



# Reshaping HR Practices In The Era Of The Gig Economy: A Risk-Reward Analysis

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## Abstract

This research paper aims to provide a holistic understanding of different aspects of the gig economy by synthesizing and reviewing available studies conducted on various dimensions of the gig economy, such as HR practices in these new work arrangements, risk and reward associated with the gig economy, and strategic reform at workplaces where a mixed structure of workforce is adopted. The study is based on secondary data analysis collected from various e-databases, including Google Scholar, Scopus, ResearchGate, and Web of Science. The study's findings suggest that traditional HR practices must be reshaped to align with the current trend of gig work arrangements, harnessing opportunities and navigating the challenges associated with the gig economy. The study has a major limitation in that it relies solely on secondary data. Findings of the study make some managerial suggestions for dealing with the current trend of gig work by rethinking HR practices and making them relevant for all workforces.

**Keywords-** Gig economy, platform economy, HR practices

## Introduction

In recent years, the Gig Economy has expanded in a very fast way and transformed the labour market by occupying a substantial place in the global economy. This transformation has happened mainly due to the aftermath of the 2008 global financial crisis, the resultant rise in unemployment (Banik 2021), technological advancements, workers' preferences for flexibility over stability, and the emergence of digital platforms (Kalleberg & Dunn, 2016). These developments in the labour market made one thing very clear: the traditional employment model is no longer relevant to manage the mixture of both conventional and non-conventional (Gig workers) workforce. According to current trends, work-life balance is becoming a non-negotiable demand of employment arrangements across the demographic profile, and the gig economy is offering this element of flexibility. As a result, there is a need to reshape traditional HR practices like recruitment, selection, employee engagement, employee commitment, retention, organisational loyalty, and career development to manage the workforce in the present scenario as a coping mechanism (Celestin & Vanitha, 2023). Nowadays, workers can choose the time and places of work as per their availability and convenience, respectively, and this flexibility is enabled by technological advancement and supported by

the trend or preference of remote/ work from home. As a result, the nature of the job has changed drastically from permanent to temporary because it offers flexibility.

To comprehend the dynamism of today's work culture and the role of gig workers in the labour market, it is important to understand the basics and foundation of the gig economy (Mehta,2023).

In the starting phase, a Gig meant a single performance by an artist, especially by a musician, but today, a Gig also means a performance by any talent, like a writer, wedding planner, photographer, realtor, architect, financial consultant, driver, etc. The Gig workers are independent human resources helping a firm without being part of the firm. They work alongside the firm for a single term, single project, single product, single presentation, etc, and stay out of the payroll of the firm.

As far as work under the gig economy is concerned, it operates on two models: the crowd work model, in which gig workers and firms are connected through the internet, and, On- on-demand work model, where services are delivered physically after online order through any application. The whole structure of the gig economy can be summarised by a triangular relationship among service providers (gig workers), end users (consumers), and any mediating platform between them (Uchiyama, 2023).

The gig economy offers flexibility, supplements income, and is characterized by shorter employment contracts and independent work arrangements. Here, workers are often self-employed and independent contractors, such as those in food delivery, virtual assistant, and online tutoring services (Kähkönen, 2023).

This Economy is also called the platform economy, or sharing Economy, or on-demand economy (Mehta,2023). As every coin has two sides. This recent development in the labour field has also created countless opportunities and challenges. To cope with the current scenario and make strategic decisions, it is very crucial to understand both challenges and opportunities.

On the one hand, it offers flexibility to the employees in their work arrangement such as shift change (time flexibility), work from home (location flexibility), work life balance etc., second, this model is also friendly for those employees who want to work in more than one organization at a time, which supplement income of employees (McDonnell, 2023). On the other hand, it is also beneficial to the employer because this model helps in reducing overall operational cost, more specifically, labour cost. Second, now HR can be more focused on talent acquisition instead of talent retention.

Looking at the other side of the coin, there are some visible challenges too in this model, such as, first, an ambiguous definition of gig workers. Gig workers are not full-time employees of the organization hence, they remain outside the payroll and excluded from the benefits of social securities like insurance, provident fund, maternity benefits, medical etc. second, as gig workers are not a part of trade union, so there is no representation by trade union in collective bargaining process, third, no job security and poor working condition (Mehta, 2020). Traditionally, it is widely accepted that HRM is a managerial activity for managing and maintaining employment relations, but the gig economy is not based on standard employer-employee relations. Due to the absence of identifiable employment relations, HR professionals have no standard guidelines or HR practices to manage Gig workers (Meijerink, 2019).

However, the rise in the gig economy has shifted the attention of HR managers toward the inadequate HR practices for managing Gig workers (Berg, 2016).

The study focuses on providing a comprehensive view of the Intervention of the Gig economy in modern work arrangements, its existential and potential risks and rewards through the lens of both employees and employers, so that HR practices can be reshaped most profitably.

## Literature Review

### Gig Economy and HR practices

HR practices play a very crucial role in managing both regular and gig workers. Organizational outcomes, such as productivity, effectiveness, and employee engagement, as well as employees' specific outcomes, including well-being, can be enhanced by modified HR practices, including flexibility, standard base pay, remote work arrangements, and coverage under well-being and social security schemes. Therefore, there is an urgent need to reshape HR practices in the context of the current labour market situation to maintain a positive atmosphere in the organization, which will ultimately promote the happiness of gig workers (Mohaba et al., 2025).

Today, the platform economy uses various HR practices like HR planning, recruitment, selection, training, maintenance, and motivation with the help of technology, and this technology-enabled platform provides highly individualized work and working conditions, which necessitate the formation and adoption of personalized HR practices to suit each employee's specific needs. The role of HRM and technology in this new work arrangement is very crucial concerning policy formation and its implementation (Anthony et al. 2021).

Recently, numerous areas have been identified to invest in HR practices to improve the working conditions of gig workers, such as 1. Creating and maintaining a positive culture that promotes the interests of gig workers, 2. Creating proper communication channels among top management, HR managers, and gig workers 3. Leveraging technology for workforce management, 4. Following the trend in HR planning, recruitment, selection, retention, performance management, and training & development (Asuman et al. 2025).

The trend of Gig working has fundamentally changed conventional HR practices, making it essential to inculcate employees' specific approaches such as flexibility, adaptability, and autonomy, while designing and assigning Jobs. This trend of the gig economy is supported by workers' preferences for work flexibility and autonomy that shifted the idea of working from full-time to part-time or freelance (Celestin et al. 2023). The findings of the paper suggest that HR manager must adopt their policy regarding human resources management, such as recruitment, selection, induction, training& development, performance management, motivation, etc, in light of industry dynamics.

In the era of the gig economy, HRM plays a crucial role without giving regular or full-time jobs to the workers with the help of digital labor platforms that work on the algorithm and make HRM function automatically with low or no involvement of HR managers. The gig economy is based on the trend of flexibility, autonomy, outsourcing, Digitization, and artificial intelligence. Therefore, policy formation must be as per these trends (Kuhn & Meijerink et al. 2021).

HR practices in the gig economy need to cultivate a workable approach that considers both opportunities and challenges. In this era, HRM can neutralize the challenges and harness the opportunities arising from the gig economy by formulating and implementing strategies for efficient staffing & performance management, improving employee engagement, and promoting well-being. Organizations must look on the positive side of the gig economy and leverage its potential to remain agile and competitive in the dynamic business environment (Wandhe et al. 2024).

In this disruptive and new business model, it must be a priority for an organization to work on fairness policies and eliminate discrimination based on cast, age, gender, income, etc. Organizations must focus on the protection of the right to privacy in this technological era, offer flexible work arrangements to the employees, and invest in training and development to upskill employees. In short, it is the time to take initiatives that are more workforce-oriented oriented such as acquisition and retention of talent, on-demand service management, etc (Mojeed-Sanni et al. 2019).

With the evolution of the labor market, HR policies and practices must evolve to fulfill the requirements of the current workforce. First, adaptation in talent acquisition strategies. Now, HR is entrusted with the responsibility to search, hire, and engage gig workers who have expertise and skills and are specialized for specific projects. To ensure the above, the staffing process requires agility and adaptability (Shivajirao et al. 2023).

## Objectives

1. To examine the Role of HR practices in the Gig Economy.
2. To list out the opportunities and challenges associated with the gig economy from the point of view of both employers and employees.
3. To suggest innovative and relevant HR practices for managing Gig workers in the current work context.

## Hypotheses of the Study

H1: Tailor-made HR practices and strategies enhance the workers' engagement and retention ratio in the organization.

H2: The Gig Economy possesses significant opportunities and challenges for both employers and employees.

H3: There is an urgent need to reshape HR practices for managing Gig workers in the current context.

## Research Methodology

This study employed a secondary data-based approach to understand the trends and dynamics of the gig economy holistically.

To produce a comprehensive analysis, existing literature on the gig economy has been synthesized and analysed qualitatively. A thorough review of both national and international articles and research papers published till 2024 was conducted. The author has conducted an electronic data-based searches on different e-databases like google scholar, Scopus, research gate, and Web of Science was performed by using the term by using the specific key term such as Gig economy, platform economy, and freelancing HR practices in the Gig economy.

## Conclusion and Suggestion

In conclusion, within the current gig economy landscape, traditional HR practices need a customized and strategic approach to effectively manage gig workers. Based on existing literature on the gig economy, it is evident that employers or HR management can enhance the effectiveness and efficiency of gig workers by adopting innovative and flexible HR practices in areas such as recruitment, selection, onboarding, training and development, performance management, and motivation, tailored to industry-specific demands. Recently, a major shift has been observed and reported by many studies toward the preference of workers toward flexibility, work-life balance, remote working, assignment-based pay structure, etc. Accommodating these dynamisms mentioned above is a most pressing need of the hour to manage both conventional and non-conventional (Gig workers) by HR professionals.

Our review-based analysis explored various dimensions of the gig economy, such as HR practices, policies, work environment, culture, talent acquisition, retention, and management. The analysis suggests that there is an urgent need to reshape traditional HR practices regarding talent acquisition, retention, and management to fit well with the changing nature of work arrangements in the Gig economy. More specifically, HR professionals need to take initiatives that focus on talent portfolio acquisition, on-demand recruitment policies, employee fairness, eradicating disparity related to age, gender, and income, and harnessing technology to enhance overall development, skills, and competencies of employees.

Nowadays, the major tasks of the HR department are searching, recruiting, and engaging workers who offer specialized skills and expertized on a demand basis. The success of this task depends solely on the adaptability criteria of the staffing process as a whole. Staffing process, more specifically recruitment, needs to be agile to accommodate the workforce requirements of the organization in both qualitative and quantitative ways. HR plays a very crucial role in creating and maintaining an environment that is beneficial for both employer and employees by ensuring optimum compensation and benefits, keeping in mind to achieve cost effectiveness, employee attraction, and retention objectives.

Shifting our discussion toward risks and rewards associated with the gig economy, it is undeniable that the gig economy possesses both opportunities and challenges. In the sphere of opportunities, it offers flexible work arrangements such as time and place flexibility and better work-life balance, it also supplements income and reduces the overall cost of the organization at the same time it also poses some challenges to both gig workers, and the organization such as no identifiable employment relationship, poor working condition, no coverage under social securities and labor welfare laws, no union and bargaining power, etc. The task of HR is to leverage opportunities while managing challenges for the persistent growth of an organization. Here, to do so, HR practices must have the characteristics of fairness, adaptability, and proactiveness, which create a positive environment for both gig workers and the organization (Chitte et al. 2025).

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