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EXECUTIVE SUMMARY

**“ONLINE TALENT PLATFORMS,
LABOUR MARKET INTERMEDIARIES AND
THE CHANGING WORLD OF WORK”**

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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 providers 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 in 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.

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