

An Innovative Model of Occupational Structure: The GIG Economy

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Abstract

It has been observed that the twenty first century has brought about a paradigm shift in the structure of work due to globalization, the fast-growing wave of technological progress, and the alteration of the socio-economic frameworks. The emergence of the gig economy can be regarded as one of the most noticeable forms of this change. The gig economy calls into question traditional concepts of stable job, labor rights, and social protection, being characterized by short-term, flexible and task-based employment arrangements mediated by digital platforms to a large extent. This paper will look at the definition, nature, and the motivations behind the gig economy, discuss the benefits and issues of the gig economy, and assess how these factors relate to inequality and human development with specific reference to India. The research suggestion is supported by a qualitative and descriptive approach that relies on secondary sources and argues that the gig economy is improving flexibility, labor market participation, and economic efficiency but results in major issues concerning income insecurity, algorithmic control, and loss of labor protection. The paper ends with the conclusion that the answer to the questions of unbalanced regulatory frameworks should be to reconcile the goals of technological innovation to the tenets of decent work and inclusive development.

Keywords: *Gig economy, platform work, non-standard employment, labor markets, social security*

Introduction

The working environment has experienced significant transformations in the twenty-first century due to the forces of globalization, emerging technology, and the changing socio-economic environment. The appearance of the gig economy is one of the most important in this regard. The gig economy is a term used to describe an employment structure in which work has temporary, flexible and task-oriented work arrangements and where workers are not in a traditional long-term employment relationship but are freelancers, independent contractors or platform workers. Online platforms that include ride-hailing apps, food delivery apps, freelance marketplaces, and online tutoring platforms have been the focal point in the growth of this type of work (Sundararajan, 2016; Kenney and Zysman, 2016). Economists, policymakers, and even social scientists have paid a great deal of attention to the gig economy as it disrupts the traditional concept of employment, labor rights and social security. Despite being flexible, providing an opportunity to achieve independence and earn new income, it also brings up the issues of job insecurity, instability of income, and labor protection undermining. The gig economy is thus important in the context of the analysis of modern labor markets and their impact on economic growth and human development (De Stefano, 2016; ILO, 2021).

Review Literature

The gig economy has become one of the primary ways of scholarly research in economics, sociology, labor studies, and development studies. The available literature discusses conceptual underpinnings, implications on labor market, regulatory issues and developmental implications widely. Friedman (2014) presented the idea of the gig economy as the change towards the organizational employment in the form of project-based work, where the issue of the increased significance of independent contracting can be observed. Sundararajan (2016) emphasized the digital importance of lowering the costs of transactions and facilitating peer-to-peer exchange as an outsourcing opportunity, shifting the nature of employment relations. Kenney and Zysman (2016) believed that platform-based capitalism is a new type of institutional form but it redefines the organization of production and labor.

A number of research works deal with the labor conditions and worker welfare. De Stefano (2016) studied the legal status of gig workers and found legal loopholes that place workers in a situation without sufficient protections. Rosenblat and Stark (2016) examined the concept of algorithmic management in platform work, revealing how rating systems and automated decision-making entail the strengthening of power imbalances between workers and platforms. Empirical studies performed by Berg et al. (2018) indicate that gig workers are often vulnerable to income instability, working long hours, and lack social security. Katz and Krueger (2019) reported the emergence of alternative work arrangements and attributed it to the need of flexibility and reduction of costs by the firms. Kassi and Lehdonvirta (2018) emphasized the process of internationalizing work with the help of the Internet labor market, which makes up transnational digital labor markets. Regarding development, the UNDP (2020) stressed that digital labor platforms can increase the employment opportunities but will increase inequality in the absence of inclusive policies. ILO (2021) emphasized that the lack of decent workplace conditions in the gig economy poses the threat to the evolution toward Sustainable Development Goal 8. On the Indian front, NITI Aayog (2022) has conducted a detailed analysis of the gig and platform economy, both in terms of its job prospects and the regulatory and social security issues. On the whole, the literature portrays the gig economy as both a chance and a threat, highlighting the necessity to introduce the policy framework that would provide flexibility and job security.

Methodology

The research design used in this study is qualitative approach, to examine the phenomenon of the gig economy as a new phenomenon in the labor market. The study is founded on pure secondary data that refers to academic sources, policy-making documents and institutional reports. A range of peer-reviewed journal articles, books, working papers, and reports created by such organizations as the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the United Nations Development Programme (UNDP), and NITI Aayog are used as sources. The relevant studies were identified in academic databases including Google Scholar and JSTOR and with the help of the keywords like gig economy, platform work, non-standard employment, and labor market transformation. This systematic framework combines the approaches of labor economics, development economics, and institutional analysis. This paper uses critical synthesis and comparative analysis to analyze the structural characteristics of the gig economy, its benefits and limitations, and its impact on inequality and human development, and India in particular. Although the research does not concern primary data and econometric analysis, it is appropriate to conceptual and policy-oriented research of a more emerging phenomenon of the labor market.

Foundation and Purport of the Gig Economy

The word gig was first used in the music and entertainment business where entertainers played one-time gigs. The gig economy is an economic model where employees are employed based on short-term tasks or projects, as opposed to ongoing employment. Employees are employed on a temporary basis, sometimes via online services which directly link service providers with customers (Friedman, 2014). The category of gig work is usually grouped under the bigger regrouping of non-standard employment that includes such types of employment as temporary work, part-time employment, and casual labor (ILO, 2016). The defining factor of the gig economy as compared to previous types of informal or casual work is the crucial place of technology. Work allocation, pricing and performance assessment is controlled by algorithms, mobile apps, and online rating systems, which essentially transform labor relations (Rosenblat & Stark, 2016). A gig economy is very broad and may be divided into two broad areas. First, job location gig work, in which the work is done at a certain physical location. They are ride-hailing drivers, food delivery workers, domestic workers, and logistics personnel (Berg et al., 2018). Second, gig work online or in the cloud where work is done remotely and sent digitally. Among them are freelance writing, graphic design, software development, data analysis, and online tutoring (Kesti and Lehdonvirta, 2018). All these types of gig work show that not only low-skilled services are represented by the gig economy, but also highly skilled professional work.

Characteristics of the Gig Economy

Flexibility can be seen as a characteristic of the gig economy. In general, the work-life balance can be improved because gig workers can select their working hours, workload, and even platforms to work with (Ashford et al., 2018). The platform mediation is another important characteristic because digital platforms serve as intermediaries instead of employing traditional employers. These platforms have algorithms that assigns work, prices, and performance rating, lowering the direct human supervision (Kenney and Zysman, 2016). Gig work is also task-oriented in which the amount of money earned is connected to the completion of certain tasks instead of monthly salary. Also, the majority of gig workers are considered as independent contractors and are not covered by the legal protection of a typical workplace, including minimum wages, paid leave, and social security (De Stefano, 2016).

Driving Factors of the Growth- Gig Economy

The fast growth of the gig economy is the consequence of the combination of technological, economical and socio-demographic factors. The most decisive factor has been technological advancement among them. The adoption of smartphones, high-speed internet connection, and cloud computing, as well as digital payment systems, has minimized transaction and coordination costs and, as a result, labor supply and demand can be matched on digital platforms in real time (Sundararajan, 2016). The platform-based technologies have enabled the fragmentation of work into individual tasks and their distribution in an efficient manner to a big and geographically dispersed workforce. Re-organization of the economy and flexibilization of the labor market have also contributed to the increased growth of gig work. Companies are looking to reduce their human resources and work operational risks by moving away from regular employment contracts by the use of flexible and task-based contracts. Through the use of gig workers, the firms are able to evade wage, social security, and employment benefits that are long term (Katz and Krueger, 2019). This change is consistent with the wider neoliberal trends of deregulation and employer flexibility of the labor market. Switching preferences of the workers is also important. Millennials and the generation Z are generally more focused on flexibility, autonomy and work-life balance rather than career security (Gallup, 2018). Gig work is a source of additional money on top of education, caring, or a conventional job to most people. These trends are only exacerbated by globalization, which allows companies to outsource work internationally and establish a worldwide digital labour force to serve freelance and platform-based businesses (OECD, 2019).

Benefits of Gig Economy

The gig economy has a number of benefits to both the employees, companies, and the overall economy. Gig employment offers flexible income-generating opportunities to workers, particularly those who are unable to enter formal labor markets due to some form of barriers, including women, students, migrants, persons with disabilities, and older workers (Berg et al., 2018). The possibility of flexibility in working hours and working on projects means that people are able to customize their work settings to their own needs and interests. Gig work is also a possibility to use the skills and diversify income. Employees have the opportunity to commercialize certain expertise, create professional portfolios, and acquire experience in many projects and customers. In other situations, even the best-skilled gig employees might get incomes similar or even greater to those in traditional jobs (Kässi and Lehdonvirta, 2018). In the view of companies, the gig economy promotes efficiency and scalability of operations. Companies do not have to bear the fixed labor costs that they can easily modify labor requirements based on the market demand, making them more competitive and innovative (Sundararajan, 2016). On the macroeconomic level, the gig economy can expand the labor force participation and spur entrepreneurship and more efficient allocation of labor resources, which lead to the economic growth (OECD, 2019).

Issues and Problems of the Gig Economy

The advantages of the gig economy do not negate the fact that it leads to major concerns about the quality of work and welfare of workers. One of the biggest issues is that income insecurity since gig workers tend to have fluctuating income, time off without pay, and unpredictable number of workers (Berg et al., 2018). The lack of guaranteed minimum wages increases income turmoil and financial strain. One of them is the absence of social protection. The majority of gig employees are designated as independent contractors, which means they do not receive the statutory benefits like health insurance, paid leaves, maternity benefits, and pensions. This makes workers vulnerable to sickness, financial depressions, and life-cycle risks (ILO, 2021). Precarity is also aggravated by algorithmic management. Digital platforms rely on the rating system, automated performance assessment, and obscure algorithms to distribute work and allocate compensation. These systems have the potential to make power imbalances stronger and employee freedom weaker, diminishing the possibility of collective bargaining (Rosenblat & Stark, 2016). The grey area in the labour law due to legal uncertainty around the classification of employment makes it harder to enforce and, in most cases, places the gig worker in a grey area (De Stefano, 2016).

Suggestions for Gig Economy Worker Insecurity

Governments can improve income security of gig workers by setting minimum standards of earnings, including floor wages, based on working hours or completing tasks. Stabilizing income fluctuations and eliminating the unpaid labor of workers can be achieved through measures such as guaranteed minimum pay per task, compensation of waiting time and cancellation fees. The social protection mechanisms should be extended to the gig workers regardless of their employment status. This may be done by way of portable and contributory benefit programs that supplement health insurance, paid leaves, maternity benefits, disability coverage, and pensions, where platform companies would contribute in various ratios to the earnings of workers.

Legal loopholes in employment classification must be addressed by having clear legal frameworks. Classifying gig workers as an intermediate group or assuming that they are employees unless otherwise can enhance the precaution of labor and the effectiveness of the current laws. It is also of great importance that algorithmic management is controlled. It should be obliged to have a platform that will help in providing transparency in the way the algorithms distribute work, evaluate performance, pay, and provide workers with the right to clarification and human judgement of automated judgement. Lastly, the right to collective representation should be acknowledged in the law of gig workers. The platforms need to be responsible whereby they have a high level of control and shared responsibility models, including the state, platforms, and workers, can encourage fair wages, social security, and more sustainable gig economy.

The Gig Economy in India

The rise of India as one of the quickest-growing gig economies in the world has taken place across the domain of ride-hailing, food delivery, logistics, e-commerce, information technology, digital content creation, as well as online education. This growth has been influenced by factors like high population in the youth age group, high unemployment and underemployment rates as well as rapid digitalization (NITI Aayog, 2022). It is stated that gig and platform work has a huge potential of creating jobs and economical inclusion in India, according to NITI Aayog (2022). Nonetheless, Indian gig workers usually have low income and prolonged working hours, as well as, poor access to social security. Vulnerabilities are further aggravated by the informal employment and poor bargaining power. The new Code on Social Security, 2020 has become an essential milestone in policy-making because it officially acknowledges platform and gig workers as a separate group and suggests social security policies. However, the issues of worker registration, contribution systems, platform responsibility, and successful implementation still do not have solutions (ILO, 2021; NITI Aayog, 2022).

Gig Economy, Inequality, and Human Development.

The gig economy is a paradox that is quite complex in the view of human development. Although it increases the number of jobs and opportunities to earn money, it also increases the state of labor market precarity and inequality (UNDP, 2020). Lack of stable employment relations sacrifices income security, access to social services and long-term well-being. The low-paid and insecure work on the gig economy is disproportionately represented by women and people of color, which is frequently concentrated in areas like domestic service, delivery, and online microwork (ILO, 2021). There is also an absence of gender-based pay inequality, unpaid care, and upward mobility, which builds up even more on the socio-economic inequalities. Devoid of proper regulation, the gig economy will jeopardize the decent work, social justice, and inclusive growth principles. Human development perspective defines that the quality of employment, rather than the quantity, is essential to a greater ability and higher quality of life (UNDP, 2020).

Regulatory and Policy Responses

The discussion on policy changes is now focused on the necessity to be able to adjust the labor rules to the platform-based work. The international communities like the ILO and OECD suggest minimum wage-protection, social security access, and defining employment status to a gig worker (ILO, 2021; OECD, 2019). Other nations have developed hybrid labor market structures that still keep the labor market flexible, but with a few basic protections like minimum payments guarantees, insurance cover and collective bargaining. Such strategies show an increasing agreement that innovation should be weighed between the welfare of the worker and social protection (De Stefano, 2016). Some of the policy priorities in developing economies, such as India, are developing universal social protection, enhancing platform accountability, and encouraging formalization via digital worker registers and contributory schemes (NITI Aayog, 2022).

Future Outlook of the Gig Economy

The future of the gig economy is also directly associated with the development of technologies of artificial intelligence, automation, and working remotely. With the growing use of AI management systems by platform providers, gig work will become more widespread across more industries, such as professional services, health, and education (OECD, 2019). Nevertheless, technological advancement can also augment employee monitoring, robotic management, and job loss. The difficulty is in the fact that digital transformation can improve the productivity and inclusion instead of enriching inequality and precarity (ILO, 2021). The inclusive governance frameworks that enhance transparency, fair wages, and social protection accessibility and maintain flexibility and innovation will allow the sustainable growth of the gig economy.

Conclusion

The gig economy is one of the revolutionary aspects of the twenty-first-century labor markets that is influencing the process of work organization, performance, and payment. Gig work has caused a disruption of established employment relationships founded on long-term contracts and institutionalized social protection due to the forces of digital technologies and globalization, as well as shifting employer and worker preferences. It is not only a structural change in labor market, but also a socio-economic change with far-reaching consequences. These benefits of the gig economy significantly contribute to the flexibility in labor markets and increasing access to income-generating opportunities especially in the groups that traditionally lacked access to formal jobs. Digital platforms also allow workers to commercialize skills, select working hours, and enter international markets, which enhances entrepreneurship and innovation and more efficient labor distribution. On the macro level, these characteristics can underpin increased participation of workers and economic growth, particularly in developing economies such as India. Concurrently, the gig economy poses critical issues pertaining to the quality of jobs, the inability to earn money, and social justice. The fact that gig workers are classified as independent contractors deprives them of the most fundamental labor rights including minimum wages, social security, and collective bargaining rights. Power imbalances and economic precarity are worsened through income volatility, algorithmic management, and the opaque structure of platform governance that compromises the long-term health and human development of workers. This duality is manifested in the Indian experience. Although the gig economy has a huge potential in terms of creating employment opportunities and digital inclusion, it is limited by informality, poor enforcement of regulations and a lack of social protection coverage. The Code on Social Security, 2020, mark policy initiatives are the steps in the correct direction, but the primary issues are the successful implementation and accountability of their platform. To sum up, the gig economy is not a new and insignificant trend but an integral part of the contemporary labor market. Adaptive labor laws, widened social safety, and a developmental attitude that balances flexibility with decent labor and security of the workers are needed to ensure that it positively impacts on economic growth, social equity, and human development.

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