

High-Level International Conference

Towards a Digitalized World of Work: What Future Works for All?

In the context of the International Labour Organization's Centenary

2nd Parallel Session

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M. K. Ciurlionio 84, Vilnius, Lithuania



Ministry of Social Security
and Labour of the Republic
of Lithuania

2nd Parallel Session: Platform Economy: what challenges for social protection coverage new forms of work create?

Chairperson: Johanna Vallistu, Expert, Foresight Centre, Estonia

Participants: heads of delegations of Member States, international institutions

DISCUSSION POINTS:

- *What working time arrangements are emerging in the context of the platform economy? How to ensure a balance between flexibility and job quality?*
- *What opportunities and challenges do social protection systems face in ensuring adequate protection for individuals working in non-standard forms of employment?*
- *How should existing legal and institutional frameworks be adapted in view of the new challenges posed by platform work? What strategies have worked so far?*
- *What could be done to expand the role of social dialogue in the platform economy?*
- *To which extent are fiscal policies and/or the provision of universal basic income feasible policy options? What advantages or drawbacks do these strategies present?*

Aim: Jobseekers in search of flexible employment are increasingly turning to digital labour platforms (e.g. Uber, Deliveroo, Clickworker, Amazon Mechanical Turk); yet, these new forms of work do not always guarantee equal and fair opportunities to jobseekers, in terms of both access to the labour market and adequate social protection coverage. The aim of this session is to highlight challenges posed to social protection coverage in the platform economy, and identify new strategies to overcome them.

Context: Digital labour platforms connect workers with consumers of this work, provide participative infrastructures for these interactions, and set the governance conditions for them. Estimating the size of the platform labour force is challenging, but there are estimates that it is a fast growing one.¹

Workers engaged in the platform economy perform a variety of tasks, usually either location-based (delivery, transportation, household services or accommodation) or web-based (micro-tasking, freelance marketplaces and content-based creative crowd-work). Countries like the USA, India, Germany, France, Spain and the U.K have the largest share of workforce performing work through digital platforms.² According to a recent study commissioned by the European Parliament, 1-5% of the adult population has earned income through the platform economy at some point in their lives.³

Platforms can afford individual workers choice and provide enterprises and consumers with easier access to services. How do these platforms challenge the traditional functioning of the labour market? New working time arrangements have emerged. Most of those working in the platform economy undertake these tasks to add income to jobs they already have, and thus tend to work longer hours in times that used to constitute rest periods. The platform economy being inherently digital, global, and immediate, has developed a 24-hour cycle, which further pushes the number of consecutive hours of work, paid and unpaid.

¹ Lehdonvirta, V. [The online gig economy grew 26% over the post year](#), The iLabour Project, 2017.

² ILO, Digital labour platforms and the future of work: Towards decent work in the online world, Geneva, 2018.

³ Annarosa, P. et al., Platform workers in Europe – Evidence from the COLLEEM Survey, Publications Office of the European Union, Luxembourg, 2018,

While the flexibility offered in this sector can work as an advantage for those jobseekers in need of non-standard arrangements (caregivers, people with temporary or permanent health conditions) and for star performers who access larger markets, the majority of workers face low hourly wages and a substantial gender pay gap (as high as 38% in some of the crowd-work platforms).⁴ For example, the rapid growth in the number of drivers in the transport sector has been accompanied by a steady decline in average monthly earnings. Furthermore, as riders and drivers are paid by tasks, they are not always granted a minimum wage. Platforms that facilitate the provision of low-skilled work may also find it easier to expand the network of workers rather than manage the concerns of existing workers, thereby undermining decent working conditions. Finally, challenges arise when workers want to shift to a different employer but remain in the digital platform economy. It is often impossible for workers to transfer their positive ratings from one platform to another, and this leaves them more dependent on the initial employer.

Moreover, platforms challenge traditional modes of social protection. First, there is the challenge of the very categorisation of workers on digital platforms. Are they employees or self-employed? As most digital platforms classify the workers as self-employed, the workers are solely responsible for the payment of social security contributions, in addition to not being afforded other labour protections. Studies suggest most workers who rely on digital platforms as additional income, do so in addition to other flexible, non-standard forms of employment. As a result, workers experience problems with access to social protection. Furthermore, among those workers who rely entirely on platforms for their income, basic schemes like maternity, childcare, housing and unemployment benefits are mostly inaccessible. Moreover, even where self-employed workers have a statutory right to social protection – such as an old-age pension – they may not have access in practice. In fact, they might not meet particular practical requirements, such as continuity of employment, tenure time, earnings below a required threshold, intermittent contributions, and so on.

If large numbers of younger workers spend substantial parts of their careers in this type of employment relationship, this might raise a significant financial burden for wider society in the long run. Consequently, it is necessary to rethink traditional social protection systems, especially those where benefits are tied to working life contributions.

Universal, tax-based systems need not be the answer, but systems will have to better reflect the diversity of the modern workforce. Some of the strategies proposed include measures to lower thresholds for the minimum period of employment required to qualify for employment-related protection, to ensure greater parity between workers in different forms of employment, and improving access to benefits by allowing more flexibility with regard to interrupted contribution periods. Policy responses also raise the question of financing. Specific tax regimes for platform work could be one approach. Belgium for example introduced in 2016 a specific tax for “miscellaneous income” (which includes platform work) at a rate of 10%.⁵

Due to the individualised and geographically scattered nature of platform work, workers’ voice and representation often falls by the wayside. To better enable social dialogue, adequate representation structures are needed, but so is more legal clarity on the relationship between employers, workers and platforms. Social partners and governments need to adapt their thinking to ensure the protection of platform workers in this challenging legal environment.

All these questions culminate in the broader question of which corpus of law applies to the economic relationships on platforms. As many aspects of decent work are in principle defined at the international level, but practice is nearly always determined at the national level, questions of quality of work will have to be looked at under sometimes diverging legal frameworks, keeping in mind that a race to the

⁴ ILO, Digital labour platforms and the future of work: Towards decent work in the online world, Geneva, 2018.

regulatory bottom should be avoided. To further protect platform workers, it is important to adequately inform them about the circumstances of their work in an accessible language.

Some view a universal basic income (UBI) as a potential remedy for the challenges arising from platform work. Usually, the positive effects attributed to a UBI reflect some of the very principles of social security: providing at least a basic level of income security for all, in a way that protects and promotes human dignity and decent work. Yet, proposals for UBIs vary, and there are critical voices that see them as an intrusion into traditional social protection systems and as a challenge to the bargaining position of trade unions. It is worth asking, if UBI would be a panacea, or whether reforms of existing social protection systems would be the most apt solution to the challenges that digital labour platforms pose.
