

OPINION

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# Don't Fight the Gig Economy

By Wingham Rowan

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LUCY NICHOLSON/REUTERS

A few months ago, I received an email from the director of an East Coast work-force board: “*Have you seen this?*” Within an hour, two others followed. By next day, more philanthropy executives and work-force leaders wanted my thoughts on a moment we had suspected might come: Uber was testing a market for all type of labor, not just car drivers. This could have deep implications if it succeeds in matching any temporary worker with any employer.

So many people contacted me because I led groundbreaking British government efforts to tackle the problems of caregivers, parents with complex needs, disabled individuals, people who start businesses in their homes, students seeking work between class obligations, and others who can't join the full-time work force.

Official support for these “gig workers” ignited a political storm in Britain. We made mistakes. But we created a sophisticated online labor market for low-skilled hourly labor that was specifically designed to lead to better paid and more stable work, protections, and benefits for workers, plus provide employers with high-quality talent. We decided to make our technology and everything we had learned feely available to other countries.

While government is important in spreading these ideas, I have come to recognize the crucial role philanthropy can play in making sure that, as the nature of work changes with services like Uber becoming more popular, workers and society get the benefits. But if we don't all

move quickly, we could be left with changes that don't advance the common good.

## **Driving Change**

When I left Britain to share our lessons in the United States, I discovered two parallel trends. First, it became clear that a growing number of employees were facing precarious work schedules. Some 41 percent of America's hourly employees now don't know what their next week's hours and pay will be. Some 40 percent of U.S. citizens have worked in their local shadow economy. Many unskilled workers, particularly the young, prefer diverse employment offered by places like TaskRabbit and Doordash to working in one role at one organization; what older generations called "a Job."

Second, a commercial model for exploiting this trend had begun to take shape. If you perceive Uber as just a cool way to get a ride, you may not have grasped how these new labor markets work. Uber unilaterally slashed drivers' pay while increasing its cut of the transactions. It crafted algorithms to mislead drivers to oversupply the market (that can be why you get picked up so quickly) and confuse regulators. It lobbies against worker protections, and it has flouted regulations and made unfounded promises to people seeking work.

Uber's model rocketed the company to a \$72 billion valuation, the fastest growing private company ever. Silicon Valley has now spewed out countless Uber wannabe's offering labor markets in house cleaning, elder care, deliveries, beauty treatments, dog walking, and thousands of other parts of the economy. Many went bust, so workers found that their immediate employment, track record, and relationships with employers evaporated overnight.

This business model offers an important opening for philanthropy: experimenting with ideas that offer new forms of work arrangements focused on the needs of people seeking employment, not just company bottom lines.

## **Fighting Back**

The approach we tried in Britain to improve the employment picture is getting its first U.S. launch in Long Beach, Calif., promoted by Nick Schultz, executive director of the city's workforce agency. After corralling his counterparts across Los Angeles County into writing an open letter to philanthropies, Schultz raised enough money for a pilot project. That then won the U.S. Conference of Mayors award for best community economic-development effort in America.

Kudos to the Annie E. Casey, Walmart, Kauffman, and Wells Fargo foundations, along with the Living Cities consortium of foundations, for enabling the Long Beach experiment.

But these efforts are insufficient for what's coming.

Speaking to foundation executives about these new approaches, I have seen interest but little understanding of what real change takes. They remain wedded to the idea of jobs and have typically only dabbled in research or small-scale projects that promote alternative work arrangements. Any organization not focused on traditional employment models is generally sidelined, even by less conventional “venture philanthropists.”

Unfortunately, the rise of irregular employment is driven by fundamentals: new technologies, corporate short-termism, waning unions, deregulation. Tens of millions of breadwinners, whom Bureau of Labor data suggests are in a job, will never again experience predictable hours, meaningful promotion prospects, or benefits. Under the hood of rosy employment figures, this transformation could be happening faster than any of us can conceive. And it profoundly affects the people foundations and nonprofits seek to help — people who do not have the skills, education, or life circumstances that make full-time work a viable option.

That’s why those of us immersed in these issues see Uber’s latest move as so significant. Sure, it could be flimflam before an initial public offering, intended only to further overexcite investors. But look at the likely playbook if they’re serious: Uber dominated ride-sharing by massively subsidizing transactions in cities they enter. That chokes off alternative exchanges and gets Uber to a critical mass of demand quickly. Then its business model can kick in. I don’t believe philanthropies or nonprofit work-force organizations are ready for this tank on the lawn.

## **What Foundations Can Do**

The nonprofit world wouldn’t be the first group of thoughtful leaders to be blindsided by technological change. Microsoft, the behemoth of shrink-wrapped software sales, failed to comprehend a shift to internet downloadable software until it was almost too late. Music-industry titans could have combined their catalogs to create unbeatable music streaming services. Instead they remained emotionally glued to CD sales while Napster and then Spotify savaged their companies’ values, models, relationships, and customer base.

So here’s what I believe foundations and nonprofit leaders now need to understand:

- Pouring money into job creation may be like subsidizing music-album sales in 2002: an uncomprehending attempt to roll back the unstoppable. It doesn’t matter whether you like irregular work; it could be overtaking everything you’ve known. Plan for the worst.
- Ease off research and strategizing on the future of work. It’s all moving too fast. Remember Kodak? The company was earnestly dissecting digital photography when it became its roadkill. Learn from Silicon Valley’s “Move fast and break things” ethos.
- Grant makers probably assume irregular work is inherently exploitative, destabilizing, and unsatisfying. But those may just be attributes of the current model, driven by

rapacious commercial exchanges. Other models are feasible if philanthropies can go beyond a mindset that creating traditional weekly paid jobs is the overarching priority.

- At least 15 percent of the work force has unpredictable issues in life, such as fluctuating medical problems, care giving, difficult parenting issues, or studying. These people can't commit to a job. They have to fit work around pressing life commitments. Every time foundations announce another attempt to provide more "quality jobs" for those fortunate enough to have regular hours of availability each week, you drive everyone who doesn't to the Uberites.
- To create an enduring new world of quality irregular work, we have to harness sophisticated technology operating at scale. Each transaction for a few hours of work in an empowering, broad market is so complex. If advanced technology isn't in your comfort zone, find someone to educate you.
- Launching new labor markets in a way that will disrupt Uberites requires either out-subsidizing them or leveraging large networks of stakeholders in new ways. Philanthropies could be using their status to build focused coalitions of government bodies, employers, unions, and educators. This isn't expensive. But it takes time, so get going.
- Don't reinvent the wheel. Mistakes American foundations have yet to make have likely already occurred in the British projects. We're giving all that learning away. Kick our tires. If you don't like us, fund others to take our learning and build alternative infrastructure for low-skilled hourly labor. But please don't think you can compete against Silicon Valley's high-performing machine from scratch.

And above all, stop thinking about jobs and focus on work. Jobs may just be an unavoidably declining subset of that. If philanthropies can't swallow this, undesirable opportunists are left free to shape the future of employment.

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