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## **Platform Work: Concept, Legal Challenges, and Worker Protections in the EU**

DOI: <https://doi.org/10.15170/PMJK.2025.1-2.5>

### **Abstract**

*This paper addresses the regulatory challenges and political debates surrounding platform work in Europe, with a particular focus on the legal and institutional context of Hungary. It also reviews evolving definitions of platform work, highlighting the tension between traditional employment classifications and emerging forms of digital work. The analysis addresses the economic and social implications of platform work, including issues of worker protection, social security, and collective representation. In this context, the proposed EU Directive on improving working conditions in platform work (2024) can be considered a significant legislative development aimed at harmonizing employment standards in this atypical type of employment relationship, enhancing transparency, and expanding the scope of collective workers' rights. Furthermore, the study attempts to review some national approaches taken by member states, highlighting various strategies. It concludes with an overview of future legislative prospects, the need for institutional capacity building, and the importance of inclusive stakeholder engagement to ensure that regulatory reforms translate into tangible improvements in working conditions on the ground to achieve greater social protection for platform workers.*

### **Keywords**

*Platform Work, Worker's Social Protection.*

## **1. Introduction**

Regulatory debates surrounding platform work in Europe have intensified as the legal classification of workers and the adequacy of existing frameworks are contested. The proliferation of digital labour platforms has blurred the traditional boundaries between self-employment and standard employment, challenging established labour law concepts<sup>1</sup>. This reconfiguration of work raises fundamental questions about worker protection, social security coverage, and enforcement mechanisms. Moreover, non-standard forms of work (NSFW) characteristic of platform economies produce tensions between legal definitions and practical realities, particularly in determining whether individuals should benefit from rights associated

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<sup>1</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," March 2023, 70.

with employee status or remain outside these protections. The European Commission has responded by proposing directives to improve working conditions in platform work. These initiatives include clarifying employment status through a legal presumption and enhancing transparency in algorithmic management<sup>2</sup>. Yet the inherent complexity of aligning such measures across all Member States creates political and legal friction. National discretion in transposition risks uneven implementation, potentially weakening protections when governments adopt minimal or restrictive interpretations<sup>3</sup>. This tension is evident in Hungary's context, where institutional protections for platform workers remain underdeveloped, while linked sectors such as transport and food delivery are experiencing rapid growth. Member States like Germany have highlighted the regulatory challenges posed by cross-border platforms, advocating for EU-level coordination to address jurisdictional conflicts, registration obligations, and workers' access to multiple judicial fora<sup>4</sup>. Without harmonisation, discrepancies in national laws can create opportunities for regulatory arbitrage, enabling platforms to strategically locate operations in jurisdictions with weaker protections while offering services elsewhere. As many platform businesses operate transnationally by design, patchwork national regulations appear insufficient to achieve a balanced market environment. During the COVID-19 pandemic, some temporary expansions of social protection to include platform workers provided emergency relief but exposed structural vulnerabilities. Although certain preventive measures, such as the provision of personal protective equipment, were implemented, these remained piecemeal and failed to address deeper inequalities rooted in worker misclassification<sup>5</sup>. The pandemic thus served as a stress test for existing socio-legal structures, revealing their fragility when confronted with large-scale atypical employment forms. For many gig workers deemed "essential," access to unemployment benefits, health coverage, or sick leave remained limited or conditional despite heightened exposure risks. At a policy level, there is ongoing debate about whether adaptation should occur via targeted new legislation for platform work or through an expansive reinterpretation of existing labour law categories<sup>6</sup>. While extending the definition of "worker" offers comprehensive coverage, it may introduce legislative strain and ambiguity over the boundaries between protected and non-protected statuses<sup>7</sup>.

## 2. Conceptual Foundations of Platform Work

### 2.1. Defining Platform Work

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<sup>2</sup> Civil Society, 39.

<sup>3</sup> Silvia Rainone and Antonio Aloisi, "The EU Platform Work Directive: What's New, What's Missing, What's Next?" *European Economic, Employment and Social Policy*, August 2024, 8.

<sup>4</sup> Christoph Freudenberg, "Platform Work: How to Improve Working Conditions and Social Protection in Germany (EU Peer Review)," July 2020, 18, <https://www.researchgate.net/publication/345145759>.

<sup>5</sup> Antonio Aloisi, "Platform Work in the EU: Lessons Learned, Legal Developments and Challenges Ahead," January 2021, 9, <https://www.researchgate.net/publication/340548183>.

<sup>6</sup> Aloisi, 18.

<sup>7</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 70.

Platform work can be broadly described as labour mediated through digital platforms, where tasks or projects are allocated, monitored, and often remunerated via online systems rather than traditional face-to-face employment structures<sup>8</sup>. Its defining characteristic lies in the platform's intermediary role, connecting service providers with end users, ranging from customers seeking transportation or delivery services to businesses requiring microtasks. This mediation typically replaces conventional managerial oversight with algorithmic management tools that organise workflows and evaluate outputs<sup>9</sup>. Such automation alters the employment relationship by embedding decision-making processes into code and data-driven systems rather than human supervisors. The variation within platform work is considerable. In contexts such as Korea, the distinction between web-based crowd work and region-based gig work illustrates how working conditions may differ depending on service provision models and geographic scope<sup>10</sup>. Web-based crowd workers often operate globally, completing remote tasks from any location, while region-based gig workers perform locally situated tasks that require physical presence. These variations influence both the degree of worker dependence on a given platform and their ability to engage in multi-platform work. For example, non-exclusive arrangements allow workers to accept assignments from multiple platforms, thereby diluting subordination in traditional legal terms<sup>11</sup>. Yet even without a single employer relation, many such workers occupy a precarious socio-economic position because earnings fluctuate and access to social protection is minimal. The definitional challenge intensifies when considering categories such as dependent self-employment or disguised employment<sup>12</sup>. Dependent self-employed individuals technically operate as independent contractors but rely heavily on one client or lack substantive autonomy in their business operations. Disguised employment involves misclassifying individuals who fulfil criteria of employee status as self-employed to avoid providing entitlements like health coverage or paid leave. In platform contexts, both situations occur frequently since contractual language may emphasise autonomy while operational practices, e.g., algorithm assigning fixed shifts, closely resemble subordinate employment. Legal ambiguity has prompted policymakers at EU level to propose classification criteria for determining employment status in platform work. These include the degree to which the platform determines remuneration, sets rules about performance and conduct, supervises work quality, restricts organisational freedom, or curtails the capacity to develop an independent client base<sup>13</sup>. The presence of two or more such factors could trigger reclassification from independent contractor to worker status under proposed directives. However, Member States retain discretion in transposing these definitions into national law, which poses risks of inconsistent application. Beyond operational definitions, algorithmic management is emerging as a central element in conceptualising platform work from both legal and sociological

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<sup>8</sup> Civil Society, 20.

<sup>9</sup> European Commission, "Questions and Answers: Improving Working Conditions in Platform Work," December 2021, 3.

<sup>10</sup> Author, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 20.

<sup>11</sup> Civil Society, 48.

<sup>12</sup> Civil Society, 14.

<sup>13</sup> Civil Society, 40.

perspectives. It refers to automated allocation of tasks, performance monitoring, rating systems (often five-star), and sanctioning mechanisms embedded into platform infrastructure <sup>14</sup>. In Hungary's context this is noteworthy because current labour legislation does not address intermediate statuses such as economically dependent contractor <sup>15</sup>. The lack of explicit recognition for these forms complicates efforts to regulate rights associated with digital piecework managed via ratings. This complexity extends into collective representation frameworks. While platforms often present themselves merely as technological intermediaries rather than employers, questions about their role arise when they exert control over pricing models or limit workers' market access through account suspensions based on rating thresholds. Such features illustrate how platform labour blurs lines between fully autonomous contracting and subordinate wage work <sup>16</sup>, making standard employee tests reliant on subordination insufficient for accurate classification. Taxation aspects further colour definitional debates. Revenues generated through platform labour frequently escape standard tax reporting channels due to categorisation as informal or freelance income <sup>17</sup>. This has implications not just for state revenue but also for measuring economic dependency; if workers receive most income through untaxed platform activity yet lack bargaining rights or benefits, their functional identity aligns more closely with employees despite legal labelling as independent. Efforts at conceptual clarity must also consider national examples where dialogue between platforms and workers differs widely <sup>18</sup>. France's structured consultation bodies enable input from both parties without restricting court challenges; Greece allows union participation but lacks structured dialogue mechanisms; Spain implemented regulations without consensus among stakeholders. These divergences show that even a shared European definition will operate differently across varied institutional landscapes. Thus defining platform work is not simply about identifying its technological medium but about capturing its socio-economic dependencies and degrees of autonomy in ways that are legally enforceable across jurisdictions. It includes recognising variations between local gig work requiring physical presence and globally distributed crowd projects conducted entirely online; acknowledging forms like disguised employment; integrating tax treatment into socio-legal categorisation; and accounting for governance through algorithms rather than human managers. Current EU legislative proposals aim to narrow ambiguity with presumption-of-employment models <sup>19</sup>, yet their durability will depend upon coherent integration within diverse national frameworks resistant to both under- and over-inclusion errors.

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<sup>14</sup> Commission, "Questions and Answers," 2.

<sup>15</sup> Csaba Makó, Miklós Illéssy, and Saeed Nosratabadi, "Emerging Platform Work in Europe: Hungary in Cross-Country Comparison," *European Journal of Workplace Innovation* 5, no. 2 (June 2020): 18.

<sup>16</sup> Valerio De Stefano et al., "XPlatform Work and the Employment Relationship," *ILO Working Paper* 27, March 2021, 12.

<sup>17</sup> A. Pesole et al., "Platform Workers in Europe," 2018, 58.

<sup>18</sup> Guinea, Sisto, and Roy, "Regulating the Working Conditions of Platform Work," 21.

<sup>19</sup> Rainone and Aloisi, "The EU Platform Work Directive," 3.

## 2.2. The Employment Relationship in the Platform Economy

The employment relationship in the platform economy is defined as much by the nuances of control and dependency as by contractual labels. A central legal tension lies in whether a worker is genuinely autonomous or embedded in a functional hierarchy controlled by the platform's design and policies. Even where formal contracts specify independence, factual indicators can reveal subordination. Courts across Europe have relied on the principle of the primacy of facts to override contractual classifications that mask reality<sup>20</sup>. This approach examines actual working conditions, including algorithm-driven task allocation, restrictions on client selection, and disciplinary processes embedded within platform interfaces. Indicators of an employment relationship in this setting often depart from traditional forms. In the case of ride-hailing or food delivery services, platforms exercise control through performance metrics such as response times and acceptance rates, which directly influence future work opportunities<sup>21</sup>.

According to the legal experts in Hungary, platform workers are economically independent. They typically perform their work personally and on a continuous basis, are available, and work for a single client/platform operator. Their income—or at least a significant portion of it—derives from the platform's work. The legal relationship of a platform worker may fall somewhere between an employment relationship and actual self-employment, i.e., freelance work. Platform workers are typically independent, yet their economic dependence resembles that of employees. They are structurally part of the platform operator's organizational system, acting as small cogs in the machinery of the business, and are subject to constant control. Legally, they are actors coordinated between the platform operator and the end user. However, they are economically highly dependent on the platform operator for the operation or demand of the service. Upon careful examination, it may become clear that the first and most crucial issue to be decided is the classification of the status of the parties involved in a legal relationship, i.e., the completion of a task. This logically leads to the problem of classifying the legal relationship itself, which in turn creates further uncertainty. The question arises: What level of legal protection can be afforded to the parties in the event of a legal dispute? The acute presentation of this undeniable problem has shed light on the individual aspect of platform work, the issue of classifying the legal relationship, and the affirmation of the collective rights of the platform worker—if an employee—involved in the legal relationship<sup>22</sup>. Belgium's perspective similarly emphasises that refusal rights do not necessarily indicate independence where other operational constraints exist. Spain offers another illustration: courts rejected arguments that scheduling flexibility alone negates employment status, particularly where control over access to work remains with the platform's algorithms<sup>23</sup>. At the EU level, the proposed directive on improving working conditions for platform workers seeks to harmonise by introducing a rebuttable presumption of employment when specific control indicators are met.

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<sup>20</sup> Stefano et al., "XPlatform Work and the Employment Relationship," 43.

<sup>21</sup> Stefano et al., 35.

<sup>22</sup> Péter Sipka – István Simon Andrasitz - Gyula Berke - Zoltán Bankó. (2025). The case of a platform worker before the Hungarian Court. *Pécsi Munkajogi Közlemények*, 52.75

<sup>23</sup> Stefano et al., 35.

Platforms meeting at least two of the five established criteria, including price-setting authority or supervision over work execution, would be legally presumed to engage employees rather than independent contractors<sup>24</sup>. This presumption intends to shift the burden of proof away from workers, who may lack the resources to challenge classification individually.

### 3. Regulatory Frameworks in Europe

#### 3.1. EU-Level Legislative Landscape

The EU legislative design aims to address a recurring pattern in which contractual autonomy is illusory because operational structures, such as algorithmic task allocation or restrictions on parallel client engagement, exert *de facto* control over workers' economic activity<sup>25</sup>. The explicit protection of collective labour rights within the Directive's framework reflects this shift: regardless of employment status, platform workers are ensured freedom of association and the right to bargain collectively. This marks a departure from traditional competition law interpretations, under which collective bargaining by self-employed individuals could be construed as anti-competitive<sup>26</sup>. Recent guidance from the European Commission supports the reinterpretation of competition rules so that collective agreements among solo self-employed persons do not automatically violate EU antitrust provisions. Another critical element involves algorithmic transparency. Platforms will be obliged to disclose key parameters used in automated decision-making that affect work allocation, remuneration, and performance evaluation<sup>27</sup>. This responds directly to longstanding criticism that algorithmic control mechanisms are both opaque and asymmetrically applied, leaving workers unable to contest unfavorable disciplinary outcomes or hidden performance thresholds meaningfully. Complementing these measures on data access, workers must be given information about how personal data is used in algorithmic job-matching or reputation-scoring systems, alongside limitations on intrusive monitoring. The Directive also addresses occupational safety and health (OSH) in platform contexts, extending obligations traditionally reserved for physical workplaces into digitally mediated labour markets. This expansion recognises risks specific to certain platform segments; for example, takeaway delivery riders face disproportionate exposure to traffic accidents compared with other sectors<sup>28</sup>. By clarifying that OSH duties apply equally where digital platforms act as controlling entities, even absent direct contractual employer status, these provisions seek to eliminate regulatory circumvention strategies, such as subcontractor layering, designed to dilute responsibility<sup>29</sup>. From a legal integration standpoint, harmonising these standards across Member States presents challenges. The principle of subsidiarity allows national governments to tailor

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<sup>24</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 40.

<sup>25</sup> Stefano et al., 12.

<sup>26</sup> Aloisi, "Platform Work in the EU," 20.

<sup>27</sup> Safety and Work, "The EU Directive on Platform Work," 20.

<sup>28</sup> Safety and Work, 7.

<sup>29</sup> Safety and Work, 5.

implementation; however, divergences in defining “control” or interpreting presumption triggers risk fragmentation rather than convergence. For example, Hungary presently lacks an intermediate category for economically dependent contractors<sup>30</sup>, making it probable that transposition will require not just textual adoption but also substantive reform of domestic labour codes to accommodate statuses that capture functional dependency without complete employee categorisation<sup>31</sup>.

### 3.2. National Approaches to Platform Work Regulation

Within the European regulatory mosaic, national approaches to platform work display striking heterogeneity in both legislative intent and institutional execution. Building on the EU-level initiatives described previously in Section 3.1, Member States have pursued varying strategies blending statutory reform, case law evolution, and negotiated frameworks with social partners. The divergences frequently stem from the interplay among pre-existing labour market traditions, political appetite for intervention, and the lobbying capacity of transnationally operating platform enterprises. Spain provides a prominent example through its “Rider’s Law,” adopted in coordination with major trade unions and business organisations but conspicuously excluding direct representation by platforms or couriers themselves<sup>32</sup>. While aiming to reclassify food delivery riders as employees and thereby extend social rights, the lack of stakeholder consensus sparked demonstrations among some workers who preferred self-employment. The law’s focus on reclassification as a core objective led to heterogeneous compliance patterns; many operators retained contractual arrangements, avoiding full integration into the employment model despite formal legal changes<sup>33</sup>. Loose definitional conditions within Spanish regulation have further complicated enforcement, allowing the ongoing predominance of the self-employment model in practice. This raises questions about whether imposing uniform categorisations without layered protective options might undermine the intended gains by alienating segments of the workforce that value flexibility. In contrast, Portugal’s Act No. 63/2013 represents a more investigative approach to misclassification<sup>34</sup>. Labour inspectorates are authorised to determine whether service contracts exhibit features of employment relationships, such as subordination or dependency, and to issue notices requiring employers to regularise status within 10 days. Failure leads to prosecutorial action seeking formal recognition of an employment contract. This procedural path relies on active state inspection rather than blanket statutory presumptions, though its effectiveness depends heavily on inspectorate resources and willingness to pursue cases involving complex algorithmically mediated work structures. The Netherlands’ Balanced Labour Market Act illustrates how broader reforms can indirectly affect

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<sup>30</sup> Freudenberg, “Platform Work,” 12.

<sup>31</sup> Aloisi, “Platform Work in the EU,” 20; Stefano et al., “XPlatform Work and the Employment Relationship,” 12; Safety and Work, “The EU Directive on Platform Work ,” 5; Freudenberg, “Platform Work,” 12.

<sup>32</sup> Guinea, Sisto, and Roy, “Regulating the Working Conditions of Platform Work,” 19.

<sup>33</sup> Guinea, Sisto, and Roy, 15.

<sup>34</sup> Stefano et al., “XPlatform Work and the Employment Relationship,” 29.

platform contexts<sup>35</sup>. By imposing notice periods and requiring employers to offer fixed working hours after sustained engagement, the Act potentially curtails exploitative on-call practices common in gig arrangements. However, given that many platforms rely on pure service contracts rather than employment contracts, applicability depends on successful reclassification under national law, a step not automatically achieved by these reforms. Without such reclassification, worker protections embedded in the Act remain inaccessible. France has created structured mechanisms for dialogue between platforms and workers without collapsing all arrangements into employee status<sup>36</sup>. This includes representative bodies empowered to negotiate remuneration guarantees or dispute-resolution protocols, while preserving autonomous contracting forms where desired. The French model mitigates some imbalances arising from algorithmic control by embedding procedural safeguards against arbitrary account suspension and ensuring transparency in decision-making criteria. Hungary occupies a distinct position shaped by relatively weak collective bargaining traditions and fragmented employer bodies within its industrial relations system<sup>37</sup>. Current legislation omits explicit categories like economically dependent contractors<sup>38</sup>, leaving a gap for platform workers whose income is concentrated from a single source yet lacks substantive autonomy. In this context, EU-driven reclassification presumptions could require significant structural changes to domestic law before protective objectives are translated into practice. Absent such reform, domestic actors, including initiatives like the Hungarian Sharing Economy Association, may influence transposition toward minimal standards compatible with prevailing business models rather than expansive protection schemes. Other jurisdictions experiment with hybrid statuses positioned between employee and self-employed classifications<sup>39</sup>.

## 4. Hungary in the European Context

### 4.1. Overview of Hungarian Labour Law

Hungarian labour law operates within a rigid binary framework that distinguishes between employment relationships covered by the Labour Code (LC) and independent contractual arrangements governed by the Civil Code (CC)<sup>40</sup>. Workers categorised as employees under the LC enjoy comprehensive statutory rights, including protections related to working time, dismissal procedures, occupational safety and health, and social insurance coverage. Conversely, individuals deemed self-employed under CC provisions, such as freelancers or service contractors, have no entitlement to these protections unless they are explicitly negotiated into their contracts. This exclusionary demarcation has profound implications for platform workers, whose factual dependency on a single client or economic insecurity may nonetheless be

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<sup>35</sup> Stefano et al., 30.

<sup>36</sup> Guinea, Sisto, and Roy, “Regulating the Working Conditions of Platform Work,” 15.

<sup>37</sup> Makó and Illéssy, “Platform Work in Hungary,” 4.

<sup>38</sup> Makó, Illéssy, and Nosratabadi, “Emerging Platform Work in Europe,” 9.

<sup>39</sup> Author, “Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI,” 68.

<sup>40</sup> Makó, Illéssy, and Nosratabadi, “Emerging Platform Work in Europe,” 18.

concealed by their formal self-employment status<sup>41</sup>. The absence of an intermediate category, such as “economically dependent contractor”, in Hungarian law represents a structural gap compared with jurisdictions that recognise hybrid statuses designed to extend partial protections without erasing autonomous contracting features. As discussed previously in Section 3.3, this omission constrains both judicial and administrative bodies from reclassifying workers whose operational reality aligns more closely with employment than independent entrepreneurship. Consequently, many platform workers remain outside the reach of labour legislation even when they exhibit core indicators of subordination, restricted decision-making autonomy, pricing control imposed by platforms, algorithmic monitoring systems, commonly associated with employee status<sup>42</sup>. The binary model’s practical outcomes are visible in Hungary’s approach to non-standard work sectors. For example, student labour is heavily organised through school cooperatives, regulated under Act X of 2006 on Cooperatives<sup>43</sup>. These arrangements are legally distinct from standard employment and provide unique forms of engagement that bypass conventional employer–employee dynamics. Although cooperatives offer certain benefits, such as facilitating access to part-time work, they serve as a reminder of Hungary’s tendency to regulate atypical labour via discrete legal regimes rather than adapting core labour laws to encompass broader categories of workers. In platform contexts, similar strategies can result in regulatory circumvention whereby digital labour intermediaries avoid obligations under the LC by framing service provision as cooperative membership or purely commercial contracting. Institutionally, Hungarian industrial relations are characterised by fragmented employer representation and relatively low trade union density in the private sector<sup>44</sup>. This limits collective bargaining coverage for platform workers who might otherwise leverage union structures to negotiate terms of engagement with major operators. While some organisational innovations, such as the Hungarian Sharing Economy Association, have emerged, these tend to act principally as business interest groups advocating minimal compliance burdens rather than as hybrid bodies balancing corporate imperatives with worker rights. As a result, governance of working conditions often defaults to either unmediated market competition or to statutory frameworks ill-suited to address digitally mediated dependency relationships<sup>45</sup>.

## 4.2. Industrial Relations and Social Partners

Industrial relations in Hungary, as applied to platform work, are shaped by a combination of historical institutional weaknesses and the fragmented nature of both employer and employee representation. The country's industrial relations system has

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<sup>41</sup> Makó, Illéssy, and Nosratabadi, 17.

<sup>42</sup> Stefano et al., “XPlatform Work and the Employment Relationship,” 35.

<sup>43</sup> Kun and Szabó, “National Report on Hungary Stage 2. Representing and Regulating Platform Work,” 11.

<sup>44</sup> Makó and Illéssy, “Platform Work in Hungary,” 4.

<sup>45</sup> Makó, Illéssy, and Nosratabadi, “Emerging Platform Work in Europe,” 18; Kun and Szabó, “National Report on Hungary Stage 2. Representing and Regulating Platform Work,” 11; Makó and Illéssy, “Platform Work in Hungary,” 4; Author, “Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI,” 40.

long been characterised by relatively low trade union density, weak bargaining power, and a segmented workforce<sup>46</sup>. This structural reality limits the capacity of social partners to influence regulatory design or enforcement for novel forms of work such as those mediated through digital platforms. While Hungarian trade unions are connected to European-level organisations, including the ETUC and EPSU, they have displayed comparatively low engagement in addressing the issues specific to platform work, in contrast to more proactive counterparts in other EU jurisdictions<sup>47</sup>. The weakness of social dialogue mechanisms presents a barrier to integrating platform workers into structured collective bargaining frameworks. In contexts where unions are less present or inactive, the burden of representation may fall on informal networks or non-traditional actors. Employers in the platform economy are frequently aligned through business associations rather than classical employer organisations, as exemplified by the Hungarian Sharing Economy Association, which represents the interests of platform operators without necessarily serving as a counterpart in labour negotiations<sup>48</sup>. This structure blurs conventional distinctions between labour and capital in industrial relations discourse, potentially weakening the formal channels of tripartism. Hungary's pattern contrasts sharply with Member States that have instituted specific participatory mechanisms for platform workers. France maintains a regulatory environment with established structures that enable worker elections for representative bodies that engage directly with platforms on remuneration standards and dispute protocols. In such cases, even when workers retain self-employed legal status, formalised dialogue between collective worker representatives and platform management provides procedural safeguards against arbitrary decisions and establishes transparent communication channels. Similarly, Greece has encoded certain rights for platform workers into legislation, drawing upon criteria from the 2020 ECJ Yodel case, which regularise some aspects of status determination while preserving social partner involvement in policy adaptation. Spain's approach, while ambitious in codifying employment status for riders through statutory mandate, suffered from ambiguity in operational compliance conditions<sup>49</sup>, highlighting that legal tools alone may be insufficient without a reliable industrial relations infrastructure. The EU's forthcoming Directive on Platform Work embeds collective rights provisions that could alter these dynamics if implemented effectively. The Directive explicitly extends organisational rights irrespective of employment classification, removes traditional competition law barriers to collective bargaining for genuinely self-employed workers, and mandates that platforms facilitate communication among workers without fear of reprisal<sup>50</sup>. For Hungary, where dispersed gig workforces rarely share physical space and turnover is high, these obligations might create new opportunities for coordination otherwise hindered by geography and employment form. However, without active engagement from established unions or alternative representative bodies willing to invest resources in organising efforts, such rights risk remaining latent capabilities rather than lived realities

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<sup>46</sup> Makó and Illéssy, "Platform Work in Hungary," 8.

<sup>47</sup> Makó and Illéssy, 23.

<sup>48</sup> Makó and Illéssy, 8.

<sup>49</sup> Guinea, Sisto, and Roy, "Regulating the Working Conditions of Platform Work," 18.

<sup>50</sup> Guinea, Sisto, and Roy, 6.

## 5. Regulatory Challenges and Policy Debates

### 5.1. Classification of Platform Workers

The classification of platform workers sits at the core of current regulatory debates, with implications that reverberate across labour law, social protection systems, and the fiscal architecture that sustains welfare provisions. In the European legal context, classification determines whether an individual is recognised as an employee entitled to rights under the national Labour Code or as a self-employed contractor outside such protections. The forthcoming EU Directive on Improving Working Conditions in Platform Work (2024) seeks to address persistent misclassification by establishing a rebuttable presumption of employment when specific control criteria are met<sup>51</sup>. This presumption is intended to shift the evidentiary burden from workers, often lacking procedural resources, onto platforms that can exert significant operational authority through pricing, supervision, and algorithmic allocation mechanisms<sup>52</sup>. The criteria proposed under this Directive reflect judicial and academic recognition that control may manifest in non-traditional ways. Rather than relying exclusively on physical workplace oversight or direct managerial instruction, many platforms influence workers' economic activity through digital infrastructures that set remuneration rates, define acceptable performance standards, and restrict multi-platform operation<sup>53</sup>. Such controls can be embedded in opaque algorithmic systems capable of sanctioning low-acceptance rates or declining customer ratings without human review. Codifying these mechanisms into legal definitions of control aims to ensure that they are treated equivalently to conventional subordination under national law. In Hungary's current binary framework, as described in Section 4.3, classification hinges on rigid statutory distinctions between employees under the Labour Code and independent contractors under the Civil Code<sup>54</sup>. There is no intermediate status for economically dependent contractors, despite evidence that many platform workers rely predominantly on a single income source while lacking meaningful autonomy over service parameters<sup>55</sup>. This gap restricts courts and inspectorates from acknowledging functional dependency unless complete employee reclassification occurs. Consequently, platform-mediated work arrangements that feature significant control elements, such as price-setting or job allocation, can persist outside generous statutory regimes despite mirroring subordinate employment relationships in practice. Comparative experiences underscore divergent approaches across Member States. Spain's "Rider's Law" granted food delivery couriers employee status outright, but faced resistance from segments of the workforce preferring self-employment flexibility<sup>56</sup>. Portugal opted for an investigator-driven model, allowing inspectorates to determine when contractual arrangements conceal de

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<sup>51</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 40.

<sup>52</sup> Stefano et al., "XPlatform Work and the Employment Relationship," 43.

<sup>53</sup> Stefano et al., 35.

<sup>54</sup> Makó, Illéssy, and Nosratabadi, "Emerging Platform Work in Europe," 18.

<sup>55</sup> Makó, Illéssy, and Nosratabadi, 9.

<sup>56</sup> Guinea, Sisto, and Roy, "Regulating the Working Conditions of Platform Work," 19.

facto employment, while France integrated representative bodies into dialogue frameworks without mandating wholesale reclassification<sup>57</sup>. These differences illustrate how political priorities, balancing flexibility and security, shape classification regimes even under shared EU policy trajectories. Case law has been instrumental in shaping conceptual boundaries around worker status in platform contexts. Judgments across Europe have applied the principle of the primacy of facts over contractual wording to expose situations in which operational realities contradict nominal independence<sup>58</sup>. For example, algorithms that set fares and dictate routes for ride-hailing services can amount to managerial control sufficient for employee status recognition despite formal contractual disclaimers. The CJEU's guidance in cases like *Yodel* offered structured criteria, including the freedom to delegate tasks, choose clients, serve competitors, and determine working hours, that national authorities now use to assess genuine self-employment claims<sup>59</sup>. Where these freedoms are restricted, classification leans towards employment presumption even for workers labelled as independent. Classification outcomes directly influence access to social protection schemes. Employee recognition generally confers entitlements such as unemployment benefits, occupational health coverage, sick leave pay, and pension contributions; misclassified individuals must often rely on voluntary enrolment in self-employed insurance models at personal cost<sup>60</sup>. The financial unpredictability characteristic of gig earnings discourages consistent participation in such voluntary schemes. International precedents have demonstrated pathways for incremental inclusion: Korea's extension of accident insurance coverage to dependent self-employed persons represents one model adaptable within EU contexts<sup>61</sup>, though its partial approach leaves some collective rights unresolved. Fiscal ramifications further complicate classification debates.

## 5.2. Social Protection and Welfare Systems

Social protection frameworks and welfare systems play a decisive role in shaping the lived experience of platform workers, with the legal classification of such workers acting as a gateway or barrier to accessing benefits traditionally tied to standard employment. As outlined in Section 5.1, the binary distinction prevalent in several Member States, including Hungary, excludes non-standard and self-employed categories from automatic inclusion in schemes covering unemployment, sickness, maternity, pensions, and occupational accident insurance<sup>62</sup>. In many jurisdictions, benefits are linked directly to contribution histories under formal employment contracts, while self-employed individuals must opt into voluntary enrolment regimes. Evidence from Germany shows that even where voluntary participation is permitted, such as for statutory pension or unemployment insurance, actual uptake is minimal,

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<sup>57</sup> Guinea, Sisto, and Roy, "Regulating the Working Conditions of Platform Work," 15.

<sup>58</sup> Stefano et al., "XPlatform Work and the Employment Relationship," 43.

<sup>59</sup> Guinea, Sisto, and Roy, "Regulating the Working Conditions of Platform Work," 16; Stefano et al., "XPlatform Work and the Employment Relationship," 43.

<sup>60</sup> Safety and Work, "The EU Directive on Platform Work," 3.

<sup>61</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 64.

<sup>62</sup> Civil Society, 44.

with less than 1% of self-employed persons enrolling as their primary occupation<sup>63</sup>. This low participation rate reflects both affordability concerns and uncertainty about stable income streams typical in platform work engagements. Unemployment protection illustrates the divergence among EU Member States particularly clearly. In 2021, most states applied eligibility rules for unemployment benefits to self-employed persons on the same basis as employees. Yet seven lacked any scheme at all for this group, while five offered only voluntary participation<sup>64</sup>. Where coverage exists, gaps emerge due to institutional disparities, such as contributions calculated on declared income levels that are inconsistent with actual earnings volatility and benefit payment structures that mismatch intermittent gig work schedules.

## 6. Role of Technology in Shaping Regulation

Technological architectures embedded within digital labour platforms increasingly serve as both the medium of service delivery and the locus of regulatory concern. Automated decision-making systems (ADMS) are now central to work allocation, remuneration setting, performance evaluation and in some instances, contract termination. Their operational scope extends beyond traditional managerial discretion, creating conditions in which control is exerted invisibly through algorithms rather than human supervisors<sup>65</sup>. By structuring the entire workflow—from order notification to client feedback—these systems establish a de facto hierarchy that often satisfies legal indicators of subordination despite formal contractual independence<sup>66</sup>. The forthcoming EU Directive on Improving Working Conditions in Platform Work recognises that regulation must address this technological mediation directly, not as an ancillary issue. Provisions mandating transparency obligate platforms to disclose categories of monitored data, the decision parameters used by algorithms, their relative weighting, and the consequences for workers<sup>67</sup>. This is significant because it introduces “explainability” obligations into an employment-law context traditionally concerned with overt managerial acts. In practice, however, operationalising such disclosure will require Member States to legislate precise standards: for example, whether parameter descriptions must be sufficiently detailed to allow independent verification, or may remain high-level to protect trade secrets. Automated oversight can rest on complex machine learning models whose decision boundaries are inherently opaque; thus, regulators must grapple with questions of interpretability versus proportionality in disclosure. The role of technology here is twofold: it is simultaneously the target of regulatory scrutiny and a potential regulatory tool. On the one hand, algorithmic processes can create new risks, such as discriminatory patterns when rating systems reproduce customer biases, which fall under anti-discrimination statutes only if

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<sup>63</sup> Freudenberg, “Platform Work,” 15.

<sup>64</sup> Civil Society, “Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI,” 44.

<sup>65</sup> Safety and Work, “The EU Directive on Platform Work,” 4.

<sup>66</sup> Stefano et al., “XPlatform Work and the Employment Relationship,” 43.

<sup>67</sup> Rainone and Aloisi, “The EU Platform Work Directive,” 6.

detectable and provable<sup>68</sup>. On the other hand, data generated by these same systems could enable proactive enforcement by labour inspectorates if access protocols are established. Portugal's model of inspector-led reclassification could be complemented by an automated analytics platform that scans datasets for indicators such as persistently low acceptance rate thresholds tied to punitive account actions, which might reveal disguised forms of control. In Hungary's case, adapting inspection regimes from physical-site audits to technologically mediated environments will require substantial expertise upgrades and statutory authority to compel platform data disclosure beyond tax reporting<sup>69</sup>. The current institutional focus remains tied to traditional definitions of the workplace and the supervisor; integrating algorithmic management into subordination assessments will necessitate explicit legislative amendments<sup>70</sup>. Without these changes, even robust EU-level norms risk superficial transposition, with core mechanisms remaining unexamined due to technical evidentiary barriers. The directive's expansion of occupational safety and health (OSH) obligations into digitally orchestrated work illustrates another intersection between technology and regulation. Risk assessment duties explicitly cover ergonomic and psychosocial hazards arising from automated monitoring regimes<sup>71</sup>.

## 7. Conclusion

The regulation of platform work poses a transformative challenge to labor law, social protection systems, and industrial relations across Europe. Hungary exemplifies the tensions inherent in adapting traditional frameworks to digital forms of work.

The dominant binary classification model in Hungarian legislation, which clearly distinguishes between employees and self-employed contractors, does not adequately capture the subtle dependencies and control mechanisms that characterize platform work. This gap deprives many workers of access to basic protections, such as unemployment benefits, occupational health coverage, and collective bargaining rights, despite the dependency indicators embedded in algorithmic management and economic dependence on individual platforms.

Emerging EU directives seek to address these shortcomings by introducing a rebuttable presumption of employment based on specific control criteria, enhancing transparency in algorithmic decision-making, and expanding collective rights regardless of formal employment status. However, the success of these initiatives depends largely on member states' ability to integrate these provisions into their domestic legal systems, administrative enforcement mechanisms, and social dialogue structures. Hungary's current institutional landscape, characterized by fragmented employer representation, low union density, and limited recognition of intermediate labor groups, poses obstacles to effective regulatory transfer and enforcement. Without radical legal reform that recognizes algorithmic control as a form of dependency and creates hybrid modes of

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<sup>68</sup> Civil Society, "Support to Civil Society Participation in the Implementation of EU Trade Agreements EuropeAid/139031/DH/SER/MULTI," 75.

<sup>69</sup> Pesole et al., "Platform Workers in Europe," 56.

<sup>70</sup> Makó, Illéssy, and Nosratabadi, "Emerging Platform Work in Europe," 18.

<sup>71</sup> Safety and Work, "The EU Directive on Platform Work," 4.

accommodation for economically dependent contractors, the risk of platform workers continuing to fall victim to regulatory loopholes remains.

Technological factors complicate regulatory adaptation. Automated decision-making systems, which are at the core of platform operations, challenge traditional notions of administrative control and require new standards of transparency, explainability, and accountability.

Social protection systems face parallel pressures. The volatility and fragmentation of platform profits undermine traditional contribution-based insurance models, necessitating the exploration of transferable benefit programs and universal coverage principles to maintain adequate social protection. Fiscal challenges arise from underreporting of income and tax evasion facilitated by contractor classifications, threatening the sustainability of social insurance funds. Addressing these issues requires coordinated reforms that link work classification, taxation, and social security administration. Collective representation is a critical dimension to improving the conditions of platform workers. Legal provisions that enable the right to form associations and negotiate must be complemented by institutional support to build effective organizational capacity, particularly in contexts like Hungary, where union presence is limited. Secure communication channels and engagement mechanisms, inspired by successful European examples, can enable dispersed and temporary workforces to effectively participate in social dialogue.

Accordingly, the evolution of platform work regulation will require sustained collaboration between policymakers, social partners, and platform operators to ensure that legal reforms translate into tangible improvements in working conditions and social protection. Embracing technological transparency, strengthening administrative capacities, and encouraging inclusive stakeholder participation are essential steps to reconcile economic innovation with fundamental labor rights. The transformation of labor markets through digital platforms presents both opportunities and risks; Therefore, developing responsive, fair, and enforceable regulatory frameworks is essential to protecting the dignity, security, and well-being of platform workers across Europe.

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