

Managing the informal economy: a theoretical debate in the light of gig economy

MARCIA CRISTIANE VACLAVIK¹

ANDREA POLETO OLTRAMARI¹

SIDINEI ROCHA DE OLIVEIRA (*IN MEMORIAM*)¹

¹ UNIVERSIDADE FEDERAL DO RIO GRANDE DO SUL (UFRGS) / ESCOLA DE ADMINISTRAÇÃO, PORTO ALEGRE – RS, BRAZIL

Abstract

Informality is a historical feature of the Brazilian labor market. Its economic and social importance is undeniable. In this essay, considering the gig economy and digital labor markets phenomenon, we argue that a process of “managing the informal economy” is underway. It is observed that big companies are mediating labor relations through online platforms, using informal work. This phenomenon reorganizes and amplifies informality, creating a new employment statute by merging characteristics of formality (such as control, performance evaluation, and financial incentives) and informality (due to the autonomous nature and the lack of employment relationship with the organization). In Brazil, app-based work has grown substantially, reinforcing the need for theoretical and empirical investigation.

Keywords: Gig economy. Uberization. Informality. Informal work. Labor market.

Empresariando a informalidade: um debate teórico à luz da gig economy

Resumo

É inegável a importância econômica e social do trabalho informal como característica histórica do mercado de trabalho brasileiro. Neste ensaio, ao articular os eixos da informalidade e dos mercados laborais digitais, típicos da *gig economy*, defende-se a tese do “empresariamento da informalidade”, em que grandes empresas passam a mediar relações por meio de plataformas on-line, utilizando o trabalho informal. Esse fenômeno reorganiza e amplifica a informalidade, criando um novo estatuto laboral em que são mescladas características de atividade formal, como controle, avaliação de desempenho e incentivos financeiros, e informal, pela natureza autônoma e pela falta de vínculos trabalhistas. No Brasil, meios de alocação de mão de obra mediados por aplicativos têm crescido substancialmente, reforçando a necessidade de investigação teórica e empírica do fenômeno.

Palavras-chave: *Gig economy*. Uberização. Informalidade. Trabalho informal. Mercado de trabalho.

Gestión de la informalidad: un debate teórico a la luz de la gig economy

Resumen

La importancia económica y social del trabajo informal como rasgo histórico del mercado laboral brasileño es innegable. En este ensayo, al articular los ejes de informalidad y mercados laborales digitales, propios de la *gig economy*, se defiende la tesis del “emprendimiento informal”, en la que las grandes empresas comienzan a mediar relaciones a través de plataformas online, utilizando el trabajo informal. Este fenómeno reorganiza y amplifica la informalidad, creando un nuevo estatuto laboral en el que se fusionan características de la actividad formal, como el control, la evaluación del desempeño y los incentivos financieros, y la informal, por el carácter autónomo y la falta de vínculos laborales. En Brasil, los medios de asignación de mano de obra mediada por aplicaciones han crecido sustancialmente, lo que refuerza la necesidad de una investigación teórica y empírica del fenómeno.

Palabras clave: *Gig economy*. Uberización. Informalidad. Trabajo informal. Mercado de trabajo.

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INTRODUCTION

According to estimates from the International Labour Organization (ILO) (2019), about 2 billion people make a living in the informal economy. This is equivalent to 61% of the global employed population and, in some developing countries, the informal economy encompasses up to 75% of the workforce. In Brazil, informal employment is a “founding characteristic of the Brazilian labor market” (Instituto Brasileiro de Geografia e Estatística [IBGE], 2018). More than 34 million workers, or 39.5% of the employed population, are in the informal economy (IBGE, 2021). Despite the difficulty measuring these numbers – due to the plurality of concepts or the very nature of informal activities (Nogueira, 2016a) – this scenario is economical and socially relevant. For the Brazilian worker, informal employment refers to historical characteristics in which factors such as necessity, low education, surplus labor, and lack of opportunities in the formal market overlap.

The informal economy has changed according to the dynamics of the world of work (Peres, 2015), and it can be seen as a phenomenon to be eradicated, or, at the same time, as a form of generating occupation and income (Nogueira & Zucoloto, 2017; Peres, 2015). Interchangeable and complementary concepts unfold from this changing, dynamic, and heterogeneous nature (Organização Internacional do Trabalho [OIT], 2014). Against this backdrop, this article seeks to expand the debate on informal employment considering its diversity. However, this type of analysis requires understanding that the forms of work are inserted in broader social contexts, which result from successive transformations and affect the most diverse spaces.

In addition to the industrial transformations due to Fordism, Taylorism, and, later, Toyotism, several changes in the forms of work organization and operation could be observed throughout the twentieth century (Silva, 2011). After World War II, industrialized countries experienced a period known as “the golden age of Fordism,” with an increased amount of total salaries paid, productivity, and consumption capacity. This period lasted until the final decades of the twentieth century when the world witnessed a crisis in the Fordist model. From the 1970s onwards, a confluence of events “motivated companies to change their technological standards and forms of production significantly” (Cotanda, 2011, pp. 46-47, our translation).

This production restructuring comprises “profound transformation in work and production processes, changes in the companies’ structure, redefinition of the state’s role, deregulation of labor and capital relations, and microelectronic-based technological innovation” (Baumgarten & Holzmann, 2011, p. 315, our translation). There was greater flexibility in contracts, bonds, working hours, and remuneration. Global supply chains often include “simultaneously, formal work at one end and informal work at the other” (Cotanda, 2011, p. 47, our translation). Thus, a “post-employment era” (Kovács, 2006b) emerged, marked by the end of regular wage-earning and the rise of a model based on service provision where individuals offer their work, skills, and build their own career, entering into contracts with different clients and employers. The context seems to justify the wave of flexibilization as a way of “overcoming situations of rigidity (in setting wages, functions, employment contracts), supposedly responsible for the organizations’ economic challenges” (Piccinini, Rocha-de-Oliveira, & Rübenich, 2006, p. 95).

The term “flexibility” stands out in the current discussions on the world of work (Fleming, 2017). The academia has spent many years discussing the reduction of the stable and lasting bond between employers and employees (Kovács, 2006; Manyika et al., 2016), with direct effects on the social protection model based on wage employment (Packard et al., 2019). This study seeks to advance the discussion, addressing the emergence and development of the gig economy and digital labor markets (DLMs). This movement triggers yet another profound transformation in the world of work, a transformation caused by technological developments and sustained in the context.

Researchers have pointed to the emergence of DLMs as “one of the major transformations in the world of work over the past decade” (Berg, Furrer, Harmon, Rani, & Silberman, 2018, p. V), thanks to their potential to change existing standards (Balaram, Warden, & Wallace-Stephens, 2017; Coyle, 2017; Donini, Forlivesi, Rota, & Tullini, 2017). Although platforms connecting workers and job opportunities are not new, their expansion due to the accelerated technological development is remarkable (Mäntymäki, Baiyere & Islam, 2019). The DLMs and the related labor practices are part of the gig economy and developed thanks to digital technological ubiquity and platforms that use the internet to connect supply and demand,

reducing transaction costs (Graham, Hjorth, & Lehdonvirta, 2017; Stefano, 2017). These platforms found few barriers to operating worldwide since there were little (or no) specific regulations in most countries (Balaram et al., 2017). Thus, DLMs expanded and started to serve different sectors, establishing their own rules even though incorporating characteristics of the informal economy.

This research examines the DLMs and assumes the emergence of a process we are calling “managing the informal economy” (or “*empresariamento da informalidade*” in the study’s original language, Portuguese). In our view, large multinational companies are mediating labor relations through digital platforms, harnessing informal employment. This phenomenon expands, reorganizes, and offers new contours to the informal economy. Therefore, the Brazilian labor market analysis also needs to be expanded, contemplating the complexities of the informal economy and the contemporary work arrangements.

Although they are global phenomena, DLMs and informal economy have to be analyzed in a context, observing each country’s economic, historical, institutional, and cultural elements (Nogueira, 2016a). In Brazil, unemployment and discouragement rates have been high for years. In this context, app-based jobs – such as driving passengers or delivering – have grown, significantly impacting employment rates and the allocation of unemployed labor (Instituto de Pesquisa Econômica Aplicada [IPEA], 2019a, 2019b).

The expansion of the informal economy requires research to understand the phenomenon and explore the new forms of tech-based economic organization that are contributing to transforming the labor standards. Immense challenges can be observed in the imbrication between the informal economy and new work arrangements, challenges directly related to contemporary concerns about the future of work. In this sense, this study brings at least three contributions. First, it analyzes the notion of “managing the informal economy” as a contextually and temporally situated phenomenon, considering informal employment as an analytical basis. Second, it analyzes the *gig economy* based on the notion of the labor market, expanding the discussion on DLMs in the Brazilian scientific research in administration. Finally, it situates the discussion based on the typical reality found in developing countries.

The following sections discuss the connections between the informality and the DLMs typical of the *gig economy*, developing the notion of managing the informal economy. The study uses the context of app drivers to exemplify the elements discussed.

REVISITING THE DEBATE ON INFORMALITY

The discussion about informality or informal economy implies recognizing its complexity, as there is no consensus on an objective and delimited definition (Gibson & Flaherty, 2017; Krein & Proni, 2010; Nogueira, 2016b). The theme involves a myriad of concrete representations – street vending, micro-enterprises or illegal working contracts, tax evasion, among others – that permeate different theoretical concepts, objects of study, and opportunities of analysis (Cacciamali, 2000; Martins, 2003; Nogueira, 2016b). Thus, informality can be treated as a “concept, term, notion, analytical category, category of understanding, depending on the theoretical framework that guides the analyses” (Peres, 2015, p. 271, our translation). Although it is clear the need to overcome the good/bad dichotomy (Fincato, 2017) and advance in the theoretical debate (Krein & Proni, 2010), there is a recognized difficulty in dealing with the topic, either due to the complexity around defining the object (Nogueira & Zucoloto, 2017) or due to a lack of data or ideological orientation (Nogueira, 2016a).

In the early 1970s, the notion of occupational informality was discussed based on the concept of the informal sector. It was understood as a labor market dysfunction (Cacciamali, 2007). It could be seen in underdeveloped countries that could not allocate the mass of workers according to the Fordist capitalist employment pattern (Krein & Proni, 2010). Thus, two distinct and opposite sectors emerged in the labor market: the formal, characterized by “good work,” and the informal, associated with “bad work” (Krein & Proni, 2010). This apparent homogeneity in the presentation of the two sectors was soon questioned in a social and economic context that was also becoming more complex. The debate on informality intensified along with the need to broaden, conceptually and methodologically, the understanding of the working environment transformations in modern societies (IBGE, 2018), highlighting the growth of different forms of post-Fordist flexibility (Kovács, 2006, 2014; Piccinini, Rocha-De-Oliveira, & Rübenich, 2006).

As of 2002, recognizing the limitations of the formal/informal dichotomy and considering the importance of the informal sector regarding income generation, the ILO started to use the term “informal economy,” grouping the concepts of the informal sector and its idea of a production unit, and informal employment (linked to the idea of a production unit) and informal work (related to the worker’s occupation) (IBGE, 2018). Thus, the scope of analysis was expanded by recognizing the heterogeneity of the phenomenon and the existence of a *continuum* between total informality and total formality. The new term refers to activities “that – in law or practice – are not covered or are insufficiently covered by formal provisions” (ILO, 1920; OIT, 2014, p. 8, our translation). Thus, more than eradicating it, the idea grows that it is necessary to seek the transition from the informal to the formal economy, promoting decent work.

For Nogueira (2016a, p. 5, our translation), “there is no defined dividing line” between the formal and the informal, but connection and complementarity. In Brazil, occupations can be seen in different perceptions. From an economic point of view, informal employment consists of low-income peripheral activities, whereas formal employment is legally recognized and based on contracts following the law. Finally, the people’s perception is supported by the legislation, where informal employment means no legally binding contract between employer and employees (Piccinini et al., 2006). Peres (2015, p. 270, our translation) considers informality as “a spontaneous and creative response, especially in societies where wage employment is not widespread.”

The social acceptance of formal and informal labor relations lead to a complex web that permeates the notion of lawfulness (legal/illegal), sense of justice (fair/unfair), and convenience (acceptable/unacceptable), mixing “notions of personal need, efficiency, personal and family ethics, justice, and socially defined values, norms and habits” (Noronha, 2003, p. 121, our translation). Thus, the term “informality” is still too polysemic to be used without adjectives. Words like “salaried,” “autonomous,” or “employer” carry such complexity that they cannot be generically encapsulated under the umbrella of formality or informality (Noronha, 2003).

Official Brazilian labor market statistics are organized based on the degree of formality. Employment supported by legally binding contracts is the main guarantor of social welfare benefits and labor rights. Therefore, workers in the informal economy cannot count on the guarantees established in the labor law. Cacciamali (2000) stressed the challenge of establishing categories regarding the workers’ occupational situation – a salaried person with/without a contract, self-employed, employer, and others. For the author, such a classification would be insufficient due to the statistical difficulty of measuring informality, and it would not tap into the relations and contrasts between formal and informal economies.

Particularly in the case of Brazil, Nogueira and Zucoloto (2017) defend an intermediary space, the “semi-formality.” This concept comprises situations in which formal and informal activities operate in a coordinated and complementary way, where agents “belong to the formal dimension but perform part of their operations in the informal dimension” (Nogueira & Zucoloto, 2017, our translation). In this sense, labor relations occur much more within a *continuum* of possibilities than within clearly defined categories (Nogueira, 2016b). Therefore, it is essential to consider the crossing of economic, historical (the tradition of the subsistence economy), institutional (the process of shaping an institutionality), and symbolic (the “culture” of informality and semi-formality) dimensions (Nogueira, 2018, p. 92). One example is the individual micro-entrepreneur (MEI), a legal framework that creates “special conditions to legalize (or formalize), mainly, self-employed workers who have been working informally” (Nogueira & Zucoloto, 2017, p. 150).

Cacciamali (2000, p. 163) emphasizes the importance of understanding informality as more than a fixed concept. For the author, it should be faced as an “informality process,” in which social and economic transformations influence “redefining production relations, forms of workers insertion in production, work processes, and institutions.” This idea is useful for analyzing labor relations, which are adjusted considering the production organization that operates outside formality. The informal economy is characterized by low income, vulnerability, and insecurity in unregulated or insufficiently regulated work environments. In addition, it is marked by self-employment as a survival strategy, especially in cases where professionals struggle to re-enter the formal market (Cacciamali, 2000).

Informality almost always develops and thrives in a broader and more complex context that involves high unemployment rates, poverty, low education rates, gender inequality, and precarious work (ILO, 2014). Workers rarely choose to work outside formal boundaries (Gibson & Flaherty, 2017), and “a large part of the population has no alternative than operating

in the informal economy for securing livelihoods” (ILO, 2019, p. 1). Unlike capital accumulation, the nature of informal employment lies in subsistence and income generation (Cacciamali, 2007; Moretto & Capacchi, 2006; Nogueira, 2016a). It consists of activities that occupy the margins and empty spaces of formal employment (self-employment, craft industry, street vending, or informal family businesses). Thus, it is crucial to understand the depth of the informal economy’s roots in society, particularly in Brazil, to improve labor standards, especially nowadays when new work standards emerge, potentially increasing informal employment.

GIG ECONOMY AND DIGITAL LABOR MARKETS

The so-called digital economy is linked to a context of technological development that accelerates different transformations. Cloud storage and cloud computing, big data management, mobile application accessed via smartphones and tablets, geolocation devices and services, the Internet of Things (IoT), and machine learning are increasingly accessible to organizations and individuals. Digital platforms today permeate many aspects of social and economic life, from social media to the provision of services and products in areas such as manufacturing, agriculture, and the financial sector, to name a few. In the online and on-demand economic organization mode, opportunities open up to buy and sell anything – assets, skills, time, and money – smoothing the dividing lines between personal and professional, labor and leisure, employment, and sporadic work (Sundararajan, 2016).

The impacts of these phenomena in the organization of work are outstanding, and the effects are observable in companies and workers (Abraham, Haltiwanger, Sandusky, & Spletzer, 2018; ILO, 2021). In this context, it is noteworthy the effort to understand better the broad, multifaceted, and statistically relevant phenomenon (Codagnone, Biagi, & Abadie, 2016). It cannot be examined by observing only the technology or consumption/service, disregarding work as a fundamental element. The *gig economy* manifested through an increasing number of digital platforms and workers involved (ILO, 2021) has received attention in several studies on the subject.

Since 2018, the term “*gig economy*” has been the subject of discussions that helped establish parameters for studying the phenomenon of work at the International Labour Organization (ILO, 2018a). It refers to “less structured work arrangements mediated through an internet platform” (ILO, 2018a, p. 66), generally related to the immediate execution of tasks under the online demand of requesters of a particular service (Balaram et al., 2017). These arrangements form markets (DLMs) that connect, through platforms, the demands of consumers and suppliers through gigs (usually short-term informal work) (Donovan, Bradley & Shimabukuro, 2016).

DLMs are specific markets created from the intermediation of work through digital platforms (Bajwa, Knorr, Di-Ruggiero, Gastaldo, & Zendel, 2018; Codagnone et al., 2016; Vaclavik, Rocha-De-Oliveira, & Oltramari, 2019). In this context, easily distinguishable instances are now confused (Guimarães, 2008): the labor market – with the established disputes between labor force buyers (the contracting firms) and sellers (individuals) – and the product market – interactions between buyers and sellers of goods and services. In DLMs, platforms do not consider themselves “employers” but rather “facilitators” of the online space for exchanges between buyers and sellers (Codagnone et al., 2016). These businesses call themselves technology companies that operate as intermediaries, connecting those who want a service with those who offer it, with no responsibility for the service delivery whatsoever. When benefiting from power and information asymmetry obtained through this model, the platforms can determine prices and conditions to connect users and workers (Bajwa et al., 2018; ILO, 2021). In addition, they establish themselves in countries using unregulated channels with low barriers to entry, using labor without concerns about labor rights. In DLMs, there is frequent mention of three main actors: workers, consumers, and platforms (ILO, 2018b). While platforms and consumers assume representative roles, other actors appear with less relevance – such as the state, with a regulatory role (Vaclavik et al., 2019). These changes are significant when the focus is on understanding work relationships considering the reconfiguration of the dynamics involved.

Analyzing the vulnerabilities of gig workers, Bajwa et al. (2018) pointed out that the situation requires greater regulation, even though many governments act in favor of the *gig economy*, considering that regulation is a potential threat to innovation and economic development. Therefore, this process is widely analyzed from a critical perspective, which marks the adoption of

terms such as “uberization” (Abílio, 2020; Fleming, 2017; Franco & Ferraz, 2019) and “platformization” (Duarte & Guerra, 2020; Grohmann, 2020). This conception, in general, leads to an analysis focusing on the precariousness of work mediated by platforms and is widely adopted worldwide in research on the subject. It is worth reinforcing the importance of this movement, which sheds light on an old concern: the promotion of decent work (OIT, 2009).

In addition to issues involving remuneration, regularity, and protection, other important issues emerge related to the quality of the work (ILO, 2021). Labor activities in the *gig economy* can vary on scales ranging from manual to cognitive and from very to low-skilled (Codagnone et al., 2016). The distinction between the extremes of commoditized and highly qualified work is important when discussing the implications of the emergence of DLMs (Coyle, 2017). Adopting a broader perspective, the *gig economy* (while work mediated by platforms in the context of the digital economy) is a phenomenon that involves tasks of the most diverse complexities and uses labor from different levels of skills and formal education.

One of the difficulties in analyzing the phenomenon is the classification of the workforce (Donovan et al., 2016). Terms such as “autonomous,” “independent,” “self-employed,” “micro-entrepreneur” are used in reference. In DLMs, workers are freelancers who operate on demand and are remunerated for their deliveries (Bajwa et al., 2018). Traditionally, the concept of self-employed, however, is linked to the entrepreneurial notion: working directly for the market, owning their own business and dealing with its inherent risks; mastering the means of production; and having autonomy and freedom to define schedules, choose which tasks to perform and determine their income (Todolí-Signes, 2017).

More than a semantic topic, the DLMs worker’s classification challenges the legal apparatus securing labor rights. Thus, the issue of terminology is significant when considering the regulatory landscape. Analyzing the activity of app-based drivers, Vaclavik et al. (2019) emphasized that, despite the action of the Brazilian federal government regulating and bringing it to light, the aspect of labor within the activity was neglected. By considering the occupation as service provision, the regulation helped to consolidate the activity as self-employment. Thus, in the Brazilian case, the notion of professional freedom, as a fundamental right guaranteed by the constitution (Monteiro, 2017), made the operation of the platforms viable. The path taken to regulate the activity of app-based drivers in Brazil and the country’s reality reflect how it was introduced and accepted, including the legal perspective. The finding that the activity is autonomous and flexible reinforces a character of informality.

GIG ECONOMY AND MANAGING THE INFORMAL ECONOMY

This study points out an ongoing process of agency of informal work in the development and expansion of digital labor markets (DLMs) through the *gig economy*, a process we are calling “managing the informal economy.” The emergence of new economic and labor organization forms such as the *gig economy* implies the labor market (re)configuration, affecting labor relations, collective organizations, and individual trajectories. The phenomenon of managing the informal economy is connected to recognizing the great economic potential of informal activities carried out individually, daily, by billions of people worldwide and who are now controlled and managed by large multinational companies.

The intermediation of work is not a new practice. Guimarães (2008) observed that the traditional labor market characterized by employment relationships is operated in a complex tripartite relationship. Two of these parts are the workers selling and the firms buying the workforce. The third part is represented by intermediary organizations, i.e., agencies that announce and publicize employment opportunities.” However, within the scope of DLMs, intermediation in job searching activities occurs between actors with roles different from those addressed in this study. Such activities are more fragile and transitory, with nothing resembling a formal employment relationship.

Abílio (2014) analyzed the work of cosmetics resellers and found an organization operating as an agency managing informal workers. However, the process the author analyzed was limited by a certain business model and geographic space and reflected a specific time and historical context. The phenomenon addressed in this research touches on aspects such as the massive use of technology both in supply and in demand, which expands the horizon of exploration of informal activities to countless occupations and fields of action, with great potential to grow (ILO, 2021).

The ILO has recognized that new ways of organizing work, especially those strongly linked to the notion of flexibility, contribute to growing uncertainty about the relevance or validity of a boundary between self-employment and regular formal employment (ILO, 2018b). This uncertainty is often manifested in conceptual imprecision and the difficulty of offering precise framing.

It makes it difficult to analyze phenomenon already present in society, has an important role in understanding the future of work (ILO, 2018a), and needs to be further developed (Stefano, 2017). The ILO conceptualizes platform-mediated work as a non-standard form of employment. The agency recognizes that informality and non-standard forms of labor allocation overlap regarding 1) legal coverage – (non)existence of protection and guarantees provided by law and regulatory mechanisms, such as collective bargaining agreements; 2) the level of legal protection – scope and degree of labor and social protection –; and 3) compliance with regulations – practical (un)applicability of the laws, in whole or in part (ILO, 2018b).

The understanding that these workers are autonomous has significant implications for their social protection, which is not shared with the platform or with clients (Eurofound, 2018). Differently from formal employment, the actors operating in the informal economy demonstrate little concern regarding decent work, except (and perhaps this is the only exception), for the possibility of contributing to the national social security system. In the case of Brazilian app-based drivers, although their activity is directly linked to global corporations through a platform, a recent regulation confirmed the self-employment nature of driving in this circumstance. The occupation of “independent app-based driver” was formally included in the National Classification of Economic Activities (CNAE) (Resolução nº 148, de 02 de agosto de 2019), allowing citizens to register this occupation when establishing their individual microenterprise (MEI) – a legal entity aimed at the legalization/formalization of micro-businesses carried out by an individual. When operating as an MEI, self-employed drivers approach the concept of semi-formality (Nogueira & Zucoloto, 2017), as there are, in essence, typical aspects of micro-enterprises, such as accounting, tax, and business management issues. In the specific case of app-based drivers, the phenomenon of managing the informal economy manifests when observing that the government gave the digital platform the responsibility of verifying the regularity of the worker’s registration status as a contributor to the public social security system (INSS) (Decreto nº 9.792, de 14 de maio de 2019).

Considering that work mediated by a platform has encompassed different professional categories, it is worth emphasizing that the forms of regulation have been constituted in different ways, expanding the mosaic of work in the *gig economy*. In the *continuum* of situations that arise between complete formality and absolute informality, as well as in the regulatory vacuum on the *gig economy* labor issues, the mere characterization of the self-employed worker as a contributor to social security is insufficient to secure decent working conditions (it does not mean that there is no decent working condition, but that such conditions are not secured by law). At this point, the importance of understanding the *gig economy* phenomenon is reinforced through a non-dichotomous logic, such as the issue of (in)formality.

The condition of platform dependence, where the platform is the worker’s main source of income, cannot be ignored. In addition to the issue of labor protection, the worker takes on the risk of their own business, but the platform controls the activity in a relationship where the worker is self-employed and dependent simultaneously. It is common to observe practices that encourage work intensification, such as a financial bonus for achieving goals or good performance, similar to common remuneration standards in formal labor relations.

By assuming a central position when connecting and facilitating the relationship between sellers and buyers, digital platforms act establishing operational regulations. This involves asymmetry in bargaining power, pricing, and imposition of rules on how to carry out the work (Todolí-Signes, 2017). Intermediation also establishes new ways of controlling the work activity, both through technological devices and by delegating the assessment to user customers through evaluation and classification systems. Thus, the focus of control is on the final result of the service provided, freeing the platforms from providing in-depth training and instructions (Todolí-Signes, 2017), reinforcing the relationship of autonomy-dependence between workers and platforms.

It should also be noted that the changes in the labor market itself cannot be disregarded, especially in the context of hyper-labor flexibility, as already announced by Kovács (2006, 2014) and Piccinini et al. (2006), in studies dating back to the 1990s. Thus, we reinforce that – together with the technological factor – there are preexistent elements linked to the world of work favoring, spatially and temporally, the development of the practice of managing the informal economy. Thus, the emergence of digital labor markets does not represent a radical change in the ways of working, as it brings elements characteristic of the changes that occurred in the twentieth century in the organization of work: greater flexibility, less regulation by the state, intensification of work and training of new strata of workers, usually expanding informality.

Thus, reinforcing the need for a macro-contextual perspective, managing the informal economy is a phenomenon that does not only refer to work but to the capitalist way of life firmly anchored in the regulatory role of brands in consumer relations (Sundararajan, 2016), as the service users tend to trust the platform more than the drivers (Vaclavik, Macke & Silva, 2020). If, on the one hand, the process of “algorithmization” of labor relations – characteristic of the phenomenon of managing the informal economy – and other relations, shows a disastrous face of intensification of precariousness and vulnerabilities, on the other hand, it emerged from the society and is not something disconnected from the context. The impositions presented consolidate changes in the format of labor markets and professional trajectories, referring to (new) ways of living. These changes need to be analyzed beyond the dualities and apparent dichotomies, investing in exploring gray areas, which do not always show on the surfaces of the multiple configurations they assume.

CONTRIBUTIONS AND SUGGESTIONS FOR FUTURE STUDIES

The first contribution of this article to the study of contemporary labor relations is coining the expression “managing the informal economy” (or “*empresariamento da informalidade*” in Portuguese). It is a phenomenon analyzed considering the informal work within a specific context and time, and given the amplitude of activities related to the *gig economy*, it represents a concept that can be empirically explored when examining a large number of activities. By adopting a non-dichotomous attitude, avoiding the good/bad binomial, this research opens space to comprehend how the phenomenon is linked to the Brazilian socio-historical context, marked by peculiar characteristics that cross the labor market and the workers’ history, individual careers, and the way they see and attribute meaning to their work. This study’s second contribution consisted of analyzing the *gig economy* based on the notion of the labor market, expanding the discussion about digital labor markets (DLMs) in the Brazilian scientific research in administration. Finally, the discussion was positioned considering the reality of developing countries. Thus, we respond to the work by Briscoe et al. (2018), who stressed the importance of understanding better the aspects around career development beyond the WEIRD (western, educated, industrialized, rich, and democratic) countries.

The phenomenon of managing the informal economy that characterizes the *gig economy* is increasingly proving to be a reality in the world of work. Understanding the contexts in which this process arises and develops is essential in all its heterogeneity and complexity. Thus, there are several open questions, which leave room for theoretical and empirical investigations in unexplored fields and outline suggestions for future studies. Some of these questions are: how can the relationship between work and consumption – which is essential in the way *gig economy* businesses and the platform economy operate – be explored from an integrative perspective? What is the responsibility of consumers in the development of increasingly flexible – from the labor relations point of view – forms of work? What is the role of collective organizations in the context of the *gig economy*, which is notably competitive and marked by the individuality of relationships and the apparent fragility of ties? How does the management of careers in the *gig economy* differ according to the various realities, especially in those where workers have to deal with high precariousness and high informality rates?

These questions require analyses of labor relations that consider the space of life and work as a “volatile, uncertain, complex, and ambiguous” environment, circumscribed in areas permeated by powerful “political, economic, military, social, religious, technological” (Briscoe et al., 2018, p. 17) forces. Thus, it is necessary to advance in the discussions to consider all the possible developments of this format, which can either represent the opportunity of extra income, freedom, better work-life balance, exploring possibilities beyond geographic borders, or precariousness, vulnerabilities, and worsening working and living conditions, moving further away from the idea of decent work.

FINAL CONSIDERATIONS

“Understanding the labor market requires context and history” (Rocha-De-Oliveira & Piccinini, 2011, p. 1536, our translation). After becoming the main form of work in the twentieth century, formal employment continues to face the growth of flexible work and informality. The accelerated waves of technological transformation and the new patterns of consumption observed in recent years mark the emergence of yet another significant imbalance. Against this backdrop, studies exploring the informal economy are crucial, considering the size this economy has reached and the decrease in formal employment since many of these occupations are now performed by informal workers (Chen, 2012; ILO 2018b).

Informality has always been present in different labor markets. The *gig economy* has given space for the phenomenon we highlighted in this article, in which large companies operating through digital platforms mediate the informal work, i.e., managing the informal economy. Thus, a new form of labor regulation is created, merging characteristics of formal (such as control, performance evaluation, and financial incentives) and informal work (characterized by self-employment and lack of a legally binding labor contract between the worker and the organization). The phenomenon of managing the informal economy is manifested through the employment status and issues such as social protection, autonomy and control, income and tax collection, training and skills development process, prospection of workers, and lack of collective representation (Eurofound, 2018). According to Graham and Shaw (2017, p. 6), “the *gig economy* has both created new labour markets and transformed (some) old ones. And, with these changes, the old challenges and politics of work have not disappeared, they’ve just taken on new shapes and forms.” The new nuances that appear in digital labor markets (DLMs) and the consequences of this new mode of organization reinforce the need for in-depth investigation exploring its various concrete manifestations.

Thus, managing the informal economy is a phenomenon that consolidates as a new milestone in transforming the world of work. By bringing together the work mediated by digital platforms and informality, it is evident that the phenomenon does not occur in a vacuum but in a context situated in time, blending with the socio-historical characteristics of each country. Empirical studies are needed to analyze its development at the macro, meso, and micro levels and also study the transformations leading to, directly or indirectly, different labor markets and occupations.

For Chen (2018), the future of work is inevitably informal. The assumption that informality is inevitable in labor prognoses is a relevant analytical finding. This research reinforces the need to broaden the perspective of informal work in its various manifestations, including those linked to the *gig economy* and the emergence of (new) DLMs. Although there are efforts to promote the “transition from the informal economy to the formal economy” (OIT, 2014, our translation), it is more likely that the path is the opposite, given the transformations we are experiencing. After all, it has been known for some time that salaried work has been losing ground in contemporary realities (Holzmann, 2006).

As stated by Berg et al. (2018, p. 1), “work on digital labour platforms is new and is emblematic of work of the future.” Thus, the future of work and forms of work (considering the forms of work that have emerged and are observed nowadays) are subject to real concerns since they are immersed in a complex context not easily assessed. Among all the possibilities in how the work is organized in the *gig economy*, new vulnerabilities and fragilities arise, deserving intense investigation.

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Marcia Cristiane Vaclavik

ORCID: <https://orcid.org/0000-0003-4209-1054>

Ph.D. in administration from the Graduate Program in Administration at the School of Administration of the Federal University of Rio Grande do Sul (PPGA/UFRGS). E-mail: mcvaclavik@gmail.com

Andrea Poletto Oltramari

ORCID: <https://orcid.org/0000-0002-5897-2772>

Ph.D. in administration from the Graduate Program in Administration at the School of Administration of the Federal University of Rio Grande do Sul (PPGA/UFRGS); Adjunct Professor at the School of Administration of the Federal University of Rio Grande do Sul (EA/UFRGS). E-mail: andrea.oltramari@ufrgs.br

Sidinei Rocha de Oliveira (*in memoriam*)

ORCID: <https://orcid.org/0000-0001-9139-2684>

Ph.D. in administration from the Graduate Program in Administration at the School of Administration of the Federal University of Rio Grande do Sul (PPGA/UFRGS); Adjunct Professor at the School of Administration of the Federal University of Rio Grande do Sul (EA/UFRGS). E-mail: rocha.oliveira@ufrgs.br