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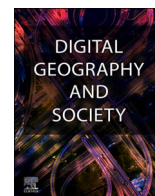
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The challenges of gig economy and Fairwork in Ecuador

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ABSTRACT

The evolution of the collaborative economy depends on market-specific prerequisites, such as a consumer base with purchasing power, accessible Internet connectivity, digitised payment mechanisms and new regulatory frameworks. However, countries located in the Global South, such as Ecuador, face challenges in adapting to these requirements due to the presence of infrastructure deficiencies, shortcomings in the local financial ecosystem and regulatory gaps, which impede the maturation of digital industries. However, the unprecedented global economic upheaval stemming from the COVID-19 pandemic, coupled with the imposition of international lockdowns and social distancing mandates, has precipitated the unbridled proliferation of digital platforms and the gig economy. In this unregulated environment, platform workers face intricate labour rights dynamics, marked by income volatility, scarce benefits and an environment rife with precarity and exploitative conditions.

This paper aims to answer how the gig economy was installed and developed in Ecuador before and during the context of the Covid-19 pandemic. More specifically, we will try to answer the question of what have been the main challenges and barriers faced by platform workers and platforms in adhering to Fairwork principles in an unregulated context. Based on more than seventy semi-structured interviews and ethnographic material collected between 2020 and 2021, we provide an overview of Ecuador's gig economy and an in-depth examination of the institutional, regulatory, and organisational landscape characterising this country in order to identify the main challenges and obstacles to establishing and enforcing fair work standards. This analysis helped us understand the difficulties in implementing Fairwork principles and come up with practical suggestions for policy and regulation improvements in Ecuador and similar situations.

1. Introduction

Over the past three decades, the inception of the World Wide Web has brought about a profound and far-reaching transformation across nearly every facet of the global economy and society. Moreover, the advent of big data and artificial intelligence technologies have further intensified the reshaping of economic, social and political spheres worldwide. Among these transformative trends, the emergence of the “digital platforms” (van Dijck, 2013; Plantin et al., 2018) and the “gig economy” stands out as a novel form of production and employment (Friedman, 2014; Lehdonvirta, 2018; Woodcock and Graham, 2019). Several scholars have studied ride-hailing, delivery, care, and crowd work platforms such as Uber (Rosenblat and Stark, 2016), Deliveroo (Galiero, 2020), Amazon Mechanical Turk (Irani, 2015) among others. Others have focused on the experiences of marginalised and vulnerable workers, such as immigrants (van Doorn and Vijay, 2021), collective action and platform workers' organisations (Albornoz and Chavez,

2020) and novel initiatives such as platform cooperatives (Grohmann, 2021). This new phenomena is rooted in the advancement of the Internet, telecommunication networks, and smartphones, utilising the breakdown of labour into micro-tasks and their distribution through information systems shaped by a “free market” ideology. This approach involves a vast array of individual contractors, often with limited bargaining power. This model enables the acceleration of production processes, the expansion of the labour pool, and the reduction of costs through the externalisation of capital and labour expenses to these contractors. However, after a decade of growth and experimentation, the gig economy's limitations are becoming evident, raising pressing concerns, particularly regarding the working conditions imposed upon these so-called “independent workers.”

The Ecuadorian economy's heavy reliance on extractive industries and commodity exports has engendered a scenario marked by inadequate infrastructure, a low-skilled labour pool, and a socio-economic structure riddled with inequalities. Widespread unemployment and

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informal labour arrangements further underscore this landscape. In spite of these circumstances and the presence of insufficient regulations that might attract online platforms seeking low-cost labour, the advent of the gig economy appears to be a relatively nascent phenomenon in Ecuador. Indeed, a significant proportion of international platforms operating within the country commenced operations between 2016 and 2018, while local platforms emerged between 2018 and 2021.

This new trend finds sustenance in two key structural factors: the augmentation of local telecommunications infrastructure and connectivity, coupled with a deterioration in economic and labour conditions. Regarding the former, as per 2022, internet accessibility reached 75% of the population, witnessing almost 13% more than in 2019. During the same period, average internet connection speed surged by 146%, attaining 32 Mbps. Nonetheless, several elements undermine these advancements. Notably, the majority of mobile connections (74%) are pre-paid and provide access solely to Facebook and its associated services like WhatsApp or Instagram. This stems from unregulated monopolistic practices that offer pre-paid packages encompassing unrestricted, complimentary access to these chosen services, while charging for access to the broader internet landscape. Additionally, Ecuador grapples with constrained banking services (55%), limited credit card usage (9%), and minimal online payment facilities (10%) (Digital 2020). These statistics bring to light the existence of not just infrastructural gaps but also a regulatory void in the digital economy domain, underscored by challenges to digital rights (Alban et al. 2017; Ordoñez, 2020; Canales and Bordachar, 2021), an inadequacy of the local financial system to tackle the new economy's exigencies, and cultural barriers such as the general scepticism surrounding online shopping (Portalanza et al., 2017). Consequently, this confluence of factors has hampered the expansion of both platform economy users and workers.

Conversely, the economic recession that Ecuador has grappled with since 2015 has precipitated a surge in unemployment and informality. By the close of 2019, merely 38% of the country's 8 million-strong economically active population (EAP) could secure suitable employment. The advent of the COVID-19 pandemic, coupled with widespread lockdowns, has exacerbated this situation, thrusting a significant segment of the populace into joblessness and a dearth of income streams. As of June 2020, only 16% of the EAP could boast of steady employment, implying that approximately 84% were grappling with unemployment, underemployment, or informality. Although the situation improved slightly in September 2020, with an adequate employment rate of 32%, it stagnated at the same level until 2022 and still pales in comparison to the 49% recorded in 2014. (INEC, 2020).

Furthermore, Ecuador has absorbed over a million immigrants in the past half-decade (Datos Macro, 2020). A substantial portion of these individuals, fleeing arduous circumstances in Colombia and Venezuela, has found scant prospects in a contracting labour market, consequently becoming ensnared in the quagmire of unemployment or informality. Their vulnerable status has rendered them susceptible to exploitation and mistreatment (Céleri, 2020). Given this context, online platforms have emerged as a relatively accessible and expedient means for numerous workers to generate daily income in response to the crisis.

Ascertaining the exact count of individuals engaged in these digital platforms remains elusive. Drawing insights from a few studies, public declarations, media narratives, and the interviews conducted as part of this study, it is estimated that the platform economy encompasses approximately 1.5 million users and about 40,000 platform workers nationwide (CITEC, 2022; Maya et al., 2022; OIT, 2022). This workforce constituted around 1% of the underemployed populace.

This research aims to understand how the gig economy was installed and developed in Ecuador before and during the context of the Covid-19 pandemic. More specifically, we will try to answer the question of what have been the main challenges and barriers faced by platform workers and platforms in adhering to Fairwork principles in an unregulated context.

By doing so, we seek to contribute to scholarly discussions regarding

the gig economy, fair work standards, and regulatory obstacles in the context of the Covid-19 pandemic. Our findings will shed light on the specific challenges faced by platform workers and platforms in Ecuador, offering implications for policy development and regulatory frameworks.

2. Methodology

To address these objectives, a mixed-method approach that combined semi-structured interviews and ethnographic analysis was employed. The study spanned from 2020 to 2021, providing a comprehensive understanding of the dynamics over this period.

A purposive sampling strategy was used to select participants who had direct experience with the gig economy in Ecuador, including both platform workers and representatives of digital platforms operating in the country. This approach ensured that relevant insights were gathered from individuals deeply engaged in the ecosystem.

Three kinds of data were collected and analysed: a) Documents from official sources, social media, scientific and journalistic publications. b) Over seventy semi-structured interviews conducted with diverse participants to capture a multifaceted perspective. These interviews were guided by a predefined set of open-ended questions focusing on the pandemic's impact, working conditions, adherence to Fairwork principles, challenges, and perspectives on regulatory measures. c) Ethnographic observations, conversations, and field notes compiled through direct engagement with platform workers and platform devices and applications. This immersive approach added contextual depth and nuanced insights into the working conditions and dynamics within the gig economy.

The collected data, encompassing documents, interviews and ethnographic material, underwent thematic analysis. The qualitative analysis process involved identifying the institutional, regulatory, and organisational context of Ecuador's gig economy. Legal frameworks, policy documents, platform terms and conditions, and organisational practices were reviewed to illuminate prevailing conditions and challenges.

3. Relevant regulatory/legal challenges and developments

Since the inception of digital platforms in Ecuador, they have formulated terms and conditions that categorise workers as independent contractors. These contractual arrangements fall under the jurisdiction of civil law rather than labour law, thereby precluding workers from asserting their labour rights. This contractual framework portrays workers as self-employed entrepreneurs who exert autonomy over their schedules and lack a supervisory authority. Article 1455 of the Civil Law asserts that a bilateral contract is binding upon both contracting parties. Nevertheless, a majority of platform terms and conditions are characterised by vagueness, incomplete coverage of employment terms, and the platform's unilateral capacity to modify contracts. Consequently, platforms have strategically devised a legal avenue to circumvent labour law by adopting contracts governed by civil law, effectively enabling their detachment from any employer-employee relationship.

This legal ambiguity has engendered a hybrid work structure that ensnares workers in a regulatory grey area. On one hand, platforms dictate working conditions and impose structural limitations on workers' capacity to manage their time. Conversely, these platforms designate them as self-employed labourers to evade the labour obligations that come with such a classification. Despite meeting the criteria, platform workers are not officially recognized as employees. Should certain individuals desire protection under the Social Security Law (National, 2014, 55), they voluntarily allocate a portion of their earnings to access social benefits.

Amid the pandemic, Ecuador has witnessed the emergence of novel labour regulations. In May 2020, a labour reform known as the Humanitarian Support Law (National, 2020) was ratified. This novel legal

framework enables workers and employers to establish temporary emergency contracts, mutually negotiate alterations to prevailing economic work conditions, and curtail working hours to avert additional layoffs. Yet, due to the legal uncertainty forcibly imposed upon platform workers, the law does not encompass self-employed labourers, thereby depriving them of their fundamental labour rights.

Furthermore, in October 2020, three fresh contracting modalities were introduced: (i) the youthful worker employment contract spanning ages 18 to 26 (Ministry of Labour, 2020a); (ii) the entrepreneurship contract (Ministry of Labour, 2020c); and (iii) the specialised contracts for the productive sector (Ministry of Labour, 2020b). These innovative contracts encompass two distinct work arrangements: hourly or daily compensation, and monthly or weekly remuneration. In both scenarios, social security benefits hinge on the hours worked and the prearranged remuneration. These contemporary labour regulations provide a window of opportunity for platforms to reshape their terms and conditions into labour contracts, thereby designating workers as full-fledged employees entitled to comprehensive social benefits. This evolution also presents a challenge to workers' associations, compelling them to incorporate this regulatory transformation into their labour-related demands to mitigate the instability of earnings, absence of benefits, and the precarious nature of their working conditions.

4. Fairwork principles in place

Introduced in 2019, the Fairwork Principles emerged as a pioneering action research framework crafted to scrutinise the working conditions prevalent within online platforms and catalyse endeavours for their enhancement. This project, orchestrated by a global consortium of scholars and academic institutions, conducts annual assessments of the platform economy across diverse countries globally (Fredman et al., 2020; Graham and Shaw, 2017). By illuminating the precarious and inequitable circumstances confronting platform workers in their daily undertakings, these evaluations have successfully unveiled the primary pitfalls and challenges characterising this novel economic paradigm. Simultaneously, they have delineated commendable practices and engendered a platform for dialogue and consensus-building among

workers, consumers, regulatory bodies, and platforms themselves, with the shared aim of refining working conditions and instilling accountability in platform operations.

Comprising five fundamental dimensions of working conditions—namely pay, health and safety, contracts, management, and representation—the Fairwork framework holistically evaluates fairness. The assessment process for each principle comprises two distinct thresholds: a baseline threshold (1 point) and an elevated threshold (yielding an additional point). As a result, platforms can obtain a maximum total score of 10 points, reflecting the fairness quotient of the working conditions they offer.

In the context of Ecuador, the initial assessment took place in 2020 and covered a representative selection of six active platforms in the country. This assortment comprised four internationally recognized delivery and transportation platforms—Uber, Cabify, Glovo, and Rappi—alongside two Ecuadorian counterparts, namely Encargos y Envíos and Ocre as a beauty platform (Fig. 1). The ensuing analysis draws upon this assessment as well as supplementary insights from two additional Ecuadorian platforms: Minkana, surveyed for market insights, and Kiárame, focused on pet care services. The platforms chosen for inclusion in the sample were those for which we secured a managerial interview or conducted a minimum of five interviews with workers. Across the timeline of March 2020 to February 2021, a total of seventy semi-structured interviews were conducted. Four platform managers, representing Glovo, Encargos y Envíos, Minkana, and Kiárame, responded to our invitation, while forty-six platform workers were engaged through the six evaluated platforms situated in Quito.

Given the evolving and intricate nature of the platform economy, the evaluations adhere to a cautious methodology that attributes scores to each principle solely upon the presence of unequivocal and substantial evidence. The integrity and neutrality of the scoring process are upheld through a stringent peer-review mechanism, which guarantees unbiased assessments.

Official data for estimating the average income of these workers remains unavailable. Despite our requests, most platforms, excluding Glovo, did not furnish the requested information. Nevertheless, our

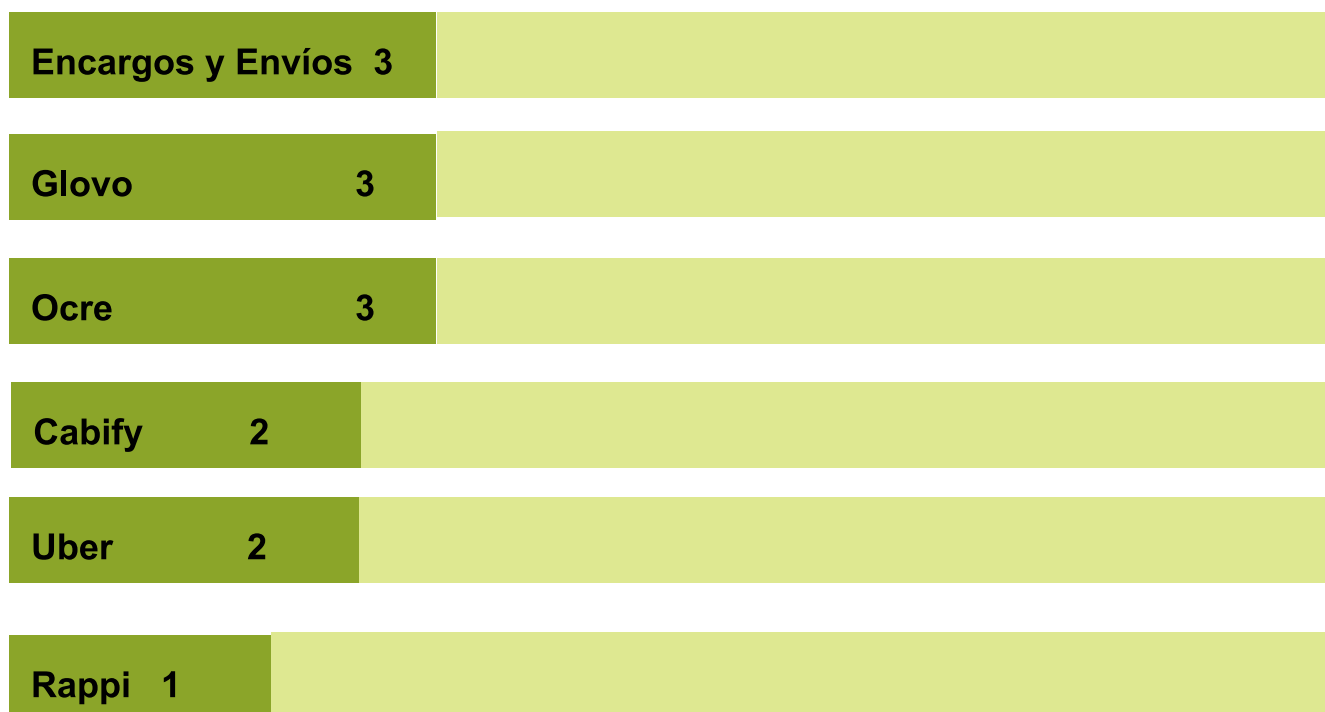


Fig. 1. Ecuador Fairwork scores 2021.

evaluation involved interviews with workers from the platforms, and a predominant portion attested to receiving a monthly income slightly exceeding the legally stipulated minimum wage. However, this apparent average conceals nuanced intricacies warranting attention. Of note is the existence of a profile black market, coupled with other subcontracting practices, which significantly diminish the actual income earned by workers. Furthermore, substantial variability characterises the reported daily working hours, surpassing the conventional 8-h workday—mandated as the legal maximum for formal employment—in numerous instances.

The algorithmically organised nature of work exacerbates this situation, obliging many workers to commit more than 50 h weekly to attain an average hourly wage surpassing the minimum legal threshold. This phenomenon stems from the correlation between a worker's platform score and the number of allocated “gigs” within an hour. Consequently, to augment their score and secure more “gigs,” workers must invest extensive time availability during longer slots or within areas characterised by low demand, translating into a reduced price-to-cost ratio. As a result, novice platform workers who allocate insufficient time on the platform or are unfamiliar with optimising “gigs” acquisition may struggle to meet the minimum wage threshold.

Another pertinent consideration revolves around whether workers receive remuneration exceeding the legal minimum wage after deducting costs. According to data provided by workers, this appears to be the case for all platforms assessed, on average. Nonetheless, this outcome necessitates closer scrutiny. In our interactions with platform workers, a noticeable diversity emerged in their approaches to calculating costs. A majority of them exhibit limited awareness of expenses like capital reposition, communication overheads, and uncompensated waiting hours—let alone factoring in costs related to security, health, and associated risks. When corporations externalise costs, blurring the distinction between public and private interests, workers—especially those accustomed to informal employment—often shoulder certain costs tied to business operations, or in some instances, disregard them entirely as overheads.

An analysis of worker interviews underscores the need to differentiate between sectors and platforms concerning compensation structures. Multinational entities dominate transportation and delivery services, their outreach extending to a larger base of users and workers. In contrast, local companies focus their operations on differentiated services and markets. Segments—ranging from beauty and pet care to market research and international shipping. Workers affiliated with international platforms reported comparatively lower earnings in contrast to those engaged with local enterprises. This observation posits a testable hypothesis warranting further research: the magnitude of the company and its alignment with local circumstances could potentially facilitate improved compensation conditions. Sector disparities also manifest in the composition of costs and market size. An in-depth examination of cost structures categorised by work type and sector could empower workers to comprehend and evaluate their authentic working conditions, simultaneously promoting transparency within this emergent economic model for both platforms and regulatory entities.

In terms of contractual relationships, despite the provision of “terms and conditions” forms by most platforms, the legal language appears to pose a challenge for a majority of the interviewed workers. Furthermore, a noteworthy aspect is that numerous of these contracts fall under the jurisdiction of foreign laws, such as Rappi (Colombia) and Uber (Netherlands), rendering local legal recourse unfeasible. Efforts need to be directed toward enhancing contract transparency, readability, and alignment with local regulations.

Many platforms exhibit shortcomings in effective and transparent management practices. Communication is predominantly conducted through the application interface, with limited availability of phone or email technical support. Notably, the local platform OCRE is an exception, as its workers reported having a direct communication channel with the platform. It's important to highlight that, being a platform that

primarily engages women and immigrants, these workers conveyed a sense of inclusivity and absence of discrimination. Regrettably, OCRE, as a local start-up, ceased operations amidst the COVID-19 pandemic. Another noteworthy instance of equitable and socially-oriented management, not encompassed in the Fairwork research, is Kiárame—a pet care platform that endeavours to foster a community built on enhanced communication with its workers.

These instances underscore the possibility that smaller, local ventures may indeed provide improved working conditions compared to their multinational counterparts. However, these smaller enterprises often encounter challenges in sustaining themselves over the medium and long term, particularly if they do not expand their operations internationally. A social-oriented model, while enhancing working conditions, can lead to escalated operational costs and diminished profit margins. If the local market size does not offer sufficient scope, sustaining such operations becomes untenable.

The provision of fair conditions remains a rarity among most platforms. Notably, Glovo stood as the sole company willing to substantiate their commitment by offering evidence of training provisions and complimentary accident insurance for workers upon registration. Regrettably, we found no indications of any other platform extending risk or health coverage to their workforce.

In the realm of collective representation and worker rights, despite the recent emergence of a substantial international platform worker movement, platforms have largely disregarded the right to collective expression. No evidence suggests that platforms are inclined to entertain or acknowledge collective representations put forth by their workers. Nevertheless, the worker organisations that have surfaced during this period are gaining momentum and are poised to persist in advocating for better conditions. In this regard, it is imperative for regulators to proactively foster the formal recognition and legitimization of these organisations as authentic voices for platform workers.

5. Barriers and opportunities to improve labour standards

The Ecuadorian gig economy presents a landscape of legal, technological, and social complexities that pose both barriers and opportunities for enhancing labour standards. In 2004, Executive Order 2166 extended protection to around 600,000 workers by regulating outsourcing terms and conditions in Ecuador (Páez, 2005). Subsequently, in 2008, Constituent Mandate No. 8 prohibited outsourcing and hourly work as mandated by the [Constituent Assembly \(2008\)](#). The legal framework's volatility has prompted companies to adopt contractual models that safeguard their interests rather than those of workers. This phenomenon has driven platforms operating in Ecuador to adopt contracts governed by civil law.

However, the humanitarian crisis triggered by COVID-19 compelled policymakers to modify labour regulations to mitigate widespread layoffs. Minister of Production Iván Ontaneda reported that during the initial months of the pandemic, 70% of Ecuadorian enterprises ceased operations ([Sputnik, 2020](#)). Against this backdrop, the Ministry of Labour introduced novel forms of contracting, enabling hourly and daily wages. These fresh labour regulations empower workers to demand equitable contracts and potentially transition from self-employment to employee status. The updated regulations offer companies greater ease in transitioning workers from independent contractor roles to formal employment. Nonetheless, crafting more transparent and succinct terms and conditions, in alignment with local law, remains essential.

Another dimension to contemplate pertains to information technology. Internet applications and platforms have become pivotal enablers of online shopping and home delivery. Their adaptability, rapidity, and instantaneous gratification have made them highly favoured among users ([Forsyth, 2020](#); [Fredman et al., 2020](#); [Novitz, 2020](#)). Similarly, these technological platforms have garnered substantial appreciation from economic stakeholders for stimulating employment and fostering economic growth. However, the focus on the technological advantages

of the platform economy, characterised by its automation and digitalization (Graham and Shaw, 2017), often overshadows the actual goods and services procured and transacted online.

Nevertheless, technology is also employed to measure and exert control over workers' performance. Algorithms developed by applications assign tasks to platform workers while concurrently assessing their speed and diligence. These algorithms amalgamate customer ratings, compute payment for each delivery, and institute systems of rewards and penalties (Mateescu and Nguyen, 2019). Subpar scores and algorithmically identified underperformance can lead to temporary suspensions, hindering future deliveries, and even virtual "dismissal" from the platform.

The impact of technology on the working conditions of individuals engaged in digital platform work is palpable. Workers find themselves in a state of constant unease due to customer ratings and the algorithm's role in determining their job assignments and corresponding payment. In contrast to the idealised visions of technology serving the worker, contemporary algorithms have been fashioned (Bijker et al., 2012) within a revamped form of 21st-century Taylorism (Stefano and Valerio, 2018). For example, between 2019 and 2021 Glovo's algorithm modified its impact on workers' earnings by bundling two deliveries for a single compensation, reducing the payment for each delivery from 1.00 USD to 0.30 USD, and decreasing the value paid per kilometre travelled. Even though Glovo workers acknowledged the algorithm's agency, they confront the challenge of instigating a social discourse about the algorithm, an issue recently advocated by UNI Global Union (2020b). As stated by Christy Hoffman, "algorithmic tools can unlock efficiencies but also pose several important risks – particularly increased surveillance and data collection, dehumanisation of work, and exacerbating workplace discrimination" (UNI Global Union, 2020a). The platform economy lays bare the socio-technical systems (Bijker, 1995; Pinch, 1996; Pont et al., 2012) that underlie these novel work arrangements. The interplay between technological, social, and economic realms underscores the growing influence of technological solutions in the gig economy's work landscape. This accentuates the importance of incorporating algorithms into labour advocacy efforts to negotiate more equitable work conditions.

In the wake of the pandemic, delivery workers have participated in three international and two national strikes to protest against the demanding working conditions exacerbated by COVID-19. Collectively, workers' organisations have mobilised through WhatsApp groups and have established connections with international platform worker collectives like Glovers in Brazil, Mexico, Argentina, Peru, and Costa Rica. Their demands focus on reducing the compensation per "gig" and challenging the implementation of a collective delivery system that increases workload for less pay. Additionally, they demand platforms to provide risk and health insurances, sanitary supplies for working during the pandemic, recognition of their employment status, and the enhancement of working conditions. The principle of fair representation can serve as a means for workers to unify their demands, acknowledge their collective entities, address their employment status classification, and establish a mechanism for voicing and negotiating working conditions. Reflecting on the current labour movement challenges within the gig economy is pivotal for designing effective policy instruments (Tassinari & Vincenzo Maccarrone, 2017; De Stefano, 2018) that aid in "organising the workers whose jobs are made precarious by technology" (Braithwaite, 2017).

6. Conclusions

The gig economy presents a myriad of distinctive issues and challenges for countries in the Global South. In Ecuador's case, grappling with the transformative waves of technological and economic shifts brought about by digitization and automation has proven to be a complex endeavour. The nation faces obstacles in keeping pace with the requisite technological infrastructure and capabilities required for the

burgeoning new industries. Furthermore, the absence of comprehensive regulations and institutional mechanisms to frame the development of these activities amplifies the socio-economic repercussions they entail. This context allows companies to operate within ambiguous boundaries concerning taxation and labour conditions. More troublingly, these countries often lack the substantial authority to enforce local regulations. Even local businesses often opt to operate from foreign jurisdictions to evade Ecuador's financial, labour, and taxation hurdles. This exacerbates the vulnerability of workers to exploitation while simultaneously obstructing any meaningful regulation or negotiation that accommodates their needs and aspirations.

Based on the evidence gleaned from this study, it becomes evident that the working conditions provided by platforms operating in Ecuador still fall considerably short of fairness. Although platform workers interviewed in Ecuador appear to surpass the legally mandated minimum hourly wage, these figures belie a diverse spectrum of experiences. The influence of algorithmic labour management compels workers to extend their work hours beyond the legal threshold to attain such earnings. This also masks the practice of externalising business costs, the opaqueness surrounding cost structures, and workers' limited awareness of these factors. Several aspects of equitable working conditions, such as comprehensive risk and health coverage, unambiguous, transparent, and locally applicable contracts, equitable and transparent management, and the right to collective voice and representation, are conspicuously absent across many of these platforms. Despite the challenges faced by local ventures in an increasingly shrinking market, they tend to exhibit a more socially conscious orientation compared to their international counterparts.

The far-reaching consequences of the COVID-19 pandemic-induced economic turmoil are expected to persist. Escalating poverty and inequality, coupled with the persistent spectre of informality, will continue to cast shadows over labour relationships and access to work and income. An integrated, internationally coordinated approach and incentivization are imperative to counterbalance the limited local authority in the face of the disproportionate power wielded by transnational platforms. As we have observed, workers are often constrained in their capacity to negotiate their demands, necessitating a multi-stakeholder strategy to bolster their claims. In this regard, the action-research framework offered by Fairwork not only serves as a tool for identifying the shortcomings of the gig economy and instigating the right incentives for cultivating a more equitable local platform economy, but it also provides an avenue to coalesce an international, action-oriented strategy that actively engages with transnational platforms to enhance fair working conditions on a global scale.

Declaration of Competing Interest

No conflict of interest.

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