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Varieties of Capitalism in the digital age

France, Sweden and the United Kingdom's institutional response to
the platform economy

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Abstract

The objective of this study is to investigate how European trade unions and governments in France, Sweden and the UK have reacted to the rapid growth of the platform economy. The platform economy (also commonly referred to as gig-economy, sharing economy etc.) including Uber, Airbnb and Deliveroo etc., has already managed to transform some sectors of the economy and contributed to the creation of a 'winner-takes-most' dynamics with a decreased labour share. Social dialogue represents a strong factor in promoting job creation and job quality in a changing world of work, but currently, there is a lack of literature covering trade unions reaction to the platform economy. This study aims to fill this gap, employing an institutional approach combining Varieties of Capitalism with Varieties of Welfare in order to analyse differences and similarities in actor's behaviour. The comparison is made within five institutional areas: Industrial Relations; Vocational training and education; Inter-firm relation; Employees and Social protection using complementary materials as well as conducted interviews with trade union representatives from each country as well as with a representative from Uber. Political and economic institutions shape trade union and government's reactions, but there is also evidence for an institutional change within the case of France.

Keywords: European labour market, Political economy, Uber, Varieties of Capitalism, Welfare regimes

Words: 19885

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1 Introduction

1.1 The question

Increased digitalization, automation and the emergence of platforms are all aspects of the technological revolution that is currently taking place in the world (Eurofound 2018). The rapid changes in the European labour market have implications for economies and challenges existing policies and regulations. The shattering growth of the platform economy (also commonly referred to as gig-economy, sharing economy etc.) including platforms such as Uber, Airbnb and Deliveroo etc. has already managed to transform some sectors of the economy and contributed to the creation of a ‘winner-takes-most’ dynamics’ where companies capture an increased share of the market. As a consequence, we are witnessing a decreased labour share with wages that are increasingly being decoupled from productivity (OECD 2018, p. 60).

The process is still unfolding and therefore it is difficult to predict what will be the future impact of the technological revolution on work and employment (Eurofound, 2018, p. 21; European Commission 2018). Uber has come to represent a crucial aspect of the 21st-century capitalism and was introduced on the European labour market in 2012 only a couple of years before creating a common shock and disruption in many countries transport sectors (Thelen 2018). Social dialogue¹ represents a strong factor in promoting job creation and job quality in the changing world of work by contributing to increased competitiveness, improved working conditions and structural reforms (European Commission, 2015). Furthermore, it can help in fostering and coordinating flexibility (European Commission 2018).

Platforms such as Uber claim to be neither a firm in a traditional sense nor to be an ‘employer’. This has serious implications for trade union influence since collective bargaining can only take place between employer and employees according to competition law (Daskalova 2018). Therefore, social dialogue is increasingly under pressure in this changing world of work (European Commission 2018, p. 170). A continuous decline in trade union density and collective bargaining coverage is serious since powerful trade unions coordinate

¹ The European Trade Union Federation (ETUC) define social dialogue as a ”process of negotiation by which different actors

and uphold wage bargaining. The lack of union representation creates power asymmetry in the employment relation and risks leading to growing social inequalities. Failure of ensuring decent working conditions for all is a threat to the EU project (The Guardian 2016). The relevance of trade unions largely depends on whether they manage to adapt to the changing world of work since the platform economy has only begun to develop, and will continue to expand and affect more sectors and industries in the future.

The platform economy creates a window of opportunity for relevant actors including trade unions and governments to design and outline the ‘rules of the game’, and to balance decent work with technical innovation (European Commission 2018). Analysing countries reactions to the platforms could ultimately predict future challenges and opportunities. Currently, there is a lack of literature covering labour union initiative for platform workers (Kilhoffer, Z., et al., 2017; Palier 2018). Studying the reactions of trade unions and governments in the eyes of relevant theory could facilitate the understanding and logic behind trade unions and government behaviour. Ultimately, the broad knowledge that is generated facilitates the democratic process in producing accurate policies (George and Bennett, 2004, p. 52).

There are many theories that aspire to explain actors’ behaviour such as culture, climate, path dependence and institutions². In this thesis, I will use the institutional approach³ to examine similarities and differences between trade union and government in France, Sweden and the UK in order to answer the following research question: ***How have European trade unions and governments in France, Sweden and the UK reacted to the rapid growth of the platform economy?*** In order to answer this question, and to bridge the heterogeneity that characterizes the platform economy, the thesis focus on the specific case of Uber.

1.2 The argument

The argument for this thesis is inspired by Schröder’s typology (Schröder 2016), merging two famous theories, Hall and Soskice: Variations of Capitalism (2001) and Esping-Andersen’s: Variations of Welfare (1990) in order to explain actor’s behaviour. Based on the combination of these two theories, I developed the hypothesis that: *the level of coordination and solidarity*

² For more detailed explanation about culture and climate theory, please see appendix 3

³ In this thesis I will use Douglass C. North definition of institutions “Institutions are the structure that humans impose on human interaction and therefore define the incentives that (together with the other constraints (budget, technology, etc.) determine the choices that individuals make that shape the performance of societies and economies over time” (North, D.C., 1994).

in trade unions and the government's reactions to the platform economy is determined by institutional characteristics. In this thesis I aspire to test if the mechanism and outcomes predicted in the typology developed by Schröder can help explain differences and similarities in how trade unions and governments have reacted to the platform economy, with a specific focus on the case of Uber. A survey conducted by the European Commission states that low levels of coordination and solidarity risks to reduce the overall level of production and increase the inequality in a society (Pesole, A., et al 2018).

The technological revolution requires increased steering from European trade unions and governments in order to grasp its opportunities, while still ensuring workers welfare. The technical revolution can boost growth and increase productivity and is important considering that innovation within European firms and industries are lagging behind in comparison to other continents. (OECD 2015). Europe needs to increasingly start to develop sustainable digital companies to become globally competitive. Responding to 21th century decreased labour share will require more than just a redistributive tax and wage politics; it will also require a change in political economic dynamics that can address the concentrations of power and shifts of influence represented in the networked firm (Rahman and Thelen 2018, p. 36)

1.3 The outline

This work is organized into eight sections. In section 2, I will provide a brief description of the digital revolution and the platform economy with a specific focus on Uber. Section 3 explains European employment trends as well as a brief overview of the EU reaction to the platform economy (section 3). In the next section (section 4) I will present my theoretical framework. First, I will present the economic institution theory 'Varieties of Capitalism' theory and its critics (4.2). Secondly, I will introduce the theory 'Varieties of Welfare state', and explain why a combination of these two theories have a better chance of answering my research question. I will then explain the characteristics of Sweden, France and the UK's welfare systems, leading up to my hypothesis (section 4.3). Section 5 presents the methodology. First I will briefly discuss the research process followed by two subsection of the choice of methods: comparative case study approach (section 5.2) and the qualitative interviews (section 5.3). Section 6 presents a brief overview of the legal context for Uber. Thereafter, I will introduce my comparative analysis within the five institutional areas (7), followed by a normative discussion (8) and finally, I will conclude (9).

2 Towards the Digital Age

This chapter will provide a brief description of the technical revolution and the platform economy with a specific focus on the case of Uber. The platform economy represents one aspect of the digital revolution. Eurofound defines digital revolution as a “general acceleration in the pace of technological change in the economy, driven by a massive expansion of our capacity to store, process and communicate information using electronic devices” (Eurofound 2018, p.1). The digital revolution represents the process towards the digital age, defined as “a historical period marked by the widespread use of digital technologies in different aspects of human activity, including the economy, politics and most forms of human interactions” (Eurofound 2018, p. 1).

The implication of the digital revolution remains disputed. Some scholars simply regard it as a marginal set of innovations specifically targeting leisure industries with little effect on growth in the long run (Robert J. Gordon, cited by Eurofound 2018), whilst others refer to it as the fifth⁴ technological revolution that has taken place over the last 200 years, with huge implication for our social, political and economic systems (Freeman and Louçã, 2001; Pérez, 2003). The fifth technical revolution has three main implications: Firstly, there is a change in methods and tools used in the economy, which implies that the digital revolution, in the end, will require new institutions and social structures since it challenges existing structures, cultural mindsets and institutions. Furthermore, it is predicted that the self-reinforcing process of technological change will be the object of societal resistance (Eurofound 2018, p. 1).

Secondly, because of this resistance, changes in the socio-economic structures are not up to speed with the pace of innovation. There is usually a period of ‘installation’ from technological revolution to socio-economic change: “[It] starts with the appearance of new products and industries, initially at the margins of the economy, but then growing very fast. This rapid growth would attract investment, providing leverage for further innovation and growth, as well as the necessary funding for the installation of new infrastructures and the development of further applications” (Freeman and Pérez, cited by Eurofound 2018 p. 2). The period of installation lasts approximately for three decades and is often followed by a financial crisis. During the installation period the new technology remains centred on the

⁴ The four previous technological revolutions were: the initial Industrial Revolution (circa 1771); the steam and railways revolution (circa 1829); the steel, electricity and heavy engineering revolution (circa 1875); and the oil, automobile and mass production revolution (circa 1908) (Eurofound 2018, p. 2).

relevant industry, but after the crisis, the technology starts to spread due to new infrastructure and increased knowledge of the new methods and tools. This period is referred to as the ‘deployment period’ and represents the period where the new technology reaches its full potential and the period we are currently entering (Pérez, cited by Eurofound 2018, p. 2).

Thirdly, as a consequence of the social embeddedness of the production technologies, the socio-economic changes caused by the transformation in economic activity will require a full-blown change of the institutional framework. For example, the employment regulations and the Keynesian welfare state can be regarded as a reaction to the injustice and conflicts created by the Fordism mass production system (Boyer, cited by Eurofound 2018). The reorganization of the institutional framework successfully managed to divide the benefits of the Fordism mass production system and for the full deployment of the system. However, this reorganization does not happen automatically, but requires political initiatives in order to address the existing institutional framework perhaps developed in and for a different context, and therefore incapable of dealing with current challenges (Eurofound 2018, p. 3).

There is an interaction between the division of labour, technology and institutions in the transformation of socioeconomic structures (Eurofound 2018, p. 5). Technology brings about more methods and tools that can facilitate the economic process and brings changes to the division of labour as well as to the role of institutions. Division of labour signifies “the separation and allocation of tasks to different persons cooperating in an economy process” (Eurofound 2018, p. 5). The economic activity is dependent on the division of labour and workers common input in production. Technology allows for better coordination of labour, which increases efficiency in production (Eurofound 2018, p. 5). Economic institutions foster the relationship between technology and the division of labour since it controls the production process and labour input. Skills and specialization of workers become essential for workers to adapt. Institutions are essential in order to coordinate human input in the production process since the technical transformation also impose social challenges (Eurofound 2018: 6).

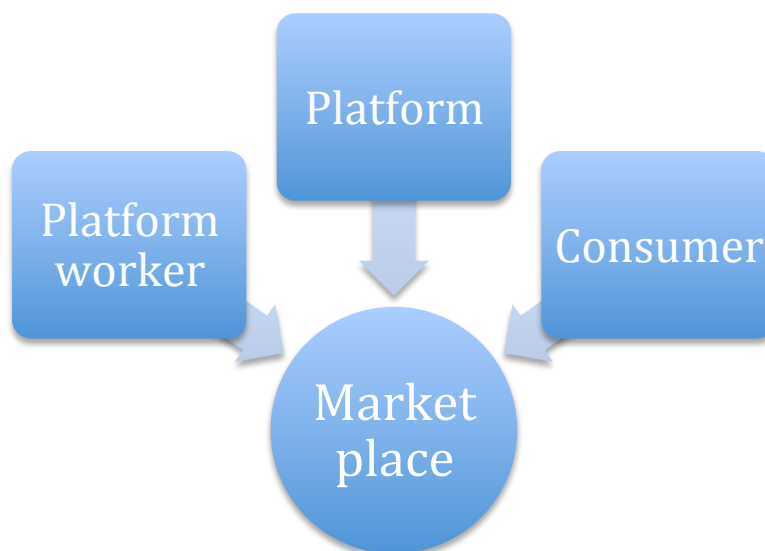
Institutions play a key role in providing social coordination and stability to the economic processes and by coping with external effects. Institutions can ensure resilience and social sustainability during economic changes within the given society. There are three courses of organizational change that all affects work and employment: Automation of work, Digitalization of processes and Coordination of Platforms (Eurofound 2018, p. 21). It is essential to understand these changes in order to grasp the implications of the digital age for employment and work. But in my thesis, due to limited space, I will primarily focus on the effects and reactions in relation to the third course of change: Coordination by platforms and the following section will discuss this phenomenon more in detail.

2.1 Platform economy

The European labour market is gradually becoming more digital, and online platforms are often drivers of change, along with automation of work and digitalization of processes by (re-) intermediate transaction and simplifying interaction (OECD 2016, p. 43; Eurofound 2018, p. 15; Ministry of Labour 2017 p. 191). A survey conducted by the European Commission shows that the digital platforms continue to expand on the European labour market (Pesole, et al., 2018). The overall size and number of digital labour platforms are growing. Recent estimates indicate that the monetary value of transactions within collaborative platforms grew by 56% between 2013 and 2014 and that transactions increased by 77% between 2014 and 2015. These estimates include accommodation and financial services as well as transportation, household and professional services (European Commission 2018, p. 122)

Eurofound defines platforms as “digital networks that coordinate economic transaction in an algorithmic way” (Eurofound 2018, p. 25). According to this definition, platforms contain two essential features. Firstly, a structured digital ‘space’ where goods or services can be either distributed or demanded. A sizeable quantity of data on the transactions and on the platform users are collected and accumulated in the digital ‘online’ space. In order to create trust between users and to encourage good conduct by users, parts of the data are distributed back to users as records of effective evaluations or transaction (Eurofound 2018, p. 25). The second feature of platforms is the automatic coordination and matching of the transaction due to a set of algorithms. The special attribute of the platform is that it represents market and firms at the same time. Platforms provide a space where supply and demand can integrate through ‘automatic management’ (Eurofound 2018: 19).

Figure 1 Platform economy actors



Ministry of Labour 2017, p.194

Employment conditions are the most visible impact of platforms (Eurofound 2018, p. 20), and policy change might be suitable solutions where intermediaries and innovators cannot provide

good solutions. Lack of access to benefits; credit; income security measures and training and credentials need to be addressed (Manyika, J., et al., 2016). As we have seen above, platforms represents a new kind of economic organization, with the consequence that it does not always merge perfectly within current employment categories 'statuses' such as dependent and self-employment. There is a risk that platform workers remain dependent of their employer like employees, but with the social protection of a self-employed-(Eurofound 2018, p. 20).

It is challenging to categorize platforms due to its heterogeneity and continuous spread across sectors and activities, and there is a wide variety of how to classify platforms depending on the authors (European Commission 2018). However, Eurofound has provided a general classification over the differences in the coordination of economic transaction. Still, due to its complexity Eurofound are currently conducting a study aiming to produce a more comprehensive classification of different forms of platforms, specifically analysing paid platform work organized through online platforms (Eurofound 2018, p. 20). Due to lack of space, this thesis will not explore the heterogeneity of platforms.

The increased coordination of platforms could have both positive and negative effects on the society. On the one hand, the platforms can provide a better matching of demand and supply as well as skills and expertise both within and between firms. On the other hand, it puts a huge pressure on the workplace with social and economic consequences. According to Prassel, the political and cultural salience and power relations within institutions and on the Nordic labour market might become challenged (Prassel 2018).

2.1.1 How many and who are the platform workers?

There is a limited amount of reliable data on how many people are providing services on digital platforms, and this is needed in order to develop employment and social policy (Pesole, A et al. 2018, p. 14). This kind of data is important for two reasons: Firstly, traditional labour regulation might not fit well with new forms of work on platforms and secondly, because the work performed via platforms are not transparent enough except for the platform themselves. There have been some attempts to statistically measure the number of platform workers, but with different definitions of what it implies being a 'platform worker', resulting in some varying outcomes (Pesole, A et al. 2018, p. 14).

On the contrary from some of these earlier surveys, the COLLEEM survey asked people whether or not they have ever earned an income from various online sources. If the respondent answer yes to one of this following question they are considered as platform workers (Pesole, A et al. 2018, p. 14):

“[...] providing services via online platforms, where you and the client are matched digitally, payment is conducted digitally via the platform and the work is location- independent, web-based" and "providing services via online

platforms, where you and the client are matched digitally, and the payment is conducted digitally via the platform, but work is performed on-location" (Pesole, A et al. 2018, p. 14).

Table 1 Percentage of platform workers in Europe according to the 2017 COLLEEM survey, the initial estimate

Country	Percentage of platform workers
United Kingdom	12.6%
France	8.8%
Sweden	7.8%

Source: Pesole, A et al. 2018, p. 14

Table 1 presents the percentage of platform workers in France, Sweden and the UK, where we can observe that the UK has the biggest share of platform workers (12.6%), while France has around 8.8% and Sweden 7.8%. Thus according to table 1, platform workers are mainly located in countries with liberal-market economies: compared to Sweden, the UK's share of platform workers is 61% bigger. **These findings suggest that the platform economy is especially growing more rapidly in places with more flexible labour market regulations. Such an argument constitutes the premise of this research.**

The COLLEEM survey also investigated the situation for workers. A majority of the respondents that had ever participated in the platform economy claimed that they worked for the platform for at least 10 hours per week (Pesole, A et al. 2018, p. 14). On the other hand, other surveys further uphold that the proportion tends to vary a lot between European member states.

On the contrary from Pesole, A et al., McKinsey define platform work under the generic term of 'independent work' covering freelancers, self-employed, and temporary workers, and has three main attributes: "[...] a high degree of autonomy: payment by task, assignment or sales; and short-term relationship between worker and client" (Manyika, J., et al., 2016).

Independent work is not a new phenomenon and has been carried out for a long time within sectors such as journalism and media sector, and despite the norm of full-time employment, the independent form of work is rapidly evolving due to digital platforms.

McKinsey estimates that 15 % of all independent workers are engaged in this platform 'marketplaces' such as Uber, Airbnb, Upwork etc., but suggest that this number is very likely to continue to grow (Manyika, J., et al., 2016). The figure provided in the COLLEEM survey is based on whether people have *ever* used a digital platform, while McKinsey is distinguished between four types of platform workers based on results from UK, Sweden, France, Spain and Germany:

Table 2 Type of platform work

“Independent work is my...”	Primary income	Supplemental income
Preferred choice	<i>Free agents</i> (30 %) “Derive their primary income from independent work and actively choose this working style”.	<i>Casual earners</i> (40 %) “Use independent work to supplement income and do so by choice. Some have traditional primary jobs, while others are students, retirees, or caregivers”.
Necessary choice	<i>Reluctant</i> (14 %) “Derive their primary income from independent work but would prefer traditional jobs”.	<i>Financially strapped</i> (16 %) “Do independent work to supplement their income but would prefer not to have to do side jobs to make ends meet”.

Source: Manyika, J., et al., 2016 p. 8

The percentage suggests that a majority of independent workers is working out of choice rather than necessity. The ‘type’ of platform work carried out determines the level of satisfaction. ‘Reluctant’ and ‘financially strapped’ workers (approx. 30 per cent) reports lower satisfaction than workers that identify themselves as ‘free agents’ and ‘casual earners’ (approx. 70 per cent). Additionally, ‘free agents’ reports higher satisfaction then traditionally employed workers, while independent workers and traditionally employed workers that experience little independence have a comparable level of dissatisfaction.

On the other hand, since McKinsey is putting together different kinds of independent work, the level of satisfaction might appear different if only platform workers were studied. McKinsey argues that it is very important for policymakers to collect better data on platform work, otherwise, it becomes very difficult to understand the real impact of platform work and to address the gaps in benefits, workers protection and income security.

While McKinesy is upholding that the independent workforce is diverse and not dominated by millennial (Manyika, J., et al., 2016, p.5) other research suggests that workers tend to be young (Drahokoupil, J. and Fabo 2016., p. 5; Pesole, A et al. 2018, p. 14). Both McKinsey and the COLLEEM survey suggest that platform workers tend to be well educated (Manyika, J., et al., 2016; Pesole, A et al. 2018, p. 14). People that participated in the COLLEEM survey and stated that platform work represents their main activity are more probable to have a high educational degree than non-platform workers. Considering that the most of the work performed on these platform does not require a high level of education these results are surprising. On the other hand, the results might be affected by the fact that people with IT skills tend to answer this kind of surveys (Pesole, A et al. 2018, p. 14). Furthermore, platform workers tend to be male and urban habitats (Drahokoupil, J. and Fabo, B., 2016, p.5)

2.1.2 Uber case

This section contains a brief presentation of the platform that I will be focusing on in this thesis, Uber. Uber has come to represent a crucial aspect of the 21st-century capitalism and was introduced on the European labour market in 2012 only a couple of years before creating a common shock and disruption in many countries transport sectors (Thelen 2018). Uber is a smartphone-based car service platform that connects customers with drivers, a process often referred to as a peer-to-peer model. Uber drivers get paid for every completed trip and use their own cars in order to pick passengers. The official mission of Uber is to “bring transformation for everyone, everywhere and to roll out an efficient, convenient, elegant transportation system” (Uber newsroom). The simplicity of Uber innovation represents a huge transformation for consumers since the traditional transportation systems represent a very stagnant ecosystem that is non-reliable at times. Furthermore, Uber can bring more diversity than traditional transportation system (Singh 2018, interview)

Table 3 Uber drivers per 10,000 habitants

	Population	Uber drivers	Drivers per 10,000 habitants
UK	65,600,000	65,000	9,9
FRANCE	66,900,000	30,000	4,5
SWEDEN	9,900,000	1,000	1,0

Source: Amit Singh 2018

The main difference between Uber and a normal company is that Uber does not make money without its drivers. Economy value is generated from people doing trips, and Uber, in turn, takes out a commission for this service. If people stopped working for Uber wouldn't be able to take a commission and start earning money.

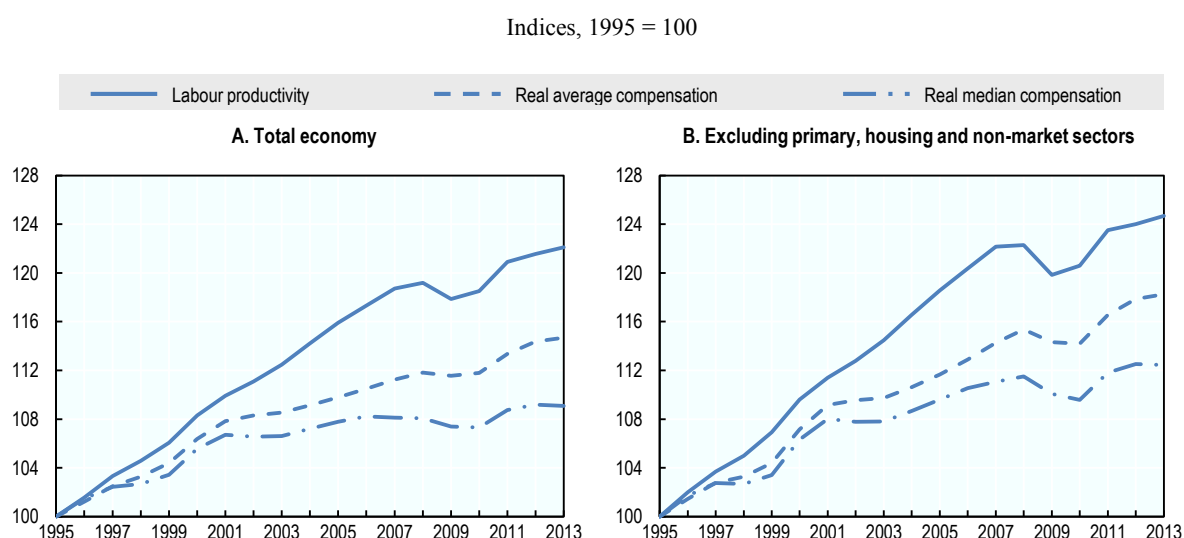
Currently, according to its website, Uber offers its services in 65 countries around the world and has 3 million drivers. Table 3 shows the number of drivers per 10,000 inhabitants. In this table, we observe that similarly to table 2, the UK has the biggest number of uber drivers (9.9), followed by France (4.5) and Sweden (1.0). These numbers support the overall **the notion that platform economy tends to be larger in liberal-market economies due to the flexibility in the regulatory framework. Companies like Uber tend to have a natural advantage and thrive easily in such economies.**

3 European employment trends and the European Union

This section presents a brief overview of how wages are increasingly becoming decoupled from production bearing consequences on individual workers as well as on societal inequality. I will explain how this trend could be linked to the platform economy. I will also present some initiatives that have been introduced by the European Union.

The production has recovered itself since the financial crisis, but over the last two decades, the wages have separated from the real median wage growth in many OECD countries, including France, Sweden and the UK (OECD 2018, p 47). The extent of the decoupling of wages varies between countries and depends on institutions and policies as well as the business cycle. Reforms and changes connected to countries labour market policies and collective bargaining institutions and practices represent an important factor for the labour share developments. (OECD 2018, p. 53). The decrease in real median wage growth in many OECD countries can partly be reflected in the reduced labour income shares, however, this trend does not apply to the same extent to high skilled workers. Countries with decreased labour share also have a setback in technological frontier and relocation of market shares towards ‘winner takes most’ firms with low labour shares. Capital-intensive firms can partly explain the reduced technological frontier.

Figure 2 Falls in labour shares coincided with falls in relative investment prices and the expansion of global value chains



Source: Schwellnus et al. (forthcoming) cited by OECD 2018

“There is [...] a long-standing concern about the decline of labour and the rise of corporate power in the modern economy (Rahman and Thelen 2018, p. 35). The modern firm has gone from the 20th century of being a huge employer, in dialogue with organized labour and regulated by the government to the 21st-century network firm. In this new firm, labour is being squeezed down due to outsourcing making the cost of production cheaper. These firms also have a “concentrated ownership and influence among investors, particularly financial interests” which contributes to the rise of inequality and insecurity in the modern economy.

Avent argue that the “biggest effect of the digital revolution is not going to be massive numbers of workers who just can’t find any work; it’ll be that the work they find ends up being very low-paying, because the displacement effect of these new technologies is so great, and the economy is asked to absorb so many new workers, that that’s just going to put an incredible amount of downward pressure on wages” (Avent 2018). On the other hand, Rahman and Thelen state that the platform economy is “not as a product of natural or technological change [but] rather it is crucially tied to the political-economic landscape”.

The platform economy has been the object of a very limited European regulatory framework, and only a certain number of national rules applying to it. Today, the majority of platform workers are considered to be self-employed, but it varies between the EU member states and platform work is still characterized by blurriness over which ‘employment status to apply’. According to EU law the employment relationship should be considered with reference to three criteria: the subordinate relationship, the nature of the work and the remuneration provided (Drahokoupil, J. and Fabo, B., 2016., p 6) Policies related to the labour market represent a national competence, but lately the European Commission is pressing member states to provide more protection for its workers in the platform economy (European Commission press release 2018)

The European Union have taken several initiatives to tackle challenges on the labour market due to platforms. In 2016, the European Commission launched a non-binding guidance *A European agenda for the collaborative economy* that explains how existing EU-law should be applied to the platform economy and includes policy recommendations for member’s states, firms and citizens as well as for people earning through 'sharing economy', such as Uber and Airbnb In the agenda the commission encourages member states to adapt their existing rules to new business models, e.g. taxation, employment and market access In relation to the agenda, the European Parliament published a study *The Social Protection of Workers in the platform economy* that investigates social protection for workers in the platform economy and will be referred to in the comparative analysis of this thesis. The study takes a legal perspective on the challenges for workers to access social protection.

In March 2018, the European Commission put forward a proposal for a council recommendation on social protection for self-employed and workers, stressing that most member states need to update their regulation on social protection schemes, that is still largely based on the traditional idea of a relationship between one single employer and a worker having a full-time and open-ended contract (European Commission 2018; Personal, A., et al. 2018, p. 55).

4 Theoretical framework

This chapter introduces the theoretical framework and explains how institutions shape actors behaviour. The framework will help me answering my research question: *How has European trade unions and government in Sweden, France and the UK reacted to the rapid growth of the platform economy?* First, I will present the Variations of Capitalism theory, its five analytical spheres and the two types of capitalism that influence the production system. Secondly, I will introduce the critique against this theory such as liberalization theory. Finally, I will explain how adding and combining Varieties of Capitalism with Varieties of Welfare can bridge the critique and contribute of an increased knowledge of differences and similarities can explain governments and trade unions reaction to platforms.

4.1 Varieties of Capitalism

In 2001, Hall and Soskice introduced a new approach to the literature on comparative economies, referred to as *Varieties of capitalism* (Henceforth VoC) suggesting that the institutional structure of a national political economy generates comparative advantages (Hall and Soskice 2001). The theory draws inspiration from new institutionalism and rational choice theory and is actor-centred in the sense that it highlights how institutions affect behaviour and strategic interaction (Hall & Soskice 2001, p.4-5). The political economy consists of rational actors, constrained by the institution and existing rules, striving to advance their interests through strategic interaction with each other, searching for ways that the institutions can benefit them. Even though actors are multiple, firms are put at the centre of the analysis and represent the key agents of adjustment when it comes to international competition and technological change (Hall & Soskice 2001, p.6).

Capitalist economies are systems where individuals and firms invest in material technology and machines, but also a system where the firm's competencies are relational. This means that a company's success lies in its capacity to coordinate effectively with multiple actors, trade unions, governments etc. The efficiency of an economy is linked to the economy's level of organizing (Schröder 2003, p. 15). Economic efficiency can be broadly understood as:

“Essentially, overall economic efficiency is attained when individuals in society maximize their utility, given the resources available in the economy. In other words, an increase in economic efficiency improves the wellbeing of the

members of the community — the ultimate goal of most policy or regulatory endeavours” (Productivity Commission 2013, p.2)

In order to prosper, firms must engage with others in multiple spheres of the political economy: to raise finance (on financial markets and corporate governance), to regulate wages and working conditions (industrial relations), to ensure workers have the requisite skills (education and training), to secure access to inputs and technology (via inter-firm relations), to compete for customers (in product markets), and to secure the cooperation of their workforce (firm-employee relations) (Hall & Gingerich 2009, p. 449). In this thesis I will examine four of these areas:

Inter-firm relation, firms need to coordinate a good relationship with other companies especially its clients and suppliers in order to secure suitable supplies of inputs, demand for products and access to technology. Firm capacities depends on the ability to stay relevant through technological development and competitiveness (Hall & Soskice 2001, p. 7).

Employees, firms need to coordinate with their own employees in order to ensure good cooperation and competencies for the benefits for the company. If the relationship with employees fails, it might lead to Moral hazard and drawback in effort and information. It is therefore fundamental for firms to establish a good relation, share information and take advantage of workers skills.

Industrial relations, firms need to coordinate working conditions and wages for their employees through collective bargaining with other employers, organizations, and employees. The outcome of these negotiations affects productivity and wage and thereby determines the quality of the entire economy since it relates to the degree of inflation or unemployment (Hall & Soskice 2001, p. 7).

Vocational training and education, there is a mutual interest for firms and workers to invest in vocational training and education. Appropriate skills do not only affect the company but the competitiveness of the entire economy. Firms, together with employees need to coordinate how to invest in relevant skills (Hall & Soskice 2001, p. 7).

Due to the limited amount of space, lack of material and the wish to include a key area essential to distribution, I decided to exclude corporate governance from my study and instead investigate the relationship within the four areas described above. For more information about the fifth institutional area, readers are referred to Appendix 11.5.

Considering these five institutional areas, Hall and Soskice present a classification of two different types of capitalism (production systems): Coordinated market economies (Henceforth CME) and Liberal market economies (Henceforth LME). Each system differs when it comes to the relationships within the five institutional spheres (Hall and Soskice 2001, p.22): Firms within CME are characterized by strategic interaction and collaboration,

where the level of efficiency is related to the degree of support received by the institutions (Hall and Soskice 2001, p.22). Contrary to the strategic interaction in the CME, the LME tend to rely on non-market coordination for example through substantial market regulations. Consequently, this system provides less institutional backing for non-market coordination within the five spheres (Hall and Soskice 2001, p.27).

When dealing with new or unfamiliar challenges, deliberative institutions will increase actors' strategic capacities and decrease uncertainty in relation to other actor's behaviour, which better prepares them to coordinate their reaction and respond to exogenous shocks that frequently face capitalist economies (Hall & Soskice 2001, p. 12). According to Elinor Ostrom, strong institutions provide "1) the exchange of information among the actors 2) the monitoring of behaviour and 3) the sanction of defection from cooperative endeavour" (Elinor Ostrom 1990, cited by Hall & Soskice 2001) Strong institutions typically includes strong trade unions and employer organizations.

The strength with the VoC theory consists of its power to explain diverse types of political and economic systems, all with its own behavioural logic and reason for supporting the institutional structure, both at a macro and micro level (Thelen, 2002, p.2). At a macro level, the theory shows how game-theoretical dilemmas and uncertainty amongst actors can be overcome by a coordinated institutional system that includes a collective bargaining structure at a micro level, it shows how firms are embedded in the institutional system and how it influences employer's strategies to adapt to new forms of competition. (Thelen, 2002, p.2; Schröder 2003, p.25).

4.1.1 Criticism

In the wake of globalization, the introduction of world markets and economic unrest, many comparative political economists have started to criticize VoC for leaving out the important aspect of political and social influence on institutional change⁵ (Thelen & Hall 2009, p. 2; Pierson 2001). Many scholars started to question the explanatory power of static and

⁵ Other critiques towards the VoC has been targeting whether or not the VoC theory is to 'simplistic' when trying to put all developed economies into two broad categorizes (Crouch 2005; 442; Streeck 2010). On the other hand, Hall and Soskice never claimed to represent the reality in all its complexity. Hall and Soskice acknowledge and highlight that the two categories represent ideal types with the consequence that many countries can be included, but also with the risk of excluding uncertain cases (Hall and Soskice 2001, p.27). On the same note, VoC has been criticized for neglecting internal diversity in capitalist organization (C. Crouch, M. Schröder, H.Voelzkow 2009; M Schröder, H Voelzkow 2016; Lane and Wood 2009; Townsend, Wilkinson 2011, p. 29). When examining variations in employment relation institutions and outcomes, VoC mainly focuses on the national level to explain differences across nations. In many cases there are significant and interesting in-country variations in employment relations across industries, regions and firms (Townsend, Wilkinson 2011, p. 29). Institutions and actors strategies are embedded in and influenced on multiple levels and VoC tends to focus too extensively on the national differences, and risks losing sight of the big picture. For example VoC fail to take into account the influence by the European Union and the EU-level institutions (Doellgast, Lillie and Pulignano 2018, p. 15)

rationalist approach in the distinction between the different types of capitalism: CME and LME. For example, due to the continuous weakening in collective bargaining coverage of coordinating institutions and the growing trend of precarious work (Doellgast, Lillie and Pulignano 2018, p. 2).

Streeck argue that it makes little sense to distinguish LME from CME, since CME have been subject of increased liberalization, that has eroded arrangements and social solidarity traditionally linked with CME (Streeck, 2010), and instead liberalization scholars focus more on commonalities and similar paths of change affecting both LME and CME. According to the liberalization theory, the CME's will eventually turn into LME, but so far thanks to the CME institutional resilience, employers' interest to fight the institutional constraints has been slowed down (Thelen 2004, p. 138). However, the global finance has changed, which has led to a decreased coordination between banks and domestic firms (Höpner 2005). At the same time, employers demand greater flexibility resulting in a fragmented collective bargaining (Baccaro and Howell 2011). Meanwhile, governments are increasingly pressured to scale back and cut costs for social spending affecting the most vulnerable in the society (Streeck, 2010). The liberalization theory has a very negative understanding of employer interests, assuming that they always seek to expand market interests (Thelen 2004, p. 138).

In order to meet the critics from the liberalization theory, Thelen and Hall set out to expand Hall and Soskice's VoC framework (Hall and Thelen 2009). They elaborate on the perspective of institutional change by focusing on the elements that drive change and whether the global economy actually leads to compulsory convergence towards LME as argued by the liberalization theory (Hall and Thelen 2009, p. 2). Building on the VoC, firms are regarded as central actors in the course of economic change, and good relations with other actors in the economy that generates institutional support vice versa represents a crucial factor for the economy to cope with change (Thelen & Hall 2009, p. 2). Firms' relation with other actors on the market varies between CME and LME. In CME activities are organized strategically whereas in LME companies rely on competitive markets to organize their activities (Thelen & Hall 2009, p. 2).

With a growing international competition and an expanding service sector, the opportunity structure of actors has changed, which encourage institutional change (Thelen & Hall 2009, p. 15), but in polemic with liberalization theory, Thelen and Hall argue that change in the political economy has to be viewed as a national institutional response, not just as a common external shock. For example, thanks to strategic coordination, Sweden managed to foster the major transition from agriculture to industry to service (Thelen & Hall 2009, p. 15). On the other hand, institutional stability is not static and cannot always be ensured. This was for example proven by Thatcher's major industrial relation reforms in the 1980's, where market institutions were replaced with non-market institutions with the consequence that union-led bargaining was deconstructed (Schröder, p. 169). However, change does not always happen through visible reforms, and at times, formal institutional arrangements hide more informal shifts in coordination (Thelen & Hall 2009, p. 18).

4.2 Varieties of the Welfare State

In order to better grasp institutional change and varieties within the CMEs, I have decided to complement the VoC framework with a theory developed by Esping-Andersen *Three Worlds of Welfare states* distinguishing between three types of welfare regimes: Conservative, Liberal and Social-Democratic (Esping-Andersen 1990). Combining the logic of VoC with Varieties of Welfare states (VoW) into one common typology can better explain institutional change and differences within the CME. In the following section, I will explain how these two theories will contribute to answering the research question.

Hall and Soskice acknowledged the close link between the two theories since the social policy can facilitate for firms in their objective to establish a strategic relationship within the five institutional spheres essential for efficient production (Hall and Soskice 2001). Social policy can improve the functioning of the labour market, for example, unemployment benefits with high retirement contribution could facilitate for companies to get access to individuals with specific and high skills (Hall and Soskice 2001, p. 50). With this background, Hall and Soskice claim that there is a connection between the types of political economy and the types of welfare states (Esping-Andersen, 1990; Hall and Soskice 2001, 50).

Hall and Thelen argue that the VoC theory needs to include more categories that demonstrate the institutional variety of the CME and needs to include solitary and distributive factor as a crucial aspect of institutional resilience (Thelen & Hall 2009, p. 25-26). According to Schröder, the main issue in the debate between the liberalization and VoC scholars is that they are not focusing on the same aspects of change. In fact, they are studying different dimensions of liberalization (Schröder 2013, p. 179). Streeck's argument about decreased solidarity risks to disregard the complexity of liberalization, and it is important to keep solidarity (egalitarianism) and coordination apart since it plays very different roles (Schröder 2013).

There are historical reasons behind actor's behaviour that determines how they chose to solve contemporary problems on the labour market. Type of welfare regime shapes actors sense of justice, for example in Sweden justice in the distribution system is based on universality, in France, it is linked to workers contribution, and in the UK it is based on selectivity targeting the poorest. According to Schröder, Social-democratic welfare states have been more successful in keeping their solidarity than conservative countries due to differences in welfare regimes (Schröder 2013 p, 179). Both France and Sweden are CME, but with a diverse social policy regime.

For example, liberalization of the traditional manufacturing sectors in France CME has been translated into the growing service sector, and has created a *dualisation* within the workforce (Palier and Thelen 2010; Ibsen, C.L. and Thelen, K., 2017) between 'insider' and 'outsider', where the outsiders represents the unregulated periphery (Thelen 2012, p.45; Martin and Swank 2012, p.129). The rapid technological change has mainly brought benefits and

opportunities to the highly educated individuals, whilst low-skilled people get gradually downgraded with the reduction of jobs in manufacturing (Ibsen, C.L. and Thelen, K., 2017, p.2). However, liberalization is not, like in the case of LME changing already agreed labour arrangements, on the contrary, old institutions are preserved and supporting the conservatism (Schröder p.169). On the contrary from the conservative market economies, the Social-democratic economies are aiming more at (re) integrating individuals and on social mobility than to protect workers from the market (Thelen 2012, 135). The fact that social programs are merged with market mechanisms facilitates adaption to technological change.

The following three sub-sections are built on a theoretical discussion made by Schröder where he gathers and builds his argument on previous scholars about the history that explains differences in the institutional distribution system in France, Sweden and the UK. For more detailed exemption of the sources, readers are referred to the referenced pages. For further information about the differences in types of welfare, institutional variables and characteristics of each welfare state, please see appendix 11.3.

4.2.1 Sweden's Welfare System

In Sweden, social justice has come to symbolize both the production and welfare system. There is a long history of justice in Sweden, already in the seventeen-century small-scale farmers were given land from the nobility on the order of monarchy (Valocchi 1992, p. 193), and Sweden was the first country to have peasants represented in the parliament (Knudsen and Rothstein 1994, p. 207), already laying the foundation for a universalistic welfare legislation. Another important dimension for Sweden's sense of social justice came from Lutheranism, which instead of sustaining poverty through transfer, encouraged and empowered the poor to improve their own circumstances and thus create sustainability in the long run (Anderson 2009, p. 2013). Solidarity was also implemented to the welfare institutions, and Sweden was the first country in the world to make insurance universal. In 1901 accident insurance was introduced and in 1910 sickness insurance and pension in 1913 (Andersen 2009, p. 225).

In 1932 the Social democrats introduced the concept of 'people's home' (folkhemmet), which promoted solidarity across social groups and within the nation. The universal welfare state furthermore translated into the production system and the economic coordination (Teague 2009, p. 502; Baccaro and Howell 2011, p. 27). Compared to continental Europe the collective bargaining was more redistributive and centralized and not limited to regions or industries. The system was inclusive, and did not distinguish benefits due to occupation (Crunch 1993, p. 141, Pontusson 1997, p. 56; Steinmo 2010, p. 23). In 1938 Swedish trade union confederation and Swedish social democrats made a compromise 'Saltsjöbad agreement', which represented a millstone. The Rehn-Meidner model (inspired by Keynesianism) equalized income and increased low wages disproportionately and tied the

wage development to increase in national productivity (Hall 2007, p. 48; Ebbinghaus 2006; Steinmo 2010, p. 54; Dolvik and Martin 2000, p. 296).

However, in 1983 national level bargaining changed when the Swedish engineering employer's federation established an individual agreement with the Swedish metalworkers union (Dolvik and Martin 2000, p. 293). Furthermore, workers became more heterogeneous, with the main distinction being between private and public sector employees (Steinmo 2010, p. 61). In the 1990s, national level bargaining was decentralized and replaced by industry-wide bargaining. At the same time, there was a cut in welfare and deregulated corporate and financial governance (Valocchi 1992, p.149). On the other hand, the remaining economy is controlled by the Swedish industrial sector and to avoid macroeconomic instability and different view of wage growth, the multiple agreements was mediated by the government (Dolvik and Martin 2000: 313; EIRO 2009j: 5f; also cf. Baccaro and Howell 2011: 26ff.; EIRO 2009k: 3; Martin and Thelen 2007: 7).

4.2.2 France's Welfare System

France represents a conservative welfare state (Esping-Andersen 1990), but it has some features distinguish itself from other conservative welfare states, like Spain and Germany due to its high level of state involvement in welfare schemes (Palier 2010b: 73f.). Both the production system and in the welfare system is characterized by a high level of involvement by the state, influencing economic coordination and welfare regime (Hancké, Rhodes and Thatcher 2007b: 24f.). Thus, actors and welfare schemes have been fragmented (Schröder 2013: 130).

While France separated from the Catholic Church in 1905, other South European countries remained under the authority of the church (cf. Crunch 1993; 302f.). Thus, it was the state, Ministry of the Interior that introduce the social insurance schemes in France, starting with unemployment benefits in 1905 and 1914, and pension in 1910 and 1930 (Schröder 2013: 128). However, the system is conservative in the sense that it hinders social mobility and keeps people where they are social. This is due to the fact that the benefit structure is paid in a proportional way, meaning that it is contribution related, earnings-related (cf. Levy 2000: 318f.). The state has also been in charge of producing a policy to guide manufacturing and infrastructural sectors.

Economic groups are forbidden to merge, and consequently strong association with the potential to coordinate the economy never formed and thus employment relation continues to be characterized by conflict (Crunch 1993: 303, 77, 141). On the other hand, after the First World War the state basically created the national employers' organization, giving the appearance of a strong corporatism when in fact under the surface it is the state decided the

rules of the game (Levy 2000: 312; Howell 2011: 15) Furthermore, due to nationalized companies, banks and public subsidies the state-controlled the production system. Wages were also subject to control through minimum wage-agreement sometimes covering entire sectors. The economic coordination of technology, finance and skill creating is, not like in other countries carried out by associations, but by the state (Hall 2007: 50; also cf. Boyer 1997: 78; Busemeyer and Trampusch 2011:21). However, Levy argues that France has been subject to increased pressure from the European Commission and the European integration (cf Levy 2000).

4.2.3 UK's Welfare System

The history of liberal thought originates from the UK, with thinkers such as Adam Smith, Robers Malthus, Jeremy Bentham, J. S. Mill and David Ricardo, all advocating liberalism with limited government regulation, self-interest and a free market (Schröder, 2013, p.99). These thoughts were supported and backed by the Calvinist idea that 'God helps those that help themselves' (Weber 2002 [1905]: 115) Calvinist spread the belief that people were poor due to laziness and lack of moderation, which framed poverty as an individualistic issue rather than a social one (Ogus 1982: 161). In 1884, the Poor-law amendment act was introduced as welfare aid for the targeting the poorest part of society. The liberal tradition in the welfare state also reflected itself in the production system. The radicalness of the British industrial revolution was encouraged by individualism, a stable legal and conditional system, and a social structure that encouraged mobility (Ogus 1982: 156). The idea that the market economy would be hampered if providing social aid above minimum contradicts was thus institutionalized at an early stage (Polanyi 1944: 78).

The British welfare state was introduced in 1907 (Schröder 2013: 100), a flat unemployment insurance ensuring that high-income people would not have to pay for the risk of the low-income people (Albert 1981: 154). In 1942, the modern welfare state was established through the Beveridge report, introducing benefits that would encourage people to work (Lavalette and Penketh 2003: 69) after the Second World War social democracy influenced the British society through the global spread of Keynesianism, and they belief that a healthy and educated population increased productivity. However, during this time, Britain managed to hold on to its individualist approach (cf. Schmidt 2000: 236f). Thus, the liberal welfare state influenced the production system. For example, the UK industrial policy contradicts the ones in Coordinated market economies, since it is characterized by non-limited competition between individuals (Schröder 2013: 100). Due to lack of coordination, Britain's big labour movement never merged into a centralized organization with the ability to coordinate production system: instead, trade unions continued to express and lobby their case to the parliament (Crunch 1993: 89).

Furthermore, the worker's movement did not influence the welfare state, since they were incapable of organizing and unite (Schröder 2013: 101). Failed coordination resulted in a pluralist labour and business organisations, which according to Martin and Swank has to strengthen cleavages in the economy (Martin and Swank 2012: 1919). In the 1970's Britain returned to its roots, and become increasingly liberalized, particular under Margret Thatcher. Thatcher scaled down the welfare schemes and introduced benefits for private health-care and pension (Schmidt 200: 239). But not just the welfare is subject to the free market; also the production system is, where firms are embedded in a context characterized by no organization or coordination (Martin and Swank 2012: 189f. 207). The financial crisis was regarded and argued by many to be a consequence of too much regulation (Shröder 2013: 102).

4.3 Hypothesis

By combining VoC with VoW we can suspect that the differences in the production system, as well as the distributive system, affects the reaction of trade unions and governments in relation to the platform economy:

	SWE	FRA	UK
Production	Coordinated	Coordinated	Non-coordinated
Aims and functional principle of the welfare state	Universality – Equality, an income for all, egalitarian distribution	Contributively – Workers income maintenance	Selectivity – Poverty and unemployment alleviation

Source: Palier, B 2005

Hypothesis: The level of coordination and solidarity in Trade union and government's reactions to the platform economy is determined by institutional characteristics

We expect that trade unions and government efforts to include platform workers are taking place at a varying degree of intensity and nature, mostly because of variations in institutional context. Types of regime affect institutional variables and the characteristics of the welfare states and will, therefore, affect how trade union, government and employers adapt to the platform economy. Differences in production and distribution systems are suspected to impact on the level of resilience and adaptation. We can expect that the institutional system of Sweden is better at protecting the employee's interests⁶. The institutional system of France due to its dualistic distribution system the coordination is expected to result in fragmented solidarity within the workforce, and finally, for the UK we could expect a low level of coordination and that the distributional system upholds pluralism.

⁶ However, recalling table 3, from the consumer point of view, UK is likely to be better-off, since it provides a larger amount of goods and services compared to Sweden and France.

5 Methodology

This section discusses the methodology that was employed in this thesis: a comparative case study and qualitative semi-structured interviews. The main goal is to explain how the theoretical framework, interviews and complementary materials will be used in order to test the hypothesis and answer the research question. First, I will briefly discuss the general research process. Secondly, I will introduce the case study approach, its advantages and limitations, and explain why a comparative case study approach suits my research objective. Lastly, I will discuss the method of semi-structured interviews, and how I use them.

5.1 The research process

This research is motivated to enhance the limited literature covering labour union initiatives for platform workers. I set out to compare trade unions and the government's reactions to the platform economy within three countries: France, Sweden and the UK representing three different institutional systems. These differences were identified thanks to the combination of Varieties of Welfare with Varieties of Capitalism. Due to the limited amount of space, lack of material and the wish to include a key area essential to distribution, I decided to exclude corporate governance from my study and instead investigate the relationship within the following four areas essential to efficient production: industrial relations; vocational training and education; inter-firm relations and employees. For the fifth area stems from labour market policies and the area of social protection and represents a key area essential to distribution.

The research objective is to get a general idea and overview of how trade union and government have reacted to the platform economy. The analytical comparison between the countries are based on complementary materials mainly from the European Parliament, European Commission and Nordic council of minister, but due to the limitation on trade union initiative in the literature and the wish to get more dynamic and unexpected answers, I decided to complement with semi-structured qualitative interviews with trade union representatives from each country and with expert knowledge on Uber.

While searching for people to interview, I first looked at the big national trade union confederations represented at EU level in the European trade union confederation. The three countries have different categorization and differ in the number of trade unions representation in the confederation⁷. For my interviews, I carefully selected individual profiles with expert knowledge on the case of Uber. I conducted interviews with representatives of the Swedish Confederation of Professional Employees (TCO), the British ‘Independent worker union’ (IWGB) and the French ‘Chambre Syndicale des Cochers Chauffeurs CGT-Taxis (Taxis CGT).

Finally, I decided to carry out an interview with a representative from Uber in order to get an increased and balanced understanding on platforms perception of the interaction within the five institutional areas and their view on similarities and differences between the three countries. Due to the conceptual confusion surrounding the ‘platform economy’, I had to be creative while searching for material since I quickly realized that the countries, scholars and organizations use different concept to describe the same thing.

5.2 Case study approach

In order to ensure methodological dialogue and cross-method collaboration between scholars, it is important to develop a well-defined understanding of comparative advantages and limitations of the case study (George and Bennett 2004, p. 49). Case study method entails “the detailed examination of a historical episode to develop or test historical explanations that may be generalizable to other events” (George and Bennett, 2004, p. 49). One advantage of using the case study method compared to quantitative research is that it relies more on the intuitive capability when defining causality. However, it is important to make the comparative method of research cumulative by linking it to the philosophy of science. A case study research could compensate for its limitations by complementing with additional methodological logic, such as statistics (George and Bennett, 2004, p. 50) in my thesis I will complement my qualitative methods with some quantitative statistics such as Collective bargaining density and coverage.

In compliance with Karl Popper, George and Bennett argues, “there is no such thing as a logical method of having new idea [...] Discovery contains ‘an irrational element,’ or a ‘creative intuition’” (Karl Popper cited by George and Bennett, 2004, p. 62), but at the same time they empathize the importance of theory development by focusing on historical

⁷ For example, UK has one trade union represented: Trade Unions Congress (TUC), Sweden three: Swedish Trade Union Confederation (LO); Swedish Confederation of Professional Associations (SACO) and Swedish Confederation of Professional Employees (TCO) and France six; French Democratic Confederation of Labour (CFDT); French Confederation of Christian Workers (FCCW); General Confederation of Labour (CGT); General Confederation of Labour – Workers’ Power (FO); and National Union of Autonomous Trade unions (UNSA).

explanation of individual cases, and encourage the testing of general hypothesis (George and Bennett, 2004, p. 62).

The case should be regarded as “an instance of a class of events” that represents the scientific interests. The typology employed in my thesis emphasis the historical explanation for institutional differences in economic production and distribution systems. Employing this typology allows me to produce generic knowledge and explain differences and similarities in the three countries of my choice and their different institutional systems.

5.2.1 Advantages and limitations

There are four advantages of case study methods that make it suitable for theory development and hypothesis testing: Firstly, the potential for high levels of conceptual validity (George and Bennett, 2004, p. 78). Using comparative case study method implies consideration for contextual features and the potential to look for ‘analytically equivalent’ phenomena for the same concepts. Comparing reactions from varies institutional context is harder in the case of statistical study since it requires a more comprehensive conceptualization that can lead to ‘conceptual stretching’ (George and Bennett, 2004, p. 78).

Secondly, a case study might lead to the development of new hypothesis and variables. For example, if the institutional differences in reaction do not comply with my expectation, I might be able to develop a new hypothesis or variables. Qualitative interviews with trade union experts open up for the possibility to get non-expected answers (George and Bennett, 2004, p. 82). Thirdly, case study allows me to explore casual mechanism in different institutional contexts by using an established theoretical framework (George and Bennett, 2004, p. 86), while a quantitative statistic can point at correlation; a theory is still needed to explain the causal mechanism (George and Bennett, 2004, p. 86).

Lastly, the strength of using a theoretical framework is that it provides a ‘middle-range’ typology, meaning that it includes different mechanism that can provide hypothesis and pathways to predict outcomes, which makes it possible to study causal relations within institutions that could explain actor’s behaviour, but in order to do so I need to make some heavy generalization (George and Bennett, 2004, p. 53). My theory serves the analytical map over the complexity of institutional systems. Political economic institutions will help explain the equilibrium set of actor’s behaviour in a particular country (Acemoglu et al. 2005, p. 404), and predict when deterrence might fail (George and Bennett, 2004, p. 53). Typological theories, such as VoC and VoW can model complex generalizations and facilitate the search for the right question and research design that might prove useful for policymakers since it provides them with the generic knowledge that the formation of effective strategies (George and Bennett, 2004, p. 52).

I have selected three cases: France, Sweden and the UK since they represent three different institutional systems (independent variable). I have done so because my study aims to investigate whether or not similarities and differences in actor's behaviour (dependent variable) in relation to the platform economy could be derived from their institutional differences (George and Bennett, 2004, p. 111). Furthermore, the cases I picked are most likely to produce certain outcomes. One big setback with case studies is that it can only draw an uncertain conclusion on how much a variable contribute to an outcome (George and Bennett, 2004, p. 102). On the other hand, according to Douglas Dion, case study represents a powerful method in assessing already established claims of necessity, meaning that certain conditions lead to a certain outcome (Douglas Dion cited by George and Bennett, 2004, p. 103). Hence, case studies allow me to test the theoretical claims made in the VoC and VoW, that certain institutional features determine the actor's behaviour. When testing a theoretical claim, Dion argues that selection bias does not apply, since a single case can falsify necessity or sufficiency (Douglas Dion cited by George and Bennett, 2004, p. 102).

5.2.2 Comparative method

My case study is built on a comparison between three types of institutional systems: Sweden (Social-Democratic), France (Conservative) and the United Kingdom (Liberal). In order to investigate similarities and differences in actor's reactions in relation to the platform economy, I will investigate reactions of trade union and government according to the four key institutional areas developed by Hall and Soskice as well as the area of social protection, combining the method of 'most different' with the 'method of agreement' (Mill cited by George and Bennett, 2004, p. 392).

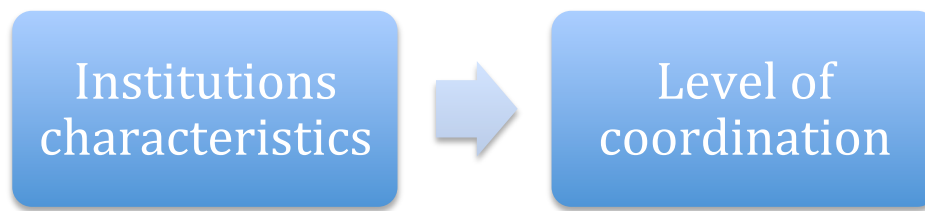
My dependent variable (DV) is:

1. Level of coordination and solidarity within the:
 - a. Production system: Level of coordination within an institutional system
 - b. Distribution system: Level of solidarity within an institutional system

My independent variable (I.V):

2. Institutions characteristics:
 - a. Inter-firm relations
 - b. Employees
 - c. Industrial relations
 - d. Vocational training and education
 - e. Social protection

Figure 3 Causal relationship



I use the theoretical framework developed by Schröder that combines two institutional theories: Varieties of Capitalism (VoC) and Varieties of Welfare (VoW). A unified typology can better explain differences in liberalization in terms of solidarity and identify differences and similarities in policy-style in relation to the platforms. VoC explains the way platforms coordinate (or not) their economic activities and VoW explains the logic behind the distribution of resources.

As shown in the following figure, which presents the VoC typologies, Sweden and the UK are considered as opposite cases, while France is amid both. This means that when studying its institutional design, Sweden shares no similarities with the UK, while France shares only some aspects in common with both. Nonetheless, by definition, the aspects France shares with Sweden are different to the aspects France shares with the UK.

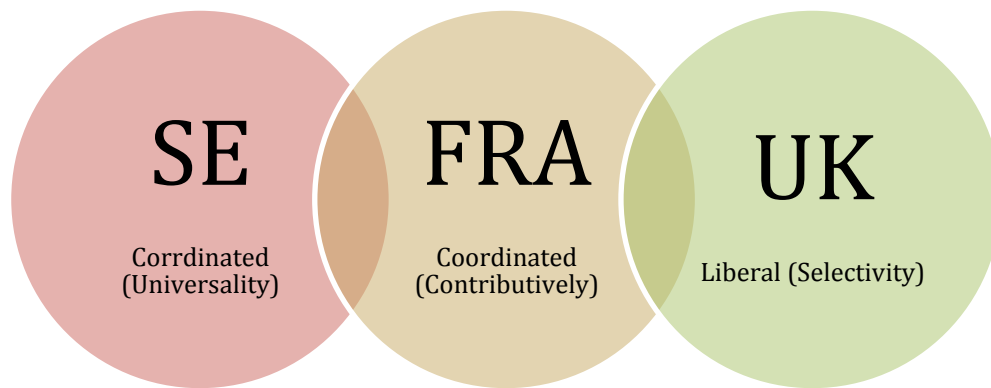
As a reminder, the variation of the key characteristics of distribution and production in the three different types are:

	SWE	FRA	UK
Production	Coordinated	Coordinated	Non-coordinated
Aims and functional principle of the welfare state	Universality – Equality, an income for all, egalitarian distribution	Contributively – Workers income maintenance	Selectivity – Poverty and unemployment alleviation

(Table: Palier, B 2005)

The most different ‘negative’ method “attempts to identify independent variables associated with different outcomes” (Mill cited by George and Bennett, 2004, p. 392). In all of my cases, the independent variables (institutions) are different. Therefore I expect all outcomes, dependent variables (level of coordination and solidarity) to be different. On the other hand, there are also some characteristics that are similar “The positive method of agreement attempts to identify similarity in independent variable associated with a common outcome in two or more cases” (Mill cited by George and Bennett, 2004, p. 392). The first method is used to compare the UK and Sweden, while the former is useful to compare France with the other two.

Figure 4 Venn Diagram



In order to test my hypothesis that: *The level of coordination and solidarity in Trade union and government's reactions to the platform economy is determined by institutional characteristics*. As well as to answer my research question: *How have European trade unions and government in UK, France and Sweden reacted to the rapid growth of the platform economy?* I will compare the outcome in my three cases, and analysis if the reactions to the platform economy fit with the logic of my theoretical framework. I expect to find the reaction to the platform economy (within the five institutional areas) to be characterized by:

Sweden: a high level of coordination in the production system combined with a distribution system promoting universality.

France: a high level of coordination in the production system combined with a distribution system based on a contribution from the platform workers.

UK: Low level of coordination in the production system combined with a distribution system promoting selectivity.

If the reactions to the platform economy are different, the logic of the theoretical framework applies (Mill cited by George and Bennett, 2004, p. 395). The method does not ensure that all potential independent variables have been taking into account, however, this problem can to some extent be bridged through the analyse of historical processes (George and Bennett, 2004, p. 395). In my case, there might be factors beyond and despite institutions that explains the actor's behaviour. It is important to be aware of variables that are being excluded since they might be of casual importance for the outcome. As Skocpol claims:

“[There are] inevitable difficulties in applying the method according to its given logic since often it is impossible to find exactly the historical cases that one needs for the logic of a certain comparison.” (Skocpol cited by George and Bennett, 2004, p. 395).

On the other hand, she argues:

”Still, the comparative historical analysis does provide a valuable check, or anchor, for theoretical speculation.” (Skocpol cited by George and Bennett, 2004, p. 395-396).

Jack Goldstone, argued in line with Skocpol of the importance of historical narrative ‘process-tracing’ and that history should be in the heart of the case study method (George and Bennett, 2004, p. 399). Process-tracing can reduce the risks of ‘false positive and false negative’ (Skocpol cited by George and Bennett, 2004, p. 400).

5.3 Qualitative empirical design: semi-structured expert interviews, the interview process and data analysis

In addition to my material, I carried out qualitative interviews with trade union representatives from each country as well as with one Uber representative. One of the benefits of carrying out interviews is that it facilitates the possibilities of getting unexpected and more dynamic answers (Esaiasson et al., 2012, p. 251) at the same time it opens up to the possibility to ‘see beyond’ the direct answers of the trade unions and the Uber representative.

The questions were linked to and structured around the five institutional areas of my research and carried out in a semi-structured way, which allowed me to ask complementary questions and get a deeper understanding of the trade union and Uber representative standpoint. I wanted to get their personal take on the platform economy and see if it complied with my theoretical assumptions (Esaiasson et al., 2012, s.252-253).

In order to get in touch with trade union representatives, I exchanged emails with the biggest trade union confederations in each country. And since some countries have more trade union federations represented on EU-level, I decided to contact all of them. I soon discover that the response rates were very low, and instead, I started directly contacted individual profiles with expert knowledge on Uber. I carried out my first interview with a Swedish trade union representative from Tjänstemännens central organisation (TCO), Samuel Engblom who has recently published research about the trade union strategy in the gig-economy with a specific focus on Uber.

Secondly, I interviewed British trade union representative Sebastian Flais from the ‘Independent worker union’ (IWGB) that has received a lot of attention lately for its work to protect platform workers. The IWGB is small compared to other trade unions with its 2000 members, but since its creation in 2012, there have been several important victories in court against Uber. Lastly, I interview the French representative, Karim Asnoun from ‘Chambre Syndicale des Cochers Chauffeurs CGT-Taxis (Taxis CGT), and that has expert knowledge on Uber.

Additionally, after some careful consideration, I decided to carry out an interview with a Public Policy and Economic representative from Uber, Amit Singh. I picked Uber to be my

specific case since it is a large and labour intensive platform and with a presence in both France, Sweden and in the UK. I recorded all of my interviews to be able to go through and analyses the material afterwards. None of the representatives interviewed expressed any will to remain anonymous. I acknowledge the fact that that the people being interviewed might hold important information back, but I still believe that important conclusions can be drawn from their answers (Esaiasson et al., 2012, p. 257).

The trade union representatives come from different types of trade unions (size, history etc.), but for my purpose in identifying institutional behaviour, it does not render any particular significance. All of the trade union representatives are experts on the case of Uber. However, the ideal situation would have been to find representatives from more ‘similar’ trade union organizations as well as more trade unions represents to avoid the risk of getting a subjective view that does not correspond with the general ‘understanding’ of what is at stake. On the other hand, I do not solely rely on my interviews.

6 Legal context overview

Uber managed to escape (at least in the beginning) the traditional institutional structures and found a lope whole in legislation by not considering themselves as ‘employers’ in a traditional sense. Understanding the legal context of Uber in the countries in which it operates could contribute to our understanding of how trade union and governments have reacted to the platform economy in the case of Uber.

One big step for preventing legal uncertainty on an EU level was the ruling by the European Court of Justice (ECJ) in December 2017, stating that Uber was to be considered as a *transport service* provider and not just a smartphone application (ECJ Case C-434/15). This ruling provided direction in terms of national competence and authority in regulating Uber. The ECJ verdict means that companies need to recognize and comply with national transport regulations within each EU member state. However, by the time, Uber had already ended up being regulated in most markets (Singh 2018, interview). The regulation did not change the situation for Uber on the Swedish labour market but still has a symbolic value due to the increased use of smartphone applications (Engblom 2018, interview).

In Sweden, Uber was considered as a transport service even before the ECJ ruling. There were some discussions whether or not to liberalize the personal transport industry. However, in November 2016 government report was published ‘Taxi och småkning – I dag i morgon och i övermorgon’ (Ministry of Transport 2016, p. 86). The Ministry of transports in Sweden deemed the Uber model to be illegal, settling the necessity of a distinction between carpooling and taxi services once and for all (Adam, D., et al., 2016). From that moment on Uber drivers have to comply with strict rules and turn to the Swedish transport agency to obtain a permit. This verdict has rendered the Uber Pop model impossible to sustain and therefore it no longer exists in Sweden (Dolvik and Jesnes 2018, p. 17).

In France, the emergence of the platform economy has fuelled the public debate and challenged legal convictions, particularly in regards to multilateral firms such as Uber and Airbnb representing the two largest platform companies in France. These platforms have managed to bypass French regulation (European Parliament, 2016, p. 14). In the UK, there have been several court cases. One of the biggest cases concerned the ‘employment status’, and was brought forward by the GMB, the union for professional drivers. In November 2017, the British employment appeal tribunal ruled that Uber driver were to be classified as ‘workers’ and not as independent contractors (European Parliament, 2016, p. 16). The argument put forward by the GMB was that there was no real difference between the work performed on platforms and in a ‘normal firm’. The new ‘worker’ status implied that 30,000 drivers got access to basic employment rights including minimum wage, holiday pay, and breaks (GMB, 2016).

7 Comparative analysis

This section consists of an analysis of how trade union and governments have reacted to the platform economy within five institutional areas: Industrial relations; Vocational training and education; Inter-firm relation; Employees and Social protection. I will use material from European Parliament, European Commission and Nordic Council of minister e.g. as well as interviews with the French trade union representative Karim Asnoun, Swedish trade union representative Samuel Engblom and the British trade union representative Sebastian Flais. The material will be analysed using the theoretical framework developed by Schröder, combining VoC with VoW.

Furthermore, the interview with the Uber representative, Amit Singh will be actively referred to, since it reflects on differences and similarities in reactions between the countries institutions. The comparison allows us to test the hypothesis that: *The level of coordination and solidarity in Trade union and government's reactions to the platform economy is determined by institutional characteristics*, and thus is useful to answer the research question: *How has European trade unions and governments in France, Sweden and UK reacted to the rapid growth of the platform economy?*

Table 4 presents the main findings in the comparative analysis:

Table 4 Analytical spheres and the platform economy

Analytical spheres /countries	Sweden	France	UK
Inter-firm relations <i>Reactions to Platform relation with other firms and clients</i>	Calm, encourage Uber to be included in the 'Swedish model'	Tense - Violent (sometimes without unions) demonstrations. Unfair competition	Tense – demonstrations. Unfair competition
Employees <i>Reactions in relation to the employment status</i>	Self-employed, with access to similar employment rights as 'employees'	New concepts created such as auto-entrepreneur, with access to a specific set of employment rights linked to their status	Uber drivers are considered as 'workers' with access to basic employment rights
Industrial relations <i>The inclusion of platform workers/union density/coverage</i>	Marginal group will include if phenomena growing, universality high density	Dualisation, low union density – Gov. initiative especially targeting platform workers	Pluralistic, medium density – unions put pressure on the government to introduce legislation.
Vocational training and education <i>Adapted for platform workers</i>	Transform education system more available for new forms of work.	Government initiative on "personal Training Account (CPF)". Portable rights.	Uber cooperation with 'Future learn'
Social Protection	Covered	Tailored conditions in accordance with employment status	Conditions tied to employment status 'worker'

7.1 Inter-firm relations

This section will compare how trade union and governments have reacted to Uber in relation to other companies, and how they compete for workers. Firms need to coordinate a good relationship with other companies especially its clients and suppliers in order to secure suitable supplies of inputs, demand for products and access to technology. Coordination issues could arise when there is a lack of coordination in the technological transfer, standard setting, joint research and progress. On the other hand, a firm's competitiveness depends on its ability to stay relevant through technological development and competitiveness (Hall & Soskice 2001, p. 7).

Being a digital network, Uber can immediately calculate the price of a transaction through algorithms, and thus coordinate consumer's demand and market supply for their service. Uber takes a share of the price for coordinating transaction between supply and demand on the labour market. This technique of coordinating services has rapidly increased their market share (European Commission 2018, p. 58). Singh argues that "Taxis haven't been using technology to collect trips and aggregate them and then send them out, which is an inefficient way of doing things" (Singh 2018, interview).

Uber expands the variety for transportation and creates more options for people to use more transportation (Singh 2018, interview). According to the article in Forbes, "Why can't Uber make money?", Uber is "Improving urban mobility at a low price, [but at the same time] dragging the industry back to an era of profit-killing competition" (Forbes 2018). In the beginning Uber was trying to disrupt markets, but on the other hand, Singh argues that the taxi industry was already expensive, not necessarily safe and that didn't have geographic reach. In cities like Paris and London, Uber is improving the access to transport by expanding to the suburbs (Singh 2018, interview).

There have been a different reaction from taxis depending on the country, but generally, reactions have been explosive (Flais 2018, interview). In the UK, the standard black taxi is highly regulated and therefore it is difficult to become a driver. Furthermore, there are comparatively few standard drivers that choose to stay in the city and it is expensive. Singh claims that Uber provide people with an option. Taxi objected, and the fact that there is an organization among workers made it easy for black cabs to organize and to influence how regulators think about the company. Uber has had a massive impact on taxi and the private hire industry since it is comparably easier both to start and stop working for Uber compared to other companies. Since the entering of Uber, the TFL (Transport for London) has been given

out more private hire licenses⁸, of 150 000 private hire drivers in London, 40 000 are now working for Uber. However, the British trade union representative, Flais argue that Uber has probably had the largest impact on the standard black cab industry⁹, since the private hire industry in the UK are all the companies that are already denying drivers rights, so in that sense Uber hasn't really had a disruptive effect (Flais 2018, interview). The difference between Uber and other private hire companies is that Uber has managed to spread a lot further and faster than the other companies, because of their business model (Singh 2018, interview). What distinguishes Uber from the standard license taxi is the non-use of taximeter, instead Uber calculates fares with the help of smartphones. If Uber would be required to get a taxi-meter they would also have to get a license (Adam, D, et al., 2016).

In France, the emergence of the platform economy has fuelled the public debate and challenged legal convictions, particularly in regards to the multilateral firm. Uber and Airbnb represent the two largest platform companies in France. These platforms have managed to bypass French regulation, and in the case of Uber resulted in major protests organized with or without taxi unions (European Parliament, 2016, p. 14). Resistance was generally peaceful in the UK compared to the more violent opposition in France (Singh 2018, interview), but the situation in France is similar since there are both regulated and private hire license companies (Asnoun 2018, interview).

In Sweden, the taxi-industry had already been liberalized, and the supply of taxi is already higher than the demand (Engblom 2018, interview), meaning that there is already a taxi surplus, making it less attractive in comparison to markets with a scarcity in taxi-availability. The majority of employer and worker unions on the Swedish labour market do not consider the digital platforms to be a threat to their specific sector (Ministry of Labour 2017, p. 208) Therefore Uber establishment in Sweden was not as controversial as compared to in France and UK where parts of the taxi-industry is still regulated, meaning that only a limited amount on taxi license is to be distributed.

Unfair competition has been an important debate in France, Sweden and UK, even though the reaction has been diverse. From violent street protests in France to more 'silent' pressure on Uber in Sweden. The Swedish equivalent to court is negotiations with the employer and these negotiations might not be as 'evident' as court cases (Engblom 2018, interview). As the Uber representative, Singh pointed out it is more difficult to establish in Sweden due to the comparatively high influence by social partners (Singh 2018, interview).

⁸ Transport of London 2018. "All Licensed private hire drivers must work for a licensed private hire operator. Conditions to apply for private hire licence has recently changed to include further requirement, amongst them English language requirement" (Transport for London: <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/private-hire-driver-licence>. Last viewed: 31-07-2018)

⁹ Transport of London 2018. "The black cab industry represents drivers with a 'taxi driver licence'. This licence is more difficult to obtain than the private one and allows the driver to pick up people hailing on the street" (Transport for London: <https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/apply-for-a-taxi-driver-licence>. Last viewed: 31-07-2018)

In 2016, Uber was the dominant platform firm in Nordic countries, but due to strong encourage to by the Swedish transport agency and Swedish taxi association to adapt to the same legal framework as other taxi companies in order not to harm competition and to be object to the ‘same rules for all’ (Adam, D., et al., 2016; Dolvik and Jesnes 2018, p. 17). This meant that Uber was forced to provide its services with taximeters. As a response, Uber has been accusing Sweden of holding on to a traditional and non-innovative taxi business (Eurofound 2016). One of Sweden’s biggest trade union, Unionen upholds that platform companies’ needs to be regulated and certified in accordance to the Swedish model¹⁰, and that technical development never should be translated into deregulation on the labour market where one part of the Swedish labour market becomes outsiders’ (Unionen opinion, 2018).

After Sweden decided to forbid Uber Pop¹¹ there were some discussions about whether or not to liberalize the personal transport industry. In November 2016 government report was published ‘Taxi och småkning – i dag i morgon och i övermorgon’ (Ministry of Transport 2016, p, 86). The Ministry of transports in Sweden deemed the Uber model to be illegal, settling the necessity of a distinction between carpooling and taxi services once and for all (Adam, D., et al., 2016). From that moment on Uber drivers have to comply with strict rules and turn to the Swedish transport agency to obtain a permit. This verdict has rendered the Uber Pop model impossible to sustain and therefore it no longer exists in Sweden (Dolvik and Jesnes 2018, p. 17). Singh highlights that it was difficult for Uber to operate in Sweden due to the high influence of taxi unions and because the government encourages companies to talk directly to the trade unions. Knowing this, Singh admits that they “[Uber] entered the county in a silly way’ (Singh 2018, interview).

Flais and Asnoun both argue that Uber harms competition by undercutting workers’ rights. The business model of Uber makes it very difficult for other companies to compete with them (Flais 2018 interview; Asnoun 2018 interview). Singh specifies that “In some places, taxis are still a substantial part of the market, and there are probably ways in which we should have engaged in a smarter way with taxis” (Singh 2018, interview). Now we are changing that approach to build products and partnership with taxis (Singh 2018, interview). Singh argues that Uber inhibited the growth of taxis and the data shows it is still very stable and will continue to grow, especially in London (Singh 2018, interview). Recently, Uber has started to seek a competitive advantage by offering benefits to their workers, as will be further

¹⁰ ‘Swedish model’ definition by the Government Offices of Sweden, Ministry of Finance: “The Swedish model is a strategy for inclusive growth. The objective is to increase prosperity for all, while safeguarding the autonomy and independence of citizens”[Electronic] Available: <https://www.government.se/4a5336/contentassets/8416c4ff1410419090181fe503920390/the-swedish-model.pdf>

¹¹ “UberPOP is the most controversial Uber buisness model since it enables individuals to use their own cars and drive unlicensed against a fee to Uber. The fee is set at between 20 and 30 percent of the price for the “ride”, which both are unilaterally determined by Uber. Apart from the guaranteed net profit for each ride, Uber benefits from a significant competitive advantage compared to traditional taxi companies, as all capital costs, maintenance, and expenditure on fuel etc. are transferred onto the “drivers”[...] Uber still operates in several of the Nordic countries through other services such as UberBlack or UberXL, but the market for these types of services seems to be more limited than for UberPop. UberPop has also pulled out of several other European countries, including Germany, the Netherlands and Spain” (Dolvik and Jesnes 2018, p. 14-19)

explained in the Social protection section.

According to Hall and Soskice, coordination is constantly needed in order to ensure the right level of development within a society and to remain competitive (Hall and Soskice 2001). Uber has not only realized that it needs to coordinate with other companies but has increasingly stated that they want to better coordinate with its employees, for example through increased social security and skill-formation, this in order to secure suitable supplies of inputs, demand for products and access to technology, which we will discover in the next section.

7.2 Employees

This section will investigate the relationship between Uber and its ‘employees’ (or as Uber refers to them ‘partners’), and the issue of determining the employment status of the Uber drivers. According to Hall and Soskice, firms need to coordinate with employees in order to ensure good cooperation and competencies for the benefits of the company. An uncoordinated relationship with employees might lead to Moral hazard and drawback in effort and information. It is therefore fundamental for firms to establish a good relationship with information sharing and to take advantage of the skills that workers develop within and for the company.

Uber claims not to have a traditional employment relationship with its workers, and instead they refer to their workers as ‘partners’. One of the constantly returning questions since Uber establishment concerns the employment definition of a person performing work on the platform, and whether they should be considered as workers or self-employed (Ministry of Transport 2017:24, p. 202). There is a blurred distinction “[...] between employers and purchasers of market services, between employees, self-employed, and suppliers of market services and thus between actors with responsibility for a work environment at the site of work” (Dolvik and Jesnes 2018, p. 21).

Platform workers in Sweden are categorized as self-employed, but the social protection for people in a non-standard job is comparatively good in Sweden. Platform workers and other self-employed people have access to the same social protection in healthcare, family services, social services, long-term care, childcare and various schemes in education and active labour market policies. According to Engblom, other employment definitions are not needed since the existing legal concepts can be applied. The existing concepts are flexible and have been applied throughout the 20-century when new groups of workers have been introduced. According to Engblom “this is not the first time that we heard that working arrangements are ‘new’, and so far we have always managed to integrate it into the system” (Engblom 2018, interview). Instead, Engblom

upholds that Uber way of describing itself as revolutionary is part of their business model to encourage new regulation (Engblom 2018, interview).

The French legal system is traditionally built around two employment categories: worker and entrepreneur, but since the introduction of the platform economy, there has been an on-going debate for whether or not new statuses should be introduced. The new categories for platform workers are not intended to stand alone but are to be integrated under the broad concept and the already existing concept of ‘entrepreneur’. ‘Auto-entrepreneur’ is a new status attempted for platform workers, with the condition of earning less than 33 000 euros per year. If workers are defined as an Auto-entrepreneur they are free to deviate from the principle tax regime. These changes could be considered as quite ambiguous considering that France is a contribution-based welfare state. When people can choose to opt-out from their tax responsibilities the social insurance contribution becomes more flexible (European Parliament, 2016, p. 14). Another status that has been introduced is the ‘entrepreneur-étudiant’, providing a framework for students working for an extra income.

In the UK, the employment rights are linked to the employment status, consisting of three categories: self-employed, employee and worker and in many cases platform workers are considered self-dependent workers. Being considered as self-employed means fewer employment rights in comparison to employees and workers. There has been an on-going debate on whether these workers should be considered as self-employed by platform providers, intermediaries and agents (European Parliament, 2016, p. 11).

Lack of legal clarity led to an increased number of court cases. Uber is one of the platforms that have been largely represented in court for their blurriness in relation to their employment status (Daskalova 2018). In October 2016, the Employment Tribunal ruled in the Aslam, Farrar & others vs Uber case¹² that Uber drivers in London should be considered as workers rather than self-employed. Uber’s argument that they help drivers to grow as entrepreneurs was declined by the court (Daskalova 2018, p. 481)

Asnoun argues that Uber, as well as similar private hire companies, are only developing a short-term period relationship with its workers, which make the relation between the platform and workers very non-personal. According to Asnoun, “[...], most of these workers do not stay for more than two years, until they realize that they will have to work 50 hours a week to make ends meet, once they realize this they leave”. (Asnoun 2018, interview). Furthermore, Uber drivers are characterized by isolation, which makes it harder to organize themselves between each other (Flais 2018 interview)

For a long time Uber considered that if riders were provided with a good experience, they would stay, but over the last 18 months, Singh argues that Uber has learned that drivers want

¹² Courts and Tribunals Judiciary 2016. Aslam, Farrar & others vs Uber Case Numbers: 2202551/2015 & others. Available: <https://www.judiciary.uk/judgments/mr-y-aslam-mr-j-farrar-and-others-v-uber/>

more than earning, they want increased insight in how the app works and to be incorporate in process. Therefore, Uber has introduced ‘green light hubs’ where the driver can communicate and participate in roundtables discussions (Singh 2018, interview). Uber has increasingly started to strive for better coordinate with its drivers, for example by introducing social security (see 7.3) and skill-formation, this in order to secure suitable supplies.

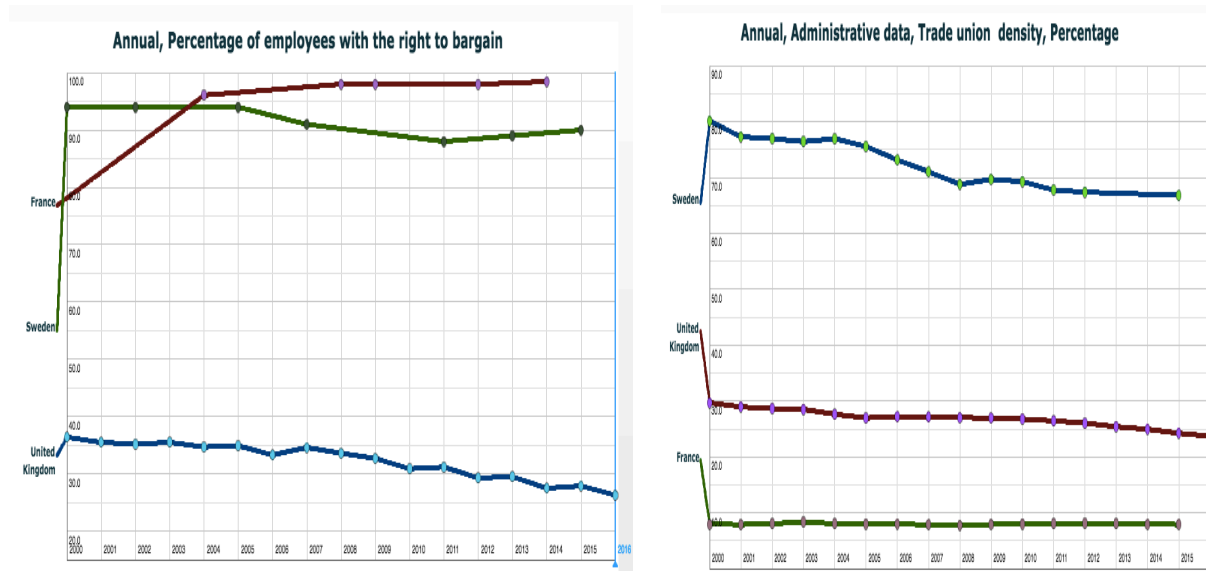
7.1 Industrial relations

Trade unions and governments need to coordinate with platform firms in order to maintain wages and working conditions (Hall and Soskice 2001). A high level of coordination affects the efficiency of an economy and generates predictability, and a high level of solidarity produce resilience when coping with new challenges. Social dialogue can, for example, help to foster and coordinating flexibility (European Commission 2018).

The most basic aspects to discuss when comparing industrial relations are collective bargaining and trade union density, according to the definitions in the OECD statistics website, Collective bargaining rate is defined as: “the ratio of employees covered by collective agreements, divided by all wage earners with right to bargaining”, and trade union density is defined as “the number of employees and union density defined as the ratio of union members divided by the total number of employees”. The blurred definition of employee’ ‘employer’ and ‘place of work’ poses a challenge for the collective bargaining, since it risks eroding the way in which employers and employees have traditionally negotiated (OECD 2018).

By analysing Sweden, France and the UK, it is possible to observe three very different industrial relations systems. The following graph shows the collective bargaining coverage and trade union density in these countries. We observe that Sweden has a high level for both collective bargaining coverage and trade union density. France has a high level of collective bargaining coverage, but a comparatively low level of union density and the UK has a comparatively low level of both.

Figure 5 Collective bargaining and Trade union density in the UK, France and Sweden



Source: OECD.stats.

France stands out for its particular employment relation system, and especially in regards to its vast gap in collective bargaining coverage and union density rates. In comparison to Sweden and the UK, France has a significantly lower number in trade union members, but still with very high collective bargaining coverage. The lack of membership partly demonstrates the essential role of the French government in employment relations. The French government approves company-level bargaining over working time and pay. Company-level negotiations can still be carried out on other matters' terms and conditions, but these negotiations are not subject to government approval and hence agreement could be reached unilaterally. The trend in increased flexibility in France has also lead to the encouragement of increased company-level bargaining (European Parliament, 2016, p. 13), a trend we have also seen in other European countries perhaps most notably Germany (Eurofound). Furthermore, the leverage for agreements reached a company level has increasingly been allowed to deviate from Industry level conditions. By mandating a specific company-level agreement, deemed 'well-fitted', the government can extend the collective bargaining coverage across industries (European Parliament, 2016, p. 13).

There are some institutional explanations for Sweden's high levels of collective bargaining and union density. It has partly to do with the fact that the unemployment benefits are connected to workers trade union membership, meaning that there is a strong incentive for workers to join a trade union. On the other hand, collective bargaining coverage is characterized by the welfare principle of universality. Contrary

to France and UK, Sweden does not have a minimum wage, and instead, it is the social partners that negotiate wage and working conditions through collective bargaining with little influence from the government (Eurofound 2015). In Sweden, collective bargaining is essential in regulating new forms of work. Compared to Sweden, UK has both a low level of trade union density and collective bargaining coverage, and trade unions are mainly lobbying towards the government for new legislation without attempts to collective bargaining with employers (Nordic Labour Journal 2017).

The continuous decline in trade union density and collective bargaining coverage is serious since powerful trade unions coordinate and uphold wage bargaining. According to the European Parliament, trade unions in the UK have a high consideration for the platform economy, but some scholars argues that British trade unions have been slow in their reaction in relation to the platform economy (Valenduc, G., 2018), and that the lack of representation has resulted in the creation of new unions specifically targeting workers in the platform economy: independent workers union of Great Britain (IWGB) and United voices of the world (UVW.). Established unions striving to expand platform workers' rights include: GMG and unite. There has been some intense lobbying in relation to the government to improve the situation for these workers (Flais 2018, interview) According to Flais, there is a need for a 'legal strategy' while speaking about trade union and government reaction, and points out that there is not much cooperation between unions (Flais 2018, interview).

Digital platforms are often reluctant to enter negotiations with trade unions, however, Swedish trade unions have attempted to engage in direct talks with the platforms (Vandaele 2018, p. 22; Engblom 2018, interview). Historically, it has been up to the Swedish trade unions to try to regulate new phenomena through collective agreements rather than forbidding them through law and compared to France and UK, Sweden is very rarely taking issues through court. Engblom is very optimistic about the trade union's capabilities to institute collective bargaining for platform workers (Engblom 2018, interview). Platform economy could be regulated through extension mechanisms. This is, for example, the case within the Swedish Media sector where companies can establish a collective agreement with parts of their employees, and then extend the collective bargaining agreement to the rest of the employees.

The Uber business idea entails it is not necessary to participate in collective bargaining over wages and working conditions since the market will balance itself out (Singh 2018, interview). Instead, when working for Uber: "People have to make their own judgment whether they will win or not by joining Uber" (Singh 2018 interview). Uber claims to operate as an independent contractor and according to EU competition rules (Art. 101 TFEU) this implies that Uber drivers are not regarded as employees and therefore they don't have the right to engage in collective bargaining "This is public policy around the world" (Singh 2018, interview), and in order for Uber drivers to participate in collective bargaining Uber must admit that they are employers" (Engblom 2018, interview).

In the UK, IWGB has due to successful campaigns and discussions with Uber representatives on higher positions managed to set up a collective bargaining unit for Deliveroo and Uber, but without a collective agreement with trade union rights. IWGB aims at setting up a collective agreement with Uber, but the work status still hinders Uber drivers' rights to collective bargaining. Flais hopes that it will be easier to convince Uber if they continue to win court cases (Flais 2018, interview).

In Sweden, Uber is still a marginal phenomenon, and therefore trade unions have not included them in the system. But if the company continues to grow it will be integrated with the Swedish model, just as the agency workers. Furthermore, well-established companies have nothing against being regulated since it hinders competitors to enter the market. This was the case for the big agencies in the 1990s (Engblom 2018, interview). If Uber continuous to grow it is very likely that they will start to talk about wanting certification, belong to a sector and become regulated since it helps them gain competitive advantages (Engblom 2018, interview)

Asnoun argues that is politically impossible for them to include Uber drivers since the relationship between workers is characterized by injustice (Asnoun, 2018, interview). Asnoun highlights that the French “Government [is] creating hate” since workers are being put against each other. Asnoun compares this to the situation in the factors during the industrial revolution when imported migrant workforce created conflict with the traditional workforce since they were willing to work for less compensation (Asnoun, 2018, interview). Without government initiative, it is impossible to create solidarity between traditional workers and platform workers. “Unfortunately Macron promotes increased flexibility and reformation of the ‘code de travail¹³” (Asnoun 2018, interview). Asnoun argues that the specific nature of work makes it very difficult for unions to organize Uber drivers since these workers tend to be on the platform only for a short-term, they have no interest in engaging with the union and this makes unions unwilling to reach out for these workers (Asnoun 2018, interview).

On the other hand, excluding a group of workers might risk harming the overall bargaining power of unions (European Commission 2018), Engblom argues that:

“Atypical forms of work such, as ‘The platform economy’ has opened up for alternative and new ways of organizing work. Trade unions are forced to rethink

¹³ The New York Times 2017 “Macron takes on France’s labour code, 100 years in the making” 2017-08-04. Available: <https://www.nytimes.com/2017/08/04/world/europe/emmanuel-macron-france-economy-labor-law.html> refers to the Code of travail as a “[Code de Travail is] 3,324 pages long and growing. [...] 170 pages govern firings, 420 regulate health and security, 50 temporary work and 85 collective negotiations. Hundreds more are devoted to wages, specific industries and overseas departments. It is France’s infamous, almost indecipherable labour code, the Code du Travail, both revered and reviled. Unions hold its protections sacred. Employers blame it for making it expensive to hire new workers and difficult — and even more costly — to fire them”.

their strategy on how to promote their role in this new context” (Engblom 2017, p. 219).

The traditional way of organizing work might prevent access of workers in new forms of contractual relationships. The traditional distinction between employee and self-employed does not always fit the workers in the platform economy, and this makes it harder for trade unions to organize these workers. An increasingly individualized labour market makes it harder for trade unions to organize and represent these workers and might explain the continuous decline in trade union density (European Commission 2018)

Engblom argues that there have been some attempts from trade unions to adapt to changes in the labour market. One of Sweden’s biggest trade unions, Unionen has in collaboration with other countries created the webpage ‘faircrowd.work’, a forum that allows platform workers to connect, grade platforms and join trade unions¹⁴. Unionen attracts non-standard workers, including platform workers by offering them services included in the membership such as employment insurance (European Commission 2018, p. 113).

One important challenge for trade unions to organize platform workers stems from labour and competition laws. Competition law states that only the traditional parties on the labour market ‘employee’ and ‘employer’ can enter into collective bargaining. Thus, the law excludes platform workers and self-employed workers since they are not considered as ‘undertakers’ (Daskalova 2017, cited by OECD 2018). Hence, legislation needs to be updated in order to support new forms of work and social dialogue (OECD 2018, p. 103).

When Uber first established itself in Europe, they did not want to engage with trade unions. However, Uber has evolved, and the company has now accepted that unions actually do have a role to play (Singh 2018, interview) in recent time Uber has started to engage in discussion over policy issues with social partners on a Pan-European level like ETUC and ILO. On the other hand, there is still no discussion on labour issues.

Singh admit that “[...] perhaps Uber is not engaging in collective bargaining [...] because of traditional heritage, being an American company”, but the reason we don’t engage with [social partners] on a social level is because there is a kind of view that it is not totally applicable, because of the nature of the business model, but it does make sense to engage with these groups on a policy and political level because, unlike in America these groups are fundamentally built into the political infrastructure, France UK and Sweden but to a different extent (Singh 2018, interview).

¹⁴ Webpage: faircrowd.work

What distinguishes Europe from the US is that the institutional relationships are built into the structure, which means that Uber needs to work more with social partners in order to fit the social model. However, this argument is weaker in the case of UK which is somewhere between US and Europe institutional relationships (Singh 2018, interview). The institutional arrangement affects a country's ability to innovate on the social side. Fixed and inflexible institutional arrangements might hamper the ability to offer social protection for platform workers. "In that sense, France is really a role model providing flexible structures for innovation". Uber support social protection for workers, but in some countries it becomes tricky due to inflexibility in national laws (Singh 2018, interview).

However, Asnoun is not content with the government response to Uber. After having introduced Uber in 2012 in France, there have been several strikes organized by trade unions, arguing that the government doesn't want to talk, "[...] you see, in France there is a tradition 'no talk no action'", meaning that if trade unions want to get their voice heard, they need to go on strikes to get the government's attention" (Asnoun 2018, interview). The UK has also been characterized by protests, but Flais argues that the protests in France have been more intense and sometimes without trade unions organising them (Flais 2018, interview).

7.2 Vocational training and education

It is in the firms' interest to secure that the workforce has the right set of skills. The technological transformation has implications for the demand of skills, and a lack of basic digital skills might affect an individual's potential for wage developments (OECD 2018). Low coordination within Vocational training and education with reduced predictability gives fewer incentives for workers and platforms to invest in employees' education. Rapid changes towards more irregular working careers, where individuals increasingly move across sectors and jobs, puts pressure on Vocational training and education to be more transferable. Institutions are essential in order to coordinate human input in the production process since the technical transformation also imposes social challenges (Eurofound 2018: p. 6).

Social partners and governments agree on the fundamental challenge in adapting and assuring workers with the right skills. According to the European Commission national social partners have a responsibility to design suitable vocational training policies. (European Commission 2018, p. 158) Skills are important to avoid declines in labour share in response since the "decline [labour share] in relative investment prices have been more pronounced in countries

with a higher share of routine employment (OECD 2018, p. 65). However, this does not mean that all routine tasks are characterized by low skill intensity.

According to Singh, “Uber is not currently engaged in vocational training and education for its workers, not because they do not want to, but because the law forbids it” (Singh 2018, interview). If Uber starts to engage in Vocational training and education it would turn the company into an employer in the traditional sense. However, on the topic of skills “[...] there is an acceptance that we need to engage, [for example] we have established a partnership with ‘Future Learn’ in the UK and would like to continuous subsidizing skills development like future learn, and we are increasingly focusing on how skills can be transferred into something else” (Singh 2018, interview) Flais was not sure about what trade unions and government have done in France in order to secure vocational training and education but says that every year workers are informed about their rights (Flais 2018, interview)

In general, workers in short-term employment gets much less vocational training than standard employees, and furthermore, the education system is not well suited for platform work since it rarely offers short-term and flexible courses that suit people going in and out of employment (Engblom 2018, interview). Another issue with the education system is the fact that short-term employment, such as Uber is not an entry into the labour market. Only long-term forms of employment provide a stepping stone into the labour market, and therefore more bridges have to be built for short-term workers (Engblom 2018, interview). Engblom argues that one issue with short-term employment is that workers get less vocational training than standard employees (Engblom 2018, interview).

One barrier to workers access to vocational training and education is the lack of incentives from both platforms and the platform workers themselves due to the short-term character of these types of jobs (Asnoun 2018, interview). However, the French president Emmanuel Macron has encouraged other European countries to follow the example of France, and introduce ‘portable social rights’ CPA (Dolvik and Jesnes 2018, p. 21). In 2015, France introduced the ‘Personal Activity account’ (CPA) giving people access to training and provides a guaranty for workers professional development. Portable social rights facilitate for workers to gather training credits independently without intermediaries such as HR departments since the CPA is connected to individuals and not to firms (European Parliament, 2016, p. 14).

7.3 Social protection

After having analysed four important institutional areas for production and the way Uber coordinates (or not) their economic activities with trade unions and governments in France,

Sweden and UK within: Inter-firm relations, Employees, Industrial relations and Vocational training, we will now turn to examine at the reactions in one institutional area, related to labour market policies and central to an economy's distribution of resources: Social protection. Adding this institutional area contribute to identifying differences and similarities in policy-style in relation to the platforms. The place and role of social protection institutions in France, Sweden and the UK differ. Institutions frame the type of problem, and the shape of the political system is defining solutions (reforms) to cope with new social risks. The table below (part of the welfare table in Appendix 11.4) spell out the nature of government responsibility in relation to social protection:

France	Sweden	UK
The compensator of first resort	Employer of first resort	The compensator of last resort

(Table: Palier, B 2005)

The employment status has important consequences for social protection both for the company and for the employees. Ensuring access to social protection for platform workers have therefore increasingly been addressed by EU member states. Countries are following the guidance provided in the proposal by the European Commission for a “Council recommendation on access to social protection for workers and the self-employed” (Pesole, A., et al. 2018, p. 55). There is an increased need to adapt the social protection system due to the change in how we work, for example through the increased share in irregular working careers. A trend that has resulted in more people being unemployed without access to unemployment benefits. There is a need to support for workers in transition and for active labour market policies to be characterized by good coordination (Pesole, A., et al. 2018, p. 55).

As a way to adapt the social protection system to fit a new reality where individuals increasingly move across sectors and jobs, the OECD has proposed to link social protection and entitlements to the individual rather than to the job. They argue that reforms like this could serve to make independent work seem more attractive, leading to increased labour market mobility and reduced risk of workers feeling 'stuck' in their current employment situation OECD, 2017, p.112). Social protection reform recently adapted in France seems to head in this direction, and several other EU member states have shown an interest to follow (Pesole, A., et al. 2018, p. 55).

In Sweden, the social protection system for workers is very inclusive, but not perfect. Self-employed can receive A-kassa (unemployment benefits), which serves as a way to avoid dualisation on the labour market. In France and the UK, sickness benefits and pension is not ensured for self-employed (Engblom 2018, interview). On the other hand, the Swedish politics of the labour market is built on the situation where people have stable jobs and are only unemployed under a limited amount of period, not for a situation where people are going in and out of employment as is often the case of platform work. However, alternative ways of organizing and condition work are possible and have been done before (Engblom 2018, interview).

In 2015, the French government introduced a personal and portal social account for individuals 'Personal Activity account' (CPA) (European Parliament, 2016, p. 14). The CPA is connected to individuals and not to firms, which facilitate platform workers access to social rights, such as employment insurance and housing in case of unemployment or change of jobs. The initiative furthermore, gives access to training and guarantees workers professional development non-dependent on the carriers.¹⁵

However, this proposal has been contested by one of France biggest trade union, CGT arguing that the CPA could have the opposite effect of weakening workers protection since it means that if the worker themselves that becomes responsible if becoming unemployed, since it suggests that the workers failed to take the right decision for his or her professional.¹⁶ Another initiative for platform workers in France is the establishment of cooperative institutions CAEs. These institutions work as a third-hand non-profit employer for workers with full-time contract increase worker right to social protection and employment rights.

In the UK, the platform economy has served as a wake-up call for the conservative government. In 2016, Matthew Taylor was appointed as Theresa Mays to conduct an investigation on the modern employment 'gig-economy' and the rapidly changing nature of self-employment, the Taylor review¹⁷. The review addresses different themes and contains discussions over access to social protection and employment status, and is intended to ensure that current employment legislation is fit for the rapidly changing world of work¹⁸ Additionally, two parliamentary select committees have carried out investigations into associated areas on the rights of workers and the future of work: The business Energy and Industrial Strategy committee. One key task is to investigate how an increasing amount of self-employed can get access to benefit systems.

One of its main suggestions was to introduce a 'dependent contractor' status, a status similar to 'worker status', but with worse protection. In order for Uber to function they need workers during the non-peak time as well, and the review highlights that only platform workers working at an average working rate during peak hours would be paid minimum wage (Flais 2018, interview). According to Flais, the review has not been very helpful and since trade unions were not included in the process until afterwards many trade unions were disappointed

¹⁵ European Commission 2017. "The personal activity account comes into force in France" European Commission, Newsroom. Available: <https://ec.europa.eu/epale/en/content/personal-activity-account-comes-force-france> last viewed: 2018-08-07.

¹⁶ Apolitical 2018. "Training for the Gig-economy, does France have the answer?" Apolitical. Available: https://apolitical.co/solution_article/training-gig-economy-france-answer/ last viewed: 2018-08-07.

¹⁷ The Taylor review is an independent report published by the Department for Business, Energy & Industrial Strategy in 2017. The review was conducted by Matthew Taylor and investigated modern working practises with the goal that all work in the UK should be fair and decent.

¹⁸ The Guardian 2016. "Why we need to rethink worker's rights in today's Gig-economy". The Guardian Available: <https://www.theguardian.com/commentisfree/2016/nov/30/rethink-work-taxes-review-modern-employment-gig-economy> last viewed: 2018-08-07.

with the outcome. Flais argue that the "review has been very disappointing when what is needed is a stronger enforcement of existing employment law regime, because there already is an employment status that would suit workers in the gig -economy" (Flais 2018, interview).

The Trade Union Congress (TUC) representing the majority of trade unions in England and Wales calls for regulation that gives all worker in the gig-economy, including agency workers, casual work and zero hours contracts access to the same decent floor of rights as employees (TUC 2017). Furthermore, they encourage the government to engage with trade unions and employers if developing a new definition of 'worker', and considering that the definition is being developed, the existing employment rights should in the meantime be extended to all workers.

According to Singh, Uber support social protection for workers, but the inflexibility in some countries national laws makes it complex. However, in general Europe's social regulation is good for innovation since it reduces industry disruption. France shows great willingness to create space for platforms to develop social innovation while still promoting increased competition (Singh 2018, interview). Furthermore, Uber is currently introducing driver insurance in cooperation with AXA¹⁹ and argues that they're therefore not involved in a race to the bottom, in the words of Singh:

"Technology has a human aspect and that means that you have responsibilities in the real world. Uber has had to change [...] for many different reasons. When it first started it was basically anti-regulation, anti-working with partners and cities and anti- engagement. [...] In recent years it has had to learn, in many cases the hard way that we need to craft a way in which we can to be regulated because it is important for people to keep the protection safety that comes with that. It is important for us to engage with cities and the social partners [...] We are not a tech company in the sense that we do not only exist on a cloud, but we have to actually exist in the real world" (Singh 2018, interview)

Uber is trying to stay competitive not just by giving the customers a nice experience, but also by introducing social insurance through AXA, with the idea that people will stay with Uber and not move to another platform. In the words of Simpal, Uber wants to be head of the curve leading the way for and influencing other industries to move in a good direction and therefore engage in constructive conversations with national governments and social partners (OECD forum 2018).

¹⁹ Global insurance brand

8 Discussion

The increased digitalization, automation and the emergence of platforms are all aspects of the technological revolution that together with globalization increasingly put pressure on political and economic institutions and existing policies and regulations. The decreased predictability in the world of work and on the labour market affects actor's behaviour. The introduction of the multinational platform company, Uber challenges regulations and coordination on the labour market. Increased liberalization in France's Conservative welfare system proves that institutions are not static and has come to undermine 'actors' feeling of predictability. The governmental changes related to the taxi industry and the code de travail suggests institutional change contrary to the idea that 'institutions are preserved and supported by conservatism'.

The French reforms support the 'short-term' nature of platforms by introducing new categories for platform workers, which makes it harder to get access to traditional forms of collective bargaining and protection. Macron reforms are centred around the idea that market mechanism will resolve the issue of social protection and by letting platforms compete against each other for 'partners' (workers) on the basis on who provides the best social practice. Uber representative, Singh argued that Uber wants to provide more benefits and skills for its workers, but that sometimes-national legislation limits their possibilities since providing these benefits would legally turn them into employers. However, empowering companies like Uber without ensuring decent employment protection and collective bargaining representation does not resolve the increasing trend in the European labour market in decreased labour share with winner-takes-most companies.

In Sweden, an increased liberalization of the taxi industry was discussed but declined and some would argue that Sweden's firm 'restriction' in relation to the platform business model could lead to lost opportunities for digital innovation. The platform economy is a marginal phenomenon in Sweden, and perhaps precisely because of the heavy influence of social partners, and while this is a good thing for workers, it might be less so for the consumers. Providing platforms with information on the specific functioning and conditions of the market they operate on is important since it gives the firms tools to act in a sustainable and correct way in varying contexts.

Europe needs technical innovation, but also to ensure social standards while doing so, it is in the interest of these platforms to successfully coordinate and develop good relations within the five institutional spheres. In Sweden, market mechanism are merged with social programs and introduced for everyone in order to facilitate adaption to

technological change. High collective bargaining coverage and the possibility to apply extension mechanisms could be used to include platform workers.

The emergence of the platform economy has challenged the resilience of political and economic institutions. Uber managed to escape (at least at the beginning) the traditional institutional structures and found a lope whole in legislation by not considering themselves as employers, creating a common shock on the European labour market. Differences in institutions led to actors different understandings of how to react to platforms, where France and to a less extent the UK believes that growth of the platform economy requires a full-blown change of the institutional framework, and actors in Sweden that regard the current system as sufficient if correctly applied. On the other hand, the platform economy remains marginal in Sweden. In the meantime, the workers' wages and conditions continued to decline suggesting that technological transformation will require more political initiatives in order to address necessary changes in institutional frameworks.

9 Conclusion

The objective of this study is to investigate how European trade unions and governments in France, Sweden and the UK have reacted to the rapid growth of the platform economy. When comparing these three countries I have employed an institutional approach combining Varieties of Capitalism (VoC) with Varieties of Welfare (VoW) in order to analyse differences and similarities in actor's behaviour. The combination of these theories provides us with an in-depth institutional knowledge that improves our understanding of institutional change caused by the rapid growth of the platform economy and in the specific case of Uber. Furthermore, it allows us to test the hypothesis that: *The level of coordination and solidarity in Trade union and government's reactions to the platform economy is determined by institutional characteristics* and thereby answering the research question: *How has European trade unions and governments in France, Sweden and UK reacted to the rapid growth of the platform economy?*

Within the institutional area of *Inter-firm relation*, the reactions from trade unions France, Sweden and the UK have been diverse and in line with institutional characteristics. In France, there has been a violent demonstration against Uber due to the strong sentiment of unfair competition and growing inequality in the labour market. Both in France and the UK, parts of the taxi industry are regulated and require traditional taxi license, which is both expensive and time-consuming to get compared to Uber and other private taxi companies. Furthermore, in relation to other private taxi companies, Uber has a competitive advantage in their technology. In the UK, there have been several demonstrations but not as violent as in France. The situation is different in Sweden, where the taxi-industry has already been liberalized. After discussion, it was concluded that Uber has to comply with strict rules in order to obtain a permit. High influence of social partners made it difficult and less attractive for Uber to establish itself on the Swedish labour market.

Within the institutional area of *Employees*, the relationship between Uber and its 'employees' has been investigated as well as Uber driver's employment status. Uber claims not to have a traditional employment relationship with its workers, and refer to them as 'partners', making the status of these workers unclear. In France, there has been an intense discussion on whether or not to introduce new statues such as 'auto-entrepreneur' and 'entrepreneur-étudiant'. Status-related categorization is important in France since the benefit structure is proportionally related to contribution. In the UK there have been several court cases with the implications that drivers are now considered as 'workers'. This gives Uber drivers access to a specific set of rights on the

condition that the amount of work they perform is sufficient. Platform workers in Sweden are categorized as self-employed, and social protection for people in a non-standard job is comparatively good in Sweden.

Within the institutional area of *Industrial relations*, trade unions have experienced difficulties to include and to organize platform workers due to blurred employment statuses, isolation of workers and short-term nature of employment. In France, there seems to be a lack of coordination between the government and social partners. The government initiatives targeting platform workers seemed to be characterized by limited influence and involvement from social partners. Furthermore, trade unions seem reluctant to include Uber drivers, relying on the government to react in accordance with the institutional characteristics of a high involvement of the government in both the production and the distributive system. The current Macron government are encouraging increased flexibility that benefits platforms influencing economic coordination and the welfare regime

In the UK, there has been an attempt from both new and old trade unions to establish new legislation for platform workers. Some trade unions have been created particularly in order to defend workers' rights in the platform economy and to put pressure on the government to take legislative action. The government initiative to produce the 'Taylor review' seem to have lacked a proper coordination between social partners, but on the other hand trade unions have managed push for legislation that ensures Uber drivers minimum conditions. In Sweden, the platform economy represents a marginal phenomenon, which could be of many reasons, but as we have seen in the case of Uber, it is partly related to the power of social partners. Compared to France and the UK, social partners have traditionally played a big role in regulating new phenomena through social dialogue rather than introducing new legislation.

The adaption of *Vocational training and education* for platform workers has been scarce with the exception of France. In France, the government has introduced portable training, an initiative in line with OECD and European Commission recommendation of adapting both skills and social protection to new forms of work. In the UK, there have been no specific initiatives from government and trade unions, but Uber has introduced and started a cooperation with 'future learn' to encouraged 'partners' to improve their skills. In Sweden the platform economy is marginal, and there has not been any initiative so far, but Engblom expressed a will to transform the education system in order to make it more accessible for more flexible forms of work in the future.

The reaction in relation to *social protection* is related to the institutional character of a country. In France, protection is often related to the employment status. The portable training account, introduced by the French government also included some basic rights such as employment and housing insurance in the case of unemployment or change of jobs. In the UK, protection is connected to the employment status, and since Uber drivers are now considered, as 'workers' they have access to certain rights such as

minimum wage, but workers only get access if they fulfil certain working requirements. Sweden's welfare system is based on universal rights, with the implications that social protection to a large extent also covers people in the non-standard job.

Hence, the level of coordination and solidarity in trade union and government reactions correspond to the institutional characteristic of each country. In Sweden, there has been a high degree of coordination, which led to the rejection of further liberalization of the taxi industry as well as a high degree of universality in social security schemes. In France, there seem to have been some issues in regards to coordination and an increased dualisation between standard and non-standard workers. In the UK, the reaction to Uber has been characterized by low level of coordination, but where the government have managed to push the government to introduce a limited degree of rights.

Further research should include a larger number of trade union interviews in order to account for in-country differences, which is one limitation of this study, but that has been partly bridged by including complementary material. Another idea is to conduct a comparative study between countries with the same institutional characteristics in order to discover cross-national variations in actors' strategies to cope with the platform economy.

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11 Appendix

11.1 Interview questions: Trade unions

The following nine questions are semi-structured. I want your reflection on how the coordination of digital platforms within these spheres has looked like in [country], and if possible in comparison to the reaction in [country] and [country]. I have the ambition to gain general knowledge of the reaction, but with help of the specific case of Uber.

- How has the [country] trade unions and governments reacted to the rapid growth in the platform economy? Compared to [country] and [country]?
- How has the [country] trade unions and governments reacted to the rapid growth of Uber? Compared to [country] and [country]?
- On the 20th of December 2017, the European Court of Justice (ECJ) ruled that Uber is a transport service provider and not just a smartphone application, what did this ruling mean for [country] concretely? Any diff between the three countries?
- What has been done to improve the inclusion of a social security system in [country] in terms of active labour market policies and education systems?
- How does platform business models such as Uber affect the [country] labour market? What distinguish the business model from a 'normal' firm and especially with regards to the relationship with its investors?
- How does a digital platform such as Uber coordinate collective bargaining over wages and working conditions in [country]? And how does it differ between countries [country] and [country]?
- What are the prospects of vocational training and education for workers within platform firms, considering that platforms such as Uber do not provide this (would go against the law and turn them into employer)? Have there been any incentives from trade unions and government in [country]?
- Many sectors claim that digital platforms have a disruptive effect on the industry. Ex. Transport sector claims that Uber hampers competitiveness of taxi companies and leads to social dumping for workers. What has the reaction been from [country] companies in relation to digital firms such as Uber? Have they managed to coordinate their relationship? Does it differ between different countries, if yes, why?

- What is the difference between Uber and a ‘normal’ company when it comes to the relationship with their workers/partners? Does this relationship differ between countries?

11.2 Interview questions: Uber

The following 10 questions are semi-structured targeting European labour market, but with a focus on UK, FRA, and SE:

- What are the strengths and weaknesses with Uber business model and especially with regards to the relationship with investors?
- On the 20th of December 2017, the European Court of Justice (ECJ) ruled that Uber is a transport service provider and not just a smartphone application, what did this mean for the Uber business model? Any diff between the three countries?
- How does Uber coordinate collective bargaining over wages and working conditions? And how does it differ between countries?
- Transport sector claims that Uber hampers competitiveness of taxi companies and leads to social dumping for workers. How is Uber relation with other ‘taxi’ companies in Europe? Does it differ between different countries, if yes, why?
- How do you stay relevant/competitive in relation to other similar platforms? How do the strategies differ between countries?
- What is the difference between Uber and a ‘normal’ company when it comes to the relationship with their workers/partners?
- How do you ensure the quality of work and high productivity levels for your workers?
- Does Uber engage in vocational training and education for their workers? If yes, does the investment differ between countries, if so, why?
- Are there any other variations in the institutional and cultural patterns of UK, FR and SE that benefits/hampers the establishment of Uber? If yes, in what way? *Ex. Collective bargaining, size etc.*
- What are the risks of having different institutional systems in EU countries that affect the business of Uber and other platforms, do you think?

11.3 The role of institutions and other potential explanations

There are three fundamental theories that set out to explain economic growth and what shape actors actions: economic institutions, geography and culture (Acemoglu, Johnson, and A. Robinson 2005, p. 397). Economic institutions suggest that humans themselves are capable of organizing their society. The idea that actors determine whether or not there will be economic prosperity and growth goes back to thinkers like Adam Smith and John Stuart Mill. In order for economic institutions to produce prosperity, it must contain a certain interrelated bundle of aspects. A society must contain some amount of equality of opportunity, for example, equal treatment in terms of legislative verdict consequently leads to a greater willingness to invest. There must also be some degree of property rights for individuals to stimulate economic activity through investment (Acemoglu, Johnson, and A. Robinson 2005, p, 398).

The theoretical traditions of Geography suggest that the ‘nature’ plays a fundamental role in shaping actors behaviour and economic growth. Variety in geography, ecology and climate defines the opportunity and preferences of actor’s behaviour. Within this tradition, there are at least three central versions. A third theoretical tradition is the Culture approach, suggesting that the actor’s behaviour depends on different societies in term of race, ethnic groups. Here, the culture is regarded as crucial for values and in shaping economic preferences (Acemoglu, Johnson, and A. Robinson 2005, p. 400-401).

Acemoglu, Johnson, and A. Robinson is convinced that institutions matter and even manage to prove that countries with more secure property rights, i.e., better economic intuitions, have higher average incomes (Acemoglu, Johnson, and A. Robinson 2005 p, 403). However, arguing that this is not sufficient to prove a causal relationship, since there is an issue with inference and the possibility of reversed causation, meaning that countries with better economic institutions have more secure property rights. Thus, there could be another explanation such as geography that has the potential to explain insecure property rights and why countries are poor (Acemoglu, Johnson, and A. Robinson 2005, p. 403).

Therefore, these types of correlation cannot prove causality. GGG argues that it is essential “to find a source of variation in economic institutions that should have no effect on economic outcomes, or depending on the context, look for a natural experiment (Acemoglu, Johnson, and A. Robinson 2005, p. 404)” In order to explain differences in economic institutions we need a theory of economic institutions. “A theory will help explain the equilibrium set of economic institutions in a particular country” (Acemoglu, Johnson, and A. Robinson 2005, p. 404).

11.4 Welfare states - Table for comparison

The following table based on the theoretical framework of Esping-Andersen, produced by Bruno Palier 2005, explains the differences in the type of welfare state, its institutional variables and characteristics:

Table 5 Comparative characteristics in VoW theory

4.A Types of Welfare

	<i>Industrial-achievement Conservative-corporatist (Security)</i>	<i>Residual Liberal (Freedom)</i>	<i>Industrial-redistributive Social-democratic</i>
Geographical situation	Continental Bismarck	Anglo-Saxon Beveridge	Scandinavian Beveridge
Historical reference			
Aims	Workers' income maintenance	Poverty and unemployment alleviation	Equality, an income for all, egalitarian distribution
Functioning Principle	Contributively	Selectivity	Universality
Technique	Social insurance	Targeting	Redistribution

4.B Institutional Variables

Eligibility, claiming principle Entitlement based on (Whom?)	Status, work	Need, Poverty	Citizenship, residence
Benefit structure (What?)	Proportional (contribution related)	Means-tested	Flat-rate
Financial mechanisms (How pay?)	Employment-related contribution	Taxation	Taxation
Management, control, decision (How decide?)	Social partners	Central state	State, Local government

4.C Other characteristics

The degree of state penetration in social welfare institutions,	Weak	High	High
Fragmentation of social welfare institutions	High	Weak	Weak
Place and role of the social protection institutions in the mixed economy of welfare	The compensator of first resort	The compensator of last resort	Employer of first resort
Effect on Employment	Delay the entry in or favour the exit	Force to go back to the	Develop public jobs

	from the labour market	labour market	
Social stratification	Pluralist	Dualistic	Unified
Redistribution	Weak	Towards the poorest	Egalitarian
De-commodification score	+ / -	-	+ +
De-familiarization record	Weak (with the exception of France)	Weak	Strong
The relation between State and voluntary association	Neo-corporatist relation with the subsidiary state	Pluralist and autonomy	Servicing under the tutelage of the state

Source: Palier, B.2005

11.5 Corporate governance

According to the VoC framework, *corporate governance* is an important explanatory variable for understanding differences in the political economy of a given country. Corporate governance entails the institutions shaping the ownership structure and rules for controlling companies. VoC distinguishes two ideal-typical governance modes: shareholder versus stakeholder models. On the one hand, LMEs, shareholder value-orientation seeks to align the interests of management to the profit-interests of its owners. On the other, CMEs are characterized by a stakeholder governance model in which companies must take into account the interests of its owners, management, employees, suppliers, and clients as well as the wider public. A great comparative example is given by (Vitols 2001), who compares the British equity-driven capitalism and the German co-determination model:

Germany, a CME, has 'non-market' institutions, which not only allow for inter-firm coordination, but also regulate the interaction between owners and managers, between employees and firms, and among top managers. In the corporate governance literature, Germany is one of the foremost examples of the stakeholder model since the different firm constituencies enjoy a strong formal 'voice' in decision-making through representation on company boards. In contrast, in the UK, an LME, markets play a much more significant role not only in influencing inter-firm relationships but also in regulating the interactions between the actors mentioned above. The UK is one of the primary examples of the shareholder model of governance due to the weak formalized role of constituencies other than shareholders in firm decision-making. (Vitols 2001, p. 338)

Corporate governance has, therefore, big implications on how platform economy companies established in different countries. LMEs give priority to shareholders as primordial decision makers, and thus it is easier to establish schemes to maximize the share of total profits. In CMEs, where shareholders need to be taken into account, it is harder to obtain a high return for investors, since stakeholders are well rooted in the decision-making process of the company. Assuming platform companies are profits maximizing agents, it is possible to conclude that platforms will tend to establish more rapidly in LMEs. This prediction is more likely to be true when we consider labour intensive platforms, such as Uber. Platforms which rely heavily on labour have fewer incentives to establish in countries which enables workers as a key shareholder in the decision-making process of a company, as is the case on CMEs. For instance, as shown in table 3, compared to Sweden, Uber has almost double as much per capita supply in the UK. These large differences might not be present if we study, for instance, Airbnb, since this platform relies more on capital than work (Vitols 2001).