

Labour Practises in the emerging gig economy in India: A case study of Urban Clap

Presented by

Ruchika Chaudhary

61st Labour Economics Conference, Punjab

08 December, 2019

Introduction

- The concept of work is changing, and so is the future of work/employment and production
- Technological advances and extension of global supply chains have altered the processes of production, and thereby changed the organization of work, workplaces, and labour practices
 - All this has resulted into emergence of the gig/platform economy
 - Thereby flexible jobs and gig-based employment are rapidly expanding and heavily impacting the nature of work/employment
 - which in turn have a larger bearing on the process of informalisation of the labour relations

Defining gig economy

- The gig economy can be classified into the **digital gig economy** and the **physical gig economy** with the former involving online labour- freelance work, crowdwork or microwork and the latter involving **work-on-demand via apps**.
- Both categories of work have differing skill requirements.
- Literature on the gig economy has focused largely on crowdwork, and where the physical gig economy is concerned, has suffered from an **Uber-bias**.

Online labour vis-a-vis Work-on-demand

- Online labour can be performed remotely. And, by virtue of its' remote nature, provides employment opportunities that were earlier less accessible to workers from developing countries. Online platforms facilitate North-South trade, with employers being predominantly from high-income countries and workers from low-income countries.
- 'Work-on-demand' is a form of work where traditional working activities (such as transport, cleaning, beauty services etc.) are channelled through apps that match demand with supply. These apps, beyond acting as intermediaries, set minimum quality standards of service and select and manage the workforce .
- In India, the gig workforce is concentrated in aggregator companies such as cab drivers (Uber, Ola), delivery executives (Zomato, Swiggy, UberEat, Flipkart, Dunzo etc.) and service providers (UrbanClap, Housejoy etc.)

Gig economy is not new

- Some researchers argue that this type of work is nothing new; gig workers have been at it for a very long time.
- British historian Tawny Paul explains that **“Prior to the industrialization in the 19th century, most people worked multiple jobs to piece together a living.”** – which is also the case with modern-day workers.
- Some researchers have also compared gig work to piecework (which has been around for hundreds of years).

Pros and Cons of the gig economy

- There is a growing realisation that work is what people do and not where they do it. Therefore, businesses increasingly connect and engage with freelancers and independent workers on short-term basis through digital platforms (WEF, The future of jobs report, 2016).
- The remote nature of crowdwork and the flexible working hours can allow persons with constraints such as limited mobility, social barriers and care responsibilities to enter the workforce.
- This flexibility, however, comes with a trade-off with security of work. Gig workers are paid on the basis of completion of a certain number of tasks. Where work is rare, this kind of work can compromise on the regularity of income (Heeks, 2017; Graham & Woodcock, 2017; Liebman, 2016).

Gig work is a non-standard form of employment

- Workers within the gig economy are generally designated as independent contract labour, with the platform acting as an 'intermediary'. This can lead to workers being free from several vicarious liabilities and obligations (as they act as free agents of the market and exercise relative freedom of choice in decisions pertaining to work), but also being excluded from benefits and protections from employers (De Stefano, 2015).
- In a move to protect workers from this exclusion, the California Senate passed a bill in September 2019 that sought to reclassify gig workers as employees rather than independent contractors, allowing them to access the benefits and protections afforded to standard employees.

Commodification of work and the Rights of the gig worker

- Gig workers are not identified as 'workers', and are thus not covered under the standard employee contracts. Payments for workers in these sectors are determined by the 'gigs' they perform and are directly affected by demand fluctuation. This can lead to severe commodification of work and these processes are redefining the labour relations rapidly and impacting the working conditions as well as organisation of work.
- The nature of employment and the absence of social security, exposes workers to vulnerability in the long run. In addition, the gig workers are unable to unionise and have low bargaining power of labour (De Stefano, 2015; Graham & Woodcock, 2018).
- Gig workers face significant challenges in terms of regularity of wages and working conditions. Many platform-based workers make less than minimum wage in their jurisdictions (ILO, 2018).

The rise of the platform economy in India

- There is a lack of formal statistics and thereby no reliable data are available on the number of gig jobs created so far in India.
- Besides, there is low evidence on the impact of online labour and usually, workers are the only stakeholders interviewed (Heeks, 2017).
- Gig economy has evolved in a major way in urban India, and is providing employment to millions of migrant workers, and has the potential for generating more employment in the future (BetterPlace, 2019).
- As per data from TeamLease Services (a human resource firm), approximately 56 per cent of new employment in India is being generated by the gig economy, which is inclusive of both the blue-collar and white-collar manpower. And Delhi is the top destination for migrant workers joining gig economy.
- The steady expansion of the platform economy in India has been enabled by both demand for services provided as well as a steady supply of workers willing to take up jobs.

Gig work is a professional reproduction of informality

- In India, where non-standard forms of employment are not new and has a whopping 92 per cent informal jobs (contributing to 50 per cent of the national product), gig jobs contribute a new kind of informality, which makes the existing challenge more difficult to resolve.
- Many workers work multiple jobs for multiple employers on piece-rate basis. Platform work in India, therefore, can be seen as a “professional” reproduction of this informality.
- Under the Indian government’s new Code on Wages, an **employee** refers to any person who is “employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward”, while a **worker** is defined as any person “employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward” (Code on Wages, 2019). Both these definitions exclude the nuances of the platform worker.

Women in the platform economy

- At the outset of the platform economy, it was expected that gig jobs would allow women who have domestic and care responsibilities to balance these with income earning opportunities. However, **the creation of new opportunities has been highly gendered**, allowing women to “professionally” take up work that is either highly stigmatized (beauty services, massage services etc.) or formalized care work (nannies, nursing etc.).
- Additionally, there is a dearth of rigorous academic research on this aspect of changing structures of service sector labour practises, organisation of work and its implications for women informal workers.
- Reports by PwC and McKinsey clearly indicate that the **low-paid, less skilled work dominates India’s gig-economy** indicating a transition of the workforce into these newly altered informal labour practises, where aggregator companies play a big role in further informalising the processes.

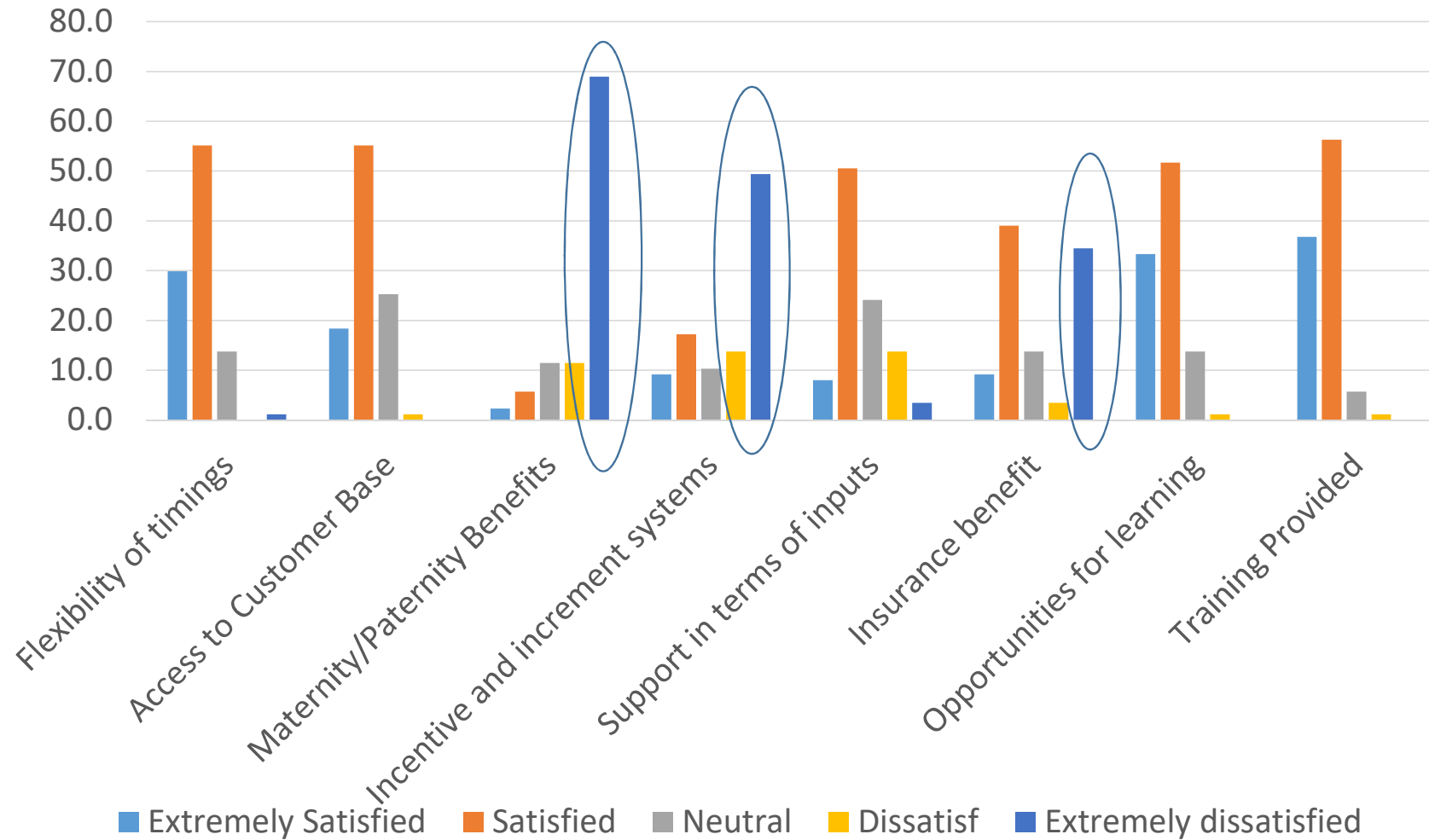
Our case study: UrbanClap

- UrbanClap, founded in December 2014, is one of the largest online services platform of India, which provides an end-to-end service delivery, in the hyperlocal services segment. It has redefined how local services and servicemen were being hired in India. UrbanClap currently operates in 14 cities in India as well as in Dubai and Abu Dhabi, employs around 20,000 trained professionals and serves 5 million customers.
- Our hypothesis of ‘informalisation’ of the workforce getting intensified through the emergence of gig work and impacting the labour relations within the sector, is tested by using the preliminary findings from an UrbanClap survey of women service providers working in the beauty and wellness segment including spa, fitness and salon services. The pilot study is still in progress.

Highlighting some findings from UC surveys

- Women belong to an average age group of 28-34 years, are married and with young children, and are mostly non-migrants.
- 80% households - with both husband–wife working.
- A little above 50% women surveyed indicated that they were the primary and regular earners in the family. Only a small section (around 8%) showed husbands employed in regular work, in which case these men were the primary earners.
- **The findings revealed that ‘flexibility of work timings’ are one of the most attractive features of this kind of work organisation**, where women working for 7 days a week including weekends, work on an average for 37 hours a week and find the arrangement suitable as it takes care of their household and other unpaid responsibilities.
- Women earned between 500 INR to 1200 INR per day depending on the number of tasks they performed. On an average, women serviced 2-3 calls per day with multiple tasks in each call.
- The service professionals were not entitled to any benefits from the company. Around **48% indicated not having any written contract.**
- The survey revealed that women were most satisfied with the trainings and learning opportunity, flexible timings, input and raw material support from the company.
- They **expressed most dissatisfaction from the current incentive structure, lack of opportunity for increasing incomes, dispute settlements, penalty structures.**

Satisfaction graph of women service professionals



Broad conclusions

- Use of technology for re-organisation of labour relations in service delivery mechanisms – current model ushers in a new form of informalisation based on a disappearance of employer-employee relations.
- The aggregator model thrives on collecting/aggregating as many service providers as possible to raise their revenues which is based on a commission based profiteering model- which provides routes of faster accumulation of capital.
- Claims of new employment creation through these models need to be tested for a) nature of employment creation (productivity, earning potentials) and b) sustainability.
- The attractiveness based on ‘flexi-timings’ need to be assessed for women and men in different lights.

Thank you!!!