The Alienation of Gig Workers as a Business Model:

How a Rapidly Expanding Platform Economy Relies on Locking Workers into Poor Working Conditions and Low Wages

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Discussion Paper

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Discussion Paper

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ABSTRACT

Each year, the gig economy rapidly increases demand for gig workers during festival seasons. The gig economy has been growing rapidly in India, with a massive consumer base from tier-1, tier-2 and tier-3 cities. Even during the COVID-19 pandemic, gig workers were deemed essential workers and the services were allowed to operate. However, for such an expansive and deemed essential sector, the bargaining power of the gig worker remains concerningly low. The working conditions are poor, with the entire gig workforce receiving less than a living wage, and in the majority of cases, the lack of a minimum wage as well. Proponents of gig work have lauded it for its flexibility, suggesting that the worker can choose to work and earn according to their ease. However, various gig work unions and workers have claimed otherwise. This can largely be attributed to the design of the platform contracts with the worker, which use a system of nudges and arbitrary rules that entrap the worker into the role. Additionally, the lack of a personal connection between the gig worker and the company, as well as no geographical centre by which the worker can collectively interact with other workers, causes alienation of the gig worker and fosters a sense of helplessness. This is particularly beneficial to the company, which relies on low to no transparency and an attitude of "take-it-or-leave-it" towards the gig worker, in order to force long working hours for low pay. This paper discusses how worker alienation is a conscious strategy of the burgeoning gig economy, which keeps workers helpless and underpaid. It uses the Fairwork ratings to show a situation of non-commitment towards the workers well-being by major gig platforms.

INTRODUCTION

India is expected to add approximately 7 lakh gig workers to meet the increased consumer demand during the festival months at the end of the year (Sengar, 2023). This has been a trend since 2021, with large e-commerce providers increasingly hiring gig workers to meet the surge in consumer demand during the festival months. The consistent increase in demand has been from tier-1 cities, with tier-2 and tier-3 cities also showing increased demand recently. The majority of gig work opportunities are digitally determined, with consumers driving significant demand for daily gig work using casual smartphone applications. Thus, the increasing digitisation of consumer demand, facilitated by growing internet and smartphone penetration, is likely to consistently show a growing demand for platform-driven consumption, especially during spending events such as festivals. The gig economy and the gig worker are at the forefront of this burgeoning digital marketplace, with gig work being a form of “digital labour” (International Labour Organisation, 2021). Notably, this entire app-driven economy rests heavily on the existence of gig workers who are uniquely positioned to offer flexible working hours and last-mile services. However, with the expansion of the gig economy and such jobs, the working conditions and financial well-being of gig workers remain poor. For such an integral service, the lack of collective bargaining power among gig workers remains peculiar and concerning. According to the Fairwork 2023 report, gig workers at major e-commerce companies do not receive a living wage, and very few receive minimum wage. This paper discusses the perception of gig workers as compared to traditional employee-employer relationships and utilises reports to argue that gig workers are structurally unable to collectivise and demand better conditions due to a lock-in effect and alienation from their platforms. The paper argues that the gig economy model relies heavily on alienating workers from the platform, and from each other; while justifying it under the perceived benefit of flexible work. Further, the paper discusses how the supposed flexibility of gig work is false, and workers are locked in due to nudges and rules imposed by the platform.

THE INTERPRETATION OF GIG WORK AND HOW IT DEVIATES FROM TRADITIONAL EMPLOYMENT

Gig workers are different from the traditional employer-employee relationship in that they act as flexible and temporary workers with non-traditional contracts (Banerjee, 2023). These contracts are decided between the worker and the company, and many companies in recent times refer to gig workers as “partners”, to denote a perception of self-employment by the worker. This is a crucial distinction, as in standard employee contracts, certain rights and obligations are available to workers—for which the company and the government are responsible. In the case of gig workers, however, the ambiguity of the relationship and the perception of “self-employment” does not mandate the existence of these obligations, leaving gig workers mostly responsible for their own financial interests and well-being. Therefore, gig workers are not interpreted by the prevailing Labour Laws, which in turn makes them ineligible for guaranteed workers rights and benefits. Most notably, the gig worker is currently not guaranteed any standard of working conditions, and the same is largely governed by the consumer-platform interaction in a manner in which the platform deems fit. This naturally leads to a prioritisation of customer experience while maximising profit, at the cost of worker conditions (Banerjee, 2023).

However, such an arrangement is of great benefit to major emerging companies, where gig workers offer the flexibility to scale up operations and meet fluctuating demands. E-commerce platforms such as Zomato, Amazon, Urban Company, etc, meet the surging demand during festival periods by hiring more gig workers with temporary contracts. Proponents of gig work also maintain that this is beneficial for the worker- allowing the worker an opportunity to earn on their terms and in their own time (Sengar, 2023). The direct parallel of this in the traditional employer-employee system would be how an employee must abide by the schedule and working hours of the company, with little to no say regarding their flexibility. This distinction is then applied to prove how gig workers benefit from that flexibility by working on their own terms.

However, such an economy, while of great benefit to the casual consumer, brings with it a challenging worker-employer dynamic that ignores and undermines the spirit of worker's rights. Supreme Court jurisprudence on the definition of gig workers has clearly placed them outside the ambit of the traditional notion of employer-employee relationship (Sudhakaran & Malpani, 2023; India, 2020). This distinction was arrived at by using tests to define the employer-employee system, using the "master-slave" approach, wherein the employer is responsible for managing and controlling all aspects of the employee's professional services under the aegis of the company. Gig workers, due to their freelance or contractual nature, failed this test, as the relationship could be seen as one wherein the company is not responsible for the management and utilisation of the gig worker's professional relationship with the employer. While this test seems distinctive on the surface, the definition ignores a crucial and historic dynamic of emerging labour systems—the asymmetry of bargaining power between workers and employers (Sudhakaran & Malpani, 2023; India, 2020).

GIG ECONOMY: AN EXPANDING FORMAL SECTOR WITH A NON-EXISTENT AND LIVABLE WAGE AMIDST WORSENING WORKING CONDITIONS

The lack of a legal and rights-based framework that governs the gig worker has created a state of stagnant wages and a poor working environment for them in India. While the platform-based gig worker model has expanded rapidly in India, the Indian gig economy has shown virtually no significant instances of worker benefit that has arisen from this gig-based flexibility. Proponents of gig work have been unable to address, and in some cases simply ignored, the lack of relative prosperity and well-being that the gig economy has been unable to pass on to the worker.

The shortcomings of this economy, when viewed through the lens of the gig worker, are starkly prevalent in the findings of the Fairwork India 2023 report (Saadi, 2023; Fairwork, 2023). Fairwork India assesses digital labour and platform economy companies based on five principles, namely: fair pay, fair conditions, fair contracts, fair management and fair representation. The companies are then given a score out of 10, which represents their status as a fair and equitable employer, with the gig workers as the stakeholders. In the 2023 report, none of the 12 companies surveyed in the report showed evidence of paying the gig workers a living wage, and only 3 of the companies paid the workers a minimum wage. Additionally, the highest score this year was 6/10, which was met by only one company. A notable finding of the report was that no platform showed evidence of fair representation of workers, implying that there was no mechanism by which the worker's grievances could be heard collectively. On *fair contracts*, companies generally showed they had accessible contracts, but could do better in terms of clarity and transparency. On *fair management*, only 6 companies showed due process in addressing worker grievances, and only 2 showed evidence of external audits to meet anti-discrimination policies and check work allotment bias.

Platform	2023 Fairwork Rating
Bigbasket	6
BluSmart	5
Swiggy	5
Urban Company	5
Zomato	5
Zepto	4
Flipkart	3
Amazon Flex	2
Dunzo	1
Uber	1
Ola	0
Porter	0

Table 1: Fairwork India 2023 ratings.
Compiled by the author.

This paper has used the Fairwork scores for three years—2019, 2021 and 2023, in order to make a comparison between pre-pandemic, during-pandemic, and post-pandemic gig worker conditions. A company's score fluctuates between years significantly, which may imply that the commitment to gig workers' rights and their treatment is incidental, and not consciously upheld. This can be seen in Figure 1 below, where companies that scored high previously (in some cases higher than the highest score this year), have a sharp decrease in the current year. This can be seen for Flipkart and Dunzo, while Ola fell from an already low score to 0 in 2021 and 2023, and Uber fell from 2 to 0, and then 1. For other companies, the general score has remained stagnant with little to no yearly changes.

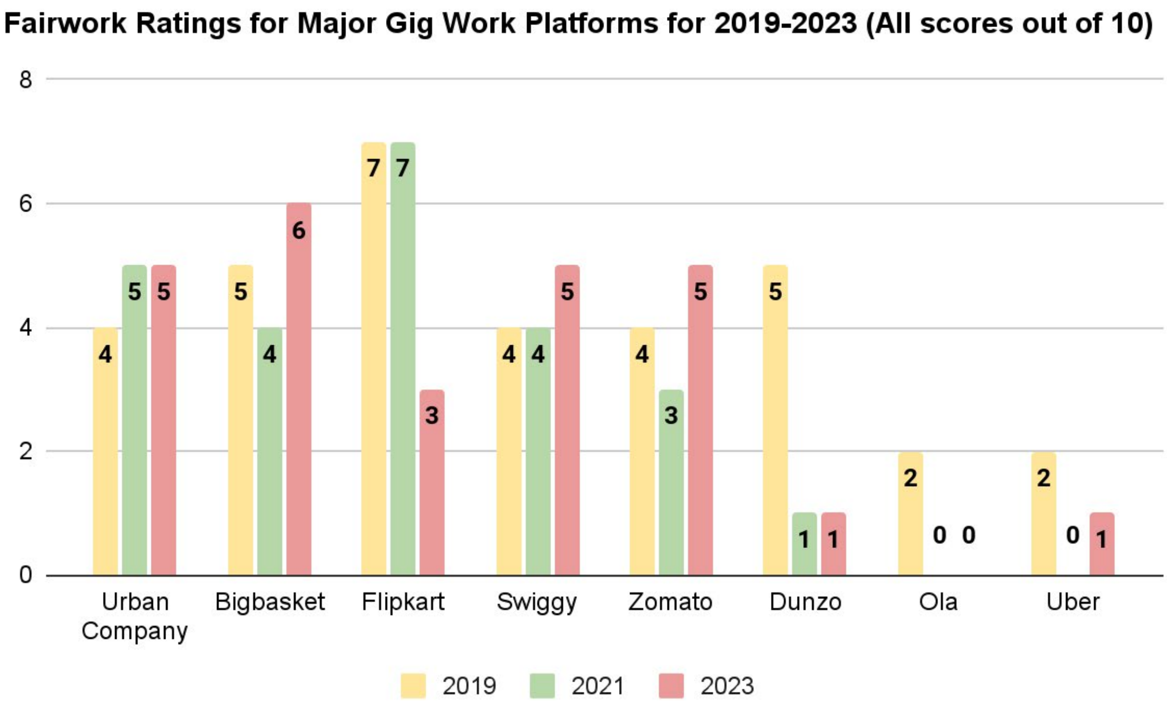

Figure 1: Fairwork India 2019, 2021 and 2023 ratings.
Only the 9 companies which were part of all 3 reports are shown in this figure.
Compiled by the author.

Notably, Urban Company had scored 8/10 in 2020, the highest ever since 2019. This was short-lived, and the scores fell back to an average of 5 in the years following it. Flipkart stands out as a case of erstwhile high scores with a sharp fall, indicating that relatively good conditions were made worse in the current year. This fluctuation in scores denotes a sense of inconsistency in the working conditions of gig workers. High and low scores can easily fall, implying that good working conditions are not sustainable. In the meantime, a relatively average to low score remains stagnant, implying a sense of optimal working conditions for gig workers that meet the business interests of the company.

During the pandemic, the reliance on the platform economy expanded rapidly as people remained confined to their homes (Belsie, 2023). This brought with it a structural expansion in the demand for gig workers, who were seen as "essential workers" during COVID-19. During this time, companies hired more such workers, and proponents of gig work argued that during a period of difficult economic and employment conditions, people found flexible employment through gig work. Although this is partially true, it must be seen in context. In a time of essential need, gig workers provided access to a range of goods and services to a relatively wealthy and urban population. Even in such a situation and demographic, the years following the pandemic saw a stagnancy in their working conditions and well-being. Figure 2 below compares the pre-pandemic (2019) and current (2023) Fairwork ratings for the companies discussed previously.

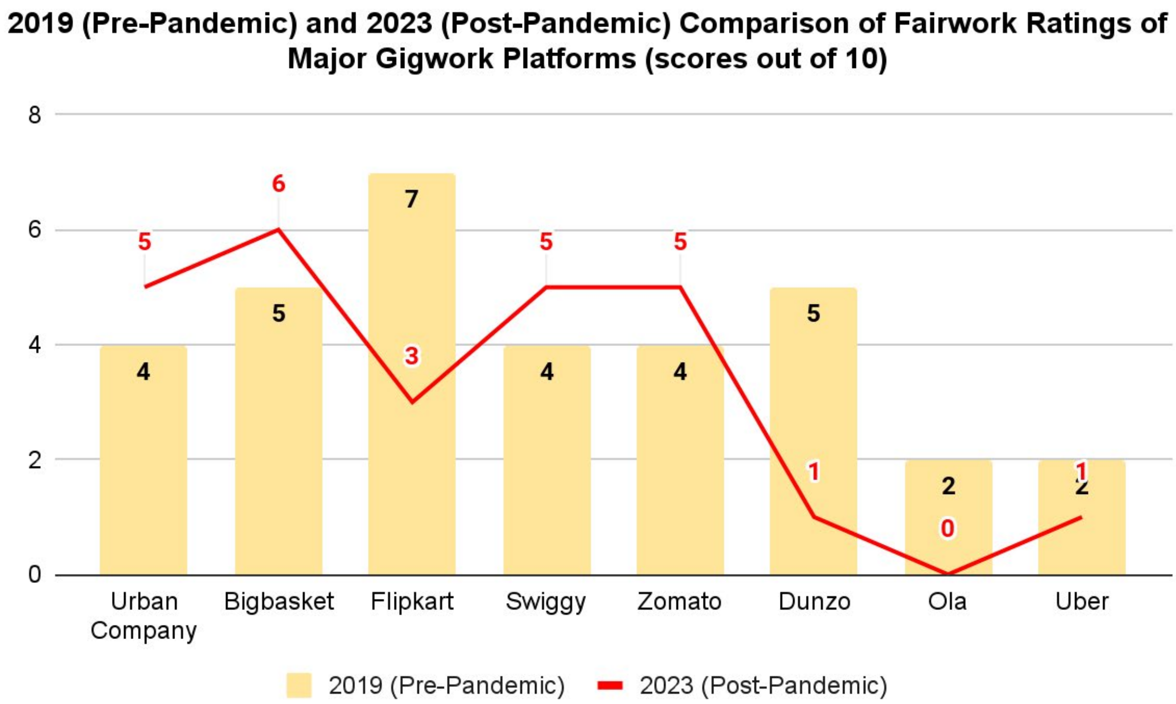

Figure 2: Pre and Post-Pandemic Comparison of Fairwork Scores. Compiled by the author.

LOCKING GIG WORKERS INTO THEIR ROLE AND WORKERS ALIENATION AS A BUSINESS STRATEGY

The obvious question that arises then, is why such poor conditions are so resilient, and why the workers do not leave or demand better conditions. To discuss this, we must look at who the gig workers are. Generally, the platform economy has resulted in formalising what used to be informal and uncertain labour (Livemint, 2018). The gig worker generally represents an educated and technologically savvy individual with a certain degree of ambition for financial mobility, but one who also hails from a generally lower urban income class. The general lack of access of this class to widespread salaried and formal opportunities results in gig work seeming like an attractive path, even if it is a temporary one. Most gig workers set out by doing their gig work as a second job, with other streams of often informal income. This context, coupled with an attractive incentive and high wages at the point of initiation into the platform results in many individuals choosing to take up gig work. However, the so-called flexibility of gig work is quickly rendered ineffective, once a worker has signed up (Duggal, 2023). This is because platforms employ a mix of nudges, rules and financial structures that lock in a worker who signs up with the platform. The companies lure in workers using a promise of flexibility and dynamic financial incentives, with the messaging that gives the perception that a worker can earn as much as possible if they optimise their time working for the platform and give in more hours.

Numerous workers have protested about how the platforms devise rules and methods that do not directly disqualify workers, but make it difficult for them to regulate their working choices. The All-India Gig Workers' Union (AGWU) has repeatedly stated how the flexibility of the platforms is a lie, and that coercive methods are employed to make workers' work more than 8 hours a day, 7 days a week. Rikta Krishnamnurthy, the Delhi-NCR Coordinator of the AGWU declared that the food delivery industry spearheaded by players such as Swiggy and Zomato, has been allowed to "foster on a bed of lies". The AGWU cites instances where gig workers on food delivery platforms are penalised for restaurant delays, often do not have time for their own lunch, and are badgered by the platform coordinators to increase their work (Duggal, 2023).

In July 2023, women workers of Urban Company staged a protest against the platform, stating that workers who decided to take time off or avail the flexibility of the role had their IDs suspended by the company (Reuters, 2023). Two workers committed suicide due to their IDs being suspended. Other workers with companies such as Uber and Swiggy have cited how the platforms are arbitrary and impose penalisation for poor ratings and daily order requirements that make it difficult for the workers to remain flexible with their work.

The AGWU highlights the contrast between formalised gig work from informal labour, as such jobs often used to be. Before the platform economy, restaurants and other services relied on informal labour, but there was a rapport between the worker and the establishment. Furthermore, the establishment provided the workers cycle, allowed breaks, and generally kept the well-being of the workers in mind due to the rapport and informal nature. With the apps, the entire system feels arbitrary with no human connection, even as the worker bears the cost of the capital (cycle, car, bike, etc), themselves. Numerous Uber drivers have claimed that they would leave the platform if they could, but are unable to due to having incurred the sunk cost of the car, while also not having the time and opportunity to look for alternative employment. Workers have complained about how the maintenance cost of the vehicle or cycle is barely met by the wages earned. Additionally, the coordinators and supervisors of the company constantly urge workers to take more orders and meet their targets, regardless of work hours. In many instances, if a worker decides to turn off the application, or take a break, they are penalised by the platform.

The above points to a classic case of worker alienation (Marx, 2007). updated to the service sector context of modern times. The gig workers lack any connection with the company and are unable to collectivise with each other due to geographic decentralisation. The mechanical interaction of the workers with the platform, which controls all transparency and worker data, while imposing arbitrary "take-it-or-leave-it" rules, renders the worker powerless. The Marxist view of alienated workers saw alienation as a consequence of industrialised and unregulated capitalism. However, with the modern platform economy, the workers' alienation is not a mere consequence but manifests as a business strategy. The disruptive nature and expansion of such platforms necessarily have been in the ease and low cost with which they've brought services directly to the consumer. This model squarely rests on the existence of a cheap, yet always serviceable delivery system, thus resulting in a gig worker with no fixed hours or wages. The platforms thus *rely* on the worker *not* taking advantage of the flexibility, as doing so would lead to less revenue. Finally, the alienation of gig workers and geographical isolation due to there being no static workspace, makes collectivisation and sharing of experiences between workers difficult. Thus, the collective bargaining power is non-existent, while also walled by locked-in workers who are virtually always on the clock.

CONCLUSION AND CONCERNS FOR POLICY

The solution to better governing the gig economy, according to Shaik Salauddin who works as the National General Secretary of Indian Federation of App Based Transport Workers (IFAT), lies in making and implementing better laws (Duggal, 2023). Salauddin advocates for a tripod mechanism to approach gig workers, with the parties involved being the company, the government and the union of gig workers. One of the major demands of gig worker unions have been to form a social security board, and enact laws that specifically address gig workers.

Along these lines, the situation for the gig workers has been addressed by at least one state in 2023. Recently, Rajasthan passed the Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023. This move was lauded by many stakeholders of the gig economy, and has been heralded as a guiding example of future gig-worker centred legislation for other states and the country at large (Bhatia, 2023). The act sets up a multi-stakeholder welfare board, with representation both from gig workers and employers, similar to the tripod mechanism as suggested by Salauddin (however, it is still unclear how unions would be involved). It also provides for a welfare fund that will be made up of contributions (in the form of cess) from platform companies, contributions from workers, state grants, and other sources. The act also sets the rights of gig workers and the obligations of the companies, along with a grievance redressal mechanism for resolving disputes. While these are progressive steps, the implementation of these pose challenges that may in turn disincentivise the efficient implementation in the first place.

Most notably however, the Rajasthan gig workers law introduces the Central Transaction and Information Management System" (CTIMS). This mechanism mandates that every payment made to gig workers through the app including the break-up of commission, GST, welfare cess and other payment related items will be recorded and open for inspection. It is this clause that targets the alienating aspect of the platform economy at its core. Platform companies have opaque payment terms and systems, which are often arbitrarily imposed on the worker. As discussed, the "take-it-or-leave-it" approach of the platform is enabled by this opaqueness- the gig worker is unsure of whether a fair payment is being made, relative to the task assigned. Globally, companies have resisted opening up such aspects of their platform for scrutiny as it directly affects the business model, bargaining power and competitiveness (Bhatia, 2023).

The Rajasthan law is a landmark one, not just in India, but globally, when it comes to having a rights based framework for governing gig work. At the same time, one must note- that the prevalence of the gig economy relies on low wages and an enforced unregulated work time. To strike at this, would affect the business model greatly, which would then affect the affordability of such platforms to the consumer. In such a case, one remains at a risk where depending on political commitment and confidence, even with the existence of laws, whether the consumer's comfort is prioritised. For example, if due to a strict framework of governance, a vast majority of urban consumers are unable to afford such services, it may have a political effect which incentivises a relaxation of the framework, allowing a dysregulation of the market. Then, the legal framework is only as strong as the state's commitment to enforcing it. In such a case, the approach risks becoming one of ideology- should the state foster a regulated market that is not as disruptive, against a dysregulated one that meets the consumer needs of many? It is also indeed true that the gig economy does hire a lot of people- all of whom risk losing their jobs as regulations get tighter. The answer to this is not simple, and the solution may lie outside of the gig economy itself. In such a situation, there is a case to be made for improving last mile connectivity in peri-urban areas to facilitate easier access to physical markets, minimum order floors on platforms to ensure profitability, stricter regulation of vendors on the platforms and generally, a more conscious consumer that understands the importance of paying more for such services. Nonetheless, such a sector remains in urgent need of state intervention, as well as a general need for implementing a culture of worker-oriented entrepreneurship and disruption in the platform economy.

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