

ISSUE BRIEF

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#5

Cluster 3: Technology for social, environmental and economic development

Job quality in the platform economy

The establishment of the Global Commission on the Future of Work in August 2017 marked the start of the second phase of ILO's Future of Work Centenary initiative. The six thematic clusters provide a basis for further deliberations of the Global Commission. They focus on the main issues that need to be considered if the future of work is to be one that provides security, equality and prosperity. A series of Issue Briefs are prepared under each of the proposed clusters. These are intended to stimulate discussion on a select number of issues under the different themes. The thematic clusters are not necessarily related to the structure of the final report.

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Introduction

The “platform economy” emerged in the early 2000s alongside the growth of the Internet, providing opportunities for the production and delivery of a range of services delivered through online marketplaces (platforms). Digital labour platforms take a variety of forms, although it is useful to distinguish between *crowdwork* and *work on demand via apps* (De Stefano, 2016). *Crowdwork* usually refers to activities or services that are performed online, irrespective of the location. Although some of these jobs entail the movement of work from the offline to the online economy, in other instances they are new tasks that permit the smooth functioning of web-based industries, such as content moderation on social media sites, the cataloguing of online products, and the transcription of YouTube videos. *Work on demand via apps* refers to physical activities or services that are performed locally; typical activities include transportation, delivery and home services. In these cases, an app is used to match labour demand and supply, usually within a geographically defined area.

While employment through digital labour platforms remains small – estimates range from 0.5 per cent of the labour force in the United States (Farrell and Greig, 2016) to 5 per cent in Europe (European Parliament, 2017)¹ – it is expected that digital employment will expand in the future, as more jobs, or tasks, move from the offline to the online economy. In addition, some developing country governments, including Malaysia and Nigeria, have already adopted strategies to encourage their workers to engage in digital labour (Graham et al., 2017). Yet little is known about the quality of jobs being generated in the platform economy.

This Issue Brief summarizes some of the existing empirical literature on job quality in the platform economy, particularly crowdworking platforms, drawing upon ILO surveys of crowdworkers and the existing literature.

Key findings

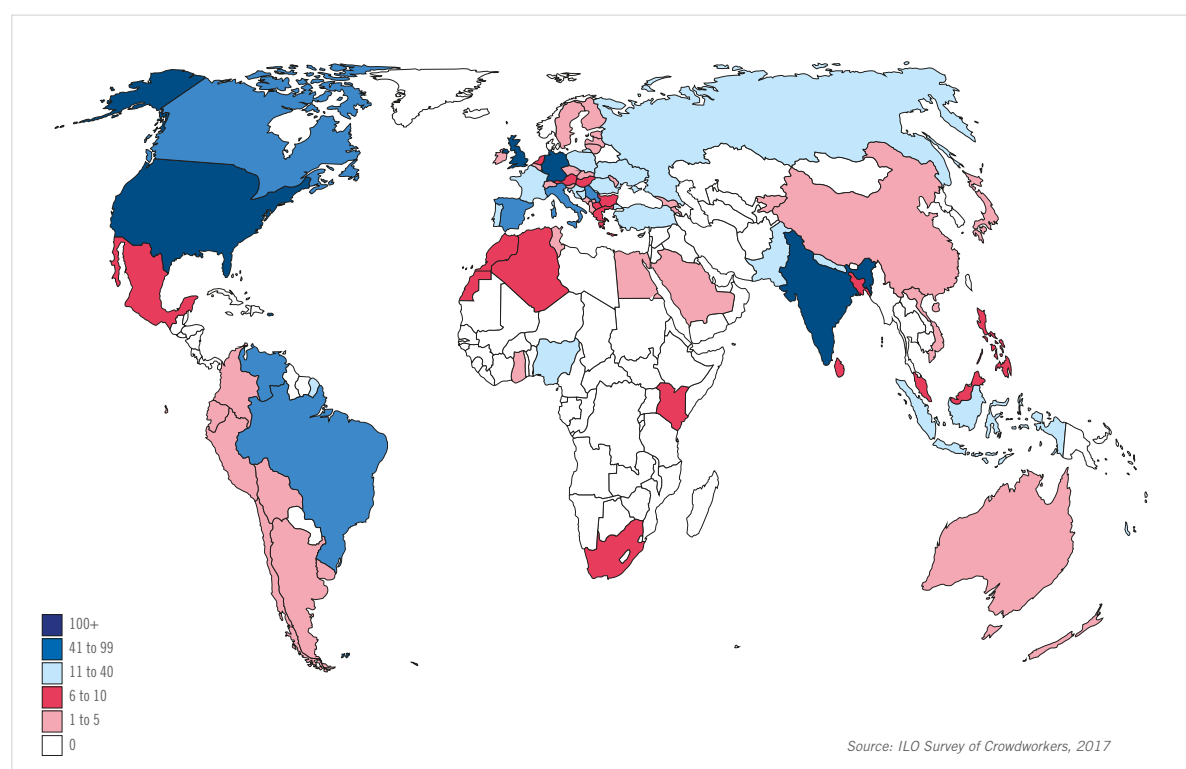
Online digital businesses mediate work or services delivered between service providers and customers. Thus, there are typically three parties in the relationship: the crowdsourcer (often referred to as the client or requester), the intermediary (the platform), and the workers. While digital labour platforms present major differences, all of them perform three specific functions: (1) matching workers with demand; (2) providing a common set of tools and services that enable the delivery of work in exchange for compensation; and (3) setting governance rules whereby good actors are rewarded and poor behaviour is discouraged (Choudary, forthcoming). Digital platforms differ in their architecture, with some offering the exchange of highly substitutable or standardized work (platforms such as Uber or CrowdFlower), while others provide a space for workers to develop more specialized services and build a network (see, for example, Toptal). As a result, the architecture of the platform has important implications for the workers’ autonomy, as well as their working conditions and earnings. As the gatekeepers of demand, platforms may “commodify” workers to differing degrees.

¹ The study by the European Parliament applies a broader definition and found that “between 1 per cent and 5 per cent of the adult population in the EU has participated at some time in paid work in the platform economy” (European Parliament, 2017, p. 38).

A combination of factors determine whether a particular platform can be considered as an enabler of entrepreneurship and a free agency, or as a channel for exploiting workers (Choudary, forthcoming).

Crowdworkers may be found the world over, in both developed and developing countries. Surveys conducted by the ILO on English-language micro-task platforms found a sizeable presence of workers in North and Latin America, Western, Central and Eastern Europe, the Russian Federation, as well as South Asia and parts of Africa (figure 1).²

Figure 1. Countries where micro-task workers live



Source: Rani and Furrer, forthcoming. Calculations based on ILO Survey of Crowdworkers, 2017.

Note: The colour key indicates the (grouped) frequency of survey respondents.

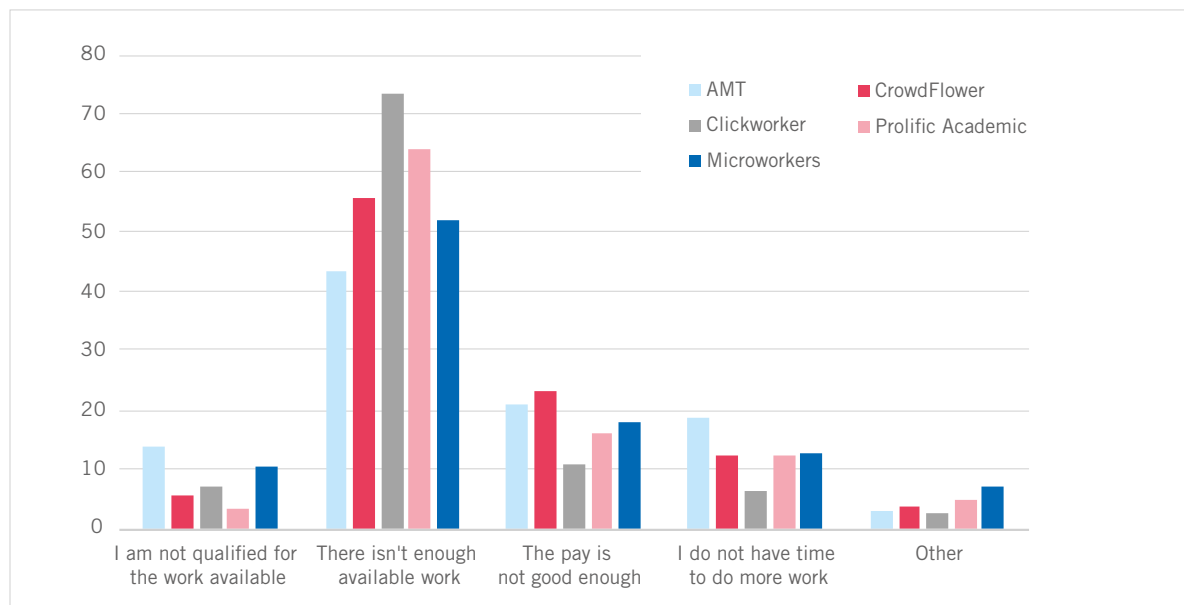
As crowdwork may be easily conducted anywhere in the world as long as there is a reliable Internet connection, many governments and policy-makers in both developed and developing countries have embraced crowdworking as a potential source of good jobs, with beneficial spill-over effects on related sectors (Kuek et al., 2015; Schriener and Oerther, 2014; Nickerson, 2014). Moreover, crowdwork provides flexibility to workers as they can choose when, where, and how they would like to work, as well as decide upon which tasks to perform (Felstiner, 2011; Ipeirotis and Horton, 2011; Barnes et al., 2015). As a result, workers with disabilities or caring responsibilities – as well as residents of rural or economically depressed areas – are highly represented amongst crowdworkers (Zyskowski et al., 2015; Berg, 2016). The platforms are also perceived as an efficient way of doing business, as firms can gain access to a diverse pool of labour at a low cost.

² For details on the ILO survey see Berg (2016), Rani and Furrer (forthcoming) and ILO (forthcoming).

Despite the potential of crowdwork platforms to provide employment opportunities, there are a number of concerns related to the workers' unclear employment status, unfair treatment, low earnings, non-payment, lack of social protection, and lack of voice (Nickerson, 2014; De Stefano, 2016). Most platforms do not apply employee protection under existing labour laws to the work being done, as workers are primarily hired as independent contractors. While some of these workers may be legitimately self-employed, in other instances they may be misclassified to avoid employment law obligations (Rogers, 2016).³

While there is flexibility in work, studies reveal that demand for work outpaces supply (Iperiotis and Horton, 2011). As a result, insufficient work is an important concern, with 89 per cent of crowdworkers surveyed by the ILO reporting that they would like to be doing more crowdwork than they are currently doing, even though 44 per cent of them access more than one platform. When asked why they were currently not doing more crowdwork, most reported that “there isn’t enough available work” (49 per cent), with some indicating that the pay was not good enough (22 per cent) (figure 2).

Figure 2. Reasons for not doing more crowdwork, by platform



Source: Rani and Furrer, forthcoming. Calculations based on ILO Survey of Crowdworkers, 2017.

Low pay: A number of studies show that crowdworkers receive low pay, at least by the standards of industrialized countries (Felstiner, 2011; Bergvall-Kareborn and Howcroft, 2014). The ILO survey found that earnings varied depending on the platform and the country of the worker (Rani and Furrer, forthcoming). CrowdFlower and Microworkers were the lowest-paying platforms, with workers averaging US\$2 per hour. Prolific Academic and Amazon Mechanical Turk (AMT) were the highest-paying platforms, with workers averaging US\$4.4 and US\$3.6 per hour, respectively. However, earnings at AMT varied by country of origin, with Indian workers earning almost US\$4 less per hour

³ Workers have to agree to the terms and conditions set out by the platform with no room for negotiation in order to gain access to work offered on platforms. These terms often contain “independent-contractor clauses” clearly stipulating that the worker is not an employee and that the platform is not obliged to cover any protection or benefits applying to regular employees (De Stefano, 2016).

than their counterparts in the United States.⁴ Moreover, 75 per cent of US crowdworkers earned less than the federal hourly minimum wage. Indeed, the low level of pay may be partially attributed to the significant amount of time that workers spend on unpaid work such as looking for tasks, taking qualification tests, and researching clients to ensure they can be trusted to pay. In a typical week, workers averaged 24.8 hours of work, of which 18.6 hours were for paid work and 6.2 hours for unpaid work. This meant that for every hour of paid work, workers spent 20 minutes performing unpaid work. A recent data-driven analysis, which involved a plug-in that tracked the worker log data of approximately 2,500 workers over two years on AMT, found that when unpaid work was taken into account, the mean wages of workers amounted to US\$3.13 per hour (Hara et al., 2018).

Another issue related to low earnings is that of the failure to pay workers for the tasks they have completed. While the workers are highly flexible to perform their tasks from any location and at any time, and do not have a boss who oversees them, their work is typically controlled by an algorithm – which has been referred to as “algorithmic management” (Lee et al., 2015). ILO survey findings show that workers with more than six months’ experience face a substantial amount of rejections: 43 per cent have had at least 5 per cent of their work rejected, and 32 per cent have had at least 10 per cent of their work rejected (Rani and Furrer, forthcoming). A number of platforms have rejection clauses (e.g. AMT, Clickworker, Microworkers) which allow the clients/requesters to reject received work as unsatisfactory with little or no justification, while still being allowed to keep the work (Felstiner, 2011; Berg, 2016).

Social protection coverage: An important feature of job quality is whether the job provides protections against risks such as illness, disability and unemployment, as well as preparing workers for retirement. As most digital platforms classify the workers as independent contractors, the workers are solely responsible for the payment of social security contributions, in addition to not being afforded other labour protections. As a result, and given the low level of pay, it is not surprising that only a small share of workers report that they contribute to social security or a pension. In the case of the 56 per cent of workers who state that crowdworking is their main job, only 55 per cent of these report that they have access to health coverage – and only 24 per cent make contributions to their health insurance. The proportions are even lower with respect to pensions: only 25 per cent of workers have access to a pension scheme, and only 15 per cent make contributions towards a pension. There are regional variations, with workers from Western Europe having better coverage than those from Eastern Europe, Asia, Africa and Latin America (Rani and Furrer, forthcoming).

⁴ These figures are gross earnings and do not reflect any taxes that may be paid. For example, as independent contractors, US workers are required by law to pay social security taxes as self-employed on their earnings, in addition to income tax.

Some considerations

Platform work provides important income and employment opportunities for a growing number of workers. It enables workers who would normally be excluded from the labour market on account of disability, care responsibilities or illness, to participate. However, concerns remain about the conditions of work. Current arrangements also raise questions as to the necessary levels of protection provided for crowdworkers. Indeed, regulating this form of work poses many challenges.

- The gig economy has received enormous public attention over the past year. Is this attention warranted? Will crowdwork remain a niche form of employment or is it a precursor to wider trends?
- Much of the debate has centred on the employment status of crowdworkers. Do existing legal and institutional frameworks need to be adapted for platform work? Is there a need for an “intermediate category” between employment and self-employment? Should the legal definition of “employee” be expanded?
- How can workers’ fundamental rights be guaranteed? What enforcement mechanisms are needed to ensure those rights?
- How can workers in the platform economy have their interests represented? How can these workers bargain for better pay and working conditions?
- How can minimum conditions of employment, such as the minimum wage, be regulated? How can workers in the platform economy be afforded adequate social protection?
- What are the implications of global crowdwork for efforts to ensure decent work?

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