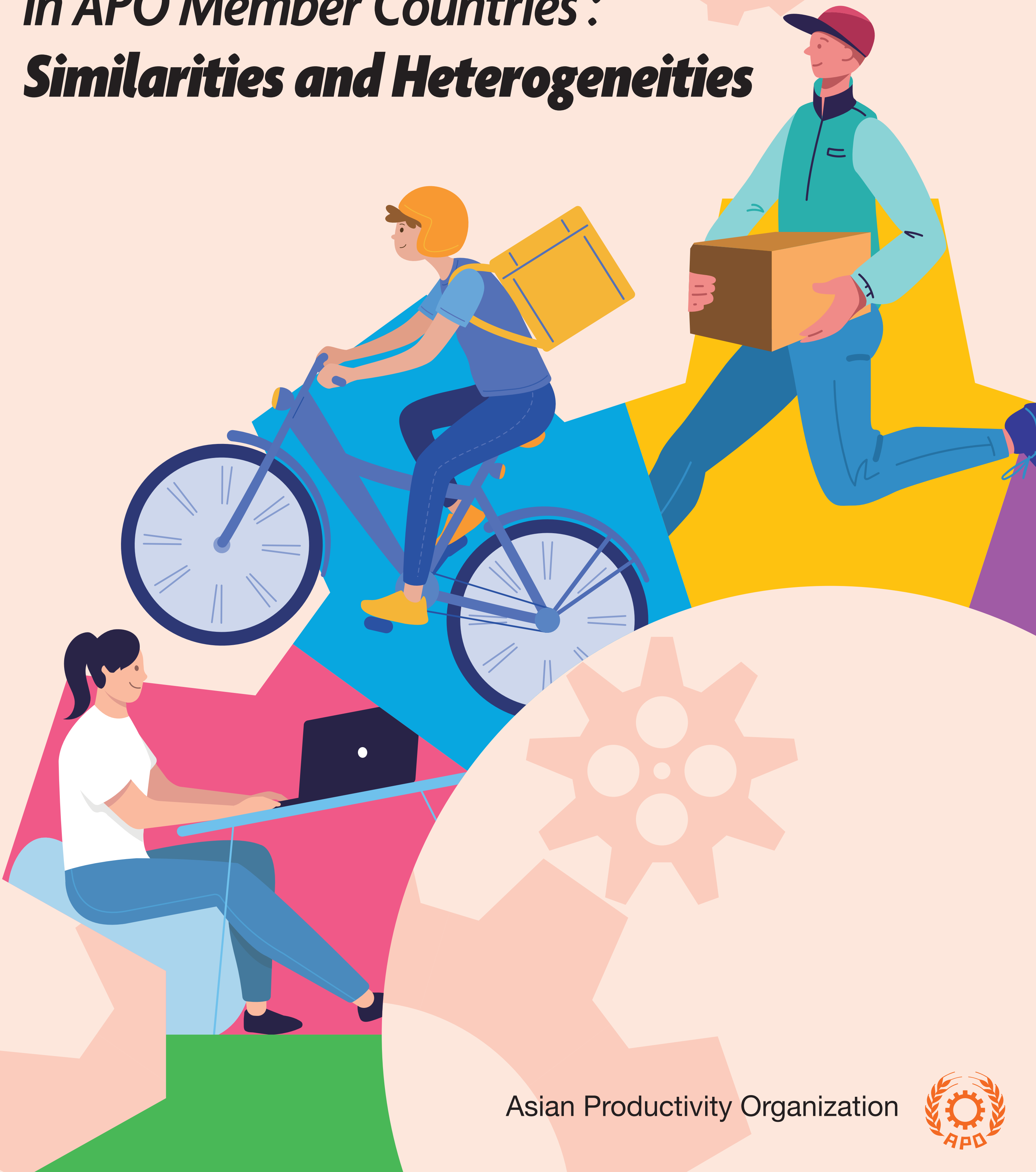
The Landscape of the Gig Economy in APO Member Countries: Similarities and Heterogeneities



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THE LANDSCAPE OF THE GIG ECONOMY IN APO MEMBER COUNTRIES: SIMILARITIES AND HETEROGENEITIES

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The Landscape of the Gig Economy in APO Member Countries:
Similarities and Heterogeneities

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FOREWORD

The gig economy is reshaping the nature of work and employment worldwide. Digital platforms, flexible work arrangements, and new forms of task-based employment have enabled the gig economy to create expanded opportunities for income generation, entrepreneurship, and service access. It has also introduced new ways of connecting workers, businesses, and consumers, changing how labor is organized and productivity is generated. However, its rapid growth has raised important concerns regarding income stability, social protection, skill development, and the adequacy of existing labor and regulatory frameworks.

The gig economy presents both opportunities and challenges for APO members. It can support more efficient labor market matching, expand participation in economic activities, and provide new pathways for youth, women, informal workers, and microentrepreneurs. However, without appropriate policy responses, it may also deepen vulnerabilities among workers, limit access to training and social security, and create new forms of labor market fragmentation. Therefore, understanding these dynamics is essential to align the growth of the gig economy with inclusive, sustainable, and productivity-enhancing development.

This report provides a comprehensive analysis of gig economy trends, worker characteristics, regulatory conditions, and productivity implications across selected APO member economies. Drawing on national studies, it highlights common patterns and economy-specific differences in the development of gig work. This report further offers comparative insights into the diverse conditions shaping gig work, including differences in digital platform development, labor market structures, and social protection systems. It identifies key policy priorities, including the need to improve data collection, strengthen legal and social protections, enhance platform accountability, and expand opportunities for skill development.

The APO gratefully acknowledges the contributions of all the experts who contributed to this report, led by Chief Expert Dr. Junichi Fujimoto, Professor of the National Graduate Institute for Policy Studies (GRIPS), Japan, as well as national experts from Bangladesh, Cambodia, Fiji, India, Indonesia, Lao PDR, Mongolia, Nepal, Pakistan, the Philippines, Sri Lanka, and Thailand. We hope that the findings and recommendations presented in *The Landscape of the Gig*

Economy in APO Member Countries: Similarities and Heterogeneities will support evidence-based policymaking, strengthen workforce resilience, and contribute to more inclusive and sustainable productivity growth across the Asia-Pacific region.

Dr. Indra Pradana Singawinata
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Tokyo

INTRODUCTION

Over the last few decades, developed and developing countries have seen a large expansion in *gig work* and the *gig economy*. While gig work has no unified definition, in a broad sense it refers to short-term work arrangements in which workers are paid per task or piece of work completed. In a narrower sense, the term refers to temporary jobs mediated through various online platforms, whose development is due to the wave of digitalization of work and the popularization of the Internet. According to some estimates, the gig economy had a market size of USD556.7 billion in 2024 and is expected to grow to USD1,847 billion by 2032 (Charlton, 2024), whereas online gig work accounts for 4.4 to 12.5% of the global labor force (Datta et al., 2023).

The gig economy not only enables workers and employers to take advantage of highly flexible work arrangements but also allows customers to enjoy new services, including ridesharing and food delivery. However, the gig economy can have negative outcomes, such as undermining the protection and benefits enjoyed by workers under the "standard employment relationship" (Woodcock & Graham, 2019). In terms of productivity, the expansion of the gig economy may have a positive impact, for example, by enabling a more efficient matching between labor supply and demand. In contrast, it may hamper productivity growth, such as by limiting opportunities for human capital accumulation for workers, who in the gig economy are typically independent contractors rather than employees.

Despite its ever-growing importance, much less is known about gig work and the gig economy than their traditional counterparts. Moreover, the gig economy is likely to differ substantially across countries and evolve continuously. Therefore, uncovering the current state of and challenges to the gig economy and providing relevant policy recommendations are highly important for promoting the sustainable growth of APO member countries.

Against this background, this report explores the current state of the gig economy in APO member countries and provides policy recommendations. It draws on studies by national experts that examine the gig economy and gig workers in 12 countries: Bangladesh, Cambodia, Fiji, India, Indonesia, Lao PDR, Mongolia, Nepal, Pakistan, the Philippines, Sri Lanka, and Thailand. These country reports reveal similarities and differences in the challenges faced by the gig economy and gig workers across member countries.

OUTLINE OF THE REPORT

Analytical Framework

A challenge for analyzing the gig economy is the limited availability of official data. For example, in many countries, the Current Population Survey, Labor Force Survey, or their equivalents do not yet have an independent category for gig workers. As a result, the number of workers engaged in gig work and hours worked in gig work tend to be underestimated in official statistics (Bracha & Burke, 2021, 2023), which could, for example, lead to an overestimation of aggregate productivity growth (Abraham et al., 2021).

Therefore, country reports adopt various approaches to their analyses, depending on data availability. These approaches include analyzing gig workers using proxy variables and conducting case studies based on interviews.

Methodology Employed in Country Reports

The 12 country reports include three key components, as discussed below.

Overview of the Development of the Gig Economy

Country reports begin by providing an overview of the development of the gig economy in their countries and describing the regulatory frameworks for gig work. Accordingly, they draw on existing academic studies on the gig economy, as well as reports and surveys by governments, international organizations, and private firms.

Main Analysis

Country reports conduct original analyses that provide insights into the opportunities and challenges faced by the gig economy in their countries. Depending on available data and the national expert's expertise, these analyses take several different forms.

Analysis Using National Household Surveys Some reports analyze gig workers using national household surveys, such as the Labor Force Survey, which provides information on the labor force status. Such surveys typically do not contain information on gig workers per se; therefore, these reports use proxy variables, such as the self-employed without employees, and explore, for example, the evolution of the share, hours worked, and earnings of such workers. Some reports use microdata and follow the approach of Boeri et al. (2020) to explore how workers transition among different labor market statuses, including gig work.

Case Studies Several reports present case studies of gig workers and gig economy companies based on primary data collected through interviews and surveys. These interviews and surveys are not intended to collect nationally representative data, but to obtain first-hand information on the gig economy, which is not available from official statistics.

Comparative Studies Some reports attempt to obtain a deeper understanding of the current state of the gig economy in their countries by providing comparisons with nearby countries.

Policy Recommendations

The reports conclude with policy recommendations based on the opportunities and challenges of the gig economy identified in their analyses. These recommendations reflect various perspectives, such as achieving the healthy and sustainable growth of the gig economy, enhancing worker productivity, and promoting social inclusion.

MAIN FINDINGS AND POLICY RECOMMENDATIONS

Main Findings

This section presents the important features of the current state of the gig economy and key findings from the main analysis, as documented in each country report.

Important Features of the Current State of the Gig Economy

Bangladesh In Bangladesh, the gig economy is expanding rapidly, with global platforms, such as Uber, Upwork, and Foodpanda, and local platforms, such as Chaldal, Pathao, and Sheba.xyz, offering new opportunities for a largely young and informal workforce. The main types of digital gig workers are freelancers, digital professionals, presenters, and influencers. Physical gig workers include platform-based physical service providers and seasonal workers. Online platform gig workers are younger, more educated, and comprise a higher share of females than workers in traditional sectors. Currently, no comprehensive regulatory framework governs gig work. As a result, gig workers lack key legal protections, such as minimum wages, working hours, and access to collective bargaining.

Cambodia Cambodia's gig economy has grown rapidly, especially since the COVID-19 pandemic, which severely disrupted traditional industries such as garment manufacturing, tourism, construction, and agriculture. This growth has been enabled by the widespread adoption of digital technologies, including the Internet, social media, and mobile devices, as well as by a young and growing workforce that is highly adaptable to new technologies. The main gig industries and services include ride-hailing, food delivery, digital freelancing, and traditional informal services. The gig workforce is predominantly young, and many are rural-to-urban migrants who use gig work as an entry point into urban labor markets. Despite the increasing importance of gig work, regulatory frameworks remain poorly adapted, leaving many gig workers without sufficient labor and social protections.

Fiji The gig economy in Fiji is characterized by an unstructured market system, mainly consisting of informal economic activities carried out by small businesses and individuals. Although global gig platforms, such as Uber, Grab, and Foodpanda, are not yet active, local digital platforms, such as GoFiji (travel and other local services), Fiji Cabs (ride-hailing), and Cyber Food Fiji (food delivery), are in operation. The gig economy provides workers with a flexible alternative to formal employment and supports emerging forms of business startups and microenterprises. However, it has limited formal recognition and remains largely unregulated. The development of the gig economy may facilitate the formalization of some informal activities and extend labor and social protections, although it also risks perpetuating the precariousness faced by workers.

India India's gig economy has experienced explosive growth over the past decade. A large share of the youth demographic that values flexibility and autonomy, need for cost-effective labor solutions for medium and small enterprises, financial inclusion, development of digital payment systems, and advancements in digital technologies have been the key drivers of such growth. The gig workforce is mainly young, urban, and male, and the major industries for gig work include construction, retail, transportation, and manufacturing. The Indian government has taken steps to support the country's gig workers. Initiatives by the National Skill Development Corporation provide gig workers with opportunities to upgrade their skills through training programs offered by the government and gig platforms, with some programs specifically targeting female workers. The Code on Social Security, 2020 grants gig workers recognition and social security benefits, although its implementation is left to state governments, as has been done in Rajasthan and Karnataka.

Indonesia Indonesia's gig economy began to expand rapidly in the mid-2010s, largely triggered by the emergence of online ride-hailing services in 2015. According to an estimate, the share of gig workers in the labor force was approximately 0.3 to 1.7% in 2023, which is comparable to estimates for the United States and Europe. A key feature of the Indonesian gig economy is the dominance of transportation-based gig work, performed predominantly by urban males with relatively low levels of education. In contrast, non-transport gig workers engaged in work, such as online freelancing, education, and health services, have a higher share of females and university graduates. Furthermore, transportation-based gig workers are concentrated in metropolitan areas, whereas other gig workers are more evenly distributed across smaller cities. Indonesia's regulatory frameworks for gig work remain underdeveloped. Gig workers are classified as independent contractors, thus excluding them from standard labor protections, collective bargaining, and mandatory social security schemes.

Lao PDR The gig economy in the Lao PDR expanded rapidly in the post-COVID period, driven by app-based transport, food and parcel delivery, and e-commerce. Key online platforms include domestic platforms, such as LOCA and KOKKOK Move, and international platforms, such as Foodpanda, Xanh SM, and Flash Express Laos. These platforms, which are becoming increasingly popular among urban residents, provide attractive and flexible employment opportunities in a highly informal economy, especially for youth and women. The widespread use of smartphones, mobile banking, and QR payments has played a vital role in the development of the gig economy. In terms of the regulatory framework, gig work is governed by general e-commerce, consumer and data protection statutes, and sectoral licensing and social security rules, rather than laws specifically designed for the gig economy.

Mongolia Gig work in Mongolia spans a variety of roles, such as ride-hailing and delivery drivers, teachers, translators, visa preparation service providers, and artists. Except for UBCab taxi and delivery services, gig work typically does not rely on digital platforms. Instead, gig workers connect with customers by joining Facebook groups and posting job advertisements online. Official statistics on the self-employed without employees (a proxy for gig workers) provide insights into the nature of gig work in Mongolia. Across regions, the share of self-employed without employees is fairly low in Ulaanbaatar, while it is high in provinces with developed tourism, implying that the growth of the gig economy is not necessarily an urban phenomenon. In terms of age distribution, those aged 40–44 years comprised the largest share among the self-employed without employees, followed by those aged 35–39 years, suggesting that despite the young workforce, the gig economy is not necessarily led by youth.

Nepal The gig economy in Nepal began in 2010, when the food delivery platform Foodmandu began its operations. Since then, various local and international platforms have launched services, including Tootle and Pathao (ride-sharing); Khalti, iPay, and eSewa (online payments); and

Chamkilo (laundry services). The gig economy serves as an entry point into the labor market for young individuals who may face barriers to formal employment due to limited education, skills, or work experience and has created opportunities for women to work as freelancers from home while managing their household responsibilities. While gig workers are most prevalent in urban areas, increased Internet penetration has created employment opportunities for those living in rural areas. Despite these benefits, the absence of clear regulatory and legal frameworks, social protections, and employment security poses challenges for gig workers. As a step toward addressing this gap, the government introduced the E-commerce Act in 2025, which establishes a comprehensive legal framework for e-commerce activities in Nepal.

Pakistan Pakistan has one of the largest gig economies worldwide, with approximately 2% of its labor force estimated to be engaged in platform-based gig work. The gig economy in Pakistan dates back to the early 2000s, when young educated individuals with English proficiency began providing mostly freelance IT and content-writing services to international clients. Participation in gig work expanded substantially in the 2010s following the 3G/4G rollout in 2014, which made the Internet more accessible, and with government initiatives, such as the e-Rozgaar Program, which trains young graduates in digital skills and freelancing. Major forms of gig work currently include various types of online freelancing, such as IT services, teaching, technical training, and translation, as well as location-based platform services and conventional home-based piecework. The gig economy provides flexible income and skill-building opportunities for youth and women, and the majority gig workers are under 30 years of age. However, it faces significant regulatory gaps, leaving workers in challenging conditions. If enacted, the ICT Draft Platform Workers Protection Bill 2023 would provide the first dedicated framework for gig workers' rights.

The Philippines In the Philippines, gig workers have become a crucial component of the labor market. While there are no official statistics on gig workers per se, combining the number of solo self-employed workers, a proxy for gig workers, with an estimate of freelancers suggests a core digital and platform-based gig workforce of 8–10 million, exceeding 15% of the labor force. The COVID-19 pandemic has played an important role in shifting workers into gig work, with the share of solo self-employed workers in the labor force increasing by five percentage points from 2018 to 2024. Studies show that location-based gig workers are predominantly male and tend to have a high school education or less, whereas the majority of online freelancers are female and tend to have higher levels of education and earnings than location-based gig workers. Despite the rapid expansion of the gig economy, the regulatory framework remains underdeveloped, leaving many gig workers without adequate legal and social protections. While employees receive full legal protections, most gig workers are classified as independent contractors and receive virtually no protection. Furthermore, substantial gaps remain in social security and health coverage.

Sri Lanka The expansion of the gig economy in Sri Lanka was accelerated by the COVID-19 pandemic and the 2022 economic crisis, which led many tech-savvy youth to turn to gig work to address their financial needs. Major platforms include not only global platforms, such as Fiverr, Upwork, Freelancer, and Uber, but also local platforms, such as PickMe, Work.lk, and Kapruka. While location-based gig workers are concentrated in urban centers, online gig workers are less geographically constrained. Online freelancers often earn income in foreign currencies, which contributes significantly to the country's balance of payments. The regulatory framework lags the development of the gig economy, leaving gig workers, who are classified as independent contractors rather than employees, without adequate legal and social protections.

Thailand Thailand's gig economy has grown substantially over the past decade. A 2017 survey estimated that 30% of the total workforce had already engaged in gig work, as either a full-time or side job. Furthermore, the COVID-19 pandemic accelerated the shift toward gig work. While platform-based gig work has grown rapidly, especially among young populations in urban areas, offline gig work remains widespread. Key industries include ride-hailing and delivery, online retail and social commerce, and online freelancing. Gig workers are mostly informal workers, whose earnings are substantially lower than those of formal workers. The current legal framework treats gig workers as independent contractors, leaving them outside the coverage of the Labor Protection Act. The Platform Labor Protection Bill introduced in 2023, which seeks to clarify platform-based employment relationships, is under parliamentary review. Gig workers can voluntarily enroll in the basic social security scheme; however, their coverage remains limited.

Key Findings from the Main Analysis

Bangladesh Interviews with 30 gig workers suggest significant disparities between digital freelancers and location-based gig workers. Among these respondents, the average number of weekly hours worked was approximately 40 for freelancers, whereas it ranged between 50 and 70 for location-based gig workers. Furthermore, freelancers earned more than twice as much as location-based gig workers, reflecting their access to international markets and higher levels of education. Despite reporting various challenges, such as income insecurity and a lack of legal protections, more than 75% of respondents were either satisfied or very satisfied with gig work, citing independence as their primary motivation for engaging in gig work.

Cambodia In-depth interviews with 30 gig workers engaged in ride-hailing, food delivery, or digital freelancing highlight both similarities and differences in gig work experiences. For most respondents, especially ride-hailing drivers, gig work was their primary source of income. Respondents consistently cited a lack of alternatives, flexibility, and economic necessity as reasons for choosing gig work over formal employment. While there are variations across types of gig work, earnings are generally modest. Many respondents, especially food delivery workers, worked long hours despite the flexibility and autonomy associated with gig work. Younger, better-educated freelancers tended to consider gig work as transitional or aspirational, whereas older, less-educated drivers and riders viewed it as their only viable option. Geographically, ride-hailing drivers and food delivery workers in Battambang faced lower and less stable demand and reported lower satisfaction than their counterparts in Phnom Penh, where the market is thicker.

Fiji This study examines unlicensed gig taxi services known as *Pari*, which are characterized by an informal and unorganized network of private vehicle owners and rental cars. *Talanoa* conversations, a culturally accepted method of data collection, with eight *Pari* operators provide insights into this service. *Pari* mainly targets individuals, such as patrons of pubs and nightclubs, who require transportation during nighttime, when buses and licensed taxi services cease to operate. Individuals from diverse formal sectors, such as teaching, civil service, and multi-contract driving, participate as *Pari* operators, primarily motivated by family financial obligations. While participants anticipate continued strong demand, the *Pari* service faces multiple challenges that hinder its formalization and sustainable growth, such as the lack of a dedicated platform that organizes operators; concerns regarding safety, insurance, and liability due to regulatory gaps; and barriers to obtaining licenses.

India Interviews with 15 gig workers, two platform companies, and two insurance companies provide new insights into the opportunities and challenges faced by key actors in the gig economy.

Almost all the workers interviewed engaged in gig work full time. Ride-hailing platform workers reported lower earnings than before they started gig work but found its flexibility to be a major advantage. Their main point of dissatisfaction was the absence of a mechanism to provide feedback to platforms, especially regarding cancellations or complaints. Female gig workers appreciated the flexibility offered by gig work and expressed a sense of accomplishment and empowerment because of their ability to earn well. Despite no evidence of a gender-based pay differential, female gig workers reported lower earnings than their male counterparts due to factors such as commuting costs and fewer hours worked. A domestic services aggregator platform provided a similar explanation. Both platform companies created in-house emergency funds for medical exigencies and offered health and accident insurance to active workers. Besides health and accident insurance, the insurance companies offered products such as parametric income protection and equated monthly instalment protection.

Indonesia Using microdata from the 2019–2024 National Labor Force Survey, this report examines recent developments in the gig economy and their implications for productivity. The analysis shows a rapid increase in the share of solo self-employed, a proxy for gig work, during this period. In line with this observation, the transition matrix reveals significant flows from other employment statuses to solo self-employment. Gig workers, identified using information on Internet or online marketplace usage in performing their jobs, exhibit substantial sectoral disparities. In 2024, gig workers in the transportation sector earned approximately 9% less than those in the service sector, despite working 45% longer hours. Furthermore, while the number of gig workers in both sectors increased substantially during the analysis period, their monthly earnings decreased in real terms. Nevertheless, in 2024, female gig workers, who tend to engage in service sector gig work and online freelancing, earned approximately 69% more per hour than female non-gig workers. This study highlights the dual nature of the gig economy in Indonesia and the need for policies that promote skill development and enhance the social protection of gig workers.

Lao PDR Interviews with 16 individuals engaged in the gig economy, including gig workers and executive officers from gig economy companies, deepen the current understanding of key participants in gig work and their working conditions. The gig workers interviewed included ride-hailing and food delivery drivers, janitors, waiters, call center agents, and others performing flexible task-oriented jobs. Many reported gig earnings as their family's main source of income rather than supplementary. Compensation schemes varied even among ride-hailing drivers, with some options enabling drivers to rent electric vehicles or tuk-tuks from the platform, thereby lowering entry barriers. While reported gig earnings are reasonable, they are volatile and depend on hours worked, seasonality, and operating costs. Gig workers are covered by the National Health Insurance, but access to its full benefits is not always guaranteed. Overall, labor and social protection for gig workers remains limited.

Mongolia This study explores the nature of gig work by interviewing five gig workers and personnel from two companies: UBCab Holding, which provides taxi and delivery services through a digital platform, and a construction company. The interview results suggest that employers find hiring gig workers attractive because they are not required to pay social insurance premiums. The main reasons for engaging in gig work varied, including a lack of more attractive options, a preference for flexible working schedules, and the ability to monetize their assets. Earnings from gig work exhibited substantial heterogeneity among interviewees, with a taxi driver and a hairdresser at the lower end and a teacher at the higher end. Gig workers face severe competition from large companies, lack of mandatory social insurance coverage, high operating costs, and negative effects on health.

Nepal A survey of 75 gig workers in Kathmandu, comprising 60 men and 15 women, mostly aged 21–40 years, sheds light on the current state of the gig economy in Nepal. The majority of respondents had a lower or upper secondary education, whereas 35% held a bachelor's or master's degree. Only 23% of respondents were full-time gig workers, whereas the rest reported gig work as a part-time or side job or were students. Most respondents agreed that gig work provided flexible working hours and considered their income from gig work to be satisfying and reliable. The vast majority of respondents reported facing challenges such as job insecurity and a lack of benefits and supported stricter government regulation of the gig economy. Nevertheless, approximately 90% of respondents reported that the gig economy had positively affected their lifestyle and found gig work to be more empowering than traditional jobs. These results suggest that despite the presence of various challenges, gig work provides attractive opportunities for people in Nepal.

Pakistan This report highlights the opportunities and constraints of gig work based on a survey of 23 workers. All of these workers were men, as none of the 10 female workers contacted responded. They were mostly in their 30s or 40s and had at least a bachelor's degree. Almost all respondents used one or more platforms for gig work, including Upwork, Freelancer, and InDrive. The majority considered gig work as a part-time job and reported working an average of 20 hours or less per week. In line with these findings, only five of the 23 respondents reported average monthly earnings of PKR100,000 or more, comparable to those of traditional jobs. The top reasons for engaging in gig work were financial necessity, skill utilization, and flexibility and autonomy. Most respondents reported being at least somewhat satisfied with their gig earnings. However, of the 23 respondents, 13 reported having no socioeconomic protections, and 18 reported not having participated in any training programs.

The Philippines This study examines Labor Force Survey microdata to provide a deeper understanding of the current status of gig workers. Using industrial classification codes, the analysis shows that in June 2024, 51.4% of solo self-employed workers were engaged in location-based services, 45.1% in traditional local services, and 3.5% in online-capable sectors. Solo self-employed males were heavily concentrated in location-based services, whereas solo self-employed females were more prevalent in online-capable sectors, confirming the findings of prior studies. The annual transition matrix shows substantial flows into solo self-employment from other employment states, including unemployment, while approximately half of solo self-employed workers become employees a year later. These results highlight the importance of solo self-employment as a stepping stone to more stable forms of employment.

Sri Lanka A survey of 46 gig workers, mostly from the Western Province (which includes Colombo) and Northwestern Province, comprising approximately equal shares of men and women, illuminates the current state of gig workers. Respondents included platform-based ride-hailing and food delivery operators, as well as online freelancers. The majority of respondents had middle-to-high levels of education, suggesting that digital skills are required for platform-based work. The largest share of respondents worked 40–60 hours per week, approximately 26% worked 20–40 hours per week, and more than 25% worked 60 hours or more. Remarkably, earnings were polarized, with nearly half of respondents earning LKR3,000 or less per day, whereas close to one-quarter earned more than LKR8,000 per day. Respondents reported that they became aware of gig work predominantly through their friends, suggesting the importance of peer networks. A focus group discussion with ride-hailing drivers revealed concerns regarding issues such as remuneration schemes, safety risks, and a lack of transparency in algorithmic management.

Thailand This report combines multiple forms of analysis to provide new insights into Thailand's gig economy. One of these analyses examines informal workers using 2014–2024 Labour Force Survey data, since data on gig workers per se are not available. The data show that the number of informal workers, which was on a declining trend until 2021, began to increase again from 2022. Conversely, the number of formal workers, which steadily increased until 2022, began to decrease from 2023. This shift from formal to informal employment suggests an increase in the number of gig workers. The 2024 data show that the hours worked by informal workers are more dispersed than those of formal workers. While the average number of hours worked are somewhat lower than that of formal workers, the share of informal workers working 49 hours or more per week exceeds that of formal workers. The data also reveal a substantial earnings gap, with the imputed hourly earnings of informal workers being approximately 60% of those of formal workers.

Policy Recommendations

The country reports provide diverse policy recommendations reflecting the heterogeneity of economic and social structures across APO member countries. Nevertheless, several common themes emerge.

The first theme concerns providing adequate legal and social protections to gig workers. Typically, these workers do not enjoy the legal protections and rights afforded to employees, including those related to wages, hours worked, safety, and collective bargaining. Access to health insurance and social security is limited, even when available. Sustainable growth of the gig economy requires designing legal and social protection schemes that balance protection and flexibility. An important first step toward that goal is the formal recognition of gig workers as a distinct category and the collection of accurate information on them in official statistics.

The second theme involves securing proper platform regulation. The country reports point to a lack of transparency in algorithmic control over pricing, task allocation, and deactivation as well as the absence of mechanisms for gig workers to provide feedback to platforms regarding their experiences with customers, leaving gig workers in a vulnerable position. Enhancing platform accountability and introducing dispute resolution mechanisms are necessary to ensure the fair and equitable treatment of gig workers.

The third theme relates to gig workers' human capital development. Compared to employees, gig workers have limited opportunities to upgrade their skills through firm-provided training or learning from colleagues, which may leave them stuck in low-productivity, low-paying jobs. It is therefore highly important to enable gig workers to continuously upgrade their skills through policies such as providing public training in digital, management, and financial skills and incentivizing platforms to offer adequate training to gig workers. Targeted policies for female gig workers would be valuable in countries with social barriers to female labor force participation.

Concluding Remarks

The development of the gig economy has been universal, but it has particular implications for the member countries analyzed in this report due to the following factors. The first factor is the predominantly young workforce, whose digital readiness makes it highly adaptable to the gig economy. The second factor is the limited availability of formal employment, which makes gig work, while typically informal, an attractive alternative to traditional informal jobs. The third factor is the removal of spatial constraints achieved through online gig work, which enables individuals to work beyond their own regions or countries and access larger, higher-paying labor markets. Due to these factors, the successful development of the gig economy will play a particularly important role as an engine of economic growth in member countries. The analyses and policy recommendations presented in this report suggest pathways for policymakers to achieve this goal.

Looking ahead, technological advancements that have driven the development of the gig economy may become a major threat to gig workers. While location-based gig workers may gradually face competition from autonomous taxis and delivery drones, online gig workers, who tend to enjoy higher earnings due to higher productivity, are more likely to face the immediate risk of being replaced by generative AI. From that perspective, policy interventions that guide individuals toward types of gig work that are less prone to such risks and motivate them to continuously acquire relevant new skills would be of critical importance.

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GIG ECONOMY IN BANGLADESH

Summary

The gig economy has emerged as a transformative force in Bangladesh's labor market, particularly in ride-hailing, food delivery, e-commerce, and online freelancing. This study examines the gig economy's development and implications for productivity, worker welfare, and sustainable economic growth. Using a mixed-methods approach that combines secondary data with interviews with 30 gig workers, this study explores worker demographics, income patterns, working conditions, and policy gaps. The findings indicate that although gig platforms create flexible income opportunities for youth and women, challenges such as income volatility, long working hours, limited social protection, and weak regulations constrain long-term productivity gains. The report concludes with evidence-based policy recommendations to formalize gig work, enhance social protections, improve skill development, and ensure the sustainable integration of the gig economy into Bangladesh's broader development trajectory.

Introduction

Digitalization has transformed labor markets, leading to the emergence of the gig economy, characterized by short-term flexible work arrangements primarily enabled by online platforms (World Economic Forum, 2024). In Bangladesh, this sector has expanded rapidly since the early 2000s, with platforms such as Uber, Chaldal, Foodpanda, Pathao, Truck Lagbe, HelloTask, freelancing marketplaces, and Sheba.xyz creating new income opportunities for a largely young workforce. Evidence suggests that 56% of graduates and 66% of university students are involved in gig work, highlighting its growing importance in youth employment (Mimi & Mani, 2024). This growth is driven by developments in ICT, flexibility of digital platforms, and rising demand for on-demand services, particularly among tech-savvy youth. However, this sector also faces significant challenges, such as income instability, skill mismatches, job insecurity, and weak policy frameworks for protecting gig workers. Therefore, a deeper understanding of the gig economy is required to optimize its benefits while addressing the associated risks.

This study examines the growth of Bangladesh's gig economy, focusing on its key sectors and regulatory landscape. It provides a detailed examination of Bangladesh's gig economy by integrating primary and secondary data to examine the important aspects of this expanding field. The analysis first explores current trends, emphasizing the rise of various platforms and their expansion across industries. It determines the present situation of gig work in Bangladesh and pinpoints the main factors of its growth based on extant literature and statistical evidence. It then evaluates how gig work affects productivity in individuals and the economy overall. To establish a more sustainable and equitable gig economy in Bangladesh, this report concludes with policy recommendations based on the study's findings that will improve productivity, strengthen economic resilience, and ensure social protections for gig workers.

Overview of the Development of the Gig Economy

The Gig Economy and Gig Worker Characteristics in Bangladesh

The gig economy refers to a labor market dominated by temporary project-based work, often mediated by digital platforms (Katz & Krueger, 2019). In Bangladesh, the gig economy encompasses sectors such as ride-hailing, food and grocery delivery, and online freelancing. Globally, platforms such as Uber, Upwork, and Foodpanda illustrate the varied forms of gig work that encompass location- and web-based tasks (ILO, 2021). Workers in the gig economy are independent contractors rather than permanent staff, and they take on short-term flexible jobs through digital platforms. Gig workers appreciate their ability to select when and where they work and can engage in various tasks. Rather than receiving a steady paycheck, these workers are paid for each job or "gig" they complete. Gig workers' independent contractor status differentiates this labor model from traditional employment, thus affecting access to social protections and benefits (De Stefano, 2015).

Gig workers in Bangladesh engage in short-term, project-oriented, or platform-mediated work arrangements rather than conventional full-time jobs. They may be broadly classified into digital and physical gig workers, depending on whether the services are delivered remotely through digital means or require the worker's physical presence (Kässi & Lehdonvirta, 2018). Despite similarities in flexibility and autonomy, physical and digital gig workers differ in their work environments and risks.

Digital Gig Workers

Digital gig workers operate remotely, typically through the Internet and digital platforms. Their contributions often involve knowledge-intensive or creative tasks, such as design, content writing, programming, and marketing (Heeks, 2017). Digital freelancers can access international markets and often earn higher wages than physical gig workers, who are limited to local demand and more vulnerable to physical hazards, such as road accidents (ILO, 2021). The major types of digital gig workers in Bangladesh are outlined below.

Freelancers Independent contractors who offer specialized services on a project or contract basis are known as freelancers. They can work for several clients simultaneously and are not restricted to a single company. Freelancing has become a significant source of foreign exchange earnings in Bangladesh. Although freelancing provides autonomy and global exposure, it comes with risks such as unstable income and a lack of social protections (ILO, 2021). In Bangladesh, platforms such as Upwork, Fiverr, and Freelancer.com are widely used for digital freelancing jobs.

Self-Employed Digital Professionals Some digital workers operate independently as business owners by providing consultancy, online tutoring (10 Minute School), or e-commerce services. These self-employed professionals bear full responsibility for their businesses, with their income dependent on market demand and competition (World Bank, 2022). Although they have a high level of freedom, entrepreneurship involves several risks, including income changes and market instability. These individuals manage the daily operations of their businesses, including marketing, customer support, sales, and financial management. Self-employed digital professionals primarily focus on selling products or offering services directly to customers through digital platforms, such as Facebook, Instagram, and WhatsApp, or their own e-commerce websites. Their activities are often localized and cater to specific geographic areas. They are responsible for the overall development and performance of their businesses, and their income is largely determined by the demand for their products or services.

Presenters and Influencers With the expansion of social media, new forms of digital gig work have emerged. Presenters and influencers use platforms such as Facebook Live, YouTube, and TikTok to share entertainment, news, and promotional content. In Bangladesh, social media influencers have gained prominence, particularly among youth, as brands increasingly rely on digital advertising to reach consumers (Islam & Rahman, 2022). Influencers benefit from audience engagement and brand partnerships; however, their earnings are highly dependent on algorithms and audience retention.

Physical Gig Workers

Physical gig workers provide services that require an in-person presence, although their work may be coordinated through digital platforms. These include seasonal workers, platform-based physical service providers, and traditional self-employed laborers.

Seasonal Workers In certain industries, such as retail, tourism, and agriculture, seasonal workers are hired on a short-term basis during seasons with high demand. In Bangladesh, this includes agricultural laborers engaged during the rice and mango harvesting seasons, retail employees working during Eid and Durga Puja, and temporary staff in tourism areas, such as Cox's Bazar (Rahman & Akter, 2020). Seasonal labor lacks long-term security and benefits; however, it provides short-term income.

Platform-Based Physical Service Providers Digital platforms have created a new category of physical gig work by connecting workers with customers. Services such as ridesharing (e.g., Uber, Pathao, Obhai, and Truck Lagbe), food and goods delivery (e.g., Foodpanda, HungryNaki, Chaldal, and Foodi), and household maintenance (e.g., Sheba.xyz and HelloTask) illustrate this trend. Although these workers enjoy flexible schedules and increased access to customers, they often face challenges such as low wages, occupational risks, and dependence on platform policies (Anwar & Graham, 2020).

Traditional Self-Employed Physical Workers Traditional self-employed workers include shopkeepers, food vendors, and tailors. They operate independently and manage their risks and profits. Although not always digital, many currently leverage online platforms and digital payments to expand their customer base (World Bank, 2022).

Evolution of Bangladesh's Economy and Rising Influence of the Gig Economy

Over the past few decades, Bangladesh's economy has grown remarkably owing to exports, remittances, industrialization, and structural changes. Bangladesh struggled with a low GDP and small industrial structure after gaining independence. Although manufacturing and exports had remained minimal by the early 1970s, the ready-made garment industry expanded rapidly over time. By December 2024, Bangladesh recorded export earnings of nearly US $50 billion, with the RMG sector contributing approximately USD38.48 billion (The Daily Star, 2024). This growth was fueled by a large female labor force, which increased from 26% in 1991 to 42.7% in 2022, with approximately 2.7 million women working in the garment industry as of 2024 (Wikipedia, 2025).

Historical macro-trend data on GDP, per capita income, and GDP growth rates from 2013 to 2023 indicate that Bangladesh has experienced consistent economic progress and structural transformation. In 2013, the GDP growth rate was 6.01%, marking the beginning of a decade characterized by sustained expansion of output and income levels. Ongoing increases in GDP and per capita income reflect industrial development, market diversification, and improvements in overall living standards. However, the sharp decline in GDP growth to 3.45% in 2020, primarily because of the COVID-19 pandemic, revealed the economy's vulnerability to global disruptions. Despite this downturn, Bangladesh's economy showed notable recovery in subsequent years, driven by strong exports, a postpandemic rebound, and stable domestic demand. Although the GDP growth rate reached 7.10% in 2022, it declined to 5.78% in 2023, mainly because of the combined effects of the global economic slowdown, foreign exchange constraints, rising inflation, and energy shortages (Macrotrends, 2025).

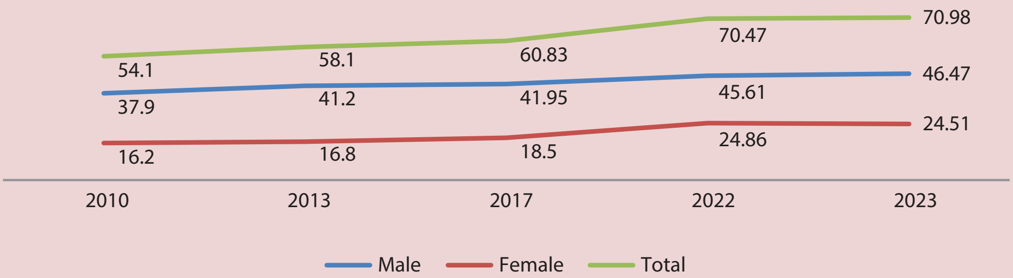
Bangladesh's labor market makes an outstanding contribution to this performance. In recent years, digital transformation has become a significant factor influencing inclusive growth. Its young population, rapid urbanization, and widespread use of mobile Internet have made Bangladesh a major player in the gig economy. Bangladesh is widely recognized as one of the world's largest suppliers of online labor. The Online Labour Index further reveals that Bangladeshi freelancers are heavily concentrated in software development, technology services, and creative tasks such as multimedia and design (Kässi et al., 2021). Bangladesh's comparative advantage lies in digitally mediated freelance work supported by factors such as English proficiency, low labor costs, and growing digital skills.

Most online platform employees are young and have comparatively higher educational attainment than the overall workforce. Although women remain underrepresented in the workforce overall, their involvement in online gig work is somewhat greater than that in traditional sectors, indicating that digital platforms may help remove some obstacles that women face when attempting to enter the workforce.

Figure 1 illustrates employment trends from 2010 to 2023, showing a consistent increase in female workforce participation. The total number of employed persons also increased from 54.1 million to 70.98 million, indicating significant employment expansion.

FIGURE 1

TRENDS FOR EMPLOYED PERSONS (IN MILLIONS).



Source: BBS, LFS (2023).

Emergence and Growth of the Gig Economy

Gig-based activities are becoming an important part of Bangladesh's informal sector, which is experiencing significant growth in terms of employment generation and economic contribution.

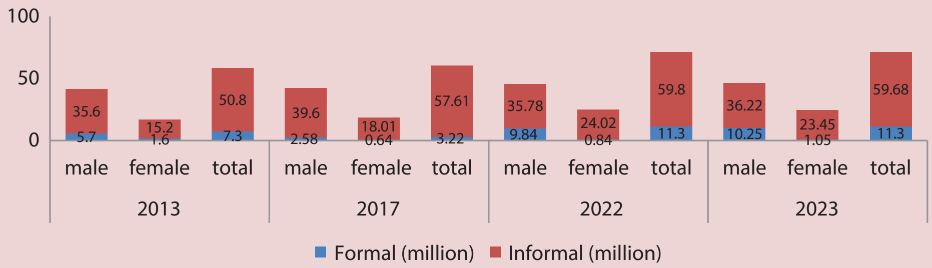
The gig economy provides new employment opportunities to a large number of informal workers, a sector that represents more than 80% of the country's labor force and contributes approximately 40% to the GDP (Financial Express, 2025). The World Bank estimates that the gig economy contributed 5% of the GDP in 2020, and this rate was expected to double by 2025 (The Daily Star, 2025). The location-based gig sector, such as ridesharing, is currently estimated to be worth approximately USD259 million, with a projection to reach USD1 billion over the next five to seven years (The Financial Express, 2025).

Furthermore, the gig economy has contributed to greater social inclusion and economic empowerment. One study found that 57% of female gig workers reported increased financial autonomy, indicating a positive shift in women's economic participation (The Daily Star, 2024). A separate survey revealed that approximately 70.1% of gig workers in Bangladesh are students, followed by jobholders and the self-employed (Miah et al., 2023). By 2030, Bangladesh's economy is anticipated to rank 24th worldwide, with the gig economy expected to play a significant role in driving growth and enhancing overall productivity (Gigpedia, 2024).

Unlike in industrialized economies, where employment is primarily formalized and governed by comprehensive regulatory frameworks, informal employment dominates Bangladesh's labor market. A large portion of Bangladesh's workforce operates within the informal economy. Although online gig work is growing rapidly, accurately measuring its scale remains challenging (World Bank, 2023).

FIGURE 2

FORMAL AND INFORMAL EMPLOYMENT CONTRIBUTIONS TO THE ECONOMY (IN MILLIONS).

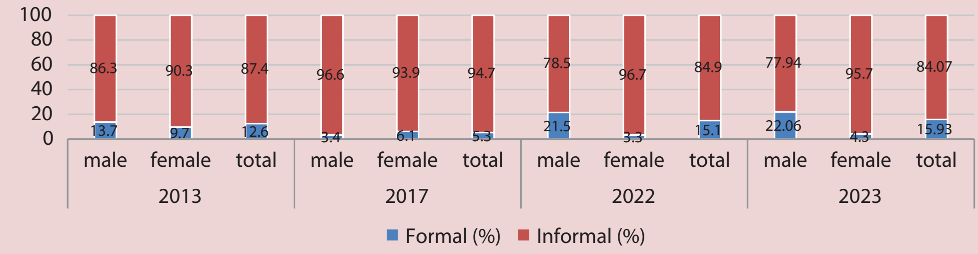


Source: BBS, LFS (2023).

Figures 2 and 3 present the numbers and shares of formal and informal employees, respectively. in Bangladesh. According to the data, the informal sector accounted for 50.8 million workers (35.6 million men and 15.2 million women) in 2013, representing 87.4% of all employment. By 2017, this number had increased to 57.61 million (39.6 million men and 18.01 million women). In 2023, informal employment rose to 59.68 million (36.22 million men and 23.45 million women). Gender disparities were particularly pronounced in 2023, with 95.7% of women engaged in informal work compared to 77.94% of men. These figures demonstrate that the informal sector remained the dominant source of employment in Bangladesh across all survey years.

FIGURE 3

RATE OF FORMAL AND INFORMAL EMPLOYMENT CONTRIBUTIONS TO THE ECONOMY (%).



Source: BBS, LFS (2023).

Regulatory Frameworks for Gig Workers

Bangladesh currently lacks comprehensive gig work regulations. Although countries such as Australia, the United Kingdom, and India have made strides in recognizing gig workers' rights, Bangladesh has yet to take steps to ensure legal protections for its platform workers (The Daily Star, 2025).

The present regulatory framework in Bangladesh shows a stark discrepancy between the extent of workers' legal safeguards and explosive growth of the gig economy. The Labor Act of 2006 (amended in 2018 and 2025) remains the primary framework governing employment interactions. This legal exclusion and lack of enforcement deprive workers in the digital economy of statutory safeguards in terms of minimum salaries, working hours, and collective bargaining, thereby perpetuating an informal economy. The ridesharing guidelines issued in 2017 fail to provide adequate legal protections for platform workers (The Financial Express, 2018). Although gig income is legally taxable, enforcement is lacking, leading to the continuation of an informal wage regime.

Fairwork Bangladesh Ratings provide an annual evaluation of digital labor platforms based on five principles: Fair Pay, Fair Conditions, Fair Contracts, Fair Management, and Fair Representation. These ratings are crucial for assessing gig workers' working conditions. In Bangladesh, no platform has scored higher than 5 out of 10 in these areas, highlighting significant gaps in the fairness and protection afforded to gig workers.

TABLE 1

FAIRWORK SCORES FOR GIG WORKERS IN BANGLADESH.

Platform	2021	2022	2023
Daraz	–	–	5
Sheba (Sheba.xyz)	–	3	5
HelloTask	–	3	4
Chaldal	–	3	1
Uber	0	2	1
Foodpanda	1	1	–
Pathao	1	1	1
Pathao Food	1	–	–

Source: Fairwork Bangladesh Ratings (2023, 2022, 2021).

The National Digital Commerce Policy of 2018 and ICT Policy of 2015 provide a supportive environment for platform growth. They are primarily market-oriented and privilege investment and technological diffusion over labor rights. This is indicative of a more general policy approach, in which the gig economy is viewed as a path toward digital progress rather than an area in need of labor control.

Employment Status

As of 2024, the population of Bangladesh is 173.56 million. Within this population, the total labor force stands at 71.71 million, comprising 48.02 million men and 23.69 million women. Of these, 69.09 million are employed, with 46.22 million men and 22.87 million women in the workforce (BBS, LFS, 2024).

Employment status describes the types of contractual relationships between jobholders and the economic units in which they are engaged. Based on this relationship, workers are generally categorized into four groups: Employees, Employers, Own-account Workers, and Contributing Family Workers (BBS, LFS, 2024). Employees are those who work within an economic unit in which their remuneration is generally fixed or based on agreed-upon wages. Employers are self-employed individuals who continuously engage with one or more employees, forming the basis of their business operations. Own-account Workers are also self-employed but do not regularly hire employees. Contributing Family Workers are engaged in family-run businesses in which they assist relatives without formal wage arrangements. This classification is useful for analyzing labor market dynamics and understanding the overall workforce composition in Bangladesh.

TABLE 2

EMPLOYMENT STATUS.

Employment Status (millions)	2017		2022		2023	
	Employees	Self-employed	Employees	Self-employed	Employees	Self-employed
Total	23.78	36.66	26.81	43.08	26.90	43.66
Men	17.96	23.91	22.37	22.84	22.29	23.86
Women	5.82	12.74	4.44	20.25	4.61	19.80

Source: BBS, LFS (2023).

TABLE 3

SELF-EMPLOYMENT STATUS.

Self-employment status (millions)	2017		2022		2023	
	Men	Women	Men	Women	Men	Women
Employers	2.58	0.12	2.49	0.16	2.47	0.14
Own-account workers	19.57	7.19	18.60	16.74	19.78	16.74
Contributing family workers	1.75	5.43	1.74	3.35	1.61	2.92

Source: BBS, LFS (2023).

Tables 2 and 3 present employment and self-employment status, respectively. Employers (self-employed with employees) included 2.58 million men and 0.12 million women in 2017. By 2023, the number of male employers decreased slightly to 2.47 million, whereas that of female employers increased slightly from 0.12 million to 0.14 million.

Regarding own-account workers (self-employed without employees), men began at 19.57 million in 2017, fell to 18.60 million in 2022, and then rose to 19.78 million in 2023. The number of female own-account workers grew significantly, from 7.19 million in 2017 to 16.74 million in 2022 and 2023. Female entrepreneurship has been increasing, with more women becoming employers and own-account workers, indicating progress toward gender equality. A small number of ups and downs can be observed among self-employed individuals.

Four Common Gig Platforms and Their Performance in Bangladesh

Bangladesh has several local and international gig platforms. To understand the performance and contribution of Bangladesh's gig economy, this study focuses on four widely used and influential platforms: Chaldal (last-mile delivery), Uber Moto, Foodpanda (food delivery), and digital freelancing platforms. Each domain represents a major segment of gig-based employment and offers distinct opportunities and challenges for workers. This study adopts a descriptive and explanatory approach, drawing on primary and secondary data to capture the dynamics of these platforms. Secondary information was collected from the Bangladesh Bureau of Statistics (BBS); government and international reports, including the World Bank, Oxford Internet Institute, and Fairwork; university studies; media analyses; and comparative policy literature. Primary data were collected from 30 active gig workers identified through purposive sampling across the selected platforms: 5 from Chaldal, 10 from Foodpanda, 10 digital freelancers, and 5 Uber Moto riders. Among them, five were women, all of whom were freelancers. Respondents were selected to ensure diversity, and several were approached through personal interactions after using their services. Interviews were conducted in person or via phone, with prior consent obtained for audio recordings or photographs. These data sources offer a comprehensive understanding of how the four platforms contribute to employment generation, service innovation, and the broader gig work ecosystem in Bangladesh. The four platforms are discussed below.

Foodpanda

Foodpanda is one of Asia's top online grocery and food delivery services. It operates in 12 countries, and its headquarters are located in Singapore. Since its establishment in 2013, Foodpanda, a subsidiary of Delivery Hero, has become the leading food and quick commerce delivery platform in Bangladesh. It experienced a massive expansion by receiving abundant cash from Delivery Hero and started food delivery to all 64 districts of the country by the second week of December 2020 (The Daily Star, 2024). The platform connects consumers to restaurants, groceries, and cloud kitchens (The Daily Star, 2025). Despite its rapid expansion, Foodpanda continues to face challenges.

Foodpanda serves as an intermediary between eateries and customers, operating mostly on business-to-business (B2B) and business-to-consumer (B2C) bases. When a customer places an order, the platform transmits it to the selected restaurant, where food is prepared and then delivered by assigned riders, typically within approximately 30 minutes. Foodpanda obtains income from various sources, such as one-time registration costs ranging from BDT8,000 to 10,000, restaurant commissions, delivery fees, and advertising services.

Current Performance

Foodpanda processes nearly 100,000 orders daily, placing it at the center of Bangladesh's digital food delivery ecosystem (The Daily Star, 2025). Its grocery segment, Pandamart, operates as a nationwide quick-commerce service, further diversifying its revenue base (Foodpanda, 2021). However, financial data reveal deep losses. Foodpanda Bangladesh reported cumulative losses exceeding BDT10,000 million between FY2020 and FY2023, reflecting subsidy-driven growth and intense price competition (Business Standard, 2024). In early 2025, the Bangladesh Competition Commission fined the company BDT1 million for anticompetitive practices, signaling increased scrutiny over platform conduct (The Business Standard, 2025).

Workforce Management

Foodpanda engages over 100,000 delivery personnel, with approximately 40,000 categorized as regular freelancers (The Daily Star, 2025). Riders are paid through a task-based system in which earnings depend on distance, order density, and incentive bonuses (Foodpanda, 2021). On average, riders earn BDT700–800 for a 10-hour workday, equivalent to BDT70–80 per hour (The Business Standard, 2022). Many riders extend their working time to 8–12 hours daily to reach their income targets. They have the opportunity to earn a monthly income of up to BDT30,000 as motorbike or cycle riders (Foodpanda Hub, 2025).

Women's participation in on-road delivery services remains low, typically comprising less than 5% of the rider base (Fairwork, 2024). Social norms, safety concerns, and logistical obstacles prevent women from entering this market. However, Foodpanda's Home Chef provides additional opportunities for women to work from home by selling prepared meals. By 2021, over 10,000 home chefs, mostly women, were active on the platform across Bangladesh, Pakistan, and Malaysia (Foodpanda, 2021). Thus, although women are underrepresented in direct delivery, they are more prevalent in indirect engagements through entrepreneurship.

Contribution to the Bangladesh Economy

Worker Productivity From a broader economic perspective, Foodpanda's productivity impact can be evaluated using gross merchandise volume (GMV). The platform processes approximately 100,000 orders daily and has an estimated average order value of BDT300–400, with an annual GMV of BDT10–14 billion, equivalent to 0.02–0.03% of Bangladesh's GDP (World Bank, 2024). Considering a 20–25% commission rate as value-added, Foodpanda's direct GDP contribution is closer to 0.004–0.007%. Despite its small aggregate impact, the platform indirectly enhances productivity by digitizing small restaurant operations, expanding market access for home chefs, and creating income opportunities for young and semi-skilled workers. Productivity also varies according to order density. Riders in central Dhaka can complete more orders per hour than those in peri-urban areas, where delivery distances are longer. Furthermore, Foodpanda's algorithm incentivizes riders to work during peak hours, which increases their output but contributes to long and irregular schedules (Fairwork, 2024). Notably, productivity gains do not directly translate into sustainable livelihoods because gig workers lack access to social security and guaranteed minimum wages.

Employment Generation Foodpanda has significantly increased job opportunities in cities. Riders are employed by the platform's delivery network, and many are young people or students seeking flexible employment arrangements. The platform also indirectly supports employment in restaurants, customer service, and marketing roles, thereby contributing to broader job creation in the service sector.

Encouragement of Digital Entrepreneurship Foodpanda fosters digital entrepreneurship by providing a platform for cafés, restaurants, and small food businesses to help them reach a broader audience and expand. This aligns with Bangladesh's national push for technology-driven entrepreneurship and e-commerce.

Improvements to the Food Service Sector Foodpanda boosts the food service sector by increasing restaurant reach and order volume. Its delivery and advertising services help businesses grow and build brand recognition, driving modernization in Bangladesh's food industry.

Challenges

Delivery Time Traffic congestion in Bangladesh significantly hinders delivery efficiency, often resulting in delays that extend beyond the expected delivery window. This directly affects customer satisfaction and operational reliability.

Rider Issues Delivery riders frequently encounter structural challenges, including low wages, a lack of long-term job security, and recurring technical malfunctions with vendor tablets. These factors collectively reduce morale and operational performance.

Competition Foodpanda operates in a highly competitive environment, facing strong rivalry from local platforms, such as HungryNaki. Established local players intensify the platform's struggle for market dominance and customer loyalty.

Customer Satisfaction Complaints persist regarding inconsistent service quality, inaccurate orders, and delayed deliveries. Such issues undermine customer trust and discourage repeat use of the platform.

Restaurant Availability Limited availability of popular restaurant chains, such as Pizza Hut, KFC, and BFC, on the platform leads to customer dissatisfaction because users seek wider food choices and brand recognition in their online orders.

Macroeconomic Challenges Rising inflation and reduced disposable income can decrease the number and size of orders. Between 2022 and 2025, demand was unpredictable, and costs increased.

Digital Freelancers

Bangladesh's freelancing industry has grown rapidly owing to improved Internet access, government support, and the rise of remote work. Platforms such as Upwork, Fiverr, and Freelancer.com connect global clients to freelancers and offer flexible payment options. Freelancing, a growing form of nonstandard employment, has gained popularity owing to technological advances.

According to the Bangladesh Freelancers Development Society, the number of registered freelancers in Bangladesh increased by 25% annually between 2018 and 2023 (ICT Division, 2023). The ICT Division estimates approximately 650,000 freelancers and values the sector at nearly USD1 billion (Hasan, 2025). A recent article reported that the freelancing sector generated an estimated USD1.85 billion in 2023, with projections of USD2.6 billion by 2025 (The Financial Express, 2025). Additionally, Bangladesh ranks second globally in the share of freelancers, with a labor share of 16%, behind India, which holds a 24% share (The Daily Star, 2024). Of-The freelancers in Bangladesh, 96.2% are below 35 years of age, 92.3% are male, and 80.8% have a tertiary-level education, placing them in a strategic position to access international markets through platforms such as Upwork and Fiverr (Alam et al., 2021).

Findings on Freelancing Practices

Most of the freelancers in this study were young people, particularly those aged between 21 and 40 years. All respondents reported having graduate-level qualifications or above. This sample indicates that higher education plays an important role in improving digital and professional competencies for freelancing.

Most respondents primarily worked on platforms, such as Fiverr and Upwork, with a smaller proportion diversifying their activities across multiple platforms. Although diversification may increase work opportunities, participants noted that it also leads to greater workload and management challenges. In terms of working patterns, most respondents reported working 6–10 hours per day and 5–7 days per week, reflecting a time commitment comparable to that of full-time employment.

Although most respondents began freelancing without formal training or investment, some mentioned making small initial investments in Internet services, devices, and software to initiate their work. Weekly earnings among the respondents generally ranged from BDT5,000 to BDT20,000, depending on their skill level, experience, and client base. Compared to the national average income of BDT13,865 (USD115.00) (BBS, 2023), the earnings of these freelancers suggest that freelancing can be financially rewarding for skilled individuals.

The findings also indicate that most respondents experienced income growth over time, reflecting improvements in productivity and client engagement. However, irregular income flows and delayed client payments are significant concerns that reduce financial predictability. Although most respondents described their current financial condition as fair to good, many expressed concerns regarding long-term financial stability.

Most respondents reported setting weekly or monthly income targets, and those who consistently met these targets demonstrated higher motivation and productivity levels. However, a few respondents mentioned difficulties in maintaining steady progress owing to fluctuations in available tasks. Some respondents also reported idle waiting times, ranging from 30 minutes to 2 hours daily, while awaiting client responses or new assignments. Several technical and infrastructural challenges were identified. Respondents cited unstable Internet connections, delays related to work platforms, and the absence of reliable payment gateways, such as the unavailability of PayPal, as major barriers to efficiency. Despite these challenges, most respondents indicated that they managed their time effectively, although productivity often depended on task availability.

In terms of motivation, respondents highlighted flexibility, independence, and the opportunity to earn income in foreign currency as their main reasons for pursuing freelancing jobs. Overall, most participants expressed satisfaction with their freelance work and primarily valued autonomy and freedom over traditional office-based employment.

Challenges

The gig economy has created new opportunities for freelancers in Bangladesh by providing flexible work schedules and access to international clients. However, these prospects are accompanied by serious difficulties that many people face daily.

Inconsistent and Low Income Earnings instability is a common problem among freelancers. Income from project-based work fluctuates from month to month, creating challenges for long-term financial planning. Low-paying jobs are frequently the only choices available to novices until they establish their names and experience.

Insecure or Postponed Payments Insecurity in payments is a prevalent problem. Many freelancers deal with hefty withdrawal fees, delayed transactions, and occasionally, clients who refuse to pay.

Insufficient Opportunities for Career Advancement Many independent contractors struggle to advance their careers and transition to higher-paying positions because they are locked into low-paying repetitive employment.

Technical Difficulties Frequent power outages and poor Internet connectivity in parts of Bangladesh disrupt workflows, causing missed deadlines and unhappy clients, which are major challenges for freelancers.

Lack of Insurance and Legal Protections Freelancers are exempt from labor rules. Their vulnerability increases because they lack access to social security, health insurance, pension plans, and legal protections in the event of a dispute.

Pressure of Competition and Platform Ratings Ratings and reviews affect freelancers' status and job prospects. Intense competition, both local and global, lowers wages and forces freelancers to work long hours to satisfy clients.

Lack of Information and Guidance Limited access to reliable information is a key challenge for freelancers in Bangladesh, with many struggling to navigate platforms and understand payment systems, taxation, and client communication because of a lack of guidance or mentorship.

Uber

Uber is a well-known ridesharing service in Bangladesh that offers a range of transportation options, including autorickshaws, motorbikes, taxis, and automobiles. With services such as Intercity, Connect, and Rentals, they have grown to 20 cities across all eight divisions. In Dhaka, Uber launched on 22 November 2016. Uber Bangladesh provides a range of transportation modes, such as UberX, UberMoto, UberCNG, UberPremier, UberXL, Uber Rentals, Uber Connect, and Uber Intercity.

Uber's Performance and Economic Contribution in Bangladesh

Uber's record in Bangladesh is a combination of noteworthy difficulties and important contributions. Uber has been criticized for safety, cost, and operational problems, despite the acknowledgement that it has improved the economy and provided practical transit options. It encompasses both the direct earnings of driver-partners and the broader economic activities stimulated by Uber's operations (Uber, 2022).

Uber's economic contribution to Bangladesh is over BDT 55 billion (Uber, 2024), reflecting its expanding role in the national economy. This contribution includes direct and indirect economic effects. For example, the combined economic activity of Uber's Moto(bike) and Auto (three-wheeler) services is BDT9.2 billion. Additionally, riders save over 1.1 million work hours annually, valued at BDT0.94 billion. Uber also contributed BDT2.90 billion in additional value to the tourism sector in 2023, supporting 2.14 million jobs in 2024. Rides with Uber has generated a massive consumer surplus of BDT669, which captures the extra benefit to riders and indicates how much they value Uber's service over its actual cost (Dhaka Tribune, 2025).

Workforce Demographics

Although specific age data for Uber drivers in Bangladesh are limited, studies from similar markets indicate that a significant proportion of gig workers are young and balance work with family responsibilities. Globally, female participation in ridesharing platforms, such as Uber, is low. In Bangladesh, female participation on these platforms is rare. In 2024, driver-partners using Uber in Bangladesh earned approximately 42% more than their next best alternative source of work, highlighting the economic opportunities associated with the platform (Uber, 2024).

Challenges

Khep Rides Many drivers and customers use unofficial agreements, or "khep," to negotiate fares outside the app and avoid commissions. This behavior compromises Uber's profitability, safety, and openness. In response, Uber launched subscription plans to reduce khep, where drivers paid in advance (e.g., 1, 3, or 7 days) to avoid commissions on each ride.

Limitations of Digital Literacy and Infrastructure The "khep" phenomenon highlights cultural preferences for haggling, low levels of digital literacy, and technological infrastructure, such as inadequate Internet and device barriers, that impede app adoption.

Safety Concerns In Bangladesh, safety-related problems continue to be a major obstacle for Uber. Passengers, especially women and late-night commuters, are concerned about incidents of inappropriate driver behavior, insufficient background checks, and a lack of strong and enforced safety measures. Although Uber has included in-app safety features, such as GPS monitoring, live location sharing, and emergency buttons, these are insufficient to ensure safety. Real-world incidents, such as the attempted kidnapping of actress Nijhum Rubina, threats during fare disputes, harassment complaints, and crash-and-flee events, indicate gaps in the system (Dhaka Tribune, 2025). Addressing these safety vulnerabilities will require improved monitoring systems, strengthened driver verification, and coordination with law enforcement.

Pricing Issues Many riders find the use of surge or dynamic pricing problematic. Fares may increase significantly during seasons of high demand, bad weather, or peak traffic, rendering the service unaffordable for commuters with tight budgets. Uber defends surge pricing as a means of balancing supply and demand. However, in reality, this frequently leads to user resentment and a sense of exploitation.

Operational Issues Uber's biggest operational problem in Bangladesh is reliability. Long wait periods, cancellations, and drivers neglecting to pick up customers after accepting rides are only a few examples of common service disruptions. The client experience is further complicated by issues with digital payment methods, particularly for mobile services such as bKash.

Traffic Congestion Higher fuel costs, longer trips, and driver fatigue considerably hinder Uber's efficiency. These problems reduce drivers' earnings and increase costs.

Regulatory Uncertainty Bangladesh's evolving and inconsistently enforced ridesharing laws create uncertainty for Uber. Frequent policy changes, regulatory conflicts, and licensing hurdles can result in service disruptions and fines, as well as hinder growth.

Competition Local rivals such as Pathao offer lower prices, regional services, and culturally targeted marketing such as “Let’s go Deshi Vibe,” increasing their appeal among Bangladeshi customers.

Social Costs Uber’s existence upends existing transportation sectors, including lower-paid workers such as CNG and taxi drivers. This underscores the need for policies to balance worker protections and innovation.

Chaldal.Com

The rapid growth of e-commerce in Bangladesh has reshaped consumer purchasing behavior, particularly in the grocery sector. Among the emerging players, Chaldal.com stands out as a pioneer and market leader. Since its inception in 2013, Chaldal has transformed grocery shopping from a traditional and time-consuming activity into a streamlined online experience. With its motto “Save Money, Save Time,” the company has played a critical role in enhancing consumer convenience and contributing to the digital economy (Sadia, 2024).

Chaldal began operations with the modest target of achieving 30 deliveries per day. By leveraging its strong logistics and supply chain network, Chaldal quickly gained momentum in the Bangladeshi market. Currently, Chaldal is one of the largest grocery e-commerce platforms nationwide, delivering over 100,000 orders daily across Dhaka, Chattogram, and Jashore. It delivers daily essentials through a network of dark stores and micro warehouses. Chaldal operates from 07:30 to 23:00 daily, providing customers with flexible delivery slots that match their schedules. Chaldal emphasizes a customer-centric return and refund policy to ensure satisfaction. Using advanced technology, Chaldal ensures fast delivery, often within 1 hour (Chaldal, 2025).

Chaldal contributes to the economy by creating jobs for over 3,500 people, with 579 male delivery people, supporting farmers and suppliers through direct sourcing, and reducing food waste through efficient supply chain management. The company also partners with global organizations, such as the World Food Programme. Chaldal continues to play a vital role in modernizing retail, empowering communities, and shaping the future of digital commerce in Bangladesh (Source: Author’s interviews).

Challenges

Traffic Congestion Heavy traffic in Dhaka and other cities has a major influence on Chaldal’s delivery operations, often causing delays and diminishing efficiency

Missing Items Despite technological improvements, missing products remain a problem, particularly in grocery inventory, which the company plans to remove by utilizing digital inventory systems.

Internet Blackouts: Interruptions in Internet connectivity can significantly affect grocery and non-grocery services by delaying order processing and interfering with communication during delivery operations.

Perishable Goods Management Maintaining quality can be challenging for perishable goods, such as eggs and vegetables, which require careful shipping, handling, and storage practices.

High Inflation Rising inflation increases firms' operational costs while reducing consumers' purchasing power. Thus, businesses such as Chaldal often struggle to maintain sales volume when the economy is struggling.

Risks to B2B Credit The corporate (B2B) sector faces challenges, particularly regarding consumer credit concerns and payment issues, and requires special clients to expand.

Competition Chaldal must constantly innovate and reduce costs to stay ahead of its competitors, including well-established physical retailers and other Internet companies.

Findings among Platforms

Based on the data collected from the respondents, this section explains the four platforms in terms of demographic analysis, motivations and challenges, satisfaction, and income patterns of gig workers.

TABLE 4

DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS.

Characteristics	Percentage
Gender	
Male	83%
Female	17%
Age	
Under 20	6.67%
21–30	50%
31–40	30%
41–50	10
above 50	3.33%
Education Level	
No formal education	-
Primary	-
Secondary	43.33%
HSC/Diploma	10%
Graduate or above	46.67%

Source: Author's interviews

Table 4 presents the demographic profile of the 30 gig workers who participated in this study across the four platforms. Of the respondents, 83% were men and 17% were women. The age group with the highest participation rate (50%) was 21–30 years. In terms of educational background, 46.67% of the respondents held graduate degrees or higher, most of whom worked as freelancers. Moreover, 43.3% had completed secondary education and 10% had an HSC or Diploma.

Motivations and Challenges

Figure 4 illustrates the primary motivational factors reported by respondents that influence gig workers' careers in Bangladesh. Of the respondents, 36.67% indicated that the independence associated with gig work, such as the freedom to work on their own terms, as their primary motivator. Income was the second most significant motivator, with 26.67% of the respondents

FIGURE 4

MOTIVATIONS FOR GIG WORKERS.

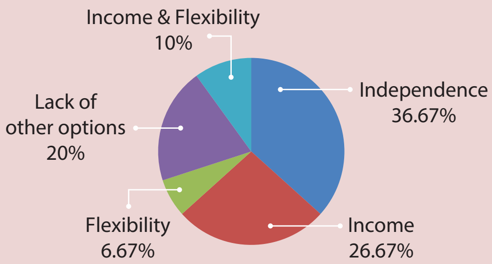
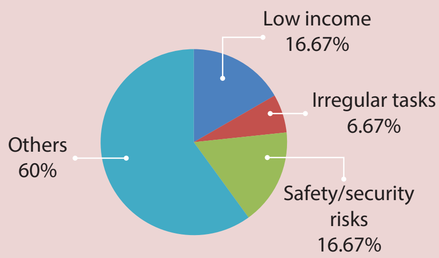


FIGURE 5

COMMON CHALLENGES FOR GIG WORKERS.



Source: Author's interviews.

selecting gig work for its financial potential. Flexibility in managing work schedules and achieving work–life balance appealed to 20% of the respondents. Additionally, 10% were compelled to pursue gig work because of the lack of alternative job opportunities, viewing it as a necessary option. A smaller proportion (6.67%) was motivated by both income and flexibility.

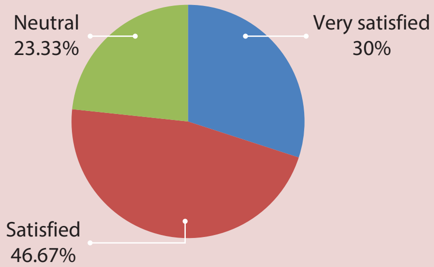
Figure 5 illustrates the key challenges reported by the respondents. A considerable portion identified low income and safety/security risks as primary concerns. Some respondents, particularly those working with Foodpanda and Uber, mentioned issues such as snatching and accidents. Approximately 60% of the respondents reported facing multiple challenges, including combinations of safety/security risks and lack of career growth, as well as irregular tasks, low income, and lack of payment security. These findings highlight the complex nature of gig work, in which workers may face various issues that affect both financial stability and long-term career prospects.

Gig Workers' Satisfaction

Figure 6 illustrates respondents' satisfaction levels. Responses were recorded using a Likert scale, including categories such as very satisfied, satisfied, neutral, dissatisfied, and very dissatisfied. Of the respondents, 30% reported being very satisfied with their work, reflecting a strongly positive experience with gig work. Furthermore, 46.67% of the respondents expressed satisfaction, indicating that the majority were generally pleased with their work. A smaller proportion of

FIGURE 6

GIG WORKERS' SATISFACTION LEVELS.



Source: Author's interviews.

respondents (23.33%) expressed neutrality, indicating that a significant number of employees did not fully approve or disapprove of their work.

Income and Working Hours

TABLE 5

AVERAGE NUMBER OF HOURS WORKED PER WEEK BY EMPLOYED PERSONS.

Industry	Male	Female	Total
Managers	54	46	54
Professionals	46	36	43
Technicians and Associate Professionals	53	46	52
Clerical Support Workers	49	42	48
Service and Sales Workers	56	42	55
Skilled Agricultural, Forestry and Fisheries	46	23	37
Craft and Related Trades Workers	53	44	51
Plant and Machine Operators, and Assembler	56	49	56
Elementary Occupations	50	41	48
Other Occupations	52	44	52
Total	51	32	47

Source: BBS, LFS (2023).

TABLE 6

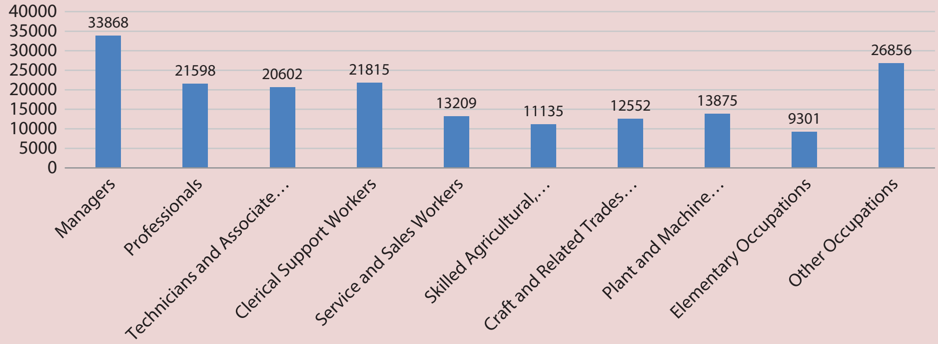
AVERAGE WEEKLY WORKING HOURS OF GIG WORKERS.

Platform	Average weekly working hours
Foodpanda	52.65
Chaldal	60
Freelancer	39.75
Uber	67.4

Source: Author's interviews.

FIGURE 7

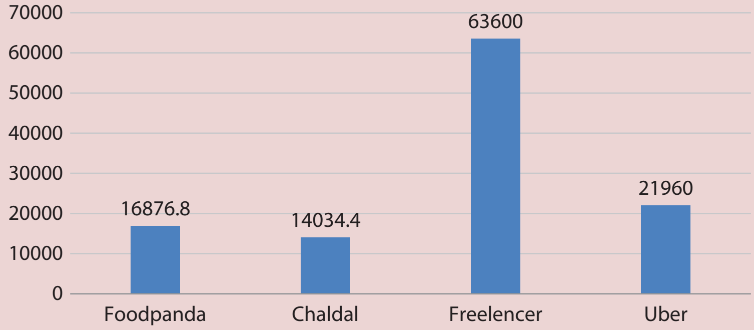
AVERAGE MONTHLY EARNINGS FROM EMPLOYMENT (WAGES/SALARY) IN BDT.



Source: BBS, LFS (2023).

FIGURE 8

AVERAGE MONTHLY INCOME OF GIG WORKERS.



Source: Author's interviews.

Based on national data and the respondents, Tables 5 and 6 and Figures 7 and 8 reveal considerable disparities in working hours and income between gig economy platforms and traditional employment sectors. The national data in Table 5 indicate that sectors such as plant and machine operators, assemblers, and service and sales workers have high weekly working hours (54–56 hours), whereas those in professional sectors work an average of 43 hours. Table 6 illustrates that gig workers frequently work extended hours (approximately 50–70 hours per week) to achieve their income objectives on platforms such as Uber, Chaldal, and Foodpanda. In contrast, individuals working on platforms such as Freelancer typically have more flexibility over their schedules, working an average of 40 hours per week, which is more similar to professional jobs.

Differences in income levels are also noted, with statistics revealing that the salaries of workers in manual labor occupations remain quite low despite long hours. Within the study sample, digital gig workers, particularly on platforms such as Freelancer, earn significantly more, benefiting from access to international markets and specialized skills. In contrast, physical gig workers earn less because of localized demand and per-delivery or per-ride payment models.

The results show that digital freelancers in this study generally earned higher incomes and had more manageable working hours than location-based gig workers. Although physical gig workers contribute important employment opportunities, they face low productivity in terms of earnings and limited opportunities for upward mobility. Based on aggregate data and individual experiences, this study concludes that gig work has diverse effects on labor productivity in Bangladesh.

Impact of Gig Work on Productivity

Individual-level Productivity Effects

Positive Channels Gig work, particularly freelancing, can increase individual earnings compared to local entry-level wages by providing workers access to higher-paying international markets, enabling them to match tasks to their skills, and offering flexible hours that allow them to participate in the labor force (particularly for women who handle household responsibilities). Some gig workers reported career reshaping and income gains.

Negative Channels Unpredictable hours, revenue instability, platform penalties, and time spent seeking employment are examples of negative channels that lower realized productive hours. A lack of training and poor access to capital can hamper the ability to scale productivity. Algorithmic tasking can lower effective hourly productivity by causing churn and idle time.

Aggregate Productivity Effects

Gig platforms have the potential to increase productivity in industries such as software services and retail logistics by enabling the flexible scaling of services, lowering transaction costs for consumers and small businesses, and increasing allocated efficiency. However, aggregate gains are contingent upon worker up-skilling, relocation from low-productivity informal jobs, and investment in complementary public goods (training and digital infrastructure). Precarious income, underinvestment in worker skills, and limited social insurance coverage could limit aggregate gains without supplementary policies.

Policy Recommendations

Bangladesh's labor laws, including the Bangladesh Labor Act (2006) and sectoral minimum wage boards, were primarily designed for traditional employment and do not adequately address platform-mediated gig work. Most digital platforms classify workers as independent contractors, thus excluding them from minimum wage protections, social security benefits, and the right to unionize. This legal gap exposes a rapidly growing workforce to significant vulnerability and uncertainty. Consequently, developing and enforcing comprehensive policies to protect workers' rights is essential because it promotes their welfare and contributes to sustained efficiency and productivity.

Policy Development

The government should properly implement laws and develop related policies that ensure basic labor rights and protections for gig workers as employees. This will enhance legal clarity, better protect workers' rights, and continue flexibility in gig work.

Portable Social Protection

A contributory system that offers portable pension, health, and work injury funds should be established for gig workers. This policy will reduce workers' vulnerability by improving income security and fostering productivity, thereby enhancing financial stability and increasing job satisfaction.

Minimum Pay and Transparent Earnings

A structured approach to publishing minimum pay benchmarks and itemized earnings statements is recommended, along with the enforcement of a minimum earnings floor. Such initiatives will protect gig workers from underpayment, enhance earnings transparency, and bolster worker trust in the platform economy.

Occupational Health and Safety Standards

Platform companies should be required to adopt sector-specific safety guidelines, provide protective gear, limit working hours, and implement insurance schemes along with emergency funds. These measures aim to safeguard the well-being of gig workers. Protecting workers' health is central to sustaining their long-term engagement and performance.

Data Collection and Monitoring

Key datapoints such as active employees, earnings, deactivations, and workplace accidents must be tracked and made available through a public dashboard. This data-driven strategy will enable evidence-based policymaking, enhance compliance monitoring, and facilitate the early detection of harmful trends, ultimately improving overall working conditions.

Platform Accountability

Encouraging platforms to adopt fair labor practices involves urging them to align their policies and operations with internationally recognized standards for workers' rights and protections. This includes ensuring fair compensation, providing safe working conditions, promoting equal opportunities, and respecting worker freedom.

Algorithmic Transparency and Grievances Mechanism

Transparent disclosure of deactivation criteria, independent appeal mechanisms, and regular algorithm impact assessments are recommended. These steps would help reduce arbitrary deactivations, restore fairness in platform operations, and enhance income reliability for gig workers.

Financial Support Mechanisms

Programs should be created that offer financial support or microloans to gig workers, thereby enabling them to invest in essential assets, such as vehicles, equipment, and technology. This would help reduce their dependence on intermediaries and empower them to improve their working conditions, increase their earnings potential, and achieve greater financial independence.

Skill Development

Subsidized training programs, public–private partnerships, and clear placement pathways should be promoted to increase gig workers' skills, particularly in digital literacy, to improve their competitiveness in the global market. These activities will boost productivity, increase earnings, and facilitate career progression.

Worker Representation and Collective Bargaining

The recognition of worker associations, protection of collective action, and establishment of multi-stakeholder forums should be prioritized. This will improve gig workers' negotiating power, allowing them to co-design rules that impact their work. This will also help reduce industrial conflicts and create a more equitable work environment.

Limitations

The availability of data on gig workers and small sample size were the key limitations of this study. In Bangladesh, official labor statistics, such as those compiled by the Bangladesh Bureau of Statistics, do not systematically capture gig work. Consequently, a nationally representative quantitative analysis was not feasible. Furthermore, some platforms are unwilling to share their data because of policy restrictions, and some gig workers have reservations about sharing their data.

Conclusion

Bangladesh's gig economy is expanding rapidly and providing critical income opportunities, particularly among the country's young population. Its contributions to employment generation, digital entrepreneurship, and GDP growth are significant; however, its structural weaknesses remain unresolved. Income insecurity, a lack of legal protections, gender barriers, and the absence of portable social security limit the gig economy's potential to drive inclusive growth. Without targeted interventions, the gig economy risks deepening its precarity, rather than fostering resilience. Therefore, policymakers must adopt a hybrid regulatory framework that ensures fair pay, social protections, and skill-building opportunities, while preserving the flexibility that makes gig work attractive. Strengthening data collection on gig labor, implementing Fairwork principles, and aligning digital policies with labor protections are essential tasks. If addressed strategically, the gig economy can evolve into a sustainable driver of productivity, innovation, and equitable growth in Bangladesh.

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Appendix 1

The Gig Economy in Bangladesh

Name: **Location:**
Mobile no:

1. What is your age?
   - ☐ Under 20 ☐ 21–30 ☐ 31–40 ☐ 41–50 ☐ above 50

2. Gender:
   - ☐ Male ☐ Female

3. Education level:
   - ☐ No formal education ☐ Primary
   - ☐ Secondary ☐ HSC/Diploma
   - ☐ Graduate or above

4. Type of gig work you do:
   - ☐ Ridesharing ☐ Food delivery
   - ☐ Freelancing (online) ☐ Other (please specify)

5. What is your marital status?
   - ☐ Single
   - ☐ Married

6. What is your current employment status?
   - ☐ Full-time gig worker
   - ☐ Part-time gig worker

7. Do you have any other source of income besides gig work?
   - ☐ Yes
   - ☐ No

8. How many people are financially dependent on you?
   - ☐ None
   - ☐ 1–2
   - ☐ 3–4
   - ☐ 5 or more

9. How long have you been doing this type of work?
   - ☐ Less than 6 months ☐ 6–12 months
   - ☐ 1–3 years ☐ Over 3 years

10. Which platform(s) do you work with?
    - ☐ Uber
    - ☐ Foodpanda
    - ☐ Chaldal
    - ☐ freelancer

11. Do you work with more than one platform?
    - ☐ Yes
    - ☐ No

12. How did you start working in the gig economy?
    - ☐ Through friends/family
    - ☐ Online advertisement
    - ☐ Platform recruitment
    - ☐ Other

13. Did you receive any formal orientation or training before starting gig work?
    - ☐ Yes
    - ☐ No

14. Did you need to make an upfront investment to start your gig work?
    - ☐ Yes
    - ☐ No

15. How many hours do you work per day?
    - ☐ Less than 4
    - ☐ 4–6
    - ☐ 6–8
    - ☐ 8–10
    - ☐ More than 10

16. How many hours did you work on last week?
17. How many days per week do you usually work?
    - ☐ 1–2
    - ☐ 3–4
    - ☐ 5–6
    - ☐ 7 days

18. How many tasks/orders do you complete on average per day?
    - ☐ 1–5
    - ☐ 6–10
    - ☐ 11–15
    - ☐ More than 15

19. What is your average weekly income (in BDT)?
    - ☐ Less than 2,000
    - ☐ 2,000–5,000
    - ☐ 5,001–10,000
    - ☐ 10,001–15,000
    - ☐ 15,001–20,000
    - ☐ More than 20,000 (primary income how much)

20. What was your last week income (in BDT)?
21. Is your income stable month to month?
    - ☐ Yes
    - ☐ No

22. Are you paid on time by the platform?
    - ☐ Always
    - ☐ Often
    - ☐ Sometimes
    - ☐ Rarely

23. How do you rate your overall financial well-being?
    - ☐ Very good
    - ☐ Good
    - ☐ Fair
    - ☐ Poor

24. Do you set daily or weekly income/work targets?
    - ☐ Yes, regularly
    - ☐ Sometimes
    - ☐ Rarely
    - ☐ Never

25. How often do you achieve your personal work goals?
    - ☐ Always
    - ☐ Often
    - ☐ Sometimes
    - ☐ Rarely
    - ☐ Never

26. Meeting your goals makes you feel productive.
    - ☐ Strongly Agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly Disagree

27. Do you feel that your income is directly linked to the number of hours you have worked?
    - ☐ Strongly Agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly Disagree

28. How much time do you spend waiting for tasks each day?
    - ☐ Less than 30 minutes
    - ☐ 30–60 minutes
    - ☐ 1–2 hours
    - ☐ Over 2 hours

29. Do technical issues (app delays, internet problems) reduce your productivity?
    - ☐ Very often
    - ☐ Often
    - ☐ Sometimes
    - ☐ Rarely
    - ☐ Never

30. How satisfied are you with your gig work overall?
    - ☐ Very satisfied
    - ☐ Satisfied
    - ☐ Neutral
    - ☐ Dissatisfied
    - ☐ Very dissatisfied

31. What motivates you the most in gig work?
    - ☐ Flexibility
    - ☐ Income
    - ☐ Independence
    - ☐ Skill-building
    - ☐ Lack of other options
    - ☐ Others

32. Do you plan to continue gig work in the long term?
    - ☐ Yes
    - ☐ Maybe
    - ☐ No

33. Do you face any physical health issues due to your work?
    - ☐ Yes
    - ☐ No

34. Have you faced verbal abuse or harassment while working?
    - ☐ Yes
    - ☐ No

35. Do you face pressure to meet platform performance ratings?
    - ☐ Yes
    - ☐ No

36. Are there rewards or bonuses provided by your platform?
    - ☐ Yes
    - ☐ No

37. What are the main challenges you face? (Select all that apply)
    - ☐ Low income
    - ☐ Poor app/platform support
    - ☐ Lack of career growth
    - ☐ Irregular tasks
    - ☐ Safety/security risks
    - ☐ Other: _______________

38. Are you aware of any laws that protect gig workers in Bangladesh?
    - ☐ Yes
    - ☐ No

39. Do you have access to health insurance or safety nets?
    - ☐ Yes
    - ☐ No

40. Have you signed any contract or agreement with the platform?
    - ☐ Yes
    - ☐ No

41. Do you believe the gig economy is helping reduce unemployment?
    - ☐ Yes
    - ☐ No

42. Specify one most negative think of your profession-
43. Specify one most positive think of your profession-
44. In the past week, how many tasks/orders/projects have been canceled (by you, customers, or the platform)?
    - ☐ None
    - ☐ 3–5
    - ☐ 1–2
    - ☐ More than 5
45. What is your average customer rating or feedback score on the platform?
    - ☐ 5 (Excellent)
    - ☐ 4
    - ☐ 3
    - ☐ 2
    - ☐ 1 (Poor)
    - ☐ Not applicable (if the platform lacks a rating system).

GIG ECONOMY IN CAMBODIA

Summary

Beneath the buzz of tuk-tuks and the glow of smartphones, a quiet revolution is reshaping Cambodia's workforce. The gig economy, powered by platforms such as PassApp, Grab, and Foodpanda, offers a new type of livelihood to thousands, promising flexibility and immediate income in a nation with limited formal job opportunities. However, what is the reality behind the app notifications?

This groundbreaking study, based on conversations with 15 gig workers in Phnom Penh and Battambang, reveals a stark duality. For the majority, gig work is not a side hustle but a primary lifeline, a necessary response to economic necessity. Drivers, delivery riders, and digital freelancers cherish having autonomy and control over their schedules, in contrast to the rigid hierarchies of traditional employment.

However, this freedom comes at a high cost. This report reveals a world of long hours, volatile earnings, and profound insecurity. Ride-hailing drivers navigate declining incomes, food delivery riders act as uninsured financiers in a cash-on-delivery system, and digital freelancers battle algorithmic uncertainty and client scams.

The findings point to a critical crossroads. Without intervention, the gig economy risks cementing a new form of digital informality. However, thoughtful policies can make it a driver of sustainable and inclusive growth. This report calls for a new "flexicurity" bargain that embraces the innovation of platforms while ensuring basic protections, fair pay, and a path to dignity for the workers who are becoming the new face of Cambodia's urban economy.

Introduction

This report aims to provide an in-depth understanding of the gig economy in Cambodia using qualitative data collected from 15 interviews with gig workers in Phnom Penh and Battambang. This study focuses on three main categories of gig workers: ride-hailing drivers, food delivery workers, and digital freelancers. Using a qualitative methodology centered on in-depth interviews, this study examines critical issues, such as the nature of gig work, whether it serves as a primary or supplementary source of income, motivations for participation, work hours and earnings, satisfaction levels, and awareness of legal protections.

The study is guided by three key objectives:

- Obtain an overview of the gig economy's development, including the industries and services that play a key role, and describe the regulatory frameworks for gig work.

- Examine the current state of the gig economy, such as the number of gig workers and hours worked, key characteristics of gig workers and gig work, and implications of gig work for productivity trends.

- Identify the major challenges to the gig economy and provide policy recommendations

Studies on the gig economy in Cambodia and the broader region have typically highlighted the duality of gig work, which serves as a source of flexible income while being characterized by precariousness, low wages, and a lack of formal protections. Regional research often points to the gig economy as a phenomenon that expands digital and service-based work, but with the risk of entrenching informal labor practices without adequate regulatory frameworks.

Overview of the Gig Economy Development

Development and Current Importance

Cambodia's gig economy has recently experienced rapid growth, mirroring the country's broader economic transformation and digitalization. Traditionally, Cambodia's growth has relied heavily on garment manufacturing, tourism, construction, and agriculture. However, the COVID-19 pandemic severely disrupted these sectors, leading to a 5.37% contraction in nominal GDP in 2020, from USD36.69 billion to USD34.82 billion (World Bank, n.d.). This economic shock accelerated the recognition of digital technology and platform-based work as new engines driving economic resilience, diversification, and employment creation (Standard Insights, 2023).

A key enabler of this shift has been the digital infrastructure boom. Internet penetration has expanded dramatically, reaching 11.37 million users (67.5% of the population) by early 2023 (Standard Insights, 2023). Social media usage is also widespread, with 10.95 million Cambodians (65% of the population) using platforms for communication and online commerce. Surveys show that nearly 78.4% of Cambodians use social media multiple times daily, making it central to both social life and economic activity (Standard Insights, 2023).

The role of mobile technology is equally important. With mobile penetration at 131.5%, well above the total population, smartphones have become the dominant gateway to digital participation. Affordable and accessible mobile devices allow Cambodians to engage with e-commerce, mobile banking, and ride-hailing platforms. Currently, 90.6% of Cambodians use digital financial or transactional services regularly, illustrating how mobile connectivity has lowered barriers to entry into the digital economy (Standard Insights, 2023).

Gig work has emerged as a significant trend in this broader transformation. Ride-hailing, food delivery, and online freelancing are rapidly expanding. Cambodia's ride-hailing market has been projected to reach revenues of USD27.26 million by 2025 and USD40.11 million by 2030, with an estimated 3.67 million users. By then, nearly one in five Cambodians is expected to use ride-hailing services, with all revenue generated through digital platforms (Statista, 2024). Companies such as PassApp and Grab are at the forefront of this shift, offering convenient and affordable transportation alternatives in urban areas (Statista, 2024).

However, the adoption of digital gig platforms has not been uniform. Research shows that after the rise of ride-hailing apps, traditional drivers experienced sharp declines in trips (−47.7%), passengers

(−47.6%), and monthly income (−43.2%). Notably, despite these challenges, many drivers (62%) expressed reluctance to adopt ride-hailing apps, citing a lack of interest and fear of reduced earnings (Phun et al., 2019). This highlights both the opportunities and tensions created by digital disruption in Cambodia's informal labor market.

Demographic dynamics also favor gig work growth. Cambodia has a young and growing workforce that is highly adaptable to new technologies. This generation increasingly views flexible digital-based work as a viable alternative or supplement to traditional employment. Freelancing, ride-hailing, and delivery work provide immediate income opportunities with relatively low barriers to entry (Proudly Cambodian, n.d.).

Recognizing the potential, the Cambodian government has introduced the Digital Economy and Society Policy Framework 2021–2035, which envisions "building a vibrant digital economy and society" by fostering digital adoption across the state, business, and citizen levels. This long-term strategy aims to harness digital transformation for economic growth, social welfare, and resilience in the "new normal" (Royal Government of Cambodia, 2021).

In summary, Cambodia's gig economy is both a response to economic shocks and a reflection of deep structural changes in the country's labor market. Enabled by mobile connectivity, Internet access, and youthful demographics, gig work has become an increasingly important part of the economy that offers flexibility and new income streams, while also raising challenges in relation to job security, income stability, and digital inclusion. Its continued expansion suggests that gig work will remain central to Cambodia's economic trajectory in the years ahead.

Key Industries and Services

Cambodia's gig economy is diverse and encompasses both platform and traditional informal work. The main industries include the following:

- **Ride-Hailing and Food Delivery:** Platforms such as Grab, PassApp, and Foodpanda dominate urban gig employment, particularly in Phnom Penh. They connect drivers, restaurants, and consumers through mobile applications, becoming integral to urban mobility and consumption patterns (Cambodianess, 2024; Talent4u, n.d.).

- **Digital Freelancing and Online Microtasks:** Freelancing in content creation, IT services, digital marketing, and microtasks is growing, facilitated by international platforms, such as Upwork and Fiverr. Cambodia's youthful and increasingly tech-literate workforce has enabled participation in this global market (ASEAN, 2025; Talent4u, n.d.).

- **Creative and Professional Freelance Services:** Emerging creative industries, including design, writing, and digital consultancy, provide additional opportunities for gig work. These sectors are supported by Cambodia's improving Internet infrastructure and growing demand for digital services, both domestically and abroad (ASEAN, 2025).

- **Informal and Daily Wage Gigs:** Non-digital gig work, including casual labor, small-scale retail, and seasonal agricultural services, remains a critical source of workers' livelihoods, particularly in rural areas with limited digital access (ASEAN, 2025).

Collectively, these sectors demonstrate how Cambodia's gig economy blends modern platform-based models with long-standing informal practices, reflecting a hybrid labor market structure.

Major Forms of Gig Work and Worker Characteristics

Gig work in Cambodia takes three main forms (Talent4u, n.d.)

- **Platform-Based Work** – Jobs coordinated through apps, including ride-hailing, delivery, and courier services.

- **Online Freelancing** – Remote, digital labor such as graphic design, content creation, and information technology-related work.

- **Informal and Daily Wage Gigs** – Short-term locally organized work outside regulatory oversight.

Worker Characteristics

- The workforce is predominantly young (18–35 years) and motivated by the flexibility of gig work, which fits both economic needs and lifestyle preferences (ASEAN, 2025).

- Many are rural-to-urban migrants who use gig work as an entry point into urban labor markets.

- Skills vary, with some workers having an education and digital expertise suitable for online freelancing, whereas others lack formal training and engage in low-paid, insecure informal work (Proudly Cambodian, n.d.).

- Access to smartphones and mobile Internet is essential, with mobile devices acting as the primary gateway to gig opportunities.

Despite these opportunities, gig workers face significant challenges. These include income volatility, long working hours, occupational hazards such as road accidents, and a lack of benefits such as health insurance or pensions (Business & Human Rights Resource Centre, 2023).

Regulatory Frameworks for Gig Work

An enabling environment in which digital labor platforms can operate effectively and fairly must be established to improve Cambodia's gig economy. This is dependent on adequate government support, clear policy direction, and attractive incentive schemes that encourage innovation and safeguard workers. Looking ahead to 2040, creating such a framework is a vital priority for Cambodia if the gig economy is to become a sustainable driver of growth (Daravuth & Vrak, n.d.)

Three preconditions are central to this effort. First, Internet connectivity must be strengthened to provide a reliable foundation for digital work, often described as the "human cloud." Although the Cambodian ICT Masterplan 2020 outlines important steps, further investment, such as rolling out 5G networks, will be needed to overcome the country's current connectivity challenges. Second, cybersecurity measures must be reinforced to protect digital workers from risks, such as online fraud, economic crimes, and cyberattacks. Finally, human capital development is essential, with greater emphasis on STEM education to ensure that the younger generation is prepared to sustain and expand Cambodia's digital transformation (Daravuth & Vrak, n.d.)

However, Cambodia's labor and social protection frameworks remain poorly adapted to gig work. The Labor Law remains oriented toward traditional employer–employee relationships and does not explicitly regulate platform-based labor (ILO, 2024).

The social protection gap is particularly stark. The 2019 Labor Force Survey indicated that 88.3% of Cambodia's workforce (6.9 million workers) were not contributing to the National Social Security Fund. Men are less likely to be insured, with 95% of male workers being uninsured compared to 92% of female workers. Encouragingly, consultations conducted by the ILO (2024) with informal worker organizations, such as the Independent Democracy of Informal Economy Association, revealed that 85% of the surveyed members were willing to pay USD2 monthly for social security coverage, particularly for healthcare and retirement pensions.

Policy discussions have emphasized three critical issues:

- **Worker Classification** – Determining whether gig workers are employees, contractors, or a hybrid category.
- **Social Security Contributions** – Debating whether platforms should share responsibility for funding worker protections.
- **Balancing Flexibility and Security** – Ensuring that policies maintain the entrepreneurial appeal of gig work while addressing precarious conditions (ASEAN, 2025).

Data

The study utilizes data from 15 in-depth interviews with gig workers in Phnom Penh and Battambang conducted in August 2025. The diverse sample represents various occupations within Cambodia's rapidly growing gig economy, which is underexplored in the academic literature.

The participants are categorized into three groups: six ride-hailing drivers who primarily use PassApp and some who use Grab, six food delivery workers from Foodpanda and Grab, and three digital freelancers based in Battambang who engage in online creative work. The inclusion of digital freelancers highlights the emerging significance of online work in Cambodia.

Their ages ranged from 19 to 64 years, with younger workers typically in delivery roles and older individuals in ride-hailing jobs. All six ride-hailing drivers and six food delivery drivers were men, whereas among the three digital freelancers, one was a woman who worked as a content creator. Education levels varied widely, from lower secondary to university graduates. Family situations also differed, reflecting a range of social backgrounds.

The geographic focus on Phnom Penh, a major economic hub, and Battambang, a smaller city, facilitates an analysis of how gig work conditions differ based on demand and infrastructure. The interviews were conducted face-to-face in Khmer, digitally recorded, and later transcribed for analysis, resulting in a rich dataset.

TABLE 1

SUMMARY OF INTERVIEWEE CHARACTERISTICS.

Number	Types of gig work	Gender	Age	Location	Educational level
1	Ride-hailing driver	M	54	Battambang	High school
2	Ride-hailing driver	M	64	Battambang	High school
3	Ride-hailing driver	M	39	Battambang	Grade 7
4	Ride hailing driver	M	20s–30s	Phnom Penh	Grades 8–12
5	Ride-hailing driver	M	20s–30s	Phnom Penh	Grades 8–12
6	Ride-hailing driver	M	20s–30s	Phnom Penh	Grades 8–12
7	Food delivery driver	M	19	Battambang	Grade 11
8	Food delivery driver	M	19	Battambang	Grade 12
9	Food delivery driver	M	20s	Battambang	Grade 11 and 3 years of vocational training
10	Food delivery driver	M	20s	Phnom Penh	Grades 8–12
11	Food delivery driver	M	20s	Phnom Penh	Grades 8–12
12	Food delivery driver	M	20s	Phnom Penh	Grades 8–12
13	Digital freelancer	F	20s	Battambang	Bachelor's degree
14	Digital freelancer	M	20s	Battambang	High school
15	Digital freelancer	M	20s	Battambang	Bachelor's degree

Source: Table created by the author.

Methodology

This study employed a qualitative research design to explore the Cambodian gig economy, which is not well-represented with quantitative data. This qualitative approach enabled a deeper understanding of gig workers' perspectives by capturing both the economic and social dimensions of their experiences.

The interviewees were selected using purposive and snowball sampling techniques, beginning with ride-hailing drivers in Phnom Penh and Battambang, who subsequently referred other gig workers, including food delivery riders and digital freelancers. Despite its limited representativeness, this method is suitable for exploratory research.

The semi-structured interviews covered themes such as the nature of gig work, its role in household income, motivations, working hours, earnings, and satisfaction. Additional topics included awareness of regulations and expectations of government involvement. Thematic coding of transcripts combined deductive and inductive strategies, allowing for the emergence of unanticipated issues.

Ethical considerations were prioritized. Participants were informed of the study's purpose and their rights, and confidentiality was ensured through anonymization. The limitations include the small sample size, potential inaccuracies in self-reported data, and a focus on only three gig categories, excluding others such as domestic services.

Despite these challenges, the methodology offers valuable insights into the gig economy in Cambodia, revealing both diversity and common experiences among workers and laying the groundwork for further discussion on gig employment's implications for livelihoods and economic transformation.

Results

The Nature of Gig Work

Interviews conducted in Phnom Penh and Battambang revealed significant diversity in gig work, primarily focusing on three sectors: ride-hailing, food delivery, and digital freelancing. Although each sector has its own technological infrastructure and skill requirements, they all share characteristics such as flexibility, task-based income, and a lack of standard labor protections.

In Phnom Penh, ride-hailing services are largely dominated by the PassApp platform, which has become indispensable for urban mobility. Tuk-tuk drivers using the app navigate cities to transport customers, relying on vehicles, smartphones, and basic digital skills. Although this work is facilitated by a digital platform, cash transactions remain prevalent, with drivers managing platform commissions through digital deductions, reflecting Cambodia's transitional economy. Food delivery workers pick up meals and deliver them via mobile applications, primarily for Foodpanda and Grab. They require motorbikes, smartphones, and stable Internet connections. A unique challenge for these workers is the cash-on-delivery system, in which they often advance money for orders, assuming financial risks as temporary financiers, until they recover the cost upon delivery.

In Battambang, the gig landscape differs, with the demand for ride-hailing and food delivery being less consistent than that in Phnom Penh. Local PassApp drivers noted a decline in rides owing to reduced tourist traffic, while food delivery workers reported irregular opportunities despite Foodpanda's presence. This uneven distribution of gig work underscores geographic disparities in opportunities within Cambodia. The digital freelancers interviewed in Battambang reported engaging in various tasks that reflected global trends in online work and the particular demands of Cambodia's emerging digital economy. One freelancer, a graphic designer, focused on producing logos, advertising banners, and promotional posters for small businesses using software such as Adobe Photoshop and Illustrator. Another worked as a social media content creator, producing short videos for Facebook and TikTok that catered to local audiences and often focused on lifestyle themes, entertainment, and product promotion. This freelancer described how her income depended heavily on audience engagement and algorithmic visibility, making the work simultaneously creative and uncertain. The third freelancer specialized in English-language content and basic digital marketing support, including writing captions, proofreading, and managing small Facebook pages for local businesses. All three freelancers stressed that their work demanded not only technical skills but also continuous adaptation to shifting platform rules, evolving consumer tastes, and the risk of online scams. Unlike ride-hailing and food delivery, which require physical mobility, digital freelancing relies heavily on connectivity, creativity, and self-promotion. The tasks they performed underscore the heterogeneity of gig work, with some forms involving physical labor in urban spaces while others hinge on digital labor, creative input, and knowledge.

A common theme across all sectors is the informal nature of how workers learn about gig opportunities, often through personal networks rather than formal channels. Skills are typically gained informally. Drivers and delivery workers require basic smartphone literacy, whereas digital freelancers often have better technical expertise acquired through education or self-learning.

Workers generally appreciate the flexibility and independence offered by gig work compared to traditional employment. However, they also face significant disadvantages, including inadequate platform support for ride-hailing drivers, risk of road accidents for delivery riders, and income instability.

Overall, these findings illustrate that gig work in Cambodia is a hybrid economic phenomenon that intertwines informal practices with digital platforms. This landscape offers flexibility and income potential but transfers financial, physical, and psychological risks to individuals. The diverse occupations indicate that gig work encompasses a broad spectrum of activities, from manual labor to digital creativity, without being defined by a singular model.

Gig Work as a Main or Side Job

The interviews revealed significant variations in the role of gig work in Cambodian workers' broader livelihood strategies. For many respondents, gig work served as their primary occupation and main income source, whereas for others, it supplemented other commitments. This distinction influences workers' experiences, vulnerabilities, and long-term career expectations.

Ride-hailing drivers nearly universally considered gig work to be their main job. In Phnom Penh, five of the six drivers relied solely on this income, citing the unavailability of other formal employment options or unsuitable job conditions. For example, older tuk-tuk drivers had limited alternatives owing to their declining physical capacity or lack of qualifications for formal roles. In Battambang, most PassApp drivers identified gig work as their main source of income, with one driver noting that his family business was insufficient, making ride-hailing essential.

Food delivery workers presented a more mixed picture. Although most viewed gig work as their primary employment, some young riders treated it as temporary or supplemental. In Phnom Penh, one delivery worker combined shifts with another job for extra income, while in Battambang, another saw delivery work as a stopgap until they could find more stable employment. Nonetheless, even this supplementary income was crucial for meeting basic household needs.

Digital freelancers in Battambang provided another perspective. Two university graduates considered freelancing their main occupation and were attracted by the creative work and higher income potential compared to traditional jobs. They transitioned from underpaid employment to freelancing to achieve greater satisfaction and autonomy. In contrast, a student freelancer viewed gig work as a side job, earning extra income while studying, highlighting the role of gig work as an entry point into the labor market for young people.

Respondents consistently cited three interrelated factors in choosing gig work over formal employment: lack of alternatives, flexibility, and economic necessity. Older ride-hailing drivers often had no viable job options, whereas younger workers valued the flexibility of setting their schedules and balancing work with their studies. Economic necessity was a common theme, with several workers needing to cover daily expenses or support their families.

Motivations differed among those pursuing gig work as a side activity. The student freelancer viewed it as a way to earn extra money and gain experience without full-time commitments, whereas a delivery worker treating the job as secondary used it to manage rising living costs. This suggests that side-job gig work is often more about immediate financial needs than long-term career goals.

Overall, gig work plays a role across a wide spectrum in Cambodia. For many, particularly older drivers and younger riders from modest backgrounds, it has become their full-time livelihood despite its inherent instability. For others, particularly students and young freelancers, it serves as a flexible supplement or transitional phase. This dual role complicates policy responses because workers' needs and vulnerabilities vary significantly depending on whether gig work is their primary occupation or a secondary income stream.

Main Reasons for Engaging in Gig Work

Understanding why individuals enter gig work is essential to contextualize it within Cambodia's labor market. The interviews revealed that motivations for engaging in gig work stem from a combination of economic necessity, personal preferences, and structural constraints. Although income was the primary driver, flexibility, independence, and a lack of alternative job opportunities emerged as significant factors.

For several respondents, gig work was a vital means of securing a livelihood in a context where formal employment is limited or unstable. Ride-hailing drivers in Phnom Penh and Battambang noted that gig work was one of the few viable options. One older driver explained that his age and lack of qualifications made formal jobs inaccessible. Despite its unpredictability, driving for PassApp allowed him to sustain himself. Another driver, who had previously run a small business, found ride-hailing earnings to be more reliable than dwindling profits from his enterprise. These accounts illustrate how structural barriers push workers, particularly older men, toward platform-based transport work.

Food delivery workers had similar motivations, with many younger riders attracted to gig work after seeing their peers earn money through platforms such as Foodpanda. Limited educational qualifications have left them with few options in the formal sector. One worker in Phnom Penh stated that he joined because he "couldn't find any other job," while another in Battambang viewed delivery work as a way to support his family amid closed employment avenues. This suggests that food delivery often provides a fallback for youth in a challenging labor market. However, digital freelancers showed different motivations. Two university graduates highlighted personal interest and alignment with their skills as reasons for freelancing. One respondent enjoyed digital content creation and found it less stressful than his previous job, while another appreciated the independence it offered. For these individuals, gig work was not only a necessity but also a conscious choice for professional growth. In contrast, a student freelancer viewed his work pragmatically, considering it an accessible way to earn extra money while studying.

Flexibility emerged as a key theme across all groups. Workers valued the ability to choose their schedules and control their workloads. Ride-hailing drivers appreciated working when they wished, whereas delivery workers enjoyed selecting shifts based on their personal circumstances. Freelancers emphasized autonomy in choosing projects and working hours. Respondents often contrasted this flexibility with the rigidity of formal jobs, which they described as stressful and hierarchical.

While immediate motivations were centered on income and flexibility, some workers had longer-term aspirations. A few delivery riders hoped to use gig work to save for future ventures, such as starting a business. One freelancer noted that her experience broadened her skills and confidence, potentially opening doors for future advancement. External circumstances also influenced motivation. The rise of platforms such as PassApp and Foodpanda created new opportunities that many workers seized. Several respondents started gig work after observing its growing popularity in their communities, illustrating the impact of peer networks. Global and domestic shocks, such as COVID-19, also played a role by providing a fallback during economic disruptions.

In summary, the motivations for entering gig work in Cambodia are multifaceted. For older drivers and less-educated delivery workers, limited formal options often made gig work a necessity. For freelancers, it was an active choice that aligned with their personal interests. Flexibility was a shared value, highlighting the interplay among structural constraints, personal agency, and evolving opportunities in a transitional economy. Gig work in Cambodia cannot be reduced to a single narrative because it reflects a complex reality shaped by various factors.

Weekly Hours Worked

Patterns of working time among gig workers in Cambodia varied significantly across groups, reflecting both the nature of their occupations and the autonomy they had over their schedules. While the flexibility of gig work is often promoted, interviews revealed that actual working hours can be as demanding, or even more so, than traditional employment.

For ride-hailing drivers, working hours were relatively stable and comparable to those in full-time jobs. Tuk-tuk drivers in Phnom Penh reported working 6–8 hours daily, totaling approximately 42–56 hours a week. They preferred a steady routine to ensure consistent earnings and aligned their schedules with peak demand times. In Battambang, drivers worked shorter hours owing to lower demand, with some operating only in the morning. Despite nominal flexibility, the reality of earning a livelihood often led to schedules that resemble standard full-time commitments.

Food delivery workers experienced more intense and variable working hours. In Phnom Penh, some described working over 80 hours a week, often from early in the morning until late at night. The platforms encouraged long hours, as more time online meant more deliveries and higher earnings. Conversely, some delivery workers in Battambang reported long but unpredictable hours, with a commitment to shifts similar to that of conventional jobs. This highlights the tension between the promise of flexibility and the reality of exhausting workdays, particularly for those who rely on delivery as their primary source of income.

Digital freelancers had a different experience. Their working hours were primarily dictated by client demand and project deadlines, with some averaging 10 hours per day, resulting in more than 60 hours per week. However, one student freelancer worked only 2–3 hours daily, adjusting his schedule based on available assignments. All freelancers emphasized their control over when and how they worked, indicating that flexibility relied on how they distributed their hours rather than the total number of hours worked.

Respondents noted that their weekly hours fluctuated significantly, underscoring the instability inherent to gig work. Drivers and riders reported that their hours depended heavily on customer demand, which varied seasonally or daily. Food delivery workers faced similar unpredictability, whereas freelancers experienced workload fluctuations based on client projects.

A recurring theme was the perception of control. Although economic necessity often pushed respondents to work long hours, most believed they retained some control over their schedules. Delivery riders acknowledged that despite technically choosing fewer hours, the need for income compelled them to maximize their availability. Freelancers appreciated the lack of externally imposed schedules, even when faced with client deadlines.

Comparisons with traditional jobs highlighted these nuances. Many respondents noted that gig work allowed them to choose when to start and end their shifts, distinguishing it from factory or office roles.

However, the long hours they reported suggest that the autonomy of gig work often masks significant labor intensification. Although workers trade the stability of formal employment for self-management of their schedules, financial necessity frequently leads to working hours that exceed the norm.

In summary, the interviews revealed a paradox in Cambodian gig work. Workers experienced genuine flexibility, particularly freelancers, who enjoy autonomy over project-based tasks. However, the need to maximize earnings often pushed ride-hailing drivers and delivery workers to work longer hours, undermining the perceived benefits of flexibility. This tension highlights the precarious balance defining gig work, in which autonomy exists but is often overshadowed by economic compulsion.

Weekly Earnings from Gig Work

Earnings from gig work varied significantly across respondents and were influenced by occupation type, hours worked, and customer demand. Despite these variations, a common theme emerged. Specifically, income was generally modest, unstable, and often tied to workers' willingness to extend work hours. Although gig work provided an essential source of income, it rarely offered the stability associated with formal employment.

For ride-hailing drivers, earnings were relatively predictable but modest. In Phnom Penh, tuk-tuk drivers reported daily incomes of approximately KHR70,000, translating to approximately KHR490,000 weekly if they maintained consistent hours. Although this was sufficient for basic living expenses, the drivers noted that it was inadequate for larger families or savings. One driver in Battambang mentioned that his income had fallen significantly owing to reduced tourism, with earnings sometimes as low as USD10 per day (USD1 is approximately KHR4000). Drivers emphasized that their earnings were closely linked to customer demand and the hours they could work.

Food delivery workers experienced greater variability and often precarious earnings. In Phnom Penh, some riders working long hours reported incomes of approximately KHR80,000 per day (approximately KHR560,000 weekly), which is slightly higher than those of ride-hailing drivers. However, this came at the expense of exhausting schedules that exceeded 80 hours per week. Conversely, part-time delivery workers earned significantly less, with daily incomes ranging from USD10 to USD15. In Battambang, earnings fluctuated between USD10 and USD30 daily and were heavily dependent on order volume, which could fall below subsistence levels.

Digital freelancers presented another layer of earnings variability. One freelancer reported weekly earnings of USD60 to USD70 which is approximately KHR240,000 to KHR280,630, while another earned up to USD150, which is approximately KHR600,000. They were likely to be paid in USD because the platforms on which they work, such as Meta, are based in the U.S. However, a student freelancer noted much lower earnings of USD30 to USD40 weekly, which were sufficient for personal expenses. Freelancers' incomes depended on the performance of their content and client availability, with fluctuations resulting from audience engagement and payment delays. This highlights the volatility of digital freelance work, in which earnings are influenced by external factors.

When asked about income stability, respondents overwhelmingly indicated that their earnings were unstable. Ride-hailing drivers reported fluctuations based on seasonal demand, whereas delivery riders noted that earnings varied widely, depending on the number of orders. Freelancers described their income as contingent on factors outside their control, such as platform algorithms and client demand. In terms of sufficiency, younger freelancers and delivery riders felt that their income was adequate for personal expenses but insufficient for dependents or long-term goals. Older drivers often relied on support from relatives, admitting that their earnings were inadequate for family support. Although gig work provides immediate cash flow, it leaves little room for savings or financial security during emergencies. Responses regarding benefits varied across groups. Digital freelancers occasionally received bonuses, whereas ride-hailing drivers reported virtually no benefits, although NGOs provided some support. Food delivery workers noted limited support mechanisms but lacked comprehensive benefits, such as insurance. Comparing gig earnings to previous jobs, several respondents noted that gig work often offered income that was higher than or comparable to factory or low-level service jobs. However, they also stressed that gig work lacked the stability and predictability of formal employment, exposing them to financial volatility.

Overall, the findings reveal a paradox similar to that of working hours. Although gig work provides vital income, often exceeding what workers might earn in other sectors, it is unstable and frequently inadequate for meeting long-term financial needs. This precarious balance underscores the dual nature of gig work in that it offers opportunities and immediate relief while entrenching vulnerability and economic insecurity.

Satisfaction from Gig Work

Workers' subjective assessments of their gig work were ambivalent but broadly positive in a conditional sense. Most respondents valued the autonomy and income opportunities that platforms created; however, they were simultaneously cognizant of the instability, weak protections, and occupational hazards. Thus, satisfaction emerged less as a stable state than as a negotiated judgment that workers made relative to the alternatives available in Cambodia's labor market.

Among ride-hailing drivers, satisfaction was anchored in independence and social usefulness. Several drivers, including those in informal leadership roles among peers, described pride in "working for oneself," setting one's own start and stop times, and providing a needed urban mobility service. Older drivers, often with limited formal qualifications, framed their contentment as comparative. Gig driving was "good enough" given the scarce alternatives, despite the modest income and persistent volatility. The principal sources of dissatisfaction were the perceived absence of platform support in disputes, unpredictability of demand, particularly outside peak hours and in Battambang, and the sense that commission structures and cancellation policies shifted risks to drivers. Therefore, satisfaction in this group was compatible with criticism. Drivers could appreciate day-to-day autonomy while lamenting structural insecurity.

Food delivery riders expressed somewhat higher day-to-day satisfaction, which was rooted in flexible scheduling and the immediacy of earnings. Younger riders, many with lower- or upper-secondary education, emphasized that delivery work offered a rapid pathway to paid work without credential barriers. However, their narratives also foregrounded physical risks (traffic accidents, heavy rain, and heat), the stress of cash-on-delivery arrangements that required floating personal cash, and the grind of very long days to meet income targets. Riders in Phnom Penh, where demand was greater, reported higher satisfaction than those in Battambang, who faced more erratic order flows. As with drivers, their satisfaction rose when gig work complemented other income or studies and fell when their household depended entirely on delivery earnings.

Among digital freelancers, satisfaction hinged on the alignment between tasks and skills. University-educated respondents in content creation and design often reported high intrinsic satisfaction with learning new tools, shaping creative outputs, and choosing clients or projects.

Their frustrations differed in kind, including scams on social media, delayed or failed payments, algorithmic volatility that made traffic (and thus revenue) difficult to forecast, and health complaints associated with extended screen time. Notably, the student freelancer who treated the work as a side activity reported the highest level of job satisfaction, likely as the work served as a supplementary source of income rather than a financial necessity. This reflects the broader pattern that dependence on gig work tends to increase stress, whereas treating it as supplemental employment reduces financial pressure and moderates dissatisfaction.

Across all occupations, education levels subtly influenced satisfaction. Those with primary or lower-secondary schooling tended to appreciate the accessibility of platform work and dignity of self-directed effort but were more exposed to the physical risks and earnings volatility that undermine longer-term contentment. Respondents with upper-secondary or tertiary education derived identity value from skill use and creativity but were acutely sensitive to non-payment, client opportunism, and opaque platform rules, which threatened their professional self-conception as much as their income. Geography also mattered. Phnom Penh's larger markets supported steadier satisfaction than Battambang's lighter demand, where long waits made the same "flexibility" feel like underemployment.

Looking ahead, the respondents' intentions revealed the conditionality of satisfaction. Some older drivers and long-tenure riders planned to remain indefinitely, driven more by constrained choices than enthusiasm. In contrast, several younger respondents articulated transitional aspirations to parlay savings into a micro-enterprise, secure an organizational post, or professionalize their freelance practice. A recurring formulation captured this pragmatic stance: gig work was "good for now," valuable as a bridge or buffer but not necessarily a desired endpoint.

In summary, the interviewed workers expressed real but contingent satisfaction with gig work. Autonomy, schedule control, and rapid labor market entry underpinned positive evaluations, whereas income volatility, safety risks, weak recourse mechanisms, and limited progression pathways tempered them. Where gig work complemented other roles (studies and family enterprises), satisfaction was the highest. However, when it bore the full weight of household reproduction, satisfaction was more fragile. This nuanced pattern reflects the broader character of Cambodia's platform economy in that it expands choice and agency under conditions that simultaneously concentrate risk at the individual worker level.

Discussion and Policy Recommendations

Extended Discussion of Key Findings

This study demonstrates that Cambodia's gig economy embodies the duality of opportunity and vulnerability. Workers value flexibility, including freedom from supervisors, autonomy over schedules, and, in the case of freelancers, alignment with personal interests. However, these benefits come at the cost of long hours, unstable earnings, and minimal protections. This mirrors international findings from India, Kenya, and other developing economies, where flexibility is both the appeal and a source of precarity.

A central finding is that gig work in Cambodia is most often a **primary livelihood** and not a side income source. Unlike in advanced economies, only a minority of respondents treated gig work as supplemental. This highlights its role as a survival strategy in the absence of stable formal jobs, a pattern consistent with that found in other lower-income countries. Age and education further divide workers' experiences. Younger, better-educated freelancers tend to view gig work as transitional or aspirational, whereas older, less-educated drivers and riders rely on it as their only viable option. This reflects the heterogeneous nature of the sector, in which high-skill digital freelancing offers some potential for growth, whereas low-skill ride-hailing and delivery largely reproduce informal, low-productivity employment.

Therefore, the productivity implications are mixed. Platforms improve efficiency at the consumer level by matching supply and demand. However, at the worker level, sustainability is undermined by dependence on excessive hours and low-value-added tasks. Freelancers hold greater potential for skill development and global integration, although barriers such as payment delays and unstable demand persist.

The limitations of this study include its small sample size, focus on only two cities and three occupations, and reliance on self-reported data. Broader classifications such as “self-employed without employees” also risk misrepresenting platform-specific realities. Nonetheless, the findings highlight how gig work in Cambodia provides income and autonomy, yet entrenches economic precarity, highlighting the need for further research and regulatory responses.

Policy Recommendations

Based on these findings and global comparisons, several policy recommendations can be proposed for Cambodia’s gig economy.

Develop a Regulatory Framework Tailored to Gig Work

Cambodia currently lacks a coherent framework governing gig work. Laws such as the Postal Law and Transport Law apply in narrow contexts but do not address the unique features of platform work. A dedicated framework should:

- Clarify the employment status of gig workers (employed, self-employed, or hybrid).
- Define minimum standards for pay, working hours, and safety.
- Mandate platforms to provide basic protections, such as accident insurance.
- Require transparency in platform algorithms and commission structures.

Rather than adopting a rigid employee classification, Cambodia could explore intermediate models, such as “dependent contractor” status, which grants protections without fully equating gig workers to traditional employees.

Strengthen Social Protection Mechanisms

Most gig workers lack access to health insurance, pensions, or paid leave. The government could extend social protection to gig workers through the following measures:

- Voluntary but subsidized enrollment in national social security schemes.
- Platform contributions to social insurance funds, proportional to workers’ earnings.
- Emergency funds for workers injured on the job.

Expanding social protection would not only improve worker welfare but also stabilize incomes, thereby enhancing productivity.

Improve Dispute Resolution Mechanisms

Workers currently rely on informal methods (platform helpdesks, unions, and personal negotiations) to resolve disputes. The government could establish independent mediation bodies or hotlines for gig workers to ensure timely and fair resolution of payment or contract conflicts.

Encourage Unionization and Collective Bargaining

In Battambang, the presence of a ride-hailing drivers' union illustrates the potential for collective organization. The government should recognize and support such unions, enabling workers to negotiate better conditions. This aligns with international labor standards and gives workers a stronger voice in shaping platform policies.

Invest in Digital Infrastructure and Training

For digital freelancers, stable Internet access, digital literacy, and creative skills are crucial. The government could:

- Expand affordable high-speed Internet to secondary cities.
- Support training programs in digital design, content creation, and online marketing.
- Facilitate access to global freelancing platforms by addressing regulatory barriers (e.g., monetization policies on Facebook and YouTube).

Such investments would allow Cambodia to tap into the potential of high-skill gig work as a source of export-oriented productivity growth.

Revise National Labor Force Surveys

One major limitation in analyses of gig work is the lack of reliable data. Cambodia's labor surveys currently classify gig workers as "self-employed without employees," which does not capture the platform-mediated gig economy. Surveys should include specific questions on:

- Use of digital platforms.
- Hours and earnings from gig work.
- Overlap between gig work and formal employment.

Better data would enable policymakers to monitor the sector, design appropriate interventions, and evaluate the impact.

Balance Platform Growth with Worker Protections

Finally, policies should strike a balance between encouraging platform growth (which creates jobs and services) and ensuring that workers are not exploited. Overregulation can stifle innovation; however, underregulation leaves workers vulnerable. A "flexicurity" model combining flexibility with security offers a way forward.

Conclusion

This study highlights the dual nature of Cambodia's gig economy, which provides vital income opportunities and flexibility but entrenches precarity and vulnerability owing to unstable earnings, long working hours, and limited social protections. Our in-depth interviews indicated that gig work has become a central livelihood strategy rather than a supplemental activity for most workers, particularly among older ride-hailing drivers and younger food delivery riders. Digital freelancers, although more aspirational, also face income volatility and market uncertainty. Satisfaction with gig work is largely pragmatic, with workers valuing autonomy and immediate earnings but acknowledging the risks and limited future prospects. Low awareness of legal protections highlights a significant institutional gap, leaving workers dependent on platforms or informal mechanisms for support. Without policy interventions, the sector risks perpetuating low productivity and insecure employment. However, with targeted regulations, expanded social protections, and investments in digital skills, Cambodia's gig economy could evolve into a more sustainable and inclusive driver of growth.

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GIG ECONOMY IN FIJI

Summary

The gig economy in the Fijian context is characterized by an unstructured market system that primarily encompasses informal small businesses and individuals seeking employment in largely unregulated "gig" markets. In this study, the "gig economy" refers to a temporary and flexible employment system in which labor supply and demand meet freely, characterized by limited regulatory oversight and business support functions. Industries such as transportation, food delivery, domestic services, cleaning, and digital services exemplify sectors in which gig workers deliver specific and small components of larger tasks.

Understanding the Fijian gig economy is challenging because of the lack of formal recognition and empirical data. Therefore, a qualitative case study approach was employed, targeting private car owners who provide unregulated gig taxi services known locally as "*Pari*" within the Suva-Nausori corridor. *Pari* is a Fijian-constructed term used in this report to define private vehicle owners, rental cars, and other transportation operators who function as taxi operators but operate without the requisite taxi permits and business licenses.

This qualitative study utilized the culturally accepted "Talanoa method," an interview style in which data are collected through informal conversations and storytelling, to capture the perceptions of those involved in the *Pari* business. While in-depth conversations were held with more than 10 *Pari* operators, eight transcripts were selected for analysis, as thematic saturation was achieved.

This study provides significant insights into the *Pari* ecosystem, including driver characteristics, motivations, challenges, and needs. A key finding is that, while *Pari* operates in the underground economy with a specific market and targets, the acute need for income and employment is pushing this business to the surface, resulting in direct competition with licensed taxi operators. The implication is that an increasing number of licensed taxi operators are now utilizing their own private vehicles (thereby joining the *Pari* segment) to compete with these illegal operators, further intensifying market pressure.

Introduction

The gig economy is conceptualized as a fundamental shift in employment, representing a rapidly expanding global labor market in which labor is transacted as temporary, flexible, and contingent tasks predominantly facilitated by digital platforms (De Stefano, 2016). The scholarly literature frequently characterizes this contingent on-demand labor by its detachment from the standard permanent workforce, notably the absence of fundamental protections, such as paid leave, minimum wage guarantees, or long-term contractual stability (Kalleberg & Dunn, 2016).

Defined as contingent work mediated by digital platforms, gig labor must be understood within the broader context of nontraditional work arrangements. It conceptually overlaps with self-employment[1] (Blanchflower, 2000), informal labor[2] (Chen, 2012), and alternative labor[3] (Kessler & Neumann, 2021). Gig labor is operationalized in 'platform-mediated firms' (Wood et al., 2019), such as Uber (ride-hailing), Uber Eats (delivery), Upwork (online freelancing), and Task Rabbit (household services). In these systems, algorithmic management tools oversee task allocation, performance assessment, and remuneration (Chung et al., 2025).

Although this structure leads to increased labor market flexibility, new income opportunities, and micro-entrepreneurship (Manyika et al., 2016), it also introduces significant risks.

Notwithstanding the benefits, the literature highlights critical risks associated with gig labor, such as worker precarity (Kalleberg & Dunn, 2016), earnings volatility (Wood et al., 2019), and significant power asymmetries (Rosenblat & Stark, 2016) arising from opaque algorithmic decision-making processes (Vallas & Schor, 2020).

In several APO member countries, including Indonesia, Singapore, Thailand, and Vietnam, a multiservice digital platform called "Gojek" has become a significant economic force. It started in 2010 as a simple call center service connecting customers with ojek (motorcycle taxi) drivers and later evolved into a large-scale super app (Furqon, 2023). Today, Gojek offers an extensive range of on-demand services[4], including transportation (GoRide and GoCar), food delivery (GoFood), couriers and logistics (GoSend and GoBox), and digital finance (GoPay). The company's holding entity, the GoTo Group, recorded strong performance in 2024, achieving a Gross Transaction Value of over USD4 billion[5], clearly signifying its strong financial standing and long-term potential.

However, the Fijian gig economy is largely under-researched and poorly understood, primarily because of the lack of comprehensive data, limited formal recognition, and absence of a clear definition within national labor frameworks. Unlike traditional employment sectors, gig work in Fiji often operates informally or through loosely regulated digital platforms, making it challenging to quantify or monitor. This lack of visibility contributes to marginalization in economic planning and policy discussions. Without standardized classifications or official statistics, the full scope and impact of gig work on livelihoods, income distribution, and employment trends in Fiji remain obscured, hindering efforts to develop informed and inclusive labor policies.

One aim of this study is to identify factors driving the growth of *Pari* services, including supply and demand constraints. A key outcome is the provision of policy recommendations designed to recognize and sustain growth in gig transport services. The insights gained from this study can be applied to other sectors in which gig work is favored because of inherent worker flexibility and autonomy.

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[1] Gig workers gain autonomy and control over schedules and tasks, much like own-account workers, but must contend with variable income and a lack of formal employment benefits (Smith & McBride, 2015).

[2] The pervasive lack of formal state regulations, worker protections, and social security provisions positions gig work closely alongside informal labor, which is rooted in economic activities insufficiently covered by existing legal and social frameworks.

[3] Gig work reflects a broader structural shift from standard employment models toward flexible and unstable relationships.

[4] Examples of services include motorcycle taxis (GoRide) and car-hailing (GoCar); GoFood, GoSend, GoBox, and GoPay digital wallet.

[5] IDR79.2 trillion in Q4, up 66% YoY and 58% for the full year (2024). Gross revenue[2,7] increased to a record high of IDR5.0 trillion in Q4, up 28% YoY and 30% for the full year. Gross revenue[2,7] increased to a record high of IDR5.0 trillion in Q4, up 28% Year on Year and 30% for the full year. Source: GoTo Group Beats Guidance with Record Results as it Reports 2024 Fourth Quarter and Full Year Earnings 12 March 2025.

Research Objectives

This study seeks to address three key objectives:

1. Analyze the Fijian gig landscape with specific reference to gig supply and demand factors, target markets, competition and prices, regulatory environment, employment contribution, and market size, among other critical areas.

2. Provide an overview of the gig market system and the challenges and capacity constraints that key market actors face, identifying key productivity bottlenecks to unlock the growth of gig labor and job creation potential.

3. Identify action plans that will support policy designers in developing a workable framework to boost the performance of gig labor and eventually lead to its formal recognition as an economic sector.

Significance of the Study

The Fijian gig economy represents a growing frontier, driven by digital platforms that act as virtual market spaces despite its lack of formal recognition. These platforms connect local and international demand with the supply of goods and services. In this study, the gig taxi service, locally known as *Pari,* serves as a proxy to facilitate the understanding of the broader Fijian gig economy. This sector was chosen because of its rapid growth, role in providing alternative formal employment, and flexibility and autonomy offered to locals.

Although formal employment is limited in Fiji, the flexibility of gig work allows individuals to earn an income while balancing family, community, and cultural obligations, making it particularly suitable for women, youth, and part-time workers. Digital platforms also lower entry barriers, enabling people with limited capital or formal qualifications to access income opportunities in transportation, delivery, creative services, and online freelancing. In Fiji, these platforms support emerging forms of new business startups and microenterprises, thereby helping develop the local expertise, digital capabilities, and confidence required to run independent businesses. Furthermore, gig work can improve geographic inclusion by connecting workers in peri-urban and rural areas to a wider customer base through global freelancing platforms and mobile money[6] systems. Overall, these benefits can complement current livelihood strategies and contribute to more adaptive and diversified household incomes.

Data Sources and Methods

Data Sources

The study participants comprised both private and registered taxi owners who were actively engaged in the *Pari* business. A small non-probability sample of eight *Pari* operators (five men and three women) was purposively selected based on the expected richness and detailed nature of their contributions.

Contextual and background information on gig work, self-employment, informal labor, and alternative work arrangements was gathered from peer-reviewed academic journals, local media, and online news outlets. Specific data regarding the taxi service sector in Fiji, including vehicle

[6] For example, the use of MPAISA managed by Vodaphone

registration figures, licensing requirements, and vehicle trend statistics, were extracted directly from the Fiji Bureau of Statistics[7] and Land Transport Authority (LTA) website[8].

Data Collection Method

This study used "Talanoa," a culturally appropriate data collection method commonly used by Pacific researchers (Tuibeqa, 2015). Talanoa involves open and friendly conversation or shared storytelling between two or more individuals, in which the researcher and participants collaboratively generate knowledge.

Conversations with *Pari* drivers were guided by semi-structured questions, as presented in Appendix 1. These questions were designed to maintain focus while allowing for the organic flow that characterizes the utilized method. Key information was captured through notetaking and categorized into distinct thematic areas, including supply and demand factors, roles and functions of various actors, system bottlenecks, and potential solutions to identified constraints.

Data Analysis

Data collected through Talanoa conversations were subjected to thematic analysis. The analysis was structured around several predefined themes derived from the study's objectives: supply and demand factors influencing the system, roles and functions of key actors, core drivers of gig growth, existing challenges and operational constraints, specific opportunities for system improvement, and potential areas for policy and practical intervention.

Overview of the Fijian Gig Economy

Fijian Development Strategy

Fiji is actively prioritizing digital transformation as a cornerstone of its strategy for sustainable economic growth and diversification[9]. This strategy is designed to modernize trade, foster innovation, empower Micro, Small, and Medium Enterprises (MSMEs), stimulate job creation, and significantly increase the contribution of the ICT sector to the GDP. By proactively investing in digital infrastructure and services, the government aims to accelerate economic growth, potentially allowing Fiji to bypass slower traditional stages of development. The gig economy is an intrinsic component of this national strategy, which aligns with its objectives by introducing new digital trade and innovation channels across vital sectors, including tourism, agriculture, manufacturing, and services.

However, Fiji's large informal sector complicates this drive toward a digital economy, creating a complex policy challenge. Although the gig economy is anticipated to facilitate the formalization of some informal activities and extend social protections, inadequate governance risks could perpetuate or exacerbate the precariousness of social security and fundamental labor rights. Consequently, policymakers face the critical task of balancing economic promotion and growth while guaranteeing decent work standards and comprehensive social protection for all participants.

Labor Supply and Participation

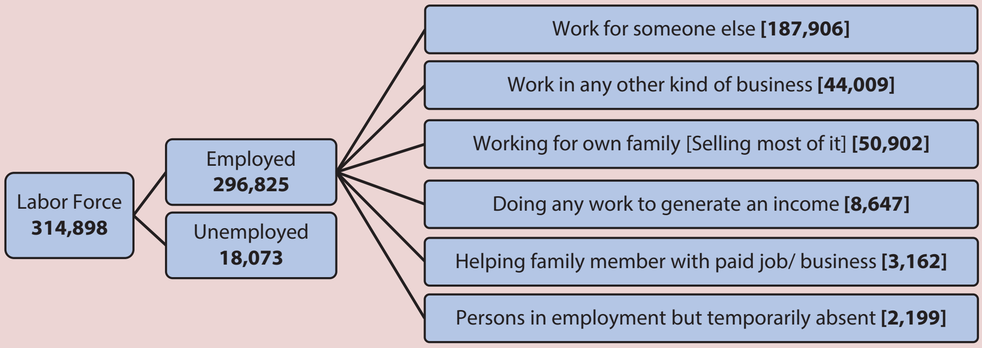
Understanding the demographic profile of gig workers in Fiji is challenging because of significant data scarcity. Traditional labor force and household surveys in Fiji do not systematically measure or specifically categorize gig workers. Thus, proxy indicators (Figures 1 and 2) are used for labor

[7] Home - Fiji Bureau of Statistics
[8] LTA e-Services
[9] This vision is principally anchored by the National E-Commerce Strategy 2025–2029 and the National Digital Strategy 2025–2030

force, employed, and unemployed data, including self-employment, which shares characteristics with gig work.

FIGURE 1

FIJI LABOR FORCE BREAKDOWN IN 2023–2024.



Source: FBoS Release No: 35, 2025 2023 – 24 Employment and Unemployment Survey Preliminary Findings

Based on recent data (Figure 1), the total labor force in 2023 was estimated to be approximately 314,898 individuals, of which 296,825 (94%) were employed and 18,073 (6%) were unemployed. The overall Labor Force Participation Rate[10], defined as the proportion of the working-age population (aged 15+ years) who is either employed or actively seeking employment, was approximately 58%.

Fiji's unemployment rate has decreased slightly, from 7.1% in the 2010–2011 survey to 5.7%[11] in 2023. Those aged below 35 years are mostly unemployed, whereas self-employment constituted 31.48% of total employment in 2022. These figures suggest that a large pool of workers is already operating outside traditional formal employment, many of whom could be engaged in or transitioning to gig work.

Self-Employment

*S*elf-employed workers in the Fijian context are those who work on their own account, have only a few partners or are in a cooperative, or hold the type of jobs defined as self-employment[12]. Fiji has a decree that establishes the Self-Employment Service as a program under the National Employment Center. The primary goal is to provide unemployed people and retirees with quality training to help them start and maintain their own microbusinesses.

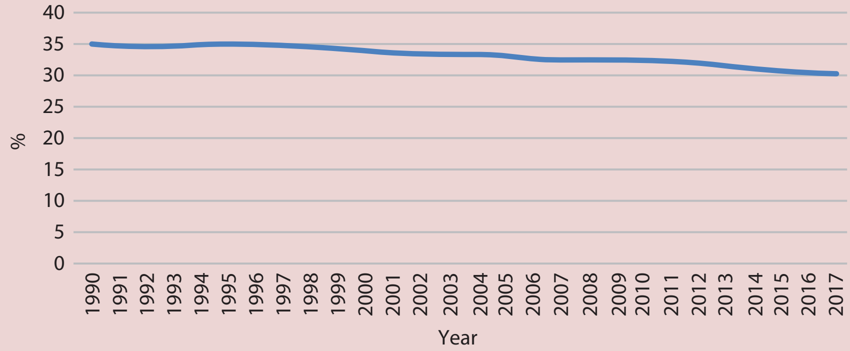
In this study, self-employment is synonymous with gig, informal, and alternative labor. Figure 2 shows the share of the informal sector in national output, which declined over time.

Similarly, the APO-estimated share of self-employment income in total labor income, as shown in Figure 3, exhibits a similar declining trend. This could be explained by the new Fijian government rules to streamline business registration and licensing and the incentives to encourage non-formal MSMEs to transition to the formal sector.

[10] Employment and Unemployment Survey - Fiji Bureau of Statistics
[11] FBoS Release No: 35, 2025 Employment and Unemployment Survey 2023–2024 Preliminary Findings
[12] Jobs for which the remuneration is directly dependent upon the profits derived from the goods and services produced. Self-employed workers include four subcategories of employers, own-account workers, members of producer cooperatives, and contributing family workers.

FIGURE 2

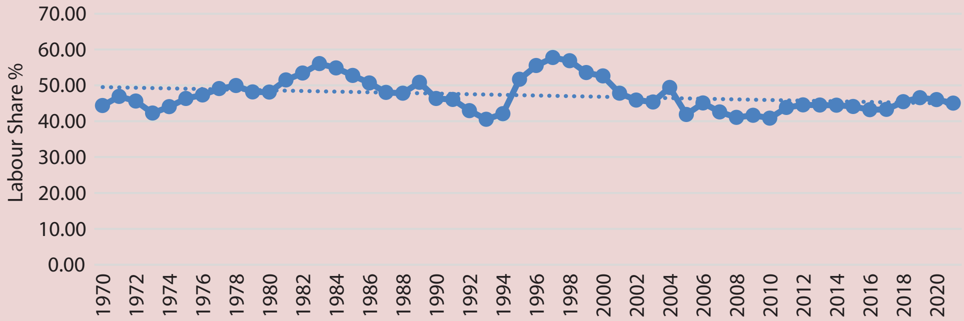
INFORMAL SECTOR SHARE OF GDP.



Source: WBES (2022)

FIGURE 3

ESTIMATED LABOR SHARE OF INCOME OF SELF EMPLOYED.



Source: APO Productivity Database (2023).[13]

Characteristics of the Informal and Unregulated Gig Economy

The Fijian gig economy, or informal economy, is characterized by widespread non-registration and regulatory evasion, with many operators functioning without licenses and outside established governance frameworks, forming part of the broader "shadow" economy. Dominated by MSMEs, mostly in peri-urban and rural areas, this sector typically engages in low-capital-intensive activities, such as land-based subsistence production, handicrafts, and basic creative arts, which require minimal technological or intellectual input.

Business practices often rely on traditional or indigenous methods, resulting in limited formalization, standardization, and integration with formal market systems. These structural

[13] APO Productivity Database provides the harmonized productivity accounts for Asian countries, developed by a joint project of APO (Asian Productivity Organization) and KEO (Keio Economic Observatory), Keio University, Tokyo.

features are further reinforced by pervasive financial exclusion because informal enterprises have little or no access to commercial credit, government subsidies, or grant funding, thereby constraining their capacity to invest, innovate, or scale operations. Consequently, market behavior tends to be reactive and imitative, with operators functioning largely as market followers and competing primarily through price undercutting rather than product or service differentiation. This reliance on price-based competition compresses profit margins and contributes to ongoing income precarity, illustrating an informal economy that is simultaneously adaptive, drawing on local knowledge and minimal resources, and constrained by regulatory ambiguity, limited capital access, and weak institutional support, which collectively hinders long-term sustainability and growth.

Table 1 presents the Fijian gig economy in areas such as digital market, transport, food delivery, graphic design, virtual assistance, and data entry. These platforms are crucial conduits connecting Fijian talent to international demand, thereby overcoming geographical limitations.

TABLE 1

SELECTED GIG ECONOMY PLATFORMS AND SERVICES IN FIJI (POST-2022)[14].

Platform	Type of Gig Service	Description
Siuhuu[15]	Digital Market-place / Services	Soft-launched in Fiji in October 2024, it is an e-marketplace for Pacific Island small businesses, artisans, and service providers to sell goods and services. It supports local MSMEs in reaching regional and international customers.
GoFiji[16]	Lifestyle / Travel Super App	Launched in 2023 to provide a digital platform for travel, tours, activities, and local services. This could support gig-type work in tourism (e.g., guide services and transport) because local vendors can list experiences, tours, and services. Designed to help local Fijian merchants sell their services/ experiences to residents and tourists.
Fiji Cabs	Ride-hailing / e-hailing app:	It is a smartphone app (available for iOS and Android) that allows passengers to request a taxi ride through their phone, similar in concept to that of Uber and Ola. It connects drivers and riders. When a passenger requests a trip through the app, nearby registered taxi drivers can accept and provide the service[17].
Mobility Fiji (“Mai Ride”)[18]	Transport / Ride Sharing	Mobility Fiji is building a “Mobility-as-a-Service” app integrating taxi ridesharing, buses, ferries, and micro-mobility. Their “Taxi & Ride Sharing” service (Mai Ride) is a local on-demand transport model.

(Continued on next page)

[14] Credible public sources about a cleaning-services gig platform or purely “creative-arts gig” platform (e.g., freelance design) could not be established in Fiji after the COVID-19 pandemic. Furthermore, existing global platforms like Upwork, Fiverr, and Freelancer - digital / freelance services have already been used in Fiji. According to a USAID digital-ecosystem report[14], Fijian service providers already leverage these platforms for design, accounting, and web development gigs. Some “gig” services may be very new or in development (e.g., the Ride Mai app appears forthcoming).
[15] **Source:** updates.siuhuu.com+2pacificecommerce.org+2 and Islands Business
[16] **Source:** EIN Presswire+2GoFiji+2 and GoFiji
[17] Only works with taxi drivers who hold a valid taxi permit from the Land Transport Authority of Fiji, ensuring formal licensing.
[18] **Source:** mobilityfiji.com

(Continued from the previous page)

Platform	Type of Gig Service	Description
Cyber Food Fiji[19]	Food Delivery Platforms	A digital marketplace connecting local food, groceries, and women-led micro businesses in Fiji. Cyber Food is an online platform where customers can order food and groceries, delivered right to their doorstep. The app offers food, groceries, and even microbusiness products in Suva, Nadi, Lautoka, and Sigatoka.
Food Runners Fiji[20]	Food Delivery Platforms	On-demand delivery connecting local restaurants and businesses to customers. As of 2022–2023, it delivers in the Suva-Nausori corridor.
Bula Eats Fiji[21]	Food Delivery Platforms	App-based food delivery platform. Covers Nadi and Suva. Provides local restaurants with an online ordering channel.
Superstore[22]	Food Delivery Platforms	Online delivery-only supermarket in Fiji. Offers fast delivery (90 minutes) for groceries and pantry items.

Local platforms, such as Fiji Cabs and Cyber Food Fiji, exemplify domestic entrepreneurial initiatives and the capacity to respond effectively to specific local market needs. Nonetheless, their operation alongside global competitors, such as Uber Eats and DoorDash, raises critical questions regarding market share, long-term viability, and the potential for market dominance by large international platforms. These dynamics underscore the need for a careful examination of strategies through which local innovators can sustain competitiveness and resilience within an increasingly globalized and platform-driven digital economy.

Evolution of the Fijian "Pari"

Table 2 provides an overview of the evolution of the Fijian *Pari*, as documented through local news reports. The emergence and growth of Fijian *Pari* (unlicensed private taxis) reflects a long-standing gap in formal transport services, particularly in areas underserved by buses or licensed taxis. Reports indicate that informal vehicle-for-hire operations have existed since at least 2009, with regulatory authorities periodically enforcing restrictions through license suspensions, vehicle deregistration, and public warnings.

By 2016, the LTA had explicitly identified "pirate taxi operators" as a widespread issue, citing safety concerns, lack of insurance, and non-compliance with public service vehicle (PSV) regulations. Enforcement actions continued through 2017, including joint operations and public advisories, discouraging the use of unlicensed taxis. By 2025, the government moved to formalize and regulate *Pari* operations, requiring drivers to obtain proper permits, meet stricter standards, and comply with new legislative changes, including a shift from an "open-rank to a base-and-stand taxi system."[23] This evolution highlights the persistent demand for flexible transport solutions and ongoing tension between informal entrepreneurship and formal regulatory frameworks in Fiji's urban transportation sector.

[19] **Source:** portal.cyberfood.com.fj and FIJI www.fiji.travel/deals-and-offers/experiences/cyber-food and Youtube: "Fijian Minister for Commerce launches Cyber Food Portal and celebrates 2nd Anniversary"
[20] Source: FindGlocal
[21] Source: LegendFM Fantastic Fiji Foods Ep1 - Bula Eats Fiji
[22] Source: https:\\superstore.com.fj [Superstore – The Futureof Shopping is Here]
[23] Open rank implies taxi operators are free to operate from anywhere without any restriction. Base and stand system indicates that taxi operators are permitted to operate a taxi business provided they have a taxi permit and a base to operate from.

TABLE 2

EVOLUTION OF THE FIJIAN UNREGULATED TRANSPORTATION SECTOR (2009–2025).

Year	Key Regulatory/Market Indicator	Implication for Gig Transport
2009	A Bus Industry Review noted the common, albeit technically illegal, operation of private vehicles ("people carriers/minivans") outside the formal regulatory framework, particularly in areas underserved by established PSVs (Haworth & Starkey, 2009).	Established that a demand for unregulated, non-bus private transport existed long before digital platforms, indicating a systemic market gap.
2015–2016	The LTA began significant enforcement actions, including the suspension of over 194 drivers' licenses and seizure of dozens of "illegal/pirate taxis" (Fiji Village, 2015; LTA News Release, 2016). The LTA warned that these pirate taxis were unsafe and uninsured.	Confirmed that unauthorized private vehicle transport was a widespread and regulated problem by 2016. This established a pool of drivers and market behaviors that the gig economy would later formalize/scale.
2017	Joint enforcement operations were conducted, and the LTA publicly urged citizens to cease using "pirate cabs," indicating the continued growth and visibility of the issue (Fiji Times, 2017).	Demonstrated the entrenchment of unauthorized services in public use despite regulatory efforts, further illustrating the market demand.
2025	The Minister for Transport formally announced efforts to legalize and regulate "Pari taxis" (a localized term for app-based or informal gig transportation). The new regulations require existing drivers to obtain proper permits and meet stricter standards (e.g., clean police records).	Represented the government's formal recognition of the gig transport sector and a shift from punitive enforcement to structured regulation.
2025	Legislative amendments to the LTA Act shifted the taxi permit system from an "Open Rank System" to a "Base and Stand System." Industry stakeholders suggested that the rise of unregulated "Pari" operations was linked to previous liberal permit allocation or oversight changes. The Fiji Commerce and Employers Federation reported a "vast number of private cars operating as "pirate taxis" across all urban centers.	Suggested that regulatory shifts and growing market opportunities have contributed to the recent surge in gig-style transportation, which has now reached a significant scale across all major urban areas.

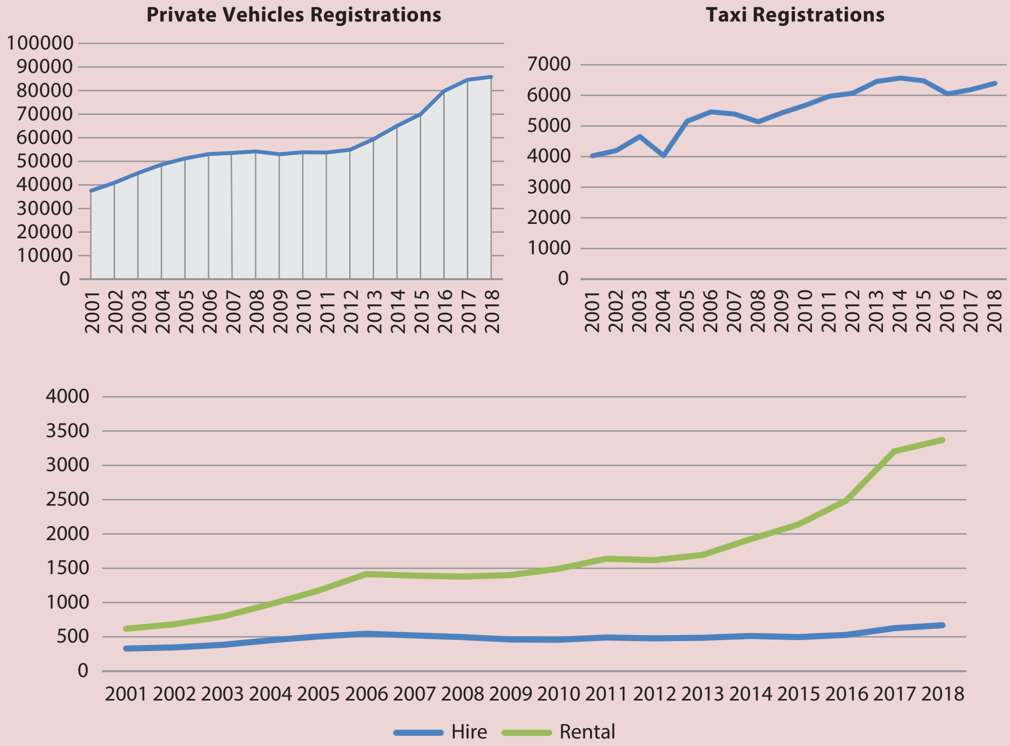
The government's decisive move toward formal legalization and regulation in 2025 reflects a policy response to an issue that has achieved unprecedented visibility and scale through digital intermediation. This evolution highlights the persistent demand for flexible transportation solutions and the ongoing tension between informal entrepreneurship and formal regulatory frameworks in Fiji's urban transportation sector.

Fijian Vehicle Registration

Figure 4 illustrates the annual vehicle registrations in Fiji from 2001 to 2018 across multiple categories, revealing significant trends in the country's motor vehicle fleet over nearly two decades. Total registrations nearly doubled, increasing steadily from 60,071 in 2001 to 119,960 in 2018, indicating substantial growth in vehicle ownership and usage. This increase is primarily driven by private cars and taxis, which constitute the majority of registered vehicles. Private car registrations more than doubled during this period, growing from 37,546 to 85,842, reflecting increased personal vehicle ownership and likely corresponding to rising income levels. Taxi registrations also experienced moderate growth, increasing from 4,027 to 6,394, underscoring the sustained demand for commercial passenger transportation services. Furthermore, rental and hire car registrations expanded from 949 to 4,040, suggesting a growth in tourism-related transportation and business vehicle fleets.

FIGURE 4

FIJIAN VEHICLE REGISTRATION, 2001–2018.



Source: Fiji LTA

The rapid increase in private car ownership in Fiji reflects growing personal mobility and may indicate a gradual shift away from reliance on public and shared transportation modes. Concurrently, moderate growth in taxi registrations aligns with the expanding informal transport sector, including the proliferation of *Pari* taxis and the rise of ride-hailing and local transport services. In contrast, relatively stable registration figures for buses and goods vehicles suggest possible infrastructural or policy constraints that limit growth or signify a change in modal transportation preferences. Collectively, these trends point to a steadily expanding motor vehicle fleet, raising critical concerns related to traffic congestion, road infrastructure maintenance, environmental sustainability, and the complexities of regulating both formal and informal transport sectors.

Results

The data collected through the Talanoa methodology revealed several critical themes related to the operational characteristics, motivations, and prospects of the *Pari* gig taxi service.

Operational Characteristics

Pari services occupy a distinct niche within Fiji's transport landscape, operating primarily during the temporal gaps left by formal services. These services cater largely to late-night and weekend demand, particularly for transporting patrons from drinking establishments, such as pubs and nightclubs, as well as sociocultural events. Operations are strictly demand-driven and commence when conventional buses and licensed taxi services stop at night. One participant explained, *"We have our place to operate from. See here... About 3:00 p.m., we are here. And we work at night when taxis go home."*

The supply side of the *Pari* sector is characterized by an informal and unorganized network of private vehicle owners and rental cars, with services provided by the roadside near commercial centers or through mobile contact. As another operator noted, *"We now have slots near supermarkets. Customers know us."* Pricing is flexible and often negotiated directly with customers, incorporating local fare knowledge, distance calculations, and, in some cases, basic taxi applications to guide fare-setting.

Actors and Motivation

The *Pari* operation attracts a heterogeneous group of participants, including individuals[24] from diverse formal employment sectors, such as teaching, civil service, and multi-contract driving. This diversity reflects a widespread need for supplementary income. One driver shared, *"I come from the village. I needed to work. My friend gave me his private car."* The primary motivation among participants appears to be family financial obligations, with many operators setting daily income targets as a benchmark for concluding their shifts: *"I operate with a daily income target. Once achieved, I go home."*

Market Demand and Future Outlook

Demand for *Pari* services is highly concentrated among customers leaving late-night entertainment venues when conventional transportation options are unavailable. Operators expressed general satisfaction with the supplementary income derived from this work, including those renting vehicles who typically pay a fixed weekly fee to car owners and retain their remaining earnings. One participant remarked, *"I pay the car owner about FJD250 per week. The rest is mine."* Looking ahead, participants anticipated continued demand that exceeded supply despite the risk of legal sanctions. This expectation has motivated efforts toward self-organization and formalization, suggesting an aspiration to transition into a regulated and licensed sector: *"We are organizing ourselves... We want to be licensed."*

The organization of gig labor in Fiji is strongly influenced by high levels of informality, prominence of social and kinship networks, uneven digital infrastructure, and limited availability of formal social protection mechanisms. Consequently, the gig economy functions as a hybrid labor space situated between subsistence, informal, and market-based forms of work. While this offers accessible income-earning opportunities for a wide segment of the population, it simultaneously exposes workers to income insecurity, regulatory ambiguities, and dependence on fluctuating local demand, as well as the practices of global digital platforms.

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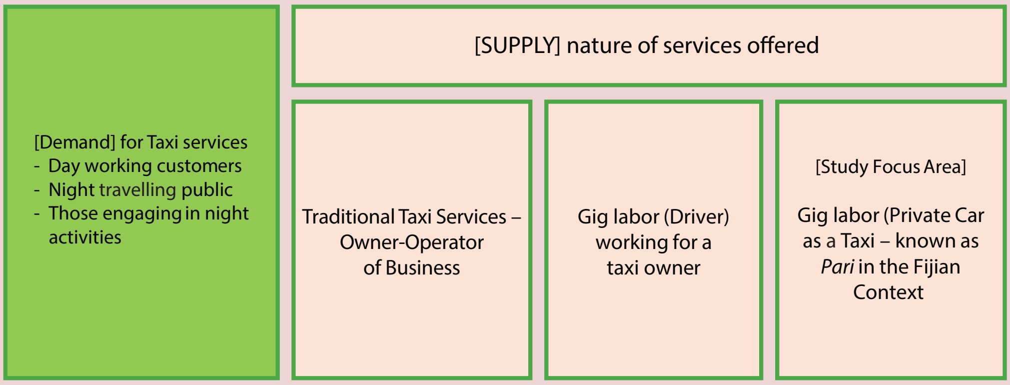
[24] Five men and three women.

FIGURE 5

SUPPLY AND DEMAND FUNCTIONS – FIJIAN GIG TAXI SERVICES.



Supply and Demand – Fijian "Pari"

Figure 5 presents an operational framework that delineates the supply and demand dimensions of taxi services, emphasizing the informal *Pari* taxi services in Fiji.

Taxi service demand is segmented into three primary customer groups: day-working customers, who predominantly use taxis during standard daytime hours for commuting and errands; the night-traveling public, who require transport outside conventional operating hours; and individuals engaging in nighttime activities, such as patrons of nightlife venues and sociocultural events. This segmentation underscores the temporal and social heterogeneity of taxi usage and highlights the critical importance of nighttime demand, which is particularly pertinent to the *Pari* services niche.

On the supply side, taxi services are categorized into three distinct models. The first is the traditional taxi service, characterized by owner-operators who independently manage their businesses within formal regulatory and licensing frameworks. The second model involves gig laborers working as drivers for taxi owners, reflecting a semi-formalized labor relationship within the formal taxi industry. The third, which is this study's focal point, is the *Pari* service, informal gig labor, wherein private vehicle owners independently provide taxi services without formal ownership or licensing typical of traditional taxis. The *Pari* service emerges predominantly in response to unmet demand during off-peak hours, illustrating a gig economy dynamic that operates largely outside formal regulatory oversight.

This framework highlights the role of the *Pari* taxi service in filling the critical gap caused by the temporal limitations of formal taxi operations, particularly in addressing nighttime transport needs. It also differentiates between formal and informal labor arrangements, positioning the *Pari* model as a flexible demand-driven gig labor system with inherent regulatory challenges. Understanding these distinctions is crucial for informed policymaking and regulatory strategies aimed at integrating informal transport services into the formal economy, thereby enhancing safety, reliability, and equitable competition within the sector.

Drivers of Pari Business Growth

The growth of the *Pari* business, an informal gig-based taxi service, has been driven by a combination of strong market demand, service differentiation, and regulatory gaps, as follows:

1. *Nighttime demand for transport* arises from a significant market gap during late-night hours when conventional public transport, such as buses and licensed taxi services, typically ceases operation, usually after midnight. This temporal service void creates a critical opportunity for *Pari* operators to exploit effectively.

2. The need for *rapid street clearance and enhanced public safety enforcement* indirectly fosters the demand for readily available and flexible transport options that can quickly move people off the streets, further incentivizing the use of *Pari* services.

3. *Pari* operators offer *differentiated service quality* by navigating difficult routes and accessing remote or less-served drop-off locations that formal taxis often avoid or refuse, thereby catering to unmet logistical needs within the urban transport ecosystem.

4. Growth is also underpinned *by increasing customer trust and agreement*, characterized by a transparent, direct negotiation process between drivers and passengers regarding fare prices prior to the journey. This mutual agreement enhances service reliability and user satisfaction, thereby contributing to sustained patronage.

5. *Pari* service provides a *strong incentive for supplementary income*, motivating private vehicle owners to participate in the gig economy by leveraging underutilized assets for additional earnings.

6. *Deficiencies in regulatory enforcement* are crucial for facilitating the ongoing operation and expansion of *Pari* services. Despite awareness of the unregulated nature of these activities, local transport authorities and law enforcement agencies face challenges in effectively monitoring and suppressing *Pari* operations, allowing the sector to grow relatively unchecked.

Challenges and Constraints

The *Pari* transport service faces multiple challenges that hinder its formalization and sustainable growth. This is discussed below.

1. A significant digital gap exists because, currently, no dedicated platform is available for organizing *Pari* operators comparable to services such as Uber. Existing digital firms primarily function as marketplaces with limited direct involvement in transportation operations, leaving *Pari* services fragmented and informally coordinated.

2. Regulatory gaps further complicate this landscape. Many *Pari* taxis operate outside the formal PSV licensing framework, raising critical concerns regarding safety, insurance, and liability. Unlike licensed taxis, *Pari* operators are not subject to mandatory business requirements, such as licensing fees, defensive driving certifications, possession of first aid kits, or the use of taxi meters. This regulatory vacuum exposes drivers and passengers to elevated risk.

3. Enforcement challenges persist, with the LTA refusing to recognize or issue licenses to *Pari* operators. Despite continued enforcement efforts, including vehicle seizures and infringement notices, the scale and resilience of illegal operations remain substantial, underscoring the difficulty of effective regulatory control.

4. The economic impact of illegal taxis is widely perceived as disruptive to the established transportation sector. Licensed taxi drivers report increasing competition from *Pari* operators

in both nighttime and daytime markets, while public bus operators also face pressure from the expansion of this informal sector.

5. Concerns about safety and standards have driven proposals to legalize *Pari* taxis by integrating them into existing PSV licensing regimes[25]. Such legalization would impose requirements on drivers to maintain clean police records and adhere to safety protocols. Nevertheless, the risks associated with *Pari* operations, particularly during night hours, often remain invisible and unmitigated.

Policy Recommendations

The structural challenges posed by the informal nature of the Fijian gig transport sector (known locally as "*Pari*") require a comprehensive policy response. The recommendations provided below are designed to bridge the gap between regulatory requirements and the unique on-demand operational model of the gig economy, thereby fostering formalization, enhancing worker resilience, and ensuring consumer trust while aligning with Fiji's broader objectives for financial inclusion and MSME development.

Regulatory and Licensing Modernization

The primary objective is to create a distinct legal classification that acknowledges the unique characteristics of on-demand transport services, allowing regulated operations without destabilizing the traditional taxi industry.

1. **Establish a New PSV Permit Tier:** The LTA should introduce a new PSV category, such as "On-Demand Hire Vehicles (ODHVs)," with a distinct lower-cost fee structure and specific operational rules. These rules must mandate that ODHVs be restricted to app/call bookings, thereby prohibiting traditional street-hailing to mitigate conflicts with the established taxi permit system and lower the financial barrier to formal entry for gig drivers.

2. **Streamline Safety and Licensing Requirements:** A simplified, low-bureaucracy digital registration and annual inspection process must be implemented to address consumer safety and regulatory complexity. This process should focus strictly on verifying vehicle roadworthiness, obtaining clear driver police clearance, and confirming mandatory insurance coverage (see Section 4.2), thereby eliminating the complexities that currently deter formalization.

3. **Define Digital Platform Status:** Clear regulations must be introduced for all existing and future digital platforms (local or international) that mediate ODHV/*Pari* services. These regulations must mandate platform cooperation with the LTA for data-sharing, compliance monitoring, and ensuring fairness in algorithmic management. This will combat price opacity and help monitor unregistered operators.

Worker Protection and Resilience

Mandatory access to essential social security and financial literacy tools must be facilitated to mitigate the inherent worker precarity and earnings volatility associated with gig work.

[25] A notable **policy shift** has occurred as the government moves toward formalizing *Pari* services, aiming to bring them under the regulatory umbrella of the PSV system. This transition reflects a pragmatic approach to balancing enforcement with the need to recognize and regulate an entrenched informal transportation sector.

1. **Mandatory Social Protection Linkage:** As a condition of annual license renewal, it must be mandated that all licensed ODHV/Pari drivers actively contribute to the **Fiji National Provident Fund (FNPF)** and hold comprehensive third party and passenger liability insurance. This directly confronts the lack of social safety nets and worker precarity.

2. **Facilitate FNPF Integration:** The FNPF, Ministry of Finance, and LTA should form a partnership to develop a simplified voluntary or self-employed contribution portal to overcome the complexity of social security enrolment for self-employed workers. This portal should be easily accessible to *Pari* drivers through mobile money or digital platforms.

3. **Targeted Financial Education:** The government should partner with MSME Fiji and the Reserve Bank of Fiji (under the National Financial Inclusion Strategy) to offer tailored financial literacy and micro-entrepreneurship training. This training must specifically address the challenges of managing variable incomes and budgeting for self-employment, thereby supporting the transition of drivers from subsistence work to sustainable micro-enterprise management.

Consumer Protection and Transparency

Building public trust and ensuring fair market practices requires clear standards for service quality, price transparency, and accessible dispute-resolution mechanisms.

1. **Fare Structure Transparency:** A transparent mechanism for displaying and communicating fares must be mandated, particularly concerning the dynamic or surge pricing utilized by mediating platforms. This requires clear, digital, or physical receipts for all passengers to mitigate price opacity and consumer exploitation.

2. **Mandatory Driver Identification:** All licensed ODHV/*Pari* vehicles must be required to display a readily visible unique LTA-issued identification badge for the driver and vehicle (e.g., a QR code linked to license details). This enhances driver accountability and makes it easy for passengers to report poor service or security issues.

3. **Establish a Dispute Resolution Mechanism:** A low-cost technology-enabled mechanism should be created to ensure timely accountability for poor or unsafe service. This could be a dedicated LTA mobile hotline or app function for passengers to report service quality, safety breaches, or fare disputes, thereby ensuring timely human review and resolution.

Significant risks require a proactive and balanced strategic response through a comprehensive policy and operational framework for market sustainability. These frameworks must be designed to preserve technological innovation and market efficiency while effectively addressing emerging vulnerabilities related to worker welfare, earnings floor, and algorithmic transparency. This dual focus is necessary to prevent systemic social and economic risks from undermining the long-term value of a sector.

Conclusion

The Fijian *Pari* taxi service illustrates the emergence of a flexible, demand-driven gig economy within the transportation sector, addressing critical gaps left by conventional taxis and public transportation, particularly during late-night hours. Demand is driven by day commuters, night travelers, and patrons of sociocultural and nightlife activities, with the *Pari* model primarily responding to the latter. Supply-side analysis highlights three operational frameworks: formal owner-operated taxis, semi-formal gig drivers, and informal independent Pari operators, with the latter operating largely outside regulatory oversight.

The growth of *Pari* services is underpinned by unmet nighttime demand, service differentiation, customer trust, and opportunities for supplementary income, whereas regulatory gaps and enforcement challenges facilitate its expansion. However, this sector faces constraints, including fragmented digital organization, safety and liability risks, and tensions with licensed operators.

Policy responses should prioritize voluntary formalization, supportive regulatory frameworks, the integration of social protection, financial literacy, and transparent service standards, along with targeted research to inform evidence-based interventions. A measured and inclusive approach can integrate informal transport into the formal economy, thereby preserving flexibility and innovation while enhancing safety, reliability, and sustainability. Thus, the *Pari* service represents both an economic opportunity and a regulatory challenge, highlighting the potential of informal gig labor in small island transportation systems.

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Appendix 1

Fijian PARI business – Semi Structured Questions

These semi-structured questions are to guide the Talanoa conversations. Talanoa is unstructured; therefore, the purpose of the guide is to ensure that the conversations contain some of the issues that we want to address with the interview participants.

Section A: Personal Profile
Full Name: ______________________________ Age: ______ Gender: Male\Female
Marital Status: Single\Married\Divorced\Widowed
Number of Dependents: ______
City/Area of Operation: ___________________________
Years of Experience as a Driver: ______
Are you a: Full-time Driver\Part-time Taxi Driver

Section B: Business Start-Up
When did you start your taxi business? (Year) ___________
What motivated you to enter the taxi business? Here are some factors: unemployment desire to be self-employed; family business tradition; flexible working hours; passion for driving; Other: ________________________

Did you register your business? Yes\No
What types of vehicle do you operate? Is it a personal, leased, or borrowed vehicle?
Other: _____________________

Section C: Motivation
What motivates you to continue working as a PARI driver\business operator?
Income stability, Independence, Meeting new people, Lack of alternatives, employment, Self-esteem
Other: ________________________
What do you find most rewarding about the job? ____________________________________

What do you find most challenging? ____

Section D: Education and Skills
What is your highest level of education? No formal education, Primary School, Secondary School, College/Technical Training, University Degree
Other: _____________________
Have you received any formal training in driving or customer service?
Yes (Please specify): _____________________ No
Do you have any business or financial literacy training? Yes\No

Section E: Source of Funding
How did you acquire your vehicle or startup capital? Personal savings, Family or friends, Bank loan, Microfinance, Government grant or support
Other: ________________________
Are you currently paying off a loan related to your PARI business? Yes\No

Section F: Marketing and Customer Acquisition
How do you usually attract customers? Is there a Taxi rank/stand? Do customers use street hailing, mobile phones, social media, or ride-hailing apps such as Uber?
Do you promote your PARI services in any way?
Yes (Please specify how): __________________________ No
Do you use any digital tools or platforms to attract or retain customers?
Yes (Which ones?): __________________________ No

Section G: Fee Negotiation and Pricing
How are your PARI fares determined?
Do customers/drivers negotiate fares?
What factors influence your decision to adjust or negotiate a fare?
(talk about distance, time of day, traffic conditions, passenger attitude, competition
Other: ________________________

Section H: Additional Comments
What changes would help improve your business?
Do you think PARI should be licensed and regulated?
Any additional comments or suggestions?

GIG ECONOMY IN INDIA

Introduction

Overview of the Report

The gig economy has emerged as a defining feature of India's labor market, reshaping how employment is undertaken, accessed, and compensated. Traditionally, daily wage labor and part-time work have been predominantly categorized as informal work. Such work is typically short-term or seasonal, including jobs such as daily wage or casual labor (agricultural help during the harvesting season, laborers at construction sites, and retail work during holidays). Concomitantly, self-employed workers, such as hawkers, street vendors, rickshaw pullers (human-powered or pedicabs), domestic service workers, and small repairers, who typically had unincorporated businesses, were also considered informal work.

However, growing Internet penetration, smartphone usage, and rapid urbanization in India, along with rising technological innovation, have provided short-term jobseekers with flexible earnings opportunities (NITI Aayog, 2022). For a young workforce facing uneven job creation in the formal sector, gig work provides an accessible entry point for economic activity, often without barriers to traditional recruitment. Gradually, India's gig economy expanded with the rise of various digital platforms across sectors, such as ride-hailing, food delivery, logistics, e-commerce and quick commerce, and marketplaces for home services, household jobs, and freelance services.

As India's gig economy evolves, more nuanced discussions and studies are required to better understand its impact and enable more informed policymaking. Recent issues that have taken center stage include the regulatory framework for the gig economy, its socioeconomic impact, and the need for better social security products for gig workers. The subsequent sections of this report address some of these issues. The remainder of Section 1 provides an overview of extant literature on India's gig economy and the contributions of this report to the discourse. Section 2 provides an overview of India's gig economy and informal sector, including its definitions, drivers, growth, composition, and contributions of the gig economy. A regulatory overview of India's gig economy is also provided. Section 3 discusses the data collected and methodology used in this study. Sections 4 and 5 present the findings and inferences and provide policy recommendations. Finally, Section 6 presents our conclusions.

Review of Select Studies on the Gig Economy in India

Several studies have examined India's gig economy. The most quoted is NITI Aayog (2022), who provides detailed estimates and projections of the size of India's gig economy. Several studies have discussed issues such as composition, the impact on employment and labor markets, and the social and economic security of gig workers. Table 1 presents a synopsis of these studies.

TABLE 1

SYNOPSIS OF CURRENT LITERATURE ON THE GIG ECONOMY IN INDIA.

Study (Year)	Objective / Expected Outcome
BCG (2021)	This report maps opportunities in gig work, assesses worker contributions and challenges, and urges industries to take on stronger roles in shaping the sector's growth through demand–supply assessments based on company interviews.
NITI Aayog (2022)	This report analyses the economics of gig and platform work, projects workforce expansion over the next decade, identifies key challenges and opportunities, and proposes measures such as financial inclusion, improved work conditions, enhanced female participation, and adoption of global best practices.
AON et al. (2022)	This report focuses on white-collar gig work in the IT-enabled service sector, mapping skills, engagement models, compensation structures, and performance assessment practices based on a survey of 70 technology companies.
ILO (2024)	This study on India's gig and platform economy examines working realities and pandemic impact, recommending actions for Employers and Business Member Organizations to promote fair conditions and a resilient labor market.
AMCHAM–Uber (2024)	This study analyses the roles played by digital platforms, highlighting social security gaps and financial inclusion challenges, and recommends reforms including operationalizing the Code on Social Security, 2020, and integrating urban and rural gig work strategies.
Dhanya (2025)	This study projects the sector's scale by 2047 and proposes a sustainable regulatory framework that emphasizes worker protection, social security, gender-responsive platforms, wage and hour reforms, contract transparency, and stronger social dialogue.

Source: Compiled by authors.

Contributions of this Report

The aforementioned reports on the gig economy offer detailed analyses of its evolution of the gig economy and growth projections. However, the current discourse has some gaps that require examination. This study aims to address four of these gaps.

First, the need for more organized social security products and measures has occupied center stage in all public discourse on the gig economy. This has led to various new regulatory measures that have also been analyzed. In most cases, these regulations have been critically evaluated through the lens of the gig worker. However, this report goes a step further and analyzes these regulations in the context of implementation feasibility and fairness of structure for industry, particularly micro, small, and medium-sized enterprises (MSMEs). Whether the current rules strike the right balance between oversight and market development needs to be examined.

Second, the impact of gig economy on female labor force participation (FLFP) has received little attention. This study adopts a more nuanced approach that examines not only the traditional parameters of FLFP and the gig economy but also other connected socioeconomic variables, including the effects on financial inclusion, financial autonomy, and drudgery work.

Third, this study examines the impact of the gig economy on the insurance and pension sector in India. To date, no studies have addressed this aspect. The existing products in India's insurance and pension sector are currently structured for conventional employer–employee arrangements. Although individuals can select their own insurance and pension plans, these plans, along with those offered by employers (collectively offered to employees), are rigid in structure, payment frequency, and risk assessment. This study examines the effects of the gig economy not only on the growth of the insurance and pension sector but also on product innovations, particularly those driven by InsurTech business.

Fourth, most reports have relied heavily on secondary research and datasets that typically record data on self-employment or unincorporated establishments, which are often used as proxies for gig work. However, this study deviates from this practice. In India, self-employment, regardless of whether it is incorporated, differs from gig work, and this distinction was ratified by the government in the Code on Social Security (CSS), 2020. An important difference between self-employed and gig workers is that the former have more control over risks and prices and are responsible for their own business, whereas the latter are defined as short-term task-driven and have their own social security schemes, separate from those for the unorganized sector. Hence, this study uses qualitative data based on semi-structured interviews to validate some of the findings of the secondary research and present any new findings.

This study aims to address these gaps through qualitative interviews with gig workers and platforms, and suggests broad recommendations for developing a regulatory framework for gig workers in India.

Overview of the Development of the Informal and Gig Economy in India

Definition

According to the System of National Accounts (1993), the informal sector comprises enterprises engaged in producing goods or services, primarily to provide employment and income to those involved. Such units generally function with minimal organizational structure, limited separation between labor and capital, small-scale operations, and informal labor arrangements.

The National Commission for Enterprises in the Unorganized Sector recommends that the informal sector refer to all unincorporated private enterprises owned by individuals or households that engage in the production and sale of goods and services on a proprietary or partnership basis, typically employing fewer than ten workers in total. Furthermore, informal workers/employees are denoted as individuals employed in the informal sector or households, excluding regular employees who receive social security benefits from their employers, as well as those working in the formal sector without access to employment-related or social protection benefits (Labour Bureau, Chandigarh, 2015).

The CSS enacted by the Government of India (GoI) in September 2020 defines a "gig worker" as "…a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship." "Platform work" is further defined as "…a work arrangement outside of a traditional employer-employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems." A platform worker is a person who performs platform work. Correctly distinguishing gig and platform work from self-employment is critical for effective regulation, as clear classification criteria are needed to extend labor and social protections without creating loopholes for either dependent employees or the self-employed (Zeid et al., 2024).

Globally, gig work has been defined somewhat differently. Manyika et al. (2016, p.7), who referred to gig workers as independent workers, categorized them into four broad segments: "…free agents, who actively choose independent work and derive their primary income from it… casual earners, who use independent work for supplemental income and do so by choice; reluctants, who make their primary living from independent work but would prefer traditional jobs… and the financially strapped, who do supplemental independent work out of necessity..." This explains why gig work does not need to be platform-based or a primary source of income.

Gig work is not necessarily an online application or platform-based concept. In India, the CSS defines gig work and platform work separately, and by definition, platform work is a subset of gig work. Moreover, in the Indian context, "self-employed" is used as an umbrella term to cover all types of informal labor and unincorporated enterprises, with gig work being only a subset. This is explained in greater detail later in this text.

Furthermore, gig work in India is typically associated with low-earning odd jobs. However, a report by AON et al. (2022) suggests that although the domain of gig work has been primarily restricted to the unorganized sector, in the last few years, the gig economy has expanded to include highly skilled organized sector jobs, particularly in IT-enabled services.

Thus, the scope of gig work in India can be extended to services in both the unorganized and organized sectors. Moreover, gig workers may operate through one or more web-based platforms or physical/on-site institutions. Therefore, gig work in India currently encompasses various types of tasks. This includes location-based platform work (e.g., food delivery, cab driving, and home services via apps), online freelance work (e.g., graphic design or programming contracted via websites), and non-platform gig work, such as covering part-time casual labor in construction, agriculture, and e-rickshaw/metered cab driving.

Drivers of Growth in the Gig Economy

India's gig economy has grown exponentially over the past decade, driven by a confluence of social, economic, financial, and technological factors. This transformation has been particularly pronounced in urban centers. The gig economy, characterized by short-term, flexible, and project-based employment, has emerged as a significant component of India's labor market, reshaping traditional employment paradigms.

Social Drivers

Social change has played a pivotal role in the rise of India's gig economy. The country's youthful demographic, with a median age of 28 years, has been a critical factor. India's demographic dividend, with over 65% of its population under the age of 35, has led to a workforce that values flexibility, autonomy, and work-life balance over traditional 9-to-5 jobs (IBEF, 2025). This shift in work preferences has been amplified by the growing acceptance of gig work as a legitimate career choice rather than a stopgap arrangement or supplement to full-time work. Furthermore, the rise of urbanization and a "digital native" generation have led to increased on-demand services, such as food delivery, ride-hailing, and home services (NITI Aayog, 2022).

Economic Drivers

Economically, the gig economy has emerged as a critical component of India's informal labor market, accounting for nearly 90% of the country's workforce (ILO, 2024). The gig economy is driven by the need for cost-effective labor solutions for MSMEs. For MSMEs, gig workers offer a flexible and scalable workforce that reduces fixed labor costs and labor compliance issues. For sectors such as e-commerce, logistics, and hospitality, where demand fluctuates seasonally owing to festivals and seasonal sales, gig workers are a cost-effective means of meeting incremental demand. For workers, gig jobs provide an accessible means of earning income. The COVID-19 pandemic fueled this trend further, as job losses and economic uncertainty forced many people to turn to freelance and part-time work to survive. Currently, many companies have resorted to reducing operational costs by outsourcing non-core activities to gig workers, thereby driving the adoption of gig work across sectors.

Financial Drivers

Financial inclusion and digital payment systems have been instrumental to the growth of India's gig economy. The proliferation of Unified Payments Interface has facilitated seamless transactions between gig workers, platforms, and customers. Financial incentives also play a pivotal role in gig economies' growth. The Reserve Bank Innovation Hub, a wholly owned subsidiary of the Reserve Bank of India, is currently running a pilot program with the fintech firm Vivifi Finance (Shukla, 2024) to issue microloans to gig workers. Several other fintech firms and large banks cater to gig workers through unsecured microloans. Loans are also being made available seamlessly through India's Unified Lending Interface. The availability of microfinancing and small loans through fintech platforms has enabled gig workers to invest in assets essential to their work, such as vehicles and smartphones.

Technological Drivers

Technological advancements are the cornerstone of the expansion of India's gig economy. As of June 2025, India has over one billion Internet users (Press Information Bureau, 2025), enabling wide access to gig platforms. Mobile applications for ride-hailing, food delivery, and freelance work have simplified the process of connecting workers with customers. The COVID-19 pandemic further accelerated digital technology adoption as businesses and consumers were forced to shift to online service platforms. The development of platform-based business models powered by algorithms and AI has facilitated efficient matching of supply and demand, ensuring smooth operations.

Growth of the Gig Economy

The two datasets most commonly used to estimate gig workers in India are the Periodic Labour Force Survey (PLFS) and the more recent Annual Survey of Unincorporated Sector Enterprises (ASUSE). However, these datasets have significant limitations. First, until the beginning of 2025, the PLFS only considered respondents from urban centers and did not account for rural India. Second, the PLFS collects data from four broad groups: regular wage/salaried employees, casual laborers, own-account workers, and contributing family members. No separate category is provided for gig work. Thus, although gig workers are included in the respondents, they cannot be identified separately and may be placed under either own-account workers or casual laborers. Third, the ASUSE data consider all types of unincorporated establishments, and although self-employed people are a subset, they are not necessarily gig workers, as noted in the subsection on this report's contributions.

Despite these limitations, several studies have attempted to estimate the size and contribution of the gig economy. The Boston Consulting Group (BCG, 2021) estimates the potential for gig work in India is as high as 90 million. Based on this estimate, the gig economy is expected to contribute USD250 billion and an incremental 1.25% to India's GDP in the long run.

The NITI Aayog (2022) analysis estimated approximately 7.7 million gig workers in 2020–21, which is projected to rise sharply to approximately 23.5 million by 2029–30. According to various media reports, gig workers in India were estimated to number approximately 12 million in 2024–25 (Seth, 2025). The estimates vary because of differences in the methodology used (demand and supply estimation versus PLFS data projections) and sectors considered (BCG and NITI Aayog consider different sectors with some overlap).

The report by AON et al. (2022) predicts India's share of the gig economy in the total workforce will increase to 4.1% by 2030. The report further states that of the 70 employers surveyed, approximately 75% employed 2000 or more gig workers. All companies stated that they had increased the number of gig workers in their organizations by as much as 30%. However, this was limited to white-collar jobs in the technology field.

More recently, Dhanya (2025) used the same methodology and a more refined dataset from the NITI Aayog study to estimate that India's gig economy will grow to 61.6 million by 2047.

Growth figures and projections are significantly limited by the paucity of proper data, thus running the risk of underestimation or overestimation.

Composition

The gig workforce is primarily young and urban. BetterPlace's Frontline Index (2023) reports a median age of 25 years, with approximately 72% of frontline gig workers aged 20–30 years. Notably, almost half (nearly 48.5%) of India's gig workers fall in the age bracket of 19–25 years. Many hold high school or college qualifications, with approximately 50% of platform/frontline workers having at least a bachelor's degree (Seth, 2025). In terms of gender distribution in the workforce, women remain a minority in gig roles. BetterPlace's Frontline Index Report (2022) indicates that women hold only approximately 3% of frontline delivery and logistics roles. Women face barriers such as safety, long working hours, and lack of flexibility, limiting their participation.

Based on data from the GoI's e-Shram portal (https://eshram.gov.in//dashboard), over 300 million unorganized workers, including gig workers, have been registered independently or through registered platforms. In terms of age groups, 58% are 18–40, 24% are 40-50, and 18% are over 50. Notably, 54% of those registered are women. Reports suggest that the proportion of female platform-based gig workers is between 10% and 28%. This is consistent with the narrative that women's access to smartphones is an impediment.

Key Sectors

Gig work spans many industries, although certain sectors are dominant. NITI Aayog (2022) reports that approximately half of gig workers are in retail trade or transportation, often in sales or driving jobs. Other major sectors include manufacturing, construction, and education/health (BetterPlace, 2022). Overall, gig work remains largely informal, with over 80% of gig jobs not covered by formal employment contracts. However, an increasing number are opting to work with organized firms. Geographically, gig workers are concentrated in urban hubs, with six states accounting for approximately 60% of India's gig workers.

BCG (2021) estimates that construction and real estate will contribute to 39.6 million gig jobs, manufacturing to 9.5 million, retail and e-commerce to 1.7 million, transport and logistics to 20.9 million, domestic services to 12 million, shared services (e.g., accounting and legal) to 5 million, and other sectors to approximately 6 million.

The e-Shram portal provides a detailed breakdown of informal workers across sectors (Table 2).

TABLE 2

SECTOR-WISE CLASSIFICATION OF INFORMAL WORKERS (AUGUST 2025).

Occupation Sector	No. of Registrations
Agriculture	161,123,828
Domestic and Household Workers	29,057,593
Construction	28,186,568
Apparel	20,350,442
Miscellaneous	14,124,487
Automobile & Transportation	8,344,335
Capital Goods & Manufacturing	6,459,324
Leather Industry Works	6,108,654
Education	5,227,191
Electronics & HW	5,026,555
Tourism & Hospitality	4,239,392
Healthcare	3,490,541
Office Administration & Facility Management	2,986,099
Tobacco Industry	2,710,089
Retail	2,362,841
Handicrafts & Carpets	2,341,905
Beauty & Wellness	2,094,151
Food Industry	1,566,170
Gem & Jewellery	1,020,749
Professionals	821,660
Printing	500,270
Private Security	457,364
Mining	452,055
Service	297,243
Glass & Ceramics	288,616
Textile & Handloom	205,752
Wood & Carpentry	205,215
Musical Instruments	112,316
Organised Retail	88,378
Banking, Financial Services & Insurance	45,148
Total	310,294,931

Source: *e-Shram Dashboard (https://eshram.gov.in//dashboard)*

Types of Gig Work

Gig work in India is typically classified as either platform/non-platform-based or skill-based (high/semi/unskilled). The number of non-platform gig workers in India has never been estimated. They are typically a subset of the self-employed population. Digital platforms have helped bring disaggregated gig workers onto technology-enabled ecosystems. However, exact estimates of platform-based gig workers are unavailable. The closest estimate is from the e-Shram portal, which indicates that as of 5 August 2025, 12 registered platforms account for approximately 330,000 gig workers (Press Information Bureau, 2025).

Regarding skill-based work, NITI Aayog (2022) estimates that 47% of gig workers are in medium-skilled work, 22% in high-skilled work, and 31% in low-skilled work. The report also indicates that low- and high-skilled gig work is increasing. High-skilled gig work typically includes professional services, whereas unskilled/semi-skilled gig work includes ride-sharing, logistics and delivery, sorting and packing, and domestic services.

Key Characteristics of the Gig Economy

Debates regarding the gig economy often center on its dual character as both an enabler of opportunity and a source of new vulnerabilities. Before addressing the limitations and risks associated with gig work, the following discussion considers its advantages.

Advantages of Gig Work

Many workers value gig work for its flexibility and autonomy. Short-term tasks enable people to fit gig work around other commitments, including completing educational and familial responsibilities. This flexibility is especially important in India, particularly for women, who are often disproportionately burdened with unpaid care and domestic duties.

Gig platforms can also connect skills to demand, supplement family income, or provide a stepping stone to entrepreneurship. Gig work also presents an entry point for both unskilled and underskilled workers by lowering entry barriers to employment. It often requires no formal qualifications and offers people the opportunity to monetize their existing life skills, such as driving or providing domestic services.

Challenges of Gig Work

Gig earnings are often unstable. Traditionally, gig workers in India receive few social benefits. Classified either as “independent contractors” or “driver/delivery partner,” they are not covered under employment laws that mandate social security. Platforms often exert tight control using opaque algorithms, potentially leading to exploitation and power asymmetry. Dispatch systems, performance ratings, and unilateral rule changes imply that workers have little say in terms of pay or working conditions. Fairwork India Ratings (2024) surveyed 11 gig work platforms in India and found that very few guaranteed a minimum wage. Only two had any policy ensuring even the statutory minimum wage after costs, and none guaranteed a “living wage.” Furthermore, algorithmic deactivations (i.e., being removed from an app for low ratings) can suddenly cut off income.

Studies have also highlighted gender inequalities (Kasliwal, 2020; Kelkar, 2022). Women hold only a small proportion of delivery and transportation jobs. A commonly cited (though unverifiable) 2019 report by TeamLease suggests a wage disparity of 8%–10% between male and female delivery gig workers. However, this is the only report that highlights this alleged wage differential. A more plausible scenario is that of an earnings differential rather than a wage differential. This has three potential reasons. First, women in gig work, much like those in traditional work, are in low-paying, low-skill jobs. Second, women work fewer hours than men because of caregiving and domestic responsibilities. Third, algorithmic bias often allocates less work to women because of these decreased working hours.

Gig workers in India are frequently exposed to serious occupational hazards that threaten their health and safety. The algorithmic, performance-based structure of many platforms subjects workers to chronic stress, which has been linked to symptoms such as fatigue, sleep disturbance, and musculoskeletal pain. Currently, India lacks dedicated legislation to guarantee safety standards for gig workers.

Skilling for the Gig Economy

Gig platforms can help workers develop new skills and gain experience. Many gig workers participate in short online courses or on-the-job training to improve service quality. The National Skill Development Corporation (NSDC) has emerged as a key institutional actor in addressing the evolving skill requirements of India's gig workforce. One of the most prominent interventions is the Pradhan Mantri Kaushal Vikas Yojana, which provides short-term training across diverse sectors, such as logistics, e-commerce, and delivery services. The scheme's design makes it particularly relevant for workers seeking to enter or transition within gig roles. Alongside government-led efforts, the NSDC has forged partnerships with e-platforms such as Uber, Swiggy, and Zomato to facilitate training in rider safety, customer engagement, and digital competencies.

BetterPlace (2023) notes rising interest in upskilling among frontline workers. The digitalization of skilling has advanced through the Skill India Digital platform, which offers micro courses and certifications. This platform expands access to flexible, low-cost learning opportunities suited to the fragmented work patterns of gig workers. Complementing new training, the Recognition of Prior Learning framework provides certification of existing skills among delivery personnel and drivers, granting them formal recognition that may enhance their mobility and bargaining power within the labor market.

A notable dimension of the NSDC's approach is its emphasis on inclusivity. Specific programs target female gig workers and equip them with soft skills, financial literacy, and entrepreneurial training to strengthen their participation in platform work, particularly in e-commerce and delivery services. The NSDC's initiatives reflect an incremental yet structured response to the skilling demands of the gig economy.

Regulatory Framework for the Gig Economy

Recently, the GoI has taken notable steps to recognize gig workers and extend protections.

Code on Social Security, 2020

The CSS is the first regulation that grants recognition and social security to gig workers, as well as the first to define gig and platform work (see Section 2.1). The key provisions of the CSS are as follows:

1. Unified framework:
   a. Establishes a common social security architecture covering organized, unorganized, gig, and platform workers.
   b. Envisions a National Social Security Board to design and oversee relevant welfare schemes.

2. Scope of benefits:
   a. Empowers central and state governments to frame schemes providing:
      i. Life and disability insurance
      ii. Health and maternity benefits

   iii. Old-age protection and provident fund contributions
   iv. Employment injury compensation
   v. Other welfare measures as notified

3. Funding and contributions:
   a. Allows aggregators/platform companies and governments to contribute to welfare schemes.
   b. Mandates a welfare cess (a form of tax levied by the government) on designated aggregators between 1% and 2% of annual turnover (excluding taxes), capped at 5% of total payments to gig and platform workers.
   c. Finances worker benefits through contributions to a Social Security Fund.

4. Data and administration:
   a. Permits the creation of gig and platform worker databases to enable the targeted delivery of welfare measures.

Although the CSS establishes a legal framework, it leaves the implementation to state governments since "labor" falls under the Concurrent List[1] of the Constitution of India. Nonetheless, formally recognizing gig workers opens the door to social security benefits and establishes a framework.

Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023

Rajasthan was the first state to enact legislation. Its key provisions are as follows:

1. Definition – Same as the CSS; defines gig worker and platform

2. Creation of the Rajasthan Gig Worker Welfare Board, tasked with
   a. Registering platform workers and platforms
   b. Ensuring automatic deduction of welfare funds
   c. Monitoring social security schemes for platform workers
   d. Ensuring time bound grievance redressal for platform workers

3. Creation of the Welfare Fund – percentage and utilization at state government discretion

4. Main limitation – although both gig and platform workers are defined, most clauses are applicable only to platform-based gig workers.

5. The first of its kind, it is not as detailed as the Karnataka legislation described below.

Karnataka Platform-Based Gig Workers (Social Security & Welfare) Act, 2025

The Karnataka Act is more recent and thus more detailed. Similar to the Rajasthan Act, it defines both gig workers and platforms and creates a Karnataka Gig Worker Welfare Board with similar functions and that collects welfare fees. However, it differs from the Rajasthan Act as follows:

1. Mandates "fair" contracts between platforms and platform workers

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[1] The Indian Constitution provides three lists: the Union List, the State List, and the Concurrent List. These lists segregate policy matters into the ambit of the Union Government and State Governments. The Union List and State List classify policy matters that are exclusively within the ambit of the Union and the State, respectively. The Concurrent List classifies policy matters that fall under the ambit of both Union and State governments.

2. Information must be provided to platform workers on how to seek information on automated monitoring and decision-making parameters

3. Contracts must contain clauses on grounds for termination

4. A 14-day notice period must be provided before termination

5. Specifically mandates reasonable working conditions (not mentioned in the Rajasthan Act)

6. Payments must be made at least weekly

7. Welfare fund set at between 1% and 5% of payout to platform workers.
   The main limitation of the Karnataka Act is that it applies only to platform workers and completely excludes non-platform gig workers.

Data and Methodology

This study employed a mixed-methods approach. A summary of key studies on the gig economy is provided in an earlier subsection. The earlier subsection details gaps in the literature and available data. To complement findings in the literature, this study conducted interviews with key actors in the gig economy. Four sectors were selected for the interviews: e-commerce, domestic services, ride-sharing (gig economy sector), and insurance and pensions. These sectors were selected based on their potential for the gig economy (BCG, 2021) and the prevalence of female gig workers, particularly on e-commerce and domestic service platforms. All interviews were conducted between August and November 2025 using semi-structured questionnaires.

To provide insight into the reality of gig work, interviews were conducted with five gig workers each across three broad categories: e-commerce, ride-hailing, and domestic services. Of the 15 total gig workers interviewed, five were female (four platform-based, one non-platform-based) and 10 were male (six platform-based, four non-platform-based). These workers were contacted with the help of platforms and personal gig work services used by the authors of this report during the course of this study. Key variables captured through the interviews included the number of hours worked per week/month, wages earned, satisfaction levels, current challenges faced, career progression options, skilling, awareness of the government's e-Shram portal, and reasons for choosing gig work. For female gig workers, apart from the common questions, the interviews focused on understanding their reasons for joining gig work, the flexibility it offers, the financial independence it provides, safety concerns, what they were doing before gig work, and whether they would transition to full-time work.

Interviews were also conducted with two leading platforms (a leading e-commerce platform and a domestic services platform) to understand their policies and initiatives in relation to the gig economy. Two companies in the insurance sector were also interviewed to understand the impact of the gig economy on this sector. Interviews with the companies were conducted with senior representatives.

The interviews with the two platforms captured information on gig worker hiring practices, types of gig workers and areas of work in which they are engaged, forecasts for the future, social security measures they provide, training they provide, preference for male or female gig workers and why, basic fees and rules included in their gig work contract, and the impact of social security codes/regulations on their operations.

The insurance companies were selected based on product availability and ties to gig platforms. These interviews also provided details on topics such as innovations in insurance products, the use of AI and blockchain in these innovations, and new risk assessment methods, while comparing these emerging innovations with the more traditional products available. The focus of the interviews was largely on understanding the limitations of existing products, need for innovations in products, types of innovations that have been achieved, and role of emerging technology in these innovations.

Results

This section summarizes key findings from the interviews.

Overall Findings from Interviews with Gig Workers

The male gig workers interviewed worked approximately 9–10 hours per day, whereas female platform-based gig workers worked approximately 4–6 hours per day. Non-platform-based workers worked approximately 8 hours per day. The average daily earnings were approximately INR2,500–INR3,500; however, monthly earnings after expenses such as fuel and commuting, were INR60,000. Gig work was the full-time job for almost all respondents, implying that they do not use gig work to supplement their income. Platform-based gig workers (ride-hailing) stated that their income was no higher than before they opted for gig work. However, the flexibility was a significant advantage that made it worthwhile. A platform-based gig worker in ride-hailing complained that the per-kilometer rate charged by the platform was significantly lower than that of offline taxi services (INR7 per kilometer vs. INR15 per kilometer). Two non-platform-based taxi service gig workers corroborated this. This rate difference was cited as the reason for platform-based gig workers' lower earnings.

Only two of the 15 gig workers were aware of the e-Shram portal. Only three had insurance (against accidents) that they obtained themselves. E-commerce-based gig workers stated that they earned more through gig work than regular work, particularly when seasonal demand was high. None of the gig workers reported any poor working conditions.

All the ride-hailing platform workers complained about the lack of a feedback loop from their end to the platform, particularly regarding cancellations or complaints. One worker stated that the platform did not bother to authenticate customer complaints, resulting in poor ratings subjecting them to algorithmic bias. Another worker provided a similar example of how cancellations by drivers as a result of non-responsive customers or road inaccessibility (because Google Maps is not always accurate) also place them at an algorithmic disadvantage. The lack of consideration of the worker's perspective, particularly when ratings, complaints, and cancellations were behavioral outliers, was identified as a significant pain point.

Overall, most gig workers were happy with their current arrangements. However, one worker would have preferred to return to full-time employment but faced a lack of opportunities.

Female-specific Findings

The female gig workers interviewed found gig work helpful because of the flexibility it allowed between work and home. They were also able to better plan for seasonal work opportunities. Their concerns included exertion (particularly when carrying equipment) and bathroom access (client-dependent for domestic services), but not safety in particular. All female gig workers alluded to a sense of accomplishment and empowerment because of their ability to earn well.

None of the female gig workers alluded to a gender-based pay differential. However, platform-based female gig workers stated that their commuting costs cut into their overall monthly earnings. The four platform-based gig workers earned more through gig work than offline work, even with reduced hours. Before gig work, they were either small business owners or worked in small businesses with limited clients. Gig work had removed overhead costs and helped increase their client base.

Notably, the interviews provided no evidence of the gender-based wage differential documented in some studies. However, a clear gender-based earnings differential exists for reasons such as hours worked, costs incurred during work, and quantum of algorithm-driven work allocation.

Findings from Company Interviews

The leading e-commerce company stated that gig workers are extremely valuable during seasonal spikes. They focused on hiring more women in traditional roles, such as packaging and sorting, and ensuring that they have good working conditions similar to their permanent workers. Pay differed slightly between gig and full-time workers, largely because of hours. Although basic skills were taught, no extensive skilling programs or career progression strategies were available for gig workers.

A domestic services aggregator platform stated that they had no pay differential between male and female workers. However, their data suggest that women work fewer hours than men. Women tend to sign off at approximately 18:00, possibly because of domestic responsibilities. The platform also stated that they take women's safety seriously and have incorporated an SOS button into their app that female workers can use. They also obtained feedback from gig workers about customers, and repeated complaints about the same customer could result in that customer being banned from the platform.

Although job-based soft skills training was provided to all gig workers at the beginning of their onboarding, the platform felt that supplementary training, such as how to ride/drive or spot and handle domestic violence (since many women working with this platform come from such backgrounds), has had a significant impact on female workers' earnings and sense of empowerment. The most requested training, which was unavailable but under consideration, was on managing and investing money.

Both companies stated that they had an in-house emergency fund that could be used for medical exigencies. Both companies offered health and accident insurance to active workers. Active workers were defined based on the number of jobs undertaken per month or minimum hours of gig work completed. Both companies stated that they did not see any immediate advantages in onboarding their gig workers on the e-Shram portal because it was not linked to any immediate benefits for the workers and was a compliance burden that could currently be avoided.

Both companies stated that although state regulations were welcome and necessary, they were concerned about their implementation, particularly the welfare fund, as no information has been provided on how the money from the fund will be allocated or used. Both companies had experienced significant growth in gig workers, particularly female workers, in recent years and expected steady growth in the foreseeable future.

Findings from Insurance Sector Interviews

Platforms approach insurance companies to provide insurance products as an incentive for gig workers to minimize attrition. Most of the products offered are loyalty/retention-based. The coverage periods can be daily, weekly, or monthly. For ride-hailing gig workers, it is usually daily.

Typically, three to four types of insurance are offered: accident insurance (cheapest, at INR20–30 per month), health insurance (INR100 per month, expensive and rarely offered), parametric income protection (amount can vary; covers any income loss for any reason), and Equated Monthly Instalment (EMI) Protection (usually if hospitalized), so that EMI payments are not missed. Among these, health insurance is the most complex, as it does not cover pre-existing conditions, and the claim time can be long.

Moving forward, data will play a key role in improving product pricing. Platforms are in a position to collect quality data that can be shared with insurance companies for better-structured products. Educating platform workers on how to access insurance is also important, as many are either unaware of or have trouble claiming reimbursements because of issues with paperwork. The two companies also agree that private insurance products are cheaper than government-run insurance products and offer better services.

Discussion and Policy Recommendations

Extended Findings

This report examines four specific aspects that have not been covered in detail in the literature.

Regulatory Assessment

The CSS was a welcome move because it aimed to incorporate gig workers into mainstay labor markets by ensuring that they have access to social security products. As the insurance and pension sector innovated and developed, the government enacted legislation to create pooled funds. As a first step, the government encouraged platform workers to be registered on the e-Shram portal.

The percentage of registered platform workers (Table 3) remains negligible across states, even for those that have enacted state legislation or draft bills pending. Thus, a more concerted push is required for registration.

TABLE 3

PERCENTAGE OF REGISTERED PLATFORM WORKERS TO TOTAL REGISTRATIONS (5 AUGUST 2025).

S.No.	State Name	Total Platform Registrations	Total Informal Labor Registrations	% of Platform Workers Registered
1	Maharashtra	80,332	179,02,323	0.45%
2	West Bengal	32,274	264,93,246	0.12%
3	Andhra Pradesh	26,690	86,49,237	0.31%
4	Uttar Pradesh	23,379	840,31,985	0.03%
5	Gujarat	18,764	122,01,659	0.15%
6	Tamil Nadu	16,955	93,48,684	0.18%
7	Rajasthan	16,087	149,53,221	0.11%

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S.No.	State Name	Total Platform Registrations	Total Informal Labor Registrations	% of Platform Workers Registered
8	Bihar	16,043	300,83,653	0.05%
9	Assam	15,614	77,29,674	0.20%
10	Madhya Pradesh	14,050	189,70,714	0.07%
11	Telangana	13,573	45,52,782	0.30%
12	Karnataka	13,553	109,05,948	0.12%
13	Delhi	11,016	35,85,360	0.31%
14	Haryana	7,277	54,05,100	0.13%
15	Jharkhand	6,204	97,06,742	0.06%
16	Kerala	5,761	60,72,409	0.09%
17	Punjab	4,846	58,71,966	0.08%
18	Odisha	4,358	136,21,535	0.03%
19	Chhattisgarh	2,706	86,08,290	0.03%
20	Uttarakhand	2,211	30,89,907	0.07%
21	Jammu and Kashmir	1,630	36,01,959	0.05%
22	Tripura	1,182	8,97,288	0.13%
23	Himachal Pradesh	816	20,05,247	0.04%
24	Goa	683	83,585	0.82%
25	Meghalaya	585	3,53,619	0.17%
26	Chandigarh	439	1,88,841	0.23%
27	Manipur	431	4,65,433	0.09%
28	Arunachal Pradesh	380	2,10,483	0.18%
29	Nagaland	351	2,39,567	0.15%
30	Puducherry	245	1,95,338	0.13%
31	Sikkim	225	49,191	0.46%
32	Mizoram	121	72,309	0.17%
33	Andaman and Nicobar Islands	114	34,553	0.33%
34	Dadra and Nagar Haveli and Daman and Diu	73	75,500	0.10%
35	Ladakh	29	34,738	0.08%
36	Lakshadweep	3	2,845	0.11%
	Total	3,39,000	3102,94,931	0.11%

Source: *Government e-Shram portal*

The most common criticism of social security acts by industry was related to the requirement that firms contribute 1–2% (capped at 5%) of their annual turnover to a central government-run social security fund. This appears to be above the social fund contributions mandated by the state government. However, this remains unclear. This fund is based on the turnover of notified businesses and not on the number of gig workers, creating significant asymmetry. For example, an e-commerce company may hire fewer gig workers than a ride-hailing company but still be required to contribute more than the ride-hailing company if their turnover is higher. Some states have mandated that a similar fund be collected (although no amount has been collected thus far); however, the details of how it will be utilized remain unclear. Furthermore, it mostly covers platform workers rather than non-platform workers.

Many platforms voluntarily offer social security measures to gig workers and thus question whether government-run welfare funds can target gig workers more efficiently. In the interviews, the companies stated that if the fund became operational, they would discontinue any social security schemes that they currently offered, as this would add to their costs. They also noted that this may affect workers more because accessing the social security measures offered through the fund would require navigating more red tape, particularly during emergencies. This would be an arduous and time-consuming process.

Female Labor Force Participation

Over the last few decades, FLFP in India initially declined, reaching a low of 22.5% in 2011–2012. However, recent data show a gradual recovery, with the labor force participation rate rising to 32.8% in 2022–2023 (PLFS Quarterly Bulletin, 2025). The number of gig workers has been steadily increasing, as reflected in e-Shram registrations. However, data on female platform gig workers are unavailable.

Through gig work, women continue to perform jobs similar to those they have done previously, such as domestic services, beauty services, and nannying. Only a limited number of women work in ride-hailing or delivery services. E-commerce has been a significant contributor to female gig workers, with many e-commerce platforms creating fulfillment centers that exclusively hire female gig workers during seasonal demand spikes. In sectors where male and female gig workers are in equal proportions, while there is no wage differential per se, men earn more per month than women, mostly because they work longer hours. Women continue to opt for fewer hours, largely because of pressure from unpaid care or domestic work.

Women tend to earn more and experience less work drudgery through platform work than men. They do not mind contractual arrangements regarding the minimum hours worked required by platforms, as long as they have the flexibility to complete them at convenient times during the week.

Impact on the Insurance and Pension Sector

According to a report by the Insurance Regulatory and Development Authority of India (IRDAI, 2023), the penetration rate of health and accident insurance among gig workers has increased by 18% since 2020. This growth is attributed to the introduction of tailored products, such as micro-insurance and pay-as-you-go policies, which cater to gig workers' irregular income patterns. Similarly, the pension sector has seen a rise in voluntary contributions from gig workers, particularly through the National Pension System (NPS), which offers flexible contribution options.

The IRDAI estimates that the insurance sector generated approximately INR12,000 crore (USD1.5 billion) in premiums from gig workers in 2022, a 25% increase from the previous year. This growth is driven by rising awareness and affordability of tailored insurance products. In the pension sector, the NPS, managed by the Pension Fund Regulatory and Development Authority (PFRDA), has reported a 30% increase in contributions from gig workers since 2021 (PFRDA, 2023). This trend is expected to continue as more gig workers seek long-term financial stability. Furthermore, private pension providers have introduced innovative products, such as flexible retirement plans and digital pension platforms, further boosting revenue.

The gig economy has spurred significant product innovation in both sectors. Insurers have developed micro-insurance products that offer coverage for specific gig-related risks, such as accidents during delivery rides and health issues arising from irregular work hours. For example, platforms such as Swiggy and Zomato have partnered with insurers to offer affordable health and accident coverage to their delivery partners. Product innovation in the pension sector has focused on flexibility and accessibility. The NPS now allows gig workers to make contributions as low as INR500 per month, with the option of increasing or decreasing contributions based on their income. Additionally, digital platforms such as Groww and Paytm have simplified the process of enrolling in pension schemes, making it easier for gig workers to save for retirement.

Despite these opportunities, gig workers' irregular income makes it difficult for them to commit to long-term financial products. Furthermore, the lack of a formal employment framework complicates the process of providing benefits, such as employer-matched contributions to pension schemes.

Policy Recommendations

Based on the findings of this study, certain recommendations can be made. First, the definition of gig work must be standardized to include both platform- and non-platform-based work. Second, the government must update existing survey tools, particularly the PLFS and ASUSE, to include a separate category for gig work. Third, the government should operationalize the social security funds that have been constituted through state government acts. This must also include details on the types of social security products offered and how gig workers are targeted.

Fourth, the need for a separate central government-constituted gig welfare fund must be re-examined, and any such fund should be linked to the number of gig workers employed rather than turnover. In the long run, social security measures must transcend the creation of funds through companies' contributions to better insurance and pension products that companies can offer their gig workers directly. This would allow for more efficient delivery of social security to gig workers.

Fifth, platforms, particularly ride-sharing platforms, must establish appropriate grievance and feedback systems for gig workers. Any complaint raised by consumers must also record feedback from gig workers to validate its authenticity. Sixth, platforms must actively register their gig workers on the e-Shram portal, even if this is not yet mandatory. Furthermore, companies should be required to report information, such as the number of gig workers employed, average pay, cases of accidents or injuries, and insurance disbursals, to either state regulatory authorities or at the time of their annual filings. This would provide better data on the gig economy and ensure better corporate governance.

Seventh, to ensure reasonable working conditions and consumer safety, the government should stipulate the maximum number of hours that a gig worker can work per day. This is particularly pertinent and necessary for ride-hailing and delivery services to ensure the safety of workers and consumers. Eighth, companies must design better career progression plans for their gig workers, including the option to absorb them into full-time work based on workers' performance and willingness. This could potentially be differentiated for white- and blue-collar gig work.

Conclusions

India's gig economy continues to evolve rapidly. Although the government has been proactive in recognizing the importance of the gig economy and its contributions to the labor market and overall economy, it has yet to cohesively address some of the major challenges that the gig economy presents. For India to truly realize the potential of the gig economy, it must be able to identify and target each gig worker to better implement social security schemes. Thus, the government must encourage platforms, companies, and workers to actively register gig workers on the e-Shram portal. However, the most critical issue for the government is addressing significant data gaps in terms of estimating the number of gig workers. Without this, informed policymaking based on ground realities will not be possible. India requires more primary data-driven studies for better regulations and policymaking.

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GIG ECONOMY IN INDONESIA

Introduction

The gig economy, defined as short-term task-based jobs mediated by digital platforms, has become a major global trend in the transformation of labor markets. In Indonesia, its rise is closely tied to the emergence of online ride-hailing services in 2015, which introduced a new model of labor intermediation that framed drivers as "partners" rather than employees. This model has quickly expanded beyond transportation to include food delivery, courier services, e-commerce, and online freelancing. For many Indonesians, the gig economy represents both the promise of flexible opportunities in the absence of formal jobs and a new form of labor exploitation, where the risks are shifted from companies to workers.

The objective of this report is to comprehensively examine the development of the gig economy in Indonesia, focusing on its implications for worker productivity. Although gig work is often celebrated for its inclusivity and flexibility, questions remain regarding its contribution to long-term economic progress. Productivity, understood in terms of output per worker, income per hour, and value-added per unit of labor, remains central to Indonesia's growth trajectory, as the country aims to escape the middle-income trap by 2045. Thus, this report addresses three core questions: How has the gig economy in Indonesia evolved, and what role does it play in the labor market? What are the characteristics and productivity outcomes of gig workers? What regulatory and policy frameworks are required to balance labor protection with productivity enhancement?

Empirical evidence on Indonesia's gig economy remains relatively limited but has grown in recent years. Permana et al. (2023) provided the first systematic attempt to define a typology of gig work, identify platform providers, and estimate its size using microdata from the 2019 National Labor Force Survey (*Sakernas*). This study extends their work by drawing on 2024 data and comparing the results. Permana (2025) highlighted how online platform workers benefit from urban agglomeration by utilizing multiple workplaces, building social networks, and acting as microentrepreneurs who leverage urban density.

Nastiti (2017) examined how platforms deploy the rhetoric of flexibility while exercising algorithmic control over drivers, leading to precarious labor conditions. Izzati and Sesunan (2018) highlighted the legal vacuum surrounding platform work, stressing the urgent need for regulations to address drivers' ambiguous employment status. Ford and Honan (2019), Frey (2020), and Panimbang (2021) explored collective action and grassroots organizing among drivers, noting the emergence of informal communities and digital networks that partially compensate for the absence of traditional unions. Rachmawati et al. (2021) documented how the COVID-19 pandemic worsened vulnerabilities, while Joewono et al. (2021) showed a direct correlation between drivers' job satisfaction and their productivity. By contrast, studies on online freelancing and remote work remain limited. Faisal et al. (2019) used web-scraping to map Indonesian digital workers across platforms such as Upwork and Freelancer.

Platform-mediated work is shaped not only by legal and economic structures but also by power relations and worker agency, echoing broader international debates on algorithmic management and resistance in platform labor (Rosenblat & Stark, 2016; Tassinari & Maccarrone, 2020). Mustika and Savirani (2021) demonstrated how online motorcycle taxi drivers individually express resistance, such as through digital hacks, before collectively sharing these tactics on social media. Izzati and Sesunan (2022) argued that the widespread use of the partnership model has led to "misclassified partnerships" that exploit legal loopholes, deny workers' rights, and highlight the need for regulatory reforms. Novianto et al. (2023) found that gig workers in Indonesia often face harsh conditions, such as long hours, low pay, and little protection, and their work fails to meet most of the decent work standards of the ILO.

To date, 39 studies on Indonesia's gig economy have revealed recurring themes regarding working conditions, precariousness, labor relations, and legal status of gig workers. Most studies have focused on ride-hailing drivers, whereas online freelancers remain underexplored. Notably, no study has explicitly examined the relationship between gig work and productivity. Collectively, the literature underscores that Indonesia's gig economy is fragmented between low-skill, labor-intensive transportation work and high-skill, digitally mediated freelance services. However, a systematic understanding of how these distinct segments contribute to Indonesia's productivity trajectory is lacking.

Benchmarking Indonesia against international experiences reveals similarities and differences. In the United States, Katz and Krueger (2019) estimated that platform-based gig workers accounted for only 0.5–1% percent of the workforce, which is comparable to Indonesia's 0.3–1.7%. In the EU, surveys by Pesole et al. (2018) indicated that up to 11.9% of adults had engaged with digital platforms, although only 2% relied on them as their primary source of income. In the United Kingdom, estimates range between 2.2% and 4.4%, depending on the methodology used (Balaram et al., 2017; Lepanjuuri et al., 2018). In Asia, India's gig economy is dominated by transportation and delivery work, employing millions but generating low productivity per worker. However, the Philippines has leveraged digital freelancing to integrate skilled workers into the global service economy, thereby contributing to higher productivity growth. In Vietnam, similar to Indonesia, e-commerce logistics has expanded rapidly, but with uneven productivity outcomes.

These comparisons suggest that gig worker productivity depends on the structure of the gig economy. Low-skill, labor-intensive segments, such as ride-hailing and delivery, tend to result in long working hours and low hourly incomes, reflecting weak productivity. Conversely, skill-intensive segments, such as IT freelancing, creative services, and education-based gig work, offer opportunities for higher productivity and upward mobility. For Indonesia, where the gig economy is currently dominated by transportation and logistics, the challenge is to diversify gig opportunities toward more skill-based sectors while improving protections and incentives for productivity upgrading.

This study builds on this prior research and makes three contributions. First, it integrates extant national and international literature with new data analysis to provide an updated picture of Indonesia's gig economy after the COVID-19 pandemic. Second, it explicitly connects gig work to productivity outcomes, moving beyond the binary debate on flexibility versus precarity. Third, it situates Indonesia's experience within a broader comparative context, identifying lessons from other countries that can inform regulatory and institutional reforms.

The main findings of this study show that Indonesia's gig economy represents both a challenge and an opportunity. On one hand, it provides flexible income streams and urban employment opportunities, particularly for youth, women, and those excluded from formal labor markets. On the other hand, without adequate regulation, social protection, and investment in skills, the sector risks entrenching a low-productivity equilibrium. By recognizing gig workers as a distinct labor category, integrating them into social security systems, and promoting skills development, Indonesia can transform the gig economy into not only a source of jobs but also a driver of productivity growth, which is essential for long-term national development.

Overview of the Development of the Gig Economy in Indonesia

The development of the gig economy in Indonesia reflects both global transformations in labor markets and specific domestic dynamics rooted in rapid urbanization, digitalization, and limited formal job creation. Since the mid-2010s, Indonesia has experienced an unprecedented increase in gig work, largely triggered by the entry and expansion of ride-hailing platforms, such as Gojek and Grab. These platforms not only transformed transportation services but also evolved into "super apps" that integrate food delivery, courier services, e-commerce, and digital financial transactions. The success of these platforms in Indonesia, compared to the withdrawal of Uber from the Southeast Asian market in 2017, demonstrates how localized strategies that combine daily services with digital payments can be more effective for embedding gig platforms into urban economies (Davis et al., 2019).

From a macro perspective, Indonesia's gig economy remains relatively small in terms of workforce share. However, its growth trajectory and concentration in urban areas have made it highly visible. Using Sakernas, Permana et al. (2023) estimated that between 430,000 and 2.3 million Indonesians, or approximately 0.3–1.7% of the labor force, were engaged in gig work as their primary occupation in 2019. Although these proportions are comparable to those in the United States and Europe, Indonesia is distinct in terms of the dominance of transportation-based gig work. Approximately 1.2 million workers are concentrated in ride-hailing, food delivery, and courier services, whereas approximately 1.1 million participate in other service sectors, such as online freelancing, education, and health. The overwhelming majority of transportation gig workers are male (97.6%), urban-based (88%), and have a secondary-level education. By contrast, non-transport gig workers have higher female participation (36%), a larger share of university graduates (23.8%), and a closer resemblance to formal sector demographics. This segmentation highlights the dual structure of Indonesia's gig economy, which is divided between low-skill, labor-intensive sectors and skill-intensive digital services.

Geographically, Indonesia's gig economy is primarily an urban phenomenon. Using Sakernas 2019, Permana et al. (2023) found that 74% of gig workers are concentrated in Java, with 39% of transportation gig workers located in Greater Jakarta (Jabodetabek). Other metropolitan areas, such as Surabaya, Bandung, Denpasar, and Makassar, also host a significant number of gig workers. Meanwhile, non-transport gig work, particularly in creative, educational, and digital services, is more evenly distributed across tier-two cities, such as Yogyakarta, Malang, and Salatiga. These cities are often associated with creativity, education, and tourism, making them attractive hubs for skilled freelancers. This spatial distribution mirrors international findings that gig work flourishes in urban agglomerations with large consumer markets and robust digital infrastructure (Pesole et al., 2018).

The expansion of Indonesia's gig economy can be divided into two broad categories: location- and online-based gig work. Location-based gig work involves services delivered through face-to-face interactions, such as ride-hailing, couriers, and food delivery. These jobs dominate Indonesia's gig economy and employ a large number of low-to-medium-skilled workers. Online-based gig work involves services delivered entirely online, without physical interactions. This segment includes software development, digital content creation, translation, and educational services. Although smaller in size, the online gig sector holds greater potential for productivity gains because it relies on specialized skills, enables participation in global labor markets, and generates a higher average hourly income (Faisal et al., 2019).

The productivity implications of these two categories differ markedly. Permana et al. (2023) noted that transportation gig workers often work extremely long hours, averaging 54 hours per week. However, their hourly income is relatively low compared to that of formal workers because of oversupply and platform-driven pricing models. Their higher monthly income compared to that of informal workers is largely achieved through longer working hours rather than higher efficiency. This suggests a low-productivity equilibrium in which income gains are achieved through labor intensity rather than through skill-based improvements. By contrast, non-transport gig workers, particularly those engaged in IT, creative, and educational services, work fewer hours on average (37 hours per week) but achieve higher hourly earnings, reflecting higher productivity. However, the income distribution in this segment is highly unequal, with some freelancers earning significantly more than others, depending on their skill level, market access, and platform reputation systems.

Indonesia's experience aligns with international benchmarks. In India, where the gig economy employs millions of people for transportation and delivery services, studies have shown that productivity per worker remains low (Dewan and Kashyap, 2026). By contrast, the Philippines has leveraged its educated English-speaking workforce to become a global hub for digital freelancing, generating higher productivity per worker and contributing to export revenue (Graham & Anwar, 2023). In Europe, although approximately 2% percent of the adult population is engaged in gig work, digital freelancers dominate the higher productivity end of the sector, whereas location-based workers face similar precarity to their Indonesian counterparts (Pesole et al., 2018). These comparisons reinforce the argument that the structure of a country's gig economy strongly determines its productivity outcomes.

Regulatory frameworks in Indonesia remain underdeveloped, limiting the ability of gig work to transition from precarious, low-productivity jobs to sustainable, skill-enhancing occupations. Gig workers are currently classified as independent contractors, excluding them from standard labor protections, collective bargaining, and mandatory social security schemes. Although some gig platforms collaborate with the public employment social security agency, *Badan Penyelenggara Jaminan Sosial Ketenagakerjaan (BPJS-TK)*, to provide voluntary insurance schemes, coverage remains limited. BPJS-TK is the public agency that administers work injury, old age savings, and pension benefits. The lack of clear regulations on wages, working hours, and safety standards further constrains productivity improvements. Without institutional support for training and career development, gig workers are often locked into repetitive, low-skill tasks with little scope for upward mobility.

In summary, the development of Indonesia's gig economy illustrates both opportunities and challenges. Platforms have created new employment avenues in urban centers, absorbing surplus labor and integrating workers into digital economies. However, the concentration of gig work in transportation services has limited its contribution to productivity growth, with most income gains driven by long working hours rather than efficiency. The challenge for Indonesia is to diversify its gig economy into higher-skill segments while simultaneously developing regulatory frameworks that enhance labor protections and incentivize skill upgrading. Only by addressing these issues can the gig economy evolve from a buffer against unemployment to a driver of productivity growth and inclusive development.

Data And Methodology

A central challenge in analyzing the gig economy is the absence of standardized and comprehensive data. In Indonesia, official labor statistics provided by Statistics Indonesia (*Badan Pusat Statistik*, BPS) have only recently begun to include questions that can be used to approximate gig work participation. Since 2018, Sakernas has included questions about Internet usage in main jobs, and in 2019, additional questions were added regarding whether goods or services were sold via digital platforms or marketplaces. Despite these significant improvements, the lack of direct identification of gig workers means that researchers must use proxies to estimate the size, characteristics, and productivity outcomes of gig work.

This report adopts a descriptive statistical approach using microdata from Sakernas for 2019–2024 to examine the development of the gig economy in Indonesia and its implications for productivity. The descriptive component identified the size of the gig workforce, demographic characteristics, and sectoral distribution. Our identification of gig workers is based on an operationalization of gig work in Sakernas that combines information on employment status, industry (e.g., transportation and selected service sectors), and the use of the Internet or online marketplaces to perform the job. We also used the BPS definition of formal workers, which includes self-employed workers with paid employees and employees. The analysis relies on cross-tabulations, distributions, and summary indicators (e.g., means and shares) rather than causal modelling. By pooling six survey waves (2019–2024), we tracked the changes in the incidence and characteristics of gig work over time.

Results

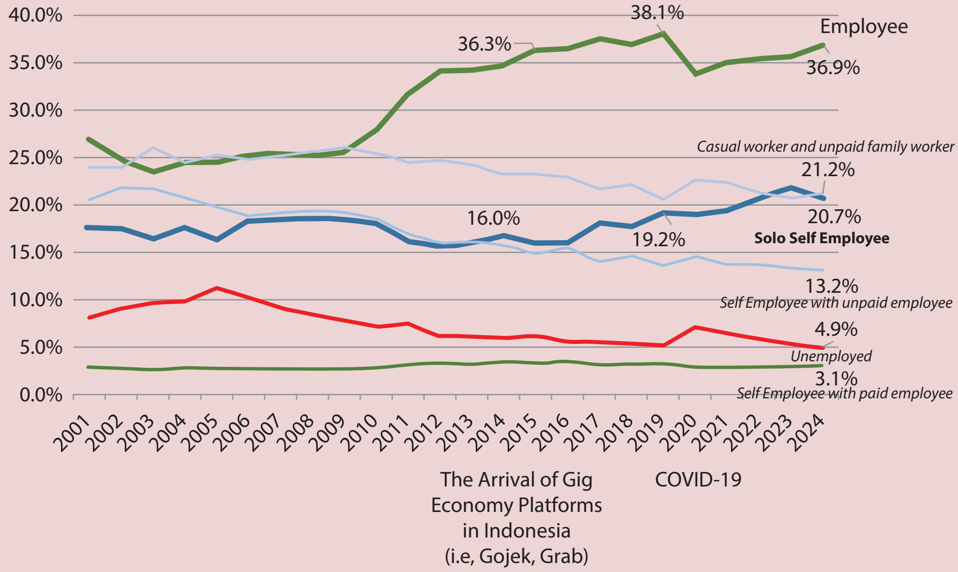
Rise of Solo Self-Employment

The Indonesian labor market continues to be marked by informal dominance, with only around 40% of workers engaged in formal employment (self-employed with paid employees and employees). Employees remain the long-term backbone of the labor market, showing resilience after the COVID-19 pandemic. The labor market expanded to 51 million workers in 2019, dropped to 46 million in 2020, and then demonstrated strong recovery, reaching 56 million by 2024. Solo self-employment has also shown a rapid increase, growing from 20 million workers in 2014 to 31.5 million in 2024, and now accounting for 20.7% of the workforce. This surge coincided with the emergence of digital platforms such as Gojek and Grab, reflecting the expansion of the gig economy. Although solo self-employment has provided opportunities by absorbing surplus labor, offering flexibility, and demonstrating resilience during crises, it also poses the risks of low productivity and weak labor protections. Beyond the 7.4 million (4.9%) unemployed individuals, Indonesia faces the challenge of 32 million casual and unpaid family workers (21.2%), highlighting the persistence of vulnerable employment segments (**Figure 1**).

Table 1 presents a labor transition matrix of workers over the past year, referring to transitions observed between 2023 and 2024 based on 2024 data. The green cells indicate that people are "sticky," meaning that their employment status tends to remain the same even when they change jobs. For example, 30.14% of solo self-employed workers, 58.48% of self-employed individuals

FIGURE 1

LABOR MARKET STATUS IN INDONESIA (2001–2024).



with unpaid employees, 20.41% of self-employed individuals with paid employees, 42.16% of employees, and 70.03% of casual and unpaid family workers remained in the same category after transitioning to a new job. The blue cells highlight a significant trend of people shifting to solo self-employment from other employment statuses. In total, 21.25% of self-employed individuals with paid employees, 12.21% of self-employed individuals with unpaid employees, 11.65% of employees, and 6.27% of casual and unpaid family workers transitioned to solo self-employment. This reflects the trend in the gig economy of workers downsizing their businesses or leaving wage work to operate alone. However, among those who leave wage employment, the most common new status is unemployment (24.40%), suggesting that many workers face considerable difficulty accessing entrepreneurial opportunities.

TABLE 1

TRANSITION MATRICES.

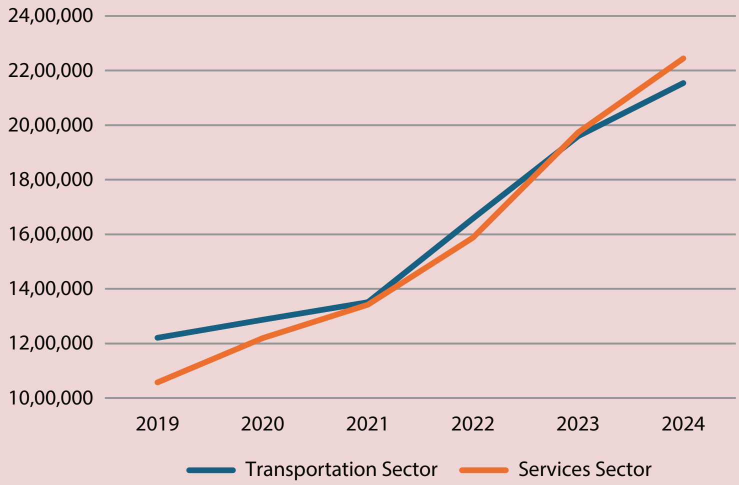
	Status at *t*					
Status at *t*-1	Unemployed	Solo Self-employment	Self-employed with unpaid employees	Self-employed with paid employees	Employee	Casual or unpaid family worker
Solo Self-employment	8.83	30.14	12.55	1.18	27.40	19.90
Self-employed with unpaid employees	2.22	12.21	58.48	1.62	10.78	14.69
Self-employed with paid employees	9.78	21.25	18.61	20.41	17.14	12.80
Employee	24.40	11.65	4.74	1.03	42.16	16.02
Casual or unpaid family worker	8.36	6.27	5.49	0.27	9.58	70.03

The descriptive results for 2019–2024 indicate that Indonesia's gig economy has grown rapidly in absolute numbers and as a share of the labor force. **Figure 2** shows that the gig economy has expanded considerably in recent years. In the transportation sector, the number of gig workers increased from approximately 1.22 million in 2019 to approximately 2.15 million in 2024, an increase of approximately three-quarters over 5 years. The service sector has experienced even faster growth. The number of gig workers in this sector more than doubled, increasing from approximately 1.06 million in 2019 to approximately 2.24 million in 2024. Overall, the number of gig workers in these two sectors has increased from approximately 2.3 million to 4.4 million. During the same period, the number of workers using the Internet in their main jobs tripled, reaching more than 15 million in 2024.

Although transportation initially employed more gig workers than services, faster growth in services led to convergence in 2022 and a clear reversal afterward. By 2023, the number of gig workers in services had already slightly exceeded those in transportation, and by 2024, the gap had widened further. This pattern suggests that platform-based work is no longer concentrated in transportation but is spreading rapidly to a wide range of activities in the service sector, such as delivery, household services, and online freelance work. The overall expansion reflects the increasing penetration of digital technologies in the labor market and workers' growing reliance on platform-mediated forms of employment.

FIGURE 2

TOTAL NUMBER OF GIG WORKERS (2019–2024).



As shown in Table 2, the sectoral differences between transportation and service sector gig workers highlight divergent productivity patterns. Transportation gig workers, mainly ride-hailing and delivery drivers, worked the longest number of hours, averaging 51 hours per week in 2024, compared to 45 hours for formal workers and 43 hours for self-employed workers. Despite these long hours, their average monthly income of IDR2.63 million in 2024 is comparable to the IDR3.33 million earned by formal workers and significantly higher than the IDR2.23 million earned by self-employed workers. However, these incomes are achieved through substantially longer working hours, meaning that transportation gig workers earn less per hour than formal workers and non-transportation gig workers. This indicates that transportation gig work is labor-intensive but not productivity-enhancing.

By contrast, gig workers in the service sector report working fewer hours, averaging 35 hours per week, while earning IDR2.99 million per month in 2024. This results in higher income per hour, reflecting greater productivity. These workers also have higher educational attainment, with 19.48% being university graduates, compared to only 7.65% of transportation gig workers. Female participation is also significantly higher in this segment (40.42% compared to 3.27% in transportation). These findings suggest that gig work in the service sector offers stronger productivity potential, particularly through skill-intensive services.

TABLE 2

COMPARISON OF THE CHARACTERISTICS OF GIG, FORMAL SECTOR, AND INFORMAL SECTOR WORKERS IN 2024.

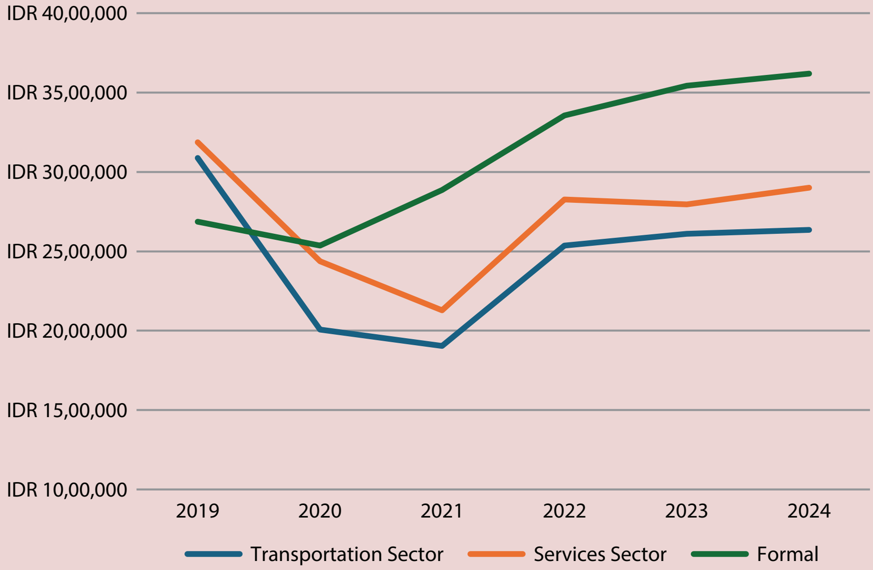
Indicator	Gig Workers in the Transportation Sector	Gig Workers in the Service Sector	Formal Workers Outside Agriculture	Self-Employed (Informal Sector) Outside Agriculture
Number	2,154,099	2,244,146	52,216,252	22,903,470
Proportion of the labor force (%)	1.42	1.48	34.33	15.06
Proportion of the adult population (%)	1.11	1.15	26.81	11.76
Average working hours – all jobs (hours)	50.68	34.89	45.23	43.29
Average working hours – main job (hours)	49.28	33.40	43.96	41.84
Educational attainment (%)				
No schooling / did not complete primary school	3.07	3.16	2.98	11.74
Primary school	14.14	12.53	11.49	25.17
Junior secondary school	18.44	16.95	13.03	20.08
Senior secondary school	56.70	47.88	45.55	35.85
University	7.65	19.48	26.95	7.16
Average monthly income (IDR)	2,634,136	2,899,767	3,332,017	2,230,552
Average age	39	40	36	43
Female workers (%)	3.27	40.42	36.62	47.93
Urban areas (%)	81.61	79.27	74.55	69.07

A comparison of productivity over time further highlights the uneven nature of the gig economy. Figure 3 shows the average monthly income of gig workers in nominal terms. In 2019, gig workers in the transportation sector earned an average of approximately IDR3.09 million per month, while those in the services sector earned approximately IDR3.19 million, both above the average income of IDR2.69 million among formal workers. However, gig income declined sharply during the COVID-19 pandemic. By 2021, average earnings had decreased to IDR1.90 million for transportation gig workers and IDR2.13 million for gig workers in the service sector, whereas the income of formal workers had already recovered to IDR2.89 million. From 2022 onwards, gig-worker income began to rebound, reaching IDR2.63 million in transportation and IDR2.90 million in services by 2024. Nevertheless, these levels remained below their 2019 values, whereas the income of formal workers increased steadily throughout the period, rising from IDR2.69 million in

2019 to IDR3.62 million in 2024. This pattern indicates that although gig work can yield relatively high earnings in favorable years, it exposes workers to much greater income volatility and slower recovery from economic shocks than formal employment.

FIGURE 3

AVERAGE INCOME OF GIG WORKERS (2019–2024).

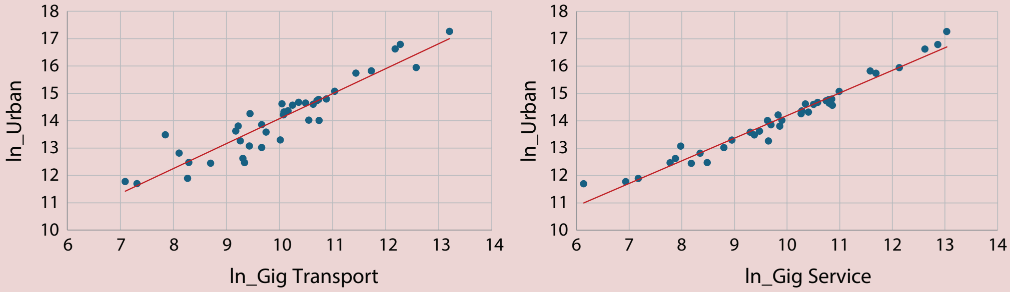


In Figure 4, the trend lines slope upward in both panels, indicating a clear positive relationship between the number of gig workers and size of the urban population across provinces. For gig workers in both the transportation and service sectors, the trend lines show a similar pattern, in which provinces with larger urban populations tend to have a greater concentration of gig workers. The consistently rising trend across both lines suggests that the expansion of gig work in Indonesia is closely linked to urbanization. Urban areas provide higher demand, denser markets, and stronger digital infrastructure, all of which allow platform-based work in transportation and services to operate more effectively. Likewise, Table 2 indicates that approximately 81.61% of transportation gig workers and 79.27% of service sector gig workers live in urban areas, compared to 74.55% of formal workers and 69.07% of self-employed workers outside agriculture. Overall, the trend lines reinforce the view that gig work in Indonesia is fundamentally an urban phenomenon, with its growth shaped by the scale and characteristics of urban labor markets.

Figure 5 shows that gig workers in Indonesia are unevenly distributed across provinces. Both transportation and service sector gig workers are heavily concentrated on Java. West Java alone accounts for approximately 25.17% of transportation gig workers and 20.43% of service sector gig workers, making it the largest hub by far. The Jakarta Capital Region and Central Java also contribute sizeable shares, each in the range of 8–14% for both sectors. Banten and East Java make further sizeable contributions. Collectively, these provinces on Java account for the majority of gig workers in both the transportation and service sectors.

FIGURE 4

RELATIONSHIP BETWEEN GIG WORKERS AND URBAN POPULATIONS ACROSS INDONESIAN PROVINCES.



When these numbers are compared to the size of the working-age population, the concentration becomes even more pronounced. The highest proportion of gig workers relative to the working-age population is in the Jakarta Capital Region, with 3.46% in the transportation sector and 2.23% in the service sector. This indicates that Jakarta is not only one of the largest centers in absolute numbers but also the province with the highest penetration of gig workers within its labor market.

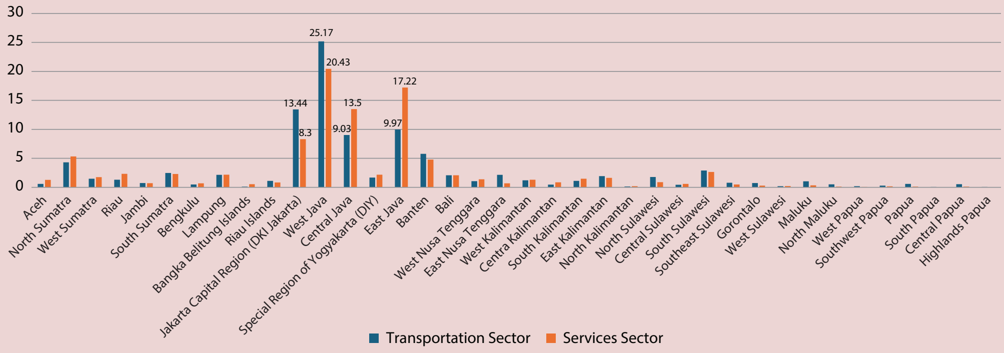
By contrast, provinces outside Java generally record much smaller shares. Most provinces in Sumatra, Kalimantan, Sulawesi, Nusa Tenggara, Maluku, and Papua account for only a few percent or less of national gig employment in either sector. This pattern suggests that the development of gig work in Indonesia is strongly shaped by the spatial concentration of economic activity and digital infrastructure in Java, where dense urban markets, higher Internet penetration, and greater platform presence create more opportunities for gig work in both the transportation and service sectors.

Finally, regarding productivity implications, the descriptive data present a dual narrative. As Table 2 shows, gig workers in both the transportation and service sectors have higher average monthly incomes than self-employed workers outside the agricultural sector. This suggests that digital intermediation helps workers access markets and demand more effectively than conventional self-employment. However, once working hours are considered, productivity patterns diverge. Combining monthly earnings and weekly hours, transportation gig workers earn less per hour than both service sector gig workers and formal workers because their incomes are achieved through very long working hours, whereas service sector gig workers obtain higher earnings per hour, which is consistent with greater skill intensity and specialization. Collectively, these patterns reinforce the view that Indonesia's gig economy is heterogeneous: one segment mainly absorbs surplus labor and provides income opportunities, while the other integrates more educated workers into higher-productivity service-based activities.

The dual structure of Indonesia's gig economy indicates that it functions simultaneously as a safety net and potential driver of productivity. For low-skilled urban men, transportation gig work provides immediate income opportunities when formal jobs are scarce. However, their productivity is relatively low because their earnings depend on long working hours rather than efficiency gains. For more skilled workers, particularly those with higher educational attainment and women, service sector gig work and online freelancing create opportunities for higher productivity and better integration into digital value chains. Based on Sakernas 2024, female workers earn approximately IDR14,600 per hour on average. When distinguishing between gig and non-gig work, female gig workers earn approximately IDR23,000 per hour on average, compared with

FIGURE 5

DISTRIBUTION OF GIG WORKERS BY PROVINCE IN INDONESIA.



approximately IDR13,600 per hour for female non-gig workers. This implies that female gig workers' hourly earnings are approximately 69% higher than those of other female workers. The challenge for Indonesia is to harness both dimensions to broaden income access while concurrently increasing productivity.

In summary, the results indicate that Indonesia's gig economy expanded rapidly in terms of employment between 2019 and 2024, whereas its income dynamics are much less favorable. Figure 2 shows strong growth in the number of gig workers in both the transportation and service sectors. By contrast, Figure 3 reveals that average monthly earnings have been volatile and, on balance, have declined over time. When the general price increases during this period are considered, the decline in the real income of gig workers becomes even more pronounced, whereas that of formal workers shows clear improvement. Thus, although gig work has become an increasingly important source of employment, its contribution to productivity and real earnings is uneven. Transportation-based gig work offers broad but relatively low-productivity employment, whereas skill-intensive gig work in the service sector exhibits higher productivity but involves a relatively small share of the labor force. These findings indicate the need for differentiated policy approaches that simultaneously address the inclusiveness and productivity of gig work.

The path through which the gig economy can contribute more effectively to productivity lies in several areas. First, gig work can serve as a stepping stone toward entrepreneurship, as high-skill gig workers in IT, creative industries, or education can use platforms to scale their services and eventually transition to more formal enterprises. Second, even low-skill gig workers in transportation and delivery appear to be more productive than traditional solo self-employed workers without Internet intermediation, suggesting efficiency gains from digital platforms. Third, social protections must be strengthened because access to health insurance, income security, and pensions can reduce vulnerability and enable workers to invest in long-term productivity. Finally, upskilling and digital literacy are crucial because equipping workers with higher-value skills increases their income per hour and reduces their dependence on long working hours.

Discussion and Policy Implications

These findings have several policy implications. The first concerns regulations. Current laws classify gig workers as independent contractors, leaving them without protections related to wages, working hours, or collective bargaining. A new legal framework is required that recognizes gig workers' unique position and ensures a basic level of rights and protections, while maintaining the flexibility that characterizes this type of work.

The second implication relates to social protections. Most gig workers, particularly those in transportation, remain outside the coverage of *BPJS Ketenagakerjaan* (employment social security) and *BPJS Kesehatan* (health social security). Policy measures should encourage platforms to facilitate enrollment in social security schemes through automatic deductions, behavioral nudges (e.g., default enrollment or per-order deductions), and matching or subsidized contributions. Expanding access to health and income protection would reduce workers' vulnerability and encourage them to pursue productivity-enhancing activities rather than focusing solely on day-to-day survival.

The third implication relates to skill development. The productivity gap between transportation-based workers and non-transportation freelancers highlights the central role of education and training. Expanding vocational, digital literacy, and reskilling programs delivered through online or hybrid platforms would enable workers to move into higher-value, skill-intensive services, such as IT, creative industries, and online education.

The fourth implication concerns worker representation. Strengthening labor institutions by making unions and professional associations inclusive of gig workers would provide them with collective bargaining power and reduce the risk of fragmentation. This requires adapting traditional union structures to better reflect the realities of platform-mediated work.

The fifth implication relates to data and measurement. Currently, Sakernas provides only partial proxies for identifying gig workers. An effective policy design will require more precise data collection. Future labor surveys should include direct questions on platform use, income dependency, and whether gig work is the primary or supplementary source of income.

The sixth implication pertains to platform accountability. Platforms exercise algorithmic control over pricing, task allocation, and incentive structures, making transparency in platform practices essential. Requiring the disclosure of fare-setting mechanisms, minimum earnings guarantees, and fair contract terms would stabilize income and improve worker confidence, which in turn would support productivity.

The seventh implication relates to spatial inclusion. Given that gig work is concentrated in large cities, deliberate strategies are required to expand digital infrastructure and opportunities in smaller urban areas and rural regions. Encouraging digital entrepreneurship, expanding broadband access, and promoting regional e-commerce ecosystems would help distribute the productivity benefits of gig work more evenly across the country.

Finally, policies should promote decent job creation in the formal sector to reduce dependence on gig and informal work. Gig workers should be integrated into national productivity and digital economy strategies, not only as a labor buffer but also as contributors to Indonesia's long-term growth. Supporting financial inclusion through financial literacy, tailored credit, and asset financing, along with incentives for platforms that provide training, fair contracts, and worker protections, will ensure that private innovation aligns with public policy goals.

Conclusion

This study shows that the expansion of Indonesia's gig economy has been rapid and uneven. Between 2019 and 2024, the number of gig workers in transportation and service activities demonstrated strong growth alongside a broader rise in solo self-employment and the continued dominance of informal work. Digital platforms have opened new channels for labor absorption, particularly in urban areas, and have enabled many workers to access income opportunities that would otherwise be unavailable. However, many workers remain in vulnerable forms of employment, such as casual and unpaid family work, and transitioning from wage employment to entrepreneurship is often difficult and risky.

Analyzing productivity and earnings reveals a clear dual structure. Transportation gig work absorbs surplus labor and provides flexible income, but at relatively low productivity because earnings are driven by long hours rather than efficiency gains and remain vulnerable to economic shocks. By contrast, service sector gig work is more skill-intensive, offers higher income per hour, and is associated with higher educational attainment and greater female participation. However, this higher-productivity segment still represents a relatively small share of the workforce. Earnings volatility over the period, together with the decline in real income for gig workers compared to formal workers, underscores the precarious nature of platform-mediated employment.

Spatially, the gig economy is highly concentrated in large urban provinces, particularly on the island of Java and in the Jakarta Capital Region, where digital infrastructure, dense markets, and platform presence are the strongest. This urban and regional concentration suggests that without deliberate policies, the benefits of the gig economy will remain unequally distributed, reinforcing existing disparities in income and opportunity.

Collectively, these findings indicate the dual nature of Indonesia's gig economy. It acts as a safety net for low-skilled urban workers and a potential engine of productivity for more educated and digitally connected workers. The key policy challenge is harnessing this growth to expand access to decent work while increasing productivity. This will require reforms in regulations, social protections, skills development, data and measurement, platform governance, and spatial inclusion, such that gig work contributes not only to short-term income generation but also to long-term, inclusive, and sustainable economic development.

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GIG ECONOMY IN LAO PDR

Background and Rationale

The gig economy refers to a labor market defined by temporary, contract-based, and freelance work rather than traditional permanent employment. In this system, individuals earn income by providing on-demand services, completing specific tasks, or delivering goods. Gig workers, who often operate as independent contractors, are typically paid on a per-job basis and engage in short-term assignments. Unlike conventional employees, they generally have the flexibility to work on multiple projects for various clients simultaneously, unless restricted by an exclusive agreement (Taylor et al., 2023).

Recently, Lao PDR has experienced a noticeable increase in contract-based employment encompassing occupations such as janitors, wait staff, ride-hailing drivers, delivery couriers, and other on-demand service providers. This trend reflects the gradual but steady expansion of the gig economy in the country, mirroring patterns observed across Southeast Asia. Several interrelated factors that drive this shift can be identified. First, rapid urbanization, with urban populations in Lao PDR growing at over 3% annually, has increased the demand for formal and informal service sector jobs, particularly in hospitality, transportation, and cleaning services (ASEAN, 2023). Second, the expansion of digital platforms has created new avenues for individuals to earn income by connecting directly with customers. Third, changing labor market dynamics, including increasing youth unemployment and the limited availability of secure, long-term jobs, have made flexible or short-term work arrangements more attractive, particularly for younger workers seeking supplemental income.

In particular, Lao PDR's digital economy is estimated at approximately 3% of its GDP, with aspirations to reach 10% by 2040. The government has initiated the Digital Economy Strategy (2021–2030) and National Digital Economy Development Plan (2021–2025) to promote digital transformation across various sectors. Key developments include the expansion of mobile banking services, emergence of digital startups in urban centers, and implementation of e-government platforms (World Bank, 2022).

The gig economy expanded rapidly in the post-pandemic period, driven by app-based transportation, food and parcel delivery, and social commerce retail, enabled by widespread smartphone use and increasingly interoperable QR payments (Bodhisane et al., 2026). This growth is unfolding within an economy marked by high informality and a regulatory landscape built from general electronic commerce, consumer and data protection rules, and sectoral licensing regimes, rather than a bespoke statute for gig work. Although these platforms provide flexible supplementary income, particularly for urban youth, the evidence base remains fragmented. There is no consolidated mapping of industries and services over time; limited measurement of worker numbers, characteristics, and working conditions; and only anecdotal assessments of productivity and welfare effects. Furthermore, gaps in enforcement clarity, coverage of occupational safety and health, and uptake of social protection persist, raising questions on how to translate platform growth into inclusive and sustainable development outcomes. Addressing these gaps requires stronger data collection and pilot evaluations to inform policy and program design for an inclusive and sustainable gig economy in Lao PDR. The objectives of this study are as follows:

1. To examine the development of the gig economy, including industries, services, and regulatory frameworks

2. To analyze the current state of the gig economy, including the number and characteristics of gig workers, working conditions, and productivity impact

3. To identify challenges, propose policy recommendations, and ensure sustainable and inclusive growth.

Development and Importance of the Gig Economy

Since the COVID-19 pandemic, online platforms have played an important role in the Lao PDR economy. Digital platforms, such as Foodpanda and LOCA, are transforming the gig economy by providing flexible income opportunities, particularly for youth and women. Foodpanda, aunched in 2019 in Lao PDR, initially partnered with over 300 restaurants in the capital city, Vientiane and expanded to all 18 provinces by 2021, offering food delivery services nationwide (Laotian Times, 2019, 2021). This expansion has provided numerous gig opportunities, particularly for women seeking flexible employment options. Application-based platforms have introduced initiatives such as in-app tipping, performance bonuses, and flexible scheduling to retain gig workers and enhance their earnings (Vientiane Times, 2025). These platforms are becoming increasingly popular among urban residents, particularly in Vientiane Capital, where Internet penetration is relatively high compared to that in rural regions. These platforms offer flexible employment opportunities, particularly in sectors such as transportation, food delivery, and freelance digital work. Government support has made it easier for people to access these opportunities and created new job opportunities that did not exist in the traditional labor market.

Youth Engagement and Skill Development

The gig economy in Lao PDR is increasingly attracting the country's youth, who are embracing digital technologies to access flexible income opportunities. This trend is particularly significant given the country's predominantly young population and the limited formal employment options available to them. Many young individuals are turning to gig work as a means of earning income while balancing educational or personal pursuits. Additionally, gig work allows them to acquire valuable skills, such as digital literacy, customer service, time management, and problem-solving, which are essential for success in the digital economy. Moreover, the gig economy can help alleviate youth unemployment. According to the World Bank, the demand for online gig work has increased significantly in developing countries, including Lao PDR. This trend reflects a broader global shift toward freelance and task-based work, which is becoming a viable option for youth seeking to enter the workforce (JPRL & UNDP, 2021)

Freelancing opportunities in areas such as content creation, graphic design, digital marketing, and web development are expanding, further enabling young workers to develop new skills while earning an income. Projects such as the Digital Literacy Initiative aim to better prepare youth for productive activities in the digital economy through basic coding and programming lessons, coding clubs, and digital entrepreneurship courses for students in upper secondary schools and Technical and Vocational Education and Training colleges (Dariu, 2025; Swisscontact, 2025). The Lao Youth and Adolescent Development Strategy 2021–2030 emphasizes the importance of promoting science and modern information technology to meet socioeconomic needs and accelerate rural development in Lao PDR. Collectively, these efforts help empower young people in the country to thrive in the digital economy. These skills are essential for success in the digital economy, as well as beneficial to youth in other areas of employment.

Industries and Services in the Gig Economy

The urban gig economy is anchored in app-based transportation and last-mile delivery, allowing people to monetize vehicles and spare hours. LOCA is a domestically founded app-mediated urban mobility platform that provides licensed taxi/ride-hailing services via smartphones. It offers real-time driver–rider matching and GPS-tracked trips and is available in major cities in Lao PDR. Vietnam's Xanh SM launched all-electric taxis in Vientiane in 2023, adding another shift-based earnings channel. KOKKOK Move also operates rides with options such as electric tuk-tuks and in-app price negotiations. On the delivery side, Foodpanda entered Vientiane in 2019 and announced coverage across all 18 provinces by 2021, opening flexible courier work and online sales for small eateries. Parcel apps, such as Flash Express Laos, further lower logistics barriers for micro-sellers. Collectively, these platforms convert private assets (e.g., cars, motorbikes, and spare rooms) into supplementary income streams for households (Laotian Times, 2021; Xanhsm, 2023).

The second pillar of the Lao PDR gig economy is online retail and tourism services. Most early stage e-commerce in the country flows through social media, enabled by rising digital connectivity. The digital data showed approximately 4.25 million social media users in January 2025. On the tourism side, households list rooms on Airbnb in Vientiane and freelancers market tours via social media apps, translating local assets and knowledge into seasonal income. Consistent with the ILO's regional evidence, transportation and delivery remain the most prominent location-based platform gigs and are useful for diversification, but require complementary protections to turn side earnings into durable income (Huaxia, 2025; Kemp, 2025).

The rise of e-banking and mobile banking has significantly simplified money transfers for consumers in Lao PDR, facilitating a wide range of transactions, and transforming people's engagement in online commerce. Despite local online shopping platforms such as OneX, YesPls, and Plaosme, most buyers and sellers prefer more familiar and informal channels, such as telephone calls, Facebook Messenger, WhatsApp, and other social media platforms (Bodhisane et al., 2026). As shown in Figure 1, transactions are often based on personal trust, with buyers and sellers recognizing each other primarily through online usernames.

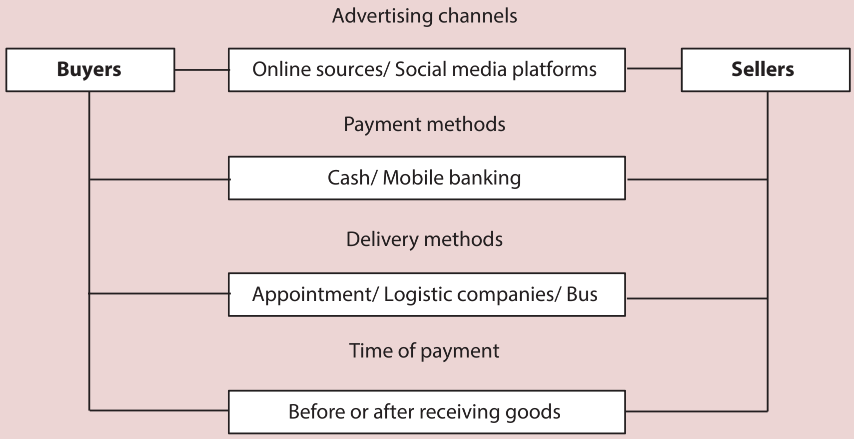
Payment practices typically follow two arrangements. First, payment can be provided in advance before delivery or upon receipt, depending on the mutual agreement. Second, payments can be made after goods are delivered in a cash-on-delivery arrangement. Shipping companies and independent couriers often act as intermediaries in goods delivery. Previously, cash was the predominant payment method, particularly for those without bank accounts. However, bank transfers are now increasingly common. This shift is partly driven by many products being priced in foreign currencies, making transfers more convenient and reducing exchange rate risks when paying in LAK. Beyond convenience, electronic transfers provide verifiable proof of payment, thereby building trust and transparency between buyers and sellers.

These developments are closely linked to the growth of the gig economy in Lao PDR. Increasing reliance on digital payments and informal e-commerce platforms has created new opportunities for gig workers, particularly in delivery, logistics, and digital services. For example, independent drivers and couriers who deliver goods purchased online often operate outside the formal labor system, reflecting the same flexible but insecure conditions that more broadly characterize gig work. Similarly, individuals who manage small online shops or act as brokers via social media are effectively gig workers, earning income on a per-transaction basis without formal contracts or protections.

Multiple transportation and delivery options are available, such as buses (including overnight services on routes where no logistics companies operate), logistics companies, and direct handovers at sales locations, which have also helped expand informal job opportunities. Delivery drivers, part-time couriers, and even bus operators handling parcel services are central to sustaining the online shopping ecosystem. Consequently, the rise of mobile banking and online shopping streamlines consumer transactions but also reinforces the gig economy as a critical livelihood strategy in Lao PDR, where flexible digitally mediated work fills the gap left by slow formal job creation.

FIGURE 1

DOMESTIC E-COMMERCE SITUATION IN LAO PDR.



Source: Author

Major Forms and Characteristics of Gig Work

As a lower-middle-income economy, Lao PDR exhibits a pronounced concentration of economic activity in urban centers, especially Vientiane, Luang Prabang, Savannakhet, and Pakse, where digital connectivity and service infrastructure are more developed. In this context, platform-mediated work is predominantly performed to earn supplementary income. Workers frequently "multi-home" across applications (e.g., combining ride-hailing with food and parcel delivery) to overcome demand fluctuations and stabilize earnings. From a labor protection standpoint, these engagements generally do not provide formal contracts or participation in contributory social security schemes. Informal employment accounts for approximately 86.5% of total employment, and platform workers face the characteristic risks of informal work, such as earnings volatility and limited Occupational Safety and Health coverage (ILO, 2022).

Regulatory Frameworks for Gig Work

Lao PDR does not have a specific "gig law." Platform-mediated work is governed through general e-commerce, consumer and data-protection statutes, plus sectoral licensing and social-security rules. On the commercial side, the core instrument is the Decree on Electronic Commerce No. 296/GOL (12 April 2021), which applies to operators registered in Lao PDR and sets registration and contracting obligations. It exists alongside the Law on Electronic Transactions (2012), Law on Electronic Data Protection No. 25/NA (2017), Law on Electronic Signatures No. 59/NA (2018), and Law on Consumer Protection No. 02/NA (2010). Collectively, these establish the baseline for online contracts, disclosures, authentication, and handling of personal data, which also applies to ride-hailing and delivery platforms operating as e-commerce actors (Digwatch, 2017; GOL, 2021; NA, 2012; Santaniello, 2021). For app-based mobility, platforms and their operating partners are expected to comply with existing taxi/public-transport licensing administered by the Ministry of Public Works and Transport (MPWT) and provincial Department of Public Works and Transport. The state licensing portal lists the "License for Operating a Taxi Service Business," anchored in Decision 17582/MPWT (2018). Recent enforcement, in which the Vientiane authorities proposed shutting down two taxi apps because of registration, permit, and safety concerns, illustrates how these laws are applied in practice. Regionally, OECD–ITF guidance for ASEAN recommends clarifying responsibilities (licensing, insurance, and data access for enforcement) while enabling innovation. This approach is consistent with Lao enforcement under existing laws (Visapra, 2024).

Food and grocery deliveries and parcel couriers fall under the same general e-commerce and consumer/data protection regime supplemented by road transportation compliance for riders and postal/express norms for courier businesses. Practitioner notes on Decree 296/GOL highlight operator registration and marketplace responsibilities that delivery intermediaries must meet when operating in Lao territory (Santaniello, 2021).

No gig-specific schemes exist for social protections. The Law on Social Security covers employees and allows self-employed and "voluntary insured" persons to contribute to the National Social Security Fund (NSSF). ILO assessments and profiles confirm this legal pathway while noting implementation and coverage gaps typical in high-informality settings, prompting current policy interest in portability and simplified onboarding/payment for nonstandard workers (NA, 2016).

Methods

Research Design

This study adopted a single-site qualitative design centered on Vientiane Capital to trace the development of the gig economy across app-based transport and delivery, social commerce, retail, and tourism activities. The study sought to identify individuals who take up gig work, how this work is organized, prevailing working conditions, and the effects of productivity on households. It also identifies the challenges and policy options required to support inclusive sustainable growth. The analysis was conducted within the regulatory context, which relies on general e-commerce, consumer and data protection, and sectoral licensing frameworks rather than a dedicated gig work statute.

Data Collection and Samples

Participants included ride-hailing drivers operating through digital platforms, janitors working on short-term contracts, wait staff employed on a casual or on-call basis, and others performing flexible task-oriented jobs outside traditional employment arrangements. By capturing their lived experiences, working conditions, and coping strategies, this study aimed to provide foundational insights into the realities of gig workers in Vientiane.

Unlike quantitative research, which typically relies on statistical sampling techniques and predetermined sample sizes, qualitative research does not require a specific formula for calculating the number of respondents. Instead, qualitative research emphasizes the depth and richness of the information collected. Participants were selected using purposive sampling to cover the main forms of gig work observed in Vientiane Capital. The sample comprised 16 participants, with 3 management representatives and 13 gig workers. The management respondents included one representative each from Loca, Foodpanda, and KOKKOK Move. The gig worker respondents included 2 Loca drivers, 2 Foodpanda riders, 1 KOKKOK Move driver, 2 cleaners, 2 wait staff, 2 cashier/convenience store workers, and 2 online sellers. Participants were approached through direct contact, company or platform contacts, and referrals from initial respondents. Data were collected from 1 August to 15 September 2025. Interviews lasted approximately 30 minutes for gig workers and approximately 60 minutes for management representatives. The interviews were not audio-recorded, and no verbatim transcripts were prepared. The interviewer took detailed notes during each interview, which were reviewed and expanded immediately afterward and subsequently used for thematic analysis. The data collection process was guided by the principle of data saturation, meaning that interviews continued until the research team began to observe recurring or repetitive responses across participants, indicating that sufficient insights had been collected.

Before data collection, the interviewer took deliberate steps to explain the study's objectives, scope, and potential benefits to each participant. This was done to ensure that all respondents fully understood the purpose of the research and how their input would contribute to the overall findings. Informed consent forms were also provided and explained in detail, emphasizing the voluntary nature of participation. Respondents were explicitly informed of their rights, including the right to withdraw from the interview at any time, without any consequences or need for justification. This measure was taken to uphold ethical research standards and create a safe and respectful environment, particularly considering the potentially sensitive nature of discussing informal or precarious employment. Participants were encouraged to express themselves freely and assured that their confidentiality would be maintained throughout the research process.

Results

This section presents the findings of the study based on information collected through in-depth interviews with various businesses that play an important role in Lao PDR's gig economy. It highlights how tourism activities create and support gig-based work, examines the contributions of e-commerce platforms and online trading to gig opportunities, and explores other forms of temporary and flexible jobs that have emerged in the current economic context. Table 1 presents the characteristics of gig workers, including age range, income reliance, net earnings, work intensity, platform dependence, payment method, platform commission, and social protection coverage.

TABLE 1

GIG WORKER CHARACTERISTICS.

	Characteristics							
	Age range (Gender)	Income reliance	Net earnings	Work intensity	Platform dependence	Payment method	Platform commission	Social protection coverage
LOCA drivers	23–45 years old (male and female)	Primary and secondary income	75% of revenue made from the system	Depending on workers	Yes	Electronic payment	20%	Vehicle insurance and NHI
LOCA Mini driver	24–45 years old (male and female)	Primary income	LAK 3,500,000 + 10% of transportation	8 hours	Yes	Electronic payment	N/A	Vehicle insurance and NHI
KOKKOK Move drivers	18–45 years old (male and female)	Primary income	After rental fee/ From LAK 5,000,000 monthly	Depending on workers	Yes	Electronic payment	250,000 LAK – as a daily rental fee	Vehicle insurance and NHI
Foodpanda drivers	18–40 years old (male and female)	Primary and secondary income	From LAK 5,000,000 monthly (dependent on various factors: order numbers, distance, and delivery time)	Depending on workers	Yes	Electronic payment	N/A	Vehicle insurance and NHI
Cleaners	25–60 years old (Mostly female)	Primary and secondary income	From LAK 300,000 to LAK 500,000 daily	4 hours	Yes (but not an online platform)	Electronic payment or cash	20-30%	NHI
Wait staff	18–24 years old, 1845 years old (Both male and female)	Secondary Income	From LAK 300,000 daily	6 hours	No	Electronic payment or cash	NA	NHI
Cashier/ convenient store worker	18–30 years old/18–45 years old (male and female)	Secondary Income	From LAK 3,500,000 monthly	4 hours	No	Electronic payment or cash	NA	NHI
Online sellers	18–50 years old (mostly female)	Primary and secondary income	From LAK 10,000,000 monthly	NA	Yes	Electronic payment or cash	NA	NHI

Source: Author

Role of Tourism in Enabling the Gig Economy

The interviews revealed that LOCA drivers typically retained approximately 75% of the fare from each trip. Approximately 20% was deducted by the platform to cover commissions and system maintenance, whereas the remaining 5% was remitted as government tax. Respondents consistently described this payout structure, which was well understood by drivers as the "net take-home" pay after platform and statutory deductions. The drivers fell within the 23–45-year age range, a prime working-age cohort that can generally purchase a vehicle outright or make a down payment and finance the balance. Both LOCA drivers interviewed indicated that income earned through the LOCA application was used to service vehicle loans, with reported repayment periods ranging from 5 to 12 years. As monthly installment payments to the bank were fixed, drivers emphasized the importance of steady ride volumes and prudent budgeting to manage their exposure to fuel prices, maintenance costs, and occasional demand fluctuations. Operationally, respondents described LOCA as offering flexible working hours with higher demand during commuting peaks, weekends, and public events. Trips were dispatched via smartphones, and fares were settled through cash and/or digital payment options available on the app. Typical expenses included fuel, routine maintenance, insurance, mobile data, and periodic vehicle inspections that drivers factored into their net earnings. Several drivers also noted that good ratings and on-time performance helped sustain ride volumes and reduce idle time.

Within the LOCA ecosystem, LOCA Mini deploys compact electric vehicles as a fleet option that enables individuals without a personal vehicle to work as taxi drivers. Under this arrangement, drivers, typically aged 24–45 years, receive a fixed base salary of LAK[1]3,500,000 supplemented by an additional 10% of fare revenue, combining income stability with performance-linked pay. Work organization is standardized at approximately 8 hours per day, which contrasts with the highly flexible but volatile hours common to many gig models and supports more predictable earnings and service reliability. By removing upfront asset requirements and leveraging electronic vehicles, the scheme lowers barriers to entry and operating costs while advancing low-emission urban mobility. The centralized fleet also facilitates consistent vehicle standards, safety oversight, and brand quality, thus aligning operational practices with regulatory compliance and passenger expectations.

Selected information from the in-depth interviews is provided below.

> *"As a LOCA driver, I can earn up to LAK20,000,000 per month. I allocate about LAK7,000,000 each month to the car installment over a seven-year term. Once the installment is fully paid, our family's financial position will improve significantly."*
>
> LOCA driver – 30 years old (female)

> *"As a salaried employee, I drive for LOCA on night shifts. Many customers prefer not to use their own cars for airport transfers, weddings, or parties, often for convenience, parking, and safety reasons, so demand is steady. I typically earn an additional LAK300,000 per night."*
>
> LOCA driver – 45 years old (male)

> *"From each transportation fee, we deduct 20%. Of this amount, 5% is remitted as government tax. The remaining 15% covers operating costs, including system maintenance, the call center, and administrative staff. For example, on a fare of LAK100,000, the deduction is LAK20,000, LAK5,000 for tax and LAK15,000 for operating costs. The driver receives the balance of LAK80,000. This allocation supports regulatory compliance and sustains service quality."*
>
> LOCA Founder and CEO

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[1] 1 LAK (Lao Kip) = 0.00005 USD

Role of E-commerce in the Gig Economy

During Lao PDR's COVID-19 travel restrictions, many micro and small retailers, especially those who sold apparel and general merchandise, shifted to online channels to sustain cash flow. Rather than using formal e-commerce marketplaces, most relied on social media commerce (e.g., Facebook Pages/Groups, TikTok, and Instagram) to advertise products, take orders via private messages, and arrange payments through cash-on-delivery, bank transfers, or LAO-QR. App-based transportation and delivery services provided the last-mile logistics that made this shift feasible, thus lowering entry barriers for new sellers. The in-depth interviews indicated a post-pandemic surge in informal "startups" entering the market without business registration, commonly as a secondary income stream. One salaried office worker reported earning more than LAK20,000,000 per month working part-time, with the potential to double that income if she worked full-time. Nevertheless, she retained her primary job because of income volatility and uncertainty regarding future demand. Collectively, these patterns suggest that social commerce and platform logistics can enhance short-term resilience and opportunities, but that persistent informality and earnings instability constrain scalability and expose sellers to regulatory and consumer protection risks.

Selected information from the in-depth interviews is provided below.

> *"After graduating in China, I joined the civil service and now run an online business via social media, sourcing most products from China for domestic resale. Monthly earnings exceed LAK20,000,000 and could likely double with a full-time commitment. However, given demand uncertainty, keeping it part-time is preferable."*
>
> Online seller – 18 years old (female)

> *"It's easier to sell online because multiple private logistics firms provide affordable overnight delivery. In the past, we had to use overnight buses to send items from province to province."*
>
> Online seller – 38 years old (female)

Foodpanda plays a central role in Lao PDR's platform-mediated food delivery and, more broadly, in the country's emerging e-commerce logistics industry. Drawing on interviews with both platform management and riders, the findings indicated that individuals pursue delivery work as either a primary livelihood or a secondary income stream, with a notable share of riders being university students from other provinces who value flexible scheduling. The reported remuneration follows time-bounded shifts, with indicative gross daily payments of approximately LAK360,000 for 8 hours, LAK480,000 for 10 hours, and LAK680,000 for extended (14-hour) shifts. While Foodpanda provides insurance to riders at no direct cost, riders bear variable operating expenses, most prominently fuel, which is estimated at approximately LAK60,000 for an 8-hour shift and LAK80,000 for a 14-hour shift. Based on this, indicative net earnings are approximately LAK300,000 (for 8 hours) and LAK600,000 (for 14 hours) per day. Sustained long shifts on most days of the month can yield approximately LAK17–18 million, whereas shorter shifts or fewer working days proportionally reduce this total. These earnings opportunities appear to exceed the stated monthly minimum wage benchmark of LAK2,500,000 (Sitthixay, 2024), thereby positioning platform delivery as a comparatively lucrative option for students and others seeking independent work. However, three constraints temper this advantage: (i) earnings volatility driven by seasonality, demand cycles, and incentive changes; (ii) cost pass-through to riders beyond fuel (vehicle maintenance and depreciation, mobile data, and safety gear), which compresses net margins; and (iii) occupational risks associated with long hours, traffic stress, and uneven road conditions. Collectively, these findings suggest that platform delivery expands access to income and helps convert otherwise idle time into remunerated activity. However, the sustainability of these gains depends on workload intensity, operating costs, and the availability of basic protections that stabilize take-home pay and mitigate safety risks.

Selected information from the in-depth interviews is provided below.

"While earnings as a Foodpanda rider can exceed the minimum wage, the work involves long hours outdoors and becomes particularly difficult in the rainy season."
Foodpanda rider – 22 years old (female)

"As a student, weekend Foodpanda shifts provide about LAK500,000 in extra income each week."
Foodpanda rider – 18 years old (male)

"We have a lot of temporary workers, most of them are students. They mostly change their jobs in 3 to 6 months. The high turnover ratio is not good for us at all, but at least we can contribute income to students who move from other provinces."
Foodpanda manager

KOKKOK Move is an app-based ride-hailing service in Lao PDR that operates an electric tuk-tuk rental scheme, allowing drivers to work without owning a vehicle. Drivers pay a flat daily lease of LAK250,000, which covers charging and basic insurance, and any fare revenue above this amount is the driver's income. Interviews indicate that monthly net earnings can reach at least LAK5,000,000, with higher income depending on hours worked, location, and seasonal demand. For example, a driver who averages LAK500,000 in gross fares over 20 working days would earn approximately LAK5,000,000 before incidental expenses, calculated as 500,000 minus 250,000, and then multiplied by 20.

Entry requirements are minimal, primarily being a valid driving license with no need for vehicle ownership. Thus, the model attracts a relatively young workforce, commonly between 18 and 45 years of age. This electric vehicle arrangement lowers capital barriers and reduces exposure to fuel price volatility while supporting low-emission urban mobility. However, earnings are sensitive to ride density, tourism cycles, weather, and congestion, and drivers still face incidental costs, such as mobile data, cleaning, and minor maintenance, as well as occupational risks linked to long hours and uneven road conditions. Clear lease terms, regular preventive maintenance, and targeted training in defensive driving and customer service can help stabilize earnings and improve safety and service quality over time.

Selected information from the in-depth interviews is provided below.

"We rent a tuk-tuk for LAK250,000 per day, which includes maintenance and insurance. The arrangement is independent and flexible; we can take the vehicle home and work whenever we are ready. Any income above the rental fee is our profit."
KOKKOK Move driver–30 years old (male)

Role of Other Temporary Jobs

The expansion of the local economy has given rise to an on-demand daily cleaning market. These services match households, offices, and public facilities with cleaners for short scheduled assignments. The reported rates are LAK300,000 for a standard 4-hour job and LAK500,000 for larger venues, such as government offices or big commercial buildings. The coordinating firm or platform charges a commission of approximately 20% when the cleaner provides their own tools and materials or approximately 30% when tools and materials are supplied by the firm. The commission covers tax remittance, basic administration, and other operating costs. For example, for a LAK300,000 job, the cleaner's take-home pay is approximately LAK240,000 with a 20% commission or approximately LAK210,000 with a 30% commission. For a LAK500,000 job, the take-home amounts are approximately LAK400,000 and LAK350,000, respectively. At the standard 4-hour rate, the gross hourly pay is approximately LAK75,000, which nets to approximately LAK60,000 with a 20% commission or LAK52,500 with a 30% commission. A cleaner who completes two standard 4-hour jobs per day over 20 working days would earn approximately LAK9.6 million per month when supplying their own materials, or approximately LAK8.4 million per month when the firm supplies them.

Another relevant case in Lao PDR is the market for daily wait staff at special events, such as weddings, food fairs, and festivals. These positions are typically filled by students seeking evening work to supplement their income. The interviews indicated that a standard shift lasts approximately 6 hours and pays approximately LAK200,000. Many workers also receive tips from guests, averaging approximately LAK100,000 per event. Thus, an individual can earn approximately LAK300,000 in a single evening, when including both wages and tips. The implied hourly rate is approximately LAK33,000 from wages alone or approximately LAK50,000 when typical tips are added. This work is highly seasonal and event-dependent, which limits its stability and tends to attract younger workers, commonly aged 18–25 years. Earnings vary according to venue size, guest demographics, and service fees. Net income also depends on incidental costs, including transportation to late-night venues, attire, and mobile data for coordination. Simple institutional improvements can strengthen the outcomes for organizers and workers.

Selected information from the in-depth interviews is provided below.

> *"As students, we could make extra income of LAK200,000 or 300,000 (including tips) in the wedding period, which last from October to July. Outside this period, we could not make any extra income."*
>
> Waiter – 19 years old (male)

Discussion

The findings indicate that gig work is not simply a supplemental income source but a primary livelihood strategy in many cases. Several respondents reported that gig earnings constituted their family's main source of income, highlighting the importance of the sector in sustaining households. This reliance reflects the broader reality of Lao PDR's labor market, with more than 80% of workers remaining in informal employment, with limited access to formal jobs and social protections (UNDP, 2025). Compared to neighboring countries such as Thailand and Vietnam, where gig work often complements formal income, the Lao case demonstrates a more acute dependency on flexible, informal work.

Demographically, Lao PDR mirrors the regional trends of a youth-dominated gig workforce, with an average age of approximately 30 years. Young people are drawn to the flexibility and independence of gig work, as well as its low entry barriers. Similar patterns can be observed in Vietnam and Cambodia, where delivery drivers, ride-hailing operators, and freelance digital workers are predominantly in their 20s and 30s (ADB, 2024). However, although countries such as Thailand and Vietnam are seeing increasing diversification of gig opportunities into higher-skilled freelance digital services and content creation, the Lao gig economy remains concentrated in low-skill physical work, particularly transportation and delivery. This limitation reflects both infrastructure constraints and the relatively small scale of the digital economy, which is currently estimated to be only 3% of the GDP in Lao PDR (ASEAN, 2023).

Working conditions across the region share the common characteristics of precarity and informality. Gig workers in Lao PDR reported having as few as 2 rest days per month, with no access to employer-provided health insurance or paid leave. Similar to other groups in the Lao population, gig workers are covered by the National Health Insurance (NHI). Funded by tax revenue, the NHI provides services with small copayments at the point of care. Copayments range from LAK5,000 to LAK20,000 for outpatient visits (routine care that does not require an overnight stay) and from LAK5,000 to LAK30,000 for inpatient admissions. Pregnant women, children, and those classified as poor are exempt from these charges. Despite this design, access to full NHI benefits is not always consistent. Some patients report being asked to pay additional or excessive fees, and a range of operational issues can affect service delivery and the financial sustainability of the scheme. In the context of rising inflation, NHI costs are increasingly at risk of outpacing the government's budgetary capacity (Seal, 2022). These findings are consistent with the conditions reported in Cambodia and Myanmar, where platform workers also lack basic labor protections (Leenoi, 2021). Although Thailand and Vietnam continue to grapple with informality, they have begun experimenting with platform-level protections, such as accident insurance and performance incentives, indicating a gradual shift toward recognizing and addressing vulnerabilities in gig work (McCarthy, 2024). In contrast, Lao PDR has not yet established any formal regulatory framework to govern platform-mediated labor, leaving workers without legal recognition or entitlements under national labor laws.

The role that digital platforms play also highlights the differences between Lao PRD and its neighbors. Platforms such as Foodpanda, LOCA, and GoTeddy have expanded gig opportunities in Lao urban centers, particularly in Vientiane. However, the scope remains narrow compared to the more diverse ecosystems in Thailand and Vietnam. In these larger economies, gig work encompasses not only delivery and transportation but also freelance digital services, online tutoring, and creative content production industries supported by stronger digital infrastructure and government initiatives (Freiheit, 2025). Cambodia has shown similar growth in delivery-driven gig work, albeit with more integration of regional platforms, such as Grab. Therefore, Lao PDR, with its smaller market and slower digital transformation, is more dependent on a handful of local and regional platforms, thereby limiting opportunities for diversification. From a policy perspective, the country remains in the early stages of acknowledging the gig economy's role in generating employment. In contrast, several ASEAN countries are moving toward more structured governance. Singapore's Platform Workers Bill (2025) is the most advanced example, introducing mandatory Central Provident Fund contributions, workplace injury protection, and collective representation rights for gig workers (Medina, 2025). Thailand has also initiated discussions on portable benefits and the partial protection of delivery workers, while Vietnam is exploring legal clarity on categorizing freelance and digital work. These developments suggest that although the region broadly shares the challenges of precarity, some countries are beginning to institutionalize protections, whereas Lao PDR continues to operate within a policy vacuum.

Finally, the socioeconomic role of gig work differs between Lao PDR and its neighbors. In the former, gig work is primarily a survival strategy that fills critical gaps in household income amid rising costs of living and weak social safety nets. By contrast, in Thailand and Vietnam, gig work is increasingly framed within broader digital economy strategies, with governments promoting entrepreneurship, innovation, and skills development as part of their national development plans. Cambodia and Myanmar are similar to Lao PDR in that they remain closer to the survival-driven model, although Cambodia is gradually integrating platform labor into digital trade and e-commerce initiatives (World Bank, 2023).

Policy Recommendations

As a short-term policy recommendation, the Ministry of Health (MOH), Ministry of Labour and Social Welfare (MOLSW), local authorities, and platforms should conduct public awareness campaigns on the NHI to encourage more gig workers to enroll and face lower out-of-pocket costs. The MOH can also simplify the sign-up process by offering registration through mobile apps and simple kiosks at hospitals or district offices. Furthermore, the MOLSW should mandate that platforms issue written contracts that clearly set out pay, commission rates, safety rules, and complaint procedures, while the Traffic Police Department, Ministry of Transport, and platforms should provide regular road safety training for riders and drivers to reduce accidents.

In the medium term, the National Assembly, MOLSW, and Ministry of Justice should update labor laws to allow gig workers to receive basic protections, including clear pay rules, guaranteed rest periods, and simple dispute-resolution channels. The MOLSW and Social Security Office should also develop a portable social protection scheme in which workers contribute and platforms provide a matching share, thereby allowing benefits to move with workers across different platforms. In parallel, the Ministry of Technology and Communications, together with telecommunications firms and development partners, should expand access to reliable and affordable Internet to enable rural areas to participate more fully in the gig economy. Finally, the Bank of the Lao PDR, commercial banks, and fintech firms should promote digital payments and basic bank accounts to improve financial inclusion and reduce reliance on cash.

In the longer term, policies should prioritize the full integration of platform workers into the national social security architecture under the stewardship of the MOLSW, MOH, and NSSF. The objective should be parity of core protections with formal employees, including access to healthcare, work-injury coverage, and pension entitlements, which is consistent with fiscal sustainability. In parallel, the Ministry of Industry and Commerce (MOIC) and Ministry of Technology and Communications, in partnership with small and medium-sized enterprises and innovation hubs, should foster the diversification of the platform economy beyond transportation and delivery toward education, agricultural services, tourism facilitation, and professional services. The Ministry of Finance (MOF), MOIC, and the Lao National Chamber of Commerce and Industry can catalyze domestic digital entrepreneurship by deploying targeted time-bound fiscal incentives and competitive grants. These measures are expected to deepen the ecosystem of small and medium-sized enterprises, build local capabilities, and reduce strategic dependence on foreign platforms, and should be accompanied by a clear monitoring and evaluation framework to track uptake and outcomes.

Conclusion

The gig economy expanded rapidly after the COVID-19 pandemic, led by app-based transportation, food and parcel delivery, and e-commerce. A highly informal economy is growing, guided by general e-commerce, consumer and data protection rules, and sectoral licensing, rather than specific laws regulating gig work. Smartphones, mobile banking, and QR payments have lowered entry barriers for riders, couriers, and micro sellers.

Sixteen interviews were conducted from 1 August to 15 September 2025 with gig workers and platform managers across ride-hailing, delivery, cleaning services, and wait staff. Data were collected until saturation was reached, with informed consent and confidentiality safeguards in place. Earnings models were found to vary according to the platform and role. LOCA drivers typically retain approximately 75% of fares, with approximately 20% as platform commission and 5% as tax. Many drivers are between 23 and 45 years old, and LOCA Mini offers an electric vehicle option with a base salary and share of fares. Foodpanda riders reported gross daily payments of approximately LAK360,000 for 8 hours, LAK480,000 for 10 hours, and LAK680,000 for 14 hours, with fuel and other costs reducing net income. Students form a large share of the workers, and turnover is high. KOKKOK Move drivers lease electric tuk-tuks for approximately LAK250,000 per day and can net approximately LAK5,000,000 per month, depending on hours and demand. Outside platforms, cleaners earn approximately LAK300,000 for 4 hours of work or LAK500,000 for larger venues, with commissions of 20–30%. Event waiters earn approximately LAK200,000 per 6-hour shift, plus typical tips of approximately LAK100,000.

For many participants, gig work was their main source of income rather than being supplementary. Opportunities have widened with digital payments and social commerce; however, income remains volatile and depends on hours, seasonality, and operating costs. Coverage by occupational safety and health and social protection remains limited, with no consolidated mapping of industries, number of workers, or working conditions. Closing these gaps will require better data, simple onboarding to social protections, clearer enforcement practices, and pilot programs that improve safety, earnings stability, and service quality.

Drawing on these results, this study proposes a set of policy recommendations to be implemented in different timeframes. These actions call for close coordination among the MOLSW, MOH, Ministry of Technology and Communications, MOIC, MPWT, MOF, and local authorities. The goal is to strengthen the overall governance of the gig economy in Lao PDR and improve the working conditions for gig workers by expanding access to health insurance and social protection, standardizing written contracts, improving safety practices, and supporting responsible platform growth. Implementation should include clear milestones and a simple monitoring framework to track insurance enrollment, contract coverage, participation in safety training, and digital payment use.

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GIG ECONOMY IN MONGOLIA

Introduction

The purpose of this report is to examine the economic, social, and legal environment of the gig economy in Mongolia and develop proposals and recommendations for further regulation. The report uses official statistics on employment, unemployment, and self-employment without employee data in Mongolia for 1993–2024. The designation “self-employed without employees” is used as a proxy for gig workers owing to data limitations. In addition, the case study method is used to clarify the nature of gig work, whether gig work is a main or side job, the main reason for engaging in gig work, hours worked in gig work, earnings from gig work, advantages of working as a gig worker, and satisfaction from gig work to compare the types of gig work and reveal the challenges faced by gig workers.

Low wages from employees and job unavailability are driving the growth of the population who is self-employed without employees. In Mongolia’s development, gig work helps shift labor toward sectors with shortages; supports the education sector; improves training quality; reduces the load on public services, such as taxi services, beauty, and massage; assists in addressing household service needs, such as tailoring and shoe repair for citizens; and contributes to the food and goods supply. The disadvantages for gig workers include difficulty in competing with large companies and stores to retain customers, receiving lower pensions than regular employees owing to social insurance being paid on a voluntary basis, high rent and operating costs such as electricity and heating, negative health effects, and socialization issues.

Overview of the Development of the Gig Economy In Mongolia

In 2022, Mongolia enacted a new Labor Law to replace legislation adopted in the days after its transition from a planned to a market economy in the early 1990s. This new legislation generally brings Mongolia’s labor regulations more in line with practices in other countries and standards of the ILO, most notably by introducing new worker protections.

Labor laws must respond to changes in the economic and social contexts in which they operate. The nature of work is shifting rapidly with the expansion of nonstandard employment, such as platform work, which raises issues that differ from those associated with industrial jobs (World Bank, 2023). Multi-sector collaboration and efforts are crucial to support employment, and the “Vision 2050” long-term development policy of Mongolia sets the goal of “ensuring that every citizen has a job and income.”

According to the Ministry of Family, Labor and Social Protection (MFLSP), in 2025, 26 new labor exchanges were established, six exchanges had their terms extended, and four exchanges were removed from registration, resulting in a total of 66 labor exchanges in operation (MFLSP, 2025). These labor exchanges connect employers and jobseekers and provide information through a website (https://ejob.gov.mn/home). Although these activities support employers and the unemployed, no specific support appears available for those who are self-employed without employees.

The Government of Mongolia has established a fund to support small and medium-sized enterprises (Government of Mongolia, 2025) and provide loans to producers. However, the Law on Supporting Small and Medium Enterprises has high loan requirements, preventing household producers and microentrepreneurs from obtaining loans (Batlut, 2024). Therefore, the self-employed without employees cannot obtain loans from this fund.

According to the National Statistics Office (NSO), as of 2024, 62.2% (1.4 million) of Mongolia's total population aged 15 years and over are in the labor force, whereas 37.8% (869,200) are outside it. Among the 1.4 million people in the labor force, 94.7% (1.3 million) are employed and 5.3% (85,400) are unemployed (NSO of Mongolia, 2025).

As of 2024, 54.2% (733,900) of those employed work in the service sector, 23.7% (321,300) in the agricultural sector, and 22.0% (298,200) in the industry and construction sector. Considering the main sectors of economic activity, 14.1% (190,600) of those employed work in the wholesale and retail trade, repair of motor vehicles, and motorcycles sector, 9.6% (130,000) in the education sector, 7.5% (101,300) in the manufacturing sector, 7.1% (96,100) in the construction sector, and 7.0% (94,500) in the public administration and defense and compulsory social security sector. These sectors have the highest number of employed individuals, excluding the agricultural sector (NSO of Mongolia, 2025). Furthermore, 606,500 employees (44.8%) are in Ulaanbaatar, and 746,800 (55.2%) are distributed across the 21 provinces.

Analyzing the reasons for unemployment shows that out of a total of 75,400 unemployed individuals, 33% are unemployed because they cannot find a job, 10% lack professional skills and experience, and 9.9% are unable to find jobs that match their profession. Of the 10,900 potentially available workers, 20.1% are pregnant or caring for children, 12.0% are ill, and 11.2% are caring for others, preventing them from actively participating in the labor market, according to a survey conducted by the Ministry of Family, Labor and Social Protection (MFLSP, 2025). This gap in the labor market indicates that employment services need to reach the unemployed, cover more people, and meet the needs of both jobseekers and employers (World Bank, 2022).

According to a UNDP study (Munkhzul et al, 2022), changes in the unemployment rate and GDP are not interrelated in Mongolia. This is a result of the structure of Mongolia's labor market and high structural unemployment rate. Furthermore, economic growth is driven mainly by mining and manufacturing, which are the least labor-intensive sectors, and rising world market prices.

The Training, Assessment, and Research Institute for Labor and Social Protection (TARILSP) conducted a medium-term (up to 2035) labor market supply and demand forecast study for Mongolia (TARILSP of Mongolia, 2024). The forecast is based on available data and developed using methodologies commonly used internationally for labor market forecasting, including an economic model, demographic analysis, occupational and industry projections, scenario planning, and global economic trend analysis. The results of this study indicate that 73% of the total population is expected to be of working age by 2035 (68% in 2022), increasing by 27% (639,000) from 2022 to reach 3.0 million. From the demand side, 1.8–1.9 million workers will be required to achieve the GDP growth target in 2035.

Young people entering the labor market have two options: paid employment or self-employment. International experience (Aydana, 2025) shows that supporting self-employment and startups reduces youth unemployment and economic inactivity, thereby preventing long-term exposure to poverty and skill erosion. Mongolian youth lack a sufficient entrepreneurial mindset, an understanding of how and where to start, or skills. Furthermore, this type of activity has not been adequately addressed by the education system. According to Labor Force Surveys, only 1.3% of all employed youth aged 15–29 years are employers (employers of business entities and household enterprises), and research data on the percentage of young people interested in starting a business is lacking (Lorinet Foundation, 2022).

Research on Mongolia's gig economy is limited. One study (Zoltan, 2023) investigated intrinsic and extrinsic motivation factors for white-collar gig workers and their impact on behavioral intentions, such as those of remote workers, freelancers, and representatives of digital gig workers, not location-based gig workers.

Data and Methodology

Data were collected using the survey, and secondary sources were analyzed using the desk review research method. The study design also incoorproated a case study of two companies (an online platform-based taxi and delivery company and a small construction company) and five gig workers engaged in different types of activities.

In this study, we used the category "self-employed without employees," as defined by the NSO of Mongolia (NSO, 2019), as a proxy for gig workers for whom data are absent. Therefore, the meaning of the word "*gig worker*" mentioned in this study should be understood as "self-employed without employees."

The "Methodology of Statistical Indicators of Employment" approved by the NSO of Mongolia (NSO, 2019) classifies jobs as own-use production work, employment, self-employed, volunteer work, and others. The self-employed without employees are entrepreneur of an enterprise or organization without paid employees and operator of a market-oriented household activity without paid employees.

Sectors in which gig workers are commonly employed were chosen to select the two companies for this study. For example, UBCub taxi and delivery service was selected and examined because it is the only digital platform-based company operating in Mongolia.

Considering that 77% of the businesses registered with the NSO are small and medium-sized enterprises which employ 72% of the total workforce, a company classified as small- or medium-sized was chosen for this study. The company is involved in building and construction activities. The interviewed company was selected based on the annual growth rate of the construction sector in Mongolia, which is ranked after the mining and service sectors, the practice of hiring seasonal workers, and the informal employment rate of 8–9%.

Given the lack of official statistical data on gig workers in Mongolia, this study identified 18 common types of gig workers based on the Guideline for Calculating Occupational Safety Statistics (ILO & NSO, 2024) and National Occupational and Job Classification and Descriptions of Mongolia: UOMAT-08 (Ministry of Social Protection and Labor, 2010).

After identifying the most active types of gig workers among the defined types, five were randomly selected and included in this study. This study was conducted through face-to-face interviews with companies and gig workers.

The case study was used to clarify the nature of gig work, whether gig work is a primary or side job, the main reason for engaging in gig work, hours worked in gig work, earnings from gig work, the advantages of working as a gig worker, and satisfaction from gig work, to identify similarities and differences across types of gig work and the challenges faced by gig workers.

Results

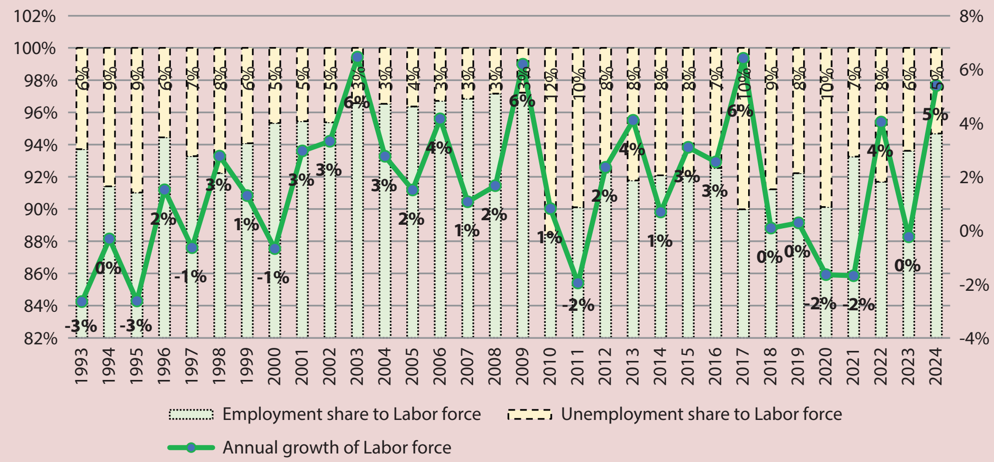
Development of the Gig Economy and Its Current Importance

Figure 1 shows that in the initial years of transitioning from a centrally planned economy to a market economy, the annual labor force growth fluctuated between -3% and 3%. It began to increase in 2001 and reached 6% in 2006, 2009, and 2017. During the COVID-19 period, this rate decreased to -2%. However, an increasing trend has been observed since 2024 at a rate of 5%.

The employment share of the labor force, which reached 97% in 2006–2009, is related to the growth of the mining sector. As mining sector activity intensified, the employment level in this sector began to increase at the end of 2009, while employment in the construction sector sharply increased at the end of 2012, owing to the commencement of mortgage loans (Gan-Ochir, 2017). Since the post-COVID period, the employment share of the labor force has shown an increasing trend.

FIGURE 1

ANNUAL GROWTH OF THE LABOR FORCE AND EMPLOYMENT AND UNEMPLOYMENT SHARE OF THE LABOR FORCE.



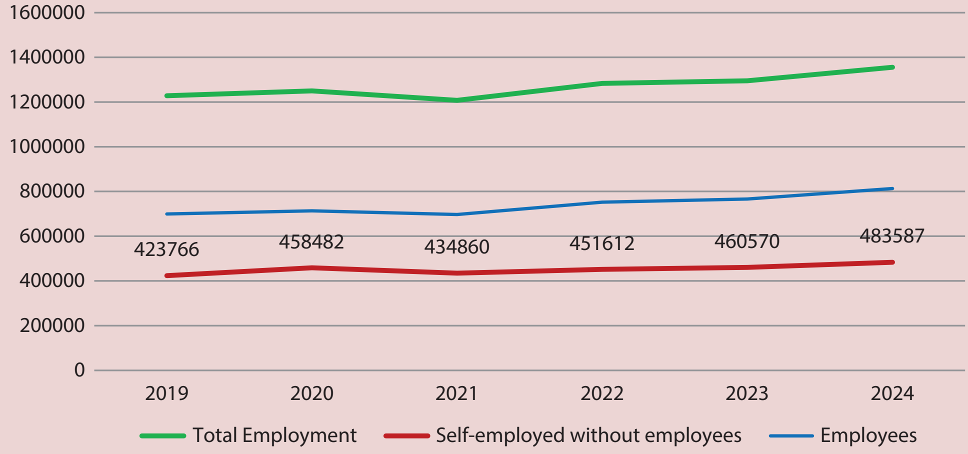
Source: NSO, 2025

Of the workforce, 22% are employed in agriculture, forestry, and fishing, 14% in wholesale and retail trade and the repair of motor vehicles and motorcycles, 10% in education services, and 8% in processing industries, clearly indicating the significant impact of these sectors on employment.

Figure 2 shows the total number of self-employed individuals without employees from 2019 to 2024. Notably, the number of self-employed without employees increased from 423,800 in 2019 to 483,600 in 2024.

FIGURE 2

SELF-EMPLOYED WITHOUT EMPLOYEES AND EMPLOYEES AS A SHARE OF TOTAL EMPLOYMENT.



Source: NSO, 2025

TABLE 1

SELF-EMPLOYED WITHOUT EMPLOYEES AS A PERCENTAGE OF TOTAL EMPLOYMENT, BY PROVINCE.

	2020	2021	2022	2023	2024
Bayan-Ulgii	28.8%	44.1%	46.6%	47.7%	52.2%
Govi-Altai	66.8%	60.8%	69.4%	56.7%	57.1%
Zavkhan	56.1%	60.7%	56.5%	57.1%	56.0%
Uvs	53.2%	63.9%	65.8%	67.1%	65.5%
Khovd	63.5%	51.7%	55.0%	42.5%	53.8%
Arkhangai	62.1%	71.9%	64.5%	67.4%	64.4%
Bayankhongor	53.3%	61.7%	72.6%	56.3%	55.9%
Bulgan	57.0%	64.0%	59.0%	69.5%	63.2%
Uvurkhangai	55.8%	55.3%	50.9%	63.6%	58.7%
Khuvsgul	52.1%	58.2%	61.2%	60.3%	50.0%
Orkhon	17.4%	21.3%	14.2%	18.2%	2.9%
Dornogovi	51.5%	38.6%	49.3%	42.0%	31.2%
Dundgovi	67.7%	72.1%	67.2%	42.2%	65.1%
Umnugovi	31.1%	42.3%	41.1%	35.6%	29.6%
Selenge	41.7%	10.3%	15.1%	31.6%	28.2%
Tuv	52.5%	47.6%	34.6%	48.6%	51.1%
Darkhan-Uul	25.3%	17.1%	22.0%	19.3%	19.6%
Govisumber	34.9%	40.0%	27.6%	35.9%	21.5%
Dornod	38.3%	30.2%	36.0%	40.2%	41.5%
Sukhbaatar	38.8%	57.8%	54.4%	59.1%	54.3%
Khentii	61.8%	54.2%	54.0%	52.3%	51.9%
Ulaanbaatar	19.9%	16.1%	17.2%	16.8%	21.6%

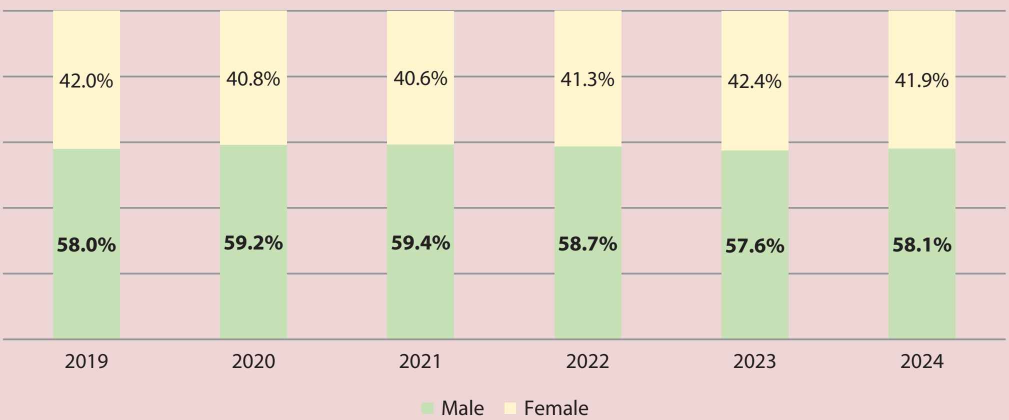
Source: NSO, 2025

Table 1 shows, by province, the share of self-employed without employees as a percentage of total employment from 2020 to 2024. Uvurkhangai Province has the highest number of these individuals. It has a relatively large population and is a major transit region to the western provinces and Khuvsgul, a tourist destination. In Bayan-Ulgii Province, where tourism has recently experienced rapid development, the number of those self-employed without employees has grown 1.8 times higher over the last 5 years. These individuals mainly operate in sectors that have developed alongside the tourism industry, such as hotels, food services, and car rentals. Recently, as tourism has developed in Bayan-Ulgii Province, services such as Jeep rentals to Altai Tavan Bogd Mountain, houses rented as short-term accommodations in the provincial center, hotels in the countryside, and accommodations in ger, alongside offering Uzbek, Kazakh, and Mongolian cuisine, have become increasingly popular.

However, in Orkhon Province, a major mining region, the number of self-employed without employees is six times lower than it was 5 years earlier. The "Erdenet" mining factory, which operates in the Orkhon Province, is a key source of foreign currency earnings for Mongolia's mining sector. In 2024, the "Erdenet" mining factory centralized USD1.1 billion in export revenue at the Bank of Mongolia, reflecting a boom at historical levels (Yondon, 2024). It creates numerous job opportunities, and because of relatively high wages, individuals tend to prefer these jobs over self-employment.

FIGURE 3

SELF-EMPLOYED WITHOUT EMPLOYEES, BY GENDER.



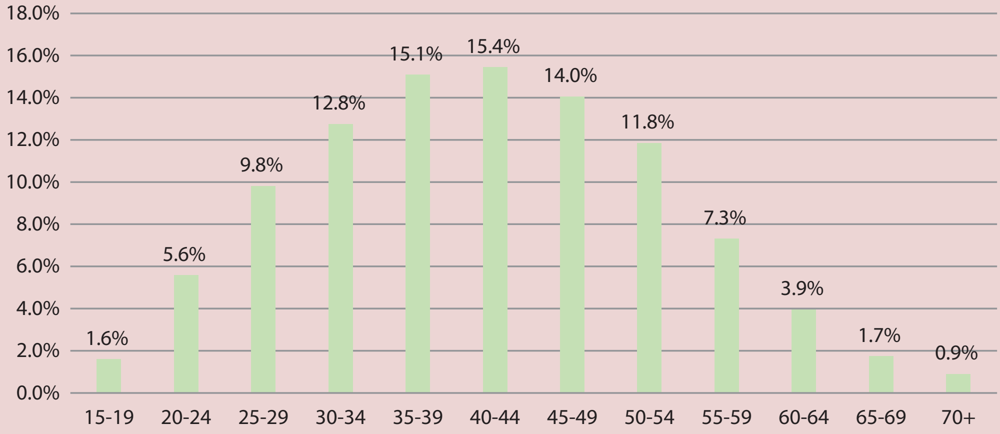
Source: NSO, 2025

Figure 3 illustrates the gender composition of self-employed individuals without employees between 2019 and 2024. Men comprise 58.1% of this group, and this ratio has remained almost unchanged over the last 6 years. Thus, men are in the dominant position in the self-employed without employees category.

Figure 4 shows the age distribution of self-employed individuals without employees. Of this group, 69.1% are 30–54 years old. This indicates that those who are self-employed without employees typically have accumulated work experience and good working abilities.

FIGURE 4

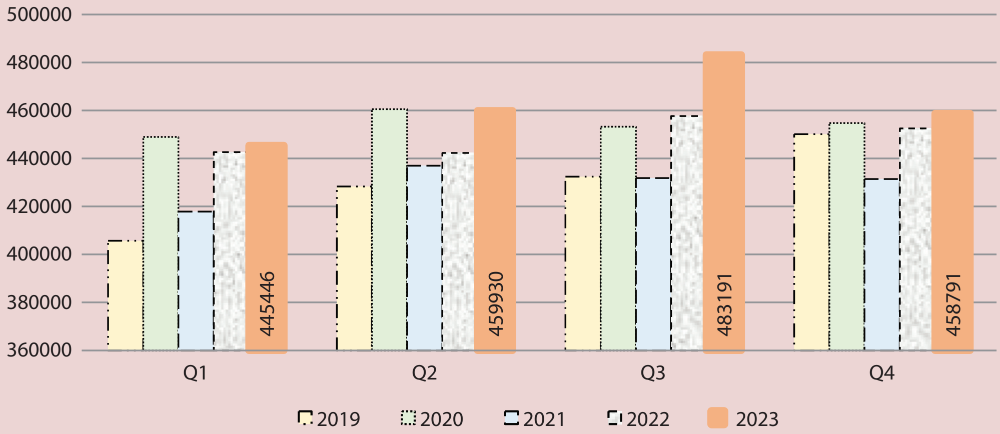
SELF-EMPLOYED WITHOUT EMPLOYEES, BY AGE.



Source: NSO, 2025

FIGURE 5

SELF-EMPLOYED WITHOUT EMPLOYEES, BY SEASON.



Source: NSO, 2025

Figure 5 shows the number of self-employed individuals without employees by season. In the years following the COVID-19 period, the number of those self-employed without employees was higher in Q3, which includes the summer months. This indicates that this group is active in seasonal tourism, lodging, construction, and agriculture.

Working Hours

No official statistical data are available on the working hours of individuals who are self-employed without employees in Mongolia. However, the International Organization for Migration (IOM) has defined working hours within the framework of a study on informal labor in Mongolia. As shown in Table 2, informal workers work an average of 58.09 hours per week, and 60% have fixed schedules (IOM, 2021).

TABLE 2

AVERAGE WEEKLY HOURS WORKED BY INFORMAL WORKERS.

Status of labor	Male	Female	Total
Employee	59.17	54.30	56.85
Employer	60.58	59.55	60.00
Self-employed	55.72	56.32	56.06
Total	58.41	57.85	58.09

Source: IOM, 2021

Employees' working hours depend on their educational level and economic sector. For example, employees with a bachelor's degree work 3.3 hours less than those with a middle or lower level of education, whereas those with specialized vocational education work almost 2 hours less. Employees in the manufacturing sector work almost 1 hour less than those in the trade and repair sector (IOM, 2021).

Compared to those in the trade and repair sector, employees in the transportation (1.23 hours more), construction (0.91 hours more), and hotel (0.45 hours more) sectors have relatively higher working hours. Those in other services (0.57 hours less), manufacturing (0.31 hours less), and other sectors (0.48 hours less) are considerably lower. Older employers and self-employed individuals work slightly fewer hours (0.57 hours less). Women also work slightly fewer hours than men (IOM, 2021).

Working hours are regulated by the Law on Labor (Parliament of Mongolia, 2021), which stipulates regular work hours of 8 hours per day and 48 hours per week. The NSO calculates and disseminates statistical data on working times that exceed the scope of the law.

Nationally, employees work an average of 32.3 hours of overtime per week, with men and women working 41.5 hours and 21.3 hours of overtime, respectively. By age group, those aged 65 and over work the most overtime (38.3 hours), likely because older people must often work overtime to earn extra income and compensate for low retirement benefits. Rural workers work 2.5 times more overtime than urban workers, which is related to the low labor productivity in pasture livestock farming and non-irrigated agriculture.

TARILSP, a subsidiary of the MFLSP, conducted a study on overtime in 2023. This study examined employees' non-working days and overtime based on a sample of 29,200 employees (TARILSP, 2023). The results reveal that 5.3% work on non-working days and 7.7% work overtime. Male employees constitute 60.3% of employees working on non-working days and overtime, whereas female employees constitute 39.7%. Of the employees who work on non-working days, 70.5% are employed by companies and 11.8% by government organizations.

Of the employees who work overtime, 67.8% work in companies and 12.3% work in government organizations. Therefore, employees of companies and government organizations work the most on non-working days and overtime. On average, employees work 4 hours on non-working days, and employees who work overtime do so for an average of 39.6 hours per month. Employees in the wholesale and retail trade sector account for the largest proportion (17.7%), whereas those in the agricultural sector account for the smallest proportion (0.8%). Employees in the administration and support services sector work the most overtime, whereas those in the public administration and defense sector work the most on non-working days (TARILSP, 2023).

Gig Worker Characteristics: Findings From Official Statistics

Although the mining sector hires the highest number of workers overall, gig workers, as proxied by self-employed without employees, are most prevalent in sectors such as agriculture, tourism, wholesale and retail trade, services, and education. Therefore, when implementing future programs and initiatives targeting gig workers, it is advisable to align them with the characteristics of these sectors.

Gig work is more prevalent among men than women. Furthermore, gig work engagement is higher among those aged 30–54 years compared to other age groups, indicating that individuals with accumulated work experience are performing gig work.

In framework of this study of gig work reveals that it is the most developed in provinces with developed tourism, followed by provinces in transit zones to provinces inside and outside the Ulaanbaatar, and then provinces with highly concentrated populations. The development of other sectors that accompany tourism promotes gig work, although it intensifies only during the summer tourist season.

The working hours of gig workers (self-employed without employees) are at an average level relative to other types of employment. This depends not only on employment status but also on the sector in which they work and the season.

Major Types of Gig Work

A case study was conducted focusing on activities under the “self-employed without employees” status. Searches for digital platforms that employ gig workers identified only one (UB Cab taxi), whereas other types of gig workers were not based on digital platforms.

TABLE 3

MAJOR TYPES OF GIG WORK IN MONGOLIA.

Occupation	Brief description
Driver (digital platform based)	• Taxi and delivery service • Digital platform based • UB Cab taxi drivers (https://www.ubcab.mn/mn/ubcab)
Driver	• Taxi and transport service • Contract with a coal company and transports coal from Mongolia to China • Jeep rental services for tourists • Facebook based or online advertising

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Occupation	Brief description
Teacher	• Training to provide general education to school children in subjects such as English, mathematics, chemistry, and biology • Training centers, usually operating by renting training room (larger training centers hire teachers, whereas teachers in training centers that teach alone can be considered gig workers) • Facebook based or online advertising
Translator and visa document preparer	• Provide translation services and prepare visa materials for traveling to foreign countries (some of them only work online without renting an office) • Translators who have a tour guide license work as guides for tourists in the summer (some cases) • Facebook based or online advertising
Accountant	• Freelance accountants prepare financial and tax reports for small businesses (often retired accountants, as accountants of working age usually work as full-time employees in one company and as contract accountants for other companies) • Facebook based or online advertising
Researcher	• Research work for international organizations, national NGOs and other organizations (researchers of working age usually have full-time jobs, although some researchers work independently without belonging to an organization) • Research work at the international level (some Mongolians earn considerable income through international platforms, such as Upwork and Freelancer, mainly in software development and translation)
Artist	• Cultural services • Painters, singers, writers, sculptors, and goldsmiths/silversmiths (members of professional associations such as the "Union of Artists" and "Union of Writers," which do not provide wages) • Facebook based or online advertising
Nurse	• Medical service (provide injections prescribed by doctors in homes on call) • Facebook based or online advertising
Beautician	• Beauty service (massage therapists, hairdressers, manicurists, pedicurists, and yoga instructors) • Rent rooms or provide in-home services on call • Facebook based or online advertising
Food delivery	• Food delivery service (Individuals package and bundle traditional dishes and dairy products and deliver them on demand) • Facebook based or online advertising • Restaurant and shop online platforms for food delivery: Qmenu (https://qmenu.mn), ebazaar (https://apps/details?id=mn.ebazaar.business&hl=mn), GoShop (https://www.goshop.mn/home/landing), Beeco (http://www.ibeeco.com/) (however, this type of online platform is not considered gig work)
Food producer	• Produce and sell bread, pastries, sandwiches, and burgers • Produce and sell canned fish and vegetables (mainly rural residents) • Facebook based or online advertising

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Occupation	Brief description
Craft and souvenir maker	• Produce small crafts and souvenirs from leather and felt (In rare cases, decorative items are produced and sold near religious centers and natural monuments in rural areas) • Facebook based or online advertising
Store owner or Shopkeeper	• Sell goods (own or rent small shops) • Facebook based or online advertising
Construction service provider	• Plumbing, carpentry, and interior decoration work in residential buildings • Work in teams on renovations of large offices and multi-room apartments • Facebook based or online advertising
Service provider	• Services: tailoring, shoe repair, watch repair, mobile phone and computer repair (they usually rent small spaces near residential areas or shops) • Facebook based or online advertising
Rental service provider	• Rent out self-built houses and buildings (this typically involves building small houses and renting them out to shops, hairdressers, or coffee shops). • Rent agricultural machinery and equipment during spring planting and autumn harvesting • Facebook based or online advertising
Herder	• Herd animals (families with a small number of livestock work as herders for rich families; family members informally help with herding) • In rural areas, it is common to comb cashmere of goats and shear sheep for other herding families during the season. However, these jobs should be classified as temporary work. • Facebook based or online advertising
House cleaner	• Childcare, house cleaning, window cleaning, and carpet cleaning • Facebook based or online advertising

Source: Author's survey

Table 3 shows the major forms of gig work in Mongolia based on the author's survey. Gig worker roles commonly found in Mongolia include drivers, teachers, translators, foreign visa application preparers, accountants, researchers, artists, singers, creatives, nurses, beauticians, food delivery staff, food producers, shopkeepers, construction and service workers, household service providers, rental service providers, and herders. Except for UBCab taxi and delivery services, gig workers in Mongolia do not typically use digital platforms. They connect with their customers by joining Facebook groups and posting online job search advertisements.

Gig Worker Characteristics: Findings from the Case Study

This section presents gig worker characteristics based on the author's case study. The case study was based on interviews conducted between June and August 2025 with personnel from two companies and five gig workers.

The case study surveyed two companies, one being UBCab Holding, a digital platform-based taxi and delivery service. UBCab Holding operates in Ulaanbaatar and has branches in 15 local provinces, offering various services such as taxis, intercity transportation, the UBCab Express postal service, and UB food delivery. UBCab uses a map-based location system that allows users to find their location without difficulty. The company has established a significant base of over 60,000 drivers, increasing opportunities for individuals to participate on the platform.

Construction Company "A" (company requests anonymity) holds a license for constructing buildings and roads. The company has 20 permanent employees and qualifies as a small-to-medium-sized enterprise. It obtains work orders from private companies and participates in tenders through a government procurement system. In terms of office work, they have a contract with an accountant and a staff member who prepares tender documentation. They hire local assistance workers for construction tasks, such as cement mixers, carpenters, and masonry workers.

The case study also included interviews with five gig workers. The interviews were conducted for an hour on average, with 12 questions being posted. The gig workers include a math teacher (57 years old, male) who is the owner of "Math Tutoring Center" since the past 10 years. The second is a driver (60 years old, male) who has provided taxi services through the UBCab platform and independently for 15 years. The third is a hair dresser (50 years old, female) with 30 years of experience who rents a space in a beauty salon. The fourth is a store owner (43 years old, male) who has run a grocery store for 20 years and works for himself as a shopkeeper, and the fifth is a translator (31 years old, female) who worked as a translator and manager at a travel company before starting her business 7 years ago. These gig workers were randomly selected from the Occupational list of Guideline for Calculating Occupational Safety Statistics (ILO & NSO, 2024).

The interview results suggest the following main reasons for engaging in gig work in Mongolia:

1. Employers want to hire gig workers in addition to regular employees because they are not required to make social insurance payments for gig workers. They can simply issue an e-procurement through the organization's registry for the work performed and pay their wages.

2. Low wage levels in formal employment make these individuals an attractive option as workers.

3. Difficulty finding employment due to older age (40+ years) leads individuals to be self-employed without employees.

4. Lack of job opportunities and professional skills.

5. Housewives want to spend time with their families without being tied to working hours while also running their own small side businesses.

6. The nature of the profession, such as artists, hairdressers, and beauticians.

7. Asset owners using their assets to engage in gig work.

8. Individuals are limited to gig work opportunities (e.g., hired herders).

Hours Spent in Gig Work

The hours worked were determined at the level of the two companies and five gig workers included in the case study. Among the interviewees, the accountant works 12 hours, the teacher works 36–48 hours (actual hours teaching, excluding time spent preparing for lessons), the driver works 48–60 hours, the hairdresser works 48–54 hours, the seller works 54–60 hours, and the translator works 40–50 hours per week.

Article 84.4 of the Labor Law of Mongolia (Parliament of Mongolia, 2021) states: "The maximum weekly working hours shall not exceed 56 hours. The maximum daily overtime shall not exceed four hours." The gig worker working hours identified based on the interviews are in line with the IOM study finding that "60 percent of informal workers work on a fixed schedule and work an average of 58.09 hours per week" (IOM, 2021).

Earnings from Gig Work

In Mongolia, the average monthly wage is MNT2.3 million. The gig worker wages observed in this case study are as follows: the average monthly income is MNT9.0 million, the taxi driver's income is MNT1.4 million, the hairdresser's income is MNT1.9 million, the store owner's income is MNT3.0 million, and the translator's income is MNT3.7 million.

The monthly income of gig workers, except for drivers and hairdressers, is higher than the national average wage. However, these data represent the gross income of gig workers, whereas their net income after deducting expenses is lower.

Advantages of Gig Work

1. Ability to manage their own work and leisure time, with more time to spend with family.

2. For service-based jobs with regular clients, income is stable and has the potential to increase.

3. Developed their own operations and businesses, becoming more specialized.

Challenges Faced by Gig Workers

1. Difficulty in competing with large companies and stores to retain customers.

2. Social insurance is paid voluntarily, and they will receive a smaller pension than regular employees.

3. Office rent and operating costs, such as electricity and heating, are high.

4. Negative effects on health, such as those related to working as a taxi driver

5. Lack of colleagues prevents participation in social activities, such as New Year's celebrations and Women's Day.

Discussion and Policy Recommendations

Extended Discussion of the Key Findings

In this study, gig workers are represented as self-employed without employees. Individuals who are self-employed without employees have significant opportunities in the trade, service, education, and agricultural sectors. Young people generally lack the knowledge and experience to be self-employed without employees, indicating a need to organize training courses for those aged 15–29 years.

In Mongolia, employer-paid social insurance and taxes are burdens that lead companies to prefer hiring part-time workers, self-employed individuals without employees, and contractors. These companies only want to hire the most experienced and skilled workers; however, finding and hiring such professionals in the labor market can be difficult. This is related to the outflow of young people abroad or their high interest in studying and working abroad.

Gig work is influencing a shift in labor to sectors with shortages, improvements in the education sector and quality of training, contributions to public services, such as taxi services, beauty, and massage; solutions for household service issues, such as tailoring and shoe repair; and increases in the supply of food and goods.

However, gig workers face disadvantages, such as difficulties competing with large companies and stores to retain customers. Another concern is social insurance being paid on a voluntary basis leading to them receiving lower pensions than regular employees. Other potential issues include high operating costs such as electricity and heating, negative health effects, and socialization issues.

Policy Recommendations

Mongolia has sufficient laws, regulations, policies, and programs to support employment. However, it is necessary to ensure that these policies are implemented, as well as to implement specific clauses, policies, and programs to support gig workers.

The government should implement a mechanism for regularly analyzing the results of programs, services, and measures to support those who are self-employed without employees, resolve complaints, and conduct case studies. The accuracy of statistical data on this group should also be improved, such as through registration, and conducting specialized statistical studies.

Furthermore, the government should develop sectors such as agriculture, trade, services, and tourism to create opportunities for those who are self-employed without employees. Digital platforms to support gig worker development in Mongolia remain at the nascent stage; thus, stimulating digital transition in the labor market is also important.

Conclusion

The relatively large increase in the number of those categorized as self-employed without employees in provinces other than Ulaanbaatar is linked to the scarcity of jobs in rural areas. Furthermore, these workers are developing in sectors other than mining, particularly in provinces with developed tourism and good infrastructure.

More than half of those who are self-employed without employees are men, which is related to the traditional mindset that men should engage in high-income work and provide for their families. Furthermore, 69.1% of these workers are between the ages of 30 and 54 years, indicating that people who are self-employed without employees have generally accumulated work experience and good working skills.

In Mongolia, the gig worker concept is limited to digitally based businesses, such as taxis and food and goods delivery services. Although the gig worker model is developing in other sectors, it is not digitized and remains limited to distributing advertisements and using Facebook.

The reasons for engaging in gig work are, first, the lack of job opportunities and, second, the desire to earn more than one income. Gig work offers individuals advantages, such as the ability to manage their own work and stable and potentially increasing income for service jobs with regular customers, the opportunity to operate one's business, increased specialization, and more time for family.

Gig workers struggle to compete with large companies, face high operating costs, and often lack stable social protections. These challenges can result in lower savings, health risks, and social isolation, making gig work more precarious than formal employment.

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GIG ECONOMY IN NEPAL

Introduction

Overview of the Country Report

The abrupt global expansion of the gig economy owing to the expeditious use of online platforms, social media, and technology integrated with cheap labor has resulted in a significant shift in conventional economic structures. The gig economy is characterized by short-term, flexible work arrangements and independent contracting facilitated through the use of digital infrastructure, and is helping to reshape employment practices by connecting employees and employers across borders (Banik & Padalkar, 2021).

The gig economy in Nepal is predominant in domains such as ridesharing, food delivery, and door-to-door delivery services, and offers flexible work arrangements. Nepal's gig economy has experienced substantial expansion, contributing to the overall economy and creating employment opportunities. However, the lack of clear regulatory and legal frameworks, social protections, and employment security poses challenges, such as job insecurity for both employers and gig workers (Paudel, 2024). As Nepal navigates the challenges of demographic shifts and rising demand for better employment opportunities, the gig economy offers a unique opportunity to integrate a new workforce into the labor market.

This study explores the development of the gig economy, including the industries and services that play key roles, highlighting both opportunities and challenges to ensure a sustainable labor market with equitable income distribution. It employs a descriptive and explanatory research methodology and analyses primary and secondary data. Primary data were collected through structured questionnaires. Convenience sampling was used to select gig workers from various gig-work services as respondents. The collected data were analyzed using qualitative and quantitative methods, including descriptive statistics. Responses collected through the questionnaires were rated on a 5-point Likert scale, and the findings are presented through tables, charts, and narrative interpretations. Secondary data were sourced from the literature, library research, and reports to support and contextualize the analysis.

The findings of this study provide an overview of the gig economy in Nepal and highlight both the opportunities and challenges faced by gig workers in the Nepali economy. The wide gender gap among respondents suggests lower female participation in the gig economy, likely because of societal and digital barriers. Most respondents were young, indicating that gig work is particularly accessible and appealing to young people. Among those surveyed, ridesharing and food delivery emerged as the predominant forms of gig work, indicating a service-oriented and increasingly digital gig economy. Respondents agreed that the adjustable working hours provided by gig work were key motivators. Furthermore, respondents were satisfied with their income and considered gig work a reliable source of earnings. However, respondents called for stricter government regulations to address persistent challenges, such as job insecurity, lack of benefits, and inadequate legal protections. Despite these concerns, most respondents agreed that gig work provided them with a positive lifestyle and was more empowering than conventional work. Thus, the survey findings suggest that respondents generally hold a favorable perception of gig work and view it as a promising way to earn a living in the context of Nepal's evolving labor market.

Overview of the Development of the Gig Economy in Nepal

Development of the Gig Economy and its Current Importance

The increasing reliance on technology-enabled communication platforms, particularly social networking, along with fast-paced technological advancements and the availability of affordable and underemployed labor, has contributed substantially to the growth of the gig economy. The gig economy is prevalent in sectors such as freelancing, food delivery, e-learning, and ridesharing and offers flexible work arrangements that prove crucial during the global COVID-19 crisis (Joo & Shwal, 2021).

The gig economy in Nepal has experienced significant growth and contributed to Nepal's GDP, while also addressing the country's underemployment and unemployment concerns. Over the last decade, Nepal's gig economy has experienced significant growth, primarily in sectors such as freelance work, transportation, and food delivery, with various network-based platforms offering different services (Pradhan, 2016). Virtual platforms are becoming increasingly widespread globally and play a substantial role in linking workers to global employment markets and opportunities. The growing influence of online platforms has become a dominant economic model worldwide, and Nepal is no exception. Nepal's gig economy has a significant social and economic impact on its workers. In societal terms, digitalization offers various alternatives for people to interact, and in economic terms, web-based platforms enable people to conduct online transactions with greater efficiency, offering greater flexibility and integration (Darmastuti & Rahmawati, 2023).

The gig-based employment system is rapidly expanding in Nepal, as it provides workers with accommodating schedules, fair earnings, and easy access while addressing persistent unemployment challenges. According to the Federation of Nepalese Chambers of Commerce and Industries, the gig economy currently contributes approximately 6% of Nepal's GDP and is expected to grow as more individuals become inclined toward gig work for supplemental income (Bhul, 2025). According to the Online Labor Index published by the ILO, 49% of the online freelance workforce in Nepal is engaged in software and technology development services (Tuladhar, 2025). Gig work is mostly prevalent in urban settlements owing to the easy access to and availability of various virtual platforms and digital technologies. Furthermore, a growing number of unemployed individuals are seeking part-time or full-time work in these areas. Consequently, these factors have contributed to the growth in freelancing and short-term job opportunities, particularly in urban areas. The gig economy provides numerous employment opportunities for individuals who struggle to find conventional jobs, leading to more equitable income distribution and helping households, particularly young people, increase their income levels (Khanal & Khanal, 2024).

Industries and Services Playing a Key Role in the Gig Economy

Most of the industries and services that are central to encouraging gig work in Nepal are platform-based. Some key platforms include Foodmandu (food delivery), Pathao (ridesharing), Khalti, and Esewa (online payments). In 2010, the food delivery platform Foodmandu initiated gig work in Nepal, thus exerting an innovative influence on how business is conducted in the country.

Consequently, it opened the door for other web-based platforms, such as Khalti and Esewa, which deliver convenient and secure online payment solutions to individuals and businesses. The gig economy has expanded into ridesharing platforms, such as Indrive and Pathao, which offer convenient and affordable alternatives to traditional transportation methods. It also addresses the inefficiencies of the public transportation system, particularly in Nepal's capital city, further helping solve public commuting issues (Hamal, 2019).

Major Forms of Gig Work and Worker Characteristics

Nepal is expected to benefit from a demographic dividend until 2035. Currently, many young people are looking for suitable employment opportunities that match their knowledge, skills, and technical ability; however, the employment market is unable to meet the needs of youth seeking employment. Therefore, the gig economy provides entry-level employment for young people to join the labor force, even if they have no formal education or prior experience. Furthermore, the gig economy presents new opportunities for women, particularly those occupied with household chores, by offering a way to balance family and work life. This also further increases female labor force participation, as women can work as freelancers from home.

Advanced technology has facilitated communication, cooperation, and collaboration between employers and workers. Freelancing and part-time work are becoming increasingly popular among Nepal's younger demographic, who are very familiar with advanced technology. The gig economy provides individuals with employment opportunities, particularly those who have been unable to obtain other employment despite having the capacity to work, including women, people with disabilities, rural residents, and individuals with limited access to technology. The flexible nature of gig work enables these individuals to engage in economic activities and participate in the labor force (Alanezi & Alanzi, 2020).

Regulatory Frameworks for Gig Workers

Nepal has no specific policies or legal provisions that are directly related to the operation and regulation of its gig economy. However, various laws and rules are applicable to gig workers, such as labor laws, taxation, social security and benefits, data protection, and consumer protection. Despite its increasing popularity and employment share, Nepal's gig economy remains in its initial stages. Systemizing and regulating this new economic initiative shows regular ambiguity, specifically in relation to gig workers' rights and protections. This lack of legitimacy presents significant challenges, such as job insecurity and a lack of worker protections, making the gig economy unpredictable and difficult to manage (Ghosh et al., 2023). Despite the alluring freedom provided by the gig economy, with which labor-mediating platforms seek to mobilize supply, gig workers are subject to algorithmic management, questionable job security, and insufficient legal protections (Carboni, 2019).

To address this gap, the Government of Nepal enacted the E-commerce Act in 2025. This Act is intended to establish a comprehensive and robust legal framework for e-commerce activities in Nepal by highlighting the rights and obligations of e-commerce platforms and consumers. This promotes clarity and accountability in e-commerce. It further focuses on protecting consumer rights with clear regulations on order confirmation, returns and refunds, product guarantees, secure payment options, and transparent delivery mechanisms. The Act also introduces registration and licensing requirements for online marketplaces, ensuring compliance with prescribed standards and enhancing accountability (Electronic Commerce Act, 2025).

Research Methodology

This section outlines the procedures used to collect and analyze data to provide an overview of the structure and current dynamics of Nepal's gig economy, including the industries and services that play key roles in increasing the prominence of gig activities.

Research Design

This study uses descriptive and explanatory analyses based on primary and secondary data sources. It combines desk and field studies and employs quantitative evidence and qualitative methods.

Population and Sample

The study sample comprises 75 individuals engaged in various forms of gig work in Kathmandu Valley. Convenience sampling was used to select respondents because of the informal nature of gig work.

Data Sources

Primary data were collected through direct interactions with gig workers using a structured questionnaire. Secondary data were derived from relevant literature, library resources, journal articles, and research reports.

Data Analysis Tool

Participants' responses were measured on a 5-point Likert scale, including strongly agree (SA), agree (A), neutral (N), disagree (DA), and strongly disagree (SD). SPSS was used for data analysis.

Analysis and Interpretation

The data collected from the respondents are presented using tables, charts, and descriptive explanations. The information obtained from secondary sources is summarized with contextual interpretations to better explain the growth trajectory of the gig economy.

Data Analysis and Interpretation

Respondent Profile

Respondents were classified along multiple dimensions, as discussed below.

TABLE 1

FREQUENCY DISTRIBUTION OF RESPONDENTS ACCORDING TO GENDER.

Gender	Frequency	Percent
Male	60	80
Female	15	20
Total	75	100

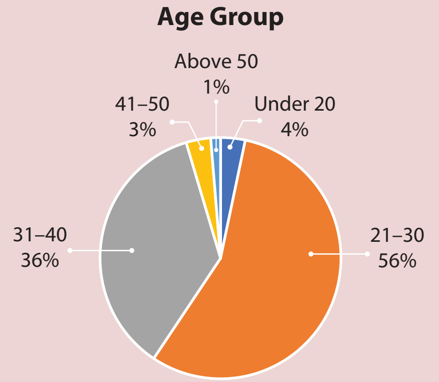
Source: Author's Field Survey (2025)

Gender

Table 1 shows that most respondents are male (80%) and 20% are female, suggesting that men are more involved in gig work than women.

FIGURE 1

FREQUENCY DISTRIBUTION OF RESPONDENTS ACCORDING TO AGE.



Source: Author's Field Survey (2025)

Age Group

As shown in Figure 1, the 21–30 age group comprises the majority (56%) of the respondents. The second-largest age group is 31–40 years, which includes 36% of the respondents. The remaining age groups account for only 8% of the sample.

TABLE 2

FREQUENCY DISTRIBUTION OF RESPONDENTS ACCORDING TO ACADEMIC QUALIFICATIONS.

Academic Qualifications	Frequency	Percent
School Leaving Certificate (SLC)	18	24%
Plus Two	24	32%
Bachelor's Degree	21	28%
Master's Degree	5	7%
Not Applicable	7	9%
Total	75	100

Source: Author's Field Survey, 2025

Academic Qualifications

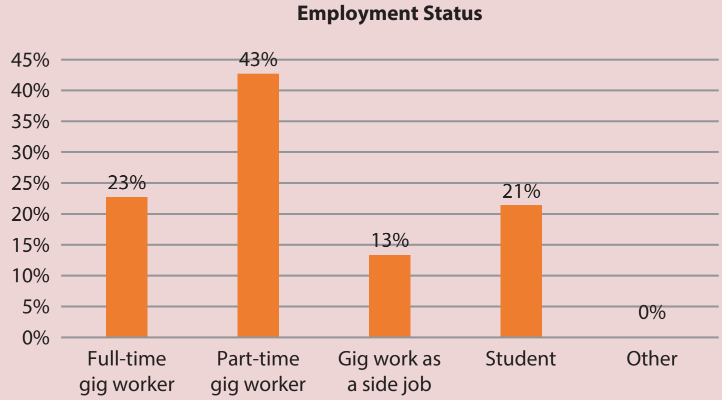
Table 2 shows that most respondents have a mid-level education, that is, SLC (24%) and Plus Two (32%), suggesting that gig work is particularly attractive to those with limited access to formal jobs that require degrees. A significant proportion (28%) of the respondents holds a bachelor's degree. Only 7% of the respondents have completed a master's degree.

Employment Status

Figure 2 shows that 43% of the respondents are part-time gig workers, indicating that most relied on gig work as an extra source of income rather than as a primary job. However, a considerable portion of respondents perform gig work full-time and consider it their primary source of income.

FIGURE 2

FREQUENCY DISTRIBUTION OF RESPONDENTS ACCORDING TO EMPLOYMENT STATUS.

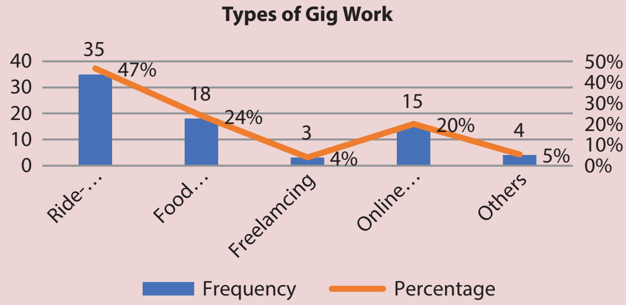


Source: Author's Field Survey (2025)

The figure also shows that 21% of the respondents are students, suggesting that gig work provides alternative work arrangements for students with academic commitments. Finally, 13% of the respondents perform gig work as a side job to earn extra income.

FIGURE 3

FREQUENCY DISTRIBUTION OF RESPONDENTS ACCORDING TO TYPES OF GIG WORK ENGAGEMENT.



Source: Author's Field Survey (2025)

Types of Gig Work Engagement

As Figure 3 shows, most (47%) respondents are involved in ridesharing services, such as Pathao, In-Drive, and Yango within the Kathmandu Valley (as mentioned in the questionnaire). A significant proportion of respondents (24%) is involved in food delivery services, such as Foodmandu, Pathao Food, and Bhoj Deals, which require minimal qualifications and allow for flexible work schedules. The figure also shows that 20% of the respondents are involved in online selling. A notable portion of gig workers work through online platforms such as Facebook, Instagram, and TikTok, including entrepreneurial ventures for selling goods. However, only 4% of the respondents are in the freelancing sector, which includes writing, designing, and tech support. The remaining 5% of respondents are categorized as "Others," which includes handyman services, pet care, tutoring, and laundering. The low involvement of gig workers in this sector indicates their niche position in the gig economy.

Perceptions of Respondents

This section analyzes respondents' overall experience and perception of gig work. It reflects their perceptions and experiences regarding working conditions, financial security, digital platform support, perceived benefits of gig work, attitudes toward policy and legislation, and overall satisfaction with gig work.

Perceptions on Flexible Working Hours

TABLE 3

FREQUENCY DISTRIBUTION OF RESPONDENTS ON THEIR PERCEPTION TOWARD FLEXIBLE WORKING HOURS.

Gig work has provided me with flexible working hours	Frequency	Percentage
Strongly Agree	26	34.67
Agree	6	57.33
Neutral	26	8.00
Total	75	100.00

Table 3 shows respondents' perceptions of the flexibility of their working hours when involved in gig work. Of the 75 respondents, 57.3% (43 respondents) agree that gig work has provided them with flexible working hours, 34.67% (26 respondents) strongly agree, indicating a high level of satisfaction with the flexibility offered, and only 8% (6 respondents) are neutral. No respondents disagreed with the statement "Gig work has provided me with flexible working hours."

Satisfaction with Income Earned through Gig Work

TABLE 4

FREQUENCY DISTRIBUTION OF RESPONDENTS' SATISFACTION WITH INCOME EARNED THROUGH GIG WORK.

I am satisfied with the income I earn from gig work	Frequency	Percentage
Strongly Agree	12	16.00
Agree	47	62.67
Neutral	13	17.33
Disagree	3	4.00
Total	75	100.00

Table 4 shows the distribution of responses regarding satisfaction with the income earned through gig work. Most respondents (62.6%) indicated they are satisfied with their income and 16% strongly agreed that they are satisfied with their income. Approximately 17% of the respondents are neutral about their income satisfaction, with 4% dissatisfied with their income from gig work.

Perceptions of Reliability of Income Earned through Gig Work

TABLE 5

FREQUENCY DISTRIBUTION OF RESPONDENTS' PERCEPTIONS OF RELIABILITY OF INCOME EARNED THROUGH GIG WORK.

I consider gig work a reliable source of income	Frequency	Percentage
Strongly Agree	8	10.67
Agree	47	62.67
Neutral	17	22.67
Disagree	3	4.00
Total	75	100.00

Table 5 shows the distribution of responses regarding respondents' perceptions of their income earned through gig work. Of the respondents, 73.3% strongly agreed or agreed that gig work provides them with a reliable source of income. However, 22.6% indicate neutral responses, while 4% disagreed that gig work is a reliable source of income.

Perceptions of Access to Sufficient Digital Tools and Platforms

TABLE 6

FREQUENCY DISTRIBUTION OF RESPONDENTS' PERCEPTIONS OF ACCESS TO SUFFICIENT DIGITAL TOOLS AND PLATFORMS.

I have access to sufficient digital tools and platforms for my work	Frequency	Percentage
Strongly Agree	16	21.33
Agree	52	69.33
Neutral	5	6.67
Strongly Disagree	2	2.67
Total	75	100.00

Table 6 shows the distribution of responses regarding access to sufficient digital tools and platforms while performing gig work. Approximately 21% and 70% of the respondents strongly agreed and agreed, respectively, that they have access to sufficient digital tools and platforms, reflecting widespread digital penetration among gig workers. A total of 6.67% of the respondents indicate a neutral feeling regarding access to sufficient digital tools and platforms. Only 2.67% of the respondents strongly disagreed regarding sufficient access to digital tools and platforms.

Perceptions of Strict Government Regulation of the Gig Economy

TABLE 7

FREQUENCY DISTRIBUTION OF RESPONDENTS' PERCEPTIONS ON STRICT GOVERNMENT REGULATION OF THE GIG ECONOMY.

The government should regulate the gig economy more strictly	Frequency	Percentage
Strongly Agree	23	30.67
Agree	46	61.33
Neutral	6	8.00
Total	75	100.00

Table 7 shows the response distribution regarding perceptions of strict government regulations of the gig economy. Respondents support regulating the gig economy, with 61.3% agreeing and 30.6% strongly agreeing with stricter regulations.

Experiences on Challenges Faced

TABLE 8

FREQUENCY DISTRIBUTION OF RESPONDENTS' EXPERIENCES ON CHALLENGES FACED.

I face challenges such as job insecurity or lack of benefits	Frequency	Percentage
Strongly Agree	21	28.00
Agree	40	53.33
Disagree	4	5.33
Neutral	6	8.00
Strongly Disagree	4	5.33
Total	75	100.00

Table 8 shows the distribution of responses regarding the challenges respondents faced, such as job insecurity and a lack of benefits. Of the respondents, 53.3% agreed and 28% strongly agreed that they face challenges while engaging in gig work. These results indicate that most respondents work without formal contracts, stable income, or support from companies or the government.

Perceptions of Positive Impact of the Gig Economy on the Respondents' Lifestyles

TABLE 9

FREQUENCY DISTRIBUTION OF RESPONDENTS' PERCEPTIONS ON THE POSITIVE IMPACT OF THE GIG ECONOMY ON THE RESPONDENTS' LIFESTYLES.

The gig economy has positively affected my lifestyle	Frequency	Percentage	Cum.
Agree	42	56.00	56.00
Neutral	9	12.00	68.00
Strongly Agree	24	32.00	100.00
Total	75	100.00	

Table 9 shows the distribution of responses regarding the positive impact of the gig economy on respondents' lifestyles. Of the respondents, 56% agreed and 32% strongly agreed that being involved in gig work has positively affected their lifestyle, with 12% being neutral to this statement.

Perceptions of Gig Work Being More Empowering than Traditional Jobs

TABLE 10

FREQUENCY DISTRIBUTION OF RESPONDENTS' PERCEPTIONS OF GIG WORK BEING MORE EMPOWERING THAN TRADITIONAL JOBS.

I find gig work to be more empowering than traditional jobs	Frequency	Percentage
Strongly Agree	30	40.00
Agree	38	50.67
Neutral	5	6.67
Strongly Disagree	2	2.67
Total	75	100.00

Table 10 shows the distribution of responses regarding respondents' perceptions of gig work as more empowering than traditional jobs. Notably, 40% strongly agreed and more than 50% agreed, whereas only a small fraction disagreed with the statement.

Attitudes toward Recommending Gig Work to Others Seeking Employment

TABLE 11

FREQUENCY DISTRIBUTION OF RESPONDENTS ON THEIR ATTITUDES TOWARD RECOMMENDING GIG WORK TO OTHERS SEEKING EMPLOYMENT.

I would recommend gig work to others seeking employment	Frequency	Percentage
Strongly Agree	25	33.33
Agree	41	54.67
Neutral	9	12.00
Total	75	100.00

Table 11 shows the distribution of responses regarding attitudes toward recommending gig work to others seeking employment. Approximately 55% and 33% of the respondents agreed and strongly agreed, respectively, that they would recommend gig work, whereas none of the respondents disagreed.

Study Findings

1. **Gender Distribution and Age Cohort:** The findings of this study suggest gender differences in the types of gig work chosen, which could be related to job insecurity, unequal access to digital platforms for women, and societal circumstances that limit women's participation. The findings also demonstrate the digital divide between young and adult respondents and the preference for traditional employment among older groups. This result suggests that gig work is most appealing to young adults, which could be because of flexible work hours, access to and knowledge about digital tools and platforms, and a lack of access to formal employment.

2. **Academic Qualifications:** Most respondents had a mid-level education. A significant proportion held a bachelor's degree, indicating that even college graduates in Nepal engage in gig work. College graduates engaging in gig work may be due to a lack of employment opportunities or underemployment among younger populations, or to the attraction of open working hours and autonomy offered by gig work. The analysis of academic qualifications among respondents indicated that gig work is a viable employment alternative for young people.

3. **Types of Gig Work Engagement:** The largest proportion of respondents were engaged in ridesharing services, such as Pathao, In-Drive, and Yango, followed by food delivery. These findings suggest the dominance of service-oriented gig work in Nepal. However, digital gig work, such as freelancing, shows potential for growth, with increasing digital literacy and Internet access among the population.

4. **Flexible Working Hours and Reliable Source of Income:** Most respondents agreed that gig work offers flexible working hours and were satisfied with their income from gig work.

5. **Access to Digital Tools and Platforms:** A significant proportion of the respondents agreed that they had sufficient access to digital tools and platforms. However, 10% did not agree, which may reflect a digital divide among gig workers in Nepal.

6. **Perceptions of Government Regulations:** Of the respondents, 92% would prefer stricter government regulations for gig work, which may reflect that most respondents worked without formal contracts, stable income, or support from employers and the government.

7. **Positive Impact on Lifestyles:** Most respondents agreed that they faced challenges such as job insecurity and lack of benefits. Nevertheless, the majority also agreed that engaging in gig work had a positive impact on their lifestyles.

8. **Recommending Gig Work to Others:** Most respondents would recommend gig work to others seeking employment, indicating their overall positive perceptions of gig work.

In summary, most respondents viewed gig work positively, which may be attributable to the increased opportunities provided by digital interactive platforms, adjustable work options, and extra income, particularly for unemployed or underemployed individuals. Furthermore, this may reflect the changing labor market in Nepal.

Policy Implications

Policy Implications

Most gig workers in Nepal are part of the informal economy and operate on a freelance basis, offering short-term or project-based services to clients as independent contractors. They work independently using technology-enabled platforms to find and connect with clients. Analyzing the present scenario, the country's gig economy remains unmonitored and unregulated. This has led to persistent issues, such as job insecurity and a lack of social protections and standardized working conditions.

The study revealed a gender gap among the respondents because of the differences in the types of gig work preferred by male and female respondents. To address this gender gap in gig economy participation, gender-inclusive platform policies should be formulated, and women should be provided access to digital tools and platforms. The government should introduce targeted awareness and training programs to address women's entrepreneurial orientation. Safety protocols, such as emergency SOS buttons, verified customer profiles, and GPS tracking systems, should be made compulsory to ensure the security of female gig workers. Moreover, male workers should be made aware of female workers' needs to foster a safe working environment.

Targeted policy interventions, such as digital literacy programs, skill-based trainings, and mentorships, should be implemented to minimize the age-based digital divide and encourage broader participation across all age groups in the gig economy. The government should collaborate with the private sector to introduce age-inclusive platform designs and user-friendly interfaces to bridge the generational digital divide and leverage the potential and experiences of middle-aged and older individuals.

Addressing the challenges faced by gig workers will require the government to formulate and implement a comprehensive and inclusive regulatory and social protection framework, particularly for operating, monitoring, and regulating the gig economy. The policy framework should include gig workers' rights, the responsibilities of both employees and employers, dispute resolution mechanisms, and commission rates. Regulations should balance workers' rights with flexibility, while investments in digital infrastructure, secure payment systems, and skill-building programs will be key to making the sector fair and sustainable. The government could further introduce government-funded reskilling programs for gig workers, thereby helping them transition to higher-paying jobs for career progression.

A combination of economic, participatory, and empirical evaluation models is crucial for designing and implementing effective policies for Nepal's gig workforce. By leveraging these approaches, policymakers can safeguard gig workers' rights while promoting innovation and economic growth in the gig economy. Strengthening policy evaluation mechanisms will ensure that gig work remains an equitable and sustainable employment option in Nepal's evolving labor market.

The government should integrate gig workers into formal pension schemes while also developing schemes that provide gig workers with access to essential protections, such as health and accident insurance, regardless of the platform on which they work. The government could also create a national database of gig workers to facilitate access to benefits and welfare funds and improve policy targeting. Partnering with academia and think tanks for research and data collection could contribute to the effective monitoring of the gig economy's evolution and inform ongoing policy adjustments.

This study showed that the dominant sectors in the gig economy are ridesharing, food delivery, and e-retailing activities. Thus, the government can promote the growth of these sectors through tax incentives for platforms, streamlined business registration for entrepreneurial gig workers, and improved digital infrastructure. The government can also gain insights from international best practices for regulating the gig economy. For example, most countries in South Asia have already identified gig workers in their labor codes and set up social security funds to provide benefits, such as health insurance and pensions. Building on these targeted policy interventions, Nepal can create a sustainable and secure environment for gig workers, ensuring that the growth of the gig sector contributes to building a sustainable national economy.

Conclusion

This study examined the growth of Nepal's gig economy, focusing on the characteristics of gig workers, major industries and services, and its present state. Based on data collected from 75 gig workers and the supporting literature, the findings exhibit a clear gender imbalance driven by cultural norms, the digital divide, and the nature of gig work, highlighting the need for comprehensive safety measures and targeted efforts to increase women's participation. This study found that young people are the main participants in gig work, attracted by its flexibility and accessibility. Gig work appeals to individuals with limited access to formal jobs and to youth seeking autonomy or facing underemployment, making it both a primary and supplementary source of income. Key sectors include ridesharing (Pathao and InDrive), food delivery (Foodmandu, Pathao Food, and Bhoj Deals), and online selling (Daraz, Facebook, Instagram, and TikTok). This reflects increasing digital literacy and an entrepreneurial mindset among Nepali youth.

Overall, respondents expressed positive perceptions, mainly because of flexible working hours and income-generating opportunities, although concerns remained regarding irregular earnings, competition, and the digital divide. Therefore, more than 90% of the respondents called for stronger government regulations to address issues related to job insecurity, fair compensation, and a lack of benefits. Despite the various challenges, gig work is perceived as empowering, and most respondents would recommend it to others seeking employment. In conclusion, Nepal's labor market is undergoing a major shift, with gig work emerging as a viable alternative to conventional employment.

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Annex 1: Questionnaire

The purpose of this interview is to carefully identify and examine the development of the gig economy, including the industries and services playing a key role, while also examining the current state of the gig economy in Nepal. I would be thankful if you would fill out this questionnaire, and I assure you that the information you provide will be kept confidential. Moreover, the information you provided will be exclusively used for research purposes.

Part A: Demographic Information

Please tick (√) for each criterion group.

1. **Gender**
   - ☐ Male
   - ☐ Female
   - ☐ Other
   - ☐ Prefer not to say

2. **Age**
   - ☐ Under 20
   - ☐ 21–30
   - ☐ 31–40
   - ☐ 41–50
   - ☐ Above 50

3. **Education Level**
   - ☐ School Leaving Certificate (SLC)
   - ☐ Plus Two (+2)
   - ☐ Bachelor's Degree
   - ☐ Master's Degree or Above
   - ☐ Not Applicable

4. **Employment Status**
   - ☐ Full-time gig worker
   - ☐ Part-time gig worker
   - ☐ Gig work as a side job
   - ☐ Student
   - ☐ Other (please specify): ____________

5. **Type of Gig Work Engaged In**
   - ☐ Ride-sharing (e.g., Pathao, Indrive)
   - ☐ Food delivery (e.g., Foodmandu)
   - ☐ Freelancing (e.g., writing, design, IT)
   - ☐ Online selling (e.g., Daraz)
   - ☐ Other (please specify): ________________

Part B: Experience and Perception (5-point Likert Scale)

Instructions: Please indicate your level of agreement with the following statements.

(*SA = Strongly Agree, A = Agree, N = Neutral, DA = Disagree, SD = Strongly Disagree*)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gig work has provided me with flexible working hours.					
I am satisfied with the income I earn from gig work.					
I consider gig work a reliable source of income.					
I have access to sufficient digital tools and platforms for my work.					
The government should regulate the gig economy more strictly.					
I face challenges such as job insecurity or lack of benefits.					
The gig economy has positively affected my lifestyle.					
I find gig work to be more empowering than traditional jobs.					
I would recommend gig work to others seeking employment.					

GIG ECONOMY IN PAKISTAN

Summary

The gig economy is a fast-growing mode of earning income and is set to define the future of work. As the world embraces this new mode, particularly in the post-COVID-19 era, Pakistan is no exception. Recently, Pakistan has seen the emergence of freelancing and platform-based gig work, and its expansion has been phenomenal. Although the gig economy in Pakistan is growing rapidly, the challenges are daunting. Gig workers often complain about the lack of a legal framework to safeguard their rights, social problems emanating from cultural taboos, security issues, financial transaction barriers, and weak Internet infrastructure. However, the current government under Prime Minister Shahbaz Sharif has turned a special focus toward the gig economy, which is a good step toward the further development of gig work in Pakistan.

Introduction

In developing economies, such as Pakistan, where youth unemployment is high and formal job creation is sluggish, the gig economy presents both opportunities and challenges. At USD300 million, Pakistan's gig economy is estimated to be the fourth largest worldwide, with potential to reach USD1.6 billion by 2030. Out of the 2.73 million freelancers in Pakistan, 60% are in their 20s and 30s, and 42% are involved in software development (Asian Development Bank & Pakistan Freelancers Association [PAFLA], 2024). Pakistan, Bangladesh, and India are the top three nations providing gig workers worldwide (Stephany et al., 2021).

This report explores the evolution and development of the gig economy in Pakistan, highlights the challenges and opportunities for the country, and provides policy recommendations to overcome the challenges and maximize the opportunities. The analysis provides an overview of Pakistan's gig economy based on prior studies, and then examines data obtained through an original survey of gig workers. This study focuses on key variables, their relationships, and the contextual environment influencing the gig economy in Pakistan. This study aims to link the drivers, actors, enabling/inhibiting factors, and outcomes of the gig economy within the policy landscape. The analysis of the independent variables, termed drivers of the gig economy, has received special focus. The discussion also addresses technological advancements such as mobile penetration, broadband access, and digital platforms (e.g., Upwork and Fiverr). Technological advancements are viewed in conjunction with a high percentage of working-age youth having limited formal job opportunities, availability of education, and skills development covering government programs (e.g., e-Rozgaar and the National Freelance Training Program [NFTP]). They should also be contextualized with private sector initiatives and the global demand for digital services to judge the scope of outsourcing, remote work trends, and the economic conditions of the country, such as inflation, low formal sector growth, and informal sector dominance.

In Pakistan, considerable research has been conducted on this topic. However, with the rapid growth of the gig economy in the post-pandemic era, primary data-oriented analysis has remained scarce. Using Foodpanda as a case study, Lahore University of Management Sciences (2025), highlighted the need for urgent policy reforms to unlock the full potential of Pakistan's gig and digital economies. It reports the platform's estimated economic contribution for 2023–2024 as USD1.2 billion, which can be increased through a supportive regulatory environment. This study highlights the platform's role in creating jobs, enabling small and medium-sized enterprises (SMEs), and promoting digital inclusion through its network of over 50,000 registered riders and partnerships with +13,000 restaurants, among which many operate in the informal sector. In 2023–24, Foodpanda enabled PKR75 billion in restaurant revenue, created jobs, contributed PKR9.76 billion in taxes, and empowered +50,000 riders and entrepreneurs through fintech.

Masood and Naqvi (2025) explored how the expanding digital economy in Pakistan correlates with unstable employment trends. Shahzad (2025) reported that the intermittent suspension of mobile services and Internet access, intended to curb fake news and manage law-and-order situations, disrupts gig operations, such as ridesharing, food delivery, call centers, and content creation. He called for positive and constructive policies to improve the gig economy. Taha and Khan (2024) reported that Pakistan's online freelance workforce, over 1.5 million individuals, contributes approximately USD1 billion annually to the GDP and could potentially scale to USD60 billion, equating to 10% of the GDP, by 2030. They also noted that foreign earnings of USD400–450 million in 2022 helped stabilize the exchange rate and provided a buffer against trade deficits.

A report by Tech Juice (2022) found that Pakistan's IT sector was USD2.66 billion in 2022, up from USD2.1 billion in 2017. The government set a target of USD5 billion for 2023, which was almost achieved, and has further set a target of USD15 billion for 2026. Pakistan's gig workforce must expand to 1.5 million to meet these targets. This report emphasized that IT education, freelancer training, promotional activities, support programs, and special policymaking require improvement. Although 17,000 software development firms are engaged in AI and communication with room for growth, challenges such as online payments, Internet speed and access, and microfinancing require comprehensive and positive policymaking.

AI and IT have experienced rapid growth, and innovation requires updated policies and opportunities. Recently, AI-based browsers, big data, IoT, deep data analysis, and DeepSeek have been launched. These technologies and their applications must be captured by Pakistan's gig workers (Di-Battista et al., 2023).

Masood and Naqvi's (2024) survey of 616 individuals revealed a positive correlation between participation in gig work and employment stability among Pakistani youth. The study concluded that the gig economy is helping reduce youth unemployment, thereby supporting economic growth in Pakistan.

Shahzad et al. (2025) relied primarily on semi-structured interviews to conduct a qualitative and thematic study, and enumerated benefits such as global access, remittances, training, and flexibility, as well as challenges, including connectivity issues, legal uncertainties, payment delays, and burnout. This study highlighted the importance of social protection, legal clarity, and improvements in digital infrastructure. Saleem et al. (2025) highlighted the role of gig work in supporting economic resilience while underscoring insecure incomes and the lack of workers' rights. Key recommendations include establishing a portable benefits system, strengthening skill development, and introducing stronger regulations.

The Fairwork Pakistan Ratings 2022 report provides insight into Pakistan's location-based gig workforce, estimated at 2% of the labor force (approximately 500,000 workers), and assesses platform fairness. Notably, Foodpanda, GharPar, and Uber scored only 1 out of 10 (Fairwork, 2022). A report by ITC Lahore (2023) summarized descriptive findings and noted that gig work in Pakistan is dominated by lower-skilled workers, with flexibility being the top motive. It further observed that gig work often complements traditional jobs and provides resilience during economic downturns while referring to Pakistan-specific research on freelancer satisfaction and health risks.

Saleem et al. (2025) explored the opportunities and challenges in Pakistan's gig economy, highlighting both flexibility and structural vulnerabilities. Their study noted that workers lack social security, face irregular incomes, and experience weak regulations, yet platforms remain vital, given the limited availability of formal jobs. Shahzad et al. (2025) conducted nationwide in-depth interviews and identified several opportunities in Pakistan's gig economy, such as global access, remittances, tax-free earnings, free training, flexibility, and women's greater participation. Their study also highlighted challenges, including weak digital infrastructure, connectivity and VPN restrictions, lack of legal protections and contracts, payment and banking issues, and burnout. Chaudhry and Ahmad (2022) tracked Pakistani freelancers over FY 2021–22 and found that they collectively earned approximately USD400 million annually, constituting approximately 15% of Pakistan's USD2.6 billion in ICT exports. They further estimated that the average Pakistani freelancer earns USD43.00 per hour.

Although prior studies on the gig economy in Pakistan provide a strong foundation, more targeted research and coordinated policy reforms are required to transform the gig economy into a sustainable and equitable workforce. This report differs from previous ones in this arena. It focuses on tracking the long-term income trajectories of gig workers; health and social safety nets, particularly for aging or vulnerable freelancers; sector-specific gig work analysis (e.g., ride-hailing vs. remote IT); and platform governance audits to benchmark fair practices and regulatory frameworks. The on-ground challenges faced by workers have been identified in the areas of finance, legal and regulatory frameworks, law and order, social and cultural landscapes, and the way forward to overcome these challenges.

Overview of the Development of the Gig Economy in Pakistan

The gig economy, characterized by short-term contracts, freelancing, and platform-based work, has become a major component of Pakistan's digital economy over the past two decades. Enabled by globalization, technological innovation, and Internet penetration, Pakistan has emerged as one of the top countries in freelance and platform-based services, particularly in IT, creative industries, and mobility platforms. The development of the gig economy in Pakistan can be separated into four phases. In the first phase, during the early 2000s, Pakistan's gig economy was largely confined to freelance IT and content-writing services provided through platforms such as Elance and oDesk (now Upwork). Young, educated Pakistanis leveraged English proficiency and lower labor costs to serve international clients, particularly in North America and Europe. Limited broadband access, a lack of online payment gateways, and low digital literacy slowed early expansion. The second phase spanned from 2010 to 2018. With the 3G/4G rollout in 2014, the number of Internet users grew exponentially, enabling wider participation in gig work. Global platforms such as Upwork, Fiverr, and Freelancer have become popular among Pakistani youth. Pakistan also saw the emergence of domestic platforms, such as Rozee.pk and Daraz, for e-commerce and service gigs.

Careem, Uber, and Foodpanda were also launched in Pakistan, thus introducing new forms of gig work in transportation and food delivery. The government began to recognize the gig economy's role in IT exports, productivity, and youth employment. Gig platforms have created opportunities for women to work from home, thus bypassing mobility and cultural constraints.

According to the Oxford Internet Institute (2017), Pakistan ranks among the top five countries in terms of online labor supply. The third phase spanned from 2018 to 2022. The impact of COVID-19 was also observed. Lockdowns and layoffs pushed many toward freelancing, delivery services, and platform-based work. Online education and digital services expanded, thereby increasing the demand for gig-based IT support and content creation. Connectivity issues, a lack of social protections, and payment barriers exposed structural weaknesses. Consequently, institutional support and policy programs arose. Government initiatives, such as the e-Rozgaar Program (launched by the government to train young graduates in digital skills and freelancing), training centers across provinces to help youth monetize skills via freelancing, and the NFTP aimed at equipping graduates with digital skills to enter the gig economy emerged. In FY 2021–22, Pakistan's ICT exports were USD 2.616 billion, of which freelancers contributed USD397.328 million (approximately 14.77%; The Express Tribune, 2022). The fourth phase covers current trends and dynamics from 2022 to 2025. Platform Economy has emerged. Ride-hailing, delivery services, domestic help platforms, and e-commerce logistics are now major gig employers. With over 60% of Pakistan's population under 30, gig work has become a critical safety net. Freelance earnings contribute significantly to foreign reserves. Pakistan is now ranked fourth in terms of freelancing activity worldwide (Nazir, 2024). According to the Business Recorder (2024), the Pakistan Institute of Development Economics projects that Pakistan's digital economy could reach USD60–75 billion by 2030, suggesting a significant potential contribution to GDP.

Major Forms of Gig Work

Pakistan's journey on the path of the gig economy in the abovementioned phases has reached a landmark where the following forms of gig work are observed.

Digital Freelancing

This sector is primarily export-oriented and the source of Pakistan's global freelance earnings. Freelance software developers, web designers, app developers, and IT consultants are among the top contributors. Freelancers in Pakistan also offer services such as cybersecurity, DevOps, and UI/UX design. The platforms used include Upwork, Fiverr, Toptal, and Freelancer. Digital gigs also include graphic design, writing, virtual assistance, programming, and microtasks, such as image tagging or surveys with local and international clients.

Digital Marketing and Content Creation

This sector is linked to social media management, search engine optimization (SEO), affiliate marketing, email campaigns, and blogging. Its major clients are SMEs and international startups. It uses platforms such as Fiverr, PeoplePerHour, and LinkedIn. This sector is rapidly increasing owing to the increased demand from e-commerce and global digital platforms.

Creative and Multimedia Services

Graphic designers, video editors, voice-over artists, and animators significantly contribute to Pakistan's gig economy, particularly in global creative marketplaces. Their popular services include logo design, 2D/3D animation, infographics, brand identity design. The major clients include e-commerce platforms, YouTube content creators, and mobile app developers. Training programs such as e-Rozgaar and Digiskills are enablers.

E-Commerce and Online Retail Services

The proliferation of e-commerce platforms such as Daraz, Shopify, and Amazon has given rise to various freelance services and microentrepreneurs. Their major roles include product listing, virtual assistance, inventory management, drop-shipping, and customer service. This segment encourages home-based businesses, and women entrepreneurs are finding new economic opportunities, reflecting a step toward women's inclusiveness. Significant enablers include logistics companies, payment gateways, and fulfillment services.

Academic and Technical Writing

Academic freelancing remains a strong sector in which writers offer thesis writing, data analysis, and tutoring services. Examples include essay writing, thesis/dissertation editing, and statistical data analysis using, for example, SPSS (Statistical Package for the Social Sciences), R (a programming language), and Excel. Some questions regarding ethical legitimacy raise doubts about sustainability. However, from an earnings perspective, these services remain a high-income sector for freelancers with strong writing and research skills.

Transportation and Delivery Services (Platform-Based)

The rise of app-based services, such as Careem, Uber, and Bykea, has transformed urban mobility and logistics. Drivers, riders, and delivery persons are the main participants, and the major impact has been on the low- and semi-skilled labor force. Major challenges include a lack of labor protections, guaranteed income, and job security.

Online Teaching and EdTech Services

Online tutoring and educational content creation have grown significantly since the pandemic. The main platforms used for this purpose are YouTube, Udemy, Coursera (as content contributors), and local EdTech startups, such as Taleemabad. The major teaching subjects include English, mathematics, programming, and test preparation. This sector mainly includes university graduates and school teachers.

Virtual Assistance and Business Support Services

Freelancers are increasingly offering administrative and business support to international clients. The major players are virtual assistants, lead-generation experts, data entry professionals, and customer support agents. They use tools, such as customer relationship management systems, email marketing tools, and project management software. The global outsourcing trend and low cost of labor in Pakistan are growth drivers.

Translation and Transcription Services

This niche has grown with the multinational demand for multilingual support, particularly in English and regional languages, such as Urdu, Punjabi, Sindhi, and Pashto. Examples include subtitling, legal transcription, medical transcription, and real-time translation. The main platforms are Rev, GoTranscript, and TranscribeMe.

Finance and Accounting Services

Freelance accountants and financial consultants serve local and international clients. They offer services such as bookkeeping, tax filing, financial auditing, and QuickBooks/Xero management.

SMEs, startups, and individual entrepreneurs are major clients. Table 1 connects key gig services with the relevant industries.

TABLE 1

INDUSTRIES AND KEY SERVICES.

Industry	Key Services
Information Technology	Web development, mobile app development, software engineering, tech support
Graphic Design and Multimedia	Logo design, video editing, animation, branding, UI/UX design
Content Creation and Marketing	Copywriting, SEO, blogging, content strategy, social media management
Data Services	Data entry, data labeling (for AI/ML), transcription, virtual assistance
E-Commerce Support	Shopify/WordPress store setup, product listing, customer service, drop shipping
Education and Training	Online tutoring, academic assistance, course development (e.g., Udemy instructors)
Finance and Admin	Bookkeeping, lead generation, project management, business process outsourcing
Platforms	Upwork, Fiverr, Freelancer, PeoplePerHour, Guru, WorkChest

Source: Author's compilation

Location-based Platform Services

Platforms such as Bykea, Careem, Uber, Foodpanda, Cheetay, and GharPar provide on-demand services in cities across Pakistan. Workers provide ride-hailing, food delivery, and courier services using motorbikes or cars.

Home-based Informal Crafts and Piecework

Tasks such as embroidery, textiles, bangle-making, garment-stitching, and crafts are performed from home, mostly by women. This work is not always mediated by digital platforms, but has gig-like flexibility and informal labor dynamics. Table 2 provides insights into location- and home-based gig services.

TABLE 2

INDUSTRY AND KEY PHYSICAL SERVICES.

Industry	Key Services
Ride-Hailing and Transport	Passenger rides (motorbike, rickshaw, car), courier delivery
Food and Grocery Delivery	Meal and grocery delivery from restaurants and stores
Logistics and Courier	Parcel pick-up/drop-off, warehouse delivery, intercity logistics
Home Services	Cleaning, plumbing, electrical work, carpentry
Beauty and Wellness	Home-based salon services, grooming, massage therapy
Domestic and Care Work	Babysitting, elderly care, household help
Platforms	Careem, Uber, Bykea, Foodpanda, GharPar, Kamyab Mazdoor, Cheetay, Jugnu, EasyClean, Mauqa Online

Source: Author's compilation

Emerging and Niche Sectors

Table 3 highlights the emerging sectors. These growing areas within the gig economy are often tied to innovation or creative work.

TABLE 3

SECTORS WITH EXAMPLES.

Sector	Examples
Gaming and Esports	Game streaming, mobile game coaching, graphic design for game assets
Blockchain/Web3	Cryptocurrency trading advisories, NFT design, smart contract development
AI/Machine Learning Support	Data annotation, sentiment tagging, voice and image labeling
Health and Telemedicine	Online consultations, remote diagnostics (limited but growing)
Creative Arts	Music production, podcast editing, voiceover work, scriptwriting

Source: Author's compilation

Worker Characteristics

The variable and flexible nature of work is a vital characteristic of the gig economy. Nearly 2% of Pakistan's labor force participates in gig work through both online and location-based platforms. Approximately 500,000 workers are engaged in the location-based segment alone, which, despite offering flexible income opportunities, has been criticized for fostering a "race to the bottom" in terms of working conditions (Fairwork & Centre for Labour Research, 2022). Online freelancing is growing rapidly in Pakistan, particularly among youth and those living in small cities and regions. Most gig workers are under 30 years of age. Gig work offers flexible income opportunities, rapid skill-building, and an alternative to traditional employment in a country where youth comprise nearly 60% of the population (Solutions for Youth Employment [S4YE], 2021). Gig earnings are linked more to skill level than formal education. A Payoneer survey revealed that freelancers with only a high school education out-earned those holding university degrees, underscoring that practical digital and technical skills are often more valuable than formal academic credentials (South Asia Investor, 2020). Pakistan's gig workers offer digital work at low rates compared to those in the developed world because of the weak exchange rate of Pakistan's currency against the USD. Pakistan's complex economic and labor market conditions have created opportunities in the gig economy for unemployed youth and women. This sector represents a new avenue for women's empowerment, enabling many to achieve financial independence and financially contribute to their household (Zaman et al., 2022). Gig workers and freelancers provide foreign remittances to Pakistan's economy, and a positive relationship exists between the foreign remittances policy regulated by the State Bank of Pakistan and gig workers' perceptions of and attitudes toward the economy.

One study revealed that many Pakistanis are drawn to freelancing and online work because of the scarcity of stable employment opportunities, economic uncertainty, and the flexibility of wages and working hours (Hussain et al., 2022). However, freelancers also encounter social and structural barriers, along with intense competition in global online labor markets. Despite these challenges, significant opportunities exist through technological advancement, skill development, niche exploration, and professional networking (Hussain et al., 2022). Moreover, gig workers in Pakistan demonstrate strong potential in the online education sector, particularly in areas such as Central Superior Services (CSS) examination preparation, English language training, entry test preparation, Islamic education, IT training, and language skill development. These domains present promising avenues for Pakistani freelancers to expand their services and income sources (Idress et al., 2022).

Tables 4–6 present the classification of gig work into categories, types, and sectors, providing examples, clients, and key platforms.

TABLE 4

CATEGORY-WISE GIG WORK.

Category	Primary Clients	Examples	Key Platforms
Digital Freelance	Global (United States, United Kingdom, Middle East)	Web development, design, content, data entry	Upwork, Fiverr, WorkChest
Physical Gig Work	Local urban population	Ride-hailing, delivery, home/beauty services	Bykea, Foodpanda, GharPar
Emerging Services	Niche/global clients	Game design, NFTs, AI data, online tutoring	Discord, RemoteOK, Udemy

Source: Author's compilation

TABLE 5

TYPES OF GIG WORK.

Type of Gig Work	Main Platforms/ Examples	Worker Profile	Key Challenges
Location-based services	Uber, Careem, Bykea, Foodpanda, Cheetay, GharPar	Primarily young men on bikes/cars	Low pay, no benefits, poor working conditions, safety risks
Online freelancing	Upwork, Freelancer, Fiverr etc.	Youth (male and female), mid/high-skilled professionals	Payment delays, fee costs, competition, isolation
Home-based informal piecework	Embroidery, crafts; organized by*HBWSWF in parts of Sindh	Women often home-bound, seasonal or piecework laborers	Informal contracts, low recognition, lack of legal status

*Home Based Women Workers Federation
Source: Author's compilation

TABLE 6

SECTOR-WISE GIG WORK.

Sector	Key Services Offered	Key Platforms	Contribution to Gig Economy
IT and Software	Web, app, and software development	Upwork, Fiverr, Freelancer	High-income generation and exports
Digital Marketing	Search Engine Optimization, social media, content marketing	Fiverr, LinkedIn	High demand in global market
Creative and Multimedia	Design, animation, video editing	Behance, 99designs, Fiverr	Popular among youth & students

(Continued on next page)

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Sector	Key Services Offered	Key Platforms	Contribution to Gig Economy
E-Commerce Services	Virtual Assistance, product listing, inventory management	Amazon, Shopify, Daraz	Home-based income source
Academic Writing	Essays, research, editing	Private contracts, Upwork	High-earning but ethically gray
Ride-Hailing and Delivery	Transport, food/goods delivery	Careem, Uber, Bykea	Urban employment, low skill entry
Online Teaching	Tutoring, course creation	YouTube, Udemy, local EdTech	Growth due to digital education
Business Support	Virtual assistance, data entry, CRM	Upwork, Fiverr	Outsourcing-driven growth
Translation and Transcrip-tion	Subtitling, translation, transcription	Rev, GoTranscript	Niche but stable sector
Finance and Accounting	Bookkeeping, tax filing, financial analysis	PeoplePerHour, LinkedIn	Trusted by international clients

Source: Author's compilation

Regulatory Framework and Policy Landscape

Pakistan's gig economy continues to face significant gaps in regard to regulation, digital infrastructure, and worker protections. Supportive policies and regulatory frameworks remain nascent and underdeveloped. According to Fairwork Pakistan Ratings 2022, most major platforms scored extremely low, with only a few achieving 1 out of 10 under labor-fairness principles, highlighting the lack of basic standards in pay, conditions, contracts, management, and representation (Fairwork, 2022). The ICT Draft Platform Workers Protection Bill, 2023 has been an important legislative step toward regulating the gig economy in Pakistan. The bill explicitly aims to provide legal recognition and protections to individuals engaged in platform-mediated work, including online freelancing and location-based services, such as ride-hailing and delivery. The key provisions include worker classification, algorithmic transparency, labor rights and benefits, and social security coverage. If enacted, this bill would represent the first dedicated framework for gig workers' rights in Pakistan, aligning the country with emerging international debates on platform economy regulations. It attempts to balance the flexibility that attracts many workers to gig employment with the need for fair labor standards and protections. Pakistan's existing labor laws, rooted in older frameworks such as the Industrial Relations Ordinance and Minimum Wages Act, are largely designed for the formal sector. These laws generally exclude gig workers, who are often classified as independent contractors rather than employees. Consequently, platform workers fall outside the scope of critical protections, such as social security coverage, union rights, minimum wage enforcement, and overtime pay.

Precarious working conditions are widespread in Pakistan's gig economy. Platform workers often face low compensation, unpaid waiting or downtime, algorithmic control of work allocation, and a lack of social protections such as health coverage or pensions. These vulnerabilities are even more pronounced for women and marginalized groups, who are at greater risks for exploitation, discrimination, and exclusion in both online and location-based gig roles. In the informal economy, including home-based digital or manual work, most workers operate without formal contracts or legal protections. This invisibility compounds their economic insecurity and leaves them outside the scope of labor legislation. The Home-Based Women Workers Federation (HBWWF) in Sindh provide a notable example of resistance and advocacy. They mobilized to demand recognition and protections for home-based workers, and their efforts culminated in the passage of the Sindh Home-Based Workers Act, 2018, the first provincial law in Pakistan to extend legal rights, minimum wage guarantees, and social protections to home-based female workers. Pakistan has recently enacted sweeping legislation to establish frameworks for digital transformation and innovation. Digital Nation Pakistan Act, 2025 which came into force on 29 January 2025, creates the Pakistan Digital Authority and National Digital Commission. It provides a unified governance structure for managing the National Digital Master Plan and overseeing digital infrastructure, data governance, and service delivery modernization. It also establishes mechanisms such as the Digital Nation Fund, thereby ensuring accountability and coordination across sectors. Under the Virtual Assets Ordinance, 2025, Pakistan established the Pakistan Virtual Assets Regulatory Authority (PVARA) on 8 July 2025 as an autonomous regulator for cryptocurrency and digital asset services. PVARA is empowered to license virtual asset service providers, enforce Financial Action Task Force-aligned compliance, guard against illicit activities, and foster innovation through regulatory sandboxes and a Sharia advisory body. The National AI Policy, 2025 approved by the federal cabinet in July 2025, sets forth an ambitious blueprint for Pakistan's AI ecosystem. It includes training one million AI professionals by 2030, launching AI innovation and venture funds, deploying 50,000 AI-driven civic projects, and creating 1,000 AI products. It emphasizes ethical and inclusive access to AI, cybersecurity, data protection, research funding, and the representation of women and people with disabilities. These policies lay the groundwork for a more robust digital environment in Pakistan that could digitally empower gig workers through secure infrastructure and governance frameworks (via the Digital Nation Act), access to financing and innovation support (the AI Policy's funds and scholarships), financial inclusion, and digital asset integration (PVARA's regulation and crypto legitimacy). Emerging platforms and freelancers could benefit significantly as regulations, transparency, and institutional support matured with the passage of time. This is summarized in Table 7.

TABLE 7

AREA, STATUS, AND GAPS.

Area	Status and Gaps
Legislation	ICT draft bill (2022) offers comprehensive framework; not federalized.
Worker classification	Gig workers misclassified as independent; excluded from labor protections.
Social protections	No access to benefits (healthcare, pension, leave) for most gig workers.
Enforcement	Weak or no enforcement mechanisms in place for platforms.
Gender and Informal Work	Additional vulnerabilities faced by women and home-based workers.

Data and Methodology

This study obtained on-the-ground feedback from gig workers to shed new light on Pakistan's gig economy.

Data Sources

The analysis mainly relies on primary data collected through a national-level survey. Structured questionnaires were administered to gig workers and freelancers across different cities in

Pakistan to capture current trends, income patterns, challenges, and policy needs. Of the 50 workers who were contacted, 23 responded. They represent diverse gig sectors, including ride-hailing, delivery, e-commerce, and online freelancing. The responses were later transformed into graphical projections for ease of interpretation. Secondary data were obtained through a comprehensive review of published studies, reports, and statistical sources on Pakistan's gig economy. This provided contextual depth and allowed for the triangulation of findings from primary evidence.

Research Design

An exploratory qualitative research design was adopted to assess the opportunities, challenges, and policy gaps. The focus was on understanding worker experiences rather than generating statistically generalizable findings.

Data Collection Methods

A total of 50 structured questionnaires were distributed and completed through face-to-face interviews, telephone conversations, and email responses. The responses were transcribed verbatim and subjected to thematic analysis, which identified recurring themes related to the drivers of gig work, sectoral contributions, regulatory gaps, and socioeconomic impact. The results were then converted into simple graphic projections to communicate the findings to a wider audience.

Sampling Strategy

An expert nonprobability sampling approach was used. Gig workers were purposively selected from different cities to ensure representation across major gig sectors. The target population was limited to active gig workers and freelancers, ensuring that the data reflected the on-ground realities and practical challenges faced by practitioners.

Research Questions

The survey and analysis were guided by five key research questions:

1. What are the drivers behind the growth of gig work in Pakistan?

2. Which industries and services play key roles in the development of the gig economy?

3. What regulatory frameworks have been developed in Pakistan over time?

4. What are the socioeconomic benefits and challenges associated with this model?

5. What policy interventions are needed to ensure the sustainable growth of the gig economy in Pakistan?

Results

The survey results provide a grassroots snapshot of Pakistan's gig workforce, highlighting its socioeconomic conditions, digital engagement, and urgent need for structured support. The survey results will help shape recommendations for supporting the sustainable and inclusive growth of the gig economy.

FIGURE 1

DEMOGRAPHIC INFORMATION.

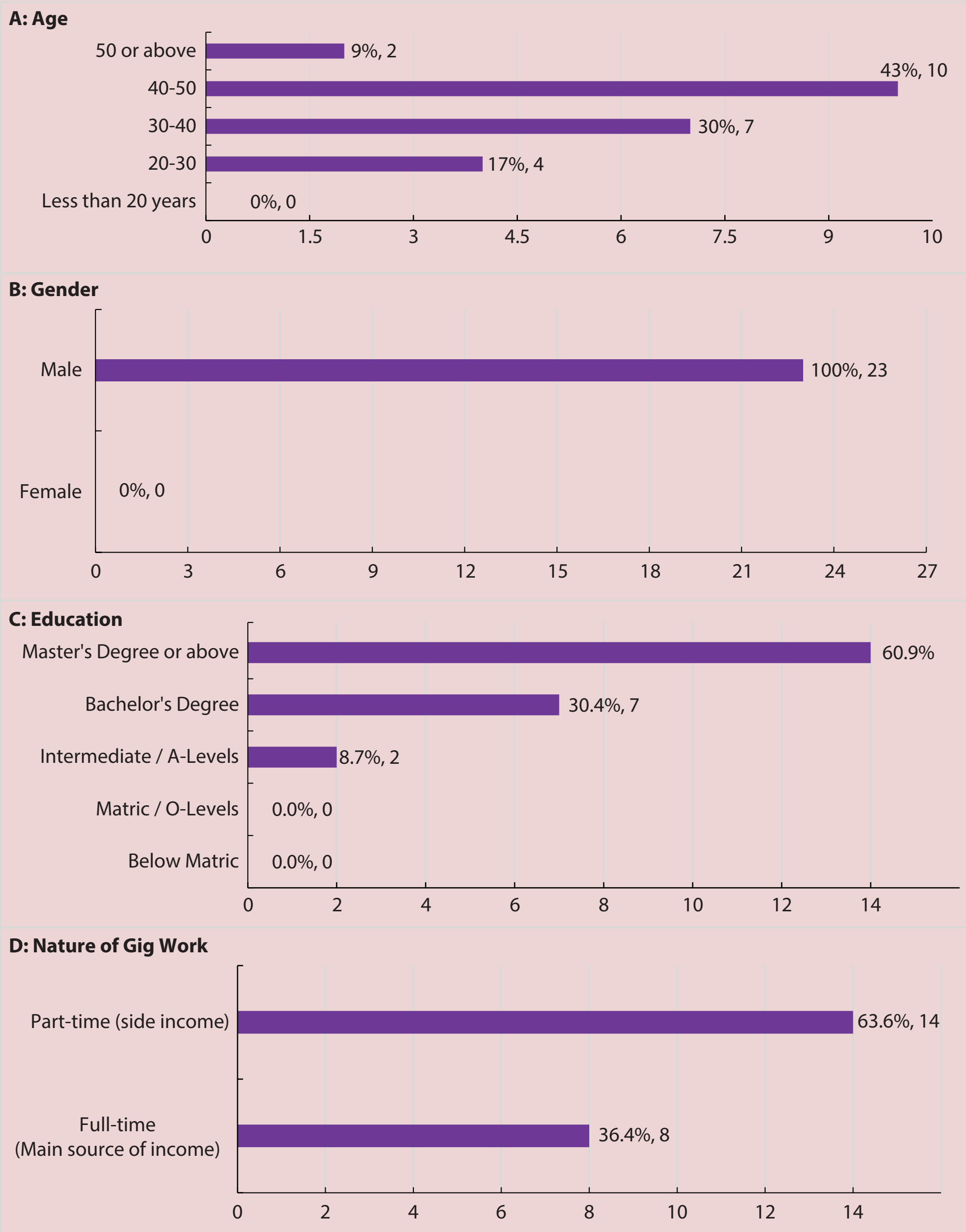


Figure 1 presents the respondents' demographic information. Panel A shows the age patterns of gig workers in their 30s and 40s. Section B, is related to the gender analysis, and shows the sample comprised males only. Ten of the 50 gig workers contacted were female workers, but none of them responded, indicating that some cultural inhibitions needed to be addressed through public policy interventions. Section C illustrates the respondents' educational characteristics. Most hold a bachelor's or master's degree, with 61% holding a master's degree or above and 30% holding bachelor's degree. Only 9% completed an Intermediate/A-level education, with none reporting a metric/under-metric education level. Section D reports full-time or part-time work engagement. Of the 22 respondents, 14 (63.6%) are part-time workers and 8 (36.4%) are full-time workers.

FIGURE 2

WORK PROFILE.

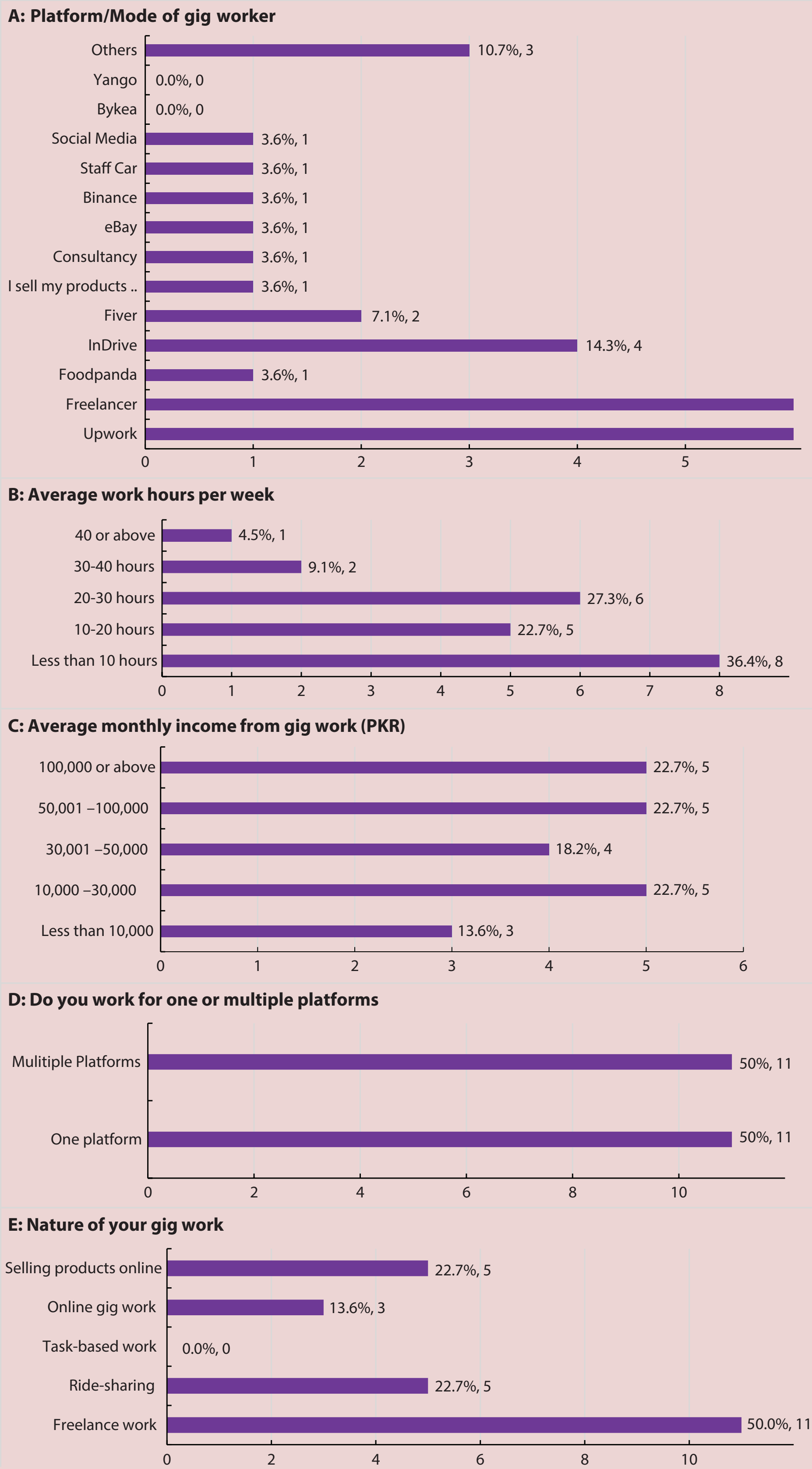
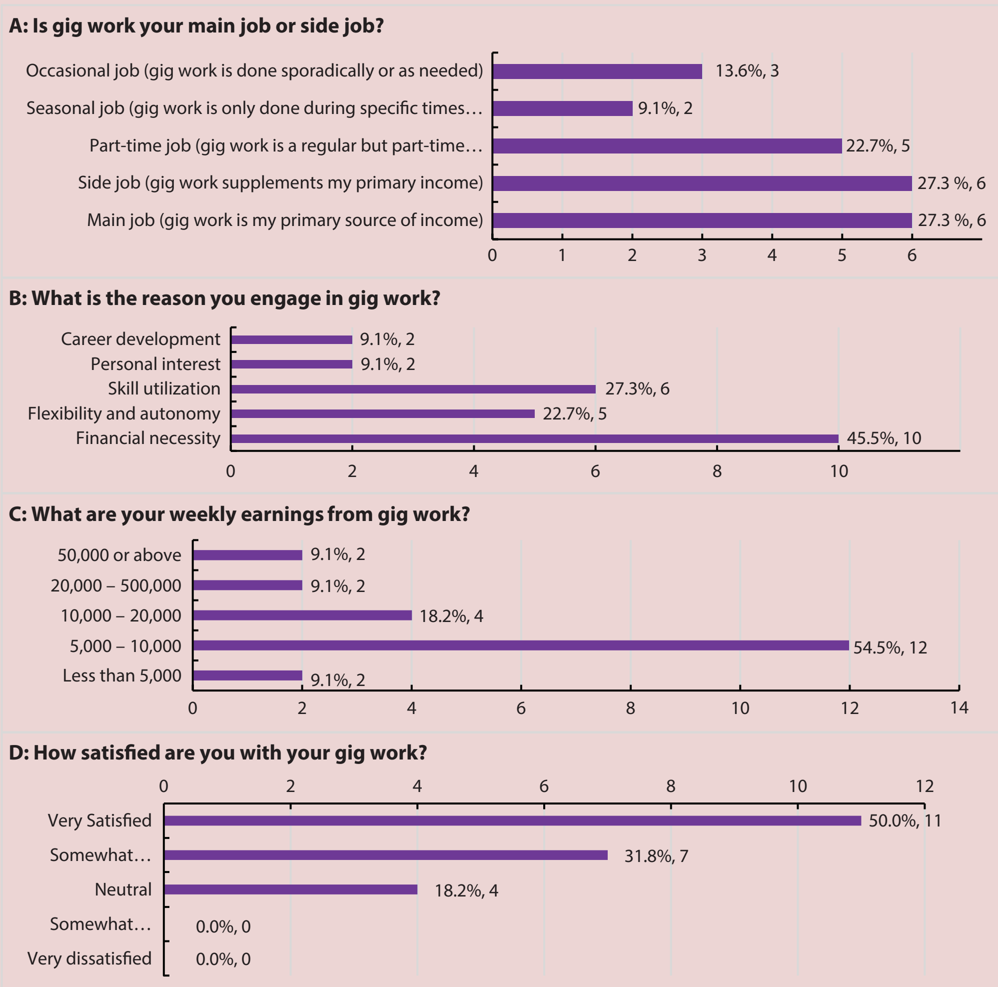


Figure 2 Panel A shows the platforms used by the gig workers. The work pattern is a mix of platform- and non-platform-based work. Upwork (an international freelancing platform) and Foodpanda (a local food delivering ecommerce platform) both have a sizeable number of users. Other platforms used by the respondents include InDrive, Fiverr, and self-managed online businesses. Most work less than 10 hours per week (64%), while 27.3% work 10–20 hours per week and some (9%) working over 40 hours per week (Figure 2, Panel B). Panel C shows their monthly earnings. Maximum earnings per month are PKR100,000, which aligns with traditional jobs; however, this accounted for only 22.7% of the sample. The vast majority earned less than that amount, making it difficult for them to make ends meet. As shown in Panel D, respondents either work on a single platform or are engaged with multiple platforms. Of the 22 respondents, 11 reported working on a single platform, while 50% working with multiple platforms. Panel E shows the nature of the gig work performed by respondents, with 11 (50%) engaged in freelancing, 22% in product sales, and 22% in ridesharing.

FIGURE 3

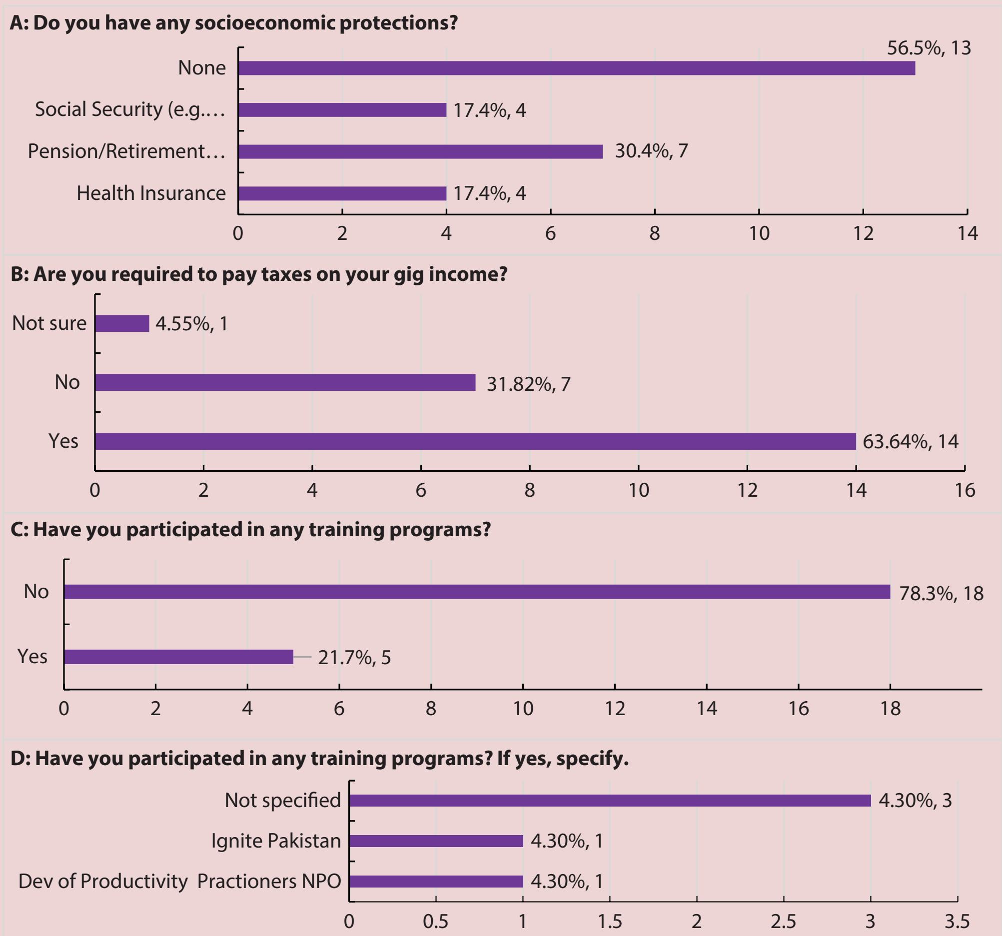
WORK SATISFACTION.



Panel A of Figure 3 indicates how many respondents viewed gig work as their main job or an additional earning source: 13.6% performed gig work as occasional job, 27.3% as a part-time job, and 59.1% as an additional job. Panel B illustrates the reasons why respondents engaged in gig work. Financial need is listed as a major factor (45.5%), with flexibility and autonomy (22.7%) and personal interest (9.1%) also listed as driving factors. Panel D reports respondents' weekly average earnings from gig work. Of the respondents, 54.5% earn PKR5000–10000, 18.2% earn PKR10000–20000, and 9.1% earn above PKR20000. Panel E reports respondents' satisfaction levels, with 81.8% expressing satisfaction with major motivational factors, such as financial necessity, flexibility, and skill utilization, while 18.2% were neutral.

FIGURE 4

BENEFITS AND CHALLENGES.



Ignite is IT Company
NPO stands for National Productivity Organization

Panel A of Figure 4 depicts the status of socioeconomic protections for respondents. Regarding benefits and challenges, 56.5% responded as having no social protections, while 17.4% affirmed having health insurance coverage, 30.4% had pension plans, and 17.4% received social security, such as EOBI (Employees Old Age Benefit Institute). This mixed response suggests that the majority of gig workers are not availing themselves of benefits, either because of a lack of awareness or varying polices across platforms. Thus, the government needs to frame and execute uniform policies to address this issue. Panel B depicts respondents' answers regarding taxation, with 63.8% indicating their willingness to pay required taxes, whereas 31.8% responded negatively. Finally, Panels C and D indicate that a large proportion of the respondents have not received any training.

These survey findings indicate that Pakistan's gig economy has substantial potential exists, which, if tapped by the government in conjunction with the private sector, could lead to further progress. However, government policy needs to be updated regarding the issues and challenges facing both the workers and the industry. For example, although female participation is present, cultural barriers are still hindering women's full potential. Similarly, financial, social, and security challenges must be addressed.

Discussion and Key Findings

Challenges Identified

The literature review and the survey results suggest that although the gig economy in Pakistan has displayed steady growth, challenges remain. In most cases, the work patterns of gig workers isolates them from others, which has unhealthy psychological effects. Much of their work is performed in online and remote settings, leading to workers frequently experiencing emotional strain, stress, and social isolation (Ashford et al., 2019). Gig workers often lack access to structured pre- or on-the-job training or systems of mentorship and professional guidance. The survey findings showed that more than 78% of the workers had never received any formal training. In Pakistan, gig work frequently lacks basic labor protections, with most workers operating without formal contracts or access to social security benefits, such as health insurance, pensions, or unemployment coverage. The absence of safeguards exposes workers to high levels of vulnerability. Moreover, the sector is characterized by income instability, irregular work schedules, and the risk of burnout, which further exacerbates precarious conditions. In particular, freelancers face financial inclusion challenges. Many struggle to open bank accounts owing to verification requirements, such as proof of business premises, criteria that are often incompatible with online work. Furthermore, high overseas transaction fees, particularly through global payment processors such as Payoneer, significantly erode freelancers' net earnings. Beyond financial hurdles, structural limitations in the digital infrastructure constrain gig work. Persistent issues, such as unreliable Internet connectivity, state-imposed firewalls, and restrictions on VPN usage, disrupt workflow and reduce competitiveness in global digital labor markets. Table 8 presents the challenges facing gig workers in Pakistan.

TABLE 8

DOMAIN AND CHALLENGES.

Domain	Challenges
Financial	No access to PayPal, high transaction costs, limited banking integration.
Legal	No formal labor protections, social security, or dispute mechanisms.
Technical	Patchy internet in rural areas, digital literacy gaps.
Recognition	Certification and platform ratings often not recognized by employers.
Psychological	Loneliness, absence of mentorship cause stress.
Social	Attitude problems of customers, refusal to receive ordered services/goods, etc.

Government Initiatives

The Pakistan Software Export Board (PSEB) was established in 1995 to support software developers, offering several training programs for IT professionals, to boost exports. Training is provided in all the provinces to promote the gig work, such as e-Rozgaar, digibizz, and digital skills. The State Bank of Pakistan has eased the account opening process for gig workers, addressing the issues with the previous more complex process. Commercial banks, such as Bank Alfalah and Faysal Bank, already offer Digital Freelance Accounts. An Memorandum of Understanding (MoU) has been signed between the Special Technology Zone Authority and Pakistan Freelancing Association to increase employment opportunities for gig workers in Pakistan. According to *The Nation* (2023), a leading newspaper, this MoU targets the global gig economy market, paving the way for easy business in Pakistan. In 2021, the government drafted the National Freelancing Policy for capacity-building and increasing sector performance in Pakistan, along with the Data Protection Bill to secure digital data in Pakistan. The government has also launched the e-tajarat portal for e-commerce to facilitate gig workers.

As reported by the *Express Tribune* on 9 August 2025, in a meeting on IT sector development the previous day, Prime Minister Muhammad Shahbaz Sharif directed the preparation of a roadmap to boost IT exports to USD30 billion, of which USD3.8 billion remained in FY 2024–25. A restructuring of National Information Technology Board (NITB) by hiring talent from the private sector has been ordered. Furthermore, the Ministry of Information Technology claimed that youth were taking advantage of Digital Youth Hub, with a 91% increase in the country's freelancer population. Four Pakistani teams reached top 50 globally at Black Hat MEA, and investment agreements worth USD700 million have been signed. Notably, 315,000 students, including 115,000 women have been provided professional IT training to promote gender inclusivity in the sector. The national incubation center has supported 130 women-led startups, and dedicated training centers for women have been established across country. Furthermore, FPKR6.2 billion have been collected in taxes through PakApp, 580,000 people have 4G access, and telecom connections exceed 200 million.

Recommendations

The above discussion suggests that certain fundamental and major steps, if taken by the government in collaboration with the private sector, could make major improvements to the gig economy.

Regulatory and Legal Framework

1. For the formal recognition of gig workers, labor laws (e.g., Minimum Wages Act and Industrial Relations Ordinance) should be amended to explicitly cover gig and platform workers, granting them rights to fair pay tied to the cost of living to address income instability, contracts, and representation.

2. For platform-specific legislation, laws, such as the ICT Draft Platform Workers Protection Bill*, 2023*, should be enacted and operationalized to safeguard against misclassification, ensure algorithmic transparency, and provide dispute-resolution mechanisms.

3. For data protection balance, the Personal Data Protection Bill must be refined to secure users' rights while avoiding burdensome requirements (e.g., local storage mandates) that may deter digital platforms and investors.

Social Protection and Worker Welfare

1. For portable social security, a contributory social protection model can be developed that allows gig workers to access healthcare, pensions, and insurance, regardless of their platform or employer.

2. For taking care of gig workers' health and wellbeing, initiatives for mental health support and protection against burnout and isolation are required, particularly for freelancers working remotely.

Financial Inclusion and Payment Systems

1. For freelancer-friendly banking, simplifying account-opening procedures across all banks, expanding Digital Freelancer Accounts, and linking them to international platforms (e.g., PayPal, Payoneer, and Wise), could be helpful.

2. Transaction costs should be reduced through negotiations with payment processors and incentivizing local fintech firms to develop low-cost solutions.

3. Microfinance and credit schemes should be introduced to enable gig workers to purchase equipment, improve connectivity, and expand services.

Digital Infrastructure and Connectivity

1. Broadband access should be expanded by investing in fiberoptic networks and 5G rollouts, particularly in rural and semi-urban areas where youth participation in freelancing is growing.

2. Connectivity barriers should be removed to reduce firewall restrictions and VPN limitations that disrupt international client communication.

3. Telecom companies can be incentivized to co-invest with the government in underserved regions.

Skills Development and Capacity Building

1. A national skills strategy for freelancing can be introduced to integrate gig work into the National Skills Framework, linking programs such as e-Rozgaar, DigiSkills, and the NFTP to market demand.

2. Mentorship and apprenticeship models could be introduced to encourage partnerships between experienced freelancers and new entrants through peer-to-peer training.

3. For niche development, the government should provide training in high-value specializations, such as AI, cybersecurity, game development, EdTech, and online education.

Gender Inclusivity and Social Equity

1. To achieve the goal of women's inclusivity, women-only training centers, incubation hubs, and safe co-working spaces should be expanded to overcome cultural and mobility barriers.

2. Marginalized groups require support. The government should provide targeted scholarships and digital literacy initiatives to people with disabilities, rural women, and low-income groups.

3. To ensure protection from exploitation, grievance redressal systems must be strengthened against harassment, unfair termination, and discriminatory practices.

Ecosystem Development and Innovation

1. One-window licensing for platform workers is required to streamline identity verification, vehicle licensing, and compliance through a unified system for ride-hailing and delivery workers.

2. To incentivize startups, reduced import tariffs on IT hardware and software and expanded tax breaks for digital startups that provide gig-based employment are needed.

3. To promote research and data, it is essential to encourage universities and think tanks (e.g., Lahore University of Management Sciences and Center for Labor Research) to conduct regular labor market assessments for evidence-based policymaking.

International Integration and Exports

1. Gig work should be acknowledged as a major contributor, to align with the Prime Minister's roadmap to raise IT exports to USD30 billion.

2. For global market access, the inclusion of Pakistani freelancers on major global platforms can be negotiated while promoting homegrown platforms regionally.

3. Diaspora linkages should focus on leveraging the Pakistani diaspora to secure contracts, mentorship, and international networking opportunities for local gig workers.

Governance and Institutional Strengthening

1. Institutions such as the PSEB and NITB should be strengthened to reorient themselves toward supporting freelancers, monitoring global trends, and aligning skills supply with demand.

2. A well-organized coordination mechanism, such as the Gig Economy Council, with representation from the government, industry, and freelancers, could be helpful in policymaking.

3. The Fairwork framework should be adopted as a benchmark to evaluate platforms and ensure compliance with labor standards. This will help in monitoring and Fairwork ratings.

Conclusion

With an estimated 500,000 workers, or nearly 2% of Pakistan's labor force, engaged in gig and platform-based work, and freelancing contributing 15% of the country's ICT exports, the gig economy in Pakistan holds vast potential. Realizing this potential requires balanced regulations, financial inclusion, gender equity, and investment in digital infrastructure**.** By implementing these recommendations, Pakistan can transform its gig economy into a sustainable engine for employment, innovation, and export growth.

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GIG ECONOMY IN THE PHILIPPINES

Executive Summary

The nature of work in the Philippines has fundamentally changed. A workforce of 13.6 million solo self-employed workers, representing 27% of total employment, now forms a core pillar of the national labor market. As this report demonstrates, solo self-employment has become a central adjustment mechanism within the labor market, providing relatively rapid access to income opportunities during periods of job loss and serving as an important entry point for digital and platform-mediated work.

Two distinct segments have emerged within this workforce. The majority are "Domestic Heroes" engaged in location-based and local services that sustain the everyday economy. Alongside them is a smaller but economically significant group of "Digital Bayanis," comprised of globally competitive online professionals delivering high-value digital services to international markets. Despite their growing importance, both groups operate within a regulatory and social protection gap that exposes workers to income insecurity and constrains long-term productivity.

Using Labor Force Survey microdata, labor market transition analysis, and industry evidence, this report shows that solo self-employment plays a **highly responsive short-term role following unemployment**, absorbing a substantial share of workers immediately after job loss. However, over longer horizons, wage employment remains the dominant destination, indicating that gig work often functions as a **transitional buffer rather than a permanent alternative to formal employment**. Furthermore, limited access to social insurance and legal protections renders many workers vulnerable to persistent precarity.

To address these challenges, this report proposes a Three-Pillar Policy Framework: legal recognition through a third worker category, a portable transaction-based benefits system, and urgent modernization of labor market measurements (Table 1). Collectively, these reforms offer a pathway to balance labor market flexibility with security, ensuring that innovation strengthens, rather than erodes, the long-term competitiveness of the Philippines.

TABLE 1

THE THREE-PILLAR POLICY FRAMEWORK SUMMARIZING THE RECOMMENDED REFORMS AND THEIR UNDERLYING POLICY RATIONALE.

Pillar	Recommendation	Rationale
1. Legal Recognition	Establish a legally defined a **"Third Worker Category"** for platform and dependent contractors, granting core rights while preserving flexibility.	Reduces legal ambiguity, protects workers, and provides regulatory clarity for platforms.

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Pillar	Recommendation	Rationale
2. Portable Benefits	Mandate a **portable, transaction-based benefits system** funded through small platform contributions tied to work performed.	Addresses the major social protection gap, as over **80% of solo self-employed workers lack active Social Security System coverage**.
3. Modernized Measurement	Revise the **Labor Force Survey** to explicitly identify and characterize gig and platform-mediated work.	Makes invisible work visible, enabling evidence-based policy, targeted protection, and inclusive economic planning.

Source: Author's synthesis based on Philippine Statistics Authority LFS analysis and international labor policy frameworks.

Introduction

An Overview of the Country Report

Objective

The emergence of the Filipino **Digital Bayani** ("Bayani" means "hero" in Filipino) is not occurring in a vacuum, but is the leading edge of a global economic revolution. The gig economy is now an undeniable force, with a market size previously projected to exceed USD556.7 billion in 2024 (Charlton, 2024). This new world of work, which has already drawn in as much as 12.5% of the global labor force (Datta et al., 2023), sets the stage for the Philippines to assert itself as a premier supplier of talent.

These figures do not only provide context. They underscore the immense economic stakes and urgency of understanding the unique contributions and sacrifices of the nation's new heroes. Although the gig economy is a global phenomenon, its evolution in the Philippines differs substantially from that in other countries, shaped by a unique national history of labor export and a world-class digital talent pool. This report analyzes that uniquely Filipino story. In the Philippines, this new type of hero has become a demographic and economic force. **Our analysis of the June 2024 Labor Force Survey (LFS) shows 13.6 million solo self-employed workers** (this report's primary statistical proxy for the gig workforce), representing a remarkable **27% of the national workforce** (Philippine Statistics Authority; PSA, 2024). Although this official proxy includes traditional self-employment, it provides the most current measure of the landscape in which the gig economy operates. Triangulating this with **PSA's 2021 estimate of 9.9 million freelance workers** suggests a core digital gig workforce of approximately **8–10 million Filipinos** (PSA, 2021). This labor force is larger than the country's entire manufacturing, mining, and utilities sectors combined. This unprecedented scale presents both an opportunity and a challenge, with this reality being directly addressed by national strategies such as the **Philippine Development Plan 2023–2028** (National Economic and Development Authority [NEDA], 2023) and the strategic goals outlined in the **Department of Information and Communications Technology's (DICT) Online Freelancing Industry Roadmap** (Department of Information and Communications Technology [DICT], 2021). Although the sector has become a primary engine for employment and the nation's de facto unemployment safety net, it operates in a regulatory vacuum that leaves millions exposed to income instability and absent from formal social protection systems.

However, these statistics only tell half of the story. This report aims to uncover the other half by exploring the profound social tradeoff at the heart of this new economy: the exchange of the

Overseas Filipino Worker's physical separation from family for the gig worker's digital isolation from the professional world. It does this by first quantifying the sector's labor market dynamics and productivity implications and then translating these findings into actionable, evidence-based policy recommendations worthy of our nation's new economic heroes.

Brief Descriptions of the Data and Methodology

Our analysis employs the following **mixed-methods approach**:

1. **Quantitative Foundation**: Using self-employed without employees from the LFS as a proxy for gig workers. (PSA, 2024).

2. **Labor Market Transition Matrices**: Applied using the framework developed by Boeri et al. (2020).

3. **Qualitative Synthesis**: Drawing on reports from the World Bank (2021), ADB (Dewan & Kashyap, 2026), Philippine Institute for Development Studies (Reyes et al., 2018), Institute for Labor Studies (Tacadao et al., 2020), and Department of Labor and Employment (DOLE, 2022).

Summary of the Main Findings

Our analysis reveals three fundamental findings that demand immediate policy intervention:

1. **The Nation's Invisible Unemployment Safety Net.** Analysis of PSA LFS panel microdata shows that a substantial share of previously unemployed individuals transitioned to solo self-employment within a year, highlighting its accessibility as a re-entry option, although wage employment remained the dominant long-term destination. This finding underscores the role of gig work as an *accessible* unemployment buffer rather than a sufficient or stable employment outcome (PSA, 2024).

2. **A Precarity Economy for a Massive Workforce.** Despite its scale, this sector is characterized by systemic vulnerabilities. Although workers commit to a near-full-time workload, a landmark PIDS study confirms that **over 80% of self-employed workers lack Social Security System (SSS) membership** (Reyes et al., 2018), presenting a stark contrast to formal employees.

3. **A Segmented Workforce with Elite Potential.** The gig economy is not a monolith. The vast majority are domestic workers involved in transportation and local services. A small but powerful 3.5% are highly educated "Online Capable" professionals who represent the future of the Philippines' brain circulation model.

Literature Review on the Gig Economy in the Philippines

Prior research on the gig economy in the Philippines has established an important foundation. Domestically, Tacadao et al.'s **(2020)** report for the **ILS** and **Philippine Institute for Development Studies (PIDS)** have examined worker classification and socioeconomic impact (Reyes et al., 2018). The **Philippine Statistics Authority** (Esquivias et al., 2022) has also acknowledged the methodological challenges in measuring platform work.

At the regional level, the **ADB** publishes analyses of digital labor markets, and the annual **Fairwork Philippines reports** provide ground-level insights into working conditions (Fairwork Philippines, 2023). Internationally, the **World Bank's "Working Without Borders"** report highlights the global nature of online gig work and its importance in developing economies (World Bank, 2021). Complementing these institutional reports are academic contributions, such as **Abraham et al. (2018)**, who provide a theoretical foundation for understanding the sector's role in productivity dynamics.

How the Country Report Differs

This report advances the existing research in three fundamental ways:

1. **Structured Quantitative Framework.** It draws on the transition matrix approach described by **Boeri et al. (2020)** to systematically analyze Philippine labor market dynamics. By constructing transition matrices, the report offers a macroeconomic perspective on the relationships between gig work, traditional employment, and unemployment, an analysis that is currently lacking in Philippine literature.

2. **Comprehensive Synthesis.** This report integrates international academic research on productivity and measurement (Abraham et al., 2018) with a primary analysis of national statistical data and qualitative evidence from local studies (Fairwork Philippines, 2023; Reyes et al., 2018). This approach provides a more holistic picture of the gig economy than any single source.

3. **Evidence-Based Policy Architecture.** Unlike previous studies, this report derives specific actionable policy proposals directly from synthesized quantitative and qualitative evidence. These recommendations, such as establishing a "third worker category" and mandating a portable benefits system, are precisely targeted to address the **measurement gaps and regulatory fragmentation identified by Dewan and Kashyap's (2026) report for the ADB** and the **worker welfare and precarity challenges documented in the World Bank's global assessment of digital labor markets (World Bank, 2021).**

Overview of the Development of the Gig Economy in the Philippines

Development Trajectory and Current Economic Significance

The arrival of the third Filipino economic hero, the gig worker, has been rapid and transformative. Following the path forged by the Overseas Filipino Worker and business process outsourcing agent, this new hero has moved from the margins of the economy to become a structural pillar of national employment.

The COVID-19 pandemic was the primary catalyst for this "digital migration." The economic shock was unprecedented, with the national unemployment rate skyrocketing to **17.6% in April 2020** (PSA, 2020). This crisis tested the resilience of a generation and, ultimately, cemented platform-based work as a permanent fixture of the Philippine labor market.

This structural shift is apparent. Our analysis of the **June 2024 LFS** shows that **13.6 million Filipinos are engaged in solo self-employment**, representing **27% of the national workforce** (PSA, 2024). This marks a significant expansion, as the figure stood at only **22% in mid-2021** (PSA, 2021). Although this proxy includes traditional self-employment, it remains the most current measure of the landscape in which the gig economy operates. Triangulation with the PSA's **2021 estimate of 9.9 million freelance workers** suggests that the proxy provides a conservative upper-bound estimate for the entire gig workforce (PSA, 2021).

To put this scale into perspective, the gig economy now represents a labor force **larger than the country's manufacturing, mining, and utility sectors combined** (PSA, 2024). Thus, it has become a key employment pillar.

Gig work's dual role as both a domestic employment buffer and globally dominant talent exporter is uniquely Filipino. The Philippines has the **highest concentration of online freelancers worldwide**, with freelance earnings growing **208% in 2020, the fastest rate globally** (Payoneer, 2020).

This global leadership is most evident in the **high-value online professional segment**. Filipino freelancers command **premium hourly rates averaging USD8.50**, surpassing those of their peers in India (USD6.20) and Bangladesh (USD5.80), according to a **2022 Payoneer and GCash study** (Payoneer & GCash, 2022). This demonstrates the potential for high-income *brain circulation*, in which world-class Filipino talent enriches the global digital economy while simultaneously contributing to domestic economic growth.

Industries and Services: The Two Fronts of the New Economy

The heroes of this third wave are fighting on two distinct fronts. The first is the **Digital Bayani**, an online professional who competes globally from a home office. The Philippines is among the world's top sources of online freelance talent, **as documented by the World Bank (2021)** and corroborated by **platform-level earnings and participation data from Payoneer (2020).**

The second is the **Domestic Hero**, the location-based rider and service provider who powers the local, on-demand economy. Research by the **Dewan and Kashyap (2026)** and **Fairwork Philippines (2023)** highlights the growth of app-mediated transport and delivery work and the significant decent-work challenges these workers face.

Although they share a common spirit of resilience, these two types of workers profoundly differ in terms of workplaces, sacrifices, and needs, underscoring the need for tailored policy responses rather than one-size-fits-all interventions.

Location-Based Gig Services (Domain of the Domestic Hero)

This segment is the most visible part of the gig economy, providing services that millions of Filipinos now rely on daily, from ridesharing to food delivery. This segment is dominated by transportation, logistics, and on-site microservices. **Platform-level assessments by Fairwork Philippines (2023) document the rapid expansion of app-mediated delivery and transport work**, while **regional labor market studies by Dewan and Kashyap (2026) highlight how these platforms have become essential to urban life during and after the COVID-19 pandemic**. This visibility has made location-based gig workers the public face of the sector, although often under conditions marked by **earnings uncertainty and employment insecurity, as documented by Fairwork Philippines (2023),** and **limited access to formal social protection, as identified by Dewan and Kashyap (2026)**.

The scale, structure, and economic role of this segment can be further understood in terms of three key characteristics:

1. **Transportation and Logistics.** Ride-hailing and delivery platforms form the backbone of this category. **Grab** commands a dominant market position in ride-hailing while sharing the food

delivery market with **Foodpanda**. Reports (Dewan & Kashyap, 2026) confirm that this segment is heavily male-dominated, with men comprising nearly **80% of delivery riders**.

2. **Economic Importance:** Location-based services function as a vital economic shock absorber. The LFS does not directly identify "platform-based drivers and riders"; therefore, our estimates use the closest statistical proxy available: **solo self-employed workers classified under the "Transportation and Storage" industry code (PSIC Section H)**.

3. Using this proxy, our analysis of the June 2024 LFS shows that workers in this segment average **49 hours per week**, with **46.6%** working more than **48 hours**. This method is consistent with international approaches for estimating platform-mediated work in labor force surveys that do not yet include platform-specific categories.

Web-Based Gig Services (Domain of the Digital Bayani)

This category represents the Philippines' **global competitive advantage** and the engine of "brain circulation." It is **heavily female-dominated**, with women accounting for **over 60% of online freelancers** (Payoneer & GCash, 2022; Raymond, 2023). The sector is also highly diversified, spanning **creative services, IT and software development, digital marketing, and administrative support**, demonstrating the breadth of skills Filipino freelancers bring to global markets.

Evidence shows that Filipino online professionals are not only numerous but also high-earners. According to Payoneer and GCash (2022), Filipino freelancers command **premium hourly rates averaging USD8.50**, surpassing those of their peers in India (USD6.20) and Bangladesh (USD5.80). This aligns with the World Bank's (2021) findings in the Working Without Borders report, which identifies the Philippines as a leading exporter of online freelance talent globally, particularly in high-value digital services.

These income differentials demonstrate the potential for the sector to drive what scholars describe as "brain circulation," a cycle in which world-class Filipino talent participates in global digital labor markets while sustaining domestic income generation and skills development**.**

The structure and economic contribution of this segment can be understood through the following key characteristics:

1. **Creative and Multimedia Services** (approximately 35% share). Graphic design, video editing, and content creation form the largest subsector, with Filipino creatives commanding premium rates on platforms such as Upwork and Fiverr (Payoneer, 2020).

2. **Administrative and Customer Support** (≈28% share). Virtual assistance and back-office services remain the second-largest segment, leveraging the skills and institutional experience developed in the country's business process outsourcing industry (World Bank, 2021).

3. **Economic Importance.** The work of the Digital Bayani is a critical engine of the formal digital economy. According to the PSA, the Philippine Digital Economy is valued at PHP2.25 trillion in 2024, accounting for 8.5% of the GDP (PSA, 2025). Online professional services are a primary driver of this value, functioning as a form of "digital remittance" that injects foreign earnings into the domestic economy (World Bank, 2021).

Distinct Policy Implications

The dual nature of these two gig economy pillars creates **distinct regulatory challenges** that demand a tailored approach rather than a one-size-fits-all solution.

1. **Location-based services** require labor protection and safety standards comparable to those in public transportation and logistics, as emphasized in studies on transportation sector regulations (Dewan & Kashyap, 2026; Fairwork Philippines, 2023).

2. **Online services** require frameworks for **cross-border taxation and platform governance, as highlighted by the World Bank (2021)**, as well as **employment classification and worker protection.**

3. **Both segments** require integration into **social protection systems** capable of accommodating irregular earnings, echoing the findings of Reyes et al. (2018) regarding the vulnerabilities of self-employed workers in the Philippines.

Worker Characteristics: Profile of a New Hero

To understand the heroes in this new economy, we must first understand who they are. This is not a casual or supplementary workforce, but a dedicated legion defined by near-full-time commitment, deep demographic diversity, and a shared set of structural challenges. These findings are consistent with **regional labor market assessments by Dewan and Kashyap (2026)** and **platform-level working condition audits conducted by Fairwork Philippines (2023).**

Workforce Size and Demographics

Evolution of Solo Self-Employment The share of solo self-employed workers in total national employment has steadily increased over time, reflecting the structural expansion of the gig economy. An analysis of the LFS (2018–2024) shows that solo self-employment accounted for approximately **22% of the workforce in mid-2018**, increased sharply to **24% during the pandemic (2020–2021)**, and reached **27% by June 2024**. This upward trajectory suggests that platform-mediated and independent digital work is no longer a marginal phenomenon but has become a permanent and growing feature of the Philippine labor market (PSA, 2024).

Cross-Validating Solo Self-Employment as a Proxy for Gig Work Although solo self-employment is the most reliable proxy available in the LFS for estimating gig work, assessing its usefulness requires triangulation with other official measures. The PSA's **2021 estimate of 9.9 million freelance workers** provides a direct reference point. When compared with the **13.6 million solo self-employed** identified in the June 2024 LFS, this suggests that the country's **core digital and platform-mediated gig workforce comprises 8–10 million Filipinos**.

This cross-validation strengthens the interpretation that solo self-employment is a meaningful, albeit imperfect, proxy for the ecosystem in which the gig economy operates. It reflects the overlap between traditional self-employment and emerging platform work, providing policymakers with the clearest current statistical insight into the scale of non-wage, flexible, and digitally mediated labor.

Gender Distribution

The two fronts of the gig economy exhibit a stark gender divide. The LFS does not directly classify gig or platform workers; therefore, this pattern must be inferred by synthesizing multiple data sources. **Industry- and platform-based studies indicate that location-based gig services are predominantly male, with men comprising nearly 80% of delivery and transportation workers, according to Fairwork Philippines (2023) and Dewan and Kashyap (2026). In contrast, online freelance work is mostly female, with women accounting for approximately 62% of online freelancers, based on survey evidence from Payoneer and GCash (2022).**

This pattern is supported by **our analysis of LFS microdata**. Using industry codes as a proxy for gig activity, we find that solo self-employment in the **Transportation and Storage** sector is heavily male-dominated, whereas solo self-employment within a composite of **online-capable sectors**, including **Information and Communication** and **Professional, Scientific and Technical Activities**, is predominantly women. **These findings are derived from the authors' analysis of the June 2024 LFS public use files.**

These workload estimates for location-based gig workers are derived from solo self-employed workers classified under the *Transportation and Storage* industry code in the LFS, which serves as the closest statistical proxy for platform-based driving and delivery services.

Age Profile

Based on the June 2024 LFS (PSA, 2024), nearly **65% of solo self-employed workers are in the prime-age demographic (26–55 years old)**, suggesting that solo self-employment functions not only as transitional work but also as a core long-term livelihood strategy. This sector also plays a critical role in supporting older workers. According to PSA (2024), **47% of all employed persons aged 55 and over are solo self-employed**, underscoring the gig economy's role as a late-career safety net.

Educational Attainment

A significant majority of the core gig workforce (74%) has a high school education or lower, highlighting the sector's role as a safety net for workers without formal credentials (PSA, 2024). The remaining 26% hold a college degree or higher and are disproportionately represented in higher-skill online freelancing and professional digital services, as documented by platform-based surveys (Payoneer & GCash, 2022) and regional labor market assessments (Dewan & Kashyap, 2026).

The core gig workforce is defined using the LFS proxy of solo self-employment, refined by a minimum threshold of 35 hours worked per week, to distinguish primary livelihoods from casual participation. Compared to the unfiltered proxy group, in which 79.1% have a high school education or lower, this approach yields a more precise representation of sustained gig work (PSA, 2024).

Time Commitment and Income

Average Weekly Hours

Solo self-employed workers, as identified using the LFS proxy, work an average of 41.7 hours per week, which is statistically indistinguishable from the 41.6 hours reported by wage employees (PSA, 2024). This indicates that solo self-employment generally functions as a primary livelihood rather than a supplementary activity, even before additional filters are applied to define the core gig workforce.

Income Dispersion and Earnings Uncertainty

The June 2024 LFS income distribution shows a substantial dispersion in earnings among solo self-employed workers. Using income-bracket midpoints, the resulting coefficient of variation reflects the wide differences in earnings levels across individuals at a given point. Although this cross-sectional measure does not capture within-person income changes, it indicates the degree of earnings heterogeneity and uncertainty associated with work outside standard wage employment (PSA, 2024).

International research highlights the limitations of standard labor force surveys in capturing earnings dynamics and income stability among non-standard and platform-mediated workers, rather than directly measuring within-person income volatility (Abraham et al., 2018; Boeri et al., 2020). Consistent with these measurement challenges, Philippine industry-based surveys document irregular and unstable earnings patterns among platform workers, including frequent month-to-month income variations reported by the workers themselves (Fairwork Philippines, 2023; Payoneer & GCash, 2022).

Motivations and Entry Pathways

Workers enter the gig economy through two broad pathways. Some enter by choice, seeking autonomy and flexibility, which is most commonly observed among skilled online freelancers. Others enter out of necessity, driven by unemployment or underemployment, a pattern that is more prevalent among workers in delivery, transportation, and other location-based services.

This distinction is inferred from the observed labor market transitions because the LFS does not directly capture worker motivations. Transition matrix analysis shows that solo self-employment frequently serves as an immediate re-entry option following unemployment, particularly over short intervals, whereas wage employment remains the dominant destination over longer horizons. This pattern indicates that gig work often functions as an immediate fallback option during periods of labor market stress, reflecting necessity-driven entry rather than a discretionary occupational choice.

Choice-driven entry is more clearly documented in survey-based studies of online freelancers cited elsewhere in this report, complementing transition-based evidence derived from the LFS.

TABLE 2

SUMMARY OF KEY DEMOGRAPHICS.

Indicator	Value	Notes
Workforce size	13.6 million	Equivalent to 27% of total employment
Gender distribution	Male: 62% / Female: 38%	LFS-based proxy
Age profile	65% are 26-55 years old	Core working-age
Seniors (55+) Average weekly hours	47% of employed persons in this age group are solo self-employed	Highlights late-career safety net function
Average weekly hours	41.7 hours	Near-identical to traditional employees (41.6)
Education attainment	74% high school or less; 26% college or higher	Define “core gig workforce” uses ≥ 35 hours/week filter
Earnings dispersion (cross-sectional)	High dispersion across income brackets	Based on coefficient of variation using LFS income distribution; does not measure within-person income dispersion over time

Source: Philippine Statistics Authority, Labor Force Survey (June 2024 PUF).

Table 2 summarizes the key demographic, work intensity, and earnings characteristics of solo self-employed workers based on the LFS data.

TABLE 3

CHARACTERISTICS OF ONLINE FREELANCERS AND LOCATION-BASED GIG WORKERS.

Indicator	Value	Notes
Share of segment	≈3.5% of solo self-employed (~480,000 workers)	≈96% of solo self-employed
Gender distribution	~62% female	~79% male
Common industries	Creative/media (35%), Admin/VA (28%), IT/marketing	Transport, delivery, logistics, micro-services
Average hourly earnings	USD8.50	PHP18,200 net monthly (drivers/riders)
Global position	Among world's top 5 freelancer hubs	Dominant in SEA urban platform labor
Hours worked	35-44 hours (median)	49 hours average, 46.6% work>48 hour/week
Challenges	Digital isolation, lack of recognition, cross-border taxation	Physical risk, lack of benefits, income uncertainty

Source: Payoneer and GCash (2022); Dewan and Kashyap (2026); Fairwork Philippines (2023); Raymond (2023); World Bank (2021)

Table 3 contrasts the characteristics of online freelancers ("Digital Bayanis") and location-based gig workers ("Domestic Heroes"), drawing on industry surveys and platform-based studies to highlight differences in scale, earnings, work intensity, and risks.

Regulatory Frameworks: The Missing Armor

The rapid expansion of the gig economy has far outpaced the development of an adequate regulatory environment, leaving many gig workers in a legal and social protection vacuum (Dewan & Kashyap, 2026; Fairwork Philippines, 2023).

Current Legal Landscape

The core regulatory challenge lies in the binary structure of the Philippine Labor Code, which recognizes only two worker categories: employees, who receive full legal protections, and independent contractors, who receive virtually none. Most gig workers are classified as the latter.

This interpretation has been reinforced by jurisprudence, notably *Ditiangkin v. Lazada E-Services Philippines, Inc.* (as noted in Gamboa, 2024), in which the Supreme Court ruled that platform-based riders are independent contractors. Although legally consistent with the existing doctrine, the decision illustrates how current law fails to capture the economic dependency that many gig workers have on a single platform, leaving them excluded from employee protections (Gamboa, 2024).

Institutional Fragmentation

Regulatory oversight of gig work is fragmented across multiple agencies, including Department of Labor and Employment (DOLE), Department of Trade and Industry (DTI), Department of Information and Communications Technology (DICT), Social Security System (SSS), Bureau of Internal Revenue (BIR), Land Transportation Franchising and Regulatory Board (LTFRB), and

Bangko Sentral ng Pilipinas (BSP). This diffusion has produced overlapping mandates, policy silos, and inconsistent enforcement, hindering the development of a coherent national framework for platform-mediated work (Dewan & Kashyap, 2026; Fairwork Philippines, 2023).

Legislative Developments

Several pending bills aim to address elements of gig work governance. The Freelance Workers Protection Act (HB 6718) focuses on contracts and payment timelines, while the National Digital Careers Act (SB 1469) emphasizes skill development and digital inclusion. Although these initiatives are important, they address only discrete aspects of the problem, leaving the core issues of worker classification, social protection, and taxation unresolved (House of Representatives, 2023; Senate of the Philippines, 2023).

Social Protection Gaps

The most critical regulatory deficit is related to social protection. Only 18% of self-employed individuals maintain active SSS membership, underscoring the systematic exclusion of gig workers from social insurance (Reyes et al., 2018). Similar gaps persist in PhilHealth and Pag-IBIG coverage.

This exclusion reflects a deeper structural mismatch. The Philippine SSS was designed for stable, continuous wage employment, whereas gig work is characterized by irregular income and fragmented work arrangements. Consequently, millions of economically active workers remain effectively unprotected (Dewan & Kashyap, 2026; Fairwork Philippines, 2023).

International Benchmarks

International experience demonstrates the feasibility of alternative regulatory pathways. France's microentrepreneur regime simplifies registration, taxation, and social contributions for platform workers, Estonia's e-Residency program enables fully digital business administration, and Singapore mandates work injury compensation for delivery riders. These models demonstrate that labor flexibility can be balanced with core social protections (Estonian Tax and Customs Board, 2023; Ministry of Manpower Singapore, 2022; Union de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales; Cleiss, n.d.).

Section Conclusion: Sent into Battle Without Armor

The evidence is unequivocal. Comprising 13.6 million workers, the Digital Bayani and Domestic Heroes are no longer peripheral actors but central pillars of the Philippine economy. However, they operate within a regulatory system built for an earlier era of stable wage employment, which exposes them to legal uncertainty and social protection gaps.

Their precarious position does not stem from a lack of economic contribution, but from outdated laws and fragmented institutions. Addressing this mismatch is no longer optional. It is a prerequisite for sustaining productivity, protecting workers, and ensuring that the gig economy contributes to long-term national competitiveness.

The following sections move from institutional analysis to quantitative evidence. Using LFS transition matrices, the report measures how workers move between unemployment, gig work, and wage employment, thereby providing an empirical foundation for the policy architecture proposed thereafter.

Data

Data Sources

The primary data source is the Philippine LFS, the country's official nationally representative quarterly labor market survey (January, April, July, and October). Since 2021, the PSA has released monthly LFS updates based on smaller subsamples to provide more timely national indicators.

This report draws on both quarterly core and monthly subsamples of the LFS. The monthly files enable *indicative* short-interval analysis of labor market movements, whereas the quarterly files provide more stable year-on-year estimates.

The LFS data are supplemented by platform disclosures and industry studies (e.g., Grab, Foodpanda, Upwork, and Fiverr), government agency reports (DOLE, DTI, DICT, and LTFRB), international organization publications (World Bank and ADB), Fairwork Philippines assessments, and the Philippine Occupational Wages Survey (OWS).

Data Access

Aggregated LFS tables and time-series data were obtained from the PSA website and OpenSTAT portal. Record-level microdata were accessed through the PSA's public use files, subject to formal application and confidentiality requirements. The OWS datasets were retrieved from the PSA's OWS portal (PSA, 2024).

Sample Period

The analysis covers 2018–2024 and captures prepandemic conditions, pandemic-related disruptions, and postpandemic recovery. The June 2024 LFS provides the most recent detailed estimates.

Variables and Proxy Definition

The LFS does not contain an explicit classification for "gig" or "platform" workers. Therefore, consistent with international labor research and PSA exploratory guidance, this report uses "self-employed without paid employees" as a **statistical proxy** for gig and independent work (Boeri et al., 2020; PSA, 2021).

For selected analyses, the proxy is refined using additional criteria, most notably, a minimum threshold of 35 hours worked per week, to distinguish between workers for whom solo self-employment functions as a primary livelihood and those engaged in intermittent or supplemental self-employment.

The analysis draws on standard LFS variables, including labor force status, class of worker, hours worked, multiple jobholding, educational attainment, age and sex, industry (PSIC), occupation (PSOC), and geographic location. These variables support profiling, segmentation, and transition analysis.

Given the absence of a single comprehensive dataset on gig work, the findings are triangulated using official statistics, platform-based surveys, and international empirical studies. Each source is cited for the specific evidence it supports.

Cross-Validation and Transition Analysis

The estimates derived from public use files were cross-checked against PSA-published figures for the same reference periods and reconciled within standard sampling error margins. Official PSA statistics are reported for all public-facing aggregates to ensure comparability (PSA, 2024).

Transition Matrix Methodology

The labor market transition analysis follows **standard labor-market flow accounting approaches** commonly used in applied labor economics, including those discussed by Boeri et al. (2020). Although the LFS is primarily a repeated cross-sectional survey, its rotating sample design allows a subset of respondents to be observed across adjacent survey rounds.

Short-term transitions are estimated using anonymized identifiers to match individuals across successive monthly LFS subsamples (May–August 2024). These match repeated cross-sections enable indicative analysis of short-term labor market movements, but do not constitute a full longitudinal panel.

For longer-term dynamics, year-on-year transitions (e.g., June 2023–June 2024) are estimated using matched observations from the quarterly LFS, providing more stable measures of persistence and mobility across labor states.

The transition matrices classify individuals into employed (employee, self-employed with or without employees, and unpaid family worker), unemployed, and not in the labor force. All transition estimates are interpreted as descriptive indicators of labor market dynamics and not as causal measures of worker preferences or earnings stability.

All transition estimates are interpreted as descriptive indicators of labor market adjustment mechanisms and persistence rather than evidence of job quality, worker welfare, or causal employment pathways.

Methodology

The report follows a **mixed-methods approach**, integrating a **robust quantitative framework** based on internationally recognized labor market analysis with a complementary **qualitative synthesis** of contextual evidence.

Quantitative Framework

The quantitative analysis explicitly adopts the **sequential structure from Boeri et al. (2020)**, adapted for the Philippine labor market context, and available **LFS microdata**. Two interlinked analytical steps are performed as follows:

Step 1 – Descriptive Analysis

We begin with a baseline characterization of the gig economy, using the **LFS classification of "self-employed without paid employees"** as the primary proxy for gig workers. Key indicators are computed annually for **2018–2024**, including:

1. Absolute number of workers.
2. Share of total employment.
3. Demographic breakdowns (sex, age, and education).
4. Job characteristics, such as **average weekly hours** and **social protection coverage**.

Step 2 – Transition Matrix Analysis

Unconditional **transition matrices** are constructed to show the probability of movement between labor market states from one year to the next to capture the **dynamic labor market flows**. This analysis tracks individuals across **consecutive LFS rounds**, enabling the measurement of the following:

1. **Entry rates** into gig work from unemployment and wage work.
2. **Exit rates** from gig work to traditional employment or unemployment.
3. **Persistence rates** reflecting the probability of remaining in the same category after one year.

Qualitative Synthesis Approach

The quantitative findings are contextualized through a **structured review of high-quality secondary sources**, including:

1. *Fairwork Philippines* reports.
2. DOLE–ILS policy papers.
3. PSA methodological notes and documentation.
4. Comparative studies from the ILO, ADB, and World Bank.

This synthesis enriches interpretability, particularly when **quantitative proxies are imperfect** or **indicators are incomplete**.

Methodological Limitations and Adaptations

1. **Proxy Constraints.** As emphasized by Bracha and Burke (2023), official surveys often underestimate the true scale of gig work. Although our use of the **solo self-employed proxy** addresses this gap, it may still capture traditional self-employment while omitting some platform workers. Therefore, these findings should be interpreted as **tentative estimates**.

2. **Data Access Limitations and Transition Analysis.** The report's primary finding that **12% of unemployed individuals enter gig work annually** is based on **year-on-year longitudinal analysis** suited to measuring **medium-term pathways**. This differs from the **monthly transition data** presented in the Annex, which reveal **short-term volatility and churn**, illustrating the role of the gig as a **bridge to formal employment**.

3. **Structural Change Effects.** To account for COVID-19 disruptions, the analysis is segmented into **prepandemic, pandemic, and postpandemic subperiods**, with robustness checks confirming consistency across phases.

Results: Personas, Pathways, and Precarity

Scale and Dynamics of the Gig Workforce

The gig economy has become a core pillar of the Philippine labor market. Analysis of the June 2024 LFS shows that 27.0% of all employed Filipinos (13.6 million individuals) are classified as solo self-employed, indicating that gig work serves as a primary livelihood source for more than one in four workers (PSA, 2024).

Despite a 4.0% unemployment rate reflecting postpandemic recovery, labor market precarity remains widespread. In the LFS, underemployment is defined as employed persons seeking additional hours, an additional job, or a job with longer working hours. Using this definition, the underemployment rate was 12.0% in June 2024, indicating persistent insufficiency in hours or job quality (PSA, 2024). This structural underemployment context helps explain why many workers enter or remain in solo self-employment as an alternative to limited opportunities for stable wage employment (Dewan & Kashyap, 2026; Fairwork Philippines, 2023).

A Data-Driven Profile of the Filipino Gig Worker

LFS microdata show that solo self-employment is highly segmented across industries, skills, and demographics in the Philippines. Based on **June 2024 LFS Public Use Files**, solo self-employed workers were classified by **Philippine Standard Industrial Classification (PSIC) codes** into three analytically distinct segments:

1. **Location-based services (transportation and storage):** drivers, riders, and logistics workers

2. **Traditional local services:** retail trade, food services, repair, and personal services

3. **Online-capable sectors:** Information and communication; professional, scientific and technical activities; administrative and support services; and arts, entertainment, and recreation

Based on the author's analysis of **June 2024 LFS microdata**, 51.4% of solo self-employed workers are engaged in location-based services, 45.1% in traditional local services, and 3.5% in online-capable digital sectors. These estimates are derived directly from PSIC industry codes and indicate that solo self-employment in the Philippines remains predominantly domestically anchored despite the presence of a smaller but growing digital freelancing segment.

Gender–Skill Patterns

Educational attainment differs by gender among solo self-employed workers. LFS microdata indicate that 26.6% of women hold a college degree or higher compared to 17.8% of men. Although women exhibit higher educational attainment nationally, industry-level patterns in the same dataset reveal **gender-linked sectoral clustering**. Female solo self-employed workers are more concentrated in online-capable and knowledge-based sectors, whereas male solo self-employed workers are heavily concentrated in labor-intensive transport and delivery activities. This pattern reflects sectoral sorting shaped by differences in skills, work intensity, and platform access and is consistent with findings from external studies of platform-mediated work in the Philippines (Dewan & Kashyap, 2026; Payoneer & GCash, 2022).

Generational Differences

Clear generational differences are also evident. Younger solo self-employed workers aged 15–24 years are substantially more likely to be college educated (51.2%) than workers aged 55 years and over (16.1%). This suggests a generational divide in gig work roles. Younger workers are more likely to enter digital and globally oriented services, whereas older workers rely more heavily on traditional and location-based gig roles as a late-career safety net. This pattern aligns with global evidence showing digital freelancing as an entry pathway for younger cohorts, whereas older workers primarily use solo self-employment as a fallback or transition mechanism (World Bank, 2021).

Two Personas of the Filipino Gig Worker

To humanize these patterns, two archetypal personas are presented, grounded in LFS data, and validated by sectoral wage benchmarks and industry studies (OWS; Fairwork Philippines, 2023; PSA, 2024; Payoneer & GCash, 2022).

The Digital Bayani

A young, college-educated freelancer working remotely for global clients. With monthly earnings of approximately PHP78,500, this worker earns more than three times the sectoral average in Information and Communication, but faces social isolation and limited institutional protection.

The Domestic Hero

A full-time multi-platform driver or rider serving urban markets. With net monthly earnings of approximately PHP 18,200, which is above the sectoral wage average, this worker trades earnings stability and safety for flexibility and operates without benefits or job security.

Quantifying Precarity

Comparative analysis highlights the vulnerabilities inherent in gig work. Solo self-employed workers average 41.7 hours per week, which is statistically indistinguishable from formal employees (41.6 hours), indicating that gig work typically functions as near full-time employment rather than supplemental activity (PSA, 2024).

Earnings among solo self-employed workers exhibit substantial dispersion in the June 2024 LFS income distribution, indicating wide heterogeneity in income levels at a given point. Although cross-sectional survey data do not measure within-person income volatility, this dispersion reflects the lack of standardized wages and contractual arrangements typical of wage employment.

As emphasized by Abraham et al. (2018), standard labor force surveys face structural limitations in capturing earnings dynamics and employment stability for nonstandard and platform-based workers, underscoring the need for caution when interpreting income patterns using cross-sectional data alone.

Consistent with these measurement challenges, Philippine industry-based surveys document widespread income instability among gig workers. Fairwork Philippines (2023) reports that 67% of platform workers work more than 50 hours per week to meet income targets, highlighting the effort required to sustain earnings in the absence of guaranteed pay.

Social protection gaps remain severe. Only 18% of self-employed workers maintain active SSS membership, with similarly low coverage for PhilHealth and Pag-IBIG (Reyes et al., 2018). Survey and administrative evidence from the DICT further documents these workers' exclusion from benefits, income insecurity, and limited access to social assistance. Collectively, these findings confirm the defining feature of gig work in the Philippines: near-full-time labor contribution without the protections of standard employment.

Labor Market Transition Analysis: Short-Term Responsiveness and Long-Term Adjustment

Analysis of matched LFS records reveals a dual-speed pattern in labor market transitions, highlighting the distinct roles of solo self-employment across time horizons.

TABLE 4

PROBABILITIES ACROSS EMPLOYMENT STATES USING MATCHED LFS MICRODATA.

From (2023)	To Employee (2024)	To Self-Employed (2024)	To Employer (2024)	To Unpaid Family Worker (2024)	To Unemployed (2024)
Employee	58.89%	27.59%	7.17%	3.91%	2.44%
Self-employed (no employees)	49.77%	37.47%	6.90%	4.51%	1.35%
Employer	51.91%	31.58%	8.00%	6.39%	2.12%
Unpaid family worker	38.98%	34.02%	7.16%	14.86%	4.97%
Unemployed	52.70%	26.38%	12.49%	6.06%	2.37%

Source: Author's analysis of the PSA LFS matched panel (June 2023–June 2024).

Table 4 reports transition probabilities across employment states over a one-year period using matched LFS microdata.

Illustrative monthly flow estimates (Appendix A) constructed using iterative proportional fitting anchored to official PSA labor force status distributions suggest that solo self-employment is a notably responsive pathway following job loss. In the months immediately after unemployment, the estimated flows into solo self-employment are proportionally larger than those into other non-wage categories, such as unpaid family work. These patterns illustrate directional tendencies in monthly adjustments and should be interpreted with caution because they are not derived from directly observed individual-level transitions.

Long-Term (Year-on-Year) Dynamics

Over a 12-month horizon, transition patterns shift toward formalization. As Table 4 shows, among individuals who were unemployed in June 2023, **52.7% entered wage employment by June 2024**, whereas **26.4% transitioned to solo self-employment**. This indicates that although gig work often serves as an initial re-entry option, wage employment remains the dominant longer-term destination.

Collectively, these findings suggest the supporting yet structurally important role of solo self-employment. It provides rapid access to income following unemployment and, for many workers, serves as a transitional bridge to more stable forms of employment. However, without appropriate legal recognition and portable social protections, this adjustment mechanism risks reinforcing precarity rather than facilitating upward mobility.

Discussion and Policy Recommendations

The findings of this report reveal an urgent reality: the Philippines' third economic hero has arrived, but without institutional protection. The gig economy has become a defining feature of the labor market, driven by resilience and adaptability, yet marked by structural precarity. This duality requires a focused and timely policy response.

Key Findings: Productivity, Talent, and Precarity

The Productivity Paradox

The gig economy generates short-term labor market efficiency, while posing long-term risks to human capital. Gig work absorbs a substantial share of unemployed workers during short-term labor market adjustments, which is consistent with the evidence that solo self-employment serves as a rapid reabsorption mechanism. This is confirmed by the year-on-year transition matrix (Table 4), which shows that 12.49% of unemployed individuals entered solo self-employment within a year, compared to only 5.27% who entered wage employment, for a ratio of approximately 2.4 to 1 (PSA, 2024). However, longitudinal and measurement-focused research cautions that apparent productivity gains may be overstated when non-standard and informal labor inputs are inadequately captured in official statistics. Abraham et al. (2018) emphasize that the mismeasurement of gig and alternative work arrangements complicates productivity accounting, particularly when labor inputs and earnings dynamics fall outside standard survey frameworks.

This risk is pronounced in the Philippines, where 74% of the core gig workforce has a high school education or lower (PSA, 2024). However, a smaller but economically significant opportunity has emerged: approximately 480,000 online-capable professionals now participate in globally traded digital services. International evidence identifies the Philippines as a leading supplier of online freelance talent (World Bank, 2021), and earnings data show that Filipino freelancers command premium rates relative to their regional peers (Payoneer & GCash, 2022). Collectively, these findings highlight the potential for domestic talent retention by capturing global value while retaining income and skills within the country.

Precarity as Sacrifice

Gig work simultaneously functions as an employment buffer and a source of vulnerability. Transition analysis shows that solo self-employment frequently serves as an immediate re-entry option following unemployment, particularly over short intervals, highlighting its role as a rapid income-generating buffer. However, this buffer is unstable. Year-on-year transitions show that 1.35% of solo self-employed workers fall back into unemployment, and monthly transitions reveal substantial churn, with many cycling between gig work and short-term wage jobs.

Despite this instability, gig workers maintain near-full-time workloads (41.7 hours per week) while operating under conditions of earnings dispersion and income uncertainty without standardized contracts, and only 18% maintain active SSS membership (Reyes et al., 2018). Furthermore, industry surveys report that 67% of platform workers work over 50 hours per week to stabilize earnings (Fairwork Philippines, 2023). Without reform, this “precarity tax” risks becoming a permanent constraint on productivity and worker well-being.

Policy Recommendations: A Three-Pillar Framework

Building on these findings, a Three-Pillar Strategic Policy Framework, supported by targeted interventions, is proposed.

Pillar 1 – Legal Recognition through a Third Worker Category

Establish a legal classification for platform workers or dependent contractors that grants core protections, including minimum earnings standards, occupational safety, and dispute resolution, while preserving work flexibility. This aligns with international models, such as France’s microentrepreneur regime and Singapore’s delivery rider protections.

Role of Cooperatives

Worker cooperatives, including the Filipino Online Professionals Service Cooperative, can provide consultative input during policy design, representing freelancer perspectives and supplying ground-level evidence to clarify the regulatory scope.

Pillar 2 – Portable, Transaction-Based Benefits

Mandate small platform contributions to worker-owned portable benefits that account for health, accident, and retirement protection. Implementation can follow a public–private partnership model, with government agencies providing oversight, platforms acting as collection agents, and fintech firms enabling low-cost fund management.

Role of Cooperatives

Cooperatives can serve as intermediary administrators by aggregating contributions across platforms; onboarding workers into SSS, PhilHealth, and Pag-IBIG; and piloting benefit delivery for multi-income earners. This offers a low-friction deployment pathway without creating new bureaucratic structures.

Pillar 3 – Modernized Economic Measurement

Update the LFS to explicitly capture gig and platform work, including multiplatform participation, primary versus supplementary gig income, and cross-border digital services. Improved measurement is foundational for inclusive policymaking and social protection expansion.

Role of Cooperatives

Gig-worker cooperatives can support survey outreach, pilot-testing, and identification of undercounted worker groups, thereby strengthening data quality while reducing administrative costs.

Supporting Interventions

1. **Skills-Based Incentives.** Link benefit contribution rates to DICT or Technical Education and Skills Development Authority digital certifications to encourage upskilling. Cooperatives can aggregate training and certification pathways.

2. **Fair Work Standards.** Integrate Fairwork principles into DOLE inspections, with cooperatives acting as recognized worker representation bodies.

3. **Transition Supports.** Provide targeted assistance for gig-to-formal employment transitions and entrepreneurship grants for high-earning freelancers, with cooperatives supporting candidate identification and mentoring.

Conclusion

Workers have long shaped the economy of the Philippines. For decades, Overseas Filipino Workers have sustained households through remittances, despite prolonged family separation (ILO, 2020). The rise of the business process outsourcing sector later repositioned the country as a global services hub by bringing international work onshore (Fabros, 2021). Today, a new figure stands on the frontier of this evolution: the Digital Bayani.

This report demonstrates that the rise of gig and independent work is not cyclical or temporary, but structural. As of June 2024, 13.6 million Filipinos, comprising 27% of the national workforce, are engaged in solo self-employment (PSA, 2024). Two archetypes dominate this expanding landscape. Domestic Heroes in transportation, delivery, and local services anchor the domestic economy and provide an immediate employment safety net. A smaller but economically significant group of Digital Bayanis stands beside them, integrating the Philippines into high-value global digital markets (Dewan & Kashyap, 2026; Payoneer, 2022).

However, this new form of work entails a considerable tradeoff. Although gig work eliminates the hardship of physical separation, it introduces a quieter vulnerability. Workers sustain near-full-time workloads, averaging 41.7 hours per week, yet remain largely excluded from labor protections, social insurance, and collective representation (Fairwork Philippines, 2023; Reyes et al., 2018). Although they are present at home, they are structurally exposed in the labor market.

Therefore, the policy question is no longer whether reform is needed, but how urgently it must be pursued. Without intervention, precarity could become a permanent feature of the Philippine labor market. The Three-Pillar Framework proposed in this report, comprising Legal Recognition, Portable Benefits, and Modernized Measurement, offers a practical roadmap for protecting workers while preserving flexibility and innovation.

If adopted, the Philippines can position itself as a global model for inclusive digital labor policy that balances competitiveness with dignity and ensures that technological progress strengthens rather than erodes human well-being. As in every phase of the country's economic history, its enduring advantage remains its people. Safeguarding their security and opportunity is not only a social imperative but also a prerequisite for sustainable national competitiveness.

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Appendix A: Monthly Labor Market Transition Matrices (May–August 2024)

The following matrices present the estimated month-to-month labor market flow probabilities for May through August 2024, constructed using iterative proportional fitting (IPF) anchored to the official PSA published marginals for each month. The LFS rotating panel does not reliably link the same individuals across consecutive monthly rounds; therefore, these figures are illustrative flow estimates rather than directly observed individual transitions. Each matrix shows the row percentages, indicating the probability that an individual in a given labor market status in month *t* transitions to each status in month *t+1*. These monthly matrices complement the year-on-year transition matrix (Table 4) by capturing short-term volatility and churn in the labor market. The high persistence rates on the diagonal and the near-zero off-diagonal values in some transitions reflect a limited overlap in the LFS rotating panel across consecutive monthly rounds.

FIGURE 1

NATIONAL TRANSITION MATRIX: MAY 2024 → JUNE 2024.

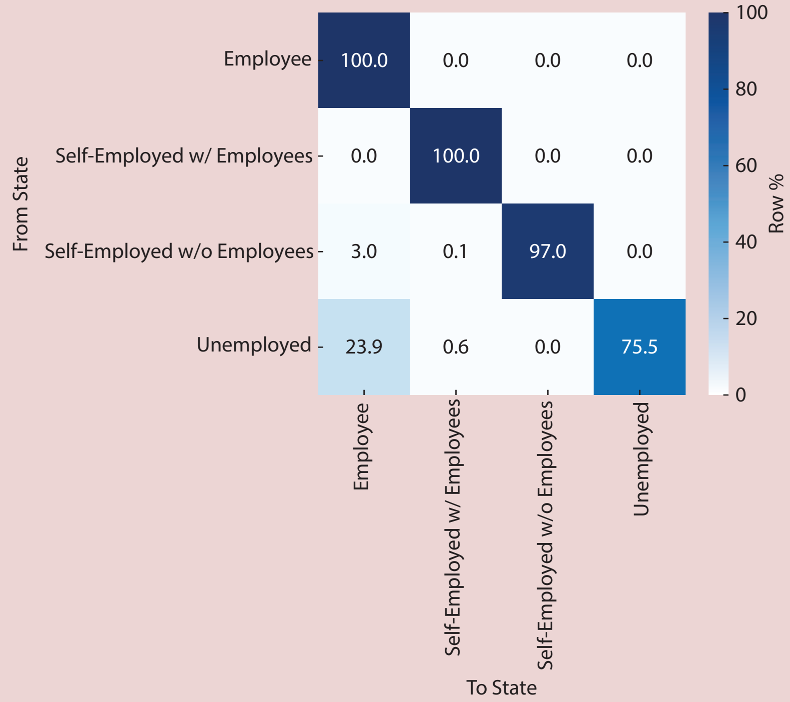


FIGURE 2

NATIONAL TRANSITION MATRIX: JUNE 2024 → JULY 2024.

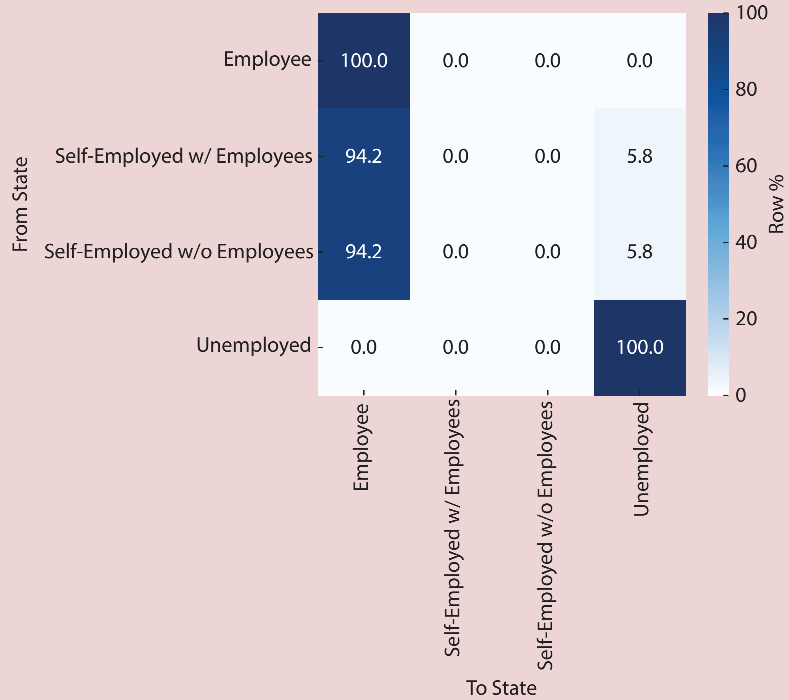


FIGURE 3

NATIONAL TRANSITION MATRIX: JULY 2024 → AUGUST 2024.

Source: Author's analysis based on PSA Labor Force Survey data, May–August 2024. Each matrix shows row percentages. Note on methodology: These monthly matrices are estimated using iterative proportional fitting (IPF), a standard matrix-balancing procedure. The LFS rotating panel does not consistently link individual respondents across consecutive monthly rounds, meaning that the direct person-level matching yields insufficient overlap for reliable month-to-month transition estimates. Therefore, matrices are constructed by anchoring row totals to the officially published PSA labor force status distributions for the origin month and column totals to the destination month, then distributing intra-employed flows (Employee / Solo Self-Employed / Self-Employed with Employees) proportionally using class-of-worker composition from the June 2024 Public Use File. This iterative proportional fitting (IPF) approach ensures consistency with official PSA marginals without requiring individual-level record linkage across monthly waves. Figures should be interpreted as estimated flow probabilities rather than directly observed individual transitions. The year-on-year transition matrix in Table 4 (June 2023–June 2024), which is based on actual matched microdata, remains the primary analytical finding of this report.

GIG ECONOMY IN SRI LANKA

Introduction

Sri Lanka has recently witnessed a significant expansion of the gig economy, a flexible labor market characterized by short-term, freelance, or on-demand work facilitated through digital platforms. Several factors, including technological advancements, widespread Internet accessibility, rise of online freelancing, and use of transportation and delivery applications drive this transformation. Economic pressures, such as limited formal employment opportunities for youth, highlight the attractiveness of the gig economy, which offers greater flexibility and potential for income outside traditional employment. In response to the economic crisis and COVID-19 pandemic, many young people in Sri Lanka have turned to gig work to address their financial needs and improve their well-being by choosing to work as full- or part-time online freelancers and generating additional income through digital platforms such as Fiverr, Upwork, Freelancer, Uber, PickMe, and work.lk.

Senarath et al. (2017) found that, the Tech-savvy youth in Sri Lanka have expressed dissatisfaction with the limited availability of traditional jobs, reflecting a mismatch between qualifications and job market demand and a low salary structure for IT-related jobs. These push factors have motivated the creation of various platforms related to online freelance jobs, ride-hailing, and ride-delivery services. Gig work contributes to the country's economy and workers' daily lives. Globally, companies and individuals use online labor platforms to find, hire, supervise, and pay workers on a project, piece rate, or hourly basis. These platforms enable access to skilled and flexible gig work with the assistance of specialized consultants and online outsourcing companies. Considering the number of online freelancers or gig workers engaged in Sri Lanka, calculating the number of gig workers is challenging, and freelancer platforms such as Fiverr, Freelancer, and Upwork do not share this number by country. The number of freelancers in a small country, such as Sri Lanka, is difficult to identify.

On 18 May 2022, Sri Lanka officially declared its debt in default for the first time since its independence in 1948, sending a worrying signal for its future. Against this background, tech savvy youth were opening new avenues and using global digital platforms to strengthen the economy as flexible earning opportunities via digital devices and Internet-enabled work from home. Although the gig economy influences global economic growth by opening new trends for workers, it also poses challenges in terms of the regulatory environment and measuring data on a macroeconomic scale, such as growth and employment. In particular, gig work provides a pathway for Generation Z, millennials, women, and workers outside formal wage employment to earn income, develop skills, and access cross-border markets through online platforms and apps. In Sri Lanka, this transformation has unfolded alongside expanding smartphone use, improved Internet and broadband access, and a youthful labor force navigating persistent underemployment.

Gig work in Sri Lanka is characterized by low and unstable earnings, limited social protection, challenging working conditions, and a lack of collective representation. Workers often bear their own operational costs, while access to opportunities is influenced by unclear algorithmic and rating systems. Gig work is concentrated in urban areas, with rural workers facing lower demand and connectivity constraints.

This study aims to measure the impact of the gig economy and explore current trends, viability of expanding economic gains, potential for inclusive growth, and prospects for developing exportable digital services in the country. This requires better evidence of who participates, what they earn, how platforms shape opportunities, and which regulatory or support mechanisms (e.g., skills, finance, safety nets, and data governance) contribute to outcomes. Against this backdrop, this study examines the contours and consequences of gig work and its drivers, distribution, and lived realities to inform practical interventions and policy designs by policymakers, service sector operators, and academics. Considering this background, this study aims to achieve the following objectives to systematically assess the impact of the gig economy in Sri Lanka.

Study Objectives

This study aims to assess the impact of the gig economy in Sri Lanka. Specifically, the objectives of this study are as follows:

1. To analyze the demographic and socioeconomic characteristics of gig workers in Sri Lanka.

2. To investigate the influence of digital platforms and technology on gig work and the contribution to the national economy.

3. To identify the key factors contributing to the growth of the gig economy and the socioeconomic challenges faced by gig workers and assess their implications for sustainable gig economic development.

Research Questions

To achieve these objectives, this study addresses the following research questions:

1. To what extent do youth and women participate in platform-related gig work in Sri Lanka?

2. How do education and skills influence the types of gig work opportunities available?

3. What key factors contribute to the growth of gig work in Sri Lanka?

Literature Review

A global study by the Manpower Group (2016) found that more than 50% of millennials (aged 29–44 years in 2025) are open to nontraditional forms of employment in the future. Furthermore, LIRNEasia (2016) reported that online freelancing is growing rapidly and gaining popularity among younger generations. Approximately three-fourths of the respondents worked more than 40 hours per week, whereas a quarter worked over 50 hours per week across multiple jobs, including online freelancing.

According to LIRNEasia (2016), Sri Lanka had approximately 17,000–22,000 online freelancers in 2016. Galpaya et al. (2017) found that younger age groups showed the most interest in online freelancing. At the global level, online freelancing was particularly popular among individuals aged 18–26 years, many of whom engage in freelance work while pursuing their studies. Findings from LIRNEasia's (2016) nationally representative survey on online freelancing in Sri Lanka (sample size: 5,377) revealed that successful freelancers believe that building a freelance career is easy with the appropriate combination of skills and determination. Individuals can easily register on online platforms and bid for projects by highlighting their skills and abilities in completing specific tasks. Although securing the first job can be challenging and time-consuming, once freelancers complete several projects and build their profiles, earnings opportunities tend to increase steadily.

According to the ILO (2019), local platforms such as "Second Team" are also gaining traction and engaging almost 3,000 digital workers. Local cab-hailing applications, such as PickMe and Uber, have expanded widely across Colombo and the Western Province. Taxi and three-wheeler (tuk-tuk) drivers earn decent daily incomes through PickMe and Uber, averaging approximately LKR2,000–3,000 per day, while benefiting from flexible working hours ranging from 8 to 12 hours per day. However, the business models of these platforms rely on algorithmic processes that privilege the platforms and are typically invisible to workers, although they have clear consequences for their earnings and rankings. Drivers in Colombo experienced this impact, as highlighted by protests in October 2018 when drivers demanded lower platform commission rates.

Furthermore, the ILO and Online Labor Index (OLI) of the Online Labour Observatory (2020) reported that, as of 2021, Sri Lanka ranks among the top 15 countries (out of 184) worldwide in terms of its share of gig workers on major online freelancing platforms. Despite this strong position, the sector faces significant challenges, including limitations in data collection, concerns over algorithmic fairness, and the precarious nature of gig work. According to the ILO, the gig economy in Sri Lanka has expanded rapidly. The Online Labor Index further reflects that Sri Lanka's share of the global online workforce increased from 0.7% in 2015 to 1.3% in 2024, driven by the flexibility of gig work and growing availability of remote work opportunities in the country.

According to the ICTA (2019), the gig economy in Sri Lanka has high development potential. Many individuals (approximately 150,000) are on track to become freelancers and establish and operate local IT and business process outsourcing (BPO) companies. Therefore, the potential for the development of the gig economy is significant and closely linked to the country's digital economic strategy. Hence, reliable broadband access, strong Internet services, and island-wide 4G connectivity are essential for conducting online freelance gig work. Many freelancers in the gig economy are based in remote and rural areas of Sri Lanka because the flexibility and work-from-home nature of gig work enable participation regardless of geographical location.

Priyankara (2021) explained that the digital workforce has become a significant source of foreign exchange, as gig workers earn pay in foreign currencies, thereby helping alleviate Sri Lanka's chronic balance of payment issues. The gig economy also helps reduce unemployment by providing access to global job opportunities and fostering a group of digital nomads offering virtual services worldwide. However, many gig workers struggle to secure adequate work because of the oversupply of global labor and limited demand for their competencies. Although the gig economy expands part-time and casual employment opportunities, gig contracts pose risks to workers' well-being, including job security, working conditions, social benefits, retirement protection, minimum wages, and compensation for industrial accidents, which remain inadequately addressed under Sri Lanka's labor laws.

Supunika and Liyanage (2021) reported that Sri Lanka's labor laws protect only workers with formal employment contracts, leaving app-based gig workers without even minimum legal safeguards. Although these workers are subject to strong platform control through non-negotiable terms, gig workers are not recognized as employees and therefore lack basic protections, such as minimum wages, occupational health and safety standards, rest breaks, and job security. This situation has resulted in exploitation, including unfair remuneration, unsafe working conditions, and ambiguous employment status. Although gig work creates new income opportunities, it undermines decent work standards, income stability, and social security. Furthermore, gig work is characterized by a lack of control, transparency, and stability for workers because platforms classify them as independent contractors rather than employees. Consequently, gig workers often perform tasks similar to those of regular employees but face unequal treatment owing to their ambiguous legal status. Unlike formal employees protected by labor laws during layoffs, unemployment, or unsafe working conditions, gig workers lack such safeguards, leading to labor and human rights violations.

According to the Central Bank of Sri Lanka (2023), the country's digital data and services infrastructure has undergone a rapid transformation driven by both the government and the private sector. The total monthly data usage in Sri Lanka, based on figures from operators compiled by the Central Bank of Sri Lanka, ranged between 200 and 240 petabytes in 2022, up from 80 to 160 petabytes in 2020–2021.

Madadeniya (2022) revealed that the freelancing sector is growing, although it currently serves primarily as a secondary income source for a considerable number of people. Furthermore, freelancing helps address foreign currency shortages in Sri Lanka by contributing to the balance of payments, and the potential income inflow is remarkably high. Freelancers earn money in foreign currencies, and the government recognizes the gig economy as a potential source of job creation and foreign exchange earnings.

Ramamoorthy et al. (2024) reported that young adults aged 22–30 years joined digital platforms on a part-time basis to supplement their income, often earning income in foreign currencies, such as the United States Dollar (USD), British Pound Sterling (GBP), and Euro. Opportunities to earn pay in strong foreign currencies have attracted youth to these digital platforms, generating financial inflows that boost the domestic economy.

Risak and Warter (2015) noted that, in the modern labor market, app-based gig workers are independent contractors; however, workers and clients do not share direct relationships. Gig workers execute tasks and are paid by the platform, which then provides the client with the results. Alternatively, platforms can act more as a facilitator of the relationship between clients and workers. Thus, app-based gig companies unilaterally control workers' choice of tasks, payment rates through their algorithms, and terms and conditions governing interactions between clients and gig workers, all of which are executed at the companies' discretion.

This has led to the exploitation of gig workers' human rights. These rights include the right to free choice of employment, protection against unemployment, and enjoyment of just and favorable work conditions, such as minimum remuneration, fair wages, equal remuneration for work of equal value, safe and healthy working conditions, rest, leisure, working hours, and holidays. Therefore, the State intervenes in the contract of employment as an invisible third party to protect the interests of employees from unlawful exploitation because of their unequal bargaining power compared to dominant employers and because disputes in the employer–employee relationship affect the country's development, economy, and stability, as well as future generations.

Methodology

This study adopts a multidimensional approach. First, it synthesized existing studies and surveys related to Sri Lanka's gig economy. Relevant literature and annual reports from government institutions, such as the Central Bank of Sri Lanka (CBSL) and Department of Census and Statistics (DCS), were reviewed. Information and Communication Statistics of the Information Communication Technology Agency (ICTA), academic research articles, textbooks, and Internet articles were also reviewed as study input.

Second, the primary data collection technique focused on collecting individual data through the development of a set of questions (16) using Google Forms. The questionnaire was distributed via email and WhatsApp groups to collect information on participation in gig work. Question design emphasized items that could be answered in a brief time limit based on feedback from the questionnaire validation process. Emotionally sensitive and personal questions, such as those related to names, contact details, religion, ethnicity, marital status, and geographic identifiers, were excluded to ensure ethical standards and respondents' comfort. A total of 46 responses were collected in 2025, primarily from the Western and Northwestern Provinces of Sri Lanka. Responses were obtained through multiple channels, including WhatsApp, emails, phone calls, and friends. The collected data were coded (Gender: Male = 1, Female = 2), entered into IBM SPSS statistical software, and data were systematically analyzed to produce the empirical findings of this study.

Third, informal discussions and interviews were conducted with platform operators (Uber and PickMe), ICTA, DCS, CBSL, the Ministry of Labor, and the Ministry of Digital Economy. These interactions facilitated the collection of qualitative and quantitative information highly relevant to the study objectives.

Overview of Gig Work in Sri Lanka

Sri Lanka has emerged as a regional hub for digital services, particularly in software development and IT-enabled finance and accounting. This growth is supported by private higher education institutions, international university partnerships, and policy initiatives that align skills with labor market needs. The establishment of the Sri Lanka Institute of Advanced Technical Education in 1995 strengthened technical and vocational training. By 2014, more than 12,000 students were enrolled across Sri Lanka's 12 Advanced Technical Institutions.

Following the liberalization of the telecommunications sector in the 1990s and aligned with the Fourth Industrial Revolution, Sri Lanka has invested significantly in ICT infrastructure. The country was the first in South Asia to adopt Global System for Mobile Communications technology and has since rolled out 3G, 4G, and 5G networks. Connectivity through the Southeast Asia–Middle East–Western Europe 4 submarine cable has further supported digital entrepreneurship and global service delivery.

According to the ICTA (2019) that, the ICT–Business Process Management sector has expanded rapidly, with employment growing by 51% between 2014 (82,854) and 2018. The sector is highly educated, with over 80% of workers holding at least a bachelor's degree, and has seen improved gender inclusion, particularly in BPM services. However, a persistent skill gap remains, with the annual demand for ICT professionals significantly exceeding the supply of graduates.

Sri Lanka has established itself as a leading destination for the BPM and IT industries. The Sri Lanka Association of Software and Services Companies aims to support the industry's transition from traditional back-end processing to higher-skilled functions, such as knowledge management and innovative solution development. This progress is evident in the presence and operations of major global players, such as the London Stock Exchange Group (LSEG), which has positioned Sri Lanka as a key service delivery hub across its global networks. The LSEG emphasizes diversity as a driver of development and innovation, aligning with the growing startup ecosystem in fields such as computer science, engineering, business, and finance.

The service sector has experienced rapid growth. IT service companies and startups in Sri Lanka offer highly specialized niche services. For example, WSO2 develops products that integrate application programming interfaces, applications, and web services, while Virtusa provides systems implementation and application outsourcing services. Along with other startups, these firms have achieved significant success in international markets through strong collaborative partnerships. Overall, the IT sector employs approximately 150,000 people and contributes more than 12% of the country's service exports.

The ILO (2019) reported that the Sri Lanka's labor force has severe skill gaps, with high literacy and enrollment rates of 92% and 97%, respectively. Educational and vocational systems have faced multiple challenges, as evidenced by labor shortages in high-skilled professions in the IT and healthcare sectors. Youth unemployment was 18.5% in 2017, over four times the national unemployment rate. Furthermore, the unemployment rate was significantly higher for graduates (degree holders with different academic disciplines at more than 30%. Several factors have driven these rates, such as graduates lacking the skills employers are looking for, a mismatch between the types of jobs available and youth aspirations, and a lack of career counseling. According to the ICTA (2021), the projected growth in the number of graduates indicates a widening gap between Sri Lanka's ICT workforce supply and demand. This indicates that the ICT training system in the country is still not tailored to meet market demand, producing insufficient graduates, which is a key challenge in the sector. According to the National IT-BPM Workforce Survey of 2018, the ICTA conducted a survey to understand the changes in the extent and composition of Sri Lanka's IT and BPM workforce.

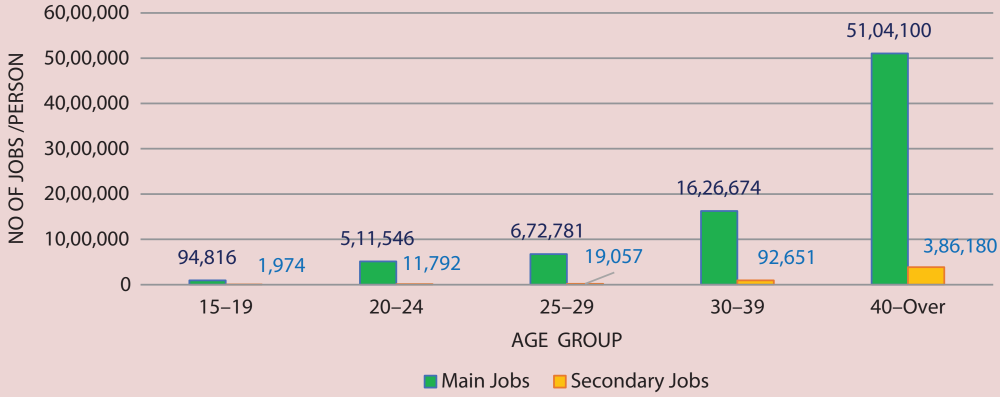
Labor Force and Gig Work Based on Official Statistics

Digital platform gig workers are mostly engaged in part-time work, and drivers generally do not use Uber or PickMe for full-time employment. Although full-time work in the gig economy is unlikely to be sustainable, current technology and labor trends indicate that part-time jobs and access to multiple jobs are likely to expand over the next decade. Using DCS data (2024), Figure 1 shows the distribution of total jobs by age group. In 2023, primary and secondary jobs accounted for 8,009,917 and 511,654 people, respectively.

DCS conducted the Labor Force Survey in 2023 and categorized the labor force into the following age groups: 15–19 years (Youth), 20–24 years (Young Adult), 25–29 years (Early Career Workers), 30–39 years (Prime Age Workers), and 40 years and above (Mature or Older Workers).

FIGURE 1

DISTRIBUTION OF TOTAL JOBS BY AGE GROUP IN SRI LANKA, 2023.



Source: Figure created by the author using DCS data

Figure 1 shows that although the youth workforce (aged 15–24 years) has a strong focus on a single main job, early career workers aged 25–29 years also primarily engage in main jobs, with consideration given to secondary employment. In contrast, workers in their 30s and 40s not only hold main jobs but also show a much higher proportion of engagement in secondary employment. This trend may be driven by several factors, including increased financial needs, greater work flexibility, and the ability to leverage accumulated skills and experience for additional income, thereby motivating older workers to participate in gig work.

The ICTA conducted a workforce survey on 6 August 2019, among ICT companies, BPM companies, non-ICT companies, government organizations, and training institutions to measure workforce strength, gender composition, demand–supply gaps, and the overall supply of ICT workforce in Sri Lanka. The survey findings show that the overall strength of the workforce increased by 50.7%, from 82,854 in 2014 to 124,873 in 2018, and was projected to increase further to 146,089 in 2019. Furthermore, in 2022, the ICTA conducted a survey in collaboration with the freelancing community in Sri Lanka, revealing 150,000 freelancers in the country. Part-time freelancers generally worked online for only 2–3 hours per day and earn approximately LKR20,000 (USD140.00) per month. Comparatively, full-time freelancers earned approximately LKR50,000 (USD350.00) per month. Furthermore, some earned more through freelancing than they did in their full-time jobs. Some exceptional freelancers earned approximately LKR200,000 (USD1000.00–USD1300.00) per month. The PickMe platform has more than 100,000 ride-hailers, including 2,000 female ride-hailers actively engaged on the platform. Uber reported more than 150,000 driver partners or ride-hailers on its platform, including approximately 1000 female ride-hailers who were actively engaged in December 2022.

Sri Lanka government introduced a maximum of 15% taxation on individual earnings and income in foreign currency in April 2025. These new policies primarily affect freelancers and remote workers who provide services to organizations and clients outside the country. Regarding freelancers, the government introduced tax exemption for their first LKR 150,000 of income, with a 6% tax on the next LKR 85,000, and the balance taxed at 15%. In this context, large service providers may experience reduced earnings, higher operational costs, and less competitive pricing. Although provisions to exempt foreign taxes are intended to mitigate the impact, the overall effect is expected to be negative, particularly for ICT freelancers and service exporters. The imposed tax is particularly concerning for the digital economy, which has experienced relatively low taxation that encouraged both local talent and foreign clients. This creates a new burden, discourages investments, hinders freelancers from maintaining competitive pricing, and reduces overall financial incentives.

Computer Literacy and Digital Literacy

Based on DCS (2024) data, the computer literacy and digital literacy rates by sector, gender, and age group in 2023 are presented in Table 1.

TABLE 1

COMPUTER LITERACY RATE AND DIGITAL LITERACY RATE BY GENDER, SECTOR, AND AGE GROUP IN SRI LANKA, 2023.

Gender, Sector, and Age group	Desktop/Laptop (%)	Smartphone (%)	Tablet Computer (%)	Mobile Phone (%)
Gender				
Male	19	78.5	1.5	0.9
Female	17	80.9	1.3	0.8
Sector				
Urban	24.1	73.1	2.2	0.6
Rural	16.4	81.5	1.2	0.9
Estate	7.4	90.4	1	1.2
Age Group (years)				
5–9	9.6	88.0	1.6	0.8
10–14	15.8	81.8	1.6	0.9
15–19	18.3	79.1	1.4	1.3
20–24	21.3	76.4	1.4	0.8
25–29	22.2	75.5	1.6	0.8
30–34	19.9	77.8	1.5	0.9
35–39	17.2	80.8	1.2	0.9
40–49	15.9	81.8	1.4	0.9
50–59	17.4	80.5	1.5	0.7
60–69	13.6	84.7	1.3	0.4

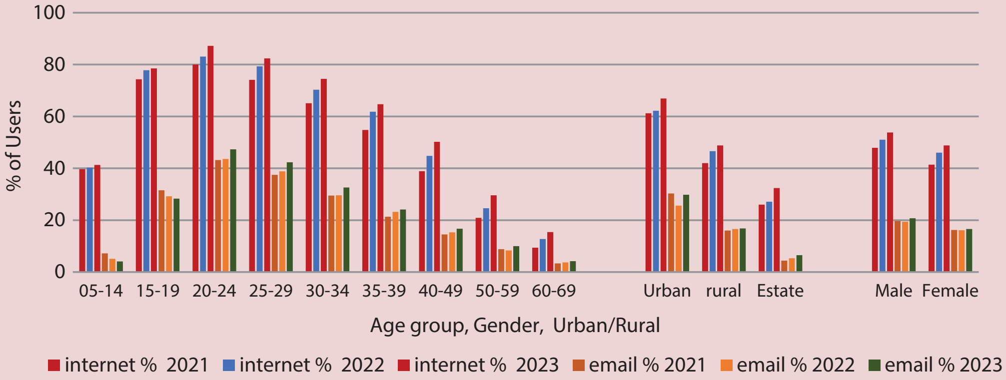
Source: DCS (2024)

Based on DCS (2024) data, Figure 2 shows a marginal increase in Internet and email use among those aged 20–39 years.

Based on the DCS (2023) report, Figure 3 shows trends in computer and digital literacy rates by age. The 15–39 age group comprised more tech-savvy youth, who are the primary users of digital platforms and active participants in the workforce. The digital literacy rates in urban, rural, and estate areas were 76.6%, 61.3%, and 44.8%, respectively, while the computer literacy rates in these areas were 52.9 %, 37.1%, and 17.9 %, respectively. By gender, the digital literacy rate was 63.5% for men and 61.3% for women, while the computer literacy rate was 40.9% for men and 37.2% for women.

FIGURE 2

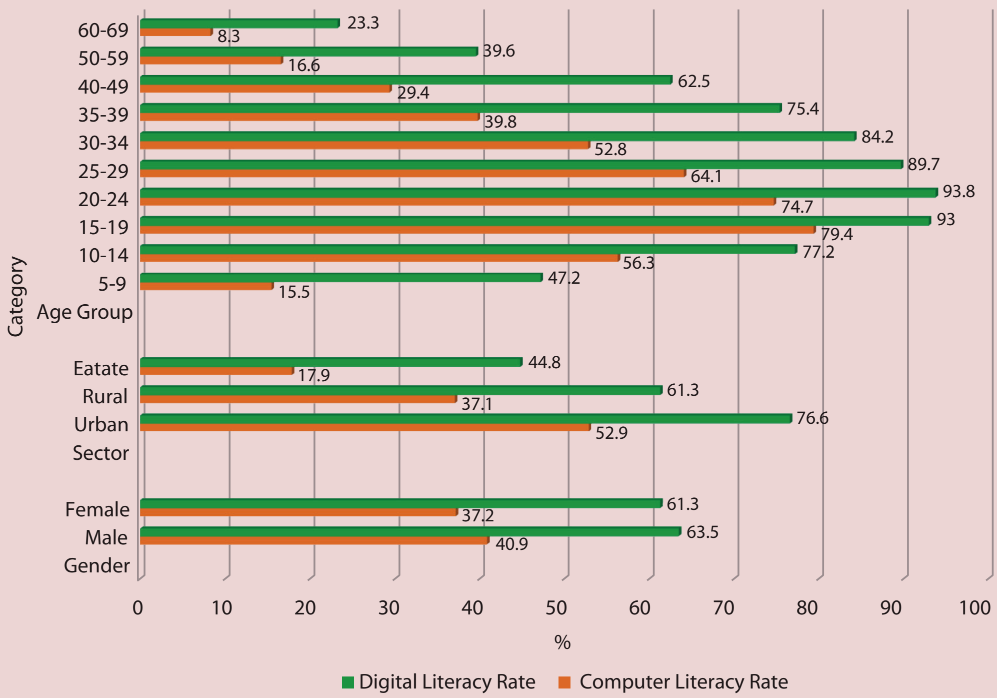
INTERNET AND EMAIL USAGE IN SRI LANKA FROM 2021 TO 2023.



Source: Created by the author using DCS data.

FIGURE 3

COMPUTER LITERACY RATE AND DIGITAL LITERACY RATE BY GENDER, SECTOR, AND AGE GROUP - 2023.



Source: Created by the author using DCS data.

Nature of the Gig Economy in Sri Lanka

The Sri Lankan gig economy rapidly expanded following the COVID-19 pandemic, fueled by digital platforms and a growing number of individuals seeking flexible work options, offering new employment avenues for tech-savvy youth (i.e., young people who have a strong understanding of modern technology and are skilled at using it, particularly digital technologies such as computers and the Internet).

In Sri Lanka, official statistics have struggled to accurately measure the size and impact of gig work. Implementing the digital economy as government policy could create a pathway to evaluate the impact of gig earnings on the country. The government has initiated several steps to regulate the country's entire regulatory mechanism. The establishment of the Ministry of Digital Economy is a key milestone in the revitalization of the country to connect with the global community and accelerate its gig economy, which could be traceable in the future.

The gig economic model provides individuals with options to work on short-term projects or gigs as a replacement for committing to full-time roles by creating a career path built around flexibility and autonomy. The gig economy in Sri Lanka has been growing, driven by digital platforms that connect workers with short-term jobs, and has the potential to boost employment and increase digital literacy among younger workers.

The proportion of the female workforce increased from 21% in 2010 to 29.7% in 2013, and then to 34% in 2018. National IT BPM Workforce Survey Report (2021) found that a relatively young workforce comprised 93% of ICT workers were below 45 years of age, and 80% of the workforce had less than 8 years of experience. Furthermore, ICT companies account for 92% of employees involved in emerging technologies, which is a substantial jump in the ICT sector. Furthermore, 64.2% of the ICT workforce were degree holders, of which 69% were men and 30.3% were women. Women reached the highest share of 35% at the postgraduate diploma level, supporting the quality and education of the ICT workforce.

The ILO (2019) survey report revealed that location-based service platforms in Sri Lanka were largely concentrated in the Western Province, particularly in Colombo, whereas a considerable proportion of cloud workers were distributed across other regions of the country. Although location-based services have gradually expanded to major urban centers, the scalability of these platforms in remote regions, especially in the Northern and Eastern Provinces, has remained limited owing to low-level supply and demand, as well as infrastructural constraints. In contrast, web-based digital labor platforms transcend geographical boundaries, leading to fewer special limitations in their operations. Nonetheless, workers participating in international online labor platforms, such as microworkers, are vulnerable to discriminatory practices when serving global and Western markets.

LIRNEasia (2017) revealed that digital labor shares certain similarities with BPO activities. However, cloud work platforms fundamentally differ from traditional outsourcing arrangements. These platforms enable firms to outsource discrete business processes directly to individuals without the mediation of formal BPO organizations, thereby transforming labor into a commodified computational service delivered through digital marketplaces. Similar to conventional outsourcing models, studies have highlighted that workers from non-Western countries are often compensated at comparatively lower rates on such platforms. Furthermore, cloud workers frequently encounter difficulties in accessing and navigating international payment gateways because commonly used systems, such as PayPal, have historically had limited functionality in Sri Lanka, thereby creating barriers to efficient participation in global labor markets.

The ongoing IT revolution has significantly expanded opportunities for global economic growth by enabling more efficient use of scarce resources and creating new pathways for market participation through digital platforms. In this context, the gig economy has emerged as a key component of the evolving digital economy, reshaping service delivery channels by integrating digital technologies across multiple sectors. These sectors include online business services, delivery services, ride-hailing and ridesharing platforms, short-term contractual work, freelance employment, and various professional services. By facilitating flexible work arrangements, reducing operational costs, and expanding market access, gig economy platforms have increasingly provided individuals with opportunities to earn income while contributing to broader economic activity.

Platform Facilitation for Operationalization of Gig Work

The introduction of smartphones and growth of e-commerce have driven a rapid increase in last-mile delivery services in Sri Lanka. Digital platforms, such as Uber Eats, PickMe Food, Kapruka, and other smaller platforms, have fueled the expansion of gig-based delivery services. These developments facilitate the use of workforce management technologies through mobile applications to coordinate delivery operations using data analytics. With the digitization of operational records and processes, employers can assess real-time labor requirements and increasingly engage gig workers to meet fluctuating demand.

Digital labor platforms include web-based platforms, where work is outsourced through an open call to geographically dispersed cloud workers, and location-based applications, which allocate tasks to individuals in a specific geographical area. The spread of such digital platforms, often referred to as the phantomization of work and the workforce, have various labor market implications. Gigs or on-demand tasks performed through these platforms are categorized as nonstandard forms of employment. Arguably, digital labor platforms have eased access to new and varied work opportunities while providing both employers and workers with flexibility. However, as several studies have highlighted, gig work is often precarious and may undermine workers' livelihoods and rights, particularly when individuals depend on platform work as their primary income source.

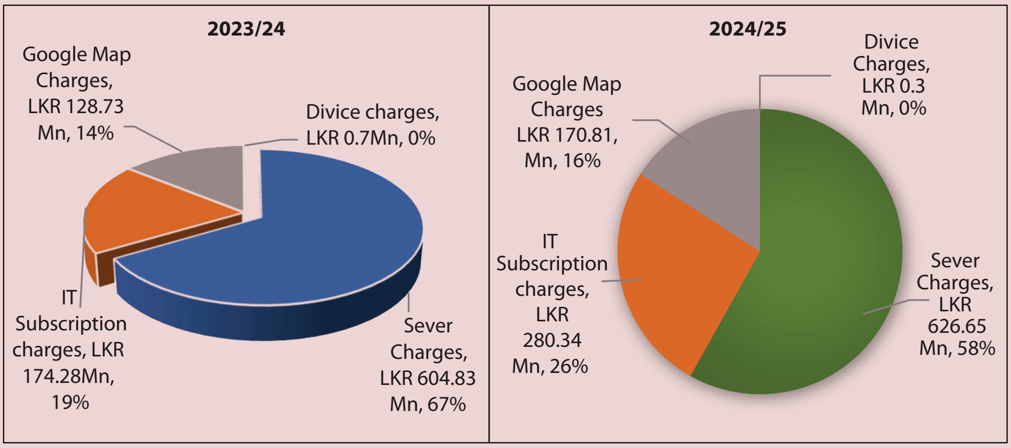
PickMe

The author's discussions with officials from PickMe indicated that the company conducted research in 2024 to evaluate the performance of the PickMe Platform across several operational aspects, with the objective of strengthening its business operations in Sri Lanka. Figure 4 presents the platform operational costs incurred by PickMe for fiscal years 2023/24 and 2024/25.

Figure 5 illustrates PickMe's performance. According to the PickMe Annual Report (2024/2025), fiscal year 2024/2025 saw strong performance and growth. Consumer payments for services and orders increased by 47%, reaching LKR57 billion in 2024 compared with LKR39 billion in 2023. Approximately 500 IT-related officers working alongside PickMe employees manage the smooth functioning of the platform, contributing to this high level of performance.

FIGURE 4

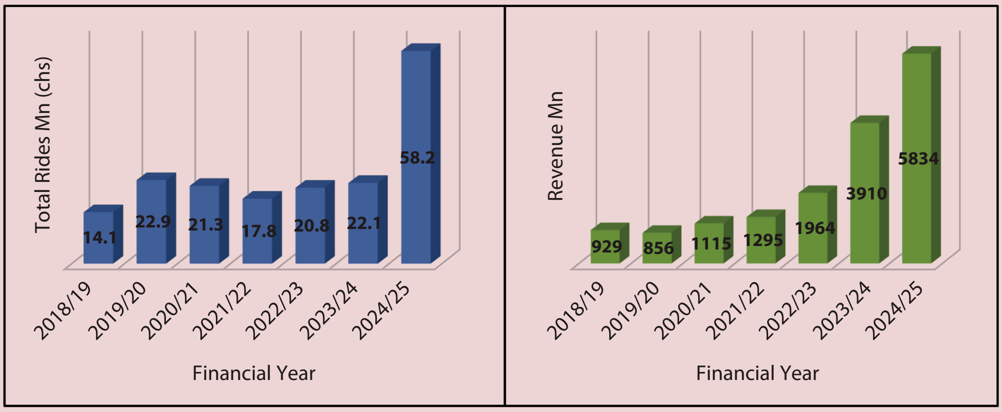
DIGITAL PLATFORM EXPENSES FOR FISCAL YEARS 2023/24 AND 2024/25.



Source: Created by the author using Pick Me research data.

FIGURE 5

PERFORMANCE AND GROWTH OF PICKME.



Source: Created by the author using PickMe research data.
(CHS is the total ride location abbreviated by the company or system as CHS).

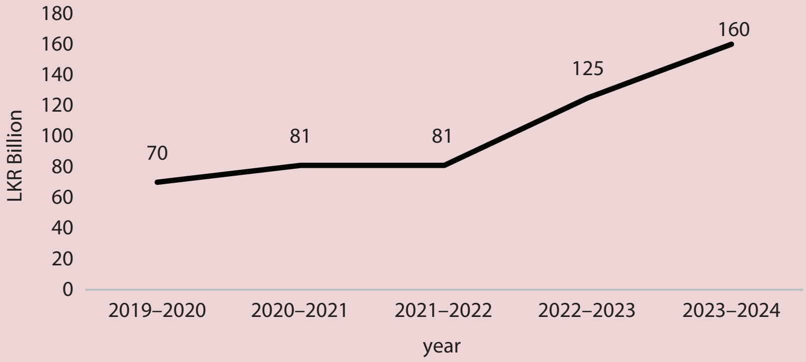
Uber

The Uber platform has contributed significantly to the national economy while creating gig-work employment opportunities for youth and other segments of Sri Lanka's labor force. Uber does not publish standalone, localized performance reports for individual countries.

Nevertheless, the platform provides safe, convenient, and affordable transportation options that help people travel more efficiently. Over the last decade, riders have travelled more than 1.15 billion kilometers using Uber in Sri Lanka. In addition, more than 320,000 Sri Lankans have earned income through the platform as drivers, and over 700,000 airport trips have been completed through Uber.

FIGURE 6

RIDE-HAILING NET REVENUE OF UBER FROM FISCAL YEARS 2019/20–2023/24.



Source: Created by the author using Uber Sri Lanka data and Public First's Economic Impact Reports

The Public First's Economic Impact Reports (2021 and 2024) reveled that, Uber, Uber Eats, and other services generated approximately LKR 81 billion in 2021 and LKR 160 billion in 2024 in Sri Lanka.

Findings from a Survey of 46 Gig Workers

This section discusses the findings of a survey of 48 gig workers conducted by the author in 2025.

Type of Gig Work Performed

Figure 7 illustrates the type of gig work engaged in by the sample respondents. More than 56.45% used algorithm-controlled platform systems that connect local service providers with local customers for services, such as ride-hailing, food delivery (Uber Eats and PickMe Food), and commodity delivery. The remaining 43.45% of the respondents were engaged in online platform-based work, including Freelancer (15.19%), Fiverr (10.85%), and other platforms (13.02%).

Gender Ratio

The majority of gig workers in this sample (54%) were men, whereas women represented 46%. During the post-COVID pandemic and post-economic crisis periods, women increasingly participated in gig work to contribute to their family income.

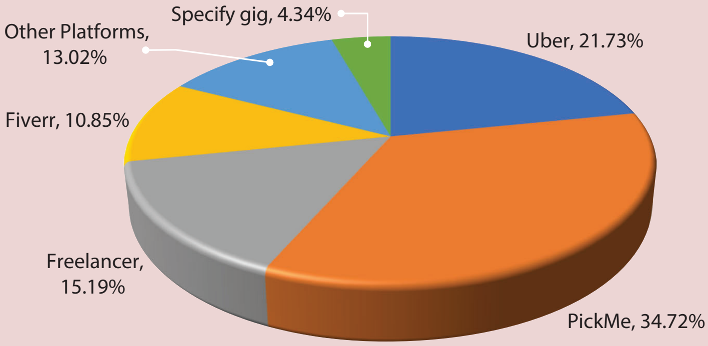
Age Distribution

Figure 8 presents the percentage distribution of the different age groups in the sample. The y-axis lists the age groups in years (18–25, 26–35, 36–45, 46–55, and 56+), and the x-axis represents the percentage (%) of gig workers in the sample belonging to each age group.

According to the survey, gig workers aged 18–25 years, the youngest group, accounted for 23.87% of the sample, whereas 30.38% were in the 26–35 age group**.** This indicates that the younger working-age population (late teens to mid-30s) formed the core of the gig worker sample, representing 54.25% of the respondents. The 46–55 age group was the second-largest category, accounting for 28.21% of the sample, which suggests strong participation from the older working-age population. The 36–45 age group represented 15.19% of the sample, whereas only 2.17% fell within the 56+ age group. Overall, the gig workforce in this sample was predominantly

FIGURE 7

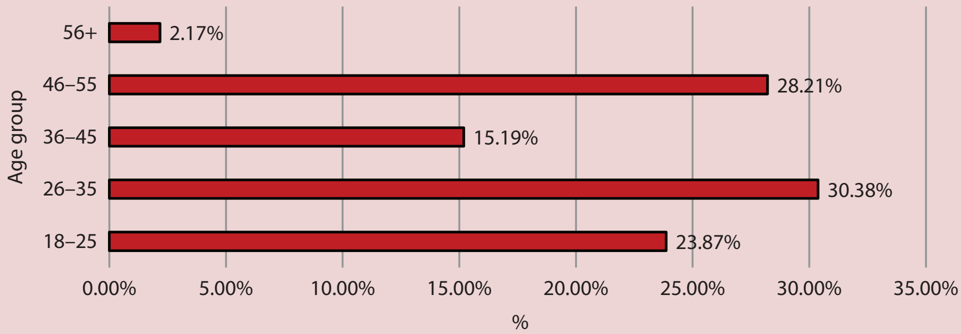
CATEGORICAL DISTRIBUTION OF GIG WORK IN THE SAMPLE.



Source: Created by author according to their survey data, 2025

FIGURE 8

AGE GROUP DISTRIBUTION OF THE GIG WORKERS IN THE SAMPLE.



Source: Created by author according to their survey data, 2025

young (i.e., under 35 years); however, the mid-career and mature workforce within the 46–55 age group also showed significant participation.

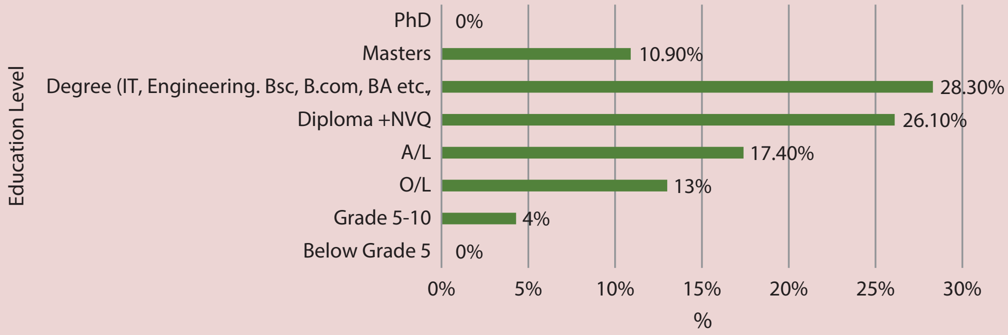
Education Level

Figure 9 shows the education levels of the gig workers in the sample. The largest groups were degree holders and diploma/National Vocational Qualification System (NVQ) holders, comprising 54.4% of the sample (28.30% and 26.10%, respectively). Most gig workers in the sample population were educated, indicating that a significant share of individuals entering the gig economy are well-qualified and may engage in gig work because of a lack of suitable employment opportunities, the desire for greater flexibility, better alignment with their skills, or opportunities to earn additional income.

Among the respondents, 17.4% had completed the General Certificate of Education of Advanced Level (GCE A/L). Only 4% of workers had an education level between Grades 5 and 10, and those with a General Certificate of Education of Ordinary Level (GCE O/L) accounted for 13% of the

FIGURE 9

EDUCATION LEVEL OF THE GIG WORKERS IN THE SAMPLE.



Source: Created by author according to their survey data, 2025.

sample. None of the respondents reported having an education level below Grade 5. This suggests that individuals with very low education levels are largely underrepresented in the gig economy, possibly because of limited digital literacy, skill mismatches, language barriers, or exclusion from platform-based work.

Employment Status

Table 2 illustrates that 37% of full-time employees from the private sector and 26.1% from the government sector engaged in gig work during off-hours to earn additional income. This work enabled them to utilize their assets more productively to meet their daily needs and cope with rising costs of living.

TABLE 2

EMPLOYMENT STATUS OF GIG WORKERS.

Employment Status	Frequency	Percent
Not Specified	1	2.2
Government	12	26.1
Semi Government	3	6.5
Private	17	37
Self-Employment	9	19.6
Other	3	6.5
Student	1	2.2
Total	**46**	**100.0**

Source: Created by author according to their survey data, 2025.

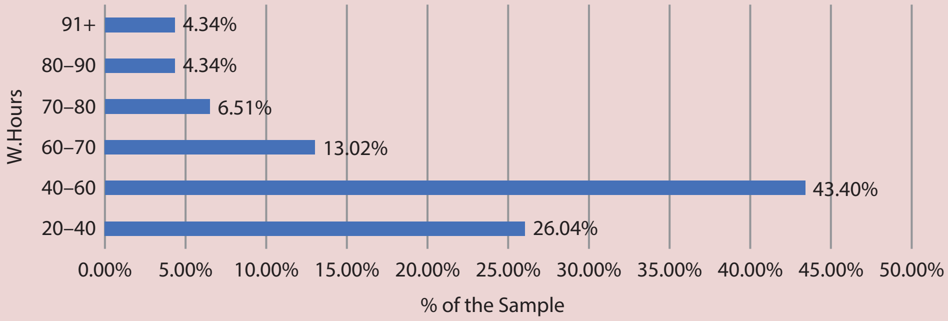
Weekly Hours Worked in Gig Work

Figure 10 illustrates the distribution of weekly hours engaged in gig work among the sample, showing the percentages of different categories of weekly working hours.

According to the survey, the largest proportion of gig workers (43.40%) worked 40–60 hours per week. A significant proportion (26.04%) worked 20–40 hours per week, indicating a mix of part-time and full-time equivalent engagement in the sample. Notably, 13.02% of gig workers reported

FIGURE 10

WEEKLY HOURS ENGAGED IN GIG WORK IN THE SAMPLE.



Source: Created by author according to their survey data, 2025

working between 60 and 70 hours per week, approximately 6.51% worked between 70 and 80 hours per week, and the lowest proportion (4.34%) worked between 80 and 90 hours per week. Another 4.34% worked more than 91 hours per week, which was the least represented range in the sample.

Earnings

Figure 11 illustrates the average daily earnings of gig workers in the sample, providing a breakdown of workers across earnings brackets in LKR and the corresponding share of each group. According to the findings, 47.9% of gig workers earned less than LKR3,000 per day, possibly reflecting working during off-peak hours or performing gig work on their way to the office using their own vehicles via platform algorithms to cover transportation costs. Approximately 23.9% of workers earned LKR3,001–6,000 per day. Of the sample, 13.0% earned LKR8,001–10,000 per day, while approximately 10.9%, or approximately one in nine gig workers, earned more than LKR10,000 per day, with high-income earners contributing significantly to the national economy via gig work platforms.

Happiness Levels

Figure 12 illustrates gig workers' happiness levels. The largest proportion (41.3%) of the sample reported an average level of happiness, which represents the mode (most frequent) category. The second-largest group (26%) reported a good level of happiness. In contrast, 21.7% of respondents reported a poor level of happiness. A smaller proportion (8.7%) reported their happiness level as bad, whereas the smallest proportion (2.2%) reported an excellent level of happiness.

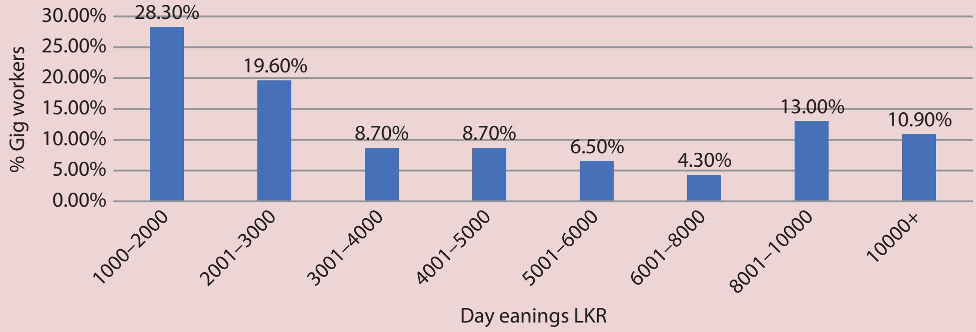
This survey indicated that, among the gig workers in the sample, happiness levels were generally moderate, with a clear majority not reaching higher tiers of happiness. Of the sample, 41.3% reported an average level of happiness, indicating that the benefits of flexibility and independence, particularly among the dominant group aged 26–35 years, were largely affected by drawbacks such as low income, lack of employment benefits, and job instability. Consequently, overall satisfaction remained moderate rather than high.

Summary and Discussion of the Survey Findings

The survey findings showed that gig work was largely concentrated among younger and mid-career individuals. Workers aged 26–55 years comprised the majority, whereas those aged

FIGURE 11

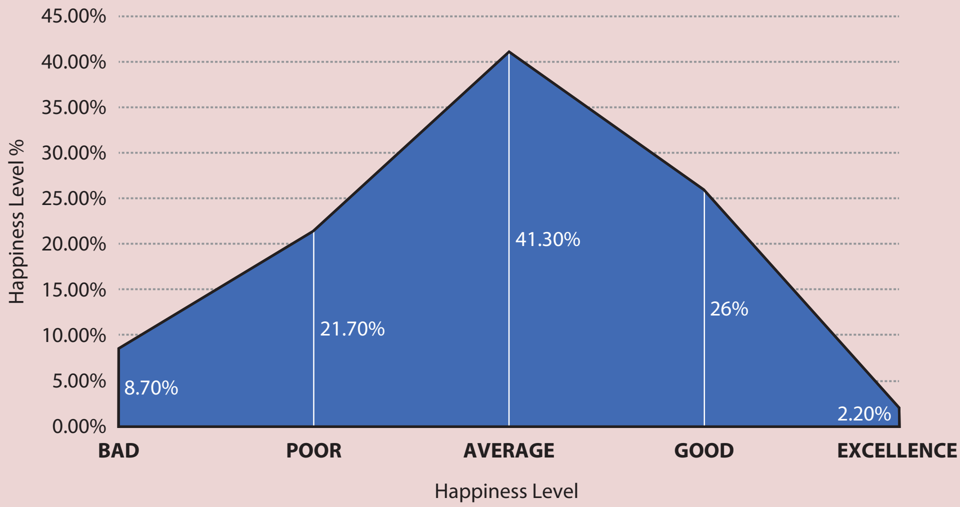
AVERAGE DAILY EARNINGS OF GIG WORKERS IN THE SAMPLE.



Source: Created by author according to their survey data, 2025.

FIGURE 12

HAPPINESS LEVELS OF GIG WORKERS IN THE SAMPLE.



Source: Created by author according to their survey data, 2025

18–35 years represented more than half of the sample, highlighting the strong appeal of gig work for young adults. Participation was also notable among those aged 46–55 years, often for supplementary income or flexibility, whereas involvement among seniors aged 56 years and older remained low.

Most gig workers have mid-to-high-level qualifications, with over 65% holding diplomas, bachelor's degrees, or master's degrees. Very few workers had a low level of education, suggesting that digital skills and basic education are important for platform-based work. The presence of master's degree holders indicated that even highly educated individuals are attracted to gig work, possibly because of underemployment or a preference for flexible and independent employment.

Regarding work patterns, many gig workers worked full-time hours (40–60 hours per week), with a considerable number working more than 60 hours, whereas others engaged on a part-time basis. Female participation was significant at 46%, reflecting growing inclusivity in the sector. Although most workers reported average levels of happiness, earnings were generally concentrated at the lower end, with only a small proportion (23.9%) earning above LKR8,000 per day. This reflects income opportunities and inequality in the gig economy.

Digital platform gig workers often considered their assignment even if they felt sick to manage their income. Some platform workers perceived that their work activities were continuously monitored through digital tracking and monitoring systems. Consequently, several gig workers were hesitant to provide requested information, even when they believed that non-disclosure might negatively affect their access to future work opportunities. Data collection was crucial among gig workers and the platform-related workforce. This situation arose because many gig workers were subject to contractual agreements with platform providers, due to concerns regarding data privacy practices and the monitoring and tracking mechanisms employed by the digital platforms. This situation arose because many gig workers were bound by contractual agreements with platform providers, which made them reluctant to disclose information due to concerns about data privacy practices and the monitoring and tracking mechanisms employed by digital platforms.

In a focus group discussion, PickMe and Uber riders revealed several concerns regarding the operational and financial aspects of working on their platforms. According to the ride-hailing participants, each rider was required to pay a fixed daily fee to the platform operators (LKR120.00 for PickMe and LKR90.00 for Uber), in addition to a 12% (PickMe) or 15% (Uber) commission on their total daily earnings. Platform operators also committed a considerable amount (Human Resources and Digital Expenses) to operationalizing their company with a connecting algorithm through the digital infrastructure. Hence, considering these ride-hailing activities, consumers enjoyed more benefits than riders or platform operators. The riders expressed dissatisfaction with this arrangement, stating that the fares charged by ride-hailing platforms were higher than those charged by independent or stand-based three-wheeler drivers, who adhered to the government-regulated rate of LKR 100 per kilometer. For example, a passenger traveling a distance of 10 kilometers would be charged approximately LKR1,000 by regular three-wheelers, whereas the platform algorithm typically calculated a fare of approximately LKR700 for the same trip. Consequently, while customers benefit from lower fares, enhanced safety features, trip tracking, and convenient ride access, riders perceive the system as less favorable for them.

Riders must bear additional expenses such as mobile data costs, telephone charges, vehicle insurance, fuel, repairing chargers with spare parts, and other miscellaneous expenditures. Despite these challenges, they acknowledged that the frequency of ride requests through the app was generally higher than that of traditional stand-based operations. However, if a rider earned LKR10,000 per day, they were required to pay platform operators LKR1,200 for PickMe and LKR1,500 for Uber, which many perceived as excessive. Some riders reported experiencing periods of low ride allocation, leading to suspicions of bias in the algorithmic distribution of rides when they canceled consumer requests for trips owing to unavoidable circumstances (health and sanitary issues). In some instances, conflicts emerged between stand-based three-wheeler drivers and platform-based riders regarding passenger access. Stand-based drivers often benefited from a monopolistic position at designated locations, allowing them to charge higher fares and earn greater profits.

Some PickMe and Uber car and motorbike riders expressed that they primarily engaged with their platforms when commuting to their workstations or workplaces in either the government or the private sector. On regular travel routes, they activated ride-hailing apps to accept ride requests, thereby earning additional income without incurring significant extra costs. This practice enabled them to settle their fuel expenses, earn supplementary income, maximize the economic utilization of their personal vehicles and time as productive assets through platforms, and scale up their productivity through their efforts.

PickMe and Uber customers expressed feeling that these platforms provided a safe, secure, comfortable, and reliable mode of transportation. They emphasized the platform's trustworthiness and traceability, mostly stating that in instances where they misplaced their belongings, riders responsibly returned them. This demonstrated good ethical and professional practices that are, according to customers, often absent from traditional station-based or standby three-wheeler services, who receive more charges for trips according to their meter practices.

Constraints and Challenges Faced by Gig Workers in Sri Lanka

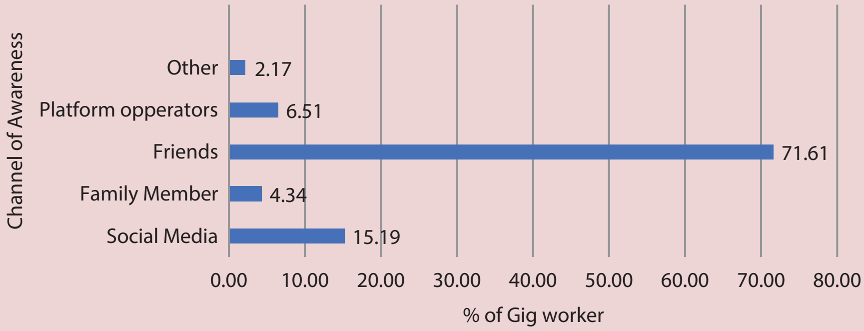
Gig workers' earnings depended on the weather, algorithmic assignments, and platform incentives, creating difficulties in planning financial commitments for their needs and future reserves. Algorithmic management lacked transparency, such as for allocating work, deactivating drivers, determining payments, and selecting travel directions. Moreover, gig workers lacked digital knowledge regarding operating algorithms and training for platform work. Intervention is required by the Central Bank of Sri Lanka to access global payment systems in the future to ease work with other freelance platforms globally.

The problems reported by gig workers included a lack of social security benefits for full-time work, absence of pension or retirement schemes and health insurance, risks associated with road accidents, harassment, injury, and any labor rights not applicable when engaged with gig work due to independent contract terms. Gender issues, particularly fear of harassment during night shifts for food delivery, ride-hailing safety, and security, need to be addressed. Gig workers were required to contribute taxes and other regulatory fees when they engaged in gig work. However, they lacked protection from labor laws, and their concerns regarding workers' rights and contract arrangements had not been addressed. Hence, earning income through gig work required a commitment of long, irregular hours in harsh weather conditions, such as heat, heavy rain, floods, and cyclones, which should be addressed specifically in the context of gig workers and their commitment for the country and well-being of citizens.

Regarding awareness of gig work, 71.61% of respondents indicated that they became aware of gig work opportunities through friends and personal networks. This finding suggests that informal social networks play a significant role in disseminating information about gig work opportunities. However, greater efforts are required to increase awareness and participation in the gig economy in order to enhance its contribution to employment generation and national economic development. In this regard, government intervention is essential to strengthen the gig economy through the implementation of supportive policies, regulatory frameworks, and awareness initiatives that promote sustainable growth and wider participation. Figure 13 illustrates as follows.

FIGURE 13

AWARENESS OF PLATFORM PARTICIPATION.



Source: Created by the author based on survey responses.

Figure 13 shows that most gig workers became aware of and joined the platform through friends, accounting for the largest share (71.61%), highlighting the strong influence of peer networks. Social media served as the second-highest source (15.19%), whereas platform operators (6.51%) and family members (4.34%) played smaller roles. Other sources contributed only 2.17%. Overall, the findings indicate that informal social connections are the primary drivers of platform awareness.

Policy Recommendations

In the digital world, tech-savvy youth are mostly attracted to the flexible engagement of gig tasks, which can help them balance their work and home lives. The introduction of AI, the digital economy, and expansion of work-from-home arrangements have significantly transformed the global labor force landscape. AI and other digital technologies have led to the disappearance of certain traditional occupations while simultaneously creating new employment opportunities. In this context, many employees have lost stable and permanent careers. Consequently, a growing number of workers have turned to gig work as their primary source of income to meet their needs.

The replacement of human labor with AI has emerged as a major challenge in the modern labor market. These challenges should be addressed by developing viable policies aimed at protecting the labor force. Such policies should incorporate alternative employment arrangements and humanitarian-based welfare programs. Furthermore, the labor force must be adequately trained and reskilled to adapt to emerging technological developments and digital competencies. The government should anticipate these transformations and develop strategies to integrate the existing workforce into the evolving digital economy. Accordingly, appropriate policies should be formulated to address the challenges of the changing labor market.

Furthermore, policies should be designed to integrate technologically skilled youth into the national labor landscape. Digital platforms operate globally, and countries adopt different laws, regulations, and institutional frameworks based on their political and economic contexts. In particular, some gig workers experience challenges related to financial transactions and cross-border economic flows. Therefore, existing acts, laws, and regulatory mechanisms should be carefully reviewed to accommodate the emerging needs of the labor force. Policy reforms and new regulatory frameworks should be developed to respond effectively to the evolving dynamics of the digital labor market.

Accordingly, existing labor legislation should be amended, and policies should be revised to introduce new regulations that grant gig workers a minimum wage and adequate social protections; these reforms should establish systems for social security, health insurance, and retirement benefits for gig workers, thereby ensuring stronger social protections and reducing their future vulnerabilities. Data protection policies should be strengthened to ensure that gig workers and customers clearly understand their rights regarding data access and processing and can protect themselves from biometric tacking, tagging, and tracing practices. Furthermore, reliable methods should be developed and implemented to estimate and capture activity in the gig economy using official statistics, which are currently limited but essential for effective policy formulation.

Global digital platforms should be locally registered to protect the country's judicial and regulatory systems. Moreover, policies should address emerging humanitarian and well-being issues, such as loneliness, social disconnection, mental stress, and prolonged sitting, which have become prevalent in the gig economy. Most gig workers rely on personal / owned assets, such as computers, smartphones, routers, vehicles, and buildings, while also bearing recurring expenditures, including rent, water, electricity, fuel, communication charges, vehicle maintenance, and software updates. These costs are largely borne by the gig workers themselves and often represent a significant financial burden. During data collection, many gig workers reported that they sometimes struggled to meet these expenses, particularly the costs of vehicle repairs and replacing computers or other equipment. Therefore, policy recommendations should address the costs borne by gig workers, particularly in relation to taxation and operational expenses.

Conclusion

A survey on the impact of gig work in Sri Lanka conducted with 46 gig workers revealed that this labor force is largely dominated by younger and mid-career individuals. The 18–35 age group shows strong participation, along with prominent engagement from individuals approaching retirement age, who seek additional income to meet the rising cost of living. The gig economy in this sample was dominated by workers with middle-to high-level educational qualifications, reflecting the digital skills and algorithmic competencies required by modern platforms. Although gig work provides flexibility and income-earning opportunities, it often requires long and irregular working hours. Ride-hailing services, particularly those linked to the tourism sector (e.g., airport transportation services), appear to drive much of this activity. However, earnings remain limited for most workers, with higher returns available only to a small, highly skilled segment. In particular, ride-hailing workers incur substantial operational costs and face platform commissions, algorithmic uncertainties, and tensions with traditional transportation operators.

Despite these challenges, workers continue to participate in this sector because of its perceived monetary value, steady customer flow, and opportunities for supplemental income. Gig workers also expressed concerns regarding data privacy, digital surveillance, and lack of transparency in algorithmic management systems. Furthermore, the sector continues to be characterized by income instability, limited social protections, safety risks, gender-specific vulnerabilities, and regulatory gaps. These findings highlight the urgent need for policy reforms, including updated labor laws, strengthened social security mechanisms, improved data protection standards, and clear taxation frameworks. Such reforms are essential to ensure gig workers' fair treatment, financial stability, and long-term well-being in Sri Lanka's rapidly evolving digital labor landscape.

Technological advancements, increasing unemployment ratios, and demand for flexible work have resulted in drastic changes in the job structure in Sri Lanka and globally. The gig economy appears to challenge the conventional labor market. Many people have joined gig work because of financial constraints, and hence cannot be too selective. Another challenge within the gig economy is that many gig workers have limited exposure to corporate culture and insufficient understanding of the legal and regulatory frameworks governing platform-based work, including payment mechanisms and algorithmic management systems. While some experienced and well-established freelance contractors reported relatively higher earnings, contractual agreements with their respective platforms restricted their ability to share or provide accurate data for the study. Online platforms have helped gig workers undertake tasks locally and worldwide. Consequently, workers have many more options based on their areas of interest and comfort. Gig work generates autonomy and flexibility, affording gig workers a better work–life balance than traditional workers. It was observed that, access to the required data was limited, as many gig workers were subject to contractual obligations imposed by freelance platforms and were required to comply with biometric authentication procedures as a condition of their engagement.

Digital platforms influence how employees feel about their employment in gig work and how motivated they are to engage in it. Transforming gig workers into organizations requires the use of technology that changes the employment landscape in Sri Lanka as well as worldwide. The roles of human resources within digital platforms affect the labor market, platform management, social interactions in general, and specific jobs and gig work. Hence, the effects of recent technologies have led to the office workplace being replaced by homes, countries, and the world via online digital platforms.

Gig work is a new way to create flexible and independent earning opportunities for gig workers who can use their idle assets and skills to profit and improve their living standards. Digital platforms provide avenues to create a decent way to earn a living as flexibly as possible, despite the scarcity of resources and skill competency. Participation in gig work alleviates financial pressures on households, contributes to national economic growth, and reduces economic hardship within communities through increased employment and income opportunities.

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GIG ECONOMY IN THAILAND

Introduction

The gig economy, in which workers rely on short-term jobs coordinated through digital platforms, has become a significant part of modern employment. This system provides flexibility and new income opportunities; however, it also highlights ongoing concerns regarding job security and labor rights.

Thailand distinctively reflects these global trends. According to a 2017 survey by the Economic Intelligence Centre of the Siam Commercial Bank (SCB), an estimated 30% of Thailand's workforce participates in gig or freelance work. This includes full-time, part-time, and hybrid work. Despite its scale, the gig economy remains largely informal and underrepresented in official labor statistics, creating challenges for effective policymaking.

Findings indicate that the gig economy is no longer merely supplementary but has become a significant driver of national economic growth. The rapid expansion of gig work in Thailand also reflects the growing cultural acceptance of flexible employment arrangements, supported by widespread access to digital technologies.

Nevertheless, these benefits are accompanied by persistent vulnerabilities. Gig workers are generally classified as independent contractors and are thus excluded from traditional protections, such as minimum wage, collective bargaining rights, and retirement schemes. Although voluntary participation in Thailand's Social Security Act Section 40 scheme provides a partial safety net, uptake has remained limited owing to affordability and low awareness (Social Security Office, 2023). These structural gaps highlight the urgent need for evidence-based policies that balance flexibility with protection to ensure that the gig economy does not exacerbate inequality.

Thus, the Thai gig economy must be understood as part of a larger structural transformation that intersects with global economic, technological, and demographic forces. Although it has demonstrated strong potential to contribute to national GDP, employment generation, and household income, it reveals critical vulnerabilities in worker protection and fiscal sustainability. Promoting an appropriate policy framework that combines regulatory clarity, social protection, skills upgrading, and fiscal integration to address these challenges is not only a matter of national policy but also a means of enhancing productivity and inclusive growth countrywide.

Against this backdrop, this report aims to analyze the current state of the gig economy in Thailand. The analytical framework comprises three components: trend, distribution, and income, and workload analysis. Owing to the limited availability of official data on gig work, the analysis relies on secondary sources, including labor force surveys as proxies for informal employment and existing academic and institutional research. The findings indicate that despite its contribution to employment and economic activity, the gig economy remains characterized by income insecurity, limited access to social protections, and regulatory gaps. These challenges underscore the need for targeted evidence-based policy interventions to ensure inclusive and sustainable economic development.

Development of the Gig Economy in Thailand

Growth and Importance of the Gig Economy

Thailand's gig economy has expanded notably over the past decade, paralleling global trends. This growth has been driven by increased Internet penetration, digital platform adoption, and changing workforce preferences, particularly among youth. The COVID-19 pandemic further accelerated this shift by normalizing remote work and boosting the market for on-demand services, such as food delivery and e-commerce logistics.

A **2017 survey** by the Economic Intelligence Center, the research unit of Siam Commercial Bank (SCB EIC, 2017) indicates that an estimated 30% of the Thai workforce engages in gig or freelance work. These include not only full-time independent workers but also part-time and hybrid participants who combine gig work with traditional employment. Despite its growing significance, the gig economy remains largely informal and underrepresented in national labor statistics, thus posing challenges for evidence-based policymaking.

Key Industries and Services in the Gig Economy

The Thai gig economy operates across several key sectors, with digital transportation and delivery services playing a central role in urban employment through platforms such as Grab, Bolt, Foodpanda, and LINE MAN. Online retail and social commerce also account for a growing share of gig work, as individuals earn income through sales and affiliate activities on platforms such as Lazada, Shopee, TikTok Shop, and Facebook Marketplace. Freelance digital services further expand opportunities for educated urban workers through platforms such as Fastwork and Upwork, while home and personal services and post-COVID tourism-related work continue to provide flexible income through informal and creative roles (Kasikorn Research Center, 2022).

Major Forms of Gig Work and Worker Characteristics

In Thailand, gig work generally takes three forms. Platform-based work is the most visible and has grown quickly in urban areas, whereas offline or informal gig work remains widespread in manual and trade-based services. Many workers have adopted hybrid models that combine formal employment with freelance or on-demand work.

The JustJobs Network (2024) reports that gig workers are mainly aged 20–39 years and concentrated in urban areas, particularly in platform-based work. Men dominate delivery and transport services, whereas women are more common in online retail and care work. Many gig workers, particularly those with informal arrangements, continue to face limited labor protections and income stability.

Regulatory Frameworks for Gig Work

Thailand currently lacks a comprehensive legal framework for governing gig work. Although some regulatory efforts are underway, existing frameworks treat gig workers as independent contractors, thereby limiting their access to formal protections. Key regulatory developments in Thailand include the Social Security Act (Section 40), which allows informal workers to enroll in basic social protection schemes voluntarily. However, participation remains limited among gig workers because of their low awareness and irregular income. The Labour Protection Act applies only to employees under formal contracts, leaving most gig workers outside its coverage. A Draft Platform Labour Protection Bill introduced in 2023 aims to clarify platform-based employment relationships and assign shared responsibility to digital platforms; however, it remains under parliamentary review. Alongside these legislative efforts, the Ministry of Labour and the NESDC have initiated platform economy consultations involving tripartite dialogue on the future of work.

Despite these efforts, enforcement remains limited, and gig workers continue to face legal ambiguity regarding their employment status, benefits, and dispute resolution. More comprehensive regulatory reform is required to balance labor flexibility with social protections.

Data

This study utilizes primary statistical data and secondary contextual sources to examine the structural characteristics of Thailand's gig economy.

Primary Statistical Data

The primary empirical dataset is the Thailand Labour Force Survey (LFS) conducted by the National Statistical Office (NSO) for 2015–2024. Published tabulations constitute the core quantitative basis for analyzing employment composition, demographic distribution, income levels, and working-hour patterns.

Secondary Data

Secondary sources are used to provide institutional, comparative, and interpretative contexts. These are outlined below.

National Institutional Publications

Reports from the National Economic and Social Development Council (NESDC), Bank of Thailand, and Social Security Office provide macroeconomic and regulatory backgrounds relevant to labor market development.

International and Regional Reports

Publications from the World Bank (2023), McKinsey Global Institute (2024), and World Economic Forum (2025) are referenced for global benchmarking. The Kapronasia–Payoneer report (2020) and OECD Economic Surveys: Thailand (2023) further inform the regional context.

Academic and Policy Research

Studies by Jitpromtham (2022) and Karnchanapoo and Sagarik (2024) inform the interpretation of worker characteristics and governance approaches.

Platform and Industry Disclosures

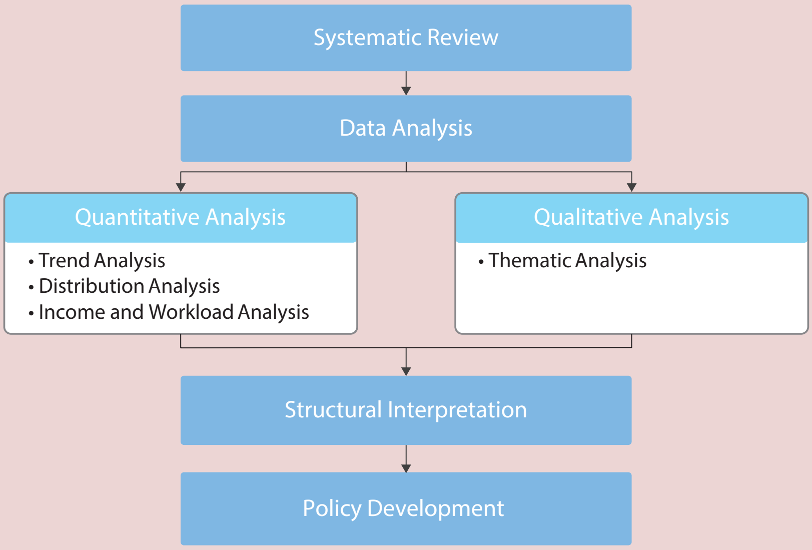
Selected platform disclosures and media reports (Fastwork, 2023; LINE MAN, 2023; TDRI, 2025) are used for descriptive contextualization but are not incorporated into the quantitative estimation framework. Overall, the empirical analysis is grounded primarily in nationally representative LFS data, with secondary sources providing benchmarks and structural interpretations.

Methodology

Building on the data sources described above, this study adopts a descriptive structural analytical approach to examine changes in the labor market associated with the expansion of gig-type and non-standard work arrangements in Thailand. As shown in Figure 1, the methodology comprises two main components: quantitative analysis using proxy variables and qualitative research.

FIGURE 1

RESEARCH METHODOLOGY.



Source: Developed by the author.

Proxy Identification Strategy

Thailand's LFS does not explicitly classify gig work or platform-mediated employment. Thus, this study adopts the category "self-employed without employees" as a proxy indicator to approximate gig work. This category captures independent workers operating without hired labor and provides the most consistent longitudinal classification available in official statistics. Although it does not exclusively represent platform-based work, it enables systematic trends and distributional analysis. Therefore, the proxy is treated as an analytical approximation rather than a definitive measurement of gig employment.

Analytical Framework

Figure 2 summarizes the framework of Thailand's gig economy.

To organize the analysis, the structure of Thailand's gig economy is examined using a four-dimensional analytical framework.

1. Labor Profile and Social Characteristics

2. Economic and Market Contribution

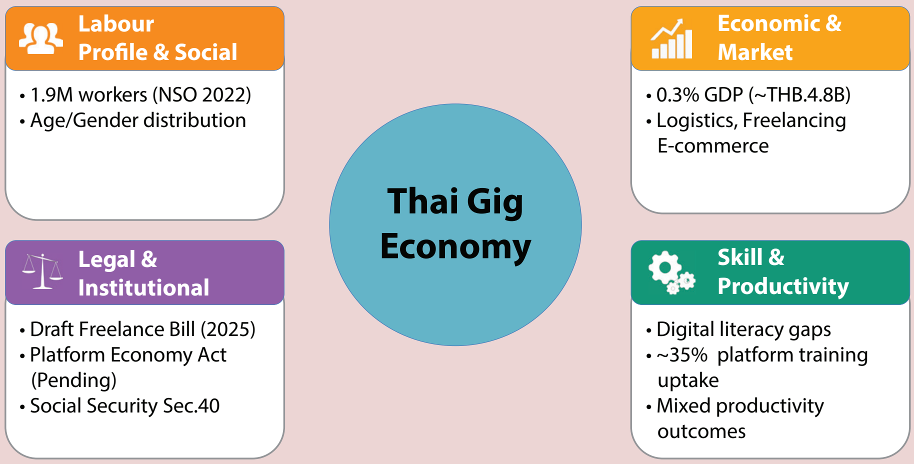
3. Legal and Institutional Environment

4. Skills and Productivity Dynamics

These dimensions define the substantive areas of the analysis. The empirical components described below operationalize these dimensions through quantitative trend, distributional, and income-based assessments.

FIGURE 2

THAILAND GIG ECONOMY FRAMEWORK.



Source: Developed by the author based on NSO (2022), Bank of Thailand (2023), NESDC (2023), and relevant policy documents.

Empirical Analytical Design

The empirical assessment is conducted through three complementary analytical components discussed below.

Trend Analysis

The trend analysis examines changes in employment composition between 2015 and 2024, particularly the shifts between formal, informal, and self-employment. The key indicators include employment status, labor force participation, and sectoral income structure. This component establishes the macro-level structural context within which gig work has expanded.

Distributional Analysis

Distributional analysis evaluates the demographic concentration in proxy categories, including age structure, gender composition, and regional patterns. This approach identifies population groups disproportionately engaged in gig work or informal employment and highlights structural segmentation within the labor market.

Income and Workload Analysis

Comparative income and workload indicators assess monthly earnings, income dispersion, and average working hours among formal and informal workers. These indicators are used to evaluate the relative income adequacy, employment stability, and potential productivity differentials associated with gig-type arrangements.

Legal, Institutional, and Structural Interpretation

The legal and institutional environment dimension is primarily examined through secondary institutional publications and policy documents. Secondary academic research, institutional publications, and platform-level disclosures are incorporated to support the structural interpretation of quantitative findings. These materials are not treated as primary empirical inputs but provide contextual grounding for understanding observed employment shifts, income disparities, and demographic concentration patterns. This interpretative layer connects empirical observations to broader structural factors, including demographic aging, social protection design, platform governance, and labour market segmentation.

Results

The quantitative analysis draws on data from Thailand's **LFS** conducted by the NSO, complemented by statistics and previously published economic impact studies. This approach enables assessment of labor market dynamics, despite the lack of official classifications for gig and platform workers. The quantitative analysis comprises three main components: **Trend, Distribution, and Income and Workload Analysis.**

Trend Analysis

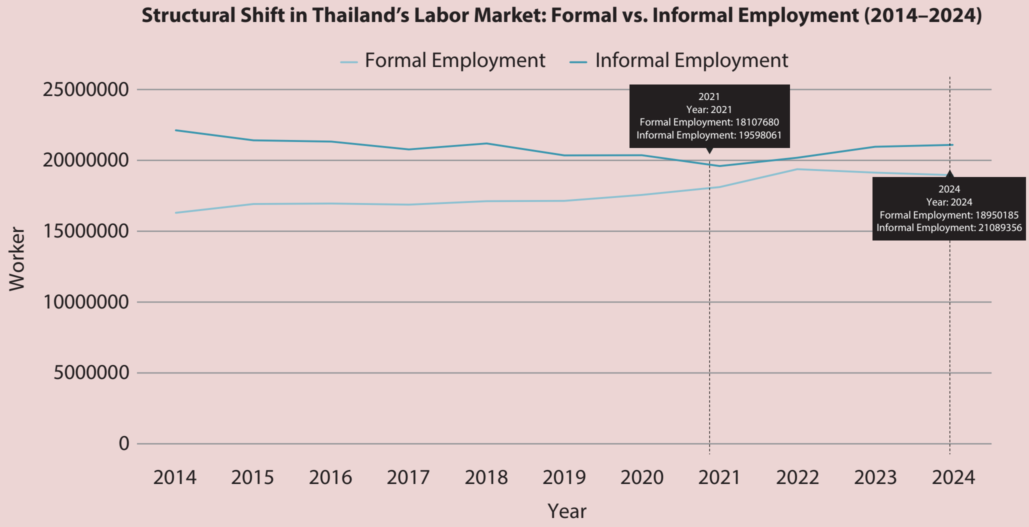
Thailand has approximately 1.9 million gig workers, representing approximately 5% of the national labor force. The workforce is 55% male, with an average age of 29–35 years. Their average monthly income falls between THB12,000 and THB18,000, and they work an average of 35–48 hours per week. Employment security remains low (JustJobs Network, 2024).

Figure 3 shows the structural shift in Thailand's labor market for formal and informal employment from 2014 to 2024. Throughout this period, informal employment remains consistently higher than formal employment, although its share declined gradually until 2020.

This trend reversed following the COVID-19 outbreak. Informal employment fell during the initial shock but began to rise sharply after 2021, increasing from approximately 19.6 million workers in 2021 to more than 21.1 million in 2024, for an increase of approximately 1.5 million workers. Simultaneously, formal employment showed a clear downward trend.

FIGURE 3

TRENDS IN FORMAL AND INFORMAL EMPLOYMENT.



Source: National Statistical Office (NSO), Labour Force Survey (2014–2024)

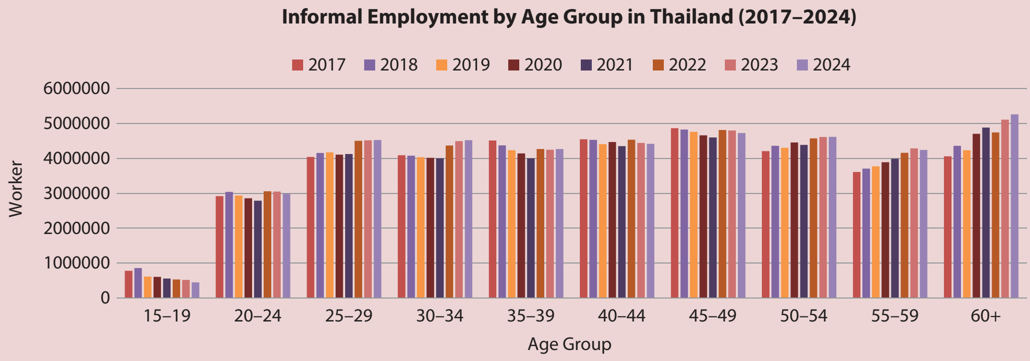
These developments suggest that a substantial number of workers were unable to re-enter formal employment after the pandemic or chose to transition to more flexible, informal forms of work. This shift highlights growing labor market insecurity and the expanding role of nonstandard employment arrangements, many of which overlap with gig and freelance work, which lack stable contracts and social protection.

Overall, Figure 3 underscores that although Thailand made progress in expanding formal employment in earlier periods, reducing its reliance on informal work remains a major policy challenge. Addressing this issue will require sustained efforts in skill development, job quality improvement, and extension of social protections to informal and gig workers.

Distribution Analysis

FIGURE 4

TRENDS IN INFORMAL EMPLOYMENT BY AGE GROUP.



Source: National Statistical Office (NSO), Labour Force Survey (2017–2024)

Figure 4 shows the trends in informal employment by age group in Thailand from 2017 to 2024. This figure reveals distinct age-related patterns of participation in informal work. The number of informal workers aged 15–19 years declined steadily throughout the period, whereas the 20–24 age group remained relatively stable, with noticeable fluctuations during the COVID-19 period. In contrast, informal employment among prime working-age individuals aged 25–39 years remained high and increased significantly after 2021, indicating a growing reliance on informal and flexible work arrangements among the core labor force participants.

Among older workers aged 40–54 years, informal employment remained relatively stable, particularly in the 45–49 and 50–54 age groups. Informal employment among those aged 55–59 years increased steadily until 2023 and then declined slightly in 2024. Workers aged 60 years and above showed a continuous increase in informal employment throughout this period.

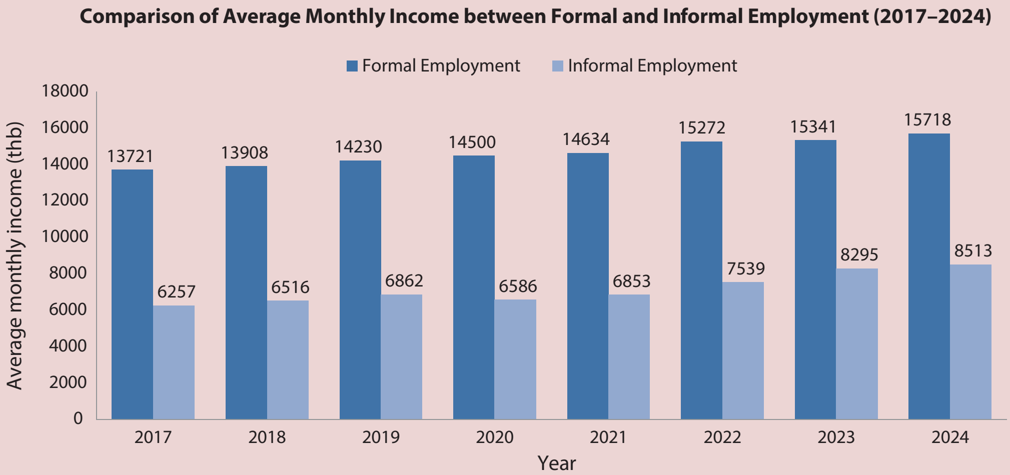
Collectively, these trends indicate that the growth in informal employment after 2020 has been concentrated in two groups: prime-age workers aged 25–39 years and older workers aged 60 years and above.

This pattern has important policy implications because it reflects both the labor market pressures faced by working-age adults and increasing need for older individuals to remain economically active in an aging society.

Income and Workload Analysis

FIGURE 5

COMPARISON OF AVERAGE MONTHLY INCOME BETWEEN FORMAL AND INFORMAL EMPLOYMENT.



Source: National Statistical Office (NSO), Labour Force Survey (2017–2024)

Comparing the average monthly income between formal and informal employment from 2017 to 2024, as shown in Figure 5, reveals persistent income disparities. Although both groups demonstrate a gradual upward long-term trend, informal workers experienced a noticeable decline in average income between 2019 and 2020 during the COVID-19 period, highlighting their greater vulnerability to economic shocks.

After 2021, incomes grew at a faster rate among informal workers than formal workers. However, the income gap between these two groups remained large and showed no meaningful signs of narrowing. Throughout the period studied, formal workers earned nearly twice as much per month as informal workers. This income gap remains persistent.

Workload and Hourly Earnings

TABLE 1

PERCENTAGE DISTRIBUTION AND AVERAGE WEEKLY WORKING HOURS OF FORMAL AND INFORMAL WORKERS IN 2024.

Working Hours	Percentage of Working Hours (%)	
	Formal Employment	Informal Employment
< 15 hours	0.4	1.9
15–34 hours	3.4	22.7
35–48 hours	80.1	52.6
≥ 49 hours	16.1	22.8
Average	**46 hours**	**41 hours**

Source: National Statistical Office (NSO). Statistical Yearbook Thailand 2024

Table 1 presents the weekly working hours of formal and informal workers based on data from the NSO (2024). Formal workers are heavily concentrated in the standard working range of 35–48 hours per week, accounting for approximately 80% of all formal employment. This reflects the structured nature of formal employment, in which working hours are relatively stable and predictable.

In contrast, informal workers have a wider dispersion of working hours. Per week, approximately 52.6% work 35–48 hours, 22.7% work 15–34 hours, and 22.8% work 49 hours or more. This pattern indicates the coexistence of underemployment and overwork in the same group, driven by the inherent instability of informal employment. The fragmented distribution of working hours may be associated with differences in income stability and overall wellbeing.

The workload table, using indicators such as average monthly income, average weekly working hours, and hourly earnings (NSO, 2024), reveals clear differences between formal and informal workers. Formal workers earn an average monthly income of THB15,718 and work approximately 46 hours per week, resulting in an average hourly wage of approximately THB85.42. In contrast, informal workers earn an average monthly income of only THB8,513 and work approximately 41 hours per week, leading to an average hourly wage of approximately THB51.91.

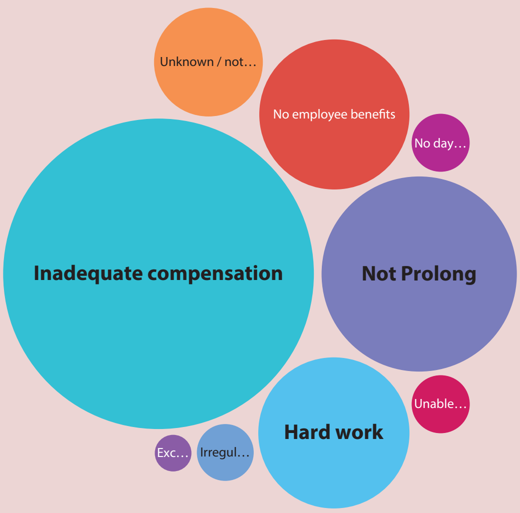
Comparable working hours, combined with significantly lower hourly wages, indicate structural differences in job quality. These findings generally indicate that although informal workers work several hours comparable to those in formal employment, their average earnings per hour are substantially lower.

Thematic Analysis

Figure 5 presents the distribution of reported problems among informal workers, covering 4.44 million people, based on NSO (2024) data. Inadequate compensation is the most frequently

FIGURE 6

INFORMAL EMPLOYMENT BY PROBLEM AT WORK.



Type of Problem	Number (Thousand Persons)
Total	4,439.60
Inadequate compensation	2,115.70
Hard work	501
Irregular working hours	70.6
Not Prolonged	842
Excessive working hours	27.3
No days off	66.2
Unable to take leave	63.9
No employee benefits	494.7
Unknown / not specified	258.2

Source: National Statistical Office (NSO), Statistical Yearbook Thailand 2024.

reported issue, affecting approximately 2.12 million workers, or nearly half of the total. The second most common concern is temporary employment, which affecting 842,00 workers. Difficult work and the lack of employee benefits are also significant factors, reported by 501,000 and 495,000 workers, respectively. In contrast, issues related to irregular working hours, excessive hours, lack of time off, and inability to take leave are reported in comparatively smaller proportions. Overall, the figure shows that income-related concerns dominate working-hour-related issues in the informal sector.

Survey results from the NSO for 2023 and 2024 highlight several key challenges faced by informal workers. The most important issue is inadequate compensation, as illustrated in Figure 6.

Economic Impact and Institutional Developments

The rise in informal employment in Thailand after the COVID-19 period reflects a weakness in the labor market rather than a temporary shock. Limited opportunities for formal employment have pushed many workers aged 25–39 years into flexible but insecure work, and the growing number of workers aged 60 years and above highlights the shortcomings of the pension system and post-retirement income.

Labor protection and social security in Thailand remain closely tied to formal employment, leaving many informal workers without income security or welfare coverage. Although informal workers often work hours comparable to those in formal employment, they earn much lower hourly wages.

These conditions further reflect the flexibility–security tradeoff in informal and platform-based work, increasing workers' vulnerability to economic shocks. This finding highlights the need for policy reforms that strengthen social protections, improve job quality, and enhance long-term economic security for informal workers.

Economic Impact of the Gig Economy

The gig economy contributes approximately THB4.8 billion (approximately 0.3% of GDP), according to the Bank of Thailand (BOT, 2023). Approximately 45% of the total income generated is in the formal sector, whereas 55% remains in the informal sector (NESDC, 2023). Less than 30% of workers pay income tax, reflecting limited integration into the formal fiscal system (Revenue Department, 2023).

The growth of gig platforms has disrupted traditional industries, particularly transportation and food services (TDRI, 2025). Regarding working conditions, approximately 62% of gig workers report poor work–life balance, with income instability strongly associated with stress and anxiety (JustJobs Network, 2024). Concerns have also been raised regarding algorithmic bias and inequalities based on gender and geographic location (TDRI, 2025).

Social protection coverage remains limited, with only 38% of the gig workers enrolled in the Social Security scheme under Section 40 Social Security Office (SSO, 2023). Consequently, workers are not entitled to paid sick leave, and average out-of-pocket medical expenses range from THB1,200 to THB3,500 per treatment (MOPH, 2023). The draft Independent Worker Act proposes a close link between welfare schemes and the Social Security system (SSO, 2023).

At the household level, gig workers earn an average monthly income of THB25,000–35,000 and carry an average household debt of approximately THB217,000 (BOT, 2023; NSO, 2023). Their major expenditures include childcare (28%) and elderly care (12%), which contribute to relatively low levels of financial security (NESDC, 2023).

Recent Policy Developments

Thailand is drafting the Independent Worker Act (2025), which aims to formally recognize independent contractors and self-employed workers and grant them the right to form groups or mutual funds (Laohapairoj et al., 2022). The Separate Platform Economy Act is under review to regulate large online platforms, including foreign operators. The ILO (2023) is developing binding standards for platform workers' rights. These developments reflect ongoing efforts to clarify the legal status and protection of platform-based workers.

Skills and Capability

Gig work requires specialized skills, such as IT, language proficiency, and logistics. However, significant skill gaps remain in digital literacy and time management. Approximately 35% of platform workers have participated in online training programs offered by digital platforms or via the Department of Skill Development (DSD, 2023). Thailand hosts various platforms, such as Fastwork (~150,000 users), Freelance Bay (~72,000 users), and GrabFood/Lineman (> 200,000 drivers/riders). The revenue models of these platforms typically involve commission fees (15–35%) with algorithm-based ranking systems managing worker visibility (JustJobs Network, 2024; LINE MAN, 2023).

Regional Comparative Benchmarking

To situate Thailand's gig economy within the broader ASEAN context, this study employs regional comparative benchmarking with selected economies: Vietnam, Indonesia, and the Philippines. These countries provide useful parallels, considering their comparable levels of digitalization, labor market informality, and policy experimentation with platform regulations. Four key areas form the basis of this comparison, as described below.

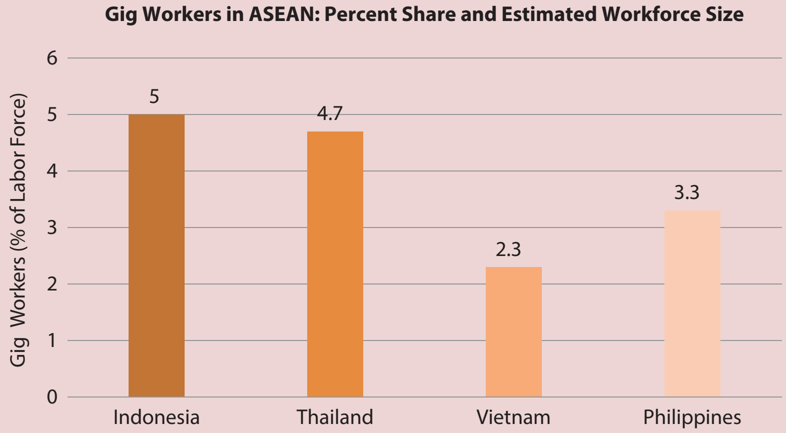
Scale of Digital Platform Employment

Gig and platform-mediated work has expanded rapidly across Southeast Asia. However, the magnitude of this expansion is highly uneven across countries. Figure 6 shows the estimated shares of gig workers in the labor force in four ASEAN countries. Indonesia has an estimated 6–8 million platform workers, representing approximately 4–6% of the national labor force of approximately 133 million (World Bank, 2022). In the Philippines, an estimated 1.5–2 million online freelancers account for approximately 2.9–3.8% of the country's 52-million labor force (ILO, 2023). Vietnam has approximately 1.3 million platform workers, equivalent to approximately 2.3% of its 57 million labor force (OECD, 2023). In Thailand, an estimated 1–5 million gig workers correspond to approximately 4–5% of its 40.2 million labor force (Thai PBS, 2022).

When measured relative to labor force size, Thailand's gig workforce appears broadly comparable to that of Indonesia and larger than those of Vietnam and the Philippines in proportional terms. However, cross-country comparisons should be interpreted cautiously because the definitions of gig, platform, and freelance work differ across data sources.

FIGURE 7

ESTIMATED GIG WORKERS IN ASEAN COUNTRIES.



Source: Author's compilation based on World Bank (2022), ILO (2023), OECD (2023), and Thai PBS (2022) data.

Regulatory Environment

Unlike Indonesia and the Philippines, Thailand lacks comprehensive legislation governing platform workers. Key initiatives that remain under development, such as the Platform Economy Act, create uncertainty regarding worker protections, taxation, and platform obligations. This regulatory ambiguity limits incentive structures for both workers and platforms to formalize or expand gig-based employment.

Infrastructure and Labor Organization

Significant rural-urban disparities persist in Internet accessibility and digital literacy. These large segments of the rural workforce can participate in gig work but face connectivity gaps and lower technological readiness. Furthermore, Thailand's low union density and limited collective bargaining capacity reduce gig workers' ability to negotiate improved conditions, making the ecosystem less dynamic.

Macroeconomic Context

Thailand's post-COVID economic recovery has been slow, with high household debt and political uncertainty dampening consumer demand, digital service uptake, and platform activity. Moreover, coordination among the government, digital platforms, and labor representatives remains weak. This has resulted in fragmented policy responses and underdeveloped mechanisms for sustainably scaling gig employment.

Worker Rights and Benefits Frameworks

Thailand has strong growth potential, particularly if policy clarity improves and digital infrastructure gaps narrow, as shown in Table 2. However, the country's institutional and macroeconomic constraints have hindered the pace of expansion. Given this regional backdrop, Thailand remains at a transitional stage. Two key legislative initiatives, the Freelance Workers Bill (2025) and the Platform Economy Act, are currently under parliamentary review. If enacted, these laws would strengthen the recognition of platform workers, institutionalize their right to collective organization, and extend social protection through existing mechanisms, such as Social

Security Section 40 (covering health insurance and pension contributions for self-employed people). Although these reforms could mark a significant step forward, their impact will depend on effective enforcement and the degree to which international platforms comply with Thai regulatory frameworks.

TABLE 2

WORKER RIGHTS AND POLICY FRAMEWORKS.

Country	Current Legal Protections	Draft/Planned Legislation	Notes
Indonesia	BPJS Kesehatan health insurance for drivers	Platform taxation schemes	Coverage gaps remain
Philippines	Freelancers Protection Act (timely payment, contracts)	Expansion of social protection	Strongest freelance legal basis
Vietnam	General Labour Code (not platform-specific)	None	No platform recognition
Thailand	Social Security Section 40 (voluntary)	Freelance Workers Bill (2025), Platform Economy Act	Transition stage

Source: Author's compilation based on national labor laws and policy documents of Indonesia, the Philippines, Vietnam, and Thailand, supplemented by reports from the International Labour Organization (2025) and the Organisation for Economic Co-operation and Development (2023).

Formalization Strategies

The formalization of gig work is increasingly viewed as a cornerstone for achieving worker protections and sustainable sectoral growth. Governments across Southeast Asia have experimented with diverse approaches, ranging from voluntary registration schemes for freelancers to mandatory taxation frameworks for large-scale platform companies. For example, in Indonesia, ride-hailing companies are required to partner with local cooperatives, introducing a quasi-formal structure that links drivers to collective bargaining mechanisms and shared benefits (Saputra, 2022). In the Philippines, the government has leveraged existing business process outsourcing (BPO) frameworks to extend certain labor standards into the digital freelancing sector. However, Vietnam remains at a more informal stage, with minimal institutional integration of gig workers into tax or welfare systems.

In Thailand, formalization remains nascent and contested. Existing practices rely primarily on proxy classification of gig workers as "self-employed," which allows voluntary registration under Social Security Section 40, but excludes them from labor rights such as minimum wage guarantees, sick leave, or unemployment benefits. The draft legislation aims to bridge this gap by creating a hybrid model that maintains worker flexibility while mandating platform accountability for contributions to social protection funds. However, the success of these strategies hinges on compliance mechanisms, particularly with the foreign-based platforms that dominate Thailand's gig market (e.g., Grab and LINE MAN).

Productivity and Human Capital Impact

Regional benchmarking illustrates the distinct pathways by which gig work influences productivity and human capital formation across Southeast Asia, as shown in Table 3.

1. **The Philippines**: Platform work has facilitated integration into global digital value chains, particularly online freelancing and BPO-related services. This integration has enhanced digital literacy and generated significant foreign exchange earnings. However, concerns persist

regarding precarious employment and long-term career stagnation, with many freelancers facing unstable income streams and limited social protections (World Bank, 2023).

2. **Indonesia:** The gig economy has improved last-mile logistics efficiency, enabling rapid growth in ride-hailing and delivery services. However, productivity gains are constrained by the oversupply of low-wage drivers and limited upskilling opportunities. This fosters intense competition among workers, thus keeping earnings low and suppressing upward mobility (ILO, 2023).

3. **Vietnam:** Platform work demonstrates growing potential in digital entrepreneurship, particularly among younger workers in urban hubs. However, the lack of targeted upskilling policies risks confining workers to low value-added roles in food delivery and e-commerce logistics, thereby preventing the development of higher-order professional competencies (OECD, 2023).

4. **Thailand:** The Thai gig economy has a mixed profile. Platforms contribute to allocative efficiency by matching surplus labor to flexible income opportunities. However, skill gaps, particularly in digital literacy and professional expertise, remain a structural barrier to productivity growth. Without deliberate investment in upskilling and certification programs, Thai workers risk being locked into repetitive, low-productivity roles rather than transitioning to higher-value segments of the digital economy.

TABLE 3

PRODUCTIVITY AND HUMAN CAPITAL IMPACT.

Country	Productivity Effects	Skills/Capability Impact
Philippines	Integrates into global digital value chains, FX earnings	Boost digital literacy, but precarious
Indonesia	Improved logistics efficiency	Oversupply of low-wage drivers
Vietnam	Rising digital entrepreneurship	Lack of targeted upskilling
Thailand	Improved allocative efficiency	Digital literacy gap; weak professional upskilling

Source: Author's compilation based on World Bank (2023), Organization (2023), and Organisation for Economic Co-operation and Development (2023).

This comparative benchmarking situates Thailand in an intermediate position within the landscape of the ASEAN gig economy. Its workforce is more formalized and protected than that of Vietnam; however, it lags behind the Philippines in terms of regulatory frameworks for freelancers and Indonesia in terms of workforce scale.

Discussion and Policy Recommendations

A discussion and policy recommendations for Thailand's gig economy are provided below.

Limitations of the Analysis of Thailand's Gig Economy

The analysis of Thailand's gig economy has several limitations that should be acknowledged when interpreting the findings.

Limited Data Availability

Accessible public datasets and official government statistics on the gig economy remain insufficient. Although some inferences about gig workers can be drawn using proxy variables such as "self-employed without employees," the Thai government has not yet prioritized the gig economy as a policy focus to the same extent as other labor market sectors. This restricts the comprehensiveness of evidence-based policy formulation.

Regulatory Uncertainty

The legal and institutional analysis is based on existing legislation and **proposed laws**. Some policy frameworks, such as the Independent Worker Act and Platform Economy Act, remain under review, and regulatory interpretations may evolve over time, potentially altering the relevance of the current findings.

Despite these limitations, the combined approach of integrating statistical trends, regional benchmarking, and grounded qualitative insights provides a holistic and balanced picture of Thailand's gig economy. This mixed-method perspective ensures that structural and experiential dimensions are adequately captured, supporting meaningful policy recommendations.

Limitations of the Comparative Analysis

The lack of standardized definitions of "gig work" across ASEAN governments, leads to several limitations in cross-country. First, the definitions of gig/platform work are not uniform, with some countries including transportation or delivery work, while others include online freelancing, or even a combination of both. Therefore, cross-country comparisons should be interpreted with cautious. Second, the workforce size estimates are from different years and sources that do not provide synchronized labor force datasets. Third, the gig worker numbers are estimates and not official census data. Most ASEAN countries lack comprehensive labor surveys on platform work. Consequently, workforce figures, such as the estimated 6–8 million platform workers in Indonesia, are derived from industry data, platform reports, or economic model estimates. These counts and labor force totals vary across sources; therefore, the resulting percentages should be interpreted as indicative rather than exact. Gig work participation may fluctuate significantly within a few years due to economic cycles, platform mergers, regulatory changes, and shifts in consumer behavior.

Policy Recommendations

The key policy lessons emerging from this analysis include the following:

1. Adopt contractual protection mechanisms, such as the Philippines Freelancers Protection Act, to ensure timely payments and transparent contracts.

2. Expand platform–government partnerships for taxation and social protections, drawing on Indonesia's cooperative models and Vietnam's gradual tax integration.

3. Develop upskilling initiatives directly linked to platform ecosystems aligned with OECD recommendations on digital skill development and continuous learning.

By integrating these lessons, Thailand can move toward a more productive, inclusive, and resilient gig economy. The comparative evidence underscores that Thailand's future trajectory will depend not only on expanding platform participation but also on strengthening institutional frameworks and investing in human capital.

Conclusion

This study highlights the rapid yet uneven development of Thailand's gig economy in the broader ASEAN context. Although the sector has generated significant income opportunities, particularly in logistics, online freelancing, and digital commercial work (such as e-commerce sales and social commerce affiliate activities), it remains characterized by informality, skill mismatches, and limited social protection. Compared with its peers, Thailand is currently at an intermediate stage, in which it is larger and more structured than Vietnam, but lags Indonesia in workforce scale and the Philippines in freelance regulation. Thailand's gig economy offers both opportunities and challenges. With appropriate policy frameworks combining regulatory clarity, social protections, skill upgrading, and fiscal integration, the sector can evolve into a sustainable driver of inclusive growth, productivity, and innovation. By learning from its ASEAN peers, Thailand has the potential to move from a transitional stage toward becoming a regional leader in balancing flexibility with fairness in the gig economy.

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ABBREVIATIONS

AMCHAM	American Chamber of Commerce
ASUSE	Annual Survey of Unincorporated Sector Enterprises
BBS	Bangladesh Bureau of Statistics
BCG	Boston Consulting Group
BFC	Bangladesh Fried Chicken
BPJS-TK	Badan Penyelenggara Jaminan Sosial Ketenagakerjaan
BPO	Business process outsourcing
BPS	Badan Pusat Statistik
CBSL	Central Bank of Sri Lanka
CNG	Compressed natural gas
CSS	Code on Social Security
DCS	Department of Census and Statistics
DICT	Department of Information and Communications Technology
DOLE	Department of Labor and Employment
EMI	Equated monthly instalment
EOBI	Employees Old Age Benefit Institute
FLFP	Female Labor Force Participation
GCE A/L	General Certificate of Education of Advanced Level
HBWSWF	Home Based Women Workers Federation
HSC	High School Certificate
ILO	International Labour Organization
INR	Indian Rupee
IOM	International Organization for Migration
IRDAI	Insurance Regulatory and Development Authority of India
LFS	Labour Force Survey
LSEG	London Stock Exchange Group
LTA	Land Transport Authority
MFLSP	Ministry of Labour and Social Protection
MOH	Ministry of Health
MOLSW	Ministry of Labour and Social Welfare
MoU	Memorandum of understanding
MPWT	Ministry of Public Works and Transport
MSMEs	Micro, small, and medium enterprises
NCEUS	National Commission for Enterprises in the Unorganized Sector
NEDA	National Economic and Development Authority

NESDC	National Economic and Social Development Council
NFTP	National Freelance Training Program
NITB	National Information Technology Board
NPS	National Pension System
NSDC	National Skill Development Corporation
NSO	National Statistics Office
NSSF	National Social Security Fund
NVQ	National Vocational Qualification System
OLI	Online Labor Index
PFRDA	Pension Fund Regulatory and Development Authority
PIDS	Philippine Institute for Development Studies
PLFS	Periodic Labour Force Survey
PSA	Philippine Statistics Authority
PSEB	Pakistan Software Export Board
PSV	Public service vehicle
PVARA	Pakistan Virtual Assets Regulatory Authority
SEO	Search engine optimization
SLC	School Leaving Certificate
SME	Small and medium enterprises
SSS	Social Service System
TARILSP	Training, Assessment, and Research Institute for Labor and Social Protection
USD	United States Dollar

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