PLATFORM ECONOMY

OPPORTUNITIES AND CHALLENGES FOR WORKERS AND BUSINESS

COLABOR
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Research Department
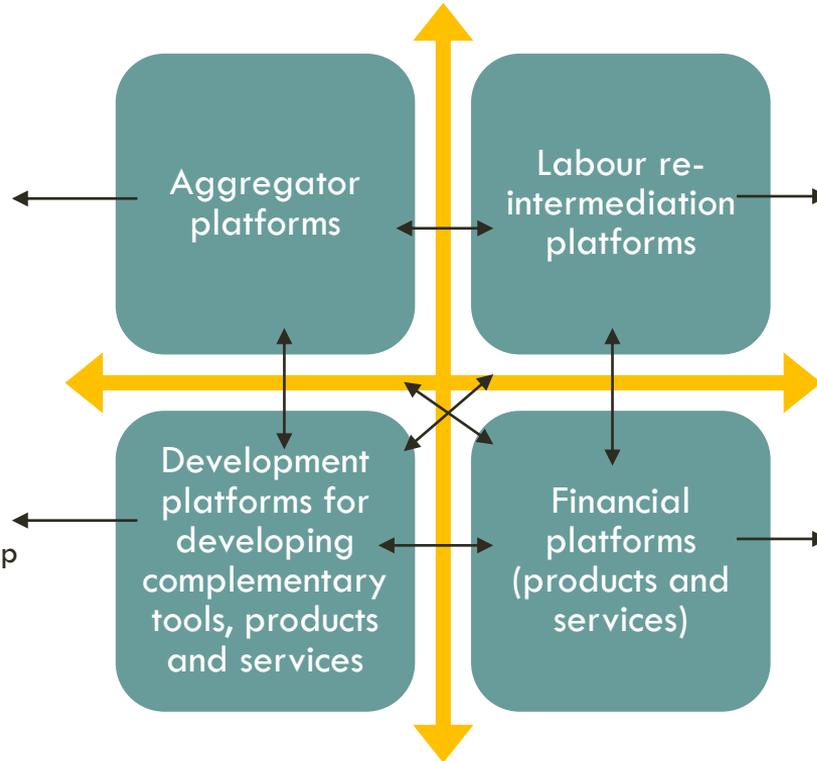International Labour Office
Geneva

OUTLINE

- ➤ Businesses enabled by digital platforms
  - ➤ Penetration into sectors
  - ➤ Online platforms disrupting business

- ➤ Traditional companies using digital platforms
  - ➤ Opportunities and challenges

- ➤ Digital labour platforms
  - ➤ Types of digital labour platforms
  - ➤ Distribution of crowdworkers across the world and their characteristics
  - ➤ Opportunities and challenges

Business enabled by digital platforms

- Expedia
- TripAdvisor, Airbnb
- Twitter
- Ebay, Pinterest

- Uber, Deliveroo
- Upwork, Peopleperhour
- Topcoder
- Amazon Mechanical Turk
- TaskRabbit, Urbanclap

Aggregator platforms	Labour re-intermediation platforms
Development platforms for developing complementary tools, products and services	Financial platforms (products and services)

- Dropbox
- Slack, Zoom, Skype, Whatsapp
- Snapchat, Twitch
- Github
- Googledocs, GoogleAnalytics
- Microsoft tools

- Paypal
- Appwallet
- MPesa
- Kickstarter

Platforms have emerged in number of sectors…

➢Computers (Wintel platform for computing, Java; Internet)

➢Telecommunications (iphone mobile OS, Android OS)

➢Banking (electronic payment)

➢Consumer electronics (video games)

➢Transportation, logistics and hospitality (airlines, bookings, package delivery, etc.)

➢Retail (barcodes, shopping malls, ecommerce)

➢Energy (electronic power grid, smart metering)

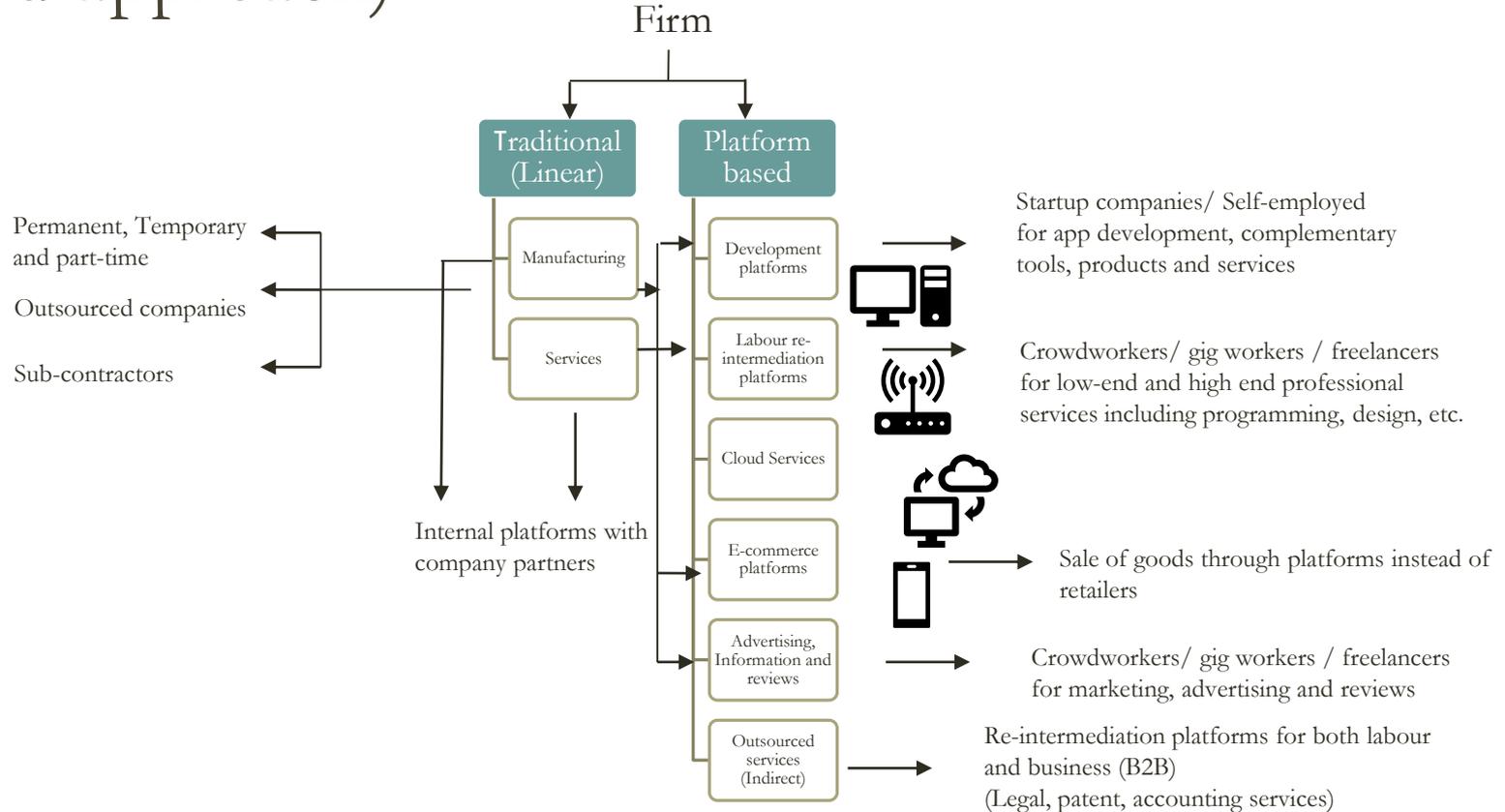➢Health (biotech, genomes, electronic systems, telemedicine)

➢Education

Online platforms disrupting business

Online Platform	Key product	Platform Industry disrupted	Examples of platform companies disrupted
Apple	ios mobile platform	PC operating systems	Microsoft Windows
Amazon	Amazon market place	Shopping malls and department stores with mall-like models	Simon Malls
Snapchat	Messaging app	Traditional communications	AT&T SMS
Didi Chuxing	Ride-sharing app	Taxi and Limousine companies	Beijing Taxi
Tencent	QQ (messaging, social media, movies, etc.)	Traditional communications	China Telecom

Source: Evans and Schmalensee (2016). The Businesses that platforms are actually disrupting. Harvard Business Review.

Traditional business using digital platforms (hybrid approach)

Firm

Traditional (Linear)

Platform based

Manufacturing

Services

Permanent, Temporary and part-time

Outsourced companies

Sub-contractors

Internal platforms with company partners

Development platforms

Labour re-intermediation platforms

Cloud Services

E-commerce platforms

Advertising, Information and reviews

Outsourced services (Indirect)

Startup companies/ Self-employed for app development, complementary tools, products and services

Crowdworkers/ gig workers / freelancers for low-end and high end professional services including programming, design, etc.

Sale of goods through platforms instead of retailers

Crowdworkers/ gig workers / freelancers for marketing, advertising and reviews

Re-intermediation platforms for both labour and business (B2B)
(Legal, patent, accounting services)

Business enabled by digital platforms

Opportunities

➢ Proliferation of new businesses and startups as access to basic infrastructure and tools are available at zero fixed costs (low asset base) and only variable cost to be paid

➢ Allows complementary business to work together, and easy business exchange - B2B connectivity

➢ Allows for network effects which can effect market share, which itself creates value

➢ Encourages innovations and development on complementary products, technologies and services

➢ Expansion and integration of different businesses to facilitate other business operations

➢ Emergence of new re-intermediation or aggregator platforms to provide diverse services

Challenges

➢ Generating trustworthy information as platforms are easily prone to manipulations by competitors

➢ Ensuring strong intellectual property rights and appropriability mechanisms

➢ Competition and conflict of interest could lead to business erecting barriers to entry

➢ High exposure to 'threat of envelopment'

➢ Pricing strategy to attract users, which could lead to predatory pricing

➢ Predatory pricing could destroy economic value and disrupt business

➢ Huge dependence on network effects to thrive in the market, and ensuring two-sided market functions

➢ How can business sustain under competitive pressures and secure funding (venture capitalists)?

Traditional companies using digital platforms

Opportunities

➤ Reduces fixed and transaction costs as platforms enable easy access to outsourcing services and other third party enabling platforms

➤ Provides flexibiity to the firm in hiring workers

➤ Low barriers to entry and easy access to a diverse global pool of skills, knowledge and expertise

➤ Allows business to develop better targeted and innovative products and services

➤ Reduces labour and employer-related costs (social security, training benefits, etc.)

➤ Lower downtime of unused capital

➤ Improves the organisation of work, and increases productivity and efficiency

Challenges

➤ Managing task design, managerial practices, innovative mechanisms, control systems, etc.

➤ Ensuring quality of work given malicious practices

➤ Increase in monitoring costs as training and skilling workers becomes a challenge

➤ Lack of communication can exacerbate inefficiencies

➤ Inefficienies affects employers productivity

Digital labour platforms and the future of work

Towards decent work in the online world

International Labour Organization

1919-2019

Janine Berg • Marianne Furrer • Ellie Harmon
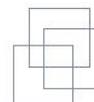Uma Rani • M Six Silberman

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WORK ON DIGITAL LABOUR PLATFORMS IN UKRAINE
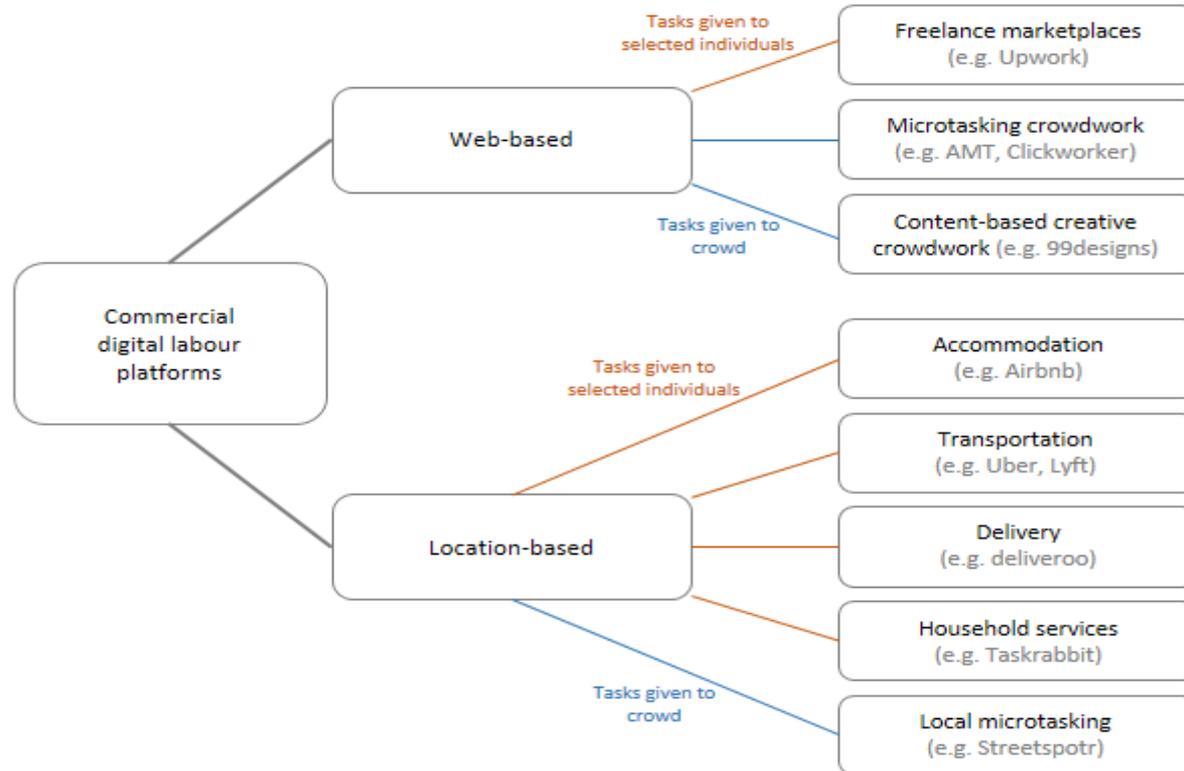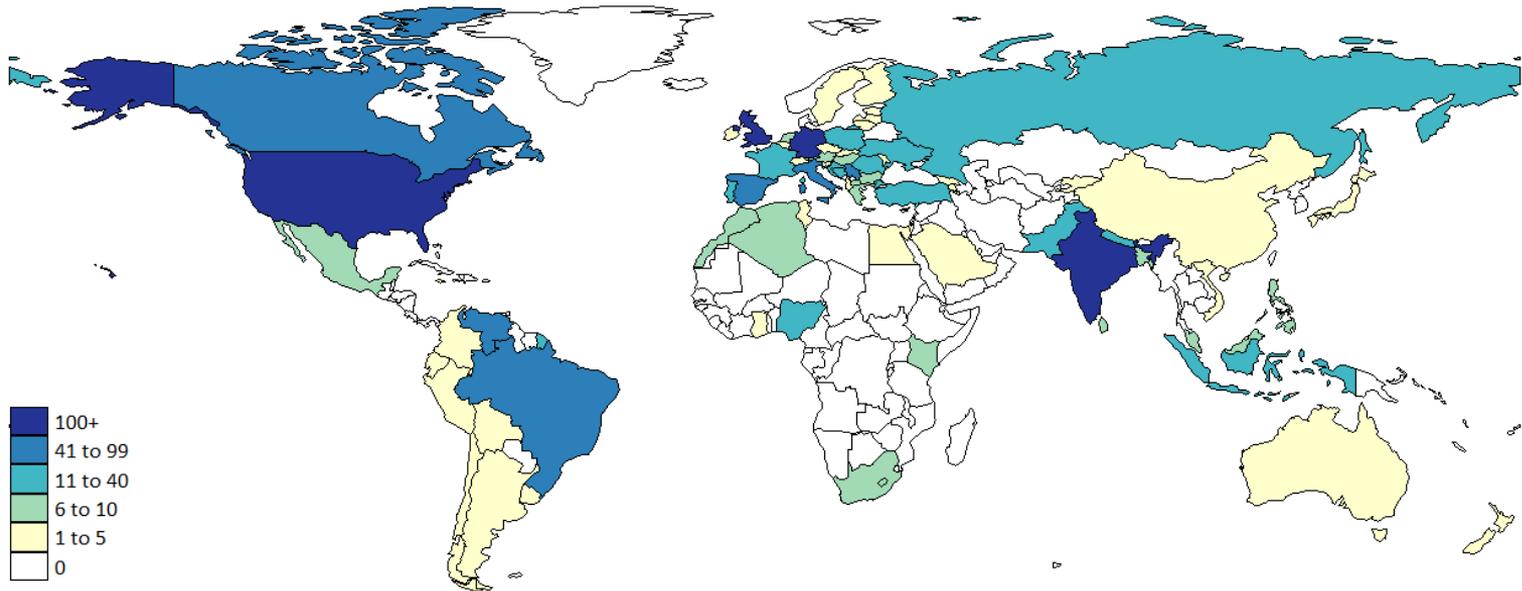
International Labour Office

ISSUES AND POLICY PERSPECTIVES

Mariya Aleksynska (ILO)

Anastasia Bastrakova
Natalia Kharchenko
(Kiev International Institute of Sociology)

Digital platforms – Different models

ILO SURVEY: DISTRIBUTION OF CROWD WORKERS ACROSS COUNTRIES

Characteristics of the workers

➢ **Gender:** Males 65%; Females 35%

➢ **Age:** 18 to 65 years and average age is 34.5 years

➢ Educational levels:

- ➢ University (72%); High school diploma (45%): High school dropouts (3%)
- ➢ University education is quite high in Asia (80%), Latin America (58%), Africa (47%)
- ➢ High school diploma is high in Africa
- ➢ Currently pursuing a university degree: Africa (40%), Latin America (33%), Asia (21%)

➢ **Active as a crowd worker:** 56% have worked for more than one year

Opportunities for workers

➢ Access to global labour markets (virtual migrants)

➢ Flexibility in time, place and choice of work

➢ Access to varied types of tasks, some of which could help in gaining new skills

➢ Important source of income for those with disability or health problems or having social anxiety

➢ Supplementary income

➢ Reduces mobility (travel costs and time)

➢ Allows paid work with unpaid care work (household and childcare responsibilities)

Challenges for workers

➢ Lack of clear employment relationship

➢ Low pay, pay differentials by gender and region

➢ Availability of work: asocial working hours and work-life balance

➢ Unfair treatment by requesters

➢ Lack of responsiveness of the platforms to the workers' concerns

➢ Limited career path (depending on the tasks)

➢ Lack of voice and representation

LACK OF REGULATION

Amazon Mechanical Turk (Self-regulation)

AMT in its Participation Agreement

"Workers perform Tasks for Requesters in their **personal capacity** as an **independent contractor** and not as an employee of a Requester or Amazon Mechanical Turk. As a **Worker**, you agree that: […] (iv) you will not be **entitled to any of the benefits** that **a Requester** or Amazon Mechanical Turk may **make available to its employees**, such as **vacation pay, sick leave, and insurance programs, including group health insurance or retirement benefits**; and (v) you are not eligible to recover worker's compensation benefits in the event of injury. As a Requester, you will not engage a Worker in any way that may jeopardize that Worker's status as an independent contractor performing Tasks for you."

# Workers' Legal Rights (Self-employed/ Independent Contractors)

➢ Terms of service impose *constraints on workers' autonomy*

  ➢ CrowdFlower Terms state that workers may not use bots, scripts, AI, or "otherwise attempt to obtain rewards from CrowdFlower without completing tasks as they are described."

➢ If truly self-employed, then workers should be able to choose to complete a task in any fashion and using whatever tools they deem appropriate (including automation, scripts, and scraping).

➢ Self-employed workers should not be prohibited from subcontracting work, nor should workers be penalized for declining any tasks as they should have the full freedom to choose when to work and what tasks to work on without penalty.

Autonomy/control: Ukraine

➤ 27% provide screenshots of work or have installed software that monitors their work

➤ 36% of clients request availability during certain hours

➤ 21% of clients request availability outside of usual hours

➤ One out of two Ukrainian "freelancers" either have only one main client, or have clients directly supervising work execution and controlling work processes

➤ 85% pay a commission to the platform in order to work

Distribution of hourly pay, AMT, by country and gender

Hourly paid work (US$)
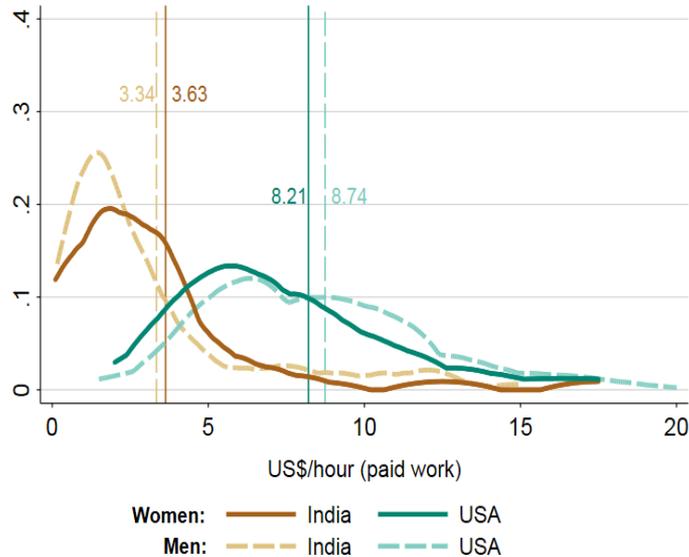
Hourly paid and unpaid work (US$)
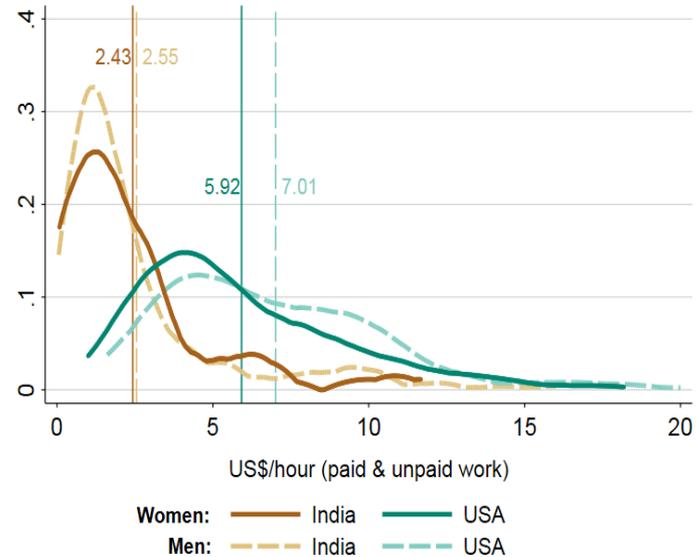
Low pay, pay differentials by gender and region

➢ Gender pay gap between 18 (AMT) and 38 per cent (CrowdFlower) in 2015 accounting for unpaid work
  ➢ Controlling for individual characteristics, the gender pay gap is statistically significant only for American workers on AMT, and reduces from 18 to 11 per cent (Adams and Berg, 2017)

➢ An ILO 2018 study shows gender pay gap between 5 and 18 per cent depending on the platform (AMT, CrowdFlower and Prolific) in 2017 accounting for unpaid work

➢ Women had a higher average pay than men on Microworkers and an almost equal pay rate on Clickworker accounting for unpaid work.
  ➢ This was largely because women were more highly qualified than men, and were doing tasks which were better paid in some regions

➢ A study in Ukraine shows that women earned 45 per cent less than men, and this gap was higher than in offline economy (Aleksynska, Bastrakova and Kharchenko, 2018)
  ➢ Gap largely explained by strong occupational gender segregation, which is also dependent on whether they cater to the local market or international markets

Why are you not currently doing more crowdwork?

Insufficient work: 88% of workers would like to work more
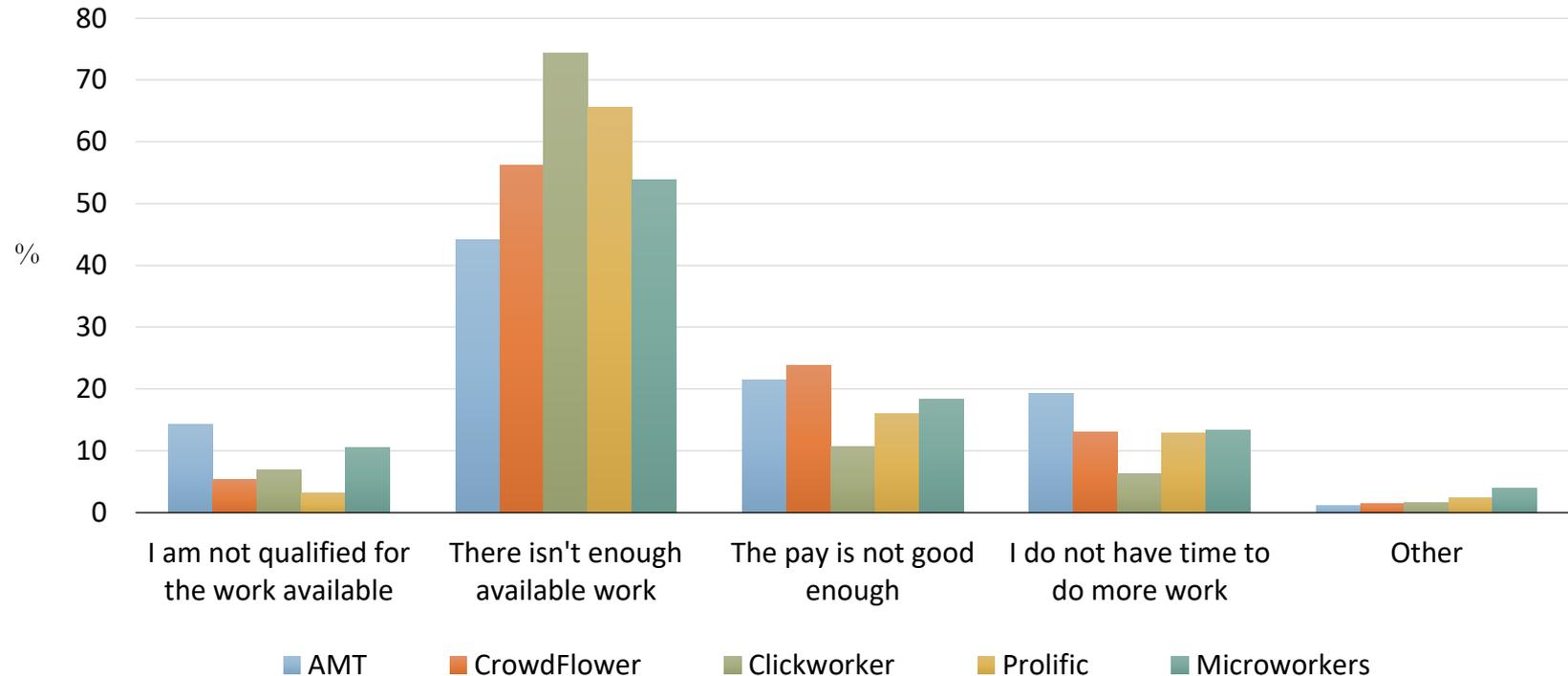
Time lost looking for work

"The toughest part of turking for a living is actually finding the jobs, for every hour I spend working I most likely spend 2 hours monitoring the various scripts I have running to see what jobs show up." – AMT worker
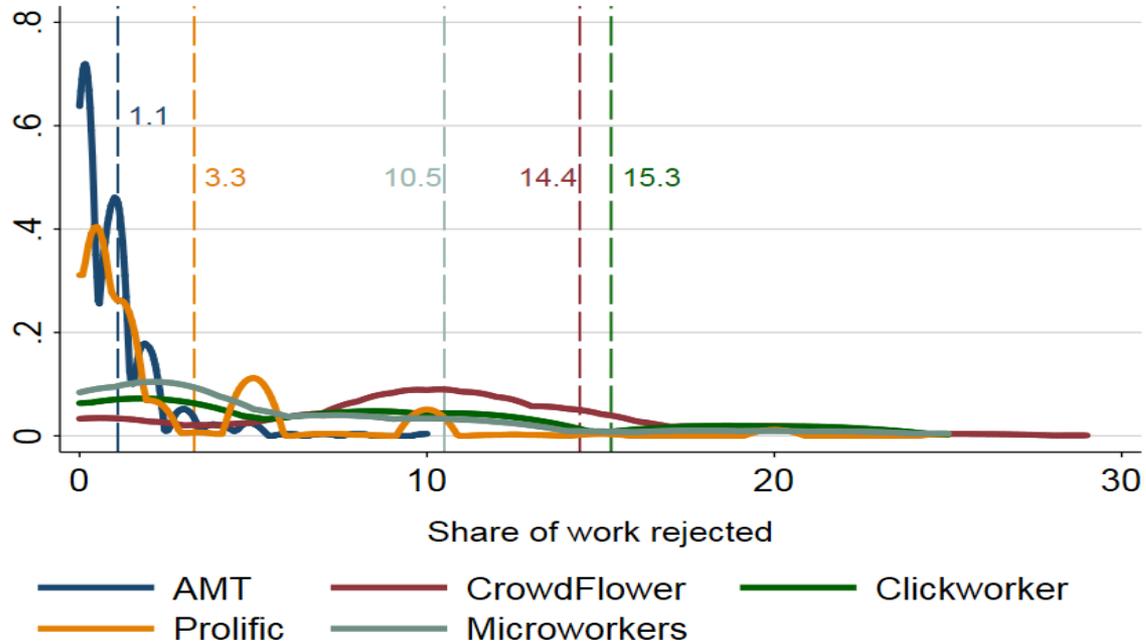
"I would like to change how hard it is to find the jobs to work on. I often have some time to do a task, but cannot find anything to work on." – AMT worker

"There's no regular work. Sometimes I earn 3€ one week, another week I earn 15 €, and another [week] 40 €." – Clickworker worker

REJECTIONS

28% have <1% rejections;   27 % have 10% or more rejected

Note: Only workers > 6 months on platform. Rejection rates > 30% are not displayed (~5% of sample)

An overarching feature:
Algorithmic management

"You cannot spend time exchanging e-mail. The time you spent looking at the e-mail costs more than what you paid them. This has to function on autopilot as an algorithmic system….and integrated with your business processes"

DISTRIBUTION OF SKILLED LABOUR ACROSS DISCIPLINES
(51% - 67% UNIVERSITY GRADUATES)
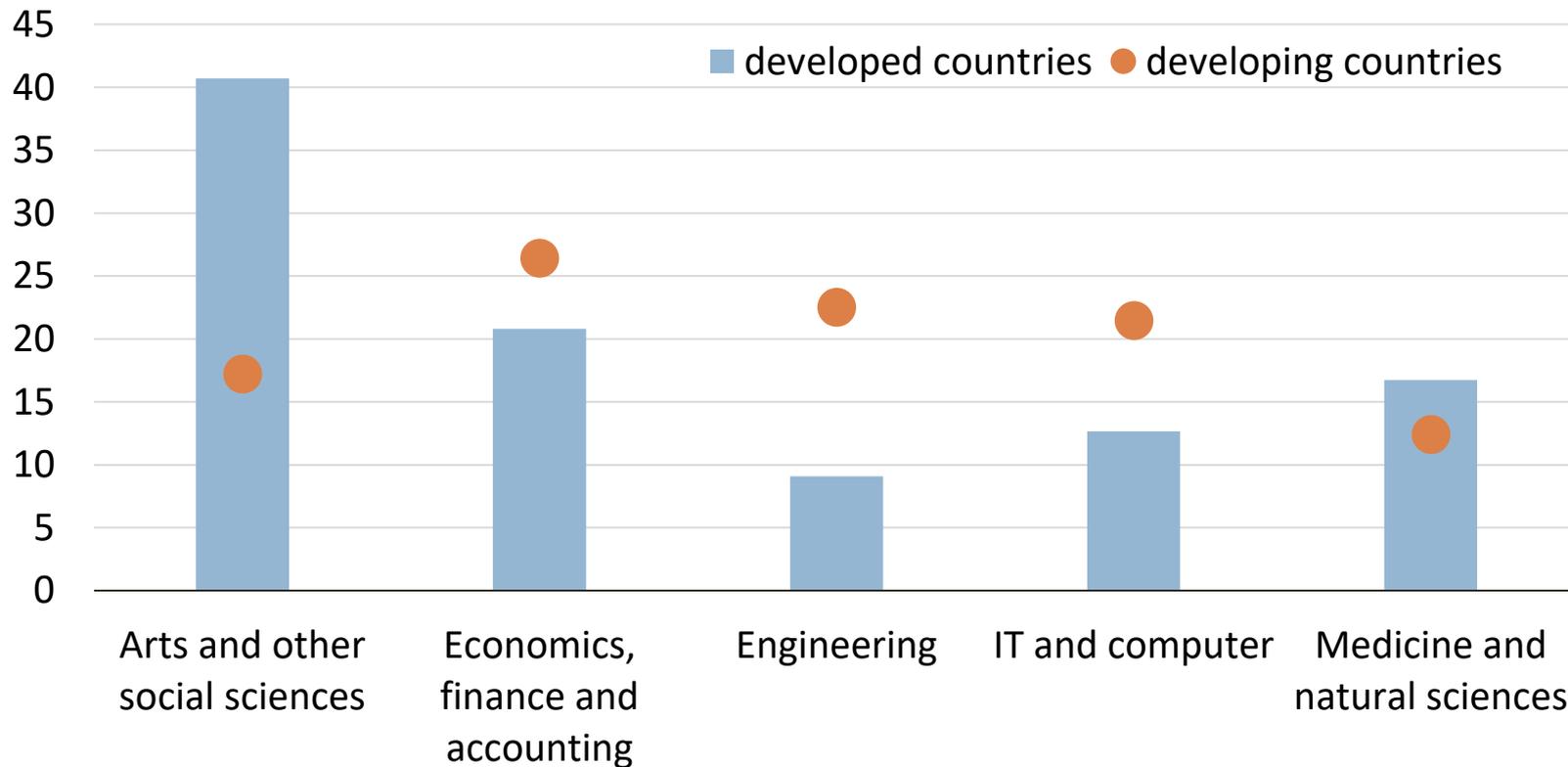
TYPOLOGY OF TASKS

Online clerical and data entry tasks (data collection and cleaning, transcription, classification, tagging, book marking, colour determination, verification and validation)

Online promotional activities (search engine optimisation, reviews, feedback and opinions)

Online writing and translation work (blogs, writing texts, proof reading, editing, translation)

Online AI/ Machine learning (captcha, audio and video recording, voice recognition, programming and coding)

Online content moderation (assessing objectionable material or illegal content, reviewing images and videos)

Website: Explore

Work done: **82/85**
You will earn **$0.12**
Task takes less than 3 min to finish
Job ID: ▮▮▮▮▮▮▮▮

Employer: ▮▮▮▮▮▮▮▮
add to Exclude List
add to Include List
Tasks will be rated within **2** days

You can accept this job if you are from any of these countries:

🏴 Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Ireland, Italy, Netherlands, Norway, Portugal, Sweden

**Search, Click, and Engage)** → Click 3x

? **What is expected from Workers?**

1. Find Website Link in the image attached. Visit that Website. Select Your Location and stay for one minute on landing home page.

2. You will find 6 categories on home page (Services, Real Estate etc…) click on any one category (example: Services)

3. Stay on the landing page for one minute. There will be nine Block links (results) connected to that category. Click on any one link

4. You will be taken to another page. Stay on that page for one minute. You will find 'More Items you might be interested' Block in that Page. Click on any one Item of it

5. You will get another page. Stay on that page for Two minutes

! **Required proof that task was finished?**

1. URL of the final page you visited
Attached file: COM.jpg

Mechanisms to voice worker's concerns
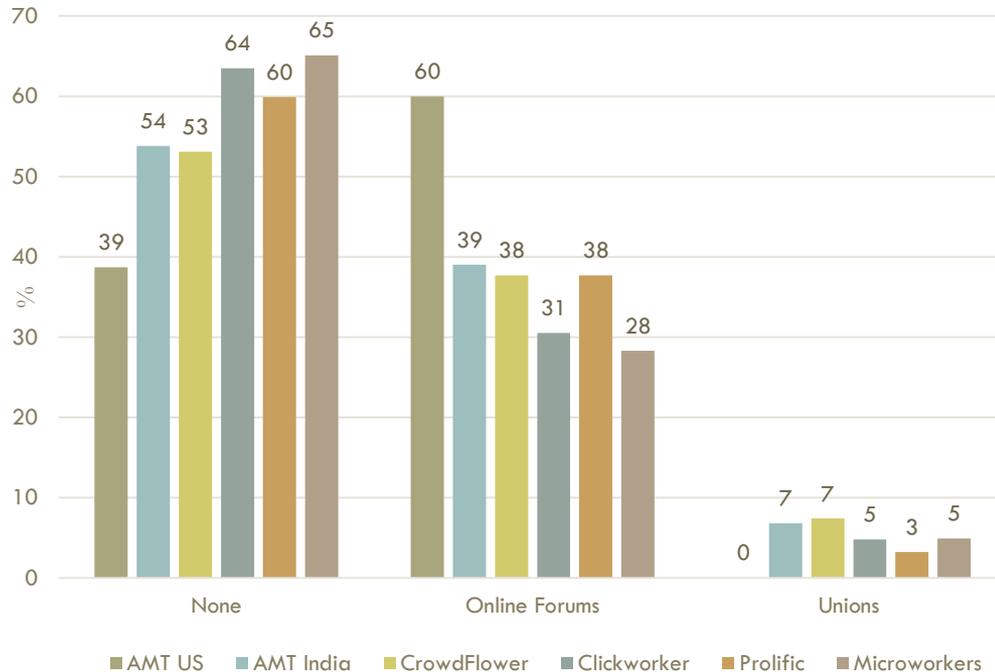
Online Forums: Mturkcrowd, mturkforum, turkernation, forum of different CW platforms

Reddit, facebook

"Since the only place I can get any info or talk about this kind of work are forums, protection is absolutely 0, as these are not legal bodies that have any leverage over the crowd work platforms and employers. "

Mechanisms to voice worker's concerns

"I think some of the efforts to organize Mechanical Turk workers in the past, such as Dynamo, Turkopticon, and the efforts of workers who get together on forums has had limited success. I'd like unionists and policy makers to expand on these types of projects and support a more widespread organization of workers. I would hope these policy makers would put workers at the forefront of these conversations and seek not only worker input but worker leadership in decision making."

Source: http://faircrowd.work/2017/04/30/worker-profile-rochelle/ Accessed 19 January 2018.

Steps towards decent work on online digital platforms

➢Need to embrace innovation and technology, **equally important** that there is a **structural balance** in the architecture of the platforms

➢Platforms are self-regulated and there is a need for exchange between governments', unions and employers

   ➢Singapore constituted a tripartite committee

➢18 Criteria for Fairer Microwork Platforms (Employment status, Pay, collective bargaining, rejection clauses, etc.)-FairCrowdwork.org – IGMetall in 2015

➢Dynamo Guidelines for academic requesters signed by 75 requesters

➢Turkopticon, which is a third party website and browser plugin used by AMT workers to review clients (requesters) and tasks

➢First ever Collective Agreement for the Platform economy signed in Denmark for Cleaning services (Hilfr)