

# Digital 'Gig Economy': Gig Economy and Employee Relations

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## Ashish Patel

Assistant Professor,  
Dept. of Business Management  
and Entrepreneurship,  
Dr. RL Awadh University,  
Ayodhya, Uttar Pradesh, India

## Himanshu Mohan

Associate Professor,  
Dept. of Business Administration,  
University of Lucknow,  
Lucknow, Uttar Pradesh, India

## Vinodini Verma

Assistant Professor,  
LPCPS,  
University of Lucknow,  
Lucknow, Uttar Pradesh, India

### Abstract

This review paper focuses on the digital gig economy, development of these digital gig economy and its implications on employee relations. Gig economy came several decades earlier but in today's era of business environment it has gained importance. Gig economy deals with on-demand worker where engagement of the worker is for short period of time or freelance work where payment is task or job-based. In gig economy employer and employee both are independent and both can look forward to better options, the workers are also flexible towards the duties and tasks in different types of jobs, jobs may be similar kind or different in nature.

After digitalization era gig economy expands rapidly and now most of the new startup are based on digital Gig economy. The gig economy has always being a part of developed countries like UK and USA, but now gig economy is expanding towards developing and underdeveloped nations. Most of the digital gig economy Gigs which have originated from the developed countries are expanding their business and operations around the globe and so gig economy Gigs are expanding around the world.

In this research paper, we have discussed the terminology of gig economy and development of digital gig economy and its implications on employee relations.

We observed some issues related to the development of a gig economy and its implications on employer-employee relations on the basis of various literature reviews and observations. We have also discussed some issues related to development of gig economy and its implications on employee relations.

**Keywords:** GIG Economy, Digital Gig Economy, Employer-Employee Relations.

### Introduction

'Gig' a word which came in circulation several decades earlier is now gaining importance in today's economic environment. In today's context, 'Gig' economy involves a short-term contractual job or short-range agreement or freelance work that anybody may undertake for a short period of time for which the compensation is made when task is completed. Gig economy gets its name from every piece of work being performed by an individual. The Merriam dictionary defines a gig economy as an "economic activity that involves the use of temporary or freelance workers to perform jobs typically in service sector" economy and provides a Gig that hires independent contractors, freelancers, consultants and different people from different sector like creative fields, art and design, food and beverages, content writer, IT specialist, social media marketing person, that means a gig economy consists of part-time, short-range, work on demand, and non-permanent workforce instead of conventional workforce.

Gig economy is not a new concept in this Global Era Business. In European and United State economy, hiring of part-time workers on short time workforce has always been a part of their human resource activities; Gig economies ultimately increase employment generation and improves overall skill development.

In a gig economy, temporary, flexible jobs are commonplace and companies tend toward hiring independent contractors and freelancers instead of full-time employees. A gig economy undermines the traditional economy of full-time workers who rarely change positions and instead focus on a lifetime career.

The Gig economy is often low paid, temporary jobs, provides no health, training, or retirement benefits, and generates opportunities for

flexible work and business innovation, but it also created significant economic, social, and personal challenges for workers. Gig work is usually in shifts and there is higher risk in doing business through contractual employees and contractors. In the Gig economy work is associated with health and social inequalities (OECD, 2015; PEPSCO, 2013), and certain vulnerable groups appear to be over-represented in the gig economy – for instance young people (millennial) and people at lower income level (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.

Technological advancement and the proliferation of the smartphone have reshaped the commercial landscape, providing consumers new ways to access the retail marketplace. On-demand companies are one such innovation, and underpinning on-demand commerce is the gig economy, the collection of markets that match service providers to consumers of on-demand services on a gig (or job) basis.

#### **Aim of this Paper**

In this research paper, we have discussed the terminology of gig economy and development of digital gig economy and its implications on employee relations. We tried to critically examine the concept of Gig economy and the impact of gig economy on employees. We have further tried to analyze the employer employee relation in Digital Gig Economy. As various authors have discussed about the pros and cons of Gig Economy in this paper we tried to find the relationship between digital Gig Economy and Employees relations. In this paper we have reviewed various authors who give their insight on this area and as we know that in India Digitalization is rapidly taking place and day by day there are various new platforms are developed for Gig workers. Gig economy is not a new concept for the world as in western countries Gig economy has already taken place but in countries like India Gig Economy is growing rapidly so in this paper we have discussed about the Digital Gig Economy and their impact on employee relations.

#### **Digital Gig Economy in India**

The growth of the digitalization may be considered as the main reason for the expansion of the gig economy in India. Digitalization leads to various technology and internet-based startups which needed temporary short-time workers for their business activities, workers are paid on the basis of task or job which they do and this very principle is the main basis of all digital applications that involve the short time momentary workforce. Several companies are paying their contractors to available these temporary workforces to perform their various day to day tasks like delivery executive or other such jobs.

According to the number of deliveries on the jobs performed, workers get their payments. These workers can perform various tasks and duties of similar or different nature at different points in time since they are not permanent employees of any establishment. It may be possible that amount which they earn in several jobs and duties may be higher than amount they would get in the permanent job.

The nature and character of conventional work design and organizational patterns are changing with the rise of information and communication technology and distributed data sharing through real-time connected networks. The complex jobs today are performed by highly skilled technical human resources who generally avoid long term commitments. Moreover, the imperatives of cost competitiveness are driving more and more organizations to outsource the repetitive and routine tasks as well as support functions.

In such a scenario, many organizations are looking for employees for short term commitments and project-based or assignment-based mode of employee engagement, and this is becoming a trend. This often drives the organizations to ignore designing and implementing the social security benefits that are part of compensation package for full time permanent employees. Furthermore, certain types of organizations such as start-ups often lack both resources and capacities to provide social security benefits to their employees and so prefer Gig employment.

India constitutes about 45% of the freelance jobs offered globally with 15 Million skilled professionals fueling the increasing demand of contract-based job or the freelance job. Freelancers are attracted towards the gig economy due to flexibility, choice of selection of job, their timing and work hour and independency in the job. This also leads to the freedom for both employer and employee. The employer and worker both can look forward to other suitable options because there are no restrictions with respect to immediacy of the workplace.

The online labour index which is published under the ilabor project of Oxford University presented the online gig economy equivalent of conventional labour standards by analyzing availability of online labour across the world in various fields as per the result the information technology and software industry were the most targeted in terms of gig economy in India.

#### **Development of Digital Gig Economy and its implications on employee relations**

Two researchers (Poon and Ng 2017; Ng 2017) highlighted recent economic developments that are impacting employees' relations and work organization such as the 'gig' economy, also known as the 'sharing' economy or 'Gig' businesses.

The temporary worker associated with various Gigs such as Uber, Ola, Swiggy, Zomato generally do not see workers as 'employees', is more widespread around the globe. Workers engaged on these businesses are usually not covered by laws related to employment, and they do not get the superannuation benefits, sick leave, holiday pay and

various health and safety regulations that apply to regular employees. In this paper, we discuss three main issues related to development in gig economy and its impact on employee relation.

Our First observation which is most visible is that in most of the economies gig economy has a relatively small contribution. Estimates vary widely. According to McKinsey (2016) estimates that up to 20% of the adult workforce in the US and Europe were involved in some form of independent work (Manyika et al. 2016). This research was based on a very broad definition of independent work. According to an analysis done by US Treasury officials in 2014 less than 0.7% of the US workforce could be classified as working in the gig economy (Jackson et al. 2017). There are considerable differences in estimates of the size of the gig economy, but most of the analyses suggest that gig economy is growing rapidly around the world in all type of economy basically in developing and developed countries. While it may take some time for a clear picture to come into view, it is important for research scholars to concentrate on to the rise of the gig economy and its interaction with other types of employment. (MA Anwar, M Graham 2020) suggests that there are various benefits for gig worker but this is risky too. Gig workers always face some problems with extra benefits.

Our second observation is that the area of gig economy is very broad and covers various industries and occupation, but in case of digital gig economy most of the business are techno-centric or they run on digital Gig where internet plays a crucial role for performing business activities .in particular some of these businesses make it possible to access low cost and unskilled labour (like ola, uber, swiggy, zomato, to name just a few). But other than these, there some Gigs which provide highly skilled and specialized workforce and they may provide direct access to work without necessarily having to be associated with an employer, example of these type of business are topcoder, expert 360 and many more. For these types of highly skilled workers the main issues are that whether the Gig for which they are associated can deliver the same volume and quality of work that they would get in a permanent job or association with an organization and whether the higher payoffs offset the prospective changeability of demand. These are the same types of situation like in case of a lawyer the decision that he should remain associated with a large firm or establish their own practice. On the other hand the low skilled labourers the problem may be different on such Gig where individuals can access low skilled labour on-demand basis, the potential for exploitation is higher and the implications are more dramatic for other forms of employment, for example Sprague (2015) argues that assessment of whether the employee is dependent on Gig or rather the business model of the Gig depends on these independent employees. Threats of legal actions are also likely in such cases, however there are various cases with questions on whether an individual, who is working in a straight line as a contractor or is deputed by any other vendor, who, in

turn, has a contract for supply of manpower with a hiring entity, qualifies as an employee. In these cases, it was held that *supervision* and *control* are not the sole influential factors in deciding these questions. The Supreme Court of India adopted an integrated approach, which included, among other things, the right of the employer to select or dismiss workers, pay remunerations and deduct insurance contributions. If the employer exercises control over the means and modes according to which the contractor will finish his work, it may be said that an employer-employee relationship exists between the employer and the workers engaged by the contractor.

Global ambitions of gig economy Gig lead us to third observation, most of the on-demand Gigs have global ambitions they want to spread their business and business model around the globe but the conditions and business environment vary country to country and economy to economy and also influenced by the local market conditions and also by the regulating authorities and institutions. That does not compulsory that a gig economy Gig work in one country also works in another country, just because it works in a market so it can be reproduced in any other market. Local competitors may be better adjusted to the local market conditions and they may be more successful due to their favourable conditions than other companies which are originating abroad. There is an example of this situation, Uber is a very successful startup of USA and largest cab riding business in the world, Uber wanted to expand their services to most populated country China, it started their operations in China but faced a huge rivalry from local players of China and at the end Uber was defeated by the local operators and sold their business to Chinese rival DiDi Chuxing (kuo et al.2016).

Uber has also been unsuccessful in Indonesia and could not compete with the local taxi industry, the local Gig startup of Indonesia Go-jek that focuses on motor scooters rather than the car has been much successful in Indonesian market. Across the globe, Uber has mixed success in rolling their business model and its inability to overcome regulatory barriers in developing new markets (Murad and Hook 2015).

### **Conclusion**

There are various factors which affect the employee-employer relations in those PESTEL (political, economic, social technological environmental and legal) may be considered main factors which affect the employee-employer relationship. In this review research paper, we reviewed various research papers from different researchers around the globe and take various examples of gig economy from different countries. Developing countries like India are the most favourable countries to develop this kind of digital gig economy. Digital Gig economy which originated in developed nations are expanding their operations and business in developing countries and there is a huge scope for these Gig to grow in developing nations. Gig economy may be considered as a factor which affects the employee-employer relationship. We discussed

various issues related to development of gig economy and its implications on employee relations. Every face has two sides, gig economy has some positive impact and some negative impact.

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