

# The Benefits and Challenges of the Gig Economy: Perspective of Gig Workers and Small Medium and Micro Enterprises (SMMEs) in South Africa



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## **Executive summary**

South Africa is among the most unequal countries in the world with the unemployment rate in the country disproportionately high among young people. The 'gig' work is heralded as a useful strategy that could help bridge the unemployment rate in South Africa by connecting job seekers and business organisations across the global spectrum. In this study, an interpretive research paradigm was followed to explore the benefits and challenges of the gig economy in South Africa. Semi-structured focus group interviews were conducted with 20 participants. The data collected were thematically analysed with the aid of Nvivo v12 software (QSR International Pty Ltd, 2015).

The participants held the view that the gig economy can promote business growth, and economic inclusion, and help the organisation better manage their resources. The participants highlighted a concern surrounding the lack of clear policy, occupational vulnerability, precarity, platform-base, and the risks of the gig work. Retention of gig workers, skill transfer, and government intervention in terms of making laws to protect gig work was therefore identified as key drivers of the gig economy in South Africa. The study suggests that gig work is highly critical to advancing the growth of Small, Medium, and Micro Enterprises (SMMEs) in South Africa. With the offer of flexibility and resource management, it is envisaged that the gig economy can help address the unemployment rate in South Africa by promoting economic inclusion. As such, government intervention is highly recommended to ensure that both gig workers and SMMEs benefit from the economy.

Keywords: Digital work, Gig economy, South Africa, Unemployment

## **1. INTRODUCTION**

The global job market has continued to change and shift in recent years. Today's job opportunities and skilled labour force are no longer limited to the geographical location of the workers and/or the business organisation. This trend has been accelerated by the diffusion of digital technologies, which has helped connect job seekers and business organisations across the global spectrum (Anwar and Graham 2021). More particularly, the penetration of digital technologies and internet accessibility has generated new kinds of economic activities commonly referred to as the 'gig' economy. This digitally mediated work brings jobs to parts of the world traditionally characterized by low incomes and high unemployment rates (Anwar and Graham 2021). This kind of digital-enabled job is most vital in South Africa and other Sub-Saharan African countries where the unemployment rate, particularly among young and abled adults, is high.

Furthermore, much of Africa including South Africa has endured decades of economic stagnation characterised by industrial decline, growth of unemployment and widening inequality (Bond 2006; Carmody 2011). This is evident in the United Nations report on the Human Development Index where 17 of the 20 countries ranked at the bottom are on the African continent (United Nations Human Development Report (UNDP 2019). In view of these bleak reports, creative solutions for the provision of jobs for the continent's quickly growing population should be a priority for national policymakers and international organisations (Anwar and Graham 2021). In South Africa, for example, unemployment rates across demographic groups have either persisted or grown in recent years. More so, unemployment rates in South Africa continue to be skewed by race, gender and age, thus creating an enormous economic and socio-political pressure for job creation (SA 2021).

In an attempt to address the unemployment rate in South Africa, a report by Malinga and Mungadze (2021) consider the Gig Economy as an opportunity for unemployed South Africans to learn skills in demand, as well as gain global exposure. Not only would it provide job seekers with work on a global scale, but services within South Africa in the digital field could possibly lead to 66 000 jobs in the country's ICT sector by the end of 2021 (Malinga and Mungadze 2021). This could be of particular interest to SMMEs, as the gig economy is perceived as an alternative to traditional forms of employment for low- and middle-income regions with progressive development potential (Kuek *et al.* 2015; UNDP 2015), and South Africa is no exception. Particularly, and given the fact that many potential gig workers from Africa hardly had a chance to benefit from formalised employment, gig work provides a significant benefit to the lives and livelihoods of these workers (Anwar and Graham 2021). As an example, the Rockefeller Foundation in their 2014 report portrays gig work as a disruptive innovation for African youths that offers significant income earning potential for those who can successfully navigate the platforms (Rockefeller Foundation 2014).

For workers, particularly young people, online work provides a low-barrier-to-entry opportunity to earn an income, while building their skills and digital work experience (Anwar and Graham 2021). For instance, the "gig-economy" technologies provide access to an extremely scalable workforce in the "gig economy" – which, in turn, grants unheard levels of flexibility in terms of work schedules and autonomy for the businesses involved (De Stefano 2016a; Vallas and Schor 2020). The gig economy provide opportunities for workers to choose when and where they want to work as well as how much they willing to charge for their services (Ricker 2017). Hence, it is reasonable to say that gig workers have the freedom and choices of flexibility that a conventional job would not provide. More so, the gig economy provides businesses and consumers access to low-cost on-demand labour (Bajwa *et al.* 2018). This is particularly vital for SMMEs seeking low-cost labour, as it allows them to retain monies for use

in additional projects (Ricker 2017).

Despite the advantageous flexibility of work, scholars have cautioned that gig workers must not only assume the responsibility for operating costs and risks and forego protections enjoyed by employees, but also conform to the temporal rhythms of customer demand, which can reduce their autonomy substantially (Rosenblat 2018; Ravenelle 2019; Schor 2021). Evidence from other studies also suggests that gig economy activities carry a number of risks and can lead to increasing casualization and commodification of jobs (De Stefano 2016a; Wood *et al.* 2019). While it is agreeable that gig work can be an answer to unemployment in South Africa, the gig jobs could also be symbolic of deteriorating working conditions and labour standards among the workforce. This has thus generated a series of debates on the right of the gig worker in the “gig economy”. Nevertheless, there has, however, been a limited focus so far on exploring gig work’s implications on labour from low- and middle-income countries such as South Africa (notable exceptions Anwar and Graham (2021)). Moreover, empirical research on the gig economy from the perspective of gig workers and SMMEs in South Africa is lacking. There is a void in this particular research, which needs to be filled or requires further research (Lepanjuuri, Wishart and Cornick 2018). This report attempts to fill this void and add to the debate by exploring the benefits and challenges of the gig economy in South Africa. The aim was to explore the benefits and challenges of the gig economy in the insurance sector in South Africa. The report highlights the current situation of the gig economy by drawing out the benefits as well as the challenges faced by gig workers and SMMEs in the insurance sector. The participants identified certain pitfalls and recommendations that can improve the business operations between gig workers and SMMEs that would optimise the benefits for both parties.

## **2. LITERATURE REVIEW**

Today’s job opportunities and skilled labour force are no longer limited to the geographical location of the workers and or the business organisation. This trend has been accelerated by the diffusion of digital technologies which has helped connect job seekers and business organisations across the global spectrum. More particularly, the penetration of digital technologies and internet accessibility has generated new kinds of economic activities commonly referred to as ‘gig’ economy, ‘digital work’, ‘online work’, ‘online outsourcing’, ‘crowdwork’ and ‘virtual work’. In most cases, the aforementioned terminologies are less semantics which represents contractual work enabled by digital technologies. In this report, we will, however, be focusing on the gig economy. For SMMEs, the gig economy presents a source of labour pool for the recruitment of skilled workers in their businesses. In this review, we present the opportunities as well as identify the challenges gig workers faced in the digital economy. From a South African perspective, we argued that the gig economy has the potential to bridge the

unemployment gap while at the same time, addressing the shortages of scarce skill workforce for SMMES if adequately managed within the labour laws.

## **2.1 Overview of the gig economy**

The ‘gig’ economy is a relatively new concept with no fixed definition but can be understood as a remunerated trade for labour and intellectual property on a flexible, short-term contractual basis, facilitated by digital platforms (Lepanjuuri, Wishart and Cornick 2018). Thus, the gig economy is seen as the latest embodiment of a new wave of the international division of labour (Fuchs 2016). For instance, the “gig” economy connects businesses (consumers) with contractors (or workers) through online platform businesses to perform tasks (Bajwa *et al.* 2018). According to Vallas and Schor (2020), there is a robust market for this type of business, which includes delivery, day-labour, and odd-job tasks. As such, business organisations such as SMMES can leverage the digital platform business to contract out manual tasks, transportation, and or human intelligence tasks. Platforms have low entry requirements and aim to recruit as much workers as possible – thereby creating a pool. This creates a steady supply of workers on demand. They create a ground in which users come together (Woodcock and Graham 2020).

The gig economy offers an advantage to both workers and businesses in that it is enabled by IT and makes use of the internet to match the demand and supply of work and services at an extremely high speed (De Stefano 2016b). Mulcahy (2016) notes that workers with specialized skills, deep expertise, or in-demand experience are the ones who win in this economy. This is agreeable when one considers the fact that the gig economy matches providers to consumers on a gig (or job) basis in support of on-demand commerce (Donovan, Bradley and Shimabukuru 2016). In the basic model, gig workers enter into formal agreements with an on-demand business organisation to provide services to the company’s clients (Donovan, Bradley and Shimabukuru 2016). Prospective clients request services through an internet-based technological platform or smartphone application that allows them to search for providers or to specify jobs while gig workers engaged by the on-demand company provide the requested services and are compensated for the jobs. Thus, the gig economy should not be underestimated or ignored in terms of the continued use, as an increasing number of organizations and businesses are turning to this economy to secure labour, at a sometimes cheaper rate.

## **2.2 Pros and Cons of the Gig Economy**

*2.2.1 There pros of the gig economy for freelancers are (Western Governors University, 2018):*

### Flexibility

Freelancers are able to do tasks or projects at times that suit them. For example, freelancers with family schedules might prefer to work during the day while the children are at school. With freelancing this is possible, whereas with a traditional job, workers might have to report to the office by 8 am sharp.

### Greater Independence

Gig economy workers are generally not micromanaged. They are given a task or project with the goal to complete it. How they complete it is generally up to themselves. Freelancers' confidence levels tend to be interesting because of this.

### A variety of jobs

A variety of jobs tends to be exciting for freelancers. Each job or project would have different tasks associated with it. Whereas in a traditional job, a worker's tasks might be the same throughout the month. Freelancers tend to also be able to tap into their creativity because of the variety of jobs.

### Pay

The pay for freelancers varies from company to company. Freelancers might also be able to charge an hourly rate rather than a project completion quote. If freelancers are paid per hour it could help increase their pay when freelancers have to work overtime or sit in on meetings and phone calls.

### *2.2.2 The cons of the gig economy for freelancers are (Western Governors University, 2018):*

#### No benefits.

Freelancers do not get benefits such as medical aid, insurance, pension, etc. Freelancers need to be frugal in setting aside money for retirement especially, every month. There are policies that may suit their needs, so it would be wise to ask for advice from a financial advisor in regards o this.

#### Quarterly taxes, personal expenses.

Freelancers need to be aware of how much tax they need to pay. Companies generally aid workers in this, but freelancers need to do this by themselves. Because freelancers need to provide their own laptop, cellphone, and any other devices for the projects, they have an increase in personal expenses, that would otherwise have been taken care of by a company as in the traditional worker's case.

#### Isolation, lack of cultural solidarity

Because of working remotely or off-site, freelancers are generally not invited to office social events and do not experience the office talk that usually happens when workers mill around the water cooler or take their lunch break together. This can cause feelings of isolation and be left out.

#### More stress

Freelancers have to always keep in mind the attainment of their next project (gig). Unlike the traditional form of employment which tends to be steady and secure, freelancing has the stress of looking for the next project to ensure a continued flow of income.

#### *2.2.3 The pros of the gig economy for businesses are (Western Governors University, 2018):*

##### Lower cost

Generally, companies only pay for the freelancer's labour. Companies do not need to provide freelancers with digital equipment or benefits as they would with traditional, full-time employees.

##### Ability to scale quickly

Because of the lower costs involved with hiring freelancers, as well as not needing to provide office space, digital equipment or benefits, small, medium, and micro enterprises (SMMEs) are greatly benefited. SMMEs can find freelancers online or through word of mouth. This helps the business scale at an accelerated pace.

##### A diverse pool of flexible workers.

Businesses have the opportunity to choose from a global labour market of skilled freelancers to suit their specific needs. Businesses thus have a diverse pool of flexible workers to choose from. Businesses might also benefit from the different time zones, as businesses who need something done urgently even though it is the early hours of the morning might find a freelancer who is in a different time zone and ready to start the task.

#### *2.2.4 The cons of the gig economy for businesses are (Western Governors University, 2018):*

##### Less reliable workers.

Sometimes it might be difficult to vet freelancers in terms of reliability. Businesses need to be thorough in doing checks and research on the freelancer before hiring him/her.

##### Tight regulations on contractor status

Businesses might need to consult with a lawyer on the contracts that need to be in place when hiring freelancers. In some cases, paperwork might need to be filed for income or tax purposes. Online freelance platforms such as Upwork might have reliable systems in place so that contracts are not ambiguous and there is safety for both the freelancer and the company.

## **2.3 Who qualifies to enter the gig economy?**

Before diving into the complexities of the worker's rights in the gig economy, it is pertinent to ask the question "who qualifies to enter the gig economy?" According to Mulcahy (2016), workers with



specialized skills, deep expertise, or in-demand experience are the ones who win in this economy. This is agreeable when one considers the fact that the gig economy matches providers to consumers on a gig (or job) basis in support of on-demand commerce (Donovan, Bradley and Shimabukuru 2016). In the basic model, gig workers enter into formal agreements with an on-demand business organisation to provide services to the company's clients (Donovan, Bradley and Shimabukuru 2016). Prospective clients request services through an Internet-based technological platform or smartphone application that allows them to search for providers or to specify jobs while gig workers engaged by the on-demand company provide the requested services and are compensated for the jobs.

The gig economy can be broken down into the following:

- Gig workers and on-demand companies such as Uber or TaskRabbit enter into an agreement to provide services to the companies' clients
- Said clients request services from the company using online platforms or smartphone applications
- Gig workers then perform the service on behalf of the on-demand company and are compensated for it
- The collection of markets and companies that match the customer to the gig worker who is supported by the on-demand company is known as the gig economy.

If one looks at the wiliness of many workers to participate in the gig economy it can be regarded as a benefit. Gig work can also be regarded as one and the same as the apps that provide on-demand services such as ride-hailing and food delivery. The gig economy can be divided into two forms, namely:

- Crowd work: is performed via certain online platforms on a global basis, that connect many workers to companies or individuals who might request their services.
- Work on demand via the app: this is a type of work that is usually performed offline or known as traditional working activities such as transport, cleaning, running errands, administration etc. The app manages these projects and also sets minimum quality standards of service. Therefore they also select and manage the workforce consisting of gig workers or independent contractors.

In the above instances, the gig job could be seen as an expansion of traditional freelance work (self-employed workers). Donovan, Bradley and Shimabukuru (2016), however, noted that gig jobs differ from the traditional freelance jobs that generate income through a series of jobs and projects. In gig work, for example, jobs are coordinated through on-demand which allows workers' participation to be more transitory in the gig market. In the broader public discourse, gig work is often synonymous with the apps that provide on-demand in-person consumer services, such as ride-hailing, food delivery, and

home repair and errands (Kuhn and Galloway 2019). As such, gig work discourages providers from accepting work outside the platform from certain clients. This may limit the provider's ability to build a client base and operate outside the platform (Donovan, Bradley and Shimabukuru 2016). Another notable difference between gig and traditional freelance jobs is that the coordination of jobs through an on-demand company reduces entry and operating costs for providers. As a consequence, workers' participation in the gig economy is more transitory and or greater flexibility around work hours (Donovan, Bradley and Shimabukuru 2016).

## **2.4 Gig platforms**

According to Aloisi (2015), the gig economy has the potential to generate surplus value for the benefit of the consumer. As previously espoused in this report, the gig economy is enabled by platforms that connect clients to workers. Gori, Parcu and Stasi (2015) clarified that platforms "function as a multisided market," because users are both on the demand and the supply side. It thus means that platform-mediated work can be done locally for tasks that require human contact (driving, caregiving) or anywhere in the world, in the case of online tasks (transcriptions, graphic design) (Bajwa *et al.* 2018). In recent years, gig platforms host all types of jobs: ranging from click-work to the training of machine learning systems to transcription to live personal assistance and everything in between. By becoming key intermediaries in the labour process of outsourced work (Casilli and Posada 2019), the gig platforms potentially augur a radical shift in the scales at which capital can interact with labour. For example, the gig platform tools have the potential to "chop up" a broad array of jobs into several detached tasks that can be allocated to "gig" workers, just when they are needed, so that "parts of knowledge work can be parcelled out to individuals" (Aloisi 2015). In a sense, firms and workers select each other in a global or local open space for sourcing contract work. This section examined in depth the various gig economy platforms.

### **2.4.1 Upwork (formerly Elance-oDesk)**

Upwork formerly known as Elance-oDesk is an American freelancing company operating from Santa Clara and San Francisco, California, USA. Upwork as a platform is very typical for global remote work, containing a standardized website structure and simple user interface, information on workers and clients, work and payment histories and a reputation system. In terms of popularity and worldwide acceptability, the 2017 data show that Upwork has twelve million registered users and five million registered clients. This is suspected to have increased in recent years.

On Upwork, potential gig workers bid for jobs posted by clients on the platforms. According to Graham

and De Lannoy (2016), Upwork removes some of the traditional barriers to entry to work, such as the regulatory barriers and high transportation costs for work seekers (see Graham and De Lannoy (2016), making it easier for the African workforce to theoretically enter online labour markets. Owing to these features, Anwar and Graham (2021) described the platform as a go-to platform for African gig workers. Upwork has a technological system of controlling the labour processes through a mix of algorithmic management and surveillance, which is also typical of other platforms such as Uber (Gandini 2019). The company provides voluntary skills tests in various disciplines and includes a feedback mechanism. “The Upwork Service Fee is 10% of the total amount charged to the client. The fee is paid automatically each time your client is charged on a contract.” The platform allows a client to have confidence in the billing done. The platform, for example, allows the freelancer to choose their jobs, taking a percentage of the revenue earned for each job, while others charge a flat fee that is added to the final cost of the project (Kallenberg and Dunn 2016). The only challenging and or limiting condition on Upwork is that it has a “non-circumvention clause that prohibits [workers] for twenty-four months from working with any client that identified the worker through the Upwork website” (Kallenberg and Dunn 2016). It is of vital interest to gig workers to ensure they understand the Upwork policy on it before signing up on the platform.

#### 2.4.2 Amazon Mechanical Turk

The Amazon Mechanical Turk (AMT / MTurk) was established on 2 November 2005. It is currently in its beta version and has not significantly transformed over the past few years. In saying that, many have tried to duplicate the platform due to it being of a high calibre. Felstiner, states it is probably the largest crowdsourcing platform on the internet in which many individuals and firms visit to find reasonable, on-demand crowd labour. The platform seeks to provide ‘humans as a service’ thus allowing tasks to be completed and sending them to the client via Application Programming Interfaces (APIs). The most popular tasks are tasks which people take for granted but which computers are not able to perform such as copying texts, translation, proofreading, processing and sorting data, looking for email addresses, taking part in experiments etc.

When registering on this platform users must specify if they are participating in this platform as ‘Requesters’ or as ‘Providers’. Projects are the associated rewards (compensations) posted by Requesters. On this platform, it is a possibility that requesters can retain the work done and still deny the performance result. In addition, requesters' evaluations impact providers' ratings. This affects the likelihood of providers being hired in the future. The ratings measure the percentage of work approved as well as the number of assignments completed. Providers' accounts can be terminated or suspended

by Amazon. Requesters are able to instruct, restrict the amount of information handled, set a price, and define the criteria that a provider must check before applying for the project.

Examples of such projects or tasks are data collection, transcribing documents, tagging people or pages on social media, content reviewing, categorizing, marketing spam etc. Providers also known as Turkers are independent contractors. This platform does not regard workers as those employees. Providers do not have intellectual property rights once the work is handed over to the employer, even if said work was rejected.

The following are interesting statistics regarding Amazon Mechanical Turk (AMT):

- 500 000 people on AMT: 80% American, 20% Indian;
- Median age: 30;
- Almost equal amounts of men and women;
- 500 000 on Crowdfunder;
- 8 000 000 on Crowdfunder;
- 700 000 on Click worker;
- Payment averages at \$2 per hour;
- Requesters (firms/individuals) hire Turkers/Providers (gig workers/freelancers) to complete projects. Thereafter they are rated and paid.

This model provides an optimal connection between certain projects and independent contractors. It also allows for the business to have flexibility in being able to choose from a vast number of independent contractors. Recently, AMT has created somewhat of a hierarchy in terms of distinguishing 'prime' workers. These workers get paid a higher commission fee.

#### 2.4.3 Uber

Uber is the world's most famous taxi company. In fact, it is changing the game of the traditional taxi business field. It was established in 2009 and currently has its headquarters in San Francisco, USA. Uber is an app providing a taxi service to people. It makes use of geo-location, online payments, workforce management, and distribution. This business model has become the standard model for other platforms. Currently, it operates in approximately 68 countries. The approximate valuation of this company is \$62.5 billion. An interesting fact is that in 2014, its sales exceeded \$1 billion.

A driver at Uber could get approximately \$11 to \$12 per hour after daily expenses. The barriers to

entry are low because people are using their own resources. Uber charges a 20% commission. Uber has become one of the most successful cab companies even though it does not own the majority of its cabs. This is key in reducing fixed costs and what differentiates Uber from traditional cab companies. It succeeds because of efficiently matches drivers with those requiring transportation.

#### 2.4.4 Lyft

Lyft is another peer-to-peer ridesharing service. It works with Facebook authentication. An interesting fact about Lyft is that it does not pay drivers who drive in excess of 50 hours a week.

#### 2.4.5 TaskRabbit

TaskRabbit focuses on 'real world labour' such as cleaning and moving. Clients post on the site and 'rabbits' bid for the projects. TaskRabbit takes a commission of 15% from the client. There is a minimum wage floor of \$12.80 per hour. Rabbits are not regarded as employees.

#### 2.4.6 Partners and Axiom

Axiom segments legal processes. Axiom takes a 10% commission which can be paid across a monthly membership with the minimum amount being \$5. If you have a free account you can only bid on 8 projects

#### 2.4.7 Freelancer

Freelancer is another online platform that allows employers to publish projects. Freelancers can give quotes to complete projects. The virtual marketplace allows employers to publish job offers and tasks to get done. Anybody is able to provide quotes to complete the project. AOP does not pay for one's time. In order to earn money, one has to win the competition or be one of the Most Valuable Researchers. (The platform also provides feedback on submissions). Business and legal talent— alumni of the nation's best law firms and companies. What Axiom does, a law firm is prohibited from making since it would be in violation of the advertising and disclosure rules. The platform takes a 10% fee, which can be cut with a paid monthly membership, with a minimum fee of \$5. Free accounts can only bid on 8 projects per month. They cannot make direct deposit withdrawals.

#### 2.4.8 InnoCentive

InnoCentive is a platform that brings together companies and problem solvers. This platform focuses on research and development. Problem solvers or 'Seekers' can select challenges to solve and submit their solutions. Unfortunately, they will not get charged for their solutions unless their company accepts their solution. Once accepted they are given an award in exchange for the company acquiring

their intellectual property rights. An interesting fact is that the majority of seekers on this platform, approximately 65.8%, hold PhDs.

#### 2.4.9 Wonolo (Short for “Work. Now. Locally”)

Wonolo is similar to TaskRabbit in the sense that companies can post projects and people or ‘Wonoloers’ can claim the project. Wonoloers might start work within a few minutes or hours. It acts much like a temporary job where the company is more concerned about the value of the work rather than the fee. In saying this though, there is no employer-employee relationship and Wonoloers may be terminated if they don’t show up or complete the project.

#### 2.4.10 Handy (formerly Handybook)

Handy provides cleaning services. Personal assistance at a local level, cleaning service. 15% to 20% commission of every hour worked. 5000 handymen, 150 employees worldwide. Handy gives workers suggestions for how to clean and asks them to wear a shirt with the Handy logo.

#### 2.4.11 Fiverr

Fiverr.com is a digital platform that offers freelance services posted by lean entrepreneurs. A service offered by Fiverr is defined as a gig. The website Fiverr.com offers an enticing proposition to users — buy (or sell) service for \$5 a gig — operating on the notion that the seller has a talent that someone else needs. Fiverr is a global marketplace where these suppliers and freelancers can make a deal. Fiverr.com enables freelancers from anywhere in the world to connect. It enables workers to make money easily or find a service in need from home. Micha Kaufman, co-founder and CEO of Fiverr, stated as follows: “The platforms then become the home of an individual’s personal brand and professional identity — a place to feature the most experienced, professional, and creative talent.” Being a market leader in the freelance industry, Fiverr became a major player in transforming this new freelance enterprise across the globe (Kaufman 2013).

The Fiverr platform is designed to bring freelancers and clients together. Specifically, it is a marketplace where digital technology service providers working in the gig economy create a professional brand identity and conduct business (Kaufman 2013). Fiverr owes its success to the fact that a demand existed for small-medium businesses needing access to professional quality services at a lower rate. According to Alexa.com, Fiverr has a global traffic rank of 412 and 39.76 M daily unique visitors per day. Fiverr processed more than 25 M transactions on the platform since 2010 and has over a million service providers (Green *et al.* 2018).

Table 1. Some Key Variables from a Set of “On-Demand/Gig Economy” Platforms

Platform	Means of Exchange	System of Payment	Population	Employment Status
Mechanical Turk - Crowdfunder, - Crowdsourc, - Click-Worker	Many millions of microtask (“Human Intelligence Tasks”) like data collection, transcription, tagging, content review, categorization, transcriptions, marketing spam	USD in USA, gaming credits to be spent on Amazon. It pays pennies per hour for crowd-sourced work (from nothing to a few dollars in virtual currencies = average 2 \$ an hour).	500,000 on AMT 80% American, 20% Indian. Median age: 30. The gender participation seems to be balanced. 500,000 on Crowdfunder; 8,000,000 on Crowdsourc, 700,000 on Click-worker	Turkers are considered independent contractors. Self-determination, flexibility, but “approval rating,” full intellectual property rights to employers over submission regardless of rejection.
Uber	Peer-to-peer ridesharing.	A driver could get \$11 to \$12 an hour after daily expenses. Uber charged a 20% commission.	Thousands of drivers in over 70 cities.	They do not regard the workers who provide services to users as employees.
Lyft	Peer-to-peer ridesharing. To create a profile you need to authenticate with Facebook.	A driver could make up to \$35/hour Lyft gets 20%. Lyft charges workers who drive more than 50hrs a week nothing.	More than 50,000 drivers.	“Lyft does not provide transportation services, and [it] is not a transportation carrier.”
TaskRabbit	Small-jobs marketplace. The platform matches people with workers for odd jobs like cleaning and moving. The app is considered an “eBay for real-world labour”: an auction site where clients post tasks and “rabbits” bid openly for them.	TaskRabbit earns money by taking a cut of every transaction, and a service fee of about 15% from the client. Now clients pay by the hour. Introduction of a wage floor, impossible for workers to earn less than \$12.80 an hour.	About 30,000. TaskRabbit added 1.25 million users to its system in 2013 and doubled its force of contractors to 25,000.	They do not regard the workers who provide services to users as employees. There is the possibility for workers to communicate with potential clients.
ArticleOne Partners and Axiom	End-to-end management and delivery of complex legal processes like commercial contracts, derivatives agreements and compliance activities, by segmenting the work. Axiom is not a law firm, its claims are not subject to bar regulation.	AOP does not pay for one’s time. In order to earn money, one has to win the competition or be one of the Most Valuable Researchers. (The platform also provides feedback on submissions).	N.D. Business and legal talent— alumni of the nation’s best law firms and companies. What Axiom does, a law firm is prohibited from making since it would be in violation of the advertising and disclosure rules.	“Axiom maintains a lawyer’s professional liability insurance policy that provides coverage for all attorneys, regardless of W-2 or independent contractor status.”
Freelancer	A virtual marketplace that	The platform takes a 10% fee, which can	7,000.	Workers are considered

	allows employers to publish job offers and tasks to get done. Anybody is able to provide quotes to complete the project.	be cut with a paid monthly membership, with a minimum fee of \$5. Free accounts can only bid on 8 projects per month. They cannot make direct deposit withdrawals.		independent contractors.
InnoCentive	The platform connects with brainpower outside the company, as for R&D. It accepts by commission research and development problems in engineering, computer science, math, chemistry, life sciences, physical sciences and business.	The methodology is called Challenge Driven Innovation. Solvers can select any Challenge and submit solutions without being charged. If the company accepts the feasibility of the solution provided, it repays the “provider” with an award in exchange for the acquisition of the IP rights.	The network hosts more than 355,000 Solvers from nearly 200 countries. Most of them are well educated, with a majority (65.8%) holding a PhD.	“Seeker agrees to indemnify and hold InnoCentive and its Affiliates and each of their employees, agents, contractors, officers, and directors, harmless from, any and all third party claims, costs, damages, expenses and liabilities.”

## 2.5 Drivers and benefits of the gig economy

According to Aloisi (2015), the gig economy has the potential to generate surplus value for the benefit of the consumer. Gori, Parcu and Stasi (2015) explained that platforms “function as a multisided market,” because users are both on the demand and the supply side. Platform-mediated work can be done locally for tasks that require human contact (driving, caregiving) or anywhere in the world, in the case of online tasks (transcriptions, graphic design) (Bajwa *et al.* 2018). In a sense, firms and workers select each other in a global or local open space for sourcing contract work. By becoming key intermediaries in the labour process of outsourced work, the gig platforms potentially augur a radical shift in the scales at which capital can interact with labour (Casilli and Posada 2019). For example, the gig platform tools have the potential to “chop up” a broad array of jobs into several detached tasks that can be allocated to “gig” workers, just when they are needed, so that “parts of knowledge work can be parcelled out to individuals” (Aloisi 2015).

## 2.6 Gig economy initiatives

Some countries, for instance, have begun to leverage the benefits offered by the gig economy. In Malaysia for example, the government introduced a digital Malaysia Strategy to support the gig economy. Similarly, the Nigerian government launched the Naija Cloud initiative while the Kenya government incorporated the freedom and flexibility narrative in their promotional work for Ajira



Digital Programme. A report by Fairwork (2021) highlights that South Africa is making some progress in the gig economy (Claasen 2021). This may be connected to the fact that the South African economy is characterised by a relatively highly developed internet infrastructure, and regulatory conditions supporting innovation- which makes it extremely ripe for the gig economy. One could therefore say that digital labour platforms hold the potential to reduce the extremely high unemployment and inequality in South Africa. This is particularly true as the digital labour platforms in South Africa play an increasingly important role, which allows those who typically face barriers to employment to find work more easily (Claasen 2021). For instance, the gig economy in South Africa played an important part in providing work during a year of considerable financial instability caused by the Covid-19 restrictions and stringent policies of lockdowns. In particular, the food delivery sector has seen considerable growth during the lockdown periods, as have grocery delivery services.

## **2.7 How to Become a gig worker**

### **1. Is Gig Work for You?**

Freelancing, much like entrepreneurship, requires a certain mindset. If (you) currently working, start freelancing as a side hustle until you have accumulated enough clients and projects that would provide you with a steady income. Freelancers are their own bosses, although this might seem great, it also requires a large amount of discipline (Kohli,date?).

### **2. Specify your Service**

The first step of becoming a freelancer is to turn your skills into service. Create a link connecting what clients want, to the skills, you possess to deliver this want. That becomes the service you offer. Define this service in an easy-to-understand manner and keep this in mind as you proceed through the other steps (Cope 2021).

### **3. Define your Target Audience**

Once you defined your service, it is now time to define your target audience. Not every client out there requires your specific services, and clients who actually require your services probably don't even know you exist. Understand what types of clients are most likely to require your services. Understand which industry/industries these clients belong to. Then create an action plan in finding these clients (Cope 2021).

### **4. Search for a Platform**

Freelancing platforms abound, some require a membership fee, and others don't. This is the perfect

place to find clients because a client comes to this platform specifically in search of freelancers. LinkedIn is also a great place to market your services but isn't as streamlined towards finding freelancers or clients as freelance platforms are (Kohli 2020).

Kohli (2020) stressed that some freelance platforms have policies which protect both the freelancer and the client. These work like mini contracts which both parties must adhere to.

#### 5. Build your Profile

Most freelancing websites have profile templates. When creating your profile highlights your achievements, skills, experience, and qualifications. Keep it short and market yourself as the best freelancer for the project (Kohli 2020).

A freelancer needs a portfolio to show prospective clients their work quality, accomplishments, and experience. The portfolio should show clients the value of your work on the project and how it has benefited that client. Things that could be included are testimonials, charts, images, results etc. Keep in mind that permission is needed from past clients to showcase their projects in your portfolio (Cope 2021).

Portfolios need not just be on freelance platforms, your LinkedIn profile could be your portfolio or even a Facebook page dedicated to your work. Some freelancers also have their own website as a portfolio.

#### 6. Decide on your Fee Structure

There are two major pricing models, that is, hourly pricing and project-based or fixed pricing. To settle on a price, investigate what other freelancers are charging for the same or similar service. Keep in mind that many variables factor in the price of a service such as the industry, experience of the freelancer, the complexity of the project, urgency etc. (Cope 2021).

You can gauge your fees by level of experience. If you have a few years of experience, it would not be wise to charge the same rate as someone who has a decade's worth of experience. At the same time, keep in mind that if you want to freelance on a full-time basis the rates you charge should be able to cover your expenses (Kohli, 2021).

#### 7. Search for Work

You can find work by applying for projects you are confident you can do. Remember that you have to build your reputation so ensure you apply for projects that you are sure will provide you with positive

feedback at the end of the project (Kohli 2020).

Some freelance platforms have rewards systems in place for top-rated freelancers. If you start from day one with the intention of keeping clients happy and providing quality outputs you can benefit from these rewards once you reach top-rated status (Kohli 2020).

You can also find work via online hubs like Facebook and LinkedIn. Finding work on these platforms comes with the benefit that you wouldn't have to pay any fees to the platform, as you would with some freelancing platforms. There is a con though, that being that they are no contracts in place to assure you that you will receive payment for your work (Kohli 2020).

#### 8. Write a Winning Proposal

To bid for the opportunity of working on a project a proposal is required. The proposal strongly sells your abilities catered specifically towards that project. In your proposal show that you understand the needs of the company, explain how you can help, and back your expertise by highlighting past experience and qualifications (Cope 2021).

#### 9. Develop Client Relationships

Even if there does not seem to be a second project with the same client at the start of the project, it is still beneficial to create a relationship with the client. This could lead to a long-term partnership, more business, and even referrals. To create a relationship with the client, find ways in which you can add value over and above the project, communicate effectively, provide quality work, and be consistent (Cope 2021).

There are no set hours in freelancing so your being available if the client has any concerns is another way of building a relationship with your client. You should also have a strong digital presence, this will help in getting clients to trust you and your work before they start working with you (Kohli 2020).

#### 10. Continue to Develop Your Skills

It is of paramount importance that freelancers are up-to-date on trends and skills. There is a plethora of online platforms that offer short, industry-focused courses that are a great resource for freelancers working on updating their skills (Cope 2021).

## **2.8 Challenges of the gig economy**

The United Nations Development Programme (UNDP) brought to the forefront concerns regarding gig workers (UNDP 2015). Although gig workers have flexibility, this comes at a price, oftentimes gig

workers experience negative physical and psychological impacts. The main places for work for a gig worker are either at their home or at a café. UNDP said lines between work and personal life for gig workers are blurred. Furthermore, most gig workers are not aware of what project they will be working on in the future (Anwar and Graham 2021). Bajwa and colleagues categorised the challenges faced by the gig economy and workers to include: 1) occupational vulnerabilities; 2) precarity; and 3) platform-based vulnerabilities (Bajwa *et al.* 2018).

- **Occupational vulnerability of gig workers**

Digital technologies have generated many new kinds of economic activities throughout the continent. Even though gig workers have the benefit of flexibility, the disadvantage is that that gig workers are more vulnerable to the demand for work from clients (Ravenelle 2019; Vallas and Schor 2020; Schor 2021). Furthermore, workers are vulnerable to the economic and social demands of providing their own tools and equipment, limited opportunities for training and career growth, low wages, no job or income security, and wage discrimination against certain groups, particularly women (Tran and Sokas 2017). Gig workers also share health risks associated with the psychological distress of precarious work and lack of health and social insurance coverage in countries without publicly funded health systems (Bajwa *et al.* 2018). For instance, a study on gig work in the United States shows how the lack of comprehensive access to universal health coverage and social benefits compounds the deleterious effects of precarious work (Bajwa *et al.* 2018). More so, businesses can contract workers anywhere in the world, which creates a race to the bottom for the lowest remuneration (Marmot and Bell 2009). It also means that businesses may be contracting workers in countries where labour laws and access to health care are quite poor. Gig workers might not get benefits or sick leave, health insurance, and retirement benefits as most employees do (Bajwa *et al.* 2018).

- **Precarity**

Bajwa *et al.* (2018) defined precarity as the short-term, contingent nature of the work, characteristics that may be shared with other forms of work. Some examples of precariousness are lack of health insurance, collective bargaining, or career training and promotion. Globally, the debate around whether gig workers are being misclassified as contractors, rather than employees, is a key issue, and thus related to precarity (Tran and Sokas 2017). For example, gig workers lack the stability and benefits associated with being an employee due to misclassification. Another precariousness in the gig economy is that clients can arbitrarily cancel contracts (Bajwa *et al.* 2018). In relative terms, African gig workers might experience less insecurity on platforms compared to local jobs. In South Africa, for example, it has been revealed by a gig worker working on a long-term customer service

contract for a French client suddenly found that his contract had been cancelled overnight without prior notice or warning (Anwar and Graham 2021).

More so, gig work is also insecure and clients' actions on platforms contribute to precariousness among gig labour (Anwar and Graham 2021). From the perspective of many management scholars, the precarious nature of gig work not only contravenes established organizational theory that views a stable workforce and strong culture as sources of competitive advantage, but also threatens worker satisfaction and wellbeing (Kuhn and Galloway 2019).

- **Platform-based vulnerabilities**

Platform-based vulnerabilities are particular to the way platform labour is structured. These vulnerabilities include worker misclassification, information asymmetries, and the culture of surveillance (Bajwa *et al.* 2018). Although in the gig economy, individual freedom to workers is understood as freedom to choose employers, jobs, working hours and place of work, however, research is beginning to show that workers do enjoy considerable freedom but are constrained by algorithmic controls set up by digital work platforms (Rosenblat and Stark 2016; Wood *et al.* 2019). It has been said in the literature that platforms' use of algorithmic management, technological control of labour process and rating system strongly impact workers' autonomy in the form of high work intensity, unsocial working hours and constant monitoring of work (Wood *et al.* 2019).

Another feature of platform-based work that is more insidious is surveillance. It has been reported in the literature that businesses are monitoring workers through apps to know when workers are logged in, and their locations, and, rumours suggest, can even eavesdrop on interactions with customers (Bajwa *et al.* 2018). From a health perspective, research suggests that platform surveillance and evaluation of workers have considerable psychosocial effects (Anderson 2016).

### **3.4 Data analysis**

The data generated from the focus group interviews were captured using the Microsoft Teams feature of capturing transcripts. The process began whereby the researchers used codes to create categories in order to theme the data. The researchers read the transcripts and derived codes from the transcripts, which created themes and sub-themes. Sections of the text in the transcripts were highlighted to be placed in the appropriate themes and sub-themes. All analysis was performed with the aid of Nvivo v12 software (QSR International Pty Ltd, 2015).

### **3 RESEARCH METHOD AND DESIGN**

#### **3.1 Study Design**

Using a qualitative approach which followed an interpretive paradigm, this study explored the benefits and challenges of the gig economy from the perspective of gig workers and SMMEs in South Africa. Cooper and Schindler (2014) note that the interpretive is centred on people's behaviours and how people make sense of the world through sharing their experiences with others through the medium of language. The perspective gathered from the gig workers and SMMEs on the benefits and challenges in the gig economy were interpreted intrinsically.

#### **3.2 Study population and sampling process**

Gig workers and SMMEs from the insurance sector were selected. Over a two-day period, participants were assigned to 2 virtual focus groups. Group 1 consisted of SMMEs (n=7) while group 2 were gig workers (n=13). A facilitator guided the focus group interviews, clarified points, and encouraged continuous dialogue. The focus group questions were developed by the researchers, which were then reviewed and revised by the research manager.

#### **3.3 Data Collection**

The data was collected via virtual focus group discussions held over Microsoft Teams. The focus group discussions lasted for approximately 45 minutes each. Because the interviews took place over Microsoft Teams, the transcripts of the interviews were readily available. Minutes of the focus group discussions were also created.

#### **3.5 Trustworthiness**

The transcripts generated from the discussions support the trustworthiness of the study. The transcripts are verbatim and generated using Microsoft Teams Transcript feature. Before data transcription and analysis, minutes of the focus group discussions were created to ensure the researchers and other stakeholders had a summary of what transpired during the focus group discussions.

### 3.6 Ethical Consideration

Before the participants participated in both the focus group discussion and the surveys, their consent was obtained. Participants were aware that should they choose to remain anonymous they may do so.

### Results

Table 2 highlights the focus group and the description code assigned to each of the groups.

Table 2: Focus group

Focus group	Abbreviated	Number of participants
Focus group 1	FG#1	13
Focus group 2	FG#2	7

Table 3: highlights the theme and subthemes that were extracted from the study findings of FG#1 and FG#2

Table 3: Identification of themes and sub-themes

Theme	Sub-theme
1. Benefits of Gig Platform	<ol style="list-style-type: none"> <li>1) Growth of the Organisation</li> <li>2) Resources Management</li> <li>3) Economic Inclusion</li> <li>4) Flexibility</li> </ol>
2. Challenges	<ol style="list-style-type: none"> <li>1) Lack of Policy Formulation</li> <li>2) Occupational Vulnerability</li> <li>3) Platform Base</li> <li>4) Precarity</li> <li>5) Risk</li> </ol>
3. Recommendations	<ol style="list-style-type: none"> <li>1) Retention</li> <li>2) Skills</li> <li>3) Skills Transfer</li> <li>4) Government Intervention</li> </ol>

### 3.7 Theme 1: Benefits of the Gig Economy

Four sub-themes have been highlighted under the benefits of the gig economy, which are Growth of the Organisation, Resources Management, Economic Inclusion, and Flexibility.

### 3.7.1 Growth of the Organisation

A benefit that derives from the gig economy is the growth of an organisation. In terms of the insurance industry, it was felt that areas of the economy that was under-represented by insurance should be brought to the attention of the organisations and that the organisation can use the resources provided by the gig economy to achieve growth.

*.....those sectors of the economy where insurance is under-represented, then so be it. That needs to be brought to the attention of insurance, and industrial critters as an opportunity for them to utilize those resources in order to achieve growth and other pathogenic objectives (#FG2).*

*So to those sectors of the economy where insurance is under-represented, then so be it. That needs to be brought to the attention of insurance, and industrial critters as an opportunity for them to utilize those resources in order to achieve growth and other pathogenic objectives (#FG1).*

### 3.7.2 Resources Management

SMMEs noted that using gig workers helped avoid fixed costs. It was stated as obvious that some gig workers earn a commission – based on the occupation – but are not regarded as permanent at the company. Because gig workers are not regarded as permanent, the company does not need to pay the department of labour.

*....trying to avoid those fixed costs. Obviously, you hire other representatives and they also end on Commission. You write a splitter Commission. For those people (referring to gig workers), you do not have to take them (#FG2).*

Resonating further, some of the participants moot that the above commission to give workers is essential for the start-up business.

*Firstly, it served as the capital because their business is starting up (#FG2) is there that the nature of the payments in terms of endings to say there's no fixed amount, there's no fixed revenue that is coming through to the business (#FG2)*

As such, one could draw out that using gig workers is geared towards managing the resources pool. The statement below further corroborates this.

*The gig economy equates very closely to managing a resource pool. Cycle analysis is required; understanding who you need on a short-term basis and matching specific people to specific tasks (#FG1).*

*That Department of Labour. You don't. You don't need to pay that because they are not permanent. So those are the reasons. Firstly, it served as the capital because their business is starting up #2 is there that the nature of the payments in terms of endings to say there's no fixed amount, there's no fixed revenue that is coming through to the business (#FG1).*



### 3.7.3 Economic Inclusion

Economic inclusion is another benefit of the gig economy. Official policy is catered towards financial inclusion and underserved sectors of the economy. If gig workers can be engaged to take goods and services (such as insurance) to the next level, it will help in achieving economic inclusion.

*Underserved sectors of the economy, of course. We know the official policy is towards greater financial inclusion, and if those workers can be engaged to take insurance to the next level (#FG1).*

### 3.7.4 Flexibility

Traditionally, standard employment contracts are the norm, but it was said that companies should not lose sight of the availability of resources on a temporary or flexible basis. Businesses can profit from the trends towards flexible working arrangements, which is the usual type of work for gig workers. It was suggested that the insurance sector can harness the flexibility offered by the gig work arrangement to drive business profit.

*A look at the potential trends towards flexibility in working arrangements and how that can be harnessed to profit our respective businesses (#FG1).*

*Uhm, humanity sausages by way of standing employment contracts, but one trend that we are not losing sight of is the availability of resources on a temporary or flexible basis, which is one of the reasons this study is of interest to us for us to understand what is available out there and how that can contribute to deep knee insurance, especially in the on deck (#FG1).*

## 3.8 Theme 2: Challenges of the gig economy

Four key challenges were uncovered from the focus group discussion, which is Lack of Policy Formulation, Occupational Vulnerability, Platform Base, and Precarity.

### 3.8.1 Lack of Policy Formulation

Lack of policy formulation was another challenge faced by SMMEs in the gig economy. At present, certain SMMEs have developed independent contractor policies for gig workers so that they understand they are not permanent and they are not entitled to the benefits that workers employed by the organisation would have. It was noted that SMMEs needed a better understanding of how to formulate such policies so that they can better utilise gig workers, and in turn the gig economy.

It was also indicated that a policy should be established because currently people have limited contact and interaction with the gig economy, thus needing further information.

*We have developed some policies and then also the agreement, so it becomes independent contractors they are contracts in place so that everyone understands that we are working here but I'm not permanent. So there are other benefits to which I'm not entitled as compared to someone who is employed by the company (#FG1).*

*we have not formulated anything to take advantage of the available options presented by freelancers, but definitely please step to our understanding and possibly utilise it in detail future (#FG1).*

*I'm a policy going forward also in establishing the gig economy because a bit because of the fact that people only have limited contact or limited interaction with that information (#FG1).*

### 3.8.2 Occupational Vulnerability

The occupational challenge of gig workers refers to the ups and downs they face, much like entrepreneurs. They have periods of good times and bad times. An example was given of drivers who have both the Uber and Blot apps and have to juggle those around to try and get as much business as possible. This comes with a lot of pressure. It was noted that some do not sleep until midnight and have partners saying they no longer have time for them.

*it's more about the government introducing some setting some standards to say at least let us start here so that everyone becomes someone who's like working like a normal person (#FG1).*

*There are good times and there are bad times and I'll say that (#FG2).*

*The knowledge of basics basically protects themselves (#FG2).*

It was raised that gig workers need to create legally binding contracts to protect themselves. Much as a business would ask a gig worker to sign a contract, gig workers need to do the same. Another solution was that government could introduce a set of standards so that gig workers were regarded in the same light as a 'normal' working person.

*Or freelancers should have their own personal contracts, their own legal binding contracts (#FG2).*

*And they give you a contract to sign. Then as a freelancer, you should give the business a contract to sign as well, right? Just to cover yourself as well. And yeah, that's just my two cents (#FG2).*

*I can confirm that yes. It comes with a lot of pressure. Look at for example, how Cooper drivers now have got Uber bolts DD on their phones and they have to juggle around those apps and it try and get business anywhere they can get it (#FG2).*

*Some gigs on the side. I don't sleep until 12 or so trying to match (#FG2).*

*Sometimes we had my partner saying you no longer have time (#FG2).*

### 3.8.3 Platform Base

The challenges of gig workers in regards to the platform mostly surrounded the issue of payment. A solution was given by way of an example; Uber and Bolt drivers who are unhappy with their payment structure and how they are paid could approach the government to intervene. Another concern was information. Certain information can and cannot be shared, people have to give their information to be shared. The concern was on how to manage that environment?

*you have certain information that can be shared and cannot be shared and people have to give their permission for that information to be shared. How do you manage that environment? (#FG1)*

*a policy going forward also in establishing the gig economy because a bit because of the fact that people only have limited contact or limited interaction with that information (#FG1).*

*What skill? A quick workout will have, I'm and I'll bring it down just to run the research that we've picked up on or what with what we've noticed is that even out I'll talk about just your typical Uber driver or bolt driver who have labour issues around how they paid, how much they paid and they've approached the government into a sort of intervening around that, that payment structure (#FG2).*

*The payment structure can be modified if I can put it that way (#FG2).*

#### *3.8.4 Precarity*

Precarity is another challenge that gig workers face. There is uncertainty. One of the participants spoke of a real-life example in which trainers were charging a fee that was too low, thus doing themselves a disavour. It was noted that organisations would ask the trainers how much they charge, and if the trainer stated an amount lower than the budget the organisation had, the company would not indicate that to the trainer and pay the lower amount.

In regards to the SMMEs requiring information on dealing with conflict, organisations also had greater success with gig workers in certain occupations as opposed to others. An example was given in which a software developer developed a programme, after the contract ended no one at the company was able to handle any technical issues arising from the programme. Thus, there was no sustainable relationship.

*And how to deal with conflict out in ago she ate the contract. All the kinds of competencies that you would need to excel within that environment contribute to the economy as a whole (#FG1).*

*There's no sustainable relationship (#F1).*

*Said something that the company is currently trying to fool. Perhaps we do away with it because, in as much as it does work, I feel or think like it doesn't work on all positions. There are certain skills that we can use more like in admin because I think the administration, it's something that you can train a person on a daily basis and it hasn't really changed that much. But when it comes to like those scars skills, it becomes really difficult to actually still (#FG1).*

*Is the uncertainty that surrounds being a gig worker (#FG2).*

*We can as well. Yeah, pretty runs, trainers as well. And yeah, we also do the same if you come and say you want to be paid, this might feel so. OK. It's fine. No, it's even though we knew we would have failed you more (#FG2).*

### 3.8.5 Risk

The risk faced in the gig economy can be broken up largely into fraud and trust. Fraud is something that all industries, especially insurance, are exposed to because of its premiums and the structure of the insurance industry. A participant said they usually have three to five appointments with their clients to establish trust.

*Uh, because obviously the insurance industry is exposed to fraudulent activities because it's all about premiums. Yes. So when they the (#FG1).*

*So we are more into marketing and then most of the things we end up having three to five appointments with their client just to establish that trust issue (#FG1).*

## 3.9 Recommendations

The following recommendations arose from the focus group discussions, that is, retention, skills, skills transfer, and government intervention.

### 3.9.1 Retention

A participant said that they observed some gig workers becoming loyal and realised they want to stay and grow with the company. He said when the gig workers come to have their contracts reviewed, he then ends up looking for permanent spaces for them.

*You realize some people become loyal and you realize that they want to stay and grow with the company (#FG1).*

*...will come for you to review their contracts. You end up looking for permanent spaces for some of them (#FG1).*

### 3.9.2 Skills Transfer

Another recommendation was that companies wanted to ensure sustainability which also entails skills transfer. Gig workers could transfer their skills to someone who could shadow them during that period. this ensures scalability within the business as well.

*We went into a long-term partnership with our stakeholders to ensure sustainability and then also a part of the agreement was skills transfer. So they transfer whatever they've learned so someone would shatter them during that period to ensure scalability within the business as well (#FG1).*

### 3.9.3 Skills

A skill that was brought up was that of saving. Participants noted the importance of saving for the 'dry season. IT and software skills were also brought up because these were transformational skills that was needed across several companies. Finally, entrepreneurship, soft, and transversal skills were also spoken off. These skills were said to be essential to perform within the gig economy.

*Difficult for us if you are not good, in, in serving. We're not putting away something for the dry season which I think is another skill that gig workers need to understand to be able to put something for the dry months or the dry periods when you are not getting anything (#FG2).*

#### *3.9.4 Government Intervention*

It was said that the government needs to intervene in the gig economy because it is going to keep growing. Currently, those registered on applications such as uber and bolt are not able to get assistance from the government. The government is unable to implement any changes or laws.

*But now the government is unable to act (#FG2).*

*So they've registered apps and then the government is unable to actually implement any changes or implement any laws around how (#FG2).*

*So yeah, that's just my two cents around it, and I think it really is something that the government needs to look into because there's the gig, the gig economy is going to keep growing (#FG2).*

## **4. DISCUSSION**

For small businesses navigating in the competitive business environment, finding full-time talent may appear unaffordable. However, business owners who understand and prepare for this emerging landscape will not only get ahead but will thrive in the gig economy. This study was to explore the benefits and challenges of the gig economy in South Africa by drawing on the perspective of gig workers and SMMEs. Malinga and Mungadze (2021) consider the Gig Economy is an opportunity for unemployed South Africans to learn skills in demand, as well as gain global exposure. More so, gig work offers an alternative to traditional forms of employment for low-and middle-income regions, which could be beneficial to SMMEs. From the focus group discussion, it was uncovered that the gig economy can benefit SMMEs in terms of firm growth and resources management. The focus group discussions brought to light the fact that the gig economy can aid in the growth of a business organisation. With regards to the insurance industry, it was indicated that the areas under-represented by insurance can be targeted using the resources provided by the gig economy. The gig economy uses the internet to match the demand and supply of work and services at a rapid speed (De Stefano 2016b).

From the data extracted from the focus group discussions, it was revealed that the benefits of the gig economy were related to the growth of the organisation, resource management, economic inclusion, and flexibility. According to Woodcock and Graham (2020), business organisations can leverage gig platforms to contract out tasks. A similar sentiment was uncovered in the focus group discussions as some participants indicated that the use of gig workers is geared towards managing the resources pool. It was further found that economic inclusion was a benefit derived from the gig economy. This resonates with what Anwar and Graham (2021) indicated. They found that particularly for young people, online work could provide a low-barrier-to-entry opportunity to earn an income while building their skills and experience. This is highly essential in a country like South Africa where unemployment is disproportionately skewed against young South Africans who are majorly women and Blacks (SA 2021). The gig economy can aid in economic inclusion.

From a SMMEs perspective, the focus group discussions also suggested that businesses could profit from the trend towards flexible working arrangements – as is typical of gig workers. Particularly, the participants from the focus group suggested that the insurance sector could use the flexibility offered by such arrangements to drive business profit. Gig workers have the freedom and choices of flexibility not offered by conventional jobs. Businesses and consumers have access to on-demand, low-cost labour (Bajwa *et al.* 2018).

Not all is positive with the gig economy – as with many things in life, there are cons or challenges. From the data extracted from the focus group discussions, it was indicated that challenges that were present in the gig economy were related to policy formulation, occupational vulnerability, the various platforms, precarity, and the risk from both the gig workers and the organisation's perspectives. The focus group participants indicated that independent contractor policies are given to gig workers so that they are aware that they are not permanent and are not entitled to benefits that employed workers are entitled to. It was noted that businesses need clarity on how to formulate such policies so they can better take part in the gig economy. This fell in line with what Anwar and Graham (2021). The authors felt that creative solutions for the provision of jobs should be a priority for national policymakers and international organisations.

Furthermore, previous scholars have warned that gig workers must assume the responsibility for operating costs, and risks, forego protections enjoyed by employees and also conform to the temporal rhythms of customer demand. They are prone to the demand for work from clients (Rosenblat 2018; Ravenelle 2019; Schor 2021). In the focus group discussions, it was raised that gig workers need to create legally binding contracts to protect themselves. It was also indicated that gig workers face ups and downs much like entrepreneurs. Another challenge brought up in the focus group discussions was

regarding the platform. Youth that is able to navigate the platforms could gain significant income earning opportunities (Rockefeller Foundation 2014). Platforms have low entry requirements and aim to recruit as many workers as possible in order to create a pool (Woodcock and Graham 2020). But platform challenges faced by gig workers as brought up in the focus group discussions, indicated issues of payment. For example, Uber and Bolt's drivers are unhappy with their payment structure. Yet another concern was the issue of information and how to manage that environment. Gig workers are not sure what project they will have the opportunity of working on in the future (Anwar and Graham 2021).

The precarity faced by gig workers and businesses includes the lack of health insurance, collective bargaining, or career training and promotion (Tran and Sokas 2017). It refers to the lack of stability and benefits of being an employee (Bajwa *et al.* 2018). In the focus group discussions, it was brought forward that trainers were not certain on what fee to charge and had underestimated the cost of their services. In another example, a software developer developed software and once the contract was over the business did not know how to fix technical issues – thus no sustainable relationship was built. The last challenge is related to risk. Gig workers are at risk of the economic and social demands of providing their own equipment and tools. Women especially are discriminated against in terms of wages and job security. In addition, there are limited opportunities for career development and training (Bajwa *et al.* 2018). The focus group discussions believed such risks in the insurance industry were a result of fraudulent activities regarding premiums. A participant indicated that they usually need to meet with the client three or five times to establish trust. Gig workers are plagued with health risks such as psychological distress and lack of health insurance (Bajwa *et al.* 2018). The focus group discussions indicated that gig workers can also suffer damage to their reputations. Businesses are also at risk of damaging their reputations. Service level agreements were said to be a possible way of mitigating such risk.

### **Recommendation for gig economy in South Africa**

In reviewing the literature on recommendations to improve the state of the gig economy, Malinga and Mungadze (2021) said that the gig economy is an opportunity for unemployed South Africans to learn skills in demand and gain global exposure. In the focus group interviews, participants highlighted the importance of saving, IT and software skills, and entrepreneurship and soft skills. They also indicated the need for skills transfer. An example was given of a gig worker completing his contract. Once he had left, the company did not know how to fix the technical issues of the software because no skills transfer had taken place. Another recommendation that came out of the focus groups was related to employee

retention; one participant voiced the opinion that dedicated gig workers should be offered permanent spaces when their contracts come up for renewal. This was not in line with what we found in the literature. Anwar and Graham (2021) stated that a gig worker was working on a long-term customer service contract in South Africa for a French client. His contract was suddenly cancelled overnight without any prior notice or warning. Yet again recommendation in the focus group interviews was that the government needs to intervene in the gig economy. An example was given in the focus group discussions: Currently gig workers on platforms such as Uber and Bolt do not get assistance from the government as the government is unable to implement any actions on these companies. It was recommended that gig workers create legally binding contracts to protect themselves. Creative Solutions for the provision of jobs in the continent's rapidly growing population should be a priority for national policymakers and international organisations (Anwar and Graham 2021).

## **Conclusion**

The findings from this study suggest that understanding the gig economy as well as the challenges associated with it is imperative to benefit from the gig economy. Gig workers, as well as businesses, face both challenges and benefits. Recommendations were given from the focus groups such as government intervention; retention; transferring skills, and development of key skills.

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## **Conflict of Interest**

None declared

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