



BRIDGING GAPS, BREAKING BARRIERS, AND BUILDING CAPACITIES IN ONLINE MARKETPLACES

OUTLINE

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Chapter 10

Bridging Gaps, Breaking Barriers, and Building Capacities in Online Marketplace

Connie Bayudan-Dacuycuy
Leih Maruss V. Sinsay



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online workers digital platform work Philippines development national initiatives government support agencies

CRITICAL IN THE PHILIPPINE
ISSUES DIGITAL
ECONOMY

Edited by Connie G. Bayudan-Dacuycuy
and Ramonette B. Serafica



Background

ICT Developments have transformed the conduct of work and enterprises. Online marketplaces including retail and labor platforms have grown in the Philippines in the last decade.



Online marketplaces (Howard et al. 2006; Bakos 1998), have provided substantial economic benefits. These link sellers and buyers of goods and services and facilitate matching, resulting in efficiency and lower business search costs



Background

As the Fourth Industrial Revolution transforms the conduct of work and enterprises, **inequalities and the digital-spatial** divide become front and center of conversations that aim to promote online marketplaces and maximize their benefits.



Background

This paper takes stock of the development in human capital, labor market, and e-commerce, identifies State-led initiatives to build capacities, and analyzes barriers and gaps in labor and retail platforms.



Data Collection



- Desk reviews
- Key informant interviews

Respondents:

1. local government unit workers
2. academic workers
3. national government agencies
4. platform workers, including DigitalJobsPH graduates and trainers, and
5. civil society organizations



Developments on Human Capital

Health and Education Spending Factors

37

37 in 100 children aged 12–23 months old were affected by stunting in 2018

49%

49% of children in the bottom 20% of the population were stunted

3.1%

of GDP public education spending in 2019

0-1%

The annual reduction of stunting prevalence is 0-1% from 2000-2015

Economic Divide

- Private schools are meeting the expected scores despite inadequate support and funding (Orbeta and Paqueo 2022).
- In 2015, about 49% of children in the bottom 20% of the population were stunted, compared to 14% in the top 20% (UNICEF 2021).





Skills Divide

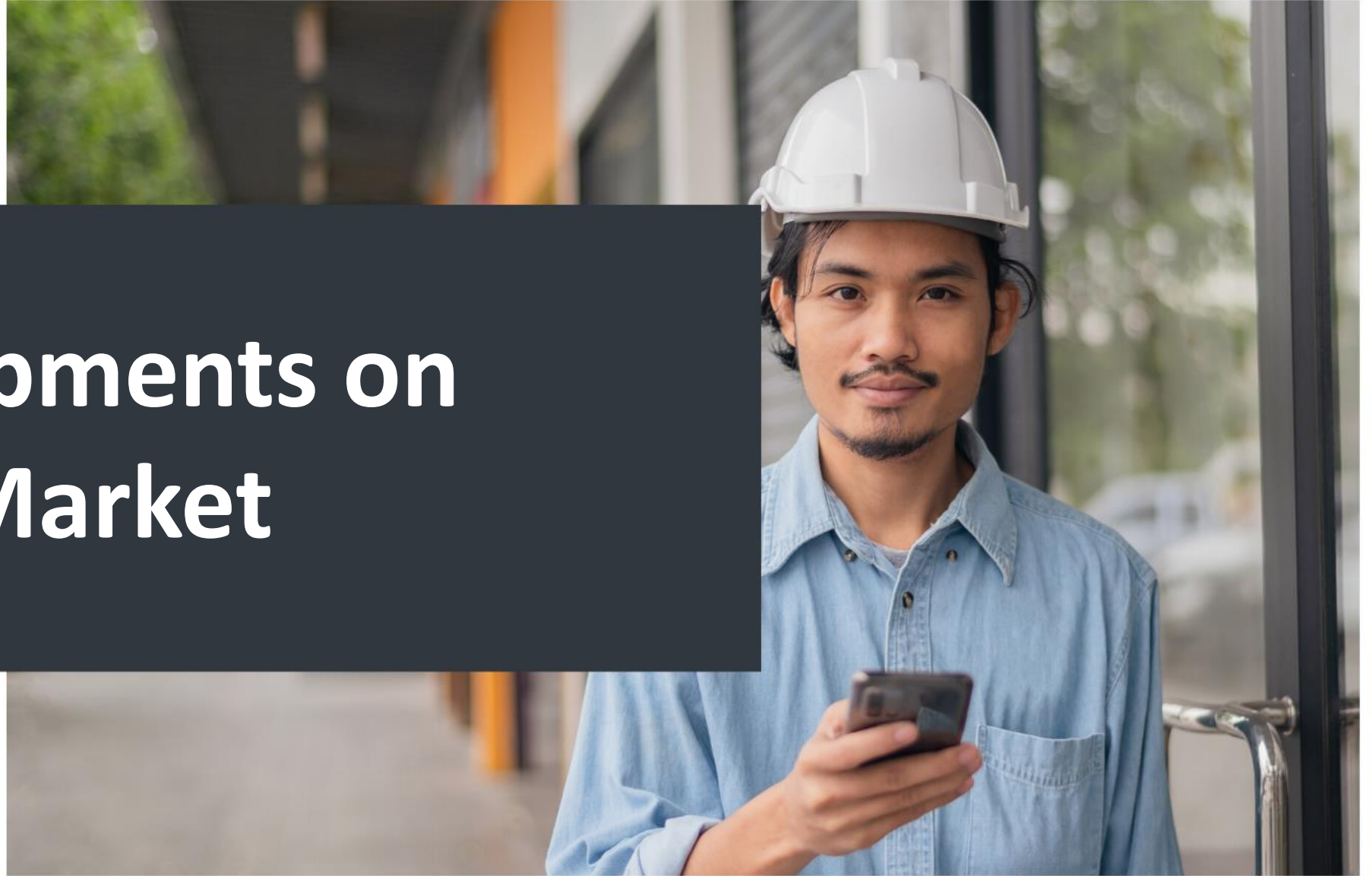
evidence from the product space from 1995 to 2014 indicates that the sophistication of the country's export basket was low (Bayudan-Dacuycuy and Serafica 2019).

Geographical Divide

- The **NCR** has the highest proportion of workers involved in occupations that use social, fundamental, analytical, and management skills, while **CALABARZON** has the greatest number of workers involved in occupations that use mechanical skills.



Developments on Labor Market



Filipino Online Workers employment in IT-Business Process Management (IT-BPM)

68%

Customer relationship management

13%

Sales and marketing

6%

Computer programming

2%

Computer consultancy/Computer facilities management



Developments on E-commerce

E-commerce Developments

- Technological advancements have paved the way for better visibility and a wider enterprise client base.
- Micro and small enterprises face challenges in financing and human capital resources
- Women sellers are also more likely to use social media platforms to complement their e-commerce activities.

**USD 15
Billion**

e-commerce in the country is projected to be at 15 billion US\$ in 2025

70%

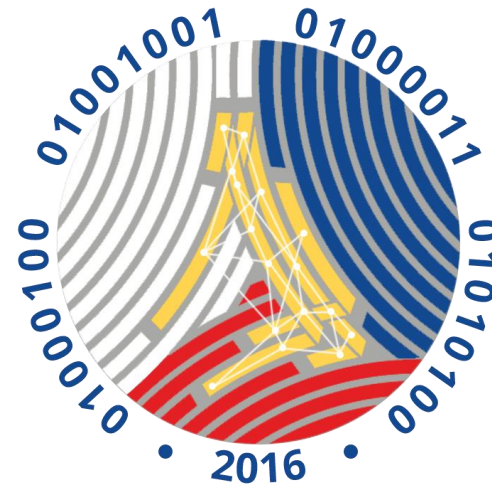
around 70% of Filipina sellers in Lazada, a major platform in Southeast Asia, are classified as microenterprises*


A low-angle photograph of a government building with white columns and a balcony. The Philippine flag is flying prominently in the foreground, partially obscuring the building. The sky is blue with light clouds.

State-led initiatives relevant to labor and retail platforms

Several State-led initiatives and programs are strengthening physical and human capital infrastructures needed in platform work.

- **Technology Empowerment for Education, Employment, Entrepreneurship, and Economic Development (Tech4ED)**
- **Digital Cities 2025**
- **DigitaljobsPH**
- **Go Digital ASEAN Initiative**





Support communities for platform workers exist, providing training initiatives and sharing information on tools and resources.

- Filipino Online Professional Service Cooperative
- Filipino Homebased Moms
- Virtual Workforce Professionals (VWP)

Despite various State-led human capital development initiatives, critical barriers to participation in platform work, especially by those in the countryside, remain.

- low internet connectivity
- ICT infrastructure improvements are underway.
- inadequate confidence and weak communication skills



Digital-Spatial Divides

Filipinos with 4G access

60.6%

Region III

94.2%

NCR

80.3%

BARMM

15%

Digital-Spatial Divides

28.8%

Internet access rate of families from rural areas in the past six months

14.6%

Households with own personal computer in rural areas

<50%

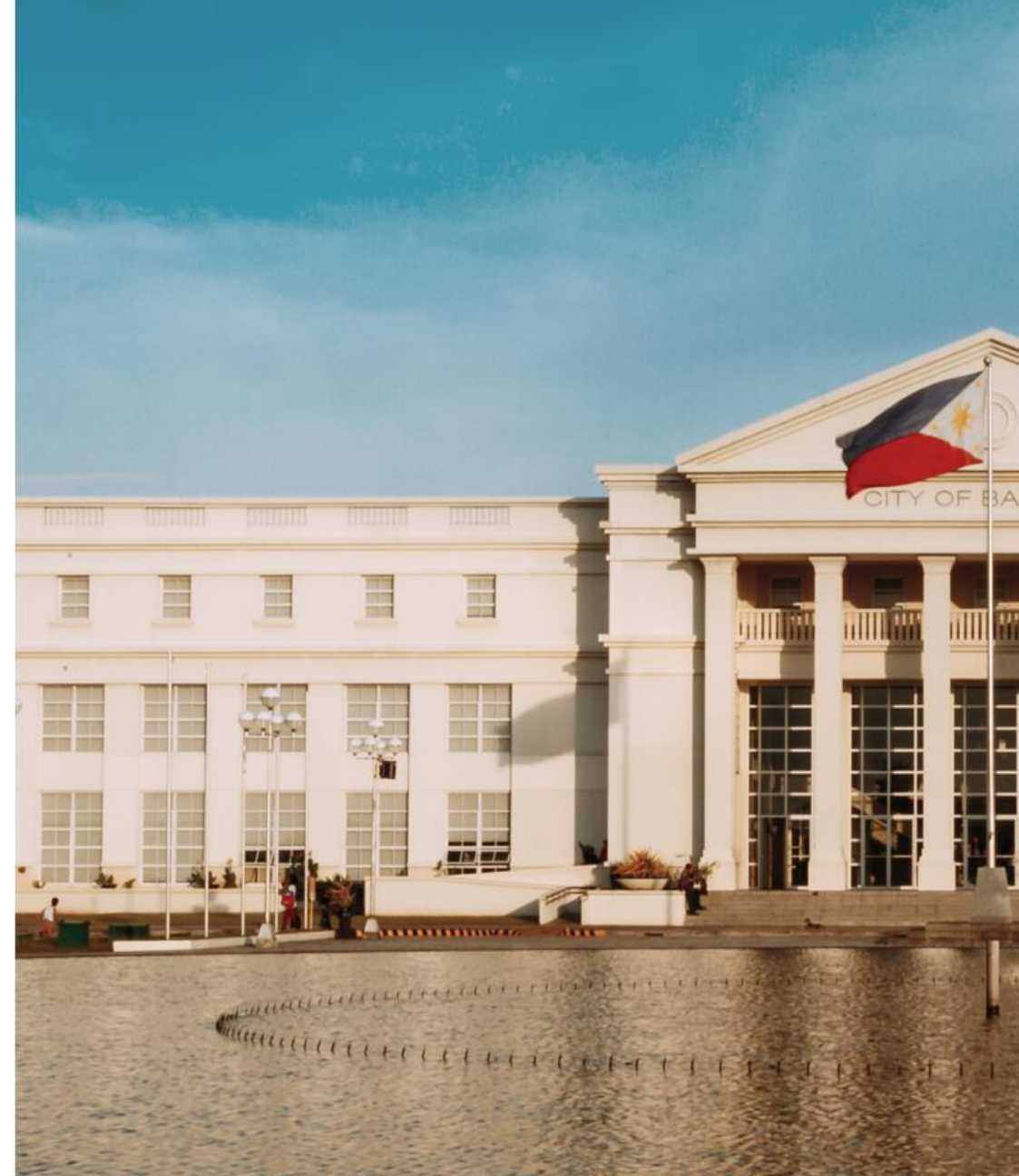
Families outside CALABARZON and NCR that used the internet in the past six months

7.2%

Broadband internet subscription in rural areas

While platform work is generally known to have low barriers to entry, some platforms have become stricter in their requirements for registration and securing jobs.

- niche skills certifications
- accredited certification like the International English Language Testing System English Proficiency Exam
- networks and portfolio



Many Filipino platform workers are involved in low value-adding jobs.

Social protection has yet to keep up with the proliferation of non-standard work arrangements like platform work.



Some workers with long experience in platform work indicate that some credentials, considered by the traditional labor market to be important, are not necessarily required to start a platform stint.

- College degree is not a requirement to succeed on platforms
- Grit, patience, courtesy, and professionalism are skills that clients value more.

Some workers indicate satisfaction with their platform stints. This is because they know what to expect from the work.



A gender gap exists in the participation in various opportunities in the digital economy because of age-old gender roles.


- Women participate in platform work due to its flexibility, while men participate due to monetary rewards.
- Women's labor force participation is tied to care work and gendered roles, regardless of where work is performed



Despite some successes, entrepreneurial crowdworkers have raised concerns about their local business environments.

- Compliance with regulatory and legal requirements can be burdensome
- BIR Requirements do not always apply
- Transaction costs for social protection are burdensome
- Government recognition is lacking



A black and white photograph showing a small metal shopping cart filled with several cardboard boxes. Each box has a 'FRAGILE' label with a glass icon. The cart is placed on the keyboard of a laptop, which is open. The background is blurred, showing what appears to be a desk or office environment.

The ongoing pandemic has prompted businesses to shift to digital solutions such as using online payment platforms, online advertisements, and online selling on social media or established e-commerce platforms like Shopee and Lazada. There are challenges, however.

Gaps

- Businesses new to e-commerce or not financially capable and technically equipped
- Fraudulent online schemes have also increased during the pandemic
- Skills development in branding, marketing, advertising, and management are needed to help small businesses create an impactful online presence

Filipinos targeted by
digital fraud


44%

Filipinos who
encountered phishing

40%

Filipinos who
encountered third-
party seller scams

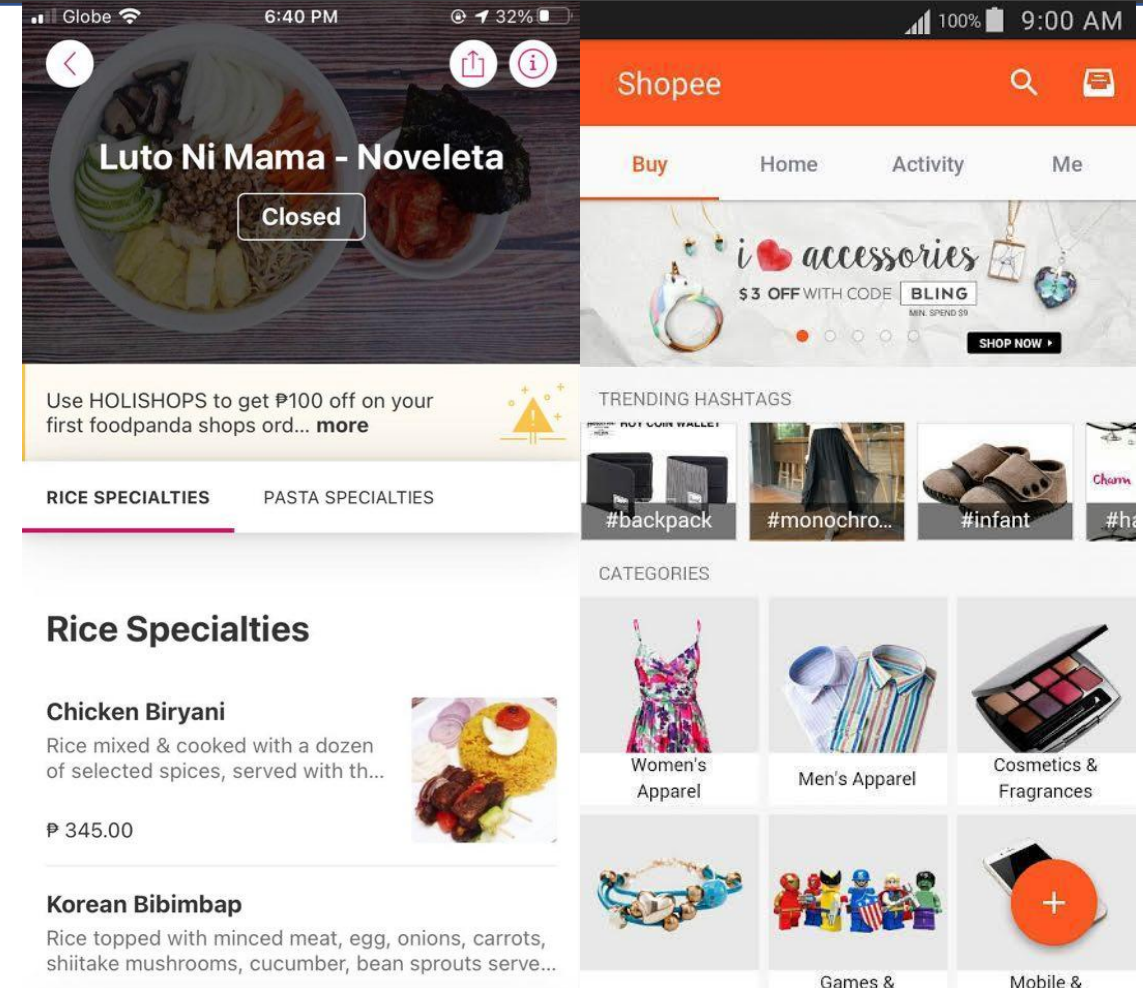
31%



Barriers to participation in retail platforms exists, including gender and financial factors.

Barriers

- **Access to financing** remains an issue among micro and small enterprises.
- A **gender gap** in income from e-commerce exists.
- Those who participate on retail platforms have characteristics that contribute to lower earnings:
 1. lack commitment and have a **lower investment appetite** and tolerance for risk
 2. MSMEs who joined platforms such as Shopee, Lazada, and Foodpanda have endured reduced profits and paid for additional costs that affected the sustainability of their businesses (Li et al., 2020)



A gender gap in income from e-commerce exists.

- Evidence indicates gendered disparities in income from online marketplaces, with male sellers earning more than women.
- Research skills favor male sellers more than their female counterparts, while clerical, social, or technical skills benefit female sellers more than their male counterparts



Recommendations

Bridging gaps



Building capacities



Breaking barriers





Ensure that initiatives and programs do not widen inequalities


1. Enact the Rural Wired Connectivity Act
2. Sustain infrastructure support to micro and small enterprises.
3. Strengthen their awareness of alternative financing schemes like crowdlending.
4. Empower social enterprises, cooperatives, associations, and groups.



Social protection needs to evolve with work that has become fluid and with workers that have become mobile.

1. simplify registration, payment, and claims, which can be done by setting up a one-stop online platform.
2. target promotion and protection
3. design an unemployment insurance with upskilling and reskilling benefits and including a social protection module in skills and training programs for platform workers can be explored.





Retail platforms provide avenues for entrepreneurs to expand their client base, some barriers need to be eliminated.

1. Strengthen confidence in the online market space
2. Strengthen cybersecurity, protect confidential information, and put penalties for fraudulent behavior in place.
3. Promote digital literacy.




1. Develop a curriculum that integrates gendered perspectives.

Efforts to mainstream gendered perspectives in the entrepreneurial curriculum will enhance the learners' sensitivity to gendered expectations and prospects in the marketplaces and help shape the learners' efforts towards achieving their goals in such spaces

2. Strengthen efforts towards financial inclusion and literacy.





Skills are important regardless of the nature of the work. Platform work and work in the traditional setting require similar sets of skills. Thus, it is imperative to focus on building portable skills across platforms and work arrangements.

1. convert the Philippine Skills Framework Initiative into an accessible online resource and tool.
2. maximize the government's resources by taking stock of various government-led training programs on digital literacies and competencies, evaluate overlaps and complementarities, and design a unified workplan.
3. develop a school curriculum that enhances digital competencies, digital citizenship, technological management, and entrepreneurship.
4. Incorporate digital economy in the current K-12 curriculum



A top-down view of a person's arms and hands working at a white, angular desk. On the desk are a laptop, a smartphone, a coffee cup, a black book with 'PICASSO' on the cover, and an open book. The person is wearing a white shirt. The floor is made of light-colored wood planks.

With respect to e-commerce and online marketplaces, it is imperative to create resilient and competitive enterprises.

1. equip micro and small enterprises with knowledge and technical know-how in creating product and service portfolios suitable and adaptable to the market's needs.
2. develop training materials in collaboration with technology companies like Facebook and Google and online marketplaces like Lazada, Payoneer, and Shopee.
3. ensure that training programs are relevant, effective, and updated. Programs and training modules designed to increase digital competencies should undergo evaluations through pretest and posttest (Serafica and Oren 2022).



Bridging gaps, breaking barriers, and building capacities in online marketplaces

Connie Bayudan-Dacuycuy
Leih Maruss V. Sinsay



Thank you!

