



# The Sharing Economy - Implications for Employment Services



by Natalie Branosky

The sharing economy has brought dramatic changes to business models, and has therefore changed how we conceptualize “work.” How are employment services evolving to serve this new type of labor market? Some North American examples can provide possible guidelines for Public Employment Services preparing to adapt to and engage with the sharing economy and digital platforms in their own countries.

## Exactly what is the “sharing economy”?

The “sharing economy,” sometimes referred to in the United States as the “gig” economy, found its true meaning in the years including and following the global economic downturn. In a phrase, it is “the businesses of sharing”: a braiding together of economic self-interest and business sense that benefits the common good. The term refers to a system of business models that bring individuals together to share their resources with strangers, all of whom are – and this is the key – enabled by a third-party digital platform. It’s perhaps not surprising that “sharing economy” has a Wikipedia entry which simply refers to “...a range of meanings, often used to describe economic and social activity involving online transactions. *Uberization* is an alternative name for the phenomenon.”

Today, sharing economy architecture can be found for almost anything. We are most familiar with structures such as Airbnb (accommodation) and Uber (transportation), also known as the “rides and rooms” industries. However, locally and globally, people are also sharing “...meals, power tools, dog kennels, boats, driveways, bicycles, musical instruments, even excess capacity in their rucksacks” (McLean 2015). The Internet – and, more specifically, mobile technology and social media platforms – has brought about this economic and cultural shift. From one’s living room, global markets can not only be accessed, but participated in fully.

## **Traditional employment?**

If the social economy is altering our traditional business models, then certainly it is changing the nature of work. How are we to understand “employment” in the social economy? With all of this disruption taking place for traditional business structures, there are some practical questions for Public Employment Services and their partners. Does employment in the shared economy fit the usual “supply and demand” scenario we have served over the years? If the shared economy is a dimension of the labor market, are conventionally-designed Public Employment Services and partners evolving to successfully place and support people in this new world of work?

There’s no shortage of research attempting to find answers. A recent report from the Brookings Institution in Washington, DC notes that there has been so much controversy generated about online talent platforms, the changing nature of work, and workers’ rights that it has been a challenge to clarify the meaning of this type of employment, and therefore the growth of the sector. In short, the sharing economy or the gig economy is conceptually complex, and lines are a bit blurry on how to measure it (Hathaway and Muro 2016).

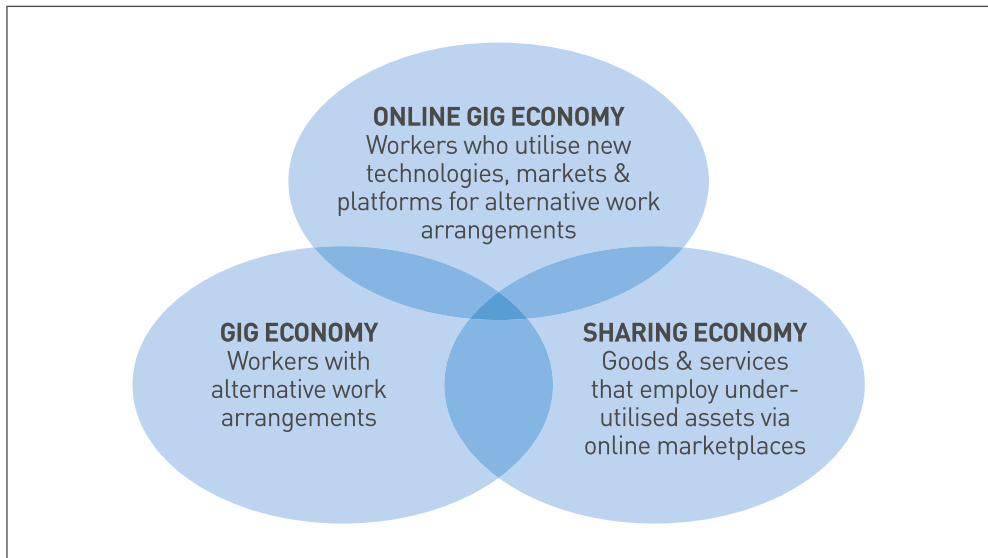


Figure 9: Related Employment Concepts in the Shared Economy

*(Source: Modified from a variety of sources, including the American Action Forum, the Brookings Institution, and Mattermark.com)*

There are some generalizations that can be made about those drawing income from the sharing economy, as reflected in trends for what are referred to in the United States as “nonemployer firms” (one measure of the business activity of contractor and freelance individuals). The category is significant and growing quickly. This is due in large part to the rise of online platforms, and work that is considered “platform-based freelancing.” To give an idea of growth in the US, following the establishment of Uber in the rides sector, the percentage of independent contractors in the ground transportation industry essentially exploded. Between 2010 and 2014, nonemployer firms in ride-sharing grew by 69%, while traditional employment grew by just 17%. That’s a big difference, the kind of sectoral growth that America’s better Workforce Investment Boards (WIBs), the local overseers of Public Employment Services and their partners, have come to understand over the years. These trends extend beyond rides and rooms, and represent, perhaps unsurprisingly in the United States, a variety of legal arrangements and business models, many of which have a global reach. Some examples include:

INDUSTRY	SHARED ECONOMY PLATFORM
Hospitality & Dining	CouchSurfing, Airbnb, Feastly, LeftoverSwap
Automotive & Transportation	RelayRides, Hitch, Uber, Lyft, Getaround, Sidecar
Retail & Consumer Goods	Neighborgoods, SnapGoods, Poshmark, Tradesy
Media & Entertainment	Amazon Family Library, Wix, Spotify, SoundCloud, Earbit
Business Services	WeWork (domestic & international)

Figure 10: Sharing Economy Platforms in the United States (PwC LLC 2015)

## Inspiration for workforce development: the past is prologue

Employment Services will adapt to this new type of employment, and the past can shed light on how to do that. Workforce development and employment programs in the shared economy borrow from some of the best ideas from “the good old days.” Thoughtful comparisons can help us to chart the future:

- **TimeBanks.** For example, some sharing economy models in the United States are “close cousins” of related employment systems, one of which is TimeBanking, whereby people swap time and skills with one another. A method with a 25-year history, the first experiments with the shared economy provided a new way to link untapped “people capacity” to unmet needs in local communities.

TimeBanking expanded during the height of the Great Recession, as many State and Local governments were forced to cut services and programs for the most vulnerable groups. Local communities that used this method creatively were able to see immediate budget relief as people became empowered to get the things they needed such as “house repair, yard work, child care, elder care, haircuts, carpools, or moving services – directly from members of their community” (Cahn 2015).

Of course, employment is the emphasis here: TimeBank-type systems can help people build bridges back to the monetary economy. Keeping individuals’ skillsets active when “traditional economy” jobs are not available and when unemployment rates remain stubbornly high in local communities became a central priority for employment

services when the economic crises deepened. Preparing resumes, practicing interview skills, learning computer skills, or getting support with transportation and child care, are all examples of transactions that have taken place through TimeBanking. For Public Employment Services this is a wonderful alignment of goals and practice, as long as we keep the focus on wage improvements and employment sustainability.

Now for the platform: TimeBanks are getting a boost from new software that makes it easier to log, track, and share hours (the software tracks engagement, reliability, punctuality, and trustworthiness of participants). The open-source code is available to local communities so they can easily build customized websites. Currently used by over 200 separate TimeBanks, it is now being designed to operate on smart phones and tablets, expanding accessibility for local managers and individuals.<sup>8</sup>

- **Transitional employment (intermediate labor markets / ILMs).** Transitional jobs are time-limited, wage-paying jobs that combine real work, skill development, and support services to help participants overcome substantial barriers to employment. Transitional employment allows individuals (often from disadvantaged labor market groups) to establish an employment record.<sup>9</sup>

Transitional employment is a type of sharing economy in that those not in work can gradually make a full return to the labor market, while employers can test their suitability for work, often with a supplemented wage package. NGOs and nonprofit organizations tend to have a role, as employers, supportive services partners, or philanthropic funders. This “brand” of employment coincides to a degree with characteristics of shared economy jobs in that they are time-limited (meaning not full-time employment), and “shared” by several entities working together to make financial or skills gains happen.

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8 Find out more about the open-source software at <http://timebanks.org/>

9 A very good resource is the Heartland Alliance’s National Transitional Jobs Network (NTJN) in Chicago, at <https://www.heartlandalliance.org/nationalinitiatives/our-initiatives/national-transitional-jobs/>

## What does public policy have to say?

For some guidance on how Public Employment Services can engage with this new concept of work, there is a public policy example worth a look. “Unlocking the UK’s Sharing Economy,” a review led by Debbie Wosskow, the founder of sharing economy start-up Love Home Swap, points to a role for employment services. As a result, the UK Department for Work and Pensions has provided guidance to Jobcentre Plus staff to direct jobseekers to digital skills-sharing platforms and digital time banks where appropriate, as part of an ongoing drive to help more people into work (Scroxtton 2015). The UK’s 2015 Budget also listed several policy initiatives to support and expand the sharing economy. This included guidance to Jobcentre Plus staff to “sign-post jobseekers to sharing economy opportunities, and promote the use of “task-sharing sites” to assist in starting a business (Shead, no date).

## North American employment programs for the sharing economy

- **The DC Central Kitchen (Washington, DC).** The DC Central Kitchen is a nationally recognized community kitchen that recycles food from Washington DC restaurants and surrounding farms, and uses it as a tool to train unemployed adults to develop work skills while providing thousands of meals for local service agencies and Washington residents in the process. DCCK’s Culinary Job Training Program prepares adults facing high barriers to employment for careers in the food service industry. The program specializes in helping adults with histories of incarceration, addiction, and homelessness via a 14-week intensive training that includes culinary arts education, career readiness and real-world internships, and transitional employment. Graduates work in DC’s top restaurants and largest hotels. DCCK consistently graduates and places 100% of its participants.

One of the most innovative features (shall we call it groovy?) is the online platform for registering volunteers to participate in community meal preparation. Community volunteers work side-by-side with those participating in the program to prepare meals for lower-income DC residents. The model has become so popular and effective, it



was the Obama family's choice for how to participate in America's National Day of Service,<sup>10</sup> a country-wide celebration of volunteering and service to others.

- **Magnet (Ontario, Canada).** Magnet is a not-for-profit social innovation that fits quite easily into the “shared economy” definition for Public Employment Services, by matching skillsets with need via an Internet platform. Founded by Ryerson University and the Ontario Chamber of Commerce, it is a collaborative hub of post-secondary institutions, not-for-profits, and government, labor, and industry partners working together to address unemployment and under-employment of Canadians. Designed in early 2014, the purpose is to advance careers, businesses, and communities (take note, any PES partners in an economic development role) by bridging the gap between post-secondary<sup>11</sup> recruitment and the ability of students to apply their skills to real labor market needs.

The job matching technology is tailored to communicate students' experiences, accomplishments, skills, and education to potential employers. Magnet serves all Canadians and uses a “blind recruitment” model, emphasizing the principles of diversity and inclusion in the labor market. The network numbers are quite impressive: 90,000 jobseekers, 9,000 employers, 30 universities and colleges, and 240 community partners.<sup>12</sup> What sets the Magnet platform apart from others is the model, a type of “job board in reverse.” It is a shared amplification of the supply-side of the labor equation, in a data-rich environment that helps employers to – in a phrase – know who's out there.<sup>13</sup>

- **The Social Enterprise Alliance Job Board.** There are existing platforms where employment services can provide support as well. For example, the Social Enterprise Alliance in the United States boasts an impressive online Job Board which posts

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10 See the DC Central Kitchen's volunteer registration platform at <https://dcentralkitchen.org/volunteer/> and program enrollment details for the Culinary Job Training program at <https://dcentralkitchen.org/enroll/>

11 “Post-secondary” refers to education received after high school (usually after age 18) in the US and Canada, such as universities, colleges, academies, seminaries, and institutes of technology.

12 See more at <http://www.magnet.today>

13 “Magnet and MDB Insight Partner to Strengthen Supply-side Employment Date” at [https://www.magnet.today/news/press-release/Magnet-MDB-Partnership-Release-final\\_2015Sept181.pdf](https://www.magnet.today/news/press-release/Magnet-MDB-Partnership-Release-final_2015Sept181.pdf)



jobs and opportunities at social economy businesses and organizations across the country. Given the size of the US, this is a useful tool for employment services looking to source income-generating options for clients in those harder-to-access rural markets such as Minnesota, Kansas, and Oklahoma.<sup>14</sup>

## Implications for Public Employment Services

As Public Employment Service professionals and partners, how does the expansion of the sharing economy affect the way we work, in this “labor market with a twist”?

- **Sourcing opportunities.** Directing jobseekers to sharing economy opportunities can become part of overall practice. As a supplier of labor, Public Employment Services and their partners may have to look for job opportunities for their clients, but do this in different ways. This could mean hiring staff dedicated to sharing economy research which focuses on income-generating pathways, or identifying skills-sharing environments that can lead to work in traditional labor market jobs. It will require a discerning eye, meaning the development of an employment sustainability plan for each client which prioritizes the reliability of income, and wage and hours progression.
- **Building partnerships.** Over the years, Public Employment Services have become skilled themselves at building partnerships with employers, economic development bodies, nonprofits and NGOs, and local government. There is now a good case for reaching out to tech firms who are designing digital platforms for the exchange of labor and shared goods.
- **Focusing on inclusion.** There is a concern about how to ensure that inequality is not created in the process. Lawmakers have launched some criticism at certain types of sharing economy employment, noting the inconsistency of income and the lack of employment protections that accompany traditional economy jobs. Another reason for pause is the issues surrounding access to digital tools and services: Public Employment Services and their partners will want to think carefully

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14 See the Social Enterprise Alliance’s Job Board online at <http://socialenterprisecensus.org/>

about whether sharing economy jobs bridge a gap between those disconnected from work, and their clients' actual ability to link to digital platforms. How do we make sure that those who do not have access to digital devices, Internet services, and computer skills have the tools to get connected?

As ever with economic disruption, there comes great opportunity. Public Employment Services and their partners can adapt by reflecting on past practice and charting a strategic future for jobseekers, communities, and the larger economy.

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The new world of work is characterized by globalized employment, a mobile yet vulnerable workforce, and the challenges of demography and rising income inequality. Technological changes in both the demand for and supply of skills have a cross-cutting influence on how labor markets develop. In this book, different stakeholders from international organizations in the private and public sector discuss which role Public Employment Services and Workforce Development Agencies ought to play in the labor market today and in the future, why cooperation is crucial, and what kind of support digital services and software can provide for a more effective and efficient delivery.

**Managing Workforce Potential – A 20/20 Vision on the Future of Employment Services** seeks to inspire decision-makers in and around the labor market to reflect on governance, services, and partnerships to better cater to the new world of work.

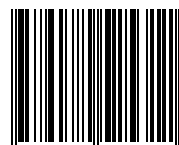
### **Why this book?**

As a world leader in Public Employment software solutions, WCC believes in sharing knowledge. It is our vision that combining what we know and sharing this with the world leads to maximum value across the board. This is why we take initiatives to both exchange and expand expertise. For example, we started the PEPTalk webinar series, which provides a platform for Public Employment Services to share their knowledge about best practices and their vision on the labor market. This book is another example; with its publication, we aim to contribute to an all-round clearer vision on the developments in public employment.

*The term **20/20 vision** is used to express normal sharpness of vision. It means you can see clearly at 20 feet what should normally be seen at that distance.*



ISBN 978 90 8252 531 1



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