

# A Literature Review of Employee Moonlighting in the IT Industry and Its Impact

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## Abstract

The globaleconomiclandscapeandenvironmentareundergoingrapidtransformations, prompting changes in human resource management (HRM) practices. The rise of flexible work arrangements, such as remote work and work-from-home options, offered primarily by IT companies, has led to a surge in moonlighting—where individuals take on secondary jobs to meet financial demands or to earn additional income. This shift reflects a growing concern among employees for financial stability rather than career growth amid economic uncertainties. Employees often work beyond their primary employment for extra compensation, impacting their work-life balance and employers' compliance policies. The phenomenon of moonlighting in the IT sector has become a point of concern, especially regarding its effects on efficiency. This study also looks at the prevalence of moonlighting in the IT industry and the connection between employees' primary and secondary jobs. Is it feasible for employees to work for multiple companies without their employer's knowledge? How can organizations provide financial support to reduce the appeal of moonlighting? What if employees could manage multiple roles efficiently without compromising any of them? Understanding when employees shift from occasional to full moonlighting is crucial for addressing these concerns.

## Keywords

Moonlighting, part-time job, IT sector, side gig, freelancer

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## Introduction

The flexibility within the IT industry has led to shorter job tenures and increased job instability. Consequently, individuals are seeking new ways to secure their income and maintain job stability. In today's labor market, job mobility has become vital due to the rapid pace of technological advancements and the constant need for skill upgrades (Ashwini et al., 2017). Many employees have adopted a flexible approach by taking on additional jobs or extending work hours to cope with this unpredictability. Multiple job holdings not only alleviate financial concerns but also ensure stable employment and opportunities for skill enhancement, contributing to career growth (Wisniewski & Kleine, 1984). As the IT industry becomes increasingly adaptable, moonlighting has emerged as a prevalent trend (George & George, 2022).

The relationship between employers and employees is crucial for an organization's success. Performance management motivates employees through incentives, training, and tangible and intangible rewards, fostering a high-quality work environment (Betts, 2006). In this complex network of organizations, moonlighting has become a significant challenge for both workers and businesses (Shaikh, n.d.; Special, 2022; Sussman, 1998). While some studies indicate that holding a second job can be exhausting, others suggest that, depending on the employer's practices and the work environment, it may provide opportunities for skill acquisition and knowledge development (Conway & Kimmel, 1992). Moonlighting has become a common practice in many labor markets, contributing positively to a country's economic development. Rapid changes in economic conditions, influenced by both micro and macroeconomic factors, have restricted job opportunities. As a result, moonlighting—or holding multiple jobs simultaneously—has become increasingly common in developed and developing nations. In Sri Lanka, for example, there is a lack of sufficient statistical data on the prevalence of multiple job holding compared to other countries (Labor Force Survey Annual Report, 2016).

### *Employee Moonlighting and IT Industry*

The growing flexibility in the IT sector has shortened job durations, increased unemployment risks, and weakened employee–employer loyalty in recent times. Given these shifts, individuals are compelled to find alternative ways to maintain a stable income and secure employment. The rapid technological advancements and the continuous need for skills development have intensified the importance of occupational mobility in the modern labor market (Ashwini et al., 2017). Due to this uncertainty, a significant portion of the workforce has adopted moonlighting as a proactive coping strategy.

Working multiple jobs not only helps individuals manage financial challenges but also secures continuous employment and offers avenues for career progression by building specialized expertise (Hickey & Reist, 1979). Moonlighting has become more prevalent as the Indian IT industry has become increasingly

adaptable. In this context, moonlighting refers to working a secondary job, often outside regular business hours, to supplement income. Some people moonlight out of necessity, such as when their primary job does not provide sufficient earnings, while others do so to gain additional income.

Taking up multiple jobs—whether full-time, part-time, or freelance—has become common in India. Due to stagnant wage growth, income levels have not kept up with the rising cost of living, leaving nearly one-third of people with side jobs struggling to meet their financial needs. Individuals often engage in side jobs to enhance their disposable income. When someone uses their primary job as a means to sustain themselves financially while pursuing a side career of their choice, this is commonly referred to as having a “day job” (Betts, 2002). Understanding the interplay between job mobility, moonlighting, and occupational experience is critical for shaping future IT industry policies and for gaining insights into income growth and career development (Kumaresh & Devi, 2020). Furthermore, taking on multiple jobs can negatively impact an employee’s productivity, work-life balance, and health. As a result, organizations are developing innovative methods to motivate employees to perform more effectively. Companies must adapt to evolving work cultures and implement modern human resource practices to stay competitive in the global talent market.

### *Defining Multiple Job Holding*

Extensive research has been conducted on people who work more than one job. In 1959, Bancroft first talked about this phenomenon. Numerous papers have since been published on the subject, despite the fact that it was not then generally acknowledged as an important field of study. Multiple job holding, dual job holding, second job holding, and moonlighting—the latter term being more prevalent in English-speaking nations—are some of the terms used in the literature to describe holding multiple jobs concurrently (Jamal & Crawford, 1981). Taking on a second part-time job at night to supplement inadequate income from one’s primary employment is commonly referred to as “moonlighting” (Averett, 2001).

Research on managing multiple job holdings and their implications for human resource management (HRM) has not been found by the researcher. The impact of having multiple jobs on an employee’s personal life and organization can impact HRM’s role. Thus, the purpose of this study is to investigate how HRM may affect the results of holding multiple jobs. Second, the specific and distinctive Dutch public sector provided the unique setting in which this research was carried out. According to Dr. Brenda Vermeeren (2015), the United States and the United Kingdom have been the primary subjects of previous research. Financial stress is commonly cited as a reason for moonlighting, although modern lifestyles and nonfinancial motivations also influence the decision to take on additional work (Betts, 2002). This article discusses the effects of two nonfinancial motivations—job satisfaction and organizational commitment—alongside examining the mediating role of organizational commitment in the relationship between job satisfaction and intentions to moonlight (Seema, 2021).

## Definition of Employee Moonlighting

Moonlighting refers to employees taking on additional part-time jobs or business activities simultaneously with their primary jobs to supplement their income (Gupta, 2009). Often, these side jobs are done discreetly, without informing the primary employer (*Economic Times India*).

Research on moonlighting identifies several types:

1. **Blue Moonlighting:** In response to demands for higher pay during performance evaluations, management may offer increased benefits. However, some employees may still find these benefits insufficient and may prefer to work part-time to earn more money. Without the requisite abilities, their endeavors might not be fruitful (Majumdar, 2022).
2. **Quarter Moonlighting:** An employee, after completing their education, may start in a lower-level management role. As time progresses and their family grows, they may find it difficult to manage their expenses with their current salary alone. To cope with these increasing financial demands, the employee begins to combine their primary job with a secondary one, which helps them meet their needs comfortably.
3. **Half Moonlighting:** Many individuals spend beyond their earnings. To balance this, they use half of their leisure time to earn additional money to save for the future or enjoy a luxurious lifestyle. This type of moonlighting is often observed among bank employees who monitor projects closely, ensuring loan repayments are made promptly, and they benefit from the successful outcomes of those projects.
4. **Full Moonlighting:** Individuals in certain professions who feel underpaid or have spare time may start their own businesses while maintaining their primary job. According to various studies, such dual-career paths influence their social and financial status. This situation, referred to as full moonlighting, involves managing two full-time jobs simultaneously (Bajpai & Nirwan, 2023; Tiwari, 2014).

## Reasons for Engaging in Moonlighting

There are several reasons why moonlighting occurs. People frequently discover that their primary source of income is insufficient to cover their living expenses. The total income from one's primary employment may be impacted by laws governing working hours, short-term employment contracts, or the lack of minimum wage requirements (Preston, 2004). These difficulties may be made worse by financial difficulties that people or their families encounter, particularly for those who do not have time constraints at work but nevertheless fail to meet their income goals. Financial motivation is the term used to describe this situation.

Some workers may take on a second job in order to increase their options in the labor market and protect themselves from the possibility of losing their primary

job. Instead of saving money when faced with challenging financial circumstances, some people choose to work two jobs (Gsuri & Thakkar, 2022). For example, IT professionals may look for a different job in order to gain skills that will help them transition into a new career. In these situations, moonlighting can be a means to learn new skills, improve employment prospects, or pursue entrepreneurial endeavors. The idea emphasizes the investment side of moonlighting over its consumption.

The theory of hours constraints suggests a negative relationship between an individual's intention to seek additional employment and the income they earn from their primary job. However, the variety of employment motives indicates that individuals may pursue part-time work for reasons unrelated to the hours worked or the pay (Kesavan, 2009). Early research on secondary job hours supports the hours-constraint theory, revealing that reductions in primary job hours and earnings are often associated with increased hours and income from secondary jobs (Dickey, 2011).

Employees who moonlight due to time constraints in their primary work may do so for shorter periods than those driven by intrinsic nonfinancial motivations. The traditional approach based on time constraints does not fully account for the fact that employees might eventually move past challenges in their primary job by seeking new opportunities. This casts doubt on the notion that moonlighting can solely be explained by time limitations. There is no definitive evidence suggesting that employees moonlight solely to counter job insecurity in their primary position (George & George, 2022).

## **Strategies and Policies to Manage Employee Moonlighting**

People may secretly take on multiple jobs due to overtime requirements, layoffs, or moonlighting. These individuals might attempt to protect themselves by overcharging for their services; however, this may not align with the employer's interests (Rodell, 2013). High turnover rates caused by moonlighting have led to challenges for businesses, such as identifying and addressing the issue of dual employment. Companies often promote a trust-based and remote work environment, but it is crucial for entrepreneurs to recognize that maintaining moral standards and organizational order is challenging during turbulent periods (Conen & Stein, 2021).

Organizations must adapt their workplace culture to include policies that address moonlighting. For instance, companies can fill positions that employees genuinely want to pursue. Employers can also use software to monitor activities and prevent data breaches, thus reducing the risks associated with moonlighting (Misganu et al., 2022). Some organizations include clauses in their contracts that prohibit employees from taking on additional work without prior management approval. Employers should conduct frequent assessments to identify any red flags related to employee productivity and engagement, ensuring that all workers remain motivated (Employment Standard Act, 2000).

## Current Moonlighting Situation in India

Moonlighting in India has garnered significant attention, with major companies weighing in on the issue (Mahankal et al., 2023). The debate centers on the ethics and legality of moonlighting. Some companies have already implemented policies to address the practice, including Wipro, TCS, and IBM, while others are considering similar actions (Jahangir & Tahseen, 2022). Many firms emphasize prohibiting employees from joining competitors or taking on roles that could create a conflict of interest (Rasdi et al., 2021).

## Current Trends on Moonlighting Policies by Corporates

### Companies Supporting Moonlighting:

- **Swiggy** has introduced a policy allowing its employees to take up side jobs under specific conditions.
- **Nova** promotes moonlighting, encouraging employees to explore new interests beyond regular work hours.
- **Tech Mahindra's** CEO has expressed openness to moonlighting, acknowledging its potential as the future of work.

### Companies Against Moonlighting:

- **Wipro's** CEO labeled moonlighting as dishonest, leading to the termination of several employees.
- **IBM** and **TCS** have warned employees against taking additional jobs, citing ethical concerns and company culture. Infosys, however, has allowed side projects with prior approval.

## Summary and Recommendations

Earning additional income from a secondary job can be crucial for individuals whose primary employment provides insufficient hours or income (Jain et al., 2023). The transfer of skills and knowledge between primary and secondary jobs creates a positive relationship between secondary employment and future career opportunities. Through secondary jobs, individuals can gain new competencies that may open up various career paths, including entrepreneurship (Seema & Sachdeva, 2019). When a person takes on a different type of work for their secondary job, they are more likely to transition to an entirely new career, leading to different employment opportunities in their next major job.

Secondary employment can lead to physical and mental strain, expose workers to unsafe or unregulated conditions, and reflect broader challenges faced by economically disadvantaged IT professionals who struggle to sustain an adequate standard of living with one job—especially in less developed countries (Mapira et al., 2023). However, when market failures necessitate action, policies must be

carefully crafted to address the unique circumstances and motivations behind secondary employment. In general, policy intervention may not be necessary. For example, when secondary jobs are outside the IT sector (Gehlot & Bhati, 2023), governments should prioritize reducing unreported employment, protecting minimum wages, and enforcing health and safety regulations.

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