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## **What will be the possible impact of sharing platforms on the labour market?<sup>2</sup>**

### INTRODUCTION

As of 2016, there were over 170 platform companies valued at US\$1 billion or more. The creation and usage of digital platforms is increasing not only in the private sector, but also in the public sector. In the year 2000 there were only a handful of large firms that could be described as platform companies. The platform economy is economic and social activity facilitated by platforms. Such platforms are typically online matchmakers or technology frameworks. By far the most common type are “transaction platforms”, also known as “digital match-makers”. From the technical perspective there are numerous variations of platform types utilising divergent technology, however, this aspect remains beyond the scope of the present paper. In this work, the author concentrates on the revolutionary impact of sharing platforms on society, labour market and its structure, as well as emphasis is placed on legal norms that call for comprehensive revision in order to maintain welfare in the changing environment. As this paper remains fairly conceptual, the author attempts to indicate major trends which are likely to emerge in society, and contests the idea of unharnessed development of sharing platforms, based on systematic review of literature supplemented with deductive and abductive reasoning.

“Platform economy” is one of a number of terms aiming to capture subsets of the overall economy which are now mediated by digital technology. Some commentators use various terms to delineate different parts of the wider digital economy. From that perspective, the term “platform economy” can be viewed as narrower in scope than “digital economy”, but wider in scope than terms like “on demand economy”, “sharing

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economy” or “gig economy”. Also, some scholars have argued that the platform economy is the preferable term for discussing several aspects of emergent digital phenomena in the early 21st century. Other commentators use the terms “platform economy”, “sharing economy”, or even “access economy” in such a broad sense that they effectively mean the same thing. As previously indicated, the aim of this paper is rather conceptual than definitional as the author adopts the overlapping understanding of the terms.

### THE GROWTH AND CRITIQUE OF SHARING PLATFORMS

Forerunners of contemporary digital economic platforms can be found throughout history, especially in the second half of the 20th century. Yet it was only in the year 2000 that the “platform” metaphor started to be widely used to describe digital matchmakers and innovation platforms. Especially after the financial crises of 2008, companies operating with the new “platform business model” swiftly came to control an increasing share of the world’s overall economic activity, sometimes by disrupting traditional business (*Platform economy*, 2019). The sharing economy has generated controversy for its effects on distribution of income and wealth, organisation of society and business, as well as its integrity. To some extent this is because many of the platforms were launched with a rhetoric of *common-good* claims. As companies grew, observers assessed these claims and found that many of the platforms were coming up short (Schor, 2014). It has even been argued that platform-based exchanges crowd out genuine sharing and that for-profit companies are “sharewashing”, i.e., using the positive associations of sharing to hide their self-interested activities (Kalamar, 2013). To some, the sharing economy is even seen as an ultra-free market which is resulting in a race to the bottom – what Robert Reich termed a “*share the scraps*” economy (Reich, 2015). Also, the contestation of the actual sharing practices appears in literature with regard to access-based, collaborative and sharing economy phenomena, as many scholars consider them to be pseudo sharing practices (Belk, 2014, p. 7). Belk asserts that the presence of profit motives, the absence of feelings of community, and expectations of reciprocity make such practices pseudo sharing. In his opinion, true sharing is about voluntary lending, pooling and allocation of resources, and authorised use of public property, but not contractual renting, leasing, or unauthorised use of property by theft or trespass (Belk, 2007, p. 127). Moreover, sharing is not market-mediated and non-compensated, and it does not involve transfer of ownership (Belk, 2010, pp. 715–734). The pure prototype of sharing practices is mothering and the pooling and allocation of resources within a family. This is in line with anthropological literature, where sharing practices are associated with generalized reciprocity and are defined as an economic behaviour with a heavily weighted social dimension (Price, 1975, pp. 3–27).

While some question whether productivity and growth will be accelerated and others contest the pure nature of sharing offered by means of platforms, a more profound question may be posed, namely whether economic and social life will be transformed and whether the outcome will lead to a very different distribution of wealth and power in global society (Kenny, Zysman, 2015, pp. 1–23). Following Kenny's and Zysman's work, one may pose a question about the impact of sharing platforms on employment, entrepreneurship, income, and inequality.

#### THE CONSEQUENCES OF PLATFORM ECONOMY TO CONSUMPTION, WORK, ENTREPRENEURSHIP, INCOME, AND DISTRIBUTION OF WEALTH

The sharing phenomenon based on internet platforms reveals diverse practices departing from commonly understood consumption (Guyader, 2018, pp. 692–714). One can trace a rise of anti-consumption practices such as food-sharing and swapping, driven by ideals of reciprocity (e.g. Albinsson, Perera, 2012, pp. 303–315; Gollnhofer et al., 2016, pp. 226–245). Also, the paradigm shift from ownership to access-based consumption is observed as service firms offer the temporary use of commercial goods to customers mostly driven by utilitarianism and self-interest (Hazée et al., 2017, pp. 441–456). Moreover, collaborative consumption is virtually always facilitated by internet platforms that enable a peer-to-peer exchange of under-utilized goods with no employees involved. Apparently, we are amid the reorganization of our economy in which platform owners are seemingly developing power that may be even more formidable than that of the factory owners in the early industrial revolution was. The proliferation of platform economy labels is a reflection of the fact that platforms are already having powerful consequences for society, markets, and firms, and that we are unclear about their dynamics and directions. Large American firms that developed the Cloud paradigms and then cloud systems for their own internal use remain the major providers of cloud services. The consequence is a radical reduction in the cost of computing resources. Users can rent resources in units rather than having to own or build out entire computing systems. Computing systems and the applications are available as an operating expense rather than a capital expense (Kenny, Zysman, 2015, pp. 1–23). In this new era, firms such as Amazon, Ebay, Google, Facebook and Uber, create online structures that enable users to connect and exchange services or goods for a variable or fixed price on the basis of rating systems. They open up new ways of integrating the so-called outsiders into the labour market, and greatly challenge the idea of how value and work is created. The increasing digitalisation of the labour market through platforms is expected to boost global GDP by \$ 2.7 tn by 2025, according to the McKinsey Global Institute. Also, a recent study by the University of Hertfordshire shows that nearly 5 million clickworkers in the UK have found employment via such platforms. Almost a quarter of them claim that

they receive more than half of their income from work on platforms, with 81 per cent of these being the breadwinners in their households. On the other hand, there are sceptical accounts that do not directly support the notion of a rapidly growing share of platform workers but do recognise shifts in patterns of self-employed work. These changes are not likely to result in “workerless” society, but rather we risk a society within which the preponderance of work and value creation is more dispersed than ever before, even as a platform owners centralise the transactions and capture value from activities on their platforms. Importantly, we can only speculate on the balance and character of firms and jobs destroyed, created, and transformed and on the character of work and organizations generated (Kenny, Zysman, 2015, pp. 1–23). There are now millions of digital platform workers that live all over the world, doing work that is outsourced via platforms or apps in the gig economy. Lacking the ability to collectively bargain, platform workers have little ability to negotiate wages and working conditions with their employers who are often on the other side of the world. No wonder then that the rise of sharing platforms has been met by a mixed response from some scholars, entrepreneurs and politicians, to name some of the critics.

On the other hand, many have been enthusiastic, arguing that platforms can improve productivity, reduce costs, reduce inefficiencies in the existing markets, help create entirely new markets, provide flexibility and accessibility for workers, and be especially helpful for less developed countries. Arguments against platforms include opinions that they may worsen technological unemployment, that they contribute to the replacement of traditional jobs with precarious forms of employment that have much less labour protection, that they can worsen declining tax revenues, and that excessive use of platforms can be psychologically damaging and corrosive to communities. Since the early 2010s, the platform economy has been the subject of many reviews by academic groups and NGOs, by national governments and by trans-national organisations like the EU. Incipient reviews were generally against the imposition of heavy regulation on the platform economy.

The optimistic version of the emerging techno-economic system suggests that society can be reconstituted with producers becoming proto-entrepreneurs able to work on flexible schedules and benefit from these platforms, which certainly will be the case for many. The utopians argue that platforms, such as the car-sharing services Uber and Lyft, can unlock the commercial value in underused personal assets; other platforms, such as Airbnb, promote the notion that vacant rooms in one’s house or apartment can become sources of income whether technically hotel rooms or not. Advocates believe that all of this can occur for the greater social good without negative consequences. But can we really foresee all the repercussions of these new economic arrangements? For example, platform businesses matching workers and tasks may make labour markets more efficient, but if they become pervasive and organize a significant portion of the work, they are at the same time likely to generate fragmented work

schedules and increasing levels of part-time work without the employment-related benefits that previously were linked with much of the employer-based full-time work (*The Rise of the Platform Economy...*, 2019). For now, it is not perfectly clear whether these digital platforms are simply introducing digital intermediaries or actually increasing the extent of gig or contract work. However, the author leans to the latter suggestion of growing precariat. Airbnb and Uber were founded in 2008 and 2009, respectively, and it is widely believed that their success is due in part to the high unemployment, indebtedness and difficult economic situation that young people found themselves in at that time (Schor, 2017, p. 269). A 2016 study of the rise of alternative work arrangements (Katz, Krueger, 2016) found that between 2005 and 2015 the fraction of the labour force in non-standard work rose from 10.1% to 15.8%, and that non-standard work accounted for the entire net gain in employment over this period. Online intermediaries such as Uber and TaskRabbit accounted for 0.5% of employment in 2015. In his study of platform workers in New York City, A. Ravanelle (2017, pp. 279–293) supports the idea that they work under precarious conditions.

#### THE SURGE OF INTERVENTIONISM IN A SHARING PLATFORM ECONOMY

Although the early reviews opposed the imposition of heavy regulation on the platform economy, some jurisdictions have been taking a more interventionist approach since 2016 (*Platform economy*, 2019). Some thought-leading organisations have produced a series of reports that centre on platform workers. These reports do not see the end of salaried work but stick to the view that an increasing number of people will work as independent or platform workers, at least during part of their careers. These new working configurations make it necessary to assert authority over the legal grey zone in which platforms currently operate. At the moment digital business models may benefit from unlawful competition in labour where they can set lower prices than those of their competitors', often at the expense of workers' rights or of society as a whole if social security insurances are in place.

Within the sharing sector, there has been an attention to the large fortunes being made by founders and venture capitalists (Schneider, 2014), which raises the question of whether the sharing economy is contributing to the increase in the conditions of extreme inequality. Many platforms by their very nature prove to be winner-take-all models, in which only one or two platforms survive and the platform owner is able to appropriate a portion of the entire value created by all the users on the platform. The power is centralised in the hands of the platform owner who after winning the initial competition becomes a monopolist that can make decisions to maximize their own welfare. At the same time, the monopolist platform owner reduces the platform community – the drivers on Uber, the content providers, the consigners – who are instrumental in producing the value in the first

place (Kenny, Zysman, 2015, pp. 1–23). So, at the end of the day one should pose a question whether we are creating a new source of productivity or a new form of putting people out of work, and whether we are creating a stable employment or vulnerable gig workers? As a consequence of the above, in Scandinavia the innovative and disruptive nature of the ride-hailing company Uber has brought about debate on work in the platform economy to the forefront of politics. In contrast to the US and the UK, the ride-hailing company Uber had a bumpy start in Scandinavia. In Sweden and Finland, Uber drivers have been sentenced for violating the existing taxi regulations, having been ordered to pay fines of up to 12,000 euros. As a result, the company suspended the operations of its famous UberPop platform in Sweden and Finland and is awaiting further developments (*Work and the “platform economy”...*, 2019).

Similarly, central to the French Strategic report is the quest to solve the regulatory challenge of platforms acting as labour market intermediaries. It highlights three options. The first option is an *ad hoc* adaptation of the existing statuses whereby platform workers would move up towards an employee status. This option would reinforce platform worker social protections, but it might also threaten the platform business model by increasing its social responsibility. A second option would be to create a new, hybrid status half way between the employee and the independent worker; and finally, the creation of the single worker status for all. The latter, by far the most radical option, would mean that all workers have access to the same rights and training opportunities regardless of their status. Centre-left politicians and reformist trade unions have expressed sympathy for the idea of simpler and universal rights, which have the potential of smoothing individual’s careers in an ever-increasing flexible work environment. However, it is too early to predict whether this vision will play a major role in the national policy to come.

The debate on platform workers in France might provide other progressive parties across Europe with a solid starting point. As people feel increasingly insecure about their future at work, there is a great need for democratic discourse and control related to sociotechnical changes. While conservatives and right-wing populists offer easy solutions to complex scenarios, either protecting vested interests or deregulating industries, the centre left must claim thought leadership on providing individuals with strong safety nets and empowering tools in a new work environment.

## CONCLUDING REMARKS

Apart from France and Scandinavia, policies and laws for the platform economy are already being written, not through deliberate social choices, but by the big players of the digital economy. This facet of global society in current

times is evocative of the place that platforms occupy in informational capitalism, which makes them sites of extraordinary manipulability, creating new risks to the human project of democratic, inclusive, sustainable coexistence (Cohen, 2017). The impact on employment and the character of work is certainly one element in assessing whether we are facing a utopia or dystopia. As a society, we will have to make further choices about how to deploy new technologies, choices that will be critical in shaping the ultimate impact. The questions are in fact: What balance will there be among jobs created as the digital wave flows through our economy and society, and which workers will be displaced?

These days it appears feasible to catalogue the existing work, particularly work that is routine, as likely to be replaced or reconfigured by digital tools, and perhaps, as some have tried, to estimate the number of such existing jobs that will be digitized away. By contrast, the new kinds of work that are now being created and the existing jobs that will be redefined and reorganized in the future are more difficult to forecast, so we can only speculate. Algorithms and databases are automating some kinds of work, but even as this occurs, other value-creating opportunities are appearing. There will be new products and services as well as new production and service processes, which are likely to be design and creativity intensive, as well as algorithm-enabled. Some of the early indicators of the new or transformed work can be enumerated, but certainly not exhaustively counted. The debate over jobs created or destroyed is useful and worth continuing, but it should be clear that it has no end, and there will be no definitive answer. For now, there are only indicators and traces to suggest an outcome. And that outcome will be shaped by choices about technology deployment that turn on entrepreneurial initiative, corporate strategies, and public policies. The exact nature of that change will be determined by the social, political, and business choices we make.

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### Summary

The creation and usage of digital platforms is not only increasing in the private sector but also in the public one. There is much contention about the impact of digitalization on employment, social structures, public policies, as well as on entrepreneurial initiative and business. Although some early reviews opposed the imposition of heavy regulation on the platform economy, these days some jurisdictions take a more interventionist approach to stem the tide of digitalization which appears to



thrive in legal vacuum giving rise to unequal competition. The findings suggest that platforms exert much influence on the employment structures, giving rise to cohorts of precariat and gig workers, resulting in unequal distribution of wealth. In this work the author concentrates on the revolutionary impact of sharing platforms on society, labour market and its structure, as well as legal norms that call for comprehensive revision in order to maintain welfare in the changing environment. As this paper remains fairly conceptual, the author attempts at an indication of major trends which are likely to emerge in society, and a contest of the idea of unharnessed development of sharing platforms.

*Keywords:* industry 4.0, platform economy, sharing platforms, gig workers.

## **Prawdopodobny wpływ platformizacji gospodarki na rynek pracy**

### *Streszczenie*

Tworzenie i wykorzystanie platform cyfrowych wykazuje tendencję wzrostową nie tylko w sektorze prywatnym, ale także publicznym. W literaturze przedmiotu można napotkać ożywioną dyskusję dotyczącą wpływu cyfryzacji na zatrudnienie, struktury społeczne, zarządzanie sektorem publicznym, a także na inicjatywy przedsiębiorcze i biznes. Chociaż niektóre wczesne przeglądy sprzeciwiły się narzuceniu surowych regulacji dla gospodarki platformowej, obecnie niektóre jurysdykcje przyjmują bardziej interwencjonistyczne podejście, chcąc powstrzymać falę cyfryzacji, która wydaje się kwitnąć w próżni prawnej, wywołując nieuczciwą konkurencję. Dotychczasowe badania sugerują, że platformy wywierają duży wpływ na strukturę zatrudnienia, co powoduje powstawanie rzesz pracowników tymczasowych tworzących prekariat, czego konsekwencją jest nierówny podział bogactwa w społeczeństwie. W niniejszym opracowaniu autor koncentruje się na rewolucyjnym wpływie cyfrowych platform na społeczeństwo, rynek pracy i jego strukturę, a także porusza tematykę unormowań prawnych, które wymagają kompleksowej rewizji w celu utrzymania dobrobytu w zmieniającym się otoczeniu. Niniejszy artykuł ma charakter koncepcyjny – autor próbuje wskazać główne trendy, które prawdopodobnie pojawią się w społeczeństwie jako efekt rewolucji informacyjnej i towarzyszącemu jej rozwojowi przemysłu 4.0 oraz kwestionuje ideę nieograniczonego rozwoju ekonomii współdzielenia opartej o platformy cyfrowe.

*Słowa kluczowe:* przemysł 4.0, gospodarka platformowa, gospodarka współdzielenia, praca czasowa, prekariat.

JEL: M20, L98, L88, O10, O17, O18.