

OPPORTUNITIES AND CHALLENGES OF THE GIG ECONOMY IN SRI LANKA

Amarasooriya T.S.D.T¹

¹Department of Management Studies, Faculty of Indigenous Social Sciences and Management Studies, Gampaha Wickramarachchi University of Indigenous Medicine, No.55, Thalpathpitiya Road, Embuldeniya, Nugegoda, Sri Lanka.

¹shalikathilakarathne.3@gmail.com

ORCID: 0009-0007-7998-2025

ABSTRACT

Global statistics show that the gig economy offers the second-highest number of employment opportunities. In Sri Lanka, this concept is relatively new, with recent estimates indicating that less than 5% of the workforce engages in gig work. The gig economy can provide many opportunities not only for gig workers but also for the whole society. Studying this phenomenon in the Sri Lankan context is timely, as it has the potential to reshape employment structures, contribute to foreign exchange earnings, and create alternative livelihood options, particularly in the face of economic challenges and unemployment. On the other hand, gig workers have to face many challenges. The main objective of this study is to investigate the opportunities and challenges of the gig economy in Sri Lanka. Since this is a qualitative study, the researcher used inductivism. A purposive sample of eight gig workers was selected, which is justified as appropriate for an exploratory study. A qualitative survey was conducted by interviewing each interviewee in-depth. The researcher has found that gig workers in Sri Lanka gain different benefits, such as great flexibility and freedom, the ability to earn a higher amount of money than they would in traditional jobs, earnings are from foreign currencies, and educated people can also earn a higher income based on skills, and gig working is an alternative to traditional jobs. Although the gig economy provides different types of opportunities, it also comprises many challenges. In this study, the researcher has mainly focused on challenges rather than opportunities. The researcher identified common challenges in the gig economy, such as a lack of real human interaction, huge income fluctuations, and work-life imbalance. The researcher has identified that there are a few special challenges of the gig economy in Sri Lanka, such as technological difficulties, new tax policies, a lack of proper foreign currency withdrawal methods, and less appreciation by society.

Keywords: Challenges, Gig economy, Gig workers, Opportunities, Sri Lanka

1. INTRODUCTION

1.1. Background

Innovative technologies, increased competition, and rising consumer expectations are driving a profound shift in the global business landscape, forcing companies to rethink and restructure their operational models in order to stay competitive and

flexible in the face of constantly changing landscapes. At the heart of this paradigm shift is the growth and spread of the gig economy, a phenomenon shaped by digital advancements and typified by flexible, temporary work arrangements (Joshi et al., 2024).

In this situation, people have started to engage in gig activities, which differ from the traditional income-generating activities. The gig economy, which challenges traditional job paradigms and offers workers tremendous independence, has emerged as a fundamental development (MBO Partners, 2025). It is important to understand what the gig economy is. The gig economy allows people and businesses (buyers) to hire a qualified worker (seller) to complete a timed and paid task virtually. Workers can advertise themselves on these platforms by listing their skills, experience, price, ratings, and other details, and the companies that run these platforms (intermediaries) charge a fee or a commission when the buyer completes and pays for the task (Galpaya & Senanayake, 2018).

Independent contracting, temporary work, and freelance employment have all existed for millennia, so the idea of gig labor is not entirely new. The term "gig economy" gained popularity in the early years of the twenty-first century as online platforms made it easier for workers to connect with opportunities for temporary work in a more organized and scalable way (Singh, 2024). The following figure shows the different types of services offered in a gig economy.



Source: Karim, 2020

Figure 1: Different types of services are offered in a gig economy

According to Figure 1, there are different kinds of services offered in the gig economy, including,

- I. Services for sharing assets such as Turo, Airbnb, and Homeaway.
- II. Services related to transportation, such as carpooling, ride sharing, food delivery, and goods delivery (such as DoorDash, Uber, Swiggy, Amazon, and Fresh to Home).

- III. Expert services such as coaching, tutoring, freelancers, fitness instruction, music instrument instruction, and more (xguru, Upwork, Fiverr, byju's app, etc.)
- IV. Additional options include work-from-home jobs, crafts, pet care, babysitting, and home services (Saraswathi, 2023).

1.2. Problem Statement

Global statistics show that the gig economy offers the second-highest number of employment opportunities. According to 40% of those who set up shop on their own this year, they use internet platforms and talent and product marketplaces to attract new clients. Consulting is what 45% of independent contractors do. Work in the construction business is also quite popular among gig workers. There may be an 88% need for gig workers in field services and manufacturing by 2024. Additionally, it is anticipated that 94% of people will need corporate workers and support services. Large enterprises and professional service organizations use flexible talent for 72% of their initiatives (Todorov, 2024).

In Sri Lanka, the concept of the gig economy is quite new. A significant portion of people do not have sufficient knowledge regarding gig activities yet. However, regarding some gig activities, people have sufficient knowledge, such as transport activities. In Sri Lanka, gig economies include anything from on-demand car and lodging services to professional services on international freelance marketplaces. Indeed, platforms for ride-hailing and delivery are the most widely used in the gig economy in this country (Central Bank of Sri Lanka, 2020). Instead of waiting on the side of the road, a considerable portion of the population in the Western province and other metropolitan and semi-urban areas currently hires a truck or cab using mobile apps. Additionally, the gig economy will progressively expand into rural areas as well, where there may be a large opportunity to leverage gig activity in sectors like sharing farm equipment (Central Bank of Sri Lanka, 2020). In this situation, the gig economy can provide many opportunities not only for gig workers but also for the whole society. On the other hand, gig workers have to face many challenges. So, in this study, the researcher has focused on the research problem of “Opportunities and Challenges of the Gig Economy in Sri Lanka”.

Based on the above research problem, the researcher has developed research questions and research objectives of the particular study as follows.

1.3. Research Questions

1. What are the opportunities of the gig economy in Sri Lanka?
2. What are the challenges of the gig economy in Sri Lanka?
3. How to minimize the challenges of the gig economy in Sri Lanka?

1.4. Research Objectives

1. To find the opportunities of the gig economy in Sri Lanka
2. To find the challenges of the gig economy in Sri Lanka
3. To find the options for minimizing the challenges of the gig economy in Sri Lanka

1.5. Significance of the Study

In Sri Lanka, the concept of the gig economy is quite new. A significant portion of people do not have sufficient knowledge regarding gig activities yet. Galpaya et al. (2018) have generated some insightful results regarding internet freelancing in Sri Lanka. 26 percent of Sri Lankans aged 16 to 40 (32 percent of men and 21 percent of women) are aware of online freelancing, according to the survey's findings. Only 11% of respondents, however—14% of men and 8% of women—have indicated a desire to work as freelancers online. Seventy-seven percent of them were willing to work as online freelancers on a part-time basis, whereas only twenty-three percent were willing to work full-time.

Additionally, it is discovered that whilst Kilinochchi, Mannar, and Mullaitivu districts have little awareness of online freelancing, Kurunegala, Anuradhapura, and Puttalam districts have a better level of awareness (Galpaya et al., 2018). Thus, it is evident that the gig economy in Sri Lanka is still expanding and that people primarily use it as a secondary source of income.

So, it is important to know about the opportunities and challenges of the gig economy activities by the people who live in Sri Lanka. People can obtain many benefits and minimize the challenges of the gig economy activities if they are aware of the gig economy activities.

Theoretically, this study contributes to the growing body of literature on the gig economy by addressing a research gap in the Sri Lankan context, where limited academic work has been carried out. Practically, the findings provide guidance for policymakers to improve taxation, foreign currency withdrawal systems, and social protection programs. They also give gig workers insights to better manage their opportunities and challenges. Meanwhile, platform developers can improve infrastructure, training, and payment facilities to make the sector more sustainable.

2. LITERATURE REVIEW

2.1. Introduction

In the literature review section, the researcher investigates the theories and the previous findings of the researchers. So, this section comprises two main parts. They are the theoretical framework and the conceptual framework. In the theoretical framework, the researcher discusses the theories regarding the gig economy, and in

the conceptual framework, the researcher discusses previous findings on opportunities and challenges of the gig economy.

2.2. Theoretical Framework

2.2.1. Gig Economy

The term "gig" originally referred to musicians and entertainers who worked in temporary positions, but it has since expanded to encompass a wide range of labor arrangements in several industries (Singh, 2024). There is no exact definition for the "Gig Economy". However, some scholars have defined the gig economy in different ways (Hunt & Samman, 2019). According to Kori (2024), "Gig Economy" refers to a dynamic marketplace where internet platforms facilitate temporary, flexible, and often freelance job arrangements. In this new economic paradigm, individuals, also referred to as independent contractors or gig workers, perform specific tasks or projects for various clients or consumers, typically for a short time.

2.2.2. Gig Marketplace Model

This approach centers on four key components: the administrator, the website for the gig market, the service provider, and independent contractors or freelancing professionals (gig workers). Controlling the marketplace website and serving as an intermediary between service suppliers and independent contractors is the admin. The administrator receives a commission, which is a proportion of each successful transaction, in exchange for their services. Subsequently, the service provider creates an account on the freelancing gig network to publish information about their goods and services. In this way, once the admin's commission is subtracted, the payment is sent to the service provider after the user makes a purchase (Janadari & Prena, 2020).



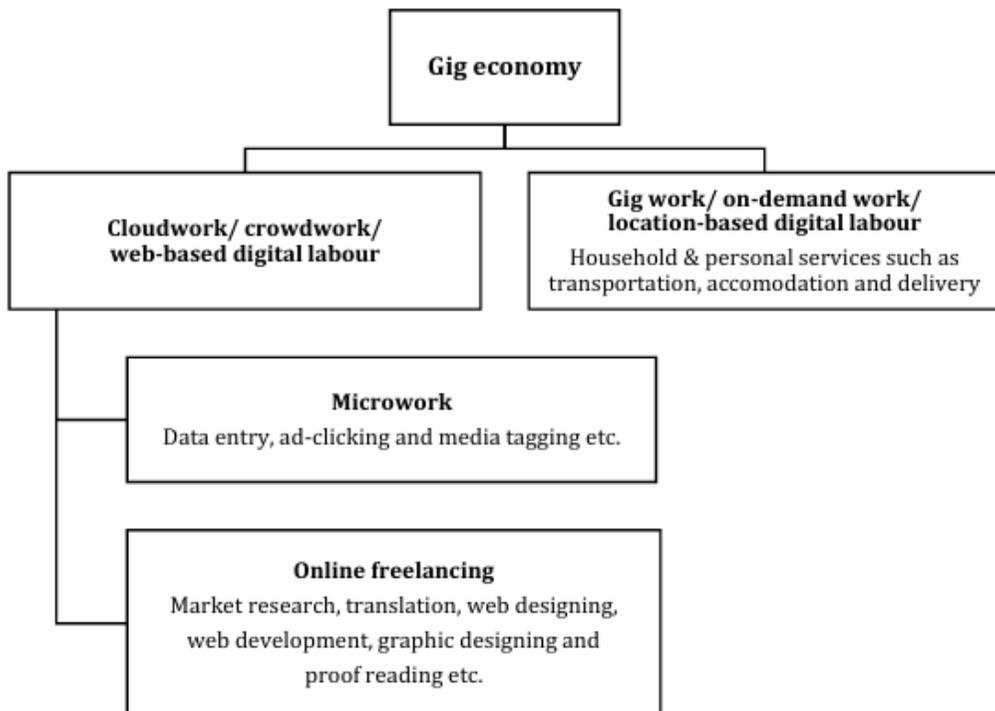
Source: Jalla, 2022

Figure 2: Gig Marketplace Model

2.2.3. Types of gig economy

Two categories of digital labor platforms are distinguished by Galpaya and Senanayake (2018): gig work (location-based digital labor) and cloud work (web-based digital labor). While cloud work includes microtasking, freelancing, and creative content creation, gig work includes personal and domestic services like lodging, delivery, and transportation.

Platforms for the gig economy are divided into two categories of operating models by Hunt and Samman (2019). Crowd work is the first term for the scenario in which buyers (crowd sourcers) post specific projects on online platforms, and workers with the necessary skills (crowd workers) are recruited from all over the world to complete those tasks online. Very little in-person interaction will occur between the crowd sourcer and the crowd worker. Galpaya and Senanayake's (2018) description of web-based digital labor is thus taken into consideration by this approach. The second type of operating model is called "on-demand work," which describes how businesses use mobile platforms to arrange for certain locally performed jobs. Since their labor primarily entails low-skilled physical jobs and requires less digital connectivity and capacity, on-demand workers should reside close to the buyer.



Source: Madadeniya, 2022

Figure 3: Types of Gig Economy

2.2.4. Theory of Bargaining Power in Gig Economy

Gig workers have limited power on their own, but they can strengthen their position through collective action organized through social networks and new types of unions. This helps them tackle issues such as algorithmic control and unclear laws about worker status. Significant factors that affect this power include reliance on income, the impact of digital platforms, and the need for legal changes to support union efforts (Maffie & Gough, 2023).

2.2.5. Labor Process Theory (LPT)

Drawing from Marxist thought, LPT examines how managers control the labor process to extract value from workers. In the gig economy, this theory emphasizes the role of algorithms as a new way for managers to exercise control. The platform's algorithms specify tasks, track performance, set prices, and manage the flow of work (Gandini, 2019)

2.3. Empirical Evidence

2.3.1. Opportunities of the Gig Economy

As the infrastructure and support system for independent work continue to expand, trust is rising. In the USA, there is a total of 72.9 million independent workers in 2025 (MBO Partners, 2025)

A global survey that determined the reasons for working on digital platforms was part of the International Labour Organization's 2021 report, World Employment Social Outlook. They have determined the following reasons: inability to locate other work, higher pay than other jobs, desire for extra cash, and job flexibility.

Those without adequate schooling will have the opportunity to work in the gig economy. More employment opportunities will be made available to those with lower levels of education. For instance, there are no educational requirements for people who started working as food delivery riders in the gig economy (Graham et al., 2017).

According to Kuhn's (2016) study, "The Rise of the Gig Economy and Implications for Understanding Work and Workers," a freelance career can help reduce the economic risk of typical employment, which allows an employer to fire an employee for any reason without prior notice, and the frequency of layoffs in some industries.

The study conducted by Rosenblat and Stark (2015) on Uber drivers found that although drivers are technically free to enter and exit the app whenever they want, dynamic pricing models effectively undermine their autonomy over their own schedules by encouraging them to work during periods of high demand.

Singh (2024) has conducted a comprehensive analysis of the rise, challenges, and future of the gig economy. According to the findings of the researcher, workers in the gig economy have an unparalleled amount of freedom and flexibility in contrast to traditional employment.

2.3.2. Challenges of the Gig Economy

Individuals engaged in the gig economy experience uncertainty in their employment, inconsistent earnings, and a lack of benefits like health coverage and retirement plans (Mohideen et al., 2025).

People with advanced education tend to be more attracted to gig work, suggesting a division in the labor market that may exacerbate income disparities. The gig economy serves a dual purpose by offering short-term solutions to unemployment and informality, yet it also introduces issues related to stability and long-term job security (Fuentes & González, 2025).

Rodrigues et al. (2022) have conducted a study to investigate the “new work culture of the gig economy”. This study was to identify the nature of the gig economy and rising demand for it, obstacles and opportunities in the gig economy for women, and the future of the gig economy. In this study, the authors have identified 6 problems associated with the gig economy. They are, no work benefits, no social security source, no stability, no retirement benefits, and no medical benefits.

Workers are subjected to the financial and social pressures of having to buy their own tools and equipment, having few options for professional development and training, receiving poor pay, having little job or income stability, and experiencing wage discrimination against specific groups, especially women (Tran & Sokas, 2017).

Gig workers' challenges and uncertainties were examined by Lauren and Anandan (2024). Among the many difficulties the researchers have identified are job insecurity, income volatility, the social and psychological effects of gig labor, a lack of balance between work and family life, loneliness, and job dissatisfaction.

Caza et al. (2022) have conducted a study to measure the challenges of a gig economy. These authors have measured six main challenges impacting the gig economy. They are viability challenges, organizational challenges, identity challenges, relational challenges, emotional challenges, and career-path uncertainty.

A study by Hossain & Mozahem (2022) was primarily based on 31 in-person interviews with SE drivers in Qatar. The results of this study indicate that some gig workers, like drivers, work as a way to alleviate unemployment; however, they encounter a number of difficulties, including driving distress and customer annoyances.

A study on the well-being of high-skilled workers in the gig economy was carried out by Bergen (2023). This study conducted in-depth interviews using qualitative research methods in accordance with the GIOIA approach. A sample of seven responders who use Fiverr as a platform to work as web developers. Researchers have discovered that gig workers encounter a number of difficulties, including precarious working conditions that are characterized by inconsistent work schedules, employment insecurity, and short contract assignments.

The study on the health of workers in the global gig economy by Bajwa et al. (2018) is very helpful. In nations without publicly financed health systems, gig workers are

at risk for health problems related to the mental stress of insecure labor and the absence of health and social insurance coverage. Additionally, companies are able to hire people from anywhere in the world, which leads to a competition for the lowest pay.

Although individual freedom in the gig economy is commonly considered to include the flexibility to select employers, employment, working hours, and location, research is starting to indicate that workers do have some freedom in the gig economy, but that this freedom is limited by algorithmic constraints imposed by digital work platforms (Rosenblat & Stark, 2015).

2.4. Research Gap

There is no exact definition for the “Gig Economy”. However, some scholars have defined the gig economy in different ways. According to Kori (2024), "Gig Economy" refers to a dynamic marketplace where internet platforms facilitate temporary, flexible, and often freelance job arrangements. Two categories of digital labor platforms are distinguished by Galpaya and Senanayake (2018). They are gig work (location-based digital labor) and cloud work (web-based digital labor). Further platforms for the gig economy are divided into two categories of operating models by Hunt and Samman (2019). They are crowd work and on-demand work.

The Gig Economy provides many opportunities to gig employees. Higher pay than other jobs, desire for extra cash, and job flexibility, people who have a lower level of education can also engage in gig activities. The gig economy helps reduce economic risk by providing a more flexible alternative to traditional employment.

However, employees who engage in the gig economy face several challenges. They are job insecurity, income volatility, the social and psychological effects of gig labor, a lack of balance between work and family life, inconsistent work schedules, loneliness, job dissatisfaction, customer annoyances, no social security source, no stability no retirement benefits, and no medical benefits, have to buy their own tools and equipment, having few options for professional development and training, receiving poor pay, having little job or income stability, and experiencing wage discrimination against specific groups, especially women.

When researcher considers the Sri Lankan context, there are only a few studies that have focused on the particular research area. Galpaya & Senanayake (2018) have discovered some opportunities and challenges in the gig economy, while Ramamoorthy & Adikaram (2024) have mainly focused on the opportunities in the gig economy. So, no study identifies the present challenges of the gig economy. The researcher has identified that research gap, and clearly explains the present opportunities and challenges of the gig economy. For that, more than 5 years of experience as a freelancer on freelancing platforms (Upwork, Freelancer.com, and Fiverr) provides a very useful insight for the particular study.

3. METHODOLOGY

3.1. Introduction

In the methodology section, the researcher discusses the research design, population, sampling, and unit of analysis, data collection method, and finally discusses data analysis techniques to be used in the particular study.

3.2. Research Design

The procedures for conducting the study, such as when, from whom, and under what circumstances the data will be collected and analyzed for necessary information, are described in the research design, which is a comprehensive description of how the research will be carried out. For the particular study, the researcher has used interpretivism as the philosophical foundation and qualitative research approach. Further, the survey method was chosen by the researcher for this research.

3.2.1. Philosophical Foundation

A philosophical view in the social sciences called interpretivism argues that reality is a social construct. It emphasizes understanding the unique meanings and interpretations that people give to their experiences and actions. Because interpretivism has been brought into the qualitative research approach, the researcher used it in this study. Since humans interpret their environment and take action based on that interpretation, while the world does not, methods used to comprehend knowledge related to the human and social sciences cannot be the same as those used in the physical sciences. This is the foundation of the interpretivist paradigm (Hammersley, 2013).

3.2.2. Research Approach

A research approach is a plan that includes specifics regarding data collection, analysis, and interpretation. There are two possible approaches to the research: deductive and inductive. While deductivism focuses on testing an established hypothesis, inductivism is more interested in developing a new theory based on the facts. Since this is a qualitative study, the researcher used inductivism. A bottom-up approach is taken by an inductive researcher, who builds larger themes from the views of participants and develops a theory that links the topics. The researcher employed the qualitative study technique for the particular study. The qualitative method is centered on methods and processes that cannot be quantified in terms of quantity, amount, intensity, or frequency. The phenomenon is better understood in context according to the qualitative method. Conversely, the measurement and analysis of incidental correlations between variables are the focus of quantitative researchers (Hammersley, 2013).

3.2.3. Research Strategy

According to Creswell & Creswell (2009), a research strategy is a plan that helps researchers do research in a methodical manner by providing guidance for their thoughts and efforts. The survey method was chosen by the researcher for this research. Long-form answers are generated by open-ended questions in qualitative surveys. Questions will be intended to bring out thoughts, feelings, stories, or experiences. The purpose of a qualitative survey is to find out what people think and why. The social scientific fields on which it is founded include sociology, psychology, and even anthropology. The researcher chose the survey method because it collects long-form, open-ended responses from gig workers. These responses are essential for a qualitative study. The goal was not to gather numerical data. Instead, the aim was to explore participants' thoughts, feelings, stories, and experiences in depth.

3.3. Population, Sampling, and Unit of Analysis

Using the entire population would be excellent for all kinds of studies, but most of the time, it is not possible to include every topic because the population is often finite.

3.3.1. Population

The larger group of people to whom the researcher hopes to apply the study's findings is known as the population. The population of the particular study is gig workers in Sri Lanka.

3.3.2. Sample

A sample is a subset of the population (Creswell & Creswell, 2009). As a sample of the particular study, the researcher has selected 08 gig workers in Sri Lanka. The following are the demographics of these gig workers.

Table 1: Demographics of sampled gig workers

Name of gig worker	Gender	Age	Field of work	Full-time/Part-time	Number of years of experience
Chandima Athapaththu	Male	35	Video editing	Full-time	10
Lahiru Amarasooriya	Male	32	Business analyst	Part-time	4
Sandeepa Thennakoon	Male	26	Web developer	Full-time	5
Sajith Sooriyabandara	Male	25	Content writing	Part-time	4
Shehani Bandara	Female	29	Statistician	Part-time	3

Nipuna wickramasinghe	Male	38	Software engineer	Part-time	8
Kalpani Dilsara	Female	21	Data entry	Full-time	1
Anupa Sankalpa	Male	28	Web developer	Part-time	4

Source: Compiled by the author

3.3.3. Unit of Analysis.

The units of observation are usually also the units of analysis in a study. An individual gig worker will be interviewed by the researcher once. Thus, a gig worker serves as the study's unit sampling technique.

3.3.4. Techniques for Sampling

Instead of collecting data from the entire population, sampling helps to get data from a subgroup and reduces the amount of data. The researcher has selected the convenience sampling technique for this study. Because the researcher has a limited time to conduct the particular study. As a form of non-probability or nonrandom sampling, convenience sampling involves selecting participants for the study from the target population who satisfy specific practical requirements, such as ease of access, close proximity, availability at a specific time, or willingness to participate.

3.4. Data Collection Method

The researcher applied the interview to gather data. All of the interviews were conducted in person and were semi-structured in-depth interviews. Finding participants' thoughts, feelings, and opinions about a research topic can be supported via in-depth interviews.

3.5. Data Analysis and Synthesis

One of the often-used types of analysis in qualitative research is thematic analysis, which is what the researcher conducts. The researcher can focus on the data in a variety of ways thanks to the flexible nature of thematic analysis. Researchers can properly concentrate on assessing meaning throughout the entire dataset or thoroughly analyze a single component of a phenomenon by using thematic analysis (Hammersley, 2013).

Thematic analysis is suitable for this study because it helps identify, analyze, and interpret patterns in qualitative data. Since the research aimed to explore gig workers' personal experiences, opportunities, and challenges, thematic analysis enabled the researcher to capture both common and unique viewpoints. This method works well for interpretivist and inductive research because it allows theory to arise from the participants' voices instead of using predefined categories.

4. RESULTS AND DISCUSSION

4.1. Introduction

In this section, the researcher will discuss the results found through the interviews held with 08 gig workers. Researchers divide the statements of the gig workers into two main themes. There are opportunities in the gig economy in Sri Lanka, and challenges of the gig economy in Sri Lanka. After that, the researcher has again divided the statements of the gig workers into codes.

4.2. Opportunities of the Gig Economy in Sri Lanka

4.2.1. Job Flexibility

According to the interview participants, they gain great flexibility and freedom when they work as gig workers. Because there is no compulsory requirement to work from 8 am to 5 pm. They can prefer to work in the morning or at night as they want. Further, they can do the task only if they need to.

“This is not an 8-5 job. So, I can work at a time that is comfortable for me.”

“Usually, I prefer to work at night. I have tried several traditional jobs. But, these jobs were not fit for me. It is annoying me to wake up early in the morning. But as a gig worker, furthermore, I do not need to wake up in the morning”.

“I accept the projects that are really familiar to me. As a freelancer, I can accept only what I want”.

4.2.2. Higher Earnings

Usually, gig workers can earn a higher amount of money than they would in traditional jobs. Because they can get more projects according to their time availability, and they can get highly valued projects according to their skills.

“I do two jobs. One is a traditional full-time job, and the second is a part-time digital platform-based job. Actually, I earn a higher amount of money from the digital platform-based job than from my full-time employment.”

“I’m a full-time freelancer. I earn a higher monthly income than my friends who do traditional jobs”.

“When I work in digital platforms, often I can earn \$20 per hour. But my usual hourly rate in the local market is lower than that”.

4.2.3. Earnings in Foreign Currency

As mentioned by the interviewees, they are highly satisfied because of the foreign currency earnings. Foreign currencies such as USD, GBP, and CAD are more stable and valuable than the domestic currency.

“It is stable to earn in USD, because USD is a very strong currency when compared to the Sri Lankan rupee”.

“I really love to work in digital platforms. Most of my clients are from countries such as the UK, USA, Australia, Canada, and so on. So, they pay me in currencies like GBP, USD, AUD, CAD, and so on”.

4.2.4. Less Educated People Can Earn a Higher Income Based on Skills

Some people who work in digital platforms have a lower level of qualifications, and they are not accepted for the traditional job structure. But these people also may have different skills that can be utilized to earn a good income. So, the gig economy gives opportunities for better living standards for everyone.

“I failed the Ordinary Level Mathematics subject, and I could not find any proper traditional jobs because of this problem. But in a digital platform, I have found a data entry job. So I sat the Ordinary Level Mathematics subject while doing this job, and I passed. However, now I love this job and I do not want to move for a traditional job”.

4.2.5. Solution for the Firing from Traditional Jobs

Usually, when a traditional employee is fired, he or she has to find another traditional job. This may be very difficult. So, in the traditional working environment, the employer has autonomy. But now employees can find job opportunities in the gig economy if they are fired.

“I was fired by my boss without any fair reason. This was the biggest reason to move to work in digital platforms.”

“I lost my job during the COVID-19 pandemic, and then I moved to freelancing. Now this is my passion”.

4.3. Challenges of the Gig Economy in Sri Lanka

4.3.1. Technological Failures

Gig workers in Sri Lanka usually face technological issues such as frequent long-hour power cuts, sudden power cuts, lower speed of internet, inconsistent speed of internet, and so on. These technological failures have created different inconveniences for the gig workers and increased their frustration. Because of this serious problem, some gig workers plan to go abroad.

“In Sri Lanka, there are frequent power cuts. Some power cuts can last up to 8 hours. In this situation, it is very difficult to hand over the projects to the clients on time.”

“Because of the slow and inconsistent speed of the internet connection in Sri Lanka, it is usually disrupted for downloads and uploads. No internet service provider provides proper internet service. So, I’m planning to move to another country like Dubai or Singapore.”

“Sometimes when I’m in an online meeting with a foreign client, suddenly I face power cuts. Then I lose my internet. Even though I explain this situation to a foreign

client, he or she does not accept that power cuts can happen suddenly without prior notice”.

4.3.2. Tax Implementation on Freelancers

With effect from 01.04.2025, the government of Sri Lanka renewed the income tax rule for the service exporters. From 01.04.2025, service exporters are liable to pay an income tax of up to 15%. Before that, service exporters were free from income taxation. So, service exporters such as freelancers face different difficulties with new tax rules. Some service exporters do not have the financial capacity to pay income taxes, and some service exporters cannot clearly identify the expenses of their business. On the other hand, some freelancers expect facilities such as a proper internet connection if they pay taxes.

“It does not mean that we do not like to pay income taxes. We can pay taxes. But we should have sufficient facilities for the tax we pay. At least we should have a proper, consistent internet connection. In countries such as Dubai, freelancers are not taxed, but they receive a large amount of benefits.”

“Many freelancers work from home. So, we use the same internet connection, electricity line, and vehicle for both private use and business use. How can we divide these costs between business and household use?”

“Now I have private expenses for the whole profit that I earn through freelancing. So, if I pay taxes, I cannot manage my expenses”.

4.3.3. Lower Level of Foreign Currency Withdrawal Facilities

The foreign currency withdrawal system of Sri Lanka is not well developed when compared with other countries. Other neighboring South Asian countries, such as India, Bangladesh, and Pakistan, have a proper withdrawal system by combining with digital payments companies that provide online money transfer services. As examples, these countries have withdrawal facilities through PayPal and TransferWise, but Sri Lanka does not have. In Sri Lanka, a withdrawal facility is available on the Payoneer digital platform. However, there were some restrictions for that platform also.

“Most countries provide a foreign currency withdrawal facility through PayPal accounts. But in Sri Lanka, we do not have a foreign currency withdrawal facility through PayPal. Sri Lankans can withdraw funds through Payoneer. However, in 2024, Payoneer temporarily restricted Sri Lankans from opening new accounts. At least, we do not have a withdrawal facility through TransferWise”.

“We have tried many times to get a PayPal withdrawal facility in Sri Lanka. We have requested it from the PayPal Company, and we have discussed this matter with governments many times. However, we do not have a proper answer yet”.

4.3.4. Lack of Work-Life Balance

Gig workers do not have a fixed working schedule. Although this attribute facilitates a flexible time for the gig workers, it makes work-life balance difficult for them. Because they have to communicate with the client during the day as well as at night. Further, they have to work on tight deadlines. Then they have to miss day-to-day tasks as well as special events in their personal life.

“When I get meetings with foreign clients, these meetings are usually at their working time but at my nighttime. Further, sometimes I get projects from foreign clients at midnight at my time. Then I have to wake up and check their requirements. These situations disrupt my sleep as well as my family life.”

“Sometimes I receive high-value projects, but they have very tough deadlines. So, I need to complete these projects by sacrificing my private tasks such as cooking, shopping, and even sometimes my sleep”.

“When I work with foreign clients, they do not consider holidays in Sri Lanka, such as Poya days, Sinhala & Tamil New Year. Also, it is difficult to manage the working life when we have functions such as funerals, arms giving, weddings, and so on”.

4.3.5. No Stability and Retirement Benefits

Huge income fluctuations of the gig workers are also one of the main challenges that they face. Because their monthly income can be very high in one month, but in the next month it can be very low. This disrupts the future expenditure planning of the gig workers. Further, gig workers have to make their own pension plans by themselves.

“My income can vary from month to month. Sometimes I earn \$2000 per month, but sometimes it can be only \$100 per month. Because income is based on the tasks that I receive and the budgets of the clients”.

“As digital contract-based workers, we can earn a very large amount of money presently, but we do not have any retirement benefits”.

4.3.6. Lower Level of Social Reputation

In Sri Lanka, people do not know or much appreciate the gig workers. Sometimes, when gig workers want to get credits from the bank, their financial capability is not correctly identified by the banks. These jobs differ from traditional jobs, which have higher income fluctuations.

“Most people do not know about the gig activities. They don’t know who the freelancers are. When people ask what my employment is, I have to describe my job role. Because my job role differs from traditional job roles.”

“I have a Business Management degree with 2nd class upper division. Although I can do a job, I decided to be a full-time freelancer. I earn a higher income than my university friends who do traditional jobs. However, when I went to the bank to get a credit card, I was not eligible for that even though I showed my earning reports”.

4.3.7. Customer Annoyances and Wage Discrimination

In the business world, not all customers may be nice. There may also be some rude customers. In a gig economy, communication, work submission, and payment are done through a digital platform. So that, sometimes, the gig worker and customer may not see each other, and some customers may try to betray and harass the gig workers.

“Some customers are very friendly before I accept the task. But after I submit the work, they become very rude because they have to pay money then. Also, some clients are very friendly and satisfied with my service. But they provide a lower level of rating without any fair reason.”

“Some customers tend to pay less project fee to the South Asian and African workers than to the European and American workers.”

4.3.8. Loneliness

Lack of real human interaction makes the gig worker lonely. Working from home always feels lonelier than working in an office.

“When we work in a digital environment, we have to work with fewer real human interactions. Sometimes, I feel a higher level of loneliness and frustration.”

5. CONCLUSION

The researcher has divided the statements of the gig workers into two main themes. There are opportunities in the gig economy in Sri Lanka and challenges of the gig economy in Sri Lanka.

Gig workers can enjoy different types of opportunities rather than traditional employees. In the particular study, the researcher has mentioned that the main opportunities are enjoyed by gig employees according to the interviewees' responses. Interviewees mentioned that they gain great flexibility and freedom when they work as gig workers. Gig workers can earn a higher amount of money than they would in traditional jobs. Further, since they can work in the foreign market, their earnings are from foreign currencies such as USD, GBP, and CAD. These currencies are more stable and valuable than the domestic currency. Less educated people can also earn a higher income based on skills when they work as gig workers. Because in a gig economy, skills are more important than educational certificates. Some interviewees said that they started to work as gig workers as a solution to being fired from their traditional jobs. These findings align with the findings of previous researchers such as Graham et al. (2017), Kuhn (2016), Rosenblat and Stark (2015), and Singh (2024).

Although job opportunities in the gig economy provide different types of opportunities, the gig economy also comprises many challenges. In this study, the researcher has mainly focused on challenges rather than opportunities. Because previous researchers who have done research regarding the gig economy of Sri Lanka have focused more on the opportunities. However, they have given less attention to the challenges of the gig economy. Further, gig workers who live in Sri Lanka face

some different challenges than gig workers who live in other countries. For that, more than 5 years of experience of the researcher as a freelancer on freelancing platforms (Upwork, Freelancer.com, and Fiverr) provides a very useful insight for the particular study.

Researcher identified that gig workers face common challenges such as a lack of real human interaction, huge income fluctuations, and work-life imbalance. These findings are align with the findings of previous researchers such as Rodrigues et al. (2022), Tran & Sokas (2017), Lauren and Anandan (2024), Caza et al. (2022), Hossain & Mozahem (2022), Bergen (2023).

Further researcher has identified that there are a few special challenges are faced by gig workers in Sri Lanka. Most important findings of the particular study are the special challenges are faced by the gig workers in Sri Lanka. Researcher has found that in Sri Lanka, gig workers face many technological difficulties. Technological failures have created different inconvenience for the gig workers and increased the frustration of gig workers. From 01.04.2025, service exporters are liable to pay an income tax of up to 15%. Before that, service exporters were free from income taxation. So, service exporters such as freelancers face different difficulties with new tax rules. Another serious problem is faced by Sri Lankan gig workers is the lack of proper foreign currency withdrawal methods. Countries such as Pakistan, India, Bangladesh have withdrawal facilities through PayPal and TransferWise, but Sri Lanka do not have. Further in Sri Lanka, people do not know or much appreciate the gig workers.

So, based on the above-mentioned challenges, the final researcher suggests very useful recommendations to eliminate the challenges faced by the gig workers as follows.

1. There should be a proper foreign currency withdrawal method in Sri Lanka. Many countries provide a withdrawal facility through PayPal. In Sri Lanka, there should be a proper withdrawal facility through this kind of digital platform.
2. Provide benefits to gig workers, such as health insurance, retirement savings plans, and unemployment insurance that are typically associated with full-time employment.
3. Encourage collaborations among employers, educational institutions, and gig platforms to help gig workers.
4. Provide a stable internet and electricity facilities. It is a basic and definite requirement for the gig employees.
5. Give gig workers the tools and support they need to maintain a healthy work-life balance. Some examples of these include time management workshops, wellness initiatives, and mental health resources.

There are various limitations of the present study. First, the study only included eight gig workers in its sample, which limits the way the results can be applied. Convenience sampling also reduced the data's validity because participants were chosen mostly on the basis of accessibility rather than by randomness. Furthermore,

because the study is qualitative in nature, the findings are mostly based on personal experiences and impressions rather than measurable data results. Future research could be expanded by using a larger and more diverse sample to capture a wider range of experiences. For the particular study, the researcher has used the qualitative research approach and future researchers can use mixed-approach or quantitative approach. Further studies could also make cross-country comparisons within South Asia to identify similarities and differences, or they could focus on specific gig sectors such as ride-sharing, freelancing, or delivery services. Additionally, more attention could be given to policy and regulatory issues, including taxation, social security, and digital payment systems, to develop a deeper understanding of how these factors influence gig work in Sri Lanka.

REFERENCES

- Bajwa, U., Gastaldo, D., Di Ruggiero, E., & Knorr, L. (2018). The health of workers in the global gig economy. *Globalization and Health*, 14(1), 124. <https://doi.org/10.1186/s12992-018-0444-8>
- Bergen, L. van. (2023). *The well-being of high-skilled workers in the gig economy*.
- Caza, B. B., Reid, E. M., Ashford, S. J., & Granger, S. (2022). Working on my own: Measuring the challenges of gig work. *Human Relations*, 75(11), 2122–2159. <https://doi.org/10.1177/00187267211030098>
- Central Bank of Sri Lanka. (2020). *Annual Report 2019*. https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2019/en/13_Box_05.pdf
- Creswell, J. W., & Creswell, J. D. (2009). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*.
- Fuentes, A., & González, R. (2025). Transitions into and out of the gig economy. *Information, Communication & Society*, 1–17. <https://doi.org/10.1080/1369118X.2025.2496896>
- Galpaya, H., Perampalam, S., & Senanayake, L. (2018). Investigating the Potential for Micro-work and Online-Freelancing in Sri Lanka. In L. Pupillo, E. Noam, & L. Waverman (Eds), *Digitized Labor* (pp. 229–250). Springer International Publishing. https://doi.org/10.1007/978-3-319-78420-5_14
- Gandini, A. (2019). Labour process theory and the gig economy. *Human Relations*, 72(6), 1039–1056. <https://doi.org/10.1177/0018726718790002>
- Graham, M., Hjorth, I., & Lehdonvirta, V. (2017). Digital labour and development: Impacts of global digital labour platforms and the gig economy on worker livelihoods. *Transfer: European Review of Labour and Research*, 23(2), 135–162. <https://doi.org/10.1177/1024258916687250>
- Hammersley, M. (2013). *What is qualitative research?* <https://library.oapen.org/bitstream/handle/20.500.12657/58723/1/9781849666077.pdf>

- Hossain, M., & Mozahem, N. A. (2022). Drivers' perceptions of the sharing economy for transport services. *Technological Forecasting and Social Change*, 179, 121668. <https://doi.org/10.1016/j.techfore.2022.121668>
- Hunt, A., & Samman, E. (2019). *Gender and the gig economy*.
- International Labour Organization. (2021). *Can digital labour platforms create fair competition and decent jobs?* <https://webapps.ilo.org/digitalguides/en-gb/story/world-employment-social-outlook-2021#what-makes-digital-labour-platforms-so-different>
- Jalla, V. (2022). *A Guide for Entrepreneurs to Thrive in the Gig Economy*. <https://www.fatbit.com/fab/on-demand-model-all-you-need-know-gig-economy/>
- Janadari, M. P. N., & Preena, G. R. (2020). The Gig Economy and Workforce. *Contemporary Developments in Human Resource Management*. https://www.researchgate.net/publication/347151510_The_Gig_Economy_and_Workforce?enrichId=rgreq-c39fe9eefd1f1249327d9300f41651b5-XXX&enrichSource=Y292ZXJQYWdlOzM0NzE1MTUxMDtBUzo5Njg5MDcxNTg0NjY1NjFAMTYwODAxNjg3NjA4Ng
- Joshi, A., Jain, S., & Gupta, P. K. (2024). Challenges and impact of the gig economy. *Sustainable Economies*, 2(2), 96. <https://doi.org/10.62617/se.v2i2.96>
- Karim, M. A. (2020). Growth of the gig economy. *Growth of the Gig Economy*. <https://www.nst.com.my/education/2020/02/569347/growth-gig-economy>
- Kori, D. A. (2024). *Gig Workers—Issues and Challenges*. 10(12). https://ijirt.org/publishedpaper/IJIRT164529_PAPER.pdf
- Kuhn, K. M. (2016). The Rise of the “Gig Economy” and Implications for Understanding Work and Workers. *Industrial and Organizational Psychology*, 9(1), 157–162. <https://doi.org/10.1017/iop.2015.129>
- Lauren, R. M., & Anandan, C. R. C. (2024). *Exploring the Challenges and Uncertainties faced by Gig Workers*. 12(2), 24–30.
- Madadeniya, M. G. C. N. (2022). *A Review of Different Approaches to Measure the Gig Economy: Lessons for Sri Lanka*. 1(1). <https://www.statistics.gov.lk/Publication/SSR/DCSSSRVol1Issue1Article4>
- Maffie, M., & Gough, M. D. (2023). Bargaining Against the Machine: A Theory of Bargaining Power in the Gig Economy. In D. Lewin & P. J. Gollan (Eds), *Advances in Industrial & Labor Relations* (pp. 83–99). Emerald Publishing Limited. <https://doi.org/10.1108/S0742-618620230000027005>
- MBO Partners. (2025). *State of Independence report*. <https://www.mbopartners.com/state-of-independence/>

- Mohideen, A. J. H., Khatoon, S., G Y, S., Singh, S., & Rafee, B. M. (2025). GIG Economy: Emerging Trends and Challenges After Globalisation. *Journal of Neonatal Surgery*, 14(8S), 377–383. <https://doi.org/10.52783/jns.v14.2551>
- Ramamoorthy, V., & Adikaram, A. R. (2024). Pushed or Pulled? Becoming Gig Workers in Sri Lanka. *Kelaniya Journal of Management*, 13(1), 85–100. <https://doi.org/10.4038/kjm.v13i1.7799>
- Rodrigues, J. N., Bhattacharya, S., & Cabete, D. C. R. (2022). The New Work Culture of the Gig Economy—An analysis of how the gig economy is altering employment prospects and extending talent pools. *JANUS NET E-Journal of International Relation*, 13(2). <https://doi.org/10.26619/1647-7251.13.2.03>
- Rosenblat, A., & Stark, L. (2015). Uber’s Drivers: Information Asymmetries and Control in Dynamic Work. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2686227>
- Saraswathi, C. (2023). The Role and Challenges of Gig Work Platforms in Indian Economic Development. *International Journal of Research and Analytical Reviews*, 10(2). <https://ijrar.org/papers/IJRAR1CYP012.pdf>
- Singh, H. (2024). Gig Workers: A Comprehensive Analysis of the Rise, Challenges, and Future of the Gig Economy. *International Journal For Multidisciplinary Research*, 6(5), 29525. <https://doi.org/10.36948/ijfmr.2024.v06i05.29525>
- Todorov, G. (2024). *Impressive Gig Economy Stats 2024 [Facts and Trends]*. <https://thrivemyway.com/gig-economy-stats/>
- Tran, M., & Sokas, R. K. (2017). The Gig Economy and Contingent Work: An Occupational Health Assessment. *Journal of Occupational & Environmental Medicine*, 59(4), e63–e66. <https://doi.org/10.1097/JOM.0000000000000977>