



THE FUTURE OF WORK

White Paper from
the employment industry

The Future of Work

Issues at stake and policy recommendations from the employment industry

“The transformation underway is so difficult to grapple with because the changes are occurring on multiple levels at the same time in a confusing, interconnected web.”

David Bollier for the Aspen Institute

I – WORK & SOCIETY : THE END OF WORK AS WE KNEW IT

The future of work is a subject as fascinating as it is disquieting. Work plays a central role in our lives and in our social identity and will continue to do so. Work not only represents a means to achieve economic independence; it is also a source of personal fulfilment and social inclusion. Therefore, everyone is very concerned with the structural shifts that are currently reshaping the world of work: technology, demographics, globalisation, new production patterns, the rise of the on-demand economy but also people’s new expectations regarding job and career.

As a matter of fact, the future of work is already here! We are at the heart of a paradigm shift. Today’s labour markets are undergoing fundamental change: we are facing less a job crisis than a work revolution. Production methods have changed and attitudes to work have evolved significantly. Lifelong employment is a thing of the past, 9 to 5 workdays are over, the concept of command and control relationship has become obsolete: individuals want to thrive at work, be on equal terms with their superiors, organise their working time according to their own desires and constraints and negotiate tailor-made working conditions. For many people, gone are the days of getting a free tertiary education, landing a good job and moving up the corporate ladder at the same company until retirement. This new reality of work can be pictured by the following patterns:

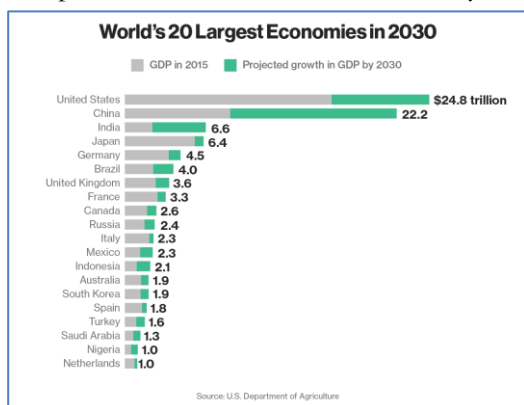
- A wide variety of employment situations;
- The rise of new forms of work outside the employment relationship;
- Growing individual expectations and diverse working conditions;
- The end of unified workplaces, times and activities;
- The emergence of multifaceted and discontinuous career paths;
- Increasing interconnections between work and private life;
- The end of static and predictable labour markets;
- Fading boundaries between national labour markets.

However, our perception of the labour market is still lagging behind. Many people believe that the job market is still shaped the way that it was in the 1960s, in the age of industrialisation and mass society: with a predominance of wage-earners and permanent full-time contracts, coupled with command-and-control relationships between workers and employers. In this model, a permanent and loyal employee enjoys a stable and sustainable professional situation in exchange for his skills and time. Teamwork, regular hours, advancement based on seniority, secured and negotiated wages; all ensure that employees are treated in exactly the same way. But these days are behind us, welcome to a changing world of work !

A - Key trends

a. **The workforce has never been so diverse and educated:** The 21st century working population is very different from the last century. While the 20th century was largely characterised by the white male breadwinner, diversity is driving today's workforce: women, students working to fund their education, people with disabilities, self-employed people returning to work, pensioners wishing to keep a professional activity, etc. While work remains essential to people's life, the individual attitude vis-à-vis work is changing: people wish for more freedom at work and freedom of choice, seeking jobs with a purpose that leads to individualisation of working conditions: "I expect to work the way I live" or "My Work My Way" are two popular visions of work, showing how important has become the notion of the self-realisation and fulfilment at work. As for education, research conducted in OECD countries¹ shows that access to education continues to expand. The change in societies over only a couple of generations, from a time when only an elite few were educated to a situation today where three-quarters of the population have at least an upper secondary education, is one whose consequences are still unfolding. In OECD countries, close to 40% of 25-34 year-olds now have a tertiary education, a proportion 15 percentage points larger than that of 55-64 year-olds; and in many countries, this difference exceeds 20 percentage points.

b. **The world of labour has become flat and globalised:** After the fall of the Berlin Wall and the collapse of the former USSR, followed by the opening of China and India to the market economy, the



global working population has almost double to reach more than 3 billion people in 2015 (an addition of around 1.5 billion compared to 1989). Another illustration of the new global labour market is the explosion of migration: more than one billion people crossed borders in 2009, over five times the number in 1980, most of them to look for a job². This flattening world is also impacting the business world: According to McKinsey, as recently as 2000, 95% of the world's largest international companies (the Fortune Global 500) were headquartered in developed

economies. By 2025, when China will be home to more large companies than either the United States or Europe, it is expected that nearly half of the world's large companies (those with revenue of \$1 billion or more) will be headquartered in emerging markets³.

c. An overall **ageing global working population:** 60% of people now live in countries with stagnant or shrinking populations⁴. Across Europe, the working-age population is projected to decline by 10% by 2020, and in Germany alone, the labour force will shrink by six million workers over the next 15 years (with the number of people of working age will fall from 54 million in 2010 to 36 million in 2060, a level that is forecast to be less than France's). China is similarly challenged: its working age population peaked in 2010, and by 2050 more than a quarter of its population will be over 65, versus 8% today. Within the OECD countries, one adult in three will be over 65, and in Japan, Korea and Spain, which

¹ Education at a glance, 2014, OECD

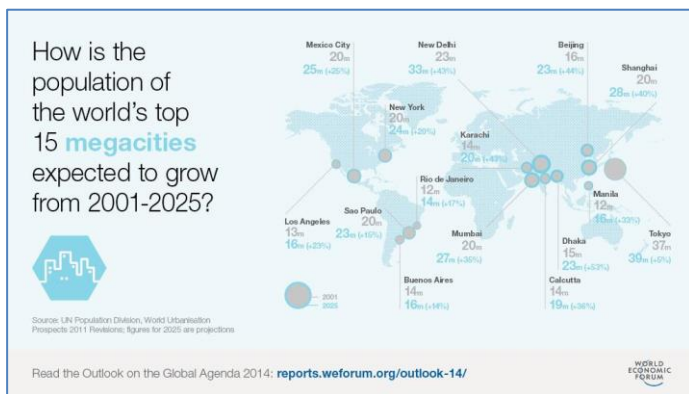
² The Four Global Forces Breaking All the Trends. New York: McKinsey & Company, 2015

³ The Four Global Forces Breaking All the Trends. New York: McKinsey & Company, 2015

⁴ Dobbs, Richard, Manyika, James and Woetzel, Jonathan. No Ordinary Disruption: The Four Global Forces Breaking All the Trends. New York: McKinsey & Company, 2015

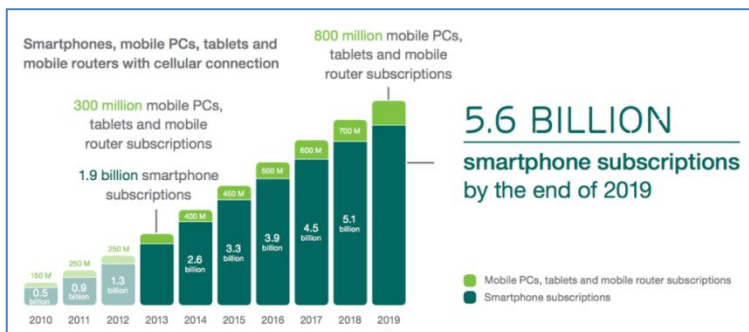
are the most aged OECD countries, the ratio will be nearly one adult in two⁵. Demographics already impact the workplace: people are living longer and working older and migration is reaching levels not seen for decades, helping to bridge the talent gap. A smaller workforce will place a greater onus on productivity for driving growth and may cause us to rethink the economy's potential. Caring for large numbers of elderly people will put severe pressure on government finances.

- d. Towards an **urban working population**: At global level, the population living in urban area has been



rising by an average of 65 million people annually during the past three decades, the equivalent of adding seven Chicagos a year, every year. The World Bank estimates that today 53% of the world population live in a city. Nearly half of global GDP growth between 2010 and 2025 will come from 440 cities in emerging markets, 95% of them small- and medium-size cities.⁶

- e. An **hyper-connected workforce**: New technologies allow for more flexible workplaces, with people working outside the standard core hours and a large number of employees not just leaving the office and their work behind them. People are now more connected and are set up for digital work through



home offices, internet connectivity and smart phones. It is now possible to work from literally anywhere and this appeals particularly to parents with children or workers in remote places who are looking for more agile work arrangements. The definition of 'the workplace' is changing expanding beyond

physical work premises to include anywhere the worker goes in the performance of their duties. Work is no longer a place to go but more a task to perform! The difference today is the sheer ubiquity of technology in our lives and the speed of change. It took more than 50 years after the telephone was invented until half of American homes had one. It took radio 38 years to attract 50 million listeners. But Facebook attracted 6 million users in its first year and that number multiplied 100 times over the next five years. Accelerated adoption invites accelerated innovation. In 2009, two years after the iPhone's launch, developers had created around 150,000 applications. By 2014, that number had hit 1.2 million, and users had downloaded more than 75 billion total apps, more than ten for every person on the planet! An essential aspect of Internet was always that it facilitated new ways for collaborating with other people remotely. In a first wave in the 80's, email was the collaboration breakthrough that enabled effortless exchange of digital materials. In the 90's, the World Wide Web was the second wave, enabling shared focuses for collaboration on web sites. In the first years after 2000, a third

⁵ OECD Observer – The Future of Work, n°305 Q1 2016

⁶ Data from McKinsey

collaboration wave saw the emergence of social media and e-meeting technologies that enabled face-to-face interaction with others via the Internet. In later years, new modes of collaboration have been explored that are now reaching mainstream use.

- f. **Labour markets have become multiple:** In this changing world of work, one needs to take into account the diversity of labour markets and the multiplicity of working arrangements: wage earners, self-employment, art work, family work, teleworking, crowdworking, user work, informal work, free work etc. That means that being employed as a full time, permanent wage earner should not be seen as the standard way of working. As mentioned in ILO 2015 WESO Report, “wage and salaried employment accounts for only about half of global employment and covers as few as 20% of workers in regions such as sub-Saharan Africa and South Asia.” Part of this diversification of work relationship is the rise of multi-activity at work: portfolio workers holding several hold jobs and multiple income sources at the same time, because they work part-time or they derive a second income from self-employment. The youngest generation, sometimes described as “the Slashers Generation” (they tend to describe themselves in a polycentric way), especially enjoys combining several professional activities at the same time, illustrating the rise of portfolio workers.
- g. In many parts of the world, **employment is not the key issue when it comes to the future of work, it is unemployment!** It represents a permanent and unacceptable loss of human capital, discouraging workers and leading to premature withdrawal from the labour market and to social exclusion. Global unemployment stood at 201.3 million in 2014, with 1.2 million additional unemployed compared with the previous year and about 31 million more compared with 2007. “In 2014, close to 5.9% of the labour force was without a job, with wide variations across countries. In particular countries in North Africa and Sub-Saharan Africa and the Middle East continue to suffer from high unemployment rates, in some cases up to 30% of the labour force. Southern European countries have also not yet experienced significant declines in their unemployment rates, despite a modest pick-up in job creation observed in recent months. On the other hand, Asian countries – in particular in South-East Asia and the Pacific – experience relatively low unemployment rates, but often at the cost of high informal employment rates, which can in some countries reach nearly 85% of total employment. Among the developed economies, unemployment fell significantly in the United Kingdom and the United States with other countries in the European Union experiencing smaller decreases. In Latin America and the Caribbean, several countries are facing growing unemployment, as the slowing global economy has started to bring down previously high job-creation rates⁷.”

B – Implications and challenges

- a. Despite all these fundamental shifts taking place in the labour markets, it should be kept in mind that there is **no fundamental recasting of the place of work in society** for millions of workers as they are still struggling to make a living or are engaged in subsistence production. Work remains an essential component of people’s life and identity and a primary vehicle to incomes. Within this framework, access to work is vital for people’s fulfilment and well-being. Unemployment sadly kills thousands of people every year, showing how irrelevant is the debate on the “end of work”. Holding a decent and meaningful job remains a vital expectation for people around the world.

⁷ ILO World Employment and Social Outlook - 2015

- b. Due to the diversity of the workforce, one has to recognised that the **one-size-fits-all approach is not relevant when it comes to the world of work**: There is an increased variety of employment contracts, going beyond the traditional so-called “non-standard forms of work” (fixed-term, agency work, part-time contracts or seasonal work) to cover a wider range of situations including on-demand, on-call, casual or intermittent, project contracts, job-sharing, voucher-based work, pooling of workers or crowdsourcing. As stated by the ILO, “the world of work has seen continuous evolution, including the growth of diverse forms of employment and contractual arrangements in labour markets across the world. Non-standard forms of employment have always existed and may serve specific purposes such as for use in seasonal industries, to replace temporarily absent workers, or to offer options for balancing work and private life. Non-standard forms of employment have assisted business adaptability and growth, as well as increasing labour market participation⁸.” Clearly, in today’s labour market, traditional work models coexist, complement or compete with new, more flexible alternatives.
- c. The **diversification of working conditions and the rise of new forms of work provide for new solutions to the labour market**, increasing labour market participation and satisfaction at work. Research suggests that some new contracts offer a potential win-win situation, combining flexibility with security. “New or non-traditional forms of work provide more flexibility to the world of work, to both employers and workers, and should be welcomed as such. For workers, for example, life choices and work-life balance issues may make non-standard work desirable at certain points, for example in order to allow paid employment to be arranged around domestic work or participation in education. For employers, this can be a way towards a better skill match and to start cooperation while reducing costs⁹.” Studies support the perspective that alternatives to the standard employment form and contract are valid and legitimate in that some workers and employers may prefer the flexibility associated with these non-standard forms of employment and contracts. New forms of work allow for more flexible working arrangements (in terms of both time and place of work) for workers to perform tasks that best fit their abilities and preferences and for a better work life balance (shorter working days, working from home, flexitime work).
- d. The development of new forms of work outside the employment relationship and the rise of portfolio workers result in a **decoupling of job and work**: in the future, more and more people might be jobless but not workless. Indeed, people will develop professional activities outside the range of wage employment, using the on-line talent platforms to secure work opportunities as freelancers or independent contractors. It might be that in developed economies, the tipping point of wage work has been reached: both companies and workers are disregarding employment as a work contractual arrangement for many reasons that can be related to costs-control, rejection of the command & control management model or unsustainability of the social protection schemes. This is challenging the role of statutory working hours, minimum wages, unemployment insurance and other pillars of our traditional labour market institutions and policies.
- e. **New career paths are emerging**: With people moving more often from one job to another one and companies reducing the number of hierarchy levels, the concept of a career is changing, moving from corporate ladder to lattice ladder, from linear career to protean one. Careers no longer build on seniority and experience within a sole company, individuals will pursue careers with multiple employers rather than a job for life. Time-honoured career path of joining an employer, rising

⁸ *Conclusions of ILO Meeting of Experts on Non-Standard Forms of Work, March 2015*

⁹ *Employment and Social Developments in Europe in 2015 – European Commission, January 2016*

through the ranks and staying for decades is a thing of the past for many workers. As a consequence, career security - a person's ability to move on or up, independent of their employer - is replacing job security. New rules of engagement will shift the balance to self-driven individualisation¹⁰. The youngest generation at work (the Millennials) are very open to jumping from job to job. The new generations absence of loyalty is clear: 44% are not expecting to stay in a job for longer than two years, and only 16% of Millennials expecting to still be in the same job a decade from now¹¹.

- f. **The rise of on-line work:** Research from the McKinsey Global Institute examined the economic potential associated with online talent platforms (such as Upwork or Amazon Mechanical Turk) and found that their biggest impact will likely come from boosting labour force participation: “In countries around the world, 30% to 45% of the working age population is unemployed, inactive or working only part-time. This translates into some 850 million people in the United States, the United Kingdom, Germany, Japan, Brazil, China and India alone. The U.S. labour force participation rate, for instance, declined by 3.7 percentage points from the beginning of 2007 through the end of 2014. While some have opted out of the workforce by choice or prefer part-time employment, this number includes many millions who would like the means to raise their incomes.” A U.S. survey, for example, reports that three-quarters of people who are unemployed and able to work would be likely to work if they had flexible options. Digital marketplaces for contingent work can deliver that option to people who do not want traditional full-time positions. If even a small fraction of inactive youth and adults use these platforms to work a few hours per week, the economic impact would be huge, amounting to some \$1.3 trillion annually by 2025, according to MGI's projections¹².

C - Policy recommendations

- a. **Recognize that multiplicity has become a key component of labour markets:** Policymakers should promote diversity of labour contractual arrangements as a way to increase labour market participation and inclusion while at the same time creating an enabling environment for companies to allow maximum opportunities to hire as many people as possible¹³. Fostering more flexible and destandardised working conditions will allow to attract vulnerable groups (women, people with a disability, ethnic minorities) in the labour market and will contribute to counter the negative impact of demographics. Population ageing calls for longer working lives but also the need to develop more flexible working arrangements that fit the abilities and preferences of older people. It also creates demand for a range of new goods and services associated with old age. Academic research¹⁴ shows that all of the net employment growth in the U.S. economy from 2005 to 2015 appears to have occurred in alternative work arrangements such as agency workers, independent contractors, workers provided by contract firm and on-call workers. One explanation for the growth of alternative forms of work is that they are more common among older workers and more highly educated ones, and the workforce has become older and more educated over time.
- b. **Secure a better measurement of the diversity of working relationships and work patterns to develop fact-based policies.** Governments and international policymakers should assess the full

¹⁰ Cf. *The Ego Revolution at Work : How individualism will impact the way we work* - Denis Pennel, January 2016

¹¹ *The 2016 Deloitte Millennial Survey*

¹² *McKinsey Global Institute – A labour market that works : Connecting talent with opportunity in the digital age, 2015*

¹³ *World Employment Confederation Report « More work opportunities for more people » - 2007*

¹⁴ *Lawrence Katz & Alan Krueger – The rise and nature of alternative work arrangements in the US, 1995-2015 – March 2016*

impact of workforce changes occurring due to technological disruption, demographic changes and business innovation, especially measuring the impact on participation rate, rise of new forms of work, skill gaps, sector obsolescence and sector growth. This measurement should include the emergence of the collaborative economy and new forms of work which combine simultaneously several types of jobs, work and other activities to create income. Quantifying this impact will allow to better understand the issues at stake and to implement fact-based efficient policies. Policy coordination can be facilitated by having sound, unbiased and timely information on employment trends and skills needs. By the many pieces of research it published, the employment industry can provide factual evidences of the new reality of the world of work.

- c. **Combat unemployment by facilitating access to work:** Several parallel measures should be undertaken in order to enable work and facilitate transitions in the labour market:
- i. ***Targeted active labour market policies (ALMPs) should be promoted*** and employment and social policy framework should place labour market security over job/employment security (i.e. facilitate the ability of workers to successfully progress among or between jobs). Private employment services should be involved by policymakers in the designing and implementation of these active labour market policies, capitalising on the industry's expertise and deep knowledge of both supply and demand sides¹⁵.
 - ii. ***Support mechanisms should be enacted to increase youth employment participation rate:*** lower structural barriers and incentives should be implemented to encourage hire youth while tax burdens should be reduced to facilitate transition from informal to formal employment. Reducing structural barriers in labour market regulations that restrict different forms of work arrangements, such as part-time or temporary jobs, and allowing a flexible switch among these forms of employment would increase employment, especially among youth¹⁶. Governments should also create incentives to encourage the transition from informal to formal employment for young people, especially in developing countries where they are disproportionately likely to work in the informal sector with 9 out of 10 young workers in low-income countries, and two thirds of young workers in middle income countries employed informally¹⁷. Governments should encourage this transition by reducing the cost and time of business registration, spreading information about how to register, and stamping out corruption.
 - iii. ***Cooperation between public & private employment services should be encouraged*** as an effective way to support the inclusion of all jobseekers and to help reduce the discrepancy between job supply and demand. Like athletes or professional artists, jobseekers should be able to rely on an agent or manager, public or private, to give them career management assistance: help with job search, support in the case of dismissal, legal advice related to employment contracts, coaching and reputation management, training, career mobility advice etc. The World Employment Confederation has been committed for many years in developing working relationships with WAPES (World Association of Public Employment Services) in order to develop a better understanding of challenges facing employment services and explore ways for strengthening the cooperation between the two parties.

¹⁵ World Employment Confederation report – Adapting to Change - 2012

¹⁶ Betcherman, G. (2014). *Designing labor market regulations in developing countries*. IZA World of Labor

¹⁷ ILO - *Global Employment Trends for Youth 2015*.

- iv. ***Job creation in the care economy via voucher based work solutions should be supported.*** In this scheme, an employer acquires a voucher from a third party (generally a public authority) to be used, instead of cash, as payment to a worker providing a service. “Often, the services provided are specific tasks or fixed-term assignments and consequently are related to casual work, mainly in household services and agriculture. The rationale behind the concentration in these two sectors is that they are often core areas for the operation of undeclared work, and voucher-based work aims to provide an easy-to-handle instrument to legalise such employment. It involves a low administrative burden to establish and end the employment relationship and offers the flexibility to do so quickly when human resources demand occurs¹⁸.”
 - v. ***Entrepreneurship and self-employment should be eased by encouraging limited, liability corporation for own account worker*** (one-person shop/solopreneurs/auto-entrepreneur) and improving access to finance and capital. The collaborative economy allows citizens to provide services themselves – making them entrepreneurs – through the assets they consider under-used. Lack of entrepreneurship education (from a young age in school through to universities and vocational training) remains a significant bottleneck to stimulating self-employment: within the EU, less than 50% of people aged between 18 to 64 believe that they have the skills and knowledge to start a business (vs 53% in USA and 12% in Japan). Besides, entrepreneurs do not always have access to traditional finance due to high costs, age or gender discrimination, insufficient understanding from the lender on the business model. States should support and secure new, alternative forms of financing (such as crowdfunding) as well as simplification of tax legislation while making use of public funds to set up micro-finance support schemes.
 - vi. ***Support measures that address the compatibility of work and life balance:*** that can include ensuring that part-time workers have access to appropriate benefits and encouraging flexible working schedules.
- d) **Employment regulation should be modernised to reflect the changing nature of work and the rise of on-line workers.** Labour laws must be future-proof and reflect the increasingly rapidly changing nature of the world of work and should avoid excessive regulatory burdens based on backward-looking approaches. Adapting inefficient and excessive regulation will promote innovation and entrepreneurship and provide increased employment opportunities, especially for youth. Employment protection legislation (EPL) that imposes substantial or unpredictable costs on companies’ ability to manage the workforce undermines firms’ productivity growth, reduces their willingness or ability to deploy new technologies, and/or weakens their ability to attract resources to commercialize new ideas.¹⁹ Any regulation on labour should marry a two-fold objective: ensure economic growth in order to create jobs while providing for social progress and protection of workers. Most efficient balance between soft law and hard law should be implement as a way to simplify the complexity of existing regulations. It is crucial that existing rules are effective, fast enough and properly enforced to meet the new challenges and ensuring a level playing field.

¹⁸ See Eurofound report on *New forms of employment - 2015*

¹⁹ OECD (2015) “*The Future of Productivity*”

- i. ***Need for appropriate regulation on on-line talent platforms*** (such as Upwork, Amazon Mechanical Turk etc.): Any new law should recognise the multitude of typologies and the diversity of business models which online platforms and sharing-economy can take encourage and remain flexible in order to promote a fair competition increase and a level playing field . At the same time, rights and obligations of both providers and consumers should be clarified and made transparent, including the need to investigate commercial restrictions that some platforms may impose. In any case, the starting point for adopting regulation (if and when relevant) is to conduct a thorough and economically-grounded assessment of the complex and multi-sided platform ecosystem.
- ii. ***The approach to the collaborative economy must take into consideration that same rules and duties must apply in same economic activities.*** New business models can undermine the level playing field between new and tradition business models providing similar services under a different regulatory framework. These development should be carefully monitored. This is particularly relevant in the context of application of taxes, freedom of establishment, requirement to be accomplished related to health & safety measures or social security and employment rules.
- iii. Around the world, ***policymakers will need to clarify how project-based workers are treated under the law***, whether regulations like minimum wage laws apply, and what benefits the employers will need to provide. Countries such as Germany and Canada, for example, have a "dependent contractor" category that grants some additional protections to workers who fall somewhere between employees and independent contractors and are dependent on a single employer.

II – DECENT JOBS FOR ALL: TOWARDS A NEW SOCIAL DEAL

“Employees, self-employed, small business people, contractors, at-home carers and volunteers are all vital components of the workforce and all have a stake in the effort to improve the quality and security of work.”

The Future of Work – New Zealand Labour Party, 2015

A - Key trends

- a. **Holding a decent or quality job can end up in different meanings** depending on which part of the world people are working or on a country’s level of economic development or in which sector. However, when it comes to work expectations, most of the people are aligned regarding the key fundamentals: get a decent pay and appropriate benefits allowing them to make a living, to raise a family and to be protected against the uncertainties of life (unemployment, sickness,) and enjoying a work-life balance. For people working in advanced economies, these key fundamentals are being top up with the possibility to adapt work to their personal constraints or choice. Individuals want to specify their compensation package and choose their work schedules themselves just as they want to pick their workspace. People now want to choose the way they work just like they consume goods and services. We can call it work flexibility or agility, but being able to make this choice means that people can fulfil their need for individualisation and express their uniqueness. And we are all initiators but also developers and consumers of flexibility! In wanting to individualise our lifestyle, the way we spend our time, the way we consume and our relationship with work, we have created a need for diversification and flexibility.
- b. **Decent work does not rime automatically with permanent full-time wage earners.** Employees are today being tore up between burn-out and bore-out situations, facing on the one hand physical or mental collapse caused by overwork or stress and on the other hand lack of meaningful tasks to perform, boredom at work, and consequent lack of satisfaction. Indeed, stability does not automatically mean quality and a significant number of workers are looking for more flexible ways of working with the view of achieving well-being at work. According to a Gallup's 142-country study²⁰, only 13% of employees worldwide are engaged at work. That means the bulk of employees worldwide - 63% - are "not engaged," meaning they lack motivation and are less likely to invest discretionary effort in organizational goals or outcomes. And 24% are "actively disengaged," indicating they are unhappy and unproductive at work and liable to spread negativity to coworkers. In numbers, this translates into 900 million not engaged and 340 million actively disengaged workers around the globe.
- c. **Worst form of non-decent work is illegal and forced labour!** According to the ILO, “forced labour takes different forms, including debt bondage, trafficking and other forms of modern slavery. The victims are the most vulnerable – women and girls forced into prostitution, migrants trapped in debt bondage, and sweatshop or farm workers kept there by clearly illegal tactics and paid little or

²⁰ Gallup – State of the global workplace, 2013

nothing²¹.” Almost 21 million people are victims of forced labour – 19 million victims being exploited by private individuals or enterprises and over 2 million by the state or rebel groups. Forced labour in the private economy generates US\$ 150 billion in illegal profits per year.

- d. As we are facing a new industrial revolution, looking at what are the conditions of decent work is complicated as **technology and a globalised, interconnected and services-oriented labour markets are changing the very nature of work**. We are moving away from the industrial age to enter the digital age, which is challenging the key components of work.
- i. **Working time: the 9-to-5 is dead!** Working life and private life are increasingly interlocked. The separation between personal and professional spheres is becoming more blurred due to a growing overlap between the two: work is no longer confined to the office but invades the private domain. In the same way, private life is invited into the professional world, and fitted into working hours. Following the demise of its spatial reference, work is also witnessing the end of its time reference! On a day-to-day basis working time is more and more difficult to define: "private time is introduced into paid employment time with parental leaves or to look after sick children, or as recuperation for overtime, etc. and vice versa, work casts its shadow over private time with people bringing work home or being on call²²». In the United States 15% of workers admit to regularly surfing the web for personal reasons. On aggregate, they spend more than one day a week visiting websites that have nothing to do with their work²³! At European level, 70% of employees report answering their mobile phone during their vacation if their supervisor calls. Only 30% of respondents say that they are completely out of work mode while they are away²⁴. Work transcends time!
 - ii. **Working space: Work is no longer a place to go!** Thanks to new information technologies, many of us no longer need to go to the office to work. Laptops, smartphones, tablets, the Internet, seamless access to work files and softwares and now "cloud computing" allow more workers to free themselves from geographical constraints: work has left the office bubble to take on a more protean form, in multiple spaces. Now disconnected from a fixed place, work is increasingly linked to networks, and based on relations between remotely connected workers. Co-working spaces are mushrooming, changing the definition of what is a workplace. This new working spaces, sort of work oasis, allow workers, whether employees or self-employed, but also start-up founders, find themselves working in the same room, but on their own projects (“working alone together”). In Europe, nearly 25% of active workers are already nomads²⁵. They are employed or self-employed workers who use ICT in their work and do not mainly work in the premises of their employer. These mainly nomadic active workers work from home (remote working), at their clients' premises, in their cars (commercial travellers) or in co-working spaces. The proportion of mobile workers is obviously greater for self-employed than for employees.
 - iii. **Crowdsourcing as the new template for work:** Online talent platforms such as Upwork, Amazon Mechanical Turks or Freelancers.com are creating new avenues for accessing work,

²¹ ILO website

²² *Beyond employment; transformations of work and future of European labour law, Report to the European Commission, Paris, Flammarion, 1999*

²³ Example mentioned in David Bolchover's book *The Living Dead*

²⁴ Study by StepStone carried out in 2011 among 15.248 wages earners from 80 European countries

²⁵ Eurofound - 5th EWCS - 2012

building professional experience and reputation and generating incomes. Some people are freelancing by choice, relishing the opportunity to set their own schedules, choose their assignments and work independently. Others have turned to crowdworking out of economic necessity. These types of platforms can spur large companies to hire temporary workers when they cannot justify a full-time position, and they can dramatically lower costs for small companies that need specialized help, from accounting to marketing assistance for a product launch. « Technology can improve the protection of workers and allow for more flexible working arrangements, thereby encouraging labour market participation of women, older workers, those in family responsibilities, disabled workers and others whose labour market participation can be boosted by flexible working arrangements.²⁶»

- iv. **Broadening of needed skills for a job:** Without clearly identified workstations, workers are increasingly likely to hold a series of jobs. As a result people develop their ability to hold



several positions in a factory or warehouse, thereby becoming more flexible. Even low skilled work (handling, data entry, etc.) are evolving from simple execution to taking actual responsibility for part of the production process. This growing demand for a variety of skills is particularly clear in the logistics sector where handlers have become drivers, order handlers, warehouse managers, etc. A study by Sascha Becker and Marc-Andreas Muendler found that as a result of globalisation, the average

German job expanded from entailing fewer than two tasks in 1979 to more than seven in 2006²⁷. In addition, “as whole industries adjust and new ones are born, many occupations will undergo a fundamental transformation. They will change the skill sets required in both old and new occupations in most industries and transform how and where people work, leading to new management and regulatory challenges²⁸. » Companies are more and more looking for new (soft) skills related to new jobs. Research²⁹ highlights that tasks and jobs requiring emotional and personal skills, such as persuasiveness, creativity, strategic approaches, analytical capacity, communication skills, innovative thinking, flexibility and social skills, are facing increasing demand. Such skills have been shown to contribute to job creation, for example the OECD demonstrated that young innovative firms that possess such soft skills have been responsible for almost half of the jobs created among OECD countries.

- v. **More interaction-based work:** New modes of production based on people’s greater autonomy and accountability, involving more teamwork in turn demand more initiative and further interaction among colleagues. And in keeping with these new collaborative production methods, work is no longer divided into repetitive tasks. As a result, the overall level of technical skills required to accomplish a given job has risen: new quality standards and internal procedures attached to almost every task, are making jobs more and more

²⁶ Report ‘Employment and Social Development in Europe 2015’ - European Commission – January 2016

²⁷ Sascha Becker & Marc-Andreas Muendler - Trade and Tasks: An Exploration over Three Decades in Germany - NBER Working Papers 20739, 2014

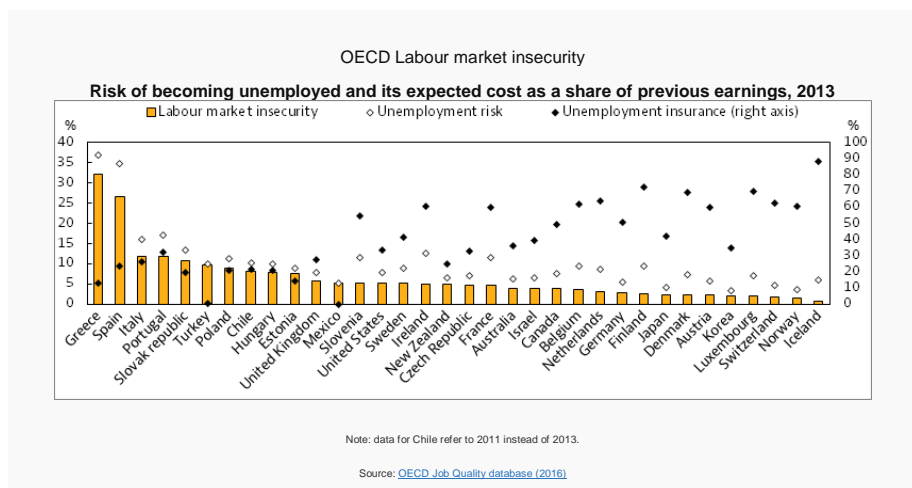
²⁸ WEF Report The Future of Jobs, 2016

²⁹ Richard Murnane - New Division in Labour: How computers are changing employment and the job market

complicated. On average, by 2020, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not yet considered crucial to the job today, according to WEF’s Future of Jobs report. Jobs that will resist automation are those involving non routine tasks and highly contextual work.

B – Implications and challenges

- a. **Strict employment protection does not provide for a higher sentiment of security for workers.** Actually, academic research³⁰ shows that workers feel less secure in countries where jobs are more protected! According to IZA, « stricter EPL leads to longer unemployment durations, both theoretically and empirically. For employees, EPL is therefore a double-edged sword: while protecting them by reducing the risk of job loss, it also increases the associated cost of job loss by reducing the outflow rate from unemployment. » In other words, strict EPL concentrates the unemployment risk among ‘outsiders’ while protecting those that have a job (the ‘insiders’). Employment protection, as measured by the OECD indicator, does not by itself afford good protection against the feeling of job insecurity.



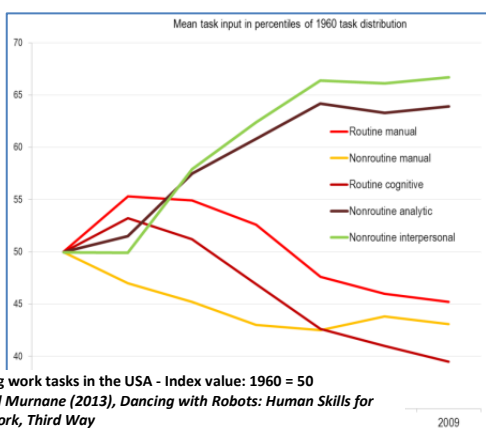
- b. **New safety nets should be invented to protect individuals rather than jobs** based on activation and employability enhancement (empowering people). Indeed, structural shifts taking place in today’s labour market are undermining the traditional employer-employee relationships that have been the primary channel through which worker benefits and protections have been provided. In transitional labour markets, job churning is on the rise: In France, an individual born in 1940 would have had an average of 2.4 jobs by the age of 40, while one born in the 1960’s has already had 4.1 jobs and the US labour department foresees that someone in education today can expect to hold between 10 and 14 jobs by the age of 38. The traditional ‘male-breadwinner model’ based on the full-time, permanent worker paying contributions which provide entitlement to social protection no longer matches all possible work relationships of today. At the same time, non-traditional work may be penalised with insecure employment and spells of (uncovered) unemployment, fewer hours of work and fewer social protection rights. The social contract has long relied on employers to deliver unemployment insurance, disability insurance, pensions and retirement plans, worker’s compensation for job-related injuries, paid time off, maternity leave

³⁰ IZA - Job Security and Job Protection, Andrew Clark Fabien Postel-Vinay, 2005

etc. Individuals who find work through digital job platforms or operate as independent contractors do not have access to social protection provided in an employee situation. There is a growing need for a new professional status linked to people's lifespan rather than to short-term interactions. In transitional labour markets³¹ new insurance scheme must be developed to cover the risk of job loss, deskilling and long-term unemployment. But we also have to allow people to train and work to maintain their employability. Policymakers and social partners have to facilitate people's transitions in the labour market by establishing premiums to cover occupational mobility (change of location, change of occupation or change of professional status). This could involve a moving allowance (fully deductible business expense for tax purposes) but also continuing education courses or the development of recognition of prior learning (RPL) programmes. One can also imagine building bridges between the public and private sectors or between salaried work and entrepreneurship. In France, the experimental launch of the "contract of professional security" (CSP) in 2011 is a good example of this new direction. The purpose of the contract is "the development and implementation of a journey back to employment by learning a new job or creating your own business unit".

- c. **The notion of 'working time' needs to be redefined.** With the dematerialisation of work and the increased blend between work and life, time management is out for many workers! Digitisation and an increasing international division of labour mean a growing worldwide interconnection of the working world. Communication and coordination processes within groups which are active worldwide but also between different companies are increasing. This communication across time zones is made more difficult in many cases by maximum working hours laid down by statute. Besides, people can be working alone together, via the emergence of coworking spaces. Coworking fits a type of work that is more horizontal, mobile, and autonomous and which leaves more room for innovation. The way it works is that workers, whether employees or self-employed, but also start-up founders, find themselves working in the same room, but on their own projects. The main advantage is that individuals can interact with others, find ways to socialise when they are alone or away from their company. There are already over 2,800 coworking spaces in the world³², like guest-houses dedicated to work.

- d. **Automation resulting in job creation or job destruction?** With the advent of technological



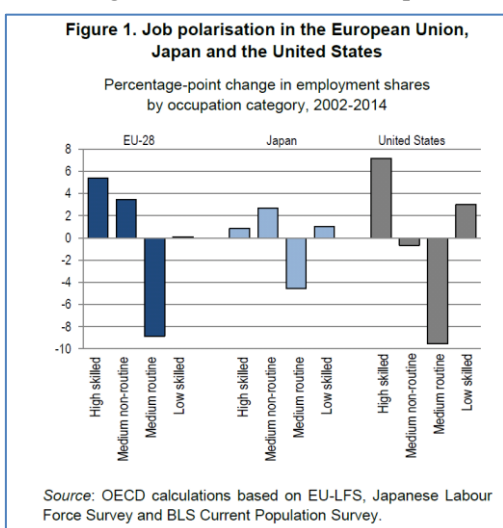
innovation, there is tremendous opportunity for entrepreneurs and society to innovate and start new businesses. However, the nature and speed of technological innovation is creating a major disruption in the world of work. Technological change means, on the one hand, job losses due to substitution of human labour with machines. On the other hand, technological innovation also brings direct and indirect job creation as machines require building and maintenance, more wealth is created and new markets are opened. The net impact on automation on job destruction remains a heated

³¹ See the works of German Professor Dr Günter Schmidt

³² Figures from *Deskmag* (www.deskmag.com) 2015

debate, with opposite analysis by economists and academics. Jobs gains in the next five years will not be enough to offset expected losses, according to the WEF³³. Two-thirds of the jobs lost will be in white-collar office functions, such as administration: roles that will be taken over by machines. Job gains won't be evenly spread. Rather, areas of science, technology, engineering and maths will see the majority of new roles created: competition for talent in high-growth areas such as computing, mathematics, architecture and engineering, and other strategic and specialist roles, will be fierce.” “If you are choosing your college degree today, STEM skills are a good bet,” they say. However, Enrico Moretti suggests that for each job created by the high-tech industry, around 5 additional, complementary jobs could be created³⁴.

- e. **The hollowing out of middle-skilled jobs that could be digitalised or off-shored:** The impact of technological innovation on employment and jobs is biased towards certain types of skills. High-skill and low-skill occupations continue to grow, but middle-skill occupations and



non-person-to-person jobs are shrinking due to automation of jobs. In the USA, for at least a few decades, employment in middle-skill positions – which have historically offered workers without a college degree a berth in the middle class – has been falling sharply. About 25% of the employed workforce in 1985 held middle-skilled jobs; now just above 15% hold those positions³⁵. The declining prominence of middle-skilled jobs is largely driven by the automation of routine tasks and, to a certain degree, the outsourcing of jobs. Technological progress is often cited as the main cause of the hollowing-out of medium-skilled jobs in developed countries. New technologies have been replacing routine tasks which are repetitive

tasks characteristic of many medium-skilled cognitive and production activities such as bookkeeping and clerical work. At the same time, technologies have raised relative demand for non-routine tasks that depend on high skill levels, such as lawyers, and manual tasks that require little in the way of formal education, such as janitors and security personnel.

- a. **International labour mobility will keep on increasing in the future.** Due to demographic changes, the further globalisation of the economy and talent shortages, labour mobility will remain an essential component of a well functioning worldwide labour market. The WEF predicts that 25 million extra workers will be needed in the US by 2030 to sustain economic growth, while some 35 million extra workers will be required to fill Europe's employment gap by 2050. At the same time some 45 million new entrants will join the global job market every year – most of them young and from developing countries. Matching labour market supply with demand on a global scale will require well organised intermediaries able to take a professional and coordinated approach and to deliver a successful outcome for all parties. The employment industry is well placed to support and facilitate this. It has an established presence around the world and is

³³ WEF – *The future of jobs*, January 2016

³⁴ E. Moretti – *Local Multipliers*, *American Economic Review*, N°100, 2010

³⁵ Source: US Federal Reserve

familiar with the task of placing people across a global labour market and handling the attendant legal and social issues.

C - Policy recommendations

a. In terms of policy, decent work should be addressed beyond the types of labour contracts:

Discussions should move away from the non relevant division between “standard” and “non-standard” forms of work. Criteria to define decent work should go beyond as there is no one-to-one correlation between quality work and the type of labour contractual arrangement a worker holds. The approach developed by the OECD³⁶ to measure and assess the quality of jobs considers a series of objective and measurable dimensions that go beyond the simple nature of labour contract:

- a. **Earnings quality** captures the extent to which earnings contribute to workers' well-being in terms of average earnings and their distribution across the workforce.
- b. **Labour market security** captures those aspects of economic security related to the risks of job loss and its economic cost for workers. It is defined by the risks of unemployment and benefits received in case of unemployment.
- c. **Quality of the working environment** captures non-economic aspects of jobs including the nature and content of the work performed, working-time arrangements and workplace relationships. These are measured as incidence of job strain characterised as high job demands with low job resources.

- ### b. Modernise social security schemes and implement safety nets for new forms of work and/or make them consistent with the ones already in place for traditional forms of work.
- For many workers, having a job for life is no longer realistic. Job security must now be considered across the labour market, rather than at job or work level. Social protection should be organised over an entire career and not on the basis of an employment contract or job status. The objective is to establish modern labour and social security laws, which take into account the diversity of labour contracts and employment statuses in order to adhere to new forms of work organisation. Designed at a time when full time, open ended contracts prevailed, our social protection systems must evolve beyond the scope of the contractual arrangements and professional status. One solution for example could be to give each individual who enters the labour market a quota of vocational training hours that they could use whenever convenient and according to their needs. Equally, working time could be calculated over an entire career, with individuals having to fulfil a specific amount of hours in order to be eligible for a full pension, regardless of their situation (employed, self employed, entrepreneur, etc.). In the Netherlands a savings account system for pensions has been in place for 10 years. It allows workers to save a portion of their salary every year (up to 12% of annual income) in a savings account and to use that money towards any form of unpaid leave (to care for children or elderly parents, to adopt, take a parental leave, a sabbatical or to leave for early retirement). This account stays open even if the employee changes jobs (it is attached to the individual, not to the company). As EU Commissioner for Employment Marianne Thyssen said, « we have to ask ourselves the basic questions: are our European Union and our Member State's social policies in the broad sense of the word fit for purpose for the 21st century? How can we make the European social model future-proof?³⁷ »

³⁶ OECD – *How good is your job? Measuring and assessing job quality* – February 2016

³⁷ Press Release “Commission launches a public consultation on the European Pillar of Social Rights” – 8 march 2016

- c. Develop portable and transferable social rights in order to compensate for the uncertainty related to the multitude of employment contracts or statuses.** In a modern labour market, social benefits should satisfy at least three conditions. They should be portable, attached to individual workers rather than to their employers. They should be universal, applying to all workers (regardless of employment status) and all forms of employment or work. They should be pro-rated, linking employers benefit contributions to time worked, jobs completed or income earned. In Silicon Valley, new private companies like MBO Partners are emerging to handle the benefits of flexible workers that work for many employers. If the digital revolution makes alternative working models and employment relationships more commonplace, policymakers will need to consider designing a system of more portable benefits. New online marketplaces and intermediaries may emerge to meet this need. Or trade unions could fill the gap, providing benefits and even training and credentialing for members, as they have done in the construction industry and for Hollywood writers and movie professionals. The challenge is to separate the funding of social protection from regular payroll contributions. The goal is to create an "individual social account" that you would keep throughout your professional life, regardless of who your employer is or what type of contract you are on. The account would comprise all social rights (unemployment benefits, pension, education, social security, employee savings funds) and could be used when needed and on the individual's own initiative, for example to cover a leave of absence, a training programme, take early retirement, etc. This individual account would merge systems that are already in place in some countries such as vocational training or working time accounts. Employees would contribute to the account on the basis of years worked, and employers would fund and operate it like a social drawing rights system. The account could be accessed at a time of professional difficulty (to ensure financial stability in the event of unemployment), in case of personal problems (to reorganise working time or take a sabbatical) or simply to address a wish for professional development (and eventually ensure greater mobility).
- d. Tax and benefits schemes must also evolve to protect those who lose out from change,** while social protection schemes need to reflect new work arrangements such as crowdworking, freelance and other contracts that no longer fit into traditional employee-firm relationships. Public income support systems as well as taxation should recognise that people move in and out of work more frequently or work across a portfolio of jobs. Question is who is to pay for it? As the economist Tim Hartford puts it, "we should end the policy of trying to offload the welfare state to corporations. It is a policy that hides the costs of these benefits, and ensures that they are unevenly distributed. Instead we should take a hard look at that list of goodies: healthcare, pensions, income for people who are not working. Then we should decide what the state should provide and how generously. To my mind, there is a strong argument that the state should provide all of these things, to everyone, at a very basic level. What the state will not provide, individuals must pay for themselves - or seek employers who provide these benefits as an attraction rather than a legal obligation³⁸."
- e. Policy approach to skills maintenance should be redesigned:** Governments should prepare as well as they can for the unpredictability of technological disruption through comprehensive monitoring of its full impact on labour markets. This will minimize skill mismatches and reduce the challenges associated with the speed and unpredictability of technological disruption. Jobs could become obsolete quickly, and education could have trouble adapting curricula to prepare graduates with the necessary skillsets needed by business. Knowing that 65% of American children entering primary school today will ultimately end up working in completely new jobs types that don't yet

³⁸ Tim Hartford – *An economist's dream of a fairer gig economy* – *Financial Times*, 20th December 2015

exist³⁹, the maintenance of workers' employability is a key component of the future of work. At a time when qualifications become obsolete so quickly, the capacity to learn (learning to learn) is even more important than skills. Indeed, in some cases, education is becoming less critical as one can do the same job with less education because technology makes all the difference (the use of GPS technology is a good example when it comes to taxi drivers and ride sharers). Several policy measures should be implemented :

- a. **Encourage life-long learning:** There are several ways to do this, some of which have been around a long time without quite reaching their goal. In several countries, the development of vocational training, bringing together education and business, or the creation of mentoring systems within companies to facilitate the transfer of skills and know-how between senior employees and young recruits are good practices. But maintaining the employability of workers can also use more innovative options: the development of learning networks or communities, made up of experts working in different companies, who would share their knowledge and experience through real or virtual groups; the development and use of MOOCs (Massive Open Online Course) should be promoted as it gives free access to training to millions of people.
- b. As much as possible, **periods of unemployment should be used as opportunities for upskilling and reskilling jobseekers.** Public and private employment services should be mobilised to advise and give support to those who want to re/upskill as identifying the relevant training scheme might be tricky. In terms of training policy, a high premium should be placed on acquiring cognitive skills to solve non-standard problems.
- c. **Set up individual training account for workers** so they can capitalise training rights based on the number of hours they have been working. They can then chose whatever training schemes they deem the most valuable to them.
- d. **Promote Recognition of Prior Learning (RPL)** including for those in volunteer work.
- e. **Encourage the setting up of sectoral (bipartite) training funds** in order to reducing skills mismatch and increase relevant work skills. The employment industry is well placed to support this need for greater vocational training and upgrading of skills. In Europe, in addition to the substantial training schemes directly developed by private employment agencies, the industry has also set up sectoral bipartite training funds in 7 countries (Belgium, France, Luxembourg, Netherlands, Italy, Spain and Austria) to facilitate access to vocational training for agency workers. More than €500 million is invested every year by these training funds in schemes specifically designed for agency workers.
- f. **Endorse dual learning & apprenticeship:** Attractive regulatory framework conditions should be created that stimulate the establishment of apprenticeships systems. The interlinking of vocational and university education must be further developed. Academic courses should include practice-relevant content in their curricula and vocational training courses should have academic/scientific links where necessary. Dual courses are an excellent way to combine an academic qualification with solid practical experience.

³⁹ McLeod, Scott and Karl Fisch, « Shift happens », <https://shifthappens.wikispaces.com/>

- f. **When it comes to decent work, public authorities' priority should be on fighting against worst labour situations** such as human trafficking, illegal work and forced labour. Active policies to combat undeclared and informal work should be implemented, with the support of ethical and reputable labour market intermediaries as an arm to combat human trafficking. Proper enforcement of existing regulation should be secured with the active role of labour inspection and rogue traders in the labour market should be chased and banned. Members of the World Employment Confederation are deeply committed and engaged in several international initiatives to develop international ethical recruitment practices such as the ILO Fair Recruitment Initiative or the IOM IRIS project. The purpose of these projects is to enable secure and fair cross-border labour mobility to fight labour shortages by supporting reputable recruitment and employment agencies, with a special attention on banning fee-charging for jobseekers and workers and setting in place standards and regulations that create a level playing field.

III – THE ORGANISATION OF WORK AND PRODUCTION: TOWARDS EXTENDED COMPANIES

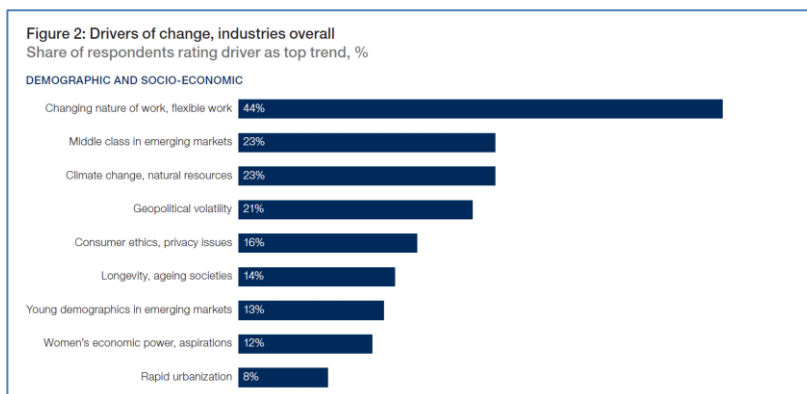
“For the first time in human history, we now can have the best of both worlds – the economic and scale efficiencies of large organisations – and the human benefits of small ones: freedom, motivation, creativity and flexibility.”

Thomas Malone
The New World of Work, MIT Leadership Center, 2005

A - Key trends

We are experiencing a new industrial revolution, in which digitalisation represents the new energy, IT networks the new transportation models and where production models evolved from mass production to mass-customisation. New means of communication, the digitisation of products and services as well as the connection of production steps are changing our economy and working world with lasting effect. As a consequence, the business world is facing an increasingly complex, volatile and unstable environment. Compared with the first Industrial Revolution, McKinsey estimates that this change is happening ten times faster and at 300 times the scale, or roughly 3,000 times the impact⁴⁰. « What is certain is the uncertainty that lies ahead and that we will see the effects of this acceleration of structural and cyclical forces⁴¹. »

- a. **From mass production to mass customisation:** In order to respond to the rise of the on-demand economy and the globalisation of the economy, production patterns have been reorganised to gain flexibility and agility. A newly emerging model of industrial production involves short production runs



The Future of Jobs – WEF January 2016

of mass-customised goods and services, the global fragmentation of value chains, the networking of productive capacities and the blurring of boundaries between producers, sellers and consumers (the “prosumer” shift, i.e. individuals involved in both producing and consuming). It already started in the 1980s with the implementation of zero stock, lean & yield management models and as since evolved into further fragmentation of production models: outsourcing, offshoring, crowdsourcing, etc. On the supply side, many industries are seeing the introduction of new technologies that create entirely new ways of serving existing needs and significantly disrupt existing industry value chains. Disruption is also flowing from agile, innovative competitors who, thanks to access to global digital platforms for

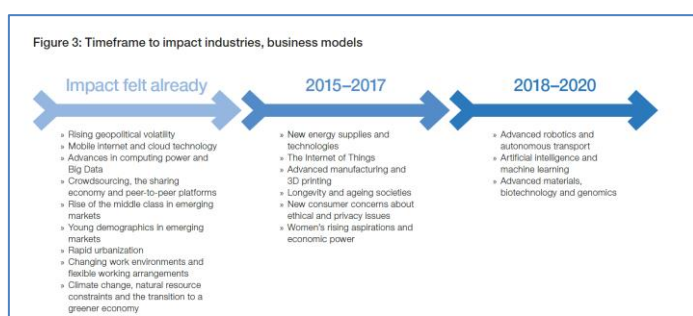
⁴⁰ McKinsey – *The four global forces breaking all the trends* – April 2015

⁴¹ *Human Age 2.0 : Future forces at work* – ManpowerGroup – January 2016

research, development, marketing, sales, and distribution, can oust well-established incumbents faster than ever by improving the quality, speed, or price at which value is delivered. Major shifts on the demand side are also occurring, as growing transparency, consumer engagement, and new patterns of consumer behavior (increasingly built upon access to mobile networks and data) force companies to adapt the way they design, market, and deliver products and services⁴².

- b. **A new industrial order.** Fablabs, the Makers movement, 3D printing and additive manufacturing are technologies that go far beyond traditional manufacturing and are relevant for areas including healthcare, medicine, chemistry and construction. Additive manufacturing includes the techniques of contour crafting and 3D printing and scanning with the support of robotic techniques. Among the many advantages afforded by the application of 3D printing or additive manufacturing in industry are:
- Reductions in the time and cost required for design, prototyping and testing
 - Reductions in the amount of waste generated in production
 - Reductions in the number of components required to construct a device
 - Reductions the number of steps and time required to assemble the device
 - Reductions in the length or complexity of supply chains resulting transport and storage costs
 - Reindustrialisation of developed economies which no longer need to outsource production to countries where wages are low
 - Improved designs that would otherwise have been too complex or costly to produce

This new industrial order will affect most of the economic sectors. For traditional manufacturing, textiles, fashion accessories, consumer goods, aerospace and automobile, the gradual restructuring of existing industrial systems has already started and will continue to use 3D printing technologies to accelerate design and development cycles, to improve the functionality and performance of their



WEF – *The Future of Jobs* – January 2016

goods, to eliminate waste, to simplify traditional steps such as the creation of prototypes and the construction of moulds, to speed up tooling, to enable the fabrication of goods that were previously difficult to create. As for the healthcare, medical and pharmaceutical industries, it will create massive opportunities such as 3D bio-printing technologies, development of viable replacement organs using 3D bio-printing technologies. Food related industries will be impacted by the emergence of an entire new category of “3D printed food”. For the construction sector, application of 3D printing technologies will transform important parts of the activities: printing of building structures and components, using specially designed “concrete”, “insulation” or other product, perhaps integrating carbon fiber, graphene or other high performance materials⁴³.

- c. **Towards a services-oriented economy and the servicification of manufacturing.** Boundaries between industry and services are blurring: servicification means that manufacturing both buys and

⁴² Klaus Schwab - *The Fourth Industrial Revolution: what it means, how to respond* - World Economic Forum 2016

⁴³ See European Parliamentary Research Service's report on *The Collaborative Economy : Impact and Potential of Collaborative Internet and Additive Manufacturing* – December 2015

produces more services in-house than before, but also that it sells and exports more services. As an example, in Sweden, almost half of manufacturing employees worked in services-related occupations in 2006, if employees in the industry's subsidiaries are included. It is anticipated that service-oriented consumption will replace the concepts of buying and selling, which will eventually die out. Leasing and service consumption will take over, once sufficiently dependable fine grained logistics can be deployed, reducing waste and embodied energy. A Swedish research⁴⁴ demonstrated that firms in manufacturing are buying more and more services. Using the example of manufacturing firm Sandvik Tooling, the research shows that in order to uphold its delivery chain, Sandvik Tooling uses some 40 types of services. The research also shows that the costs for bought-in services have more than doubled between 1975 and 2005 in Sweden as a share of the production value. More and more employees in manufacturing are in services-related occupations.

- d. **An interconnected, global trading environment.** One disruptive force is the degree to which the world is much more connected through trade and through movements in capital, people, and information (data and communication). Instead of a series of lines connecting major trading hubs in Europe and North America, the global trading system has expanded into a complex, intricate, sprawling web. Asia is becoming the world's largest trading region. "South-south" flows between emerging markets have doubled their share of global trade over the past decade. The volume of trade between China and Africa rose from \$9 billion in 2000 to \$211 billion in 2012. Global capital flows expanded 25 times between 1980 and 2007. "Globalisation has increased the fragmentation of production processes as intermediate stages are performed by different suppliers and link many jobs across borders through so-called global value chain. It has had an effect not only on the types of jobs (the occupational structure) but also the type of tasks that constitute each job⁴⁵."
- e. **Boundaries between employment and independent contractors relationships are being challenged:** New forms of contractual arrangements have been invented (such as self-entrepreneurship, franchising, umbrella companies, etc.), and in those cases the line between self-employment and paid work is blurring. Similarly, the line between labour law and commercial law becomes very fine in some cases. Americans speak of "tempreneur", a mix of temporary worker and entrepreneur: a temporary employee with an entrepreneurial status. A similar pattern exists in France or in the UK with umbrella companies, where self-employed individuals with their own portfolio of clients are integrated into a specific structure to work under employee status (but without a real relationship of control-and-command with the client company). On the other hand, employees are becoming more independent and autonomous at work, being assessed on their outputs rather than on the number of working hours spent on an assignment. This Results-Only-Work-Environment (ROWE) means that employees actually behave like self-employed as they do not fall under a Command & Control management model.
- f. **Digitisation and the Human Cloud.** According to the McKinsey Global Institute⁴⁶, digitisation has opened the door for emerging economies, small businesses, and individuals to participate directly in globalization: "Social media plays an increasingly important role in connecting people in emerging economies to the developed world, thereby opening new opportunities for work, learning, and personal connections. The share of Facebook users with cross-border friendships is higher in emerging countries than in developed ones (54% versus 44%)—and it is growing rapidly, having

⁴⁴ *Servicification of Swedish manufacturing – Swedish National Board of Trade, 2010*

⁴⁵ *OECD Observer, The Future of Work, N°305, Q1 2016*

⁴⁶ *Report « Globalization for the little guy » - January 2016*

posted a 3.6 times increase from 2014. Thanks to on-line talent platforms, a parallel, virtual market for work has emerged. Still a microcosm of the labour market, these reconfigurations are evidence that new ways of getting work done are emerging and that consumers and workers demand it. Little accurate information is known regarding the actual number of jobs impacted, but clearly employee expectations and demand will be shaped by these changes. A research⁴⁷ conducted by the Foundation for European Progressive Studies (FEPS) and UNI Europa and shows that in the UK around 11% of online adults aged 16-75, equivalent to up to five million people, are being paid for work through online platforms like Upwork, Uber, Etsy and TaskRabbit. In the US, a study carried out by JPMorgan⁴⁸ revealed that between October 2012 and September 2015, 4.2% of adults, an estimated 10.3 million people, earned income on the platform economy (contributing an additional 15% in income for those workers). The number of people who generate additional income on labour platforms in a timely fashion when they experience a dip in regular earnings increased 47-fold over the three years! “The digital revolution will continue to alter how work is performed. The internet has enabled more businesses to hire in competitive suppliers around the global supply chain, and workers to enjoy the flexibility and benefits of teleworking and freelancing, not least to top up their incomes⁴⁹.”

B – Implications and challenges

- a. **The very nature of work is changing:** In the new age of knowledge and IT, work became less physical, processed and repetitive, but more changeable, varied and certainly hyper-connected. In the 21st century, professional activity started to rely on brainpower and talent more than on tools and means of production. Today, in the developed economies, service and skilled jobs have tended to replace manual and industrial ones. Whereas work used to be a physical task, it is now a more intellectual one, and brainpower has become more valuable and sought after than mechanical or physical ability. The value of workers is no longer tied to processes that can be automated, but to non-repetitive and interactive contributions that are related to humans. Post-industrial economies do not need physical strength. Instead they need ability to cooperate and adapt to new and diverse situations. Workers have a series of specialist skills which they use in carrying out a project or series of tasks. Often they do this alone and at other times they will create loose affiliations or virtual teams to deliver a larger project. In addition, where demand for goods and services becomes more volatile, a static supply of labour and working conditions cannot be maintained. Flexible requirements for the production of goods and supply of services requires flexible working conditions. Private employment services have developed as part of the solution to meet an increased volatility in labour demand and to support organisation in adapting to the impact of a changing world of work⁵⁰.
- b. **The rise of a dispersed, distributed, remote workforce:** Since work is no longer a place to go, workers can be employed remotely. Employers and workers alike have been quick to embrace this concept of a human cloud with its army of workers around the world. Work that once constituted a full-time job can now be broken down into its constituent parts and outsourced, often virtually, via on-line platforms. A new workforce mix combining different forms of work relationships, working conditions and locations is increasing. Companies are made up of workers with different positions,

⁴⁷ UK's « gig economy » - FEPS & Uni Europa, February 2016

⁴⁸ Paychecks, Paydays, and the Online Platform Economy - February 2016

⁴⁹ OECD Observer – The Future of Work, n°305 Q1 2016

⁵⁰ See « Adapting to Change » report by World Employment Confederation - 2012

different levels of pay, with some held to results, while others are held to a duty of care. To optimise production, companies are looking to strike the perfect balance between different types of labour and working conditions, between permanent and temporary staff, and between employees and external service providers or independent contractors. As a result, “employers will need to reevaluate their workforce management and seek alternative workforce models to drive greater productivity at competitive costs. This new age of work will require a new playbook, and employers will need the agility and talent to succeed in the new reconfigured labour market. Individuals will need to develop and demonstrate learnability to skill up to replace the job for life and to stay relevant⁵¹. » The downside of this trend is a lack of accurate employee data, which is increasingly seen as a major vulnerability for companies. As many as 80% of businesses lack a reliable picture of who is working on their premises⁵², raising serious concerns for risk and legal departments.

- c. **The demise of the employment relationship?** With the rise of on-demand work, one can ask himself whether the employee job is on its way out due to the uberisation of the workplace. Is the future of work a world where employing humans as a service or Personal Service Companies? Employers appreciate the advantage of being able to tap into a workforce of independents. It frees



them from the hassles of full-time employees and enables them to hire experts when they need them – whether they are skilled workers such as accountants, IT specialists or graphic designers or less skilled workers such as data inputters or cleaners. In addition, innovation and changes in markets, as well as economic cycles, require more flexible ways of working and employment contracts to be more flexible than the permanent regular ‘9 to 5’ contract, where tasks are performed in specific settings. Such employment contracts allow for more flexibility in labour markets so that companies can adjust hiring activities to new production processes and workers to explore employment opportunities which better meet their preferences.

Digitisation offers numerous opportunities for companies and workers. With the interconnection of communication, purchasing, production and distribution functions, companies can organise business operations more productively and more efficiently. In addition, they have simpler and more direct access to international markets. “With tech enablement, employment will no longer be the dominant model or the singular model through which companies get things done,” said Ravin Jesuthasan, Managing Director of Towers Watson. “The winning organizations of tomorrow will be the ones who have a business model that will seamlessly traverse all the options and continually move work in a way that best meets their needs.”

- d. **Reinventing the corporate world:** The new industrial revolution is disrupting the way companies are organised, obliging them to rethink the way they are structured. In order to meet the future needs of the workforce (particularly the influential of the youngest Millennials generation) and the demand from consumers, companies will have to update their organisational culture and structure to keep up with radical changes in society. The Fordism system and its post-industrial avatars characterised by mass production and mass consumption do no longer meet the current world. Ford model’s key

⁵¹ *Human Age 2.0 : Future forces at work – ManpowerGroup – January 2016*

⁵² *Finding the Missing Workforce, TAPFIN, June 2015*

elements were the fragmentation and simplification of work tasks, the adoption of linear production and a moving assembly line (i.e. the factory system) and the use of standardised parts, in order to produce a high volume of low-quality products. Current hierarchical organisational structure originated in the early 1900s, aligned with societal structure at the time. “Now we have this inherited organisational work structure that no longer aligns with the way people live, think,” says futurist Raymond de Villiers. Companies have been moving away from this model to turn into open firms and communities, outsourcing and off-shoring their activities and implementing more flat and collaborative work organisation.

- e. **Social bonds between worker and firm is decreasing:** The old culture of paternalism and loyalty that once characterized the employment relationship has given way to a more detached, mutual self-interest that is often more transient. Employer-employee trust is at an all time low. Today, choice, wages and opportunities are dictated by skills, not tenure. For employers, greater individual choice means finding new ways to attract, engage and retain the people they need to succeed. Platforms like LinkedIn, glassdoor.com and others have entered the online jobs market expanding their core service while providing access to wage comparisons, corporate culture and career paths like never before. Organisations have to work harder to protect their image online and brand themselves as a desirable place to work. As companies have introduced new forms of work organisation (flexible working hours, flat hierarchies, matrix structures, teamwork, multitasking), and because attitudes towards work have evolved, corporate management will inevitably become more collaborative and participatory, moving from command-and-control to trust; from checking presence to analysing performance results; from orders and sanctions to involvement and motivation. A survey conducted by PWC⁵³ casts an interesting new light on the Millennials generation (those born after 1995). When asked about their motivation to take a job, 65% quote the opportunities for personal development and 36% the company's reputation, far ahead of the job itself (24%) or the proposed salary (21%). And logically, what attracts them to a potential employer is primarily the training opportunities and development (22%) but also flexible working hours (19%). Finally, these young people are attracted to companies that they also admire as consumers: 59% are attracted to companies that share their own social and environmental values and 56% would be willing to leave an employer if it has disappointed them in terms of respecting these values.
- f. **New management models are needed.** Within companies, Fordism-inspired command-and-control management models tend to be replaced by more collaborative management patterns, recognising workers' expectations for more autonomy and flexibility at work. Now that workers are more qualified, better trained and organised in less vertical structures, companies can no longer demand passive obedience from their employees as they know their professional future is no longer linked solely to their current employer. The individualisation of behaviour and its effect, the desire for greater autonomy, challenge management methods based on the principle of subordination on a daily basis. Workers now have a wish to take more control over the organisation and their working time: they want to put the “9 to 5” schedule behind them and be free to innovate to achieve their goals and work horizontally with the entire company. This trend is consistent with the development of service-based economies, the emergence of more flexible production methods, and corporate matrix organisations where greater initiative and responsiveness are required of workers. It is today essential to place the individual at the heart of the employment relationship. New management models should be more collaborative and focus on teamwork and creating networks of employees

⁵³ *Millennials at Work: Reshaping the workplace - 2011 online survey of 4,364 graduates across 75 countries*

who carry out a project together. They should aim at empowering people, giving them autonomy in organising their work and a clear understanding of their own contribution is. Transparency, trust, collaboration, flat hierarchical relationship are the key words. For companies to compete, HR will continue to become more customized to individuals and targeted to specific populations. As individuals take on more career responsibility, employers will be forced to plug into their careers, engage and retain them. The high touch, functional HR model will shift to a high-tech, low touch model. It will be more in line with other social channels that are open, integrated, self-driven and even gamified, versus the siloed, password protected, transactional approach of the twentieth century. According to a research⁵⁴ conducted by Randstad, 85% of HR Directors believe an integrated talent management approach in which workforce planning encompasses all types of talent, permanent and contingent alike, will enhance the resources their businesses need to drive growth. When asked about the biggest trends impacting the future of work in the next 5 to 10 years, the top responses were the need to create greater flexible working options to attract mobile talent (85%), the ability to analyse internal and external employee data to source and retain talent (78%) and the challenge of keeping pace with evolving technology to enhance workforce productivity and performance (74%). Only 53% of chief human resource officers surveyed by WEF are reasonably or highly confident regarding the adequacy of their organization’s future workforce strategy to prepare for the shifts ahead.” In order to succeed, “businesses will need to put talent development and future workforce strategy front and centre to their growth”.

- g. **BtoB services on the rise as a solution to simplify complexity:** the availability of adequate business development services is a necessary condition to promote business development, assess the feasibility of projects, boost innovation capacity, strengthen expansion opportunities (and create jobs) and facilitate day-to-day operation of companies. Such services cover a broad range of activities including accounting and legal services, management consultancy, communications & advertising as well as employment & recruitment, payroll etc.. Business services are equally important to start-ups with few buffers to absorb set-backs as to large companies to allow them to focus on their core activities. Research in the US⁵⁵ shows that by 2022, professional business services – which include recruitment firms and other private employment services – are one of the sectors set to create the most jobs in the US: the number of staff employed by professional and business services will increase by 3,5 million to reach 21,4 million workers, up from just over 17.9 million in 2012, the third largest increase among all major sectors.
- h. **Towards an “on-line platform economy”?** Rapidly growing online platforms, such as Uber and Airbnb, have created a new marketplace for work by unbundling a job into discrete tasks and directly connecting individual sellers with consumers. The Virtual production platform economy represents a fundamental shift in the nature of work. These flexible, highly accessible opportunities to work have the potential to help people buffer against income and expense shocks. For businesses, digital platforms provide a huge built-in base of potential customers and effective ways to market to them directly. For individuals, these platforms offer new ways to learn, to collaborate, and to develop capabilities and to showcase talents to potential employers. The uberisation of work provides opportunities for people to supplement their income and get specific tasks or projects done in real-time. This ability to harness talent locally, virtual or real, brings awareness as well as new sources of competitive advantage. Individuals are able to monetize their time and skills online via Upwork and

⁵⁴ Randstad SourceRight – 2016 Talent Trends Report – January 2016

⁵⁵ US Bureau of Labor Statistics, Monthly Labor Review, December 2013

Freelancer.com, serving an on-demand talent global market. Small and midsize enterprises (SMEs) that join online marketplaces are taking advantage of this potential to scale up rapidly and connect with customers and suppliers anywhere in the world. Facebook estimates that its platform includes more than 50 million such companies, up from 25 million in 2013—and some 30% of their fans are cross-border. Amazon now hosts some two million third-party sellers. The share of SMEs that export is over seven times higher on eBay than among offline businesses of comparable size. PayPal enables cross-border transactions by acting as an intermediary for SMEs and their customers. Microenterprises in need of capital can turn to platforms such as Kickstarter, where nearly 3.3 million people, representing nearly all countries, made pledges in 2014. The ability of small businesses to reach global audiences supports economic growth everywhere⁵⁶.

C – Policy recommendations

- a. **Remove unjustified regulatory obstacles hampering the development of business services** as a way to enable adaptation to change. This sector, which includes legal and accounting, facilities management, recruitment and employment, advertising and communications, is recognised to be one the main job creator in the future. This is due to the fact that companies tend to outsource more and more of their non-core activities to specialised and professional service providers. In Europe, business services account for 11.7% of GDP and 12% of employment (1 in 8 jobs in Europe is in business services). Since 1999, business services have been growing more than twice as fast (2.4% yearly average growth rate) as the average of all other EU sectors (1.1%). The numbers are even more impressive when looking at employment: employment in business services grew at a yearly rate of 3.5%, compared to 0.8% on average for all other sectors of the EU economy. As former European Commission Vice-President Antonio Tajani said: “Business services in Europe have a significant untapped growth potential, especially in terms of productivity and innovation uptake. High performing business services are crucial for our economic value chains and hence European competitiveness. Business services will be essential for achieving an industrial renaissance⁵⁷.” In order to unlock the job creation potential of business services, regulatory framework and standards conditions for the sector should be optimised, excessive bureaucracy and unjustified restrictions be lifted.
- b. **Ensure that the dynamic potential of the sharing & collaborative economy is not hindered by strict and outdated rules:** New enforceable regulations capable of supporting and protecting all stakeholders in the collaborative economy should be created, with the need to eliminate the legal uncertainties that follow the usually transnational nature of collaborative technologies. At the EU level, a Report commissioned by the European Parliament “welcomes the increased competition and consumer choice” and “urges the Commission and member states to support the further development of the sharing economy by identifying artificial barriers and relevant legislation hindering its growth⁵⁸.” A position endorsed by Jyrki Katainen, EU VP for Jobs, Growth and Investment, who said that “it would be very sad if Europe was the only continent which denied new business models and this would lead to bad situations in terms of jobs and economic growth⁵⁹.” In addition, the regulatory system in place should be clear, stable and predictable to avoid creating uncertainty for the business

⁵⁶ McKinsey Global Institute – *A labour market that works : Connecting talent with opportunity in the digital age, 2015*

⁵⁷ EU High Level Group report on Business Services - 2014

⁵⁸ *The Collaborative Economy – Report from the European Parliament, December 2015*

⁵⁹ Euractiv – *MEPs unite behind ‘pro-Uber’ report – 16th December 2015*

world. Any legal or tax retro-activity effect should be banned. The policy objective should be to create new enforceable regulations capable and protecting all stakeholders in the collaborative economy while supporting the further growth of the sector.

- c. **Ensure a level-playing field between labour market intermediaries** providing the same services to avoid unfair competition. Legal status of on-line talent platforms should be checked, especially when workers are being employed: Can these platforms be seen as fake/bogus temporary work agencies, not complying with existing regulation? And how to ensure transparency and non-discrimination between platforms while allowing users to switch easily between them? Competition should be based on transparent, fair and sensible regulation in order to reach a level playing field in which achievement, risk taking and innovation are rewarded.
- d. **Support three-party work relationships** (such as agency work, umbrella companies, pooling of employers etc.) as a way to reconcile flexibility and security. In the future people will have to assume greater responsibility for managing their work life and there will be an important role for labour market intermediaries in identifying work opportunities and supporting people to move from one job to another and make swift and successful transitions in the workplace. There will be more and more cases where the employer will no longer be the intermediary between the worker and work. This brave new world of work will need effective market intermediaries able to match work with workers and facilitate adaptation to change. In a fast-paced world of technology focused increasingly on individuals and tasks, there is a bright future for back office solutions for both independent and salaries workers, who will switch employers more often or will have several employers at the same time. Transitioning from one job to another one should be facilitated and secured. Best practices coming from the employment industry should be analysed, as it provides examples of social innovation initiatives designed to provide extra protection to workers via bipartite social and training funds jointly managed between employers and trade unions (as already in place for instance in Austria, Belgium, France, Italy, Luxembourg, Netherlands or Spain).
- e. **Less red tape and more red carpet for entrepreneurship!** Smarter regulation on employment should be encouraged to make labour markets more adaptable, including reducing unnecessary bureaucratic hurdles to establishing and running a business as well as to recruiting and employing workers in different types of contracts. Excessive bureaucracy and red tape are time-consuming and resource-draining procedures discourage the establishment of businesses and/or the expansion of existing activities. Streamlining and simplifying excessive bureaucracy can give important boost to start-ups while making public administration more business-friendly. 78% of CEOs claim that over-regulation may threaten their organisation's growth prospects⁶⁰. So it is urgent to alleviating tax compliance costs for SMEs and self-employed person as well as to remove barriers to starting, operating, and growing a business.
- f. **Non wage costs of labour (social charges) should be reduced** and turned into taxes (social VAT) as in many cases it represent an obstacle to employing people. Non-wage labour costs have a strong impact on companies' recruitment decisions. Targeted reduction of non-wage labour costs is crucial to promote job creation. OECD research shows that a 1% reduction in employers' contributions would result in a 0.6% employment increase in the short run.

⁶⁰ PWC – Global CEO survey - 2015

IV – THE GOVERNANCE OF WORK: SIMPLIFYING THE COMPLEXITY

“Labour market institutions and policies have not kept up with the changes in business practices and technology that are defining what kinds of jobs will be created and where they will be located.”

Help wanted: The future of work in advanced economies
McKinsey Global Institute, 2012

A - Key trends

- a. **Labour market governance is not functioning well** as persistent high level of unemployment co-exists with skills mismatches: regulation is too often outdated and inappropriate, right incentives and programs are not in place. At global level, the number of unemployed people reached 197.1 million in 2015 – approaching 1 million more than in the previous year and over 27 million higher than pre-crisis levels⁶¹. At the same time, 61% of companies around the world experience difficulty recruiting staff, mostly due to shortages of skilled staff (for 87% of them)⁶². This issue is key as 72% of HR directors say that talent scarcity has negatively affected their business and 45% believe it has threatened leadership continuity and succession⁶³. Supply and demand of work do not meet in the most efficient and transparent way, creating bottlenecks and a fierce competition for the most sought after talents. For regulators and governments, structural reforms to remove barriers and bureaucracy and the simplification of labour markets remain paramount.
- b. **In this changing world of work, there will be winners and losers** as jobs are moving around the world and from declining sectors to developing ones. In terms of global growth, the aggregate economic weight of developing and emerging economies is about to surpass that of the countries that currently make up the advanced world. According to the OECD⁶⁴, the 2008 economic and financial crisis has accelerated this longer-term structural transformation in the global economy. Longer-term forecasts suggest that today’s developing and emerging countries are likely to account for 57% of world GDP by 2030 (compared to 40% in 2000). International governance of labour markets will become more important and cooperation between all international organisations such as the ILO, the OECD, the World Bank and the IMF will be paramount in order to accompany these regional and sectoral shifts.
- c. **Labour issues are increasingly cross-border issues** because labour markets are increasingly interconnected/inter-dependant. According to the ILO, there are approximately 175 million migrants around the world, roughly half of them workers (of these, around 15% are estimated to have an irregular status). Women make up almost half of migrants. Migrant workers contribute to the

⁶¹ ILO WESO 2016 Report

⁶² Kelly Services - Global Trends in RPO and Talent Recruitment 2014

⁶³ Randstad SourceRight report on Talent trends 2016

⁶⁴ OECD - Perspectives on Global Development: Shifting Wealth, 2010

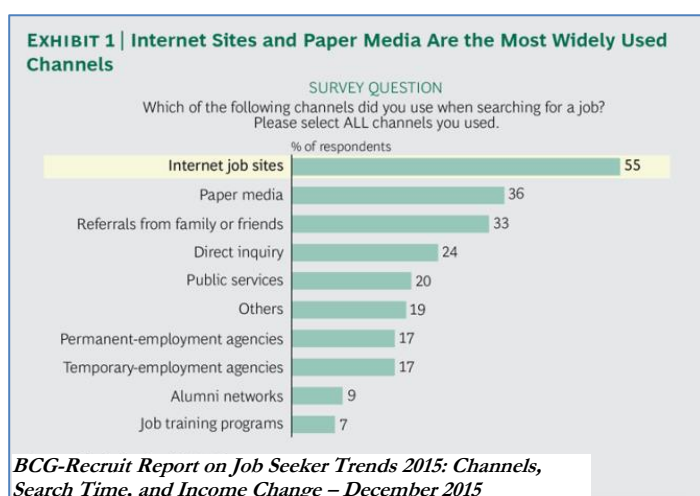
economies of their host countries, and the remittances they send home help to boost the economies of their countries of origin. Yet at the same time migrant workers often enjoy little social protection and are vulnerable to exploitation and human trafficking. Skilled migrant workers are less vulnerable to exploitation, but their departure has deprived some developing countries of valuable labour needed for their own economies. When it comes to migrant workers, coordination between sending and receiving countries is essential to avoid abuses and human trafficking situations. The national level is no longer relevant when dealing with cross-border work activities. To the same extent, the development of crowdworking via on-line talent platforms also impose to approach labour regulation from a supra national point of view. What are the employment and working conditions that apply to a worker based in China that has been assigned by a company based in the USA?

- d. **The digitisation of work is creating a new governance issue regarding the creation and use of massive information and data sets.** Called the Big Data, it is characterised by the volume of data (business transactions, social media and information from sensor or machine-to-machine data, etc.), velocity (data streams in at an unprecedented speed and must be dealt with in a timely manner) and variety (data comes in all types of formats – from structured, numeric data in traditional databases to unstructured text documents, email, video, audio, stock ticker data and financial transactions). Big data can be analysed for insights that lead to better decisions and strategic business moves but also allow to track individuals' behaviours, consumer habits and performance at work. In the future, the rise in wearables like Fitbit and Jawbone will enable employers to capture data on employees' health, as part of wellness programs intended to promote well-being and productivity. HR professionals will also make greater use of new digital systems such as applicant tracking systems to monitor recruitment, human resource information systems to interact with employees, and analytics and assessment tools to drive efficiency and longer-term planning..
- e. For companies, the **regulatory environment for doing business is getting more and more complex as they face an increasing wide and overlapping range of soft regulation** which add to labour legislation: OECD Guidelines on Multinationals, ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, UN Business & Human Right Guidelines, UN Global Compact, etc. This is creating some governance issues for the business world when it comes to labour management, as it is getting more and more difficult for companies to get a full understanding of the regulation and ethical principles they have to comply with. Due to complexity and multiplicity of soft regulation, compliance is an increasing issue for the business world, especially regarding the management of their global supply chain.
- f. **The decline of the power of traditional labour unions and the rise of new counterforces.** OECD trade union density statistics show that membership has decreased from 20.8% in 1999 to 16.9% in 2013. New organisations such as change.org, avaaaz or Occupy which are not directly representing workers but addressing labour market issues are appearing and influencing policymakers via petitions, media campaign or demonstrations. More than 100 million people have signed Change.org petitions to push for change on issues. In France, in March 2016, a labour law project by the French Labour Minister Myriam El Khomri has gained over 1 million signatures calling for the removal of the draft bill. As for Avaaz, it is a global civic organization launched in January 2007 that promotes activism on issues such as climate change, human rights, animal rights, corruption, poverty, and conflict. The organisation operates in 15 languages and claims over forty million members in 194 countries. This activism 2.0 is creating new challenges for both companies and policymakers as it goes beyond the traditional social bodies representing workers.

- g. **Low employability of some young workers due to lack of basic and in-demand skills:** Today too many young people lack the skills that are sought after by potential employers⁶⁵. The share of youth which are neither in employment nor in education or training in the youth population (the so-called “NEET rate”) is significant in many countries, illustrating a broad array of vulnerabilities among youth, touching on issues of unemployment, early school leaving and labour market discouragement. Within the OECD countries, the average NEET rate is 13% (representing more than 35 million young people aged 16-29) with Turkey, Spain, Italy, Chile and Mexico facing the worst situation (NEET rate over 20%). Drawing on evidence from the 2012 PIAAC Survey of Adult Skills, the OECD suggests several reasons that lie behind the high NEET levels. Key to this is the view that too many young people leave education without the right skills; based on the survey results, one in 10 new graduates have poor literacy skills and around one in nine have poor numeracy skills. Figures for those leaving school before completing their upper secondary education are even more concerning, with over two in five having poor literacy and numeracy skills.

B – Implications and challenges

- a. **Intertwined labour markets request some more supra-national appropriate regulation.** In order to reconcile a universal complexity of the labour market, it is clear that while respecting national differences, international (labour) policymakers will have to play a greater role in setting principles and rules in the future. This is especially true for the online platform economy which by definition transcend national borders. Therefore, global policy formulations are required because it operates on a global scale, regardless of national or regional borders.
- b. **Increasing role for labour market intermediaries to cope with a transitional and complex labour market.** In a volatile, unpredictable and complex environment, intermediaries are increasingly a feature of labour markets around the world and the trend is set to grow. It is driven by a number of factors including corporate strategies that refocus business and outsource non-core tasks; the need for



greater flexibility in workforce levels in response to the ebb and flow of demand; and the added value that these third parties deliver to both workers and employers. Traditional intermediaries such as public employment services, recruitment agencies and outplacement firms have of course been on the scene for many years. They facilitate a better and faster match between supply and demand in the job market and with increased economic volatility - OECD data shows that 19% of jobs

last less than 12 months and 33% less than three years - there is certainly a need for their services. Today’s intermediaries are also playing a broader role in supporting the smooth functioning of labour markets. HR services are increasingly

⁶⁵ See Adecco’s Global Talent Competitiveness Index, 2014

being outsourced as labour law becomes more complex and companies seek ever more specialised skills. With organisations often on a permanent search for talent, it makes sense to place the task in the hands of experts who can source a wide range of skill-sets and ensure people are trained to carry out the tasks required. By turning to specialists, firms free themselves to focus on their core business and drive cost efficiency. For workers, economic fluctuation has led to rapid job creation and destruction and they find themselves back on the job market with increasing frequency. Labour market intermediaries act both as back-office and career manager: identify work opportunities and stay close to the labour market so understand the needs of employers and the skill-sets they require in staff. They also increasingly manage workers' careers, supporting them as they make transitions within the workplace and move from declining economic sectors into areas of opportunity. Intermediaries also support governments by minimising unemployment and shortening the job search process so keeping people in work. In future, intermediaries such as employment and recruitment agencies will also provide for benefits and healthcare & pension insurance to workers, but also helping them to manage finance and administrative hurdles. Finally, they will also support workers to manage their on-line reputation and personal brand, as in the gig economy, every worker is a business unit of his own. While the idea of a disintermediation of the labour market is a fantasy, it is clear that labour intermediation will evolve in the future: it will however remain an indispensable feature of well-functioning labour markets in the years to come due to the increasing complexity of the world of work.

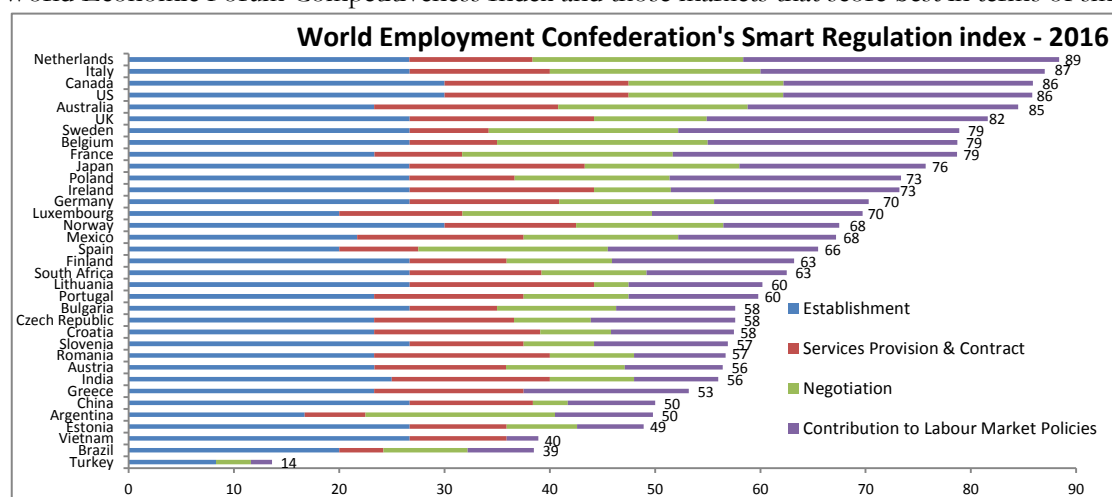
- c. **Workers' representation should be reinvented in order to cover diverse forms of work and respond to a dispersed and nomad workforce.** The main issue lies in how to reconcile individualism and collective bargaining for a workforce that has become nomad, dispersed and remote. Several initiatives already in place show that this is possible. In the USA, the Freelancers Union (www.freelanceunion.org) was established in 2003 and revives some union tradition by organizing the self-employed, who are widely dispersed and isolated, into a community where self-help links are forged. The Freelancers Union stands out from traditional unionism by refusing direct confrontation with employers and also aims to offer professional security in the event of professional mobility, notably by providing guarantees when an individual moves from one job to another. This is a services unionism which goes beyond the walls of the company. The walls of the business are becoming increasingly virtual, and representation of active workers must adapt to meet the new reality of extended enterprises.

Another example is Dynamo, a platform that gives 'Turkers' a collective voice and, consequently, the chance to drive change. Launched in 2014, Dynamo takes a democratic approach, allowing members to vote on suggested causes Reddit-style, with popular ideas rising to the top. While Turker communities already exist - TurkerNation as a forum, and Turkopticon, a type of Yelp-for-Turkers - Dynamo is the first step toward granting Turkers a collective voice, allowing the workers to collect anonymously and organize campaigns to better their work environment, including the Guidelines for Academic Requesters and the "Dear Jeff Bezos Campaign" addressing directly the CEO of Amazon. Peers.org or Coworker.org are other examples of platforms willing to organise the workers of the gig economy, using petitions, rallies and on-line campaigns via social media to actively defend the interests of their members.

- d. **Management of global supply chain is becoming a competitive edge:** In the current era of global value chains, many companies are locating different job functions and categories in different geographic locations to take advantage of the specific strengths of particular local labour markets. « Employers, challenged by globalization, low productivity, wage pressure and talent shortages are not investing in people as they once did. They have gone from a traditional role of being builders of talent to consumers of work⁶⁶. »
- e. **Respect for data protection and privacy is becoming a key topic.** Big Data is raising concern that massive body of data sets might be used to invade the privacy of individuals and that the consents for using this data are not accompanied with enough information about how they might be used (the threat of a Big Brother at the office?). These evolutions lead to the need to create a trustful environment for the exploitation of open data, including the safeguarding of security, privacy and data protection. Individuals need to be better equipped to protect, update, delete or use their own data in whichever way they choose.

C – Policy recommendations

- a. **Policymakers must work towards more resilient and adaptable labour markets that can weather economic downturns:** Laws governing wages, employment standards, taxes and retirement which are outmoded should be updated to take into consideration the new reality of the labour market. In this complex economic environment, policymakers should not add un-necessary burden and constraints on the business world. On the contrary, they should create easy-to-understand, employment-friendly labour laws. When it comes to the employment sector, research by the World Employment Confederation⁶⁷ shows that countries that have adopted smart regulation of the industry are more competitive. These countries enjoy better functioning labour markets with job creation, higher participation and inclusion rates and lower levels of youth unemployment. The World Employment Confederation's Smart Regulation Index shows a clear positive correlation between the World Economic Forum Competitiveness Index and those markets that score best in terms of smart



regulation of the employment sector. The balance that these markets achieve in delivering flexibility for employers and security for workers leads to higher levels of agency work penetration. This supports job creation and a greater range of employment forms and contracts. Strong performers fall

⁶⁶ Human Age 2.0 : Future forces at work – ManpowerGroup – January 2016

⁶⁷ See [http://www.ciett.org/index.php?id=110&tx_ttnews\[tt_news\]=563&tx_ttnews\[backPid\]=109&cHash=05f4a4615f56464c1a433107a02a76bc](http://www.ciett.org/index.php?id=110&tx_ttnews[tt_news]=563&tx_ttnews[backPid]=109&cHash=05f4a4615f56464c1a433107a02a76bc)

primarily into two categories: Either they are markets with a high level of social dialogue such as the Netherlands and Scandinavian countries where employers and trade unions typically work together to set specific market legislation that can then be adjusted in line with labour market changes; or they are countries with Anglo Saxon, market-driven economies such as Canada, US, Australia and UK, which have lower levels of hard regulation, allowing for greater ease of hiring and firing and a better and faster matching of supply with demand in the labour market. Both of these models enable a good balance to be struck between the freedom for private employment agencies to provide services and for workers to be offered decent working conditions. This delivers flexibility and security for both companies and workers.

- b. **Policy action is needed to promote inclusive labour markets that allow underrepresented and vulnerable groups to participate in rewarding and sustainable employment.** A special attention should be devoted to fighting long-term and youth unemployment: policymakers should adopt active measures to reduce the number of NEETs (young people neither in education or training nor in employment), which amount to 16.5% of all young people aged 15 to 29 within the OECD countries. Besides, public action is needed to reduce the number of adults with poor literacy skills (15.5% of all adults aged 16 to 65 within OECD), as it is an undisputed fact that their risks to remain unemployment is much higher compared to skilled jobseekers.
- c. **Go for global labour instruments and implement policies that recognise the further integration of emerging economies into global markets and their contribution to the global workforce.** The creation of global policies that can be implemented, regulated and enforced will be crucial to a sustainable future of work. National or regional policies are indeed becoming more and more meaningless as the labour market is getting more and more globalised. Regulation on employment matters should adopt a “glocal” approach, thinking globally about overall guidelines and provisions but allowing the local level to transpose into their national regulation. When it comes to regulating the employment industry, a global instrument already exists: the ILO Convention n°181 on private employment services, which recognises the “role private employment agencies may play in a well-functioning labour market”. The purpose of the Convention is to allow the operation of private employment agencies as well as to protect the workers using their services. The Convention also recognises private employment services for the double function they play in labour markets: work enablers but also employers: at global level, the industry directly employs more than 1.6 million people as HR consultants, branch managers or back-office assistants, being a high density labour industry and creating job opportunities for hundreds of thousands of people. Countries from all around the world should be encouraged to adopt smart regulation on private employment services based on provisions of Convention n°181. For countries that have not yet done so, ratification of Convention n°181 should go hand-in-hand with other ILO conventions on employment services, such as C88 (Employment Services), C122 (Employment Policy) and C168 (Employment Promotion and Protection against Unemployment) that should be ratify as a package in order to improve the overall functioning of the labour market.
- d. **Encourage greater cooperation between labour market services:** Employment agencies stand at the frontline of jobs market, knowing what is really happening in this changing world of work thanks to their day-to-day relationships with both employers and workers. In addition, employment agencies – being professional business services - are set to be major contributors to job creation in the years to come. As a consequence, public and private employment services but also education and social services should operate closer for a more streamlined and effective matching between labour market

demand and supply. The need to encourage public-private partnerships (PPPs) in employment services has been recognised at both European and global level. The European Commission has welcomed co-operation between public and private employment services and the ILO also encourages national co-operation, notably in its Convention 88 on PES and Convention 181 on PrEAs. Developing public-private partnerships in employment is crucial for a number of reasons: it enhances labour market participation and increases the rate of transition from unemployment to work; it increases transparency in the labour market; it maximises the effectiveness of the services provided to job-seekers, as both public and private employment services serve similar groups and have the same final objective: bring as many persons as possible to the labour market. PPPs also allow for the best allocation of public money. So the real question is not why but how to co-operate.

These partnerships can take a number of forms: exchange of information, pooling of data on the labour market, sourcing candidates, sharing candidates and job vacancies, managing skills, assessing and creating skills through training, and providing outplacement services to reintegrate the long-term unemployed. They generally function within one of three different frameworks, depending on the support required by the PES and the needs of the market. There is the traditional public model, where governments use outsourcing to gain specific expertise to compliment the services provided by the PES; the tendering model, which sees all of the services being bid for by relevant actors under a public contract; and the “Voucher model”, whereby public funds are allocated to private service providers, though the job-seeker is free to choose his/her own private service provider. Governments need to build on existing partnership models and encourage greater cooperation in this area if we are to avert (long-term) unemployment.

- e. **Need for guidelines on supply chain management, defining how to distribute responsibilities and risks between all parties involved.** Given the cross-border nature of global supply chains, it is important to provide governments and businesses with guidance, programmes, measures or initiatives that improve the application of current international standards in order to promote decent work and responsible contracting in global supply chains. In particular, the focus should be on the application of those internationally recognised standards that address labour, social and environmental issues that can be related to global supply chains management. The UN Guiding Principles on Business and Human Rights also offer a proper framework for States and the business world for promoting better working conditions by increasing transparency, promoting identification and prevention of risks and strengthening complaint mechanisms. Clearly, governments and business have a joint responsibility to foster sustainable supply chains and encourage best practices.
- f. **Building closer bridges between education and business world.** Concern for youth’s employability obliges educators to gain intimate knowledge of their future work places. The need to align the world of education to the needs of the economy is of paramount importance. The world of education can only do this successfully by operating in close partnership with the worlds that will employ the students after graduation – the worlds of public and private employment services and enterprises, the civil service, and the world of entrepreneurship in which the self-employed will operate. Universities must tune an increasing proportion of their activity into the needs of students whose employability is at stake, and towards the needs of society at large. Increased cooperation between education and the world of work can offer both new sources of funding and greater relevance for modern higher education.

Policymakers should enhance cooperation with employers in education and training systems to ensure skills matching for the current and future needs. Cooperation could include participation by employers in forward looking education policy setting, joint initiative to develop work-based learning opportunities to better identify skills needed. It should be also acknowledge that a significant share of future jobs will not be for highly educated workers. Actually, in several countries, the over-qualification of the workforce may become an issue in the future: the mass-education policies implemented in developed countries over the last decades might not be fitted any longer with the new types of emerging jobs.

- g. **Organise and promote fair labour mobility.** To be successful, labour mobility needs to be well regulated. Global labour markets could learn from the EU experience which has sought to set in place a number of key principles when it comes to cross-border employment: basic working and employment conditions including minimum rates, minimum paid holidays and minimum work periods; equal pay, equal rights, flexibility and derogation through collective labour agreements; and better application, administration and transposition of ongoing legislation. Enforcement of legislation is also vital in protecting workers and companies and can be facilitated by better access to information and cooperation between countries. This includes access to information on the conditions for providing cross-border agency work services and the employment conditions of agency workers. It also requires proportionate, effective, non-discriminatory and sometimes, greater controls on ensuring regulatory compliance. Strong administrative cooperation between the countries that are sending workers and those that are receiving them will ensure transparency and help to avoid abusive practices. It is important to recognise that work mobility affects receiving and sending countries differently.
- g. **Data protection and privacy: Any new regulation should be designed and enforced in a balance way.** Laws that currently limit what someone can do with their own data should be re-assessed. “Personal” and “Private” need new definitions in a world where data are universal and even personal data sets are a tradable good (legal if the subject/owner is doing the trading). New policies should make the distinction between data subject, data owner, data collector and data user. Individuals need to be able to protect or use their own data in whichever way they choose. At the same time, companies should have the right to choose where they store their own data and limits to the free flow of data should be the exception (justified by objective reasons).
- h. **Broaden the discussion of “labour relations and social dialogue” to recognise and encompass structural on-going changes in the world of industrial relations, including the emergence of a diversity of forms of employment relationships.** As the walls of the business are becoming increasingly virtual, workers’ and employers’ representation must adapt to meet the new reality of extended enterprises and the rise of dispersed, remote and nomad workers. In Germany, the trade-union IG Metal contributed to the launch of the www.faircrowdwork.org website allowing on-line services providers to access information about the social policy implemented by the largest collaborative platforms. At the same, services providers can also input the website with information related to their own experience with the collaborative platforms they are working with. Also in Germany, the Jovoto platform (gathering on-line freelancers in the advertising and communications sector) got associated with Ver.di, the largest trade union for the services sector, to launch a consultation on the risks and opportunities related to on-line working.

In the USA, Uber announced an agreement in May 2016 with a prominent union to create an association for drivers in New York that would establish a forum for regular dialogue and afford them some benefits and protections. The association, which will be known as the Independent Drivers Guild and will be affiliated with a regional branch of the International Association of Machinists and Aerospace Workers union. From the employers' side, new associations are being created to represent new forms of work: as an example, France has seen the creation of PEPS⁶⁸, an association representing the employers from Portage Salarial (umbrella companies). Similar organisations exist in the UK⁶⁹ or in the USA. All these initiatives show the need for new forms of work to become organised (from both workers and employers' side) in order to start a dialogue with the view to define quality standards and good practices.

About the World Employment Confederation

The World Employment Confederation is the voice of the employment industry at global level, representing labour market enablers across 50 countries and 7 of the largest international companies. Formerly known as Ciett, the World Employment Confederation brings unique access to and engagement with international policymakers (ILO, OECD, World Bank, IMF, IOM, EU) and other stakeholders (trade unions, academic world, think tanks, NGOs).

The World Employment Confederation strives for recognition for the economic and social role played by the employment industry in enabling work, adaptation, security and prosperity in society. Its members provide access to the labour market and meaningful work to more than 70 million people around the world and serve around 5 million organisations on a yearly basis.

⁶⁸ See www.peps-syndicat.fr/le-peps/organisation/

⁶⁹ See www.fcsa.org.uk/about-us/



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