

Working Title:

**Digital Capitalism without Firms? Consequences for the Organization and Regulation
of Work from an Employment Systems Perspective**

Sara Maric, sara.maric@jku.at

Laura Thäter, laura.thaeter@jku.at

Elke Schüßler, elke.schuessler@jku.at

Johannes Kepler Universität Linz/Österreich

Momentum Kongress: Hegemonie

19.-22. Oktober, 2023

Hallstatt

Track #5: Hegemonie in Arbeit und Wohlfahrtsstaat

Convenors: Clara Moder, Fabian Mushövel, Anna Schwarz, Mattias Muckenhuber

Introduction

The theory of the firm (Coase, 1937) is, in large part, based on an understanding of the benefits of what has become called the “standard” employment relationship marked by open-ended contracts granting flexibility in task allocation. With the erosion of hierarchical modes of organization in favour of network forms, non-standard employment and multi-employer relationships (e.g. Helfen, 2015, Rubery et al., 2003) have become more widespread. Digital platforms have further advanced this process. Through a modular technological architecture consisting of a core and a periphery (Gawer, 2014), platforms are able to coordinate dispersed actors, organizations and individuals alike, thereby revolutionising business models and changing the organization of labour relations (e.g. Ellmer et al., 2019; Healy & Pekarek, 2020; Wood et al., 2019). Digital platforms position themselves not as employers, but as enablers of transactions, although recent legal initiatives, e.g. at the EU level, increasingly push back on this interpretation. The organization of work via platforms breaks with the standard employment relationship, as it replaces the long-term employer-employee model with a short-term contractual relationship (Hoose et al., 2019). Many of the largest enterprises today no longer mainly consist of a set of physical establishments containing full-time employees engaged in observable tasks (Davis & Sinha, 2021; Kirchner & Schüßler, 2020), so basic

analytical concepts connected closely to the theory of the firm such as firms, industries, size, employees or performance are contested (Davis & DeWitt, 2022). This raises questions about the extent to which established analytical concepts that matter both in theoretical and in legal terms are still useful in 21st century capitalism.

One such concept that is central to the regulation of labour relationships is the employment system that regulates key dimensions of employment such as pay and incentives, career advancement opportunities or job security. (Marsden, 1999). According to Marsden, the success of the conventional employment system in the 20th century heavily relies on reconciliation-of-interest mechanisms that unfold their mediating potential between workers' and employers' divergent interests over longer periods of time. In particular, Marsden argues that complementary psychological, economic and legal contracts provide the standard employment relationship with incentives, flexibility and enforceability, thus constituting a regulatory system that reaches beyond the individual firm and involves wider institutions. While Marsden (2004) himself discussed how network and project forms of organizing that often lead to multi-employer relationships (e.g. Rubery et al., 2003) affect the employment system, the question arises whether the concept of an employment system is obsolete in the platform economy, marked by an erosion of firm-based employment in favour of spot contracting for concrete tasks (e.g. Davis, 2016). Digital platforms organize the completion of pre-defined, standardised tasks – “gigs” – that do not need the long-term flexibility of the standard employment relationship. Hence, platforms have often been classified as multi-sided (Thomas et al., 2014; Hagiwara & Wright, 2015) or organized (Cutolo & Kenney, 2020; Kirchner & Schüßler, 2019; Maurer et al., 2020) markets and not as hierarchies or networks (cf. Williamson, 1973).

In this paper we argue that a depiction of platform work as market-based is too simplistic, because platform-mediated work also involves highly skilled tasks that require some coordination and even cooperation, e.g. in the case of design or software development. Platform workers in these sectors offer professional services, have a high level of technical skills, and can secure a stable income by building and maintaining long-term business relationships with their clients (Vallas & Schor, 2020). Platforms, thus, do not just organize markets, but organize *labour* markets in which workers build their careers and develop psychological contracts. Given recent regulatory contestations around the classification of platform-mediated work, we hence believe that the underlying employment-like system of platforms as a particular form of organization that is neither hierarchy, nor market, nor network (Grabher & König, 2020;

Schüßler et al., 2021; Watkins & Stark, 2018) deserves further consideration, which promises broader insights about “platformisation” as a mode of organizing more generally.

Whereas in some sectors such as taxi services or food delivery platforms indeed exert a deregulating force, in others that were previously marked by self-employment or freelancing they actually sometimes bring new forms of stability and employability, similar to project and network-based organizing. Particularly in high-skill sectors such as creative work or other professional services, platform labour often intermingles with traditional employment. Cloudworkers are particularly attracted by the promise of flexibility offered by platforms, perceiving the traditional employment relationship - counter to its original idea - as overly rigid. These promises of flexibility and autonomy in work design are at the same time undermined by the non-negotiable contractual relationship between the platform and its users, which is unilaterally determined by the platform and presented in the form of detailed terms and conditions that must be accepted by platform users (Dolata & Schrape, 2023). Given the multiplex realities and contested narratives of platform work (Schüßler et al., 2021), our aim in this paper is to elucidate how digital labour platforms challenge and change existing employment systems in different professional fields (Yao, 2019) by analyzing the effect of digital labour platforms on three types of contracts outlined by Marsden (2004) as constituting employment systems: economic, legal and psychological. We argue that while the particular configurations of the three types of contracts change, they still have functional equivalents in platform-mediated professional service work, where platform work often just complements more traditional or network-based forms of employment. This endeavour responds to recent calls to unpack platform work into different variants - app-work, crowdwork, and capital platform work - in the context of employment relations research (Duggan et al., 2019). We specifically focus on cloud-based crowdwork in the high-skilled sector, which in employment relations research still has seen comparatively less attention than precarious, location-based gig work. This also is an important contribution to ongoing regulatory debates, which focus mostly on location-based gig work where workers tend to be dependent on platforms, thus raising doubts about their employment status.

Characteristics of Platform Work

Traditional employment contracts as established and institutionalized in most of Western Europe since the second half of the 20th century are multilaterally under attack. The increase in precarious, atypical, short-term, and quasi-self-employment is, among other reasons leading to “institutionalized precarity” (Helfen, 2015), a process that appears to be accelerated by digital labour platforms. Since the beginning of 2000, new types of communication and

information technologies have paved the way for the formation of new markets and business models, thus contributing to the emergence of a “platform economy” (Srnicsek, 2017; Kenney & Zysman, 2016). The impact that platforms may have on various markets can vary depending on the specific circumstances and conditions present in a particular region, as well as the actions taken by relevant institutions and corporatist actors (Pernicka & Schüßler, 2022).

In general, digital labour platforms mediate between workers and consumers who place orders or search for services on platforms (Howcroft & Bergvall-Kareborn, 2019; Kenney & Zysman, 2016). Digital labour platforms promise lower entry barriers into the labour market, as well as increased autonomy and flexibility in terms of work assignments and working time arrangements (Bauer & Gegenhuber, 2015). Under the slogan of the "gig economy", many digital labour platforms present themselves as offering opportunities for participation, though these narratives are contested (Schüßler et al., 2021). While the narrative of flexibility and independence may sound attractive, platform workers often experience a trade-off in the form of insecurity and a lack of participation in decision-making in exchange for autonomy and freedom in their work processes (Wood et al., 2018). These platforms exert control over work processes via digital infrastructures, centralize power over critical decisions (e.g. via price setting and task allocation) and use algorithms, ratings, and reputation systems to manifest these power asymmetries to the disadvantage of the workers (Attwood-Charles, 2019; Kornberger et al. 2017). These practices stand in stark contrast to the image promoted by the platforms themselves.

The technological infrastructure of digital platforms supports the fragmentation of tasks into smaller “sub-parts” that can be completed in a relatively short time and in parallel from different workers, facilitating the creation of short-term employment. The field of platform-mediated work is highly heterogeneous, ranging from lucrative side jobs to exploitative and precarious employment arrangements (De Stefano, 2016; Weil, 2017). While digital labour platforms are generally altering the nature of work, employment relationships and conditions vary depending on the complexity of the tasks and spatial dispersion of workers (Vallas & Schor, 2020). So-called location-based "gig work" (e.g. Uber drivers) needs to be distinguished from online "cloudwork", which then can involve so-called micro-tasks (e.g. Amazon Mechanical Turk) as well macro-tasks that are more complex and require specific skills (e.g. design, translation, architecture). While an increasing number of studies has looked at different aspects of platform work, such as algorithmic management (e.g. Cameron & Rahman, 2022; Christin, 2017), voice and resistance (e.g. Gegenhuber et al., 2021a; Wood et al., 2018) or flexibility and inequality (e.g. Cansoy et al., 2021) particularly in gig work and micro-tasking,

we still lack a good understanding of platform-mediated work systems in the higher skilled sector of cloud-based professional services. Here, platforms complement freelancing, self-employment or project and network-based organizing by offering additional work opportunities and may even provide new forms of ‘organizationality’ (Dobusch & Schöneborn, 2015) by stabilising client relations or allowing for the development of career paths outside of regional networks.

Applying the “Theory of Employment Systems” to Platform Work

In “A Theory of Employment Systems”, David Marsden (1999) developed a framework that aimed at providing a better understanding of how conflict and opportunistic behaviour between employers and employees can be constrained and how economic cooperation is possible despite divergent needs and interests. Marsden’s theory builds on two premises. First, it is rooted firmly in Coase’s (1937) “theory of the firm” which argues that the main advantage of the internalization of certain activities is that it can reduce transaction costs, such as the cost of negotiating contracts, enforcing agreements, and monitoring performance. Second, Marsden’s theory incorporates the assumption of “bounded rationality” (Simon, 1957), i.e. of limited access to information and of partially conflicting interests among parties. Thus, while the process of finding alternative employment or workers is costly, there also is potential for opportunism within the employment relationship. Arguably, both of these conditions have fundamentally changed due to technological developments, since digital platforms can coordinate activities at rather low transaction costs and (market) information can be easily provided. At the same time, the open-ended employment system also arose and became popular due to particular problems of the spot contract system in the early 20th century, in particular the lack of incentives to train workers, share information or improve quality, as well as the frequent need for bargaining at each step of the work process. This made complex production systems hard to organize and control (Marsden, 2004). Platforms take us back to spot contracting, though to date mostly in sectors where tasks can easily be broken down into small units. Professional services may constitute an exception in this regard, because training, information sharing and quality are highly important in this sector.

According to Marsden (1999), a stable and viable employment relationship adheres to two contractual constraints, *efficiency* and *enforceability*. *Efficiency* requires that the tasks assigned to workers align with their skills and qualifications. Here, task allocation can follow either a production or training approach. The former entails categorizing workers based on the breadth and depth of their job-related competencies and assigning tasks based on their level of complexity or the extent of problem-solving involved. Within the training approach, the

differentiation of workers is based on their specific training experiences and tasks are classified into broader categories that align with the particular skill sets they require. *Enforceability* stipulates that the rules governing task allocation and assignment need to be transparent; otherwise, adherence to the agreed-upon terms is difficult to ensure. The focus of enforcement can either be function-/procedure-centred or task-centred. The function-/procedure-centred approach outlines a procedure that facilitates the organization of workers and tasks into categories. The task-centred approach revolves around the precise identification of individual tasks and hence draws a direct connection between the task-centred rule and the task identification. Within the task-centred approach, the individual accountability of task completion and quality is higher than in the function-centred approach. The different approaches revolving around efficiency and enforceability result in four transaction rules that underpin the employment relationship by effectively reconciling the seemingly contradictory goals of granting employers the flexibility to allocate jobs while limiting employees' liability to strictly adhere to their employer's directives (Marsden, 1999). While these rules may not entirely eliminate opportunism, they enable cooperation and reciprocity between employers and employees (Marsden, 1999). By providing functional flexibility, less numerical flexibility is required in open employment relationships. Apart from the duration of the employment period, the success of open-ended employment relationships is based on three enforcement mechanisms, so-called “contracts”, namely: a psychological, an economic, and a legal framework (Marsden, 2004). The kinds of contracts and how they project against different kinds of opportunism in the employment relationship already changed with the rise of project-based work (Marsden, 2004). For instance, instead of job security, network-based employment might offer employability security.

The way in which digital labour platforms organize workers, tasks and their completion emphasizes enforcement similar to the task-centred approach. However, the dynamics in, as well as the composition of, digital labour markets circumvents the incentive and control mechanisms anchored via the three contracts in established employment relationships. The first contract, known as the *psychological contract*, addresses the values and belief systems that underpin the implicit expectations required for a successful employment relationship. It outlines the unspoken assumptions that must be fulfilled for the working arrangement to function effectively. To enable reciprocal collaboration on digital labour platforms, trust is needed between three parties: the platform, the cloudworker, and the client. While all three parties are essential for transactions to occur, it is noteworthy that digital labour platforms employ mechanisms like reputation and ranking systems to moderate and regulate behaviour.

The *economic contract* deals with wage and incentive systems implemented by organizations to motivate employees to perform according to organizational requirements and expectations. While the open-ended employment arrangement considers economic fluctuations when determining labour compensation, digital labour platforms explicitly connect labour and price, which exacerbates competition among cloudworkers. The third contract is the *legal contract*, which responds to the legal requirements necessary to ensure a “framework for cooperation” (Marsden, 2004, p. 668). While, platforms in the high-skilled sector may provide for some functional alternatives regarding psychological contracts and offer career paths based on rankings so that the relationship reaches beyond purely market-based spot contracts (Saxton et al., 2013), the stability of complementary economic and legal institutions of platform work are much less clear and contested, pointing to the need to analyse platform-mediated employment-like systems more fully.

In what follows, we draw on our own as well as others’ empirical research on (skilled) cloudworkers performing tasks as freelancers on digital labour platforms and unions’ organizing efforts for platform work in Germany and Austria to analyze and sketch out elements of an employment systems perspective on platform work. We will identify the elements of the employment-like systems emerging around digital platforms and then discuss their mediating mechanisms along Marsden’s (2004) three contract types. This gives us the chance to analyse how employment systems are changing and what mechanisms and parties the alternatives are composed of.

Methods

Selection of empirical context. According to a report by the International Labour Organization (2021), there has been an increase in the number of digital labour platforms globally in the past decade, including both web-based and location-based platforms. Among these, the delivery sector has the highest number of platforms (383), followed by online web-based platforms (283), and the taxi sector (106). Based on estimates by the European Commission, the number of individuals employed on platforms could rise from 28.3 million in 2022 to 43 million in 2025. Whereas most existing research focuses on location-based, precarious gig work, Kässi and Lehdonvirta (2018) argue that the leading occupations of online labour are in the high-skilled domain. Trends also indicate that the demand for high-skilled labour is increasing (ILO, 2021). Moreover, a publication by the OECD and the International Labour Organization (2023) suggests that approximately half of platform workers have a higher secondary education or above, with approximately 40% holding a bachelor's degree or higher. The level of education generally rises as the intensity of work on platforms increases, with freelance and software

development sectors having slightly higher proportions of platform workers with higher education. Building upon previous studies that have identified that platform workers exhibit higher levels of education compared to the general population (Codagnone et al., 2016; Ipeirotis, 2010; Pesole et al., 2018), this paper focuses in particular on the high-skilled cloudwork sector, which to date is rarely studied from an employment relations perspective. Specifically, we focus on cloudworkers in Austria and Germany, countries with relatively strict labour regulation for traditional employment, but - especially in the case of Germany - tendencies for de-institutionalizing long-term employment relations (Helfen, 2015) and establishing multi-employer relationships (Rubery et al., 2003). While gig workers are sometimes employed by platforms, e.g. in the food delivery sector, cloudworkers are typically self-employed or work as freelancers.

Data collection. Our primary source of data consists of 26 qualitative, semi-structured interviews with mostly highly qualified workers in Austria and Germany. All interviews were recorded, lasted approximately 1 hour and were transcribed. We interviewed 14 freelancers who are active on Upwork and Fiverr, platforms that offer a heterogeneous range of different services from consulting to marketing or programming. According to Fiverr's quarterly results report for 2022, the platform offers approximately 600 different categories in its digital service catalogue, whereas Upwork has a total of 125 (Upwork, 2023). While freelancers on Fiverr can accept orders from buyers, Upwork is more client-oriented. On Upwork, clients can post jobs and select freelancers to collaborate with. Here, freelancers are required to bid for the jobs and showcase their skills.

We conducted seven interviews with individuals working on specialized platforms, namely Content.de, Appjobber, GoStudent and Instahelp, which all focus on a specific form of service (e.g. writing, tutoring, psychotherapy). The group of our interviewees working via these platforms includes students, freelancers, and self-employed individuals, as well as individuals working part-time in a traditional employment relationship who view cloud work as an additional source of income. Based on the insights from our interview data and our previous research on digital platforms, it became evident that platforms like Upwork and Fiverr impose limitations on how cloudworkers can engage with clients. While direct communication is possible, both platforms restrict communication to text messages within their chat systems, without support for video calls. To minimize the risk of workers and clients connecting outside the platform, the technical functionality of messaging email addresses or phone numbers is intentionally disabled by the platform, as any attempts to input such information in the chat will not register. Moreover, the chats on the platforms are subject to random inspections and

platforms have the authority to suspend the worker's account should the inspections uncover violations of their terms and conditions. Platforms such as GoStudent and Instahelp which offer specific professional services share similarities with more general platforms like Upwork and Fiverr in terms of requiring user registration to facilitate interactions among platform users. However, these specialized platforms are comparatively less restrictive, as they enable cloudworkers to coordinate their work through administered WhatsApp groups. We used the gathered interview data to gain a deeper understanding particularly regarding cloudworker expectations, experiences and economic situation. To complement our sample, we conducted five interviews with experts in the field of platform work. These interviews included two CEOs, one from a crowd testing platform and another from a content creation platform, a managing director of a marketing agency who frequently purchases services on Fiverr, a labour law expert affiliated with a labour union, and a representative from another labour union.

Desk research serves as our secondary data source, providing valuable insights. To gain a comprehensive understanding of the legal side of the work relationships found in platform work, we conducted an extensive examination of the platforms' terms and conditions. These terms and conditions form the basis of the transactional relationship between workers, platforms, and clients, as there is a lack of a specific legal framework for platform work. Subsequently, we explored how German and Austrian regulators recognize the significance of these terms and conditions and the resulting implications. Our focus on Germany and Austria ensured a comparable institutional setting for our interview data.

In addition to analyzing the terms and conditions, we conducted a search for noteworthy initiatives throughout the EU driven by workers and unions aimed at counterbalancing the concentration of power observed on the platform side. This step led us to identify a total of 4 initiatives. Furthermore, we closely monitored regulatory developments at the EU level and identified key initiatives such as the Initiative on Platform Work, the Data Service Act, and the Data Markets Act, which seek to establish a regulatory framework for the platform economy. Considering our research's specific focus on Austria and Germany, we also explored regulatory initiatives initiated by government agencies in these countries. Notably, we discovered that the German Ministry for Labor had issued a policy paper on decent work in the platform economy, which we included in our analysis.

Data analysis. Our abductive analytical analysis unfolded in two sequential steps. In the first step, we employed an inductive approach to examine our data in relation to our initial research question, which focused on the transformative effects of digital labour platforms on established employment systems. Following the methodology outlined by Gioia et al. (2013),

we did a first in-vivo analysis, staying close to the language and terminology used by our interviewees and derived a set of initial codes. These codes provided insights into the dimensions and components of traditional employment (e.g.: *flexibility, autonomy, security*) that are undergoing change due to the emergence of platform labour. Moving to the second step, we adopted a deductive approach guided by Marsden's (2004) conceptualization of three contracts within traditional employment systems. *Table 1* gives an overview of the conceptualizations of the three contracts and their constituting elements.

TABLE 1 Overview of three contracts according to Marsden (2004)

<i>Psychological Contract</i>	<i>Economic Contract</i>	<i>Legal Contract</i>
<ul style="list-style-type: none"> ● Mutual trust ● Control of resources ● Shared beliefs about the mutual obligations ● Organizational commitment 	<ul style="list-style-type: none"> ● Stable wages ● Promotion systems ● Bonuses ● Incentive systems ● Incremental pay scales 	<ul style="list-style-type: none"> ● Regulatory framework ● Labour law ● Job classification ● Legal framework for cooperation

Drawing upon the elements identified in these contracts, we constructed an initial coding framework. This framework served as a structured tool to facilitate our understanding of the specific aspects of the standard employment relationship that are being reinterpreted by digital labour platforms, as well as the resulting implications. This step enabled us to gain a comprehensive understanding of the alternative psychological, economic, and legal contracts developed in platform-mediated labour markets and their implications for the organization and regulation of work.

Findings: Emerging Platform-Mediated Employment-Like Systems in Professional Cloudwork Services

Our interview data revealed two primary reasons why individuals choose to leave traditional employment relationships, at least partially, and transition to platform work. First, individuals are drawn to platform work due to the prospect of more *career opportunities* and supplementary income, which could be utilized for travel or educational purposes. As one student who worked as an online tutor mentioned: *“I did a one-year internship in Slovakia and wanted to work on the side, because my internship was unpaid. That's why I searched for work online.”* As an exit strategy from precarious workplaces, such as in the hospitality industry during the COVID-19 pandemic, digital labour platforms offer individuals the opportunity to pursue new career paths

and escape the uncertainties associated with certain industries. Platform work is particularly appealing as the threshold for entering platform work is typically lower, with traditional job application processes being eliminated. One of the freelancers who specializes in drone shots and video production shared how effortless it was to begin working on the platform, where he earns approximately 90% of his income, *“There was a written tutorial, it said ‘This is how you create your gig, here you can add pictures and text’. It’s actually self-explanatory, the platform is built intuitively.”* This cloudworker also reiterated a common theme we encountered in numerous interviews: platform work can serve as a bridge for transitioning into self-employment and establishing one's own business:

“Then, I started offering drone videos on the platform, and I began receiving more and more inquiries. Gradually, it became more professional, and at one point, I decided to offer everything on the platform, from video production to promotional films and event videos. I managed to handle it alongside my regular job, and eventually, it went so well that I decided to quit my main job and focus on it full-time.”

The second reason why individuals decide to work on platforms is *flexibility*. Based on our interview data, we found that balancing one’s professional and personal life (e.g. parental leave) plays a significant role in prompting individuals to work on platforms. Here, digital labour platforms offer flexibility in how work is organized and allow greater control over work-life balance. Platforms also offer geographic flexibility, enabling individuals to reside in areas with lower living costs while tapping into markets where they can charge more for their services than in their local labour market. Notably, these motivations align with the promises made by platforms and are supported by the benefits individuals experience by engaging in platform work, including enhanced flexibility in work organization. As one cloudworker who holds a bachelor's degree in business administration and recently completed her placement at a corporation stated: *“You are completely flexible and don't have to work a fixed number of hours. You can work from anywhere at any time and that appealed to me.”* These initial promises serve as a starting point for understanding why individuals opt to engage in platform work despite the difficult conditions they may encounter.

From an employment systems lens, it is not intuitive that flexibility is sought outside the employment relationship with its capacity to provide flexibility while reducing opportunistic behaviour from employers and employees alike (Marsden, 2004). However, our findings suggest that high-skilled cloudworkers are actively seeking flexibility beyond the boundaries of traditional employment arrangements. They are increasingly demanding a specific kind of flexibility that integrates their work life more effectively with other aspects of life such as education, parental leave, recreational activities, or career transitions. Although

working on digital labour platforms comes with a new set of difficulties like being managed by algorithms or having to closely track one's ratings, these platforms effectively convey the message of increased autonomy and flexibility and, hence, attract a diverse workforce. To understand the characteristics of the new, employment-like systems at the interface of platform labour and traditional employment emerging in various professional fields ranging from architecture to software development, we refer to the three contracts identified by Marsden (2004).

Psychological Contract

Regardless of the particular employment system in place, the employment relationship plays a fundamental role in facilitating cooperative relations within an organization, which are not only supported by incentive systems and sanctions, but also by the existence of trustworthy relations within the organizational context (Marsden, 1999). The *psychological contract* serves as a complement to the economic contract by discouraging opportunistic behaviour, not because opportunism inevitably arises, but rather because cooperation relies on the expectation that cooperative actions will be reciprocated. The psychological contract is based on the degree to which one actor (A) can influence the decisions and conduct of another actor (B) because A controls resources that B desires (Rousseau, 1995; Guest et al., 1996). Both actors trust in the other party's prior promises to the exchange taking place, however, the considerations on both sides are subjective. While individual workers may have distinct expectations of their employers, the effectiveness of enforcing these expectations increases when they extend beyond individual ideas and become widely shared norms and beliefs (Marsden, 2004). Therefore, the effectiveness of the psychological contract is strongly determined by the extent to which the employer's and employee's belief systems overlap, including the belief in a mutual obligation both sides are accountable for (ibid.). Thus, it is important to educate both sides on the established belief and value system (e.g. via training or socialization in the workplace).

Marsden (2004) argued that the establishment of shared beliefs and perceptions between employees and employers is a gradual process that evolves over time within an organization. However, this conflicts with the inherent non-binding nature of platform work, where cloudworkers possess the freedom to enter and exit the market without the formal requirement of providing detailed explanations for their decisions. Stone (2001) transferred Marsden's theoretical framework to project-based work contexts, which are in the middle of the continuum between the traditional work arrangements and the dynamic arrangements of digital labour markets. Stone (2001) suggests that new types of psychological contracts emerge in project-based work settings, where the behavioural benchmarks are less clear, as the shorter

contract periods limit each party's time to learn about the other's behaviour. Reputation serves as the key motivational and monitoring mechanism within project-based work that informs clients about past achievements, and hence likely the quality of future performance, and indicates one's commitment to a certain occupational community (Marsden, 2004). This observation can be transferred to platform labour.

Here, a worker's trust is divided between the client and the platform itself, relying on both parties for the successful completion of a transaction. Additionally, workers also need to find ways to convey their trustworthiness to gain the attention of potential clients. However, platform work is characterized by a notably higher degree of uncertainty and risk for clients than the long-term employment relationship, as it largely lacks the possibility to build up long-term trustful client-worker relationships due to the short-term nature of platform work (Saxton et al., 2013). To address this inherent uncertainty, platform operators employ a diverse array of tools and mechanisms aimed at cultivating trust between potential clients and workers (Hesse et al., 2020). In addition to allowing workers to personalize their profiles, often through the inclusion of a profile picture, most platforms utilize some form of rating system (Kirchner & Schüßler, 2019; Kornberger, 2017). On digital labour platforms, trust means continuously persuading each new client that one possesses the competence required to successfully fulfil a task or assignment. Hence, having the necessary skillset and reliability is conveyed by means of the rating systems. One freelancer who originally worked in the retail sector before becoming a self-taught copywriter working on platforms explained, *"The more ratings you have, the more visible you become to customers, and naturally, there is also more trust. However, you need to complete many orders to achieve that."* Following the completion of a transaction, clients are prompted to rate the overall performance of the worker, typically using a rating scale ranging from 1 to 5 stars. Furthermore, clients have the opportunity to provide more detailed feedback by rating the worker across various sub-categories such as accuracy, communication, and speed, or by offering written comments. On some digital labour platforms like Fiverr, both the client and the worker are allowed to rate each other. Upon the client's submission of feedback, the worker is notified by the platform and asked to review their collaboration with the client. Once both the client and worker have submitted their reviews, their reviews become public and each party can see the other's feedback. The resulting rating score, along with the nuanced feedback, constitutes a worker's reputation. This reputation serves to signify the quality and trustworthiness of the workers to others (Gandini et al., 2016; Wood et al., 2019). In the subsequent interview excerpt, a cloudworker, who works full-time on platforms as a copywriter and studies marketing, provided insight into how ratings serve as

a means to signal and demonstrate one's competence: *“Then there's the score [...] where customers can see that you're capable.”*

However, this seemingly reciprocal process is based on reputation and ranking systems that are unilaterally determined by the platform. It implies that in case of issues that can potentially affect earnings, resolution of conflict can only be sought through the platform. There are no alternatives to address unfair treatment or enforce one's rights. During one of our interviews, an architect who has been engaged in platform work since 2016 expressed their frustration with the platform following a harsh rating from a client. This situation posed a significant financial threat, considering that the architect relied on Fiverr for 80% of his orders, with the remaining 20% coming from previous clients:

“After that order and receiving feedback on the order, I felt really, really bad because the customer was very, very mean. They used really harsh words against me, and for about 4 or 5 days, I couldn't even sit at my computer. I didn't want to work at all, and that was an order worth around \$60 or \$100, where the support team did absolutely nothing, nothing at all.”

Against this background, it becomes apparent that trust not only plays a key role in the client-worker relationship, but also in the respective relationships clients and workers have towards the platform. The importance of trust-building from the platform's stance is illustrated in the following quote from the CEO of a content creation platform:

“We are a marketplace. Supply and demand must be equally satisfied. And without the crowdworkers, we cannot function. Having the attitude that the platforms are chasing after the clients, and that there are always new crowdworkers - no, the crowdworkers also need to be nurtured and cared for because they DO the work. And if one has this mindset, then they are already working towards - and we recognized this very early on - the need to work in this direction, that they must nurture and care for them and treat them just as well as the customers.”

From the platform's standpoint, establishing trust between workers and clients is of utmost importance. However, it needs to be acknowledged that trust holds significance not only within this dyadic relationship but also extends to the platform's overall reputation, particularly in relation to its competitors. The platform's reputation directly influences its attractiveness for clients and workers alike. The way the CEO of a cloudwork platform, whose platform is part of an initiative for decent platform work, reflects on the positive effect the platform's membership in the initiative has on the platform's trustworthiness towards clients and workers:

Externally, the membership in the initiative definitely helps to win customers. It helps us to be perceived as a company that is a positive example in the field of crowdworking. [...] And internally, to our testers it is of course also a USP.

Against the background of our findings, it becomes apparent that the psychological contract in platform work is fragmented and exclusive. It is fragmented because there are three instead of

two parties involved in the transaction of labour, namely the platform, the client and the cloudworker. Furthermore, it is exclusive as institutions or interest groups outside of these three parties are not included within the platform sphere. Although the number of directly conjoined parties increased through platform work, the design and decision-making regarding reputation and ranking systems is unilaterally determined by the platform, without involvement from other parties, interest groups, or institutions. As a result, the enforceability of rights outside the platform is highly challenging. In contrast, in traditional employment relationships, breaches within the psychological contracts can be addressed through institutionalized structures and actors like works councils, labour unions and employee representatives, who possess legal authority to intervene and enforce employees' rights.

Economic Contract

In “A Theory of Employment Systems” Marsden (1999, p. 177) argued that the “price of labour should be treated as a rule rather than a number, reflecting its key position in the obligations exchanged by firms and workers in the employment relationship”. Underlining this argument, Marsden acknowledged that labour demands varying qualifications and is carried out under diverse conditions. Defining the rules under which the monetary consequences of collaborative achievements are distributed is the foundation of the second contract, the so-called *economic and incentive contract* (Marsden, 2004). Here, the risk faced by employees within the employment relationship can be mitigated through the incorporation of three key features of reward systems: stable wages, incremental pay scales, and promotion systems. According to Marsden (2004), rewards offered by employers, such as bonuses or promotions, are often tied to an employee's performance and are regulated through incentive systems. These systems are designed to encourage employees to meet or exceed certain benchmarks in order to receive the reward. In this way, incentive systems play a significant role in regulating the performance of employees and the distribution of rewards by their employers. Hence, these systems shape employees' beliefs and expectations about the level of performance required of them. In the open-ended employment relationship the relation between pay and performance varies throughout the employment relationship. Marsden (ibid.) argues that in a career pay system, an employee's pay may start higher than their productivity. During mid-career, the productivity gradually aligns with the pay level, and at the end of working life, the payment exceeds productivity again as a way of rewarding loyalty and past contributions to the company. This system provides incentives for employees to receive training, work diligently, and remain loyal to the company, and also gives the company a way to address consistently poor performance. These reward systems derive their effectiveness from an open-ended employment relationship.

In more transient forms of employment, like project-based work, Marsden discussed two alternatives to the conventional fixed salary: royalty-type income and shared ownership through stock options. Royalty-type income seeks to compensate for periods without a fixed salary, bridging the gap between jobs. On the other hand, shared ownership through stock options aims to establish a direct link between individual performance and the overall value of the organization, thus promoting better performance. While, in open-ended employment relationships, the duration of collaboration is determined by the point of hiring and retirement, project-based work is characterized by fragmented collaborations that occur at specific points in time, with no employment relationship existing between projects (Marsden, 2004). The duration of the work relationship is divided into two parts: the engagement on the platform itself, which is distinct from the process of acquiring and completing tasks assigned by changing clients. As a result, the relationship between the client and the worker tends to be brief, while the relationship between the worker and the platform can endure for a longer period. However, due to the absence of any requirement for a platform worker to provide prior notice for resignation or to adhere to a specific notice period, it becomes challenging to determine the duration of the platform-worker relationship.

Within the realm of digital labour platforms, the price of labour becomes a number. While platforms strive to be perceived as mere intermediaries, connecting supply and demand and enabling seamless transactions between cloudworkers and clients, they simultaneously provide a digital infrastructure that directly impacts the dynamics of business relationships (Vallas & Schor, 2020; Kornberger et al., 2017). On digital labour platforms, workers are in direct competition with each other and the price of their service is visible to everyone (Wood et al., 2018). The following quote from our empirical data illustrates the importance of both rating and price when it comes to task allocation. When we asked the managing director of a marketing agency who frequently requests services via a digital labour platform about what criteria are decisive for the selection of a cloudworker, he said: *“Of course, it is important that the person has very good ratings. But I also look at who has the cheapest prices.”* In traditional employment settings, there is often more flexibility in terms of the level of productivity expected from employees. However, on digital labour platforms, competition for tasks and assignments begins immediately upon joining the platform (Wood et al., 2019). Digital labour platforms proactively intensify competition among workers by implementing highly competitive career systems. For instance, Fiverr has introduced FiverrPro, an exclusive program where “only 1% of applicants” are accepted for the Pro Status. Simultaneously, these career systems serve as incentives for workers to strive for excellence and ensure adherence to

platform rules. Fiverr's website provides an illustrative example of how the platform fosters compliant behaviour by continually reassessing and evaluating the pro status of its workers (see Figure 1). This constant evaluation, coupled with the looming possibility of losing the coveted status in the event of misconduct, establishes robust control and incentive mechanisms within the platform's internal career system.

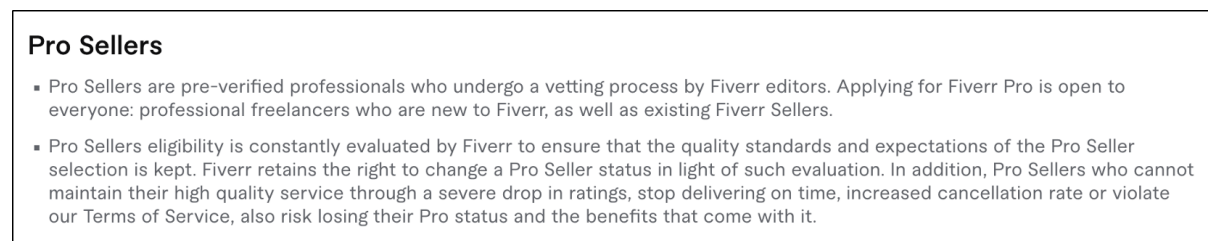


FIGURE 1 Excerpt from the Terms and Conditions of Fiverr

Based on our interview data, we find that these career systems significantly determine the success workers have in receiving tasks, as highlighted by a freelancer who works as a software developer:

“Without the Fiverr Pro status, you're just one out of 100,000 [...]Two months ago, we were on the regular platform, and our gig was maybe seen 4 to 5 times. Then, we switched to Fiverr Pro, and it's like night and day. Within a month, we've had over 20,000 views on our gig and 300 to 400 clicks from people who actually clicked on it. We receive almost daily inquiries.”

Marsden (2004) argued that in traditional employment relationships, organizations are accountable for offering employees relatively stable wages independent of the greater economic developments. By doing so, the employer is the bearer of entrepreneurial risk. On digital labour platforms, however, we witness a significant shift in the distribution of risk: workers are directly confronted with fluctuations in labour demand, which brings along the risk of unstable income that is borne by workers alone. Whereas gig workers often face “acquired dependence” on platforms for a lack of alternative employment options (Maffie, 2022), highly qualified cloudworkers tend to mitigate such dependence by engaging in twofold employment arrangements. The majority of our interviewees perceive platform work as a supplementary income opportunity while being concurrently engaged in part-time traditional employment or pursuing education. They can secure a stable wage and ensure social and health insurance, while simultaneously reaping the advantages of flexible working conditions they have on digital labour platforms.

In order to cultivate adherence to regulations, discourage opportunistic conduct, and encourage superior performance among employees, Marsden (2004) introduces various

components of performance management, including promotions, bonuses, and career systems. Digital labour platforms deviate from conventional employer-employee dynamics due to the short-term contract nature by employing algorithms, publicly accessible ratings, and reputation systems as mechanisms to regulate and govern the performance of workers (Attwood-Charles, 2019; Kornberger et al. 2017). In practical terms this means that the algorithm determines the order in which workers are presented to clients when assigning tasks, taking into account the workers' ratings derived from their previous performance. As a result, the algorithmic decisions have a profound impact on the workers' success. These algorithms, however, are often opaque, and workers gradually gain insights into them through experiential learning, as one cloudworker describes: *"The algorithm is a bit tricky. You have to be careful to set yourself to 'unavailable' when you are away because otherwise, it can have a negative influence on your response rate."* Not only are the algorithms ever changing and therefore difficult, if not impossible, to understand, but the platforms' governance mechanisms in general can also be unclear, which causes insecurity, as one worker on MTurk describes in detail:

[...]coming back recently I have noticed that there is FAR LESS work available to me. I thought initially that maybe it was an effect of the pandemic, or that the platform was just slowly dying. To my dismay, I found out about the CR1 and CR2 qualifications that had been rolled out a year or two ago. I checked, and I had been assigned CR2 (essentially the kiss of death!). [...] I'm not sure if they had just mass assigned CR2 to largely inactive accounts or what (although I did make it a point to log in occasionally and do a HIT or two to keep from being completely inactive). I have over 57000 approved HITs with 10 rejections total, so I know that my approval rating is not the issue! I have always been consistent and honest in my work, and I pride myself on providing quality work to requesters.

Unclear governance mechanisms and choices can have significant financial implications, up to the ceasing of the revenue stream, as another cloudworker describes: *"The profiles [can be] blocked without warning. That's really bad, because I make 90% of my income through the platform."* As indicated above, however, platforms do not only use these mechanisms to regulate and control, but also to incentivize compliant behaviour aimed at satisfying the clients' needs. On both high-skill as well as on low(er)-skill labour platforms, we observe the same three mechanisms to incentivize performance: (1) gamification (e.g. via badges), (2) establishing a reputation system where compliant behaviour is validated by the algorithmic decision making, and, subsequently, (3) building career systems (Choudary, 2018; Gegenhuber et al., 2018; Kornberger, 2017; Prassl and Risak, 2016). The following excerpt from Fiverr's terms and conditions illustrates the incentive mechanisms in place.

Levels

Fiverr is all about helping Sellers leverage their skills. We seek to empower top performing Sellers with helpful tools to grow their business. Sellers who invest in self-promotion may achieve greater customer satisfaction. And, if they deliver on time and maintain high quality and ratings, Fiverr may reward them with new statuses, special opportunities, benefits, and tools that come with it.

- Fiverr Sellers can gain account Levels based on their activity, performance and reputation. The advancement criteria can be found [here](#).
- Advancement in Levels are updated periodically by an automated system.
- The current Levels a Seller can achieve are, Level 1, 2, and Top Rated.
- Sellers who cannot maintain their high quality service, experience a severe drop in ratings, or stop delivering on time risk losing their Seller status and the benefits that come with it. For example, late deliveries, warnings to the Seller's account and cancellations can cause a Seller to move to a different Level.
- Advanced levels provide their owners with additional benefits, including offering Gigs for higher prices through Gig Extras, or selling their Gig in multiples.

FIGURE 2 Excerpt from the Terms and Conditions of Fiverr

It often is the case that the three elements are interlinked, meaning, for instance, that the badge is awarded based on a worker's reputation. One of our high-skill platform workers describes the badge system on the platform she currently works for: “[...] when [the score is] at 100 percent, there are further levels called ‘top-rated’ and ‘top-rated-plus.’”

Legal Contract

According to Marsden (1999), labour institutions, such as collective agreements or government action play a significant role in enhancing the resilience of the employment relationship. They achieve this by expediting the dissemination of specific rules, ensuring broader coverage, and establishing a more balanced power dynamic that facilitates the punishment of opportunistic behaviour by either party. Thus, labour institutions seek to establish fundamental transactional rules within the employment relationship and the regulation of labour conditions. When transferring his Theory of Employment Systems to project-based work arrangements, Marsden (2004) introduces the *legal contract* as one of three mediating mechanisms to prevent and regulate opportunistic behaviour. The legal contract aims at providing “a framework for cooperation, and focuses on certain key points in the relationship that it can enforce” (p. 668). However, just as with the economic contract, the effectiveness of the legal contract, manifested in the corresponding legal framework and laws, is rooted in the long-term nature of the employment relationship. Marsden himself evaluates that the legal contract is “much less applicable to more transient forms such as might prevail in project-based employment” (p. 668). Therefore, these contracts have to be re-evaluated and adapted in an iterative process over time to ensure that they are as effective as possible. This process of adaptation is often fuelled by broader restructuring processes in an industry or professional field and, according to Marsden (p. 669), “has to occur periodically within employment relationships in order to take account of evolving job demands”. Already in regard to project-based work, which is mostly

organized through professional networks, Marsden echoes Stone’s (2001) conclusion that the employment law is well suited to enforce the ‘traditional’ psychological and economic contract, but not the one on which project-based work in professional networks is based. When it comes to the organization of work via labour platforms, the power to enforce the psychological and economic contract nested in the legal contract is even more dire. On the one hand, this is because it is even harder to account for the expectations of all parties in the triangular relationship between workers, platforms, and clients. On the other hand, the speed of change in the organization of work enabled by technology is much faster than the pace with which the regulatory framework is adapted.

What our investigation into the evolution of the regulatory framework in the European Union and its member countries as well as extant research (Biasi, 2018; Vandaele 2021; Hießl, 2023) illustrates is that there is a regulatory void as well as a severe time lag between the rapidly growing digital platform labour markets and the political processes leading to regulations (Hinings et al., 2018; Kirchner & Schübler, 2020) that the jurisdiction on national as well as supranational level only slowly starts to fill. In the meantime, platforms attempt to fill that void by defining platform specific *terms and conditions* that define the rules of the game, enable and structure the users’ possible scope of action on both sides of the platform (Dolata & Schrape, 2023). The following excerpt from the terms and conditions on Fiverr illustrate the degree of detailed governance the platform engages in when it comes to managing transactions.

Handling Orders

- When a Buyer orders a Gig, the Seller is notified by email as well as notifications on the site while logged into the account.
- Sellers are required to meet the delivery time they specified when creating their Gigs. Failing to do so will allow the Buyer to cancel the Order when an Order is marked as late and may harm the Seller's status.
- Sellers must send completed files and/or proof of work using the Deliver Completed Work button (located on the Order page) to mark the Order as Delivered.
- Users are responsible for scanning all transferred files for viruses and malware. Fiverr will not be held responsible for any damages which might occur due to site usage, use of content or files transferred.
- Buyers may use the "Request Revisions" feature located on the Order Page while an Order is marked as Delivered if the delivered materials do not match the Seller's description on their Gig page or they do not match the requirements sent to the Seller at the beginning of the order process.

FIGURE 3 Excerpt from the Terms and Conditions of Fiverr

Therefore, the terms and conditions are not only central to shaping the contractual relationship between client and worker, but also to protect and legitimize the platform’s operations (Elert & Henreksin, 2016; Pelzer et al. 2019). However, since the terms and conditions are defined by the platform alone, they are devoid of negotiation opportunities, thereby asserting an unalterable control over the access conditions. This unyielding authority permeates the fundamental operations of every transaction of work via any given digital labour

platform (Cohen, 2019). Our examination of regulatory advancements related to platform work indicates that regulators recognized the pivotal significance of terms and conditions. In an attempt to address the power imbalance, they are implementing measures to facilitate workers' ability to legally challenge these contractual provisions. For instance, the German Federal Ministry for Labour and Social Affairs, together with the Ministry of Justice, have issued a key issues paper on decent work in the platform economy where they demand to make it less bureaucratic and less complicated to review general terms and conditions that are unilaterally to the detriment of platform operators can be reviewed in court (BMAS, 2020).

Against the background of the platforms' power position to define the rules on platform labour markets single-handedly, we see more and more experimental approaches, often co-driven by workers and unions, emerge that aim at providing a counterweight in the workers' interest. It comes as no surprise that particularly Europe takes on a pioneering role in looking for ways to enforce worker rights in the platform labour context, since industrial relations is traditionally closely entangled with the concept of social partnership institutions. Workers together with unions fight to establish agreements that enforce the workers' rights, mostly on a small, platform-bound scale.

When analyzing extant research that has documented those attempts, we see that the initiatives vary in degree as well as in the scope of accountability and enforceability mechanisms they offer. At one end of the spectrum, there are voluntary agreements such as the Charter of Principles for Good Platform Work initiated by the World Economic Forum (2020), which rely solely on the platforms' self-commitment without any concrete mechanisms for accountability or enforcement. In the middle of the spectrum, we find initiatives like the Code of Conduct, a collaborative effort between the German union IG Metall, eight German digital labour platforms, and the platforms' industry association. This initiative establishes principles for good platform work that the participating platforms commit to following. While the Code of Conduct relies on self-commitment by the platforms, it also provides an ombuds office where workers can seek recourse if they experience unfair treatment or if any of the platforms violate the agreed-upon principles. Through the inclusion of an ombuds office, the Code of Conduct initiative offers both accountability and a mechanism for enforcing the established rules, covering at least the workers affiliated with those platforms (Gegenhuber et al., 2021b).

At the other end of the continuum, we find the (rare) instances, where workers, with the support of unions, managed to bargain a collective agreement for the workers. These collective agreements offer maximum enforceability since workers can take legal action in case of violation. In 2020, the Austrian food delivery industry was among the first to introduce a

collective agreement as a result of pressure from the Austrian union *vida*. The collective agreement applies to all platforms in the food delivery industries and obliges them to adhere to a minimum hourly payment as well as a vacation and christmas bonus (ÖGB, 2022) - as is usual in traditional Austrian employment contracts. Even though the collective agreement is perceived as a *novum* in the platform economy, at the second glance it becomes apparent that the collective agreement only applies for those riders that are employed by the platform. According to a keynote of one of the works councils, the traditionally employed riders are the minority of riders. Nevertheless, the collective agreement also had a positive impact on the self-employed riders, because the platforms adapted the compensation scheme for the self-employed upon the introduction of the collective agreement to keep self-employment as attractive as the traditional employment scheme for the riders (Siegl, n.d.). We see similar developments in other countries, for instance in Denmark, where the trade union for domestic workers *3f* and *Hilfr*, a Danish online platform for cleaning services in private homes, entered into a collective agreement. However, just like in Austria, the platform made a distinction between two contract types: the "Freelancehilfr" contract for independent contractors (or self-employed individuals) and the "Superhilfr" contract, which falls under the scope of the collective agreement. As per the agreement, any worker on the platform would undergo an automatic transition from an independent contractor to an employee status after reaching a threshold of 100 hours of work. The agreement sets the minimum and maximum weekly working hours, allows for overtime, and requires platform companies to provide vehicles or allowances, work clothes, and safety equipment to their employees, the *Superhilfrs* (Hießl, 2022; IOE, 2021).

However, several instances in the last three years across Europe show that there are tensions between the different realms of law, specifically between labour and competition law that curtail the advancements regarding enforceability from a worker perspective (Vandaele, 2018). For example, after *HILFR* signed the collective agreement in 2018, the Danish Competition and Consumer Authority voiced concerns regarding the use of fixed minimum rates in their terms and conditions in 2020 (IOE, 2021). The platforms *Happy Helper* and *Hilfr* have pledged to eliminate minimum prices for the cleaning services provided through their platforms (Hießl, 2022). These tensions between the different fields of law nicely illustrate the iterative process of adaptation over time.

The European Union has made several advancements to provide a 'top down' regulatory framework for platform work, hoping that their propositions will eventually lead to adaptation on a national level. The first cornerstone of this regulatory framework is the

European Directive on platform work, which aims to improve the working conditions and rights of platform workers. The directive sets out certain obligations for platform operators, including transparency in terms of work conditions, information on algorithms, and access to collective bargaining. It emphasises the need for fair remuneration, access to social protection, and measures to prevent discrimination. The directive also recognizes the right of platform workers to form and join organizations to collectively represent their interests. By establishing minimum standards and protections, the directive seeks to ensure a more equitable and dignified working environment for platform workers across the European Union. However, the platform directive is part of a broader initiative where the Digital Service Act together with the Digital Markets Act are the central pillars. The European Data Services Act establishes a regulatory framework for digital services, emphasizing transparency and user rights in data processing. The Digital Markets Act addresses competition concerns among dominant online platforms, ensuring fair access to markets. While the acts' direct impact on platform work may not be explicit, they contribute to establishing a more comprehensive and balanced digital ecosystem that indirectly affects the rights and protections of platform workers.

The legal contract in platform work, in comparison to Marsden's three contracts, is considered the least robust due to the ongoing development of regulatory frameworks. Irrespective of the ongoing legal debate regarding worker classification in platform work (Prince 2022; Weil, 2017), the primary objective is to establish legally enforceable worker rights and ensure platform accountability. Until this objective is met, it is probable that high-skilled platform workers will continue to engage in both traditional employment and platform work concurrently, enabling them to access social security systems and labour protection. However, the growing trend of employees working for platforms alongside their traditional jobs suggests that the traditional employment relationship, as described by Marsden, no longer meets employees' need for flexibility, which they now seek through digital labour platforms.

Discussion

Our study has tried to provide an alternative account of platform-mediated labour markets not just as task-based spot contracting, but as constituting employment-like systems in which platform workers engage in longer-term relationships with platforms and clients so that particular psychological and economic contracts develop. This development unfolds against the background of an unclear legal contract. Current legal debates about the classification of platform workers as employees at the EU level as well as in different nation states focus largely on place-based gig work, where workers are entirely dependent on a platform. However, platform work comprises many forms (Duggan et al., 2020). Particularly in the context of

creative work or professional services, sectors that were traditionally characterized by self-employment or freelancing, platforms complement project- and network-based forms of organizing. Legal debates need to take this variety of contexts into account.

Due to the current regulatory void surrounding digital labour platforms, we see workers take a dual approach of engaging in traditional employment relationships that provide legal and economic protection, while at the same time working on digital labour platforms to harness the benefits of flexibility that platform work offers. This raises the question why, contrary to the intention of offering long-term flexibility and security, traditional employment systems apparently fail to offer these in post-industrialized economies. From an employment systems perspective, we can conclude that platform work is thus pursued for mainly two reasons in creative and professional services sectors: because they offer more flexibility particularly regarding the organization of private life and work-family relations compared to traditional employment; or because they offer new work opportunities and the ability to establish relations to clients that may otherwise have been out of reach and difficult to manage. Here, rather than decreasing organizationally, platforms offer new possibilities for structuring self-employed or freelance work.

In conclusion, we agree that current scholarly as well as legal debates need to take the variety of platform work into account. As already Vallas and Schor (2020) outlined, the realities of platform workers are highly heterogeneous. Marsden's employment systems lens, while developed in an entirely different context, can help to better understand this variety and employment-like arrangements and show the gaps in legal regulation. For high-skilled cloudworkers, the problem is less a lack of fixed employment, but rather a lack of enforceability of rights and expectations developing in the psychological and economic contract, where to date platforms are able to unilaterally define the terms and conditions and shape relationships to clients. Our study also raises questions about traditional employment relationships, which to date seem unable to offer the kind of flexibility (flexible working times, work locations, etc.) that today is required due to changing work-family relations or changing values. Here again, an employment systems perspective sensitizes us - and employers - to the need to understanding changing values and demands along the interrelated psychological, economic and legal dimension of employment relationships.

References

- Attwood-Charles, W. (2019). *Dimensions of platform labor control and the experience of gig couriers*. Boston College.
- Bauer, R. M., & Gegenhuber, T. (2015). Crowdsourcing: Global search and the twisted roles of consumers and producers. *Organization*, 22(5), 661–681.
- Biasi, M. (2018). ‘We will all laugh at gilded butterflies’. The shadow of antitrust law on the collective negotiation of fair fees for self-employed workers. *European Labour Law Journal*, 9(4), 354-373.
- BMAS. (2020) Neue Arbeit fair gestalten: Eckpunkte des BMAS zu „Fairer Arbeit in der Plattformökonomie“. *Bundesministerium für Arbeit und Soziales*. Available at: <https://www.bmas.de/DE/Service/Presse/Pressemitteilungen/2020/eckpunkte-plattformoekonomie.html>
- Cameron, L. D., & Rahman, H. (2022). Expanding the locus of resistance: Understanding the co-constitution of control and resistance in the gig economy. *Organization Science*, 33(1), 38-58.
- Cansoy, M., Eddy, S., Ladegaard, I., & Schor, J. B. (2021). ‘Homines Diversi: Heterogeneous Earner Behaviors in the Platform Economy’, *Sociologica*, 14, 143–165.
- Christin, A. (2017). Algorithms in practice: Comparing web journalism and criminal justice. *Big Data & Society*, 4(2), 2053951717718855.
- Coase, R. H. (1937). The Nature of the Firm. *Economica*, Nov., 368-345.
- Cutolo, D., & Kenney, M. (2020). Platform-dependent entrepreneurs: Power asymmetries, risks, and strategies in the platform economy. *Academy of Management Perspectives*, 35(4), 584-605.
- Davis, G. F. (2016). What might replace the modern corporation? Uberization and the web page enterprise. *Seattle University Law Review*, 39, 501–515.
- Davis, G. F., & Sinha, A. (2021). Varieties of Uberization: How technology and institutions change the organization(s) of late capitalism’, *Organization Theory*, 2(1), 1-17.
- Davis, G. F., & DeWitt, T. (2022). Seeing business like a state: Firms and industries after the digital revolution. *Strategic Organization*, 20(4), 860-871.
- De Stefano, V. (2016). The rise of the " just-in time workforce": on demand work, crowdwork, and labor protection in the " gig economy". *Comparative Labor Law and Policy Journal*, 37(3), 461–471.
- De Stefano, V. & Aloisi, A. (2018). *European Legal Framework for Digital Labour Platforms*. Luxembourg: European Commission.

- Dobusch, L. & Schoeneborn, D. (2015) Fluidity, identity, and organizationality: The communicative constitution of Anonymous. *Journal of Management Studies*, 52(8), 1005-1035.
- Dolata, U. & Schrape, J. F. (2023) Platform companies on the internet as a new organizational form. A sociological perspective. *Innovation: The European Journal of Social Science Research*, 1-20.
- Duggan, J., Sherman, U., Carbery, R., & McDonnell, A. (2020). Algorithmic management and app-work in the gig economy: A research agenda for employment relations and HRM. *Human Resource Management Journal*, 30(1), 114-132.
- Ellmer, M., Herr, B., Klaus, D., & Gegenhuber, T. (2019). Platform workers centre stage! Taking stock of current debates and approaches for improving the conditions of platform work in Europe. Working Paper Forschungsförderung, No. 140, Hans-Böckler-Stiftung, Düsseldorf.
- Fiverr. (2022). Q4 shareholder letter. Retrieved from <https://investors.upwork.com/static-files/02975692-9913-4671-9c20-96528dd88634>
- Gawer, A. (2014) 'Bridging Differing Perspectives on Technological Platforms: Toward an Integrative Framework', *Research Policy*, 43, 1239–1249.
- Gegenhuber, T., Ellmer, M., & Schüßler, E. (2021a). Microphones, not megaphones. Functional crowdworker voice regimes on digital work platforms. *Human Relations*, 74(9), 1473–1503.
- Gegenhuber, T., Schuessler, E., Reischauer, G. & Thäter, L. (2022) *Building collective institutional infrastructures for decent platform work: The development of a crowdwork agreement in Germany*. In: Organizing for societal grand challenges (pp. 43-68). Emerald Publishing Limited.
- Gioia, D. A., Corley, K. G. & Hamilton, A. L. (2013) Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), 15–31.
- Grabher, G. & König, J. (2020) Disruption, embedded. A Polanyian framing of the platform economy. *Sociologica*, 14(1), 95-118.
- Guest, D.E.; Conway, N., Briner, R. and Dickman, M. (1996). The State of the Psychological Contract in Employment. *Issues in People Management*, 16.
- Hagiu, A., & Wright, J., 2015. Multi-sided platforms. *International Journal of Industrial Organization*, 43, 162-174.

- Healy, J., & Pekarek, A. (2020). Work and wages in the gig economy: can there be a high road? In: A. Wilkinson & M. Barry (Eds.). *The Future of Work and Employment* (pp. 156–173). Edward Elgar Publishing Ltd.
- Helfen, M. (2015). Institutionalizing precariousness? The politics of boundary work in legalizing agency work in Germany, 1949–2004. *Organization Studies*, 36(10), 1387–1422.
- Hießl, C. (2022) Case Law on the Classification of Platform Workers: Cross-European Comparative Analysis and Tentative Conclusions. *Comparative Labour Law & Policy Journal* <http://dx.doi.org/10.2139/ssrn.3839603>
- Hießl, C. (2023) Case law on the classification of platform workers: Cross-European comparative analysis and tentative conclusions. *Forthcoming, Comparative Labour Law & Policy Journal*.
- Hinings, B., Gegenhuber, T. & Greenwood, R. (2018). Digital innovation and transformation: An institutional perspective. *Information and Organization*, 28(1), 52–61.
- Hoose, F., Haipeter, T., & Ittermann, P. (2019). Digitalisierung der Arbeit und Interessenvertretungen. *Arbeit*, 28(4), 423–444.
- Howcroft, D., & Bergvall-Kåreborn, B. (2019). A typology of crowdwork platforms. *Work, Employment and Society*, 33(1), 21–38.
- International Labour Organization (ILO). (2021) *World Employment and Social Outlook 2021: The role of digital labour platforms in transforming the world of work.*[TP1] https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_771749.pdf
- IOE (2021). Danish Competition and Consumer Authority pronounces on the establishment of fees by collective agreement in a platform company. *Industrial Relations and Labour Law Newsletter* (January). Available at: <https://industrialrelationsnews.ioe-emp.org/industrial-relations-and-labour-law-january-2021/news/article/danish-competition-and-consumer-authority-pronounces-on-the-establishment-of-fees-by-collective-agreement-in-a-platform-company>
- Kenney, M., & Zysman, J. (2016). The rise of the platform economy. *Issues in Science and Technology*, 32 (3), 61.
- Kirchner, S., & Schüßler, E. (2020). Regulating the sharing economy: A field perspective. *Research in the Sociology of Organizations*, 66, 215-236.
- Kirchner, S., & Schüßler, E. (2019). The organization of digital marketplaces: Unmasking the role of internet platforms in the sharing economy. In: G. Ahrne & N. Brunsson (Eds.).

- Organization outside organizations: The abundance of partial organization in social life* (pp. 131-154). Cambridge University Press.
- Kornberger, M., Pflueger, D. and Mouritsen, J. (2017). Evaluative infrastructures: Accounting for platform organization. *Accounting, Organizations and Society*, 60, 79–95.
- Maffie, M. D. (2023). Becoming a pirate: Independence as an alternative to exit in the gig economy. *British Journal of Industrial Relations*, 61(1), 46-67.
- Marsden, D. (1999). *A Theory of Employment Systems: Micro-Foundations of Societal Diversity*. Oxford: Oxford University Press.
- Marsden, D. (2004). The ‘network economy’ and models of the employment contract. *British Journal of Industrial Relations*, 42(4), 659-684.
- Maurer, I., Mair, J. & Oberg, A. (2020). Variety and trajectories of new forms of organizing in the sharing economy: a research agenda. *Research in the Sociology of Organizations*, 66, 1-23.
- OECD, ILO, & European Union. (2023). *Handbook on Measuring Digital Platform Employment and Work*, OECD Publishing, Paris, <https://doi.org/10.1787/0ddcac3b-en>.
- ÖGB. (2022). On the Ride Side: So geht es den FahrradbotInnen. *Österreichischer Gewerkschaftsbund*. Available at: <https://www.oegb.at/themen/arbeitsrecht/kollektivvertrag/on-the-ride-side--so-geht-es-fahrradbotinnen->
- Pelzer, P., Frenken, K. & Boon, W. (2019) Institutional entrepreneurship in the platform economy: How Uber tried (and failed) to change the Dutch taxi law. *Environmental Innovation and Societal Transitions*, 33, 1-12.
- Pernicka, S. & Schübler, E. (2022). Zwischen Disruption und Integration: Governance von digitalen Plattformen im Personentransportsektor aus feldtheoretischer Perspektive. *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, 74, 355–381.
- Pesole, A., Brancati, U., Fernández-Macías, E., Biagi, F. & González Vázquez, I. (2018) *Platform workers in Europe*. Luxembourg: Publications Office of the European Union.
- Prince, S. J. (2021). The Shoe Is About to Drop for the Platform Economy: Understanding the Current Worker Classification Landscape in Preparation for a Changed World. *U. Mem. L. Rev.*, 52, 627-702..
- Rousseau, D. (1995). *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements*. Thousand Oaks, Cal.: Sage.

- Rubery, J., Cooke, F. L., Earnshaw, J., & Marchington, M. (2003). Inter-organizational relations and employment in a multi-employer environment. *British Journal of Industrial Relations*, 41(2), 265-289.
- Saxton, G. D., Oh, O., & Kishore, R. (2013). Rules of crowdsourcing: Models, issues, and systems of control. *Information Systems Management*, 30(1): 2-20.
- Siegl, A. (n.d.). Was kann der KV? *Riders Collective*. Available at: <https://www.riderscollective.at/posts/was-kann-der-kv>
- Schüßler, E., Attwood-Charles, W., Kirchner, S., & Schor, J. B. (2021). Between mutuality, autonomy and domination: Rethinking digital platforms as contested relational structures. *Socio-Economic Review*, 19(4), 1217-1243.
- Simon, H. A. (1957). *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organization*, second edition, New York: Macmillan.
- Srnicek, N. (2017). *Platform capitalism*. Polity Press.
- Stone, K. V. W. (2001). 'The new psychological contract: implications of the changing workplace for labor and employment law'. *UCLA Law Review*, 48: 519–661.
- Taylor, M., Marsh, G., Nicol, D. & Broadbent, P. (2017). Good work: the Taylor review of modern working practices. Department for Business, Energy and Industrial Strategy. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf.
- Thomas, L. D. W., Autio, E., & Gann, D. M. (2014). Architectural Leverage: Putting Platforms in Context. *Academy of Management Perspectives*, 28(2), 198-219.
- Upwork. (2023). Q1 2023 shareholder letter. Retrieved from <https://investors.upwork.com/static-files/02975692-9913-4671-9c20-96528dd88634>
- Urzi Brancati, M. C., Pesole, A. & Fernandez Macias, E. (2019). Digital labour platforms in Europe: numbers, profiles, and employment status of platform workers. *Joint Research Centre (Seville Site)*, No. JRC117.
- Vandaele, K. (2021). Collective resistance and organizational creativity amongst Europe's platform workers: a new power in the labour movement?. In: *Work and labour relations in global platform capitalism* (pp. 206-235). Edward Elgar Publishing.
- Vandaele, K. (2018). Will Trade Unions Survive in the Platform Economy? Emerging Patterns of Platform Workers Collective Voice and Representation in Europe. *ETUI Research Paper-Working Paper* (2018.05).

- Vallas, S., & Schor, J. B. (2020). What do platforms do? Understanding the Gig Economy. *Annual Review of Sociology*, 46, 273-294.
- Watkins, E. A., & Stark, D. (2018). The Möbius organizational form: Make, buy, cooperate, or co-opt? *Sociologica*, 12(1), 65-80.
- Weil, D. (2017). Lots of employees get misclassified as contractors. Here's why it matters. *Harvard Business Review*, 1–3.
- Williamson, O. E. (1973). Markets and hierarchies: some elementary considerations. *The American Economic Review*, 63(2), 316-325.
- Wood, A. J., Graham, M., Lehdonvirta, V., & Hjorth, I. (2019). Networked but commodified: The (dis) embeddedness of digital labour in the gig economy. *Sociology*, 53(5), 931-950.
- Wood, A. J. et al. (2018) 'Good Gig, Bad Gig: Autonomy and Algorithmic Control in the Global Gig Economy', *Work, Employment & Society. Journal of the British Sociological Association*, 33, 56–75.
- World Economic Forum. (2020). The Charter of Principles for Good Platform Work. Available at: https://www3.weforum.org/docs/WEF_Charter_of_Principles_for_Good_Platform_Work.pdf