
Worker participation in GIG economy – long term scenarios for automotive sector

-national report Spain-

Background

GIG Economy, as concept on the labour market, originated in the US more than a decade ago in the context of the crisis and in search for alternative hiring models.

The model of GIG economy consists in freelance or independent consultancy activity assuming punctual and fixed time assignments without being actually hired or contracted by a company. The job market is organized on web based platforms aiming to facilitate the direct contact between the professionals offering specific services and possible clients.

As example: TaskRabbit, an US based platform specialized in domestic services (moving, electrical installations or shopping) has been one of the most successful in supporting the GIG economy model. Initiated in San Francisco in 2008, this American startup has collected almost 40 million dollars of financing in different rounds till 2018, which would amount to just under 35 million euros.

In the recent years, the companies functioning on the GIG economy has increased exponentially at global level, especially by using the technological advances that allow remote communication and work.

McKinsey Global Institute (research body of an American worldwide management-consulting firm) specialized in the research organization, reports and books on management topics, published a report stating that **between 20 and 30 percent** of the workforce in the **U.S. and Europe participate in the GIG economy** to some degree.

The need for controlling this labour phenomenon found first some response again in the technological advances. The Blockchain, a technology currently with various applications provided a certain degree of control and transparency to the economic relations generated by the GIG economy.

Still this job model becoming an economic trend is far from being regulated. The European social partners, fully aware of this fast growing tendency in the EU space, set up initiatives and awareness campaigns aiming to first inform and promote the need for inclusion of all emerged atypical work forms in a normative framework.



The globalized and independent forms of contracting generated various reactions also of companies activating in the EU economic space. Even if fast to adapt to new trends, the businesses need also a raised awareness on the risks attached to all benefits promoted by the atypical work emerging.

The GIG economy in Spain

The Spain post-crisis, with a high unemployment rate, especially among the young population and a large number of migrant workers constantly arriving in search for better opportunities represented the perfect environment for the GIG economy model to settle and grow.

The recent arrived GIG trend took over the Spanish labour market in 2017, through a series of startups seen as revolutionary in their sectors and strongly promoting the collaborative economy.

The transport and real estate sectors have been the first to embrace the GIG economy. Uber or Airbnb are just two examples of the companies that, since their popularity, most help the so-called gig economy (which in Spanish has been translated as small order economy).

And it is not the only co-living through which the digital economy takes hold. However, this logical evolution of co-working seems to take off at a slower speed in Spain.

However, not only mobility (Uber, BlaBlaCar ...) or room rental lives the gig economy when it comes to transforming the labor market. In fact, the gig economy and employment have a much more direct link through startups that allow professionals and potential clients to be in contact.

And there is more. In fact, other companies focused on specific niches within the broad labor market are already taking their risks in the gig economy from Spain.

The clearest case is that of the CornerJob job search platform. Created only a couple of years ago and already present in Spain, France, Italy and Mexico, the CornerJob has facilitated more than 100,000 contracts and, since its creation, this startup that offers an innovative solution for the labor market has raised more than 50 million euros of financing.

Wayook “ the best option to enjoy free time, enjoy your family and enjoy your home. We will turn your house into a hotel, ” in fact a platform that allows something as simple as putting users in touch with home cleaning professionals is already present in more than 100 cities.

On a more general approach was born, back in 2012, the Spanish Etece. A wide range of professionals offer their services through this platform that generated in first year of life financing for a total of one million euros. The transformation



of the labor market proposed by this platform has a lot to do with the North American success of TaskRabbit: furniture assemblers from Ikea, plumbers, upholsterers, tailors and even accountants are some of the professionals who use its facilitation to find customers. In fact, Etece goes even further than its American model and makes available a next level of services: translation or event organization provided by freelance experts and consultants. An extra element added by this platform: the guarantee of receiving different budgets for a specific service required.

All these examples reveal the concept of collaborative economy in its purest state and gives us an insight of the infinite possibilities and risks that come attached.

The position of social partners

Although the freelance activity is strongly regulated in Spain and the tax levels can't be defined as low, still the GIG economy found a fertile ground to expand and the role of freelancers in general is being put now under the spotlight.

As a summary of freelance regulations in Spain: before you invoice your first customer, you need to register as autonomous worker to Tax Office (Hacienda) and pay social security contributions. That means a minimum of €283,32 a month for those that don't qualify for rebates (new registered freelance pay a flat rate of €50 for the first year). Even if you only record a few days paid work in a month, you still have to contribute for the full month and pay the corresponding 20% of income tax as well.

Still in a strong controlled freelance environment as is the Spanish one, the GIG startups found breaches in their favour. Valencia based Factoo, makes no secret of what it offers: "Invoice your customers without registering as self-employed" said the adverts plastered all over bus stops in Madrid capital. The idea of cooperatives which freelancers can join as members can cooperative invoices customers on their behalf and signs then on and off the Social Security register just for the days that each job lasts function based on the legislative provision that companies aren't subject to the one-month minimum and can pay contributions only for the days worked.

This publically advance of GIG economy raised alarm bells in the Government, which needs freelancers registered and paying up in order to keep the black labour market and tax infringements controlled. The businesses highly contributing with taxes and social security contributions also reacted and the Ministry of Employment officially stated that Factoo and similar organisations are not real cooperatives and that their members should be signed up as autonomous workers. The work Inspectors are claiming the Social Security contributions they say are due. This fast and official action is aiming to stop



these practices in their first phases, but still the legal provisions haven't been subject to any revision or adaptation to new labour market realities.

The trade unions and other worker representation bodies have been slower to react and to take action on the topic of GIG economy and its raising impact on the labour environment and work contracts.

The gap in unionizing these atypical workers and defining the strategy for their representation in the labour relations built on the model of GIG economy has left, for the moment, an entire category of workers outside the umbrella of social dialogue.

The survey results

The analytical phase of the project, consisting in a complex survey applied to a large range on the labour market, provided a broader image and the real dimension of the GIG economy impact on the Spanish work environment.

The interviews with the freelance workers immersed in GIG economy model, showed the both faces of the same coin and revealed the reasons of such impressive profits generated by the companies and their popularity.

In general the profile of the freelance working on GIG model is:

- medium level of education or professional training
- previous experience as medium or long term employed
- in general satisfied with: flexibility of work schedule and balance work-family, level of empowerment and independence of work life
- mostly unsatisfied for: insecurity of income and professional development, level of recognition, learning opportunities and in some cases the atypical working hours
- would prefer a full-time employment, if available to their qualifications and experience
- would join union (one freelance federation existing, but not so responsive to new affiliations or too present on freelance environment)

The independent work is seen as a response to unemployment or precarious offers more and more encountered on the job market, mostly approached by experienced workers rather than young ones entering the labour market, as they have higher success rate in finding customers.

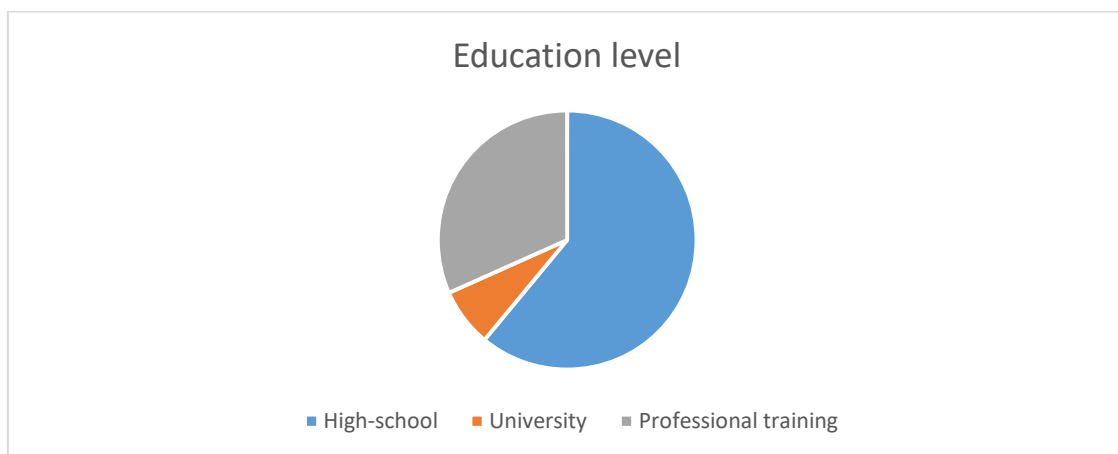
A look into the future, from their perspective, doesn't foreseen many changes, maybe even an increased level of independent work in the conditions of increased precariousness of labour market. There is an express need for regulations in terms of: collective agreement for independent workers,



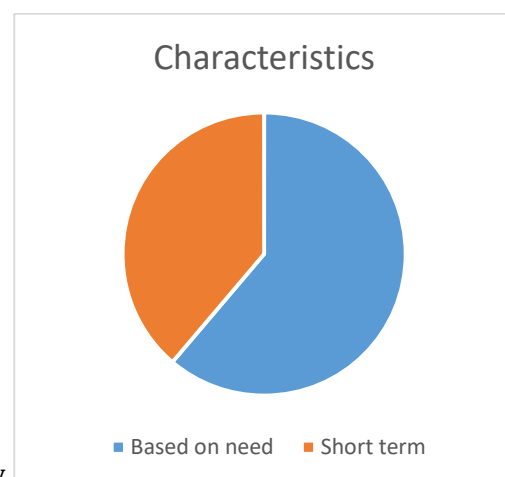
minimum wage or similar and measures aiming to protect the registered freelancers and provide increased employment security. This is also perceived as a way to get registered and regulated all the independent activity running in the submerged GIG economy.

The online questionnaire provided a series of data input to the current survey, detailed below.

The education level of respondents:



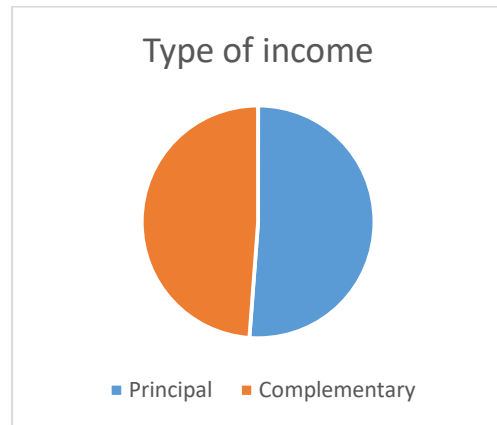
Comments and observations: The profile of workers involved in GIG economy in Spain belong, in majority to medium and professional training areas, that why the segment of respondents correspond at relevant level to the category.



The main characteristic of freelance activity

Comments and observations: The catalyst for freelance work is strongly defined by motivation and related, as seen below, to financial and professional motors.

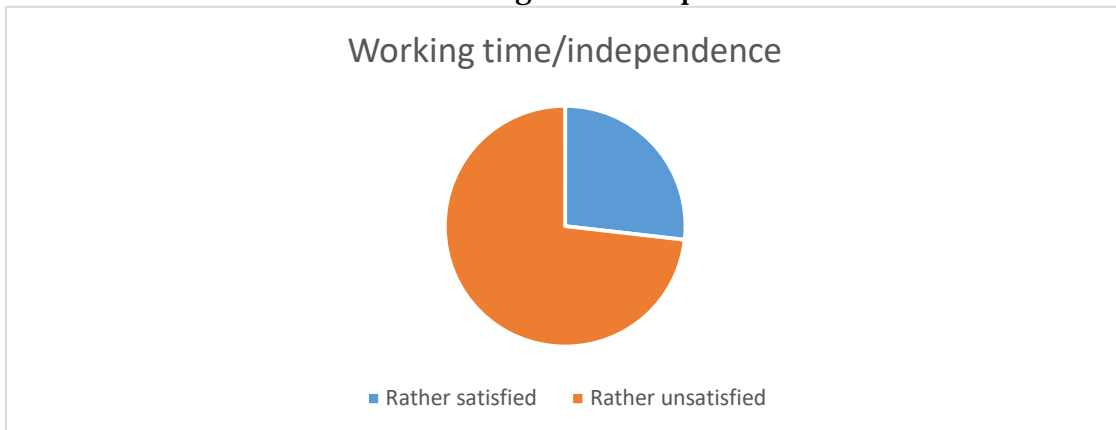




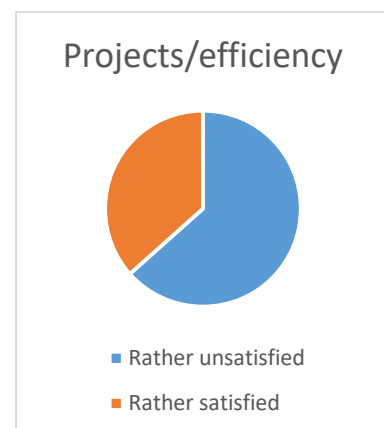
Type of income

Comments and observations: The approximate equal rate, marks the concept of freelance work as professional choice and unique income resource.

The level of satisfaction with working time/independence



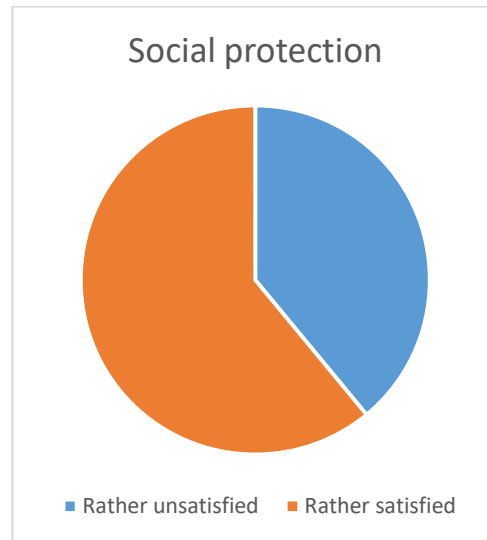
Comments and observations: The freelance work as main source of income complements this data, as the extra-hours guarantee a decent level of income. The indicator highlights also the low level of payment for freelance projects, which requires an increased working time.



The level of satisfaction with projects/efficiency

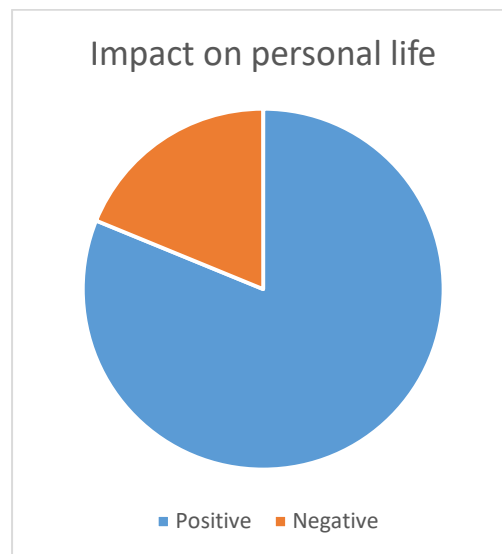
Comments and observations: This data, in relation to the above-indicated one, reflects the relation between quality-working time. The high rate of unsatisfied respondents expresses a need for focus in quality rather than quantity of projects.





Quality of social protection

Comments and observations: The general satisfaction with the social protection indicates a good legal framework as well as the application of norms and regulations. Still the high rate of unsatisfied respondents must represent an element to consider for raising awareness.

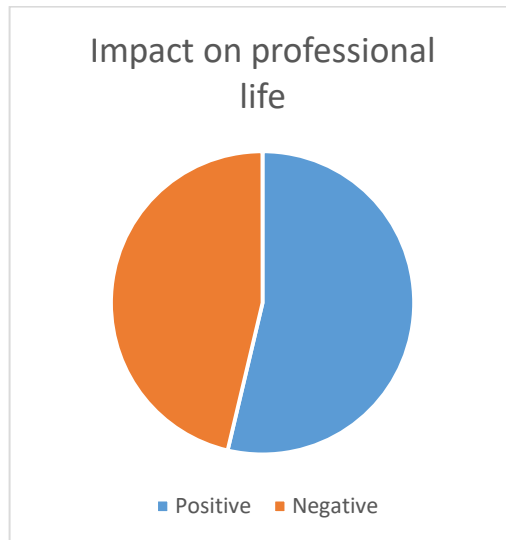


The impact on personal life

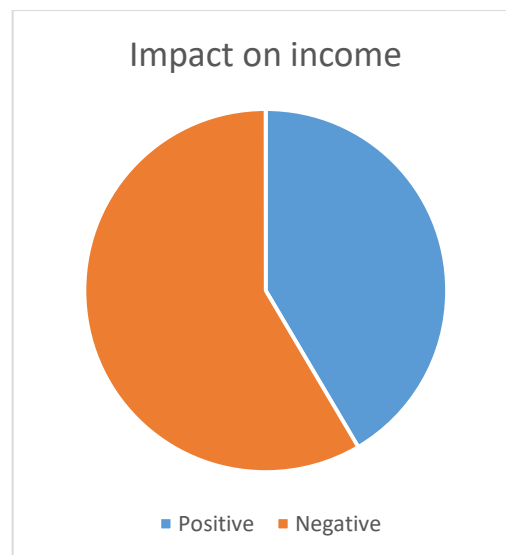
Comments and observations: The impact on personal and professional life, considered as a whole, build the image of motivation background for freelance activity, which is the flexibility vs professional development. It indicates a choice of professional activity that suits the best specific conciliation needs in a specific career moment.



The impact on professional life



The impact on income

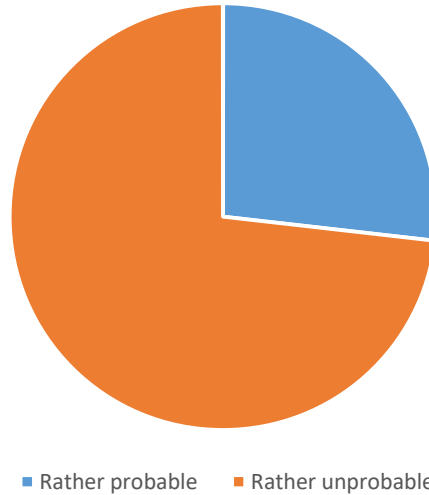


Comments and observations: The financial aspects are strongly related to the working time balance analysed above. The rate of unsatisfied respondents complements the negative perception of work-pay unbalance.

The perspective of increased number of independent workers



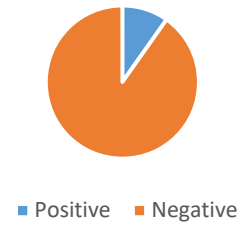
The increase of independent workers' number in the future



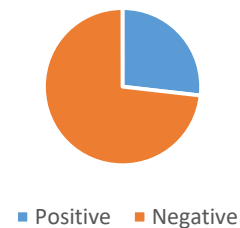
Comments and observations: Considering the current high rate of self-employed workers in Spain, the trend is maintaining according to the data collected, as increasing would mean already a labour phenomenon, which will endanger the employment concept at national level.

The level of advantage for customers

Advantage for customers



Advantage for companies

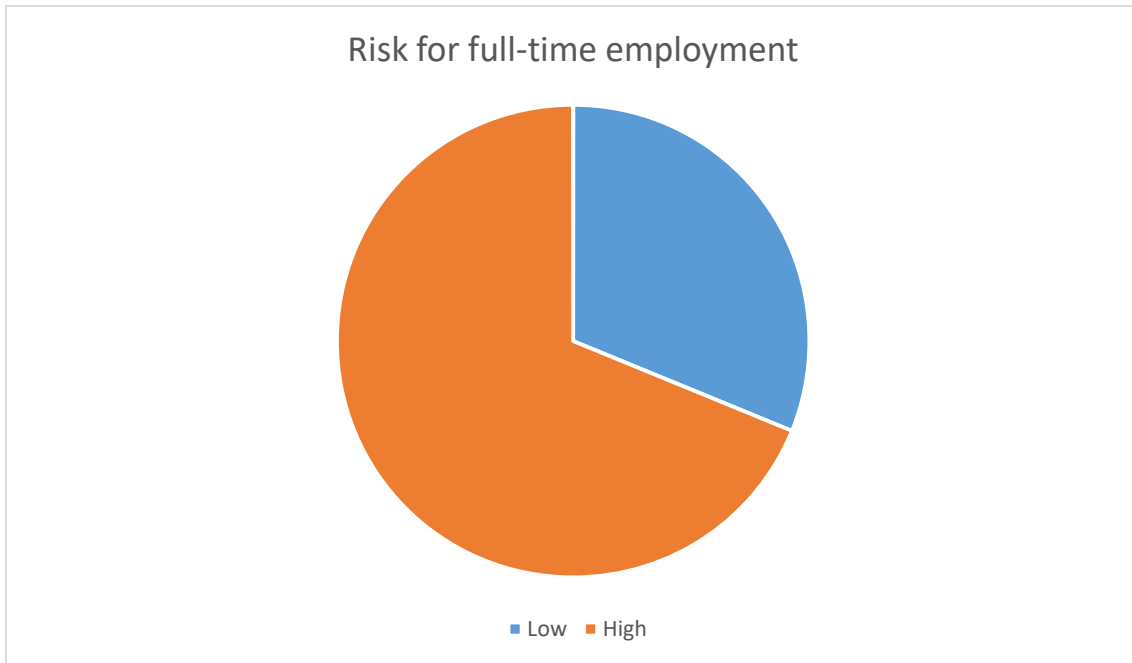


The level of advantage for companies



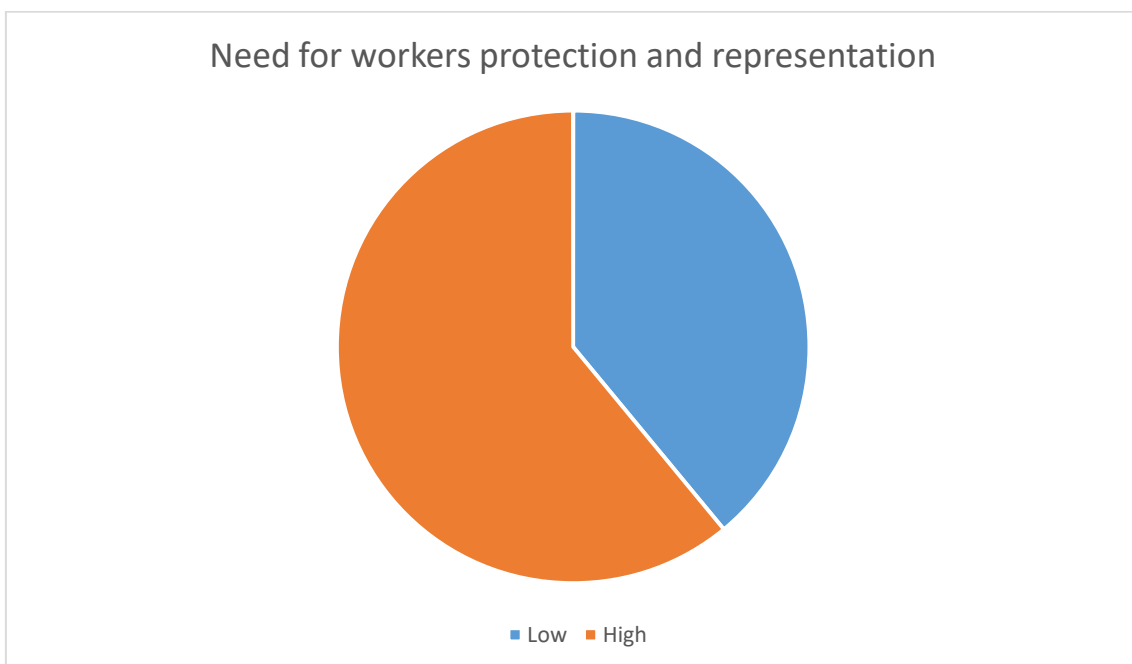
Comments and observations: The two highly negative perspectives indicated above reflect the perception of work quality as a freelance, from the worker itself. This data should be highly considered for the conclusions of the study.

The level of risk for full-time employment

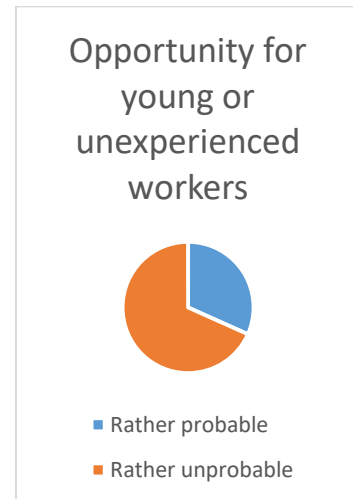


Comments and observations: This result, in the context of increased self-employed trend in Spain indicates the general preoccupation for the future of employment and the principles existing at national level.

The need for workers protection and representation



Comments and observations: The deep roots of trade union movement in Spain, despite the difficulties faced in the crisis years, are still indicated by the high rate of confidence revealed by the data collected.



An opportunity for young or unexperienced workers

Comments and observations: The self-employed choice is not perceived as a career choice, but rather as a solution to unemployment, so the low rate of identified opportunity is related to it. This result is confirming the professional insecurity perception connected to the self-employment concept.

Conclusion

As a conclusion of the data collected by this survey, the GIG economy is not about small services anymore, but expanded to high-level consultancy as top management, human resources or even research areas. In these cases, the main facilitating tool may not be a platform, but intermediary market is definitely functioning and the high professionals provide their consultancy to business clients.

The line of complementary income has been also crossed years ago and despite the strong existing regulations for freelance activity, there is a need for revision of entire legal framework related to it, considering the new developments and implications of the recent structural transformations suffered by the Spanish labour market.

The interdependent connections created between the newly emerged labour relations and employment phenomenon like workforce migration, atypical forms of employment, the fast aging of active population as well as the challenges of globalized economy demand a strategic vision and a coordinated strategy of all EU member states, in order to maintain the values of Social Europe and the Acquis Communautaire.



Definitely, the workers representative organizations must state for this situation and take strategic action, in order to ensure the inclusion of this increasing category of workers, as well as the protection of their rights as active members of EU labour market.

This transnational initiative comes as an important catalyst and support for the development of coherent trade union strategies so needed in the above described context.

