

How to Promote Worker Wellbeing in the Platform Economy in the Global South

Ramiro Abrieu (Centro de Implementacion de Politicas Publicas para la Equidad y el Crecimiento (CIPPEC)) ,

Martin Rapetti (Centro de Implementacion de Politicas Publicas para la Equidad y el Crecimiento (CIPPEC)) ,

Urvashi Aneja (Tandem Research)

Krish Chetty (HSRC BRICS Research Centre)

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The growth of the platform economy is creating new opportunities and efficiencies in G20 economies. However, gig-work can often be precarious, with reduced access to formal social protection mechanisms. This poses unique opportunities and challenges for many G20 countries, where a large section of the workforce is engaged in informal work across both the unorganised and organised sectors of the economy. For the sustained and inclusive growth of the platform economy, the wellbeing of workers must be prioritized. Drawing on research undertaken in India, South Africa and Argentina, this policy brief outlines strategies for governments (G20), industries and unions (B20 and L20) and civil society (C20) to safeguard and enhance worker well-being in the platform economy.

Challenge

Digital platforms are disrupting labor markets. In many industrialized economies, the growth of the platform economy is resulting in a shift from formal employment to 'gig-work', raising concerns about the degradation of labor conditions.[1] However, in many economies in the global south, a large section of the workforce is already engaged in informal work within the unorganised and organised sectors of the formal or regular work is aspirational for many. Further, employment conditions are often precarious and formal social protection mechanisms are either absent or weak.[2]

In what ways is the platform economy recasting informality in emerging economies and how can the wellbeing of workers be ensured? What are the portfolio of policy strategies required to create decent and meaningful work and enhance worker wellbeing in G20 countries? What are the respective roles of governments, industry, and civil society?

On one hand, for many countries in the global south, the platform economy can contribute to the formalization of work; enable access to new markets; and create opportunities for flexible work, which is particularly relevant for women.[3] On the other hand, the platform economy can contribute to a reduction of wages over a period of time; create precarious employment conditions; prioritize platform and customer needs over worker needs; and contribute to the reproduction of the gendered division of labor.[4] With the platform economy expected to be an important contributor to growth and employment in emerging economies, the challenge is to ensure that the wellbeing of workers is prioritized.

The platform economy in India is growing, and by 2020, India, alongside China and the USA, is projected to lead the world in digital platforms.[5] However, there are no figures yet on the number of people engaged as workers. Over 80 percent of India's labor force is engaged in the unorganised sector.[6] Only very basic levels of social protection are in place for those engaged in informal work, and many of these workers continue to suffer from insecurity and instability, coupled with low wages. Despite high rates of growth, employment

growth has been slow – last year, over 8 million young people joined the labor force, but only 1.2 million jobs were created. [7] Government and workers alike are thus to digital platforms as new avenues for job creation.

Informal work is not as generalized in the case of Argentina as it is in India, although it still accounts for some 35% of the active labor force.[8] Workers in the informal sector are disproportionately low-or unskilled: 85% of workers in the informal sector are neither professional nor high-skilled technicians.[9]The platform economy can thus be a powerful tool to reveal the working conditions of the most disadvantaged and thus foster suitable policy interventions. However, workers engaged in platforms represent a tiny share of the labour force – some 1%.

Since the advent of democracy in South Africa, the number of unemployed young people has steadily increased. As of 2018, 38.2% of youth were classified as unemployed, considerably higher than the national average of 26.7%[10] . The South African government is greatly interested in finding successful initiatives which will help absorb the vast numbers of the unemployed, living in severe precariousness. The government plans to increase the number of employed to 23.8 million from the current 13 million by 2030.[11] The platform economy represents a critical opportunity for the country to provide employment to the vast informal sector, desperate to find a source of stable income. However, in this desperation, the temptation exists to offer unskilled or semi-skilled work at minimal wage with limited protections

Proposal

In the final declaration of the 2018 G20 summit - "Building consensus for fair and sustainable development" - world leaders assessed that they "remain committed to building an inclusive, fair and sustainable Future of Work by promoting decent work (...) including work delivered through through digital platforms, with a focus on promoting labour formalization and making social protection systems strong and portable, subject to national law and circumstances". [12]

In the final declaration of the G20 Employment Ministerial Meeting in Mendoza, world leaders went further on the platform economy, stating that "*We are committed to promoting high quality jobs and decent work in the digital labour market*". [13] *In Annex 1 of the above-mentioned declaration, they identified some guidelines to do this: "(a) Encourage transparency regarding working conditions and levels of earnings related to digital platforms; (b) Support improvement of earnings and working conditions for platform workers; (c) Consider the portability of entitlements and social security benefits in line with national practices and legislation (...); (d) Tackle all forms of discrimination in platform work; (e) Foster data collection on the labour market share of platforms (...);(f) Promote social dialogue including, as appropriate, crossborder social dialogue, and collective bargaining in the platform economy; and (g) Clarifying workers' employment status and associated rights in the platform economy"* [13]

To evaluate the quality of jobs is not an easy task. To address the diversity of issues involved, we propose the adoption of the notion of "workers wellbeing". The idea of well-being highlights not only the material (financial and practical aspects – income, savings, access to work etc.), but also relational (employment relationships and social/state obligations, etc.) and subjective dimensions (identity, status etc.)[14] **Using this as a starting point, we identify a portfolio of strategies for the G20 and its engagement groups for enabling worker wellbeing, as a concurrent objective to job and employment creation, through the platform economy. For the inclusive and sustainable growth of the platform economy, a view towards the number of job or work opportunities created will not be enough; a wider view of wellbeing must be incorporated. The G20 countries have an opportunity to incorporate this as a normative and policy framework in the early days of the platform economy.**

To G20 leaders

- **Adapt existing policy and legal frameworks to include platform work.** Existing policy and legal understandings of what constitutes an employee or employer, and the resultant responsibilities and duties entailed in the employment relationship, should be adapted to encompass platform work. In South Africa, for example, worker protections are framed in terms of the needs of full-time or part-time work, or for those officially registered as businesses.[15] Current labour law does not describe how a platform worker could benefit from such provisions given the intermittent nature of their work. This would have implications for the obligations of platforms – from fair or minimum wages to access to fair dispute resolution mechanisms. In New York for example a minimum wage system has been established for drivers, alongside a supplement to mitigate against rest time.[16] However, in countries such as India, Argentina and South Africa, where current benchmarks for minimum wage, or minimum working hours, in the 'old economy', have a lot to be desired,

this would require revising existing standards for non- platform work as well.[17] Yet, precisely because of the inadequacy and need for revision of these existing frameworks, there is an opportunity to create frameworks that encompass platform work. The European Union has developed a framework for determining the existence of an employment relationship which includes the existence of a subordination link; the nature of work; and the presence of a remuneration.[18] In the UK, uber drivers are now considered workers, which gives them certain employment rights including, minimum wage, regulated working hours, and annual leave; Uber is also required to pay taxes on behalf of the workers as an employer.[19]

- **Reimagine social protection.** With the growth of the platform economy, G20 economies have an opportunity to re- imagine traditional forms of social protection, and adapt them to the realities of the new digital economy. For many workers in the global south, access to social protection is already aspirational; most are unskilled or semi-skilled, and are paid below minimum wage, due the unstructured nature of the work. With many of these working turning to the platform economy, it is critical to develop appropriate mechanisms for social protection. One possible mechanism could be the accrual of benefits provided by companies to the workers on a portable basis. This would provide workers with the requisite benefits while also ensuring their flexibility. An alternative mechanism could include portation, which calls for accrual of benefits to be calculated on the basis of hours worked, or equivalent. In the Netherlands, for example, benefits are calculated as per every hour worked, rather than requiring a minimum number of hours worked to be applicable. [21] Further, a basic set of benefits and labor standards must be made universal across all employers and all forms of employment, such as paid leave and maximum working hours. Traditional social protection plans for medical cover and pension contributions, for example, are ill-suited for the needs of an intermittently engaged platform worker[22]. However, as noted by platform owners in South Africa, there is an opportunity for the platform to engage financial service providers on the behalf of their subscribed workers, and enter into innovatively structured group savings plans, affordably priced, which provide choices to the worker, over the type of cover appropriate for their specific needs. There are examples, internationally, describing how the advances in the insurtech sector can be applied to benefit emerging markets[23].
- **Facilitate Healthy Competition.** The monopolization of a single platform, or a small number of platforms, for a particular service can reduce options and bargaining capacities for workers. Government should facilitate the creation of a healthy environment for competition, that allows newcomers to enter the platform economy. As worker awareness of the strengths and weaknesses of particular platforms grows, competition between platform players could act as a lever to improve worker conditions.
- **International Coordination.** Safeguarding worker wellbeing for platform work done across borders poses complex challenges. On a global scale, the availability of labor far exceeds the availability of gig work, resulting in the reduction of labor wages, late or non- payments, and poor employment conditions. Yet, with the platform economy, the availability of a global labor force for a global market place, necessitates a certain level of international coordination, if not cooperation. Without such coordination, many of the above mentioned recommendations for worker wellbeing will not be enforceable or at least subject to dispute across borders. It is for this reason that new forums for international coordination around these issues will be needed, which strive to create a set of minimum standards and basic obligations. The variance in income levels and socio-economic conditions across labor markets would render it impossible to have a strict, or enforceable, set of standards. Yet, alternative softer compliance instruments could be experimented with, such as international rating systems or bench marking. These could incorporate the extent to which platforms demonstrate compliance with local laws and standards, including those for minimum wages and safety nets. The "Crowdsourcing Code of Conduct" which has been initiated and signed by several platform companies since 2015, aims to create "general guidelines about how to act in regard to crowdwork and thereby create a basis for a trust-based and fair cooperation between service providers, clients and platform workers supplementary to current legislation." [24] The ongoing efforts of the Fairwork Foundation, which rates platforms across the globe, is another important and instructive example. Governments can similarly develop codes of conduct, which rate platforms, and are publicly available.
- **Develop broader ecosystem.** For platforms to make a greater impact in the informal sector, and absorb greater numbers of the unemployed, partnerships between platform owners and various types of service providers will assist in developing appropriate products and services which are informed by the needs of workers. This will allow job seekers greater opportunities to access the platform and the associated benefits of employment. For example, platform adoption, amongst South African job seekers in low-income communities, has been limited due to challenges such as inappropriate banking products which are too expensive to pay workers, low skill-levels impeding the worker's ability to access productive jobs, limited internet access due to poorly located mobile internet access points and a general limited awareness of platform related opportunities. Digital financial literacy (as discussed in [25]) is key to take advantage of the platform economy.

- **Data Governance and Worker Rights.** As digital platforms store data of workers and clients alike on their system, their use of the same must be regulated. Questions concerning ownership of the data also need to be brought into consideration – EU’s GDPR is a good starting point for this discussion. However, any initiative will need to contend with the issue that the flow and protection of data across national border will be shaped by national strategies and legal frameworks.

To B20 & L20 leaders

- **Transparency, Predictability, and Explainability.** Platforms must ensure transparent, predictable, and easily understandable terms of engagement. Frequently, workers are unsure of the existing rules, incentives, and penalties. Administrative procedures need to be as simple and clear as possible. Further, workers are mostly in the dark about the processes that rate, evaluate, and match them with customers. The explainability and accountability of algorithmic decision making logic must be prioritized. This should include clear mechanisms for dispute resolution, adequate human resources dedicated to this, and training for workers on how to use these.
- **Adequate training and skilling.** Promoting literacy, numeracy and digital awareness are important skills to increase worker registration on the platform. Vocational skills, targeted short courses, administrative training and soft-skills training supporting communication, teamwork and timemanagement would be highly valuable training programmes to help unskilled/semi-skilled workers transition to more productive jobs. Workers must also be informed of how to better market their skills, in particular, the need to highlight transferable skills, applicable in a wider range of contexts.
- **Allowance for more flexibility and recognition of care needs.** Workers may need to take breaks from their employment. This must not be penalized, and there must be provisions in place not only to ensure proper reintegration of the worker back into employment, but also a safety net in place for ensuring income is not significantly affected due to this. This is especially relevant for women, who may have care and domestic responsibilities that hinder their ability to continuously be engaged in employment.[26] The employer should also promote a culture recognising the output of workers adopting flexible work practices, ahead of time spent in an office.[27]
- **Clear and Relevant Communication.** Poor internet access also inhibits communication between the platform and the worker. Registered platform workers miss out on work opportunities, being unable to communicate with the platform. Notifications sent out by email, via an instant messaging service or embedded in the platform’s app are missed, due to intermittent access to the internet. In the case of Argentina technology landscape is limited by a poor digital infrastructure. In South Africa, a country with 11 official languages, it is important that platform information is provided in the home-language of the targeted worker. It is important to find a way to communicate in a manner understood by a wider cross-section of workers. One such strategy involves incorporating a greater use of pictures coupled with clear pricing using numbers, when providing services in low-income communities.
- **Fair representation and Grievance redressal mechanisms.** Platforms should provide a documented process through which worker voice can be expressed. Irrespective of their employment classification, workers should have the right to organise in collective bodies, and platforms should be prepared to cooperate and negotiate with them.
- **Data use policies.** As labour and ways of working become increasingly digitized, sensitive information (especially that of vulnerable communities) must be protected with robust security systems. Data use policies for platforms need to be defined in order to ensure workers’ right to privacy remains protected.[28] Data collected from consumers and workers allow the platform to gauge profitability – therefore, both consumers and workers must be allowed to have participatory rights to this data.[29] Digital platforms must also be held accountable for the provision of data concerning the paid work mediated by them upon request, to relevant national authorities.[30]

To C20 & T20 leaders

- **Knowledge Needs.** Most studies on the impact of the platform economy for worker wellbeing are based on the experiences in industrialised economies. Far greater research is needed in the Global South, and across diverse geographies and economies in the south. Evidencebased policy around the long term impact of the platform economy for worker wellbeing, across different social groups and genders, in emerging economies is required. Further, there is a need to understand different platform models and how they play out across different socio-economic contexts. Existing research and policy funding initiatives should target such knowledge production.
- **New Coalitions for Change.** The same technologies that are used to control workers can also be used to empower them. This will require new alliances between labor unions, social scientists, civil society activists, and technology developers. For example, Turkopticon, allows workers to rate platforms, along with share relevant experiences and insights. The FairWork Foundation, comprised of university researchers, has drafted a set of principles or values by which platforms can be rated and held accountable for provision of worker rights. Tools could be developed to calculate the number of hours workers spend looking for a job – to make visible the invisible

costs of their labor. New models may also be developed, such as those for collaboratively designed platforms that include workers as owners of the platform. Workers could connect through digital spaces, to share grievances, concerns, and find collective solutions for change. These initiatives should be supported through funding and recognized by governments and platforms alike.

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Existing Initiatives & Analysis