

Hard truth? Almost everyone may be a platform worker in the future



A delivery worker in Beijing last November. A new enterprise-labour rebalancing is in the works in Singapore, with measures under way to put platform workers on a steadier footing. PHOTO: REUTERS

Steady efforts will be needed to build on Singapore's first steps to evolve the compact around platform work

Danny Quah

Sarah, a single mum supporting elderly parents, found a new lease of life in platform work.

She embodies a new generation of workers engaged in a revolutionary form of employment – platform work offering flexibility and income without the constraints of a full-time job.

The young mother has a special-needs child and insufficient educational qualifications to secure a higher-paying job offering paid time off for childcare.

But because she engages in platform work – in her case, driving for ride-hailing services – Sarah (not her real name) makes a reasonable living, and over the course of a workday can take time off duty, at unpredictable moments, to take care of her child and parents.

Through platform work, Sarah has earned new confidence and self-respect, and can financially and emotionally support herself and her family.

She would have found it impossible to do this if she were an employee working regular hours, with rigid reporting rules and strict time accountability.

DOWNSIDES TO PLATFORM WORK

There is a downside, however, to this type of platform work. Though a natural evolution from the growing self-employed space comprising freelancers, independent contractors and gig workers, platform workers are subject to significant management-like control by platform companies.

Worse, this trade-off includes sacrificing all manner of protections and laws protecting regular employees. The Employment Act and related laws in Singapore set out regulations

on appropriate working hours, overtime, leave entitlements, employer contributions to the Central Provident Fund (CPF) and union representation.

While rules on employee protection are not identical today across nations, they are nonetheless shaped by a remarkably similar intent: the common desire for access to acceptable working conditions, adequate insurance protection and healthcare, and facilitated options for retirement and savings – provisions that platform workers who are not employees are not guaranteed.

These disadvantages hit hard our 73,200-strong pool of platform workers in Singapore.

PUTTING PLATFORM WORK ON A STRONGER FOOTING

But a new enterprise-labour rebalancing is in the works, with measures under way to put platform workers on a steadier footing vis-a-vis platform companies. In November 2022, the Singapore Government accepted all 12 recommendations of the Advisory Committee on Platform Workers – of which I

was a member – strengthening protections for platform workers.

Proposals put forward by the committee and accepted by the Government include workplace injury compensation, and having those under 30 contribute to the CPF – with the option for older workers to opt in. These will come into force starting in the second half of 2024.

The committee previously said it was looking at an average of 2.5 per cent and 3.5 per cent increases in CPF contribution rates annually for platform workers and platform companies respectively, which the Government has accepted and will continue to calibrate across five years and aid eligible platform workers with transitional support. These CPF contribution rates will apply to workers' total earnings, less expenses.

This will not be an easy balance but some support in the interim will smoothen the adjustment. Budget 2023 saw Deputy Prime Minister and Finance Minister Lawrence Wong announce a Platform Worker CPF Transition Support initiative, to support platform workers earning \$2,500

a month or less who make the change to contribute to their CPF.

Senior Minister of State for Manpower Koh Poh Koon also announced in Parliament on Wednesday moves to improve representation and wage support, as well as address potential cases of discrimination.

Efforts to improve platform work conditions in Singapore have just begun. Over the coming months, platform companies and workers – ride-hailing service and private-hire car drivers and food and goods delivery workers – will be consulted to work through details in implementing the advisory committee's recommendations.

REINFORCING THE COMPACT OF WORK

It is a false dilemma that flexibility can come only at the cost of income volatility and a technical loophole that those who do as much for society as do employees are, nonetheless, not protected as much – simply because they are not called employees.

That platform workers make a

significant contribution to society is without question. In the depths of the pandemic lockdown, who among us did not breathe a sigh of relief when a ride-hailing driver transported us safely to a polyclinic, or a food delivery worker showed up bringing our takeaway dinner to a safe drop-off point? Should the same safeguards for employees not be extended to them?

At the same time, the technology-driven gig economy provides vital services to Singaporean society, and improves the lives of all Singapore residents.

Platform-work flexibility benefits the worker who otherwise struggles to earn an income, and keeps unemployment low. Platform-company innovation opens up new opportunities for all, improves efficiency, and elevates productivity.

Balancing these considerations was very much in mind as the advisory committee put together its final recommendations. We recommended that platform workers be afforded basic protections, with the aim to match the Singapore practice more broadly in the rest of the economy.

The resulting expenses involved in requiring platform firms to earmark funds for CPF contributions, workplace injury insurance and more might seem significant to platforms in an accounting sense since most delivery and ride-hailing revenues already go to the worker. However, when measured alongside capital costs, regular employee payments and other operating expenses, such platform worker payments amount to only a small fraction of true economic costs.

THE LARGER LOGIC OF EXTENDING PROTECTIONS

The position taken by Singapore will have reverberations around the world and for some time to come. At a time when countries like China, Spain, and the United States are enacting legislation to strengthen safeguards for platform workers, Singapore's move could set a precedent for how millions will be treated around the world.

Much larger issues may be at stake here too, turning on how the economy evolves going forward. One likely arc in the story of the modern marketplace is the possibility that the entire economy will increasingly resemble a gig economy, with work disintermediated and people working on a project basis rather than tying themselves to employers.

This future is not far-fetched for a global economy that has borne witness to three industrial revolutions. In the last turning point, big computers in back offices in the 1990s connected over the Internet and kick-started offshoring, outsourcing, and the global supply chain.

Ever better scheduling algorithms on those computers matched demand and supply

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A local-global gig economy is near

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across the world – not just in final goods but in ever more finely time-sliced stages of intermediate production, allowing ever greater dispersion of razor-precise physical relocation of production processes and consumption patterns. And globalisation emerged.

Today, big computers have given way to dramatically more powerful smartphones connected

to globally dispersed server farms. The Internet has effectively vanished from fixed-location, hardwired phone lines, and squirrelled up into always-on, go-everywhere mobile devices.

Time-slicing matching algorithmic improvement on computers made offshoring and the global supply chain possible. That same technology, re-scaled and refined, now makes possible ever more efficient intra-city, neighbourhood-scale production

processes and people-to-people engagement. This is the platform economy of food deliveries and ride-hailing: it's globalisation gone local.

The same logic of digital technology that made globalisation so devastatingly efficient will, through smartphones and always-on mobile Internet, bring offshoring ruthlessly into local neighbourhoods. Everything both global and local may be outsourced, with data-driven algorithms more efficiently matching demand and supply.

All of us may be forced to become platform workers in a local-global gig economy. Ride-hailing and food deliveries are just the first manifestations of this disruption. In time, every

economic activity will be subject to such unpacking.

Why bundle together workplace and workforce in the same physical space, when the same production can be achieved more efficiently using spatially dispersed platform workers?

Why hire a working professional in Singapore if the advent of digital communications and remote working allows everyone to work from anywhere – and consequently, enables employers to hire anywhere?

DON'T KICK THE CAN DOWN THE ROAD

When globalisation took hold in the late 1990s, observers did not foresee how workforce disruption would fuel a surge of nationalist

populism. Because globalisation was cross-country, civil dissatisfaction ended up conveniently directed at other nations. But this time around, unchecked dissatisfaction will disrupt domestic social and political organisation, and will fuel breakdown in social cohesion.

Thinking hard and making difficult moves now to right the place of platform workers will help us tackle this social disruption head on and adjust in moving ahead, instead of kicking the can down the road.

Protecting platform workers now is not just for platform workers. It will help Singapore society manage better the coming backlash from ever greater labour market disruption.

Looking ahead and sharing the costs of platform worker protection across all stakeholders – platform companies, consumers – will safeguard the well-being of platform workers and price in the costs of this disintermediation while ensuring some level of basic income security.

Importantly, it means that our social compact in Singapore, with employment at its core, can hold.

Sarah has been a beneficiary of a platform economy. Let's not become victims of the next one.

• Danny Quah is Li Ka Shing Professor in Economics, and Dean, Lee Kuan Yew School of Public Policy, National University of Singapore. He also served as vice-chair of the Advisory Committee on Platform Workers. The views here are his own.