

Knowledge Workers in the Gig Economy during COVID-19

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Change is very real and businesses - large or small, formal or informal - are acting at the speed of insight to steer change. The gig or sharing economy initially claimed to be able to redefine white-collar jobs and transformed the way we perceived the very existence of professional service firms. For example, why would you need to outsource a data analytics firm for a project when you have an easy and quick access to experts, connected by a digital platform with global reach. Such a stance, e.g., was made by the popular Netflix million-dollar challenge in 2009 that was looking for someone who could develop the best recommendation algorithm. It was won by a team that didn't belong to a single firm and they were not working remotely across lands.

While the concepts of 'sharing economy' or 'collaborative consumption' or 'freelancer economy' are not new, Tina Brown from the New Yorker first coined the term "gig economy" in 2009. It described how workers in the knowledge economy increasingly were pursuing "a bunch of free-floating projects, consultancies, and part-time bits and pieces while they transacted in a digital marketplace."

Over the years, both the nature and structure of gig economy have changed dramatically. With the dot com boom, and of course the emergence of 'mediator' or the connecting platforms made things easier than the conventional 'word of mouth' recommendation-based gig work for freelancers. There has been tremendous

growth in the gig economy, but most of it can be attributed to unskilled work such as driving (Lyft, Uber, Ola, DiDi), delivering (food, parcels, etc. through Zomato, Swiggy, Deliveroo, Meituan), and doing simple errands (TaskRabbit, Just Dial).

However, the stability in the gig economy for knowledge workers in particular, e.g., engineers, consultants, management executives – has not been experienced yet. Research shows that the evidently huge diversity visible in the nature of gig work and those enrolled with it poses a challenge for measuring and understanding the experiences of the gig workers. New interfaces are also created between traditional employment practices and the gig economy, debates on precariousness of gig work that aims at 'perform or perish', while arguments are also in favour of flexibility and lifestyle freedoms for some. In other words, the debates around 'feast or famine' lifestyle choice of certain groups of freelancers are not exclusive anymore.

Things are competitive in both skills and practicality in the knowledge economy gig work. For example, a Korean business person living in India looking for tax advice. If this is conducted using the gig economy, there are two options, A) find an accountant competent in both India and Korean taxation systems (good luck with that!) or B) use two freelance accountants, one specializing in the Indian tax law and the other in Korean law. The second option would need to ensure that the two

‘coordinated’ properly with each other, which might not be easy. Equally important would be to make sure that both of them are as competent as they claimed to be before the business responsibly decides to draw up a contract. There is clearly a high transaction costs (search, background check, coordination and contracting) which would go away quickly if the business decides to drop all the hassle and hire a company like KPMG instead. So, although there may well be cheaper and efficient ways of getting a tax advice remotely but transaction costs remain a key concern. This is something important to consider for knowledge workers within the gig economy.

However, new technologies have significantly lowered transaction costs across the board. Digitization of knowledge work has opened doors for more objective evaluation, which not only makes it easier to have more reliable customer feedback and ratings, but also makes it easier to create performance-based contracts. New artificial intelligence algorithms have the capability to help in cost-effective matching of demand with appropriately skilled individuals. It can be also argued that there is too much focus on external moderation and review process, the power lies exclusively in the hands of ‘users’ or ‘customers’ and leaving very little room for error and inability to secure a ‘higher rating’ by the gig worker. The success of platform-based gig work is after all based on user ‘ratings’ and ‘comments’, in other words virtual or digital reputation.

While knowledge economy-based gig workers have promoted themselves as providing flexible work that can be lifelines to institutions during economic downturns, a research that studied 43 business analysts and lawyers in Canada and the United States over the past 3 months shows that the services have been

anything but that. Due to the pandemic, gig workers’ earnings have plummeted and many have become disgruntled about their lack of health care in particular apart from reduced work allocation by the partnering online platforms. Many others are also feeling economic pain from the outbreak — layoffs have hit workers in retailing, airlines, hotels, restaurants and gyms — but even as public health agencies have recommended social isolation to insulate people from the virus, gig workers must continue interacting with others to pay their bills.

As the disruption unfolds, the World Economic Forum have identified those reliant on the gig economy for work as among the hardest hit. Will the current crisis propel a response from stakeholder groups (e.g. gig based work platforms, governments, individuals, trade unions etc.) to steer the course away from plummeting income and job offers in the gig economy?

"One result may be that even though we will undoubtedly lose many in-person businesses, we may have a more robust on-and off-line landscape of experiences and businesses available after the pandemic," says a study by the University of Illinois.

While questions and complaints are plenty, there are practical challenges associated with predicting the future trajectory of the gig economy, regardless of a pandemic, since it is A) amorphous, B) varied, and often of C) hidden nature. The gig economy we see today refers to the broad trend towards the use of freelance contractors on a short-term basis, who are often connected to contractors through mobile platforms.

The gig economy. Workplace culture. Technology-richness. Knowledge workers. Today's business world is about much more than *what is done*—it's also about how and why. Ease, convenience, trust and speed are some of the essentials to tick off the list. One of the objectives of gig workers or freelancers is to achieve a sense of meaningful fulfilment, regardless the nature of contract that they find themselves in at times.

The economic havoc wreaked by the coronavirus pandemic will fuel the gig economy as companies become increasingly wary of hiring permanent staff and rising unemployment leads to an increase in the number of individuals seeking contract work. In a climate where the needs of customers are changing, or the

future is more uncertain and unpredictable than ever, the notion that a business can hire someone and know the work they're going to do for you for two years, let alone for a lifetime, doesn't really exist anymore. Whether it's a digital artist, programmers, business consultant or analyst or even a lawyer.

At the same time, rising unemployment meant more skilled workers were seeking contract work, i.e., Demand for labour, will source from organisations aiming at adding new skill sets and capacity while surviving during turbulent business tilters. The Supply of labour, on the other hand will come from individuals who increasingly need new sources of income.
