

Flexible and fair
platform work –
developing a more
inclusive job market
post COVID-19

Wolt

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I. Wolt & platform work

Wolt is a Finnish technology company that operates food delivery services in 22 countries and 80 cities across Europe and Asia. Our service makes it easy for customers to discover, buy, and get good food delivered from restaurants around them.

On our apps and website, customers can order food from our restaurant partners, and either pick it up themselves or have it delivered by our courier partners. We bring together and generate income for over 20,000 couriers and 10,000 restaurants.

Wolt thus essentially aggregates demand and supply in a three-sided market, and thereby not only brings convenience to customers, but also creates economic opportunities for local restaurants and independent couriers providing services through Wolt's platform.

By bundling deliveries and optimizing processes, our platform significantly improves the efficiency in the restaurant food delivery market. While food delivery is nothing new, this efficiency has facilitated the emergence of a new type of work and economic opportunity for the people delivering the food. This new type of work is accessible for people of all backgrounds with very little entry barriers and with no tight educational or language-skill requirements.

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What is new about this type of work is not only the efficiency that platform technology brings. It is also the flexibility. Wolt's courier partners are completely free to decide when and where to work, or not to work, by simply opening or closing the app on their phone. They can work tomorrow, the day after tomorrow, and again in three months. Or they can work tomorrow, next week, and never again. Or, they can work 9-to-5, five days per week, should they so choose. They can also decide how long they are online when they work. That's why many of our courier partners are providing their services to us for supplementary income, or they deliver food during their studies. They provide their services independently, without managerial supervision, i.e. a boss telling them what to do and when to do it.

It is undoubtedly a good thing that mobile technology has facilitated this new way of working. At the same time, this poses challenges from the perspectives of traditional labor law and social protections. In many countries, labor laws and social security systems are designed to protect those who are in traditional employment relationships. The kind of flexibility that the platform economy allows for, however, is often available only for the self-employed.

The COVID-19 outbreak is expected to lead into an unprecedented economic crisis, resulting in high levels of unemployment across Europe and the world. Platform work can play an important part in both retaining and bringing people back into the labor market. In order to facilitate work creation and lowering access barriers to the labor market, governments should pursue structural changes around how we, as a society, think about work.

Labor law and social security frameworks are largely designed for traditional em-

ployment relationships. As technology has created new opportunities for truly flexible independent work, governments should review those existing frameworks with a view on how to remove barriers for accessing these new types of work. For example, requirements around corporate entity structures for self-employed, complicated tax systems, and indeed the exclusion from social safety nets unnecessarily disincentivize people from taking up opportunities in self-employment and thus negatively affect the efficiency of the labor market, leading to higher unemployment rates.

Our goal is to ensure that our self-employed couriers can continue to work as flexibly as today, but without having to accept weaker social protections related to things such as sick-leave, holiday, pension, or accident insurances.

Our whole company, including its founders and its management team, is deeply rooted in the Nordic welfare state model. Social and environmental sustainability, fairness, and good corporate citizenship are some of our key values. Therefore, we take the well-being and social protections of our courier partners very seriously. If we fail at those, there's not much left to be proud about.

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Ensuring the right framework for platform work is a task for both platforms and governments. This paper seeks to contribute to that ongoing discussion on platform work at EU level and in Member States and outlines our commitments as well as our proposals for the improvement of the current framework.

II. The Wolt model

On the marketplace that Wolt operates and develops, restaurants can offer their food, customers can buy food, and couriers can accept delivery tasks. Restaurants get to choose their own opening hours and couriers get to choose when and where to accept (or decline) tasks in real time.

- Wolt couriers are typically self-employed people that have a service contract rather than an employment contract based on a variety of reasons:
- Couriers can choose themselves how to set themselves up legally (self-employed or a variety of company forms).
- Wolt does not impose working hours on its couriers and also does not set minimum or maximum hours. Couriers can choose themselves when to work (simply by opening the Wolt courier app), how many tasks to accept, and when to take time off.
- Couriers are free to accept or reject any task offered to them.
- Wolt does not impose a certain area that the courier needs to serve. Couriers can freely choose to work anywhere where there's Wolt-driven demand.
- Courier compensation is not based on hourly rates. Couriers invoice Wolt for their delivery tasks and their compensation is based primarily on the number of deliveries performed.

- For couriers, whose earnings exceed VAT thresholds and who are VAT registered, Wolt also pays the VAT which is added to the invoice.
- Wolt does not impose exclusivity requirements on couriers. They are free to provide their services to other companies too – including Wolt’s competitors.
- Couriers use their own transport equipment (car, bike, scooter, etc.) and communications equipment (smart phone), they carry their own financial risk and responsibility for their expenses (as is the legal requirement), and they are free to stop working through Wolt whenever they want – either temporarily or permanently – by simply not opening the Wolt courier app (or by letting Wolt know).

This model provides flexibility for both couriers and us. For Wolt, this means that the provision of courier services is based on demand in the marketplace and therefore does not require heavy administrative processes from our end. On the flip side, we do not have control over the availability of courier partners. Whether or not the customer receives their food order and when, depends on whether there are enough available courier partners to perform deliveries at that specific time.

Contrary to a situation where the couriers would be employed by Wolt, we have no ability to guarantee that there will be enough interested couriers at a given time in a given place. (We almost daily have to restrict our service or close it entirely because there are not enough courier partners available.) The only way for us to ensure enough available courier partners is to make our platform a sufficiently attractive place for couriers to offer their services.

Wolt couriers are happy with the flexibility and their earnings.

Based on the quarterly feedback we collect anonymously from all of our courier partners in our 22 markets, Wolt couriers are happy with the flexibility and their earnings. Our most recent survey (Q1 2020) found that:

- We have some 20 000 courier partners across 22 markets. Nearly 80% of them are 16–34 years old and most deliver food part-time (on average 20.25 hours per week in those weeks they work). 27% of our courier partners are students (many of whom have an immigrant background, meaning they partner with Wolt while studying, then aim to move to other work).
- Wolt couriers are happy with their work and would recommend it to their friends. In our satisfaction survey, 76,7 % of courier partners said they are either satisfied or very satisfied with their cooperation with Wolt, while 14% chose “neutral”. 85,3% of courier partners like delivering on the Wolt platform because they can decide for themselves when they work and when they don’t. When asked how happy couriers are with their compensation on a scale from 1 to 5, the average indication was 3,92/5,00.
- Only 1.07 % of courier partners feel that they don’t like delivering with Wolt and are only doing it because Wolt is their only work opportunity. This means that 98.93 percent of couriers feel like they either like Wolt or at least they’d have other options as well, but they actively choose to deliver food for Wolt.

III. How does platform work fit into existing labor law categorizations?

As part of our expansion into the 22 markets we currently operate in, we have invested considerable time and effort in understanding the local regulatory requirements for (courier) contractor partnerships and adjusting to those. As platform work (and being able to accept and reject tasks on your GPS-powered smartphone) is a relatively new phenomenon, it does not always fit neatly into the traditional labor law categorizations that were created for a different type of economy.

In many countries, labor law imposes the kind of rigidity to employment relationships that are impractical in the context of platform work. Employment relationships often require significant administration and they do not allow the kind of flexibility that couriers appreciate in platform work.

For example, legal requirements around working times, employee supervisors, employer-dictated shifts, regulated breaks, and the management of how a person should be doing their work are in our experience not necessary for modern platform-enabled food couriers.

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A big benefit of the self-employment model is that it allows us to make courier partnerships very accessible. As there are no strict requirements for a courier's language skills or educational background, platform work often provides opportunities for those unemployed and underemployed individuals who are having a hard time finding work on the traditional labor market.

Under the flexible self-employed model, we are also able to meet our courier partners' own needs. A significant part (in Wolt's case, 16,8%) may want to work a few hours a week to earn supplemental income in addition to their main employment. Some may want to finance their studies (in Wolt's case 27%). And some choose to work as a courier full-time (in Wolt's case, 30,8%).

Couriers connect to our platform when it suits their daily routines, personal life or studies, not when ordered by Wolt. This self-governance would in most countries not be feasible in an employment relationship.

The downside of the self-employment model is that access to social protections is in many markets conditional upon being in an employment relationship. This leaves self-employed couriers facing inequality in social protections compared to their employed peers, as they lack similar effortless access to things like unemployment benefits or sick leave. It is important to keep in mind that this situation is not unique to the platform economy and has existed in other types of independent work long before the emergence of platform work. Ultimately, it is of course the legislator's decision what kind of social protections self-employed should have, and under which conditions.

Another problem with the uncertainty relating to the legal status of platform work is that platforms are constrained in their ability to provide benefits to their self-employed partners. For example in Wolt's case, providing certain types of insurance coverage to our courier partners increases the legal risk of those couriers being considered to be employees. In a similar way, we are in many markets not allowed to deduct or / and pay social contributions on behalf of our courier partners.

One final note before moving on to the next section. As outlined above, the flexibility of the self-employment model brings many benefits for both the self-employed and the platforms. That is why we have predominantly opted for the contractor model in our markets. However, we continue to learn and experiment other ways of doing things and are not categorically excluding the possibility of exploring an employment model in some of our markets.

For example, our plan for 2020–2021 is to assess whether it would be possible to operate a “mixed” model with employment and contractor models side-by-side. In a mixed model, the work could be arranged differently for a group of couriers, who would be in an employment relationship with Wolt. This would mean better safety nets for these couriers, coupled with higher barriers to get the job, more management, supervision and requirements from Wolt, including dictated shifts, probationary periods, etc.

Similarly, in the mixed setup, couriers who wish to provide their services on a more irregular and flexible basis – with lower barriers to get the job, less management, supervision and requirements from Wolt, and the freedom to decide your own hours – would be self-employed.

However, as the self-employment model will remain an element of how Wolt operates in most probable future scenarios, and as it is the contractor setup that is at the core of the public attention towards platform work, this paper focuses on improving the conditions for the self-employed contractors.

Developing a common set of rules or at least common approaches at EU level would bring clarity and certainty across the continent.

IV. What could be done at EU level

Given the uncertainty arising from different approaches taken in different Member States, we warmly welcome that the EU Commission is devoting attention to platform work. Developing a common set of rules or at least common approaches at EU level would bring clarity and certainty across the continent. Currently, labor unions, platform company legal advisors, workers’ rights activists, different political parties, government officials, policy makers and the media all have their own views on how national laws should be interpreted and if, and how, they should be re-drafted. This uncertainty benefits almost no-one.

From the platform perspective, it is important to agree on clear rules that apply to everyone. Due to competitive pressure and legal limitations, it is difficult for a single platform to move alone to adopt enhanced platform work conditions or offer certain social protections. Either the increased costs for that one company – who is often already loss-making – are passed onto consumer prices, which would impact that platform’s ability to compete against other platforms. Or, in the case of offering too much protection, the company could be interpreted as an employer in court, facing a heavy financial penalty.

We think an EU-level approach to platform- and other independent work should take into account at least the following elements.

1) Legal status: In order to increase legal certainty for platforms and self-employed, the EU Commission should develop a clear definition of modern self-employment (and how that differs from employment). A critical element of such definition should be the level of control independent contractors have: this should focus on the genuine flexibility to decide when and where to work as well as the ability to change plans in real time,

without a fear of penalties.

2) Social protections: Access to social protections should be equal for all workers, regardless of the type of their work – be it employment, self-employment, or micro-entrepreneurship. Independent workers should have the same access to sick-leave, holidays, pensions, and unemployment benefits as employees. In order to enable this, policy makers should improve those safety nets for contractors, and platforms should be allowed to pay and/or deduct mandatory social contributions on behalf of their self-employed partners.

3) Insurance and other benefits: Platforms should not be penalized for offering insurance or other benefits to their self-employed partners. Currently, the legal risk of re-classifying the relationship between a platform and an independent worker as employment prevents platforms from providing further protections to their partners in many countries. This issue links back to the clarity of the legal status: whether or not a platform provides insurance or other benefits for their self-employed partners should not be a determining factor in the legal classification.

4) Representative associations: Self-employed contractors should be able to found and join associations that represent contractors in order to engage in dialogue on cooperation models with platforms.

5) The role of technology: To address concerns around “algorithmic management”, platforms should commit to ensure the “explainability” of the key operating principles behind their technology and build redress options and other safeguards for self-employed partners should the platform’s technology automatically impact the worker’s ability to provide services (e.g ranking).

6) Transparency and predictability: Platforms should commit to transparency and predictability principles in their contractual relationships with self-employed partners. For example, platforms should have clear and accessible policies governing those relationships and have processes in place to ensure self-employed partners can prepare for any changes to those policies.

7) Regulatory simplification: The EU Commission should consider issuing recommendations to the Member States on how to simplify legal and taxation structures around self-employment. For example, setting up self-employment should not require complicated company structures and fulfilling the necessary tax obligations for self-employed should be streamlined.

8) Data exchange with authorities: In order to ensure that everyone in the platform work ecosystem pays their taxes, the EU Commission should develop a harmonized framework for data sharing between platforms and tax authorities. This would allow tax authorities to access the revenue data for self-employed providing services through platforms.

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