

Gig Economy and Its Impact on HR Policies

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Abstract

The gig economy is a growing part of today's job market. Digital platforms, new technology, and people's desire for flexible work have made short-term and freelance jobs very common. Gig workers take on tasks, projects, or temporary assignments instead of permanent jobs. This change brings chances for companies and workers, but it also creates problems for Human Resource (HR) departments. Old HR rules were made for permanent staff. Gig workers need different rules for hiring, pay, training, performance checks, benefits, and legal safety.

This paper looks at how the gig economy affects HR policies, especially in India. It uses secondary data from reports by NITI Aayog, the International Labour Organization (ILO), and the OECD. NITI Aayog said India had about 7.7 million gig workers in 2020–21 and could have 23.5 million by 2029–30. The study shows that HR teams must create flexible, technology-based, and worker-friendly policies. Fair pay, skill training, social security, clear performance systems, safety, and easy ways to raise complaints are very important.

Keywords: Gig Economy, Gig Workers, Human Resource Management, HR Policies, Platform Work, Flexible Work, Employee Benefits, Social Security

1. Introduction

Work is changing fast because of technology and online platforms. The gig economy means people earn money through short-term, temporary, freelance, or task-based jobs rather than working full-time for one company. Common examples are delivery riders, ride-share drivers, freelance designers, online teachers, consultants, and content creators.

Digital platforms make it easier for workers and customers to connect. This creates new jobs, but it also raises questions about steady income, social benefits, working conditions, and career growth.

In India, the gig economy is growing quickly. NITI Aayog estimated 7.7 million gig workers in 2020–21 and expects the number to reach about 23.5 million by 2029–30. Because of this growth, companies cannot rely only on old HR policies made for permanent employees.

HR now has to change. Hiring is faster and more skill-based. Pay is often linked to tasks. Performance is measured by ratings and apps. Training must be available online. HR must also think about safety, social security, privacy, fair treatment, and ways to handle complaints.

This paper studies how the gig economy is changing HR policies and what companies can do to create a fair and productive system.

2. Literature Review

2.1 ILO Perspective

The International Labour Organization has studied digital labour platforms. It points out problems with pay, work availability, workload, social protection, and work-life balance. Platform work gives new income chances but often leaves gaps in protection. In June 2026, the ILO adopted Convention No. 193 on decent work in the platform economy. This is the first global labour standard made especially for platform work.

2.2 NITI Aayog Perspective

NITI Aayog's report "India's Booming Gig and Platform Economy" shows the importance of gig work in India. It estimated 6.8 million gig workers in 2019–20 and 7.7 million in 2020–21. The number is expected to grow to about 23.5 million by 2029–30. The report stresses the need for skill development and social security. These areas are directly linked to HR policies.

2.3 OECD Perspective

The OECD says platform work offers flexibility and easy entry. At the same time, it raises concerns about job security, income stability, social protection, career growth, and collective bargaining. Algorithmic management, discrimination, data protection, and job quality are also important issues.

2.4 HR Perspective

Traditional HR focuses on permanent employees through recruitment, training, pay, appraisal, welfare, and separation. In the gig economy, the relationship is often different. HR must create new policies that keep flexibility while remaining fair and responsible.

3. Research Gap

Many studies talk about the growth of the gig economy and worker welfare. Fewer studies look closely from the HR point of view. Main gaps include:

- Old HR policies were made only for permanent staff.
 - Gig workers have different work relationships.
 - Performance appraisal for task-based work is unclear.
 - Training and career paths for gig workers need more attention.
 - Social security and benefits are hard to design for flexible workers.
 - Algorithm-based management raises questions about fairness.
 - Companies need policies that balance flexibility, productivity, and worker protection.
- This study focuses on the impact of the gig economy on HR policies.

4. Why Is the Present Study Necessary?

The gig economy is becoming a major source of jobs and income. NITI Aayog's numbers show strong future growth. This study is useful because it:

- Explains how gig work changes traditional HR practices.
- Identifies new challenges for HR.
- Highlights the need for fair pay.
- Shows the importance of flexible training.
- Looks at social security and welfare.
- Helps companies improve engagement with gig workers.

- Gives ideas for modern HR policies.

5. Objectives of the Study

Main Objective

To study the impact of the gig economy on Human Resource policies and practices.

Specific Objectives

1. To understand the concept and growth of the gig economy.
2. To study the main features of gig workers.
3. To examine the impact on recruitment and selection.
4. To study the effect on compensation and rewards.
5. To examine changes needed in training and development.
6. To understand the impact on performance management.
7. To study issues related to welfare and social security.
8. To suggest suitable HR policies for gig workers.

6. Hypotheses

Null Hypothesis (H₀)

The growth of the gig economy has no significant impact on traditional HR policies.

Alternative Hypothesis (H₁)

The growth of the gig economy has a significant impact on traditional HR policies.

7.1 Type of Research

Descriptive research. It describes the growth of the gig economy and its effect on HR policies.

7.2 Research Design

Descriptive design to understand the link between gig work and HR practices.

7.3 Sources of Data

Secondary data from:

- NITI Aayog reports
- International Labour Organization reports
- OECD publications
- Government documents
- Research papers and academic literature

7.4 Sampling

No primary survey was done. Relevant secondary reports were selected purposefully.

7.5 Data Collection Technique

Published reports, research papers, official websites, and policy documents.

7.6 Reliability and Validity

Reliability comes from using trusted sources such as NITI Aayog, ILO, and OECD. Validity is supported by comparing information from several reliable sources.

8. Types of Research

Research on the gig economy can use different approaches:

1. Descriptive – describes features and growth of gig work.
2. Exploratory – explores new HR challenges.
3. Analytical – studies links between gig work and outcomes like productivity.
4. Quantitative – uses numbers and statistics.
5. Qualitative – uses interviews to understand experiences.

9. Impact of the Gig Economy on HR Policies

9.1 Recruitment and Selection Policy

Hiring has changed from long-term recruitment to flexible, task-based hiring. Companies can bring in workers for specific projects. Digital platforms help find people by skills and past ratings.

Impact on HR: faster hiring, skill-based selection, project planning, digital recruitment, wider talent pool, and fewer long-term commitments. Policies should clearly state selection criteria, pay terms, duties, and expectations.

9.2 Compensation and Reward Policy

Permanent staff usually get fixed salaries. Gig workers are often paid per task, project, hour, or assignment. Clear and transparent pay rules are needed.

A good policy should include clear rates, timely payments, rules for extra work, incentives, performance rewards, ways to settle payment disputes, and open information about any deductions. Unpredictable income is a major worry for many gig workers.

9.3 Training and Development Policy

Permanent employees often get formal training. Gig workers may miss these chances. Still, training improves both worker performance and company quality.

Companies can offer online courses, skill programmes, safety training, digital literacy, customer-service training, technical skills, and short certificates. NITI Aayog also stresses skill development for the gig economy.

9.4 Performance Management Policy

Performance measurement is different for gig workers. Instead of yearly appraisals, companies may use customer ratings, completion rates, quality, speed, feedback, and project results.

Too much reliance on ratings and algorithms can feel unfair. The OECD notes that opaque algorithmic management is a concern. Policies should give clear standards and allow workers to question wrong ratings or decisions.

9.5 Employee Welfare and Social Security Policy

This is one of the biggest challenges. Permanent staff often get provident fund, insurance, paid leave, retirement benefits, and medical cover. Gig workers usually do not get the same benefits.

HR should explore portable benefits, insurance schemes, and other welfare options suitable for flexible workers. The ILO's framework for platform work also focuses on social protection.

9.6 Work-Life Balance Policy

Flexibility is a big attraction of gig work. Workers can often choose when and where to work. However, it can also lead to irregular hours, long working periods, income uncertainty, and difficulty separating work from personal life. Policies should encourage reasonable working practices and proper safety measures.

9.7 Grievance Redressal Policy

Permanent employees can usually go to the HR department. Gig workers mainly deal with apps and automated systems. Companies should provide easy ways to register complaints, human support, appeal

options, clear disciplinary steps, review of account suspensions, and protection against unfair treatment. A good grievance system builds trust.

9.8 Data Privacy and Algorithmic Management

Platforms collect a lot of data about workers – performance, location, ratings, and activity. Policies must cover data privacy, responsible use of information, transparency of algorithms, data security, workers' access to their own performance data, and protection from unfair automated decisions. The ILO has highlighted these issues.

10. Data Analysis

Table 1: Estimated Gig Workforce in India

Year	Estimated Gig Workers
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2019–20	6.8 million
2020–21	7.7 million
2029–30	23.5 million (projected)

Interpretation: NITI Aayog's figures show a large expected rise. Companies will need HR policies designed for flexible and task-based workers.

Table 2: Skill Distribution of Gig Work

Skill Category	Approximate Share
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Medium skilled	47%
High skilled	22%
Low skilled	31%
Total	100%

Interpretation: Gig work includes low-, medium-, and high-skilled jobs. HR policies must cover a wide range of workers.

11. Findings

1. Gig employment is growing. India's gig workforce was about 7.7 million in 2020–21 and may reach 23.5 million by 2029–30.
2. Traditional HR policies are becoming insufficient for task-based workers.
3. Flexible and transparent compensation systems are necessary.
4. Skill development through digital training is increasingly important.
5. Social security remains a major challenge and needs portable benefit systems.

6. Technology and algorithms are changing performance management; transparency and fairness are essential.

7. Worker welfare must be balanced with organisational flexibility. International developments such as ILO Convention No. 193 (2026) underline this need.

12. Recommendations

1. Create separate HR policies for gig workers instead of using permanent-employee rules without changes.
2. Make compensation transparent – clearly state rates, incentives, and deductions.
3. Offer digital training programmes that workers can access when free.
4. Introduce suitable insurance and welfare schemes.
5. Build transparent performance systems and explain how ratings and algorithms work.
6. Provide an effective grievance mechanism with human support.
7. Protect worker data and privacy with clear rules.
8. Promote occupational safety, especially for delivery and transport work.
9. Support career growth through certificates, upskilling, and skill recognition.
10. Regularly review HR policies as technology, laws, and worker expectations change.

13. Conclusion

The gig economy is changing the traditional employment relationship and strongly affecting Human Resource Management. Digital platforms give workers flexibility and give companies access to a larger talent pool. At the same time, they create challenges around income security, social protection, training, performance management, safety, data privacy, and grievance handling.

In India, the expected growth of the gig workforce makes this issue especially important. NITI Aayog's estimates show a big increase by 2029–30.

Future HR work must move beyond the old permanent-employee model. Policies should become more flexible, digital, transparent, and centred on workers. Companies should offer fair pay, training, welfare support, social protection, and clear performance systems while keeping the flexibility that attracts gig workers.

The gig economy is not only changing where and how people work. It is also changing how organisations manage people. Good HR policies will be essential to balance productivity, technology, and decent working conditions.

14. Limitations of the Study

1. The study mainly uses secondary data.
 2. No primary survey or interviews were conducted.
 3. Exact size of the gig workforce is hard to measure because definitions differ.
 4. Gig work varies widely across industries.
 5. HR practices differ from one company or platform to another.
 6. The regulatory environment is still changing.
- NITI Aayog itself notes limitations in estimating India's gig workforce.

15. Suggestions for Future Research

Future studies can survey gig workers and HR managers on topics such as job satisfaction, motivation, pay satisfaction, training needs, social-security awareness, work-life balance, rating systems, retention, gender experiences, and the impact of AI

and algorithms. Larger quantitative studies can use statistical tools such as correlation, regression, or factor analysis.

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