

Fairwork South Africa Ratings 2020: Labour Standards in the Gig Economy

Editorial: Towards Fair Work

As the world economy becomes ever more digitised, the gig economy has come to define a greater share of labour processes around the world. Labour-broking digital platforms are facilitating the shift towards a gig economy, not just for cloudworkers (e.g. Upwork), but also for location-based platforms such as ride-hailing (Uber, Bolt), temporary household assistance (SweepSouth) or food delivery (Mr D).

Platforms have the potential to address South Africa's huge unemployment problem. But, at the same time, some are disrupting existing social and labour structures, and potentially eroding existing jobs. Ride-hailing platforms are taking chunks out of the taxi market, but are simultaneously generating demand: many people who would never have considered taking a taxi now frequently 'Uber' somewhere.

Sadly, not all is well. Apart from creating market shifts, empirical evidence increasingly reveals that platform workers experience precarious and unfair conditions; for instance the pay levels have sometimes become a race to the bottom. Work in the gig economy is often unsafe and insecure. Workers lack protections afforded to regular employees, like sick pay and unemployment benefits. They are also vulnerable to arbitrary termination, often based on inequitable regimes of customer ratings. Because of these inequities, the Fairwork team has taken action to highlight unfair labour practices in the gig economy, and to assist workers, consumers and regulators as they hold platforms to account.

The Fairwork Project focuses on five core principles of fair platform work: Fair Pay, Fair Conditions, Fair Contracts, Fair Management and Fair Representation. We award scores out of ten to a platform based on whether they meet the basic standard (1 point) and achieve a higher standard (1 additional point) for each of these five principles. The first two principles concern whether workers receive a fair pay for their work and if their jobs are characterised by healthy and safe working conditions. The three others focus on whether the platform's contract with the workers is fair; whether management processes and communication channels are clear and transparent; and whether platforms allow for the expression of worker voice through open worker representation.

We assessed evidence against each of these principles through a combination of worker interviews in Johannesburg and Cape Town and platform-provided evidence. Given the complex and dynamic nature of the platform economy, reliable data can be difficult to come by. We therefore only award a point when we have clear evidence that it is deserved. We are proud of our independence and impartiality, since we're not directly affiliated with workers, platforms or government.

The Centre for IT and National Development (CITANDA) at the University of Cape Town (UCT) is spearheading the Fairwork ratings in South Africa, along with partners from the University of Oxford and the University of Manchester, who are also implementing this ratings scheme in India, Germany, and the UK. We also have a legal team from the University of the Western Cape (UWC) and Oxford who look at potential government-level policy actions and regulatory interventions to better protect gig workers. Furthermore, we are aiming to sensitize and influence customers/clients of these platforms to take note of our ratings. We are also in constant discussions with platforms themselves, and some have demonstrated a concern for fair working conditions by taking action to improve their score.

This is our second year of rating South African platforms: we've added a number of platforms, including some highly-rated ones such as M4Jam and GetTOD, and are continuing to finetune our methodology. Thanks to the success and impact achieved in this project, an exciting development is that UCT is now also officially spearheading three Fairwork-aligned rating projects in Ecuador, Chile and Indonesia. The fact that some platforms are actively improving their working conditions (and attendant scores) based on our recommendations; as well as the fact that research teams from multiple countries are seeking to join the Fairwork network, speak to the significant social impacts of our research.

While South Africa's move towards the Fourth Industrial Revolution is inevitable and largely welcome, it is crucial that we safeguard important protections for workers. The range in Fairwork scores across South African platforms is proof that very different models of work are possible within the gig economy. Crucially, this points to pathways for effective regulation, and provides a basis from which collective bodies of workers can formulate their demands. Our hope is that workers, consumers, regulators and companies use the Fairwork framework and ratings to imagine, and realise, a fairer South African gig economy.

- *Prof Jean-Paul Van Belle, Department of Information Systems, University of Cape Town*

The Fairwork Framework

Fairwork evaluates the working conditions of digital platforms 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 platforms should comply with in order to be considered to be offering 'fair work'. We evaluate platforms against these principles to show not only what the platform economy is, but also what it can be.

The five Fairwork principles were developed at a number of multi-stakeholder workshops at the International Labour Organisation. To ensure that these global principles were applicable in the South African context, we then revised and fine tuned them in consultation with

platform workers, platforms, trade unions, regulators, academics, and labour lawyers in Cape Town and Johannesburg.

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.

The five principles

1. Fair Pay

Workers, irrespective of their employment classification, should earn a decent income in their home jurisdiction after taking account of work-related costs.

2. 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.

3. Fair Contracts

Terms and conditions should be transparent, concise, and provided to workers in an accessible form. The party contracting with the worker must be subject to local law and must be identified in the contract. If workers are genuinely self-employed, terms of service are free of clauses which unreasonably exclude liability on the part of the platform.

4. 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).

5. 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.

Methodology Overview

The project uses three approaches to effectively measure fairness at work.

Desk Research

The process starts with desk research to ascertain which platforms are operating in each city, as well as noting the largest and most influential ones. This provides the overall range of the platforms that are ranked, as well as identifying points of contact or ways to access workers. Desk research also flags up any public information that could be used to score particular platforms (for instance the provision of particular services to workers, or ongoing disputes).

Platform Interviews

The second method involves approaching platforms for evidence. We interview platform managers and request 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 strategy 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 is interviewed for each platform. Workers are approached either through the platform directly or at known worker meeting points. 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. They allow us, for instance, to see contracts 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 information gathering. Points are only awarded if clear evidence exists on each threshold.

03 How we score

Each of the five Fairwork principles is broken down into two points: a basic point and a more advanced 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.

Further details on the Fairwork Scoring System are in the Appendix.

Overview of the South African Gig Economy

The South African economy is characterised by a relatively highly developed internet infrastructure, regulatory conditions supporting innovation, high levels of unemployment, a substantial informal sector, and extreme inequality. All of these factors make the country ripe for the emergence of the gig economy, which is commonly understood as a labour market comprised of freelance and short-term jobs – or ‘gigs’ – wherein organisations contract with independent workers on a non-permanent basis, rather than recruiting full-time employees.¹

Growing numbers of South African workers find work through multinational gig economy platforms like Uber, Uber Eats, Bolt and Upwork. However, in part because of its novelty and the struggle of formal statistics to keep up, there are no reliable figures on the scale of the South African gig economy. We have previously estimated that there are around 30,000 workers in location-based platform work like taxi driving, delivery, and cleaning,² and up to 100,000 actively undertaking online work, or ‘cloudwork’.³ While many of the latter will not be full-time, this still suggests gig work touches at least 1% of the workforce; and this number grows by well above 10% yearly.

Job Creation in the Gig Economy

Of South Africa’s 40 million-strong working-age population, just over 13 million are classed as not economically active.⁴ Of the remaining 26 million, around 16 million are employed, leaving nearly 10 million people – close to 40% of the labour force – unemployed, with

¹ Fairwork. 2019. ‘Fairwork: Labour Standards in the Platform Economy’. Oxford, UK, Cape Town, South Africa, Bangalore, India: Fairwork Foundation.

² Heeks, Richard. 2019. ‘How Many Platform Workers Are There in the Global South?’ *ICTs for Development* (blog). <https://ict4dblog.wordpress.com/2019/01/29/how-many-platform-workers-are-there-in-the-global-south/>. Accessed 12 March 2020.

³ Combined calculations based on Heeks, Richard. 2017. ‘Decent Work and the Digital Gig Economy: A Developing Country Perspective on Employment Impacts and Standards in Online Outsourcing, Crowdfund, Etc’. No: 71. Working Paper Series. SEED: Centre for Development Informatics Global Development Institute; and Onkokame, Mothobi, Aude Schoentgen, and Alison Gillwald. 2017. ‘What Is the State of Microwork in Africa? A View from Seven Countries’. Paper No. 2. Policy Paper Series No. 5 After Access. <https://researchictafrica.net/2017/12/18/what-is-the-state-of-micro-work-in-africa/>. Accessed 12 March 2020.

⁴ Statistics South Africa. 2020. ‘Quarterly Labour Force Survey Quarter 3: 2019’. Pretoria: Statistics South Africa. <http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2019.pdf>. Accessed 12 March 2020. Note figures here are the “expanded” unemployment rate, which includes 3m ‘discouraged work seekers’ who want work but have stopped actively looking for it.

unemployment rates skewed by race, gender and age. Unemployment rates are well above 40% for the black population, but less than 10% for the white population; nearly 45% for women, but 35% for men; and above 55% for those under 25, but less than 20% for those older than 35.⁵ Across demographic groups, unemployment rates have either persisted or grown in recent years, creating an enormous economic and socio-political pressure for job creation.

In the context of this unemployment crisis, can South Africa's gig economy platforms create new jobs, and at an increasing rate? Digital platforms are frequently heralded as the solution to this problem, as they allow those who typically face barriers to employment to find work more easily. Much of the work on platforms has been around for a long time: riding in a metered taxi, restaurants with their own food delivery services, domestic cleaners hired directly by a family, etc. But demand, and therefore work, is also being created by platforms (e.g. people getting an Uber/Bolt to go out at night when they might have previously stayed at home).⁶ Our worker data suggests a reasonable impact: 30% of our interviewees were unemployed before getting work with the platform.

Quality of Gig Work

The employment challenge facing South Africa is not simply the quantum of jobs but also the quality of jobs being created. Like all of the world's economies, South Africa has a spectrum of job qualities available. At one end of the spectrum is the best of formal-sector employment. This is well-institutionalised: covered by relatively well-implemented government regulations, by widespread trade union membership, and potentially by other standards and agreements. As a result, most workers enjoy reasonable levels of pay and protections. At the other end of the spectrum is the worst of informal-sector employment. This, by definition lies outside any framework of regulation, standards and agreement and trade union membership is very rare. As a result, the jobs created – it is estimated that just under 20% of South African employment lies in the informal sector – bring with them poor pay and conditions. It is, therefore the high-quality, formalised jobs that South Africa most needs to be created.

So, are South Africa's gig economy platforms creating high-quality formal jobs, or low-quality informal jobs? Across contexts, our research has shown that gig work skews to the latter end of the spectrum: gig workers face low pay (frequently earning below minimum wages), dangerous work conditions, opaque algorithmic management structures, and an inability to

⁵ Roodt, Marius. 2019. 'SA's Unemployment Crisis – No End in Sight'. No: 7/2019. Johannesburg: IRR: South African Institute of Race Relations; Webster, Dennis. 2019. 'Unemployment in South Africa Is Worse than You Think'. *New Frame*, 5 August 2019. <https://www.newframe.com/unemployment-in-south-africa-is-worse-than-you-think/>. Accessed 12 March 2020; Stats SA (2019) Youth graduate unemployment rate increases in Q1: 2019, Statistics South Africa. 2019. 'Youth Graduate Unemployment Rate Increases in Q1: 2019'. 15 May 2019. <http://www.statssa.gov.za/?p=12121>. Accessed 12 March 2020.

⁶ Giddy, Julia Kathryn. 2019. 'The Influence of E-Hailing Apps on Urban Mobilities in South Africa'. *African Geographical Review* 38 (3): 227–39.

organise and bargain collectively.⁷ The Fairwork scores (see below) reveal that there is a lot of variation among South African firms. Some platforms are actively trying to create good-quality work, whereas there is no evidence that others are operating with the same concern. One danger is a race-to-the-bottom that squeezes good practices out of the market. Fairwork's mission is to prevent this from happening.

Inequality and the Gig Economy

South Africa is well-known for many positives: its rainbow nation multiculturalism; its sporting prowess; the beauty of its landscapes. But it is also well-known for a negative: that it is the world's most unequal nation. Its Gini coefficient – a measure of how unequal a society is – is nearly 50% higher than the average for emerging markets and, unlike those other countries, South Africa's inequality has risen, not fallen, in the past 20 years.⁸ The top 1% in South Africa own 67% of the country's wealth; the top 10% own 93% meaning, of course, that the remaining 90% own just 7%.⁹ In South Africa, the legacy of apartheid means inequality remains highly spatially and racially delineated.¹⁰ With this pattern fuelling high crime rates and undermining social and political cohesion, reducing inequality is a top priority in the country. This includes ensuring that technological change reduces rather than increasing gaps.

Against this backdrop, it becomes important to consider whether South Africa's gig economy platforms can help to reduce inequality. Where they provide a job for those previously unemployed and where they pay a fair wage, platforms are making a positive contribution. But where workers find themselves earning less than a decent wage and/or earning less than they previously did, then inequality may be worsening, not improving. We discuss this later in the report in relation to our evidence on minimum and living wages.

The Legal Context: What makes a workers an employee?

Gig Economy platforms benefit from a legal loophole that exists in South Africa, as in most countries: labour rights are limited to workers classified as 'employees'. Digital platforms can avoid the costs and duties arising from employees' rights – minimum pay, maximum hours,

⁷ See for a summary: Woodcock, Jamie, and Mark Graham. 2020. *The Gig Economy: A Critical Introduction*. Cambridge, the UK; Medford the USA: Polity Press, page 2.

⁸ IMF. 2020. 'Six Charts Explain South Africa's Inequality'. (blog). 30 January 2020. <https://www.imf.org/en/News/Articles/2020/01/29/na012820six-charts-on-south-africas-persistent-and-multi-facet-ed-inequality>. Accessed 12 March 2020.

⁹ Webster, Dennis. 2019. 'Why SA Is the World's Most Unequal Society'. *New Frame*, 19 November 2019. <https://www.newframe.com/why-sa-is-the-worlds-most-unequal-society/>. Accessed 12 March 2020.

¹⁰ Oosthuizen, Morné. 2019. 'Racial Inequality and Demographic Change in South Africa'. Research Brief No: 5/19. SA-TIED: Southern Africa - Towards Inclusive Economic Development. Helsinki: UNU-WIDER: The United Nations University World Institute for Development Economics Research. <https://www.wider.unu.edu/publication/racial-inequality-and-demographic-change-south-africa>. Accessed 12 March 2020.

paid leave etc. – by classifying their workers as ‘independent contractors’. Workers on the platforms covered by this study were, without exception, classified as independent contractors.

The first problem is that this classification is frequently a sham. Objectively, on most platforms, workers are under the platforms’ control and deliver their brand just like employees. In several countries, workers have taken court action to claim employee rights, in some cases successfully but in others not, depending on the details of their work and the local definition of ‘employee’. In South Africa, Uber drivers who tried to do so were unable even to have their claims heard. In one case, drivers tried to take a dispute with Uber to arbitration. Despite performing key functions for the South African market, the Netherlands-based company fell beyond the reach of South African law.¹¹

The route of litigation is therefore fraught with uncertainty and undoubtedly costly. While sham employment must be exposed, Fairwork and its co-thinkers believe that a more effective solution lies in promoting appropriate legal protection extending to all platform workers, irrespective of their legal classification.

This also addresses a second problem: employee rights were designed for ‘standard’ employees, such as factory or office workers, working fixed hours in workplaces where their rights can be enforced. But this is possible only to a limited extent, and with great difficulty, in the context of platform work. Thus, even those rights which do extend to independent contractors – such as certain rights of domestic workers – are difficult to apply to a dispersed workforce by means of the existing institutions.

Moral pressure on platforms can encourage them to make improvements but, unfortunately, not all platforms will do so voluntarily. That makes a floor of legal rights necessary. However, as with factory workers two centuries ago, the greatest obstacle is lack of political will on the part of policy makers. There is a belief that worker rights discourage job creation and that, in South Africa, job creation is the bigger priority. However, decent work and job creation are not mutually exclusive. We need to develop – by bringing workers and other stakeholders to the table – an enforceable code of basic worker rights that are compatible with sustainable business models. It is in this context that we see the Fairwork framework providing one starting point for responsive and effective policy.

Fairwork Scores

Score (out of 10)

- GetTOD - 8
- NoSweat - 8
- SweepSouth - 8

¹¹ Uber South Africa, Uber B.V., Uber International Holdings B.V. vs. Nupsaw Obo Herschelle Mostert. 2018. Cape Town Labour Court, C 449/17.

- M4Jam - 7
- Picup - 6
- Domestly - 4*
- Uber - 4
- Orderin - 3
- Uber Eats - 3
- Bolt - 1
- Mr D - 0

**Domestly ceased operations in February 2020*

The breakdown of scores for individual platforms can be seen on our website:
www.fair.work/ratings/.

Narrative about the scores

Fair Pay

- Most platforms can evidence that workers' gross pay is at or above the minimum wage. However, gig workers are expected to provide a lot of their own equipment and pay work-related costs out of pocket. When we use a net calculation, only about half of platforms can evidence this principle of fair pay, and we see workers often working very long hours to cover expenses.

Fair Conditions

- Six platforms are able to evidence some action that they take to protect workers from risks that arise on their jobs. But finding solid evidence of efforts by platforms to more actively improve working conditions was harder to come by. This is likely due to the fact that the independent contractor status of workers means that platforms tread carefully here. However, some platforms have shown improvement is possible, through provisions like affordable health insurance for workers and their families.

Fair Contracts

- Platforms in South Africa tend to do well when it comes to evidencing a basic level of fairness in their contracts: most platforms have clear and accessible terms and conditions. However, only two platforms (GetTOD and NoSweat) were able to evidence that the employment status of their workers is clearly defined and that they do not unreasonably exclude liability on the part of the platform.

Fair Management

- Arbitrary termination or deactivation is a big concern for gig workers, who lack the recourse available to formal employees. That's why we assess whether platforms

have due process for decisions affecting workers. The Fairwork scoring system stipulates that platforms must include their policies for disciplinary actions and deactivation in their terms and conditions, as well as provide clear processes for workers to appeal decisions. At the beginning of our scoring process, only four platforms could demonstrate such due process. However, after engaging with Fairwork in this round, two additional platforms (GetTOD and NoSweat) have codified their deactivation policies, providing workers greater recourse. We also encourage platforms to ensure there is equity in the management process, and that steps are taken to be inclusive of marginalised or disadvantaged groups. Three platforms were awarded this advanced point, for example Picup showed us that they had made an active effort to recruit more women drivers, and M4Jam showed us that they were consciously extending income opportunities to the lowest-income communities in South Africa.

Fair Representation

- Being able to freely organise is a key workplace right in most countries. In the South African gig economy, there is still much that could be done to improve conditions in this regard. Only about half of the platforms could point to meaningful worker voice mechanisms. While there are not yet any collective bodies of workers that have been recognised by platforms, two platforms have published public statements committing to recognise a collective body should one be organised by their workers.

Platform in Focus: GetTOD

GetTOD is a Cape Town based platform that allows users to obtain the services of tradespeople in their area. GetTOD works with plumbers, electricians, builders and other tradespeople in Cape Town, Johannesburg, Durban and Pretoria. It could be argued that the company is a simple matching service: connecting clients and workers much the same way that the Yellow Pages used to do. However, upon closer inspection, the company plays a more active role in the labour process - signing up and screening workers, providing guarantees for delivery, and payment to worker and client. In many ways it shows that it has not just a responsibility, but also the ability, to ensure fair working conditions.

While most GetTOD tradespeople earn well above minimum wages, they can still face pressures after all their costs have been paid. After engaging with Fairwork, GetTOD agreed to adopt a living wage policy; publicly stating that it would ensure that a tradesperson could not earn below the living wage (of R6800 per month) when working through the platform. This provides certainty for workers from the outset.

In contrast to some of the other platforms we rate, GetTOD has a clearly defined grievance and disciplinary procedure, which workers are made aware of. While workers at some other platforms are vulnerable to deactivation without notice, GetTOD follows a formal 3-strikes process, notifying workers at each stage, and providing avenues for appeal. After engaging with Fairwork, GetTOD has agreed to make this process more transparent to workers and

has amended its terms and conditions to be explicit that workers have certain rights during a disciplinary procedure.

Finally, after working with Fairwork, GetTOD has also publicly announced its willingness to engage and negotiate with a union or workers' association, including this in its terms and conditions. This is a commendable step to ensure fair worker representation. Having voice and collective power in the workplace is essential for workers if they wish to move away from exploitative relationships.

Currently scored at an 8 out of 10, GetTOD could still do more. It needs to find ways to actively promote health and safety, and better working conditions, and to create space for members of underrepresented groups on the platform. GetTOD has indicated that it would like to find ways of recruiting more female workers: something that would be required for us to award a point for our principle 4.2. Throughout 2020, we hope to work with GetTOD to discuss the further changes that would be required to get an even higher score next year.

Workers' Stories

1: AMY

Amy (name changed to protect worker identity) has driven for ridesharing platforms in Cape Town for the last year. As a woman driver, she is in the small minority, and told us that she feels particularly unsafe in her work - especially at night. She worries about crime. Before she drove for ridesharing platforms, she had full time employment as a truck driver, but she was laid off because the company was struggling. With kids to support, she couldn't lose any time in finding a new source of income.

With the first platform she worked for, she experienced a traumatic hijacking. The passengers ordered a cash trip, which means payment isn't guaranteed upfront. Amy doesn't like taking cash trips but when you're competing with other drivers for fares, sometimes there isn't a lot of choice. The hijackers produced a weapon and told Amy to drive for a long time. Eventually they left her, but they took her shoes, phone and wheels. Because they took her phone, she wasn't able to push the platform's in-app emergency button during the ordeal.

After the hijacking she switched to working for a different platform, which she had heard was more responsive in an emergency. Thankfully, this hasn't been tested yet. Amy is in a WhatsApp group with other women drivers, and they arrange social get togethers. She hasn't heard of a union that would help make platform work safer, but she would consider joining one if it existed.

2: BRIAN

Brian (name changed to protect worker identity) has worked as a food delivery courier in Cape Town for four years. Back in his home country he held an advanced professional qualification. He's been working on having his qualification recognised in South Africa, but it's a difficult process. In the meantime, he is supporting his family by working for the delivery platform for over 80 hours per week.

Brian spends a lot of those hours waiting outside popular restaurants with other food delivery couriers. The problem is that, when he's not on the bike, he's not earning money. But he has costs to cover. Brian estimates his weekly income to be around R2000, but he pays about R875 per week for fuel, airtime and maintenance. Brian might just make over minimum wage, but after costs are factored in, he falls well below it.

When you're riding a motorbike for much of the day, accidents and injuries are a real risk. But Brian says "*in terms of accidents [the platform] doesn't care about you.*" There is no assistance or injury cover. Sometimes calls to the office go unanswered. Brian is also worried about receiving a bad rating from a customer, which can threaten his future on the platform. Once a customer reported that he had a "bad attitude".

The platform penalises the drivers if the order is wrong or the delivery is delayed. Drivers can also face deactivation for lateness. Brian said: "*They may 'switch you off' if you reject an order, even though you're supposed to be able to reject*". Brian doesn't mind working hard to support his family, but he is hoping that soon his qualification will be recognised in South Africa, so that he can enjoy secure employment, without the risk of injury or termination at will.

Theme in Focus: Minimum and Living Wages for Platform Workers

In the past half-century a wave of minimum wage legislation spread throughout the world. While the impact is much debated, a recent review of international evidence concluded, "*a very muted effect of minimum wages on employment, while significantly increasing the earnings of low paid workers*".¹²

South Africa's national minimum wage was introduced at the start of 2019: R20 per hour for most work; R15 per hour for domestic work – rising by 3.8% from 1 March 2020. The demonstrated value of a minimum wage led to it being incorporated into the Fairwork principles under "Fair Pay". All of the platforms we rated – except Mr D – were given a point for their gross pay meeting minimum wage levels.

¹² Dube, Arindrajit. 2019. 'Impacts of Minimum Wages: Review of the International Evidence'. London, the UK: HM Treasury and Department for Business, Energy & Industrial Strategy.

However, a *net* calculation is more appropriate as that tells us how much money workers have for themselves and their families. For our second “Fair Pay” point, we therefore deduct from their gross pay the costs workers must pay in order to work : e.g. petrol and vehicle maintenance for drivers, transport costs for domestic workers. On that basis, we were unable to demonstrate that workers’ net pay at six of the eleven platforms we assessed were above minimum wage levels .

With criticism of the low level of the minimum wage in South Africa, we have also investigated the implications of a ‘living wage’: defined as enough for a basic but decent standard of living for a worker and their family including “food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events”.¹³

Triangulating from other sources, Fairwork has calculated a living wage for South Africa to be R6,800 per month – R39 per hour equivalent, based on a working week of 40 hours. We are pleased to acknowledge that two of the platforms we rated – NoSweat and GetTOD – have now guaranteed that all jobs they post will pay above the living wage.

In other sectors, platforms wanting to pay a living wage may need to find a way to beat lower-paying competitors. They may be able to raise income and reduce costs given evidence linking living wage payments to improved worker productivity and performance, lower worker turnover/absenteeism, and better manager—worker relations.¹⁴ But they might also need customers willing to pay some premium; in recognition of the better service and wider social benefits – reductions in poverty and inequality – that living wages can bring. Ultimately, as platform users, it’s important to ask ourselves whether we are happy supporting industries in which workers are paid below what they can reasonably live on.

Impact and Next Steps

This is the second annual round of Fairwork ratings for South African platforms, and we are seeing impact begin to build. As Fairwork’s reach and visibility increases, we see four avenues for contributing to continued improvement in the South African gig economy: through engagement with policy makers and government; consumers; gig workers and organised labour; and the platforms themselves.

¹³ Global Living Wage Coalition. (n.d.). ‘What Is a Living Wage?’ (n.d.). <https://www.globallivingwage.org/about/what-is-a-living-wage/>. Accessed 12 March 2020.

¹⁴ See Wills, Jane, and Brian Linneker. 2012. ‘The Costs and Benefits of the London Living Wage’. London: Trust for London & Queen Mary: University of London; Ethical Trading Initiative. n.d. ‘A Living Wage for Workers | Ethical Trading Initiative’. n.d. <https://www.ethicaltrade.org/issues/living-wage-workers> Accessed 12 March 2020 and Fairris, David, and Michael Reich. 2005. ‘The Impacts of Living Wage Policies: Introduction to the Special Issue*’. *Industrial Relations: A Journal of Economy and Society* 44 (1): 1–13.

Our first and most direct pathway to improving working conditions in the gig economy is by engaging directly with platforms operating in South Africa. Many platforms are aware of our research, and eager to improve their performance relative to last year, and to other platforms. Platforms have the ability to improve conditions for their workers, while continuing to provide income opportunities. Where positive practices exist, Fairwork has had some success at seeing them encoded and formalised. GetTOD's inclusion of its disciplinary process in its terms and conditions is one such example. While it seems like a small step, it allows workers to know and assert their rights, and hold the platform accountable to its policy. In addition, the freelance platform NoSweat has created detailed health and safety guidelines that clients must sign up to, providing an extra layer of recourse and security for workers.

Fairwork's theory of change also draws on the understanding that human empathy is a powerful force. Given enough information, many consumers will be intentional about the platforms they choose to interact with. Our yearly ratings give consumers the ability to choose the highest scoring platform operating in a sector, thus contributing to pressure on platforms to improve their working conditions and their scores. In this way, we enable consumers to be workers' allies in the fight for a fairer gig economy. 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 who want to ensure they are supporting fair labour practices.

We also engage with policy makers and government to advocate for extending appropriate legal protections to all platform workers, irrespective of their legal classification. In late 2019, for example, Fairwork engaged with senior officials in the Department of Employment and Labour on creating a floor of legally enforceable rights for South African gig workers. In coming years, Fairwork will continue our policy advocacy efforts to help ensure that workers' needs and platforms' business imperatives are effectively balanced.

Finally, and most importantly, workers and workers' organisations are at the core of Fairwork's model. First, our principles have been developed and are continually refined in close consultation with workers and their representatives. Our fieldwork data, combined with feedback from workshops and consultations involving workers, informs how we systematically evolve the Fairwork principles to remain in line with their needs. Changes are agreed at an annual Fairwork symposium, that brings together teams from all the countries covered by the Fairwork project. Second, through continual engagement with workers' representatives and advocates, we aim to support workers in asserting their rights and requirements in a collective way.

A key challenge in the gig economy is that workers are often isolated, atomised, and placed in competition with one another. The platform work model presents challenges for workers to connect and create networks of solidarity.¹⁵ But many of the workers we talked to are already starting to organise. This can start with something as simple as establishing stokvels (contingency funds, which everyone contributes small amounts to) which provide some

¹⁵ Woodcock, Jamie, and Mark Graham. 2020. *The Gig Economy: A Critical Introduction*. Cambridge, the UK; Medford the USA: Polity Press.

collective cover in the event of injury or deactivation. Many of those we interviewed said they would want to join a union if one existed. Our principles can provide a starting point for envisioning a fairer future of work, and setting out a pathway to realising that. Principle five in particular, on the importance of fair representation, is a crucial way in which we aim to support workers to assert their collective agency.

There is nothing inevitable about poor working conditions in the gig economy. Notwithstanding their claims to the contrary, platforms have substantial control over the nature of the jobs that they mediate. Workers who find their jobs through platforms are ultimately still workers, and there is no basis for denying them the key rights and protections that their counterparts in the formal sector have long enjoyed. Our scores show that the gig economy, as we know it today, already takes many forms, with some platforms displaying greater concern for workers' needs than others. This means that we do not need to accept low pay, poor conditions, inequity, and a lack of agency and voice as the norm. We hope that our work – by highlighting the contours of today's gig economy – paints a picture of what it could become.

Appendix: Fairwork Scoring System

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, policy makers, trade unions, and academics), and in-country stakeholder meetings held in India (Bangalore and Ahmedabad), South Africa (Cape Town and Johannesburg) and Germany (Berlin). This appendix explains the Fairwork scoring system.

Each Fairwork Principle is divided into two *thresholds*. Accordingly, for each Principle, the scoring system allows one ‘basic point’ to be awarded corresponding to the first threshold, and an additional ‘advanced point’ to be awarded corresponding to the second threshold (see Table 1). The advanced point under each Principle can only be awarded if the basic 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.

Table 1: Fairwork Scoring System

Principle	Basic Point	Advanced Point	Total
Fair Pay	1	+ 1	= 2
Fair Conditions	1	+ 1	= 2
Fair Contracts	1	+ 1	= 2
Fair Management	1	+ 1	= 2
Fair Representation	1	+ 1	= 2
Maximum possible Fairwork Score:			10

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 March 2019 and March 2020, and are valid until March 2021.

Principle 1: Fair Pay

Threshold 1.1 – Pays at least the local minimum wage (one point)

Irrespective of the employment status of the worker, workers earn at least a local minimum wage, or there is a policy which requires payment above this level

The threshold for 1.1 is based on the level for a local minimum wage.¹⁶ Workers on the platform must earn more than the minimum wage rate in their working time,¹⁷ and this can be evidenced by either:

- A policy that guarantees the workers receive at least the local minimum wage in their working time; or
- The provision of summary statistics of transaction data.

In the case of (b), the platform is asked to submit a weekly earnings table (see Table 2) that averages worker earnings and worker hours for any three month period over the previous twelve months.

Table 2. Weekly Earnings Table.

Weekly earnings	X to (X+(X/2))	(X+(X/2)+1)¹⁸ to 2X	>2 X
Active hours less than 40 hours/week (part-time)	% %	%	%
Active hours between 40 and 48 hours/week (full-time)	% %	%	%
Active hours more than 48 hours/week (full-time plus overtime)	% %	%	%

¹⁶ [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.

¹⁷ According to the ILO’s (2018) report on “[Digital Labour Platforms and the Future of Work](#)”, for every hour of paid work, workers spend 20 minutes on unpaid activities, including, for example, searching for tasks and researching clients. In order to account for this additional time spent on searching for work, as well as time spent between work tasks, we define ‘working time’ as including both direct (completing a task) and indirect (travelling to or waiting between tasks) working hours.

¹⁸ The “+1” is one unit of the lowest denomination of the currency, to ensure a boundary between the two figures.

Note: X = the local minimum wage, calculated at 45 hours per week. This row is filled out by the Fairwork team, before submitting it to the platform for completion.¹⁹

Threshold 1.2 – Pays the minimum wage plus costs (one additional point)

Workers earn at least the local minimum wage after work-related costs, or there is a policy which requires payment above this level

The threshold for the minimum wage plus costs varies between different kinds of platform work. In order to establish a threshold, the platform is asked to provide an estimate for work-related costs, which are then checked (by the Fairwork team) through worker interviews.²⁰ To be awarded this point, there must be either:

- A policy that guarantees workers earn at least the local minimum wage plus costs; or
- Evidence from the platform that workers earn at least the local minimum wage plus costs.

If the platform has completed Table 2, the mean weekly earnings minus the estimated work-related costs must be above the local minimum wage (see Table 2).

Principle 2: Fair Conditions

Threshold 2.1 – Mitigates task-specific risks (one point)

There are policies to protect workers from risks that arise from the processes of work

This threshold requires the platform to ensure that there are safe working conditions, and that potential harms are minimised.²¹ For 2.1, this means identifying the task-specific risks that are involved for the worker, for example, if a vehicle is used, or there is interaction with customers. The specific practices leading to the awarding of this point may vary by the type of work and the risks involved.

To be awarded a point for 2.1, the platform must be able to demonstrate that:

¹⁹ The table contains four columns of data. The first is the percentage of workers earning less than the minimum wage (2X). The rows represent less than full time, full time, and full time with overtime.

²⁰ Taxes are not considered to be a work-related cost.

²¹ 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."

- There are policies or practices in place that protect workers' health and safety from task-specific risks

Threshold 2.2 – Actively improves working conditions (one additional point)

There are proactive measures to protect and promote the health and safety of workers or improve working conditions

For 2.2, the threshold is higher, involving practices that go beyond addressing the task-specific risks addressed by 2.1. This means a policy that goes beyond ameliorating the direct task-specific risks, by promoting greater health and safety or improvements in working conditions, beyond what is specified by local regulations for employment. For example, an insurance policy that covers workplace accidents would meet the threshold for 2.1, while one that also covers the worker or their family outside of work would meet 2.2. As policies and practices may be focused on the specific form of work, the examples that meet the threshold may vary by the type of work.

To be awarded a point for 2.2, the platform must be able to demonstrate:

- There is a documented policy (or policies) that promotes the health and safety of workers or improves working conditions, going beyond addressing task-specific risks

Principle 3: Fair Contracts

Threshold 3.1 – Clear terms and conditions are available (one point)

The terms and conditions are transparent, concise, and provided to workers in an accessible form

The threshold for 3.1 involves demonstrating that the terms and conditions of the contract issued to workers are available in an accessible form.²² Platforms must demonstrate that the contracts are accessible for workers at all times, whether through the app itself or direct communication with the worker. This is necessary for workers to understand the requirements of their work. The contracts should be easily understandable by workers, and available in the language/languages commonly spoken by the workers on the platform.

To be awarded a point for 3.1, the platform must be able to demonstrate all of the following:

- The contract is written in clear and comprehensible language that the worker could be expected to understand; and,
- The contract is issued in the language/languages spoken by workers on the platform; and,

²² [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.

- The contract is available for workers to access at all times.

Threshold 3.2 – The contract genuinely reflects the nature of the employment relationship (one additional point)

The party contracting with the worker must be subject to local law and must be identified in the contract. If workers are genuinely self-employed, the terms of service are free of clauses which unreasonably exclude liability on the part of the platform

The threshold for 3.2 involves the platforms demonstrating that the contract issued to workers accurately describes the relationship between the platform, the workers, and the users. In the case where there is an unresolved dispute over the nature of the employment relationship, a point will not be awarded.

If workers are genuinely self-employed,²³ platforms must be able to demonstrate that the contract is free of clauses that unreasonably exclude liability on the part of the platform for harm caused to the workers in the course of carrying out their duties.

To be awarded a point for 3.2, the platform must be able to demonstrate that:

- The employment status of the workers is accurately defined in the contract issued by the platform; and,
- There is no unresolved dispute about the nature of the employment relationship; or,
- The self-employed status of the worker is adequately demonstrated and free from unreasonable clauses

²³ ILO's Employment Relationship Recommendation, 2006 (R198) recommends that member countries develop legal and regulatory frameworks containing specific indicators that speak to the existence of an employment relationship, which might include:

(a) the fact that the work is carried out according to the instructions and under the control of another party; involves the integration of the worker in the organization of the enterprise; is performed solely or mainly for the benefit of another person; must be carried out personally by the worker; is carried out within specific working hours or at a workplace specified or agreed by the party requesting the work; is of a particular duration and has a certain continuity; requires the worker's availability; or involves the provision of tools, materials and machinery by the party requesting the work';

(b) periodic payment of remuneration to the worker; the fact that such remuneration constitutes the worker's sole or principal source of income; provision of payment in kind, such as food, lodging or transport; recognition of entitlements such as weekly rest and annual holidays; payment by the party requesting the work for travel undertaken by the worker in order to carry out the work; or absence of financial risk for the worker'.

Principle 4: Fair Management

Threshold 4.1 – There is due process for decisions affecting workers (one point).

There is a documented process through which workers can be heard, can appeal decisions affecting them, and be informed of the reasons behind those decisions. There is a clear channel of communication to workers involving the ability to appeal management decisions or deactivation

The threshold for 4.1 involves a platform demonstrating the existence of clearly defined processes for communication between workers and the platform. This includes access by workers to a platform representative, and the ability to discuss decisions made about the worker. Platforms must be able to evidence that information about the processes is also easily accessible to workers.

To be awarded a point for 4.1, the platform must be able to demonstrate all of the following:

- The contract includes a documented channel for workers to communicate with a designated representative of the platform; and,
- The contract includes a documented process for workers to appeal disciplinary decisions or deactivations; and,
- The platform interface features a channel for workers to communicate with the platform; and,
- The platform interface features a process for workers to appeal disciplinary decisions or deactivations; and,
- In the case of deactivations, the appeals process must be available to workers who no longer have access to the platform.

Threshold 4.2 – There is equity in the management process (one additional point)

There is evidence that the platform is actively seeking to prevent discrimination against workers from disadvantaged groups.

To be awarded a point for 4.2 the platform should demonstrate the following:

- It has a policy which guarantees that the platform will not discriminate against persons on the grounds of race, gender, sex, sexual orientation, gender identity, disability, religion or belief, age or any other status which is protected against discrimination in local law; and,
- Where persons from a disadvantaged group (such as women) are significantly under-represented among its workers, it has a plan to identify and remove barriers to access by persons from that group, resulting in improved representation; and
- It takes practical measures to promote equality of opportunity for workers from disadvantaged groups, including reasonable accommodation for pregnancy, disability, and religion or belief; and

- If algorithms are used to determine access to work or remuneration, these are transparent and do not result in inequitable outcomes for workers from historically or currently disadvantaged groups; and
- It has mechanisms to reduce the risk of users discriminating against any group of workers in accessing and carrying out work.

Principle 5: Fair Representation

Threshold 5.1 – There are worker voice mechanisms and freedom of association (one point)

There is a documented process through which worker voice can be expressed. There is no evidence of freedom of association being prevented by the platform. There is no evidence that platforms refuse to communicate with designated representatives of workers

The first step for the justification of 5.1 is establishing the platform's attitude towards and engagement with workers' voice. This includes both listening to and responding to worker voice when raised with the platform, as well as clearly documenting for workers the process for engaging the platform in dialogue. Workers should be able to freely organise and associate with one another, regardless of employment status. Workers must not suffer discrimination for doing so. This includes the freedom to associate beyond the remit of organisational spaces (for example, via instant messaging applications).²⁴

To be awarded a point for 5.1, a platform must be able to demonstrate that:

- There is a documented process for the expression of worker voice.

Threshold 5.2 – There is a collective body of workers that is recognised, and that can undertake collective representation and bargaining (one additional point)

There is a collective body of workers that is publicly recognised and the platform is prepared to cooperate with collective representation and bargaining (or publicly commits to recognise a collective body where none yet exists)

²⁴ See [the ILO's Freedom of Association and Protection of the Right to Organise Convention, 1948 \(C087\)](#), which stipulates that "workers and employers, without distinction, shall have the right to establish and join organisations of their own choosing without previous authorisation" (Article 2); "the public authorities shall refrain from any interference which would restrict the right or impede the lawful exercise thereof" (Article 3) and that "workers' and employers' organisations shall not be liable to be dissolved or suspended by administrative authority" (Article 4). Similarly [the ILO's Right to Organise and Collective Bargaining Convention, 1949 \(C098\)](#) protects the workers against acts of anti-union discrimination in respect of their employment, explaining that not joining a union or relinquishing trade union membership cannot be made a condition of employment or cause for dismissal. Out of the 185 ILO member states, currently 155 ratified C087 and 167 ratified C098.

This threshold requires the platform to engage with, or be prepared to engage with, collective bodies of workers that could take part in collective representation or bargaining. The collective body must be independent of the platform. It may be an official trade union, or alternatively a network or association of workers. Where such organisations do not exist, the platform can sign a public statement to indicate that they support the formation of a collective body.

To be awarded a point for 5.2, the platform must:

- Publicly recognise an independent, collective body of workers or trade union and not have refused to participate in collective representation or bargaining; If such a body does not exist, it must:
- Sign a public statement of its willingness to recognise a collective body of workers or trade union.

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