

IN BRIEF

INDEPENDENT WORK: CHOICE, NECESSITY, AND THE GIG ECONOMY

A full-time job with one employer has been considered the norm for decades, but increasingly, this fails to capture how a large share of the workforce makes a living. A narrow focus only on traditional jobs ignores tens of millions who put together their own income streams and shape their own work lives. Although independent work is not a new phenomenon, it does not fit neatly into official labor statistics. This report aims to fill some of the data gaps surrounding it.

- Independent work has three defining features: a high degree of autonomy; payment by task, assignment, or sales; and a short-term relationship between worker and client. Our definition encompasses people who provide labor services as well as those who sell goods or rent assets.
- Our research reveals that 20 to 30 percent of the working-age population in the United States and the EU-15, or up to 162 million individuals, engage in independent work. This is based on analysis of existing data as well as an extensive MGI workforce survey across six countries.
- Digital platforms are transforming independent work, building on the ubiquity of mobile devices, the enormous pools of workers and customers they can reach, and the ability to harness rich real-time information to make more efficient matches. Today these online marketplaces are used by 15 percent of independent workers. But the rapid growth of the largest platforms suggests we have only just begun to see their impact.
- There are four key segments of independent workers: Thirty percent are “free agents,” who actively choose independent work and derive their primary income from it. Approximately 40 percent are “casual earners,” who use independent work for supplemental income and do so by choice. “Reluctants,” who make their primary living from independent work but would prefer traditional jobs, make up 14 percent. The “financially strapped,” who do supplemental independent work out of necessity, account for 16 percent.
- Those who do independent work by choice (free agents and casual earners) report greater satisfaction with their work lives than those who do it out of necessity (reluctants and the financially strapped), a finding that holds across countries, age, income, and education. In fact, free agents report even higher levels of satisfaction than those in traditional jobs by choice. Those working out of necessity, whether as independent workers or in traditional jobs, report similar levels of dissatisfaction with their work.
- Independent work is rapidly evolving as digital platforms create large-scale, efficient marketplaces where workers connect with buyers of services. While this digital transformation unfolds, several other forces may fuel growth in the independent workforce: the stated aspirations of traditional workers who wish to become independent, the large unemployed and inactive populations who want to work, and increased demand for independent services from both consumers and organizations.
- Independent work could have benefits for the economy, cushioning unemployment, improving labor force participation, stimulating demand, and raising productivity. Consumers and organizations could benefit from the greater availability of services and improved matching that better fulfills their needs. Workers who choose to be independent value the autonomy and flexibility.

Despite its benefits, independent work involves some trade-offs. There is more work to do on issues such as benefits, income security measures, access to credit, and training and credentials. Some of these may call for policy changes; others could be solved by innovators and new intermediaries. Tackling these challenges could make independent work a more feasible option for individuals.

THE INDEPENDENT WORKFORCE

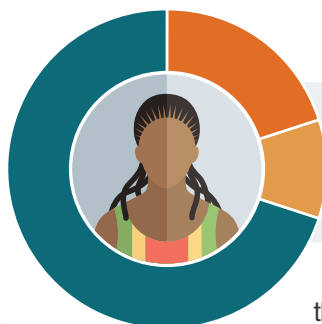


The DEFINING FEATURES of INDEPENDENT WORK:

High level of control and autonomy

Payment by task, assignment, or sales

Short-term duration



In the **United States** and the **EU-15**¹

Independent workers make up
20–30%
of the working age population

this is up to **162 million** people

	Primary income	Supplemental income
Preferred choice	“Free agents” 30% 49 million	“Casual earners” 40% 64 million
Out of necessity	“Reluctants” 14% 23 million	“Financially strapped” 16% 26 million

DIGITAL PLATFORMS



15% of independent workers have used a digital platform



WHAT STILL NEEDS TO BE DONE?

POLICY MAKERS

Collect better data
Address gaps in worker protections, benefits, and income security

INNOVATORS

Explore opportunities to create new marketplaces and tools

ORGANIZATIONS

Consider how digital technologies allow you to utilize external talent

INDEPENDENT WORKERS

Think like a business
Develop differentiated skills

¹ Results from UK, Germany, France, Spain, and Sweden scaled up to EU-15.