

## **Gig Economy: Multiple Jobs under the New Normal**

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Since the days of globalization, spanning three decades from the 1980s onwards, were gone for good, developed economies have been faced with the most intense inflationary pressure since the 1970s. As China's economy is also losing steam, the global low-growth era has officially arrived.

Just as Professor Lui Tai-lok elaborates in his book *Four Generations of Hongkongers* (四代香港人), the older generation of Hongkongers, catching a ride on Hong Kong's path to economic boom, had the chance for wealth accumulation. In contrast, plagued with various global economic challenges, the new generation lacks opportunity and sees little hope for success. With the maturity of the traditional four pillar industries, particularly the real estate and financial sectors, there is now no doubt less room for upward mobility in the local labour market.

### **New generation more likely to embrace the meaning of work**

Moreover, young people nowadays have a different perspective on jobs, focusing more on the meaning of work and work-life balance. They no longer prioritize money-making and, unlike the older generation, they do not expect to work at a stable job for life. Meanwhile, being urged to subscribe to the belief in FIRE (Financial Independence, Retire Early), they also question the value of higher education and personal learning.

What's more, with the world's economic and productivity slowdown, many countries have undergone deindustrialization, leading to the hollowing out of middle-class jobs and a lack of space for upward mobility in addition to a trend towards horizontal social development. As a result of upcoming economic uncertainty, increasingly flexible work mode and work hours, a multiple-jobs employment mode has emerged. The gig economy is attributable to more and more people taking up irregular jobs.

The ongoing COVID-19 pandemic has expedited the burgeoning gig economy. According to studies by the International Labour Organization, the coronavirus threat has made it necessary for workplaces to introduce different degrees of lockdown measures, which facilitate working from home or a mixed work mode. This has not only greatly reduced the number of work hours on an international scale but has made it possible for people to choose the time and place for work more flexibly. With the global economy and trade chains subject to disruptions, companies have found it hard to forecast supply and demand and have failed to expand their business scale. Such arrangements as irregular work hours, special leave without pay, and suspension of pay in lieu of layoff have thus become the new normal in the labour market.

Compared with the traditional labour market, the gig economy is conducive to creating a wider variety of jobs with greater freedom. Thanks to the internet, more people, particularly the young, can generate income as freelancers. However, in the economic doldrums, irregular jobs are usually the first to be cut, revealing the structural change the labour market is undergoing. A survey conducted by the Hong Kong Federation of Youth Groups reveals that among respondents aged between 18 and 34, 55% of them experienced employment problems during the pandemic. Most of these young people found themselves “unable to find jobs” (22%) while those with “reduced work hours” and on “leave without pay” accounted for 17.8% and 17.5% respectively.

### **Data alone can't give full employment picture**

Apart from facilitating the development of the gig economy, COVID-19 has also propelled the growth of the platform economy. Many jobs went remote during the pandemic, enabling more people to become freelancers or even holding down multiple jobs at the same time. According to a study by the European Trade Union Institute, 17% of Europeans worked for the internet economy in the past 12 months while 29% of them had done so at some point. Obviously, with the joint development of the gig economy and the internet economy, companies often have to manage employees with multiple jobs. Not only has this driven a wedge between

management and employees but employees' sense of belonging towards their company has also waned. It is no wonder that the cost of human resources management has increased and companies are often understaffed.

The gig economy has also exposed the problem that employment data does not necessarily offer a clear picture of problems in the employment market. As more and more people choose to be engaged in the gig economy, the traditional approach to calculating unemployment and underemployment rates can no longer accurately reflect the real situation of the labour market.

For example, the wealth effect created by the many coronavirus relief measures and quantitative easing (QE) policy of Western governments have disincentivized some people from working. Despite the reduction of non-agricultural jobs during the pandemic, the labour force willing to return to work has also greatly decreased. Unemployment rates have therefore remain more or less the same. However, with the recent turn of the pandemic, quantitative tightening (QT) and interest-rate hikes launched by various central banks in the West, coupled with financial market fluctuations, the retirement plans of some people have been upended. With corporate retrenchment and layoffs being the order of the day, the "slashies" have been the first to bear the brunt. Now more people are looking to re-enter the regular job market, leading to a sudden rise in the labour population and a concomitant upsurge in unemployment rate.

That is why the traditional approach to labour policy by simply relying on unemployment and employment rates has caused policymakers to misjudge or lag behind the actual situation. Outdated labour market statistics can be misleading for devising public policies when it comes to education, human capital, tax, and social welfare. It is paramount to update data of labour market so as to move with the times.

### **Bringing talent policy up to date**

In his latest Policy Address, the Hong Kong SAR Chief Executive puts forward various initiatives targeted at "competing for talent" and "competing for enterprises", which represent a timely policy in response to the problems of a dwindling population and

the brain drain over the past couple of years. The effectiveness of the policy would nevertheless depend on whether it can address the new normal in the labour market. To retain human capital, it is necessary to not only make Hong Kong a liveable city and an ideal career base but also reform the policy areas relating to employment, start-ups, labour skills, and youth to meet the expectations and demand of workers in the new gig economy.

As traditional sectors are no longer attractive to young job seekers, finding ways to develop creative industries and enhancing creativity of the new generation should be a crucial part of education reform for the future. As for the technology industry, health technology, agriculture technology, green technology, food technology, and semiconductor 3.0 (“the five emerging industries”), which we have identified as Hong Kong’s potential areas of development, these sectors will need a pool of technology talent as well as managers and leaders to do strategic planning. For instance, the semiconductor leader Taiwan Semiconductor Manufacturing Company (TSMC) has been offering handsome salaries to attract international-relations professionals to oversee geopolitical studies as well as veterans in supply-chain operations. These all require multiple skills such as digital skills commonly used in the gig economy and cultural quotient. Take Israel for example. The country has been grooming all-rounders through start-up events and challenging research-and-development activities. Upon completion of the training, these talented young people will play a leadership role in various sectors, thus enhancing the development of applied innovation-and-technology (I&T).

Meanwhile, the SAR Government should strengthen its cooperation with the business community to strategically nurture the next generation so that they will be equipped with economy-related and scientific-research-based abilities. This initiative will be conducive to facilitating innovation in Hong Kong and ensuring competitiveness for our free education, continuing education, and executive programmes in a fast-changing world. We suggest the Government should consider reinstating the “revolving door” as a regular system for Administrative Officers (AOs) to be kept up to date with sectoral knowledge through secondment to businesses, think tanks, I&T firms, and social-welfare organizations, etc.

As one of the freest economies of the world, Hong Kong is well-placed to play host to the confluence of global innovation factors, high-end talent, and enterprises. The overarching requirement is for the local policymakers to have a thorough understanding not only of the new normal in the labour market under the gig economy but also of the rapid-changing labour market in terms of supply and demand.