

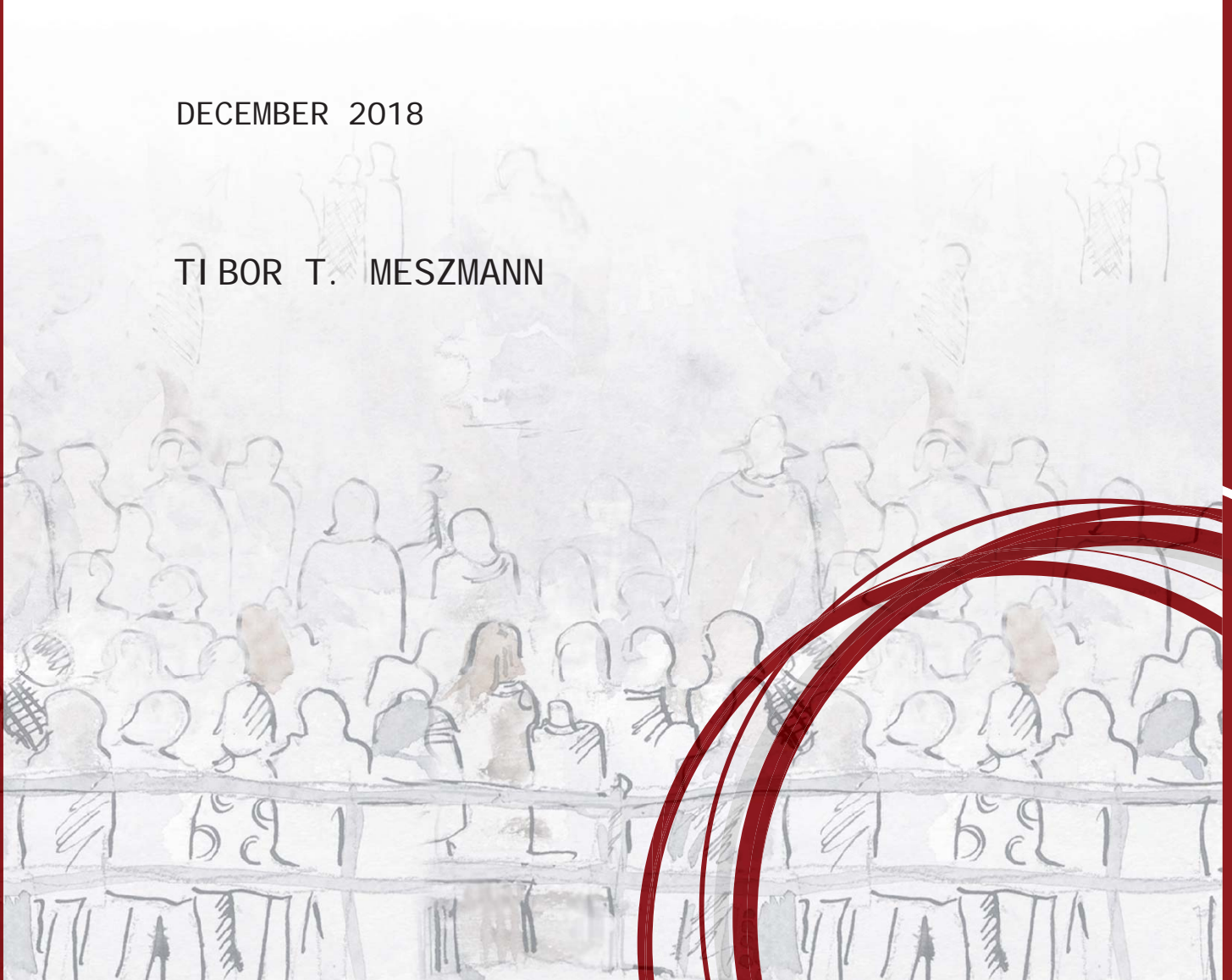
CELSI Research Report No. 27

INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE IN THE AGE OF COLLABORATIVE ECONOMY (IRSDACE)

NATIONAL REPORT HUNGARY

DECEMBER 2018

TIBOR T. MESZMANN



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Central European Labour Studies Institute (CELSI)

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Central European Labour Studies Institute (CELSI)

Zvolenská 29
821 09 Bratislava
Slovak Republic

Tel /Fax: +421-2-207 357 67
E-mail: info@celsi.sk
Web: www.celsi.sk

CELSI Research Report No. 27

This report was financed by European Commission Grant no. VS/2016/0359.



Corresponding Author:

Tibor T. Meszmann
Central European Labour Studies Institute
Zvolenská 29, 821 09 Bratislava, Slovakia
E-mail: meszmann@yahoo.com

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Tibor T. Meszmann
CELSI

Abstract

In Hungary, work in the platform economy as such is neither defined nor regulated as a separate area. Industrial relations and working conditions in selected platform sectors typically appear as deviating or innovative segments of the traditional sectors or subsectors of local personal transport, housework, and accommodation services. Regulation is the most important issue at the centre of both discourses and is the main area of interest of platform economy participants. This is also due to traditional employers and their organizations' insistence on fair competition. Nevertheless, the extent of regulation varies significantly across the platform economy sectors.

The platform economy in Hungary was established especially in sectors where more informal services was characteristic. In these labour cost sensitive sectors a high level of informality in industrial i.e. employment relations has been characteristic. Typically, if registered, those working via platforms are either self-employed small entrepreneurs or registered natural persons working as service providers. Such employment forms also do not provide solid ground for self-organization of labour.

For platform workers or service providers, the main advantage of platform work was efficiency through the possibility of earning maximal gross incomes or through earning extra income. The main disadvantages seemed to have pointed in the direction of the individualization of risks. There was a lack of preparation for novices in the sector, especially young individuals, who were insufficiently informed about requirements, risks, and lacked administrative information.

Although trade unions are aware of some emerging issues, they have much different priorities and limited capacities to organize individual workers. Platforms typically present themselves not as employers but as innovative, alternative enterprises, and they are mostly invisible in public.

Social dialogue in the traditional sectors is weak. Consequently, it is weaker in the selected sectors of the platform economy. Labour is extremely atomized and the possibility of interest articulation via trade unions or alternative organizations is typically not recognized.

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Chapter 1. Introduction: Summary and Outline of the Report

1.1. The IRSDACE project

In this report you find the country case study for Hungary within the IRSDACE project

The IRSDACE project - Industrial Relations and Social Dialogue in the Age of Collaborative Economy -, funded by DG EMPL of the European Commission, aims to identify how traditional players in the labour market, e.g. trade unions, employers' associations, member states and the EU, experience and respond to the collaborative economy.

IRSDACE had five main tasks: i) conceptualisation of platform work, its place in the labour market, employment policy and industrial relations; ii) analysis of discourse on platform economy among established industrial relations actors; iii) assessment of the implications of workers' experience with the platform economy for industrial relations and social dialogue; iv) comparative analysis of national experiences; and v) analysis of how EU-level employment policy and the industrial relations agenda should respond to the emergence of work in the platforms economy.

One of the projects initial struggles and finding relates directly to the name collaborative. It has become clear to the research partners that this new reality encompasses many situations where no collaboration (nor sharing) takes place. Hence, the partners have opted for the use of the neutral term platform economy. Nevertheless, when contacting platform workers or national stakeholders, the researchers were faced with the need to use the corresponding local language terms of collaborative or sharing economy as these are the names known to the general public. We therefore recommend that these terms are treated as synonyms in what concerns the IRSDACE results.

Seven country case studies have been produced in this project covering Belgium, France, Germany, Slovakia, Hungary, Spain and Denmark. The country case studies were prepared based on literature reviews, interviews and country focus groups. The methods used as well as the results for each country are described in each individual report. The reports show both the perspectives of industrial relations actors at the national level and the experiences of platform workers. A final project output brings the national case study results together in a comparative study.

The project started in January 2017, finishing in December 2018. CEPS is the project coordinator in a partnership with IZA (DE), FAOS at the University of Copenhagen (DK), Fundación Alternativas (ES) and CELSI (SK).

1.2. Platform work, industrial relations and perspectives of social dialogue in Hungary: outline of the report

Whereas some platform companies in Hungary generated an increasing attention in recent years, employment, industrial relations, and social dialogue did not appear as relevant in various discourses.

Given this lack of specific attention, the aim of this report is to identify how traditional players in the labour market, e.g. trade unions, employers' associations, officials, as well as platform workers or service providers experience and respond to the platform economy in the country. More concretely, this report outlines the level of knowledge of Hungarian social partners and participants of the platform economy, the working conditions of platform workers and service providers, practices of interest representation of employers and employee representatives, and opportunities for social dialogue.

In Hungary, and specifically in the capital of Budapest, work in the platform economy as such (*in genero*) is neither defined nor regulated as a separate area. Industrial relations and working conditions in selected platform sectors typically appear as deviating or innovative segments of the traditional sectors or subsectors of local personal transport, housework, and accommodation services. As it will be outlined in the details of this report, socially entrenched practices, regulation, and market driven changes (especially capital driven competition) are crucial in understanding recent issues and developments that shape both traditional sectors and associated platform sectors.

Regulation is the most important issue at the centre of both discourses and is the main area of interest of platform economy participants. Regulative policies include registration, taxation policies, financial obligations, and to a limited extent, health and safety conditions. The domain of the platform economy was affected by national legislation regarding microwork, and both national and local regulation for local personal transport and other accommodation services. The extent of regulation varies significantly across the sectors. Whereas household work is minimally regulated, the area of local personal transport is regulated in great detail, prescribing significant threshold for new service providers entering the sector. Finally, the other accommodation services sector is laxly regulated with recent changes that occur locally in a decentralized fashion.

Because it is not recognized as a separate employment area, the regulatory and policy framework in Hungary is neutral vis-a-vis those working in the platform economy. While there is neither a “negative” (sanctioning, requirement based) nor “positive” (allowing) regulation vis-a-vis platform sectors, regulation affects entities within the platform economy indirectly, vis-a-vis regulation of specific economic sector or registered activities (e.g. local transport, short-term accommodation services). Nominally, the Hungarian taxation system does not add obstacles for those working in the platform economy, but it also does not provide any support or benefits.

The platform economy in Hungary was established especially in sectors where more informal service driven economic activity was common and socially entrenched activities have longer traditions. These are sectors or sub-sectors of services that have traditionally, for almost four decades, had a significant service and/or labour supply. Major marketizing changes in the economy such as those during late

socialism or system change contributed to decentralized, service driven changes. Many interviewees highlighted that a combination of the global economic crisis, a temporary rise in unemployment and household expenses, and the constant cost sensitivity of the local population opened the market for cost cutting or extra income generating service platforms, such as *AirBnB* and *Uber*. At the same time, falling real and net incomes also pushed low paid public-sector workers to take up microwork-type jobs.

Traditionally, a high level of informality in industrial i.e. employment relations has been characteristic to labour cost sensitive sectors. This is especially true for small retail shops, services, and tourism (accommodation), and to a lesser degree also for local personal transportation. In the platform economy, employment contracting is at best ‘grey’ or shady, which is also characteristic of traditional sectors. The main developments of both traditional and platform sectors are driven by forces of (extra) income (or cost-cutting) possibilities of service providers, changing or unclear taxation and other rules, and technological novelties. All three forces are jointly influencing and reinforcing non-transparent contracting practices. As pointed out in the interviews, there are two separate inner forces which provide a dynamic to the articulation of the platform sectors: start-ups that translate foreign (Western) practices and capital-driven concentration of businesses.

Typically, if registered, those working via platforms are either self-employed small entrepreneurs or registered natural persons working as service providers. Micro services are a tolerated additional (informal) economic activity which did not require encompassing regulation. In all three proxy and platform sectors, the use of minor or atypical employment forms are used only sporadically.

Thus, in practice, if small entrepreneurial quasi self-employment¹ is the most common employment form, the demarcation line between employer and employee is blurred. Provisions of working conditions in practice are self-regulatory, and there is a danger of disrespect for safety and health in a ‘race to the bottom’ situation (especially in local transport). Thus, it is difficult to ensure that a standard for working conditions is applied.

Such employment forms also do not provide solid ground for self-organization of labour. Those working in the platform economy typically do not have formal contracts and are thus deprived from enjoying rights stemming from employment contracts in addition to social rights. Micro-workers, or individual entrepreneurs, fulfil the criteria for membership with some civil and interest based associations, but do not fulfil the set criteria to become members affiliated with trade unions. In general, clauses of the Labour Code do not impact individual entrepreneurs or natural person service providers.

¹ Starting with system change, self-employment often appeared as (forced) small entrepreneurship. See e.g. Neményi, Mária (2003) “Család és családpolitika” *Szociológiai Szemle* No. 1. Pp 3-27. <http://www.szociologia.hu/dynamic/0301nemenyi.pdf>.

Platforms typically present themselves not as employers but as innovative, alternative enterprises. As such, they avoid a demanding ‘net’ that would require certain social and other responsibilities. This also includes the avoidance of including large employers from the most regulated sphere of local car transport in the sector, while large taxi companies traditionally operate as organizing platforms for small entrepreneurs of cab drivers. It is through the operation of these platforms that regulation sets clear rules for compliance, which companies such as *Taxify*, a new platform-based company was willing to adhere to, while *Uber* refused to adhere to.

Interestingly, in most discourses platform companies were associated with the broader phenomenon of ‘sharing economy’ (in Hungarian: *közösségi gazdaság*). Advocates of platform companies attempted to create a positive image also of platform companies through launching positive discursive strategies, especially in blogs. Interestingly, some traditional interest groups and service providers also accepted and used the generic term.

Social dialogue in the traditional sectors is weak. Consequently, it is weaker in the selected sectors of the platform economy. Labour is extremely atomized and the possibility of interest articulation via trade unions or alternative organizations is typically not recognized. This situation is reinforced by the fact that those working or providing the bulk of labour in these sectors come from social groups which typically provide the most precarious work in patriarchal and closed clientelistic societies, including: youth, women, and immigrants.

This report is based on desk research, secondary sources, and structured interviews with platform workers, service providers, social partner representatives, as well as a representatives of service provider associations. Three (3) interviews were conducted with four representatives of social partner organizations (trade unions and employer organizations), one with a city level chamber of commerce representative, one with an association of apartment rentiers, one anonymous interview with an employer, and one with a union expert. Contacted government officials were not available at the time period scheduled for interviews. The relative lack of experts and officials was compensated with more interviews with platform economy participants. Apart from 13 interviews with platform workers or service providers, two focus group interviews were also conducted with 6 platform workers. All the interviews were conducted between November 2017 and July 2018 in Hungarian and English. Most interviews were recorded, except for three (3). In these interviews, more confidential information was obtained (e.g. legal operation), and therefore recording was avoided. All recorded interviews in Hungarian were transcribed and analysed based on the interview questions using both quantitative and qualitative methods. The Appendix to the report contains more information about the interviews and interviewees.

This report is structured in the following way: Chapter 2 introduces the general state of the play, and provides an overview of traditional sectors and how platform sectors fit within them. The next two chapters provide an overview of general knowledge, perceptions of work and social dialogue in the platform economy among social partners (Chapter 3); as well as platform workers, service providers and employers (Chapter 4). Chapter 5 compares major findings across platform sectors, social partners and platform participants; and finally, Chapter 6 offers conclusions and recommendations.

Chapter 2 Work in the platform economy in Hungary

2.1. The current state of play: platform economy as an innovative deviation and as a force reshaping traditional sectors of microwork, accommodation services, and local transport

In general, developments since 2011 in some platform sectors were turbulent, also due to changes in the closest traditional subsectors of local cab transport and accommodation services. Changes in the operation of platform sectors are intertwined with regulation and the industrial relations of the traditional sectors. The chapter introduces the main platform companies, their development and share in the market along with the development in the regulatory environment of the three traditional sectors.

2.1.1. Microwork – child care (babysitting)

All micro services as defined in the project, including those mediated via platforms, in Hungary classify as household work (háztartási munka). Under national legislation, Law No. 40 of 2010 on Household Work, the activity is defined as an extra income generating economic activity. The law lists the following work-activities as housework: cleaning, washing, cooking, ironing, supervision of children, tutoring, elderly and care of the sick at home, gardening and housekeeping. These work activities are typically necessary for social reproduction and includes also the work with children.

Those performing micro services are either on the periphery of the labour market or are in need to receive supplementary income. This particular sector is highly feminized and attracts students, retired individuals, and mainly women employed in the low-paid public sector who generate extra income, especially as cleaners, babysitters, and also tutors. The size of the sector is difficult to estimate, but is quite common in Budapest, with thousands of active seasonal or part time workers. Whereas occasional economic downturns also affect the sector through both supply and demand, over the years the market seems to be quite stable. The most recent rise of other accommodation services most likely also contributed to increasing demand for microwork providers, especially cleaners.

The main platforms for microwork, and more particularly, for child care and cleaning services have a small employment share in this sector. For the purpose of this report, a babysitting platform company and platform were selected for analysis.

As of the end of May 2018, there were 362 babysitters listed on two platforms. Most babysitters were listed on one platform's website, *Bebiszitter.info*.

The *Bebiszitter.info* platform company was founded by an individual entrepreneur in 2008. In the last 10 years the legal form of the background enterprise changed a few times. On the website, information about the company is vague, and it is only defined as not being an intermediary. The platform requires registration from both babysitters and families/customers. In the case of the latter, after paying a minimum fee of three months, the user has access to registered babysitters' CVs, contact information, and evaluation grades, sometimes also with links to personal Facebook pages. The platform was under development over the last year since we visited it for the first time – and our interviewees also confirmed that it was in constant development. Most especially, the processes of registration and reviewing registered babysitters have went through development. However, this reviewing checkpoint is laxly implemented.

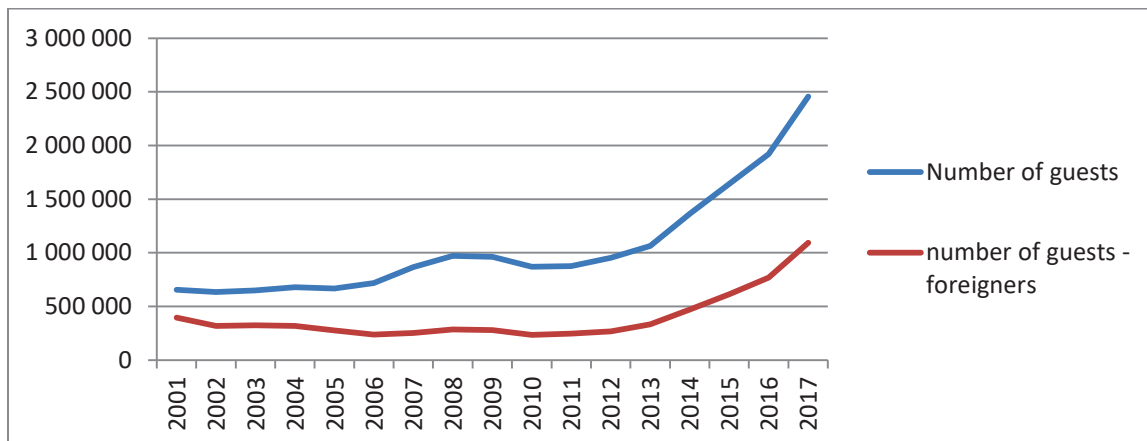
In practice the platform does not monitor how many babysitters or families found each other via the platform, nor does it intervene in contractual relations between the parties. However, it provides assistance if a family would officially register the babysitter to the tax authority. The main function, it seems, is to encourage both parties to register to make “matchmaking” easier. As of the end of May 2018, there were 319 babysitters on the platform. According to the website, in the last 10 years there were 5000 babysitters and 2000 families registered on the site.

2.1.2. Other accommodation services - AirBnB

There was a significant development in other accommodation services in the last decades. The acute crisis of state socialism that started in the late 1970s fostered marketization of housing. In the 1970s private individuals could generate extra income from renting out houses or rooms to foreigners mostly around the lake of Balaton or in the city of Budapest.

Tourism and accommodation services are among the largest economic sectors in Hungary. The subsector of other accommodation services, mostly covering short term apartment and room rentals, had a more difficult development process. After stagnation in the 1990s and early 2000s, there was an increasingly expanding market after EU accession in 2004, and especially after the global economic crisis. The number of accommodation services in Budapest boomed since 2011. A major role in this recent development have been the arrival of platform companies, mostly *AirBnB*. In addition to individual short-term rent providers, intermediary apartment rental management companies found a growing niche market between flat owners and customers via platforms. There has also been a concentration in the market, with managing companies in charge of a chain of apartments.

The following graphs show both a steady exponential growth of the other accommodation services sector and the number and share of foreigner-guests since 2011.



Graph no. 1 Other accommodation services, total number of recorded guests, domestic and foreign. Source: KSH. Central Statistical Office of Hungary

As the graph indicates, the absolute number of guests, especially foreigners, has risen since 2011 in the other accommodation services sector. Disaggregated data for Budapest shows an even steeper change.² As of late 2017, estimates for the city of Budapest suggested that between 7000 and 10000 apartments were advertised via *AirBnB*, and sporadically on other platforms. According to the representative of individual owners and apartments' associations, the three most popular are *AirBnB*, *Booking.com*, and *Szallas.info*. Our interviewees indicated other platforms too, including Homeaway and Wimdu.

AirBnB is present as a global company in Hungary only, that is, it is not registered as company in the country. Until May 2018, there were no interactions between the company and the Hungarian state. For Hungarian partners - apartment renters, two companies are relevant. The first is a website provider company: *Airbnb Ireland UC*, a private unlimited company (registered in Dublin, Ireland) with registered managers Aisling Hassell, Dermot Patrick Clarke, Eoin Michael Hession, and the community tax number: IE9827384L. The other company and contracting party between Hungarian hosts and *AirBnB* is *Airbnb Payments UK Ltd.*, registered in London, UK, with managers Lex Bayer, Sharda Metha, and Hadi Moussa.

The entrance of *AirBnB* onto the Hungarian market was smooth. In contrast to the local transport sector, there was no regulation requesting from *AirBnB* to register in Hungary. According to the Hungarian regulation, it is the real estate owners and renters who are responsible for complying with taxation rules and other regulations. At the same time, only local renters, other accommodation

² "A közösségi gazdaság – sharing economy/shadow economy – megjelenése Magyarországon a kereskedelmi szálláshelyek piacán, s annak hatásai" Magyar Szállodák és Éttermek Szövetsége September 9 2015. http://www.hah.hu/files/9414/4231/9735/A_KZSSGI_GAZDASG_MEGJELENSE_MAGYARORSZGON_A_KERESKEDELMI_SZLLSHELYEK_PIACN_final.pdf. See also "Közösségi szállásmegosztás" *Infojegyzet* 2016/71 Képviselői Információs Szolgálat, Közgyűjtmenyi és Közművelődési Igazgatóság November 17 2016 http://www.parlament.hu/documents/10181/595001/Infojegyzet_2016_71_kozossegi_szallasmegosztas.pdf/fb977e26-7934-4c54-9c8a-deaf5a16ac6f

service providers establish contractual relationships with *AirBnB* headquarters. From its end, *AirBnB* generally requires users to fulfill local decrees and legislative requirements, without specifying what these are.³ The general terms and conditions for entering into contractual relationships with *AirBnB* were provided only in English.⁴

2.1.3. Local cab transport

In the last three decades, the transport cost sensitivity of population and an increasing capital-investment driven competition were shaping the market of local taxi transport. The largest cab companies are in practice intermediary, umbrella service providing companies, meaning that they connect drivers with customers via dispatchers etc. Drivers of the largest companies were outsourced in the early 1990s. Since then, drivers are typically contracted as individual entrepreneurs, not necessarily transparently. The basis of contracting between cab companies and drivers existed through a membership fee to a taxi organizing company. With new entrants appearing on the market periodically, that is of both new taxi organizing companies and new drivers starting to offer services, and the constant cost sensitivity of the population, there was a consequent push to lower the prices for taxi transport services. In this way, cab drivers were pushed into self-exploitation. The period of the so-called global economic crisis only increased this situation, as the purchasing power of the local population steeply fell, and with rising unemployment, new (desperate) drivers appeared on the market. Only an encompassing and demanding national and city level regulation of 2012 set more strict standards and limited exploitative competition. However, the competition of taxi organizing companies also has a technological or investment (capitalization) dimension, since there is a constant requirement to modernize vehicles, communication etc. With the appearance of platform companies in the last few years, there is gradual change towards the use of various apps and satellite driven navigation within the sector.

The appearance of platform companies in late 2014 generated intense developments in the sector. More precisely, the announcement of and beginning operations of *Uber* led to a period of intense discourse, lobby activity and confrontation between the entrenched cab sector companies and drivers with the platform company, increasingly involving city and state level authorities.⁵ This has lasted until changes took place in the legislation in mid-2016, when the company also announced that it will leave the country.

³ "Milyen jogi és szabályozási kérdéseknek kell utánanézniem, mielőtt elkezdjek vendégeket fogadni az Airbnb-n keresztül?" <https://www.airbnb.hu/help/article/376/what-legal-and-regulatory-issues-should-i-consider-before-hosting-on-airbnb>

⁴ Terms of Agreement (available only in English)

https://www.airbnb.com/terms?_ga=2.159529593.531504055.1527590990-1926721692.1526315827

⁵ See also: Timár Gigi "Verseny 2.0: az Uber-hatás" *Piac és Profit*, April 27 2016.
http://www.piacprofit.hu/kkv_cegblog/verseny-2-0-az-uber-hatas/

Initially, soon after the beginning of *Uber* operations in Hungary in late 2014 transport organizing companies and drivers were not concerned about the platform company⁶. They thought that the rather strict regulations in Hungary would not allow *Uber* to operate. However, things changed in 2015 after it became clear that *Uber* successfully recruited hundreds of drivers, it was engaging in discourses and actively defending its interests in order to expand. *Uber*'s success was visible due to the simple operation of connecting drivers with passengers, guaranteeing payments to drivers (of which 20 percent went to *Uber*), and providing a mutual online evaluation of both customer and drivers' experiences. *Uber* posited against regulatory and state bodies that it was not operating taxis, but that it was an online market-space – a standpoint the state tax authority did not accept. In addition, neither city level communal inspectors nor labour inspectors could thoroughly screen drivers working under the *Uber* umbrella. There were also complaints that control was presumably undermined by the company itself, as some drivers who were under inspection were disconnected from the system and thus could not receive calls and passengers.⁷

In partial compliance with the new regulation, *Uber* terminated the contracts with 400 drivers who had insufficient papers and qualifications.⁸ The Hungarian authorities, the national taxation authority, city level transport authorities, and the Interior Ministry jointly proposed to *Uber* that the company register as a transport organizing service provider in Hungary, which *Uber* resisted. On July 14th, a day after 2016 the Law no. LXXV. of 2016 was passed, setting rules for intermediary operations of transport organizing companies, *Uber* announced that it would move its operation out of Hungary.

The size of the local personal transportation taxi sector in Budapest is an estimated 5600 cars (drivers), with at least 80 % of whom are gathered in transport organizing companies. The rest are 'independent' or in cab drivers' slang: the barefeet (*mezítlábasak*). As of 2017, there were 12 big companies, typically employing dispatcher operators and administrative support staff only. As for driver management, these transport organizing companies do not enforce rules for performance, nor were they obliged to check if drivers were paying taxes or performed appropriate transport service. These companies are only obligated to provide a list to authorities of the drivers whom were using their services. The largest transport organizing companies organize as many as 500 to 1000 cars for service provision.⁹ Local personal transport companies, on the other hand, are in practice mostly thousands of single companies of individual entrepreneurs.

⁶ Horváth Bence "Budapestre tart az Uber, a taxisok rémálma, . June 13. 2014, <https://444.hu/2014/06/13/budapesten-is-vege-lehet-a-taxisok-egyedulmanak/> , "Budapestre is megjött a taxisok rémálma", *HVG*. November 12 2014

http://hvg.hu/cegauto/20141112_Budapestre_is_megjott_a_taxisok_remalma
⁷ Botos Tamás "A BKK ellenőreit is kijátszotta az UBER" *444.hu* January 28, 2016. <https://444.hu/2016/01/28/a-bkk-ellenoreit-is-kijatszotta-az-uber>

⁸ Dzindzisz Sztefan "Drasztikus döntést hozott az Uber: rengeteg sofört letiltottak" June 13, 2016 https://www.napi.hu/magyar_vallalatok/drasztkus_dontest_hozott_az_uber_reneteg_sofort_letiltottak.616103.html

⁹ Beke Károly "Pokoli most taxizni Budapesten, és nem is lesz jobb" January 30 2018. <https://www.portfolio.hu/vallalatok/pokoli-most-taxizni-budapesten-es-nem-is-lesz-jobb.274973.html>

The most significant platform company in the sector in Hungary is *Taxify*. Only days after Uber left on July 18th, 2016 *Taxify* registered as a taxi operation (nace code: 4932) limited liability company in Hungary, as *Taxify Hungary Kft.* or *TZP Sec & Safe System Kft.* Thus, although operating with similar application and satellite-driven technology, the company immediately signaled that it was willing to comply with the regulation as defined in Law no. LXXV. of 2016.

Taxify's three owners are Hungarian citizens who started the company with 50 million Hungarian forint equity capital. The publicly available information on company annual reports of 2016 and 2017 indicate a significant growth. In 2016 the company employed four white collar (*szellemi*) employees, and the number of white collar employees increased to ten (10) in 2017. The total revenue (*Belföldi értékesítés árbevétele*) of 2016 was 32.66 million forints (cca EUR 100.000) which increased about five times in 2017, i.e. to 166,8 million forints (cca 0.5 million EUR).

In contrast to other transport organizing companies, instead of collecting membership fees *Taxify* automatically took in an average of 20 % of the paid service. Media reports suggested that the platform company was actively recruiting *Uber* drivers.¹⁰ By April 2017 there were 200 cars in Budapest under the *Taxify* banner.¹¹ In 2018 The company introduced new technological novelties and service product development.¹² *Taxify* could expand since new investors entered in the global company. Most importantly, Didi Chuxing appeared as a *Taxify* investor.¹³

2.2. Workers or service providers: regulation of work and employment challenges

2.2.1. Microwork

Challenges for microworkers stem from limited regulation, low social recognition and atomization. The traditional sector of household work and consequently also the platform microwork sector is

¹⁰ Czinkóczi Sándor Rányomult a munka nélkül maradt Uber-sofőrökre a *Taxify*” *444.hu*, July 28, 2016, <https://444.hu/2016/07/28/ranyomult-a-munka-nelkul-maradt-uber-soforokra-a-taxify>

¹¹ “Eredményes első félévet zárt hazánkban a *Taxify*” *Autószeaktor*, April 16 2017. <http://www.autoszeaktor.hu/hu/content/eredmenyes-elso-felevet-zart-hazankban-taxify>

¹² Nálunk is új funkciókkal bővül a *Taxify* *Világgazdaság* February 1. 2018 <https://www.vg.hu/vallalatok/nalunk-uj-funkciokkal-bovul-taxify-773509/>

¹³ “Új befektető a *Taxify*-nál” *Világgazdaság* August 3 2017. <https://www.vg.hu/kozelet/uj-befekteto-szallt-taxify-ba-566285/>

highly atomized both on the side of the employers and the workers. As critical commentators have observed, the traditional household work sector is similar to informal employment, as “invisible workers” are employed in the sector who do not have a legal status and therefore do not have social security entitlements or chances for interest representation¹⁴. This reality is somewhat compensated by the fact that the sector offers extra or supplementary income with hourly rates above the minimum wage.

According to the national taxation-regulation system, income from microwork is tax free if the work relationship is between private individuals (natural persons). The only requirement for this tax-free income is a required registration along with a 1000 forint (ca 3 euro) payment. It is possible, of course, to establish a formal contracting relationship, e.g. via simplified employment or atypical employment, but in practice this is not common¹⁵.

While traditionally microwork is not widely considered as ‘real’ work, it is understood as an economic activity and a legitimate source of supplementary income. Low incomes of mostly feminized public sector employees, low stipends and pensions of students and retired individuals push many of those to take up household work or platform based microjobs. Increasing living expenses create additional incentives for many to take these small jobs as a second income to make end meet. In this sector, there are predominately class-based distinctions rather than educational distinctions. In addition, there are spatial delineations, with micro-workers often commuting from outside of the city. Moreover, as a cosmopolitan city, Budapest also has many foreigners who rely on a variety of microwork for income.

The degrading social norms that do not consider microwork as real work were re-established in the new legislation. The short-term interest of microworkers in earning the highest possible net income creates a stable and flexible labour force¹⁶.

2.2.2. Other Accommodation Services

Investment driven capitalization of housing is a drive that develops together with a concentration effect. Operating in a highly competitive market, flat owners often reinvest part of their incomes, or labour, through apartment maintenance and renovation. A growing trend is for owners to purchase apartments with a clear business plan in order to pay for the mortgage. There has been an increase in

¹⁴ Kelemen, Melinda (2013) “A háztartási alkalmazottak foglalkoztatásának kérdései Magyarországon - a láthatatlan munkaerő”. *Esély*. No. 3, pp. 3-24.

¹⁵ Ibid.

¹⁶ cf. Tóth, István János (2008) *Social determinants of undeclared work in Hungary*, Wargo. http://www.wargo.hu/tij/publications/uw_hungary_en_081216.pdf

short-term renting activities, with managing firms consistently increasing the number of apartments that they manage, up to 100 per firm. One side effect of these changes in the market is the radical, about 100 percent increase of real estate costs and long term renting prices in Budapest since 2012, creating wider social resentment against those engaging in short-term flat rentals. Altogether the sector is shaped in a vivid Schumpeterian capitalist spirit: while there are new entrants with start-up ideas, the signs of capital driven concentration and standardization of short-term renting activities are increasingly visible.

A high or significant level of informality has been traditionally characteristic to tourism related sub-sectors including small retail shops, services, and other accommodation services. Moreover, for relevant state bodies, other accommodation services are recognized as economic activity, but not as a sector that generates formal employment. Apart from small enterprise units, informality is further widespread due to factors stemming from the nature of the sector, which include the seasonal character (with a spring to autumn summer peak) of short term accommodation and high labour cost-sensitivity.

Those working in other accommodation services are typically not registered as employees. Short term rental activities qualify as an economic, income generating activity regulated in the Law on Trade (*Kereskedelmi törvény - Ktv*). Regulatory and policy documents on short-run flat rentals do not spell out the working conditions service providers need to fulfill. These documents only regulate registration and taxation requirements and minimally regulate quality service (cleanliness, number of beds per room etc.). While there is a decree on rental standards, the main issue for regulating this activity has been taxation. All in all, until early 2018, the regulatory environment for other accommodation services has been lax and allowing an easy entrance to the market to new renters.

Small scale services such as cleaning, reception and maintenance are typically not covered by employment or other contracts but are considered informal household work or microwork. It is either family members or micro-workers who provide labour. In the minority of cases, small businesses, such as youth hostels contract their workers via performance-based service contracts (regulated by the Civil Code and not the Labour Code). Companies that manage more apartments for short-term rent via *AirBnB* engage in similar employment practices. An alternative to service contracts are minor or atypical employment such as temporary, seasonal, or simplified employment. As with other services, hostels or intermediary rental management company (platform) workers often opt for short term gain, i.e.a signing a ‘shady’ contract and receiving at least part of the income above the contractual form without taxes and payments to social contributions, at the expense of their long term interests.

Taxation of the income from short term renting of natural persons and companies is regulated both on national and local levels. The use of apartments for tourist or short-run utilization is taxed under a

beneficial 18% taxation regime. Apartment managing companies by and large pay this tax. Those individuals who engage in short-term renting activities have an obligation to register at local self-governments via a notary, apply for a tax number, and to issue invoices. These individuals have some freedom in choosing their entrepreneurial status. As owners or eligible natural persons they are entitled as private individuals to participate in short-term renting activities. Their taxes are regulated via the law on personal income (Law no. CXXI Sza) and the section on entrepreneurial income tax. There is a varying fee issued by local self-governments for the activity. The alternative is to register as a small tax paying individual entrepreneur (kisadózó) and enjoy a tax-free threshold of an annual 8-million-forint limit of incomes (cca EUR 25.000) with a fixed tax of an annual 600.000 forints (almost EUR 2000). Since January 2018, an individual can rent up to 3 apartments at beneficial taxation rates.

The Governmental decree of no. 239, 2009 (X.9) on Detailed Conditions of Providing Short Term Accommodation Services and the Order of Providing Licenses sets the standards related to short term accommodation activities. The decree lists sanitary operational requirements e.g. how many beds can be utilized per room and how often a room needs to be cleaned etc.

Regulation and re-regulation on the part of the government has been the norm, including an amendment of the decree 239/2009 several times. This has also included changes in national legislation, and the possibility of a recent amendment of the law on trade and the law on jointly owned buildings.¹⁷ In addition, local self-governments became active in regulatory intervention, as three districts in Budapest radically increased the tax threshold for new entrants.

2.2.3. Local Transport

Regulation of local taxi transport in 1988 was very liberal with little restrictions on the market. In the first two decades of post-state socialism only the technical conditions for providing services were defined while the Constitutional Court and the State Competition Authority blocked stricter attempts of regulation. However, since 2013, local personal transport is highly regulated and also re-regulated. Central legislation, governmental decrees, and Budapest city local decrees affect local cab transport including its platform based part.

The Law on Personal Transport Services, (Law no. 41 of 2012, *A személyszállítási szolgáltatásokról szóló 2012. évi XLI. Törvény*), Article 12 provided competences to local self-governments for regulation in terms of setting standards for issuing licenses as well as determining prices, but also defined the role of various state regulatory and supervisory bodies. A year after, the municipality of Budapest adopted a decree on regulation of the local personal transport (taxi) sector. For taxi drivers,

¹⁷ Nem lesz Airbnb-adó, de nem ússzuk meg ingyen. piacesprofit.hu
April 15 2016. http://www.piacesprofit.hu/kkv_cegblog/nem-lesz-airbnb-ado-de-nem-usszuk-meg-ingyen/

the Budapest city authorities defined a fixed 280 forints per kilometer tariff. The national taxation authority also announced that the provision of personal transport services were possible only with registered taximeters and defined many other technical and procedural requirements. The decree prescribed a certain outlook of the car (e.g. color), requested taximeters, and required regular testing of taxi vehicles, as well as checks on the criminal and health conditions of the driver.¹⁸

The extremely regulated environment¹⁹ increased the costs or discouraged new entrants to appear on the market. At the same time, it also increased the incentives to appear in the market without paying taxes. Not surprisingly, taxi drivers appeared who consciously did not comply (fully) with the requirements of the regulation. To counteract this situation, an all-encompassing control action was initiated by transport and tax authorities starting in late 2013. A body of the public transport company, Budapest Transport Center (BKK) was established. BKK inspectors, together with municipal and national level authority inspectors have been inspecting taxis since 2014. In 2015, according to their own website report, the BKK checked 9,546 taxi transport providers, and found a 12 % instance of serious irregularities (different pricing, manipulation of the meter, no valid license). As already mentioned, in late 2014, events were made turbulent again when Uber did not register as a transport service organizing company.

In contrast to *Uber*, *Taxify* accepted a more regulated environment and required a declaration from its drivers that they had the necessary licences to engage in local transport economic activity. *Taxify* established a dispatcher function, but relied and advertised predominantly via smartphone application to connect drivers and customers. It also notified its drivers that they needed an EU community tax number. This meant extra taxation reporting obligations for small taxpayers (in effect not more taxes, but indirectly more bookkeeping costs).²⁰

Taxi drivers, including *Taxify* drivers are typically low tax paying individual entrepreneurs (kisadózó), but it is not uncommon that they have non-transparent contracts or no legal status (and thus do not pay taxes). There are no classic large employers in the sector: as mentioned personal transport organizing companies are rarely, if at all, employing their own drivers. The majority of drivers are owners of one car from which they work. There are also companies that employ 10 to 50 “fake” part-time (real full time) drivers/employees and rent cars out to them. In cab drivers’ slang, these employees are the *droids*.

¹⁸ "Taxiszolgáltatással kapcsolatos tájékoztatás" Budapesti Közlekedési Központ <https://bkk.hu/taxisoknak/> "Új taxiarculat – útmutató" https://bkk.hu/apps/docs/taxi/taxi_arculati_utmutato_v2-0-k.pdf

¹⁹ The following link lists all legislative acts, governmental decrees, local regulations, as well as enforcement mechanisms <http://taxisokvilaga.hu/jogszabalyok>

²⁰ <https://intercom.help/b4nyh34o/taxify-hungary/tajekoztato-egyeni-vallalkozas-inditasahoz-taxify-partnerei-szamara>

Competition in the local taxi transport sector is so intense that it influences both legal and ‘grey’ market tendencies: drivers, individual entrepreneur risks not declaring his or her (full) income at the cost of being ‘caught’ or penalized. This competitive pressure affects both *Taxify* and traditional drivers. Although there are strict regulations, these pressures create tax evasion or an attempt to save money on vehicles in order to remain competitive. Thus, the local transport market seems to be as vague as it were before regulation. For example, last year the communique of BKK stated that two-thirds of taxi drivers operated with irregularities.²¹ The lack of drivers also seems to allow greater manoeuvring space to the same drivers/entrepreneurs in their decision about declaring and paying taxes after their income.

2.3 The role of social dialogue in platform economy work

Altogether, institutionalized social dialogue has been very shallow and has had a modest significance for policy making. Especially since 2010, formal institutions of social dialogue have had a highly delimited scope and agenda. On the national level, the institutional framework of social dialogue was reestablished and autonomous tripartite dialogue was limited to a minimum. Since 2010, the significance of sectoral level social dialogue bodies with very modest regulatory power has decreased even further.

The household work sector and platform-based microwork is outside of labour code regulation and the social dialogue - industrial relations system. Trade unions show also little interest in (platform) microworkers. Tellingly, only one trade union confederation argued against the degrading clauses and the introduction of the 2010 law on household work but without any effect²². There are no interest associations or formal organizations of micro-workers.

Compared to other sectors, in the accommodation services sector, there is quite an active sectoral dialogue committee that gathers representative employer and trade union representatives. Among the sectors of interests, it was only in the traditional sector of tourism and accommodation that a relevant sectoral dialogue committee was established and is functioning, with consultative functions between two representative social partners, but also spectral collective agreement practices. However, membership and concertation capacities have been modest, especially of the trade union party. In mid-2015, the average density for the whole country was nine percent for services and trade professions and the density rate was 5.2 %. Among traditional sectors of interest, rental services (2.2

²¹ Diószegi József "A taxisok kétharmada megbukik az ellenőrzéseken" *Világgazdaság*, May 24, 2017, <https://www.vg.hu/vallalatok/taxisok-ketharmada-megbukik-az-ellenorzeseken-525538/>

²² Kelemen, Melinda (2013) "A háztartási alkalmazottak foglalkoztatásának kérdései Magyarországon - a láthatatlan munkaerő". *Esély*. No. 3, pp. 3-24.

%) and tourism and accommodation sector (0.9 %) were among the least unionized sectors. Typically, density rates were highest in the public sector, including health and social care (17.7 %). Similarly, low density rate is characteristic for small workplace units (below 10 employees) at 3.7 % and younger employees (younger than 35) was 5.4 %. ²³Since platform workers or employers do not have their own or are members of existing associations, they are not participating in the work of the bodies. Short term accommodation service providers have their associations, but function as interest groups of a more general kind.

Although there are trade unions and also organizations that protect the interests of employers in the local taxi sector, the traditional boundary between employers and employees is blurred. Rather, there is a clear difference in interest between individual entrepreneurs or other individually contracted drivers and transport organizing companies. Whereas the former were interested in setting the highest service price possible and limiting the market with a certain number of drivers, the latter were classically in favour of more lax, liberal regulation (i.e. allowing new entrants) and regulation of technical requirements, etc. so as to create standards and limit competition²⁴

There is a social dialogue committee for transport, but with weak competences and capacities. In fact, the main local personal transport organizations do not participate. This is not a surprise, however, as there are no classic employee-employer articulations possible in the sector. More recently, in the last seven years the main forum for interest articulation and filtering of employers' organization occurs at the transport branch of the Budapest Chamber of Transport and Industry, typically with the major transport organizing companies as the agenda setters.

However, there were social conflicts bordering industrial relation conflicts in the traditional sectors of local transport and accommodation, especially in local taxi transport. An agenda towards stricter, transparent and implementable regulation typically originated from the largest employers or their organizations. The main theme of interest mobilization was fair competition or the same conditions for all entrepreneurial parties. In the case of local transport, a successful protest of taxi companies and drivers reinforced the (agenda of) stricter regulatory rules.

The global economic crisis brought the parties closer to each other. In 2011 one trade union (with few members) and the alliance of transport organizing companies coordinated a joint protest to set up higher minimum tariffs and conditions for drivers. The agenda of negotiations were defined mostly by the transport organizing companies. The protest paved the way for the Law on Personal Transport Services, in 2012 and the Budapest municipality city level decree of 2013. Three years later with the

²³ http://www.liganet.hu/news/9210/Szakszervezeti_ltszm.pdf ; https://www.ksh.hu/stadat_evkozi_9_1

²⁴ Réti, Pál (2014). *Szabályozóalku szabadpiaci környezetben: a budapesti taxipiac* (No. MT-DP-2014/21). IEHAS Discussion Papers.

appearance of *Uber*, the situation was repeated. Taxi drivers and transport organizing companies pressed again the legislator to amend the law and define in a stricter sense the taxi service sector, especially the role and responsibility of transport organizing companies.

While organizing a road blocking protest against *Uber* in January 2016, both the taxi driver association and drivers unions complained that neither the vehicle nor the driver fulfils health and safety requirements, as regulated in local documents. The public complaint stated that cars used in alternative local transport for companies such as *Uber* were unregulated, while taxis were inspected regularly.²⁵ In contrast to these public complaints, there were no actions or discourses directed against *Taxify*.

Although there were some recent changes towards stricter regulation in the accommodation sector, requirements are still judged to be 'soft'. Thus in contrast to the local transport sector, platform companies could increase their market over the last seven years, without restrictions from the state.

Thus, while social dialogue has been weak, the role of the centralizing Hungarian state and regulating bodies was significant. One example is the way how Budapest local regulation for taxi transport was defined: eventually, it was the mayor's office deciding, with exact wording of the regulation, in a rather unilateral fashion²⁶. It was the government or city level executives that was to solve the Gordian knot, where issues of special interests, or even corruption, also surfaced. Such an estimate was highlighted in one typical assessment:

*The presence and dynamic growth of leading international brands like Uber and AirBnB has inflamed major debates on highly complex issues, such as taxation and the regulation of markets – all this spiced with the deep-rooted needs of Hungarians [sic!] for state assistance when things get difficult. [...] It seems governments cluster sharing economy models into three major groups in terms of how to regulate them: either ban, tolerate, or support these initiatives, depending on how an app or a service fits into the paternalistic policy, or what is the net takeaway from the voice of lobby groups.*²⁷

²⁵ Kummer Dóra "Taxis szakszervezet: az *Uber* nem működik jogszerűen" Faktor January 18. 2016, <http://faktor.hu/faktor-taxisszakszervezet-az-uber-nem-mukodik-jogszeruen>

²⁶ Réti, Pál (2014). *Szabályozóalku szabadpiaci környezetben...*

²⁷ Attila Kecskeméti Hungary: The Painful Birth of the Sharing Economy Euromonitor International May 11, 2016 <http://blog.euromonitor.com/2016/11/hungary-the-painful-birth-of-the-sharing-economy.html>

Chapter 3. Knowledge, perceptions and experiences on work in the platform economy among platform economy participants and industrial relations actors

Desk research revealed that most of the debate involving interest representative organizations centered on market regulation, taxation issues, and to a lesser extent, employment issues. Moreover, while the concept of platform economy (more precisely: 'sharing economy') as such was advocated by certain new associations, it was the largest or most powerful interest representative organizations of the traditional sectors (local transport and accommodation) that typically expressed hostility and campaigned for stricter and more detailed regulation of digital platform providers. The associated traditional sectors for microwork was childcare and social work, sectors which were in the public domain, underpaid and consisted of mostly female employees.

3.1 Discourse, perceptions and experiences on platform economy work among employee representatives

3.1.1. Microwork

The general assessment of employee representatives in the public sector for childcare and social work centered on the problem of vague regulation of microwork. Regulation and functioning, transparent legal bases, in general, were in the interest of the trade union, which gathered almost only public employees for childcare and social work. The interviewed union chair considered regulation and transparent legal base necessary for unionisation (self-organisation) and interest representation. The union chair also noted that development of trends in Hungary are moving in the opposite direction.²⁸ On the other hand, the representative notices, there was a limited consciousness on the part of employees and workers more generally about their social rights and long term interests. Typically, employees contacted the union only when they faced a problem. The unionist posited that general education in Hungary does not prepare the youth for the labour market. Moreover, as first jobs are critical for one's career trajectory, the chair considered socialization of the youth in the Hungarian labour market as highly problematic. That is, first, typically precarious jobs influenced the attitudes of new, young employees in a negative way, silencing important issues of rights and entitlements.

One major reason for the lack of activation of the union in the platform economy was the limitations of union capacities. Such activation would require massive work and capacities for uncertain or limited benefits, as the organization of atomized workers would take up a lot of energy. Similarly, it

²⁸ As mentioned earlier, micro-workers did not have formal rights based on the labour code.

would be a separate issue to deal with similarly atomized employers.²⁹ Both would require campaigns, informational sessions, educational activities, etc. The union representative considered that to develop a new model and structure of social dialogue for platform work, these things, as well as infrastructure, were necessary.

A unionist expert for atypical employment and industrial relations confirmed that the union movement is not structured according to these needs, and, in fact, follow more rigid, traditional lines, organising predominantly, if not only, employees with full time employment contract. Moreover, employee interest representative organisations typically covered employees within larger units in traditional sectors of the economy. Consequently, the issue of the platform economy and of those employed in the platform sector did not appear as a sufficiently relevant issue for trade unions.

3.1.2. Accommodation services

The representatives of trade unions within the tourism and accommodation sector considered platform work as highly informal and thus very problematic, as they were only aware of the largest platforms. If the proxy sector was semi-informal sphere of employment, comparatively, the platform sector was a 'dark grey' sphere. However, the union representatives considered that the employees side of the platform work sector was too small to be significant. In addition, it was not a priority for unionist action due capacity issues. However, the union supported its social partner, the sectoral representative employer organization to formulate a negative stance against platform work at the social dialogue committee.

Altogether, trade union representatives indirectly tackled the issue of platform work through their position on legally regulated employment. This approach raised awareness and influenced the legislator to regulate more strictly and to act against non-transparent or precarious employment. This action consisted of the organization of conferences and publications, etc.

The union had no contacts or were not contacted by platform workers. Hypothetically, if there was an employment contract, the union would be open to enroll platform workers into the union and provide relevant assistance. The bases of legal and other help would be employment contracts, which, as our experiences showed, were not used in the platform sector.

²⁹ The union officer also contrasted the situation of Hungary to that of Denmark, where there was state support the trade union for organizing work in such sub-sectors.

3.1.3. Local transportation

One of the trade unions that was very vocal in its mobilization against *Uber* ceased to exist at the time of research, and the other union representative directed the researcher to the public transport authority. Judging from its website, forum discussion, and assessment of the sector, the trade union seemed to have little members and capacities. During the *Uber* crisis, however, both unions were very vocal in opposing the operation of the platform company.

In public statements and interviews to the media, the chairman of the National Taxi Drivers Federation highlighted that *Uber* was a taxi company, and thus all regulations should apply to its operation. According to the chairman, the operation of *Uber* was illegal as it was not registered in the country.³⁰

As we saw earlier with the appearance of *Uber*, regulation of transport organizing companies appeared in negotiations surrounding regulation, but only at the employers' concertation forum, at the Budapest city level Chamber of Transport and Industry.

3.2 Discourse, perceptions and experiences on the platform economy work among employer representatives

For microwork there was no employer organization. For local transport as well as for tourism and accommodation there were employer organizations that sit within respective social dialogue committees. Out of these, the employer organization of tourism and accommodation dealt extensively with the platform economy. However, social dialogue in the traditional sense did not function in the local transport sector, as there were no representative trade unions, but only those with symbolic membership. For example, as of recently, one of the vocal trade union organizations of taxi drivers no longer exists.

Only the employer organization for accommodation had sufficient capacities to deal in an in-depth manner with the platform sector of accommodation. It monitored changes since 2010, observed effects of *AirBnB*, and published a few thorough reports. Due to membership in the EU level sectoral association, the organization also had significant information on what was happening in other European cities.

³⁰ Horváth Attila: „Metál Zoltán: Valójában az Uber is taxi! Nem tüntetett az idén a legnagyobb taxisszakszervezet elnöke · Fejlesztene a budapesti fuvarszervezők is” *Magyar Nemzet Online*, June 6 2016, <https://mno.hu/gazdasag/metal-zoltan-valojaban-az-uber-is-taxi-1345733> 2016. június 6., MNO. Similar statements were raised by another taxi drivers trade union, the Hungarian Taxi Drivers Union. See: Dzindzisz Sztéfán: “Hiába a sok ígéret, tovább dühöngenek a taxisok” *Vs.hu*, February 11, 2016 <https://vs.hu/gazdasag/osszes/hiaba-a-sok-igeret-tovabb-duhongenek-a-taxisok1-0211#!s0>

Employer organisations particularly stressed three topics: market expansion of platform companies, the influence on housing and rental prices, and employment relations. As of the latter, the most problematic issue was the informalism of the sector, informal, unregistered economic activity and employment, and an estimated 60 % of renting activities involving irregular, untaxed activities. Specifically, limited implementation of regulation was considered to be a Hungarian specificity which required change.

Among platform renters, the interviewee observed a profit oriented increase in the business size, or more generally concentration of service providers. These were companies investing or managing dozens of apartments. The dominant employment in the sector was informal.

The employer organization considered the regulatory framework as too lax and insufficient. The organization suggested that registration and taxation after the activity should be amended with health and hygienic requirements, customer protection standards, safety and emergency issues, etc. It was stressed that the aim was not overregulation, but comparatively strict „rational” regulation of platform accommodation providers.

The possibility of social dialogue for the platform economy was met with skepticism, given the highly atomized employees, and the consequent low chances of self-organisation. Moreover, the employer interviewee considered the transparent channels of traditional interest articulation towards the state as less efficient than the direct ‘lobby’ activities of platforms. Such platforms, according to the interviewee, were successfully preserving the status quo while attempting to legitimize their actions as if for the benefit of small users.

Apart from the issue of housing, the employer representative also highlighted the issue of overtourism that may become a major issue in Budapest.

At the Social Dialogue Committee, there are three or four sessions annually with lectures, information exchange, and interest articulation sessions in which foreign lecturers or experts were often invited. The session of late 2017 covered the issue of platform economy in the accommodation sector, and in this session, the employers’ side posited that platforms indirectly threaten job security, quality of employment of workers in the traditional proxy sector, and created highly precarious, unregistered employment.

As an alternative to classic employer organizations or organizations of the self-employed, the representative of the association of small, individual accommodation providers was also interviewed. Although it had an increasing membership base, the organization was small with limited capacities. Its associational function was to follow changes in regulation, exert influence in case of change,

inform its membership via educational sessions in following developments, and establish online forums for the exchange of information. The association also followed developments of the platform economy in other cities. Other functions of the association were to influence regulation through opposing further restrictions, applied to traditional accommodation entities.³¹ Furthermore, the association had developed channels of communication with the Budapest district level local self-governments in order to prevent negative legislation for those who wanted to engage in platform based rental activities.³²

The association's representative considered short term renting as an entrepreneurial activity which generated extra income for individuals, and only minimally considered the activity to relate to employment issues. Its representative understood social dialogue as an engagement in communication with various local and social groups related to the meaning and requirements of doing *AirBnB*. According to the interviewee, prejudices, increasing social pressure against platform renters and changing local level regulation necessitated public appearance, participation and representation of the interests of other accommodation providing individuals. There was no interaction with any trade union in the sector, but there were regular contacts with representatives of employer organisations and other interest associations in the proxy sector.

The interviewee assessed the social prestige of trade unions as very low. The general standpoint was first, that trade unions were not relevant for the platform economy. Second, that what matters more was a broader social dialogue with or via civil society organizations, e.g. at public forums. The state agency for tourism was considered to be a crucial institution for all associations and employer organisations, and was in charge of preparing regulation or assembling various standpoints and positions. In contrast, the social dialogue committee did not seem to be of significance.

Taxi organizing companies as employers did not have an umbrella interest organisation. Based on the blogs of taxi drivers, it seems that most taxi transport organizing companies had created 'independent' interest representative associations, even trade unions, which were active in times of decision making, and articulated in public the company's interests.

3.3 Public authorities

The representative of the Budapest level based transport section of the chamber of commerce was the only interviewee from a public body. The chamber and its section had an open door policy to

³¹ In the representative's words, this was not applicable, since the two are not comparable, i.e. apples and oranges.

³² There was a restrictive regulation since the beginning of 2018 in some districts, e.g. allowing *AirBnB* in the case of condominiums only with the consent of *lakógyűlés*.

employer representatives, and had consultative powers to amend decrees or to initiate regulatory changes within the local transport sector.

The interviewee said that in discourses in which he participated in or was aware of, both *Uber* and *AirBnB* were used as generic terms for platform and tax evading related enterprises. According to the interviewee, in the public discourse *Uber* was part of, and appeared together with other, in his words, „sharing economy initiatives.” The interviewee recalled an episode from 2015 or 2016, when an advocate of food sharing invited him to participate at a discussion events. At the event, the interviewee recalled his confrontation with the evasion of taxation within the sharing economy:

So a person has suddenly two hours free, when she can engage in transporting passengers. This means that she takes away for two hours the work of a taxi driver. But there is no problem, since during that time, the taxi driver can go home and bake some cookies and sell it in front of a cake-shop and it will sell good since it does not pay taxes... Nobody paid taxes and thus there will be no police, no public administration, there will be nothing.

According to the interviewee, in the course of his everyday work, the platform company names of *Taxify* and *Uber* were used in the context of discussions related to fair and unfair competition. In contrast to *Uber*, he asserted that *Taxify* was copying *Uber* as an app driven taxi drivers' service under legal conditions that accepted fair competition.

The interviewee pointed out that *Taxify's* digital platform driven services and market differed significantly from the operation of other taxi transport organizing companies of the city. That is, traditional transport organizing companies operated their services mostly via dispatchers, but in recent years they also introduced their own apps, which covered a maximum 30 % of the market. In other words, *Uber* was the reason that other taxi organizing companies of the city invested in digital technologies and their own apps. Therefore, to some extent, since the exit of *Uber* from the country, the whole market has changed towards digital platform operation driven services.

The chamber was collecting (competing) transport organizing companies concerns and articulated stanpoints that could be sent further to city level decision makers. Compared to other taxi companies, there were no separate, concerns or representation of interest from *Taxify* that appeared at the Chamber.

From other sources we heard that in general, interest representation via social partners in all traditional (and platform) sectors constantly weakened or lost on its weight. Governmental or city level executive or legislative decisions at least indirectly undermined representation of interest was e.g. by that were either in opposition to articulated statements of interest representative groups, or did not take these into account. In local transport, this occurred irrespective to the fact that organized interests helped in solving crisis situations, such as in 2011 and 2016 with *Uber*.

3.4. Conclusion

The main issue and context related to selected „sectors” of the platform economy was regulation and taxation of economic activities, and equal terms for all, or fair competition. For all service activities and the traditional sectors, a high degree of informality was common in employment relations, including nontransparent labour contracting. Such a practice limited trade union action to the organizing of employees with employment contracts.

Within the accommodation sector, however, there was strong, vocal, and established social partner in the traditional sense, as well as an employer organization of hotels and restaurants that followed developments. The traditional sector also had a functioning social dialogue committee that devoted one session to the associated platform sector and interest organizations of service providers via platforms were present. In local transport *Taxify* did not generate any discussion or reflection in comparison to the heated and hostile reaction to *Uber*.

In general, interest representation via social partners, especially employers in all traditional (and platform) sectors weakened, while the significance of more unilateral governmental or city level executive or legislative decisions increased.

Chapter 4.

Knowledge, perceptions and experiences on work in the platform economy among participants and owners

The composition of workers or platform service providers included six focus group interviewees, and 13 interviews with individuals and contained several general characteristics. Almost two thirds of the respondents were females (12), and respondents were between 21 and 53-year-old, with an average age of 31. The most typical generational groups were young respondents in the beginning of their working careers, i.e. in their 20s and those in their late 30s and early 40s. In the majority of cases, education levels were quite high (typically university level or university/college student status), with a few exceptions. A final important characteristic was that half of our respondents were foreigners (nine³³) arriving from very different countries and continents (Africa and South America). Thus, the international dimension of the sector was very much present and a reoccurring theme. While only four respondents were from Budapest, the majority were not born in Budapest, but in other Hungarian towns or settlements (six). More ‘platform worker’ interviews were used to compensate either for the absence of interest representative bodies (especially for microwork), or a relative lack of interest and expertise in industrial relations in the platform economy as such among industrial relation specialists.

In contrast to individual service providers or ‘workers,’ platform owners were quite invisible and difficult to reach. The significantly shorter 4.2. section is based on desk research and one anonymous interview.

4.1. Discourse, perceptions and experiences on platform economy work among platform workers or service providers

4.1.1. Microwork

Babysitters listed on the *Bébiszitter.info* platform were commonly students or were in their 20s and early 30s, and the rest were either retired, or close to retirement age. We had three interviewees with babysitters who were female, including: Anna, age 21 (from a neighbouring town), Bettina, age 27 (dual citizen), and Cecilia, age 53 (from the area of Budapest). Anna was attending college for specialized childcare, Bettina was a lawyer, and Cecilia graduated as an adult (she finished secondary school with no graduation requirement at the time). All interviewees not only enjoyed working with children but considered it a fulfilling job and had an altruistic attitude. A commonality amongst them all was that they were at the periphery of the labour market: Bettina was struggling to find her career path (learning German), Anna was working while studying, and Cecilia was struggling to find a job to

³³ Out of nine, two respondents were Hungarian citizens who were born abroad.

make ends meet. Cecilia was attempting to become a registered social worker, but she had previously worked as provider of aid for homeless people, and before that, as a cleaner at a state institution. It seemed that for all, and due to different reasons, these platform jobs were of transitory nature and were taken out of necessity or because of the stage of their careers. All interviewees, at least partly, were working with families of foreigners (at the time of the interview, Bettina was working abroad, Cecilia recently stopped working, and one of the families Anna had been working with were from abroad). All of the interviewees stated in some way that they enjoyed working with foreigners.

In describing their motivation to apply for jobs via ‘platforms,’ in two cases, interviewees explained that this was to find suitable jobs as soon as possible. However, all interviewees considered the *Bebiszitter.info* site to be limited in usefulness. All stated that either they could not rely only on this platform (in two cases, other platforms or jobs via acquaintances were more helpful) as the platform was inconsistent in that it did not provide enough jobs, interest, and income. For Bettina and Cecilia there was also a motivation to work abroad.

In terms of knowledge regarding the platform economy or associated concepts, the interviewees knew very little or nothing. However, Anna was familiar with the expression of “sharing economy” from a training course for Red Cross volunteers (as she was also a volunteer). For all interviewees, it was not entirely clear what a platform or crowdsourcing was and how it differed from a classic intermediary site or a place where one can publish an ad. At best, one interviewee listed intermediary websites where one could upload his or her CVs. No interviewees had contacts with persons from the platform, and did not follow developments, or had any knowledge about an information channel or forum regarding an exchange of information or discussion of problems concerning the use of the platform.

In terms of the description of the work, younger interviewees defined the work as a service that provided help for families, or micro-service based on a trusted relationship. While Bettina was working abroad under specific legislation for childcare workers there, Anna highlighted that contracting was based on trust and personal requests. All interviewees used only individual bargaining strategies selectively, and it was more important to filter and select the ‘right’ families to work from the beginning.

In all cases, the work schedule and the definition of tasks to be performed was discussed in details with parents, and differed from family to family. These schedules and tasks included the amount of time to be spent at the playground with the children, and more concrete tasks such as preparing dinner etc. The payment was an hourly rate in forints and was discussed and agreed upon with parents. Also, Anna engaged in discussing issues related to child development with parents after time spent with the child – an extra activity which not all parents considered as work, and which some did not pay for.

In their discussions of the advantages and disadvantages of the platform, all interviewees evaluated according to their own philosophy and needs, the efficiency and flexibility of the platform to provide a communication channel and opportunities. For Anna, the platform had a limited significance as she received jobs also via an acquaintance. Cecilia added that not everyone found it necessary to answer open questions, which she felt degrading. The rating system, if available, was also considered a plus. More concretely, it was added that *Bebiszitter.info* was very rudimentary compared to other foreign platform-sites (Bettina). Additionally, the platform was critiqued for its lack of information on parents, and the poor filtering of babysitters (Anna). The main concern related to platforms was that there was a chance for the misuse of personal information, but this was not a major concern for some (e.g. Bettina). In fact, Bettina stated that she would register only to platforms on which she felt safe.

As of trade unions and interest representation, the two youngest respondents knew of no opportunity for representations of collective interest, especially via trade unions. Cecilia said that there were no trade unions. “*Maybe 100 years ago there were [trade unions].*” In fact, the two youngest respondents insisted on self-representation of interest. In fact, Anna stated that her qualifications gave her a sense of security, and that her rights as a babysitter were defined in communication with parents, not through a labour contract. Consequently, there were no articulated thoughts on a wider social dialogue nor on an alternative interest representation.

Anna and Bettina expressed the need to prepare new babysitters for entering the market, i.e. a babysitters’ manual to receive information on the requirements and to tackle false beliefs (Anna). Bettina suggested that organizing online discussion groups for babysitters e.g. with the participation of lawyers and psychologists would be very useful for babysitters.

4.1.2. Platform for accommodation services: *AirBnB*

Most interviewees, including those from the focus group, were working at least partly in this platform sector. A major pattern was that those in the older cohort (older than 35 and typically individuals with families of three to four members) rented apartments through *AirBnB* and other platforms as an extra income generating activity. Most respondents in this group described their motivations as wanting to participate in a new global, asset sharing trend and lifestyle, to keep up with the expenses of a travelling lifestyle (with children) to adjust to various work and service activities, and to maintain the good conditions of real estate etc. With the exception of one foreigner (occasionally in the country), middle aged interviewees were very well informed about taxation rules and changes in the regulation system. For younger respondents, this was a more stressful issue.

For the younger group, *Airbnb* was their first job or entrepreneurial activity, and to a great extent it overlapped with their entry into the Hungarian labour market. Typical to this group was at times, a desperate need to find an income generating activity. In most of the cases except one (Melinda), this

need also overlapped with a personal motivation to work and communicate with people, and in one case (Dorina), the technological dimension was a motivating factor (interest, knowledge in IT). In all cases, *AirBnB* was a transitory arrangement and all interviewees were about to leave or had already left the job. Typically, Hungarians managed and rented their own flats, while foreigners were informal workers of flat managing companies and were mostly students. Two foreigners (Dorina, Arthur) were in a precarious situation due to their labour market status (e.g. expiring residence permit, no work permit etc.). Interestingly, many younger interviewees typically had relevant work experiences in the proxy sector of tourism or other services, including IT.

Most interviewees (six) could provide some definition of platform economy as a type of sharing economy. Typically, these interviewees (five of six) also followed information about the platform sectors taxation and registration rules, or understood issues according to their own interests and specialization (e.g. urban planning, network governance, software technologies etc.). However, they did not use the term platform economy or the most common Hungarian synonym (sharing economy) in conversation with others. All interviewees could also list other platforms in other sectors.

Most interviewees, especially those who rented their own flat, considered themselves service and asset providers, sometimes adding more details to the general description of the activity, e.g. apartment management family activity, cost saving activity etc. Only one respondent (Arthur), a foreigner with an informal oral contract with a flat management company, considered himself to be “an employee without a contract.”

For most interviewees, the work and activity was driven by technology. Interviewees typically praised *AirBnB*'s system, including its filtering tools. Focus group interviewees praised technological novelties, as these allowed a great flexibility in daily work. Both groups also mentioned that there were capacities for growth, including that the best way to use *AirBnB* or platform sharing activities was to offer premium quality, and to learn new skills and specific knowledge, e.g. yielding, setting of prices etc. However, one interviewee who was the least motivated (Melinda), was not aware of all the filtering opportunities, which created quite a lot of stress. Typically it was also shared that short-term rental activity was more stressful and difficult. In Arthur's words:

“In the beginning there is a bit of stress. It's not easy in the beginning. There were also problems how to talk to some people who are too closed.” (Arthur)

Work and activity related to short-term flat sharing included: communication (exchange of emails etc), receiving and checking out guests, emergency or other assistance during the stay, cleaning, organisational, and administrative work (taxation, registration, and paperwork). Interviewees typically stressed that after the intense work of setting up the communication system, and learning how to solve things quickly, tasks increasingly became a routine. The work was, however, seasonal in character. For instance, part-time service providers typically spent up to two to three hours working (including work from other family members) in the peak of the season.

Short-term apartment rental activities often meant intense, creative work, especially for the two foreign interviewees who were working for flat managing companies (Dorina and Arthur) and the foreign focus group interviewees (Mesut, Corina). These workers/service providers quickly recognized the need to learn problem solving and communication skills as “receptionists” or coordinators, and were paid per flat (piece rate) or lump sum for a full day of work. With these tasks, the organizing tools of various apps were of great help. However, the Hungarian focus group interviewees mentioned that there was a low social prestige attached to platform based services. Comparing the sectors of accommodation and transport, one focus group participant (Bálint) critically observed that whereas one needs careful, annual planning in the case of accommodation services, in the case of transport this is much less the case, allowing for greater flexibility.

Among platform workers, the sense of autonomy and freedom was high, in doing their own work and making their own decisions. Some of the local workers mentioned a relatively easy and good income, and flexible and easy taxation rules as a main advantage. For those workers providing short term rentals, maintaining the property and keeping it as a source of capital was a clear long term purpose for doing the work. Those interviewees who used the filtering tools on the platform reported that they hardly had any problems with guests, and no problems with payments (in which, for one former employee at a hostel there were negative experiences). At least in the beginning, communicating with and meeting guests, interacting with foreigners, or simply meeting people every day was an important positive dimension. Few respondents mentioned the development of social, communicative (including “how to keep cool even in nasty situations”), and IT skills as a main advantage. Dorina mentioned that through her work via the platform, she could also get to know the city.

Arthur mentioned that because his platform user- employer judged that his situation as an employee was ‘desperate,’ he was obliged to work every day without holiday and paid sick leave. As the only worker at the time, it was sometimes a challenge for him to think ahead. Both foreign interviewees said that the beginning was very stressful and was a learning by doing exercise. Foreigner platform employees described that the work was so demanding, that it generated a major turnover amongst local colleagues.

Late-coming guests were also considered to add to the stress of flexible work. A major disadvantage, raised especially by the younger Hungarian renters, was administrative work, e.g. situations in which one could get stuck with paperwork, and this individualized labour could be a major source of stress, as individual problem solving was considered a negative issue. Moreover, changes in regulation increased this feeling of stress and frustration.

Foreigners had no information about any associations, trade unions, or Facebook groups of platform workers. In contrast, among Hungarians, one focus group participant used to be a chairwoman of one interest association, and thus knew quite a lot about associations, conflicting interests among parties, and relatively closed channels of influence. Still, many Hungarians lacked knowledge on these issues

or considered trade unions to be irrelevant actors. Instead Hungarian focus group interviewees considered the role of the central government and local executives to be decisive, and associations and interest groups were not influential. It was only at the very local, self-governmental level, that there was a chance of information sharing through social dialogue and information sessions for the local community.

The Hungarian focus group interviewees formulated especially important notes and suggestions. The group shared that major information is missing about this kind of work or economic activity for new platform renters. They stressed that for those beginning to work in platform based short term accommodation services, it would be beneficial to receive handouts on important requirements, obligations, benefits, risks. They added, that informing the broader society would also be important in order to tackle negative prejudices. The group stressed the need to differentiate between those who do sharing as a lifestyle and cost reducing activity from those who use it as a profit oriented business activity, both in terms of taxation, regulation etc. For instance, the group suggested that security and managing accidents needed regulation. The group also stated that *AirBnB* should take over taxation rather than leaving it to flat owners.

4.1.3 Local transportation

For the two anonymous interviewees, work for *Taxify* was their first job. A crucial motivating factor to start with *Taxify* was financial: they did not need to have significant starting expenses as they did at other companies (most importantly, there was no high starting or membership fee, as stressed by Dénes). Very high costs of living also motivated these interviewees to take up the job, where there were relatively little requirements and financial obligations (Ernö). From desk research, from an online forum (*Hallotaxi.hu*) we also know that people leave sectors (e.g. public sector) to become *Taxify* drivers or may change their former transport organizing company due to internal company changes. All in all, however, it did not seem that there was a major motivation to choose *Taxify*. More experienced colleagues in the forum discussion, however, suggested to new entrants to work at *Taxify*, as it did not mean high financial expenses at the start and commitment. We also know that all major taxi companies were using apps and various high-tech gadgets, and the level of technological apps is of consideration to many drivers.

The identification of *Taxify's* drivers' did not differ significantly from other taxi-drivers. Taxi drivers identified themselves as service providers without any reference to the platform economy. It seemed that in practice, there were only full-time drivers in the sector. Interviews also confirmed that not all drivers had a registered and tax-paying small entrepreneurial status. That is, these drivers did not pay tax after their income. One interviewee (Dénes) said that he will wait to see how to do this, the other (Ernö), complained about making ends meet, paying rent and the costs of his young family and therefore he was saving on social contributions and taxes.

Both interviewees and the forum participants, while sometimes making comparisons to other taxi organizing companies, described the work as more efficient and silent, but also monotonous. They explained that the *Taxify* app constantly informed the driver about new customers and therefore, business was constant. One interviewee (Ernö) complained that there were too many calls for relatively short rides in the inner city. There was also a complaint that there was no interaction among colleagues from *Taxify*, and only notifications via SMS from superiors. Forum participants listed that a major disadvantage was that *Taxify*, similar to *Uber*, skimmed off an average 20 % of the ride. The two young interviewees could not list many advantages except for relatively high gross income, and the efficiency of the work.

Interviewees and a forum participant stressed as a main advantage of the platform work was that one could be constantly on the move, and therefore increase one's gross income as a *Taxify* driver. This was also considered to be the advantage of the software *Taxify* was using, as there were little or minimal transaction costs and finding passengers and payments were automatic. Other advantages included the technology the platform company was using, and also that it was not a problem to refuse to take a passenger. Furthermore, one forum participant stated that he could earn more in gross with *Taxify* than with another company, but that in net this would be equal income. For this participant and one anonymous interviewee, the absence of membership fees, other payment requirements, and absence of meetings at transport organizing companies were a plus. It was also considered an advantage, that compared to other taxi companies *Taxify* required a minimal dress code (Dénes). Regarding the double-sided rating of drivers and customers, most interviewees saw this as a positive or a neutral issue. For example, one interviewee (Dénes) stated that he gives maximum points to all passengers.

As of disadvantages, one forum participant considered it to be a disadvantage that communication with passengers was close to zero. The participant made note that this meant that customers would pop in and out quickly, sometimes even without a greeting. Anonymous interviewees confirmed that there was little communication, but that this did not bother them. A forum participant also considered it to be a disadvantage that due to automatic payment there were no tips.

In terms of social dialogue and interest representative organizations, the two interviewees were not familiar with a functioning trade union, interest representative organization, or more generally, the function they would serve. In blogs and forums, existing trade unions in the branch were considered to be symbolic, puppet organizations, with externally paid leadership and no membership. In general, the issue of self-organization of taxi drivers was judged as important, but chances for an efficient interest representation were considered as poor. For the forum participants, intensive exchange of information was important, including knowledge about taxi drivers costs and the requirements and major issues they were facing. Also, within the forum, there was a distinction between drivers who were within the standardized profession of cab drivers, and those who were highly dependent on

others, sometimes without their own cars, and who were unable to articulate their (individual) interests.

Taxify was all in all considered to be more like other cab companies than different, as comparisons and driver identifications were the same. There were no suggestions related to social dialogue in the platform economy sector.

4.2. Discourse, perceptions and experiences on platform economy work among platform owners or their proxies

On its public website, *Babysitter info* stated that it is not an employer, nor an intermediary. Thus, the exact definition of platform work and the company's services is missing. Within local transport and microwork there existed identifiable local platform owners. In the case of *Taxify*, however, it is doubtful whether the local company had sufficient autonomy to engage in public statements or had a more delineated role. Local *Taxify* representatives did not appear in the media, nor did they participate in taxi organizing companies' gatherings to voice their views at the Budapest based public body, the transport section of Chamber of Commerce and Industry. Analysed platform companies were also not listed at any websites gathering sharing or platform economy companies, most importantly the Sharing Economy Association³⁴.

Thus, in contrast to *Uber's* increased PR in the 2015-2016 period, platform owners are invisible in the public. *Uber* framed itself as an innovative travel-organizing company, and not a cab company, and also did not accept employer responsibilities.

The picture becomes more complex if we also include employers, or intermediaries that use *AirBnB* and other platforms to create a significant market.

According to the anonymous employer interviewee, a company managing up to hundreds of apartments was very much aware of the local history and issues related to the platform and sharing economy. He also described the specific sector in which the company was working as very different from the traditional tourist and accommodation sector. In line with the general standpoint of the Association of Responsible Short-Term Apartment Rentiers,³⁵ he highlighted that short term rentals provide innovative, person-oriented services to customers that traditional hostels or hotels were not

³⁴See <https://www.sharingeconomy.hu/en/szovetseg/>)

³⁵ The site of the Association is at <http://gazdatter.hu/szovetseg/>. However, it does not seem to be active and updated.

able to deliver. The quality services provided by the platform companies to tourists included authentic, swift, and flexible responses to special needs, elements that rigid entities could not provide. This was especially the case with start-ups. In the interviewee's assessment of platform and sharing economy, the employment aspect of the company was not in focus. The company had at least three contracted young individuals. According to the interviewee, non-transparent contracting is characteristic of the traditional tourism and accommodation sector and thus intermediary, platform-oriented companies follow the general cost saving strategies of others.

4.3. Summary

The most important issue that has been at the center of discourses³⁶ and the main area of interest of platform economy participants is the issue of regulation. Typically, platform owners were not present locally, or they did not engage in public activities or interest representation publicly. Platform based companies highlighted their innovative role as service providers and contribution to the overall development of the sector but did not identify as employers.

In contrast, extensive and changing regulation caused a lot of stress, especially for younger, individual service providers who typically did not identify themselves as workers. However, a commonly stressed feature of platform work was innovation and efficiency in generating income. The knowledge of the platform economy ranged from minimal to no information amongst workers in microwork, and a quite sophisticated knowledge and judgment of market changes, in the case of middle aged, highly educated short-term accommodation service providers via *AirBnB*. The only anonymous employer interviewee had an in-depth knowledge of various platforms operating in Hungary in the last five years.

³⁶ See e.g. Darvas Tamás "Hova tovább Uber és Airbnb? – A sharing economy kihívásai és szabályozása" arsbóni - October 16 2016. <https://arsboni.hu/hova-tovabb-uber-es-airbnb-a-sharing-economy-kihivasai-es-szabalyozasa/>

Chapter 5. Comparative analysis of knowledge, perceptions and expectations

5.1 How do discourse, perceptions and experiences compare

The research found a varying degree and depth of **knowledge** related to the platform economy among both service providers, workers and social partner or interest group representatives. The most detailed knowledge and articulation of interests we encountered was in the other accommodation sector, and very little in the microwork sector. Local taxi transport was in between. Whereas *Uber* generated a lot of discussion and heated debate in forums and in the media, *Taxify* did not appear as a problematic company at all. Among drivers, the economic and daily routine issues came to the fore: there was an automatic deduction of 20 % of their income to the platform company, and there was a different, efficient but impersonal operation of driving compared to other taxi organizing companies.

Interestingly, we heard from many interviewees in both local car transport (taxi) and private accommodation sectors, that innovative and decentralized practices of *entrepreneurial* provision of services originated since the era of late state socialism. These sectors evolved as part of a new economic mechanism that opened up liberalizing economic activities for individual entrepreneurs, especially in sectors that lacked capital.

Workers and service providers praised the efficiency of platforms to provide opportunities for earning income and, in some cases, job generation. Many highlighted the lack of introductory education regarding the risks and requirements of working for the platforms. On the other hand, traditional employers and service providers in local transport and accommodation expressed both caution and hostility towards the platform economy. This group highlighted unfair competition due to low regulation as causing undeclared employment and thus tax evading practices of the new competitors. Platform companies and platform based employers stressed the innovative and income generating dimension of their enterprise. Employers in the accommodation sector, and also small service providers using platforms for their service providing market, stressed the beneficial, very different, personalized, detailed nature of services they delivered to customers. Finally, public authorities did not have a general stance towards platform companies. Still, when it came to regulation, a very different approach was taken in the case of public authorities and legislative and executive bodies. In the case of local personal taxi transport, a highly regulated environment was created, and changes were very cautious and modest.

Social dialogue did not appear as a relevant topic for the interviewed actors in the domain of microwork. Household work and microwork within the platform economy sector were outside of labour code regulations. Microworkers did not consider trade unions or social dialogue as relevant to discuss their problems and issues. As the trade union expert highlighted, in Hungary, one considers

himself or herself as an employee or worker only if one has a full time employment contract and workplace. That is, microworkers and other platform workers "naturally" did not see themselves as workers. In general, trade unions did not have platform workers on a list of their priorities. The trade union for public sector childcare was open to microworkers, but was very much aware of a dual problem: the union almost exclusively gathered public sector employees who hypothetically could also engage in microwork, including platform based microwork.

According to the city level public authority's assessment, traditional employment via labour contracts did not feature as dominant in new services. The bulk of both platform drivers and drivers of more traditional transport organizing companies were typically not under an employment contract, but were typically associated with individual entrepreneurial drivers. Consequently, industrial relations and social dialogue was not at the foreground of the sector. Nevertheless, times such as the *Uber* crisis suddenly involved 'classic' industrial relation actors, especially trade unions. However, online blogs and forums of taxi drivers documented that these unions were supported by and attached as action groups with taxi organizing companies, sometimes for a very brief activity period.

The situation from the perspective of employment and industrial relations was the most diverse and complex in relation to the accommodation platform sector. Foreigner interviewee workers and service providers did not know anything about trade unions, employer organizations or social dialogue. However, locals mostly had little knowledge about trade unions, but typically considered them irrelevant actors.

5.2 Expectations and anticipations

In the other accommodation sector there were clearly formulated anticipations or expectations related to the platform economy.

In the focus group consisting of foreigners, an enthusiasm prevailed about a new, non-ownership based economic model. Among locals, especially youth, platform work meant a transitory arrangement, and a certain way of entering the labour market, or generating supplementary income.

The most informed respondents were middle aged. A foreigner interviewee (Michael) mentioned that regulation is also important because many short-term flat renters were running their business during the summer and without respecting regulations. Moreover, regulation changes occurred too often, and this created difficulty in following specific changes. Also, if the work and activity in the sector was the only source of income, he recommended that platform service providers - workers should pay social and health contributions for themselves. A local (Lilla) observed that things could be regulated from the very start through critical urban planning, and therefore avoid turning Budapest into a low-cost, alcohol consuming tourist destination. The future looked gloomier to her.

As of suggestions, a foreign platform worker (Arthur) outlined that the work performed is not evaluated, as only final total service and clients satisfaction, rating seem to matter. Rebeka said that she feels that *AirBnB* has more rights than service providers, and the grunt of risks are on service providers. Thus, along with Bálint she suggested that *AirBnB* should be in charge of doing administration, too.

Most social partners considered the scope of platform economy still very limited and did not raise major expectations or hopes. Exception to this trend was the employer organization in tourism, who considered the rise of platform sector a multi-scale threat. He commented also on the role of EU level regulation. The role of EU level recommendations was assessed from first hand experiences. For instance, he recalled a public event where an EU-level representative stated that the growth of the digital and platform economy as a future trend contributing to economic growth. He declared neutrality and soft recommendations to national authorities, including a suggestion of autonomous regulation by member states.

Apart from the issue of housing, the employer representative also highlighted the issue of overtourism that may become a major issue in Budapest.

Chapter 6 Conclusions

New online technologies developed especially during the global economic crisis and seemed to influence traditional sectors and their adaptation to the platform economy. All in all, whereas the new technologies could have opened or expanded the usual market or participants within it, there was also a major adjustment that had occurred among the more classic service providers. For example, taxi organizing companies also have their satellite applications and traditional accommodation providers continuously adapt to new platforms.

Perhaps it is not unsurprising that in the Hungarian webspace the issue of platform economy and associated terms (sharing economy) appeared most commonly in newly established blogs. As desk research revealed, more than 50 percent of HTML documents containing either English or Hungarian key terms or synonyms of platform economy were blogs. Following the production of mostly popular blogs it was academia that began to follow the developments of the platform economy, whereas websites of interest groups appeared below eight percent. Among these groups, there was a rare appearance of traditional social partners, especially trade unions.

In the words of service providers but also platform workers, the main advantage of platforms was efficiency through the possibility of earning maximal gross incomes or through earning extra income. The main disadvantages seemed to have pointed in the direction of the individualization of risks. The risks could cause an extreme atomization of stress, due to the lack of collective or group support and decision making regarding division of labour.

Since household work and thus also microwork is not regulated under the labour code, this sector is highly informal. Full time employment contracts are also uncommon in the traditional sectors of other accommodation and taxi services, even less is the case in the platform sectors. In these sectors small entrepreneurs and often undeclared (or only partly formally contracted) workforce provide labour, while formal employers are small entities. There are several forces that prevent coordination and development of industrial relations within the platform economy. These were high labour cost sensitivity of emerging new businesses in these sectors, high competition, and atomization of workers and employers. Finally, although trade unions are aware of some emerging issues, they have much different priorities and limited capacities to organize individual workers.

Prospects of social dialogue in the platform economy are thus very modest. On the one hand, platform workers or service providers are not organized into traditional employee or employer interest representative groups. A partial exception could be the short term, other accommodation services

sector that was penetrated by platform companies, mostly *AirBnB*. There are associations of platform driven short term flat service providers, but these are functioning more on the line of general civil or interest associations. Nevertheless, they do have contacts with the traditional employer organizations and public authorities, but not trade unions. One such association engages in social campaigns and information sessions on very local levels. The largest employer organization is rather hostile to platform companies, and trade unions do not have the sufficient capacity to deal with the issue in a more in-depth manner.

The issues of regulation and taxation (fair competition) dominated the discourse, probably mostly due to employer organizations' insistence on fair competition. Critical commentators also added that there was a lack of preparation for novices in the sector, especially young individuals, who were insufficiently informed about requirements, risks, and lacked administrative information. Most interviewees agreed that platforms would need to take over responsibility from service providers, and engage in taxation and paperwork. The city of Budapest and the government of Hungary, it was suggested, would need to request more social responsibility from the platforms. This criticism was especially pointed towards *AirBnB*.

National and local bodies in charge of implementation, e.g. tax authorities, are more involved in checking registration of service providers and their taxation. As such, apart from the operators of online platforms, regulation is aimed towards an owner (as natural person e.g. of an apartment for short-term rent) or an entrepreneurial party, most commonly a self-employed small entrepreneur, or in the case of accommodation providers, private service providing individuals. Authorities' attempts to regulate and tax categories of the same economic activities equally has sometimes ran into difficulties, irrespectively whether the regulation was encompassing or lax. Whereas a stricter regulation temporarily solved a major crisis in local taxi transport, a more cooperative cohabitation developed in platform driven accommodation between the state, local authorities and local providers.

Last but not least, an interesting perspective of platform economy was its internationalized nature, not only on the customer part (i.e. increasing the market via foreigners) but also via active platform participants, workers/service providers (migrant, informal workers, flat owners, investors).



CELSI

