

# THE Digital Hustle

Gig Worker Financial Lives Under Pressure

South Africa

SPOTLIGHT

JULY 2020



flourish

A Venture of The Omidyar Group

**In South Africa, the digital gig economy has begun to take hold in recent years as segments of unemployed and informal workers move into semi-formalized work via online platforms.** In addition to creating new work opportunities, gig platforms provide a channel to understand and address the financial needs of a vulnerable and underserved population.

Gig workers in South Africa have been among those particularly hard hit by the COVID-19 pandemic and accompanying economic crisis. In the wake of this economic dislocation, it is imperative to focus on the financial health of these workers and assess how we can adapt the learnings to other regions across Africa.

As a global fintech investor committed to helping people achieve financial wellbeing, Flourish Ventures seeks to better understand the financial impact of the pandemic on gig workers and how their livelihoods are changing, as well as how fintechs can better serve this population. This *South Africa Spotlight*, in partnership with research firm 60 Decibels and local startups FlexClub and Picup, represents the second study in *The Digital Hustle*, our global research series. The following results highlight the financial lives, concerns, and aspirations of more than 600 gig workers in South Africa during June 2020.

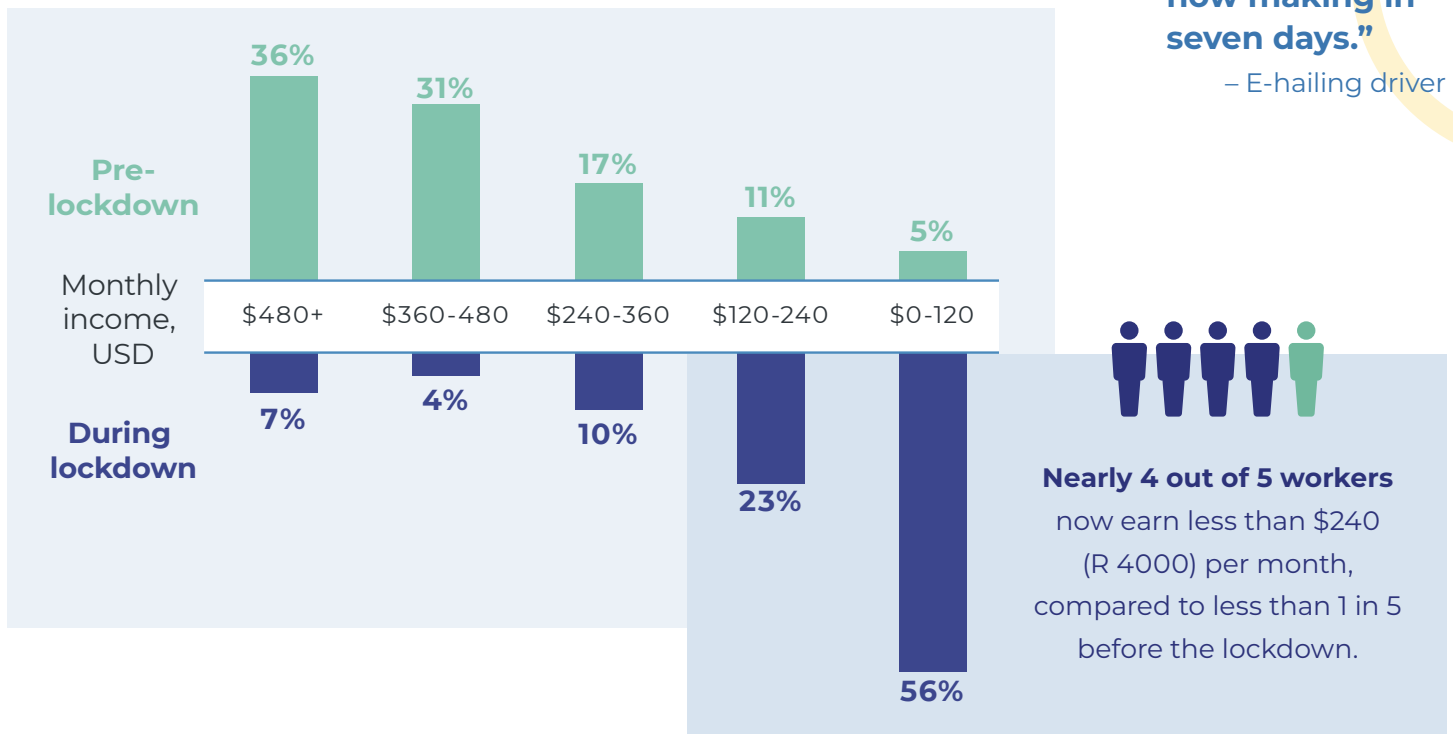
Full results are available on our interactive dashboard at:  
[app.60decibels.com/flourish-gigeconomy2020](http://app.60decibels.com/flourish-gigeconomy2020)



# COVID-19 Impact on Livelihoods & Well-being

South African gig workers have been hard hit by the COVID-19 pandemic.

## Monthly Income Before & After the COVID-19 Lockdown

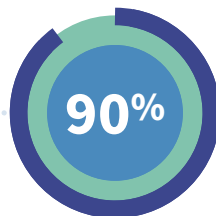


“ There’s no work. The money I used to make in one day I’m now making in seven days.”

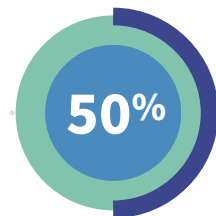
– E-hailing driver



**74% have experienced a large decrease in income** since the COVID-19 lockdown began in March 2020.



**90% are very concerned about COVID-19.** Respondents’ biggest concerns are how the pandemic will affect their ability to earn an income and the risk to their family’s health.



**50% are supporting more people financially** since the COVID-19 lockdown began.

# E-hailing Drivers Impacted Most

**E-hailing services were hardest hit by the national lockdown.**

82% suffered a large decrease in income, and 47% reported a large decline in quality of life.

**Yet delivery workers were also hard hit.** While we expected greater reliance on e-commerce and delivery during the lockdown, 57% of delivery workers still reported a large decline in income.



E-hailing



Delivery

## Income

% Large Decline

82%

57%

## Quality of Life

% Large Decline

47%

26%

“ People are not buying as they used to. The number of deliveries has dropped dramatically. It is a big challenge now.”

– Delivery driver

“ I am living on handouts. I was renting the car from someone and he took it back since there is no work.”

– E-hailing driver

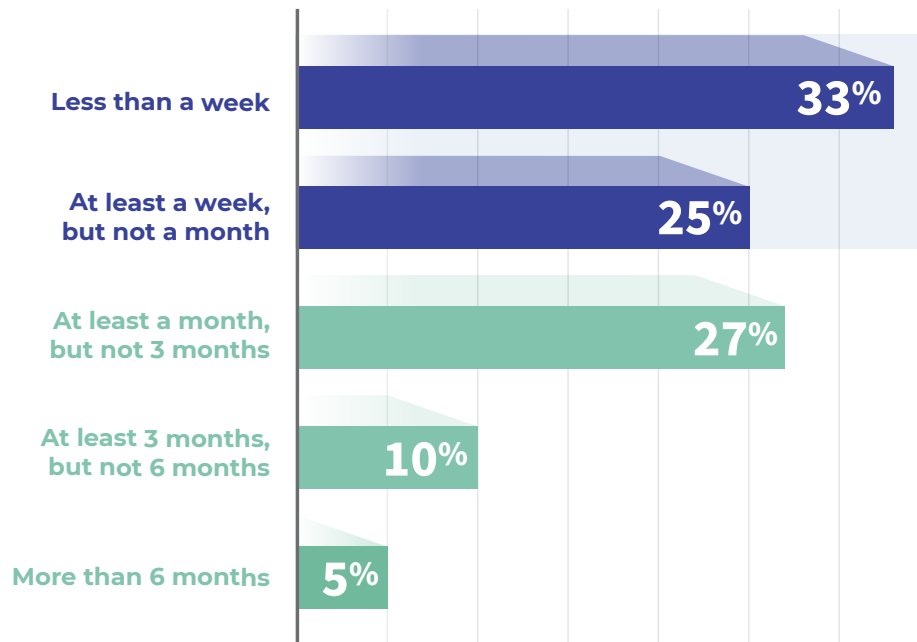


# Financial Resilience

**Some gig workers have a financial cushion, but a majority live on the edge.**

If they lost their main source of income, 58% of respondents reported that they could not cover household expenses for a month without borrowing money.

**Q: If you lost your main source of income, how long could you continue to cover living expenses without borrowing money?**



**Nearly 3 out of 5 workers** could not cover household expenses for a month without borrowing money if they lost their main source of income.



**“ Before lockdown I was meeting my weekly targets and was able to pay my bills and look after my family. But now I can’t. It’s devastating and I’m losing hope.”**

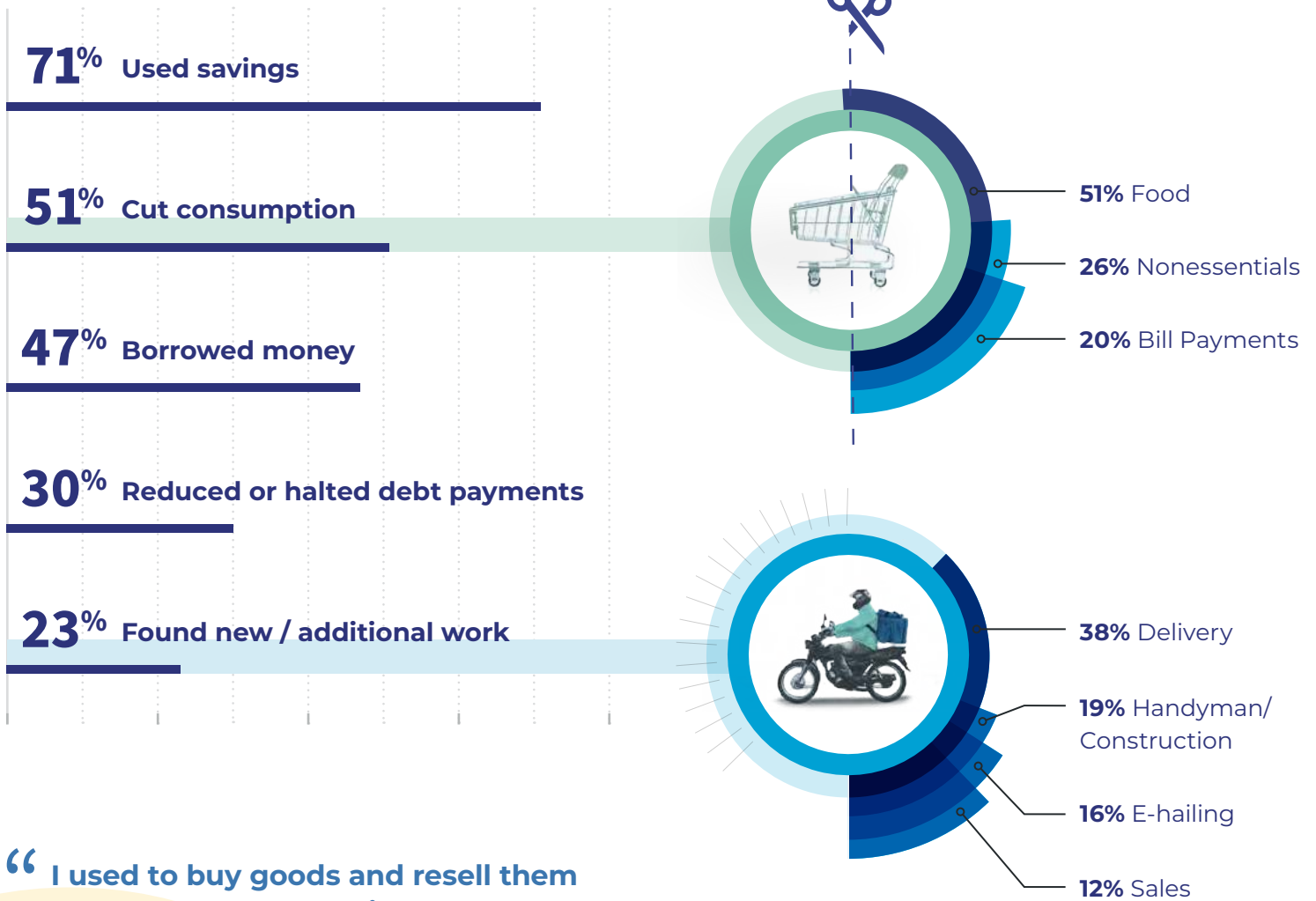
– E-hailing driver

# Coping Mechanisms

**Most have made sacrifices to cope with the pandemic and accompanying economic dislocation.** Over half of gig workers reduced household expenses, nearly half borrowed money, and nearly 3 out of 4 had to rely on savings. Yet only 1 in 5 are seeking additional income – a low figure possibly driven by the strictly enforced COVID-19 lockdown.

**“ We are only eating two meals a day. That is what we can afford now.”**  
– E-hailing driver

## How Gig Workers are Adapting



**“ I used to buy goods and resell them but people aren’t buying much because of low income. I now depend only on delivery gig work.”**

– Delivery driver

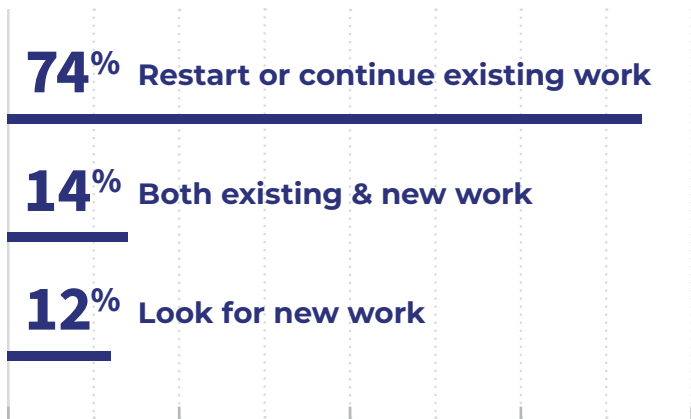


# Workers' Future Plans

**As the lockdown lifts, workers are taking steps to rebuild their income.**

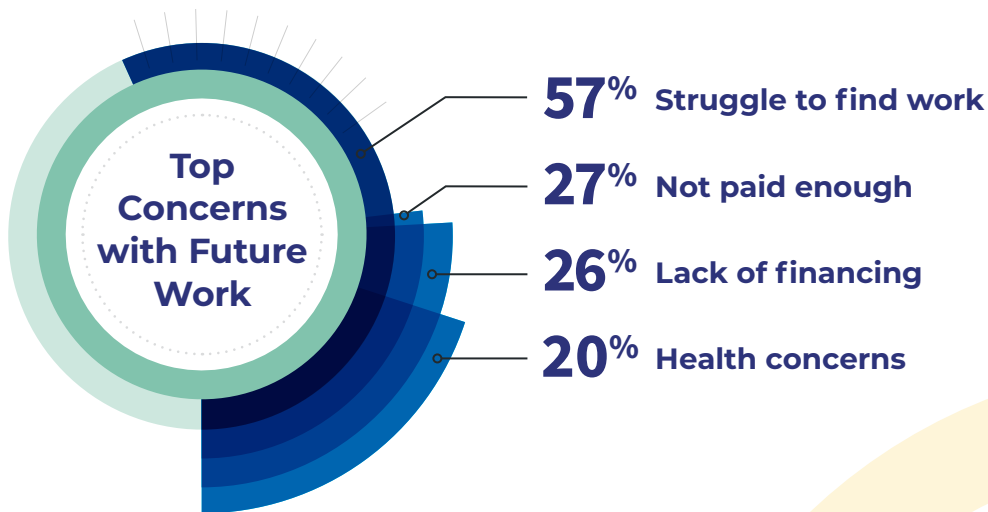
In the next 6 months, nearly all respondents plan to restart or continue work they were doing before the lockdown. The majority are concerned about the ability to earn a sustainable income. For 4 out of 5 people, health risk was not a top concern as they plan to go back to work.

## Work Plans for the Next 6 Months



**“ I’m not looking for a new plan. I’m ok with the old job as long as everything goes back to normal.”**

– E-hailing driver



**“ I plan to work, save, and raise money to buy a car or motorbike that I can use to earn money.”**

– Delivery driver



# Looking Forward

Almost all have concerns about their immediate finances.

**3/4** **3 out of 4** respondents are very concerned about access to financing and ability to cover day-to-day cash needs.

Long-term financial planning is equally top of mind.

**3/4** **3 out of 4** respondents are very concerned about planning for emergencies and saving for old age.

**3/5** **Nearly 3 in 5** are focused on future income optimization and the need to learn new skills – especially financial planning and digital skills.

## Top Financial Goals

### Short-term

1. Find work with higher income
2. Pay off debt
3. Invest in income-generating asset

### Long-term

1. Save to support myself and my family
2. Start or grow a business
3. Afford my own home



“ Saving for my daughter’s education is a top priority. I want her to get the best education that I couldn’t have.”

– Delivery driver

## The case for financial health solutions

Despite recent hardships, over time we expect continued growth in financial tools to support gig workers. *The South Africa Spotlight* provides some early insights on how platforms and financial service providers can best serve this emerging digital workforce.



# Survey Methodology

Flourish Ventures partnered with research firm 60 Decibels and gig worker startups FlexClub and Picup to conduct an online survey of 605 gig workers from June 21-28, 2020. Of these respondents, there were 425 e-hailing drivers and 180 delivery workers. Underlying data can be viewed at [app.60decibels.com/flourish-gigeconomy2020](http://app.60decibels.com/flourish-gigeconomy2020)

Authors: Arjuna Costa, Stella Klemperer, Ameya Upadhyay



Flourish Ventures is a global venture firm investing in entrepreneurs whose innovations advance financial health and prosperity for individuals and small businesses. We partner with industry thought leaders in research, policy and regulation to better understand the underserved and help foster a fair, more inclusive economy. [flourishventures.com](http://flourishventures.com)

## Flexclub

FlexClub is a car subscription marketplace offering its members access to Drive-to-Buy car subscriptions, an alternative to car loans. Many of their members are ride-hailing drivers on gig platforms. [joinflexclub.com](http://joinflexclub.com)



Picup Technologies is a logistics company in South and West Africa, supported by a crowdsourced driver network. The platform matches drivers and couriers with users who need parcels collected and delivered. [picup.co.za](http://picup.co.za)

## 60\_\_decibels

60 Decibels is a tech-enabled social impact measurement and customer intelligence company. Spun out of Acumen, we make it easy for companies and organizations to listen to the people who matter most. [60decibels.com](http://60decibels.com)