

The Future of Work

*Labour market trends and their implications
for risks of poverty and social exclusion*



EU INCLUSION STRATEGIES GROUP

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INTRODUCTION

The world of work is rapidly changing, and the recent economic and financial crisis as well as its aftermath, have rendered these changes more visible. Current research tends to emphasize the inevitability of these changes, but the choices made are ultimately political¹. Governments have a key responsibility to intervene to shape new developments. Atypical forms of labour: with insecure contracts, hours and pay, as well as new models of outsourcing, and often bogus self-employment have proliferated, leaving many people without adequate employment and social protection. Technological advances, particularly in Information & Communication Technology (ICT), have led to the emergence of the 'digital economy' (also called 'platform' / 'collaborative' or 'sharing' economy), as well as to manufacturing tasks being progressively taken over by intelligent machines, displacing workers. This type of economy was born out of innovative patterns of service provision, often aided by ICT, but is now undermining conventional business models, as well as the very role of employment. The priority given to increasing competitiveness and company profits at whatever cost to worker and social rights, in an ever more globalised and interdependent world has increased delocalisation², a primary driver of social dumping. This results in downward pressure on labour and social protection standards and has an inevitable impact on poverty, social exclusion and inequality.

What do people in poverty say?³

- **PRECARIOUSNESS:** *"People are thrown into any kind of job, sometimes with no minimum salary... and youngsters still dependent on them..."*
- **LOW WAGES:** *"Instead of saying minimum wage, we should say 'adequate' wage; we need money to live, not just to survive..."*
- **LABOUR MIGRATION:** *"Immigration caused by globalisation, capitalism, dictatorships... these are dramatic situations with people becoming poorer and more vulnerable..."*
- **GLOBALISATION:** *"In a global society, we need to change mindsets against a constructed scarcity of resources..."*
- **PARTICIPATION:** *"We need people to make decisions in favour of those who are falling through the cracks..."*
- **SOCIAL PRIORITIES:** *"EU countries are not following up enough when it comes to social issues..."*

¹ The European Economic and Social Committee held, on March 1st, an important conference entitled *Towards a more sustainable Europe*, with a wealth of important research inputs on this topic. See [here](#).

² **Delocalisation** of jobs refers to the transfer of production activities, capital, or employment from one part of the world to another, where there are competitive advantages for the company, such as lower production costs (including wages). Enterprises aiming for highest profits produce where it is cheaper and sell where there is stronger purchasing power.

³ Quotes from participants at the 2017 European Meeting of People Experiencing Poverty, entitled *Let's Tackle In-Work Poverty!* organised on 9-10 November in Brussels. See full report [here](#).

The poverty-reduction target of the European Union's Europe 2020 Strategy is lagging and unlikely to be achieved in time, as there is a current shortfall of nearly 21 million people. At the same time, the European Commission has proposed a new European Pillar on Social Rights, aimed at strengthening the social dimension of Economic and Monetary Union. New ways of work are one of the specifically identified work streams, and it has constituted a key topic for structured stakeholder dialogues. It remains to be seen how far the social impact of these new trends in the European labour markets will be picked up in the mainstreaming of the Pillar through the European Semester. The new Social Scoreboard only contains an indicator on digital skills. A Council Recommendation, on ensuring access to social protection coverage for all forms of employment, has been released as part of the Social Fairness Package. This initiative, if done right, could contribute to guarantee better employment and social protection rights and conditions, including for emerging, precarious contractual arrangements. The upcoming review of the Multi-Annual Financial Framework (MFF) might see new forms of work and support to employment and social rights prioritised in spending priorities.

In such a context, a number of questions emerge, relevant to EAPN's mission:

- What is happening on the ground?
- What is the impact of new ways of work on employment and social protection, particularly for people experiencing poverty or at risk of poverty?
- Who are the winners and the losers?
- What key messages and recommendations can we derive from our members' direct experience on the ground?

Throughout 2017, EAPN's EU Inclusion Strategies Group (EU ISG) has undertaken a thorough reflective dialogue around these new phenomena, to address the questions above and build consensus within our membership about possible answers and solutions to existing challenges, old and new. This analysis paper was drafted by Dr. Katherine Duffy (EAPN UK) and Amana Ferro (EAPN Europe). It draws on in-depth discussions and exchanges held during the EU ISG meetings in 2017 on 15-17 March in Valladolid, 16-17 June in Brussels, and 19-20 October in Dublin. It further builds on information collected in Spring 2017, through template fiches dispatched to our members. The final version was amended and endorsed by the EU ISG in October 2017 including Key Messages and Recommendations for policy-makers, to be used at national and EU level.

This EAPN paper deepens the depiction of labour market trends as currently reflected in EU documents, such as the Employment and Social Developments in Europe 2017 report (ESDE), and the European Pillar of Social Rights, with our own members' analysis of realities on the ground. It strives to capture the real situation of people at risk of poverty and social exclusion, and defines key messages for better incorporating and addressing these realities in EU and national policy-making in the fields of employment and social inclusion.

KEY MESSAGES

1. The world of work is changing, not least in light of new technological advances, which prompt new business models and new contractual arrangements, bringing about new opportunities for labour market inclusion, but also increased risks of precariousness, unemployment, weakened social protection, depleted welfare states, inequality, poverty, and social exclusion.
2. Precariousness on the labour market, including insecure employment and diminishing access to social protection, has been rising for more than a decade, particularly in the aftermath of the economic crisis, in an 'austerity'-driven economic policy environment.
3. Much current discourse and research on new labour market trends (particularly robotisation, digitalisation and globalisation characterised as technological drivers of inevitable change) does not adequately account for the emerging risks of poverty and social exclusion.
4. Adequate, accessible social protection for all is central to combating poverty and social exclusion risks and promoting inclusion. Public social security systems must be adapted to ensure that all kinds of workers are included, and not excluded from social protection by definitions of working times and of 'employee', 'worker', 'independent contractor' or 'employer' or 'platform' that are increasingly ill-adapted to modern business practices. People who are unemployed or unable to work must be protected through social assistance including adequate minimum income.
5. Governments have a responsibility to shape and to regulate labour markets and social protection systems to prevent negative social consequences, hence political will is needed to ensure nobody is left behind, and advances benefit all. Solutions should support inclusive labour markets and ensure that the quality of work and employment, as well as employment and social protection rights, are suitably defined and defended for all forms of work and to ensure that social protection systems extend to those not in work.
6. Civil and social dialogue, including the voices of people experiencing poverty, must form an integral part of the design, implementation, and monitoring of policies to this effect.

LABOUR MARKET TRENDS AND WHAT THEY MEAN FOR POVERTY

This section notes some of the main labour market trends and their impact on people experiencing poverty and social exclusion. It builds on existing EU documents (such as the 2017 annual edition of Employment and Social Development in Europe⁴ (ESDE) report, and the European Pillar of Social Rights and current research), as well as direct evidence and examples of realities in countries, provided by the EAPN membership.

2.1. General overview

A 2015 study by Dreger et al⁵ for the Employment Committee of the Directorate of Economic and Social Affairs of the European Parliament comprehensively examined recent changes in inequality and possible causes. They found that wage disparity and income inequality have increased across most of the EU since the mid-1980s. The financial crisis and austerity programmes that followed have worsened the trend of rising inequality, which has continued to increase in two-thirds of Member States, especially those most hit by the crisis (e.g., Estonia, Greece, Ireland and Spain). Changes to the *structure* of wages have had a bigger effect on inequality i.e. there has been recent downward pressure on wages for workers with the same characteristics; and work is getting worse for workers and is not a reliable route out of poverty. The same study showed that the strongest factors influencing trends in inequality are due to technological change and secondarily, effects from globalised trade.

New technology seems to be complementary with high skilled workers, increasing their productivity, so that their wages rise faster than other workers. Thus, wage polarisation increases especially at the upper end of the income distribution. Skilled but routinised work, e.g. book-keeping, clerical and administration, is devalued as the price of computers falls. Industries with faster ICT growth show higher demand for high-skilled workers and decline for people with medium education. Lower-skilled or lower-waged work in areas such as personal services are relatively untouched by new technology (however it is likely that retail and transport will quite soon see big job losses due to new technology and new approaches in personal services are being trialled). Germany is an example of the impact of technological change at the top of the income distribution, but at the bottom, the impact is more due to changes to labour conditions and labour supply, such as increased deregulation and more women in the work force.

The ESDE 2017 report notes that, during and since the crisis, manufacturing, construction and agriculture have accounted for 96% of jobs lost. Services and knowledge-intensive sectors have seen the biggest rate of growth, although the biggest employment sectors in the EU are wholesale, trade, transport, accommodation and food. Tourism is the world's largest employment sector. Post-crisis, there has been an employment shift to service industries and to part-time work, so that hours have not grown at the same rate as the employment rate.

⁴ Dreger, C. Lopez-Bazo, E. Ramos, R. Royuela, V. and Surinach, J. (2015) *Wage and income inequality in the European Union*, study for the Employment Committee, European Parliament Directorate-General for Internal Policies, Policy Department A: Economic and Scientific Policy, ip/a/emp/2013-05, pe 536.294, January, accessed at: [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536294/IPOL_STU\(2015\)536294_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536294/IPOL_STU(2015)536294_EN.pdf)

ESDE 2017 indicates that there is involuntary part-time work and therefore also underemployment.

Employment rates are relatively high, 71.1%, but in some Member States rates are still well below pre-crisis level, such as Greece and Spain, at 10 and 4 points below the previous peak. Unemployment remains high, at 7.8%, with long-term unemployment of over two years at 4%. As with all the data, there are large variations by Member State, and although unemployment is in general falling, dispersion of unemployment rates is not narrowing. The 2020 target of a 75% employment rate may be achievable if vulnerable groups are better integrated into the labour market. However, employment rates per se offer no insight into the quality or sustainability of jobs, or their impact on reducing poverty. EAPN is concerned that governments are enabling jobs at any price, a short-term fix with potentially long term negative consequences.

Measured by AROPE⁶, the number of people at risk of poverty and social exclusion has slightly declined and is now below 119 million, although monetary poverty continues to increase. The numbers at risk are still 700.000 above the rate at the beginning of Europe 2020 (2008 data). No progress has been made towards the Europe 2020 target of at least a 20 million reduction in numbers of people at risk of poverty. Financial distress is historically high in the EU and housing costs and availability are a major concern in most Member States. Overall, the risks of poverty and social exclusion are higher for women, households with children, especially single parents and large families, people with disabilities, some minority ethnic groups especially Roma, and migrants.

Social protection spending has increased since 2013 in most Member States, although there were large 'fiscal consolidation' cuts in Greece and Cyprus between 2012 and 2014. But Member State spending on families, housing and social exclusion has not increased, although inclusive higher labour force participation will require it.

Rising numbers of people are not adequately covered by social protection, particularly income protection, nor is minimum income in all Member States being provided at adequate levels for a dignified life. Much of the change in coverage seems due to a combination of policy erosion of access to adequate social protection, with changes in the labour market, which if they continue, will increase future risk of poverty, including in-work poverty, for significant groups of people. It is repeatedly said by public authorities that work is the best route out of poverty, but it is clearly no longer a secure route, especially in those Member States with a deregulated labour market.

A key message is that technological change is not per se driving poorer wages and conditions, especially for medium and less skilled and qualified workers. However, it is enabling and accelerating the emergence of high profit-driven business models that are exploiting the regulatory framework of labour law and social protection and this must be addressed to combat increasing risks of precariousness, poverty and exclusion.

⁶ **AROPE** is the measure 'at risk of poverty or social exclusion'. It counts people in any one of three circumstances as at risk: income poverty (after social transfers); material deprivation; living in a household of low work intensity. Each person is counted only once even if they appear in more than one category. Data are from the EU-SILC survey of living conditions. For more information see <http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/headline-indicators-scoreboard>

Globalisation, trade specialisation and offshoring, shifts labour demand in highly industrialised countries towards skilled workers, and puts downward pressure on the wages of lower skilled workers, who face greater competition for jobs and whose jobs may be offshored. Job competition is worsened by austerity policies that reduce the rate of growth and job creation. There are increased risks from lack of job opportunities for young workers who take up precarious jobs with little protection in new service businesses and risks of exploitation of workers migrating to richer EU countries.

Labour market institutions affect inequality. There is evidence that intermediate levels of wage bargaining (neither centralised nor very fragmented) compress wage structures, reducing inequality. Both union membership and coverage of wage agreements have declined in the EU, which may have enabled rising inequality. If employment rights are to be strengthened, access to collective bargaining must be made easier for independent or self-employed workers (without employees) and atypical workers, whose numbers are rising and whose wages and conditions are poorer than those of employees.

In the Dreger et al 2015 report an important finding for combating poverty is that minimum wages significantly reduce income inequality at the bottom of the earnings distribution. Since they are strongly countercyclical, they help support people on low incomes when economic conditions are difficult, even when the purchasing power of minimum wages is lowered. There is a need for a stronger and inclusive legal framework of wage regulation.

Overall, EAPN members believe that austerity cuts are the biggest factor in the loss of good jobs, with consequent impacts on productivity, wages and security, service quality and tax revenue. There is more opportunity for the emergence of bad or risky jobs and fewer means to combat increased risks of poverty and exclusion. This policy approach is socially unsustainable.

The rest of this paper discusses developments in precariousness and possible links to new forms of work and globalisation. There are very significant differences between Member States in their situations and in their regulatory approaches. As the pace of change accelerates, common EU goals, principles and standards that reflect social Europe values will be more than ever necessary in the EU and promoted globally.

2.2. Non-standard and atypical work

State of Play

The European Pillar of Social Rights contains an explicit principle 5 on *Secure and adaptable employment*, which states “*Employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts*”, and “*The transition towards open-ended forms of employment shall be fostered*”. The ESDE 2017 report acknowledges the proliferation of precarious contractual employment arrangements, noting that atypical work is often defined as work that is full-time but temporary, plus part-time temporary and part-time permanent. The report highlighted these as potentially providing support for the labour market inclusion of groups with different needs and responsibilities, but with a high risk of undermining work, pay adequacy and quality, and the fiscal resources available for labour market integration and social protection. The ESDE 2017 report considered labour market precariousness to be a combination of non-standard contracts and low wages. There is a risk to productivity, to eligibility for unemployment and other benefits, and to pensions. There may be delayed independence and family formation, potentially reducing fertility rates. As well as young people, other groups more at risk of precariousness are women, migrants, low-skilled and blue-collar workers. The 2018 Joint Employment Report notes that involuntary part-time work has decreased but remains high, while wage growth is subdued, lagging behind productivity. In the context of the recent proposal for a Council Recommendation regarding access to social security for all workers, as part of the Social Fairness Package, the European Commission estimates that in 2016, just below 40% of employed people in the EU were in non-standard employment or self-employed, half of whom being at risk of not having sufficient access to social protection and related employment services.

Recent developments in non-standard and atypical work (ESDE 2017)

- **The unemployment gap** between workers aged 25-39 and those aged 40-64 has widened substantially since the crisis, despite younger groups being better qualified. Finding a job after graduation has become harder.
- **Overqualification** (being educated above the level necessary for the job) has increased over the last two decades, though ‘moderately’.
- **Job security** has been declining for two decades and the use of non-standard contracts has increased, especially for younger workers. Standard contracts are defined as permanent (open-ended) and full-time. Permanent part-time, temporary full-time and temporary part-time contracts have increased.
- **Part-time work** is 20% of all EU employment. Its increase is partly explained by a sectoral shift to sectors such as professional services and public administration; but part-time work increased across all sectors except agriculture. Increased part-time work means that for younger workers total hours worked have not yet reached pre-crisis levels. Involuntary part-time work is high in Cyprus and Spain (60% of all part-time work), reflecting the impact of the crisis and its aftermath. One in three younger workers (up to age 39) took part-time work because they could not find full-time work.
- **Temporary work** has not increased overall in the EU since the crisis but has increased significantly in Croatia. Its use varies widely, with very low usage in Romania and Lithuania

(2%) and much higher usage in Spain and Poland (20% of total employment). Temporary contracts are twice as common amongst younger workers and the gap is widening.

- **Self-employment** is 14% of total employment and has not increased its overall employment share since the crisis. It has increased in some Member-States such as the UK (15%). But at EU level, the number of self-employed workers who have employees has declined by one million, and the self-employed have lower wages than employees and are less likely to access training. These changes may suggest that defining the self-employed as 'entrepreneurs' (as the EU does), which affects access to social protection, is increasingly inappropriate to their real situation.

EAPN assessment and concerns

The rise in non-standard and atypical work and its direct connection with increased poverty and social exclusion is a concern EAPN has consistently raised. Most recently, it was flagged up by several members (BE, CY, DE, ES, FR, IT, NL, UK) in their analyses of their countries' National Reform Programmes for 2017⁷. National experience differs and quality of evidence available varies. The preliminary analysis of the Country Reports of 2018, conducted by our members, also indicates that many countries (DE, HU, IE, MT, NL, PL, SK, SE) see a rise in in-work poverty due to poor, unsustainable working conditions, low wages, lack of sustainable contracts, self-employment (sometimes bogus), and many people being forced to work two or more jobs, with no social security. In their responses to EAPN's data collection exercise for this paper, almost all EAPN National Networks commented on declining labour rights and variations in rights between workers in different sectors and in different types of work. There seems to be a wave of increased risk and depth of precariousness: declining pay, more tenuous employment relations, loss of social protection coverage, more severe forms of exploitation, lack of worker bargaining power. See main results of this consultation summarised below.

These are some of the most pressing issues referred to:

- rise of short, fixed-term contracts (CY, ES, NL, NO, SE, UK), including zero-hour or on-call contracts (AT, CY, IE, IT, UK)
- underemployment and overqualified graduates (CY, ES, IT, PT, UK)
- the effects of labour market deregulation (ES, IT, SE, UK)
- multiple job-holding by low-wage, atypical workers (CY, GR, NL, RO)
- increases in involuntary part-time work (BE, CY, ES, PT)
- declining or low average wages (BE, ES, GR, PT, UK)
- 'fake jobs' created artificially by public authorities (FR, PT)
- weakening of the employment relationship, with a rise in 'consultants', 'project-workers' and the 'self-employed' (ES, DE, NL, SE, UK)

Almost all members were concerned about **one-sided flexibility favouring employers and with diminishing security**, with most referring to the weakening of employment relationships and the fading of the promise of long-term, full-time contractual arrangements between

⁷ EAPN, *Social Rights or Social Plight? Assessment of the 2017 National Reform Programmes*, October 2017, available here: <http://www.eapn.eu/social-rights-or-social-plight-eapn-assessment-of-the-2017-national-reform-programmes/>

employers and workers. The new Euro-speak concept encapsulates this policy direction, **Securiflex**, a repackaging of the old concept of flexicurity, which sees flexibilization of contractual relations as inevitable (if not desirable) in the context of new ways of work, as well as declining security and protection. Almost all EAPN networks referred to the growth of unpaid internships, particularly for young people.

There are proposals for legislation on **zero-hour and on-call contracts** in Ireland and the UK. In Austria, as in many Member States, these contracts are not officially allowed, or rarely used⁸. In Italy, such contracts are supposed to be tightly regulated but it is suggested there may be weak implementation and enforcement of existing law. The Cypriot network stated that almost all temporary work is involuntary, due to a lack of other work. EAPN UK referred to research showing there has been a rise in some forms of insecure work in most of the EU, but that the **nature of labour market regulation** is central to the shape of the change⁹.

EAPN members believe the quality of labour market matching is reduced with the increase of unstable job placements, and **public authorities' relentless negative pressure on the unemployed to take up any job**. Often it is a requirement, as in France and Luxembourg, to take up the second job offered. Such an approach does not positively improve sustainable quality employment, with adequate pay and social security coverage for the workers, and increases the risk of poverty.

EAPN members think that **fiscal 'consolidation' and cuts to the public sector**, where many good jobs are located, **are exacerbating unemployment and low-quality work**. Moreover, the increased use of negative activation to drive labour market insertion reduces workers' ability to refuse unsuitable or poor work. This potentially worsens the quality of job matching, lowers productivity and reduces the sustainability of employment. This seems to be especially the case for young people. As an Italian EAPN member highlighted, governments have helped to "*smash the existing labour market institutions to smithereens*", without an idea of what to put in its place.

⁸ Full Fact (GB) (2016) *Zero-hours contracts: is the UK "the odd one out?"* 26 July, accessed at: <https://fullfact.org/law/zero-hours-contracts-uk-europe/>

⁹ Hudson-Sharp, N and Runge, J (2017) *International trends in insecure work: A report for the Trades Union Congress*, National Institute of Economic and Social Research, May 3: accessed at: https://www.tuc.org.uk/sites/default/files/InternationalTrendsInInsecureWork_0.pdfsear

2.3. Automation and robotisation

State of play

The terms ‘automation’, ‘robotisation’, or sometimes ‘digitalisation’ refer to the process of substituting / displacing labour by replacing human workers with intelligent machines. The European Commission’s 2017 paper on harnessing globalisation¹⁰ said that globalisation will look very different in 2025 because Europe is still in the early stages of transformation by robotics, ICT and AI, which will ‘*revolutionise how we produce, work, move and consume*’. While there is no overall definitive evidence that technologically driven changes to the labour market reduce the overall volume of employment, there is more evidence of the effects in displacing low-skilled workers and consequently what kinds of jobs are open to them, and on what terms.

Looking only at manufacturing firms, a 2015 study for the European Commission by the Fraunhofer Institute¹¹ (using 2009 firm-level data) showed a neutral effect on overall employment from the use of industrial robots. Companies with higher vertical manufacturing (more value created in-house rather than outsourced or offshored) had higher labour productivity and total factor productivity. The largest number of automated factories were found in Spain (48%) and Denmark (44%), followed by France (35%). Despite high automation in the automotive sector, Germany had lower overall utilisation (29%) and Netherlands (23%), had the lowest deployment of industrial robots (Jäeger et al, 2015 p5). Since the investment cost of robotisation is high, they were in use mainly by large companies engaged in big-batch manufacturing, especially in exporting companies. Transport, rubber and plastics were the biggest robot users.

The UNCTAD 2017 report *Beyond Austerity* said that routine jobs in well-paid sectors are being replaced by robots, but low-wage manufacturing jobs, for example in clothing and textiles, are little affected by automation, but may be increasingly concentrated in current locations.¹² The report suggested also a link between robotisation and austerity policies of governments. Austerity policies are heightening fears of loss of ‘good jobs’ from robotisation, despite any benefit from increased productivity. The economic uncertainty has held back investment that would create new employment sectors where displaced workers could find new jobs.

¹⁰ European Commission (2017) *Reflection paper on harnessing globalisation*, European Commission COM(017) 240, May 10, accessed at: https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation_en.pdf

¹¹ Jäeger, A., Moll, C. Som, O. and Zanker, C. with Kinkel, S and Lichtner, R. (2015) *Analysis of the impact of robotic systems on employment in the European Union*, the Fraunhofer Institute for Systems and Innovation Research, published by European Commission, Luxembourg, accessed at: <https://publications.europa.eu/en/publication-detail/-/publication/fa9a1167-fcd6-4ed8-9491-ce451fc22e9c>

¹² UNCTAD (2017) *Trade and Development Report 2017, Beyond austerity: towards a global new deal*, Report by the secretariat of the United Nations Conference on Trade and Development, Chapter 3, United Nations, September 14, New York and Geneva, accessed at: http://unctad.org/en/PublicationsLibrary/tdr2017_en.pdf

EAPN assessment and concerns

EAPN networks provided examples of mechanisation and technological change which may especially affect low qualified and routine workers, or workers in marginal employment, in a wide range of industries.

Primary industries, including agriculture and fisheries and oil: Farms rely increasingly on mechanisation and small farmers and those in Member States with more traditional farming methods are at risk of going out of business with loss of family employment and future employment in agriculture. For example, in Romania, where mechanisation is less developed, small farmers have insufficient capital to invest, and there will be increased foreign ownership of large-scale farms. Small farmers are being driven off the land, without jobs to go to. EAPN Norway referred to the urbanisation of agriculture, where individuals and businesses grow their own vegetable gardens often in indoor environments in urban settings. Fish processing is less automated and worker shortages have led to use of overseas workers, including from the EU. But existing animal mega-farms, for example in the Netherlands and elsewhere, may pose significant risks to animal welfare and the environment as well as changes in the demand for labour. Loss of well-paying and high skilled jobs in the oil industry in Norway and Scotland is more related to changing supply and demand for oil. But EAPN UK mentioned that deconstruction of oil platforms at sea is often done by foreign companies using migrant labour at below national minimum wage rates.

Manufacturing and construction: Croatia referred to robotisation and marginalisation amidst a widespread corporate crisis; Romania referred to loss of low-skilled work in textiles and other sectors. Scandinavian EAPN networks said robotisation is increasing the potential to shorten supply chains and bring back jobs which were previously delocalised. But EAPN Italy commented on the risk to its high-end small and medium firms: their product is more easily copied with new technology and faster transport, so protecting intellectual property has proved very difficult. Several other countries referred to the difficulties of getting payments for intellectual property in the music and other arts industries and new business models that impoverish artists. Norway referred to experiments in 3D printing of complete houses, which are cheaper to produce and place.

Transport: Many members noted the potential scale of job losses and changes to the nature of work. Several referred to Uber, kept out of Italy by taxi driver strikes, and to drone delivery, now being tested. Several, including Nordic countries and the UK, referred to driverless transport, especially for buses and 'road trains' of trucks, now being tested and soon to be licensed in some countries.

Administration, banking and commerce, and retail services: Most members referred to loss of routinized jobs, including mid-pay jobs in banking, commerce and advertising, as well as administration in all sectors. Latvia referred to self-service and self-check-in. IT and algorithms increasingly handle big data, despite the role of algorithms in triggering the financial crisis. Artificial Intelligence will contribute more to forecasting. For example, a new product monitors Twitter in real time and predicts what will go 'viral', enabling financial businesses to adjust their financial positions to make more profits. Italy and the UK mentioned the potential to increase offshoring using platforms and Latvia mentioned the rapid increase in the on-line banking and gambling industries.

Health and care services: Nordic countries and the UK mentioned use of teleworking and tele-health and the possibility of increased use of IT in diagnosis, which could reduce the number of doctors. EAPN networks in Portugal and Sweden referred to the possibility of increasing services to rural areas. Portugal noted an experiment in Coimbra¹³ using drones and other robots to deliver services to older people in rural areas. However, EAPN member Eurodiaconia emphasised that the main risk in many rural areas remains under-delivery of healthcare due to a shortage of nurses and paramedics.

Loss of routinized jobs was mentioned by most members and is most likely to increase the numbers at risk of poverty in a continuing austerity environment which is reducing alternative sources of employment.

Those Member States who have automated least, have most jobs still to lose. Romania is considered to have the biggest risk in the EU as it shifts quite rapidly to robotisation. Young people seeking a first job and routine-skill **displaced workers may be most vulnerable to exploitation** in new disaggregated supply chains where work is task-based rather than delivered through 'jobs', in industries with new business models aiming to reduce costs and increase profits, including outsourcing and the 'gig' economy.

Occupational polarisation was referred to by EAPN networks in Portugal, Belgium, Germany and the UK. However, both Germany and the UK noted that there is not so much income polarisation. As well as 'hollowing out', there may be some occupational 'infill' of new mid-level jobs. Croatia mentioned outsourcing and increased marginalisation. Denmark noted that the overall outcome, in terms of job losses, skill levels and polarisation, is still open to debate.

Denmark and Sweden pointed to the potential **negative social consequences of digitalising all access to services, including social services and job searches**, especially for vulnerable and older people. EAPN Romania was one of several who referred to the **risks of digital exclusion**, especially when access to technology is costly and schools and communities are not able to support equal access to digital skills. EAPN members also believe the nature, extent and quality of education, training and learning, including digital, is not keeping up, especially the need for these to be life-long. EAPN Norway said that pathways to jobs will change and that policy must keep up. In a world where tenure may be shorter, and people may have a portfolio of jobs, or a portfolio career, not all of them as employees, social protection must be more adaptable, as must business to the need for adequate social protection to support increased numbers of job transitions and longer working lives.

The International Federation for Robotics suggests that **it is not robotisation per se that has put downward pressure on wages and pushed up inequality, but new business models**, and to a large extent EAPN agrees that it is the changing nature of our relationships with business, as workers, consumers and service users, with a drive for greater profits regardless of the social costs, that presents the most risks, as well as opportunities.

Many EAPN members think that despite overall investment not having recovered since the crisis, the pace of automation, robotisation, and digitalisation is picking up. There are positive opportunities, with robots replacing unpleasant and dangerous jobs and with new business

¹³ See <http://www.tvi24.iol.pt/tecnologia/penela/drones-entregam-comida-em-aldeias-isoladas-de-coimbra> and http://rr.sapo.pt/noticia/77075/a_maquina_no_prolongamento_do_homem.

models potentially assisting the integration of disadvantaged labour market groups. But EAPN members feel that instead of a plan, governments are running to catch up with awareness of the potential social impact of new forms of work and the need for regulation, especially those enabled (but not necessarily driven) by new technology. High-tech areas are growing fastest, even if low-tech sectors are a bigger, though declining, share of total employment. EAPN Belgium referred to a High Council for Employment report in 2016¹⁴ that notes that digitalisation is growing and helping drive societal changes.

¹⁴ Hoge Raad voor de Werkgelegenheid, Digitale economie en Arbeidsmarkt, Versa 2016, unity. Hoge Raad voor de Werkgelegenheid, join 2016, 226 biz

2.4. Internet-enabled platforms, or the collaborative economy

State of play

New forms of work, including platforms and the collaborative economy, are not considered in the ESDE 2017 report due to data limitations, yet they may have a huge impact on the future of work and the risks of labour market exclusion and poverty, especially for low-wage or low-skill workers. Yet these new forms of work are not explicitly mentioned in any of the 20 policy principles of the European Pillar of Social Rights, nor is there a focus on these in the Social Fairness Package, nor the European Semester.

The European Parliament¹⁵ found that intermediaries and platforms are ‘disrupters’ of existing labour markets and labour relations as well as business sectors. Such platforms are not passive facilitators but active shapers of the on-line economy. Expert interviewees thought that much platform work was at the bottom of the labour market and one referred to ‘*the race to the bottom - now it’s arrived*’, pointing to lack of task autonomy, poor career prospects, low pay levels, late payment and non-payment of fees, job insecurity and social polarisation. The report also found that platform workers share with other forms of non-standard workers a considerable risk that they will fall outside the scope of important social protection.

Another 2017 study¹⁶ also notes that the rise of the ‘platform’ or ‘collaborative’ or ‘gig’ economy has led to a renewed focus on the need for social protection for such workers. Social protection, where workers have it, is generally derived from another job outside of the platform economy. Most platform workers as such have no direct access to social protection covering maternity and childcare, other caring responsibilities, sick pay, housing and income support benefits. Overall, 70% of platform workers in the European Parliament study said they had no access to basic social protection schemes. An important finding is that the greater the financial dependence on platform work, the lower the access to social protection.

EAPN assessment and concerns

EAPN members stress that labour market transformation is not only technologically-enabled, but policy-enabled. There was general concern about the labour, social and cultural consequences of a combination of new technology, deregulation, and declining worker collective representation, including the impact on the distribution of income: between profits and wages, between high and low-level jobs and across the generations, on social protection, but also on values around solidarity and culture. There are risks to rights and well-being, for workers, consumers, and service users. Service users, as well as workers, risk social isolation e.g. from teleworking including telemedicine and remote service delivery. Wearable technology and constant worker monitoring both on and off the job have implications for

¹⁵ European Parliament (2017), Committee on Employment and Social Affairs, *The Social Protection of Workers in the Platform Economy*, accessed here:

[http://www.europarl.europa.eu/RegData/etudes/STUD/2017/614184/IPOL_STU\(2017\)614184_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/614184/IPOL_STU(2017)614184_EN.pdf)

¹⁶ Heyes, J and Newsome, K. (2017) *New developments and trends in undeclared work within the sharing/collaborative economy*, November, European Platform Undeclared Work, accessed at: www.ec.europa.eu/social/BlobServlet?docId=18720&langId=fr

privacy and health. Consumers trading their data for access to 'free' or enhanced services, are becoming the product, their data for sale to other businesses, or used to increase the monopoly power of Google, Facebook and Amazon. Online businesses have ever more intrusive ways of targeting potential customers including low income people in poorer areas (e.g. gambling). The tax base is compromised by platform businesses' definition of themselves and of their workers. The 'dark web' remains unregulated and untaxed.

New business models using new technology, i.e., 'platforms', that enable businesses to avoid the costs of employment contracts and externalise risk to those who carry out the work, are a particular concern. Food and transport are two sectors where businesses have emerged that claim they are merely platforms that bring together demand and supply, but are not providing a specific sector service. EAPN ES referred to Deliveroo, where workers are independent contractors, working at their own risk, with no employment relationship or access to employee benefits. Income during periods of ill-health due to accidents and sickness are the responsibility of the 'rider' (worker). The rider also provides their own tools (e.g. the bicycle) and pays to use the company's delivery box etc. Workers who are slower, accept fewer orders; those who will not work weekends are penalised with a lower volume of work.

As a Deliveroo rider said: *"Nobody is responsible for what happens to us... It is not that they (Deliveroo) minimize the costs: they have none... The company values us by three criteria: availability, the percentage of acceptance of orders and speed. It seems that we were encouraged to skip traffic lights. If not, it is impossible to arrive. We are young, yes, but almost all of us end up with problems of knees or backaches that no one cares about".*¹⁷

In Italy, the first "sharing economy" strike took place in Turin in 2016. It involved just 50 workers but gained significant sympathetic press coverage especially after Foodora, the food delivery company, said that the work was an opportunity to cycle around while gaining a small salary, in a country with 40% youth unemployment. The protest was against a change from hourly pay to piece-rate work.

The delivery workers' press release read: *"Behind our smiles, behind our "thank yous" and our "have a nice meals", is hidden an extreme precariousness and a wretched salary. We have a lot of ground to cover, we risk our health in traffic, the delays, the disorganization, the working hours established at the last minute; we were paid, up to not so long ago, 5 euros per hour which, now, has been lowered to 2.70 for each delivery, without a regular wage. This means that if you are working but there are no orders you don't get paid".* Foodora says a delivery person is now paid a gross hourly rate of 4 euros'.¹⁸

It seems that **old forms of exploitative work are re-emerging** in these new high-profit driven business models in which people are forced to work as 'independent contractors', lacking employment rights and collective bargaining powers. EAPN UK mentioned the Parliamentary Work and Pensions and Business, Energy and Industrial Strategy Committees, who investigated the company Sports Direct about underpayment of couriers.¹⁹ Mislabelling heavy

¹⁷ El Pais (2017) Los precarios de la nueva economía digital, June 22, accessed at: https://elpais.com/economia/2017/06/10/actualidad/1497093405_956188.html

¹⁸ See <https://www.internazionale.it>

¹⁹ See letter from Frank Field MP, Chair-Elect of the Work and Pensions Committee and Rachel Reeves MP, Chair-Elect of the Business, Energy and Industrial Strategy Committee, to Mike Ashley, Chief Executive, Sports Direct,

items as ‘packets’ reduced couriers’ delivery pay. Hermes, the parcel delivery business, pays its drivers higher rates for heavier items. Mislabelling a 10kg parcel as a ‘packet’ rather than a ‘parcel’ saves the company £7.20 per item, at the expense of couriers’ pay and health and safety.

EAPN UK and IT point out that Uber drivers may be deleted from the Application (effectively, fired) for not accepting enough rides or for other transgressions of the rules, with no regulatory framework of fairness such as applies to employees. As with Foodora and Deliveroo, the company’s basic public premise is that the labour they hire does not rely primarily on them for their income and they can get instant labour at marginal cost, with no ongoing commitment or dependence on either side. Yet Uber drivers may be renting the car they use, from specialist rental companies, and must earn enough to cover repayments for the car, fuel, tyres, insurance, maintenance etc, before receiving any net income. However, the Uber (and other) business model is now coming under scrutiny. UberPop, which offers private rides, was banned in Italy in 2015 as unfair competition for taxi services. The drivers have to accept the company’s rules which establish fees and decided if the person can or cannot work, where they can work, but, in return, does not give any legal protection. While the work was flexible, drivers earned very low wages after costs.

EAPN UK noted that an Employment Tribunal court case of October 2016 had defined Uber drivers as workers, rather than self-employed, because Uber has control over many aspects of drivers’ work. Uber argued that it was a ride-sharing platform, but the Tribunal refused to accept that Uber drivers were 30,000-plus small businesses and declared that Uber is a transport company. The Tribunal decision defined drivers as workers, which gave them the right to the National Minimum Wage and holiday pay, but not access to all social protection benefits, which is confined to the category of ‘employees’. The intermediate term ‘worker’ is not one that is used throughout the EU. Uber appealed, but lost in November 2017²⁰. There are still higher courts to which it can make further appeals.

Almost all EAPN networks referred with great concern to the increase in this kind of work where **workers’ employment status is in doubt**. EAPN UK said that many employers were using weak labour regulation to save on labour costs – and there need be no connection to new technology. For example, the Parliamentary Work and Pensions Committee had written to the Gym Group, which operates 89 low-cost UK gyms, to ask why it classifies its personal trainers (‘freelance independents’) as self-employed, when the Gym Group places restrictions on fees to clients and when trainers can take holidays²¹. In many Member States and at EU level, it seems that the legal development of the concepts of dependence and employee is not adequate to address modern work practices, and not only for ‘platform’ businesses. Without a thorough legal revision, **businesses will be able to tweak their models to avoid the labour they hire being able to access employment rights and social protection**. EAPN

copied to Carole Woodhead, Chief Executive, Hermes, House of Commons, September 7, accessed at: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensionscommittee/news-parliament-2017/sports-direct-mike-ashley-letter-17-19/>

²⁰ BBC News (2017) Uber loses court appeal against drivers’ rights, November 10, accessed at: <http://www.bbc.co.uk/news/business-41940018>

²¹ See Frank Field, MP, Chair of the Parliamentary Work and Pensions Committee, letter to John Treharne, CEO, the Gym Group plc, 30 November 2017, accessed at: <https://www.parliament.uk/documents/commons-committees/work-and-pensions/Correspondence/Letter-from-the-Chair-to-CEO-of-Gym-Group-relating-to-personal-trainers-30-November-2017.pdf>

networks believe that to avoid significant loss of tax revenue and greater risks of poverty with fewer means to address it, **access to employment and social protection rights for all working people need to be revisited in all Member States and there is a need for common principles at EU level**. The European Commission has begun to address the situation through the Council Recommendation, as part of the Social Fairness Package.

2.5. Delocalisation, globalisation and social dumping

State of play

Trade liberalisation increased under the World Trade Organisation (WTO) framework. Globalisation means countries are more open to international trade and therefore specialisation. Jobs lost in the rich 'north' were labour intensive, e.g. assembly line work, that can be done more cheaply in poorer countries, thus 'offshored'. There are also job losses from imports of cheaper competing goods. Delocalisation shifts jobs 'abroad' and enables firms to improve access to foreign markets and labour. There are worker and business winners and losers of globalisation in the global north and south. Manufacturing sectors are most affected, with the G7 textile workforce dropping 60% between 1970 and 2003, with much of the work transferred to China. The 'losers' in the EU were already more at risk of poverty - less-skilled workers in regionally concentrated industrial sectors.

Business process offshoring rose in the 2000s due to ICT developments which cut trade transaction costs as well as wages, and made offshoring viable for a wider range of business sectors. Call centres, customer services and computer programming have been relocated to countries such as India. According to an OECD study²², up until 2011, 5% of European job losses could be explained directly by outsourcing offshore, while 75% of job losses have arisen from internal restructuring due to new technology or new business processes, and 15% have been caused by bankruptcies. But regions of the EU where industries open to global competition are, or were, concentrated, have mainly not recovered their economic dynamism and employment levels and the long-term economic and social consequences in concentrated localities have been dire, especially for health and well-being and life-chances for young people. The term 'globalisation' has come to be used more widely as shorthand for the negative consequences of free movement of capital and labour, as well as goods and services, and unfair competition and bad practices leading to worsening conditions for workers and the planet.

There are less obvious links between wage inequality and wage stagnation and globalisation. In OECD countries, the share of labour income has fallen and the share in relation to profits has risen. In some EU countries wage gaps fell as more value-added jobs were created, but in general, wage gaps increased in many richer industrialised countries (although social transfers reduced the income impact to a greater or lesser extent). New forms of contracts and greater insecurity in unskilled jobs are becoming more widespread. Globalisation and wage competition has given this impetus, but there was a policy choice. According to an OECD study²³ the main factors are institutional and political changes especially in labour market regulation, as well as technological change.

²² Huwart, J-Y. and Verdier, I. (2013) Does globalisation promote employment? In *Economic Globalisation: origins and consequences*, OECD Publishing, Paris, accessed at: <http://dx.doi.org/10.1787/9789264111905-en>

²³ OECD (2011) *Divided we stand: why inequality keeps rising*, OECD Publishing, accessed at <http://dx.doi.org/10.1787/9789264119536-en>

In its 2017 Reflection Paper on ‘*harnessing globalisation*’²⁴, the European Commission called for policy change to provide a fairer distribution of the benefits of globalisation. The paper acknowledged problems of competition from countries with lower social standards, unfair trade practices and profit-shifting by large corporations, as well as the dominance of some large online platforms and the risks to privacy and abuse of market power. Better provision in social security, skills and education, fair public procurement, transparent trade agreements, better enforcement of ILO labour standards and wealth redistribution, are all mentioned in the paper.

The 2017 Commission paper recognised that: “*Citizens are anxious about not being able to control their future and feel that their children’s prospects will be worse than their own... because they believe governments are no longer in control or are not able or willing to shape globalisation and manage its impacts in a way that benefits all*”. It also stated that “*robust social policies are an essential part of our response to globalisation*”.

Despite the rhetoric having shifted, it remains to be seen to what extent this will be echoed by concrete commitments and policy change, to strengthen people’s rights, including decent wages and social protection, in an increasingly globalised world of work. In 2016, an article in the Guardian²⁵ argues that the future in Europe is one of disintegration, because people have legitimate grievances about an economic system that has failed them. **The current form of globalisation has been created by political decisions and it can be reshaped by political decisions in the future. The rules of the game can be changed.**

EAPN assessment and concerns

The risk of severe exploitation of workers is increasing with increased labour transfer to poor jobs, whether within or between Member States.

Lithuania, Latvia and Romania referred to the **effects of mass emigration**, reaching 15% of the population of Romania. There are high costs, personal and economic, of loss of skills, of the ‘brain drain’, of demographic ageing and unbalanced family and care structures, in countries losing working-age population to other Member States. Romania mentioned loss of talent and tax revenue, and concern about labour and skill shortages, despite heavy sectoral job losses. These sectors, such as textiles, were also often a source of in-work poverty and bad conditions. More needs to be done to address gains and losses from industrial change and migration, and to support displaced workers and their families, as well as localities and regions. EAPN Estonia referred to Estonian workers living and working in very poor conditions in western European Member States, indebted and sometimes with passports withheld, and unable to return to Estonia.

EAPN Norway and Sweden referred to **low-skilled jobs being subcontracted elsewhere**. EAPN Iceland and EAPN UK referred to demand for low-skill workers, often from EU countries, such

²⁴ European Commission (2017) *Reflection paper on harnessing globalisation*, European Commission COM(017) 240, May 10, accessed at: https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation_en.pdf

²⁵ Elliot, L (2016), Brexit is a rejection of globalisation, *The Guardian*, June 26, accessed at: <https://www.theguardian.com/business/2016/jun/26/brexit-is-the-rejection-of-globalisation>

as Portuguese workers in Icelandic agriculture, fisheries and healthcare. They noted risks of low pay and exploitation and potential lack of access to adequate social protection. EAPN Sweden noted that there are pros and cons for overseas workers, but there is an opportunity for Sweden to increase the proportion of higher-skilled jobs in new industries. EAPN Italy referred to the delocalisation of large manufacturing jobs, leading to a significant loss of jobs. EAPN Norway noted **illegal 'social dumping'** in construction, with fake labour contracts and working conditions documents. Belgium, Germany, Romania, Serbia and Spain also thought checks on social security payments could be improved. Sweden referred to **illegal migrant labour in 'black market'** production and an increase in the number of other workers not subject to collective agreements, especially in services. There is widespread use of migrant and refugee agricultural workers in southern and central Italy, living and working in very bad conditions.

Some Member States referred to **job competition in 'host' countries arising from immigration** and large-scale arrival of EU workers from other Member States. There was some questioning of whether the 'four freedoms' were designed to cope well with mass movement, whether of labour or capital, since the profits are privatised, largely to the businesses, rather than to the offshore workers or the mobile workers within the EU, who move to low-skill low-pay jobs, regardless of their qualifications and skills. The costs arrive at Member State level, including loss of taxes from workers and firms.

Some governments are addressing **the reality of modern slavery**, especially in agriculture, food processing, sales and distribution, domestic servitude and the sex industries. As well as using migrant and refugee labour, EU Member States are not only importers but exporters of slave labour amongst themselves. Modern slavery '*covers offences of trafficking, slavery, servitude, forced and compulsory labour*' (IDMG 2016). EU governments must report annually as required by Article 19 of the EU Directive on combating trafficking in human beings. Modern slavery is a hidden crime, difficult to measure and some victims will not be able, and some will not wish, to report their circumstances. The UK government has released five reports on modern slavery, one of which shows a European country, Albania, as the country of origin of the most potential victims in the UK, followed by Vietnam, Nigeria, Romania and the UK itself. Poland and Slovakia are also in the 'top' ten countries of origin (IDMG 2016 table 6)²⁶. Modern slavery is the most extreme form of labour exploitation. It provides the evidence that **there is no 'floor' under labour markets**, other than what responsible businesses are willing to put there, without active states managing strong legal frameworks, regulation and enforcement, and the collective voice and power of workers to bargain for their rights.

²⁶ HM Government (2016), *2016 report of the inter-departmental Ministerial Group on modern slavery*, October

THE WAY FORWARD: EAPN PROPOSALS

Traditionally, the European Union position on the functioning of labour markets revolved around raising labour force participation and employment, as well as restructuring labour markets and social protection, as instruments for growth. The Lisbon Strategy, as well as the Europe 2020 Strategy, favour a numerical approach to getting as many people as possible into employment. At EU level, there has been little direct focus on quality in work. Quality of work and employment have been assumed to be an outcome of technologically driven innovation, while quality has not itself been a policy goal. Further, it is assumed that job losses from technological change result in displaced workers getting other and possibly better jobs; but there is insufficient evidence of this.

Makó, Illéssy and Warhurst (2016)²⁷ have examined the evolution of innovation policy relevant to job quality and employment. A broader notion of innovation and its link to quality jobs was accepted in principle - one that recognised the relevance of institutional frameworks and the need for more tailored national approaches to the same objective, as well as more intensive cross-national learning from good and poor practice. But in effect, while innovation increased somewhat up to the crisis, there was little policy change; there were no indicators of non-technological innovation or job quality and the jobs impact was assessed only by the employment rate. After the crisis, employment rates were the only job-related issue of concern.

It is the policy choices around technological progress and labour standards that will ensure whether they benefit everyone, or severely punish those who were already disenfranchised, by increasing inequality, poverty, and exclusion. New ways of work should provide a positive option for all social groups, not a pathway to low quality work or increased unemployment and reduced social protection leading to increased risk of poverty. Investment in social, human and physical capital is held back by the fiscal constraint of continued 'austerity' policy. Perversely, social investment is still assumed to be a cost, instead of what it is, an investment in resource productivity from higher quality. Major social investment could have been done in the last decade, at very low interest rates on public borrowing. The cost of not doing so has become evident in creaking and lost service provision and declining social cohesion. This, too, is the consequence of policy choice and can be changed.

What is needed is a willingness and capacity of politicians and decision-makers to deliver their core responsibility to invest in social rights and enhance all people's well-being now, and not only in the indefinite future. A strong, sustainable, and inclusive Europe requires a positive vision that shapes quality labour market, social protection systems and services, as well as societies in the public interest, ensuring respect for human dignity. It must ensure that work provides a real route out of poverty through quality wages and conditions and access to adequate social protection, for those who can work, as well as access to adequate income support and quality services for those who cannot.

²⁷ Makó, Illéssy and Warhurst (2016) The evolution of EU innovation policy relevant to job quality and employment, *QuinnE Working Paper 2*, January, accessible at Quinne.eu

3.1 Key Messages

Better research on new ways of work, including social impact assessment

While an extensive body of evidence is emerging regarding the impact of new forms of work for growth, productivity, and competitiveness, there is a lack of research and action on the social, health and cultural impact. There are consequences for people already at risk of poverty and social exclusion, as well as potential risks of the new trends for increasing social fragility. Future analyses should address not only the impact on the distribution of income and wealth but identify who are the ‘winners and the losers’ in different income quintiles, social groups, vulnerable groups and regions. Research should distinguish between the effects of robotisation (understood as automation of tasks) and the effects of digital platforms. It should address trends of delocalisation and globalisation and assess the risks of downward pressure on employment and labour standards, including impact on social protection coverage for those in and outside employment, and the costs of precariousness and hardship. Research should clearly distinguish the role of technological advances per se, and the impact of policy choices, at national and European, as well as global, level. To ensure that the analyses go beyond quantitative data and that realities of people’s lives are fully captured, people experiencing poverty and other groups most at risk from deterioration in quality of work, as well as their civil society organisations, need to be closely associated to the process.

Step up quality of work including the quality of contractual arrangements, ensuring access to social protection

The proliferation of insecure, unstable new forms of employment, including involuntary self-employment, atypical employment, zero-hour or mini-jobs, involuntary part-time and short-term placements, are often policy-enabled to raise labour force participation rates, but without counting the costs to workers and their families. Changes to business models primarily driven by demand for higher profits are likely to accelerate the trend of new forms of work with atypical contracts: workers employed on non-standard contracts; workers who are not employees, but other kinds of contractor; workers combining the roles of employee and contractor in a portfolio of jobs, either at the same time or over the lifecycle; shorter tenure for younger and low-skilled workers risking more frequent spells of unemployment (and risk of loss of rights to insurance-based benefits). More fluid employment relations and contractual arrangements, perversely, can lead to greater labour market segmentation between insiders and outsiders. Low quality work pushes people out of the labour market, negatively affects their health and underutilises their skills and capacities. It is evident that it pulls down productivity and the sustainability of longer working lives. Better legal frameworks and more attention to implementation and enforcement of labour law is urgently needed, including employment rights and social security coverage, especially for atypical work and exploited labour. The evidence on in-work poverty and poor health reinforce EAPN’s emphasis on addressing quality in work.

10 PRINCIPLES ON QUALITY WORK

EAPN believes that people have the right to a job which:

- 1. Provides adequate / living wages.** This needs to build on a positive hierarchy, which includes adequate minimum income as reference point (at least at the level of the poverty line). Poverty traps must be avoided, and transitions supported.
- 2. Provides a sustainable contract and adequate employment rights,** ensuring protection against bogus self-employment and arbitrary dismissal and adequate severance pay, so as to fight the increased precariousness and segmentation of the labour market.
- 3. Entitles the worker to appropriate social security protection,** such as health insurance, paid holidays, unemployment benefits, pension rights, etc, and provides for the cross-border portability of these rights.
- 4. Ensures quality working conditions and working environment.** This includes the implementation of health and safety provisions, adapted working environments for key groups, reasonable working time and shift arrangements - particularly regarding low-skilled jobs.
- 5. Allows for the reconciliation of private and professional life,** including by providing opportunities for flexible working time arrangements.
- 6. Respects the right to participate in collective bargaining and social dialogue,** for workers to have a say in changes of policy and practice that affect them, and to ensure meaningful participation and transparency in governance.
- 7. Protects the worker against discrimination on all grounds,** both in obtaining a job as well as at the workplace, fighting against the ethnic and gender pay gap and other inequalities.
- 8. Guarantees access to training and personal development,** building upon and valorising existing skills, and providing workers with opportunities to further develop their personal and professional competences, as well as soft skills.
- 9. Allows for progression in work** and features opportunities for advancement.
- 10. Nurtures job satisfaction,** as an essential component of people's well-being.

EAPN holds these principles as valid for any kind of job, regardless of the type of contractual arrangement, as well as for protected or intermediate labour market workshops, social economy and work integration social enterprises (WISEs), and for all sectors of activity.

End punitive activation which is pushing people into unsustainable employment

EAPN calls for much greater emphasis on positive and inclusive activation for those seeking sustainable employment, including adequate income support, access to quality, affordable services, and inclusive labour markets. The requirements are well-known, but there has been insufficient political will to drive them, or to invest in better spending and a stronger legal framework, including implementation and monitoring. The current punitive approaches condemn more and more people to precarious, low paid and unregulated forms of work with low productivity. Job services using negative 'incentives', such as sanctions and requirements to offer more hours without adequate flanking support measures are disillusioning and wasteful as well as increasing poverty and hardship. They also risk crushing people's autonomy, judgement and creativity, that are crucial to enable adaptability to modern labour markets. There must be innovations in access to, and provision of, job services and social protection, to support the likelihood of people of working age experiencing more transitions,

of more types, in the labour market. For young people and other groups with greater vulnerability (including single parents, people with a disability or with other health issues, some minority ethnic groups and recent migrants, and older less-skilled workers), positive and supportive activation policies are most effective, including greater responsibility on businesses to pursue non-discriminatory practices and positive action in recruitment, retention and career development.

Tackle the digital divide and ensure equal access to lifelong learning

The importance of affordable, quality, life-long learning and second chance education is evident. EAPN wants much greater efforts on digital inclusion, in schools and communities, especially for poorer and vulnerable people; in access to education and services, as well as employment insertion. The ESDE 2017 report suggests that improvements in numeracy, mathematics and digital skills have not risen in line with the expansion of tertiary education. People experiencing poverty and people with lower skills and qualifications need more and better training opportunities to come to terms with the digital age, to reap the full benefits that it can bring, and to ensure they are not left behind by technological change, including in access to government services. Quality, inclusive and more nimble requalification schemes, combined with adequate income support and services, must be put in place to assist those who lose their jobs. Not-for-profit and social economy organisations are well-placed to provide specialist services to vulnerable groups and must have better opportunities to provide such services, especially those least suited to scale economies or short-term 'fixes'.

Improve social and civil dialogue for evidence-based policy solutions

The ESDE 2017 report acknowledged that, while social dialogue should play an enhanced role, there are problems of representation for both employers and trade unions. Small firms and certain industries, including newer industries, are not so well represented in employer associations. Trade Unions, associations and collective bargaining have been undermined in many countries in the last decades and face new challenges with fewer members in small workplaces, in newer service industries, and amongst younger and minority workers and women. These are often the same workers who are experiencing an increase in precarious work with non-standard contracts. While social partners are making efforts to improve their representation, there is an overwhelming case for vulnerable workers, particularly those engaged in these new sectors, to be better covered and have a stronger voice in contractual relations, and with increased support to the role of trade unions and collective bargaining. Alongside trade unions, civil society organisations working with the unemployed, the self-employed and those experiencing poverty and exclusion are powerful allies. Real evidence-based policies and solutions need to be built bottom-up with the direct involvement of those most affected, and who are best placed to both identify problems early and formulate policy solutions. NGOs working with and for such groups must have a much greater and more formal place in social as well as civil dialogue.

3.2 Recommendations

EU Recommendations

- Put forward a **clear roadmap** with resources for the implementation of the European Pillar of Social Rights including through the European Semester, with a key focus on promoting quality employment **in the context of the future of work** and emerging labour market trends.
- Agree and implement an ambitious **Council Recommendation on access to social protection for all workers**, which would ensure that employers and the welfare state deliver on the mandatory coverage, rather than leading to increased individualisation of risks through private insurance.
- **Promote progress on common EU social standards which ensure adequate social protection for all throughout the lifecycle**, regardless of employment status, through promoting not only decent social security, but also social protection schemes, including social assistance of last resort such as, for instance, adequate minimum income schemes, through a Framework Directive.
- Put pressure on Member States, not least **through the European Semester** instruments, to build inclusive labour markets, with pathway approaches for vulnerable groups to quality jobs and employment, with decent wages and employment and social protection conditions.
- Develop **EU funds and frameworks to address the social impact** of technological change and globalisation, and especially to support innovative initiatives at local level.

National Recommendations

- Support **strong, adequate welfare systems**, funded by fair taxation, to cushion systemic shocks to jobs, wages and working conditions, particularly adequate minimum income schemes, and improved capacity to cope with transitions. Implement ambitious social standards, reflecting the principles of the European Pillar of Social Rights.
- **Regulate emerging sectors and contractual relations to guarantee quality jobs and social protection rights**: to ensure employment conditions, including wages, are protected; that new jobs are not precarious and underpaid and that they feature full social protection coverage and contributions.
- **Support e-training for people experiencing poverty and social exclusion to overcome the digital divide** and equip them to better access services, products, and jobs, but also with a view to further support their self-development through these technologies.
- **Associate social economy enterprises in job creation efforts, particularly around new markets in services**, but also including new technologies, to ensure that new jobs respond to community needs and are accessible to those experiencing poverty and those furthest from the labour market.
- Make sure **that new technologies and emerging new ways of work fully take into account the social and societal dimensions**, to reduce the risk of poverty, social exclusion and rising inequality, and to increase wellbeing.

- Provide people, particularly those in vulnerable situations, with **full information on their rights and on the opportunities and threats** of these changes, and invest in support systems for advice, complaint and adequate redress.
- Support the potential offered by new technologies to **encourage teleworking, flexible working, and co-working, to support better work-life balance in line with workers' choices**, underpinned by adequate employment and social protection rights.

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The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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