

Summary

The platform economy and quality of work: a knowledge synthesis

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Summary

Relevance

Quality of work is once again a focus of attention. This attention is centred not just on the amount of work, but also on how it is shaped by employers and workers. Good-quality work not only increases the quality of life of workers, but is also crucial for a properly functioning economy and for society as a whole. This broader investigation is made up of two other knowledge syntheses, a policy report which examines the consequences for society and a conclusion. In the other knowledge syntheses we look at the impact of robotisation and the scope available for workers to combine work, personal life and training. In this knowledge synthesis we look specifically at the consequences of the platform economy.

The platform economy uses online platforms to match the supply of and demand for paid labour. The type of work varies enormously. The most visible participants are people who provide passenger transport or home delivery services for digital platforms such as Uber, Takeaway and Deliveroo. However, a high proportion of platform workers work exclusively online, for example coding texts on websites such as Amazon Mechanical Turk, Freelancer and Clickworker. There are also platforms where hospitality industry staff (e.g. Temper), professionals (e.g. Werkspot), cleaners (e.g. Helpling), nursing staff (e.g. Care.com), freelancers (e.g. Upwork) and designers (e.g. 99Designs) can look for work. Although the work involved is often simple, the diversity within the group of workers is considerable; as is often suspected, they are not only students, people with a migration background and lower-skilled workers, but also – and even frequently – highly educated people, recent graduates and people with (young) children.

The platform economy is attracting a great deal of interest because of the rapid growth of companies such as Uber and Deliveroo and because of the debate about the lack of legal certainty regarding these platforms, for example whether platform workers are classed as self-employed or as employees. That interest has been further ignited by the fact that the platform economy is the most visible manifestation of four developments that are currently taking place on the labour market: digitalisation, flexibilisation, intensification and globalisation. Platforms are contributing to these trends by in many cases digitalising the entire work process (from online matching, to the management, monitoring and evaluation of the work), by focusing heavily on facilitating short-term jobs, by incentivising platform workers through the use of online monitoring and reputation systems, and, where the work can be carried out online, by facilitating the outsourcing of this work to all parts of the world. This begs the question of what impact this has on the quality of work. On the one hand, reference is made to the opportunities for platform workers, such as making it easier to find and carry out work; on the other, there are warnings of new risks, such as new forms of exploitation and the precarious nature of platform work. But what exactly

are the opportunities and risks? And do they apply for everyone and for all platform businesses? And what can be done to improve the quality of work, now and in the future?

The scientific literature can offer important pointers to help answer these questions, but research on the platform economy is still in its infancy. Despite a marked increase in the number of studies, there is still a great deal we do not know, and the knowledge that is available is fragmented. Existing literature reviews have brought together a certain amount of knowledge, but fail to capture the latest insights, devote little attention to social and contextual differences and also offer no broader vision of the future.

This report attempts to fill these gaps and bring some order to the new, rapidly growing body of research into the impact of the platform economy on the quality of work. In this project, we regard work as being of good quality if people have job security, have an income that is in proportion to their work, do not experience excessive pressure of work, are able to combine their work with care tasks and education/training and are able to derive meaning from their work. In addition to these aspects, in this study we also look at the impact on the health of platform workers and the safety for bystanders, given that this is a widely discussed theme in the literature. We look both at the present impact of the platform economy on the quality of work and at the potential impact in the future.

Quality of work in the platform economy

The current literature on the platform economy largely comprises International research which is mostly small in scale, theoretical, exploratory, case-based and descriptive (rather than explanatory) in nature. It devotes a lot of attention to passenger transport (e.g. Uber), simple online jobs of short duration (e.g. on Mechanical Turk) and, to a lesser extent, meal delivery services (e.g. Deliveroo). This makes it difficult to present a comprehensive overview of the impact of the existing platforms on the quality of work. The fact that most of the research has been carried out abroad moreover means it is difficult to make statements about the situation in the Netherlands. The tentative nature of the current situation also means it is often difficult to make a meaningful comparison with corresponding work in the traditional economy and to make statements about causality.

Despite these constraints, by taking the literature together and supplementing it with expert interviews, we are nonetheless able to say something about the impact of the platform economy on the different aspects of quality of work. We already know a good deal about how much platform workers earn. The consequences for job security can also be deduced fairly logically from previous research. By contrast, we know little about the influence of the platform economy on formal and informal learning, and the practical consequences for the ability to combine work, care tasks and personal life are also unclear.

Box S.1 Summary of the findings from the literature review and expert interviews^a

quality of work	finding ^b	better...	worse...
job security	low	for the best in their profession ^d	for short jobs paid at piece rates
income	low	for the best in their profession on new platforms	for complex work ^e for online work on moderated platforms ^f if there is lots of competition between platform workers as main income
work, care and personal	easy	as a secondary job for the best in their profession	for low-paid work on moderated platforms as main income
working and learning	difficult ^c	for the best in their profession	
pressure of work	average	as a platform worker, thinking long term as a secondary job	as main income
meaning	average to good	for the best in their profession as main income for young people	on moderated platforms as a secondary job for the best in their profession
health and safety	low	for entrepreneurial people	on moderated platforms when pressure of work is high

(Continued)

quality of work

finding^b

better...

worse...

when there is little support
from the platform

- a Comparisons with the labour force are often not made explicit in the literature nor by the experts and have therefore been estimated.
- b Compared with people who do not work via platforms and who do the same type of work.
- c Mainly formal training.
- d E.g. the 'best' plumbers or ICT professionals (in practice this often means people with the highest ratings).
- e Absolute income differences are the lowest for simple work, but relative to comparable work outside the platform economy the earnings are the lowest within complex work.
- f E.g. through online monitoring and ratings.

Example: Job security tends to be low on average for platform workers compared with people who do not work via a platform. Job security is higher for the best in the profession, such as 'good' ICT professionals, and lower on platforms offering short-term jobs where platform workers are paid on a piece rate basis.

The insights regarding virtually all aspects are moreover still changing, for example due to policy and new developments within the platform economy itself. There are indications that the results are shifting in particular as regards the income of platform workers, but also as regards their health and safety.

As can be seen in Box S.1, the literature and interviews reveal that there are both pros and cons to the platform economy for workers. Broadly speaking, platform workers are reasonably satisfied with the work, have a good deal of flexibility to choose when and how they work and have the option to combine their work with their personal lives. On the other hand, they often experience great uncertainty about whether they will have enough work and income, and many of them feel they receive little support for following courses and training. However, this conclusion by no means applies for everyone; the precise outcomes differ widely between platform workers, platforms, social groups and contexts.

Platform work as a secondary job: flexibility versus uncertainty

The literature exposes substantial differences in the quality of work between platform workers for whom work is their primary source of income and platform workers who use the work as a source of additional income. At present, the vast majority of platform workers see the platform work in the latter sense. This group appear to derive considerable meaning from their work, reporting in several large-scale surveys a level of satisfaction with their work that is comparable with that of other workers. People generally value the ability to take on extra work and the high degree of flexibility they have to choose when

and how they work, for example. Partly as a result of this, the pressure of work is also generally relatively low.

On the other hand, the job security of platform workers who use the work as an additional income source is often low because the supply of available jobs is often less than they would like. Moreover, platform workers who work on a self-employed basis or on zero-hours contracts (as is the case on many, though not all, platforms) can easily find themselves without any work at all if demand falls. The incomes are generally also low. This is due on the one hand to the fact that the work is relatively simple, and on the other to the fact that the earnings for the same work are usually lower than in the traditional economy after deduction of all kinds of extra costs such as the time invested in finding work, arranging materials and, where workers choose to do this, paying into a pension and taking out insurance against incapacity for work.

Partly due to the lack of sufficient work for individual platform workers, the low earnings and the lack of future prospects, the majority of platform workers who use the work as an additional income source stop doing this work, or plan to do so, within a year. Platform work thus appears to be useful as a means of earning a short-term income, but is not a long-term source of work and income.

Platform work as main source of income: a satisfied but generally vulnerable group

There is a smaller group for whom the earnings from platform work constitute their main income. They include people who work as full-time taxi-drivers for Uber, for example, or people who are combining looking after their children with doing small jobs for part of the day via platforms such as Mechanical Turk and Clickworker. Several surveys show that this group are at least as satisfied with their work as people in the traditional economy. The main reason for their satisfaction is the ability to work and earn an income and the flexibility and autonomy to choose when they want to work.

Like platform workers who use the platforms as a source of secondary income, however, their job security is generally low. They also more often do jobs which require few skills, and generally earn less than people who use the work to earn an additional income. As these platform workers have to make ends meet from the work, they must be ready virtually all the time to work for the best rates. This means that some of them work long and unsocial hours, for example at night or the weekend, and take few breaks. This need to be constantly available to work increases the pressure of work and makes it more difficult for these workers to combine their working and personal lives and to make time free for formal or other training. The flexibility to choose when they work is therefore of limited importance for this group in practice. In addition, the high pressure of work poses risks to the health and safety of these platform workers, as well as others: some studies have for example suggested that Uber drivers are relatively often involved in accidents and that

platform workers whose task is to describe and assess online content (such as the amount of violence it contains) often suffer mental health issues as a result.

Differences between platforms: regulation of platforms and online and offline work

The quality of work varies not only between types of platform workers, but also between different platforms. The biggest difference between platforms is the extent to which they engage with the work itself, in addition to their mediating role, for example by monitoring the work and managing it online. Professionals at Werkspot, for example, are almost entirely free to decide for themselves how they organise their work, whereas Uber constantly monitors what drivers are doing via the app and gives instructions on how they should drive. Logically, platform workers in the latter case have less autonomy. This causes platform workers to experience higher pressure of work, makes it more difficult for them to combine work with care tasks and means they often earn less because the platforms play a role in the pricing of jobs.

As well as differences between platforms in the terms of employment they offer and the degree of control they exercise, there is also a key distinction in whether they offer work offline or online. For online work, platform workers from countries such as the Netherlands have to compete with platform workers from low-wage countries; this puts pressure on the earnings of workers in high-wage countries such as the Netherlands. The earnings from offline work are consequently higher. A few studies suggest that local offline work, in particular, pays well, with jobs such as dog-walking and child-minding via platforms paying more than comparable work in the traditional economy.

Social differences: labour market participation versus quality of work?

Platform work presents different opportunities and risks for different social groups, and this can impact on the quality of work. A distinction needs to be drawn here between participation and quality of work in the platform economy.

As regards participation, national and international studies suggest that people who encounter high levels of discrimination and people who are at a distance from the labour market have a better chance of finding work via platforms than on the regular labour market. This, it is suggested, is because platforms pose few obstacles to registration: most platforms allow anyone to enrol and everyone has a chance. Where selection criteria are used, they are usually applied by an algorithm rather than a person, so that if they are properly configured, discrimination should in principle play a minor or no role. Moreover, the jobs are often short-term in nature, which means those commissioning work can take people on without running too many risks and see how they function in practice rather than having to base their decision on someone's cv or experience, or on stereotypical perceptions and expectations. This offers opportunities for people with a migration background and members of ethnic minorities, for example – though this does not mean that algorithms contain no assumptions or that those commissioning work never discriminate.

Additionally, many jobs can be carried out in English, which offers opportunities to migrants who have little command of Dutch but who do speak English. The platform economy also enables people to work at home or to choose when they work. This opens up opportunities for people with heavy care commitments (mainly women) and people with a disability, long-term illness or disorder.

The greater chances of work do not automatically translate into high quality of work – on the contrary. People with a disability may for example benefit more from an appropriate work programme, and there are some indications that, just as in the traditional economy, people with a migration background often perform the poorest paid platform work.

Also similar to the traditional economy, women are often working in the poorest paid sectors of the platform economy and receive less pay per job than men because they demand lower rates. These lower rates do however mean that women have a greater chance of being assigned jobs, which can lead to them working more hours and mean they often earn more in total than men on various platforms. Women also more often carry out platform work because of the ability it offers to combine work with providing care (e.g. to children, partner or parents). As a result, they more often take on both these tasks, which can mean that they are less able to concentrate on the work and/or have more hectic lives. Existing inequalities are in other words reinforced.

Contextual differences: liberal versus coordinated market economies

The quality of platform work also varies considerably between countries and regions. The main difference is found between liberal and coordinated market economies. In contrast to liberal market economies (such as the United States), in coordinated market economies (such as the Netherlands), restrictions are gradually being imposed on the freedoms of platforms, intended among other things to guarantee the quality of work for platform workers. At present, this is most visible in the banning of (parts of) certain platforms. The Netherlands has for example banned the version of Uber which does not require drivers to hold a taxi licence. This can also lead to the setting up of alternative platforms, for example in the form of non-profit platforms and cooperatives. Trade unions can also potentially play a role, though in the vast majority of countries that role is currently limited mainly to supporting platform workers in bringing legal action against platforms. The Netherlands is no exception to this.

Several empirical studies suggest that the more extensive social safety net in coordinated market economies means that platform work plays more of a backup role than in liberal market economies, where platform work is more often regarded as a full job. The quality of work in coordinated economies is also probably higher; hourly pay rates on platforms are for example much higher in northwestern Europe than in the United States. Platform workers in the United States also experience more uncertainty about their income, more

often organise their diaries around their care tasks and more often work nights and at weekends.

Changes over time: an increase in the amount and a reduction in the quality of work

Although the platform economy is still young, a number of striking changes can already be observed over time. Platforms have created employment through highly efficient operation, by digitalising large parts of the process and creating trust between the supply and demand sides of the platform economy. Reputational systems (such as ratings) and control mechanisms (such as online monitoring) have played a major role in creating this trust. Sectors such as the taxi industry and meal deliveries have seen a net increase in the volume of work following the introduction of platforms.

There are a number of signs that, as platforms operate for longer in a given region, the earnings gradually fall. The biggest fall in earnings occurs when a platform begins to compete on price rather than quality, giving rise to a situation in which only one or a small number of platforms survive in the marketplace, something that often happens over time because platforms are seen as more attractive as they become bigger. Earnings also fall because of the strong competition between individual platform workers, especially when platforms create an oversupply of workers, for example by admitting everyone to the platform. The terms of employment, such as the level of earnings or how hard people have to work, then adapt to the platform workers who apply the lowest standards. This competition also depresses the earnings of people with high levels of experience and skills. There are also indications that the competition from platforms leads to a reduction in the earnings from comparable work in the traditional economy.

Opportunities and issues in 2030

Further growth likely

Most studies forecast that the march of technology and the increasing flexibility of the labour market will continue and that platform work will therefore grow. The greatest threat is the profitability of platforms: almost all platforms which mediate on the labour market are loss-making, and further regulation could make it even more difficult for them to generate a profit.

Opportunities versus risks

Several scenarios have been suggested for the impact of the platform economy on the quality of work in the future if the platform economy continues to grow. A wide range of opportunities are cited in the literature and by the interviewees in this study. It is argued that the platform economy could create a more inclusive labour market in the future, provide an additional spur to entrepreneurship and be able to offer people even more of the flexibility they need to enable them to combine working with care tasks and learning. It is also projected that, in contrast to what is happening at present, earnings could rise as plat-

forms use reputation systems (such as ratings) and monitoring to guarantee quality for which consumers are willing to pay.

However, both the literature and the interviewees place most emphasis on the risks. The great uncertainties about sufficient work are widely cited as a risk, and the majority opinion is by some margin that earnings will remain low. There is anxiety about a highly flexible and competitive labour market in which large groups of people are forced by low earnings to combine different jobs in order to make ends meet, resulting in high pressure of work and a concomitant impact on health and safety, while the freedom to combine work and personal life is low because of the ever greater and more effective use of online monitoring and reputation systems. The fear is that this will also impact further on the traditional economy, for example forcing traditional firms to cut wages or impose higher work standards in order to continue competing with platforms.

Options for normalisation and policy

On the other hand, it is also suggested that, as with earlier developments on the labour market, there is a prospect of normalisation. Government policy can play a crucial role here. Platform work dovetails seamlessly with the wider debate about the flexibilisation of the labour market, and also raises questions about the desirability of paying piecework rates for short-term jobs. The literature and the interviewees also raise questions about the financial and legal advantages enjoyed by platforms, the disadvantages stemming from the emergence of markets in which there is only one or a small number of buyers (monopsonies) and the transparency of platforms, algorithms and ratings. At the heart of all this is that the opportunities offered by the platform economy should be exploited, whilst at the same time guaranteeing fair competition and a minimum level of employment conditions.

Conclusion

The platform economy offers opportunities for people to earn extra money and to organise their work flexibly and with a degree of autonomy. Given the high level of satisfaction of most platform workers, they evidently appreciate these aspects of the platform economy. Ranged against this are the low job security, the generally lower earnings and the limited scope for training. A small group of platform workers also experience high pressure of work and thus a negative impact on their health; people who are dependent on the work and who work online are particularly vulnerable in this regard.

Without regulation, the quality of work in both the platform economy and the traditional economy is likely to decline as the platform economy continues to grow. Further regulation, for example through government policy, is therefore likely to be needed in order to guarantee the quality of work in the future and to take even more advantage of the benefits offered by platforms. Efforts in this regard need to be directed towards exploiting the

opportunities offered by the platform economy, guaranteeing a minimum level of employment conditions and ensuring fair competition.