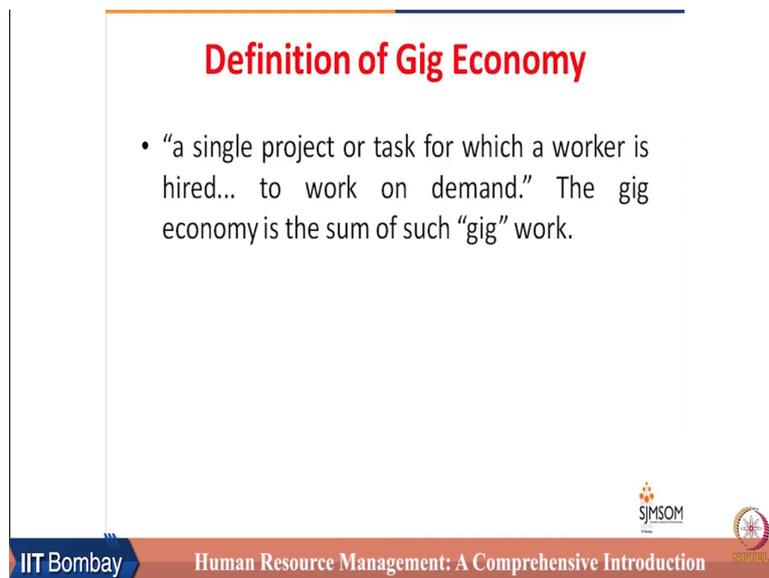


Advances in Strategic Human Resource Management
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HRM in Gig Economy Firms
Lecture - 08 A
Gig Economy: The Introduction

[FL] in this session, we are going to discuss Human Resource Management practices and approaches in Gig Economy firms.

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Definition of Gig Economy

- “a single project or task for which a worker is hired... to work on demand.” The gig economy is the sum of such “gig” work.

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We all know that definition of gig economy relates to the single project or task for which the worker is hired on work on demand. So, the economy which is based on these kind of task

and of course, followed by the monetary exchange that economy, that aspect of economy is called gig economy. And the work of this nature is called gig work.

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What are the Gig Economy Firms and their Roles

Uber has Vehicles and Drivers

Air BnB has Properties

Zomato delivers to customers

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We all must have heard about or most of us would have used the services of Air BnB, Uber, Zomato etcetera. The specialty of the gig economy firm is reflected in these examples. These examples of these organizations have become part of our daily lives.

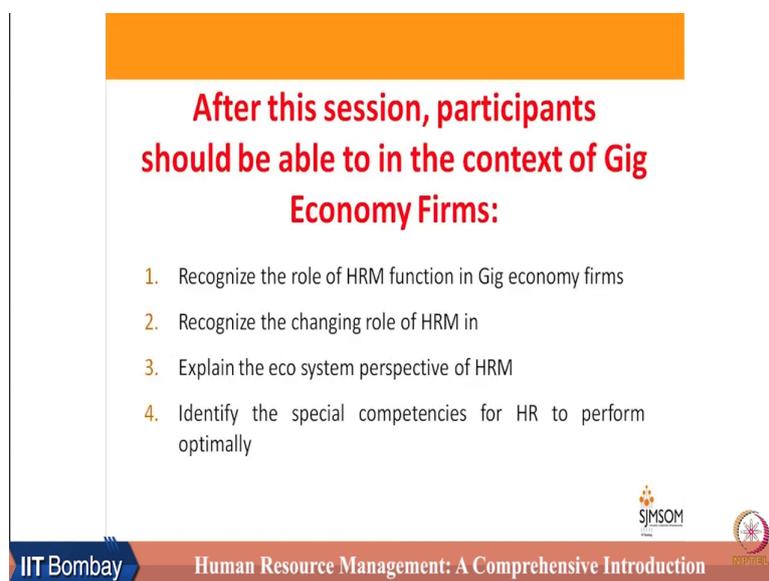
So, Uber though its a company which uses its platform to take people from one place to another in number of millions every day, all across the world does not own a single vehicle. They do not have drivers as their full-time employees. And still, this is a transport company; that means, it is in the business of taking people from one place to another.

Air BnB which has so many properties all across the world, millions of people again check in the Air BnB properties all across the world does not own a single property. So, properties are owned by the requesters who post the who post the information about the property on the Air BnB website and Air BNB connects these requesters with the customers.

Similarly, Zomato; you must have heard about the very successful IPU of Zomato last week. It delivers large number of customers their favorite cuisines without owing a single hotel. So, these are the examples of gig economy firms which are governed based on technology where people engage with their service people approach these organizations as a requester wherein, they list themselves.

This is also supported by the gig workers who connect the requesters and the end customers.

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After this session, participants should be able to in the context of Gig Economy Firms:

1. Recognize the role of HRM function in Gig economy firms
2. Recognize the changing role of HRM in
3. Explain the eco system perspective of HRM
4. Identify the special competencies for HR to perform optimally

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So, in this session, we will look at what are what is the role of HRM in the gig economy firms? We will try to recognize the changing role of HRM in these firms. We will also study the ecosystem perspective of HRM which is proposed to be most relevant for gig economy firms and we will also identify the special competencies required for HR professionals to perform well, perform optimally in the gig economy firms.

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Special Acknowledgement

- Meijerink, J., & Keegan, A. (2019). Conceptualizing human resource management in the gig economy: Toward a platform ecosystem perspective. *Journal of managerial psychology*.
- Malik, A., Budhwar, P., & Srikanth, N. R. (2020). Gig economy, 4IR and artificial intelligence: Rethinking strategic HRM. In *Human & Technological Resource Management (HTRM): New Insights into Revolution 4.0*. Emerald Publishing Limited.

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I would like to specially acknowledge these two articles from where large portion of this lecture is being drawn. These two articles in a way are very recent and also gives very comprehensive understanding about the HR issues in the gig economy firms.

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Examples of Gig Economy Firms and their Role in Economy

- Transportation (e.g. Uber),
- Cleaning (e.g. Helping),
- Household do-it-yourself (e.g. TaskRabbit)
- Programming (e.g. Clickworker)
- Household services (e.g. Urban clap)

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So, there are multiple examples in so many sectors of the economy which are influenced by which are having very large significant players which in the form of gig economy firms. So, in the transportation we gave example of Uber or Ola in India. For cleaning related help there is a help link or even the urban clap has now started giving the cleaning facilities.

Household to do it yourself kind of a stuff that is offered by a task rabbit programming related work is crowd sourced in the click worker platform and again the urban clap or some similar platforms are acting as an aggregator for the household service providers. It range from cleaning to carpentry to electricians work to massage to the haircut and so on and so forth. In All aspects of life gig economy firms have now entered.

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Why Study Gig Economy?

- The first is that full time jobs are disappearing. Instead of creating jobs companies are increasingly disaggregating work from a job.
- Full-time employees are becoming the worker of last resort. The trends of hiring part-time workers and independent contractors, automating, and outsourcing have become persistent, widespread, and are growing.
- Low engagement of full time workers (Gallup surveys), independent workers are more satisfied with nearly every aspect of their working lives than employees (McKinsey survey), 74% freelancers prefer being an independent worker and have no intention of returning to a (Future Workplace/Field Nation survey).

Inherent in the gig economy is the choice, autonomy, flexibility, and control that drive worker satisfaction, but which full-time employees often lack.

MBA students interested in pursuing contract work, consulting projects, and freelance assignments need to prepare themselves to find or create opportunities.

Mulcahy, D. Why I Tell My MBA Students to Stop Looking for a Job and Join the Gig Economy, HBP

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Why a MBA or an engineer should well worse with the gig economy and gig economy firms? It is related to the larger schema or the trend observed in the corporate world; in the organized labor sector. That trend is that there is low engagement in amongst the full time workers. Independent workers are found to be more satisfied with nearly in every aspect of their working lives in comparison to the full-time employees.

74 percent three-fourth freelancer prefer being an independent workers. So, those who are working as freelancers are not working because of their compulsion. Most of them are working because of their choice and that is why three-fourth of them do not want to become the full time worker if given a chance. So, it is important to understand how the economy is changing and accordingly the job of the future will be will be getting generated in these firms.

So, we are going to study gig economy firms not as an outsider. We need to understand gig economy firm as a phenomena which is not only influencing us as a customer. It is also going to influence us as a working professional. It is going to also impact our professional choices. It is not only the consumption choices, but the professional choices also going to be affected by the gig economy firm full time jobs are actually disappearing.

Instead of creating jobs companies are increasingly disaggregating work from the jobs and they are going for the outsourcing. Large number of automation related initiatives supported by AI and ML are helping companies organization in many ways to scale up their operations yet at the same time decreasing the number of full time employees.

I will give you example of a retail bank. Earlier, in our typical retail bank there would there used to be offices in a small or in a middle size branch in India there would be 4, 5 probationary officers or bank officers plus a manager and they would used to be 7, 8 as 5 to 7 number of clerical staff. Clerical staff used to have a major responsibility of checking the records, maintaining the records etcetera.

With the advent of the core banking services and the digitization of the banking jobs banking related activities and transactions, role of clerical staff has decreased very significantly. So, in many public sector banks where they cannot retrench the employees when they are not needed for the particular job.

For which they are hired many of them are training these clerical staff to work as marketing professional at least to some extent; wherein, their job now not only includes taking care of this record; because that takes very small time, but they are also supposed to go out in the market, build the network and get the customers.

So, companies are deliberately making efforts and technology combined with globalization is facilitating that effort to reduce the full-time job. Secondly, full-time employees are becoming worker of the last resort. Because, for full time employee organization have has to provide many. The trained of hiring full time worker an independent contractor and combined with

automation and outsourcing gives immense freedom and flexibility to the business organizations.

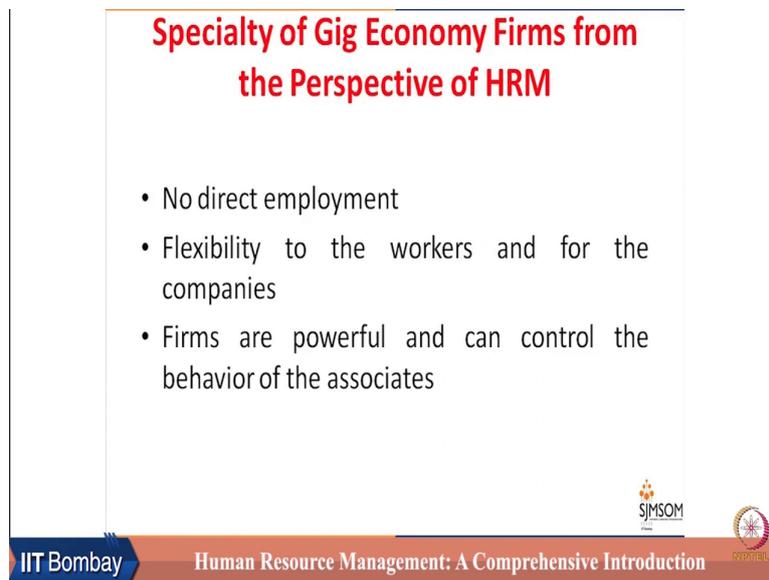
And because of this flexibility which is because of this flexibility, they prefer not to hire a full time workers; because with the full time workers they have to meet many other social security related or working condition related or dispute resolution related or representation related statutory requirements. So, inherent in the gig economy is the choice, sense of autonomy, flexibility, control that drive workers satisfaction.

But which full time employees often lack and as a result of that more and more people particularly the millennials will be having a preference towards working as independent professionals. And there will be many more platforms connecting the requesters in the form of independent professionals or independent small companies, small setups like small restaurant etcetera connecting the service providers and this trend is going to increase.

MBA students or bachelor students, in fact, any in fact, all the people who have career as all the people who have to work in near future need to be well versed with the functioning of the gig economy. So, MBA student need to take now active interest in pursuing contract work, consulting projects, freelance assignment and MBA program needs to prepare them to find these work. To be successful in gig economy.

So, gig economy we are going to discuss the HRM aspect of it, but are inevitable part of us our life as customers and as professionals we need to have good understanding of the functioning. We need to be aware of it and aware of the this aspect of economy and we need to identify the appropriate competencies which can help us to be successful in the gig economy situation.

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Specialty of Gig Economy Firms from the Perspective of HRM

- No direct employment
- Flexibility to the workers and for the companies
- Firms are powerful and can control the behavior of the associates

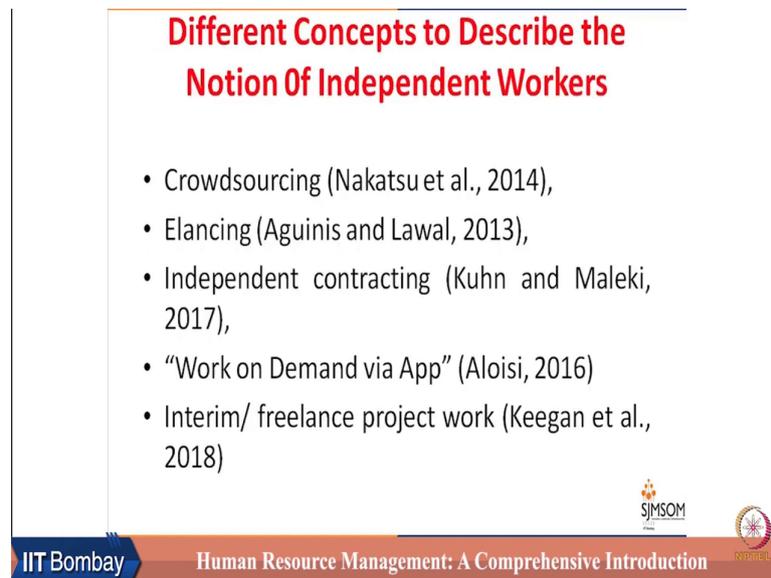
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A specialty of the gig economy firms are, that they do not provide direct employment. Very very few people are directly employed in these economy firms. Whereas, large number of people most of the people who are working for this particular firm are independent workers and they are not in the direct employment of the company. Second, there is a flexibility to workers for the company. So, workers can any time stop their association with one gig economy firm and build association with another gig economy firm.

Firms are powerful and they gain power as their network grows that result into network effect. Network effect gives power to the firms and that power can be used to control the behavior of their associates as well. So, you can see it is a very complex situation. They do not have the direct employment; they do not give direct employment. Workers have

flexibility, but eventually these firms going to have major ways and lot of data to control the behavior of the service providers or associates.

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Different Concepts to Describe the Notion Of Independent Workers

- Crowdsourcing (Nakatsu et al., 2014),
- Elancing (Aguinis and Lawal, 2013),
- Independent contracting (Kuhn and Maleki, 2017),
- “Work on Demand via App” (Aloisi, 2016)
- Interim/ freelance project work (Keegan et al., 2018)

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So, naturally the HRM function going to be different in these firms. When we talk about independent workers, we see several terms being used. Some of these are given here in the form of Crowdsourcing, Elancing, Independent contracting, Work on Demand via App, Interim freelance project work etcetera. These words will be changed will be used interchangeably in this session.

Wherever their meaning differ, I will be explaining how they are different from each other.

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Different Nature of Gig Economy Works

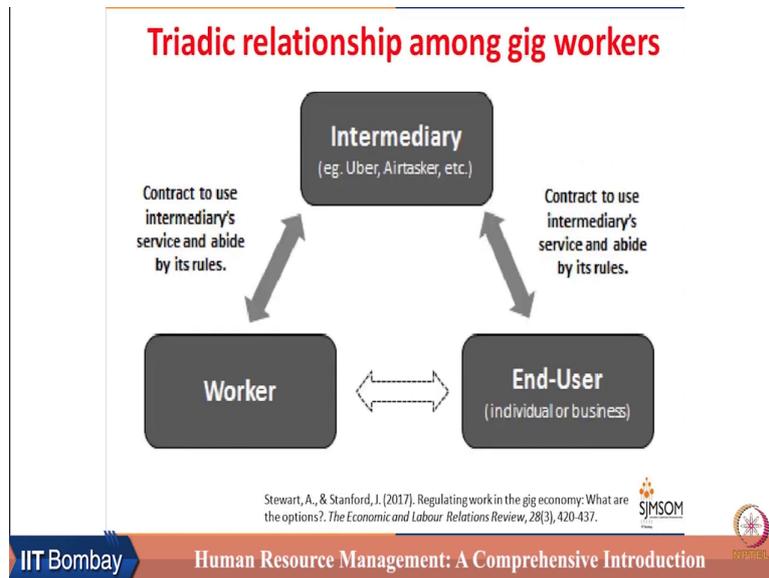
- elancing and “work on demand via app” may involve the sourcing of micro-tasks that are highly structured (e.g. delivering meals or translating a piece of text)
- Short-lived assignments which are less structured and more creative in nature, such as idea generation, idea evaluation or problem-solving activities

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For example, Elancing and Work on Demand via App may involve sourcing of micro task; that are very structure, predictable like deliver delivering meal or translating piece of text a piece of voice into the text. So, these are very structured kind of task. But short lived assignments this term is generally used for the task which are less structured and more creative in nature.

So, the task which require idea generation, idea evaluation, problem solving activities these are the short term assignments.

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In a typical gig economy firm, we see a triad in relationship. In triad is of the intermediary, worker and end user. So, worker and end users are connected by the intermediary and in this way, we see there are three major entities operating in any gig economy firm.