



E-BOOK

The Dynamics of the Gig Economy

OPERATING FROM THE FRONT

What is a Gig Economy?



A gig economy is a free-market system in which temporary positions are common and organizations hire independent workers for short-term commitments.

The most common examples of gig employees include:

- Freelancers
- Independent contractors
- Project-based workers
- Temporary/part-time hires

The Future of Work Era

Rapid technological advancement around the world has ushered in the era of 'the future of work,' also known as 'industry 4.0,' which has caused an increase in the number of gig economy workers. The rise of gig economy work is attributed to its flexible work hours and independence. The gig economy is characterized by the prevalence of short-term contracts or freelance work as opposed to permanent positions.

- Around 1.3 million people joined the gig economy in the second half of 2018-19 which recorded a 30% growth in the first half of the year.
- India is the fifth largest country for flexi-workers, trailing only the U.S., China, Brazil, and Japan.



INDIA is in the

TOP 7

destinations in the world for gig workers.

Evolving Work Culture

The gig economy generated a global gross volume of approximately \$204 billion from customers in 2018.

States like Haryana, Madhya Pradesh (MP), Gujarat, and Telangana have the most opportunities in terms of the growth of the flexi-staff. By abolishing the concept of middlemen, digital platforms have made it even easier for the job seekers and employers alike.

The McKinsey Global Institute mentions that by 2025, digital platforms workforce could increase the United States' GDP by 2.3% as well as its full-time employment by 2.7%. Due to the technological revolution and work-from-home model that have occurred as a result of the COVID-19 pandemic, the transaction cost for outsourcing non-core activities has been reduced, thereby facilitating an increase in the number of tasks that can be performed by each employee.

The gig economy is projected to grow

17%

and generate a gross volume of approximately

\$455

billion

By 2023.

Evolving Work Culture

As firms are shrinking in size, the market is witnessing a sudden influx of start-ups. These organizations are outsourcing several activities, such as payrolling, digital marketing, transportation, and logistics, to expert service providers on a contractual basis.

In India, the gig economy is popular among blue-collar workers, including Uber/Ola cab drivers. There is a huge opportunity for white-collar workforces, as well.

In what was once dominated by less skilled workers, the gig economy has expanded to include a wide range of specialists (for example – Guru in India and Upwork in the United States).

Booming Positions



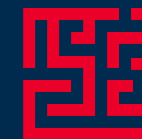
Digital Marketers



Website Designers



Data Engineers



Content/Logo Designers

Renowned Companies in Gig Economy



Freelancing

Freelance is a term commonly used for a person who is self-employed and is not necessarily committed to a particular employer long-term. Freelance workers are sometimes represented by a company or a temporary agency that resells freelance labor to clients, while others work independently or use professional associations/websites to find work.

Fortune 500 firms and multinational enterprises are adopting platform sourcing to source work directly from freelancers on an on-demand basis as part of their business models. These organizations use online platforms to access freelancers on demand.

Freelance Platforms

Online digital freelancing platforms serve as intermediaries to match or connect services buyers with workers who take up short term or piecemeal jobs. These platforms are effective in matching supply to demand.



Gig Economy vs. Freelancing

The concepts of the gig economy and freelancing have some overlap in definition and workforce. The gig economy is an overarching term that differs from freelancing in its work arrangements.



Gig Workers

- Gig workers have an employment contract with their employers.
- Gig workers are protected by labor laws and employer policies.



Freelancers

- Freelancers are essentially “own-account workers” and are considered self-employed. Flexible workers have long been a feature of the labor market.
- The growth of the gig economy in which digital technology rapidly matches short-term employment needs with willing labor is reshaping the employment landscape.

Top Job Categories in Freelancing



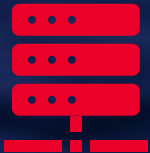
**Content Writing, Proof Reading,
and Blogging**



**Web Development, Software
Development, and Software Services**



Data Science and Machine Learning



Technical Support and IT/Networking



Graphic Design



Data Entry



Sales and Business Development



HR and Recruitment



Video Production



Gig Economy – U.S. vs. India

Developed nations like the United States were one of the early adopters of the gig economy due to its high rate of digitization, economic development, and disposable income. These growth factors led to the formation of the leading global firms in the U.S. in companies like Uber, Airbnb, and Upwork.

On the contrary, developing nations like India have great potential to implement the gig economy due to expanding supply of freelancers. With the technological intervention and drastic improvement in the talent pool, emerging economies in these countries are bound to grow on a global gig economy scale at an accelerated rate.

Because of India's reputation for producing an exceptional talent pool of technology and engineering graduates, a large number of workers are seeking opportunities to make use of their skills in empowering the Indian gig economy towards a need for higher work independence.



Furthermore, India is witnessing a rise in the need of the supplemental income due to the increasing rate of cost of living among the urban youth and growing aspirations of fresh graduates.

This fact is supported by the growth and development of the gig platforms such as Frapp, Internshala, and Awign.





Gig Has Great Potential in India

1.38 billion

PEOPLE in India

461 million

WORKERS EMPLOYED
or seeking employment
(51.8% of working population)

121 million

In the URBAN GIG
WORKFORCE (25%)

890 million

At WORKFORCE AGE
(66.8% are 15-65 years-old)

483 million

In the URBAN POPULATION
(35% of the country)

24.2 million

CONTINGENT WORKERS
(20% of the urban gig
workforce)



Gig Has Great Potential in India

- Further dividing the contingent workers into different income groups – lower, middle, and higher – the gross value of the market can be estimated at approximately \$34 billion.
- To determine the portion of this market, which can be considered as the Indian gig economy market size, the gross value based on e-commerce readiness index (10%) is captured. This considers digital penetration in the market along with the income levels.



Total addressable Indian Gig Market is worth \$3.4 billion.

Emerging Business Models in the Gig Economy

The gig economy has three broad classifications
when it comes to its business models



Digital
Marketplaces



Asset/Service
Sharing



Service Listing
Platforms



Digital Marketplaces

- Demand-driven service providers
- Skilled in niche domains – electricians, fitness, plumbing, automobile mechanics, carpenters, etc.
- Offer the services to consumers as per requirements
- App-based systems, directly allows consumers to interact with the end users
- Tech-based platforms (apps) can be used to hire the gig workers
- Tech-based platforms also provide value-added services such as customers services, after sale services, and guarantees/warrantees
- Retention of the service providers and quality assurance are the major hindrance in this business model
- Examples: UrbanClap, Helpr, Care.com, and HouseJoy



Asset/Service Sharing

- The asset sharing business model engages the gig workforce to offer specific services – transportation, accommodation, and logistics
- It builds a shared economy for assets and services
- This business model allows cost-efficient asset sharing instead of owning the asset
- However, the major risk in this model is of disloyalty between the service providers and gig workers
- Example – Uber drivers will feel discontented for not getting enough rides or perks for completing certain number of rides and may switch to the company's main competitor, Ola



Service Listing Platforms

- Offers a platform for various professional services, which can then be matched with the services being offered
- Platform convening the demand and supply of services in potential gig economy market
- The terms and conditions in this business model are well established to enable the fair use of the gig workers but no additional support services (such as after sale service, guarantee, etc.) are provided
- This platform allows the service users in trading a wide variety of mainstream and niche skills by removing the intermediaries
- Examples: Guru, Truelancer, Elance, Awign, and 99designs

Online Digital Platforms in Gig Economy



Large organizations utilize outsourcing platforms to find the highest quality freelancers or gig workers on an on-demand basis. These workers are employed to complete well-established categories of projects, which have defined deliverables, skill requirements, and, with respect to the tasks, are easy to modularize and evaluate.

Classification of the Online Freelancing Platforms

Crowd Sourcing Platforms
Topcoder, Innocentive, 99Designs

Outsourcing Platforms
Microwork Platforms &
Online Free Platforms



MICROWORK PLATFORMS

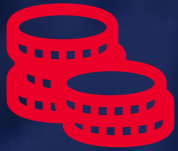
Microwork platforms focus on the speed and low managerial overhead of the matching process. They are best suited for relatively simple, repetitive tasks that require little training and coordination. Examples of microwork platforms are Amazon Mechanical Turk, CloudFactory, and CrowdFlower. Workers can usually self-select into tasks, provided they meet the requirements set by the client.



ONLINE FREELANCING PLATFORMS

Upwork, Freelancer, and PeoplePerHour focus on more specialized and knowledge-intensive projects in categories such as software development, creative and design, and writing and translation. But in principle, clients can source any type of work that can be delivered online. Freelancing platforms place emphasis the quality of the matches and the coordination and evaluation of the work. Some of the platforms also provide premium enterprise services to assist in sourcing, worker classification compliance, and contracting.

Types of Engagement on the Freelancing Platforms



Organizations post projects for freelancers to bid on



Organizations work with platform's program management layer projects to help find freelancers and set up contracts



Organizations use platforms' services and technologies to contract and work with their own freelancers

7 Tips for Vetting Freelancers

Provide Clear Job Description



Utilize Credible Freelancing Platforms



Proper Background Verification

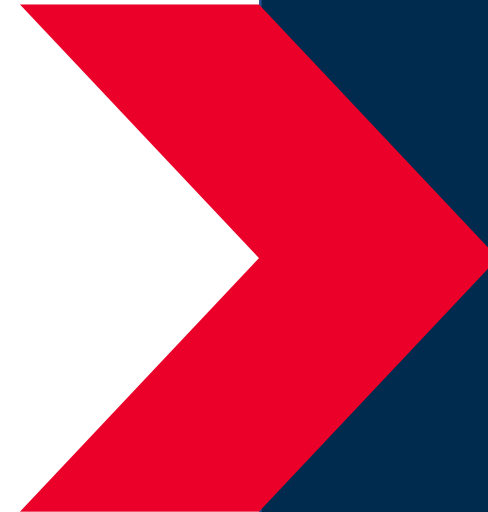
Conduct Skill Sets



Scrutinize Candidates



Offer Trial Projects



Make an Offer!

Onboarding Gig Workers



Onboarding

Welcome kit and team video conference using internal platform

Onboarding Document

Brand Statement and Organizational Guidelines to align with organization's expectations

Vision, Mission, and Goals

Sending out the process document clear goals, plans and clear, expected deadlines

Demo of Technology/Software

Top it up with a quick training session, if necessary

Constant Communication

Establish checkpoints and milestones to ensure the project is on track

Empowering and Reviewing Performance

Provide support and feedback and frequent set intervals

Collaborative Tools

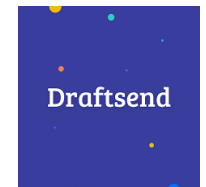
The technology market is well equipped with the suite of tools for communications, collaborations, file transfer, productivity tracking, project management, and even shared development environments.

Most Freelancing Tools are cloud based platforms, which enable storage, hosting, sharing, processing and collaborative development for the freelancing teams.

Productivity Tools



Proposal Tools



Social Media Management Tools



Collaborative Tools



Project Management Tools



Cloud Storage Tools



Communication Tools





Partnership With A Staffing Company

Staffing and recruitment firms can partner with gig workers in numerous ways. With the intervention of digitalization and the creative digital economy, staffing companies can leverage freelancers or the gig economy workforce in supporting both their creative and productive nature of work from IT recruiters and tools administrators to MSP project managers and candidate sourcing. This partnership can be effectively coupled with technologies which enable collaboration, automation, and integration depending upon the nature of work, magnitude of project, and partnership.

Engage and collaborate with platform-based freelancers

This is a streamlined method which is platform-dominant that matches supply and demand. From hiring to delivery, the entire lifecycle is governed by the platform resources and embedded technologies. The organization can leverage their technological platforms, while the gig workers may also rely on their expert skills and tools. For example, these tools can include project management software and development, storage, and communication tools.

Potential Risks in Implementation



While the gig economy offers flexibility and ownership over one's projects, clients, and schedules, it has its risks and uncertainties.



Job Security: The salary derived by gig workers is predictable since the focus is on on-demand projects. However, in conventional jobs, contributions are made toward employee benefits such as the Employees' Provident Fund (EPF), health insurance, medical insurance, pension and gratuity, and paid leaves. These factors lead to the job security of the employees. On the contrary, gig workers have no such safeguards.



Gig Worker Retention: On a digital gig platform, independent workers can perform tasks on a project basis. Hence, the gig employees may attach a certain degree of casualisation regarding their ongoing projects or schedules due to the absence of traditional employer-employee relations. This can be avoided by striking a balance between flexibility and security. The government can implement certain employee rights to the gig workforce that dictates their future. The promotion of digital platforms are in the market to offer such benefits to gig workers. (Example – MBO Partners)

Potential Risks

The comprehensive model of the gig economy is disruptive to connect sellers and buyers for vast range of skills and services. The size of the gig economy may seem marginal when compared to the conventional economy, yet it is recognized for its vast potential. In particular, millennials are enticed by the gig economy's flexible work schedules and the rise in on-demand consumer services.

In the Indian market, almost 70% of corporations have leveraged the gig workforce for at least one of their projects during 2018. But due to the lack of stability in this open working environment, gig workers need to constantly upgrade their skillsets to remain relevant in the economy. With a technological revolution and the emergence of artificial intelligence, gig workers are forced to adapt and innovate along with the gig economy's business models to become significant components of the Indian economy.



In INDIA

70%

**of corporations
leveraged the gig
workforce in 2018**

Let's talk.

Contact us today!

Prince Towers, 25 & 26 6th Floor, College Road
Nungambakkam, Chennai – 600006
Phone: +91 044-45038357

Esquire Centre
Block II C Second Floor 9/6, M.G. Road
Bangalore – 560001
Phone: +91 080 40731060 (Boardline)

info@acarasolutions.in
acarasolutions.in



References: <https://www.ceicdata.com/en/indicator/india/labour-force-participation-rate>; https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap09_vol2.pdf;
<https://www2.staffingindustry.com/site/Editorial/Daily-News/Size-of-global-gig-economy-is-3.7-trillion-SIA-47643>; <https://tradingeconomics.com/india/wages>;
<https://www.pwc.in/research-insights/2018/propelling-india-towards-global-leadership-in-e-commerce.html>; <https://www.ceicdata.com/en/indicator/india/labour-force-participation-rate>;
https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap09_vol2.pdf; <https://www2.staffingindustry.com/site/Editorial/Daily-News/Size-of-global-gig-economy-is-3.7-trillion-SIA-47643>; <https://tradingeconomics.com/india/wages>; <https://www.pwc.in/research-insights/2018/propelling-india-towards-global-leadership-in-e-commerce.html>