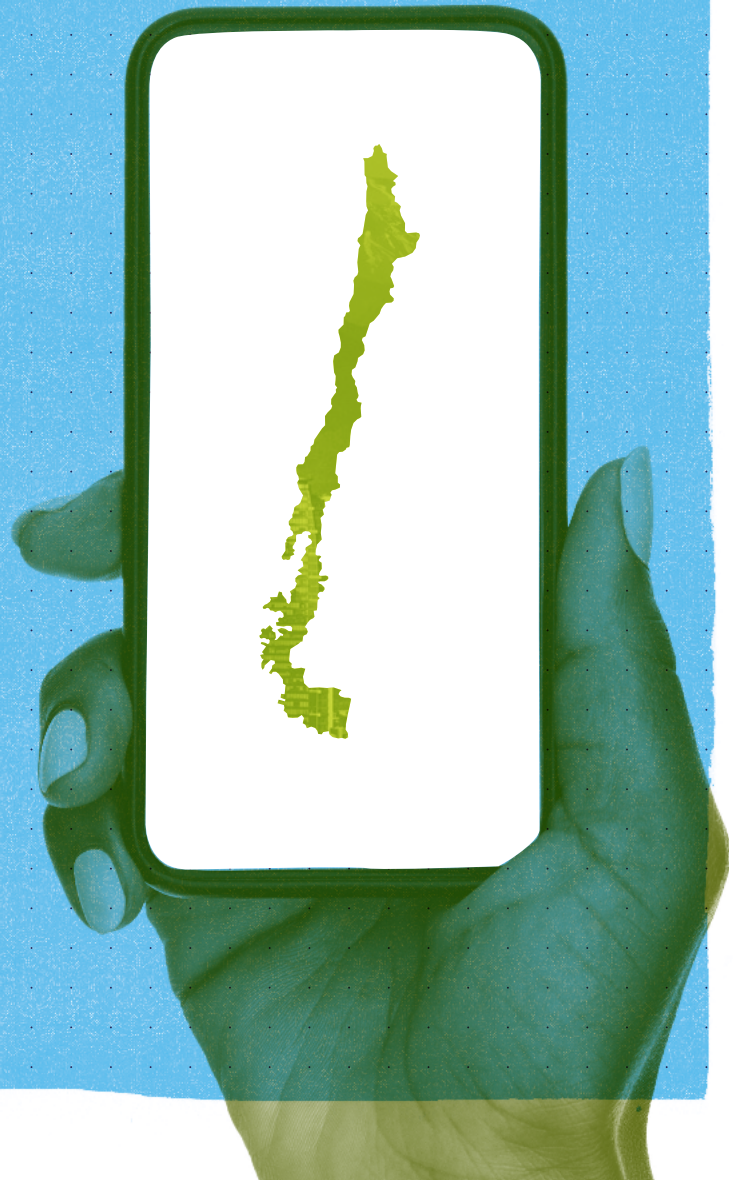


Fairwork

**LABOUR STANDARDS IN THE PLATFORM ECONOMY**

# Fairwork Chile Ratings 2024



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# Executive Summary

**In this third Fairwork report for Chile, we evaluate working conditions in the Chilean platform economy against the five Fairwork principles: Fair Pay, Fair Conditions, Fair Contracts, Fair Management, and Fair Representation. These principles guide Fairwork’s research in more than 30 countries. For this year’s ratings for Chile, the first undertaken since platform regulation was introduced to the region, we analyzed nine platforms, including the most popular ride-hailing (Cabify, Uber, Didi, inDrive) and delivery platforms (Cornershop now Uber Eats, Justo, PedidosYa, Rappi) operating in our country.**

The context for this third report has evolved since 2022. While we continue to observe the pandemic’s impact on the labour market, such as economic recession and high unemployment levels, the most significant development is the enactment of Law No. 21.431, effective from September 1, 2022, which regulates platform work in Chile. This law has significantly altered the criteria for assessing working conditions in the Chilean platform economy by establishing minimum standards for working hours, remuneration, and access to social security. This report is the first where we can assess the changes brought about by the law. According to our findings, there are some improvements, but there are still pending areas where we need more evidence to ensure the platform economy in Chile is fair for local workers.

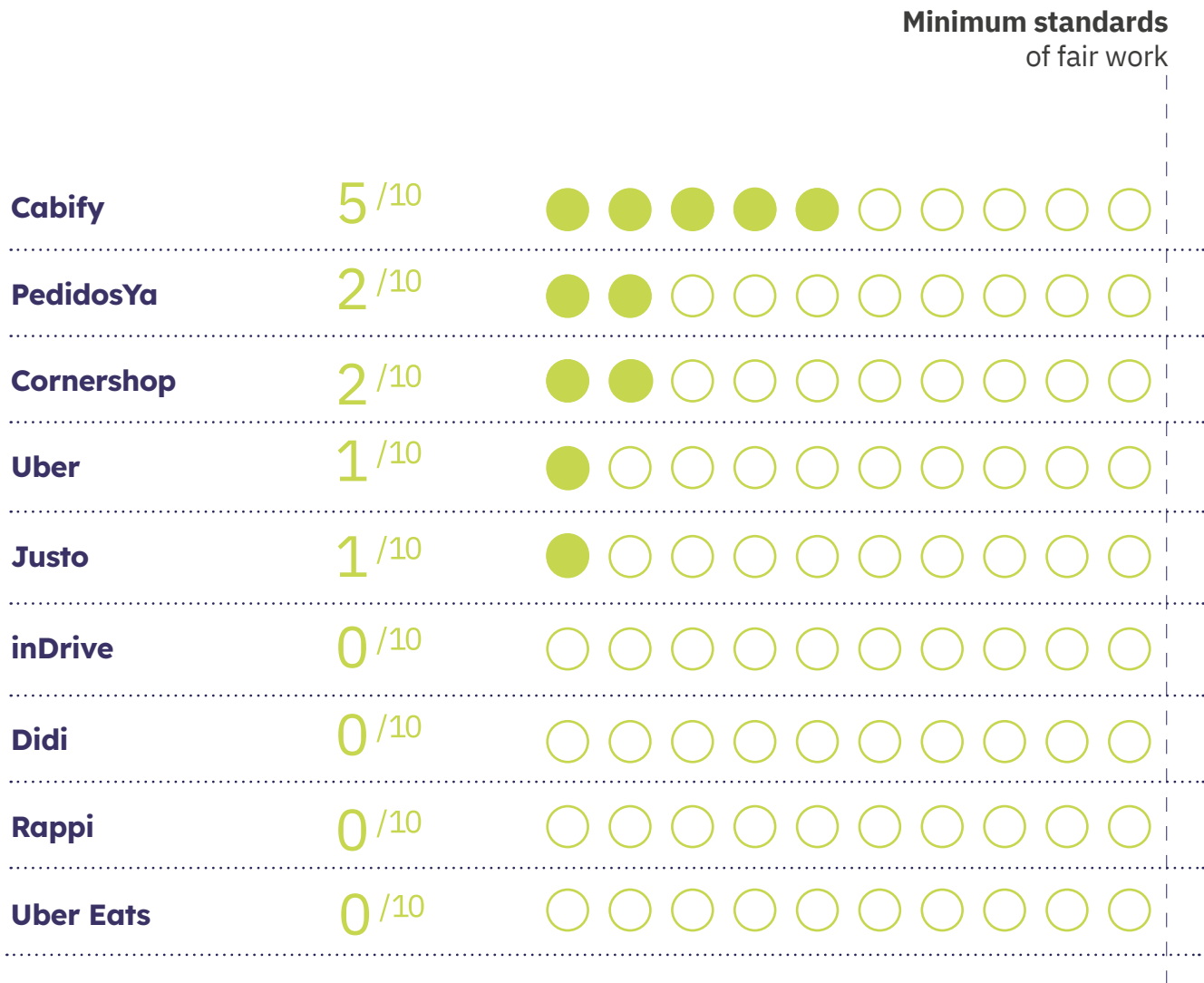
There have been some changes in the Chilean platform market. Some actors like Cornershop merged with Uber Eats<sup>1</sup>, while the Chinese company Didi now only works as a ride-hailing platform,<sup>2</sup> and Beat ceased its operations in 2022.<sup>3</sup> In this context, there is still a lack of official statistics to measure the size of the platform workforce in the country, as well as its characteristics. The National Institute of Statistics (INE) estimated that 53,712 people were working in platform companies during the April-June quarter of 2023, mainly in the Metropolitan Region of Santiago, and confirmed the upward trend in this figure

since 2021.<sup>4</sup> The INE report noted that, at least until the April-June 2023 quarter, the law did not seem to have reduced the informality rate in this sector.<sup>5</sup>

The data evaluated for this report was collected between July 2023 and September 2023. The platform ratings in this report reflect the period following the implementation of Law No. 21,431 in September 2022. Therefore, the evaluations and ratings presented here illustrate the working conditions in the Chilean platform economy one year after the new platform law was enacted.

This year’s ratings show contradictory results, especially after the implementation of the regulation. Workers do not necessarily perceive important changes in their working conditions. However, at least some platforms are trying to improve their communication with workers. This is the first year that one platform obtained more than two points, while four of the nine platforms did not score a single point. Cabify demonstrated that its workers obtain more than the legal minimum wage, as well as a living wage (after costs). Similarly, it developed an anti-discrimination policy taking active measures to promote equality, avoid forms of discrimination, and support disadvantaged groups. The low platform scores reflect the lack of transparency and accountability established by these companies. We hope the next Fairwork report in Chile shows improvements in this area.

# Fairwork Ratings Chile 2024



THE BREAKDOWN OF SCORES FOR INDIVIDUAL PLATFORMS CAN BE SEEN ON [FAIR.WORK/CHILE](https://www.fairwork.org/CHILE)

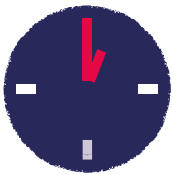
# Key Findings



## FAIR PAY

**This year, only one platform—Cabify—was able to provide evidence that the income of its workers (after costs) was higher than the minimum wage in Chile (CLP 460,000 —approx. USD 497— per month, or CLP 2,380 —approx. USD 2.52— per hour) when the research was conducted.**

The platform provided detailed evidence on income per decile, which also evidenced that workers gained an income equivalent to or higher than the local living wage for Chile as calculated by the Global Living Wage Coalition (CLP 782,549 —approx. USD 845— per month, or CLP 4,516 —approx. USD 5.65— per hour).<sup>6</sup> These figures were not disputed by evidence collected from worker interviews. No points could be awarded to the other eight studied platforms because we did not find sufficiently robust evidence that workers earned at least a local minimum or living wage after subtracting work-related costs.



## FAIR CONDITIONS

**This year, three of the evaluated platforms were able to score points for this principle. It is worth noting that some platforms have introduced measures to enhance workers' safety and mitigate health and safety risks for workers through panic buttons and no-go areas.**

A platform like PedidosYa provides workers with safety equipment at no cost. The regulation obliges them to provide accident insurance, but there is no coverage for payment or other financial support for drivers or delivery workers unable to work due to accidents or illness. In some cases, we could not corroborate that most workers are aware of these initiatives. More vigorous efforts by platforms are needed to mitigate the health and safety risks faced by delivery workers and drivers in their daily work.



## FAIR CONTRACTS

**Compared to last year's scores, there is an improvement in relation to this principle. Three companies managed to score on this principle.**

For five of the scored platforms we were able to evidence that contracts include a notification period for changes to the terms and conditions. However, we find evidence that contracts are free from clauses that unreasonably exclude the platform from liability or require workers to waive their right to legal recourse.



## FAIR MANAGEMENT

**Only one platform (Cabify) scored on the principle of fair management.**

While many platforms offer various communication channels, they often lack efficient procedures and timely responses. With some exceptions, workers must visit offices to resolve issues like deactivations. There is insufficient evidence of documented appeal procedures and transparency in algorithmic decision-making. Cabify is the only platform with proof of anti-discrimination policies for all workers.



## FAIR REPRESENTATION

**Unfortunately, we could not award any platform a point for ‘fair representation’. We did not find sufficient evidence that platforms recognize or facilitate the existence of workers’ organizations or engage in collective bargaining.**

While associations of app drivers and delivery workers exist, and there have been informal meetings between some of them and platform executives, we did not find sufficient evidence that any platform formally recognizes or engages in collective bargaining with any of these associations. This leaves platform workers in Chile without formal representation mechanisms to influence platform decisions impacting their working conditions.



# After Regulation: Challenges and the Future of Platform Work

Platform work refers to the activity promoted and organized by a digital platform that allows for the “exchange of work among different users, such as companies, workers, and consumers”<sup>7</sup> (Fairwork, 2022). As part of the Fairwork project, since 2021, we have been analyzing the working conditions of those engaged in the platform economy, focusing specifically on digital platforms that offer on-demand, geographically tethered work. These platforms coordinate services that take place in localized areas, such as food delivery or transportation of a person from one part of the city to another.

Since the COVID-19 pandemic, the market for these digital platforms has grown exponentially worldwide. With millions of downloads and a high level of penetration in urban areas, companies like Uber, Cabify, Rappi, PedidosYa, amongst others, have experienced a significant increase in users that has persisted despite the instability of the global macroeconomic situation. For example, contrary to expectations, Uber’s sales grew by 72% in the last quarter of 2022, despite inflation and economic slowdown in the United States and much of the world.<sup>8</sup>

Labour relations in digital platforms are characterized by ambiguity. While platforms have advocated the idea that workers enjoy flexibility and autonomy, numerous experts have questioned this situation, emphasizing the control exerted by these applications over their workers through complex algorithmic processes and gamification practices<sup>9</sup> (e.g., Wood et al., 2019). Alongside the pressure exerted by the workers themselves<sup>10</sup> (e.g., Bessa et al., 2022), this evidence has pushed states to review existing labour regulations to adapt and ensure better working conditions for those in this sector.

Chile has not been an exception to these debates. With unprecedented speed, the country became the first Latin American nation to enact a law aimed at regulating work on these platforms. Law 21.431 came into effect on September 1, 2022. Additionally, on April 10, 2023, the so-called Uber Law (Law 21.553) was promulgated, seeking to regulate paid passenger transport applications and the services provided through them. The development of the regulation that will enable the implementation of this new legislation has sparked a significant dispute between the State and the platforms. These platforms, led by Uber, which recently launched a media campaign called “Deja Moverme” (“Let Me Move”) aiming to mobilize consumers against the labour restrictions imposed by the new regulation.

One year after the implementation of Law 21.431, this Fairwork report aims to complement preliminary assessments of the impact of this initial regulation on the working conditions of platform workers. In November of this year, the Pontifical Catholic University of Chile’s Center for Public Policy published a report focused on Uber and Uber Eats.<sup>11</sup> Among the main conclusions, the study highlighted the low level of awareness among workers regarding the Law, despite the efforts of the State and the platforms to disseminate its main benefits. Given this lack of awareness, some of the Law’s main objectives may not have been achieved, such as workers’ access to social security and the creation of collective bargaining spaces. Similarly, the Ministry of Labour has provided some general indications of the impact of the regulation on the labour market, based on experimental data produced by the National Institute of Statistics (INE).<sup>12</sup> In its latest working paper, the public agency estimated that 53,712 people were working in these types of companies during the April–June quarter of 2023, mainly in the Metropolitan Region of Santiago, and confirmed the upward trend in this figure since 2021. The composition of the workforce in the sector had not changed significantly since the law came into effect, with a significant portion of these workers being male (85%), foreigners (41.7%), and under 40 years old (72.6%). The report noted that, at least until the April–June 2023 quarter, the law did not seem to have reduced

the informality rate in this sector. This data is crucial as it suggests low compliance with the new regulation.

The data presented above somewhat confirm these preliminary findings and complement them with new qualitative information. As we will see, the majority of workers in the studied platforms do not perceive significant changes in their working conditions since the Law came into effect. However, this is not necessarily due to the platforms’ non-compliance with the new rules but rather due to communication problems regarding the new guarantees and the normalization of the practice of renting accounts<sup>13</sup> among workers in the sector. Renting accounts has allowed workers in precarious situations, such as migrants in the regularization process, to circumvent the formalization requirements of the regulation, platform sanctions, and maintain work. However, at the same time, this practice hinders the exercise of rights because those performing the work do not appear as the contract holders.

The importance of making visible the challenges that platform work poses to individuals, labour markets, and regulatory frameworks is part of a broader conversation about the increasing process of the de-standardization of labour relations, a process that strains the entire welfare state infrastructure. Algorithmic management and the organization of work through these technological devices are expanding to different markets and public services, which will radically transform labour dynamics and the way we organize and manage social rights and guarantees. It is urgent to address these issues as a society, integrating the knowledge and voices of different stakeholders (companies, regulators, workers, academia), because it is unclear how to achieve a balance in these new markets, providing labour flexibility to the thousands of people who participate in them in a fair, non-precarious manner.

We hope that these results contribute to the current debate on how to promote the improvement of working conditions in this sector, considering the peculiarities of the workforce in these platforms and the difficulties they face in finding alternatives in the labour market.



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# Towards Decent Labour Standards in the Platform Economy

**Fairwork evaluates and ranks the working conditions of digital platforms. Our ratings are based on five principles that digital labour platforms should ensure to be considered to offer basic minimum standards of fairness. We evaluate platforms annually against these principles to show not only what the platform economy is today, but also what it could be.**

The Fairwork ratings provide an independent perspective on labour conditions of platform work for policymakers, platform companies, workers, and consumers. Our goal is to show that better, and fairer, jobs are possible in the platform economy.

The Fairwork project is coordinated from the Oxford Internet Institute and the WZB Berlin Social Science Centre. Our growing network of researchers currently rates platforms in 38 countries across five continents. In every country, Fairwork collaborates closely with workers, platforms, advocates and policymakers to promote a fairer future of platform work.

# Fairwork countries

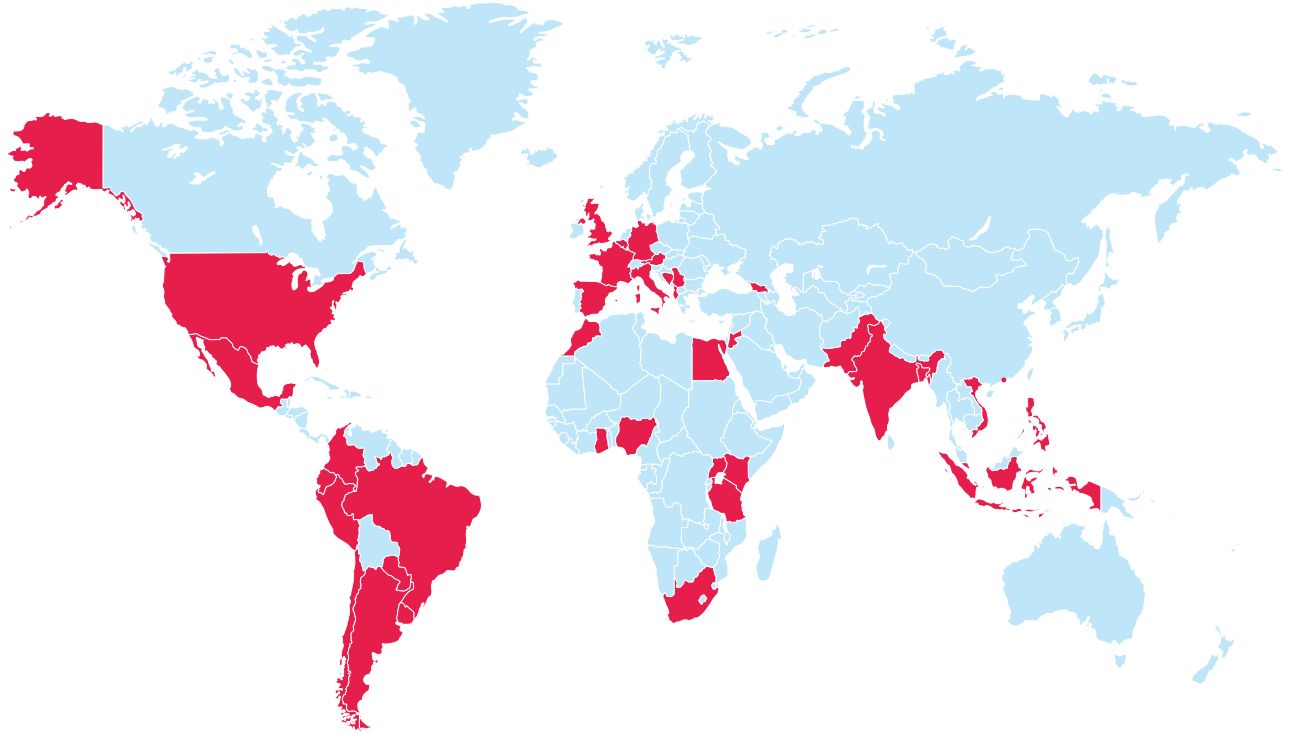


Figure 1. Fairwork has rated platforms in 38 countries worldwide.

## AFRICA

Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, Tanzania, Uganda

## ASIA

Bangladesh, India, Indonesia, Jordan, Lebanon, Pakistan, Philippines, Singapore, Vietnam

## EUROPE

Albania, Austria, Belgium, Bosnia, France, Georgia, Germany, Italy, UK, Serbia, Spain

## SOUTH AMERICA

Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay

## NORTH AMERICA

Mexico, USA

# The Fairwork Framework

**Fairwork evaluates the working conditions of labour in the digital economy and ranks them on how well they do. Ultimately, our goal is to show that better, and fairer, jobs are possible in the platform economy.**

To do this, we use five principles that digital labour platforms should ensure to be considered as offering 'fair work'. We evaluate companies against these principles to show not only what the digital economy is, but also what it can be.

The five Fairwork principles were developed through multiple multi-stakeholder workshops at the International Labour Organisation. To ensure that these global principles were applicable in the Chilean context, we have subsequently revised and fine-tuned them in consultation with platform workers, platforms, trade unions, regulators, academics, and labour lawyers in Santiago de Chile.

Further details on the thresholds for each principle, and the criteria used to assess the collected evidence to score platforms can be found in the Appendix.



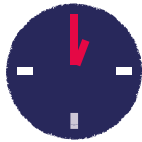
## STEP 1

# The five principles



### Fair Pay

Workers, irrespective of their employment classification, should earn a decent income in their home jurisdiction after taking account of work-related costs. We assess earnings according to the mandated minimum wage in the home jurisdiction, as well as the current living wage.



### Fair Conditions

Platforms should have policies in place to protect workers from foundational risks arising from the processes of work and should take proactive measures to protect and promote the health and safety of workers.



### Fair Contracts

Terms and conditions should be accessible, readable and comprehensible. The party contracting with the worker must be subject to local law and must be identified in the contract. Regardless of the workers' employment status, the contract is free of clauses which unreasonably exclude liability on the part of the service user and/or the platform.



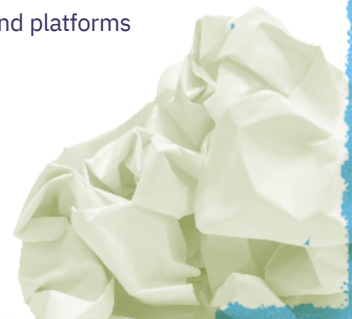
### Fair Management

There should be a documented process through which workers can be heard, can appeal decisions affecting them, and be informed of the reasons behind those decisions. There must be a clear channel of communication to workers involving the ability to appeal management decisions or deactivation. The use of algorithms is transparent and results in equitable outcomes for workers. There should be an identifiable and documented policy that ensures equity in the way workers are managed on a platform (for example, in the hiring, disciplining, or firing of workers).



### Fair Representation

Platforms should provide a documented process through which worker voice can be expressed. Irrespective of their employment classification, workers should have the right to organise in collective bodies, and platforms should be prepared to cooperate and negotiate with them.



## STEP 2

# Methodology

The Fairwork project uses three approaches to effectively measure fairness of working conditions at digital labour platforms: desk research, worker interviews and surveys, and interviews with platform management. Through these three methods, we seek evidence on whether platforms act in accordance with the five Fairwork Principles.

We recognise that not all platforms use a business model that allows them to impose certain contractual terms on service users and/or workers in such a way that meets the thresholds of the Fairwork principles. However, all platforms have the ability to influence the way in which users interact on the platform. Therefore, for platforms that do not set the terms on which workers are retained by service users, we look at a number of other factors including published policies and/or procedures, public statements, and website/app functionality to establish whether the platform has taken appropriate steps to ensure they meet the criteria for a point to be awarded against the relevant principle.

In the case of a location-based work platform, we seek evidence of compliance with our Fairwork principles for location-based or 'gig work' platforms, and in the case of a cloudwork platform, with our Fairwork principles for cloudwork platforms.

### Desk research

Each annual Fairwork ratings cycle starts with desk research to map the range of platforms to be scored, identify points of contact with management, develop suitable interview guides and survey instruments, and design recruitment strategies to access workers. For each platform, we also gather and analyse a wide range of documents including contracts, terms and conditions, published policies and procedures, as well as digital interfaces and website/app functionality. Desk research also flags up any publicly available information that could assist us in scoring different platforms, for instance the provision of particular services to workers, or the existence of past or ongoing disputes.

The desk research is also used to identify points of contact

or ways to access workers. Once the list of platforms has been finalised, each platform is contacted to alert them about their inclusion in the annual ranking study and to provide them with information about the process. All platforms are asked to assist with evidence collection as well as with contacting workers for interviews.

### Platform interviews

The second method involves approaching platforms for evidence. Platform managers are invited to participate in semi-structured interviews as well as to submit evidence for each of the Fairwork principles. This provides insights into the operation and business model of the platform, while also opening up a dialogue through which the platform could agree to implement changes based on the principles. In cases where platform managers do not agree to interviews, we limit our scoring to evidence obtained through desk research and worker interviews.

### Worker interviews

The third method is interviewing platform workers directly. A sample of 6-10 workers are interviewed for each platform. These interviews do not aim to build a representative sample. They instead seek to understand the processes of work and the ways it is carried out and managed. These interviews enable the Fairwork researchers to see copies of the contracts issued to workers, and learn about platform policies that pertain to workers. The interviews also allow the team to confirm or refute that policies or practices are really in place on the platform.

### Putting it all together

This threefold approach provides a way to cross-check the claims made by platforms, while also providing the opportunity to collect both positive and negative evidence from multiple sources. Final scores are collectively decided by the Fairwork team based on all three forms of evidence. Points are only awarded if clear evidence exists on each threshold.

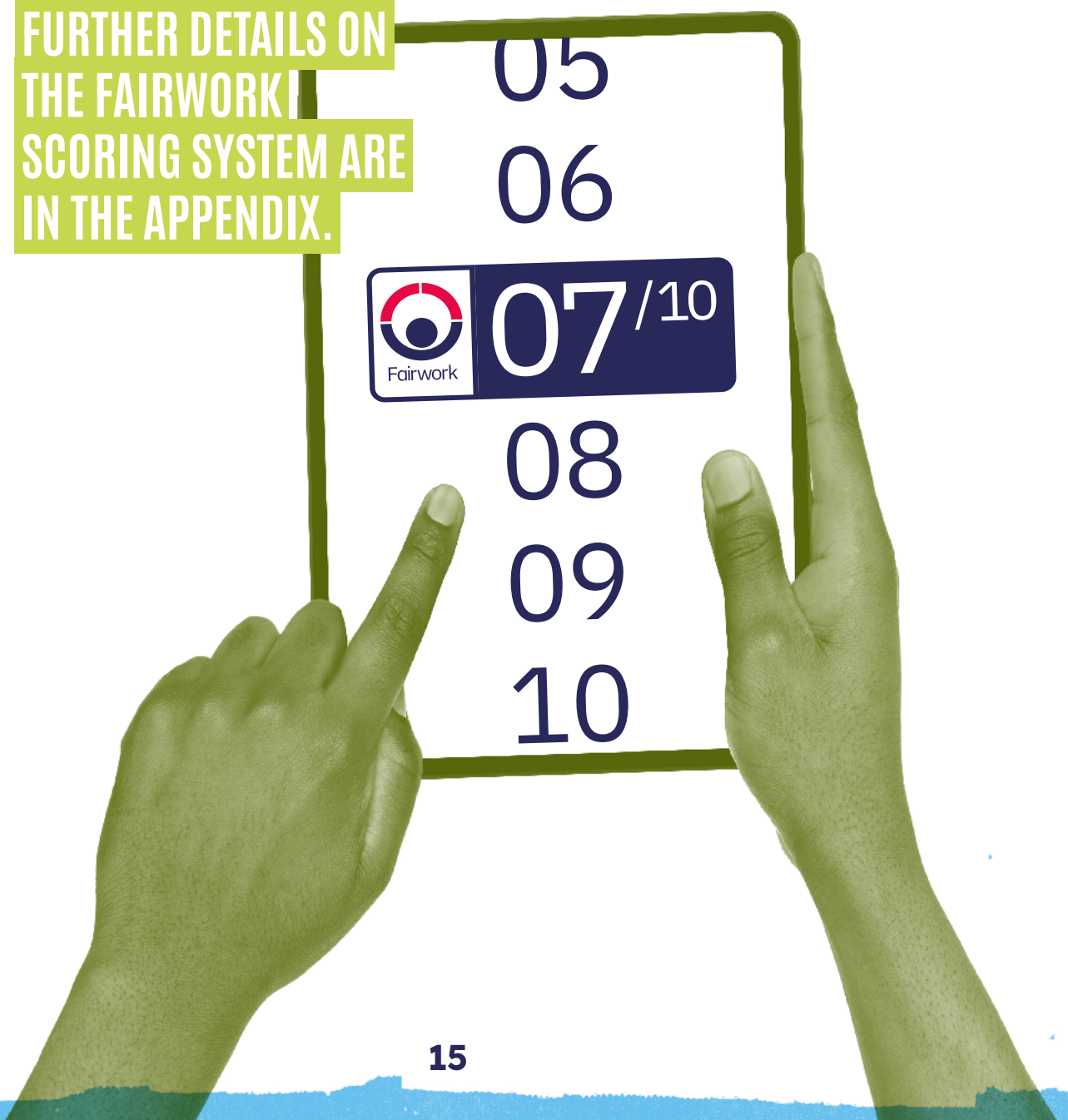
## How we score

Each of the five Fairwork principles is broken down into two points: a first point and a more second point that can only be awarded if the basic point has been fulfilled. Every platform receives a score out of 10. Platforms are only given a point when they can satisfactorily demonstrate their implementation of the principles. Failing to achieve a point does not necessarily mean that a platform does not comply with the principle in question. It simply means that we are not – for whatever reason – able to evidence its compliance.

The scoring involves a series of stages. First, the in-country

team collates the evidence and assigns preliminary scores. The collated evidence is then sent to external reviewers for independent scoring. These reviewers are both members of the Fairwork teams in other countries, as well as members of the central Fairwork team. Once the external reviewers have assigned their scoring, all reviewers meet to discuss the scores and decide final scoring. These scores, as well as the justification for them being awarded or not, are then passed to the platforms for review. Platforms are then given the opportunity to submit further evidence to earn points that they were initially not awarded. These scores then form the final annual scoring that is published in the annual country Fairwork reports.

**FURTHER DETAILS ON  
THE FAIRWORK  
SCORING SYSTEM ARE  
IN THE APPENDIX.**



## BACKGROUND

# A Changing Labour Market

**The expansion of platform work in recent years is part of a broader process of informality and rising unemployment in Chile. Without real opportunities for quality formal employment, people are attracted by the ease of access and flexibility provided by platforms. In this section, we review some indicators of the recent evolution of the labour market in which the development of platforms is embedded.**

The Chilean National Statistics Institute (INE) reported an unemployment rate of 8.9% for Chile in the third quarter of 2023, an increase from 8.5% in the second quarter and relatively stable compared to 8.8% in the first quarter.<sup>14</sup> The rise is attributed to a greater increase in the labour force (3.0%) compared to occupied individuals (2.0%). Since January 2020, the INE has included questions related to digital platform work in its National Employment Survey. The data, treated as experimental statistics due to its novelty, indicates a consistent increase in the number of workers engaged in digital platform work from the first quarter of 2020 to the third quarter of 2023, the latest available data.<sup>15</sup> Starting from an initial value of 1%, this rate dropped below 1% only once in the second quarter of 2020, reaching 0.5%, but has since remained above 1.5%, reaching 3.1% in the third quarter of 2023.

A more detailed analysis,<sup>16</sup> considering the formality of the work and the dependency under which it is performed, reveals that in early 2020, the majority of digital platform

workers were informal, with 80.54% being informal workers. However, this percentage has shown a declining trend over the years, starting in 2021 with 65.31% of workers as informal, and by the third quarter of 2023, reaching 56.32%. In contrast, the dependency status of digital platform workers appears to be relatively stable over time, maintaining a percentage of 72% to 80% from the fourth quarter of 2020 to the second quarter of 2023. However, the last two records indicate a return to levels above 80%, with 83.10% and 81.16% of digital platform workers working as independent in the second and third quarter of 2023, respectively.

As can be seen, the evolution of the labour market during 2023 reinforces the trends observed in previous years and confirms that platform work has grown along with unemployment and informality. In this report, we discuss the extent to which digital platforms provide a quality employment alternative in the context of Chile's platform work regulation.



## THE LEGAL CONTEXT

# The Challenges of Regulation

In legal terms, two significant developments have marked the past two years. The first refers to the application of Law N°21.431, which amended the Labour Code to regulate the conditions under which platform workers provide services. The Law has been in force since September 2022. We have covered the circumstances in which the legislation was drafted and approved in 2022 and provided a critical account of its contents in a policy brief.<sup>17</sup>



**DESDE EL 1 DE SEPTIEMBRE DE 2022, LAS EMPRESAS DEBEN CONTRATAR A SUS REPARTIDORES O CONDUCTORES YA SEA COMO TRABAJADORES DE PLATAFORMAS “DEPENDIENTES” O “INDEPENDIENTES”, SEGÚN EL NIVEL DE AUTONOMÍA QUE SE LES PROPORCIONE.**

Zac Turner / Flickr



Alexander Torrenegra / Flickr

The second development is the enactment of Law N° 21.553 and its corresponding regulations, which create a framework for transportation platforms and their drivers, setting out a series of standards and a register. The latter development is the more recent and has been the subject of public debate in recent months. We will tackle each development separately.

With Law N° 21.431 in force, the “employment” side of platform regulation appears to be, for the moment, relatively settled. From September 1, 2022, companies should hire their riders or drivers either as “dependent” or “independent” or “dependent” platform workers, depending

on the level of autonomy provided to them. The former receive the full set of rights and protections contained in the Labour Code (albeit with some modifications), while the latter receive a lighter form of protection. Its application has not been free of debate, however. As the law came into force, the Labour Inspectorate—the public body in charge of enforcing labour legislation—published its interpretation of the norms, which have a binding nature in the administrative enforcement of labour legislation. Among other relevant provisions, it developed a series of indicators to assess the classification of workers in one of the two established categories. The companies harshly criticized the text, notably Uber, which went further and launched a legal

challenge against the Inspectorate's interpretation. The challenge focused on the Inspectorate's effort to update the criteria to distinguish between independent contractors and workers—that is, between independent and dependent platform workers. Drawing on the legislative provisions, as well as the criteria developed by courts and legal scholars, the Inspectorate argued that a reflection on the adequacy of traditional markers of employment status to the reality of platform work was needed to adjust them to “the particularities and the nature of the services provided by platform workers”.<sup>18</sup> In Uber's view, the Labour Inspectorate had gone beyond its legally recognized authority by adding elements not contained in legislation, thus minimizing the flexibility of the categories created by Law N° 21.431 and pushing the parties towards the dependent option. Uber's claims were rejected by the Santiago Court of Appeals and the Supreme Court, and the Inspectorate's interpretation remains the guideline for its enforcement activities. As we will see below, Uber's strategy towards implementing Law N° 21.553 appears to follow the logic described here.

Given the relatively short time that has passed since its enactment, it is difficult to assess the impact of this piece of legislation on the overall working conditions of platform workers. However, there have been some efforts to evaluate how the new rules are perceived by those who should benefit from them. A recent study<sup>19</sup> conducted by the Pontifical Catholic University of Chile's Center for Public Policy in collaboration with Uber and Uber Eats provides some interesting conclusions, albeit only applicable to a single platform and a small percentage of those who work for it. Besides the expected appreciation of flexibility as an essential aspect of their work, a significant percentage of those who answered the questionnaire showed little or incorrect knowledge of Law N° 21.431, or confused its content with aspects now covered by Law N° 21.553. Crucially, over 30% of Uber Drivers and 20% of Uber Eats delivery riders declare they are not familiar with the content of their contracts. More analysis of the legislation's impact will be required in the future, incorporating the additional effects of other fields on which platform work has been regulated.

The enactment of Law N° 21.553, which regulates Transportation Platform Companies (EATs, in Spanish), has opened a new front of legal and political debate. To regulate the impacts of platform companies in the transportation market and set quality and security standards for an industry that had evolved in the shadow of legal regulation, its provisions set out a series of relevant definitions, the basic requirements needed to provide transportation services, rules on the treatment and management of information, and the corresponding sanctions. EATs are defined as companies that provide or make available to the public “a digital platform service, computer system or technology of any type, which allows a passenger to contact the owner, administrator or driver of a minor passenger transport vehicle, to be transported from an origin to a specific destination, by paying a fee for the service received”.<sup>20</sup> Their services are treated as passenger transportation services, and companies must be listed on a public online register managed by the Ministry of Transport. Critically, the regulation of a series of technical aspects is entrusted to regulations issued by the Minister of Transport. The legislation implementation is tied to the publication of the corresponding regulations. While these have not been officially published, two drafts have been presented, which included a series of provisions that have raised public debate, including rules on the maximum age of the vehicles, emission standards, and detailed requirements for drivers, among others. Among other actors, companies like Uber and Cabify have strongly criticized the Ministry's approach, arguing that the new requirements will create a significant shortage of drivers and leave thousands of drivers without jobs. In a context marked by an aggressive communication campaign by the same companies, arguments about the consequences of the new rules have been developing in recent months.

In general terms, the legal landscape is marked by the challenges of regulating a field in which no previous experience of regulation exists at a national level and where little can be learned from comparative approaches. For the moment, any analysis will be filled with questions with no clear answers in sight.

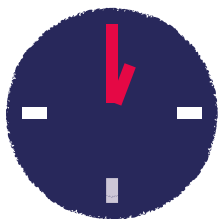
# Explaining the Scores



## Fair pay

**Platforms ensuring that workers are paid at least the local minimum or living wage after work-related expenses can obtain points for this principle.**

According to our analysis, there is no evidence that all platform workers are earning the minimum salary (CLP\$460,000) and the minimum living wage (CLP\$782,549) after costs. However, there are exceptions, such as Cabify, a transport platform company whose workers earn the minimum salary and living wage after work-related costs are taken into account, according to evidence provided by the platform and verified through our interviews with workers.



## Fair conditions

**Platforms can score the first point on this principle if there is sufficient evidence to show that platforms take active measures to mitigate work-related health and safety risks, for example by providing adequate equipment and training at no additional cost to the worker.**

**Platforms can score the second point if there is evidence that they provide a safety net for workers, compensating them for income loss due to inability to work.**

Regarding this principle, some improvements are evident on certain platforms. PedidosYa provides workers with safety equipment at no cost, while both PedidosYa and Cabify offer training to promote safe working conditions. These platforms provide workers with video tutorials containing safety recommendations and access to panic buttons within the app to contact the police in emergencies. Legally, platforms are required to provide basic insurance against damages, but there is no coverage for payment or other support for drivers or delivery workers unable to work due to accidents or illness. Compared to previous years, some platforms are making efforts to improve working conditions. For instance, some platforms offer benefits to their workers, such as telemedicine or medical care, although the effectiveness of these benefits remains unclear. Additionally, some platforms allow workers to notify them in advance if they cannot work, without losing priority for future shifts.



## Fair contracts

**For platforms to score on this principle, they must demonstrate that the contract or terms and conditions are clear and accessible to all workers and do not include unfair clauses.**

In general, with respect to principle 3.1, contracts and terms and conditions are easily accessible to workers and are written in relatively straightforward language, using technical references only when necessary. However, in the fieldwork we found evidence that contracts are subject to Chilean law on only three of the nine platforms. Only Cornershop, PedidosYa and Justo comply with the information requirements set out in the new law, scoring points.

Regarding principle 3.2, none of the evaluated platforms provided evidence that their contracts include a notification period for changes to the terms and conditions. While there is no evidence of clauses excluding liability for negligence, we do note in some contracts the presence of rather openly worded limitation of liability clauses. Therefore, no points were awarded to any platform for principle 3.2, as they do not ensure fair contract terms.



## Fair management

**To score the first point for this principle, platforms must demonstrate that workers are not arbitrarily deactivated and that there is a documented process for workers to meaningfully appeal disciplinary actions. To score the second point, platforms must evidence that they have a policy in place to prevent discrimination against workers, as well as measures to promote the participation of marginalised groups and to make the work allocation criteria transparent to workers.**

In general, platforms offer relatively fast communication, and in some cases, they address workers' problems with several communication channels available, including chat, phone calls, and in-person service at offices. Some

platforms, however, do not provide fast responses or have efficient communication procedures. In cases of deactivations or blockages, affected workers must visit offices to resolve the issue. We still did not find sufficient evidence of documented procedures to appeal platform decisions, particularly penalties such as account deactivations or negative ratings. Similarly, we found no evidence that platforms provide information to workers about the criteria for determining pay and access to work, including when algorithms are used, and that platforms take measures to ensure algorithms do not generate unfair outcomes for specific groups of workers. Cabify is the only platform that has an appeal process, and provides proof of anti-discrimination policies applicable to all workers, including platform workers and not just directly-employed workers in platforms' offices.



## Fair representation

**For platforms to score on this principle, platforms should assure freedom of association and the expression of collective worker voice.**

Unfortunately, we could not award any platform a point for this principle, as we found insufficient evidence that platforms recognize or facilitate the existence of workers' organizations or engage in collective bargaining. While associations of app drivers and delivery workers exist, we did not find sufficient evidence that any platform formally recognizes or engages in collective bargaining with any of these associations.

It should be noted that in May 2023, Uber negotiated with Cornershop's internal workers' union. However, interviews do not indicate that the company has facilitated this process or that it recognises the importance of encouraging new bargaining processes.

# Workers' Stories

**Carlos\*, in his late twenties, has been dedicated to his role as a courier for the last three years, transitioning to full-time commitment in 2022. Hailing from Venezuela, he proudly holds a degree in graphic design from his home country. However, navigating the immigration process in Chile, Carlos faces a roadblock as he does not possess a national identification number (RUT), preventing him from obtaining a license to operate a motorized vehicle. Despite Carlos's worries about the safety risks associated with using a motorcycle, he is uncertain about the platform's insurance coverage were he to have an accident.**

Financially, Carlos finds himself in a challenging position as the absence of economic assistance when he's unable to conduct work impacts his platform rating, particularly in terms of the fairness of working conditions. Moreover, he laments the degradation of various elements of his job, such as the diminishing quality of provided equipment and materials. In addition to these challenges, Carlos has noted a decline in his payment, and he would like the company to improve compensation rates for workers. Reflecting on impending changes, he views the potential implementation

of regulations akin to those governing Uber with scepticism, fearing the loss of flexibility and the ability to choose his working hours. Carlos cites the recent restriction on working hours within the application as an example, hindering his ability to connect during the early hours when supermarkets open, a timeframe that would suit him best. The reduction in pay has led him to extend his work hours to approximately 60 hours per week, illustrating the impact of these changes on his overall work-life balance.

**Alejandro\*, in his early 30s, has dedicated two and a half years to working with his current ride-hailing platform, selecting it for its perceived safety advantages over other alternatives. However, he candidly describes the recent year as the most challenging, primarily due to escalating work-related expenses, including toll fees and fuel costs, compounded by the rising overall cost of living.**

Alejandro points out a disheartening trend where, despite a decrease in the fare charged for a trip, the application continues to deduct a fixed percentage, leaving the driver to bear the brunt of the financial consequences. The monthly count of trips and acceptance rates have a direct impact on Alejandro's standing within the application's tier system, which categorises drivers into bronze, silver, gold, and platinum levels. While these tiers offer varying benefits, including fuel discounts and improved payment percentages, Alejandro highlights the significant disparities that result in a sense of artificial scarcity. This tiered system also imposes stringent requirements for drivers in order to access these enhanced conditions, creating a barrier that might prove challenging for some to overcome. Concerning

the broader regulatory landscape, Alejandro anticipates that forthcoming regulations governing digital platform work will disproportionately affect workers, especially those who are migrants. Many of these workers, facing challenges related to legal documentation, may find themselves compelled to adopt unconventional and potentially illegal working strategies. Alejandro emphasizes that a substantial percentage of drivers, around 80%, according to him, lack proper legal documentation, hindering their ability to acquire the necessary licenses. In essence, the impending regulations, coupled with existing challenges, may exacerbate the predicament of drivers and their ability to sustain a livelihood within the gig economy.

\* Names changed to protect workers' anonymity

## MOVING FORWARD

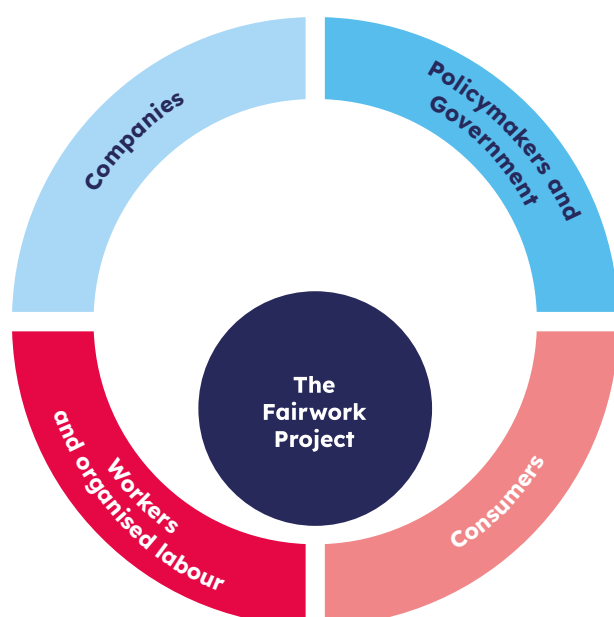
# Pathways of Change

Fairwork's theory of change relies on a humanist belief in the power of empathy and knowledge. If they have the economic means to choose, many consumers will be discerning about the platform services they use. Our yearly ratings give consumers the ability to choose better scoring platforms operating in a sector, thus contributing to pressure on platforms to improve their working conditions and their scores.

In this way, we leverage consumer solidarity with workers' allies in the fight for fairer working conditions. Beyond individual consumer choices, our scores can help inform the procurement, investment and partnership policies of large organisations. They can serve as a reference for institutions and companies that want to ensure they are supporting fair labour practices.

We see four pathways to change (Figure 1).

Figure 1: Fairwork's pathways of change



Our first and most direct pathway to improving working conditions on digital labour platforms is by engaging directly with platforms operating in Chile.

We also engage with policymakers and governments to advocate for extending appropriate legal protections to all platform workers, irrespective of their legal classification as dependent or independent workers.

Finally, and most importantly, workers and their organisations are at the core of Fairwork's model. Our principles have been developed and are continually refined in close consultation with workers and their representatives (Figure 2). Our fieldwork data, combined with feedback from workshops and consultations involving workers, help us to systematically evolve the Fairwork principles to remain in line with workers' needs

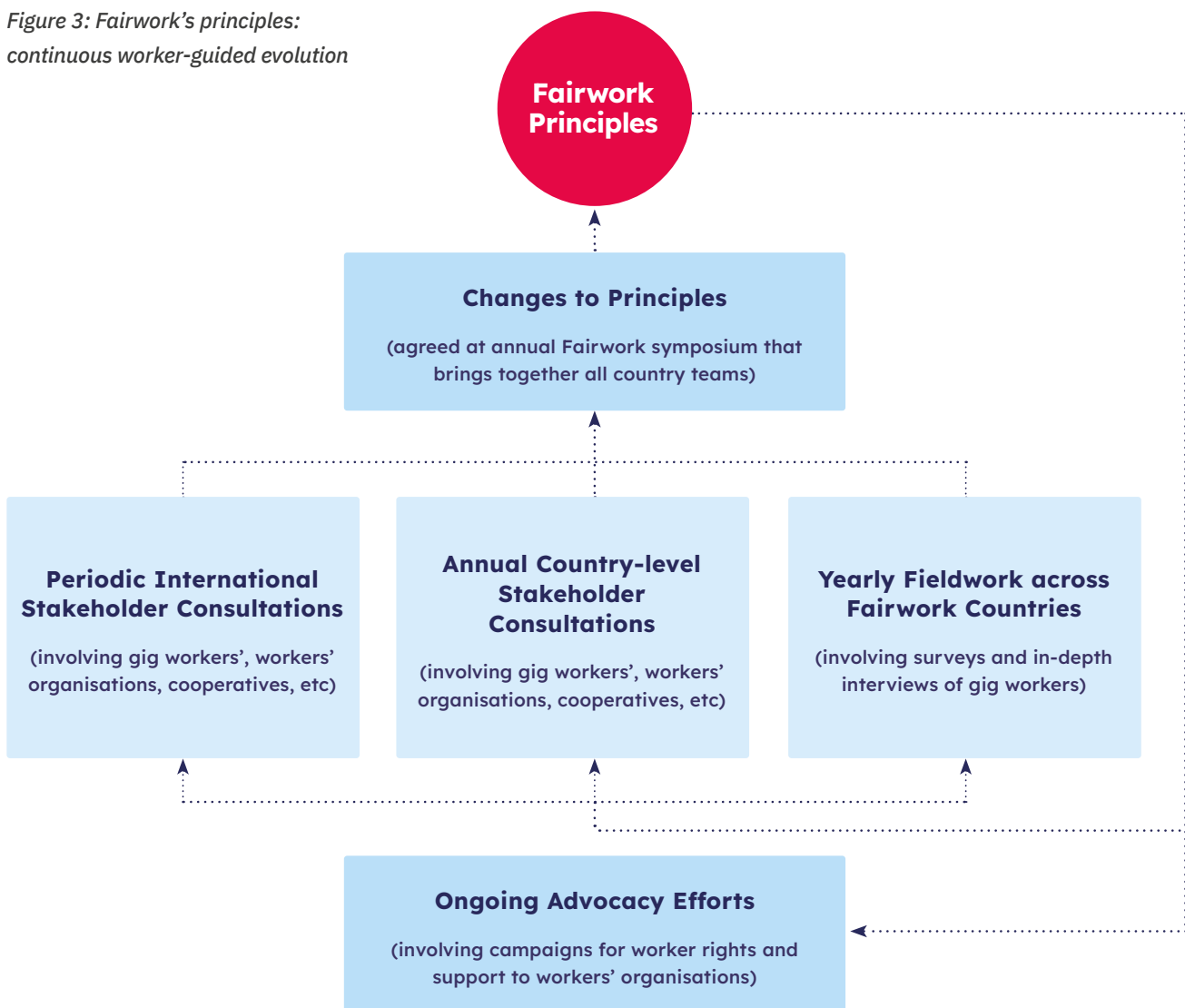
Our scores show that the platform economy, as we know it today, lacks transparency of information for workers and different stakeholders. We received information from only two of the nine platforms analyzed for this study. It is still unclear how platform work is providing fair payment (minimum monthly salary and living wage) to platform workers in the country. As emphasized in last year's recommendations, it is fundamental to have official statistics about this market from Chile's National Statistical Institute (INE). According to our study, workers value flexibility and low barriers to entry in this economy. However, this should not mean they have to accept low pay,

poor and unsafe conditions, inequity, and a lack of agency and voice as the norm.

We hope that our work—by highlighting the contours of today’s platform economy—paints a picture of what it could become. The new regulation of platform work in the country is a good step toward improving labour conditions and transparency in this market. Unfortunately, our ratings show that platforms are more interested in meeting the minimal

requirements of the regulation, rather than becoming part of a new work culture that provides fair conditions to platform workers. There are some improvements, obviously, but there are still areas where working conditions can be improved. The Fairwork team will continue studying and analyzing the changes and new conditions this regulation will provide for platforms and workers.

Figure 3: Fairwork’s principles: continuous worker-guided evolution





# The Fairwork Pledge

As part of this process of change, we have introduced the Fairwork pledge. This pledge leverages the power of organisations' procurement, investment, and partnership policies to support fairer platform work. Organisations like universities, schools, businesses, and charities who make use of platform labour can make a difference by supporting the best labour practices, guided by our five principles of fair work. Organisations who sign the pledge get to display our badge on company materials.

The pledge constitutes two levels:

The first is as an official Fairwork Supporter, which entails publicly demonstrating support for fairer platform work, and making resources available to staff and members to help them in deciding which platforms to engage with.

A second level of the pledge entails organisations committing to concrete and meaningful changes in their own practices as official Fairwork Partners, for example by committing to using better-rated platforms where there is a choice.



**MORE INFORMATION ON THE PLEDGE,  
AND HOW TO SIGN UP, IS AVAILABLE AT**

**FAIR.WORK/PLEDGE**

## APPENDIX

# Fairwork Scoring System

## Which companies are covered by the Fairwork principles?

The International Labour Organisation (ILO) defines a “digital labour platform” as an enterprise that mediates and facilitates “labour exchange between different users, such as businesses, workers and consumers”.<sup>21</sup> That includes digital labour “marketplaces” where “businesses set up the tasks and requirements and the platforms match these to a global pool of workers who can complete the tasks within the specified time”.<sup>22</sup> Marketplaces that do not facilitate labour exchanges - for example, Airbnb (which matches owners of accommodation with those seeking to rent short term accommodation) and eBay (which matches buyers and sellers of goods) are obviously excluded from the definition. The ILO’s definition of “digital labour platform” is widely accepted and includes many different business models.<sup>23</sup>

Fairwork’s research covers digital labour platforms that fall within this definition that aim to connect individual service providers with consumers of the service through the platform interface. Fairwork’s research does not cover platforms that mediate offers of employment between individuals and employers (whether on a long-term or on a temporary basis).

Fairwork distinguishes between two types of these platforms. The first, is ‘geographically-tethered’ platforms

where the work is required to be done in a particular location such as delivering food from a restaurant to an apartment, driving a person from one part of town to another or cleaning. These are often referred to as ‘gig work platforms’. The second is ‘cloudwork’ platforms where the work can, in theory, be performed from any location via the internet.

The thresholds for meeting each principle are different for location-based and cloudwork platforms because location-based work platforms can be benchmarked against local market factors, risks/harms, and regulations that apply in that country, whereas cloudwork platforms cannot because (by their nature) the work can be performed from anywhere and so different market factors, risks/harms, and regulations apply depending on where the work is performed.

The platforms covered by Fairwork’s research have different business, revenue and governance models including employment-based, subcontractor, commission-based, franchise, piece-rate, shift-based, subscription models. Some of those models involve the platforms making direct payments to workers (including through sub-contractors).

## How does the scoring system work?

The five Principles of Fairwork were developed through an extensive literature review of published research on job quality, stakeholder meetings at UNCTAD and the ILO in Geneva (involving platform operators, policymakers, trade unions, and academics), and in-country meetings with local

stakeholders.

Each Fairwork Principle is divided into two thresholds. Accordingly, for each Principle, the scoring system allows the first to be awarded corresponding to the first

threshold, and an additional second point to be awarded corresponding to the second threshold (see Table 1). The second point under each Principle can only be awarded if the first point for that Principle has been awarded. The thresholds specify the evidence required for a platform to receive a given point. Where no verifiable evidence is available that meets a given threshold, the platform is not

awarded that point.

A platform can therefore receive a maximum Fairwork score of ten points. Fairwork scores are updated on a yearly basis; the scores presented in this report were derived from data pertaining to the 12 months between November 2020 and November 2021, and are valid until November 2022.

Table 1 Fairwork: Scoring System

	<b>Principle 1: Fair Pay</b>	Ensures workers earn at least the local minimum wage after costs	Ensures workers earn at least a local living wage after costs	<b>2</b>
	<b>Principle 2: Fair Conditions</b>	Mitigates task-specific risks	Provides a safety net	<b>2</b>
	<b>Principle 3: Fair Contracts</b>	Provides clear and transparent terms and conditions	Ensures that no unfair contract terms are imposed	<b>2</b>
	<b>Principle 4: Fair Management</b>	Provides due process for decisions affecting workers	Provides equity in the management process	<b>2</b>
	<b>Principle 5: Fair Representation</b>	Assures freedom of association and the expression of collective worker voice	Supports democratic governance	<b>2</b>

Maximum possible Fairwork Score



## Principle 1: Fair Pay

### 1.1 Ensures workers earn at least the local minimum wage after costs (one point)

Platform workers often have substantial work-related costs to cover, such as transport between jobs, supplies, or fuel, insurance, and maintenance on a vehicle.<sup>24</sup> Workers' costs sometimes mean their take-home earnings may fall below the local minimum wage.<sup>25</sup> Workers also absorb the costs of extra time commitment, when they spend time waiting or travelling between jobs, or other unpaid activities necessary for their work, which are also considered active hours.<sup>26</sup> To achieve this point platforms must ensure that work-related costs do not push workers below local minimum wage.

The platform takes appropriate steps to ensure:

- Workers earn at least the local minimum wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs.

### 1.2 Ensures workers earn at least a local living wage after costs (one additional point)

In some places, the minimum wage is not enough to allow workers to afford a basic but decent standard of living. To achieve this point platforms must ensure that work-related costs do not push workers below local living wage.

The platform takes appropriate steps to ensure:

- Workers earn at least a local living wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs.<sup>27,28</sup>

## Principle 2: Fair Conditions

### 2.1 Mitigates task-specific risks (one point)

Platform workers may encounter a number of risks in the course of their work, including accidents and injuries, harmful materials, and crime and violence. To achieve this point platforms must show that they are aware of these risks and take steps to mitigate them.

The platform must satisfy the following:

- There are policies or practices in place that protect workers' health and safety from task-specific risks.<sup>29</sup>
- Platforms take adequate, responsible and ethical data protection and management measures, laid out in a documented policy.

### 2.2 – Provides a safety net (one additional point)

Platform workers are vulnerable to the possibility of abruptly losing their income as the result of unexpected or external circumstances, such as sickness or injury. Most countries provide a social safety net to ensure workers don't experience sudden poverty due to circumstances outside their control. However, platform workers usually don't qualify for protections such as sick pay, because of their independent contractor status. In recognition of the fact that most workers are dependent on income they earn from platform work, platforms can achieve this point by ensuring that workers are compensated for loss of income due to inability to work.

The platform must satisfy BOTH of the following:

- Platforms take meaningful steps to ensure that workers are compensated for income loss due to inability to work commensurate with the worker's average earnings over the past three months.
- Where workers are unable to work for an extended period due to unexpected circumstances, their standing on the platform is not negatively impacted.

## Principle 3: Fair Contracts

### 3.1 Provides clear and transparent terms and conditions (one point)

The terms and conditions governing platform work are not always clear and accessible to workers.<sup>30</sup> To achieve this point, the platform must demonstrate that workers are able to understand, agree to, and access the conditions of their work at all times, and that they have legal recourse if the other party breaches those conditions.

The platform must satisfy ALL of the following:

- The party contracting with the worker must be identified in the contract, and subject to the law of the place in which the worker works.
- The contract is communicated in full in clear and comprehensible language that workers could be expected to understand.
- The contract is accessible to workers at all times.
- Every worker is notified of proposed changes in a reasonable timeframe before changes come into effect; and the changes should not reverse existing accrued benefits and reasonable expectations on which workers have relied.

### **3.2 – Ensures that no unfair contract terms are imposed (one additional point)**

In some cases, especially under ‘independent contractor’ classifications, workers carry a disproportionate amount of risk for engaging in a contract with the service user. They may be liable for any damage arising in the course of their work, and they may be prevented by unfair clauses from seeking legal redress for grievances. To achieve this point, platforms must demonstrate that risks and liability of engaging in the work is shared between parties.

Regardless of how the the contractual status of the worker is classified, the platform must satisfy BOTH of the following:

- Takes appropriate steps to ensure that the contract does not include clauses which exclude liability for negligence nor unreasonably exempt the platform from liability for working conditions.
- Takes appropriate steps to ensure that the contract does not include clauses which prevent workers from effectively seeking redress for grievances which arise from the working relationship.

## **Principle 4: Fair Management**

### **4.1 Provides due process for decisions affecting workers (one point)**

Platform workers can experience arbitrary deactivation; being barred from accessing the platform without explanation, and potentially losing their income. Workers may be subject to other penalties or disciplinary decisions without the ability to contact the service user or the platform to challenge or appeal them if they believe they are unfair. To achieve this point, platforms must demonstrate an avenue for workers to meaningfully appeal disciplinary actions.

The platform must satisfy ALL of the following:

- There is a channel for workers to communicate with a human representative of the platform. This channel is documented in a contract and available on the platform interface. Platforms should respond to workers within a reasonable timeframe.
- There is a process for workers to meaningfully appeal low ratings, non-payment, payment issues, deactivations, and other penalties and disciplinary actions. This process is documented in a contract and available on the platform interface.<sup>31</sup>

- In the case of deactivations, the appeals process must be available to workers who no longer have access to the platform.
- Workers are not disadvantaged for voicing concerns or appealing disciplinary actions.

### **4.2 – Provides equity in the management process (one additional point)**

The majority of platforms do not actively discriminate against particular groups of workers. However, they may inadvertently exacerbate already existing inequalities in their design and management. For example, there is a lot of gender segregation between different types of platform work. To achieve this point, platforms must show not only that they have policies against discrimination, but also that they seek to remove barriers for disadvantaged groups, and promote inclusion.

Platforms must satisfy ALL of the following:

- There is a policy which ensures the platform does not discriminate on grounds such as race, social origin, caste, ethnicity, nationality, gender, sex, gender identity and expression, disability, religion or belief, age or any other status.
- Where persons from a disadvantaged group (such as women) are significantly under-represented among a pool of workers, it seeks to identify and remove barriers to access by persons from that group.
- It takes practical measures to promote equality of opportunity for workers from disadvantaged groups, including reasonable accommodation for pregnancy, disability, and religion or belief.
- If algorithms are used to determine access to work or remuneration or the type of work and pay scales available to workers seeking to use the platform, these are transparent and do not result in inequitable outcomes for workers from historically or currently disadvantaged groups.
- It has mechanisms to reduce the risk of users discriminating against workers from disadvantaged groups in accessing and carrying out work.

## **Principle 5: Fair Representation**

### **5.1 Assures freedom of association and the expression of worker voice (one point)**

Freedom of association is a fundamental right for all workers, and enshrined in the constitution of the

International Labour Organisation, and the Universal Declaration of Human Rights. The right for workers to organise, collectively express their wishes – and importantly – be listened to, is an important prerequisite for fair working conditions.

Platforms must satisfy ALL of the following:

- There is a documented mechanism for the expression of collective worker voice.
- There is a formal policy of willingness to recognise, or bargain with, a collective body of workers or trade union, that is clearly communicated to all workers.<sup>32</sup>
- Freedom of association is not inhibited, and workers are not disadvantaged in any way for communicating their concerns, wishes and demands to the platform.<sup>33</sup>

## **5.2 Supports democratic governance (one additional point)**

While rates of organisation remain low, platform workers' associations are emerging in many sectors and countries. We are also seeing a growing number of cooperative worker-owned platforms. To realise fair representation, workers must have a say in the conditions of their work. This could be through a democratically governed cooperative model, a formally recognised union, or the ability to undertake collective bargaining with the platform.

The platform must satisfy at least ONE of the following:

1. Workers play a meaningful role in governing it.
2. It publicly and formally recognises an independent collective body of workers, an elected works council, or trade union.
3. It seeks to implement meaningful mechanisms for collective representation or bargaining.

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## Conflict of interest statement

None of the researchers have any connection with any of the platforms and the work undertaken received no funding or support in kind from any platform or any other company, and we declare that there is no conflict of interest.

## A COLLABORATION BETWEEN





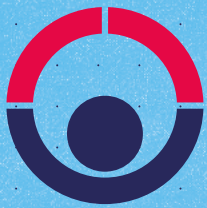
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- 12 Data available in: <https://www.ine.gob.cl/estadisticas/sociales/mercado-laboral/ocupacion-y-desocupacion> → Cuadros Estadísticos → Estadísticas Experimentales y complementarias.
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- 24 Work-related costs include direct costs the worker may incur in performing the job. This may include, for instance, transport in between jobs, supplies, vehicle repair and maintenance, fuel, road tolls and vehicle insurance. However, it does not include transport to and from the job (unless in-between tasks) nor taxes, social security contributions or health insurance.
- 25 The ILO defines minimum wage as the "minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract." Minimum wage laws protect workers from unduly low pay and help them attain a minimum standard of living. The ILO's Minimum Wage Fixing Convention, 1970 C135 sets the conditions and requirements of establishing minimum wages and calls upon all ratifying countries to act in accordance. Minimum wage laws exist in more than 90 per cent of the ILO member states
- 26 In addition to direct working hours where workers are completing tasks, workers also spend time performing unpaid activities necessary for their work, such as waiting for delivery orders at restaurants and travelling between jobs. These indirect working hours are also considered part of active hours as workers are giving this time to the platform. Thus, 'active hours' are defined as including both direct and indirect working hours.
- 27 Where a living wage does not exist, Fairwork will use the Global Living Wage Coalition's [Anker Methodology](#) to estimate one.
- 28 In order to evidence this, where the platform is responsible for paying workers the platform must either: (a) have a documented policy that ensures the workers receive at least the local living wage after costs in their active hours; or (b) provide summary statistics of transaction and cost data evidencing all workers earn a minimum wage after costs.
- 29 Where the platform directly engages the worker, the starting point is the ILO's Occupational Safety and Health Convention, 1981 (C155). This stipulates that employers shall be required "so far as is reasonably practicable, the workplaces, machinery, equipment and processes under their control are safe and without risk to health", and that "where necessary, adequate protective clothing and protective equipment [should be provided] to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects on health.
- 30 The ILO's Maritime Labour Convention, 2006 (MLC 2006), Reg. 2.1, and the Domestic Workers Convention, 2011 (C189), Articles 7 and 15, serve as helpful guiding examples of adequate provisions in workers' terms and conditions, as well as worker access to those terms and conditions.
- 31 Workers should have the option of escalating grievances that have not been satisfactorily addressed and, in the case of automated decisions, should have the option of escalating it for human mediation.
- 32 For example, "[the platform] will support any effort by its workers to collectively organise or form a trade union. Collective bargaining through trade unions can often bring about more favourable working conditions."
- 33 See ILO. (2021). World Employment and Social Outlook 2021: The role of digital labour platforms in transforming the world of work. International Labour Office – Geneva.





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