



# Online Talent Platforms, Labour Market Intermediaries and the Changing World of Work

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## About this report

This report was commissioned jointly by the [World Employment Confederation-Europe](#) (WEC-Europe) and [UNI Europa](#) in the framework of the European Sectoral Social Dialogue on temporary agency work, which aims to investigate the development of the online talent platform economy and the new forms of work that are accompanying it. The WEC-Europe brings together 29 national federations of the private employment services industry in Europe, and seven of the largest, multinational companies providing temporary workers. UNI Europa, which is headquartered in the Brussels, is the European trade union federation for 7 million service workers, representing 272 national trade unions in 50 countries.

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## About CEPS and IZA

The research for this study was conducted by [CEPS](#), together with the [Institute of Labour Economics](#) (IZA). Founded in Brussels in 1983, CEPS (Centre for European Policy Studies) is widely recognised as the most experienced and authoritative think tank operating in the European Union today. IZA is a private, independent economic research institute and academic network focused on the analysis of global labour markets and headquartered in Bonn. Both institutes are deeply committed to the absolute independence of their work, rooted in the individual independence of their scholars and the diversity of their funding sources.

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# Table of Contents

<b>Executive Summary</b> .....	<b>i</b>
<b>1. Introduction</b> .....	<b>1</b>
1.1 Definitions and conceptualisations.....	2
1.2 Comparing online talent platforms with temporary work agencies.....	4
1.3 Methodological challenges .....	9
1.4 Structure of the report.....	9
<b>2. Size and structure of the online talent platform economy and the temporary agency work sector</b> <b>11</b>	
2.1 Size of the online talent platform economy and the temporary work agencies sector .....	11
2.1.1 Online talent platforms.....	11
2.1.2 Temporary work agencies.....	21
2.1.3 Summary and comparison of size .....	27
2.2 Structure of the online talent platform economy and the temporary work agencies sector ....	27
2.2.1 Online talent platforms.....	27
2.2.2 Temporary work agencies.....	30
2.2.3 Summary and comparison of structure .....	32
<b>3. (Regulatory) framework governing online talent platforms and temporary work agencies.....</b>	<b>33</b>
3.1 The (regulatory) framework governing online talent platforms and labour in the online talent platform economy .....	33
3.1.1 Labour aspects .....	35
3.1.2 Taxation, information exchange and administrative proceedings .....	38
3.1.3 Consumer protection, liabilities and insurance .....	40
3.1.4 Competition, data governance and privacy issues .....	44
3.2 The (regulatory) framework governing temporary work agencies and temporary agency work	45
3.3 Summary and comparison of regulatory frameworks .....	49
<b>4. Access to social protection for online talent platform labour suppliers and temporary agency workers</b> .....	<b>50</b>
4.1 Access to social protection .....	51
4.1.1 Online talent platforms.....	51
4.1.2 Temporary work agencies.....	56
4.1.3 Summary of and comparison of social protection .....	59

4.2	Role of social partners .....	60
4.2.1	Online talent platforms.....	60
4.2.2	Temporary work agencies.....	64
4.2.3	Summary and comparison of the role of social partners.....	67
<b>5.</b>	<b>Access to training of online talent platform labour suppliers and temporary agency workers .....</b>	<b>68</b>
5.1	Online talent platforms.....	69
5.2	Temporary work agencies.....	71
5.3	Summary and comparison of access to training.....	75
<b>6.</b>	<b>Labour market transitions and labour market participation in relation to online talent platforms and temporary work agencies .....</b>	<b>77</b>
6.1	Labour market transitions.....	78
6.1.1	Online talent platforms.....	78
6.1.2	Temporary work agencies.....	80
6.1.3	Summary and comparison of labour market transitions.....	82
6.2	Undeclared and informal work .....	82
6.2.1	Online talent platforms.....	82
6.2.2	Temporary work agencies.....	84
6.2.3	Summary and Comparison of Undeclared and Informal Work .....	85
6.3	Labour market participation .....	86
6.3.1	Online talent platforms.....	86
6.3.2	Temporary work agencies.....	87
6.3.3	Summary and comparison of labour market participation .....	88
<b>7.</b>	<b>Conclusions .....</b>	<b>89</b>
	<b>Bibliography .....</b>	<b>96</b>
	<b>Glossary of key terms and concepts.....</b>	<b>109</b>
	<b>Appendix .....</b>	<b>111</b>
A.	Unions and worker organisations for labour suppliers, by country .....	111
B.	Additional case studies .....	113

# Executive Summary

## Introduction

### Labour market intermediaries and the changing world of work

The world of work is rapidly changing: technological progress has enabled new forms of work, which are characterised by high levels of flexibility, new opportunities for labour market participation through diverse forms of work and challenges linked to existing definitions of employment relationships. This study investigates the growth of the online talent platform economy, which is defined below, and the new forms of work it has spawned. It examines the size and structure of the online talent platform economy, with a focus on employment and its labour market effects. The study further analyses access to social protection and training for labour suppliers, and the applicable (regulatory) frameworks. These same issues are also considered for temporary work agencies and their workers, and a comparison is drawn between the two.

Although the role of online talent platforms has been subject to a great deal of debate, in principle, such platforms function as labour market intermediaries that connect labour demand and supply in a triangular work relationship. Labour market intermediaries, such as temporary work agencies, have a long history in shaping the EU's labour markets. By interposing themselves between workers and firms, intermediaries facilitate matching and reduce costs when competition in the labour market is imperfect and information is incomplete. Temporary work agencies, in particular, have been suggested as a model for online talent platforms, as both offer opportunities for flexible work and lower the barriers to enter the labour market. Yet, the differences between online talent platforms and temporary work agencies should be considered. In comparison with online talent platforms, temporary work agencies are heavily regulated, and there are also divergences in the content and organisation of work, among other dimensions. In general, temporary work agencies appear to offer different modes of work and their corresponding framework than offered by online talent platforms. In spite of these differences between temporary agency work and online talent platform work, there is overlap and there is a variety of platforms that, in some cases, offer comparable services as temporary work agencies. Moreover, hybrid forms that combine characteristics of online talent platforms and temporary work agencies have developed. As a result, the boundaries between the two models have become blurred.

In the comparison of online talent platforms and temporary work agencies, there are two major obstacles to overcome: i) the lack of conceptual clarity on online talent platforms and work in the online talent platform economy, and ii) the lack of empirical evidence and data available for online talent platforms, and to a lesser extent, temporary work agencies. Despite advancements in the research, data remain scarce and the evidence on online talent platforms is rather patchy and mostly qualitative in nature. These deficiencies impede the analysis and makes it difficult to draw reliable conclusions.

### Definitions and conceptualisations

Because there is no common definition or understanding of the platform economy, and the online talent platform economy more specifically, a conceptualisation is put forward in this study. For the purpose of this study, **online talent platforms** are defined as *“digital work platforms that provide online peer-to-peer intermediation through which users can have temporary access to other users’ services and the payment*

*is made through the platform*". Individuals who offer labour on an online talent platform are referred to as **online talent platform labour suppliers**.

In contrast, temporary work agencies and temporary agency work are defined in Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008. A **temporary work agency** is defined as *"any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction"*. A **temporary agency worker** is a *"worker with a contract of employment or an employment relationship with a temporary work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction"*.

### Structure and size of online talent platform economy and temporary agency work sector

Online talent platforms are a relatively new phenomenon in the EU. Initially, especially larger, American platforms dominated the market and the debate; later European platforms also gained ground. According to recent estimates, online talent platforms represent about 0.05% of total employment in the EU, although about 17% of Europeans are engaged in it as users or labour suppliers, according to the 2016 Eurobarometer. Due to a lack of data, estimates on employment and revenues in the online talent platform economy tend to be imprecise and vary considerably. Despite its currently small size, the online talent platform economy is growing at a fast pace and has already had a disruptive impact in sectors where these platforms are most prevalent. Temporary agency work, in contrast, is well established. Temporary agency work corresponds to 2.5% of the EU labour force, representing a significant share of labour in a number of countries, but not in others. This type of work is closely linked to developments in the economic cycle. Prior to the economic crisis, temporary agency work was on the rise. During the crisis, there was a decline, and since then temporary agency work has seen some recovery.

The online talent platform economy is characterised by a high level of heterogeneity, and it is becoming more heterogeneous as it continues to develop. There is less heterogeneity in temporary agency work. Most labour suppliers, who tend to be young men of an ethnic minority background living in urban areas, use this type of work to earn additional income and are active on multiple platforms. Temporary agency workers also tend to be young, labour market entrants or re-entrants. For both, the flexibility that online talent platform work and temporary agency work entail are important motivating factors. There is a range of online talent platforms and some operate based on similar business models and regulatory frameworks as temporary work agencies. Despite these similarities, the differences between online talent platform work and temporary agency work, for example in terms of a worker's employment status, are likely to have an impact on the labour suppliers and clients that platforms and agencies attract. Far more people are making a living through temporary agency work than work in the online talent platform economy at this stage.

### Regulatory frameworks governing online talent platforms and temporary work agencies

Regulation of the online talent platform economy has been the subject of much national and European debate, which has yet to be settled. For policy-makers, the challenge lies in attaining a balance between the benefits and risks created by the online talent platform economy for the different actors involved (from existing companies to new start-ups, but also workers and users participating in the online talent platform economy). In the absence of any specific framework governing (work in) the online talent

platform economy, the European Commission has clarified that the existing rules and regulation on taxation, competition and other domains apply. Because this framework may not be a good fit with the online talent platform economy, many grey areas remain. This has given rise to questions on what regulatory framework would then actually be applicable, and how its enforcement can be ensured. In this regard, the uncertainty on the status of labour suppliers is a major obstacle, as many regulations are directly or indirectly linked to status. As part of this debate, the option to introduce an EU-level regulatory framework has been discussed, but no consensus has been reached. Government responses at the national level are still in their early stages. On the online talent platforms' side, there have been a few attempts of self-regulation, but these initiatives are also in their infancy. There is a growing number of court cases on the employment status of online talent platform labour suppliers, launched by workers, social partners and other stakeholders.

For temporary work agencies, the situation is very different. Temporary agency work is governed by a specific regulatory framework, of which Directive 2008/104/EC on temporary agency work is the most important component. In addition to this Directive, the regulatory framework is composed of Directive 91/383/EC supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship, a number of ILO Conventions (of which especially ILO Convention 181 is relevant) and national regulations. The latter implies that there is some diversity in how temporary agency work is governed across national borders. Together, these EU and national regulations form a clear regulatory basis and guarantee that temporary agency workers have similar rights as employees with open-ended contracts.

### Access to social protection and the role of social partners for online talent platforms and temporary work agencies

In the changing world of work, access to social protection has raised concerns among policy-makers, social partners and other stakeholders. In most EU countries, the existing social security schemes were designed with a very different employment model in mind than the new forms of work that are now emerging in the labour market. In these schemes, access to social protection is largely determined by one's employment status, thereby creating issues in terms of statutory and effective access, and for those combining different statuses or transitioning between statuses. As a result, the existing social security schemes no longer seem fit for purpose. At the same time, access to social security has become a policy priority at the EU level, as laid out in the European Pillar of Social Rights.

Access to social protection is linked to employment status, but the status of online talent platform labour suppliers is generally unclear. The status of online talent platform labour suppliers is heterogeneous and varies according to the business model of the platforms. As a result, labour suppliers may find themselves in a grey area in which it is also unclear for the authorities in charge of the social security scheme how these individuals should be treated. This uncertainty raises issues not only for the online talent platform economy, but also for other new forms of work. It also highlights the need for clarification on the status of online talent platform labour suppliers. In addition, as labour suppliers tend to be classified as self-employed, more so than as employees, their access to social protection is likely to correspond with that of self-employed (which typically comes with less obligations as well as reduced rights). The option of introducing a third status has been discussed but has not yet been taken up in practice (with few

exceptions such as the UK). Governments, social partners and even some platforms have taken up this issue and policy responses are being developed. The measures that ultimately will be adopted, however, will depend on the national context and preferences.

Access to social protection for temporary agency workers, in contrast, is similar to that of employees with open-ended contracts. Temporary agency workers have a clear employment status and can fall back on a regulatory framework that stipulates their obligations and rights in the domain of social security. For these workers, statutory access to social protection is typically not a concern. Yet, effective access is potentially problematic, i.e. temporary agency workers may face difficulties in meeting the conditions for access. This issue can be tackled by lowering eligibility thresholds, but this would have financial implications.

Social partners are playing a major role in the online talent platform economy and the temporary agency work sector. In the online talent platform economy, social partners have called for a level playing field to address unfair competition in the market. Social partners have also voiced their concerns about working conditions in the online talent platform economy and have taken the first steps towards the organisation and representation of labour suppliers. The latter may be complicated by anti-cartel laws. With regard to temporary agency work, social partners are actively engaged in collective bargaining in several EU Member States. Sectoral social partners for temporary agency work have been fostering social innovation by developing solutions for transferable and portable rights.

### Skills development and access to training for labour suppliers in the online talent platform economy and temporary agency workers

As technological progress and digitalisation are generating new jobs and new forms of work, the skills that are demanded in the labour market are also undergoing rapid transformation. These dynamics are further reinforced by the extension of working lives, globalisation and other socio-economic transformation. As a result, the skill needs are changing, skill gaps are widening and workers at all stages of their careers need to engage in training to ensure that their skills remain relevant. Considering that skills quickly become obsolete in today's economy, continuous training (lifelong learning) is key for an individual's employability. These issues have also been underscored in the 2017 declarations of the G20 and the L20 (one of the six outreach groups within the G20, representing the interests of workers).

Although it is clear that access to training matters for all workers, research shows that access to training is problematic for those engaged in non-traditional forms of work, such as online talent platform labour suppliers but also the self-employed. Access to training in the online talent platform economy appears to be minimal at best. Online talent platforms generally do not provide training opportunities to labour suppliers, and one can cite only a few platforms offer any training. In these cases, training tends to be organised in partnership with external training providers. The surveyed hybrid models, which combine characteristics of online talent platforms with those of temporary work agencies, appear to ensure access to training. Most online talent platforms, however, provide basic training covering safety regulations or the use of the platform. While these initiatives may boost a labour supplier's employability on the platform, it is not clear what impact these would have on a larger scale. This lack of access to training in the online talent platform economy can be attributed to a number of factors, such as the immaturity of the platforms and their role as intermediaries, as well as the risk of a reclassification of labour suppliers into employees.



Access to training for temporary agency workers is on par with that for employees with permanent contracts. This is one of the domains in which social partners have played a fundamental role, for example by setting up bipartite training funds. The channels through which temporary agency workers receive training vary across the EU Member States; for example, training can be organised via the agency or under a broader framework. There are some cases in which access to training for temporary agency workers appears to be less comprehensive than for workers with other types of contracts.

### Labour market participation, labour market transitions and impact on undeclared and informal work of online talent platforms and temporary work agencies

Among the potential benefits that are often attributed to online talent platforms and temporary work agencies is that these can encourage labour market participation and facilitate labour market transitions, by offering flexible options for work and lower barriers to entry. In that way, online talent platforms and temporary work agencies may provide opportunities for persons who face difficulties to find work in the regular labour market. Furthermore, temporary work agencies and online talent platforms can contribute to the reduction of undeclared work. These potential labour market effects are important in light of the United Nations' sustainable development goals, notably the ambition to promote inclusive and sustainable economic growth, employment and decent work for all.

Online talent platforms tend to formalise undeclared work and allow turning small jobs into a profession. While the potential labour market effects of online talent platforms are much discussed, there is only little evidence available to support or refute them. This is, in part, due to the overall lack of data on the online talent platform economy. In addition, and even more importantly, most online talent platforms are still limited in size and underdeveloped. It therefore seems to be too early to identify labour market impacts.

Similarly, with regard to temporary agency work, there has been much debate on potential labour market effects, but also in this case, it has been difficult to derive conclusions as the evidence is fragmented and tends to focus on national cases. Temporary work agencies contribute to the formalisation of work. Temporary agency work lowers the barriers to access to the labour market for outsiders, facilitating transitions from unemployment into employment. For other transitions, the evidence is more mixed.

### Conclusions

By comparing the online talent platform economy and the temporary agency work sector, this study aims to contribute to a rapidly growing literature on new forms of work and their impact on the labour market. It shows that online talent platforms and temporary work agencies do have features in common, but there are also significant differences between the two, which make it difficult to use temporary agency work as a model for the online talent platform economy; in many cases, it would not be a good fit. That being said, the call by policy-makers, social partners and other stakeholders for a level playing field should not be overlooked. Furthermore, the study also confirms that any comparison of the online talent platform economy and the temporary agency work sector is hampered by a lack of data. In order to address this issue, continued monitoring and much more transparency of online talent platforms will be needed, as well as further data collection and analysis of both the online talent platforms and the temporary work agencies. These efforts are important because more flexible forms of work are likely to become increasingly prevalent in the future.



# 1. Introduction

The world of work has undergone tremendous changes in recent years. In the EU, technological, economic and societal developments have had a profound impact on production processes and the nature of work. In this context, the digitalisation of work and its implications for tasks, skills, organisation of work, business models, social dialogue and labour relations have been much discussed. Digitalisation gives rise to new jobs and skills and makes others become obsolete or significantly transformed – which explains why it is widely considered one of the main drivers of the ‘future of work’.

Along with these developments, there has been a rise in new, non-standard employment forms, which go hand in hand with an increased flexibility, the wider application of advanced information and communication technologies, and changed relevance of specific occupations and sectors (Eurofound, 2015). Some new forms of work are characterised by an increased fragmentation of work, blurred employment relationships and more diverse contract forms (Codagnone et al., 2016). As the number of transitions in the labour market goes up and more workers are combining several employment types, these new forms of work induce a shift from job security to employment security in the labour market. Although these new forms of work bring important benefits, for example the increased flexibility and more diverse work arrangements are welcomed by both employers and workers, they also present risks, for example regarding the classification of labour suppliers (De Groen et al., 2017). Furthermore, so far at least, their effects on employment and working conditions and the labour market more generally are poorly understood. This situation calls for further investigation (ILO, 2016).

As part of this new world of work, online platforms have emerged on which labour or assets are supplied and demanded. The platform economy, which is also known as the ‘collaborative economy’, the ‘sharing economy’ or the ‘on-demand economy’, is, at its core, a collection of “business models where activities are facilitated by online platforms that create an open marketplace for the temporary use of goods or services often provided by private individuals” (European Commission, 2016). It is characterised by a wide diversity in platforms, in terms of size, sector, types of activities and other features. When the platform economy first gained ground in Europe, platforms of US origin were prominent. Since then, its complexity and heterogeneity have only increased.

In this study, the focus is on online talent platforms, i.e. the online platforms that are work-based; where there is a clear work relationship.<sup>1</sup> Online talent platforms have recently received much attention from academics, policy-makers, social partners, business owners and other stakeholders. This is motivated by the rapid growth of the platform economy in terms of value and participation, its potential benefits and its potential to disrupt, all of which have sparked debate in many EU Member States. While the online talent platform economy is still limited in size, despite the recent upsurge, platforms have already made their mark on the sectors in which they are concentrated (PWC, 2015).

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<sup>1</sup> Note, however, that this work relationship does not necessarily imply an employment relationship in the traditional sense, i.e. dependent employment. Online platforms that are mainly concerned with the sharing of assets are, therefore, excluded from the analysis.

When it comes to the online talent platforms, questions have been raised about the status of online talent platform labour suppliers and their access to social protection, in addition to concerns regarding working conditions, wages, and organisation and representation. The platforms themselves have also been under discussion, especially in relation to competition policy, taxation and the applicable laws and regulations. These dynamics have been widely discussed and their importance has been acknowledged, but they have not (yet) been the subject of serious, in-depth research. Furthermore, it is largely unclear at this early date what impact the online talent platform economy will have on the labour market, although preliminary literature has flagged the potential for both benefits and problems for labour suppliers.

Nevertheless, the overall empirical evidence available to date is patchy. In part, this is due to the lack of a common definition or understanding of online talent platforms and platform work. This shortcoming is exacerbated by a lack of available data on the phenomenon, which complicates research into the platform economy and its socio-economic effects. In particular, comparative data are typically missing. While there have been a number of efforts to address this issue, the data available so far remain limited to surveys and case studies, and have often been unsystematic or narrow in scope.

Against this background, the present study aims to analyse the online talent platform economy and then to present a comparison with temporary work agencies in terms of their characteristics, access to social protection and training, and the applicable (regulatory) framework. While the specific research questions are further elaborated in the various chapters, the goals of the study are i) to analyse the scope and nature of work in the online talent platform economy and ii) to identify opportunities and challenges facing labour suppliers and iii) examine potential labour market effects – in each case relating them to the experience of temporary work agencies. The study tackles these research questions from both a European and a national perspective.

This report on online talent platforms, labour market intermediaries and the changing world of work was prepared by CEPS and IZA and was launched by the World Employment Confederation - Europe<sup>2</sup> and UNI Europa. It forms part of the EU Sectoral Social Dialogue on temporary agency work and was financially supported by the European Commission.

### 1.1 Definitions and conceptualisations

As a starting point in our analysis of online talent platforms, temporary work agencies and the new world of work, we present the definitions and conceptualisations of online talent platforms and temporary work agencies used in this study.

The conceptualisation of the online talent platform economy is a key challenge that needs to be tackled to fully grasp the phenomenon. When platforms first became the subject of public debate, concepts like ‘sharing economy’, ‘collaborative economy’ or ‘gig economy’, inter alia were used as synonyms. This approach, however, overlooks some of the subtle yet important differences that exist between online

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<sup>2</sup> It should be noted that the World Employment Confederation was previously called Ciett, and, the World Employment Confederation – Europe was previously called Eurociett. In this report, publications from the World Employment Confederation and the World Employment Confederation - Europe that were prepared prior to the rebranding will, therefore, be referred to using their previous names, to provide readers with the correct reference.

platforms and obfuscates the debate (Maselli et al., 2016). At first, conceptualisations of the platform economy did not always account for the labour aspect. For example, the authors of one of the earliest conceptualisations of the platform economy (Frenken et al., 2015) use the concept ‘sharing economy’ and define it as a “phenomenon in which consumers grant other consumers temporary access to underutilised assets, possibly in exchange for money”. By relaxing this definition, other models can be attained (e.g. online platforms like Ebay, on which goods are exchanged permanently). Maselli et al. (2016) start from this conceptualisation to arrive at what they call the ‘on-demand economy’, which is composed of work-based platforms. Later studies aimed to better delineate the types of work that are being performed on online platforms. Schmidt (2017), for example, distinguishes between ‘gig work’ (location-based) and ‘cloud work’ (web-based).

The European Commission introduced the term ‘collaborative economy’ in its 2016 communication to describe “business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals” (European Commission, 2016). The collaborative economy engages three types of actors: i) service providers who share assets, resources, time and/or skills (private individuals offering services on an occasional basis or service providers acting in their professional capacity), ii) users of these and iii) intermediaries that connect — via an online platform — providers with users and that facilitate transactions between them (collaborative platforms). Although this definition is broad, it already highlights the triangular relationship between platform, client and provider, putting intermediation at the core of the debate.

In this study, the focus is not on the platform economy as a whole, but rather on **online talent platforms**, which for the purpose of this study are defined as “digital work platforms that provide online peer-to-peer intermediation through which users can get temporary access to other users’ services and the payment is made through the platform”.<sup>3</sup> The key point is that online talent platforms are used to provide access to flexible work opportunities, for specific tasks or assignments, and a set period of time (REC, 2016). All payments to the labour suppliers are processed through the platforms. Such platforms are not to be confused with online job boards or professional social networking sites (REC, 2016). Those who offer their labour on an online talent platform are called online talent platform labour suppliers in this study.

The definitions pertaining to **temporary work agencies** and **temporary agency work** are derived from Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work. In line with the Directive, a temporary work agency is defined as “any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction”. A temporary agency worker is a “worker with a contract of employment or an employment relationship with a temporary work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction”.

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<sup>3</sup> Note that this definition also includes work performed for businesses, in order to capture outsourcing of companies through online talent platforms – this could be relevant for the comparison with temporary agency work. Moreover, C2C models are also considered in the study (e.g. BlaBlaCar).

## 1.2 Comparing online talent platforms with temporary work agencies

As the aim of this project is to compare online talent platforms with temporary work agencies in a range of domains, we will highlight differences and similarities between both. This exercise will help to clarify to what extent online talent platforms and temporary work agencies can be compared, and to what extent they represent different labour market segments. Although the role of the online talent platforms is not always clear, most online talent platforms maintain that they serve as intermediaries, matching labour demand and supply (or those offering a service and those in need of it). This argument has been refuted in a number of recent court cases (e.g. Uber in the UK), in which it was clarified that platforms can be employers even when their terms and conditions suggest otherwise. Moreover, some platforms identify themselves as tech start-ups or companies rather than a platform for labour market matching. That being said, the focus in this study is on online talent platforms and their position in the labour market.

Labour market intermediaries have existed for many years and can be defined as “entities or institutions that interpose themselves between workers and firms to facilitate, inform, or regulate how workers are matched to firms, how work is accomplished, and how conflicts are resolved” (Autor, 2009, p.1). Economic theory suggests that labour market intermediaries can play a role when competition in the labour market is imperfect and information is incomplete. In practice, this is nearly always the case. For example, there are costs associated with the search for a job on a worker’s side, or the search for job applicants on the employer’s side. Temporary work agencies help firms to reduce the fixed costs of recruiting talent (Autor, 2009). These fixed costs, which include identifying, hiring and screening workers, must be incurred before the task gets done. Firms might find these costs too high for jobs that are temporary in nature and therefore avoid making them at all. Temporary work agencies can help overcome this issue, by pre-screening workers and arranging recruitment.<sup>4</sup> In addition, temporary agency work provides firms with “numerical flexibility” which allows them to adapt their workforce quickly in times of rapid, but volatile growth or constriction and for regularly occurring, e.g. seasonal fluctuations. (Voss, 2013).

Although research on online talent platforms has taken up a wide range of topics, the role of online talent platforms as labour market intermediaries has been quite underexplored. Similarly, in-depth comparisons with other types of labour market intermediaries have, to the best of our knowledge, not yet been done. For that reason, a comparison of online talent platforms and temporary work agencies can be helpful to better understand platform work and its implications for all involved stakeholders. In addition, a comparison can also provide insights into the functioning of the labour market, and the extent to which new actors (i.e. the platforms) are faced with the same rights and obligations as traditional actors (i.e. the temporary work agencies in this case) – i.e. to what extent is there a level playing field? Such an analysis further generates insights into some of the core questions in the debate: Are online talent platforms avoiding the employer status (in contrast to temporary work agencies, which do take up that role) to avert responsibilities and costs, at the expense of the labour suppliers. In general, the work relationships in some of the new forms of work have raised concerns about the classification of workers. These concerns have yet to be tackled.

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<sup>4</sup> For temporary agency workers, temporary work agencies also reduce costs, for example by pre-screening clients. This makes working through a temporary work agency an attractive option for those wanting a short-term position.

In a study performed for the European Parliament, Eichhorst et al. (2013) document a significant growth in the market of private employment agencies<sup>5</sup> (which includes temporary work agencies). These authors explain that temporary work agencies offer important advantages to workers and employers, such as gaining work experience and benefitting from the stepping stone function of temporary agency work (for workers).<sup>6</sup> Another example is the reduction of costs, as briefly mentioned above. IDEA Consult (2015) corroborates these potential benefits, further highlighting the strengths of the sector.

There are important parallels between temporary agency work and online talent platform work, beyond the options for flexible work. Both have the potential to facilitate access to the labour market. As indicated above, the online talent platform economy is still rather small, but is characterised by fast growth and substantial heterogeneity; the temporary agency work sector had similar features not too long ago (e.g. temporary agency workers represent a relatively small share of the workforce in some countries, but a much larger share in others; the introduction of the Directive on temporary agency work in 2008 has led to some regulatory convergence in the sector). Nevertheless, the differences between both, for example in the employment status (temporary agency workers are employees and have the temporary work agency as employer; the status of online talent platform labour suppliers is to be clarified), the tasks performed, the client (firm vs. individual) and the level of integration into user firms, also have to be accounted for. Especially the modalities as to how work is organised are expected to differ.

Notwithstanding these differences, Corpaal and Lehdonvirta (2017) report that large companies have also started using online talent platforms to source work from freelancers. Based on nine case studies, which include seven Fortune 500 companies and two multinational enterprises, Corpaal and Lehdonvirta (2017) point to three main motivations for these companies to engage online talent platform labour suppliers: i) gain access to a scalable source of labour, skills and expertise, ii) lower start-up and transaction costs in comparison to other sources of flexible labour and iii) reduce hiring barriers. Collaborating with online talent platforms also came with challenges, such as the need to adapt the platform to the firms' existing infrastructure and policies, internal resistance and coordination costs. Building on this research, Corpaal (2017) points out six dimensions in which online talent platforms may have the advantage over temporary work agencies: cost, speed, flexibility, organisation, expertise and quality. These areas were identified on the basis of interviews with managers. Some managers, for example, pointed out that working with online talent platforms was easier from the organisational point of view, as their company used just one platform (versus several agencies to source the same labour) and had direct contact with the labour suppliers. This comparison, however, focuses only on the advantages for large potential client. It does not consider the perspective of other types of clients, nor of the worker, which is explored in more depth in this study. Similarly, the downsides of this type of work are also not mentioned.

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<sup>5</sup> In the study, private employment agencies are defined as “any enterprise or person, independent of the public authorities, which provides one or more of the following labour market functions: (a) services for matching offers of and applications for employment; (b) services for employing workers with a view to making them available to a third party (“user enterprise”); and/or (c) other services relating to job-seeking, such as the provision of information, that do not aim to match specific employment offers and applications. Agencies cannot charge workers for finding work.”

<sup>6</sup> The stepping-stone function refers to the capacity to facilitate different types of labour market transitions, for example from unemployment into employment, from employment into self-employment and others. For a more in-depth discussion, please consult Chapter 6.



When comparing online talent platforms and temporary work agencies, it is important to note that hybrid models are starting to arise, with online talent platforms adopting the models and principles of temporary work agencies, and temporary work agencies launching platforms and apps to support their activities. The distinction between online talent platforms and temporary work agencies may become more blurred in the future. For example, platforms such as Book A Tiger and YOSS are vetting potential labour suppliers (e.g. Book A Tiger invites potential labour supplier for a job interview, and performs regular quality checks; note that its labour suppliers are employees and fully ensured, they also receive training). Platforms have also started to provide specific services to their clients. For example, Coople, which is a platform of Swiss origin that is specialised in retail, hospitality, events and promotion, logistics, business and administrative services and health care, offers consulting and payroll services.

One additional observation is that online talent platforms have now entered into sectors and professions that involve flexible work but may not have been easily accessible before (at least not through direct contact between labour supplier and client). An example of this is care.com, on which vacancies for care professionals are listed (e.g. child care and senior care – in some cases, having a medical background is required). Care.com does not screen labour suppliers nor clients and seems to function as an online platform on which one can set up a profile and apply to or post vacancies. Another example is Helpper, a Belgian platform that connects the elderly, people with (chronic) illnesses or disabilities with a worker to support them in activities that are non-medical in nature (e.g. cleaning, cooking, doing groceries, etc.). In March 2018, Helpper received a grant of €1 million from Carevolution (a fund for innovation in care). The platform also established a collaboration with two major health insurance funds (Partena and OZ, the Independent Health Insurance Fund), which will direct their clients to Helpper.

To return to the hybrid models, another interesting example is YOSS. YOSS is a new online platform created by the Adecco Group. YOSS aims to connect freelancers and large companies, recognising the challenges that both are facing. For freelancers, YOSS provides access to training, coaching and insurance, among other benefits. Whereas YOSS clearly is an online talent platform, the Adecco Group also has ADIA, which is a temporary work agency, and thus subject to the same regulatory framework as other temporary work agencies, but it fully operates online (through an app). ADIA was launched in the fall of 2016, YOSS was launched even more recently. Both examples highlight how temporary work agencies are adapting to technological change and new forms of work.

Below, two examples are presented of platforms that intermediate work in the hospitality industry: Ploy (service launched by temporary work agency Randstad; its labour suppliers are hired as temporary agency workers) and Temper (online talent platform; labour suppliers are freelancers). Both offer similar services to the labour suppliers and clients using their tool (e.g. screening of applicants, ratings, payment system). While these two options exist side by side, it is clear that they may appeal to different audiences; e.g. those who choose to be self-employed versus those who prefer to work as temporary agency workers. These examples also illustrate the blurring boundaries between online talent platforms and other labour market intermediates.



### *Box 1. Temper*

Temper is an online platform that intermediates demand and supply, mostly for work in the hospitality industry (though other sectors are also represented on the platform). Temper is not a temporary work agency; and the platform's terms and conditions clearly stipulate that it serves as an intermediary only. The platform does provide support to its clients and labour suppliers. For example, invoices are made up and shared by the platform. Temper also organises workshops for labour suppliers.

How does Temper work? Clients (e.g. restaurants, bars, hotels, etc.) can register on the platform and post a request for work (i.e. a shift), to which labour suppliers can reply, after which the client selects a labour supplier (on the basis of information that is shared in their profiles, e.g. experience or rating). Although clients usually can set the remuneration for a shift, there are minimum rates for two professions: cooks and auxiliary cooks (€22 and €18 per hour, respectively, excluding the transaction fee). Clients wanting to hire a Temper labour supplier on a permanent basis are required to pay a fee to the platform.

One of the features that makes Temper an interesting platform for further analysis is that it only works with freelancers, and that it allows people to try out an activity before turning it into their profession (which is one of the potential benefits that has been attributed to the online talent platform economy). More specifically, a labour supplier is allowed to work three times through the platform (TemperTrial), before s/he has to provide a VAT number and register with the Chamber of Commerce. After these three trials (also called shifts), one can no longer work through the platform without becoming self-employed. These three trial shifts are exempted from taxes.

In the Netherlands, where Temper is currently active, this model of working in the hospitality sector as a freelancer or self-employed seems to be very popular among young people, including students (Prick, 2017). People working under this status appear to earn much more than their counterparts, which is due to a tax exemption (no income taxes have to be paid as long as annual earnings are below €24,000). In addition to this observation, the Temper model has been under scrutiny, and some have questioned whether Temper labour suppliers are indeed self-employed or whether this is a case of bogus self-employment (as suggested by, among other, Stichting ZZP Nederland (i.e. the largest organisation for self-employed individuals without staff in the Netherlands), their argument being that Temper is trying to avoid the costs and responsibilities of an employer by forcing labour suppliers to assume the status of being self-employed). This debate, however, is far from settled.

*Source:* Temper.works.

*Box 2. Ploy*

Ploy is a service that is offered by Randstad, a temporary work agency that was created in the 1960s in the Netherlands and later expanded its activities to other European countries and beyond. With Ploy, Randstad aims to tap into the market involving hospitality businesses and professionals. Businesses can use the app to look for potential employees on a flexible, temporary basis. Especially in this sector, employers may struggle to fill vacancies on short notice, considering also the administrative and legal requirements in place.

Ploy comes with an app for candidates (Ploy) and an app for businesses (Ploy Pro) to be installed on a smartphone or tablet. Upon registration, employers can provide information on the type of business, required worker profile, wages and other details. Candidates set up a profile with data on their age, experience, availability, and other characteristics and preferences. When looking for an employee, employers can send out a request for applications to all registered users or to candidates that have worked with their business before. Candidates can then reply to this request; after which a final selection is made by the employer. At the end of the shift, the employer enters the number of hours worked in the app; the payment for the service is then made through the app. This process is very transparent, which is important in a sector in which work may go undeclared.

Work organised through the app is fully compliant with all legal and administrative requirements (e.g. candidates are employed as temporary worker via Randstad when working through the app and thus fully insured and covered by social security). Both employers and candidates are screened and receive a rating after the completion of the shift. Randstad is considering to expand the app to other sectors, such as retail, events and promotion, and logistics.

*Source: ploy.be*

More generally, the boundaries between online talent platforms and other digital platforms, such as job boards or professional social networking sites, are not always easy to denote. Traditionally job boards are set up as employment websites, on which employers can post vacancies for a position to be filled, to which job seekers can reply. Many job boards have now developed into platforms that go beyond the publication of vacancies (Beblavý et al., 2016). Instead, more and more job boards offer specific products or solutions for job applicants and companies, including pre-screening of job applicants and vacancy analytics, and some also target other stakeholders (e.g. work agencies, or education providers) and have their own research departments (e.g. Burning Glass). Some job boards have sections dedicated to platform work (e.g. jobmonkey has a 'shared economy' part where information on specific platforms is provided and 'job offers' for platform work are listed). Similarly, social networking sites, like Facebook and LinkedIn, have become more widely used for job search and recruitment. While some of these platforms have always had a focus on the labour market, other platforms had a different scope but are increasingly used also in this context.

### 1.3 Methodological challenges

One of the main issues in the analysis of the online talent platform economy is that data are scarce. Even though the body of research on the online talent platform economy has grown substantially over the past few years, data availability remains an issue. As a result, many studies are rather descriptive in nature or focus on a specific platform or sector. Most studies have focused on the United States, although the evidence base for Europe is growing. Moreover, the most relevant data, such as information on labour suppliers who are active on the platform, are typically missing. Longitudinal data, covering a longer period of time, are also lacking. Besides these challenges, it is important to recall that platform work is a relatively new phenomenon, which implies that it is probably too soon to evaluate and arrive at conclusions on the impact of online talent platforms in the labour market. This concern is especially valid regarding the effects on labour market participation and transitions.

Previous research has additionally shown that collecting data on online talent platforms and their labour suppliers is not an easy task. One reason is that online talent platforms are sometimes reluctant to share information, arguing that it might reveal the specificities of their business strategy. Another reason is the high volatility in the online talent platform economy, with platforms appearing and disappearing at a high pace. This complicates data collection and implies that collected data often provide only a snapshot of the online talent platform economy.

In terms of methodology and data, this study will, therefore, strongly rely on existing literature (academic, policy and other publications) and data sources (surveys, case studies, online tools and databases).<sup>7</sup> Each chapter is based on a literature review and desk research that focus on online talent platforms and temporary work agencies. The report is enriched with practical examples and small case studies, which are included to strengthen the analysis presented in the chapters. These examples are adapted to the question at hand, which means that for some a cross-country or cross-sectoral perspective is taken, while others focus on a specific national context, sector, profession or platform. Examples have been selected on the basis of data availability and with a view to covering different types of activities and practices.

### 1.4 Structure of the report

This study consists of seven chapters, each of which (other than the present introductory chapter) is dedicated to one of the topics outlined above. Chapter 2 covers the size and structure of the online talent platform economy and the temporary agency work sector. Chapter 1 describes the presence of a regulatory framework for online talent platforms and temporary work agencies. This chapter discusses a range of topics in the regulatory domain, including aspects related to taxation, competition, consumer protection and labour. In chapter 1, the access to social protection of those working through an online talent platform or temporary work agency are examined. The chapter builds on the previous chapter and reviews the roles of an individual's labour market status, the employment relationship and social partners' involvement, among other topics. Chapter 1 focuses on skill enhancement and access to training for

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<sup>7</sup> Examples are Eurobarometer 438 (2016) on the use of collaborative platforms, a survey on crowd work in the UK, Sweden, Germany, Austria and the Netherlands carried out by Huws et al. (2016), Eurofound work on new forms of employment (Eurofound, 2015) and ILO work on income insecurity of platform labour suppliers (Berg, 2016). Besides these sources, CEPS and IZA also build on their own substantial previous work on online talent platforms.

temporary agency workers and online talent platform labour suppliers. It investigates whether training opportunities are provided and what initiatives exist to facilitate access to such opportunities. Chapter 1 considers the labour market effects of online talent platforms and temporary work agencies. In particular, the focus is on participation and transitions in the labour market, and informal and undeclared work. The final chapter 1 formulates conclusions and recommendations. Each of these chapters presents a comparison of the findings for temporary work agencies and online talent platforms. Further support for these results is provided in the form of case examples. This report also includes a glossary of key terms and concepts, to which readers can refer for clarification.

*With financial support  
from the European Union*



## 2. Size and structure of the online talent platform economy and the temporary agency work sector

### KEY MESSAGES

- Estimating the size of both the online talent platform economy and the temporary agency work sector presents a number of methodological difficulties.
- In the online talent platform economy, obtaining reliable estimates is further hampered by definitional issues.
- Labour suppliers for online talent platforms currently represent roughly 0.05% of the European workforce, and around 17% of Europeans engage in the online talent platform economy as occasional consumers or labour suppliers.
- Estimations for online talent platforms showed total gross revenues of approximately €4.5 billion in 2016.
- Roughly 2.5% of the labour force in Europe is in the temporary agency work sector, but this share varies greatly from country to country.
- The online talent platform economy is growing much faster than the total labour force and is expected to continue to do so.

### 2.1 Size of the online talent platform economy and the temporary work agencies sector

In the absence of comprehensive official statistics, the size of the online talent platform economy and temporary work agencies is calculated on the basis of various sources of information. Besides the size of the platform economy and temporary work agencies in the EU28, the distribution across countries, sectors and types of work is also retrieved from various sources.

#### 2.1.1 Online talent platforms

The creation of online talent platforms affects labour markets in many European countries. While initially, especially large well-known foreign platforms such as Uber originating from the US dominated also the EU market, recently smaller local online talent platforms have gained ground. Especially for local tasks and in countries where English is not an official language, these local online talent platforms can have a competitive advantage.

Data on online talent platforms are still relatively scarce and opaque. The online talent platform economy is at best partially covered in the official economic and labour market statistics, but there are no specific indicators at this time that capture the platform economy. It is currently somewhat neglected in official statistics and subject to various measurement problems. One of the main issues is that there is no universally agreed definition for the platform economy.

In order to determine the size of the platform economy in the absence of official statistics and a uniform definition, three methods are currently used: surveys, administrative data and big data. Economic activity

is traditionally measured with surveys among companies for value creation and among households for consumption. The platform economy diffuses this traditional division somewhat with households or unincorporated individuals also creating value. Not all of these activities might be adequately captured in the official statistics. Online talent platform activities might be under-reported since at least part of the revenues are not considered. In particular unincorporated individuals and corporates with income below the value-added tax threshold and without employees on their payroll are not captured (as illustrated, for example, in the UK<sup>8</sup>).

2017 was the first year that Eurostat included questions on the usage on online platforms in its questionnaire on internet access, in order to get a better understanding of the market size of the services provided by individuals. These questions, however, only covered the consumer-to-consumer platforms in the transport and accommodation sectors. Moreover, such surveys tend not to be very accurate when the services are used frequently or are sensitive such as undeclared activities (ONS, 2017).<sup>9</sup>

The platform economy is likely to be under-reported in the current labour market statistics, precisely for this reason. In labour force surveys, for example, respondents are asked to indicate all their jobs and how much time they spend on these, but not about the nature of these jobs. Moreover, although the platform economy workers earn money with their activities, they are not always considered as an additional job, which is likely to contribute to under-reporting (Wile, 2015; Bean, 2016; Coyle, 2016). Part of the work might not be reported, since it has not been declared to the tax authorities. It is currently not known what share of the earnings gained from working on online platforms is reported (Kässi and Lehdonvirta, 2016).

Another way to assess the size of the platform economy is using administrative data. These data, which were not always intended to be used for statistical purposes, are also problematic. The platforms generally are hesitant to share data with statistical offices and governments (Black, 1998). In fact, not all participants in the platform economy are required to publish their financial statements. Moreover, there is no specific category in the standard industrial classification for only the online platforms, which makes it more difficult to identify the relevant companies.<sup>10</sup> In addition, the reported data might not always be comparable. The reported turnover and number of employees, for example, may just be the fee received

<sup>8</sup> Moreover, the business expenses and investments in tangible goods might be under-reported. Indeed, the expenses of unincorporated individuals in particular are not categorised as business expenses but rather as consumption. The costs for cars that are used for transportation services such as Uber are a good example of business expenses/investments that are likely to be categorised as consumption.

<sup>9</sup> The investments in intangible assets such as human capital, research and development are likely to be under reported as well, although traditionally most of the costs related to intangible assets have been considered as expenses instead of investments. This is gradually changing. In the revisions of the European statistics standards (ESA, 2010), research and development (R&D) costs have been categorised as investments, reducing the value added. These costs cover primarily the scientific (knowledge) part in sectors such as engineering and information technology, while non-scientific (creative activities) in sectors such as art and retail are largely ignored. This is relevant to part of the activities in the platform economy, but also the wider economy in which human capital plays an increasingly important role (Bean, 2016). New technologies allow predominantly routine tasks to be automated with the remaining non-routine tasks requiring primarily creative and entrepreneurial skills (De Groen et al., 2017). The OECD has already recommended broadening the definition of R&D to better capture the creative activities.

<sup>10</sup> Based on a small sample of 50 platforms, the UK statistics bureau found that they were categorised in various categories, including 'business services and finance', 'Transport, storage and communication', 'Distribution hotels and restaurants' and 'Government and other services' (ONS, 2016).

by the platform and the number of employees working for the platform. Moreover, the figures of the platform might also cover activities that are unrelated to the platforms. This could lead to both under- and overstatement of the activities in the platform economy (ONS, 2016).

The increasing amount of data from social media, online media and various devices, however, create an additional potential source of big data. Most national statistics offices are currently just beginning to explore the possibility of using these new sources, various researchers are already using web scraping and application programming interfaces (APIs) to obtain data on online platforms. With web scraping, unstructured data are extracted from the source code of the platforms, while with APIs the data that are provided for web applications by third parties can be obtained. Both methods have the disadvantage that they only include the data that the platforms are willing to provide or display, which vary from one platform to another (ONS, 2016). Moreover, the online talent platform economy is quite volatile, with platforms emerging and disappearing at a fast pace.

In the absence of a single reliable source to estimate the size of the platform economy, a combination of methods is used to estimate and validate the size of the online talent platform economy in the EU. In previous studies, all three methods mentioned above have been used to estimate the size of the platform economy or similar phenomena. Huws and Joyce (2016), for example, used online surveys to determine activity in the online economy. However, online surveys that compensate participants tend to overstate the online activity, since the workers that are more involved in online activities are also likely to be more engaged in online intermediated work (De Groen et al., 2017). Other work, like Lehdonvirta and Ernkvist (2011), Kuek et al. (2015), and De Groen and Maselli (2016), used interviews and data from the platforms to estimate the size and growth rates. Farrel and Gregg (2016) used financial transaction data from a large US bank to estimate the activity in the platform economy. PWC (2016) used a variety of sources, including statistical databases, financial statements, other secondary sources, and expert views. Staffing Industry Analyst (2017) simply used financial statements. Kässä and Lehdonvirta (2016) used APIs of the largest online platforms intermediating digital services in the UK.



### Box 3. Online Labour Index

The Online Labour Index (OLI) developed by the Oxford Internet Institute (OII) presents an interesting example of an economic indicator that can be used to capture the size of the platform economy (work-based platforms only and platforms for local services are excluded from the analysis). More specifically, the OLI keeps track of the tasks posted on the largest English-language online platforms, as well as the status of these tasks (open, in progress, closed). By analysing information on the number of tasks, and their status, the development of the online platform economy can be assessed. In addition, data on the occupation classification and employer country are gathered through web crawling. Recent results published on the iLabour project website provide support for the rapid growth of the platform economy in 2016-17. This growth is mostly driven by a rising demand for software development and technology work, and in creative and multimedia work. Especially professional services, while being only a small segment of the work intermediated online, also saw a significant increase. Whereas the US remains dominant as employer country, the platform economy is growing in Europe (mostly in the UK and in Germany – recall that only online labour is taken into consideration). OLI data can also be used to study mismatches between demand and supply of work in the online talent platform economy.

*Source:* Authors' own elaboration based on Kässi and Lehdonvirta (2016).

Summarising these estimations, the platform economy is found to play an important role only in certain sub-segments (Baker, 2015). Overall, the platform economy is still of relatively minor importance, but growing rapidly. The estimations of PWC (2016) suggest that the platform economy generated gross revenues of approximately €32 billion in 2015 (around 0.2% of EU GDP). This was already substantially larger than in previous years. The total revenues of the platform economy grew 58% in 2014 and 79% in 2015. This figure, however, captured five sectors including accommodations and financial services, in which the labour component is relatively limited. These two categories do not reflect well what is happening with online talent platforms. On the other hand, labour-intensive on-demand activities, including transportation (€2.4 billion), household (€6.75 billion) and professional services (€850 million), generated in total approximately €10 billion or 0.1% of EU GDP.

Turning to the number of people active in the platform economy, there is a clear distinction to be made between the surveys that have been conducted online and via phone, as the latter show substantially lower participation rates. Huws and Joyce (2016), for example, commissioned an online survey among more than 8,500 adults in four European countries (Austria, Netherlands, Sweden and the United Kingdom).<sup>11</sup> According to the survey results, which were conducted in early 2016, between 11% and 23% of the populations in the four countries provide crowd work via online platforms (e.g. Upwork). In addition, there was a large group of people that would like to provide crowd work, which would have reflected around a 50% increase in participation for Austria and the Netherlands and double for Sweden and the United Kingdom.

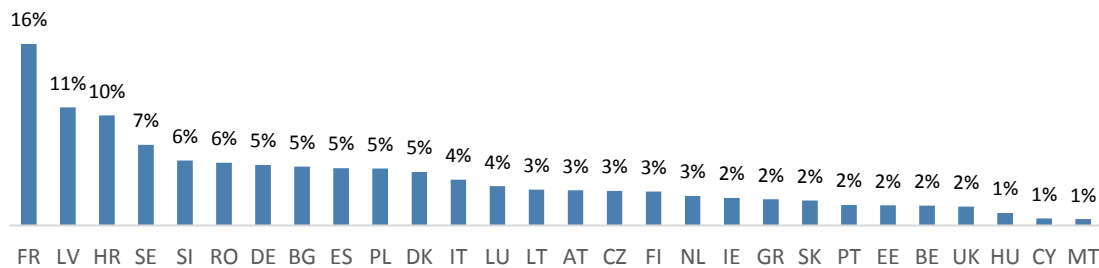
<sup>11</sup> In Austria in total 2,300 adults (age 18-64) completed in April 2016 the survey. The survey in the Netherlands was completed in April 2016 by 2,125 persons (age 16-70). In Sweden 2,146 people (age 16-65) completed the survey in the period February-March 2016. In the UK the survey was already completed in January 2016 by 2,238 people (age 16-75).



The results of online surveys are likely to be overstated. The main reason for this seems to be that the people who fill out these online surveys against a payment are more used to doing online micro tasks for payments, which has some similarities with most of the work via online talent platforms. In Huws and Joyce (2016), this more intense online activity is also reflected by the fact that between one-half and two-thirds of the participants are selling their own belongings on platforms such as Amazon and Ebay. Although the definitions and timing of the surveys often differ, there are some surveys that can serve as comparison.

Phone interviews based on random selections are more likely to provide more reliable figures. For the Eurobarometer on the collaborative economy, such phone interviews were conducted for all EU Member States in early 2016. The definition used for the survey is broader than Huws and Joyce (2016), since it also included platforms intermediating assets and services with limited or no labour component. The Eurobarometer results, nevertheless, suggest that fewer EU citizens are active in the platform economy. According to the Eurobarometer survey, around 17% of the EU citizens have used platforms. There are, however, large discrepancies across countries. In some countries such as France (36%) and Ireland (35%), a large share of the population has been active on platforms, while in other countries such as Cyprus (2%), Malta (4%) and Czech Republic (7%), much fewer people are active. Looking at the share of people that provided goods and services, roughly about one-third of the people who indicated to have visited the platform also provided services through it. Indeed, around 5% of the EU population would have provided services in the collaborative economy. The French (16%) population has been the most active in providing services, followed by Latvia (11%) and Croatia (10%) at some distance. In turn, in Malta (0.6%), Cyprus (0.6%) and Hungary (1.1%) only a very small share of the population is active in the platform economy.

Figure 1. Share of population (%) providing goods and services at platform



Note: The figure above shows the share of the population that has provided goods and/or services via collaborative platforms.

Source: Authors' elaboration based on Eurobarometer (2016).

The activity determined based on online and offline surveys is both substantially higher than what could be expected based on the figures provided by the largest platforms. Harris and Krueger (2015) estimated the number of active participants in the collaborative economy in the US at 900,000 or 0.6% of employees. Using a similar methodology, De Groen and Maselli (2016) estimated that the equivalent for the EU at the end of 2015 would roughly be 100,000 or 0.05% of employees. The difference between the figures of the

Eurobarometer and the extrapolation based on the platforms is likely to be at least partially caused due to differences in definitions of the platform economy and workers. First, the extrapolation of Harris and Krueger was purely based on active workers (provided services in the last month), which is much stricter than the Eurobarometer indicator, which did not have a time constraint. Second, Harris and Krueger (2015) focus only on the platforms with a labour component, whereas the Eurobarometer included all platforms. This is likely to have a material impact, since these platforms are more developed as the estimations from PWC (2016) showed. Third, the estimations of Harris and Krueger (2015) and De Groen and Maselli (2016) were made for periods pre-dating those of the surveys, which is likely to lead to lower results given the high growth rates of the online platforms. The latter is an important motivation to regularly update estimations of the size of the online platform economy.

To estimate the size of the online talent platform economy in this study, a bottom-up approach is used. Hence, the size of the online talent platform economy is estimated aggregating the size of all the online platforms with some activity that meets the definition provided in the introduction. The gross list of platforms is based on the dataset with European Platforms of JRC (2017)<sup>12</sup>. This dataset includes also some information on the characteristics and size of the platforms. The approach is in line with the approach of PWC (2016).

The size of the platform economy is estimated based on the total annual gross revenues for the EU. Gross revenues include both the compensation for the execution of the task, activity or job as well as the fee charged for the services provided by the online platform. The JRC (2017) dataset contains information about the gross revenues for some platforms from primary and secondary sources. The revenues are often for the entire platform, which can contain tasks that are executed outside the EU. For interpolation and extrapolation, the database has been extended with data on unique monthly visitors and origin across countries from Amazon's Alexa in August 2017, which serves as a proxy of the activity on a platform.

The gross revenues of the online talent platforms are not always available at EU level. For that reason, we use interpolation to scale the revenues provided at mostly global level back to EU level. This is done on the basis of the share of unique visitors. When the revenues are provided for the global activities, they are multiplied with the share of unique visitors in the EU. Indeed, this assumes that the platform generates the same gross revenues per unique visitor across the globe.

The online talent platform economy is quite heterogeneous. Differences between platforms, such as in average transaction amount, are likely to lead to variations in average revenues per unique visitor. In the extrapolation exercise, this heterogeneity issue is addressed by identifying platforms for which revenue data are available that share some similarities with the platforms for which no revenue data are available. Similar platforms are identified using clustering methodology.

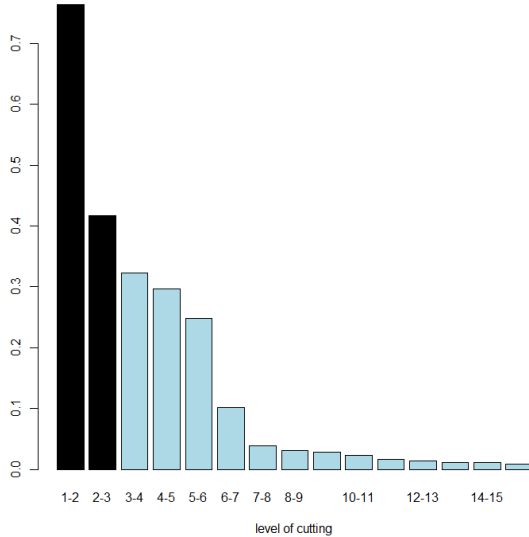
There are various clustering techniques that could be used to categorise online platforms. In this analysis, hierarchal clustering is chosen because it provides the best clustering in the sense of the inertia gain. This technique measures the differences between data points on the basis of the five variables. At the start of

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<sup>12</sup> The authors gratefully acknowledge the JRC for giving authorisation to use the database. This database was created as part of a recently completed research project entitled "Review of collaborative economy labour platforms in the EU", which was launched and funded by the JRC. The database is presented and described in a report "Overview of European Platforms: Scope and Business Models" (see Fabo et al., 2017).

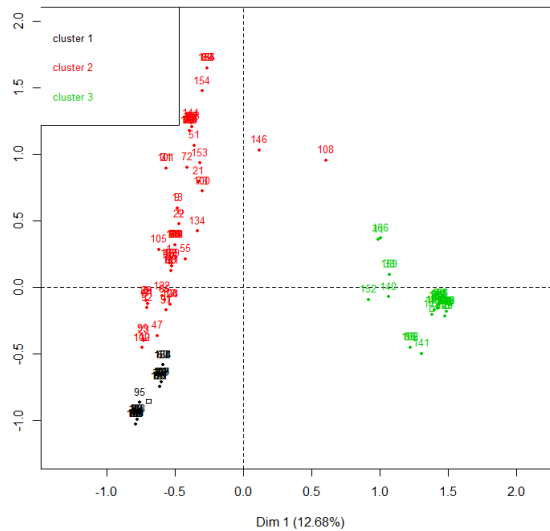
the exercise, each data point is a cluster. Then, the closest data points are agglomerated, which creates clusters with several platforms. The aim of the hierarchal clustering is to minimise the total within-cluster heterogeneity and maximise the heterogeneity between clusters, which is measured by inertia gain.

Figure 2. Inter-cluster inertia gain



Source: Authors' own elaboration.

Figure 3. Hierarchical clustering



Source: Authors' own elaboration.

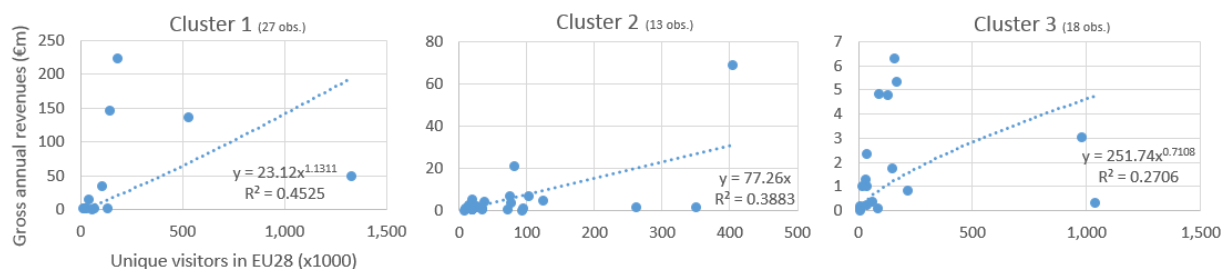
The optimal number of clusters in hierarchal clustering is given by the inter-cluster inertia gain. When there is a clear-cut break in the inter-cluster inertia gain, adding a cluster may give more information, but would prevent clear separation between clusters. In this analysis, the optimal number of clusters is six. However, using six clusters means some clusters are extremely small and have too little data on revenues and service providers, which make it impossible to make an accurate estimation. Therefore, the second most important break in the inertia gain is used to determine the ideal number of clusters. This occurs in the transition from three to four clusters (see Figure 2). In the end, the 173 crowd employment platforms are divided in three groups (see Figure 3).

To arrive at the gross revenues for individual platforms for which these data are missing, an extrapolation is done with the number of unique visitors at hand. Many platforms are quite small, which is reflected in the absence of data on unique visitors in the Alexa database. Thus, only part of the platforms in each cluster was used to estimate trend lines, which express the relation between gross revenues and unique visitors for the platforms in each of the clusters. The least-squares method is used to estimate the coefficients of the function. To find the best fit (highest r-squared), several functions are estimated, including linear, exponential and logarithmic. In general, one would expect a non-linear relation, because the more activity on the platform the more likely that demand and supply will meet and lead to transactions (see e.g. De Groen et al., 2016).

The number of unique visitors can only explain part of the gross turnover. The explanatory power of these trend lines expressed in share of variance explained is fair ( $R^2$  ranging between 0.27 and 0.45). The

strongest predictor is for cluster 1, which is probably due to less variation in types of tasks and services within the cluster.

Figure 4. Gross revenues trend lines



Source: Authors' own elaboration.

The estimators for the trend lines are used to estimate the gross revenues of the individual platforms in each of the clusters. The estimated results are compared to the gross revenues reported in the JRC database. The information on gross revenues for various geographical areas and unique visitors was available for about a third of the platforms in each of the clusters. The estimation of the total revenues for all crowd work platforms is based on a combination of the estimations and the data in the JRC-dataset. If revenue data were available in the JRC database, these data are used; if not, then the estimates are used instead.

For some platforms, there are large differences between the estimation results and the gross revenues in the JRC-database. This could be explained by the imprecision in the estimation, but also the JRC database. Hence, the five variables that define the clusters are determining only part of the revenues per unique visitor and most of the information in the database is obtained from online sources such as the platform websites of which the quality is uncertain. The data is often not subject to external audits and compliant with international accounting standards and platforms might be inclined to present higher revenues to signal that the platform is successful.

Table 1. Estimation of the gross revenues

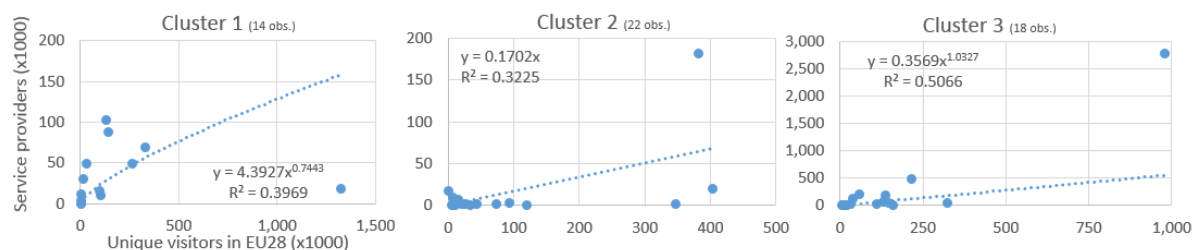
Cluster	Total gross revenue (€)	% of EU GDP
Cluster 1	€ 1.65 billion	0.011%
Cluster 2	€ 2.56 billion	0.017%
Cluster 3	€ 0.27 billion	0.002%
<b>Total</b>	<b>€ 4.48 billion</b>	<b>0.030%</b>

Source: Own elaboration.

Overall, the platforms had an estimated total gross revenues of about €4.5 billion for 2016 (see Table 1). This is quite near the PWC study (2016), which estimated the revenue of five sectors of the collaborative economy at €3.6 billion for 2015 in Europe. It could be interpreted as significant growth in this portion of the economy, which would align with expectations.

The estimated number of active workers<sup>13</sup> is calculated as the sum of employees of the platform and the service providers performing tasks via the platforms. The number of service providers is sometimes reported in the JRC database, while for all platforms the number of employees is known. However, the number of employees is provided in scales, for example 1 to 10 or 11 to 50. Summing up all the lower values and upper values, the platforms should have between 11,000 and 45,480 workers. Taking the most conservative estimate as a starting point, the number of employees working for platforms (not as service providers) in Europe is likely to be around 11,000.

Figure 5. Service providers trend lines



Source: Authors' own elaboration.

Turning to the estimation of the service providers who provide tasks via the platforms, the estimation approach is highly similar to the estimation of the gross revenues. As before, the estimators of the trend lines are used to determine the number of service providers of the platforms for which the information is available in each cluster. The data on number of service providers and unique visitors were available for roughly a third of the platforms in each of the clusters. For each cluster, the trend lines are estimated for the platforms whose number of service providers as well as number of unique visitors are known. The explanatory power of these trend lines is similar as for the gross revenues ( $R^2$  ranging between 0.32 and 0.51). The estimates are added to the number of service providers indicated in the JRC dataset to obtain the total for each respective cluster (see Table 2).

Table 2. Estimation of the number and share of active workers

Cluster	Total active workers (million)	% of EU labour force
Cluster 1	3.4	1.58%
Cluster 2	2.5	1.15%
Cluster 3	6.9	3.15%
<b>Total</b>	<b>12.8</b>	<b>5.88%</b>

Source: Authors' own elaboration.

<sup>13</sup> For the JRC database, the term “service providers” was used to distinguish between two types of platform users – customers (who need not necessarily pay for services, only receive them) and service providers, who perform work intermediated through the platform (Fabo et al., 2017).

Overall, the surveyed platforms had 12.8 million active workers in the EU for 2016, which is equivalent to 5.9% of the total employment (ages 15-64).<sup>14</sup> This is similar to Eurobarometer (2016), which estimated the number people who regularly provide services on the collaborative economy at roughly 5% of the EU population. Still, as Eurobarometer considered a much wider variety of platforms than the present study (e.g. accommodation and finance, and e-commerce websites) and looked at whether people have ever worked via platforms, the present study's estimation would actually be considerably larger.

Compared to De Groen and Maselli (2016), which estimated 100,000 service providers worked in the EU in 2015, this result is much higher. Part of the difference is likely owing to self-reporting on service providers, for which platforms have an incentive to inflate the actual numbers. Some numbers are highly suspect. For example, one platform reported nearly 3 million service providers, which is incredible given that the site had fewer than 1 million unique visitors for the surveyed month. This platform alone accounted for some 40% of the service providers in cluster 3. Another consideration is that some active workers may be counted multiple times. Some overlap is inevitable, in that it is likely that providers offer services on multiple platforms. Future efforts can further refine the methodology and data quality.

Despite the small size of the online talent platform economy, one should not overlook its rapid growth or disruptive effects in those sectors where platforms are the most prevalent. Furthermore, work on online talent platforms, together with other new forms of work, is on the rise and it may especially attract young people and others who are facing difficulties in the labour market. Especially in southern Europe, where unemployment rates remain high, new types of work may be an attractive option. These issues are further explored in the next section.

### ***Demographics and profile of online talent platform labour suppliers***

In order to shed more light on the demographics and profile of online talent platform labour suppliers, a number of online surveys have been conducted (De Groen et al., 2017). Focusing on the US, a 2015 survey conducted jointly by Burson-Marsteller, the Aspen Institute and TIME of 3,000 Americans reported that 22% of the surveyed individuals has worked through an online talent platform. The most common profile of an online talent platform labour supplier – a young man of minority background living in an urban area – tends to be overrepresented (Burson-Marsteller, Aspen Institute and TIME, 2015).

For Europe, Huws and Joyce (2016) confirm that especially young men of ages 18-24 are overrepresented. A Danish survey of about 18,000 people conducted in 2017 found that about 1% of the surveyed persons earned money through an online platform within the last year, of whom the majority earned less than

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<sup>14</sup> Note that this exercise is based on a head-count. No data on full-time equivalents or working hours are available. It is clear, however, that online talent platform labour suppliers are typically combining their activities with other forms of work (multiple job handling). Moreover, working times for online talent platform activities do not account for the hours that workers spend looking for or bidding for work. Using Amazon Mechanical Turk as a test case, Hara et al. (2018) examine the median hourly wage of 2,676 labour suppliers on the platform. They find that the hourly wage calculations are heavily influenced by how unpaid work is accounted for, i.e. how is time spent waiting or bidding for tasks, working on tasks that are not won, not submitted or rejected, etc. accounted for? The authors report that the vast majority of labour suppliers (around 96%) on average earns less than the federal minimum wage of \$4 per hour. Data further show that on average labour suppliers lost \$30 on time for returned tasks (which they started working on but did not complete), while unpaid time between tasks amounts to something between \$8 and \$30, depending on the worker.

€3,300 before taxes (Ilsøe and Madsen, 2017). This confirms that most labour suppliers view the online talent platform economy as an opportunity to supplement income from other sources. Very few labour suppliers depend on online talent platforms for their main source of income. The survey also revealed an overrepresentation of the unemployed and new labour market entrants among labour suppliers, most notably young, low-skilled, low-paid, immigrant and temporary workers. Ilsøe and Madsen (2017) argue that the online talent platform economy might serve as a stepping stone into employment for these groups of people.

When it comes to the reasons why individuals participate in the online talent platform economy, several motivations have been suggested, ranging from access to flexible work, to opportunities to try a new activity, or options to build up a portfolio or clientele prior to establishing themselves as self-employed (De Groen et al., 2017). More details are provided throughout this report.

### 2.1.2 Temporary work agencies

IDEA Consult (2015) presents an overview the temporary work agencies sector and its size and structure in particular. The report finds that temporary agency work (TAW) represented about 2.5% of total employment in the EU15 in 2012, which is relatively limited in comparison to other employment forms. The share of temporary agency work in total employment grew by 1 percentage point over the period 1998-2012. The Labour Force Survey (Eurostat, 2018) presents similar numbers for 2016 (EU-28): 2 % for males and 1.3% for females. The study of IDEA Consult (2015) further indicates that the Great Recession had an important impact on the sector, in that the amount of temporary agency work dropped more quickly than other types of labour. An additional point is the substantial heterogeneity, regarding penetration rates, in temporary work agencies across the EU Member States. Based on this analysis, IDEA Consult (2015) finds that temporary work agencies play an important and growing role in the labour market.

Accurately measuring the size and composition of the temporary agency work sector depends on the presence of basic, comparable and reliable data across the European Union. The availability of such data remains limited (Michon, 2006; Eichhorst et al., 2013). For example, as of 2013, no data on temporary agency workers were available for Bulgaria or Cyprus, and Estonia and Lithuania's data were unreliable (Ibid.). Even as of 2017, this problem still persists and has since been pointed out by various studies.

Voss et al. (2013, p.44) wrote: "(...) we would like to stress (...) the limitations of any comparative review and interpretation of quantitative data. The situation results from the fact that the underlying national statistics differ quite significantly from the sources used (e.g. statistical office, LFS data, estimations of national temporary agency work employers' organisations, data provided by bilateral observatories." More recently, a publication of Eurofound (2016, p.7) stressed a similar point: "Due to the specific nature of temporary agency work (the triangular contractual relationship with the agency as well as the user company) and, related to this, different national concepts of counting agency workers (...) it is extremely difficult to gather employment data on agency work on a comparative basis. As the method of gathering data on temporary agency employment differs between countries, any comparative review faces several uncertainties, for example, on the absolute number of employees or with view on structural characteristics."



Directive 2008/104/EC has clarified the temporary agency work sector at the EU level, and additional data sources have become available such as those from Ciett. Still, other data-related issues remain. Additional difficulties in measuring the size of the temporary agency work sector include the rapid turnover of temporary work agencies and the seasonality of much of the relevant work, among other issues (Voss et al., 2013). Nevertheless, the available data are sufficient to draw certain conclusions. The most important measures for the size of the temporary agency work sector are the absolute size and the relative size. Absolute size is largely a function of broader economic forces, and relative size is generally seen as the more illustrative measure. Relative size is determined by one primary indicator, namely the ‘penetration rate’ of TAW in the labour market. The penetration rate is defined as the share of the daily average number of temporary agency workers (full-time equivalents) in the total employment. A few caveats must be noted. First, the size of total employment is not expressed in full-time equivalents. Second, the overwhelming majority of EU 27 countries, with very few exceptions (amongst them Belgium and Poland), authorise the use of open-ended contracts in agency work (Ibid.). Therefore, temporary agency workers would include both those “temporarily” hired by a temporary work agency and those working for a temporary work agency under a “permanent” or open contract.

Table 3 displays the percentage of temporary agency work across the EU. There is no or unreliable data for Bulgaria, Cyprus, Estonia and Malta.

*Table 3. Percentage of temporary employment agency workers (ages 15 to 64)*

Region/Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU27	1.7	1.4	1.5	1.6	1.5	1.5	1.6	1.6	1.7
Austria	2.0	1.8	2.0	2.3	2.1	2.1	2.2	2.2	2.3
Belgium	1.8	1.6	1.7	1.7	1.8	1.6	1.7	2.0	2.1
Croatia	0.7	0.8	0.6	0.6	0.9	1.2	1.0	1.1	1.2
Czech Republic	0.9	1.0	1.1	1.3	1.6	1.4	1.7	1.9	1.3
Denmark	1.4	1.1	0.9	1.2	1.0	1.0	1.2	0.7	0.8
Finland	1.3	0.9	1.2	1.2	1.1	1.1	1.3	1.4	1.8
France	2.4	2.0	2.1	2.4	2.3	2.4	2.5	2.4	2.7
Germany	1.9	1.7	2.2	2.4	2.1	2.0	1.9	1.9	2.1
Greece	0.3	0.4	0.4	0.3	0.4	0.5	0.3	0.3	0.5
Hungary	0.7	0.8	0.8	1.0	1.0	0.8	0.9	0.9	0.4
Ireland	0.9	0.7	0.7	0.9	1.0	1.2	1.2	1.1	1.3
Italy	0.7	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.8
Latvia	4.4	1.8	2.3	2.3	1.9	1.0	0.9	1.1	0.7
Lithuania	1.0	0.5	0.4	0.6	0.7	0.7	0.8	1.7	1.8
Luxembourg	0.5	1.4	1.7	1.4	1.6	1.5	1.5	2.1	1.8
Netherlands	3.4	2.7	3.0	2.9	2.9	2.9	3.5	3.6	4.1
Norway	0.1	0.1	0.1	0.2	0.1	0.3	0.2	0.3	0.3
Poland	0.5	0.6	0.6	0.5	0.6	0.6	0.7	0.9	0.9
Portugal	2.4	2.0	2.1	2.0	1.9	2.1	2.1	2.0	2.1
Romania	0.9	0.8	0.8	0.9	0.8	1.0	1.2	1.0	1.0



Slovakia	0.9	0.7	0.9	1.5	2.6	1.4	1.6	1.6	1.3
Slovenia	5.8	5.5	6.0	5.3	5.2	4.7	4.7	5.3	5.2
Spain	4.1	3.0	3.0	2.7	2.7	3.0	2.8	2.9	3.0
Sweden	1.2	1.1	1.1	1.3	1.2	1.2	1.3	1.4	1.4
United Kingdom	0.5	0.5	0.2	0.5	0.4	0.4	0.5	0.5	0.5

*Note:* Data for Slovenia also include students, which is not the case for the other countries. 80% of all temporary agency workers are students, which explains the high share reported for Slovenia. No data are available for Bulgaria and Estonia.

*Source:* Eurostat ([http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa\\_goe\\_4a6r2&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_goe_4a6r2&lang=en))

Based on the above data, a few observations can be made. First, Slovenia has by far the highest share of temporary agency work in the EU, the reason being that Student Agency Work is considered a special variety of temporary agency work in that country, with students accounting for 80% of all agency workers (Osvald, 2017). Temporary agency work is also particularly prevalent in the Netherlands. With 23.3% of temporary agency workers under 25 years of age and 54.5% of temporary agency workers below the age of 35 (Statistics Netherlands), Dutch temporary work agencies might act as a facilitator for the labour market entry of young people. Furthermore, research suggests that temporary agency workers in the Netherlands receive substantially more training than fixed-term workers (Boston Consulting Group and Cielt, 2011), which could make agency work more attractive than fixed-term contracts elsewhere. France, Germany and Belgium represent countries with a moderate share of temporary agency workers. Greece, Hungary, Latvia, Poland and Italy have low penetration rates. The UK is special case as no robust statistics are available for the size of the temporary agency work sector (estimates range from 300,000 to 1.2 million).<sup>15</sup> Still, Hudson-Sharp and Runge (2017) report that in the UK temporary agency work is a much more prominent employment form than in most European countries. Table 3 also documents a decline in temporary agency work in the crisis period, providing support for the connection between TAW and economic conditions. These initial observations are further supplemented by data from the OECD (2014), which is presented in Table 4, and allows us to distinguish between open-ended and fixed-term positions.

<sup>15</sup> Estimates on the number of temporary agency workers in the UK vary substantially across different sources (i.e. academic sources tend to indicate numbers around the lower end of the range, while data from recruitment agencies and employment confederation data provide estimates around the higher end of the range). There are no official figures of the number of agency workers (Judge and Tomlinson, 2016). The numbers reported in the table are derived from Eurostat, and based on data from the Labour Force Survey (LFS, conducted by the national statistical office and centrally processed by Eurostat). LFS data appear to underestimate the number of temporary agency workers in the UK (inaccuracies in LFS data may be due to the self-reported format of the LFS (respondents may incorrectly classify themselves as temporary agency workers) or the small proportion of workers engaged in temporary agency work in several countries (making it harder for a household survey like the LFS to find them)). There are several potential explanations for the discrepancies in the estimated number of temporary agency workers: fluctuations resulting from higher turnover rates (compared to workers with open-ended contracts), varying levels in the demand for work (e.g. students seeking work in the summer) (Biggs, 2006). Other surveys are based on snapshots of the number of temporary agency workers on assignments in a given time period (BIS, 2010). Finally, Druker and Stanworth (2001) further indicated that temporary agency workers may reside on the books of multiple agencies, and may be placed into work by multiple agencies.

Table 4. Permanent and fixed-term contracts, of which with a temporary work agency (percentage of all employees, average 2011-2012)

	PERMANENT			FIXED-TERM			TWA
	All permanent contracts	Not with a TWA	With a TWA	All fixed-term contracts	Not with a TWA	With a TWA	
Austria	90.6	88.6	2.0	9.4	9.2	0.3	2.2
Belgium	91.5	91.5	0.0	8.5	6.7	1.8	1.8
Czech Republic	91.9	90.7	1.2	8.1	7.9	0.2	1.4
Denmark	91.3	90.5	0.8	8.7	8.4	0.3	1.1
Estonia	96.0	95.8	0.2	4.0	3.9	0.1	0.2
Finland	84.4	83.9	0.5	15.6	14.9	0.7	1.1
France	84.9	84.9	0.0	15.1	12.8	2.3	2.3
Germany	85.6	83.9	1.8	14.4	13.1	1.2	2.8
Greece	89.2	89.0	0.3	10.8	10.7	0.1	0.4
Hungary	90.8	90.2	0.7	9.2	8.8	0.4	1.0
Ireland	89.8	89.3	0.6	10.2	9.8	0.4	0.9
Italy	86.4	86.4	0.1	13.6	13	0.6	0.6
Latvia	94.3	93.0	1.3	5.7	4.9	0.8	2.1
Lithuania	97.3	96.7	0.6	2.7	2.6	0.1	0.7
Luxembourg	92.7	91.8	0.9	7.4	6.7	0.6	1.5
Netherlands	81.2	80.8	0.5	18.8	16.3	2.5	2.9
Norway	91.8	91.7	0.1	8.2	8.1	0.1	0.2
Poland	73.3	73.3	0.0	26.7	26.2	0.5	0.5
Portugal	78.6	78.0	0.6	21.5	20.1	1.4	1.9
Slovak Republic	93.4	91.9	1.5	6.6	6.1	0.5	2.1
Slovenia	82.5	81.9	0.7	17.5	12.8	4.6	5.3
Spain	75.5	74.0	1.5	24.5	23.4	1.2	2.7
Sweden	83.8	83.1	0.7	16.2	15.6	0.5	1.3
United Kingdom	93.9			6.1			

Source: OECD (2014)

The OECD data demonstrate marked heterogeneity in the temporary agency work sector beyond the penetration indicator; for example the distinction between open-ended and fixed term contracts for temporary agency workers shown in Table 4. Open-ended contracts for temporary agency workers are forbidden in Belgium and Poland, and authorised in France only since 2013. In Germany, Sweden, Austria and several other countries, the majority of temporary agency workers were hired under open-ended contracts, while in other countries like Spain, Estonia, Croatia and the UK, open-ended contracts are rare (Countouris et al., 2016). In the Netherlands, there exists a three-phased contractual system: only after completing phase A (78 weeks worked for the same agency), workers move to phase B, in which they are paid between assignments and when ill. Phase B might last up to four years and only after entering Phase

C are workers entitled to a permanent contract (Collective Labour Agreement for Temporary Agency Workers, 2012-2018; 2017).

Analysis from IDEA Consult based on Eurostat (LFS Data) and Ciett data demonstrates two other notable elements of the size of the temporary agency work sector. First, in absolute terms, all forms of work (temporary agency work, self-employment, open-ended contracts, and temporary employment including temporary agency work) grow together. This indicates that no form of work grows strongly at the expense of another, at least for the EU15 and the timespan considered between 1998 and 2012. In relative terms, however, the same data show that temporary work of all kinds and open-ended contracts are inversely correlated. This is sensible, of course, when considering the proportions of different types of work. Nevertheless, analyses suggest that the data do not show a structural correlation between growth in one type of flexible labour and growth, or decline in any other form of flexible labour (IDEA Consult, 2015).

One additional point on the size of the temporary agency work sector is notable. The total share of temporary employment is positively correlated with the extent of employment protection for open-ended contracts against dismissals. This seems to reflect employer preferences for flexible labour, especially when the perceived costs and risks of standard employment are relatively high.

### **Growth**

The growth of the temporary agency work sector is quite high, significantly higher than total employment growth in absolute terms. Temporary agency work increased by 10.9% in 2007 according to the European Labour Force Survey (LFS). Eurociett reported 13.1% growth for the same year. After the worst of the Great Recession, the temporary work agency resumed growing at a high rate, by 8.6% in 2010 and 8.0% in 2011. 2015 showed 9.6% growth in temporary agency work compared to 2012 (WEC, 2015). These conclusions ought to be viewed cautiously, however, given the difficulties in the classification of firms (Eichhorst et al., 2013).

IDEA Consult's (2015) recent analysis of the size and growth of the temporary agency work sector finds evidence that growth in the temporary agency work sector is closely linked to GDP levels. While this is fairly intuitive, it is interesting to note that growth in temporary agency work is more sensitive to GDP than other types of work. That is to say, when GDP rises, all types of employment will grow in absolute terms – but temporary agency work tends to grow more. Consequently, a higher than average decline occurs in times of economic downturn. It is important to note, however, that the tendency for strong growth in temporary agency work and non-standard forms of employment was clearer in the period before the Great Recession (IDEA Consult, 2015).

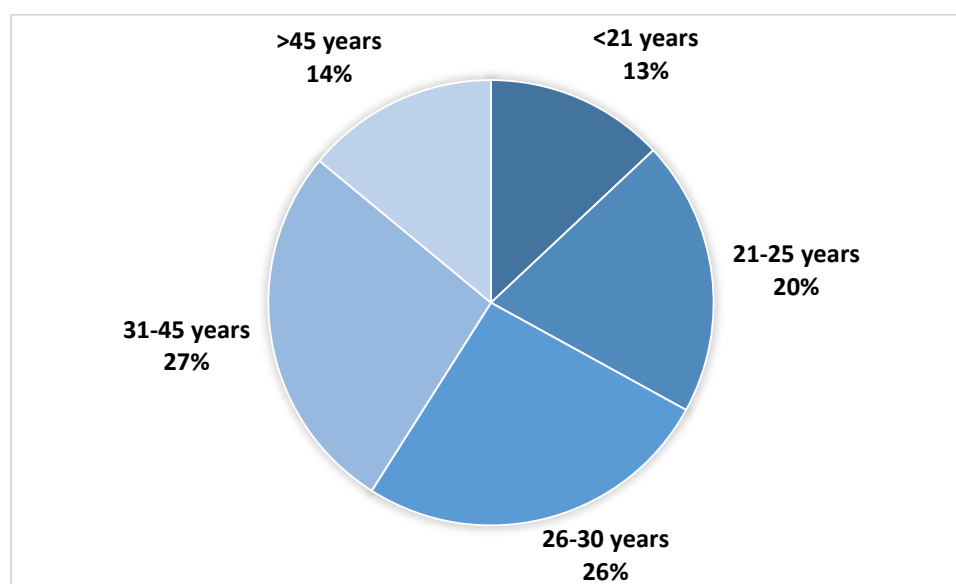
### **Demographics and profile of temporary agency workers**

The gender ratio of temporary agency workers varies greatly from country to country. In most of the Scandinavian countries (Denmark, Finland and Sweden) a gender bias, in terms of the distribution according to gender, towards women can be observed, while in Austria, Germany, France and Belgium one can find a gender bias towards men. Between July 2016 and June 2017, 70% of temporary agency workers in Germany were male (Bundesagentur für Arbeit, 2018). In the UK, the percentage of male agency workers decreased from 60% in 2011 to 53% in 2016 (Judge and Tomlinson, 2016). A balanced

ratio of around 50% can be found in Italy, Poland, Romania, the Netherlands and Hungary (Voss et al., 2013). At the European level, 58% of agency workers are male (CIETT, 2016), compared to 56% at a global level (WEC, 2017).

Workers in the temporary agency workforce tend to be younger than those in the total active working population. In 2015, the age group under 31 years old accounted for about 59% of the total temporary agency workforce in Europe, as depicted in the figure below (WEC, 2017). The number of younger workers is especially high in the Netherlands, with 23.3% of temporary agency workers under 25 and 54.5% under 35 (Statistics Netherlands). On the other hand, a much higher disparity in regards to the proportion of workers above 54 can be noted. While, for instance, only 13% of German (BA, 2018) and 10.4% of Dutch (CBS, 2016) temporary agency workers are over 54, the UK's share of older workers is more than 30% (Judge and Tomlinson, 2016).

Figure 6. Age of temporary agency workers in Europe in 2015



Source: WEC (2017).

IDEA Consult (2015) and other comparative sources support the notion that a large share of temporary agency workers either has a low or medium initial education level, although 26.7% has completed higher education (IDEA Consult, 2015). Notwithstanding a lack of comparative data, information garnered from national temporary agency work organisations shows that in most European countries the largest group of temporary agency workers is the one that has completed secondary education. In Germany, for example, 27% of agency workers have no formal vocational qualifications, 16% have had an academic education and 64% completed a vocational training (BA, 2018). Exceptions are countries with a high share of low-level education of temporary agency workers, such as Czech Republic (70%), Spain (56%) and Hungary (44%). Conversely, countries with a high share of educated temporary agency workers are Bulgaria and Sweden (both 40%), Belgium (31%) and the UK (30%) (Voss et al., 2013).

A generality which can be observed in the TAW sector is that on average and according to Ciett data, over three-quarters of temporary agency workers in Europe are employed in the services sector and in manufacturing. Yet there exist significant variations between European countries. These can broadly be divided into two categories, regarding the role of services and manufacturing. Firstly, there are the more industrially-advanced countries where TAW in manufacturing has a comparatively high share in total temporary agency employment. Secondly, a smaller group of EU countries (UK, Spain and the Netherlands among others) are characterised by a share of services in the temporary agency workforce of more than 50% of the total.

### 2.1.3 Summary and comparison of size

In 2015, the temporary agency work sector represented a penetration rate of 1.9% of total employment in Europe (WEC, 2015). Eurostat estimates that 1.7% of employees work for temporary work agencies (Eurostat, 2017). The penetration of temporary agency work is quite varied across Europe, with substantial fluctuations from one country to another.

By contrast, measuring the online talent platform economy poses its own set of difficulties. No uniform definition exists for the online talent platform, which hinders data collection from administrative data, big data or other methods. Nevertheless, a few attempts have put the size of the online talent platform economy at roughly 0.05% of the European labour force as of 2015. The phenomenon, however, is very likely to be underreported. The percentage of individuals who engage in the online talent platform economy as consumers or part-time labour suppliers is much higher, roughly 16%, but significantly higher in some countries and assuming a very wide definition of online platforms. Both in the United States and Europe, roughly 2/3 of labour suppliers in the online talent platform economy are estimated to be Uber drivers. This corresponds with the early market entry of the personal transportation model to Europe, as well as the adaptability of the model and high level of demand for alternatives to existing modes of transportation. The growth of the platform economy is expected to be very high. Estimates put the rate at 79% revenue growth for Europe in 2016.

Both the online talent platform economy and temporary agency work sector are growing, but the platform economy is almost certain to grow more quickly. It represents an adaptable and fast-evolving model, and new forms of online talent platforms are being created constantly. Like other internet-based technologies, online talent platforms are sure to evolve and grow quickly in coming years.

## 2.2 Structure of the online talent platform economy and the temporary work agencies sector

### 2.2.1 Online talent platforms

This section provides a typology for the online talent platform economy. There is a large set of potential distinguishing categorisation elements that can be divided in three broad dimensions related to online platforms, work offered and the personal situation of the worker, respectively (see Eurofound, 2018 - forthcoming). Table 5 provides a comprehensive list of categories across the three dimensions.

The first group of categorisation elements is related to online talent platforms. The characteristics of these platforms play an important role in determining the organisation of crowd work. These characteristics include elements such as market position, owner, dynamism, size, sector, etc.

A second group of categorisation elements involves those linked to work offered on online talent platforms. These categories capture different aspects of crowd work such as scale, complexity, required skills, working place and time, autonomy, etc.

The third set of categorisation elements include characteristics of the crowd workers performing the tasks. There is considerable heterogeneity among crowd workers, which can be captured in categories such as age, gender, living area, education, labour market status, pluralism, etc.

*Table 5. Categorisation elements pertaining to online platforms, work offered and personal situation*

<b>Online platforms</b>	<b>Options</b>
Market position	Monopoly, oligopoly, competition
Dynamism	Stable/static, dynamically changing
Ownership	Commercial, cooperative
Size	Number of clients, workers, tasks or activities (relative to other platforms)
Sector, occupations	NACE, ISCO
Accessibility	Generally open, Restricted (eligibility criteria)
Transparency of client and worker	Anonymous, Disclosed
Services offered	Matching vs. management of tasks, Guidance/recommendations for clients and workers, Pre-screening of ads/offers, Training for workers
Conduct	Existence and characteristics of terms and conditions, Adherence to specific codes of conduct, Data protection mechanisms, Control/surveillance mechanisms
Fees to platform	Registration (client, worker, task), Successful matching, Successful task completion
Initiator	Client, Worker
Matching process	Competition/Contest, Procurement/Specification/Offer
Selection process	Client, Platform, Crowd worker, Third party/Panel
<b>Work offered</b>	<b>Options</b>
Scale of tasks	Micro, Larger (projects)
Complexity of tasks	Routine tasks (simple, non-innovative), Complex tasks (moderate), Creative tasks (sophisticated, innovative, cognitive)
Required skills (level)	Low, Medium, High
Format of service provision	Virtual, Physical
Type of activities	Specialist (i.e. focused on one type of tasks, e.g. delivery), Generalist
Working time	Worker is free to choose when and how long to work, Restrictions imposed by clients/platform
Autonomy in task Completion	Hierarchy-like (low autonomy), Market-like (high autonomy)
Award of competition	One winner, Several winners, All participants

Price setting	Full discretion of the client/worker, Minimum prices set by the platform, Standard prices set by the platform (financial, token)
Realisation of payments	Directly between client and worker, Through the platform (deposit)
Clients	Private individual, Private organisation, Public organisation
Access to social protection	Full access, Partial access, No access
Access to representation	Full access, Partial access, No access
<b>Personal situation</b>	<b>Options</b>
Age	Young [18-29], Middle [30-49], Old [50-65]
Gender	Male, Female
Living area	Urban, Rural
Educational attainment	ISCED
Family background	Single (no children), Partner (no children), Single (children), Partner (children)
Labour market status	Employee (full-time/part-time/other), Self-employed (full-time/part-time/other), Unemployed, Other
Pluralism	Active on one platform or multiple platforms
Main source of income	Regular employment activities, Crowd employment, Other

Source: Authors' elaboration based on Eurofound (2018 – forthcoming).

As explained in the previous section, in this analysis the crowd platforms and the work they generate have been mapped based on clustering analysis. The clusters are based on five categorisation elements retrieved from the literature<sup>16</sup> and availability in the JRC database. The first variable is set of skills required of the crowd worker for the intermediated work through the platform, which is closely linked to the remuneration level. The second variable is the format of service provision or location. Whether the service is conducted virtually or physically is also found to be an important factor for the hourly remuneration. The third and fourth variables are the market sector and the types of services offered by the platform, respectively, which are related to the intensity and duration of tasks. The fifth variable indicates whether or not the platform intermediates a task via an app. This is a technical variable to account for the fact that the number of website visitors might be only capturing part of the activity on a platform at the moment that most of the intermediation is performed through a mobile application. Many platforms use apps alongside websites, the visitors of which are not captured in the number of unique visitors.

The clustering run on these five clusters led to three distinct clusters. Taking a closer look at a plot of the clusters in the figures above, there is a clear divide between the three clusters (see Table 6). The variable coding for the format of service provision (location) is highly discriminating: 98% of virtual platforms are located in cluster 3, whereas of the bulk of platforms in the other two clusters intermediate physical work. Another variable that helps to differentiate the clusters is the required skills. All platforms in cluster 1 are involved in low-skilled work, all platforms in cluster 3 intermediate high-skilled work, and the platforms in cluster 2 intermediate a mix of low- and medium-skilled tasks. The main difference between clusters 1 and 2 are the sector and services. The platforms in cluster 1 intermediate transportation services and in those in cluster 2 intermediate various other tasks covering all cleaning, laundry services, food and eating, home maintenance and care services.

<sup>16</sup> See e.g. Codagnone et al. (2016) and De Groen et al. (2016; 2017).



Table 6. Descriptive statistics for online platform clusters

Cluster	Examples	Required skills	Format of service provision	Sector	Services offered	App
<b>Cluster 1</b> Low-skilled physical platforms focusing on transportation (44 obs.)	<i>Uber, Taxify</i>	Low (100%)	Physical (100%)	Transportation services (100%)	Transport of people (55%), transport of goods (32%), delivery of goods (14%) <sup>17</sup>	App (50%), No app (50%)
<b>Cluster 2</b> Low-to-medium skilled physical platforms focusing on domestic and local services (80 obs.)	<i>Listminut, Taskrunner</i>	Low-to-medium (43%)	Physical (99%)	Local services (74%), local tasks (13%), local and professional services (10%)	Various local services (24%), cleaning (14%), laundry services (10%), home maintenance (9%), food and eating (9%)	App (23%), No app (77%)
<b>Cluster 3</b> High-skilled virtual platforms (49 obs.)	<i>GoPillar, Freelancer</i>	High (67%), medium-to-high (25%)	Virtual (98%)	Professional services (100%)	Various professional services (33%), design and creativity (25%), IT services (18%), consulting services (10%), academic texts writing (8%)	App (10%), No app (90%)

Source: Authors' own elaboration.

## 2.2.2 Temporary work agencies

As can be expected, there is a diversity of structures across the EU Member States for the temporary agency work sector. As noted in Directive 2008/104/EC (para. 10), “there are considerable differences in the use of temporary agency work and in the legal situation, status and working conditions of temporary agency workers within the European Union”.

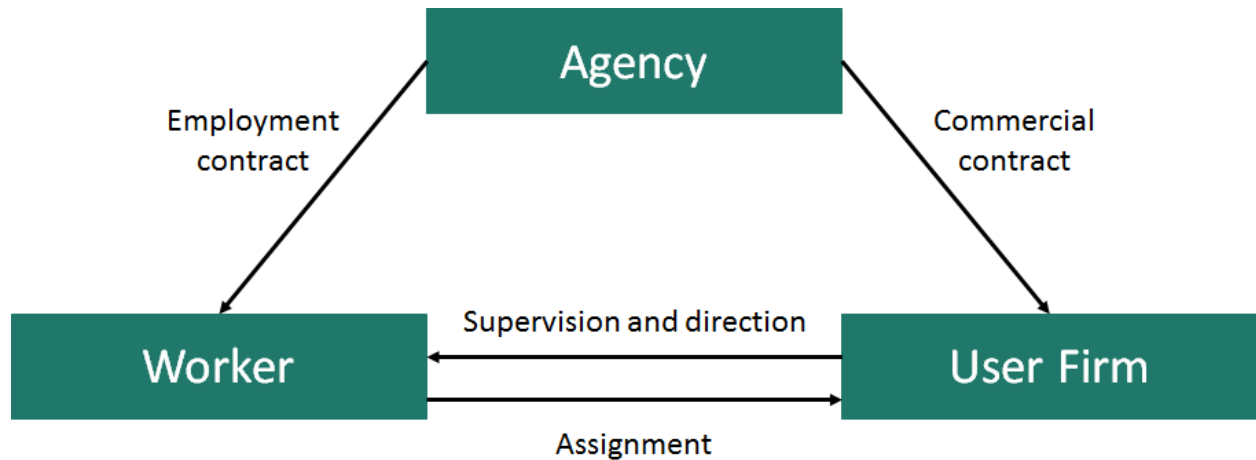
This reflects various histories and approaches to the temporary agency work sector across the EU. In fact, Directive 2008/104/EC required around ten years of consultations, negotiations and debate to be finalised. National governments were required to implement the Directive by the end of 2011. This Directive serves as the cornerstone for a shared understanding of the temporary agency work sector in Europe, with respect to definitions, rights and structure (Voss et al., 2013).

Temporary agency work is triangular, which is to say that temporary work agencies, user firms, and temporary agency workers are all connected in the system. This basic structure is indicated by Figure 7 below.

<sup>17</sup> Transportation of goods is business-to-business (B2B), while delivery of goods is business-to-consumer (B2C) or consumer-to-consumer (C2C).



Figure 7. Stylised structure of temporary agency work sector



Source: Authors' own elaboration, based on Storrie (2006).

While there is some diversity in the legal arrangements governing the different parts of this triangular relationship, the basic functions of the temporary work agency, worker and user firm are more or less the same across Europe. Again, this common European understanding of the temporary agency work sector is provided by the EU Directive on temporary agency work (Directive 2008/104/EC), which further defines each portion of the temporary agency work sector.

**Temporary work agency** (denoted in Figure 7 as 'Agency'): is defined as any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction (Article 3.1B).

**Temporary agency worker** (denoted in Figure 7 as 'Worker'): is defined as a worker with a contract of employment or an employment relationship with a temporary work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction (Article 3.1C)

**User undertaking** (denoted in Figure 7 as 'User Firm'): is defined as any natural or legal person for whom and under the supervision and direction of whom a temporary agency worker works temporarily (Article 3.1D).

**Assignment:** is defined as the period during which the temporary agency worker is placed at the user undertaking to work temporarily under its supervision and direction (Article 3.1E).

Lastly, as indicated in Figure 7, the relationship between temporary work agencies and temporary agency workers is governed by the relevant employment contract. At the same time, the relationship between temporary work agencies and user firms is governed by relevant commercial contracts. As noted before, employment contracts themselves can vary, being either temporary or fixed in duration, or open ended in other circumstances, depending on the national legal context, and other relevant considerations. Fixed contracts can be repeated a certain amount of times or indefinitely, depending on the national legal context. This rather general overview of the structure of the temporary agency work sector is refined in

Chapter 3, with discussions and examples of specific regulatory contexts that affect structure and function.

### 2.2.3 Summary and comparison of structure

The structure of the online talent platform economy and temporary agency work sector have one obvious similarity, namely the intermediary function. At first glance, the way in which online talent platforms intermediate transactions between labour suppliers and consumers is similar to the way in which temporary work agencies intermediate between user firms and temporary agency workers. However, the similarities in structure do not extend much further.

Online talent platforms represent a great variety of models, some of which rely on labour to be completed in person, and some of which is completed entirely remotely via the internet. Activities can be complex, such as full projects that need completion, or small, for example click work. Labour suppliers working on an online talent platform tend to be regarded as self-employed, although this is not necessarily the case. The online talent platform typically charges a fee for connecting the labour supplier to the consumer.

Temporary work agencies generally have an employment contract with temporary agency workers to connect those to user firms for in-person labour at a particular location. There is some variation in this arrangement, but in general it holds true across Europe. Accordingly, the employment contract and commercial contract are important considerations for temporary work agencies, but usually only the commercial contract is of concern for online talent platforms.

Nevertheless, it is difficult to make generalisations that hold true across all EU Member States and sectoral contexts. Even looking to the same online talent platform, different structural arrangements exist in different EU Member States. A great variety of structures of online talent platforms already exist, and new ones are likely to emerge – making this already heterogeneous sector even more diverse. While the basic structure underlying the temporary agency work sector in Europe is defined under Directive 2008/104/EC, no such overarching framework exists for the online talent platform economy.

### 3. (Regulatory) framework governing online talent platforms and temporary work agencies

#### KEY MESSAGES

- The regulatory framework of the temporary agency work sector is primarily determined by Directive 2008/104/EC at the European level, and further governed by national regulations.
- Overall, the regulatory framework for the temporary work agency is very clear, especially compared to the current state of affairs in the platform economy.
- There is no clear and specific European legal framework governing the online talent platform economy. Nor are there comprehensive regulatory frameworks operating at the national level.
- The existing regulations apply at different governance levels to companies, intermediaries, consumers and potential third parties, depending on the sector of activity. However, a range of grey areas remains, especially regarding the application of laws pertaining to consumer protection, health and safety, and labour.
- A series of possible solutions have been put forward in the literature, but no concrete policy example has successfully provided a clear-cut and balanced solution for dealing in practice with the online talent platform economy so far, at least in Europe.

#### 3.1 The (regulatory) framework governing online talent platforms and labour in the online talent platform economy

The proliferation of online talent platforms present various challenges to the traditional world of work. While offering job seekers practical solutions to earn money, it also raises several legal and ethical questions on the way they interact with individuals and operate in their ecosystem. Their actual impact on online and offline markets and the eventual consequences for employment is generating more and more interest from researchers and policy-makers in search of policy solutions.

Despite their advantages to workers in terms of flexible work with few entry barriers, the emerging talent platforms and their labour suppliers currently lack clarity regarding legal protections and obligations. They present policy-makers with a range of regulatory issues that remain for the most part unresolved. In order to reduce the uncertainties that harm platform-owners, workers and companies, policy-makers need to provide clear-cut answers to such questions as: To what extent is the platform regarded as an intermediary or an employer? What is the status of the labour supplier and under what conditions is income taxable or exempt? To what extent is the pursued activity perceived as professional (i.e. not occasional), and what regulatory regime should apply? What are the administrative requirements to abide by the rules? Is public intervention needed, or can self-regulation provide guarantees for all parties without stifling innovation?

To meet these new challenges, policy responses to date have appeared in rather disparate and experimental ways (De Groen et al., 2017; Lenaerts et al., 2017). Various regulatory experiments across Europe were envisaged to cope with the negative effects on existing companies and market structures, but no coordinated action has been taken at the EU level (Henley, 2017). New sector-specific rules have been enacted in a few cases,<sup>18</sup> but this makes it difficult to draw a comprehensive approach to the problem. More importantly, the risk is to fragment the European market for online talent platforms.

Equally important, the issues posed by online platforms shed light on the lack of adaptive regulatory policy in a context of fast-paced technological transformation. While amplifying recurrent questions pertaining to the impact of technology on employment and labour relations, it also raises a set of relatively new regulatory issues. These relate to: i) taxation and administrative clearance; ii) consumer protection and liabilities; iii) issues of competition, data governance and privacy; and iv) other aspects relating to labour conditions and regulations, such as employment status, which discussed later in this study. While technological change might well be at the source of the frictions affecting labour markets, digital technology might also be leveraged to bring innovative solutions to long-standing problems, e.g. the fight against fiscal fraud and undeclared work.

Despite the absence of a specific framework governing online talent platforms, the existing rules apply *de facto* on consumers, firms, intermediaries and potential third parties. In its official communication on “*A European agenda for the Collaborative Economy*”, the European Commission (2016) stressed that existing EU laws already apply to the activities pursued through ‘collaborative economy’ platforms, such as market access requirements, consumer protection, sector-specific regulation or taxation. The Communication encouraged EU Member States not to take unjustified and disproportionate measures that could hinder market access, but there remain many grey areas and uncertainty in many cases. The activities and rise of some online talent platforms have triggered disruptions and widespread protests that have resulted in court cases. Governments have started to respond to these challenges, but this has mostly been in a reactive and case-by-case manner (De Groen et al., 2017; Lenaerts et al., 2017). More understanding of the key provisions that regulate the functioning and operations of these platforms is therefore needed.

As for the work conducted on the online talent platforms themselves, there is no specific framework governing this activity, which implies, again, that the existing laws and regulations apply when it comes to working conditions, health and safety at work,<sup>19</sup> as well as other related issues. An additional level of complexity arises from the multiple approaches that have been adopted in the attempt to clearly define the status of the labour suppliers in the online talent platform economy, and from the patchwork of national rules in place applying to employees and the self-employed across Europe. Since the status of labour suppliers is not always clear, the uncertainty regarding the level of social protection and other benefits might prevent people from participating in the talent platform economy, and thereby impinging its development.

In the remainder of this section, the regulatory challenges linked to the online talent platform economy are highlighted. As many of these challenges are directly or indirectly connected with the status of labour suppliers working in the online talent platform economy, labour aspects are dealt with first. Given the

<sup>18</sup> For example, in the transport or accommodation sectors, in response to the emergence of Uber and Airbnb.

<sup>19</sup> See e.g. EU-OSHA (2017).

uncertainty about the regulatory framework, it is important to bear in mind the following points: a specific framework governing the online talent platform economy generally does not exist (although some countries have adopted measures); the existing regulations and rules should therefore apply, but because the online talent platform economy is not a good fit with the existing framework, this raises questions concerning which regulations apply and how they can be enforced.

### 3.1.1 Labour aspects

While acknowledging the benefits arising from the online talent platform economy, researchers have also called for caution by pointing out the risk of “casualisation of work” that could be detrimental to the labour suppliers and an “informalisation of the formal economy” (Meil and Kirov, 2017). At the same time, traditional employment forms in the offline world, such as those based on open-ended employment contracts, are changing towards a wider variety of working arrangements and contractual forms (Spasova et al., 2017). These new forms of employment contracts have sparked public debate on what employment standards can ensure sufficient job quality, fair remuneration and social protection. Where some see a chance for enhanced flexibility and inclusion in the labour markets, others see these new forms of work as a potential way to foster precarious working conditions by limiting access to workers’ rights and circumventing labour laws.

As things stand now, there is no specific regulatory framework governing the work that is intermediated through online talent platforms. Many issues regarding the classification of labour suppliers as well as the labour conditions and workers’ fundamental rights have fuelled the debate on the need (or lack thereof) for clarification of legally acceptable business practices. Issues such as remuneration, working conditions and time restrictions, the right to free association, the bargaining power vis-à-vis the platform and clients, as well as the level of social protection and access to benefits – such as minimum wages, sick pay, holidays and the protection against arbitrary dismissal – have been widely discussed in the literature (Aloisi, 2015; De Stefano, 2015; Cherry, 2016; Meil and Kirov, 2017).

As illustrated by the growing number of ongoing court cases in which judges are asked to arbitrate the legal employment status of labour suppliers, some authors have suggested different approaches to solve these issues. One such approach consists of refining and adapting the concepts of ‘employee’ and ‘employer’ to incorporate the talent platform economy into regular employment standards. A second approach would be to introduce, or extend, an intermediate classification of labour suppliers that would stand in between a regular employee and a self-employed person (Prassl and Risak, 2017). Such a ‘third status’ already exists in a number of countries, e.g. the UK (contractual workers), which could be applied to online talent platform labour suppliers as well. A third option would be to build on existing examples of regulatory frameworks governing labour market intermediaries, such as temporary work agencies. This latter option entails a brand new statutory regulation that authors have coined as a ‘Crowdwork Act’ (Ibid.). A fourth option would be to provide all workers, in all forms of work, with the same social and fundamental rights, as advocated by UNI and referred to in the L20 and the European Pillar of Social Rights. Under this scenario, the incentive to circumvent responsibilities and costs by replacing employees by self-employed labour suppliers would be reduced. This scenario is closely linked to the idea of portable social security benefits, which is further explored in Chapter 1.

*Box 4. QAPA as a recruitment platform*

The French platform Qualification Automatisée Pro-Active (Proactive automated qualification or QAPA) was created to connect recruiters and job seekers. In essence, it operates as a paid job-posting board. QAPA utilises an algorithm to evaluate CVs submitted by candidates and to recommend candidates to recruiters.

QAPA is a free service for job seekers, but it also offers the ‘QAPA Pass’ for €9.90-19.90 monthly. This subscription provides substantially higher visibility for job seekers, advertised as providing a ten times higher likelihood of being contacted by a recruiter. Meanwhile, a recruiter can submit job offers for free, but most purchase ‘job offer credits’ to see the full details of matched candidates. By using QAPA, both job seekers and recruiters must agree to the platform’s terms and conditions.

QAPA stipulates in the terms and conditions that the employment contracts offered must follow a number of requirements, including compliance with the French Labour Code and laws against discrimination. The employment contract is also allowed to include a trial period, as covered by Article 1221-19 of the Labour Code. Possible contracts include the Contract Duration Indeterminée (CDI, open-ended contract), Contract Duration Déterminée (CDD, fixed-term contract), contrat d’intérim (interim contract) and contrat de professionnalisation (part-time work-study contract).

QAPA claims to screen individuals and recruiters for quality control. For example, if job seekers report that a recruiter is engaging in fraudulent behaviour, QAPA launches an investigation, which can result in banning the recruiting firm from using its services and reporting the firm to the authorities. Likewise, a job seeker who fails to follow-up with recruiters as agreed, e.g. not showing up for an interview, may have their account suspended.

*Source: QAPA (n.d.).*

The idea of creating a new type (or an extension of) of employment status for labour suppliers in the online talent platform economy has not gained much traction among national governments across Europe. Recent research, however, has uncovered policy developments in Belgium and France, in which politicians have started to discuss related initiatives. As Lenaerts et al. (2017) report, the Belgian Minister for Employment, Economy, Consumer Affairs and Foreign Trade, announced a possible introduction of a so-called ‘autonomous employee’ status where the degree of autonomy would define the degree of protection.

In France, the labour inspectorate (Inspection Générale des Affaires Sociales or IGAS) has examined this idea, finally concluding that the existing models should preferably apply to the online talent platform economy to avoid further erosion of employment standards (Lenaerts et al., 2017). Nevertheless, in 2008 Article L123-1 of the business code created a status of *auto-entrepreneur*, under which labour suppliers for online talent platforms can register. This status is open to individuals whose annual revenue drawn from a particular activity is below a low ceiling – €33,200 per year for services in 2017, and €81,500 for goods in 2017. For *auto-entrepreneurs*, social security payments are determined by Articles L133-6-8 of the social security code and paid quarterly. The mandated social security payments of 13.4% for goods

and 23.1% for services are substantially lower than those applicable to other self-employed, and even more advantageous compared to salaried activities. Meanwhile, *auto-entrepreneurs* can access the same social security rights as other self-employed. This excludes unemployment insurance, although a new universal scheme is anticipated to be implemented (Belouezzane and Bissuel, 2017). A publication by Huteau and Bonnard (2016, p. 16) notes that “this status has the advantage of reduced formalities for business creation and simplified calculation and payment of charges and social contributions”.

To take another example, the particularity in the German case is that this intermediate category is covered by legislation on collective agreements. Working as an independent worker for a single client over a long period of time is generally considered as bogus self-employment in France and Belgium, as far as the judges can reveal an actual relationship of subordination between the two parties. But this is not the case all over Europe. In Austria and Germany, individuals who are not engaged in a traditional employment relationship but are delivering services to the account of someone else are considered employee-like (*Arbeitnehmerähnlich*), mostly due to their economic dependence thereof. These individuals are subject to some labour laws, e.g. employee liability and anti-discriminatory provisions (Prassl and Risak, 2017). They are not, however, subject to statutes related to employment security and working time (Bundesministerium für Arbeit und Soziales, 2017). The Italian system recognises some sorts of intermediate categories referred to as “para-subordinate relationships” that are covered by certain statutory protections (De Stefano, 2016; *Ibid.*).

Harris and Krueger (2015) have advocated formally defining an ‘independent worker’ status and embedding the labour suppliers in the talent platform economy (and more largely to the ‘gig economy’). This move would entitle them to a certain degree of legal protection and give them rights to collective bargaining and minimum social security. However, this solution seems not to provide effective guarantees to labour suppliers, especially regarding the application of minimum wages and working time protections.

The challenge of defining which statutory provisions should apply to workers active in the gig economy echoes and revives the questions raised by the so-called zero-hour contracts in the UK. Also known as casual contracts, these types of employment status are allowed in cases of ‘piece work’ or ‘on-call’ work, as applied in a few sectors such as hotels and restaurants, as well as health and education. This means that employers issue a call to work when they need, but cannot expect workers to be always available if they have already accepted work from another employer. The legislation in the UK specifies that employers are responsible for health and safety during the on-call hours and must nonetheless provide annual leave and remuneration matching the national minimum wage in the same way as regular workers. These contracts have been subject to closer regulation as critics have been describing it as a tool to reprimand workers, therefore decrying an unbalanced bargaining power that can be particularly detrimental to labour suppliers.

Finally, a third option to be envisaged would be to draft a piece of special legislation. Inspired by the TWA Directive, Prassl and Risak (2017) have analysed the case for a Crowdwork Act. They, however, provide a mixed assessment of this policy option, on the grounds that it would fail to provide a solid and comprehensive framework for such a diverse business model landscape. By defining the general bottom-line principles, however, this new legislation might provide a minimum level of protection to labour suppliers while enabling further development of new voluntarily and flexible forms of work. As they argue, this option could nonetheless limit the current ‘value extraction’, while providing minimum guarantees



for labour suppliers and levelling the playing field with traditional sectors, as based on a principle of equal treatment between labour suppliers in the talent platform economy and the existing corporate workforce.

A more in-depth analysis of the current practices developed by the online talent platforms is needed, and a number of points remain unclear. For example, it is not clear when the designation of self-employment is rightfully applied within the online talent platform economy, and more broadly, when self-employment is an appropriate designation. Social partners, e.g. IG Metall, have expressed the importance of accurately designating workers as self-employed and avoiding situations of bogus self-employment (IG Metall, 2017). The classification of online talent platform labour supplier (and the uncertainty associated with it) not only has a large impact on the applicable regulatory framework, but also on many other dimensions in the domain of labour and beyond. Examples include access to social protection and training; these will be explored in more detail in the following chapters.

The problem is all the more complicated given that so many platforms operate across borders, and indeed a single platform may operate differently in different jurisdictions. Given that different EU Member States have different legal frameworks for the employment relationship, self-employment, rights enforcement, etc., it is difficult to find satisfying answers about the online talent platform economy at the EU level. Indeed, transnational platform operations raise difficult questions about conflicting laws, and the EU-OSHA (2017) posits that transnational policy responses may be necessary in addition to national ones. As the European Commission has stated, existing regulations apply to work intermediated by online talent platforms (European Commission, 2016), but it is not always clear which regulations apply or how.

### 3.1.2 Taxation, information exchange and administrative proceedings

The main aspect to consider regarding taxation in the online talent platform economy begins with an analysis of current rules and obligations applying to individuals active on these platforms and to the platforms themselves. Therefore, we investigate three main aspects to draw a clear snapshot of the current situation regarding taxation: direct taxes, i.e. income taxes, corporate tax; indirect taxes, such as sales and use taxes as well as VAT regimes; and information reporting, pertaining to the relations between organisations, individuals and the tax authorities.

Usually the streams of revenue and transactions determine whether income and/or transaction taxes apply, along with any necessary reporting and registration requirements. This requires a direct collaboration between platforms and tax authorities, as well as between individuals active on the platforms. The existing legal uncertainty regarding professional and non-professional users' rights and duties may well constitute a major impediment to a greater participation in intermediated crowd work. For the time being, however, some participants in the online talent platform economy are taking advantage of this lack of clear rules and obligations. This might lead users to neglect compliance with safety rules or to deliberately not pay their due taxes. Recommendations were actually formulated in this regard, including ways to motivate platforms to implement mechanisms *“ensuring that users are given clear, impartial information on what regulations they need to comply with, and what taxes they need to pay”* (Woskow, 2014).<sup>20</sup> While established industries call for elaborating a proper legal framework,

<sup>20</sup> Although these recommendations have been quoted in a number of papers, it is unclear whether they have been taken up.

participants in these activities call for more information-sharing and raising awareness of the current applicable rules.

Most activities intermediated through the talent platforms are not captured by official labour statistics and thereby escape any public records (Coyle, 2016). Since online talent platforms are generally not responsible for directly paying for the work mediated by a platform (Kilhoffer et al., 2017), their primary function is to facilitate the transaction between the client and the labour suppliers while levying a fee for using the platform and/or its services. Platforms can charge a fee to the clients, the labour suppliers or both. In most countries, platforms are not required to pay personal income tax nor social security contributions, and there are currently no common rules regarding administrative proceedings and obligations vis-à-vis tax authorities across Europe. There are some notable exceptions, however. In Estonia, for example, ride-sharing platforms like Uber directly transfer data about their labour suppliers to the tax authorities, so that revenues earned through platform work come pre-filled in the tax declaration form (European Commission, 2016).

As De Groen and Maselli (2016) have demonstrated, the administrative requirements and obligations in terms of information reporting, as well as the amount of tax and social security contributions, vary substantively depending on the individual situation and the country of residence. In turn, there is no guarantee that labour suppliers, whether employee or self-employed, declare their income to the tax authorities as they are legally obliged to do. For example, it was reported by TNS Sofres in France that only 15% of those working in the platform economy declared their earnings (De Groen and Maselli, 2016). As a result, there is a growing fear that online crowdsourcing will result in a reduction of government tax revenues and lead to supporting undeclared work and concealed employment (as well as concealed unemployment), while fostering subpar labour conditions to the detriment of the labour suppliers (Kilhoffer et al., 2017).

Interestingly, De Groen and Maselli (2016) found that labour suppliers were more inclined to declare their earnings in countries where specific schemes were implemented to motivate them to do so. This is the case for instance regarding household services in some EU countries, where special vouchers make it financially more appealing to comply with tax obligations. For example, in Belgium, there is a subsidised voucher system, the so-called *titres-services* benefiting both parties involved. Under this system, the labour supplier is partially covered under the social security system (DGCIS, 2011).

Any earnings made from the talent platforms are generally subject to direct and indirect taxes, and must therefore be declared. In some countries, tax incentives have been implemented to encourage labour suppliers to report their income. From March 2017 in Belgium, a new tax regime provides an opportunity for online talent platforms to apply for accreditation. Via an 'approved' platform, this accreditation gives individuals who offer their services in the context of the collaborative economy the right to benefit from a favourable tax regime. From now on, services provided occasionally by non-professionals (i.e. individuals who do not perform these activities on a professional basis, as their occupation) for remuneration are subject to a 10% tax, as opposed to the 33% tax applied previously. These revenues have to be reported as 'miscellaneous income'. The new regime also establishes the formal responsibility of platforms to deduct tax from the labour suppliers' income, while the labour supplier receives a net amount. Within this new fiscal regime, the Belgian federal government introduced an indexed threshold of €5,100 under which labour income is exempted from income tax with no VAT or social contributions charged. Above this

threshold, the labour supplier must be registered as self-employed. However, the scope of this new regime is not entirely clear as some platforms, like Uber, argued that they would not be subject to the new tax reporting obligations, as the drivers are allegedly considered self-employed.<sup>21</sup> Overall, there is still much discussion about the system and its proposed reforms, which have been criticised by many (Kilhoffer and Lenaerts, 2017).

In some cases, online talent platforms may offer an opportunity to increase tax compliance by creating traceable transactions. For instance, Kearney et al. (2013) argue that tax compliance is higher in countries with a higher penetration of electronic payments. A more enforced tracking of digital transactions might help increase tax revenues, in particular with regard to micro-tasking and punctual work, but a fair balance should be struck in order to avoid discouraging participation in the online talent platform economy. For example, tax systems such as those proposed in Estonia and Belgium, which allow individuals willing to supplement their income by legally performing punctual tasks, should encourage participation in the new online talent platform economy.

### 3.1.3 Consumer protection, liabilities and insurance

The primary function of an online platform is to enable innovative service delivery models, in particular through automated supply- and demand-matching features. Under European law, the internet-based platforms are considered as technical intermediaries ensuring a ‘hosting’ function in the meaning of the EU electronic commerce Directive (ECD). This status sets clear limits on liability for digital platforms that cannot be held responsible for illegal material uploaded to their websites or applications, nor presumably, for the behaviour of the individuals active on the platform. Instead, the general principle is that digital platforms are responsible only for bringing down illegal material when informed of its presence. Other pieces of regulation come into play regarding the regulatory framework governing online platforms, such as privacy and security obligations.

The emergence of peer-to-peer transactions generally poses a challenge to sector-specific regulations. As Barbezieux and Herody (2017) posit, general matters of security and other ‘public order’ objectives may, in some instances, justify restrictions on the principle of free enterprise (or freedom to undertake). However, the issue is that, most of the time, the formal guarantees provided under consumer law only apply in the context of transactions performed with professionals (to be understood as self-employed or businesses in this case). In most EU countries, these guarantees are even reinforced in the case of distance sales, by specifying certain rules pertaining to commercial rights and obligations, e.g. contractual and non-contractual liabilities governing peer-to-peer relations. These include, for instance, the ‘double-click’ rule applied before proceeding to distance payments - an opt-in obligation - or the prohibition of ‘pre-checked boxes’ for the expression of consent before payments, or among others, displaying clear information on the terms of the exchange.

Strict health and safety regulations are imposed on professionals active in regular business-to-consumer settings or business-to-business settings. Additional guarantees regarding qualifications and professional

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<sup>21</sup> The Belgian government is currently proposing to change the rules concerning work in the online talent platform economy, and the new proposal would allow more earnings (up to €6,000 per year) and the tax rate would be brought down to zero. Under this proposal, some types of platform work would be classified in the framework of ‘occasional work’. Nevertheless, this matter is still under discussion.

certification are mandatory to exercise specific activities, e.g. licenses and certificates are compulsory to offer and benefit from certain products and services. Some policy-makers have been pointing out the fact that consumers should be clearly aware that these guarantees do not apply in a peer-to-peer setting (Barbezieux and Herody, 2016), since the roles of consumers and professionals are not always well defined in the talent platform economy. Likewise, it is not always clear whether platform users are subject to personal and professional insurance schemes. In France, a recent bill provided clarification on the platforms' obligations to provide loyal, clear and transparent information on the quality of the advertiser and on the rights and obligations (civil and fiscal) applying to both parties. In other countries as well, policy proposals were envisaged to nudge platforms to provide a proper dispute-resolution mechanism and a right of redress. Woskow (2014) proposed, for instance, bestowing a 'kite mark' or a label on platforms that have adopted good practices and standards approved by the British Standards Institution.

While talent platforms provide a venue for enhancing inclusion and participation in the labour markets, there is very little clarity on how credentials and competences are determined, measured or displayed to both parties. This tends to blur the concept of 'professionalisation' and may pose serious challenges in the case of heavily regulated sectors and occupations, as mentioned above. In fact, most of the online talent platform economy relies on ratings and reputation systems. These are helpful for assessing the platform itself as a competitor in a given marketplace (Dervojeda et al., 2013) and for providing information on the users and labour suppliers. This is also a valuable form of recognition regarding users' competences and commitment when delivering a service, and thus is a way to attract listings of more qualified and rewarding tasks or jobs for individuals active on the talent platforms. Basically, the reputation system rests on the principle of trust, which must be equally distributed in the three-party relationship involving service demanders, providers and the intermediary platform itself.

On the positive side, rating systems enhance transparency for users vis-à-vis the platform and the labour supplier, thereby improving consumer choice and welfare. On the negative side, there is very little guarantee that rates and reviews are authentic and reliable, while reputation is non-transferable among platforms.<sup>22</sup> There is no common and interoperable basis for assessing the peer-to-peer ratings. This mixed attitude towards review rankings and rating systems is well reflected in the Special Eurobarometer survey, which indicates that 49% of the respondents who have used internet-based platforms consider peer-reviews as reliable, while 41% would not rely on it (TNS opinion and social, 2016). Other surveys suggest that peer-to-peer recommendations influence users' behaviour, as revealed in a survey conducted by PWC (2015), in which 69% of polled participants responded that they would not trust a platform until it had been recommended by someone they trust.

Moreover, rating systems can be abused by competitors or even by the platform itself, as there is no guarantee of authenticity. They can also suffer from low response rates (Codagnone et al., 2016) and from cognitive biases when participants are reluctant to give negative rates for fear of negative returns (see Edelman and Geradin, 2015; Kilhoffer et al., 2017), or provide a discriminatory or biased evaluation. Unfair judgment may cause substantial damage to all parties, for instance leading to direct exclusion from the

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<sup>22</sup> In an interview with a platform owner conducted in the framework of this project, the question was posed as to whether platforms are open to transferrable ratings. The platform owner responded that the platforms are looking into the possibility, but that this is not yet the case as far as they are aware. See Schmidt (2017) for further discussion on ratings transferability.

platforms. As a result, a new kind of asymmetry of information arises with regard to platforms' ratings systems and information-referencing mechanisms (e.g. content, profiles, offers, prices, etc.). Especially for Uber and Airbnb, there are a number of studies that link ratings to discrimination. Edelman and Luca (2014), for example, demonstrate using data on Airbnb hosts in New York that non-black hosts charge 12% more for an equivalent rental property than black hosts, and that black hosts receive a larger penalty for having a poor location rating than non-black hosts. Similarly, Cui et al. (2016) report that guests at Airbnb with African-American-sounding names were less likely to be accepted than those with Caucasian-sounding names. However, a positive review on these guests' pages redressed this discrimination, bringing their acceptance rate up to the same level as those of guests with Caucasian-sounding names.

The online talent platform ecosystem is fast evolving. Some platforms are developing self-regulatory solutions, while new services emerge to help users optimise their participation in the online talent platform economy. For example, Famust specialises in the management of internet reputation and offers its users the possibility to combine and display all their ratings and peer-reviews they have received on collaborative websites, merged into a single profile (Barbezieux and Herody, 2016). The organisation Fair Crowd Work, hosted by the German trade union (IG Metall), enables service providers to compare and benchmark all the characteristics of the intermediated jobs or tasks (remuneration, quality of work, functionalities, etc.) among the various platforms.

Additional issues regarding the definition of liabilities in the tripartite relationship include, for instance, the professional liability insurance that is required in some specific areas or for certain kinds of professional practices. Also referred to as "professional indemnity insurance", these schemes are usually designed to protect professional service providers from bearing the full responsibility and costs of defending against a potential negligence claim. More evidence should be collected on the actual practices found in the online talent platform economy (Aloisi, 2015).

*Box 5. Upwork as an intermediary*

Upwork was formed in 2013 as a result of the merger of Elance and oDesk, and now claims to be the largest English-speaking freelance marketplace. It provides services including job boards, payment guarantees and staffing for clients.

Upwork is particularly interesting for a few reasons. For example, it enacted a global minimum wage in what Finck (2017) refers to as a positive example of self-regulation. Finck (2017) argues that the regulations enacted through Upwork (and other online talent platforms) are superior to other regulations in the sense that they are run through computer scripts, and are thus self-executing. While \$3/hour is a very low wage for the developed world, it represents at least a 'floor' in a race to the bottom, in which individuals from developed and developing countries may be competing with one another for the same contracts. In practice, a survey of dozens of verified Upwork workers reported hourly wages ranging from €3.94 to €26.32, with a mean of €12.81 and median of €12.91.

Additionally, Upwork offers staffing agency services, but these are limited to the US. In this arrangement, Upwork acts as the employer of record for W-2 workers (employees, not independent contractors). Upwork charges additional rates for this service, which benefits businesses who would otherwise be required to be the employer of record themselves. Upwork also advertises this service as a more cost effective than that offered by 'traditional staffing agencies', as shown in the table below.

Assume that an employee earns \$20 per hour:

	Traditional staffing agency	W-2 through Upwork Payroll
You pay	\$27 /hr	\$25.97 /hr
Taxes and fees	\$7 (26%)	\$5.97 (23%)
Worker gets	\$20	\$20

*\* Payments on Upwork are subject to an additional 2.75% or \$25/month payment processing fee.*

Source: Fair Crowd Work (2017), Upwork (n.d.).

Finally, the implications of online talent platforms and their role in enforcing intellectual property rights (IPRs) must also be investigated (Meil and Kirov, 2017), in particular when the work intermediated is of a creative and artistic nature. Evidence should be drawn on the current business practices, such as whether online talent platforms provide information to both parties regarding IPR management, including sufficient certainty regarding copyright and neighbouring rights; and on what the terms of agreement are, especially in cases where a work is dismissed without payment. We further explore questions of competition, data governance and privacy in the following section.



### 3.1.4 Competition, data governance and privacy issues

Data have become an increasingly important asset for business. As a result, there is growing attention from competition authorities and regulators on the issues of big data and its interaction with competition law. Basically, platforms that unfairly restrict rivals' access to datasets, including consumer data, risk breaching competition law and could be subject to substantial financial penalties (Gata, 2015). More than the ability to collect numerous data troves, operators' competitive advantage lies in their ability to combine, analyse and exploit large datasets, notably by developing data analysis techniques and algorithms. Some practitioners in competition law are also questioning the nature of the intermediating function performed by algorithms in processing and organising information, representing the market through application programme interfaces (APIs), matching both parties and setting prices. They notably question the implications of developing ubiquitous algorithms and their impact on competition in light of TFEU Article 101 (Ibid.).

A recent study has shed light on how most of the online platforms rely on advertising and data use and re-use, in combination with other monetisation models (VVA et al., 2017). Concerns have been expressed regarding these business practices and their implications in terms of privacy, e.g. intrusive marketing techniques, along with collecting and exploiting users' personal data. As reported in a Eurobarometer survey (2016), 72% of "internet and online platform users" agreed that they were generally concerned about the data collected about them on the internet. Policy-makers have already called for better law enforcement in the protection of personal data, in particular with regard to consumer data and tracking practices (Danti, 2016). They encourage platforms to supply transparent information to users about the collected personal data, and the way in which it is processed.

Another growing concern is how the accumulation of data by a handful of players could distort competition in a given market, which implies that the refusal to give competitors access to data sets could be deemed anti-competitive behaviour. Koopman et al. (2015) argue, however, that contract law can address part of these concerns about data collection and usage. In its official Communication, the European Commission has also stated that the use of existing general contract law and competition law instruments would provide an adequate response to avoid lock-in effects and anti-competitive behaviour in the market (European Commission, 2017c).

Overall, the General Data Protection Regulation (GDPR), entering into force in May 2018, aims to reinforce the European legal framework for the protection of personal data. This revised legal framework will provide the data subjects with new data portability rights and guarantees regarding the usage of their personal information, such as additional notification requirements and systematic requests for formal consent. In this regard, questions have also been raised concerning the relationship between labour suppliers and the online talent platform: Do platforms inform labour suppliers how their data are used? Do these labour suppliers own their data? One of the conclusions of the L20 (Labour 20) meeting in July 2017, was that agreements are needed to strengthen the protection and ownership of employee data to prevent disproportional surveillance and monitoring. In the context of online talent platforms, these pointers are relevant. Several social partners, including UNI, have also put forward principles for workers' data privacy and protection.

Nevertheless, policy analysts have warned against the potential unintended consequences of imposing excessively strict regulation, which might prevent companies from developing innovative solutions or



applying best practices (Koopman et al., 2015). Instead, they argue that the enforcement of existing laws on competition and data protection would suffice for policing online platforms and helping to develop good practices in the platform economy.

Mitigating the risk of data breach and cyberattack is also a key factor driving the digital economy as a whole. Data protection and information system security are two subjects gaining tremendous importance for platform owners in the context of implementing the Directive on security of network and information systems (NIS Directive). The legislation will impose obligations on key digital services providers (such as those running search engines, cloud computing services and online marketplaces) to comply with new formal security and notification requirements. In turn, reinforcing regulations for trust and privacy in the online environment are expected to positively impact the ‘crowdworking platforms’ by providing legal certainty to platform developers and safeguards to users (Meil and Kirov, 2017).

### 3.2 The (regulatory) framework governing temporary work agencies and temporary agency work

In contrast with online talent platforms, there is a clear, specific regulatory framework for temporary work agencies, primarily from Directive 2008/104/EC on temporary agency work. This directive was required to have been implemented at the Member State level by the end of 2011. Directive 2008/104/EC establishes the principle of equal treatment of agency workers with employees in user undertakings and it creates a framework for the use of temporary agency work. The Directive calls for appropriate regulation and for removing unjustified restrictions.

Besides Directive 2008/104/EC, there is Directive 91/383/EC supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed- duration employment relationship or a temporary employment relationship, which governs health and safety. Directive 91/383/EC ensures that temporary agency workers have the same level of health and safety protection as other employees. It also requires adequate instructions and training before temporary agency workers begin their assignment and clarifies other responsibilities between temporary employment agencies and user firms.

Certain ILO conventions also apply to temporary work agencies, of which ILO Convention 181 is the main one addressing and regulating private employment agencies and temporary agency work. ILO Convention 181 – Private Employment Agencies Convention, 1997 – sets in place a number of rules for private employment agencies, such as respecting workers’ data privacy and prohibiting charging fees to workers. Additional stipulations in ILO Convention 181 include signatories taking necessary measures, in accordance with national law and practice, such that the workers employed by private employment agencies can enjoy freedom of association, collective bargaining, minimum wages and access to training and a variety of other benefits.<sup>23</sup> ILO Convention 96 – Fee-Charging Employment Agencies Convention (Revised) – stipulates that temporary work agencies are not allowed to charge fees to workers.

<sup>23</sup> See especially Articles 11 and 12. The ILO uses the term “private employment agency”, which is understood to be the same as the term “temporary work agency” in this paper. For further discussion, see [“Workers enjoy more protection in countries that have ratified ILO Convention No. 181 on private employment agencies”](#) from WEC (n.d.).

*Box 6. ILO Conventions on private employment agencies*

ILO Convention 181, or the Private Employment Agencies Convention, 1997, entered into force on 10 May 2000. At the time of writing, the Convention has been ratified by 32 nations, including a number of European states. Austria, Germany, Denmark, Ireland, Sweden and the UK are among the major European economies that have not ratified the agreement; nor has Croatia, Greece, Latvia, Luxembourg, Malta, Romania or Slovenia. Spain, Finland and the Netherlands were among the first countries to ratify it (1999) whereas France only did so in 2015. ILO Convention 181 represents the organisation's shift to a more accommodating stance towards the temporary agency work sector. This convention has been ratified by 32 member nations.

Alternatively, there exists ILO Convention 96, or the Fee-Charging Employment Agencies Convention (Revised), 1949, which abolishes "fee-charging employment agencies conducted with a view to profit" and also lists certain regulations for other agencies. The list of European ratifying states has shifted somewhat in recent decades; for example, Sweden and Germany had previously signed ILO Convention No. 96, but denounced it in 1992 as a part of liberalising reforms of the same period. More recently, France allowed the automatic denunciation in 2016. ILO Convention 96 has been ratified by 42 countries.

While not demonstrating causality, a WEC assessment (WEC-Global, n.d.) argued that countries that ratified ILO Convention 181 fared better than countries that ratified Convention 96 in a number of ways, such as better wages for agency workers and better control of the temporary agency work sector's development.

Additionally, the ILO has released recommendations on the use of ILO Convention 181, as well as ILO Convention 188 (Private Employment Agencies Recommendation, 1997). These recommendations hold ILO Conventions 181 and 188 as important instruments to assist lawmakers in drafting national legislation to protect workers.

*Sources:* WEC-Global (n.d.), ILO (1997; 2016).

The role of social partners in ensuring that these directives are implemented is also acknowledged. Next to EU level regulations, Member States also have national legislation, regulations and frameworks that apply specifically to temporary work agencies, and which apply more broadly to the labour market. The involvement of social partners is expressly covered in Directive 2008/104/EC and ILO Convention 181.

Michon (2006) identified three broad regulatory structures for the temporary agency work sector in Europe. These are as follows:

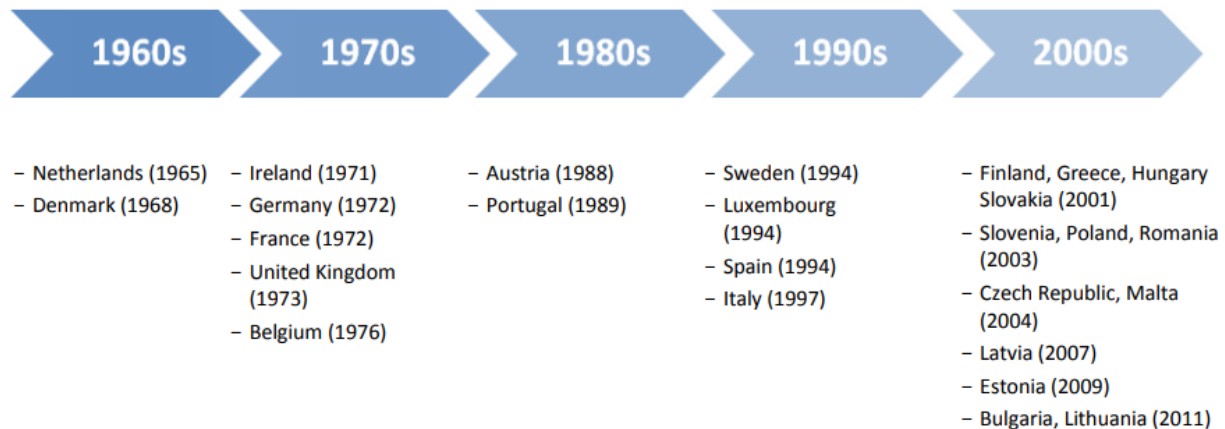
1. Countries in which temporary agency work is not strictly distinguished from other forms of work and is therefore subject to broader labour law and legal frameworks. Ex: UK, Ireland and Finland.
2. Countries in which temporary work agencies are regulated by their own specific legal framework, but temporary agency workers are not treated as a special category of workers. Ex: Germany, the Netherlands and Spain.

3. Countries in which temporary work agencies and temporary agency workers are both covered under a unique and specific legal framework. Ex: Belgium, France and Italy.

Of these three structures, the second was the most common in Europe, but they are all now seen as too simple to adequately describe the increasing heterogeneity of national systems of regulation (Voss et al., 2013). No recent literature survey on the temporary agency work sector has attempted to create a simplified typology, instead describing the diversity of systems across EU Member States.

The first European licensing system for temporary work agencies appeared in the Netherlands in 1965, followed soon thereafter by Denmark (1968), Germany (1972), France (1972) and the UK (1973).<sup>24</sup> Belgium, Sweden, Spain, Portugal and others followed in the 1980s and 1990s. Examples of countries that introduced specific legislation on temporary agency work since 2000 include Finland, Greece, Poland and Slovakia. This progression of legal structures for temporary work agencies appears in Figure 8 below.

Figure 8. Timeline of legal status of temporary agency work



Source: Voss et al. (2013).

In spite of various national regulatory frameworks applying to the temporary agency work sector, some general observations can be made. In most countries, a specific licensing and registration system for temporary agency work is in place, establishing a set of standards for operation (e.g. for the business premises, infrastructure and financial requirements). Eight EU Member States, however, do not utilise licensing schemes: Estonia, Lithuania, Denmark, France, Sweden, the Netherlands, the UK and Finland. This is not to say, however, that temporary work agencies in all of these countries are entirely without licensing requirements. For example, the UK temporary agency work sector maintains licensing requirements ('Gangmaster Licensing') in the agriculture, horticulture, forestry, food processing and packaging, and shellfish industries. In the Netherlands, a financial warranty scheme is in place, and the temporary agency work sector operates on a self-regulatory framework of norms and minimum standards set by the Dutch Federation for temporary agency work (ABU), to which ABU certified agencies have to comply. In Sweden, the Swedish Staff Agencies (SSA) set up an authorisation scheme that is compulsory for SSA membership. A voluntary authorisation certificate has also been established in Finland for

<sup>24</sup> Licensing is only one of the approaches used to regulate temporary agency work, as will be further clarified below.

members of the Finnish Private Employment Agencies Association (Henkilöstöpalveluyritysten Liitto, HPL). Denmark requires special certificates for truck drivers and chauffeurs (Voss et al., 2013; Cieltt, 2014).

In most European countries, temporary agency work is subject to two sets of regulations: those that apply to labour generally, and those that uniquely apply to temporary agency work. Among the latter, common regulations include requirements governing the contractual arrangements between temporary work agencies and temporary agency workers, circumstances in which temporary agency work may be employed (e.g. not to replace striking workers), limits on the sector and occupations that can use temporary agency work, duration and number of assignments, etc.

A variety of unique regulatory arrangements are also noteworthy. Consider the two examples of the UK and Ireland. In the UK, there exist no clear requirements for temporary agency workers to be employed by the temporary work agency or the user firm. For this reason, temporary agency workers in the UK can be contracted by more than one agency simultaneously or be self-employed. Also, temporary agency workers in the UK tend to operate under a contract for services rather than an employment contract. In Ireland, under the 1993 Act on Unfair Dismissals, temporary agency workers are considered to be employees of the user firm (Irish Statute Book, 1993).

With respect to the sheer diversity of European regulatory frameworks, it is beyond the scope of this paper to elaborate further. A number of pieces have already attempted to rather exhaustively describe the various regulatory frameworks for temporary work agencies across Europe, and these include Eichhorst et al. (2013) and IDEA Consult (2015). Nevertheless, Table 7 presents a simplified summary of certain key restrictions in the use of temporary agency work.<sup>25</sup>

Table 7. Restrictions on the use of temporary agency work

Type of regulation	With restrictions	No restrictions
Restricting the use of temporary agency work in strike situations	<b>By law:</b> FR, IT, ES, the NL, AT, SI, RO, PL, BE, PT, SK, CZ <b>By general collective agreements:</b> LU, DK, SE, FI <b>No restrictions, if specific requirements are fulfilled:</b> HU, DE, UK (although the hirer has no influence over the supply of temporary agency workers)	BG, CY, EE, IE, LV, and MT
Restrictions in other specific situations/reasons justifying assignments	IT, BE, FR, LU, ES, PT, RO, SI, EL, PL	BG, CY, DK, EE, FI, DE <sup>a</sup> , HU, IE, LV, LT, MT, NL, SK, UK
Restrictions on the maximum length of assignments and/or number of extensions	BG, BE, CZ, DE, FR, EL, IT (max. of 6 extensions), LU, PL, PT, RO, SI, ES	AT, CY, DK, EE, FI, HU, IE, LV, LT, MT, NL, SK, SE, UK

<sup>25</sup> Note that the World Employment Confederation's Code of Conduct includes as a principle "Respect for Workers' Rights", which implies the commitment that private employment agencies will not in any way deny the right of freedom of association and collective bargaining of their employees.

Sector specific restrictions	<p><b>Construction:</b> DE<sup>b</sup>, PT</p> <p><b>Public administration:</b> AT (Civil Service), BE, EL, HU, ES</p> <p><b>Other sectors:</b> AT (public hospitals/nursing institutions<sup>c</sup>), BE (removal firms and furniture warehouses, inland waterways), PL (dangerous jobs, security guards);), FL (security guards, some restrictions for doctors and teachers), GR (dangerous work), NL (restrictions for bus drivers and for transportation of goods)<sup>d</sup></p>	The remaining Member States
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<sup>a</sup> In Germany, works councils of the user enterprise have broad rights to be informed about the use of temporary agency work. In certain circumstances, such as an agency's failure to abide by the law, works councils can object to the use of temporary agency work. In the metalworking sector, the collective agreement has established further rights of the works councils in the context of temporary agency work.

<sup>b</sup> The temporary agency work law in principle prohibits the use of temporary agency work to cover blue-collar work in the construction industry except under the conditions of a collective labour agreement.

<sup>c</sup> In these sectors a maximum of 15% of the total workforce in the relevant department can be temporary agency workers.

<sup>d</sup> The minimum age for TAW bus drivers is 21 years, whereas otherwise it is 18 years.

Source: Voss et al. (2013, p. 36); Ciett (2014).

### 3.3 Summary and comparison of regulatory frameworks

The regulatory framework is quite clear for temporary work agencies, which have operated in Europe for decades under national schemes, and since 2011 under a shared EU scheme provided by Directive 2008/104/EC. In addition to the EU level Directive, Member States have benefited from long experience in regulating the temporary agency work sector. While Directive 2008/104/EC provides an EU level baseline for temporary agency work, no comparable legislation exists at the EU level for the online talent platform economy. This has led to a good deal of confusion, and largely left EU Member States to resolve regulatory issues pertaining to online talent platforms. At the European level, the approach has been to wait rather than to introduce a comprehensive regulation scheme, so as to avoid stifling innovation in an emerging sector of the economy.

In "A European Agenda for the Collaborative Economy", the European Commission (2016) stressed that existing EU laws apply to the activities pursued through online talent platforms, such as market access requirements, consumer protection, sector specific regulation and taxation. But this has not resolved certain basic questions, such as what would constitute a litmus test for an online talent platform labour supplier to be considered an employee. Also, given that the European Commission has thus far only offered a tentative definition of 'collaborative economy' platform, efforts to date have not done much to clarify the confusion of what exactly constitutes a relevant platform. Because online talent platforms represent a new and rapidly evolving phenomenon, it is likely to take more time before a clear regulatory framework is in place at the European level.

## 4. Access to social protection for online talent platform labour suppliers and temporary agency workers

### KEY MESSAGES

- Social security systems are generally not adapted to the new world of work, and the uncertain status of online talent platform labour suppliers further complicates this issue.
- Because labour suppliers for online talent platforms are commonly considered self-employed, their access to social protection depends on the status of self-employed in a given context and varies from one country to another, as it is dependent on national legislation for self-employed.
- In a few cases, governments have taken direct action to ensure online talent platform labour suppliers can access social protection. Some platforms have also taken up the issue.
- Some social partners have been increasingly active in advocating social protection for labour suppliers of online talent platforms.
- Social protection (statutory access) for temporary agency workers is generally comparable to that for employees on an indefinite contract.
- Social partners are quite active in advocating on behalf of temporary agency workers in the EU, although the efficacy and engagement varies a good deal across the Member States.

Access to social protection is one of the policy priorities of European policy-makers. Social protection and inclusion is one of the three main categories delineated in the European Pillar of Social Rights, which was adopted in late 2017 but is not legally binding.<sup>26</sup> One of the 20 principles of the Social Pillar, as it is also known, stipulates that “regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection”. In practice, however, the application of this principle may not be so straightforward. Access to social protection is generally tied to employment status, which in the case of the online talent platforms is not yet clarified and should be assessed on a case-by-case basis. This results in a number of complexities, which are further explored in this chapter. Moreover, access to social protection has traditionally ranked high on the agenda of the social partners. Considering the importance of social dialogue for the European social model, and the role of social partners as the main actors in social dialogue, further attention will be paid to how social partners engage with online talent platforms. For both topics, a comparison is drawn with the experience of temporary work agencies.

<sup>26</sup> The European Pillar of Social Rights is currently a political declaration, which, until it is enforced, not legally binding.



## 4.1 Access to social protection

The first section of this chapter investigates whether labour suppliers working in the online talent platform economy have access to social protection. It further considers what practices exist and aims to identify interesting examples. This exercise is repeated for temporary work agencies and the results are compared.

### 4.1.1 Online talent platforms

The topic of access to social protection for labour suppliers working in the online talent platform economy has already sparked heated debates in some EU Member States, therefore meriting more in-depth discussion. As indicated above, the issue of adequate social protection is an important focus of the European Pillar of Social Rights, including the right to transfer social protection during professional transitions (European Commission, 2017b). When it comes to the online talent platform economy, however, many have raised concerns about the access of labour suppliers to social protection: Are the labour suppliers covered by social protection, in what areas and to what extent? Additionally, this raises questions on the obligations of labour suppliers in terms of paying contributions into the social security system.

Most EU Member States have well-developed social security schemes that cover unemployment, sickness, injury, maternity leave, parental leave, old age pensions, invalidity and survivorship (Eurofound, 2011).<sup>27</sup> While some of these benefits are universal in nature, others depend on an individual's employment status (European Commission, 2017a). Traditionally, social security schemes have been designed with a "stable, open-ended and direct employment relationship between a dependent full-time employee and a unitary employer" in mind as the baseline model (Schoukens and Barrio, 2017). This model, however, no longer fits the reality of the world of work today. New, non-traditional employment forms, including work on an online talent platform, challenge this model. In fact, employment relationships that have existed for decades, such as temporary agency work, self-employment and even part-time work, are also often difficult to fit into the social security schemes. Countries have come up with different solutions in an attempt to address these issues. As the number of non-traditional workers is growing, this challenge will only become more pressing in the future (Schoukens and Barrio, 2017). Adaptations of the existing schemes are needed to accommodate these dynamics.

For workers in non-traditional employment forms, access to social protection comes with different types of issues (ILO, 2016). A first issue is whether these workers are entitled to social protection on a *theoretical* level (eligibility/*statutory access*). A second issue relates to non-traditional workers' ability to meet these eligibility criteria in practice, their *effective* access to benefits. Making this distinction is important because even though workers may not be excluded from social protection, eligibility conditions can be such that they are very difficult or even impossible to meet. As Schoukens and Barrio (2017) explain, social protection systems often build on the following principles: i) define work, ii) detect employer and iii) establish lack of labour or income. All three principles are challenged in the online talent platform economy: the first because of micro tasks, commodification and unpaid work, the second because of multiple employers and classification issues, and the third because of low income, limited working hours,

<sup>27</sup> Note that more schemes are possible. European Commission (2017a) lists 12: healthcare, sickness benefits, maternity/paternity benefits, old-age pensions, survivors' pensions, unemployment benefits, social assistance, long-term care benefits, invalidity, occupational injury benefits and family benefits.



and difficulty of tracking working time. The latter may also imply that even when one is eligible for benefits, the level of benefits received is inadequate (European Parliament, 2017d). Another difficulty is that non-traditional workers may combine different positions (e.g. combine several part-time jobs or work for multiple employers) or different types of work (e.g. employee and self-employed). These workers may also go through more frequent labour market transitions and are faced with income fluctuations.

For labour suppliers working in the online talent platform economy, several of these issues come into play at the same time (ILO, 2016). Moreover, the uncertainty about their status further complicates this issue, and may cause labour suppliers to 'fall through the cracks'. Considering that online talent platforms may attract the most vulnerable in the labour market, this calls for caution. A briefing note from the European Parliament (2017d) states that up to 70% of labour suppliers declared to have no access to pregnancy, childcare and housing benefits, and that this issue was especially pertinent for those who earned most of their income in the online talent platform economy. Only about one-third of labour suppliers pay in into a pension scheme (European Parliament, 2017d). Furthermore, it seems that the more dependent labour suppliers become on online talent platforms, the less likely they are to have access to social protection. The tension between online talent platforms and social security systems is further explored in the boxes below.

*With financial support  
from the European Union*



*Box 7. Social protection for online talent platform workers: The case of Happy Helper*

In Denmark, the default status for labour suppliers of online talent platforms is self-employed. This has created a tension between online platform work and access to social protection. The case of Denmark demonstrates that the relationship between a platform and labour supplier can have unexpected effects on social protection of various types. Two recent disputes are illustrative in this regard.

First, an exchange student who worked as a labour supplier for an online talent platform called Happy Helper (which provides cleaning services), requested an education grant from the Danish Agency for Institutions and Educational Grants (Styrelsen for Institutioner og Uddannelsesstøtte, or SU). In order to be eligible for a grant, students must provide evidence that they work 10 to 12 hours per week either as an employee or self-employed. SU declined the student's request, arguing that the student was neither an employee nor self-employed, and therefore not eligible for grants.

The SU's criterion for proof of being an employee is "[a]n *employment contract and pay slips from your employer in Denmark* [that] will serve as documentary evidence that you are a worker and perform effective and genuine activities for a minimum of 10-12 hours per week" (authors' own emphasis). With regard to self-employment, the individual must "(...) as a minimum be registered with the Central Business Register (CVR) and be financially active. In our assessment, we presuppose that you on your own account run a business of financial nature and with the purpose of achieving financial profit. Furthermore, it is a prerequisite that your business is conducted on fairly regular basis and through a not entirely short period of time. Finally, it is a prerequisite that the business is not of very secondary size". Even assuming proper registry with the CVR, it is not clear whether labour via online talent platforms normally meet the criteria for self-employment.

Similar problems have arisen with others attempting to receive social protection in Denmark. In order to receive cash assistance (*kontanthjælp*), one must prove they are available to the labour market by working at least 225 hours within a year. This is intended to motivate recipients to maintain a connection to the labour market, and failure to meet this requirement results in a reduction of benefits. Nevertheless, labour through the platform Happy Helper (and other online talent platforms utilising comparable models) does not unequivocally count towards requirements for state assistance.

*Note:* The analysis in this box is based on an unpublished manuscript consulted in the preparation of the report by Lenaerts et al. (2017). Quotations from [www.su.dk/english/su-as-a-foreign-citizen/equal-status-according-to-eu-law/you-work-in-denmark/you-are-a-worker-or-a-self-employed-person-under-eu-law/](http://www.su.dk/english/su-as-a-foreign-citizen/equal-status-according-to-eu-law/you-work-in-denmark/you-are-a-worker-or-a-self-employed-person-under-eu-law/).

*Box 8. Social protection for online talent platform workers: The case of GoMore*

A second example drawn from Denmark involves the GoMore platform, which enables individuals to rent out a car. While this platform does not meet the criteria of an online talent platform, it is still interesting for its relevance to social protection. In 2016, an unemployed man was refused unemployment benefits because he had rented out his car through GoMore. His unemployment insurance fund, 3F-A-kasse, argued that he was not available for the Danish labour market as a result of his activity with the platform. The Danish Agency for Labour Market and Recruitment (Styrelsen for Arbejdsmarked og Rekruttering) intervened and decided that the use of GoMore did not affect one's eligibility on the Danish labour market, and therefore does not affect eligibility for unemployment

benefits. Renting of assets through online platforms was thus clarified to be a form of capital income without constituting labour.

After the GoMore case, unemployment insurance funds began distributing guidelines for the unemployed to rent property via platforms. For example, those renting out cars or apartments were advised not to hand over keys or other materials between the hours of 08:00 and 17:00. In these times, an unemployed individual is obliged to be available for the labour market to qualify for benefits.

*Note:* The analysis in this box is based on an unpublished manuscript consulted in the preparation of the report by Lenaerts et al. (2017).

Because labour suppliers in the online talent platform economy tend to be classified as self-employed rather than employees, an elaboration on access to social protection for self-employed is provided below (European Parliament, 2017d). This discussion can also be informative because the issues related to social protection of online talent platform labour suppliers are clearly connected to broader issues, for example outsourcing and bogus self-employment (Goudin, 2016). Governments have, therefore, also used the platform economy as a lever to adopt measures with a wider scope (Lenaerts et al., 2017).

When reflecting on access to social protection for the self-employed, however, it is important to recall that the definition of self-employed is far from standardised across Europe (European Parliament, 2017a). Moreover, the status of self-employed and what protections this implies varies a great deal throughout Europe.<sup>28</sup> Pedersini and Coletto (2010) further argue that social protection for the self-employed is an area of ongoing change where the level of protection depends on the level of the welfare regime for a respective country.

The European Parliament (2017a) identifies four clusters of nations respecting how much access to social protection the self-employed enjoy. These are presented in Table 8. As Table 8 shows, across Europe the self-employed can enjoy anywhere from minimal to comprehensive social protection. The norm, however, is for the self-employed to lack access to benefits, especially in comparison with employees (OECD, 2015). Moreover, self-employed are typically only covered for some risks. Also the organisation of the system differs across the countries. For example, in some countries there is a separate scheme for self-employed, whereas in other countries it is part of the general social security system. Participation in the scheme can be obligatory or voluntary. This makes for a complicated set-up in most countries.

<sup>28</sup> An exhaustive treatment of the various conceptions of self-employment and how the self-employed access social protection and engage in industrial relations is beyond the scope of this paper; please refer to Eurofound (2010) for more details. This and a number of other relevant and informative papers on social protection for the self-employed can be found at <https://epthinktank.eu/2013/07/10/social-protection-for-self-employed-workers/>.

Table 8. Access to social protection for self-employed

Cluster	Category	Detail	Countries
<b>Cluster 1</b>	Full-to-high access	Covered by all insurance based schemes identified by EP	HR, HU, IS, LU, RS, SI
<b>Cluster 2</b>	High-to-medium access	Not required to be covered under one or more insurance based scheme, while salaried employees must be insured under all of them; however, the self-employed in these countries have the possibility to voluntarily opt into the scheme(s) concerned	AT, CZ, DK, ES, FI, PL, RO, SE
<b>Cluster 3</b>	Low-to-no access	Cannot opt into one or more insurance-based schemes, while salaried employees are mandatorily covered by the scheme(s) concerned	BE, CH, CY, EL, FR, IT, LI, LT, LV, MK, MT, NO, SK, TR
<b>Cluster 4</b>	Patchwork of medium-and-low access	Combination of features of clusters 2 and 3. The self-employed are not required to be insured under one or more insurance-based schemes while employees are mandatorily insured. But the self-employed have the possibility to opt into some schemes, while being excluded from others	BG, DE, EE, IE, NL, PT, UK

Source: European Parliament (2017a).

Efforts to provide adequate social protection to the self-employed, as well as non-traditional workers more generally, precede the online talent platform economy. OECD (2018) presents an overview of a number of potential solutions. A first option is an *individualisation of social protection (individual activity account)*. Under this option, rights are attached to an individual, not to a job or status. This would involve creating a record that holds information on a person's entitlement in one account; in that way making rights portable. The option would make earnings fluctuations and combining income from multiple sources less problematic, and also give individuals more freedom to use their rights. Such a system, however, would go against the principles of risk-sharing and redistribution that are common in Europe's social security schemes. Another option is to make *social protection universal*. This would involve the uncoupling of social security from the employment relationship. This is likely to result in large earnings fluctuations, but would address other issues including coverage gaps. This option is closely linked to the proposal for a *universal basic income*. This idea has been around for quite some time, and at the moment it is being piloted in a number of countries (e.g. Finland). There are several options for how such a scheme could be introduced and financed, each of which come with its own set of advantages and risks. A discussion of these, however, is beyond the scope of this report.

Besides these options, governments are discussing whether to extend eligibility to categories of workers who were previously excluded, or to adjust the parameters of the social security scheme to facilitate access (e.g. making it easier to meet the eligibility conditions) (ILO, 2016; OECD 2018).

The debate on access to social protection for labour suppliers working in the online talent platform economy is far from being settled. To date, few specialised schemes seek to address the particular needs of labour suppliers in the online talent platform economy. Nevertheless, governments have started to explore and adopt measures, and also platforms are increasingly concerned with the matter. In France, the Law on Digital Platforms (2016) requires online talent platforms to cover insurance contributions for occupational accidents for self-employed workers – when the workers voluntarily take out such insurance – or to take out an insurance contract, except in the event of a collective bargaining agreement. In Germany, the Federal Ministry of Labour and Social Affairs published a document called “Arbeiten 4.0” [Work 4.0] (2017). The document calls for a range of measures on social protection for self-employed and other labour suppliers, above all urging the need for a new social protection framework that fits the changing needs of the labour market. “Arbeiten 4.0” further emphasises the value in social dialogue for finding solutions in this regard.

Online talent platforms have also taken up this issue. Online talent platforms and related services like Ploy and Book A Tiger are offering flexible work options through which labour suppliers are fully insured and covered by social security. A German platform called content.de collects and contributes the 5.2% of earnings to the KSK (Künstlersozialkasse) on behalf of its labour suppliers (German double contribution system) (Sigge, 2014). This arrangement works as content.de largely intermediates creative writing tasks, and the KSK was designed to support self-employed writers, publishers and artists. Another example is YOSS, a newly launched platform that offer the option to buy-in on insurance (also legal and accounting advice). All talent platforms mentioned in these examples use this feature to attract both labour suppliers and clients, and it thus is likely that more platforms will follow these examples in the future. At the same time, other online talent platforms have chosen the opposite route, working with self-employed only (e.g. Temper).

Overall, it is clear that a lot of work is still ahead, regardless of what solutions are chosen. Because of the complexity of national social security schemes and the accompanying legislation, adapting them to the new world of work will be highly challenging. The Belgian case is illustrative in this regard: the current labour law already makes it difficult to establish one’s employment status (i.e. it is difficult to prove that someone is an employee in situations where there might be doubt on this), and its application to online talent platform labour suppliers is even trickier. Furthermore, how the social security system would be adapted would depend on the national context and preferences. What is clear, however, is that labour suppliers in the online talent platform economy would benefit from receiving more information on their rights and obligations. In this context, the importance of social dialogue and collective bargaining has also been underlined (ILO, 2016).

#### 4.1.2 Temporary work agencies

Social security is a bundle of rights and policies aimed at sustaining a high standard of living and protection against both outside and inside shocks and risks to individuals and to society as a whole, ensuring access to essential services, providing opportunity to escape poverty, stabilising income and so forth (IDEA Consult, 2015).

Temporary agency work is granted comparable access to unemployment benefits in the vast majority of the EU Member States, yet it is also true that across states workers have to meet thresholds to qualify for social benefits, such as a minimum number of working days in the past 24 months in order to be granted

unemployment benefits (IDEA Consult, 2015). This means temporary agency workers are potentially at a disadvantage here, in particular in cases where employment spells are short or interrupted. Due to the nature of temporary agency work, which is a flexible form of short-term employment, some temporary agency workers may not reach the necessary number of working days to qualify for social benefits (IDEA Consult, 2015). Following the idea that the job search is frictional and costly (e.g. time consuming, mismatch), temporary agency workers are more likely to face periods of unemployment, which potentially makes them more vulnerable to certain risks (European Commission, 2017c).

The same is true for sick benefits and access to healthcare. Generally speaking, temporary agency workers are granted nearly identical access to these benefits. Temporary agency workers, usually being less experienced in their working environment, incur a higher risk to suffer from injuries at work, which creates a need for full access to health care and sick benefits (Countouris et al., 2016; European Commission, 2017c). However, while injuries related to performing work are covered clearly under the Directive, accumulating paid sick often requires the accumulation of working days, potentially reducing the level of paid sick days that temporary agency workers enjoy in some contexts (IDEA Consult, 2015).

Pension benefits are not an exception to this pattern. Temporary agency workers have similar access compared to open end contracted employees, yet due to the nature of temporary employment, in some contexts temporary agency workers can struggle to accumulate the same level of pension benefits as received by those hired under permanent contracts (IDEA Consult, 2015). Once again, the issue here is not the level of benefits per se that temporary agency workers are entitled to – but rather the manner in which EU Member States determine the level of benefits.

Analogous to the former examples of social benefits, temporary agency workers also have similar access to maternity leave as open contracted employees. Poland seems to be an exception here: access to maternity leave is denied in that country if the employee’s contract expires before the third month of pregnancy is reached (IDEA Consult, 2015). Otherwise, maternity leave for temporary agency workers appears to meet standards set by the benchmark of the standard permanent contract. Maternity leave provisions, as well as the other social protections discussed, are summarised in Table 9 .

*Table 9. Comparison of access to social protection*

	Open-ended contracts	TAW	Fixed-term contracts	Self-employment
Unemployment benefits	1	1	1	0.4
Sick benefits	1	1	0.98	0.53
Healthcare	1	1	1	0.86
Maternity leave	1	0.98	0.98	0.6
Pension	1	1	0.97	0.7

*Note:* Score calculated on national comparisons with open-ended contracts: 1 means the same provisions and 0 means no provision. ‘TAW’ stands for temporary agency work.

*Source:* IDEA Consult (2015).

Generally speaking, this section reports that temporary agency workers to a large extent have similar access to social protection as those holding open-ended contracts. This indicates that important

prerequisites for ensuring equal access to social protection are in place. Yet, issues in receiving social protection remain, largely for benefits that are contingent on the number of days worked. This seems to be the primary challenge in assuring social protection in the temporary agency work sector.

Table 10 offers a brief summary of working and employment conditions for temporary agency workers including the right to representation. It summarises coverage at the EU level and what is left to Member State regulations.

*Table 10. EU legislation on specific working and employment conditions for temporary agency workers*

General Categories	Specific Topics	EU Regulation
<b>Basic employment and working conditions*</b>	Working time, overtime, break, rest period, night work, holidays and public holidays	2008/104/EC: Principle of equal treatment but derogations are possible by collective agreements at the national level
	Pay	
<b>Social protection</b>	Access to health care	Rights provided at national level
	Access to unemployment benefits	
	Access to sick benefits	
	Pensions benefits	
	Dismissal	
<b>Health and safety</b>	Specific provisions for health	Directive 91/383/EEC
	Specific provisions for safety	
<b>Access to employment, collective facilities and training</b>	Access to employment	2008/104/EC: “informed of any vacant posts” and “ensure that no clauses prohibiting conclusion of a contract of employment or employment relationship between the user undertaking and the temporary agency worker”
	Collective facilities	2008/104/EC: Given access to amenities or collective facilities (canteen, transport services, etc.) unless difference of treatment for objectives reasons
	Access to vocational training	2008/104/EC: No specific rights but take suitable measures to improve (1) access to training, and even in the period between assignments; (2) access to training for user undertakings’ workers. Bi-partite training funds have been created in many countries (see p. 66).



<b>Representation /Social dialogue</b>	Access to representative bodies	The possible rights to have access to representative bodies is regulated at national level. 2008/104/EC: 1) Temporary agency workers must be taken into account for the purpose of calculating the threshold above which bodies representing workers are to be formed; 2) Temporary agency workers can also be taken into account for user undertaking threshold; 3) User undertakings must provide suitable information on the use of temporary agency workers to bodies representatives
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\*As defined by Directive 2008/104/EC.

Source: IDEA Consult (2015).

#### 4.1.3 Summary of and comparison of social protection

Access to social protection is an important concern in the online talent platform economy, and this debate is part of a much larger discussion on access to social protection for non-traditional workers. In general, the social security systems currently in place were designed with traditional, dependent and full-time employment for a single employer in mind. These systems no longer fit the reality of the world of work of today, which is characterised by a growing number of non-traditional workers. This causes issues with regard to statutory and effective access to social protection. In the case of online talent platform labour suppliers, uncertainty about their status – which is the main factor determining access to benefits in many countries – further complicates this issue.

Labour suppliers for the online talent platform economy are usually categorised as self-employed, and their social protection is contingent on that of the self-employed in a given Member State. Other frequent cases include those who use online talent platforms as a source of supplemental income alongside unemployment benefits, student allowances or even full-time employment. Perhaps the most worrying case would be those who earn their income exclusively from online talent platforms, while receiving virtually no social protection due to living in a Member State with a less supportive welfare regime. This would be particularly troubling in the case that an online talent platform’s business model operates similarly to a traditional employment relationship – a case in which ‘bogus self-employment’ is occurring with real world consequences for labour suppliers. Such situations have led to a plethora of lawsuits against various online talent platforms in a number of EU Member States, many of which are still pending (Codagnone et al., 2016). In a few cases, governments and intermediaries have stepped in to try to fill the gaps in social protection. Overall, however, it is difficult to make generalisations about social protection for labour suppliers of online talent platforms. Access to social protection is different from platform to platform, government to government and case by case.

The status is clearer for temporary agency workers, who are entitled to the same rights as other employees under the principle of equal treatment in Directive 2008/104/EC. In practice, however, it may be more difficult for temporary agency workers to meet the requirements for access to social protection, notably the total days worked in a given time frame. This is a particular concern for those aspects of social protection that are contingent on days worked, e.g. accumulating paid sick days, pensions and unemployment benefits. Depending on the Member State and particular social protection in question, this can be more or less of an issue.

## 4.2 Role of social partners

The second section of the chapter studies the role of social partners in relation to online talent platforms and temporary work agencies. The section approaches the role of social partners from the perspective of organisation, representation and collective bargaining. Note that although this section is dedicated to the social partners, one must not overlook that social partners play a role in all domains covered in this report. We return to this point in the sections below.

### 4.2.1 Online talent platforms

Social partners have increasingly engaged with online talent platforms and their labour suppliers. While the level of engagement differs across the Member States, many social partners have interacted with labour suppliers (on an individual level and with grassroots organisations), online talent platforms, new types of intermediaries, government representatives and other stakeholders. These interactions cover a range of issues, including the legal framework, employment and working conditions, and access to training and social protection.<sup>29</sup> Furthermore, social partners have undertaken several initiatives, from information campaigns and research projects, to negotiations on behalf of labour suppliers.

The involvement of social partners in the online talent platform economy has been encouraged by the European Parliament. In its report on the European agenda for the collaborative economy, the European Parliament (2017c) calls upon the social partners, together with the EU Member States and other relevant stakeholders, to “assess, in a proactive way the need to modernise existing legislation, including social security systems, so as to stay abreast of technological developments while ensuring workers’ protection”.

The current literature on the role of social partners in the online talent platform economy is very limited. Some examples have been discussed more broadly (e.g. the Fair Crowd Work initiative launched by IG Metall), but overall little is known about the connection between the actors in the online talent platform economy, social partners, and industrial relations and social dialogue. Kilhoffer et al. (2017) report that social partners appear to be in an observational stage, waiting for the online talent platform economy to develop, and for clarification on certain key questions before taking concerted action or coming out with a position paper. This observation holds particularly for the social partners operating in the EU Member States. At the EU level, social partners have been more vocal about their stance. Still, there are noteworthy developments within the EU Member States as well, which are elaborated below and in Appendix A.

When it comes to the role of social partners in the online talent platform economy, it is important to bear in mind the inherent differences between the actors in the online talent platform economy and those that are typically associated with industrial relations. Once again, this brings the discussion back to the status of the labour suppliers as well as the platforms.

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<sup>29</sup> Note that despite the wide diversity in the focus and initiatives undertaken by social partners in the online talent platform economy, it is clear that social partners tend to prioritise a number of issues over others. For example, in the context of physical activities that are carried out offline, for example delivery services, much attention is devoted to issues such as safety, the provision of equipment and remuneration. Other issues that social partners usually take up in more traditional settings, for example representation in the works council of the company, what information is shared with workers or the government and other issues have not yet been explored in the context of the online talent platform economy to the best of our knowledge.

In a traditional industrial relations context, trade unions and employer representatives engage in bipartite or tripartite social dialogue (including government representatives). When superimposing this setting on the online talent platform economy, several issues emerge (Kilhoffer et al., 2017). First, labour suppliers are not always employees and may therefore not be represented. Some labour suppliers may even prefer not to be represented, even when they have an employee status, e.g. out of fear of repercussions by the platform. Similarly, labour suppliers who choose to work as self-employed in the online talent platform economy may not see a need for representation by a union. For self-employed who would be interested in representation, there are only few options available (there are unions for self-employed, but not many). An umbrella organisation representing the self-employed does not exist. Furthermore, in many cases the status of the labour suppliers remains unclear, which complicates the question of representation. Another point is that online talent platform labour suppliers may be rather difficult to unite, due to high turnover rates and the fact that the population of labour suppliers is dispersed (Scheiber, 2017). This is a challenge for unions as well as for labour suppliers attempting to organise themselves.

Second, online talent platforms are generally not employers. Although recent court cases have shown that the opposite might be true (e.g. Uber in the UK) and examples of platforms that offer employee contracts do exist (e.g. Book A Tiger), these are the exceptions rather than the rule. In fact, most platforms stipulate explicitly in their terms and conditions that the platform is merely an intermediary between demand and supply of labour (e.g. Temper). Furthermore, while the representatives of labour suppliers tend to target multiple platforms at once, far less collaboration seems to exist between platforms. One counterexample is the Deutscher Crowdsourcing Verband, which has reached agreement with eight platforms to abide by the principles described in a Code of Conduct. The platforms united in the Verband also collaborated with IG Metall in the establishment of an Ombudman's Office that serves as a dispute settlement mechanism. This example is also an interesting case of self-regulation in the online talent platform economy.

Besides these two issues, it is clear that the involvement of the government in the online talent platform differs from its involvement in other sectors, with a much stronger role for the local level. New forms of organisation and representation are emerging, but it remains an open question what their role will be. As a result, one can conclude that there is no framework governing social dialogue in the online talent platform economy, and the existing framework makes for a poor fit (Kilhoffer et al., 2017). Regardless, social partners, online talent platforms and labour suppliers have engaged one another. One example is the case of Meploy, a Danish platform enabling small units of work called "ploys", where the platform owner has made explicit that the platform aims to account for the concerns of trade unions (Svansø, 2016). Furthermore, labour suppliers have organised themselves for nearly as long as online talent platforms have operated. Using blogs, Facebook, WhatsApp groups and other 'soft' tools of organisation, labour suppliers have taken first steps towards formal unionisation (Aloisi, 2015).

In order for labour suppliers' organisation to be meaningful, their numbers must reach a critical mass. This has occurred, for example, with Amazon Mechanical Turk (AMT), whose users created the forum and tool Turkopticon to reduce information disparities and negative consequences of that particular work environment. The largest pool of online talent platform labour suppliers, however, are active on personal transportation platforms or on local food delivery platforms, which were some of the first platforms to spread to Europe. De Groen et al. (2016), for example, estimated that two-thirds of the European labour suppliers for the online talent platform economy were Uber drivers. Perhaps because of the nature of the

work performed through these platforms, where labour suppliers can easily spot and speak with one another, worker organisation and social partner activity has been especially pronounced here.

At the same time, social partners have engaged these labour suppliers, but sometimes with hesitation. This is partially due to the desire for clarity from national governments and the EU on the legal status of online talent platforms and their labour suppliers (Nordic Council of Ministers, 2017). IG Metall, Europe's largest industrial union, has begun cooperating with the founders of Turkoption to better provide for labour suppliers on AMT. Drivers for online talent platforms have partnered with GMB, a general British trade union, on court cases related to holiday pay and the minimum wage (Osborne, 2016), the California App-Based Drivers Association (CADA),<sup>30</sup> the Independent Drivers Guild of New York (Scheiber, 2017) and others. The Independent Workers Union of Great Britain has been exceptionally active in advocating on behalf of online talent platform labour suppliers, having successfully brought test cases to court on behalf of labour suppliers from Deliveroo, UberEats and City Spring.<sup>31</sup> Foodora couriers in Austria created a *Betriebsrat* [employee organisation] with the assistance of 'vida' – an Austrian union for service and transit workers (Der Standard, 2017). In this light, the option to establish works councils for online talent platforms could also be explored.

Two partnership initiatives with social partners are noteworthy in terms of the social partner's influence. IG Metall has begun allowing the self-employed to join, with an explicit emphasis on platform labour suppliers (Kilhoffer et al., 2017). Moreover, IG Metall has started an organisation called Fair Crowd Work, which seeks to connect labour suppliers with appropriate unions. Fair Crowd Work's selection of unions for labour suppliers of online talent platform appears in Appendix A. Fair Crowd Work also maintains a list of online talent platforms with reviews based on terms of service and worker reviews.<sup>32</sup> Unionen, a Swedish trade union helped fund research initiatives into labour questions related to the platform economy and advocates the role of social dialogue and collective bargaining in the context of online talent platforms (Nordic Council of Ministers, 2017). More details for both are presented in the boxes below.

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<sup>30</sup> See CADA's [official Facebook page](#). It appears that Seattle also has a very active App-Based Drivers Association (SADA), and that both CADA and SADA are affiliated with the Teamsters.

<sup>31</sup> [www.iwgb.org.uk/](http://www.iwgb.org.uk/). Freedland and Kountouris (2017) discuss one of these legal cases concerning Uber in the UK.

<sup>32</sup> See <http://faircrowd.work/platform-reviews/>.

*Box 9. IG Metall's role as social partner for online talent platform workers*

IG Metall has made a concerted effort to include crowd workers in their organisation and to coordinate social partners and stakeholders across various nations and sectors. One specific measure is the creation of a Crowdsourcing Code of Conduct, which lays out “Guidelines for profitable and fair cooperation between crowdsourcing companies, clients, and crowd workers” (Silberman, 2016). The Crowdsourcing Code was created in cooperation with numerous stakeholders, aiming to clarify principles for acceptable work and the status of labour suppliers.

Social protection has been a key concern. IG Metall performed a survey of crowd workers and found that health insurance and pensions were the most important considerations for them regarding their work benefits. Furthermore, around one-third had no pension plan. However, about one-half of respondents indicated that they worked less than 10 hours monthly for platforms. Only 5% indicated they worked on a platform for more than 20 hours per week, and fewer than 10% are union members. This seems to support the notion that relatively few labour suppliers to online talent platforms rely on platform work for their primary income and social protection.

IG Metall was also a key participating organisation in drafting the Frankfurt Declaration on Platform-Based Work – a document laying out guidelines and principles for reasonable platform-based work. The document clarifies IG Metall’s stance on social protections (Frankfurt Paper on Platform Based Work, 2016, p. 7).

Regardless of their employment classification, platform labour suppliers should have access to social security protections – public and/or private, as nationally appropriate – including unemployment insurance, disability insurance, health insurance, pension, maternity protection and compensation in the event of work-related illness or injury. Contributions to relevant accounts should be shared – as appropriate by national context – between workers, platforms, clients and the state, and should be pro-rated, portable and, if nationally appropriate, mandatory.

*Box 10. Unionen's role as social partner for online talent platform workers*

Sweden's largest union, Unionen, has shown initiative in handling issues related to online talent platforms. In particular, the focus seems to be on finding a way to integrate labour in the online talent platform economy with the Nordic model of industrial relations. Fredrik Söderqvist of Unionen, who has also served as an expert on the Swedish government's digitalisation commission, said: "We want to create a distinctly Nordic variation of the platform economy and make it easier for employers to be good employers" (Wallin, 2017).

Unionen has issued a number of position papers emphasising the need for technological development and innovation, while expressing concerns for protection of labour rights, health and safety, taxation, and social security (Nordic Council of Ministers, 2017). In cooperation with other actors, Unionen has funded a number of research projects aiming to better understand online platforms and how they might best be integrated into the Swedish labour market and beyond.

Of particular interest to this study, Unionen has suggested that social partners' organisation, authorisation and regulation of online talent platforms could be modelled on the basis of those found in the Swedish temporary agency work sector (Unionen/Söderqvist, 2016).

Despite the efforts to organise labour suppliers who are active in the online talent platform economy, the lack of a partner with which to negotiate on the platforms' side has been a cause for concern for unions. In Belgium, this has led unions to start up negotiations with SMart, an intermediary that was already collaborating with Deliveroo and served as an employer for the bulk of its bikers (Kilhoffer and Lenaerts, 2017). Although the unions were highly critical of SMart's practices, at least in SMart they found a counterpart with whom to negotiate working conditions and wages, as Deliveroo was reluctant to engage with them. When the unions and SMart were negotiating a collective agreement for the bikers, Deliveroo terminated its collaboration with SMart. This triggered a huge public debate in Belgium and prompted action by several government departments, the labour and social affairs inspectorates, unions and other stakeholders.

#### 4.2.2 Temporary work agencies

European regulations give a large role to social dialogue and involvement of social partners in concluding agreements, and this is no exception in the temporary agency work sector. Although Directive 2008/104/EC provides the core legal framework for the temporary agency sector, it allows collective agreements to deviate in certain points from this regulation. This holds true in particular for Article 5 of the Directive (addressing the principle of equal treatment), which explicitly allows exceptions from the equal treatment obligations by collective agreement (derogation). Several EU Member States have already used this option (e.g. Sweden, Germany and the UK). For a more detailed discussion, see European Commission (2014b). Collective agreements have been concluded by social partners, for example by providing additional provisions to employees in the temporary agency work sector and ensuring compensation in the case of illness or accident (IDEA Consult, 2015). Social partners have also been active in pointing out instances in which temporary agency workers are potentially subject to unfair practices. They have also taken action to represent temporary agency workers in their ranks, and additionally to

prevent the use of temporary agency work to harm broader interests (e.g. utilising temporary workers to replace striking workers).

Collective bargaining can take place in the temporary agency work sector in one of four ways: 1) negotiations at the national inter-sectoral level, 2) collective bargaining within the temporary agency work sector itself, 3) bargaining within temporary work agency firms and 4) collective bargaining in sectors in which user firms are based (Eurofound, 2008). Depending on national and sectoral context, these broad bargaining frameworks are more or less prevalent.

In the temporary agency work sector, there are 12 EU Member States in which employer organisations conduct collective bargaining with trade unions (Eurofound, 2016), as illustrated in Table 11 below. Most other European nations have trade associations in which collective bargaining may take place, but there is no mandate to do so. More generally, temporary agency workers are free to join any union relevant to the sector or occupation in which they are placed (Ibid.). The density of temporary agency workers in unions varies substantially from country to country.

*Table 11. Collective bargaining practises of employer organisations in the temporary agency sector*

Type	Organisations by country
Involved in collective bargaining at multi-employer and sector/branch level	Austria: FVGD Belgium: Federgon Denmark: Dansk Erhverv/VB, DI Germany: BAP, iGZ Finland: HPL, PALTA France: Prism'emploi Italy: Assolavoro, Assonime Luxembourg: FEDIL Netherlands: ABU, NBBU Spain: ASEMPLEO Sweden: Bemmaningsföretagen, Medieföretagen, BI
Involved in collective bargaining but no agreements signed	Portugal: APESPE, APCC
Not involved in collective bargaining	Austria: Österreichs Personaldienstleister Bulgaria: BG Staffing Croatia: CPEA Czech Republic: APPS Estonia: EPREL Greece: ENIDEA Hungary: SZTMSZ Ireland: NRF Lithuania: LIIA Latvia: LPDAA Poland: Polish Forum HR, SAZ, OKAP Romania: ARAMT

Source: Eurofound, 2016, p. 19-20.



Looking to one particular example, Germany has long held collective bargaining as an important facet in labour policy. Consistent with the equal-pay principle, the German trade union IG Metall joined with iGZ and BAP, both groups interested in the temporary agency work sector, and achieved the first collective agreement of its kind in Germany in 2012, granting industry-specific premiums to temporary agency workers, depending on the field of work to which workers are assigned, attempting to close the pay gap between temporary agency workers and other forms of work within the same industry (IDEA Consult, 2015). France and Italy are also somewhat in the vanguard here, with their social partners having already attended to various provisions for temporary agency workers, namely pension funds, maternity leave, health care and sick benefits, and also introduced a central system facilitating the register of working days for temporary agency workers (IDEA Consult, 2015).

The following table provides an overview of existing social funds for temporary agency workers (Table 12). Note that training funds are not listed in this table, but are discussed in Chapter 5.

Table 12. Bipartite Social Funds

Country	Name	Type of fund	Provisions
Austria	SWF Sozial- und Weiterbildungsfond	Social and further training fund	Unemployment benefits for unemployed temporary workers
Belgium	SFU-FSI (Fonds Social pour les Intérimaires)	Social fund	Additional social benefits: end of year bonus
France	FASTT (Fond d'action social du travail temporaire)	Social fund	Access to housing, credit, childcare, schooling, health insurance, mobility support
	REUNICA	Welfare and pension fund	Additional provision for illness / accidents (complementary)
Italy	Ebitemp (ente bilaterale nazionale per il lavoro temporaneo)	Social fund	Inclusion, health, health and safety, access to credit, childcare
	Fontemp	Pension fund	Complementary pension benefits
Netherlands	SFU (Stichting Fonds Uitzendbranche)	Social fund (Umbrella Organisation for STOOF, SNCU and SAF)	Access to housing, childcare, holidays, credit
	STIPP	Pension fund	Complementary pension benefits
	STAF (Stichting Arbo Flexbranche)	Health and safety fund	Improve health and safety at work

Sources: Eurofound, 2016, p. 22; Boston Consulting Group and Ciett, 2011, p. 70; Voss et al., 2013.

### 4.2.3 Summary and comparison of the role of social partners

Social partners are increasingly concerned about the online talent platform economy, as is reflected in recent initiatives, study groups and various assessments. At the same time, there is large heterogeneity in responses and involvement of social partners across the EU Member States, and most of this evidence to date is anecdotal. Some social partners, notably IG Metall, have taken the initiative to include labour suppliers for online talent platforms. Other social partners have assisted labour suppliers in creating their own organisations and carrying out certain initiatives, such as lawsuits against online talent platforms. Most social partners, however, seem to be biding their time and waiting for clarity on a number of fronts, even while attempting to influence the debate by voicing their concerns and producing position papers (Nordic Council of Ministers, 2017). In particular, pending court cases about the status of self-employment vis-à-vis labour on online talent platforms may affect the allocation of social protection. Meanwhile, large and established social partners such as IG Metall and Unionen, as well as smaller ones, have been involved in numerous initiatives concerning social protection for labour suppliers of online talent platforms.

The more established temporary agency work sector is more clearly committed in this regard, and in general has more comprehensive access to social protection, as well as a longer history of engagement with social partners. Temporary work agencies are represented in employer organisations, while temporary agency workers are represented in employee organisations. Temporary agency workers' access to representation is determined at the national level, which means that variation in effective representation is present across the EU Member States. For example, as of April 2017, temporary agency workers in Germany are entitled to equal pay after 9 months of employment in the same company unless a collective agreement specifies otherwise, provided that the collective agreement guarantees equal pay after 15 months. In the UK, full equal treatment of temporary agency workers only applies after 12 weeks, unless these workers sign a 'payment between assignments' contract, which makes them employees of the agency instead of agency workers, so that the equal pay principle would not apply to them anymore. Accordingly, Hudson-Sharpe and Runge (2017) find that social partner involvement in the temporary agency work sector is more effective in Germany than in the UK. At the European level generally, it is clear that social partners have quite actively engaged in issues relevant to temporary work agencies.

## 5. Access to training of online talent platform labour suppliers and temporary agency workers

### KEY MESSAGES

- With few exceptions, online training platforms do not offer training to their labour suppliers.
- In some cases, online training platforms offer minimal training for labour suppliers, such as safety guidelines.
- A few platforms have partnered with other organisations to provide training.
- In principle, temporary work agencies offer training on a par with that of full-time, open-ended contracts.
- In practice, training in temporary work agencies is unevenly implemented and access to training depends on national regulations, labour market traditions and sectoral conditions.
- Several countries have special funding mechanisms for training temporary agency workers, while more frequently they receive training in the framework of broader worker categories (e.g. workers having fixed-term contracts).
- In comparison with temporary agencies, online talent platforms generally provide far fewer opportunities for training.

Training is an increasingly relevant consideration for workers at all stages of their careers. Work and the way it is performed has always undergone transitions, but the process has accelerated in recent years due to various forces, including digitalisation and automation, in combination with aging of the population and globalisation and environmental change (Beblavý et al., 2016). These dynamics affect which jobs and skills are relevant in the labour market. As skills needs are changing, skills gaps are widening (Quintini, 2018). Technological change has caused skills restructuring (i.e. occupations are transforming, rather than being abolished; see Quintini, 2017). Workers need to adapt their skills to accommodate the rise of new occupations and tasks, and new forms of employment. Furthermore, skills are becoming obsolete in a very short cycle, which implies that continuous training is key for future employability.

Against this background, ensuring continued access to high-quality training and providing lifelong learning opportunities for all workers have become higher policy priorities for a variety of stakeholders, from the European institutions to employers (EPSC, 2016). Yet, a lot of work is ahead. Quintini (2018) shows that low-skilled adults are less likely to participate in training than others, and so do workers in jobs that are at high risk of automation. Quintini (2018) identified a number of good practices in countries that aim to address these concerns. These include the implementation of training policies targeting the low-skilled, measures to help SMEs overcome obstacles to providing training, tailored policies for new forms of work, and others.

In the context of this study, training is broadly defined. This broad approach is necessary to account for the highly heterogeneous landscape of online talent platforms. The remainder of this section examines

access to training with respect to online talent platform labour suppliers and temporary agency workers. We highlight specific initiatives to encourage participation in training and skills enhancement.

## 5.1 Online talent platforms

Access to training is a subject that has not been discussed much in the literature on online talent platforms, nor has it received much attention in the policy debate. One reason for this observation could be the still limited size of the online talent platform economy. Another reason could be that other issues are deemed more pressing and have therefore attracted more attention (e.g. legal or regulatory concerns, taxation or access to social protection). A final point is the unclear status of online talent platform labour suppliers, whether self-employed or something else. When considered self-employed, labour suppliers should normally be responsible for their own training. In other cases, the responsibility may be less clear.

Against this background, a first glance of the literature reveals some anecdotal evidence on access to training and specific initiatives taken by online talent platforms. In a recent publication (IGAS, 2016) of the French Inspection générale des affaires sociales, an administrative service created in 1967, two specific examples are mentioned: Frizbiz and Heetch. Heetch partnered with the National Training Institute for Security and the Learning and Training Centre in Transport and Logistics, in order to facilitate training opportunities. Among the recommendations presented in the same IGAS publication is to authorise and urge online talent platforms to finance vocational training programmes. Another consideration was voiced by a platform owner, who suggested tentative plans to facilitate pairing labour suppliers on the job, so that one can learn from the other.<sup>33</sup>

### *Box 11. Frizbiz and access to training*

Frizbiz is a website that puts members (called ‘jobbers’) in touch with private individuals to fulfil certain local tasks, such as babysitting and household repairs. Besides being an online talent platform pioneer in France, Frizbiz also enables some workers to benefit from training programmes in cooperation with Leroy Merlin, a home improvement and gardening retailer, with headquarters in France.

These training programmes are free, launched on a voluntary basis and provided by two channels. On the one hand, online sessions (webinars) are organised on different topics and in which jobbers may take part. Most of the time, these consist of a PowerPoint presentation and end with a Q&A session. On the other hand, the gardening and retailer company sets up in-person training sessions to teach skills in odd jobs. Moreover, Leroy Merlin also provides advice in completing DIY tasks.

*Source:* Analysis from Frizbiz (2016), Buyse (2017).

In addition, there are some platforms providing digital services that offer training to labour suppliers on how to manage and better utilise the platform when searching for work. A platform called Happy Helper,

<sup>33</sup> This information was provided in an interview with the platform owner.

for example, trains its labour suppliers to utilise their app and website.<sup>34</sup> This, however, seems to be more about guidelines for effective website/app usage than what is traditionally understood as training. ListMinut, as well, offers one-hour information sessions to educate labour suppliers on effectively attracting tasks via the platform. Most detailed guides for better utilising online talent platforms seem to be community created. The website Reddit, for example, contains communities called subreddits for labour suppliers of various platforms (Graham, 2016). Among the material on these subreddits are detailed guides for new users with tips to maximise profits.<sup>35</sup> Indeed, what seems to distinguish the most successful digital workers are those who can skilfully manipulate the platform – quickly finding the most profitable tasks, building up their rating scores and in some cases re-outsourcing the tasks at even lower prices (Graham, 2016). Manipulating platforms in this manner is probably not in the interest of the platform, however, so such training is likely only found via online communities.

In the case of skilled digital services, such as design and programming, both free and paid e-learning opportunities abound, from YouTube tutorials, CodeAcademy or free online courses from MIT and Harvard. Free online communities such as Stack Overflow provide ample opportunities to learn about programming tasks, ask specific questions and receive detailed feedback. No surveyed examples, however, seem to indicate that online talent platforms are particularly concerned with providing such opportunities – leaving the labour suppliers to procure training themselves.

A Danish platform called Happy Helper trains its labour suppliers, called Helpers, on how to clean, use its website and application, and interact with customers.<sup>36</sup> The training takes place in a Happy Helper office prior to beginning service. Of all surveyed research in this paper, it appears that Happy Helper is the only platform to directly offer its workers training in-person. Professionalism seems to be a major selling point in Happy Helper's business model, with the firm emphasising that its Helpers are qualified and thoroughly instructed in how to clean.<sup>37</sup>

SMart, a cooperative discussed earlier, previously offered a range of training for both digital and non-digital labour suppliers, within and outside the online talent platform economy. For example, delivery people for Deliveroo could opt to become employees of SMart, obtaining benefits including training in exchange for 6.5% of their salary. Prior to beginning work as a SMart employee, couriers needed to complete a safety course. SMart is also notable for offering a variety of advisory and training services to its employees (SMart, 2017), who represent various types of freelancers, artists and others who are traditionally self-employed.<sup>38</sup>

With the exception of a few anecdotal cases, training seems to be very minimal or absent in the online talent platform economy. One potential explanation is that providing training can lead to labour suppliers being reclassified as workers or employees, which platforms typically want to avoid. Another issue is that online talent platforms tend to operate on the self-employment model, which means that they facilitate transactions between customers and labour suppliers who already have the requisite skillsets for a given

<sup>34</sup> A representative for Happy Helper clarified this point via an informal online conversation.

<sup>35</sup> See for example [www.reddit.com/r/mturk/comments/1z4sma/new\\_to\\_mturk\\_heres\\_what\\_you\\_should\\_know/](http://www.reddit.com/r/mturk/comments/1z4sma/new_to_mturk_heres_what_you_should_know/).

<sup>36</sup> A customer service representative from Happy Helper clarified what the training entails in a brief, informal online interview.

<sup>37</sup> FAQ can be accessed at <https://happyhelper.dk/pages/faq>. Few details on training are available.

<sup>38</sup> The partnership between SMart and Deliveroo has come to an end (see Kilhoffer and Lenaerts, 2017).

service. Training may then not be a primary consideration for online talent platforms when either i) there is a sufficient supply of skilled labour suppliers who do not need additional training, or ii) the services offered are not particularly skill-intensive. To elaborate on the second condition, the primary requisite hard skills for food delivery (riding a bike safely) and domestic cleaning (cleaning and sanitising households) are often picked up naturally prior to reaching working age. In such cases, minimal training, or even providing guidelines to working professionally and safely, seem to suffice for online talent platforms. Alternatively, the self-employed can access training resources in a variety of ways, either relying on their own resources or through organisations that provide such services.

In summary, it appears that online talent platforms currently do not view providing access to training for labour suppliers as a priority. This may be due to the fact that many platforms are still relatively young and immature, which may lead them to underestimate its importance or focus on other priorities instead. Nevertheless, the world of work is rapidly changing and skills quickly become obsolete. Thus, to remain competitive, online talent platforms would have to attract labour suppliers with relevant skills.

## 5.2 Temporary work agencies

Training opportunities for temporary agency workers have been considered an important benefit. Given the nature of temporary agency work and the goals of many temporary agency workers to develop skills and attain a permanent contract, training can be particularly useful. Overall, it appears that temporary agency workers in Europe benefit from many opportunities for training. Some have raised concerns, however, about the discrepancy between the theoretical access to training and its practical application.<sup>39</sup>

To begin, various initiatives have increased the availability of training opportunities to workers in the temporary agency work sector. For example, the European Social Partners in the temporary agency work sector carried out a joint project on “More training opportunities for more agency workers” which resulted in a joint declaration called “Training for Temporary Agency Workers: Joint actions developed by sectoral social partners play a key role in facilitating skills upgrading”, published in 2009 (Eurociett/UNI Europa, 2009).

Indeed, social partners have been quite active in advocating the provision of training opportunities in all sectors of the labour market, including those specifically for temporary agency workers. Table 13 shows countries for which training initiatives have been launched by social partners for temporary agency workers versus other types of workers.

Temporary work agencies have also been noted for offering dual learning schemes and apprenticeship contracts. Such schemes often combine formal training with on-the-job training at the user firm. The temporary agency work sector offers apprenticeship schemes and contracts in Denmark, France, Germany, Italy, the Netherlands, Spain and the UK (Voss et al., 2013).

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<sup>39</sup> For example, the 4th European Working Conditions Survey (2005) suggests that temporary contracts in the form of fixed-term and temporary agency work are associated with limited access to training. The 5<sup>th</sup> edition finds employees with a temporary agency contract receive training 26% of the time, versus 38% for employees working full-time. The 6<sup>th</sup> edition (2015) also finds that temporary agency workers receive less training than workers under other types of contracts.

Table 13. Presence of vocational training initiatives by social partners for workers

	Open-ended contracts	TAW	Fixed-term contracts	Self-employment
<b>Initiatives developed by SP</b>	AT, BG, FI, PT, SE, UK, IT, NL, NO, BE, CH, DE, FR	AT, BG, FI, PT, SE, UK, FR, IT, NL, NO, BE, CH, DE	AT, BG, FI, PT, SE, UK, IT, NL, NO, BE, CH	AT, BG, FI, PT, SE, UK
<b>No initiative developed by SP</b>	EL, LV, RO, ES, LU	EL, LV, RO, ES, LU	EL, LV, RO, ES, LU	FR, EL, IT, LV, NL, RO, ES, NO, LU
<b>Depends on sectors and occupations</b>			FR, DE	
<b>Initiatives developed by SP</b>	0.7	0.7	0.67	0.4

Note: Number shown is the average of national scores, with 1 being the maximum score. This score is calculated as follows: 1 stands for “initiatives developed by social partners”, 0.5 stands for “initiatives developed in some sectors only” and 0 for “no initiative developed”. SP refers to social partners.

Source: IDEA Consult (2015), based on a survey conducted among the Eurociett and UNI Europa members.

Nevertheless, the heterogeneity of the temporary agency work sector means that access to training is not consistent across sectors, EU Member States and user firms. Empirical findings have shown that fixed-term and temporary agency workers are less likely to receive training than those on a permanent contract. For example, three studies specific to the Netherlands conclude temporary agency workers receive less training: Van Velzen (2004), CNV (2007) and Houwing (2010). The European Working Conditions Survey (2005; 2015) is also illuminating in this regard.

Germany seems to offer the most empirical evidence on training opportunities in the temporary agency work sector. A 2010 survey of 346 German temporary work agencies concluded that temporary agency workers receive little additional training beyond an initial orientation period. The most frequently mentioned training tools included manuals or instructions from supervisors or colleagues, on-site employee meetings and legally required health and safety protocols (Lehmann, 2010). Longer periods of work were not found to correspond with more training opportunities, except in the case of academics.<sup>40</sup>

Regardless of the definition applied, the question of whether and to what extent temporary agency workers have access to training opportunities can only be answered in context. This means comparing the availability of training to other forms of employment, using open-ended contracts as a benchmark. Table 14 from IDEA Consult (2015, p. 76) summarises how temporary agency workers’ access to training compares with access under open-ended contracts, fixed-term contracts and self-employment. This

<sup>40</sup> It is, however, important to note that these studies are not perfectly comparable. The IDEA Consult (2015) paper identifies vocational training as “training whose main objective is preparing people for work with a basis in manual or practical activities, traditionally non-academic and entirely related to a specific trade, occupation or vocation”. The Lehmann et al. (2010) study uses the term *Weiterbildung*, which approximately means “advanced training” intended to supplement existing qualifications at a higher level. *Berufsausbildung* or simply *Ausbildung* is a more accurate equivalent for vocational training.



comparison represents availability in theory – that is to say, access to training as mandated by the law or collective agreements.

Table 14. Comparative view of temporary agency workers access to training

	Open-ended contracts	TAW	Fixed-term contracts	Self-employment
<b>Similar to open-ended contracts</b>	Benchmark	AT, BE, BG, FI, FR, DE, EL, IT, NL, RO, SI, ES, SE, CH, NO, UK, LU, PT	AT, BE, BG, FI, FR, DE, EL, IT, RO, SI, ES, SE, CH, NO, UK, PL, LU, PT	AT, FI, DE, EL, PL, PT, SI, SE
<b>Less access</b>		LV, PL	LV, NL	BE, BG, FR, LV, SE, CH
<b>No access</b>		NA	NA	IT, NL, RO
<b>Index of access to vocational training</b>	1	0.95	0.95	0.65

Note: The score is calculated on the basis of the national comparisons with open-ended contracts: 1 stands for 'identical provisions/conditions', 0.5 stands for 'different and less advantageous provisions/conditions' and 0 for 'no provision'.

Source: IDEA Consult (2015) based on a survey conducted among Eurociett and UNI Europa members.

As shown in Table 14, temporary agency workers' access to training is similar to that of employees on open-ended contracts across the surveyed states, with the exceptions of Latvia and Poland. A study from 2012 (Bellmann et al., 2013) calculated the further training quota for different contractual arrangements in Germany for 2006 and 2012. It shows that part-time employees and employees with fixed-term contracts received more training than temporary agency workers. The latter were also confronted with a dramatic increase in further training between 2006 and 2012 ('training' includes both formal and informal 'vocational training').

Table 15. Further training quota for different contractual arrangements in Germany (%)

	Total		Standard contracts		Fixed-term contracts		Part-time		TAW	
	2006	2012	2006	2012	2006	2012	2006	2012	2006	2012
Female	56,5	58,4	65,6	68,2	41,7	47,4	48,3	49	36,5	22,3
Male	58,9	59,3	60,6	61,9	46,6	48,8	47,7	44,8	46	29,8
Total	57,8	58,9	62,2	64	44,1	48,1	48,2	48,5	43,2	27,1

Source: Bellmann et al. (2013), p. 22.

In a representative survey conducted in Germany in 2013, 90% of temporary work agencies stated that training was always, or at least always for certain workers, provided in connection with current or future assignments. This indicates that the agencies are predominantly interested in economic usability, rather than the personal development of the agency workers (Baumgarten et al., 2015).

While many of the training opportunities for temporary agency workers seem to be a result of opportunities for more general categories of workers, such as those on fixed-term contracts, some initiatives are also in place specifically for temporary agency workers. A number of EU countries have established bipartite funds to facilitate training for temporary agency workers, as indicated in Table 16 below (Voss et al., 2013). These bipartite funds are jointly run by representatives from trade unions and temporary work agencies. Some of the bipartite social funds mentioned in section 4.2.2 also provide support for temporary agency workers in terms of supporting/enabling workers' access to training, whereas some other funds were exclusively set-up for training initiatives.

*Table 16. Training Initiatives for temporary agency workers (training funds)*

Country	Name	Type of fund	Provisions
Austria	SWF Sozial- und Weiterbildungsfond	Social and further training fund	Provides funding for further qualification of temporary workers
Belgium	Fonds de Formation pour les Intérimaires (FFI)	Training fund	Facilitates training for agency workers in corporation with other sectoral funds.
France	FAF-TT (Fonds d'assurance formation du travail temporaire)	Training fund	Financing training for temporary agency workers
	FPE-TT (Fonds Professionnel pour l'Emploi du Travail Temporaire)	Training fund	Support for agencies to train and develop unemployed workers
	FSPI (Securitization of Interims Fund)	Training fund	Financing training and support measures for temporary agency workers
Italy	FORMATEMP	Training fund	Supports qualification and skills development of agency workers
Luxembourg	Fonds de formation Sectoriel pour l'Intérim (fsi)	Training fund	Training, safety training
Netherlands	STOOF (Stichting Opleiding & Ontwikkeling Flexbranche)	Training fund	Intermediary between ESF and temporary work agencies
Spain	SINDETT Foundation (2004-2009)	Training fund	Organisation and management of training courses, analytical work

*Note:* The Spanish fund is no longer active.

*Sources:* Voss et al. (2013), Peeters et al. (2009) and Eurofound (2017).

*Box 12. French training of temporary agency workers*

In France, training for temporary agency workers is considered a priority, and temporary agency workers are covered by two collective agreements related to training.

The first is the FAF-TT (Fonds d'assurance formation du travail temporaire) [Temporary Work Training Insurance Fund] from 1983, which is a bipartite body whose main purpose is to finance training for temporary agency workers. The second is the FPE-TT (Fonds Professionnel pour l'Emploi du Travail Temporaire) [Professional Fund for Employment of Temporary Work]. This fund is a bipartite body that provides support and resources to temporary employment agencies to develop and training for unemployed workers.

Temporary work agencies are responsible for contributing 2.15% of the gross payroll to training, whereas standard companies are required to contribute 1.5%. This contribution mostly funds the FAF-TT and FPE-TT. Moreover, firms are required to provide safety training for temporary agency workers if the work they do presents particular risks.

*Source: Voss et al. (2013).*

### 5.3 Summary and comparison of access to training

In summary, only a few anecdotal examples point towards online talent platforms offering training. Felstinerf (2011) states simply that labour suppliers for online talent platforms do not receive the benefit of training from platforms because they are considered self-employed or freelancers. In that case, these individuals would be responsible for their own training needs.

Some online talent platforms, platforms active in France for example, have created partnerships with other organisations, thereby facilitating training for their labour suppliers. There is also some evidence of online talent platforms that are considering offering training in the future, but efforts appear to be (very) limited at the present time. In this regard, a number of online talent platforms provide safety guidelines and working guidelines, aimed at standardising services as much as possible and minimising harm and liability. However, this would hardly fit in the spirit of training for the purpose of skills development. For example, it is a far stretch to consider the requirement of bicycle couriers to view a video instructing them to wear a helmet and obey traffic laws as “training”.<sup>41</sup>

The only apparent example of training for purely online labour, such as freelance design or ‘clickwork’, involve tips to effectively use the platform itself. In this sense especially, taking on the costs of training does not seem commensurate with the online talent platform model. In fact, the European Sharing Economy Coalition (EURO-SHE), launched by the EESC, advocates embedding ‘sharing economy principles’ into curricula including vocational training programmes.<sup>42</sup> In other words, existing vocational programmes

<sup>41</sup> For example, Foodora bicycle couriers must watch a 10-minute video and complete a 19-question test as a part of their online application. The video briefly covers safety issues, professional standards and how to effectively pack and hand over food deliveries.

<sup>42</sup> See <https://www.euro-freelancers.eu/european-sharing-economy-coalition/>

may adapt to the online talent platform economy, rather than online talent platforms adopting vocational training programmes. This may be taking place in the case of Frizbiz, with their partnership initiatives to provide training.

Online talent platforms presently do not perceive providing access to training as a priority. There are several potential reasons for this, including the immature state of platforms. In addition, in the case of high-skill freelance work, training could be lengthy and expensive, and online talent platforms may conclude that the supply of skilled labour suppliers is adequate without providing training. In the case of relatively low-skill work such as delivery or domestic cleaning, safety guidelines or a very brief course could be seen as sufficient to reduce accidents and liability. Most surveyed examples seem to focus on safety as well as providing more uniform services in a minimalistic fashion. With only one exception, the few anecdotal examples of training are the result of partnerships, rather than being provided by the online talent platforms themselves.

Actors within the temporary agency work sector, including social partners, have engaged in a number of efforts to ensure that temporary agency workers have access to training. Bipartite groups active in several EU Member States exist to ensure that temporary agency workers have ongoing access to training opportunities. Going by the letter of the law, temporary agency workers have, on average, very close to the same level of access to training as those working on open-ended contracts.

In practice, however, it appears that there are some discrepancies. Some studies have found that temporary agency workers have fewer training opportunities than those with a standard employment contract. This may be particularly true in certain EU Member States and sectors. Of course, the amount of training that is required or is appropriate varies from sector to sector. In any case, some survey results of temporary work agencies and temporary agency workers indicate that providing training is not always a priority for temporary agency work.

From this research, one point does seem quite clear: it appears that work through the temporary agency work sector affords significantly more training opportunities than the online talent platform economy. Much of the relevant literature compares access to vocational training for people of different employment statuses, including temporary agency workers, workers on an indefinite contract, self-employed, etc. In all such literature surveyed for this writing, the self-employed enjoy the least access to training. Given that nearly all workers in the online talent platform economy are self-employed, they have accordingly limited access to training.

## 6. Labour market transitions and labour market participation in relation to online talent platforms and temporary work agencies

### KEY MESSAGES

- Online talent platforms have the potential to facilitate labour market transitions by offering supplemental income and work experience.
- Online talent platforms can encourage labour market participation by offering flexible work options, but mostly appear to increase the activity of those who are already in the labour market.
- Online talent platforms can both increase or decrease undeclared work, but tend to formalise labour.
- Temporary work agencies offer flexible working arrangements and opportunities for labour market entrants, facilitating labour market transitions and labour market participation.
- Temporary work agencies offer employers legal and flexible options for labour, which may serve to reduce undeclared and informal work.
- Labour through temporary work agencies and online talent platforms has fewer barriers to entry than other types of work.
- For both online talent platforms and temporary work agencies, however, there is ambiguous and fragmented empirical evidence on the effects on labour market transitions, labour market participation, undeclared and informal work. In case of temporary agency work, some studies point to the possible existence of a stepping-stone effect, but this usually refers to single countries and/or particular groups of workers. There is even less evidence of those effects in the context of the platform economy.
- In general, the transition from atypical into regular employment proves to be more difficult in a dualised labour market.

Online talent platforms and temporary work agencies offer new, flexible opportunities for labour market participation and have the potential to facilitate labour market transitions. Both may also have an impact on the prevalence of undeclared or informal work. Against this background, temporary work agencies and online talent platforms are often presented as intermediaries that provide opportunities for those who find it difficult to enter into the regular labour market (e.g. in traditional full-time work arrangements), or those who prefer to work on a more flexible basis. Others have pointed to the risk that new forms of work like online talent platform work may crowd-out other forms of work, which are more regulated and offer better protection to the involved workers.

In this chapter, the literature on the potential labour market impact, both positive and negative effects, for online talent platforms and temporary work agencies is reviewed. From this review it is clear that the empirical evidence on labour market effects is scarce, especially for online talent platforms. Although the labour market impact of online talent platforms is described in a number of studies on a theoretical level,

there is scant robust evidence to support their claims. Also for temporary work agencies, the evidence is limited and mixed. With this in mind, Chapter 1 describes the potential impact and presents available research, but refrains from drawing strong conclusions.

## 6.1 Labour market transitions

The first section of the chapter is dedicated to a range of labour market transitions, as it examines how online talent platforms and temporary work agencies may encourage transitions. The section also reflects on the potential of online talent platforms and temporary work agencies to serve as a stepping stone.

### 6.1.1 Online talent platforms

Online talent platforms may contribute in facilitating different types of labour market transitions, such as transitions from education to work, temporary to fixed work, part-time to full-time work, unemployment to employment, self-employed to employee, and others. Due to the flexible nature of the work offered on online talent platforms and the high level of autonomy that this work entails, online talent platforms may encourage labour market transitions and serve as a stepping stone (Eurofound, 2015). Participation in the online talent platform economy has few barriers, compared with the traditional labour market. While some online talent platforms have a vetting process for potential labour suppliers in place (e.g. check of government-issued identification cards), vetting is generally minimal or absent.

In a report prepared by Eurofound (2015), the potential stepping-stone function of online talent platforms is suggested; i.e. positive first experiences between labour suppliers and clients leading to a more stable employment. However, the same Eurofound report casts doubt on this function, as online talent platforms often do not communicate the name of the client to the labour supplier, and attempt to prohibit bypassing the platform for future transactions (Eurofound, 2015). Nonetheless, it is likely, especially for work that is carried out locally and may involve ongoing services and trust (e.g. gardening, babysitting, or domestic cleaning), that online talent platforms are used to establish contact between client and labour supplier, after which any remaining transactions are arranged 'offline'. In addition, other studies find that online talent platforms can be particularly interesting for individuals with entrepreneurial aspirations; in some cases, online talent platforms have helped fund start-ups by providing an additional source of revenue for labour suppliers (Botsman and Rogers, 2015).

From this discussion, it is clear that a differentiation between categories of labour suppliers can be helpful to better understand what labour market transitions are possible. A Wall Street Journal article (2015) puts forward four groups of online talent platform labour suppliers: i) those who value the flexibility and autonomy (e.g. students, stay at home parents, retirees), and those for whom standard work is unsuitable; ii) the unemployed who cannot secure normal employment; iii) those who work full-time on one or multiple online talent platforms; and iv) fully-employed individuals who seek to supplement their income. Taking these four types as examples, a number of labour market transitions are possible. First, those who are unemployed or studying can engage in part- or full-time work, transitioning into employment. Second, labour suppliers can use the experience or skills they develop or the money they earn as a stepping stone towards a different type of employment they perceive as more suitable – e.g. self-employed to employed, or self-employed (via an online talent platform) to a different variety of self-employed. Particularly in the case of freelance professionals, portfolio building has been suggested as an important motivation for work

via online talent platforms (Maselli and Fabo, 2015). Another example is ListMinut, where labour suppliers are often individuals who would like to work as self-employed, but have no knowledge of how to access potential clients (especially when they want to contact individuals) or how to market themselves. Finally, those who are fully-employed in a traditional setting can transition into self-employment if they perceive better opportunities in the online talent platform economy.

Anecdotal examples of each of these cases are found in the literature, but to date it does not appear that any serious effort to quantify the probability for labour market transitions has been published. Especially for workers outside the EU, evidence on labour market transitions is limited. Moreover, the advent of the online talent platform economy corresponds with increasingly fluid employment statuses (Huws, 2016), which makes identifying concrete transitions more difficult. For example, Huws et al. (2016) found that labour suppliers frequently identify with a number of potential statuses at one and the same time, claiming to be some combination of self-employed, unemployed and/or employed.

While the possibility for the online talent platform economy to facilitate transitions from unemployment into work has been discussed, no surveyed evidence suggests that online talent platform work facilitates transitions to open-ended contracts – at least not directly. Part of this is due to the nature of online talent platforms; these platforms typically do not consider themselves employers and, hence, do not hire labour suppliers. Some platforms do have employees, for example to work on the marketing strategy or technical development and maintenance of the platform’s website or app. There are a few online talent platforms that provide employee arrangements for labour suppliers, but this is not the norm. Another consideration is that online talent platforms typically generate profits by taking a percentage of the transaction between labour supplier and customer. In the event that a labour supplier finds an open-ended contract, this source of revenue would be lost.

A further point relates to the non-transferability of ratings, which ‘raises the price’ for labour suppliers of online talent platforms to transition to other platforms (Frenken and Schor, 2017). For example, consider the terms of service for topcoder, an online talent platform for designers, developers and data scientists. The terms and conditions for using this platform state that the labour suppliers must not disclose any information related to the platform, including their personal rating, “to any third party for the purpose of pursuing employment opportunities without the written consent of topcoder” (De Stefano, 2016). Labour suppliers further have to “agree to promptly notify topcoder” in the event that they are “contacted by a third-party regarding employment opportunities” (Ibid.). De Stefano (2016) notes that this appears to act as an exclusivity clause, which may be questionable under competition law. The issue of non-transferable ratings has also been discussed at the policy level. For example, a European Parliament (2017a) press release advocated that “workers should also be able to transfer and accumulate users’ electronic ratings and reviews, which constitute their ‘digital market value’”. To the best of our knowledge, there are no concrete proposals to resolve this issue. Moreover, online talent platforms tend to not consider it relevant or desirable.<sup>43</sup> Another point is that ratings on one activity are not necessarily informative for another, depending on the tasks and skills involved.

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<sup>43</sup> One possible exception is a collaboration between TaskRabbit and Ebay, where one can connect one’s account on the different platforms to each other. Technically speaking, however, Ebay is not a labour platform.



As a final consideration, it is possible that the online talent platform economy will induce labour market transitions by harming competing industries. Fang et al. (2015), for example, find that Airbnb may reduce employment in the ‘low end’ of the hotel industry. Farranado and Fradkin (2015) also show that Airbnb attracts customers away from conventional suppliers. While Airbnb is not an online talent platform as per our definition, it is still illustrative. In the case that online talent platforms represent a serious challenge to an existing industry, it is possible that employees lose their jobs or are forced into other forms of employment they consider less desirable.

### 6.1.2 Temporary work agencies

Temporary agency work can support attachment to the labour market and enable the acquisition of work experience and skills so that the chance of employment or reemployment in dynamically changing labour markets is enhanced, ultimately also paving the way to stable employment. Taking into account the empirical research available, we distinguish between two major types of transitions that can in principle be supported by temporary work agencies: i) the transition from non-employment to employment, and ii) the transition from temporary agency work to direct and permanent employment (see the discussion e.g. in Voss et al. (2013) and IDEA Consult (2015)).

Looking at the first issue, temporary agency work can provide an entry point into employment from outside the labour market, for example from unemployment, inactivity or education, as temporary agency work may lower barriers towards employment that may have to do with a lack of professional expertise, or with skills that are unknown or not easily identifiable by employers. A flexible type of employment like temporary agency work reduces the hiring risks experienced by employers and is more easily handled by employers relative to hiring directly via a fixed-term or permanent contract, even if they would provide for a probationary period at the beginning. Hence, access to the labour market might be stimulated for labour-market outsiders. This might be particularly important for groups such as the (long-term) unemployed, labour market (re)entrants, low-skilled or migrants (see, among others, Eichhorst et al., 2013).

Available evidence on this type of transition shows at a descriptive level that unemployed people and labour market (re)entrants frequently enter the labour market via temporary agency work in many European countries (see the figures presented by Voss et al. (2013) and IDEA Consult (2015)). But this does not yet constitute a significant bridging effect, as the unemployed can enter the labour market through different channels aside from temporary agency work. Yet, empirical work on the transition from non-employment to employment via temporary work agencies shows that this type of employment can in fact bring people into work, raise their employment levels and shorten phases of unemployment or inactivity, leading to higher employment also in the medium run, thereby identifying a limited contribution of temporary agency work compared to other routes (Kvasnicka, 2009; Lehmer and Ziegler, 2010; de Graaf-Zijl et al., 2011; Hveem, 2013; Houseman, 2014).

The second transition that could be influenced by the availability of temporary agency work is the transition from temporary agency work to regular, direct employment. Temporary agency work allows for the screening (or auditing) of workers, and it provides work experience and some skill acquisition so that employers might find it easier to hire them directly after an initial period of employment as agency workers (Autor and Houseman, 2010). This argument, the stepping-stone function of temporary agency work, has been addressed by empirical research trying to identify if passing through a phase in temporary

agency work increases the chances of getting a permanent job with the same or a different employer compared to most similar workers not passing through temporary agency work (see Houseman (2014) for a recent survey). As with the first transition – from non-employment to employment - discussed above, there is some descriptive evidence that some temporary agency workers enter into permanent jobs (Voss et al., 2013; IDEA Consult, 2015).

However, the evidence identifying the contribution of agency work to the probability of entering regular employment is more mixed. It can be summarised as follows (see also the reviews by Voss et al., 2013 and Houseman, 2014). No general stepping stone effect could be found in comparison with fixed-term workers in Italy (Ichino et al., 2008), Spain (Amuedo-Dorantes et al., 2008; García-Pérez and Muñoz-Bullón, 2005) and France (Givord and Wilner, 2015). Also, for Sweden no such effect could be found (Hveem, 2013). And for Germany, Kvasnicka (2009) did not find evidence to support for the stepping-stone hypothesis. According to this latter analysis, temporary agency workers do not seem to benefit from improved chances of employment outside the temporary agency work sector over a four-year period; but nor does this study find that these individuals exhibit a greater risk of future unemployment. Thus, temporary agencies can be understood as a mechanism to help to bring unemployed people into this particular type of work without necessarily easing the transition into other jobs. However, these general observations tend to hide some heterogeneity. The situation seems to be more favourable for some groups such as migrants in certain countries, in particular Sweden and Denmark, in situations with low unemployment (Jahn and Rosholm, 2013) or high-skilled workers in Spain (García-Pérez and Muñoz-Bullón, 2005). In the Italian case, Ichino et al. (2008) find that the probability of transition from temporary agency work is heterogeneous across regions, and with respect to observable characteristics such as age, education and economic sector. More positive results are found for service sector workers and for younger people.

One major issue here is that once certain groups have entered the labour market as agency workers they continue to work in the secondary, highly flexible segment of the labour market that exhibits lower pay (Jahn and Pozzoli, 2013), lower productivity, employment stability and job satisfaction compared to the primary segment, and temporary agency work, on average, does not perform particularly well compared to other types of non-traditional work (Houseman, 2014; European Parliament, 2017b; Storrie, 2017). This observation does not apply to all countries or regions, as national experiences and practices are diverse and heterogeneous, but is relevant in others (in Latin America for example).

Based on the available evidence from Europe (Houseman, 2014), the overall evidence can be described as mixed at best. On average, there is no clear stepping-stone effect of temporary agency work as regards the transition to permanent jobs. The effectiveness of the stepping-stone aspect of temporary agency work seems to depend on certain institutional, occupational and individual characteristics. Hence, temporary agency work seems to be more effective in bringing certain groups in the labour force into employment – i.e. to cross the barrier of entry into paid employment - but it does not clearly help them in making the transition from temporary agency work to permanent employment.

Therefore, temporary agency work can be considered a rather effective entry point into the labour market, but on average it does not facilitate access to permanent positions. The latter effect can be observed under favourable conditions and for some categories of workers only. As a consequence, the stepping-stone function towards employment outside temporary agency work is not to be taken for granted, although temporary agency work can help end unemployment or inactivity, thereby raising

employment levels of vulnerable groups. In a dynamically changing labour market with continuous need for adjustment and reskilling, this can be seen as a major contribution of temporary agency work.

One main reason for the peculiar role of temporary agency work lies outside this sector, however. The liberalisation of temporary employment – i.e. fixed-term contracts and temporary agency work – is often seen as a policy response to increase employment and lower unemployment without questioning the relatively strong protection of open-ended contracts by way of dismissal protection. This leads to a certain dualisation of labour markets where transitions between different segments of employment are limited. This phenomenon also applies to the role of temporary agency work in many European countries (see e.g. Eichhorst and Marx, 2012). Hence, easing entry into the labour market by allowing flexible types of work such as fixed-term contracts and temporary agency work comes at the price of a dualised labour market, if other segments of employment, in particular open-ended contracts, remain more regulated.

### 6.1.3 Summary and comparison of labour market transitions

Both online talent platforms and temporary work agencies have the potential to facilitate labour market transitions. Unfortunately, most evidence about labour market transitions is anecdotal and little empirical evidence is available; this applies to both the online talent platforms and temporary work agencies. Nevertheless, some conclusions can be drawn and important differences are worth noting.

Overall, it appears that online talent platforms have a few additional barriers to labour market transitions that are not present in the case of temporary agency work. For example, a lack of rating mobility and the prevention of communication between the client and labour supplier outside the platform serve to reduce the ability of labour suppliers to transition to other forms of employment. However, it is quite easy to set up an account on a different online talent platform and proceed to work there. Additionally, the transition from unemployment into full-time employment seems somewhat incompatible with the online talent platform economy in many instances. Generally speaking, online talent platform work is unable to provide enough income to substitute for a traditional job. Hence, most labour suppliers merely supplement their income through the online talent platform economy.

This limitation is not present for temporary work agencies, where full-time contracts (both temporary and permanent) are possible and common. Nevertheless, as the online talent platform economy continues its growth, it is possible that increased opportunities for full-time equivalent work will materialise.

## 6.2 Undeclared and informal work

The second section of the chapter deals with how the online talent platform economy and the temporary agency work sector might contribute to help fight undeclared and informal work.

### 6.2.1 Online talent platforms

A potential advantage of the online talent platform economy is that it may contribute to the fight against undeclared work and the formalisation of previously informal work. Activities that were carried out in the grey economy and avoided tax compliance, such as cleaning or delivery services, may now be organised in the formal economy (Huws, 2016; Huws et al., 2016; Maselli et al., 2016). Online talent platforms can play an active role in this regard, by closely cooperating with tax authorities and other public bodies (e.g.

by disclosing information on income earned by labour suppliers working on the platform – but also by reporting their own income).

Efforts to formalise work that is often carried out in the grey economy precede online talent platforms, exemplified by the Belgian voucher system for cleaning and other household services (Gerald et al., 2014). In fact, many temporary work agencies also offer services based on the Belgian voucher system, even if under a separate legal framework. Note that the existence of such systems may affect the use or popularity of online talent platforms offering similar services. Besides Belgium, Finland, France, Germany and Italy additionally have schemes for household and personal services including cleaning, childcare and home repair (European Commission, 2015). Perhaps the most important formalising factor with online talent platforms is their digital nature, which inherently creates a record of activities and transactions. Indeed, Kearney et al. (2013) argue that tax compliance is higher in countries with a higher penetration of electronic payments. From this observation, it follows that shifting work from untraceable cash payments to electronic payments through online talent platforms may increase tax revenues. For further details on taxation, we refer to Chapter 1.

A Belgian platform ListMinut specialises in providing low- and medium-skilled local services, based on a business model best known in the American platform TaskRabbit. ListMinut was inspired by the TaskRabbit model, but adapted to the Belgian legal framework. Part of the novelty of platforms like these is the possibility to formalise and make professions out of tasks that were once largely informal or occasional, such as pet-sitting or babysitting (De Groen et al., 2016). With that said, more formal than before does not mean objectively formal. Creating digital records of transactions for discrete tasks is a step towards formalisation, but that is not to say that a new formal labour market is the observed outcome. As was also discussed in Chapter 1, cooperation in sharing data with tax authorities is an additional prerequisite.

Moreover, online talent platforms may have limitations in this regard. For example, if a platform charges a commission on a service rendered, it may be worthwhile for labour suppliers and customers to find another one using an online talent platform, then exchange contact information and continue on a private cash basis. This is a particularly strong possibility for online talent platforms that offer local services, and online talent platforms have a strong incentive to avoid such an occurrence (Goudin, 2016). For certain tasks like gardening, household cleaning or babysitting, where a continuous period of service is often desirable and trustworthiness may be a factor, this tendency may be stronger. For tasks that do not necessarily lend themselves to regular intervals, such as assistance in moving or occasional repairs, it may be less pronounced.

Using online talent platforms to make contact and then discontinuing their use may not be such an issue for services rendered remotely such as design or IT. In these instances, online talent platforms usually provide a measure of security against non-payment,<sup>44</sup> so labour suppliers would be less inclined to engage with customers on an individual basis. Where market failures including non-payment are possible, self-regulation measures such as rating schemes and certain guarantees offered by online talent platforms may be a desirable alternative to transactions with no intermediation. As an example, Fair Crowd Work

<sup>44</sup> For Drahoukoupil and Fabo (2016), an important consideration of platforms is that they aim to prevent market failures such as incomplete information about the labour supplier or cheating.

interviewed labour suppliers about several online talent platforms, finding that non-payment was only a marginal issue for most platforms. Even for Amazon Mechanical Turk, which is widely criticised for poor terms of service (e.g. Aloisi, 2015), and which Fair Crowd Work rates poorly, the conclusion is that non-payment was not a frequently occurring issue for most workers surveyed, although most of these workers had at least one experience with non-payment for work performed (Fair Crowd Work, 2017). Online talent platforms have a strong incentive to prevent non-payment, as it would drive labour suppliers to competing platforms.

One caveat to note may be the tendency for online talent platforms to take work in the opposite direction, from the formal to the informal. While not an online talent platform, Airbnb is still a relevant example because of studies on its effects on the labour market (for example, on employment in the tourism sector). These effects could have parallels with online talent platforms. For example, Guttentag (2013) discusses the emergence of an informal tourism and accommodation sector driven by the popularity of Airbnb. In the case of personal transport as well, the online talent platform economy heralded a shift away from the largely formal (and even oligopolistic) taxi sector (Jenk, 2015). This highlights examples of where a formal industry has long been established, but stringent requirements in the traditional marketplace combined with advances in the online talent platform economy shifted industries towards less formal alternatives. Poor opportunities in the formal labour market, real or perceived, may also lead some individuals to focus their efforts on securing less formal work within the online talent platform economy.

In summary, online talent platforms have an impact on undeclared and informal work, but depending on incentives and specific circumstances of the industry in question, the direction can be towards or away from formalisation. In a number of cases, online talent platforms have been pressured to comply with national and local ordinances by collecting taxes and sharing data (Miller, 2015). This may lead one to conclude that online talent platforms are a force towards formalisation, but a more nuanced assessment is needed. Depending on the specific type of labour in question, a careful evaluation of the incentives of labour suppliers, clients and platforms must be made. In cases where substantial barriers to work persist (e.g. acquiring a taxi license), the online talent platform economy may be ‘disruptive’ and shift labour suppliers away from the formal or traditional labour market. In cases where online talent platforms offer a larger or more consistent base of clients and prevent ‘cheating’, the trend is more likely to be towards formalisation. On the whole, however, most literature highlights the tendency of online talent platforms to formalise labour.

### 6.2.2 Temporary work agencies

There is very little evidence on the relationship between temporary agency work and the size of the informal sector. Using the OECD indicators of the strictness of employment protection legislation (EPL) and data on the size of the undeclared economy, Williams and Renooy (2014) show a simple bivariate correlation between the regulation of temporary agency work and temporary contracts and the size of the undeclared economy. The informal sector is smaller in countries where fixed-term contracts and temporary agency work is regulated less heavily. This correlation also holds when using the Private Employment Services Regulatory Efficiency Index and its different components developed by the Boston Consulting Group BCG and Ciett (2011). This analysis is based on a very small sample and does not take into account any intervening factors, and hence can only be considered a preliminary hint. Ciett (2011) reported a negative bivariate correlation between the temporary agency work penetration rate and the

size of the informal sector. Furthermore, descriptive evidence presented for Italy suggests that informal work declined after the liberalisation of temporary agency work (Ciett, 2011). In addition, Williams and Renooy (2014) show that countries with better developed social protection and active labour market policies exhibit smaller shares of undeclared work in their economies. An Italian study found that temporary work agencies offer labour market entrants, in particular foreign workers, an opportunity to exit the informal labour market and receive a first stint in formal employment (Altieri et al., 2009).

Hence, it seems fair to say that countries where temporary work agencies are better established and easier to access, given “efficient” regulation, tend to have a smaller undeclared work sector (IDEA Consult, 2105). Although the relationship between the ease of using temporary work agencies and the size of the undeclared economy is not proposed to be causal; it can be argued that this mechanism highlights the potential for the temporary agency work sector to formalise certain types of work. The proposed mechanism is that more efficiently regulated private employment services ensure that firms have ready access to temporary labour without being tempted to resort to undeclared work. So Williams and Renooy (2014) suggest the possibility that “these regulatory conditions foster a private employment service industry that is developed and can contribute to better functioning labour markets where the need to turn to undeclared work is less necessary because firms can easily resort to TWAs to fulfil their needs”.

Efforts to establish regulatory frameworks for European temporary work agencies, as detailed in chapter 3, were partially due to concerns about undeclared work. Partnership agreements were reached in many countries to address undeclared work, and this affected sectors including transport, temporary agency work and others (ILO, 2009). While the temporary agency work sector in Europe has become a part of the formal labour market landscape, a share of temporary agency work and subcontracted work in other locations remains informal (Cazes and Laiglesia, 2014).

Social partners have worked with governments and temporary work agencies to reduce undeclared work. This is evidenced by an influential series of joint declarations (Eurofound, 2009). A 2008 Memorandum of Understanding signed by Ciett Corporate Members and UNI Global Union posits that temporary work agencies can contribute to preventing undeclared work (Ciett and UNI, 2008).

### 6.2.3 Summary and Comparison of Undeclared and Informal Work

Online talent platforms may have the potential to reduce instances of informal labour, but the mechanics, incentives and other considerations are not uniform and require further consideration. Formalisation is most likely due to two factors: i) digitalisation of transactions, which are inherent in nearly all models of online talent platforms, and ii) cooperation of online talent platforms with tax and other authorities, which is not necessarily a given. The trend towards formalisation is, therefore, unlikely to be uniform across all areas of the online talent platform economy. In some cases, for example the hospitality industry, it may even encourage a trend towards informalisation or at least deregulation. Christoph Juen, CEO of the Swiss Hotel Association, has said that “the emergence of online platforms such as Airbnb creates a chance to reduce regulation in the entire hotel and tourism industry” (Deloitte, 2015).

Given that temporary work agencies have generally been formalised institutions for decades, and that they provide flexible labour options for employers, it is likely that they are a force for formalisation of labour. Nevertheless, there is little robust evidence to support this argument. The effect on formalisation



of labour is likely to be most relevant for labour market entrants, people of foreign nationality and others who can experience difficulty in finding employment in the traditional labour market.

### 6.3 Labour market participation

This third section of chapter 6 builds on the previous sections and explores to what extent online talent platforms and temporary work agencies may contribute to labour market participation.

#### 6.3.1 Online talent platforms

A number of studies have acknowledged the potential of the online talent platform economy to encourage labour market participation (Eurofound, 2015). As was also indicated above, the flexibility and autonomy of the work in the online talent platform economy may provide additional opportunities for individuals who struggle to enter the labour market (e.g. retirees, stay-at-home parents, those with disabilities, people living in rural areas and others who find it difficult to work at conventional times and places (e.g. WSJ, 2015; Dettling, 2016; Huws et al., 2016; Sundararajan, 2016). Other studies have indicated that online talent platforms may particularly encourage labour market participation of young labour market entrants and others with a more limited work experience, as it allows them to gain experience with fewer barriers to start work than the formal labour market (European Parliament, 2016). As such, the online talent platform economy bears the potential to make labour markets more inclusive.

Online talent platforms have been noted for increasing opportunities in the labour market in two ways: i) creating the opportunity for flexible work and ii) creating demand for new forms of labour (De Groen et al., 2016). The typical fixed work schedule is not possible for a variety of different people, and even fixed hours for a part-time job can create problems due to the lack of flexibility. As such, online talent platforms that operate as intermediaries, where clients pick labour suppliers and labour suppliers pick clients, provide value for people with limited ability to hold traditional forms of employment. In terms of demand for new forms of labour, examples such as pet-sitting are illustrative. Labour market entrants may lack the experience and skills that employers look for even in entry-level positions, but, in recent years, online talent platforms have enabled individuals to make a profession out of various odd jobs. In these ways, unemployed or inactive people of working age have more opportunities to participate in the labour market as a result of online talent platforms (De Groen et al., 2016).

Additionally, online talent platforms have the potential to increase labour market participation for other marginalised groups. For example, Agrawal et al. (2013) suggest that online labour markets break down geographical barriers and increase women's participation. This follows the more general trend that advances in telecommunications increase labour market opportunities for women, especially those who require more flexible work. For example, Dettling (2011) concludes that the internet facilitates (re)entry into the labour force, particularly for highly skilled women and those with children. As discussed in chapter 2, numerous surveys have found evidence that labour suppliers for online talent platforms are more likely than the general population to come from racial or ethnic minorities.<sup>45</sup>

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<sup>45</sup> One of the arguments that Uber often puts forward relates to this issue. Uber tends to highlight the ethnic diversity of its drivers operating in Paris, emphasising how it facilitates access to the labour market for those with a migrant



At the same time, it is possible that minorities tend to perform the less desirable work in the online talent platform economy (Roberts, 2016). For example, “relatively low-status” workers tend to work for low wages in commercial content moderation – a type of low-skill work common on online talent platforms that involves screening digital content that may be offensive, disturbing or otherwise harm an online brand (Ibid.). Graham (2016) also argues that low-paid and low-skill online work has the potential to disproportionately harm vulnerable individuals, particularly in sub-Saharan Africa and Southeast Asia. In some cases, blatant discrimination occurs on online talent platforms with explicit requests for no bids from certain nations, notably those in South Asia (Ibid.)

Nevertheless, most evidence seems to indicate that the majority of labour suppliers for online talent platforms are merely seeking to complement their regular source of income. This would then suggest that the online talent platform economy mostly increases labour market participation of those who are already employed. Huws et al. (2016) reach this conclusion based on a large survey of ‘crowd workers’ in the UK, Sweden, Germany, Austria and the Netherlands. It also fits the basic assumption of much of the literature on the overall platform economy, which emphasises its role to mobilise underutilised assets, including time (e.g. Botsman and Rogers, 2015; Frenken et al., 2015). As a final note, Huws et al. (2016) find that participants tend to be younger and fairly gender balanced, which may mean that opportunities for labour market participation are more relevant for younger people, but comparable for women and men.

### 6.3.2 Temporary work agencies

Labour market participation might be positively affected by the availability of temporary agency work as an additional form of flexible employment that is characterised by lower employment protection and lower hiring costs, compared to permanent or fixed-term direct employment (Eichhorst et al., 2013, IEA Consult, 2015). Hence, temporary employment might be particularly relevant in more regulated labour markets (Cahuc et al., 2013; Houseman, 2014). Temporary agency work can ease the access of socio-economic groups that are not easily hired into regular employment, i.e. driving the first type of transitions discussed above. Hence, unemployment might be lower in countries where temporary agency work is liberalised.

In addition, total employment can also be higher in a labour market with temporary agency work relative to a situation without temporary work agencies as temporary agency work can provide a buffering function in the labour market by offering a distinct type of flexible employment, thereby reducing the pressure on adaptation with the core labour force by way of costlier hirings and firings of workers on permanent contracts and using working time flexibility (overtime, working time accounts). If temporary agency work is available, firms can buffer temporary demand peaks and slumps by hiring and dismissing temporary agency workers. If under such conditions firms have to rely less on working time flexibility or direct hirings, temporary agency work could be associated with higher medium-term levels of employment, albeit at the price of higher employment volatility and increased heterogeneity of jobs. Furthermore, temporary agency work can have a positive effect on productivity, competitiveness and

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background. This point is relevant, but overlooks the fact that a similar diversity can be found in the taxi industry. Although transportation-oriented platforms are not the focus of this study, this example is nonetheless illustrative of the importance of the argument.

profitability of firms due to a better adjustment of staffing to business activity, thereby stimulating further employment growth.

Along these lines, Jahn and Weber (2012) show that in Germany the deregulation of temporary agency work contributed to the rise in total employment, but some crowding out of regular employment could be observed.

One prominent case here is also the use of temporary agency work in the German manufacturing sector during the 2008-09 crisis (Baumgarten and Kvasnicka, 2016). Export-oriented manufacturing has been one of the major users of temporary agency work in Germany since the early 2000s. Despite the prominent debate about working time accounts and, in particular, short-time work, as mechanisms used to stabilise core staff in German manufacturing in a situation of a massive demand slump, an equally important role was played by redundancies in the temporary agency sector. Baumgarten and Kvasnicka (2016) show that heavy users of temporary agency work could cope more easily with the crisis, i.e. stabilise their core labour force and profitability, and did not rely on short-time work that intensively. Hence, there are differences in firm strategies when it came to coping with the crisis. All in all, about the same number of permanent jobs that was saved by short-time work and working-time flexibility through accounts was destroyed, at least temporarily, by terminating temporary agency work contracts (Eichhorst et al., 2010). However, while this involved a major effort in labour market adaptation on the part of agency workers who become unemployed, this strategy facilitated a quick recovery of manufacturing, and thereby contributed to stable and later on even slightly increasing employment in German manufacturing after 2009-10. This also led to a recovery of the temporary agency sector. All in all, this mechanism might lead to a higher level of total employment in the medium to long run.

This also shows that temporary agency work can contribute to higher levels of employment, particularly in more regulated labour markets, but at the cost of a certain segmentation of employment and some limited crowding out of regular jobs.

### 6.3.3 Summary and comparison of labour market participation

Both the online talent platform economy and temporary agency work sector seem to encourage labour market participation, albeit in different ways. The online talent platform economy is noteworthy for its highly flexible forms of labour. For example, anyone with a computer, internet connection and a bank account can earn money with ‘click work’. This is especially relevant for women with children, the elderly, the disabled and others who may struggle to meet the demands associated with traditional employment.

Temporary agency work is likely to increase labour market participation for a different category of people, namely young people (and particularly young men) who might struggle to successfully find employment in the traditional labour market. The sectoral consideration is also important here. Yet, these two groups of people – those participating in the online talent platform economy and temporary agency work sector – likely share a certain portion of barriers to traditional employment. This would indicate that both temporary agency work and online talent platform work have the potential to be helpful options to raise labour market participation.

## 7. Conclusions

As the world of work is rapidly changing, new non-traditional forms of work have emerged that provide flexible forms of work and opportunities for labour market participation, but have also raised challenges on the definitions of employment relationships and the classification of labour suppliers. This study had focused on online talent platforms and the new forms of work they have created. For the purpose of this study, online talent platforms are defined as “digital work platforms that provide online peer-to-peer intermediation through which users can get temporary access to other users’ services and the payment is made through the platform”. While their role has been contested, most online talent platforms maintain that they serve as intermediaries between labour demand and supply, in a triangular work relationship.

Taking their role as labour market intermediaries as a starting point, a comparison between online talent platforms and other types of intermediaries can reveal new insights into their labour market effects, but it can also provide evidence on whether online talent platforms are taking up the role of intermediaries. Are the relationships between the platform, client and labour supplier similar to those between the intermediary, client and worker in other cases? Considering the flexible nature of work in the online talent platform economy, temporary work agencies make for a particularly interesting basis of comparison. Temporary work agencies are specialised in short-term, flexible work and have operated in Europe for decades. Unlike work in the online talent platform economy, temporary agency work is heavily regulated.

Temporary work agencies further make for an interesting comparison because the boundaries between these agencies and online talent platforms are blurring. Hybrid models that combine features of both have started to emerge. Furthermore, while many online talent platforms claim to be intermediaries, court cases have shown that some platforms function instead as employers. A few online talent platforms have explicitly taken up this position, for example by offering employment contracts to labour suppliers. In those cases, there may not be a triangular relationship, or at least the responsibilities may be shifting. In other cases, platforms view themselves as tech companies or start-ups.

With this in mind, the objective of the study was to compare online talent platforms and temporary work agencies regarding their scope and the nature of work. To this end, the study covered issues such as size and structure, access to social protection and training, labour market impact and the applicable (regulatory) framework. In that way, the study also attempted to find out how comparable online talent platforms and temporary work agencies are in these dimensions. Whereas there are clear parallels between the two, this study also revealed significant differences – not in the least in relation to the regulatory framework, access to social protection and access to training. In addition, it seems that temporary work agencies often offer a different type of work, with different work relationships and remuneration.

This comparison between online talent platforms and temporary work agencies is hampered by two main issues. First, there is a lack of robust, reliable data on online talent platforms and such data are generally difficult to collect, but the body of research is growing and this study hopes to contribute to the literature. Also for temporary work agencies, data availability is quite limited. To overcome this challenge, this study draws on literature from a range of sources. More generally, it implies that further analysis and monitoring

of the online talent platform economy is needed. In this light, platforms have also been called upon to exercise greater transparency in their operations. Moreover, the use of web data and big data can be helpful in this regard, as the transactions in the online talent platform economy are digital.

Secondly, the lack of a common definition or conceptualisation of the online talent platform economy is another complication. This has raised questions on the definition of online (talent) platforms, but also on the roles of the actors that take part in the online talent platform economy: Are platforms intermediaries or employers (and, in both cases, what does this mean; should the existing definitions of these concept be revised)? Are labour suppliers employees or self-employed? Or do they have yet another status (and again, what does this mean in terms of the definitions and conceptualisations in place)? These questions are considered in the study.

### Structure and size of online talent platform economy and temporary agency work sector

Given that online talent platforms have entered the labour market relatively recently, they represent only a small share of total employment in the EU (i.e. 0.05% of the European workforce according to recent estimates). Yet, the online talent platform economy is growing at a fast pace and has already had a disruptive impact on the sectors in which the platforms are most prevalent (transportation and accommodation most notably). Around 17% of Europeans are found to engage in the online talent platform economy as consumers or as labour suppliers according to a 2016 Eurobarometer survey. In terms of its structure, the online talent platform economy is typified by a plethora of platforms, which differ in terms of sector, activities, business model, target audience and other features. While the online talent platform economy was already quite diverse from the onset, its heterogeneity has only increased with its proliferation.

Most labour suppliers work on online talent platforms to earn a supplementary income, on top of income gained through other activities. Many of them are active on multiple platforms at the same time. Young men of ethnic minority background and living in urban areas tend to be overrepresented among the labour suppliers. There are several reasons why labour suppliers work through online talent platforms, from higher levels of flexibility and autonomy to opportunities to try out activities before becoming self-employed. Both push and pull factors appear to be at play.

Temporary agency work was on the rise until 2008, but its growth has levelled off more recently (after the crisis). In addition, the developments in temporary agency work are connected to the economic cycle, meaning that the sector reports the largest growth in times of economic upturn and vice versa. Roughly 2.5% of the labour force in Europe works through a temporary work agency, but this percentage differs substantially across the EU Member States. In some Member States, temporary agency work covers a significant share of employment; in others the share is much smaller.

Despite the similarities, it seems that temporary work agencies and online talent platforms are attracting different types of labour suppliers and clients. For example, while temporary work agencies typically have companies as clients, there is more diversity in the online talent platform in this regard. In fact, peer-to-peer transactions are still predominant (although companies have started to use platforms as well – which is likely linked to the rise of hybrid forms that fall between online talent platforms and temporary work agencies). Temporary agency workers typically have an employment contract, and many are young.

Further clarity on the online talent platform economy is needed to support evidence-based policy-making. To this end, a continued monitoring of online talent platforms is required to enhance the understanding. Monitoring efforts should be broad in scope, covering different aspects about the platforms themselves, the nature of the work, and the labour suppliers and clients. All these variables are subject to continuous change and should therefore be monitored accordingly. Data collection has so far mostly resulted in providing only a snapshot of the online talent platform economy far. Although surveys managed to capture the profile of online talent platform labour suppliers, data on their motivations remain scarce. To this end, more transparency would be helpful. Similarly, further research into temporary work agencies and how they are adjusting to the changing world of work is needed, especially given that more flexible forms of work are expected to gain in importance. For these data collection exercises, there is a role for statistical offices, international organisations, governments and social partners.

### Regulatory frameworks governing online talent platforms and temporary work agencies

With regard to the applicable (regulatory) framework, there are significant differences between the online talent platform economy and the temporary agency work sector. Whereas there is no specific regulatory framework in place for work in the online talent platform economy, temporary agency work is regulated on a global level by ILO Convention 181, and on the EU-level primarily by Directive 2008/104/EC, and it is further governed by national regulations. This Directive, together with the Directive on Health and Safety in Fixed-Term and Temporary Employment (91/383/EC) and a number of ILO Conventions, of which ILO Convention 181 is the most important one, have been key in shaping temporary agency work. Together, they ensure that temporary agency workers have similar rights as employees with indefinite contracts.

For online talent platforms, the situation is radically different. Without a specific framework in place, the existing regulatory frameworks on taxation, competition, consumer protection, labour and others should apply (not only general legislative framework, also sector-specific regulations). As the existing framework may not fit very well with the specificities of online talent platforms, a range of grey areas remains, most notably in the application of laws on consumer protection, health and safety and labour. Governments have started to take measures in response to the online talent platform economy, but these are mostly reactive and focused on a specific issue or case.

As part of this debate, the need for an EU-level regulatory approach has also been discussed, but a consensus has not yet been reached. Some have argued in favour of an EU-wide approach, arguing that many online talent platforms operate across borders and that many of the challenges faced are the same. Others have stressed that online talent platforms largely affect national competences, so that national policy-makers should be free to decide how to approach them. The European Commission has so far maintained that what is needed is not new regulation, but rather clarifications on what regulation is applicable. At the level of the EU Member States, this process is still ongoing. Furthermore, governments have focused their efforts on different issues, most notably taxation. Other domains have been overlooked.

There have been a few attempts at self-regulation, but these are in their infancy. Similarly, no licensing of online talent platforms exists (although some policy options would go in that direction). So far, little is known about how the same platform adjusts to different national regulatory frameworks. This is an

interesting area for further research, and it is one that can shed light on suitable approaches to deal with specific challenges.

Whereas Directive 2008/104/EC has played a role in setting European-wide minimum standards in the temporary agency work sector, the challenge to do the same in the online talent platform economy may be even larger. In addition, as it is likely that work on online talent platforms and other non-traditional forms of work will continue their growth, policy-makers will have to reach a balance between, on the one hand, supporting innovation and ensuring that the benefits of these new forms of work can be reaped, and on the other hand, addressing the risks that they entail. The challenge, therefore, is to develop appropriate regulation. While governments have started to respond to the online talent platform economy, many policies are still in the early stages of implementation and their impact is, therefore, still to be assessed.

### **Access to social protection and the role of social partners for online talent platforms and temporary work agencies**

Access to social protection is one of the main concerns that has been debated in the context of the online talent platform economy. More generally, the social security schemes that are currently in place, and their corresponding regulatory framework, are not adapted to the changing world of work. Challenges not only relate to statutory access to social protection but also effective access; and transitions from one status to another or combinations of different statuses are often difficult to manage.

Access to social protection is generally linked to the employment status of an individual. While universal benefits exist, it is typically the employment status that determines what rights and what obligations a person has in this domain. The status of labour suppliers working in the online talent platform economy, however, is still to be clarified. As a result, labour suppliers risk falling in between different systems, being unaware of their rights and obligations. Furthermore, as was also shown in this report, the authorities or actors responsible for the social security scheme may also not know how to deal with the labour suppliers. Given the increasing heterogeneity in work relationships in the online talent platform economy, the status of labour suppliers may even become more difficult to pinpoint. This call for further clarity, which has been echoed by social partners, will be one of the main challenges to tackle. To this end, an exchange of information between governments, platforms, labour suppliers and other actors is needed. Although there have been some attempts to bring together information, these should be expanded and strengthened.

As labour suppliers from online talent platforms tend to be classified as self-employed, more so than as workers or employees, their access to social protection is likely to correspond to that of self-employed. Self-employed typically pay less social security contributions, but this has consequences for their rights. In response to the unclear labour status, proposals for a third status have been put forward (e.g. a status in between employee and self-employed, which would treat a worker as an employee in terms of social security but as self-employed in other areas). These proposals, however, have not been taken up so far, one of the reasons being that most countries already have a complicated regulatory framework and are reluctant to add another layer of complexity.



The situation with regard to access to social protection is rather different for temporary agency workers. These workers have a clear employment status and an employment contract, and their access to social protection is generally on a par with that of employees with indefinite contracts. For them, statutory access is typically not a concern, but effective access may be. Depending on how the system is set up, temporary agency workers may find it difficult to meet the requirements or minimum thresholds in order to be able to draw benefits (even though theoretically they do have access to them – e.g. meeting a minimum number of working hours or days over a certain period). Although this could be resolved by making it easier to meet the thresholds or abolishing them altogether, this move would have financial implications.

The European Pillar of Social Rights calls for social protection for all, regardless of labour market status (although it is not legally binding). This is an ambitious goal indeed, and a lot of work is still ahead in order to achieve it. The potential solutions that policy-makers can and will explore, will be determined by the national context and preferences. While in some countries the social security scheme already accommodates different types of workers and access can be ensured by adapting the parameters of the scheme, other countries may see a need to expand the scheme as such. Different solutions have been put forward to address these issues, ranging from making social security universal to individual accounts (portable benefits), yet few of these proposals have already been implemented. Besides governments, social partners and some platforms have also taken up the issue.

In the debate on online talent platforms, social partners play a major role. As representatives of both employers and workers, they have voiced their concerns about unfair competition and called for a level playing field for businesses as well as workers. This call has been echoed by policy-makers and other stakeholders and is further supported by a growing base of research. Social partners have also taken a leading role in the temporary agency work sector, and the lessons they have learned in that sector can be helpful in dealing with online talent platforms as well. Whereas organisation and representation are clear concepts in the temporary agency work sector, these are less clear for online talent platforms: labour suppliers may not be employees, platforms may not be employers, the role of the government is unclear and different types of grassroots organisations and new forms of intermediaries are popping up. The traditional social dialogue structures do not fit well with this setting. For labour suppliers, the right to organise may also be distorted by anti-cartel laws. This is an issue that governments should address.

One final point relates to the enforcement of rights. Although online talent platform labour suppliers, but also temporary agency workers, have the right to have access to social protection as well as organisation and representation, in practice this right may not always be honoured. It is necessary to find ways to enforce these rights, without going to court (in the case of online talent platforms particularly). Whereas attempts at self-regulation by platforms have been documented, they are still rare. Court cases can help clarify the status or rights of labour suppliers in relation to a specific case or platform (e.g. the Uber case in the UK, which found that Uber drivers should be treated as workers), but the conclusions of these court cases may not be applicable beyond the specific circumstances (i.e. cannot be generalised). Nevertheless, the outcomes of some high-profile cases have been highly anticipated and are being used to inform policy-making.



### Skills development and access to training for labour suppliers in the online talent platform economy and temporary agency workers

Skills enhancement and access to training is one of the domains in which there is a substantial difference between online talent platforms and temporary work agencies. Whereas skills enhancement and training opportunities are nearly non-existent in the online talent platform economy, temporary work agencies – under the impetus of social partners – pay significant attention to this issue. In the case of temporary work agencies, however, it is once again important to distinguish between the theoretical and effective level.

In the rapidly changing world of work, training is key for workers at all skill levels. Everyone must engage in lifelong learning, to ensure that their skills remain up-to-date (which might require both up- and reskilling). Education alone will no longer be sufficient, but would have to be combined with on-the-job training and other forms of learning. The growing importance of continued training can be explained by the rapid technological advancements and the extension of working lives in Europe. Together with other economic, societal and environmental changes, they greatly affect what skills are needed in the labour market. In this regard, transversal skills have received much attention recently, as they support the development of other skills. Efforts to enhance skills should, therefore, cover different types of skills. The fundamental role of training and education has also been underscored in the 2017 declaration of the G20 on “Shaping an interconnected world”. In the conclusions of the 2017 Berlin meeting of the L20, which is composed of elected representatives of trade unions of G20 countries, there was a call to agree on the conditions for fair globalisation, in which digitalisation should be taken into account. The L20 further stress the importance of good working conditions, secure jobs and access to social protection in this context.

Yet, when it comes to access to training, the online talent platform economy is lagging behind. With few exceptions, online talent platforms do not offer training to their labour suppliers. This is due to several reasons. First of all, online talent platforms consider themselves intermediaries and, therefore, argue that access to training is the responsibility of the labour suppliers (e.g. when they are self-employed) or client. Furthermore, when platforms offer training, their relationship towards the labour suppliers may be seen as a traditional employment relationship in which they function as employer. Online talent platforms generally try to avoid giving this impression.

There are some examples of online talent platforms that do offer access to training or are planning to do so. Examples range from basic training covering safety regulations or use of the platform, over training provided by other labour suppliers working through the platform, to platforms that have partnered with other organisations to provide training. In addition, the surveyed hybrid forms that have features of temporary work agencies and online talent platforms tend to provide access to training.

In comparison with online talent platforms, temporary work agencies provide far more opportunities for skills enhancement and training. The establishment of bipartite funds is an important development in this regard. A number of countries have special funding mechanisms for training temporary agency workers. In other countries, these workers receive training under a broader framework. Temporary agency workers generally have the same access to training as workers with full-time, open-ended contracts in most countries. In practice, however, there appear to be certain cases where access to training for temporary agency workers is not as comprehensive as for other workers. This could, therefore, be an area for future

improvement. This is particularly true given that many temporary agency workers are motivated by the desire to further their professional training and acquire a first working experience.

More generally, this raises questions on the access to training of non-traditional workers, including the self-employed. Self-employed workers bear responsibility for their own training and need to find a way to finance it (and are likely to be without income when participating in the training). For online talent platform labour suppliers, access to training becomes even more complicated as many work on multiple platforms at the same time, often combining very different tasks. These issues support a partnership model, in which skills enhancement and training opportunities are provided at a more centralised level. A model involving other platforms and (training) organisations seems promising. In this regard, social partners also have a role to play.

### **Labour market participation, labour market transitions and impact on undeclared and informal work of online talent platforms and temporary work agencies**

In the debate on online talent platform work, the potential advantages that are often cited include their potential to encourage labour market transitions and labour market participation and to address informal and undeclared work. The main arguments in support of these claims are that online talent platforms offer new, flexible forms of work that may provide opportunities for those who find it difficult to work in a more traditional setting or who simply prefer this type of work. In that way, online talent platforms can lower the barriers to entry in the labour market. Online talent platforms can support labour market transitions by offering additional income or experience. They provide a way for people to try out a work activity before settling on it. While there are numerous anecdotal examples, hardly any hard evidence exists to support these claims.

Similar advantages have been attributed to temporary agency work, for similar reasons. Nonetheless, also in this case, the empirical evidence is fragmented and mostly focused on the national context. Temporary work agencies may facilitate access to the labour market for labour market outsiders, such as (long-term) unemployed, labour market (re)entrants, the low-skilled and migrants. For transitions into permanent employment, there is also some evidence, but this is more mixed (e.g. applies only to some categories of workers). Temporary work agencies may serve to reduce undeclared and informal work, but there is a lack of reliable empirical evidence. For online talent platforms the research is more mixed, although a tendency to formalise informal labour is found. Transparency of transactions in the online talent platform economy is a factor contributing to this formalisation.

In general, however, there is very little empirical evidence on the labour market effects of online talent platforms. This is due to the lack of data overall, but also to fact that online talent platforms are relatively new actors in the labour market. It is still too early to detect definitive labour market effects (going beyond the individual case level; there is currently no robust evidence on a larger scale). Furthermore, only a very small share of the population is engaged in the online talent platform economy as a labour supplier. Also for potential negative labour market effects, for example whether online talent platform work is crowding out existing more regulated occupations, the available evidence is very limited. Especially for labour market effects, continued monitoring and data collection are needed before any conclusions can be drawn.

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## Glossary of key terms and concepts

**Access to social protection** - Access to health care and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a main income earner. In this study, access to social protection is considered in a broad manner, capturing different types of risks that a person may be faced with.

*Source: Definition put forward by the International Labour Organisation (ILO).*

**Access to training** - Conditions, circumstances or requirements (such as qualifications, education level, competences or work experience) governing admittance to and participation in training programmes. In this study, this definition is used to support research on the extent to which online talent platforms labour supplier and temporary agency workers are able to participate in training (regardless of whether it concerns off-the-job or on-the-job training programmes). The study will consider both training organised by the employer and/or intermediary as by external organisations (public and private).

*Source: Own elaboration based on the definition of 'access to education and training' provided in Cedefop "Terminology of European education and training policy. A selection of 130 key terms" (2014 edition).*

**Decent work** – Opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

*Source: Definition put forward by the International Labour Organisation (ILO).*

**Industrial relations** – Collective relationships between workers, employers and their respective representatives, including the tripartite dimension where public authorities at different levels are involved.

*Source: Definition put forward by the European Commission (2014).*

**Labour market intermediaries** – Entities or institutions that interpose themselves between workers and firms to facilitate, inform, or regulate how workers are matched to firms, how work is accomplished, and how conflicts are resolved.

*Source: Autor (2009).*

**Labour market transitions** – Moves in labour market status between employment, unemployment and inactivity over time. As part of the study, different types of transitions are considered: not only so-called labour market transitions from unemployment and inactivity (e.g. education) into employment and vice versa, but also transitions between different types of employment status or contracts. Examples of the latter are transitions from employment into self-employment and vice versa, transitions from closed- to open-ended contracts (temporary to fixed work) and vice versa, part-time to full-time work and vice versa, and others. In this study, the term 'transitions' is used to capture all these dynamics.

*Source: Own elaboration based on the definition put forward by Eurostat (used in the EU-Labour Force Survey).*

**Social protection** – Support systems including pension insurance covering old age, survivorship, and invalidity; sickness insurance covering leave for sickness, maternity/parental, or injury; and unemployment insurance.

*Source: Own elaboration based on Eurofound (2011).*

**Online talent platform** - Digital work platforms that provide online peer-to-peer intermediation through which users can get temporary access to other users' services and the payment is made through the platform. The key point is that online talent platforms are used to provide access to flexible work opportunities, for specific tasks or assignments and a set period of time. Payments to the labour suppliers are processed through the platforms, which are work-based. Well-known examples of online talent platforms are TaskRabbit and Upwork. Online talent platforms are not to be confused with online job boards or professional social networking sites.

*Source: Own elaboration based on European Commission (2026) and REC (2016), and our own previous work.*

**Online talent platform labour supplier** – A natural person who provides labour through an online talent platform. The term 'labour supplier' is used throughout this study as it is neutral. The term is not meant to provide any indication on the precise nature of the labour relationship (i.e. no prejudice on whether those who offer labour through an online talent platform or employees or self-employed). In this study, only natural persons providing labour are considered whereas legal persons are excluded.

*Source: Own elaboration based on European Commission (2026) and REC (2016), and our own previous work.*

**Temporary agency worker** - A worker with a contract of employment or an employment relationship with a temporary work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction. Within this definition, the concept 'worker' refers to any person who, in the Member State concerned, is protected as a worker under national employment law. 'Undertaking' means any natural or legal person for whom and under the supervision and direction of whom a temporary agency worker works temporarily. 'Assignment' means the period during which the temporary agency worker is placed at the user undertaking to work temporarily under its supervision and direction.

*Source: Definition included in Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work.*

**Temporary work agency** - Any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction.

*Source: Definition included in Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work.*

## Appendix

### A. Unions and worker organisations for labour suppliers, by country

Appendix A presents an overview of workers' organisations and unions for labour suppliers working in the online talent platform economy. This overview is not comprehensive, but rather aims to point to diverse organisations, formal and less formal, that have taken an interest in the organisation and representation of labour suppliers. It further outlines the different types of initiatives launched by these organisations. In general, social partners have been active in the domain of digitalisation and new forms of work, in some cases extending their focus to online talent platforms. They have published analyses and reports, engaged in the public debate, and initiated dialogues with policy-makers, platforms and labour suppliers, among other initiatives. Some unions have changed their statutes to allow online talent platform labour suppliers to become members. Unions have also engaged in discussions with new types of intermediaries, and there are examples of unions negotiating on behalf of platform labour suppliers (though only a handful of such examples exist). At the European level, social partners have also taken a stance on the issue of online talent platforms and the communications and proposals from the European Commission and Parliament.

When it comes to the examples below, there is one caveat that needs to be accounted for in light of the present study's scope. Considering that labour suppliers working 'offline' are the easiest to identify and organise, most initiatives have focused on these individuals (e.g. Deliveroo bikers or Uber drivers – mostly individuals performing low-skilled tasks that are carried out locally; far fewer initiatives have focused on those performing high-skilled tasks, and those working online) (Kilhoffer et al., 2017).

#### Austria

**Österreichischer Gewerkschaftsbund (ÖGB)** (the Austrian federation of trade unions): The ÖGB supports the interest of labour suppliers and is actively collaborating with union inside and outside of Austria around this topic. For example, the ÖGB launched a project called danube@work, which involves social partners in Austria, Bulgaria, Serbia and Romania, aiming to raise awareness of the challenges of digitalisation of work and to find common solutions. The project consists of events and case studies, in addition to the establishment of a network and information exchange.

**Arbeitskammer (Chamber of Labour)**: Though not a union, the Chamber of Labour has been active in Austria. It did pioneering work on researching the profile and working conditions of labour suppliers working on online talent platforms in the country. This study later fed into the ongoing debate.

#### France

**Syndicat des chauffeurs privés VTC**: In France, there has been a lot of activity around Uber (e.g. strikes and demonstrations, of both taxi drivers and Uber drivers). Drivers of the union Syndicat des chauffeurs privés VTC staged demonstrations in response to Uber dropping the minimum fare rate from €5 to €4.25 and Uber's move to increase the commission it charges drivers from 20% to 25%. Following driver strikes in Paris, Thibaud Simphal, Uber's general manager for Western Europe, stated his willingness to enter into negotiations with drivers. The French government appointed Jacques Rapoport, a former senior executive of the French national rail company, to moderate. As a result of the negotiations, Uber proposed a €21 per hour minimum gross revenue for drivers working at least 40 hours per week. It also proposed to set

aside €2 million for financially distressed drivers. Following the negotiations, Rapoport submitted his recommendations to the French government, advising that the government set a legal minimum wage only if Uber failed to implement its promised changes.

### Germany

**Ver.di:** This union has a long experience in supporting and representing the interests of self-employed persons, especially journalists. Now, it is also focused on couriers working in the online talent platform economy. Ver.di offers counselling to its self-employed, but they are members on the basis of being self-employed rather than as platform workers.

**IG Metall:** The largest union of those working in the metal industry in Germany, and opened up its statutes to self-employed members in January 2016, with a focus on online talent platform labour suppliers. IG Metall has been a frontrunner in the organisation and representation of labour suppliers, both in Germany and beyond. IG Metall is working with both the labour suppliers who work offline and online. IG Metall has also engaged with platforms and large German firms using online talent platforms. In 2016, IG Metall launched Fair Crowd Work (in collaboration with Austrian and Swedish trade unions). Fair Crowd Work gathers information about platforms and workers' legal rights, and contains a rating system based on the platforms' terms and conditions and worker reviews for online platforms.

### Sweden

**Unionen:** Large Swedish union that has been very active in the debate on online talent platforms over the last years. Unionen has developed a plan to certify platforms for fair and sustainable working conditions.

### United Kingdom

**Couriers and Logistics Branch of the Independent Workers of Great Britain:** is defending the rights of workers in the British courier and logistics industry, including self-employed workers for major courier companies and food delivery companies such as Deliveroo and UberEats.

**IWW Leeds (Industrial Workers of the World):** is raising funds to support 7 Deliveroo couriers who were punished or fired for organising for better pay and more favourable contracts.

**GMB Union** (Britain's general union): took up Uber case for Uber drivers.

### United States

**Teamsters 117 in Seattle** (transportation platforms): Actively engaged in defending the rights of drivers working for Uber, Lyft and others.

**Freelancers union** (not a union in the legal sense, rather a mutual): offers unique services for freelancers, including insurance and training, and worked with the City Council of New York to pass the landmark "Freelance Isn't Free" Act, defending the rights of freelancers to ensure they get paid.

## B. Additional case studies

This section presents a number of additional case examples that have not been included in the body of the text, but may nevertheless be informative for the reader.

### *Box 13. Heetch and access to training*

Heetch is a personal transportation platform that enables drivers to pick up users and drop them where they want. The user gives as much money as they want to the driver. In the terms of usage, a Heetch driver cannot have a turnover higher than €6,000. If a driver's revenue surpasses this amount, the platform sends an email telling them to consider making a profession of their driving.

Heetch provides some help to drivers by connecting them with different training programmes. Moreover, the platform also negotiates partnerships with training centres. The Institut National de Formation à la Sécurité (INFS) [National Training Institute for Security], which handles licensing for VTC (*Voiture de transport avec chauffeur* [transportation car with chauffeur]), offers reduced fees to Heetch drivers (€199 instead of €499). The *Apprendre et se Former en Transport et Logistique* (AFTRAL) [Learning and Training Centre in Transport and Logistics] also takes part by organising training sessions.

*Source:* Heetch (2017).

*Box 14. Clickworker*

Clickworker, formerly Humagrid, is a German micro-tasking platform that claims to have 800,000 registered workers. Clickworker offers a ‘marketplace’ where clients can post small tasks for individuals to perform, and the platform also offers ‘full-service’ by breaking down tasks into smaller pieces and reassembling the resulting crowd work into a coherent project.

Clickworker’s business model is based on charging clients 40% of labour costs for the self-service marketplace, as well as charging higher amounts for the ‘full-service’ solutions requiring the breakdown and reassembly of tasks. Examples of tasks offered through Clickworker include SEO-text creation, web research, tagging, processing product data and conducting surveys. Client firms include large corporations such as Deutsche Telekom, T-Mobile and Honda.

According to Fair Crowd Work’s terms of service criteria, most of Clickworker’s provisions are acceptable. Workers are neither prohibited from contacting other workers, nor from directly contacting clients. In most cases, workers are also allotted three days to revise work that is rejected on the basis of “deficiencies in the work product”. The ability to refuse payment can be problematic, but worker reviews reveal an informal system of dispute resolution with mostly satisfactory results. Additionally, workers must be notified of changes to the terms of service six weeks in advance.

In comparison to Amazon Mechanical Turk (AMT), Clickworker has far better terms of service and dispute resolution procedures, as appraised by Fair Crowd Work. For example, the AMT’s terms of service state: “Because Amazon Mechanical Turk is not involved in the actual transaction between Providers and Requesters, Amazon Mechanical Turk will not be involved in resolving any disputes between participants related to or arising out of the Services or any transaction” (AMT Participation Agreement Section 2, 17 October 2017). Nevertheless, according to dozens of reviews from verified workers, both Clickworker and AMT only receive 2.5 out of 5 stars on the basis of payment, communication, evaluation system, tasks and technology.

Sources: <https://www.clickworker.com/how-it-works/>, <http://faircrowd.work/platform/clickworker/>, <https://www.mturk.com/mturk/conditionsofuse>