

# **„My boss, the algorithm International online meeting discusses labour struggles and organising approaches in the platform economy“**

**by Ingeborg Wick\***

From: **express 3-4/2023**

In the last decade, the platform economy has developed rapidly in many countries around the world. With increasing digitalisation, it is taking over more and more areas of everyday life, the economy and the world of work. It has created new business models that affect the organisation of work and the working conditions of millions of people. In some sectors, such as mobility, trade and gastronomy, it is now moving into the centre of value creation. This is the case for food and grocery delivery services, for example, whose recent boom owes much to the global lockdown policy following the outbreak of the Covid19 pandemic in 2020. It had drastically restricted physical contacts in numerous areas of society in favour of online work and communication.

The globally largely unregulated platform economy has created a new model of accumulation and new forms of exploitation for capital. With almost no legally binding requirements for platform companies and unbound by collective agreements, workers are being exploited even more intensively and labour markets more fragmented than they already were as a result of neoliberal deregulation and privatisation policies since the 1980s. Labour struggles are now directed against the platform algorithm, the invisible new boss. This has made them even more difficult. The precarisation of working and living conditions is experiencing a new push.

To examine the struggles and approaches to organising in the platform economy in more detail using the example of food couriers (riders) in mainland China, Hong Kong and Germany was the topic of an international online meeting of the Critical China Forum (1) and the Rosa Luxemburg Foundation, which took place on 10 December 2022 and was attended by a total of 60 people from 19 countries. The event also analysed the development of this industry in recent years and the similarities and differences between the two countries. This was triggered by increasing protests by riders worldwide, in particular the two major solidarity campaigns for the rider Mengzhu in China and the Gorillas riders in Germany, which have become known beyond borders (see express 11/2022, p. 12).

## **The double face of digitalisation: automation and cybernetic proletarianisation**

As Simon Schaupp, visiting professor at the Karlsruhe Institute of Technology with practical experience as a rider, explained in his introductory lecture on the political economy of platform work, the digitalisation of the economy has two trends: on the one hand, automation through the use of robots with the aim of increasing productivity, resulting in the loss of large numbers of jobs, and on the other hand, cybernetic proletarianisation, which makes cheap labour available to the service markets. The platform economy would be less concerned with increasing productivity than with taking over markets of labour-intensive and low-cost services demanded by broad middle classes. But it would also create a conflict-prone social polarisation that would lead to numerous labour conflicts in many countries around the world. However, the platform work would also offer advantages to the riders, for example for quick agreements in the case of wildcat strikes and boycott actions. Overall, Simon Schaupp said, the question is whether a new class conflict is crystallising with the platform economy.

Trends like these were examined in more detail in the following portraits on the development of the food courier industry and labour struggles in mainland China, Hong Kong and Germany, for which on-site speakers were present.

### **Boom, competition, precarisation - the situation in Mainland China**

The platform economy is still a relatively recent phenomenon in Mainland China: the first companies were founded a good ten years ago in the field of ride and food delivery services, according to Hong Kong expert Lee Yu. The rapid expansion of the sector can be seen in the current workforce of 84 million, including 13 million riders. The platform economy has benefited from the decline of the manufacturing industry and its workforce, as well as the influx of rural internal migrants into the cities.

Until 2017, the two market leaders Meituan and Eleme hired workers on an employment basis and paid them better than market rates, guaranteeing a high influx of workers. However, as competition grew, wages and working conditions began to deteriorate in 2018: Guaranteed delivery times were lowered from one hour per order in 2016 to 38 minutes in 2018; accidents increased; wages plummeted by a third and were paid late in more than a quarter of cases, Lee Yu said. Today, only one per cent of riders are employed - the rest are classified as self-employed and precariously employed, she said. Increasingly, a wide network of platform companies and subcontractors is emerging, each with their own terms and conditions, making it difficult for riders to take coordinated protest action. It remains to be seen whether the law created in 2021 specifically to protect platform workers will actually lead to an improvement in their working situation.

### **Rider labour struggles in Mainland China: bans and repression**

Rider and labour activist Xie Xiaofeng reports wage cuts of around ten per cent annually since 2019 for riders, which he attributes not only to the oversupply and growing competition of labour, but also to the lack of collective agreements and negotiation channels with platform companies. Falling wages are the main reason for rider strikes, Xiaofeng said. Attempts to form independent unions are crushed and result in drastic repressive measures. As the Chinese government sees food delivery services as a catch-all for the unemployed and an important social stability factor, it brutally cracks down on Rider protests and blocks internet reports. Delays in delivery or customer complaints led to wage deductions and other punitive measures. However, after the introduction of accident insurance for riders, which companies "can" take out, there is a lack of state supervision, Xiaofeng said. Almost all riders use internet facilities for quick communication and mutual support. One obstacle to protests is the high turnover among riders, who are usually employed for only six to nine months, he said. Some riders use WeChat groups to reach out to labour activists and migrant groups or to seek legal support. However, approaches like these are unstable and subject to the constant threat of government countermeasures. Nevertheless, according to Xiaofeng, alliances with political and social groups are part of the repertoire of protesting riders. The state trade union is seen as useless. The outlook for the future, Xiaofeng said, is bleak. Nevertheless, he hopes for communication and exchange with riders and activists in other countries, more intensive media and fundraising work, and even the founding of an international riders' union.

### **The situation in Hong Kong: between special status and Chinese normality**

The situation of food couriers in Hong Kong, said speaker Grace of the local non-governmental organisation "Riders' Rights Concern Group" (RRCG), is in some respects more serious, but on the other hand better than in mainland China. Since the National Security Act came into force in 2021, the freedom of trade union activity has been so severely restricted that many trade unions have been forced to dissolve. (2) In fact, since then, the autonomy granted to the Hong Kong Special Administrative Region until 2049 in the Sino-British Joint Declaration setting the conditions of transfer to China in 1997 has de facto been suspended.

Unlike in Mainland China, there are no legal requirements for minimum wages or maximum working hours in Hong Kong, according to Grace. On the other hand, there is comparatively greater freedom for public protests in Hong Kong, which is also used.

The food delivery market in Hong Kong is dominated by Foodpanda (51 per cent) and Deliveroo (49 per cent), which also operate internationally. Over 10,000 riders - mostly of Mainland Chinese, Indian, Pakistani and Nepali origin - operate in this market. While most of them were still employed and covered by social security until 2014, this is now only true for two percent - the rest are classified as self-employed freelancers and work precariously without any security. The employee status through social security contributions means net wage reductions, which is why most riders prefer this freelance status. Since they earned little as couriers and migrants and could hardly secure their livelihood in an expensive city like Hong Kong anyway, their interests in pension protection and holiday arrangements - but not in accident insurance - took a back seat. First and foremost, they demanded higher wages.

The speaker, Siutong, a part-time rider and also a representative of the NGO RRCG, explained the rider strikes of 2020, 2021 and 2022, which had produced mixed results. While the 2020 strike against Deliveroo, which was organised exclusively by riders, was largely unsuccessful, the 2021 strike against Foodpanda, which received widespread media coverage, achieved a wage increase with the support of the Hong Kong Confederation of Trade Unions (HKCTU) and informal networks. This was not achieved in the third strike in 2022 against Foodpanda. According to Siutong, the riders' disunity between full-time and part-time workers contributes to the meagre partial successes of the three strikes. In addition, he says, it must be questioned whether NGOs and informal networks should take a leading role in labour disputes. In his view, the empowerment of workers should be their own task. However, a rejection of trade unions was widespread among Hong Kong riders, who felt that they lacked institutional power and threatened to exacerbate conflicts.

### **The food delivery market in Germany: grievances despite regulation**

In his overview paper, Simon Schaupp described the large low-wage sector in Germany as an important precondition for the functioning of platform delivery services, as they were based on high exploitation rates. Riders in Germany are further exploited by the fact that 70 per cent of them are migrants, who are particularly discriminated against in the labour market. Today, the company Lieferando dominates the German food delivery market with a share of over 90 per cent. The riders at Lieferando are permanently employed, as prescribed by law for platform employees, but here too there is bogus self-employment and precarious employment. Because of the competition for labour and a high fluctuation among riders as well as frequent changes of companies and locations, they only have weak bargaining power and are often not able to enforce their demands. Nevertheless, they had organised in workers' collectives, in the grassroots trade union FAU (Free Workers' Union) or the NGG (Food, Catering and Allied Workers' Union). Riders also used social media to support themselves. They paid special attention to setting up works councils, which was met with great rejection by employers. The Gorillas Riders 2021, for example, succeeded in establishing a works council by legal means.

### **Rider labour struggles and organising strategies in Germany: two practical reports**

Elmar Wigand, a former Flink rider and press spokesperson for the NGO "Aktion gegen Arbeitsunrecht" (Action against Labour Injustice), explains that Flink employs riders as workers, who are covered by social security and paid a decent wage. Nevertheless, there are complaints about arbitrary dismissals, changes in duty rosters, bullying by superiors and the refusal to provide mobile phones. Due to the high turnover and lack of experience of the mostly young and migrant workforce, coordinated action against these grievances is difficult. The Flink riders are sceptical about cooperating with trade unions and prefer to set up a works council on their own. The fact that a strong wind is blowing in their faces is shown by company reactions such as the splitting of Flink Berlin into five online companies, steps to set up a "yellow" (i.e. employer-friendly) works council, the involvement of an anti-union lawyer's office, and others.

Semih Yalcin, who is chair of the general works council of the NGG trade union and a member of the company's Cologne works council and used to work as a rider, reports on the labour disputes at Lieferando, the market leader in German food delivery services. He suspects that Lieferando is using the food delivery division mainly for marketing purposes and to collect data for future business areas. Rider complaints were directed against Lieferando's lack of transparency: criticism and demands remained unanswered, sick pay and holiday payments withheld, working hours not registered. The high turnover (six-month cycles are common) among the mostly young and migrant riders, their lack of work experience and insufficient language skills often posed obstacles to union organising and the work of the works council. The high part-time rate of 65 per cent is also a difficulty for organising. Nevertheless, eight works councils have been established since 2019 - the total number today is 13. The NGG constructively supports this work (see p. 4f.). The works councils also cooperate with other social groups, for example in public campaigns or media work. Semih Yalcin described the decision of the Federal Labour Court, according to which work equipment must be provided by the employer (3), and the classification of a Foodora rider as an employee by the German Federal Pension Insurance on 8 April 2020 as major successes. (4)

### **Central themes and issues**

Despite the enormous differences between the case studies mentioned above, it is clear that Simon Schaupp's thesis that the riders' labour disputes are a new type of class conflict is confirmed. Its new elements are: depersonalised processes of work management, control and monitoring, which can lead to repression depending on the social environment, more difficult conflict resolution and settlement, intensified precariousness of the riders' working and living conditions. On the other hand, digital communication also enables new forms of solidarity and resistance. In some cases, these were successful, as the case studies show.

But which strategic questions - this also became clear in the contributions of participants at the online event - should be asked with regard to the future opportunities and perspectives of riders? The Jena power resource approach (5) offers a helpful frame of reference for this.

Riders are already playing out some sort of structural power worldwide through strikes, naming and shaming campaigns and boycott actions at the local level, although the economic pressure they have achieved through turnover losses is (still) far from seriously disrupting capital utilisation as a whole. It is still more a question of playing out media and discourse power. But as soon as these campaigns are focussed, for example through joint actions at different locations of a multinational company, the tide could turn through increased economic impact.

With regard to the expansion of institutional power, the chances for a worldwide strengthening of rider labour rights are very unevenly distributed: While in Germany the employee status of platform workers could be enforced and a similar EU Directive is being prepared, in mainland China, Hong Kong and many other regions of the world a clear deregulation of labour law can be observed. In Hong Kong, for example, the justified struggle for employee status is countered by the interests of migrant riders in the highest possible wages, as they would otherwise not be able to make ends meet in view of the high cost of living. Without other means of securing a livelihood, no change in attitudes is foreseeable here.

As far as the organisational power and mobilisation capacity of riders is concerned, the picture from the case studies is conceivably disparate: there is a variety of different forms of organisation, ranging from traditional trade unions (NGG), to anarcho-syndicalist grassroots unions (FAU) and workers' collectives (Gorillas Workers' Collective), to labour-related NGOs (RRCG in Hong Kong) and social alliances in Mainland China. All of their organising power is relatively weak, due to factors such as an anti-union environment or bad experiences with uninnovative unions, as well as

multiple divisions in the workforce between full- and part-time workers, migrant and non-migrant workers, etc. The diversity of interests in the labour market is a major challenge for the workers' unions. Against this background, the diversity of interest groups in this young sector and the dynamics of the protests are actually remarkable.

Riders have the strongest influence in the area of societal power. This includes joining forces with other social and political groups, especially in countries without de facto freedom of association (i.e. on a global scale: the majority), which has given impetus to the concept of "social movement unionism". The media power that has grown with digitalisation is also one of the great opportunities for riders.

Whether the potential of riders in these fields can be expanded in the future also depends on their knowledge of worldwide rider experiences.

Xie Xiaofeng found the exchange at the online meeting "inspiring" and pleaded for continued communication, which was supported by numerous other speakers and participants.

### **Notes and bibliography**

(1) The Critical China Forum was founded by members of different universities, non-governmental organisations, trade unions and the Rosa Luxemburg Foundation to promote left-wing debates on China beyond black and white patterns.

(2) Bodo Zeuner „Hongkong: Das Ende der freien Gewerkschaften“, in: Gegenblende, Oktober 2021.

(3) Bundesarbeitsgericht Az.5 AZR 334/21 und 5 AZR 335/21 vom 10. November 2021.

(4) Deutsche Rentenversicherung Bund, Schreiben zur Betriebsprüfung bei der Firma Foodora, 8. April 2020.

(5) Stefan Schmalz/Klaus Dörre „Der Machtressourcenansatz (2014): Ein Instrument zur Analyse gewerkschaftlichen Handlungsvermögens, in: Industrielle Beziehungen, Jg. 21, Nr. 3, S. 217-237.

Translated by Ingeborg Wick

*\* Ingeborg Wick is a member of the board of the Forum Arbeitswelten. She worked as a researcher at the SÜDWIND Institute for Economics and Ecumenism in the years 1991-2011 focusing on 'Women's Work and Globalisation', 'Precarisation of Employment Relationships' and 'Global Corporate Social Liability'.*