

Call for Comments

Paying minimum wage on online labor platforms

February 2017

Should online labor platforms have minimum wages? What should they be? How should they be enforced? Should workers on the same platform in different countries have different minimum wages? Are different minimum wage schemes needed for different kinds of platforms?

The German Metalworker's Union (IG Metall) and the European Trade Union Institute (ETUI) invite comments on the topic of minimum wages on online labor platforms from any interested parties, especially workers, clients, platform operators, researchers, journalists, trade unionists, and policy makers. The comments will be circulated among workers, clients, platform operators, trade unionists, and policy makers. The goal of the project is to develop and disseminate a nuanced view of the applicability of minimum wages in the effort to ensure fair working conditions in online labor platforms.

Online labor platforms such as Upwork, Amazon Mechanical Turk, Uber, Deliveroo, and 99designs have grown in popularity in recent years. They offer clients greater convenience and flexibility compared to previous labor market arrangements, and in some cases allow workers greater flexibility as well.

Platforms for work that can be completed remotely and delivered online (such as Upwork, Freelancer.com, Amazon Mechanical Turk, CrowdFlower, and 99designs) offer economic opportunities that might not otherwise be available to some



etui.

workers. They allow, for example, workers with responsibilities that prevent them from leaving home, workers in rural areas, workers with disabilities, and workers in “developing” countries the potential to earn income by working online.

At the same time, wages on online labor platforms are often significantly lower than those in existing labor markets for the same services. This disparity creates risks for workers earning their livelihoods through existing markets, including downward pressure on wages, benefits, and working conditions.

Most online labor platforms require workers to agree that they will be classified as self-employed, rather than employees. As a result, platform-based workers typically receive none of the benefits or protections afforded employees (e.g., minimum wage, dismissal protection, paid vacation, paid overtime, compensation in event of work-related illness or injury, employer contributions to health insurance and retirement funds). Workers may also lack legal protections for collective efforts to improve working conditions, such as organizing and collective bargaining.

Thus the growth of platform-based work, despite its benefits for some participants, poses the risk of contributing to declining wages and bargaining power for workers, perhaps especially those in the “developed” world. Further consequences of declining wages and worker bargaining power may include increasing precarity and economic inequality, declining economic mobility, and increasing political polarization.

In light of these considerations, the European Trade Union Institute (ETUI) in collaboration with the German Metalworkers’ Union (IG Metall) calls for short comments on paying minimum wages on online labor platforms. Minimum wages are one mechanism for attempting to limit downward pressure on wages, and exist in many countries and other jurisdictions (e.g., states, cities). Some online labor platforms, such as Upwork and Prolific Academic, already employ official global minimum wages (USD 3 per hour and GBP 5 per hour, respectively). And a set of guidelines drafted by workers on Amazon’s Mechanical Turk platform calls on academic clients (who use the platform, for example, to recruit paid participants for

survey research or online experiments) to pay no less than USD 6 per hour. The extent to which these initiatives have been successful, or what unintended consequences they may have had, is not yet well understood.

More complex schemes have also been proposed. For example, the “Frankfurt Paper on Platform-Based Work,” released in December 2016 by an international network of unions and other worker organizations, calls on platforms to ensure that workers are paid at least minimum wage in their jurisdiction (i.e., country, state, or city). The voluntary “Crowdsourcing Code of Conduct” signed by eight German platforms proposes to orient toward “local wage standards” as a factor in setting pay. This would presumably mean that the minimum wage for a worker in Lagos, Nigeria would be lower than that for a worker doing the same work in London, England. While perhaps practical, this approach may risk reinforcing existing global patterns of economic inequality.

Finally, because most work on online labor platforms is paid per task or per project rather than per hour, many implementation questions remain with respect to an hourly minimum wage. For example, workers working at home may finely “interleave” work with other activities, such as caring for dependents; as a result, working time cannot be calculated simply by noting task start and end times. Additionally, clients may “game” simple mechanisms for implementing minimum wage policies. Prolific Academic, for example, implements a minimum wage of GBP 5 per hour. When posting a task to the platform, the client enters the task pay and expected completion time into a form. The form then computes the expected wage. If the wage is less than GBP 5 per hour, a message is displayed to this effect. The client can then either raise the pay or lower the expected completion time. Some workers report, however, that actual completion times are sometimes higher than the expected completion time posted by the client in the task description, resulting in actual wages lower than the platform minimum. While workers report that Prolific Academic management is often responsive to communications from workers in such cases, addressing these “workarounds” by clients in a scalable fashion may be complex.

We seek comments on all aspects of the topic “paying minimum wage(s) on online labor platforms.” We are especially interested in:

- details and effects of existing minimum wage policies or initiatives (e.g., on Upwork, Prolific Academic, and Mechanical Turk)
- advantages and disadvantages of various existing or possible global minimum wage schemes (e.g., a single global minimum wage vs. regional or jurisdiction-specific minimum wages)
- proposals for minimum wage schemes in different kinds of online labor platforms (e.g., microtask markets such as Clickworker, freelance markets such as Upwork, and contest-based platforms such as 99designs)
- discussions of conditions under which minimum wage schemes may not be appropriate in online labor platforms
- technical and organizational implementation details, including measures for addressing “cheating” by clients or workers

We are especially interested in minimum wage policies on platforms acting as intermediaries for work conducted remotely and delivered over the internet, but we also welcome discussions of minimum wage policies on platforms for in-person work where wages are not easily regulated by local governments.

Comments may be submitted in any reasonable format (e.g., email, TXT or ODT file, Microsoft Word document, PDF) and should be:

- between 250 and 3000 words (not including footnotes and references),
- written in English, French, or German, and
- emailed to minwage@platformwork.org by **15 June 2017**.

We welcome comments from anyone, especially workers, platform operators, clients, researchers, journalists, trade unionists, and policy makers. Comments may approach the topic from any perspective (e.g., technical, organizational, economic, legal, political). No particular style or tone is expected, but authors are asked to do their best to write clearly for a broad audience. Necessary technical terms or processes with which a nonspecialist reader may not be familiar should be explained, in footnotes if necessary given space constraints.

Comments need not cite previously published work but should do so if appropriate. No particular citation format is required; any format that allows readers to find the cited work is acceptable.

Contributors who wish to submit a comment in a language other than English, French, or German are asked to email minwage@platformwork.org in advance.

A selection of comments may be collected and published in a single document. A workshop on the topic may be organized in late 2017 or early 2018.

With questions, please email minwage@platformwork.org.

Organizers

Jan Drahekoupil, European Trade Union Institute
Sara C. Kingsley, University of Massachusetts, Amherst
M. Six Silberman, German Metalworkers' Union (IG Metall)

Sponsorship

If your organization is interested in sponsoring future activities on this topic, such as research, public communication, and events, please email minwage@platformwork.org or M. Six Silberman at michael.silberman@igmetall.de.

