THE FUTURE OF WORK
Expert Meeting on Collective Bargaining for Own-Account Workers
Summary report
Introduction

Many countries have seen growth in “new”, non-standard forms of employment, including technology-enabled new forms of work such as platform work, in addition to more traditional own-account self-employment (i.e. self-employed workers without employees). These non-standard forms of employment can bring advantages in terms of flexibility for both workers and employers, but at the same time, some platform and own-account workers face poor working conditions (OECD, 2019[1]).

There are a number of challenges. Some platform and own-account workers have simply been misclassified as self-employed workers and are, therefore, deprived of the rights and protections they are in fact entitled to. In other cases, there is genuine ambiguity about workers’ status as they share characteristics of both employees and the self-employed. Workers in this “grey zone” exhibit some of the vulnerabilities of employees (for instance, income dependency on a single firm/client) and yet, if classified as self-employed, will not have access to typical employee rights and protections. Finally, there will be some own-account workers who face unbalanced power relationships vis-à-vis certain firms/buyers of labour with monopsony power, and have limited options to provide services to other buyers. These workers will be price-takers and have little say over other working conditions as well.

Addressing the challenges that these own-account workers face is not only desirable for equity reasons, but also for correcting market failures and improving the efficiency of the labour market. While there are several possible solutions (including government regulation, labour law enforcement and efforts to address the sources of monopsony power), collective bargaining can be a flexible and complementary tool for improving working conditions and countering power imbalances in relationships between firms and workers (OECD, 2019[1]). Yet, unionisation is in decline in many OECD countries and own-account, platform and other non-standard workers tend to be under-represented by trade unions. This under-representation reflects both practical difficulties in organising non-standard workers and the historical focus of collective bargaining on standard employees, but also legal obstacles to collective bargaining for self-employed workers (such as the possibility that attempts to set wages collectively may be considered cartel activity and therefore in breach of competition law).

The OECD and the Dutch Ministry of Social Affairs and Employment held an expert meeting in Paris on 14 October 2019 to discuss the topic of collective bargaining for own-account workers (including those who use platforms and those who do not). Attendees examined the possibilities and restrictions of collective bargaining within the existing legal framework, assessed whether this met desired policy objectives and considered the scope for possible adjustments. This summary report builds on the work done in the OECD report Negotiating Our Way Up: Collective Bargaining in a Changing World of Work (2019[1]), the most recent OECD Employment Outlook (2019[2]) and a background note to an OECD roundtable on competition issues in labour markets (2019[3]), and captures some of the views presented in the 14 October expert meeting.

Where this summary report describes the opinions expressed and arguments employed by the participants at the expert meeting, this should not be reported as representing the official views of the OECD or of its member countries.
Barriers to collective bargaining for own-account workers

Own-account workers (whether or not they use platforms) can face the same practical difficulties and legal obstacles to collective bargaining faced by self-employed workers more generally, including:

- **Legal uncertainty regarding competition law.** While salaried employees – whether in a standard or non-standard employment relationship – are granted undisputed legal access to collective bargaining, the right to bargain for self-employed workers is often, in practice, subject to legal discussion as to whether it infringes antitrust regulations (Aloisi, 2018[3]; Linder, 1999[4]). For instance, self-employed workers may be considered undertakings in which case any collective agreements aimed at fixing prices or other elements of the service provision with the purpose of distorting competition between providers will be considered a cartel. In 2014 in the FNV Kunsten case (Case C-413/13), the ECJ ruled that, while genuine self-employed should continue to be seen as “enterprises”, the so-called “false self-employed” were not to be considered undertakings for the purpose of competition rules (Daskalova, 2017[5]; Aloisi, 2018[6]). This decision creates an exemption for self-employed workers determined by a judge to be misclassified, but it does not address the issue of legal uncertainty for self-employed workers in the “grey zone” and/or in imbalanced power relationships, and for unions wanting to recruit such workers as members.

- **Barriers to joining a union.** In certain EU member states – Bulgaria, Hungary and Romania (and in in Poland until January 2019) – trade unions are simply prohibited from recruiting the self-employed (OECD, 2019[7]; Fulton, 2018[8]). More broadly, some trade unions may prefer not to extend membership to the self-employed if they perceive potential conflict of interests with existing members (Fulton, 2018[8]).

- **Practical issues engaging the relevant counterpart.** Even where collective bargaining is permitted for own-account workers, they may face practical issues in identifying or engaging the relevant bargaining counterpart. In cases where a self-employed worker performs marginal and ancillary activity for multiple clients, it may be particularly difficult to identify the bargaining counterpart. In a “triangular” relationship between platform, contractor and customer, the platform may refuse to negotiate with contractors claiming that it simply acts as “matchmaker”. In the expert meeting, Marshall Steinbaum noted that, even where platform workers are starting to negotiate collectively with platforms in the US, they run the risk that at any point in time the platforms collapse the agreement by claiming a breach of competition law.
• Uncertainty regarding free movement of services in the EU. If there is an attempt to declare a collective agreement generally binding for an entire sector – including self-employed workers from other EU member state if they were to provide services in that state – such a declaration could be judged to inhibit the EU right to free movement of services and therefore prohibited. The result is that own-account workers who are covered by a collective agreement would still face price competition from foreign contractors who do not have to abide by the collective agreement.¹

Implications for workers and the labour market

Barriers to collective bargaining for own-account workers may have implications for their ability to improve their working conditions, the efficiency of the labour market, and for the health of current systems of social dialogue, which diverge from countries’ desired policy objectives.

• Inequity. Most directly, own-account workers with little or no bargaining power lose the ability to use collective bargaining (and in some countries, their right to strike) to improve poor working conditions in areas such as pay, scheduling, dismissal etc. In the expert meeting, Sandrine Cazes recalled that the ILO recognised the right to organise and bargain collectively as fundamental rights that should be defended to all workers regardless of the existence of an employment relationship, while advocating the need to strike a balance with other objectives (such as the effectiveness of antitrust policy). Dagmar Schiek noted how collective bargaining adds to the agency of workers (Schiek, 2017[9]). There may be inequity implications on the firm side also. Marshall Steinbaum described how the gig economy labour

platform business model had been enabled by the erosion of both labour and antitrust law and had not been scrutinised from either angle. One implication of this could be that traditional firms operate at a disadvantage relative to gig economy platforms.

• Inefficiency. Where disproportionate buyer power is not compensated by sufficient bargaining power on the workers’ side, this can lead to inefficient outcomes. Monopsony market power enables employers/buyers of labour to withhold demand for labour, thereby reducing employment and pay below the competitive level and worsening workers’ employment terms and conditions. Some commentators note that the intermediation power of certain platforms, combined with the lack of recognition of workers’ rights of self-employed platform workers may amount to a situation analogous to monopsony (OECD, 2019[8]).² This raises questions about the barriers to collective bargaining faced by platform and other own-account workers as well as questions about whether competition law can and should tackle monopsony power more generally (as discussed further in Box 1).

• Potential erosion of collective bargaining. If the proportions of platform and own-account workers grow, these trends could accelerate the overall decline in union membership and the erosion of collective bargaining. As one example, less worker voice in discussions around workplace developments could produce a vicious circle in which this leads to greater utilisation of technology, enabling the company to contract more workers (and employ fewer staff), which would further erode collective bargaining. In the expert meeting, Sandrine Cazes noted that the flexibility associated with collective bargaining made it particularly useful for addressing challenges related to the changing world of work – for instance, social partners can play a key role in supporting displaced workers, anticipating skills needs and ensuring access to life-long learning. Els van Ree and Dagmar Schiek noted that healthy systems of social dialogue enhanced economic resilience. The OECD has also highlighted the role that coordination

¹ One further complication raised by Femke Laagland in the expert meeting is that some workers coming from abroad are recognised as self-employed in their own country but could be recognised as workers that work “side by side” with employees in the Netherlands, in which case they could potentially fall under an existing collective agreement (as explained in the country examples section). A previous effort to identify such workers using questionnaires for self-employed workers coming from abroad was ruled an infringement of the freedom to provide services. Within the current system, there is uncertainty about how such individuals would be classified and therefore, which EU freedom would take precedence: the freedom to provide services or the freedom of movement of workers.

² Dube et al. (2019[10]) and Chevalier et al. (2018[11]) find evidence of strong buyer power in the labour markets for platforms Amazon Mechanical Turk and Uber, suggesting that some platform workers are more exposed to labour market monopsony than most ordinary employees.
between social partners can play in enhancing the responsiveness of wages to changes in macroeconomic conditions, pushing up wages when needed but stabilising wages to maintain competitiveness at other times (2019[1]).

Country Examples

Recent work by the OECD (2019[1]; 2019[2]) acknowledges the scope for potential adaptation of existing regulations to allow collective bargaining for workers in the “grey zone” as well as to some self-employed workers in an unbalanced power relationship. Approaches implemented in some OECD countries include:

- Tailoring labour regulations to define ex ante the categories of workers who have access to bargaining rights; and
- Tailoring competition regulations.

Participants at the expert meeting shared information about how these approaches work in practice.

**Tailoring labour regulations to define ex ante the categories of workers who have access to bargaining rights**

Some OECD countries have followed the first approach, by providing the right to bargain collectively to some workers in the grey zone by including them in an extended definition of who is an employee, as far as the labour relations legislation is concerned. For instance, since the mid-1960s in Canada, the federal and, in some cases, provincial collective bargaining legislation explicitly includes “dependent contractors” in its definition of employees. In other countries, specific categories of workers in the “grey zone” (e.g. workers in the United Kingdom) are allowed to bargain collectively (or in the case of TRADE (Trabajadores Autónomos Económicamente Dependientes) in Spain, they can sign specific “professional interests agreements”, acuerdos de interés profesional) even if they are not formally employees.

In the expert meeting, Femke Laagland described how, in the Netherlands, self-employed workers who work “side by side” with employees are judged to fall within the EU definition of worker and therefore can invoke employee rights under Dutch law, including rights to collective bargaining. The Dutch competition authority (ACM) has confirmed this approach in published guidelines (2019[9]), making clear that self-employed people who work side-by-side with employees in the company or sector will not be considered “companies” and can therefore negotiate rates together and be covered under collective agreements. Victoria Daskalova described the Dutch and Irish (described below) approaches as pragmatic steps (rather than definitive solutions) in answering the question of how the self-employed should be treated under competition law. She noted that these approaches would enable authorities to gather information before taking further action.

Annamaria Westregård described how dependent contractors in Sweden have the right to strike, the right to unionise and the right to bargain collectively, as the Swedish 2008 Competition Act explicitly exempts dependent contractors in the same way as employees (the origins of the system go back to the 1950s). As the FNV Kunsten ruling defines false self-employed more narrowly, according to Annamaria Westregård, it is unclear what the result would be if the Swedish system were tested in the EU courts.

Bernd Waas described how, in Germany, an exemption applies to “persons who are economically dependent and in need of social protection in a manner comparable to that of an employee (persons similar to employees)”, i.e. they work on the basis of a service or work contract, render services personally and essentially without the cooperation of employees, and either work predominantly for one person or earn on average more than half (or one third in the case of artists, writers and journalists) of their total remuneration from one person. While the concept of Arbeitnehmerähnliche Personen (Employee-like Person) is quite broad, when first introduced, lawmakers’ intentions were to target artistic, literary and journalistic services (particularly on radio and television).

**Tailoring competition regulations**

Other OECD countries tailored competition regulations to provide collective bargaining rights to own-account workers (and, in some cases, other self-employed workers) by, for example, adopting a pragmatic approach vis à vis a vis groups of self-employed workers most exposed to unbalanced power relationships or by introducing explicit legal exemptions from the enforcement of the prohibition to bargain collectively.
In some countries, there are already exemptions to the prohibition of bargaining collectively for specific groups of workers or occupations. For instance, some countries have lifted the prohibition to bargain collectively for sectors/occupations in which workers who are genuinely self-employed are nonetheless likely to be in situations of power asymmetry vis-à-vis their customer/employer. In Austria and France, there are examples of exemptions for freelance musicians, actors, performing artists, or journalists.

Victoria Daskalova described the partial statutory exemption introduced in 2017 in Ireland for certain types of self-employed workers (namely, voice-over actors, session musicians and freelance journalists), allowing them to bargain collectively. The relevant legislation also opened the possibility of collective bargaining to the “fully dependent self-employed” and not only to “false self-employed” workers. Under Irish law, trade unions have to apply for the exemption and prove that the workers they want to represent fall in one of these two categories and that their request will have no or minimal economic effect on the market nor result in significant costs to the State.

In many cases, regulators and enforcement authorities have taken a case-by-case approach to avoid a strictly procedural analysis of cases involving those workers with little or no bargaining power and exit options. Moreover, in several countries (e.g. in France, Italy, Spain, etc.), independent unions of platform workers are de facto negotiating working conditions for their members even if they are classified as self-employed without any intervention from national antitrust authorities. In the expert meeting, Paolo Tomassetti described the main factors that, in his view, have enabled this in Italy: first, the fact that collective agreements are not legally binding; second, the idea that freedom of association and collective agreements are not considered in contrast to economic freedom and competition law so long as they protect a collective interest, irrespective of the workers’ status; and third, that in many cases, collective agreements, especially at firm-level, are explicitly concluded to increase firms’ productivity and competitiveness. He noted the value in considering the specific content and goals (potentially including measures to enhance training, social security, health and safety, and transitional arrangements) of collective agreements rather than seeing all coordination as hindering competition.

Another approach is to provide an exemption where there are overall public benefits. For instance, the Australian Competition and Consumer Act allows businesses (including independent contractors) to collectively negotiate with suppliers or customers if the Australian Competition and Consumer Commission (ACCC) considers that collective bargaining would result in overall public benefits. One advantage of this approach, mentioned by Shae McCrystal in the expert meeting, is that it does not require categorising workers according to definitions of dependent or vulnerable self-employed.

As described by Shae McCrystal, any business (including self-employed and own-account workers) can notify the ACCC that they wish to engage in collective bargaining (in most sectors, a limit of $3 million AUS applies to the transaction value) that would otherwise breach competition law, on the basis that there would be a net public benefit. The ACCC has 14 days to assess whether the public benefit will outweigh the negative impact on competition – and the collective bargaining can proceed if no objection is made. While public benefit is defined very broadly, Shae McCrystal noted that, in practice, previous ACCC decisions have focused on benefits to the efficiency of the existing system of bargaining (e.g. giving parties greater input in the terms of their contract, reduction in information asymmetry or increased choice for consumers).
Previous ACCC decisions have not generally considered benefits such as corrections to power imbalances in and of themselves, industrial harmony and the private welfare of the bargaining parties (e.g. better pay for workers), although Shae McCrystal stated that she was noticing a growing consensus that bargaining between small businesses could be effective in countering monopsony power. Her own view was that the system could assign further weight to the private benefits of the bargaining parties.

The ACCC reformed the procedure in the mid-2000s\(^3\) to reduce the burden for small business and self-employed workers, and is likely to reform the procedure once more. In June 2019, the ACCC announced that it intended to make a class exemption for small business bargaining collectively. The class exemption would allow

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**Collective bargaining: the best way to address monopsony power?**

There are a number of arguments for extending collective bargaining to certain groups of self-employed workers – one of which is if they find themselves in a situation of monopsony power. The question of whether collective bargaining is the best way to address excessive buyer power generated debate at the expert meeting.

Commencing the discussion, Andrea Bassanini described some of the main factors that lead employers to increase their market power: high market concentration and high search costs for workers trying to find new work. He described collective bargaining as one way to restore worker bargaining power, which in his view, was the best way to counteract buyer power. In his opinion, the decline in collective bargaining had potentially been a bigger factor in the decreasing labour share of income than changes in labour market concentration. However, Victoria Daskalova had concerns that by increasing workers' bargaining power to counteract buyer power, this would simply create a bilateral monopoly, with negative implications for competition overall (Andrea Bassanini’s response was that bilateral bargaining was often associated with efficiencies).

Victoria Daskalova encouraged the expert meeting to also consider alternative approaches to address excessive buyer power, such as using competition law in assessments of mergers, of vertical restraints and of no-poaching agreements, and promoting employee mobility and thereby reducing search costs and buyer power. In Marshall Steinbaum’s view, ridesharing companies’ pay policies which incentivise loyalty to one platform (and disincentivise multi-homing) act as vertical restraints (i.e. agreements between a supplier and buyer which restrict competition). He welcomed intervention by competition authorities in this area. Dagmar Schiek suggested efforts to improve portability of training (e.g. by developing a minimum qualification framework and promoting transferable skills) and of pensions could be effective at enhancing employee mobility.

In its background note to a recent OECD roundtable on competition issues in labour markets (2019\(^3\)), the OECD explained how competition authorities may tackle anticompetitive agreements, abuses of employer monopsony power, or prevent the further concentration of the demand side of labour market power via mergers. Some challenges, such as the assessment of the effects under the consumer welfare standard and the definition of the relevant market, however, are associated with the enforcement of competition law in these markets. Competition advocacy tools, including in connection with the granting of tailored collective bargaining rights exemptions, may be considered in certain cases an effective way to curb the negative effects of monopsony.

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\(^3\) The preceding authorisation procedure was put in place by the ACCC in 1974. This procedure, which included an ACCC assessment and a public consultation, typically took 6 months and cost 7 500 AUS.
businesses with less than $10 million aggregated annual turnover to collectively bargain with customers or suppliers and would allow franchisees who have franchise agreements with a particular franchisor to collectively bargain with that franchisor, regardless of turnover or other characteristics. As bargaining under the exemption has to be voluntary, firms would have to find a counterparty willing to engage. When the class exemption is in effect, it is estimated that it will cover 98.5% of Australian businesses.

However, it should be noted that while exemptions to the prohibition on collective bargaining could provide own-account workers with access to a tool to improve poor working conditions and counteract monopsony-like power, they may also entail anti-competitive risks. Where such exemptions are being proposed, there may be a role for competition agencies in performing market analyses or other analyses to understand whether the exemption is justified by the need to counteract the exercise of monopsony power on the demand side of the labour market (OECD, 2019[3]).

While the focus of the expert meeting was on collective bargaining for own-account workers, there was also discussion about other actions that competition authorities could take to address monopsony power, and their relative merits and demerits (as discussed in Box 1). For instance, competition authorities may identify and tackle anticompetitive agreements and abuses of employer monopsony power, or prevent the further concentration of labour market power via mergers. They may also use advocacy, market studies and other tools to address some of the drivers of monopsony power.

Possible ways forward

Based on the discussions throughout the expert meeting (in particular, on the concluding remarks of participants), a number of possible ways forward emerged. The opinions expressed and arguments employed are those of the participants at the expert meeting, and should not be reported as representing the official views of the OECD or of its member countries.

Address misclassification as a first step and then extend collective bargaining to specific occupations. While the participants widely agreed with the idea of addressing misclassification first, Lionel Fulton pointed out that this would only solve the issue for some workers. For instance, journalists and interpreters might be correctly classified as self-employed freelancers but would still lack the right to bargain with more powerful clients. In his view, extending collective bargaining exemptions to certain occupations (as in Ireland) would likely lead to the development of organisations to support negotiations within those occupations. He also believed that targeting a few key occupations could have a significant impact.

Consider ways to extend collective bargaining to own-account workers in the grey zone. Participants at the expert meeting discussed various ways of achieving this, providing examples from their own countries. Jean-François Guillardeau pointed out that this issue was high on the agenda for EC DG Competition, quoting Commissioner Vestager: “Small self-employed being fully dependent on their ‘de facto’ employer, must also be able to organize themselves. (...) It is a very high priority, (...) referring to the national competition authorities is not enough, as this is a pan-European issue”.

Give collective bargaining a greater role in social security. Dagmar Schiek called for a greater role for collective bargaining in the field of social security, particularly in areas not covered by traditional social security (Schiek et al., 2015[13]; Schiek and Gideon, 2018[12]), such as platform work and cross-border provision of basic services. She said that the issue of abuse was likely to be addressed in the future by the European Labour Authority and suggested that the issue of cross-border evasion of social security could be added to its mandate.

Avoid getting tangled up in definitions of “employee”. Shae McCrystal described the Australian system as a creative solution to get around the problem of defining an employee for the purposes of labour relations. As the Australian competition authority offers an exemption in cases where it expects net public benefits, it avoids the need to categorise workers according to definitions of dependent or vulnerable self-employed (while opening up the possibility of collective bargaining to some of these and other self-employed workers).

Use competition law as a complementary tool to address labour market inequity and inefficiency. Participants at the expert meeting acknowledged the important role of competition authorities in relation to access to collective bargaining for own-account workers. Victoria Daskalova encouraged competition authorities
to consider how to balance the objectives of efficiency and fairness, particularly in their policies and enforcement strategies. She also saw the value in using a comparative perspective and drawing from other countries' experiences in designing policy.

Use competition law to address monopsony power and to prevent abuses. Marshall Steinbaum saw a way for competition authorities to recognise the exercise of monopsony power on the part of employers towards workers as a harm to competition, which could be counteracted through a wide variety of enforcement actions, potentially including an extension of the labour exemption. For powerful platform operators, the threat of competition enforcement (such as viewing non-linear wage setting as an exclusionary and anti-competitive practice) could be used to bring platforms to the bargaining table. Dagmar Schiek agreed that efforts to tackle abuses of market power could help platform workers, without requiring a requalification of their employment status.

References


**Expert Meeting Participants**

**Session 1: Introduction**

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**Session 2: Collective bargaining within the existing legal framework**

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Paolo Tomassetti, University of Bergamo  
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**Session 3: Does the existing legal framework need to be reviewed?**

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