

# Gig, a New-Age Economy

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**Abstract – Gig Economy, a recently used term represents desire of today’s workforce to take full control over their work schedules. It ushered a new reality of the job market which is free market where income is earned from on-demand, short-term assignments, jobs or tasks. Persons in the economy have become vital to the changing landscape of the corporate world. The work ecosystem is transforming towards a decentralized model, with a dominant reliance on freelancers. In nascent stage in India, the Gig economy is growing rapidly.**

**Instead of hiring full-time employees, employers in Gig economy contract freelancers to complete specific jobs. Growth in Gig economy is possible via emerging technologies that allow better connectivity, empowering more ways of remote working. Such short-term freelance workers have clocked \$204 billion market size in 2018, which is poised to reach \$455 billion in 2023-end.**

**Both employer and the employee have flexibility and freedom in a gig economy. Employer may hire many specialists to complete certain tasks and could opt to select freelancers, being super-specialists, in desired domains. Likewise, employees have the flexibility to switch jobs and broaden portfolio with a wide range of experience.**

**‘Gig economy’ which has become the most widely used term in business world has been around for a long time. It gained momentum recently with the success of platform-based companies like Uber (ridesharing), Swiggy (food delivery), Urban Company (personal services, repair and home renovations), among others. Today, with the emergence of technology-enabled gig work platforms, more than 200 million persons globally are considered part of the gig workforce. Research indicates that gig economy proliferation is higher in developing countries (five to 12 per cent) versus developed economies (one to four per cent); and most of such jobs are in lower-income types such as ridesharing, deliveries, micro-tasks, care and wellness.**

*Keywords : Future of work, Freelancers, Platform companies, Start-ups, Millennials, Independent workers, Micro-tasks*

## I. INTRODUCTION

GIG, interestingly is slang for a live musical performance. Coined in 1920s by jazz musicians, the term, simply, short form for the word ‘engagement’, now refers to any aspect of performing, such as assisting with and attending a musical performance. Broadly, the term ‘gigging’ means having paid-work, for being employed.

The first documented use of ‘Gig’ in this way, according to Wikipedia appeared in 1926: Melody Maker 7 September 1926, with the story by-line stating, “One Popular Gig Band Makes Use of a Nicely Printed Booklet.”

*Why is it called the Gig economy?* The gig economy gets its name from each piece of work being akin to an individual ‘gig’ – even though, such work could fall under multiple names. It was previously called the ‘sharing economy’ — for example with reference to platforms such as Airbnb — and the ‘collaborative economy’.

Gig economy workers are persons who are self-employed and free, being focused only on the job and the specified duration and the payment already agreed upon. Such characteristics enable both the employer and workers to operate under a contract that is more flexible and more open, without an office environment and tied to full-time schedule. A gig worker could earn money from completing many small jobs for several clients, who could be businesses or even individuals.

Scope-wise, Gig work varies greatly and includes everything from running errands to programming. Once a gig worker has completed a job, they’ll move onto the next project. Some gig economy workers earn money per hour, and others make money per project or task. If a gig worker earns money per hour, they’re often able to choose when and how long they work.

Some workers have a full-time/ part-time job, and alongside do gig work to earn additional income. In such a scenario, large number of people work in part-time or temporary positions, or as free lancers. Resultantly, a gig economy not only works out to be cheaper but also providing more efficient services.

Those not using technological services like Internet may be left behind by the benefits accrued in gig economy. Urban, rather rural areas, tend to have the most highly developed services and thus the most entrenched in gig economy.

## II. SIGNIFICANCE OF GIG ECONOMY

During 2020, it was the year of start of Pandemic Corona 19, millions lost jobs. During this phase, Gig economy experienced significant increase as gig workers delivered necessities to consumers confined in their homes. Those who lost jobs, in order to earn income turned to part-time and contract work.

In this century, digitalization of the economy and industry occurred rapidly due to the advances in communication and information technologies like Internet besides proliferation of smart phones. Consequently, on-demand platforms based on digital technology created new forms of jobs and employment, differentiated from existing offline transactions in terms of convenience, accessibility and cost. Conventionally, ‘work’ is described as a full-time worker with specified working hours and benefits. Changing economic conditions and continued technological advances led to change in definition of work creating a new labour force characterized by independent, contractual labour.

Consequently, Gig economy is driving productivity improvement by reducing idle and unproductive time. Hence, it is gaining importance both in developed and developing countries.

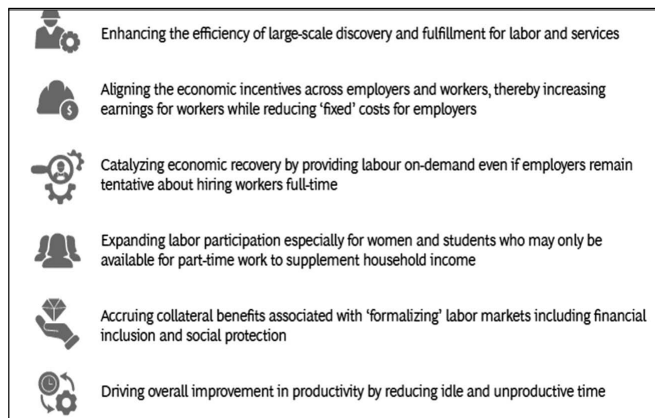


Figure 1. Gig economy is driving productivity improvement by reducing idle and unproductive time.

Currently, Indian manufacturing sector is unable to provide sufficient gainful employment for youth. There is huge mismatch between education and jobs skills. States have not been able to create sufficient public work schemes in urban areas for migrating populace into cities and towns. It is here that Gig Economy covers the gap to provide employment opportunities in urban areas. Accordingly, authorities acknowledge the supporting role of such platforms in mitigating the urban stress.

Encouragingly, central and some state governments signed MOUs with many gig platforms to augment social services. For instance, UrbanClap partnered with the urban livelihood mission to generate jobs with minimum assured monthly wages for the urban poor. Likewise, Uber tied-up with Ayushman Bharat to implement free healthcare for drivers and delivery partners.

Due to lack of structured data to identify workers, for whom protection is needed, platforms come in handy to serve this purpose. Gig economy based companies help to nurture skill development and create entrepreneurial opportunities. Thus

with conducive public policies, platforms and the government together can chalk out an urban ‘Jobs for All’ employment guarantee scheme.

### III AREAS OF DEPLOYMENT

A whole range of positions fall into the category of a gig. It can range from delivering food or driving for Ola or to writing program codes or freelance articles. Likewise, Adjunct and part-time professors, are contracted employees as opposed to regular or tenured professors. Managements have realised that by hiring more adjunct and part-time professors colleges and universities can cut costs and match professors to their academic needs.

Moreover, employers also have a wider range of applicants to choose from. This is because they don't have to hire someone based on their proximity. Additionally, computers have developed to the point that they allow people to work just as efficiently from home as they could in person.

Employees often find they need to move to another company or take multiple positions to afford the lifestyle they want. Hence, it is quite common to change careers few times throughout one's working life. Here, gig economy can be viewed as a reflection of this phenomenon occurring on a large scale. The area of deployment will largely depend upon the needs and requirements in the market place. The factors that drive the gig workers are as below:

*Demographics:* Compared to non-gig workers, Gig workers are relatively younger

*Work patterns:* Gig workers normally work for fewer hours per day (7 hours vs. 8.5 hours for non-gig workers)

*Education levels:* Typically, Gig workers have lower education qualifications (30 percent have studied till grade 9 versus 20 percent in the case of non-gig workers)

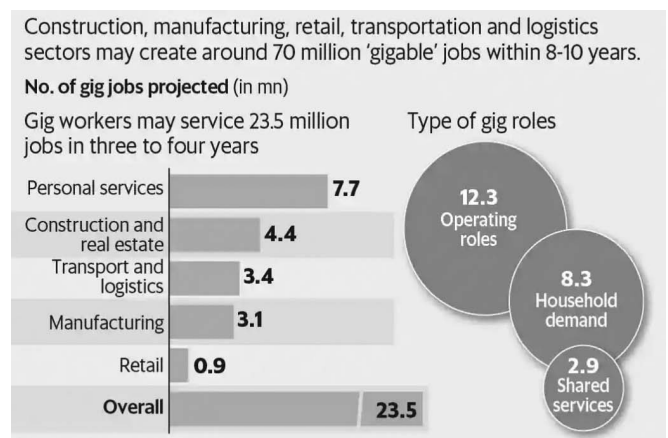


Figure 2. Areas of deployment for Gig workers.

**Household contribution:** Gig workers contribute to 30% of the household income, as compared to non-gig workers who contribute 10% only.

Above-mentioned findings point to the high potential for gig work to create greater livelihood opportunities for lower-income workers, thereby creating a more inclusive workforce. Compared to traditional work arrangements, they involve greater involvement of youth, students, and women in gig work.

A few key players are UBER, OLA, Zomato, Food Panda, Swiggy etc.

Even the start-ups adopted the practice of hiring skilled and highly professional services. These services were hired with no commitment or any job promises. Also there is no need to provide work place as most of the workers were doing work from their convenient place like home. Even large corporates adopted this practice when the job was of temporary nature.

Figure 3 highlights 8 segments of Gig workers and their deployment.

IV. PROS AND CONS

Some pros of Gig economy are:

- Creation of jobs on mass scale
- Freedom and Flexibility of work
- Easy access to services
- Price advantage to the consumers.

But there is some downside of the same:

- Inconsistency in services
- Partners arm twisted by service providers
- Difficult to trust a service provider without a recommendation from someone we trust
- Increase in crime rate if the verification of workers is not done.

In spite of actual advantages and benefits of this type of on-demand work – viz. greater efficiencies, flexibility, convenience, higher unit pay – questions have been raised about worker protection, consumer rights besides minimum wage requirements. Accordingly, legislative and regulatory efforts

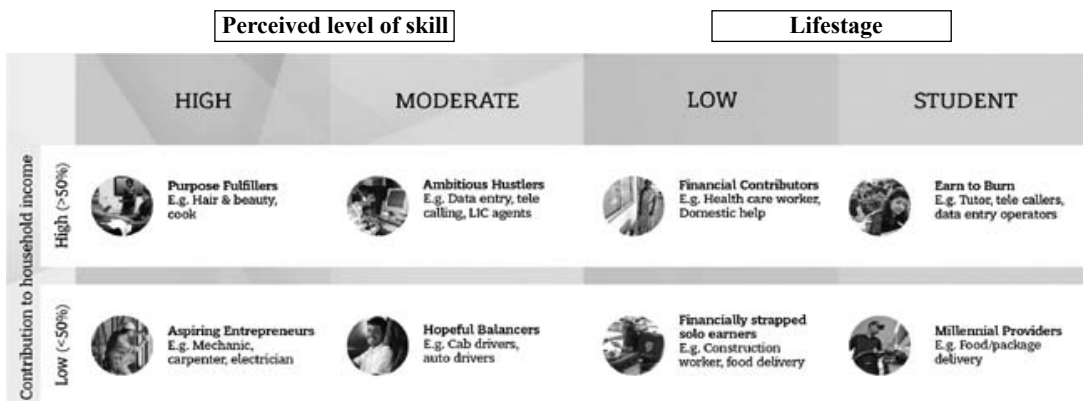


Figure 3. Eight segments of Gig workers.

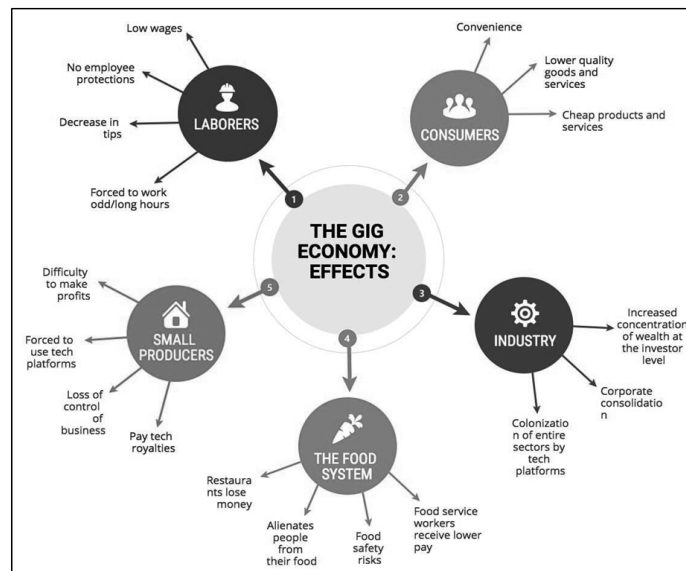


Figure 4. Effects of Gig economy.

have been initiated to ensure there is parity with conventional modes of work. Such steps include classification of gig workers as ‘traditional employees’, defining operational requirements, social protection and safeguards.

## V. CHALLENGES

Gig economy entails decentralization of work. Yet, some employers are hesitant to hire freelance workers. Such a model of work creates some *challenges*, like inculcating cohesion in a team, ensuring a sense of belonging for every one and maintaining effective communication channels. Additionally, decentralized structures may create a lack of congruity in procedures/ policies across all contracted members of the team. Nevertheless, a decentralized approach towards recruitment is a ground reality companies need to adapt to.

### *Challenges for the Government:*

- Highly unregulated
- Lack of policies on job structure, tax and privacy
- Exponential growth
- Ola and Uber offered fat incentives in initial years, hundreds of thousand workers bought cars to partner with OLA and UBER. Few claimed that they earned up to Rs. one lac per month

There is other side of the story too. For instance, gig economy makes it difficult for regular employees to chalk out their career-path since temporary employees are cheaper to hire and often more flexible in availability. Such workers preferring a traditional career path, stability and security are being crowded out in many industries.

Reportedly, flexibility of working disrupts the work-life balance like sleep patterns besides activities of daily life. Flexibility inherent in gig economy means, workers have to make themselves available at odd times, regardless of their personal needs, and therefore they psychologically hunt for the next gig. Competition for gigs has even increased.

It will be noticed that unlike traditional workers, workers in a gig economy are more like entrepreneurs. Though this means freedom of choice, it also implies that security of a regular-paying steady-job and retirement benefits are rapidly becoming a thing of the past—something that characterized work for generations.

Owing to flexible nature of gig economy relationships and transactions, long-term relationships among employers, workers, clients and vendors could erode. It can eliminate benefits that accrue from long-term trust, customary practices and familiarity with clients. Moreover, this would also discourage developing stakes in relationship-specific assets that prove to be profitable since no party has motivation to

invest significantly in a relationship that lasts until the next gig comes along.

These challenges can be overcome as follows:

*Plan a Proper Orientation:* On contracting new team members, their orientation is minimal, or even non-existent. It can be bit perplexing, creating a sense of isolation, particularly when one does not have opportunity to learn from others. So, a briefing document, followed by a live orientation is recommended to introduce a new employee, communicate the company values and standards, getting them off to right start.

*Maintain Engagement:* One of the most challenging tasks while hiring freelance workers is to ensure they’re engaged and motivated. Engagement is vital even for full-time employees, but it’s imperative for remote workers who are not associated physically to an office or leadership. One way to approach this challenge is to ensure that contracted employees are doing meaningful work.

Involving gig employees in regular team meetings is needed to build engagement and have defined overview of workflows. To cultivate motivation, any role should highlight WIIFM (What’s In It For Me), and also align to vision and mission of the company. And this alignment needs to be reinforced for contract employees regularly through various channels of communication. Such communications also help sense decreased engagement and alleviate it on the spot. Managers need build regular checkpoints with their contracted employees for understanding their needs and concerns to properly guide freelancers.

*Centralize Processes and Procedures:* With employees working individually in several locations, it is easy to lose track of who is doing what. Clear breakdown of responsibilities avoids duplication of efforts by enunciating clarity of processes. By creating flowcharts to include touch-points with different team members, one avoids working in silos, providing a clear blueprints on how work needs to be performed.

*Create a Sense of Belonging:* With teams spread out geographically, challenge is to bring ensure employees feel they belong to the team. Team-building efforts that occasionally bring people together physically can be one possibility. Virtual events may also be used to connect with the team members spread across geographies. Moreover, recognition is equally important with contract employees. Hence, a structured approach to recognition ensures employer get positive feedback regularly. For example, a monthly achievement meeting in a town hall can be tried or a recognition board, where employees can post their successes. Thereafter, manager can share them all during a monthly meeting. Furthermore, steps like ensuring all employees have a company email id enables them to represent

the organization at events and conferences, encourages inclusion and builds trust. Finally, a nice way to recognize the good work of project-based employees, bringing them all to one table, can be through fresh learning opportunities. This step of ensuring continuous learning assures contracted employees that organization values their contribution and is concerned for their growth.

The work ecosystem is transforming towards a decentralized model, with a dominant reliance on freelancers. To achieve business goals, managers need to ensure they are ready to assimilate new ways of working with contracted employees. By embracing approaches aimed at maintaining engagement within the entire team, creating a sense of belonging managers will reap benefits of the decentralized structure while ensuring a healthier working environment for team members.

### VI. NEED FOR REGULATION

To realize full potential of gig economy, India needs to do much more than simply platform-delivered prerequisites. Unbundling the stack of information and services providing interoperability protocols, common set of standards, registries and inventories besides conducive public policy.

Such an ecosystem of community-adopted standards, registries, services, regulations, and interoperable systems can usher innovation in market-facing services, besides ensuring worker protection and enhancing the uptake of gig-based services across sectors in India.

To evolve such an ecosystem, four critical, distinct and inter-related components are needed as follows:

1. *Ecosystem Enablers*: These embrace commonly used services across platforms supporting and including background verifications, training, financial services and skill development.
2. *Platforms*: Platforms that provide gig services to end-customers, while addressing worker-specific and industry prerequisites besides innovations in pricing, offerings and delivery models.
3. *Digital Public Goods*: Making available a set of consent-based digital goods, common, secured and ‘community-owned’ systems-of-records and interoperability frameworks for ensuring portability and transparency of supply and demand-side information.
4. *Regulations and Public Policy*: that govern rules of the road for gig economy, covering social benefits, worker protection and standard of care.

Following already-existing and in-development regulations that cover gig economy:

- *Registratio/ data sharing requirements*: “Code on Social Security, 2020” recognizes and extends benefits to gig workers

- *Data privacy and security assurance*: “Personal Data Protection Bill, 2019” lays down transparency and accountability measures for employee data processing.
- *Medical, life, hazard and other benefits*: “Occupational Safety, Health and Working Conditions Code, 2020”, collates existing regulations in this space, though it does not explicitly mention gig workers.
- *Basic training requirements*: Existing Sector Skill Councils are involved in elucidating and outlining job requirements.
- *Apprenticeship requirements*: “Apprenticeship Act, 1961” and the “Realigned National Apprenticeship Promotion Scheme” outline apprenticeship requirements across sectors and industries.

Figure 5 highlights steps being taken by the government for regulation of Gig services.

- Code on Social Security, 2020, for example, extends social security benefits to gig and platform workers. It also mandates the National Social Security Board to formulate suitable interventions for the welfare of gig and platform workers.
- Personal Data Protection Bill, 2019, has already been introduced in the Parliament, which will provide for protection of personal data of individuals, create a framework for processing such personal data, and establish a Data Protection Authority for the purpose.
- Occupational Safety, Health and Working Conditions Code, 2020, brings together and updates several existing codes relating to workplace safety and occupational standards under one unifying code.
- Basic workplace training and apprenticeship requirements are addressed to an extent by the skill development ecosystem, led by the National Skill Development Corporation (NSDC) and Sector Skill Councils (SSCs). Existing qualification packs for the job roles defined by the SSCs ensure that students focus on building occupational knowledge and safety, customer centricity, and professional skills.
- Further, the Apprenticeship Act, 1961, and the corresponding National Apprenticeship Promotion Scheme mandates that all establishments with 30 or more employees are required to undertake Apprenticeship Programs in a range from 2.5 to 15 percent of its workforce (including contractual employees) every year.

Figure 5. Steps taken by government for benefit of Gig workers.

However, there is a lot to be done in order to ensure all pertinent labour benefits for persons working in the New Age Gig economy.

### VII. NEED FOR PROTECTION OF PLATFORM WORKERS

*Benefits versus Rights*: Currently, platform delivery people may claim benefits, but sadly no labour rights. Existing legal ecosystem doesn’t allow them to go to court for addressing grievances like better, stable pay, or regulate the algorithms that assign the tasks. It prevents the government or courts from punishing employers in platform companies for their choice of pay, duration of work.

*Arbitrary Action*: During the last few months, some platform workers have unionised under the ‘All India Gig Workers Union’ and protested for continuous dip in pay. For instance, Swiggy delivery boys who were essential during the pandemic, their pay was reduced from ₹35 to ₹10 per delivery order.

*International Experience*: Many agencies in the European Union are moving towards granting ‘employee status’ to platform workers, thereby guaranteeing minimum wages and other welfare benefits.

*Debt Trap Vulnerability:* To enter platform economy, many workers need loans, often facilitated by aggregator companies. This actually results in dependence on platform companies. Workers driven by financial obligations, render themselves into the short- to long-term debt trap.

Even as a substantial portion of workers are outside the conventional employment structure, there is a dire necessity for regulations and policies to create a safety net for gig workers. On the task of managing the on-demand workforce, some organizations suffer from largely fragmented governance and manual processes.

A proposal being considered is to create a third category of worker -- somewhere between employed and self-employed — the *independent worker*. Such a classification bridges the gap between traditional employees and contractors, acknowledging independent workers' unique characteristics, giving them the right to bargain for protection from discrimination.

Europe and United Kingdom have legislation in place giving more leverage and power to gig workers in demanding predictable hours of work along with leave-benefits to put an end to 'abusive practices' around casual contracts.

Currently gig economy in India is at a nascent stage though growing rapidly. A Millennial Survey by Deloitte, highlights the following features of gig economy:

- 16.8% of millennials evaluate career opportunities by good work-life balance
- 13.4% look for opportunities to progress
- 11% seek flexibility.

This is the primary reason why millennials get attracted to the gig economy.

Nevertheless, the Indian Government introduced a freelance scheme in 2015 under the Digital India platform. Though it recognised gig workers as entrepreneurs, the rules are yet fuzzy. In absence of a proposal for a regulation to protect gig workers, benefits like paid or sick leave, overtime pay, medical allowance and protection from harassment are a pipedream.

Indian government could consider an innovative policy for gig economy such as GigSuper by Australia. This is a fund making it possible for platform workers to save for a pension. Recognizing that gig workers are vital to the evolving landscape of the corporate world, mandating that these gig platforms follow the rules laid by the government would provide workers greater protection and ensuring that the gig economy realizes its enormous potential.

*Need for Clarity:* An unambiguous clarification would ensure that social security measures are indeed provided to gig workers

without compromising the qualities of platform work.

*Joint Accountability:* It is desirable for a socio-legal acknowledgement of gig economy's heterogeneity of work in and the assignment of joint accountability to the platform companies and the State to ensure delivery of social services.

*Concerted Efforts:* A tripartite effort by the State, companies and workers to identify where workers fall on the spectrum of flexibility and dependence on platform companies will mitigate any operational breakdowns in providing welfare services.

## VIII. SURGE OF GIG ECONOMY IN INDIA

Interestingly, for India, Gig work is not a new concept: From migrant farm workers to household help to daily-wage construction labourers, country always had the equivalent of gig work across urban and rural areas. India's workforce engaged in informal economy, or number of such casual workers segment is estimated to be over 500 million workers. Of which about 210 million are engaged in agriculture and allied sectors, and the balance 290 million in the non-farm sectors comprising

- (i) construction and real estate: 62 million
- (ii) manufacturing and utilities: 60 million
- (iii) retail: 47 million
- (iv) transportation and logistics: 25 million.

India's gig economy has the potential to transact over \$ 250 billion in volume of work, and contribute an incremental ~1.25 percent to India's GDP over the long term. In fact, many, including diploma holders and undergraduates look at the gig economy as a stop-gap solution, awaiting better opportunities.

Human resources firm Team Lease estimates that 13 lakh Indians joined the gig economy recently, registering a 30% growth. Better Place, a digital platform that does background verification and skill development in the informal sector, estimates that of the 21 lakh jobs that will be created in the metros, 14 lakh will be in the gig economy.

Food and e-commerce delivery account over 8 lakh positions and drivers will account for more than 6 lakh positions, based on profiles in over 1,000 companies. Delhi, Bengaluru and other metros are expected to be the biggest drivers of this sector. And two-thirds of this workforce will be under the age of 40.

This long-term potential of the gig economy could comprise:

- Skilled and semi-skilled jobs (about 35 million) within industry sectors
- Shared services roles (nearly five million) like facility management, transportation, and accounting
- Household demand for services (approximately 12 million)

- Unskilled jobs (around 37 million) across economy's various sectors.

Four dominant industry sectors – Construction, Manufacturing, Retail and Transportation & Logistics would alone account for over 70 million of the potentially 'gigable' jobs. The gig economy will comprise both existing jobs that migrate to gig platforms, as well as new jobs that are created in the economy. New jobs will come from better ability to match demand-supply, greater efficiencies in delivery, lower cost and growing demand arising because of increments in consumption.

A coalition between private, social, and public sector stakeholders, philanthropies, and investors is required to assess the sufficiency of following existing components and ascertain the need for building new ones:

- National Skill Qualification Framework (NSQF),
- Ministry of Electronics & Information Technology's Open Application Programming Interfaces
- Open Source Software by MeitY
- Personal Data Protection Bill, 2019
- Code on Social Security, 2020.

In spite of COVID-19 induced disruptions, workers have a positive perception towards gig work with around 40% of skilled workers and 32% of non-graduates indicating their willingness to take up gig jobs in near future. Nevertheless, specific pain points remain unaddressed, though gig work remains broadly attractive to workers. These include timely payments, regular salary increments besides learning and personality development opportunities.

Majority of casual or gig workers come from states which have not developed much due to various state policies in place. Therefore majority of gig workers are from states like Bihar, Odhisa etc.

### IX. CONCLUSION

Advances in technology and globalization drove companies to respond quickly to market upheavals leading to their embracing Gig economy. Given a population of over 1.3 billion -- many of them below 35 years, India's reliance on the "gig economy" is perhaps the only way to manage social unrest via creation of employment for a large semi-skilled and unskilled workforce. Accordingly, hand-holding of this sector is vital to help it grow. Policies and processes giving clarity to functioning of the sector are a way forward.

Identity of the 'platform worker' carries the potential to growing power and scope. This will be mediated by under-employment and unemployment rates, politicians and election years. Investment-heavy technology companies, not obeying local laws need to be guarded against.

The three new labour codes passed by Parliament do acknowledge 'platform' and "gig workers" as new occupational category in the making, in a bid to keep India's young workforce secure as it embraces "Future of Work" in the digital economy.

Obsession of the current workforce with freedom will ensure growth of the gig economy, disrupting businesses. Gig Economy's characterised by choice, control and options for people who choose to build portfolio careers will sustain the momentum. Persons not reliant on gig work alone, use it for supplemental income. Those who are charmed by its flexibility see it as the best overall option.

Important part of the world's economy will operate via App-based businesses. Adapting an app-based labour market will herald a future scenario that we cannot yet anticipate. Perhaps, your future job will be a gig enabling you to get more freedom from employer through an app, a technology or a robot! Nevertheless, the Gig Economy is here to stay though it has a long way to traverse.

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