

Advances in Strategic Human Resource Management
Prof. Ashish Pandey
Shailesh J. Mehta School of Management
Indian Institute of Technology, Bombay

HRM in Gig Economy Firms
Lecture - 08
Types of Platforms Firms and Legal Challenges in Gig Economy

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| Types of Platform Firms | Information Providers | Matchmakers | Administrators | Intermediary platform firms |
|--|-----------------------------------|--------------------------------------|--|--|
| | Online job boards Ex. LinkedIn | Search firms Ex. Bharat matrimony | Temp agencies Ex. NoBroker | Online labor platform firms Platform cooperatives |
| Examples | Social media | Headhunters | | Platform cooperatives |
| Level of HRM responsibilities of intermediary | Low | Medium | High | High |
| HRM activities designed and/or implemented by intermediary | Recruitment | Recruitment Selection | Recruitment Selection (Development) Appraisal Compensation | Recruitment Selection (Development) Appraisal Compensation Job design Workforce planning |

Meijerink, J., & Keegan, A. (2019). Conceptualizing human resource management in the gig economy: Toward a platform ecosystem perspective. *Journal of managerial psychology*.

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Based on the functioning and the level of engagement of HRM, we can identify four Types of the Platform Firms or Gig Economy firms. Information providers, matchmakers, administrators and intermediary platform firms. Information providers, for example, they give online job boards. So, LinkedIn is a very good example and this falls in the social media. There are other examples also in the social media which provide basically the platform to give information. So, they are information provider.

In these kind of firms, HRM responsibility is very low. So, for example, Twitter. So, Twitter is also information provider, but they have less of HRM responsibility towards their end users. They have major responsibility in terms of the validity of the content or the suitability of the content. So, for that they can have policies. Otherwise, there are not much HR-related responsibility of these firms for the service providers as well as for the content generators.

HRM activities are designed to be or implemented by inventory generally is related to the recruitment process. So, they recruit people. They help in recruitment that is it. Then there are examples of matchmakers. Matchmakers, the Bharat matrimony is one example of the matchmaker. Headhunters, the organizations which help companies to identify suitable talent like naukri dot com or monster dot com etcetera.

There the role of HRM becomes little more engaged, little more intense. Because they need to do the background check, they need to know the validity of the information posted, they need to know more details of the requester as well as service provider or they need to have the information checked of the even the consumers.

In these in these kind of firms, recruitment and selection, these two activities become more important. Administrators are like they work as temporary agencies. So, they do not engage with the customer in the full employment kind of mode, but their service, but their, but their services are more are of more engaged nature. One example, is of the nobroker dot com. This nobroker dot com, this company provides a platform to connect the homes, sellers and prospective buyers.

They also connect home owners and prospective tenants. They not only connect because that connection or matchmaking is done by the search firms as well, but they are called admins they can be called or they should be called administrator because they not only connect, they also employ field officers who actively engage with the customers. Those who have to purchase home or sell home, they look for the inspection of the property, they ensure that all legal provisions are met when the deal is completed.

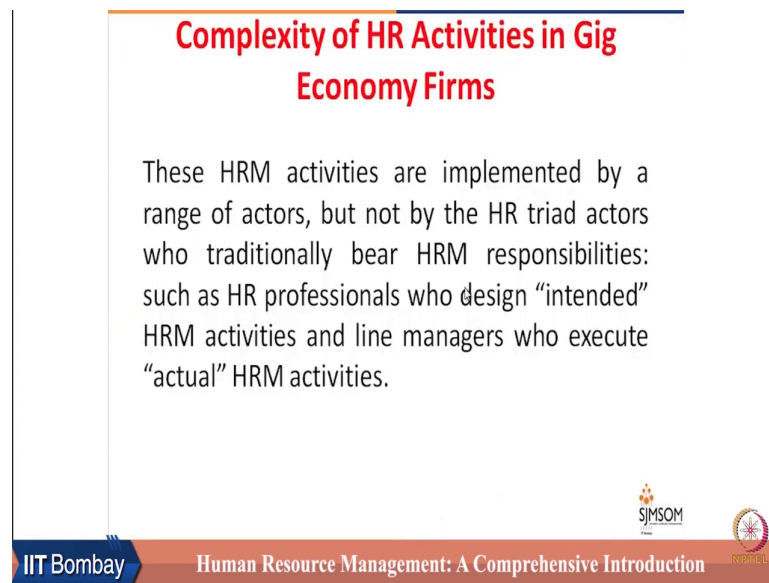
So, this kind of economy, this kind of firm requires more active HR. So, here that recruitment and selection and appraisal compensation also are important part of HR activities in the administrator's organization. Then comes the intermediary platform firms. Intermediary platform firms are like online labor platform firms, platform cooperatives, the level of HRM responsibility is much higher in these firms.

So, example like Zomato or Uber or Urban Clap. These are the examples of intermediary platform firms because large number of service providers, large number of independent professionals are associated with them and large number of customers take important services from these requesters or these professionals.

These professionals are supposed to behave in certain way. They need to maintain certain level of professionalism to ensure that these firms have to actively engage in not only recruitment and selection, but also job design, work force planning, performance appraisal and training and development as well.



So, depending on the engagement, the intensity of the engagement of the firm, we can get different types of the gig economy firms and in the different types of the gig economy firms role of HRM happens to be of different nature.

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Complexity of HR Activities in Gig Economy Firms

These HRM activities are implemented by a range of actors, but not by the HR triad actors who traditionally bear HRM responsibilities: such as HR professionals who design “intended” HRM activities and line managers who execute “actual” HRM activities.

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Complexity is immense in this environment because here it is not a typical triad actor which is which works in the formal firms with respect to HR practices. The what is the formal triad actor? The formal triad are the HR managers, line managers and the employees.

They all have clear cut contract about their relationship and about their exchanges. In the gig economy firm though contract is there, but there is lot of flexibility in that contract itself. So, this typical triad does not operate in the gig economy firm.

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Quasi HR Activities in Gig Economy Firms

- **Pay administration:** fees are automatically paid and administered
- **Performance management:** By online rating schemes which enable requesters to evaluate gig worker performance
- **Coordination and control:** gig worker behavior can be remotely monitored

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So, pay administration is there in the gig economy firms, but fee is not paid by the by the company. It is paid automatically or it is paid by the person who gets the service from this from the associates. Performance management is also there.

Many of you most of you rather would have given the rating to the driver after taking the ride from Ola or Uber, but that and these kind of ratings contribute to the performance management of the service provider of the requester. In this case it is the driver who is the requester, but that performance management and that performance data is given by the end user and not by the supervisor or not by the organization.

Organization at best compile this data and based on this compilation it can reward or punish the requester. Thirdly coordination and control work involved in the gig economy generates

lots of data. For example, the Uber driver can be tracked wherever the person is, if the person is driving or not driving sitting idle all that behavior can be tracked.

Similarly, for the Zomato we can know which is the restaurant about, which is the restaurant, which supplies best chola bhatura in particular community or what is the particular dish which is very very popular, which is the most popular of a particular restaurant or in which area what kind of products are in demand. So, all these information is are available to the gig economy firm.

And that is the result of their immense coordination and control process and this information provides lot of power to these companies. They can influence the behavior of the requesters remotely.

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**Legal Challenges to the “Gig”
Employment Status: Example 1**

**Aslam v Uber Case 2202551/2015 London Central
employment tribunal, November 2016**

Judge held claimants are “workers” and entitled to paid annual leave, sick pay, a maximum 48 h working week, the national minimum wage and the protection of whistleblowing legislation. The claimants sought compensation for failure to pay the minimum wage and failure to provide paid leave. Two claimants complained of detrimental treatment on “whistle-blowing” grounds

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And as a result of these complexity, we come across certain cases. So, there is a famous case of the London Central and employment tribunal judge actually held the claimant that they are the “worker” and entitled to be paid annual leave, sick pay maximum 48 hour working week, national minimum wage and protection of the whistleblowing legislation, to whom? To the drivers of the Uber.

The claimant sought compensation for failure to pay the minimum wage and failure to provide paid need. So, two claimant complained of the detrimental treatment on the whistleblowing ground and the decision of the case came in favor of the claimant that they should be treated on many aspect about many aspect as equal to as the workers.

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**Legal Challenges to the “Gig”
Employment Status: Example 2**

**Pimlico Plumbers Ltd and another (Appellants)
v Smith (Respondent) (2018) UK SC**

Supreme court rejected an appeal by Pimlico Plumbers to the finding that Mr Smith, by virtue of the extensive controls over his performance, and requirement for him to provide services in person, had the status of a worker under several pieces of legislation and not as self-employed

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Second case is again of the UK if is between the Pimlico Plumbers Limited and Appellant. In this case as well Supreme Court rejected the appeal by Pimlico Plumbers to the finding that

Mr. Smith who is the appellant by virtue of extensive control over his performance and requirement for him to provide services in person had the status of worker under several pieces of legislation and not as self-employed.

So, gig economy firm with the help of technology with the innovative business model they generated certain special kind of the arrangement and interaction, but these interaction and engagement in these two cases were compared as a full-time worker kind of association.

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**Legal Challenges to the "Gig"
Employment Status: Example 3**

Intersindical Valenciana vs Deliveroo (Reported by Reuters June 4, 2018)

A Spanish court has ruled that a Deliveroo rider is an employee rather than a self-employed contractor. As the rider in question was a Deliveroo employee, the court found that his dismissal from the company was inappropriate and ordered him to be either rehired or compensate

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So, this case is by a claimant versus a Deliveroo this is a another platform firm which is which provides the delivery services. So, the Spanish court ruled that Deliveroo rider is an employee rather than self-employed contractor. As rider in the question was a Deliveroo employee the court found that his dismissal from the company was inappropriate and ordered him to be either rehired or compensate.

So, you can see that technically we can say that gig economy firms are not hiring people, but they have so much control on these associates that in these three cases the claimants or the requesters were considered on par with the full-time worker of the organization. And as a result of that they were found to be liable to get the facilities or compensation similar to not exactly, but very comparable to a full-time worker.