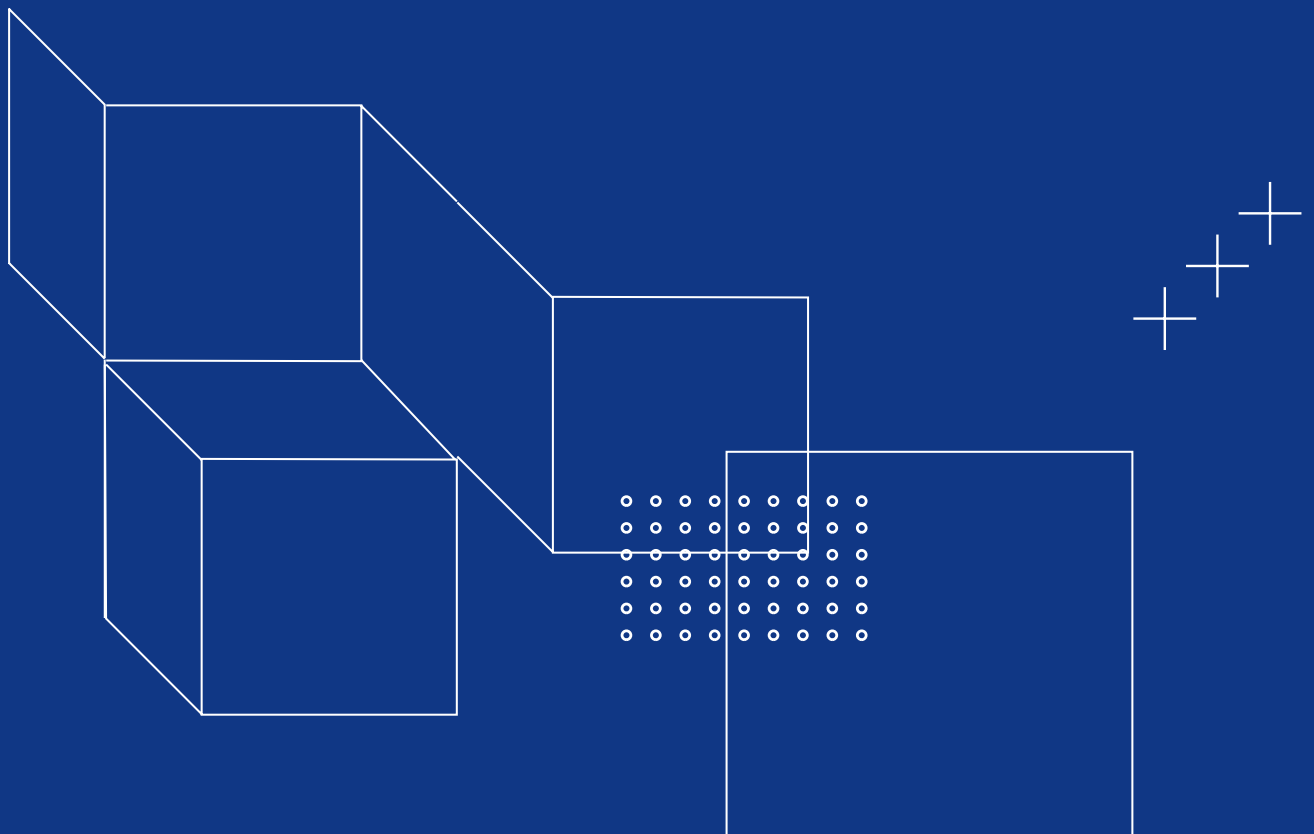




Unveiling the GIZ Online Course:

Shaping the Gig Economy -
A Sneak Peek Booklet



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung

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Deutsche Gesellschaft
für Internationale
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digital.
global

Gig Economy



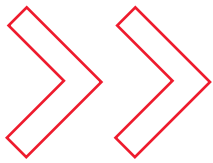
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The Gig Economy Initiative

Gig Work – but fair!

Hundreds of millions of people in low- and middle-income countries earn part or their entire income in the gig economy, and this figure is rising. Digital platforms stimulate employment and income generation through the increased availability and access to digitally mediated jobs. In this context, platforms are the intermediaries that connect supply and demand and also set the framework and rules for exchange and behaviour of workers and clients.

Alongside the growth and potential are the challenges arising from the new modus of work. Workers may face poor pay, non-transparent algorithmic management decisions and dismissals, long working hours and more. There is a lack of suitable conditions, knowledge, and instruments to promote fair work in the gig economy nationally and internationally. This is where the GIZ Gig Economy Initiative, implemented on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), comes into play. The initiative promotes fairer and higher labour standards in the gig economy at the level of workers, platforms, and policymakers. The activities are driven by the core ethos to improve livelihoods of platform workers. With its holistic approach it seeks to strike a balance. [Click here for more information.](#)

Platform Workers

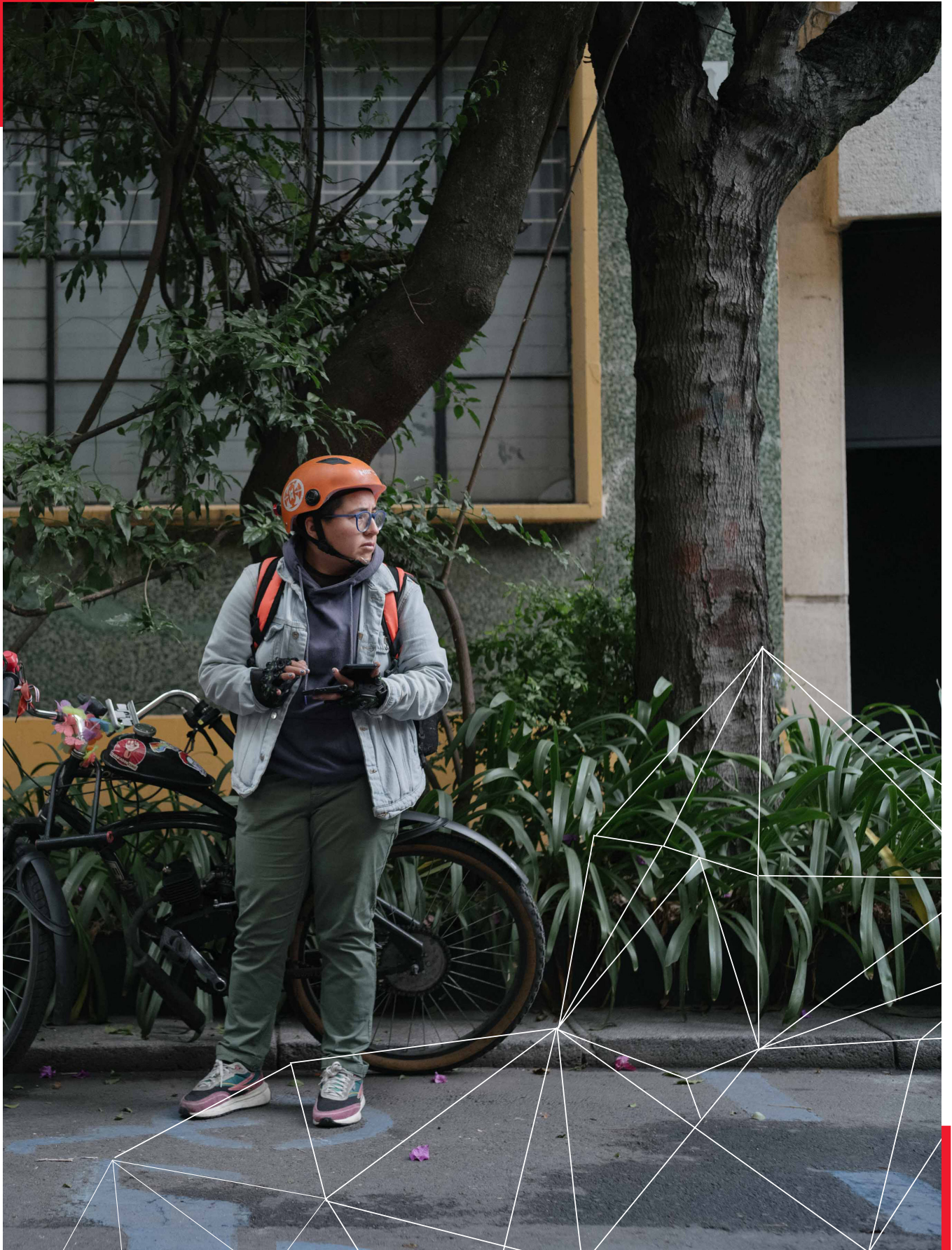
One of the initiative's target groups are current and aspiring platform workers, primarily in location-based platform work. Grounded in the vision of strengthening workers' bargaining power, the Initiative introduces measures to understand workers' needs, propose demand-driven trainings and consultations as well as develop and pilot selected tools. These are designed to raise awareness about the rights of platform workers and improve competencies of one of the most vulnerable and disadvantaged groups in the labour market. [Click here for more information.](#)

Digital Labour Platforms

Digital platforms currently occupy the central position in the gig economy due to their market structuring role. The initiative supports the Fairwork Project to increase transparency into working conditions of platforms and actively improve labour standards along five principles of fair work (fair pay, fair conditions, fair management, fair contracts, fair representation). The project, which is based at the University of Oxford and WZB Berlin Social Science Center, scores digital labour platforms and advises them on implementing better practices. The results of the scoring are published in a league table and the accompanying reports and multi-stakeholder meetings. [Click here for more information.](#)

Policymakers

The initiative promotes a comprehensive understanding of the potentials and risks of the gig economy among policymakers and other key stakeholders from government, business, and civil society. To address the regulatory challenges arising from the platformisation of work, the initiative developed an online course informing about the practical impact of the gig economy on labour markets in low- and middle-income countries. The course offers a unique opportunity to acquire an informed opinion about the regulatory challenges that policy stakeholders need to address. [Click here for more information.](#)



„Unveiling the GIZ Online Course: Shaping the Gig Economy!“

A Sneak Peek Booklet

Welcome to a journey of discovery into the dynamic world of the gig economy! The gig economy, with its short-term gigs and digitally mediated work arrangements, has become a growing economic landscape of flexible and diverse work. Millions of individuals in low- and middle-income countries are already navigating the fast-paced environment of digital labour platforms. While these platforms offer incredible opportunities, they also pose challenges to the world of work regarding the balance between flexibility and job security, fair working conditions, algorithmic management and gendered experiences. Addressing these challenges requires smart and informed policy responses.

Tailored for policy makers, trade union representatives, civil society leaders, business professionals, academics, and experts from various disciplines, the e-learning course provides a comprehensive understanding of the gig economy's

dynamics, possibilities, and challenges, with a specific focus on low- and middle-income countries.

This booklet functions as a sneak peek guiding you through the complexities of this dynamic landscape and offering a fast-track route to understanding the multifaceted processes that define the gig economy. Whether decoding the rise of digital labour platforms or diving deep into the regulatory landscape, this booklet streamlines the learning curve, allowing you to access a wide array of policy considerations and perspectives on how to shape the gig economy.

Developed by the GIZ Gig Economy Initiative, the course taps into global expertise. With extensive experience in capacity development across the globe, the course offers a deep-dive into the gig economy's intricacies in low- and middle-income countries.





Module 1:

The Rise and Economics of Digital Platforms

Module 1 explores the reasons behind the growth of 'digital labour platforms' - software and technology that are used to run business operations such as Ola, Didi Chuxing, Gojek, Deliveroo, Grab and Dunzo. They are often described as 'gig work', on-demand platforms, or more generally as **digital labour platforms**.

This module will enable course participants to:

- gain an understanding of digital platforms and their development
- understand the benefits and risks of digital labour platforms
- identify their different categories and features (both negative and positive)
- understand how platforms generate value

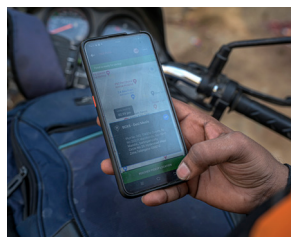
Cloudwork and Location-Based Platforms

There are two different types of digital labour platforms:



Cloudwork Platform

provide an infrastructure where tasks can be undertaken by workers from anywhere in the world, provided they have access to the internet.



Location-Based Platform

provide an infrastructure where tasks are assigned online, while the task (such as delivery or ride-hailing) has to be executed in a particular location.

Some cloudwork platforms - such as Amazon Mechanical Turk - provide access to a large flexible workforce distributed across the globe for performing numerous small and quick, often repetitive, tasks.



Other platforms - such as Toptal - are platforms for freelance workers (graphic designers, writers, editors, programmers etc.) and only accept workers who have verified skills and are vetted in a selection process.



There are also **location-based platforms**, whereby work is assigned by the software online, while the tasks (such as ride-hailing or cleaning) are delivered locally. For example: ride-hailing, such as Uber or Bolt, food delivery such as Yum Deliveries or Just Eat, or home-based services (cleaning, hairdressing, gardening etc.) such as Urban Company.

The Growth of Digital Labour Platforms

Some key facts to know about the growth of digital labour platforms include:

- Digital labour platforms are economic powerhouses. According to the ILO, in 2019 globally they generated \$52 billion in revenue. About 70% of this revenue was concentrated in two countries: the United States (49 %) and China (23 %).

Revenue generated by digital labour platforms in %



*own illustration

- The number of workers on digital labour platforms is rising sharply. An estimated 1-3% of workforce in the Global North is engaged in work on labour platforms. Around 11% of adults have earned income from platform work at one time or another.
- Digital labour platforms are a growing phenomenon in the Global South. For example, in 2020-2021 there were an estimated 7.7 million gig workers in India, projected to expand to 23.5 million by 2029-30.
- Accurate statistics on the prevalence of labour platforms are in the Global South are lacking. The informal nature of the gig economy hinders precise data collection. Many types of gig work do not fit into categories we usually use to measure the workforce. Digital labour is organized in ways that confound traditional understandings of what a “job” or who an “employer” is.
- The growth of digital labour platforms has been uneven in some sectors. For example, most cloudwork platform headquarters as well as most of the clients are based in the Global North, whilst they rely on the availability of a large, relatively cheap pool of workers, typically based across Global South countries.

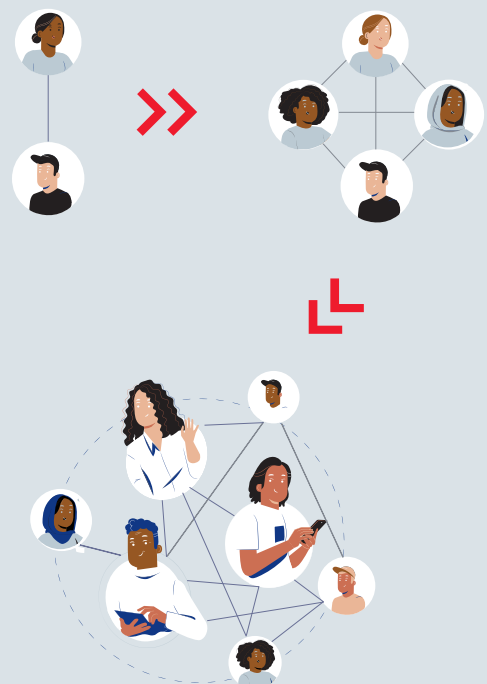
Key Features

The rapid growth of digital labour platforms is linked to their key features:

Information and communication technologies have dramatically lowered costs and reduced the time required for businesses to expand, with few geographical barriers. Technology has also reduced the time and expense needed to find service providers - someone to deliver food to your door, for example.

Platform companies have access to the skills and assets of large numbers of workers, but much of the cost of operation is outsourced to the workers themselves: ride-hailing workers being responsible for their own vehicles, or freelance web designers requiring their own IT and communications services.

Digital labour platforms exploit so-called network effects - the greater the number of users on one side of the platform (e.g., the customers), the more attractive the platform becomes for users on the other side (e.g., the workers), and vice versa.



For example, the more restaurants and delivery workers sign up to a food delivery platform, the greater the choice and availability of food on offer, attracting more customers, and subsequently more restaurants and workers.

On the other hand, as more workers join a platform or competing platforms, the greater the competition for work between them. This leads to a 'race to the bottom,' such as ride-hailing companies cutting drivers' rates in competition for market share. This dynamic contributes to platforms' ability to assume control of a market quickly.

Platform operations rely on algorithms responsible for the management of the workforce, known as algorithmic management. In the case of food delivery, for example, software allocates tasks and organises payment.

- Algorithms on cloudwork platforms may 'favour' top performers. Workers with the highest performance (often judged by their online ratings) may be prominently featured, further boosting their chances of getting a task, while workers new to the platform are at a disadvantage. This also leads to a very small fraction of workers – top performers – gaining all the benefits.
- Algorithms can also automatically enact disciplinary measures such as by deactivating workers' accounts if their customer ratings fall below a defined threshold for example, and there are few opportunities for workers to engage directly with management or HR representatives.
- Evidence also suggests that algorithms suffer from in-built discrimination against black and women workers.

How do platforms generate value?

- Digital platforms generate value by facilitating exchange between users across the different sides of markets. Users may consist of buyers and sellers, loaners and renters, providers of services and users of services, digital content generators and viewers and so on. This is a process of matchmaking. Delivery platforms make money every time an order is placed by a customer and get delivered to their location.
- Digital labour platforms match workers with clients or customers and take payment from the process. It can provide access to cheaper labour: ride-hailing workers paid less than traditional taxi drivers, or freelancers in the Global South than their equivalents in the Global North, for example.
- Platform companies also make money from data. Platforms collect data on users on a massive scale which is valuable to many other users as well as to the platform itself, by improving efficiency and productivity, and providing the necessary power behind algorithmic management. This data can also be a major threat to privacy and personal security however, both for workers and consumers. For example, in ride-hailing data is collected on users' whereabouts, their addresses, routes taken by drivers, their ratings etc. It also aggregates data and observes users' behavioural patterns.

In practical terms, money is made from joining fees, transaction fees, advertising fees membership fees or a combination of these. Labour platforms such as ride-hailing, food delivery or those offering freelance services, often charge transaction fees. They may charge only one side (e.g., just workers) or both sides (e.g., workers and clients). They may also 'subsidise' the side that is more valuable. For example, Airbnb makes it free for hosts to make their profile and advertise their houses – because hosts are more 'valuable', as property listings are harder to attract than travellers.



Considerations raised by digital labour platforms

The growth of digital labour platforms poses significant questions and challenges for policymakers. Some of these might include:

Cloudwork platforms enable some workers to escape the boundaries of local work opportunities and seek better paid jobs anywhere else in the world. On the other hand, local jobs may be lost if cheaper labour is available elsewhere to do the same jobs. **What are the implications for local employment?**

Platforms are increasingly becoming a source of job opportunities in low- and middle-income countries. They also provide work opportunities for marginalised workers or those excluded from the labour market. At the same time, platforms can exert even greater control over terms and conditions of work, potentially leading to exploitation of workers, particularly those most vulnerable. **How do we prevent the exploitation of marginalised workers?**

Many platform workers do not have regular work and security of income, access to social protection, safe working conditions, minimum wage guarantees or respect for fundamental rights at work. While platform workers may welcome flexibility on working hours, real working time can be excessive, dictated by the demands of the job. Since most workers on labour platforms are self-employed, in many national jurisdictions they do not have access to workplace protections and entitlements available to employees. **How could the provision of decent work be extended to platform workers?**

Digital labour platforms lower barriers of entry into the job market, provide flexible working opportunities and a source of income for workers, and boost the digital economy. These platforms are a growing contributor to economic growth and development in many countries. **How can authorities ensure that negative effects are mitigated while positive outcomes are amplified to sustain an inclusive digital transformation?**



Module 2:

Regulating the Gig Economy

Module 2 dives deeper into various opportunities and challenges regarding the regulation of the gig economy. This module enables course participants to:

- Understand the reasons for regulation of digital labour platforms and the challenges and benefits of regulation
- Learn about key issues and policy areas requiring new or adapted regulation
- Identify practices being adopted globally to regulate digital labour platforms

Why Regulate Digital Labour Platforms?

Platforms offer opportunities to support economic development and address unemployment. This can be particularly beneficial for low- and middle-income countries, especially for women and other marginalised groups which frequently face barriers in accessing the labour market.

But global rapid technological and economic change means that the growth of platforms has and continues to outpace regulatory frameworks. This has raised concerns that platforms could undermine economic development, reinforce existing inequalities and create a 'race to the bottom' on wages and working conditions.

The Role of Regulation in Platforms

The growth of the platform economy has created new regulatory challenges. Platforms use new technology and business models often not covered under existing laws. Regulation of platforms can ensure that platforms operate in a way that supports sustainable economic development. It can also ensure the fair treatment of and rights for gig workers and promote competition and innovation in the platform economy.

In effect this can ensure a level playing field for existing and new platforms, more consumer choice, better working conditions, economic growth and wellbeing.

The regulatory response and the pace of regulatory change has varied widely between countries, shaped by political considerations, available digital infrastructure, levels of un/underemployment, and degrees of social and economic development. Across the world, different countries are starting to address the regulatory gap. For example:

- Spain recognised food delivery workers as employees under the 'rider law'. The law also contained provisions for algorithmic transparency.



- Thailand developed the draft 'Independent Workers Protection Act.' It provides gig workers with collective bargaining rights and some other rights related to wages and gender pay equality.



- In Nigeria, the Lagos state government developed regulation requiring ride-hailing companies to obtain licenses to function. It also mandates insurance provision for workers and passengers.



Regulatory Approaches to Platforms Around the World

The growth of the platform economy has emphasised new regulatory needs.

Non-Standard Work, Labour Rights and Social Protection

The rise of the platform economy has contributed to the **growth in non-standard forms of work**. If left unregulated, these types of work – historically widespread in low- and middle-income countries – can negatively impact labour rights, leading to lower pay, less job security and weak protections.

Gig work is a type of non-standard work. Gig workers tend to be classified as self-employed or as independent contractors. This means that they have fewer benefits and protections. Despite this, most gig workers work in relationships often similar to full time employees. They also rarely have control over their work, with platforms exercising managerial control through data and algorithms. **Regulation could help to provide protections and rights for gig workers.**

Policymakers can regulate labour in the platform economy. There are different approaches to doing this depending on the local context, which might include:

- Classifying certain gig workers as employees and granting them greater labour law protections. In Uruguay, courts ruled that Uber drivers are employees because Uber directs driver performance and can take unilateral action against drivers who must maintain average ratings.
- Introducing a third category of worker, distinct from 'employee' and 'independent contractor.' For example, in Germany certain labour law protections and rights – such as limited access to social security benefits - are extended to 'hybrid worker' categories.
- Platform specific regulations that impose certain labour law obligations on platforms. For example, California established a test to determine worker classification in the gig economy.
- Enabling collective bargaining between platforms and gig workers. In Denmark, for example, gig work and platforms can negotiate collective agreements to determine work conditions.

But the regulation of gig work also poses challenges. The functioning of the gig economy and workers' actual conditions vary widely across different jurisdictions. Policymakers need to identify innovative ways to provide protections for workers and undertake work to ensure that regulation is grounded in evidence.

The regulatory labour landscape in the gig economy varies widely, but some positive action is being taken to provide benefits to workers in ways that are not tied to employment status. **For example, Malaysia introduced the Self Employment Social Security Scheme.** Eligible workers can receive financial assistance for accidents, disabilities or death, medical benefits and access to training programmes. The government has also strengthened labour laws to include a definition of employee which covers gig workers, developed a voluntary registry for gig workers to enable them to access certain benefits, and encouraged platforms to provide benefits to gig workers.

Data Protection and Regulation of Algorithms

Platforms handle vast amounts of personal data. Data matches gig workers with tasks and provides services to users. Regulation of data is one way to ensure that platforms collect, store and use data in a transparent way to protect the privacy, security and rights of both users and workers.

Platforms also use algorithms to manage their workforce. But the ways in which algorithms are used to distribute work and evaluate performance are unknown to workers. But algorithms – in effect - take on managerial actions and roles and so can be regulated as such.



Across the world, governments have taken different approaches to regulating data and algorithms in the gig economy, including:

- **Comprehensive Data Protection Laws:** Establishing general principles - such as relating to collection, processing, and storage of personal data - and individuals rights' regarding their data.
- **Data Localisation Requirements:** Mandating that personal data collected within a jurisdiction must be stored and processed locally to ensure personal data remains within the country's jurisdiction and so subject to its data protection laws.
- **Cross-Border Data Transfer Mechanisms:** Developing mechanisms – such as data transfer agreements, standard contractual clauses, or international frameworks - to facilitate lawful transfer of personal data across borders, enabling platforms to comply with data protection laws when operating globally.
- **Regulating Algorithmic Management:** Regulation to ensure algorithms are transparent, fair, and lawful. This might include mandating algorithms to follow certain standards, for a human be present for making certain decisions, or for auditing to be undertaken on algorithms.

Collaboration amongst countries and international organisations is essential to harmonize data protection standards and address cross-border data transfer challenges in the gig economy.

- In South Africa, gig workers are protected by the main data protection law. This gives gig workers to right to know what personal information is collected about them, for what purpose it is collected and who it is shared with. Gig workers can also request corrections to their personal data and withdraw their consent to the processing of their personal information.
- In Brazil, the personal data protection law allows data subjects to review automated decisions if these affect their interests and requires disclosure of criteria used to make automated decisions.

In reality, the full use of data rights is still yet to be realised. There is also need for more regulation of algorithms. Practical exercise of data rights by gig workers can also be limited due to power inequalities, lack of bargaining power and limited knowledge of gig workers to assert their rights.

Some enterprises have also expressed concern that data protection laws might impose onerous requirements on businesses, privileging larger businesses with the capacity to comply with such requirements. This means that regulation must strike a balance to ensure fair conditions for all those involved.



Competition

The platform market is highly concentrated which means that only a few large platforms operate globally. Platforms match consumers and workers. They grow by attracting more users - the larger the platform, the more valuable it is for users on both sides. Although benefiting consumers in the short term, in the longer-term this can lead to the emergence of monopolies or duopolies (one or two firms completely own the market). This restriction of choice can lead to poor services for consumers, and poor wages and working conditions for workers.

Competition law aims at creating an efficient market economy by limiting businesses' ability to engage in anti-competitive practice. **Regulators can proactively regulate these practices by platforms.** This might include:

- **Enforcing Existing Competition Laws:** Laws designed to promote market competition should be applied to platforms when they engage in anti-competitive behaviours. Enforcement agencies should investigate complaints and take appropriate action.
- **Permitting Collective Bargaining:** In many countries, competition law prevents gig workers from collective bargaining if classified as independent contractors. Competition law can be amended to allow collective bargaining for gig workers.
- **Collaborative Approaches:** Involving competition authorities, gig platforms and stakeholders in competition issues. This can create voluntary codes of conduct, self-regulatory initiatives or cooperative agreements to address competition issues in the gig economy.
- **Promoting Interoperability & Data Portability:** Enabling gig workers to access and transfer their data across multiple platforms, reducing barriers to entry and enhancing worker mobility.



Taxation of Platforms and Workers

The growth of platforms has raised questions about how platforms should be taxed. Platforms offer services in a certain jurisdiction and so benefit from local infrastructure (e.g. roads, businesses) This means that platforms should contribute to the jurisdiction's tax revenue, which can support government budgets to spend on policy areas and finance social protection programmes. There are two approaches to taxation – taxing profits or taxing consumption.

- **Taxing platforms' profits** is difficult. Most platforms undertake multinational operations and rarely have local country offices, making it difficult to determine where profits arise to tax fairly.
- **Taxing consumption** is also hard. Consumption is hard to track and normal methods for assessing profits are insufficient because of the role of data in contributing value to a company.

International coordination is needed to effectively tax platforms. This can also prevent double taxation of platforms. But there is also a need to ensure countries can maintain their sovereignty.

The Prospects of Regulation

Regulation can ensure a level playing field in the digital platform economy, but it also creates challenges. Policymakers will have to undertake extensive work to identify the true impacts of new business models and technology on different stakeholders, explore innovative regulatory solutions and make difficult trade-offs and balancing interests.

Regulation in the platform economy must be flexible and grounded in evidence, striking a balance between encouraging innovation whilst ensuring fair conditions for those involved. It must also keep up with technological developments and balance the interests and arising needs of all stakeholders – workers, consumers, platforms. Regulation requires extensive consultation to ensure the development of evidence-based policies.

Module 3:

What is different about platform work?

Module 3 explores the concept of the future of work in relation to gig work, as well as the differences and similarities between standard forms of employment and other forms of work, such as informal work, self-employment, and platform work.

This module will enable course participants to:

- > learn about and explore how to deal with different types of work
- > understand their impact on the labour market
- > recognise the challenges arising from the uncertain legal status of platform workers

Different Types of Work:

- > **Classic or 'standard' employment** is full time, continuous, involving a direct relationship between an employee and employer.
- > **Classic or 'standard' self-employment** is where an individual works on their own account, either with one or several partners or in a co-operative. Self-employed workers depend on profits derived from the goods and services they produce and provide. This might include employers, own-account workers, members of producers' cooperatives, and unpaid family workers.

Globally, **non-standard forms of employment** are becoming increasingly common. They have long been widespread in low- and middle-income countries but are becoming more prevalent across high-income countries and different sectors and occupations. This has been enabled by changes and gaps in labour market regulation, technological developments and macro-economic factors. This has lowered barriers to labour markets whilst also leading to poorer working conditions and overall insecurity.

Some of the most common types of work include:

- > Temporary or casual/daily work – work for a predefined period, undertaken on a fixed-term, project- or task- based contract. One type is casual/daily work, involving work over a short period, sometimes hours (a 'zero hours contract').
- > Part-time work – less than 30 hours per week, including 'on-call' work.
- > Agency work – an employment agency acts as an intermediary, employing workers and outsourcing their services to companies needing temporary staff.
- > Dependent self-employment – workers are classed as 'self-employed' and lack access to many rights and protections, despite being dependent on and controlled by a single client. Clients might falsely classify workers as self-employed to avoid things like collective agreements, labour laws, and employment tax. This is also called bogus self-employment or disguised employment.



All of these workers frequently experience unpredictability of working hours and earnings.

How do other forms of work differ from standard employment?

In **standard employment**, workers have rights and protections such as predetermined hours, access to social protection, training opportunities, contractual relationships with one employer at a time, and the right to join unions and collectively bargain.

In **other forms of work**, workers have no guarantee of working hours, limited or no access to social protection, may engage multiple contracting parties at the same time, and mostly do not have the right to collectively bargain.

Informal Work

Informal work is work that either in practice or law, is not covered by formal arrangements - such as employment, taxation or social protection. It is characterised by low and volatile earnings, low employment protection and low productivity.

The International Labour Organisation (ILO) estimates that two billion people (61% of the world's employed) make their living in the informal economy. Informal work occurs due to various reasons:

- Companies might want to **avoid regulation or legal barriers**, perhaps to achieve short term goals or pay less taxes.
- Workers might want to **avoid tax and insurance** to earn more.
- Workers frequently **lack skills or opportunities to access formal employment opportunities** and turn to the informal economy to make a living.

But informal work lacks legal protections and safety nets and can have negative impacts on economic growth and development, contributing to inequality, poverty and precarity. Commonalities exist between platform work and informal work - both involve short-term work activities without contracts leaving workers facing insecurity and income shortages.

Platforms also provide opportunities for the **transition to formal employment**. Digital platforms could provide a way for workers to transition to digital payments and registration as well as data systems, which could provide opportunities to extend social protection benefits, taxation and work registration to workers.

But not all informal workers want their work formalized - it could lead to potential taxation costs for workers, for example. Workers need to understand the advantages linked to formalisation of work. Institutions need to provide support to deal with vulnerabilities faced by these workers.



Features of Platform Work

Over the past decade, the **growth of digital labour platforms** has transformed the nature of work.

The ILO highlights three key features of platform work that highlights new trends.

- 1. Algorithmic management.**
Transactions are mediated by an algorithm which is also used to enact disciplinary measures over workers.
- 2. Provision of required equipment.**
Platforms bear no costs related to the equipment needed for work. Workers cover the costs.
- 3. Creation of segmented dual labour market.**
Platform companies both employ those performing core business operations (business development, legal affairs) who usually have labour rights and protections, as well as working with independent contractors, who lack rights.

Platform work shares many features with other forms of work.

- Like those in temporary employment, platform workers have short-term working arrangements with limited access to social protection and training opportunities.
- Temporary agency workers engage in multiple relations which is facilitated by a central employer, which platforms also facilitate via an application.
- On-call work companies reserve the right to 'call-in' workers when jobs are available. Platforms similarly operate on this 'on-demand' model.
- In dependent self-employment, workers are reliant on a company, but the rights and obligations of those involved are unclear. Platform workers are mainly classified as independent contractors, despite reliance on platforms for their livelihood, and facing control and supervision in their work.

These new forms of work are challenging the direct relationship between employers or clients and workers. Platform work offers opportunities for workers, but it can also have negative impacts.

Platform work provides **flexible work opportunities** and **lowers entry barriers to the labour market**, particularly for those frequently excluded from the labour market, such as migrant workers who may face travel limitations or legal restrictions on employment.

But platform workers also face **weak labour rights and protections**. Most workers are young, and often migrants. They might have **less knowledge about their rights**, face more **difficulties organising**, and **experience greater barriers** in claiming their rights. It is essential to ensure that platform work does not come at the expense of worker wellbeing.

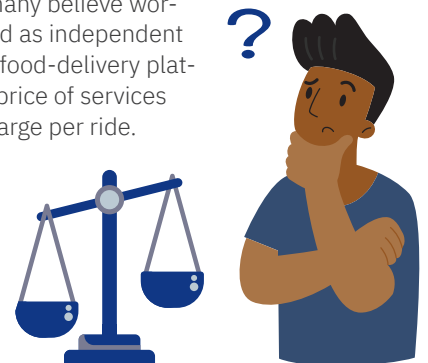
Legal Status of Platform Workers

Globally a lot of work is being done to address the legal status of platform workers, to secure their rights and determine whether they should be defined as 'employees' or as 'independent contractors.'

Employee status gives workers' rights and protections, including leave, social protection, the right to collective bargaining and representation, as well as access to training.

Platform workers do not get the same benefits. Classified as 'independent contractors' by platforms and regulators, they do not get rights or social protections. This contributes to unfair working conditions and income insecurity.

But studies show that platform companies play a central role in setting rules and procedures for how work is carried out. This means many believe workers are incorrectly classified as independent contractors. Ride-hailing or food-delivery platforms, for example, set the price of services and decide how much to charge per ride.



Addressing the Legal Status of Gig Workers

In 2021, there were over 28 million platform workers in the EU. This is expected to rise to 43 million by 2025. The European Commission has been trying to improve working conditions in platform work and has proposed a Directive which addresses issues such as the misclassification of gig workers and algorithmic management.

To address workers being misclassified as ‘independent contractors’, the proposal sets out criteria to determine if a platform acts like an employer. Platform workers will have employee status if at least two of the five criteria are met:

1. The platform determines or sets upper limits for remuneration and price-setting
2. The platform supervises performance of work or verifies the quality of work
3. The platform requires workers to respect rules about appearance and conduct towards clients
4. The platform effectively restricts freedom of choice regarding working hours and tasks
5. The platform restricts the possibility to build a client base

Once adopted, the Directive will set minimum standards to be translated into national law. If enacted, it could set the precedent.



Module 4:

Fair and Decent Work in the Gig Economy

Module 4 discusses opportunities and challenges for workers in the gig economy, the principles of 'decent work,' and the strategy and policy options available to improve gig workers' conditions. This module will enable course participants to:

- learn about the challenges and opportunities experienced by gig workers
- understand the principles and frameworks of decent work and explore initiatives to define decent work standards for gig economy workers
- explore policy options to ensure fair and decent work in the gig economy

Opportunities and Challenges for Gig Workers

There are now millions of gig workers across the world, ever increasing as a result of digitalisation and other social, political and economic factors.

As seen in earlier modules, there are two types of gig work:

- 1. Location-based work:**
Work assigned online, but tasks delivered locally.
- 2. Cloudwork:**
Work that can be performed from anywhere.

Opportunities for Workers

The gig economy provides many opportunities for gig workers, including:

- Enabling workers to find work beyond local labour markets. Some workers might have limited local opportunities and can struggle to find employment that matches their experience.
- Creating new markets for skills and services. For example, ride-hailing platforms can create an entirely new demand for private hire transport.
- Lowering entry barriers into the labour market. Gig workers require less training than traditional waged employment. For example, multi-lingual platforms allow workers unable to speak the local language fluently to perform services.
- Providing opportunities to make extra earnings in between jobs or in addition to temporary employment. This is useful for workers living in countries without unemployment benefits.

These opportunities are particularly valuable for workers previously excluded from the labour market, such as migrant workers, or those living in locations with high unemployment. Platform work can also benefit the local economy, increasing economic activity, innovation and growth.



Structural Issues Facing Gig Workers

- > In the gig economy, workers tend to be classified – sometimes misclassified – as self-employed. Platforms might misclassify workers to disguise their role as an employer. This means that gig workers do not benefit from meaningful employment rights and protections.
- > Gig workers are rarely represented by trade unions or other organisations, and so lack collective power. This means that platforms can decide to unilaterally cut wages or change terms and conditions.
- > Discussions on fair work and the future of gig work often focus on the needs and desires of young, male, able-bodied workers. But this fails to consider workers in need of more protection or who might not thrive under current conditions.
- > Workers' choices are shaped by their context. Some might choose gig work because there are few better alternatives. But gig work rarely creates new full time employment opportunities.



Challenges Facing Location-Based Workers

Location-based workers experience challenges which increase their precarity and insecurity at work:

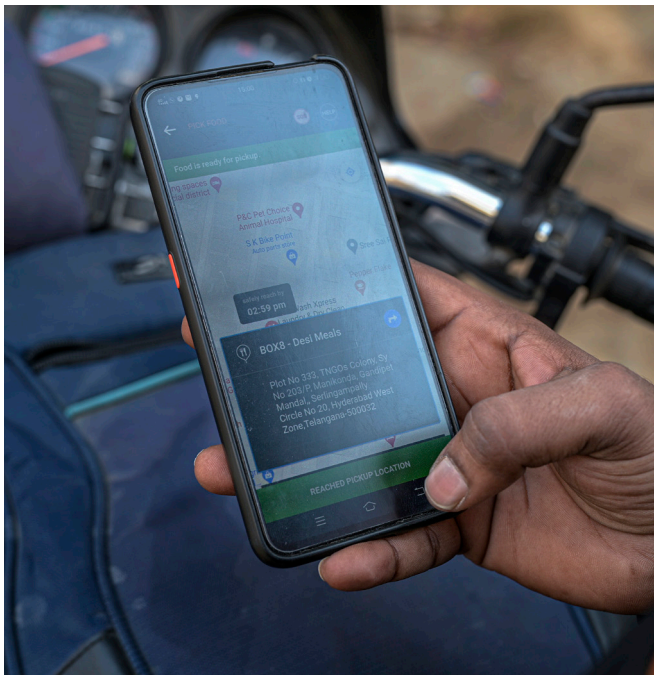
- > Many platform workers earn piece-rates rather than hourly rates. Few platforms have minimum wage guarantees, or monetary compensation for waiting time or travel time between jobs. This means that gig workers sometimes earn less than the local minimum wage.
- > Platform work often involves significant risk. Delivery riders must navigate traffic and can have accidents on the road. Cleaners, mostly women, work in the homes of strangers exposed to the threat of violence and harassment.
- > With workers treated as self-employed, platform companies rarely invest in upskilling or training that could enable workers to progress in their careers. This reinforces the idea of platform workers as 'disposable' to platforms.
- > Platforms rarely have processes in place to ensure disciplinary and dismissal decisions are taken fairly. Workers' accounts can be immediately suspended or closed if they have low ratings.
- > Health and safety rules are rarely extended to gig workers because they are classified as self-employed.



Challenges Facing Cloudworkers

Cloudworkers also experience many challenges at work:

- > Cloudworkers set their own rates and can be tempted to charge low rates to remain competitive, creating a 'race to the bottom'. They also tend to spend on average 8.5 hours per week on unpaid tasks, such as applying for cloudwork jobs. Non-payment for tasks is also a common issue.
- > Over-work, long hours and a lack of rest time are also major issues affecting workers.
- > Cloudworkers frequently face health and safety risks. The nature of gig work means that workers often lack peer support and might encounter psychologically distressing content without receiving appropriate mental health support.
- > Cloudworkers' accounts are sometimes deactivated without due process, meaning they lose their income. Others face disciplinary action by the platform – for example, if they have low ratings or receive complaints - without any possibility to challenge decisions.



Decent Work in the Gig Economy

In response to these challenges, frameworks have been developed on minimum standards for decent and fair work which should apply to all workers, regardless of their employment status. Decent work typically refers to jobs that adhere to, at least, minimum standards of fairness. All work has the potential to be decent.

ILO Decent Work Agenda

The International Labour Organisation (ILO) defines decent work as “productive work for women and men in conditions of freedom, equity, security and human dignity.” The ILO sets out universal characteristics that all jobs should have, including platform work. To be considered decent, work must:

- > Pay a fair income
- > Guarantee a secure form of employment and safe working conditions
- > Ensure equal opportunities and treatment for all
- > Include social protection for workers and their families
- > Offer prospects for personal development and encourage social integration
- > Allow workers to express their concerns and organise



But the ILO definition does not capture the specific challenges that gig workers face. In response, other institutions have begun to develop standards to promote fairness, transparency and accountability in platform work.

The **Fairwork** project undertook research into the concerns and challenges experienced by gig workers across 38 countries. Based on the outcomes of the research, together with the ILO, it has developed 5 principles for fair work for gig workers: **Fair Pay, Fair Conditions, Fair Contracts, Fair Management, Fair Representation.**

The Fairwork project has developed a scoring system based on these principles to evaluate large platforms in a national labour market. The scoring is based on data from contractors, workers and management. Platforms are placed on a league table to compare their scores, with the aim of incentivising platforms to provide evidence and offer more fair working conditions.

To date over 35 platform companies have made more than 150 changes to their practices, improving the lives of hundreds of thousands of workers. But the league tables also highlight the urgent need for legislative change and provide a benchmark for workers, platforms and policymakers. Each year there are significant numbers of platforms with low scores, illustrating a weak policy landscape.

Policy Options to Improve Working Conditions

Many companies do not adhere to voluntary standards. This means that it is **necessary to adopt a regulatory approach to set minimum standards for the entire platform industry.**

Reclassification

Many gig workers are misclassified as self-employed and so lack access to social protection and face insecurity at work. There is a need to reclassify these workers. Providing gig workers with employment rights by classifying them as employees – or decoupling rights and protection from the status of employment – is an important step to improve their working conditions.



But reclassification is not always an appropriate solution for various reasons:

- Some gig workers are genuinely self-employed (working on their own account).
- It can be hard to regulate platforms that lack a physical presence in the countries they operate in.
- Some workers might want to retain their status and associated benefits of being self-employed.

Strengthened Rights to Enable Collective Association

Gig workers are generally not classified as employees and so do not have the legal right to join a trade union. It is also difficult for gig workers to organise, because of their low pay and the isolated nature of their work.

But the power imbalance between workers and employers mean that workers would benefit from trade union representation of their collective interests in negotiations. Across the world, trade union organising has led to substantial improvements to working conditions. **Laws need to be reformed to enable gig workers to form collective associations.**

Platform Cooperatives

Platform cooperatives are platforms that are owned and governed by workers - workers share the profit that is generated and have a say in the governance of the platform.

But this is not necessarily a guarantee against exploitation. It is possible for workers to self-exploit, especially if they are under competitive pressure. Governments could **promote the development of platform cooperatives by purchasing their services or developing policies to ensure that cooperatives do not face tax, social security or regulatory disadvantages over other platforms.**

Module 5:

Data, Algorithms, and Gig Work

Module 5 dives deeper into the role of data and algorithms in creating value for platforms, and in shaping the social and economic experiences of platform workers. This module will enable course participants to:

- understand how data collection and algorithms drive value for platforms
- learn about the impact of data on workers' experiences and collective organisation
- identify the policy options to limit the negative effects of data and algorithms on gig workers

Why do platforms collect data?

How does data collection create value for platforms?

Platforms collect data and analyse it.

This gives them informational and predictive advantages over other marketplaces.

- Data collection improves efficiency: The data generated can be analysed to reveal existing patterns in customer behaviour and practices of service providers. This can be used to predict future demand and match worker and customer needs, making services more efficient and competitive.
- Increased efficiency through data collection is supplemented by network effects: The benefits of the network are amplified as it grows. Each individual user joining the network increases the value for other users. For example, if more taxi drivers join a ride hailing platform, then customers are likely to find a taxi quicker. The improved customer experience will then prompt more to join.
- Platforms that grow through network effects can again collect more data: The data can be used by platforms to design its operations even more efficiently, which in turn attracts more users to the platform and forces out competition.

How do platforms collect and use data?

Digital platforms can collect endless reams of data, if not constrained or limited by data protection laws.

Platforms can use this data to predict users' behaviour. For example, ride hailing platforms can use data to predict traffic, and direct drivers to high traffic areas. **Platforms can also sell data to external actors,** for example by sharing information about customer and worker profiles.



There is also the potential for data to be **transferred between different platforms**. This would enable customers to retain their personal customisation, or workers to demonstrate their experience on other platforms. However, transferring data is complicated. There is still **inadequate infrastructure and means of standardisation to enable this, highlighting the need for such measures**.

How is data protected?

Globally, **data protection laws** provide legal protection from excessive or harmful collection and sharing of data - limiting the purpose of data collection, establishing restraints on data sharing and requiring consent of the person whose data is collected.

The European Union's General Data Protection Regulation (GDPR) amongst others provided a template for many data protection laws around the world. Some countries have taken different approaches to data protection, depending on how state-citizen relationship have developed historically. But these laws are not equally available around the world and mean that sometimes excessive and harmful data collection happens.

Algorithms, Wages and Work Performance

Algorithms are of a set of rules that lead to a certain decision based on the data collected by the platform. Algorithmic management is necessary to run a digital platform. Without algorithms, all decisions would have to be taken by humans, and platforms would not be able to grow.

Algorithms have major impacts on wages and work performance.

Algorithms Determine Wages

Algorithms, which calculate the **wages of gig workers**, might factor in customer ratings, task performance, seasonal targets, and other incentives. The mechanisms through which wages are calculated are often unknown to workers, who cannot challenge those calculations. In theory some digital platforms might offer minimum wages for a given number of hours, but **in reality, algorithms might allocate too little work, might be the reasons behind low ratings that cut pay, or create impossible targets, so that workers' earnings fall short of that minimum wage.**

Algorithms Determine Work Performance Expectations

Customers can rate services provided by gig workers, but workers do not have access to individual ratings and cannot use these ratings to improve their performance. Algorithms can also nudge workers to behave in a certain way, so called algorithmic nudging. These nudges can be ethical, seeking to increase workers' welfare, or unethical, aimed at increasing supply and decreasing pay outs for workers.

Algorithms and Communication

Gig workers mainly **communicate with platforms through automated systems**. This means that there are no dispute resolution mechanisms during strikes or other disputes. The **algorithm is - in practice - the mediator between management and workers**, as there is often no physical person to whom workers can voice concerns.



Algorithms can also restrict workers' autonomy.

In Bengaluru, India, delivery riders have been resisting.

In 2021, a food delivery platform extended workers' delivery zones in Bengaluru, resulting in major wage cuts for workers because their targets were no longer realistic. It also led to the theft of bikes and equipment because workers had to travel to unfamiliar areas. Some workers tried to reduce their delivery area by switching off their GPS, but this caused more wage cuts by algorithms due to the platform's policies and a lack of assistance or dispute mechanism for workers. In response, workers protested. This caused the platform to withdraw the changes for some workers, but newer workers were still subject to the policy.



Algorithms, Data and Unionisation

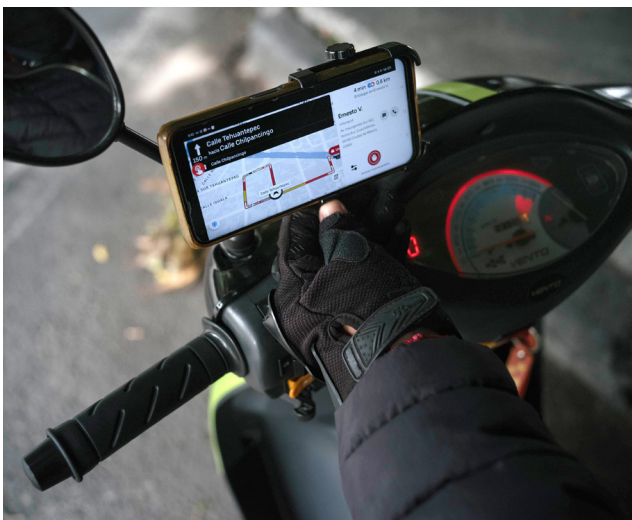
Platforms also use algorithms to break strikes or weaken unions.

Platforms can and do remove the accounts of union leaders, who then lose their income and ability to coordinate action. Platforms might claim that the decision to suspend certain accounts was made by the algorithm, for example because workers did not accept enough tasks. Platforms also have the potential to **misuse personal data of union workers** and use it to their interest.

But workers are learning to use algorithms to strengthen their power.

Gig workers increasingly understand how algorithms work. For instance, workers use Telegram groups to advise one another about how many rides to accept to optimise earnings, or how to prompt the algorithm to offer a job in a certain area. Workers use their collective knowledge to increasingly handle algorithmic management.

Unions need to build capacity to better understand algorithms and to formulate clear demands in relation to algorithms.



Data and Algorithms can Exacerbate or Alleviate Social Inequalities

Algorithms are developed using data that reflects existing social inequalities and so can reproduce and exacerbate these inequalities through their decisions, particularly through discrimination and power imbalances:

- Algorithms can reflect and amplify structural and direct discrimination. For example, they can penalise gig workers who interrupt their work - due to emergencies or care responsibilities for example. A study of freelance work platforms in the United States found that workers perceived to be women, Black, or both, had lower ratings. The algorithm then reinforced and perpetuated this customer bias, by privileging accounts with higher ratings.
- Algorithms can shift the balance of power in favour of the customers, amplifying existing inequalities between customers and workers. Customers can reject completed work without any explanation, workers accounts can be suspended without notice, and workers rarely have the option to report customers for violations. Algorithms then reinforce those decisions, factoring in ratings and completion rates to allocate more work to certain workers.

BUT

Algorithms are not necessarily catalysts of discrimination or oppression. Algorithms are the product of human decisions. One way to shift the balance of power in favour of workers would be to open these decisions to workers, giving them a say in how their work is organised.



Algorithms could also be used to reduce social inequalities. They could be designed to promote positive discrimination, boosting opportunities for underrepresented persons. They could also nudge workers to work in a manner that promotes their own well-being.

Policy Options

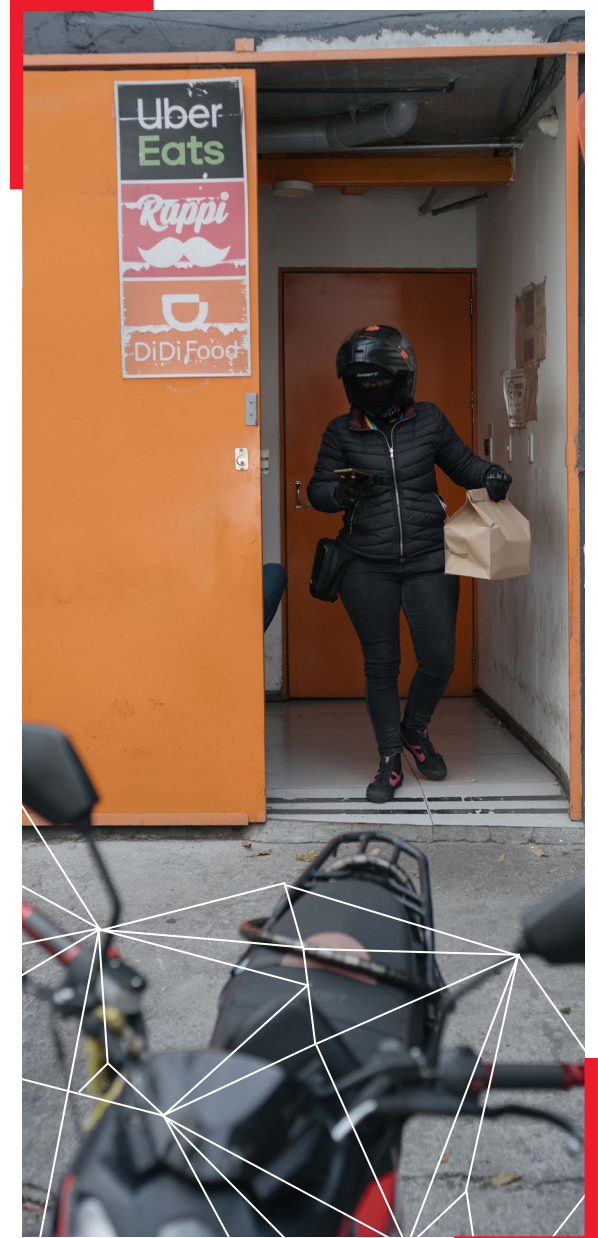
The growth of the gig economy means that there is a need for broader data sharing – among workers, customers and the general public. Regulation can help to limit the negative effects of data collection and algorithms while promoting the positive effects.

Individual rights related to data can be strengthened by introducing policy measures such as - classifying the types of data that cannot be legally collected; clarifying the legal position on data sharing for workers, customers, and the public; promoting the development of privacy-protecting technology for data sharing; or by establishing a system to enable individuals to give consent to outsource the management of their own data.

Collective rights related to data can be strengthened by introducing measures such as - asserting the right of the state to use data collected by platforms for public welfare; by establishing a system of collective data rights; or by establishing mechanisms for collective consent for data sharing.

It is also important to strengthen labour rights in relation to algorithmic management, including:

- Requiring algorithms to be made transparent, such as enabling gig workers to understand how decisions about job allocations and ratings are made. Labour legislation should recognise workers' rights to transparency, data sharing, and freedom from undue surveillance.
- Enforcing algorithmic minimum standards, such as ensuring each worker makes at least the minimum wage over a month, or set standards related to safety and non-discrimination.
- Algorithmic audits to enforce regulations, by establishing mechanisms for governments or third parties to ensure algorithms operate legally and ethically.



Module 6:

Competition Law and the Protection of Gig Workers' Rights

Module 6 discovers the potential and limits of competition law to regulate digital labour platforms and improve gig workers' working conditions. This module will help participants to:

- understand the digital labour platform market structure and recognise why it is necessary to regulate competition among platforms
- learn about the anti-competitive practices that platforms can engage in
- explore the limits and potential of competition law for improving working conditions in the gig economy
- understand the policy approaches to tackling competition issues in the platform market

Competition Law and Regulation of Digital Labour Platforms

Competition law is a form of regulation aimed at creating an efficient market economy by providing a level playing field for all market players. In effect, it limits businesses' ability to engage in anti-competitive practices.

In the platform market, competition law aims at **ensuring effective competition among platforms** protecting **working conditions for gig workers and enhancing the welfare of customers**. Essentially, it aims at ensuring an even playing field and maintaining a balance of power across all involved players. The emergence digital labour platforms has raised questions about the efficacy of competition law for gig workers.

The characteristics of digital labour platform markets make it necessary to regulate competition among platforms:

- The market is highly concentrated, which means that only a few large platforms operate globally. This gives them greater power and restricts choice for workers and customers.
- Platforms can acquire a dominant market position through network effects. Platforms grow by attracting more users. The larger the platform, the more valuable it is for users. Network effects amplify the market concentration of platforms.
- Data is vital for the success of platforms. Datafication - the collection and use of data - can provide a few platforms with a significant competitive advantage. Platforms use data for algorithmic management and to monitor user behaviour. The more data a platform uses and collects, the more efficient it will become, attracting more users.



Platforms grow through network effects and datafication, which combine to amplify their market concentration. But this also results in less bargaining power and greater exploitation of the gig workers reliant on platforms for their work.

„If we set our price at \$10, will you do the same?“

„Yes, we will!“



Competition Concerns in the Gig Economy

The drive to gain or maintain a dominant position in the market gives platforms strong incentives to engage in different types of anti-competitive practices, including:

Price Fixing	An illegal agreement among platforms to set the price for services. Platforms might set prices for independent transactions between workers and clients, undermining wages for gig workers and lessening competition.
Predatory Pricing	Platforms might set prices below the actual cost of the service to force out competitors and gain market power. Platforms can then make up the costs by increasing prices - harming consumers and reducing workers' wages.
Exclusionary Dealing	An agreement between buyers and suppliers to limit businesses' freedom to choose where, what and with whom to trade with, known as 'non-poaching agreements' in the labour market context. Some platforms prohibit workers from using other apps or use loyalty systems that tie workers to platforms.
Market Allocation	Platforms control the allocation of workers, customers and markets among themselves, for example through algorithmic manipulation, inhibiting gig workers' right to work on other platforms.
Unilateral Conduct	Decisions on matters like account deactivation, dismissals and commissions are taken by the platform unilaterally (without negotiation with the workers). Unilateral bonuses and incentives might also be used to retain workers at the expense of other platforms. This can tie workers onto a single platform.
Mergers & Acquisitions	Mergers (two companies merge and form one company) and acquisitions (one company buys another company) enable platforms to acquire more market power and become monopolies, leaving workers with no choice but to work for larger platforms.

These practices undermine competition among platforms, create entry barriers for new platforms, and limit gig workers' freedom to work for other platforms, increasing the risk of exploitation.



Limits and Potential of Competition Law to Protect Gig Workers' Rights

Some platforms do engage in anti-competitive practices. But there are both limits and potentials in the use of competition law to protect and improve the working conditions of gig workers.

Subtitle: Limits of Competition Law for Protecting Platform Workers' Rights

Competition laws can be a hindrance to protecting and improving gig workers' working conditions by limiting the right to collective bargaining.

Collective bargaining is a fundamental right that allows employees to bargain for better working conditions.



In traditional markets, if employees are unhappy with their working conditions, they can change employer and the market will regulate itself. But because digital platforms tend to dominate the market, there are few alternatives for workers to switch to and gig workers are left to collectively bargain for better working conditions. But as most gig workers are not privy to the labour exemption under competition law, any action to collectively bargain would be viewed as coordination or 'price fixing' under competition law. Essentially, they would be viewed as an illegal cartel under the law. In effect, competition law prevents gig workers – often classified as 'self-employed' - from coordinating among themselves to strengthen their bargaining power and wages.

Potential of Competition Law for Improving Working Conditions

Gig workers are frequently classified by platforms as 'self-employed.' This means that they do not benefit from the exemption that employees get in competition law.

But studies have shown that gig workers often have the same characteristics as employees. This means that they should enjoy the right to collective bargaining and that the labour exemption should be extended to them.



The possibility of being confronted with collective bargaining could also be an incentive for platforms to improve terms and conditions for gig workers. It also enables new platforms seeking to enter the market to offer better working conditions.

Policy Approaches to Competition Concerns in the Platform Market

There are several different policy directions that governments can adopt to regulate competition among platforms and improve working conditions in the gig economy.

1. Legislative Initiatives: Governments could reform competition laws through legislation to extend the labour exemption to gig workers. For example, in 2017 Ireland amended its competition legislation to add the category of self-employed workers to be exempt from the application of competition law. This effectively allowed workers who fell into these categories the right to collective bargaining.



2. Guidelines: Governments could adopt non-binding guidelines or regulations. For example, under EU guidelines the labour exemption is only applicable to collective agreements aimed to improve working conditions. It does not apply to anti-competitive conduct by platforms (price fixing, predatory pricing etc.).



➤ **Invoking Unfair Trade Practices Provisions:** Competition agencies could invoke unfair trading practices to improve gig workers' working conditions. This represents a change in the mandate of competition and consumer authorities to recognise unethical trading practices, which would therefore fall within their policy jurisdiction.



➤ **Market Studies and Inquiries:** Competition authorities could undertake market inquiries into the platform market to determine workers' actual employment status and whether they should benefit from the labour exemption from competition law.





Module 7:

Taxation of Digital Labour Platforms and Workers

Module 7 explores taxation of digital labour platforms and platform workers. This module will enable course participants to:

- Identify the taxation challenges arising from the growth of digital labour platforms
- Understand different approaches to the taxation of platform profit, consumption and platform workers

Taxation in the Digital Labour Platform Economy

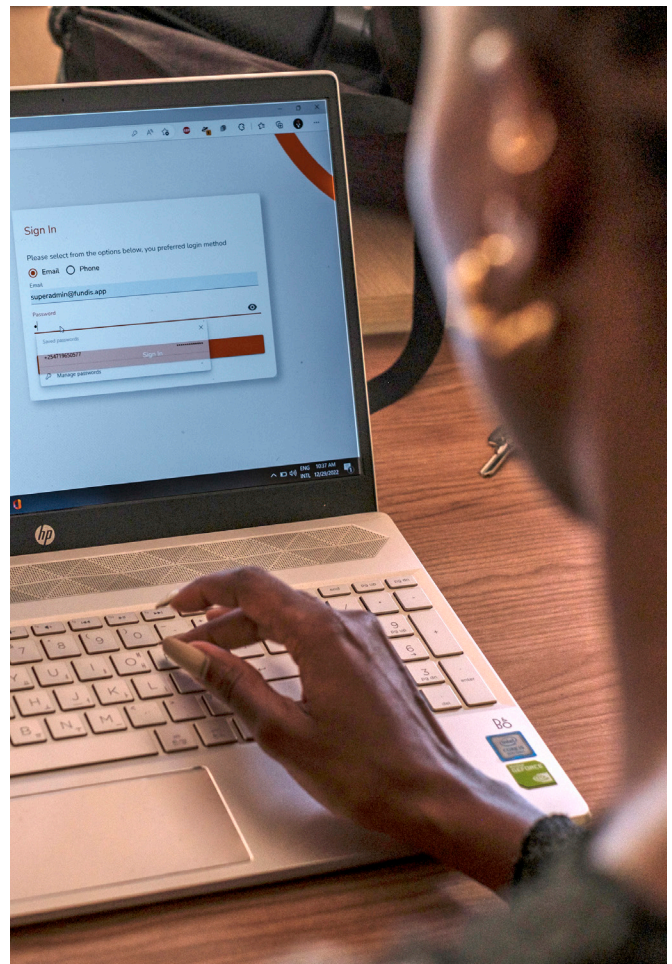
Taxation is a compulsory duty imposed by governments on income or profits or added to the costs of goods and services.

Taxation provides governments with revenue to fund public services and infrastructure, promotes economic stability and addresses income equality. It plays an important role in low- and middle-income countries - tackling poverty and inequality, promoting a more sustainable economic environment, and funding of essential social protection programmes. But the digitalisation of the global economy has created new taxation challenges:

- Companies have historically been located in the same jurisdiction as their economic activities, with taxation based on the local physical presence of a business. But digitalisation has enabled cross-border transactions. Platform companies frequently undertake multinational operations and rarely have local offices. This makes it difficult to determine where to tax, how much to tax and how to define the goods or services being consumed.
- Digitalisation has also changed the nature of work and working arrangements. Platforms frequently classify workers as independent contractors rather than employees, often to save on taxes and other costs. But this creates confusion in how workers should be taxed and has consequences for workers' access to social security and welfare provisions.

Effective taxation is reliant on each taxpayer being treated fairly and fulfilling their taxation duties. But inadequate regulatory frameworks have left taxation systems unable to deal with the new digital economy. Most platforms and platform workers are not subject to adequate taxation. Despite platforms benefitting from local infrastructure in the jurisdictions in which they operate, lacking regulatory frameworks mean that platforms often fail to contribute to the jurisdiction's tax revenue. Whilst workers find themselves in a compliance grey zone, unsure whether the onus to pay tax falls on the platform or the individual.

The activities of digital labour platforms present opportunities for authorities to gain revenue that helps to fund public services and enables economic growth. Taxation also offers opportunities for work to be formalised.



Taxation of Profits

Taxation of profits is one approach to taxation in the digital platform economy.

Challenges of Taxing Profits from Non-Resident Digitalised Businesses

Taxing profits of multinational companies has become more difficult with the rise of digital platforms:

- Digital platforms can grow in locations and operate remotely without a physical presence. This can make it difficult to determine where profits arise to tax fairly.
- Limited access to data from online digital transactions makes it difficult to identify and track online transactions.
- Globally there is a lack of agreement on how to tax the digitalised economy.
- The value of platforms is hard to determine. Economic activities, personnel, data and intellectual property all create value for platforms. This can make it difficult to determine what value is created in which jurisdiction, and how to allocate the taxation accordingly.



Addressing the Challenge of Taxing Profits

Multilateral or unilateral approaches can be used to tax the profits of digital firms.

1. Multilateral / Unified Approaches

Multilateral measures aim at developing agreements between countries to tax in a particular way. This can address the risk of double taxation, prevent trade disputes, provide opportunities for governments to negotiate and avoid incentivising firms to leave one jurisdiction in favour of those with lower tax burdens.

The Organisation for Economic Development (OECD)/Inclusive Framework on Base Erosion Profit Shifting (BEPS) has developed two pillars to ensure multinationals pay a fair share of tax where they operate:

- Pillar One: Reallocating a portion of the consolidated profit of a multinational to jurisdictions where sales arise and standardising the remuneration of marketing and distribution activities.
- Pillar Two: Rules to ensure that multinationals pay a minimum of 15% effective tax rate in all jurisdictions in which they operate. Countries would stand to lose their revenue to other jurisdictions if they do not implement it.

But multilateral approaches usually require consensus, which can be difficult to achieve amongst countries. It can also lead to inequality due to differing strengths of negotiating countries, can be time consuming, difficult to amend, can take away countries' tax sovereignty (*freedom to design tax laws applying within their jurisdiction*) and might not be specific to the country context.

2. Unilateral Approaches

Attempts have been made to reach a unified position on global taxation of digital companies, but some countries have decided to come up with their own rules for taxation instead.

Unilateral measures are carried out singularly by countries without going into agreements.

Unilateral approaches uphold countries' tax sovereignty. There is no need for consensus, rules can be changed easily, and the specific contexts of countries are taken into consideration. For example, the Kenyan government introduced the Digital Services Tax – a 1.5% tax levied on income derived or accrued from services offered through a digital marketplace. It provides Kenya with revenue from digital marketplaces, increasing funding for public programmes and infrastructure.

But unilateral measures also pose risks. They have the potential to lead to double taxation (firms are taxed in more than one jurisdiction). It can also lead to trade disputes, competition between countries and can encourage companies to move to countries with more lenient tax laws.

Taxation of Consumption

Taxation of consumption is another approach to taxation.

Consumption taxes – such as Value Added Tax (VAT) and Sales Tax – are transaction-based taxes on the purchase of goods and services. Taxation of consumption is an important source of revenue for governments and contributes to the development of the local infrastructure that enabled the consumption of the goods and services in the first place.



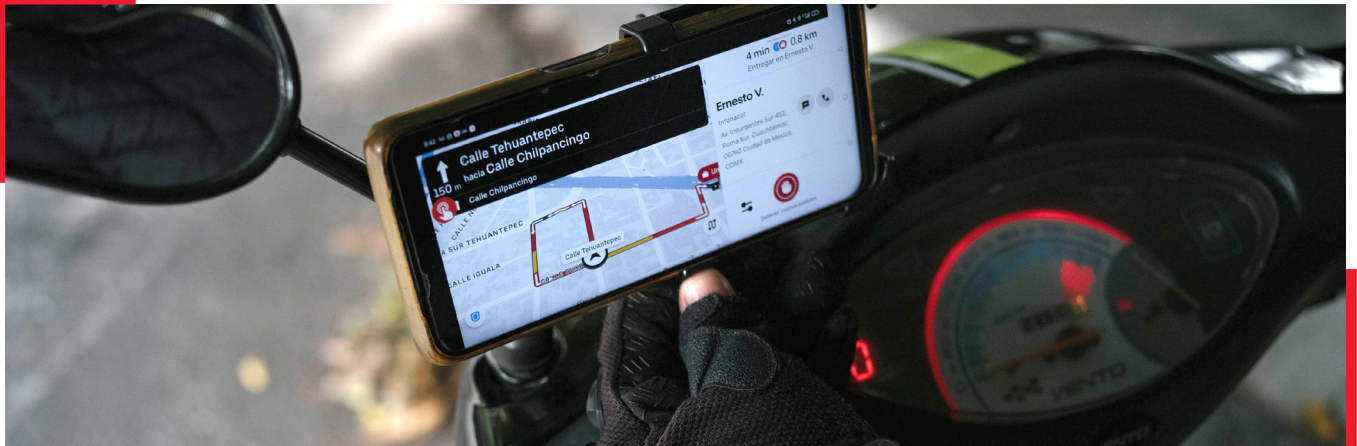
But the growth of digital platforms has created challenges in taxing consumption – consumption is difficult to track and the normal methods for assessing profits are insufficient because of the role of data in contributing value to a company. These taxes are also hard to enforce for platforms dealing in digital goods because online transactions are harder to pin to a particular tax jurisdiction.

Principles exist to guide regulators in determining what and how much consumption is to be taxed. The Destination Principle is a cross-border tax rule which gives the taxing right of VAT to the jurisdiction where the good or service is consumed. But digital goods are usually first acquired online without physical material. This makes them much harder to track and tax regimes harder to enforce.

One way to tax consumption is to collect value added tax (VAT) from platforms. This might include:

- Developing systems where transaction payments are automatically split between tax authorities and the enterprise.
- Platforms deducting VAT from business-consumer transaction payments and remitting VAT to governments.
- Tax authorities mandating platforms to provide information on users and transactions on platforms.
- Formal agreements between tax authorities and platforms, such as for information sharing.

Nigeria introduced a system that eases administration and compliance of VAT by mandating platforms to collect VAT from their users and send it to the government. Non-resident platforms – such as Uber, Bolt and Airbnb – are required by law to register with the Federal Inland Revenue Service of Nigeria and send the VAT to government. But there are challenges, particularly with compliance enforcement as most platforms do not have physical presence in Nigeria.



Taxation of Platform Workers

Taxation of platform workers is the taxation of income generated by workers and users of platforms. This benefits countries' economic growth and enables individuals to access support through social security programmes. But many workers – particularly those from the informal economy – do not recognise the benefits of taxation. With many workers already earning below or at the minimum wage, the incentive to pay tax is low. Authorities need to build trust and increase awareness about the role and benefits of taxation.

Taxation of platform workers' income is determined by their legal classification in the jurisdiction in which they operate. But there is no global agreement on how platform workers should be classified. Platforms frequently classify workers as independent contractors rather than employees to save on taxes and other costs. Workers might also be involved in many other types of working arrangements, which creates further difficulty. As a result, much platform income is not taxed, and many platform workers do not enjoy social security benefits. Governments need to review labour laws to ensure that platform workers are protected against exploitation through social security.

Some platforms have independently taken steps to provide workers with social benefits and insurance outside of a state taxation system. But if workers are not properly taxed then governments lose out on important revenue which helps to fund social security programmes.

Implications of Platform Worker Categorisation for Social Security

Platforms' classification of workers has major implications for taxation and social security:

- If platform workers are classified as employees, they would be taxed in the same way as employees in the traditional economy. But there are challenges. If platforms are non-residents and workers are classed as employees, it can be difficult for platforms to comply with tax returns and payments. It might also be difficult for tax authorities to monitor and enforce compliance. Digital platforms might also try to avoid classifying as workers as employees to relieve them of their social protection contribution responsibilities.
- If platform workers are classified as self-employed or contractors, individual workers are responsible for filing, remitting and complying with personal income tax law. But this means that authorities have to rely on the honesty of taxpayers or develop expensive monitoring systems. It also relieves platforms from contributing to social protection costs which creates welfare risks for workers.

Technology provides opportunities to improve tax compliance. In Estonia, for example, the government introduced a voluntary semi-automated reporting system and partnered with platforms to create an in-built platform feature allowing workers to report their annual income directly to the tax authority. This encourages voluntary compliance for users and platforms and eases administration for the tax authority. However, voluntary systems are not always sustainable in the long-term as taxpayers might be discouraged by non-compliant taxpayers. Mandatory requirements are a more sustainable way to improve compliance.

Module 8:

Women in the Gig Economy

Module 8 focuses on the experience of women working in the gig economy. Although women are an important part of the gig economy labour force, women's experience on digital labour platform is often overlooked and not taken into consideration, which is also illustrated by the scarcity of data available on gendered issues. This module will enable course participants to:

- > understand the challenges experienced by women in the gig economy
- > learn about how the gig economy can benefit or negatively impact women's opportunities
- > reflect on the gender-based regulations affecting women's position in the gig economy



Women in the Gig Economy

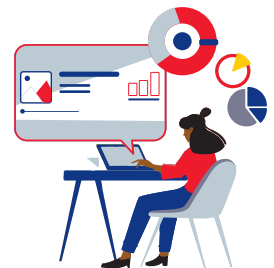
According to the ILO, in high-income countries 1 in 3 digital platform workers is a woman, and in low to middle income countries, 1 in 5 digital platform workers is a woman. Women are an important part of the gig economy labour force.

What types of work do women do in the gig economy?

- > Evidence from various regions in the world suggests that over 50% of women gig workers undertake online location-based work (domestic work, beauty, ride-hailing, catering).



- > Online freelancing and crowd work (data entry, analytics, digital sales, translation) also forms an important part of women's work in the gig economy.



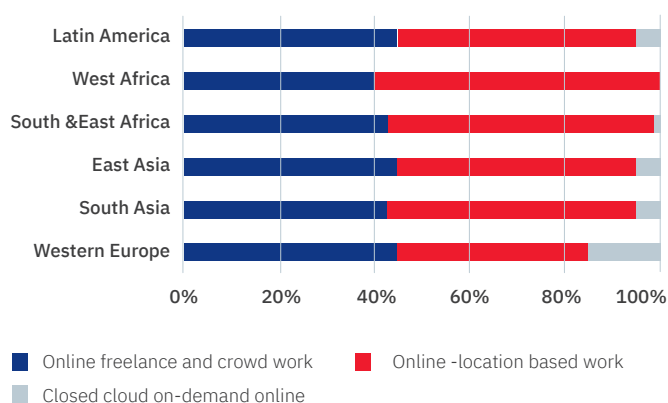
- > Around 15% of women in Western Europe, and 5% of women in South and East Asia and Latin America undertake more advanced cloud work. This work requires more skills and experience.



Tasks in the gig economy are generally considered to be either low complexity (cleaning, writing, editing, administrative tasks), medium complexity (digital sales, marketing, advertising, desktop publishing, graphic design), or high complexity (big data, AI, machine learning, cyber security).

Women predominantly perform tasks of **low complexity**, which are usually **location specific**.

Proportion of women across gig work



Source: International Telecommunication Union (ITU)

Social and Economic Opportunities

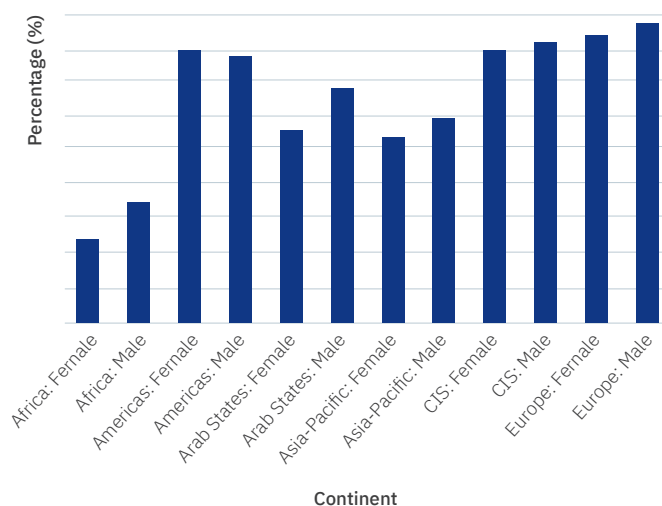
Globally, the gig economy provides opportunities to improve women's social and economic conditions.

The gig economy provides economic benefits for women. For some women, it allows greater flexibility and increased income compared to traditional jobs. Across India, South Africa, Kenya, and Nigeria, the expansion of the gig economy has also contributed to a small reduction in the gender pay gap for some online based work. Many women gig workers have also been able to purchase more and better equality equipment, allowing them to improve the quality of the service they provide.

The gig economy also has social benefits for women workers. Gig work can be an opportunity to improve women's social mobility, particularly by challenging the traditional gendered division of labour. Through platforms, women can access paid work outside the home and develop new skills, which can improve their financial independence and bargaining power within the household.

Evidence also suggests that women gig workers experience higher working hours in gig work compared to traditional employment. Some platforms have also implemented some limited health and safety measures (GPS tracking, emergency call buttons) to protect women when working.

Percentage of female and male population using the internet, 2022



The gender digital divide can prevent women from accessing the gig economy. This is a form of discrimination that creates inequality in 'access' to and 'use' of digital products like mobile phones, and the internet (e.g. digital platforms). A gender skills gaps for processing information digitally also exists between men and women. For example, in 2020 62% of men were using the internet, compared with 57% of women.

Gendered Participation in the Gig Economy

Women face many challenges that prevent them from having equitable access and opportunities to participate and thrive in the gig economy.

Societal challenges

Women workers face many challenges in participating in the gig economy. This includes:

- **Access to and Ownership of Productive Resources:** To effectively participate in the gig economy, workers need to own or access the assets needed to perform gig work activities (e.g. motorbikes, phones, computers, credit). Women frequently lack access to and ownership of these resources, as they might lack the financial means or have less power in the household.
- **Gendered Division of Labour:** Women generally undertake more care and domestic work, which is undervalued and underpaid, leading to a gendered division of labour. With care and domestic work taking priority, women have limited opportunities to take up paid work or are restricted in their ability to excel in their paid work.
- **Gendered Social Norms:** Women's role and position in society is shaped by gendered social norms. In many countries, gendered societal expectations prevent women from working, and also undermine their access to education and resources.
- **Skills:** Social norms also stop women from developing the skills needed for participation in the gig economy. For example, women's disproportionate share of domestic responsibilities mean that they have fewer opportunities to develop technical, digital, critical thinking, creating, problem solving and collaboration skills. Social norms also undermine their leadership skills, limiting their ability to negotiate for higher wages or better working conditions.
- **Career development:** Women gig workers also face limited opportunities for career growth. Gendered barriers mean that women are less able to diversify the services that they provide or provide higher paying or more sophisticated services when participating on a digital platform. Ratings and lack of access to employer feedback can also undermine their career growth.

Platform Driven Challenges

Women also face barriers in accessing and participating on platforms. This includes:

- **Task-Based Discrimination:** Biases exist within platforms. This means that men frequently receive a larger share of jobs, jobs matching the skills of women workers are less common on platforms, and women also disproportionately experience rejection of work, suspension from platforms, and account termination.
- **Harassment in the Digital Workspace:** This includes verbal abuse such as illegal threats, stalking, offensive or sexually explicit messages through apps or in person. Some workers also face physical violence. Platform firms rarely offer support or have clear protocols in place to protect women from violence and harassment. This can mean that women feel unsafe working at certain times or in certain locations and are forced to turn down jobs.
- **Occupational Health and Safety in Digital Context:** Platforms often lack basic gender-sensitive standards or codes of conduct. This includes on-the-job safety measures, as well as measures to ensure algorithmic transparency, such as providing women with information about why they are rejected from jobs or are less visible on platforms.
- **Dispute resolution:** Gig workers lack spaces for dispute resolution, whether in relation to pay, working conditions or employment opportunities. Harassment and gendered inequalities further exacerbate this for women workers. This is made even more difficult without strong trade union representation.
- **Participation Costs:** This includes cost of commission per task as well as equipment, training, searching time, that are all necessary inputs to enable engagement in the gig economy. Whilst these costs are felt by all gig workers, engrained inequalities mean that they are exacerbated for women gig workers.



Gender-Based Regulation to Improve Women's Position in the Gig Economy

In many countries, work is being undertaken to address regulatory gaps. However, there is still a long way to go. To achieve gender-sensitive gig policy, gender parity must first be achieved. This means the need to address women's unequal access to and participation in gig work, as well as ensuring women gain equal benefits from gig work. It also means addressing women's economic empowerment, including women's decision-making over assets and resources and choices about work.

Gender-based regulation and legislation can improve women's position and experience of working in the gig economy. This might include gender legislation that relates to:

- Mobility laws, which can improve women's freedom of movement and opportunities to decide when, where and how they work
- Protections against workplace discrimination and harassment
- Measures and regulation improving women's pay, including enforcement of equal pay
- Measures for parenthood, including the right to paid leave after childbirth, legal protection for pregnant women, old age benefits, and better care infrastructure
- Equal entitlement for pension benefits, social protection and health insurance
- Legislation to ensure women's equal access to assets, including entitlement to property and inheritance

Measures might also include stronger regulation of platforms - for example requiring platforms to develop accountability and transparency principles to reduce task-based discrimination. It could also include education and training, to empower women with the skills needed to progress in the gig economy (e.g., financial literacy, digital skills).

Strong trade union rights in countries where platform companies operate are also essential tools for improving women workers' bargaining power. This includes strong collective bargaining agreements to enforce gender regulation.

To develop equitable and empowered women gig workers - governments, donors, civil society, trade unions and the private sector all need to be involved in developing policy which regulates the gig economy and promotes gender parity.



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