The rise of platform labour: a fair ‘sharing economy’ or virtual Wild West?

Protecting employment rights in an increasingly digital labour market

Digital technology is transforming the future of work. Leading this trend is the proliferation of online platforms for managing work, from taxi app Uber to small job outsourcer TaskRabbit to crowd-working marketplaces such as Upwork.

This provides opportunities to new sections of the workforce and gives consumers greater choice at lower cost. But research led by Ursula Huws, Professor of Labour and Globalisation at the University of Hertfordshire, is beginning to reveal the extent to which this explosion in platform labour – paid work organised through online labour exchanges – poses real risks to employment standards, particularly among the young. Whether working in other people’s homes or on the streets, or as part of the growing army of self-employed freelancers at home, crowd workers are competing for work at diminishing rates of pay – at any time of day and without the benefits that come with stable employment. As ongoing studies at Hertfordshire are showing, the scale of the ‘gig economy’ has taken us by surprise, with an estimated five million crowd workers in the UK alone.

Policymakers must identify bold, practical measures that can protect the rights of this ever-expanding workforce, and ensure we can all benefit from the digital revolution.
**Key policy recommendations:**

- Ensure self-employed and freelance workers have greater access to the basic rights enjoyed by those in employment
- Relax regulations that restrict the ability of independent workers to form legally recognised bodies for collective bargaining
- Explore how to adapt welfare and benefits systems to make sure they are fit for purpose in the unpredictable ‘gig economy’
- Clearly define the legal status of companies that crowdsource labour to allow for effective regulation
- Recognise the implications of these new forms of employment for occupational safety and health – both the physical and psychosocial risks.
- Assess risk to government finances from online employers not paying income tax or social security contributions in countries in which they operate
- Investigate innovative new ways to exploit the use of local level, not-for-profit online platforms for the benefit of both local workers and local economies

**The opportunities**

Ever since the implications of the ‘silicon chip’ for work first came to prominence in the 1970s, commentators have prophesied the end of the post-war model of stable, full-time, permanent employment. Attention focused on the deskilling effects of digitisation and the mass unemployment that might result from computerised automation.

Now, in the 21st century, fears that the use of robots will destroy skilled jobs have resurfaced. But there is also apprehension about the implications of a development for which there is not yet an agreed name: the exponentially spreading use of online platforms for managing work.

Terms like ‘sharing economy’ and ‘peer-to-peer networking’ have been used to set out a positive vision of the future. This is a society in which the Internet allows services to be freely shared between those who need them and those who can supply them, eliminating the intermediary.

The ‘sharing economy’ undoubtedly brings major new social and economic opportunities. They include:

- Enabling access to work for people who would otherwise be excluded
- Giving consumers timely access to affordable services
- Creating new opportunities for flexible ways to combine work and private life
- Enabling low-cost entry into the market for new enterprises or firms trying out new products or services
- Helping to consolidate a European digital single market

**The risks**

However there are real concerns that the proliferation of online labour platforms will lead to an irreversible erosion of labour standards and employment rights. "Platform labour is growing exponentially. According to Intuit management consultancy, by 2020 contingent workers will make up nearly half of all US workers and 11 per cent of these will be working for on-demand platforms. McKinsey estimates that by 2025 ‘online talent platforms’ could boost global GDP by 2.7 trillion US dollars."

A new kind of working life is emerging. It is a life in which who you are and what you can do are displayed to the world in the form of a standardized profile: your skills and the tasks you can perform listed in standard tick-box format, perhaps embellished with some self-promotional text.

The strangers who may or may not decide to hire you can assess the quality of your work through user ratings that may reflect informed judgement but might equally be an indication of poor taste or a rationale for not paying you. You do not know from one week, day or even hour to the next whether you will have work, so you keep your smartphone always to hand, ready to hit ‘accept’ at a moment’s notice. You are, in short, permanently logged on.”

Professor Ursula Huws
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The key risks can be summarised as:

- Widespread evasion of existing regulations designed to protect workers and consumers
- Growing precariousness and a ‘race to the bottom’ in relation to employment and working conditions
- Health and safety risks to workers and consumers
- Threats to European employers through undercutting by companies based elsewhere.
- Loss of quality control (including the ability to verify the authenticity of products and qualifications)
- The possible unravelling of the EU regulatory environment

Legal questions

As the nature of work continues to change irrevocably, new legal and political frameworks will be needed to accommodate these changes. Before any specific legislation can be discussed through, policymakers must address the fact that nobody is clear as to what kind of legal entities online platforms actually are.

For example, should they be regarded as markets, temporary work agencies, labour exchanges, social enterprises, suppliers of services, advertising platforms, online directories or private employment agencies?

Determining their status is the first step towards measuring their growth. But it is also a necessary prerequisite for deciding whether and how they should be regulated. How should their users be insured? How should disputes be arbitrated? Who is legally liable for verifying the credentials of workers and rectifying mistakes? Should accidents be regarded as issues of consumer protection, public safety or worker protection? What body should be responsible for inspection? How and in what circumstances should EU directives and national labour regulations be applied?

Policy challenges

Policymakers are facing difficult decisions over how, and to what extent, the ‘sharing economy’ should be encouraged and regulated. The challenge is to strike a balance in identifying interventions that will reduce risks whilst encouraging opportunities.

This will involve a far-reaching reappraisal of existing regulatory instruments and institutions to see how they can be adapted to address the new pressures. It will involve examining how social protection systems can be adapted to cater to the new realities in which the binary distinction between being employed or unemployed increasingly fails to capture the reality of life for contingent workers. What kinds of social protection systems are suitable for workers who do not know when they will next be working, and for how long? How can the rights of self-employed workers be brought into line

Who are the platform employers?

Some of the most influential online platforms:

- Upwork Global "skilled" freelancing platform
- Clickworker Crowdsourced labour for ‘microjobs’
- Taskrabbit Users outsource offline tasks to local people
- Handy Online market place for residential cleaning
- Uber Connects users with individual drivers
- MyBuilder Connects homeowners and tradespeople
- Axiom Provider of tech-enabled legal services
- Freelancer Global outsourcing marketplace
- Helping Domestic help on demand
The University of Hertfordshire is involved in a new research project that is attempting to provide, for the first time, a more comprehensive picture of the digitalized labour market across the EU (see pull out box). Looking ahead, further research should include:

- Addition of questions to existing national and European enterprise and employer surveys to capture information on how companies use crowdsourcing.
- Analysis of business registers and other sources of enterprise data to evaluate the size, categories and sectors of companies supplying online crowd services.
- Analysis of user data from online labour exchanges.
- Qualitative research on crowd workers: motivation, working conditions, work-life balance, and the relationship of crowd work to the rest of their lives.
- Legal analysis to determine what kind of legal status online exchanges should have, employment status of workers, contractual rights and where liability lies.

This issue highlights the need for new ways to exploit the potential of online digital organisation to create local platforms in Europe that combine flexible ways of linking workers with clients, while protecting these workers’ basic rights and ensuring that the profits from their activities remain in their local economies.

The need for research

Research into crowdworking and platform labour is in its infancy. Policymakers need accurate information about the scale of crowdsourcing, the range of activities involved, the legal and contractual conditions under which they are carried out, the characteristics of crowd workers, their working conditions, the environments in which they work and the associated risks for workers, clients and the general public.

New research reveals size of the ‘gig economy’

Around 11% of online adults aged 16-75 in the UK, equivalent to up to five million people, are being paid for work through online platforms like Upwork, Uber and TaskRabbit, new research shows.

One in five, equivalent to around nine million people, say they have used online platforms to seek paid crowd work. Forty-two per cent – equivalent to more than 18.5 million of us – say they have turned to such platforms to source taxi drivers, builders, graphic designers and even accountants.

The online study by the University of Hertfordshire, Foundation for European Progressive Studies and UNI Europa, with fieldwork by Ipsos MORI, revealed more than a quarter (26%) of the crowd workers interviewed earn more than half of their income through online platforms. In the survey of 2,238 adults, nine in ten crowd workers interviewed say they are carrying out desk-based online work for platforms such as Upwork, Clickworker or Peopleperhour.

The UK data is available here. The study is being rolled out across Europe.

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Professor Huws has been carrying out pioneering research on the economic and social impacts of technological change, the restructuring of employment and the changing international division of labour for decades. She has directed a large number of international research projects and authored many reports for government bodies around the world.

She is currently Chair of the EU COST Action, the Dynamics of Virtual Work – see here. Her latest book Labor in the Global Digital Economy: the Cybertariat Comes of Age was published in 2014 and is available here. She has recently published a paper The Future of Work: Crowdsourcing with the European Agency for Safety and Health at Work (download available here). She has published a paper on “platform labour” in the Journal for a Progressive Economy.