Policy Report

BUILDING A SOCIAL PROTECTION AGENDA FOR ONLINE WORKERS IN SOUTHEAST ASIA

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Executive Summary

Digital transformation has generated new forms of work and innovative ways of organising work. One of its main features is the emergence of web-based, cross-border digital labour platforms. The COVID-19 pandemic is expanding and accelerating cross-border, web-based digital labour, or online freelance labour, with the rapid use of digital labour platforms. This trend is likely to lead to an increase in demand for hiring remote freelancers. Building on the author's ongoing study on the rights-based approach to governing online freelance labour, this report offers key recommendations on labour rights and social protection, with a special focus on web-based, online freelance workers from Southeast Asia. It utilises preliminary findings elaborated by the author in NTS Insight No. IN21-01, titled "A Rights-Based Approach to Governing Online Freelance Labour: Towards Decent Work in Digital Labour Platforms", to accentuate possible areas of action by Southeast Asian countries to promote rights and social protection for their workers who are engaged in web-based digital freelance labour.

Introduction

This Policy Report focuses on one type of digital labour platform, i.e., cross-border, web-based platforms, where tasks are performed online and remotely by workers and are allocated to a group of workers or "crowd" (on microtask and competitive programming platforms) or to individuals (on freelance and contest-based platforms).[1] This type of platform is different from location-based digital labour platforms for ride-hailing, delivery and other non-digital tasks performed locally. Web-based, cross-border digital labour platforms facilitate the real-time hiring of freelance workers for a plethora of tasks required by companies. Digital labour platforms connect and serve as intermediaries between the two actors, businesses (clients) and freelance workers.[2]

Recent studies demonstrate that online platforms for digital labour have the potential to generate more jobs, promote innovation, and reduce gender gaps in emerging economies. Digitally enabled new forms of work are thriving and the number of people getting employment opportunities is increasing rapidly.[3] Upwork, a web-based digital labour platform, reported that there has been a significant rise in the demand for hiring remote freelancers on its platform since the COVID-19 pandemic.[4]

The Rise of a Cross-Border, Digital Labour Economy

The pandemic has compelled businesses, non-profit organisations and even governments to offer remote working, or telecommuting arrangements, for their employees through the use of digital technologies and innovations. Remote work allows many workers to safely perform their tasks at home without the need to travel. But even before the pandemic, a new form of work that involves remote working by online freelancers from all over the world had already emerged. With the rise of online-based jobs, it is assumed that online workers will get more

[1] International Labour Organization (ILO), *World Employment and Social Outlook 2021: The Role of Digital Labour Platforms in Transforming the World of Work*, 2021.

[2] ILO, "Policy responses to New Forms of Work: International Governance of Digital Labour Platforms", Paper prepared for the 2nd Meeting of the G20 Employment Working Group under Japan's Presidency, Tokyo, Japan, 22–24 April 2019, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_713378.pdf; Amelita M. King-Dejardin, "Homeworking in the Philippines: Bad Job? Good Job?", ILO Working Paper 25, 2021.

[3] Isabelle Deganis, Makiko Tagashira, and Wenyan Yang, "Digitally Enabled New Forms of Work and Policy Implications for Labour Regulation Frameworks and Social Protection Systems", Policy Brief No. 113, UN Department of Economic and Social Affairs, 29 September 2021, https://www.un.org/development/desa/dspd/2021/09/digitally-enabled-new-forms-of-work-and-policy-implications-for-labour-regulation-frameworks-and-social-protection-systems/.

[4] Adam Ozimek, "Future Workforce Report 2021: How Remote Work is Changing Businesses Forever", Upwork, 2021, https://www.upwork.com/research/future-workforce-report.

flexibility over when, where and how they conduct their work while employers will be less concerned over the location of their employees or even their time zones.[5] The Oxford Internet Institute's Online Labour Index serves as a global economic indicator of the supply and demand of online freelance labour across countries and occupations by tracking the number of projects and tasks across platforms in real time. According to the index, the web-based digital labour economy has risen from 98.6 index points in May 2016 to 213.6 index points in early April 2022, indicating that digital labour has significantly expanded through the years, in particular during the pandemic.[6]

The global trend is that jobs are outsourced on these platforms by companies located in the global North, and performed by freelance workers residing in the global South. In Asia, the majority of platform tasks are completed by workers based in South Asia and Southeast Asia.[7] Data gathered from one of the largest online freelance platforms in 2019 showed that a large share of platform-facilitated work is performed by workers in developing countries, particularly India (US$26 million worth of work), which accounts for almost 20% of the total market, followed by the Philippines (US$16 million worth of work). The demand for online workers largely comes from Australia, Canada, Germany, New Zealand, the United Kingdom and United States.[8]

One of the principal advantages of working on web-based, digital labour platforms is the flexibility that it can offer to freelance workers — in terms of their preferred location, time zone, work duration and how they would like to work. Furthermore, governments from labour-supplying countries also promote web-based digital labour, or online freelancing, not only as a source of income attractive for individual workers, but also as an alternative to migration.[9]

According to a 2021 global study on online freelance working by the International Labour Organization (ILO), the key motivating factors for freelance workers in developing countries are the preference for or need to work from home (36% of the survey participants) and getting extra pay outside their regular jobs (26%). Working from home or job flexibility is particularly important for women. A higher proportion of women (35%) than men (25%) on web-based digital labour platforms are attracted by the flexibility that online work offers.[10] In another ILO study on online freelance workers specifically in the Philippines, the forefront of web-based digital labour in Southeast Asia, female online workers cited their need

[5] Callus Williams, "A Bright Future for the World of Work", *The Economist*, 8 April 2021.
[6] ILO, "Policy Responses to New Forms of Work".
[7] Mark Graham, Isis Hjorth, and Vili Lehdonvirta, "Digital Labour and Development: Impacts of Global Digital Labour Platforms and the Gig Economy on Worker Livelihoods", *Transfer: European Review of Labour and Research* 23, no. 2 (2017): 135–162
[8] ILO, *World Employment.*
[9] Cheryl Ruth Soriano and Jace Vincent Cabanes, "Entrepreneurial Solidarities: Social Media Collectives and Filipino Digital Platform Workers", *Social Media + Society* (2020): 1-11.
[10] Cheryl Ruth Soriano and Jace Vincent Cabanes, "Entrepreneurial Solidarities".

to take care of their young children as a primary reason why they chose online freelancing.[11]

However, digital workers have no long-term, regular monthly wages or non-wage fringe benefits, making them vulnerable to unpredictable and volatile income. A 2017 ILO study indicates that in many countries, the average hourly earnings of a freelance online worker ranged between US$2 and US$6.5, with a high proportion of workers earning below the national minimum wage.[12] With COVID-19 prompting more to seek work through online labour platforms, the labour supply on these platforms has increased significantly, while the demand for workers has decreased, putting downward pressure on average earnings.[13] Studies have also shown that non-wage benefits, such as paid sick leave, paid vacation leave, paid maternity leave, performance bonus, paid public holidays and health insurance, are hardly given to freelance workers, despite the fact that several of them are performing duties like regular employees although they are contractually identified as independent contractors/service providers.[14]

Differences in pay across gender are also evident. The 2017 ILO global survey showed that taking into account unpaid work as well, women's average pay was between 5 and 18% less than that of men, depending on the platform, in 2017.[15] Moreover, a 2019 survey of online workers in the Philippines showed that female online workers' income sources are less diverse, compared with those of their male counterparts. Online work through digital labour platforms contributed 89% of monthly earnings for women. In contrast, online work through digital labour platforms provided only 66% of the monthly income for men.[16] This also means that the insecurity of online freelance job is especially challenging for female platform workers who depend on it as a main source of income.

According to the 2021 ILO study on online freelance working, 19% of its survey respondents reported that they were discriminated against on the basis of age, gender, ethnicity, language spoken or nationality. This proportion was lower in developed countries (12%) than in developing countries (22%), where it was also particularly high among women (25%).[17] Discrimination typically took the form of either exclusion from work opportunities or lower wages.

[11] Amelita M. King-Dejardin, "Homeworking in the Philippines".
[12] ILO, "Policy Responses".
[13] ILO, *World Employment*.
[14] King-Dejardin, "Homeworking in the Philippines".
[15] Berg, E. Harmon, U. Rani and M.S. Silberman, *Digital labour platforms and the future of work: Towards decent work in the online world*, 2018.
[16] King-Dejardin, "Homeworking in the Philippines".
[17] ILO, *World Employment*.

Web-based, Digital Freelance Workers in Southeast Asia

In Southeast Asia, there is no exact figure for the number of online freelance digital workers. This lack of data is partly due to the "invisible"[18] nature of this new form of digital labour. The invisibility of online workers, who are mostly working from home, stems from the existing limitations to their identification in household labour force surveys and labour registries by national governments.[19]

In the region, the Philippines is a major source of online workers. There are approximately 1.5 to 2 million Filipinos who are online freelance workers.[20] The Global Gig Economy Index ranked the Philippines as the sixth-fastest growing gig economy market in the world. Filipino online workers reportedly represent 18.9% of the global freelance digital labour force.[21] In Indonesia, about 170,000 users were registered in major digital freelance platforms in 2018.[22] As of now, the top 10 countries with workers on five major platforms include the Philippines and Indonesia, according to the Oxford Labour Index.[23] Other industry reports indicate that 40,000 registered platform users are in Vietnam, another 40,000 in Singapore and 20,000 in Thailand.[24]

In Southeast Asia, web-based digital labour is unregulated, making freelancers easily vulnerable to exploitation by being overworked or underpaid or by virtue of their contracts allowing for easy termination.[25] Being unregulated means that legal systems (labour standards and social protection regulations) developed for traditional forms of employment may not have the capacity to regulate web-based digital labour platforms, where transactions are virtual and extraterritorial.[26]

[18] ILO, *Working from Home: From Invisibility to Decent Work*, 2021.
[19] ILO, *Working from Home*.
[20] Philippine News Agency, "Angara sees growth of digital careers in PH after Covid-19", 17 May 2020, https://www.pna.gov.ph/articles/1103106.
[21] C. Diesel, "The Southeast Asian Gig Economy: Capitalism at its Most Brutal?" *ASEAN Today*, 23 November 2019, https://www.aseantoday.com/2019/11/the-gig-economy-capitalism-at-its-most-brutal/
[22] Yudho Giri Sucahyo, Arfive Gandhi, and A. Labib Fardany Faisal, "Digital Labour: Numbers, Type and Income of Online Gig Workers in Indonesia", Development Implications of Digital Economies (DIODE) Strategic Research Network, 15 October 2019, https://diode.network/2019/10/15/numbers-type-and-income-of-online-gig-workers-in-indonesia/.
[23] Oxford Labour Index, "Top 15 countries", accessed 7 March 2022, https://ilabour.oii.ox.ac.uk/online-labour-index/.
[24] Not all registered users are necessarily nationalities of these countries; they may just be legal residents but coming from any country around the world. See "ASEAN Freelancer Job and Work Online", Jobandwork.asia, accessed 7 March 2022, https://jobandwork.asia/freelance/asean/.
[25] Graham, Hjorth, and Lehdonvirta, "Digital Labour".
[26] ILO, "Policy responses".

The Need for Social Protection: Recommendations

In 2019, the ILO's Global Commission on the Future of Work issued a key report, *Work for a Brighter Future,* proposing a "human-centred agenda for the future of work that strengthens the social contract by placing people and the work they do at the centre of economic and social policy and business practices".[27] The human-centred framework entails providing social protection benefits even to those in the web-based digital labour market.

The ILO defines "social protection" (also known as "social security") as "the set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle. Social protection includes child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection (medical care), old-age benefits, disability benefits and survivors' benefits."[28]

The ILO regional study on social protection for informal workers in ASEAN found that the debate on the employment status of platform workers largely concentrates on ride-hailing and delivery platform companies; there is no significant policy discussion on the employment status and social protection benefits for online freelance workers.[29] Specifically, it must be noted that the cross-border operating model of web-based digital labour poses jurisdictional and regulatory challenges for national labour laws and regulations, including those pertaining to the social protection responsibilities of businesses located outside of national jurisdictions.

1. **National governments can progressively extend their social protection schemes to online workers**.

Amending legal frameworks is often the first essential step towards the extension of social protection coverage to include online workers. By having flexible social protection schemes, states can also subsidise the social insurance coverage of online workers. For instance, Thailand now includes self-employed workers who were not formerly covered by the country's compulsory national social insurance scheme, by subsidising their coverage. Indonesia, the Philippines and Vietnam subsidise health insurance schemes for certain population groups, including freelancers, which can lead to the steady extension of coverage towards universal health coverage. The extension of coverage necessarily involves additional public expenditure, including the combination of different financing sources, such as contributions from workers and taxes.[30]

[27] Global Commission on the Future of Work, *Work for a Brighter Future*, ILO, 2019, p. 11.
[28] Quynh Anh Nguyen and Nuno Meira Simoes da Cunha, *Extension of Social Security to Workers in Informal Employment in the ASEAN Region*, ILO, 2019, p. 2.
[29] Nguyen and da Cunha, *Extension of Social Security*.
[30] Nguyen and da Cunha, *Extension of Social Security*.

Many observers propose that the way forward towards universal social protection entails a combination of contributory and non-contributory social protection mechanisms. This would help address the lack of capacity among many freelance workers to sustainably and consistently contribute to national social security mechanisms from their own incomes.[31] It can also help provide targeted assistance to online workers who are more vulnerable (in terms of income status, gender, special needs, geographical location and/or being part of a marginalised/minority group, etc).

Given that web-based freelance work is generally cross-border in nature, there is currently no practical regulatory mechanism for governments in the region to compel digital labour platforms and client companies, which are based overseas, to provide social security benefits to their online workers. For this reason, the ILO was called on to develop an international governance system for digital labour platforms that ensures minimum rights and social protection.

At the regional level, ASEAN member states should participate in ILO-facilitated discussions and proactively engage digital platforms and their clients. ASEAN labour officials can jointly explore with other ASEAN bodies, such as the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children and the ASEAN Intergovernmental Commission on Human Rights, the question of how to mainstream online workers' rights and social protection. By doing so, the ASEAN countries, especially those that have a significant number of online workers, would be able to help shape the future international governance system for web-based digital labour rights and protection.

2. *The "hidden" status of freelance digital workers must be reversed through systematic gathering of national labour data.*

The invisibility of freelance digital workers or their not being part of national labour registries means that the social protection and labour rights of such workers may be invisible as well. ASEAN member states should aim to have an accurate accounting of the number of online freelance workers in their respective jurisdictions through systematic gathering of national labour data.[32]

National authorities must require transparency of existing digital labour platforms so that the workers hired through their sites are traceable. There must also be a means for governments to enforce such transparency. In reality, authorities are unable to access data on web-based platforms and on the freelance workers employed through these platforms. Given the cross-border nature of transactions and multiple jurisdictions involved, there are grey areas in the social

[31] Nguyen and da Cunha, *Extension of Social Security*.
[32] C. Behrendt and Quynh Anh Nguyen, *Innovative Approaches for Ensuring Universal Social Protection for the Future of Work,* ILO Future of Work Research Paper Series, No. 1, 2018.

protection of online workers, their minimum rights, as well as compliance with social protections and enforcement mechanisms. The problem of traceability is especially pertinent when digital labour platforms and businesses hiring freelance workers are located in various countries and even outside the Southeast Asian region, making it unclear where platform work is performed and by whom. Countries in the region must enhance their knowledge base on the online platform economy by bolstering their national assessments and data collection on the nature and extent of online freelance work among their national workforce. By doing so, governments will have accurate data on the number of online freelance workers who would need social protection assistance.

At the regional level, ASEAN member states may find it useful to engage online labour platforms on a modality in which labour authorities and social protection agencies can gain access to relevant basic information on the number of people working through digital labour platforms, their employment status, and their standard terms and conditions. This modality has been recently proposed in the European Union through the European Commission.[33] Furthermore, the establishment of the Regional Centre for the Future of Work by Singapore in 2020 is a nascent and critical step towards regional preparedness for the complexities brought about by digital transformation in the world of work.[34] The centre's work to facilitate continued social dialogue and capacity building should progressively be extended to finding a regional approach to address social protection issues brought about by the growth of the gig economy. Moreover, regional workshops comprising labour officials, social protection agencies and experts as well as commissioned studies can facilitate documenting and sharing of best practices, experiences and lessons learnt.

3. ***The growing trend towards collective organisation among online workers through social media can be tapped by labour ministries and social protection agencies to collectively engage such workers.***

The absence of formal and organised labour unions or professional bodies to represent them is being addressed by online workers themselves. Social media groups (primarily through Facebook) have become avenues for online freelancers to foster collective organisation. This type of informal collective association goes beyond the traditional labour union. Workers can either participate in existing online groups on social media or even organise their own groups with their fellow workers doing online freelancing.[35] The author examined the online interactions among workers in some of these social media groups. Through these online communities, workers are helping each other in handling work-related stress, undertaking

[33] European Commission, Proposal for a Directive of the European Parliament and of the Council on Improving Working Conditions in Platform Work, 9 December 2021.
[34] Regional Centre for the Future of Work, Singapore, "Overview", 2020, https://www.futureofwork.gov.sg/about/overview/
[35] Soriano and Cabanes, "Entrepreneurial Solidarities".

strategic pricing and rate negotiation, looking for jobs, resolving work-related issues, and even vetting potential clients/companies. These groups have become forums where the workers build mutual social support for their professional and personal well-being, consequently fostering virtual camaraderie among online workers.

To build on this growing trend towards collective association among platform workers, social protection institutions and labour officials could engage directly with the most popular social media–based online associations where they congregate virtually (e.g., Upwork-Filipino Freelancers Forum; Freelance Online Indonesia; Malaysian Freelancers.). The active online communities/groups of freelance online workers on social media, while informal, can be tapped by agencies to collectively and directly convey information about their services to these workers and at the same time understand their concerns over their labour rights. Moving forward, social protection agencies can be part of the growing ecosystem of social media–based networks of online freelance workers in the region.

Conclusion

As the nature of work evolves rapidly, social protection systems would need to be responsive to shifting contexts and demands. There is currently no encompassing national regulation of cross-border, web-based digital labour platforms; rather, it is the platforms themselves that set employment terms and conditions. There are limitations to national social protection mechanisms as these do not guarantee the upholding of the labour rights that every online worker should have. Regulating digital labour platforms is complex and involves cross-border implementation of policies relevant to decent work. According to ILO's "Conventions and Recommendations", labour rights are universal and applicable to every worker. But how can the rights of online freelance workers be guaranteed? With the shortcomings of existing national labour frameworks to protect new types of workers, particularly online freelancers, a rights-based, protection-oriented framework for cross-border digital labour must therefore be pursued. It would be pertinent to enhance regional initiatives towards adopting a coordinated ASEAN response and the 2019 ASEAN Labour Ministers' Statement on the Future of Work. Whether the future of work would be brighter depends on how much protection and rights are enjoyed by online workers.

About the Author

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NTS Centre conducts research and produces policy-relevant analyses aimed at furthering awareness and building the capacity to address non-traditional security (NTS) issues and challenges in the Asia Pacific region and beyond. The Centre addresses knowledge gaps, facilitates discussions and analyses, engages policymakers, and contributes to building institutional capacity in Sustainable Security and Crises. The NTS Centre brings together myriad NTS stakeholders in regular workshops and roundtable discussions, as well as provides a networking platform for NTS research institutions in the Asia Pacific through the NTS-Asia Consortium.

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