

## **The new frontier of outsourcing: online labour markets and the consequences for poverty in the Global South.**

Abstract:

Online labour markets (OLMs) represent an important innovation in international outsourcing, and are of growing importance to the world of work. For example, the two largest OLMs, Upwork and Freelancer.com both claim to have in excess of 10 million registered workers. The growth of such platforms have raised hopes for their developmental potential in lower and upper middle income countries (see, for example, World Bank (2016)). It is this potential to address poverty that we seek to evaluate with Sen's (1999) capabilities approach. Therefore, our concern is not only the income OLMs provide but the wider issue of job quality (Green, 2006). This paper focuses on: material rewards; work intensity; control over location and timing of work; work hours; job and labour market security. Our findings are drawn from in-depth semi-structured interviews with 144 workers from the Philippines, Malaysia, Vietnam, Kenya, Nigeria and South Africa

The paper begins by providing a detailed account of how OLMs represent a novel additional stage within the outsourcing process. A stage which enables increased fragmentation of work and the disembedding of labour from state regulation. We present five empirically grounded categories of work which are found to be typically offshored to the Global South via OLMs. These are: online advertising; transcription; customer service; office administration; website design and programming. We demonstrate the highly competitive and individualised nature of work mediated by OLMs. As a consequence, job quality outcomes are largely dependent upon workers' individual bargaining power, that is labour market alternatives, skill utilisation and platform reputation. Platform reputation is particularly important as the spatial separation of employer from worker ensures that labour control can only be maintained effectively through the platform-based recording and aggregation of clients' satisfaction. Consequentially, work flows to individuals with an abundance of positive reviews, who in turn often outsource to others. Moreover, we find little evidence of OLM-based skill formation and thus the growth of OLMs are of most benefit to middle class workers, who have the necessary resources to individually develop their skills and strengthen their bargaining position.

Common positives of OLM work are found to be control over place and hours of work - although this is a limited type of control: as clients in other time-zones often require late night working. Further positives, for those with sufficient bargaining power, include pay which is perceived as higher than locally available and labour market security. However, the competitive pressure placed on pay rates results in income being principally boosted through additional hours. Thus a drawback of increased pay tends to be work intensity and long work hours. On the other hand, those lacking adequate bargaining power tend to experience low pay rates and limited work. They also suffer pervasive job insecurity and fear of being replaced by workers in other countries. Turning to future prospects, the expansion of OLMs will continue to intensify competition while the growth of outsourcing by highly rated workers suggests further degradation of job quality for the majority of workers.