



platform labour in urban spaces

WP 3.

**Policy Brief: The impact of platform economy on
local employment and business dynamics in
selected industries based upon D 3.1 (3.2).**

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Grant Agreement	N. 822638
Project Acronym	PLUS
Project Full Title	Platform LABour in Urban Spaces: Fairness, Welfare, development



Instrument	Research and Innovation Action (RIA)
Topic	TRANSFORMATIONS – 01 - 2018
Call Identifier	H2020-SC6-TRANSFORMATIONS-2018
Work Package N. Title	WP 3 - Platforms' Socio-Economic Larger Impact on Urban Economies
Work Package Leader	FORBA
Deliverable N. Title	3.2
Period	From month x to month y (yyyy-mm-dd to yyyy-mm-dd)
Date of Delivery	2021-07-13

Version Control:

Version N.	Date	Responsible	Comments
V1.0	2021-07-13	FORBA	
V2.0	2021-12-23	FORBA	Reviewers comment considered



THE ADDED VALUE OF A SECTORAL AND URBAN REGULATORY PERSPECTIVE

- A **detailed look to the industry specifics, legal and collective regulations at sectoral level** are necessary to understand platform dynamics and development, to trigger change in terms of better working conditions in the sector as a whole and to come forward with worthwhile solutions for the benefit of workers.
- Overall, incumbents and platforms **adopt new business strategies and are adapting constantly**: we can identify a diversification of activities (e.g., food delivery platforms entering food production) or a specialisation in certain activities (e.g., taxis offering rides to specific customers), and, importantly, a **pronounced technological upgrade of incumbents**.
- Although the **impact of platforms operations on competition and service market development differs from industry to industry**, we also find significant similarities across the sectoral platforms, in terms of app-based monitoring of the labour process, but also across the sectors they operate in. One common feature is that the four sectoral PLUS platforms entered industries or started to operate in related markets **that have offered precarious working conditions already before platforms have appeared. Sectoral platforms exacerbate the organization of the fissured workplace.**
- **Noteworthy regulations at industry level impact highly on labour standards and working conditions**, e.g., through collective agreements tackling the specifics of platform workers. An innovative example is the collective bargaining agreement concluded for the cleaning company HILFR: the issue of data privacy and data protection is regulated, and freelancers are automatically treated as employees covered by the CBA, unless they actively opt out of this status.
- Moreover, **market access and industry standards can be tackled through trade regulations**. This is the case in private passenger transport where sectoral regulations aim at establishing a level playing field among incumbents and platforms.
- Besides general sectoral regulations, the city level plays an important role to regulate the specific service market. In **touristic and short-term accommodation**, for instance, **city taxes, mandatory registration, or a quota of tenements** to be rented out per city or borough stand out as effective policies.
- In the majority of PLUS cities, notably in London, Paris, Bologna and Barcelona, case law was and is an important regulatory mechanism to decide about platform transport workers' employment status: **For all platform transport workers, be it ride hailing or food delivery, case law confirms their employment status.**

SCOPE OF THE POLICY BRIEF



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 822638. The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

The four platforms studied for the PLUS project encompass various types of services: transport, including passenger and goods transport (Uber and Deliveroo), cleaning services (Helping and Airbnb) and tourism (Airbnb). The seven PLUS cities, Barcelona, Berlin, Bologna, Lisbon, London, Paris and Tallinn, have accommodated and reacted to the platforms' presence, potentials and disruptions differently, but also share similarities regarding policy interventions.

This policy brief has two objectives: first, it describes key aspects of how platforms are embedded in the respective sectors and contrasts it with the overall industry's scope. Second, it exemplifies some of the platforms' specific impacts at industry level and hints towards potential regulations at municipal, sectoral or cross-sectoral level to mitigate the platforms' negative impacts.

CLEANING AND DOMESTIC WORK: IS HELPING A WAY OUT OF UNDECLARED WORK?

While on-demand transport services gained most attention in politics and academics, the number of companies engaged in platform-mediated domestic and care work is on the rise: globally, **the number of digital labour platforms in the domestic work and care sector has risen eightfold in the past decade**, from 28 platforms in 2010 to 224 platforms in 2020¹. Most of the investment or funding (74%) to these companies was allotted to ten platform companies located in the United States (8) and Europe (2). One big player is Germany-based *Helping*.

Despite the growth trend of companies providing platform-mediated domestic work, the PLUS online survey shows that compared to the use of platform-mediated transport and delivery services such as Uber and Deliveroo, **the use of Helping and similar platforms is on a markedly lower level across all PLUS-cities and the use of domestic services through other than platform-mediated channels is much more widespread**, as presented in Figure 1.

¹ International Labour Organization. (2021). *Making decent work a reality for domestic workers: Progress and prospects ten years after the adoption of the Domestic Workers Convention, 2011 (No. 189)*. Geneva: International Labour Office. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_802551.pdf, p. 48.

NOTE: all links were checked for availability by July 13, 2021



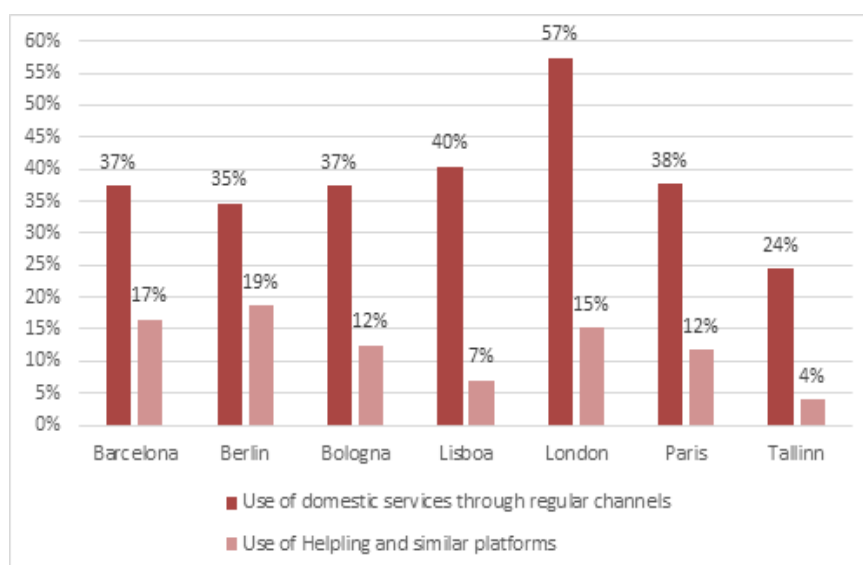


Figure 1. Use of domestic services through conventional channels compared to Helpling and similar platforms (Source: PLUS Survey)

Official numbers are instructive as well: while Helpling claims to broker work 10,000 self-employed cleaners with over 100,000 households in Germany,² Eurostat records over 215,000 domestic workers (personnel employed by private households, 2019) in Germany and over 2 million in the seven PLUS countries (Italy, Spain, France, Germany, Portugal, UK and Estonia). These official numbers constitute only the bottom line of the number of domestic workers in these countries, as domestic workers can also be employed by temporary agencies, charitable organisations or for-profit companies. Moreover, **undeclared work still prevails in the domestic work sector**. The ILO estimates that undeclared employment among domestic workers directly employed by the private household in Northern, Southern and Western Europe amounted to 1.519 million (1.367 million of them women) in 2019.³

Platforms are said to help formalizing employment and reduce undeclared work in this domain, as workers have to register online and are visible on a website for hiring. However, a central question remains: do platforms contribute to formalizing domestic work and do they improve domestic workers' social protection and working conditions? For the time being, the answer is rather negative. As a positive leaning, digitalisation may provide new avenues for domestic workers and cleaners to search for employment and become more independent from agencies and personal contacts. Moreover, platforms could establish minimum guarantees and standards, such as monitoring of working time, filtering clients or a minimum hourly rate. On the downside, however, the increased use of digital means to track workers

² <https://www.helpling.de/pressemitteilung-helpling-gruender-ueber-gesetzesentwurf-von-hubertus-heil> , <https://www.helpling.de/>

³ International Labour Organization. (2021), p.277



and rate their performance seems to entail one-sided benefits for customers (and platforms). On top, platforms that hire domestic workers as independent contractors could undo progress in the formalization of domestic work by diminishing legal rights and protections. It opens up new opportunities to precarious employment instead of better valorising this kind of work. **Hence, formalisation in terms of declaring work might take place but only in terms of re-establishing precarious, unstable and non-committal working arrangements.**

One key concern is the legal characterization of the platform: platforms argue, they are merely matching demand and supply of services. Legal experts and scholars object that platforms structure the work and subordinate the workers through detailing the work, setting the working time, through wages and through control and monitoring systems. A noteworthy way forward to tackle precarious work in platform-mediated domestic work is the conclusion of a collective bargaining agreement as between the Danish cleaning platform company Hilfr and the Danish union 3F⁴ offering cleaners the right to employment and far-reaching measures protecting their personal data and the right to contradict to unfair customer evaluation.

In regulating employment, it is also the state playing a crucial role in initiating rules for cleaning and domestic work in private households. If platforms in fact diminish undeclared work in the sector is highly contested. However, it is proven that undeclared work **declines if tax reductions or other subsidies such as service cheques are implemented to incentivise the formal employment of a domestic worker**⁵.

SECTORAL POLICIES AT CITY LEVEL: MOBILITY OF THE FUTURE AND REGIONAL PLANNING FOR ALL

The staggering rise of city tourism contributed to platforms activities, notably Airbnb and Uber, and created tensions and conflicts between different ways of living and using urban space.⁶ The activities of both Uber and Airbnb have provoked municipalities to react with sectoral regulations and new policy approaches in the areas of city tourism and mobility.

Touristic accommodation and Airbnb: city taxes, registration, quota

Airbnb functions as a platform for short-term rentals and is used by tourists in particular. It faces **public scrutiny for its role in processes of gentrification and the rising rent gap in many**

⁴ <https://hilfr.dk/om-hilfr>

⁵ For example: Leduc, E., & Tojerow, I. (2020). Subsidizing Domestic Services as a Tool to Fight Unemployment: Effectiveness and Hidden Costs (IZA Discussion Paper No. 13544). Bonn: Insitute of Labor Economics. Retrieved from <http://ftp.iza.org/dp13544.pdf>

⁶ For a detailed analysis of the impact of platforms on urban policies, see: Secchi, M., Pirina, G., Tomassoni, F., Leonardi, E., & Allegretti, G. (2021). Guidelines for policy makers on socioeconomic larger impact on urban economics (PLUS D 3.4).



of the cities the platform is active in.. While tourism and overnight stays increased in all PLUS cities over the past years, a remarkable surge is apparent in short-stays. In Île de France and Emilia Romagna, the number of short-stays has doubled in the last decade. In Lisbon, it has increased more than 10-fold.

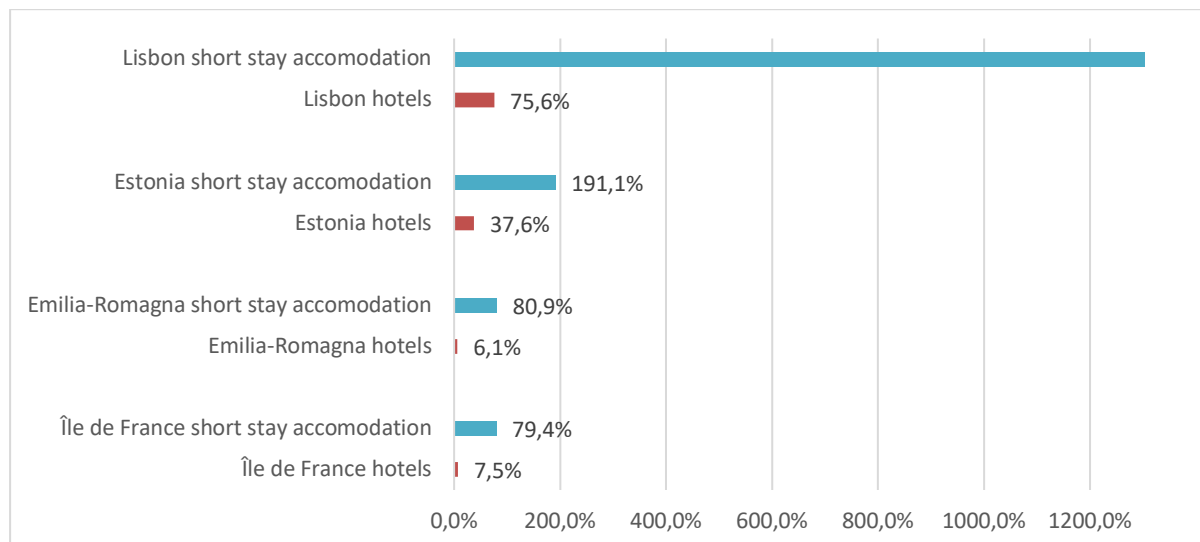


Figure 2. Change of overnight stays in hotel and short-stay accommodation, 2010 - 2019 in % (Source: Eurostat Data)

To mitigate short-term rentals' negative effects on the availability of housing and on housing prices and to raise additional revenues, cities have adopted several measures: First, **tourist and city taxes** have been introduced or expanded to short-term rentals charged per night (Lisbon) or as a percentage of the listing price (Paris). Second, with the notable exception of Tallinn, all PLUS cities have introduced regulation for short-term rentals through a **mandatory registration of the rental object** with city authorities. Third, some cities additionally **limit the maximum number of days to rent out the premise** (i.e.: 90-120 days a year) or defined **quotas for short term rentals on offer**, either at city level or at neighbourhood level. An example are the so-called "containment zones" in Lisbon. Fourth, some cities introduced a clear distinction of different renting types (short term vs residential) **and prohibited or limited the use of private premises for short-term rentals**. An example for this measure is the so-called "Misappropriation Ban Act" in Berlin.⁷

Despite these regulatory measures at city level, **enforcement of regulations needs to be improved**. Platforms and tenants are reluctant to share data and for cities it is difficult to

⁷ Examles taken from: Secchi, M., Pirina, G., Tomassoni, F., Leonardi, E., & Allegretti, G. (2021). Guidelines for policy makers on socioeconomic larger impact on urban economics (PLUS D 3.4), chapter 4.2.4, 3.2.1.3



identify non-registered short-term rentals and to monitor the number of days a flat is rented out per year.

Mobility of the future?

The entrance of platforms like Uber has had high sectoral impact, in terms of employment and trade regulation and in some cities, notably in Lisbon and Tallinn, high urban impact in terms of improved private passenger mobility.

The PLUS survey data allowed for a comparison between the use of Uber and similar platforms on the one hand and traditional taxi services on the other. As shown in Figure 3, the seven PLUS cities can be divided into three subgroups: in Barcelona, Berlin and Bologna, the user percentage (frequent and occasional use) for regular taxis is clearly higher than the use of Uber and similar platforms; in London and Paris, regular taxis also have more users than transport service provided through platforms, but only by a small margin (3 and 4 percentage points respectively); in Lisbon and Tallinn, more respondents use Uber and similar platforms than regular taxis.

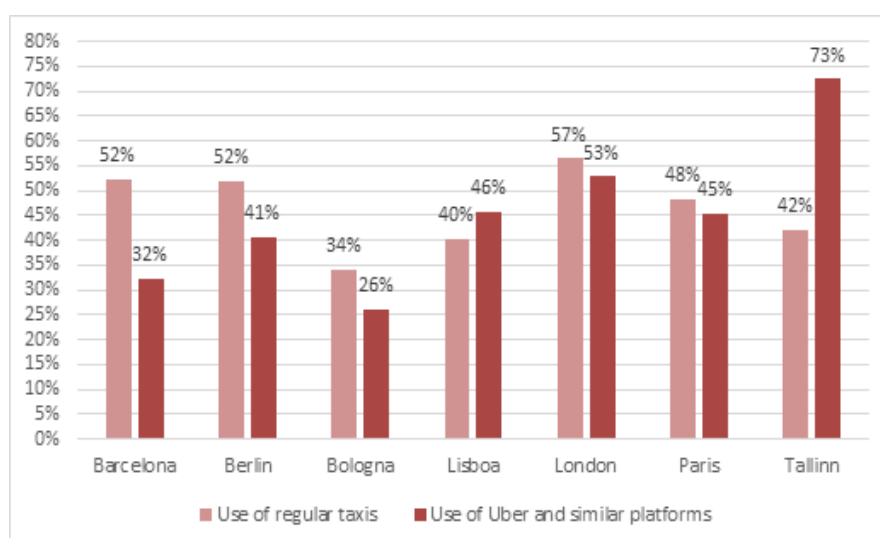


Figure 3. Use of traditional taxi services compared to Uber and similar platforms (Source: PLUS Survey)

In all PLUS cities, where Uber and private passenger transport was explored, platform companies posed a severe competitive challenge to traditional taxi companies. From an incumbent perspective, Uber and the ride-hailing businesses are perceived as a major competitor and are putting pressure on prices and on the deregulation of the industry.



Not least the ECJ's ruling,⁸ according to which Uber must be classified as a transport service and not as an information society service, prepared the ground for **incorporating platform-mediated transport services into municipal and national regulation leading to a more or less pronounced two-tier system in private passenger transport**. Policies are oscillating between the willingness to protect the taxi industry as a worthwhile part of public transport and an approach towards deregulation and liberalisation of the trade. (New) sectoral regulations encompass the access to the profession by introducing formal requirements to provide ride hailing services ranging from the obligation to registration, to recording driving and working time and to training.

Berlin and Lisbon are two examples **where the new or updated category of urban road passenger transport "ride hailing"** was introduced next to taxi and bus services. With this regulatory approach, urban road passenger transport has been both de- and reregulated. On the one hand, higher professional standards in place in the taxi trade are levelled down by allowing ride hailing companies to offer an equivalent service with less formal training and requirements. On the other hand, Uber drivers have become subject to some formal requirements.

The impact of platform-mediated passenger transport on urban mobility is double-edged. Platform-mediated passenger transport offers an available alternative to public transport and increases transport options in cities where dissatisfaction with public transport is relatively high (as in Lisbon and Tallinn). However, studies hint at the fact that Uber rather displaces public transport than incentivises to waiver private car use⁹.

Lisbon is an interesting example of how Uber has blended into urban development policies and impacted on strategies of urban planners. Uber and similar platforms as well as the abundant availability of services by micro-mobility companies (app-based bicycle and scooter rent) were attractive affordable alternatives to existing transport means in Lisbon. As a city strategy on urban mobility, the Lisbon municipal government intends all urban transport services on offer (public transport, taxis, platform transport and micro-mobility platforms) to be integrated into a single digital application, through which it will be possible to book a ride with any platform operator or taxi, to buy tickets or a pass for public transport or to access micro-mobility.

⁸ Case C-434/15, Asociación Profesional Elite Taxi vs Uber Systems Spain SL, <https://curia.europa.eu/juris/document/document.jsf?docid=198047&text=&dir=&doclang=DE&part=1&occ=first&mode=lst&pageIndex=0&cid=14733378>

⁹ <https://www.theverge.com/2019/5/8/18535627/uber-lyft-sf-traffic-congestion-increase-study>



Many cities are exploring this possibility of institutionalizing an integrated offer of mobility services, labelled **Mobility as a Service (MaaS)**. PLUS research¹⁰ hints towards risks and opportunities related to such a strategy: the ownership and processing of mobility data must be managed carefully and under the responsibility and monitoring of the urban public authority and must not be privately operated. Also, municipalities could attach conditions to the use of MaaS that would give cities a strong leverage to regulate the platform-based passenger transport, including working conditions, and would be an add-on to increased customer comfortability.

PLATFORM TRANSPORT WORKERS: CASE LAW ...

Both platforms Deliveroo and Uber provide typical transport services and classify their riders and drivers as self-employed, contract workers, independent workers, freelancers – depending on the respective possibilities in national legislation – and consequently deny regular employment that would entail social insurance and labour rights, including protection of dismissal, maximum working hours, sick paid, holiday and parental leaves, paid waiting time or minimum remuneration. In PLUS cities, notably in London, Paris, Bologna and Barcelona, case law was and is an important regulatory mechanism to decide about platform workers' employment statuses and court cases were fought up to the supreme court.

The **employment situation of ride-hailing drivers and taxi drivers**, somehow, made a paradoxical turn: The recent ruling of the Supreme Court in the UK¹¹ demonstrates that the provision of taxi services through Uber may entail a higher degree of subordination and control over working conditions than if mediated through a traditional taxi company. Due to such court decisions as well as national and municipal sectoral regulation, Uber increasingly hires sub-companies employing drivers with formal labour contracts. While this strategy was intended to prevent precarious work, it often reproduces the precarity of the freelancing model: Uber's cooperating sub-companies (capacitaires in Paris, TVDE partners in Lisbon or Mietwagenunternehmer in Berlin) use a wide array of semi-legal or informal practices to circumvent labour law. In contrast to the "bogus self-employment" which Uber has established in most of the countries it operates, this phenomenon instead rather resembles a "**bogus employment**", meaning a de-facto precarity of a freelancer under the legal umbrella of formal employment.

¹⁰ Secchi, M., Pirina, G., Tomassoni, F., Leonardi, E., & Allegretti, G. (2021). Guidelines for policy makers on socioeconomic larger impact on urban economics (PLUS D 3.4), chapter 5.1.4.2

¹¹ Supreme Court, 2021, Case ID: UKSC 2019/0029



Nevertheless, such court rulings put again to the forefront that *“the employment relationship remains a paramount institution in delivering workers’ protection.”*¹² **Through classifying the work relationship between drivers or riders and the platforms as employment, workers are included into key pieces of labour protection.**

... AND RIDERS COLLECTIVES

The use of platforms like Deliveroo for having meals delivered has increased during the first Covid lockdown in all cities but London (Figure 4). The observed pattern is consistent with restaurants being closed and home office being on the rise leading to an increased significance of meal delivery.

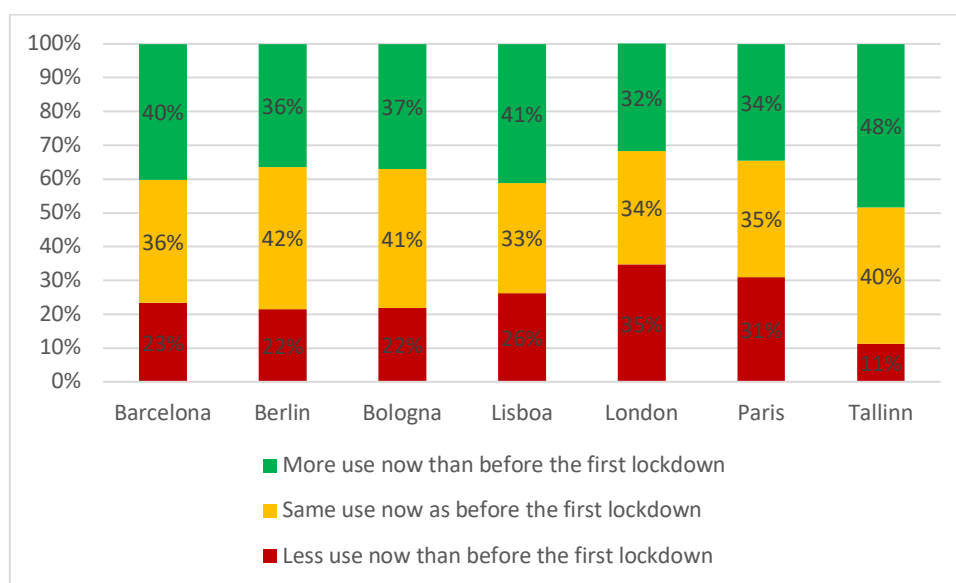


Figure 4. Use of Deliveroo and similar platforms before and after the first Covid lockdown by city. (Source: PLUS Survey)

The popularity of meal delivery corresponds to relatively substantial levels of activity through Deliveroo and similar platforms, in particular in Barcelona and London with the number of respondents indicating weekly activity as high as 4,3% (Barcelona) and 3,7% (London), while infrequent activity is reported by more than 5% in four cities (Barcelona, Berlin, Bologna, London).

¹² De Stefano, V., Durri, I., Stylogiannis, C., & Wouters, M. (2021). Platform work and the employment relationship (ILO Working paper No. 27). Geneva: ILO. Retrieved from http://www.ilo.org/global/publications/working-papers/WCMS_777866/lang--en/index.htm



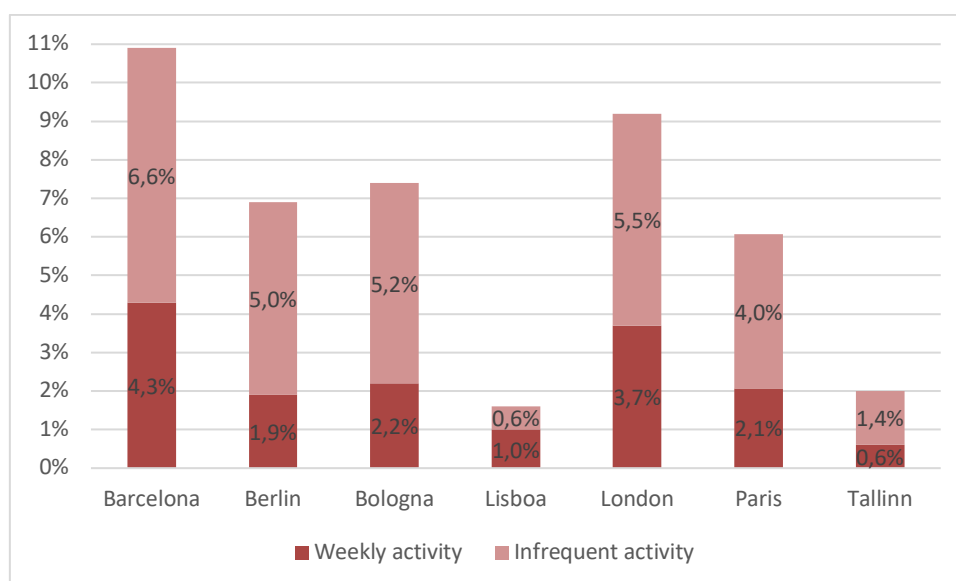


Figure 5. Activity through Deliveroo and similar platforms by city.

These high activity levels may reflect the dynamics brought about by the pandemic: for one, there was a substantial gain in popularity for meal delivery platforms during the first Covid lockdown; second, employment in many fields, prominently including restaurants and other eateries, has come under considerable pressure due to the pandemic. This could have resulted in people seeing working for platforms like Deliveroo as a feasible option to earn (extra) money during a difficult period.

While delivery platforms expanded in quantity and explored new venues (e.g. into grocery delivery), they increasingly face workers' resistance towards their exploitative work organisation: **Deliveroo and other delivery platforms are confronted with discontent and protest by riders, who are frequently organised in grassroots unions.** Examples for active grassroots unions are the Riders Union (Bologna), CLAP (Paris), RidersxDerechos (Barcelona) and the IWGB (London). While all riders wish and some fight for an improvement of their working conditions and payment, differences become apparent. Some believe it key to be recognised as employees and to profit from rights and entitlements related to an employment. Some are in favour of being recognized as self-employed and feel neglected in the public consultation processes tending to the former solution. It should be noted here that flexibility in work arrangements and working time does not necessarily need the adoption of a self-employed status and the subsequent exclusion of workers from labour protection. Flexibility and employment are perfectly compatible.

Similarly to Uber rulings in other countries, the supreme court in Spain found that Glovo, a competitor of Deliveroo, was “not a mere intermediary” between restaurants and delivery riders, but instead “a business that fixes the conditions for the provision of its services.” Therefore, Glovo owns the assets essential to carrying out its services, notably the smart



phone app, and the company exerts worker control via a scoring system and therefore food delivery workers must be classified as employed, not as self-employed¹³.

In Italy, unions and rider collectives' achieved diverse successes: the delivery platform Just Eat moved to a model hiring riders as employees in March 2021¹⁴ while Assodelivery and the Italian trade union UGL signed a collective agreement last year based on riders' status of "self-employed."¹⁵ In Bologna, in 2018, an experimental local agreement was signed between grassroots unions, traditional unions, municipality and two platforms promoting a set of fundamental rights (with regards to wage and working time).¹⁶

CHARTER ON DIGITAL WORKERS' RIGHTS

The PLUS project suggests – based on EU legislative acts and proposals, case law at national level and collective bottom-up claims of platform workers – **a charter on digital workers' rights encompassing fundamental human rights of workers and more specific rights linked to the (digital) performance of work activities.**¹⁷ These rights include the rights to proportionate personal data processing, to information on contractual conditions, to transparent use of algorithms, to a transparent and fair reputational rating system, to move to another digital platform, to training rights, to health and safety protection, to fair termination of the contract, to disconnect, to a maximum and a minimum number of working hours, to fair and decent remuneration, to collective rights.

¹³ <https://apnews.com/article/business-laws-legislation-spain-economy-b74bfd4c1e8da05271853b069cb012b9>

¹⁴ <https://www.reuters.com/article/italy-just-eat-workers-idUSL1N2LS1TU>

¹⁵ <http://englishbulletin.adapt.it/wp-content/uploads/2020/09/Assodelivery-and-Italian-trade-union-UGL-concluded-the-first-agreement-in-the-food-delivery-sector.pdf>

¹⁶ <https://digitalplatformobservatory.org/initiative/charter-of-fundamental-rights-of-digital-labour-in-the-urban-context/>

¹⁷ Tullini, P., Donini, A., & Dassori, B. (2021). Charta on Digital Workers Rights (PLUS D 5.1).

