

The gig economy and its influence on traditional HR practices

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Abstract- The gig economy, characterized by flexible and temporary labour arrangements, has gained significant momentum in recent years, transforming traditional employment structures. This research paper explores the implications of India's expanding gig economy on Human Resource Management (HRM) practices and its effects on major industries.

The rapid growth of the gig economy in India is driven by technological advancements, evolving work preferences, and the rise of digital platforms. Key HRM considerations in this evolving landscape include talent acquisition and recruitment, workforce planning and management, legal and compliance challenges, flexibility and cost optimization, innovation through specialized expertise, and fostering workforce diversity and inclusion.

To effectively navigate this shift, HR departments must adapt by revising recruitment strategies, implementing flexible workforce management practices, and addressing complex legal concerns. While large enterprises can leverage the gig economy for cost efficiency, enhanced innovation, and a more diverse talent pool, they must also tackle the challenges associated with this dynamic labour market.

Keywords: Gig Economy, HRM Practices, Large Enterprises, Workforce Management, Performance Optimization.

INTRODUCTION

The emergence of the gig economy has revolutionized the traditional employment landscape, introducing new paradigms of work arrangements characterized by flexibility, autonomy, and on-demand access to talent. In this dynamic environment, organizations are increasingly relying on remote and contingent workers to meet operational needs, driving significant implications for human resource management (HRM) practices. This introduction provides an overview of the gig economy and outlines the key challenges and opportunities it

presents for HRM professionals, focusing on managing remote and contingent workers, ensuring compliance with labour laws, and maintaining organizational culture. The gig economy, also known as the freelance or sharing economy, refers to a labour market characterized by short-term, freelance, or independent contractor arrangements, facilitated by digital platforms and technology. This shift away from traditional employment models has reshaped the way work is structured and performed, offering individuals greater flexibility and control over their work schedules and enabling organizations to access specialized skills and talent on a project-by-project basis. However, the rise of the gig economy has also posed significant challenges for HRM practices within organizations. One key challenge is the management of remote and contingent workers, who may operate outside the traditional office environment and lack direct supervision. HR professionals must develop strategies to effectively engage, supervise, and integrate gig workers into the organizational culture, ensuring alignment with company goals and values despite physical distance and limited interaction. Furthermore, ensuring compliance with labour laws and regulations presents a complex challenge in the gig economy. Unlike traditional employees, gig workers often operate as independent contractors, raising questions about worker classification, minimum wage requirements, overtime eligibility, and benefits entitlement. Failure to properly classify and compensate gig workers in accordance with legal requirements can expose organizations to legal liabilities, penalties, and reputational damage.

Maintaining organizational culture is another critical concern in the gig economy, where workforce diversity and transient employment arrangements may undermine efforts to cultivate a cohesive and inclusive organizational culture. HR professionals must find innovative ways to foster a sense of

belonging and shared purpose among gig workers, ensuring alignment with the company's values, mission, and norms. In light of these challenges, HRM professionals are tasked with reimagining traditional HRM practices to adapt to the realities of the gig economy. This research paper seeks to explore the implications of the gig economy on HRM practices, examining strategies and best practices for effectively managing remote and contingent workers, ensuring compliance with labour laws, and maintaining organizational culture in the evolving employment landscape. By understanding these implications and adopting proactive measures, organizations can leverage the opportunities of the gig economy while mitigating associated risks, ultimately fostering a more agile, resilient, and engaged workforce.

LITERATURE REVIEW

The development of strategic HRM as a discipline has led to more research into the topic, with the goal of better understanding and evaluating various HR policies and practices and how they interact in various circumstances. Here, a number of writers have put forth fresh ideas on human resource management as it pertains to the gig economy. Gig economy jobs break the traditional employment relationship between employers and employees, which has long been used to describe the activities that HR management aims to keep and improve (Meijerink and Keegan, 2019). This is one of the main reasons why this topic has been reviewed. Not only that, but algorithms power the platforms and apps that businesses use to connect their employees, and these algorithms may replace human HR managers in some cases (Duggan et al., 2019; Meijerink and Keegan, 2019). Because of this, many are beginning to doubt the value of human resource management and the field as a whole (Boocock et al., 2019; Duggan et al., 2019). Based on the studies cited in the table, this role exists within the Gig Economy, but paradoxically, it does not involve creating an employment relationship with employees (Boocock et al., 2020; Meijerink and Keegan, 2019; Woodcock and Graham, 2019). A number of authors have argued that workforce planning—which is largely made possible through the management of algorithms—is one of the primary functions of intermediary platforms. This planning aims to match the supply of services or tasks with the demand for them (Connelly et al.,

2019; Meijerink and Keegan, 2019; Schroeder, Bricka and Whitaker, 2019; Schulte, Schlicher and Maier, 2019). Human resource management in the gig economy, according to Meijerink and Keegan (2019), may be better understood via an eco-systemic lens, which sheds light on the ways in which HRM activities developed and executed on intermediate platforms regulate the on-demand or irregular labour. Workforce planning is one of the HR management activities integrated into intermediate platforms; it facilitates the matching of service and task demand with providers. In a similar vein, these writers name other processes, such as job design, which allows employees more freedom in deciding when and how they get their jobs done, and performance management, which uses the same platforms to assess employees' work and, in turn, control, compensate, and reward them for their efforts. Boocock et al. (2019), Connelly et al. (2019), Duggan et al. (2019), and Hyers and Kovacova (2018) are among the writers who have investigated HR management tasks in the gig economy, similar to Meijerink and Keegan (2019). They all agree that algorithm management plays a mediating function.

1. Objectives of the Study

This study aims to explore the impact of the gig economy on traditional Human Resource Management (HRM) practices and workforce structures. The key objectives include:

- To analyse the evolving nature of employment in the gig economy and its influence on workforce management.
- To examine changes in HRM practices in response to gig-based employment models, particularly in talent acquisition, performance management, and workforce planning.
- To identify legal and compliance challenges faced by organizations managing gig workers.
- To assess the advantages and challenges of integrating gig workers into large industries.
- To provide strategic recommendations for HR professionals to effectively manage gig workforce dynamics.

2. Need for the Study

With rapid technological advancements and shifting work preferences, the gig economy has become a dominant force in employment structures worldwide. Traditional full-time jobs are increasingly supplemented or replaced by contract-

based, freelance, and temporary roles. Organizations need to understand:

- How HRM strategies should adapt to accommodate gig workers.
- The impact on employee engagement, performance measurement, and job security.
- The regulatory and legal implications of a growing gig workforce.

As more industries adopt gig-based models, understanding these shifts is crucial for HR leaders to foster a productive and compliant work environment.

3. Scope of the Study

This research focuses on:

a) Industries Covered

- Information Technology (IT) & Software Services
- E-commerce & Retail
- Logistics & Delivery Services
- Healthcare & Professional Services
- Creative & Digital Freelancing

b) HRM Areas Analysed

- Talent Acquisition & Recruitment Strategies
- Workforce Planning & Performance Management
- Legal and Compliance Considerations
- Cost Optimization & Workforce Flexibility
- Workplace Inclusion & Diversity Trends

c) Geographical Focus

The study is centred on India's gig economy, examining both urban and semi-urban regions where gig employment is growing rapidly.

4. Research Gap

Despite the increasing relevance of the gig economy, there are limited studies on its direct impact on HRM practices in India. Existing literature primarily focuses on:

1. The economic impact of the gig economy but lacks insights into workforce management challenges.
2. Technological enablers of gig work rather than HR strategies to manage gig workers effectively.
3. Gig workforce rights and regulations but not the organizational changes needed to accommodate this workforce.

This study fills the gap by examining the HRM perspective, providing insights into how companies can adapt their policies, recruitment, and compliance frameworks.

5. Problem Statement

The emergence of the gig economy has disrupted traditional employment models, presenting challenges for HR professionals. Managing a flexible and temporary workforce requires new HR strategies, legal adaptations, and workforce planning techniques. However, many organizations still rely on traditional HR frameworks that do not accommodate gig-based employment effectively.

This study aims to identify key HRM challenges in managing gig workers and explore best practices for integrating them into large enterprises, ensuring both organizational efficiency and worker well-being.

6. Significance of the Study

This study is significant for multiple stakeholders:

For HR Professionals & Business Leaders:

- Helps in designing adaptive workforce strategies to manage gig workers efficiently.
- Provides insights into legal frameworks and compliance needs.
- Offers recommendations on optimizing workforce diversity and cost-efficiency.

For Gig Workers:

- Highlights employment rights, opportunities, and challenges.
- Encourages policies that ensure job security, fair wages, and professional growth.

For Policymakers & Regulators:

- Provides data-driven insights to shape gig economy regulations.
- Addresses concerns on worker protection, taxation, and labor rights.

For Researchers & Academicians:

- Contributes to the academic discourse on evolving HRM practices.
- Bridges research gaps and encourage future studies on gig workforce management.

RESEARCH METHODOLOGY

1. Research Design

This study follows an exploratory and descriptive qualitative research design to capture the complexities and nuances of HRM adaptations in the gig economy. A phenomenological approach is used to analyse experiences of HR professionals and gig workers.

2. Data Collection Methods

a) Primary Data Collection

To gather qualitative insights, multiple data collection techniques are employed:

- In-depth Semi-Structured Interviews
 - Conducted with HR professionals, business leaders, and policymakers to understand the strategic HR shifts due to the gig economy.
 - Gig workers are also interviewed to assess their experiences with employment practices, job security, and career growth.
 - Each interview lasts 30–60 minutes and follows an open-ended question format to encourage detailed responses.
 - Focus Group Discussions (FGDs)
 - Organized with HR professionals and gig workers to facilitate discussions on challenges, benefits, and best practices.
 - Each session includes 6–10 participants and follows a guided discussion framework.
 - Case Study Analysis
 - Examining real-world HRM strategies in companies that integrate gig workers.
 - Companies from diverse sectors (IT, e-commerce, logistics, healthcare, etc.) are selected to understand industry-specific HRM adjustments.
- b) Secondary Data Collection
- Industry Reports & Policy Documents
 - Reviewing reports from government bodies, think tanks, and organizations like NASSCOM, ILO, and McKinsey on gig workforce trends.
 - HRM Research Papers & Articles
 - Analyzing academic literature and whitepapers on evolving HRM practices.
 - Company HR Policies & Best Practices
 - Studying HR frameworks of leading organizations using gig workers.

3. Sampling Strategy

Target Population:

- HR Professionals from large corporations, startups, and consulting firms.
- Gig Workers from industries such as IT, e-commerce, logistics, and content creation.
- Industry Experts & Policymakers involved in labor law and workforce regulation.

Sampling Technique:

- Purposive Sampling to select HR leaders and policymakers with direct expertise in gig workforce management.
- Snowball Sampling to reach gig workers with diverse backgrounds.

Sample Size:

- 30–40 in-depth interviews with HR leaders, gig workers, and policymakers.
- 5–7 case studies on companies integrating gig workers into HRM strategies.

4. Data Analysis Approach

a) Thematic Analysis

A six-step thematic analysis framework (Braun & Clarke, 2006) is applied:

1. Familiarization: Transcribing interviews and discussions, followed by repeated reading.
2. Coding: Identifying recurring patterns related to HR practices in the gig economy.
3. Theme Identification: Grouping codes into broader themes (e.g., talent acquisition, legal challenges, diversity).
4. Reviewing Themes: Refining themes by cross-referencing data from different sources.
5. Defining & Naming Themes: Creating a clear narrative for each theme.
6. Final Interpretation: Synthesizing findings to present HRM adaptations and challenges.

b) Content Analysis

- Systematic review of company policies, industry reports, and research papers.
- Extraction of key trends and HR strategies used in managing gig workers.

5. Ethical Considerations

- Informed Consent: Participants are briefed on the study's purpose before interviews and discussions.
- Confidentiality: Anonymity of participants is maintained.
- Transparency: Responses are recorded and analyzed with full disclosure to participants.

6. Research Limitations

- Subjectivity: Interpretation of qualitative data may vary among researchers.
- Limited Generalizability: Findings are specific to selected industries and regions.
- Evolving Trends: The gig economy is dynamic, requiring continuous research updates.

FINDINGS OF THE STUDY

Based on the qualitative research conducted through interviews, case studies, and thematic analysis, the following key findings have been identified:

1. Transformation of Traditional HR Practices

- Traditional HR practices designed for full-time employees are not fully compatible with gig workforce models.
- Companies are gradually shifting to flexible hiring processes, focusing on project-based recruitment rather than long-term employment.

2. Talent Acquisition & Workforce Management Challenges

- Finding skilled gig workers is easier due to digital platforms, but vetting and onboarding them effectively remains a challenge.
- HR departments need customized onboarding and training strategies tailored for short-term and project-based workers.

3. Legal & Compliance Complexities

- Many gig workers lack legal protections such as job security, insurance, and social benefits.
- Organizations struggle with unclear labour laws and taxation policies related to gig employment.

4. Cost Optimization & Business Efficiency

- Companies benefit from cost savings due to reduced overhead expenses like benefits, office space, and long-term salaries.
- However, over-reliance on gig workers can lead to inconsistency in quality and productivity.

5. Workforce Diversity & Inclusion

- The gig economy provides opportunities for diverse talent, including freelancers, women returning to work, and individuals from tier-2 and tier-3 cities.
- However, lack of long-term engagement strategies makes inclusion efforts inconsistent.

6. Employee Engagement & Performance Management

- Gig workers often feel disconnected from company culture, impacting their motivation and performance.
- Traditional performance appraisal methods are ineffective for gig workers, requiring a shift toward project-based evaluations and feedback systems.

SUGGESTIONS AND RECOMMENDATIONS

1. Redefining HRM Strategies for Gig Workers

- Organizations should adopt hybrid workforce models that integrate gig workers while maintaining a stable core workforce.
- Onboarding programs for gig workers should be streamlined to ensure quicker integration into company projects.

2. Developing Clear Legal Frameworks

- Companies must collaborate with policymakers to establish clear labor laws that protect gig workers' rights.
- Implementing structured contracts outlining payment terms, project scope, and worker rights can improve transparency.

3. Implementing Fair Compensation & Benefits

- Introduce performance-based incentives for gig workers to ensure fair compensation.
- Companies should consider basic social security provisions like insurance or retirement savings options for long-term gig contributors.

4. Leveraging Technology for Better Workforce Management

- Utilize AI-driven talent platforms for efficient hiring, monitoring, and evaluating gig workers.
- Implement digital performance tracking systems based on project deliverables and quality of work.

5. Enhancing Engagement & Inclusion Efforts

- Foster a sense of belonging by integrating gig workers into company events, training programs, and virtual communities.
- Encourage cross-functional collaboration between full-time employees and gig workers to enhance teamwork and knowledge-sharing.

6. Strengthening Workforce Planning & Risk Management

- Avoid over-dependence on gig workers by maintaining a balanced mix of full-time and gig employees.
- Develop contingency plans to address risks such as skill shortages, compliance issues, and sudden workforce changes.

CONCLUSION

The rise of the gig economy has brought about a fundamental shift in traditional employment structures, compelling organizations to rethink their HRM strategies. This study highlights how businesses, particularly large enterprises, are adapting to this evolving workforce model, balancing flexibility and efficiency while addressing challenges related to legal compliance, workforce engagement, and performance management. One of the most significant transformations observed is in talent acquisition and workforce planning. The gig economy allows organizations to access specialized talent on-demand, reducing long-term financial commitments. However, managing a highly dynamic and dispersed workforce requires companies to develop customized onboarding, training, and performance evaluation methods that cater to short-term employment arrangements. From a legal and regulatory standpoint, the absence of clear labour laws for gig workers remains a major concern. Many freelancers and independent contractors lack essential employment protections such as job security, social benefits, and standardized pay structures. Organizations must work collaboratively with policymakers to establish a comprehensive legal framework that ensures fair working conditions while allowing businesses to maintain operational flexibility. Another critical aspect is workforce diversity and inclusion. The gig economy has opened doors for professionals from various backgrounds, including individuals from tier-2 and tier-3 cities, women re-entering the workforce, and specialized freelancers. However, sustaining long-term engagement and inclusion within the gig workforce remains a challenge. Companies need to foster a sense of belonging among gig workers by incorporating them into professional development programs, networking opportunities, and company-wide initiatives. Despite these challenges, the gig economy presents numerous opportunities for cost optimization, innovation, and agility. Companies that successfully integrate gig workers into their workforce can leverage greater flexibility, access to specialized expertise, and reduced operational costs. However, over-reliance on gig workers without a structured HR framework can lead to inconsistencies in work quality, compliance risks, and disengagement. To navigate this evolving employment landscape, organizations must take a strategic, technology-

driven, and policy-focused approach. By leveraging AI-powered recruitment platforms, digital performance tracking tools, and workforce analytics, HR professionals can effectively manage gig workers while ensuring business continuity. Additionally, developing fair compensation models, legal safeguards, and structured engagement programs will be essential in building a sustainable gig workforce ecosystem. In conclusion, the gig economy is not merely a temporary trend but a defining feature of the modern labour market. As businesses continue to embrace this shift, HRM practices must evolve to ensure efficiency, compliance, and employee well-being. A proactive and adaptive approach will be key to maximizing the benefits of gig employment while mitigating potential risks. By fostering an inclusive, fair, and well-structured gig workforce, organizations can thrive in this new era of work, driving both innovation and economic growth.

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