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WELFARE EFFECT OF GIG ECONOMY ON URBAN HOUSEHOLDS IN NIGERIA

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ABSTRACT: *In the age of digital innovation, the gig economy has emerged as a game-changer, reshaping the labour markets and offering unprecedented flexibility and new opportunities. As the gig economy grows, it is essential to grasp its effects on household welfare, given its influence on income, consumption, and overall well-being. This study examined the welfare effect of gig economy on urban households in Nigeria. with a descriptive survey design, questionnaires were distributed online to 384 respondents across various states in Nigeria. Data analysis was conducted via Structural Equation Modelling (SEM). The study findings revealed that the gig economy positively affects both income and household welfare. Higher income is correlated with increased consumption and improved household welfare, and household consumption is similarly linked to better welfare. Consequently, the study concludes that the gig economy enhances household welfare through its influence on income and consumption. On the basis these findings, the study recommends that the Nigerian government and policymakers establish a regulatory framework that supports the gig economy while protecting workers' rights; the government should invest in infrastructure and digital literacy programs to make gig work more accessible and efficient; and policymakers should implement social protection measures such as health insurance, pensions, and fair wages to protect gig workers from income instability and exploitation.*

KEYWORDS: Gig Economy, Gig Work, Household Welfare, Income, Consumption.

JEL Classification: J46, L86, I31, D31, E21

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INTRODUCTION

The rise of cutting-edge technologies and intensifying global competition have driven businesses to fundamentally rethink and reshape their operational strategies to remain viable in today's highly competitive and ever-evolving market environments. In response to these challenges, businesses have increasingly embraced innovative business models, leading to significant transformations in labour markets. One of the most prominent outcomes of this shift is the rapid growth of the gig economy, where short-term contracts and freelance work have become central to the modern workforce (Joshi, Jain & Gupta, 2024). Originally coined to describe musicians with short-term contracts, gig work gained renewed importance following the 2008 financial crisis, when many people faced unemployment and needed to supplement their reduced incomes and savings. In response, companies began incorporating gig and part-time work, leading to a shift from traditional full-time employment to a model centered on temporary and on-demand work (Doshi & Tikyani, 2021). The COVID-19 pandemic further accelerated the growth of the gig economy, as remote work and digital services became essential. The gig economy also known as the on-demand economy, sharing economy, platform economy, crowd-working, and freelancing among others is a labour market characterized by short-term, flexible jobs often facilitated through digital platforms (World Bank, 2015). The gig economy is attractive to both workers and employers: workers benefit from flexible hours and the freedom to choose projects that match their skills or interests, while employers gain access to a broad talent pool without the long-term commitments of full-time employment (Iskandarov & Abdusattarov, 2024).

The gig economy has emerged as a vital force in tackling Nigeria's high unemployment, especially given that over 27.1% of the population remains jobless in 2023, highlighting the persistent inadequacies of traditional job markets in absorbing the country's rapidly expanding workforce (National Bureau of Statistics, 2023). The situation is particularly dire among young people, with unemployment rates soaring to alarming levels. This economic reality has created a pressing need for alternative forms of employment, leading to the rise of the gig economy as a critical component in Nigeria's labour market. In Nigeria, gig platforms such as Uber, In-Driver, Guovo, and Bolt have greatly increased job opportunities and income potential. The income earned through gig work enables families to access better nutrition, healthcare, and educational opportunities for their children, thereby fostering overall household welfare. Moreover, the gig economy offers a degree of financial independence and empowerment that many Nigerians have not traditionally experienced. By providing alternative income streams, the gig economy reduces dependency on formal employment and allows individuals to take control of their economic destinies. This is especially important in a country where formal employment opportunities are limited, and where the informal sector has historically played a significant role in the economy. Consequently, the gig economy plays a key role in improving household welfare and offers a practical solution to the country's unemployment challenges. The World Bank (2019) noted that the gig economy has contributed to reducing poverty and inequality by offering income-generating opportunities to individuals who were previously excluded from formal employment. Similarly, Muhyi, Omar, and Adnan (2023) argued that the gig economy has played a role in alleviating urban poverty and enhancing household welfare by creating job opportunities for the teeming population.

Household welfare focuses on the micro level, examining how individual household members can optimize their well-being through decision-making. Enhancing household welfare is a primary goal for governments worldwide and is crucial for achieving many of the United

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Nations Sustainable Development Goals (SDGs) (Ozoh, Nwogwugwu, Nwokoye, & Metu 2022). Hence, the gig economy presents a transformative opportunity to improve household welfare globally, making significant strides toward achieving several Sustainable Development Goals (SDGs). By providing flexible employment opportunities, the gig economy can contribute to poverty reduction (SDG 1) by enabling individuals, particularly in underserved communities, to earn income and improve their livelihoods. This flexibility also supports SDG 5 (Gender Equality) by offering women greater autonomy in managing work alongside other responsibilities, thereby narrowing the gender employment gap. Furthermore, the gig economy fosters SDG 8 (Decent Work and Economic Growth) by generating new job opportunities and supporting entrepreneurial ventures, while also promoting SDG 9 (Industry, Innovation, and Infrastructure) through the digital platforms that drive innovation and connectivity in various industries. Lastly, by creating more inclusive job markets, the gig economy can play a vital role in reducing inequalities (SDG 10) by providing diverse groups, including marginalized populations, with access to economic opportunities that might otherwise be unavailable to them.

Despite its advantages, the gig economy presents significant challenges for both workers and businesses. Individuals engaged in gig work often face a precarious employment environment marked by uncertainty around job security. This instability is further exacerbated by the lack of essential benefits that are common in traditional employment, such as health insurance and retirement plans, leaving gig workers particularly vulnerable during times of need. Additionally, the income from gig work is often inconsistent, leading to financial instability. On the business side, companies operating within the gig economy encounter numerous regulatory challenges that complicate their operations. They must skilfully navigate the risks associated with employing contingent workers while addressing crucial issues related to worker classification and liability—issues that carry significant legal and ethical implications (Iskandarov & Abdusattarov, 2024). Thus, this study examined how the gig economy affects the welfare of urban households in Nigeria. The focus is driven by the fact that more than half of the global population resides in urban areas, particularly in developing nations such as Nigeria (World Bank, 2024).

LITERATURE REVIEW

Conceptual Issues

Gig Economy

The gig economy is a labour market where individuals take on short-term, flexible freelance work, often facilitated by digital platforms, including tasks such as ride-sharing, freelance writing, and food delivery, rather than holding traditional, permanent jobs. The gig economy is characterized by a significant shift in the employment landscape, where the traditional model of permanent, long-term employment is increasingly replaced by short-term contracts, independent work, and non-permanent roles (Gandini, 2019; Hasan et al., 2024). The gig economy is thus defined by a labour market structure in which the emphasis is on hiring workers for short-term tasks without the security of long-term employment or the traditional benefits associated with it (Petkovski et al., 2022; Linthorst & Waal, 2020). The reasons why people engage in a gig economy is depicted in Figure 1.

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Figure 2: Reasons why independent contractors work in the gig economy

Source: *www.lerablog.org, 2022*

Household Welfare

Household welfare is the overall quality of life and well-being within a household, including economic stability, access to essential services, living conditions and social support, influenced by income, employment, and community resources. According to Ozoh, Nwogwugwu, and Nwokoye (2022), household welfare reflects the economic condition of a household, measurable through its access to livelihood means, with income or consumption being the key indicators depending on the societal context. Arouri et al. (2015) and Unnikrishnan and Imai (2020) define it as the overall well-being of household members, often measured through food and non-food expenditures and poverty status. Numerous studies, such as those by Santoso et al. (2020), and Dimova & Adebowale (2018), have explored the dynamics of household welfare, focusing on the ability of households to secure essential needs for a sustainable and liveable life over time.

Theoretical Framework

This research work is anchored on rational choice theory which is a framework for understanding and modelling social and economic behaviour. It is fundamentally rooted in the principles of classical economics, particularly those articulated by Adam Smith, who emphasized the role of individual decision-making in economic contexts. This theory posits that individuals act as rational agents who make decisions by systematically weighing the costs and benefits associated with their choices to maximize their utility or personal advantage. This theory assumes that people act rationally, with their actions driven by self-interest and the pursuit of optimal outcomes. Smith suggested that when individuals seek to maximize their

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own benefits, they inadvertently contribute to the overall economic welfare of society, driven by the "invisible hand" of the market.

The rapid growth of Nigeria's gig economy, fuelled by high unemployment rates and the rise of digital platforms, has led many households to view gig work as a rational choice for improving or maintaining their standard of living. With limited formal employment opportunities, individuals turn to gig jobs such as ride-hailing and freelance work to achieve financial stability. According to the theory, these workers are seen as rational actors, weighing the benefits of flexibility, immediate income, and autonomy against potential costs, such as income instability and a lack of job security. For many, the urgent need to support their families and cover essential expenses outweighs the uncertainties associated with gig work. However, while the gig economy offers immediate financial solutions, it also presents challenges that can undermine long-term household welfare. The short-term gains from gig work may obscure the lack of social protection, such as health insurance and retirement savings, which are vital for long-term economic security. This disconnects between immediate needs and long-term stability can lead to economic vulnerability, especially during economic downturns or personal crises. The income volatility inherent in the gig economy further complicates household financial planning, potentially leading to increased financial insecurity.

Empirical Studies

Wan and Anuar (2024) explored the perception and acceptance of the gig economy as a legitimate source of halal income among Muslim graduates in Kelantan. Through qualitative research employing purposive sampling, they conducted semi-structured interviews with nine graduates from various academic fields. The study found that although all participants accepted the gig economy as a halal income source, not all had a clear understanding of what constitutes halal income. The research also highlighted that the graduates' involvement in the gig economy was driven by factors such as the necessity to earn a living, the flexibility of work schedules, and the opportunity to develop new skills. Similarly, Ayu (2024) examined the role of gig economy participation in enhancing economic security among workers in Indonesia. Using a desk-based methodology, the study concluded that while the gig economy offers flexibility and supplementary income, contributing to financial stability, it also presents challenges. These include income instability, a lack of social protections, and limited access to benefits. Egesi (2022) focused on the impact of the gig economy on the well-being of independent contractors in Nigeria, specifically Uber, Bolt, and Gokada drivers. The study, which was based on a sample of 20 respondents, identified income from gig work as a key factor influencing worker well-being. Harris and Roberts (2022) examined the economic impact of gig work on financial stability and access benefits and reported that gig workers face significant income volatility and difficulties in obtaining traditional employment benefits such as health insurance and retirement plans. Similarly, Nguyen and Smith (2021) conducted a comparative analysis of economic security between gig workers and traditional employees, revealing that gig workers experience greater financial instability due to unstable employment and limited benefits. In another study, Smith and Jones (2021) investigated financial stability and access to benefits for gig workers through a large-scale survey of 500 gig workers across various platforms. Their findings underscore the significant income volatility experienced by gig workers and the critical lack of access to employer-provided benefits, such as health insurance and retirement plans, exacerbating economic insecurity among these workers.

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METHODOLOGY

The study utilized a descriptive survey design to systematically describe the typical features of households across Nigeria by collecting data from a representative sample. The survey spanned all six geopolitical zones of the country, including North-Central, North-East, North-West states, South-East, South-South, and South-West. This extensive coverage ensured a comprehensive and diverse representation of Nigerian households, capturing a broad range of characteristics across different regions. The sample size for this study was selected by applying the formula developed by Cochran (1977) for calculating the sample size when the population is infinite or unknown. Thus, the formula is as follows:

$$n = \frac{Z^2 pq}{e^2}$$

where, n_0 represents the sample size, z = the selected critical value of the desired confidence level, p = the estimated proportion of an attribute that is present in the population, q = (1 - P) and e = the desired level of precision. Calculation sample size at 95% confidence level (5% significance level), p = 0.05 and hence q =1-0.05 = 0.05; e = 0.05; z =1.96; thus,

$$n = \frac{(1.96)^2(0.6)(0.4)}{(0.05)^2} = \frac{0.9604}{0.0025} = 384.16$$

The data for this research were collected via a self-administered questionnaire administered online as the primary source. Simple random sampling was used to select respondents from each urban area to avoid bias.

This study employed Structural Equation Modeling (SEM) to analyze the effect of the gig economy on household welfare, using income and consumption as primary determinants of welfare, as emphasized by classical economic theory and Keynesian theory. SEM is a statistical technique that allows the simultaneous estimation of multiple interrelated dependence relationships, which makes it ideal for examining complex relationships such as those between latent (unobserved) constructs such as gig economy participation, income, consumption, and household welfare. The methodology integrates both observed and latent variables to evaluate both the direct and indirect effects of gig economy participation on household welfare. This implies that the gig economy's effect on household welfare may be mediated or moderated by changes in household income and consumption patterns. A simplified set of equations for the structural relationships could be as follows:

$$INC = f(GEP) \qquad (1)$$

$$CON = f(INC, GEP) \qquad (2)$$

$$HHW = f(INC, CON, GEP) \qquad (3)$$

where HHW represents household welfare, INC denotes household income, CON represents household consumption and GEP denotes gig economy participation. The measures of gig economy participation can be summarized as follows: the nature of gig work participation such as rideshare driving (e.g Uber, Lyft), delivery services (e.g Doordash, Postmates), freelancing (e.g writing, graphic design), online services, and task based platforms (GEP1), hours spent on

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gig work per month (GEP2), the number of gig work undertaken (GEP3) and gig work job flexibility (GEP4). The measures of household income from the gig economy are income growth (INC1), gig income as primary income (INC2), gig income as secondary income (INC3) and income stability as a result of gig participation (INC4). The measures of household consumption patterns as a result of a gig economy are household spending on essential goods and services (such as food, clothing & other services) (CON1), household spending on housing and utility (CON2), household spending on health and wellness (CON3) and household spending on discretionary goods (such as entertainment, travels, and luxuries) (CON4). Household welfare is measured it with the following indicators: improved standard of living (HHW1), financial security (HHW2), Well-being (HHW3) and job security (HHW4). This expression can be presented in the structural equation model (SEM) as:

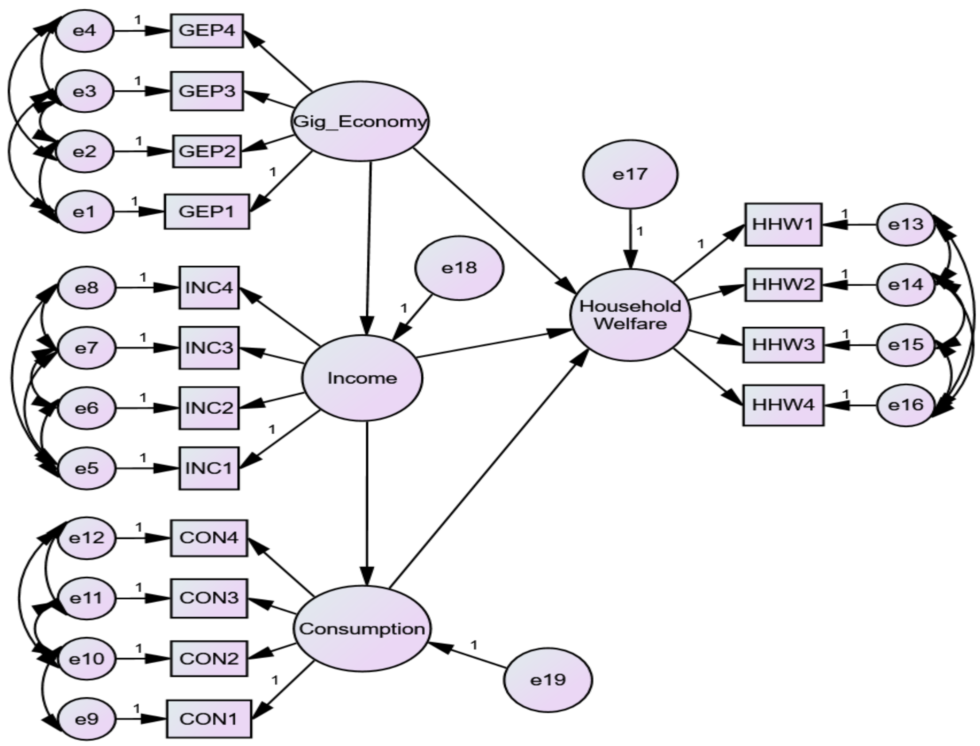

Figure 1: SEM Model for Estimating the welfare effect of a gig economy on urban households in Nigeria.

In confirmatory factor analysis (CFA), the addition of covariances and the removal of indicators are common steps to improve the model's overall fit and explanatory power. To enhance the model's overall fit, additional covariances were incorporated between specific error terms. These covariances reflect the understanding that certain indicators might share unique variances not explained solely by their respective latent constructs. The added covariances for household welfare measures highlight several important relationships. The covariance between e13 (HHW1) and e14 (HHW2) signifies that improvements in living standards are closely linked to increased financial security. Additionally, the covariance between e14 (HHW2) and

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e15 (HHW3) underscores that financial stability significantly impacts household wellbeing, as stable finances generally lead to better overall quality of life. The covariance between e15 (HHW3) and e16 (HHW4) reveals a correlation between the measurement errors of these indicators, suggesting that job security and well-being are closely related. Moreover, the covariance between e13 (HHW1) and e15 (HHW3) indicates that measurement errors in living standards are likely reflected in well-being, whereas the covariance between e13 (HHW1) and e16 (HHW4) demonstrates that better living standards are also associated with greater job security. These relationships illustrate the interconnected nature of living standards, financial security, job security, and well-being.

The covariances between the gig economy participation (GEP) measures highlight the interconnectedness of various aspects of gig work. The covariance between e1 (GEP4) and e2 (GEP3) shows that greater job flexibility in gig work is associated with a higher number of gigs. The covariance between e2 (GEP3) and e3 (GEP2) suggests that the more gigs one undertakes, the more hours they spend working. The link between e3 (GEP2) and e4 (GEP1) reflects how the time commitment to gig work influences the type of participation in the gig economy. Finally, the covariance between e2 (GEP3) and e4 (GEP1) reinforces that the quantity of gig work affects the nature of how individuals engage with gig work. Overall, these covariances suggest that flexibility, work volume, hours, and participation type are closely related, shaping gig economy experience.

The covariances between income measures highlight the interconnected nature of income stability and gig work as a source of earnings. The covariance between e5 (INC4) and e6 (INC3) reflects the relationship between overall income stability and the role of gig work as a supplementary source of income. The connection between e6(INC3) and e7 (INC2) shows how gig work can shift from being supplementary to a main income source. The link between e7 (INC2) and e8 (INC1) suggests that relying on gig work as a primary income can contribute to overall income growth. Finally, the covariance between e6 (INC3) and e8 (INC1) further emphasizes how even gig work as a secondary income can positively impact long-term income growth. This demonstrates the complex and influential role that gig work plays in shaping financial stability and growth.

For the consumption measures: the added covariance between e9(CON4) and e10(CON3) reflects the relationship between household spending on discretionary goods and spending on health and wellness, e10(CON3) and e11(CON2) represent a connection between spending on health and wellness and spending on housing and utility, e11(CON2) and e12(CON1) represent the link between spending on housing and utility and spending on essential goods, e9(CON4) and e12(CON1) further emphasize the connection between spending on discretionary goods and spending on essential goods and e10(CON3) and e12 (CON1) emphasize the connection between spending on health and wellness and spending on essential goods

The covariances between consumption measures reveal the interconnected nature of household spending patterns. The covariance between e9 (CON4) and e10 (CON3) highlights how expenditures on non-essential goods are linked to spending on personal well-being. The connection between e10 (CON3) and e11 (CON2) shows that health-related spending is closely tied to basic living costs. The link between e11 (CON2) and e12 (CON1) reflects how housing costs influence spending on necessities such as food and clothing. Additionally, the covariances between e9(CON4) and e12(CON1) and between e10(CON3) and e12(CON1) underscore that discretionary and health-related spending are both tied to expenditures on essential goods.

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These relationships suggest that household consumption patterns across discretionary, health, housing, and essential goods are interconnected, with changes in one category affecting spending in others.

The study further assessed the overall model fit via indices such as Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and Chi-square statistics. Thus, the structural equation modelling is a suitable and powerful tool for assessing the welfare effect of a gig economy on urban households in Nigeria.

RESULTS AND DISCUSSION OF FINDINGS

This section examines the data gathered from structured questionnaires completed online by respondents in Nigeria, aligning the analysis with the study's objectives.

Table 1: Socioeconomic characteristics of the respondents

Socio-Economic and Demographic Characteristics	Frequency	Percentage
Sex		
Male	247	64.3
Female	137	35.7
Marital status		
Single	141	36.7
Married	172	44.8
Divorce/separated	27	7.0
Widow/widower	44	11.5
Education Background		
Primary education	31	8.1
Secondary education	64	16.7
Tertiary education	200	52.1
Postgraduate education	89	23.1
Household size		
below 4	52	13.5
5-10	163	42.5
11-14	101	26.3
15 above	68	17.7
Total	**384**	**100**

Source: *Field Survey, 2024*

The findings in Table 1 indicate that participation in the gig economy is shaped by various demographic factors. The majority of respondents were male (64.3%), with females comprising 35.7% of the sample. This suggests that men may be more inclined to engage in gig work, possibly owing to societal expectations or economic pressures pushing them towards flexible yet often unstable job opportunities. In contrast, the lower female participation rate could reflect a preference for more stable employment or difficulties in balancing gig work with other responsibilities such as home responsibilities. With respect to marital status, married individuals made up the largest group at 44.8%, followed by single respondents at 36.7%, widows/widowers at 11.5%, and divorced or separated individuals at 7.0%. This may indicate

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that married people engage in gig work to supplement household income, while singles may use it as a primary income source or as a flexible option while pursuing education or career goals. Widowed, widower, divorced, or separated individuals may participate due to life circumstances. The respondents were generally well-educated, with 52.1% holding tertiary degrees, 23.1% holding postgraduate degrees, 16.7% having secondary education, and 8.1% with only primary education. This may reflect either a shortage of traditional job opportunities that match their qualifications or the appeal of the flexibility offered by gig work. Family size also played a role, with 42.5% of participants having families of 5 to 10 members, 26.3% having 11 to 14 members, 17.7% with more than 15 members, and 13.5% with fewer than 4 members. Larger families may push individuals towards gig work to meet financial obligations and provide more flexible work schedules to accommodate childcare or other family duties.

Table 2: Reasons respondents participate in gig work

Reasons	Frequency	Percentage
Lack of formal employment	129	33.6
Flexibility and autonomy with gig work	75	19.5
Supplemental income	50	13.0
Skills development	26	6.8
Family needs	86	22.4
Others	18	4.7
Total	**384**	**100**

Source: *Field Survey, 2024*

Table 2 illustrates the diverse motivations behind individuals' participation in gig work. The most common reason, cited by 33.6% of respondents, is the absence of formal employment opportunities, highlighting a significant gap in traditional job markets. Family needs account for 22.4% of the reasons, indicating that gig work often provides necessary financial support for household responsibilities. Flexibility and autonomy are crucial factors for 19.5% of individuals, who value control over their work schedules and tasks. Supplementary income is a motivation for 13.0% of participants, who seek additional earnings beyond their primary sources. Skills development is a driving factor for 6.8% of the respondents, suggesting that gig work serves as a platform for enhancing personal or professional skills. Finally, 4.7% of individuals cited other, unspecified reasons for their participation, reflecting a range of less common or personal motivations. This study agreed with the findings of Muhyi, Omar, and Adnan (2023), and Disha (2023)

Table 3: Respondents' years of gig economy participation

Years	Frequency	Percentage
< 1 years	94	24.5
2 years – 4 years	137	35.7
> 5 years	153	39.8
Total	**384**	**100**

Source: *Field Survey, 2024*

Table 3 reveals the distribution of respondents on the basis of their duration of involvement in gig work. According to the data, 24.5% of the respondents had engaged in gig work for less than a year, indicating that a portion of the sample was relatively new to this type of

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employment. A larger segment, comprising 35.7% of the respondents, has been participating in gig work for a period ranging from 2 - 4 years, suggesting a moderate level of experience and commitment to gig roles. The most substantial group, 39.8%, has been involved in gig work for more than 5 years, reflecting long-term engagement and potentially deep familiarity with the gig economy. This distribution underscores the diverse levels of experience among gig workers, with a significant number having substantial experience while others are relatively new, suggesting that the information provided by respondents is reliable.

Table 4: Challenges of participating in gig work

Challenges	Frequency	Percentage
Job Security	118	30.7
Lack of Benefits and Protections	72	18.8
Income Volatility	61	15.9
Market Saturation	33	8.6
Dependence on Platforms:	84	21.9
Others	16	4.1
Total	**384**	**100**

Source: *Field Survey, 2024*

Table 4 highlights the various challenges associated with working in the gig economy. The most significant issue reported by 30.7% of the respondents is job security, reflecting concerns about the stability and permanence of gig work. Dependence on digital platforms for job opportunities was cited by 21.9% of the participants, indicating that reliance on these platforms can create vulnerabilities and uncertainties. A lack of benefits and protection, affecting 18.8% of the respondents, points to the absence of traditional employment benefits such as health insurance and retirement plans. Income volatility, a challenge for 15.9% of gig workers, suggests fluctuating earnings that can impact financial stability. Market saturation, affecting 8.6% of the respondents, indicates increasing competition within the gig economy that can make it harder to secure work. Finally, 4.1% of the respondents mentioned other unspecified challenges, highlighting additional issues that may not be as widely recognized but still affect their experience in the gig economy. This finding aligns with the findings of Iskandarov & Abdusattarov (2024), Ayu (2024), Porwal and Kumar (2023), Harris and Roberts (2022), and Smith and Jones (2021).

Table 5: SEM Results on the welfare effect of gig economy on urban households in Nigeria.

			Unstandardized Estimates	Standardized Estimates	S.E.	C.R.	P
INC	<---	GEP	.239	.190	.062	3.857	***
CON	<---	INC	.194	.270	.044	4.459	***
HHW	<---	CON	.036	.156	.014	2.610	.009
HHW	<---	INC	.128	.770	.040	3.236	.001
HHW	<---	GEP	.024	.115	.009	2.635	.008
GEP4	<---	GEP	1.000	.976			
GEP3	<---	GEP	.388	.434	.168	2.313	.021
GEP2	<---	GEP	.402	.297	.070	5.754	***

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			Unstandardized Estimates	Standardized Estimates	S.E.	C.R.	P
GEP1	<---	GEP	.988	.995	.042	23.571	***
INC4	<---	INC	1.000	.895			
INC3	<---	INC	.116	.122	.057	2.026	.043
INC2	<---	INC	.141	.156	.050	2.830	.005
INC1	<---	INC	.411	.386	.060	6.801	***
CON4	<---	CON	1.000	.708			
CON3	<---	CON	2.138	1.339	.466	4.588	***
CON2	<---	CON	.876	.743	.160	5.487	***
CON1	<---	CON	1.921	1.504	.320	6.000	***
HHW1	<---	HHW	1.000	.204			
HHW2	<---	HHW	6.382	.923	1.866	3.419	***
HHW3	<---	HHW	1.944	.392	.633	3.070	.002
HHW4	<---	HHW	2.251	.447	.746	3.019	.003
Model Fit Indices: CMIN=1214.574 (P=0.000), NFI=0.910, RFI=0.879, IFI=0.908, TLI=0.868, CFI=0.907, RMSEA=0.028, Standardized RMR = 0.0445							

Source: *Extracts from SPSS Amos*

The estimated standardized coefficient of the gig economy on household income in Nigeria was significant at the 5% level. This coefficient reflects the strength and direction of the relationship between gig economy and household income, indicating a positive relationship between the variables. This suggests that as more individuals engage in gig work, household income tends to increase, providing a meaningful contribution to family earnings. Theoretically, this aligns with the expectation that gig jobs offer additional economic opportunities, especially in regions where formal employment may be limited. The positive coefficient indicates that gig work serves as a financial lifeline for many households, potentially reducing poverty and enhancing economic stability. This finding aligns with the findings of Wan and Anuar (2024), Muhyi, Omar, and Adnan (2023), Porwal and Kumar (2023), Egesi (2022), Harris and Roberts (2022) and the World Bank (2019).

The estimated standardized coefficient of household income on household consumption in Nigeria was significant at the 5% level. This coefficient reflects the strength and direction of the relationship between household income and household consumption, indicating a positive relationship between the variables. The positive relationship indicated by this coefficient confirms the theoretical expectation that as household income increases, so does household consumption. This finding aligns with the Keynesian consumption function, which posits that consumption behaviour is predominantly driven by disposable income. According to Keynesian theory, individuals and households tend to spend a greater proportion of their income as their income increases, leading to greater overall consumption. This finding agrees with the findings of Offor and Okezie (2024), Zakaria, Sulaiman and Malik (2024) and Tokoya et al (2022).

Again, the estimated standardized coefficient of household consumption on household welfare in Nigeria was significant at the 5% level. This is theoretically plausible. This coefficient reflects the strength and direction of the relationship between household consumption and household welfare, indicating a positive relationship between the variables. This finding

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supports the notion that household consumption is a crucial factor in determining welfare levels. This implies that when households have more resources to spend, they can better afford essential goods and services such as food, healthcare, and education, which would enhance their quality of life. Additionally, higher consumption enables families to invest in better housing, amenities, and leisure activities, contributing to a more comfortable and fulfilling life. This finding is consistent with the findings of Nugroho and Wulandhari (2023).

Furthermore, the estimated standardized coefficient of household income on household welfare in Nigeria was significant at the 5% level. This is theoretically plausible. This coefficient reflects the strength and direction of the relationship between household income and household welfare, indicating a positive relationship between the variables. This implies that as household income increases, households experience enhanced welfare outcomes, such as better access to essential goods and services, improved living conditions, and overall greater well-being. This result aligns with theoretical expectations that higher income provides the financial means to improve quality of life and reduce financial stress. This finding conforms with the findings of Watema (2023) and Nugroho and Wulandhari (2023).

In addition, the estimated standardized coefficient of gig economy on household welfare in Nigeria was significant at the 5% level of significance. This is theoretically plausible. This coefficient reflects the strength and direction of the relationship between gig economy and household welfare, indicating a positive relationship between the variables. This finding indicates that engaging in gig work contributes to improved household welfare by providing additional sources of income, enhancing financial stability, and offering flexible work opportunities. Theoretically, this aligns with the notion that the gig economy can positively influence household welfare by diversifying income streams and reducing economic uncertainty. This finding is in agreement with the findings of Muhyi, Omar, and Adnan (2023), and Egesi (2022).

Participation in the gig economy provides individuals with flexible work opportunities, allowing them to control their hours and earnings through various platforms such as ridesharing, freelancing, and delivery services (World Bank, 2015; Iskandarov & Abdusattarov, 2024). This flexibility offers an important source of income, whether as a primary or secondary means of support. For households that cannot access traditional full-time employment, gig work helps cover financial responsibilities, contributing to income growth and increased financial stability (Ayu, 2024). The additional income generated from gig work enables households to manage their finances more effectively, leading to reduced economic strain. As household income becomes more stable, families can afford essential goods and services such as food, housing, and healthcare. This financial security not only reduces vulnerability to economic shocks but also improves overall well-being by increasing household consumption capacity (spending on essential goods and discretionary items) (Egesi, 2022). Beyond financial gains, the gig economy offers non-monetary benefits such as increased job satisfaction and better work-life balance (Iyobhebhe, Okundalaiye & Abiodun, 2023). The flexibility to control work schedules fosters a sense of autonomy, reducing stress and improving quality of life (Iskandarov & Abdusattarov, 2024). Combined with the financial benefits of gig work, these factors contribute to greater household welfare, enhancing both material well-being and personal fulfilment.

The goodness of fit of the structural equation model (SEM) was evaluated using various decision rule thresholds. The chi-square (CMIN) value was significant ($p < 0.05$), indicating a

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significant difference between the observed and model-implied covariance matrices. Although a nonsignificant chi-square is desirable, it is rare in practice, especially for large sample sizes such as this study. The Normed Fit Index (NFI) was 0.910, suggesting a good fit of the model to the data. The Incremental Fit Index (IFI) was 0.908, indicating a good fit. The Comparative Fit Index (CFI) was 0.907, indicating a good fit of the model to the data. The relative fit index (RFI) and Tucker–Lewis index (TLI) were 0.879 and 0.868, respectively, which are below the acceptable thresholds, suggesting that the model fit could be improved. The Root Mean Square Error of Approximation (RMSEA) of 0.028 is slightly above the threshold for a good fit but still within the range for a reasonable fit, suggesting that the model approximates the data relatively well. Again, the Standardized Root Mean Square Residual (SRMR) of 0.0445 again suggested an excellent fit of the model to the data.

CONCLUSION AND RECOMMENDATIONS

Based on the findings, the study concluded that the gig economy plays a significant role in enhancing household welfare by influencing both income and consumption. Participation in the gig economy boosts household income, which, in turn, increases household consumption. This higher consumption leads to improved welfare outcomes, demonstrating that the benefits of gig work extend beyond mere income augmentation. The direct positive relationships between household income and welfare, as well as between household consumption and welfare, further reinforce the idea that increased earnings and spending contribute significantly to better living standards. Based on the findings, the study recommends the following:

The Nigerian government and policymakers should establish a regulatory framework that supports the gig economy while protecting workers' rights. This approach can help tackle key challenges such as unemployment, poverty, and income generation by allowing households to diversify their earnings and improve living standards. In a country where formal employment opportunities are limited, promoting gig work can help households manage economic shocks and enhance their welfare.

Additionally, the government should invest in infrastructure and digital literacy programs to make gig work more accessible and efficient. Reliable internet access and digital skills are essential for Nigerians to fully participate in gig opportunities such as freelancing and ride-hailing, increasing their earning potential. As households boost their income, they can allocate more to essential needs, such as healthcare, education, and housing, thus improving overall welfare indicators.

Finally, policymakers should focus on creating social protection mechanisms to safeguard gig workers from income volatility and exploitation. This includes offering health insurance, pension schemes, and ensuring fair wages, which can stabilize household incomes and support sustained welfare improvement. By fostering a balanced gig economy alongside formal employment, Nigeria can achieve more inclusive economic growth and improved living standards.

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