

Ride-hailing and delivery jobs are here to stay – let’s make them work

The platform economy can provide good jobs for Singaporeans, notwithstanding concerns of overwork, lack of retirement savings and limited career mobility.

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For *The Straits Times*

A study published last month by the Institute of Policy Studies (IPS) raised some important issues facing workers on food delivery and private-hire vehicle (PHV) online platforms.

While platform or “gig” workers enjoy flexible hours and attractive pay, the report (“Delivery, private-hire platform workers risk being trapped in poverty, precarity: Study”, *The Straits Times*, Feb 28) highlighted concerns such as overwork, lack of career mobility, financial stress and inadequate retirement savings. It also pointed to workers’ vulnerability to accidents, illness or unreasonable customer demands.

The challenge then is how best to address these concerns while sustaining the platform economy, which has increased access and convenience for Singapore consumers while providing income and work flexibility for gig workers.

Ride-hailing and food delivery services have become important enablers in the private transport and F&B sectors.

The introduction of surge pricing by ride-hailing platforms has been a game changer, cutting out long taxi queues on rainy days by improving the matching of private transport supply and demand. Food delivery services provided a lifeline for many households and food outlets during the Covid-19 circuit breaker in 2020. They continue to be popular today, as evident from the ubiquity of delivery riders on roads and in our neighbourhoods.

The benefits that online platforms have afforded workers are undeniable. Platform workers who put in a full day’s shift have reported earnings of between \$3,000 and \$5,000 a month, more than some could otherwise make without specialised skills.



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Others use online platforms to supplement their income, working as little or as much as they choose to meet their financial objectives. As private-hire and food delivery work cannot be offshored, unlike some other freelance or IT jobs, platform workers enjoy the location-based premium of working in an affluent global city. The industry has also rationalised its incentives from the early days of intense competition for market share.

Today, the underlying demand and supply picture is clear. Platform work fills an evident market need, while also meeting increasing demand for flexible work among Singaporeans. Survey data from the Ministry of Manpower indicates that over 80 per cent of workers for whom platform work is their primary job do so out of choice rather than necessity.

In short, the platform economy is here to stay, and it is in the interest of firms and all stakeholders to find ways to improve the well-being and longer-term prospects of gig workers.

UNION REPRESENTATION, CPF SAVINGS

Let us first take a closer look at the challenges delivery and PHV workers face. As self-employed workers, they do not have the same protection given to salaried employees under the Employment Act. Furthermore, they are not entitled to union representation for collective bargaining and

grievance handling, although the National Trades Union Congress has set up a Freelancers and Self-Employed Unit that provides access to insurance, training grants and seminars.

There is also concern about retirement savings, given that Singapore’s social security system is based on regular Central Provident Fund (CPF) contributions. Self-employed workers are required to contribute only to MediSave – even so, some have not been contributing regularly.

In 2018, a tripartite work group recommended a “Contribute-As-You-Earn” (CAYE) model for the self-employed, where a MediSave contribution is required from platform intermediaries or corporate service buyers as and when a service fee is paid.

The Government, as a service buyer, has piloted CAYE since 2020, making MediSave contributions easier and hassle-free for the self-employed. Besides, the Government has signalled openness to reviewing current legislation that could pave the way for union representation of freelancers.

There is scope to review the responsibilities of online platforms, and even customers, towards workers.

The IPS report suggested mandating or incentivising platform companies and workers to make CPF and insurance

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contributions, and also implementing a rest period policy for workers who spend long hours on the road.

Appropriate regulations could help level the playing field for companies, while protecting the interests of workers. This benefits both sides, because protecting workers is ultimately in the interest of platform companies.

However, rules cannot be “one size fits all”, as reflected in the profile of respondents in the study. Some drive or ride as their primary job, while others do it as a side gig. They include workers with different needs and constraints, such as students, retirees, those in between jobs, as well as those with

caregiving responsibilities.

Besides, two-wheel and four-wheel drivers have considerably different working conditions and so do not face the same challenges or risks. There may also be trade-offs between work protection and flexibility, which is a key motivation for many platform workers.

These are issues which the advisory committee on platform workers, set up by the Ministry of Manpower late last year, is already looking into.

For instance, the committee is considering whether platform companies should be required to make CPF contributions to support workers’ housing and retirement needs. As platform work is here to stay, the recommendations of the committee will be critical for this important segment of the workforce.

CREDIBLE ALTERNATIVE CAREERS?

Another concern expressed in the study is that full-time platform workers may not get as many opportunities for long-term skills acquisition and career progression (although other forms of employment may not guarantee this either).

In particular, they may lack the time or motivation to invest in skills training that would enable them to secure other employment. The IPS report suggested raising awareness of government schemes that help workers reskill

or find other jobs.

Although the median pay of private-hire car drivers and delivery workers in 2021 was \$2,000 and \$1,800 respectively, some are able to earn considerably more than the median starting salary for Institute of Technical Education graduates (\$1,720 for fresh graduates and \$2,200 for post-national service graduates in 2020).

For those without post-secondary education, the pay differential could be greater. Even with several years of work experience, the pay in other jobs may not match what platform work can offer.

So, in providing career guidance to workforce entrants, there is a need to identify jobs and careers that provide a credible alternative to platform work.

These would be jobs that are in demand, resilient in the face of automation and allow workers to gain skills and higher incomes over time. They could include healthcare roles such as nursing, maritime jobs for which there remains a dearth of local seafarers, and skilled occupations such as electricians, plumbers and technicians.

These roles, however, typically require much more formal training and have higher barriers to entry. Comparable jobs in retail, F&B and office administration are unlikely to match up, although the expansion of the Progressive Wage Model will see wages climb across the board over time.

In explaining their reluctance to take up skills training, full-time platform workers have cited the opportunity cost of taking time off from work without the guarantee of a new job. The prospect of training or finding employment in an unfamiliar sector may itself be daunting.

Place-and-train career conversion programmes offered by Workforce Singapore, where workers are hired first and then trained, provide job certainty for those looking for a change of career.

It may also be worth enabling platform workers to try out alternative jobs with good long-term prospects, such as by providing part-time training or employment opportunities with competitive training allowances or salaries.

By strengthening worker protection and welfare, platform jobs have the potential to become quality jobs for local workers, whether as full-time or part-time work. Targeted career guidance and job matching, meanwhile, would expand career possibilities for platform workers, while optimising the nation’s manpower resources for priority areas such as healthcare.

With the two-pronged approach of better worker protection and targeted career guidance, platform work could be an asset in the nation’s economic and social development, as the future of work takes shape in Singapore.

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