

A Costa Rican perspective on the Gig Economy

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Costa Rica: Context

- Moving successfully towards increased participation in the global Knowledge Economy
 - Policy focus - creation of more highly skilled workers
- Presently has significant problems with employment
 - 60% of the workforce without a secondary education; 45% of employment is informal
 - Persistent 9%-10% unemployment rate; 20% for 15-24 year olds
- In addition to creating skilled workers, the government has taken steps to promote new ways of working
 - Has already worked to promote teleworking, for instance
 - Is increased participation in the “Gig Economy” another important opportunity?

The Gig Economy

- Very generally, characterized by:
 - A focus on temporary or intermittent (“project-based”) work
 - The existence of *centralized sources of information* about labor supply and demand...
 - ...which can be *easily accessed* by a wide audience of workers and employers...
 - ... and whose providers offer user interfaces and services that facilitate *matching* labor supply and demand
- Costa Rica has many local online job markets, including the national government’s *www.buscoempleocr.com*, but
 - They are not usually focused on temporary work
 - Their services are not as sophisticated as those of the major Gig Economy platforms (Uber, Taskrabbit, Freelancer, etc.)

Gig platform providers

- Most commonly from large developed countries, especially the U.S.
- Offer highly valuable services
 - Provide details of employment opportunities and worker availability
 - May also provide employee performance rankings, help with billing and payments, dispute resolution, project management tools, etc.
- Some shortcomings from a worker's point of view
 - Create efficient buyer's markets – workers compete with each other, often based on price
 - Positioned as intermediaries – have no formal responsibilities in situations such as non-payment of work, or injuries on the job
 - Employers may not be responsible either, unless they sign a formal contract with gig workers
 - Not fully consistent with Costa Rica's commitment to promoting decent employment

Far and near (1)

- It's interesting to compare jobs that don't require a gig worker to be near her/his employer with those that do:
 - Working away from the employer
 - Common jobs – professional services, creative and multimedia, software development, translation and writing, etc.
 - Information-based knowledge work, results can be transmitted easily over the Internet
 - Working near the employer
 - Common jobs – ride sharing, couriers, repairs, domestic workers, etc.
 - Often less-skilled jobs, dedicated to producing physical results in particular locations; workers can't “mail in” the results of their labor

Far and near (2)

- “Away from the employer” Gig work very often involves workers in developing countries and clients in developed countries
 - Types of work overlap with those of traditional “offshore outsourcing” companies – information-based
 - An extension of a model which is very familiar and attractive in Costa Rica – “offshore outsourcing for individuals”?
 - Many potential benefits for more skilled young workers
- “Near the employer” Gig work may provide a partial solution to the problem of finding employment for less-skilled young workers
 - Not commonly emphasized by major Gig platform providers, but this is changing – Freelancer Local, etc.
 - Interesting alternative platforms exist – local markets, focused on certain areas (e.g., domestic workers); may use telephony
 - Problem of developing critical mass of users and information

Observations

- The Gig Economy is certainly present in Costa Rica: most visibly,
 - 22,000 Uber drivers (perhaps 25% of which are 18-29 years old)
 - Tens of thousands of users on Freelancer; many more on other platforms
 - No doubt that its penetration will increase in the near future
- Special attention must be paid to assisting younger and less-skilled workers to participate in the Gig employment market
 - Perhaps through supporting locally-oriented platforms
- Policies and actions to provide protection of Gig worker rights are clearly needed

Thank you

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