



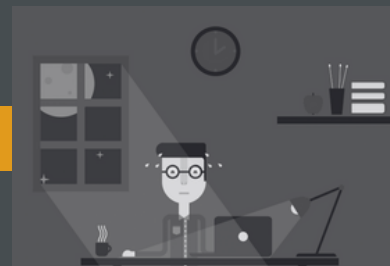
COMBROSIA: THE COMMERCE SUBJECT SOCIETY
 Motilal Nehru College, University of Delhi



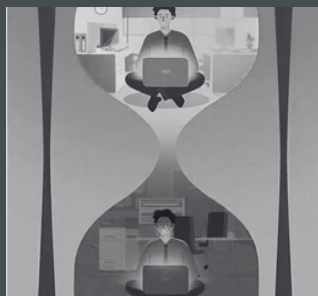
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COMBROSIA TIMES



MOONLIGHTING



INSIDE THE ISSUE

- What
- Advantages
- Tax Implications
- Why
- Disadvantages
- Economic Aspects
- Types
- HR's Nightmare
- Conclusion

WHAT IS MOONLIGHTING ?

Human resources are considered an important asset for any organization. The management of the firm faces difficulty attracting and keeping human resources as the economy expands and becomes more competitive on a worldwide scale.

Multiple job holding has increased, particularly in recent times. Moonlighting is a practice where an employee secretly takes up a second job or work assignments without the employer's knowledge along with their full-time job.



Engaging in two remote jobs simultaneously was already a common practice, often referred to as the tech industry's "worst-kept secret," according to a statement from a US tech professional cited by The Guardian.

After major IT companies like Infosys, TCS, and Wipro said they would delay, postpone, or reduce the variable payout to employees for the first quarter of the fiscal year 2023 due to weaker margins, moonlighting garnered attention.

WHY MOONLIGHTING?

This moonlighting practice is done by the employees for a variety of motives which may give rise to several kinds of conflicts of interests between employees and employers. The role of HR function here is to work towards creating a win-win situation between employees and the management and aim for both the individual and organisational growth.



Moonlighting or double-job holding is an age-old practice in both developing and developed economies. Most employees practice moonlighting for pecuniary benefits but non-pecuniary priorities arising through the modern lifestyle also persuade a person towards it. Moonlighting has increased recently specifically in the Information Technology (IT) industry and has become an important labor market phenomenon because of the work-life balance initiatives being provided by this industry to its workforce.

In light of digitalization and the rise of the shadow economy, conventional occupational arrangements are being compromised with some very contemporary jobs like freelancing, work on-call, labor leasing, outsourcing and subcontracting, and new forms of work from home. Increasing instability in the job markets in the IT sector is pushing employees towards hedging against uncertainties and securing a stable income through modern jobbing ways.

Moonlighting through smart crowd-sourcing platforms is one such strategy wherein the workforce is trying to maintain both employment and financial security. The establishment of digitalization has led to the mushrooming of different online platforms providing opportunities for multiple job holdings due to its very nature of offering flexi jobs, most significantly the crowd work and its other similar types of rewarded or unrewarded work. And, this double or multiple job-holding practices is initiated by the working class from partial moonlighting and slowly & gradually transformed into 'Full Moonlighting' depending upon the person's motives.

GIG ECONOMY

A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees. Gig employees are the ubiquitous new workforce. A wide variety of positions fall into the category of a gig. The work can range from driving for uber or delivering food to writing code or freelance articles.

Gig economy has experienced a significant increase in recent times. The gig economy can benefit workers, businesses, and consumers by making work more adaptable to the needs of the moment and the demand for flexible lifestyles. It helps employers who cannot afford to hire full-time employees to do all the work that needs to be done for specific projects or at busier times. Employees often find that they need to move or take multiple positions to afford lifestyle. It's also common to change careers many times throughout a lifetime, so the gig economy can be viewed as a reflection of this occurring on a large scale.

TYPES OF MOONLIGHTING

Moonlighting is categorized into four categories: blue moon, quarter moon, half moon, and full moon.

BLUE MOONLIGHTING

Blue moonlighting refers to when an employee, not satisfied with the income provided by their employer, tries to seek out a second job to have a secondary source of income but is unable to do so because of a lack of skills or any other reason.

HALF MOONLIGHTING

Half-moonlighting refers to when an employee devotes 50% of their working hours to another part-time job. This situation usually happens when the employee can fulfill their necessities through their main job but chooses to work another job so they can afford luxury items.

TYPES



BLUE

HALF

**QUAR
TER**

FULL

QUARTER MOONLIGHTING

Quarter moonlighting refers to when an employee is not satisfied with their current income level, so they seek out a part-time job where they can work after their regular job for extra income.

FULL MOONLIGHTING

Full moonlighting refers to when an employee works two full-time jobs simultaneously. This usually happens when the employee finds themselves with a lot of free time in their full-time job. Some employees develop their businesses. This happens when employees, on top of their pay, also want some sort of status symbol.

ADVANTAGES OF MOONLIGHTING

ADDITION IN SKILL

Employees can work in two different fields at the same time, which will help them learn a new skill and gain experience that they might not be able to get in their primary job.



MONETARY BENEFIT

The most obvious advantage of moonlighting is the ability to earn extra income. This can be particularly helpful if their primary job doesn't pay enough to cover their expenses or if they have financial goals they are trying to achieve.



NETWORKING OPPORTUNITIES

Moonlighting in a different field can also expand one's professional circle and provide one with more networking opportunities, which will be beneficial for one's long-term career growth.



DIVERSIFICATION

Having multiple sources of income reduces financial risk. Especially with huge layoffs happening due to COVID-19, having two or more jobs makes employees more secure because, even if they lose their primary source of income, they still have a secondary source to keep them afloat.



PURSUING PASSION

Moonlighting can be a way to pursue a passion or a side project. It allows oneself to explore and potentially monetize interests outside of their primary job.



DISADVANTAGES OF MOONLIGHTING

LEGAL & CONTRACTUAL RESTRICTIONS

Many employment contracts have clauses that restrict or prohibit moonlighting. Violating these clauses can result in disciplinary action or job termination. It's important to review employment contracts to understand any such restrictions.



QUALITY OF WORK

Overwork may affect the quality of work in both jobs, and this can lead to performance issues and dissatisfaction.



REDUCED FOCUS

Splitting time and attention between two jobs can make it difficult to excel in either one. It becomes challenging to concentrate on the primary job, which could harm the career prospects.



FATIGUE & BURNOUT

The combination of a full-time job and a part-time job can lead to physical and mental fatigue. Over time, this can result in burnout, which can negatively affect your performance in both jobs.



SOCIAL ISOLATION

Balancing two jobs can result in restricted opportunities for social interactions and quality time with loved ones, which may, in turn, contribute to a sense of isolation and reduced connection with friends and family.



DECLINING HEALTH

The stress and long hours associated with moonlighting can negatively impact your physical and mental health. Sleep deprivation, in particular, can be detrimental.



MOONLIGHTING: A NIGHTMARE FOR HR

Since no defined legal framework deals with moonlighting, it becomes increasingly difficult for the HR managers of the company to handle it. As an HR manager, engaging the employees in skill development and ensuring their commitment to the initial job is crucial. A shift in attitude can create an environment of lower morale and disengagement, making motivating non-moonlighting employees increasingly tricky as they realize the benefits others are gaining.



MAJOR CONCERNS TO BE ADDRESSED BY HR

1. **Data and Confidentiality Breaches:** The major problem that moonlighting poses is a conflict of interest. HR managers need to make sure that the company policies ensure employees cannot work in another job in the same industry.
2. **Time Management:** Moonlighting directly impacts productivity and the daily schedule of the employee, and the HR manager has to address these issues.
3. **Attendance:** The most important aspect that moonlighting directly affects is the absenteeism of the employee. This may lead to conflicts in the workplace that HR would have to handle.
4. **Tax Benefits:** Moonlighting employees can take advantage of tax benefits in their favor. HR needs to be aware of such benefits and ensure that employees know their obligations to the company.
5. **Conflict of interest -** A conflict of interest may occur when an employee's personal interests or activities conflict with their primary job responsibilities. It usually happens if an employee's second job involves working for a competitor. Thus HR should look into such matters to avoid conflict of interest.

TAX IMPLICATIONS OF MOONLIGHTING

(YOU CAN ESCAPE THE MATRIX, BUT NOT YOUR TAXES)

Many professionals who perform multiple jobs, as well as tax planners and practitioners, are becoming concerned about the tax implications of payments from additional assignments outside of normal income. There are no special provisions for moonlighting in the Income Tax Act of 1961; however, it is important to keep accurate records of the money received from moonlighting and the costs incurred to avoid any scrutiny by the tax authorities.



The tax implications on various kinds of income from moonlighting are:

RECEIVED AS SALARY:

If taxpayers get their side income as a salary, it might complicate tax computations and force the taxpayer to be extra cautious when submitting their taxes, which can also increase their tax obligations. The taxpayer can claim the usual deduction of Rs. 50,000 for TDS either on their primary salary or on the salary received from moonlighting. The same case applies to the deduction of tax under Section 80C, under which an individual can plan to invest in different financial assets and claim deductions up to Rs 1.5 lakh, ultimately lowering their tax liability. However, it should be noted that deductions under Section 80C can be claimed only by taxpayers who follow the old tax regime.

RECEIVED AS PROFESSIONAL FEES:

When moonlighting is done professionally, the expenses incurred to earn profits, such as travel costs, electricity charges, and depreciation on devices used, are deducted, and the employees are taxed under the heading 'Profit & Gains from Business and Profession'. However, if anyone's profession is listed under Section 44ADA of the Income Tax Act, 1961, and the income earned from it is less than Rs 50 lakhs, they should look out for the "Presumptive Taxation Scheme," under which they can opt to pay tax on only 50% of their income, but the only catch is that they cannot claim a deduction of any expenses. Recently an amendment has been made where the limit has been increased from 50 lakhs to 75 lakhs in case 95% is received in online mode.

RECEIVED AS INDEPENDENT INCOME:

Employees are commonly involved in self-employment on an independent part-time basis, and their incomes or commissions are subject to said taxes and must be reported under the heading 'Income from Other Sources' and taxed accordingly.

ECONOMIC ASPECTS OF MOONLIGHTING

ECONOMIC OUTPUT

The extra work done by individuals while moonlighting leads to the creation of additional goods and services, ultimately increasing productivity and economic growth.



STIMULATE LOCAL ECONOMIES

Moonlighting activities often involve smaller, local businesses or self-employed individuals who offer goods and services to the community. By exploring their ideas and talents, they can create new products, services, and business models that bring value to the economy.



ECONOMIC STABILITY

Diversifying income streams by moonlighting might provide some economic stability, particularly during times of uncertainty. Individuals who have various sources of income can better manage financial risks and deal with unexpected expenses or income swings.



BOOSTS CONSUMER SPENDING

The additional source of income will help the consumer have more disposable income, which will expand their purchasing power, directly contributing to higher levels of consumer spending.



ENTREPRENEURIAL VENTURES

Moonlighting can also lead to the creation of new businesses or start-ups. When people succeed at moonlighting, they may opt to transform their side hustle into a full-fledged business.



TAX REVENUE

Moonlighting can help the government raise its tax collection. Additional revenue produced by moonlighting is subject to taxation, which can benefit the country's overall fiscal health.



CASE STUDY

SWIGGY

In August 2022, Swiggy implemented “Industry’s first Moonlighting Policy”, allowing staff members to work on outside projects with internal consent as long as it doesn’t affect output or create a conflict of interest with their company.

The goal of the team was to create the policy procedures in a way that would facilitate employees taking on these tasks. The policy is an initiative of the organization to be employee-centric. These initiatives have been split into two categories by the company:

LIST A: including urgent tasks requiring specialized knowledge

LIST B: incorporating employee interests and hobbies into non-professional responsibilities

Only projects that are on List A or that directly benefit the employees financially are required to be declared by the staff.

Swiggy went into further detail about the rationale for the move, stating that many working individuals in the county had picked up new interests during the lockdowns, some of which may have even resulted in a source of extra income. They sincerely feel that engaging in such projects outside of full-time employment may have a significant positive impact on a person’s growth on both a professional and personal level. Girish Menon, Swiggy’s head of human resources, says the goal of the policy is to let people follow their hobbies without feeling limited by their full-time job with the company.

The goal of Swiggy’s moonlighting program is to become a top-tier, “remote-first” company. Swiggy’s Chief Technology Officer, Dale Vaz, stated: “Moonlighting projects have been around for a while; it’s time we accept and support them.”

WIPRO

CASE STUDY



ADVENT OF COVID-19



Covid-19 brought about huge changes in the way organisations work and IT companies weren't exempt from that. At the start of the lockdown, employees were forced to work from home and some of them saw it as an opportunity to earn more money. Working from home allowed them to leverage the time spent at home and work multiple jobs.

WIPRO chairman Rishad Premji expressed his displeasure on the matter and said that the act was "cheating- plain and simple." The effect of this tweet was seen later as WIPRO had fired 300 of its employees on account of moonlighting. It was said to be done because employees were working for competitors while still being on company payroll.

CHAIRMAN'S RESPONSE



COMPANIES ON MOONLIGHTING

Organizations have been divisive about the topic of moonlighting. While IT firms have been divided about it, with those like WIPRO strongly against it, many delivery platforms are allowing their employees to hold down multiple jobs at one time and are forming their policies around it.

The CEO and MD of Tech Mahindra, Gurnani, says he supports secondary jobs since they are a digital company and not a legacy one. He said, "Between legacy and digital, we are a digital company. But of course, our intent is always within boundaries, and that does not change." He added. "I am happy; if somebody is productive, is complying with all brand guidance, values, and customer relationship guidance, and wants to do another job, we are fine. Just take permission and tell us what you are working on."

"With the Moonlighting Policy, our goal is to encourage employees to pursue their passion without any constraints due to their full-time employment with us. This is yet another step in our journey towards building a world-class 'people first' organization," said Girish Menon, Head of Human Resources at Swiggy.

Mohandas Pai, a former board member and CFO of Infosys, disagreed with the WIPRO CEO and said, "Employment is a contract between an employer who pays me for working for them for 'n' number of hours a day. Now what I do after that time is my freedom; I can do what I want.

"We strongly support this culture, and several of our employees are presently pursuing their lines of passion and interest outside of work," said Saransh Garg, co-founder and CEO of Nova Benefits.

"My fervent desire and humble desire to youngsters is to please don't fall into this trap of 'I will moonlight', I will do work from home, and I will come to the office three days a week," Infosys founder and chairman of CataramanVentures, NR Narayana Murthy, said.



"A second job could be full-time, part-time, or contractual in nature, but at its core is a failure to comply with employment obligations and a potential conflict of interest with IBM's interest," said a note to the employees by Sandip Patel, India and South Asia head of IBM.

"It is unethical and unacceptable from an employer's perspective. Unacceptable for my clients as well. The whole industry could fall apart due to this. Businesses are built based on integrity and certain values. You can't do such a thing just to earn more money," said N. Ganapathy Subramaniam, CEO of Tata Consultancy Services (TCS).

CONCLUSION

MAIN
JOB



SIDE
JOB



Moonlighting is a complex practice, and it is becoming more prevalent in today's day and age. A passion for some and a necessity for others, we can't ignore the multitude of situations. Through moonlighting, employees have been able to extend their skills beyond their work, which can come at the cost of underwhelming performance at their primary job. Moonlighting is the cause of more regulations and newer policies being established that comply with the existing labor laws. It has also led to changes in HR jobs, which need to manage conflicts, address changes in performance, and ultimately maintain a positive environment.



In the fast-paced and ever-changing job market, moonlighting is not likely to leave. Both companies and individuals will need to learn to adapt to the situation and see what they can gain from it to ensure some sort of balance is struck. By approaching moonlighting in an informed and open manner, both parties can harness its benefits while ensuring that the risks are kept at bay.



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CONTRIBUTORS

CONTENT

DEEPANSHU MISHRA BCOM SEM 1

VANSHIKA BHATT BCOM H SEM 1

SALONI JAIN BCOM SEM 1

KASHISH SEHGAL BCOM SEM 3

MEDIA

DIYA ANAND BCOM H SEM 5

ANIKA JAIN - (CONTENT AND R&D HEAD)

VAISHNAVI SHARMA - (CONTENT AND R&D HEAD)

ANSH MADAN - (MEDIA HEAD)

JOSHUA VISWANATHAN - (MEDIA HEAD)

MOONLIGHTING

