

EXPOSING THE GIG ECONOMY'S DYNAMICS: EXPLORING POSSIBILITIES, CHALLENGES AND EMERGING TRENDS

Dr. Prakriti Dixit Porwal Associate Professor Department of Management Studie Geetanjali
Institute of Technical Studies, Udaipur, Rajasthan, India.

Aniket Kumar Department of Management Studies Geetanjali Institute of Technical Studies,
Udaipur, Rajasthan, India.

ABSTRACT

The gig economy, which is defined by contract and freelance labour, challenges established job structures by emphasising independence, flexibility, and temporariness. The gig economy in India is explored in this study, which is driven by a 17% Compound Annual Growth Rate (CAGR) per ASSOCHAM. The gig workforce is expected to grow to 2.35 crore by 2030, according to a June 2022 report by Niti Aayog. Gig hiring is expected to climb by 9% in 2023, greatly affecting the job market as a whole. The gig economy shines as a ray of hope, providing independence and legitimate income in the face of an unemployment rate of 7.95% (Forbes India, July 2023) and 66% of Indians under the age of 35 (International Labour Organisation). The gig economy relies heavily on technology, as seen by companies like Ola and Uber, but its growth is hampered by India's digital divide. By January 2023, there will be 692.0 million Internet users worldwide, therefore closing this gap will be essential to continued growth and inclusivity. The study examines advantages like productivity, flexibility, and a range of incomes, but it also closely examines disadvantages including a preference for quick relationships, worries about job stability, a lack of pay, and an emphasis on quantity over quality. Differentiating between gig labour and part-time employment, the study finds that one of the main factors influencing the success of gig workers is the flexibility of short-term contracts.

With the goal of providing insights into the changing labour market and the gig economy's role in influencing India's economic future, this research attempts to fully comprehend the intricacies of the gig economy in India, as well as its potential to reduce youth unemployment and the need for technological inclusivity.

Keywords: Employment, Gig Economy, Innovation in Technology, Labor Market

INTRODUCTION:

The term "gig economy" refers to labor that is freelance and contract-based and is defined by freedom, flexibility, and temporariness. This current model of work, which is also known as the open platform economy or the freelancer economy, focuses a strong emphasis on project-based work and short-term contracts. Within this framework, people work as independent contractors and offer temporary services to companies or clients. The gig economy is characterized by its flexibility and freedom from traditional approach, fixed job arrangements, while still enabling individuals with a wide range of alternatives. This changing job market indicates a move towards flexible, project-based work arrangements, highlighting the modern need for adaptability and autonomy in career endeavors. Technology-driven platforms like Ola, Uber, Swiggy, etc are notable instances of the gig economy. According to Associated Chambers of Commerce and Industry of India (ASSOCHAM), leading Indian trade association, the gig economy in India is growing at a remarkable compound annual growth rate (CAGR) of 17%. The gig economy's trajectory is further outlined in the June 2022 Niti Aayog study according to which, the gig workforce has the potential to increase to 2.35 crore by 2030. Additionally,

the survey projects a 9% rise in contract or gig hiring in 2023, which will have a substantial impact on the employment market as a whole.

In light of the prevalent struggles about unemployment, the gig economy appears to be a ray of hope for income generation. It offers a flexible and autonomous form of work and acts as an essential link between joblessness and stable sources of income. According to a Forbesindia.com report, the current unemployment rate in India is 7.95 percent as of July 2023. In accordance to the International Labor Organization, underscores that with about 66% of the population aged under 35, India has the greatest youth population in the world and a dire need for work opportunities. In this regard, the gig economy plays a crucial role in aiding young individuals secure meaningful employment that is both legal and legitimate. Moreover, it highlights on the fact that the gig economy holds significance in fulfilling youth job ambitions and also acknowledged its importance in lowering unemployment and providing a legal means of earning revenue.

In January 2023, there were 692.0 million Internet users in India, accounting for 48.7% of the country's 1.4286 billion population, according to the Digital India 2023 study. The gig economy is primarily dependent on technology and digitalization, hence issues with India's current digital divide exist. The gig economy may be a creative way for the labor market to grow, but its long-term viability is debatable. Taking into account the gig economy's potential to revolutionize employment and economic growth, it is vital to overcome the gaps in internet access in order to guarantee long-term success and inclusivity.

The gig economy's benefits include the following:

- **Flexibility-** Many working individual want flexibility or freedom in their work routine. In such a circumstances the gig economy offers them with the choice of when and where they want do their work.
- **Productivity-** In the gig economy, individuals can earn additional money from a variety of sources, and these sources can have a considerable impact on job satisfaction. Even while having money isn't a guarantee of happiness, the value of time is rising in today's world, which emphasizes the need for numerous sources of income. Diversity becomes essential for job satisfaction and improved productivity when people learn to manage the pressures of a fast-paced work environment.
- **Job Diversity-** Through the gig economy, individual can assess their own abilities to multitask and determine if they are simply typical employees in their company or if they have more advanced multitasking skills. Because each activity has a distinct role and set of responsibilities, gig workers may discover that they perform well or mediocrely in various kinds of tasks.
- **Income-** Due to the gig economy, individuals have the opportunity to pursue a variety of possibilities for earning income. Gig economy allows them to do their job in different companies in the flexible, freedom and independent way on the same day.

Negative domains within the gig economy include:

- **Faith-** Because gig workers are employed under short-term contracts in the gig economy, it might be difficult to determine whether they will be dependable or faithful during the short time of their engagements.
- **Job Security-** The gig economy, which is characterized by informal structures and the absence of labor laws, is particularly devoid of job security. The risk of losing their jobs when contracts expire exists for gig workers, who priorities developing their digital skills and having numerous sources of income.
- **Lack of Compensations and Benefits-** Gig workers do their job for a small period of time and due to short period time often they don't find a good amount of compensations and benefits. Traditional benefits like different types of insurance (health, life insurance, general) facilities, different types of allowances facilities, paid leave, and retirement plan are often unavailable to gig workers.
- **Focus on Quantity over Quality-** In their quest for the greatest number of sources of revenue, gig workers place a higher priority on quantity than quality. Although developing digital abilities is

important, lacking some talents might cause problems in some fields and lower the caliber of their job.

Part-time work v/s Gig Economy

Part-time employees and the gig economy are two different beasts with unique traits that set them apart. Freelancing and independent work with an informal framework make up the biggest portion of the gig economy. In this field, jobs are typically temporary assignments that are triggered when businesses need specific activities completed by freelancers. Part-time workers, in contrast, carry out tasks with set hours and duties inside an official structure. Part-time workers usually have ongoing commitments with their employers, yet reduced ones, in contrast to gig workers. In other words, what makes the two different is what kind of work they do. The adaptability of short-term contractual arrangements allows gig workers to thrive and adjust to changing needs. On the other hand, part-timers operate in more permanent, defined roles.

Objective

In-depth analysis of the gig economy's dynamics in India is the goal of this research, with particular attention paid to its development, effects on employment, and difficulties. It examines the pros and cons of the gig economy and how it may be used to use technology to address adolescent unemployment. The purpose is to provide light on its importance and its ramifications for the changing nature of the labor market.

Literature Review

Suryavanshi, P. (2023). She claims that the gig economy—also referred to as an open platform economy—serves as a link between joblessness and long-term employment. Digital platforms perform work in this economy. The terms "gig economy," "open-platform economy," and "sharing economy" are occasionally used interchangeably. India is growing rapidly in the digital and technological areas, introducing new innovations on a regular basis and contributing significantly to technological growth. Future growth in India's gig economy is expected to be robust due to technological advancements.

Banwari, V. (2018) in this research paper author states that young people are far more interested in performing their jobs in an open and flexible manner than in more traditional methods because of technological advancements and modern innovations. Young people these days also enjoy doing "independent work." Today's youth are contemplating gig labour as a substitute due to a number of considerations, including a consistent flow of employment, flexibility, learning opportunities, and a better work-life balance.

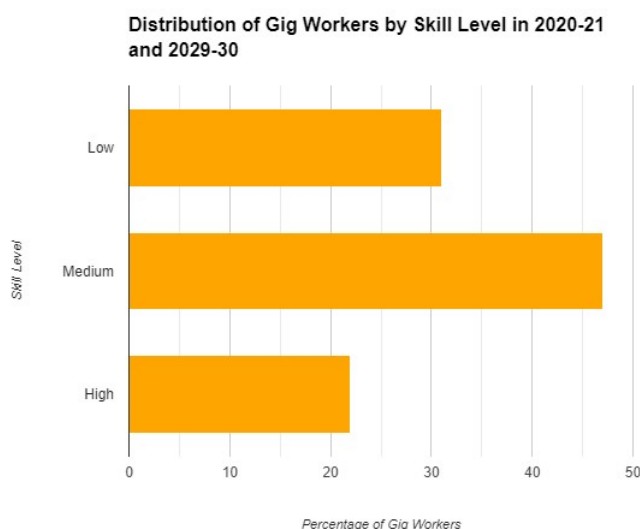
Korde, R. & et. al (2020/2021) they assert in their study that India's labour market has shifted from a traditional one to one that is task- and digital-based as a result of technological advancements over the past 10 years. The gig economy has grown faster thanks to the COVID-19 pandemic, but it has also highlighted how brittle some once-attractive jobs might be. For women in particular, the gig economy is a crucial step on the path to financial independence and career advancement. In this economic climate, female employees have the flexibility to create prospective sources of income and open doors for professional advancement.

Swathis, S. (2023) her research piece claims that the idea of a gig is able to spread across Tier I and Tier II cities as well as urban areas. Many unemployed people can find enormous employment in the gig economy. In the IT industry, the concept of moonlighting is growing as a result of the ability for many workers to take on contract work. The gig economy is undoubtedly linked to the convergence of technology and industry-specific employment requirements.

McKinsey & Company, August (2023). They claim that many individuals who were laid off during the pandemic—and others who weren't—turned to freelancing in order to pursue their goals of more independence and flexibility or a need for additional sources of income. Furthermore, it's possible that inflation in the recent past has encouraged lower-paid employees to take on side jobs via these platforms. According to McKinsey & Company, there are several benefits to hiring a workforce with

a higher percentage of independent contractors than permanent staff. Having access to freelance labour lowers startup and operating costs and increases worker flexibility. These benefits are particularly relevant for small businesses and startups. They claim that the need to sustain themselves and their families through the gig is what draws in more people.

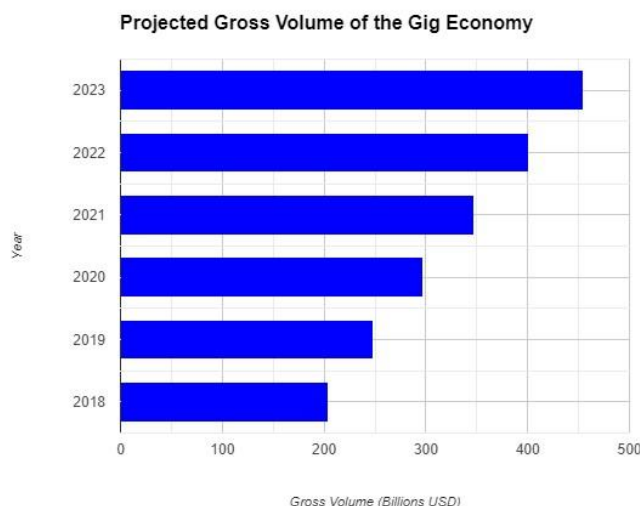
Report on Niti Ayog June 2022 They claim that the gig economy is expanding quickly and is a new global economic revolution. According to the survey, 77 lakh (7.7 million) workers participated in the gig economy in 2020–21. By 2029–2030, there will likely be 2.35 crore (23.5 million) gig workers. Currently, gig work accounts for roughly 47% of occupations with medium skill levels, 22% of jobs with high skill levels, and 31% of positions with low skill levels. The trend indicates that the proportion of workers with medium skills is progressively decreasing while the proportion of workers with low and high abilities is rising. It is reasonable to anticipate that gig work requiring different skills will grow, even while medium skills will still dominate until 2030.



Two types of gig economies have been distinguished. First one is platform-specific, whereas the second is not. Individuals employed in the traditional sectors like own account managers and casual wage workers are considered non-platform gig workers. Platform workers are individuals whose job is centered around digital platforms or online software apps.

June 2022: Drishti IAS As to their analysis, a Boston Consulting Group study states that 15 million Indian workers are employed in various businesses, including software, shared services, professional services, and India ranks fifth in the world for flexi staffing, behind the US, China, Brazil, and Japan, according to a 2019 research by the India Staffing Federation. roughly 90 million jobs in India's non-agricultural sectors can be supported by the gig economy, which is expected to contribute 1.25% to the country's GDP in the long run. Gig enterprises employ both white-collar and blue-collar workers in India to the tune of roughly 56%. India wants its GDP to reach USD 5 trillion by 2025. With this knowledge, the gig economy will generate excellent possibilities and serve as a significant component in closing the gap between work and unemployment.

May 2021, World Economic Forum. They state that the estimated gross volume of the gig economy is in the billions of dollars. \$204.0 in 2018, \$248.3 in 2019, \$296.7 in 2020, \$347.8 in 2121, \$401.4 in 2022, and \$455.2 in 2023. According to a MasterCard analysis, global gig-economy transactions are expected to increase by 17% annually to around \$455 billion by 2023. Gig businesses frequently provide flexible work schedules for individuals in primary careers who need to work around school or childcare hours, or for students who want to make money while they study. As per the UK government, the gig economy entails the trade of labour for financial gain between individuals or businesses through digital platforms that actively assist in connecting service providers and clients on a task-by-task and temporary basis.



Petriglieri, G. Sue, S. and Wrzesniewski, A. (2018) they identify four factors that are flourishing in the gig economy. Firstly, Place, which takes the form of unique, designated workspaces that make it simple to access the tools of their owners' trades; Secondly the routines that expedite workflow and incorporate personal care; Third, the purpose, which aims to build a bridge between personal interests and motivations and a need in the world; and fourth the people, who many of these workers have established as a "holding environment" for themselves. These relationships support independent contractors in maintaining their output, overcoming their fears, and even transforming their emotions into opportunities for innovation and development.

Harries, J. (2017). This research indicates that during the past ten years, there have been significant changes in how individuals live, work, and spend their money, particularly with the introduction of smartphones. Technology has advanced and brought forth new developments that have expanded communication and created new avenues for earning and spending money. Because of technological advancements, people now have more options than just their regular professions, and they may live more flexible lives thanks to technology.

Emerging trends in the gig economy

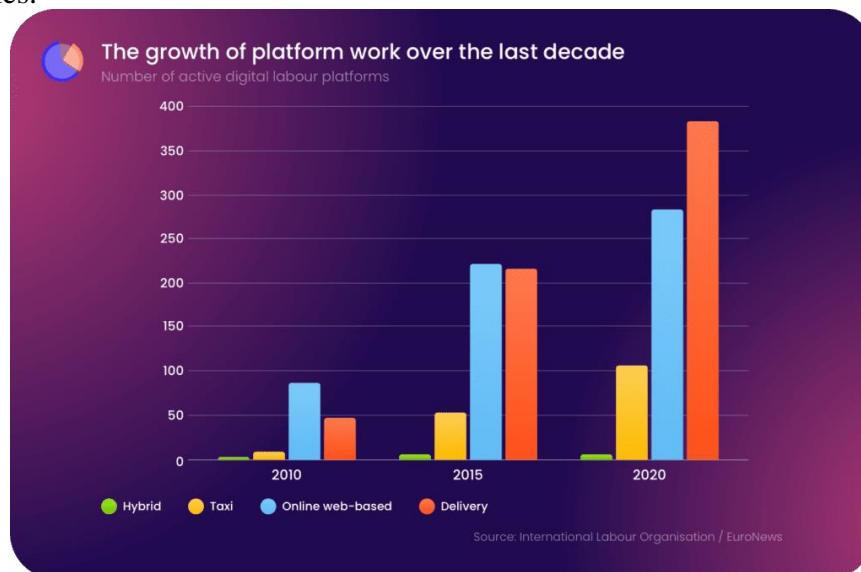
According to a survey by the National Association of Software and Service Companies (NASSCOM), the Indian gig economy is expected to grow at a Compound Annual Growth Rate (CAGR) of 17%. According to the prediction, there will be 23.5 million more gig workers by 2023, and the business is expected to be worth an astonishing \$455 billion. There is a discernible trend in the modern day when a growing number of people choose flexible and autonomous work arrangements over standard 9–5 office occupations.

Gig Economy Trend: Rapid Increase in Digital Platform

Digital platform usage is expanding at a quick rate due to technology advancements. A dramatic movement from traditional full-time employment to independent contracting, freelancing, and part-time work is currently taking place. 73.3 million freelancers are predicted to be working in the USA as of 2023, according to a recent report; by 2024, this number is expected to increase to 76.4 million (Statista). Because gig workers are happier, more content, and feel more secure, there has been a noticeable trend away from regular employment and towards freelancing and independent work.

The graph below represents a significant increase in active digital labour platforms during the last ten years, with over 400 platforms in use by 2020 compared to just a few hundred in 2010. A growing need for flexible work schedules, the widespread use of mobile devices, and the expansion of the internet are the main drivers of this growth. Interestingly, platform work is growing on different kinds of platforms differently, with hybrid platforms—which combine platform work and traditional

employment—growing at the fastest rate. There has also been significant growth in the taxi and online delivery industries.



Source: <https://www.symmetrical.ai/blog/gig-economy-statistics>

Gig Economy Trend: The Influence of Technology

In the gig economy, technology has a massive impact. Technology makes it easier to locate work, according to over 80% of freelancers (Upwork). Over 70% of freelancers, according to Payoneer, find work through online markets and gig economy platforms like Upwork, Fiverr, or Toptal.

From a HR point of view, technology has emerged as the most effective option for HR specialists. In the current reality and the age of remote work, they may communicate with employees, enhance core processes, and access self-service capabilities with the use of technology.

Technologies including digital payment methods, AI-powered dating algorithms, and remote collaboration tools support the gig economy's global growth. These technologies are used by TaskRabbit, Upwork, and Fiverr, among other platforms, to effectively link independent contractors with clients. For gig workers, safe and quick transactions are guaranteed by globally renowned digital payment platforms like PayPal and Stripe. Platforms like Ola and Swiggy, which rely on GPS monitoring and mobile apps, are good examples of how technology is being used in India. Gig workers nationwide may now conduct smooth financial transactions thanks to the Unified Payments Interface (UPI), which has become an integral digital payment option.

Gig Economy Trend: Regulating Digital Platform Work

Legislative and payroll procedures are about to undergo a major transformation due to the regulation of digital platform labour in the gig economy. Presently, a crucial discussion in the EU focuses on platform workers' working circumstances and highlights the necessity of comprehensive regulatory frameworks. Gig workers are becoming more and more acknowledged as people who should receive benefits and compensation, including as paid time off, old-age pensions, insurance against working accidents, healthcare, and safety precautions. The movement for collective bargaining rights is gathering steam with the goal of enabling gig workers to negotiate just terms. According to Business2community, firms are expected to invest \$6 billion by 2027 to improve the rights of gig workers, which represents a significant financial commitment. This investment demonstrates how important it is to have a contemporary, automated payroll system in place, particularly for businesses that hire a large number of gig workers in order to ensure timely and equitable remuneration.

Gig Economy Trend: More Collaboration among Gig Workers

As technology continues to progress, there is a clear trend in the gig economy that collaboration is becoming increasingly important for gig workers. It's important to understand that people working in this field frequently have higher goals for their careers than just making money. Gig workers typically don't have a collaborative framework, even though they do responsibilities similar to those of regular

employees. Fortunately, a workable solution has been made possible by the ongoing digital transformation and the constant advancement of technology, which have made it easier for gig workers to connect with one another. Among the many people looking to autonomously navigate their professional travels in the gig and remote work world, digital platforms are noteworthy for their pivotal role in fully utilizing the potential of technology, creating a more fluid and satisfying experience.

Technology innovation in relation to the gig economy:

Over the past ten years, technology has had a noticeable and profound impact on the gig economy, changing traditional work paradigms and introducing novel workplace models. New business models, such as those found in the digital platform sectors, are now crucial for creating jobs and providing possibilities for those living outside the conventional industrial centres. The emergence of digital platforms that enable online gig jobs—which link workers and clients for tasks completed solely in virtual spaces—is a notable example of this technological progression.

The gig economy plays a crucial role in promoting dynamic marketplaces and stimulating economic growth in real time. The gig economy facilitates the emergence of new industries by utilising the varied skill sets of gig workers to improve productivity and creativity, which in turn boosts a nation's economic growth. The gig economy is supported by technological improvements, especially those that enable flexibility and allow workers to do activities on their own.

- **Digital Platforms and Mobile Applications:** As demonstrated by platforms like Uber and Upwork, technology is essential to the creation and functioning of digital platforms and markets. In today's world, technology is an essential means by which businesses and consumers interact with their target audiences in order to maximize results. Gig workers can establish a variety of options for themselves by using mobile applications in particular, which provide them with crucial employment opportunities.
- **Telecommuting and Remote Work:** For gig workers, the flexibility that comes with working remotely is a driving force. Gig workers are able to work remotely and telecommute from home or a dedicated office location with ease because to technological advancements that enable these work arrangements. Project management software and internet access are essential for making remote work settings possible.
- **Payment Processing:** When compared to conventional face-to-face encounters, technological improvements have greatly increased the reliability and efficiency of payment processing. By using technology, online and digital platforms offer streamlined services that do away with the inefficiencies and delays that come with traditional billing.
- **Data Analytics:** For well-informed decision-making, the gig economy must incorporate data analytics and statistics. Many industries have moved to technological techniques in today's digital world, where data collection is pervasive. Data analytics becomes an essential tool, especially for HR managers, who can use it to match employees with appropriate positions and create pricing and compensation plans that work by using intelligent data analysis.

Conclusion

In summary, the gig economy has emerged as an alteration in the global labour market, driven by technological advancements. The trend towards project-based, flexible work schedules highlights the contemporary need for flexibility and independence. Even while the gig economy has advantages like more flexibility, productivity, diversity in the workplace, and extra revenue sources, problems including lack of traditional salary, job security worries, and faith-related concerns still exist. Cooperation among gig workers is becoming more and more important as the gig economy grows. Technology is still at the vanguard, propelling this change and calling for legal frameworks. Addressing digital gaps is critical to ensuring the gig economy's long-term viability and inclusivity, highlighting the need for a sustainable and well-rounded response to the evolving nature of work.

References

- Suryavanshi, P. (2022). Gig Economy. Juni Khyat ISSN: 2278-4632 (UGC Care Group I Listed Journal), 12 (11), 143-150. https://www.researchgate.net/publication/365035315_Gig_Economy
- Korde, R. & et.al. (2020/2021) Gig Economy Report India (2021). Amsterdam, WageIndicator Foundation. India, FLAME University. https://wageindicator.org/documents/publicationslist/publications-2021/gig_report_india.pdf
- NITI AAYOG (2022) India's Booming Gig and Platform Economy. https://www.niti.gov.in/sites/default/files/2022-06/25th_June_Final_Report_27062022.pdf
- Swathis.S (2023) RISE OF GIG ECONOMY IN INDIA. International Journal of Creative Research Thoughts (IJCRT), 11(3), a102-a-107. <https://ijcrt.org/papers/IJCRT2303014.pdf>
- Petriglieri, G. Ashford, S. & Wrzesniewski, A. (2018) Thriving in the Gig Economy. Harvard Business Review. <https://hbr.org/2018/03/thriving-in-the-gig-economy>
- McKinsey & Company (2023) What is the gig economy? <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-the-gig-economy>
- Banwari, V. (2018) Gig Economy: Challenges and Opportunities in India. Journal of Emerging Technologies and Innovative Research (JETIR), 5 (11), 413-420. <https://www.jetir.org/papers/JETIR1811661.pdf>
- <https://www.drishtias.com/to-the-points/paper3/gig-economy-2>
- <https://www.naco.org/sites/default/files/documents/Gig-Economy.pdf>
- <https://www.weforum.org/agenda/2021/05/what-gig-economy-workers/>