GIG ECONOMY

The phenomenon of the gig economy and its impact on the global economy

What is the Gig Economy?

In the Gig Economy, the jobs are associated with two peculiarities - flexibility and temporary employment. The term 'Gig Economy' seems to be a new entrant in the lexicon of economics, but it isn't. So, now we define a gig economy in which workers connect with clients through online platforms and work for a temporary period or freelancer. Instead of working full time, i.e., 9 to 5, workers want to work autonomously. In the traditional working scenario, people generally prefer working full time without changing job positions frequently. But in the gig economy, workers themselves find their clients and work to grow their lifetime career.

Who are the gig workers?

Gig workers are a general term for all those working as freelancers, contractual agreements, temporary workers, etc., there is no perfect profile to define the gig workers.

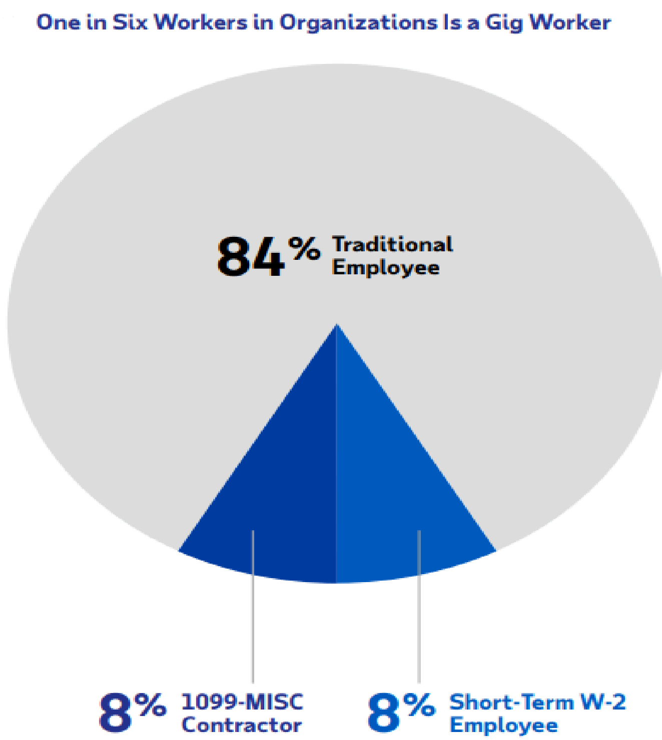
What type of work do the workers of the gig economy do?

Gig economy includes carrying out small tasks. That little task can be anything from delivering the groceries to completing specific projects. The companies which are expanding their operations through gig workers are Airbnb, Amazon Flex, Uber, Cabify, Etsy, Shipt, TaskRabbit, etc.

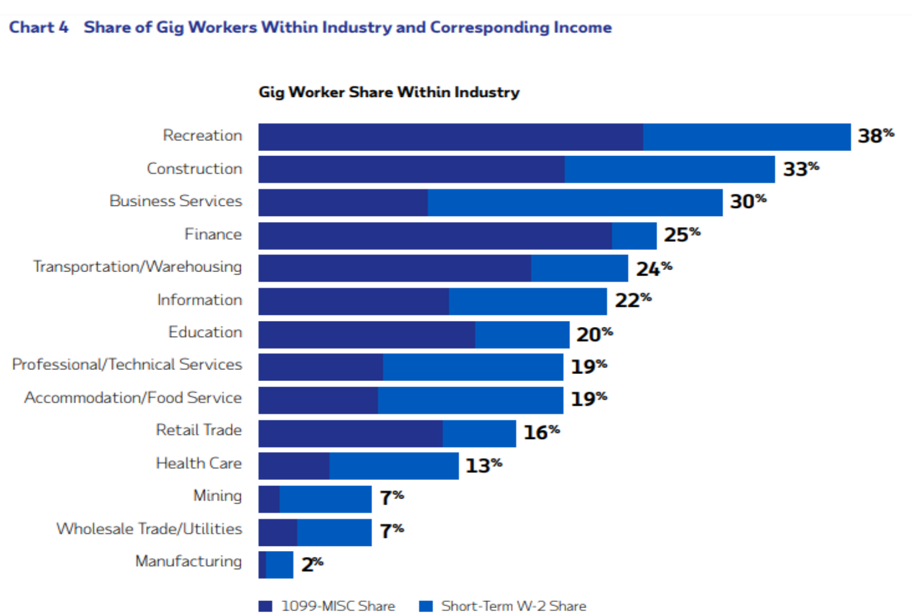
Share of Gig Workers in Companies

According to the Gig report 2020 by ASSOCHAM, 15 million freelancers in the Indian Gig economy are continually fuelling the demand for independent contracts in finance, HR, IT, programming, and designing domains. India decrees 40% of freelance positions offered across the planet.

The Gig economy report by ADP shows that the share of gig workers in the companies has surged from 14.2% to 16.4%, which is a 15% increase.



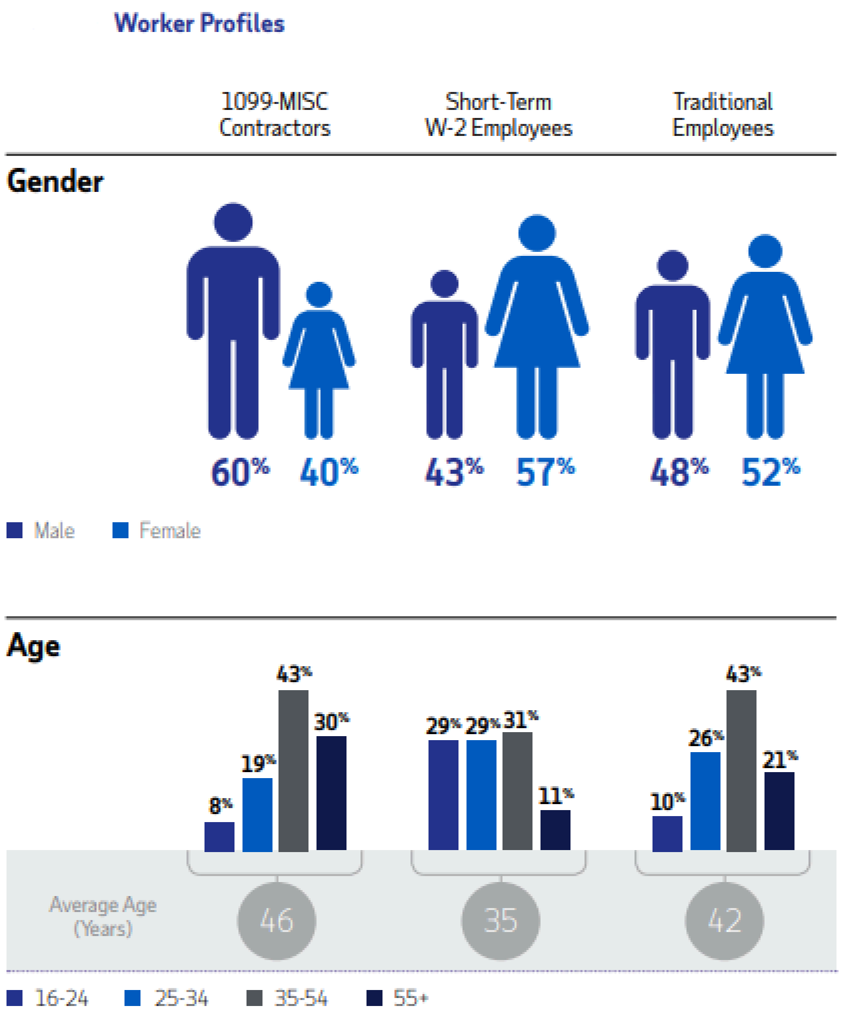
SOURCE: ADP



SOURCE: ADP

As depicted by the graph, recreation and construction fields has the highest share of Gig workers.

The dynamics of the workforce has witnessed numerous changes over the last decade. There are 6 million more gig workers working globally than 10 years before.



SOURCE: ADP

It has been unambiguous that full-time workers get more monetary benefits such as health insurance, paid vacations, a stable job, and much more. These benefits for full-time workers are supplementary financial accountabilities for gig workers as they cannot avail them

Sector wise percentage of companies looking to hire gig workers

Industry	Current	Future (2-5 years)
FMCG – Pharma	15%	69%
BFSI	32%	56%
Manufacturing	35%	65%
Services	47%	76%
Technology & BPO	57%	60%

Source: Economic Times

Through the above figures, we gathered that companies in every field are planning to expand the gig economy indirectly by hiring more gig workers in 2-5 years ahead. The Covid Pandemic has a significant contribution in shifting the company's virtues to embrace different talent profiles onboard than hiring full-time employees.

Impact on Global Economy

The arrival of the gig economy was not treated as an essential economic issue in every country. The countries like Bulgaria, Croatia, Cyprus, Turkey, Greece, Japan, Romania, Latvia, Hungary, Slovakia, and Slovenia haven't given any paramount importance to gig workers; thus, the gig economy. On the other hand, countries like the USA, UK, France, Germany, Austria, Belgium, China, Canada, Finland, Czech Republic, New Zealand, India, Poland, Netherlands, Spain, Ukraine, and Belarus have regarded the gig economy as a significant aspect of the global economy. Uber has given a good understanding of the Gig economy to many countries like Denmark, Finland, New Zealand, India, and Panama.

But it has been observed that the gig economy does not impact the global economy because of some mindful reasons.

1. For a gig economy, technological advancement is a prerequisite, such as online platforms where clients and gig workers can interact. Even if there is a technological environment, the accessibility to all those platforms by all the workers at cheap rates is also necessary, which is not feasible for every nation. Also, not every work can be done through online platforms. For example, there is significantly less scope of online business in Croatia because of everything being preferred offline.

2. Besides technological requirements, cultural and regulatory factors play a significant role in the gig economy's growth. The workers seek stable income and job protection also. It is the primary reason Japan has not given that much relevance to the gig economy.
3. The gig economy faces several barriers in some countries because of its rules and regulations. For example, in UAE, 80% of the workers are expatriates, and it's an obligation for them to have a work permit registered by a sponsored body. Thus, the capabilities for the growth of these expatriates in the gig economy is narrow.
4. Consumer attitude and preferences also affect the growth of the gig economy. The online platforms will grow only if there is an existing market for them, and consumers can easily access these services through online platforms.

Most of the countries believe that the existing traditional model of employment should be revisited. But no country has found that perfect model of employment so far. The gig economy is a widely growing economy, but the whole world does not accept it.