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## THE TERMINOLOGY AND THE CONCEPT OF THE GIG ECONOMY

*New business models have emerged in the late 20th century due to Internet technology (IT) development and digital transformation. One of them – known as the gig economy – represents a new business concept that stands for a market system in which individuals offer their services on a fixed-time basis to other businesses through a digital platform. The purpose of this paper is to explore the relatively new field of the gig economy and its context based on previous findings and literature. Accordingly, the concept of the gig economy is based on a triangular relationship between the individual (worker; provider), the digital intermediary of the process (online labour platform) and the end-user of the service (employer). Such a concept implies various benefits for all parties involved but also brings many challenges. The paper aims to provide a descriptive insight into the literature and findings and introduce terminology related to the gig economy concept. It also aims to discuss the nature of work within the gig economy, its current dimensions, its value creation for firms and entrepreneurship, and the issues that need to be addressed for the gig workforce and its likely future policy implications. The paper's limitations are the lack of agreement on standard definitions and national and international frameworks of the gig economy workforce, even though studies suggest that gig workers are among the fastest-growing*

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*forces in contemporary work arrangements. Therefore, the paper encourages the development of policies and programs to identify the specifics, benefits, and challenges of the gig economy and its impact on society in order to facilitate and promote this new, growing entrepreneurial category.*

**Keywords:** *gig economy, gig workers, the concept of the gig work, digital platforms, online labour platforms*

## 1. INTRODUCTION

In the late 20th century, under the development of Internet technology (IT) and the process of digital transformation, platform-based markets have emerged, enabling a wide range of human activities. One of them – known under the term of a gig economy – stands for a market system in which the individuals (workers) offer their services on a fixed-time basis to other businesses (users) using the online platform (intermediary). According to the study, the Bureau of Labour Statistics reported in 2017 that “55 million people in the U.S. are part of the gig economy”. This accounts for approximately 34 percent of the U.S. labour force, projected to increase to 43 percent in 2020 (International Labour Organization, 2019). Also, the European research (European Commission, 2016a; European Commission, 2016b; European Commission, 2017; European Commission, 2021; European Parliament 2019; Hauben et al., 2020; Pesole et al., 2018) are showing similar trends. This increasingly growing type of work, where tasks known as “gigs” are done online, has its benefits, structure, ecosystem, and criteria for obtaining the employers (users), but also the drawbacks for individuals and society.

Therefore, this paper aims to make several contributions. *First*, the concept of such a new market system is presented based on the previous findings and literature review. *Second*, different terms of the gig economy and those related to it are discussed. *Finally*, the paper aims to provide insight into the concept of such a phenomenon, examines the model (tripartite relationship) of the gig economy, and provides the foundation for determining the market situation as a basis for further research and policy implication.

Accordingly, this paper is divided into six sections. Section 2 describes different definitions and views of the gig economy. Section 3 introduces digital platforms, focusing on online labour platforms and introducing the Online Labour Index. Section 4 explains and presents the gig workforce. Section 5 highlights the benefits, which such a business model brings for the employers, i.e., firms and overall entrepreneurship, followed by the concluding discussion section.

## 2. WHAT IS GIG ECONOMY?

The gig economy has received increasing attention in academia and the media due to its growing trends, but there is still no agreement on a universal definition in the literature. However, there are approaches to define the gig economy, which will be presented in this section.

The term “gig” is a colloquial word meaning “work for a period of time” and originates from the field of music. The term was originally created by jazz musicians in the 1920s as an abbreviation of the word “engagement” for any aspect of performance, such as assisting in the performance and participating in musical performances (Partridge et al., 2007). Similarly, in the business world, the word “gig” also refers to “engagement”, but it relates to short-term business activities or jobs (Heeks, 2017).

According to Gig Economy Data Hub (2021), there are three approaches in defining the gig economy (gig work): work arrangement, legal classification and nature of work. Work arrangement refers to the relationship between workers and the person or company that pays them. Unlike traditional work, gig work tends to be temporary or project-based; workers are hired for a specific task or period of time (Jarrahi et al., 2020). Second, legal classification refers to rules and regulations that apply to regular workers in relation to gig workers (Donovan et al., 2016) (i.e., employers of traditional workers must provide certain benefits, payroll taxes, minimum wage, and anti-discrimination laws that in most cases do not apply to gig workers). Finally, there are definitions based on the nature of the work. These definitions look at specific work characteristics, such as scheduling, flexibility, or lack of direct control (Lehdonvirta, 2018). It is also important to note that these different approaches overlap and therefore lead to different definitions and estimates of the gig workforce.

According to the definitions of several reliable online dictionaries (Oxford Learner’s Dictionary 2021; Cambridge Dictionary 2021; Merriam-Webster 2021; Business Dictionary, 2019), the term “gig economy” is defined primarily by the work arrangement and nature of work. They define the gig economy as a way of doing business, based on people having “temporary, flexible work arrangements” that often involve connecting with users through an online platform and “undermine the traditional economy of full-time employees who rarely change positions and instead focus on lifelong careers.”

Based on academic studies, the term gig economy also mainly refers to work arrangements under the influence of digitalization. It is about dividing work into smaller components, known as short-term projects (Friedman, 2014). Stone and

Deadrick (2015) point out how due to digitalization, business processes are becoming increasingly fragmented, leading to the rise of the gig economy – the business system of temporary and project-based work and independent workers (non-traditional employees) hired to complete a specific task for a particular period of time for the users, mediated by a digital, online platform (Farrell & Greig, 2016). These types of work arrangements are often referred to as alternative or nonstandard work arrangements and might include freelancing, temporary agency work, self-employment, subcontracted work (Gig Economy Data Hub, 2019), on-call work and work provided by contract firms (Katz & Krueger, 2019). Other scientific works also address the flexibility of the work arrangement, such as Friedman (2014), who states that workers in the gig economy are hired under flexible arrangements (they decide when, where and how to complete the task) with no expectation of long-term employment (Wood et al., 2017). On the supply side (the worker), is usually an independent contractor or freelancer (Thirgood & Johal, 2016) and his/her work is either temporary or project-based.

As mentioned earlier, an important feature of the gig economy is the online platform or online intermediary. Katz and Kruger (2019) define the gig economy as an alternative work arrangement that requires an online intermediary. As follows, in the core business model, employers (users) search for services through digital platforms or smart applications that enable them to find providers for a specific task. Providers (gig workers) enter into formal agreements with companies to provide services upon request and then provide the requested service and receive financial compensation for the work performed (Utz, 2016).

Furthermore, Huws et al. (2016) point out that the gig economy consists not only of work done and delivered remotely through digital platforms, but also of work delivered locally. In this sense, the worker is required to be physically present. Such local gig work typically includes food delivery, curation, transportation services and manual work. Remote gig work, by contrast, consists of the remote provision of a variety of digital services, ranging from data entry to software programming, through online labour platforms such as Amazon Mechanical Turk (MTurk), Freelancer.com and Upwork (Wood et al., 2018). According to Heeks (2017), the survey results indicate that globally, “70 million workers are estimated to have registered with online labour platforms that facilitate remote forms of gig work” (Wood et al., 2019). An index measuring the use of online labour platforms (i.e., OLI) recommends that their use is “growing at an annual rate of 26%” (Kässi & Lehdonvirta, 2016). It is also important to note that more and more people are recently working remotely (from home). This trend accelerated during the COVID-19 pandemic.

The following section discusses the classification and types of digital platforms, focusing on the online labour platforms and the Online Labour Index.

### 3. DIGITAL PLATFORMS

Influenced by 20th century innovations, digital platforms have evolved. As follows, digital platforms disrupt traditional organizational structures, policies, and technology investments by enabling new operating models (Bendor-Samuel, 2018). They directly impact and require the reorganization of business models, different occupational profiles and mindsets, and certainly a different set of policies and processes (Van Doorn, 2017). Their tools and frameworks, based on the power of the Internet, have become mediators for the organization of social and economic life, both at the micro-level in terms of how work is performed (Barley 2015; Kenny & Zysman 2019; Orlikowski & Scott, 2016; Van Dijck, 2013) and at the economic structural level (Srnicsek, 2017). Castellani (2016) describes the platform as a “plug-and-play” business model that allows multiple participants to connect, interact, and create and exchange value. Because platforms enable users to take on various activities, they form entire ecosystems to create value (De Reuver et al., 2018). Digital platforms have two main features that specify them as an organizational model. First, digital platforms contribute to noteworthy decreases in transaction costs, in terms of delivery, search, contracting, and monitoring costs (Eisenmann et al., 2006; Pagani 2013), while the second key feature of digital platforms is generativity, which refers to the technology’s ability to generate new solutions to challenging problems that are supported by numerous and diverse users (Asadullah et al., 2018; Zittrain, 2006). According to Kenney and Zysman (2015), some of the most prominent types of digital platforms are as follows:

- Platforms for platforms. These platforms consider the infrastructure to facilitate the construction of cloud services and tools to build other platforms. Examples include Amazon Web Services and Google Cloud.
- Platform-mediated work. These platforms bring users and providers together to perform a task or service for a fee. Examples include Upwork and Amazon Mechanical Turk.
- Platforms that make tools available online. For example, GitHub becomes a repository for open source software programs of all kinds. Tools and software, such as sales support and accounting, previously sold or leased by companies are now available in the enterprise cloud.
- Retail platforms. The most well-known platforms for selling products are Amazon, eBay, and Etsy, among a host of others.
- Service-providing platforms. These platforms typically include accommodation and transportation platforms, such as Airbnb and Lyft.

Furthermore, Fumagalli et al. (2018) suggest six categories of platforms based on how they generate income (Kenney & Zysman, 2019):

- Advertising platforms that provide a service and serve ads to users,
- cloud platforms, such as Amazon Web Services that sell the use of data centers,
- industrial platforms that manage production or distribution activities,
- product platforms, such as Netflix, Spotify, and YouTube, or app stores that offer virtual products in exchange for financial compensation,
- work platforms that act as intermediaries for in-person service provision and
- logistics platforms that present the e-commerce industry and provide a virtual market for third parties (e.g., Amazon, eBay and Etsy).

Based on these types and categories, our study considers platform-mediated work or work platforms, specifically called “online labour platforms” (Berg et al., 2018), that specialize in temporary contract work and coordinate exchanges between the worker (provider) and the employer (user or client) of that work (Collier et al., 2017).

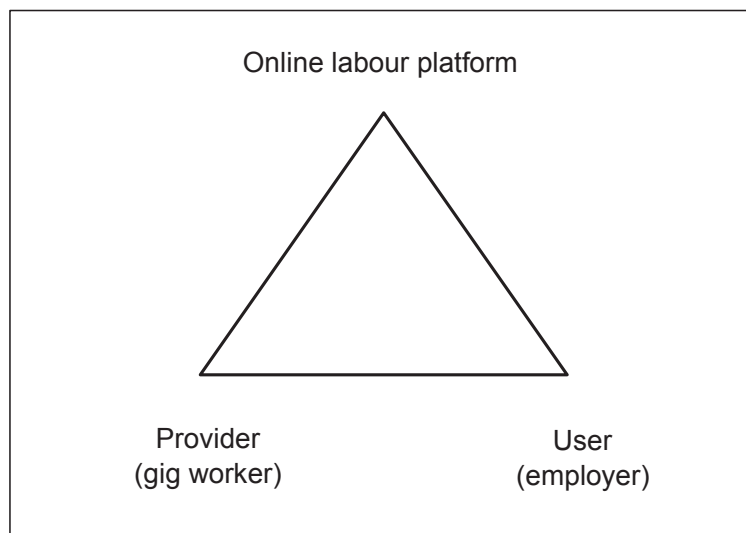
### ***3.1. Online labour platforms and concept of the gig economy***

Online labour platforms are websites that bring together buyers and sellers of services for tasks that can be done distantly over the Internet. The buyers can be called employers, requesters, users or clients, while the terms for sellers include workers, providers, and freelancers (Pongratz, 2018). Online labour platforms typically match workers and employers, where workers can submit bids to employers and vice versa. Workers’ compensation is based on a fixed fee, hourly wage, or piece rate, from which the platform takes a provision (Hauben et al., 2020). The relationship between the worker and the employer is typically framed as independent contracting, with the platform acting as an intermediary (Corporaal & Lehdonvirta, 2018). Such a work arrangement, consisting of a tripartite relationship between the online labour platform (intermediary), the provider (gig worker) and the user (employer) (Collier et al., 2017), represents the basic concept for our future research on the (online) gig economy (see Figure 1).



*Figure 1:*

### THE CONCEPT OF THE GIG ECONOMY – TRIPARTITE RELATIONSHIP



Source: authors according to Hauben et al., (2020)

In the continuation, the Online Labour Index (OLI) is presented. According to it, the most popular online labour platforms are introduced, the main occupations and the occupation distribution and shares in the gig economy are also presented and discussed.

### ***3.2. Occupations of the gig economy according to the Online Labour Index***

OLI is a new economic indicator that presents an online labour market equivalent to conventional labour market statistics. It was developed by Otto Kässi and Vili Lehdonvirta within the iLabour project at the Oxford Internet Institute (The iLabour Project, 2021). OLI is an index that “measures the utilization of online labour platforms over time and across countries and occupations” (Kässi & Lehdonvirta, 2016). It is based on the five most famous online labour platforms’ traffic calculations where users contract professional services with workers (i.e., Freelancer.com, Upwork.com, MTurk.com, Peopleperhour.com and Guru.com). OLI tracks all projects/tasks posted on those six largest online labour platforms, representing at least 70% of the market by traffic (Pesole et al., 2018), providing a solid

evidence base for future policy and research. Accordingly, the projects can be then classified by occupation and country of the employer. The main occupations on online labour platforms are shown in Table 1, while Figure 2 shows the distribution of occupations in the online labour market.

*Table 1:*

MAIN OCCUPATIONS OF THE GIG ECONOMY

<b>Occupation class</b>	<b>Examples of projects</b>
Professional services	accounting, consulting, financial planning, human resources, legal services, project management
Clerical and data entry	customer services, data entry, tech support, transcription, virtual assistant, web research
Creative and multimedia	animation, architecture, audio, logo design, photography, presentations, video acting, video production
Sales and marketing support	ad posting, lead generation, search engine optimization, telemarketing
Software development and technology	Data science, game development, mobile development, QA and testing, server maintenance, software development, web scraping,
Writing and translation	Academic writing, article writing, copywriting, creative writing, technical writing, translation

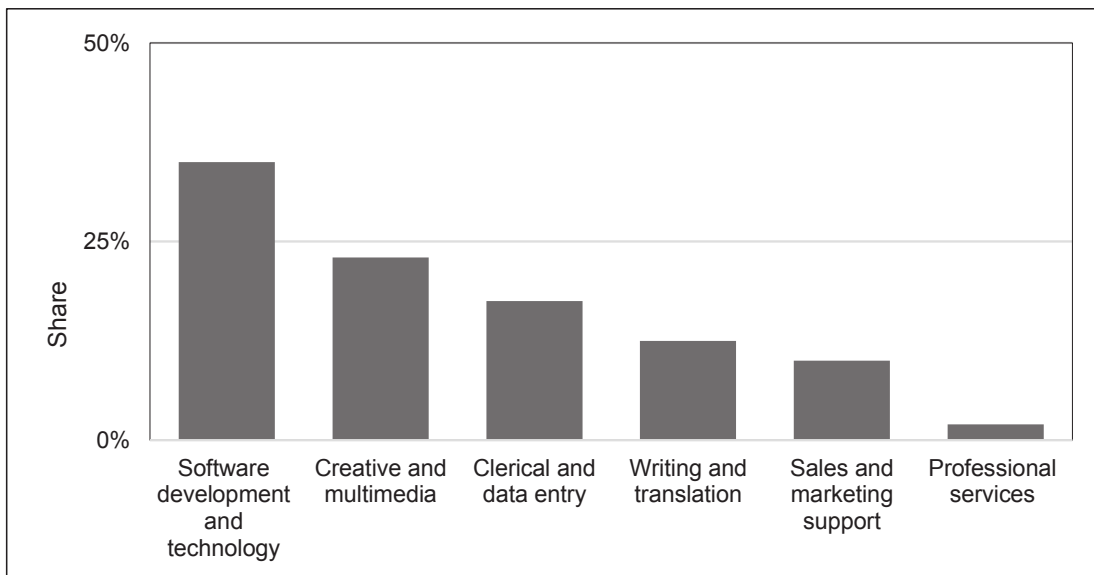
Source: Kässi & Lehdonvirta, 2018.

Regarding Figure 1, the main occupations of the gig economy are: professional service, clerical and data entry, creative and multimedia, sales and marketing support, software development and technology, and writing and translation, while Figure 2 shows that software development and technology are currently the most preferred skills, representing almost a third of all occupations presented.



*Figure 2:*

## DISTRIBUTION OF OCCUPATION IN ONLINE LABOUR

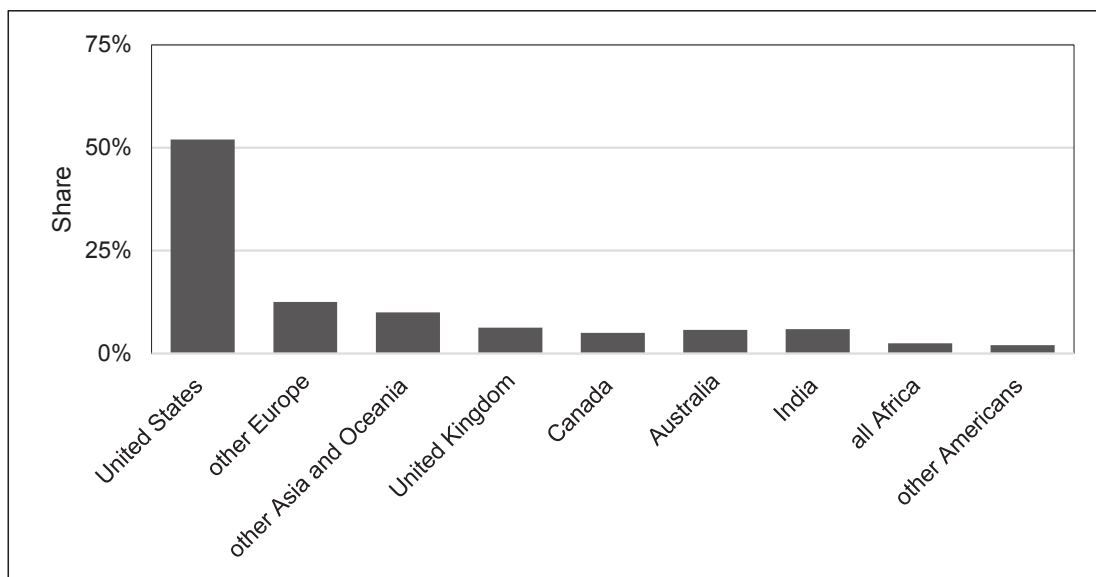


Source: Kässi & Lehdonvirta, 2018.

Furthermore, the OLI shows that, on the macro level, the most significant users of online labour are employers from the United States, followed by the United Kingdom, Canada, Australia and India (see Figure 3). Also, according to the McKinsey report in 2016, 20-30% of the working-age population in the United States and the EU-15 countries were engaged in some form of independent earning, which was up 162 million people (Manyika et al., 2016).

Figure 3:

### GEOGRAPHY OF DEMAND FOR ONLINE WORK

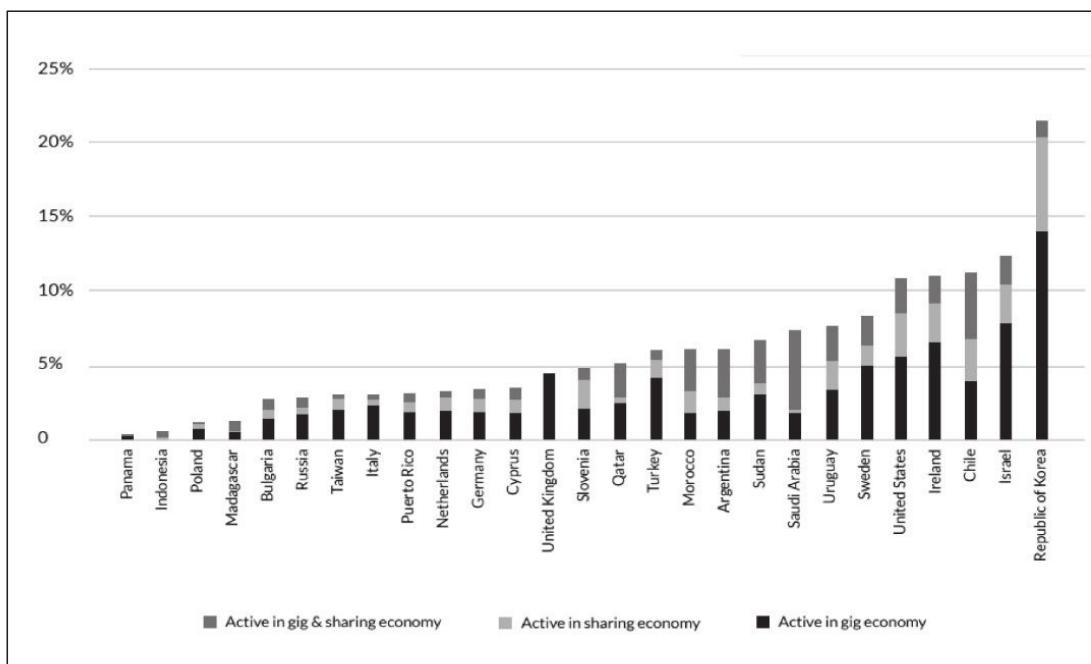


Source: Kässi & Lehdonvirta, 2018.

Regarding the workers (see Figure 4), the Global Entrepreneurship Report 2018/2019 shows that the highest rate of gig economy activity by far occurs in the Republic of Korea, followed by Israel, Ireland, the United States and Sweden (Bosma & Kelly, 2018).

Figure 4:

## GIG AND SHARING ECONOMY PARTICIPATION RATES BY COUNTRY



Source: GEM, Bosma & Kelly, 2018.

A recent Gallup research (2018) finds that 29% of U.S. workers have an alternative work arrangement as their primary jobs. Moreover, by including those who work multiple jobs — that proportion is 36%. This means that more than one in three workers today have some job type in the gig economy. Regarding Europe, the number of people working in the gig economy has grown over the past decade (European Commission, 2021). The COLLEEM survey on platform work (Pesole et al., 2018) estimated that about 11% of the adult population used online platforms to provide some type of labour services.

It appears that those survey results represent useful instruments for policy-makers, scholars, and investors, helping them understand the platform (gig) economy, its magnitude and effects. The implications of digital work platforms on employment bring both benefits and challenges, which pose policy challenges. Since the algorithms distribute the work, online labour work can reduce barriers to entry into the labour market, facilitate participation in the labour market and facilitate working conditions also for certain groups of people (i.e., people with disabilities, young people, women, the seniors, migrants) (OECD/European Union, 2019).

#### 4. GIG ECONOMY WORKFORCE

Regarding the classification of the gig workers, there are still many different names and titles for these workforce types, like freelancers, entrepreneurs, consultants, contract workers, independent workers, etc. (Morgan, 2016). Thus, measuring the gig economy workforce is challenging and requires establishing a clear definition of the gig workers and careful consideration in planning labour force survey questions to capture workers' participation in the gig economy (Donovan et al., 2016).

In 2014, the University of Chicago National Opinion Research Center conducted the General Society Survey (GSS) in order to examine the gig economy. There was no standard agreement on the definition of the gig worker. Instead, three definitions were formed to identify alternative work arrangements: narrowest, middle, and broadest. The narrowest definition defined a gig worker as an independent contractor, consultant and freelancer. The middle definition was considered the narrowest definition and added to temporary agency and on-call workers. The third, broadest definition added to the middle definition the contract company workers (Katz & Krueger, 2019). Four years later, a similar, more comprehensive approach provides the Gallup research and includes contract firm workers, independent contractors, on-call workers, online platform workers, and temporary workers. In the table below (see Table 2), the definition of each worker type is described.

*Table 2:*

GIG ECONOMY WORKER TYPE

<b>Worker type</b>	<b>Definition</b>
Contract firm workers	Employees who work for a company that provides their services to another entity on a contractual or project basis.
Independent contractors	People who provide goods and services under a specific contractual agreement to another entity.
On-call workers	Those who only work on an as-needed basis, not including workers who work on-call shifts as part of their regular job.
Online platform workers	Workers who find short jobs through a mobile or online marketplace that connects them directly with customers, either in person or online.
Temporary workers	Workers who have short-term work agreement, often assigned to them by a temp or staffing agency.

Source: Gallup, 2018.

According to the above table, it is evident how the gig economy occupies five types of workers. However, despite the USA's gig economy's growing trends, the U.S Labour Department classifies the gig workers as independent contractors (Pasternak, 2019). Taking that into account, the Contingent Worker Supplement (CWS) survey from 2017, under the term of an independent contractor, considered three types of workers, "independent contractors themselves, independent consultants, and freelancers, whether they are self-employed or wage and salary workers", based on the same legal form (Fishman, 2021). In the literature, the term freelancer is used for someone working independently of a company, self-employed, working alone or with partners in occupations that are non-manual and require specific knowledge and skills (Grabar et al., 2018; Kazi et al., 2014; Kitching & Tracking 2015; Kozica et al., 2014; Malaga 2016). They work remotely and work for several users on various projects simultaneously. Independent contractors might also be self-employed workers, such as freelancers and consultants and they are responsible for sorting out their tax bills. From this perspective, there is no apparent difference between them. However, independent contractors might also work a little differently in practice, usually for one user full-time for a set period and in the user's office (McKeown & Leighton, 2016). Regarding consultants, they are their own bosses and work for multiple users as freelancers. However, the difference lies in the nature of their work. While the freelancers and independent contractors offer a deliverable service, the consultants provide professional or expert advice, i.e., guidance (Reid, 2017).

Regarding the academic work on the gig workers like *Freelancing in America: 2019* by Upwork & Freelance Union (Deutschkron & Pearce 2019), *The state of the European Freelancing in 2018* (Malt and the European Forum of Independent Professionals (EFIP), 2018), *Exploring the UK Freelance Workforce in 2016* by the Association of the Independent Professional and the Self-Employed (Jenkins, 2017) and *Brighton Fuse 2: Freelancers in the Creative Digital IT Economy* (Sapsed et al., 2015), they use most commonly the term "freelancers" or "independent professionals".

The USA and UK have recognized the importance of freelancing in the labour market for many years. Freelancers Union in the USA and Association of Independent Professionals and the Self-Employed (IPSE) in the UK since the late '90s have provided support, consulting services, health insurance and training to the freelancers. According to the *Freelancing in America: 2019*, the most comprehensive study of independent work, more than 53 million Americans freelanced last year (Deutschkron & Pearce, 2019).

According to the European Forum of Independent Professionals' research, the growth of freelancers in the European Union since 2004 has been noted. Numbers have increased by "45% from just under 6.2 million to 8.9 million in 2013", mak-

ing them the fastest-growing group in the EU labour market (Leighton & Brown, 2013). Five years later, in 2018, Malt and the European Forum of Independent Professionals (EFIP) conducted the first European freelancing survey. The results show that today there are more than 11 million freelancers in Europe, accounting for 7% of the total adult workforce (Malt & EFIP, 2019). Also, the research highlights the top reasons given by respondents for freelancing. These are flexibility, autonomy, control over work, and various works, which suggest that people go freelancing more because of their own aspirations and opportunities rather than because of necessity.

Although working as an individual means more freedom of choice and flexibility, it also includes the insecurity of a stable job characterized by the regular salary, benefits, and routine. Workers take the risk of economic opportunity and threat, changing unpredictable consumer preferences. That lifestyle and exposure to risk that come with being an entrepreneur or freelancer may simply not be for everyone (Investopedia, 2019).

Our study suggests that many different views and interpretations of the gig workers' classification exist. According to some studies, they are independent professionals or freelancers who work independently as self-employed. At the same time, other authors attempt to identify them as entrepreneurs, potential entrepreneurs, solopreneurs, digital micro-entrepreneurs, etc. Even though there are no universal criteria for their classification, the changes in the entrepreneurial activity, as a result of alternative working arrangements, mainly refer to the category of self-employed individuals.

## **5. USERS (EMPLOYERS)**

The gig economy concept is related to outsourcing and externalization of business activities (Zadik et al., 2019). The importance of freelancers for the economy has grown due to their specific skills, which are today used as complements to regular full-time workforce of a company, not as their competition, and are perceived as high-skilled workers who can respond to the requirements of a company (Burke 2015; Grabar et al., 2018).

Participating in the online labour platform represents the benefits and the learning opportunities for both parties: workers and employers (users). First, it is less expensive for the users to hire a freelancer because gig work involves performing a specific task; thus, there is no need to require their regular or year-round service. If the freelancer works from home, then it does not involve as many costs.

In addition, freelancers generally cover their health care and other such benefits by themselves. More importantly, freelancers tend to be more innovative and open to new technology (Burke, 2015). They can provide users with new ideas. Good freelancers accrue lots of experience by working with a variety of different users. Each user or business adds more experience to their expertise (Burke & Cowling, 2015). If it is necessary to perform a particular task and a company lacks that specific skill, it could hire the most appropriate and talented professional freelancer to accomplish the assignment (Twago, 2015). Thus, under the influence of the rapid development of IT, mobile devices, and the Internet, it can be concluded how gig work represents knowledge-sharing potential. Knowledge sharing has always existed, but the channels have developed to allow for the sorting of knowledge data or serve as a marketplace to showcase more knowledge-sharing sources (Landberg, 2017).

In the study, the authors (Kozica et al., 2014) discuss how the ability to work effectively and efficiently with freelancers plays a vital role in the process of absorbing external knowledge by providing a rich source of ideas and solutions for businesses. Despite the knowledge, insights from temporary workers can also offer host firms a more accurate view of the market regarding the threat of competition and new potential opportunities that are especially useful and important for start-ups. In terms of corporations and large firms, Burke (2012), finds that freelancers have been used to fulfill managerial and technical roles at each stage of the innovation development process from innovation, commercialization and integration of innovation into the core of the organization, which leads to increasing the level of innovation and efficiency in the economy and helping new projects succeed and create new jobs as a result.

As previously mentioned, users have the opportunity to find the most suitable talents for their tasks. Both parties' prospects raise questions about the (un)successful cooperation and how it is measured. Gig work is mediated by the digital platform that includes many freelancers and thus great competition. The nature of success depends primarily on the workers' skills, knowledge, and communication, which raises the question of trust and confidence between the workers and users.

Parties in online environments are often anonymous and disconnected from their offline identities. Physical interactions are often impossible in a network environment. However, online platforms can collect and use a large amount of data about participants and their activities (Watt & Wu, 2018). Rubery and Grimshaw (2001) argue that an essential determinant in the gig economy of job quality is how information-communication technologies (ICTs) affect organizational forms. For this reason, Parigi and Ma (2016) state that platforms' design is significant for communication between people and in building trustworthiness in the gig economy by providing users with the right information when they make different types of decisions. The system for collecting data about the participants on the online



labour platforms is called *algorithmic management*, and it represents the defining feature of digital labour platforms. Algorithmic management can be defined as work settings in which “human jobs are assigned, optimized, and evaluated through algorithms and tracked data” (Lee et al., 2015; Wood et al., 2019).

In addition, as more aspects of economic life become computer-mediated, the online or “algorithmic” reputation will presumably grow in importance (Varian, 2010). The nature of the employment relationship in gig work, features bilateral uncertainty (Benson, 2018); consequently, the online labour markets try to build healthy markets avoiding regulation by developing rating systems. As a result, some online labour platforms offer a two-sided rating system with the opportunity to flag employers (users) to help find the best employers and avoid shady ones (Turkopticon, 2019). In this way, the reputation system can also reduce moral hazards by motivating behaviour that will lead to “good” feedback, high effort and trustworthy behaviour (Horton & Golden, 2015).

## 6. DISCUSSION AND CONCLUSION

The emergence of online labour platforms has been recently one of the major transformations in the world of work provoking reorganization of markets, work arrangements, value creation and the creation of the new business models. Given the assumptions of the paper, our goal was to point out the growing importance of the new phenomenon – the gig economy. Assuming it as a relatively unexplored new area of work arrangements, we have offered a descriptive review of the gig economy concept and related terminologies. Although there is no common definition on the gig economy, there are similarities in the findings, based on which we have provided some mutual features in the paper.

Accordingly, the gig economy represents the new business model, which refer to alternative or non-traditional working arrangements that allow interaction, creation and exchange of the value between the workers (providers) and employers (users) through digital platforms for financial compensation and for time-limited or project-based work. These non-traditional working arrangements, might include independent contracted work, temporary agency work, on-call work, contracted company work, etc. Previous studies (manly European and American) suggest that in the gig economy, it goes especially for independent contractors (professionals), that are freelancers, or in terms of online labour platforms – online freelancers. Presented data, show that main occupations of the gig economy occur in software development and technology, creative and multimedia, clerical and data entry, writing and translation, sales and marketing and professional services. Regarding

the employers (users), they mainly come from the United States, followed by the United Kingdom, Canada, Australia and India, while other studies, which consider the workers (providers), suggest that the highest rate of gig economy activity by far occurs in the Republic of Korea, followed by Israel, Ireland, the United States and Sweden.

In addition, this type of self-employment has both benefits and drawbacks for individuals and society. More people can access flexible work through online labour platforms. However, the open questions remain as no national or international frameworks regulate the applicable labour law of gig workers. In most cases, independent contractors are not covered by the labour rights and welfare support relevant to dependent employment. Health and social security contributions and tax-paying are typically the responsibility of gig workers alone. The employers have acquired the possibility to hire gig workers without even coming into contact with them. Usually, this raises the question of trust and task execution on both sides. In this way, the social dumping danger is enhanced, as the worldwide workplace opens a new window for recruiting cheap labour from undeveloped countries (Hauben et al., 2018).

Thus, the policymakers should create a favourable environment for innovation and workers. They should anticipate and know how to manage potential social and economic implications and, at the same time, ensure fundamental principles – the workers' rights. Given that digital platforms present additional policy challenges, recent policy interventions at the EU and national levels have not directly addressed platform workers' situation, with a few exceptions (UK, Spain, Italy, Denmark) (PwC Legal, 2019). Some countries have adopted measures to clarify platform workers' legal status or improve their access to social protection (Brancati et al., 2020). At the EU level, in 2016, the European Commission has adopted its European Agenda for a Collaborative Economy, which clarified the concept and provided some guidance on workers' employment status on the platform and the EU definition of workers (European Commission, 2016a). Other EU initiatives which aim to address some of the policy challenges associated with new employment forms include the principles of the European Pillar of Social Rights relating to secure and adaptable employment and access to social protection (European Commission, 2017) and the New Skills Agenda for Europe (European Commission, 2016b), which includes measures to address the implications of ongoing changes in work for education and skills. In 2019, the European Parliament decided to reach with Member States on new minimum rights for flexible workers working through non-standard arrangements. Under the new rules, new minimum rights are provided: a time limit for a probationary period that should not exceed six months; the right to work for other employers with the prohibition of the stated "exclusivity clauses"; *the right to receive the prescribed training (education) free of charge*

*and within working hours and the right to information on all responsibilities and obligations within the first week of work.* A worker performs fixed-term services as instructed by the other party for payment and works an average of 3 hours per week or 12 hours every four weeks. If workers meet these conditions, the new rules cover them if they work in the household, on-demand, through vouchers, using applications, etc. These changes are part of the EU social policy and the Member States have three years to implement them (European Parliament, 2019).

The limitations of our study lay in the missing agreements on the definition of the gig economy (as mentioned before) and consequently in the misclassification of the gig workers. The global official registry for such a new working force does not exist, because there are no universal criteria for their classification, and this is why a freelance profession classification differs from county to country, or does not even exist. Moreover, there is a lack of academic research and no much data available on this category of employment, thus our study was focused mainly on the American and the UKs' freelancing reports. There is still low awareness in the society about the freelance profession, even though existing international researches indicate that they present one of the fastest-growing way of contemporary working arrangements.

This new way of working arrangements has been developing its structure and ecosystem. At the same time, it brings challenges as well as the benefits for both, the gig workers and their employers. Therefore, policymakers should put more effort in identifying the gig economy specifics, especially freelancing, as the new trend in the market, affecting the society and the future of work, in order to protect, facilitate and stimulate this new growing entrepreneurial category of self-employment.

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## TERMINOLOGIJA I KONCEPT GIG EKONOMIJE

### Sažetak

Novi poslovni modeli pojavili su se krajem 20. stoljeća razvojem internetske tehnologije (IT) i digitalne transformacije. Jedan od njih – poznat pod nazivom gig ekonomija – predstavlja novi poslovni koncept koji se odnosi na tržišni sustav u kojem pojedinci nude svoje usluge na određeno vrijeme drugim tvrtkama putem digitalnih platforma. Svrha je ovog rada istražiti relativno novo područje gig ekonomije i njezin kontekst na temelju prethodnih istraživanja i literature. Prema tome koncept gig ekonomije temelji se na trokutastom odnosu između pojedinca (radnika; davatelja usluga), digitalnog posrednika procesa (mrežne platforme rada) i krajnjeg korisnika usluge (poslodavca). Takav koncept podrazumijeva različite koristi za sve uključene strane, ali donosi i brojne izazove. Cilj je rada pružiti opisni uvid u literaturu i istraživanja te uvesti, odnosno predstaviti terminologiju koja se odnosi na koncept gig ekonomije. Također je cilj raspraviti o prirodi rada unutar gig ekonomije, njeznim trenutnim značajkama, stvaranju vrijednosti za tvrtke i poduzetništvo te pitanjima koja treba riješiti vezano za radnu snagu gig ekonomije i budućim implikacijama na politiku. Ograničenja rada su nedostatak sporazuma o standardnim definicijama i nacionalnim i međunarodnim okvirima radne snage iako studije sugeriraju da je radna snaga gig ekonomije među najbrže rastućim silama u suvremenim radnim odnosima. Stoga rad potiče razvoj politika i programa za identificiranje specifičnosti, koristi i izazova gig ekonomije te njezinog utjecaja na društvo kako bi se olakšala i promovirala nova, rastuća poduzetnička kategorija.

**Ključne riječi:** gig ekonomija, gig radnici, koncept gig ekonomije, digitalne platforme, internetske radne platforme