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What is Frugal About Gig Platforms?

22 Sep 2025

by Anna Elias, Erwin van Tuijl and Jasmin Hofman

The nuances of Frugal Innovation

M-PESA is often cited as a landmark example of frugal innovation in the digital era. This fintech platform created an alternative banking infrastructure for people in informal economies who previously lacked access to formal banking. While M-PESA has significantly advanced financial inclusion, it has also been criticised for deepening inequalities between those who have and those who lack access, as well as enabling its operators to extract value from vulnerable users in informal settlements [i]. This case highlights an important nuance: frugal innovation should not only be understood as delivering low-cost and simple solutions, but through a more holistic lens that embeds social and political dimensions to actively tackle exclusion and inequality [ii]. This broader framing pushes us to critically examine how digital platforms do more than just lower entry barriers, they shape who ultimately benefits and who remains excluded.

Social media platforms: accessibility and exclusion

This tension between increased accessibility and persistent exclusion also appears in social media platforms like YouTube and Facebook. These platforms empower grassroots innovators in the Global South to reach wider markets, but gaining visibility often requires additional investments in advertising or search optimization, reinforcing inequalities based on users' resources [iii][iv]. In contrast, in refugee camps, semi-literate women use WhatsApp for voice messages and photo sharing, fostering new forms of collective agency and entrepreneurship despite limited formal infrastructure [v].

Frugal innovation: low cost but not always inclusive

These examples show that digital platforms can enable users to overcome resource constraints in innovative ways. Frugal innovations aim to “do more with less for more people,” characterized by low cost, simplicity, and ease of access [vi]. Yet frugal is not always inclusive.

Gig platforms as frugal innovations

So, where do gig platforms fit within this framework? Are they truly frugal, that is easy to use, affordable, accessible and do they effectively address livelihood challenges in informal economies? Gig platforms connect people offering short, flexible tasks or “gigs” with customers. They broadly fall into two categories: remote digital work such as coding, translation or data entry on platforms like Amazon Mechanical Turk, and location-based services like ride-hailing, food delivery or home maintenance via SafeBoda, Uber, PedidosYa or Urban Company.

Case study: Sonal's experience with Urban Company

To understand how these platforms operate, we highlight the case of Sonal, a beautician in a Mumbai suburb, whom one of the author's engaged with during fieldwork. At 5 AM, she prepares her kit and checks her Urban Company app, which has scheduled six appointments for her that day. Before joining the platform, Sonal struggled to find steady work, relying on informal networks and occasional beauty parlour jobs, opportunities that diminished further after COVID-19. Urban Company now connects her to customers she would not otherwise reach. Yet, her income fluctuates with the platform's algorithms: her rating dropped after a couple of three (with five being the maximum) star reviews, affecting her visibility and job allocation. She is also repaying her smartphone in instalments, a vital tool for her livelihood, which reduces her daily take-home pay. Many workers like Sonal navigate this digital frontier across many contexts, balancing new opportunities with precarious conditions.

Lowering entry barriers: infrastructure and access

Gig platforms lower entry barriers by providing affordable, ready-made infrastructure: mobile interfaces, algorithmic client matching, payment processing, and marketing reach. Traditionally, workers in informal contexts needed not only monetary capital like owning a vehicle or renting space, but also social capital: trust, networks, and knowledge to secure steady work. Access itself becomes a form of capital determining livelihood security and autonomy. Platforms like SafeBoda or Urban Company bypass these hurdles, enabling workers with limited resources to enter new markets.

Ease of use and affordability

Ease of use is critical, especially for workers with low formal education or technical skills. Many gig platforms offer intuitive interfaces with regional language support, voice commands, and simple navigation. For example, the Urban Company app supports multiple regional languages and provides features like earnings dashboard for workers to track payments. Sonal highlights the convenience: "I can see my earnings by day, week, or month all in one place, indicate my availability, and manage my schedule through the app".

Affordability is another dimension of frugal innovation. Many platforms have minimal or no registration fees, making them more accessible than traditional business setups requiring large upfront investments, buying a vehicle or setting up a salon, for instance. Platforms also reduce marketing costs by aggregating demand and matching it to workers directly, mitigating risks associated with finding customers independently.

At first glance, gig platforms appear to embody frugal innovation by offering low-cost, accessible means to improve livelihoods in informal economies.

Challenging platform frugality

Digital infrastructure as a prerequisite

Access to digital infrastructure remains a fundamental prerequisite for using digital platforms. Participation depends on reliable mobile networks, smartphone ownership, and basic digital literacy. While often taken for granted in urban areas, these conditions can be major barriers in rural regions, especially across parts of Africa where network coverage is patchy. Moreover, rural areas' low population density limits demand for location-based services like ride-hailing or food delivery, deepening the urban-rural divide in gig work opportunities.

Costs of participation and dependency

Costs of participation also challenge the frugality claim. For example, Jane from the Mathare informal settlement in Kenya sometimes skips meals to afford internet bundles. As for Sonal, she must repay her smartphone in instalments. Some platforms charge fees to service providers or merchants, for instance restaurant owners using Just Eat Takeaway may pay to be featured higher in search results or face fierce price competition [iv]. Beyond platform fees, workers bear costs of smartphones, internet subscriptions, loan repayment for vehicles, or workspace rent. Such expenses create dependencies and exacerbate precarity.

Formal registration and exclusion

Formal registration requirements can exclude many people. Drivers in India can sign up on Uber with a valid driving license, but residents of informal settlements like Mathare often lack official IDs needed for the registration. Similarly, Syrian refugees in Lebanon are excluded due to their lack of a legal status, and strict SIM card registration rules in Uganda prevent some citizens from accessing mobile platforms at all [vii][viii].

Conclusion: towards a holistic view of platform frugality

These access barriers and costs suggest that gig platforms are less frugal than other digital platforms [ix]. Similar to critiques of M-PESA and lending platforms like Jumo [x], gig platforms may expand economic opportunities in the short term but also deepen dependency on platforms and create new inequalities. Participation divides are likely to persist or widen, with those lacking digital access or formal documentation left behind.

Understanding platform frugality [ix] requires a holistic view of frugal innovation that goes beyond low cost and simplicity. It calls for embedding social and political dimensions that address exclusion and power dynamics shaping who benefits. Only through such a comprehensive lens can we critically assess the promises and perils of gig platforms as vehicles for inclusive economic development.

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