



Fact sheet The platform economy and quality of work: A knowledge synthesis

The labour market is changing. Trends such as the growing use of technology, the increase in flexible employment and population ageing not only affect the availability of paid work, but also its quality. In 'The changing world of work' (*De veranderende wereld van werk*) series the Netherlands Institute for Social Research (SCP) looks at the future of work and studies and at the potential consequences of labour market changes for the quality of work. The first report focuses on the quality of work in the 'platform economy'.

What is the platform economy?

- Online platforms match the supply of and demand for paid labour. The most visible platform workers are drivers and riders who work for platforms such as Uber, Takeaway and Deliveroo. However, many platform workers work exclusively online. An example of this type of platform work is coding texts on websites such as Amazon Mechanical Turk, Freelancer and Clickworker. Other platforms match the supply and demand for hospitality industry staff (e.g. Temper), cleaners (e.g. Helpling), nursing staff (e.g. Care.com), freelancers (e.g. Upwork) and designers (e.g. 99Designs).
- Platform workers form a highly diverse group. They include students, people with a migration background and lower-skilled workers, as well as highly educated people, recent graduates and parents of (young) children.
- At present, only a relatively small proportion of Dutch workers are employed via a platform. Estimates of the share of the labour force who have ever carried out platform work range between 1.2% and 22%, while estimates of the percentage for whom platform work provides their main income are even lower, ranging between 0.4% and 2.8% of the labour force.
- Despite the relatively low percentages of platform workers, in absolute terms they represent a substantial number of workers: the most conservative estimate suggests that 34,000 people in the Netherlands are currently working for a platform, and this number could grow in the future.
- Studying platform work can provide an insight into broader labour market trends which are currently the subject of much debate: flexibilisation, digitalisation and globalisation. Platform work is highly flexible because it almost always involves short-term jobs (or 'gigs') performed for a variety of different clients. The work is allocated digitally and is sometimes also performed and monitored online. In the case of online platform work, Dutch workers may also find themselves competing with platform workers from other countries. Gaining a deeper understanding of platform work therefore provide an insight into the broader dynamics of the labour market.

Platform work and quality of work

- The platform economy is attracting a great deal of interest, which can be attributed at least partly to the rapid growth of companies such as Uber and Deliveroo, as well as the legal and public debate about whether platform workers are (or should be) classed as self-employed or employees. There is also a good deal of debate about whether platform work is 'good' work.
- The debate about platform work highlights the opportunities for platform workers; for example, platforms make it easy to find and perform work, and the flexibility enables workers to combine paid work and care tasks. At the same time, the debate also stresses the risks, such as new forms of exploitation.
- Knowledge of the actual opportunities and risks of platform work can inform the public debate and the development of policies. With this in mind, scp performed an extensive literature review and conducted and analysed a number of in-depth interviews with experts to investigate the opportunities and risks associated with platform work, social differences and the factors that increase and reduce the opportunities and risks. Both factual and more subjective indicators of quality of work were studied. Among other things, we looked at income, work security, perceived work pressure, job satisfaction and platform workers' involvement in care tasks and lifelong learning.

Is the platform economy set to continue growing?

- The rise of platform work is a relatively recent phenomenon. Researchers generally expect that use of technology and flexible employment will continue to increase and that platform work will grow as a result. As the technological possibilities increase, so does the growth potential of platforms. Technological developments can make linking supply and demand for work easier, faster, cheaper, more reliable and safer. Platforms could increase their share in markets where they are already established, but could potentially also penetrate new markets, such as the arts.
- Despite these possibilities for growth, there are a number of hurdles that could put a brake on future growth. Almost all platforms mediating in employment are (still) loss-making. Labour market regulations developed in many countries, including the Netherlands, such as minimum hourly pay rates and mandatory social insurance, can make it even more difficult to generate a profit and pose an impediment to the development of platforms. An additional potential obstacle is that platforms are currently operating in those markets where digitalisation is easiest to achieve and in markets that were not functioning well or were under-served, such as the taxi industry. There are no guarantees that platforms will also gain traction in markets where this is not the case.

Social differences in opportunities and risks

- If the platform economy does grow, this will bring both opportunities and risks in relation to quality of work. Platforms can make the labour market more inclusive, encourage entrepreneurship and offer people the flexibility they need to combine paid work with care tasks and learning. The accessibility of platform work can also offer opportunities for people who are at a distance from the labour market. In addition, workers with in-demand expertise and skills can gain access to more potential clients and therefore earn more.
- Platform work generally consists of short-term jobs, thereby creating a relatively high level of uncertainty and unpredictability. Platform workers who work via international online platforms may also find themselves competing with workers from low-wage countries, putting their incomes under pressure.
- The biggest accumulation of risks is faced by people who are dependent on platform work, for example because it is their main source of income. And on platforms where (digital) monitoring is high, workers earn less and experience less autonomy, more work pressure and more work-life conflict. The quality of platform work also deteriorates if platform workers are not able to coordinate and self-organise and if power is concentrated among a limited number of platforms.
- Broadly speaking, the social differences in the quality of platform work run along the same lines as existing differences. People with a lower occupational status are more at risk than people with a higher occupational status. However, we also saw that platforms can provide new job opportunities for traditionally vulnerable workers. Moreover, there are indications that, compared to the traditional economy, education level is less relevant, whereas skills such as social skills are more important because they enable workers to be flexible and obtain successful reputation scores.

What can the government and employers' and employees' representatives do?

- The quality of platform work is generally higher in countries where platform workers are in a stronger position, whether as a result of protective regulation or of strong trades unions. The government can actively protect and enhance the quality of platform work for all workers, now and in the future. This also requires consultation and collaboration with platforms, employers' and employees' representatives, and workers themselves. scp sees a number of options for enhancing the quality of platform work:
 - 1 Seizing and developing the opportunities offered by the platform economy;
 - 2 Limiting the risks by guaranteeing minimum employment standards;

- 3 Creating a level playing field.
- *Exploiting and developing opportunities.* The government and representatives of employers and employees can facilitate the development of platforms that offer high-quality work. In the care sector, for example, online tools can be used to create a better match between supply and demand in a bid to counter staff shortages and work pressure. In other sectors, too, organisations can be encouraged and facilitated to use platform technology to promote internal flexibility and attract new people.
 - *Limiting the risks.* If the government wishes to protect platform workers, the Dutch Civil Code could be amended to stipulate that platform workers are classed as employees unless there is evidence to the contrary. Guidelines could also be drawn up for working with platform workers, and a system of quality standards, for example comparable with the fair trade quality mark, could be developed. Antidiscrimination policy could also focus on the specific nature of platform work, for example by using algorithms to prevent discrimination. Setting up an external body or ombudsman service for platform workers could strengthen their position further.
 - *Creating a level playing field.* To promote a level playing field between platforms and traditional employers, the government could modify the regulations to remove the financial and legal advantages of using self-employed workers (including platform workers) compared with other workers.

Social security arrangements could also be decoupled from the employment contract and participation in unemployment and disability insurance schemes made mandatory. Finally, international collaboration could prevent situations arising in which platform workers can choose from only one or a small number of platforms, enabling platforms to impose unfavourable terms of employment.

Flexible employment and the coronavirus crisis

- During the coronavirus crisis, platforms offer easy access to work for people who have lost their employment or part of their income, but there are also indications that the conditions under which platform workers are employed are deteriorating as the demand for labour declines while the supply increases.
- Given the extreme flexibility of platform work, there is no safety net for platform workers when the economy is weak. The crisis has therefore underlined the vulnerabilities associated with flexible work which have been warned about in reports published among others by the Netherlands Scientific Council for Government Policy (WRR) and the Netherlands Independent Commission on the Regulation of Work. The concerns expressed in those reports appear to be broadly shared, and it is therefore feasible that, together with other problem areas on the labour market, this could lead to substantial labour market policy reforms.

'The changing world of work' (*De veranderende wereld van werk*)

- This publication is the first in an scp series entitled 'The changing world of work' (*De veranderende wereld van werk*), which explores potential future developments in the quality of work. Labour market developments and the opportunities and risks they bring for quality of work need to be closely monitored, because they impact on individual well-being, organisational functioning and the quality of society as a whole. As well as providing an income, good-quality work can also give meaning to people's lives and foster their personal development. It also enables people to balance and combine working, caring and learning in a sustainable way.
- By bringing together knowledge about the consequences of labour market developments for workers, scp is contributing to the building of a knowledge base for future-proof labour market policies which benefits both workers and society as a whole. The platform economy is the first theme studied in this series. An extensive literature review and interviews with experts are used to map the consequences of the platform economy for the quality of work. The forthcoming studies that will follow later this year will focus on robotisation and on resources and constraints that make it easier or harder for workers to carrying out care tasks and participate in lifelong learning.

For more information see (in Dutch) *De veranderende wereld van werk* op www.scp.nl.

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