PHILIPPINE DIGITAL JUSTICE INITIATIVE

Digitization of Exploitation:

Study on the platform workers in the gig economy in PH

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Digitization of exploitation: Study on the platform workers in the gig economy in PH

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Introduction

With the advent of smart machines alongside the continuous developments in the use of the Internet, further technological advancements in manufacturing and agriculture have been achieved. Advanced production processes have become the talk of the giant technology firms and have gained ground in both the developed and developing countries, albeit unequal in terms. According to economists and industrialists, global production has entered a fourth industrial revolution. As the world constantly welcomes innovations in robotics, artificial intelligence and machine learning, 3D printing, nanotechnology, and other advanced technologies, the possibility of a perfectly efficient production is seemingly inevitable and within reach.

The use of digital platforms has allowed for faster and wider transactions between businesses and consumers, with online-based corporations such as Amazon raking in billions of dollars in profits amid a devastating pandemic. Relations between Labor and Capital, however, grow increasingly antagonistic against a backdrop of economic and social crises that see only a handful surviving and oeven benefitting from.

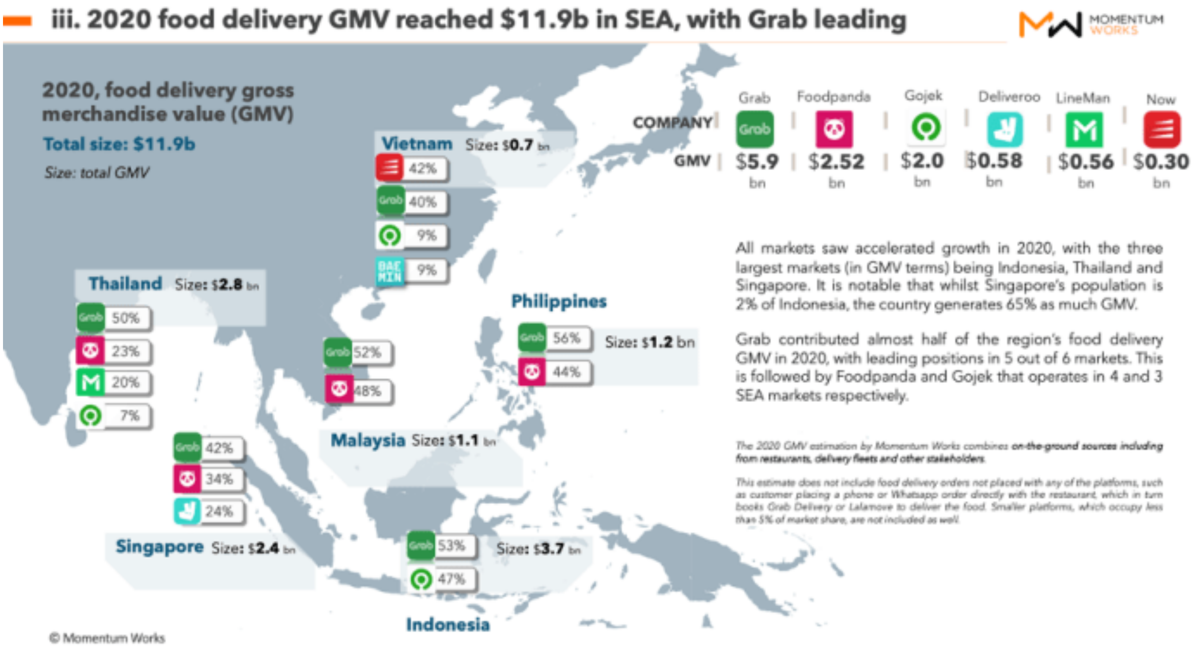
Though the advancement of capitalism and rapid development of new technologies have driven innovations in the means of production, we have also seen that the technology in the hands of the elite and in the name of profit do not benefit the working class. That is not to say that the technology is inherently bad, for it is not. Rather, the elite and the capitalist societies have taken advantage of science and technology to advance their interests. The precarity of work still exists in many countries and the wages of the workers have not increased significantly when compared to the increase in the wealth of the richest capitalist in the world.

In the Philippines, as the Covid-19 pandemic continues to ravage the country's economy, thousands of micro, small, and medium enterprises (MSMEs) have shut down. According to Ibon Foundation, 64% of the MSMEs in the country employing 3.8 million workers were immediately affected by the March 2020 lockdown. A separate study of the Asian Development Bank noted that 60% of the MSMEs have "zero income" due to temporary closures. Millions of workers have found themselves jobless, bouncing off one odd job after another. Long-term and regular employment with higher wages that were increasingly becoming obsolete due to contract-based, low-paying schemes have become even harder to find.

As establishments remain closed for walk-in customers and public transportation remains limited during hard lockdowns, the demand for online-based transactions and transport network vehicle services (TNVS) has skyrocketed. Taking a closer look at food and beverages, GrabFood Philippines country head EJ Dela Vega said in an online session on April 2020 that the demand for online delivery on their platform has tripled during the first two weeks of the enhanced community quarantine (ECQ) in Metro Manila. The lock down forced some restaurants to temporarily shut their operations, with some going online and offering delivery options. App-based services such as Grab and Foodpanda have become an enormous part of the "new normal" owing to the ease at which customers can readily have essential services instantly brought to their doorstep.

A report by tech venture Momentum Works showed that food delivery in Southeast Asia 183% from 2019 to 2020 and reached US$11.9 billion in gross merchandise value (GMV) in 2020. A separate research study by Statista meanwhile projects that the online food delivery segment's revenue in the Philippines alone will reach US$359 million in 2022.

Figure 1. 2020 Food delivery GMV in Southeast Asia



Source: Momentum Works

Ride-hailing corporate giant Grab contributed nearly half of Southeast Asia's food delivery GMV in the same year, reaching US$5.9 billion. Grab also had leading positions in 5 out of 6 markets in the region. In the Philippines, it contributed 56% of the total 2020 GMV.
With the fast-paced growth in the global market and in the gig economy, the increasing demands for digital transanctions and online delivery, it is not surprising that many workers who were forced out of their employment due to the pandemic have joined the expanding fleet of TNVS riders. Furthermore, workers are promised incentives, flexible working hours, and larger take-home pays that are not necessarily ensured in traditional operator-owned

fleets. On the other hand, virtually no employer-employee relationships exist in these kinds of schemes since workers are deemed independent contractors. Workers in the gig economy lack the benefits that are guaranteed under regular employment. Minimum wages, health benefits, overtime pay and night differential, security of tenure, and the rights to organize and collectively bargain are oftentimes neglected.

With the rapid digitization of the workplace and the integration of labor into the gig economy, developing nations that have not established their own independent and national industries remain face even greater challenges. Who stands to gain from these technological advancements, particularly from the digitization of the workplace in the hands of few corporations? How are labor concerns being addressed in an individualized and neoliberal economic setting?

This study investigates the effects of the digitization and the conditions of Transport Network Vehicle Service (TNVS) workers within the gig economy particularly in online-based companies such as Lazada, Shopee, Grab, and Foodpanda.

The Advancement of Technology and Capitalism

More than 250 years ago, the First Industrial Revolution occurred in conjunction with capitalism and its demand to maximize profits by speeding up production. With the invention of the steam engine, industries in Europe and North America welcomed mechanization that improved manufacturing thus greatly accelerating the economy. While certainly welcomed by capitalists who stood to profit, the mechanization of the workplace did not appeal to workers whose jobs were threatened by the introduction of these machines.

A group of English workers called the Luddites destroyed textile machinery in protest of what they believed to be the unjust take over of their jobs by machines. In truth, workers were protesting far more than a take over of jobs but widespread unemployment and the inability of these technological advancements to sufficiently provide better lives for a majority that was drowning in poverty. It is important to note that throughout the history of Industrial Revolutions, conflicts arise between those who assert the ownership of these forms of technology and those that labor to produce the fruits that technology merely aids in producing.

In less than 300 years, global production is claimed to have gone through three industrial revolutions. The Second Industrial Revolution which occurred towards the end of the 19th century came with the emergence of new sources of energy, namely, gas, oil, and electricity. While the Third IR happened in the latter part of the 1900s and was marked with the invention of the computer along with various forms of electronics and telecommunication. Computers paved the way for automation of industrial processes while advancements in telecommunications opened the doors for extensive globalization. This Digital Revolution would become the steppingstone for digitization.

The "fourth" Industrial Revolution?

The Fourth Industrial Revolution is often associated to cyber-physical systems and advances in artifical intelligence and robotics. It is also referred to as Industry 4.0 or 4IR, first introduced in Germany in 2011 as Industrie 4.0, to make the German manufacturing more competetive in the global market. Industry 4.0, now a global buzzword, asserts the digitization of industry, from the factory to the marketplace, and to all extents possible, as well as all human activities towards the ultimate abrogation of the need for human labor. Hence, the full automation of all aspects of production.

From self-driving cars, facial recognition technology, virtual assistants like Amazon's Alexa and Apple's Siri, nanochips embedded in the human body to detect cancer, to the smart homes aoos that power electronics at a snap of a finger, the promises of the Fourth Industrial Revolution seem endless. Processes in factories that apply Industry 4.0 technology have become quicker with the integration of machines that are able to communicate and cooperate with each other in the workflow. The synchronic communication of manufacturing across supply chains, both local and global, has become possible with the Internet of Things (IoT). The Internet of Things is a key component of Industry 4.0. Simply put, it pertains to a system of network-enabled devices (things) that can exchange data with a wide range of other devices through the Internet. Smart machines that can remotely monitor and control processes to ensure and increase efficiency without the need for human intervention is built on this concept. As more and more data are gathered, production processes also improve, partially, as a result of reducing the risk for human error. Factories can start running and be monitored from hundreds of miles away and adjustments can all be made from just a single application on a smartphone.

Industrialists and big capitalists welcome the emergence of this new industrial revolution as it greatly improves production efficiency and makes it more dynamic and integrated, therefore drastically cutting costs. However, there are certain and growing apprehensions about it. For one, the Industry 4.0 and its total applicability is yet to be fully understood. According to some critics, for it to yield efficiency, it cannot be adopted in isolation (J Müller & Voigt, 2017 as cited in Sony, 2020). With the uneven development of various enterprises, the complete digitization of production may not be immediately feasible. Small and medium enterprises, which are crucial players in many industries, have limited capital and may not be able to keep up in terms of total digitization of production.

An important concern regarding Industry 4.0 is its impact on labor and employment. As ICTs are becoming more and more sophisticated, certain tasks that were done by humans can now be easily performed by computers through automated processes. Additionally, Machine-to-Machine interaction is now possible through use of cloud computing and IoT, making certain types of labor obsolete, especially within the manufacturing industry. Proponents of Industry 4.0 claims that while some jobs will inevitably become obsolete, a new set of demands for labor will emerge. While this may be true, another point of concern is the capability of laborers to adapt their skills to the emerging needs of the market. It is a possibility that there are jobs that will be greatly transformed and improved. However, it can also mean that workers are expected to deliver more than what they used to, at an even faster pace than before. The worker will become a mere appendage of smart machines.

Another concern is how Industry 4.0 will affect the quality of jobs and wages. Some existing jobs considered before as 'skilled labor,' might slowly be relegated to a menial status, especially in the field of IT, making its value (for the capitalist) lower than it used to be. The unequal opportunities to cope up with the changes in the needs of industry would likely result in the rise of unemployment and the massive reserve army of labor, which in turn, can further press down wages. With the tight corporate control of how technology is deployed, giant tech companies will eliminate millions of jobs while benefitting primarily the rich.

Political economy has taught us that the tools and technology (collectively referred to as the 'means of production') continue to improve through human labor. But for people to make use of these tools and labor to produce their needs, it is inevitable that they would also have to interact with each other and form social relations. These relations can be classified by who owns the means of production, who participates in productive labor, and who gets appropriation of the products of labor. Ownership of the means of production determines fundamentally who gets to work and who gets the products of labor.

The rise of neoliberal globalization and worsening inequalities

It is important to underscore how neoliberal globalization paved the way for the development of Industry 4.0. and the global capitalist economy in general. Through this lens, the rise of the gig economy and digital platform companies can also be critically examined. It is also important to note that the Industrial Revolution which took place from the 18th to 19th centuries is still considered by the critics of Industry 4.0 as the only revolution that marked the transformation of the means of production. It was during the First Industrial Revolution characterized by the radical changes that were happening, with bourgeois states in Europe establishing themselves and completely dismantling old feudal social relations. This led to the complete dominance of the capitalist class and the birth of a new epoch of capitalism.

Marxist economist Samir Amin (2003) notes that each technological revolution transforms the organization of work. This means that, each of the stages that eventually arrived at Industry 4.0 was also means for further accumulation of capital by the big capitalists through improving the means of extracting labor. The First Industrial Revolution's rise is predicated on rapid colonization of the Americas, Africa and Asia, which resulted in the further acceleration of capital accumulation for European countries. The eventual introduction of electricity, combustion engine, and oil proved to immensely impactful. During this period a parallel process led to the emergence of financial and industrial oligarchs as well as transnational corporations. Globalization of capitalism was further realized which accelerated capital accumulation and territorial expansion. The development of technology dominated by the elite and capital accumulation also went together with the worsening crisis of overproduction. The crisis of 1873 to 1896, to which Amin refers to as fin de siècle crisis, exposed the overconcentration of capital which led to the formation of monopolies and modern imperialism. Capitalist countries under crisis resorted to territorial re-division through war and annexation.

Post-World War economics was dominated by the Keynesian framework of pump-priming and state-intervention in regulating markets. The failure of Keynesianism led to the rethinking and reformulation of capitalist economic framework that saw the return towards neo-classical economics such as economists Mielton Friedman and Friedrich Hayek. A key component of neoliberalism is seamless capital mobility. David Harvey (2005) explains how neoliberalism pushed for the aggressive deregulation of markets and the commercialization of services. Under the guise of free trade and globalization, economies were opened and further integrated in the Global Value Chain. Neoliberalism undeniably emerged as the main response of the ruling class to post-war recovery. The World Bank, International Monetary Fund, and the World Trade Organization made capital mobility easier with its imposition of structural adjustment program as well as the trade liberalization to impoverished countries. In the digital age, capital mobility becomes more expansive and swifter as more jobs and industries are integrated with Information Technology.

For workers, neoliberalism resulted in the further pressing down of wages, attacks on trade union rights, and precarity of work. Unions were dismantled and strikes were made illegal. It also saw the rise of labor flexibilization schemes such as contractualization and casual work. Fundamentally, neoliberalism aims to extract super-profits from labor for further capital accumulation. Wealth distribution in the world became more polarized, with the richest 1% having more than twice the wealth of 6.9 billion people (Oxfam, 2020). Meanwhile, the global unemployment rate is at record high with 220 million, while underemployment is at 165.6 million. The countries listed by the ILO as the top 10 worst countries for workers are among the poorest and conflict-torn countries with rising inequalities further exacerbated by the neoliberal doctrines. As the exploitation of labor intensified for the accumulation of super-profit, the repression of workers and unions have become more rampant.

By the end of the 20th century, neoliberalism plunged the world economy into a quagmire of unprecedented crisis, and in its midst arose the Industry 4.0. The rapid advancement of IT dominated by giant tech corporations, further accelerated neoliberal offensives and the accumulation of capital. The world’s richest took advantage of the integration of modern technology towards intensified market-speculation and financialization.

The Case of Filipino Workers

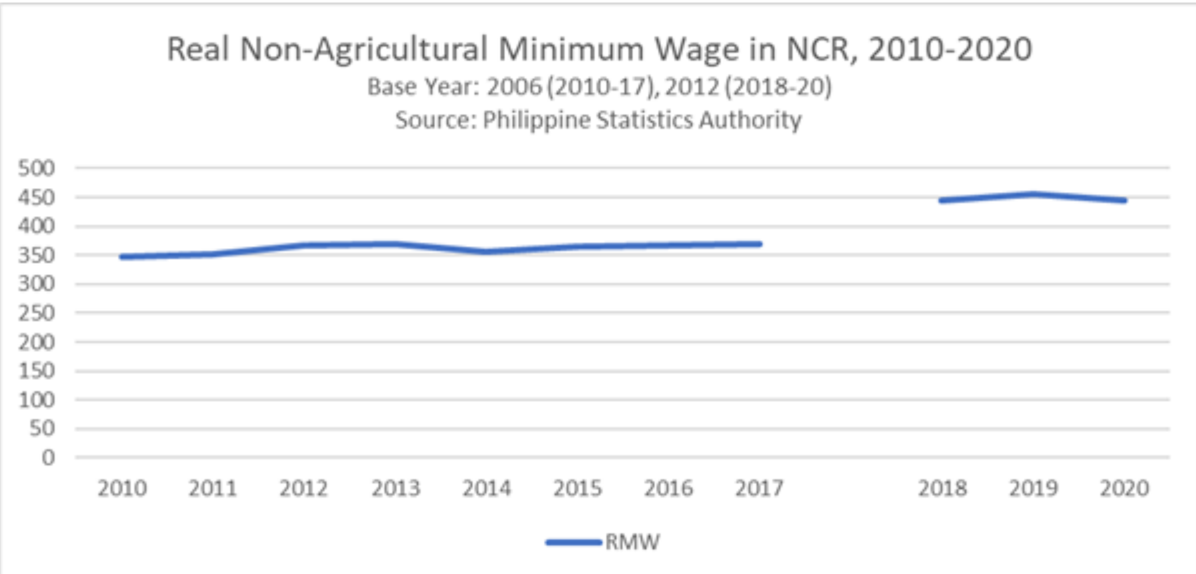
Decades of neoliberalization sank the Filipino workers further into poverty. The country’s joblessness and underemployment rates are among the highest in Asia. Prior to the pandemic, unemployment is already at an all-time high at 5.3%, while underemployment is at 16.4%. Labor flexibilization, particularly, contractualization schemes had become widespread, with 3 out 5 workers in the private sector employed as non-regular or contractual. In construction—one of the biggest sectors within the Philippine economy—9 out of 10 workers employed are contractual. Even in the public sector, around 600,000 employees are under Job Order or Contract Service based on government statistics. There were 24.4 million Filipinos in low-paying and insecure work with little or no benefits in 2016.

Non-regular workers are deprived of job security and are not entitled to benefits. Most importantly, they are prohibited from joining or forming unions. Despite the Duterte administration's campaign promise of ending contractualization, it legitimized the practice of labor only contracting with the implementation of Department Order 174, a rehash of many provisions previously stated in DO 18-A of 2011.

Labor flexibilization pertains to the relatively recent innovations in work organization and employment schemes associated with the adoption of new production technologies and/or human resource management techniques designed to extract greater profits prompted by increasing global competition. Labor flexibilization includes such measures as labor-only-contracting, subcontracting, the hiring of casuals and contractuals and other employment arrangements that enable capitalists to easily adjust the size and composition of the workforce according to demand. It also includes such schemes as multi-skilling, job-levelling, teamwork, shared services, and other similar working arrangements within the company or between affiliates that allow capitalists to shift and shuffle workers around the shopfloor to fit new production requirements according to the capricious moods of the consumer market. Labor flexibilization, like liberalization, privatization, and deregulation, is being trumpeted not just as an inevitability but as a positive and progressive requirement of "global competition" (EILER, 2000).

The primary goal of neoliberal policies is to press down wages and accumulate more capital for the big capitalists. Filipino workers live on extreme poverty wages. There has been no significant wage increase for a decade and wage rates remained stagnant (see graph).

Figure 2. Real Non-Agricultural Minimum Wage in NCR from 2010 -2020



Source: Philippine Statistics Authority, 2020.

The current administration is the worst in terms of providing wage increase. Daily wage increased only two times under the current administration amounting to P46. The prices of basic goods meanwhile continue to rise due to government's deregulation policies and the implementation of the Tax Reform Acceleration and Inclusion or TRAIN. At the start of the pandemic in 2020, the real wage in the National Capital Region went down by P11. The Bicol region has the lowest real wage with P231.17 daily. The calls of workers for a P100 wage subsidy amid price increases and joblessness during the pandemic have fallen on deaf ears.

Trade union repression and attacks on unionists and labor rights advocates have also worsened. In the annual report of the International Trade Union Confederation in 2021, it listed the Philippines among the top 10 worst countries for workers. Democratic spaces for workers are shrinking as seen in the gradual decrease in union membership and Collective Bargaining Agreements or CBA. According to recent government data, only 187,638 workers are under CBA which comprise only 0.73% of all Wage and Salary workers in the country. Labor flexibilization, attacks against trade unionists and labor organizers, and union busting, makes it more difficult for unions to organize and collective bargain. Furthermore, draconian laws such as the Anti-Terror Law of 2020 legitimizes state violence against unionists under the guise of national security through harassment and intimidation. Killings of unionists and labor advocates have also heightened especially under the present administration. One of the most notable is the Bloody Sunday massacre in the Southern Luzon Region which happened on March 7, 2021 and saw the murder of nine (9) unionists and labor activists, and the arrest of six (6) individuals.

The platform workers in the gig economy

The gig economy refers to a system wherein companies hire workers on short-term, task-based contracts usually via digital platforms. Companies that provide on-demand services tend to hire ‘freelancers’ instead of full-time employees. While there has been a sharp rise in ‘freelance’ work in the past decade, the gig economy has been in existence since the early 1900s when the term “gig” was coined among jazz musicians. Nowadays, with the advent of the internet and the virtual dominance of digital platforms, various types of services have been integrated into the gig economy including jobs that were, at one point, considered full-time professions. Graphic designers and digital artists, web developers, writers, office assistants, transport workers, food delivery services and couriers are just some of the many jobs that have been consolidated into the gig economy.

According to a 2018 article by *The Guardian* about gig workers in the US, digital platform and gig economy giants such as Uber and Lyft promise added bonuses to entice drivers. However, the drivers have come to recognized that these are nothing more than short-term bonanzas rather than long-term wage increases. Some have even pointed out that without the occasional promos, going out to drive costs more than just staying home since the take home pay does not even cover gas and other driving expenses.

Uber and Lyft drivers around the world have consistently been going on strike since 2019 to protest low wages and lack of benefits. Most notable was the global strike of Uber and Lyft drivers which spread from at least 10 cities in the US all the way to Australia, Kenya, Nigeria, Chile, Costa Rica, and the United Kingdom. Hundreds of Foodpanda drivers in Thailand meanwhile have also recently gone into strike to protest cuts in their paychecks.

In the Philippines, there are 1.5 to 2 million workers who are ‘freelancers’ according to a 2018 study by PayPal. In a 2019 report by Payoneer on the “Global Gig Economy Index,” there was a 35 percent growth in freelance earnings, placing the Philippines sixth in the world as the fastest-growing market for the gig industry. According to the Land Transportation Franchising and Regulatory Board (LTFRB), there are more than 22,000 TNVS plying the streets of Metro Manila alone.

The situation of platform workers in the Philippines

On top of the already abhorrent labor, the COVID-19 pandemic has exposed how the working condition in the country has worsened. Around 5 million workers temporarily or permanently lost their jobs in 2020. From March 2020 to February 2021, around 9.1 million Filipinos experienced being out of a job. Underemployment rose to 18.2% or 7.9 million Filipinos. One of the most affected sectors are PUV drivers; around 400,000 PUV drivers lost their source of income because of the heavy restrictions imposed on public transportation.

Figure 3. Photo of grab cyclists in Metro Manila.

Source: Contributed photo.

Despite the temporary resumption of public transportation with the declaration of General Community Quarantine, a huge percentage of PUV drivers are still not allowed to operate. The incompetent handling of the pandemic by the Duterte administration has led to millions of workers finding themselves in precarious working conditions after almost two years of strict lockdown, considered to be the longest pandemic lockdown in the world. Thousands of MSMEs have permanently shut down while many others have yet to resume operation due to restrictions.

Many workers who lost their jobs have been pushed to enter app-based online delivery services such as Grab, Foodpanda, Lazada, and Shopee, among others. The application process is relatively simple. Anyone with a driver's license and an appropriate vehicle can apply and start working within just a couple of days. To understand the concrete situation of these workers who were forced into the gig economy, EILER conducted interviews among TNVS workers in Grab, Foodpanda, Lazada. The interviewees were all male, aged 25 to 55 years old and had been working in their respective company for at least two years. EILER sought to interview a female gig economy worker but unfortunately backed out. For security and privacy reasons, the researchers opted to not provide the real name of the workers.

Grab Holdings Inc. or referred to simply as 'Grab' is a mobile technology company that was founded in Kuala Lumpur, Malaysia in 2012. It started out as MyTeksi and eventually renamed to GrabTaxi, which is a ride-hailing service similar to Uber and Lyft in the US. Grab further expanded its operations in other countries in Southeast Asia, making it the biggest super-app in the region. The services it offers also expanded which now includes food and delivery services, cashless and bills payment. In the Philippines, its head office is in Chino Roces St., in Makati City. Amid the economic crisis which worsened under the pandemic, the company reported a 39% growth and an all-time high in sales amounting to US$507 million for the first quarter or 2021. In spite of the lockdowns, the reach of its service as well as its partner stores has increased.

Foodpanda is an online food and grocery delivery service platform established in Singapore in 2012. In 2016, it was acquired by Delivery Hero, a multinational online food ordering and delivery company based in Germany, for US$3 billion. From 2017, Foodpanda expanded in countries across Asia including Japan. Delivery Hero announced in 2020 that it would take control of South Korea's biggest online food delivery service, Woowa Brothers Corp. for US$4 billion. In April 2021, at the height of the pandemic, Foodpanda had a 70% share in sales among online food mobile delivery apps in the country.

Lazada Group is an international e-commerce company owned by Alibaba Group, a Chinese multinational technology company. It was founded in 2012 and in 2013, it launched its online marketplace platform. With the assistance of German internet company Rocket Internet SE, it was patterned after Amazon.com where people can buy and sell online. In March 2016, it reached US$1.36 Billion in GMV, making it the largest e-commerce company in Southeast Asia. Alibaba Group acquired controlling interest over Lazada by paying US$500 million for new shares and buying US$500 worth of shares from existing investors.

Shopee is an online shopping platform launched by a Singapore-based company Sea Limited, in 2015. Like Lazada Marketplace, it allows users to easily shop and sell products online. Its Philippine office is in Taguig City. Shopee has become the most dominant e-commerce marketplace in Southeast Asia. In its June 2018 data, it has a reported 147.6 million monthly views for its app. While these companies show exponential growth during the pandemic, it does not seem to trickle down to the workers providing services to the platform.

Working multiple jobs in different digital platforms to earn enough

"Bobby" (not his real name) was a supervisor in a printing company for 18 years before the pandemic. He said the job was stable but also acknowledged that due to the rise of digital and online platforms, the business was already nearing its end. The company struggled to keep afloat when the pandemic hit the country and when the lockdown was imposed in March 2020. They tried to operate when restrictions were loosened, but by August 2020, the company shut down.

Bobby had already decided to apply for a job in Foodpanda as a delivery rider even before the printing company closed. He had a professional driver's license and a motorcycle and so was hired in April. He used to earn PhP600 (US$12) a day from his previous job in the printing company. As a freelance delivery rider, he earns between PhP800 to PhP1,500 on average (US$16-30). Bobby shares that he likes the setup of his current job as unlike working in the printing company, the job is not finished until the client is satisfied. Being a delivery rider allows him to choose his working hours. Although Bobby can earn as much as PhP1,500 for eight hours of work on a good day, there is a catch: aside from Foodpanda, he is also registered to other online delivery apps including Lazada and Grab.

***Figure 4**. "Bobby" is registered in multiple platforms in order to meet the daily needs of his family.*

Source: contributed photo.

On some days, Bobby delivers up to 200 parcels per shift for Lazada and on other days he delivers food items for Foodpanda and GrabFood. On most days he does all kinds of deliveries for multiple platforms to reach his daily average payout. The extremely low basic pay of these companies means that working for only one platform would not be able to cover his driving expenses and his family's daily needs.

No employer-employee relationship means no benefits and incentives

Delivery riders like Bobby are considered independent contractors. This wasn't always the case according to "CJ" (not his real name), a former traffic enforcer, who has been working in Shopee for five years. He said that when he was hired through an agency called GoGo Express, he was considered an employee and received a fixed wage, benefits, and other incentives including gas allowance. Two years ago, Shopee adopted a different business model and turned its delivery riders into what are now called rider-partners.
Shopee delivery rider-partner wage rates are not based on the distance of delivery drop-off points. These days, with the abundance of rider-partners like him, he only manages to deliver 20 parcels a day worth PhP20 (US$0.40) for regular pouches and between PhP30 to PhP 45 (less than US$1) for larger pouches. A rider like CJ can get a day's worth of booking with as low as just seven to eight parcels. There are even occasions when some riders are not given bookings at all due to the large number of delivery riders available. The PhP400 (US$8) he earns, an amount below the National Capital Region's PhP537 (US$10.74) daily minimum wage and even farther from the Family Living Wage of P1,072 (US$21.44) as per IBON Foundation, is not even enough to cover the gas and other expenses whenever he goes out on delivery. This forced CJ to register to another delivery company that is also under Shopee called Shopee Express.

As a four-wheel rider for Shopee, 36-year-old "Teddy" (not his real name) shares the same sentiment with CJ. There are no benefits and incentives for them either, not even allowance for maintenance of their private vehicles that must endure loads of items of different shapes, weights, and sizes. Teddy shared that PhP600 (US$12) is already a considerably high payout for a whole day out on delivery. Their helpers on the other hand get a measly PhP300 (US$6) daily on average.

The abovementioned riders and Grab cyclists interviewed (whose inputs are also in the succeeding parts) also weighed in on the other cons of being called independent contractors. He acknowledged the dangers of being constantly on the road. In a study by the Metropolitan Manila Development Authority (MMDA), motorcycles accounted for more than half of the 394 road crash deaths in 2019. Both fatal and non-fatal accidents involving motorcycles have also increased from 18,668 in 2015 to 31,279 in 2019. Neither Foodpanda nor its competitors in the online delivery business offer any health insurance or hazard pay for its riders.

Flexible working hours but lower wages

“Alex” (not his real name) was a healthcare worker stationed at a hospital before the pandemic. He applied as a delivery cyclist for Grab just two weeks before the pandemic hit the country. The flexible working hours and higher wages attracted him to shift from a hospital job that could potentially get him infected with the virus towards what he initially thought as a more laid-back option. Alex shared that he used to earn PhP1,500 (US$30) in just four to five hours. The same holds true for “Gaby” who used to be a musician, and “Tristan” who was a real estate agent and a father of three (not their real names).

At the height of the pandemic in April 2020, delivery cyclists under GrabFood Philippines used to earn PhP79 (US$1.58) per trip. Some workers would even earn as much as PhP800 (US$16) in just six successful deliveries, almost PhP300 more than the 8-hour minimum wage in the country’s capital. Nowadays, they earn as little as PhP48 (US$0.96) for every delivery within a 5-kilometer radius. The cyclists say that the rates changed without prior notice. Even the incentives which earned them a maximum of PhP770 (US$15.4) for every 11 successful delivery jobs now only amount to PhP390 (US$7.8) for the same number of trips.

Apart from the low wages and absence of insurance and benefits, the cyclists also complained about the lack of protection when there are glitches in the system, fake bookings, and fake reports. Grab delivery workers must shell out money for the ordered items first before being paid the amount after the order is successfully delivered. There are instances where customers report failed deliveries even upon receiving their orders. The amount is automatically deducted from their earnings. This is a policy that is implemented as well for Shopee and Lazada.

Bad ratings also cause issues for Grab workers since they have no control over customer behavior. The workers said that when riders receive low ratings, their chances of booking orders also decrease.

Mandatory purchase of branding materials of the companies

The ‘independent contractors’ are required to provide their own tools and resources (i.e., vehicles, smartphones, mobile data, safety gears). A delivery rider shared that Grab also recommends the ‘partners’ to purchase from the company dri-fit shirts and requires the purchase of the delivery thermal bags with logos, which can cost as much as PhP2,500 (US$50). At current market value, the price of a single shirt considering its quality can be sold around PhP35 (US$0.70) only and the thermal bag is sold around P800 (US$16). When ordered in bulk, such as for the number of the delivery riders at present, the prices can even be lowered.

This is a model that Grab has been implementing. In the Grab Singapore website under the GrabFood Delivery-Partner Gear (https://www.grab.com/sg/gfgear/), the company required the delivery rider applicants since October 13, 2019 to purchase the GrabFood gear package in order to be activated as a GrabFood Delivery-Partner.

Figure 5. A Grab cyclist wearing uniform and with the Grab bag.

Source: Contributed photo

Foodpanda company meanwhile charges the delivery riders PhP3,000 (US$60) for one big and one small thermal bag, and two dri-fit shirts. They are also required to pay the items *again*, if damaged. Lalamove company rents its thermal bags to the delivery riders for PhP200 (US$4) monthly, which can cost up to PhP2,400 in a year.

The delivery riders find the costs of the items not only exorbitant and redundant, but also have an impact on their take home pay.

No union, no strike

Considered as 'partners' by the corporations, the platform workers in the gig economy are deprived of their bargaining rights, and the corporations do not provide grievance mechanisms. In November 2020, hundreds of disgruntled Grab cyclists decided to take their grievances to its head office, going against threats by management that they would be "laid off" if they organize a protest. Being laid off is a concept which the Grab cyclists find absurd since, technically, no employer-employee relationship exists between Grab and the cyclists that are treated as their independent contractors.

This has not stopped the companies from taking action against workers' attempts at organizing and campaigning for their rights. In July 2021, at least a hundred Foodpanda riders in Davao City were suspended for 10 years after staging a protest against wage cuts. In its official statement, Foodpanda Philippines blamed the suspension on a technical glitch in its system. Bobby, however, claims that “offboarding” or the suspension of a rider’s account is a common occurrence and usually happens whenever riders complain about company policies.

Figure 6. The Davao United Delivery Riders Association Inc. (DUDRAI) launched a mass protest in July 2021 against wage cuts by Foodpanda, a giant delivery platform.

Source: Photo grabbed from Nonoy Librado Development Foundation, Inc.

The riders find it illogical and illegal that online-based TNVS companies would prevent or disallow its independent partners from forming their own organizations or unions since they are considered as independent contractors. In essence, offboarding and other such sanctions are mere euphemisms. The company still holds power over the workers’ employment status and can cut ties with its riders when it sees fit as is the case with Foodpanda riders in Davao. In some instances, workers’ concerns are brushed off given the massive pool of reserve labor at the disposal of companies. Workers are simply told that if conditions are not favorable, they can leave, and others can easily replace them.

Threats of suspension have not deterred the workers from uniting and organizing their ranks. The Grab cyclists who protested in November have continued their efforts by forming the Grab Cyclists United. They continue to hold discussions with fellow riders and hope to lobby in congress for better working conditions. Among their immediate concerns are fair wages and incentives, insurance and benefits, and a proper system that ensures that their wages are not affected whenever changes in policies are implemented.

Government response (or lack thereof)

As the gig economy continues to expand, protection for workers becomes even more necessary. Last July 2021, the Department of Labor and Employment released its Labor Advisory No.14 Series of 2021 which supposedly address the working conditions of delivery riders in food delivery and courier activities using digital apps.

Figure 7*.* The Department of Labor and Employment released the Labor Advisory No.14 Series of 2021

More than Jobs! It's decent jobs.

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila

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LABOR ADVISORY NO. 14
Series of 2021

WORKING CONDITIONS OF DELIVERY RIDERS IN FOOD DELIVERY AND COURIER ACTIVITIES

I. **PURPOSE AND COVERAGE.** - Pursuant to the provisions of Article 5 of the Labor Code of the Philippines, as renumbered, and Republic Act No. 11058, this Advisory is hereby issued to ensure compliance with applicable general labor standards and occupational safety and health standards and better working conditions for all delivery riders in food delivery and courier activities using digital platform.

Source: Department of Labor and Employment

The advisory merely reiterates the test of employment to determine if the labor code is applicable to the situation of TNVS workers. Aside from this, it reiterates the benefits employees must receive from their employers. The labor advisory lacks teeth in protecting the rights of TNVS drivers and enforcing penalties on companies that disregard their rights. There remains a gap in existing legislation to protect these types of workers.

Prior to the labor advisory, on March 25, 2021, Congress approved for third and final reading, HB 8817 or the "Freelance Workers Protection Act;" a bill that sought to respond to the conditions of workers in the gig economy. In the bill, freelance workers are defined as:

> "any natural person or entity composed of no more than one (1) natural, whether incorporated under the Securities and Exchange Commision, registered as a sole proprietorship under the Department of Trade and Industry (DTI) or registered as self-employed with the Bureau of Internal Revenue (BIR), who is hired or retained to provide services, in exchange for compensation, as an independent contractor

> to do work according to one's own methods and without being subjected to the control of the hiring party, except only as to the results of the work;"

The bill shall require employers to execute a written contract which stipulates the rate, schedule, and mode of payment, as well as the services provided by the freelance worker. It also requires employers to provide night shift differential payment of not less than 10% of the freelance worker's hourly rate, as well as hazard pay of 25% of the total payment for the period of deployment as agreed for in the contract. The bill also prohibits employers from acting in retaliation towards the freelance worker for filing a complaint or from conducting civil actions alleging any violations. Its counterpart bill in the Senate, SB 1810, is also being finalized.

While the bill is considered by lawmakers as a step towards supporting freelance workers, it falls short in answering the fundamental problems of these workers under the gig economy. While benefits such as hazard pay and night shift differentials are crucial for these workers, what they demand is equal pay for equal amounts of work. Moreover, the issue of job security is not sufficiently tackled in the bill. While some of the workers in the gig economy work part-time aside from their regular jobs, most of them, especially those in TNVS, work more than 8 hours for their respective companies. The lack of job security also allows for the unhindered violation of their rights such as the freedom of association. Unlike regular employees that have the capacity of forming unions, freelance workers lack the negotiating capacity that unions provide.

Conclusion

Out of all the interview participants, only "Bobby" plans on staying longer in the gig economy sector. At 48, he does not see himself as still employable by companies outside the app-based ones he is currently registered with. He feels that the options are already limited for him. The others, on the other hand, stated that they have no long-term plans of staying as delivery riders and cyclists given the working conditions they have been experiencing. Once the pandemic is over, they either plan to look for regular jobs or find something related to their careers, or jobs that they think will secure a better future for their families. They all agree, however, that conditions must change, not only for them but for the many other workers that have been thrown into the gig economy by an ever-worsening employment situation.

Technology should serve everyone, not just a few. The workers maintain that the role they play has become more essential in the new normal. The participants also assert that while technological advancements, including the rise of app-based services, have made everyday tasks much easier especially during the pandemic, workers and workers' rights must not be left behind. While production will greatly advance and improve through the digitization of all aspects of industry, the ownership of these innovations remains in the hands of a handful of capitalists. The development of technology is mostly controlled by MNCs and TNCs primarily to ensure production efficiency and secure profits. In this setting, large corporations stand to gain the most from the improved production while workers are pushed to settle for scraps.

The appropriation of gains and profits is directed towards the capitalists who own the means of production. This creates a greater disparity in wealth between ordinary workers and capitalists. Massive production in a society that renders its workers economically powerless alienates them. Thus, the fruits of workers' labors cannot be fully enjoyed by the workers themselves. The alienated condition of labor also creates a situation of overabundance of goods which accelerates and intensifies capitalist crisis.

The digitization of the workplace resulted in the intense socialization of production. Meaning, the agglomeration of industries and the great improvement in work efficiency and production, albeit in a highly competitive and individualized landscape. This 'race to the bottom' type of work has become more inhumane in the digital labor platforms in the hands of the transnational corporations. Workers in the gig economy are seeing their earnings plummet as capitalists reap more profit from cheapened labor. Without being guaranteed their freedom of association and right to collective bargaining, as well as access to social protection benefits, the conditions under which gig workers are subjected to, will continue to worsen.

Furthermore, the Philippines remains a backwards agricultural nation without established, independent heavy and light industries. Foreign capital continues to saturate the domestic market, as evidenced by the ownership of the largest online digital platforms in the country, effectively stifling the development of local industries, while providing no assurance of transfer of technology. With agricultural and industrial development among the least of the government's priorities, the Philippine economy is forced to rely heavily on the service sector which accounts for the majority of the country's employment. As such, workers in the TNVS sector and digital platforms are indispensable economic drivers and they must be covered by national labor laws and ILO conventions that will guarantee their fundamental rights.

Online digital technologies have introduced to us the great potential in advancing production. However, in the hands of monopoly capitalism, it is used to create sophisticated rules of employment that blur employee-employer relations, which is heavily disadvantageous to the workers. Whether they are referred to as gig workers, freelancers, or independent contractors, the fact remains that the labor they exert is necessary and essential to complete the chain of production. Upon further analysis, the insistence of these corporations to refer to these workers as mere 'freelancers' or independent contractors, legitimizes their unfair treatment and takes away the collective worth of these workers.

The rapid digitization of the workplace and its successful implementation within the gig economy, particularly in the TNVS industry, has proven to be a worthy investment for big businesses. Under neoliberal globalization, digitization and advancements in technology in the workplace have been used to accelerate capital mobility and accumulation. In effect, workers are faced with even more exploitative working conditions through various labor flexibilization schemes via digital platforms. Grab, Foodpanda, Lazada, and Shopee have one thing in common in their business models: a “digitized” labor flexibilization scheme that has enabled them to reap superprofits even amid the pandemic.

With such exploitative conditions, resistance is inevitable. In the advent of Industry 4.0, various forms of workers’ actions have already sprung up; from industrial workers to BPO workers. With the rise of the platform workers especially under the pandemic, spontaneous forms of actions of riders have also taken place. Through workers’ solidarity and active participation in the movement for progressive policies, legislators have taken notice of their plight. However, the government's response remains tokenistic and does not reflect the main demands of these riders. There is still a need for delivery riders to further consolidate their ranks and to form robust associations to strengthen their bargaining capacity.
The impact of digitization and technological advancement in improving production and in creating a global community cannot be denied. However, without changes in existing societal relations, especially exploitative relations among workers and their employers, technology can be prone to misuse. Labor advocates, associations, and unions must continue to fight for humane working conditions amid digitization, and struggle to make technology genuinely serve mankind.

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Currency exchange rate is based on December 2021 average rate of the Central Bank of the Philippines, US$ 1 = PhP 50.24 rounded to PhP 50.

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