

Is Platform Work the Future of Work?*

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The Advisory Committee on Platform Workers (PWAC) has submitted to Government its recommendations on strengthening platform worker protections. But the process continues: 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 PWAC’s recommendations. Now is therefore a good moment to reflect on the larger goals and concerns of both the Advisory Committee and the various follow-on implementation groups.

What PWAC did

A startling truth of the modern world—startling to non-specialists in any case—is that a worker is not the same as an employee. Employees are covered by all manner of protection, regulation, and law; those workers that are not employees — platform workers in particular — are not. While rules on employee protection are not identical today across nations, they are nonetheless shaped by remarkably similar intent. Almost universally, provisions are made in law for employees to have acceptable working conditions, adequate insurance protection and healthcare, and facilitated options for retirement and savings. In Singapore the Employment Act and other laws specify these conditions for employees. By contrast, workers who are not employees are not guaranteed these same provisions.

The labour market, therefore, is not a level playing field. For businesses and workers, the worker-employee differential tilts decision-making. The paperwork, bureaucracy, scrutiny, and certification process involved in hiring an employee can seem daunting and unnecessarily costly to both workers and businesses. So-called Self-Employed Persons, or SEPs, directly take charge of their own working conditions. In contrast, becoming a

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worker—for gig-economy platform work—is, in essence, simply installing an app on a smartphone.

Sure, being an employee attracts protections in law. But it also comes with relatively fixed working hours, rigid reporting rules, and strict time accountability. For many platform workers, such rules only get in the way of their doing their job: transporting people, goods, and food from point *A* to point *B*.

During one of the many PWAC consultations we undertook, one platform worker explained to me that she was a single parent, had a special-needs child and aged parents, and insufficient educational qualifications. But because she did platform work—in her case, driving for ride-hailing services—she made a reasonable living, and over the course of a workday was able to take time off duty, at unpredictable moments, to take care of her child and parents. She would have found it impossible to do this, if she were a regular-hours employee. Through platform work she has earned confidence and self-respect, and has been able to support herself and her child. It is a boon not just to her but to the Singapore customer that platform companies provide such work opportunities.

It is a false dilemma, however, to think that such work flexibility needs to be balanced against providing employee-like protections, that we need to negotiate a trade-off between flexibility and protection. When employee safeguards emerged in early 20th-century industrial society, flexible work in the gig economy did not exist, and so was not an option for anyone. Simply as a matter of logic, societies did not give up work flexibility so that they could have employee protection. Instead, societies protected employees because they decided it was a matter of basic human decency to help care for those who have contributed so much to the public well-being. It is a technical loophole that there are those who do as much for society as do employees but are, nonetheless, not protected as much—simply because they are not called employees. This loophole becomes even more frustrating as the difference between employees and platform workers-not-employees becomes even smaller: platform companies can exercise significant management-like control over platform workers, even though these workers remain, officially, not employees.

That platform workers make significant contribution to society is without question. In the depths of pandemic lockdown, who among us did not breathe a sigh of relief when a ride-hailed driver transported us safely to a polyclinic, or a food delivery worker showed up out of the darkness bringing our takeaway dinner to a safe dropoff point?

Balancing these considerations was very much in mind as PWAC put together its final recommendations. The technology-driven gig economy provides vital services to Singaporean society, and improves the lives of all Singapore's residents. Platform-work flexibility is good for the worker. Platform-company innovation opens up new opportunities for all, improves efficiency, and elevates productivity. Society would on balance be disadvantaged if flexibility and innovation were sacrificed simply to shoehorn all work environments into an artificial one-size-fits-all model of social protection.

PWAC recommended that platform workers not be classified as employees but that basic protections be provided them: these protections include work injury compensation

insurance, co-financed housing and retirement adequacy, and formal representation, all tuned to match Singapore practice more broadly in the rest of the economy. These expenses might seem significant to platforms in an accounting sense (“already 90% of every dollar I get goes to my platform workers”). 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. PWAC further recommended that the protections account for unique features of platform work and be implemented gradually and in a way sensitive to possible major economic disruption.

Bigger Stakes

There are, however, yet larger issues at stake here, turning on how the economy will evolve, going forwards. One likely arc for the modern marketplace is that, in time, the entire economy will become a gig economy. Should that happen, far fewer of us will remain employees; far more of us will be platform workers. If we don’t begin to think hard now about the place of platform workers in society, then we simply store up social disruption for later.

To appreciate this, notice that what drives the gig economy today is a simple idea: not every household has to have its own dedicated car and driver on call for their every transport demand; not every store has to have its own dedicated fleet of delivery personnel and trucks standing ready to bring goods and foods to customers. Platform companies provide these cars and drivers and delivery personnel and trucks, so that households and stores don’t have to keep their own on standby, inefficiently.

Platform company intermediation is a simple and elegant solution to dynamically-evolving demand and supply. It is the same solution, scaled to local neighborhoods, as was the global supply chain to planet-sized globalisation.

In the late 1990s and early 2000s big computers in back offices 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 across the world – not just in final goods but in ever more finely time-sliced stages of intermediate production. This allowed ever greater dispersion of razor-precise physical relocation of production processes and consumption patterns. Globalisation emerged. At ever lower cost anything made anywhere became available to everyone everywhere.

Today, big computers have given way to yet more powerful smartphones connected to globally-dispersed server farms. The Internet has effectively vanished from fixed-location, hardwired telephone lines, and squirreled up into always-on, go-everywhere mobile devices.

Time-slicing matching algorithmic improvement on computers made possible offshoring and the global supply chain. That same technology, re-scaled and refined, now makes possible ever more efficient intra-city, neighborhood-scale production processes and people-to-people engagement. This is the gig economy: It’s globalisation gone local.

Geopolitical rivalry and populist resistance might now threaten cross-nation globalisation. But global supply chain logic has localised, and, notwithstanding the geopolitical and populist threat to it, globalisation will go big by going small.

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 neighborhoods. Everything both global and local will be outsourced, with data-driven algorithms more and more efficiently matching demand and supply. 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? All of us will be forced to become platform workers in a local-global gig economy.

Why does this matter?

When globalisation took hold in the late 1990s and early 2000s, observers did not foresee how workforce disruption would lead to a surge of nationalist populism. Because globalisation was cross-country, civil dissatisfactions ended up conveniently directed at other nations. With in-country globalisation, unchecked dissatisfaction will instead disrupt domestic social and political organization, and will fuel breakdown in social cohesion.

Protecting platform workers now is not just for platform workers. It will help societies manage better the coming backlash from ever greater labour market disruption. Looking ahead and sharing the costs of platform worker protections across all stakeholders—platform companies, consumers—safeguard the well-being of platform workers and, ultimately, protect us all.