

Relevance of Cryptocurrency in Gig Economy

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Abstract

The market share of the Gig Economy in the world was projected at USD 355000.0 million in 2021 and there is an estimation that it will rise at a CAGR of 16.18 percent, touching USD 873000.0 million by 2027. As the gig economy grows in size, the demand and popularity for cryptocurrencies has gained momentum as a medium of payment. The rapid rise of cryptocurrencies and the growing popularity of the gig economy are two important recent trends impacting the global landscape in the 21st century. In the past few years, the confluence of these two forces – cryptocurrency and gig economy, has opened up new possibilities, resulting in a synergetic relationship between cryptocurrency and the gig economy. The term Gig Economy refers to a free market system where temporary work opportunities mostly exist and most of the organizations put in use freelance workers for short-term engagements, with the principle of Let's contract. There is no necessity to go for full-time employees since the work is assigned only temporarily. The interrelation of cryptocurrency and the gig economy presents a new frontier in the world of work. Though some challenges are there in adopting this currency, yet the possible benefits of mingling these two tendencies – cryptocurrency and gig economy are significant. Besides, there are also new opportunities for innovation and growth. Anyhow, the future appears to be bright for cryptocurrency in the gig economy. As more people get education and awareness about cryptocurrency and more regulatory guidelines are put in place, there is a chance to witness even more widespread adoption of this exciting new payment method. This paper tries to present the advantages of cryptocurrency in the gig economy and the challenges to be addressed for making cryptocurrency a mainstream payment method in the gig economy.

Keywords: Advantages, Challenges, Cryptocurrency, Gig Economy, Relevance.

Introduction

The gig economy has changed the nature of work of the employees during past few years. As the gig economy grows in size, the demand and popularity for cryptocurrencies has gained momentum as a medium of payment. The rapid rise of cryptocurrencies and the growing popularity of the gig economy are two important recent trends impacting the global landscape in the 21st century. Cryptocurrency has distressed established financial institutions by providing individuals with decentralized and borderless digital currency. On the other side, the gig economy has changed the nature of work of the people by offering flexible job options and giving individuals an opportunity to use their skills and abilities in the marketplace. In the past few years, the confluence of these two forces – cryptocurrency and gig economy, has opened up new possibilities, resulting in a synergetic relationship between cryptocurrency and the gig economy.

Gig Economy

From the views of Human Resource experts, the word “Gig” means Job. Jazz musicians were the first to introduce the term ‘Gig’ in the year 1915. As per recent reports, the total number of people taking part in the Gig economy is 57 million people in the US only. The market share of the Gig Economy in the world was projected at USD 355000.0 million in 2021 and there is an estimation that it will rise at a CAGR of 16.18 percent, touching USD 873000.0 million by 2027. The term Gig Economy refers to a free market system where temporary work opportunities mostly exist and most of the organizations put in use freelance workers for short-term engagements, with the principle of Let’s contract. There is no necessity to go for full-time employees since the work is assigned only temporarily. This does not involve any systematic schedule. For instance, these engagements could be seen in companies like Door Dash, Uber, and Airbnb. The significant Players in Gig Economy market are Fiverr, Upwork, Envato Studio, Freelancer.com, Uber, Airtasker, Vrbo, Airbnb, Etsy. The first temp agency took its shape in the year 1940. The agency provided jobs to typists and other allied clerical trained staff on a temporary basis. At first, Gig economy has originated in the late 90s and early 91s with the emergence of digital age. During the period 1990s, an estimate of 10 per cent of the total US workforce was worked as contractors, temps and on-call workers. This has further changed work patterns and increased the demand for more negotiations in worker’s favour in work culture and as a result, there was a big rise in demand for non-permanent workers.

Major type of industries that hire Gig workers

The following are some jobs related to freelance workers and gig economy that can be done remotely.

1. Computer and Information Technology: Under this classification, there are a wide variety of jobs in gig economy. Gig jobs include those jobs which are related to Digital Marketing and right up to internet security.

2. Writing: Writers make available many types of written materials for several audiences. These jobs include those from preparing reports needed for corporate world right up to blog posts and web content. Some examples of these jobs are Content Writing, Draftsman ship, Resume Writing, Senior UX Copywriting etc.

3. Accounting and Finance: The occupations come under accounting and finance are those related with money matters. These Jobs include those dealing with accounts payables and receivables, tax practioners, preparing tax returns or estimating financial requirements and budgets.

4. Project Management: The function of Project management is to synchronize projects from beginning to ending. These include jobs such as to deal with internal and external vendors, to manage the budgets, and to enquire into delays, if any. Gig workers can easily get jobs in this area.

5. Administrative role: The professionals under this category offer assistance for working executives, by dealing with inward and outward communications, supervising projects, and making time schedules for business travel and trips. Gig workers can get many jobs in this sphere.

6. Education and Training: In the role of educator or trainer, the Gig worker teaches people new skills. The Gig workers can offer their services as corporate trainers, education experts, part-time professor, mentor, tutor, or instructor.

Cryptocurrency

Basically, cryptocurrency can be said to be as a digital or virtual currency. It acts as a medium of exchange that functions like money (as money issued exchange for exchange of goods and services). But, the cryptocurrency, unlike traditional one, is not restricted to national frontiers, and independent from central banks, sovereigns, or fiats. The significant use of cryptocurrencies is in the integration and exchange of digital information which is done with a process in which the aid of the principles of cryptography are taken to enable secure and verifiable transactions. Global platforms such as Coinbase are the places for exchange of cryptocurrencies. These

currencies are transacted on the norm of peer-to-peer exchange. Cryptocurrencies are not recognized as legal tender. These are not issued by any government or central bank. Still, people use these currencies for medium of exchange and also for payment. The most popular crypto currency is Bitcoin. Bitcoin still plays a dominating role in the digital currency market because of its popularity as the most highly rated digital currency accessible till now. Normally, this type of digital currency issued when any transaction takes place or creates a node through a software named the distributed ledger or block chain. So, it is obvious that financial institutions are not participating in this digital transaction. As the use of cryptocurrencies has risen very rapidly, a new fundamental technology came into existence. That technology is nothing but blockchain. Technically, blockchain is a decentralized and protected database of transactions created on decentralized nodes (i.e., miners). The main characteristics of blockchain are decentralization, persistency, anonymity, and auditability.

So, cryptocurrency means a digital (or virtual) currency that takes the help of cryptography for security. It does not depend on any central bank and works independently. It is centered around blockchain technology, which is a decentralized ledger that registers transactions in a protected and transparent mode. Bitcoin is such a cryptocurrency which is first of its kind and has most popularity. It was emerged in 2009, and since then, a lot of other cryptocurrencies came into existence, such as Ethereum, Litecoin, and Dogecoin. Each cryptocurrency has its own distinctive features and uses, but they all function on the same basic principles.

Objectives of the study

1. To study the advantages of cryptocurrency in the gig economy.
2. To study the challenges to be addressed for making cryptocurrency a mainstream payment method in the gig economy.

Research Methodology

The present study is based mainly on the secondary sources of data which is collected from various websites relating to cryptocurrencies and gig economy.

Rationale of the study

As per recent reports, the total number of people taking part in the Gig economy is 57 million people in the US only. The market share of the Gig Economy in the world was projected at USD 355000.0 million in 2021 and there is an estimation that it will rise at a CAGR of 16.18 percent, touching USD 873000.0 million by 2027. The gig economy has facilitated a large number of people to do jobs as per their own conditions, and cryptocurrency offered a new method to carry on transactions and for receiving payments. As cryptocurrencies gain general acceptability and

the gig economy develops popularity, their confluence provides manifold benefits to workers, businesses, and worldwide transactions.

Advantages of cryptocurrency in the gig economy

One of the main benefits of cryptocurrency in the gig economy is the speed with which it works and security. In comparison to traditional payment methods, such as bank transfers or cheques, cryptocurrency transactions are processed immediately, and the fees is much lower. This is mainly convenient for freelancers who work with clients around different parts of the world and may face challenges in currency conversion and international transaction fees.

The other advantage of cryptocurrency is the anonymity in its transactions. Freelancers can receive their remuneration without divulging their personal details, such as their name or address. This is especially useful for the workers in industries like journalism or cybersecurity, where privacy and security are paramount.

Cryptocurrency also removes the need for intermediaries like banks or payment processors. This means that freelance workers can receive remuneration directly from their clients without any middlemen, who charge some commission. Moreover, as cryptocurrencies are not under the control of government or financial institution, they are resistant to inflation and economic instability. This makes them a reliable means of payment.

For starters in business, cryptocurrency offers a fast and secure mode to pay workers. This means businesses can pay the remuneration of their workers faster, which can lead to the improvement of cash flow and reduction in the risk of late payments.

Cryptocurrency also gives an opportunity to businesses with a manner to work with clients from around the world without having worries about change in exchange rates or other financial obstacles. This can lead businesses to expand their reach and enter into new markets.

Block chain technology is developing rapidly at global level. This could create newer opportunities for freelancers to make income. For example, block chain-based platforms provide opportunities to freelancers to earn cryptocurrency by utilizing their skills and knowledge to decentralized projects or by taking part in online transactions.

Finally, cryptocurrency also provides security benefits to businesses. Cryptocurrency transactions are decentralized and encrypted. So, they are much harder to hack or steal in comparison to traditional payment methods. This gives businesses peace of mind because their financial transactions are safe and secure.

Challenges to be addressed for making cryptocurrency a mainstream payment method in the gig economy

However, there are still some challenges that need to be discussed before cryptocurrency can become a media of mainstream payment in those economies where the gig economy operates.

For starters, there is still a lack of understanding, awareness and education around cryptocurrency. Many people are still sceptical of cryptocurrency and are not sure about how it works.

The main problem with the crypto currency is its volatility. These currencies are branded for the degree with which they fluctuate in the economy, and the value of this currency can fluctuate very rapidly in a short span of time. As a result, it can pose a big challenge for freelancers in order to prepare their budget and make a strategy for their future.

The other challenge with the cryptocurrency is that it is not so widely adopted in the gig economies. Though a large number of businesses are inclined to adopt cryptocurrencies as media of payment, yet majority of people are not utilizing this currency as a main option. This implies that freelancers may not have wide choices in changing their earnings from crypto currency into fiat currency (the currency which is used in their respective home country).

There are some regulatory challenges also in wide spread use of cryptocurrencies. As cryptocurrencies are not under the control of government or financial institution, this makes it difficult for businesses to cross the legal landscape.

Conclusion

The interrelation of cryptocurrency and the gig economy presents a new frontier in the world of work. The gig economy has facilitated a large number of people to do jobs as per their own conditions, and cryptocurrency offered a new method to carry on transactions and for receiving payments. Though some challenges are there in adopting this currency, yet the possible benefits of mingling these two tendencies – cryptocurrency and gig economy are significant. Besides, there are also new opportunities for innovation and growth. Anyhow, the future appears to be bright for cryptocurrency in the gig economy. As more people get education and awareness about cryptocurrency and more regulatory guidelines are put in place, there is a chance to witness even more widespread adoption of this exciting new payment method. No doubt, cryptocurrency can become a media of mainstream payment in those economies where the gig economy operates and the future looks bright for this exciting new technology. As cryptocurrencies gain general acceptability and the gig economy develops popularity, their confluence provides manifold benefits to workers, businesses, and worldwide transactions.

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