


Platform work in a Coordinated Market Economy

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Abstract

To investigate whether platform work can grow even in political economies with an adverse institutional environment, we examine Germany as a least likely case. We assess what constrains the growth of platform work in Germany as well as whether existing economic and social institutions adapt to it. We find that platform work is being accommodated in the German political economy, but in a very limited space. The most important institution constraining platform work is social insurance, especially by increasing pressure to rein in bogus self-employment. Government has so far not seen a need to intervene with new regulation. Within the space that has been carved out for platform work, the traditional institutions of German social partnership are adapting to accommodate and monitor it. Overall, the main actors in the German political economy have a watchful eye on platform work but deal with the phenomenon in a characteristically consensual way.

1 | INTRODUCTION

The digital economy has brought with it a new type of employment, platform work, which is seen as characteristic of our emerging age of digital capitalism. It poses significant policy

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challenges because it diverges from the traditional wage relationship around which the social and economic institutions of the 20th century were constructed.

Accordingly, there is considerable debate around platform work. Most attention so far has been paid to defining, describing and measuring as well as discussing policy responses, whereas there is less research on the institutional and political context that facilitates or constrains the rise of platform work. Platform work is often depicted as surging massively. In this article, we put the searchlight on Germany as a political economy that can be considered least likely for the rise of platform work. If platform work is bound to become a major part of the labour market in advanced capitalism, it would also have to spread in institutional contexts that appear unsuitable. Therefore, we ask: Which institutional features, if any, constrain the rise of platform work in Germany? And how, if at all, do social and economic institutions adapt to platform work? Hence, our analysis focuses on the established institutions and collective actors and how they react to platform work. To answer these questions, we conduct an exploratory case study that draws on semi-structured interviews, policy documents, newspaper articles and secondary literature. The case study is structured by considering the main collective actors' responses to platform work: business, unions and government.

In the following, we start with theoretical considerations where we clarify central concepts, review relevant literature and discuss the theoretical expectations regarding platform work in Germany. Subsequently, we give an overview of the extent and characteristics of platform work in Germany, followed by the empirical case study. A final section concludes.

2 | PLATFORM WORK AND THE GERMAN POLITICAL ECONOMY: THEORETICAL EXPECTATIONS

The term 'platform work' comprises a wide range of work in terms of required skills, occupations and sectors, and it has been defined differently by various authors and sometimes under different names. We draw on the common core of most definitions, by defining platform work as formally self-employed work that is mediated through commercial digital platforms. This definition is close to Casilli's (2017) 'digital labour', which encompasses 'valued-adding activities performed by humans on Internet platforms' in 'circumstances where employer-employee-relationships [...] are superseded.' (2017, p. 3934). Many scholars differentiate platform work by spatial characteristics (De Stefano, 2016; Wood et al., 2019) and sometimes also by skills (Casilli, 2017; Schmidt, 2016; Vallas & Schor, 2020). In terms of spatial characteristics, platform work is divided into labour that takes place online, most often dubbed 'crowdwork'¹ (De Stefano, 2016; Vallas & Schor, 2020), and services that are delivered offline but managed via a platform, called 'gig work' (Schmidt, 2016; Wood et al., 2019) or 'on-demand-work' (Casilli, 2017; De Stefano, 2016). In terms of skills, online platform work is furthermore separated into low-skilled services, often called microwork or microtasking (Casilli, 2017; Schmidt, 2016; Vallas & Schor, 2020) and high-skilled labour by web designers, translators and other freelance professions on the one side and new forms of content creation or 'aspirational labour' (Duffy, 2017) on social media platforms on the other. This skill-based distinction can be similarly applied to locally delivered gig work/on-demand-work to distinguish between high-skilled services by, for example, craftsmen and low-skilled services such as food delivery and transportation.

Underlying platform work is the *platform business model*. Platform firms enable the interaction of two or more groups of actors (typically, supply and demand) through their

affiliation with the platform. While customers access a certain service through the platform firm, the service is not actually produced by the firm but by formally independent suppliers. Consequently, the platform firm bears neither the production costs nor the investment, legal or social risks of the supply side (Hagiú & Wright, 2015; Schmidt, 2016). A typical example is Uber, which matches drivers and their cars to customers looking for a ride—as opposed to a vertically integrated taxi firm that owns the cars and pays the drivers.

The notion *platform economy* or platform capitalism is broader and refers to advanced capitalist economies where platforms have become central tools (Srnicsek, 2017). Some platforms enable individuals to rent out some of their property, such as Airbnb. Although such rentals require some work from the owner, the main activity is the mere provision of capital goods. Hence, we do not categorise these platforms as platform work. Furthermore, the concept *sharing economy* is often used to describe platform business or platform work on the basis that platforms like Airbnb or Uber enable ‘shared’ use of capital goods, such as apartments or cars. In our view, this use of the word ‘sharing’ is misleading because the capital goods in question are rented out rather than shared.

Currently, there is a lot of research being conducted and published about platform work. The main focus so far is to describe and measure the phenomenon as well as to discuss policy problems and potential solutions (e.g., Crouch, 2019; Eichhorst et al., 2017; Neufeind et al., 2018; Prassl, 2018). By contrast, the main interest of this paper is the institutional environment: do some institutions constrain the rise of platform work and how do the main political-economic actors respond to the emergence of platform work? In this respect, the literature so far is limited.

Ilsøe (2017) finds that in Denmark, Sweden and Germany, unions and employers have addressed platform work mostly through policy analysis or consultations, whereas the issue has not been a notable topic of collective bargaining yet. Thelen (2018) examined how the United States, Sweden and Germany have reacted to the rise of Uber. In the United States, regulators have accommodated Uber by deregulating the local transport sector. Sweden has more moderately adapted to Uber, enabling its operations while enforcing national regulations regarding licencing and taxation. Finally, Uber has been all but prevented from entering the German market, as taxi trade associations mobilised against it. Thelen (2018, 940) notes that ‘the response to Uber in all three countries was largely consensual, with few differences between the main parties’. She explains the different national responses with differences in the regulatory and organisational context, stressing that this context determined how the ‘Uber challenge’ was perceived in the first place.

In a subsequent paper, Thelen and her co-author Rahman have analysed the rise of the platform business model in the United States in comparative perspective (Rahman and Thelen, 2019). They identify three sets of institutional factors that facilitated the rise of this new type of firm in the United States. The first is the permissive political-economic landscape, consisting of decentralised regulation; fragmented and overlapping regulatory competencies; little professionalised bureaucracy and ‘revolving doors’ exchange with staff from the industries concerned; lack of independent research capacity in regulatory agencies; and the weakness of unions as well as trade associations. Second, Rahman and Thelen (2019) point to the supportive legal regime in the United States, in particular to competition policy, which enshrines the effect of competition on consumer prices as a guiding principle. Platform firms strive for dominant market positions by keeping consumer prices low. Thus, they do not clash with US competition policy. Third, financialisation, in particular the large supply of venture capital and private equity firms, helps to fund the rise of platform firms.

Considering these three sets of factors, we can conjecture that the rise of platform firms is more arduous in Germany. First, Germany has a professionalised and independent bureaucracy with high regulatory capacity. Unions have weakened significantly since the 1990s, but are still much stronger than in the United States. Trade associations are powerful and well institutionalised. Even German federalism does not lead to significant cross-state competition, due to fiscal redistribution across states and national policy coordination. Second, Germany and the European Union (EU) have not followed the 'consequentialist turn' that the United States took in competition policy since the 1960s. Hence, Germany gradually developed a stronger antitrust regime than the United States (Ergen & Kohl, 2019). Third, the German economy is less financialised than the United States and venture capital plays a much smaller role.

Hall and Soskice (2001) use Germany as their prime example of a coordinated market economy (CME). In this type of political economy, 'firms depend more heavily on non-market relationships to coordinate their endeavours with other actors and to construct their core competencies' (Hall and Soskice, 2001, p. 8). These non-market relationships are supported by institutions. In addition to the three sets of factors identified by Rahman and Thelen (2019, see above), we would like to highlight the following three aspects of the German political-economic model that can be expected to constrain the rise of platform work.

First, at the heart of the German economy are manufacturing firms, specialised on high-quality goods, which they incrementally improve over the years (Hall and Soskice, 2001). This business strategy relies on long-term employment relations where workers acquire and apply skills that are specific to firms or sectors. This type of labour is difficult to outsource to short-term independent contractors. Hence, at least at the core of the German economic model, demand for platform work can be expected to be limited.

Second, in order to facilitate long-term business strategies, competition in some sectors of the German economy is limited through regulations, such as quality standards and licencing (Hall & Soskice, 2001). Given the corporatist legacy in Germany, these regulations are often implemented by trade associations to which public functions have been delegated. The role of trade associations was already mentioned by Rahman and Thelen (2019, see above), but the product or service market regulation, which can also be statutory, is in itself a potential obstacle to the market entry of platform firms. Trade associations legally and politically defend these regulations.

Third, the German welfare state is strongly based on social insurance (Esping-Andersen, 1990). Hence, workers' social security in case of unemployment or retirement depends on them being covered by compulsory social insurance and having sufficiently stable employment records, lest they fall back on restrictive assistance schemes. The self-employed, including platform workers, are not covered by most branches of social insurance in Germany (Spasova et al., 2019). This makes platform work more precarious. It also implies that social insurance would be deprived of funding if platform work were to substitute for regular employment on a large scale.

Given these institutional features of the German political economy, we would expect the potential of platform work in Germany to be strictly confined. However, Germany is also often characterised as an economy with a dualised labour market, that is, a labour market with a sharp distinction between a core of workers in relatively secure standard employment and a periphery of workers who are either involuntarily in non-standard employment or unemployed (Eichhorst & Marx, 2011). This could imply that platform work is accommodated within the secondary tier of the labour market. A platform worker is formally not employed by the platform firm through which she receives her assignments. Rather, platform workers are

self-employed or, more precisely, solo self-employed (a self-employed person who does not employ others) (Eichhorst et al., 2017). Conditions differ between platforms, but in practice, platform workers often depend on a given platform for their assignments, and the platform defines work conditions from pay all the way down to uniforms (e.g., in the case of food delivery cyclists). Consequently, platform work is often considered bogus self-employment (Sargeant, 2017) and part of the recent surge of flexible and insecure types of employment that deviate from the standard full-time and permanent employment relationship (Crouch, 2019). In Germany, a periphery of flexible and often precarious employment has become an integral part of the German labour market, especially since the so-called Hartz reforms of 2002–2004 (Eichhorst and Marx, 2011).

As is by now well established in the literature, economic coordination and dualisation are not contradictions, and Germany has been identified as an example of the combination of both (Thelen, 2014). The economic institutions of coordination, such as collective bargaining, have been maintained, but their coverage has diminished, leaving the secondary labour market tier uncovered. The prediction regarding platform work remains therefore ambiguous. Economic coordination in Germany makes it unlikely that platform firms can disrupt sectors with well-established coordination, but deregulation and acceptance of non-standard employment may facilitate the use of platform work.

3 | THE USE OF PLATFORM WORK IN GERMANY

The first platform work companies entered the German labour market around the year 2000. Among the first was Elance, a platform for freelancers, which became Upwork in 2015. Most other prominent platform firms opened their websites between the mid-2000s and the 2010s. For instance, Amazon Mechanical Turk launched their microtask platform in 2005, and Uber was founded in 2009 and tried to enter the German taxi market in 2013. Deliveroo started its food-delivery business in 2013 and expanded to Germany in 2015. Helping, a platform for cleaning services, was founded in Berlin in 2014.

Despite various empirical efforts, there are still no reliable data regarding the number of platform workers in Germany, and comparative and longitudinal data are scarce. Empirical estimates of the number of platform workers are sensitive to survey and sampling methods (Piasna and Drahoukoupil, 2019). For Germany, Serfling (2018) conducted an online survey, which put the share of platform workers in the German electorate in 2018 at 4.8%. By contrast, a telephone survey (Bonin & Rinne, 2017) estimated the platform work share in the German-speaking adult population in 2017 at 2.9%. However, when corrected with the help of an open question where respondents were asked to specify their activity, the estimate was only 0.9%. Hence, while there is high uncertainty about the size of the gig economy, it appears that platform workers make up no more than 3% of the adult German-speaking population and possibly far less (Bonin & Rinne, 2017).

Another important finding is that most platform work, in Germany as in other European countries, is conducted in addition to other sources of income (Bonin & Rinne, 2017). For almost 45% of the platform workers in the German sample of Huws et al. (2019), platform work makes up less than 10% of their personal income. Similarly, a 2015 poll among platform workers in Germany found that for only 22% of them, platform work was the main income source (Leimeister et al., 2016, p. 56) and that median income from platform work was 200 Euros per month.

There have been two main attempts to measure and compare the extent of platform work in Western Europe. Huws et al. (2019) conducted online surveys of representative samples among the working-age population in 13 European countries. According to these data, about 8% of the working-age population in Germany undertake platform work at least once a month. Compared with other European countries, Germany is at the low end of the distribution, in line with our expectation. The other comparative studies (Pesole et al., 2018) were also conducted by online survey. The authors have adjusted the findings for rates of internet use and confirmed that 8% of the adult population in Germany work via digital platforms at least once a month. However, the share of adults who earn at least half their income in the gig economy is only 2.5%. In the findings of Pesole et al. (2018), the share of platform work in Germany scores higher in European comparison (fourth out of 14 countries on the at-least-once-a-month measure). The surprisingly high estimates from Huws et al. (2019) and Pesole et al. (2018), compared with the national studies cited above, may be explained by the survey method: an online survey for which sampling has in some countries been facilitated by paying respondents. This most likely led to an oversampling of platform workers as online surveys are likely to be biased against respondents without internet access or with low internet use (though this was accounted for to some extent by Pesole et al., 2018) and run the risk of over-selecting platform workers who are looking for paid work online (Bethlehem, 2010, pp. 161–162; Kässi & Lehdonvirta, 2018, 5).

The literature on the shadow economy faces similar measurement problems (Schneider & Buehn, 2018). However, the indirect measures applied there cannot be easily used for platform work because it is not necessarily unregistered nor illegal, and platform workers can be simultaneously active on several platforms or have a parallel regular job in the formal economy. Survey results are of course affected by surveying technique and the way that survey items are formulated. Still, they are valuable if motives and socio-economic information about respondents are of interest (Schneider & Buehn, 2018, p. 6). We consider comparative online surveys an acceptable approach to estimating the incidence of platform work due to the absence of administrative data and the unsuitability of indirect measures, which are used for measuring the shadow economy. Yet, it remains important to be mindful of the impact of sampling and survey techniques as well to carefully word survey items.

What kind of platform work is most common in Germany? Similar to other European countries, the platform work that is most visible, that is, personal transport and food delivery, is in fact not the largest part. Rather, cloud work is the most common with 37% of all platform work. Second largest are household services (29%), only then taxi and delivery work (17%), and finally errands (with a bit less than 17%) (Huws et al., 2019, p. 23). Moreover, platform workers are normally active on more than one platform. In Germany, they are on average active on 2.26 platforms (Leimeister et al., 2016, p. 31), a figure that is roughly confirmed by Huws et al. (2019, p. 22) and is similar to other European countries. Hence, the characteristics of platform work in Germany appear to be broadly similar to other European countries.

In sum, despite considerable methodological challenges when measuring platform work, the data suggest quite consistently a limited share of platform workers in Germany. To most of them, platform work is an additional rather than their main source of income. Given measurement issues and contradictory results from the two comparative surveys, we refrain from concluding how big platform work in Germany is compared with other countries.

4 | PLATFORM WORK IN THE GERMAN POLITICAL ECONOMY

To analyse how the German political economy has constrained or accommodated platform work, we conduct an exploratory case study that draws on semi-structured interviews, policy documents, newspaper articles and secondary literature. We structure our analysis around the three main groups of institutional actors: trade unions, business and government. We conducted one interview each with representatives from the federation of service sector unions (Ver.di), the employers' federation (BDA), a platform company (Clickworker), the platform work trade association (Deutscher Crowdsourcing Verband) and the Ministry of Labour and Social Affairs (BMAS). Most interviews took place in December 2017 and January 2018. The Crowdsourcing Verband interview was supplemented in February 2019.

4.1 | Trade unions

Trade unions were the clearest voice in Germany to express concern over platform work. As platform workers are formally self-employed, they are no obvious constituency for unions. But unions are concerned about the substitution of regular employment by platform work. They set up specialised organisational units and initiated social dialogue on platform work. Although platform work is most prevalent in services, curiously enough, it was not Germany's main service sector union, Ver.di, but the Metal Workers Union (IG Metall) that took the first institutional initiatives.

In 2016, IG Metall organised an international union workshop on platform work, which resulted in a joint statement with unions from Austria, Denmark, Sweden and the United States (IG Metall, 2016). While it could be expected that unions fully reject platform work as undermining labour standards, the document is conciliatory in tone and nuanced in its discussion. Nevertheless, it expresses also a few clear demands, in particular the right to organise (which is sometimes restricted by competition law when platform workers are seen as independent contractors in the same market) and paying platform workers at least the equivalent of the minimum wage. Further, the declaration discusses compliance with labour law, clarification of employment status (wherever appropriate, recognising platform workers as employees), social protection, dispute resolution and data transparency.²

In 2017, IG Metall launched the website Fair Crowd Work (<http://faircrowd.work/>) as well as a newsletter and a telephone hotline for platform workers. In this project, IG Metall was joined by the Chamber of Labour Vienna (Arbeiterkammer Wien), the Austrian Trade Union Confederation (ÖGB) and the Swedish white-collar *Unionen*. The website provides information about platform workers' rights and unionisation and evaluates platforms. The evaluations are based on a survey conducted among platform workers in cooperation with platform companies themselves.

As early as 2015, three German-based platform firms had signed a Crowdsourcing Code of Conduct on their own initiative. Since then, IG Metall engaged with the signatories and their sectoral association, Deutscher Crowdsourcing Verband, and contributed to a revised version of the text, drawing also on the results of the platform worker survey. The revised code was then signed by five more companies in 2017, which were later joined by a ninth signatory.³ This demonstrates the high degree of cooperation between the union and platform firms. The Code of Conduct remains a self-commitment by the signatory firms and is not signed by IG Metall.

Its principles focus on lawfulness, fair pay (but without concrete sums), transparent procedures, freedom of platform workers to decline client requests, and data protection. Seven of the nine signatories are platforms for crowdwork (i.e., online platform work), the remaining two are platforms for place-based microtasking, such as collecting information from shops. Hence, this cooperative approach includes first and foremost crowdwork firms, whereas gig work firms (such as personal transport or food delivery) are absent.

In 2017, the signatory companies, the Crowdsourcing Verband, and IG Metall established an Ombuds Office for the Code of Conduct. Platform workers on one of the signatory platforms of the Code of Conduct can submit complaints to the Ombuds Office after having tried to resolve the matter directly with the company. The Ombuds Office is presided over by a labour court judge and consists of one representative each from the Crowdsourcing Verband, a platform firm, IG Metall, and a crowdworker. Its members work voluntarily. The office received 23 complaints in 2018 and 14 in 2019. In most cases, the Ombuds Office mediates between platform and platform worker and enables them to resolve the matter consensually.⁴ Despite the low number of cases, institutionally, it is a remarkable form of social partnership in the gig economy.

According to our interview with two representatives of the service sector union Ver.di, IG Metall was early to address platform work because it was sensitised to the issue of non-standard employment as temporary agency work is common in its sector. However, self-employment had so far been outside of IG Metall's scope, and it had to change its statutes in 2016 in order to enable solo self-employed workers to become members. By contrast, some of the unions that are part of Ver.di have represented solo self-employed workers for a long time, for example, in journalism, information technology, graphic design and other creative occupations (interview Ver.di). The shift to platform work was more gradual in these sectors, and Ver.di at first did not organise these workers as platform workers. Instead, platform work was initially seen as a new opportunity for the solo self-employed to seek clients. More recently, however, Ver.di has started to provide consultation specifically for platform workers.⁵

Similar to IG Metall, Ver.di does not criticise platform work *tout court*. Rather, it accepts that platform work has a place in the German labour market. The main concern is that platform work may replace jobs that are covered by compulsory social insurance, which would undermine welfare state funding (Ver.di interview). Ver.di does not demand to ban platform work, but to extend social insurance to the self-employed. Just like other German unions in the German Trade Union Confederation (DGB), Ver.di does not want such an extension of social security to platform workers to be funded from taxes, but to maintain the social insurance principles that are so fundamental to the German welfare state. In the case of platform work, this means that clients and platform firms should contribute to the social insurance of platform workers (Greef and Schroeder, 2017; Ver.di, 2016). Other important union demands regarding platform work are to screen the terms and conditions of gig economy firms, which establish the working conditions of platform workers, and to reverse the burden to prove that platform workers are not pseudo-self-employed (interview Ver.di; Greef & Schroeder, 2017).

Aside from union activities at the national level, there have been some grassroots efforts to organise the so-called 'riders' of food delivery platforms. In various cities, riders organised and obtained support from the Food, Beverages and Catering Union (NGG), another DGB-affiliated union. Subsequently, they managed to establish works councils in several cities. In Berlin, the anarcho-syndicalist Free Workers' Union (FAU) supported riders in protesting and negotiating work conditions.⁶

Such grassroots organising can in fact raise the legal risks that platform firms face. In August 2019, the British food delivery platform Deliveroo announced to pull out of the German market. Some former Deliveroo workers are suing the firm with union support for having been employed in bogus self-employment, the aim being a more substantial severance compensation. In contrast to Deliveroo, the work model of the only remaining major food delivery firm on the German market, Lieferando, is not based on self-employment but on marginal part-time contracts, so-called *Minijobs*.⁷ Just 1 month before Deliveroo decided to shut down its German business, the firm had lost a similar court case in Spain. Also in France, the Supreme Court ruled the platform workers of another food delivery firm are in fact employees rather than self-employed.⁸ It is likely that these cases have sensitised Deliveroo's management to the legal risks in Germany. The pulling out of Deliveroo can also be interpreted as a host country effect of the German regulatory system on a foreign multi-national company (e.g., Almond & Ferner, 2006). However, it was the specific platform work model that was at stake, and the legal battles around this work model do not only regard foreign firms.

The more combative examples of grassroots organisation are small in relation to the overall gig economy in Germany. The official union approach at the national level can instead be characterised as a soft and pragmatic, and it resulted in constructive agreements in the sector. While unions formulate political demands regarding the extension of social insurance, they deal with the realities of the sector in a hands-on and consensual manner. Thus, they transferred and adapted the German social partnership model to the specific context of platform work. This form of social partnership is of course far away from collective bargaining proper, but this is unsurprising given that platform workers are formally self-employed. The unions' activities are suitable for limiting the worst malpractices of the sector and, consequently, limiting its overall expansion, but also for tolerating it within a certain space of the labour market.

4.2 | Business

Relatively early in the emergence of the platform economy in Germany, the sector founded an association in line with the tradition in Germany of coordination through sectoral business associations. The German Crowdsourcing Association (Crowdsourcing Verband) was founded in 2011, initially as a business association for crowdfunded enterprises. It later included other crowd-based business models, most notably platform work. Although the Crowdsourcing Verband presents itself as a mediating actor with equal regards for platform firms, their clients and platform workers, it is seen by others as mainly representing platform firms (interviews with Crowdsourcing Verband, Ver.di, and Clickworker). It functions in fact as an intermediary between platform companies and unions as the former generally lack resources and knowledge of industrial relations (interviews with Crowdsourcing Verband and Clickworker).

The Crowdsourcing Verband was active in the development of the Code of Conduct and the Ombuds Office (see above), not least with the motivation that self-regulation of the sector could pre-empt political attempts at regulation (interview Crowdsourcing Verband). One challenge for the sector that the Verband identifies is low pay for platform workers. However, this is not regarded as a social problem because most platform workers do not live off platform work. Rather, the Verband laments that clients do not always sufficiently value the economic contribution of platform work, especially of cognitive cloud-based tasks. The Crowdsourcing Verband sees it as one of its objectives to help platform firms collaborate with unions. At the same time, it rejects union criticism of platform work, for example, by stressing that platform

work is genuine self-employment (interview Crowdsourcing Verband). The Verband does not reveal its precise membership base, but presents itself as oriented towards crowdwork rather than gig work.

The main German employer federation, *Bund Deutscher Arbeitgeber* (BDA), started to engage with the platform business model later than unions or the Crowdsourcing Verband. As mentioned, it was the Crowdsourcing Verband and not the BDA or one of its member associations that represented the sector in social dialogue with the unions. Only in 2017, the BDA was about to set up a unit dedicated to digitalisation, in which platform work was to become one of the main topics. It even had published a policy statement about the regulation of the digital economy (BDA, 2015) and advised technology start-ups on German employment legislation (interview BDA). One reason for the delay was uncertainty about whether platform work would be mainly a responsibility of the BDA or of the German business association, *Bund Deutscher Industrie*. This is understandable given the formal status of platform work as self-employment. Indeed, it is remarkable that the BDA accepts platform work as an employers' issue.

Nevertheless, the BDA insists on platform workers being self-employed and rejects the need for new regulation (Greef & Schroeder, 2017). In the interview, however, the BDA official did express concern that platform work does not necessarily help marginalised workers to enter stable employment. Consequently, platform workers' reliance on social benefits may end up being an indirect cost factor for employers (interview BDA).

While the BDA stressed the importance of social insurance, the CEO and press officer of Clickworker, a platform work firm, emphasised the need for more universal social protection given the instability of employment in the digital economy (interview Clickworker). Unsurprisingly, the firm strongly rejects the union proposal to extend social insurance contributions to platform firms. Yet, the firm representatives did not emphasise their rejection of social contributions or new regulation as such. Rather, they stressed that any new regulation should be implemented at the European or international level as otherwise domestic businesses would go bankrupt or relocate abroad. The CEO described the dialogue with IG Metall as constructive; he appreciated how initial hesitation to enter talks with unions had quickly been overcome and how the talks led to a better understanding of the interests and actions of the other side.

If he had to found the firm from scratch today, the Clickworker CEO would base it in the United States or Israel in order to be closer to the firm's clients, many of which are engaged in artificial intelligence research and development (interview Clickworker). This points to another limitation of the platform economy in Germany, namely, that technology firms benefit from geographic clusters. Similarly, the Clickworker representatives mentioned the relative lack of venture capital as limiting the growth of the platform economy in Germany. When asked to what extent platform work will replace traditional employment relations, their assessment was rather cautious. The CEO pointed out that the company as organisational form, namely, working in teams, mutual long-term commitment and a common corporate culture will remain important.

Again, distinctions between crowdwork and gig work emerged from this interview. The Clickworker CEO was fiercely critical of Uber, a typical gig work company, characterising their business model as distortion of competition, which destroys entire industries and which government should rein in (interview Clickworker). Hence, Clickworker as a cloud-based microtasking firm sees its business model as distinct and innovative, whereas it sees Uber as profiting off of existing sectors.

Uber has in fact been prevented from gaining a foothold in the German taxi market so far. Since 2013, the firm has tested various types of services and organisational forms to enter the personal transport market in a number of German cities. Similar to other European cities, taxi associations have mobilised taxi strikes and road protest.⁹ More effectively however, they have taken Uber to court for trespassing sector regulation. In 2015 and 2019, courts ruled that Uber's practices were in conflict with sectoral regulation (Thelen, 2018).¹⁰

Low or uncertain service quality is often a problem in the gig economy. For some platform firms, maintaining quality standards has been an issue as they work with a shifting stock of uncertified workers. For a platform of cleaners, Book a Tiger, this was the main reason to switch to formally employing their cleaners. Quality continues to constitute a challenge for its competitor, Helping.¹¹ Moreover, the bad reputation of platform work is seen as a problem (interview with Clickworker). This may again be especially relevant in the German economy, centred as it is on promising high quality.

But the biggest headache for platform firms is the question of bogus self-employment. Although the employment status of platform workers is discussed all over the world, the threat of bogus self-employment is more pressing and more dangerous for platform firms in Germany. It is more pressing because the institutions of social insurance help to fight bogus self-employment. German social insurance funds are organised in associations. These are alarmed by the potential loss of social insurance contributions if regular employment is replaced by self-employment. Hence, the head of the German Public Accident Insurance Association has demanded, similarly to the union proposal (see above), that platform firms should pay into social insurance like employers.¹² And the German Pension Insurance Association is authorised by law to monitor bogus self-employment.¹³ When gig economy firms have been taken to court for bogus self-employment, the eventual rulings went either way.¹⁴ Courts stressed that the degree of work control is decisive and has to be assessed for each firm individually. But the strong legal position and assertiveness of Germany's social insurance system keeps platform firms on their toes. At the same time, the threat of bogus self-employment is more dangerous for firms in Germany because they are forced to pay retrospective social contributions if they are found guilty of bogus self-employment.¹⁵ The costs are therefore much higher than in a country with a mostly tax-funded welfare state. Again, we find that gig work firms have the most problems with the regulatory framework. Book a Tiger changed its business model by employing the platform workers, Uber's services were ruled illegal, and with Deliveroo, the only major food delivery firm with self-employed riders pulled out of the German market.

4.3 | Government

Although the German government started to pay attention to work in the digital economy relatively early, it has so far not intervened with new regulation of platform work. The government's National IT Summit 2014 focused on work in the digital economy.¹⁶ Both the Federal Ministry of Labour and Social Affairs (BMAS) and the Federal Ministry of Economy (BMWi) initiated consultations. In 2015, the BMAS published its *Green Paper: Work 4.0 (Grünbuch Arbeiten 4.0)*. It was followed by a broad stakeholder discourse, which led to the publication of *White Paper: Work 4.0 (Weißbuch Arbeiten 4.0)* in November 2016 (BMAS, 2015, 2016). The activities were overseen by a special unit for digitalisation set up for this purpose, which continues to analyse the impact of digitalisation on work (today the unit is called *Denkfabrik*). The BMWi conducted a similar process of consultations about digital platforms.

Both ministries continue to follow the topic but are reluctant regarding regulatory change. By the end of November 2020, the BMAS published a position paper, expressing the intention to improve the social rights of platform workers.¹⁷ The position paper has to be seen in the context of an upcoming federal election and an EU directive for more transparency and predictability of platform workers' employment conditions that member states have to transpose by 2022.¹⁸

Besides gathering knowledge and assessing the need for new regulation, the stakeholder process around the ministerial papers was strongly publicised and politically signalled attention to the issue (interviews with BMAS and Clickworker). At the time of our interview (December 2017), the BMAS did not consider platform work a pressing issue. On the one hand, the BMAS official voiced appreciation that platform work may help to move unemployment assistance recipients into employment. On the other hand, he expressed concern about the implications for social insurance if such work were to become more widespread. In the opinion of the ministry, social insurance remains central to the German welfare state, and modifying it towards a more universal, tax-based system is not on the agenda (interview BMAS). Overall, ministerial bureaucracy was thus taking a reserved but attentive role, ready to protect social insurance if necessary.

At the political level, parties were more open for new regulation especially regarding the social security of platform workers. There is, however, a clear left–right distribution. The left-socialist party Die Linke and the Green Party were most outspoken in their demands to extend social insurance to the solo self-employed as well as securing minimum standards for platform work. The Social Democrats were more cautious but also favoured broadening social insurance. On the right, the Christian Democrats were reluctant regarding new regulation, but recognised that the social protection of platform workers should be improved; the Liberal Democrats demanded further deregulation (Greef & Schroeder, 2017). The positions of the German political parties are therefore strikingly similar to their approaches to non-standard employment more generally (Picot & Menéndez, 2017).

5 | CONCLUSION

Although the precise size of platform work in Germany is still uncertain, the available data indicate that only a small share of the adult population engage in platform work. For most platform workers, it constitutes a supplementary rather than their main source of income. So, 20 years after the arrival of the first work platform in Germany, the data suggest clear limits to its growth.

What are then the institutional constraints on platform work in Germany? The dominating institution that came up time and again in our case study is social insurance. It figures in this debate in three ways. First, platform workers are not covered by social insurance, thus triggering a discussion about their precariousness and how social insurance can be extended to them. Even employers are aware that platform work may lead to rising costs in the tax-financed part of the welfare state. Second, to the extent that platform work substitutes for regular employment, it detracts paying members from social insurance funds, thus potentially (but so far not in practice) threatening the financial sustainability of social insurance. Unions, the employer association, and government agreed that the rise of platform work must not endanger the financial basis of social insurance. Third, social insurance amplifies the issue of bogus self-employment for gig economy firms in two ways. (1) German social insurance has its own interest organisations that try to limit any negative consequences of platform work for social

insurance and have a statutory role in monitoring bogus self-employment. (2) Being found guilty of bogus self-employment is particularly expensive for firms in Germany as they have to retrospectively pay social contributions. The legal threat of bogus self-employment, as amplified and enforced through social insurance, is arguably the main factor that has made some platform firms convert to employing their former platform workers or pull out of the German market.

Other constraints that were confirmed by our case study and are characteristic of the German political economy are sectoral regulations that are defended and legally mobilised by sectoral associations (see the fight against Uber), lack of venture capital and technology business clusters, and concerns about quality assurance.

Nevertheless, platform work has to some extent arrived in Germany. So far, government has not introduced new regulations, but we have observed some remarkable institutional adaptation in industrial relations. The German social partnership model has been recreated in modified form for the gig economy. Unions and employers have encountered each other with mutual respect for each other's concerns and interests and have set up consensual institutions and procedures, such as common workshops, a code of conduct, and a joint ombuds office.

We found that the interaction between established institutions and platform firms differs between crowdwork and gig work firms. Crowdwork firms play a leading role in the conciliatory new forms of social partnership, while gig work firms are involved in the most controversial clashes with existing regulation. More research is necessary on how this distinction plays out in the adaptation of national economies to platform work. For the time being, we propose three explanations. First, crowdwork is more easily recognised as an additional digital service, while gig work is more easily seen as disrupting existing offline sectors. Second, crowdworkers are almost invisible to the public, and hence, their work conditions less easily politicised. Third, the legal assessment of bogus employment revolves around the degree of control a platform firm exercises over workers. For locationally dependent services (gig work), there is a higher need for workforce control compared with online services.

Our starting point was that if we see a massive surge in platform work, we should also see it in an arguably least likely case like Germany. We have shown that, so far, such a surge has not taken place in Germany and that there are clear institutional mechanisms that limit the potential growth of platform work. Accordingly, we would expect variation in the expansion of platform work across different models of capitalism (Thelen, 2018). Future research should extend our research question about the institutional conditions for the rise of platform work to other cases, both with further case studies and comparative research. Although comparative data on platform work are currently not reliable enough for large-N regression analysis, small-N comparative designs can be implemented by careful comparison of national data on platform work.

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ENDNOTES

- ¹ Schmidt (2016) uses the term “cloudwork” to designate both high-skilled crowdwork as well as microtasks; Wood et al. (2019) employ the term ‘remote gig work’. One of the earliest terms for platform work, ‘crowdsourcing’, was introduced by Jeff Howe in an article in *Wired Magazine* in 2006 who coined it explicitly with reference to ‘outsourcing’.
- ² https://www.igmetall.de/download/20161214_Frankfurt_Paper_on_Platform_Based_Work_EN_b939ef89f7e5f3a639cd6a1a930feffd8f55cecb.pdf (accessed, 16th January 2020)
- ³ <http://crowdsourcing-code.de/> (accessed, 16th January 2020); <https://www.igmetall.de/politik-und-gesellschaft/zukunft-der-arbeit/crowdworking/unternehmen-verbessern-selbstverpflichtung> (accessed 16 January 2020)
- ⁴ https://ombudsstelle.crowdwork-igmetall.de/pdf/Ombudsstelle_bezahltes_Crowdworking_Bericht_2017_2018.pdf, https://ombudsstelle.crowdwork-igmetall.de/pdf/Ombudsstelle_bezahltes_Crowdworking_Bericht_2019.pdf (accessed 8 September 2020)
- ⁵ <https://www.ich-bin-mehr-wert.de/support/cloudworking/> (accessed 16 January 2020)
- ⁶ <https://www.zeit.de/arbeit/2017-10/kurierfahrer-foodora-arbeitsbedingungen-gewerkschaft-protest> (accessed 17 January 2020).
- ⁷ <https://www.bento.de/future/deliveroo-keno-boehme-von-liefern-am-limit-ueber-zukunft-der-lieferdienst-fahrer-a-d4950680-f870-4198-85f4-970b28c3732f> (accessed September 8 2020).
- ⁸ <https://netzp politik.org/2019/deliveroo-entlassene-fahrer-wollen-wegen-scheinselbststaendigkeit-klagen/> (accessed January 17 2020).
- ⁹ For example, <https://www.wiwo.de/unternehmen/dienstleister/protest-gegen-uber-und-co-taxifahrer-sprechen-von-wettbewerbsverzerrung/10020554-2.html> (accessed 7 May 2021).
- ¹⁰ <https://www.handelsblatt.com/unternehmen/dienstleister/urteil-landgericht-frankfurt-verbietet-uber-vermittlung-von-mietwagen-fahrten-durch-seine-app/25351438.html?ticket=ST-901880-u1y0k27dg9OOZDhslmaa-ap2> (accessed 18 January 2020).
- ¹¹ <https://t3n.de/news/claude-ritter-interview-819819/> (accessed 8 September 2020), <https://www.handelsblatt.com/unternehmen/dienstleister/raumpflege-helpling-im-test-saubere-wohnung-schmutziger-preis/26612742.html> (accessed 7 May 2021).
- ¹² <https://edition.faz.net/faz-edition/wirtschaft/2018-01-03/3169f37a918b7b9ba44ead2370bc8b98/> (accessed 18 January 2020).
- ¹³ Code of Social Law VI, sect. 212.
- ¹⁴ <https://www.stuttgarter-zeitung.de/inhalt. sozialgerichte-scheinselbststaendigkeit-vom-typ-40.77dcc9ea-d5a2-4adf-9f79-53c1a6518145.html> (accessed 14 June 2019); <https://www.zeit.de/wirtschaft/2019-12/landesgericht-muenchen-crowdworker-selbststaendige-urteil> (accessed 18 January 2020).
- ¹⁵ <https://www.scheinselbststaendigkeit.de/lexikon/nachzahlung> (accessed 8 September 2020).
- ¹⁶ https://www.de.digital/DIGITAL/Redaktion/DE/IT-Gipfel/Publikation/2014/it-gipfel-2014-nationaler-it-gipfel-2014.pdf?__blob=publicationFile%26v=8 (accessed 14 June 2019).
- ¹⁷ <https://www.bmas.de/DE/Service/Presse/Pressemitteilungen/2020/eckpunkte-plattformoekonomie.html> (accessed 7 May 2021).
- ¹⁸ <https://ec.europa.eu/social/main.jsp?langId=en%26catId=1313> (accessed 14 June 2019).

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