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PLATFORM ECONOMY AND EMPLOYMENT

What it is like to work for an app in Argentina?

EXECUTIVE **SUMMARY**

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PLATFORM ECONOMY AND EMPLOYMENT
What it is like to work for an app in Argentina?

This document is a summarized versión of Economía de plataformas y empleo: ¿cómo es trabajar para una app en Argentina? by Javier Madariaga, César Buenadicha, Erika Molina and Christoph Ernst, published in 2019 by CIPPEC, BID Lab and ILO. Learn more at www.cippec.org, www.iadb.org/es and www.ilo.org

Digital platforms emerged globally about ten years ago and entailed a major disruption in the world of work. However, they are a relatively recent development in Argentina. Early in 2016 there were five such platforms in operation, all of them domestic capital companies. After that, the flexibilization of the system of payments abroad and other factors accelerated the entry of new platforms and affiliates of foreign companies, which, in turn, fostered the flow of new investments in local platforms that were already installed.

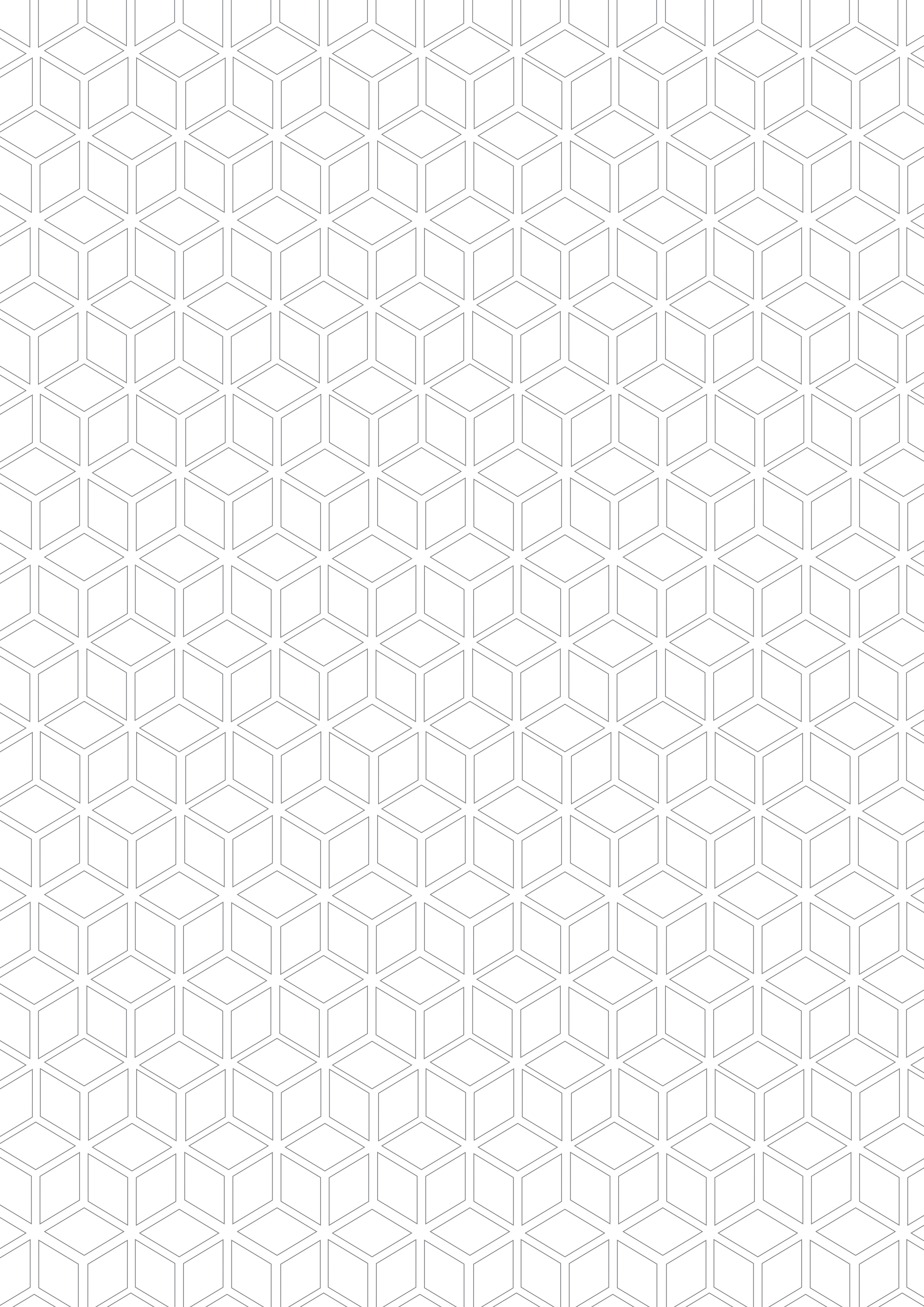
In fact, during the following two years, at least eight new platforms that offer the possibility of income generation were incorporated. However, new forms of work through digital platforms is not included in the government´s official statistics and thus remains invisible in other categories: unemployed working persons, freelancers, some non-standard wage-earning employment, and informal workers.

This study is the first to classify, describe, and analyze digital labour platforms in Argentina. It includes a specific survey of more than 600 cases: the 2018 Survey of Platform Workers (ETP 18, as per its Spanish acronym).

The survey's results show that, although this phenomenon is at its earliest stages, in 2018 the group of users-providers of services through digital platforms represented 1% of all those employed in Argentina, that is to say, more than 160,000 registered workers. That figure encompasses very different realities, from people transporting passengers in their cars to graphic designers working from home, or people renting out a room in their homes.

One conclusion drawn from this research is that the platform economy offers new income generation opportunities and plays a social safety role in the face of unemployment and underemployment, but it also creates regulatory issues and challenges the scope of labour, tax and worker protection rules that were designed for the traditional economy. The digital platform economy democratises the generation of income, offers more flexible opportunities and income generation methods, and facilitates access to work. Nevertheless, it also brings new challenges to workers: more job insecurity and volatility, and less accumulation of skills.

The document Platform Economy: ¿What is it like to work for an app in Argentina? analyzes in detail the different aspects of the platform economy and presents some potential public policy guidelines.



1

CHARACTERISTICS OF THE PLATFORM ECONOMY

Digital platforms are spaces of information exchange that connect supply and demand. They act as an intermediary between individuals, and make it possible to hire workers for specific tasks for fixed terms, which oftentimes creates non-traditional labour relations. These platforms change companies by reducing transaction costs, making unprofitable business activities viable, challenging the market structure, and transforming labour relations.

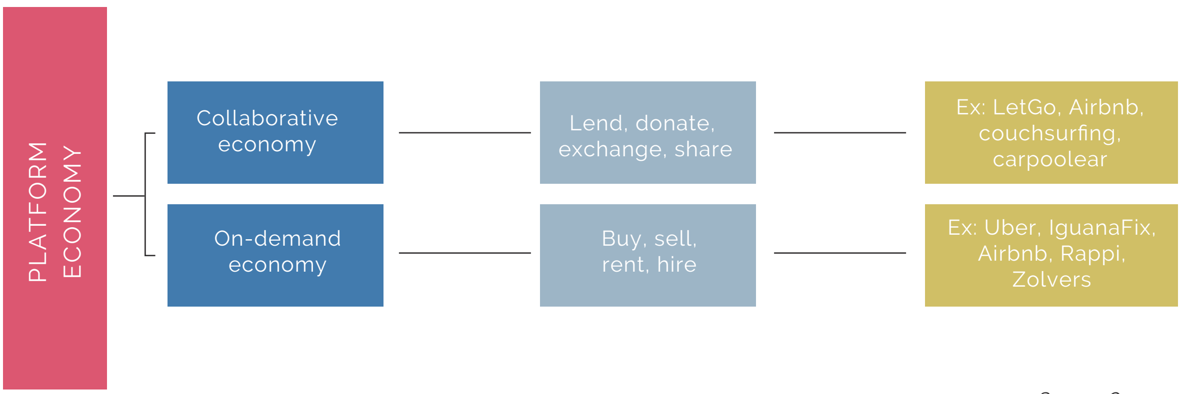
Such changes in companies complement other changes in the labour market, particularly the transition, by choice or by force, towards non-standard forms of employment[(1)] as a way of obtaining a primary or secondary source of income. Their rise is remarkable in both developed and developing economies, even though statistical information is usually scarce and fragmented.

Studies regarding the impact of the platform economy on the international labour market are also limited. In Argentina they are also in short supply. However, available information indicates that, although its relative weight is still of incipient importance, its incidence is growing, particularly among young people, and should not be underestimated.

There are several ways of classifying platforms. As most typologies, they are not thorough, and several dimensions may coexist within the same platform. For that reason, our classification is analytical; platforms are defined according to their purposes, productive factor intensity (capital or labour), and according to type of services and skill level.

1-According to ILO, there are four general categories of non-standard forms of employment: 1) temporary employment, 2) part-time employment, 3) temporary work through an agency and other multi-party labour relations, and 4) disguised employment relationships and dependent self-employment.

Chart 1:
Classification by purpose



Source: Our own

A distinction arises when determining the purpose or objective of a platform and the agents carrying out transactions through it, resulting in two different economic models: the collaborative economy, and the on-demand economy. The fundamental difference between these models is whether a for-profit commercial relationship exists between users. Renting an empty room in an apartment could be identified as an action oriented to share costs. On the contrary, renting an entire apartment for short periods in succession is more in line with an on-demand economy model (Madariaga et al, 2018).

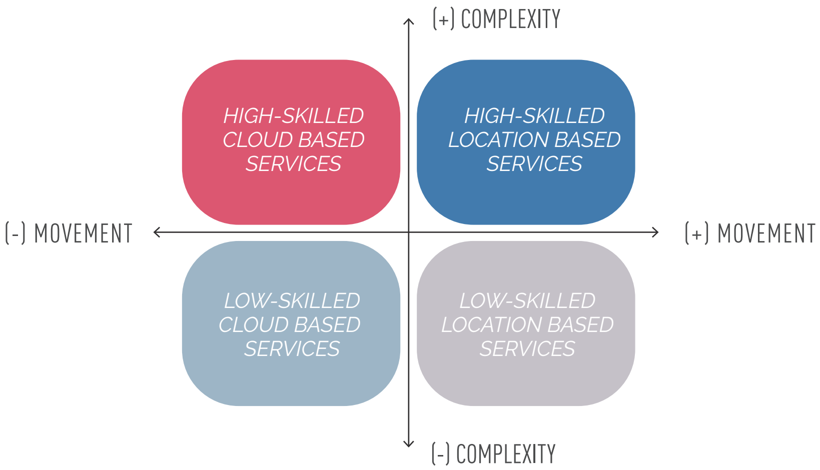
A second difference results when we analyze the intensity of the productive factors involved, either labour or capital. Unlike a traditional employee, the platform worker furnishes the capital required to do the job. Therefore, the distinction between work platforms and capital platforms is not so strict. Both categories require that the worker provide the labour and its related skills, as well as some capital.

Even in capital platforms (such as eBay o Airbnb) there may be a significant contribution of labour. This category includes crowdfunding platforms, through which private funds may be exchanged among peers to finance projects. These platforms are not considered in this study, because they do not involve labour.

Labour platforms such as Glovo, TaskRabbit or Iguanafix, often identified as part of the "gig economy", connect customers with workers performing specific tasks or labour intensive projects. In these cases, the outsourcing of work makes it necessary for the worker to have connectivity and a smartphone, at least. Furthermore, the supply of tools, vehicles or real estate may be required.

The practices developed by service intermediary platforms have been studied and classified by various authors. Through the work of Florian A. Schmidt and the Friedrich Ebert-Stiftung Foundation (2017) and of De Groen, Maselli & Fabo from the Centre for European Policy Studies (2016), two very relevant dimensions to understand differing dynamics arise: the spatiality of the virtual or physical service delivered, and its degree of complexity, reflected in the skill level required of the workers.

Figure 2:
Classification by spatiality and complexity



Source: Our own

2

PLATAFORMS IN ARGENTINA

Early in 2016 there were five domestic capital platforms operating in Argentina: Mercado Libre, Zolvers, Workana, Iguanafix, and Nubelo. National elections and a change of government in 2016 resulted in modified economic policies that promoted a more favorable environment for the entry of foreign direct investments, particularly due to the flexibilization of overseas payment systems. This accelerated the flow of new investments into existing domestic platforms which received new capital contributions, mostly from abroad.

Seven new firms were established during the two following years, among them some globally leading companies: Airbnb, Cabify, Uber, Glovo, Freelancer. There was also an increase of local users, both consumers and companies.

Argentine platforms also carry out transactions in other countries; that is, there are multinational firms with headquarters in Argentina. Mercado Libre stands out among them as the one of the five biggest tech companies in the region.

These firms present innovative business models that introduce new technologies and productivity gains, but they also pose challenges to Argentine labour, tax, and social security regulatory frameworks. Little local experience with this type of business model triggered resistance, particularly in traditional, regulated markets, such as urban transport.

To describe the new sector, we first considered the markets in which these firms operate. Although most of them classify themselves as providers of IT services (in registration records with the Federal Administration of Public Revenue), they may be placed in specific markets, namely: road passenger transport; janitorial, repair and cleaning services; temporary accommodation; messaging and errand services; retail trade; and IT consultancy services.

By 2018, most platforms in Argentina operated in traditional sectors, supporting activities performed in a physical space, subject to operational qualification requirements. In addition, another three platforms present in Argentina operate in virtual spaces: Workana, Freelancer, and UpWork. These platforms entice workers with technical and/or professional qualifications working, among others, in design, software, or translation activities. Professionals from all over the world get together in a space of global competition, and the platforms advances the career of independent workers and facilitates their access to new markets.

Chart 1:
Categorization of platforms with operations in Argentina

	TYPE OF SERVICE	COMPLEXITY	TYPES	EXAMPLES OF PLATFORMS IN ARGENTINA
ON DEMAND ECONOMY	Cloud based services	Medium to high skilled	Freelance work	UpWork Freelancer Workana
	Location based services		Road passenger transport	Uber Cabify BaTaxi
			Janitorial, repair and cleaning services	Iguanafix Homesolutions Mi Gran Taller
		Low skilled	Janitorial, repair and cleaning services	Iguanafix Homesolutions Zolvers DogHero GuauSurfing
			Accommodation	Airbnb Homeway
			Messaging and errand boy services	Rappi Glovo PedidosYa UberEats* Ando RappiBoy
	Purchase and sale	N/A	Retail trade	Mercadolibre OLX LetGo Alamaula
COLABORATIVE ECONOMY	Virtual services	Medium to high skilled	Education and knowledge	Wikipedia Coursera Tutelius Cientópolis Redalyc MiradaX
	physical services		Road passenger transport	Carpoolear
			Accommodation	CouchSurfing
	Purchase and sale	N/A	Retail trade	OLX LetGo

Source: CIPECC

3

PREDOMINANT LABOUR RELATIONS IN THE PLATFORM ECONOMY

Digital platforms challenge human resource management models by transforming the employment contract, the management of human resources, and the allocation of work. In particular, the growth of the platform economy plays a factor in the increase of non-standard forms of employment, often made statistically invisible by freelance work. Indeed, the "platformization" of companies and labour is closely linked to reaping the benefits of more flexible forms of work.

Non-standard forms of employment are schemes of labour market inclusion that clearly differ from the traditional concept of employment. Within this definition we consider temporary work, part time and on-call work, multiparty employment relationships, disguised employment, and dependent self-employment.

Globally speaking, employment regulation legislation has traditionally referred to paid work as a "typical work relationship", that is to say, continuous full-time work within the context of a direct subordination relation between an employee and an employer. This form of work provides workers with labour rights and social security benefits established by local legislation, and employers with a stable workforce, the possibility of retaining skilled workers, and authority to manage, organize and direct the work of the employees (ILO, 2016).

The impact of non-standard forms of work in labour markets and the influence of digital platforms are advantageous to workers and companies in the short term. The following advantages for workers stand out: (i) democratizing the possibility of generating income, to the extent that it decentralizes capital ownership; (ii) more flexible opportunities and ways of generating income; (iii) facilitating access to jobs, for example, for residents of areas remote from urban centers, persons with reduced mobility, or who are sick, or obligated to care for their relatives (Rodríguez Fernández, 2017).

However, some difficulties or challenges are also present, including: (i) increasing job insecurity for the worker, due to lower quality of the work; (ii) difficulty for companies to increase skills, given the under-investment in innovation and the slowdown in productivity growth, related to unstable employment; (iii) rising labour markets volatility; (iv) potentially, a bipolar structure of the labour market (OIT, 2016). Attention is drawn here to how workers with intermediate skills lose opportunities to enter the labour market. At the end of the day, the progress of digitization/automation could ultimately generate an economic, professional elite linked to technological developments in the economy, and a floor of low-skill workers with low wages and limited labour rights. This could increase social inequality and reduce the weight of the middle class in the socio-economic structure. Digital illiteracy could even expel workers who cannot use platforms and would thus become the "useless class" (Harari, 2015).

Work "platformization" challenges the current labour relations structure, vested labour rights, and the social security coverage developed in most countries. It also involves risks for the sustainability of social security systems, as shown in the following table.

In Argentina, access to the social security system is linked to employability; for this reason, non-standard forms of employment and freelance work are at a disadvantage in terms of rights. Compared against employed workers, freelancers have no paid vacation, sick leave, maternity leave, family allowances or severance pay, and are excluded from unemployment insurance. They do not have union representation either.

It is important to highlight that labour legislation considers employment as an unequal relation between employer and employee, and such unequal relation persists between workers and platforms, therefore requiring a protection framework. However, the differences described are not unique to the platform economy but are inherent to the labour rights system in Argentina and apply to all self-employed workers.

Table 2:
Social security coverage, by type of contributor to SIPA (Argentine Comprehensive Social Security System)

Social security coverage	Employment relationship	Self-employed	Single-tax taxpayers	Low income social welfare taxpayers
Health maitenance organization (HMO)	yes	no	yes	yes
Family allowances	yes	no	yes	no*
Pension contributions	yes	yes	yes	yes
Occupational accident insurance	yes	no	no	no
Unemployment insurance	yes	no	no	no

**The low income social welfare tax is not included in the contributory family allowances system, but is compatible with the Universal Child Allowance and the Pregnancy Allowance for Social Protection.*

Source: Our own, based on Casali et al. 2018 and the Marval O'Farrell & Mairal Law Firm.

4

LABOUR MANAGEMENT FEATURES OF THE PLATFORMS OPERATING IN ARGENTINA

Platform practices to manage work are useful to characterise the labour relationship established with the workers using them. The decision to choose a given practice may depend on the specific characteristics of the service delivered through the platform, the company profile (whether it is a domestic company or an affiliate of multinationals, for instance), or the idiosyncratic aspects of the business.

Based on the information in the terms and conditions accepted by users in order to connect to the platform, and the information gathered from interviews of platform representatives, we have analyzed management dimensions related to the workers' degree of technical dependence on the platform. A point must be made in connection with Uber: due to the debate regarding its legality in the City of Buenos Aires, Uber has been forced to adjust some aspects of its business model in this period, namely, the method of payments. Most of the platforms in our study state that the persons providing services through the apps are independent workers. Furthermore, they reinforce this concept through the requirements they demand from the workers. Four of the twelve cases analyzed (IguanaFix, Ando, Rappi and Glovo) require workers to be registered under one of the regulatory systems governing freelancers (monotributistas[2] or self-employed taxpayers). In other cases, they request that workers provide the tools necessary to do the job (certain car models, smartphones having specific characteristics, bicycles or motorbikes).

The platform usually acts as an intermediary regarding payments made by customers and payments received by workers. Likewise, communication between workers and customers takes place most of the time within the platform.

Most platforms operating in Argentina charge commissions to its workers at variable rates. The ILO's 1997 Convention regarding private employment agencies (Convention 181) establishes that private employment agencies shall not charge, directly or indirectly, in whole or in part, any fees or tariff to workers. In general, the platform determines the price for the services delivered by the user-provider. In some cases, it suggests a reference price, leaving room for a negotiation between customers and workers. In other cases, (Mercado Libre, Workana, Airbnb and Doghero), the platform users-providers determine the price of their service.

The obligation to accept jobs or the impossibility of cancelling previously-accepted jobs is a practice observed among some of the platforms operating in Argentina. Another important aspect is the platform's control of the quality of services rendered. All platforms included in our study have rating systems that gather the opinion of users-customers' regarding the quality of the service provided and also take in consideration the number of completed jobs, thus creating digital reputations.

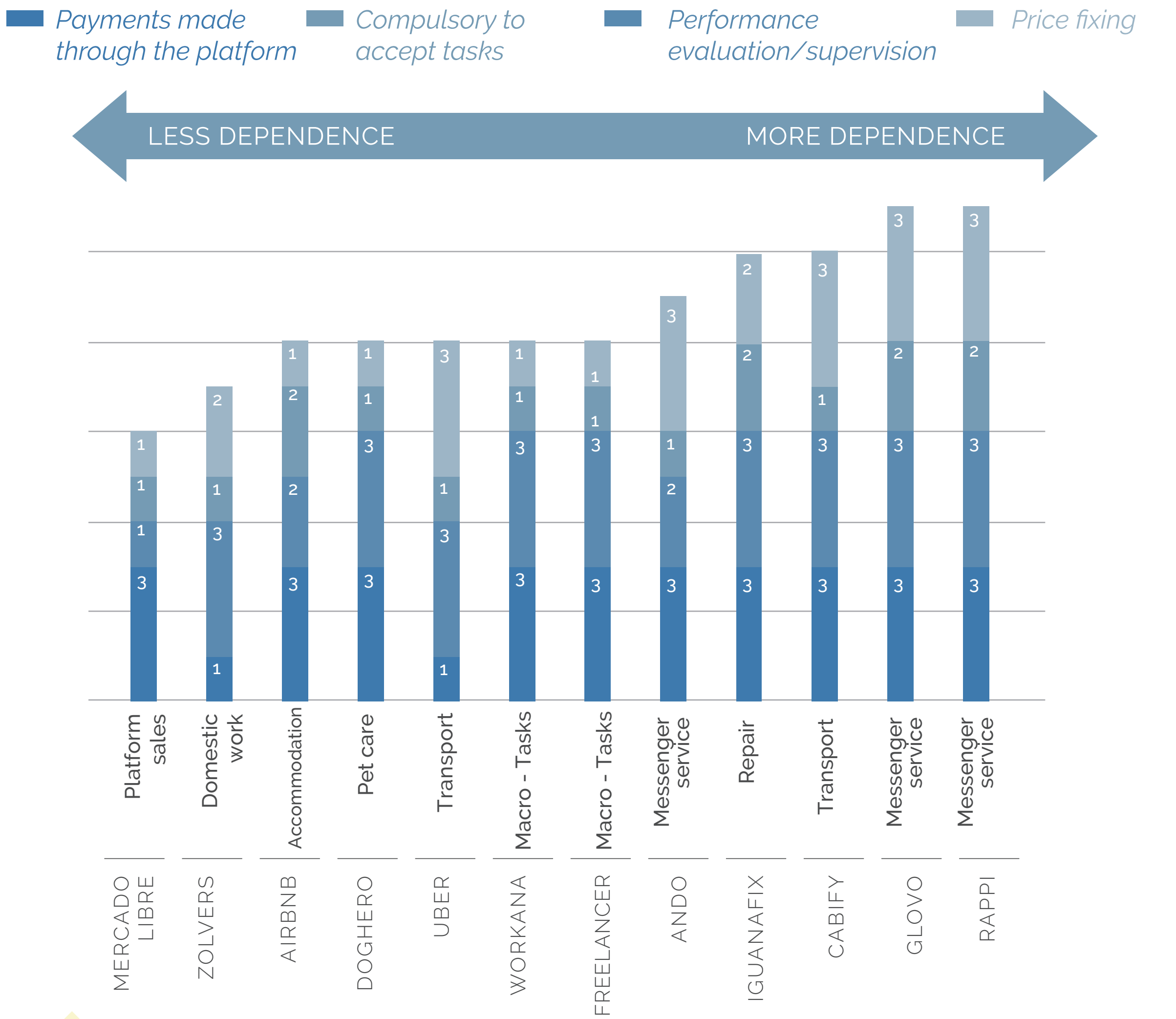
2-Taxpayers under the simplified tax regime.

Additional benefits received by platform workers are scant, as is any investment in their training and capacity development.

To sum up, several platforms in our study exercise considerable control, evidenced by the fact that they set the pricing of services, collect service revenue, and supervise and evaluate the workers' performance. Our analysis also shows that forms of control do not depend on the type of services rendered through the platforms. They thus seem to be idiosyncratic practices not necessarily related to the productive process involved.

This chart shows some of the main variables related to the platforms' control of the working process (payment intermediation, performance evaluation, compulsory acceptance of jobs, and determination of the price of the service). The degree of economic dependence varies both among platforms and among workers in the same platform.

Chart 1:
Control indicators in platforms operating in Argentina



Note: Low control intensity; 2 Medium intensity; 3 High intensity

Source: Our own, based on the Terms and Conditions of Use contracts, interviews with representatives of selected platforms and their users-providers, and on information published by the firms.

5

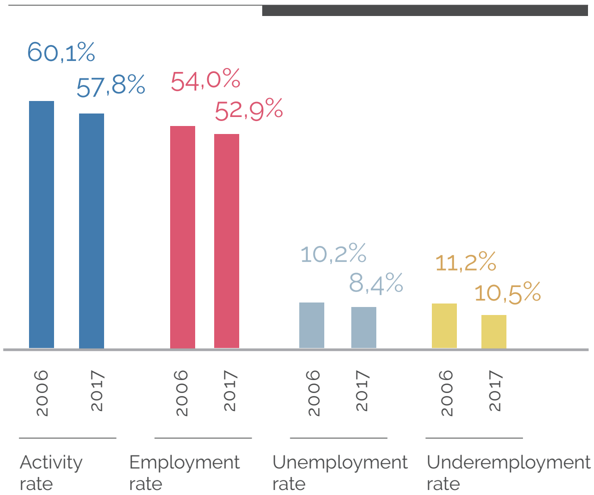
PLATFORM ECONOMY AND LABOUR MARKET IN ARGENTINA

The platform economy is driving new challenges in the labour market that result from organizational changes in search methods and from the interaction between consumers and suppliers as it opens new avenues of employability. We consequently analyze the Argentine labour market to understand the terrain in which the platform economy is inserting itself, and to identify its main characteristics and challenges.

Between 2006 and 2017, the Argentine labour market was not dynamic; a phenomenon fundamentally explained by the evolution of activity rate in men, heads of households, and young people. Labour intensity also decreased, both in paid employment and in self-employment, which represents one quarter of the work force in Argentina. In both categories, the traditional and part-time workday incremented, and the weight of over-employment decreased.

The platform economy impacts the labour market by leveraging work categories that are not "typical" (ILO, 2016), particularly self-employment and non-standard forms of work. In Argentina in 2017, 74.6 percent of those employed were salaried employees, 20.9 percent self-employed, 3.8 percent employers, and 0.6 percent family workers. 38 percent of all salaried employees were full-time employees (28 percent of those employed), i.e., they had a more traditional labour relationship, working between 35 and 45 hours a week, with open-ended contracts, under an employment contract. 26 percent of all salaried employees were over-employed (20 percent of all workers), and 36 percent were in some non-standard mode of employment (27 percent of all workers). Among the latter, 74 percent were part-time workers (27

Chart 2:
Labour market rates: activity rate, employment rate, unemployment rate and hourly underemployment rate (as a % of the population of 14 years and older, and as a % of the economically active population, respectively) (2006 and 2017).



Source: Own own, based on Fundación Capital and INDEC

percent underemployed and 73 percent worked part-time), 13.5 percent were temporary workers, and 12.7 percent shared both characteristics.

We highlight that three out of four part-time workers did not wish to work more hours. On the other hand, one out of two temporary and part-time workers wanted to extend their workday, which possibly illustrates the precarious nature of the latter in the labour market. The self-employed represent 20 percent of the workforce in Argentina. Compared to employed workers, the self-employed are older in average: more than half those employed are aged less than 40 (versus only 38% of the self-employed). There is also a lower percentage of women (37%) among the self-employed than among paid workers (45%). In addition, the self-employed have a lower education level.

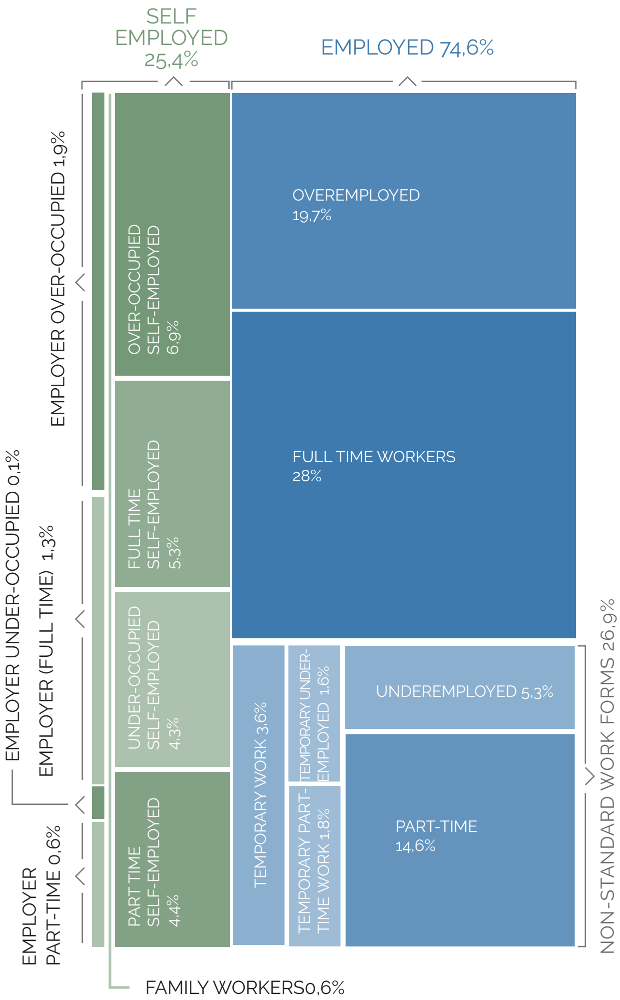
Regarding labour intensity, there is a higher incidence of both underemployment (searching and not searching for full time employment) and over-employment among the self-employed. And, on average, they earn less than the rest of the workforce, except for non-registered employees. In this regard, a fourth of the self-employed are in the higher income, 40 percent bracket, compared to 61 percent of employers and 42 percent of those employed.

In summary, compared to employed workers, the self-employed are older, mostly men, with a lower education level, a more varied workday, and earn less income.

Regarding non-standard forms of employment, available information only covers temporary and part-time employment. In 2017, almost 30 percent of the unemployed was included in some statistically observable non-standard form of employment. Among them, 13 percent had a temporary work contract, 74 percent worked part-time, and 13 percent shared both categories. Also, in this type of work there is a greater proportion of young people and women. Indeed, more than half the paid workers aged under 23 have a non-standard job, and 60 percent of non-standard paid workers are women.

Although the education level of typical and non-standard workers is similar, close to 40 percent of non-standard workers does unskilled work compared to 20 percent of typical workers who do the same. Furthermore, informality rates are higher among paid workers performing some non-standard form of work.

Chart 3:
Occupation in Argentina, by category (2017)



Source: Our own, based on Fundación Capital and Microdata from the Permanent Household Survey (2017)

In short, non-standard workers are younger, less skilled, and earn less than the typical salaried employee. In addition, there is a higher percentage of women in this segment, and more informality.

The categories of self-employed, unemployed, workers with some form of non-standard salaried work, and informal workers include, without indicating it, digital platform workers. They are thus rendered invisible in Argentina's official statistics.

6

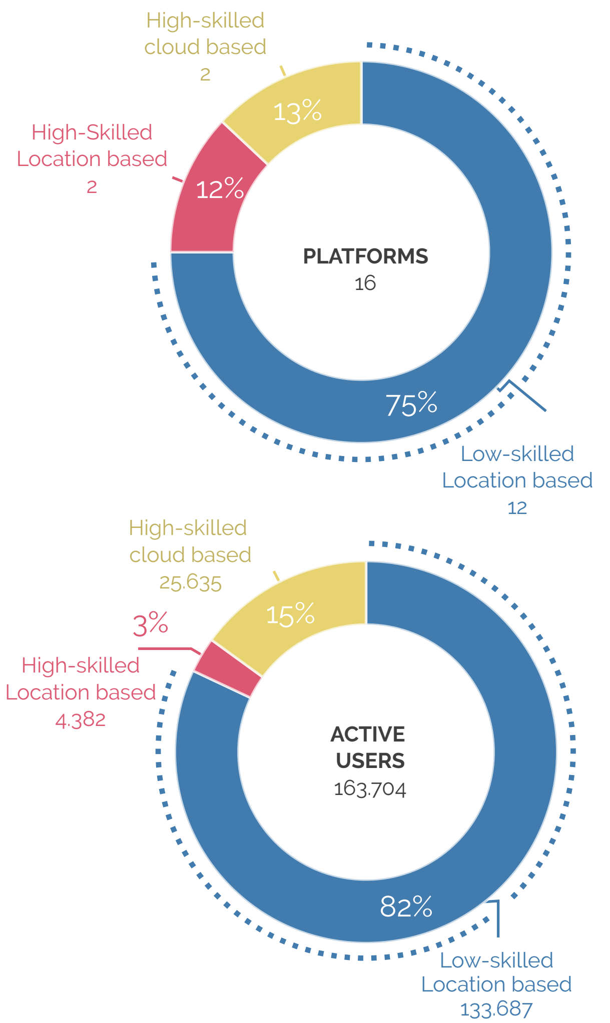
EMPLOYMENT IN PLATFORMS IN ARGENTINA

Based on semi-structured interviews of platform managers[3] we can gage an approximation of the impact that platforms have on the Argentine labour market and analyze some of its characteristics. Each of the main platforms in Argentina has different profiles and, accordingly, so do the profiles of their active workers, their annual revenues, and their relationship with the users-customers demanding their services. However, services requiring the physical movement of low-skill workers are distinctly prominent in the analysis of both platforms and of their active users, as shown in the next chart.

Platform work may be divided into different categories. On the one hand, is Mercado Libre, which leads a sector focused on the purchase/sale of goods and also offers a large variety of professional services[4].

Mercado Libre has 10 million users-providers in Latin America and 2.5 million in Argentina; more than two thirds are men. The market has been expanding, and it is estimated that there are presently more than 33 million platform users-consumer in this platform at a regional level.

Chart 4:
Number of platforms and active users, according to type of service and skill level (2018)



Source: CIPPEC, based on public information and data provided by platforms (Freelancer, Workana, Iguanafix, Homesolutions, Airbnb, Uber, Cabify, Rappi, Globo, Uber, Rapiboy, Ando, GuauSurfing, DogHero, Iguanafix, Zolversi. It does not include data from Mercado Libre)

3-This information was obtained from semi-structured interviews with platform managers during the first six months of 2018. The data included in this document was not taken from official statistics or compared against internal records, and it cannot be used for purposes other than for this analysis.

4- Available information does not allow us to disaggregate users-providers offering services (virtual or requiring physical movement) and those engaged in sales or belonging to companies.

Platforms related to clowd work which group together workers with higher skills belong to another group. Among them are Freelancer and Workana[5].The former has reported over 320,000 registered freelancers in Argentina; Workana has more than 180,000. Regardless of the significant number of users, less than 5% of them earned income during last year. On average, their income was about $24,000 yearly for a six-hour week, suggesting this is a secondary source of income.

On the other hand, there are service-related platforms that offer location based services and require lesser qualifications. This category includes "express courier services" or door-to-door services[6], and private passenger transportation services[7].

Another category within service platforms is that of household solutions. Although all of them require physical movement, skills vary according to the different types of jobs included in this group. In Argentina, platforms that offer this type of job are: Zolvers, Iguanafix, and Homesolutions, with 43,000 workers[8] in total. The main purpose in Zolvers is to connect suppliers and buyers of domestic services. Presently, the platform includes 30,000 active workers, all of them women, who work for 10 hours per week and earn an annual income of 42,000 pesos, on average.

Another segment that has been making headway is that of platforms connecting suppliers and renters, both tourists and locals, of short-term accommodation. Airbnb stands out here, currently reporting 21,300 active hosts in Argentina. Along these lines, there are also platforms targeting the pet segment, engaged in providing transitory accommodation and pet-care. In Argentina Guau Surfing and Dog Hero comprise about 1,000 registered animal caretakers to carry out these low-skill tasks.

Preliminary data on platform work shows that, even though it is just beginning in the country, the potential for expansion is high. Over 160,000 service users-providers who have generated income at least once in the last twelve months represent 1% of the national workforce. Nevertheless, this figure does not take into consideration workers who offer goods and/or services through Mercado Libre (a platform with 10 million registered users, including provider-users and consumer-users) nor the active users from other smaller platforms that were not included in this study, which leads us to believe that the actual figure is currently underestimated. As shown in the following charts, the greatest number of active users is found in the category of physical, low-skill work.

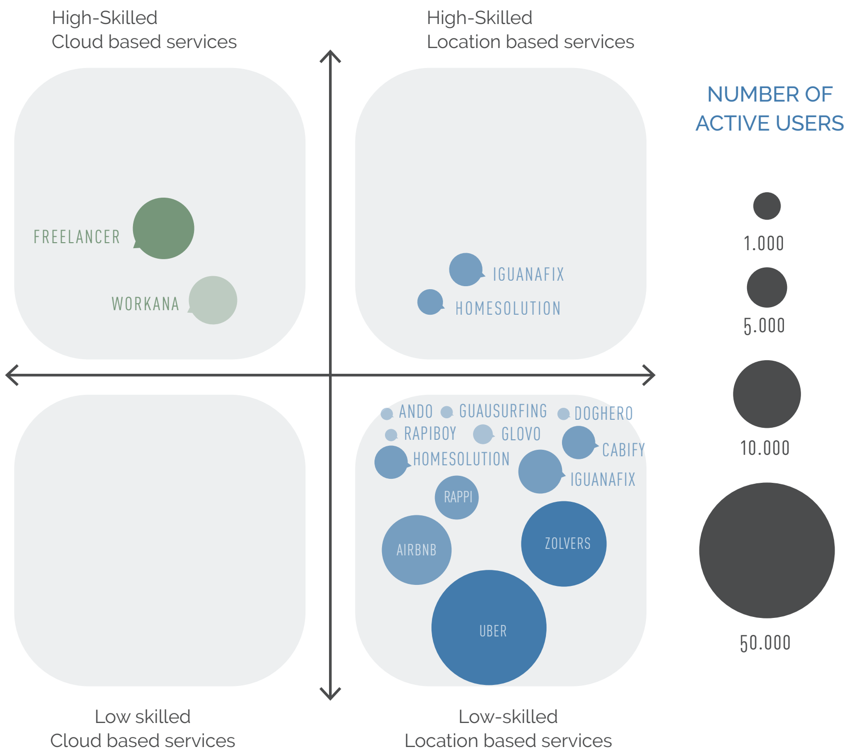
5- UpWork in another platform recently present in the country for which we have no data.

6- In Argentina Rappi, Glovo (multinationals), Ando and Rapiboy (locals) operate in this sector.

7- Uber is the country leader of this segment, and it is the platform with the highest concentration of workers in all of the platform economy (55 thousand drivers). Cabify also operates in the country.

8- Data for the third quarter of 2018.

Chart 5:
Users registered in platforms according to job skills and type of movement.



Note: The quadrant for registered users-providers offering low skilled location based services is empty because it was impossible to survey such data. The ILO 2018 survey, however, (Berg et al 2018, ILO) found this type of workers in platforms in English. Examples of such platforms have been provided in Chapter I of this document.

Source: our own, based on public information and data provided by platforms (1st. semester 2018)

Active users-providers offering location based services which required low skills, also known as gig-workers, represent 82% of the active users. Second in order of magnitude, workers offering high-skill cloud based services comprise 15%. Regarding the latter (Freelancer and Workana), we must consider that the number of registered (though not active) freelancers is high (over 500,000).

Regarding platforms requiring high skilled location based work, the volume of registered users is presently low (3%), though it is significantly higher than the number of income-generating users in comparison to work that requires higher skills. Though the number of users of high skilled-cloud based work is greater, those who effectively generate any income during the last year are merely about 5% of the total registered. The ten platforms included in the low skill-location based work quadrant show just over 130,000 workers.

7

WHO ARE THE PLATFORM WORKERS?

The 2018 Survey of Platform Workers (2018 ETP) surveyed 603 cases and carried out 30 in-depth individual interviews with workers from eleven platforms selected from a non-probabilistic sample. Its aim was to collect information on economic practices, perceptions, beliefs, preferences, and the personal and professional trajectories of the workers who participate regularly as providers of goods and services through digital platforms in order to obtain earnings. Chart 6 shows the percentage of respondents corresponding to each platform.

The Survey of Platform Workers (ETP) sought to establish:

1. socio-demographic characteristics of platform workers;

2. work trajectories and profiles of platform workers;

3. income level of platform workers and its incidence on their household income;

4. degree of **economic dependence** of the workers on the platform;

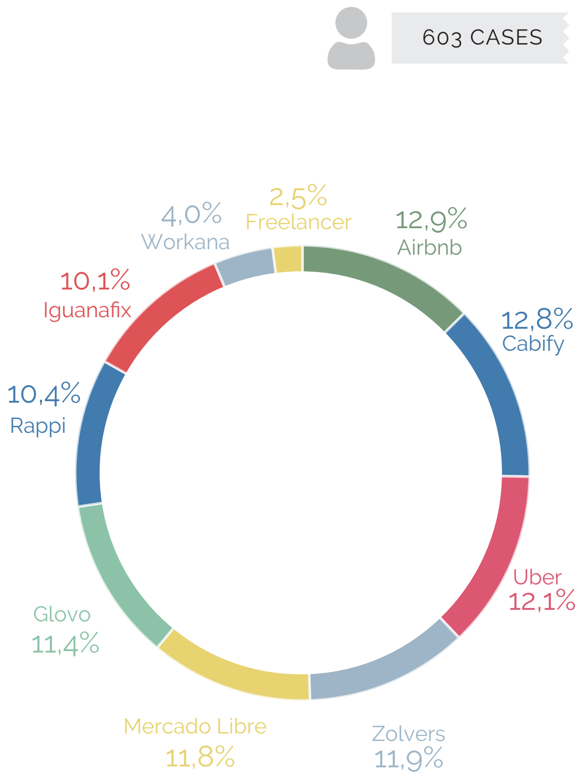
5. reasons why workers **access** platforms;

6. capabilities and/or skills required to be able to work in platforms;

7. working conditions of platform workers;

8. level of **information** that workers have **about their rights and obligations** in platform work.

Chart 6:
Percentage of surveys per platform



Source: our own, based on the ETP18

Infografía 1:
Snapshot of Economy Platform Workers in Argentina

4 out of 5 are men
(with the exception of Zolvers where most of them are women)

They tend to **HAVE A HIGHER EDUCATION LEVEL** than the population at large, in most cases they are over-qualified for the jobs they carry out.

For 61% this job is their **MAIN SOURCE OF INCOME**

THEIR INCOME LEVEL is **MOST DIVERSE** depending on the service rendered, the platform and the time invested

Average age is **38 YEARS OLD**.

More than 20% are **RECENT MIGRANTS**

PLATFORMS DO NOT WORK AS A DOOR THROUGH WHICH TO ACCESS THE LABOUR MARKET. For less than 2%, platforms meant their first job

THE AVERAGE WORKDAY IS A LITTLE BIT LESS THAN 7 HOURS PER BUSINESS DAY. For 30%, it is over 9

ONLY 55% MAKE PENSION CONTRIBUTIONS on their activity. 90% of the ones that do make contributions make them as single-tax taxpayer contributions

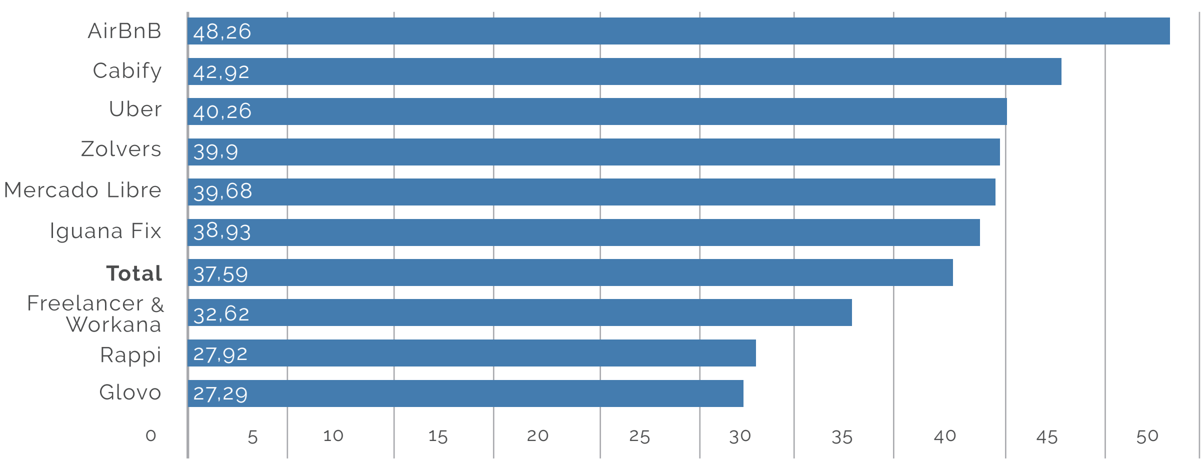
Source: our own, based on the 2018 ETP

Socio-demographic characteristics

Regarding age composition, workers in digital platforms are predominantly young. Indeed, more than 90% of providers is under 60 years of age, and a third of them is less than 30. Furthermore, the average age of platform workers in Argentina is 38.

Chart 7:
Average age per platform

597 CASES



Source: our own, based on the 2018 ETP

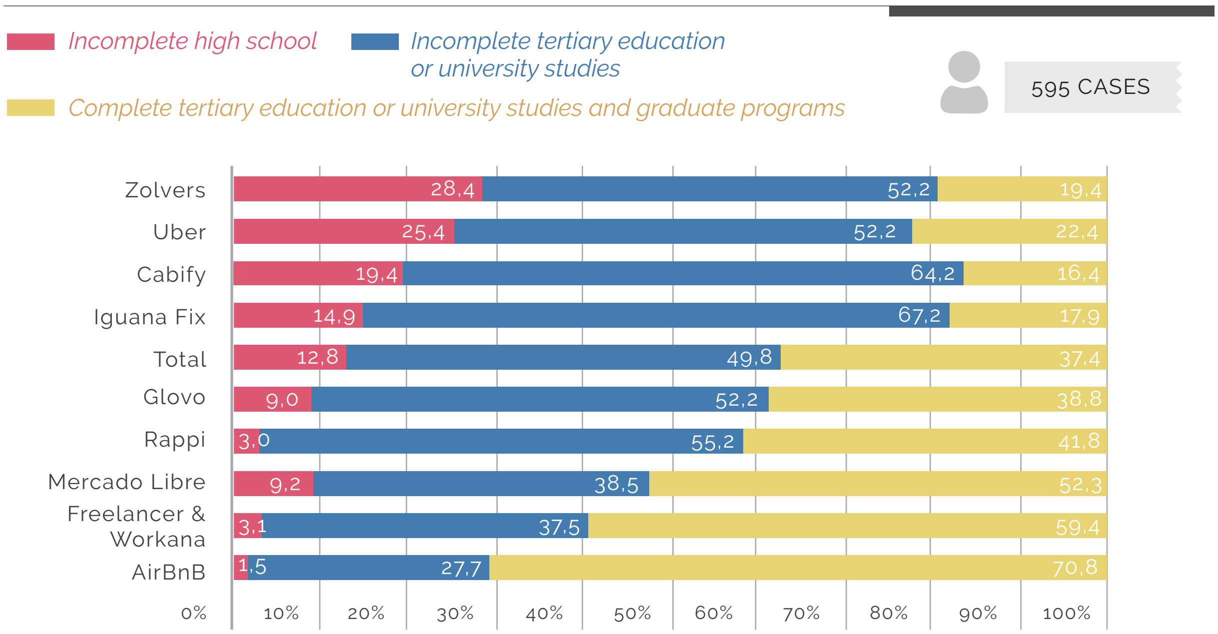
At the same time, there is an important gender disparity in platform work: in fact, almost 4 out of 5 platform workers are men.

Regarding education levels, even though it varies substantially among platforms, workers are highly educated on average. Indeed, almost 90% of those surveyed completed high school and 37% pursued higher levels of education.

Consequently, we can state that platform workers tend to be more educated than the working population in general and, given that the majority of them are engaged in services requiring medium to low technical skills, we can also state that are overqualified for the work they do. This phenomenon might be due to the fact that platform workers face difficulties in finding a traditional job and end up resorting to platforms out of necessity.

Only 20% of the total said that their main motivation for working through platforms was due to their difficulty in finding other jobs. Most frequently, they pointed to the possibility of making some extra money and to the type of flexible work that is allowed through this type of activities.

Chart 8:
Highest education level per platform



Note : totals may not add up 100% due to rounding

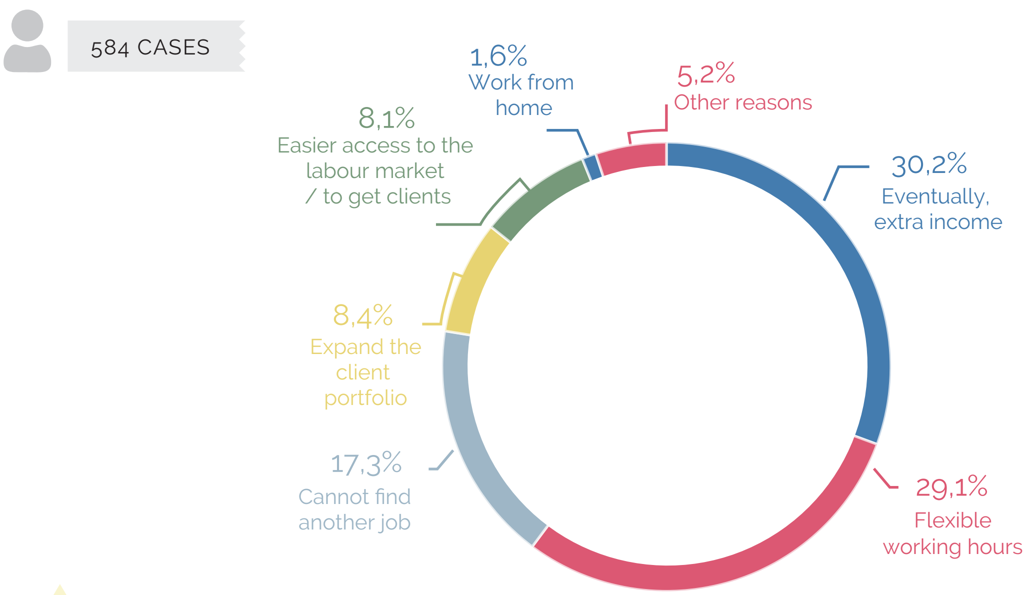
Source: our own, based on the 2018 ETP

Platforms do not seem to be an avenue towards a first job either. In fact, data gathered shows that almost all respondents have or had an occupation before joining the platform, and that 60% of them had previous work experience in tasks they presently carry out.

Another characteristic that stands out is that over 20% of platform workers are recent migrants, a much higher percentage than the immigrant portion of the Argentine population (4.6%). Among them, Venezuelans are the biggest immigrant group. In this sense, according to a 2015 ILO report, in Argentina, independently of demographic, educational, and professional characteristics, South American immigrant workers have a 12% higher probability of being employed in an informal job than Argentine workers.

Finally, the survey showed that those who only do platform work spent, on average, about four months seeking other work opportunities.

Ghart 9:
Main motivation to work in a platform



Note: : totals may not add up 100% due to rounding

Source: our own, based on the 2018 ETP

Income

One of our main findings was that 61.3% of workers surveyed say that their platform job is their main source of income. Nevertheless, more than half (61.3%) earns additional income through other occupations they pursue concurrently.

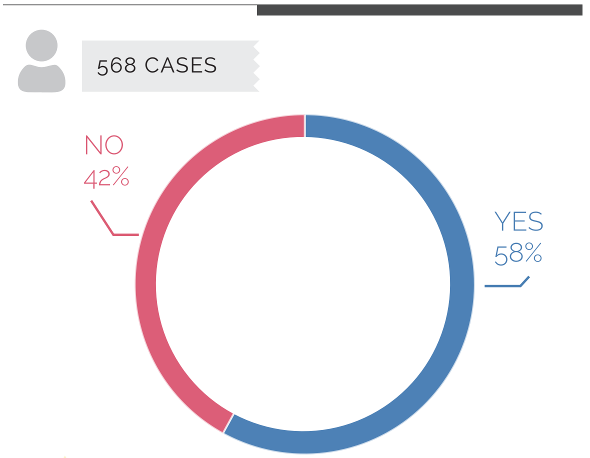
For 58.5% of respondents, the income from their platform work was crucial to cover their usual expenses. The figure is similar to the percentage of respondents who said that their platform work was their main source of income (58.1%). This shows a correlation between both figures and rules out, in part, the idea that platform work is a source of complementary income. For the remaining 41.5% it is complementary income – possibly intended to improve their quality of life or to increase savings, but not to pay monthly expenses.

At the same time, those who do have another source of income say that the money they make from their platform activities represents, on average, 65% of their total income.

Regarding this point, it is important to mention that approximately two thirds of workers surveyed maintain that their platform income is steady (especially those who render physical services that require high skills and/or carry out capital-intensive activities) and that, in turn, three out of four believe that their income will increase or remain steady the following year.

Regarding the hours dedicated to work, those who provide services through platforms say they work 32.6 hours a week on average, although there seem to be significant nuances depending on whether the person received some type of extra income from work or on the motivation that led him/her to incur in this kind of activity. Even so, almost 60% of all those surveyed work less than 40 hours per week, and almost three fourths of them do so on a rotating schedule.

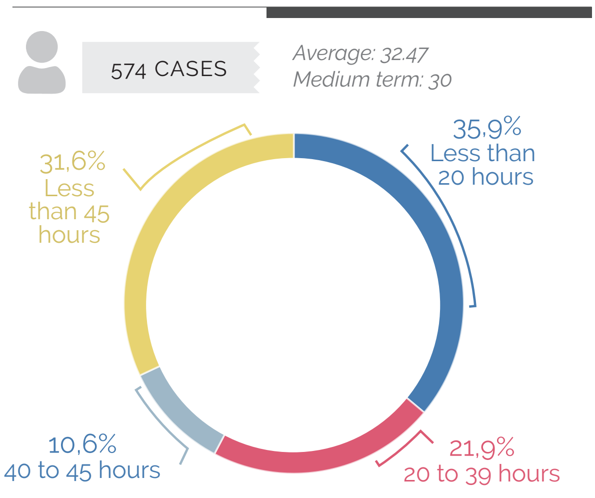
Chart 10:
Had you not been able to work on the platform, do you think it would have been difficult for you to pay your usual expenses?



Note: totals may not add up 100% due to rounding

Source: our own, based on the 2018 ETP

Chart 11:
Hours worked on the platform per week



Note: totals may not add up 100% due to rounding

Source: our own, based on the 2018 ETP

Chart 12:
Besides the income you make from your work, do you have other sources of income? According to the hours worked on the platform per week

Source: our own, based on the 2018 ETP

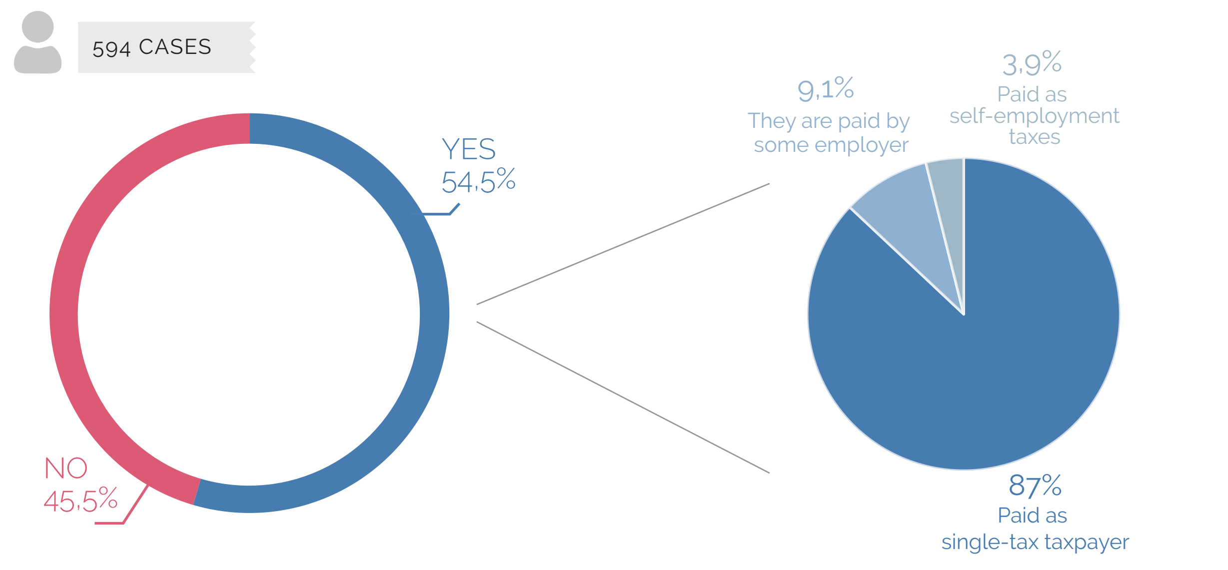
Working conditions

Working conditions in the platforms show certain informality since, for example, only 55% of those surveyed state that they make pension contributions for their platform activities (and out of these almost 90% does so as a monotributista) and merely 40% declares they have an HMO derived from their work.

Regarding the connection between platforms and providers, 85% of workers mention the existence of some channel of communication between them, and 60% got some type of training or orientation from the platform – although only 15% of these referred to technical training linked to the activity. On the other hand, the vast majority of service providers (75%) said that platforms do not supply workers with any type of administrative facility or financial service and that, in case of conflicts with clients, platforms tend to benefit users to a greater extent than workers.

Two thirds of workers are satisfied to some extent with the platforms. This is especially the case among those who provide high-skill physical services and among older providers. Only 15% of those surveyed is unhappy with their job, a percentage that doubles among those who provide high-skill virtual services. Initial motivations to join a platform seem to have an impact on satisfaction: those who needed additional income or profits seem less satisfied than those who joined seeking better working conditions.

Chart 13:
Do you make pension contributions? How do you make them?



Note: totals may not add up 100% due to rounding

Source: our own, based on the 2018 ETP

8

LEGAL AND LABOUR NORMS OF PLATFORM WORK

As analysed in previous chapters, platforms constitute an extremely heterogeneous collective of business models and agent types. Some provide services in virtual spaces (even global ly), while others link supply and demand so that jobs can be carried out in defined physical spaces. Some involve highly skilled workers, while others are oriented towards segments of the workforce with lower skills. Platforms engage in modern productive activities, such as software design services, and in traditional ones, such as domestic work. Platforms group different economic agents, like small local companies or branches of big multinationals companies. Clearly, the platform universe is an extremely varied mosaic.

Nevertheless, all these business models share certain features which groups them as a specific sector. Thanks to digital technology (digital platforms or apps), supply and demand can be instantly connected, with practically no transaction costs. Platforms rely on the division of productive processes into tasks distributed among many workers (the crowd), even all over the planet. By considering them "independent workers" the cost of labour is reduced, and platforms avoid paying contributions, insurance, licenses, and other obligations that are enforced for traditional employers.

Clearly, beyond their specific characteristics, the features that platforms share translate into business models that affect labour markets and, in many cases, feed a trend of work precariousness manifested in the last decades on a global level (Aloisi, 2016).

Digital platforms operating in Argentina declare that workers rendering services are independent, even when the management systems platforms use have several elements of control which, under current labour laws, could bring them closer to an employer-employee relationship. In this sense, labour law in most countries (Argentina included) advocates for a criterion of "primacy of facts or primacy of reality", which gives precedence to what happens in practice instead of to what arises from documents in case of a dispute.

Most digital platform work arrangements have certain characteristics that are similar to working on a payroll, though with greater flexibility and autonomy, which resembles self-employment work. It is precisely because of this paradox that, on a global level, we have yet to reach a consensus regarding the proper way to classify these workers.

According to Aloisi (2016), the platform economy allows companies to externalize processes without losing control, managing relevant business relations through "extra-legal" instruments, such as economic dependence and reputation (rating systems and reviews). In general terms, this new configuration implies that labour income is established through the law of supply and demand, and that worker activities are monitored and assessed based on "client satisfaction", where supervision – a prerogative traditionally exclusive to management – is partially delegated to users-consumers.

Defining the work relationship of other related figures is a very complex task since, in such triangular relations (platform, user-provider,

and user-consumer), it is necessary to first identify the relevant employer and, only then, evaluate the nature of the work relationship.
For some of the workers it might not be easy to identify their “employer”. Platforms and user-clients in platforms may interact with workers (user-provider) in several ways. On the one hand, user-clients may establish tasks while platforms provide the environment where users connect. Also, platforms put in practice some forms of supervision and, in some cases, they play a role in resolving disputes between user-suppliers and user-clients (Agraval et al., 2013).

To classify the worker-client relationship it is important to consider that it generally lasts a limited period of time (a trip, for instance) and that the parties that are part of the contract change constantly. The worker´s labour relationship, in this case, is fragmented into many small contracts with different clients for a limited amount of time, maintaining no relationship as a salaried employee with any of them.

On the other hand, there frequently is some sort of contractual relationship between the worker and the platform (besides the link between the client and the platform). By joining, workers offer their work through this channel, even though they are under no obligation to accept jobs. Nonetheless, the rating system based on client evaluations serves to exert pressure.

If the platform only serves as an intermediary, providing the infrastructure that facilitates a work relationship between the worker and the client, it should be classified as a placement service or an employment agency. Nevertheless, a lack of integration with the clients’ businesses and the scant space that the client has to manage the worker seems to negate this kind of relationship.

To analyse these triangular relations, Prassl and Risak (2016) propose a methodology that consists of assessing whether the likely employer performs five basic functions: (i) beginning and ending the employment relationship; (ii) receiving the work; (iii) ordering the work and paying for it; (iv) managing the company´s internal market; and (v) managing its external market. The terms and conditions of use of the platforms operating in Argentina show that, in most of the cases reviewed, platforms do perform the five functions suggested. They would therefore be the employers in the event that an employment relationship does exist.

Once the platform is deemed to be the potential employer, the analysis of dependence should be analysed vis-à-vis the work relationship between the platform and the worker. Available information allows us to state that the degree of technical dependence that the workers have on the platforms is high. Although the empirical base used for this analysis is partial – the terms and conditions of the platforms, the interviews to the staff that organizes them – it supplies enough information to assert that platforms establish the way in which tasks are carried out and assess performance rigorously based on client evaluations of services rendered. The mediating role played by platforms regarding payments between workers and clients, and the communication between them, also show an important degree of control.

Regarding economic dependence, the analysis of the data obtained from the 2018 ETP (frequency, weight of income obtained in relation to total income, relationship with clients, and type of interaction with the platforms) indicates that an important segment of this kind of worker shows a high degree of dependence.

From the international debate three clear positions arise. According to the first one, most platforms insist on considering their workers as independent, but there are some examples of platforms that acknowledge certain labour rights.

The second position states that platforms must adjust to the regulatory frameworks in force in the countries, whether as payroll workers or using different arrangements already designed for non-standard ways of work. In this sense, non-standard employment arrangements include fixed duration contracts and other forms of temporary work, part-time agency jobs, and other contractual agreements that involve multiple parties, disguised forms of employment, and dependent self-employment (ILO, 2015).

Last, the third perspective considers that the limits of labour relations and worker protection are promoting recommendations to create specific categories of "dependent contractors", who would be entitled to a limited number of labour rights. Indeed, some jurisdictions (Spain, Italy, and Brazil, for instance) recognize it as an intermediate category between employment and self-employment, through which some labour protection is granted to non-salaried workers who would remain unprotected under current legislation (that classifies them as self-employed workers). Notwithstanding, these experiences have not been considered successful and thus should not be considered benchmarks necessarily. For example, the adoption of the Self Employed Workers Statute (LETA, as per its Spanish acronym) in Spain in 2007 represented one of the first legal provisions governing dependent self-employment (TRADE, as per its Spanish acronym) in Europe. Nine years after it was adopted, its development has been deemed unsatisfactory in general both by businessmen and by unions. The former have been discouraged by the formal requirements of this type of contract and because they fear potential added burdens. Unions have been reticent because they understood it as a step towards the precarization of work.

9

LINES OF ACTION

The concept of "Platform Economy" includes a universe of extremely heterogeneous economic and social activities facilitated by digital platforms with great dispersion in the profiles of workers offering their services through them, in the labour relations established between workers and platforms, and in their work conditions.

The reality of platform workers is heterogeneous, especially if we take into consideration the type of tasks and the skill levels required. For example, while many workers who carry out low-skill physical work are vulnerable, others, such as domestic service workers, are benefitted by the platforms in terms of improvements in work conditions and in the formalization of their work. Furthermore, for platform workers who carry out high-skill virtual work, the platform economy not only represents opportunities for professional advancement but can also contribute significantly to the economic development of the country. Such distinction between categories is fundamental because they seem to promise different career trajectories.

Faced with such diversity of situations and types of worker-platform relationships, which range from legitimate commercial and labour relations to disguised forms of employment, understanding the scenario and its complexity is of utmost importance. Evidence shows that it is not convenient to apply a single, universal recipe to platforms and workers involved, which comprise a most heterogeneous and dynamic universe in continuous growth. Nevertheless, the conclusions reached in this study enable us to outline some possible public policy guidelines:

1 – Understand the phenomenon of the platform economy, generate pertinent normative actions, and incorporate specific categories within official statistics that facilitate getting to know, make visible, and assess the reality of platform workers.

2–Debate regulation, in the framework of social dialogue and via the justice system, to avoid the introduction of distortions that encourage informality or render business models unviable.

3-Discuss and rethink some aspects of labour regulations to contemplate proposed scenarios resulting from technological changes (for example, for the Employment Contract Law to promote decent working conditions and a floor of rights and benefits, independently of the condition of employed, non-employed, typical or atypical workers.

4-Simplify and facilitate the formalization and registration of workers.

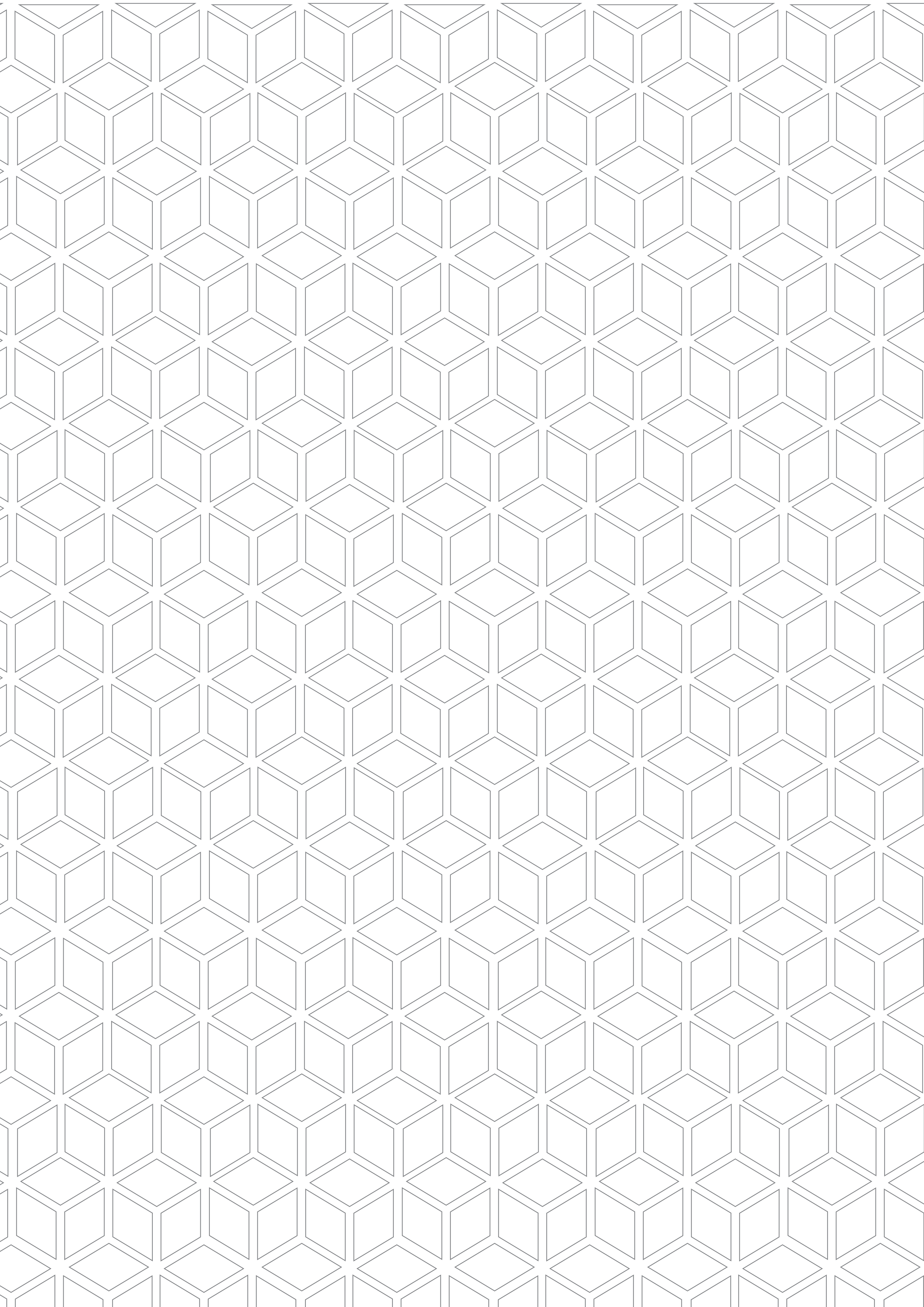
5- Recognize digital reputation as private and portable capital for platform economy workers (a chance to offset the lack of formal credentials or certifications).

6 – Generate public-private spaces of collaboration to invest in training and skill development of platform economy workers.

7- Identify and promote opportunities and incentives to facilitate the inclusion of vulnerable and marginal groups (migrants, persons with disabilities, single mums, young people at risk, the rural population, among others) in the productive economy through the platform economy.

8-Develop specific policies to improve career trajectories and to take advantage of the potential of high-skill virtual workers, which would translate into an opportunity to export knowledge-based services and to prevent brain drain. In this regard, policies oriented towards the development of competencies require the deployment of practices that reduce administrative complexities and financial barriers which hinder competitiveness in the global market.

These are some examples of how, through active public policies, we can take advantage of opportunities and mitigate the undesired effects of the platform economy in the labour market. In this sense, it is fundamental that said policies are defined through a participative process where users, workers and the platforms, both local and global, are taken into account during the decision-making process.



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We promote policies to achieve a developed, more equitable Argentina, with equal opportunities and solid and effective public institutions.They want a fair, democratic and inclusive society, in which all people can develop in freedom.

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IDB Lab is the innovation laboratory of the IDB Group, the leading source of development finance and know-how for improving lives in Latin America and the Caribbean (LAC). The purpose of IDB Lab is to drive innovation for inclusion in the region, by mobilizing financing, knowledge, and connections to co-create solutions capable of transforming the lives of vulnerable populations affected by economic, social or environmental factors. Since 1993 IDB Lab has approved more than US $2 billion in projects deployed across 26 LAC countries. As of October 29, 2018, IDB Lab is the new identity of the Multilateral Investment Fund (MIF). www.idblab.org

ABOUT ILO

Creada en 1919, la Organización Internacional del Trabajo (OIT) es la más antigua y única agencia "tripartita" del sistema de las Naciones Unidas. Reúne a gobiernos, empleadores y trabajadores de 187 Estados miembros a fin de establecer las normas del trabajo, formular políticas y elaborar programas promoviendo el trabajo decente. Los objetivos principales de la OIT son promover los derechos laborales, fomentar oportunidades de trabajo decente, mejorar la protección social y fortalecer el diálogo al abordar los temas relacionados con el trabajo.

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