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Examining Job Security and Workers' Rights in the Gig Economy of Tamil Nadu

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Abstract

The evolving labor market in India is witnessing a significant shift with the growing prominence of gig work, encompassing nearly four-fifths of the workforce. While many gig workers, particularly those employed by reputed platforms, express satisfaction due to flexible arrangements and relatively good earnings, they remain vulnerable to legal uncertainties and lack the technical skills necessary for upward mobility. This precarity is especially concerning in a developing economy like India, where the absence of strong employer-employee relationships and inadequate policy frameworks challenges the notion of employment as a tool for social welfare. The expansion of the gig economy—characterized by food delivery agents, ride-hailing drivers, and freelance professionals—has been driven by technological advancement, increased smartphone penetration, post-pandemic employment shifts, and cultural changes among Gen Z workers. Despite being classified within the unorganized sector, the gig economy is rapidly formalizing, with projections by NASSCOM and Aon estimating that India's gig workforce will grow from 7 million in 2021 to 23.5 million by 2030. This study, based on mixed-method data collected from various gig sectors in Chennai, also observes a gradual reduction in gender disparity, attributed to changing social attitudes and the increasing financial aspirations of women. The findings highlight the urgent need for inclusive labor reforms and protective legal frameworks to support this growing segment of the workforce.

Keywords: *Gig Economy, Labour Market, Digital Labour, Human Rights, Freelance Labour.*

Introduction

The gig economy has emerged as a significant component of the labor market, particularly in India, where it offers a flexible alternative to traditional employment. However, this flexibility often comes at the cost of job security and benefits that are typically associated with conventional employment relationships. The fundamental employer-employee relationship, which is crucial for raising living standards, is often absent in gig work, leaving workers vulnerable and without a clear path to a secure future. This precarious nature of gig employment is underscored by the fact that many gig workers operate under short-term contracts that are contingent on market demand, which can fluctuate dramatically (Wood et al., 2019; Batmunkh et al., 2022).

In India, approximately 80% of gig workers meet the basic employment requirements, yet they face significant challenges in achieving long-term success due to a lack of technical skills. A report highlights the necessity for gig workers to acquire not only technical skills but also communication skills, as many respondents acknowledged the importance of remote collaboration and meeting client expectations (Patre, 2022). This need for upskilling is particularly pressing in the post-pandemic job market, where competition has intensified, and the demand for skilled labor has surged. The stark reality of job seekers facing long queues for interviews illustrates the shortcomings of the current education system in equipping individuals with job-related skills (Joo & Shawl, 2021).

The New Education Policy in India aims to address these issues by integrating skill development into the core curriculum, thereby enhancing the employability of graduates and aligning educational outcomes with industry needs (Joo & Shawl, 2021; Wheelahan & Moodie, 2021). This initiative is crucial for preparing future job seekers to navigate the complexities of the gig economy, where adaptability and continuous learning are essential for success. The emphasis on micro-credentials and targeted training programs is a step towards bridging the gap between education and employment, ensuring that individuals are better equipped to meet the demands of the evolving job market (Wheelahan & Moodie, 2021).

The role of gig workers in the job market extends beyond mere employment; it encompasses issues of job security and awareness of legal protections. Many gig workers remain unaware of their rights and the protections available to them, which exacerbates their vulnerability (Liu et al., 2020). The lack of a robust framework for addressing grievances and ensuring fair treatment further complicates their situation. Online platforms such as Zomato, Swiggy, and Uber have been criticized for their opaque practices, which often leave workers without recourse in the event of disputes or unfair treatment (Vega et al., 2021). The gig economy is characterized by a high degree of uncertainty and instability, with workers often facing fluctuating incomes and a lack of benefits such as health insurance and retirement plans (Sterrantino &

Salerno, 2021). This precariousness is compounded by the fact that many gig workers are classified as independent contractors, which limits their access to the protections afforded to traditional employees (Katz & Krueger, 2018). As the gig economy continues to grow, it is imperative to develop policies that address these challenges and provide gig workers with the support they need to thrive (Mahato et al., 2021).

The COVID-19 pandemic has further highlighted the vulnerabilities of gig workers, as many faced job losses and income instability during the crisis (Joo& Shawl, 2021; Li et al., 2022). The pandemic has also accelerated the shift towards digital platforms, which has transformed the nature of work and the employer-employee relationship (Curran & Jenks, 2022). As businesses increasingly rely on gig workers to meet fluctuating demands, it is essential to establish a framework that ensures fair treatment and equitable access to opportunities for all workers (Joo& Shawl, 2021; Li et al., 2022).

Gig Economy of Chennai

The gig economy has become a significant aspect of the labor market in Chennai and Tamil Nadu, reflecting broader trends observed across India. This transformation is characterized by the rise of short-term, flexible employment opportunities facilitated by digital platforms, which have altered traditional employment paradigms. The gig economy encompasses a wide range of jobs, from food delivery and ride-hailing to freelance work in various sectors, providing individuals with the ability to work independently and on their own terms. However, this shift also presents challenges, particularly concerning job security, benefits, and the overall working conditions of gig workers (Joo& Shawl, 2021).

In the wake of the COVID-19 pandemic, the gig economy in Chennai has experienced a notable surge. The lockdowns and restrictions imposed during the pandemic led to a significant increase in demand for gig services, particularly in sectors such as food delivery and e-commerce. The Economic Survey of 2020-21 highlighted this trend, indicating that the gig economy has become increasingly vital in the context of a disrupted labor market (Joo& Shawl, 2021). The flexibility offered by gig work has attracted many individuals seeking alternative income sources during uncertain times, thereby reshaping the employment landscape in Tamil Nadu (Shyamal & Nandini, 2023).

A recent study focusing on the perceptions of platform workers in Chennai has revealed both opportunities and challenges associated with gig work. While many workers appreciate the flexibility and autonomy that gig jobs provide, they also face significant hurdles, including inconsistent income, lack of social security, and limited access to benefits typically associated with traditional employment (Shyamal & Nandini, 2023). This duality underscores the need for a comprehensive understanding of the gig economy's implications for workers in

Chennai, as well as the necessity for policy interventions that can enhance their working conditions and rights (Pal & Varanasi, 2021).

The gig economy's growth in Tamil Nadu is also linked to technological advancements and increased internet penetration, which have facilitated the rise of digital platforms that connect workers with job opportunities. As more individuals gain access to smartphones and the internet, the potential for gig work continues to expand, allowing for greater participation in this new labor market ("The New Emerging World of Work: Growth Story of India's Gig Economy", 2023). However, this rapid expansion raises concerns about the sustainability of gig work as a viable long-term employment solution, particularly for those who rely on it as their primary source of income (Lin et al., 2022).

Moreover, the gig economy in Chennai is not without its drawbacks. Issues such as economic disparity, gender inequality, and the lack of legal protections for gig workers have been highlighted in various studies (Pal & Varanasi, 2021). The precarious nature of gig work often leaves individuals vulnerable to exploitation, with many lacking awareness of their rights and the protections available to them. This situation calls for a concerted effort from policymakers, industry stakeholders, and civil society to develop frameworks that ensure fair treatment and equitable access to opportunities for all gig workers ("Factors Affecting Investment Decisions in the Gig Economy in the City of Bandung", 2023).

In response to these challenges, there have been calls for the establishment of regulatory measures that can provide gig workers with greater protections and benefits. Such measures could include minimum wage guarantees, access to healthcare, and the establishment of grievance redressal mechanisms to address issues faced by gig workers (Alanzi, 2021). The need for a balanced approach that recognizes the flexibility of gig work while also safeguarding workers' rights is crucial for the sustainable development of the gig economy in Chennai and Tamil Nadu (Vandevenne, 2024). Furthermore, the integration of gig work into the broader labor market necessitates a reevaluation of existing labor laws and policies. As the gig economy continues to grow, it is essential to ensure that workers are not left behind in terms of legal protections and benefits. This includes addressing the classification of gig workers as independent contractors, which often limits their access to essential benefits and protections (Wood et al., 2018). By rethinking labor policies to accommodate the unique nature of gig work, Tamil Nadu can create a more inclusive and equitable labor market that benefits all workers.

Happiness Indicator and Gig Economy Classification of Workers

- The fast paced need for growth and development has made nations forget the hallmark of a good economy which is Happiness. This has made job market stagnant and at the perils of Market forces leaving little space for social

welfare. Developed countries like USA, Australia, Spain, Netherlands and Switzerland classify them as Employees but met with backlash from employers as well

- Other Developed countries like California, Italy and Canada-classified as Para-subordinate worker
- Developing Countries like India, Philippines classified as Independent contractors/Dependent contractors (entitled to more benefits like minimum wage, overtime pay, vacation pay or freelancers with meagre benefits such as Life and health insurance and VRS).
- The survey is however limited to Respondents in Chengelpet district or Local area hence with its own setbacks.
- Legal cover yet to be implemented in India-Code on Social Security, 2020. The only state to implement and control the legal framework of Gig workers is Rajasthan.

The Sectors of Gig Economy include the following:

- Hospitality sector
- Labour and services
- Food and Dining
- Mobility and Logistics

Key Features of the Gig Economy

- **Consumption:** The Gig economy's services envisage consumption of products and services on Demand and supply forces which affect the work of these workers.
- **Reliance on Online Platforms:** There will be increased reliance on online platforms to place orders or requests for services such as Urbanclap, Airbnb, Aggarwal packers and movers, Taskrabbit, Upwork
- **Increased E-Commerce:** There will be significant increase in Ecommerce due to increased transactions online and marketing of various products and services.
- **Reduced Levels of Education:** The growth of these jobs not only adds to the economy but brings a belief that reduced education and skills are still valid in today's dynamic world.
- **Dearth of Skill and B2C Business Models:** The efforts to bring out talents will go in vain if such companies hiring workers recognise the need to upskill them making it mandatory as it significantly helps them to swap their job area and yet be more relevant in the job market. The consumer-to-consumer

methodology of maintaining business leads and customers connects to crowd sourcing.

Advantages of Gig Economy

- **Greater Autonomy and Flexibility:** The Gig workers enjoy the freedom to choose where, when and how they work which works well with the current Gen Z who are not flexible to adapt to changes” (De Stefano, 2016).
- **Income Diversification:** It provides an additional source of Income for people in the marginalized and low income families ” (El Hajal & Rowson, 2021).
- **Cost-Effectiveness:** Companies often have reduced overhead costs owing to hiring of Independent contractors instead of full time employees
- **Access to Specialized Talent (Fiverr.com):** It helps to directly match the company to a willing freelancer (Corporate Finance Institute, n.d.).
- **Rapid Scalability:** Businesses can quickly scale their workforce up and down based on demand” (Campion, 2019).

Challenges and Risks

- **Search and Transfer Cost Including Platform Fees:** Many online platforms provide similar services at a cost where if one does not get satisfaction in a particular service provide, he has to incur search and opportunity cost of finding the next best one.
- **Commission Charges and Marketing Costs:** These platforms often charge commission in the case of various restaurants in Food industry which implies small restaurants in a locality which thrives on meagre profits. When these small businesses(Food Industry) and middle class riders (Travel and logistics industry) end up paying commissions they tend to back out on such services which slowly eats up their profit in the long run.
- **Uncertainty:** These workers have no stability in their work tenure and no special benefits. Even though some employers do promise some benefits such as Insurance availing one involves lot of formalities making workers shun this option completely.
- **No Legal Aid:** The safety of these workers was highlighted during the pandemic time when everyone worked under safety precautions these workers had no other option but to stick to routine.

Government Policies and Intervention

Many employees prefer the interference of the government for bringing in new changes and positive hopes in their lives as per the survey. The Indian Government also created a web-based portal known as e-SHRAM to establish a National Database of Unorganized Workers. This initiative aims to enhance their employability

and ensure that migrant workers, construction workers, gig and platform workers, and others can access social security benefits.

Result and Discussion

Stability of Gig Work and Service Tenure

Statistical Tests

The statistical test used here are Correlation Analysis done through Pearson r test. The first test helps to check the interrelationship between the variables and t test to check the rate of interrelatedness. The independent t is used to compare same groups at different periods of time or different groups with an important variable. (Stability of Gig Work and Service Tenure)

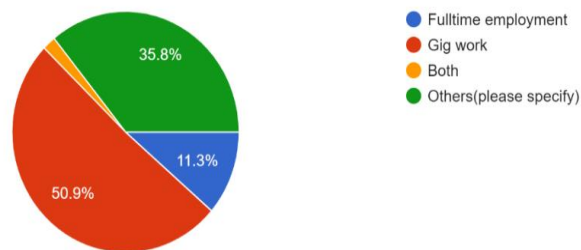
	Q1	Q2	Q3	Q4	Q5	Average	Percentage	Pearson
1	1	2	4	2	3	2.4	9	-0.43099132
2	4	2	3	2	2	2.6	10	
3	1	1	3	3	4	2.4	8	
4	3	1	3	2	4	2.6	10	
5	1	2	2	2	4	2.2	11	
6	2	2	3	3	4	2.8	9	
7	3	2	2	4	4	3	10	
8	1	3	1	3	4	2.4	11	
9	3	3	2	3	4	3	8	
10	1	3	1	3	4	2.4	13	

A hypothesis testing shows that if the level of significance is less than 0.05 we reject null hypothesis and if it is more than 0.05 we accept the null hypothesis. The Pearson R test revealed a moderate negative correlation. Hence, the hypothesis is accepted.

Figure 1 illustrates the distribution of respondents by income. The largest segment, representing 50.9%, is engaged in gig work, which refers to temporary or freelance jobs. This suggests that a significant portion of the workforce relies on non-traditional, flexible job structures, possibly driven by the rise of digital platforms facilitating such work. The second-largest group, accounting for 35.8%, falls under "Others", implying involvement in employment types that do not fit into the typical categories of full-time or gig work. This category likely includes alternative or unspecified job arrangements. Only 11.3% of respondents are in full-time employment, showing that traditional employment is less common within this sample. Meanwhile, a small 2% of respondents are engaged in both full-time and gig work, balancing structured employment with flexible job roles. This reflects a diversified employment landscape with a prominent shift towards gig work and alternative employment types.

The below is the survey result among Gig workers who get their bread and butter from Gig work:

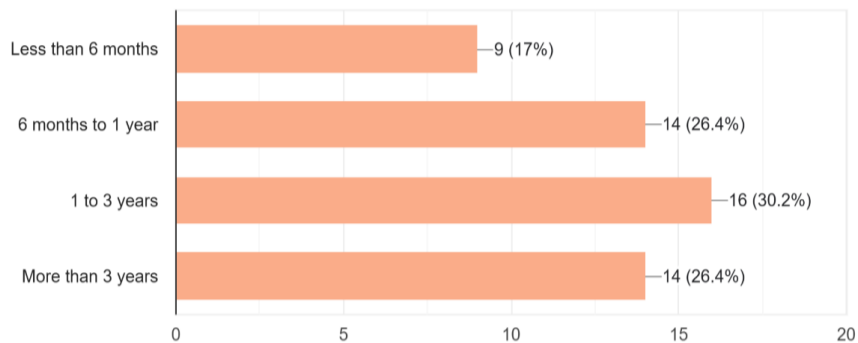
What is your primary source of income?
53 responses



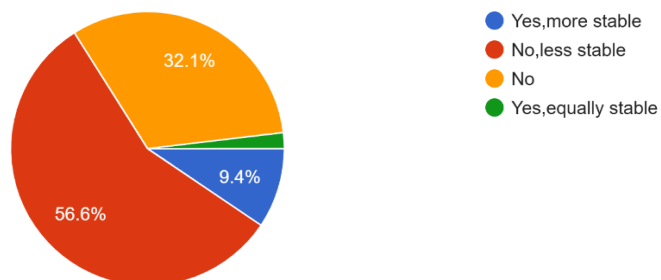
Motivation of Employees

The significance of motivation is an unknown variable in case of Gig workers but it has increased over the years owing to tips that these workers may get over and above their fare rates of service. This helps them increase their pay scale and improves retention among employees just like how bartenders in restaurants are motivated by the high value tips of foreign nationals

How long have you been working in Gig economy role?
53 responses



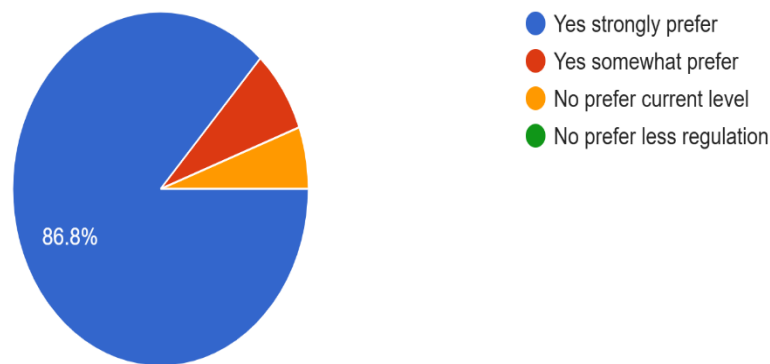
Do you find your Gig work financially stable compared to traditional employment?
53 responses



The graphs above were done using primary data

Would you prefer more government regulations of the gig economy to protect worker rights?

53 responses



Berg (2016) conducted a comprehensive survey involving 1,510 participants from the platforms MTurk and CrowdFlower, highlighting several challenges associated with remote gig work. Notably, the study identified low wages as a significant concern, primarily driven by the disproportionate amount of unpaid labor and limited job availability. Approximately 40% of respondents lacked access to employment-linked social protections due to their lack of alternative income sources (Berg, 2016). Despite these drawbacks, the research pointed to certain advantages, such as the flexibility to choose a workspace, which helped reduce barriers to labor market entry. Nevertheless, the extent to which these findings reflect the overall quality of remote gig employment remains unclear. MTurk and CrowdFlower fall under the category of microwork platforms, which often involve highly fragmented and de-skilled tasks with commodified labor conditions (Bergvall-Kåreborn & Howcroft, 2014; Lehdonvirta, 2016). Additionally, MTurk's workforce is geographically skewed, with approximately 80% based in the United States and 16% in India (Hitlin, 2016), indicating that these platforms may not represent the broader landscape of remote gig work.

Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. (2018). Good Gig, Bad Gig: Autonomy and Algorithmic Control in the Global Gig Economy. *Work, Employment and Society*, 33(1), 56-75. <https://doi.org/10.1177/0950017018785616> (Original work published 2019)

The same views are reflected among workers in India in the food and dining services for various Gig workers where they found it difficult to find alternative sources of employment due to Low levels of Education and flexibility in work. The overall quality cannot be gauged due to the lack of Education, skills and training base provided which necessitates that it be provided to them.

Suggestions

- Government interference and formalization of a new Act for these Gig workers can save their lives from any uncertainty.
- The Gig workers must be protected by forming a Gig workers' wages, codes of conduct and welfare measures Act by the Central government. The act must specify time for intervals, wage calculation and minimum guaranteed wages for these workers for minimum hours of work on shift basis without jeopardizing on the interest of their employers.
- Employers have to make arrangements to provide these workers with rotational offs for securing their health and family status.
- Gig workers should be given a government platform to upskill themselves technically for Career upliftment by NSDC.
- They must be given some concessions for people especially those working in far off and remote locations.

Conclusion

Most service benefits for any traditional employment includes Disability benefits, paid leave, Health insurance, Flexible Schedule, Tution Assistance, Remote work options are among the few lists of benefits prevalent in today's job market. But most Gig workers have no access to any job benefits apart from their take home salary. This brings us one step closer to the condition of these workers in case of uncertainties in their life thus cutting off any alternate arrangements for their future survival. Nevertheless these Workers have been risking their lives for earning their bread. Noteworthy in this regard is the common sight of seeing some gig workers (Food delivery partners) having food in filthy roads at odd times in order to make ends meet. Hence if employers wake up to realise that the backbone of their business are these unseen unheard assets with human value then we will be able to make this "Bharat" a Human Civilization with Aesthetic values driving away the people from the perils of poverty, unemployment and a downtrodden society under the influence of Power and Authority. The research also revealed that albeit some employers offer benefits whose eligibility and method of claim is unknown to the chief incharge as well. This helps us understand the pathetic situation of workers and their supervisors. There are also many who do not know their rights or regulations and are just about to start a demanding career with least hopes.

Most employees would not prefer to recommend these jobs to friends unless it is his last resort in place of being jobless while many others still recommend with reservations. But a wide majority would never do it. People recommend any job to their friends or relatives if they feel that the concerned person has added qualification and experience along with attributes which suits the requirements for the job. But it

also requires a honest assessment of the individual without any personal biases on the part of the job recommender and job appraiser. This will help boost the morale of the present and selected employee for the job. Amongst Gig workers a vast majority includes Fresh graduates, College students and individuals in the middle ages. The number of women employed in such work is very less compared to men but more and more women have started entering this platform economy too. These employees do face lot of challenges especially in the Travel and mobility sector where they have to put up with the traffic and targets for getting paid fairly. Many of these employees have been working for 1 to 3 years .It is therefore important on humanitarian basis to evolve a civil code that takes care of such workers and their long term survival in a vast competitive world.

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