

The Gig Economy: Opportunity or Exploitation? An International Perspective in 2024

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Abstract

The gig economy features as one of the most concerning features in the world economy as it raises suspicion towards worker's wellbeing, incomes, and social safeguards in the ever-growing harsh economic conditions of 2024 to be. The growth of Sylvan, Uber, Fiverr, Upwork, Deliveroo, Task, and Rabbit platforms starting in 2024, has managed to pull in millions of users, workers, freelancers, and students from all over the world, which came with socio-economic innovation and growth. But, with it, the economy had to endure the harsh reality of income volatility, algorithmic control, and lack of benefits for the workers. This paper scrutinizes the international gig economy and its risks, benefits, and the policies that need to be formulated to ensure fairness whilst creating opportunity.

1. INTRODUCTION

The need for economic opportunity has largely led to the emergence of the so-called gig economy for the international workforce, which has shifted to new-age digital work. Estimated to address the economic growth and innovations, the gig economy covers a range of industries including ride hailing, food delivery, freelancing, home servicing and has revolutionized the concept of employment. By 2024, about 1.5 billion people would earn as gig workers, comprising over 15% of the world's working population. Concerns regarding employee rights and economic protection have arisen from the promises made by "the gig economy". Supporters of the gig economy focus their attention on the entrepreneurial opportunities it provides through job creation and income diversification. On the other hand, critics claim the economic gig system lacks legal protections while promoting precarious working conditions, algorithmic exploitation and much more. In giving consideration to economic flexibility, this paper seeks to assess if "the gig economy" is an opportunity towards economic empowerment or simply modern labor exploitation.

2. Growth Of The Gig Economy

Several international forces have contributed to the increase in development of gig work economy:

2.1 Advances In Technology And Expansion Of Platforms

Advances in technology such as mobile applications, AI enabled platforms, and digital payment services make it easier for gig work to be done. Uber, DoorDash, and Lyft have hundreds of thousands of gig workers connected to consumers all over the world. By 2024, with AI enabled automation, the division of work, the pricing model, and even performance is fully integrated in the giga economy.

2.2 Attitudes and Demographics of Workers

Younger workers like millennials and Gen Z workers tend to be more flexible with WFH opportunities. Instead of traditional employment structures, 46% of gig workers aged 18-34 prefer to work autonomously

as reported by McKinsey in 2024.

2.3 Economic Needs and The Distraught Job Market

Raising unemployment in certain underdeveloped countries has given rise to many people doing gig work. Millions across India, Brazil, and South Africa have turned towards gig platforms during the economic disruption that followed the COVID-19 pandemic.

3. Towards The Gig Economy Benefits

In as much as there is risk in the gig economy, it poses challenges that needs to be addressed, but it also has great promise economically.

3.1 New Jobs for The Unemployed

In highly populated nations where normal jobs are scarce, gig economy is beneficial. In South Asian and African countries where there are no formal industries, gig work has provided millions a means for earning a living. The rapid growth of Nigeria's ride-hailing industry is an example of how gig work opportunities are flourishing in a country with a struggling economy.

3.2 Ability to Work On Other Tasks

Every single gig worker will testify for the flexibility gig work provides. They determine when and how often they are going to work. Freelancers also benefit from the opportunity to work on numerous creative tasks, such as graphic design and programming, as they are not limited to the constraints set by a single employer.

3.3 Income Diversification

Gig jobs allows people to earn financial extras to their main source of income. There are numerous professionals who do gig work in order to reduce the risk of becoming too dependent on one employer. This model is particularly effective for individuals in countries with unstable economic situations like Argentina and Turkey.

3.4 Cost Savings for Businesses

With gig work, companies do not have to incur the extensive costs that come with having full-time employees. Without having to pay deep investments in employee benefits, office requirements, or long-term salary contracts, companies are able to operate on a leaner budget. Especially in the case of tech companies, substantial savings are generated by using freelancers to quickly increase the size of the business.

4. Challenges and Risks of the Gig Economy

A common critique of the gig economy is the exploitative premise of its structure, especially in relation to payment, job opportunities, and employee benefits.

4.1 Income Instability and Low Pay

A large portion of gig workers from different regions goes through variations in income. Uber drivers in the USA often complain that they earn much less than minimum wage with expenses taken into consideration. In India, Zomato delivery drivers' earnings per day can go as low as 3 dollars and there's no promise of a stipend. Workers who are subjected to pay by algorithms always have movement in pay and face uncertainty when it comes to income.

4.2 Missing Employment Perks

Gig employees do not have the luxury of health coverage, time off, or retirement funds. In contrast with them, Deliveroo and Just Eat riders in Europe complained about missing social provisions. Gig workers

in places like Indonesia and the Philippines face dire situations during economic downturns due to lax labor laws.

4.3 Control By The System and Employment Problems

The allocation of tasks, wage payment, and even account suspension is done through the AI of gig companies. These policies strip the workers' autonomy, resulting in economic insecurity. It is not unusual to hear stories of users whose accounts have been disabled recently, leaving them with no notice and no way to make money.

4.4 Unfavorable Employment Conditions Under Developed Economies

In less economically developed countries, gig work is often a new, sophisticated type of slavery. They are vertically geared to work for a ridiculously long time at a very meager pay without any chance of negotiating for better salaries. These African freelancers on Upwork and Fiverr face severe pricing pressures from more developed countries and are compelled to work for less.

5. Challenges and Worker Exploitation in the Gig Economy

The gig economy has come with a wide range of employment opportunities, however, it is not without its unique hurdles, especially in the scope of worker exploitation. Flexibility and income opportunities are available, but a gig worker's reality is insecure jobs, low pay, absence of benefits, algorithmic exploitation, and bad working conditions. The non-centralized working scheme makes gig workers more susceptible. Most platforms regard them as independent contractors rather than employees, which takes away their vital protections. Below highlighted are some pressing issues suffered by workers globally in 2024.

5.1 Job Insecurity and Income Instability

There is great concern with the gig economy in relation to employment opportunities being stable. Compared to other jobs, which have fixed wages and benefits, gig employment is greatly dependent on seasonality, changes in marketing strategies, and the economy.

For example, the pay of Uber and Lyft drivers fluctuates greatly due to fuel prices, platform policies, and customer traffic. The same goes for writers and designers who work on Fiverr and Upwork and struggle with inconsistent workloads leading to unpredictably paying jobs. As stated in a McKinsey report, nearly sixty percent of gig workers around the globe earn less than the minimum wage of their country because of the inconsistent job opportunities available to them.

As for the delivery riders, they bear financial responsibilities that are usually the employers liability, such as owning their vehicle to use for work, fuel expenses, and insurance. In the event that they get sick or injured and unable to work, they earn no salary or sick pay which can be especially difficult for them financially.

5.2 Low Wages and Unfair Pay Gaps

Employees in the gig economy such as those working in ride sharing services, food delivery, and home services earn significantly lower than conventional employees. The same goes for low skilled gig economy workers, unlike high skilled freelancers in tech and design who tend to work with a competitive rate set on their skill.

One important example is in a study conducted in 2024 by the International Labour Organization (ILO), which demonstrated that gig workers located in developing countries like India, Brazil and Kenya earn, on average, 30 to 50 percent less than full-time employees in the same positions. During 2022, Uber drivers in New York and London reported earning \$10 to \$12 per hour, even after deducting platform fees and additional expenses. In several other locations, this was reported to be below minimum wage.

Gig platforms cut worker earnings through the use of pricing algorithms. For instance, zip code based food delivery companies like DoorDash and Zomato pay as little as 10 cents per delivery completed. This approach is also used in other works where after fuel and maintenance costs, the money earned is impossible to live on.

5.3 Social Protection Deficiency

Another one of the critical challenges of the gig economy nowadays is the absence of benefits compensating employees. Given the nature of gig work as independent contracting, they do not receive health care, sick days, pension, or unemployment insurance.

There have been attempts to capture gig economy workers within the social sécurité umbrella in more developed countries like France and Germany. However, gig economy workers in India, the Philippines, and some regions in Africa have no access to healthcare or financial protection and are, therefore, highly vulnerable. According to the World Economic Forum, only 10% of gig workers globally, have health insurance or any retirement saving plans as a result of their gig work.

Additionally, gig workers sustain injuries on the job but are often left uninsured. In fact, many delivery and ride-share drivers are prone to accidents, yet bear the cost of treatment themselves. Unlike most employees, who enjoy various compensation policies mounted by their employers, gig workers are left exposed to the complete range of occupational risk.

5.4 Economic Exploitation by Algorithms and Absence of Control Over Work

The allocation of tasks, payment, and even assessment of work done through gig platforms is done by an algorithm. The problem is that algorithms can operate without any form of oversight. As a result, many algorithms pay workers less than what is considered reasonable, disable accounts without justification, and provide little to no control over the position to the worker.

Take Uber's surge pricing for example, it is controlled by AI and tends to benefit the corporation more than the driver themselves. Likewise, workers who deliver on platforms such as Instacart and Amazon Flex have voiced their frustrations regarding an erratic and unfair order assignment system. The report on the algorithmic management prepared in 2023 at the University of Oxford stated that 70% of gig workers surveyed felt powerless in the face of decisions governed by AI.

Moreover, people can get suspended or banned from platforms due to customers' complaints or low ratings with little to no possibility to appeal. In China, delivery riders working for Meituan and Ele.me have reported late delivery pay penalties and other automatic deductions, imposed due to circumstances beyond their control, like accidents, bad weather, or traffic.

5.5 Long Working Hours and Mental Stress

To sustain a living, many gig workers perform too much work for little reward. A survey conducted in 2024 of gig workers in the UK, India, and South Africa found that 40% of ride-hailing drivers surveyed worked longer than 12 hours per day just to make ends meet. The physical and mental exhaustion that entails greatly increases the chances of encountering burnout, severe health problems, and other stress induced issues.

The proverbial 'always-on' culture of the gig economy makes effort versus reward balance impossible. Due to the volatile nature of work availability, workers feel pressure to stay online at all times, as one never knows when they might receive their next job. Unlike traditional employees who have assigned schedules, gig workers have to perpetually check the apps for available jobs.

6. Policy Recommendations

Government institutions, businesses, and trade unions around the world need to tackle the issue of the gig economy. While gig work certainly has its perks by being flexible and economically productive, there has to be a unilateral agreement to regulate it in order to ensure fairness, economic safety, and employees' rights. The following are the recommended policies changing economy while safeguarding employee rights.

6.1 Redefining Worker Classification

Perhaps the most contentious issue in labor policy is the status of gig workers. Most gig platforms label workers as independent contractors, so they do not have to provide any benefits like medical coverage, maternity or sick leaves, or earning the legal minimum wage.

Moving forward, governments should consider creating a third category of worker such as 'dependent contractors' whereby such agile workers would enjoy some benefits without losing all the flexibility. Reforms such as *modeler donuffer bappededremes* have led to Spain and Netherlands having already passed Glovo and Uber Eats laws directed at regard workers as employees.

For the first time, the European Union (EU) passed legislation in 2024 that compels gig platforms to validate the status of a worker as an independent contractor. When a worker has predetermined hours or works through a single platform, they need to be classified as employees, instead. Similar regulations can be enforced in other countries to stop the exploitation of the workers.

6.2 Minimum Wage Protections

In order to promote decent employment conditions, the government needs to set minimum income benchmarks for gig workers. Given the volatile payment structure of gig workers, they should be offered a guaranteed basic price that is adjusted for the cost of living, platform fees, and transportation expenses. To demonstrate with an example,, the state of California in the US passed proposition 22 which set base earning levels for gig workers, mandating that drivers receive 120% of the local minimum wage. Other areas like UK and Canada are exploring those same policies in an effort to prevent workers suffering from the utmost extremes of pay differences.

6.3 Social Security and Portable Benefits

Gig economy workers do not have social security provisions, and this includes pensions, health insurance, and paid sick leave. This requires intervention from the government, and the solution is to implement portable benefits that follow workers irrespective of the platform they work on.

For example, the insurance model for gig workers in Singapore allows workers to contribute to a national insurance scheme and platforms are obligated to contribute as well. This guarantees that gig workers get access to healthcare and retirement plans.

Furthermore, Brazil has implemented a digital savings account for gig workers where platforms fund a percentage of worker earnings towards long term savings. This policy can be copied by other countries.

6.4 Transparency in Algorithmic Management

There ought to be laws governing the use of AI by authorities that stipulates the responsibility of gig platforms to publish how their algorithms calculate pay, allocate work, and set performance scores. Employees should also have the option of appealing blatant algorithmic bias.

New German and French labor laws put an obligation on the likes of Deliveroo and Uber Eats to account for their wage-setting algorithms and permit workers to appeal deactivations or 'blacklisting'. Easing these restrictions worldwide would improve equity in the gig economy.

6.5 Strengthening Collective Bargaining and Worker Unions

The flexistrustructure of work makes it difficult for most gig workers to have any power. So to counteract this, there should be state-sponsored gig worker unions that will provide collective bargaining for better pay and working conditions.

Gig workers in Denmark, the Netherlands, and California have organized for better conditions through labor unions. If these efforts are scaled to global proportions, gig workers across the world will have greater control over their lives.

These policy changes can create a framework for a gig economy which is both flexible and just, ensuring workers are not exploited and able to take advantage of self-employment opportunities.

7. Conclusion

In short, the gig economy is an advancement in the means of production that brings with it both new opportunities and the potential exploitation of workers. There continues to be an addition of alternative employment opportunities along with new sources of work, but there, unfortunately, remains the risk of financial insecurity, algorithmic governance, and inadequate worker protections. The oscillation of international action ranges. Some countries have chosen to reinforce the rights of workers – whereas others continue to allow platforms to flourish unchecked.

The continuation of work in the gig economy needs to be addressed through the collaborative efforts of governments, businesses, and trade unions. To shape a world where gig work is both an opportunity and a safe source of income requires policies that provide adequate wages, social security, and safeguards against the arbitrary exercise of authority of supervisors in digital employment.

Moving into 2024 and the years afterward, our main concern is looking for solutions to our problems. How do we make gig work beneficial to everyone while minimizing the risk it poses? We envision a world full of innovation while also ensuring dignity and fairness for the workforce. So, how do we achieve this balance? That is the discussion we want to have.