

# Does the worker have a say in the platform economy?

The Time of Opportunities project uncovers new realities in the working world. In this report SAK publishes findings of one of the project themes: employee empowerment in the platform economy.

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**Final report:**

**Riitta Juntunen**

riitta.juntunen@sak.fi



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# Does the worker have a say in the platform economy?

Employee empowerment in a platform economy was a theme of the Time of Opportunities project in autumn 2017.

This project sought to investigate the working experiences of people primarily engaged in casual work through online platforms, and to find out what kind of experiences and aspirations they have in relation to the world of work and their expectations of trade unions.

A further perspective was the willingness of the trade union movement to defend the interests of platform economy workers. We studied the types of alternative solutions offered by the Finnish and international trade union movement to such problems, and whether the international trade union movement could provide any format enabling trade unions to defend the interests of platform economy workers, or existing solutions that would help these workers appreciate the need for unions.

## Elements of the project included:

- **Research collaboration with SWIPE (*Smart Work In Platform Economy*)**
  - An interview survey on the everyday lives of food couriers, in association with the Finnish Institute of Occupational Health
  - A video on the everyday lives of food couriers
- **Research collaboration with the Kalevi Sorsa Foundation**
  - Legal aspects of platform work
- **A study of international trade union movement perspectives, and of prospective solution formats for organising and defending the interests of platform economy workers**
  - International literature review by undergraduate intern Anna Veirto
- **Video on cloud working**
  - Adaptation of a video by the German trade union Ver.di for use by the Central Organisation of Finnish Trade Unions (SAK)
- **Two statements on the statutory framework of the platform economy to Parliamentary Committees**
- **Brainstorming sessions for trade union officials and SAK staff**
- **Brainstorming session at SAK event on the world of work, held on 7 October 2017**
- **Fact-finding trip for familiarisation with the work of the Independent Workers Union of Great Britain (IWGB), representing such workers as Uber taxi drivers and food couriers, London, September 2017**
- **Participation in international platform economy conferences**
- **Eight blog articles on the SAK website**
- **Thematic summary presentation at a meeting of the Delegate Council of SAK, November 2017**
- **Presentation of conclusions on further thematic measures at a meeting of the SAK Management Group on 29 January 2018**

All materials are available on the Time of Opportunity website:

[www.sak.fi/mahikset](http://www.sak.fi/mahikset)

# Background

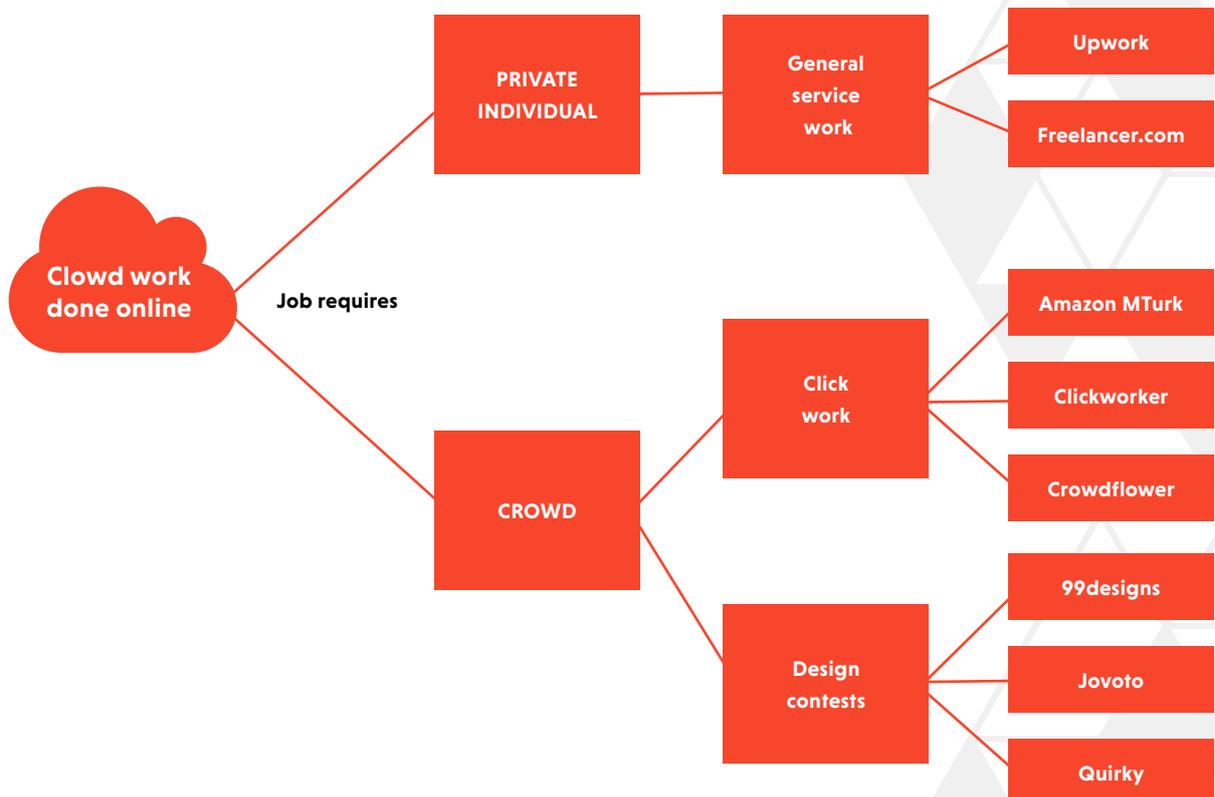
The platform economy, sharing economy, gig economy, collaborative economy and other terms describing the same phenomenon have become household expressions over the last few years. Regardless of terminology, this outcome of technological progress has also given rise to a digital labour market, meaning "cloud work" done and transmitted online, and casual work shared over a communication network. Digital platforms have changed how work is done and managed, and how we communicate it.

Crowdfunder CEO Lukas Biewald provided the clearest characterisation of the platform economy when describing work done over platforms: "Before the Internet, it would be really difficult to find someone, sit them down for ten minutes and get them to work for you, and then fire them after those ten minutes. But with technology, you can actually find them, pay them the tiny amount of money, and then get rid of them when you don't need them anymore."

Platform economy jobs often take the form of brief gigs or individual tasks that might previously have formed part of larger entities. These jobs can be done either solely online in the form known as cloud working, or as gigs done at some location that are then shared in an online service or through various applications.

## Cloud work

Cloud work is work done through an online platform. Such work therefore requires no physical contact at any point between the orderer and the worker.



Various online platforms are available, depending on the nature of the work concerned and the kind of worker required. If the aim is to choose one particular individual from a pool of several candidates to do the work, then we refer to general service work or freelance platforms. If, on the other hand, the duties can be performed by anyone in the group, admittedly on terms and conditions specified by the customer, then we refer to click work or design contest work. The volume of cloud work grew by 16 per cent in 2016, with platform work forming the main income source for 40 per cent of those engaged in such work.

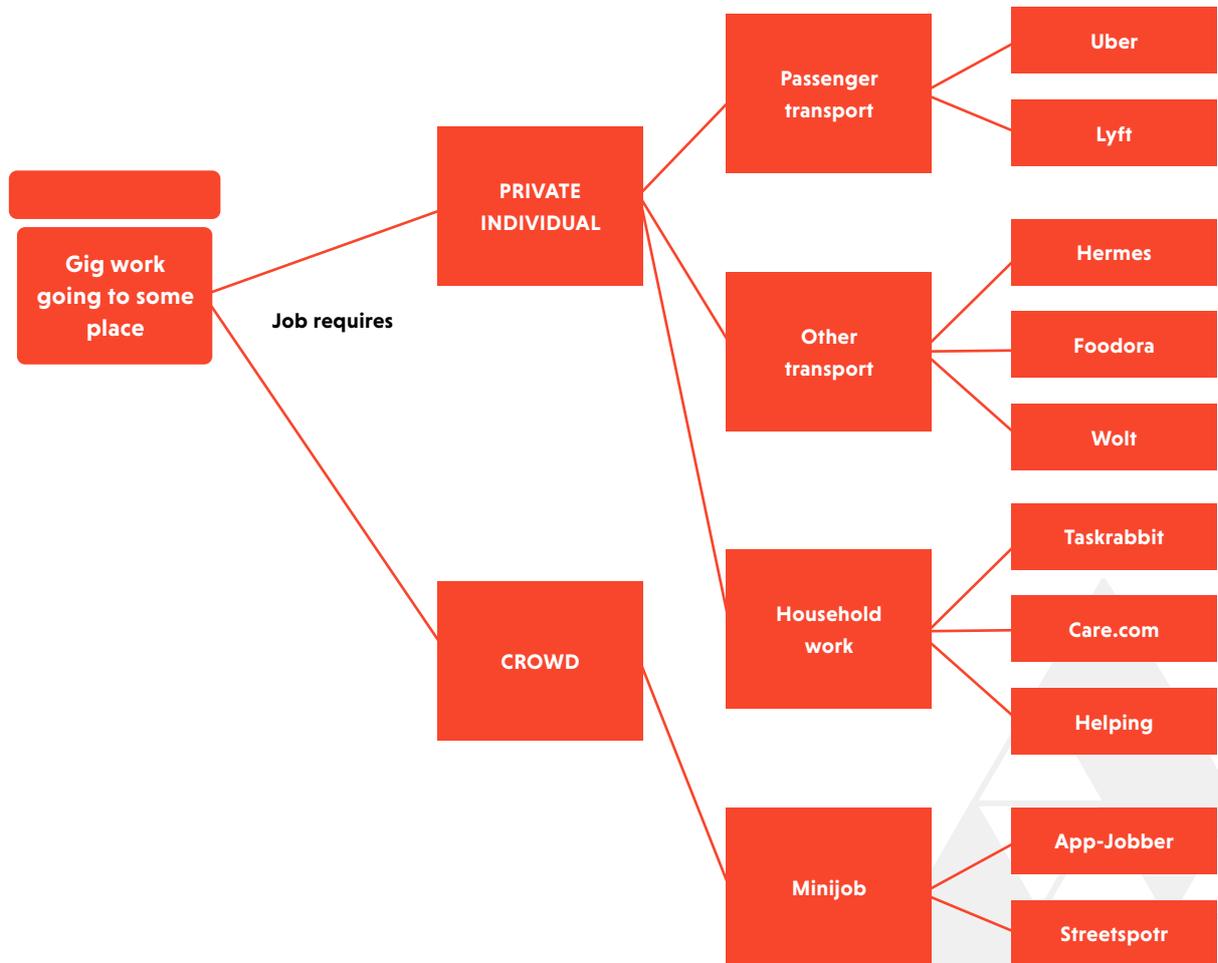
The parties (platform customers) ordering work on freelance platforms or on platforms offering general service work are seeking an individual to perform a specified job on the basis of their abilities and prior evaluations. The choice of an individual worker for the job is also the main difference from design contests. The job may be done anywhere in the world and at any time of day. The only requirements are a suitable computer and a sufficiently fast broadband connection. The range of jobs offered on freelance platforms is highly diverse, but in general these jobs are relatively complex and technical, requiring special skills from the worker. Platform workers may generally enrol on a freelance platform free of charge, whereas anyone ordering work will be required to pay an agency fee of between 10 and 20 per cent of the remuneration for work completed on the platform. The individual fee payable for a job is generally reasonable.

Click work involves a large number of small, repetitive work tasks that are not generally considered to require any skills at all, meaning that the worker is readily replaceable. These platform workers select their own duties through notices placed by the customer, who may specify requirements for the platform worker, for example in terms of country or placement and ratings. This work is often called crowdwork, as the number of platform workers is huge and they work anonymously. Many duties are also of a kind that will probably be automated in future, and the workers are "training" computer algorithms to make correct choices. The fact that such work done online is the outcome of human labour often goes unnoticed, and this work is presumed to be a product of artificial intelligence. Examples include translating spoken text, programming minor transactions, sorting products and emotion analysis. Click workers may also be used for moderating the content of social media, with consequent potential exposure to very violent and unpleasant content.

Design contest work largely relates to graphic design, but also to website creation and various innovation projects. The customer posts a description of the desired design work on the platform, enabling the platform workers to respond by creating the design and using the platform to submit it to the customer. This nevertheless normally means that only one respondent may win the contest and get paid for the design work. There is no return on the design work done by other respondents, as this work was done for a specific firm and cannot be used again. Even though the party ordering the work only secures copyright to the work that was purchased, this party may nevertheless gain valuable information free of charge concerning other ideas with potential applications in future projects.

## Gig work

The gig economy refers to work that is done through a platform, but at some physical location.



SOURCE: HANS BÖCKLER STIFTUNG

The platform connects the customer and the platform worker, and specifies the time and place for the platform worker to report for work. Jobs are shared and agreed over the platform. The customer and the platform worker meet after the order or job has been approved. Instead of regular wages, earnings in a gig economy are based on the pay for individual gigs or projects. The fees for work done are also paid through the platform.

The most common forms of work done in the gig economy are various household chores, passenger transportation and courier services. These jobs always involve one person completing one gig at a time with no specific gig ever recurring. Cases in which any user of the platform or application may be chosen to do the job, by contrast, are referred to as *minijobs*. For example, minijobs enable users to evaluate the service or take pictures of the placement of a particular product through the application.

## A growing economy?

With platforms sometimes reluctant to disclose information, we have yet to obtain precise details of the overall size of the platform economy or of how many people are working through platforms. Another problem is that people do not always view work done over a platform as real working, as it does not necessarily account for their entire livelihood and platform work is mainly regarded as a hobby that brings in pin money. Platforms may tend to be unwilling to share their information, and even though details of users are public, some individuals included in the accounting may have only used the platform once. The platform economy is not necessarily visible in current statistical reports, and the continual development and expansion of the phenomenon hamper any precise calculations of size. Some educated guesses and calculations have nevertheless been offered.

A table published by Rebecca Smith and Sarah Lebenstein in autumn 2015 set out the size of the workforce of eleven major platform economy businesses. This table included Uber, TaskRabbit, Care.com, Amazon Mechanical Turk, Crowdfunder, Crowdsourc and Clickworker as platforms operating internationally. Each platform had a remarkably large workforce ranging from Crowdsourc, the largest business by workforce with 8 million platform workers, to TaskRabbit, the correspondingly smallest of the international businesses listed in the table with only 30,000. Uber was estimated to provide work to about 160,000 drivers, while care.com had 6.6 million platform workers globally, including a presence in Finland. The workforce sizes of platform businesses nevertheless change all the time, so any calculations published in 2015 are hardly likely to be accurate nowadays. Some platform workers may also work on more than one platform and some may have tried a platform only once, but the foregoing estimates at least give some indication of the scale of the phenomenon globally.

A publication of the Ministry of Economic Affairs and Employment entitled *Collaborative Economy in Finland – Current State and Outlook* suggests that about 35 per cent of people in the European Union are aware of the sharing economy and 20 per cent have been involved in its operations. Some 30 per cent of survey respondents in France had used platform services on either a monthly basis or once over a few months, and about 45 per cent had heard of platforms. A UK parliamentary report also estimates that 5 million people are self-employed in the United Kingdom. This corresponds to 15 per cent of the national workforce, and the figure has risen rapidly since previous studies were completed. Estimates in Germany similarly refer to more than a million click and cloud workers. Although the number of self-employed workers has also risen in all of the Nordic countries, this growth is not necessarily due to the platform economy, as it occurred before the emergence of this form of working. Despite this, some 10 per cent of respondents in Norway reported sometimes working on platforms, with 2 per cent doing so on a weekly and 1 per cent on a monthly basis. The corresponding figures for Sweden suggest that 12 per cent occasionally work on platforms and 4 per cent do so on a monthly basis.

Various studies suggest a global total of about 2,300 platform businesses operating in 2017. The World Bank has estimated that the global annual turnover of the platform economy will be roughly USD 25 billion and involve the labour of about 112 million people by the year 2020.

A study conducted at the University of Oxford suggests a 26 per cent increase in the number of jobs brokered worldwide over platforms in 2016.

## The platform economy in Finland

According to the Finnish Ministry of Economic Affairs and Employment, about 8 per cent of people in Finland have used platform services operating in the sharing economy at least once. About 30 per cent of the Finnish public are aware of such services, but have not used them. Roughly 40 per cent of respondents claimed to have personally offered services over a platform on either a monthly basis or once over a few months. This figure from Finland was the highest in all of the referenced European Union Member States. An estimated 30,000 "individual service providers", meaning parties supplying some resource such as food transportation or housing rentals to travellers, were operating in Finland in 2016.

It has also been estimated that 80 per cent of people in Finland are nevertheless in permanent employment, and that 20 per cent are engaged in novel work, such as gig employment (which also includes such work done without mediation across a platform). Work in the platform economy is part of this 20 per cent, but the number of people actually engaged in platform work proper is not yet known. Although the number of self-employed people in Finland has risen since 1996, much of this growth occurred before the platform economy emerged. Developments nevertheless tend to lag behind in Finland, and if trends in the other Nordic countries and globally are any guide, then the number of platform workers will also increase in Finland.

# Interview study on the daily life of food couriers

One element of the project was an interview study on the experiences of platform-based food couriers at work, and on their expectations of trade unions. Although this was originally intended as a qualitative study of the views of platform businesses and workers engaged in platform-based work, co-operation with platform businesses proved impossible and only four food couriers were eventually interviewed by senior researcher **Mervi Hasu** (Finnish Institute of Occupational Health / Associate Professor, University of Oslo).

Two businesses in Finland, Foodora and Wolt, are engaged in providing food courier services in the new platform economy, with an estimated combined workforce of 300–400 couriers delivering food by bicycle, scooter or car. These businesses mainly operate in the Helsinki Metropolitan Area and in larger cities such as Turku, Tampere and Oulu.

Some 70–80 per cent of food couriers belong to immigrant ethnic minorities, and most are also students. Virtually all ethnic majority Finnish couriers are students.

Most food couriers are not employed by the courier business, and instead work on a freelance basis as independent traders. Freelance couriers enjoy none of the customary security that comes with employment. They are not eligible for sick pay or paid holidays, there is no occupational health care, and there are no opportunities to participate in employer-subsidised training or in activities that maintain working capacity.

The business does not arrange the payment of statutory sickness or pension contributions or withholding tax for these workers, and does not pay for their working utensils. The courier defrays the costs of procuring and servicing the means of transportation, fuel and all liability and accident insurance.

Food courier work is particularly a way for young people who have arrived from abroad and have limited Finnish language skills to earn a living either while studying or seeking regular work in another field.

## Competition for shifts

Some work shifts are more financially rewarding than others. Not all shifts provide an hourly rate and earnings in some shifts depend on the number of deliveries made. Interviewees report a general trend towards reducing the number of hourly paid shifts.

To get the "good" shifts, food couriers must constantly watch their mobile phones and be ready to respond when shifts become available. One interviewee characterised the distribution of shifts as reminiscent of throwing a bone and releasing 20 dogs to chase it.

The distribution of shifts also depends on the courier's "performance category", assigned on the basis of delivery speed, enthusiasm, customer evaluations and some other criteria that were unknown to the interviewees.

The performance of food couriers is continually monitored, with the business software collecting data on such factors as the time and routes taken for each delivery and the time taken for handing over the delivery at the customer's location. The courier team leader shares the individual performance data collected on a weekly basis with team members and discusses it with the courier if the performance level fails to meet objectives.

Interviewees claim that it is necessary to be "working all the time" in order to make a living in courier work. Earnings after expenses may reach the minimum income level for the Helsinki Metropolitan Area if the courier takes one day off in a week, provided that the courier either lives in affordable rented housing or shares accommodation costs with another person.

The pay for this kind of work is not enough in practice for savings, holidays or loan repayments. With no sick pay, illness becomes a significant financial risk for freelance couriers.

## Legislative reform required

The gig work done by food couriers is a clear example of innovative modes of working enabled by the platform economy. The phenomenon is so new that current labour legislation is unable to meet the need for labour protection in all respects. Reform work to protect the position of platform workers should nevertheless be initiated before the phenomenon is able to grow to a scale that makes it more difficult to regulate.

# Problem issues for work in a platform economy

Certain problem areas that the trade union movement should prioritise in its lobbying work emerged clearly in the course of the project: the status and livelihood of workers and arrangements for social security and taxation in the platform economy, worker opportunities for organising and collective bargaining, and the evolution of trade union work to include responding to the needs of platform workers and the self-employed.

## The status of workers

Finnish legislation views workers serving in the platform economy as either employees or self-employed (sole traders), but enterprises operating on platforms do not have the status of employers under the Employment Contracts Act. This means that people working through a platform are not employees of a platform employer. Such workers do not become eligible for earnings-related unemployment benefit, are not subject to legislation on working time or labour protection, and have no right to occupational health care.

Many platforms nevertheless operate as *de facto* employers. Gig work is done under the direction and supervision of the platform operator, as the platform determines the fees, the working regulations and the place where the work is done. The work is done in return for remuneration and on behalf of the party ordering the work.

The question of whether the diagnostic features of employment are satisfied in law is crucial from the point of view of the status of workers and the rights and duties of the platform that brokers or commissions the work, as it determines whether the platform is liable for the statutory obligations of an employer under labour and social security legislation.

Many platform economy businesses operating in Finland work in a way that satisfies the criteria for employment, but there is no relevant case law in this area to date. Cases heard elsewhere in Europe nevertheless give grounds for the view that the operations of many platform economy businesses in Finland satisfy the criteria for employment.

Tackling platform work anomalies in individual countries will nevertheless not be enough unless all countries follow suit. In a worst-case scenario some European Union Member States may allow insecure platform work and other forms of working that are extremely insecure for workers in an effort to boost their competitive position by pushing down labour prices.

This returns us to the foundations of European Community labour legislation. The original aim of working regulations approved within the European Union was expressly to prevent the pursuit of a competitive edge at the expense of worker interests. The European Union has accordingly prescribed maximum working time and minimum standards of occupational health and safety. It has also legislated to require Member States to prevent discrimination against agency workers and against part-time and temporary employees.

Various parties have considered alternative solutions to the issue of improving the status of workers in the platform economy, almost all of which rely on reforming the statutory definitions of employee, enterprise and employer. Opinions nevertheless remain divided on how this should be done.

It has been suggested in international literature that the scope of national labour legislation should be extended to include platform workers and the self-employed, for example by enacting a special provision or separate legislation on gig work and platform work. Another approach would legislate for a third category somewhere between employee and self-employed status.

Platforms would have greater liabilities with respect to such third category workers: social security contributions and taxes would automatically be withheld from their pay, they would be entitled to a minimum rate based on hours worked, and the platforms could provide additional social security and insurance programmes for them without being immediately classified as employers. Third category workers would nevertheless not be as committed to the platform as workers in an employee position are to their employer.

The third category has also been strongly criticised. Even though some countries already have three categories, the status of platform workers nevertheless remains unclear in some respects. The platform economy is also part of a more general shift in working that will probably bring other increases in atypical and irregular forms of working. An artificial category created solely for the platform economy will not eliminate other problems but more probably cause greater confusion, with the grey area shifting to some new location and a likelihood of workers currently enjoying employee status losing rights through demotion to the third category.

A proposal formulated by the Work and Pensions Select Committee of the UK Parliament envisages that a worker should always be viewed as an employee by default, and the business should be required to justify its application of any other status. A further proposal calls for workers to have a guaranteed opportunity to choose their own status in a platform enterprise (employee or freelancer) and whether they are part-time or full-time workers or enjoy unlimited flexibility of working time.

## Employee livelihood

Even though there are many kinds of platform work, remuneration problems are quite similar. These problems partly arise from the self-employed status of platform workers, meaning that there is no requirement to pay collective agreement rates or statutory minimum wages for the work. No collective agreement or minimum wage statutes even apply in many segments of platform work, such as click work.

Studies have shown that even the pre-tax pay for platform work is lower than the corresponding collective agreement rates or minimum wage level. Even when the gross pay is higher than this, the worker is left with less in hand after covering all expenses and the commission taken by the platform. Platform workers are also still doing unremunerated work, as they are not paid for the time between gigs or for the time spent searching for jobs. Work is always divided into smaller units or gigs, which become available at irregular intervals. Regardless of the type of platform work in question, many platform workers would prefer to work more, but this work is not available.

The pay for crowdsourced cloud work nevertheless remains the lowest of all forms of work done through platforms, at only USD 0.01 per task and an hourly rate of about USD 2.00. This may also be paid in the form of gaming credits or virtual currency in an effort to encourage children in particular to do small jobs. The minimal remuneration partly reflects the fact that the work is only part of a larger entity and requires no special skills at all, meaning that the workers can be readily replaced. Pay levels also vary by country, as some of the work is only open to nationals of certain states.

Statutory minimum wages or collective agreement pay rates have often been proposed as a solution to low pay levels in platform work. The right to a minimum wage would apply regardless of the status of the worker. Determining the minimum wage would nevertheless be difficult. Particular problems arise in cloud work, as the living wage varies from one country to another. Platform work would probably move to countries with lower labour costs if different minimum wages were set for various countries or region.

The best approach is considered to be broadening the scope of minimum wage statutes or collective agreements to include platform and gig work. Failure to pay the minimum wage or collective agreement rate could result in penalties for platforms, such as fines or market bans. It would also be possible to seek negotiated settlements for platform workers over such issues as a weekly number of hours.

Universal basic income (UBI) has also been proposed as one solution to the problems accompanying the evolution of work and the associated irregularity and low pay issues of a platform economy. Supporters of UBI believe that it will provide security and predictability in a world of irregular working, and bring clarity to complex public assistance programmes, especially in countries like Finland.

## Social security and taxation

Platform businesses gain a substantial competitive edge through non-payment of social security contributions for their workers. No pension, unemployment, sickness or other insurance contributions are paid for these workers, whom the platforms treat as self-employed, meaning that they have no security, for example in the event of accidents or illness.

The insurance contributions remain the liability of platform workers, meaning that taxes and other contributions may not be paid at all from small incomes. The system in Finland could be changed to make payments of pension and other social security contributions mandatory for self-employed workers as well. Platform businesses should also be subject to a statutory duty to arrange tax withholding.

One considered solution to the lack of social security provision is a personal social security account that would follow the platform worker on transferring from one platform to another. This would require redesigning the entire social security system with a view to making social security a universal right, tied to the individual and not directly to employers.

Another suggested option is to establish co-operatives to arrange payments of taxes and social security contributions for platform workers, and to manage financial statements and other business aspects. For example the Union of Journalists in Finland has established a co-operative for its members that assists in the arrangements for freelance and casual work.

## Opportunities to organise

Self-employed workers in a platform economy are unable to bargain their terms and conditions collectively, as any such consortium could be deemed to fall foul of antitrust legislation both in Europe and in the USA.

The question of the counterparty with whom the workers would bargain collectively will likewise remain open until some clarity is achieved concerning the status of platform and self-employed workers, as they have no formal employer.

A European Parliament report stresses the right of platform workers to freedom of association, collective bargaining and industrial action. These rights remain universal, regardless of whether a worker is an employee or self-employed, so freedom to organise should be guaranteed to the self-employed without regarding the outcome as a cartel.

One proposed solution to this problem is a reform of Community and national antitrust legislation, removing obstacles to organisation by the self-employed and platform workers. The statutory definition of an employer would also have to be broadened to include platform businesses.

The European Parliament suggests that the Commission and the Member States should also safeguard the status of the self-employed by broadening the scope of collective agreements to include them where necessary.

Introduction of a third category of worker has also been proposed in this context. For example the US Hamilton Project has proposed a modification of antitrust legislation in that country to include an *independent worker* status incorporating the right to organise and bargain terms and conditions of work collectively.

## The role of trade unions

The goal of organising self-employed workers in trade unions has historically run into problems, because these workers cannot conclude or oversee the implementation of collective agreements. The same issues also arise for platform workers, who have no formal employer to bargain with collectively.

A crucial question then arises as to the benefits that a trade union could offer to people engaged in these new forms of work.

In Germany (IGMetall and the United Services Trade Union ver.di) and in Austria (ÖGB), for example, platform workers have been permitted to join trade unions, which provide advice and some legal aid for a reduced membership fee.

One option would be to establish a “digital trade union movement” operating mainly online. A digital union would connect people living in various parts of the country, for example providing a source of almost real-time advice and guidance on platform work-related issues or public ratings of various platforms. This might be inspired by the fair crowd work website established by IG Metall (Germany) and Unionen (Sweden), together with AK and ÖGB (Austria), which gathers information on platform work from the perspective of the trade union movement and evaluates working conditions on various platforms. The website also advises platform workers on available trade union services and the rights of workers.

Another approach would be to establish an entirely new trade union for self-employed and platform workers. For example UK food couriers and Uber drivers working in the platform economy have organised in the Independent Workers Union of Great Britain (IWGB), which was founded by activists working in precarious forms of employment following dissatisfaction with the operations of conventional trade unions. Dissatisfaction with the trade union movement was also expressed in the interviews with platform economy workers conducted in Finland. Interviewees felt that platform workers were not getting the help that they need from trade unions.

The IWGB assists in concluding single employer agreements, while the Teamsters 117 union and the New York Taxi Workers Alliance conclude regional collective agreements in the USA.

One key question concerns whether current trade unions will be capable of conducting collective bargaining on behalf of gig workers, or whether Finland will see the same development as has occurred in the UK and partly also in Germany, with dissatisfied labour activists taking radical action by disengaging from conventional trade unions and setting up their own independent unions. The established trade union movement could also adopt a proactive approach and set up such new unions. For example a new trade union for bicycle couriers has been established under the auspices of the commercial and transport sector trade unions in France.

Collaboration with industry enterprises has also been sought in Germany, resulting in an agreement on self-regulation by platform businesses (Crowdsourcing Code of Conduct) setting out certain principles of platform working. Various specialist panels have been set up in many countries (e.g. Denmark and Germany) to discuss solutions to the problems of the platform economy with various social partners.

## Project follow-up

The SAK Management Group considered further action on the platform economy at a meeting held on 29 January 2018, and mandated the organisation to prepare formal policies and associated measures on this theme.

Preparatory work relating to worker status was assigned to the SAK Law and Work Environment Department, which will consult a union specialist group and define the policy aims of SAK for reinforcing the status of platform workers and the self-employed in labour law by the end of 2018.

The same time limit was imposed for formulating policies and measures concerning the livelihood and social security of gig workers. The Time of Opportunities project will remain responsible for this policy area, and will focus on the theme of gig worker livelihood in autumn 2018. Policies will be prepared in partnership with the SAK social security team and the union specialist group.

The Management Group charged the SAK Union Support and Regional Work Department with responsibility for organising platform workers and the self-employed in SAK-affiliated trade unions, and for planning the associated requirements. Actions will be planned in collaboration with the SAK Organising Centre.



**SAK**

**mah**

**dolli**

**suuk**

**sien**

**aika**