

Relationship between Freelancer Value Proposition and Relationship between Freelancer Value Proposition and Freelancer Engagement in Gig Economy: Case of Ride Hailing Apps. in Indonesia

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Abstract

Gig Economy phenomenon has become disruptor for business industry globally for the last couple of years. It is indicated by significant growth of Gig Workers population, in Indonesiaper 2017, 127 millions workers are categorized as gig worker, the numbers is continously growing. This research is aimed to understand every factor that constructs Freelancer Value Proposition (FVP) and the ones that affect in forming positive engagement between Ride Hailing platform and its drivers which categorizes as Gig Workers.

Index terms— gig worker, gig economy, freelancer value proposition, freelancer engagement,

1 Introduction

haring Economy term is widely used to describe all market transactions of under usage assets among people through online platform (Durden 2017). Various business models exist under it such as on-demand (Uber), gig (Task Rabbit), access (Spotify), collaboration (WeWork), platform (Amazon), rental (AirBnb) and peer-to-peer (Lufax). As a consequence of it, Sharing Economy is frequently referenced as Collaborative Economy, Gig Economy, Access Economy and On-Demand Economy. However, apart from its definition, Sharing Economy is real now and will keep growing significantly in future days.

Key concept behind Sharing Economy is to open value potency of unused or less used asset (idle capacity) and business model shifting from "heavy asset" to "light asset" ones (Durden 2017). Technology matches buyer/demand and seller/supply to lessen market inefficiency. For example, Uber with no cars, Airbnb with no hotels, Amazon with group of conventional stores and eBay that doesn't handle supply chain.

Charts released by Nielsen in 2013, shows that communities from various part of the world have been opened to Sharing Economy concept. The interesting part is, consumers in development countries seems more open for sharing comparing to them which reside in Europe or North America. The charts are based on Polling distributed over thirty-thousand Internet users over sixty countries. More than two third (68%) of the respondents state their interest in sharing financial profit. Same thing happened to 66% respondents related to their interest in using or renting goods or services in sharing community. First place comes to respondents in Asia Pacific, followed by South America and Middle East/Africa, and last is by half of Europe respondents and North America. If counting is done based on countries, the first three are China, Indonesia and Slovenia.

Willingness to participate in share communities by region (Nielsen N.V. 2014) More and more Indonesian millennials choose to work as Gig Workers. Bloomberg data show out that one third of 127 million workers in Indonesia, categorized as Gig Worker or work less than 35 hours per week in 2017. Aligned to it, service provider for job seeker and company that is looking for workers (ondemand worker) grows up to 26% in last year ??Setyowati 2018).

Growth of Ride Hailing service in big cities also being part of global growth trend known as "gig", "sharing" and "on-demand" economy. By now, Ride Hailing is still the fastest growing segment on the Online Mobility Services market in Indonesia. In 2019, there are 21.7 million drivers (penetration rate at 8%) with total revenue at \$3,630 million. Analysts predict the number of drivers will grow up to 13.5% becoming 34.6 million drivers and the total revenue is predicted to grow until 22.9% becoming \$8,275 million (<https://www.statista.com/outlook/368/120/ride-hailing/indonesia>, 2019). develop more suitable strategies ahead. By having a better partnership level, they are expected to have a better competitive advantage among competitors.

2 II. Literature Review a) Worker

Gig Worker is a term that is frequently used to define worker who is working under the Gig Economy industry. There are a lot of definitions for the Gig Economy, the one that is commonly used to described is a field of work in which customer is given a short-term task to an individual, through an online independent platform (Schafer & Schwarzkopf, 2019). Hence, those who works under that situation is referred as Gig Worker. Gig Worker definition itself is relatively variessince the terms is relatively new. There are several characteristicsthat definesGig Worker, a flexible working arrangement based on client request; worker provides their own working place; the job is given through platform that connects the worker, customer and platform intermediates (Steward & Standford, 2017). Furthermore, Gig Worker is bound by the location, in which in order to finished the task given both worker and customer have to be in the same geography location. Some of the known example of Gig Worker is those who works under the Ride Hailing apps. such as Uber, Grab or Go-jek. Furthermore, those who works in food delivery service such as Ubereats, Go-food, Grab Food and Food panda is also included as Gig Worker. Bothjobs have the same characteristics which describes gig worker in general.

3 b) Freelancer Engagement

Employee engagement is a concept that is used to define employee involvement and commitment to their job. Employee engagement is a form of employee retention (Schmidt era k., 1993). Employee who is disengagewill show relatively lower working performance in which they work is not satisfactory, effortless, automatic and robotic (Pandey and David, 2013).

Based on ??han (1990 ??han (, 1992) definition, there are three physiological conditions that increase employee engagement level: meaningfulness, safety and availability. Meaningfulness is described as intrinsic value that employee attached to his/her job ??May et al., 2004). Safety is defined as situation in which employee can freely express themselves authentically in their job, mostly determined by their interpersonal interaction to other employees (Pandey and David 2013). Last, availability talks about employee feeling on how they can be fully supported in terms of physical, cognitive and emotional resource to finish their job (Pandey and David, 2013). Maslach et al (2001) furthermore stated thatworkload, control, rewards and recognition, community and social support, perceived fairness and values arefactors thatare in associated to employee engagement. Proper fulfillment related to those factors will increase employee engagement to his or her job.

In same way, freelancer engagement can be defined as freelancer involvement and commitment to profession. Contrast to what literatures above talk, Barlage et al (2019) argues that employee engagement concept can be applied to freelancer, especially for those who work in Gig Economy. This is due to the same logic applied between both employee and freelancer, in order to execute their job.

4 c) Social Exchange Theory

Social exchange theory tries to explain social interactions between human and it's society. In general, human is interacting with his or her society based on has-to-docost-benefit analysis, depends on their own preferences and perception. Human evaluates the cost and benefit either subconsciously or not. Human will prolong those relationship that perceived has maximum values (Edyardsson et al., 2011)

5 d) Freelancer Value Proposition

Freelancer value proposition is a term that is used to describe values that freelance received by working in the freelance platform as a return fromfulfilling certain task or service (Nawaz, Zhang, Mansoor, dan Ilmudeed, 2019). Freelancer Value Proposition (FVP) is a concept that is basedon the Employee Value Proposition Concept (EVP). EVP is traditionally used to describe tools that mostly used to improve interrelationship between company and its employee, in which company is able to figure out what kind of values is employee longed and searched for and employee can also understand whether the company is fitting for them. EVP is also tools that can be used tostrategically to improve business outcome, in which values that is offered or given are aligned with what employee islooking for. If the values aligned,then the relationship will be beneficial for both parties, in which the relationship will be strong, for the long term and beneficial ??Marriot Jr, 2001b).

In order to get attributes that construct the Employee Value Proposition need to be formed through continues improvement. Usually the attributes are identify through listening and observation employee at work ??Nawaz et

6 e) Economic Value

Economic value in this context refer to the compensation received by the employee once they have finished a task. Wang (2004) stated that economic factors in form of reward have a huge part in building and maintaining employee and company sustainability. Bratton and Gols (1994) stated that reward included all form financial benefit that is received by the employee as form of relationship between company and its employee. Mostazz (1988) stated that when an individua enter an organization they have skills, desires and goal, hence they also expect that the company is able to fully maximized their skills, fulfilled their desires and help them to achieve their goal. Employee feel sense of attachment to the company and better performance if they received reward and recognition. Reward is proven to increase level of efficiency and performance of employee in doing their work (Jehanzeb et al., 2012).

In the gig worker context, most of the primary motivation to work in the platform is to fulfill their economy needs, either as primary or supplementary income (Schewellnuss et al., 2019). Nawaz (2019) also stated that economic value play a big part as the main motivation for worker to join the Gig Economy. Hence from the above mentioned fact we can hypothesized that H1: Economic Value as part of Freelancer Value Proposition contributes positively to Freelancer Enagagement.

7 f) Social Value

In general, human is a social being. Hence, it's undeniable that social value plays a big part as a motivation for decision making in daily life. Social value is defined as set of beliefs and principles that accepted by majority, and being applied in order to ensure continuity of society ??Soykan, 2007). Those values held are part of criteria and opinions of what society is expected (Turkkahramana, 2013). Having a job is one of method used to elevate one's societal status (Nawaz et al., 2019). Having a job will increase individual reputation in its peer group. Furthermore, research suggests an individual to utilizes online platform to gain recognition from its peer group (Carrillo & Gaimon, 2004).

8 H2: Social Value as part of Freelancer Values

Proposition contributes positively to Freelancer Engagement.

9 g) Autonomy Value

Nowadays autonomy is defined to explain someones ability to self-govern and decide their own conduction. Autonomy value in job is defined as condition in which an individual has the ability to selfgovern and being free from external excessive control (van Hoorn, 2018). Autonomy value itself is one of the most important intrinsic factor that increase knowledge sharing in organization (Foss et al., 2009). On top of that, at traditional organization, autonomy is scored as one factor that increase employee commitment to organization ??Aube et al., 2007). The project based works and temporary organizations have a very high level of autonomy, hence it is becoming one motivation for the workers (Hanis et al., 2016).

10 H3: Autonomy Value as part of the Freelancer Value

Proposition contributes positively to Freelancer Engagement.

11 h) Development Value

Developmental value is defined as value that attracts employee because company gives recognition, self-worthiness and confidence to its employees. Furthermore, the attraction can be resulted from company supports for employee career enhancing experience that may lead to development of employee capability and competitiveness in market (Biswa and Suar, 2013). Developmental value is scored as one of the most important dimension which employees are looking for in a company. Employee values company that give chances for employee development (Jian and Iles, 2011). Lack of chance of personal development at company will lead to high turn over rate at company (Hausknecht et al., 2009). Freelancer in general has the flexibility to pick variety of projects, exposures and challenges that will support employee development (Nawaz et al., 2019).

12 H4: Developmental Value as part of the Freelancer Value proposition contributes positively to Freelancer

Engagement.

13 i) Hedonic Value

Hedonic values merupakan kombinasi dari enjoyment, fun, pleasure, Excitement dan precieved benefit yang dirasakan seseorang ketika menggunakan produk, service at atupun aktivitas. Enjoyment merupakan salah satu faktor kuat yang mengkontribusi user dalam sharing economy, dimana platfrom economy ada di dalamnya (Nawaz et al., 2019).

Hedonic values are combination of enjoyment, fun, pleasure, excitement and perceived benefit that is felt by user of the service, product or activity. Enjoyment is known to be one of the strongest factor that motivate user in sharing economy, where economical platform resides ??Nawaz et

b) Instrument Design and Measurement of Construct

The research was initiated by interviewing some Gig Workers in order to gain insights about values which influence their level of engagement for a Gig Working

c) Sample and Data Collection Procedures

The research was continued by distributing online questionnaire via google form to the Gig Workers in greater Jakarta. The number of Ride Hailing drivers (4 wheel) are approximately one thousand drivers in Jabodetabek area for Grab and GoJek platform. There are 238 surveys returned from the drivers and 220 of them are used for data analysis. Each item used fivepoint Likert scale in which 1 representing "Strongly disagree" to 5 representing "Strongly agree".

IV.

Analysis a) Demography Information

Demographic information was examined, such as age, gender, duration of work in organization, marital status, and educational level. With a total of 238 samples, TABLE: IV-Ishows sample's demographic details of responses. Majority respondents were around 35 until 44 years old those are 103 respondents (43.28%) followed by 77 respondents were around 25-34 years old (32.35%) and 51 respondents were around 45-54 years old (21.43%). Based on gender variable, it can be concluded that Ride Hailing industry were dominated by men with 235 respondents (98.74%). For other variables: duration of work in organization were 2-3 years with 114 respondents (47.9%), marital status was married with 219 respondents (92.02%), and educational level were high school degree with 133 respondents (55.88%). The result shows that all the data set had KMO above 50%, factor loading above 30% and Cronbach's Alpha above 70%, this indicates all data set were valid and reliable.

c) Descriptive Analysis

The descriptive analysis methods such as mean and standard deviation were conducted using SPSS software. Mean level of 3.00 was used as an average scale for the five-point Likert scale used in this research questionnaire. The mean obtained for Freelancer Engagement was 4. 5, this indicates that the respondents had an engagement to the company and high probability to stay within the company. The demographic information also states that majority of respondents already worked around 2-3 years in the company.

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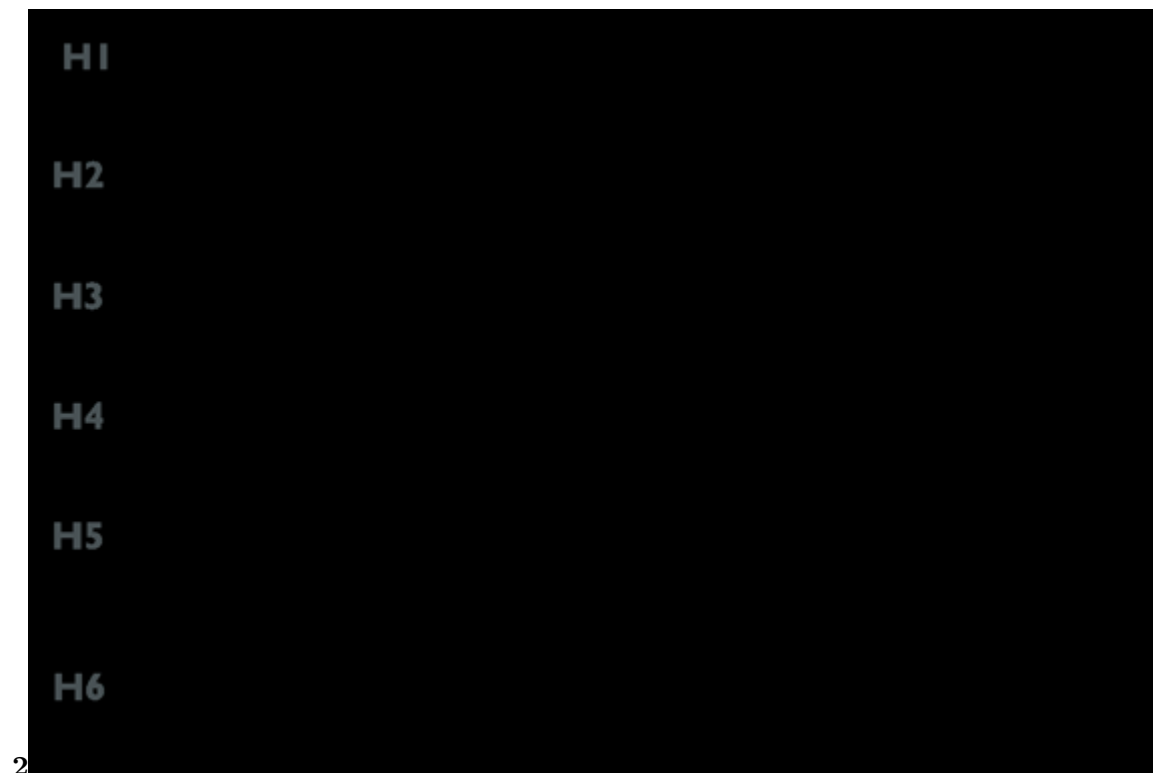


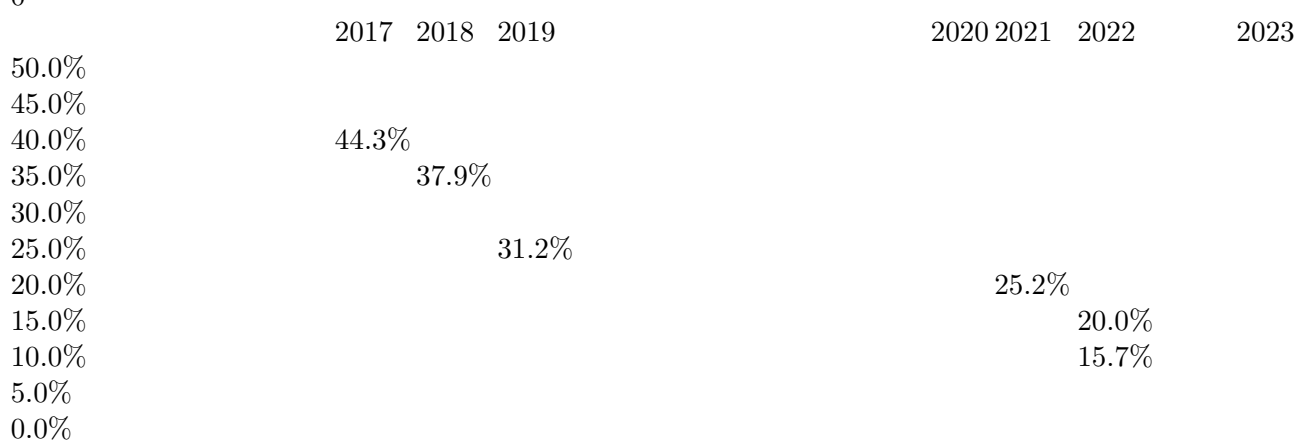
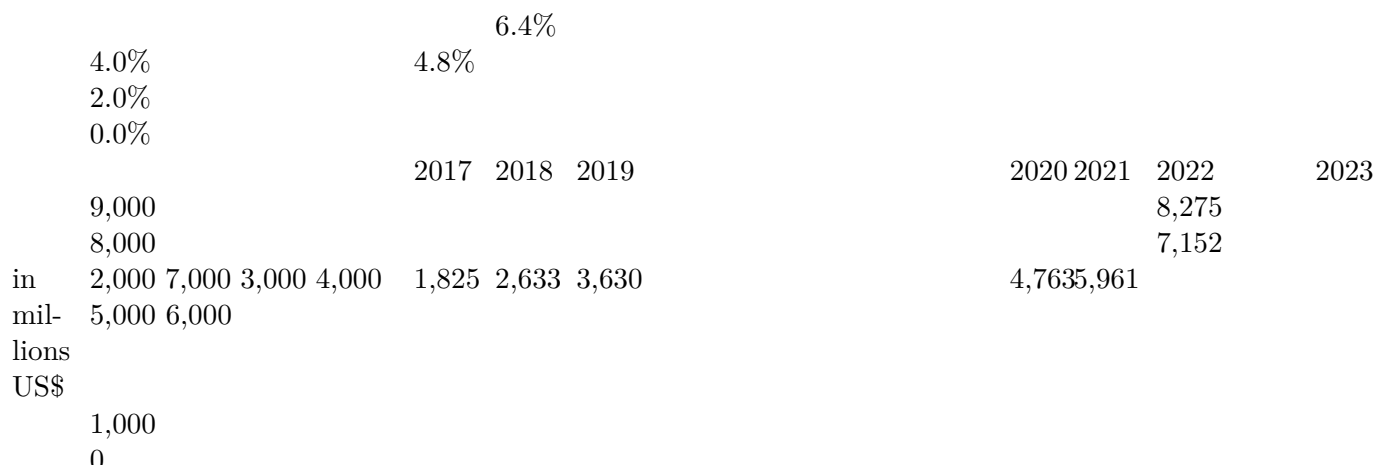
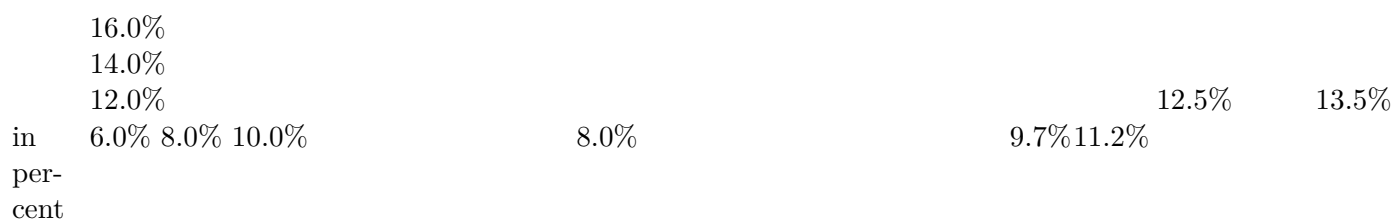
Figure 1: Figure 2 :

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Region	Willing to Share Own Assets	Willing to Share from Others
Global Average	68%	66%
Asia Pacific	78%	81%
Latin America	70%	73%
Middle East/Africa	68%	71%
Europe	54%	44%
North America	52%	43%

Figure 2: Table 1 :Table 2 :

17 C) DESCRIPTIVE ANALYSIS



[Note: (<https://www.statista.com/outlook/368/120/ridehailing/indonesia, 2019>) E a r l y V i e wFigure 3: Ride Hailing Driver Partners Penetration RateFigure 4: Ride Hailing Driver Partners Total RevenueFigure 5:]

Figure 3:

Figure 4:

IV

with Cronbach's

Variable	Description
Age	18-24 Years 25-34 Years 35-44 Years
Gender	Male Female
Duration of Work in Organization	0-1 Years 2-3 Years 4-5 Years >5 Years
Marital Status	Single Married
Educational Level	Post Graduate

b) Validity and Reliability Analysis

This study uses six constructs that were analyzed using validity and reliability test. Validity test was done with Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) with expected value above 50% the factor loading above 30%. Reliability test was

Figure 5: Table IV :

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Construct	Construct Value Statement	Loading Factor	KM Cronbach's Alpha
Economic Value (EV)	I am getting an above average basic salary	0.768	0.690
	I save more money because of participating in this freelancing platform	0.81	
Social Value (SV)	I can find good deals in freelancing platform	0.674	0.690
	This freelancing platform would make a good impression on other people	0.751	
	Freelancing platform help me make new friends	0.655	
	This freelancing platform is recommended by my friends	0.686	
Work Balance Value Life (WV)	There is a good fit between my job and my personal gain	0.768	0.710
	I have enough time for my family or other important people in my life because of	0.829	
Autonomy Value (AV)	My work offers schedule flexibility	0.738	0.5
	I had the opportunity to set my own priorities at work I have	0.825	
	autonomy in setting my income per hour rate	0.825	
Development Value (DV)	Feeling more self-confident as a result of working for a particular freelancing platform	0.739	0.610
	I am gaining career-enhancing experience in my freelancing platform	0.749	
Hedonic Value (HV)	Freelancing platform is springboard for future employment	0.445	0.5
	I think freelancing is fun I think freelancing is interesting	0.951	
Employee Engagement (EE)	I find the work that I do full of meaning and purpose I am	0.703	0.790
	enthusiastic about my job I am proud on the work that I do	0.833	
	At my work I always persevere, even when things do not go well	0.842	
		0.702	

Figure 6: Table :

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Figure 7: Table :

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	Construct	Mean
	Economic Value (EV)	3.96
	Social Value (SV)	4.48
Work Life Balance	Value (WV)	4.08
	Autonomy Value (AV)	4.49
	Developmental Value	4.04
	Hedonic Value (HV)	4.35
Employee Engagement (EE)		4.52

d) Correlation Analysis

For further information correlation analysis was also conducted to test correlation for each construct.

Table: IV-IV Correlation Between Construct

	Economic Value	Social Value	Work Life Balance Value	Autonomy Value	Developmental Value	Hedonic Value
Economic Value	1					
Social Value	0.575	1				
Work Life Balance Value	0.755	0.582	1			
Autonomy Value	0.639	0.655	0.737	1		
Developmental Value	0.737	0.583	0.718	0.674	1	
Hedonic Value	0.703	0.641	0.753	0.676	0.707	1

e) Regression Analysis

Figure 8: Table :

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.1 V. Discussion and Implication

This study is aimed to understand correlation between Freelancer Value Proposition (FVP) and Employee (freelancer) Engagement toward Ride Hailing Platform apps in Indonesia. It is expected that based on findings in this study, platform company could build a better relationship program in correlation to the freelancers and improve the platform service level. Researcher proposes to use six dimensions of FVP: Economic Value (EV), Social Value (SV), Autonomy Value (AV), Developmental Value (DV), Hedonic Value (HV), and Work-life Balance Value (WV) in order to find its correlation to freelancer engagement to the platform. ??013), pay is a psychological symbol and the meaning of money is largely subjective, and for this case the economic value has negative correlation with freelancer engagement. Ride Hailing industry itself in Indonesia is monopolized by two companies: GOJEK and Grab, causing a tight competition among those two. The competition created price-war that not only for winning end-customer but also to attract driver partners (freelancer) to join the platforms. ABI Research, as quoted on Sindonews.com, stated that Grab won 63.6% of Ride Hailing market share in Indonesia, while GOJEK 35.3% 1 . Indonesian government sets Regional Minimum Salary (UMR) to ensure people get enough paid and this standard is also used by Ride Hailing platforms to set incentive schemes for its driver partners. These schemes make drivers income become hygienic.

Top two strongest correlations are HV and SV, according to Nawaz, Zhang, Mansoor, and Ilmudeen (2019). It is stated that "hedonic value is a combination of enjoyment, fun, pleasure, excitement and perceived benefits which a person experience while using product, service or performing any activity." So, the more enjoyment on what freelancers do as Ride Hailing driver partners, the better engagement rate it brought toward the platform. Still according to Nawaz, Zhang, Mansoor, and Ilmudeen (2019), "Social interaction and networking is basic instinct of human being." It means when people belong to a group or community that fit with their purpose and goals, they will become more engage to the organization, or in this case the platform.

.2 a) Limitation and Future Directions

This study was still the first step to understand correlation between FVP and Freelancer Engagement to the platform. Further deep interview is required to have better understanding. Especially, for the Ride Hailing platform that expect to reduce incentives cost at certain level. Further study probably can focus on other freelancers in different industry (i.e. e-commerce merchants) and demographics.

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