

Reshaping the Future

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Reshaping the Future: The Phenomenon of Gig Workers and Knowledge- Economy

BY

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Preface

The rise of the gig economy has resulted in a new set of work expectations and attitudes. The growth of online labour platforms and the gig economy in low-income countries is viewed as an enabler of a new wave of online outsourcing, thus resulting in employment growth and poverty reduction (The Rockefeller Foundation, 2013; UNDP, 2016; World Bank, 2016).

Policy-makers and digital leaders should consider: how to prepare the workforce to produce knowledge, perform, and transform the country into a knowledge hub via gig workers and transform the economy into a knowledge economy and a destination for national and international clients looking for professional workers. This estimate is based on the growing number of gig workers and digital platforms worldwide.

Companies use freelancers for business activities such as customer support, learning and development, corporate website development, and support; however, most companies now prefer to have only a couple of regular employees in those functions and outsource the rest of the work to external experts.

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Introduction

The gig economy is one of the most recent digitalisation developments in this fourth industrial revolution (Malik & Raziq, 2021). The rise of the gig economy is dramatically altering work arrangements and reshaping the global workforce. Further, digital skills and the influx of professional gig workers have accelerated such a transformation (Malik & Raziq, 2021). Technology today is creating new and more flexible ways to meet the demands of the business workforce, and this has effectively shaped the future of work. Meanwhile, the rise of the gig economy has resulted in a new set of work expectations and attitudes.

This transformation is new, and many sectors have yet to feel its impact. Plus, the total number of gig workers remains relatively small. Nevertheless, concerns were highlighted among the public and policy-makers in high-income countries regarding the implication of this new economy on the future of work.

On the other hand, policy-makers in lower and middle-income countries that are more concerned with fostering economic development have a favourable view of the gig economy's growth. The growth of online labour platforms and the gig economy in low-income countries is viewed as an enabler of a new wave of online outsourcing, thus resulting in employment growth and poverty reduction (The Rockefeller Foundation, 2013; UNDP, 2016; World Bank, 2016). Low-income countries have created many initiatives to capitalise on the opportunity presented by online outsourcing and remote gig work to bring millions of jobs to potential workers (The Rockefeller Foundation, 2013; UNDP, 2016; Wood et al., 2019; World Bank, 2016).

However, the opportunity to decrease unemployment, increase job revenue, and foster economic growth for developing countries through the gig economy needs short-term and long-term planning. The plans should primarily prepare the labour market with training, arrangements, and management of professional gig workers.

More importantly, the gig economy revolutionises the norm of employment and the conventional business models and management system. Take, for example, how Japanese businesses revolutionised supply chains with the concept of just-in-time manufacturing and the dot-com revolution, transforming their economy through e-commerce. Similarly, the gig economy is changing the world of work as

businesses seek to aggressively manage costs and improve agility through a more flexible workforce. Communal support and digital transformation will drive this progressive industry. The gig economy is poised to be a meaningful opportunity to solve some of the workforce's problems and tackle the challenges within the future of work. The emergence of professional gig workers (otherwise known as knowledge workers) transforms the economy into a knowledge economy.

However, training and managing these professional gig workers requires consideration. Policy-makers and digital leaders should consider: how to prepare the workforce to produce knowledge, perform, and transform the country into a knowledge hub via gig workers, and transform the economy into a knowledge economy and a destination for national and international clients looking for professional workers. Managing and organising this skilled workforce will result in job creation, wealth creation, and economic growth.

An Overview of the Gig Economy

'On-demand' is the emerging trend of the digital/platform economy. With services on-demand, we are also looking at an on-demand economy. In a gig economy or on-demand economy, the concept of long-term employees is erased, and independent workers often refer to themselves as self-employed.

The gig economy is characterised by the outsourcing of services by organisations and independent workers. It refers to a free-market system in which traditional businesses hire independent contractors, freelancers, and short-term workers to perform individual tasks, assignments, or jobs. The size of the gig economy in the UK now is estimated at 57.3 million freelancers; it is predicted to increase to 86.5 million freelancers by 2027. Gradually, the gig economy is seen as a viable option for work and earning a living.

Statistics show that the gig economy tends to attract young adults between 25 and 34 years old (*New Straits Times*, 2021). Some independent workers, like skilled professionals collaborating with various businesses, make a living primarily from gigs (*Malik & Raziq*, 2021).

The concept of a gig economy has been evolving over the past 40 years, even though it has gotten more attention recently due to digitalisation and online technologies' transformation (*Flanagan*, 2019). The rise of the digital platform simplifies the operation of the gig economy. Outsourcing and hiring are done through online platforms where clients advertise tasks, assignments, and jobs on their websites or online media outlets. A digital platform (platform economy) adds value to its users by providing an efficient infrastructure for matching supply and demand for skills and labour. The platform is a marketplace where workers and clients can meet, negotiate, and reach an agreement to complete a task or project using a standardised contractual framework (*Nordic Innovation*, 2019).

The creation of various sites (digital platforms) for gig workers and job postings is part of a global megatrend of digitalisation in the labour market and the gig economy (*Nordic Innovation*, 2019). The platform economy is an online marketplace that includes three types of actors: platform companies, workers (gig workers), and clients (buyers of tasks). While new technology enables digital

platforms, a platform-based market depends on all three market participants (Nordic Innovation, 2019).

Trends have shown that demand is primarily from developed countries such as the USA, UK, Canada, and Australia, while supply is primarily from low- or middle-income countries such as India and the Philippines, among others (Graham et al., 2017; Roy & Shrivastava, 2020).

Uber, Airbnb, and Lyft are examples of major platform-based start-ups that rely on a pool of workers to digitally mediate economic transactions (Vallas & Schor, 2020). Individuals can share their products and services on shared online platforms by offering apartments, homes for rent, and cars to transport people to their destinations. Clients and customers in the gig economy include Uber/Lyft drivers, TaskRabbit workers, Airbnb landlords, online marketplace sellers, volunteers, artists, on-call workers, multiple jobholders, contingent and part-time workers, highly skilled contractors, seasonal workers, consultants, freelancers, independent contractors, professionals, and temps (temporary contract workers). Through an online platform, people can find jobs in various fields such as arts, design, entertainment, sports, media, and sales.

Heeks (2017) claimed that approximately 70 million people had found work through a platform. Based on McKinsey's estimation, 540 million people can work through online talent platforms by 2025, with up to 230 million finding work (Manyika et al., 2015). For example, Guy Standing (2016) emphasises the role of digital platforms in the gig economy and predicts that by then, one-third of all work will be mediated by digital platforms (Woodcock, 2021). This estimate is based on the growing number of gig workers and digital platforms worldwide. Approximately 40% of the American workforce currently earns at least 40% of their income through gig work (Duszyński, 2022). The global revenue generated by the gig economy in 2018 was US\$82.4 billion, representing a 67% annual growth rate, demonstrating the gig economy's significant growth (Staffing Industry Analysts, 2018). These statistics reveal the global popularity of gig work and digital platforms such as Upwork, Guru, Freelancers.com, and others due to the workforce shift.

Trends show that demand is primarily from developed countries like the USA, the UK, Canada, and Australia, while supply is mainly from low- or middle-income countries like India, the Philippines, and so on (Roy & Shrivastava, 2020). According to the Global Gig-Economy Index, the USA ranked first among the ten fastest-growing freelance markets, with revenue growth of 78%, followed by the UK's revenue growth of 59%. In Asia, the Philippines ranks first with a revenue growth rate of 35%, while India ranks second with 29% (New Straits Times, 2021). In the United States, freelancers receive approximately 75% of their gig work from local clients. In contrast, freelancers from India, Pakistan, the Philippines, and other low-income countries receive about 90% of their gig work from overseas clients (Roy & Shrivastava, 2020). This demonstrates the opportunity for gig workers in low- and middle-income countries through digital platforms, which impacts economic growth and knowledge creation. On the other hand, employers in developed countries have access to professional workers in low-income countries with lower wage costs.

4 *Reshaping the Future*

The external workforce is critical for sourcing difficult-to-find skills, and the gig economy makes it easier for businesses to access top talent from around the world. It attracts an increasing number of people, workers, and talents to become available globally, and it creates new opportunities for employers to attract and collaborate with top talent on critical projects that require highly specialised skill sets. Evidence shows approximately 40% of managers worldwide expect freelance workers to account for an increased share of their organisation's workforce over the next five years, while approximately 50% of executives agree that corporate adoption of gig platforms will be an important trend. Almost three-quarters of executives indicated that gig workers have a significant impact on sourcing scarce skills, and the majority predicted that this would be the case in three years (Duszyński, 2021). Many managers believe that having an external workforce improves their overall financial performance (Duszyński, 2021) and allow for alternative arrangements for hiring people in IT, operations, marketing, research, and development (Deloitte, 2018).

The gig economy (and the platform economy, sometimes) may appear to be an individualistic approach to employment, but it simply leverages a decentralised network of skills, resources, and expertise. The trends indicate a convergence of cost-cutting initiatives and the need for employers to be more agile, with workers seeking greater flexibility. With the growing trend towards flexible work, the gig economy may emerge as a critical job employment sector as demand for related services grows. Many Fortune 500 companies began to outsource non-core jobs such as marketing, back-office operations, and human resources functions to gig workers (Caminiti, 2018). Companies are flocking to this community because it assists them in obtaining a skilled workforce, lowering costs, and innovating more quickly. Companies use freelancers for business activities such as customer support, learning and development, corporate website development, and support; however, most companies now prefer to have only a couple of regular employees in those functions and outsource the rest of the work to external experts. This model enables businesses to access the most recent and relevant knowledge and expertise at a fraction of the cost (Roy & Shrivastava, 2020).

The gig economy has become an important test case for a new approach to labour management. It has the potential to significantly alter how work is organised in the future and how the current traditional business model should change to meet future needs. Cant (2019) argued that the gig economy serves as a 'laboratory' for new management techniques. As a result, whatever methods and techniques prove successful in this new testing ground will be adapted, adopted, and used more broadly across the economy in the future (Woodcock, 2021). The rapid growth of the gig economy will present several challenges, risks, and issues, the majority of which will govern payment for gig workers and the industry. It will necessitate infrastructure investment, as adequate IT infrastructure is required in urban and rural areas where gig workers can deliver services. Education and training will be necessary to transform and manage the economy. With an increasing number of people and gig workers participating as gig workers, clients, or market creators, the gig economy will significantly alter the modern business landscape – to the point where the new economy will require new legislation to regulate it.

The gig economy is transforming traditional employment, addressing workforce and unemployment issues, and contributing to the national economy should be valued (*New Straits Times*, 2021). Therefore, it is critical to understand what is happening in the gig economy and how to successfully manage change to chart a better future for work and workers (Woodcock, 2021). In this book, we will go over the gig economy, platform economy, knowledge economy, gig worker job categories, and the transformation of the economy to the knowledge economy in depth.

Structure of the Book

The book is organised as follows. We will discuss the existing literature on the scope and characteristics of the gig economy in the first chapter. Next, examine the gig economy and specifics about gig workers and digital platforms and provide a general overview of the gig economy category of work, opportunities, issues, and challenges.

Chapter 2 will go into greater detail about knowledge workers and gig workers, the current composition of gig workers and some statistical indicators that can capture trends. We also discuss how professional gig workers differ from gig workers and how they are similar to knowledge workers.

Chapter 3 will look at factors affecting knowledge workers and the knowledge economy and the potential growth of the knowledge economy through professional gig workers. The chapter will also discuss the characteristics and drivers of the knowledge economy and the impact of knowledge management on the knowledge economy.

Chapter 4 discusses how to manage change to transform the economy into a knowledge economy and how organisations can manage their workforce to capitalise on the opportunity of gig workers and digital platforms.

In response to an increasing number of independent professionals, **Chapter 5** summarises the analysis and discusses the potential development of the knowledge economy with professional gig workers. It examines the opportunities and barriers for each country, the future of gig workers, and economic growth. We discuss the impact of professional gig workers on a country's economic growth, highlighting professional hubs for productivity and knowledge transfer. This chapter discusses legal, educational, and infrastructure issues, access to social rights and employment benefits and collective bargaining in a labour market with a high proportion of independent workers.

Definitions and Terminology

Both new and established terminology is used throughout this book to describe the gig economy, digital platforms, and the labour market. This section defines the essential terms and classifications used throughout the book.

The *gig economy* refers to individual jobs, called 'gigs', which are conducted based on short-term contracts with independent workers or paid per project by a company or online marketplace for a short-term engagement.

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The *gig worker* is defined as independent contractors, online platform workers, contract firm workers, on-call workers, and temporary workers.

The *gig professional worker* is defined as work that requires specialised skills and is relevant for persons that have attained long tertiary education and experience, which we refer to as professional workers.

The *platform economy* refers to economic and social activities facilitated by digital platforms. The analysis in this project is limited to labour platforms, which mediate work through digital platforms.

The *digital platform* refers to a digital place for exchanging information, goods, or services between producers and consumers and the community interacting with said platform.

The *knowledge worker* refers to an individual whose principal capital is knowledge. A knowledge worker is an experienced and knowledgeable person who can learn and adapt to a shifting workplace.

The *knowledge economy* refers to an economic system in which goods and services are based principally on knowledge-intensive activities that rapidly advance technical and scientific innovation.

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