

Policy Brief N° 1

DIGITAL LABOR: New Opportunities and Challenges

Key points

- Preparing for the future of work demands a rearrangement of gender roles and the closing of existing gaps.
- The technological revolution must be accompanied by investments in human capital through enhanced educational transformation and technical training.
- Labor policies and legislation should be developed to gradually eliminate income differences between men and women, and to reduce problems related to time distribution and unpaid care work.

#AfterAccess

Is a demand-side body of research on mobile phone and Internet access and use in the public domain.

The sample

Over 17,000 face-to-face interviews covering 26% of the Global South population in 16 countries across Asia, Africa and Latin America.

Why was this research done

There is limited data and literature on the profile of digital workers and the level of digital work in the Global South. Our study addresses these knowledge gaps and provides a foundation for further research.

DESPITE THE POTENTIAL BENEFITS THAT CAN BE DERIVED FROM DIGITAL LABOR PLATFORMS AS AN ALTERNATIVE TO FINDING AND PERFORMING INCOME-GENERATING ACTIVITIES, ESPECIALLY IN CONTEXTS OF HIGH UNEMPLOYMENT RATES, AND INFORMALITY, THERE ARE SEVERAL BARRIERS THAT LIMIT THE ABILITY OF PEOPLE IN THE GLOBAL SOUTH TO LEVERAGE THIS GLOBAL RESOURCE. IN THIS CONTEXT, WE EXAMINE THE CHARACTERISTICS OF DIGITAL WORKERS WITH SPECIAL ATTENTION TO GENDER ASPECTS AND SOCIAL INEQUALITIES.

1. INTRODUCTION

In less than three years, more than one billion people from the Global South will enter the job market.

However, structural unemployment in many countries, especially amongst the youth, is also anticipated to increase in the coming years.

While Information and Communications Technologies (ICT) have the potential to contribute to the attainment of sustainable development goals of equality and social inclusion, paradoxically as more people are connected and use the Internet more productively, digital inequality increases not only between those offline and online but also between those passively consuming the Internet and those who are more active, for purposes of entrepreneurialism and innovation or to enhance their well-being.

In this context, our study aims to gain a better understanding on the implications of digital labor for the Global South, particularly among marginalized groups in Africa, Asia, and Latin America. The study reveals country and regional characteristics of digital workers as well as the main barriers to participate in digital labor markets. Adopting a gender perspective enabled a deeper investigation of factors that influence entry decisions into the digital labor market, the gender pay gap between male and female digital workers, and differences between females outside

and inside the digital labor market. For this purpose, we use nationally representative surveys from the After Access project, conducted in 2017/18 by three Global South think tanks: Research ICT Africa (RIA) in Africa, LIRNEasia in Asia and the Institute of Peruvian Studies (through the Regional Dialogue on Information Society-DIRSI) in Latin America.



SOURCE: DIARIO "LA VOZ DEL INTERIOR", ARGENTINA

We seek to find a causal effect between individual characteristics and the probability of participating in digital labor, broken down by digital labor categories. Two approaches are used to examine participation in the digital labor market and its effect on relevant labor market outcomes (income). In the first approach, we analyze the income differences between men and women within the digital labor market (gender pay gap in the gig economy). With the second approach we analyze the difference in income between women who participate in the digital economy and those who do not (the gig economy effect on women's pay).

2. PLATFORM ECONOMY IN THE GLOBAL SOUTH

The growth of the digital economy in developing countries has been hindered by digital exclusion and digital inequality. Even with inflated supply-side figures, roughly half the planet's population is not yet connected; moreover, this group disproportionately represents the world's traditionally excluded minorities in developing countries.

FIGURE 1. DISTRIBUTION OF DIGITAL WORKERS, BY COUNTRY - % DIGITAL WORKERS OF INTERNET USERS

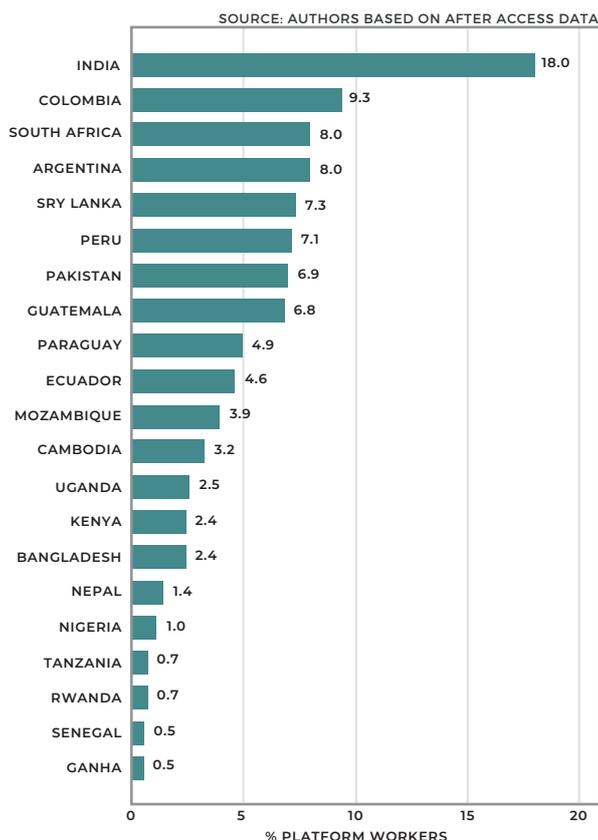
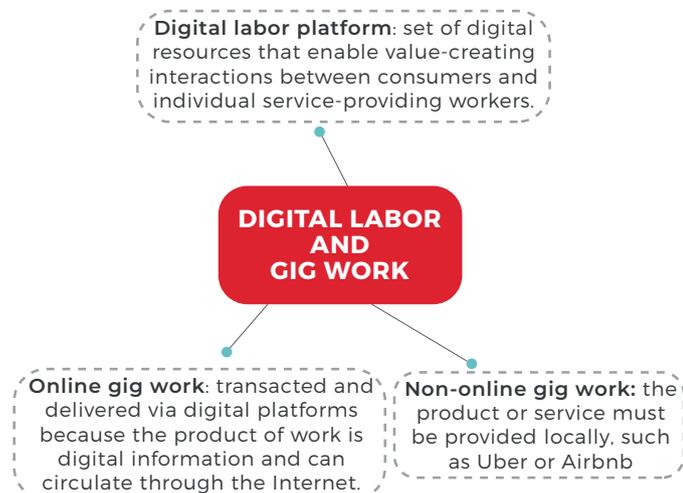


FIGURE 2. DIGITAL LABOR AND GIG WORK
SOURCES: Graham et al. (2017); Graham et al., (2020)



BOX 1: Barriers to digital platform access in developing countries

- The majority of digital platforms are hosted and only accessed through the Internet, which creates an access challenge where Internet penetration is low.
- The low access to devices (computers, laptops, etc.) which are necessary for meaningful participation in the digital labor market.
- Lack of suitable payment mechanisms (unbanked population).
- Non-visibility of digital labor platforms in developing countries.
- Lack of ICT education, digital skills and literacy.

SOURCES: Gillwald et al., (2018); Roomaney et al., (2018); Galperin & Alarcon, (2018).

In each region...

AFRICA

- The adoption of microwork or online work in Africa is minimal.
- The majority of Internet users in Africa only use social networking sites.

72% of the African population do not use the Internet.

SOURCE: AFTER ACCESS

ASIA

- There is low awareness on the concept of digital work.
- Due to the flexibility and weak labor protection of digital work, it is often associated with informal and unskilled work. As a result, there are negative perceptions and socio-cultural attitudes regarding platform-based work in some Asian countries (particularly in India).
- Women in particular value the flexibility of digital work because it allows them to earn money while continuing with their unpaid care responsibilities and the sense of financial independence gained.
- Research has also indicated the need to update legal and policy frameworks, particularly those which can facilitate payments.

56% of those that got connected in 2015-2017 in India are basic phone owners and only

31% of this group have smartphones.

SOURCE: AFTER ACCESS

LATIN AMERICA

• In general, the structural factors that limit women and girls' rights and economic opportunities include: (a) socioeconomic inequality and persistence of poverty; (b) discriminatory and violent patriarchal cultural patterns; (c) sexual division of labor and unjust social organization of care; and (d) concentration of power and hierarchical relations in the public sphere.



SOURCE: AGÜERO ET AL., (2020)

• The unequal distribution of responsibilities for domestic work and care which falls mainly on women operates as a barrier to participation and reproduces inequalities in the labor market.

3. RESULTS

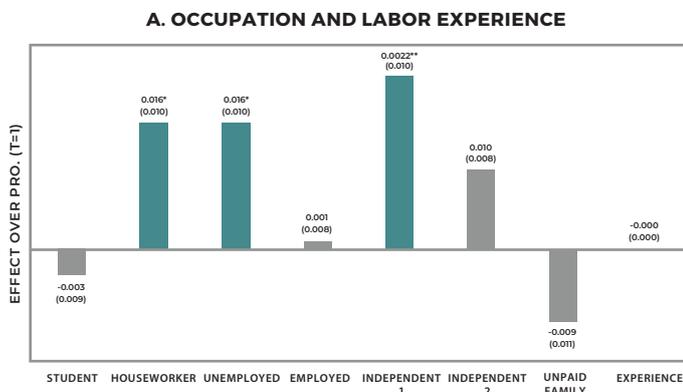
Who are most likely to participate in the digital labor market?

We consider occupation and labor experience; ICT assets and digital skills; and social capital and socioeconomic characteristics (see figure 3, panels A, B and C) to determine the main factors for participation in digital labor markets. The results suggest the following as key factors:

- Digital skills.
- Higher Educational level.
- Unpaid houseworkers, unemployed and independent with employees.
- Owners of devices (computers or laptops).

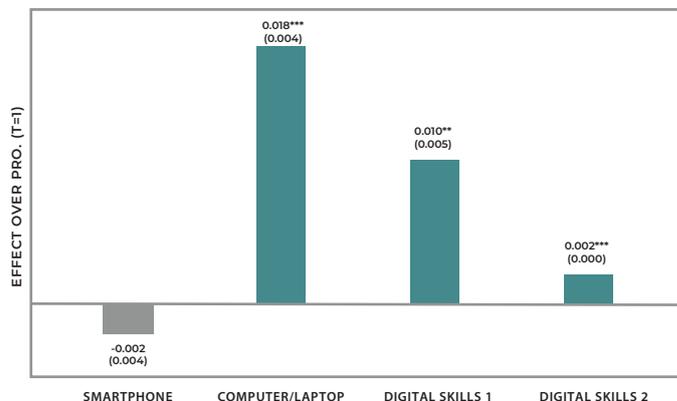
FIGURE 3. DETERMINANTS OF PARTICIPATION IN THE DIGITAL LABOR MARKET - LOGIT MARGINAL EFFECTS

SOURCE: AUTHORS BASED ON AFTER ACCESS DATA



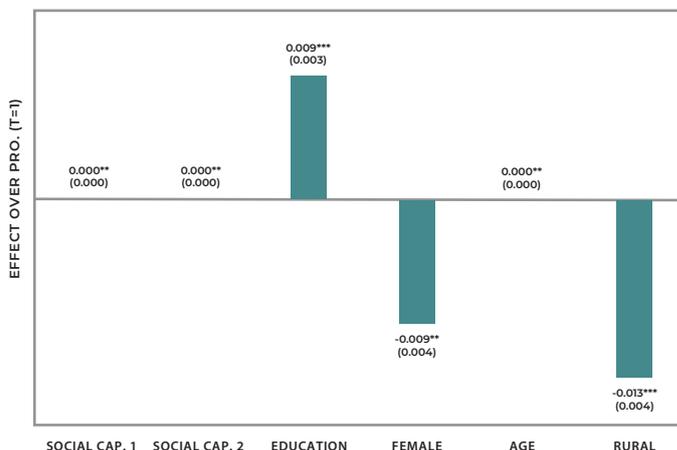
Note: Independent 1 = independent with employees; Independent 2 = independent without employees.

B. ICT ASSETS AND DIGITAL SKILLS



Note: Digital skills 1 = solve technological problems by him/herself. Digital skills 2 = Years of experience using the Internet.

C. SOCIAL CAPITAL AND SOCIOECONOMIC CHARACTERISTICS



Note: Red marginal bars mean statistically significant coefficients at 99%. white marginal effects mean nonstatistically significant coefficients. Standard errors in parenthesis. All models include country fixed effects.

The results also indicate that:

- Being female decreases the probability of participation in the digital labor market by 9% and living in rural areas is a barrier to participation in this new labor market.
- The availability of devices, more specifically computers or laptops, is a critical determinant: Individuals who own computers/laptops are more likely to participate in digital work than those who do not have them.
- Digital work and formal labor are not complements but rather substitutes: estimates for individuals who are houseworkers, unemployed and independent workers with employees point to an increase in the probability of work through digital platforms.

The Gender Pay Gap in the Gig Economy

93% of the gender pay gap between men and women is accounted for by the unexplained component, which is usually attributed to **gender stereotypes and discrimination**.



Overall, the difference is statistically significant. This indicates that even after surpassing connection barriers (i.e., Internet access), females still face different challenges in the digital labor market.

Even if both women and men are independent workers with employees, it would only explain 5% of the existing gender pay gap, and when the number of years of labor experience of men and women is identical, the existing gender pay gap would decrease only 0.8%.

The results also show that when women have similar characteristics to men, the main source of difference in mean income is due to differentials in occupation (being an independent worker with employees or unpaid family worker, and labor experience) ICT assets (having a computer or laptop), social capital (socializing with their social networks) and socioeconomic characteristics (educational level).

The Gig economy Effect on Women's Pay

Results show that the effect of participation in the digital labor market and the potential gains of participation is positive and statistically significant for females, acting as a substitute for formal labor occupations.



Comparing these expected income gains with the results of the male model, for men who do participate, working through digital platforms means an increase in their income of 62 USD/month (16% less than women); and for men who do not participate, working through digital platforms would have a potential increase in their income of 145 USD/month (14% more than women).

4. RECOMMENDATIONS

1 Having effective legislation to achieve equal opportunities is insufficient without **effective labor inspection services** that eliminate discrimination in paid work and ensure equal compensation for women and men, expanding opportunities for hiring and promoting women, and compliance with labor regulations and rights.

2 Global South countries face the challenge of undertaking reforms to **end the prolongation of policies that deliberately use women's labor at a lower market value** (lowest paying jobs) to boost the economy and to obtain competitive advantages.

3 To reduce labor market gender disparities and take advantage of the new opportunities, public policies will be required to **enable the transitions between the school or university and the labor market**, combining different job demands, reduce gender stereotypes, and promote greater female participation in STEM areas.

4 The **design of human capital training and technological innovation programs** that anticipate the demands of the labor market (centered on digital skills), to reverse the existing imbalance, and improve women's skills and employability levels.

5 **Fostering reinsertion and reorientation policies** that allow women to return to the labor market and/or to change job tasks at different stages of their lives, without this implying a high degree of risk for their future career and salary.



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