

RESEARCH ARTICLE:

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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Received: 27 July 2022 | Revised: 25 April 2023 | Published: 15 May 2023

Reviewing Editor: Dr. Gustave Kankisingi, Cardiff Metropolitan University

Abstract

Digital work, otherwise referred to as '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. The purpose of this paper was to explore the benefits and challenges of the gig economy on SMMEs in South Africa. In this study, an interpretive research paradigm was followed to explore the benefits and challenges of the gig economy in the SMMEs in South Africa. Semi-structured focus group interviews were conducted with 20 participants, consisting of thirteen gig workers (n=13) and seven business organization employees (n=7). 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 organisations better manage their resources. While gig work offers some advantages, the participants highlighted concerns surrounding the lack of clear policy, occupational vulnerability, precarity, platform-based work, and the risks of gig work. The study suggests that gig work is critical to advancing the growth of Small, Medium, and Micro Enterprises (SMMEs) in South Africa.

Keywords: digital work; gig economy; South Africa; unemployment

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 business organisations. 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 specifically, 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 characterised 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 able-bodied 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 gloomy reports, creative solutions for providing 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. Furthermore, unemployment rates in South Africa continue to be skewed by race, gender and age, creating enormous economic and socio-political pressure for job creation (SA, 2021).

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In an attempt to address the unemployment rate in South Africa, Malinga and Mungadze (2021) consider the Gig Economy as an opportunity for unemployed South Africans to learn skills in-demand skills and 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 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 Small and Medium-sized business organisations (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. Additionally, since many potential gig workers from Africa hardly had a chance to benefit from formalised employment, gig work provides significant benefits to the lives and livelihoods of these workers (Anwar and Graham, 2021). As an example, the Rockefeller Foundation 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 flexibility in terms of work schedules and autonomy for the businesses involved (De Stefano, 2016; Vallas and Schor, 2020). The gig economy provides opportunities for workers to choose when and where they want to work as well as how much they 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. Moreover, 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 money 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 the 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, gig jobs could also be a symbol 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 *et al.*, 2018). This article 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 on SMMEs in South Africa. This study 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.

Literature Review

The 'gig' economy is a relatively new concept with no fixed definition, but it can be understood as a remunerated trade for labour and intellectual property on a flexible, short-term contractual basis facilitated by digital platforms (Lepanjuuri *et al.*, 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 (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 many workers as possible, thereby creating a pool of workers on demand. This creates 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 *et al.*, 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 *et al.*, 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.

According to Aloisi (2015), the gig economy has the potential to generate surplus value for the benefit of the consumer. Gori *et al.*, (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). 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 the lines between work and personal life for gig workers are blurred. In addition, many gig workers are not sure what project they will be given the opportunity to work 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).

Digital technologies have generated many new kinds of economic activities throughout the continent. While gig workers have the benefits of flexibility in terms of autonomy and work schedules, however, the disadvantage to this is 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 (Bajwa *et al.*, 2018). 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).

Bajwa *et al.* (2018) defined precarity as the short-term, contingent nature of the work and 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 towards 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 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, 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).

Methodology

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 business organisations 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 by sharing their experiences with others through the medium of language. The perspective gathered from the gig workers and SMMEs, particularly in the insurance sector in South Africa on the benefits and challenges in the gig economy was interpreted intrinsically. 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 the 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. 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.

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). The transcripts generated from the discussions support the trustworthiness of the study. The transcripts are verbatim and generated using the 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. 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

The findings of this study are presented in this section. While Table 1 highlights the focus group and the description code assigned to each of the groups, Table 2 presents the theme and subthemes that were extracted from the study findings of FG#1 and FG#2

Table 1: Focus group

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

Table 2: Identification of themes and sub-themes

Themes	Sub-themes
1. Benefits of Gig Platform	1) Growth of the Organisation 2) Resources Management 3) Economic Inclusion 4) Flexibility
2. Challenges	1) Lack of Policy Formulation 2) Occupational Vulnerability 3) Platform Base 4) Precarity 5) Risk
3. Recommendations	1) Retention 2) Skills 3) Skills Transfer 4) Government Intervention

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.

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 were underrepresented by insurance should be brought to the attention of the organisations so that they 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, industrial critters as an opportunity for them to utilize those resources in order to achieve growth and other strategic 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, industrial critters as an opportunity for them to utilize those resources in order to achieve growth and other strategic objectives (#FG1).

Resources Management

SMMEs noted that using gig workers helped avoid fixed costs. It was stated that some gig workers earn a commission based on their 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 up on commission. Will you write a split commission? For those people (referring to gig workers), you do not have to take them," (#FG2).

Resonating further, some of the participants mooted that the above commission that gives workers is essential for a start-up business.

"Firstly, it served as the capital because their business is starting up," (#FG2). "It's there that the nature of the payments in terms of earnings, 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 resource pool. The statement below further corroborates this.

"The gig economy equates very closely to managing a resource pool. Cycle analysis is required to understand who you need on a short-term basis and match 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 (#FG2). It's

there that the nature of the payments in terms of earnings, to say there's no fixed amount, there's no fixed revenue that is coming through to the business," (#FG1).

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).

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 are the usual types 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, standard employment contracts are the norm, but one trend that we should not lose sight of is the availability of resources on a temporary or flexible basis. This is one of the reasons why this study is of interest to us - to understand what is available out there and how that can contribute to deepening insurance, especially in the on-deck (#FG1).

Theme 2: Challenges of the Gig Economy

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

Lack of Policy Formulation

One challenge faced by SMMEs in the gig economy is the lack of policy formulation. Currently, some SMMEs have developed independent contractor policies for gig workers to make them understand that they are not permanent and are not entitled to the benefits that employees of the organization would have. However, it was noted that SMMEs need a better understanding of how to formulate such policies so that they can better utilize gig workers and, in turn, the gig economy.

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

We have developed some policies and agreements so that everyone understands that we are working here, but I'm not permanent. So there are other benefits which I'm not entitled to 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 we will definitely take steps to understand and possibly utilize it in the future (#FG1).

A policy going forward should also be established in establishing the gig economy because of the fact that people only have limited contact or limited interaction with that information (#FG1).

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 Bolt 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 basic 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 legally binding contracts (#FG2).

And they give you a contract to sign. Then as a 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).

Platform Base

The challenges of gig workers regarding the platform mostly surround 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, and 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).

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 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 we've noticed is that even out I'll talk about just your typical Uber driver or bolt driver who has labor issues around how they're paid, how much they're paid, and they've approached the government to sort of intervene around that payment structure" (#FG2).

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

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 disfavor. 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.

Regarding SMMEs, they required information on how to deal with conflict. Business 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 program, but after the contract ended, no one at the company was able to handle any technical issues arising from the program. Thus, there was no sustainable relationship.

And how to deal with conflict, I think, should be in 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," said one of the participants (#FG1).

They suggested that the company should do away with certain practices because they do not work on all positions.

There are certain skills that we can use more, like in admin, because I think administration is something that you can train a person on a daily basis and it hasn't really changed that much. But when it comes to those skills, it becomes really difficult to actually still (#FG1).

It is the uncertainty that surrounds being a gig worker (#FG2).

We can pay pretty well, and 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).

Risk

Risks 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).

Theme 3: Recommendations

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

Retention

A participant said that they observed some gig workers becoming loyal and realised they want to stay and grow with the company. When the gig workers come to have their contracts reviewed, he then ends up looking for permanent positions within the company for some of 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).

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 shadow them during that period to ensure scalability within the business as well (#FG1).

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 were needed across several companies. Finally, entrepreneurship, soft, and transversal skills were also spoken of. These skills were said to be essential to perform within the gig economy.

It's difficult for us if you are not good at saving. 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 away for the dry months or the dry periods when you are not getting anything," (#FG2).

Government Intervention

It was mentioned that the government needs to intervene in the gig economy as it is expected to continue growing. Currently, those registered on ride-hailing apps like Uber and Bolt are not eligible for government assistance, and the government is unable to implement any changes or laws to regulate the gig economy.

But now the government is unable to actually 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 a gig, gig economy that is going to keep growing (#FG2).

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 as 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 resource 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 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 in the gig 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 noted that gig workers are often given independent contractor policies, which means they they are not considered permanent employees and are not entitled to the benefits that employed workers receive. Participants suggested that businesses require greater clarity on how to formulate policies for gig workers to enable them to participate more effectively in the gif economy. This is in line with the recommendations of Anwar and Graham (2021), who argue that policymakers and international organisations should prioritise creative solutions for job provision.

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. Youths that are 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 with being an employee (Bajwa et al., 2018) In the focus group discussions, it was brought forward that those trainers were not certain of 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 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. 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.

Conclusion

The findings from this study suggest that the gig economy in South Africa presents both opportunities and challenges. While it offers a platform for unemployed individuals to learn new skills and gain global exposure, there are concerns around employee retention, lack of skills transfer, and the need for government intervention. It is essential for gig workers to have legally binding contracts to protect themselves, and for national policymakers and international organisations to prioritize creative solutions for job provision in the rapidly growing population. By addressing these issues, the gig economy in South Africa has the potential to provide meaningful employment opportunities and contribute to economic growth. Based on the findings discussed above, several recommendations can be made to improve the state of the gig economy in South Africa. Firstly, there is a need for skills transfer to occur between gig workers and the companies they work for to ensure that knowledge is not lost when workers move on to new contracts. They also indicated the need for skills transfer.

Secondly, gig workers should consider creating legally binding contracts to protect themselves from sudden termination of contracts without notice. 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. Thirdly, it is important for gig workers to learn IT and software skills, as well as entrepreneurship and soft skills, to increase their chances of success in the gig economy. This is in line with Malinga and Mungadze (2021) who reported 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. It is also recommended that national policymakers and international organizations prioritize creative solutions for providing jobs to the rapidly growing population in South Africa (Anwar and Graham 2021). The government should take a proactive role in the gig economy and work towards developing policies that protect the interests of gig workers while promoting economic growth. Future studies could explore the effectiveness of different policy interventions in the gig economy in South Africa. Research could also investigate the experiences of gig workers in other sectors, such as healthcare or education, to gain a more comprehensive understanding of the challenges and opportunities facing the gig economy in South Africa.

Additionally, studies could examine the impact of the gig economy on social inequality and identify strategies for promoting equitable participation in the gig economy.

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