13 August 2024.

¹⁵ “Parliament Adopts Platform Work Directive: News: European Parliament.” *Parliament Adopts Platform Work Directive | News | European Parliament*, www.europarl.europa.eu/news/en/press-room/20240419IPR20584/parliament-adopts-platform-work-directive. Accessed 28 June 2024.

¹⁶ “Towards a Digital Workforce: Understanding the Building Blocks of Kenya’s Gig Economy.” *Mercy Corps*, 20 Jan. 2020, www.mercycorps.org/research-resources/kenya-gig-economy#:~:text=With%20the%20overall%20unemployment%20rates%20standing%20at%2026.4%20percent.

¹⁷ “Good Work: The Taylor Review of Modern Working Practices.” *GOV.UK*, assets.publishing.service.gov.uk/media/5a82dcce5274a2e87dc35a4/good-work-taylor-review-modern-working-practices-rg.pdf. Accessed 25 June 2024.



United States of America

The United States of America has played a significant role in making the gig economy thrive, having the largest gig economy market globally. More than one-third of its population are gig workers.¹⁸ Additionally, platforms that provide gig workers with the ability to offer their services to others such as Uber, Lyft, Doordash, and Fiverr, were founded in the USA.

International Alliance of App-Based Transport Workers

The International Alliance of App-Based Transport Workers (IAATW) is an international organization founded in Oxford in January 2020 to launch global campaigns regarding the rights of ride-sharing app drivers. For more information visit their [home page](#). One of the organization's most notable successes happened in 2021 when UK judges ruled in favor of IAATW that Uber drivers should be categorized as workers.¹⁹

Previous attempts to solve the issue

California's Assembly Bill 5

California's Assembly Bill 5 (AB-5) is a piece of legislation that requires companies that hire gig workers, such as Uber and DoorDash, to reclassify them as full employees. For more information on AB-5, refer to [this website](#). Although AB-5 entitles gig workers to all sorts of benefits, such as a minimum wage, it faced criticism since this reclassification potentially makes gig workers lose the flexibility they had as independent contractors.

The EU Platform Workers Directive

The EU Platform Workers Directive (EUPWD) is an initiative that aims to provide gig workers who work at gig platforms with employee benefits, by introducing certain criteria that, if met, will presume gig workers as employees. For more information visit [this website](#). These proposals were criticized by many gig platforms, including Uber and Wolt. On February 8th, 2024, following some EU

¹⁸ admin_ws. "The Gig Economy: A New Challenge for Policy Makers." *Whiteshield*, 27 Feb. 2024, whiteshield.com/insights/the-gig-economy-a-new-challenge-for-policy-makers/#:~:text=What%20was%20once%20viewed%20as%20an%20alternative%20or%20supplementary%20form%20of%20employment%20has%20now%20transformed%20into%20a%20primary%20source%20of%20income%20for%20approximately%20one%20third%20of%20the%20US%20workforce%2C%20contributing%20to%20reshape%20global%20workforce%20dynamics.

¹⁹ "International Alliance of App-based Transport Workers." *Wikipedia*, https://en.wikipedia.org/wiki/International_Alliance_of_App-based_Transport_Workers. Accessed 13 August 2024.



countries opposing the directive, a final deal was made, which included a [reformed version of the directive](#). The EUPWD has shown some improvement regarding the rights of gig workers in the EU, but more is needed to determine its impact. Furthermore, its applicability on the international scale is doubtful and would require multiple reforms, since this directive only works within the context of European labor laws, which might not align with countries outside of the EU.

Possible solutions

Enhancing Legislation and Regulation

Instead of recategorizing gig workers and having them risk losing the flexibility they have as independent contractors, legislation could be established, which will entitle gig workers to basic rights and protections, such as minimum wage, and safe working conditions to guarantee a safe working environment. These regulations should also mandate paid sick leave and health insurance, along with other benefits. Furthermore, member states can offer tax incentives for gig platforms that can better provide workers with the benefits mentioned above, along with retirement plans. This will not only impact the lives of gig workers greatly but also encourage gig platforms to improve their workers' rights and protections voluntarily. However, this can potentially increase platform costs, and consequently the costs of the services by a significant amount.

Implementation of Financial Safety Nets

By implementing types of financial safety nets – such as health, unemployment, and deposit insurance – income support measures can be introduced such as a Universal Basic Income (UBI) for all gig workers, which will entitle them to receive an unconditional minimum income. This income can be different for each type of gig work according to certain criteria, such as skill requirements, physical demands, work conditions, etc. This type of solution is extremely complex to implement, as it requires constant administration and evaluation of the various types of gig jobs that exist, to appropriately apply a UBI for each of them.

Creation of Gig Worker Benefits Platforms

Following the model of the USA's [Affordable Care Act of 2010](#), each member state can create an online platform that hosts benefits for gig workers. Both gig platforms and workers can contribute



to a benefits plan for gig workers to be eligible for these platforms, they must meet certain criteria, such as a consistent amount of customer interactions each month. Gig platforms will have to make a minimum contribution to each benefits platform. This will in turn support gig workers financially and help them earn income above the minimum wage level. Additional contributions can also be made by gig platforms on behalf of their workers, which will cover additional benefits. Some of these benefits can be contributions toward retirement savings and emergency funds. If gig workers work for multiple platforms, they will be able to pull contributions from all of them. Although this is a very strong solution, it has the potential to create disparities between gig workers who apply for benefits and those who don't. Additionally, smaller-scale platforms might not be able to meet the minimum contribution requirements and offer the benefits that more prominent gig platforms provide, essentially suppressing any competition within the gig economy.

Bibliography

- Agnes. "The Social Implications of the Gig Economy on Workers' Rights and Job Security." *Medium*, Medium, 29 Mar. 2024, medium.com/@a3443706/the-social-implications-of-the-gig-economy-on-workers-rights-and-job-security-96d6ad4df113.
- Jamie Woodcock University of Oxford Estimated r, et al. "The Impact of the Gig Economy." *OpenMind*, www.bbvaopenmind.com/en/articles/the-impact-of-the-gig-economy/. Accessed 25 June 2024.
- "Gig Economy and Its Implications for Social Dialogue and Workers' Protection." *Swiss Network for International Studies*, snis.ch/projects/gig-economy-and-its-implications-for-social-dialogue-and-workers-protection/. Accessed 25 June 2024.
- "The Impact of the Gig Economy on Labour Laws ..." *ICJRT*, ijcrt.org/papers/IJCRT21X0220.pdf. Accessed 25 June 2024.
- "(PDF) Challenges and Impact of the Gig Economy." *Research Gate*, www.researchgate.net/publication/379535699_Challenges_and_impact_of_the_gig_economy. Accessed 25 June 2024.
- "Challenges and Impact of the Gig Economy." *Sin-Chn*, Google, www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://ojs.sin-chn.com/index.php/SE/article/download/96/44/&ved=2ahUKEwj2k8a-0PSGAXVM8wiHHQs4CpwQFnoECDMQAQ&usq=AOvVaw2r3G9zPok-aXABAql0o4qJ. Accessed 25 June 2024.
- admin_ws. "The Gig Economy: A New Challenge for Policy Makers." *Whiteshield*, 27 Feb. 2024, whiteshield.com/insights/the-gig-economy-a-new-challenge-for-policy-makers/.



corporateName=Commonwealth Parliament; address=Parliament House, Canberra. "Regulating the 'gig' Economy as a Form of Employment." *Home – Parliament of Australia*, corporateName=Commonwealth Parliament; address=Parliament House, Canberra, ACT, 2600; contact=+61 2 6277 7111, 13 Sept. 2022, www.apf.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/GigEconomy.

"Good Work: The Taylor Review of Modern Working Practices." *GOV.UK*, assets.publishing.service.gov.uk/media/5a82dcdce5274a2e87dc35a4/good-work-taylor-review-modern-working-practices-rg.pdf. Accessed 25 June 2024.

"The True Story of the UK Gig Economy." *CIPD*, www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/uk-gig-economy/. Accessed 25 June 2024.

Services, ABC Legal. "Update: California Gig Workers and What You Need to Know." *ABC Legal Services*, www.abclegal.com/blog/california-gig-workers-what-you-need-know?utm_device=c&utm_term=&utm_source=google&utm_medium=ppc&utm_campaign=&hsa_cam=21397673025&hsa_grp=&hsa_mt=&hsa_src=x&hsa_ad=&hsa_acc=4530872130&hsa_net=adwords&hsa_kw=&hsa_tgt=&hsa_ver=3&gad_source=1&gbraid=0AAAAAD_q1t6nq1owNwEckfE0bQ71z6CdA&gclid=CjwKCAjw-O6zBhASEiwAOHeGxcG1iLCxmiHwTw24ZmaAFeWOBdYjowfFkxQkZscdVqwNnlc1Z3bNBoCqloQAvD_BwE. Accessed 26 June 2024.

Lake, Rebecca. "California Assembly Bill 5 (Ab5): What's in It and What It Means." *Investopedia*, Investopedia, www.investopedia.com/california-assembly-bill-5-ab5-4773201. Accessed 26 June 2024.

"California Proposition 22, App-Based Drivers as Contractors and Labor Policies Initiative (2020)." *Ballotpedia*, [ballotpedia.org/California_Proposition_22_App-Based_Drivers_as_Contractors_and_Labor_Policies_Initiative_\(2020\)](http://ballotpedia.org/California_Proposition_22_App-Based_Drivers_as_Contractors_and_Labor_Policies_Initiative_(2020)). Accessed 26 June 2024.

"Gig Economy: How the EU Improves Platform Workers' Rights: Topics: European Parliament." *Topics | European Parliament*, www.europarl.europa.eu/topics/en/article/20190404STO35070/gig-economy-how-the-eu-improves-platform-workers-rights. Accessed 27 June 2024.

EU Lawmakers, Countries Reach Deal on Gig Workers' Rights at Second Attempt | Reuters, www.reuters.com/world/europe/eu-lawmakers-countries-reach-deal-gig-workers-rights-second-attempt-2024-02-08/. Accessed 27 June 2024.

Kalyan Bhaskar, Jennifer J. Griffin, et al. "How Should We Provide Benefits to Gig Workers?" *Brookings*, 13 June 2024, www.brookings.edu/articles/how-should-we-provide-benefits-to-gig-workers/.

"Parliament Adopts Platform Work Directive: News: European Parliament." *Parliament Adopts Platform Work Directive | News | European Parliament*, www.europarl.europa.eu/news/en/press-room/20240419IPR20584/parliament-adopts-platform-work-directive. Accessed 28 June 2024.



EU Rules on Platform Work - Consilium, www.consilium.europa.eu/en/policies/platform-work-eu/. Accessed 28 June 2024.

EU Lawmakers, Countries Agree on a Bill on Gig Workers' Rights | Reuters, www.reuters.com/world/europe/eu-lawmakers-countries-agree-bill-gig-workers-rights-2023-12-13/. Accessed 28 June 2024.

Sharma, Ramkrishna. "Protecting Worker Earnings in the Technology-Driven Gig Economy: Policy Approaches for Sustainable Stability and Fairness." *Science-Policy Brief for the Multistakeholder Forum on Science, Technology and Innovation for the SDGs*, May 2024, sdgs.un.org/sites/default/files/2024-05/Sharma_Protecting%20Worker%20Earnings%20in%20the%20Technology-Driven%20Gig%20Economy.pdf.

"The Evolving Role of Gig Work during the Covid-19 Pandemic." *NBER*, www.nber.org/digest/20238/evolving-role-gig-work-during-covid-19-pandemic. Accessed 10 July 2024.

"History of Gig Economy." *History of Gig Economy*, dailyskills.co.in/blog/the-origin-of-gig-economy. Accessed 10 July 2024.

"Upwork." *Wikipedia*, Wikimedia Foundation, 26 June 2024, en.wikipedia.org/wiki/Upwork.

Why Are so Many People Freelancing?, www.fastcompany.com/90732237/why-are-so-many-people-freelancing#:~:text=the%20number%20of%20full%2Dtime%20freelancers%20grew%20from%2028%25%20in%202019%20to%2036%25%20in%202020. Accessed 10 July 2024.

Admin. "Government Urged to Protect Dignity and Rights of Digital Platform Workers by Lobby Groups." *Kenya Newspost*, 18 Mar. 2024, kenyanewspost.co.ke/2024/03/16/government-urged-to-protect-dignity-and-rights-of-digital-platform-workers-by-lobby-groups/.

"Towards a Digital Workforce: Understanding the Building Blocks of Kenya's Gig Economy." *Mercy Corps*, 20 Jan. 2020, www.mercycorps.org/research-resources/kenya-gig-economy#:~:text=With%20the%20overall%20unemployment%20rates%20standing%20at%2026.4%20percent.

"International Alliance of App-based Transport Workers." *Wikipedia*, https://en.wikipedia.org/wiki/International_Alliance_of_App-based_Transport_Workers. Accessed 13 August 2024.