CHAPTER 7 EMPLOYMENT IN THE SHARING ECONOMY

1. **employment** the occupation, business, trade or profession for which you are paid
2. **sharing economy** an economic model based on people taking underutilized assets (resources) and making them accessible online to a community, for free or for payment, leading to a reduced need for ownership of those assets; *crowd-based capitalism, on-demand economy,gig economy*
3. **on-demand platforms** online platforms where independent sellers can offer goods or

services to customers; *on-demand work platforms*

1. **freelancers** individuals working on a contract basis for a variety of companies, as opposed to working as an employee for a single company
2. **generalists** people who do not specialise in a particular area of knowledge or expertise
3. **full-time job** a position which requires an employee to work for the whole of each normal working week rather than for part of it
4. **unemployed** the situation of being jobless when willing and able to work
5. **microentrepreneurship** refers to the organizational, managerial and financial skills

required for a small-scale entrepreneur to operate a microbusiness successfully, especially

a new venture

1. **self-employment** a situation in which an individual works for himself, such as running a small business of his own
2. **employees** individuals paid a salary or a wage for working for an organization

11)**labor department** a cabinet-level department of the U.S. federal government responsible

for occupational safety, wage and hour standards, unemployment insurance benefits,

reemployment services, and some economic statistics

1. **work for profit** job activity in which a person aims to earn an income as an entrepreneur rather than be paid a wage
2. **BLS (Bureau of Labor Statistics)** the principal fact-finding agency for the U.S. federal

government in the broad field of labor economics and statistics

1. **survey** the collection and analysis of data relating to people’s opinions, habits or practices
2. **underemployed** a situation in which someone has a job but is working fewer hours than they wish or is doing a job which does not fully utilize their ability or capacity
3. **software contractor** a self-employed developer who has the ability to design and implement software solutions from start to finish
4. **investment banker** an individual who works in a financial institution that is in the business primarily of raising capital for companies, governments and other entities
5. **rents out** allows people to use property temporarily in exchange for a one-off payment or regular ones
6. **GDP (Gross Domestic Product)** the total monetary value of the overall output of goods and services produced annually within a country’s geographic borders
7. **metrics** standards of measurement by which efficiency, performance, progress, or quality of a plan, process, or product can be assessed
8. **income** earnings people receive in return for providing their labour
9. **work-life balance** the optimal arrangement of an individual’s on-the-job and private time to facilitate health and personal satisfaction without negatively impacting productivity and professional success
10. **commute** trip made every day to get to work
11. **part-time jobs** occupations in which employees work for part of each week rather than for the whole of it
12. **sustainability** development that meets the needs of the present, without compromising the ability of future generations to meet their own needs; *sustainable development*
13. **labor disputes** disagreements between employees and employers over terms and conditions of employment**;** *industrial disputes*
14. **filed** lodged officially
15. **class action** a lawsuit in which a group of people with the same or similar injuries caused by the same product or action sue the defendant as a group
16. **contractors** entrepreneurs under contract to provide goods and services to clients
17. **labor lawyer** an advocate who represents both employers and employees in workplace disputes and negotiations
18. **user ratings** scores or measurements of how good or popular a service is according to those who use it
19. **guidelines** official instructions issued by an organization on how to do something
20. **city managers** executive staff in charge of instructing self-employed Uber drivers about which urban areas to focus on to pick up customers
21. **microbusinesses** very small-scale entreprises, especially new ventures; *micro-enterprises*
22. **labor** human factor of the production process; *work*
23. **case** suit or action in law or in equity
24. **policymakers** people who are responsible for or involved in formulating plans and ideas, especially those to be implemented by government; *decision makers*
25. **innovation** process by which an idea or invention is brought onto the market
26. **workplace protections** on-the-job employee rights and entitlements which are protected by law
27. **labor secretary** a member of the Cabinet of the United States who heads and exercises control over the U.S. Department of Labor, and who enforces and suggests laws involving unions, the workplace and all other issues involving any form of business-person controversies; *secretary of labor*
28. **on-demand workers** independent contractors employed by companies such as Uber or Lyft
29. **wages** workers’ remuneration for the services of their labor; *pay*
30. **benefits** additional advantages provided by an employer to supplement an employee’s regular pay, such as a bonus, free health insurance, a pension, company car, luncheon vouchers; *fringe benefits, perks*
31. **job insecurity** the situation in which employees lack the assurance that their jobs will remain stable over the short, medium or long term
32. **safety net** cash and in-kind transfers targeted to low-income individuals and families with the goal of protecting them from poverty; *social safety net*
33. **empowered** having been provided with the means to achieve something
34. **take control of** to win enough of a company’s capital to make all the important decisions about how it is run; *gain control of*
35. **scale** the extent to which control of something is taken
36. **schedule** the days and hours an individual works on a weekly basis; *work schedule*
37. **businesses (2)** commercial or industrial organizations that aim at making a profit through their activities; *companies, business enterprises*
38. **consumers** buyers of goods and services who use them to satisfy their needs

1. Turn to the **definitions** for the text *Employment in the Sharing Economy*. They refer

to the specialist terms printed in **bold** type in the list of **Useful words and concepts**.

2. Use an **English** language dictionary to find the meanings (in context) of the other words in

the list.

3. Do the exercises to improve your language skills.

Employment in the Sharing Economy

As we move into an economy where work is decomposed into tasks done around the world,

performed in people’s spare time or through on-demand platforms, and services are provided by freelancers working through multiple platforms or offered by generalists who may be specialists in something else, our systems to keep track of how much employment there is in the economy start to get seriously challenged. For most of the second half of the 20th century, most Americans worked a single profession at a time, as a full-time job. If they lost that job, they were out of work until they found another full-time job. In today’s economy, being employed or unemployed is becoming increasingly difficult to measure as micro entrepreneurship, multiple gigs, freelance work, and fluid self-employment muddle traditional definitions and measures.

As a growing number of individuals no longer conform to the 20th century ideal of “having a job” and as more employees become micro entrepreneurs in their spare time, the line between losing and gaining “jobs” becomes increasingly difficult to measure.

How then do we measure employment in the sharing economy?

A natural question in the United States is whether the unemployment numbers being collected by the Labor Department are sophisticated enough to capture these changes. Consider someone who used to work a full-time job but is now unemployed and drives an Uber, or provides services on TaskRabbit, or sells handcrafted goods on Etsy. If that person reports this new work for profit in a response on a BLS survey, they would be continued to be counted as employed. However, the numbers reported by the BLS don’t capture the additional “employment” or “work” generated by *underemployed* people who were already working at least one hour a week (like a software contractor who now only does Lyft

on the side). Additionally, the BLS surveys don’t fully capture people who contribute to the sharing economy while holding regular full-time jobs (an investment banker who rents out her apartment periodically on Airbnb).

Clearly, we need to rethink the way we add up all the work that is being done in the economy. Just as the impacts of the sharing economy have proven difficult to fully capture using existing economic measures, such as the GDP, creation of work in the sharing economy cannot be easily understood using established employment measures. We also need to develop metrics that take into account job quality, income stability, and work-life balance. A full-time job that requires a long and expensive daily commute may in fact be less desirable than two part-time jobs carried out from home. Whatever new metrics are developed, one thing is clear - just as our economic measures need to take other factors into account (work-life balance, sustainability, equality), so do our employment measures.

**Labor Disputes**

The 160,000 drivers who filed a class action against Uber maintain that the platform wants the cost advantages of working with contractors while simultaneously maintaining the control of working with employees. According to Shannon Liss-Riordan, a labor lawyer, the performance of Uber drivers is “managed” based on user ratings, and they receive guidelines from city managers directing them toward high-demand areas on a daily basis, so one might argue that they are somewhat employee-like.

But Uber drivers are also microentrepreneurs who own their vehicles and pay for their own gas and repairs while building their transportation microbusiness.

The judges’ reactions to this case suggest that established tests to determine what constitutes employment may no longer hold in the sharing economy. New labor definitions are needed for a world of crowd-based capitalism. As the case against Uber reveals, this future has arrived well in advance of the policy needed to support it.

Policymakers have started to take note. In a July 2015 campaign speech, Hilary Clinton noted

both opportunities and challenges:

*Many Americans are making extra money renting out a spare room, designing websites… even driving their own car. This “on-demand” or so-called “gig economy” is creating exciting opportunities and unleashing innovation, but it’s also raising hard questions about workplace protections and what a good job will look like in the future.*

But what exactly do these opportunities look like? On one side of the argument, there are the Liss-Riordans of the world who may consider the future of work - at least as it is currently unfolding in the sharing economy- as a near-certain race to the bottom. Former labor secretary and University of California professor Robert Reich asserts that a better name for the sharing economy would be the “share-the-scraps economy,” Reich posits: “Customers and workers are matched online. Workers are rated on quality and reliability. The big money goes to the corporations that own the software.

The scraps go to the on-demand workers.” In this dystopian view of the future, work will be defined by low wages, the elimination of benefits, and high levels of job insecurity. People will work longer hours for less money, income will be fragmented, the safety net will be a distant memory, and work environments will have less ideal and less carefully monitored conditions.

On the other hand, there are sharing economy enthusiasts who see the future world of work as one defined by increased flexibility, fluidity, innovation, and creativity. In this utopian future, individuals will be empowered entrepreneurs who take control of their own destinies on an unprecedented scale. Innovative new products and services will flow from platforms that are gateways to innovation. Average workers will work fewer hours on a more flexible schedule from wherever they want and make more money doing work that they choose.

Of course, both camps will eventually be right to some degree. Whether or not the sharing economy proves detrimental or empowering to workers in the long-term will be contingent on a number of factors - factors that businesses, workers, and consumers will determine to varying degrees, that will be shaped by policy choices we make over the coming decade.

Sundararajan, Arun., *The Sharing Economy:The End of Employment and the Rise of Crowd-Based Capitalism,* 979 word excerpt from pages 175-176, © 2016 Arun Sundaarajan, by permission of the MIT Press.

EXERCISES

EXERCISE 1 ***Comprehension***

**Circle the alternative** (a), (b) or (c) that most fully and correctly completes the statements below

1. Keeping track of employment in the economy

(a) is getting easier

(b) has become more complex

(c) remains a straightforward task

2. In the past, most Americans had

(a) a profession as well as a job

(b) a spare-time job

(c) a full-time job

3. The 20th century ideal was

(a) to hold down the one job

(b) to work for oneself

(c) to run a small business

4. Someone driving for Uber

(a) has employee status

(b) is in employment

(c) is deemed unemployed

5. A doctor who creates and sells handmade items on Etsy on the side

(a) is not contributing to the sharing economy

(b) may not be fully captured in BLS surveys

(c) is counted as holding two full-time jobs

6. The author believes that

(a) work-life balance is a key factor in assessing the impacts of work in the economy

(b) doing two part-time jobs from home is preferable to holding a single full-time job

(c) commuting is more pleasant in a sharing economy

7. Uber drivers claim that

(a) they are not given clear instructions by the platform

(b) excessive control is exerted over them

(c) the platform wants to have it both ways

8. The Uber case shows that

(a) crowd-based capitalism is not popular with drivers

(b) existing definitions and tests of employment aren’t a good fit for the sharing economy

(c) established tests for classifying workers remain fully relevant

9. The Liss-Riordans of the world

(a) remain indifferent to the job opportunities emerging in the sharing economy

(b) are upbeat about job opportunities in the sharing economy

(c) share professor Reich’s position on the sharing economy

10. Sharing economy proponents

(a) favour entrepreneurship over employee status

(b) agree with the dystopian view of the future

(c) believe average workers will benefit less in the future world of work

EXERCISE 2 ***Vocabulary***

**(A)** Use the list of definitions above to **select the appropriate terms** to fit each sentence

1. Some labor lawyers say Uber drivers are being incorrectly classified as .......... rather than

as employees.

2. The Uber driver population does not seem to regard full-time .......... as the Holy Grail.

3. In December 2015, a California court certified the Uber case as a ..........

4. .......... questions about people’s jobs often lead them to under-report what they’re doing.

5. Economists ask whether the sharing economy will ultimately represent the rise of a new

form of self-employment: ..........

6. Critics say the sharing economy will leave people working more for less money and minimal ..........

7. Many of Airbnb’s hosts are homeowners who are just looking to top off their retirement

..........

8. One of the main criteria for determining whether workers are .......... is whether or not they get benefits.

9. One estimate put the count of .......... in the United States at a remarkable 53 million in

2015, about one in four of whom had a full-time job.

10. An obvious objection to a .......... based on a universal minimum income is the fear that

it lowers people’s incentive to work.

**(B) Find** a word or expression from the text to complete the answers to the questions below

1. Who are the deliverers of services in the sharing economy? They are freelancers operating

via ..........

2. Traditionally, when an American lost his job, did he become self-employed?

No, he was .......... until he took on a new full-time job.

3. Why is it difficult to measure employment in the sharing economy?

Because the figures collected by .......... are not always reliable.

4. Who are the people it is difficult to capture in employment surveys?

They may be .......... people or those working in a second job in addition to their regular

one.

5. Why would someone let their flat from time to time?

To earn income ..........

6. Does the author believe in established metrics?

No. He believes they don’t capture the impacts of the sharing economy and that they neglect other key ..........

7. What did Uber drivers argue?

They maintained that if Uber wanted to control their work it should offer them a ..........

8. Are policymakers taking note of the need to address the challenges of the sharing economy?

Yes, Hilary Clinton has spoken of opportunities and challenges created by ..........

9. What do the critics of the sharing economy maintain?

That the .......... will end up with the scraps whilst the profits will be captured by big

business.

10. What do the proponents of the sharing economy assert?

They see a utopian world which will empower individuals, unleash innovation, and improve

the .......... environment

EXERCISE 3 ***Grammar***

**Tenses**

**Circle** the correct form of the verb in the following text

**The New Social Safety Net**

As we wait for a new categorization of work to take shape, we *(continued / continue / will*

*continue)* (1) to journey into an economy where a larger and larger proportion of the population *(didn’t seek / don’t seek / won’t seek)* (2) employment as salaried workers. Important worker protections like health coverage, insurance against workplace injuries, paid vacations, a stable income, and other safeguards often provided or guaranteed by large institutional employers *(needed / need / will need)* (3) to come from other sources. This challenge was summarized by Senator Mark Warner: “So these workers, even if they are doing very well, *(existed / exist / will exist)* (4) on a high wire, with no safety net beneath them. That may work for many of them – until the day that it *(didn’t work / doesn’t work / won’t work)* any longer (5). That’s also the day that taxpayers could be handed the bill, which is why Washington *(needed / needs / will need)* (6) to start asking some tough policy questions.”

In October 2015, a diverse group of individuals *(signed / sign / will sign)* (7) a letter proposing portable benefits for sharing economy workers. The letter *(set out / sets out / will set out)* (8) a number of principles to guide the creation of these portable benefits. These *(included / include / will include)* (9) a call for the model to be:

Independent: Any worker should be able to access a certain basic set of protections.

Portable: A person should be able to take benefits and protections with them.

Universal: All workers should have access to a basic set of benefits regardless of employment

status.

Supportive of innovation: Businesses should be empowered to explore and pilot safety net

options regardless of the worker classification they *(utilized / utilize / will utilize)* (10).

EXERCISE 4 ***Assignment***

1. In researching the sharing economy, Arun Sundararajan focuses on platforms such as Uber, TaskRabbit, Lyft, Airbnb and Etsy. **Explore** the activities of these platforms (and others)

and **prepare** notes for a discussion in class on the following question: “Despite the lack of a consensus on a definition of ‘sharing economy’, how might we define it, anyway?”

2. **Write** a short composition of about 300 words discussing the following statement:

“What is new in the sharing economy, is that you are not helping a friend for free, you are

providing these services to a stranger for money.” (Arun Sundararajan)