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Gig Labor Market Dynamics – A Case Study on Challenges of Gig Economy in Tamil Nadu

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ABSTRACT

The gig economy is a marketplace where individuals take temporary/contingent jobs at organizations or work as freelancers. It is a booming sector but has remained an unregulated space on a larger scale. Given the nature of their role, they do not maintain a stable relationship with their clients and management and are always open to risk. With the rise of internet users and city growth via investment and urbanization, Gig workers and their services have become a crucial part of our rapid lives. With the amount of effort, risks, and complexities the Gig workers face in their day-to-day operations, their plight must be considered. In this study, we are focused on understanding and highlighting the challenges of Gig workers. We are trying to work towards addressing an enduring version of the Gig economy, which can help its participant maintain a primary source of income from their gigs. It requires the digital infrastructure, standardized policies, legislations, and corporate work structure to be improved to create space and viability for this growing sector. The research will collect data on real-time Gig workers by understanding their experiences, challenges, social-security requirements, and technological assistance in operations. It is necessary to build on the available secondary data, by identifying the areas for improvement in this sector. The study is looking for a scope for improvement in the current framework to result in an environment where the gig economy can thrive and become a perennial source of employment.

Keywords: Gig Economy, Transitional, Challenges, Regulations, Sustainability

RESEARCH METHODOLOGY

The study is carried forward using both primary and secondary data. The primary data will be based on Interviews and Questionnaire surveys with Gig workers in Tamil Nadu (Chennai, one of the most internet consumed city). The target population will be from various sectors, including ride-hailing, food delivery, home services, and freelance work. We will be approaching the Gig workers across major Aggregators as it would also help in setting an understanding of the challenges faced across the country, such that we can suggest measures beneficial at the State and Nationwide levels. The responses in the survey will be analyzed by the Investigator with the help of secondary data.

The study will incorporate the use of secondary data based on reports, and statistics put forward by the government agencies to understand the future growth perspective in our country and the effect so far. Inferences will be drawn with the help of present literature post reviewing it to correlate with the view of authors who have published articles on the Gig economy.

OBJECTIVE

The research paper aims to explore the transformative impact of the gig economy on labor markets in the region, focusing on its challenges, motivations, sustainability, social security implications, and policy recommendations. The gig economy, characterized by flexible, short-term work arrangements, has reshaped traditional employment structures, offering both opportunities and vulnerabilities for workers in Tamil Nadu.

The primary objective is to identify the challenges faced by gig workers, such as income instability, lack of job security, and limited access to social security benefits. These issues highlight the precarious nature of gig work and its impact on worker well-being. Simultaneously, the research seeks to understand the motivations driving individuals to engage in gig work, including flexibility, autonomy, and the need for supplementary income in a competitive labor market.

Another key focus is assessing the sustainability of the gig economy, evaluating its long-term viability for workers and its contribution to Tamil Nadu's economic development. The paper also examines the gaps in social security frameworks, emphasizing the need for innovative protections tailored to gig workers' unique needs.

SIGNIFICANT RESULTS/ANALYSIS

The gig economy has emerged as a transformative force in urban labor markets, offering flexibility and diverse opportunities for workers while reshaping traditional employment paradigms. This analysis delves into the prospects of the gig economy in primarily Chennai, a rapidly growing metropolitan hub in India, (other survey areas included Coimbatore, Erode, Tuticorin) based on primary research conducted with 111 respondents across various demographics and sectors.

By examining the experiences, motivations, and challenges faced by gig workers, as well as the demand dynamics from employers and consumers, this study provides critical insights into the sustainability, growth potential, and socio-economic implications of gig work in Chennai. The findings aim to shed light on the evolving nature of work in the city and inform policymakers, businesses, and stakeholders about the opportunities and hurdles within this burgeoning economic model.

I. SURVEY ANALYSIS

How Long Will You Continue in This Job

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3-5 years	23	20.7	20.7	20.7
	5-10 years	15	13.5	13.5	34.2
	Less than 2 years	28	25.2	25.2	59.5
	Not yet decided	31	27.9	27.9	87.4
	Till you find another job	14	12.6	12.6	100.0
	Total	111	100.0	100.0	

I. Short-Term Commitment:

25.2% of gig workers plan to continue in their jobs for **less than 2 years**, indicating that a significant portion of the workforce views gig work as a short-term or temporary arrangement.

This suggests that many gig workers may be using gig work as a stopgap measure while searching for more stable or better-paying opportunities.

II. Uncertainty About Future Plans:

27.9% of gig workers are **not yet decided** about how long they plan to continue in their jobs, reflecting a high level of uncertainty about their future in the gig economy.

This uncertainty could stem from factors such as lack of job security, unpredictable earnings, or dissatisfaction with working conditions.

III. Medium-Term Commitment:

20.7% of gig workers plan to continue for **3-5 years**, and **13.5%** plan to continue for **5-10 years**.

This indicates that a smaller but still significant portion of gig workers see gig work as a medium-term option, possibly due to the flexibility it offers or the lack of better alternatives.

IV. Exit Strategy:

12.6% of gig workers plan to continue only **until they find another job**, highlighting that a notable portion of the workforce is actively looking for alternative employment.

This suggests dissatisfaction with gig work or a desire for more stable and secure employment.

V. Cumulative Trends:

59.5% of gig workers plan to continue for **less than 2 years** or are **not yet decided**, indicating that the majority of the workforce does not see gig work as a long-term career option.

Only **34.2%** plan to continue for **3 years or more**, further emphasizing the lack of long-term commitment among gig workers.

Working Hours in A Day

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10+ hours	64	57.7	57.7	57.7
	5-7 hours	10	9.0	9.0	66.7
	7-10 hours	34	30.6	30.6	97.3
	Less than 5 hours	3	2.7	2.7	100.0
	Total	111	100.0	100.0	

I. Long Working Hours:

57.7% of gig workers work **10+ hours per day**, indicating that a majority of gig workers in India are engaged in extremely long working hours.

This suggests that gig work often demands significant time commitments, possibly due to the need to maximize earnings or meet platform targets.

II. Cumulative Trends:

66.7% of gig workers work **7 hours or more per day**, highlighting that the majority of the workforce is engaged in long working hours.

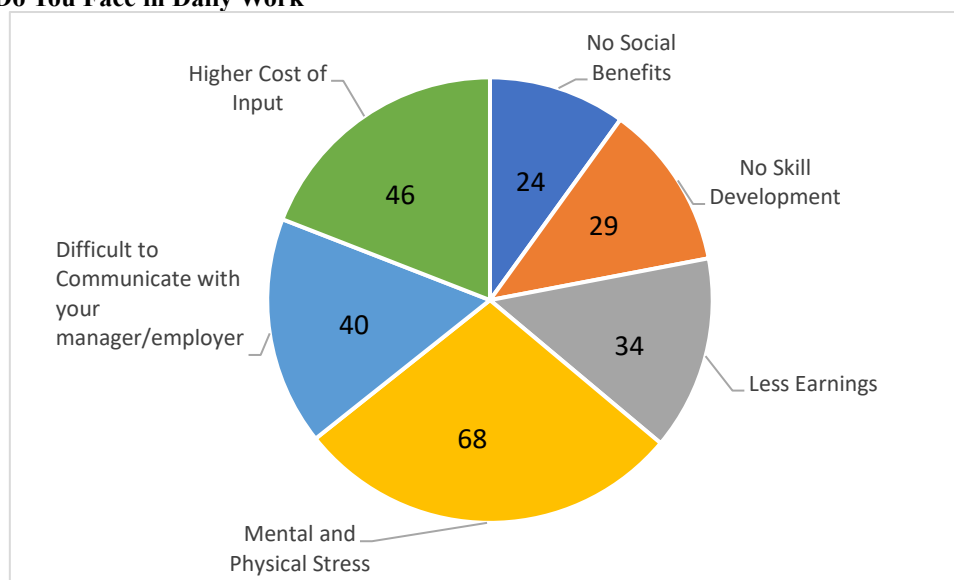
Only **11.7%** work **less than 7 hours per day**, further emphasizing the demanding nature of gig work.

Has Your Monthly Earning From 2022 To 2024

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Earnings have decreased	14	12.6	12.6	12.6
	Increased by 5000-10000	18	16.2	16.2	28.8
	Increased by 10000-15000	13	11.7	11.7	40.5
	Increased by less than 5000	25	22.5	22.5	63.1
	More than 15000	7	6.3	6.3	69.4
	No Increase	34	30.6	30.6	100.0
	Total	111	100.0	100.0	

- I. **Stagnant Earnings for a Significant Portion:**
30.6% of gig workers reported **no increase** in their earnings, indicating that a substantial portion of the workforce has not seen any growth in their income over time.
 This suggests that earnings growth in medium-level gig jobs may be limited for many workers, potentially due to factors like stagnant pay rates, lack of incentives, or limited opportunities for advancement.
- II. **Moderate Earnings Growth:**
22.5% of gig workers reported an increase of **less than ₹5,000**, and **16.2%** reported an increase of **₹5,000-10,000**.
 This indicates that a significant portion of workers (38.7%) have experienced moderate earnings growth, which may reflect incremental raises, improved efficiency, or increased demand for their services.
- III. **Significant Earnings Growth for a Minority:**
11.7% of gig workers reported an increase of **₹10,000-15,000**, and **6.3%** reported an increase of **more than ₹15,000**.
 This suggests that a smaller but notable portion of workers (18.0%) have achieved significant earnings growth, possibly due to higher demand for their skills, increased experience, or better performance.
- IV. **Declining Earnings for Some:**
12.6% of gig workers reported that their **earnings have decreased**, highlighting that a notable minority of workers are facing financial challenges.
 This could be due to factors like reduced demand, increased competition, or changes in platform policies.
- V. **Cumulative Trends:**
63.1% of gig workers have experienced **some level of earnings growth** (ranging from less than ₹5,000 to more than ₹15,000), while **30.6%** have seen **no increase** and **12.6%** have seen a **decrease**.
 This indicates that while a majority of workers have seen some growth, a significant portion (43.2%) have either stagnated or experienced a decline in earnings.

What Challenges Do You Face in Daily Work



- I. **Higher Cost of Input:** Gig workers may face increased expenses related to fuel, vehicle maintenance, or other operational costs, which can reduce their net earnings.
- II. **No Social Benefits:** Unlike traditional employment, gig work often does not provide benefits such as health insurance, retirement plans, or paid leave, leaving workers vulnerable.
- III. **No Skill Development:** The nature of gig work may not offer opportunities for professional growth or skill enhancement, potentially limiting long-term career prospects.
- IV. **Less Earnings:** Gig workers might experience lower and inconsistent income compared to traditional employment, affecting their financial stability.

- V. **Mental and Physical Stress:** The demanding nature of gig work, including long hours and pressure to meet delivery targets, can lead to significant stress and health issues.
- VI. **Difficult to Communicate with Manager/Employer:** Gig workers may face challenges in communicating with their employers or platform managers, leading to a lack of support and unresolved issues.

CONCLUSION

Unregulated Space

The gig economy operates in an unregulated space, where workers are often classified as "independent contractors" rather than employees. This classification excludes them from traditional labor laws, leaving them without access to benefits such as health insurance, paid leave, retirement plans, and protection against unfair termination. The absence of a legal framework to govern gig work has created a precarious environment for workers, who are often subject to arbitrary penalties, opaque payment structures, and a lack of grievance redressal mechanisms. The study emphasizes the need for regulatory reforms to recognize gig workers as a distinct category of labor, ensuring they have access to social security benefits and fair wages.

Transitional Employment

For many workers, gig employment serves as a transitional or supplementary source of income rather than a long-term career option. The research reveals that a significant portion of gig workers (25.2%) plan to continue in their roles for less than two years, while 27.9% are undecided about their future in the gig economy. This transitional nature of gig work is driven by factors such as the need for supplementary income, the lack of stable employment opportunities, and the flexibility offered by gig jobs. However, the lack of job security and long-term benefits makes gig work an unsustainable option for many, particularly those who rely on it as their primary source of income.

Lack of Upskilling and Challenges for Older Workers

The study highlights the limited opportunities for skill development and career progression in the gig economy. Unlike traditional jobs, which often provide training and opportunities for advancement, gig work tends to be repetitive and does not equip workers with new skills or qualifications. This lack of upskilling poses a significant challenge, particularly for older workers who may find it difficult to transition into different types of gigs as they age. The physical demands of certain gig roles, such as delivery and ride-hailing, further exacerbate this issue, making it challenging for older workers to sustain their earnings over time.

POLICY RECOMMENDATIONS

The research paper offers several policy recommendations to address the challenges faced by gig workers and to create a more inclusive and equitable gig economy:

- I. **Streamlining Insurance Claims:** Mandate platforms to provide comprehensive insurance coverage for gig workers, including accident, health, and disability insurance. Simplify the claim process and educate workers about their insurance benefits.
- II. **Mandatory Orientation Programs:** Require platforms to conduct orientation programs for new gig workers, covering social security schemes, labor rights, and grievance redressal mechanisms.
- III. **Transparency in Algorithms:** Ensure transparency in payment structures and algorithms to prevent arbitrary reductions in pay and unfair distribution of work.
- IV. **Basic Facilities and Rest Stops:** Provide basic facilities such as rest stops, washrooms, and drinking water for gig workers, particularly those engaged in physically demanding roles.
- V. **Grievance Redressal Mechanisms:** Establish independent grievance redressal bodies to address disputes between gig workers and platforms, ensuring fair and timely resolution.

The gig economy in Tamil Nadu has the potential to play a significant role in India's economic growth, offering flexibility and diverse opportunities for workers. However, the lack of regulation, social security benefits, and opportunities for upskilling pose significant challenges to the sustainability of gig work. By implementing the recommended policies and fostering a supportive environment, policymakers and gig platforms can ensure that the gig economy becomes a fair and sustainable source of employment for millions of workers. The future of the gig economy depends on our ability to balance growth with worker welfare, creating a system that benefits both the economy and the individuals who power it.

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