



# THE CHANGING WORLD OF WORK IN DIGITAL AGE — NEW FORMS OF WORK AND THE ROLE OF LABOR POLICY

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# The rise of the platform economy: Old problem in a new guise?





# A reminder: Most self-employed do not have access to the same rights and protections as employees



- Labour market regulation
  - Employment protection
  - Minimum wage legislation
  - Working time
  - Anti-discrimination



- Social protection
  - Pensions
  - Unemployment insurance
  - Accidents, sickness, invalidity
  - Parental benefits



- Unionisation and collective bargaining



- Skills



# Governments should fight false self-employment

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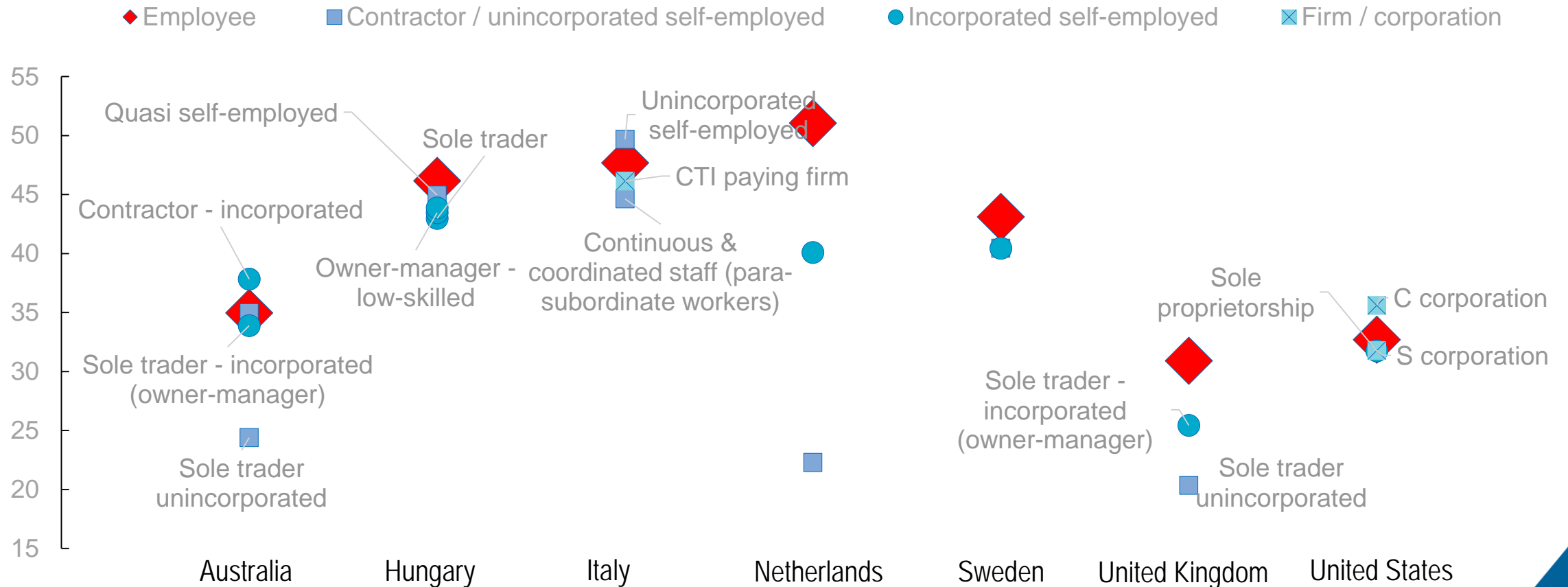
- Clarity for workers and employers
- Make it easier/less costly for workers to challenge their employment status
  - Reversing burden of proof
  - Reduce court fees
  - Simplify procedures
  - Reduce risk to workers
  - Protecting workers against potential retaliation
- Allow labour authorities/unions to take cases to court
- Strengthening penalties
- Strengthen labour inspectorates and better coordination with tax and social security authorities
- Reduce incentives for firms and workers for misclassification



# In some countries, there are strong fiscal incentives to choose for self-employment

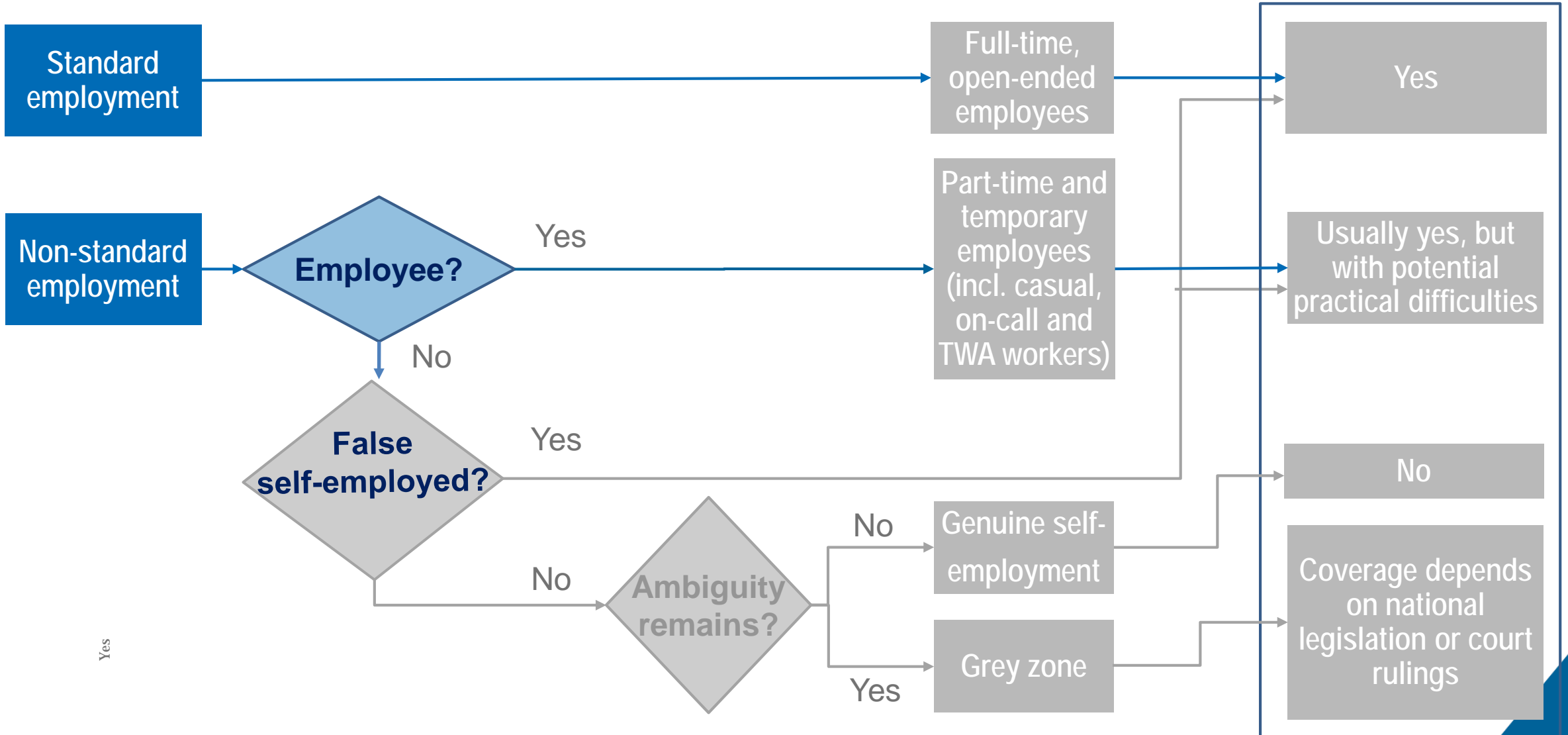
## Non-labour costs vary substantially across contractual arrangements

Payment wedge as % of average gross earnings





# Some workers are genuinely difficult to classify, and are vulnerable



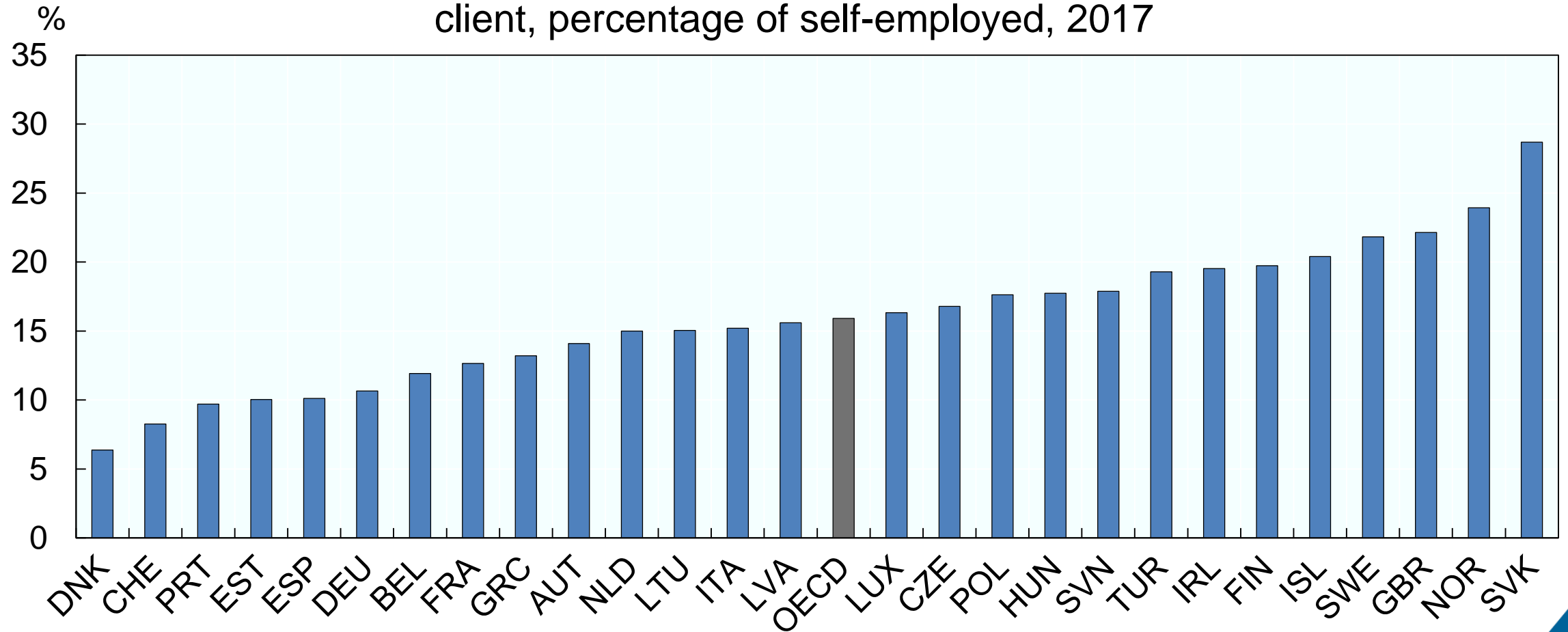
COVERED BY LABOUR REGULATIONS?

Yes



# Example of grey zone: dependent self-employed

Incidence of own-account workers who generally have one dominant client, percentage of self-employed, 2017





## Extending rights to the workers in the “grey zone”: A three-step plan

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1. *Identify groups* of vulnerable self-employed workers to whom certain labour rights and protection could be extended
2. *Decide which labour rights and protections* to (at least partially) extend, and whether and how they should be adapted
3. Where necessary, *clarify and/or assign employer duties* and responsibilities in the case of triangular employment relationships, which may require spreading such responsibilities across multiple legal entities





# Sources of unbalanced power relationships and vulnerabilities for self-employed workers

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1. Dependence & subordination (inherent to employment relationship)
2. Few/no outside options – degree of labour market monopsony
3. Inability (or insufficient ability) to organise collectively

These sources imply a vulnerable position for workers, which calls for an extension of rights and protections



# Tackling labour market monopsony

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Evidence that monopsony is important in many labour markets (including for independent contractors), with negative effects on pay and labour demand

Labour market monopsony can be tackled by:

1. *Enhancing collective bargaining*
2. *Counteracting its ill effects* through labour market regulation
3. *Intervening on sources and abuses* of monopsony power:
  - Fight labour market collusion
  - Limit the use of non-compete clauses
  - Reduce informational asymmetries
  - Develop a comprehensive strategy to foster job mobility



## Summary

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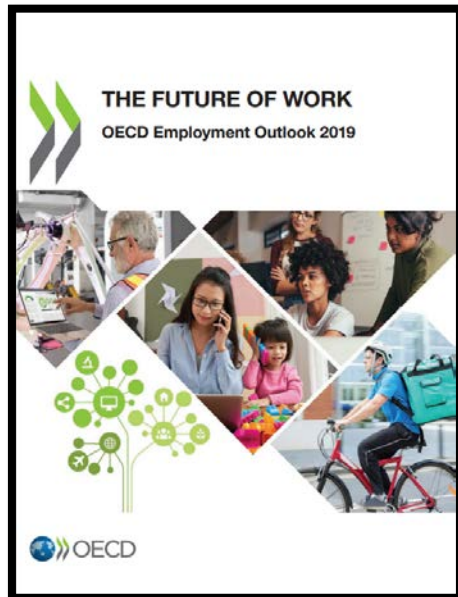
- Ensure that vulnerable workers in the labour market have access to an adequate set of protections, regardless of their status
- This implies:
  - Correctly classifying workers, enforcing regulations and reducing ambiguities and loopholes
  - Extending certain protections beyond dependent employment
  - Counteracting the effects of unbalanced power relationship through regulation (or better access to collective bargaining)
  - Effectively tackling the abuse of monopsony power and its sources



# Thank you

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