

Opportunities and Challenges in China's Gig Economy

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Abstract. The gig economy plays a significant role in China's economic landscape by enhancing labor market flexibility and efficiency. It provides a crucial avenue for income diversification, particularly for marginalized groups and those in the informal sector, thus contributing to poverty alleviation and inclusive growth. Furthermore, the gig economy fosters innovation and entrepreneurship, driving the development of digital platforms and related industries, which are integral to China's ongoing economic transformation. This paper provides a comprehensive analysis of the opportunities and challenges presented by China's gig economy. It examines the economic reforms and technological developments that have enabled its growth, alongside the precarious nature of gig work, particularly for internal migrants and women. This study adopts the research method of literature analysis. It can be concluded that the gig economy, while offering flexibility and income opportunities, exacerbates inequalities and precarity due to inadequate worker protections and platform accountability. To foster a more equitable and sustainable model in China, multi-level interventions focusing on labor rights, inclusive regulation, and worker empowerment are crucial.

Keywords: Gig economy, gender disparity, reward mechanism, migration, precarity

1. Introduction

In the rapidly transforming global economy, traditional employment models are increasingly being replaced by flexible, temporary arrangements. The gig economy—characterized by short-term contracts and freelance work facilitated through digital platforms—has emerged as a defining feature of modern labor markets [1].

This transformation is particularly evident in China. Since the 1980s, the Chinese labor market has undergone significant structural changes due to economic liberalization, privatization of state-owned enterprises, and the rise of entrepreneurship [2]. By the early 2000s, China's accession to the World Trade Organization and rapid advancements in digital infrastructure—such as widespread smartphone usage and mobile payment systems—catalyzed the growth of platform-based employment [1, 3]. Companies like Didi Chuxing and Meituan have become central to urban life, creating vast networks of freelance drivers, couriers, and service providers [4].

The gig economy in China is not merely a byproduct of technological innovation—it reflects deeper economic, social, and cultural shifts. While it offers unprecedented flexibility and employment opportunities, it also exposes workers to vulnerabilities, including income instability,

lack of social protections, and persistent gender disparities [5, 6]. Moreover, internal migrants, who constitute a significant portion of gig workers, face institutional barriers such as the hukou system, which limits their access to public services [7].

This paper provides a comprehensive analysis of the gig economy in China. It begins with a discussion of the opportunities brought about by market and technological developments, followed by a detailed examination of the major challenges—including reward mechanisms, migration-related precarity, and gender inequality. The study concludes by proposing practical solutions and policy recommendations aimed at making the gig economy more equitable and sustainable.

2. Analysis of opportunities

China's gig economy is deeply rooted in the economic reforms of the late 1970s and 1980s. These reforms shifted the economy from collectivized structures to market-oriented mechanisms, promoting individual entrepreneurship and flexible labor arrangements [8]. One significant reform was the household responsibility system, which allowed rural families to manage agricultural production independently, increasing productivity and releasing surplus labor into urban labor markets. This aligns with Marx's [9] notion of a "reserve army of labor" as a precondition for capitalist accumulation.

The subsequent restructuring of state-owned enterprises (SOEs) in the 1990s and early 2000s led to significant layoffs—SOE employment decreased from 144 million to 61 million between 1995 and 2018 [10]. This shift propelled millions into informal work or self-employment [5]. China's accession to the World Trade Organization in 2001 further accelerated market liberalization and global integration, encouraging the development of platform-based business models.

Simultaneously, the growth of internet infrastructure, smartphones, and mobile payment systems laid the groundwork for widespread digital employment. By 2023, apps like Didi Chuxing had over 80 million monthly active users [3]. Companies like Alibaba, Tencent, and Meituan capitalized on these trends to create massive ecosystems linking users with service providers [1]. Digital tools such as Alipay and WeChat Pay facilitated secure transactions, further reducing entry barriers and enabling participation from rural migrants and low-skilled laborers.

Shifting societal values have also played a role. Particularly among younger generations, flexibility, autonomy, and entrepreneurialism are increasingly valued over job security and bureaucratic stability [11, 12]. As a result, the gig economy has transitioned from a marginal labor option into a mainstream mechanism of employment and income generation.

Despite ongoing regulatory ambiguities, the gig economy now plays a pivotal role in China's labor landscape, offering accessible income sources where traditional employment structures fall short.

3. Analysis of challenges

3.1. Reward mechanisms lead to short-term benefits

The incentive systems that structure China's gig economy are primarily designed to maximize platform efficiency and short-term profits, often at the cost of worker stability and well-being. Gig platforms such as Didi Chuxing and Meituan employ algorithm-driven reward structures that compensate workers per task, with additional bonuses for meeting specific delivery or ride targets, working during peak hours, or operating in unfavorable conditions [13]. These mechanisms, while attractive for their potential immediate financial gain, create a volatile work environment with

unpredictable earnings,, as workers are incentivized to take on more tasks, often working long hours with limited rest, to qualify for time-sensitive bonuses. However, such benefits are neither guaranteed nor stable, and external factors can significantly impact earnings. Fluctuations in demand—driven by weather, seasonality, or broader economic shocks such as the COVID-19 pandemic—can disrupt earnings. During the pandemic, many gig workers lost access to their primary income as cities locked down and demand for transport and food delivery plummeted [14].

Moreover, the gig economy lacks traditional employment benefits such as health insurance, paid leave, or retirement contributions. As Zhou [5] notes, workers who become ill or face family emergencies are left with no institutional safety nets, exacerbating their financial vulnerability. Driven by the pressure to meet targets and earn bonuses, some workers continue laboring while sick or fatigued, raising concerns about long-term health consequences and public safety—especially in ride-hailing or food delivery contexts.

The reward model is also opaque and subject to sudden algorithmic changes. Platforms may alter bonus structures without consultation, eroding trust and making financial planning difficult. Workers often find themselves in a cycle of chasing short-term incentives without the possibility of upward mobility or career progression [13]. This structure fosters a form of "digital Taylorism," where human labor is fragmented and measured purely through efficiency metrics as it prioritizes short-term gains over worker well-being. [12].

In sum, while gig platforms offer flexible income, the current reward systems reinforce precarity. They externalize risks onto workers, promote overwork, and limit access to sustainable livelihoods—particularly for those without alternative employment options or social support systems. Consequently, workers are often trapped in a cycle of insecurity, constantly chasing after the next bonus or payout.

3.2. Migration and precarity

Internal migration is a key driver of labor supply in China's gig economy, particularly as millions of rural workers move to urban centers in search of employment. This massive rural-to-urban migration, while central to China's economic growth, has simultaneously fueled a precarious and segmented labor market. Migrant workers often lack access to stable employment, welfare protections, and collective bargaining mechanisms, making them especially vulnerable in the gig economy [7].

A major institutional barrier is the hukou (household registration) system, which ties access to healthcare, education, and social benefits to a person's registered birthplace. Migrants who relocate to cities for gig work typically retain rural hukou status, excluding them from urban public services [5]. This exclusion significantly compounds their precarity—especially since most gig platforms do not provide health insurance, sick leave, or pension schemes.

Moreover, limited educational qualifications and professional networks prevent many migrant workers from accessing skilled or stable employment. As Chen et al. [13] note, gig work becomes one of the few viable options due to its low entry barriers. However, this apparent accessibility masks significant instability: gig work earnings fluctuate with market demand, algorithmic rules, and seasonal variation. Workers have little recourse when platforms modify terms or reduce payment rates unilaterally. Furthermore, external shocks, such as the COVID-19 pandemic, have further exposed the vulnerability of migrant gig workers, who lack the safety nets available to formally employed individuals.

The COVID-19 pandemic exposed and intensified these vulnerabilities. With lockdowns and movement restrictions, demand for services such as ride-hailing and deliveries plummeted, leaving

gig workers jobless or underemployed. Che, Du, and Chan [14] estimate that between 30 to 50 million migrant workers were impacted in the early months of the pandemic. Unlike workers with formal contracts, gig workers were not eligible for most emergency social support.

In addition to economic precarity, migrant gig workers often suffer from social isolation. Without labor unions or advocacy groups, their ability to negotiate better conditions or resist exploitation is severely constrained. This social isolation, coupled with the lack of formal labor protections, means that gig workers have limited power to negotiate better conditions or resist exploitation. As Kenney and Zysman [12] argue, the flexibility celebrated in gig work also enables companies to sidestep traditional labor responsibilities, shifting risk entirely onto workers.

Thus, while gig platforms offer a lifeline to rural migrants excluded from formal employment, they do so under conditions of systemic inequality, exacerbating both their economic precarity and social marginalization.

3.3. Gender disparity

Gender inequality in China's gig economy reflects broader structural and cultural patterns of discrimination, which are often exacerbated in flexible labor markets. Although platform-based work theoretically offers equal access, in practice, women face numerous barriers—ranging from unequal pay to digital exclusion and exposure to harassment.

Studies consistently show that female gig workers earn less than their male counterparts, even when performing similar tasks. Liang et al. [6] attribute this wage gap to occupational segregation and gendered preferences, where women are more likely to engage in caregiving or service-oriented roles with lower pay, while men dominate logistics and ride-hailing services. These disparities are reinforced by performance rating systems that often reflect customer bias rather than objective metrics [13].

Safety concerns further limit the participation of women in higher-paying sectors. For instance, ride-hailing and food delivery expose workers to physical risks and frequent interaction with strangers. Female couriers have reported sexual harassment, unwanted comments, and social stigma, discouraging sustained participation [15]. In group communication spaces such as work-related WeChat groups, women often experience a hostile atmosphere, including sexist jokes or derogatory remarks, reinforcing gendered exclusion [15]. Beyond physical safety concerns, the online environment of gig work also presents challenges.

Digital inequality also constrains women's access to gig opportunities. In many rural or peri-urban areas, women have less access to smartphones, internet literacy, or platform-specific training, limiting their ability to navigate apps effectively [16]. According to van Dijk's digital divide model, gender intersects with education, geography, and income to restrict access to digital work infrastructures—marginalizing rural and less educated women in particular [17].

These inequalities are rooted in patriarchal social norms that associate women with domestic and reproductive labor, often unpaid and unrecognized [13]. The flexibility of gig work, while seemingly compatible with caregiving responsibilities, fails to address deeper structural exclusions—such as lack of childcare, inadequate legal protections, and normative expectations about women's roles. However, the flexibility of gig work, while seemingly compatible with caregiving, often fails to address the lack of affordable childcare and other structural barriers.

Therefore, while the gig economy offers new forms of economic participation for women, it also reproduces long-standing gender hierarchies in novel ways. True inclusivity requires interventions that go beyond access to tackle algorithmic bias in platform design, address harassment and safety concerns, and reduce systemic digital inequality.

4. Solution

To mitigate the challenges posed by China's gig economy—particularly the instability of rewards, the precarity faced by migrants, and gender disparities—multi-level interventions are essential.

At the policy level, the government must establish clearer labor protections that extend to gig workers. These should include minimum wage guarantees, mandatory health insurance contributions from platforms, and legal pathways for gig workers to access urban welfare systems, particularly for migrants excluded under the hukou system [7]. Regulatory frameworks must also address algorithmic transparency and prevent sudden changes in incentive structures that destabilize workers' income.

Platforms should be held accountable for gender inclusion. This includes enforcing anti-harassment protocols, providing safe work channels for women (e.g., female-only ride-hailing services), and supporting digital training for women in underrepresented areas [16]. Algorithmic design must avoid reinforcing gender bias in ratings or job allocations.

On the worker level, empowerment strategies such as skill upgrading, financial literacy, and informal union-building can strengthen worker agency [18]. Peer support networks on platforms like WeChat or Douyin can facilitate knowledge-sharing and solidarity among gig workers.

Ultimately, addressing gig economy inequality requires a balance between flexibility and social protection, supported by inclusive, forward-looking regulation and platform accountability.

5. Conclusion

The Chinese gig economy embodies a paradox: it offers unprecedented flexibility and employment opportunities while simultaneously exposing workers to new forms of precarity. Enabled by market liberalization and technological innovation, platform-based work has created avenues for income generation among rural migrants, low-skilled workers, and women who might otherwise be excluded from formal employment structures. However, these gains come with significant costs.

Current reward mechanisms prioritize short-term productivity over long-term welfare, leaving workers vulnerable to algorithmic volatility and income instability. Migrant gig workers, particularly those constrained by the hukou system, experience compounded insecurity through limited access to healthcare, job protection, or legal representation. Similarly, gender disparities persist as women face wage gaps, safety concerns, and exclusion from digitally intensive roles.

Addressing these issues requires a multidimensional response. While government regulation and platform accountability are vital, worker-led empowerment is equally critical. As the ILO (2024) emphasizes, initiatives such as financial literacy, digital upskilling, and informal union-building are essential to strengthening worker agency—particularly for those navigating the margins of labor markets.

Ultimately, the gig economy will remain a fixture in China's evolving labor landscape. Ensuring it becomes a sustainable and equitable system demands a deliberate balance between innovation, regulation, and inclusion—one that centers not only efficiency, but dignity and justice for all participants.

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