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Uberisation Of Employment: A Study On Gig Workers Of Kerala

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Abstract: The Uberisation of employment in Kerala presents both opportunities and challenges. On the one hand, it provides flexible employment options and helps individuals supplement their income. On the other hand, it highlights the need for better protection of workers' rights, fair wages, and sustainable working conditions. As the gig economy continues to grow, it will be essential for the government, businesses, and workers themselves to strike a balance that ensures fair treatment and sustainable livelihoods for all.

Keywords: uberisation, employment, gig workers, digital platforms

Introduction

The "Uberisation of employment" refers to the growing trend of people participating in the gig economy, often through platforms like Uber, which provide flexible, freelance work through digital applications. In Kerala, this trend has gained significant traction, driven by factors such as the rise of digital platforms, a young, tech-savvy population, and the state's evolving labor market dynamics. The growing unemployment rate has led many individuals to seek alternative sources of income through gig platforms. The appeal of flexible working hours, coupled with relatively low entry barriers, has encouraged a large segment of the workforce, including part-time workers and those in rural areas, to enter this gig economy. The gig economy has introduced an alternative to traditional, formal employment. This has caused a shift away from secure, long-term jobs in favour of more transient, task-based work. This can be positive for those looking for flexible schedules.

Review of Literature

Juha Pekka Nurvala (2015) predicts the uberisation of service sector will be the norm in the future. According to him, the new and more developed internet based matching platforms will make it possible in the coming future.

Ludmila Costhek Abílio (2017) states that uberisation has not suddenly arisen from the digital economy. It has been developing for decades and has more recently materialised in this new field. Companies that promote uberisation in the digital economy field develop mechanisms to transfer risk and costs not to other subordinated companies, but to a multitude of available and engaged independent self-employed contractors.

Patricia Leighton (2016) studies on some of the major changes in the ways that people are working today, changes often driven by a preference for greater autonomy and choice, but also to work on a sharing, collaborative or networked basis. Many of the independent professionals are attracted by these ways of working. Developments in Information and Communication Technology have been critical, especially in enabling services, including professional services, to be delivered through internet platforms. This has created new forms of intermediation and increasingly complex work relationships.

Gerald F. Davis and Aseem Sinha (2021) says Organization theory faces challenges on all sides, yet it is uniquely suited to help understand and guide our current economic transition.

Research Gap

The study of the Uberisation of employment, especially in the context of regions like Kerala or India, is still an emerging field of research. While there is a growing body of literature on gig economies globally, several research gaps remain that offer opportunities for further exploration. Most studies on Uberisation focus on the economic or logistical aspects, but there is a lack of research on the psychosocial impact of gig work on workers in Kerala. The mental health effects, such as stress, anxiety, and the lack of social security, remain largely unexplored in this specific region. There is limited research on the long-term sustainability of the gig economy in Kerala, especially in the face of economic downturns or technological disruption. How do gig workers in Kerala adapt to market volatility? Are there ways to ensure long-term job security or retirement benefits?

Statement of the Problem

The Uberisation of employment in Kerala presents a multifaceted topic that touches on social, economic, legal, and technological issues. Filling these research gaps will provide valuable insights into how Kerala's labour market is evolving in the gig economy era, and how the state can balance the benefits of flexibility with the need for worker protections and sustainability. This will not only help policymakers, but also platform companies, labour advocates, and gig workers themselves to understand and navigate the complexities of this new form of employment.

Objectives of the Study

The study has the following objectives

- To understand the factors that contribute to the growth of Gig economy in Kerala
- To know the key sectors employing contract workers
- To analyse the positives and negatives of contract labour market

Methodology

Both primary and secondary data are used for the study. Primary data was collected using a structured questionnaire. 200 investors were contacted in the survey. Secondary data was collected from various newspapers, magazines and websites.

Significance of the Study

The gig economy is reshaping traditional work patterns, where jobs are no longer limited to full-time, long-term employment. By studying the gig economy, researchers can better understand how work is evolving from stable, secure jobs to more transient, task-based work. This shift has implications for job security, career progression, and the future of work. The study helps to inform policymakers, employers, and workers themselves about the evolving dynamics of employment, including challenges like income instability, lack of benefits, and the growing need for flexible work arrangements.

The contract labour market in Kerala

The contract labour market in Kerala, as in other parts of India, plays a significant role in various sectors, such as construction, manufacturing, services, and public administration. The use of contract labour allows employers to hire workers for short-term or specific projects without the long-term commitments associated with permanent employees. While it provides flexibility for businesses, it also raises issues related to worker rights, job security, and wages.

Key Sectors Employing Contract Labor in Kerala

- Construction Industry: The construction sector is a major employer of contract labour in Kerala, especially in large-scale infrastructure projects, residential complexes, and commercial buildings. Workers are often hired on a temporary or contractual basis for specific tasks like masonry, plumbing, electrical work, and general labour.
- Plantations and Agriculture: Kerala's plantation sector (such as tea, rubber, and coffee plantations) relies heavily on contract workers. Seasonal work, such as harvesting, maintenance, and other agricultural activities, is often performed by contracted labourers.
- Hospitality and Tourism: The tourism industry in Kerala also employs contract workers, especially in hotels, resorts, and houseboats. Staff in housekeeping, food and beverage services, and maintenance are often contracted for temporary or seasonal work.
- Manufacturing and Industry: Factories, especially in the manufacturing and packaging sectors, often use contract labour for tasks like assembly, packaging, and other manual jobs. This is particularly true for small and medium-sized industries.
- Public Sector**:** Various public sector undertakings and government departments in Kerala also use contract labour for administrative and support tasks. For instance, security staff, cleaning services, and clerical work in government offices are often outsourced to contractors.

Characteristics of Contract Labor in Kerala

- Temporary and Short-Term Employment**:** Contract workers in Kerala are typically hired for short-term assignments, often on a daily or monthly basis, and are expected to perform specific tasks during the contract period.
- Lack of Job Security**:** Contract labourers do not enjoy the same benefits and security as permanent employees. They lack the job stability, health insurance, provident fund, and pension schemes that regular workers typically receive.
- Lower Wages and Limited Benefits**:** Contract workers often receive lower wages compared to permanent employees for similar work. Moreover, they typically do not have access to worker benefits such as paid leave, sick leave, or bonuses, unless stipulated in their contract.
- Outsourcing of Responsibility**:** Many businesses and government departments outsource tasks to contract labourers to reduce costs and responsibilities related to employee benefits, leaving contractors to manage the workers.

Challenges Faced by Contract Labor in Kerala

- **Exploitation and Abuse:** One of the major concerns for contract workers is the risk of **exploitation** by contractors, who may underreport wages, delay payments, or fail to provide statutory benefits. Workers are also vulnerable to poor working conditions, especially in industries like construction and agriculture.
- **Lack of Social Security Benefits:** Contract labourers often lack access to essential social security benefits such as healthcare, insurance, and retirement plans, making them highly vulnerable in times of illness, injury, or old age.
- **Discrimination and Inequality:** Contract workers often face discrimination compared to permanent employees in terms of working conditions, access to benefits, and respect at the workplace. This disparity contributes to a growing divide between permanent and contract employees.
- **Informality and Lack of Unionization:** A significant portion of contract labour operates in the informal sector, where the lack of formal contracts or recognition can hinder their ability to negotiate fair wages or secure employment rights. Unionization among contract workers is also minimal, making it difficult for them to collectively address their grievances.

Impact of Contract Labor on Kerala's Labor Market

- **Flexible Labor Market:** The use of contract labour allows businesses to maintain flexibility in managing their workforce, particularly during peak periods or for specific projects. For example, in the hospitality sector, workers may be hired on a seasonal basis to accommodate the influx of tourists during peak seasons.
- **Reduced Long-Term Employment Costs:** Employers benefit from the reduced financial burden of providing long-term employee benefits, such as healthcare, pension contributions, and paid leave.
- **Shift from Permanent to Temporary Work:** The growing reliance on contract labour in Kerala reflects a broader trend towards temporary, precarious work. While this may be beneficial for businesses seeking cost savings, it also contributes to job insecurity and instability for workers.

Advantages of contract labour market

The **contract labour market** offers several advantages to both employers and workers, as it provides flexibility and adaptability in an ever-changing economic environment. Here are some of the key benefits of the contract labor market:

1. Flexibility for Employers

- **Adaptability to Demand Fluctuations:** One of the main advantages for employers is the ability to adjust the workforce according to business needs. During peak seasons or when there's a sudden increase in demand, businesses can quickly hire additional contract workers without the long-term commitment associated with permanent employees.

- **Cost Efficiency:** Employers can save on long-term employment costs such as benefits, pensions, and insurance. Contract workers are typically not entitled to the same set of benefits as full-time employees, which can lead to cost savings for businesses, especially in industries with fluctuating labor requirements.

- **Project-Based Workforce:** Contract labor is ideal for projects that have a defined duration, such as construction, seasonal work, or short-term assignments. Employers only need to hire workers for the specific duration of the project, ensuring that they aren't paying for labor they don't need.
- **Focus on Core Business Functions:** By outsourcing non-core tasks (such as security, maintenance, cleaning, etc.) to contract workers, businesses can focus on their core operations, improving productivity and efficiency.

2. Reduced Long-Term Liabilities

- **Avoidance of Retrenchment Costs:** Since contract workers are hired on a short-term basis, employers are not obligated to provide severance pay or retrenchment compensation, as is required for permanent employees. This reduces the financial burden on employers in the event of downsizing or job cuts.
- **Reduced Employee Benefits Burden:** Contract workers usually do not receive benefits like health insurance, retirement contributions, paid leave, or bonuses. This reduces the employer's responsibility for these financial commitments, especially when compared to permanent employees.

3. Access to Specialized Skills

- **Skilled Labor for Specific Tasks:** Employers can hire contract workers who possess specific, often highly specialized, skills for short-term projects or tasks. This enables businesses to access expertise without the long-term commitment of hiring full-time employees with those specialized skills.
- **Quick and Efficient Hiring:** Hiring contract labor can be faster than going through a lengthy recruitment process for permanent roles. This is particularly advantageous when businesses need to fill immediate vacancies or respond to urgent projects.

4. Opportunities for Workers

- **Flexible Working Hours:** Contract workers enjoy flexibility in choosing their working hours, which can be an advantage for those who need to balance work with other personal commitments (e.g., students, retirees, or caregivers).
- **Diverse Work Experiences:** Since contract workers are often hired for short-term projects in different industries or sectors, they gain a wide range of experience and skills. This exposure can make them more versatile and employable in the long term.
- **Earning Potential:** Contract workers may have the opportunity to earn more money compared to permanent employees in certain sectors, especially when working on high-demand projects or skilled labour roles.
- **Entrepreneurial Opportunities:** For workers who are interested in independence, working as a contract labourer can serve as an entry point to entrepreneurship. Many contractors operate as independent service providers, managing their own time, rates, and workloads.

5. Reduced Administrative Overhead

- **Simplified HR Management:** Employers can avoid the complexities associated with managing permanent employees, such as dealing with long-term contracts, performance reviews, employee retention programs, and disputes. The administrative burden is lessened when contract labor is used because workers are typically hired for a specific task and for a set period.
- **Outsourcing to Specialized Agencies:** Many employers outsource the hiring, management, and payment of contract labor to agencies or third-party service providers, further reducing internal HR and management overhead.

6. Scalability and Workforce Management

- **Scalability:** In industries where business cycles fluctuate, employers can scale their workforce up or down as needed without the burden of hiring or firing permanent staff. This helps businesses remain agile in a competitive market.
- **Risk Mitigation:** In uncertain economic times or during a company restructuring, employers can mitigate the risks of committing to long-term employment contracts by relying on contract labour for short-term needs.

7. Lower Risk of Labor Strikes

- **Less Unionization Pressure:** Contract workers are typically less likely to unionize or engage in labour strikes compared to permanent employees, as they do not have the same level of job security and may not be as invested in long-term employment relationships. This can reduce the risk of labor disputes in some cases.

8. Economic Benefits

- **Boost to the Informal Sector:** Contract labor can provide income opportunities for individuals who might otherwise struggle to find stable, full-time work. It can be an essential source of employment, particularly in industries like agriculture, construction, and hospitality.
- **Boost to Local Economy:** Contract labor can stimulate local economies by creating job opportunities that might otherwise not exist. Additionally, it can provide a source of income for a broad spectrum of workers, from unskilled laborers to skilled professionals.

9. Government and Regulatory Flexibility

- **Easier Compliance with Local Regulations:** Employers can often find it easier to comply with labour laws in relation to contract workers since they are more likely to be hired through third-party contractors or agencies. This can simplify compliance with regulations on wages, working hours, and safety standards.
- **Reduced Legal Liabilities:** By using contract labor through an intermediary, the responsibility for certain legal aspects, such as worker welfare and compensation, can be shifted to the contractor or agency, reducing direct liability for the employer.

10. Business Continuity

- **Continuity During Employee Absences:** In industries where workers are likely to take extended leaves due to health issues, maternity leave, or other personal reasons, hiring contract workers can ensure business continuity without interruptions in operations. This helps maintain productivity even in the absence of permanent employees.

Disadvantages of contract labour market

While the contract labour market offers several advantages, it also comes with significant disadvantages that affect both workers and employers, as well as the broader economy.

1. Job Insecurity for Workers

- **Lack of Long-Term Stability:** Contract workers face uncertainty about the duration of their employment, leading to financial instability. Since contracts are often short-term, workers may not know when they will find their next job or how long they will be employed.

- **No Guarantee of Renewed Employment:** Contract workers may face difficulties when their contracts are not renewed, leaving them unemployed until they can find another contract position. This lack of job security can lead to stress and anxiety.

2. Low Wages and Inequitable Pay

- **Lower Wages Compared to Permanent Employees:** Contract workers often receive lower wages than their permanent counterparts, even if they perform the same work. The difference in pay is often justified by the temporary nature of the work and the lack of benefits, but it contributes to income inequality.

- **Lack of Incentives and Bonuses:** In many cases, contract workers do not receive incentives, performance bonuses, or other financial benefits that full-time employees may get, leading to a lack of motivation and dissatisfaction.

3. Lack of Employee Benefits

- **Absence of Social Security Benefits:** One of the major disadvantages for contract labourers is the lack of social security benefits, such as healthcare, pension schemes, paid leave, and insurance. These benefits are typically provided to permanent employees, but contract workers usually do not have access to them.

- **No Paid Leave or Sick Leave:** Contract workers often do not have paid leave or sick leave. In cases of illness or personal emergencies, they are forced to either take unpaid time off or continue working while unwell.

4. Vulnerability to Exploitation

- **Exploitation by Employers:** Contract workers are more vulnerable to exploitation due to the lack of job security and the temporary nature of their employment. Employers may underpay, delay wages, or provide poor working conditions without fear of long-term consequences.
- **Poor Working Conditions:** Since contract workers are often not considered "permanent" employees, they may receive inferior working conditions, including fewer health and safety protections, compared to full-time workers.
- **Lack of Legal Protections:** Contract workers often lack the legal protections afforded to permanent employees. In many cases, they are not entitled to the same legal recourse when their rights are violated, such as unfair treatment, workplace injuries, or wage disputes.

5. Limited Career Advancement

- **No Career Progression:** Contract workers are often viewed as temporary or disposable, which means they may not be considered for promotions, skill development, or long-term career progression within a company. As a result, they may experience a sense of stagnation in their professional growth.
- **Limited Opportunities for Training:** Contract workers may have limited access to training programs or opportunities to improve their skills, as employers may not invest in their development due to the temporary nature of their employment.

6. Social and Psychological Impacts

- **Mental Stress and Anxiety:** The uncertainty and instability of contract work can lead to stress and anxiety for workers who are constantly worried about losing their jobs or finding new contracts. This can affect their overall mental well-being.
- **Social Isolation:** Contract workers may feel socially isolated from their full-time colleagues, particularly in workplaces where contract and permanent workers have different roles, benefits, or levels of engagement. This can lead to a lack of camaraderie and a sense of being undervalued.
- **Lack of Job Satisfaction:** Without the security and stability of permanent employment, many contract workers experience a sense of dissatisfaction with their work, which can impact productivity and morale.

7. Erosion of Worker Rights

- **Lack of Union Representation:** Contract workers may not be able to join trade unions or collective bargaining groups, which can make it difficult to advocate for their rights, negotiate better wages, or improve working conditions.
- **Vulnerable to Discrimination:** Without the protection of permanent employee status, contract workers may be more susceptible to discrimination based on age, gender, caste, or other factors, as they may not have the same level of protection or recourse.

8. Negative Impact on Work-Life Balance

- **Inconsistent Working Hours:** Contract workers may be required to work irregular hours or be on call at short notice, which can disrupt their work-life balance. Additionally, the lack of stability can make it difficult for contract workers to plan for personal activities or vacations.
- **Long Hours and Increased Workload:** In some cases, contract workers are expected to work longer hours or take on additional responsibilities without additional compensation, as employers may view them as "disposable" labour.

9. Dependency on Contractors

- **Increased Reliance on Middlemen:** Employers who hire contract labour may rely on contractors or third-party agencies to manage their workforce. While this offers flexibility, it also creates a dependency on these intermediaries, which can lead to communication gaps, administrative inefficiencies, and additional costs.

- **Misalignment of Interests:** Contractors are typically incentivized to maximize profits, which can lead to cost-cutting measures that negatively impact the workers' welfare. This misalignment between employers, contractors, and workers can result in poor working conditions and mistreatment of workers.

10. Impact on Long-Term Economic Stability

- **Impact on Social Safety Nets:** The increasing reliance on contract labour can undermine the social safety net for workers, such as pensions, retirement funds, and unemployment benefits. Without access to these benefits, workers may face difficulties during times of crisis, like illness, retirement, or job loss.

- **Undermining Full-Time Employment:** As more businesses turn to contract labour to reduce costs, there may be fewer opportunities for full-time, permanent jobs. This can contribute to the precarization of the labour market, where more people are engaged in temporary, unstable work, leading to increased inequality and reduced social mobility.

11. Legal and Regulatory Issues

- **Challenges in Enforcement of Labor Laws:** Enforcing labour laws and regulations for contract workers can be challenging, especially if they work in the informal sector. Workers may not be aware of their rights, or employers may exploit legal loopholes to avoid compliance with labour standards.
- **Misclassification of Workers:** Employers may misclassify workers as "independent contractors" to avoid the legal obligations that come with hiring permanent employees, such as providing benefits or job security. This misclassification can leave workers without important rights and protections.

Conclusion

The contract labour market offers numerous advantages, particularly in terms of flexibility, cost-efficiency, and scalability for businesses, while providing opportunities for workers to engage in more diverse and flexible employment options. However, it is crucial to balance these benefits with the need for worker protection to avoid exploitation and ensure fair wages and working conditions. As such, while the contract labour market benefits the economy and business operations, appropriate safeguards are essential to protect the rights of contract workers.

While the contract labour market provides flexibility and cost advantages for businesses, it creates a range of disadvantages for workers, such as job insecurity, lack of benefits, vulnerability to exploitation, and limited career progression. These issues contribute to a growing divide between permanent and contract employees, undermining workers' long-term welfare and economic stability. To mitigate these disadvantages, it is essential to strengthen labour protections, ensure fair wages and benefits, and promote greater stability for contract workers.

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