

# Digital labour platforms and their contribution to development outcomes

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## Abstract

Digital labour platforms have been gaining prominence within the development agenda for their potential to create income and employment opportunities and facilitate formalization. This policy brief assesses whether such platforms contribute towards achieving the Sustainable Development Goals (SDGs) and examines the platform business model in relation to the guiding principles of the 2030 Agenda for Sustainable Development. This brief focuses on workers who use location-based platforms in developing countries and examines the implications for realizing SDG8 on decent work and other related SDGs. It also presents potential pathways to address the challenges posed by the platform economy and to ensure that all platform workers have decent working conditions.

Developing countries are facing significant challenges such as high rates of unemployment, particularly among educated youth, low participation of women in the labour force, and rising poverty. Due to the lack of productive jobs, many workers are resorting to informal work, widening inequalities. In this context, digital labour platforms<sup>1</sup> have emerged as a potential solution, having grown five-fold over the past decade (ILO, 2021). While some researchers argue that these platforms can complement earnings from low-paying or seasonal jobs (Surie and Sharma, 2019) and help address poverty and unemployment in developing countries (Schriner and Oerther, 2014), others contend that they represent a “step up” from traditional informal work, contributing to formalization (Ramachandran and Raman, 2021). However, recent studies have highlighted the challenges faced by platform workers and raised concerns about development outcomes (ILO, 2021; Anwar and Graham, 2021).

This policy brief examines the impact of digital labour platforms for realizing the Sustainable Development Goals (SDGs), with a particular focus on workers from developing countries in location-based taxi and delivery platforms. It analyses the platform business model and highlights the challenges in achieving SDG8 (Decent Work and Economic Growth) and other interconnected SDGs. Finally, the brief puts forward recommendations for leveraging the positive potential of digital labour platforms.

## The platform business model and the 2030 Agenda for Sustainable Development

The Preamble of the 2030 Agenda commits to ensuring that “no one will be left behind” and that the SDGs strive “to realize the human rights of all”.<sup>2</sup> In this context, we analyze how the platform business model impacts sustainable development.

Digital labour platforms rely on a large pool of workers who are mediated by the platform to perform tasks and provide services. Platform companies use terms of service agreements to define the relationship between themselves and workers, which are unilaterally determined by the platform. Platforms classify workers as “driver partners”, “delivery partners”, “independent contractors”, among other terms, which denies them an employment relationship and undermines their labour rights. Although workers have the option to reject these agreements, they are often compelled to accept them to access work on the platform and earn incomes (Rani and Gobel, 2022; ILO, 2021).

Platforms are transforming the way work is organized and shifting the risks and responsibilities of investing in capital and operational costs to workers. For example, taxi and delivery platforms require workers to bear the costs of a vehicle, fuel, maintenance, internet charges, and other expenses, making it easy for them to exit the market as they are asset-light. Platforms closely monitor workers through a GPS system and use

<sup>1</sup> Digital labour platforms can be categorized into online labour platforms and location-based platforms. On online labour platforms, such as freelance or microtask platforms, tasks such as data entry, image annotation, translation, software development, among others are performed by

workers remotely. On location-based platforms, tasks are performed in-person in a specified location such as the provision of taxi, delivery or personal services, or domestic or care work.

<sup>2</sup> See: <https://sdgs.un.org/2030agenda>

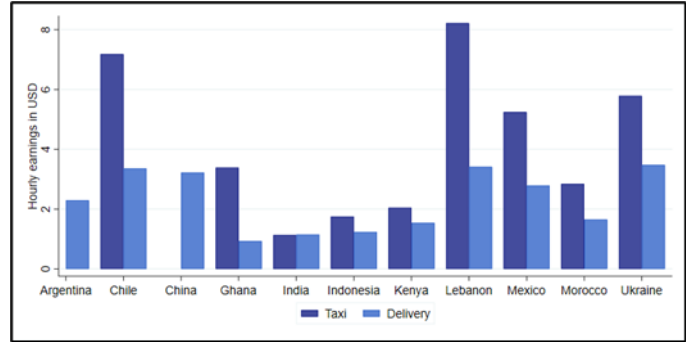
algorithmic management practices, which allows them to control the workers, especially through the ratings system. The platform business model presents challenges to workers' labour rights, protections, and working conditions. Addressing these challenges is crucial to realizing the vision of the 2030 Agenda.

Platform work: Challenges to achieving SDG8 and other SDGs

Digital labour platforms connect workers with clients for on-demand service delivery, but they do not create *new employment* opportunities, as these jobs already exist in the traditional economy. Despite offering flexibility, platform work presents challenges related to regularity of work, low incomes, working conditions, social protection, and freedom of association.

Despite taxi and delivery sectors being considered as low-skilled, a considerable proportion (over 20%) of platform workers are highly educated (have a university degree) and often young. Hourly earnings of platform workers range between US\$1.1 to 8.2 in the taxi sector and US\$0.9 to 3.5 in the delivery sector, depending on the country (see Figure 1). Commission fees which range between 5% and 25% and operational and maintenance costs reduce earnings. Platforms use incentives and bonuses to encourage workers to earn extra incomes if they meet certain targets, or work during peak demand periods, or asocial hours. This often leads to long working hours and higher intensity of work. However, many workers are often unable to

Figure 1: Hourly earnings (in US\$) of workers on taxi and delivery platforms



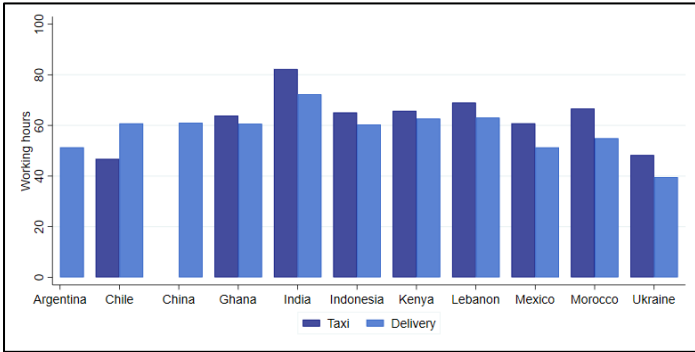
Data source: Authors' calculations based on ILO country surveys of taxi and delivery platform workers

meet these targets due to a huge supply of drivers or the algorithm which makes it difficult to reach the target (Rani et al., 2022a). Many workers have debt burdens from loans for vehicles to work on taxi platforms, and their incomes have gradually decreased over time.

Workers on taxi and delivery platforms reported that they often work long hours (65 and 59 hours per week

respectively), which poses significant challenges for work-life balance. The weekly average is particularly high in some countries, such as India for taxi drivers or Kenya and Lebanon for delivery workers (see Figure 2).

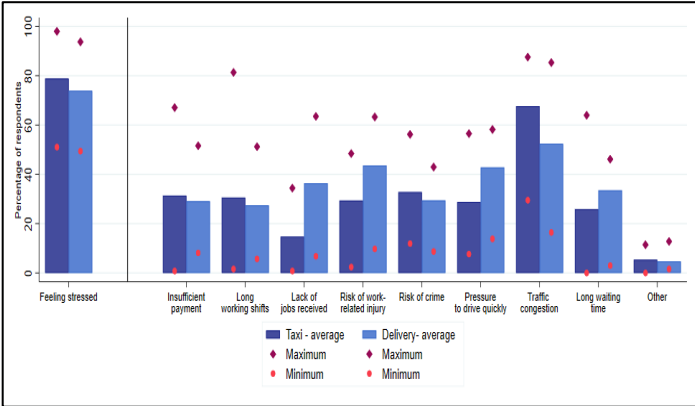
Figure 2: Weekly working hours of workers on taxi and delivery platforms



Data source: Authors' calculations based on ILO country surveys of taxi and delivery platform workers

More than 70% of workers on the taxi and delivery platforms report feeling stressed (see Figure 3), citing traffic congestion, long working hours, insufficient payment, and pressure to drive quickly, among other factors. Safety is also a major concern, with over 80% of workers expressing worries about issues such as road safety, theft and physical assault. Despite these serious occupational safety and health (OSH) issues, most workers do not have access to social protection coverage, which not only exacerbates decent work deficits (SDG8) and inequality (SDG10), but also threatens workers' health (SDG3). The COVID-19 pandemic also exposed many of these workers to health

Figure 3: Feeling stressed and reasons for stress, workers on taxi and delivery platforms

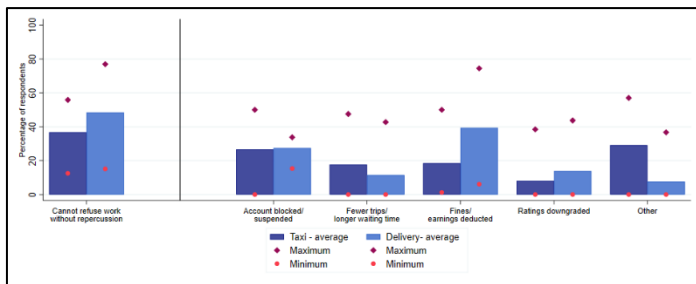


Data source: Authors' calculations based on ILO country surveys of taxi and delivery platform workers

risks without providing any social protection support, risking pushing workers into poverty (SDG1).

Workers on taxi and delivery platforms are required to maintain high ratings in order to access work and earn higher incomes. However, workers have limited flexibility, control and autonomy in terms of cancelling work, as they face repercussions if they do so (Rani et al., 2022a and 2022b). Figure 4 shows that about 40% of the taxi drivers and 50% of the delivery workers reported facing such repercussions, including lower ratings, accounts being blocked, fewer rides, lost bonuses, fines and deduction in earnings. Falling below a particular rating threshold often resulted in automatic account deactivation, which was reported by one-fifth of taxi drivers. Around 15% reported permanent deactivation or loss of access to work for at least one month, which can have a major impact on their livelihoods.

**Figure 4:** Repercussions of cancelling a ride or a delivery on taxi and delivery platforms



Data source: Authors' calculations based on ILO country surveys of taxi and delivery platform workers

Workers on digital labour platforms often face unfair ratings and deactivation without sufficient options for recourse. Platforms operate across jurisdictions, and terms of service agreements can restrict dispute resolution to arbitration procedures, leaving workers disempowered and without access to local courts (ILO, 2021). In addition, unionization levels among these workers are generally low, with only 3% of taxi drivers and none of the delivery workers represented by unions. Despite this, platform workers have increasingly organized actions such as strikes, demonstrations and litigation to address issues related to employment status, health and safety, and regulations (Bessa et al., 2022).

Digital labour platforms have implications for SDG5 (Gender Equality) as well. Although these platforms offer flexible work opportunities to women, occupational segregation and gender pay gaps persist. Women comprise less than 10% of workers on taxi and delivery platforms, and gender pay gaps are evident in some countries with available data. Additionally, a higher percentage of women on taxi platforms express concern about physical assault, indicating that safety

concerns, violence, and harassment at work remain significant issues. Many women also face challenges in balancing care and household responsibilities with platform work. Thus, while these platforms provide new opportunities for women, they also perpetuate existing gender inequalities and reinforce women's traditional roles in social reproduction (Rani et al., 2022c).

## Platform work: Measures to be taken towards achieving SDGs

Despite many governments in developing countries considering platform work as the future of work, as highlighted in this brief there are several challenges to this model. To address some of the challenges related to working conditions, countries have adopted varying mechanisms such as extending social security and occupational safety and health; classifying platform workers as employees, instead of self-employed; or ensuring access to data (ILO, 2021). However, these measures are quite diverse, and national initiatives may not be adequate, given that platforms operate across multiple jurisdictions.

Therefore, there is a need for an international social dialogue and regulatory cooperation between digital labour platforms, workers, and governments to ensure legal certainty and promote decent work for all. It is crucial to reinforce that ILO's fundamental principles and rights at work, as well as some of its key Conventions and Recommendations, apply to all workers, regardless of their classification as employees or self-employed workers (ILO 2021). All workers should enjoy the right to associate, to bargain collectively, and to be protected against discriminatory conduct and unsafe workplaces. While technology can play a significant role in achieving the SDGs, it must be utilised in the spirit of the 2030 Agenda to leave no one behind, and should be at the service of workers and society..

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