

# Gig Economy in India: State of Contract Workers in it Industry



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**Abstract:** *the most acknowledged use of contract workers. The use of contract workers has helped organizations to save money; it has also helped organizations to become more flexible & adaptive. The present research was conducted to understand how the contributions made by contract employees are valued across the IT sector and to know the favorability of existing employment practices. Another objective was to analyze how much effectively has the organizations tried to use the contract employees and whether the contract employees are satisfied or not with the existing functioning parameters like feedback mechanisms and opportunities to improve their career graph. The study is basically about understanding how the contract employees are being utilized in the IT sector. The purpose of understanding this is because IT sector is one which surely has lot more temporary or non-permanent jobs than any other sectors. So managing that requires more understanding of the prospects needs and wants. Deep insights and strategies can be derived if the employer gets to know what the prospects are looking for. This enhances the employability prospects as well, thereby ensuring more pool to choose from and satisfied & committed workforce. A cross sectional survey was conducted to study IT contract employees. Based on the responses of contract employees across the IT sector analysis was made to understand about the satisfaction levels of the employers' activities and whether those enriched the working conditions and work patterns etc.*

**Keywords:** *Contract workers, Contract employees, Payroll workers*

## I. INTRODUCTION

The concept of modern workers has high value as it is one among the highly contributing section of the workers unit as a whole. The word contract workers have each classification among the prominent allied workers unit. The nomenclature has it divided it among various combinations like payroll and non-payroll workers. Considering this pay roll and non-payroll workers as subunits of a contract workers, it's a way of sub classifying in terms of whether the names of such employees are there in payroll of a company or not. As such there are various such classifications that define what one is. And each has its own unique method of nomenclature. The contract workers is statutorily not part of the regular workers unit in traditional perspective while in the modern outlook there are no views on the employee strength without considering them. The contract workers is said to have carved their own niche. The contract workers can be viewed in another angle or perspective.

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Organizations are constantly attempting to expand efficiencies and slice costs so as to build benefit. With work being perhaps the greatest cost in business, it's just characteristic that organizations would begin searching for creative approaches to accomplish work all the more productively at lower costs, which is the means by which the unexpected workers was conceived. Contract laborers are characterized as specialists, self-employed entities, advisors, or other redistributed and non-lasting specialists who are contracted on a for every task premise. They can chip away at site or remotely. Be that as it may, they are not just temp laborers—this limits the high-esteem nature and multifaceted nature of the present unforeseen workers. Unforeseen specialists are exceptionally talented specialists in their fields. These laborers are employed to finish indicated errands under an announcement of work (SOW) arrangement. When the undertaking is finished, they leave, however they might be called back when another task emerges. All things considered, they are not representatives of an organization and the entrepreneur has no duty to give nonstop chip away at a changeless premise. The contract workers enable organizations to contract non-lasting laborer's so as to all day business. This procedure can empower your organization to ensure that a specific position is a piece of your long haul plans or to guarantee that a particular individual fits into your organization culture. For the purpose of the study a contract worker is being defined an employee who works under an employer on a contract basis. A contract employee is hired for a specific job at a specific rate of pay. A contract employee does not become a regular addition to the staff and is not considered a permanent-employee and an employer as a party that you work for by receiving payments in return. Not to be misunderstood and used against staffing agency through which you get the contract work

## II. LITERATURE REVIEW

Defining who an employee is and who a contract worker is a tough task. Primarily it's because of the legal restrictions binding. The functional levels of an organization are the ones considered as pivotal factor for defining the exact classification. First of all, there is a need to identify the people based on their actions & task and then after the classification based on their tasks are implied, legal filtrations then helps us with a different perspective. Thus it fits as the right set of people for doing the right task. Established complaint systems are yet another way that organizations have employed. Tata Consultancy Services of Canada and Monsanto accentuated that understanding & differentiating contract workers as important because it helps in minimizing the risks that they rely upon.



Misclassifications and its impacts and how they are treating their employees in terms of diversity are a key factor [1]. A centralized compliance system helps in managing talent acquisition of such workers.

This compliant system directs departmental heads and requirement owners in terms of preferred providers for staffing needs. The setup of a complaint system is not easy for organizations which do not have huge financial capacities [2]. It's not just the task of defining the contract workers, but it is also about tracking them inside the organization. There is no specific tool or system which has been defined or created to serve this purpose. Main problem in the terms of defining are the legal boundaries and the law of the land in which a firm operates [4]. It is very easy to define based on the tasks undertaken there, but the crucial problem is that they do not carry over or possess the same task for a longer period such that, they might not be the people with specific skill set but they are very diverse in terms of the skill sets even though the skill cells are specific to an industry or a set of practice. Classification is commonly associated in terms of definitions we create. Only if we are able to come up with a constant set of definitions for the contract workers we could possibly come through the thoughts of understanding who all are in the various stakeholders in our organization.

SHRM State Conference hosted at Alabama in the year 2014 classifies workers into –

- Employee: A worker who is subject to the control of the employer. The employer defines what work shall be done and how.
- Contract Worker: A worker engaged to perform services free from the direction and control of the employer, except for the result of the work. This worker is sometimes referred to as an independent contractor.
- Co-employment: An employment relationship where two organizations exert some control over an individual's work or working conditions, resulting in both organizations having actual or potential legal obligations and duties with respect to that individual.

The relevance of contract employees is very much important to be discussed as a condition employees form a very crucial part in the existing workers company combinations. Payroll structure, financial compositions get alter based on such people being adopted into the firm or not mainly the contract workers are acquired to meet several specific objectives which usually the internal employees do not have the capability to do. The workers again have high risk because the job is not permanent and moreover the employees are not being given any other dimensions just other than the regular fees they work for. There is high risk for the business as they cannot extend relative remote control over such employees as they do on regular employees. And a big benefit that comes with this is that the business can get better expertise from the market than what they already possess. The best thing for these people working as contract labors are that if the organization finds it to be acceptable, they can acquire this person. Key importance is because in such organizations external people are hired to meet things which are not part of their regular goals or which they have not been used to do. When new projects come the organization gets to satisfy the client so that they can retain these clients, and employees ensure that there is sustainment in them with the organization. There are

several instances where training can help the organizations in the long run as one of the kinds of works come to the organization they can satisfy the client and they can gain expertise and repetition in the market. Again another advantage is that we cannot force ourselves to do much of the supervision as they work under circumstances where they are free to do things in their own way just that the task achieved. This disadvantage has caused a huge constraint when it comes to the awareness levels of the C suite employees and other executives [3].

The major objective of this study was to explore conditions of contract white collar employees. Researcher investigated how they searched their contract jobs, and measured their job satisfaction.

### III. RESEARCH METHODOLOGY

The data for this study were collected from various IT employees across the state from people who were doing project based works to technology companies. Purposive sampling method was used to select the respondents. For that a script was prepared explaining purpose of the study and sent it through e-mail and modern communication services to target population. Total 93 responses were received. Several follow ups were made to achieve this. Out of the 93 respondents 10 stated that they didn't feel themselves as contract employees as defined at the beginning of the questionnaire. They might have been in probation & thinking themselves as contract employees. However the focus of this study is contract workers as defined in the introduction section. Hence these 10 responses were not considered for final analysis.

A total of 25 questions were there and 2 open ended semi structured questions and other multiple choice questions were designed to collect the data from respondents. The final analysis has been made using MS Excel.

41 out of the 83 respondents were **Male** and the rest 42 were **Female**. Approximately 48% of the respondents were female and rest were male.

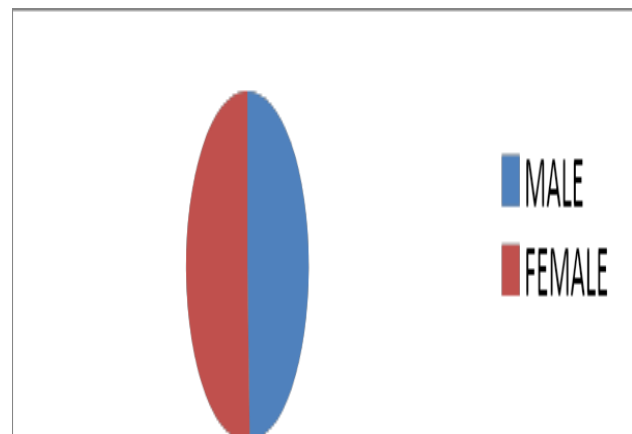


Fig. 1 Gender wise distribution of sample.

### IV. RESULTS & DISCUSSIONS

The primary question was regarding the age group. Most respondents were from the age group of **20-30 years** of age and the least was from the **50's to 60's**.

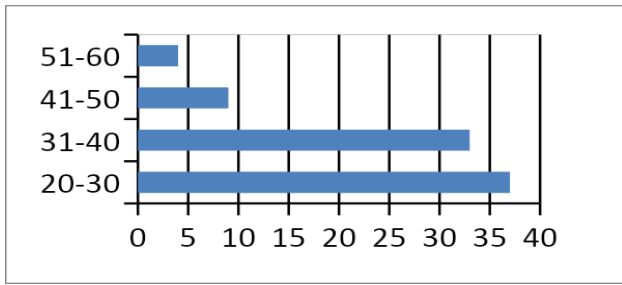


Fig. 2 Age wise distribution of sample.

Most number of respondents had taken **2 jobs** at least prior to answering **or was on their second job at the time of responding.**

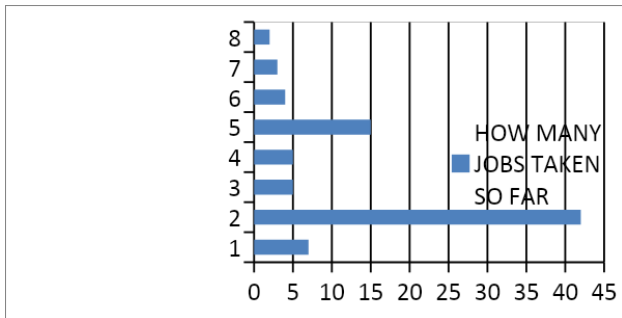


Fig.3 Number of jobs taken till date.

**50 respondents** which is a clear majority stated that their one contract lasted for at least **2 years.**

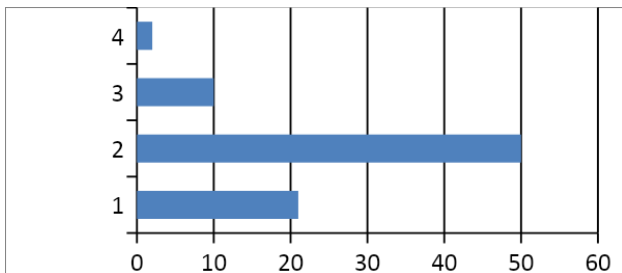


Fig.4 How long does a contract last.

**40 respondents** out of 83 stated that they found out their first contract jobs by **themselves and staffing agencies** were the second preferred.

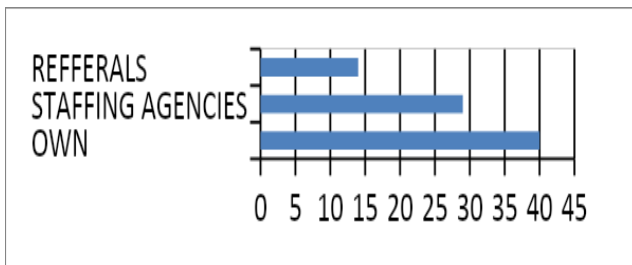


Fig.5 How did you find your first contract job.

For the next contract job they undertook, most of the respondents stated that **they used help from staffing agencies** to source them an offer.

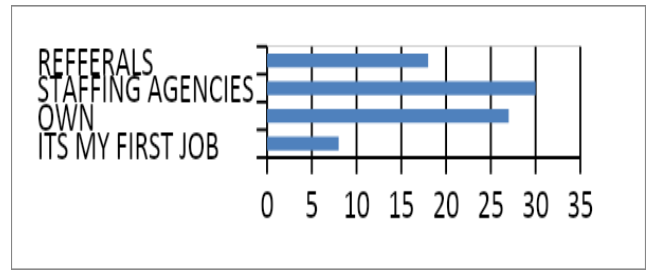


Fig.6 How did you find your next contract job.

A clear **majority** stated that they **never got incentives and bonuses** like their **in-house** counterparts

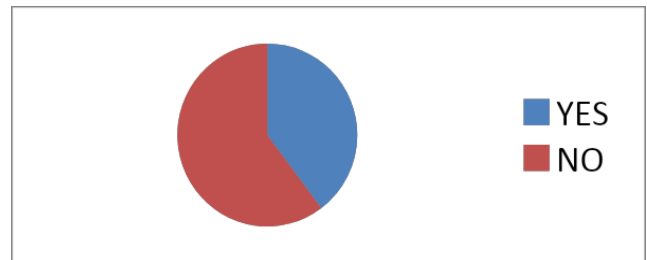


Fig.7 Do you get incentives and bonuses like your in-house counterparts

**55 percentage respondents** said **yes** that their organisation has **effective work environment protecting laws and rules** for contract employees' well-being.

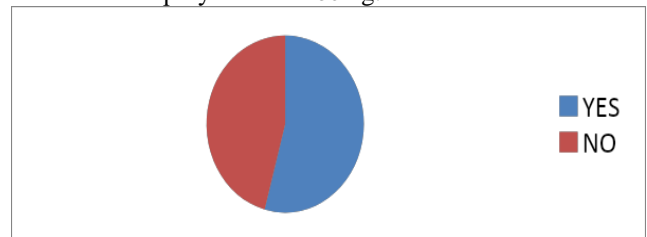


Fig.8 Does your organisation have effective work environment protecting laws and rules for contract employees well being

**64% of the respondents** stated that they **never got** options of performance appraisals.

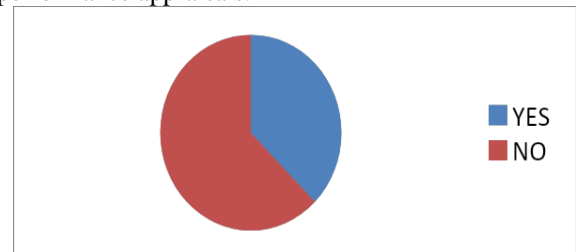
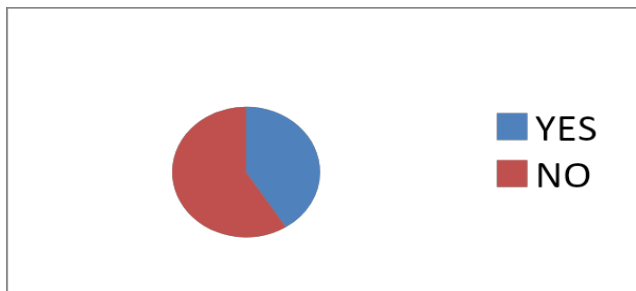


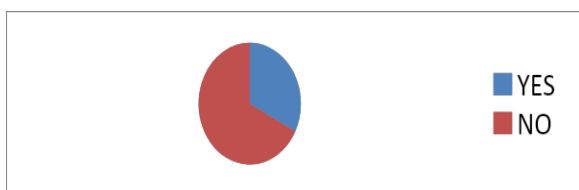
Fig.9 Do you get opportunities like performance appraisal.

**68% of the respondents** said they **never got** opportunities to L & D activities like their peer groups.



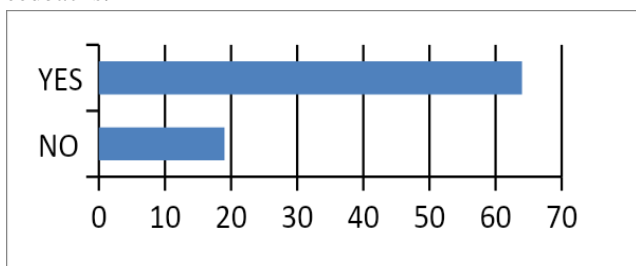
**Fig.10 Do you have access to L & D opportunities like your in house peer group.**

40% of the respondents said that they have got opportunities to extend a working tenure.



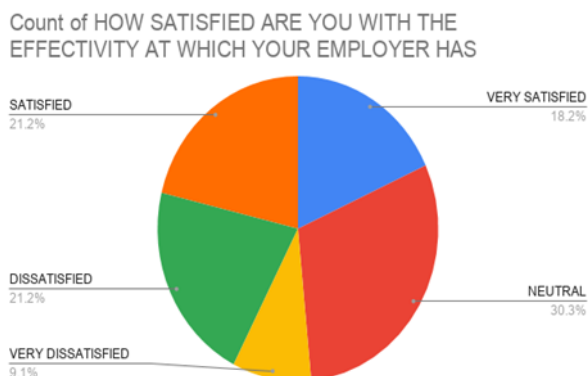
**Fig.11 Do you get opportunities to extend your existing work tenure.**

60 respondents said yes that they always get timely feedbacks.



**Fig.12 Do you get regular feedbacks.**

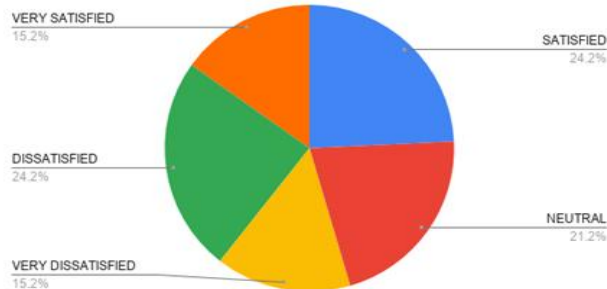
A majority stated neutral followed by dissatisfied when they were asked to state if they were satisfied with the reward system



**Fig.13 How satisfied are you with your employers reward system.**

It was an equally divided responses ranging between satisfied, very satisfied, dissatisfied, very dissatisfied on the offered incentives and bonus plans

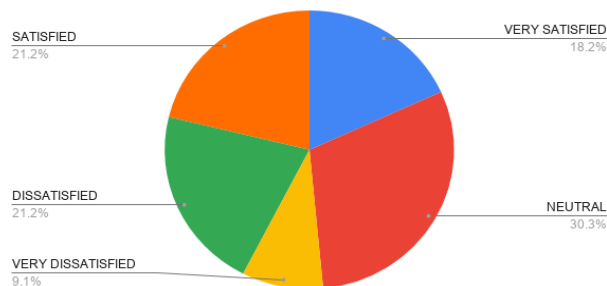
Count of HOW SATISFIED ARE YOU WITH THE INCENTIVES AND BONUS PLANS OFFERED TO YOU?



**Fig.14 How satisfied are you with the incentives and bonus plans offered to you.**

Majority stated satisfied and neutral to the effectively at which employer drove the L & D activities.

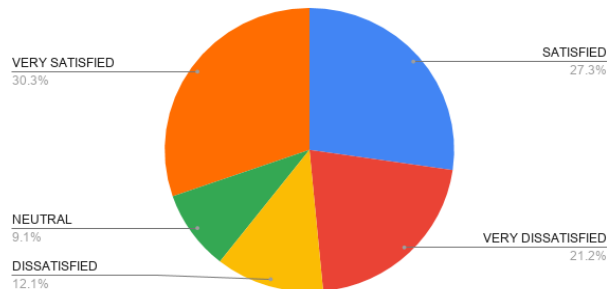
Count of HOW SATISFIED ARE YOU WITH THE EFFECTIVITY AT WHICH YOUR EMPLOYER HAS



**Fig.15 How satisfied are you with your employers L & D initiatives.**

A clear majority of 30% marked satisfied about the workplace feedback system. 10% of the respondents population opted to be neutral while very dissatisfied was the second choice.

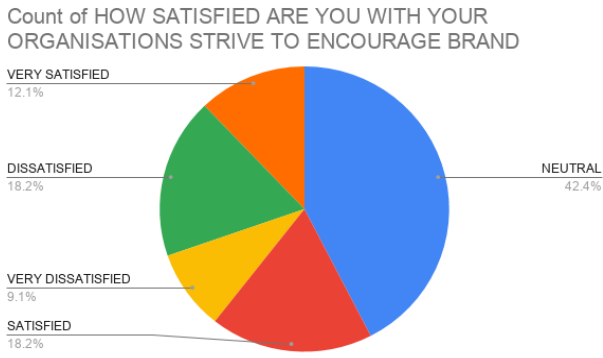
Count of HOW SATISFIED ARE YOU WITH YOUR WORKPLACE FEEDBACK SYSTEM?



**Fig.16 How satisfied are you with employers feedback systems.**

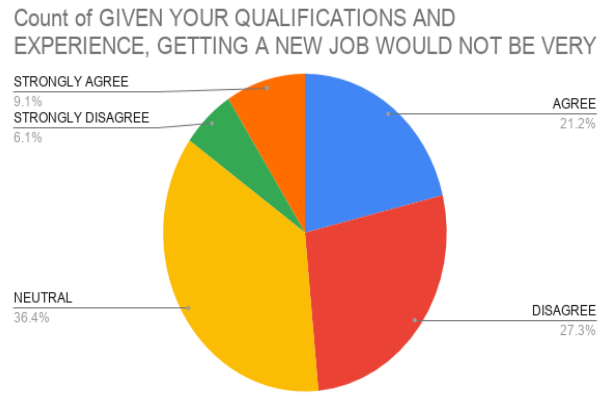
45% of the respondents chose to stay neutral when they were asked about the affectivity which the employer promoted brand employability.





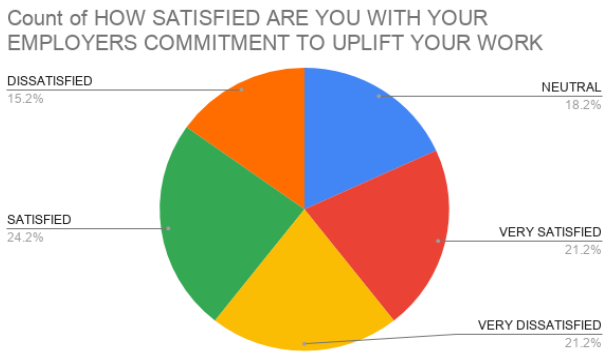
**Fig.17 How satisfied are you with employers strive to encourage brand employability.**

**41% of the respondents** stated that they are *satisfied* with the employer's commitment to enhance work quality.



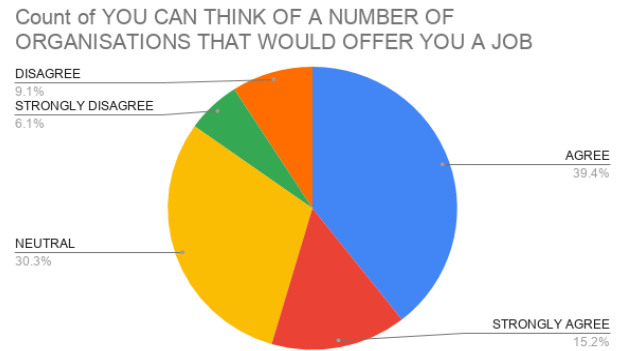
**Fig.20 Given your qualifications and experience, getting a new job would not be very difficult.**

**39% of the response population** agreed that *they can find* number of organisations to offer them a job.



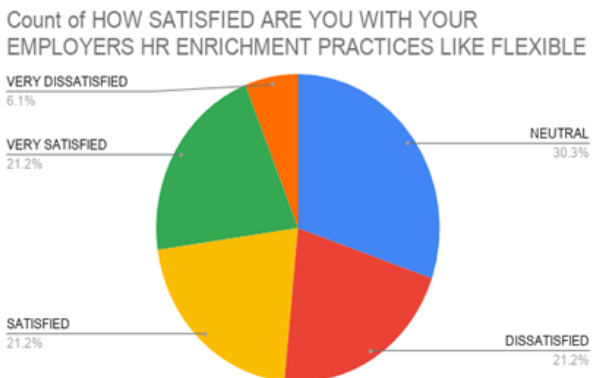
**Fig.18 How satisfied are you with your employers commitment to uplift your work quality.**

**42% of the respondents** stated that they were *satisfied* with HR practices like flexibility in work schedules while **30%** stated *neutral* about this. The remaining marked for the same.



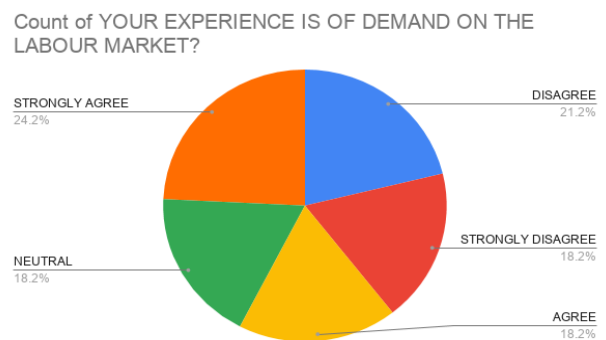
**Fig.21 You can think of a number of organisations that would offer you a job**

A *majority* agreed to the fact that their experience is of demand in the labour market followed by **39%** of the population *disagreeing* to it.



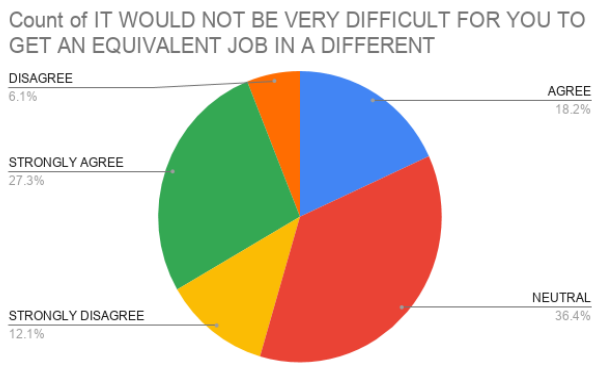
**Fig.19 How satisfied are you with your HR enrichment practices like flexible work hours etc.**

With given qualifications a *majority* stated *neutral* that they would easily be able to find a job at the market.



**Fig.22 Your experience is of demand in the labour market.**

A *majority* stated *neutral* when they were asked whether they would get similar designation at a different sector.



**Fig.23 It would not be very difficult for you to get an equivalent job in a different sector.**

### V. IMPLICATIONS & CONCLUSION

Majorly the prime thing that can be understood is that, it is the young population is pursuing contract jobs in high numbers despite of their traditional approach of how a job should be. Most of the survey respondents have had multiple attempts at the industry.

The gig economy has put forward instances of doing things in one's own innovative way. It has also reflected in many youngsters finding first job offers by themselves. To find subsequent job the popular method is use of staffing agency. The challenging questions are regarding the educational system that is gearing up the future students. Even though the contract employees are not benefited from incentives and performance appraisal the flexibility in work style attracts the huge crowd into this. A big noticeable change in the segment is the evolution into spontaneous feedback system. It is not thus primarily for the benefit of contract employees, but it is because of the rising costs conquer any chances of errors. If the reward systems are shaped in a benefit able way or even if scales of pay are diversified it may attract huge workers flow. The problem with that would be that the permanent employees will get the flexibility and pay and if they toil some more they might be able to make slight more money than their previous regular income. The challenges would be more in terms of managing perks and benefits for permanent employees as well. Employer brand is of least importance to people preferring staffing agencies and to those who find work their own. The concept of employee branding, having individual brand is becoming crucial in gig economy. But for the minority seeking referrals employer brand is still a crucial concept. It is being reflected as well. Speaking about the scope of future work opportunities, many people share their hope and reliability on their own skills and domain knowledge. Hence we can understand that it is more of experiences and learning's that the temporary workers also expects. More equalized opportunities and reward system should be enhanced as it promotes more employability. The HR enrichment practices should not just involve flexibility; it should also enhance practices that would attract them to relentlessly work.

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