15. Ethical Consumerism: Gig Economy's Road Ahead

Brinda Gupta

Abstract
This article brings to light the plight of the Indian gig workers in the ride-hailing economy who are termed as "partners" of the firm. It explains their distress of dwindling incomes, poor social security, and struggle of everyday survival once the pandemic hit the country. The focus shifts towards the labour reforms of 2020 and how it contributes to their uplift-ment. Areas of improvement, possible loopholes, and ways to enhance female driver participation have also been suggested. The chapter, lastly, talks about the role of stakeholders, especially consumers through ethical consumerism. It suggests providing optional higher surges and more personalization to them, while calling for greater coordination and awareness between stakeholders to improve the livelihood of these workers.

Keywords: gig workers, national lockdown, Social Security Code 2020, female driver participation, ethical consumerism

"*PM Modi Announces 21-Day Lockdown as COVID-19 Toll Touches 12*," read the headlines of *The Hindu* on March 24, 2020 (Hebbar 2020).

Offices indefinitely closed, shops shut, and gatherings banned. People pushed into their homes, not knowing what will happen next. A mask, a sanitizer, and six-foot distance became the new normal. Drones captured images of roads that, once congested with traffic, were now empty. On the front, these empty roads portrayed a country fighting a catastrophe. But what remained unseen and unheard were the many in its backyard fighting another battle—a battle of survival. Amongst those who fought for their livelihood in a dwindling economy were India's more than eight million gig workers (Nanda 2021). Soon news emerged of workers going on strikes

Arora, P., U. Raman, and R. König (eds.), *Feminist Futures of Work: Reimagining Labour in the Digital Economy*. Amsterdam: Amsterdam University Press, 2023
DOI 10.5117/9789463728386_CH15

and demanding relief from companies as they lost their earnings with the diminished demand during the national lockdown.

One might ask, who are these workers and what is their story?

Meet Digambar Bansal, a forty-year-old migrant, who migrated to Mumbai and joined Ola to benefit from improved financial prospects promised by these ride-hailing firms. Unemployment and past abysmal working conditions with meagre monthly incomes of INR 15,000 ($200) contributed to his motivation, like for many others, to join the platform. In the early stages of these unicorns, he claimed to have earned INR 90,000 ($1,200) a month in an interview with *Mumbai Mirror* (Ghosh and Gadgil 2018). This led him to purchase vehicles and auxiliaries through third-party credits in the hopes of an uplifted livelihood. This illusion, however, was short-lasting.

In recent years, his earnings have declined to INR 20,000–30,000 ($270–400) per month. With an equated monthly instalment (EMI) of INR 10,000 ($135) and fuel worth Rs 500 ($6.75), along with car maintenance, Bansal faced difficulties in making ends meet. "Half of my income goes towards paying my EMI, and with what remains, I am torn between either providing for my family or spending on the car's maintenance. We drivers are in a terrible state financially," claimed another driver, Thorat, aged thirty-six, in the same interview with *Mumbai Mirror* (Ghosh and Gadgil 2018).

From Dreams to Debts

These stories of drivers like Bansal and Thorat are not exceptional but represent the experiences of numerous drivers engaged with these platforms. The entry of ride-hailing firms accelerated the growth of the gig economy—a labour market characterized by freelance work through contracts or platforms. These firms hired workers like Bansal in enormous numbers by creating a pseudo-formal sector based on volatile incentives and incomes. However, over the years, increased fuel costs, decreased rates per kilometre, and withdrawal of incentives have contributed to drivers' financial attenuation (Gupta and Natarajan 2020). Yet, despite these setbacks, drivers have continued to work for the platform as they find themselves with principal repayments and increasing interests to pay for investments incurred on these false hopes. Unfortunately, the financial distress does not end here.

Drivers like Bansal are gig workers termed as "partners" of the firms who utilize the platform to connect with customers and provide services.

Hence, they are not considered company employees and are devoid of social security provisions like healthcare. Although firms have claimed to provide insurance, the on-ground reality speaks a different story. Nearly ninety-six per cent of respondents stated they had no form of insurance, in a November 2019 survey[1] carried out by the Indian Federation of App-based Transport Workers (IFAT) in collaboration with the International Transport Workers' Federation (ITF). It also noted that if drivers do have insurance, many were unaware of its possession or how to claim it. Furthermore, like Bansal, many drivers were married, thus bearing the responsibility of their families. After accounting for costs and basic needs, these drivers were left with little to invest in health and education—a dimension of their life to which they solely contribute. At a time when these drivers were already struggling to make ends meet, their financial despair was intensified with the sudden enforcement of the national lockdown in March 2020 as COVID-19 struck India.

The economy came to a standstill, and the demand for cabs dwindled. The IFAT and the ITF carried out four surveys[2] from March–June 2020, which recorded that the drivers' average weekly income commencing April 15 was less than INR 2,500 ($33). The Reserve Bank of India (RBI) had given a moratorium on principal repayments to be made by drivers against the loans taken for financing their vehicles in the early wake of COVID-19. The RBI then extended this moratorium until August 31. However, it did not waive off the interest payments, which was a huge amount to repay at a time when drivers were unable to undertake rides (Rakheja and Staff 2020). Similarly, funds set up by ride-hailing firms were limited to the cost of disease or necessary supplies and did not include finances like EMIs (Korreck 2020). At a time like this, many companies raised prices to recover costs. However, consumers in the cab aggregator company since its emergence have demanded low-cost cabs, not willing to bear higher prices to help these workers. This piling interest, thus, compelled drivers to work in a low-demand low-price economy, exposing themselves to the virus, despite lacking health insurance and sick leave. Many drivers feared getting infected, not because of deteriorating health concerns but because it meant missing out on weekly earnings to cover costs. The first wave of the COVID-19 pandemic exposed that being sick is also a luxury not everyone can afford.

1 https://cis-india.org/raw/files/ifat-itf-protecting-workers-in-digital-platform-economy-ola-uber-occupational-health-safety-report/

2 https://cis-india.org/raw/files/ifat-itf-protecting-workers-in-digital-platform-economy-ola-uber-occupational-health-safety-press-release

Gendered Hope through Legal Reform

Amidst this upheaval came a ray of hope for these drivers as the government announced the Social Security Code 2020,[3] the first law to recognize gig and platform workers formally. Under the code, the government aims to set up a social security fund for these workers. The aggregators have also been instructed to contribute one to two per cent of their annual turnover towards the fund. Moreover, the National Social Security Board will act for the gig workers and platform workers under this code, instead of only unorganized workers in the 2019 bill.

Although this initialization of labour laws depicts recognition of a long-ignored community, the sector's small community of women who have been further pushed back during the pandemic are yet to be recognized. The affliction runs deeper as one takes a bird's-eye view and notices the differentiated gender access to gig platforms. The primary reason behind the sector's low engagement of women is the initial investment in vehicles. A report by Aapti Institute, an organization that generates policy-relevant accessible knowledge to support the creation of a fair and equitable society, noted that women often relied on family savings for initial funding as opposed to third-party loans due to inaccessibility to lenders (Gupta and Natarajan 2020). Obstacles that further hinder their investment in vehicles are unplanned pregnancies and care of families, which halt the earnings required to cover interests and EMIs. Moreover, mechanisms for safety and protection against harassment when going to unknown locations to pick up customers have not been ensured.

It is vital that these labour laws provide resources to help women get back on their feet as they can no longer rely on family savings, which have been exhausted during the pandemic. Measures to boost their entry, like maternity leave and extension of the Sexual Harassment of Women at Workplace Act 2013, should be carried out as security at the workplace is a right of every individual. Lastly, channels to ensure women can use the social security funds at their discretion need to be implemented.

For the larger community of gig workers, some aspects of the code require further work. A clearer distinction between gig and platform workers is required, as currently workers engaged in these platforms can be categorized as both. Moreover, to obtain the benefits, the central government requires workers' digital registration and regular update of details—a digital know-how many workers do not possess. It has also bifurcated social security

3 https://prsindia.org/billtrack/the-code-on-social-security-2020

measures for the centre and state, making the implementation difficult for the workers to understand. Most importantly, while the codes recognize the role of companies, it is yet to address the responsibility of consumers of these services to uplift the lives of gig workers. These drawbacks are impediments that need to be tackled to complement the government's mission to formalize the platform economy and make the new labour laws indispensable towards ensuring workers' social security.

From Consumers to Contributors

The gig economy is evolving. Governments are beginning to recognize its presence and provide adequate rights. However, these labour law initiatives are being financed by the government and companies through a fixed annual contribution. This contribution may not be enough to uplift the workers until the companies can themselves earn more and carry out a ripple down effect of increased revenue. It is hence imperative that we bring in a vital stakeholder of the gig economy in this debate—the demand-diving force of the economy, the consumers themselves. Consumers have long ridden on the competition-fuelled low-cost ride-hailing services. To sustain upliftment, a partial cost shift to consumers is required. However, they are not moral actors who will arbitrarily accept appreciated prices. Hence, incorporation of novel means by stakeholders to persuade consumers to annually increase the monetary social security contribution and witness long-term change is a must.

In general, consumers tend to humanize frontline employees and feel compassionate towards them (Kimeldorf et al. 2006). Hence, we suggest that ride-hailing firms should add a personal touch to their app by providing more than basic driver details, such as a short introduction, and their educational background. This may help in humanizing them to facilitate a better connection and serve as a priming effect to persuade consumers to contribute towards the upliftment of gig workers. For example, Zomato, under its Feed India initiative, automatically rounds off the bill with the balance amount going to its Feed India fund—an optional amount that consumers have the autonomy to remove. However, this mechanism provides a nudge to consumers to contribute rather than simply asking them if they wish to tip or not. Ride-hailing firms can incorporate a similar structure with the proceeds going to workers' social security. This is the first step towards monetary consumer contribution, an optional one—since no company in this era of market capitalization would risk permanently increasing cost and losing market share. However, in the long run, upliftment can thrive only when the partial permanent cost is shifted towards consumers.

Further, consumers can play a vital role in encouraging women's participation not just through monetary contribution, but by providing safety through information. One implementation could be a mechanism that benefits both parties—consumers and women drivers. For example, in addition to the existing customer rating system on the apps, we call for systems that encourage consumers to provide additional information such as gender and age, to be made visible to female drivers only. This can allow women drivers to select if they wish to accept only a female as a customer, especially during odd or late hours, without depriving them of the opportunity to serve other customers as well. Moreover, the mechanism can include an option of enabling customers to make the destination area visible to these drivers to make them feel safer. The rationale behind this recommendation is that female drivers can be made aware of the distance and the location they will have to travel to and then back, alone.

In exchange, it should let female customers who give this information see the availability of female cab drivers nearby and increase the radius of search as well. Also, permitting both parties to contact each other can play an instrumental role. In an article by *IndiaSpend*, Pooja—a gig worker utilizing the platform of Urban Company—claimed that they often communicate with the person who booked the appointment for confirmation (Raman and Saif 2021). Hence, if they feel safe rendering services only to a female, or in the presence of one, they can ensure that. Similarly, female drivers and customers both, through such contact, will be able to communicate, confirm, and overcome their reservations. Along the lines of the suggestions for monetary contributions given above, the enabling of these options by the customers shall be voluntary. Hence, this mechanism through the integration of the initiative "cab for women by women" in the primary platform provides a two-fold benefit—encouraging safety of both parties, while enabling them to seize existing benefits of the platform.

Therefore, if we are to call for improved lives of workers, it is important to increase awareness about the role of ethical consumerism. Back in 2005 in New York City, in a major retail store, demand rose for items labelled as being made under good labour working conditions with prices increasing by ten to twenty per cent against the unlabelled goods (Hiscox and Smyth 2008). This example, to say, lays a foundation to strengthen the argument of how consumers may be inclined towards companies with better labour conditions. Through steps like increasing prices, enabling priming effect, and encouraging consumers for data-sharing for inclusion of female workers in the male-dominated gig economy, we have to leverage the consumer-buying behaviour to uplift the lives of workers. However, the above measures cannot be implemented unless other stakeholders encourage consumers to demand better worker rights. This requires changing consumers' positive view of the living conditions of gig workers in the cab-aggregator economy.

What Role Do Stakeholders Have to Burst this Bubble?

Research suggests that consumers' positive attitude towards gig labour can be due to make-believe worker-consumer interaction imperative to maintain favourable ratings, thus obscuring consumers' view of workers' experience (Healy et al. 2020). This holds importance as a consumer's perception of working conditions affects their intention to both use and recommend a service (Belanche et al. 2021). Moreover, research notes that ethical labour practices often can command a greater monetary consideration from consumers in markets. Hence, it is essential that organizations and trade unions aim to voice stories of these workers to create consumer awareness and elicit an empathetic consumer response. They should also compel companies, and if required, devise ways of appreciating prices that are acceptable to the consumer, one such being charging a premium by promoting investment in labour practices as the reason behind the price appreciation.

Coordination between trade unions and governments is the need of the hour. While the government formulates necessary steps that should be taken to improve the lives of the workers, it is the trade unions' responsibility to ensure that their suggestions are executed. The government can also put in place a system that guarantees proceeds from the implementation of phased dispersal of the responsibility on consumers—i.e., through higher pricing to provide workers with fair amounts—that go towards the upliftment of workers only. Lastly, it is the aggregators, who have to create mediums, such as through the integration of mechanisms on the app, that enable them to charge consumers for improving the lives of their platform workers. For example, a study suggests that women and educated people are particularly socially conscious (Belanche et al. 2021). Hence, on similar lines, there can be segments which can be relevant to socially conscious groups of the ride-hailing sector. These companies should focus on recognizing those segments and benefit from them by providing options of higher tips and optional higher surges.

It is time to deploy a sustainable long-term solution to uplift the lives of workers like Thorat and Bansal by recognizing the role of such pressure groups, especially consumers, in influencing businesses. One such example is when Mattel confirmed that it will halt production of its SeaWorld Trainer Barbie after a backlash from animal rights activists against the aquatic parks with regard to concerns of poor treatment and safety. Similarly, Pepsi announcing that it will stop using aspartame as a sweetener in Diet Pepsi and other products due to consumer influence and requests to ditch the artificial sweetener, is another instance amongst many, whereby consumers affected the way businesses operate (Kane 2015). Hence, on this road ahead, ethical consumerism would be the turning point to help gig workers overcome the hurdles of this pseudo-formal economy and go the next mile.

Bibliography

Belanche, Daniel, Luis V. Casaló, Carlos Flavián, Alfredo Pérez Rueda. "The Role of Customers in the Gig Economy: How Perceptions of Working Conditions and Service Quality Influence the Use and Recommendation of Food Delivery Services." *Service Business* 15, (2021): 45–75. https://doi.org/10.1007/s11628-020-00432-7.

Ghosh, Labonita and Makarand Gadgil. "Here's Why Ola, Uber Drivers Felt Cheated by Taxi Aggregators." *Mumbai Mirror*, March 25, 2018. https://mumbaimirror.indiatimes.com/mumbai/cover-story/cab-failing-service/articleshow/63447865.cms7865.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

Gupta, Shruti and Sarayu Natarajan. "Future of Workers." Aapti Institute, 2020. https://uploads.strikinglycdn.com/files/8689ec98-6ddd-48f3-a5f2-1eae96ad8e28/Future%20of%20Workers_Final_High%20Resolution.pdf.

Healy, Joshua, Andreas Pekarek and Ariadne Vromen. "Sceptics or Supporters? Consumers' Views of Work in the Gig Economy." *New Technology, Work, and Employment* 35, no. 1 (2020): 1–19. https://onlinelibrary.wiley.com/doi/full/10.1111/ntwe.12157.

Hebbar, Nistula. "PM Modi Announces 21-Day Lockdown as COVID-19 Toll Touches 12." *The Hindu*, March 25, 2020. https://www.thehindu.com/news/national/pm-announces-21-day-lockdown-as-covid-19-toll-touches-10/article61958513.ece.

Hiscox, Michael J. and Smyth, Nicholas F. B. "Is There Consumer Demand for Improved Labor Standards? Evidence from Field Experiments in Social Labeling." *SSRN Electronic Journal* (2008). https://www.researchgate.net/publication/242182712_Is_There_Consumer_Demand_for_Improved_Labor_Standards_Evidence_from_Field_Experiments_in_Social_Labeling

Kane, Colleen. "By Popular Demand: Companies That Changed Their Ways." *CNBC*, April 28, 2015. https://www.cnbc.com/2015/04/27/by-popular-demand-companies-that-changed-their-ways.html.

Kimeldorf, Howard, Rachel Meyer, Monica Prasad and Ian Robinson. "Consumers with a Conscience: Will They Pay More?" *Contexts* (Winter, 2006). https://journals.sagepub.com/doi/pdf/10.1525/ctx.2006.5.1.24.

Korreck, Sabrina. "COVID19 and India's Gig Economy: The Case of Ride-Hailing Companies." *ORF*, July 13, 2020. https://www.orfonline.org/research/covid-19-and-indias-gig-economy-the-case-of-ride-hailing-companies-69044/.

Nanda, Prashant K. "India's Gig Workers May Service 90 Million Jobs in Next 8–10 Years." *mint*, March 30, 2021. https://www.livemint.com/news/india/gig-economy-may-service-90-mn-jobs-in-non-farm-sector-11617098463776.html.

Rakheja, Harshit. "Ola, Uber Drivers Strike to Demand Extension of Moratorium, Fare Hike & More." *Inc42 Media*, September 7, 2020. https://inc42.com/buzz/ola-uber-drivers-strike-to-demand-extension-of-moratorium-fare-hike-more/.

Raman, Shreya and Rizvi Saif. "Gig Jobs Give Women Higher Incomes but Little Security." *IndiaSpend*, April 8, 2021. https://www.indiaspend.com/women-2/gig-jobs-give-women-higher-incomes-but-little-se curity-711758.

About the Author

Brinda Gupta (i19brindag@iimidr.ac.in) is a third-year student currently pursuing the five-year Integrated Programme in Management at IIM Indore. She has previously worked for children with disabilities, improving menstrual health, and helping underprivileged students obtain merit-based scholarships. Her interest lies in serving the community, especially women employed in India's vast informal sector.