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Emerging Trends in Labor Industry with Special Reference to Gig Economy: An Analysis

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Abstract

Indian society is essentially a society which is an amalgamation of people of various social strata. One of the main pillars of our economy at present is the labor class. People who are making the lives of others a little easy by putting up their own efforts by using their own skills and proficiency. Earlier the trend was to engage a particular person for full-time or on a permanent basis, for performing a particular task. But in recent years and especially after the pandemic of COVID-19, a shift in this traditional approach has been witnessed across the globe. The pandemic forced almost every individual to explore new dimensions of progress when the whole world stood still. This also forced both the employer and the employed to search for new possibilities to keep going on with their profession and jobs. This also gave a pace to the growth of the new labor market known as the gig economy. A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees. The current article is an attempt to deeply analyze the new trend in the labor industry and evaluate the pros and cons of this trend. Furthermore, suggestions or recommendations for necessary modifications in the trend of employment of such professionals will also be provided.

Keywords: Gig, labor, economy, industry, independent contractors, freelancers

INTRODUCTION

Online users from different nations are connected via digital platforms thanks to the widespread usage of the Internet and rising smartphone penetration. This facilitates communication between companies and remote Internet employees regarding talent requirements. In a free-market system known as the gig economy, businesses hire independent contractors for a single project or service engagement. Full-time employment has long been a tradition, but with the workforce expanding annually, digital disruption, and the recent economic slump, many job candidates are finding it difficult to land permanent positions. A gig economy is a free market system in which firms' contract with independent workers for short-term commitments and temporary roles are frequent [1].

They are encouraged to take on contractual tasks as independent workers, often known as "independent workers," "gig workers," or "freelancers," due to the lack of permanent employment opportunities. The young workforce chose these temporary positions as a lifestyle option in a few developed nations to avoid the restrictive norms and regulations of permanent jobs. However, gig platforms offer "bridge employment" before beginning permanent positions in many nations. The gig economy has gained favor among digital start-ups because it enables them to pay contractual workers lower salaries and prevents them from facing legal action from employees in times of economic hardship. On the demand side of the gig economy, the main participants are online start-ups, small and medium-sized businesses, solo

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entrepreneurs, and even some large organizations that frequently use gig workers for short and long-term assignments. Individual employees or small agencies, freelancers, freelancing agencies, and independent consultants dominate the supply side. According to a new report, the gig economy is thriving across the country. In the United States, there are now 62.2 million freelancers, up from 3.7 million in 2014. Recently, the rise of several gig online platforms such as Upwork, Guru, and Fiverr has enabled organizations to engage gig workers (also known as freelancers) across countries. Similarly, many freelancers and independent employees use online platforms to sell their skills to clients in other countries. Gig workers get flexibility and independence at the expense of job security. Many businesses choose not to offer perks like paid time off and health insurance in order to save money. Others provide certain benefits to gig workers but outsource benefit programs and other administrative chores to third-party vendors [2].

EVOLUTION OF GIG ECONOMY

According to human resource professionals, jazz musicians created the term “Gig” in 1915 to imply “Job” (Figure 1). The first temporary agency was established in 1940, providing temporary employment to typists and other clerically trained workers. The gig economy exploded in the late 1990s and early 1990s, coinciding with the digital era or environment. As the desire for more flexible work schedules and non-permanent labor grew in the 1990s, contractors, temporary workers, and on-call workers accounted for 10% of the U.S. workforce. Craigslist was founded in 1995 to provide local San Francisco-based online classifieds for jobs, wanted and for sale items, gigs, resumes, housing, services, and other commodities [3].

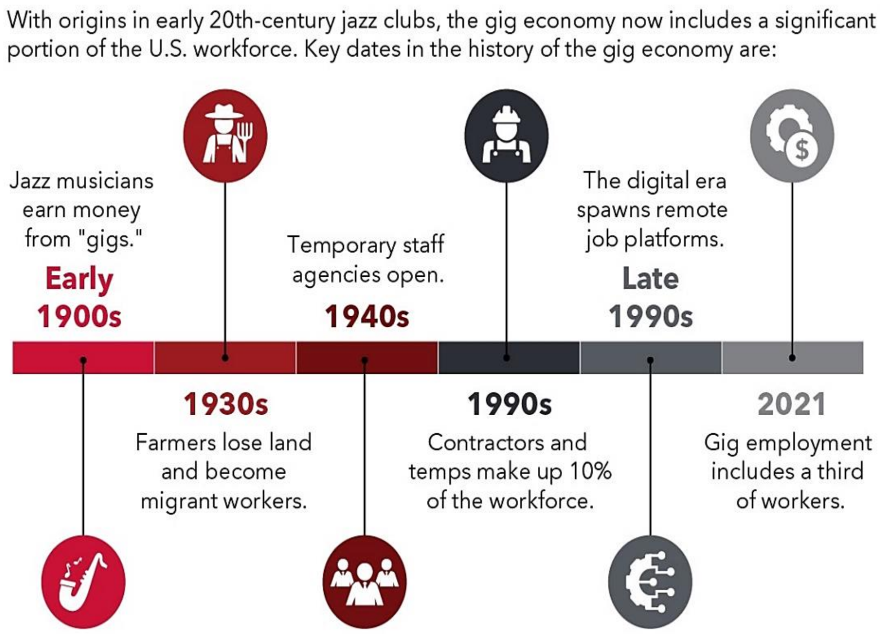

Figure 1. Evolution of gig economy.

LEGAL REVIEW OF GIG WORKERS IN INDIA

The 2019 pay Code mandates that gig workers, who are employed in both organized and unorganized businesses, should be paid a universal minimum wage and floor wage. On the other hand, the 2020 Social Security Code recognizes gig workers as a new occupational category. Even though gig workers are now entitled to benefits including maternity pay, life and disability insurance, old age security, provident funds, employment accident compensation, and so forth, there are still some problems with the law. However, being eligible does not ensure that employees would receive the perks listed. The 2019 pay Code mandates that gig workers, who are employed in both organized and unorganized businesses, should be paid a universal minimum wage and floor wage. On the other hand, the 2020

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BENEFITS OF THE GIG ECONOMY

A total of 15 million people are employed in India's gig economy through the gig platform in industries like software, shared services, and professional services, according to a Boston Consulting Group analysis. India is the fifth-largest flexi-staffing market in the world, after the United States, China, Brazil, and Japan, according to 2019 study from the India Staffing Federation. The ability to work remotely from any location in the world as well as flexible employment options are two factors that contribute to the gig economy. Additionally, gig workers follow a fixed-fee model (while carrying out a contract), a time-and-effort model, and so forth. Additionally, the start-up culture has supported the idea of freelancing and contractual labor. The length of the employment contract is typically shorter and more specific to the task or project assigned, and the payment is more of a piece rate, changeable and flexible time with a choice of when and where to work. The COVID-19 pandemic has generated transformations in work, workplace, workforce, and work culture that have invariably formed the next normal in the future of work, according to the National Association of Software Services Companies. Favorable government measures to boost India's knowledge economy will hasten the availability of a larger skill pool and the creation of jobs [5].

The possibility to cut costs and prices is one of the main benefits of operating in the gig economy. This is because companies can hire employees remotely, which reduces the need for expensive workspaces and large offices. Additionally, choosing independent contractors eliminates significant costs like employee benefit programs, retirement plans, and paid sick leave. The gig economy provides a work force that might match a company and a freelancer directly. This makes it simpler to find qualified employees because dealing with a middleman during the hiring process is no longer an inconvenience. Flexibility is becoming to become more important to modern workers in today's culture than it always was. The gig economy is successful because of this. Individuals who want to supplement their income are drawn to positions that provide a flexible work schedule. Such adaptability has a direct impact on staff motivation, which has a favorable association with output productivity [4].

EXTRACTIVISM OF GIG ECONOMY IN INDIA

The elements that contribute to the rise and development of non-traditional labor arrangements, in which individuals operate as independent contractors or freelancers rather than as employees of a single organization, are referred to as gig economy drivers. The gig economy in India is fueled by a variety of factors, some of which are listed below:

1. *Young demographic dividend:* India has a huge and growing population of educated and tech-savvy young people. Many millennials appreciate the flexibility and work–life balance, and many are lured to the gig economy by the options it offers.
2. *Technology:* The introduction of cell phones, high-speed Internet, digital platforms, and technology that allow work to be done remotely and autonomously has been a fundamental driver of the gig economy. These platforms enable gig workers to connect.
3. *Rising education and skill levels:* As more people in India obtain higher levels of education and gain specialized skills, they are increasingly looking for opportunities to apply their knowledge and experience through gig labor.
4. *Urbanization and rising consumer demand:* As India's middle-class continues to grow, there is a high need for gig workers in industries such as transportation, delivery, home services, and e-commerce [6].

ROADMAP OF GIG ECONOMY IN INDIA

The numbers indicate that India's gig economy would grow dramatically over the next years. India has the second-largest gig economy in the world, employing over 56% of all gig workers in the Asia-Pacific area, according to research by the International Labour Organization (ILO). With 23.5 million gig workers and a projected market size of $455 billion by 2023, the gig economy in India is predicted to develop at a Compound Annual Growth Rate (CAGR) of 17%, which are an astounding number. According to predictions, the gig economy would play a big role in helping India reach its goal of having a $5 trillion economy by 2025. The gap between income and unemployment would be reduced as a result. According to the Boston Consultancy Group (BCG) analysis, the Indian gig economy has the potential to generate up to 90 million non-farm jobs, or nearly 30% of the country's total labor force. Gains in productivity and efficiency from the gig economy are anticipated to boost the country's GDP by up to 1.25%. This suggests that by creating job possibilities and stimulating economic growth, the gig economy can have a big impact on India's economy. With continued expansion and development, the gig economy has the potential to have a significant positive impact on India's economy's varied variety of sectors and industries. The gig economy has already begun to have an impact in several sectors. On 27th June 2022 NITI Aayog published a paper titled "India's Booming Gig and Platform Economy," which offers details on the sector's potential as well as a roadmap for additional investigation and analysis. According to the survey, 77 lakh workers participated in the gig economy in 2020–2021. Construction, manufacturing, retail, transportation, and logistics are the industries identified by Niti Aayog as having the biggest potential to create "gigable" jobs for India in the future. Less than 10% of the workforce in more than 75% of the organizations currently work as gig workers, but as MNCs adopt flexible hiring practices, this percentage will inevitably increase (Figure 2) [7].

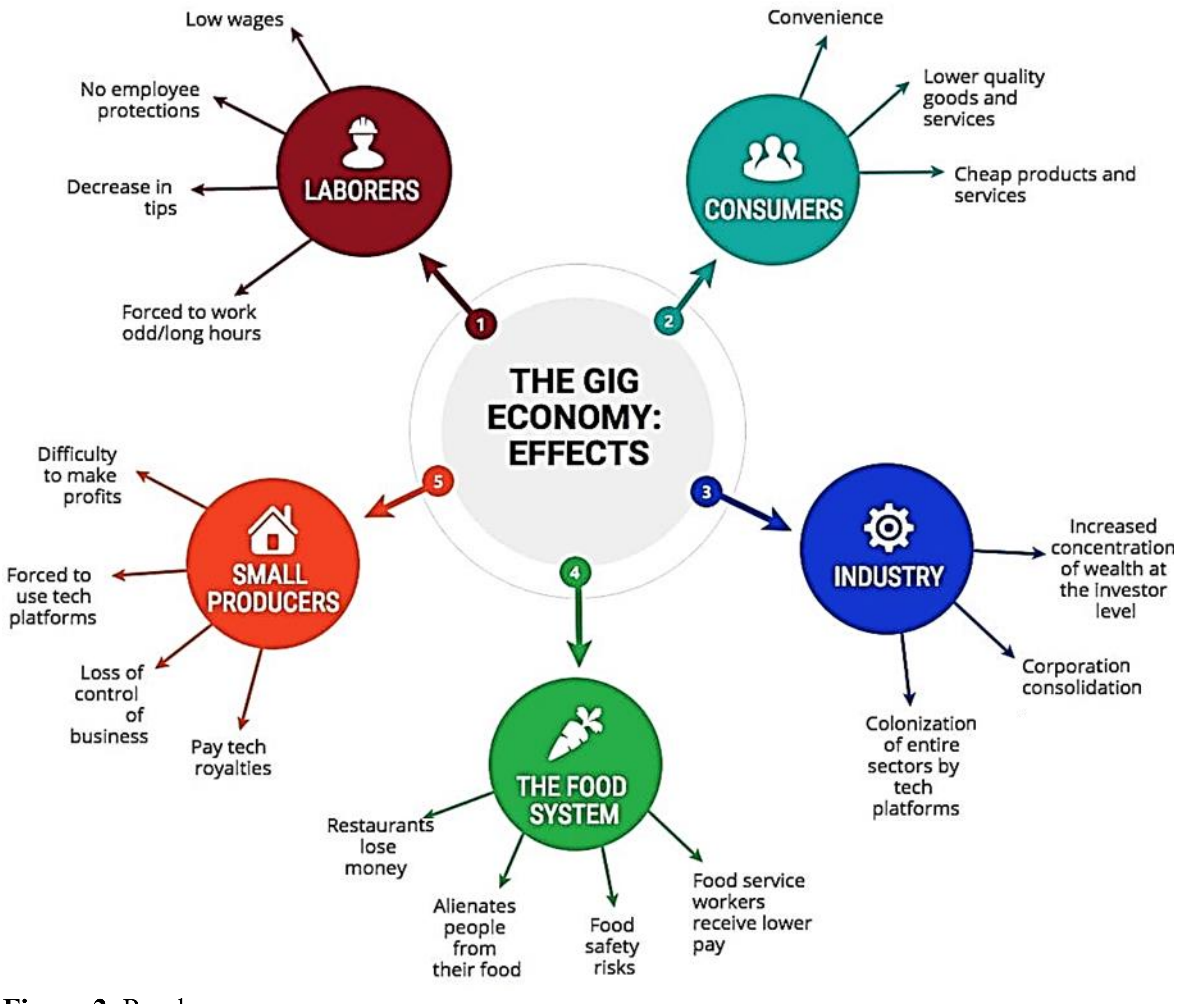

Figure 2. Roadmap.

ROLE OF WOMEN IN THE INDIAN GIG ECONOMY

In gig workforces such as childcare and housecleaning, women have traditionally predominated, but their ascent in other areas of the gig economy is more recent. It is encouraging to observe an increase in women's gig economy participation across a range of demographics and age groups, which helps fuel India's sizable, booming, and informal gig economy. It is a possibility for women to return to the workforce in significant and significant ways. It allows for work schedule flexibility, allowing female employees to perform customer house calls, work 4 to 5 hours a day using a firm platform, and receive a respectable wage to supplement their family's income. Women now have access to a variety of options that were unavailable only a few years ago, as well as a sense of pride and financial independence. In addition, the short workweeks allow her to spend more time at home. There is a woman with her own life story, hopes, and aspirations behind every gig [8].

REVERBERATIONS OF COVID-19 ON THE GIG ECONOMY

The work environment, workforce, workplace culture, and the new normal have all been revolutionized through COVID-19. The freelance economy is undeniably going to rule the next normal. With the advent of Industrial Revolution 4.0, which is fueled by the Internet of Things and Artificial Intelligence, the workplace is currently undergoing a transition. Even though gig employment is not a completely new phenomenon, it has gained popularity over time, and one of the major gig economies is India. The pandemic has boosted India's gig economy's expansion even further. By 2025, it is predicted that more than 300 million people in India will work gig jobs worth roughly US$250 billion. The Gen-Z and millennial generations really prefer working gigs since they offer flexibility, higher/more rewarding pay, and the ability to continue pursuing their happiness. India was affected by the pandemic almost as severely, if not more so, as the rest of the world. It interrupted supply networks and compelled governments to shut down their economies. The pandemic served as a spur for the rise of the gig economy, which was already booming even though economic growth had already slowed and unemployment rates were far higher than average before the outbreak. A 2020 survey found that "India stood to lose almost 135 million jobs, which pushed Indians towards non-conventional forms of jobs, i.e., both white and blue collar, freelance jobs" The only alternative available in the early stages of the pandemic was prevention because there were no treatments for the virus. The Indian government had to decide between saving lives and saving livelihoods, both of which are essential to life's fulfilment. Under the circumstances, the choice was clear and appears to have been the right one. India, which has a mostly unorganized economy, has seen rising unemployment rates as precarity, poverty, and inequality worsen daily [9].

CONCLUSION AND SUGGESTIONS

The gig economy in India is growing in popularity, as seen by the rising demand for gig workers and the rise in gig worker involvement, particularly among young people and women. Ride-hailing, e-commerce, and food delivery are the top three industries in India that are fostering the gig economy. The government is also taking action to lessen some of the challenges faced by gig workers. The Ministry of Labour and Employment presented a social security strategy for gig workers in 2020. It includes health and life insurance, disability coverage, and the possibility of introducing a code of conduct for gig platforms to guarantee employees' rights. In order to prevent gig workers from being taken advantage of by platform businesses, the government stated on March 20, 2021, that it is developing a new set of regulations for the gig economy. These regulations will also give gig workers legal protection. In order to assist gig workers in developing new skills and enhancing their employability, the GOI has developed several skill development programs, such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). The GOI has also introduced several financial assistance programs, such as the Pradhan Mantri Garib Kalyan Yojana, for gig workers who have been adversely affected by the COVID-19 pandemic and have lost their jobs. These actions demonstrate that the GOI is concerned about the difficulties faced by gig workers and is striving to improve their working circumstances as well as their access to social security and legal protection. To ensure that gig workers can exercise their rights and obtain the benefits to which they are entitled, increased cooperation between the government, employers, and workers' organizations is also required. However, there are still a lot of areas where gig workers lack adequate protection, leaving many of them open to abuse and exploitation. India's gig economy has a promising future because there is likely to be steady rise in both the number of gig workers and the variety of services they provide. Although the inclusion of gig workers in the employment law has given rise to some hope, their social security benefits are quite vague and without any established regulatory bodies.

Platform workers must therefore receive the necessary coverage through the government-supported programs Pradhan Mantri Jan Arogya Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Pradhan Mantri Suraksha Bima Yojana. The aggregators can make this possible so that women gig workers, who are frequently more vulnerable in the platform economy, are protected [10].

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