

IMPACT OF GIG ECONOMY ON TRADITIONAL EMPLOYMENT MODELS: A STUDY WITH INDIAN CONTEXT

Dr. Garvita Singh

Assistant Professor, Department of Management Studies, GL Bajaj Institute of Technology and Management, India

Dr. Rajesh Kumar Shastri

Professor, Department of Humanities and Social Sciences, Motilal Nehru National Institute of Technology Allahabad, India

INTRODUCTION:

The gig economy, characterized by short-term contracts and freelance work, has rapidly transformed the traditional employment landscape. This shift is driven by technological advancements, changing workforce preferences, and the rise of digital platforms that connect workers with temporary job opportunities. The proliferation of smart phones and internet access has enabled platforms like Uber, Task Rabbit, and Upwork to flourish. These platforms facilitate the matching of gig workers with clients, making it easier for individuals to find and perform short-term jobs. Many workers, especially millennials and Gen Z, prioritize flexibility and autonomy over the stability of traditional employment. The gig economy offers the freedom to choose when, where, and how to work, catering to these evolving preferences. Economic downturns and job market fluctuations have pushed many individuals to seek alternative income sources. Gig work provides a viable option for those looking to supplement their income or transition between jobs. Gig workers enjoy the ability to set their own schedules and work from various locations. This flexibility is particularly appealing to those balancing multiple responsibilities, such as students or caregivers. The gig economy encompasses a wide range of jobs, from ride-sharing and food delivery to freelance writing and graphic design. This diversity allows workers to explore different fields and develop varied skill sets. Gig work fosters an entrepreneurial mindset, encouraging individuals to market their skills, manage their time effectively, and build their personal brand. Unlike traditional employees; gig workers often do not receive benefits such as health insurance, paid leave, or retirement plans. This lack of social security can lead to financial instability. Gig work is inherently unstable, with income fluctuating based on demand and availability of jobs. This unpredictability can make long-term financial planning difficult. The classification of gig workers as independent contractors rather than employees has sparked debates over labor rights and protections. Ensuring fair treatment and adequate protection for gig workers remains a significant challenge. As the gig economy continues to grow, it is essential to address the challenges faced by gig workers. Policymakers, businesses, and gig platforms must collaborate to develop frameworks that provide social security, fair wages, and legal protections for gig workers. Additionally, fostering a supportive environment for skill development and career progression will be crucial in ensuring the sustainability of the gig economy.

Gig workers, often referred to as freelancers or independent contractors, are individuals who engage in short-term, flexible jobs rather than traditional full-time employment. This workforce has become a crucial component of the modern economy, driven by the rise of digital platforms and changing work preferences. Gig workers come from diverse backgrounds and industries. They include ride-share drivers, delivery personnel, freelance

writers, graphic designers, and many others. What unites them is their preference for flexible work arrangements that allow them to balance multiple responsibilities and pursue varied interests. Gig workers have the freedom to choose their work hours and locations. This flexibility is particularly beneficial for those who need to juggle other commitments, such as caregiving or education. The gig economy offers a wide range of job opportunities across different sectors. This variety enables workers to explore different fields, gain diverse experiences, and develop new skills. Gig work encourages an entrepreneurial mindset. Workers must market their skills, manage their time effectively, and build their personal brand, fostering a sense of independence and self-reliance. Unlike traditional employees, gig workers often do not receive benefits such as health insurance, paid leave, or retirement plans. This lack of social security can lead to financial instability and stress. Gig work can be unpredictable, with income fluctuating based on demand and availability of jobs. This uncertainty can make it challenging to plan for the future and manage finances. The classification of gig workers as independent contractors rather than employees has sparked debates over labor rights and protections. Ensuring fair treatment and adequate protection for gig workers remains a significant challenge. Technology plays a pivotal role in the gig economy. Digital platforms like Uber, Task Rabbit, and Upwork connect gig workers with clients, making it easier to find and perform short-term jobs. These platforms also provide tools for managing work, tracking earnings, and receiving payments, streamlining the gig work process.

As the gig economy continues to grow, it is essential to address the challenges faced by gig workers. Policymakers, businesses, and gig platforms must collaborate to develop frameworks that provide social security, fair wages, and legal protections for gig workers. Additionally, fostering a supportive environment for skill development and career progression will be crucial in ensuring the sustainability of the gig economy.

REVIEW OF LITERATURE:

The literature has several viewpoints on the definition of gig workers, which reflects the complex and diverse nature of gig employment arrangements. Gig workers, are those who participate in temporary, flexible, and on-demand labour that is enabled by digital platforms and technology (Watson et al., 2021). They function as autonomous contractors, freelancers, or participants in the gig economy, providing services on a project basis without any long-term job obligations.

Gig workers has many specific attributes that set them apart from conventional employment (Stewart and Stanford, 2017). They derive satisfaction from having independence and adaptability in their work arrangements, granting them the ability to establish their own timetables, select their assignments, and operate from a distance (Kässi and Lehdonvirta, 2018). In addition, gig workers frequently utilise digital platforms and technology to gain access to job prospects, interact with clients, and oversee their enterprises (O'Farrell and Montagnier, 2020). Individuals may turn to gig work as a way to generate income and diversify their earnings due to economic reasons such as income volatility and underemployment (Woodcock et al., 2019). Furthermore, the emergence of digital platforms and the gig economy has enabled individuals to easily access and engage in gig job possibilities, therefore facilitating their entry and participation in the gig economy (De Stefano, 2016).

The legislative framework governing gig labour is intricate and differs among jurisdictions, as policymakers struggle to tackle the distinct issues presented by gig employment while safeguarding worker safeguards and rights (Jarrahi et al., 2020). Certain nations have enacted

legal changes to broaden the scope of benefits and labour safeguards for gig workers, but others have embraced a more hands-off approach, permitting gig platforms to function with limited regulatory oversight (Vallas and Schor, 2020).

The digital workplace achieves a seamless integration of technology by combining cloud computing, mobile devices, collaboration tools, and enterprise software to establish a unified and interconnected work environment (Kane et al., 2017). The digital workplace facilitates remote work by granting employees the ability to utilise digital tools and resources from any location with an internet connection, promoting flexibility and harmonious work-life equilibrium (Gibson et al., 2019). Gig workers' degree of contentment with their income, the way they are paid, and the financial benefits they receive from gig labour, such as rates, promptness of payment, and consistency of earnings (Duggan et al., 2020) Autonomy and Flexibility Satisfaction refers to the extent to which gig workers feel independence, authority, and adaptability in their work arrangements, encompassing the flexibility of their schedules, the ability to choose projects, and the level of autonomy in decision-making (Fragapane et al., 2021).

Gig worker motivation encompasses the internal factors that drive, influence, and incentivize gig workers to actively participate, exert effort, and persist in completing their job responsibilities and attaining their objectives (Butschek et al., 2022). Motivation in the gig economy is influenced by a range of philosophies and views, such as, The Self-Determination Theory (SDT) states that individuals are driven by three inherent psychological needs: autonomy, competence, and relatedness (Gagne and Deci, 2005). Within the realm of gig labour, gig workers are driven by factors such as having control over their work decisions, feeling proficient in their skills, and experiencing a sense of camaraderie with others (Caza et al., 2022).

Analysis on the Rise of Gig Work and its Impact on Traditional Employment Structures:

The gig economy, characterized by short-term, flexible jobs, has significantly impacted traditional employment structures. This transformation is driven by technological advancements, changing workforce preferences, and the increasing demand for flexible work arrangements.

1. **Shift from Full-Time to Part-Time and Freelance Work:** Traditional full-time employment is giving way to part-time and freelance work. Many workers now prefer the flexibility of gig work, allowing them to balance multiple responsibilities and pursue diverse interests.
2. **Decentralization of Workplaces:** The gig economy has led to the decentralization of workplaces. Gig workers often work remotely, reducing the need for physical office spaces. This shift has implications for real estate, urban planning, and commuting patterns.
3. **Project-Based Work:** Traditional employment often involves long-term contracts and stable job roles. In contrast, gig work is project-based, with workers hired for specific tasks or short-term projects. This model allows businesses to scale their workforce up or down based on demand.
4. **Rise of Digital Platforms:** Digital platforms like Uber, Upwork, and Fiverr have become central to the gig economy. These platforms connect gig workers with clients,

streamline job matching, and provide tools for managing work and payments. This shift has reduced the reliance on traditional employment agencies and intermediaries.

IMPLICATIONS FOR EMPLOYERS

1. **Cost Savings:** Employers can save on costs associated with full-time employees, such as benefits, office space, and long-term contracts. Hiring gig workers for specific projects allows businesses to manage expenses more efficiently.
2. **Access to a Global Talent Pool:** The gig economy enables employers to tap into a global talent pool. Businesses can hire skilled workers from around the world, bringing diverse perspectives and expertise to their projects.
3. **Increased Flexibility:** Employers can quickly adapt to changing market conditions by hiring gig workers. This flexibility allows businesses to respond to fluctuations in demand and scale their workforce as needed.

CHALLENGES FOR TRADITIONAL EMPLOYMENT

1. **Job Security and Benefits:** Gig workers often lack the job security and benefits associated with traditional employment. This shift raises concerns about workers' financial stability and access to social protections.
2. **Workforce Management:** Managing a workforce of gig workers presents unique challenges. Employers must ensure effective communication, maintain quality standards, and address legal and regulatory issues related to gig work.
3. **Employee Engagement and Loyalty:** Building a cohesive and loyal workforce can be challenging in the gig economy. Employers must find new ways to engage gig workers, foster a sense of belonging, and maintain high levels of productivity.

THE FUTURE OF EMPLOYMENT STRUCTURES

As the gig economy continues to grow, traditional employment structures will need to adapt. Policymakers, businesses, and gig platforms must collaborate to develop frameworks that balance flexibility with security. This includes providing gig workers with access to benefits, fair wages, and legal protections. Additionally, businesses must invest in technology and processes that support remote and project-based work. This includes tools for communication, collaboration, and performance management. By embracing these changes, businesses can create a more dynamic and resilient workforce.

The rise of gig work is reshaping traditional employment structures in profound ways. By addressing the challenges and leveraging the opportunities presented by the gig economy, we can create a more flexible, inclusive, and sustainable future of work.

CONCLUSION

In conclusion, the rise of gig work is fundamentally reshaping traditional employment structures by introducing greater flexibility, decentralization, and project-based work models. This transformation offers significant benefits, such as cost savings for employers and access to a global talent pool, while also presenting challenges related to job security, benefits, and workforce management.

For the future of work, this shift signifies a move towards a more dynamic and adaptable labor market. To harness the full potential of the gig economy, it is crucial to develop supportive frameworks that balance flexibility with security, ensuring fair treatment and protections for gig workers. By embracing these changes and fostering a collaborative

environment, we can create a more inclusive, resilient, and sustainable workforce that meets the evolving needs of both workers and employers.

The gig economy is significantly reshaping traditional employment models in India. This transformation is driven by technological advancements, changing workforce preferences, and the increasing demand for flexible work arrangements. The gig economy offers numerous benefits, including flexibility, diverse job opportunities, and entrepreneurial prospects. However, it also presents challenges such as lack of benefits, income instability, and legal ambiguities.

For the future of work in India, it is crucial to develop supportive frameworks that balance flexibility with security. This includes providing gig workers with access to social security benefits, fair compensation, and opportunities for skill development. Policymakers, businesses, and gig platforms must collaborate to create an inclusive and sustainable gig economy that addresses the needs of gig workers while leveraging the opportunities presented by this new employment model.

By embracing these changes and fostering a supportive environment, India can build a dynamic and resilient workforce that meets the evolving needs of both workers and employers, ultimately contributing to the country's economic growth and development.

REFERENCES

1. Butschek, S., Amor, R. G., Kampkötter, P., & Sliwka, D. (2022). Motivating gig workers—evidence from a field experiment. *Labour economics*, 75, 102105.
2. Caza, B. B., Reid, E. M., Ashford, S. J., & Granger, S. (2022). Working on my own: Measuring the challenges of gig work. *Human Relations*, 75(11), 2122-2159.
3. De Stefano, V. (2016). Introduction: crowdsourcing, the gig-economy and the law. *Comparative Labor Law & Policy Journal*, 37(3).
4. Duggan, J., Sherman, U., Carbery, R., & McDonnell, A. (2020). Algorithmic management and app- work in the gig economy: A research agenda for employment relations and HRM. *Human Resource Management Journal*, 30(1), 114-132.
5. Fragapane, G., De Koster, R., Sgarbossa, F., & Strandhagen, J. O. (2021). Planning and control of autonomous mobile robots for intralogistics: Literature review and research agenda. *European Journal of Operational Research*, 294(2), 405-426.
6. Gagné, M., & Deci, E. L. (2005). Self- determination theory and work motivation. *Journal of Organizational behavior*, 26(4), 331-362.
7. Gibson, C., Davenport, S., Fowler, T., Harris, C. B., Prudhomme, M., Whiting, S., & Simmons-Horton, S. (2019). Understanding the 2017 “Me Too” movement’s timing. *Humanity & Society*, 43(2), 217-224.
8. Jarrahi, M. H., Sutherland, W., Nelson, S. B., & Sawyer, S. (2020). Platformic management, boundary resources for gig work, and worker autonomy. *Computer supported cooperative work (CSCW)*, 29, 153-189.
9. Kane, N., Acharya, J., Beniczky, S., Caboclo, L., Finnigan, S., Kaplan, P. W., ... & van Putten, M. J. (2017). A revised glossary of terms most commonly used by clinical electroencephalographers and updated proposal for the report format of the EEG findings. Revision 2017. *Clinical neurophysiology practice*, 2, 170.

10. Kässä, O., & Lehdonvirta, V. (2018). Online labour index: Measuring the online gig economy for policy and research. *Technological forecasting and social change*, 137, 241-248.
11. O'Farrell, R., & Montagnier, P. (2020). Measuring digital platform- mediated workers. *New Technology, Work and Employment*, 35(1), 130-144.
12. Stewart, A., & Stanford, J. (2017). Regulating work in the gig economy: What are the options?. *The Economic and Labour Relations Review*, 28(3), 420-437.
13. Vallas, S., & Schor, J. B. (2020). What do platforms do? Understanding the gig economy. *Annual review of sociology*, 46, 273-294.
14. Watson, G. P., Kistler, L. D., Graham, B. A., & Sinclair, R. R. (2021). Looking at the gig picture: Defining gig work and explaining profile differences in gig workers' job demands and resources. *Group & Organization Management*, 46(2), 327-361.
15. Woodcock, J., & Johnson, M. R. (2019). The affective labor and performance of live streaming on Twitch. tv. *Television & New Media*, 20(8), 813-823.