

# DIGITAL IMPACTS ON LABOUR MOBILITY AND FIRMS:

## OPPORTUNITIES AND CHALLENGES FOR LABOUR AND FIRMS

Presentation at *the International Seminar on Digital Revolution*

Association Internationale des Conseils Economiques et Sociaux  
et Institutions Similaires (AICESIS)

23-24 October, 2018 Geneva

Uma Rani

# PRESENTATION OUTLINE

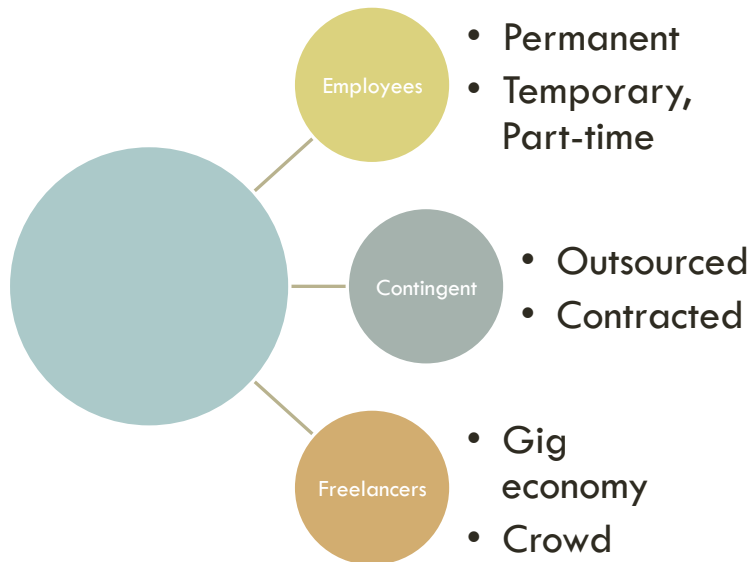
- New Business models (including digital platforms)
- Distribution of workers and firms across the globe
- Opportunities and challenges for firms through digitalisation
- Opportunities and challenges for workers in the digital world
- Digital labour and development

# BUSINESS MODEL (CHANGING)

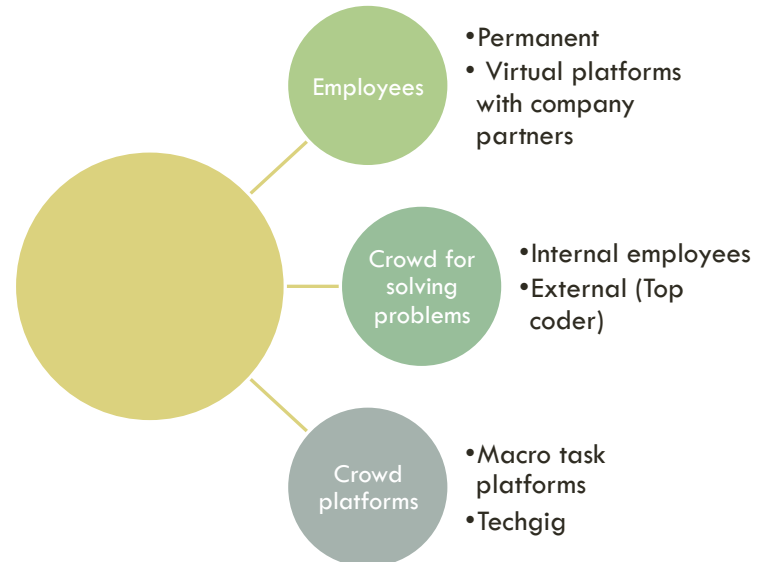
- Based on profitability, productivity, efficiency
- Reduces fixed costs and increases flexibility
- Lowers costs
  - By ensuring simple, low-level tasks are not being done by high-cost internal staff
  - For innovation and product development by outsourcing to firms or crowd
- Enhances innovations and performance
- Access to a diverse global pool of talent and ideas

# NEW BUSINESS MODELS

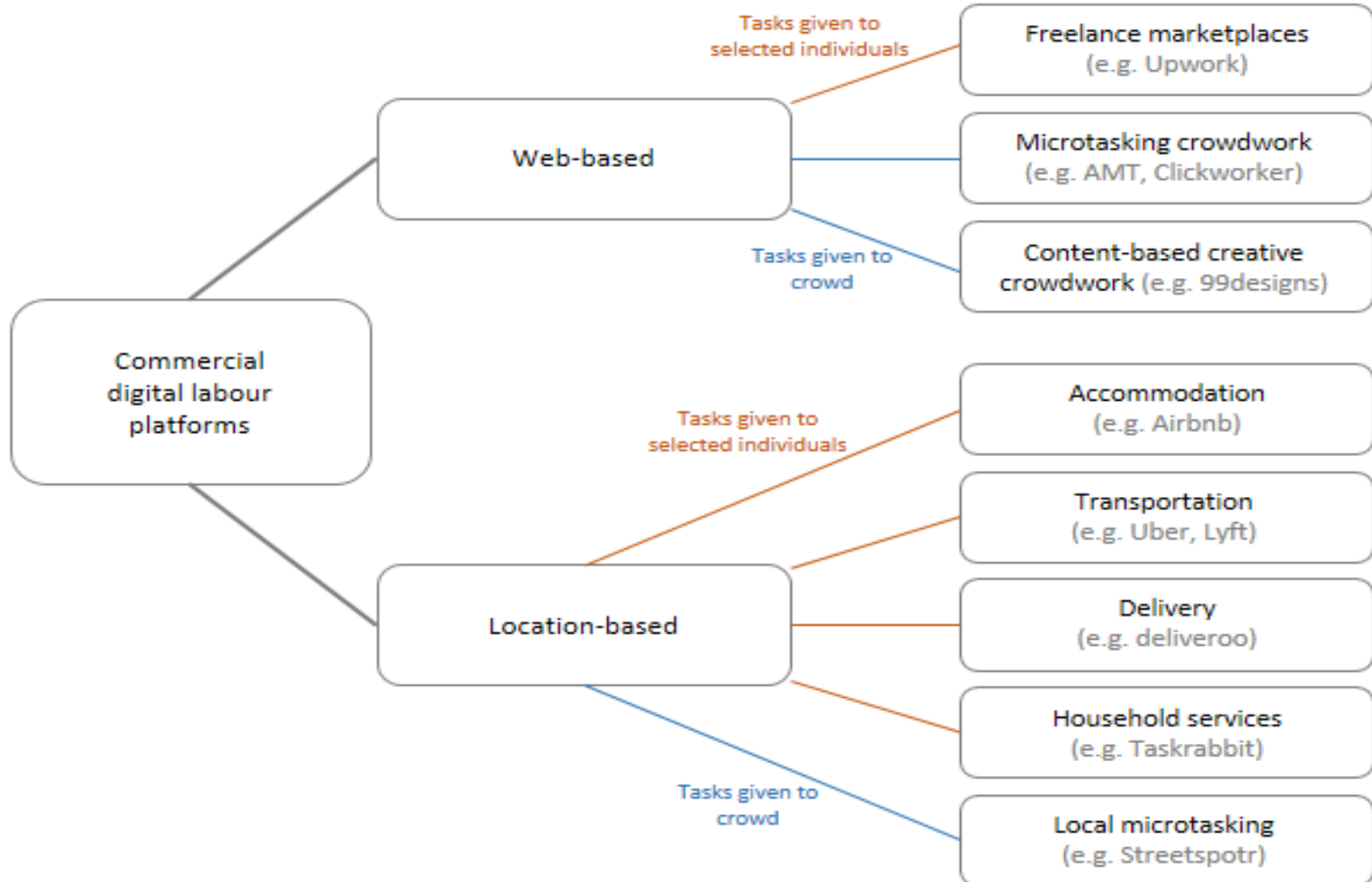
Augmented workforce model/  
Workforce ecosystem



'Hybrid crowd' model (Information  
Technology firms)



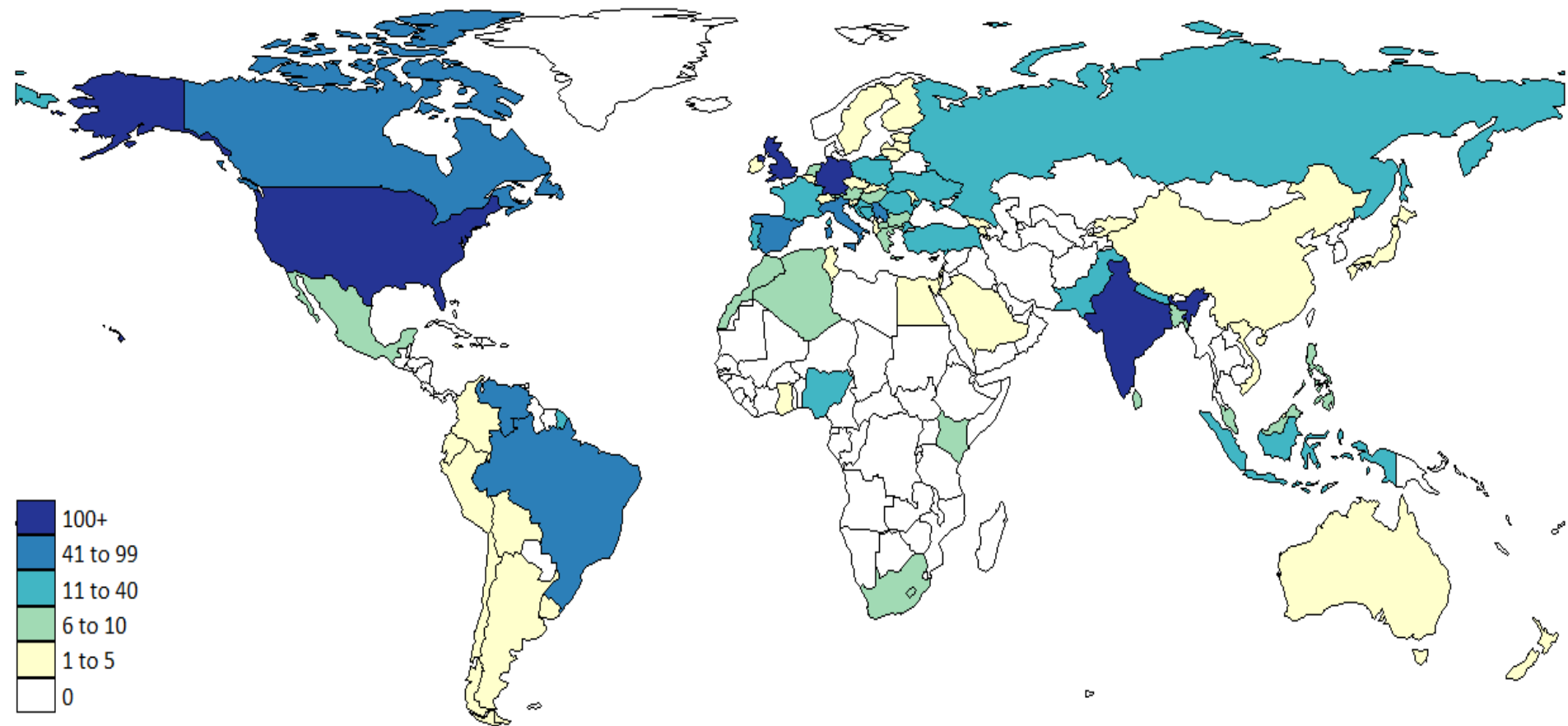
# Digital platforms – different models



# Growth of workers on digital platforms

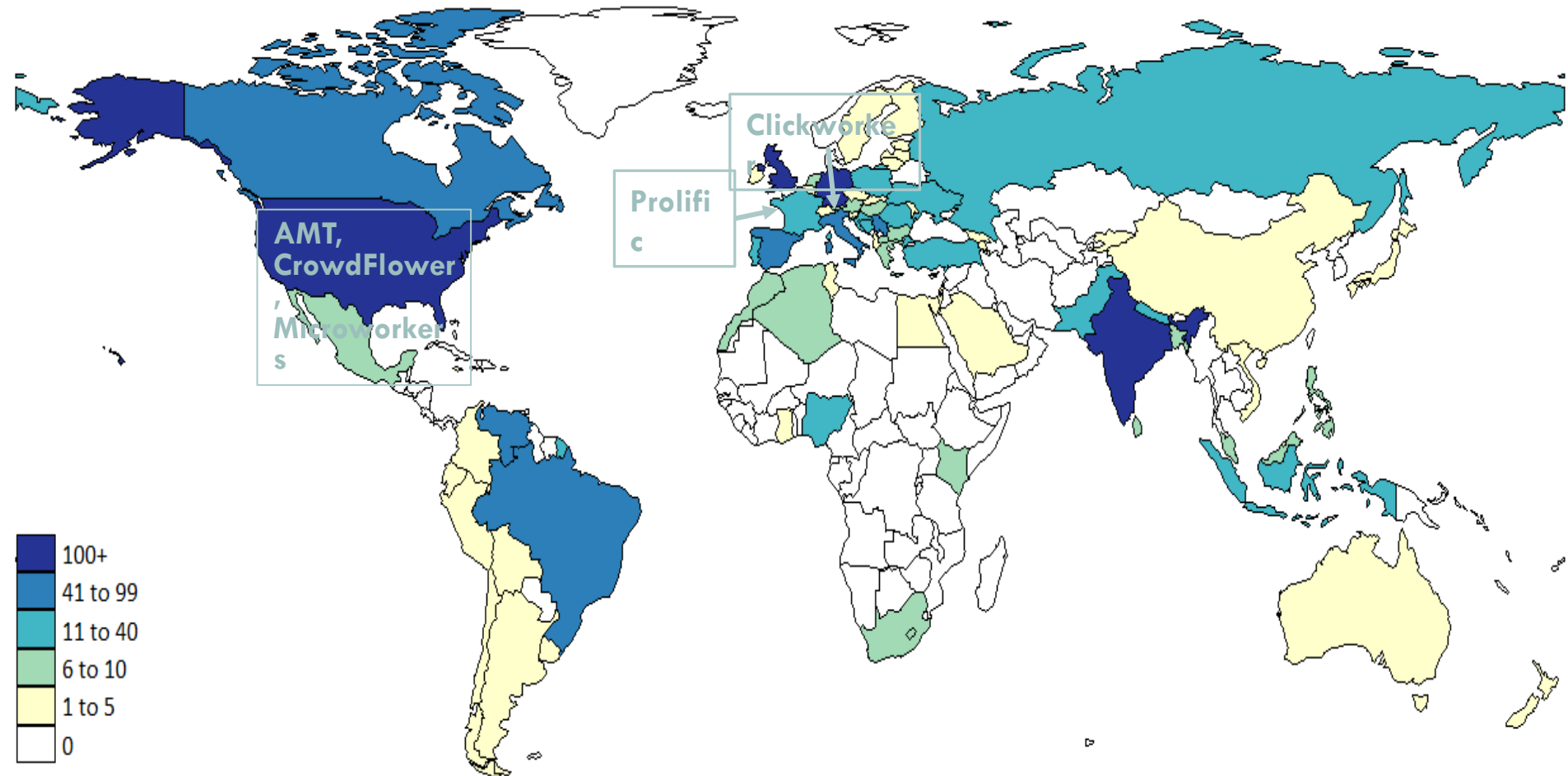
- Rise of gig/ crowdwork/ platform economy workers
  - Online labour market grew by 25.5% between July 2016 and June 2017 (Lehdonvirta 2017)
  - Between 1% and 5% of the adult population in the European Union (EU) has participated at some time in paid work in the platform economy (European Parliament 2017)

# Distribution of workers across the world



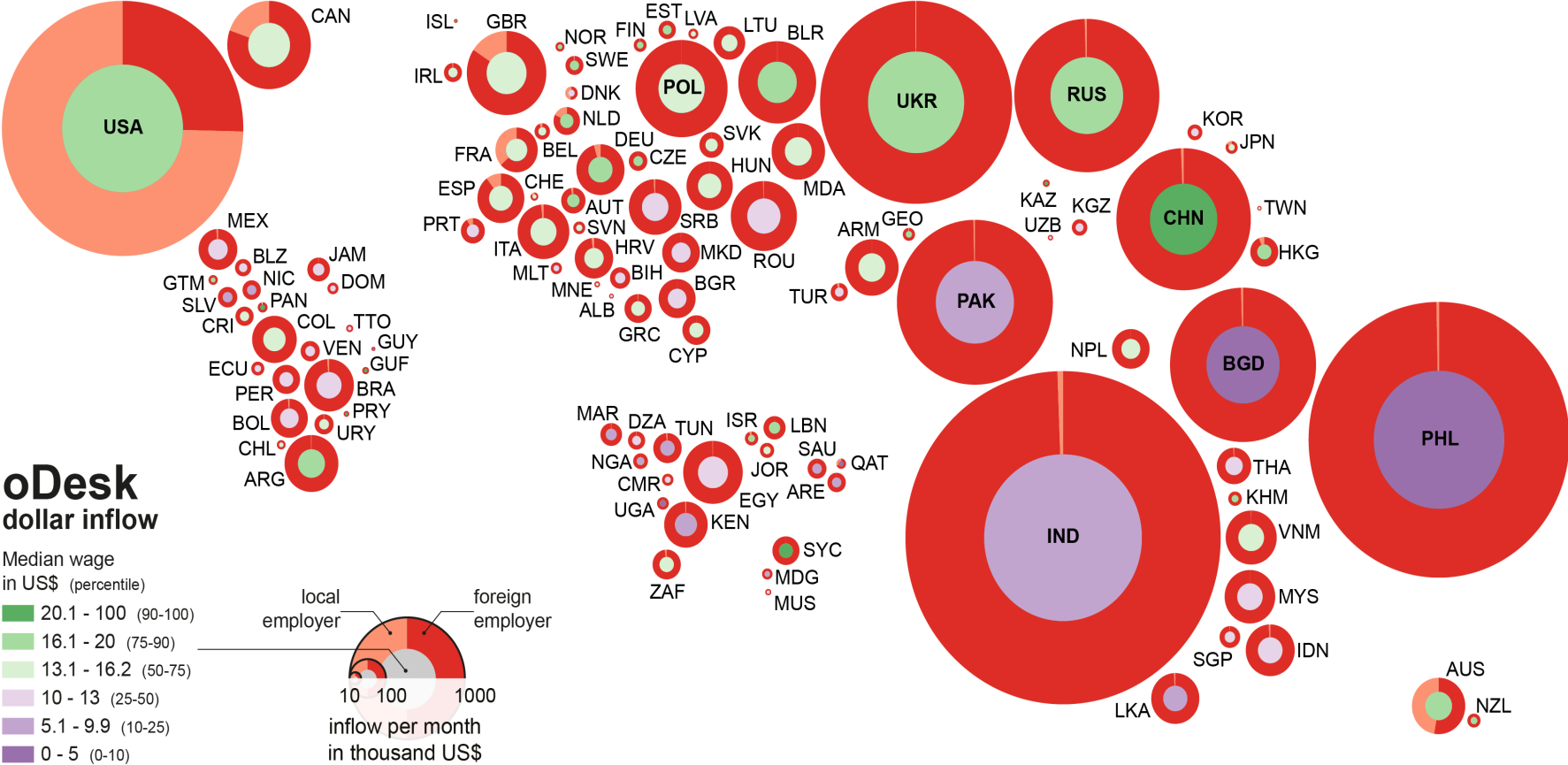
Source: ILO survey of crowdworkers, 2017

# Location of platforms across the world





# Global operation of Odesk (Upwork) March 2013



Source: Graham et al. (2017), The Risks and Rewards of Online Gig Work At the Global Margins.

# Challenges related to augmented workforce for the firms

- How to manage task design, managerial practices, innovative mechanisms, control systems and mechanisms
- How to ensure speed and quality of work in the platforms, given malicious practices
- No screening of workers, leading to cut throat competition for tasks
- Training and skilling workers becomes a challenge as it increases monitoring costs over time
- Lack of communication between worker and client, exacerbates inefficiencies
- Inefficiencies affects employers productivity

# OPPORTUNITIES FOR WORKERS

- Reduces mobility (travel costs and time)
- Access to global labour markets (virtual migrants)
- Access to varied types of tasks, some of which could help in gaining new skills
- Flexibility in time, place and choice of work
- Allows paid work with unpaid care work
- An important source of income for those with disability or health problems or having social anxiety
- Supplementary income

# CHALLENGES FOR WORKERS

- Low pay, pay differentials and lack of social security benefits
- Asocial working hours and work-life balance
  - High intensity and insufficient work
- Lack of communication, rejections, opacity and non-responsiveness from platforms
- Limited career path (depending on the tasks)
- Lack of voice and representation

These challenges arise due to

- Lack of clear employment relationship
- Regulatory issues (platform in one country, client in another and workers globally dispersed) - which laws are applicable (national or client country's law or transnational agreements (if any))

# Digital labour and development

- Potential positive effects, creates new income and employment opportunities where local economies are stagnant
- ‘Silver bullet’ for development and fighting – creation of small business and investing in education
- Create opportunities for non-specialists to access labour market
- Concerns are also raised about whether the power imbalance that exists between capital and labour, would lead to ‘*race to the bottom*’ in wage rates
- Underlying notion that it can provide gainful employment opportunities for the low-skilled and those in unemployed, under-employed or in informal sector

# UTILISING SKILLED LABOUR

- In the developing country context, investments in STEM education is argued to promote innovation, build up local IT related industries and to translate knowledge in ways that are useful for the country's economy and society
- Higher education is also promoted with the hope that it provides for better incomes and regular work (formal jobs), apart from engaging in tasks that are intelligent
- How do these tasks (especially the low end tasks) add value to the society? Promotes products and services to improve profits, but does it lead to creation of product or an intermediary that has multiplier effects or creation of additional jobs
- Whether the organization goal of optimal cognitive efficiency lead to ramifications in the educational system in developing systems?

# DIGITAL CHALLENGES FOR SOCIETY

- Is this the most efficient model, and to use workers' time, skills and capability?
- What are the market and social rules that are appropriate for digital economy and society?
- How are the wages or prices determined for the various tasks on the digital platforms?
- Need to have a development policy debate on engaging highly educated labour force
- How can we better utilise technology to shape work and employment practices?