

## Article

# Digital Labor and Social Protection in the Platform Economy

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**Abstract:** Digital labor platforms have transformed organization, monitoring, and compensation of work, challenging the twentieth-century welfare architectures built around stable, full-time employment. Current research explores the relationship between digital labor and welfare provision, tracing how platform-mediated work ranging from ride-hailing and delivery services to microtask crowd work, content moderation, and freelance platform work is uncertain although it has generated new efficiencies and income opportunities. Digital labor exposes a fundamental mismatch between employment-linked welfare systems and the fragmented, algorithmically managed platform work. The study traces the history of the employment-based welfare state, analyzes the mechanics of algorithmic management, surveys legal classification struggles across the United States, the United Kingdom, the European Union, and the Global South, and examines gendered, health-related, and cross-border dimensions of the welfare deficit. Emerging policy responses including reclassification litigation, portable benefits schemes, universal basic income proposals, algorithmic transparency mandates, and the European Union's Platform Work Directive have also been explored. Addressing the welfare deficit of digital labor requires decoupling social protection from the traditional employer-employee relationship altogether, and reorganizing it instead around the worker as such.

**Keywords:** digital labor; social protection; law; platform economy; European Union

## 1. Introduction

Digital technologies have changed where work happens and what counts as an employment relationship in the first place. Since the early 2010s, digital platforms have become a major part of economic activity by matching labor supply with labor demand in real time, coordinated work through algorithms, and classifying workers as independent contractors rather than employees (Srnicek 2017). This shift has been described as the “gig economy,” the “platform economy,” or, “digital labor.” (Scholz 2017). The phenomenon raises a pressing question for social policy, i.e., what happens to the welfare state when work no longer looks like a job?

Modern welfare states, especially in the Euro-American tradition, were built around the stable, full-time, employer-based employment (Standing 2011). Pensions, health insurance, unemployment benefits, sick leave, and disability protections have historically been distributed through the wage relationship, with employers contributing to social insurance funds on behalf of their employees. Digital labor platforms disrupt this arrangement as a structural feature of their business model. Byclassifying workers as independent contractors, platforms shift the costs of social reproduction, i.e., healthcare, retirement savings, injury protection to workers themselves, while capturing the efficiency gains of a flexible, on-demand workforce (Rosenblat 2018).

The International Labour Organization (ILO) estimates that digital labor platforms connect millions of workers globally to income-generating tasks, ranging from short local errands to globally distributed microtasks that can be completed from anywhere with an internet connection (Berg and Marianne Furrer at el. 2018). Yet the growth of this workforce has occurred largely outside the frameworks that historically extended social protection to workers, producing a welfare deficit as a persistent and structurally reproduced gap between the risks that platform workers bear and the protections available to them.

## 2. Theoretical Frameworks of Digital Labor

Three overlapping theoretical traditions inform the analysis of this study. These are political economy of platforms, the sociology of precarious work, and the institutional analysis of the welfare state. Each has a distinct vocabulary for understanding why digital labor generates welfare deficits, and together they provide a more complete picture than any single framework alone.

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## 2.1 The Political Economy of Platforms

Nick Srnicek situates the platforms within the broader trajectory of capitalist development since the 1970s. Platforms are a business model adapted to an economic environment characterized by low interest rates, large pools of investment capital seeking returns, and the increasing centrality of data extraction to profitability (Srnicek 2017). Platforms are not simply technological innovations but a specific organizational form. These are digital infrastructures that enable different groups of users including workers, consumers, and advertisers to interact, and derive competitive advantage from network effects, in which the value of the platform increases as more users join it (Srnicek 2017). In labor markets, these platforms have structural incentives to expand their user base, by lowering the barriers to becoming a worker, even where this means absorbing large numbers of workers without providing them the protections associated with standard employment.

Platforms consistently present themselves as neutral technological “marketplaces” connecting independent micro-entrepreneurs, even though the degree of operational control they exercise by over pricing, task allocation, quality standards, and worker conduct, often resembles that of a conventional employer (Adams-Prassl 2018). This is a form of institutional “doublespeak,” designed simultaneously to reassure consumers, retain workers, and forestall regulatory intervention (Adams-Prassl 2018).

## 2.2 The Sociology of Precarious Work

The “precariat” concept describes a growing class of workers who lack labor-related security historically associated with industrial employment including labor market security, employment security, job security, work security, skill reproduction security, income security, and representation security (Standing 2011). This framework disaggregates “security” into distinct dimensions, several of which digital labor platforms erode simultaneously. The “fissured workplace” concept describes how large firms have shed their role as direct employers in favor of outsourcing, subcontracting, and franchising arrangements that distribute responsibility for wages, benefits, and working conditions across a diffuse network of smaller entities, even as the lead firm retains substantial control over how the work is performed (Weil 2014). Digital labor platforms are an intensified, technologically mediated form of workplace fissuring, in which the coordinating functions of employment are retained while its legal and financial obligations are disclaimed (Adams-Prassl 2018).

## 2.3 Institutional Analysis of the Welfare State

A third framework, drawn from social policy scholarship, examines the institutional design of welfare states themselves, specifically, the eligibility criteria that determine who receives social protection and on what basis. Most welfare systems were designed around a specific and increasingly unrepresentative model of employment consisting of a single employer, a continuous full-time job, and a clearly identifiable wage from which social insurance contributions could be deducted (Behrendt and Uma et al. 2019). Digital labor violates each element of this model. Platform workers frequently work for multiple platforms simultaneously, their income is often irregular and difficult to verify, and the legal identity of their “employer” is frequently contested. This institutional mismatch, rather than any single design flaw, produces the welfare deficit.

## 3. Defining and Classifying Digital Labor

“Digital labor” is used unevenly, although four overlapping senses of the term are available, each of which raises somewhat different welfare questions.

The narrowest and most publicly visible sense of digital labor refers to platform-mediated gig work, i.e., tasks such as ride-hailing, food delivery, and home services that are coordinated through smartphone applications and paid on a per-task basis. It is characterized by physical, location-bound labor that happens to be coordinated digitally. The platform's primary contribution is matching, monitoring, and payment processing rather than the substance of the task itself (Rosenblat 2018).

A second sense, encompasses crowdwork which is the outsourcing of discrete digital tasks, i.e., data labeling, content moderation, image tagging, survey completion, and transcription to a distributed, often global, workforce through platforms like Amazon Mechanical Turk (Scholz 2017). Unlike gig work, crowdwork is not bound to any particular location and can be performed by anyone with internet access anywhere in the world, a feature with significant implications for cross-border welfare governance.

Third category comprises freelance platforms such as Upwork and Fiverr, through which workers offer specialized professional services consisting of writing, design, software development, and consulting on a project basis. Workers typically retain more control over pricing and task selection, and often possess formal qualifications. However, they cannot enjoy employment-linked benefits in the same manner as other platform workers, and face additional risks related to non-payment and platform-mediated dispute resolution (Berg and Marianne et al. 2018).

Fourth and broadest sense, extends “digital labor” to include the largely unremunerated data-generating activity of ordinary internet users, whose clicks, searches, and social media engagement are captured as raw material for platform value creation. It also includes the largely invisible human labor involved in data labeling, content moderation, algorithmic quality control that underlies the training and functioning of artificial intelligence systems (Casilli 2017, Gray and Siddharth 2019). Concept of “ghost work” is especially useful here. It captures how a vast amount of digital labor, particularly the human labeling and moderation work that underlies artificial intelligence systems, remains structurally invisible, informally organized, and excluded from standard labor protections even though it is indispensable to the functioning of major technology companies (Gray and Siddharth 2019).

The term “digital labor” in current research is used primarily in the first three senses, i.e., paid, task-based work coordinated through digital platforms, since these forms of work raise the most direct and pressing questions about employment classification and welfare eligibility. The fourth, broader sense is invoked selectively, particularly in the discussion of content moderation and crowdwork, where the boundary between paid task work and structurally invisible labor becomes especially significant.

## 4. Employment-Based Welfare State

The welfare architectures of most industrialized economies were consolidated over the course of the twentieth century around what labor sociologists term the “standard employment relationship” including full-time, indefinite-duration employment with a

single, identifiable employer, typically performed at an employer-designated worksite under direct supervision (Weil 2014). This model reached its expression in the decades following the Second World War, when many industrialized economies constructed comprehensive social insurance systems, covering healthcare, unemployment, disability, and retirement that were financed through payroll contributions split between employers and employees.

This institutional design was never universal even at its height; informal, casual, and self-employed work persisted throughout the twentieth century, particularly in agriculture, domestic service, and the Global South. But in the wealthier economies where welfare states existed, the standard employment relationship functioned as the implicit organizing principle around which eligibility rules were written. An employer's obligation to contribute to social insurance was triggered by the existence of an employment relationship; a worker's entitlement to benefits was, in turn, typically calculated with reference to a continuous wage record.

Beginning in the 1970s and accelerating through the 1980s and 1990s, this model faced pressure from several directions. It included decline of large-scale manufacturing employment, the rise of service-sector and part-time work, the deregulation of labor markets in many jurisdictions, and the growing use of subcontracting and outsourcing arrangements that Weil terms workplace “fissuring.” (Weil 2014). Digital labor platforms did not initiate this process, but they represent its most technologically sophisticated and, because they combine the legal disaggregation associated with subcontracting with algorithmic tools that allow for a degree of centralized coordination and control that earlier forms of outsourcing could not achieve (Adams-Prassl 2018).

## 5. Architecture of Value Extraction in Platforms

Several distinct types of platforms are operating within the contemporary economy, including advertising platforms, cloud platforms, industrial platforms, product platforms, and “lean” platforms, the last of which includes most labor-intermediating platforms such as Uber and TaskRabbit, and which are characterized by outsourcing as many assets as possible, retaining only the platform infrastructure itself (Srnicsek 2017). This “lean” structure is directly relevant to welfare outcomes. Since lean platforms own no vehicles, employ no drivers in the conventional sense, and maintain minimal fixed capital, their profitability depends heavily on their ability to externalize costs including the costs of social protection, onto workers and, indirectly, onto public welfare systems.

Despite their self-presentation as neutral marketplaces by Uber, Deliveroo, TaskRabbit, and Amazon Mechanical Turk, these platforms perform the core functions historically associated with employers. They set (or substantially constrain) the price of labor, they determine which workers gain access to tasks, they monitor performance continuously, and they can terminate a worker's access to the platform unilaterally (Adams-Prassl 2018). Most gig-economy work falls within the scope of existing employment law once these functions are examined substantively rather than through the lens of the platform's own contractual language (Adams-Prassl 2018).

This tension between platforms' self-presentation and their operational reality is not incidental and in Srnicsek's view, is a rational response to the competitive and financial pressures platforms face. Because many platforms operate at a loss for extended periods while pursuing market share, and because investor expectations reward rapid scaling over near-term profitability, platforms have strong incentives to minimize labor costs, including the costs associated with employment-linked social protection (Srnicsek 2017). A similar conclusion from a different angle on the broader “sharing economy” indicates how platforms that initially promised more equitable, cooperative economic relationships have, in practice, tended toward increasingly extractive relationships with their workforces as they scale and face pressure to become profitable (Schor 2020).

## 6. Algorithmic Management and the Restructuring of Work

Supervision, task allocation, performance evaluation, and termination in digital labor is handled largely or entirely by software rather than human managers. Four mechanisms through which algorithmic management operates, and their direct implications for worker welfare are discussed below.

Platforms collect granular, continuous data on worker behavior including location, speed, acceptance and cancellation rates, time between tasks, customer ratings that exceeds what a conventional human supervisor could observe (Rosenblat 2018). This data is used not only to evaluate individual workers but to train the algorithmic systems that allocate future work, creating a feedback loop in which past behavior shapes future opportunities in ways that are frequently opaque to the worker (Rosenblat 2018).

Many platforms employ gamified interfaces consisting of progress bars, streak bonuses, surge-pricing alerts, and forward-looking earnings targets to influence when and how long workers work, often in ways that align with platform-side demand fluctuations rather than worker preferences (Rosenblat 2018). These techniques can encourage workers to work longer or riskier hours than they otherwise would, particularly when income is volatile and workers feel pressure to meet informal quotas (Berg and Marianne et al. 2018).

Customer rating systems function as a distributed disciplinary mechanism, in which the platform delegates performance evaluation to consumers while retaining the authority to act on the resulting scores, often through automated deactivation when a worker's rating falls below a platform-determined threshold (Adams-Prassl 2018). Because these systems aggregate subjective consumer judgments which can be inflected by bias related to race, gender, accent, or neighborhood, algorithmic reputation systems risk encoding and amplifying forms of discrimination that would be more directly contestable under conventional employment law (Rosenblat 2018).

Another welfare implication of algorithmic management is the practice of automated “deactivation”, the suspension or permanent removal of a worker's access to the platform, often triggered automatically by rating thresholds, fraud-detection algorithms, or customer complaints, with limited or no opportunity for the worker to contest the decision before it takes effect (Gray and Siddharth 2019). Because platform income often constitutes workers' primary or sole source of livelihood, deactivation functions, in practical terms, much like a termination of employment. Workers subject to deactivation typically lack access to the unemployment insurance, notice requirements, or unfair dismissal protections that would apply following the termination of a standard employment relationship (De Stefano 2016).

Summing up, algorithmic management allows platforms to exercise many of the coordinating and disciplinary functions historically associated with employment while simultaneously using the absence of a human supervisor as evidence against employee status in legal and regulatory disputes, although the degree of behavioral control exercised by algorithms can, exceed that of a conventional manager (Adams-Prassl 2018).

## 7. Legal Classification Struggles Across Jurisdictions

Because welfare entitlements in most jurisdictions are linked with employment status, the legal classification of platform workers as employees, independent contractors, or some intermediate category, has become the central battleground through which welfare questions are contested.

### 7.1 The United States

U.S. employment law has relied on multi-factor tests, developed through common law and elaborated by federal agencies, to distinguish employees from independent contractors, focusing on questions such as the degree of control exercised over the work, the worker's opportunity for profit or loss, and the permanence of the relationship (Oei and Diane 2018). California's 2018 Dynamex decision and subsequent Assembly Bill 5 sought to simplify this analysis by codifying an "ABC test," under which a worker is presumed to be an employee unless the hiring entity can demonstrate that the worker is free from its control, performs work outside its usual course of business, and is customarily engaged in an independently established trade (Ballot Pedia 2019). Ride-hailing and delivery platforms responded by sponsoring Proposition 22, a 2020 ballot initiative that created a hybrid category preserving independent contractor status for platform drivers while mandating limited benefits, such as a healthcare subsidy tied to hours worked and occupational accident insurance (California 2020). The resulting patchwork varying by state, and periodically revisited through litigation and ballot initiatives, indicates the difficulty of resolving classification questions through litigation alone, and has led some scholars to argue for statutory reform that creates a distinct "independent worker" category with a tailored set of protections, rather than forcing platform work into either the employee or independent contractor category as historically defined (De Stefano 2016).

### 7.2 The United Kingdom

UK employment law recognizes an intermediate category, "worker" status, that sits between full employee status and genuine self-employment and entitles individuals to certain protections including the national minimum wage and paid annual leave, without the full suite of employee protections such as unfair dismissal rights. In *Uber BV and others v. Aslam and others*, the UK Supreme Court held unanimously in February 2021 that Uber drivers qualify as "workers" under this framework, reasoning that Uber exercised substantial control over drivers through its pricing, task allocation, and rating systems, notwithstanding the contractual language characterizing drivers as independent contractors (Keyte 2021). The decision prompted other platforms to extend at least worker-status protections to segments of their workforce, though considerable ambiguity remains regarding which specific platforms and business models fall within the scope of the ruling (Adams-Prassl 2018).

### 7.3 The European Union

The European Union adopted a directive on improving working conditions in platform work, which establishes a rebuttable presumption of employment status where a platform exercises specified forms of direction and control over workers, and which imposes new transparency requirements on the algorithmic systems used to manage them (European Parliament and Council 2024). This approach addresses classification and algorithmic management concerns within a single instrument, recognizing that the two issues are analytically linked. It shifts the burden of proof onto platforms to demonstrate genuine independence, reversing the default that has generally prevailed in litigation-driven systems such as the United States.

### 7.4 Developing Economies and the Limits of Formal Classification

In much of the Global South, the classification debate operates within a different institutional context, since large shares of the workforce already labor within the informal economy, outside the reach of labor law and social insurance systems regardless of whether digital platforms are involved (Graham and Isis Hjorth et al. 2017). Digital labor platforms operating in these contexts often do not so much displace formal employment as extend existing patterns of informality into a new, technologically mediated register, meaning that classification litigation of the kind pursued in US and UK is frequently unavailable as a strategy, since it presupposes an underlying labor law and enforcement infrastructure that many of these workers already lack access to.

## 8. Case Studies in Welfare Erosion

This section examines in detail how the welfare deficit manifests across five distinct segments of the digital labor market.

### 8.1 Ride-Hailing and Delivery Platforms

Ride-hailing and delivery work illustrate the welfare deficit most visibly, since drivers and couriers face substantial physical risk from road accidents. In the absence of employer-provided workers' compensation in most jurisdictions, medical costs and lost income from an on-the-job injury typically fall on the worker or on public health and disability systems (Rosenblat 2018). Because earnings fluctuate with algorithmically determined demand and pricing, workers face volatile incomes that complicate eligibility for means-tested public benefits, which are often calculated on the assumption of a predictable pay cycle (Standing 2011). Vehicle and equipment costs of fuel, insurance, maintenance, depreciation are borne entirely by the worker, meaning that a driver's headline earnings figure typically overstates take-home income once these costs are subtracted, a distinction that platforms have at times been accused of obscuring in worker-facing communications (Rosenblat 2018).

### 8.2 Crowdsourcing and "Ghost Work"

Crowdsourcing platforms such as Amazon Mechanical Turk present a related but distinct set of welfare problems. Tasks are often priced at fractions of a cent, workers may be based anywhere in the world, and there is frequently no minimum wage floor at all, since the work is legally structured as a series of discrete micro-contracts rather than continuous employment (Gray and Siddharth

2019). ILO's global survey of microtask workers found that while a meaningful share of workers relied on crowdwork as their primary source of income, hourly earnings were often low relative to workers' education levels, and social protection coverage, i.e., health insurance, pension contributions, paid sick leave was minimal across the workforce surveyed (Berg and Marianne et al. 2018). This workforce performing tasks essential to training and moderating artificial intelligence systems is largely invisible to both the public and to policymakers, meaning that welfare gaps in this sector receive comparatively little legislative attention despite the scale of the workforce involved (Gray and Siddhart 2019).

### 8.3 Content Moderation

A particularly acute welfare concern involves commercial content moderators, who review graphic and traumatic material to keep social media platforms free of violent or abusive content. Sarah T. Roberts's ethnographic research documents elevated rates of post-traumatic stress symptoms among moderators, many of whom are employed through third-party contracting firms rather than directly by the platforms whose content they review, which limits their access to occupational mental health support and complicates legal accountability for injuries sustained on the job (Roberts 2019). Roberts further shows that the outsourcing of moderation work to lower-wage regions and third-party firms is a deliberate strategy to reduce costs and distance platforms from direct legal exposure for the psychological harms the work can produce (Roberts 2019).

### 8.4 Freelance and Project-Based Platforms

Workers on freelance platforms such as Upwork and Fiverr often possess formal qualifications and exercise greater control over pricing and client selection than gig or crowdwork workers, yet are excluded from employment-linked benefits and bear substantial platform intermediation fees that reduce effective earnings (Berg and Marianne et al. 2018). Because payment is frequently contingent on client satisfaction and released only after a platform-mediated review process, freelance workers also face heightened risk of non-payment and limited recourse when disputes arise, a risk that is amplified for workers in the Global South working for clients based in wealthier economies (Graham and Isis et al. 2017).

### 8.5 Care and Domestic Work Platforms

A growing segment of digital labor platforms mediates care and domestic work, i.e., childcare, eldercare, cleaning, and related services that has historically been informalized, undervalued, and disproportionately performed by women and migrant workers (Schor 2020). Digital intermediation in this sector can improve some aspects of working conditions, such as payment reliability and access to a broader client base, but it typically does not extend the formal social protections of parental leave, injury compensation, retirement contributions that would apply were the work performed within a conventional employment relationship, meaning that platformization in this sector risks entrenching existing patterns of undervaluation in a new technological form rather than resolving them (Behrendt and Uma et al. 2019).

## 9. Gendered Dimensions of Digital Labor and Welfare

The welfare implications of digital labor are not gender-neutral. Care and domestic work platforms, are disproportionately staffed by women, and the platformization of this sector interacts with pre-existing patterns of undervaluation that have historically disadvantaged women workers within both labor markets and welfare systems (Behrendt and Uma et al. 2019). Because many welfare systems calculate retirement and disability benefits with reference to lifetime earnings and continuous contribution records, patterns of intermittent, low-paid platform work can compound existing gender gaps in retirement security that predate the platform economy but are intensified by it.

Gendered patterns in task allocation and pay exist as women crowdworkers, on average, complete lower-paid categories of tasks and face additional unpaid labor associated with childcare responsibilities that interact with platform work schedules in ways not accounted for by platform design (Berg et al. 2018). The flexibility platforms offer can be valued by workers, particularly women with caregiving responsibilities, who may prefer the ability to select working hours over the more rigid scheduling associated with conventional employment, even as this flexibility comes at the cost of the social protections associated with standard jobs (Schor 2020).

## 10. Occupational Health, Safety, and Psychosocial Risk

Digital labor platforms present a distinctive profile of occupational health and safety risk that existing regulatory frameworks are often poorly equipped to address. Physical risks are most acute in transportation-based gig work, where drivers and couriers face road traffic injury risk that is, in some studies, elevated relative to comparable conventional employment, in part because algorithmic incentive structures can encourage workers to accept more trips, work longer hours, or take on additional risk during periods of surge pricing (Berg and Marianne et al. 2018). Because these workers typically lack access to employer-provided workers' compensation insurance, the costs of workplace injury are frequently transferred either to the worker directly or to public health systems, a cost-shifting dynamic that several of the sources examined in this paper identify as a structural, rather than incidental, feature of the platform business model (Weil 2014).

Psychosocial risk is most acute in content moderation and other forms of crowdwork involving repeated exposure to disturbing material, as documented in Roberts's research discussed in Section 8.3, but algorithmic management more broadly has also been associated with heightened stress related to constant performance monitoring, income unpredictability, and the ever-present possibility of algorithmic deactivation without warning or appeal (Rosenblat 2018). Because occupational health and safety regulation in most jurisdictions is triggered by employment status in the same manner as other welfare protections, platform workers experiencing these risks frequently fall outside the scope of workplace safety inspection regimes, sick leave entitlements, and return-to-work programs that would otherwise apply.

## 11. Digital Labor, Global South, Cross-Border Work, and Jurisdictional Gaps

The welfare implications of digital labor are not evenly distributed across the globe. In “planetary labor market”, digital labor platforms increasingly connect workers in low- and middle-income countries to demand originating in wealthier economies, creating new income opportunities but also embedding these workers within global value chains over which they have little bargaining power and to which local labor and welfare regulations often do not effectively extend (Graham and Mohammad 2019). Because platform work of this kind is coordinated at a planetary scale but regulated, a persistent mismatch arises between the geographic scope of the labor market and the geographic scope of available welfare institutions.

Graham, Hjorth, and Lehdonvirta's work on digital labor platforms in Sub-Saharan Africa and Southeast Asia documents both the income opportunities such platforms can provide relative to local labor market alternatives and the structural vulnerabilities workers face, including oversupply of labor relative to available tasks, algorithmic and reputational dependence on clients based in wealthier economies, and near-total absence of local regulatory frameworks addressing platform work specifically (Graham and Isis et al. 2017). Research on “click work” and microtask platforms in countries such as Madagascar, Venezuela, and India describes a workforce performing data annotation and content labeling for global technology firms, often for wages well below what would be considered a living wage in the workers' own countries, and typically without access to any of the social insurance mechanisms that might otherwise be triggered by formal employment (Casilli 2017). Digital labor scholarship itself has been skewed toward the experiences of platform workers in wealthy economies, and calls for a “digital decolonial turn” that centers the experiences of workers in the Global South, who constitute a large and growing share of the global digital labor force but remain comparatively understudied and underrepresented in policy debates (Casilli 2017).

Because digital labor platforms, particularly crowdwork and freelance platforms, frequently coordinate work across national borders, they raise unresolved jurisdictional questions about which state, if any, bears responsibility for a given worker's social protection (Graham and Mohammad 2019). A worker based in one country, performing tasks for a platform headquartered in a second country, serving clients based in a third country, may fall outside the effective jurisdiction of any single national labor law or social insurance system, even where each of those systems would, in principle, extend some coverage to platform work performed entirely within its borders.

This jurisdictional gap is compounded by the difficulty of applying traditional migration and labor governance frameworks, which were generally designed around the physical movement of workers across borders, to a form of work in which the worker's labor crosses borders digitally while the worker's body remains in place. Existing international labor governance instruments, have begun to address platform work specifically, but coverage remains uneven and largely dependent on voluntary adoption by national governments, meaning that for many cross-border crowdworkers, meaningful welfare protection remains largely aspirational rather than operative (Berg and Marianne et al. 2018). Closing this gap will require new forms of international coordination, potentially including agreements to recognize social insurance contributions across borders, or mechanisms requiring platforms themselves to contribute to social protection funds regardless of where their workers are physically located, though as of this writing such mechanisms remain largely at the proposal stage rather than the stage of implementation (Behrendt and Uma et al. 2019).

## 12. Trade Unions, Collective Action, and Worker Organizing

Despite the individualizing tendencies of platform work, platform workers have organized collectively in a number of jurisdictions, adapting traditional labor organizing strategies to the distinctive conditions of algorithmically managed, geographically dispersed work. In the United Kingdom, organizations such as the App Drivers and Couriers Union and the Independent Workers' Union of Great Britain have pursued both litigations, including the *Uber v. Aslam* case and direct organizing strategies, including coordinated logouts and strikes timed to periods of peak demand, in an effort to exert leverage despite platform workers' formal exclusion from many conventional collective bargaining frameworks (Adams-Prassl 2018).

Similar organizing efforts are documented among gig and crowdworkers in the United States, including online worker forums that function as informal information-sharing and mutual aid networks, even in the absence of formal union recognition (Schor 2020). A recurring challenge facing platform worker organizing, however, is that competition law in several jurisdictions has historically treated independent contractors' collective wage-setting activity as a form of price-fixing subject to antitrust or competition law restrictions. Since such workers are formally classified as separate economic undertakings rather than employees, a classification-dependent barrier to collective action that mirrors, and compounds, the welfare-eligibility barriers (De Stefano 2016). Some jurisdictions, including elements of the European Union's evolving platform work framework, have begun to carve out exceptions to competition law specifically to enable collective bargaining by platform workers, reflecting a growing recognition that classification-dependent barriers to organizing compound, rather than merely parallel, classification-dependent barriers to welfare access.

## 13. Emerging Models of Welfare Provision

Five distinct, though not mutually exclusive, policy strategies have been proposed to address the welfare deficit associated with digital labor.

The most direct policy strategy, is to reclassify platform workers as employees, either through litigation, as in the UK, or through statute, as in California's Assembly Bill 5. Reclassification extends the full existing suite of employment-linked protections without requiring the construction of new welfare institutions, but has two significant limitations. Platforms are willing and have financial capacity to resist reclassification, whether through ballot initiatives such as California's Proposition 22 or through the restructuring of their operational model to avoid triggering reclassification tests. Reclassification does not by itself address the cross-border and multi-platform dynamics, since it presupposes a single, identifiable employer within a single jurisdiction (De Stefano 2016).

A distinct and more structurally ambitious approach seeks to decouple benefits from any single employer altogether. Portable benefits proposals, piloted in several U.S. states and included as a partial mechanism within California's Proposition 22, would require platforms to contribute pro-rated amounts into individual worker benefit accounts based on hours worked or income earned, with the resulting funds usable for healthcare, retirement, or paid leave regardless of how many platforms a worker uses or how

their employment status is classified (Oei and Diane 2018). This model better reflects the reality of workers who piece together income from multiple platforms simultaneously, a pattern of work Rosenblat's research finds to be common enough among ride-hailing drivers that it has acquired the informal label “multi-apping” (Rosenblat 2018). However, portable benefits schemes, if adopted as a substitute for employee status rather than a supplement to it, risk permanently enshrining a sub-employee category with weaker protections than standard labor law would otherwise provide, a concern voiced prominently by labor advocates in the debate surrounding Proposition 22 (Standing 2011).

A third policy family sidesteps the classification problem altogether, proposes decoupling basic income security from employment status entirely through universal or near-universal cash transfer programs, financed through general taxation rather than employer payroll contributions (Standing 2011). Because such schemes do not depend on establishing an employment relationship, they would in principle extend coverage to crowdworkers, freelancers, and informal workers alike, including those working across multiple platforms or across national borders. Critics note, however, that universal basic income proposals face substantial fiscal and political feasibility challenges, and that a basic income alone may not address sector-specific risks such as the occupational injury and psychosocial harms, which typically require dedicated insurance mechanisms rather than a general income floor (Behrendt, and Uma et al. 2019).

A fourth policy approach addresses the algorithmic management concerns through transparency and data-access mandates. The European Union's General Data Protection Regulation includes provisions restricting fully automated decision-making that produces significant effects on individuals without meaningful human review, a framework that has been invoked in disputes concerning algorithmic deactivation on platforms such as Uber and Ola (Adams-Prassl 2018). The subsequent EU Platform Work Directive imposes specific transparency obligations on platforms regarding the parameters used in algorithmic systems that affect workers' pay, task allocation, and account status, and by requiring human review of automated decisions with significant consequences for workers, including deactivation (European Parliament and Council 2024). While these measures do not by themselves resolve the classification or benefits questions discussed above, they directly address the due-process concerns, and several scholars view algorithmic transparency as a necessary complement to, rather than a substitute for, the other policy approaches surveyed in this section (Rosenblat 2018).

Finally, the International Labour Organization (ILO) has developed principles for decent work on digital labor platforms, recommending, among other measures, minimum earnings thresholds, transparency in algorithmic management, and extension of social protection coverage to platform workers regardless of formal classification (Berg and Marianne et al. 2018). Because the ILO's recommendations are not binding on member states, their practical effect depends on domestic implementation, but they have nonetheless functioned as an important reference point shaping the design of national and regional reforms, including the EU Platform Work Directive (Behrendt and Uma et al. 2019).

#### 14. Worker-Centered Welfare Architecture

The welfare deficit associated with digital labor is not an incidental byproduct of new technology but a structural feature of how platform business models are designed to allocate risk, reinforced by welfare institutions that remain organized around an employment model that platforms are specifically structured to avoid triggering. Welfare eligibility criteria built around the traditional, single-employer wage relationship are poorly suited to a labor market in which workers increasingly combine income from multiple platforms, engage in short and discontinuous work spells, and lack a stable employer of record. The portable benefits and universal basic income approaches address this mismatch by decoupling entitlement from any single employment relationship, though they differ substantially in scope, financing mechanism, and political feasibility.

Algorithmic management complicates traditional legal tests for employment status, since the presence or absence of a human supervisor is an unreliable proxy for the degree of behavioral control a platform exercises, as demonstrated in the UK Supreme Court's reasoning in *Uber v. Aslam*. Classification reforms alone are insufficient without complementary algorithmic transparency requirements of the kind adopted in the EU Platform Work Directive, since platforms can redesign their operational model in response to classification tests defined narrowly around the presence of direct supervision.

The global and often cross-border character of digital labor, particularly crowdwork, indicates lacunas in international labor governance that domestic welfare reforms alone cannot close. The planetary labor market requires at least mechanisms for recognizing and coordinating social protection contributions across jurisdictions, and at maximum, and new international instruments specifically addressing platform-mediated cross-border work.

A welfare architecture better suited to digital labor will combine several of the approaches. These include a rebuttable presumption of employment status subject to algorithmic transparency requirements, as in the EU model; portable, pro-rated benefit contributions that follow the worker across platforms; targeted occupational injury and psychosocial harm insurance addressing the sector-specific risks; and international coordination mechanisms for cross-border crowdwork. Although these measures are insufficient alone, but together they represent a shift from a welfare system organized around the job toward one organized around the worker.

Current research has several limitations. The literature on which it draws is weighted, with respect to digital labor scholarship generally, toward the experiences of platform workers in wealthy economies, particularly the United States and the United Kingdom. More extensive empirical research on welfare outcomes for platform workers in the Global South remains needed, particularly research that centers workers' own accounts of their circumstances rather than relying primarily on platform-provided data or policy-oriented survey instruments (Casilli 2017).

Since digital labor platforms and the regulatory responses to them are evolving rapidly, any analysis of this kind risks becoming dated quickly. The EU Platform Work Directive, California's Proposition 22, and the UK's post-*Aslam* regulatory landscape are all subject to ongoing litigation, amendment, and implementation processes. Future research would benefit from longitudinal tracking of welfare outcomes following the implementation of these reforms, leading to definitive conclusions about best policy approaches to fulfill the welfare deficit.

This study focused primarily on paid, task-based digital labor, and has engaged only briefly with the broader forms of unremunerated data labor. For comprehensive digital labor and welfare scholarship, the questions of whether, and how, the value generated by ordinary users' data-generating activity might itself be recognized within welfare frameworks should be addressed (Gray and Siddharth 2019).

## 15. Conclusion

Digital labor platforms have expanded income-generating opportunities for workers while simultaneously exposing the structural limits of welfare systems built for an earlier era of stable, employer-based employment. Digital labor platforms are a business model that captures the coordinating and disciplinary functions of employment while disclaiming its social obligations, reinforced by welfare institutions that remain organized around an employment relationship platform are specifically structured to avoid triggering. Policy responses including reclassification litigation and legislation, portable benefits pilots, universal basic income proposals, algorithmic transparency mandates, and the EU Platform Work Directive are partial and often contested attempts to close this gap. A durable solution requires combining several of these approaches simultaneously, and, decoupling social protection from any single employment relationship altogether, extending welfare eligibility to workers as such rather than to jobs as legally and organizationally defined categories. As digital labor continues to grow as a share of global economic activity, the adequacy of this response will shape not only the welfare of platform workers themselves but the broader legitimacy of the social contract in a digitalized economy. The stakes of getting this right, in other words, extend well beyond the platform economy narrowly defined, to the future of the welfare state as an institution capable of protecting workers under genuinely contemporary conditions of work.

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