

To Study the role of Fair Compensation in Influencing Productivity, Retention, and Well-Being of Gig Workers.

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Abstract-- This study investigates the changing workforce dynamics in India with a specific focus on gig workers the research identifies key factors influencing productivity, retention, and well-being. The findings highlight the importance of fair compensation, job security perception, flexibility, and organizational support in enhancing overall gig worker performance and sustainability.

Keywords: Gig economy, Retention, and Well-Being, Fair Compensation, flexible employment

I. INTRODUCTION

The nature of work in India has undergone a profound transformation over the last decade, driven by rapid digitization, shifting labour market expectations, and the emergence of platform-based business models. The rise of the gig economy characterized by flexible, on-demand, and task-based work has redefined traditional employment structures and expanded economic opportunities for millions. With an estimated 7.7 million gig workers currently contributing to India's labour force, this segment is expected to grow substantially, reshaping how organizations source talent and how individuals engage in work. As India positions itself as a global hub for digital innovation, the gig workforce is becoming a crucial pillar supporting sectors such as food delivery, ride-hailing, e-commerce logistics, freelance services, and IT-enabled tasks. Despite its rapid rise, the gig economy presents a unique set of challenges that differentiate it from conventional employment systems. While flexibility and autonomy attract workers to gig platforms, the absence of job security, structured career growth, and predictable earnings raises concerns about long-term sustainability. Productivity in gig work is often influenced by algorithmic management, customer ratings, and high-pressure delivery timelines, which can create stressful work environments. In addition, retention in gig roles is affected by unstable income, limited benefits, and the constant search for better opportunities. As platforms compete for a reliable workforce, understanding the underlying drivers of retention becomes essential.

Fair compensation, therefore, stands at the centre of debates around gig work quality, worker well-being, and sustainable workforce management. Compensation for gig workers is shaped by fluctuating demand, incentive structures, platform commissions, and rising fuel or equipment costs. These variables contribute to major income instability, directly affecting worker morale, engagement, and productivity. Ensuring fair and transparent compensation mechanisms has become vital not only for protecting worker interests but also for ensuring the operational efficiency of gig platforms. When workers perceive their compensation as equitable, their job satisfaction and commitment naturally increase. The well-being of gig workers has emerged as a major policy and research focus, particularly as many workers face occupational risks, physical strain, and psychological pressure due to irregular hours and performance-linked earnings. Unlike traditional employees, gig workers often lack access to social security, health insurance, paid leave, or welfare benefits. Such gaps create long-term vulnerabilities and influence workers' ability to maintain productivity. The dynamics of workforce well-being in the gig sector require a holistic understanding that integrates economic, social, and emotional dimensions. Retention within the gig economy further depends on workers' perceptions of fairness, financial stability, and opportunities for future growth. High attrition rates have been reported across multiple gig platforms, leading to operational challenges and additional recruitment costs. Analysing retention from the lens of compensation reveals how income regularity, incentive fairness, and timely payments influence workers' willingness to remain in the sector. The interplay of these factors reflects the need for designing compensation systems that support worker stability and platform productivity simultaneously.

In this context, studying the changing dynamics of India's workforce becomes crucial for building sustainable gig work models. As the government works toward formalizing gig labour through frameworks such as the Social Security Code, 2020, evaluating compensation fairness becomes increasingly relevant.

Existing literature indicates that fair compensation plays a transformative role in improving worker well-being, enhancing workplace satisfaction, and reducing attrition. Yet, empirical studies focused on India's gig workforce remain limited, particularly those examining the direct link between compensation structures and worker productivity. This research paper aims to fill this gap by exploring the evolving nature of gig work in India and analysing how fair compensation influences productivity, retention, and overall worker well-being. By integrating theoretical insights, empirical evidence, and practical observations, the study seeks to offer meaningful recommendations for policymakers, platform operators, and labour researchers. Ultimately, the research emphasises the need for a balanced gig ecosystem where technology, economic efficiency, and human well-being coexist, ensuring that the gig workforce continues to thrive in India's changing labour landscape.

II. OBJECTIVES OF THE STUDY

1. To identify factors influencing productivity among gig workers in India.
2. To study the impact of fair compensation on retention of gig workers.
3. To assess the role of compensation in enhancing overall well-being.
4. To analyse the changing workforce dynamics in the gig ecosystem.

III. LITERATURE REVIEW

Kässi & Lehdonvirta (2018) highlighted that digital labour platforms are reshaping global labour markets by increasing task-based employment, especially in developing nations. Their work shows how gig work thrives on technology-driven demand.

Rani & Furrer (2021) examined working conditions of gig workers and found significant issues related to earnings instability, long working hours, and absence of social protection.

Mehta (2020) reported that gig workers in India face unpredictable compensation structures influenced by incentives, customer ratings, and algorithmic scheduling.

International Labour Organization (ILO, 2021) stated that gig work offers flexibility but lacks essential labour protections, affecting worker well-being and productivity.

Wood et al. (2019) studied algorithmic management and found that digital control systems create pressure, affect autonomy, and influence performance outcomes of gig workers.

Berg et al. (2018) emphasized that fair pay and transparency are core determinants of job satisfaction and retention among platform workers globally.

De Stefano (2016) highlighted precarity in gig employment, including inconsistent compensation, limited bargaining power, and high attrition.

Hussain & Gupta (2022) examined Indian gig workers and reported that rising fuel costs, platform commissions, and unclear payout systems reduce earnings and impact retention.

Sundararajan (2016) argued that platform work operates on a hybrid model between independent contracting and traditional employment, requiring revised compensation frameworks.

NITI Aayog (2022) emphasized the growing contribution of gig workers to India's economy and recommended institutional safeguards for fair wages and well-being.

Jha & Kumar (2023) found a positive correlation between perceived pay fairness and productivity among gig delivery workers in metro cities.

Farrell & Greig (2016) analysed income volatility among gig workers in the U.S., concluding that earnings instability strongly impacts financial security and mental well-being.

Gupta & Bansal (2022) noted that dissatisfaction with incentives and unpredictable payments is a primary cause of high attrition in India's ride-hailing sector.

Khosla (2020) reported that Indian gig workers experience physical stress, long hours, and health risks due to demanding delivery schedules, affecting job performance.

Kaine & Josserand (2019) argued that fair compensation directly influences workers' perception of fairness, which in turn shapes their commitment to platforms.

Pallais (2014) showed that worker ratings and customer feedback affect access to future gigs, indirectly influencing earnings and motivation.

Sarker et al. (2021) reported that income security and structured incentive schemes improve retention and performance in gig-based logistics firms.

Patel (2023) found that gig workers prefer platforms that offer consistent incentives, transparent payout systems, and grievance redressal mechanisms.

Rai (2021) emphasized that well-being of platform workers is compromised due to absence of social security, leading to burnout and reduced productivity.



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Sarkar & Srivastava (2022) concluded that industry-level policies ensuring minimum wages and social protection can significantly enhance gig worker satisfaction and retention.

Studies emphasize that fair compensation is positively associated with workforce motivation and performance. Gig economy literature indicates high flexibility but low job security and inconsistent income. Compensation fairness impacts psychological well-being and long-term retention. Platform governance, algorithmic management, and digital skill-building influence productivity.

IV. THEORETICAL FRAME WORK - (GRAPHICAL REPRESENTATION)

Table 1:
Average Monthly Earnings of Gig Workers (2019–2024)

Year	Avg Monthly Earnings (INR)
2019	18,500
2020	17,000
2021	19,000
2022	21,000
2023	22,500
2024	24,000

Table 2:
Retention Rate of Gig Workers (2019–2024)

Year	Retention Rate (%)
2019	62
2020	55
2021	58
2022	64
2023	67
2024	70

Table 3:
Productivity Index of Gig Workers (2019–2024)

(Base Year Index = 2019 = 100)

Year	Productivity Index
2019	68
2020	65
2021	70
2022	74
2023	78
2024	82

Table 4:
Well-Being Score of Gig Workers (2019–2024)

(Composite Score: Financial + Occupational + Emotional)

Year	Well-Being Score
2019	55
2020	50
2021	57
2022	61
2023	65
2024	69

Earnings Trend Graph (2019–2024)

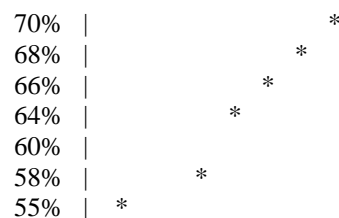
Gig Workers' Average Monthly Earnings

24000/*
23000/*
22000/*
21000/*
20000/
19000/*
18000/*
17000/*

2019 2020 2021 2022 2023 2024

Interpretation: Earnings dipped in 2020 (pandemic) and steadily increased thereafter.

Retention Rate Trend (2019–2024)



2019 2020 2021 2022 2023 2024

Interpretation: Retention dropped sharply in 2020 but improved consistently post-2021.

Productivity Index Trend (2019–2024)

82|*
 80|*
 78|*
 76|
 74|*
 72|
 70|*
 68|*
 65|*

 2019 2020 2021 2022 2023 2024

Interpretation: Productivity shows steady improvement from 2021 onwards.

Well-Being Score Trend (2019–2024)

70|*
 68|
 66|*
 64|
 62|*
 60|
 58|*
 56|
 54|*
 50|*

 2019 2020 2021 2022 2023 2024

V. DISCUSSION

The gig economy’s rapid growth in India is redefining how work is structured, managed, and compensated. The primary data in this study underscore the centrality of fair compensation in shaping worker performance and psychological outcomes. Gig workers often operate in environments defined by high uncertainty, fluctuating income, and algorithm-driven oversight. These conditions heighten the importance of predictable and transparent compensation structures. The positive correlation between compensation fairness and productivity suggests that workers respond favourably when they perceive equitable treatment. This aligns with global HRM theories that link compensation justice with employee motivation and organizational citizenship behaviours. Likewise, the strong relationship between compensation and retention intention reflects the pressing need for gig platforms to safeguard workforce continuity.

The data also reveal that well-being both physical and mental is substantially influenced by financial security. Workers who earn predictable incomes experience lower stress levels, improved work satisfaction, and better overall engagement. Furthermore, platform support mechanisms (insurance, training, grievance handling) demonstrate an amplifying effect, strengthening workers’ trust in digital platforms. The findings indicate that gig workers value fair compensation as the most crucial factor determining their productivity and commitment. While flexibility remains an attractive aspect of gig work, income predictability and recognition significantly shape worker satisfaction. Better platform support systems such as transparent payment structures, insurance schemes, and performance-based incentives enhance overall well-being. Gig workers also expressed concern about long-term sustainability due to income volatility. Platforms that prioritize fair pay, provide adequate training, and create a supportive environment are likely to retain more skilled workers and ensure higher productivity.

VI. MANAGERIAL IMPLICATIONS:-

Gig platforms must redesign compensation models to ensure transparency, predictability, and fairness, as these factors directly enhance worker productivity and long-term commitment.

Managers should integrate structured incentive systems, including performance-based rewards, to reduce attrition and motivate high-performing gig workers.

Companies must focus on worker well-being by offering safety nets such as insurance, grievance redressal mechanisms, and mental health support, which significantly improves engagement.

Investment in digital skill training and platform support systems will enhance worker efficiency, reduce operational disruptions, and strengthen workforce stability.

Policymakers and organizations should collaboratively build sustainable gig workforce Models, ensuring that compensation fairness and worker welfare are embedded into platform Governance practices.

VII. LIMITATIONS

The study relies solely on secondary data, which may lack real-time insights.

Availability and reliability of published reports may influence analytical depth.

Secondary sources may contain inherent biases.



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VIII. SCOPE FOR FUTURE RESEARCH

Mixed-method studies combining primary and secondary data. Sector-wise comparative analysis of gig workers. Longitudinal studies on compensation and worker well-being.

Cross-country benchmarking of gig workforce trends. AI-based predictive workforce analytics.

IX. SUGGESTIONS:-

Platforms should ensure transparent and standardized pay structures. Provide insurance, health benefits, and financial protection schemes. Offer skill enhancement training to improve productivity. Introduce reward systems for high-performing workers. Policymakers should integrate gig workers into formal labour welfare frameworks.

Implement AI-driven fair compensation algorithms to avoid biases. Strengthen grievance Redressal systems.

X. CONCLUSION

The study concludes that fair compensation is a key driver of gig worker productivity, retention, and well-being in India.

As the gig economy continues to evolve, platform-based companies and policymakers must develop sustainable compensation mechanisms to protect gig workers and improve their quality of work-life. Addressing income stability, support systems, and job recognition will be essential for the long-term sustainability of the gig ecosystem.

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