



# Exploring Online 'and' Offline Enterprising and Informal Work Activities

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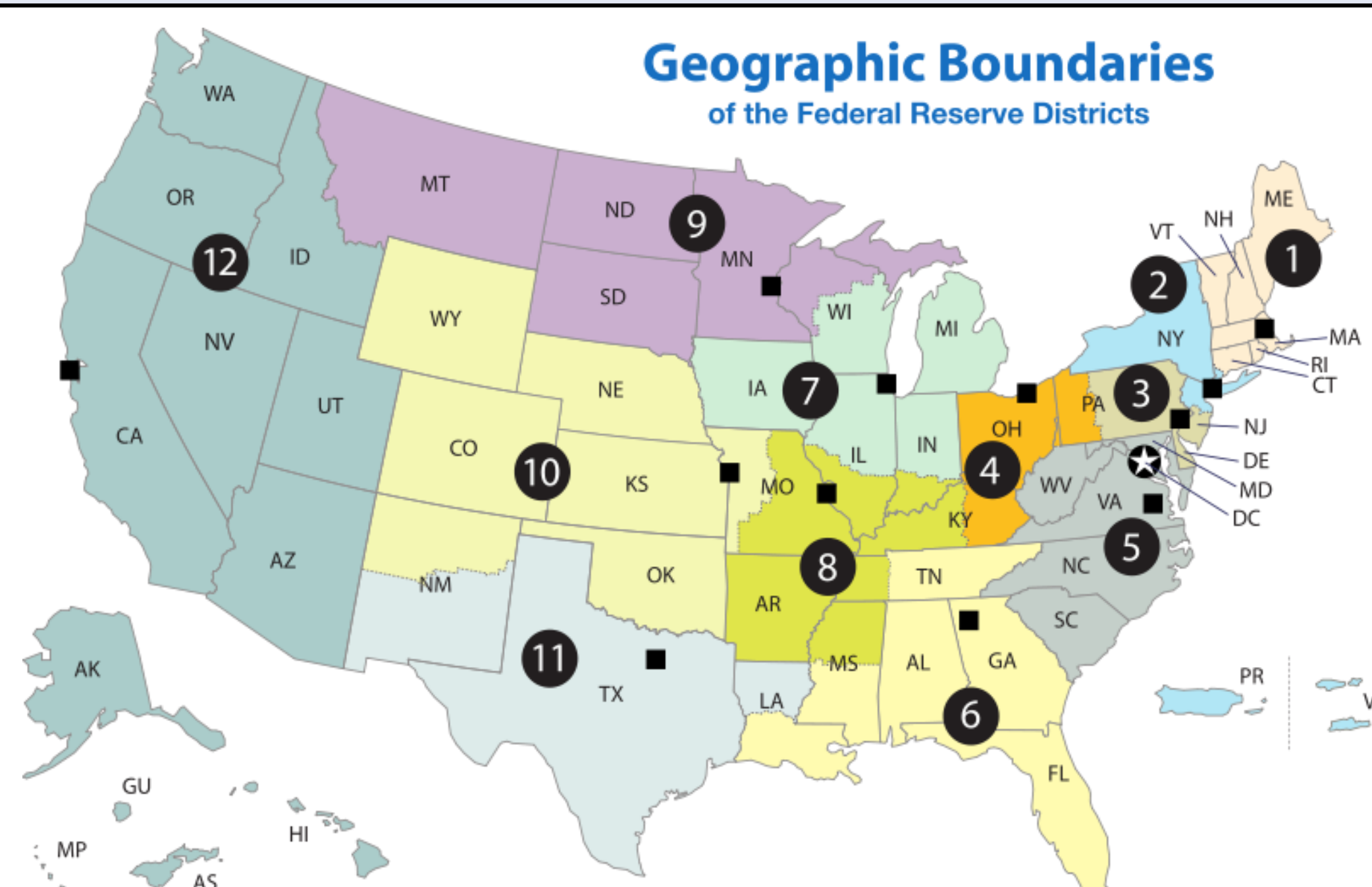
\*This study does not necessarily reflect the views or opinions of the Federal Reserve Bank of Kansas City or the Board of Governors of the Federal Reserve System.

## OVERVIEW

Our study explores how the various modes of generating income from **online** and **offline** paid informal work contribute to the economic and financial well-being of the general consumer household population.

We explore the rise of the informal work trend in the context of all households with particular attention focused on low-to-moderate income (LMI) households. We explore how households fare and the subsequent spill-over effects for communities and local ecosystems.

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## RESEARCH QUESTIONS

The research questions we explore in our survey are:

- How prevalent and numerous are enterprising tasks-for-fees, renting and selling used items, and other informal work activities among households both online and offline?
- What are the demographics (age, education, ethnicity and race, etc.) of the workers engaging in informal work?
- Where do the workers engaging in informal work live?
- Are these informal work activities a significant source of income- patching over a monthly budgetary cycle, a regular and consistent source of income, or both?
- How are households self-reporting their motivation for engaging in informal paid work?

## DATA & METHODOLOGY

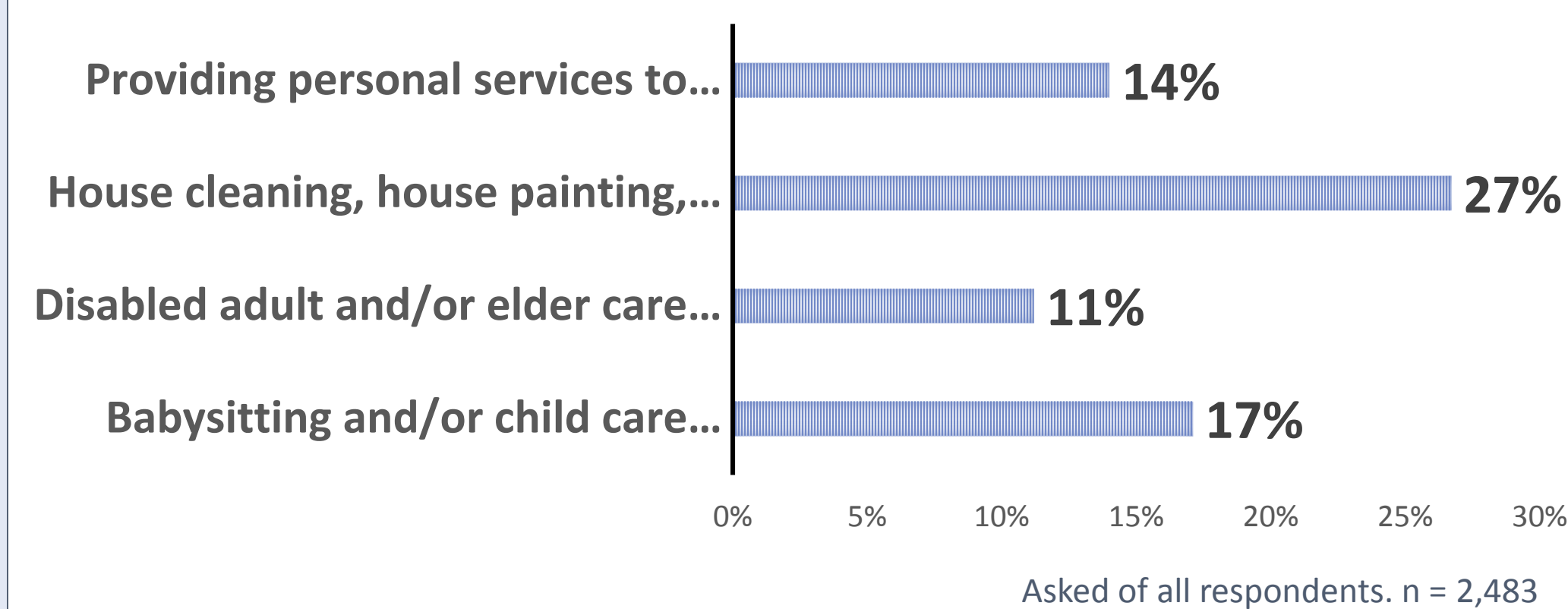
Using a nationally representative email-based survey data collected in October/November 2015 from a potential respondent pool of 12,480:

- 6,898 completed the survey with a response rate of 55.3 percent
- 2,483 qualified respondents were identified with an incidence rate of 36.0 percent (qualified respondents were those self-reporting that they were engaging in enterprising or informal work activities).

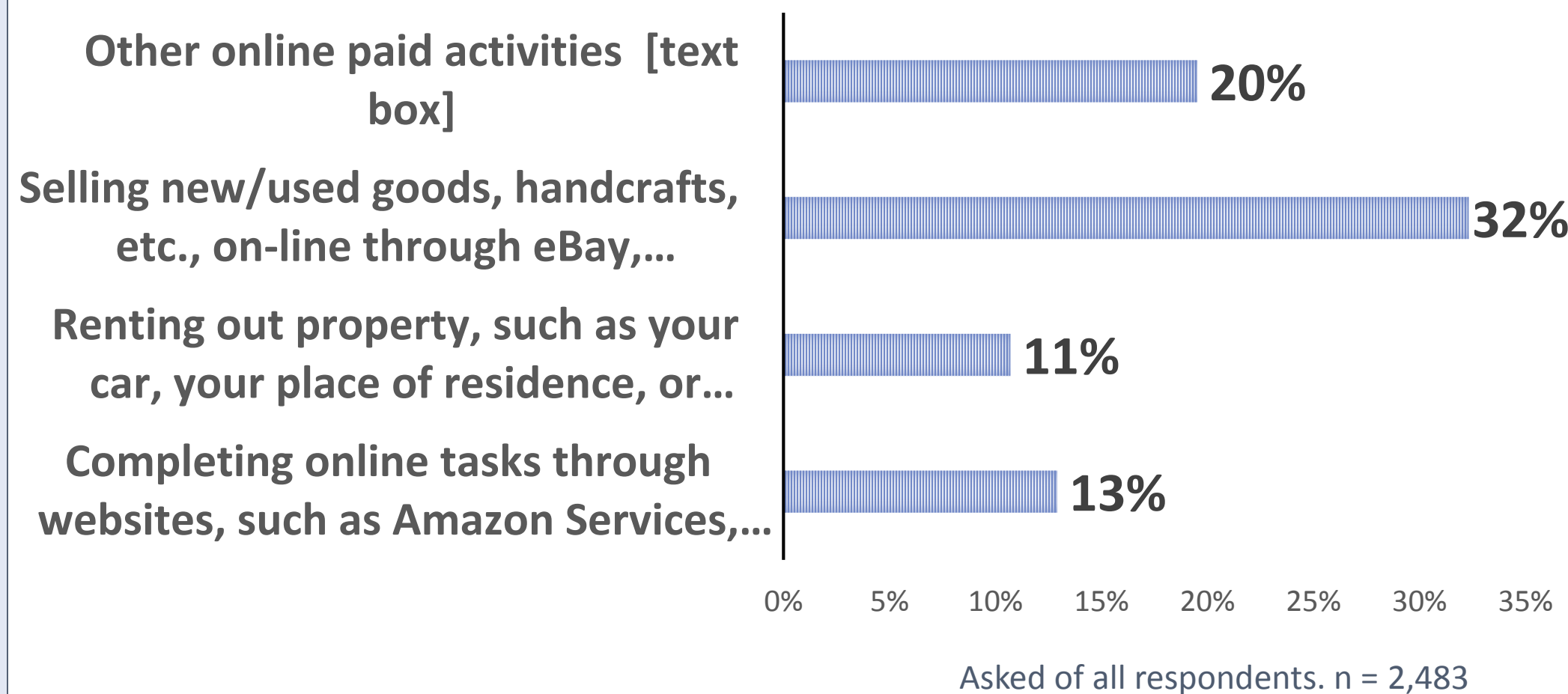
The qualified survey respondents (2,483) were asked questions that covered formal employment status as well as multiple jobs, attitudes of the self-employed and small business owners, motivations and reasons for undertaking informal paid work activities and demographic characteristics.

All survey questions specifically addressed respondent activity in the six months prior to completing the survey.

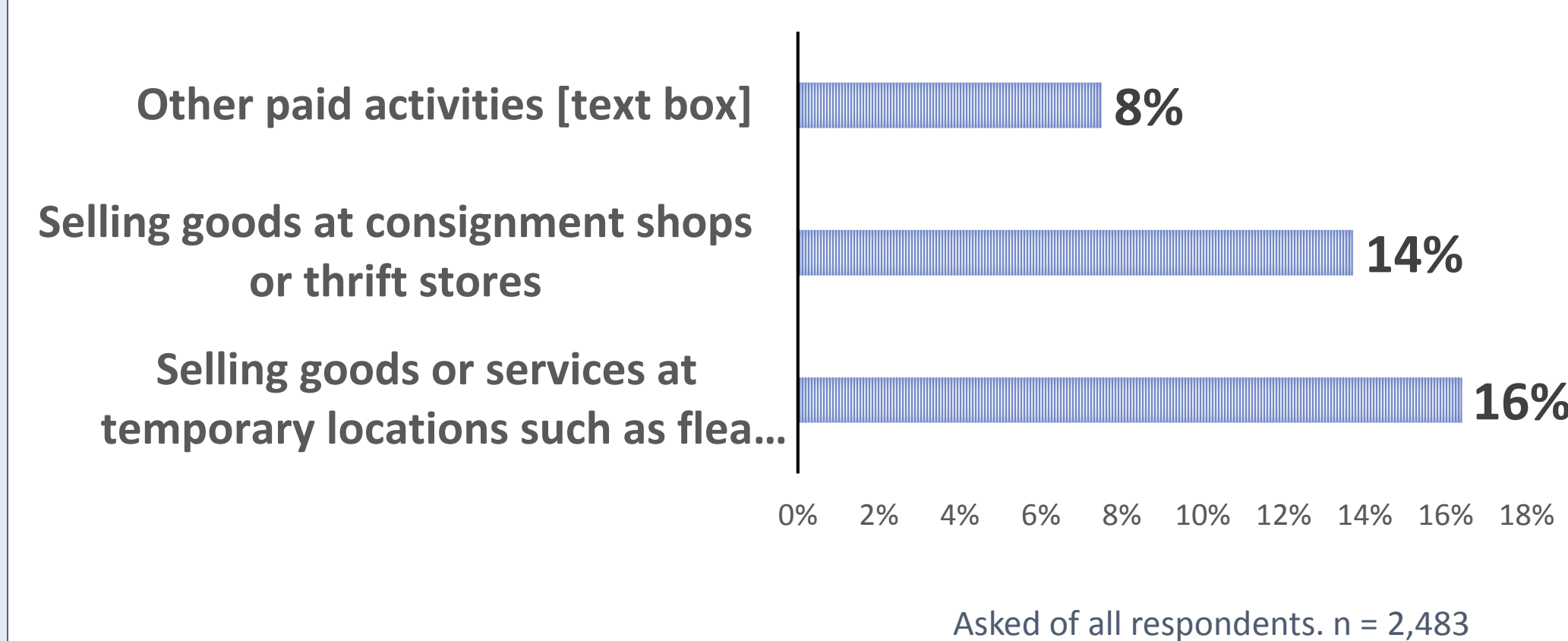
## Offline & Informal Labor Services Activities



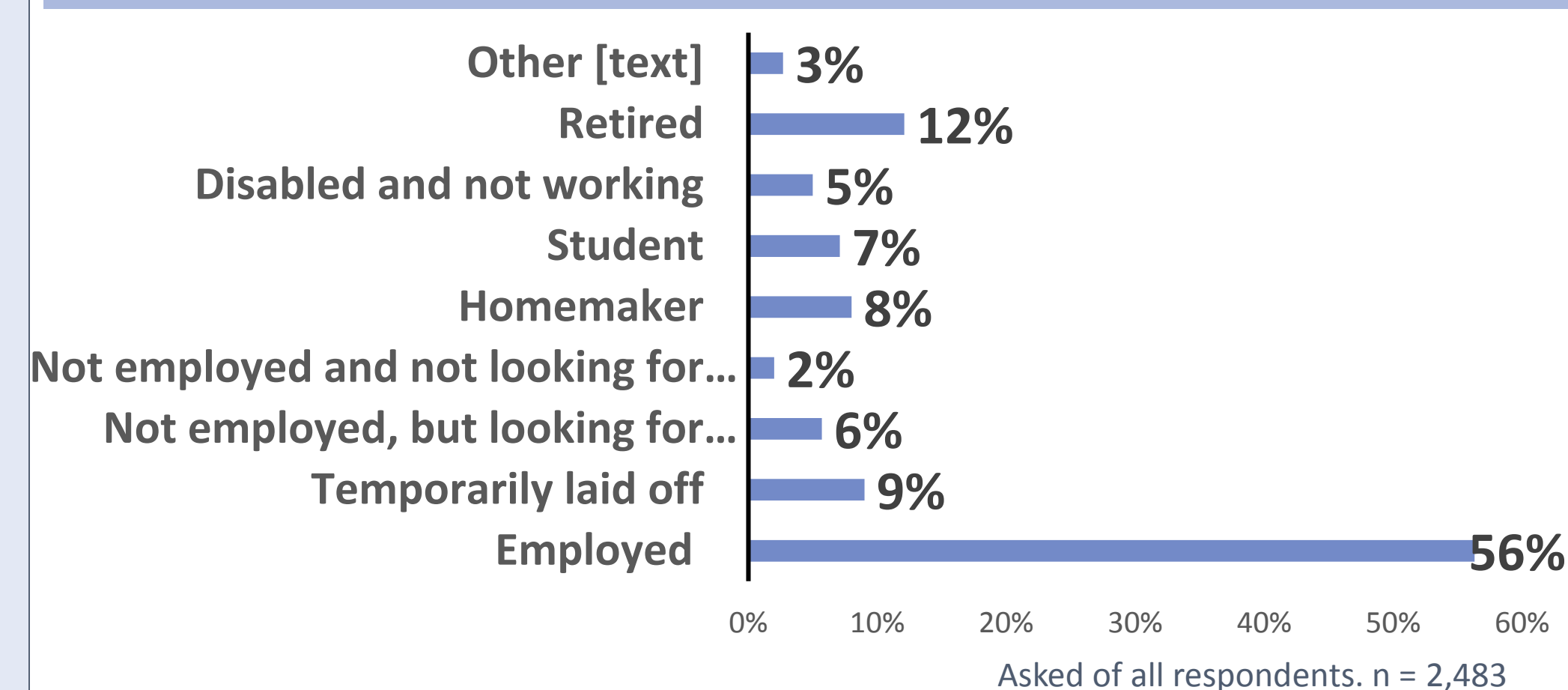
## Online, Renting, Selling & Informal Work Activities



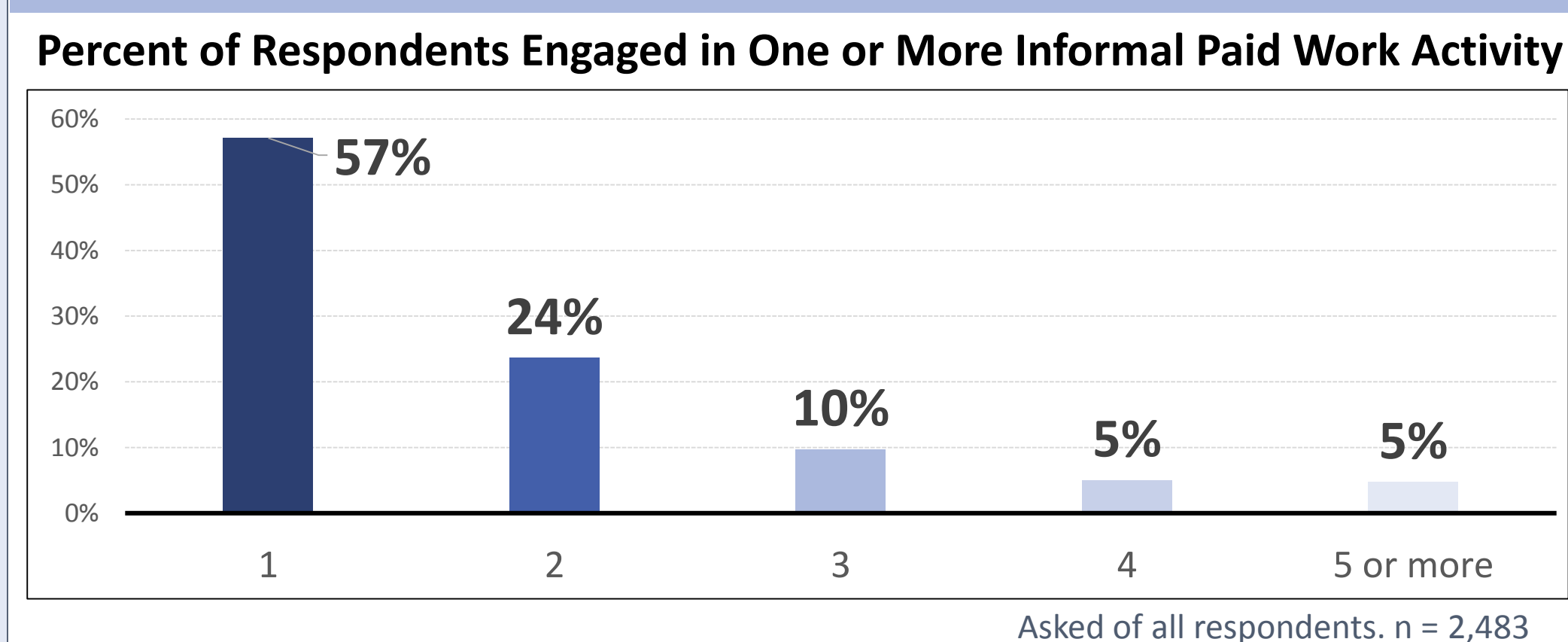
## Flea Market, Mobile Vending and Other Alternative Offline Work Activities



## Main Employment Status – Total Qualified Respondents



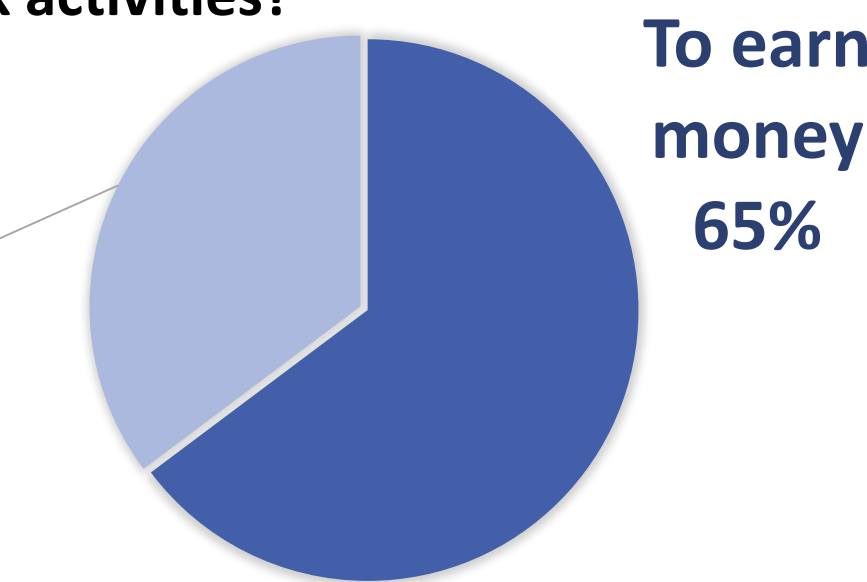
## Enterprising & Informal Work Activities: How Many?



## Enterprising & Informal Work: Monthly Budget

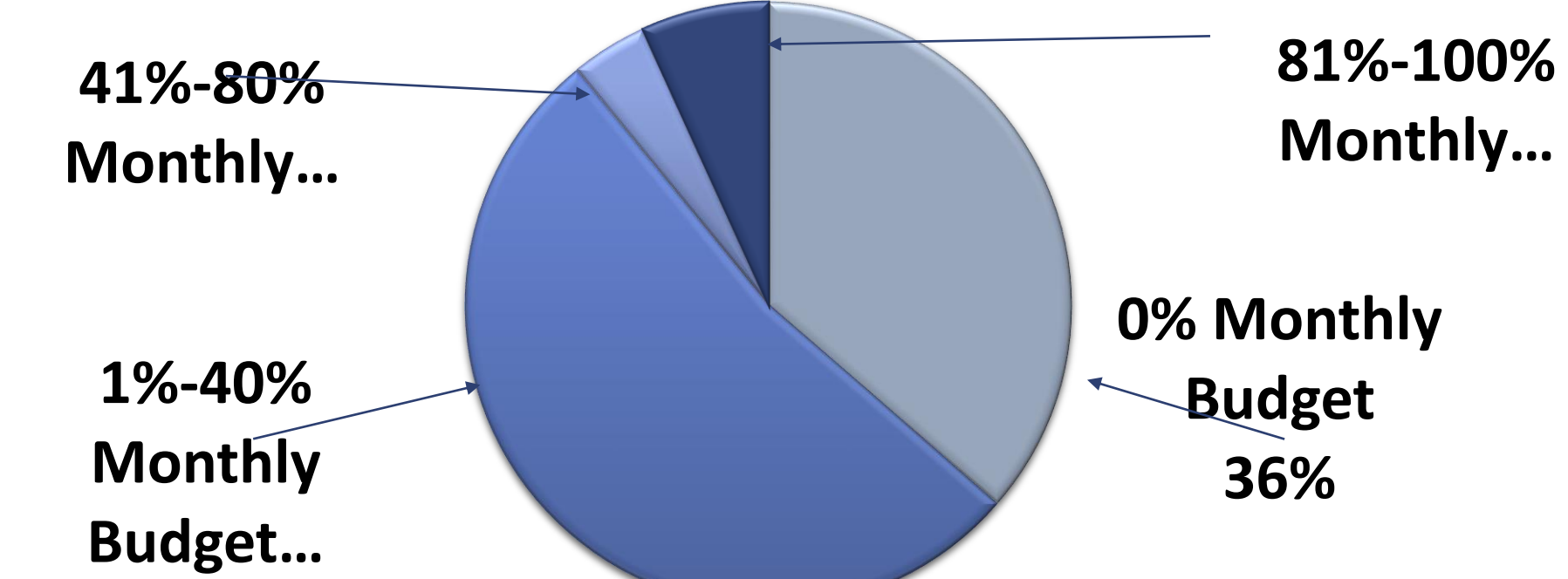
In the last 6 months, what is the main reason why you have engaged in these paid or side work activities?

Other Reasons: Hobby, network, acquire new skills, maintain skills, other...



## Enterprising & Informal Work: Monthly Budget

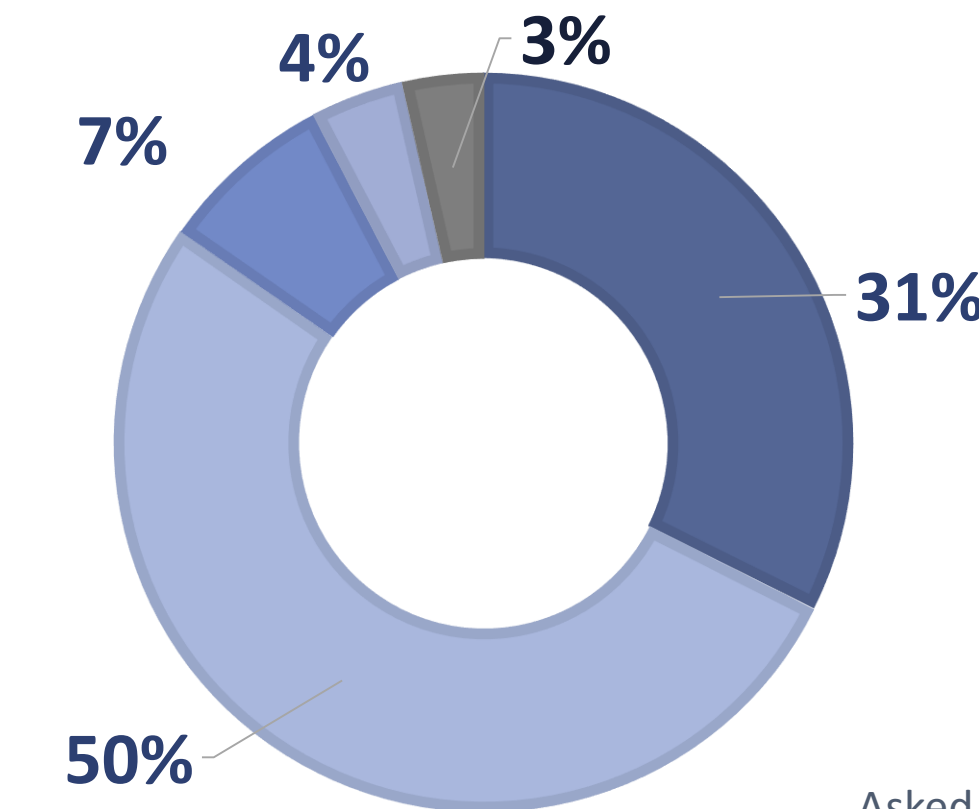
How much of your household monthly income do you usually get from paid work activities or side employment?



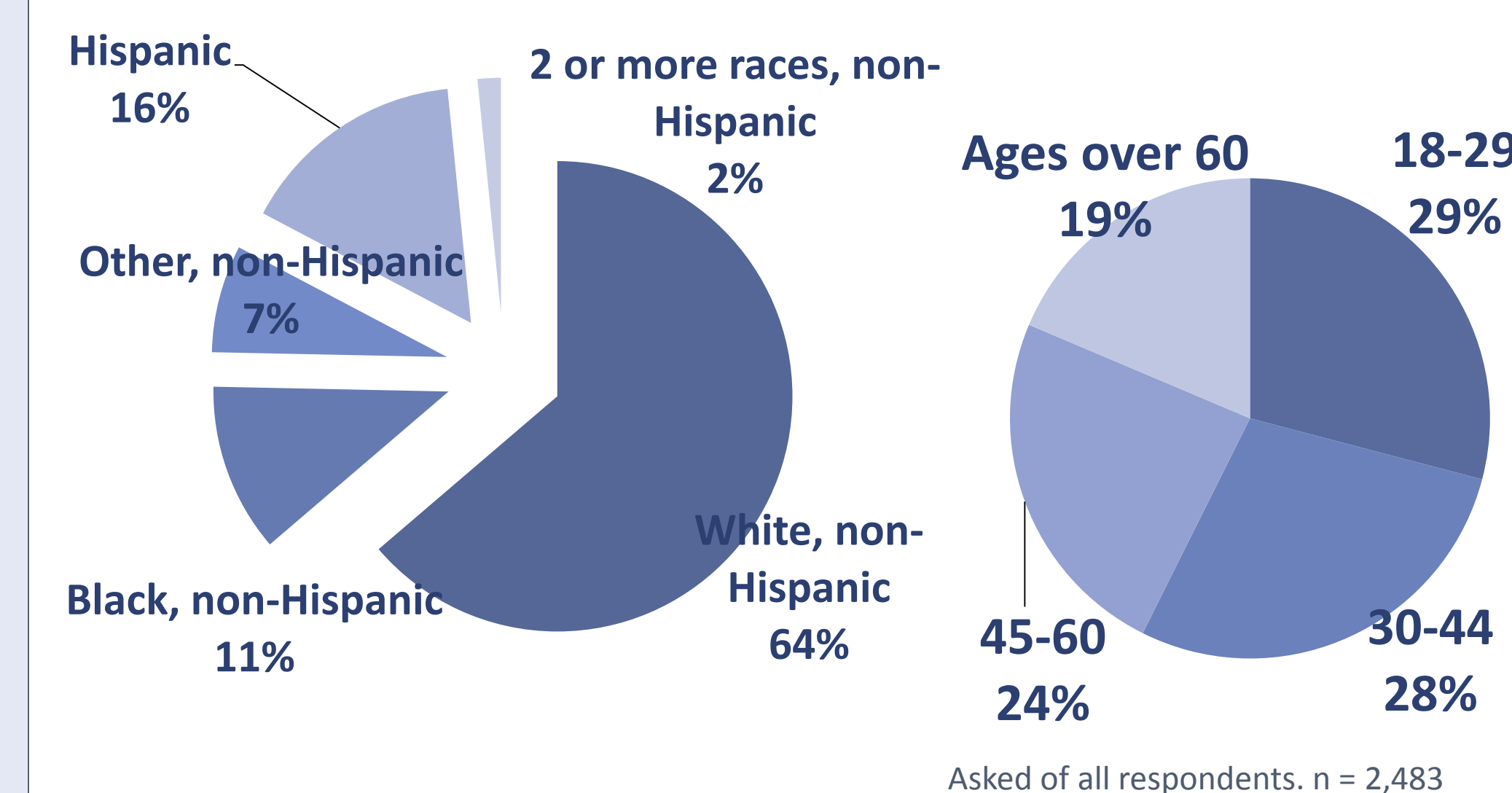
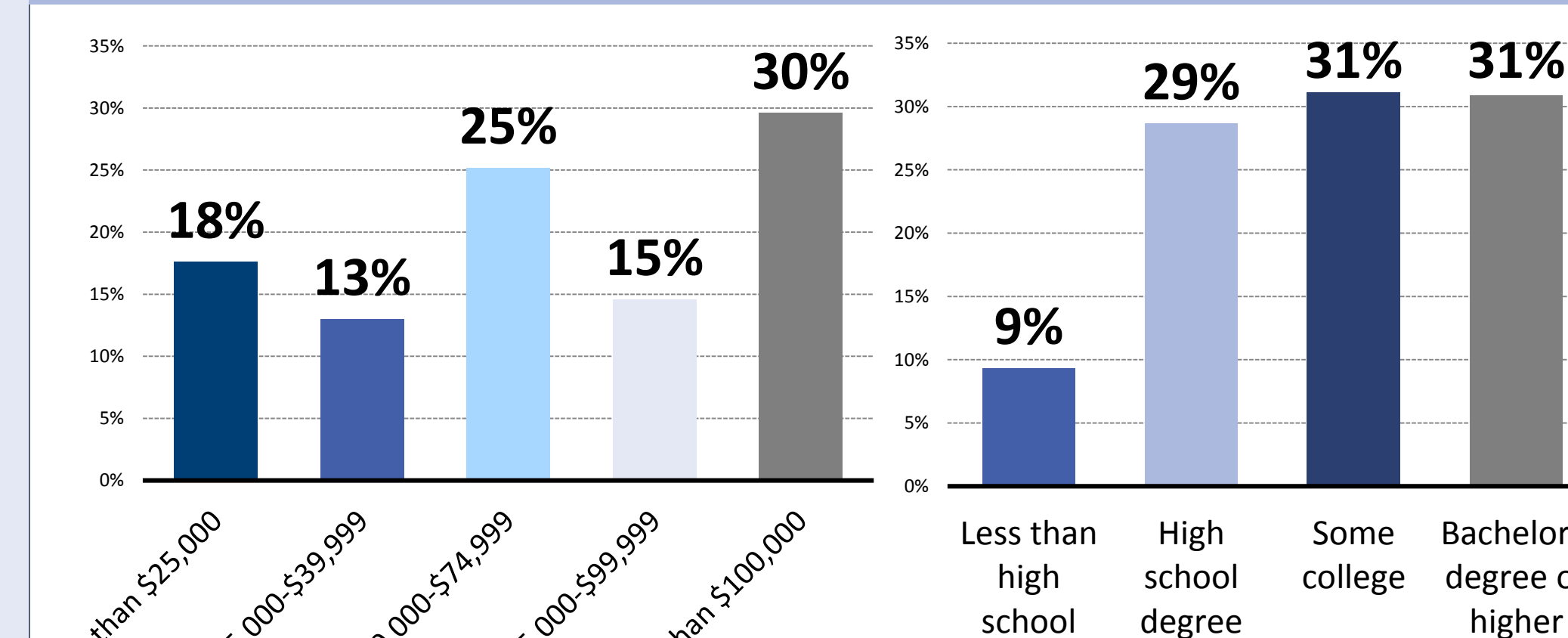
## Enterprising & Informal Work: Monthly Hours

How much time do you usually spend per month on paid work activities or side jobs, other than your primary job?

0 Hours 1-20 hours 21-40 hours 41-80 hours 81-744 hours



## Demographics and Economic Characteristics



## Logit Model

Logit Model:

$Pr(\text{Gig Work}) = f(\text{Returns with Refunds, Age, Education Category, Gender (Male = 0, Female = 1), Household Size, Metro Status (MSA), Density of 1099 Miscellaneous tax forms filed, Returns with a Schedule C, F or SE, AGI category}) + e$

Dependent variable: QFLAG1

Number of observations = 6898 Scaled R-squared = .041166  
 Number of positive obs. = 2483 LR (zero slopes) = 285.358 [.000]  
 Mean of dep. var. = .359959 Schwarz B.I.C. = 4426.31  
 Sum of squared residuals = 1523.12 Log likelihood = -4364.44  
 R-squared = .041597  
 Number of Choices = 13796  
 Fraction of Correct Predictions = 0.651058

Parameter	Estimate	Standard Error	t-statistic	P-value
C1	-.168330	.197969	-0.850284	[.395]
RET_RFND1	.759024E-04	.626115E-04	1.21228	[.225]
PPAGE1	-.018426	.162130E-02	-11.3647	[.000]**
PPEDUC1	.514716E-02	.013549	.379885	[.704]
PPGENDER11	.300338	.051541	5.82717	[.000]**
PPHHSIZE1	.087868	.019084	4.60426	[.000]**
PPMSACAT1	.125764	.077546	1.62180	[.105]*
NO1099M_FILED1	.123453E-04	.661898E-05	1.86513	[.062]*
RTSCHCEF1	.119524E-04	.522837E-04	.228607	[.819]
AGI11	-.125904E-03	.905773E-04	-1.39001	[.165]
AGI21	.405985E-04	.135345E-03	.299963	[.764]
AGI31	-.195110E-03	.189879E-03	-1.02755	[.304]
AGI41	-.510381E-04	.116889E-03	-.436636	[.662]
GT100K1	-.265611E-04	.633027E-04	-.419589	[.675]

Standard Errors computed from analytic second derivatives (Newton)

Results of the logit estimation indicate that Age, Gender, Household Size, Metro Status and Density of 1099 Miscellaneous tax forms filed are all statistically significant and contribute to the probability of undertaking 'gig' work both online and offline.

## CONCLUSIONS

To summarize, we asked qualified survey respondents (2,483) about their formal employment status, multiple job holding, what their motivations and reasons for undertaking informal paid work activities were and demographic characteristics.

A logit model was employed to assess variables that may impact, positively or negatively, the probability of engaging in both online or offline 'gig' work. To better understand informal paid work activities, future research may require data that captures all employment activities and the income stemming from these activities, as well as research focused on the mediating factors that may be driving the growth of these activities..

## Additional Resources

Callegaro, M., K. L. Manfreda, and V. Vehovar, (2015): *Web survey methodology*. Sage.

Farrell, D. and F. Greig, (February 2016): "Paychecks, Paydays and the Online Platform Economy," JPMorgan Chase & Co. Institute, Available at: <https://www.jporganchase.com/corporate/institute/report-paychecks-paydays-and-the-online-platform-economy.htm>

Katz, L. F., and A. B. Krueger, (March 2016): "The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015," Princeton University Working Paper. Available at: [https://krueger.princeton.edu/sites/default/files/akrueger/files/katz\\_krueger\\_cws\\_-\\_march\\_29\\_20165.pdf](https://krueger.princeton.edu/sites/default/files/akrueger/files/katz_krueger_cws_-_march_29_20165.pdf)

Kenny, M. and J. Zysman, (Spring 2016): "The Rise of the Platform Economy," Issues in Science and Technology, Available at: <http://issues.org/32-3/the-rise-of-the-platform-economy/>

Robles, Bárbara, and Marysol McGee (2016). "Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey," Finance and Economics Discussion Series 2016-089. Board of Governors of the Federal Reserve System (U.S.).

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