# KAUFFMAN DISSERTATION EXECUTIVE SUMMARY

KAUFFMAN
ENTREPRENEURSHIP SCHOLARS

KAUFFMAN DISSERTATION FELLOWSHIP

Part of the Ewing Marion Kauffman Foundation's Entrepreneurship Scholars initiative, the Kauffman Dissertation Fellowship recognizes exceptional doctoral students and their universities. The annual program awards Dissertation Fellowship grants to Ph.D., D.B.A., or other doctoral students at accredited U.S. universities to support dissertations in the area of entrepreneurship.

Since its establishment in 2003, this program has helped to launch world-class scholars into the exciting and emerging field of entrepreneurship research, thus laying a foundation for future scientific advancement. The findings generated by this effort will be translated into knowledge with immediate application for policymakers, educators, service providers, and entrepreneurs as well as high-quality academic research.

EWING MARION
KAUFFMAN
FOUNDATION

www.kauffman.org/kdf

**THE NEW ENTREPRENEUR:**

**WORKER EXPERIENCES IN THE SHARING ECONOMY**

Alexandrea J. Ravenelle

**ABSTRACT:** My mixed-methods dissertation utilizes interviews with nearly 80 workers for Airbnb, Uber, Taskrabbit and Kitchensurfing in New York City in an exploration of the socioeconomic implications of this new wave of entrepreneurship. Using grounded theory, I categorize workers into three classifications: Struggler, Striver and Success Story. While the firms market an entrepreneurial ethos, I find that the sharing or gig economy has simply increased economic insecurity and worker vulnerability. Workers, especially the Strugglers and Strivers, find themselves outside standard workplace protections and exposed to considerable risks. Although the Success Stories are able to pursue entrepreneurship, such opportunities are often linked to their high level of skills and capital, rather than an equalizing of the entrepreneurial playing field.

The sharing or 'gig' economy claims to bring the romance of entrepreneurship to the masses. Airbnb, Uber and other gig economy companies argue that they're creating micro-entrepreneurs and expanding micro-enterprise, companies with 10 or fewer employees. Through Airbnb, fledgling hoteliers can bring in additional funds while Taskrabbits can harness their extra time and skills to start their own personal assistant services. Uber billboards advertise the opportunity to be your own boss, with the benefit of a still-stable paycheck thanks to their monthly income guarantee.

At the same time, the sharing economy promises to transcend capitalism in favor of community. Supporters argue the sharing economy will reverse economic inequality, stop ecological destruction, counter materialistic tendencies, enhance worker rights and empower the poor. In an oft-quoted example: the average power drill is used for just 12 minutes a year. Though the sharing economy, people can share drills with neighbors, an experience that frees space in their garage, leads them to develop friendships and even allows them to save on lifetime drill expenditures. As Rachel Botsman, author of *The Rise of Collaborative Consumption*, explains: "We now live in a global village where we can mimic the ties that used to happen face to face... [And] to engage in a humanness that got lost along the way."

The sharing, gig or on-demand economy are catch-all terms for technology-based "'peer-to-peer' firms that connect people for the purposes of distributing, sharing, and reusing goods and services" (Mathews, 2014). The concept encompasses everything from multi-billion dollar companies such as Airbnb to free durable good sharing sites such as Neighborgoods. Definitions of the field vary and often seem arbitrary: Airbnb is seen as the epitome of the sharing economy, but traditional bed and breakfasts are not. Boston College professor Juliet Schor, a preeminent researcher in the field, notes that definitions of the sharing economy tend to be "pragmatic, rather then analytical: self-definition by the platforms and the press defines who is in and who is out" (Schor, 2014, p. 2).

As noted by Nadeem (2015), "the sharing economy is a floating signifier for a diverse range of activities. Some are genuinely collaborative and communal, while others are hotly competitive and profit-driven." Amid all of the media and marketing buzz about the sharing economy as providing opportunities for entrepreneurship, there is little discussion of the experience of workers in the sharing economy. Are these workers fledgling entrepreneurs who are entering small business ownership in droves or have these workers simply internalized the new norms of job insecurity? Is this an effort to create an alternative and more financially-equal economy or, is this an actual opt-out, where college-educated workers -- frustrated with the lack of work-life balance in mainstream companies -- are cobbling together piecework in exchange for added flexibility? Is this the newest iteration of 'moonlighting?'

My mixed methods dissertation examines the experience of sharing economy workers. In doing so, I investigate three key, interrelated research questions:

1. To what extent are individuals joining sharing economy as part of a larger entrepreneurial goal, and to what extent is it a second job?

2. What skills and assets do workers need to benefit from this new economic movement?

3. What are the potential risks to sharing economy participants and their clients?

## RESEARCH METHODS

I draw my data from 78 qualitative interviews and quantitative surveys with 23 Airbnb hosts, 22 Taskrabbit workers, 19 Kitchensurfing chefs and 14 Uber drivers/messengers. These four services were chosen because they illustrate the diversity of businesses that are found within the sharing or gig economy: incredibly successful, well-funded companies worth billions (Uber and Airbnb), an established but somewhat struggling start-up (Taskrabbit) and a relatively new -- and now shuttered -- upstart (Kitchensurfing). The companies were also chosen for their ability to highlight the different components of the sharing economy. For instance, all four services offer consumers access to underused physical assets ("idle capacity"), but Taskrabbit and Kitchensurfing offer consumer-to-consumer or "on demand" services while Airbnb is about granting consumers temporary or shared access to a home. Uber focuses on the more efficient use of assets by making money from a personal vehicle and offering shared rides through UberPool.

These four firms also illustrate the range of skill and capital barriers that divide services in the sharing economy. TaskRabbit, a personal assistant service, has few barriers to involvement: workers complete an online application and attend an orientation; there is no capital investment needed. Before it closed, Kitchensurfing, an on-demand chef service, required a specialized skill set and that prospective chefs audition by cooking a restaurant-worthy meal; as a result, the Kitchensurfing Tonight service had a high skill barrier but a low capital-investment barrier. The Kitchensurfing marketplace, by comparison, required high skills and high capital-investment – workers need dependable transportation, food storage tools/facilities and cooking equipment. Airbnb and Uber involve high levels of capital investment: Airbnb requires a space that is desirable enough that other people will pay to rent it; Uber necessitates access to a relatively new car that meets Uber requirements and New York City licensing requirements that cost thousands of dollars (high-capital investment). However, whereas Uber skills are fairly minimal (being able to pass a driving test and background check), successful Airbnb hosting requires marketing a listing, and performing a persona, that will be appealing to travelers (high-skill requirement).

Participant recruitment into this study differed based on platform. Airbnb hosts were recruited through Airbnb's Contact Host feature. In my introductory email, I provided information about my research project and asked if the host would be interested in participating in a short demographic survey and an interview at a time and a place that was convenient for them. I noted that participation was completely voluntary and that answers would be anonymous. Recognizing that Airbnb's algorithm and the availability of properties often provided different results from week to week, I searched for hosts and sent batches of interview requests four times between March 25th, 2015 and July 20, 2015. Participation emails were sent to 150 hosts, resulting in interviews with 20 hosts.

For Taskrabbit, Kitchensurfing Tonight and Uber, workers were hired through the services between March and November 2015 and then told about the project in a face-to-face conversation after rapport had been developed. Email and phone numbers were solicited and interviews were scheduled at a later time. Three Taskrabbit participants were recruited through snowball sampling, which served to further expand my sample size by giving me access to several Taskrabbits with very high hourly rates. Three Airbnb hosts and one Taskrabbit worker were recruited through contacts at local colleges, providing a much higher concentration of students than otherwise found in the sample. The reliance on the algorithms provided by all four services, partnered with a several-month recruitment period, contributed to sample randomness.

I personally administered the demographic survey and interviewed each respondent using Weiss' (1995) interview matrix to allow for a participant-directed interview. All interviews were conducted in person with the majority conducted in public locations such as cafes and parks. Interviews averaged more than two hours in length. During each interview, I asked open-ended questions: how workers got involved with the sharing economy; their best and worst experiences; how they decided which guests or gigs to accept; handling day-to-day logistics; managing their profile/listing; the experience of getting reviews; and if they considered themselves to be an entrepreneur. The demographic survey addressed such open and close-ended questions as race, income, age, occupation, education level, marital status, political affiliation, sharing economy income and expenses, and three words describing what attracted the host to the sharing economy.

All interviews were audio-recorded, transcribed, and coded into thematic fields. Information from the surveys was entered into a spreadsheet and analyzed by calculating means. Thematic qualitative data, such as the decision-making processes around developing an Airbnb profile and listing and accepting guest requests, were sorted into broad topical categories, coded inductively, and analyzed by examining patterns among the codes. To preserve confidentiality, all respondents were assigned pseudonyms and potentially-identifying details in the narratives were altered or omitted.

## RESEARCH FINDINGS

My research, based on ethnographic interviews with nearly 80 workers, suggests that life in the sharing economy is far from the boss-free bliss or 'entrepreneurial ethos' marketed by sharing economy services. As part of the casualization of the workplace and shifting of risk from employers to workers, sharing economy workers labor in a piecemeal system where work today is no guarantee of work tomorrow. In addition to the daily risk of unemployment, workers are outside the workplace social safety net of unemployment insurance, retirement and health insurance contributions and workers compensation. As a result, when they experience on-the-job injuries, sexual harassment, or find themselves in criminally-questionable situations, they have no recourse or protections. While some workers do view themselves as entrepreneurs, such identification is typically limited to those workers who have high levels of skill and capital.

Why do workers continue in the sharing economy, even in the face of such challenges and difficulties? Although supporters of the sharing economy may promote the flexibility offered by the services and even point to free services as allowing for a strengthened sense of community and decreased focus on consumption, I argue that the continued growth of the sharing economy highlights American workers' growing need for additional funds due to stagnating or increasingly volatile incomes.

As I met and interviewed workers, the same themes arose again and again: some gig economy workers were struggling, others were excelling and a large portion fell somewhere in between. My ideal types of Success Story, Striver and Struggler arose through grounded theory, an approach in which theory is "grounded in data systematically gathered and analyzed" (Strauss and Corbin, 1994).

The Success Story has used the gig economy to create the life they – and many of us – want. They are their own boss, they control their day-to-day schedule and the sky seems to be the limit in terms of how much money they can make. The flexibility of the sharing economy means that they aren't tied to a desk or even a city; they can run their companies via app while lounging on a beach or passing time in a bar.

At the other end of the spectrum are the Strugglers. These are the workers who have turned to the sharing economy in a fit of desperation. They're part of the long-term unemployed after the Great Recession or they are undocumented workers who struggle to find work thanks to the growing prevalence of E-Verify, a federal program to confirm employment eligibility. In some cases, they are simply temporarily down on their luck: a job loss or personal crisis caused a major setback and their already-strained savings couldn't handle the increased pressure. These college-educated workers found themselves struggling to pay rent, to afford food, even to collect enough quarters to do laundry. Finally, some were reasonably successful – even believing themselves to be Success Stories – until the platform they were on performed a 'pivot,' tech-speak for a mission change and policy overhaul. Much like automation led to the wholesale layoffs of automotive workers, pivots lead to Strugglers trying to reinvent themselves. But unlike automotive workers, sharing economy workers generally receive little to no advance notice of major workplace changes, and they have no unemployment safety net to fall back on.

The appeal of the Success Story is unmistakable. The fear of the Struggler situation is overpowering. And yet, these two extremes are only part of the sharing economy story. There's also a third possibility for gig workers. The Strivers are those who have good jobs and stable lives who turn to the sharing economy for a bit of added excitement or additional cash. Unlike the Success Stories, they aren't looking to make $40,000 or $70,000 from their sharing economy work; they don't talk about scaling up or incorporating. Although some discuss making this a full-time job, they remain hesitant to leave their mainstream stability and workplace benefits or are using the gig economy while they transition to a new career or start a business. Unlike the Strugglers, they don't necessarily need this money to survive, although it can provide a more comfortable lifestyle: the occasional vacation, additional funds in the bank, a bit more financial security.

For workers who have high levels of social and cultural capital and skills, the sharing economy can be a dream job with increased flexibility, choice and control. For instance, Airbnb 'hoteliers,' who can afford to maintain multiple rental properties, and Kitchensurfing chefs with the skills to establish a catering service, are more likely to be Success Stories and to view themselves as entrepreneurs.

But for workers who lack high levels of capital or skill, the gig economy just takes already low-level work, adds an app and simply increases the precarity factor. This new economic movement isn't equalizing the entrepreneurial playing field so much as it is highlighting the role of capital -- both financial and cultural. The economic forces in the sharing economy continue to provide higher returns to those with wealth, just as French economist Thomas Piketty (2014) discusses in *Capital in the Twenty-First Century*.

While all gig economy workers experience a shifting of risk and liability as part of a larger casualization of labor, Strugglers and Strivers are especially vulnerable. In many ways, the gig economy resembles the Industrial Age where workers worked long hours in a piecemeal system, workplace safety was non-existent and there were few options for redress. The gig economy's lack of responsibility for workers results in an effective destruction of OSHA protections and worker's compensation as workers clean ponds and construction dust with their bare hands, get bitten by dogs, and experience on-the-job injuries for which they have no financial recourse.

I also discuss how the alleged egalitarianism of peer-to-peer employment results in the loss of political language as workers 'explain away' sexual harassment. Although the workplace protections dealing with safety and the right to unionize date back to the early Industrial Age and beginning of the 1900s, American protections against sexual harassment are a direct outcropping of Second Wave feminism. Still, even these newer workplace policies are no match for the sharing economy's bulldozing of workplace protections.

While work is often identified as a panacea for criminal behavior, my research also explores the shady underbelly of the sharing economy through stories of workers who find themselves engaging in illegal or at least legally-questionable activities as part of their sharing economy work. I argue that the anonymity of the sharing economy can make it easier to source otherwise law-abiding workers for drug deliveries and can lead to unsuspecting workers involved in various scams.

In my final chapter, I provide policy suggestions and interviews with the leaders of services that are working to change the sharing economy status quo by paying their workers a living wage and providing benefits and workplace protections. I discuss how to best address the differing challenges experienced by Success Stories, Strivers and Strugglers and link my research to the larger theoretical discussions on the informal economy, inequality and stratification, and the ideology of responsibilization.