

## The Global Gig Economy: Opportunities and Challenges for Freelancers and Businesses

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### Abstract

The gig economy has revamped work opportunities for the freelancers and the businesses that have seen a new change in the structure of labor markets. In this article, the author enlarges the possibilities related to furthering workers' independence and work scale on digital platforms along with the drawbacks comprising of income fluctuation and the absence of legal rights for people performing work on such platforms. By reviewing literature in the area, it outlines the policy approaches that should be adopted to meet the flexibility for efficiency and fairness in economic growth for gig workers and firms. Solutions are related to increasing worker remuneration, constructing and defining legal rights and responsibilities, and training to secure better employment and long-term labor mobility.

**Key words:** economy Gig, Freelancer, Digital tools (platform), work flexibility

### 1. Introduction

This paper aims to scrutinize the global gig economy, which has emerged as a popular phenomenon that rapidly pervaded every sphere of people's work and businesses. The gig economy is an environment that encompasses temporary flexible engagements and it entails those who make independent contracts as freelancers, temporary or 'gig' contractual employees and even platform-based workers in either cyber space or online work. Thus the transformation is no longer a fixed autocratic stance of employment paradigms and opens a brand new door to competent worker remuneration and manpower accommodation opportunities.

On the one hand, freelancers have control over selecting project and clients, working hours, whereas on the other hand, businesses are privileged to save money on maintaining employees, have options of expanding the business easily and experience experts from all around the world. The numbers of freelancers using and benefiting from online platforms such as Upwork, Fiverr, and Toptal where different businesses get access to skilled professionals are in millions. McKinsey said the gig economy contributed about \$1.4tn to the US economy in 2023 with the exponential growth expected over the next few years across the world.

Nevertheless, the employment of the gig economy faces problems. Many freelancers suffer fluctuating income, no social protections, and job security issues; while many companies struggle with how to manage a dispersed and independent workforce. On the same note, there is legal question on whether the services provided deserve legal shield, taxation questions, as well as dependence of the sector on the platforms which remain hurdles towards the realization of sustainable growth of this sector.

The Gig economy in the modern society means a great prospect to outline the main changes and concerns of both freelancers and businesses. Therefore we are going to look at some of the benefits of this style of working and learn how to make the most of the economy in addition to its drawbacks.

## **2.Literature review**

Freelance marketplace platforms like Upwork, Fiverr as well as Task Rabbit have emerged and shifted mercado popular contracts' perception for they allow clients to access freelancers all over the world who possess deep and specialized knowledge in their respective fields. According to McKinsey, digital platforms have lowered the threshold for entry for organisations, providing SMEs access to professional help as and when required – for instance, for marketing initiatives, or app creation. To the freelancers, these platform bring flexibility with self-employment. Essentials of interstate survey by McKinsey called the American Opportunity Survey reveal that 25% of the independent workers chose freelancing due to flexibility while 32% attributed flexibility, autonomy and creativity as factors that motivated them to become freelancers.

However, there are certain difficulties in the framework of the gig economy. Most of the freelancers do have no access to some of the employment privileges that consist of medical care and retirement among others privileges that are mostly found in permanent employment. According to the McKinsey Global Institute, only 32% of the gig workers in the United States receive health insurance cover from their employers.

Another important problem relates to the income variability. There isn't a definitive answer whether gig economy workers earn significantly others but a large portion of high earners complain about unstable income and job instability. Freelancers are mostly on the mercy of not only previous clients but also working on algorithm of freelancing platforms they use.

**3.Research Methodology** The present article, adopting a secondary research approach, explores the prospects and issues arising from the worldwide gig economy. This approach gives a clear picture of gig economy's operations from the findings collected from other credible sources hence skipping the steps of data gathering from primary sources.

The study samples and analyses existing academic articles, industry reports, and case studies to investigate the main trends and concerns in the gig economy. Information from other websites including Upwork & Fiverr and journal articles including Harvard Business Review and the World Economic Forum has been used. That is, this approach focuses on such drivers which are more subjective in nature including freelancer's motivation and business models to manage the gig workers.

Industry reports, cross-sectional, and international research data sources like the International Labour Organization (ILO) and Pew incorporate prevalence rates of gig economy engagements, income earner's income, and the economic value added. For instance, the ILO provides information on freelancers' characteristics while the Pew Research provides information on gig worker satisfaction and income certainty.

## **4.Research Findings**

### **Opportunities for Freelancers**

For freelancers in particular, the gig economy provides a lot of freedom that is evident from the digital platforms. The ILO says that gig work lets employees integrate into global markets and develop multiple streams of income. Such flexibility is suitable for employees who are struggling to balance between family and career. Web sites such as Upwork and TaskRabbit generate employment experiences, project acquisitions, and appropriate payment plans.

Also, according to the World Economic Forum's report, while explaining the benefits for workers, gig platforms are claimed to lower the entry hurdles for workers, suggesting that people with disparate educational and social backgrounds can get involved. This has resulted into improvement in employees' diversity, especially in the areas where there are few conventional employment openings.

#### **Opportunities for Businesses**

Small and medium enterprises include the use of independent workers because it is less costly to hire freelance workers than to train new staff to perform a particular task. As stated by the World Economic Forum, outsourcing freelance solves the problem of coping with an increased number of orders during the productive period without hiring full-time employees. For instance, in marketing communication strategies, most firms will hire gig workers to conduct campaigns, product launches, and marketing events as they are cheaper compared to other employees.

#### **Challenges**

While this form of employment is advantageous it does not provide stability and job security that full-time employment provides. Freelancers, on average, complain of fluctuating income, and job insecurity, and come with few employee privileges such as medical cover and retirement plans. According to the ILO, contract workers in developing areas experience low skill deployment and adverse job conditions.

Also, there is a strong reliance on the platform as well. Freelancers depend on algorithms in order to gain visibility and thus they are at the mercy of the platforms that they operate on, should this policy change or the fees associated with each platform be adjusted. According to the World Economic Forum that stresses fairness, freelancer cannot be protected from exploitation.

Organizing a decentralized gig workforce is a problem that every business encounters. Some challenges include; maintaining quality control, meeting local employment laws and regulations and the need to retain organizational unity. The World Economic Forum notes that there is a need for setting up coherent standards for politico-legal frameworks in relation to the rights of the workers, as well as preserving the citizens' freedom.

#### **5. Discussion**

The global gig economy can be classified as a new model of work organization and has both opportunities and risks for freelancers, and companies. This discussion goes deeper on this shift's emerging pattern, providing new perspectives to supplement the research conclusions.

#### **The changing nature of work for freelancers**

Of all economic entities, freelancers now enjoy unprecedented levels of power due to the gig economy. Services like Fiverr and Freelancer.com have redefined work since they have broken employment barriers allowing anyone who needs work, to engage the world in doing a skill that he is specialized in for a fee. But as a recent report from the International Labour Organization ILO states, a significant part of gig workers still stays underemployed with some of the workers being unable to find projects that suit their skill levels.

It has also brought independence to the working environment since workers can decide when to work and what project to take. However, this kind of freedom is characterized by instabilities where one will have to rely on hope of getting jobs for him or her to make earnings. Closing this split entails increased demand for support from the platforms in way of guaranteed minimum pay or minimum income insurance.

**Ways Business adapt to New Environments and grow.**

For businesses the gig economy drives fast growth and cheap solutions. Large enterprises can obtain relatively short-term or specific work without hiring people as regular employees of the company. This flexibility is particularly useful for start-ups and SMEs who are aspiring to NGOs with more extensive organisations. But the use of gig workers adds extra challenges, like quality assurance, making sure they are in line with the company's vision and goals.

Companies that use gig work are also exploring new ways of working. Because of the flexibility and convenience that freelancers bring, said the World Economic Forum, firms are now applying technology to organize and execute their talent procurement and management solutions for the hiring of freelancers including onboarding as well as contracting and payment.

**These policy and regulation children are some of the biggest challenges**

Legal requirements to the gig economy are still inapplicable or unequal across territories, which incurs risks for both the workers and the employers. Worker categorization—whether gig workers are actual employees or contractors is not clear up to this date. Individual work-country relations have been complemented by transitional hybrid classifications that provide only partial pensions, and widespread acceptance of such reforms remains sluggish, as in Germany. Also, legal loopholes mean the freelancer cannot have benefits you and I enjoy today; health covers, sick days or even any form of retirement benefits. Elected to help remedy these discrepancies, the ILO supports portable benefit structures allowing gig workers to transfer their benefits between employers and platforms.

**Future Prospects**

Gig economy is likely to grow due to an upsurge in the rate of digitalization. AI, for instance, seems to solve some of the current problems through the improvements in payments and worker rating. However, integrating the gig economy in a way that affords both a better quality of life to its workers and conforms to the needs of the existing governmental and industrial regulatory frameworks will require some effort in furthering these technological advancements.

**6. Conclusion and Recommendations**

The popularity of summons of the gig economy imposes both remarkable benefits and risks to freelancers and enterprises as well. Independent workers enjoy increased versatility and a pool of talent from around the world, whereas companies must be able to expand their operations and decrease expenses at their offices. But there is still income insecurity, absence of entitlements, and legal uncertainties to limit the contribution of the gig workforce.

Also here, my recommendations:

1 Support Fair Compensation: Gig economy has mature features and should therefore have systems put in place to deal with pay and other benefits such as the income insurance and retirement for the gig workers.

2 Strengthen Legal Protections: This leaves governments and businesses to fashion better classifications of workers and social protection to freelancers.

3 Promote Training and Development: Platforms and businesses should support packages to enable the gig workers to gain new skills in order to enable long-term viability on the platforms.

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