
THE GIG ECONOMY AND ITS IMPACT ON FUTURE WORKING GROUP

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ABSTRACT

This research paper talks about The Gig Economy and Its Impact on Future Working Group. The purpose of these Research paper reveals how gig workers contribute to the economy and how this will impact its future course of work and labor. The paper also reveals how post covid has boom the Gig economy market. This paper was reviewed and explained with the help of Secondary data available through various journals, magazines, previous research papers and other useful internet material. Paper presents and attempts to study the Experiences of global countries including US, UK Thailand, Russia, Chile, Indonesia and Indian prospects including how GIG Economy has increased in India. If India has to boost its economy it has to consider and take the gig economy seriously. The short-term effects of it will be painful, but in the long-term if they provide better government policies, improve infrastructure and the supply chain mechanism throughout the country, provide opportunities in Government and private sector and providing specific training to a large population it will be a huge boon to the nation.

KEYWORDS: Gig economy, Future of work, working group, India and comparable countries.

INTRODUCTION

The platform labour economy has generated opportunities for flexible work and business innovation, but it has also created significant economic, social, and personal challenges for workers. Gig work is precarious, meaning it is often low paid, temporary, provides no health, training, or retirement benefits, and shifts more of the risk of doing business from the employer to the contractor. Precarious work is associated with health and social inequalities (OECD, 2015; PEPSO, 2013), and certain vulnerable groups appear to be overrepresented in the gig economy – for instance young people (millennials) and people on lower incomes (see: Balaram, Warden, & Wallace-Stephens, 2017; Block & Hennessy, 2017). This tension between necessity and opportunity (or push and pull) is reflected in the terminology used to describe gig work. For instance, commentators focused on the benefits to firms and the ideal possibilities refer to this phenomenon as the “sharing,” “collaborative,” or “creative” economy (Botsman, 2013; Kuek et al., 2015; Schor, 2014), while others focused on the potentially negative effects on workers’ well-being have labelled it the “gig,” “1099,” or “work on-demand” economy, even characterizing workers as the “precarariat” (Block & Hennessy, 2017; Kalamar, 2013; Kenney & Zysman, 2016; Schor, 2016).The gig economy is small but growing. Statistics finds that between November 2015 and October 2016, 9.5 percent of people 18 and over living in India participated in the “sharing economy,” as users or workers (Statistics India, 2017). Similarly, a recent survey found that 9 percent of residents to the Greater metropolitan Area have worked on labour platforms (Block and Hennessy, 2017). These numbers are increasing, and one estimate for the United States suggests that 50 percent of the US workforce will be contractors working through digital platforms by 2020 (Carlton, Korberg, Pike, & Seldon, 2017). This anticipated growth in the gig economy mirrors the overall recent and continuing growth of precarious work. In Toronto, the number of people describing their job as “temporary” grew by 40 percent between 1997 and 2013 (PEPSO, 2013). In spite of the growing importance of the gig economy – and widespread media coverage of specific platform businesses like Uber and Task Rabbit – there is very little known about these workers’ motivations, characteristics, and experiences. This report presents findings from a scoping review of the peer-reviewed and grey literatures in order to assess the state of knowledge on workers’ participation and experience in the gig economy globally, and suggests directions for

future research. It also characterizes the gig economy, the main factors involved in it, the kinds of vulnerabilities gig workers face, and some responses by governments, the private sector, and workers themselves. Workers' experiences of the gig economy are important to understand because the platform labour market has several features that distinguish it from other work: 1. The platform model muddies the traditional employer-employee relationship by classifying workers as independent contractors while subjecting them to ambiguous rules and criteria for success. 2. Platform businesses disaggregate jobs into micro tasks. 3. Platform businesses disaggregate the workforce, both geographically and socially. These three disruptions have major implications for the wellbeing of workers in India and around the world, which requires forward-looking responses from policymakers, service providers, employers, and workers. Since gig workers share many of the same vulnerabilities as other precarious workers, solutions around retirement planning, benefits access, career and skills development, and worker and consumer protection, are essential to protecting Indian workers and the health of the Indian economy.

REVIEW OF LITERATURE

The term "Gig" means a - "A job for a specified period of time and is typically used in referring to musicians who play small roles of music in a music concert for a particular session or contract up to which they have been assigned". In a Gig economy, companies tend towards hiring independent contractors and freelancers instead of full-time employees. Temporary, flexible jobs are common in such economy. A Gig economy undermines the traditional economy of full-time workers who rarely change positions & instead focus on a lifetime career. The Gig economy is based on flexible, temporary or freelance jobs, often involving connecting with customers through an online platform. Those who don't engage in using technological services such as the internet tend to be left behind by the benefits of the gig economy.

OBJECTIVE OF THE STUDY

- To consider experiences of other comparable countries after allowing Gig labours in their economy.
- To find out how the Gig workers contribute to the economy.
- How the future of work and its labour going to get impact.
- How the post covid era has boom the gig economy market.

RESEARCH METHODOLOGY

The nature of research is completely descriptive. It is conceptual research which is based on review of previously done researches in this area. All the relevant data used in research paper has been collected from secondary sources e.g., e- journals, newspaper, Govt. publications and various e-resources.

Estimates and Projections for the Gig & Platform Sector

- i. The study estimates that in 2020-21, 77 lakh (7.7 million) workers were engaged in the gig economy.
- ii. The gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30.
- iii. At present about 47% of the gig work is in medium skilled jobs, about 22% in high skilled and about 31% in low skilled jobs.
- iv. Trend shows the concentration of workers in medium skills is gradually declining and that of the low skilled and high skilled is increasing. It may be expected that while the domination of medium skills would continue till 2030, gig work with other skills will emerge.

Recommendations for Stakeholders

(a) Creation of platform for the working group –

- (i) A Platform for India initiative built on the pillars of accelerating platformization by simplification and handholding, funding support and incentives, skill development, and social financial inclusion, like the immensely successful Start-up India initiative, may be introduced.

(ii) Ferrying of passengers for hire may be permitted in all categories ranging from two-wheelers (in the form of bike taxis or bike-pool) and three-wheelers (rickshaws, auto rickshaws), to four-wheelers (taxicabs and carpool), and 10-12-seater vehicles (mini-buses).

(iii) Self-employed individuals engaged in the business of selling regional and rural cuisine, street food, etc. may be linked to platforms so that they can sell their produce to wider markets in towns and cities

(b). Accelerating access to finance for Gig workers

(i). Access to institutional credit may be enhanced through financial products specifically designed for platform workers and those interested to set-up their own platforms. Venture capital funding, grants and loans from banks and other funding agencies should be provided to platform businesses of all sizes at the pre-revenue and early-revenue stages.

(ii). FinTech and platform businesses may be leveraged to provide cash flow-based loans to workers as against collateral-based loans, thereby catering to the needs of those new to credit.

(iii). Unsecured loans to first-time borrowers participating in the platform economy may be classified as Priority Sector Lending.

(iv). Special emphasis may be placed on access to formal credit for women and Persons with Disabilities (PwDs).

(v). Likewise, special emphasis should be offered to platform businesses started in small cities, towns, and villages in India.

(c) Skill development for Gig workers

i. Platform-led models of skilling and job creation need to be promoted for the gig and platform sector. Platforms can collaborate with the Ministry of Skill Development and Entrepreneurship, and the National Skill Development Corporation (NSDC) to nurture skilled workers and micro-entrepreneurship.

ii. Transformational up skilling for workers presently engaged in the informal sector in trades such as construction, driving and other services can create avenues for horizontal and vertical mobility for workers to take up jobs in the gig and platform sector, empowering them to augment their earnings.

iii. Platforms can also enable the creation of potential “Skill Certificates” or “Skill Passports” for workers that platform businesses can provide. This can be envisaged as a “Skill Badge” in the platform worker’s online profile, enabling better career progression for them through skill up gradation.

iv. The potential and impact of platform-led skilling may be included in India’s National Skill Development Policy, and incorporated in the formulation of all roadmaps and strategies for skill development.

(d) Enhancing social inclusion in the new-age digital economy

i. Gender Sensitization & Accessibility Awareness Programmes for workers and their families: Platform businesses can undertake partnerships with Civil Society Organizations (CSOs) to enable different sections of workers such as women workers and PwDs to take up employment opportunities in the platform sector through skill development, access to finance and assets. These CSOs may also promote leave, health access and insurance may be adopted by platforms as a part of their workplace or work engagement policies for all the workers they engage, round the year. This will have positive implications for offering a social security cover to platform workers engaged by these firms.

ii. Occupational Disease and Work Accident Insurance: On the lines of Indonesia’s initiatives in offering accident and other insurance to workers through digital mechanisms, ride-hailing, delivery and e-commerce platforms may adopt such a model for providing accident insurance to all delivery and driver partners, and other platform workers across India. These may be offered in collaboration with the private sector or government, as envisaged under the Code on Social Security, 2020.

iii. Retirement/Pension Plans and Other Contingency Benefits: As illustrated in the case of measures introduced in the U.K. in the study, gig and platform firms need to adopt policies that offer old age/retirement plans and benefits and other insurance cover for contingencies such as injury arising from work that may lead to loss of employment and income. Such plans and policies may be uniquely

designed by a firm, in partnership with insurance companies, or could be designed and offered in collaboration with the government, as envisaged under the Code on Social Security, 2020.

iv. Support to Workers in a Situation of Irregularity of Work: As illustrated in the study through the examples

(e) Extending social security for gig & platform workers in India

This study report sheds light on the various social protection approaches taken around the world for gig and platform workers and how they can pave the way for social protection measures for gig and platform workers in India.

i. Measures for Paid Sick Leave, Health Access and Insurance: On the lines of measures introduced to mitigate the challenges posed by the Covid-19 pandemic by platforms businesses, measures for paid sick leave, health access and insurance may be adopted by platforms as a part of their workplace or work engagement policies for all the workers they engage, round the year. This will have positive implications for offering a social security cover to platform workers engaged by these firms.

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(f) Recommendations for future estimations of gig workers

i. Undertake a separate enumeration exercise to estimate the size of the gig economy, and identify the characteristic features of gig workers.

ii. During enumerations (census, PLFS, NSS or otherwise), capture the different occupations an individual might be performing, including whether or not they are a gig worker. India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work - Policy Brief

iii. During enumerations, collect information to identify gig workers. This could include questions on the nature of contract between worker and job creator, use of technology in work, etc.

(g) The future of Gig economy: a research agenda

Being in its nascent stage, the platform economy in India is yet to be studied comprehensively. Key aspects of the platform economy that need to be studied:

i. Survey of Small Platforms: The functioning and issues of small platform businesses are not the same as those of their bigger counterparts. It would thus be important to study the unique features, needs and challenges of small platforms.

ii. Women-run Platforms: Greater data is needed to understand the difficulties faced by women-run platforms. Extensive research into this domain would help design incentives to promote their growth and help them scale up.

iii. Are Platforms leading to Formalization of Employment? Even as various studies have recognized the employment generation potential of platforms, it may be of interest to explore if the use of technology and other new mechanisms in platforms is leading to formalization of employment.

iv. Contribution of the Platform Economy to India's GDP: Using the estimates for growth and size of the gig and platform sector, its contribution to India's GDP must be determined. This exercise may also enable India to unpack the pace at which platformization is occurring across industries and what enablers and barriers might be causing the same.

LIMITATIONS OF THE PRESENT SETUP

There has been a lack of investment in the finance of the policy, leading to an inefficient labour market. Though India is the second largest producer of worldwide labour, it has a very limited infrastructure, with only limited scope for Gig workers. 80% of labour force is forcibly into globalising market with lower marginal incomes. The chain of the labour market finds it difficult to link to distant markets, including overseas markets, round the year. Infrastructure development is necessary for carrying over the Gig workers labour force from production periods to the rest of the year and to prevent distress labour force. Lack of adequate basic facilities cause heavy losses to labours in terms of wastage in quality and quantity of production in general. Post-covid creates great losses of production to scale. As per some industry estimates, 25-30% of Labour force economy in India are wasted. According to some reports, Indian Gig workers realize only 1/3rd of the total population are force to leave job against 2/3rd of the regular working group. Nations with a higher share of organized sector labour group can bounce back its economy from lower to high standards. A study commissioned by the World Bank attributes the export labour force of India's working group contributes to world economy. The study shows that the average age group in between 18-35 age are more reluctant to come into gig force. There is a big question mark on the efficacy of the public policy set-up and the bill passed on labour force rising. In spite of such heavy economic losses, overall economy is been a matter of great concern. The absence of a labour force in the economy has been greater disadvantage and soon has to be managed in the future course of time.

CONCERNS

Concern is that it would lead to unfair competition and ultimately result in large-scale exit of domestic labour force, especially the small family managed business of persons employed in the organised sector. Further, as the manufacturing sector has not been growing fast enough, the persons displaced from the organised and unorganised sector would not be absorbed there. Another argument is that the Indian industrial sector, particularly organised sector, is still underdeveloped and in a nascent stage and that, therefore, it is important that the domestic sector is allowed to grow and consolidate first, before opening this sector to foreign investors into Gig economy.

CONCLUSION

In conclusion, the gig economy has proven to be beneficial for some employees and employers more so than others, making it ultimately detrimental for some. With the growing desire to work flexibly and with freedom, gig work has allowed many workers to arrange their work life to align to their current circumstances. The growth of the gig economy through the rise of technology has engaged consumers, employers and employees through promoting convenience, by providing employers with greater access to skills, and connecting them with many job seekers. As mentioned, these benefits have highlighted the gig economy's marked success, however its level of complexity and lack of structure has also asserted a number of negative implications. Its precarious nature has led to many employer responsibilities unable to be managed, posing risks on those involved within the gig economy. This makes it a difficult environment for employers who are reliant on high performance and a highly engaged and traditional work culture, as at times the gig economy can attract staff by offering higher salaries for a shorter period. In saying this, the utilization of gig employees can be positive provided they are used in the right circumstances and it suits the operations of the business. As gig employees are unprotected by sufficient legislation to ensure their rights, this has allowed for their contracts to lack entitlements such as those found in the National Employment Standards. For gig-workers who are unable to compromise imperative rights with their employer, specifically those who are foreign to the social law and working in poor working conditions, the gig economy can rather be damaging. Alternately, the gig economy can be beneficial for independent contractors who have autonomy over themselves and can continuously reform their working environment. With gig work heavily influenced by demand, it has made all gig employees vulnerable to the fluctuations within the economy exposing employees to an absence of work at times. This inconsistency and lack of stability

has created job insecurity for many gig workers, especially those who are heavily reliant on gigs from a particular industry as a form of employment or are unable or unwilling to undertake tasks in other industries. Gig work can however be beneficial for employees who are able to accommodate to other gig opportunities and venture into other industries. In saying this, the gig economy is not only profitable, but safer for employees who work these transactional type tasks beyond their traditional jobs and supplement their primary earnings, as their income will not be greatly affected in times of recession/difficult market conditions. This dynamic nature of the gig economy makes it more favourable and beneficial for multiskilled employees who are adaptable to change and varied work conditions and culture. The gig economy will continue to rise at a rapid rate in the coming days for good. It can compensate for the high unemployment rates in India. It's a good thing that the gig workers are officially recognised and brought under the ambit of social security schemes. Working on the challenges of the gig economy to improve the working conditions is the need of the hour.

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