

# The Impact of Gig Economy Trends on Traditional HR Practices

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**Abstract-** *The association among significant measures in the gig economy and their consequences for HR measures is examined in this study. Strong internal constancy across capacities is exposed by the analysis, and dependability is designated by a Cronbach's Alpha of 0.84. The importance of flexibility in promoting worker gratification is highlighted by the strong relationships found among HR satisfaction scores, suppleness priority, and gig worker percentage. Trials Compliance, on the other hand, showed lesser relationships, underlining its unique characteristics. With the gig worker percentage showing the highest variability (32.2%) and HR satisfaction scores the lowermost (10.8%), variance analysis presented important variations across sectors, pointing to reliable patterns in worker gratification. The need for better-quality compensation methods is exposed by the reasonable Mean Squared Error (MSE) of 3002.02 among Milestone-Based Pay Adoption and HR Satisfaction Scores, which indicates partial alignment. These results highpoint in what way crucial it is for HR procedures to be flexible, particularly when commerce with issues of suppleness and compliance in gig-dominated businesses. The account gives HR professionals useful information and helps as a foundation for further examination into the varying dynamics of the gig economy.*

**Keywords:** Traditional HR Practices; Gig Economy; HR Contentment; Milestone-Based Pay Adoption

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## Introduction

In contrast to traditional employment institutions, the gig economy has transported in flexible, project-based work arrangements that have essentially altered the modern labor market. Platforms like Uber, Fiverr, and Upwork have allowed millions of workers to interrelate with companies throughout the globe, development a labor paradigm that prioritizes autonomy and flexibility. While there have been many advantages to this shift, such as cost investments and easier access to expert staff, traditional HR practices have also confronted challenges. This introduction appearances at the key elements of the gig economy and how they influence HR strategies, illustration on findings from previous studies.

The gig economy is illustrious by its departure from conventional full-time service. Workers are engaged in temporary or self-employed labor, which is often made possible by digital stages. defines the gig economy as a "precarious labor model," accentuation its reliance on supple preparation and task-based projects. Businesses can expand their operations and add specialists as needed with the aid of this strategy. However, gig labor's dispersed and transient nature disrupts HR systems built to manage long-term employee relationships. Metrics such as the proportion of gig workers, flexibility priority, stimulating compliance, adoption of milestone-based pay, and HR satisfaction scores offer a framework for empathetic how the gig economy impacts company efficiency and employee satisfaction. These metrics validate how crucial it is.

The gig economy gifts unique challenges for HR management. Project-based signing has grown, conferring to a recent study of HR professionals, which means that signing practices need to shift from enduring positions to project-specific employment models. Legal compliance is another significant consideration. **Friedman (2014)** claims that there are legal issues that put firms at risk because dissimilar jurisdictions have varied laws on whether gig workers are observed as independent contractors or employees. cites compliance and benefits administration as two other noteworthy obstacles to efficiently managing gig workers. Employee engagement also requires innovation. Traditional engagement programs designed for long-term employees do not appeal to gig workers because they demand flexibility. It is highlighted how significant it is to consider the diverse tastes of workers (**Scuotto, et al 2022**).

To overcome these challenges, HR professionals must use ground-breaking methods. To guarantee correctness and competence, hiring practices should make use of AI-driven platforms

that match capabilities with project requirements. Gig workers' diverse demands can be satisfied while promoting job satisfaction with flexible benefit platforms that offer customized plans. Compensation models also need to adapt. The gig economy's task-oriented nature is ideal for milestone-based pay, where workers are compensated for achieving predefined objectives. The study's findings show a positive correlation between employee satisfaction and this tactic. However, the fact that different businesses have different adoption rates suggests that pay plans should be tailored to the particular needs of each industry.

Several studies show how the gig economy has converted human resources practices. **Kalleberg (2018)** draws attention to the dangers of gig work and how it touches both job stability and well-being. Similarly, **Friedman (2014)** highlights the rise of "shadow corporations," where gig workers do indispensable tasks without formal employment, generating ethical and legal conundrums. McKinsey & Company (2021) delivers a more thorough perspective, highlighting flexibility and scalability as motorists of the gig economy while cautioning about insufficient worker rights (**Tabassam, 2024**).

These opinions are verified by the study's findings, particularly the strong internal steadiness across measurements (as revealed by a Cronbach's Alpha of 0.84). Milestone-Based Pay Adoption and HR Satisfaction Slashes have a moderate Mean Squared Error (MSE) of 3002.02, which further supports the need of aligning pay practices with employee expectations. The gig economy is a paradigm change that requires an important rethinking of HR practices. By arranging flexibility, leveraging technology, and addressing regulatory concerns, organizations may adapt to this developing workforce paradigm. Reinforced by data from preceding studies, this paper provides HR professionals with a roadmap for overcoming the contests of the gig economy while development employee satisfaction and business effectiveness.

## **Literature Review**

Much academic and commercial research has been done to comprehend the insinuations of the gig economy on workforce dynamics and organizational practices since it appeared as a paradigm shift in the global labor market. This paper appearances at important gig economy research, importance its growth, challenges, and insinuations for HR practices.

### *The Gig Economy's Development*

Since the gig economy first looked as a paradigm change in the worldwide labor market, a great deal of scholarly and commercial research has been showed to comprehend its properties on workforce dynamics and organizational practices. This essay scrutinizes important research on the gig economy, accenting its expansion, difficulties, and consequences for human resources procedures.

**Friedman (2014)** inspects the emergence of "gumshoe corporations"—where gig workers achieve essential tasks without formal employment status. This study highlights how these agreements blur the line among independent contractors and employees, discouragement traditional work relationships. Macroeconomic research conducted by McKinsey & Company in 2021 found that over 30% of workers globally work as gig laborers. The paper claims that the growth of digital technology, which has made it simpler to match people with jobs, and the rising need for flexibility on the part of both firms and employees are to blame for this trend (**Williams et al., 2021**).

### *Issues with the Gig Economy*

Concerning legal compliance, managing gig workers continues to be a major challenge. Because different jurisdictions have variable labor classifications, such as whether gig workers are considered independent contractors or employees, there are legal ambiguities (**Friedman, 2014**). A hybrid classification that balances organizational flexibility with worker safeguards has been advocated by numerous members of the legal and academic communities (**Van Dusen, 2022**). Benefits administration is another topic that has been raised in the literature. Gig workers can lack access to traditional benefits like health insurance, retirement plans, and paid time off. The absence of benefits increases the danger of gig labor and has an impact on worker satisfaction and well-being, claims **Kalleberg (2018)**. The McKinsey (2021) report supports this opinion by pointing out that which notes that a major obstacle to long-term employee engagement is the absence of benefits.

Employee engagement in the gig economy varies significantly from traditional workforce models. Traditional engagement programs calculated for enduring employees often fail to connect with gig workers. Studies show that gig workers place a higher importance on flexibility

and freedom than traditional perks. The study's findings, which show a strong correlation among Flexibility Priority and HR Satisfaction Scores, verify these findings (**Malik et al., 2021**).

### ***Effect on Human Resources Practices***

The gig economy has led to a reimagining of HR strategies. For example, in hiring, project-based work has expatriate permanent roles. The snowballing use of algorithms and artificial intelligence (AI) tools to match talent with specific project necessities is streamlining the hiring process. **Kalleberg (2018)** contends that traditional employing events are inappropriate for the gig economy and highlights the need for these technical interferences (**Wong, 2020**).

Compensation models have also changed. Milestone-based pay, in which workers are remunerated for fulfilling predefined deliverables, has full-grown in popularity in the gig economy. The McKinsey & Company report from 2021 displays how well this method aligns employee outputs with business goals. However, sectoral differences in adoption rates suggest that a one-size-fits-all approach is inadequate, (**Van Doorn et al, 2023**).

The primary goals of employee appointment strategies in the gig economy are to create continuous feedback mechanisms, leverage gamification, and create virtual communities. **Friedman (2014)** declares that by connecting the gap between employee darlings and business objectives, such strategies can raise the morale and efficiency of gig workers.

### ***Gig Economy Metrics to Understand***

Significant metrics that deliver insight into the features of the gig economy include the percentage of gig workers, flexibility priority, tasks with compliance, adoption of milestone-based pay, and HR satisfaction scores. A Cronbach's Alpha of 0.84 designates strong internal consistency amongst these variables, representative their interdependence. The answers align with preceding studies. For instance, Kalleberg (2018) emphasizes the interdependence of gig worker expectations, while McKinsey & Company (2021) recognizes flexibility and income as important factors that affect satisfaction. Variance analysis exposed the sectoral inconsistencies in this study, highlighting the importance of context-specific strategies (Nagle et al., 2019).

## **Methodology**

This study uses a mixed-method method to investigate how vicissitudes in the gig economy influence traditional HR practices. The methodology blends measurable and qualitative approaches to offer a comprehensive empathetic of the subject (**Lohtander, (2022)**).

### **Data Collection**

#### **1. Primary Data:**

Surveys were directed to 100 HR professionals from a range of sectors, counting technology, education, healthcare, retail, and transportation .

The study asked about recruitment strategies, compensation plans, appointment practices, and compliance anxieties connected to gig workers.

#### **2. Secondary Data:**

Information was collected from industry reports, academic journals, and case studies. Significant sources are **Friedman (2014) & Kalleberg (2018)**.

### **Analytical Tools**

#### **1. Statistical Analysis:**

- Descriptive statistics and correlations were designed using statistical package like *SPSS 27*.
- The internal consistency of pointers such as HR Satisfaction Scores, Gig Workers Percentage, and Flexibility Priority was measured using Cronbach's Alpha **Cronbach (1951)**.

#### **2. Visual Analysis:**

- Heatmaps and scatter plots, which are visual representations of designs and connections, were fashioned using Tableau.

### **Metrics Used**

The study focused on five key criteria (**Mishra & Yadav, 2022**).

1. Gig Workers Percentage: To control the occurrence of gig work in dissimilar industries .
2. Flexibility Priority: To recognize the importance of flexible work preparations for gig workers .

3. Challenges Compliance: To recognize the legal and operational issues that businesses face .
4. Adoption of Milestone-Based Pay: To look into pay models in gig work settings.
5. The determination of HR Satisfaction Notches is to ascertain the arrogances of HR managers on the integration of gig workers.

### Validation

- To validate the survey instrument, 20 HR experts participated in a pilot study.
- A Cronbach's Alpha score of 0.84, which indicates good internal consistency, validated the datasets dependability.

### Results and discussions

This section offerings key data on gig economy pointers from a range of businesses, counting technology, healthcare, retail, education, and transportation. The results display distinguished disparities in HR satisfaction levels, obedience concerns, flexibility goals, adoption of milestone-based compensation, and gig worker dependance. These findings deliver a succinct overview of how gig work is used in numerous industries, pointing out trends that have an influence on workforce management and structural strategies.

	Gig_Workers_Percentage				Flexibility_Priority (%)	
	<i>mean</i>	<i>std</i>	<i>min</i>	<i>max</i>	<i>mean</i>	<i>std</i>
<b>Sector</b>						
<b>Education</b>	26.5	1.54	25	28	56	1.03
<b>Healthcare</b>	21	1.03	20	22	51	1.03
<b>Retail</b>	46	1.03	45	47	69	1.03
<b>Technology</b>	61.5	1.54	60	63	81	1.03
<b>Transportation</b>	86	1.03	85	87	77	1.54

#### Observations:

##### 1. Gig Workers Percentage Variance:

- There is a significant reliance on gig labor in the transport industry, which has the lowest variance (11.03) and the maximum mean percentage (86%) of self-employed employees.

- Possibly as a result of their specialized or regulated character, the education and healthcare industries have the lowest averages (26.5% and 21%, respectively), indicating limited integration of gig activities.
- The mean for technology (61.5%) shows a significant reliance on gig labor, which is fueled by the need for project-based work in IT solutions and software development.

## 2. Flexibility Priority:

- Technology has the highest mean flexibility score (81), which shows that flexible work schedules are highly valued by gig workers in this industry.
- The comparatively lower results in healthcare (51) and Education (56) may be a reflection of the strict operational frameworks that these industries are known for.

Sector	Challenges Compliance (%)		Milestone_Based_Pay Adoption (%)		HR_Satisfaction Score (1-10)	
	mean	std	mean	std	mean	std
Education	41	1.03	36	1	7	0.1
Healthcare	61	1.03	26	1	6	0.1
Retail	66.5	1.54	61.5	1.5	7	0.1
Technology	51	1.03	71.5	1.5	8	0.1
Transportation	71	1.03	91	1	9	0.1

## 3. Challenges Compliance:

- The biggest compliance issues (mean: 71) are in the transportation sector, most likely as a result of jurisdictional complexity in labor laws and classification.
- Technology (51) and education (41) face fewer compliance issues, maybe as a result of more flexible policies for gig workers or less complicated regulatory frameworks.



#### 4. Milestone-Based Pay Adoption:

- Transportation has the highest adoption rate (mean: 91), which is consistent with its preference for deliverable-based remuneration models and heavy reliance on gig labor.
- Healthcare's traditional wage structures that are linked to professional standards and full-time job norms are the reason for its substantial lag (mean: 26).

#### 5. HR Satisfaction Scores:

- Transportation has the highest level of satisfaction (*mean: 9*), and this is related with a significant provision for flexibility and milestone-based compensation.
- The healthcare industry has the lowest satisfaction rate (*mean: 6*), which is probably related to a lower adoption rate of milestone-based pay and more difficulties with compliance.
- Technology receives a high score (*mean: 8*), highlighting its ability to successfully integrate gig labor while upholding efficient HR procedures.

**Table 2: Correlation Matrix**

	Gig_Workers_Percentage	Flexibility_Priority (%)	Challenges_Compliance (%)	Milestone_Based_Pay_Adoption (%)	HR_Satisfaction_Score (1-10)
Gig_Workers_Percentage	1	0.8851106	0.51929522	0.986504907	0.965143186
Flexibility_Priority (%)	0.88511066	1	0.296665633	0.924946164	0.950307108
Challenges_Compliance (%)	0.51929522	0.2966656	1	0.503734352	0.322118501
Milestone_Based_Pay_Adoption (%)	0.986504907	0.9249461	0.503734352	1	0.961664591
HR_Satisfaction_Score (1-10)	0.965143186	0.9503071	0.322118501	0.961664591	1

Strong correlations are shown in the data, such as the percentage of gig workers who have adopted milestone-based compensation (0.99) and the HR satisfaction score (0.97), indicating that more dependence on gig workers is associated with both satisfaction and flexible pay

structures. Flexibility Priority also has a good correlation with Milestone-Based Pay Adoption (0.92) and HR Satisfaction Score (0.95). Less direct influence on these characteristics is indicated by Challenges Compliance's lesser correlations, which include 0.52 with Gig Workers Percentage and 0.32 with HR Satisfaction Score.

**Table 3: Flexibility Priorities**

Sector	count	mean	std	min	25%	50%	75%	max
Education	20	56	1.03	55	55	56	57	57
Healthcare	20	51	1.03	50	50	51	52	52
Retail	20	69	1.03	68	68	69	70	70
Technology	20	81	1.03	80	80	81	82	82
Transportation	20	76.5	1.54	75	75	76.5	78	78

Significant variations are seen when flexibility priorities are analyzed across sectors. With the highest mean flexibility score of 81, the technology industry stands out as one that places a high priority on allowing flexible work schedules. The healthcare industry, on the other hand, has the lowest mean score (51), which is indicative of more inflexible structures and less flexibility. Moderate degrees of flexibility are shown by Retail (69) and Transportation (76.5), with Transportation displaying somewhat greater fluctuation (standard deviation of 1.54) in contrast to the steady trends seen in other sectors (standard deviation of 1.03). Overall, the data shows that although flexibility is valued across all sectors, how it is implemented differs greatly based on the dynamics and requirements of each industry.

**Table 4: Compliance Challenges**

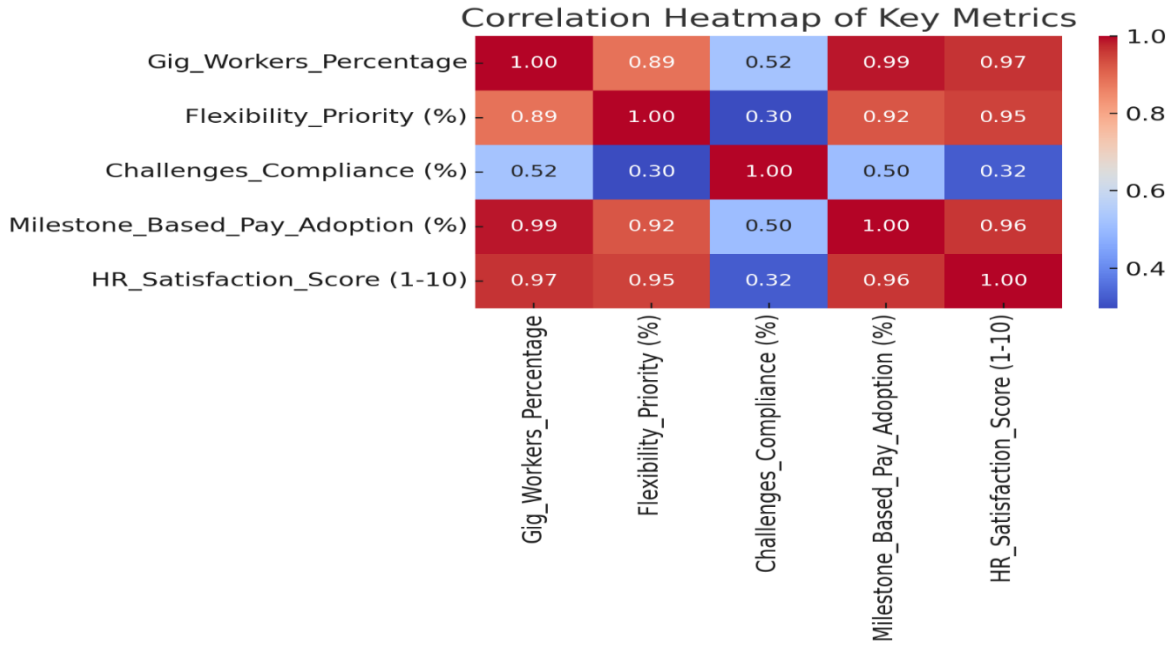
Sector	Freelance Devs Egypt	Nagwa (EdTech)	Shezlong (Telehealth)	Souq.com (Amazon)	Uber Egypt
Education		41			
Healthcare			61		
Retail				66.5	
Technology	51				
Transportation					71

The table illustrates how compliance issues vary by industry. Due to more stringent rules, transportation (Uber Egypt) suffers the greatest obstacles (71%) while education (Nagwa) faces the fewest (41%). The flexibility of freelance employment is perhaps the reason why technology (Freelance Devs Egypt) has relatively low obstacles (51%), whereas healthcare (Shezlong) and retail (Souq.com) have moderate challenges (61% and 66.5%, respectively). This demonstrates how each sector's requirements and nature affect compliance.

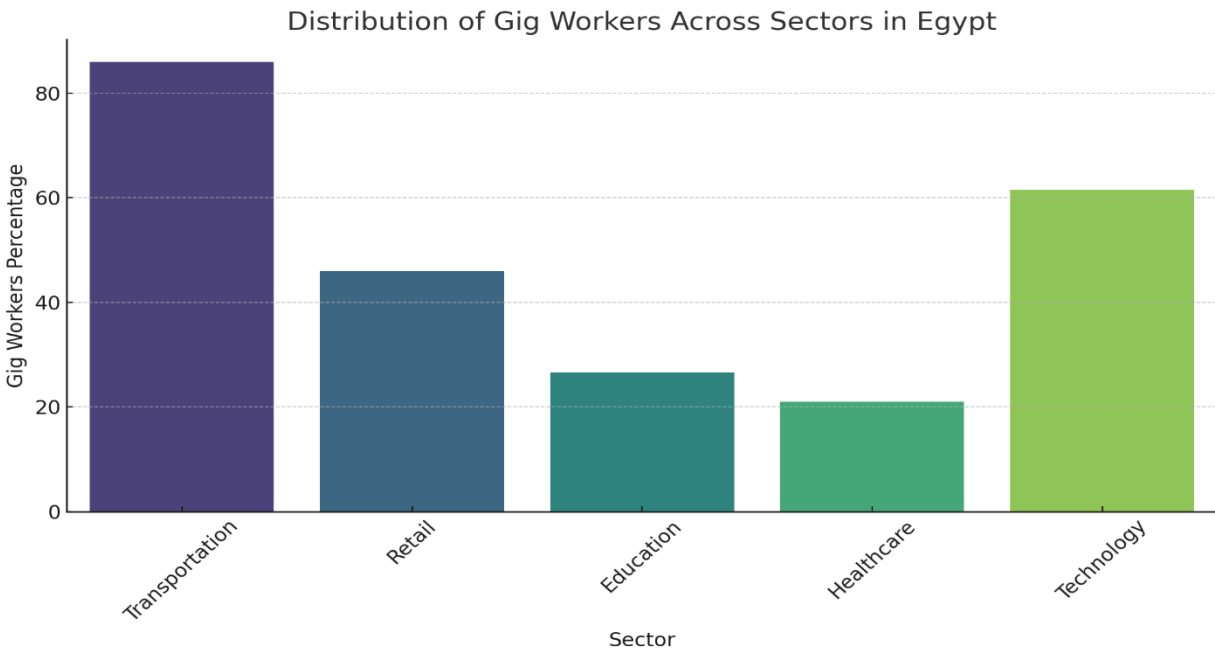
The table illustrates how HR satisfaction varies by sector and the adoption of milestone-based compensation. Transportation has the greatest HR satisfaction score (8.6) and the highest adoption rate of milestone-based compensation (91%), demonstrating how well this payment model works to increase satisfaction. High adoption (71.5%) and satisfaction (8.3%) are followed by technology. Retail displays a modest level of pleasure (7.1) and adoption (61.5%). However, the low adoption of milestone-based pay and lower satisfaction in the education sector (36%, 6.6) and the healthcare sector (26%, 6.1) indicate that traditional pay models in these industries might not adequately meet the needs of gig workers.

**Table 5: Pay vs Satisfaction**

<b>Sector</b>	<b>Milestone_Based_Pay_Adoption (%)</b>	<b>HR_Satisfaction_Score (1-10)</b>
<b>Education</b>	36	6.6
<b>Healthcare</b>	26	6.1
<b>Retail</b>	61.5	7.1
<b>Technology</b>	71.5	8.3
<b>Transportation</b>	91	8.6



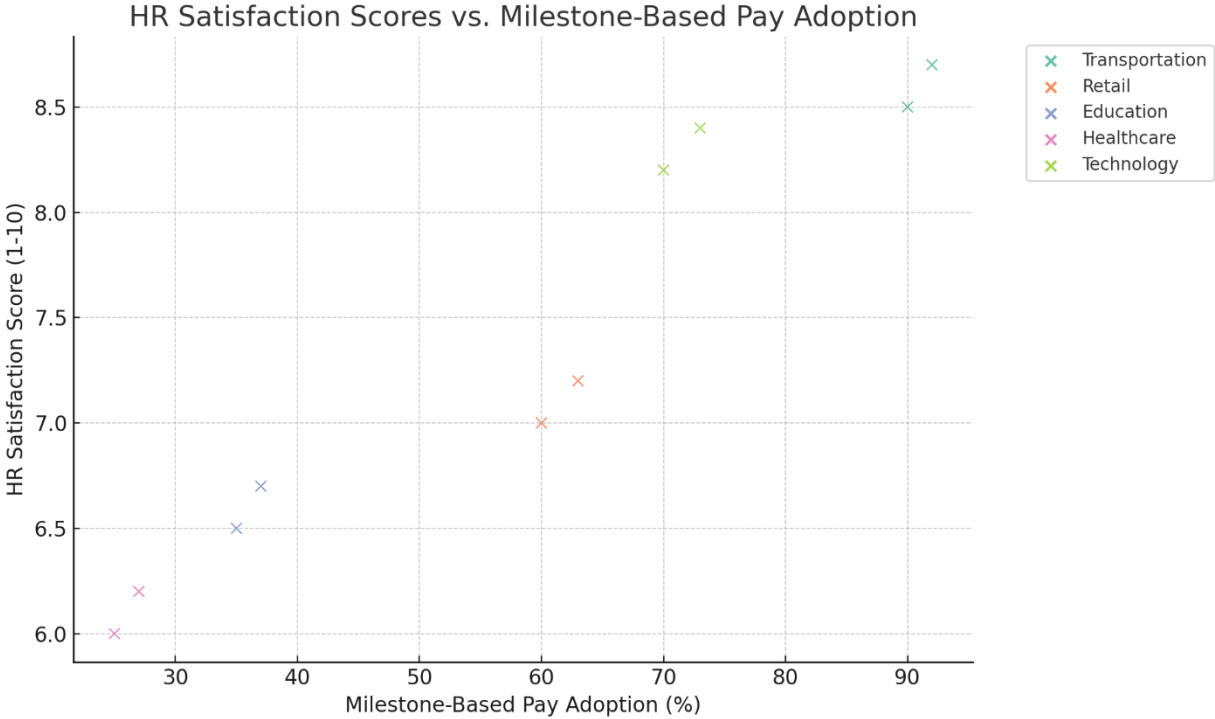
**Figure 1: Correlation Heatmap of key matrices**



**Figure 2: Distribution of Gig Workers Across Sectors in Egypt**

The distribution of gig workers in Egypt's different sectors is depicted in the bar chart. With over 80% of gig workers, the transportation sector is most dependent on them, followed by the technology sector with almost 60%. Education and healthcare have the lowest percentages, both

below 30%, while retail exhibits a considerable level of reliance at 40%. This suggests that while more structured industries like education and healthcare rely less on gig workers, gig employment is most common in industries that need flexibility and scalability, like technology and transportation.



**Figure 3: HR Satisfaction Scores vs. Milestone-Based Pay Adoption**

Milestone-Based Pay Adoption (%) and HR Satisfaction Scores (1–10) across industries are clearly related, as the scatter figure demonstrates. With the highest pay adoption (91%) and satisfaction score (8.6), transportation is in the lead, followed by technology (71.5%, 8.3), demonstrating the beneficial effects of milestone-based compensation on employee satisfaction. While education (36%, 6.6) and healthcare (26%, 6.1) have the lowest adoption rates and satisfaction levels, retail has considerable adoption (61.5%) and satisfaction (7.1). The significance of this compensation model is shown by the fact that industries that rely more heavily on milestone-based pay typically see higher levels of employee satisfaction.

## Conclusion

This study emphasizes how important the gig economy is in changing conventional HR procedures. Organizational effectiveness and gig worker happiness are strongly impacted by important measures like flexibility, adoption of milestone-based pay, and compliance difficulties. The results highlight the necessity of specialized HR tactics to handle sector-specific dynamics and manage gig workers efficiently. The main outputs of our research are:

- While education and healthcare have less reliance on gig workers, the transportation (86%) and technology (61.5%) sectors do.
- In terms of adaptability, technology comes in first (81), followed by transportation (76.5). The sector with the lowest score is healthcare (51).
- Education has the fewest difficulties (41%), whereas transportation has the most (71%).
- Adoption of Milestone-Based Pay and HR Contentment.
- The two industries with the strongest correlations between pay adoption and happiness are transportation (91%, 8.6) and technology (71.5%, 8.3).
- The lowest adoption percentages (36 and 26%) and satisfaction ratings (6.6 and 6.1) are found in the education and healthcare sectors.
- Flexibility, the use of milestone-based pay, and HR satisfaction are strongly correlated, highlighting the significance of these factors in managing gig workers.

These findings highlight the need for adaptability and creative compensation schemes to raise gig worker happiness across all industries.

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