

High-Level Working Lunch on the Future of Work and
the Collaborative Economy

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New forms of work in the digital economy

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Overview

1. The rise of online platforms
2. Platforms and new forms of work
3. Opportunities and challenges
4. Policy issues
5. Towards a new approach?

The rise of online platforms

Top 15 Internet based firms by market capitalisation

	1995 December	Main activities	USD billion
1	Netscape	Software	5.42
2	Apple	Hardware	3.92
3	Axel Springer	Media, publishing	2.32
4	RentPath	Media, rental	1.56
5	Web.com	Web services	0.98
6	PSINet	ISP	0.74
7	Netcom On-Line	ISP	0.40
8	IAC / Interactive	Media	0.33
9	Copart	Vehicle auctions	0.33
10	Wavo Corporation	Media	0.20
11	iStar Internet	ISP	0.17
12	Firefox Communications	ISP	0.16
13	Storage Computer Corp.	Storage software	0.10
14	Live Microsystems	Hard- and Software	0.09
15	iLive	Media	0.06
			17

Source: KPCB 2015

The rise of online platforms

Top 15 Internet based firms by market capitalisation

	1995 December	Main activities	USD billion	2015 May	Main activities	USD billion
1	Netscape	Software	5.42	Apple	Hardware, software	763.57
2	Apple	Hardware	3.92	Google	Search	373.44
3	Axel Springer	Media, publishing	2.32	Alibaba	E-commerce	232.76
4	RentPath	Media, rental	1.56	Facebook	Social network (P2P)	226.01
5	Web.com	Web services	0.98	Amazon.com	E-commerce	199.14
6	PSINet	ISP	0.74	Tencent	Social network (P2P)	190.11
7	Netcom On-Line	ISP	0.40	eBay	E-commerce (P2P)	72.55
8	IAC / Interactive	Media	0.33	Baidu China	Search	71.58
9	Copart	Vehicle auctions	0.33	Priceline Group	Travel services	62.65
10	Wavo Corporation	Media	0.20	Uber*	E-commerce (P2P)	51.00
11	iStar Internet	ISP	0.17	Salesforce.com	Cloud computing	49.17
12	Firefox Communications	ISP	0.16	JD.com	E-commerce	47.71
13	Storage Computer Corp.	Storage software	0.10	Yahoo!	Search	40.81
14	Live Microsystems	Hard- and Software	0.09	Netflix	Media streaming	37.70
15	iLive	Media	0.06	Airbnb*	E-commerce (P2P)	25.00
			17			2.443

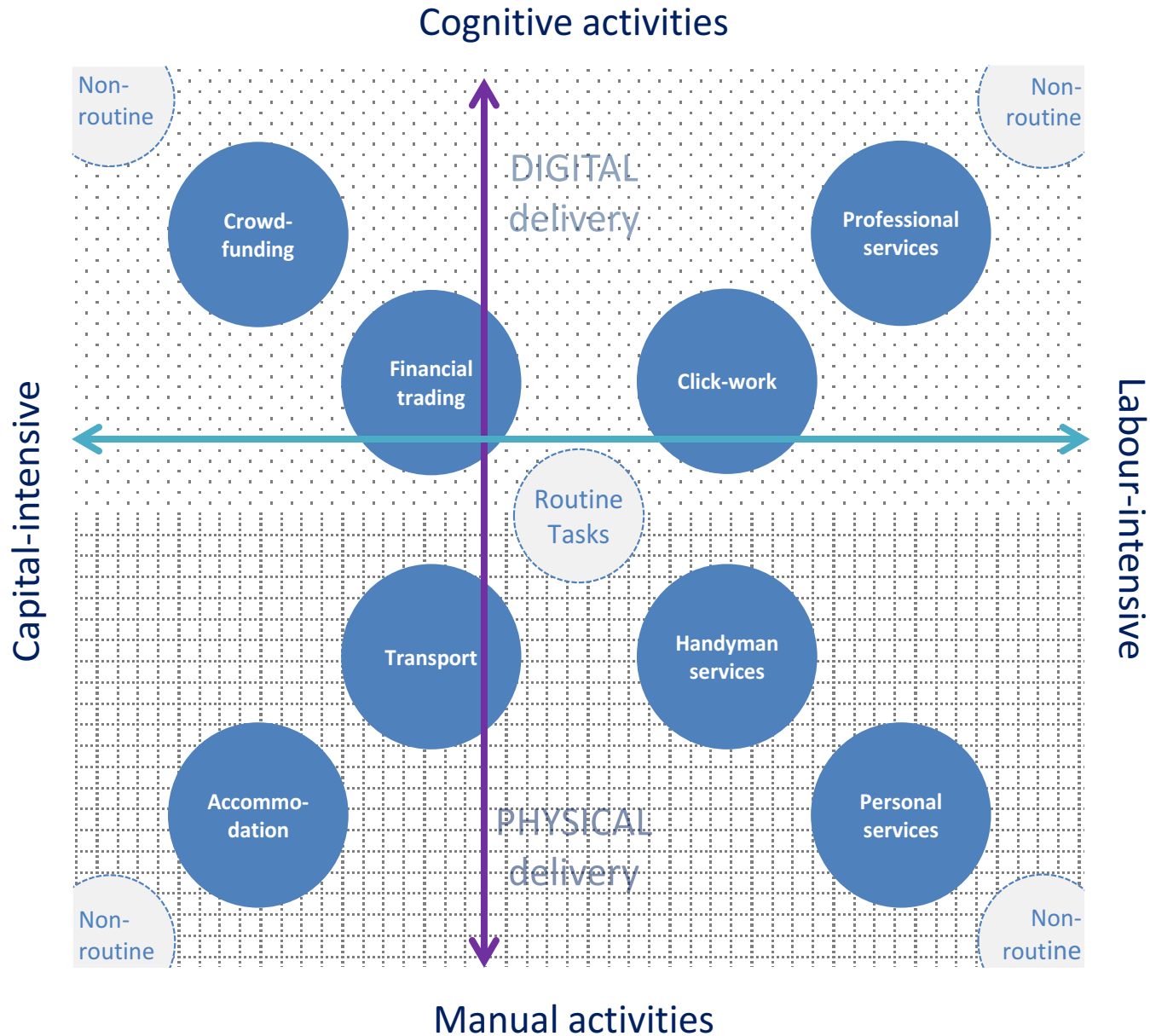
Source: KPCB 2015, Fortune 2015

Note: * company not listed, estimated value

Overview

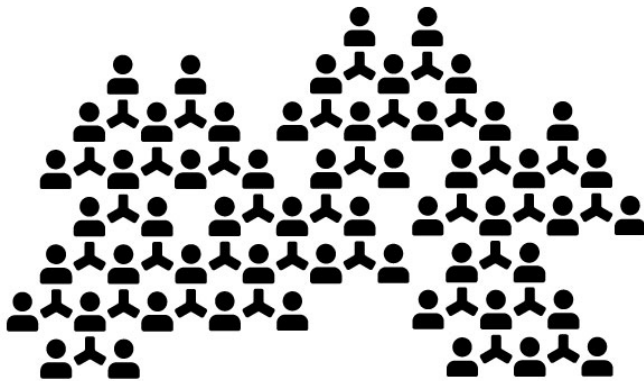
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Increasing variety of platform markets



Increasing variety of platform markets

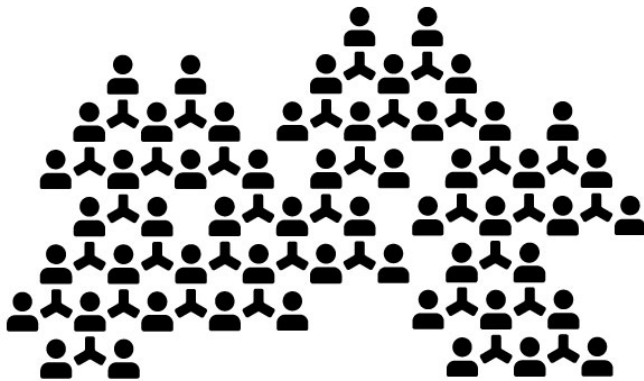
Physical services provided locally



- Locally distributed, on-demand
- Importance of tangible assets
- Low-skilled physical services, incl. accommodation, mobility, etc.
- Small jobs to full-time work
- Local labour markets effects

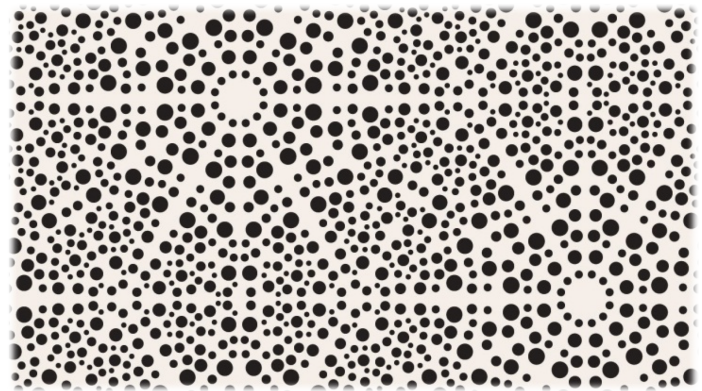
Increasing variety of platform markets

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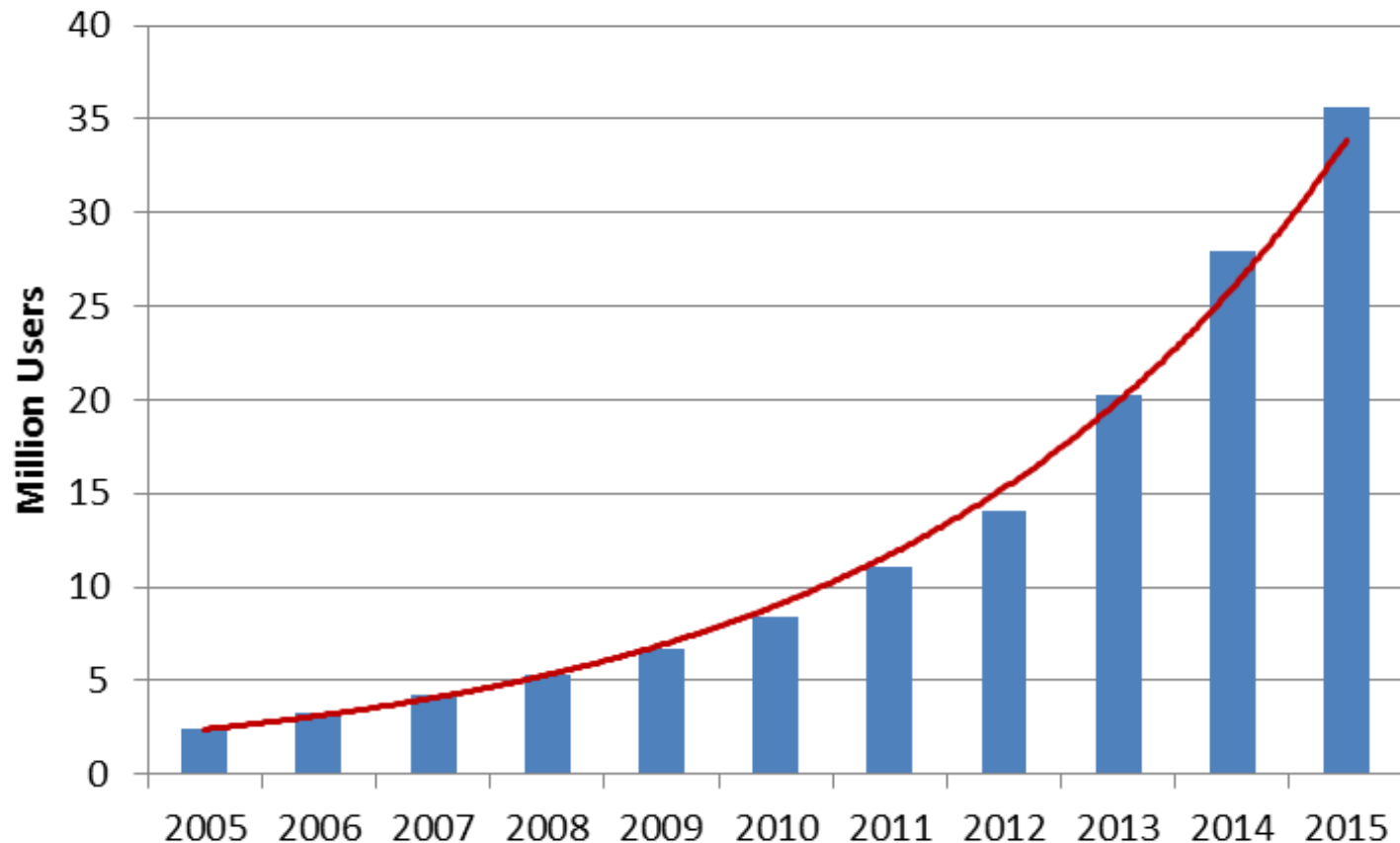
Digital services provided online



- Globally dispersed, on-demand
- Importance of intangible assets
- Low- to high-skilled digital services, incl. finance, legal, consulting, etc.
- Project based to micro tasks
- Global labour markets effects

Trends in job platforms

Registered users on selected job-matching platforms (2005-2015)



Source: OECD estimates, based on Upwork and Freelancer data

Physical services provided locally

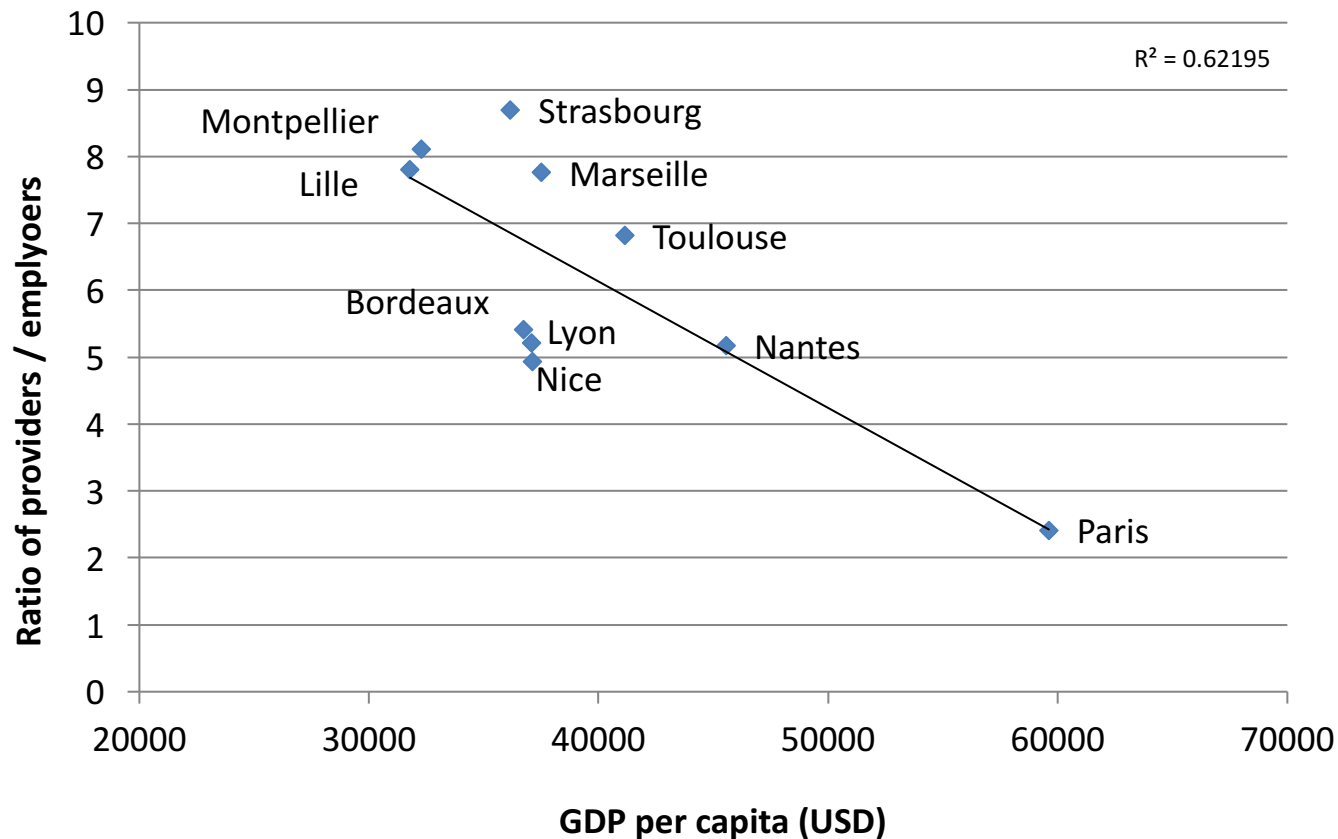
Job categories and average job value by category on Youpijob in France

Job categories	Share of providers	Average job value
Do-it-yourself	28%	€71
Moving and delivery	19%	€44
Assistance	12%	€35
Events	12%	€67
Cleaning	11%	€29
Gardening	9%	€64
IT	9%	€40
Baby- and dog sitting	7%	€51

Source: Youpijob

Physical services provided locally

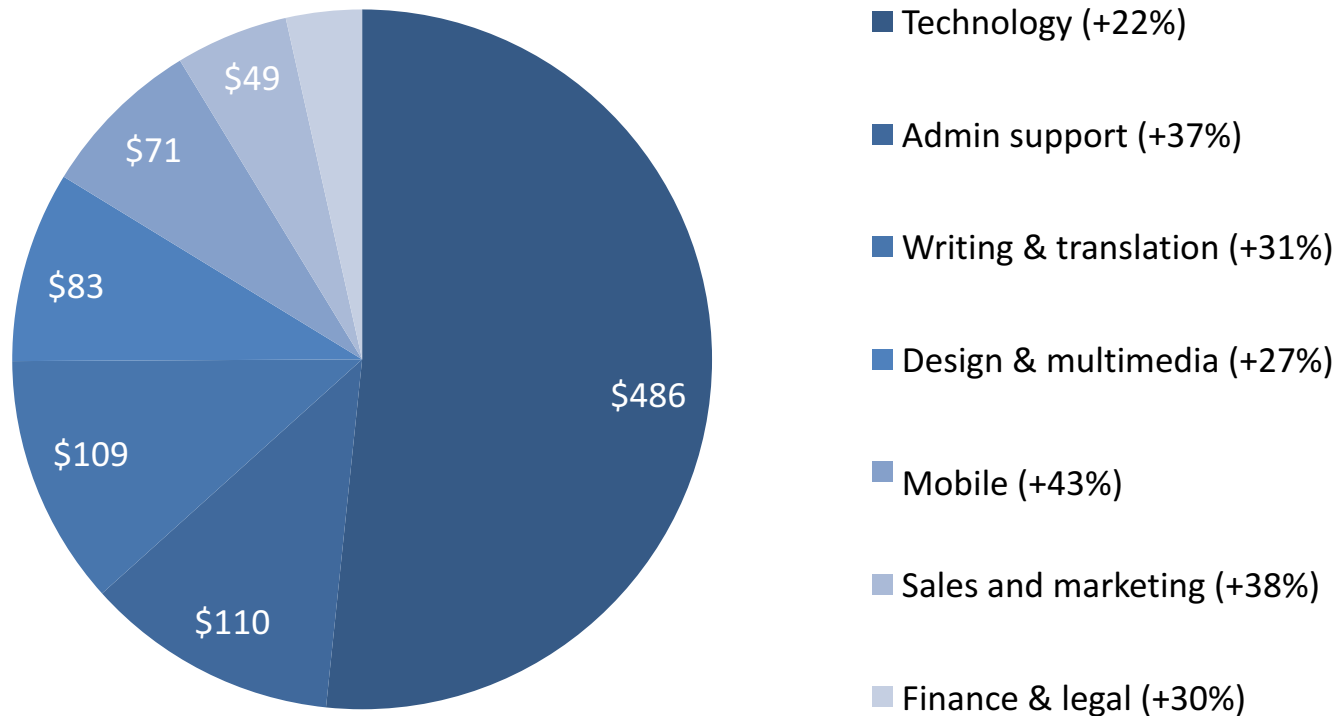
Youpijob provider density by GDP per capita in French cities



Source: Youpjob

Digital services provided online

Employer spending in USD million on Upwork - per job category and % increase in 2014



Source: Upwork

Digital services provided online

Top 10 employer and provider countries on Upwork in 2014

< 25% growth		10-15% growth	
Employer country		Provider country	
US		US	
UK		Philippines	
France		Russia	
Germany		Bangladesh	
Israel		UK	
Netherlands		Romania	
Singapore		India	
Switzerland		Ukraine	
Australia		Pakistan	
Canada		Canada	

Source: Upwork

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Opportunities and challenges

Opportunities	Challenges
Labour markets	
<ul style="list-style-type: none">• Access to work opportunities• Particularly for marginal groups• Additional income opportunities• Flexibility	<ul style="list-style-type: none">• NSW, small jobs, mini tasks• ‘Race to the bottom’/wage penalty• Dependence on ratings• Less employer-sponsored training• No unionisation/bargaining
Working conditions	
<ul style="list-style-type: none">• Flexible working time• Autonomous work organisation• Possibly productivity gains	<ul style="list-style-type: none">• Job insecurity, higher unemployment• Less social protection and benefits• Potential stress of self-management• Social isolation

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Policy issues

1. Economic incentives:

platform-based jobs change the behaviours of firms and workers

2. Labour market institutions:

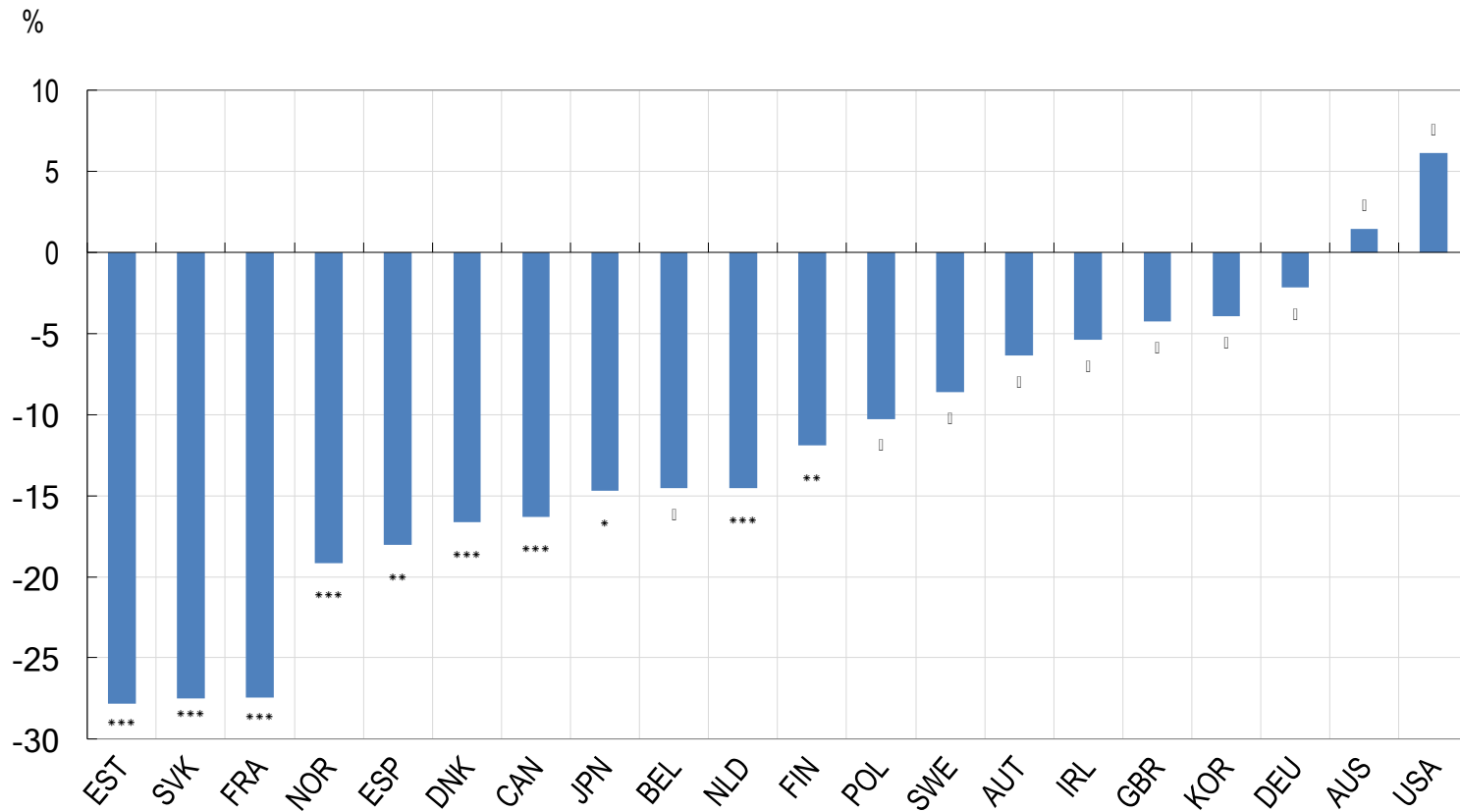
built around “full-time permanent employment” status, which may not be the normal any longer

Economic incentives

- “On-demand jobs ” reduces firms’ incentives to invest in human capital...
- ...but fast technological changes increases the importance of lifelong skills upgrading

NSW and employer-sponsored training

Estimated percentage effect of temporary contract status on the probability of receiving employer-sponsored training, 2012



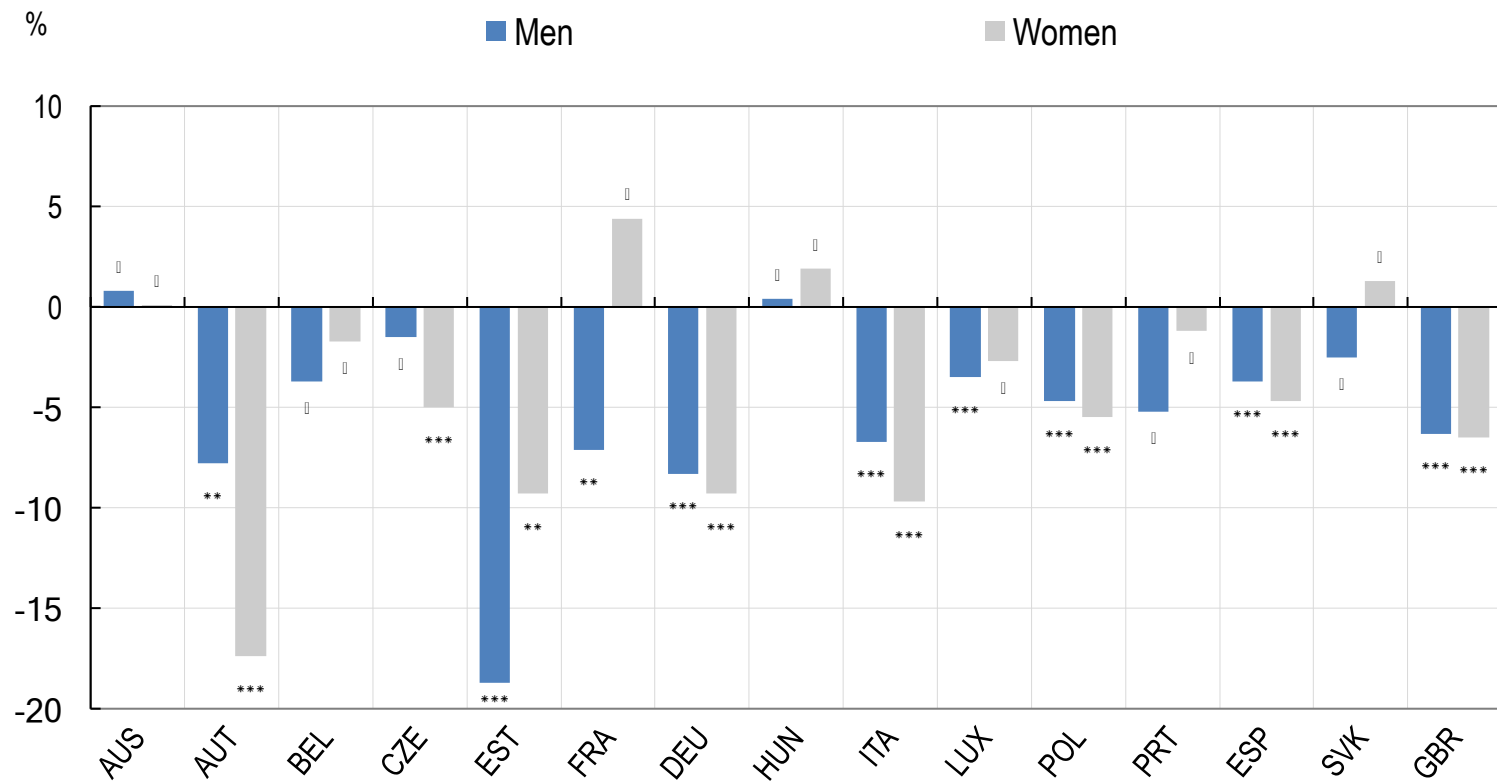
Source: OECD

Labour market institutions

- Built around the “full-time permanent employment” status
- Workers in NSW fall through safety nets
- What “new” working status can be the basis for LM institutions in the digital economy?

Pay of non-standard work (NSW)

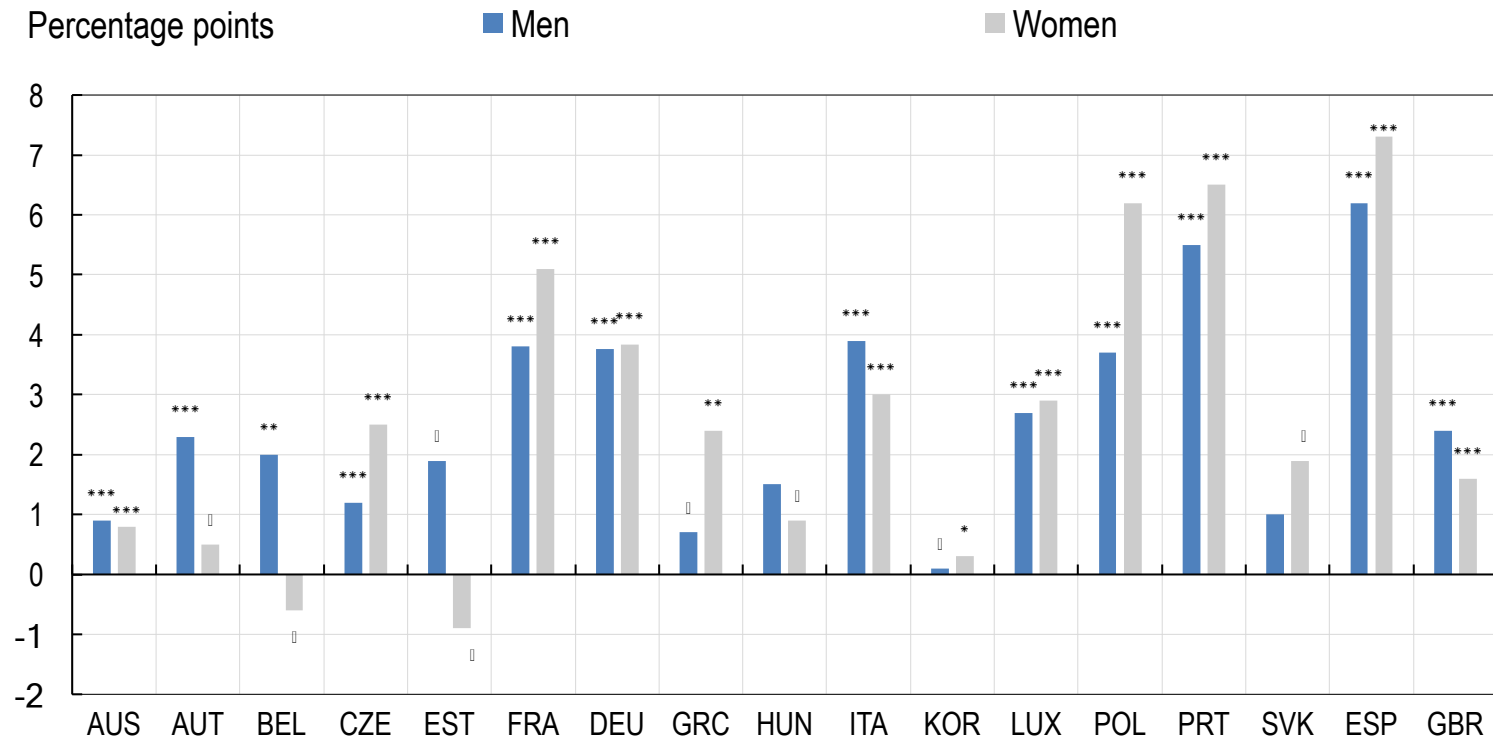
Estimated wage difference between full-time non-regular and permanent employees



Source: OECD

NSW and unemployment risk

One-year transition probabilities from employment to unemployment



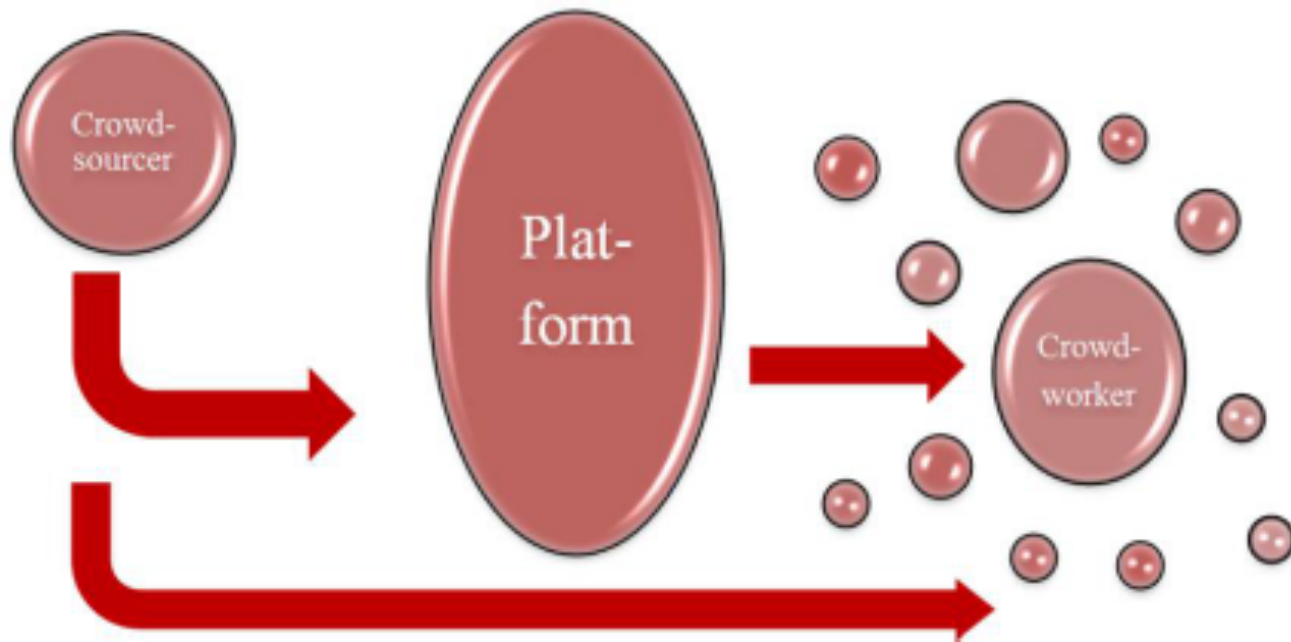
Source: OECD

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Employee or self-employed?

Parties Involved in the Crowdsourcing of Labor



Traditional approach

Developed in the context of two-party employment relationships:

- Split the three-party arrangements into a series of bilateral ones
- Attempt to classify each separately

Shortcomings:

- Ignores complex multi-party relationships
- Analyzes fragments without reference to context and effects

Solutions:

- **Functional definition of employer**
- **No need for new contractual typologies**

Glad to discuss it further!

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OECD (2016), "New Forms of Work in the Digital Economy", OECD Digital Economy Papers, No. 260, <http://dx.doi.org/10.1787/5jlwnklt820x-en>

Prassl, Jeremias and Risak, Martin (2016), "Uber, Taskrabbit, & Co: Platforms as Employers? Rethinking the Legal Analysis of Crowdwork. Comparative Labor Law & Policy Journal, Forthcoming : <https://ssrn.com/abstract=2733003>

Alternative approach

A functional concept of the employer

5 main functions :

1. Inception and Termination of the Employment Relationship
2. Receiving Labor and Its Fruits
3. Providing Work and Pay
4. Managing the Enterprise – Internal Market
5. Managing the Enterprise – External Market

Example 1

A cleaner on TaskRabbit

- He is new to the platform
- He relies on TaskRabbit price matching mechanism

Case a) The house is too big and cleaning takes longer than estimated

- Hourly wage falls below the minimum wage
- The platform is responsible for minimum wage law compliance

Case b) The costumer requests the use of harsh cleaning chemicals

- Health & Safety liability will be imposed on him, not the platform

Example 2

An IT specialist on TaskRabbit

- She is experienced – sets her own price

Case a) Tasks take longer than she estimated

- Hourly wage falls below the minimum wage
- Minimum wage does not apply as she has control on tasks and wages

Case b) She receives few offers due to low rating

- TaskRabbit rating mechanism does not correct for the bias against female programmers
- Responsibility under antidiscrimination norms falls on the platform