

# Emerging Employment Opportunities in Last Mile Delivery of E Commerce Industry in India: A Changing Perspectives of Blue Collar Work in Service Sector

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## ABSTRACT

Service sector has now dominated the Indian economy. E commerce is a growing sector in service industry which has created new jobs in retail market as well as for delivering goods / products to the customer's doorsteps. With increasing online business, there is a huge demand of 'delivery boys' who are the blue collar workers engaged in the last mile delivery. This paper explores employment opportunities in last mile delivery of e commerce logistic of food and non food sectors, various forms of employment associated with it, and the changing image of blue collar work. The results reveal that these delivery workers are mostly hired by third party agencies and require minimum qualifications / experience to make an entry into the job. Less competition combined with flexibility in work, regular payment has attracted youths from diverse backgrounds and qualifications. E commerce business models are evolving very fast and so also the form of employment. Delivery boys now work as freelancers, partners and thereby creates a new form of employer-employee relationships. Companies are focusing on improving their skills, providing incentives, and addressing field level /operational challenges. These arrangements and opportunities have boosted earnings of delivery boys and redefining the image of blue collar work. This may improve their employability and retention in future.

**Key Words :** Blue collar, Delivery workers, E commerce, Last mile, Service sector

## INTRODUCTION

Service sector is now dominating Indian economy and contributing to large scale employment (India Brand Equity Foundation, 2019). The service industries include, trade and transport, hotels, restaurants, telecommunication, business services etc., and the newly emerged e-commerce sector. India is expected to become the world's fastest growing e-commerce market, which is driven by rapid increase in number of internet users and robust investment. Revenue from the e commerce sector will increase at an annual rate of 51 per cent which is the highest in the world, from US\$ 39 billion 2017 to US\$ 120 billion in 2020 (India Brand Equity Foundation,

2019).

This rapid growth of e commerce has revolutionized the retail sector which is one of major service industry that provides employment opportunities. It is projected that by 2021, traditional retail will hold a major share of 75 per cent, organized retail share will reach 18 per cent and e-commerce retail share will reach 7 per cent of the total retail market (India Brand Equity Foundation, 2018). The retail along with logistic and transport sectors, and the evolution of supply chain management is creating large employments in the world (International Labour Organisation, 2015).

McKinsey and Company (2017) reported that, E-commerce companies such as Amazon and Flipkart along

with other food delivery business are creating new types of jobs in India. Three fourths of these new work opportunities are created in logistic and transport sector. Further, these workers are paid nearly 80 percent higher than the workers in agriculture sector (McKinsey and Company, 2017). Ernst and Young LLP (EY), Federation of Indian Chambers of Commerce and Industry (FICCI) and National Association of Software and Services Companies (NASSCOM) have further pointed out that the internet and exponential technologies help creation of new employment opportunities. E commerce companies like Amazon, Flipkart and Paytm have created a number of jobs in the logistics sector which includes delivery boys, drivers, warehouse assistants and managers. It has also predicted that there will be new forms of employments models which includes, 'employer-entrepreneurs' work arrangements, freelancing, service providers, and artisan entrepreneurs working on e-commerce platform etc. By 2022, the workforce engaged in these new forms of employments would add to the growth of organized sector and increase the share of organized sector to the overall economy in the country (Ernst and Young LLP, 2017).

Delivery workers or Delivery boys are the major 'blue collar' workers in e-tail logistic workforce, who delivers products to the customer. They deliver a range of products which includes but not limited to food, books, DVDs, clothing, small electronic items, home electronics, furniture, and house hold appliances with different value, different weights and size of packages.

Blue collar work is a physically demanding job. In a simpler term, blue collar worker are those whose job requires manual labour. Blue collar workers are located at the bottom of the organizational hierarchy and have little control over their routine work tasks (Stevens, 1992). They are either employed in a major retailer, local small industry or in modern technological settings. The status of a blue collar worker is lower due to low earnings, education, and organizational position than manager of an organization (Stevens, 1992). This is in contrast to white collar worker which refers to a person who performs professional, managerial, or administrative work (Nishith Desai Associates, 2018). There are many theorists and researchers who explained either negative or positive images of blue collar work. Torlina (2011) argued that for a more democratic and more egalitarian society, there require adjustments to the image of the blue collar work (Torlina, 2011).

In this paper an attempt has been made to explore employment opportunities of blue collar workers in last mile delivery of e commerce of food and non food sectors, various forms of employment, income, and the changing image of blue collar work in India.

### **Last mile delivery in E commerce Sector:**

The key feature of e-commerce business is the home – delivery service (Moroz and Polkowski, 2016). The products purchased online go through a range of delivery process before reaching to the customers. Last mile is the final leg of delivery process where products are delivered to the customers (KPMG, 2018). This final stage of delivery is dependent on the delivery boys and infrastructures like number of delivery hubs, delivery bikes and vans.

The last mile delivery has been a crucial segment for success and growth of the business. In order to ensure faster doorstep delivery to customer, the e commerce companies are now strengthening their own in-house logistics fleets or dependant on third party logistic supply partners. The Economic Times (2015) reported that the major e commerce player like Flipkart has its own logistic company 'ekart'. Further, Amazon is also planning to set up its own logistic company. In addition to this, many startups company like 'Delhivery', have emerged to provide third party logistic solutions to e commerce companies in India.

There are various business models and process involved in last mile delivery. This includes traditional last mile delivery operations (from last parcel sorting hub to customers location), customer pick up (customer can collect products from a nearby delivery points), third party logistics (logistic companies outsources last mile delivery partially or completely to third party logistic), delivery through retailers (in some areas logistic companies are collaborating with local retail stores to finally delivery the parcels to customers residences) etc. Now, the sector is experiencing the new business models by delivering products through local retailers (KPMG, 2018). However, irrespective of the business models, delivery workers have become the backbone of entire last mile delivery process.

### **Employment Opportunities in last mile delivery:**

As per National Sample Survey (NSSO) 68th round, cities like Delhi, Mumbai, Kolkata, Hyderabad and Ahmadabad provides maximum employment in the transportation and logistics sector (KPMG Advisory

Services Pvt.Ltd, 2015). National Skill Development Corporation (NSDC) stated that currently, India employs over 16.74 million employees in logistics, transportation, ware housing and packaging sector. Further, this sector will employ more than 28.4 million by 2022. Moreover, with the emergence of e commerce, organized retail and QSR (Quick Service Restaurants) etc, this industry is expected to grow and push the Indian economy.

The Economic Times (2018) reported that e commerce companies are increasing their last mile delivery staffs which will lead to 20% overall increase of delivery workers. The estimated number of delivery workers in India is about 185000. According to a staffing firm Team lease, there were 35,000 vacancies of delivery agents for ecommerce companies and start ups. Online grocery retailer like Big Basket will be hiring 9,300 delivery workers by March 2019. Similarly, last-mile delivery startup Dependo Logistics Solutions, a service partner to ecommerce companies such as Amazon, Flipkart, Myntra and Mobikwik etc. is looking to double the delivery staff. Shadow fax, a last mile logistic company will be hiring around 10000 delivery boys by 2018 (The Economic Times, 2018). In addition to above, during festive seasons and Big Billion Day Sales, e commerce companies and retail firm, food tech hire delivery personnel through temporary hiring firms which lead to increase in number of delivery boys in India (Times of India, 2018).

The Times of India (2019) reported that Delhi NCR region has become one of the top destinations in the country during 2018-19, which have created 2.25 lakhs of blue collar gig worker including delivery boys, cab driver etc. Bangalore is the highest recruiter of blue collar workers of about 2.34 lakhs.

### **Major companies engaging delivery boys (Food and non food sector):**

The major e commerce and the third party logistics (3 PLs) companies, engaging delivery boys in non-food sector are Amazon, E kart, E com express, Delhivery, FedEx, Myntra, Gojavas, Snapdeal, Aramex, Nykka, Shadowfax, Paytm ,Big Basket, Grofers, Express Bees, Onlinexpress etc. Delivery boys are hired either by the companies itself (in house) or through third party recruiting agency /vendor like IKYA, Dependo, NOVHO Career PVT LTD etc.

Delivery boys working in major food delivery agencies are Zomato, Swiggy, Uber eats, Foodpanda,

Shadowfax, Grab, Runnr etc. This also includes quick service restaurants (QSR) like Dominoz, Mac Donald, Pizza hut, Buger king etc. Some companies hire delivery boys for both food and nonfood sectors.

## **METHODOLOGY**

This paper intends to explore employment opportunities of blue collar workers in e commerce sectors, various forms of employment, their income, and changing image of blue collar work. Primary data was collected from 50 delivery boys working in different E commerce and food delivery companies during 2017-18. Excerpts of articles published in leading news papers, website of E commerce companies & recruiting agencies, were referred for secondary information.

## **RESULTS AND DISCUSSION**

The responses received from primary data were analyzed and findings were corroborated with literatures reviewed. For the purpose of study, the variables considered includes educational backgrounds, previous work experiences, recruitment process, forms of employment, incomes, and other provisions which they receives etc. (Nasreen and Purohit, 2018).

### **Educational qualification and experience:**

Out of total respondents (N=50), 34% were secondary level educated, 38% were intermediate, and more than a quarter (26%) were graduates. Most of the delivery workers (76%) have prior work experience of working either in courier delivery or in a departmental/general store, marketing jobs etc. Nearly a quarter (24%) of delivery boys was fresher in the sector.

### **Recruitment and Training:**

Delivery boys are hired basically through 3rd party vendor. However, some delivery boys are hired directly by companies. Vacancies are circulated mostly through whatsapp groups, job portal or word of mouth information. Advertisements are published in popular job portal like bestjobsindia.in, aasasnjobs.com, indeed.com, naukri.com, quickr.com etc. The advertisements comprise a brief job description and terms and conditions of delivery job. Delivery boys appear for an interview on a given date and time and after due verification of relevant papers related to their motorbikes, Aadhar card, passbook and driving license etc., they are offered to join in the company.

The location of working depends on the vacancy in that area. Even though advertisements are given in various platforms, the social networks of delivery boys, references, and personal contacts play a major role in getting the job in this sector.

The findings above, supports the World Bank (2017) study, which reveals that in developing countries, blue collar workers are recruited majorly through personal recommendations. Further, the referrals and word –of-mouth are the important recruiting channels in the logistic sector (Alan *et al.*, 2017).

Training is nominal as it is provided on the date of joining or the following day. Trainings consist of both field level and class room teaching. Trainings mostly cover the areas like how to operate the mobile applications, collect and deposit collection amounts, make route planning, deal with customer, and self grooming. Types and days of training vary from company to company.

### **Forms of employment, income and entitlements:**

#### ***Form of employment:***

Out of total respondents (N=50), a majority around (92%) are engaged in fulltime work. Only a few (8%) are into part time work. A full-time workers work between 10-14 hours a day where as part timer works for 5-6 hours. Weekly one day off found in most companies. Further, rosters are maintained for taking leave, wherein supervisor take the final call on granting leave. Food delivery boys can take leave any days in between weekdays but not on weekends as number of deliveries are higher in these days.

#### ***Income:***

Delivery boys earn between Rs. 15000-30000 per months. Besides remuneration, delivery boys receive daily or monthly incentives along with reimbursements towards fuel on per kilometer basis and mobile recharge. This varies from company to company and sectors. Food delivery boys earn comparatively more than the non food delivery boys as their payments are dependent on the number of delivery they do in a given day along with incentives. In food sector, delivery boys are remunerated mostly on a weekly basis. At the end of every delivery, they come to know about the total earning they accrue in their mobile app.

#### ***Other provisions:***

Besides salary, Delivery boys are provided provident

fund (PF), Employees State Insurances (ESI) facilities and in some cases accidental insurances. Entitlements vary from company to company and also the nature of engagement they have with the company.

### **Discussions and Recommendations:**

With the growth of online business and increasing demand of doorstep delivery, the delivery workers who do the blue collar work, have become backbone of ecommerce business. They are the only visible entities who have a physical interface with the customer in the entire virtual business market. As last mile work is physically demanding, the main occupational requirements for delivery boys are physical strengths rather than technical skills and education. The job requires minimum level of education or somebody who attended intermediate school (12th class), as published by different blue collar job portals like [www.bestjobsindia.in](http://www.bestjobsindia.in), [www.aasaanjobs.com](http://www.aasaanjobs.com), [www.naukri.com](http://www.naukri.com) etc. However, the findings reveal that there is diversity in educational background and profiles of delivery boys coming to this sector and making the occupation grow. The results support the earlier research studies published in The Times of India (2017) that reported the ecommerce industry are hiring not only class X pass outs but also college students, graduates, entrepreneurs who bear loss in business. The functional skills that are expected from delivery boys are good communication skills and the ability to provide a good experience to customers at their doorsteps.

A flexible model of employment pattern is seen in last mile delivery work. Delivery boys are hired, either directly by company or by third party vendors. They work full time/part-time or engaged on a choice mode option like payment made on per packet delivery or monthly salary basis or minimum guarantee amount / number of order with mandatory login period per day etc. Financial Express (2017) reported that Amazon pays Rs. 18 for the delivery of each packet, where as Myntra and Jabong pay Rs. 14 (Financial Express, 2017). Likewise, food delivery company Foodpanda gives Rs. 40 per delivery and Swiggy provides Rs. 35 per delivery along with fuel charges for extra kilometer travelled. There are also provisions of productivity or delivery based incentives, road accident coverage along with provision of provident funds (PF) from case to case basis. Likewise, in this study also, most of the delivery workers are following the similar pattern of engagement with their employer.

Recently published, Times of India (2019) revealed

that E-commerce companies have come up with new business models to speed up the delivery work, while creating a new form of employment / engagement in the market. It has reported that online retailers are partnering with small business owners and students in the local area who freelance for delivery work. E-commerce company like Amazon India has come up with 'I have Space Programme' in which many local retailers are partnered for distribution of packets to the customer. Similarly, Flipkart and Grofers have tapped into a network of small business and stores. Myntra come up with 'Kirana Model' of delivery, where in company has partnered with small business owners. The freelancers for the above type of work could be a student, local tailor or local store owner (Times of India, 2019).

Consumerism and increasing penetration of e-commerce for purchase of goods and services has led to the expansion of this sector. In virtual buying and selling, delivery boys are the only visible entity. The companies resort to all possible business strategies to reach and lure the customers as well as its workers. Therefore, this type of work arrangements has created a new engine of employment generation in the form of delivery boys as blue collar worker.

Monthly income of delivery boys is proportional to their labour combined with monetary incentives. The New Indian Express (2018) reported that, the blue collar workers like delivery boys, cab drivers etc., earns more than their white collar counterpart at their entry level. Further, there has been reduction of the class differences between blue collar and white collar jobs in India. Delivery boys earn a decent income and will not be appropriate to leveled them completely as low paid worker. Further, their earnings are likely to be boosted as a result of expanding business and the economy.

Higher monetary incentives, freedom in work and menus of employment options like freelancing, partnerships gives a new dimension to the current pattern of employment in this sector. This could further reduce blue collar / white collar differentials.

Delivery companies build capacity of delivery boys to execute their job in the field. Delivery work is completely an outdoor work wherein boys regularly meet different walks of people having different expectations, manage field situations and the time efficiently which is essence of their job. The trainings given by companies and more importantly, the on-the-job training / leanings or field experience will certainly improve their skills to

become more employable in future.

By conventional wisdom, blue-collar jobs involved more laborious work, they are not paid well, and they are not so skilled in comparison to their white-collar counterparts. However, the current premises of delivery work reveal that even though their work is manual, they comparatively make more money, acquire skills, and have a fair autonomy in work. The above feature implies the changing nature of blue collar work and job landscape in India.

The above findings reveal important insights into how the delivery work as a blue-collar work is redefining its identity and the occupational structures. Few suggestions are recommended to improve conditions of delivery workers.

### **Suggestions and Recommendations:**

- The e-commerce companies, logistic delivery starts ups, recruiting agencies and Government of India's projects like Start up India, Skill India etc., could work together to improve skills of delivery boys and make these blue-collar workforce more employable.

- As e-commerce business models are constantly evolving along with technology, care has to be taken to effectively use the huge labour force, attract new workers, provide job security, maintain transparency, and equip them with new technology so that delivery work could be an option for many to address unemployment in future.

- A national level mapping or estimation on volume of delivery boys along with structure of employment may be done.

### **Limitations of the study:**

Due to low sample size and methodology that rely more on secondary literatures, the findings may not be generalized. Data analysis has been made based on simple frequency distributions. Further, feedbacks on employment patterns from recruiting agencies are not obtained and therefore, correlations of findings are not made. However, few supervisors who supervise works of delivery boys in distribution centre / hub are contacted for feedbacks.

### **Conclusion:**

No one wants to be a blue-collar worker which perceived to be a work with fewer opportunities. However, the emerging prospects of taking up of a delivery job in last mile is redefining the blue collar identity

by way of bringing more financial benefits, freedom in work, and changing employment pattern in service sectors. More research is required to understand the level of growth, nature and other prospects of delivery work as a career option for a large workforce in India. As delivery workers represent a significant proportion and belong to an important segment in home delivery work of e-commerce business, understanding these discourses will have a large impact on socio-economic analysis and managerial effectiveness.

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