

The platform economy and precarious work

The [original full study](#)¹ presents a detailed **analytical literature review** that focuses on the challenges and risks of precariousness of **platform work** and explores possible pathways for EU action.

Background

Platform work is non-standard work facilitated by online platforms which use digital technologies to 'intermediate' between individual suppliers (platform workers) and buyers of labour. In recent years, powerful global **platform businesses** using **digital technologies to connect individual suppliers and buyers of labour** have entered service and labour markets in most European Union (EU) Member States, challenging traditional incumbents and regulatory frameworks. Platform work blurs the boundaries between subordinated employment and self-employment and between providers and consumers. Concerns have been also raised about the employment and working conditions of platform work and the risk of **precariousness** they entail. The study supports the work of the EMPL Committee on the own-initiative report on fair working conditions, rights and social protection for platform workers.

Key findings

The main challenge in platform work is the unclear employment status of platform workers, which has implications for their rights and obligations in terms of labour and social protection. There are two main reasons for this. Firstly, there is no uniform concept of 'worker' or 'employee' in the EU and, moreover, platform work blurs the



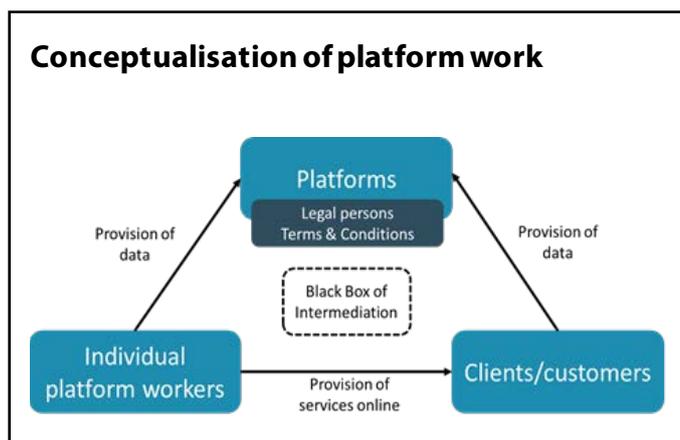
boundaries between the traditional legal concepts of 'employee/worker' and 'self-employed'. Secondly, platforms' terms and conditions typically specify that platform workers are freelancers, irrespective of their actual working conditions, which may be a misclassification (bogus self-employment). A second key challenge in platform work is the **absence of or unclear or incomplete terms and conditions or rules of engagement** between the platform and the platform worker, regardless of the worker's employment status. Furthermore, the **growing appropriation of data** by large platforms presents a key challenge where such data have a business value for the platforms, but no compensation is given to the users who share and generate those data.

This study confirms that platform workers who provide services using global profit-oriented platforms face **high risks of precariousness, irrespective of their employment status**, particularly those engaged in **low-skilled and online platform work**. The risks of precariousness include: (1) low, fragmented and unstable income; (2) insufficient protection of working conditions, including little or no access to training and career development; (3) health and safety risks characteristic of platform work; (4) low social protection coverage for risks that are particularly relevant for

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platform work; and (5) very low levels of collective labour rights and representation. According to a recent European Commission study, **policy responses in EU Member States** have been rather limited and fragmented, diverse in nature and scope, and somewhat ineffective. Very few countries have taken legislative measures to address the labour and social protection of (self-employed) platform workers.



At EU level, labour legislation only applies to workers (employees) and is thus of little relevance for most platform workers. **Targeted legislative action was taken at EU level** in 2019, through the Regulation on promoting fairness and transparency for business users of online intermediation services and the Directive on Transparent and Predictable Working Conditions. These concern only a small group of platform workers and require further improvement. The case-law of the Court of Justice of the European Union (CJEU) has clarified the EU concept of 'worker', determining the personal scope of EU labour legislation, but did not consider the (economic)

dependency criterion, which is relevant for platform work. Recent EU-level initiatives, such as the preparation of the **Digital Services Act** and the initiative related to **fair minimum wages** could be steps towards protecting platform workers against the risks of precariousness more broadly.

Key recommendations

The OECD and ILO have advocated global strategies to tackle the various challenges of the platform economy, which they view as a part of a global trend towards digitalisation in the economy and labour markets. Both organisations have emphasised the need to clarify the unclear employment status of platform workers and to ensure adequate social protection, labour and collective rights, and access to training for all, regardless of employment status. **Several academics have called for a more uniform and broader definition of 'worker' across the EU** that would take into account economic dependency and address the issue of unclear employment status in the longer term. The literature also identifies two main legislative pathways to tackle the challenges of platform work in the medium-term, which the study goes on to explain. In the short-term, more proactive and increased enforcement of CJEU rulings on the current EU concept of 'worker' by national enforcement agencies may contribute to reducing undeclared work and bogus self-employment. Researchers also point to the need to align competition and labour law and to promote universal minimum income (support) schemes and adequate social protection schemes. Other measures include targeted information provision and awareness-raising of the rights of platform workers. **The authors of the study recommend (1) collecting data based on uniform concepts** and developing reporting and monitoring mechanisms; **(2) enlarging the mandate of the EU Observatory on the Online Platform Economy** to include platform work or the creation of an observatory dedicated to platform work; **(3) imposing registration and reporting obligations on platforms** and promoting the exchange of information between national administrations; **(4) promoting (global or EU) multi-party 'collective' agreements** on fair working conditions; (5) adopting a voluntary decent work framework for platform work and (6) supporting and conducting research, particularly in areas that have been overlooked so far.

¹ [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652734/IPOL_STU\(2020\)652734_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652734/IPOL_STU(2020)652734_EN.pdf).

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