Exploring Online ‘and’ Offline Enterprising and Informal Work Activities

Bárbara J. Robles
Board of Governors of the Federal Reserve*

Marysol McGee
Board of Governors of the Federal Reserve*

*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 40 percent.

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.

Logit Model

Logit Model:

Pr(Gig Work) = \( \frac{c + \sum_{i=1}^{n} B_i x_i + \sum_{j=1}^{m} C_j y_j + \sum_{k=1}^{l} D_k z_k}{1 + \sum_{i=1}^{n} B_i x_i + \sum_{j=1}^{m} C_j y_j + \sum_{k=1}^{l} D_k z_k} \)

Log Likelihood = -416.44

Additional Resources


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