



DON'T GIG UP



Platforms and unions in Sweden

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INTRODUCTION

This memorandum is meant to enrich case study analysis conducted throughout the Don't GIG up! project by describing collective bargaining and the platform economy in Sweden from a private sector white-collar perspective¹. It argues that the platform economy fits within the Swedish (in some cases classified as 'Nordic') Partner approach, and discusses why this approach is an advisable response to the challenges of the platform economy.

First, a few words on 'platform economy'. For the purpose of this paper, the platform economy refers to firms using digital platforms for *intermediation of temporary work*. This is often described as 'gigs', hence the commonly used concept 'the gig economy'.

The use of the term 'platform' highlights the role of the digital platforms and the firms providing these platforms. The reasoning behind being that the platform firms engage in genuine innovation, whereas 'gigs' per se are not an innovation. On the contrary, temporary employment (occasionally for very short terms) has been a component of the labour market for centuries.

What then, is new? Innovation in the platform economy is not related to new work tasks or new types of jobs. Indeed, the work intermediated by platform firms have in some cases challenged, disrupted or altered certain business models, but the goods/services produced are the same as in 'traditional' employment. However, the method for *organising* work is new.

Platform firms aim to cut transactions costs and friction, through automation (or semi-automation) of the intermediation of temporary work. In short, digital technology enables intermediation of work with minimal human activity. The platform economy can in this regard be described as a harbinger of so-called algorithmic management, as described by Lee et. al. (2015)².

Hence, the platform economy should not be viewed as a sector of the labour market in itself. Further, it might be strategically counter-productive to describe a worker to be 'part of the platform/gig economy', when they might indeed be working in the transport industry or the IT sector.

¹ For a more thorough reading regarding platform firms with collective bargaining agreements in Sweden, see Söderqvist, F. and Bernhardt, V. (2019), 'Labor Platforms with Unions. Discussing the Law and Economics of a Swedish collective bargaining framework used to regulate gig work', Working paper 2019:57, Swedish Entrepreneurship Forum.

² Lee, M. K., Kusbit, D., Metsky, E. and Dabbish, L. (2015), 'Working with Machines: The Impact of Algorithmic and Data-Driven Management on Human Workers', Proceedings of the 33rd Annual ACM Conference on Human Factors in Computing Systems, pp. 1603-1612.

THE BENEFITS AND RISKS OF THE PLATFORM ECONOMY

The platform economy is often described in superlative terms. It is either a phenomenon that will powerfully transform labour for the benefit of all, or a dark 21st century version of work, returning us to 19th century work standards and ethics. From a union perspective, a nuanced view of and approach to the platform economy is useful, as it makes dialogue and cooperation with platform workers as well as platform firms possible.

In a positive scenario, platforms function as an inventive method for organising, evaluating and improving work, as well as creating more efficient job markets. At the same time, there is a risk that crucial issues such as working conditions and work ethics are overlooked. Indeed, some platform firms do not consider their platform as being an intermediary of work, in effect making the platform something other than an employer. For platform workers this has created problems related to pay, work safety and organising, among other issues.

COLLECTIVE BARGAINING AND THE PLATFORM ECONOMY IN SWEDEN

The Swedish Partner Approach

In the so-called Swedish Partner Approach, employers' organizations and trade unions regulate the labour market – wages, work conditions, et cetera – through collective bargaining. The role of the state is to implement labour market policy, but labour market policy has a comparatively limited scope. On central issues, legislation is often (semi-)dispositive. Labour market regulation is generally stipulated in collective bargaining agreements. Hence, the social partners play an important role in upholding how Swedish society functions.

A key characteristic of the Swedish labour market is the strong interdependence between employers' organisations and unions. Because of that interdependence, both parties share an interest in finding responses to labour market challenges and emerging issues. Such interdependence provides fertile ground for discussions and solutions. When negotiations in the end produce a way forward, it is anchored in both employers and unions. Further, the shared power and responsibilities strengthens the will to uphold agreements.

The Swedish Partner Approach is an organization model of the labour market that is in a strong position to incorporate the platform economy. It is (at least in the Swedish context) arguably superior to legislation as solution. This as collective bargaining agreements can be tailored to the specifics within labour market sectors, whereas legislation applies in the same way to the entire labour market. Further, collective bargaining agreements can be renegotiated with high flexibility, in contrast to legislation, which by design is rigid.

As discussed above, the platform economy is a phenomenon in several labour market sectors. Hence, regulation of the platform economy might need different machinations, depending on sectoral context – just as traditional employment is better regulated differently, depending on sectoral context.

In Sweden, a handful of platform firms have signed collective bargaining agreements. The rationale for Swedish platform firms to sign collective bargaining agreements, that Unionen has identified, are threefold:

(1) Platform firms signing collective bargaining agreements express a genuine ambition of being a good employer, a factor often overlooked in negative reporting on platform firms. They see this as a method of distance themselves from platforms that are perceived as offering precarious working conditions.

(2) Traditional Swedish firms often have policies stipulating that a signed collective bargaining agreement is a prerequisite for collaboration with other firms. Further, unions act as a watchdog, demanding sub-contractors have signed a collective bargaining agreement. Signing a collective bargaining agreement then becomes a comparative advantage for business-to-business oriented platform firms.

(3) Platform white-collar workers in the private sector (often workers with spe-

cific skills or students looking for an extra income) know their worth, meaning they demand of platforms to be transparent and accessible and to ensure decent pay. I.e., collective bargaining can be identified as a key component in employer branding.

It should be stressed that the above analysis is based on a small sample of firms, which is due to the fact that the number of platform firms operating in Sweden is still fairly low.

SWEDISH PLATFORM FIRM CASE STUDY

Temporary agency work in Sweden

The norm for employed workers at a temp agency in Sweden is open-ended contracts with a guaranteed pay, regardless if the worker is carrying out work on behalf of the agency at a client or not. The guaranteed pay is a crucial component in the union approach to temp agencies. However, in the collective bargaining agreement for the white-collar temp agency sector, there are certain deviations from the open-ended contract norm and pay guarantee.

These deviations, introduced before the platform economy became a hot topic in labour regulation, were initially put in place to enable students carrying out work for temp agencies during holidays. Students would typically not be interested in an open-ended contract outside these holidays, as they are full time students. Incidentally, being engaged full time in education makes students impossible to hire on open-ended contracts. Over time, this has been extended to apply throughout the academic year, as full time students will find themselves with little or no academic tasks from time to time.

Some platform firms have signed the temporary work agreement. One of these platform firms primarily engage students and workers. The firm operates in four cities with a high presence of institutions of higher learning, offering students platform work with weekly paydays (salary is paid out every Friday). Workers sign up to the platform through a smartphone application, list when they are available and are then free to browse available gigs published in the app by clients of the platform firm.

The client firms offer their gigs to the workers active in the platform that the firm identifies as a good match for their needs. This means that the gigs a worker see when browsing have already been tailored for them. The first worker to accept the gig offer gets the gig. Accepting a gig is followed by a signing of a contract for that specific gig. The platform firm provides insurance, occupational pension and other benefits stipulated in the temporary work agency collective bargaining agreement. The worker carries out work at the client firm, in the same manner as any traditional temp agency work. The client firm does a time report, client firm and worker rate each other in the app, the worker has the pay added to the weekly payout and the client firm is sent an invoice by the platform firm.

PLATFORM WORK, JOB SECURITY AND SOCIAL SECURITY IN SWEDEN

In the ideal situation, platform work offers a mutual flexibility between platform and worker. In reality, a number of factors need to align for such mutual flexibility to manifest. Further, several criteria for decent work must be upheld. A non-exhaustive list includes the following: Platform firms must provide decent pay, irrespective of business model. Workers must have the right to choose how little or much they work through the platform. The computer systems and ratings implemented to facilitate algorithmic management must be transparent. Workers must be able to report negative subjective ratings, unrelated to the quality of their work. Platform firms must ensure work safety and provide benefits on par with national and sectoral standards. In most labour markets contexts, platform firms must recognise and embrace their status as employer.

In the Swedish context, signing a collective bargaining agreement solves the vast majority of issues related to ensuring mutual flexibility and decent working conditions. It also fosters cooperation between platform firms and unions in order to address specific concerns relating to a specific platform firm. Hence, union strategies for ensuring security and safety for platform workers in Sweden will primarily center on signing of collective bargaining agreements with platform firms. As with any counterpart on the labour market, each specific firm will present a unique set of opportunities and challenges in order to reach that goal.

However, a few issues will not be addressed through a collective bargaining agreement. They primarily concern the individual worker's relationship with the welfare system. In Sweden, your main source of income plays an important role in deciding the size of unemployment benefits. Any state-controlled benefits kicking in when a person is ill, is on parental leave or stays home to care for an ill child, are dependent on your income. Gig workers are likely have many employers and a string of short-term contracts, making it challenging to determine a correct level of income, in the eyes of the welfare system.

There are several risks for anyone in non-standard employment, as the Swedish welfare system has been designed for people employed full-time on open-ended contracts. While improvements have been made, there are still many challenges remaining. The role of the union is to advocate on behalf of people in non-standard employment, for social security accessible to everyone, regardless of the organisation of their work.



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