



## Platform Labour and Welfare in Europe

### SUMMARY:

This policy brief is intended to provide policy recommendations regarding the access to adequate and stable income, social protection, and other benefits in the platform economy. The brief is based on research conducted in the period 2019-2022 as part of the PLUS Project on four digital platforms' (Airbnb, Deliveroo, Helping, and Uber) impact on seven European cities (Barcelona, Berlin, Bologna, Lisbon, London, Paris, and Tallinn).

PLUS research showed that platform workers experience income precarity, lack of access to adequate social protection, and algorithmic control, which are exasperated by intersectional inequalities. The European Commission has recently introduced a Communication and proposed Directive that aim to address those issues by dealing with bogus self-employment, safeguarding the presumption of the employment status, establishing rights for workers regarding algorithmic management and demanding platforms to declare and provide information on work in the country where it is performed. This initiative will have a very positive impact on the platform economy and should be enhanced by more proactive policies promoting income security and social protection for all platform workers irrespective of employment status, including Universal Basic Income, Platform Cooperatives, and Digital Welfare Platforms.

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## INTRODUCTION:

Platforms create new jobs and business opportunities in Europe. Workers are drawn into platforms motivated by the promises of flexibility, independence, and entrepreneurship. Especially migrants, youth, women, students, precarious workers, and the long-term unemployed benefit from low entry barriers to integrate into European labour markets through platforms. Nevertheless, as the PLUS interviews with platform workers showed, their expectations are in most cases frustrated as labour relations in platforms are precarious and unfair. Instead of entrepreneurship, freedom, and flexibility, the norm tends to be algorithmic control, income precarity, lack of social protection and overworking. Despite the intensification of labour struggles and legal challenges across Europe and the initiatives of some national and local governments to improve labour relations in some sectors of the platform economy, there are multiple policy challenges that persist regarding platform workers' employment status, access to stable income and adequate social protection.

### **(1) Income precarity is the norm in the platform economy.**

Most platform workers struggle in insecure jobs without standard wages, guaranteed working hours, paid waiting time, fixed duration, and paid health, parental and vacation leaves. Their income drops when they are ill, injured or need to spend more time caring for children, the elderly or dependent members of their households. Moreover, it is subject to fluctuations in the demand for goods and services, changes in regulations and the supply of platform labour. The pandemic demonstrated how fragile labour arrangements are in the sector, leaving many platform workers abruptly without social protection. During lockdowns many of those who made an income through platforms, such as Airbnb hosts and Helping cleaners, were prohibited from operating because of restrictions of movement. As a result, they were often left without income, state support or compensations by platforms for cancellations of bookings and periods of inactivity. Uber drivers faced the same problems that extend in post lockdown periods whenever customer demand drops sharply, while vehicle rental, security and maintenance costs continue. Even Deliveroo riders, whose work was not affected negatively by the lockdowns and demand for their services rose, faced rising risks of income precarity because of increased competition as more and more unemployed workers hit by the pandemic began to join platforms. Even after the lift of the lockdowns, platform workers who get the virus are forced to quarantine without being able to claim a paid leave and are under pressure to return to work even when they have not fully recovered to balance for the loss of income. The precarity of income that platform workers face preceded and goes beyond the pandemic as it is likely to increase in the context of rising inflation and unemployment, energy poverty, and housing uncertainty.

### **(2) The right to adequate social protection is not guaranteed for all platform workers across sectors.**

One of the fundamental principles of the European Pillar of Social Rights (EPSR) is that "regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, should have the right to adequate social protection". This principle, however, is rarely respected in the platform economy. In public debates in Europe, all stakeholders tend to agree that platform workers should have access to adequate social protection but differ on the ways this should be achieved. For advocates of the so-called "sharing economy", social protection is broadly understood as a question of worktech and corporate responsibility that can be addressed through outsourcing social protection to private companies and getting platform workers' contributions on a voluntary basis. For labour unions, however, recognizing the right of platform workers to work as employees and the obligation of platforms to cover the costs of their social protection constitutes a prerequisite for welfare. From this perspective, it is especially important to fight against bogus self-employment which prevents access to the social protection. To raise the level of social protection across sectors of the platform economy, thus, it is necessary to push platforms to grant the right to employment and the obligation of platforms to cover the social protection of workers, independently from their formal employment status.



Our research in the PLUS project demonstrated that the first step towards granting adequate social protection for platform workers is to recognise their right to employment and labour union representation. However, in most European cities accessing adequate social protection is a particularly complex issue, even when platform workers are granted the right to employment. On the one hand, self-employed platform workers experience precarity of income and uncertainty about future job prospects, which make it hard to make long term plans and contribute to private social security schemes that platforms advertise. Even when they do so, however, this is interrupted when their income is reduced, or cut completely or when their work stops, leading to intermittent access to social protection. On the other hand, platform workers who enjoy employee status also face challenges regarding social protection because of the precarious nature of labour relations and the uncertainty of national legal provisions regarding platform work. In the European countries that we've studied, new employment statuses have been introduced to address precarious labour relations, which render the distinction between employment and self-employment obsolete and the ensuing access to social protection are unclear. The "auto-entrepreneur" status in France, intermittent contracts in Italy, 'solo self-employment' in Germany, the TRADE status in Spain are all examples of statuses based on the principle of "flexibility" of social protection, which does not guarantee social protection when demand for services drops and effectively provides ample space for platforms to avoid the obligations they would have had if "standard" employment contracts were implemented. Moreover, in France, Germany, and Portugal, many employed, as well as self-employed workers, are recruited through sub-contracting companies (Capacitaires in France, Mietwagenunternehmer in Germany, TVDE in Portugal), which operate by constructing de facto lower 'middle categories' between employed workers and the self-employed with limited, conditional and frequently interrupted access to social protection.

Even when platform workers are granted full employment status, platforms have devised strategies to exempt themselves from covering social protection costs through subcontracting or by taking advantage of sector specific measures. As the dividing lines between the two main employment statuses are blurred by the introduction of new sector specific arrangement, it is not uncommon for platform workers with employee status to have less social protection than workers with the same status in other sectors or to find it more difficult than other workers with the same status to access social protection and benefits because their work and contributions are not stable and continuous. In most cases, platform workers are deprived of fundamental aspects of social protection, especially coverage against accidents at work and occupational diseases, which they are asked to cover themselves. In practice, however, the only way in which they can deal with the combined pressures of income precarity, and inadequate social protection is by working longer hours while constantly meeting platforms' unrealistic measures of performance. As many of our interviewees told us, this leads to overworking, exhaustion, and stress that contribute to mental and physical health problems, exasperating their needs for social protection.

### **(3) Algorithmic control is ubiquitous in platforms**

Digitalisation generates precarious, asymmetrical, and unequal labour relations in platforms. Algorithmic control is carried out by feeding data on workers' performance and clients' behaviour into automated decision-making systems on the management, task allocation, monitoring and evaluation of work performed, as well as on the provision of incentives and sanctions on workers. As our research in the PLUS project demonstrates, platform workers struggle with the lack of sufficient information and technical know-how on how algorithmic decisions about their work are taken. Also, the lack of transparency and frequent changes in algorithms increase their sense of insecurity and uncertainty about their future especially since it is very common for platforms to deprive workers of the right to contest automated decisions. Platform workers may be penalised with periods of inactivity or may even be terminated without warning or compensation because of automated decision making based on data that is biased and of questionable quality, such as customer evaluations, complaints, or geolocation services. This means that the obscure automated algorithmic decision making exasperates the precarity of incomes and lack of access to adequate social protection of platform workers, who are at risk of losing their jobs and



social protection anytime and anywhere. Moreover, the lack of transparency has a negative impact on the work of Member State institutions and social partners responsible for labour relations and social protection, such as labour unions, labour inspectorates and social protection agencies.

#### **(4) Platform workers are a diverse group with different employment and social protection needs and expectations**

PLUS research identified as one of the main policy challenges in the platform economy the fact that platform workers are not a unified category as they have different welfare needs and expectations according to intersectional factors, including employment status, main sources of income, gender and migration status.

On the one hand, there are **those whose income derives exclusively or mainly from platforms**. They are in a relationship of dependency with platforms and as a result their lives are affected profoundly by fluctuations in earnings caused by personal circumstances and broader demand and supply factors. There are many cases of platform workers of this type that can be classified as bogus self-employed, having none of the benefits of entrepreneurship because they are pressured to work where and when algorithms dictate, while at the same time being treated as self-employed entrepreneurs deprived of access to paid leave, pension schemes, jobseekers' allowance, statutory maternity pay and leave, or insurance against accidents.

On the other hand, there are **those whose income derives mainly from sources other than platform work** and use platforms as an additional source of income. In this category, there are many self-employed professionals, students, pensioners, and employees, who are usually in a position to use platforms in flexible ways. Although they are also at risk of being negatively influenced by fluctuations in earnings, they are often -but not always- entitled to stable access to social protection and benefits not through platforms but through their main source of income.

Moreover, there are intersectional factors that impact on platform workers' welfare. Platforms advertise corporate responsibility strategies of gender and diversity, without committing to protecting the platform workers' welfare.

- Platforms pay special attention to the protection of clients against **gender** based and racial discrimination, while they silence gender inequalities in workers' earnings and offer no support to workers who experience discrimination, violence and harassment based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In addition, platforms fail to consider questions related to care. Many women and men with children and elderly relatives join platforms expecting that flexibility will help them achieve work-life balance, only to find themselves overworked and over exhausted under the double burden of demanding work schedules and care commitments. Instead of working whenever and wherever, platform workers end up following the inhumane rhythms of algorithmic control pushing them to be productive whenever and wherever there is increased demand, usually without recourse to paid paternity and maternity leaves, child benefits, or other support for parents and carers.
- Many platform workers are **migrants**, including asylum seekers, refugees and immigrants with or without residence permits, many of which have no or limited access to social protection and benefits. Most undocumented migrants work informally for platforms by "subletting accounts". They have no means of getting residence permits and are more precarious than other platform workers because account owners have no obligation to pay them for their work, have no coverage for accidents or illnesses, nor access to social protection. Acquiring formal employment contracts in platforms will make it easier for migrants in general, and undocumented migrants in particular to improve their living conditions, rent houses in their own names, obtain and renew their residence permits, stay legally in Europe, pay taxes and get full social protection. Nevertheless, in cases when platforms were forced to provide employment status to platform





workers, as in the delivery sector in Spain, they were the ones who faced most bureaucratic problems and delays because platforms asked for valid residence permits to do so.



#### **POLICY IMPLICATIONS:**

The European Commission (EC) has recently adopted a **Communication and a proposal for a Directive** that: (a) specifies the criteria to determine whether a person is a worker and a platform an employer, (b) ensures that the presumption of the employment status is effective, and can be enforced and rebutted, (c) establishes rights for workers who are subject to algorithmic management in platform work (d) demands platforms to declare work in the country where it is performed and provide national authorities with information on people working through them and their terms and conditions. The objectives of the EC approach are to regulate the platform labour market preserving the status of workers who are genuinely self-employed and changing the status of those who are falsely self-employed. In that respect, the presumption of employment status and the transparency of algorithmic management are intended to tackle the issue of bogus self-employment. This is an important step towards providing platform workers with the social protection that they deserve.

Following the ESPR, there are several policy principles that should be strengthened at the **EU level**:

- EU policy making on the platform economy should be guided by the principle that **adequate social protection for all should be available** irrespective of employment status.
- **Gender equality** in the platform economy should be strengthened paying special attention to the gender earnings gap and work-life balance issues, including paid maternity and paternity leaves, flexible working hours, and child benefits, should also be considered.
- **Equal opportunities** should be genuinely promoted, ensuring that racist and gender-based discrimination, harassment and violence are tackled not only when clients are the victims but also when workers are the victims.
- **Social dialogue** in the platform economy should be enriched ensuring that labour rights and decent working conditions are safeguarded through labour union representation and collective bargaining in all platforms both at the national and at the European level.



Moreover, to deal with the issues of income precarity and social protection for all workers irrespectively of their employment status more proactive measures. We propose three **welfare innovations** that will have an impact within and beyond the platform economy.

- **Universal Basic Income (UBI).**

Policy makers should consider UBI schemes as a viable policy option to deal with the spread of income precarity and lack of access to social protection in platforms and across the economy. Implementing UBI fairly will require careful consideration of tax policies to ensure that their financing will not disproportionately burden the lower segments of society. Nevertheless, it will provide a framework to address social rights in a holistic framework, while also reducing welfare bureaucracy. In addition, it is important to stress that UBI schemes have the potential to increase the bargaining power of workers, who having secured the basic means for their survival will be able to refuse labour exploitation and degrading working conditions and select jobs that offer fair and decent work and pay. Platform workers would benefit especially from such policies not only in terms of access to social protection and wellbeing, but also in terms of labour struggles.

- **Platform cooperatives**

In platform cooperatives, workers have the opportunity to co-own the company, participate in decisions about business, management and labour relations. Against corporate models that promote profit against labour rights and welfare entitlements, co-ownership and collective decision making provide an alternative framework to rethink labour relations in a more equitable and fair way. However, our research in the PLUS project has shown that platform cooperatives cannot compete with global corporate platforms as they cannot attract large investment capital. European institutions and Member States should provide funding to support the development of locally based platform cooperatives that operate according to ethical and environmentally sound standards. Whilst ensuring better working conditions and health and safety for both workers and clients, such platform cooperatives may provide valuable resources to promote community-building and environmentally friendly services, while also promoting decent employment and access to social protection, especially for social groups that are excluded from the labour market, such as migrants, youth, women, students, precarious workers, and the long-term unemployed.

- **Digital welfare platforms.**

While the regulation of the existing platform labour market is important, the European Union should take a more active stance in creating and supporting the production of digital spaces which promote welfare for all. Integrating all social services available in a city into a single platform will engage a variety of actors including national governments, regional and local authorities, Nongovernmental Organizations (NGOs), users (consumers and producers), as well as national and local communities, labour unions and - depending on the sector- also private companies. Examples include transport or care platforms that integrate all the available services in a specific city or region. Platforms of this type can match the needs service providers and users as corporate platforms do, but will also include public and community services and provide platform users with different options in terms of costs, time, and social factors.

- **Digital local currencies**

One of the most important questions regarding the implementation of the welfare innovations proposed above is financing. At the local level, it is possible to experiment with the introduction of parallel municipal budgets based on complementary digital currencies, aiming at financing cooperative and digital welfare platforms as well as Universal Basic Income programmes. The greater degrees of monetary autonomy that these alternative municipal budgets in local digital currency will have will allow policy interventions that respond to the challenges if extended economic and social protection not only for platform workers, but for all precarious workers whether they are employed or self-employed. Furthermore, such solutions



can increase the bargaining power of local government also in terms of tax collection. This is especially the case for local governments that lack fiscal and financial autonomy and depend on central governments to finance welfare investment. The possibility of being able to count on alternative sources of financing, as well as on activating municipal platforms increases the degree of political autonomy of local government, always within a synergistic and cooperative relationship with the other institutional levels (region, state, Europe).

### **CONCLUSIONS: POLICY RECOMMENDATIONS BOX:**

1. The EC should continue the efforts to finalise the proposed Directive, which will promote the social protection of platform workers by dealing with bogus self-employment, making algorithmic management transparent for both employed and self-employed workers, and safeguarding all platform workers' rights to access data collected about them and their work.
2. The EC should expand those efforts to the implementation of those principles by national governments addressing especially special legal statuses that have been introduced before the directive and practices of subcontracting.
3. The EC should mainstream gender in the efforts to regulate labour relations in the platform economy including issues like the gender earnings gap and work-life balance, paid maternity and paternity leaves, flexible working hours, and child benefits.
4. The EC should also address racist and gender-based discrimination, harassment, and violence against both providers and users of services in platforms.
5. EU institutions and national governments should promote campaigns to raise awareness amongst existing and potential platform workers and users on issues like "bogus self-employment", algorithmic control, and the access of self-employed workers to social protection in the platform economy.
6. EU institutions and national governments should promote the social dialogue between social partners, policy makers and platforms both within and across national borders in order to develop Europe-wide forums and devise transnational solutions on labour rights and social protection issues in platforms.
7. EU institutions in collaboration with national and local governments and stakeholders should fund and support programmes and research on UBI and taxation, especially develop pilots, that will enable innovative evidence-based welfare alternatives.
8. EU institutions in collaboration with local governments should provide financial, institutional, tax incentives for the development of European platform cooperatives, which will promote European social values and decent working conditions.
9. EU institutions in collaboration with local governments should support financially and institutionally the development of new digital welfare platforms run by local governments in sectors crucial for welfare including transport, care, health, and education.
10. EU institutions should promote, coordinate, and encourage experimentation at the local level, by introducing parallel municipal budgets based on complementary digital currencies, aiming at financing digital welfare and cooperative platforms

