Position Paper

Preserving platform based job creation and innovation in the EU

First phase consultation of social partners under Article 154 TFEU on possible action addressing the challenges related to working conditions in platform work

7th April 2021

Summary

The platform-based service economy increasingly contributes to job growth as well as generates new products and services. Due to low market entry barriers and flexible task assignment (especially with regard to time and place), a larger group of people than before can offer services and benefit from (additional) income. During the Corona pandemic a great number of persons, especially self-employed have found themselves out of job (e.g. artists, musicians, taxi drivers) and have been forced to temporarily take on other activities. Platform work has offered them an easily accessible and flexible opportunity to remain in the labour market and earn income.

Against this background we would like to highlight the following:

- It is vital to preserve advantages of platform work and not to hinder job creation as well as the development of innovative business models by unbalanced regulation.

- To avoid fragmentation of the single market by diverging national legislation, administrative or judicial decisions and to ensure legal certainty, it is necessary to provide for EU wide coherent guidelines and establish a level playing field for platform mediated services.

- It is equally important that EU action or measures at national level do not discriminate between the digital economy and traditional sectors, and that platform contractors have the same rights and obligations as self-employed in the offline world.

- Taking into account the diversity of platforms a graduated self-regulatory approach seems most appropriate to tackle challenges of platform work, which could be supported by EU guidelines and coordination. Within such a framework certain rules should apply to all digital labour platforms irrespective of (1) their online or on-location nature, (2) their mere intermediary character, (3) the sector they operate in or (4) the legal status of their workers. This basic set of rules could for example encompass transparency and information requirements on contractual terms and conditions as well as explaining the effects of algorithmic management used on platforms.
Regarding social protection and benefits, EU action should build on monitoring and implementing the Council Recommendation on access to social protection for workers and the self-employed (2019/C 387/01) in Member States. Access to social protection should thus be available to all workers and self-employed – off and online.

Legal certainty about the employment status of platform workforce is necessary to further improve the working conditions of solo self-employed. Issues of misclassification of their employment status should be addressed by the modernisation of social protection systems and the existing employment status categories at national level. We strongly oppose the introduction of a rebuttable presumption of the employment status or the reversal of burden of proof in this context.

Member States should further allow voluntary commitments of platforms to support their contractors with benefits, without risking that self-employed contractors accepting such benefits are classified as employees of the platform. Such benefits could enable contractors to participate - on their own account - in (voluntary) social protection schemes for example in the fields of accident insurance or old-age benefits.
1 General Comments

Bitkom welcomes the European Commission consultation on the challenges related to working conditions of platform work and the stimulation of public debate on the subject. The consultation enables a substantiated dialogue and exchange of arguments in a transparent manner.

However, neither digital labour platforms, nor self-employed platform workforce are represented by the social partners invited to participate in the consultation under Article 154 TFEU. The outcome thereof might hence be distorted and would not reflect market realities in the platform economy.

We therefore call on the Commission to take into account stakeholder positions from the digital platform economy as well as from users of digital labour platforms (workers/contractors and clients).

2 Specific comments to the questions put on consultation

2.1 Issues and possible areas for EU action (Question I)

Issues identified in the consultation document tend to overemphasise concerns and do not sufficiently take into account the diversity of the platform sector. To this end we would like to draw attention to the following key aspects of platform work:

Advantages of platform work

Platform work is increasingly popular, extremely varied and offers several advantages over "traditional forms of work". In a way, it has transferred the "noticeboard" from the offline world to the internet and established a digital and more flexible version of it. Thanks to digital technologies new earning opportunities can be found much faster and more easily than before. Also, many jobs could not even be assigned to contractors in the offline world because matchmaking would be too tedious. Platform work is therefore a very convenient and flexible way, e.g. for students and pensioners, to quickly and easily earn supplementary income.
Due to low market entry barriers and flexible task assignment (especially with regard to time and place), a larger group of persons can offer services than before. This includes persons who occasionally wish to earn an additional income as well as people who do not meet commonly used criteria in HR departments (e.g. because they do not have a formal qualification or degree). Platform work can also facilitate work participation for persons who are not (yet) integrated into the primary labour market, e.g. people with disabilities, long-term unemployed and people with substantial care responsibilities.

The most frequently mentioned reasons to engage in platform work are a good source of additional income, flexibility and autonomy\(^1\). According to a study of the Bertelsmann Foundation in Germany, people working through platforms are generally satisfied with their work\(^2\). Also 70% of platform workers see digitisation as an opportunity to be more flexible in a professional context and thus better reconcile work and private life.\(^3\) Platform work consequently responds to changing needs of the working population as well as of companies.

Furthermore, online platforms offer businesses an additional sales channel through which they can gain simplified access to orders. For many, platform work serves as a stepping stone into self-employment. Clients of platforms benefit from a greater variety of offers, lower prices and convenient, direct, fast access to services.

The Corona pandemic has once more demonstrated the benefits of platform work: A great number of persons, especially self-employed have found themselves out of job (e.g. artists, musicians, taxi drivers) and have been forced to temporarily take on other activities. Platform work has offered them an easily accessible and flexible opportunity to remain in the labour market and earn income.

\(^1\) Platform Workers in Europe Evidence from the COLLEEM Survey | EU Science Hub (europa.eu)


\(^3\) idem
It is vital to preserve the above advantages of platform work and not hinder job creation as well as the development of innovative business models by unbalanced regulation. Moreover EU-initiatives and measures should take into account the digital transformation in the world of work and the desire of working people for more flexibility.

Heterogeneity of online labour platforms

The consultation document rightly refers to the broad spectrum of labour platforms. It also makes the basic distinction between on-location labour platforms, where services are performed in the physical world (e.g. delivery or domestic work), and online labour platforms, where services are performed online (data entry or translation work).

Further differentiation can be made in terms of *inter alia* the sector of operation (e.g. transport), the skills levels required to perform tasks (i.e. low, medium or high), the scale of tasks and the form of matching clients with contractors/workers. In addition some platforms operate as mere intermediaries, while others provide for additional functionalities regarding the matchmaking between clients and contractors for example by providing standard contractual terms, management systems for invoicing and payment.

The type of services provided through platforms, the required qualifications to perform tasks as well as their remuneration show great variation. On the one hand, platform work may consist of simple, short, repetitive activities (so-called micro-tasks) that do not require any special qualification and are correspondingly compensated with little remuneration (e.g. the classification of images for AI training data sets). On the other hand, platform work may also include complex, sophisticated activities that require high-level qualification from the service provider and are correspondingly highly remunerated (e.g. larger projects for programmers or designers).

Possible EU action should take into account the heterogeneity of platforms and types of tasks. Thus a one-size-fits-all approach cannot be deemed appropriate. Instead, we suggest relying on a graduated self-regulatory framework (see section 2.4).

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Definition of platform work

The variety of digital labour platforms and their underlying business models entail certain challenges for the introduction of a universal legal definition that is able to guarantee legal certainty and fair competition. Should certain business models be exempted from (some aspects of) regulation, they may obtain a competitive advantage over fully regulated platforms.

With regard to the possible classification of platforms for the purposes of regulation, we would like to highlight that boundaries between on-location labour platforms and online labour platforms may be blurred. For example an IT professional, who was assigned to an online project, may find himself to carry out on-site work in a company in relation to the very same project.

With the view to ensure legal certainty, any classification of platforms for the purposes of regulatory intervention should be well-considered and based on solid evidence of market conditions and practices. Unbalanced regulation would significantly hinder the further development of online intermediary services.

Voluntary commitments of platforms to support their contractors with benefits

In most Member States the legal situation foresees a binary distinction between workers and other statuses, such as self-employed. While social protection entitlements are mostly linked to traditional forms of employment, self-employed are often only covered by social protection schemes to a limited extent. However, the situation varies with respect to the different branches of social protection.

In Germany for example, it is obligatory for self-employed to join a sickness and healthcare benefits scheme. Furthermore there are policy initiatives to introduce for self-employed an obligatory membership in (statutory) old-age benefits schemes. In addition it is possible for self-employed to join on a voluntary basis the statutory unemployment benefit scheme and sector specific schemes with respect to accidents at work.

Bitkom endorses initiatives aiming to ensure a better social protection coverage for self-employed regarding old-age benefits, as long as they are offered a choice, which scheme they would like to join to, and are not obliged to participate in the statutory pension insurance scheme.
With regard to social protection the same rules must apply to all self-employed, whether they work in the traditional economy or through online platforms.

Whereas digital labour platforms have a strong interest and willingness to offer voluntary benefits to their self-employed platform workforce, they are hesitant to do so, because such benefits might be deemed by authorities and courts as an indication for the contractor being an employee of the platform.

This dilemma needs to be encountered by a twofold strategy: Firstly, Member States should allow voluntary commitments of platforms to support their contractors with benefits, without risking that self-employed contractors accepting such benefits are classified as employees of the platform.

Secondly, Member States should modernise their social protection systems and the existing employment status categories so that self-employed are able to join different branches of social protection in schemes of their choice. (see also section 2.4).

This solution would recognise the desire of platform workforce for more flexibility while allow digital labour platforms to offer broader support for their contractors. In addition it would enable a better social protection coverage for self-employed both on- and offline.

Platform work is overwhelmingly a supplementary source of income

Studies show that for the overwhelming majority of people working on platforms earnings through digital labour platforms represent a supplementary source of income. Especially for students or pensioners platform work offers a convenient and flexible way to earn

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1 Platform Workers in Europe Evidence from the COLLEEM Survey | EU Science Hub (europa.eu)

BMAS Crowdworking Monitor Nr. 1 (2018); [https://www.hochschule-rhein-waal.de/sites/default/files/documents/2018/10/10/discussion_papers_in_behavioural_sciences_an d_economics_no4_0.pdf](https://www.hochschule-rhein-waal.de/sites/default/files/documents/2018/10/10/discussion_papers_in_behavioural_sciences_and_economics_no4_0.pdf)

BMAS Crowdworking Monitor Nr. 2 (2019); [https://www.hochschule-rhein-waal.de/sites/default/files/documents/2019/05/08/discussion_papers_in_behavioural_sciences_and_economics_no5.pdf](https://www.hochschule-rhein-waal.de/sites/default/files/documents/2019/05/08/discussion_papers_in_behavioural_sciences_and_economics_no5.pdf)


Plattformarbeit in Deutschland, Freie und flexible Arbeit ohne soziale Sicherung, Bertelsmann Stiftung (2019); [https://www.bertelsmann-stiftung.de/fileadmin/files/857/publikationen/GrauePublikationen/Plattform_07lay.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/857/publikationen/GrauePublikationen/Plattform_07lay.pdf)
additional income. Complementary to their main job, employees may also engage in platform work at the weekend or after work.

According to the COLLEEM Survey the majority of platform workers provide more than one type of services, and are active on two or more platforms. This suggests that an economic dependence from a particular digital labour platform does not seem to be an issue for the large majority of users.

With regards to social protection contributions and tax obligations Member States could establish exemptions for platform workers, if their earning through platform work does not exceed a certain income threshold or if the period they work through a platform is limited to a certain number of days per year. Such de minimis rule should of course also apply for work carried out in the traditional economy. For example in Germany income earned in so-called “Minijobs” are free of tax and social security contributions. Consequently such rules would not hinder a large share of platform workers to generate supplementary income.

2.2 Need for EU action (Question II)

To avoid fragmentation of the single market by diverging national legislation, administrative or judicial decisions and to ensure legal certainty, it is necessary to provide for EU wide coherent guidelines and establish a level playing field for platform mediated services.

The modernisation of social protection systems shall in line with Article 153 TFEU be ensured at Member States level.

Any regulatory intervention should target a clearly identified problem and should rely on thorough and evidence based analysis. At the same time it should avoid disproportionate measures and undesirable side-effects that could hinder innovation and growth potential of the platform-based service economy as well as limit access to the low barrier labour market facilitated through platforms.

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6 Platform Workers in Europe Evidence from the COLLEEM Survey | EU Science Hub (europa.eu)

7 A job may qualify as “Minijob” either if the income does not exceed 450 Euro/month on average or if the employment is limited to 70 work days (approx. three months) a year.
2.3 Differentiation among people working in platforms and differentiation among digital labour platforms (Question III)

We would like to underline that entrepreneurship is a key pillar of a well-functioning market economy. Self-employment, both in the digital and the traditional economy must therefore be promoted, especially in economically difficult times. It is equally important that EU action or measures at national level do not discriminate between the digital economy and traditional sectors, and that platform contractors have the same rights and obligations as self-employed in the offline world.

Challenges inherent to the social status of self-employed platform workers concerning their inadequate social protection and access to collective rights apply to self-employed persons in the traditional economy too. Consequently, challenges in terms of social security need to be tackled by Member State legislation that is supported by EU initiatives (see also section 2.4).

As to the differentiation among digital labour platforms we suggest relying on a graduated self-regulatory framework (see section 2.4).

2.4 Rights and obligations under possible EU action (Question IV)

Role of self-regulation, codes of conduct and voluntary commitments

Bitkom regrets that the Commission consultation does not sufficiently take into account the promotion of self-regulation as a policy option. Several digital labour platforms have undertaken efforts for years to prevent negative side effects of platform work. They do so by voluntary commitments and by joining self-regulatory frameworks.

Concerning voluntary commitments platforms have a strong interest in protecting their contractors from all kinds of risks in relation to the execution of the assignment, including risks to physical integrity, sexual harassment or discrimination. For example, some platforms intend to offer on a voluntary basis accident insurance. Such platform initiatives are, however, disinsentivised by uncertainty regarding the legal status of self-employed platform workers, as more support mechanisms by platforms may be interpreted to indicate an employee status in legal proceedings (see also section 2.1). Other digital labour platforms offer their contractors digital tools which enable them to optimize predictability
of assignments and earnings. In addition, some platforms also offer training opportunities such as driver safety training.

Moreover digital labour platforms have committed to self-regulatory initiatives, such as the Codes of Conduct for Paid Crowdsourcing in Germany⁸. The self-regulatory guideline was developed in cooperation with the trade union IG Metall. Platforms that have joined the initiative count more than two millions of registered users. The guideline stipulates principles and concrete obligations for participating platforms, for example regarding contract conditions, fair remuneration, complaint management as well as privacy and transparency rules. In case the platforms’ own complaint handling does not result in an agreement, disputes may be settled by an independent Ombudsman.⁹

Self-commitments by platform operators are currently on the rise and serve as a seal of approval. They strengthen trust for all three parties involved: the worker/contractor, the online platform and the client. Contractors can rely on fair and transparent rules. The digital labour platform benefits from good reputation and is likely to become more attractive for contractors to sign up to. Finally, clients can be assured that the platform operates in a legally secure and fair manner, which can also be relevant for corporates having own compliance requirements.

Against this background planned EU initiatives should strongly promote voluntary commitments of online platforms and include self-regulatory frameworks to the instruments of EU action.

Graduated self-regulatory approach

Taking into account the diversity of platforms a graduated self-regulatory approach seems most appropriate, which could be supported by EU guidelines and coordination. Within such a framework certain rules should apply to all digital labour platforms irrespective of (1) their online or on-location nature, (2) their mere intermediary character, (3) the sector they operate in or (4) the legal status of their workers.

This basic set of rules may encompass transparency and information requirements on contractual terms and conditions as well as explaining the effects of algorithmic management used on the platform. Furthermore some basic reporting obligations towards

⁸ http://crowdsourcing-code.com/
⁹ https://ombudsstelle.crowdwork-igmetall.de/en.html
competent authorities could apply to all labour platforms to gather reliable statistical evidence on the number of users and incomes generated through them.

Logically less information requirements and reporting obligations would apply to digital labour platforms that operate only as mere intermediaries.

General contractual terms and conditions of employment

Regarding the contractual relationship between online platforms and contractors/platform workers the following measures could be addressed by way of self-regulatory commitments, which should apply to all digital labour platforms:

1. Digital labour platforms could strive to ensure transparency of contractual terms regarding inter alia the description of the tasks, timing for their fulfilment, calculation of price, payment details, as well as approval processes.

2. Online platforms could engage in explaining in a clear and understandable language the effects of algorithmic management concerning the assignment of tasks, rankings and performance appraisal. Platforms should, however, under no circumstances be required to disclose the source code of algorithms, which constitute trade secrets. In this context we would like to stress that well-trained algorithmic management can also contribute to equal treatment and inclusion of people working on platforms, while eliminating human bias.

3. Online platforms could provide a statement of reasons to their users (being contractors or clients) in case they are affected by restrictions or deactivation of the accounts on the platform.

4. Digital labour platforms could provide an internal complaint handling system and access to neutral out of court settlement for disputes through a mediator, which offer platform workers the opportunity to clarify circumstances and facts in relation to a dispute.

Reporting and statistics obligations

With a view to gather reliable and accurate statistical data competent authorities might need basic figures from platforms on the number of their users and incomes generated through them. Such data should of course be treated as trade secrets and kept strictly confidential, since disclosure would distort competition in the platform sector.
Should platforms be subject to reporting and statistics obligations, they should not be put in a more disadvantaged position in comparison to undertakings in the traditional economy. Administrative burden in particular on SMEs should be avoided and reduced to a minimum.

Social security for platform workers

Regarding social protection and benefits, EU action should build on monitoring and implementing the Council Recommendation on access to social protection for workers and the self-employed (2019/C 387/01)\(^1\). Accordingly, Member States should ensure access and effective coverage of social protection schemes in all branches of the Recommendation\(^1\) to all workers and self-employed. The digital sector and thus digital labour platforms should not be discriminated against traditional sectors. Access to social protection should thus be available to all workers and self-employed – off and online.

Member States should adapt their social protection systems to the digital age and respond to disruptive elements and people’s desire for more flexibility in their professional lives. Working persons nowadays may combine or change jobs multiple times during their professional career; they may change from a worker status to a self-employed status or vice versa. This requires first and foremost the preservation, accumulation and/or transferability of rights across social protection schemes.

At the same time Bitkom recognises that solo self-employment generally involves certain risks. This may concern, for example, the risk of accidents, but also sickness or pension benefits. We would like to emphasise that these risks are inherent in any form of solo self-employment and are not specific to platform work.

Legal certainty about the employment status of platform workforce is necessary to further improve the working conditions of solo self-employed. Issues of misclassification of their employment status should be addressed by the modernisation of social protection systems and the existing employment status categories at national level. We strongly oppose the introduction of a rebuttable presumption of the employment status or the reversal of burden of proof in this context.

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\(^{10}\) https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019H1115(01)&from=EN

\(^{11}\) (1) Unemployment benefits, (2) Sickness and healthcare benefits, (3) Maternity and equivalent paternity benefits, (4) Invalidity benefits, (5) Old-age benefits and survivors’ benefits, (6) Benefits in respect of accidents at work and occupational diseases.
Member States should further allow voluntary commitments of platforms to support their contractors with benefits, without risking that self-employed contractors accepting such benefits are classified as employees of the platform. Such benefits could enable contractors to participate - on their own account - in (voluntary) social protection schemes for example in the fields of accident insurance or old-age benefits.

**Co-determination and collective rights**

Whereas we acknowledge the key role of collective representation in social market economies, we would like to point out that certain models thereof applied in the context of traditional forms of employment cannot directly be transferred to the platform sector.

Bitkom strongly opposes the formal involvement of external platform workforce in co-determination processes within companies. Already existing online platforms of trade unions like IG Metall\(^\text{12}\) and Ver.di\(^\text{13}\) in Germany can substantially support self-employed contractors and platform workers in collectively representing their interests. They provide platform workers with information, advice and discussion forums for exchange of views as well as sharing experiences. In addition IG Metall hosts a platform\(^\text{14}\), where digital labour platforms are reviewed and evaluated by crowdworkers in a transparent manner. Such best practices should be encouraged in other Member States and at EU level.

**2.5 Dialogue under Article 155 TFEU (Question V)**

As neither digital labour platforms, nor self-employed working through them are generally represented by social partners, a dialogue pursuant to Article 155 TFEU does not seem to be appropriate to establish rules for platform work.

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\(^\text{12}\) [Crowdworking - IG Metall](#)
\(^\text{13}\) [ver.di – Initiative "Ich bin mehr Wert"](#)
\(^\text{14}\) [Fair Crowd Work](#)
Bitkom represents more than 2,700 companies of the digital economy, including 2,000 direct members. Through IT- and communication services alone, our members generate a domestic annual turnover of 190 billion Euros, including 50 billion Euros in exports. The members of Bitkom employ more than 2 million people in Germany. Among these members are 1,000 small and medium-sized businesses, over 500 startups and almost all global players. They offer a wide range of software technologies, IT-services, and telecommunications or internet services, produce hardware and consumer electronics, operate in the digital media sector or are in other ways affiliated with the digital economy. 80 percent of the members’ headquarters are located in Germany with an additional 8 percent both in the EU and the USA, as well as 4 percent in other regions of the world. Bitkom promotes the digital transformation of the German economy, as well as of German society at large, enabling citizens to benefit from digitalisation. A strong European digital policy and a fully integrated digital single market are at the heart of Bitkom’s concerns, as well as establishing Germany as a key driver of digital change in Europe and globally.