

Skills, social protection and empowerment in the platform economy: A research and policy agenda for the global South

Gregory Randolph, Executive Vice President,
JustJobs Network
Sabina Dewan, President & Executive Director,
JustJobs Network



International Development Research Centre
Centre de recherches pour le développement international

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& Executive Director,
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“Platforms are to the network age what the factory was to the industrial revolution – the principal site of economic activity around which everything else is organized.”

-IT for Change (2017)

From information and communication technologies to artificial intelligence, from hardware like smart phones to software such as big data management systems, rapid advances in digital technology are transforming the way people live and work. These varying forms of technological innovation pose different risks and opportunities, yet the discourse on how emerging technologies will impact labor markets – still in its nascent stages – tends to treat all of them in the aggregate. To understand the effect of digital technology on the quantity and quality of jobs, we must examine different types of technology separately and investigate how their effects play out in countries at different levels of development.

In this chapter, we focus on the global South and consider the emergence of the platform economy – “a set of digital frameworks for social and marketplace interactions” (Kenny & Zysman, 2016).

While the term “platform economy” can be used to subsume nearly all kinds of outward-facing online firms – from Google to Facebook to Amazon – for our purposes we define platform economy firms as those that link labor demand and supply through an internet-based plat-

form. Whether a transportation provider like Uber, a freelancers’ portal like Nubelo, or a site like Etsy through which producers sell their goods, online labor platforms generate tremendous social and economic value. But who captures this value?

Analyzing the impact of these online platforms on the quantity and quality of employment is one way to evaluate their social and economic consequences. In this two- or multi-sided marketplace (Muzellec et al, 2015) that online platforms create, the structural changes in quantity and quality of work go a long way in determining who captures the value that is generated. The research field addressing these issues is still emerging. Scholarship on platform economy work in the global South is especially thin, though a series of recent contributions provides important insight (Lehdonvirta et al, 2015; Galperin & Greppi, 2017; Graham et al, 2017; Hira, 2017; Moon, 2017; Taeihagh, 2017).

This chapter aims to identify some of the most important themes and questions that scholars and policymakers ought to address as they seek not only a sharper understanding

of the platform economy's effects in the global South, but also the answer to a pivotal question: Given the social and economic value generated by digital economy platforms, what levers do we have to maximize the share that accrues to workers? In this vein, we propose three themes as building blocks for a research agenda. These themes grapple particularly with issues around quality of work in the platform economy of the global South.

Skills

Much attention has been given to questions of access to digital economy work: What are the requisite “digital skills” required for a worker to access employment in the platform economy? (Brynjolfsson & McAfee, 2014; OECD, 2017).

In many developing countries, where a large share of the population does not have access to basic quality education, the challenge of equipping people with the skills needed to participate in the platform economy is much larger in scale and scope than in the global North (Dewan & Sarkar, forthcoming). Moreover, researchers must ask not only what the skill barriers are in accessing this new form of work, but also what kinds of economic mobility the platform economy enables. What kinds of skills are formed through platform economy work and to what extent do they translate into improved employment outcomes or higher incomes? Are there skills formed through platform economy work that are transferable to other kinds of work?

Without the traditional employee-employer relationship, platform economy firms have little incentive to invest in the skill development of their workforces; in the absence of conventional forms of employer-provided training, what kinds of skill development do and do not occur? Who bears the cost and who captures the value?

Another connection between skill development and the platform economy could come in the form of linkages between training institutes and platform economy firms. Organizations like Souktel,¹ which operates in the Middle East, have used mobile phone technology to revolutionize labor market matching and connect young people to skill development programs. Souktel and others use SMS-based systems to build profiles of unemployed youth and then link them with relevant opportunities. Could these kinds of portals be integrated into platform economy applications so that workers using those platforms have an effective channel for learning about professional and skill development opportunities?

¹ For more information, see <http://www.souktel.org>.

Social Protection

One of the most critical policy conversations among all those sparked by the digitalization of work regards the issue of how new technologies might demand major reforms to social protection programs. This policy dialogue assumes a particular character in the global North: Given the specter of large-scale automation in the service and manufacturing sectors of developed economies, advocacy and research organizations in countries such as the United States are calling for the restructuring of social safety nets to account for higher levels of structural un- and underemployment (Stern, 2016). In this vein, one of the most important policy experiments currently underway is the creation of the Personal Activity Account (*Le compte personnel d'activité*) in France, a portable benefits system that seeks to establish a universal right to training.²

Meanwhile, many countries in the global South have made major strides since the beginning of the 21st century in expanding their social protection systems: Brazil's *Bolsa Familia* program;³ India's National Rural Employment Guarantee Act (NREGA);⁴ and Indonesia's recently rolled out universal health and employment insurance program, the *Badan Penyelenggara Jaminan Sosial* (BPJS).⁵ These large-scale government schemes are generally based on the principle of poverty reduction as opposed to concerns about the disappearance of work, but the platform economy introduces new questions about their structure and implementation.

Recent social protection innovations in the global South are unique partly because they aim to reach the large informal workforce in these countries. At the same time, administering social benefits to informal workers is among the biggest challenges facing programs like Indonesia's BPJS. A host of constraints arise in the provision of social protection in highly informal labor markets, given the blurred line between un- and underemployment and irregularities in workers' incomes, as well as the decentralized and spatially dispersed nature of the informal workforce (Devereux & Sabates-Wheeler, 2004). In this regard, the rise of the platform economy holds implications that merit research and policy experimentation.

² For more information on the Personal Activity Account, see <http://www.gouvernement.fr/compte-personnel-activite-cpa>.

³ The Bolsa Familia program is a conditional cash transfer program for poor Brazilian households. It is widely considered one of the global South's most successful social welfare programs.

⁴ NREGA is the world's largest public employment program. Launched in 2006, it guarantees 100 days of minimum wage employment to every rural household in India.

⁵ The BPJS program is one of the most ambitious public insurance programs in the global South. The program includes both health and employment insurance and seeks to incorporate all Indonesian citizens, including informal economy workers.

First, could the rise of platform economy firms present an opportunity to link large pools of informal workers to labor-related social welfare schemes – including accident insurance, unemployment insurance, and retirement savings accounts? While we lack reliable data on the number of platform economy workers in lower-income countries, digital work platforms seem to have the effect of aggregating workers in service sectors that are generally decentralized and fragmented in the global South. Can governments use these work platforms as an access point for linking social protection schemes to informal workers who would otherwise be difficult to reach?

Second, similar to the “flexible, pro-rated, portable and universal” system of social protection proposed by some labor groups in the United States (Auguste et al, 2015), should countries in the emerging and developing world require platform economy firms to provide pro-rated contributions to social protection programs on behalf of workers, based on the number of hours, jobs or tasks they complete? With many of the social welfare programs in the global South still in early stages of implementation, these countries may be in a unique position to engage in policy innovation and experimentation around social protection in the age of the platform economy.

Empowerment

Research and discourse around the impact of the platform economy’s rise on workers’ rights tends to focus almost exclusively on the global North. The argument from labor unions and other like-minded groups has been that the platform economy only represents a new form of contingent, precarious work that degrades workers’ rights by placing the burdens of entrepreneurship on individual workers without affording them the benefits and freedom associated with being a self-employed entrepreneur (Burrow & Byhovskaya, 2016). There is little doubt that these concerns are justified.

However, deeper research and examination is required before transposing these arguments onto the global South or assuming that the platform economy’s effect will be symmetrical across all labor markets. In this regard, it may be important to adopt an analytical framework that looks broadly at empowerment rather than narrowly at legally-guaranteed rights.

First of all, as mentioned, the growth of the platform economy in the global South tends to have the effect of organizing systems of work in transportation and service provision sectors that otherwise tend to operate in disaggregated, decentralized and informal ways (Dewan & Randolph, 2016). The rise of GoJek in Indonesia pro-



vides a stylized example.⁶ Given this centralization and aggregation of work in certain sectors, does the platform economy place workers in employment relationships that are, in a sense, more formal? What are the mechanisms that workers in the platform economy of the global South have to address concerns around compensation or workplace safety, and how do they compare to those available in the labor market at large?

While more research is required to answer these questions comprehensively, interesting evidence is emerging. Platform economy companies have used their business models to skirt tax and labor regulations, no doubt, but those firms have also pooled together large groups of workers that may have otherwise worked as disconnected self-employed individuals. Even though workers using Uber-like platforms are not legally considered employees, they often perceive themselves as working for a company of which they can, and do, make demands; in fact, new forms of organizing and bargaining are emerging among platform economy workers in the global South (Fanggidae et al, 2016). These nascent workers’ organizations share information using digital technologies like WhatsApp and other social media platforms and often find creative ways to subvert the power asymmetries that are embedded in platform economy work. How should these kinds of platform worker organizing be understood and supported by governments and workers’ rights groups? If working in the platform economy enables individual informal workers to collaborate, communicate and act as collectives in empowering ways, how should this intangible benefit be accounted for in policy discourse and cost-benefit analyses of the platform economy?

⁶ GoJek is a transportation provider in Indonesia that uses an Uber-like platform to link riders to motorcycle taxi drivers – an occupation that has long existed in Indonesia but was never formally organized. The company has seen meteoric growth. As of June 2016, the platform processed about 667,000 bookings per day (Lee, 2016).

Looking ahead

Researchers and governments face a tall task in assessing the impacts of the platform economy in the global South, let alone building new policies around it. Taken together, the ideas proposed in this chapter suggest some ground rules:

- (1) **Think in terms of working lives, not static employment indicators.** We must assess the impact of the platform economy on labor markets in the global South by considering how participation in these forms of work impacts individuals over the course of their working lives. This means focusing on the scope for skill formation, economic mobility, and empowerment.
- (2) **Recognize the limits of simple binaries like formal-informal and employee-contractor.** The digital economy is upending traditional employment arrangements. In the global South, most forms of work never fit those conventional models in the first place. Judging emergent forms of work as more or less (dis)empowering for workers may be more fruitful than fitting them into simplistic frameworks devised for a different time and place.
- (3) **Beware of strange bedfellows.** Researchers and policymakers ought to remain committed to the central question we introduced at the outset: How can we maximize the value that accrues to workers in the platform economy? While the positive possibilities introduced in this chapter do suggest that new policies and regulations should leverage the platform economy's benefits rather than trying to constrain its growth, by no means do we argue that there are no negative externalities. The nature of the platform economy introduces many opportunities for exploitation. These effects must be guarded against through appropriate regulation and thoughtful partnerships.

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