

Theoretical Integration of Gig Economy: Exploring various Prospects, Challenges and Regulatory Measures

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Abstract:

The gig economy is having an impact on the professional generation of today because of the recent downsizing of skilled professionals and the power of globalization to create jobs for more underdeveloped nations. The gig economy has fundamentally altered individuals' levels of engagement at work and their perceptions of various industries, both of which have a significant impact on the workplace. In this Paper, the opportunities and challenges presented by the rapid expansion of the gig economy are examined. The Study is descriptive in nature and the data is collected by reviewing various literatures, journals, articles and report published by Niti Ayog. This paper examines that instead of working for an employer, the Gig economy is a way of working in which individuals take on separate, independent jobs or temporary jobs. Freelancer is a global marketplace for crowd sourcing and freelancing, says that India is one of the top countries where gig economy culture is growing. The gig economy is undergoing major changes. Although workers benefit greatly from the gig economy in terms of flexibility, employment, freedom, etc., simultaneously, it harms the working environment in the industry. The regulatory framework that governs gig work ought to be strengthened and expanded by the policymakers and regulators. In this regard, the article discusses five main options to regulate the gig workers.

Keywords: Gig Economy, Gig workers, Opportunities, Challenges, Regulatory Measures

1. Introduction:

With digitally driven work platforms, advances in information and communication technology have further casualized the market in recent years. The world is becoming more and more digital, and technology-driven advancements have a substantial impact on motivating people to use these digital platforms. Online users from different nations are connected through digital platforms due to the widespread usage of the internet and rising smartphone prevalence. This encourages companies to communicate with remote online workers on digital networks and share their talent needs (Healy et al.,2017).The labour market trends in India and World over the past decade reveals a significant trend. Companies offering on-demand services like ride-hailing, ridesharing, food delivery, and home services have significantly increased (de Ruyters et al.,2019). The fourth industrial revolution brings with it new opportunities, innovative approaches to global problems, and employment opportunities for jobs that have not yet been invented.While society adjusts to the new normal, it also comes with the risk of

technological unemployment, which puts less pressure on social agency and income security (Martin, 2017).

1.1 Gig economy:

The term "gig economy" refers to the activities in the labour market that are coordinated through digital platforms. These platforms are run by companies that serve as intermediaries. They let customers order a timed and monetized task from a worker who is available and usually take a fee or commission when the service is paid for or completed. Workers in the gig economy takes on specific "gigs" with no guarantee of future employment and gig economy businesses typically classify them as independent contractors rather than employee (Hunt et al. 2017). All over the world, the digital economy, also known as the Gig Economy or Platform Economy has been steadily growing in strength.

The rise of gig, freelance, contract, and other types of independent work is guided by new technologies and digital platforms. The terms "gig work," "freelancing," and "contracting" are frequently used interchangeably to refer to independent employment alternatives to traditional employment.

1.2 Gig Economy in India:

India's gig economy has the potential to expand quickly, in part due to the country's large population and sparse employment options, but also because technology, which was once responsible for automation and reduced employment opportunities, has evolved into a tool that enables both gigsters and entrepreneurs to explore gig work as a business venture.

The 2008 financial crisis resulted in millions of workers losing their jobs, and this is when the modern "gig economy" first came into the picture (Uchitelle, 2021)

According to (Mehta and Kumar 2020), approximately 70 million to 1.2 billion workers worldwide are actively engaged in the gig economy.

Growth in Indian Gig Economy-

(Tiwari et.al, 2020) analyzed that the estimated total number of Gig Workers in India has increased by 76.47 percent between 2016 to 2018. The fact that the majority of gig workers are young, between the ages of 18 and 38, and that they are concentrated in five major cities that is Bengaluru, Delhi, Mumbai, Pune, and Chennaiis of utmost significance.

In general, India's gig economy is expected to expand. In gig economy, Indians are accepting a variety of employment options, according to an EY report-

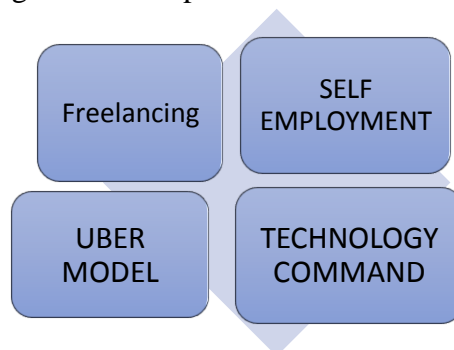


Fig. 1: Types of Employment under gig economy

Source: (Dr.Vijeta Banwari, 2018)

Size of Gig economy in India:

As per Niti Aayog Report:

- India’s Gig workforce stands at 77 lakhs in 2020-2021
- By 2029-30, there will be 2.35 crore (23.5 million) workers in the gig economy.
- At Present a) 47% of gig workforce is engaged in medium skilled work
 - b) 22% gig workforce are engaged in High skilled work
 - c) 31% gig workforce are engaged in low skilled work
- According to the trend, the proportion of workers with medium skills is gradually decreasing, while the proportion of workers with low skills and high skills is rising. It is reasonable to anticipate that gig work requiring other skills will emerge, even though medium skills will continue to dominate until 2030.

Table 1: List of Indian businesses that appoint gig workers

S.No	Company	Year	Founder	Profile	Employees
1	Flipkart	2007	Sachin Bansal., Binny Bansal	e-commerce	30,000
2	Urban Company	2014	Abhiraj Singh Bhal	home service platform	35,000+ skilled
3	Big basket	2011	Hari Menon	Online Grocery delivery	35,000 people across 30 Indian cities
4	Swiggy	2014	Sriharsha Majety	Online food ordering	1,30,000 people
5	Zomato	2008	Deepinder Goya	Online food ordering	5,000 + employees
6	Amazon	1994	Jeffrey Preston Bezos	e-commerce	65,000 employees
7	Pharm Easy	2015	Dharmil Sheth and Dhaval Shah	Online medicine provider	1680
8	Ola	2010	Bhavish Aggarwal	Online Cab	3,000
9	Uber	2009	Travis Kalanick	Online Cab	2400
10	Blinkit	2013	Albinder Dhindsa	Online grocery	2000+
11	Dunzo	2014	Kabeer Biswas	Online grocery	900 employees across 8 cities
12	Porter	2014	Pranav Goel	Online logistic service	1001-5000 employees

13	Mr. Right	2013	Prashant Chaudhary	Online services	11-50 employees
14	Tophawks	2015	Birendra Jha	Online B to B marketing agency	501- 1000

Source: Author’s Compilation

1.3 Impact of Covid on Digital Economy:

There are two primary reasons why gig economy workers are particularly vulnerable during the pandemic. First of all, gig economy workers are typically regarded by businesses as "independent workers," which means that they do not have access to benefits like health insurance and paid sick leave offered by regular employers (Uttam Bajwa, et.al 2018).

Since, gig workers salary is tied to how much people want their services, they can't make a living as a result of public health measures like social distancing that have reduced demand. Because many workers rely on day-to-day wages and have no other sources of income, the combination of these two factors forces them to put themselves and their families at risk of financial stress spreading.

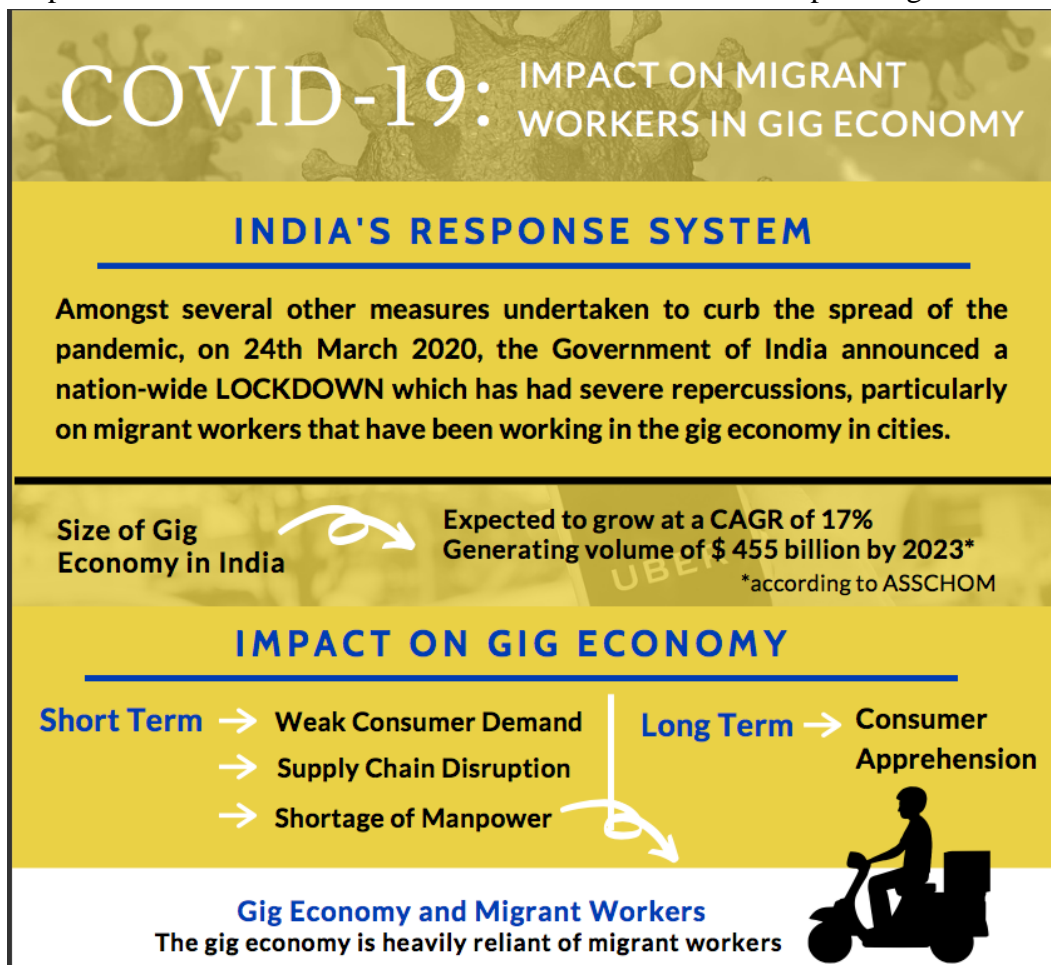


Fig. 2 Impact of covid on gig economy

Source: Covid 19 Swaniti Initiative

The Covid 19 pandemic has had devastating effects on the economy worldwide, particularly on industrial output and employment. It had also resulted in widespread unemployment, particularly among unorganized workers, but it had also affected organized workers.

2. Review of Literature:

The gig economy has gained eminence height as a result of new technologies and digital platforms, as well as a growing number of freelancers and independent contractors. In terms of digital platforms, the rise of the Gig Economy has opened up new avenues and brought about newer forms of risk.

2.1 Gig Economy and Digitization:

In connecting gig workers and clients without a formal employment contract, an intermediary digital platform plays a crucial human resource role in ensuring project delivery and payment (**Meijerink & Keegan, 2019**).

The development of technology has emerged as an essential component of today's economic activities worldwide, encompassing crucial aspects of human capital management and the legal system. A generation of individuals with distinctively different qualifications, behaviors, attitudes, and expectations has emerged as a result of intimate, early, and ongoing interactions with digital technologies, which are frequently referred to as their "invisibility" (**Tapscott, 2008; Duffy & Schwartz, 2017**).

The impact of digitization and technological change is the creation of new employment opportunities, especially when career patterns, work hours and locations, occupational structures, and employment relationships are altered (**Piasna & Drahokoupil, 2017**).

(Davis 2015) characterized the informalization of work as the relationship between Gig Workers and their employers. He has interpreted the given relationship as a short-term contract, and the term "job" has increasingly been replaced by "task" in employment. There are a number of different estimates regarding the global number of Gig Workers.

According to (**Kallenburg and Dunn 2016**), although gig economies offer numerous advantages, freelancers should be aware of the risks. Freelancing businesses don't all operate in the same way. While others charge a flat fee that is added to the project's final cost, others, like Upwork, let freelancers choose which jobs they take on and take a percentage of the revenue.

According to the study (**Meijerink and Keegan 2019**) examined that there are three actors in the gig working environment: clients, intermediary platform firms, and gig workers (also known as independent contractors).

2.2 Women in gig economy:

According to the findings of (**Allan King's 1978**) research on the degree of industry-to-industry variation in the distribution of work hours, industries that allow for a greater degree of variation in the distribution of work hours make it easier for women to better coordinate their work and home lives.

Similar findings from MBO Partners 2016-2019 reports indicate that independent freelance work, platform or gig work, and other forms of platform or gig work are preferred by women due to their greater flexibility. For instance, according to MBO Partner's 2018 report, flexibility and the ability to control one's schedule are the primary reasons why women choose independent work.

According to (Barzilay and Ben-David, 2017) due to the potential anonymity of online employment, female status and participation in the labour market are significantly improved by the gig economy, which would eliminate the obstacles, bias, and discrimination that women currently face in the workplace.

Women continue to work for home services businesses in the gig economy. Most of the time, women from poor families don't know how to drive a car, take rides, or make deliveries. This could be due to society's general patriarchal mindset, which prevents women from becoming skilled in male-dominated occupations like driving a car. As a result, gig companies' beauty treatment sector employs the majority of women (Kasliwal, 2021).

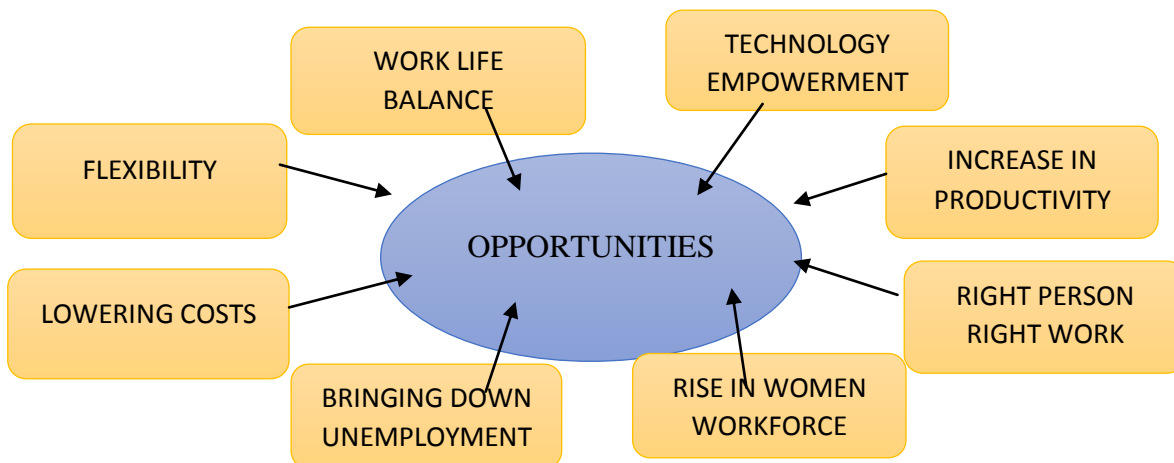
3. Objective of the Study:

- 1) To understand the concept of Gig economy and its emergence in today's digitalized world.
- 2) To explore the various opportunities, Challenges and Regulations prevailing under Digital economy.

4. Opportunities of Gig Economy:

The development of artificial intelligence and technological advancements has the enormous potential to eliminate jobs. Through online freelancing and microwork, it could be made into an opportunity where at least some of the millions of young people entering the workforce could find ways to make a living. It provides an opportunity to the informal labour force of the country, particularly women (Kathuria R, et.al,2017).

Fig. 3: Opportunities in Gig Economy



Source:(Dr. Vijeta Banwari 2018)., (Doshi and Tikyani 2021)

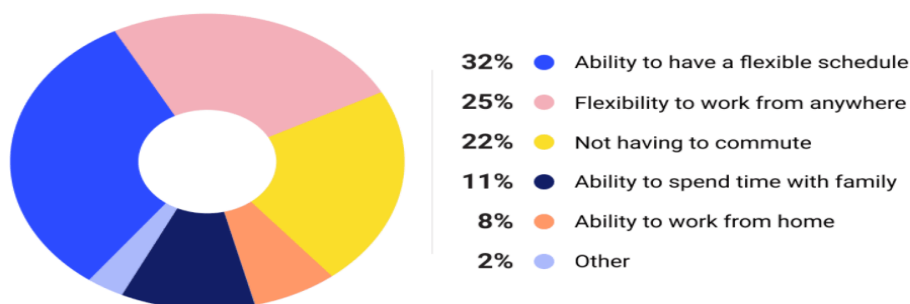
1. **Flexible work schedules:** Because it gives them time for other important activities like higher education, many skilled workers are turning to independent work and flexible work projects. It is argued that women's ability to balance remunerated activity with other work, study, or leisure activities is improved when they are able to engage in online gig work at their preferred time and location(Hall and Krueger, 2015; Harris and Krueger, 2016; Manyika et al., 2016).
2. **Lowering costs:**By creating a parallel employment market within their organisation, which combines highly compensated commitment employees and lower compensated freelance workers, employers can eliminate inefficiencies and reduce expenses. Nowadays, Fortune 500 firms use

online freelance marketplaces in order to find specialised talent. These choices currently coexist, workers(Kathuria R, et.al, 2017)

3. **Bringing down unemployment:** India confronts the issue of offering everyone access to employment opportunities as a developing nation. Due to the flexibility of schedule, the gig economy has increased job availability and enhanced labour force participation. Due to the emergence of gig economy, the job opportunities specially among women has increased due to the flexibility in working hours.
4. **Increase in women workforce:** More women entering the workforce would have additional opportunities if the gig economy were supported. In order to find appropriate sources of income, educated, qualified women who are unable to perform a full-time job in the corporate world may choose to use new working methods. This might also represent a significant step in raising India's GDP (EY report).
5. **Give the right person the Work:** Machine learning has made it possible for machines to select the best candidates for each profile. It may aid in raising organizational productivity. This will help the Organization to select the best person for the firm.
6. **It helps to boost the Productivity:** With the evolution of gig economy, a paradigm shift has been experienced by adopting new mode of operations. They have a better understanding of innovative ideas and expanded vision. This lead to more ideageneration which relates to high productivity and subsequently increases profit.
7. **Technology Empowerment:**In many ways, technological disruptions have altered how managers interact with their workforce. The impact of this transition on the nature of work has been significant. Urban firms are increasingly favouring flexible work arrangements. Several existing companies are gradually adapting to this change in working culture as reports show an increase in the number of freelancers in urban areas.
8. **Work Life Balance:**According to the Business and Technical Women's Foundation, the development of this virtual workforce is being driven by the emerging millennial workforce, which will constitute 75% of the global workforce by 2025.Millennials, as digital natives, favour workplaces that make use of technology to accommodate their work and family lives.This includes the preference for workplaces that allow employees to freelance on projects that best suit them.

Fig. 4: Merits of Working from Anywhere

What's the biggest benefit you see to working remotely?



2021 State of Remote Work
buffer.com/2021-state-of-remote-work



Source: siteefy.com

5 Challenges in Gig Economy:

With the emergence of Gig economy and the firms enjoying various opportunities. However, the deterioration of long-standing business and consumer ties might have negative effects on the gig economy. A sector that has potential is also filled with social and regulatory difficulties. The latter is only reasonable given that online microwork and freelancing are relatively recent phenomena that have a big impact on how labour markets operate.

Fig. 5: Challenges faced by Gig Workers



Source: (Dr. Vijeta Banwari 2018)

- 1. Lack of Framework and government support:** The workers in digital platform come across various issues. The gig workers have a certain time frame to work and there is lack of job security. The government support in this sector is not very appreciated. There is no organized structure in this sector due to informal approach towards work. The digital platform needs to be framed with subsequently policies to be initiated. Absence of government support in this platform create lot of confrontation.
- 2. Absence of Trade Union:** There is no trade union when it comes to gig economy. Online platform is the relation between service seeker and service provider. However, the deterioration of long-standing business and consumer ties might have negative effects on the gig economy. Trade union is important for any workers to address their difficulties and complaints. The absence of trade union have a negative impact on the gig workers which affect their worklife.
- 3. Lack of Job Safety and Social Security:** The majority of gig economy jobs are casual, contractual or flexible and as the number of gig economy jobs continues to rise, workers do not receive any

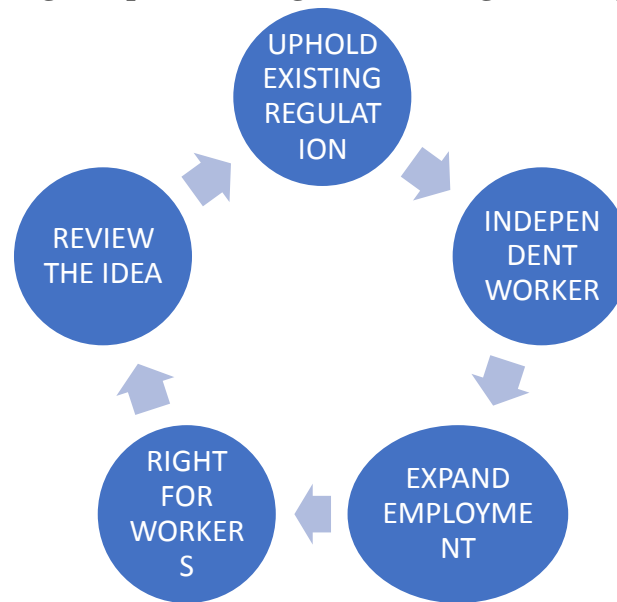
social protection or safety. Once a job is finished, they are no longer employed. While workers can obtain lifestyle aids, traditional benefits like timely salary payments are difficult. Workers in the unorganized or informal sector are left without any protective measure because they cannot afford insurances provided by the private sector. For such workers, the combination of job and financial uncertainty can be a major source of stress.

4. **Independent contractor as opposed to dependent employee:** The employment in gig economy is for a short duration or temporary basis, hence they are not called employees but independent contractors. The workers here are not entitled to any social security benefits as in case of fulltime permanent workers. Today still 9 to 5 jobs are considered supreme as compared to online temporary jobs.
5. **Inadequate quality of workplace:** In gig economy, the working condition of the employees is very different as compared to traditional workplace. The gig workers has no set standards related to working hours, no minimum wages or paid leaves as traditional jobs. Most of the gig workers follow the work from home concept, hence they develop relation with other organization. There is also inequality in the payment system for women gig workers as compared to men.
6. **Unstable Income:** The amount a worker makes at the end of the month is unclear because they are compensated according to how well a task or project is completed. In gig economy, the gig workers come across instability of income since the work structure in this kind of work is temporary. The gig workers come across a lot of issues related to their job stability. Freelancers have the flexibility of working as per their suitability but the risk associated with it specially the income instability is a major concern.

6. Option for Extending Regulation in gig economy:

In India, the recognition of gig workers and the distribution of their rights are still in their infancy. Although India has made significant progress in this area by defining the term "gig worker," the various rights that will be granted to such workers remain unclear. It should be a top priority for policymakers to clarify those protections, extend them where possible, and enforce them more consistently on behalf of all vulnerable workers. However, in order to increase the level of protection for gig workers, it is necessary to consider expanding the scope of instrumental state regulation in light of the disruptive nature of digital technologies and platform-based business models. In this regard, at least five broad choices could be taken into consideration (Prassl and Risak 2017).

Fig.6: Option for Regulation of Gig Economy



Source:(Stewart, A., & Stanford, J. 2017)

1. **Confirm and uphold existing regulations:** The first option is to use or threaten to use test cases to gradually expand the scope of the existing legal framework. This is already taking place, with lawsuits filed by or on behalf of gig workers in a number of nations. Despite Unions NSW's threat to sue, Airtasker has agreed to recommend that payments for work performed through its platform meet minimum wage standards in Australia (Minter, 2017).
2. **Make a new term for independent worker:** (Harris and Krueger 2015) in their study argue that a completely new regulatory approach is required because the characteristics of gig work are so novel and the practice is so structurally different from traditional employment. Workers who are self-employed, freelance, or on a "platform" would be defined, and basic guidelines for fair treatment would be outlined and enforced.
3. **Expand or clarify the definitions of employment:** Recent case law's gradual expansion of regulatory protections to new forms of paid work may not be sufficient to provide crowd workers and on-demand workers with adequate levels of protection. The explicit expansion of the concept of employment could lead to a quicker and more direct extension of these provisions.
4. **Construct rights for workers, not employees:** The most radical option is to completely abandon employment status as a drive for regulating work and apply appropriate protections to all who do 'work'. These laws seek to abolish certain forms of employment distinctions in order to ensure that all those who "work" receive basic health and safety protections.
5. **Review the idea of an employer:** (Prassl and Risak 2016) in their study explore the different roles an employer can have. Some platforms like Uber definitely do all these things. However, in other cases they may be split between different commodities. The most obvious are intermediaries and end users. (Stewart et al. 2016), the authors suggest that gig workers should be viewed as having different employers for different legal purposes. This approach is conceptually elegant. But there too, without comprehensive regulatory restructuring, application may face considerable challenges.

7. CONCLUSION:

In the new fourth industrial revolution, the gig economy is growing and has the potential to significantly benefit developing nations like India. Challenges can be turned into opportunities by working together with the government, employees, and educational institutions. The extent of the gig economy in India will be significantly impacted by labour laws and government regulations. People also need to be ready for lifelong learning because they will need to learn new skills to change with the world.

Global pressures will continue to have a significant impact on the gig economy. If people and businesses want to think of proactive strategies to beat the competition on a global scale, they can't afford to ignore the freelancing workforce. In point of fact, the global gig economy has gained sufficient momentum to play a significant role in the very near future. The new development of the gig economy has modified how individuals view work. In contrast to traditional employees, those employed in the gig economy are free to choose when and for how long they will work. It is extremely challenging for gig platforms to plan ahead and commit to a service capacity because of this variability.

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