

Gig Economy

Why in news?

Studies have found that the earnings of gig economy workers, especially in the transportation sector, have been falling at an alarming pace.

What is gig economy?

- In a gig economy, temporary, flexible jobs are commonplace and companies tend toward hiring independent contractors and freelancers instead of full-time employees.
- A gig economy undermines the traditional economy of full-time workers who rarely change positions and instead focus on a lifetime career. e.g Employee models of Uber, Ola, Swiggy etc
- Sectors such as media, real estate, legal, hospitality, technology-help, management, medicine, allied and education are already operating in gig culture.

Who are the workers affected?

- The freelance-drivers attached to taxi aggregators such as Uber or Ola is affected badly.
- It is proving that critics were right on the existence of a wage bubble in the gig economy.
- This trend is noted across the globe.
- A recent study showed that the average monthly income of transportation workers in the gig economy fell by 53 per cent in the United States.

What factor contributed to this situation?

- According to a report, 'The Online Platform Economy in 2018: Drivers, Workers, Sellers, and Lessors', there has been a considerable **increase in the number of 'driver partners'** (with Uber, etc.).
- The average monthly payments to those who worked for a transportation app in a given month declined to \$783 from \$1,469.
- The most important factor as pointed out by labor rights activist is that **gig economy companies are unleashing predatory and exploitative work practices.**
- In particular they introduce lax and complex clauses in their agreements with workers so that they can escape legal scrutiny when it comes to social security and labor protection issues.
- The report, however, shows gig-workers in the hospitality industry (Airbnb, etc.) saw their incomes grow 69 per cent during the period.
- There is an uneven pattern in the income growth across the gig economy.

What are the major impacts of gig economy?

- Gig economy companies say that they had introduced innovative systems and methods to the labor market.
- These methods are offering workers flexibility and the freedom to choose how and when they work.
- This chaotic and amoebic environment has helped create an environment of exploitation where workers get minimal protection and low wages.
- A government study in the UK recently established that a quarter of the people working in the country's gig economy are being paid below the national minimum wage.
- As most of the gig economy companies act as an aggregator and digital companies, their interaction with the laborers and customers is minimal

Source: Business Line

