The role of digital labour platforms in transforming the world of work

G20 Digital Platform Focus Group, 15 April 2021

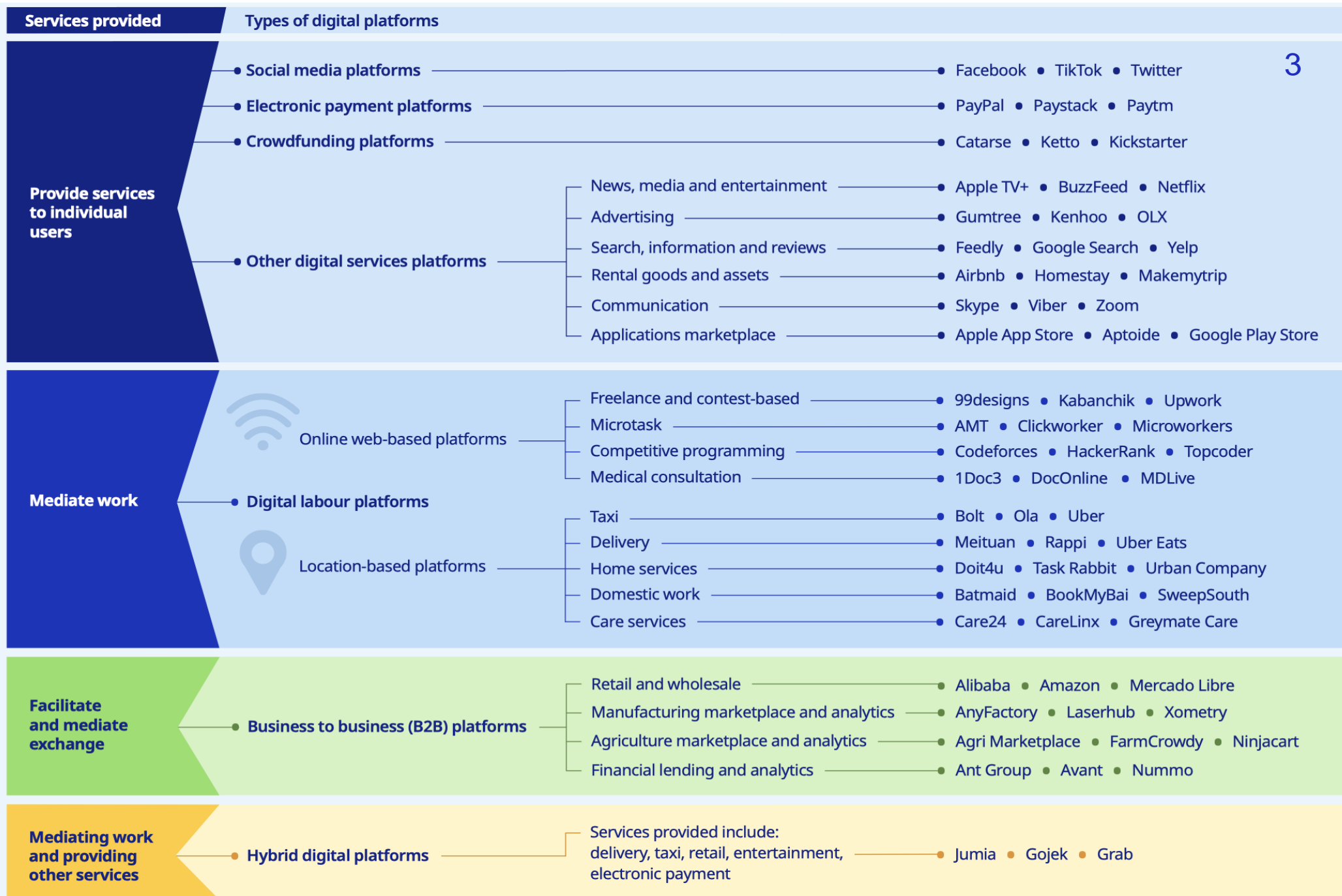**Uma Rani, Research Department, ILO**
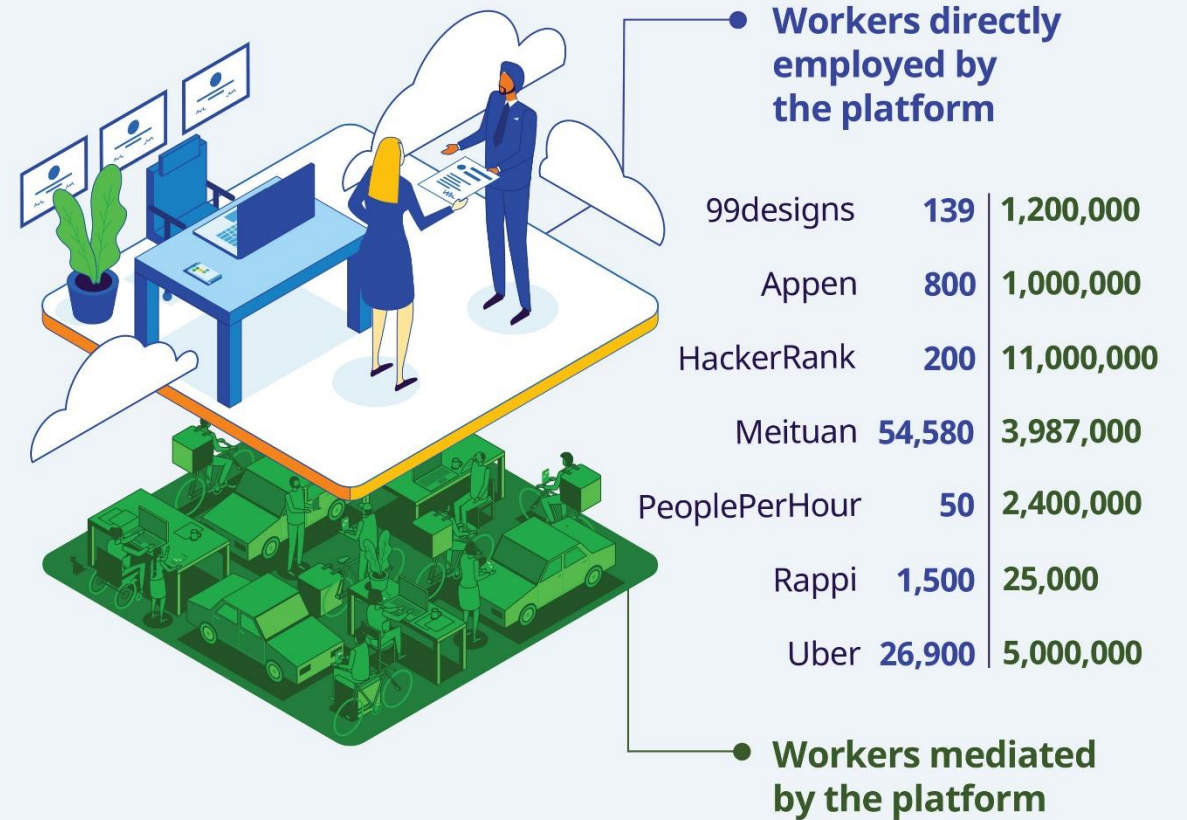
Rise of the digital labour platforms

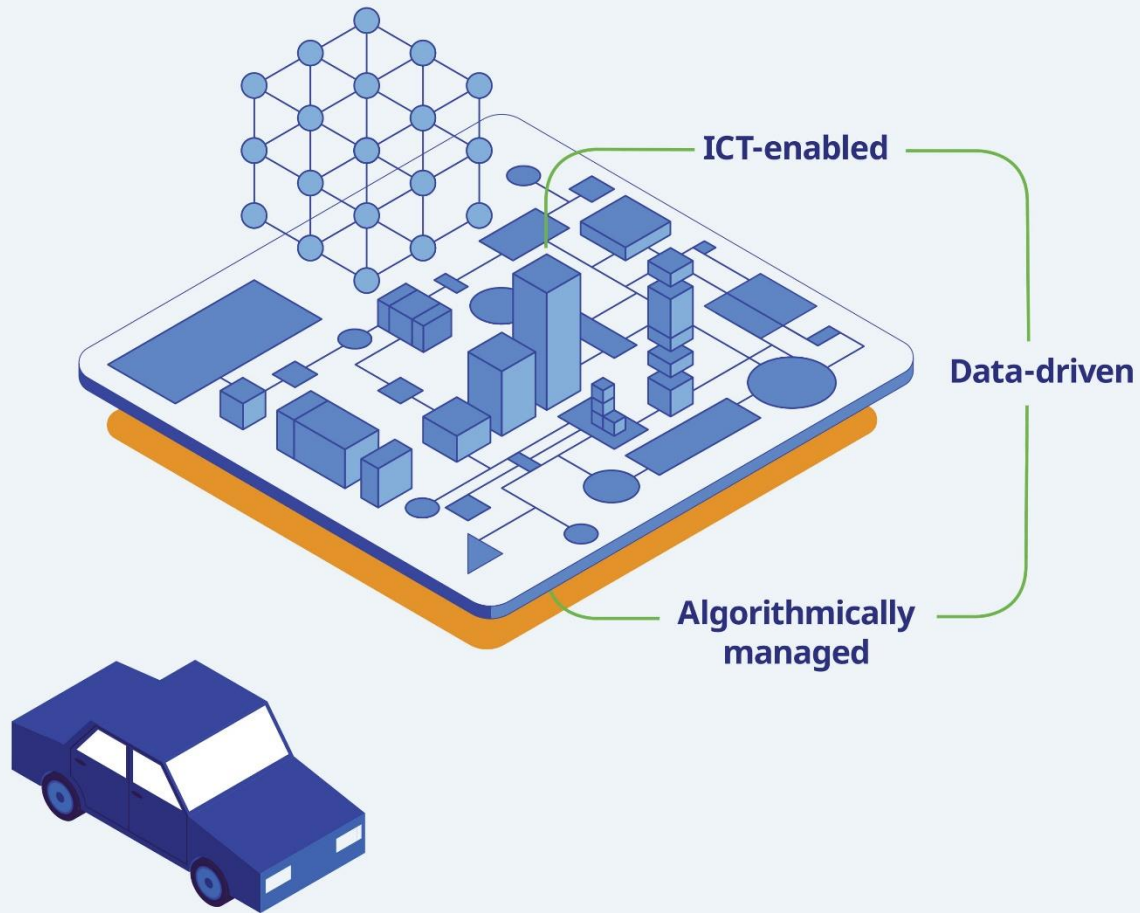➢ Cloud computing and infrastructure

➢ Use of big data and algorithms

➢ Availability of venture capital funds

➢ Innovative ways of working, and flexibility for both workers and businesses

➢ Increasing relevance with COVID-19 pandemic

Landscape of digital platforms

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Services provided	Types of digital platforms		
Provide services to individual users	• **Social media platforms**		• Facebook • TikTok • Twitter
	• **Electronic payment platforms**		• PayPal • Paystack • Paytm
	• **Crowdfunding platforms**		• Catarse • Ketto • Kickstarter
	• **Other digital services platforms**	News, media and entertainment	• Apple TV+ • BuzzFeed • Netflix
		Advertising	• Gumtree • Kenhoo • OLX
		Search, information and reviews	• Feedly • Google Search • Yelp
		Rental goods and assets	• Airbnb • Homestay • Makemytrip
		Communication	• Skype • Viber • Zoom
		Applications marketplace	• Apple App Store • Aptoide • Google Play Store
Mediate work	• **Digital labour platforms** — Online web-based platforms	Freelance and contest-based	• 99designs • Kabanchik • Upwork
		Microtask	• AMT • Clickworker • Microworkers
		Competitive programming	• Codeforces • HackerRank • Topcoder
		Medical consultation	• 1Doc3 • DocOnline • MDLive
	Location-based platforms	Taxi	• Bolt • Ola • Uber
		Delivery	• Meituan • Rappi • Uber Eats
		Home services	• Doit4u • Task Rabbit • Urban Company
		Domestic work	• Batmaid • BookMyBai • SweepSouth
		Care services	• Care24 • CareLinx • Greymate Care
Facilitate and mediate exchange	• **Business to business (B2B) platforms**	Retail and wholesale	• Alibaba • Amazon • Mercado Libre
		Manufacturing marketplace and analytics	• AnyFactory • Laserhub • Xometry
		Agriculture marketplace and analytics	• Agri Marketplace • FarmCrowdy • Ninjacart
		Financial lending and analytics	• Ant Group • Avant • Nummo
Mediating work and providing other services	• **Hybrid digital platforms**	Services provided include: delivery, taxi, retail, entertainment, electronic payment	• Jumia • Gojek • Grab

▶ Features of platform business model

ICT-enabled

Data-driven

Algorithmically managed

Workers directly employed by the platform

99designs	139	1,200,000
Appen	800	1,000,000
HackerRank	200	11,000,000
Meituan	54,580	3,987,000
PeoplePerHour	50	2,400,000
Rappi	1,500	25,000
Uber	26,900	5,000,000

Workers mediated by the platform

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▶ ... their business model has common elements

Indicators for matching clients and workers

Client reviews — **60%**

Ratings — **50%**

Worker profile — **46%**

Project history or portfolio — **27%**

Rate proposed by the worker — **21%**

Unilaterally determined by platforms:
- **Exclusivity clauses**
- **Deactivation of accounts**
- **Dispute resolution**

Recruitment and matching

Revenue model

Commission fees and subscription plans are integral to platform revenue model

Business model

Rules of governance

Work processes and performance management

Monitoring, tracking and evaluating workers through digital tools and algorithms

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Who are the platform workers?

Young - Average age is 31 (workers in online web-based platforms), 36 (taxi) and 29 (delivery)

Mostly male - 6 in 10 in online web-based; 9 in 10 in location-based platforms

Often highly educated – 60% of workers in online web-based platforms have an university degree, 20% for taxi and delivery workers

«Independent» – reluctant entrepreneurs and captive partners or fake self-employed

Opportunities for persons with disabilities, migrants and refugees

▶ **World Employment and Social Outlook**
The role of digital labour platforms in transforming the world of work

2021

Platforms redefining the relationship between formal education and access to work

- Workers' education is not necessarily correlated with their income levels on platforms

- Freelance platforms: **Skills often a good match (62%)**

- Competitive programming platforms: **Opportunity to learn new skills or upgrade their existing skill-sets**

- Microtask platforms: **Highly educated but performing tasks requiring low skills**

- Location-based platforms: **20% are highly educated**
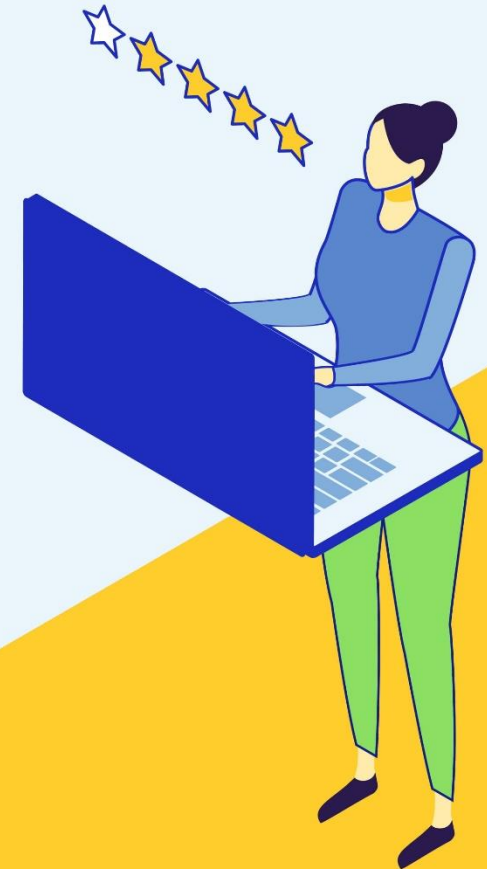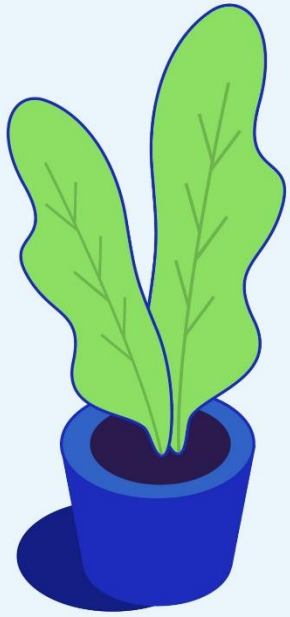
Earnings vary across countries and types of platforms

▶ Most workers earn less than the average on online platforms (US$3.4)

▶ Location-based platform workers earn more than their traditional counterparts in the taxi and delivery sectors

▶ Differences can be observed between countries and gender:

- Workers in developing countries tend to earn less than those in developed countries on freelance platforms (60 per cent less)

- A significant gender pay gap can be observed on some platforms at the country level, while the findings are quite mixed globally

▶ Commission fees have a major impact on incomes

Hourly earnings

Microtask — **$3.3**

Freelance — **$7.6**

Taxi — **$1.1** to **$8.2**

Delivery — **$0.9** to **$3.5**

US$0   US$10

Commission fees

Online web-based
20% to **35%**
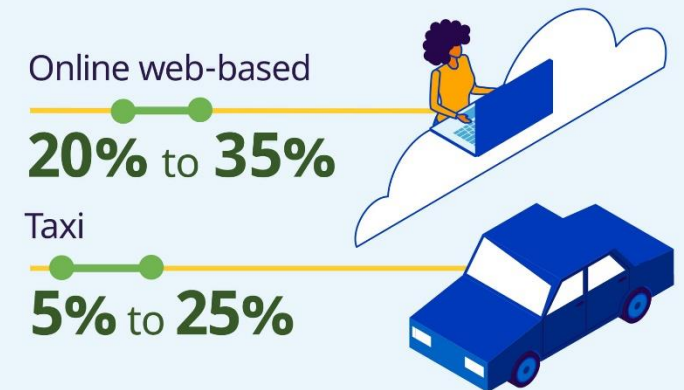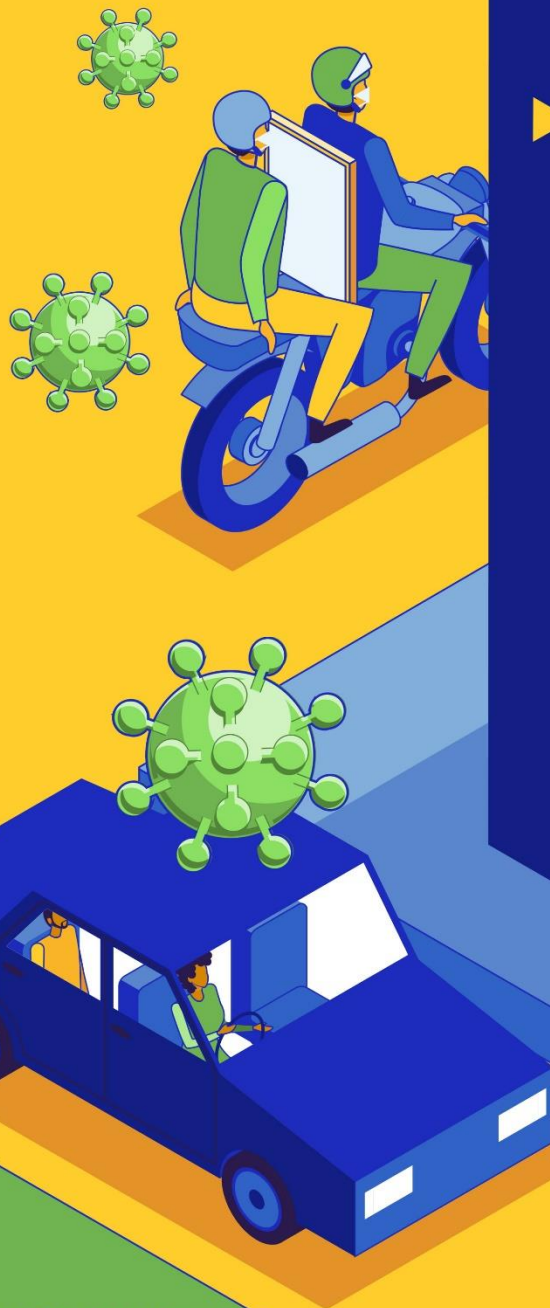
Taxi
5% to **25%**

▶ **COVID-19 has impacted availability of work and incomes**

Online web-based platforms

▶ Supply has been rising faster than demand

Location-based platforms

▶ Many workers had to take a break from working

▶ **9 out of 10 taxi drivers** and **7 out of 10 delivery workers** reported a decline in demand

▶ For **90 %** of taxi drivers and over **70 %** of delivery workers COVID-19 had consequences for the financial situation of their household

1/3 of every hour is unpaid on online web-based platforms

▶ **Working hours and risks to occupational safety and health**

Online web-based platforms

▶ **27 hours** on average in a typical week

▶ Spend **8 hours** in a typical week doing unpaid work

▶ About half of the workers also had other paid jobs, working **28 hours** on average per week in these jobs

▶ Unsocial and unpredictable hours, **82%** of respondents on freelance platforms indicated that they worked beyond normal hours

▶ Poor social protection coverage...

▶ Majority of workers on digital labour platforms are lacking social protection coverage

▶ Large gaps in health insurance; work-related injury provision; unemployment and disability insurance; and old-age pension or retirement benefits

...leaving platform workers at risk from COVID-19

▶ On location-based platforms, **7 out of 10 workers** indicated not being able to take paid sick leave, or to receive compensation, in the event they were to test positive for the virus

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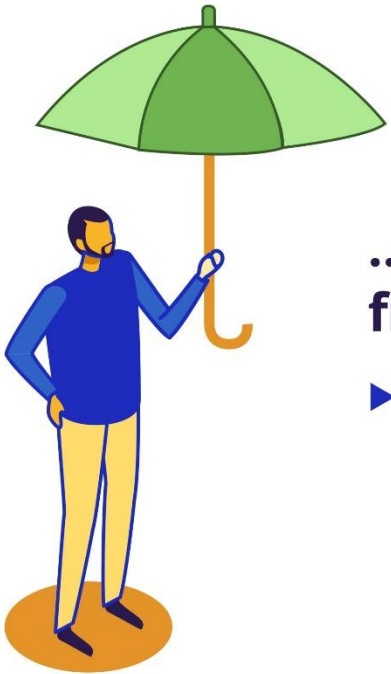
Social protection (access to pension)

Online web-based	Taxi	Delivery
20%	**18%**	**17%**

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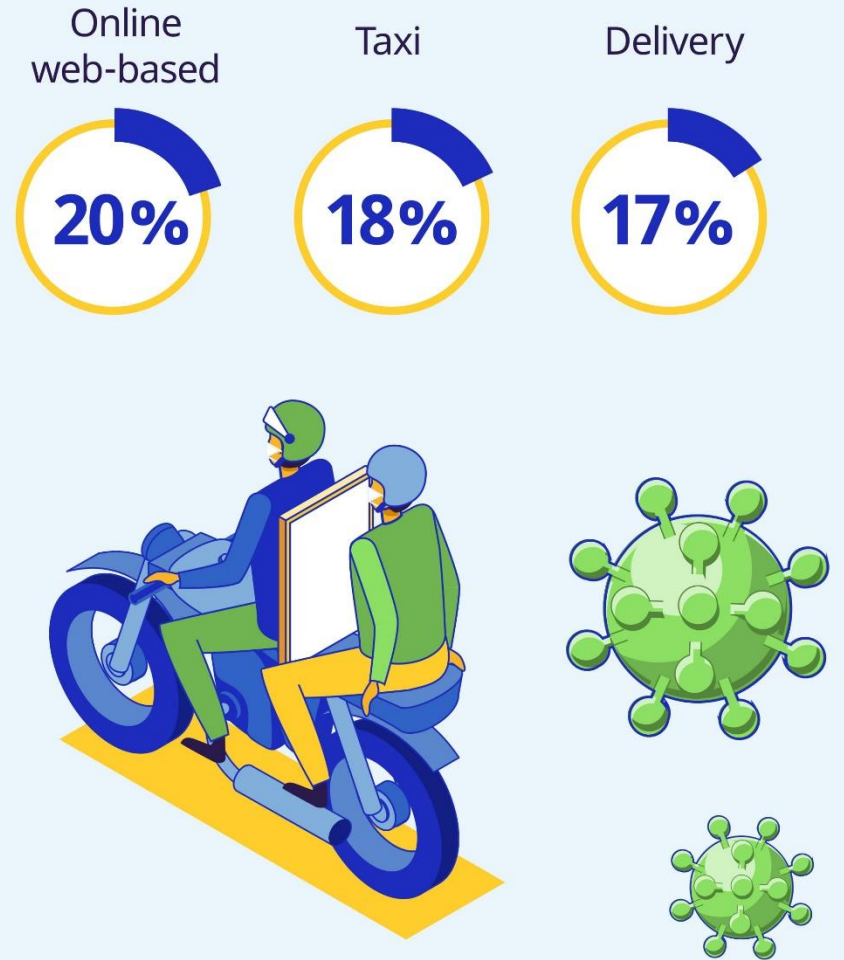
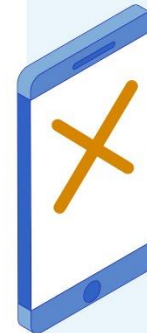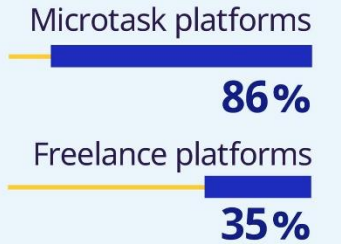# Algorithmic management is defining the everyday experiences of workers

- ▶ Ratings and reputation are decisive for accessing work
- ▶ Rejection of work and low ratings are common
- ▶ Unable to refuse or cancel work without negative impacts
- ▶ Some workers face account deactivation
- ▶ Many are unaware of formal process for filing a complaint or seeking help
- ▶ Monitoring of work processes and tracking of workers

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Workers' ratings are decisive for accessing work

Freelance platforms
82%

Taxi
72%

Delivery
65%
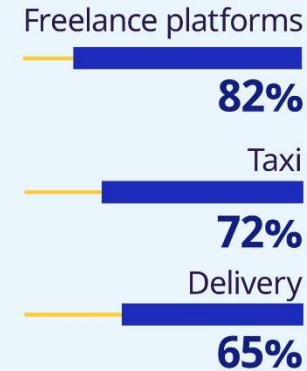
Workers whose work was rejected

Microtask platforms
86%

Freelance platforms
35%

Workers whose account was deactivated

Taxi
19%

Delivery
15%

Lack of awareness of a dispute resolution mechanism

Freelance platforms
52%

Taxi
42%

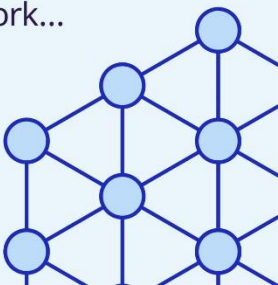Delivery
32%
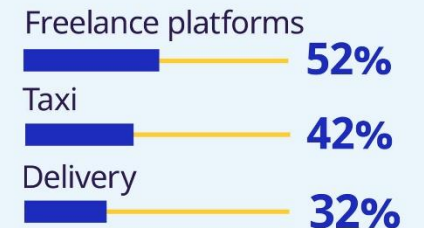
Workers on freelance platforms

47% are monitored by their clients for hours **worked...**

46% are required to take screenshots of their work...

43% are required to be available during a specific time...

▶ **on a regular basis**

Platform economy presents some challenges

- Work is poorly paid

- Poor social protection coverage

- Large gaps in unemployment benefits and health insurance

- Working conditions regulated by terms of service agreements of platforms

- Challenges for collective bargaining and freedom of association

Polarization of workforce and increasing insecurity

- Increase in precarious, short-term/task based jobs and fake self-employment

- Weakening of social security contributions

- Hollowing out of the tax base

- Declining labour shares

- Net employment creation is unclear - displacement effects and unfair competition

Businesses are using digital labour platforms

➢Businesses use online web-based platforms

  ➢Recruitment

  ➢Accessing knowledge for innovation

  ➢Cost reduction and efficiency

➢Opportunities for business process outsourcing companies and start-ups

  ➢Transformation and expansion of BPO companies

  ➢Proliferation of AI start-ups

International
Labour
Organization

Making the best of the opportunities

- Investment in digital infrastructures

- Comprehensive social protection systems

- Strong macroeconomic support to employment generation and ALMPs to counter displacement effects

- Clear regulatory frameworks for competition, taxation and respect for workers rights

Diverse practices of regulation for platform workers across the world

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Canada
Unreasonable dispute resolution process invalidated

United States
Diverse approaches to classification of platform workers

France
Right to disconnect for some platform workers

Denmark
Hilfr collective agreement pertaining to certain platform workers

Germany, Austria, Sweden
Organising online web-based platform workers

Spain
Mandatory employment injury insurance legislation

Korea
Work injury benefits extended to some platform workers

China
Work injury benefits extended to some platform workers

Nigeria
Data protection regulation affecting platform workers

India
Social security benefits extended to platform workers

Peru
Establishment of fund for COVID-19 and data transparency

Brazil
Occupational safety and health coverage transcending employment relationship

Indonesia
Work injury benefits extended to some platform workers

Uruguay
Digital social security contributions and tax payments for platform workers

South Africa
Anti-discrimination law applying to all workers

Australia
Occupational safety and health obligations transcending employment relationship

Argentina
Prohibition of child labour, including through platform work

New Zealand
Occupational safety and health obligations transcending employment relationship