

# The Determinants factors of Gig Economy Workers: A Review of Research Framework

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## Abstract

On this day, the gig economy's potential to be a principle of social and financial benefits remains unexploited. While for a long time now the pillars of conscious business models that businesses should adopt in this space have been out in the open, many of the same businesses are still responsible for causing and aggravating the pressing ills plaguing gig workers (West, 2020). Although the trend of individuals become involve in gig economy is increasing, not much is known about how workers fare in the alternative work arrangements, which are becoming a prominent feature of 21st-century labor markets. There is no regulation to protect the interest of either the clients or the providers in gig economy arrangements. The decision on charges for services, for example, is not regulated and shall either party decides to back off from the deal, no specific rulings are available for such matters. On top of that, the working hours are not fixed, there is no annual leave, medical benefits, insurance and social support. Despite the drawbacks, the autonomy, unlimited income potential, flexibility and easy access make this line of job an increasing eye-opener to individuals. Under the current circumstance where many individuals face unemployment, gig economy becomes a quick alternative for these people who have dependents to be taken care of.

**Keywords:** Gig Economy, Self-Determination, Motivation, Financial Wellbeing, Development Growth.

## Introduction

The rapid growth of the gig economy and the development of this employment relationship have meant that there is a need for more research to understand gig economy workers, their motivation for being gig workers and their benefits received as gig workers. In short, we have limited systematic evidence on who actually works in the gig economy and how they fare relative to those in traditional work arrangements more broadly. What kind of gig business they are in? What motivate them and do they really achieve the financial benefit they aim for? Are they from disadvantage background? Do they have adequate knowledge and competencies to succeed in the business? What are the main challenges they have to overcome as Gig workers?

Although the gig economy is an innovative approach to youth unemployment, gig workers cannot benefit from the kind of stability that people are expected of employment. Because of their demand-based income, most are generally inconsistent and do not receive the benefit of the EPF, which is vital for retirement funds. It is therefore essential that financial literacy is provided for those in the gig economy to reduce the risk of being financially vulnerable. This can lead to stress, because most people feel safe and stable in their work. Gig economists are sometimes experiencing unexpected changes in their jobs, from being let go to a salary change, as most gig workers came from students and new graduates. There is also pressure in being removed from other employees, which can be difficult to communicate when questions or problems arise with a project. The discussion points that it is vital for education provider and various entities involve in human resource planning and development to identify potential factors which help to boost financial wellbeing of gig workers.

Unemployment in the traditional labour market naturally have a significant effect on the supply of labour in online markets because the financial stressors (i.e., loss of income) push the unemployed and underemployed individuals to search a new form of employment. During economic downturns, firms may have to lay off employees (Elsby et al, 2010), and the laid off employees often have to face difficulties in finding new jobs (Rothstein, 2011). In the past, the workers would increase local job search efforts or migrate to an area with more job opportunities. In the current digital technology era, they can resort to online job alternative. Thus, we seek to address the following research questions: To what extent is workers' participation in the gig economy (online labour markets in particular) is driven determinants based on self-determination which are categorized as autonomy, competence and relatedness? We also consider motivation as a factor that moderate the relationship between self-determination and demographic variables with gig economy financial wellbeing. This moderating factor will help us to better understand the relationship between self-determination and demographic variables with financial wellbeing (Huang, Burtch, Hong, & Pavlou, 2020).

### **Gig Economy**

The future of labour will develop alongside the evolution of society and that a whole new set of norms will be developed in the future that is not restricted to mere social norms (Larsson & Teigland, 2020). The rise of the "gig economy" has enabled internet users to find new work previously unavailable to them, particularly so via "online labour platforms", which effectively serves as a "global remote gig economy" and provides workers with access to worldwide labour opportunities. A "gig" refers to a job with no long-term connection to a particular business. Workers are employed on a particular task or for a defined time. The term "gig economy" has been adopted by media sources and academics to refer generally to these less structured work arrangements and more closely to the sub-set of flexible jobs mediated by different online platforms (Abraham, Haltiwanger, Sandusky & Spletzer, 2016). The latter has been viewed as producing an increasingly 'on-demand' economy where products and services can be purchased via mobile applications as well as other web-based apps (Spletzer, 2018).

An annual survey conducted in the USA among skilled professionals who work independently finds and increasing percentage of people who use or plan to use online platforms to find clients (MBO Partners, 2018). A recent industry surveys showed that approximately one-third of the US workforce now participates in the gig economy (Soergel

2016). Other available reports also indicate small but significant proportions. Surveys in the UK (Balaram, 2017) and Australia (Stewart & Stanford, 2017) reported between one and three percent of adult population in the regions have earned income from gig labour platforms.

Kässi and Lehdonvirta (2018), conducted a global research that estimated that the global demand for online-based jobs is rising by approximately 20% a year. It will be interesting to figure out what drives workers' participation in online markets. Is it because of the low barriers to entry, flexible working arrangement, or the fact that it allows workers to work whenever and from wherever they like? (Chen et al. 2017, Mas & Pallais 2017). Recent growth in gig-economy development can be attributed in part to technological evolution (Pacific Standard 2016; Hall & Krueger 2018). In general, although gig economy is typical in service and hospitality industries, currently it exists in virtually every industry and include writers, graphic designers, app and web developers, accountants, legal experts, translators, and more (Kuhn & Galloway, 2019; Larsson, 2020; Reader, 2017). Some of the most recognizable gig business networks such as Grab, Airbnb and FoodPanda, were created by workers in the tech industry (Dahlan, 2020). Workers in the traditional job are entitled to various benefits, including national minimum wages, paid rest days and collective bargaining rights, unlike people who are listed as self-employed (Emir & Selwyn, 2016).

Digitalization leads to the decline of traditional full-time employment jobs, with the worker becoming self-employed contractor that takes on various "gigs". The trend is likely to continue and spread" (Øvretveit, 2020). Most new jobs will require new skills and retraining to ensure workers can perform with digital technologies more or less requirement for the new job. Online employment will allow for more flexible working conditions that benefit women. Some full-time work arrangements appear to be detrimental of women. In addition, automation at work may take away some of the professions traditionally dominated by women.

Research on gig economy has covered a few aspects. A few studies focus on regulatory and social aspects (Malhotra & Van Alstyne, 2014; Westermann, 2016), and concluded that arrangement of employment in such setting have drawbacks such as the elimination of worker benefits and regulatory protection. Other research studied behavior of consumers (Edelman & Luca 2014, Rhue 2015, Liang et al. 2016) and the socioeconomic impacts of the gig economy (Cramer & Krueger 2016, Zervas et al. 2017, Burtch et al. 2018). The researchers stated that among advantages of gig-economy for society are reductions in alcohol-related accidents (Greenwood & Wattal 2017) and traffic congestion (Li et al. 2016). Manyika et al. (2016) reported that about 30% of workers earn income through gig work out of necessity (because of a lack of better employment options). More recent studies have adopted econometric approaches to examine relationships between wages and labour supply in the gig economy (Chen & Sheldon 2015, Angrist et al. 2017).

The most closely related prior work is a study on the effect of gig economy employment on local entrepreneurial activity (Burtch et al., 2018). The authors found that the gig economy workers were engaged in entrepreneurship out of necessity, probably due to a lack of better employment options. Burtch et al. (2018) theorize a direct relationship between gig-economy participation and a lack of traditional job options. They examined gig economy services for unskilled labour (drivers) and explored moderating factors, work environment,

that amplify the relationship. The moderating factors include population demographics (i.e., age, gender, education attainment), social structure (i.e., geographical region), and technological infrastructure (i.e., internet access), which provide a deeper understanding of the association between unemployment and online gig work.

Gig workers have a unique role in the economic crisis that was recognized as critical resources across economies, but often lacks the necessary support for the workers (Tandon, 2020). Many workers suffered low wages and unsafe working conditions without a safety web of protective legislation (Taylor & Kuhn, 2016). Basically, these forms of labor relations created are without clear legal entitlement (Rogers, 2016). If employees cannot find alternative jobs, these disadvantages are difficult to avoid (Huws et al., 2016). Workers could therefore feel trapped, increasingly dependent on the job. Academic sources and media reports confirm the costs for gig workers in their efforts to find employment, such as low wages and lack of rights (DePillis, 2014 and Huws et al., 2016).

Gig workers also suffered an inadequate social protection and possibly without future savings (Goh, 2020). Gig employees faced financial uncertainty because of their irregular earnings because a lack of social protection makes them potentially vulnerable to future savings (Azman, 2020). Employees are linked to decreased motivations for emotional exhaustion, less stress, higher quality of life in health and increased motivation for further education (Ensour et al., 2018; Gazzoli et al., 2010; Hayes et al., 2015; Loannou et al., 2015). Basically, it is important to understand satisfaction and motivation on workers so the management and relevant authority can provide required support as needed (Bini & Masserini, 2016; Clifton & McKillup, 2016; Yin et al., 2016).

### *Personal Factors*

Gig economy generates worker flexibility that is assumed to favour women who shoulder family responsibilities (Cook, Diamond, Hall, List & Oyer, 2018). Some research has focused on human attributes, such as age and culture that are said to serve as a driver of motivation for self-employment (Minola, Criaco, & Obschonka, 2016). Survey on drivers of Uber in the U.S. suggested that the “gig” economy will not be able to close gender differences. Even without discrimination and in flexible labour markets, women’s relatively high opportunity cost of non-paid-work time and gender-based differences in preferences and constraints still contribute towards gender pay gap. The gig economy and the platform work have good reasons to believe that reducing the gender wage gap and increasing gender equality by increasing the access to workforce for women (Silbermann, 2020). Discrimination in the traditional workforce are also present in the gig economy (Cahn, 2018). In one of the earliest studies published on the effect of gender on the platform economy, it was found that gender pay gaps continued on the platform. On average, women earn 37% less than men in a variety of jobs by controlling many other possible factors such as education level, experience, occupation, hours of work and customer feedback (Barzilay & David, 2017).

According to data from the 2018 Labour Force Survey (Department of Statistics Malaysia, 2018) 3,043.3 thousand people in Malaysia were employed as part-time private employees as well as own account workers. Out of that, 559.9 thousand were gig workers (18.4%). More than half of the workers were men (54.0%), compared to women (46.0%). Although male dominates, the proportion of female gig workers (46.0%) is higher than the

proportion of women from total workers (38.9 percent). Women who join the labour market as a gig workers are mostly with family responsibilities. The digital retail platform provides an easy path for women to participate in the gig business. From the report, the highest proportion of gig workers were between 25 and 34 years of age (37.65%), followed by those between 35 and 44 years (24.2%). The lowest share of gig workers aged 55 to 64 years (9.1%). This is consistent with the overall distribution of employees in the 25 to 34 year age category. Those between 25 and 34 years of age were prevalent in performances because most of them probably had just finished higher or tertiary education.

This could be because of the autonomy and flexibility of this work. The low proportion of those aged 55 to 64 years could indicate that such jobs were a way of earning extra income in order to ensure a comfortable living and retirement. The number of gig workers in Malaysia based on education is similar to the percentage of all employees, with half of gig workers completing secondary education. This group consisted of 281.7 thousand people. Interestingly enough, 40.8% of gig workers receive tertiary training, with 228.5 thousand workers. Secondary school students usually earn less than those with tertiary education. Most of them prefer to join gig jobs as full or part-time employees to obtain an extra income. Those with tertiary education generally perform well, due to the advantage in knowledge and competencies they have acquired during their study. The number of gig workers in Selangor covers two third of the total number of gig entrepreneurs.

Education and income are significantly correlated with financial literacy and wellbeing (Fonseca, Mullen, Zamarro, & Zissimopoulos, 2012; Mahdavi & Horton, 2014; Rowley, Lown, & Piercy, 2012). It has been widely found that lower levels of income and education are linked to lower levels to financial wellbeing (CFPB, 2015). Income and education have a compounding impact on access to financial services (Birkenmaier & Fu, 2016), financial actions or behaviors (Babiarz & Robb, 2014; Fonseca et al., 2012; Mahdavi & Horton, 2014; Rowley, Lown, & Piercy, 2012). Gender is one of the most consistently cited significant control variables in financial research (Bhabha, Khan, Qureshi, Naeem, & Khan, 2014; Demirguc-Kunt, Klapper & Singer, 2013; Fonseca, Mullen, Zamarro, & Zissimopoulos, 2012; Griskevicius, Tybur, Ackerman, Delton, Robertson, & White, 2012; Haque & Zulfiqar, 2016; Mahdavi & Horton, 2014; Motolla, 2013; Rowley, Lown, & Piercy, 2012; Schmeiser, & Seligman, 2013; van Rooij, Lusardi, & Alessie, 2011).

Research has indicated that women have less access to financial services (Narayan, 2013; Yeung, 2018). Women generally have less optimal financial behaviors, carrying higher balances on credit cards (Allgood & Walstad, 2011; Motolla, 2013), saving and investing less (van Rooij et al. 2011; Yoong 2011), and feel more stress about their financial situations (Archuleta, Dale & Spann, 2013; Haque & Zulfiqar, 2016). Women's financial behaviors, capability, or skills are an area of concern for researchers and policy makers. Economic empowerment for women has been studied more in recent years. Research had indicated a need to focus on financial literacy, but also financial wellbeing and financial attitudes to achieve economic empowerment for women. (Haque & Zulfiqar, 2016). Just as women have been studied extensively, men are generally used as the baseline for financial research. Men are noted to have higher risk tolerance (Grable, 2000), higher objective and subjective financial knowledge (Robb & Woodyard, 2011), higher confidence (Asaad, 2015; Courchane,

Gailey, & Zorn, 2008), and lower worry compared to women (Wood, Conway, Pushkar, & Dugas, 2005).

Financial knowledge has been seen to differ dramatically between men and women (Bhabha, Khan, Qureshi, Naeem, & Khan, 2014; Fonseca, Mullen, Zamarro, & Zissimopoulos, 2012; Mahdavi & Horton, 2014; van Rooij, Lusardi, & Alessie, 2011). Men typically have higher financial knowledge, but women are far more likely to select "I don't know" rather than guess. Financial knowledge relates to financial wellbeing through the element of being on track to meet financial goals, along with planning behaviors and self-efficacy. The gender factors which often explain salary variations such as shortened working hours for moms or customer prejudice towards women did not lead to income gaps between men and women drivers (Silbermann, 2020).

### **Conclusion**

Based on the literature review discussed, the gig economy's potential to be a principle source of financial benefits remains unexploited. Although the trend of individuals become involve in gig economy is increasing, not much is known about how workers fare in the alternative work arrangements, which are becoming a prominent feature of 21st-century labour markets. There is no regulation to protect the interest of either the clients or the providers in gig economy arrangements. The decision on charges for services, for example, is not regulated and shall either party decides to back off from the deal, no specific rulings are available for such matters. On top of that, the working hours are not fixed, there is no annual leave, medical benefits, insurance and social support. For semi-professional or professional kind of work, the quality of work provided will determine the sustainability of the gig business. Despite the drawbacks, the autonomy, unlimited income potential, flexibility and easy access make this line of job an increasing eye-opener to individuals. Under the current circumstance where many individuals face unemployment, gig economy becomes a quick alternative for these people who have dependents to be taken care of.

Globally, the future of employment is gradually moving towards the gig economy which provides easy access, short-term employment. The gig economy is open to global talent pool that enables innovative, competitive, flexible and cost-effective ways of managing gig work. The rapid growth of the gig economy and the development of this employment relationship have meant that there is a need for more research to understand gig economy workers, their motivation for being gig workers and their benefits received as gig workers. In short, we have limited systematic evidence on who actually works in the gig economy and how they fare relative to those in traditional work arrangements more broadly. What kind of gig business they are in? What motivate them and do they really achieve the financial benefit they aim for? Are they from disadvantage background? Do they have adequate knowledge and competencies to succeed in the business? What are the main challenges they have to overcome as Gig workers?.

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