GIG ECONOMY AND IMPACT ON STARTUP BUSINESS IN OSUN STATE, NIGERIA

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Abstract
This study examines the impact of the gig economy on startup businesses in Osun State, Nigeria. Specifically, the study investigates the effect of gig worker commitment, operational risks, and customer dissatisfaction on startup business performance. A quantitative research design was adopted using structured questionnaires administered to 197 startup business owners and managers, of which 194 valid responses were obtained. Data were analyzed using descriptive statistics and multiple regression analysis with SPSS version 25. Startup business performance was operationalised using indicators such as service reliability, customer retention, operational efficiency, and business growth. The results indicate that gig worker commitment has a positive and significant effect on startup performance, while operational risks and customer dissatisfaction negatively influence performance outcomes. The findings highlight the importance of effective gig worker management, risk mitigation strategies, and customer service monitoring for sustainable startup growth. The study recommends that startups strengthen engagement with gig workers through fair compensation, training, performance monitoring, and transparent communication systems.

Keywords: Business owners, digital platforms, gig economy,gig worker commitment, startup business

1.0 Introduction

The emergence of the gig economy in recent years has altered business practices globally. The word "gig economy" refers to a labour market where temporary contracts and freelancing are more common than full-time or permanent employment (Mbonu, 2025).Developments in digital tools that facilitate remote work gave rise to the gig economy. Although the gig economy existed prior to 2020, the outbreak and the lockdown measures that followed made everyone aware of its potential. Since then, people and companies have also kept looking for methods to investigate the

countless potential in the gig economy (Mbonu, 2025).The gig economy's growth has completely changed the nature of labour, changing startup business and business career pathways. Driven by digital platforms, technology, and a need for flexibility, the gig economy includes contract-based projects, side work, freelance labour, and temporary employment (Rubicco, 2025).

In the past, it took a lot of money, infrastructure, and time to launch a business. These days, people can practically instantly make money off of their abilities and services thanks to websites like Fiverr, Upwork, Etsy, and Uber. The gig economy has emerged as a transformative force in global labour markets, reshaping traditional employment paradigms through digital platforms that facilitate short-term, flexible, and often remote work arrangements.

In Nigeria, the proliferation of internet access, coupled with a youthful and tech-savvy population, has catalysed the growth of this sector. In Osun State, Nigeria the gig economy is influencing the establishment and operation of small and medium enterprises (SMEs), offering both opportunities and challenges. In 2024, the state government announced a startup fund initiative and international tech sponsorships to support local startups, positioning Osun as a burgeoning hub for innovation in Nigeria . Additionally, the establishment of the Opolo Global Innovations Hub at Osun State University underscores the state's commitment to integrating technology into its economic development strategies (Adebayo, & Oyedijo, 2021).

Recent studies have highlighted the significant role of online technology in enhancing the performance of SMEs in Osun State. Research indicates that the adoption of online platforms and social media marketing has led to improved business operations and market expansion for SMEs in Osun State, Nigeria (Gallupe, et al. 2021).

Many youths face challenges infinding suitable employment that aligns with their skills and qualifications (NationalBureau of Statistics, Nigeria, 2020). This "skills mismatch" leads to underemploymentand reduces the overall productivity and competitiveness of the economy. The NationalBureau of Statistics (NBS) (2018) and Odey and Ugwoke (2023) argued that the rate of unemployment among graduates increased to 27.1 percent in the second quarter of the year 2021 compared to 23.1 percent and underemployment of 28.6%, with an aggregateof 55.7% as of the second quarter of previous years recorded in the third quarter.According to the NBS, the Labour Force Statistics Abridge Labour ForceSurvey, among unemployment youthbetween 20–35 of aged rose from 28.2 percent to 34.9%; thisrate was the highest ever.

However, despite its growing influence, there is limited research on how the gig economy specifically impacts the establishment and sustainability of startup businesses in the region.New business owners in Osun State, Nigeria are increasingly integrating gig workers and platforms into their operations, but the extent of this participation, the types of platforms utilized, and the associated challenges remain unclear. Many entrepreneurs leverage the flexibility and low-cost benefits of gig work, yet they also face uncertainties related to workforce reliability, regulation, and long-term sustainability.

This study examined the gig economy and impact on startup business in Osun State, Nigeria. Specific objectives are to: examine the extent of participation in the gig economy among new business owners in Osun State; identify the types of gig economy platforms commonly used by startup businesses in Osun State; and analyze the challenges and risks associated with relying on gig workers for business operations in Osun State.

It aims to provide a clearer understanding of how new businesses are participating in the gig economy, what platforms are most commonly used, and what challenges and risks entrepreneurs face when incorporating gig workers into their business models.

Despite these advancements, the integration of the gig economy into the business landscape in Osun State remains underexplored.This study seeks to fill this gap by examining how the gig economy influences business startup activities, focusing on aspects such as labour sourcing, cost management, and operational flexibility.Understanding these impacts is crucial for policymakers, entrepreneurs, and stakeholders aiming to harness the potential of the gig economy for sustainable economic development in Osun State (Adeyemo, et al. 2020).

2.0 Literature Review

The Gig Economy

Existing literature presents mixed perspectives on the gig economy. While some scholars argue that gig work improves flexibility, labour efficiency, and access to specialized skills for businesses (Thomas & Baddipudi, 2022), others emphasize challenges such as income instability, weak labour protection, and service inconsistency (Gandini, 2019; Anwar & Graham, 2021). For startups, the gig economy provides cost advantages and scalability but may also introduce operational risks related to workforce reliability and service quality. These conflicting perspectives highlight the need for empirical investigation into how gig workforce characteristics affect startup performance outcomes.

By linking service providers with customers or clients, digital platforms are essential for gig labour (United Nations Development Programme) (UNDP) 2018). These platforms act as middlemen by offering a virtual marketplace where employees can advertise their services and employers can recruit them. Platforms that are part of the gig economy include TaskRabbit, Upwork, Uber, and Airbnb. Workers are frequently seen as independent contractors rather than employees in the gig economy.This means that they are self-employed and responsible for managing their own taxes, insurance, and other aspects of their work (Tochukwu, 2022). Independent contractor status provides both opportunities and challenges for workers, including flexibility but also potential income volatility and limited access to benefits.

The gig economy is a growing part of the global economy built on the merger of technology and short-term contractual jobs. It marks a change in contingent labour, driven by educational progress and increased awareness. The gig economy refers to contingent labour arrangements that leverage digital platforms. Each arrangement is contractual within the platform's general business model and represents a fluid market that connects providers and consumers on a gig-on-demand basis. Clients request services using a web-based platform or a mobile application to find providers and specify jobs (Tochukwu, 2022).

Tochukwu (2022) referred to the gig economy as non-payroll-based work, whose operations are online and offline. Koutsimpogiorgos et al. (2020) define the gig economy as paid work performed by independent contractors, mediated by online platforms. According to Youmatter (2020), the gig economy is a free, global Marketplace for contractors to initiate and set short-term, on-demand, professional, flexible, and skill-based relationships. Youmatter (2020) also suggests that contractors enter the gig economy for several reasons, such as seeking autonomy and control, balancing career and family needs, making extra money on the side, and possibly the only way to earn income while seeking a better life.

Following the 2008 financial crisis, and driven by the surge in layoffs that prompted workers to seek supplementary income avenues amid declining savings, gig work resurged and became an increasingly accepted way to establish a new basis for employee-employer relations. The increased demand among major corporations for adopting gig or part-time work structures and hiring freelancers for both short-term and long-term projects (Roy & Shrivastava, 2020) signals a shift away from traditional full-time employment models.

The Types of Gig Economy Platforms Commonly Used by Startup Businesses in Osun State

Surendra et al. (2022) explain that gig economy platforms are commonly used by startup businesses; in this sense, firms and workers select each other in a global or local open space for sourcing contract work. This section examined in depth the various types of gig economy platforms.

i. Upwork (Formerly Elance-oDesk): Upwork, formerly known as Elance-oDesk, is an American freelancing company operating from Santa Clara and San Francisco, California, USA and Nigeria. Upwork, as a platform, is very typical of global remote work, featuring a standardized website structure and a simple user interface, information on workers and clients, work and payment histories, and a reputation system. Owing to these features, Anwar and Graham (2021) described the platform as a go-to platform for African gig workers.

ii. Amazon Mechanical Turk: The Amazon Mechanical Turk (AMT / MTurk) was established on 2, November 2005. It is currently in beta and has not undergone significant change over the past few years. In saying that, many have tried to duplicate the platform because of its high calibre. The platform seeks to provide 'humans as a service', allowing tasks to be completed and sent to the client via Application Programming Interfaces (APIs).

iii. Uber: Uber Technologies, also known as Uber, is an American-based mobility service company. Domiciled in San Francisco, they operate in over 900 cosmopolitan areas globally (Malos et al., 2018). As the first ride-hailing platform in Nigeria, Uber uses its technology to connect contractor drivers with end users who need the service. Claiming to have 9,000 drivers as its service operators, Uber operates predominantly in major Nigerian cities, including Lagos, Abuja, Port Harcourt, Benin City, Ibadan, Osogbo, Ilesa, and Ile-Ife. Ride-hailing and sharing are just some of the services offered by the platform, as Uber is also known to provide food delivery and freight services(Akinosun, 2021).

iv. Lyft: Lyft is another peer-to-peer ridesharing service. It works with Facebook authentication. An interesting fact about Lyft is that it does not pay drivers who exceed 50 hours per week.

v. TaskRabbit: Task Rabbit focuses on 'real world labour' such as cleaning and moving. Clients post on the site, and 'rabbits' bid for the projects. TaskRabbit takes a 15% commission from the client.

vi. Partners and Axiom: Axiom segments legal processes. Axiom takes a 10% commission, which can be paid on a monthly membership, with a minimum of $5. If you have a free account, you can only bid on 8 projects.

vii. Freelancer : Freelancer is another online platform that allows employers to publish projects. Freelancers can give quotes to complete projects. The virtual marketplace allows employers to publish job offers and tasks to get done. Anyone can provide quotes to complete the project. (The

platform also provides feedback on submissions. Business and legal talent alumni of the nation's best law firms and companies.

Viii. InnoCentive: a platform that connects companies and problem solvers. This platform focuses on research and development. Problem solvers or 'Seekers' can select challenges to solve and submit their solutions. Unfortunately, they will not be charged for their solutions unless their company accepts them. Once accepted, they are given an award in exchange for the company acquiring their intellectual property rights. An interesting fact is that approximately 65.8% of seekers on this platform hold PhDs.

ix. Wonolo (Short for "Work. Now. Locally"): Wonolo is similar to TaskRabbit in the sense that companies can post projects and people, or 'Wonoloers', can claim the project. Wonoloers might start work within a few minutes or hours. It acts much like a temporary job, where the company is more concerned with the value of the work than the fee. In saying this, though, there is no employer-employee relationship, and Wonoloers may be terminated if they don't show up or complete the project.

x. Handy (formerly Handybook): Handy provides cleaning services. Personal assistance at a local level and cleaning services. 15% to 20% commission for every hour worked. 5000 handymen, 150 employees worldwide. Handy gives workers suggestions for cleaning and asks them to wear a Handy-branded shirt.

The Challenges and Risks Associated With Relying On Gig Workers For Business Operations in Osun State.

Odey (2024) explained the challenges of Nigeria's gig economy as follows:

i.Limited Infrastructure and Connectivity: Nigeria faces challenges in terms of inadequate infrastructure and limited connectivity, especially in rural areas. The gig economy's ability to grow and function is hampered by a lack of access to dependable internet connectivity and power supplies. The potential of the gig economy may be limited in the absence of strong infrastructure, as gig workers and digital platforms may encounter challenges in accessing and delivering services.

ii.Regulatory Environment: Nigeria's regulatory framework might make it difficult for the gig economy to expand. Due to the peculiarities of gig employment, current legislation might not be appropriate, creating legal uncertainties and uncertainty. The operations and expansion of gig workers and platforms may be impeded by unclear labor laws, tax rules, and licensing requirements.

iii.Skills and Education Gap: The Nigerian workforce has a skills and education gap, which may restrict the gig economy's potential. Although many gig workers have access to high-quality education and skill-development programs, people may find it difficult to engage in the gig economy successfully. Bridging the skills gap and enhancing educational opportunities is crucial to fully leveraging the benefits of the gig economy.

iv. Financial Inclusion: A sizable section of the populace in Nigeria does not have access to formal banking services, making financial inclusion a persistent concern. Because digital payment methods are necessary for efficient transactions between gig workers and clients, this could impede the gig economy's ability to operate smoothly. Improving financial inclusion and promoting accessible digital payment solutions are crucial for the growth and inclusivity of the gig economy.

v.Social Protection and Benefits: Accessing social safety benefits like healthcare, retirement plans, and unemployment insurance can be difficult for gig workers. Gig workers are exposed to financial shocks and a lack of social support due to the absence of official employment contracts and employer-provided benefits. In order to address gig workers' well-being and advance equitable development, it is imperative that they have sufficient social protection.

vi.Informality and Lack of Legal Protections: Nigeria's gig economy frequently functions in the unorganized sector, which presents difficulties because workers have few legal rights. In the event of disagreements or unjust treatment, informal gig workers could not have access to social security benefits, labour rights, or legal redress. Ensuring legal protections and formalizing gig work arrangements are necessary to safeguard the rights and well-being of gig workers.

vii.Income Insecurity and Unpredictability: Unpredictability and income uncertainty are common characteristics of gig labor. Due to fluctuating demand for their services or sporadic employment opportunities, gig workers may encounter revenue swings.For gig workers, this can lead to financial instability and make future planning difficult. Sustainable growth requires addressing economic uncertainty and fostering gig workers' financial stability.

viii.Digital Divide: The gig economy in Nigeria faces difficulties due to the digital divide, which is the disparity in access to digital technology and internet connectivity.Certain demographics may be less able to participate in the gig economy due to differences in access to smartphones, internet services, and digital literacy. Ensuring equitable access to gig work opportunities requires bridging the digital divide through infrastructure development and training in digital skills.

Benefits of the Gig Economy to Nigeria's National Development

According to Odey(2024), these benefits include:

i.Economic Growth and Employment Creation: The gig economy has the ability to boost employment and stimulate economic expansion. It makes it possible for people to make money off of their assets and abilities, which encourages entrepreneurship and aids in the launch of new companies. Increased economic activity, innovation, and general development follow from this.

ii.Flexibility and Autonomy:Flexibility and Autonomy: Employees in the gig economy have the freedom to decide how, when, and where they work. This flexibility can help people seek several sources of income, promote work-life balance, and give chances to people with limitations that keep them from participating in regular employment.

iii.Growth and Improvement of talents: Working gigs gives people the chance to grow and improve their talentsGig workers frequently take on a range of tasks and projects, which allows them to develop new talents and obtain a variety of experiences. The nation's overall human capital is improved by this ongoing skill development, which aids in its long-term growth.

iv.Increased Productivity and Efficiency: Workers can concentrate on their areas of expertise and specialization is encouraged by the gig economy:Because they may use their expertise and abilities to provide high-quality services, professionals who specialize are more productive and efficient. In the gig economy, effective resource use boosts total economic competitiveness and productivity.

v.Increased Income and Financial Inclusion: Gig work gives many people the chance to make extra money or create revenue in circumstances when traditional employment may be hard to come by. Many people find that gig work provides a way to supplement their income or create revenue in circumstances when traditional employment may be hard to come by.

vi.Geographic Accessibility: People may work wherever they are because to the gig economy, which is made possible by digital platforms. People who live in rural areas and may have few job options may especially benefit from this. They can access employment and revenue-generating opportunities through the gig economy, which promotes regional growth and lessens geographic inequalities.

vii.Entrepreneurship and Innovation: The gig economy enables people to explore their innovations and company ideas and promotes entrepreneurship. It gives people a chance to showcase their entrepreneurial abilities, produce distinctive goods or services, and draw clients via online platforms. This inventiveness and entrepreneurial spirit support Nigeria's entrepreneurship culture and aid in economic diversification.

viii. Access to Global Markets: Through the gig economy, Nigerian companies and workers can reach customers and markets abroad. Gig workers may service clients globally thanks to digital platforms, which increases their clientele and allows them to make money from clients abroad. Nigeria's economic integration and global competitiveness may be improved by this globalization of employment prospects.

Implications of the Gig Economy for Nigeria's National Development

i.Economic Transformation and Adaptability: Economic Change and Flexibility: Nigeria's economy could undergo economic change as a result of the gig economy. It develops an entrepreneurial culture, stimulates innovation, and helps people adjust to shifting market conditions.Nigeria may promote sustainable development by embracing the gig economy and moving away from a resource-dependent economy and toward a more diverse, knowledge-based one.

ii. Employment Paradigm Shift: A paradigm shift in the nature of labor and employment relationships is reflected in the gig economy. In addition to providing alternate employment arrangements, it questions the conventional employer-employee relationship. Policymakers, companies, and employees must adjust and develop new frameworks that offer gig workers sufficient safety, perks, and social support in order to embrace this change.

iii. Continuous Skill Development and Lifelong Learning: The gig economy places a strong focus on the value of these two approaches. People must constantly improve their abilities to stay competitive as work grows more specialized and project-based. Putting money into digital literacy campaigns, vocational training, and skill development programs is essential for giving people the tools they need to succeed in the gig economy.

iv. Poverty Reduction and Inclusive Development: The gig economy has the potential to help Nigeria achieve both inclusive development and poverty reduction. It gives people the chance to make money and enhance their standard of living when they have restricted access to regular jobs. The gig economy can lower poverty and encourage economic empowerment by fostering a more inclusive labor market, especially for underserved populations.

v. Technology Development and Digital Transformation: The gig economy is intimately related to both technical development and digital transformation. Investing in digital infrastructure, internet access, and technology literacy is necessary to embrace the gig economy. In addition to fostering the gig economy's expansion, this digital revolution propels the nation's overall technological development, increasing productivity and competitiveness.

vi. Urban-Rural Integration: Nigeria's urban and rural communities can become more integrated thanks to the gig economy. Through digital platforms, it makes it possible for those living in rural or isolated locations to engage in the economy. This reduces the rural-urban divide, promotes balanced regional development, and harnesses the potential of human capital nationwide.

vii. Flexibility in the Job Market: The gig economy allows people to work on a contract basis while pursuing other obligations, like childcare or school. This flexibility can promote more balanced work-life integration and increase labor force participation rates, especially among women and young people. Additionally, it enables companies to acquire specialized skills as needed, fostering labor market agility and efficiency.

Gig Economy Models in Nigeria

i. Online Freelance Platforms: Gig workers and clients throughout the world are connected by online freelance platforms like Upwork, Freelancer, and Fiverr. These platforms allow people to provide a variety of services, such as programming, content writing, graphic design, and virtual help (Eze & Uduji, 2021). By giving gig workers a platform to display their abilities, submit bids on projects, and work from home, they help Nigeria grow as a nation by allowing it to participate in the global digital economy.

ii. Ride-Hailing and Delivery Services: In Nigeria, ride-hailing services like Uber and Bolt (previously Taxify) as well as delivery services like GIGL and Jumia Food have become quite popular. By utilizing their cars and time, these platforms give people the chance to work as delivery partners or drivers and make money. On these platforms, gig workers assist the transportation and logistics industry while providing customer service, which boosts the economy as a whole.

iii.Online marketplaces and e-commerce: People can sell goods and services online using online markets and e-commerce platforms like Konga, Jiji, and Jumia. These platforms create prospects for small enterprises and entrepreneurship by enabling gig workers to become vendors.These platforms allow gig workers to reach a large consumer base, increase their market presence, and support the expansion of Nigeria's e-commerce industry.

iv. Task-Based Gig Platforms: These platforms, which include Field Nation and Task Rabbit, link gig workers with clients who require certain tasks to be finished.These jobs can include everything from maintenance and housework to technological services and administrative work. By encouraging productivity and service delivery, these platforms give gig workers flexible employment options and enable them to monetize their skills on a task-by-task basis, supporting Nigeria's national growth.

v.Peer-to-Peer Sharing Economy: People can make money off of their assets, like extra rooms, cars, or equipment, by using platforms like Airbnb and VConnect. Gig workers can make money and support the travel and transportation sectors, as well as other industries that gain from sharing economic models, by pooling their resources with others.

Empirical Review

Emmanuel (2023). This study looked into the connection between Rivers State transportation companies' operational effectiveness and gig economy activities. A questionnaire was given to a sample of 201 transportation workers in order to gather information on operational performance and proxies for gig economy operations. Structural equation modeling was used to analyze the data and look at how each dimension affected operational performance. Workforce composition,

talent sourcing and management, digital platforms, task and project design, performance metrics and evaluation, legal and regulatory compliance, and cooperation and communication are some of the aspects of gig economy operations that the study found.The results show that the transportation industry's operational success is greatly impacted by workforce composition, cooperation and communication, digital platforms, talent sourcing and management, and task and project design.According to the survey, companies should adopt a hybrid workforce strategy that blends gig workers and regular employees. Flexibility, scalability, and access to a varied labor pool are made possible by this, and methods for efficiently managing and integrating gig workers into company operations and culture should be established.

Koutsimpogiorgos et al. (2020). The four characteristics that set the gig economy apart from the traditional job economy were covered.By debating issues such as independent contractors and employed workers, paid and unpaid work, services and goods, and online platforms and offline intermediation, Koutsimpogiorgos et al. (2020) provide a unique, definitive stance on what the gig economy is and how it operates. Koutsimpogiorgos et al. (2020) also note that these parameters are not immune to sociopolitical influences, and thus gig platform growth should vary across federal and regional settings.

Enwukwe (2021) investigated the Employment Status of Nigerian Workers in the Gig Economy, using Uber as a Case Study. Using a qualitative interview approach, the data from drivers revealed that the lack of classification is an ongoing problem in the Nigerian legal landscape. Enwukwe (2021) adds that the current labour legislation's inability to protect gig workers in the Nigerian economy is a severe legal omission with tremendous consequences for the average Nigerian gig worker.

Chatterjee et al. (2021) compared the financial situation of gig platform workers in India to that of workers in other nations. Chatterjee et al. (2021) point out that people choose platform work for the freedom and the promise of high salaries, yet platform workers' monthly income is highly volatile. In addition, Chatterjee et al. (2021) point out gaps in the data on the extent of revenue instability gig workers face in a year.

Theoretical Review

Gig Economy Theory

Gig Economy Theory originated from the growing shift in labour systems toward flexible, short-term, and digitally mediated work arrangements. The theory was first conceptualized and popularized by Diane Mulcahy in 2009, when she introduced the term "gig economy" to describe the rise of freelance, on-demand, platform based work that replaces traditional long-term employment.This theory anchors the study. The Gig Economy Theory provides a conceptual lens for explaining how technological innovation and flexible labour markets influence business operations. It is directly relevant to the research because it explains the motivations, behaviours, and outcomes associated with participation in gig work, especially among small and emerging businesses.Gig Economy Theory helps explain why startups participate in gig work, such as the need for flexibility, low labour costs, and access to specialized skills on demand. The Gig Economy Theory highlights elements including flexibility, lower labor costs, availability of access to workers through digital platforms, and minimal employment commitments to explain why people and organizations engage in gig work.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was propounded by Fred Davis in 1986 and later formally published in 1989. TAM was developed as an extension of the Theory of Reasoned Action (TRA) to explain how users come to accept and use new technologies. According to Davis (1989), two key factors determine technology adoption: PerceivedUsefulness **(**PU**)** the degree to which a person believes that using a particular technology will enhance job performance; and Perceived Ease of Use (PEOU) the degree to which a person believes that using the technology will be free of effort. TAM is suitable for this study because gig economy participation and platform usage depend heavily on the acceptance of digital technologies such as gig platforms, mobile apps, freelancing websites, and digital service tools.

TAM explains that participation in gig activities depends on how useful and easy to use business owners perceive gig platforms to be. If startup owners believe gig platforms enhance business efficiency (PU) and are simple to navigate (PEOU), they are more likely to participate. TAM, therefore, helps explain the level and predictors of participation among new business owners.

Digital Platform Theory

Digital Platform Theory was first formalized by Parker and Van Alstyne in 2005, who explained how digital technologies create platforms that act as intermediaries connecting users and facilitating value-creating interactions. The theory has since been expanded by scholars such as Eisenmann, Tiwana, and Evans, who examined platform architecture, governance, and network effects. Digital Platform Theory is highly relevant because the gig economy operates primarily through platform-based systems such as ride-hailing apps, freelance marketplaces, logistics platforms, and digital payment systems. The theory helps explain the extent to which new business owners in Osun State participate in the gig economy based on platform accessibility and network effects. Since platform usefulness, structure, and dependability affect adoption, it also directs the identification of the particular gig economy platforms frequently utilized by startups.

According to digital platform theory, the availability, usability, and network effects of digital platforms determine how many people participate. Gig employment is more common among startups when digital platforms provide affordable, practical solutions.Risks include platform dependence, algorithmic bias, gig workers' cancellation or unavailability, variations in service quality, platform fees and commissions, and data privacy concerns are all recognized by digital platform theory.This theory can be used to investigate how platform policies and architecture affect the risks and operational difficulties that startups have when using gig workers.

3.0 Methodology

This study adopts a quantitative research design to examine the relationship between gig economy dynamics and startup business performance in Osun State, Nigeria. Data were collected through structured questionnaires administered to startup business owners and managers who engage gig workers in their operations. The study population consisted of 390 startup businesses operating in Osun State. Using the Taro Yamane sampling formula at a 5% margin of error, a sample size of 197 respondents was determined. Descriptive statistics and multiple regression analysis were used to analyze the data using SPSS version 25.The respondents were selected using purposive sampling because the study specifically targeted startup businesses that actively utilize gig workers or digital gig platforms in their operations. Business owners and managers were chosen because they possess direct knowledge of operational decisions and workforce management practices.

Although the sampling method may limit generalization beyond the study area, it ensures that respondents possess relevant experience related to gig workforce engagement.

4.0 Results and Discussion

A total of 197 managers, supervisors, and operational employees of particular gig economy-dependent start-ups in Osun State, Nigeria, were given questionnaires.A very high 98% response rate was obtained from the 194 completed and returned surveys out of this total. Just three (2%) of the questionnaires were not returned.The study, therefore, proceeded to analyze the 194 valid responses.

Table 1:
Analysis of Questionnaire Response Rate

Response rate	Respondents' Response	Percentage of response
Number of questionnaires administered	197	100
Number of questionnaires returned	194	98
Number of questionnaires not returned	3	2
Returned and not Returned Total	197	100

Source: Field Survey, 2026.

Demographic Information

A fairly balanced gender representation with a slight male dominance was shown by the majority of respondents (57.7%) being male and 42.3% being female. This is characteristic of management and entrepreneurial roles in Nigeria's gig economy start-ups.Half of the respondents (50.0%) were married, 44.8% were single, and 5.2% fell into other.Age-wise, the largest group was under 30 years old (35.1%), closely followed by the 30- to 39-year-old group (31.4%). This indicates that the respondents are primarily young and active, traits that are crucial for running fast-paced gig economy firms.The majority of gig-economy start-ups in the research area were very young, as evidenced by the fact that 36.6% had been in operation for 1–5 years and 29.9% for 6–10 years.

Notably, 71.6% of respondents were business owners, while 28.4% were managers, confirming that the majority of responses came directly from decision-makers with in-depth knowledge of both gig worker dynamics and overall business performance. This composition strengthens the validity and reliability of the data obtained for the study.

Table 2:
Demographic Characteristics of Respondents

Socio-Demographic Characteristics	Frequency	Percent
Gender		
Male	112	57.7
Female	82	42.3
Total	194	100
Marital Status		
Single	87	44.8
Married	97	50.0
Others	10	5.2
Total	194	100
Age Range		
Under 30 years	68	35.1

30–39 years	61	31.4
40–49 years	37	19.1
50–59 years	20	10.3
60 years & above	8	4.1
Total	194	100
Length of Service in Business		
1–5 years	71	36.6
6–10 years	58	29.9
11–15 years	40	20.6
16–20 years	25	12.9
Total	194	100
Business Status		
Owner	139	71.6
Manager	55	28.4
Total	194	100

Source: Field Survey, 2026.

Test of Hypothesis

Hypothesis One

H_{01}: Gig worker commitment has no significant effect on start-up business performance.

H_{11}: Gig worker commitment significantly affects the performance of start-up businesses.

Table 3:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923[a]	.851	.850	.383

a. Predictors: (Constant), Gig worker commitment

Table 4:

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	77.379	1	77.379	526.326	.000[b]
	Residual	13.526	192	.147		
	Total	90.904	193			

a. Dependent Variable: Start-up business performance

b. Predictors: (Constant), Gig worker commitment

Table 5:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.018	.137		7.425	.000	.746	1.291
	Gig worker commitment	.800	.035	.923	22.942	.000	.731	.869

a. Dependent Variable: Start-up business performance

Interpretation

The R^2 value above shows how much of the variance in the dependent variable (Corporate Performance) is explained by the independent variable (Gig Worker Commitment). In this case, the R-squared value is 0.851, which corresponds to an 85.1% effect on the variance in corporate performance. The ANOVA[a] table provides an assessment of the statistical significance of the results. The null hypothesis is rejected, and the alternative hypothesis is accepted because the P-value is less than 0.05. The model in this table is statistically significant (sig = 0.000), with a P-value of 0.000 and a p-value < 0.05. In addition, the standardized beta coefficient of 0.923 indicates a strong positive relationship between gig worker commitment and startup business performance. This implies that increases in gig worker commitment are associated with higher levels of startup performance. The model is statistically significant ($p < 0.05$), indicating that gig worker commitment significantly predicts startup business performance.

Hypothesis Two

H_{01}: Operational risks associated with gig workers have no significant effect on start-up business performance.

H_{12}: Operational risks associated with gig workers significantly affect the performance of start-up businesses.

Table 6:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956[a]	.915	.914	.288

a. Predictors: (Constant), Operational risks associated with gig workers

Table 7:

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	171.291	1	171.291	2059.730	.000[b]
	Residual	15.967	192	.083		
	Total	187.258	193			

a. Dependent Variable: Start-up business performance

b. Predictors: (Constant), Operational risks associated with gig workers

Table 8:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.701	.077		9.124	.000	.550	.853
	Operational risks associated with gig workers	.853	.019	.956	45.384	.000	.816	.890

a. Dependent Variable: Start-up business performance

Interpretation

The R^2 value above shows how much of the variance in the dependent variable (Corporate Performance) is explained by the independent variable (Operational Risks Associated with Gig Workers). In this case, the R-squared value is 0.915, which translates as 91.5% effect on the variance in corporate performance. The ANOVA[a] table provides an assessment of the statistical significance of the results. The null hypothesis is rejected, and the alternative hypothesis is accepted because the P-value is less than 0.05. The model in this table is statistically significant (sig = 0.000), with a P-value of 0.000 and a p-value < 0.05. More so, the coefficient table above shows the extent to which the independent variable contributes to predicting the dependent variable. In this table, the beta coefficient is 0.956, indicating that a unit change in operational risks associated with gig workers would result in a 95.6% change in start-up business performance. From the table above, it can be concluded that start-up business performance is directly influenced by operational risks associated with gig workers. Therefore, this implies that "Operational Risks Associated with Gig Workers" has a significant effect on "Start-up Business Performance".

Hypothesis three

H_{01}: Customer dissatisfaction risk arising from gig workers has no significant effect on start-up business performance.

H_{13}: Customer dissatisfaction risk significantly affects start-up business performance.

Table 9:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.942[a]	.888	.887	.331

a. Predictors: (Constant), Customer dissatisfaction

Table 10:

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	166.241	1	166.241	1518.693	.000[b]
	Residual	21.017	192	.109		
	Total	187.258	193			

a. Dependent Variable: Start-up business performance

b. Predictors: (Constant), Customer dissatisfaction

Table 11:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.698	.090		7.801	.000	.522	.875
	Customer dissatisfaction	.861	.022	.942	38.970	.000	.817	.904

a. Dependent Variable: Start-up business performance

Interpretation

The R^2 value above shows how much of the variance in the dependent variable (Start-up business performance) is explained by the independent variable (Customer Dissatisfaction). In this case, the R-squared value is 0.888, which corresponds to an 88.8% effect on the variance in start-up business performance.

The ANOVA[a] table reveals the assessment of the statistical significance of the result. The null hypothesis is rejected, and the alternative hypothesis is accepted because the P-value is less than 0.05. The model in this table is statistically significant (sig = 0.000), with a P-value of 0.000 and less than 0.05.

The coefficient table above shows the extent to which the independent variable contributes to predicting the dependent variable. In this table, the beta coefficient is 0.942, indicating that a unit change in customer dissatisfaction would result in a 94.2% change in start-up business performance. From the table above, it can be concluded that start-up business performance is directly influenced by customer dissatisfaction. Therefore, this implies that "Customer Dissatisfaction" significantly affects "Start-up Business Performance".

4.0 Discussion of Findings

Hypothesis One:

The R^2 value indicates the proportion of variation in the dependent variable (start-up business performance) that is explained by the independent variable (gig worker commitment). In this study, the R^2 value of 0.855 suggests that approximately 85.5% of the variation in start-up business performance is explained by gig worker commitment. The ANOVA table further shows that the regression model is statistically significant, as the p-value (0.000) is less than the 0.05 significance level. Consequently, the null hypothesis is rejected, and the alternative hypothesis is accepted, indicating that gig worker commitment has a significant effect on the performance of start-up businesses.

This finding is consistent with previous studies which suggest that higher levels of worker commitment improve reliability, service quality, and customer retention, thereby enhancing organizational performance. For instance, Febrianti, Aprilianti, & Parasti Siregar, et.,al (2021) argue that committed gig workers contribute positively to organizational productivity and service quality in platform-based work systems. Similarly, Casilli, and Posada, (2019) note that effective management and engagement of gig workers can improve service outcomes and operational performance for firms that rely on flexible labour arrangements. In addition, Eze, & Uduji, (2021)emphasizes that although gig work is flexible, the level of worker commitment remains a crucial factor influencing service delivery and business success in gig-based organizations.

However, some scholars present a more cautious perspective. Emmanuel (2023)argue that gig workers often face precarious working conditions, which may limit their long-term commitment and reduce the consistency of service delivery. Despite these concerns, the findings of this study suggest that when gig workers demonstrate strong commitment and reliability, startup businesses can experience improved operational efficiency and performance.

Hypothesis Two:

The R^2 value indicates the proportion of variation in the dependent variable (start-up business performance) explained by the independent variable (operational risks associated with gig workers). In this study, the R^2 value of 0.915 suggests that approximately 91.5% of the variation

in start-up business performance is explained by operational risks associated with gig workers. The ANOVA results indicate that the regression model is statistically significant since the p-value (0.000) is less than the 0.05 level of significance. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted, indicating that operational risks associated with gig workers significantly influence start-up business performance.

This finding aligns with previous studies that highlight the operational challenges associated with gig-based labour systems. For instance, Enwukwe, (2021) argue that gig economy arrangements often introduce uncertainties related to worker reliability, platform governance, and regulatory compliance, which can affect organizational performance. Similarly, Gallupe, Hossain, & Limayem, (2021)notes that the fragmented and temporary nature of gig work may create operational risks such as inconsistent service quality and worker turnover, thereby affecting firm efficiency and productivity. In addition, Gori, Parcu, and Stasi, (2015)emphasize that organizations relying heavily on gig labour may experience coordination difficulties and performance variability if adequate management structures are not implemented.

However, some scholars suggest that gig-based labour systems can also help firms manage operational uncertainty. For example, Godany, Machova, Mura,& Zsigmond, (2021)argue that the gig economy allows businesses to increase flexibility and reduce long-term labour costs, which can enhance operational adaptability. Despite these potential advantages, the results of this study indicate that unmanaged operational riskssuch as inconsistent service delivery, worker turnover, and regulatory uncertaintycan negatively affect the performance of start-up businesses that depend on gig workers.

Hypothesis Three:

The R^2 value indicates the proportion of variation in the dependent variable (start-up business performance) that is explained by the independent variable (customer dissatisfaction risk arising from gig workers). In this study, the R^2 value of 0.888 suggests that approximately 88.8% of the variation in start-up business performance is explained by customer dissatisfaction risk associated with gig workers. The ANOVA results further show that the regression model is statistically significant since the p-value (0.000) is less than the 0.05 level of significance. Consequently, the null hypothesis is rejected and the alternative hypothesis is accepted, indicating that customer dissatisfaction risk arising from gig workers significantly affects start-up business performance.

This finding is consistent with previous studies which suggest that service inconsistency and poor worker performance in gig-based systems may negatively affect customer experience and business outcomes. For instance, Kaine and Josserand (2019) argue that service quality in gig-mediated work systems is strongly dependent on worker reliability and platform governance. Similarly, Anwar and Graham (2021) emphasize that precarious working conditions and limited worker commitment within the gig economy can contribute to inconsistent service delivery, which may lead to customer dissatisfaction and reduced business performance. In addition, Thomas and Baddipudi (2022) note that maintaining customer satisfaction is particularly critical for startups that rely on gig workers because customer loyalty and repeat patronage are essential for long-term business sustainability.

However, some scholars highlight that gig platforms can also enhance customer satisfaction when service quality monitoring systems and rating mechanisms are effectively implemented. For example, Kässi and Lehdonvirta (2018) argue that digital platforms provide performance monitoring tools such as rating systems and feedback mechanisms that can improve service

accountability and customer satisfaction in gig-based transactions. Nevertheless, if these mechanisms are weak or poorly managed, customer dissatisfaction may arise and negatively affect startup performance.

Furthermore, the relatively high R^2 values observed in the regression models may partly be attributed to the perceptual measurement approach used in the questionnaire, where respondents evaluated both independent and dependent variables within the same survey instrument. While this approach may increase the explanatory power of the model, the results should therefore be interpreted with caution.

5.0 Conclusion

This study examined the impact of gig workforce dynamics on startup business performance within Osun State, Nigeria. The findings indicate that gig worker commitment positively influences startup performance, while operational risks and customer dissatisfaction negatively affect business outcomes. However, these findings are limited to startups operating within the study area and should not be generalized to all businesses without further empirical validation. Since only dedicated and well-supported gig workers can deliver the quality that external consumers require, startups must offer fair compensation, transparent communication, flexible yet dependable scheduling, and timely support. To increase productivity and retention, workers should also receive fair compensation, recognition, and a sense of justice.

Empowering gig workers by giving them reasonable autonomy, rapid dispute-resolution mechanisms, and transparent rating systems not only reduces the platform's operational burden but also motivates them to perform at their best.

A third principle is the continuous improvement of platform processes, algorithms, and worker support systems. Regardless of current operational efficiency, there are opportunities to reduce delays, improve matching accuracy, strengthen safety protocols, and minimize risks. The findings of this study confirm that gig worker commitment, operational risks, and customer dissatisfaction risks collectively account for a substantial portion of the variance in startup business performance and have statistically significant effects. Effective management of these gig-economy-specific factors is therefore essential for sustainable economic growth.

Recommendations

Based on the findings of this study, the following recommendations are put forward with the aim of helping modern gig-economy start-ups to effectively manage gig workers and associated risks to increase organisational profitability and sustainability:

i. Gig worker management strategies should be carefully identified, planned, and executed at all levels of the organisation, treating gig workers as critical partners rather than disposable labour.
ii. There should be a robust operational system and a continuous feedback process, supported by effective, transparent, and real-time communication channels, performance dashboards, and fair rating/review mechanisms, to build trust and commitment among gig workers.
iii. Regular training and onboarding programs should be conducted for both gig workers and internal platform teams to inculcate best practices in service consistency, risk awareness, customer handling, and platform usage in order to reduce operational risks and customer dissatisfaction to the barest minimum, while eliminating resistance to policy changes and fostering long-term worker engagement.

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