International Labour Organization

Digital labour platforms in Kenya

Exploring women's opportunities and challenges across various sectors

EXECUTIVE SUMMARY

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Executive summary

Over the past decade, Kenya's economy, the largest in East Africa, has grown at an annual rate of 4.5 per cent. The labour force participation rates in Kenya declined by seven percentage points between 2016 and 2021, and there are huge disparities in employment. Overall unemployment rate doubled during this period to 5.7 per cent in 2021, and it has almost tripled for women nationally. Youth unemployment is of a particular concern in Kenya, especially among women. A large proportion of workers, especially women are engaged in informal employment. The economic landscape of Kenya, once anchored primarily in agriculture, manufacturing and tourism, has undergone a profound shift with the emergence of digital technologies and the development of digital infrastructure. At the forefront of this digital transformation are initiatives such as the mobile money service M-PESA, which have not only revolutionized financial services but also acted as a catalyst for broader socio-economic empowerment, particularly among underprivileged communities. It also acted as a channel for women's financial inclusion who were previously excluded from formal banking.

One of the key transformations ushered in by the digital economy is the rise of digital labour platforms, which have penetrated a range of sectors. As these platforms gain prominence in Kenya, they are viewed as having substantial potential for creating employment opportunities, especially for the youth, and for improving the participation of women in the labour force and reducing inequalities. This has led to investments from both the public and private sectors, and from venture capitalists, to spur technological "leapfrogging" and catch-up in the development process. Yet, questions arise regarding whether this digital transformation can drive productive structural transformation in Kenya.

This report explores how the expansion of digital technologies such as digital labour platforms is reshaping Kenya's economic landscape, and the experiences of workers engaged on these platforms, especially women. Through survey data from various sectors, the report examines whether working on these platforms and for business process outsourcing (BPO) companies helps workers transition from low- to high-productivity sectors, enhances their skills and advances their careers, improves incomes and overall well-being, and facilitates the creation of formal employment opportunities with associated work-related and social security benefits. In this context, it assesses whether digital labour platforms, often perceived as mechanisms to mitigate existing gender inequality in the labour market, are effective in addressing the disparities related to access to work, pay gaps and empowering women.

The past decade has seen a fourfold increase in the number of local digital labour platforms in Kenya, across a range of sectors.

Overall, there are 180 digital labour platforms operating in Kenya, of which 69 per cent are international, 28 per cent originate from Kenya and 3 per cent are regional. These digital labour platforms include:

- **location-based platforms**, where services are provided by workers in-person at a specific location, such as on taxi, delivery, beauty work, healthcare, domestic work, or personal services platforms;
- **online platforms**, where workers perform diverse tasks or provide services remotely to clients across the world, such as on freelance or microtask platforms, and including tutoring services that are offered remotely; and
- **hybrid platforms**, which have been gaining in popularity in Kenya and whereby multiple services are offered by one platform company.

In addition, there are now 30 **e-commerce platforms**, both local and international, operating in the country.

The distribution of foreign and domestic investments in platforms is uneven across the various sectors. Based on the investment information of 16 Kenyan digital labour platforms, a substantial proportion of investment they received (US$ 64.5 million) is concentrated in a few sectors, such as delivery sector (72 per cent or US$46.2 million), followed by the taxi sector (15.5 per cent or US$10 million), and tutoring (11.6 per cent or US$7.5 million). However, these investments are quite low compared with those in international platforms such as Uber, which, alone, received more than 390 times the total investment received by all digital labour platforms in Kenya combined. Kenyan e-commerce platforms have attracted more investment than the local digital labour platforms, with information available for seven platforms revealing that they received total investment of US$293.6 million.

Information to estimate revenues was available for only nine Kenyan digital labour platforms. Among these, seven generated an estimated revenue of between US$0.1 and US$5 million, with the remaining two platforms generating a revenue of between US$5 and US$25 million.

The business model and strategies adopted by local digital labour platforms are very similar to those of international platforms.

The business model of local digital labour platforms are very similar to that of international platforms in terms of generating network effects, revenue strategy and algorithmic management practices, and there are some minor differences. One area in which they do differ is worker recruitment, where the local platforms use agents for vetting workers, to improve the quality and reliability of labour supply. They also provide training to the workers during onboarding. Most local platforms, like their international counterparts, offer incentives to attract workers, such as smartphones, access to data and to financial services, for building network effects. Some local platforms offer non-monetary incentives, such as Gwiji's education, savings and advocacy programme aimed at enhancing the well-being of women workers and their children.

The revenue strategy of international platforms of charging commission fees to workers is followed by many local platforms, there are some exceptions. Ziada, for instance, does not charge workers or clients a commission fee. Meanwhile, Kuhustle, a freelancing platform, does not charge commission fees to workers but generates revenue through the "micro-tendering process", which is similar to the practice of bidding found on Upwork.

On all platforms, the everyday experience of workers is defined by algorithmic management practices. However, there are some notable examples of human management, such as on Ziada, which ensures that workers' accounts are not deactivated if they have low ratings and negative reviews from customers and has discussions with the clients to understand the reasons behind such reviews and ratings. Similarly, there is human involvement in addressing dispute resolution on some of the local platforms. Unlike the international platforms, the local ones offer dispute resolution through the local courts and explicitly state this in their terms of services agreement.

The work arrangements on local digital labour platforms vary depending on the sector. There are two main types of work arrangements: workers are directly employed by the platform and the work of independent contractors or self-employed workers is mediated through the platform. However, in some sectors, such as healthcare and tutoring, independent or self-employed workers do have the possibility of becoming salaried employees with a contract.

To explore the developmental implications of digital labour platforms, the report draws insight from some 1,850 surveys conducted between 2019 and 2023 across various sectors in Kenya, such as domestic work, healthcare services, beauty services, personal services, taxi and delivery services, tutoring, online freelancing and microtasking, as well as from workers in BPO companies and sellers using e-commerce platforms. In some sectors such as health care, beauty, taxi and delivery services, surveys were conducted in the traditional segment for comparison.

Many workers had a previous job before joining the platforms across sectors, with some transitioning from similar jobs in the traditional labour market.

The survey findings show that across most of the sectors, more than half the workers had a job prior to working on platforms. These proportions were particularly high on online freelance and microtask platforms (55 per cent for each) and among BPO workers (70 per cent) as well as among taxi and delivery workers (over 70 per cent). In most sectors, these workers were often in temporary positions or were self-employed. In contrast, among freelance and microtask workers, 40 and 35 per cent, respectively were salaried employees with a contract, and there were no major gender differences. Similarly, among the 44 per cent of sellers on e-commerce platforms who had a previous job, 41 were employees with a contract.

Across occupations, some respondents performed tasks related to their current occupation, such as in personal services or sellers on e-commerce, but in some cases such as health care and BPO, workers often reported a variety of different unrelated activities.

Survey findings indicate that education levels of workers on digital labour platforms vary depending on the sector with major differences between online and most location-based platforms.

On online freelance, microtask and tutoring platforms, as well as at BPO companies most workers either had a university degree (between 41 per cent and 58 per cent) or were pursuing a degree (between 30 per cent and 40 per cent). Wihle there were minimal gender differences on microtask platforms, a higher proportion of men were well-educated than women on freelance and tutoring platforms, and it was the reverse at BPO companies. On e-commerce platforms, even a higher proportion (66 per cent) held a university degree, and a higher proportion of men has university degree.

On most location-based platforms, such as domestic, beauty, personal, taxi and delivery services, survey findings show a lower proportion of well-educated individuals. The exception was healthcare services, where a high proportion of workers possessed university and technical degrees on platforms, while among those in traditional healthcare segments, levels of education were relatively lower.

Gender distinctions in terms of education also emerged within sectors: more men in domestic work and more women in beauty services held university degrees. Conversely, no gender disparities were observed in personal services and taxi-driving sectors.

Motivation to work on digital labour platforms varied across the different sectors and by gender.

Lack of other employment opportunities emerged as a primary motivator for many workers across various sectors. This was particularly the case in the domestic, taxi, and delivery services where over half of the respondents highlighted this factor. There were some gender differences across sectors. Among tutors, microtaskers and BPO workers, it was more prevalent for men (41 per cent, 25 per cent and 45 per cent, respectively), whereas on online freelance and e-commerce platforms, women reported this reason more frequently (32 per cent and 17 per cent, respectively).

Supplementing earnings was also a notable motivation among both male and female domestic workers (14 per cent each), and among 31 per cent of e-commerce platform sellers, particularly in the case of men (41 per cent).

Work flexibility was another significant motivating factor, especially among men in domestic (19 per cent), beauty (36 per cent), taxi (19 per cent) and delivery (16 per cent) work. Approximately 23 per cent of women in personal services also reported work flexibility as a motivating factor.

A significant number of workers across nearly all sectors with the exception of beauty, taxi and delivery services reported using platforms to gain and improve their skills (between 10 per cent and 33 per cent). This was evident among women in all sectors except for sellers on e-commerce platform.

Enjoyment of the work was the primary motivation for many workers offering beauty services, whether on platforms (53 per cent) or in traditional settings (63 per cent), especially among women workers. This motivation was also reported by male workers on personal services platform (24 per cent).

Other reasons included better work prospects in the future, reported by male healthcare workers and BPO workers. Workers on online freelance and microtask platforms also reported being motivated to work on platforms because they preferred and were able to work from home.

Work on digital labour platforms is the main source of income for many workers, especially for women in some sectors…

Work on digital labour platforms was the primary source of income for the majority of workers across various sectors, although some variations were observed. More than 90 per cent of workers in taxi and delivery services and in the BPO segment relied on this work as their main income source. For those in domestic, beauty, personal and tutoring services, this figure ranged between 80 per cent and 90 per cent.

In online freelancing, microtasking and healthcare services, approximately 70 per cent of workers depended on digital platforms for income. Gender differences were minimal across these sectors, except in freelancing, where a higher proportion of women (74 per cent) compared with men (65 per cent) reported digital platforms as their primary source of income.

Conversely, only about 57 per cent of e-commerce platform sellers identified this work as their main income source, aligning with their motivation to use these platforms to supplement income. A higher percentage of women (59 per cent) than men (55 per cent) reported this.

… but there are major differences between the hourly earnings of workers across sectors and women earn less than men in most sectors.

Average hourly earnings varied across sectors, ranging from 81 Kenyan shillings for domestic services to 252 shillings for beauty services on platforms. Workers in domestic services, microtasking and BPO companies earned below the hourly minimum wage in Kenya, set at 135.9 shillings (US$1).

In sectors dominated by women, such as beauty services, men earned more than women, while in male-dominated sectors like personal or taxi services, women earned more than men. In contrast to this, in healthcare and tutoring, women earned more than men. However, these differences may be influenced by the limited number of respondents of each gender within these sectors.

In online freelance work, the average hourly earnings were 246 shillings, with men earning more than women, however earnings varied based on main tasks undertaken by workers, with business services being the highest-paying category (278 shillings) and academic writing (237 shillings), and IT and data analytics (231 shillings) being the lowest. Women generally earned less than men across most categories, except for editorial services.

Average hourly earnings on online microtask platforms were the second lowest among the observed sectors, at 125 shillings – just over half the average hourly rate earned by freelance workers. Women earned more (135 shillings – around minimum-wage level) than men (111 shillings). In BPO companies, workers performing tasks similar to those on microtasking platforms earned slightly more (131 shillings), albeit still below minimum wage, with men earning a slightly higher rate than women.

Sellers on e-commerce platforms earned an average of 8,799 shillings per week, with a significant disparity between men (10,203 shillings) and women (7,745 shillings), partially influenced by the types of products they sold.

In addition to low earnings, workers pay different types of fees, including commission fees, which vary across sectors and have a dampening effect on earnings.

Working hours vary across location-based platforms and online web-based platforms...

On average, workers spend between 27 hours (in beauty platform services) and 66 hours (in taxi platform services) in a typical week doing this work, encompassing both paid and unpaid tasks. However, across most sectors, the standard working week averaged around 40 hours. Gender disparities were notable in beauty, healthcare, tutoring services and sellers on e-commerce platforms. Men typically worked more hours than women in these sectors, with the largest discrepancy observed in tutoring, where men worked an average of 64 hours compared with women's 44 hours in a typical week.

Workers dedicated a significant proportion of their time to unpaid tasks, varying across sectors, from 13 per cent in personal services to 30 per cent in healthcare services. While there were some gender differences, the evidence was mixed. The nature of unpaid tasks differed depending on the sector.

A significant proportion of workers held other paid jobs, with variance across sectors. In some sectors, these proportions were even particularly high, such as on healthcare platforms (53 per cent) and beauty platforms (40 per cent). In sectors like domestic work, tutoring, personal services, freelancing and microtasking, between 20 and 30 per cent of workers juggled additional paid jobs, involving diverse tasks. These other paid jobs, combined with platform work, often resulted in a long working week for many workers.

... and women face a double burden.

Women, in particular, across all sectors, experience unique challenges when it comes to balancing their work life and domestic responsibilities, and this affects the number of hours they have available to perform paid work. They reported spending an average of six to eight hours in a typical day on domestic responsibilities, which is significantly higher than their male counterparts, who reported typically about four hours. The disparities in additional hours spent by women on these activities is a reflection of the broad gender norms and expectations that dictate the roles and responsibilities of men and women. Some receive help from their paid help, spouses, friends, colleagues or neighbours, and other member(s) of the household but, often, women workers do not have anyone to help them with these additional responsibilities. Women workers on digital labour platforms often lack the flexibility to choose their working hours, this is a more pronounced issue for women because of this double burden, as well as the pressure of earning a decent income from such low-paying work.

Gaps in social security coverage are evident across various sectors on digital labour platforms.

The proportion of workers contributing to insurance for workplace injury, old-age pension or retirement benefits, unemployment and disability cover is less than 5 per cent across all sectors, with the exception of healthcare, taxi and delivery platforms, where 12 per cent, 13 per cent and 22 per cent of workers respectively reported having a pension plan. Contribution to private health insurance varied across sectors, ranging from 5 per cent in domestic services to 35 per cent in the beauty sector.

Contributions to the public health insurance scheme is higher, with the proportion of workers contributing to it ranging from 84 per cent in BPO companies to 32 per cent among tutors. For those contributing, their involvement may also stem from other paid jobs and not necessarily from platform work. Even though workers in BPO companies have a contract, most of them did not have access to any of the work-related benefits such as pensions, unemployment or workplace injury benefits. Fewer women than men were making social security contributions in all sectors except microtasking, where slightly more women were contributing.

Workers expressed feelings of stress and concerns regarding safety across the various sectors.

A significant proportion of workers reported experiencing stress, with levels ranging from 51 per cent in taxi services to 88 per cent in healthcare platforms. In addition to healthcare sector, the proportion of workers experiencing stress was also more than 80 per cent in domestic and tutoring services. An even higher proportion of women workers reported experiencing work-related stress in healthcare and tutoring sectors. The reason for such stress was often the unpredictable schedule, long working hours and lack of sufficient work.

Safety concerns were prevalent among workers, especially in taxi and delivery services, where approximately 90 per cent of workers expressed such concerns. In other location-based sectors, the proportion of workers voicing safety concerns varied from 28 per cent (in beauty services) to 42 per cent (in domestic services), with a higher percentage of women reporting such concerns.

A considerable number of workers on digital labour platforms have experienced or witnessed discrimination or harassment.

The incidence of reported discrimination varied across sectors, ranging from 12 per cent in tutoring to 39 per cent among domestic workers. Discrimination often stems from clients or their families, as well as the platform companies, particularly based on factors like race, ethnicity and language. Gender-based discrimination was prevalent among women workers, notably those in personal services, 54 per cent of whom reported having experienced it. Men in beauty services also reported facing gender-based discrimination from clients. Taxi drivers and delivery workers occasionally encountered discrimination and harassment from police and clients, and in shopping malls.

On freelance and microtask platforms, about 24 per cent of workers experienced discrimination, mainly from clients, based on factors such as geographic location, race, ethnicity and language. Some women also reported facing gender-based discrimination. In most of the location-based sectors, a quarter of workers reported experiencing harassment, primarily in the form of verbal abuse, withholding of payments and emotional stress inflicted by customers, clients, or clients' families. Women, in particular, are more vulnerable and face a higher risk of online harassment and abuse, owing to the anonymous nature of digital platform work.

The relevance of formal education varies significantly across digital labour platforms.

Many respondents have STEM backgrounds in the freelancing (42 per cent), microtasking (39 per cent) and BPO (50 per cent) sectors, with more men holding STEM degrees than women. Despite the prevalence of STEM education, use of specialized skills differs across these platforms.

On freelance platforms, besides editorial and business services, IT and data analytics, and creative and professional services, academic and article writing are particular prevalent tasks in Kenya. Meanwhile, microtask platforms predominantly focus on data and image annotation for training AI and machine-learning purposes.

Many workers on freelance platforms acknowledge the value of formal education (79 per cent), especially in fields like academic writing and article, where education is deemed essential for developing critical thinking and research skills. However, a notable skills mismatch exists in areas like IT and natural sciences, where professionals often engage in tasks not directly aligned with their training. More women (67 per cent) than men (47 per cent) reported that tasks were not always related to their educational backgrounds. Additionally, men expressed greater confidence in their skills, with 19 per cent stating they possessed more skills than required compared with 8 per cent of women. Nevertheless, tasks such as academic writing and article writing raise moral and ethical concerns, at both an individual and societal level.

Microtask and BPO workers, despite their qualifications, frequently find themselves undertaking tasks that do not make best use of their specialized STEM training, indicating a skills mismatch in these sectors. The proliferation of tasks related to low-end AI and machine learning, often performed by skilled workers, raises significant social and developmental concerns.

Workers face a number of challenges to maintain work on platforms, irrespective of sector due to algorithmic management practices.

Algorithmic management practices such as ratings have a significant influence on workers' access to work and to better paying tasks. The majority of respondents reported across all sectors that they received ratings from the platforms. Among those with ratings, the impact of ratings on their work was reported least by beauty workers (55 per cent), whereas 90 per cent of workers on online freelance, microtask and ecommerce platforms, reported that it had a huge impact on their work. Ratings also had an impact on deactivation, and a significant proportion of tutors (40 per cent) were deactivated due to low ratings.

Workers identified several other issues regarding platform work, including a high degree of competition among workers, lack of communication channels with clients, which acts as a barrier to effective service provision, pressure to maintain high ratings to access work on platforms, restricted payment options, constraints on the ability to market themselves and issues to do with the fairness of the rating system. These issues underscore the complexities and potential drawbacks of platform-based employment, where workers may face systemic challenges that impact their job security. The extent of unionization is quite low among these sectors and workers often depend on social media groups to get any support for undertaking their work.

Efforts are being made to address challenges related to working conditions on digital labour platforms, but further action is required.

Kenya was able to promulgate the National Transport and Safety Authority Regulation in 2022 and regulate the ride-hailing or taxi sector, which has been a result of mobilization, advocacy and engagement with policymakers. There are still some challenges. To promote decent work in the Kenyan platform economy, ensuring the application of key labour rights and statutes to all workers, regardless of their contractual status, is paramount. Specific recommendations for policy actions include:

Freedom of association and collective bargaining: Platform workers, classified as independent contractors, currently lack the protection afforded by the Labour Regulation Act, inhibiting their right to collective bargaining. Establishing collective bargaining structures for platform workers, both location-based and online platform workers, is crucial. Amendments to existing legislative frameworks are necessary to guarantee every platform worker's right to organize and collectively bargain;

Employment relationship: Platforms often distance themselves from workers, complicating the establishment of employment relationships and the identification of true employers. The Employment Relationship Recommendation, 2006 (No.198) is an important reference for Kenyan courts to ensure effective protection of workers on platforms, as well as those working in BPO companies, whose work is in the context of an employment relationship. Amendments to the Employment Act of Kenya are needed to regulate fixed-term employment and employment by temporary agencies explicitly. Legislative policy development is also necessary to ensure the proper classification of platform workers, defining their rights and responsibilities in the gig economy;

Social protection: Platform workers face significant social protection gaps in the event of illness, disability, or loss of income. Additionally, the combination of their low and unstable income makes it difficult for these workers to adequately safeguard their assets, that is, their work equipment, and build retirement savings. Moreover, this protection gap is exacerbated by the absence of an unemployment insurance system in Kenya. Developing contributory and non-contributory mechanisms is essential to provide adequate income protection and extend social protection benefits to platform and gig workers, to address their challenges;

Occupational health and safety: Although the Occupational Safety and Health (OSH) Act is arguably applicable to all workplaces and independent contractors, including platform workers, the law needs to be amended to take into consideration the various contexts of platform workers. Similarly, BPO workers exposed to violent or traumatic content in their role as content moderators may require additional protections not currently covered by existing legislation. Yet, mental health-related disorders are not included in the prescribed list of occupational diseases in the OSH Act. Legislative amendments are required to adapt the OSH Act to the specific contexts of platform workers and BPO workers;

Contractual terms: Contractual relationships between platforms and workers could potentially fall under the Consumer Protection Act. However, this Act may not adequately address issues around terminations, payment procedures and dispute resolution in the platform-worker context. Developing a policy to establish fair contractual terms between workers and platforms is necessary, covering areas such as payment procedures, commissions, administrative fees and non-discrimination;

Data Protection: Data processing may perpetuate existing bias leading to the production of discriminatory outcomes for platform workers. It is therefore important that an explicit provision prohibiting discrimination in data processing be included in the data protection framework of Kenya. Furthermore, it has become clear that data is a strategic economic resource. Consequently, the required safeguards in respect of international transfer of data out of Kenya in terms of part VI of the DPA must be clarified to avoid the exploitative use of data collected via digital labour platforms.

Further, it would be important to implement norms for fair remuneration and working time; and non-discrimination and equality of treatment with respect to gender, disability, nationality, ethnicity and migrant status, among others. The International Labour Organization will have a double discussion on decent work in the platform economy at the International Labour Conference in 2025 and 2026. Some of the challenges that have been raised will be part of the discussion.

In addition, to harness technology for development and protect workers, employment policies are required.

The findings from the report show that the digital transformation has neither led to sectoral shifts nor improved incomes and well-being, which are associated with structural transformation. Despite high levels of education and skills in some of the sectors, many workers end up with lower incomes due to global competition for work on these platforms. Across all sectors, a significant proportion of workers reported that their skills were underutilized.

Tasks on microtask platforms and in BPO companies are routine in nature with no learning or enhancement of knowledge for their future career development or economies. Many workers have invested significant financial resources in their education, hoping to secure formal employment, only to find themselves having to perform these tasks because of limited job opportunities. This trend has significant implications for the development process. This situation requires a crucial debate about the nature of such tasks, their relevance to the local economy and their societal implications, especially in the context of content moderation.

In addition to regulating the platform economy, there is a need to develop macro and sectoral policies (industrial, employment, social or other) to create jobs and address structural inequalities in the context of digital transformations and to ensure that they can provide a route to development. In addition to investing in digital infrastructure and technologies, and developing the wider innovation ecosystem, which includes improvements in education, there is a need to develop policies that create more favourable conditions for firms (particularly small, informal and labour-intensive enterprises) so that they can support the creation of productive and decent jobs. Selective industrial policies are also essential for directing domestic investment to help develop appropriate digital infrastructure and industries in ways that also support the public good and development, and can create meaningful employment creation in the economy and utilize the skills of the workers effectively.

While Kenya has made significant strides towards achieving gender equality, the findings of the report shows that significant gaps remain in the realm of digital labour platforms. Women in most sectors earn less than men and have lower access to social security benefits. The existing regulation fails to recognize most of the women workers on location-based and online platform work as employees, as a result excluding women from basic labor rights and protections. There is clear need for regulatory frameworks which can ensure that all platform workers, including women have decent working conditions. In addition, there should be policies in place to enhance safety for women working on location-based and online platforms through the establishment of clear guidelines and continuous monitoring and evaluation of implemented policies to ensure their effectiveness in addressing the challenges.

Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

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This report offers a comprehensive picture of the experience of workers, especially women on location-based and online platforms, drawing on surveys and interviews with some 1,850 workers in various sectors in Kenya. It also provides insights into the business model of the local digital labour platforms in Kenya, examines regulatory developments, and provides some recommendations to ensure that all platform work is decent work.

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