

# Freedom at What Cost: Youth in the Gig Economy





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## INTRODUCTION

Much has been written about the gig economy in recent years, but what it means concretely for young workers remains ambiguous for many. We begin this policy brief by exploring what is meant when we speak of this sector of the economy, as well as delving into its benefits and challenges. We then provide a testimonial from a Québec-based DoorDash driver, and conclude with recommendations on how best to improve working conditions for young gig workers.

Within the Canadian labour market, the gig economy stands out as one of its fastest-growing segments. Remarkably, nearly one in three Canadian workers now engage in such alternative work models, like freelancing, on-demand jobs, and remote contracting, representing a significant shift in employment patterns. Globally, the use of gig platforms is surging at an impressive rate, approximately by 26% annually, indicating a widespread adoption of alternative work arrangements (Harrington, 2023). The proliferation of alternative work models has accelerated in recent years, propelled by the rise of digital labour platforms and the transformative impact of the COVID-19 pandemic. This surge in the gig economy not only reflects changing workforce dynamics but also offers employers opportunities to broaden and diversify their talent pool (Harrington, 2023).

## DEFINITION

The gig economy is a type of work where people do their jobs for a short time, usually without a fixed contract or long-term commitment (Senett, 2023). Workers in the gig economy, called gig workers, are not regular employees and do not receive a fixed salary. Instead, they take on specific tasks or projects for different companies or individuals, and they get paid based on the work they do. These jobs can encompass roles in both professional or personal services (Senett, 2023). Defining gig work can be hard because of its diverse manifestations. For example, someone who drives for Uber on weekends might be considered a gig worker. But if someone relies on daily Uber driving for most of their income, it might then not be seen as gig work by some (Alake-Apata, 2021). Some studies use the term “gig work” only for jobs that are found through online platforms, while others use it to describe specific types of work (e.g., freelance work, platform-based jobs), whether virtual or not (Alake-Apata, 2021).

That said, there are certain commonalities found across all gig workers. They do not receive regular salaries, they work on specific tasks without having a continuous job contract, and they have neither fixed working hours, nor a guaranteed income (Abraham et al., 2018). As previously mentioned, Uber drivers stand out as one of the most recognisable examples (Abraham et al., 2018).

Youth engagement in gig work can occur across diverse activities like babysitting, dog walking, lawn care, selling goods on platforms like eBay, creating and sharing online content for revenue (e.g., Youtube, TikTok), freelancing in computer programming, graphic design, video editing, web development, etc. (Kaine & Josserand, 2019). These instances illustrate the multifaceted nature of gig work, its prevalence across various occupations, and its appeal to young people (Senett, 2023).

## STATISTICS

In recent years, the gig economy has experienced significant growth, propelled by the widespread adoption of digital technologies. Approximately one-third of all participants, particularly youth, engage in gig work through mobile or web platforms, as highlighted by a study from the Bank of Canada in 2019. However, obtaining accurate statistics on this informal sector poses challenges due to its lack of an institutional structure, compared to more traditional workplace settings. This leads to underreporting in standard labour market statistics, with many young people engaged in informal work not being considered part of the labour force in many studies (Senett, 2023).

Nonetheless, Statistics Canada and the Bank of Canada have shed light on crucial trends in youth participation in the gig economy. According to a 2019 Bank of Canada survey, up to 58% of youth aged 17-24 are involved in some form of informal work, almost double the rate of the general Canadian population (30%) (Jeon et al., 2019). Despite the attractiveness of informal work for youth, wages in these activities tend to be lower than in formal jobs. Earning money emerged as the dominant motivation for participating in informal work, with 82% of respondents indicating this as their primary reason (Kostyshyna & Luu, 2019). Notably, a larger share of youth (42%) reported that informal work constituted their main source of income. Additionally, however, the survey highlighted that at the same pay rate, 90% of the surveyed youth expressed a willingness to substitute informal work hours for formal employment hours (Kostyshyna & Luu, 2019).

## BENEFITS

The gig economy presents several attractive benefits for young workers, drawing them towards flexible and independent work arrangements. This trend is particularly evident among students and early-career professionals who are seeking opportunities to earn income, gain practical experience, and align their work with academic pursuits or personal interests. Due to the flexibility, young individuals can more easily tailor work schedules to accommodate their studies, hobbies, or other commitments. This level of autonomy fosters a balanced approach to work-life integration, allowing them to work during their most productive hours or when it best suits their personal schedules (Cropanzano et al., 2023; Wood et al., 2019).

Additionally, the gig economy serves as an excellent platform for skills development and career exploration. It enables young workers to acquire new skills and stay in tune with market demands, thereby enhancing their employability and career opportunities. Moreover, it provides the freedom to experiment with different career paths, aiding them in discovering their true strengths and areas of interest within the job market. For example, a young graphic designer may initially take up freelance projects to build a portfolio. Through various gigs, they could explore different areas such as web design, animation, or social media branding. This exposure could allow them to identify which niche they are the most interested and skilled in. Another example could be aspiring writers who can benefit from the gig economy by taking on various writing projects, including blog posts, technical writing, copywriting, and creative writing. This diversity helps them identify their niche and style, improve their writing skills, and build a portfolio that showcases their versatility and expertise.

Furthermore, the gig economy breaks down geographical barriers, offering the chance to work for a global clientele from any location with internet access (Wood et al., 2019). This could be particularly beneficial for young individuals in smaller towns or rural areas, where local employment opportunities may be limited, enabling them to tap into a broader job market without the need to relocate. Moreover, gig work tends to welcome individuals with diverse levels of education and experience, including those without formal qualifications. By opening up avenues for employment not typically available in the traditional job market, it provides a path to employment for marginalised youth. In sum, the gig economy offers young workers flexibility, opportunities for skill development and career exploration, access to a wider job market, and inclusivity. However, it is essential to acknowledge that the gig economy is not without its challenges.

## CHALLENGES

Despite the benefits, gig work also poses significant challenges for young workers, especially in terms of financial security, working conditions, and legal protections. The flexibility and independence comes at a cost, manifesting in various aspects of gig work that merit attention. Precarious employment is a central issue, with many young gig workers relying on such jobs as their main source of income. Indeed, gig workers are typically considered self-employed workers (Kaine & Josserand, 2019). They operate as independent contractors, taking on various projects from different clients or companies without the traditional employer-employee relationship. This status means they are responsible for their own taxes, health insurance, and do not receive employee benefits such as a stable income, job security, paid leave, or retirement plans (Etzioni, 2018). Therefore, the nature of gig work often means operating without the benefits and protections typically afforded by traditional employment (Sutherland et al., 2020).

This lack of a protection can lead to financial instability for those who find themselves working full-time hours in the gig economy, without the corresponding security that full-time employment usually offers (Cropanzano et al., 2023). The absence of benefits and protections places the burden on young gig workers, who are left to manage risks and operational costs typically managed by employers in traditional employment settings. For instance, in a traditional job, an employer might cover the cost of a computer, specialized software, or other tools necessary for the job. In contrast, gig workers often have to spend their own money to purchase these essential items, directly impacting their net earnings and financial stability (Etzioni, 2018; Heeks et al., 2021; Kaine & Josserand, 2019; Sutherland et al., 2020).

In summary, while the gig economy offers numerous advantages, including flexibility, opportunities for skill development, and broader access to job opportunities, it is also associated with many challenges. Addressing these challenges is crucial to ensure that gig work can be a viable, fair, and sustainable option for youth. The balance between the benefits and drawbacks of gig work necessitates an innovative approach to improving the working conditions and legal protections for young workers.

## TESTIMONIAL FROM A GIG WORKER

We spoke with a 23-year-old DoorDash driver working in Québec, and this is what they told us.

"Working with DoorDash while being a student has been a true rollercoaster. Yes, the flexibility is great – I can schedule deliveries around my schedule and classes. I usually "dash" during my lunch breaks or late evenings when I don't have any assignments to work on. But it's not always easy. On days when I don't get many deliveries, I barely make enough to cover my gas. Also, dealing with rude customers can be really tough, especially when deliveries take longer, for example (weather, rush hours, traffic, etc.). But despite that, I've learned a lot about time management and dealing with different kinds of people. Overall, it's been a valuable experience, but I do hope to find a more stable position in the near future."

## RECOMMENDATIONS

### 1. Establishment of an Independent Gig Worker Support Centre

Our first recommendation advocates for the creation of an independent Gig Worker Support Centre, dedicated to offering a range of services tailored to the needs of gig workers. This Centre could help address three critical areas. Firstly, it could provide education and resources on labour rights with accessible and up-to-date information. This ensures that young gig workers, who may be navigating the workforce for the first time, are more fully informed of their legal protections and better understand how to advocate for themselves effectively.

Secondly, the Centre could seek to facilitate access to unions and collective representation, significantly enhancing the ability of younger workers to advocate for their rights and negotiate improved working conditions. This aspect is crucial for empowering youth in the gig economy, providing them with the means to secure fair treatment and equitable work arrangements.

Lastly, the implementation of a classification and tracking system would offer better representation and understanding of gig workers, including demographic insights. This database will not only inform policy development but also ensure targeted support is provided to address the unique needs of young gig workers. Through these initiatives, the Centre would empower younger individuals engaged in gig work, equipping them with the knowledge and tools needed to advocate for their rights and navigate the complexities of gig work. This recommendation highlights the need for a support system that not only acknowledges the evolving nature of work but also the aspirations and challenges faced by the younger generation, ensuring they have the necessary support to thrive in this new economy.

### 2. Minimum Wage Standards & Access to Benefits

Our second recommendation focuses on establishing minimum wage standards for gig workers and ensuring their access to essential benefits. This approach involves legislative efforts at the provincial level to ensure that all workers, particularly younger individuals who are increasingly drawn to

the gig economy for its flexibility and independence, receive fair compensation, regardless of the fluctuating nature of gig work. This is vital for providing financial stability to a demographic that often juggles multiple gigs, studies, or early career challenges. In addition to compensation measures, establishing partnerships between the provincial government and gig economy platforms is crucial for ensuring access to benefits for their workers. Such collaborations could not only enforce minimum wage standards but also ensure that younger gig workers gain access to benefits usually associated with more traditional forms of employment, such as health insurance, paid leave, and retirement savings plans. These measures advocate for a gig economy that is not only fair and equitable but also attractive and sustainable for future generations, ensuring they are adequately compensated and protected.

## **CONCLUSION**

In addressing the financial and social vulnerabilities inherent in gig work, our recommendations suggest a strategic framework for enhancing the working conditions of gig workers. These measures are particularly significant for the younger generations, who are not only navigating the challenges of entering the workforce, but are also disproportionately represented in gig work. It is crucial to pave the way for a gig economy that is more equitable, sustainable, and responsive to the evolving dynamics of the modern workforce, ensuring a brighter future for young workers.



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