

# PRELIMINARY ASSESSMENT: IMPACT OF COVID- 19 ON PLATFORM WORK IN SERBIA

Gig workers have proven highly flexible and adaptable to changing conditions during the pandemic, but at what cost?



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# INTRODUCTION

Before the coronavirus outbreak, the global gig work market had been growing at an unprecedented pace. Its value had been estimated at \$4.5 trillion, with forecasts indicating further rapid expansion ([Staffing Industry 2018](#)). This growth, also evident in Serbia, had been based on an increasing supply of labour with sophisticated skills, some impossible to obtain in the traditional (offline) labour market ([Upwork](#), [Payoneer](#)).

In the United States, the cradle of the platform economy, 2019 was the first year that one-half of all gig workers identified with freelancing as a long-term career choice rather than a temporary source of income, as had been the case in 2014. Moreover, the proportion of full-time platform workers rose from 17 percent in 2014 to 28 percent in 2019. From Generation X to Generation Z, freelancing has been increasingly more acceptable as an option, rising from 31 to 53 percent amongst those already engaged in platform work (Upwork).

With Covid-19, platform work has ceased to be just a young person's game. Traditional companies have responded to the pandemic by shifting some of their staff onto platforms to facilitate performance monitoring and payments. As initial reports seem to i-

ndicate the gig work market has suffered less disruption than conventional businesses, after the pandemic freelancing may become an attractive option for workers who lose their jobs in traditional industries as platforms make them independent of any one employer.

A similar but less dramatic trend has been observed in Serbia, too, where a relatively large number of company employees were suddenly [sent home to work online](#) using their firms' platforms or, alternatively, third-party communication and teamwork apps. This was their first foretaste of the kind of work done by the Serbian platform community, which estimates put at 2.6 percent of the country's total workforce.



# WHAT DID CENTAR ASSESS AND WHY

Centar looked at the impact of the pandemic on Serbia's gig workers active on Upwork, a freelance marketplace that is a representative example for understanding gig workforce trends both within national borders and, more broadly, regionally and globally. Upwork is one of the world's two largest General-Purpose Labour Platforms (GPLPs) and the most commonly used one by Serbian freelancers. If Upwork were a business, it would be one of the largest firms in Serbia by number of staff, according to [methodology employed by the Serbian Office of National Statistics](#), and would rank amongst the 13 largest Serbian research, innovation, and technology firms.

In early 2020, 11,247 Serbian gig workers were registered on Upwork, with between 4,000 and 5,000 active each month between December 2019 and May 2020. Being 'active' is here taken to mean having provided services through the platform for at least 10 hours every week over the preceding two months.

To assess the impact of Covid-19, we analysed the following indicators: number of gig workers of both genders; gross earnings; number of hours worked by gender; and hourly rates by gender on Upwork.

## IMPACT OF COVID-19 IN SERBIA

### SUMMARY OF KEY TRENDS

There are now fewer gig workers active on Upwork

The volume of work has plummeted

Gig workers' average gross incomes have declined

Hourly rates have increased

# SELECTED INDICATORS

In May, the number of gig workers fell by 5.6 percent relative to before the outbreak (February 2020). Coronavirus seems to have halted growth in this market, since the gig workforce had increased by 20.2 percent relative to the baseline (December 2019) directly before the pandemic struck.

Gig workers' working hours fell in March and April 2020 across the sample. To better understand the change in working hours, we looked in detail only at freelancers who had been active without interruption over the preceding six months (a sample of 1,246) and looked at their trends in two-monthly intervals. The findings show that the average number of working hours was only 62.94 percent of what it had been between January and February 2020. In effect, these freelancers were now taking on one-third of the full offline workload, spending on average no more than 62 hours a month working. By comparison, in January and February 2020 Serbia's gig workers spent 98.5 hours working every month, the equivalent of 60% of conventional working hours.

Even though both men and women saw their working hours decline, the fall was more pronounced for women. The upshot of this was the equalisation of time spent working for gig workers of both genders at a monthly average of 62 hours.



CHART 1.  
Number of gig workers active between December 2019 and May 2020

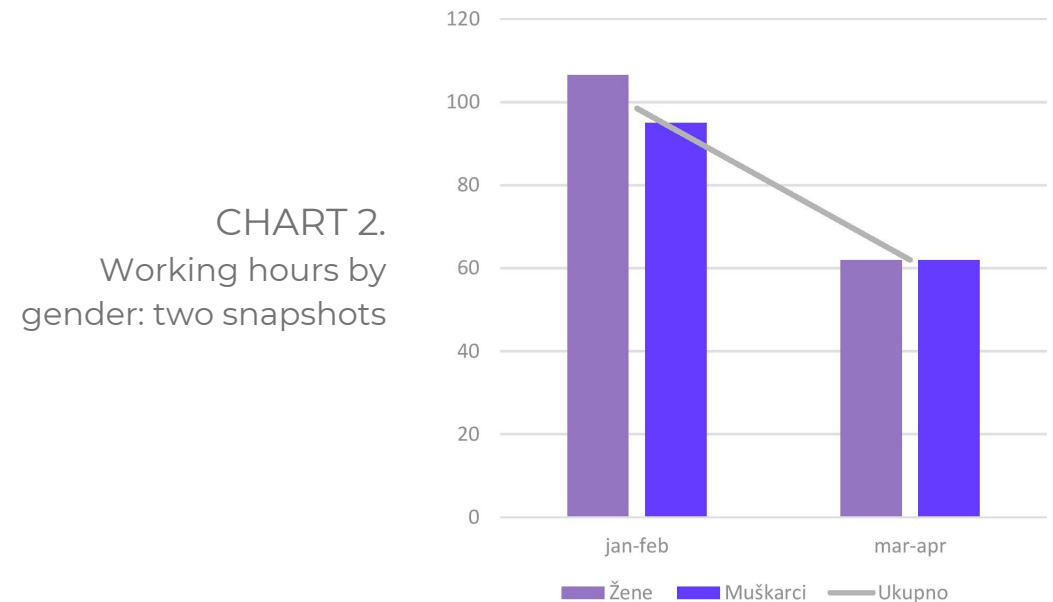


CHART 2.  
Working hours by gender: two snapshots

As women are over-represented in areas that require less sophisticated knowledge and skills (such as professional services and writing and translation), the table indirectly shows that demand for less qualified labour has fallen in the gig market. The greater decline in working hours than in earnings (discussed below) can be attributed to three factors:

- 1 Working hours from the preceding period (i.e. before Covid-19) became due for billing in March and April;
- 2 Work at pre-agreed rates is not included in total working hours statistics;
- 3 The average hourly rate increased somewhat during the pandemic.

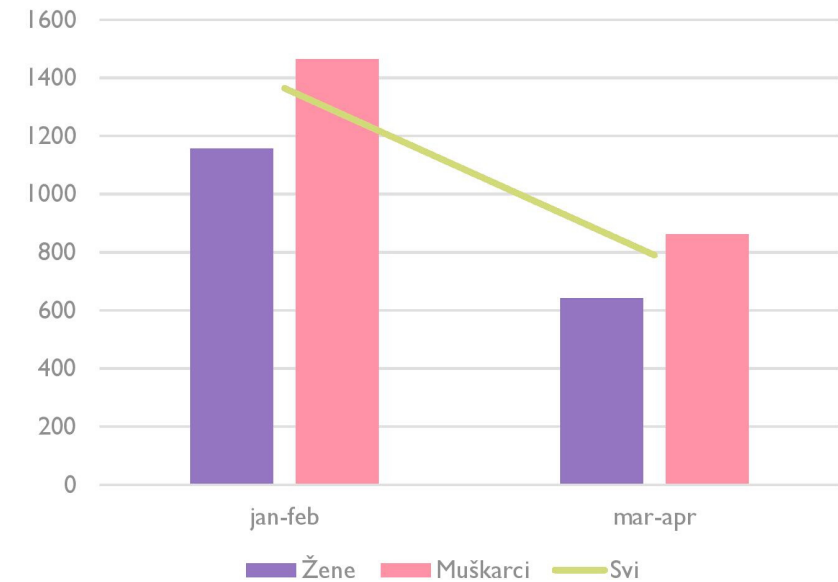


CHART 3.  
Average monthly earnings of gig workers on Upwork, January-February and March-April 2020, US\$

Average (gross) earnings were measured on a sample of 1,246 gig workers who had been active continuously over the preceding six months. These average gross incomes have clearly fallen, by 41.12 percent for men, and an even greater 44.49 percent for women.

This downward trend has meant women's average gross earnings amounted to 74.44 percent of men's incomes during the Covid-19 pandemic, as opposed to close to 80 percent (78.96 percent) before the outbreak.

The median (gross) income fell less than the average income in March-April relative to January-February (to 65.74 percent). This was largely the consequence of pronounced income inequality between platform workers on average, but also of a more significant drop in gross earnings experienced by the upper deciles. Incomes greater than that earned by the median gig worker fell by 43 percent, and smaller ones declined by 36 percent. The pandemic has thus helped reduce inequality between platform workers.

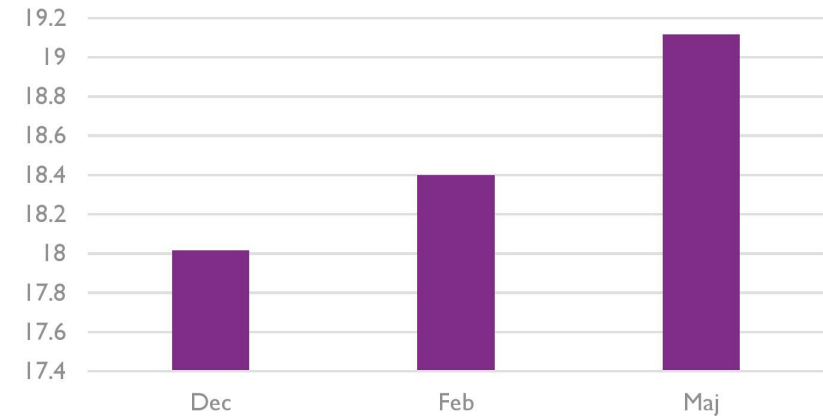


CHART 4.  
Average hourly rates quoted by Serbian gig workers\*

The price of gig labour is the only indicator that has clearly trended upwards relative to late 2019 and early 2020.

The average (quoted) hourly rates demanded by Serbian gig workers for their services continued to rise during the pandemic.

This trend is a consequence of the relatively low cost of labour in Serbia compared to [regional](#) markets, coupled with continuing accumulation of experience that brings in more job offers and, as such, higher premiums on their work.

\* Prices formally demanded by gig workers from employers in exchange for their services

## CHART 5.

Hourly rates have grown across occupations

	DEC 19	FEB 20	MAY 20
Professional services	\$19.6	\$21.7	\$23.5
Clerical and data entry	\$9.5	\$9.9	\$10.2
Creative and multimedia	\$20.6	\$20.5	\$21.0
Sales and marketing support	\$20.3	\$19.6	\$21.3
Software development and technology	\$22.9	\$23.5	\$23.1
Writing and translation	\$15.2	\$15.2	\$15.6

Covid-19 has failed to impact average hourly rates for either individual gig workers and the various occupations, shown here according to the [OLI classification](#). Nearly all occupations have seen hourly rates increase relative to the preceding six months. The rates fell slightly only in software development and technology due to the combined effect of multiple factors:

- 1 Hourly rates had been high in this occupation even before Covid-19 (incomes were highest);
- 2 Budgets have been cut and innovation projects abandoned or postponed by companies that employ the bulk of the IT gig workforce.

# CONCLUSION

The number of platform workers fell slightly during the Covid-19 pandemic, but their incomes have halved and their working hours have plummeted. This indicates the high degree of flexibility and adaptability of this labour pool to the demands of the market. The small contraction is especially notable as the sector has received no job retention incentives.

Hourly rates kept steady in spite of falling workloads, revealing just how inelastic freelancers' rates are. The global average hourly labour costs rose by 3.9 percent relative to January-February 2020, or by 6.1 percent in comparison to November-December 2019. The same trend is in evidence for individual occupations, save only for software development, where hourly rates have edged down by US\$ 0.4.

Even though men and women at first sight seem to have made the same sacrifices to Covid-19, women face greater risks as the income gap between men and women has widened.

Trends in IT-related services merit closer investigation, as the decline in the volume of work recorded by Serbian freelance software developers runs counter to global experiences.

