

## A LITERATURE REVIEW OF SOCIAL ENTREPRENEURSHIP: A SOLUTION FOR CHALLENGES IN THE GIG ECONOMY

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### *Abstract*

*The gig economy, a rapidly growing economic phenomenon, has transformed traditional employment paradigms and modern economic structures. It reflects a flexible labor market based on demand, occasional work, and typically task-based arrangements. However, the presence of the gig economy also poses various challenges for its workers, such as income uncertainty, a lack of social protection, job instability, and uncertain working hours. To address these challenges, social entrepreneurship emerges as a potential solution. With a creative and sustainable approach, social entrepreneurship can enhance the well-being and fairness of gig workers, as well as create a more equitable and inclusive work environment. This research explores the role of social entrepreneurship in addressing issues in the gig economy, with the hope of serving as a valuable source of information for gig workers, particularly in Indonesia.*

*Keywords: Social entrepreneurship, Gig economy, Challenges, Solutions*

### INTRODUCTION

The gig economy, an emerging economic trend, has changed the traditional paradigm of employment and brought changes to the structure of the modern economy. Novianto et al. (2021) define the gig economy as a form of economy that pays workers based on the number of goods or services performed, not based on time worked. Because of this economic form, De Stefano (2015) describes the gig economy as casual work, piecework per project, and short-term contracts. Its nature is not bound in the long term, the gig economy is claimed to provide flexibility, free time and does not restrict gig workers.

On the one hand, the presence of the gig economy provides various conveniences, but on the other hand, it actually creates vulnerabilities for workers (Novianto et al. 2023). Gig workers prioritize individual freedom over collective freedom, which further puts pressure on workers' ability to control their wages and working hours (Anwar & Graham, 2021). As a result, the concept of freedom in the gig economy, which prioritizes worker flexibility in arranging work schedules and personal lives, has in fact become problematic and not entirely profitable.

In Indonesia, the gig economy has become a significant part of the modern economic structure. Statistical data from Badan Pusat Statistik (BPS) shows that the number of informal workers, most of whom are gig workers, reached 57.2 million people in February 2021. The growth of the gig economy is also reflected in the increasing number of users of digital platforms that offer gig services, such as applications. ride-hailing and delivery. According to data from the Ministry of Communication and Information, the number of ride-hailing service users in Indonesia reached 54.2 million in 2020, an increase from 44.1 million in the previous year. This figure shows the large contribution of the gig economy to the Indonesian job market.

This data illustrates that the gig economy not only acts as a significant job provider, but has also changed traditional ways of working to become more flexible and digitally connected. The growth of the gig economy is reflected in the increasing number of users of digital platforms that offer gig services, such as ride-hailing and delivery applications. This phenomenon provides an opportunity for individuals to optimize their free time as an additional source of income or even as a more flexible main job. However, this growth also brings significant challenges. In fact, Novianto et al. (2021) noted that the growth of the gig economy is not commensurate with improvements in worker welfare and justice.

Gig workers face a variety of complex challenges in the work environment. One of the main problems is income uncertainty. Gig workers are often subject to fluctuating market demand, which can cause large variations in their income over time. In addition, most gig workers do not have access to social security programs that are usually available to formal workers, such as health insurance and pensions. This lack of social protection leaves gig workers vulnerable to unexpected financial risks, such as illness or accidents.

Not only that, but unclear work status is also a serious problem for gig workers. They are often considered partners or independent contractors by the platforms they use,

depriving them of rights regulated by labor law, such as regulated working hours, minimum wages, and leave. As a result, most gig workers are trapped in a cycle of low wages, working more than normal working hours (overtime), and have no guarantee of a decent income in the long term. This situation is even more complicated because there are no strict prohibitions or regulations from the government regarding the work status of gig workers.

Even though gig workers still face big challenges, especially related to low wages, irregular working hours, and income uncertainty, social innovation through social entrepreneurship can be the answer to overcoming these problems. Social entrepreneurship is a business model that focuses on creating social value. One of the main values of social entrepreneurship is sustainability, which includes economic, social, and environmental aspects. By focusing on sustainability, social entrepreneurship is able to create innovative solutions that empower individuals and communities to achieve sustainable prosperity.

Through a creative and sustainable approach, social entrepreneurship has great potential to improve welfare and justice for gig workers in the gig economy. With innovations in skills training programs and the access they provide, social entrepreneurship can help gig workers earn more stable incomes, improve their overall well-being, and create a more equitable and inclusive work environment. This can help reduce social and economic inequality, which is often a negative impact of the development of the gig economy, making social entrepreneurship a positive force in shaping a more sustainable and inclusive gig economy.

Based on this background, this research will present literature on the role of social entrepreneurship as a solution to problems in the gig economy. It is hoped that the results will become a source of information and reference for gig workers, especially in Indonesia.

## RESEARCH METHODS

This research is a literature study by examining journals related to the gig economy and social entrepreneurship. Through literature analysis, this research aims to gain an in-depth understanding of the role of social entrepreneurship in overcoming problems in the gig economy. Thus, it is hoped that this research can provide a valuable contribution

to practitioners and decision makers in the field of social entrepreneurship, as well as develop a better theoretical understanding of the relationship between social entrepreneurship and the gig economy.

## RESULTS AND DISCUSSION

### Gig Economy

The term 'gig' was first used in the music industry but now refers to a wide range of jobs, including transportation, food and drink, and education. Wood et al. (2019) define the gig economy as a labor market dominated by temporary, project-based, or freelance work that is often organized through digital platforms. Workers in the gig economy are usually paid based on specific projects or tasks, rather than through a fixed salary, and they often have flexibility in determining workers' work hours. Tan et al. (2021) also describe the gig economy as a short-term, on-demand, occasional, and usually task-based labor market via digital platforms.

Gig work differentiates itself from traditional work by being more flexible, on-demand, and done on a small scale. The era of digital platforms is very important for connecting workers and jobs in the gig economy. Work in the gig economy is often seen as precarious because it can be adjusted according to demand, and gig workers are often seen as part of a digital platform, rather than as independent workers (De Stefano, 2016).

The expansion of the gig economy into multiple sectors and increasing reliance on precarious work increase the urgency of finding better solutions to protect gig workers from workforce casualties. This also includes the informalization of the formal economy and the demutualization of risks in the labor market (Tan et al. 2021). Therefore, a deeper understanding of social entrepreneurship is very important, because it can provide a basis for innovation in providing protection and benefits for gig workers.

### Social Entrepreneurship

Over the last two decades, social entrepreneurship has become increasingly popular. Social entrepreneurship comes from the words social and entrepreneurship, which are derivative terms of entrepreneurship. Social means society, while entrepreneur means entrepreneur. UNDP defines social entrepreneurship as an inclusive business that involves poor people in the chain of a company, either as customers, providers,

entrepreneurs, or employees (UNDP, 2013). Social entrepreneurship uses new types of resources in different ways while combining traditional entrepreneurial creativity with a mission to change society (Germak & Robinson, 2014; Zivkovic, 2018). In this sense, social entrepreneurship refers to entrepreneurs who are engaged in empowering or utilizing the surrounding social environment (Dalimunthe & Ramadini, 2019).

The concept of social entrepreneurship comes from the observation that social entrepreneurs seek to overcome social problems in the environment by involving many interested parties (Hidalgo et al. 2024). Therefore, commercial and social entrepreneurs are distinguished by their goal focus (profit and social wealth, respectively) (Estrin et al. 2013). Dees (1998) equates commercial and social entrepreneurs, but highlights differences in the social goals of the two. Social entrepreneurs are defined by several core characteristics: (i) identifying and continuously seeking new opportunities to realize the mission of creating value; (ii) actively engaging in innovation and adaptation; and (iii) taking bold action without being fixated on limited resources. This indicates that social entrepreneurship focuses on social missions and creating social value.

Social entrepreneurs are socially oriented with the aim of changing the environment, while generating profits for the company and economic benefits (Stevens et al. 2015). Therefore, social entrepreneurship often takes the form of collective organizations that rely on coordinating partnerships between various individuals (Dufays & Huybrechts, 2014) who use available resources for social change activities.

## **Social Entrepreneurship as a Solution to Problems in the Gig Economy**

Gig workers face significant challenges related to job characteristics. One of the main challenges is income uncertainty. Gig workers are paid based on certain projects or tasks, this condition makes it possible for platform companies to pay gig workers as little as possible through algorithm settings that force drivers to work harder with working hours of more than 8 hours per day (Novianto et al. 2021), which makes gig workers find it difficult to plan their finances effectively because income varies over time.

Additionally, gig workers generally do not have the same access to social protections such as health insurance, retirement benefits, or sick leave that are typically afforded to regular workers. Job instability is also a serious problem for gig workers. Occupational risks for workers are increasing as platforms consistently emphasize the importance of

'choice' for workers in determining when to work. Within the framework of this employment system, the relationship between platforms and workers is basically an employment relationship that has clear work dependencies (Arriagada et al. 2023).

In an effort to solve problems in the gig economy, social entrepreneurship offers an approach that combines community, technology, and problem solving skills to empower society as a whole, so that social problems can be resolved slowly. Sociopreneurs, individuals who act as agents of change in the social sector have been proven effective in creating and maintaining social value (Van Ryzin et al. 2009). The increasing number of sociopreneurs will open up extensive opportunities to build a conducive employment climate.

As agents, sociopreneurs constantly seek new opportunities to achieve social missions, engage in continuous innovation, and act without being limited by limited resources. Social entrepreneurs must be able to understand social problems and use entrepreneurial skills to create improvements, especially in the fields of welfare, environment, and economy. However, in building a social business, sociopreneurs are essentially required to have the capacity to channel good values to society, such as the value of a personality that is independent, innovative, and never gives up.

Through their social business activities, sociopreneurs can inspire other people to get involved in common goals, including helping overcome problems in the gig economy. Sociopreneurs will continue to strive to create various innovative activities to address the economic and social problems of marginalized communities. By establishing new organizations, developing innovative programs, and distributing new services, sociopreneurs can provide concrete solutions (Shahir & Lerner, 2006) for gig workers who face income uncertainty, a lack of social protection, and job uncertainty.

Being involved in the community is very important, because it can expand the network which in turn can support social entrepreneurship (Dalimunthe & Ramadini, 2019). Good social interactions can form relationships of mutual trust for the survival of society (Hidalgo et al. 2024). Thus, through positive interactions and effective collaboration between community members, social entrepreneurship can be a potential solution to improve the conditions of gig workers and reduce the uncertainty and vulnerability they face.

Unions or communities can also be an effective strategy to overcome some of the problems faced by gig workers. Through involvement in communities or unions, gig workers can gain collective support that can improve their negotiations regarding wages, hours, and other working conditions. Collectively, gig workers can push for policy changes that are more beneficial to gig workers, such as better social protection, access to health services, or other work rights. Thus, association or community not only provides collective power for gig workers, but is also a solution to improve their working conditions and welfare in the gig economy.

## CONCLUSION

The gig economy, where workers are paid based on specific projects or tasks, income uncertainty, a lack of social protection, and job insecurity are major problems. Social entrepreneurship has emerged as a potential solution by combining community, technology and problem solving skills to empower society as a whole. Through innovation in establishing new organizations, developing innovative programs, and distributing new services, social entrepreneurship can provide concrete solutions for gig workers. Additionally, involvement in the community or trade unions can also be an effective strategy to improve the working conditions and well-being of gig workers. By unionizing or forming a community, gig workers can gain collective support that can improve negotiations regarding wages, working hours, and other working conditions, giving gig workers collective power to push for policy changes that are more favorable to workers.

However, challenges in implementing solutions remain. The implementation of social entrepreneurship and involvement in the community requires strong support from various parties, including the government, companies and society as a whole. Apart from that, a deeper understanding of social entrepreneurship and its benefits for society needs to be socialized so that it can be implemented effectively. Thus, the role of social entrepreneurship as a solution to problems in the gig economy needs to be seriously considered and supported by various parties to create a more fair and inclusive work environment for gig workers.

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