

Role of Gig Economy in Generating Urban Employment- A Study on the City of Hyderabad

Suresh Nakka^{1*} and Vani Chintha²

¹Government Degree College, Kukatpally, Hyderabad

²University College of Engineering, Osmania University, Hyderabad.

* Corresponding Author

ABSTRACT

The dawn of new technology has unleashed enormous opportunities for urban habitats in the form of freelancing job contracts ranging from unskilled to skilled works and created a new layer of economic development which is informally referred to as the gig economy. The freelancing works are not merely confined to the food and grocery delivery system; rather they are spread to the extent of handling international software projects generating lucrative profits for the workforce, which would otherwise depend upon the nominal salaries to make the living. But the flip side of gig economy lies in the feeble welfare of the workforce, lax regulation, and brevity of job contracts, which altogether forges a strong question of whether the gig economy carries the load of generating urban employment. The present work attempts to answer this question by studying the role of gig economy in generating urban employment in the city of Hyderabad, which is the fifth largest urban arcade of India in terms of population that accommodates both skilled and unskilled gig workers in a sizable proportion. This paper also ventures to analyze the perceptions of gig workers in order to understand the pros and cons of the gig economy in making it a prop of long-run employment source in urban areas.

Received: Oct 04, 2022 | **Accepted:** Dec 20, 2022 | **Published:** Jan 5, 2023

Keywords: Gig economy, Urban employment, Workforce.

Citation: Suresh Nakka and Vani Chintha (2023) Role of Gig Economy in Generating Urban Employment- A Study on the City of Hyderabad. KMICS Journal of Commerce and Management, 1(1): 1-8. DOI: <https://doi.org/10.62011/kmicsjcm.2023.1.1.1>

Competing interests: The authors have declared that no competing interests exist.

Copyright: © 2023 Suresh Nakka and Vani Chintla. This is an open-access article. The use, distribution, and reproduction of this article in any medium is unrestricted, provided the original author and source are cited.

INTRODUCTION

The rate at which technology is disrupting the existing rigmarole of operations in every sector has not only changed the way firms acquire and retain employees but also started redefining the expectations of workers in the pursuit of their employment and livelihood (**Kalra 2020**)¹. It was only the consummate capitalistic economies like US where the temporary jobs, freelancing work contracts and moonlighting of workers was seen in job market, which is referred to a gig economy. On the other hand, mixed economic structures like that of India have provided a varied set of attributes to employment like secured wages, consistent promotions, fringe benefits and state regulation, which are now gradually being capsized and veering towards gig economy by virtue of modern technology (**Somanath 2020**)². The mobile app based food and grocery delivery chains, the cab aggregators and home service conglomerates have succeeded to create a huge network of unskilled and semi-skilled gig workers in the form of delivery partners and service partners. Similarly, the advanced technologies like virtual office and augmented reality coupled with affordable digital connectivity has led to the emergence of skilled workforce in gig economy ranging from financial services to software consultants. NITI Ayog has estimated in its report that the workforce in the gig economy may reach to 2.39 Crore by 2029, which is at 7.7 million by the end of March 2022 (**NITI Ayog Report 2022**)³. It has also been estimated that the present state of the gig economy provides direct livelihood to 22 % of skilled gig workers, 47% of semi-skilled, and 32 % of low-skilled gig workers.

Employment generation on a temporary basis in fact is not a new phenomenon in urban markets like Hyderabad. There are scores of evidence citing gig work of pre liberalization period like construction and logistics sectors, but such work was a hard job and did not scale up to provide, and livelihood to masses on par with expected standards of living. The changed vicissitudes of technology have been helping to scale up the gig workforce as expected by NITI Ayog and

providing income on par or beyond the normal salary, which a gig worker can earn. It is estimated that the average monthly earnings of gig workers are at Rs.13000/-, which is more than Rs.15000/- in the city of Hyderabad which is reckoned to construct this paper. The average earnings calculated after including the gig workers of both urban and semi-urban areas, deviates from that of a highly urbanized center like Hyderabad. These facts, duly considered by the Government of India on the gig economy, proposed a policy framework in June 2022 to provide regulatory gear to the employers of the gig workforce. However, how far the policy framework could set aside the odds encountered by gig workers is understood through reviewing the literature available in various sources as summarized below.

REVIEW OF LITERATURE

Bhavani Singh (2020)⁴ has observed the trends of gig economic growth in Mumbai and Delhi to see the pros and cons of temporary employment and concluded that jobs created through the gig economy shall last only for a short run period and helps the workers to stave off their financial problems for a specific time period. She also drew a conclusion that the state should not absolve itself from the efforts of creating durable jobs for skilled workers for the mere reason that the gig economy provides them livelihood.

Madhusudan Kanna(2020)⁵ found that gig economic development often leads to the formation of economic cycles, which are common to capitalistic economies where the labour market does not fare well comparing to the capital and product markets, but such cyclical trends in the countries like India are no good as the labour market fairly contributes to the economic process. He further added in his paper that the duration of each trend in cyclical fluctuations should be short if the state widely depends upon the gig economy and faces a cascading effect on other parameters like consumption power.

Rajvihar Sinha (2021)⁶ has observed that employment opportunities in the gig economy widely attract job seekers between the age groups of twenty to thirty years who remain complacent of long run consequences as their earning potential in gig conditions motivates them to keep the other plans aside and continue in the jobs offered by the gig economy. This situation may cause huge unemployment in the long-run.

Rakesh Kumar (2022)⁷ studied the aftermath conditions of Covid on gig economic workers of Bangalore city and drew his conclusion that shifting more skilled workers or employees into the gig economy has shown a negative impact on the low-skilled workers of gig conditions. He cited in his paper that the decision of software companies to allow their employees to work from home has impaired the earning potential of cab service providers, food delivery partners, and temporary workers engaged in the IT corridors of Bangalore. He, therefore suggested in his paper that the jobs created in the gig economy shall remain fancy until the impediments like Covid hits it. He drew in his study that gig economic prosperity is highly vulnerable that can vane for any minor turbulence in the economic process of the state.

Prathima and Suraj (2022)⁸ have found in their study that promoting the gig economy at skilled levels and consultancy levels may pave the way for the workforce to adopt moonlighting, which is the practice of simultaneously working for two or more employers. This moonlighting of job contracts may become detrimental if the employee works for competitors or rival firms. The authors have also quoted in their paper that the present working conditions are data-driven and moonlighting practices witnessed in gig economy may throw a challenge on data security when the workers work for two rival firms.

Gaps in Literature: It is evident from the literature that much work has been done to integrate the macro-level employment opportunities and the gig economy. There is also a fair amount of literature supporting and opposing the proliferation of gig economy. But the post Covid situation empowering employees to work from homes in tier I cities like Hyderabad has shown a huge impact on the dependents of the gig economy. Though some green shoots are seen in the past three to four months, it is not effectively captured in the previous studies. Therefore, this paper attempts to cement such gap by contemplating the following objectives.

Objectives of the study:

1. Studying the pros and cons of the gig economy
2. Analyzing the perceptions of employees on the jobs available in the gig economy at Hyderabad.
3. Assessing the long-run acceptability of employment opportunities in the gig economy.

Research Methodology:

The first objective of this paper is accomplished with the help of secondary data available on the pros and cons of the gig economy; the second objective requires primary data, which has been collected using a binary Scale with yes or no options and whereas, the third objective of this paper is tested with the following hypothesis.

Null Hypothesis H₀: There is no significant association between the long-run acceptability of employment opportunities and the freelancing nature of jobs in the gig economy.

Alternative Hypothesis H₁: There is a significant association between the long-run acceptability of employment opportunities and the freelancing nature of jobs in the gig economy.

Chi-Square test was used to test the above hypothesis. The test was conducted with the help of R programming software.

Sample Size: This paper reckons the sample size of one hundred respondents depending on gig economic conditions to make their living in the city of Hyderabad. The sample frame is divided into four categories representing 25 food delivery agents, 25 grocery delivering agents, 25 cab aggregators and 25 home service agents such that it represents no skilled, low skilled, semi-skilled and skilled workforce in equal proportion.

Pros and Cons of Gig Economy:

The Gig economy has its own merits and demerits like any other layer of economic models. The merits stand in the form of the scalability of employment opportunities. For example, this paper considers the city of Hyderabad for its geographical scope and found that only two mobile cab aggregators, Uber and Ola have a driver network of more than 140000 individuals, among whom most of them were earning low wages in other domains and few of them were working with traditional cab operators. This is the foremost advantage of the gig economy. Second, the gig economy provides flexibility to workers and does not occasion them to confine themselves to specific times or uniformity of such other conditions, which are seen in a conventional workplace. Similarly, the freelancing nature of jobs in the gig economy empowers the workers to work with more than one employer at a time and earn as much as the energy level permits. The gig economy also hardly requires any tangible premises or office environs, thus, it obviously reduces the

operational expenses of employers. It also avoids unnecessary intermediaries between the employed and employers.

On the other hand, it has many disadvantages, as much of the work in the gig economy is not regulated by the state. Of course, the Government of India has proposed a new framework in June 2022 to recognize the services and jobs of the gig economy, also under the ambit of the organized sector and engaged in the process of providing standards with respect to wages and working conditions. Another disadvantage possessed by the jobs of the gig economy is that it obstructs the vertical growth of the designation of employees and also stops them from acquiring new skills. For example, the on-job training of conventional working environments helps employees to function in different teams and roles to hone their skills, which is not possible in freelancing jobs offered by the gig economy. The gig economic conditions do not function in a controlled environment, which makes the operations of entities more vulnerable. For example, conventional organizations have internal checks and audit to ensure the integrity of transactions, such integrity cannot be cross-checked in the freelancing gig economy which often paves the way for adopting unwanted practices like moonlighting. These are only a few examples highlighting the demerits of jobs in the gig economy. There are more pragmatic vulnerabilities, which are better understood through the perceptions of workers in gig economy as summarized below.

S.No	Question	Yes (%)	No (%)
1	The earning potential of present work is sufficient to meet the ends	48	52
2	There is more flexibility in present work comparing to the traditional job	73	27
3	Do you work with more than one organization	69	31
4	There is no threat of losing present rate of earnings in long run	54	46
5	There is long term work security in the present job contract	38	62
6	Do you continue with the present work in long run	61	39

7	Do you shift to regular job for lesser earnings than the present freelancing	42	58
8	Does the government address your grievances on job contracts	73	27
9	Do you get any additional benefits from the employer	83	17
10	The present work has uplifted your standard of living	63	37

From table 1, fifty four percent of the respondents have said that there is no threat of losing present rate of earnings in long run. Sixty one percent of the respondents have revealed that they shall continue with the present work in long run. But the perceptions causing dichotomy is that thirty eight percent could only agree that there is long term work security in the present gig job, and sixty two percent have expressed different opinion. Surprisingly only forty two percent have expressed that they will move to a regular employment given a chance. This dichotomy induces to test the hypothesis and cross check the perceptions of respondents.

Testing of Hypothesis: Chi-square test was used to test the hypothesis on establishing the association between job security in long run and acceptability of works under gig economic conditions. A p value of 0.7739391284109955 obtained for the above test suggest to accept the null hypothesis that there is no significant association between the job security issues of gig economy and acceptability of works by the dependents in long run.

CONCLUSION

This paper is an attempt to see how the employment opportunities generated by gig economy helps the dependent workforce in long run owing to feeble or no regulatory environment therein, the hypothesis tested in this paper induces to draw the conclusion that gig economy shall remain a source of employment generation in long run either. Through this research work, we hereby suggest for the development of a robust policy on making an organized environment for the workers of gig economy.

REFERENCES

1. Kalra J.V (2020), Effects of Pst Covid Working Conditions, Journal of East Asia Economics, Vol 1, issue 2 p42-49.

2. Spmnath(2020), Long Run Prospects of Gig Economy in India, vol 2, issue2, p 1-7.
3. Gig Economy in India (June 2022), NITI Ayog, p2.
4. Bhavani Singh(2020) New Urban Employment Trends in India- a Study on Mumbai and Delkhi, International Journal of Urban Rehabilitation, Vol 4, Issue 2, p 38-46.
5. Madhusudan Kanna(2020), Prospects of Freelancing Jobs in India, Astudy on Semi Skilled Workers in Hyderabad, Journal of Political Economy, Vol 1, issue 1 p121-125
6. Rajvihar Sinha (2021) Factors Influencing the Growth of Gig Economy, International Journal of Multi Desciplinary Journal of Social Sciences, Vop1 3, issue 1 p 50-56.
7. Rakesh Kumar (2022), Swifts in Employment Trends in the Post Covid Era, A Study on Bengaluru, Bruhath, Economics, Vol 2, issue1 p14-19.
8. Prathima & Suraj (2022), Odds of Freelancing Jobs, the Thinker, vol11, issue 2, p 21-25.