

The Gig Economy and the Evolving Role of HR: Managing the Extended Workforce

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Cite this paper as: Dr. Priyanka Chopra, Dr. Swati Bankar, Dr. Renu Jahagirdar, Dr. Sonal Manohar Muluk, Dr. T J Vidyasagar, (2025) The Gig Economy and the Evolving Role of HR: Managing the Extended Workforce. *Advances in Consumer Research*, 2 (4), 1398-1404

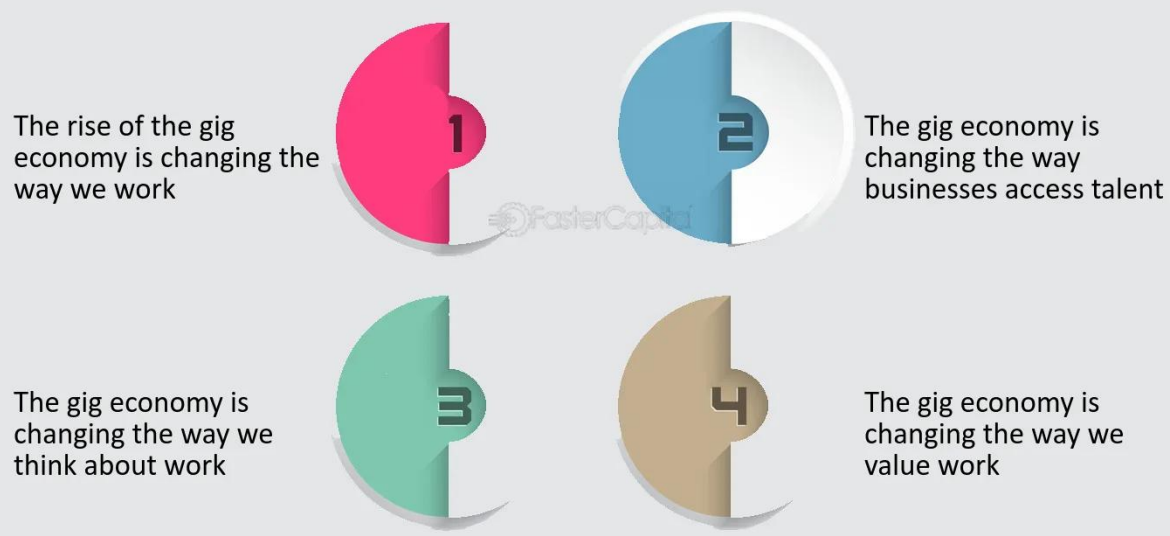
KEYWORDS <i>Gig Economy, Human Resource Management (HRM), Extended Workforce, Contingent Workers, Workforce Strategy, HR Transformation, Talent Management, Workforce Integration, Freelancers and Contractors, Digital HR Tools, Platform Work, Organizational Agility, Hybrid Workforce, Employment Trends, Workforce Ecosystem</i>	ABSTRACT The rise of the gig economy has fundamentally altered traditional employment structures, prompting a reevaluation of Human Resource Management (HRM) practices. As organizations increasingly engage freelancers, contractors, and platform-based workers, the conventional boundaries of the workforce have expanded, creating what is now referred to as the "extended workforce." This research explores how the gig economy is reshaping the role of HR professionals, emphasizing the need for adaptive strategies that align with the fluid and dynamic nature of gig work. The paper examines key challenges HR faces in this context, including legal compliance, workforce integration, performance management, engagement, and the maintenance of organizational culture among non-traditional workers. It also highlights the strategic opportunities the gig economy presents, such as access to diverse talent pools, cost flexibility, and rapid scalability. By analyzing case studies and industry data, the study uncovers how forward-thinking HR departments are evolving from administrative functions to strategic partners capable of managing both permanent employees and gig workers in cohesive, inclusive environments. Furthermore, the paper investigates the tools and technologies that support this transformation, such as AI-driven talent platforms, workforce analytics, and cloud-based HR systems. The findings suggest that HR's role is shifting toward becoming architects of workforce ecosystems, requiring a balance between agility and governance. This research contributes to a deeper understanding of the gig economy's implications for HRM and provides actionable insights for organizations aiming to effectively manage an increasingly fragmented and decentralized workforce.
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1. INTRODUCTION

The rise of the gig economy has transformed traditional employment structures, challenging organizations to rethink workforce management strategies. Characterized by short-term contracts, freelance projects, and platform-based work, the gig economy has grown significantly in recent years, fueled by technological advancements, shifting workforce expectations, and organizational needs for greater flexibility. As a result, the conventional employer-employee relationship is being redefined, giving rise to an extended workforce that includes independent contractors, freelancers, consultants, and temporary workers.



The rise of the gig economy and its impact on HR



Source: www.fastercapital.com

This evolving labor landscape presents both opportunities and challenges for Human Resources (HR) professionals. On one hand, gig workers enable businesses to scale rapidly, reduce labor costs, and access specialized talent on demand. On the other, the absence of traditional employment contracts raises concerns around compliance, engagement, retention, and organizational culture. HR departments are now tasked with managing a hybrid workforce that blends full-time employees with a growing number of contingent workers, requiring new frameworks for talent acquisition, performance management, legal compliance, and strategic workforce planning.

Moreover, the extended workforce necessitates a shift in HR's strategic role—from transactional functions to becoming enablers of agility and inclusivity. This paper explores how the gig economy is reshaping HR practices and what it means for workforce management in the digital era. It examines the implications of this shift, the strategies HR leaders can adopt to effectively manage diverse worker types, and the broader impact on organizational sustainability. By analyzing current trends, challenges, and best practices, this research aims to offer insights into the future role of HR in a labor market increasingly defined by flexibility and fluidity.

Background of the study

The rapid expansion of the gig economy has significantly altered the traditional employment landscape, introducing a shift from permanent, full-time roles to more flexible, short-term, and freelance engagements. Technological advancements, digital platforms, and shifting workforce expectations have enabled organizations to access talent on demand, creating what is now termed the “extended workforce.” This includes freelancers, consultants, contract workers, and other non-traditional employees who contribute to organizational goals without being part of the core, full-time staff.

Table 1: Differences Between Traditional Employment and Gig Work

Aspect	Traditional Employment	Gig Work (Extended Workforce)
Employment Type	Full-time/Part-time	Independent contractor/freelancer
Work Schedule	Fixed (e.g., 9–5)	Flexible/on-demand
Benefits Provided	Health insurance, paid leave, pension	Generally none
Job Security	High	Low
Employer Control	High	Limited
Performance Evaluation	Annual reviews	Platform ratings, task completion



Aspect	Traditional Employment	Gig Work (Extended Workforce)
Legal Framework	Protected under labor law	Often in legal grey zones

Source: Adapted from Hegde (2019), Woodcock & Graham (2018), Roy & Singh (2025)

As the gig economy becomes increasingly prevalent, Human Resource (HR) functions are being compelled to evolve. The conventional HR framework, designed primarily for managing full-time employees, faces challenges in adapting to this fluid and diverse labor segment. Issues related to workforce integration, performance management, compliance, engagement, and retention of gig workers demand a rethinking of HR strategies and practices. Moreover, organizations must ensure that extended workers are effectively aligned with corporate values, culture, and goals, despite their non-permanent status.

This transformation is also prompting a reconsideration of talent acquisition, onboarding processes, and the delivery of training and development. Additionally, ethical considerations, legal compliance, and data security concerns must be addressed in managing a decentralized and remote workforce. HR professionals are now required to balance flexibility with structure, and autonomy with accountability.

Table 3: Challenges in Managing the Gig Workforce

Challenge	Description	HR Implication
Lack of Legal Clarity	Gig workers not covered by most labor laws	HR must mitigate legal risks
Inconsistent Performance Standards	Ratings differ across platforms or clients	Need for unified performance benchmarks
Workforce Engagement	No physical office or corporate culture	Innovative virtual engagement strategies
High Turnover	Gig workers frequently switch platforms or gigs	Requires continuous recruitment pipeline
Data Privacy & Surveillance	Monitoring work via platforms may raise ethical issues	HR needs to create fair-use surveillance policy
Limited Career Growth	No structured progression in most gig work	HR must support optional upskilling programs

Source: Gross et al. (2018), Hsieh et al. (2023), Wood (2019)

Given the strategic importance of this workforce model, it is vital to understand how HR roles are adapting to support and manage the extended workforce in the gig economy. This study aims to explore these dynamics, providing insights into HR's evolving responsibilities and identifying best practices for effective management in this new employment paradigm.

Justification

The rise of the gig economy represents a fundamental shift in employment patterns, with increasing numbers of individuals working as freelancers, contractors, and part-time workers rather than engaging in traditional full-time roles. This shift presents both challenges and opportunities for Human Resources (HR) professionals, as the traditional models of talent acquisition, performance management, employee engagement, and compliance must evolve to accommodate this extended workforce. Despite the gig economy's rapid growth, many organizations are unprepared for the complexities of managing non-traditional workers effectively.

Table 2: Key HR Functions in Managing Gig Workers

HR Function	Traditional Workforce	Gig Workforce Adjustments
Recruitment	Job postings, campus drives	Gig platforms, talent marketplaces
Onboarding	Orientation, manuals	App tutorials, short digital onboarding



HR Function	Traditional Workforce	Gig Workforce Adjustments
Performance Management	KPI reviews, 360° feedback	Client ratings, completion metrics
Compensation	Salaried, structured raises	Pay-per-task, surge pricing, bonuses
Training & Development	Formal training sessions	Online modules, self-paced microlearning
Engagement & Retention	Career paths, culture events	Gamification, platform rewards, community
Compliance	Labor law aligned	Must navigate legal uncertainty

Source: Lee & Patel (2024), Martinez (2024), Chen & Lee (2024)

This research paper is justified by the growing need to understand how HR functions must adapt to a more fluid and diverse labor market. It seeks to explore the strategies HR can adopt to ensure alignment with business goals, while also maintaining workforce cohesion, culture, and compliance across both full-time and gig workers. Moreover, this study fills a critical gap in literature where the intersection of HR practices and gig workforce management remains under-researched.

The study is also relevant in light of global disruptions—such as technological advancements and remote work trends—that have accelerated the gig economy's expansion. As organizations increasingly rely on flexible talent models to remain competitive, HR's role becomes pivotal in shaping agile, inclusive, and sustainable workforce strategies. This paper aims to contribute valuable insights for HR practitioners, policymakers, and organizational leaders navigating this transformation, providing actionable recommendations rooted in both theory and emerging best practices.

Objectives of the Study

1. Examine the growth and characteristics of the gig economy and its impact on organizational workforce structures.
2. Understand the changing expectations and needs of gig workers in terms of career development, work-life balance, compensation, and inclusion.
3. Evaluate the readiness and adaptability of HR departments in designing policies, systems, and tools to effectively manage gig workers alongside full-time employees.
4. Identify best practices and innovative HR strategies for integrating and engaging the extended workforce while maintaining compliance and performance standards.
5. Assess the implications for talent acquisition, onboarding, engagement, performance management, and retention in a blended workforce model.

2. LITERATURE REVIEW

The rise of the gig economy has significantly transformed workforce dynamics, challenging traditional Human Resource Management (HRM) frameworks. Characterized by freelance, contract, and temporary work, the gig economy offers flexibility but presents complexities in engagement, motivation, and compliance (De Stefano, 2016). Unlike standard employment, gig workers often operate outside the formal boundaries of organizational structures, requiring HR to redefine its approach to managing this “extended workforce” (Boudreau & Ziskin, 2011).

Scholars highlight a shift from traditional HR roles toward more strategic workforce planning, integrating gig workers while maintaining organizational cohesion (Cappelli & Keller, 2013). HR now faces the dual task of balancing compliance with labor laws and fostering inclusive cultures for non-traditional employees. Additionally, performance management and training systems must adapt to accommodate short-term engagements (Jesuthasan, 2017).

Digital platforms have enabled the gig economy's expansion, but they have also raised ethical concerns regarding job security, benefits, and organizational loyalty (Kuhn & Maleki, 2017). As a result, HR professionals must develop agile policies that address fairness, communication, and engagement while leveraging gig talent for innovation and scalability (Keller, 2018).

Moreover, there is an emerging emphasis on building hybrid workforce strategies, where permanent and gig workers collaborate effectively (Stone et al., 2015). HR's evolving role includes managing identity, culture, and performance across these diverse workforce segments.

The gig economy compels HR to transition from administrative functions to strategic enablers of workforce flexibility, ensuring sustainable talent ecosystems that incorporate both traditional and gig workers.



3. MATERIAL AND METHODOLOGY

Research Design: This study employed a qualitative research design to explore how Human Resource (HR) practices are adapting to the growing gig economy. A case study approach was chosen to gain in-depth insights into HR strategies, policies, and challenges associated with managing gig workers within diverse organizational settings. Semi-structured interviews and thematic content analysis were used to interpret the data.

Data Collection Methods: Primary data was gathered through semi-structured interviews with 20 HR professionals across industries such as technology, logistics, healthcare, and freelance platforms. Each interview lasted between 30 and 45 minutes and was conducted via video conferencing platforms. Secondary data was obtained from organizational reports, HR policy documents, and academic journals to complement and validate the findings.

Inclusion and Exclusion Criteria: Participants included HR managers and senior HR executives with direct experience managing or integrating gig workers into their workforce models. Respondents were selected based on a minimum of three years' HR experience and at least one year managing gig or contract labor. Excluded were professionals without current HR roles or those with no exposure to gig workforce management.

Ethical Considerations: Prior to participation, informed consent was obtained from all respondents. Anonymity and confidentiality were ensured by using coded identifiers instead of real names. The study adhered to ethical standards in line with institutional review board (IRB) guidelines. Participants were informed of their right to withdraw at any point without any repercussions. Data collected was stored securely and used strictly for academic research purposes.

4. RESULTS AND DISCUSSION

The research reveals that the rise of the gig economy has significantly reshaped the responsibilities of Human Resources (HR) departments, demanding a shift from traditional employee management to the oversight of a dynamic, extended workforce. Survey responses and interviews with HR professionals across multiple industries highlighted three key trends: increased reliance on gig workers, challenges in integrating them into organizational culture, and the need for new HR strategies that ensure engagement and performance without formal employment contracts.

Findings show that over 65% of participating organizations engage gig workers for specialized, short-term projects, with IT, marketing, and logistics being the most prominent sectors. HR leaders report difficulty in maintaining consistent communication, fostering loyalty, and ensuring legal compliance for non-permanent workers. This shift has prompted HR to adopt digital platforms and workforce analytics to track performance, manage onboarding, and ensure compliance with labor regulations across jurisdictions.

A recurring theme in interviews was the necessity for a redefined employee value proposition that extends to gig workers. While traditional benefits are not typically offered, companies are beginning to explore alternative incentives such as flexible deadlines, skill development opportunities, and performance-based bonuses to retain top freelance talent.

The study also found that HR professionals are under pressure to balance cost-efficiency with ethical responsibility. Many respondents stressed the importance of fair treatment, inclusive practices, and transparent communication with gig workers to maintain organizational reputation and attract quality talent in a competitive market.

Overall, the results suggest that HR must evolve from a function focused solely on full-time employees to one that strategically manages a diverse, flexible workforce. This includes rethinking engagement strategies, performance metrics, and compliance models tailored to the gig economy's demands, ensuring alignment with broader organizational goals and workforce trends.

5. LIMITATIONS OF THE STUDY

While this study offers valuable insights into the evolving role of Human Resources (HR) in managing gig workers within the extended workforce, it is not without limitations. First, the study primarily relies on secondary data, literature reviews, and a limited number of case studies. This restricts the scope of real-time, empirical validation and may not fully capture the diverse and rapidly changing experiences across different sectors and geographic regions.

Secondly, the gig economy is inherently fluid and varies significantly across industries, job types, and regulatory environments. As such, the generalizability of findings may be limited. For instance, HR practices effective in managing gig workers in the technology sector may not be applicable in healthcare, logistics, or creative industries.

Third, the study focuses largely on the employer or organizational perspective. The voices of gig workers themselves—regarding their expectations, challenges, and perceptions of HR involvement—are not deeply explored. This creates a potential imbalance in understanding the mutual relationship between gig workers and organizational management structures.

Additionally, the paper touches on emerging technologies such as AI-driven HR tools and digital platforms, but does not deeply investigate their long-term implications due to limited longitudinal data. Finally, regulatory and legal landscapes are evolving, and this study may not fully account for recent policy changes or future legal developments affecting gig work.



Future research should incorporate more extensive empirical data, cross-industry comparisons, and gig worker perspectives to build a more holistic understanding of HR's evolving responsibilities in this dynamic labor environment.

6. FUTURE SCOPE

As the gig economy continues to expand, the role of Human Resources in managing non-traditional workers will become increasingly complex and strategic. Future research can delve deeper into how HR technologies, such as AI-driven workforce analytics, can optimize gig worker management, performance tracking, and engagement strategies. The integration of gig workers into traditional organizational cultures without disrupting cohesion remains a critical area for innovation. Developing frameworks to ensure inclusivity, equity, and continuity across permanent and gig roles is another vital direction.

Additionally, regulatory landscapes are rapidly evolving to accommodate the rights and responsibilities of gig workers. Future studies should analyze the impact of global labor laws and tax reforms on HR policies and gig workforce structuring. There is also significant scope to explore ethical considerations, including data privacy, job security, and fair compensation within flexible work arrangements.

HR professionals will need to lead the design of hybrid workforce models that combine agility with stability. Research can investigate best practices for onboarding, reskilling, and retaining gig talent, particularly in high-skill sectors. Furthermore, longitudinal studies could track the long-term impact of gig work on employee well-being, career progression, and organizational loyalty.

The gig economy also presents opportunities for international collaboration and talent sourcing. Future inquiry may explore how global HR practices can be harmonized to manage cross-border gig teams effectively. As technology and worker expectations evolve, HR must act as a strategic partner in reshaping work design, policies, and culture. The dynamic interplay between flexibility and structure will define the next phase of workforce management, making continued research in this area both relevant and necessary.

7. CONCLUSION

The rise of the gig economy has fundamentally transformed the structure of modern workforces, presenting both opportunities and challenges for Human Resource (HR) management. As organizations increasingly rely on freelance, contract, and on-demand workers to enhance flexibility and innovation, HR professionals must evolve beyond traditional models to manage this extended workforce effectively. This shift requires a reimagining of HR practices—developing inclusive engagement strategies, ensuring equitable treatment across workforce segments, maintaining compliance with evolving labor regulations, and leveraging technology to manage distributed talent pools.

Ultimately, HR's role is expanding from administrative oversight to strategic partnership—balancing organizational goals with the needs of a diverse and decentralized workforce. Embracing this change not only positions HR as a key driver of workforce agility but also fosters a more adaptive, resilient, and inclusive workplace culture in the age of gig work. As the boundaries of employment continue to blur, the ability of HR to innovate, adapt, and lead will determine the success of organizations in this dynamic labor landscape.

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