
GIG Economy and Its Impact On India

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ABSTRACT

India is a nation which is having one of the largest demographic dividend of the world and is the hottest market with increasing disposable income of the people. Business world today is enjoying a transition phase and India is also not let unaffected by these waves of changes as men is getting replace by machine, brick and motor companies are replaced by e-commerce firms, generation 'Y' is entering into the workplace, old skills are being replaced by new skills and how can one forgot about digitalization . Similarly sparing your entire work life with the same employer is the thing of past. A latest trend in the employment is working on your terms.

Volatile, Uncertain, Complex and Ambiguous are the few adjectives to define today's business world. In such an uncertain environment ascertaining the Human Resource need is again a challenging task, both surplus and shortage of human resource bears a cost to the Company either in the form of salaries and other benefits or in the form of opportunity lost cost. So is it the time to replace the old pattern of employment with on demand employment/ free lancers, will it ease the employee-employer or it will lead to labour market problems in India. So can gig economy be the solution to this problem of the employers.

KEY WORDS

Gig Economy, Demographic Dividend

INTRODUCTION

With the invent of information and communication technology (ICT) today it is easier for the firms to contact with the employees. According to global freelancing and crowdsourcing marketplace Freelancer.com, India is one of the top countries in the world where gig economy culture is on the rise. The 'gig' or 'shared' economy has become a trend globally and this is characterised by temporary positions and on-demand contracts with independent workers. "India is the one of the largest demographic dividend with large no of people are working as a freelancers or on demand workers.

According to Freelancer.com most of the employers who hire Indian freelancers come from India, the USA, Australia, the UK, and Canada. Majority of the domestic users are from Bengaluru, Hyderabad, Pune, New Delhi, Mumbai, Chennai and other cities.

More and more businesses and professionals from across the world are leaping into the gig economy that though allows a new set of work options and flexibility to generation 'Y'. But in countries like India when unemployment is a concern.

GIG ECONOMY

Gig economy includes consulting and contractor arrangements, part-time jobs, temporary assignments, freelancing, side gigs and on demand work.

While demographically diverse, independent workers largely fit into four segments (exhibit): *free agents*, who actively choose independent work and derive their primary income from it; *casual earners*, who use independent work for supplemental income and do so by choice; *reluctants*, who make their primary living from independent work but would prefer traditional jobs; and the *financially strapped*, who do supplemental independent work out of necessity.

DEMOGRAPHIC DIVIDEND

Demographic dividend can be defined as youth getting into working age population i.e. large no of people falling into the age bracket of 15-64 years of age.

LITERATURE REVIEW

The most important feature of employment patterns in India over the past two decades is just how limited and slow employment growth has been in the aggregate, over a period when aggregate output was growing relatively rapidly. Indeed, it is evident (Figure 1) that total employment – in terms of usual status of work, principal and subsidiary activities as defined by the National Sample Survey Organization (NSSO) – actually grew faster when the economy was growing more slowly, and tapered off significantly in the period since 2004-05, with rural employment actually showing a decline in absolute numbers and urban employment growing by only 2.5 per cent annual compound rate between 2004-05 and 2011-12. [Employment Policy Department EMPLOYMENT Working Paper No. 206

2016]

In recent years, private organized employment has increased somewhat more rapidly to counteract the effect of the decline in public employment. However, much of this increase has actually been in the form of informal and contract workers within the organized sector. NSSO surveys suggest that informal jobs in the organized sector accounted for around 45 per cent of total organized employment over 2009-10 and 2011-12, up from 43 per cent in 2004-05 (Chandrasekhar and Ghosh, 2015). While the organized private sector in all non-agricultural activities has been heavily reliant on informal workers, who dominate and account for more than their workforce, that proportion has remained largely stable and even declined slightly in recent years. However, the public sector has more than doubled its reliance on informal workers since the mid-2000s, to the point where nearly a quarter of all workers in the public organized sector were informal in 2011-12. In organized manufacturing industry, the share of contract workers increased from around one fifth to one third over the decade of the 2000s [Chandrasekhar and Ghosh, 2015]. [Employment Policy Department EMPLOYMENT Working Paper No. 206 2016]

despite rapid growth, the absolute size of the sector in India remains small, and India was and remains a small player in the global market, taking into account both domestic supply and exports. The contribution of the business services sector which includes both software services and IT-enabled services, and is the driver for export-led services growth in India is even smaller, having risen from 2.6 to 3.3 per cent of GDP between 1985 and 1995, and then to 4.3 per cent in 2005. In fact, the share of business services in total valued added revenues in market oriented services fell from close to 50 per cent in 1985 to 36 per cent in 2005. This is not to suggest that the software and IT-enabled services boom has been the prime driver of growth in India. Rather, the vast mass of differentiated but largely low productivity unorganized services still accounts for half of GDP and most of the employment in the services sector. Unemployment in India is projected to witness marginal increase between 2017 and 2018, signalling stagnation in job creation in the country, according to a UN labour report. The United Nations International Labour Organisation (ILO) released its 2017 World Employment and Social Outlook report yesterday, which finds economic growth trends lagging behind employment needs and predicts both rising unemployment and worsening social inequality throughout 2017.

Labour market reforms

There has been much discussion of the role played by labour laws in restricting employment in formal sector activities (Debroy and Kaushik, 2005; Deshpande et al., 2004) It has been argued that laws that protect labour, particularly as embodied in the Industrial Disputes Act (1947), have restricted labour mobility, led to excessive use of capitalintensive methods in the organized manufacturing sector and thereby adversely affected the sector's long-run demand for labour. Such views are also widespread within official circles, as exemplified by the arguments made in successive annual Economic Surveys published by the Indian Ministry of Finance, especially since the early 2000s. Various empirical studies, including econometric analyses based

on state-level data, have sought to indicate that states that have been more “flexible” in terms of their approach to these laws, and to the labour market in general, have experienced superior employment outcomes (Besley and Burgess, 2004) and have also shown greater positive benefits of trade liberalization (Hasan et al., 2007).

Among the various factors cited for this irrelevance of labour laws, one important one has been the relatively weak enforcement of the various laws designed to protect labour (Chatterjee and Kanbur, 2013; Deakin and Halder, 2015; Sen and Dasgupta, 2006). Clearly, Indian industry, and the organized sector in general (including, surprisingly, public employment of certain types), has proved itself to be adept at simply sidestepping labour laws through widespread use of subcontracting, where possible, and use of contract labour without workers’ rights in other situations (as reinforced by firm-level data cited in Chaurey (2014)). So the frequently voiced complaints about restrictive labour laws appear to be not just misplaced, but even hypocritical, since they have clearly not prevented either public or private employers in registered economic activities from doing precisely as they please, simply by using contract workers. Indeed, as Papola and Pais (2007) argue persuasively, not just the Industrial Disputes Act, but various other regulations designed to protect labour in different ways, such as the Minimum Wages Act (1948), regulations on conditions of work and legal provisions with respect to social security, are generally honoured only in the breach by most employers in India, including, in many instances, public sector employers. In this context of excessively lax enforcement and, therefore, widespread irrelevance of such protective legislation, the argument that these represent obstacles to additional employment generation is deeply unconvincing.

RESEARCH METHODOLOGY

Data used in this paper is purely secondary data and is sourced from various articles of different scholars, books, journals and through access of many websites. Using Secondary data we were able to analysis and conclusion.

OBJECTIVE OF THE STUDY

- Understanding the scenario of independent workers in Indian context.
- Understand regulatory restrictions impacting independent workers in countries where you employ talent.
- To Analyze the impact of gig economy on Indian Labour market.

ANALYSIS

In India job creation is not expected to pick up pace in 2017 and 2018 as unemployment rises slightly, representing a near stagnation in percentage terms. Unemployment in India is projected to increase 17.8 million to 18 million next year.

“Almost one in two workers in emerging countries are in vulnerable forms of employment, rising to more than four in five workers in developing countries,” said Steven Tobin, ILO Senior Economist and lead author of the report.

In such an environment where unemployment rate is very high and there are no structural reforms to protect the casual workers , the concept of gig economy will bring the three challenges:

- i)Legal or Regulatory Uncertainty.
- ii)A Corporate Culture Unreceptive to part-time and Contingent Staff.
- iii)Lack of Understanding among Leadership.

CONCLUSTION

The infancy of the on-demand work economy in developing countries like India means it is not too late to raise standards. More over we need certain laws which can protect the rights of these freelancers in Indian

circumstances. Companies instead of exploiting these on demand workers can benefit them like on job permanent workers. This will involve proactive efforts by companies to 'design-in' good practice, as well as by government to ensure an integrated future policy, legal, practice and research agenda.

RECOMMENDATIONS

The following Strategies can be used by the companies to better use the gig workers.

1. **Have a mix traditional job descriptions into skills-based gig workers:**

At present, only small and medium size companies are leveraging gig economy. But large scale organizations are quite slow in adopting gig culture. They also need to draft their recruitment strategy and compliance practices can accommodate short-term contractors within their existing structure, especially in terms of how gig workers can fit their corporate culture and working style.

2. **Revamp employee policy assessments and evaluations:**

Corporations should evaluate existing internal policies and candidate assessment processes to cater to permanent employees. As companies look towards engaging gig workers, it is essential for talent acquisition teams to revamp their approach to assessment processes and job requirements, as well as staff benefits and policies. This is equally necessary for jobs which require gig workers to work on-site and off-site. An effective evaluation process is required to ensure consistent and quality work, where customized assessment procedures will need to be developed with active participation of the relevant line manager.

3. **Effectively communicate employer brand:**

Many companies are already doing this on digital platforms, such as user-centric mobile-friendly career sites, mobile-enabled application and assessment tools, usage of video content and employee video blogs. Such practices enhance employer brand and communicate brand culture. All in all, a corporation will need to embrace flexibility to address the ever changing societal evolution.

4. **Government should also bring effective reforms in their labour laws.**

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