

Flexible jobs give workers choices

Maureen Soyars Hicks

Growing numbers of Americans are looking for jobs to fit their increasingly complicated lives. Recent innovations in technology and fundamental changes in the economy have led to a decline in the traditional employer–employee relationship and the rise of independent contractors and temporary workers. More than 16 percent of U.S. workers participate in flexible contract work as their primary job, a 56-percent increase over the past 10 years, according to [“The value of flexible work: evidence from Uber drivers”](#) (National Bureau of Economic Research working paper no. 23296, March 2017). But this “gig economy” has received its fair share of criticism, with detractors citing lower pay, insufficient benefits, and reduced protections.

In their study, M. Keith Chen, Judith A. Chevalier, Peter E. Rossi, and Emily Oehlsen use data from nearly 200,000 Uber drivers to examine the benefits of flexible work arrangements. The authors focus their study on the UberX platform, a digital ride-hailing service accessed via mobile phone, which accounts for the majority of Uber trips in the United States.

UberX drivers are considered independent contractors. Once approved, drivers use their own cars to drive on Uber whenever they choose. There are no minimum-hours requirements, so drivers can work a relatively small number of hours per week. Compensation is a result of a driver’s decisions on when and where to drive, as well as typical supply and demand of riders and drivers. According to the authors, during the 8-month period of data, this arrangement attracted more than a million drivers to offer their services.

The authors acknowledge the Uber work relationship has drawbacks for workers, but they indicate Uber drivers benefit significantly from the real-time flexibility the job offers. Workers are able to adapt their work schedules to respond to unpredictable events, such as a sick child. This flexibility is something that is typically lacking in jobs available to lower skill, lower wage workers. And workers are able to strategize when they want to work to get the most out of their fares.

The data show that “while there are a variety of common schedules, Uber drivers regularly switch which type of schedule they work from week to week.” Forty-three percent of the time, drivers will have a different type of hourly schedule than they did the week before. The study also finds that the “overwhelming majority of Uber drivers are working part-time hours. . . [and are] active fewer than 12 hours per week, suggesting that driving is complementary to other economic activities such as school attendance, caregiving, or employment.” For example, Uber drivers are more likely to be working Saturday evenings than weekday afternoons.

According to the authors, there are large, unpredictable differences in the reservation wages—the lowest wages at which drivers are willing to work—demanded by Uber drivers, and there are no homogenous preferences for shifts that are during a certain time of day and day of week. The authors find that an arrangement in which drivers can

pick whatever hour, day, and week they choose to work generates a large surplus of about 40 percent of their total expected pay, or more than \$150 per week.

The gig economy will likely lead to more workers signing on as independent contractors. Although a gig economy may have downsides, the authors suggest that flexibility is the most important source of value for employees and employers.