

NORDIC DISRUPTION

ANALYSING AND
QUANTIFYING THE
PLATFORM ECONOMY IN
SWEDEN



Free Trade Europa

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Introduction from the author



The platform economy has been billed as bringing much-needed disruption to the labour market, as well as giving more choice and control to individuals. Furthermore, the platform economy should facilitate the buying, selling and sharing of goods and services while combating vested interests and increasing efficiencies.

Despite discussions on the sharing economy and the platform economy increasing, there is no established definition of what this refers to. Furthermore, there are very few facts and figures available which quantify this phenomenon. Most research tends to be qualitative rather than quantitative. In addition, we seldom hear from the people involved in the platform economy and why they are there. As a follow up to this study we will show real people and reveal personal stories beyond dry statistics.

Beyond this, our aim is to start a dialogue on shaping, developing and regulating the platform economy. We want to bring together companies, public authorities, trade unions and politicians. This project is therefore a first on several levels.

A handwritten signature in black ink, appearing to read 'Glen Hodgson'.

Glen Hodgson
CEO, Free Trade Europa

Summer 2020.

Summary of the project

This analytical and personal study is divided into 10 parts:

- 1) Background to the Platform Economy;
- 2) Definition of the platform economy;
- 3) European and Swedish context to the platform economy;
- 4) Facts and figures to quantify the platform economy;
- 5) Impact of the COVID-19 crisis on the platform economy;
- 6) Barriers to the platform economy;
- 7) Benefits of the platform economy;
- 8) Personal stories from the platform economy;
- 9) Recommendations for action;
- 10) Future trends.

It should be underlined that it is not within the scope of this study to look at company business models. We focus instead on quantifying the platform economy in Sweden, the barriers and the benefits, as well as future trends and personal stories. The long term viability of certain actors in the platform economy is a topic for other studies to analyse.

Executive summary

Increased digitalisation has led to the development and expansion of the platform economy in Sweden. This is changing the way we work, as well as how we buy, sell and share goods and services. This disruption and growth has attracted the attention of decision-makers and legislators at the Swedish and European levels. Platform economy companies will need to collaborate with politicians, authorities and other stakeholders in order to address issues in a way that is proportionate, workable and fair for all. Ensuring that the platform economy is not strangled before it has an opportunity to grow and benefit citizens and businesses in Sweden is crucial.

While the platform economy is still relatively small it is popular with young people, in particular, and as a source of extra income for many Swedes. Moreover, the growth rates are impressive and likely to increase exponentially as workers and employers demand more flexibility. Familiarisation with technology, which has improved during the COVID-19 crisis, means that people of all ages, backgrounds and education can turn to it for more sophisticated and varied services.

Barriers to the platform economy are linked to trust, negativity associated with the platform economy 1.0, and the reputation of the sector, as well as a lack of understanding about the platform economy and how it works. This aside, the platform economy is complementary to the traditional economy, provides Swedes with new services and helps to legalise many shadow economy activities.

We therefore recommend that the sector creates a trade association in Sweden, develops a Code of Conduct, creates access to financial services for gig workers, addresses the rights of platform economy workers and looks at public private partnerships to bring immigrants into the Swedish workforce.

Preface: Background to the platform economy

New information and communications technologies, such as smartphones and tablet computers, combined with ubiquitous high-speed broadband networks have revolutionized everyday work and life in the 21st century.

Technology developments enable constant connection with friends and family, as well as potential employers, work colleagues and managers. In parallel, the digitalisation of society has also led to the blurring of the traditional work-life split.

For some it means paid work intruding into the time periods and physical spaces normally reserved for personal life, while for an increasing number of the population it is normal and accepted. This reality is a recognised quid pro quo for people who value flexibility and shun a nine to five structure which they see as outdated and limiting. This is second nature for younger people who are digital natives: they accept that flexibility means an always-on culture.

Linked to this development is the detachment of work from traditional office spaces. An increasing amount of business - as well as the buying, selling and sharing of things - is supported by internet connections, and thus can be done from basically anywhere at any time.

This environment has led to the rise of platform marketplaces which allow the effects of technology to reach more people, more quickly than ever before. Since individuals and firms need only a broadband connection to share/trade goods and services on online platforms, scale without size is possible and more economic opportunity is created.

At the same time, questions are raised about the changing demand for skills, increased automation and the nature of society.

From an employment perspective, digital labour platforms are a new form of coordinating the provision of labour services through technology. Authors and commentators who claim that digital labour platforms have the potential to disrupt the world of work are split into two camps. The first camp highlight the positive angle of boosting participation in the labour market through better matching procedures, while the second camp underline the negative angle by presuming that operators will circumvent regulation and lower the quality of employment.

Technology platforms: the path to a dream/nightmare future

To some, technology platforms represent the glorious, utopian future where goods and services can be efficiently shared, bought and sold. People and things can be matched for the good of everyone and society: platforms therefore represent freedom, choice and opportunity. Consumers, businesses and workers will all benefit from this new way of organising society. For others, platforms are the harbingers of a dystopian nightmare. These sceptics paint pictures of workers with less freedom, less options and less money: humans becoming slaves to algorithms and monopoly-seeking companies based in a far off country, paying no tax.

Both extreme views are quite commonly expressed in the media by thought-leaders, businessmen and politicians alike. Our aim in this study is to look at this new phenomenon rationally. We therefore begin with definitions of what the platform economy is.

Defining the Platform Economy

There is a great deal of confusion about what the Platform Economy is. The term was coined several years ago but is today used very loosely and can mean different things to different people. With this understood, it is important to provide a definition which will provide the framework for the rest of our study. By defining the platform economy, we also need to look at the subsets of this: namely the sharing economy and the Gig economy.

Platform Economy

In its broadest sense, the platform economy can be defined as economic activity facilitated by technology¹. This term therefore covers the increasing number of platforms which bring people together to provide services as well as sell and share goods.

Such platforms are typically online matchmakers or technology frameworks which link supply and demand. These platforms do not own the means of production, but they create the means of connection.

In turn, this eco-system can be divided into three specific sub-sectors.



- **Services** - Platforms connecting individuals/self-employed people with each other to carry out services.
- **Things** - Platforms connecting individuals/self-employed people with each other to rent, borrow or sell things to each other.

¹ While Platforms allow for social and economic activity, and are therefore broader than being facilitators of pure commercial transactions, the term “Platform Economy” is centred around this moneymaking element. The exchange of information is facilitated by platforms too, yet these platforms do not feature in the “Platform Economy” definition as featured here.

- **Self-employment/Finance** - Platforms enabling individuals to become self-employed or connect with each other for financial services (including peer-to-peer loans and crowdfunding).

The third category is particularly important in the Swedish setting since the status of being “self-employed” does not exist. Companies which facilitate individuals to carry out work and invoice it, without having their own company, are playing an increasingly important role in the economy.

Sharing Economy

The sharing economy can be characterised as only relating to the activity that involves peer to peer transactions. This can therefore be defined as an economic system where assets or services are shared between private individuals, for compensation, facilitated by use of the internet.

In Sweden, the Sharing Economy is defined as a "collective name for activities aimed at reduced resource consumption through more efficient capacity utilization such as sharing access to goods and services ”². The idea of efficiency and employing underused resources is intrinsic to the idea of the sharing economy.

Gig Economy³

The term “gig work” has its origins in the US of the 1920s. This was originally used to refer to jazz club musicians who went from performance to performance and were paid accordingly. However, the term “Gig economy” became popular in the Great Depression⁴ as a way to describe workers juggling several part-time jobs or “gigs.” Nowadays the term refers increasingly to app-based jobs or where those needing workers find those needing work on digital job centres/platforms. The tasks involved are also time-limited, and one-offs, so the relationship is transactional.

The Gig economy therefore refers to various forms of temporary jobs whereby organisations and independent workers engage in short-term work arrangements in

² <http://spraktidningen.se/nyord2015>

³ It should be noted that the term “on-demand economy” can be used interchangeably with that of the Gig economy.

⁴ The Great Depression/Recession was a severe worldwide economic depression that took place mostly during the 1930s, beginning in the United States.

a free market system⁵. The definition covers freelancers, consultants, independent contractors and professionals, as well as temps (temporary contract workers). Some work through online platforms, while others connect with partners and contacts off-platform⁶.

As we define the Gig economy, an important sub-division is between local and remote Gig work. Local gigs require the worker to be present in person, while remote work, also known as the "human cloud", allows tasks to be done anywhere in the world.

Being such a broad category, the situation of Gig economy participants is particularly varied. Some workers treat their gigs as their main source of income, while others treat them as secondary. Some Gig workers are highly skilled and this mode of work is their choice, while some are unskilled and see no alternatives to Gig work.

What about the Digital Economy and Collaborative Economy?

The term Digital Economy generally refers to all economic activity relying on computers. As such it can be seen as having the widest scope; encompassing the platform economy, and also digital activities not mediated by actual platforms. For example, economic transactions completed solely by email, or between only two companies on a closed-off channel.

Similarly, the "collaborative economy" is also something different. This means that people are active co-creators of the goods or services⁷ rather than being divided into active sellers and passive consumers, who buy a standardized product.

⁵ Some literature refers to the gig economy as relating to the provision of low-value work. We disagree with this view and our study has found many examples of one-off, high value work being carried out by gig workers.

⁶ While we include it in our definition, it should be noted that the term Gig economy often refers solely to work mediated by online labour market platforms. As such, traditional offline temporary and contract work is excluded from this definition.

⁷ The development of public domain software and services is a perfect example of the result of the collaborative economy.

European and Swedish context to the Platform Economy

Digitalisation and globalisation have contributed to new ways of working and how the labour market is set up. Equally they have affected how we buy, sell and share goods. Where we once had to content ourselves with a classified advert in a newspaper or a card in the window of a corner shop, we can now reach a much larger audience through digital means for a fraction of the price. Both new and traditional service providers can use platforms to create fresh demand and reach new customers.

The platform economy is having an impact on society but legislation, rules and practices are struggling to keep up and can often create barriers and prevent the development of the sector. It is vital that the platform economy should not be a “parallel economy” or something shady: rules are needed to make sure that taxes are paid, consumer protection is upheld and employment conditions are fair.

European Union level

At the European level, the European Commission issued a Communication entitled “A European agenda for the collaborative economy” in 2016⁸. This describes the collaborative economy as we define the platform economy today: namely as a new way to offer and use products and services through online platforms. It also underlines that it covers many sectors and provides new opportunities for everybody. The collaborative economy is also recognised by the European Commission as being wider than a few well-known companies, and instead offering many creative and entrepreneurial people in Europe the opportunity to develop new business models. The European Commission expressed the opinion - as it continues to do today - that the collaborative economy should be encouraged and not destroyed. At the same time, the European institutions underline that the most important issues to focus on are market access requirements, consumer protection, liability, trust in new services, labour law and taxation questions.

⁸ <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-356-EN-F1-1.PDF>

The new EU industrial strategy, adopted in March 2020, underlines that young, tech-savvy SMEs are developing new forms of work for the digital age⁹. The European Commission highlights that this has already created new opportunities and start-ups should be supported to help build the platform economy. At the same time, the European Commission states that with new forms of work must come modern and improved forms of protection, including for those working via online platforms. With this in mind, the European Commission is planning to launch a new initiative on improving the working conditions for platform workers. In parallel with this, the European Commission has proposed a reform initiative for an EU minimum wage¹⁰. The aim is that by 2024 all workers in the EU should earn a fair and adequate wage, no matter where they live in the EU.

In sum, the European Commission is supportive of the platform economy and the associated benefits of digitalisation, increased efficiency and choice. At the same time, the European Commission is concerned by the situation of gig and platform economy workers. It wants to ensure that rights, conditions and social protection are adequate, and not being eroded as technology increases.

Swedish level

With the European context understood, it is crucial to look at the Swedish situation more closely.

A 2018 study highlights increased flexibility, individualisation and informalisation in working life and the Swedish economy as a whole¹¹. Flexibility is characterised by physical working environment flexibility, organisation of time and moving away from a nine to five model as well as development beyond a traditional employer-employee relationship in order to improve efficiency, productivity and competitiveness.

Individualisation means a larger focus on entrepreneurship and individuals taking more responsibility for their own futures, with a shift in focus from the collective to the individual.

⁹ Communication on an EU Industrial Strategy

https://ec.europa.eu/info/sites/info/files/communication-eu-industrial-strategy-march-2020_en.pdf

¹⁰ CONSULTATION DOCUMENT. "First phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages". European Commission, January 2020.

¹¹

https://www.av.se/globalassets/filer/publikationer/kunskapssammanstallningar/nya-satt-att-organisera-arbete-betydelsen-for-arbetsmiljo-och-halsa_2018_2.pdf

Informalisation meanwhile represents a blurring of the traditional work-life split and the importance of informal criteria and soft skills to succeed on the labour market and in an “always on” society.

The Swedish government also released a study in 2017¹² on the Sharing Economy. This showed that many users were happy with their experiences of the sharing economy (68%) but many stated that they would like to see an official labeling or certification scheme to know the quality of a site in advance.

Currently, the Swedish government - and the labour market ministry in particular - are showing the same concerns as the European Commission. Their feelings are that the conditions of gig workers need to be looked at, and what they earn is not possible to survive on. Regulation is therefore being considered. The employment minister, Eva Nordmark, is planning to bring industry, unions, the tax authority and other decision-makers and stakeholders together in order to establish a way forward. The minister wants to have clarity on whether the platform economy companies are employers or not. While she is in favour of new technology and new services, she is worried about companies “hiding behind an app”, not paying tax and handing out tiny salaries.

In the following three sections, we therefore look at quantifying the platform economy before moving on to look at the current barriers that it is facing in Sweden, as well as the benefits it brings. These sections will assess if the current context and feeling towards the platform economy is fair or whether it needs to be revised in light of the current realities.

¹² Delningsekonomi på användarnas villkor

https://www.riksdagen.se/sv/dokument-lagar/dokument/statens-offentliga-utredningar/delningsekonomi-pa-anvandarnas-villkor_H5B326

Quantifying the Platform Economy

With the background to the platform economy understood - as well as the European and Swedish context - this section will look at quantifying the platform economy in Sweden. There are already a number of studies that have been carried out in recent times, but most of them are qualitative rather than quantitative. Statistics on the size and make up of the platform economy are difficult to come by.

Many talk about a trillion-dollar industry with millions of participants globally¹³, but we miss facts and figures on the reality in Sweden. In this study we address this issue by pulling together the findings from existing research and supplementing this with our own research on platform data.

Sweden

To give a better picture of the situation in Sweden, we will look at technology usage and the utilisation of the platform economy, before moving on to look at work structures and new forms of income facilitated by digital means.

Swedes, technology and the platform economy

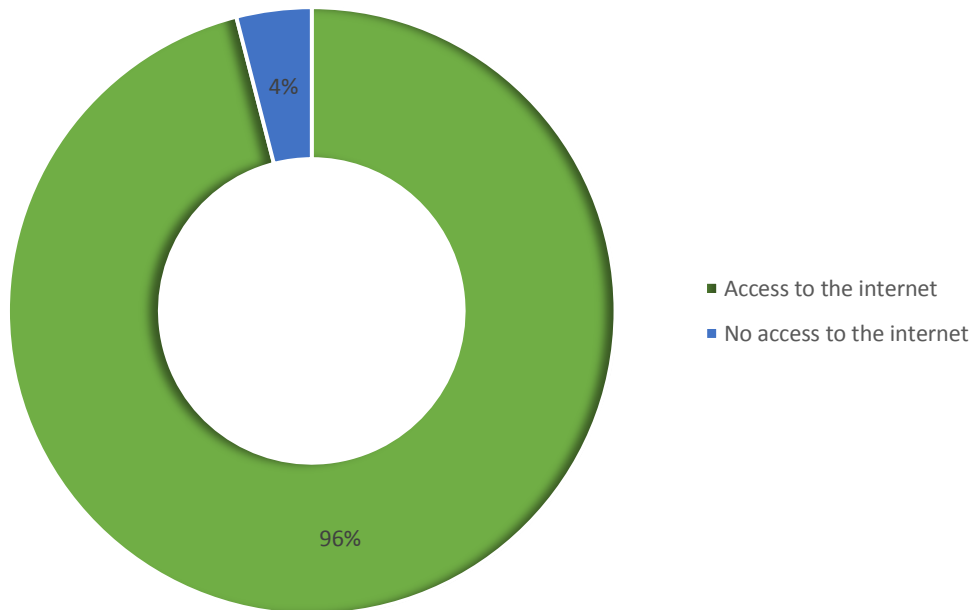
In theory, Sweden offers a perfect ecosystem for the platform economy to thrive: 95 percent of the population - 7.7 million people aged 16—85¹⁴ - have access to the internet. This is a figure backed up by Eurostat, who say that this was up to 96% in 2019¹⁵.

¹³ Forbes have stated that freelancers and gig workers will make of the largest share of the labour market by 2027 in Europe and the US.

¹⁴ SCB statistics 2019.

¹⁵ https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ci_in_h&lang=en

Percentage of Swedes who have access to the internet

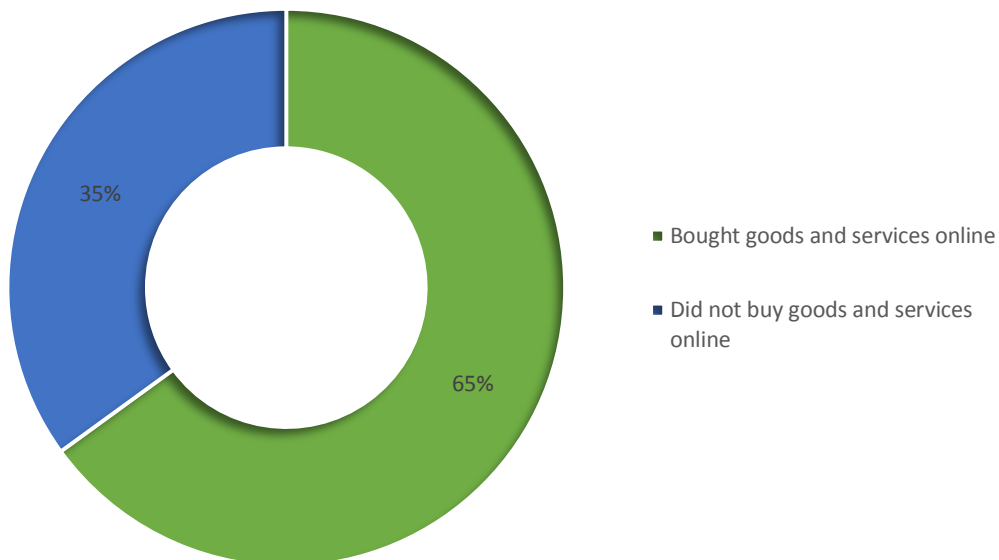


Source: SCB and Eurostat

Moreover, more people are using the internet more often. 84% of Swedes use the internet multiple times every day. This is a figure which has risen 3% since 2018. Furthermore, the most common channel for accessing the internet is by a mobile device (88% of people do so in Sweden). This figure has risen 7% in the last year.

In Q1 2019, 65% of the Swedish population bought goods and services over the internet.

Percentage of Swedes who bought goods and services over the internet



Source: SCB and Eurostat

Furthermore, Eurostat statistics show that Sweden is in the top 5 countries in the EU for digital skills. In addition, there is a very small difference between those living in cities, towns and rural areas when it comes to possessing digital skills (between 70% and 80% of 16 to 74 year olds)¹⁶.

All these statistics taken together show Sweden as a tech-savvy and digital literate country, with a strong focus on mobile devices as the doorway to services. That said, there is room for development. Less than 30% of the population have used the internet to search for jobs/sent in a job application, for example¹⁷. Nonetheless, Sweden should be the perfect environment within which the platform economy should develop and thrive.

To understand the uptake of the platform economy better in Sweden, we need to look at national statistics more closely.

¹⁶

[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:People_with_basic_or_above_basic_digital_skills,_2017_\(%25,_share_of_people_aged_16-74;_during_the_12_months_preceding_the_survey,_by_degree_of_urbanisation\)_RYB19.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:People_with_basic_or_above_basic_digital_skills,_2017_(%25,_share_of_people_aged_16-74;_during_the_12_months_preceding_the_survey,_by_degree_of_urbanisation)_RYB19.png)

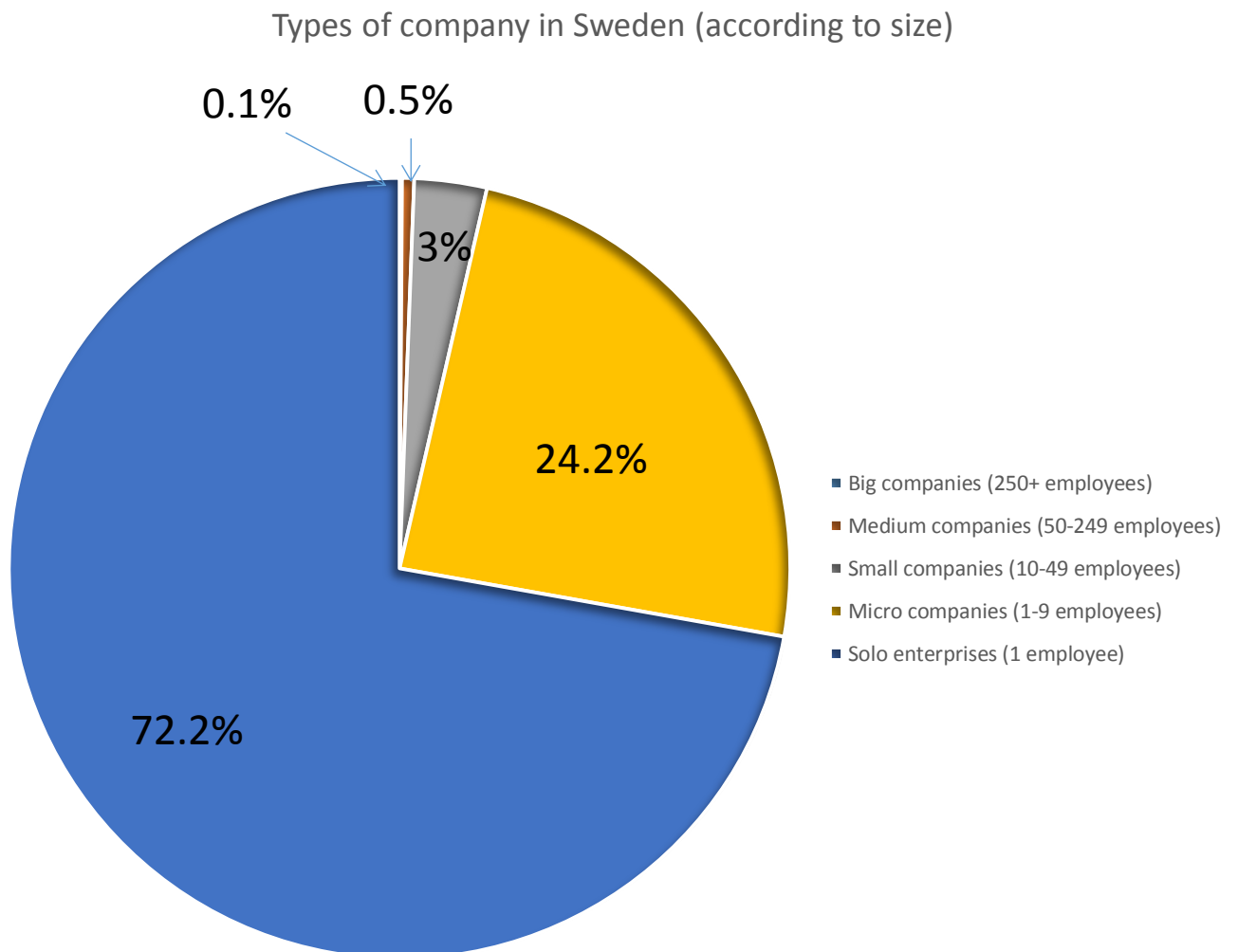
¹⁷ SCB figures

Work and income

In this section, we look at size and company structures in Sweden; work and the platform economy; the off-platform economy; and the sale of goods and services over electronic platforms.

Structure of companies in Sweden

Sweden has a particular business environment with large companies¹⁸ making up only 0.1% of all companies registered in Sweden (but employing over one million people), while over 70% are sole proprietor organisations.



¹⁸ Companies with over 250 employees

Source: SCB

Structurally in Sweden there are 830,231 solo companies (Enmansföretag), representing almost three quarters of all the companies in Sweden. Of this number, 80% say that they are happy to remain solo entrepreneurs and over 60% say that the ability to decide over their own time is a key consideration in this decision¹⁹. This underlines that the culture of working for several employers on different assignments is ingrained in the mindset of many Swedish workers.

Work and the platform economy

In Sweden, 33% of the population said that they used platforms for work, but less than 10% of all income in Sweden is created from platforms²⁰. Furthermore, only 2.8% of the population got more than half of their income from platform work. At the same time, half the Swedish population supplement their income with platform work. Young people particularly like platforms: in 2019, according to Statistics Sweden (SCB), 49,900 16-24 year olds obtained paid work via websites or apps. Of this number, 49,300 did this to gain extra income. Furthermore, a Manpower survey found that 9 out of 10 people would consider gig work in the future²¹ and Deloitte's millennial study states that 64% of full-time workers want to do "side hustles" to make extra money²².

When analysing the world of work in Sweden, it is important to also look at the companies which allow workers to be self-employed (Egenanställdaföretag). Since Sweden does not have a "self-employed" status for workers - although sole proprietor businesses are very common - these companies fulfill an important role. Industry data shows that the number of people using these companies stands at 44,000 (egenanställda) with over 200,000 signed up to platforms like Cool Company in Sweden. In March 2020 the number of employed people in Sweden was 5 055 000, so this represents less than 4% of the Swedish population. Although currently small, growth is projected to be 20% per year.

¹⁹

<https://www.foretagarna.se/contentassets/c8bc37acf9a0462cb1fecabcf31f63c6/foretagarna-rapport-nyckeln-till-frihet--181210.pdf>

²⁰ Within this context, we should take issue with the 2016 McKinsey report which stated that 28% of Swedes were "independent workers". The concept and definition of an "independent worker" are seldom used and secondly it is difficult to extrapolate this from the Swedish national statistics and generally accepted source data.

²¹ Manpower study.

<https://via.tt.se/pressmeddelande/nio-av-tio-svenskar-kan-tank-sig-att-frilansa?publisherId=783398&releaseld=1804077>

²²

<https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2019/alternative-workforce-gig-economy.html>

Despite the appetite for gig work, and the technology-savvy nature of the Swedish population, the use of the platform economy for finding and carrying out work is quite small, although the potential for growth is huge. Swedish companies believe that gig workers will make up 15% of their workforce within five years²³. Traditional employment is currently the main source of income while supplementing finances with platform economy work is becoming more common for a small part of the population. IT, technology and marketing tend to be the sectors where the high-skilled find gig work today²⁴.

The off-platform economy

In addition to the platform economy, there is a growing number of professionals who work on assignments that they find through their own network, by word of mouth and on the back of personal relationships. This is a significant sector in Sweden²⁵ comprised of highly qualified experts who do not want to be permanently tied to a company. These individuals are basically never found on the regular job market these days and secure gigs through personal contacts, with social media and employment platforms a distant second.

Goods and services

Eurostat figures show that just under 25% of individuals aged 16 to 74 in Sweden used websites or apps to book accommodation from another individual in the preceding 12-month period²⁶. Arranging transport services online was less popular, with just 8% of individuals using an app or website to purchase transport services from another individual over the same period.

At the same time, 70% of Swedes have used digital marketplaces to buy and sell goods²⁷. It is very common for people to buy/sell everything from children's toys and clothes to sports equipment and furniture over these digital marketplaces. The largest site, Blocket²⁸, has over five million visitors every week. Moreover, the value of all adverts on Blocket comes to SEK 714 billion, or 15% of Sweden's GDP. Sites such as Shpock²⁹ have almost 500,000 active users too. Additionally, an increasing

²³ Gigbarometern, May 2020

²⁴ 49% of high-skilled gig workers operate in these sector according to Gigbarometern, May 2020.

²⁵ Only 4.5% of Swedish companies say that they use platforms to find gig workers. Gigbarometern, May 2020.

²⁶ Eurostat. 2019 data. <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200205-1>

²⁷ Of which Blocket and Shpock are the most popular (Ipsos 2019, Sifo 2019).

²⁸ www.blocket.se

²⁹ www.shpock.com Shpock is an online marketplace that uses a mobile and browser-based platform for private buying and selling of things.

number of Swedes are turning to home grocery delivery services offered by the large supermarkets and operators such as Mathem.se. More broadly, Swedes are using video platforms like Zoom, Skype, Meet and Hangouts for meetings and to stay in contact. This all supports the development of the platform economy and this is a trend that has increased considerably due to the Coronavirus crisis (see next section).

Swedes are very comfortable with this way of buying and selling items, and there is the strong feeling that this familiarity and ease of use will facilitate growth in the wider platform economy in Sweden too. While many Swedes are “early adopters” of new technology, goods and services, Swedish platforms are seen as being more trustworthy and grasp the needs of Swedes and Swedish society better. This is in part a reaction to some of the negative activities of early entrant platform economy companies to the Swedish market (see “Barriers to the Platform Economy” section).

On the whole, these figures from the labour market - as well as the sharing of goods and services - paint a picture of a digitally literate society where platform usage is popular: particularly for renting accommodation and buying/selling goods. Young people are the main users when it comes to finding employment over platforms and gig work is common and accepted for many of them. This being said, the platform economy is a source of extra income, rather than being the sole channel for earning money. This trend was borne out in a BCG study which found that 1% of Swedes engaged in gig work for their primary income, while 3% used it for a secondary income³⁰.

This is something that is borne out by our research in Sweden too. We took the BCG figures shown above and tested them against data from 10 platform economy companies representing a cross-section of actors within the sector. From our sample we found that over one million people were subscribed to our 10 sample platforms, of which 70% were regular users, with close to 300,000 hours worked every month. When we looked at the age of users of the platform economy in our sample, there was a very broad spread, although the majority fell within the 18-34 age group. Overall there was a fairly even split between men and women but childcare, cleaning and medical work was mainly female while delivering food and doing odd jobs was primarily a male domain.

When it came to money, we saw a similar trend to BCG in that only a very small percentage of the Swedish population gained their main source of income through the platform economy. But we did see an increase. Our sample showed that 5% of Swedes gained their sole or primary source of income via the platform economy and 10% of users earned SEK 30,000 or more (although on several platforms no users at all reached this amount).

³⁰ BCG Future of Work Study. 2018.

The platform economy is a sideline for Swedes to supplement their incomes with extra work or by selling goods and services. While gaining flexibility over working hours and prioritisation are important for Swedes, there is not yet an overwhelming desire to be a Gig worker or use the platform economy full time. Despite possessing all the prerequisites for the platform economy to flourish, the data suggests that the shift will be gradual and linked to the broader process of the digitalisation of society.

Impact of COVID-19 crisis on the platform economy

With some facts and figures about the platform economy in Sweden understood, we will move on to look at how this sector has been affected by the Coronavirus. In doing so we look at the rising trend of utilising gig workers, before dealing with how COVID-19 has impacted this. We then examine what opportunities can be created from the current crisis.

Demand rising for gig workers

By way of context, the tech giants of Silicon Valley are not the only firms that now rely on a pool of external service providers available 24/7. Many other companies also depend on them, be it to top up their own workforce at peak periods or to bring in missing expertise for a limited period of time. The working world of today is becoming more and more reliant on Gig workers.

Roughly 40% of executives worldwide expect freelance workers to account for an increased share of their organization's workforce over the coming five years. And 50% agree that corporate adoption of gig platforms would be a significant or highly significant trend³¹. Many feel that the current traditional way of hiring labour is too expensive and too inefficient.

COVID-19 accelerating an existing trend

In times of extreme uncertainty, this movement of companies towards employing Gig workers is likely to strengthen rather than diminish. The first signs of such a movement can already be seen as a result of the Coronavirus pandemic. Furthermore, a similar development in previous economic downturns is noticeable: the number of freelancers and the size of the platform economy has increased in every economic crisis since 1991³².

We have seen exponential growth of the Gig economy following the financial crisis which began in 2008-09, for example, and the Coronavirus crisis is also resulting in more people turning towards the platform economy for a variety of different reasons. Some choose the platform economy because they need work:

³¹ BCG Henderson figures.

³² Roland Berger data.

unemployment rates are currently at 8.1% in Sweden (up from 6.7% a year earlier) and rising rapidly while the Swedish economy has contracted by 0.3% in Q1 of 2020. Others are using the platform economy to make money by selling and renting out things that they do not need or rarely use.

Opportunities out of a crisis

Although there are reports that 7 out of 10 gig workers have lost their source of income³³ due to the Coronavirus crisis, opportunities offered by the platform economy are booming. Social distancing in Sweden has seen people turning to the platform economy for food and package deliveries, for example. These are sectors that have seen significant growth in recent months³⁴.

During the COVID-19 crisis Yepstr have been supplying staff to ICA while Gigstr have teamed up with electric scooter company Voi to offer a delivery service. In the health sector, skilled personnel have been using platforms to find jobs and opportunities where they are needed in hospitals and care homes.

³³ Source: AppJobs Institute

³⁴ AppJobs Institute. Growth spread for gig companies.
<https://www.institute.appjobs.com/what-is-the-growth-spread-for-gig-companies>

Barriers to the Platform Economy

While we can estimate that the platform economy will increase, there are still a number of sizable barriers to its growth and widespread acceptance in Sweden. In this section we cover some background before looking at the Swedish corporatist legacy, the outdated vision of the Swedish labour market, the definition of “employer”, potential protectionism by incumbents, the trust barrier, problems of the past, reputation, access to finance, the Swedish Work Environment Agency, algorithms and late payments.

Background

Much of the early assessment of the platform economy - mainly coming out of the US - was positive. Commentators spoke about how platforms can enhance the supply of services, improve productivity, reduce costs, reduce inefficiencies in existing markets, help create entirely new markets, increase flexibility and labour market accessibility for workers, and be especially helpful for less developed countries. Both the International Monetary Fund (IMF) and World Bank for example have suggested that it is the countries and industries that are quickest to adopt new platform technologies that achieve the fastest and most sustainable growth.

At the same time, there are significant barriers and various arguments have been made against platforms. They include that platforms may contribute to:

- technological unemployment,
- accelerating the replacement of traditional jobs with precarious forms of employment that have much less labour protection,
- declining tax revenues.
- psychological damage and corrosive effects on communities.
- increased inequality.

This part of the study therefore looks at the barriers to the platform economy in Sweden operating on a level playing field with the regular economy and the problems that these are creating.

The Swedish corporatist legacy

Many of the problems that the platform economy meets in Sweden are linked to the country's corporatist traditions. Sweden's economic tripartite corporatism is based upon a social partnership between the interests of capital and labour, involving collective bargaining between representatives of employers (the Confederation of Swedish Industry/Svenskt Näringsliv) and of labour (Trade Unions) mediated by the government at the national level. This social corporatism is a major component of the Nordic model of capitalism and this strict, ordered traditional way of organising business and society can clash with the freedom, flexibility and fluidity of the gig economy in particular.

An outdated view of the Swedish labour market

Linked to the point above is the fact that politicians and decision-makers in Sweden do not fully understand the platform economy. This is compounded by an increasingly obsolete image of the Swedish labour market. The traditional vision of a regular nine to five job with extensive protection and safety nets no longer equates with today's world of work. Given this reality, legislators run the risk of creating new policy, and passing new laws, which are at best irrelevant and at worst damaging for the contemporary labour market reality, and the platform economy.

Definition of “employer”

Going further, there is currently a great deal of confusion about whether platform economy companies are employers and if Gig workers have a direct employee relationship with them. This is something that needs to be clarified in Sweden, since it is a barrier to the development of the sector as a whole.

Some platform companies require exclusivity, provide uniforms and demand a certain commitment from workers. In these cases it is disingenuous for those companies to hide behind the “we are just a technology company” line. They obviously have an employer-employee relationship and this should be declared as such. An important aspect of determining whether a platform company is an employer or not rests on the degree of control that the platform exerts on the execution of the work: are they offering “matching” or “management” services?

At the same time, there are companies who use technology to provide a platform and a marketplace for those wanting to offer goods and services to find

buyers/renters. Under these circumstances, it is wrong to view these companies as an employer under the strict Swedish legal sense of the term. The platforms are facilitating the economic transaction but should not be weighed down by irrelevant rights and responsibilities just to shoe-horn their activities into an outdated Swedish labour market concept.

Similarly self-employment companies carry out an important role in allowing workers to invoice for their activities without having their own company. They carry out an administrative service for a fee, but the employment relationship is between the freelancer and the company requesting the service. The self-employment company is just a third-party and should not be seen as an employer. It is the freelancer and the company requesting the service who decide on the fee for the work, as well as the terms of employment.

The definition of an “employer” under Swedish labour law needs to be revised to exclude true platform companies and self-employment companies. This is an issue which needs to be clarified by the Labour Market and Employment Ministry.

Protectionism by incumbents?

As happens in many sectors, and in many countries, lobbying takes place by traditional and incumbent players to exclude new operators from different sectors, or impose barriers to entry. Many areas which need disruption are reluctant to allow the platform economy to accept new actors, increase choice, potentially improve services and lower costs for consumers.

This aside, Sweden is a relatively deregulated country where market entry is comparatively easy. The barrier to entry is often consumer opinion and negative experiences in using new services. This could be argued as the case in the taxi sector in Sweden. Although strong unions exist, backed up by sympathetic left-wing politicians, it was the bad experience of users of ride-hailing services which limited uptake when they were launched. Prices were low, but so was the quality.

Much of the desire to stop and hinder the growth of the platform economy in Sweden is therefore down to two factors: firstly, the mistakes of the past and the negativity associated with the operators involved in the platform economy 1.0 (we will look at this topic later in this section), and secondly a lack of understanding on the part of regulators, politicians and decision-makers.

Regarding the second point, education is needed since a lack of understanding is creating barriers and threatening the development of the platform economy for the economy and society as a whole. There is a responsibility for politicians at the

national, regional and local levels, as well as decision-makers to listen and understand how the platform economy works. Equally, there is a duty on the shoulders of platform operators to engage and explain their business in a simple and understandable way. Through a structured dialogue, many misunderstandings can be addressed and rectified.

Trust is a huge barrier

Linked to the point above, one of the most significant barriers to the uptake of the platform economy in the Swedish setting is the lack of trust. Figures in an earlier section of this report show that only a small percentage of the Swedish population use the platform economy today, beyond buying and selling second-hand items and finding holiday accommodation. This is despite a technology-savvy population and almost universal access to the internet. The barrier is trust in the sector and the companies who operate in it. As a result, building a “trust infrastructure” is probably one of the most vital steps that needs to be taken in order to lead the platform economy into the mainstream in Sweden.

Despite a significant proportion of the Swedish population having the reputation of being early adopters, there is a much larger segment of society who is sceptical to change. In the case of the platform economy this is reinforced by the fact that consumer rights and the legal protection safety net is so developed in Sweden. This is not something which exists in other parts of Europe and certainly not when we look at Asia and Africa.

In Sweden, though, this heightened level of protection means that the gap between the “traditional” and the platform economy is especially wide. A study carried out by Nordea³⁵ found that 20% of people do not use the platform economy because it is unclear how to proceed if something goes wrong and they do not feel entirely safe³⁶. This requires action and cooperation from platform operators themselves to narrow this gap.

Furthermore, the adaption of related services such as insurance to the platform economy is a welcome development. This is something which can increase trust and allow buyers, sellers, renters and borrowers to feel secure and covered in case of something going wrong.

Moving on to look at the issue of trust from a labour market perspective, in the countries where gig work is popular - US, China and Indonesia for example - the

³⁵ Nordea is the largest financial group in the Nordics www.nordea.com

³⁶ Delningsekonomi. Nordea report. <https://mb.cision.com/Main/434/2385956/748326.pdf>

social and financial safety nets are not so large. The benefits and drawbacks even each other out due to the general precarious nature of the labour market.

In Sweden, though, this is not the case. Leaving the traditional economy to be a freelancer or gig workers is seen as akin to jumping out of an aeroplane without a parachute. In this regard, the platform economy is more a source of extra income rather than a viable replacement option. This may change, however, as unemployment rises following the Coronavirus crisis and a more flexible labour market is demanded by employers and employees alike.

Problems of the past

Linked to the point about trust above, the current platform economy companies are paying for the mistakes and missteps of the past. The pioneers of the platform economy 1.0 lived by the credo of “move fast and break things” while believing that market penetration would mean that consumers would force legislators to allow services to continue once individuals got used to them. This was not the case and the activities of large multinational players like Uber and Airbnb have sadly tarred the whole sector with the same brush.

Today’s operators are paying for these mistakes and the image problem that the platform economy has. The whole sector is treated with suspicion as a result. This is an issue that Swedish companies are better placed to address: they know the local culture and can navigate the way of doing things. This local sensitivity is important and engenders trust. The starting point of Swedish platform players is often more consensual and there is a strong spirit of wanting to co-create the future shape of the sector with government, authorities and other stakeholders.

This mentality is the polar opposite of the often brash and aggressive approach of multinational companies like Uber and Airbnb who characterised the platform economy 1.0. Swedish companies should be able to show that they have learned the lessons of the past and negotiate this barrier as a result, through engagement, commitment and collaboration over time, rather than attrition.

Reputation

The lack of trust - and the missteps of platform economies in the past - means that the reputation of the sector is rather poor. Many regular workers - as well as politicians, unions and commentators - are therefore sceptical about the platform economy. This makes workers reluctant to join the platform economy for fear of

being stuck in a poorly paid job and branded as a “Gig worker”. The connotation for many is that this means you are inferior and therefore this will hinder your chances of joining the regular economy and finding a job with a traditional firm. In this respect, a great deal of education and PR is needed in order to reset perceptions of the sector, many of which are unfair and untrue.

Access to finance

Another barrier to Gig workers taking more than just a marginal role in the platform economy is that the banking sector and finance infrastructure is geared towards strict, traditional structures in Sweden. Bank customers are either “private” or “corporate” customers. Furthermore, issuing loans to individuals is based on them having a fixed term employment contract and a regular, stable source of income. This is something that Gig workers cannot provide and therefore securing a loan to buy a car or an apartment is extremely difficult. As such, many Gig workers see themselves as being marginalised from society. This means that earning money from the platform economy remains a necessary sideline rather than a realistic full-time option for many.

The Swedish Work Environment Authority (Arbetsmiljöverket)

A common barrier to the functioning of the platform economy comes in the shape of the rules, regulations and decisions from Arbetsmiljöverket. While this authority has the worthy goals of ensuring a good quality and safe work environment, their school of thought is very much focused on traditional and heavy industry. The authority finds it difficult to adapt its role to that of the new economy and a lack of knowledge of the workings of the platform economy results in barriers to the sector’s development.

Linked to the point above about platform economy operators and self-employment companies not being employers, a decision needs to be made that these companies are not responsible for work environment conditions either. Furthermore, as stated above, it is the freelancer and the company requesting the service who decide on the fee for the work, as well as the terms of employment and the work environment. The Swedish Courts have already ruled that this is the case, but clarity is needed on the interpretation of the law too. Companies need to know which working environment rules can be applied to self-employed companies and which apply to the company asking for the work to be done.

Algorithms still need work

Another barrier to the platform economy is that many of the algorithms used are still imperfect and matching candidates with jobs is done manually in certain cases. Being able to match the right people with the right jobs - in anything but low-skilled work - is still complicated and imprecise.

This is a criticism that could equally be leveled at the state run employment service Arbetsförmedlingen which also runs a platform-based jobs board which is notoriously poor. For many, personal contacts and their own network are still more important than digital platforms in order to find work.

Late payments

Late payments are a big problem in the platform economy, but the actual incidence of late payments does not seem to be higher than for SMEs and businesses in the regular economy and in other sectors. It is a problem which affects all areas of business life, but the cash-flow of gig workers - a number of whom work from invoice to invoice in order to pay their bills - is a significant issue. A delayed payment of a bill can mean the difference between meeting the monthly rent on time or not.

Thankfully, companies are aware of this reality and are coming up with new products and services to address this situation. Companies are offering to “buy” invoices, for example, meaning that they are responsible for chasing and receiving the money. In return, they pay out to the gig worker immediately for a fee. This ensures liquidity for gig workers when they need it.

Benefits of the platform economy

While we have covered the current barriers that exist to the platform economy, it is also important to highlight the benefits in Sweden. In this section, we look at the platform economy providing a service, being complementary to the traditional labour market, workers spreading their bets, the need to ensure that benefits can be realised and helping to legalise shadow economy activities.

Providing a service

We have dealt with some of the negativity that exists around the platform economy, yet we should highlight the positive elements too. Companies like Cool Company, Gigger and BillFactory are very well received by consumers in the self-employment sector. These operators allow individuals to send bills for freelance work, but without the need and hassle of setting up their own company. Self-employment companies take care of all the social contributions, tax payments, insurance and pension contributions, for a fee, so that individuals who do not want to be involved with these activities do not have to. Their services are increasingly being sought by companies too, who want a third-party expert to deal with all the administration involved in utilising Gig workers.

A complement to the traditional labour market

The platform economy may be relatively new, but it should not be treated as something separate from the rest of the economy. In this way, the same rules and regulations should be extended to allow the platform economy to complement the traditional labour market.

As such, the platform economy can also be a vehicle which helps more young people and immigrants into the job market. Furthermore, the experience, knowledge and skills they learn from the platform economy should be valued and allow them to transfer into the regular economy if they wish. The platform economy is also a channel that older workers can use to find something useful, meaningful and self-fulfilling to do.

By viewing the platform economy as something niche and different is one of the reasons why its uptake is relatively limited in Sweden. A level playing field would help to remove some of those mental barriers too.

Spreading your bets

Given that the traditional world of work is becoming more unstable, as the COVID-19 crisis has further demonstrated, many are feeling that having several sources of income spreads the risk. This can take the form of a side job, starting a new project or buying/selling goods and services over a digital platform. This brings in extra money - as well as creating a source of new interest - and is a trend that we are seeing increase among all age groups.

Don't block benefits

There is a great deal to support in the platform economy: platforms often provide new opportunities for economic activity with the possibility to drive productivity and innovation. This increased economic activity should also drive revenues to the public purse. Sweden needs to make the most of these benefits as we exit the COVID-19 crisis.

Moreover, sellers of goods and services can reach a larger market in a relatively inexpensive way via the platform economy. Furthermore, buyers benefit from a competitive marketplace with many actors and online platforms to choose from, keeping prices low.

Helping to make black jobs white

At present, there are a number of jobs in Sweden which are paid with black money and are part of the Swedish shadow economy. This means that workers do not have any social provisions, sick pay or pension cover. It also means that potential tax money does not enter state coffers to pay for schools and hospitals. Rather than being seen as perpetuating this reality, the platform economy can actually address these concerns.

In the same way that “ROT avdrag” and “RUT avdrag”³⁷ were brought in to make building and cleaning jobs legal and bring these jobs out of the shadow economy, some are stating that there are amendments that can be made in a couple of areas that would facilitate this transition and also facilitate the platform economy.

Firstly, some argue that the level at which private individuals can help each other without incurring employer contributions (SKV 448)³⁸ should be increased.

Secondly, some feel that platform workers should have a tax exemption on the first SEK 50,000 they make in income each year. The argument is that this would bring the platform economy in line with exemptions available for renting out your home or running a hobby activity.

Furthermore, it is correct in Sweden that there is no need for a person who sells items they no longer need over a digital platform to pay tax on the money they earn. This helps people to find a new home for unwanted items. The buyers also benefit from these goods and save money, while from an environmental and sustainability perspective items are not thrown away to cause pollution and harm nature. Platforms therefore play an important part in contemporary society moving more towards a circular economy and a sustainable model.

In addition, activities closely related to the domestic or private sphere - such as domestic and repair services as well as ride sharing - were often paid for in cash (or kind) and undeclared. The marketisation of such work through digital marketplaces, however, means full traceability. Furthermore, since digital platforms are facilitated by digital payment systems there is an increased opportunity to bring undeclared work out of the shadow economy. The high percentage of online transactions, and the use of payment systems like Swish³⁹, means that the platform economy is able to play a role in turning black jobs white.

The Swedish tax authority needs to work with platform operators to build an easy to use system which will allow platform operators to upload all the transaction and payment data required to the Swedish tax authority website. This should all be done by uploading a single file, as is currently the case in Sweden for monthly VAT returns.

The platform economy is therefore a part of the solution to undeclared work, not a cause. Working together, platform operators, the tax authority and politicians can develop a framework which benefits everyone. Moreover, since cash is less common

³⁷ In Sweden, a person who hires someone to do ROT (Repairs, Conversion, Extension) or RUT (Cleaning, Maintenance and Laundry) work may get a tax reduction – a ROT or RUT deduction for the labour cost.

³⁸ Förenklad arbetsgivardeklaration för privata tjänster (SKV 448)

³⁹ Swish is a mobile payment system in Sweden. The service was launched in 2012 by six large Swedish banks, in cooperation with Bankgirot and the Central Bank of Sweden. It is used by almost seven million Swedes today.

in Sweden than in most countries around the world, this offers the opportunity for Sweden to take a leading position and provide a blueprint for the rest of Europe, as well as internationally.

Personal stories from the platform economy

Many studies and media articles focus on telling a story of Gig worker misery in the platform economy. They are full of individuals complaining about low pay and long hours: poor individuals working 60 or 70 hours a week to eke out a living. The former US labour secretary Robert B. Reich once said that it shouldn't be called the sharing economy but instead the "share the scraps" economy. Despite this stereotypical image portrayed in the media, we found a different picture in Sweden.

Gig workers in Sweden: a broad church

While we encountered a number of immigrant workers with limited English and Swedish carrying out low-skilled jobs in Sweden, we also discovered a significant number of people wanting to supplement their income as well as have flexibility that a traditional nine to five job would not offer. We also found a high number of digital nomads and affluent users of the platform economy: a segment of the platform economy (and one the author of this study belongs to) which gets very little attention. These individuals were renting out their homes or finding holiday accommodation (in Sweden and abroad), as well as buying, selling and sharing cars, clothes, food, tools and equipment over internet sites such as Blocket and Shpock. This appears to be a rising trend and a way into the platform economy for many high-skilled and more wealthy users.

What kind of jobs are people doing?

In addition to people renting out their property - as well as buying and selling things - the platform economy is a source of work for many people that we interviewed in relation to this study. The sectors covered were extremely diverse, from IT and technology through marketing to construction, cleaning and delivery jobs. There is no single area of work that is more popular than another and the range and diversity of tasks is expanding all the time.

Main concerns of people working in the platform economy

The biggest worry of people working in the platform economy is a lack of financial and economic security. This is followed by securing a regular flow of relevant work, needing to present and sell yourself on a continual basis, as well as the inability to save money for a pension. Over 25% said that they did not make enough money to live off, while many said that this was not their current expectation.

A similarly strong trend was that people who used the platform for a higher percentage of their income found that they were not respected, as gig workers, by public authorities and institutions such as banks. While some people felt that they needed more assistance, information and support from these actors, others felt that traditional authorities and institutions did not understand the platform economy. This created problems and barriers for them as a result.

Best things about working in the platform economy

From the discussions we had with workers in the platform economy as part of preparing this study, the overwhelming message we consistently received was that flexibility and deciding over your own time was a key element of choosing the platform economy. Doing something that you enjoy - which is meaningful and interesting - and being your own boss were themes that appeared regularly too.

Flexibility to work with different people, different companies and from different locations was equally valuable for many people we spoke to in Sweden.

It is interesting to note that the individuals we spoke with felt that the benefits of the platform economy significantly outweighed the negatives. 70% of people we spoke to said that did not want to earn an income the traditional way via a nine to five job and one permanent employer. From our discussions, most people reported higher happiness and satisfaction levels with their work than people in traditional full-time employment, despite the fact that they were more likely to work more than 45 or even 60 hours a week, and to earn slightly lower salaries.

Gig worker: still a negative concept

Another interesting trend that we saw with younger gig workers - often students or those recently out of university - was that they were doing gig work on the side of

their studies to make some money, or while they were job-searching. Many of them did not classify themselves as Gig workers, since they found that the term has negative connotations in Sweden.

Secondly, they did not want to be filmed sharing their experiences. Many felt that being classed as a Gig worker would harm their chances of finding a full-time job in the finance and legal sectors or with a large company, for example. This shows that the image of the platform economy needs to change and that some people feel that being associated with it will harm their chances of finding regular work.

Recommendations for action

In order for the platform economy to develop and grow from a niche activity to a larger part of the mainstream economy, the following needs to happen: platform economy companies need to come together to establish a Code of Conduct, a trade association, provide access to financial services, look at the rights of platform workers, establish a dialogue with the Swedish Work Environment Authority and facilitate immigrants entering the labour market.

Code of Conduct

In order to address the trust and perception deficit which currently exists, and is cited by consumers as well as users and public authorities, it will be important for legitimate actors in the platform economy to come together and develop a Code of Conduct in cooperation with other stakeholders like the tax authority, employment agency and politicians in local and national government in order to draft a charter that operators can sign up to. This needs to be tailored to the Swedish market and act as a trust mark for actors who meet the required standards.

This Code of Conduct should be independently audited on a regular basis in order to inspire confidence and be respected by all parties. Operators who do not consistently meet the desired standards should be sanctioned and even have their accreditation removed and be barred from the scheme if they fail to address shortcomings within an appropriate time-frame.

A good example of a Code of Conduct exists in the UK and was adopted by members of the trade body "Sharing Economy UK"⁴⁰. In effect, a Code of Conduct should become a badge of honour for legitimate operators who follow the rules and should attract more business, sign-ups and users. In turn, this Code of Conduct should help to inspire trust in the whole sector and distance the current platform economy from the mistakes of the platform economy 1.0.

⁴⁰ <https://www.sharingeconomyuk.com/>

Working together: the need for a trade association

The Platform Economy is characterised by an increasing number of players, with a significant number of start ups. They often work in isolation, confronting the same issues and even occasionally repeating the same mistakes. This is very inefficient and wastes precious energy and time.

Furthermore, the Swedish government and agencies want the platform economy sector to speak with one voice. They cannot have meetings to hear the problems/frustrations of every organisation: many of whom are very small. This failure to come together as an industry is certainly a barrier to progress. The government and agencies such as Skatteverket and Arbetsförmedlingen want to have a partner to interact with and it would be beneficial for actors to join forces in order to meet that need.

As a result, the establishment of a trade association would help all parties involved to shape the future of the sector and solve problems collaboratively.

Both establishing a Code of Conduct and the formation of a trade association will help in raising the image of the platform economy, increase trust and support it in becoming accepted as an extension of the regular economy.

Access to financial services

In Sweden it is important that financial institutions and particularly the big four banks - SEB, Handelsbanken, Swedbank and Nordea - adapt their lending model to include gig workers. Their current offerings are only aimed at “private” or “company” customers. At present gig workers are therefore outside the current systems and cannot access financial services.

With a view to filling the gap that has been left, impressive steps are being taken by new market players. Gee Finance, for example, is being launched with the specific goal of providing loans tailored to Gig workers as well as helping them with a wide range of financial services from receiving money from invoices instantly to savings plans. This is the type of service that is filling a current gap in the Swedish financial services system.

When it comes to late payments, companies have recognised this problem and are offering to pay Gig workers their “wage” instantly, and they in turn will chase this with the “employer” for a small fee. This represents an extension of the ecosystem that is developing around the platform economy to support it and help it develop. We are seeing a number of invoicing, tax and insurance providing companies springing up, as well as the provision of online and offline meeting and office spaces. All these factors will help the sector over the medium term and represent business opportunities for companies who can spot possibilities based on the needs of the sector.

Rights for platform workers

Linked to the point above on the need for a trade association, the rights of platform and gig workers is rising in importance at the EU and national Swedish levels. Different companies in the platform sector need to come together to establish action - and decide on provisions - around the rights of platform workers. Turning a blind eye to the issue will not work: the European Commission and Swedish Employment ministry have both said that they take this issue seriously and are promising action. The COVID-19 crisis has focused attentions elsewhere for now, but the issue will not go away.

It is better that platform economy companies unite and engage with decision-makers in order to shape the framework here and establish rules that are proportionate, effective and workable. If not, these will be imposed on companies from the EU and national levels. The lack of rights for certain platform workers who do not benefit from sick leave and social protection will not be tolerated by politicians.

Furthermore, a backlash is also starting from consumers: they do not want to see workers treated badly or live with no perceived safety net on bad salaries. This feeling among the general public is particularly strong in Sweden. With no sick pay - and with gig workers being in the front line delivering food and providing healthcare with the COVID-19 virus prevalent - changes will be demanded by politicians and the general public.

Swedish Work Environment Authority (Arbetsmiljöverket)

When it comes to Arbetsmiljöverket, platform enterprises and companies which allow workers to be self-employed cannot inspect every garden, apartment, office and place where platform economy activities could be carried out. This has been backed up by rulings from the courts⁴¹ and should be established as praxis in order to provide clarity and prevent more problems. Third party intermediaries should not be held liable if there is an issue: this must be an issue for the individual carrying out the job/service and the client who is requesting the job/service. The platform/third party should not get penalised for any wrong-doing since they are a facilitator and not involved in the resulting action.

When it comes to self-employment companies, when inspections take place there is no assignment contract between the self-employment company and the person for whom the work is performed. Similarly, there is no employment relationship between the self-employment company and the person who performs the work. This is idiosyncratic to the sector and needs to be understood so that ill-founded rulings are not made. The nature of their role means that self-employment companies only become involved once work is done and therefore needs to be invoiced, as well as salaries paid and other social commitments made to the person who performed the work.

At the same time, serious players like Cool Company require assignments to be pre-registered to be able to be carried out and paid for. Here the parties involved need to work together to make sure that bad situations do not arise. Companies cannot just "wash their hands" of any incidents, since this can lead to bad press and damage to a company's reputation and brand.

Similarly, the role of Arbetsmiljöverket needs to evolve: currently it cannot provide advice or solve problems. It can only carry out inspections and decide if things are right or wrong. It would be advantageous for all if it could play a more constructive role.

⁴¹

<https://www.domstol.se/en/nyheter/2019/10/cool-company-skandinavien-ab-behover-inte-betala-sanktionsavgift/>

Bringing immigrants into the labour market

One of the biggest problems in Sweden since the large scale immigration crisis of 2015, when large numbers of immigrants and asylum seekers were allowed entry to Sweden, has been how to integrate them into the labour market.

The Swedish employment agency set up a scheme to help this process. This establishment programme⁴² paid for an immigrant's initial salary if the employer then subsequently gave the immigrant a job. The issue was - and is - that Swedish employers are looking for specific people with a particular background, qualifications and training. They know that employees who have come through the Swedish system have skills and an all-round experience that they can utilise. When a potential employee's skills, education and knowledge are unknown, then the willingness to offer employment is significantly reduced. This is compounded by the fact that the employer does not want to be saddled with the wrong worker that they subsequently cannot get rid of. This reality has been borne out by the limited success of the programme⁴³. The issue has been intensified by the current Coronavirus pandemic: unemployment is rising and qualified Swedish workers are looking for jobs. These are the candidates that Swedish employers will naturally turn to first.

In order to address this problem, a better method would be to set up a public private partnership between the Swedish employment service and potential employees via a platform. The Swedish employment service would stand for half the wage of the worker, while the employer would pay the other half. This would allow immigrants to gain experience and show their abilities to potential employers. If things did not work out, then the employer would not be liable and could end the relationship. This flexibility would benefit all parties and improve the uptake of the establishment scheme.

Stay away from tax

While there are a number of tax related issues and proposals that are being discussed, we would not recommend taking this route. Trying to amend the Swedish tax code to favour the platform economy and platform workers would take an exceptionally long time and there is no guarantee of success given that general

⁴² Swedish establishment scheme

<https://arbetsformedlingen.se/other-languages/english-engelska/stod-och-ersattning/att-delta-i-program/etableringsprogrammet>

⁴³ IFAU Study:

<https://www.ifau.se/globalassets/pdf/se/2020/r-2020-4-aktiviteter-for-flykting--och-anhoriginvandrare-inom-etableringsprogrammet.pdf>

support is in short supply. Workers already receive a tax reduction on their income if they work (jobbskattavdrag⁴⁴) and singling out the platform economy for special treatment would not be very popular.

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<https://www.skatteverket.se/privat/skatter/arbeteochinkomst/skattereduktioner/jobbskatteavdrag.4.6fdde64a12cc4eee2308000107.html>

Future trends

Will the platform economy provide an outlet for buying, selling and sharing goods and services, but remain a niche form of employment? Or is it a precursor to a wider trend in Sweden? This is a difficult question to answer, but in response to the Coronavirus crisis it appears that interest in the platform economy is increasing from a labour market perspective in Sweden. Furthermore, it can provide a way for immigrants and young people to enter the workforce. At the same time, trust and perception issues - combined with traditionally high consumer and worker protection in Sweden - means that challenges exist and exponential growth is not guaranteed.

Some future trends that we can highlight are the potential for a two-tier labour market in Sweden, the fact that the platform economy is here to stay, the drive for efficiency and flexibility gains, as well as the fact that the platform economy is in a state of transition.

A two-tier Swedish labour market?

High barriers to labour market entry in Sweden mean a cosy, protected environment for those on the “inside” as part of a collective agreement and shielded by a vast social net. However, there is significantly less for those on the “outside”. This is leading to a two-tier society and an increase in the gap between the “haves” on protected, long term contracts and those who do not have anything.

The platform economy is likely to play a role in creating new opportunities in a labour market which does not function perfectly and is in need of greater flexibility from an employer and an employee perspective.

Platform economy is here to stay

Because it meets the needs of companies and workers - as well as consumers/citizens wanting to buy, sell and rent things - the platform economy is definitely here to stay and is likely to grow significantly in the future. There are a

number of operators and platform operators who are constantly improving their range of services and functionalities - as well as reducing their fees - in order to meet the demands of customers. Regulators, politicians and decision-makers need to catch up while trade unions are trying to hold back the tide in vain.

With corporations and the public sector accelerating their digital footprint and creating infrastructure to support remote work and new digital products, skills in demand will range from IT specialists and project managers skilled at artificial intelligence (AI), machine learning, and big data to engineers and business and strategy consultants.

The inevitable growth and sophistication of the platform economy means that it will adapt and evolve, but it is here to stay. It is therefore important for stakeholders to get together in order to shape the future and establish the rules of the road.

Efficiency and flexibility

The platform economy offers significant benefits since goods and services are used more efficiently. Moreover, individuals can make money from things that they are not using and can do so flexibly and on their terms, setting their own agenda and schedule. In a labour sense, elements synonymous with the platform economy are already filtering into the traditional economy. People are able to have a work-life balance and technology is facilitating much of this. The COVID-19 crisis has shown the Swedish population that flexibility and an increased use of technology mean that a great deal is possible from online meetings and webinars to working in teams remotely and ordering your shopping online.

With unemployment currently rising, we are likely to see increased usage of platforms, driven by familiarisation and acceptance of the technology and the functionalities. In turn, this is likely to see more services move online, which is part of an overall trend of digitalisation, which is well underway in Sweden. More efficiencies can be gained through this move to digital processes, with more time and money being saved as a result.

Beyond the current Coronavirus crisis, there is a general trend that fixed jobs are to a greater extent being replaced by temporary jobs, where the focus is more on flexibility, efficiency and excellence rather than on length of service and loyalty.

Furthermore, the platform economy allows individuals to continue to study while making extra money, or start their own businesses while securing an income. It can also be stated that the increased level of autonomy to choose when and where to work, how long to spend, and what work to perform results in a better work–life balance and the opportunity for individuals to combine multiple jobs in their own “portfolio”. This is particularly relevant since in surveys a huge percentage of Swedes say they are unhappy in their current job, while many say they actually hate their current employment⁴⁵.

While platform economy workers may feel pressured to work on evenings, holidays and weekends because they must be constantly available in order to avoid missing out on new opportunities, this is no different to the situation faced by entrepreneurs and small business owners across Sweden.

The platform economy also allows companies to access talent and expertise since they need to adapt to shifting consumer and customer demands. This trend is one which is likely to grow. The platform economy allows firms to plug that gap and find resources that they struggle to find on the regular labour market. It is no longer an issue of purely cost but rather bringing in very specific skills into the workplace. Fast changing business environments are requiring this. Companies will need to educate themselves on the possibilities offered by the platform economy and adapt their structures to be able to align with the platform economy and slot gig workers into their organisations. They will also need a strategy to attract the right talent and meet their requirements: 81% of Swedish companies say that they do not currently have a strategy to do this⁴⁶.

While work arrangements within the gig economy may not give people the security some of them desire⁴⁷, it may be thanks to the gig economy that they are able to make any money at all. Immigrants in particular find it difficult to enter the Swedish labour market and the platform economy allows them to find work while the closed, unionised traditional economy shuts them out. With more job-seekers on the market as a result of COVID-19, immigrants will likely find it tougher to find traditional work.

⁴⁵ <https://www.di.se/nyheter/studie-halv-miljon-missnoida-med-jobbet/> based on a Gallup study which shows that 86% of Swedes are not engaged at work

⁴⁶ Gigbarometern, May 2020

⁴⁷ There is a current spike in workers wanting security over flexibility in light of the current Coronavirus pandemic

As a result, we are likely to see large companies and SMEs using the platform economy in order to access labour as well as share, sell and buy goods and services. The tie ups between the likes of ICA and Yepst as well as Gigstr and Voi mentioned earlier mean that a quiet revolution could be currently underway. This focus on increased efficiency and reducing waste is a vital theme which underpins the whole *raison d'être* of the platform economy.

Nowhere is this better embodied than in the food sector and the offer of companies like WhyWaste, Karma, Too Good to Go and Olio. These companies match food that is nearing its use by date with consumers who need food. This reduces food waste, is good for the environment and guarantees healthy nutritious food for people who need it. This also helps Sweden - and other countries - move closer to a more efficient and more circular economy and society. These examples should be highlighted as positive examples of where the platform economy facilitates and advances society and should be supported by decision-makers, influencers and consumers alike. The role of the platform economy in increasing efficiency and reducing waste in a number of sectors will likely grow over the short and medium term.

The platform economy: a sector in transition

The platform economy is a concept that is constantly evolving. Today it is a catch-all term which covers solo enterprises, entrepreneurs, people working extra jobs, owners of hobby companies, people buying/selling/renting out their items and individuals working several gigs to make a living. This is not a concept which is set in stone and may well continue to evolve over time.

More important in the world of today and tomorrow is the content rather the form of work or buying and selling things. Digitalisation is the force behind this change. Where we once used to talk about "e-commerce" - business transacted by electronic means - we now purely speak of "commerce" since technology is ubiquitous. In a similar way, the lines between the traditional economy and the platform economy will continue to blur.

Conclusion

Sweden should be at the centre of the platform economy globally since it has an educated, technically-savvy population, universal access to the internet and a culture of early adoption as well as a thriving base of start-ups and larger companies who are shaping the platform economy in a more advanced and ethical way.

There remain barriers to the platform economy expanding, though, and these centre around trust and are connected with legacy issues and the general reputation of the sector. A Code of Conduct would therefore be very useful for platform operators to develop, as well as an industry body which could work with politicians, authorities and decision-makers to co-create the rules and framework for the sector.

Given Sweden's high level of consumer protection, as well as the social and financial safety nets that are available to workers in the traditional economy, the platform economy will need to bridge this gap for it to become mainstream.

From this study we can conclude that while many people are signed up to platform economy sites and applications to buy/sell clothes and find a holiday apartment for example, these are used periodically and are normally a source of extra income.

Similarly, we can reason that there are a huge number of gig and platform economy workers in Sweden, but many of them do not carry out many services. Many of them do not rely on platforms for a living wage, but use it as a means of supplementing their income and using resources more effectively. These trends may change as unemployment in the traditional economy rises, however.

Nonetheless we are likely to see the platform economy expand over time as it develops and complements the traditional economy. This is part of a broader digitalisation process that is affecting all elements of society in Sweden and beyond.

The changes brought about by digitalisation inevitably cause friction when they meet rigid policies. Rather than trying to stop change, the Swedish government and decision-makers need to help facilitate this adaptation and support the transition. The platform economy is increasing the efficiency, and facilitating the flexibility, that

individuals, employers and governments are asking for. Stakeholders need to work together in order to map out a structure for the future which is acceptable to all. Handled correctly, the platform economy should have a positive social, economic and political impact in Sweden.

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Our aim is to ensure that this study is not a one-off, but rather the starting point for a broad, constructive and inclusive dialogue on shaping the future platform economy and addressing the mistakes of the past.

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