



● WHAT COMES AFTER?

BEYOND4.0 supports an inclusive European future via examining the impact of Industrie4.0 and the Digital disruption on the future of jobs, business models and welfare.

POLICY BRIEF

December 2020, Policy Brief *#3*

PLATFORM WORK

BEYOND4.0 supports the delivery of an inclusive future of decent work and decent lives for EU citizens. This Policy Briefing focuses on the impacts of the digitalisation of work via platforms, sometimes called 'platform work' and delivered through a business model often referred to as 'Uberisation'. Drawing on the existing evidence base, it outlines the opportunities and challenges of this work. It then summarises current policy thinking before recommending that future policy development should:

-)] Recognise that different types of platform work exist with different terms and conditions, and with different needs and outcomes
-)] Recognise that employment relationships, not just business relationships, exist in platform work
-)] Mandate social dialogue between platform companies and the providers using their platform
-)] Ensure that market monopoly by one business model is prevented and other business models are encouraged
-)] Promote regenerative rather than extractive use of labour
-)] Ensure that better EU data on platform work is generated

Background to the Policy Brief #3

Funded by the Horizon 2020 programme, BEYOND4.0 examines the impact of new digital technologies on the future of jobs, business models and welfare in the European Union (EU). Its aim is to support the delivery of an inclusive European future that provides decent work and decent lives for EU citizens.

Two particular digital disruptions are salient to policymakers. The first is the digitalisation of production, epitomised by Industrie 4.0. The second involves the digitalisation of work mediated by platforms.

This Policy Brief focuses on this second form of digital disruption and the rise and expansion of work mediated by digitalised platforms. Although there are nuanced differences, this development has many names. The term used here is ‘platform work’ organised through a business model sometimes referred to as ‘Uberisation’ because of the high profile of its eponymous company – Uber. The Brief outlines what platform work entails. Drawing on current research, it then highlights some of the opportunities and challenges. It also outlines current policy thinking about this form of work before making recommendations for further evidence-based policy development.

Platform-mediated labour

The platform economy marks a shift to the use of digital networks (platforms) that coordinate economic transactions through algorithms – usually matching the demand for and supply of resources. The use of platforms for the delivery of an increasing range of goods and services is one of the most visible forms of digitalisation and their use has been heightened during the COVID-19 lockdowns, most obviously through the order and delivery of products via Amazon and Deliveroo. This shift has had a huge impact on debate about the future of work.

Different types of platforms exist: those for the exchange of goods and those for the exchange of services or, more particularly, the labour underpinning the provision of those services. The key distinction for BEYOND4.0 is between platforms that centre on labour and non-labour. BEYOND4.0 focuses on those that centre on labour. This labour can be provided three ways: 1) at the request of a user and delivered by the worker, 2) by work being sourced and delivered by the worker and 3) by the user selecting the worker through a contest. All three ways are mediated by the platform. In some cases, payment is negotiated, in other cases a fix fee is imposed. Tasks can be physical, intellectual and social, routine and non-routine,

undertaken online or offline, and provided locally or globally. Much of this work is low pay and low skill. Many of these tasks are not new but their coordination has migrated to platforms. Typically an algorithm matches workers to tasks based on parameters such as location, availability, skills, cost and user ratings.

A number of key processes occur with this digitalisation of work:

- J Work migrates to platforms, with platform companies presenting themselves as brokers of work, not the employers of those who do the work.
- J It is not a job that is accepted by the service provider but the tasks that might have once comprised that job – hence this work being part of the ‘gig economy’.
- J These tasks are contingent, occurring ‘on-demand’ as and when needed, and payment is for the task and so tends to be small.



-) Pools of workers often exist virtually – hence this work also being called ‘cloudwork’ and its workers ‘crowdworkers’.

Platform work, as an expression of non-standard employment, is part of an existing trend. Each of these processes existed in some form before the new digital technology. What is different now is that, underpinned by massively enhanced computing power, the internet, mobile phones and GPS systems and artificial intelligence, these processes have been bundled together and presented as a new and disruptive business model.

Uber is the headline-grabbing example of this model. Founded in 2009 in the US, Uber has expanded aggressively and now operates worldwide, even as it continues to make massive losses. It styles itself as a digital platform that matches users (ride-seekers) with providers (drivers). Uber insists that it is only a technology provider – an app. ‘Uberisation’ has become a shorthand for the business model of the new digital economy. Some laud this model as the future of all business – ‘Let’s Uberise the entire economy!’, proclaimed an article in Forbes magazine in 2014. Some predict that one third of all labour transactions will be platform-mediated by 2025. Others worry about the quality, not just the quantity, of work that could be organised through platforms and the creation of an unlevel playing field for other businesses.

The opportunities and challenges

The digitalisation of work via platforms provides both opportunities and challenges for companies, workers and governments.

Advocates argue that the opportunities centre on business innovation, resulting in benefits for consumers and the creation of a new wave of worker-entrepreneurs.

In this respect, platform companies position themselves as innovators seeking to use the new technology to shake up the market by solving people’s problems, more efficiently matching supply and demand. For consumers, on-demand consumption is offered as a key benefit of the platform economy. It helps exploit resources that might otherwise be under- or even un-used e.g. a spare bedroom by Airbnb or transport in the case of Uber. Platforms provide consumers with more availability and lower costs.

Providers of these services are positioned by platform companies as entrepreneurs, people who want to be and are their own boss, choosing what work to do, when and how. The platform helps



this process by matching demand, that is consumers (or service users) with supply from these entrepreneurs (or service providers). The platform companies contend that they are not employers and their workers are not employees but instead self-employed. These entrepreneurs are workers liberated from the pressures and constraints of the employment relationship, self-managing their working lives Uber states for example. Having the flexibility and choice over when and how to work also offers opportunities for workers who have difficulty entering or re-entering the

labour market to obtain paid work. Labour market participation rates can thereby be raised for migrant workers and workers with care responsibilities or disabilities for example.

Critics point to the challenges: the impact on workers' rights and quality of working life; whether it really is self-employment; and the creation of unfair competition for existing businesses. Cumulatively the effect of these potential developments could even undermine existing welfare systems, they argue.

With regard to the first two challenges, platform work has the potential to create the death of employment as jobs are replaced by spot markets for tasks. Moreover, not being employees, platform workers lack rights and protections. Uber drivers and other gig workers receive no health insurance, pensions, holiday pay, (paid) sickness leave, minimum wage, training or rights to union representation and collective bargaining. At the same time, the algorithmic management applied by platform companies can mean that platform workers can have their work as controlled as workers within traditional employment relationships and can be temporarily or permanently suspended from use of the platform by the company. Hence, some critics argue that it is 'bogus' self-employment. The resulting work intensification, low pay, precarity and lack of voice can diminish some workers' quality of working life even as other workers enjoy newfound freedoms through the use of platforms.

Some existing businesses competing in the same markets as the new platform company entrants complain that an uneven playing field is being created, with platform companies' business model distorting the market. In particular it is argued that platform companies avoid costs and responsibilities associated with traditional employment, e.g. providing social benefits and pension contributions, and avoid regulations governing worker and consumer protections. In this way, critics argue, platform companies can have lower costs and more flexibility than many existing companies.



There are also concerns about discerning the tax liabilities of platform companies and workers, and tax avoidance can be a problem. The EU is already attempting to tackle this problem with companies. At the level of the worker, some avoid exceeding thresholds that would mean paying tax. Many other workers are simply unsure about their tax position. The potential loss of tax revenue for national governments compounds the national debts being occurred currently dealing with the economic fallout from the Covid pandemic.

However the sustainability of the new business model is questionable. Uber and many other high-profile platform companies lose money and only maintain their operations through cash injections from venture capital and other types of leveraged finance.

Alternative business models based on platform co-operativism are being developed in the US and Europe and feature democratic governance and co-ownership. Even some former Uber drivers are trying this alternative. Significantly, EU research has shown that co-ops offer best practice management, better job quality and are contributors to more sustainable local economies, and are as resilient in the face of economic crises as other types of businesses.

In deciding how to respond to these opportunities and challenges, it is currently difficult for government to discern the impact of platform work, in part because it is difficult to measure. There are four particular issues:

1. Some measures are blunt because they include but don't distinguish between platforms that trade labour services and trade non-labour goods and services.

2. Some measures make it difficult to disentangle platform work from other forms of non-standard and precarious work.
3. Some measures don't adequately distinguish between workers for whom platform work is their main source of income and those for whom it is a supplement to other main work or income.
4. As with other forms of 'self-employment', workers frequently move in and out of platform work and so they can be difficult to capture in surveys.

The volume and nature of platform work is therefore unknown. Current best estimates based on the COLLEEM survey of 14 EU Member States suggest that only around 2% of the adult population earn their main income from platform work. This potentially low level of activity does not mean that the new business model is not disruptive and requires a policy response from the EU.

Current policy thinking

Current EU policy wants to both encourage platform companies and ensure the fair treatment of platform workers. Dealing with the latter takes two courses: leaving courts to decide the status of platform workers whilst also trying to include these workers in EU regulation.

Most obvious in this respect is the EU's 2019/1150 Regulation on promoting fairness and transparency for business users of online intermediation services, which seeks to balance a number of objectives. It wants to facilitate innovation and economic growth in the platform economy to create new markets. It also wants to promote the interests of consumers by ensuring safe, reliable and trustworthy goods and services whilst also defending the 'legitimate interests' of what it calls 'business users' – i.e. platform workers who provide the services.

Significantly, it casts the relationship between platforms companies and platform workers as a business-to-business relationship and not one characteristic of a traditional employment relationship. Instead providers are micro-business owners. The Regulation seeks to promote fair



business practices and allow the weaker partner, the business users, to make informed business decisions regarding their use of a platform. In the context of some platform companies being able to set the terms of the markets that they create, much of the Regulation centres on redressing information asymmetries and the power of platform companies to take unilateral action towards platform workers.

The Regulation also supports collective interest representation for these workers in legal proceedings and negotiations with platform companies. Nonetheless, it avoids any reference to trade unions as organisations that could provide this representation. If employment law is intended to address the vagaries of the labour market, the Regulation does demonstrate a willingness to legislate at the EU level and oblige national governments to act to promote the interests of platform workers by correcting market imbalances and imperfections – but only within the business-to-business paradigm.

At the same time as the shift to platform work, the EU wants all workers to have basic rights and decent work through the *Charter of Fundamental Rights* and the more recently introduced *European*

Pillar of Social Rights. Going further, the EU wants to improve working conditions across Europe. In these respects, some workers, sometimes supported by trade unions, have mounted legal challenges to platform companies. National and sub-national courts in the EU (and elsewhere, including the US) have ruled on the employment status of platform workers. This status matters as individual rights and company responsibilities follow from it. However court decisions on this status differ widely across EU Members States (and internationally) and can even be contradictory within Member States. In some cases, Uber for example, platform companies' non-adherence to consumer protection regulations have been criticized, operations banned but allowed to continue pending appeal.



A new EU Directive is proposed by European parliamentarians that would create legislative protection for platform workers that aligns their rights with other workers, and which would be harmonised across the EU. However whilst it refers to terms and conditions of employment, it stops short of defining the employment status of platform workers, merely insisting that they are 'workers' – a term that can both include and exclude employees.

Policy ambiguities therefore continue and responses are fragmented. A lack of consistency remains and clarity is needed. The outcome of this clarity should be premised on leveraging the opportunities and address the challenges of platform work, and encourage good practices and prevent the bad.

Policy Implications and Recommendations

EU policy aims to develop an inclusive European future that provides decent work and decent lives for its citizens. Policy focused on platform work must recognise, first, that good practice will help guard against exacerbating existing labour market inequalities and, second, that any current bad practice is not an inevitability stemming from digital technology. Further policy development should:

1. Recognise that different types of platform work exist with different terms and conditions, and with different needs and outcomes

Platform work is not homogenous. It varies in terms of how providers and users are matched by the platform intermediary, how the service is provided, and how it is managed and remunerated. It also varies in terms of its centrality for providers in terms of income and extent. Within this heterogeneity it is important that the legal status of this work is comprehensively clarified, not just with respect to services providers, e.g. whether they are workers or employees, but also to ensure that a level regulatory playing field exists between platform and non-platform companies.

2. Recognise that employment relationships, not just business relationships, exist in platform work

Current EU regulation of platform-mediated work is premised on a business-to-business relationship between platform intermediaries and platform workers. In some cases this premise is correct. However enough evidence has now been gathered and tested in courts within the EU to suggest that the terms and conditions of some platform work are not different to that within the traditional employment relationship. That being the case, DG EMPL working with the European Parliament

should ensure that the rights of employees and the responsibilities of employers adhere and are enforced.

3. Mandate social dialogue between platform companies and the providers using their platform

Social dialogue is a cornerstone of innovation and socio-economic organisation in the EU. Current regulation stops short of mandating social dialogue for platform workers. A formally organised and recognised representation facility at the enterprise, sector, local or national level could both undertake negotiations (countering unilaterality) as well as provide redress mechanisms. Various options for achieving social dialogue exist using both existing and purpose-constructed models and these options should be explored for their applicability to platform work by the European Parliament.

4. Ensure that market monopoly by one business model is prevented and other business models are encouraged



To prevent market monopolies and asymmetries of power, there must be real choice in both the use of platforms by consumers and service providers and in the coordination of services (and goods) by types of platforms. To be genuinely self-employed, providers must be able to decide for whom they work, when and how they work, and without sanction. In terms of encouraging self-management, platform cooperatives offer this opportunity as well as being well-placed to deliver on the broader policy aims of the EU. To stimulate those choices and deliver those aims, Cooperatives Europe should be encouraged to develop a plan for

the EU that would see the expansion of and support for platform work through this alternative business model.

5. Promote regenerative rather than extractive use of labour

Regardless of the business model, for platform work to be sustainable, the full individual and societal costs of using labour need to be covered in each transaction. This costs approach would ensure that funding of labour support systems (e.g. training, and health and unemployment insurance and, pensions) takes place in the use of platform work. Both adequate individual remuneration and taxation levels at the task/transaction level to fund general welfare systems are essential. Covering the full costs of using all labour affords sustainable, regenerative effects, rather than resource depletion. In the first instance, indicators of these regenerative effects should be developed and would complement initiatives that seek alternative measures of economic growth. Led by the European Parliament, this task could be undertaken through the coordinated efforts of Eurofound, the Joint Research Centre, EU-OSHA and PEROSH.

6. Ensure that better EU data on platform work is generated

Having good data is essential to be able to monitor and evaluate the extent, nature and outcomes of platform work for both workers/employees and companies within the EU. A range of datasets currently exist but each have different limitations. Platform companies also have proprietary data. Improvements are needed to plug data gaps, open up data and create standardised information. The EU's Joint Research Centre is redeveloping its survey of platform work but this redevelopment could be enhanced. Perhaps co-working with the European Data Protection Board, the Joint Research Centre should be charged and adequately resourced to create a dataset that is pan-EU, recognises

and is representative of the range of platform work, gathers data on the platform intermediaries and, using digital technology, seeks to be as near to real time as possible.

For the same reasons that employed labour was increasingly protected over the twentieth century – the need to protect individual and societal welfare on moral and productivity grounds – the same development will probably happen for platform work and a new social settlement will emerge as the twenty-first century unfolds. These recommendations support that development.

Sources and further reading

Some of the above points are drawn from the reading below. Others are the responsibility of the authors, Chris Mathieu and Chris Warhurst, who gratefully acknowledge the feedback from the BEYOND4.0 research team.

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Project Identity

Project name	Inclusive Futures for Europe BEYOND the impacts of Industrie 4.0 and Digital Disruption — BEYOND4.0
Coordinator	Prof. Dr Steven Dhondt (scientific coordinator), Dr Peter Oeij (project coordinator). Nederlandse Organisatie Voor Toegepast Natuurwetenschappelijk Onderzoek TNO, Netherlands
Consortium	Department of Social Research, University Of Turku, Finland Institute for Employment Research, University of Warwick, UK Institute for the Study of Societies and Knowledge, Bulgarian Academy of Sciences (ISSK-BAS), Bulgaria Le CNAM-CEET, France Nederlandse Organisatie Voor Toegepast Natuurwetenschappelijk Onderzoek TNO, Netherlands Technische Universität Dortmund, Sozialforschungsstelle Dortmund (sfs) (TUDO), Germany UCL Institute for Innovation and Public Purpose (IIPP), London, UK University of Helsinki, Finland University of the Basque Country - Sinnergiak Social Innovation, Basque Country – Spain
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