

EMPLOYMENT AND SOCIAL AFFAIRS

The Social Protection of Workers in the Platform Economy

BACKGROUND

The “collaborative economy”, “platform” or “gig economy”, encompassing work-on-demand via apps like Uber and crowdwork like Amazon Mechanical Turk, has grown exponentially in recent years, thanks to the development of high-speed networks, the exploitation of big data and the availability of mobile devices, which have cut down transaction costs and allow for real-time effective matching of supply and demand.



While creating many new opportunities for digital services (e.g. translation, tagging photos) or physical services (e.g. transporting persons, delivery of goods, renting accommodation), which have, thanks to lower costs as compared to established operators, also expanded the market for these services instead of just crowding out the incumbents, this new digitally based economy has raised questions on the situation of workers. Their legal status (either as employees or self-employed) is often unclear (see the ongoing litigation of bike couriers against four courier companies and UK Uber drivers' challenge of Uber that they are workers and not self-employed), and negative effects on those workers can be witnessed (such as non-coverage in social protection schemes, low remuneration of work, problems related to occupational health and safety as well as work-life balance, and lack of collective representation and negotiation). Many of these effects are related to the functioning of the digital economy, which relies on micro-tasks, trust-inducing mechanisms such as ratings and - at times opaque - algorithms. The current developments observed (see this [2016 EP publication](#)) beg the question whether the socio-technological context has allowed for the return of older forms of exploitation such as casual work, day labourers, anti-union environments and for the avoidance of normal regulation in social, labour and health and safety legislation, an area where Unions should actively be involved in, which seems, as yet, not to be the case.

On 2 June 2016, the Commission has published guidance on how existing rules already apply to the collaborative economy. It also referred to the problem of social protection of workers in the platform economy when moving forward with the European Pillar of Social Rights through the second stage consultation on access to social protection for all in November 2017.

FOCUS OF THE STUDY

Against this background, the **Employment and Social Affairs Committee** in 2016 requested a study to enable Members of the EMPL Committee to gain an independent perspective on the subject, in particular regarding the quantitative and qualitative assessment of the phenomenon of platform work and whether action is needed to ensure platform workers' social protection.

The [study](#) reviews literature and previous research on the platform economy with the aims of defining it and developing a typology for understanding its nature. It discusses the growth and drivers of the platform economy, as well as benefits and challenges for workers, reporting findings from 50 interviews conducted with expert stakeholders in eight European countries (Bulgaria, Denmark, France, Germany, Italy, Poland, Spain, UK) and from an original survey of 1,200 platform workers across four established online platforms (Amazon Mechanical Turk, Clickworker, Crowdfunder, Microworkers). It dissects the different normative layers that need to be considered when looking at the challenges of social protection of platform workers from a legal perspective. Finally, the report draws conclusions and makes recommendations concerning arrangements for the provision of social protection for workers in this growing sector of the economy. Throughout, the report also offers a comparison between developments in the EU and the United States (US), to inform the ongoing work and interests of the Employment and Social Affairs Committee's Working Group on the digitalisation of work.

KEY FINDINGS



There is a severe shortage of reliable data on the size and growth of the platform economy, and different definitions of the “collaborative”, “sharing”, “gig”, or “platform” economy lead to different conclusions about its size.

The conceptual variety and the use of different definitions have important consequences for how the platform economy is understood, how its main features are characterised and, consequently, what are seen as the main priorities for policy development. There is,

therefore, a clear case for adopting a term as neutral as possible – such as platform economy – as has been done for the study. Estimates for the size of the platform economy vary widely. On a broad definition, up to one third of the adult population has participated in the platform economy in the EU and USA. Focussing on paid work, it is estimated that between 1 per cent and 5 per cent of the adult population of the EU has earned some income at some time in this way, but it is widely expected that these numbers will increase significantly.

The development of digital and online technology is not the decisive factor driving the growth of the platform economy; instead, technology is merely a facilitator for the platform economy.

Instead, actual drivers of growth of the platform economy include a range of non-technological factors, such as the prevailing regulatory environment, and broader economic and social conditions, such as the composition of the labour market which might already include a high level of informal economic activity or a high importance of seasonal work. Similarly, the prevalence of low-wage work in some countries might encourage the growth of platform working, while in countries where more secure, better paid work with social protections is available elsewhere, growth has been considerably less. Finally, business practices and company behaviours as to adopting platform-based forms of work for saving cost like in the logistic sector (parcel-delivery due to considerable growth of online shopping) might also contribute to the growth of the platform economy.

Pay levels across the platforms were significantly lower than national minimum wage rates across European countries and the U.S., ranging from a 54.1 per cent gap in France to 3.4 per cent in the United States.

Platform workers tend to be low paid, but with a few earning relatively good incomes. Many platform workers experience problems such as late payment, and jobs taking longer to complete than advertised. 62% of platform workers have another job or other source of income. One quarter of our survey sample was financially dependent on platform work, and were significantly worse off than occasional platform workers.

Relatively high levels of job satisfaction and emotional wellbeing amongst platform workers were offset by lack of task autonomy and dissatisfaction with career prospects, pay levels and job security.

Workers' dissatisfaction with job security was considerably higher than the representative average figure across European labour markets.

Workers in the platform economy are more likely to be categorised as self-employed contractors rather than employees or workers. This classification as self-employed means that many are excluded from social and employment protections that are available to other workers.

Access to social protection schemes, with the exception of healthcare insurance, was very low for platform economy workers. Up to 70 per cent of workers in the platform economy reported that they could not access basic schemes like pregnancy, childcare and housing benefits. Such an effect was especially pronounced among those platform workers deriving more than 70 per cent of their income from platform work ("Platform Dependent Workers"). Furthermore, where platform workers are *theoretically* entitled to forms of social protection in individual countries, in many cases, *effective* access is restricted through relatively low levels of hours or income, which mean that in practice they may not reach the necessary income or hours thresholds to access social protection.

There is a strong association between platform work and precarity more broadly. A key concern is that the more reliant a worker becomes on the platform economy for their personal income, the less likely they are to have a range of basic social protections.

Many types of social protection schemes (particularly those covering pregnancy/childcare, caring responsibilities and housing benefits) were not currently accessed by a majority of platform workers. Only just over a third of platform workers were found to pay into a pension. Those who are more financially dependent on platform work appeared to have greater difficulty in meeting monthly bills.

When it is available, social protection is typically derived from the fact that workers have another job outside the platform economy.

This poses a significant problem not just for those 25% of platform workers who depend on this income, but also presupposes that the other source of income comes from a job under the standard employment model as gateway to social protection. However, the survey findings suggest that, for a significant number of platform workers, the other source of income might well be other forms of insecure, non-standard employment. The research therefore supports the picture of platform work shading into a wider landscape of insecure work, low pay and a lack of social protections.

RECOMMENDATIONS

- **Good policy requires good evidence.** Steps should be taken at both EU and Member State levels to ensure that national statistical agencies develop appropriate measures of the platform economy. Measures should be put in place to ensure that labour platform companies supply regulatory authorities with appropriate and sufficient information to inform policy development around social protection in this increasingly important area.

- **There is an important role for the state in ensuring optimal outcomes**, whatever that may entail, notably to ensure that platform economy workers are not excluded from basic social protections. A number of potentially viable examples of good practice within Member States may form the basis of wider transposition to the EU level.
- The general approach should be to rectify problems created by the development of legal frameworks that work towards the exclusion of particular sections of employment, **towards a framework of actions that ensure the inclusion of all those who need social protections**.
- More immediately, some **more straightforward solutions** should be sought to:
 - **reverse the burden of proof in determining employee status**, so that it is incumbent upon employing entities to prove that persons carrying out paid work are not employees;
 - **ensure that enforcement of legal employment status is conducted by an independent authority** (as is already the case in some Member States), rather than by piecemeal rulings from the courts;
 - **provide full and easily accessible information to all workers**, including those engaged in platform mediated work, **concerning their legal rights**;
 - **adapt competition rules to permit collective bargaining by (solo) self-employed workers**.
- **Reform social security systems to accommodate platform and other atypical workers** to reduce differences in treatment across different forms of work, and to expand existing social protection schemes, such as:
 - membership of state old age security systems to be compulsory for all workers, irrespective of formal status in employment law;
 - continuity of social insurance and workers' rights when moving from one job to another;
 - reduce or abolish minimum income thresholds for access to social protection schemes, such as health insurance, to be replaced so that members pay a percentage of income;
 - reduce or abolish requirements for continuity of employment for eligibility to social protections;
 - promote moves away from contribution-based systems, towards systems based upon general taxation;
 - improve effective access to social security systems (not just statutory access).
- **Further reforms in tax policy, wage policy** and as regards setting **minimum standards for the fair treatment of workers by platforms** and to **ensure collective representation** for platform workers should be envisaged.

DISCLAIMER

The content of this document is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament. It is addressed to Members and staff of the EP for their parliamentary work. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

This document is available at: www.europarl.europa.eu/studies

Contact: Poldep-Economy-Science@ep.europa.eu

Manuscript completed in December 2017

© European Union

EMPL-2016-11

PE 614.199



CATALOGUE: QA-07-17-175-EN-C (paper)

CATALOGUE: QA-07-17-175-EN-N (pdf)

ISBN: 978-92-846-2511-6 (paper)

ISBN: 978-92-846-2512-3 (pdf)

doi:10.2861/976178 (paper)

doi:10.2861/082126 (pdf)