

<https://doi.org/10.33472/AFJBS.6.6.2024.2522-2530>



African Journal of Biological Sciences

Journal homepage: <http://www.afjbs.com>



Research Paper

Open Access

## An Empirical Study on the Benefits and Challenges of the Gig Economy in the Perception of Employer and Employee

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### Article Info

Volume 6, Issue 6, June 2024

Received: 09 April 2024

Accepted: 15 May 2024

Published: 10 June 2024

*doi:* [10.33472/AFJBS.6.6.2024.2522-2530](https://doi.org/10.33472/AFJBS.6.6.2024.2522-2530)

### ABSTRACT:

Gig economy jobs are those that people find and apply for via online job boards. Often, these jobs are temporary or one-time contracts. These consist of freelancing, painting homes, coaching, fitness instruction, carpooling, tutoring, and painting. The expansion of the gig economy is also impacted by economic factors. Employers who cannot afford to hire full-time workers to handle specific projects or peak hours often turn to temporary or part-time workers. This paper attempts to examine the effects of the gig economy in Chennai, to list the advantages of the gig economy for both employers and workers and to talk about the drawbacks of the gig economy for both parties.

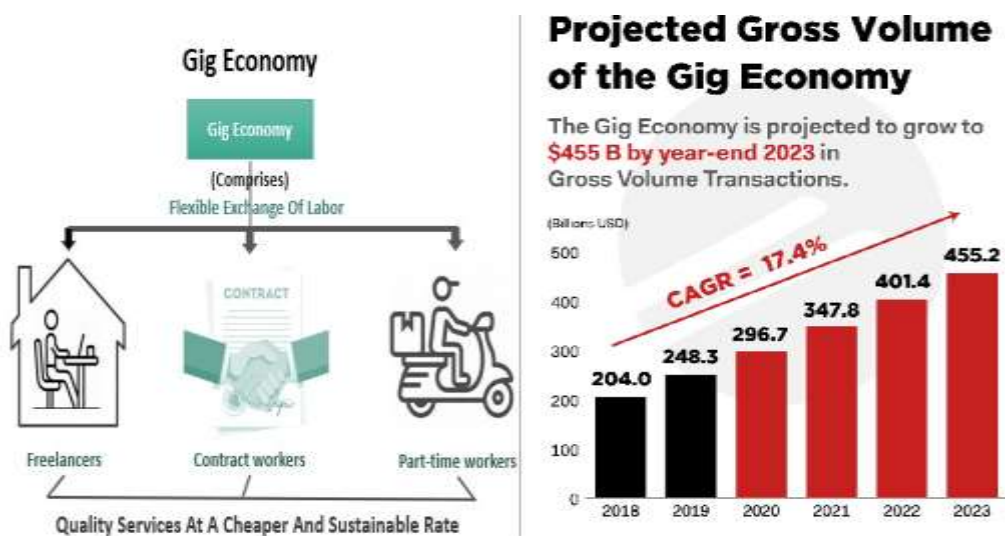
**Keywords:** Gig Economy, Benefits, Challenges, Perception of Employers and Employees.

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## 1. Introduction

The term "gig" originates from the music industry, where musicians book one-time or temporary performances at various venues under the umbrella of "gigs". The term "gig economy" describes a labor market in which a large percentage of temporary and part-time jobs are completed by independent contractors and freelancers rather than by full-time, permanent employees. Gig economy work, particularly platform-based work, has benefited from the shift in focus among Indian organizations, with the COVID-19 pandemic highlighting the benefits and strengths of remote work for Indian companies.

In the gig economy, a large number of people work as independent contractors, temporary employees, part-timers, or both. Uber and Airbnb are two examples of the more efficient and reasonably priced services that the gig economy offers to those who are willing to use them.



It is evident from the above figure that between 2018 and 2023, the gig economy grew significantly, from 204.0 to 455.2. Gig workers have little to no job security in exchange for flexibility and independence. Many employers can save money by not having to pay for benefits like paid time off and health insurance. Some companies offer gig workers certain benefits, but they contract out the management of benefit programs and other tasks to other companies.

## 2. Review of Literature

In his research study, **Aloisi (2015)** referred to it as a new manifestation of Taylorism, characterized by the micro-fragmentation of the labor market around hyper-temporary tasks known as gig work or micro-tasks. Furthermore, as a result of globalization and computerization, the gig economy has spread throughout nations and given rise to well-known platforms for sourcing gig work (such as Upwork, Amazon Mechanical Turk, Uber, TaskRabbit, etc.).

According to **Barzilay and Ben-David (2016)**, a client's perception of a freelancer's brand is significantly influenced by their gender. Women earn two-thirds of what men do, so they still have to put in more effort to establish a reputation online.

According to **Graham et al. (2017)**, engaging in "labor arbitrage" by hiring workers at the lowest possible cost is part of the gig economy. Therefore, in the global context, employers make up the majority of the gig economy, and labor wages are under pressure to decline.

According to **Ashford et al. (2018)**, to establish a reputation as a trustworthy gig worker, a gig worker must possess the following essential skills: maintaining organization, staying viable in the offering, maintaining a verified identity on digital media outside of the gig sourcing platform, maintaining relationships with past clients, and managing emotions while completing projects in cross-cultural settings.

People whose primary source of income is from working in the gig economy report high anxiety scores because they feel unstable and insecure about their financial situation, according to a report by **Edison Research (2018)**. Additionally, African-American adults and young adults between the ages of 18 and 34 are more likely to rely on gig work as their main source of income. Future technological breakthroughs will lead to a boom in the gig economy.

In his book, **Prassl (2018)** notes that although the gig economy depends on modern technology, its nature is quite ancient. Like other business models, it is characterized by large workforces vying for moderately skilled tasks that are governed by powerful middlemen.

According to **Woodcock & M. Graham's** analysis from **2019**, the "gig economy's" exponential growth can be attributed to a shift in work culture that favors short-term contracts over stable, long-term employment. This is because gigs offer a great deal of flexibility for employees, employers, and customers, in contrast to the restrictive and inflexible nature of traditional employment agreements. Employers can choose when and how to hire workers, and clients and customers can benefit from this flexibility. These are some of the advantages of the gig economy.

According to **Wood et al. (2019)**, policymakers in high-income countries are concerned about how the gig economy will affect work in the future because, although the actual number of gig workers is still relatively small, these workers have the potential to fragment occupations, increase casualization (insecurity, instability, and formalization), and erode regular employment relationships.

**Warner (2020)** Due to a heavy reliance on technology-related platforms for job sourcing, another significant trend in the gig economy is that an increasing number of young people are finding this profession more lucrative than the older generation (2 percent of freelancers are over 60 years old). Of these, 52% of gig workers are under 28 years old.

Two-thirds, or 60 out of 103 gig workers in Bangladesh, were the subject of a study conducted by **Shanmugavelan in 2021**. 38 employees who were interviewed were the only breadwinners in their families and belonged to the lower middle-class demographic. Approximately 33% (39 out of 103) belonged to the upper middle class. Of the employees surveyed, just five belonged to low-income categories. Approximately two-thirds of the interviewees (69 out of 103) were domestic migrants, with the majority (93 out of 103) living in urban areas and enjoying somewhat better living conditions than those in slums and rural areas. Out of the gig workers surveyed, only four lived in slums. An additional discovery revealed that the gig economy was overwhelmingly dominated by men, with a few notable exceptions, such as the platform "Lily," which had a sizable workforce of women.

### **Objectives of the Study**

- ✓ To analyze the impact of the Gig Economy in Chennai.
- ✓ To identify the benefits of the Gig Economy among employers and employees.
- ✓ To discuss the Challenges of the Gig Economy among employers and employees.

### **Hypothesis of the Study**

- **H0<sup>1</sup>**: There is no significant association between the disadvantages of the gig economy over traditional recruitment in the perception of employers

- **H0<sup>2</sup>:** There is no significant association between the disadvantages of the gig economy to traditional recruitment in the perception of employees.

### **Benefits of the Gig Economy**

#### **Employer point of view**

- Wide range of talent
- No contract
- Time-saving and Money saving for hiring
- Immediate employment to hire from the Gig economy.
- No need for health insurance or other benefits.

#### **Employees' point of view**

- Multiple jobs at a time
- Work from anywhere
- Job freedom
- Job flexibility
- Convenient

### **Challenges of the Gig Economy**

#### **Employer point of view**

- All employers are inclined to hire contracted employees.
- The gig economy will not support quality workers.
- They are frequently involved in the hiring process.
- They lack loyalty and reliability.
- Work completion is not guaranteed.

#### **Employees' point of view**

- Flexibility disrupts the Sleep patterns, activities of daily life of workers
- Being available at any time gives them stress.
- Competition was high so there was always a hunt for the next gig.
- No additional benefits such as retirement benefits, health benefits, etc.
- No Job Security

### **3. Methodology**

This study uses primary data, which was gathered using a straightforward random sampling method with the aid of an online questionnaire that was designed and distributed. Some samples were also gathered using a direct access method. 200 Chennai respondents were selected as a sample. To assess the effects of the gig economy, pinpoint its advantages for both employers and workers and pinpoint its drawbacks for both. The study's analysis makes use of an ANOVA and a straightforward weighted mean method.

#### **Limitation of the Study:**

- The study is restricted to Chennai city
- The study is limited to a sample size of 200 respondents only.
- Covering all kinds of companies that are making use of Gig Economy is very difficult.

## Analysis and Interpretation

**Table 1 – Reason for Change from Traditional Recruitment to the Gig Economy on The Part of Employers**

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Weighted average	Weighted Mean (WM)
Wide range of talent	106	72	22	0	0	442	4.42
No contract	66	76	48	10	0	399	3.99
Time Saving and Money saving for hiring	92	86	12	10	0	430	4.3
Immediate employment to hire from the Gig economy	104	54	22	18	2	420	4.2
No need for health insurance or other benefits	64	72	48	10	6	389	3.89

From Table 1, it is clear that the reason for the shift from traditional recruitment to the gig economy on the part of employers is that most employers strongly agree that they have shifted from traditional recruitment to the gig economy because it provides a wide range of talent ( WM 4.42), most respondents agree that it saves time and money for hiring employees and is very cheaper (WM 4.3), most employers agree that it is easy thanks to No contract (WM 3.99), most respondents agree to switch, if it is due to the immediate employment for hire from the Gig economy (WM 4.2), the majority of respondents agree with the statement that there is no need for health insurance or other benefits, which also reduces costs to a greater extent in the point of employers (WM 3.89), Above there are some reasons why many employers are satisfied with the change from traditional recruitment to the gig economy. Therefore, it is evident that employees are more content with benefits that offer a wide range of talent, save time and money, and make it simpler for employers to hire staff members than they are with factors like no contract and no need for health insurance or other benefits. right away in the gig economy.

**Table 2 – Reason for Change from Traditional Job to the Gig Economy on the Part of Employees**

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Weighted average	Weighted Mean (WM)
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Multiple Jobs at a Time	124	42	18	16	0	432	4.32
Work from anywhere	84	74	36	6	0	397	3.97
Job freedom	112	64	10	14	0	434	4.34
Job flexibility	128	44	12	10	2	452	4.52
Convenient	68	72	44	8	8	385	3.85

From Table 2, There is no doubt that the majority of workers firmly concur that they moved from traditional employment to the gig economy, which is the reason behind their decision. because a person can take on multiple jobs at once (WM 4.32), most respondents answered strongly agree because it has work flexibility (WM 4.52), work freedom is also in the gig economy (WM 4.34) and it is easy to work from anywhere (WM 3.97), most respondents agree, that this kind of work is comfortable (3.85). These are a few of the explanations for why a large number of workers are happy with the shift from traditional employment to the gig economy. Comparatively, employees are more satisfied with work flexibility, freedom of work, and the capacity to complete several tasks at once than they are with convenience and the ability to work from any location.

**H0<sup>1</sup>:** There is no significant association between the Challenges of the gig economy over traditional recruitment in the perception of employers

Table No. 3. Anova of Challenges of the Gig Economy Over Traditional Recruitment in the Perception of Employers

Disadvantages		Sum of Squares	Df	Mean Square	F	Sig.
All Employers are inclined to hire contract employees.	Between Groups	19.132	4	4.325	3.213	.030*
	Within Groups	132.632	95	1.425		
	Total	143.000	99			
Quality workers will not withstand in the Gig Economy.	Between Groups	16.542	4	4.132	4.721	.001**
	Within Groups	112.325	95	1.242		
	Total	124.832	99			
Often involved in the recruitment process.	Between Groups	17.534	4	4.213	2.724	.052
	Within Groups	137.642	95	1.253		
	Total	162.358	99			
Lack of loyalty and trustworthiness	Between Groups	16.152	4	4.127	4.823	.020*
	Within Groups	137.532	95	1.214		

	Total	142.142	99			
Work completion is not guaranteed	Between Groups	15.932	4	4.143	3.122	.016
	Within Groups	122.126	95	1.427		
	Total	141.540	99			

Source: Primary Data

Note: \*\*Denotes significant at 1% level, \*Denotes significant at 5% level.

Table 3 shows that the factors "Lack of loyalty and trust" and "All employers tend to hire contract workers" are significant at the 5% level of significance, with P values of 0.020 and 0.030, respectively, and the P-value for "Quality workers do not last in the Gig Economy" at the 1% level of significance, which is equal to 0.001. As a result, the null hypothesis is disproved, and it is possible to conclude that employers believe there is a strong relationship between the difficulties presented by the gig economy and conventional hiring practices.

The table shows that more than the challenges of "Frequently participate in the recruitment process" and "Completion of work is not guaranteed to employers", employees face more challenges in the other three factors "Quality workers do not last in the Gig Economy", "All employers tend to hire contract workers" and "Lack of loyalty and credibility". For the company, a more experienced, quality, and trustworthy person can deal with any type of problem and can help the company get rid of all problems easily.

**H0<sup>2</sup>:** There is no significant association between the Challenges of the gig economy to traditional Jobs in the perception of employees.

Table No. 4. Anova of Challenges of the Gig Economy to Traditional Jobs in the Perception of Employees

Disadvantages	Sum of Squares	Df	Mean Square	F	Sig.
Flexibility disrupts the Sleep patterns, activities of daily life of workers	12.243	4	3.15	2.218	0.050*
Being available at any time gives them stress	5.345	4	1.325	0.784	0.423
Competition was high so there was always a hunt for the next gig.	4.732	4	1.351	0.88	0.363
No additional benefits such as retirement benefits, health benefits, etc.	11.662	4	4.214	3.525	0.001*
No job security	10.872	4	3.371	2.897	0.040*

Source: Primary Data

Note: \*\*Denotes significant at 1% level, \*Denotes significant at 5% level.

About "No other benefits such as retirement benefits, health benefits, etc.," Table 4 demonstrates that the P-value is equal to 0.001 at the 1% level of significance. Additionally, the factors "No job security" and "Flexibility disrupts workers' sleep patterns, activities of daily living" are significant at the 5% level, with P values of 0.040 and 0.050, respectively. Thus, it can be inferred that employees' perceptions of traditional jobs and the difficulties associated with the gig economy are significantly connected.

The table shows that more than the challenges "Being available at all times stresses them out" and "Competition was high, so always looking for another gig" they face more challenges in the other three factors "No other benefits such as retirement benefits, health benefits etc', 'No job security' and 'Flexibility disrupts workers' sleep patterns, daily life activities'. An employee needs additional benefits for his job and job security is a must for every job, health problems play a major role in employee survival. When health is lost, all is lost. Thus, employees face greater challenges in all three factors mentioned above.

#### 4. Conclusion

Both employers and employees can benefit greatly from the gig economy. Companies have access to a wide range of talent. If the talent turns out to be below average, there is no legal obligation to retain the employee, and firing them is not problematic. Employers can also hire through the gig economy during a time when luring full-time employees is difficult. Additionally, hiring gig workers might be less expensive because employers are exempt from paying for benefits and health insurance. The ability to multitask, the flexibility to work from any location depending on the job, and the ability to personalize one's daily schedule are some advantages of the gig economy for workers.

The research clearly shows that there are disadvantages to the gig economy. The gig economy trend can make it more difficult for full-time employees to grow in their careers, even though not all employers are willing to hire contract workers. This is because temporary employees are usually more affordable and flexible. Workers who prefer a traditional career path and the security and stability that go along with it are being driven out of some industries. Because of the erratic nature of transactions and relationships, the gig economy has the potential to strain long-term relationships between workers, employers, clients, and vendors. This could eliminate the benefits of building long-lasting, trustworthy, and familiar relationships with employers and clients.

The study reveals that more than the challenges of "They often participate in the hiring process" and "Completion of work is not guaranteed to employers", employees face more challenges in the other three factors "Quality workers do not last in the gig economy", "All employers tend to hire contract workers" and "Lack of loyalty and credibility". For the company, a more experienced, quality, and trustworthy person can deal with any type of problem and can help the company get rid of all problems easily. On the other hand, from the employees' point of view, the study proves that more than the challenges "Being available at all times brings stress to them" and "Competition was high, so there was always a search for another gig" they face more challenges in the other three factors "No other benefits such as retirement benefits, health benefits, etc', 'No job security' and 'Flexibility disrupts workers' sleep patterns, daily life activities'. An employee needs additional benefits for his job and job security is a must for every job, health problems play a major role in employee survival. When health is lost, all is lost. Thus, employees face greater challenges in all three factors mentioned above.

The UK Supreme Court deemed Uber drivers to be "workers" in 2021, citing the UK Employment Rights Act of 1996. Similarly, the German Temporary Employment Act guarantees equal pay and treatment for concertgoers. As a result, numerous legal provisions are required for the gig economy. Additionally, it suggested legislative changes in Singapore



to give these workers access to occupational accident insurance and pension coverage. In a similar vein, the Indian government must enact labor laws that support gig workers to solve the issues facing the gig economy. State governments ought to establish the guidelines as soon as feasible, though.

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