World Employment and Social Outlook 2021

Rapid growth of digital economy calls for coherent policy response

The growth of digital labour platforms is presenting opportunities and challenges for workers and businesses and a need for international policy dialogue.

Press release | 23 February 2021

The role of digital labour platforms in transforming the world of work

GENEVA (ILO News) – Digital labour platforms have increased five-fold worldwide in the last decade according to the ILO's latest *World Employment and Social Outlook 2021* report.

This growth has underlined the need for international policy dialogue and regulatory cooperation in order to provide decent work opportunities and foster the growth of sustainable businesses more consistently.

According to the report *World Employment and Social Outlook 2021: The role of digital labour platforms in transforming the world of work* ⧉, digital labour platforms are providing new work opportunities, including for women, persons with disabilities, young people and those marginalized in traditional labour markets. Platforms also allow businesses to access a large flexible workforce with varied skills, while expanding their customer base.

The report focuses on two main types of digital labour platform: online web-based platforms, where tasks are performed online and remotely by workers, and location-based platforms, where tasks are performed at a specified physical location by individuals, such as taxi drivers and delivery workers. Its findings are based on surveys and interviews with some 12,000 workers and representatives of 85 businesses around the world in multiple sectors.

New challenges for workers and businesses

The challenges for platform workers relate to working conditions, the regularity of work and income, and the lack of access to social protection, freedom of association and collective bargaining rights. Working hours can often be long and unpredictable. Half of online platform workers earn less than US$2 per hour. In addition, some platforms have significant gender pay gaps. The COVID-19 pandemic ⧉ has further exposed many of these issues, says the report.

Many businesses face challenges relating to unfair competition, non- transparency with regard to data and pricing, and high commission fees. Small and Medium Enterprises (SME's) also have difficulties accessing finance and digital infrastructure.

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>
> *Guy Ryder, ILO Director-General*

The new opportunities created by digital labour platforms are further blurring the previously clear distinction between employees and the self-employed. Working conditions are largely regulated by the platforms' terms of service agreements, which are often unilaterally determined. Algorithms are increasingly replacing humans in allocating and evaluating work, and administering and monitoring workers.

With platforms operating across multiple jurisdictions, coherent and coordinated policies are needed to ensure they provide decent work opportunities and foster the growth of sustainable businesses, the report says.

"Digital labour platforms are opening up opportunities that did not exist before, particularly for women, young people, persons with disabilities and marginalized groups in all parts of the world. That must be welcomed. The new challenges they present can be met through global social dialogue so that workers, employers and governments can fully and equally benefit from these advances. All workers, regardless of employment status, need to be able to exercise their fundamental rights at work," said ILO Director-General Guy Ryder.

Digital divide

The costs and benefits of digital platforms are not shared equally across the world. Ninety-six per cent of investments in such platforms are concentrated in Asia, North America and Europe. Seventy per cent of revenues are concentrated in just two countries, the United States and China.

Work on online web-based platforms is outsourced by businesses in the global North, and performed by workers in the global South, who earn less than their counterparts in developed countries. This uneven growth of the digital economy perpetuates a digital divide and risks exacerbating inequalities.

A way forward

Many governments, enterprises and workers' representatives, including unions, have begun to address some of these issues but their responses are varied. This leads to uncertainty for all parties.

Since digital labour platforms operate across multiple jurisdictions, international policy dialogue and coordination is needed to ensure regulatory certainty and the application of international labour standards, says the report.

It calls for global social dialogue and regulatory cooperation between digital labour platforms, workers and governments, which could lead over time to a more effective and consistent approach towards a number of objectives to ensure that:

- Workers' employment status is correctly classified and is in accordance with national classification systems.
- There is transparency and accountability of algorithms for workers and businesses.
- Self-employed platform workers can enjoy the right to bargain collectively.
- All workers, including platform workers, have access to adequate social security benefits, through the extension and adaptation of policy and legal frameworks where necessary.
- Platform workers can access the courts of the jurisdiction in which they are located if they so

choose.

Tags: future of work, non-standard forms of employment, digital labour, labour relations, social protection, workers rights, technological change

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World Employment and Social Outlook 2021

The role of digital labour platforms in transforming the world of work [Full report] 🔳

Key resources

The role of digital labour platforms in transforming the world of work [Summary] 🔳 [pdf 772KB] 🔳

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