

# THRIVING IN THE FUTURE OF WORK: EMPLOYERS' RECOMMENDATIONS FOR ACTION

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## ABSTRACT

Current literature and international debate point to four principal megatrends that are shaping the world and driving the pace of change: globalisation, technology, demographic changes, and climate change. None of these is new, but they are now occurring simultaneously and governments, individuals and communities are obliged to deal with them as a matter of urgency, often of survival. Apart from the highly entertaining discussions on how the future will look what is important now is to contribute to the framing of adequate policies designed to harness the new opportunities arising from this “(r)evolution”.

With this aim, the paper focuses on three main areas where policies need to be modified or even established, namely the changing nature of work, skills and education, social dialogue and industrial relations. On this basis, the paper presents further recommendations and proposals for policy makers, political leaders, social partners, and all actors involved in this change. These recommendations touch upon the topics of: the digital divide, the business climate and legal framework, the welfare systems, the education and training systems, the recording system of data.

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## INTRODUCTION

The “future of work” encompasses dynamic processes such as automation, the growth of the digital and on-demand economies, and technological advances, coupled with profound societal changes, globalisation, and environmental challenges.

Industrial and technological revolutions of the past boosted economic growth and productivity, as well as the creation of new jobs. Despite the short-term challenges associated with the mechanisation and automation of manual tasks, and the need to upscale skills and competencies, the slower pace of transformation than we are witnessing today allowed for education and training systems to be adapted and for low and mid-skilled workers whose previous roles had disappeared to acquire the new skills and competencies needed.

In contrast, many studies show that the technological advances of today are being developed and applied at an exponential rate and in more far-reaching ways, often replacing the middle-level skills we once believed only humans could master, bringing change to the world of work that is hard to keep up with<sup>1</sup>.

The number of actors involved in the debate has also increased exponentially and we can barely keep track of the literature; studies, articles, books, podcasts, videos and papers, that have been published on this topic. Still, the future is more unpredictable than ever, and the question remains: how will it really look and how can we thrive in it?

The future of work is not a distant reality, it is already happening and shaping our lives. The pace of transformation is so impactful that the crossroads where we now stand

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<sup>1</sup> Dobbs R., Manyika J., and Woetzel J., April 2015, “The four global forces breaking all the trends”, McKinsey Global Institute.

provides a myriad of potential opportunities to society, and at the same time presents considerable challenges<sup>2</sup>.

It is impossible to gaze into a crystal ball and foresee the future. However, some trends can already be identified, and, on this basis, some policy recommendations can be proposed<sup>3</sup>.

## CHAPTER 1: WHAT'S HAPPENING?

The debate on the future of work is also rapidly moving from its early stage of uncertainty, and at times an apocalyptic view of the future, to a more practical and logical approach.

This chapter will focus on the main drivers behind the future of work and why their interaction has led to the scenario that confronts us.

### 1.1 The four megatrends

Current literature and international debate point to four principal megatrends that are shaping the world and driving the pace of change, namely: globalisation, technology, demographic changes, and climate change. None of these is new, but they are now occurring simultaneously and governments, individuals and communities are obliged to deal with them as a matter of urgency, often of survival.

Globalisation is the integration of economies, industries, markets, cultures and policy-making around the world<sup>4</sup>. It describes a process that intensifies the cross-border interactions of goods, services, human beings and technology. This process has resulted in a decrease of poverty and the rise of a global middle class (about 140 million people are joining the middle class annually)<sup>5</sup>.

In the last thirty years the extent of the links between nations and cultures has grown enormously. This further integration has been enabled by technology that has reduced the cost of the exchanges and fostered the development and dissemination of innovation.

Technology and innovation are drivers of economic growth and development, resulting from productivity growth, reinvestment in research and development and further innovation-led growth. Today one talks of disruptive technologies, such as artificial intelligence, 3D printing, blockchain technologies, nanotechnologies, robotics, to name but a few, because those technological innovations are able to change our lives and careers radically. Recently, Bank of America Merrill Lynch predicted that by 2025 the 'annual creative disruption impact' from artificial intelligence could amount to between

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<sup>2</sup> IOE, 2017 Policy Brief on Understanding the Future of Work.

Mdwaba M., IOE Vice-President to the ILO, on the Future of Work, September 2017: remarks delivered during the UN General Assembly in New York

<sup>3</sup> The IOE, in its role of representing the employers' community worldwide, is collecting input to discuss and work on concrete policy recommendations to anticipate the future.

<sup>4</sup> The Financial Times definition, <http://lexicon.ft.com/term?term=globalisation>

<sup>5</sup> Kharas H., February 2017, "The unprecedented expansion of the global middle class – an update", Global Economy and Development Working Paper at the Brookings Institution.

14 trillion and 33 trillion USD, including a nine trillion USD reduction in employment costs resulting from the enabled automation of knowledge work<sup>6</sup>.

Globalisation and technology exchange operate within the specific demographic changes we are observing: the unprecedented ageing of the population with attendant increases in life expectancy and, at the same time, a surplus of a young workforce in the developing world. Globally, the number of elderly people is expected to more than double by 2050, increasing from 841 million in 2013 to more than 2 billion<sup>7</sup>. The ageing population is already a reality for advanced economies, where it is putting serious strains on social security schemes and healthcare costs. With a large proportion of workers reaching retirement age, the size of the working-age population is reduced, and the old-age dependency ratio grows. On the other hand, youth bulges offer rich potential for the development of a country, but adequate investments are needed to harness this potential. Youth unemployment poses and will continue to pose also important challenges globally.

Last, but not least, is climate change. The consequences of excessive extraction and consumption of energy, as well as the overexploitation of natural resources in recent decades are coming home to roost. Not only is the Earth warming, but natural resources are becoming scarcer: as a result, increasingly frequent and extensive natural disasters and desertification are putting at risk the lives of entire populations, often forcibly displacing large numbers of people from one region to another.

The policy debate over the limitation of the challenges related to climate change is progressing at international level, despite recent reservations from some major players, with a clear commitment from countries to maintain the global average temperature rise well below 2 °C above pre-industrial levels (Paris Agreement, December 2015).

## **1.2 The interaction of the four megatrends**

The uniqueness of this particular industrial and technological revolution lies in the interaction of the four megatrends outlined above.

By opening up new markets, globalisation has undoubtedly brought new opportunities: “it has helped a number of countries to benefit from high rates of economic growth and employment creation, to absorb many of the rural poor into the modern urban economy, to advance their developmental goals, and to foster innovation in product development and the circulation of ideas”<sup>8</sup>. Globalisation has contributed to the reduction of extreme poverty: in 1950 three-quarters of the global population were living in extreme poverty; in 1981 it was still 44%. For 2017 research suggests that this figure has fallen below 10%<sup>9</sup>.

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<sup>6</sup> The Economist, 2016, “The return of the machinery question”, Special Report, Artificial Intelligence

<sup>7</sup> UN Report, World Population Agenda, 2015.

[http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2015\\_Report.pdf](http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2015_Report.pdf)  
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<sup>8</sup> ILO Declaration on Social Justice for a Fair Globalization adopted by the International Labour Conference at its Ninety-Seventh Session, Geneva, 10 June 2008.

<sup>9</sup> World Bank, October 2017 (last update) “Tool for Global Poverty Monitoring”, can be accessed [here](#)

However, the global integration process has also brought challenges such as the greater “vulnerability of economies to external shocks, and the growth of both unprotected work and the informal economy”<sup>10</sup>. It is true for instance that globalisation has intensified and enabled the consequence of the economic crisis to spread globally, and that efforts to overturn them have also had to be far-reaching.

Nevertheless, some consider the globalisation process to be in its infancy and possibly to evolve in a different direction than we are witnessing today<sup>11</sup>.

In a globalised world, youth bulges in developing countries can be highly beneficial for economic growth when and if the youth is well equipped with up-to-date technological knowledge and relevant skills. The limitation of many developing countries lies, however, in inadequate human capital investment, and many do not have adequate health or educational systems in place, which curbs the ability of young people to reach their full productive potential.

Another limitation concerns migration policies. While advanced economies could in theory tap into the dividend of youth bulges in the developing countries, they are more and more hampered in their efforts to do so by the regulatory barriers to labour migration. Indeed, globalisation has allowed a free flow of goods, services, and knowledge, but not of people, worldwide. Therefore, there is a clear need to further improve labour mobility and better optimize supply and demand in skills needed across borders and to favour the free movement of a diverse and qualified labour force, without restrictions in terms of nationalities or job quotas<sup>12</sup>.

These restrictions can be overcome with the help of technology that allows enterprises to seek talented individuals outside of their countries and to access a global talent pool<sup>13</sup>, and contributes to better matching of employers’ needs with individuals’ skills. The use of ‘new ways of intermediation’ or ‘digital intermediation’ through digital platforms is opening previously untapped opportunities, allowing individuals to access new markets and to deploy their skills to better respond to the demands of individual clients worldwide.

This is intensifying the talent competition worldwide, both from the company and the workers’ side, thus requiring the two parties to quickly adapt in order to avoid being left out.

Climate change offers new business opportunities in greener sectors of the economy, boosted by the continuous contribution of technology to the development of renewable energies and greener production systems<sup>14</sup>. The “ecological conversion” and the gradual transformation of the whole system of production – transportation,

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Roser M., "The short history of global living conditions and why it matters that we know it". Published online at OurWorldInData.org, 2017, <https://ourworldindata.org/a-history-of-global-living-conditions-in-5-charts>

<sup>10</sup> ILO Declaration on Social Justice for a Fair Globalization, *ibid*.

<sup>11</sup> Huwart J.Y. and L.Verdier, 2013, Economic Globalisation Origins and consequences, OECD Insights. OECD Publishing.

<sup>12</sup> IOE, 2017, *ibid*.

<sup>13</sup> Sakurai, K. and Okubo, Y., 2015, “Job Seeker Trends 2015: Channels, Search Time and Income Change”, BCG Perspectives.

<sup>14</sup> IOE 2017, *ibid*.

construction, industry, and services may be the momentum for the overall improvement of the functioning of the labour market<sup>15</sup> and might at the same time well respond to the demographic challenges outlined above.

### **1.3 What is the outcome of this process?**

A lot of literature and debate has focussed so far on the outcome of the future of work in terms of jobs lost and job gained.

The general idea that there is as yet insufficient data on whether the new technologies will ultimately create more jobs than they destroy is starting to give way to the idea that the world will instead move to a different equilibrium.

“Panic mode” has been overtaken by a more realistic and optimistic approach to the future.

A recent study covering 46 countries (and almost 90% of the global GDP) has demonstrated that future labour needs could create demands for millions of jobs by 2030 but with enormous workforce transitions. Something like 375 million workers globally is likely to need transition to new occupations categories and learn new skills. Overall it seems that the new equilibrium will be in positive since, “while about half of all work activities globally have the technical potential to be automated by adapting currently demonstrated technology, the proportion of work actually displaced by 2030 will likely be lower”. The new scenario presented suggests that between almost zero and one-third of work activities could be displaced by 2030, with a midpoint of 15 percent. Overall, “with sufficient economic growth, innovation, and investment, there can be enough new job creation to offset the impact of automation, although in some advanced economies additional investments will be needed [...] to reduce the risk of job shortages.”<sup>16</sup>

Another study has shown that opinion leaders are spreading false alarmism, given that technology today is not destroying “more jobs than ever”. Indeed, according to data collected in the US, “the period from 2010 to 2015 saw approximately 6 technology-related jobs created for every 10 lost, which was the highest ratio – meaning lowest share of jobs lost to technology – of any period since 1950 to 1960”<sup>17</sup>.

Embracing the idea of a new equilibrium allows us to set aside our fears and focus on the “future of work we want”<sup>18</sup> and one where we can thrive.

## **CHAPTER 2: WHAT IS NEEDED TO SUCCEED IN THE FUTURE WORLD OF WORK?**

History abounds with examples of attempts to resist innovation that have proven to be simply impossible.

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<sup>15</sup> Méda D., October 2016, “The future of work: The meaning and value of work in Europe”, International Labour Office Research paper n. 18.

<sup>16</sup> McKinsey Global Institute, December 2017, Jobs Lost, Jobs Gained: Workforce transitions in a time of automation to be accessed [here](#)

<sup>17</sup> Atkinson R. D. and Wu J., May 2017, “False Alarmism: Technological Disruption and the U.S. Labor Market, 1850–2015”, Information Technology and Innovation Foundation.

<sup>18</sup> International Labour Conference, 104th Session, 2015, Report of the Director-General, “The future of work centenary initiative”.

When the first automated teller machine (ATM) was introduced 50 years ago it was revolutionary. It allowed customers to access cash out of the bank's working hours and to check their accounts without having to interact with a bank teller. As a consequence, the ATM led to the loss of many bank tellers' jobs and an increased expenditure due to the initial high cost of the machines. Additionally, it met with some resistance from customers because it took some time before the ATM became user-friendly. Despite this, and the technical teething problems that sometime occurred, the banks continued to install ATMs and encourage their clients to use them. The machine finally became part of our lives, and the transition from a bank teller to a machine was fully operationalised and embraced.

The introduction of the personal computer has enabled the creation of 15.8 million net jobs in the US since 1980, even after accounting for jobs displaced<sup>19</sup>.

There is no way to stop innovation, but the way in which the transition is conducted is key.

This chapter will focus on three main areas where policies need to be modified or even established. Given that the period in which we live is hailed as "revolutionary" by many, the design and implementation of adequate policies need to meet the high expectations.

## **2.1 Changing nature of work**

The four drivers mentioned above have direct repercussions on the way in which work is (and will be) conducted. The nature of work is also changing dramatically, with the innovation made possible by technologies being the main factor.

Not only has work changed over time, but the way in which individuals relate to work is different; mindsets are also changing at high speed.

### **The meaning and definition of work**

When talking about work, it is important to think of it as a multifaceted concept, that is, the result of its historical development: "work is a factor of production, the essence of humanity, and the pivot of the system of distribution of wealth, benefits and protection, dimensions that collide and are the reason why so many interpretations affect the concept of "work" today<sup>20</sup>.

More recently, other facets have been added to this concept; work has acquired a strong personal component: it is a means of self-fulfilment and creativity, the laboratory for self-expression and knowledge development.

Moreover, despite still being perceived as fundamental for everyday life, work has left space for the desire to combine it with time for family, friends, and leisure activities. The concept of "work-life balance" emerged, and remains central to labour and social policy debates and discussion on national regulations.

Workers today aspire to more flexibility and autonomy, and they consider creativity, motivation, ownership and an entrepreneurial approach as fundamental to their job.

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<sup>19</sup> McKinsey Global Institute, December 2017, *ibid*.

<sup>20</sup> Méda D., October 2016, *ibid*.

Social bonds between the worker and the company are decreasing; the old culture of loyalty that once characterized the employment relationship has given way to a more detached, mutual self-interested culture. The workplace has a less hierarchical structure, with a freer flow of ideas and the possibility of having more direct access to the decision-making process and management<sup>21</sup>.

This is all the more true in light of the generational change we are witnessing: millennials appear to be approaching work in a different manner compared to their parents, with much more emphasis on personal needs than on those of the organisation, and have higher expectations of rapid progression, a varied and interesting career and constant feedback<sup>22</sup>.

#### The basic features of work: time, place, productivity

Workplace flexibility, both in terms of working time and location, is the most salient characteristic of the new world of work. The definition of 'the workplace' now encompasses anywhere an individual performs their duties. For many, work is no longer a place to go to, but a task to perform remotely. The prevalence of a dispersed, distributed and remote workforce is increasing.

This type of flexibility makes life easier for many individuals with family responsibilities and those seeking to achieve a better work-life balance. Since work is invited into one's home through technology, it is to some extent blurring the boundaries between working time and personal time, between one's professional and private life.

Working time is less and less a monitoring tool for workers' productivity. Similarly, the place of work cannot always be used as a predetermined indicator for definitional purposes (self-employed workers versus employees) and new health and safety challenges arise due to the strict, obsolete and limited focus of current safety regulation.

However, new technologies offer the great advantage of collecting data that are traceable. New technologies enable companies to better evaluate individual productivity using available data, allowing them to compensate individuals in line with their performance. In the generalized scenario of decelerated productivity in the majority of countries<sup>23</sup>, this could foster productivity increases and the capacity of companies to distinguish between the more and the less productive employees.

In terms of productivity, a role is also played by customers, who increasingly influence business success and workers' employability. Customer ratings or customer engagement (accessing and reading an online newspaper article, for example) play an increasing role, and digitalization allows measuring of workers' performances and determining their added value to the company.

Collecting data through technology does involve important challenges in terms of privacy protection and data treatment that needs to be further analyzed, perhaps by

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<sup>21</sup> OIE, 2017, *ibid*.

<sup>22</sup> PwC's NextGen: A global generational study, 2013 to be accessed [here](#)

<sup>23</sup> Organisation for Economic Cooperation and Development (OECD), 2016, "Economic Policy Reforms 2016: Going for Growth Interim Report", OECD Publishing, Paris.



considering a model of data-driven delegation whereby the party that holds the data is delegated the responsibility of handling the data for the application of the regulation (any type of regulation, from tax collection to others)<sup>24</sup>.

### The legal approach

All these elements bring us to reflect on the new forms of work and the status of the employee versus the self-employed worker.

When the ILO Office refers to the concept of employment as the “standard form of work” (that is full time, open ended employment) it makes the fundamental mistake of thinking in a Western and developed World and rather narrow manner.

The status of employee and the related welfare system (taxation, social security, paid leave, and the like) is a relatively recent concept that responded well to the way in which work and production were organised in the twentieth century. It gained momentum in Europe at the end of the nineteenth century, when additional protections were attached to the employment contract and thus everyone aimed at signing one<sup>25</sup>.

Moreover, the “standard form of work” has never been the norm in the developing world (Latin America or Asia account for high levels of informality, over 90% in India, for instance) and it is surely no longer the case globally since it is estimated that less than 20% of the working population has a full-time, open-ended employment contract according to the World Employment and Social Outlook<sup>26</sup>.

In the advanced economies, the debate over the last two years has been around the new forms of work and the way in which those forms could be submitted to one of the two categories regulated under the labour law: the status of employee versus the self-employed worker. This process has also occurred through the litigation that has taken place over the definition of employee, especially in the case of workers in the platform economy. For some companies, it has also been an issue of concern over unfair competition in gig-economy start-ups, due to the non-payment of social security contributions and a way of operating outside of the regulatory framework.

Platform companies have so far benefited from the legislative vacuum to move forward and indeed flourish.

Judges had to decide in many countries as to the classification of workers in the gig-economy (defined as the mid-term category of “workers” in the UK<sup>27</sup>, employees in Switzerland and in Spain). The judgements are based on specific characteristics of the work and on the degree of the subordination or autonomy of the worker concerned.

Jurisprudence is finding specific ad hoc solutions for the new reality by using existing definitions and adapting them to the new trends. It is not yet clear whether there could be a need for further legal certainty. The debate around developing a third mid-type of status between the employee and the self-employed worker – the Italian para-subordinate status or the UK model of “worker” – has re-emerged lately. In any case,

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<sup>24</sup> Sundararajan A., Professor of Business at New York University's (NYU), Stern School of Business Youtube video, September 2016: [https://www.youtube.com/watch?v=yceuC1O-Q\\_8](https://www.youtube.com/watch?v=yceuC1O-Q_8) .

<sup>25</sup> Castel R., 1995. Les métamorphoses de la question sociale

<sup>26</sup> International Labour Office, 2015, World Employment and Social Outlook

<sup>27</sup> Case law reference Uber B.V. & Ors v Islam & Ors UKEAT/0056/17/DA

confused or simplistic approaches will not ensure the clarity needed for companies to embark on new business models and the appropriate protection of workers.

### The way forward

The new era of automation, the changes in the forms of production, the need for flexibility (for both companies and workers), bring us to reconsider “work” and to open ourselves to the wider range of diverse forms of work as they already exist today.

Those forms coexist, and the outcome will most probably be a status that is “an hybridation of employment and self-employed” whereby workers undertake multiple activities at the same time<sup>28</sup>.

Thinking ahead, a realistic and anticipatory approach would need to look at the status of the “worker”, since “the status of an active person would no longer be determined on the basis of the restrictive employment status, but on the extended notion of professional activity”<sup>29</sup>.

Leaving aside all the different contractual arrangements, there should be a focus on the critical elements that are able to cover individual needs and expectations, namely, minimum social security coverage, effective recognition of freedom of association and, above all, protected transitions from one “job” to another “job”.

## **2.2 Skills and education**

The four megadrivers are radically altering the range of skills needed in the labour market and the sectors where new jobs will be created.

However, the discourse here relates not only to the sectors where workers are displaced and the new occupations that are created. The real radical change relies on the mindset of the individual.

### New skills and sectors

Disruptive technologies influence the way in which skills are requested in the market in the “race against the machine”<sup>30</sup>. The ‘deep learning’ capacities of machines will make lawyers, doctors, journalists, traders, supermarket operators, postmen, taxi drivers as we know them today obsolete professions. Nevertheless, machines embody the serious limitation of lacking “human capacities”, such as emotional skills, empathy, persuasiveness, creativity, strategic approaches, analytical capacity, communication skills, innovative thinking, flexibility and social skills<sup>31</sup>.

Jobs will increase in the health and social care sector by almost 30% in the U.S. and probably in many other developed economies in the coming decade<sup>32</sup>. STEM jobs are also estimated to grow to continue fostering automatization and technological

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<sup>28</sup> Pennel D., 2017, Travail, la soif de liberté, Eyrolles.

<sup>29</sup> Pennel D., 2017, *ibid*.

<sup>30</sup> Brynjolfsson E. and McAfee A., Race Against the Machine: How the digital revolution is accelerating innovation, driving productivity, and irreversibly transforming employment and the economy, 2011.

<sup>31</sup> The Economist, 2016

<sup>32</sup> MIT Technology Review, 2015, “The Future of Work”, Business Report. IOE, 2017, *ibid*.

development, together with IT-related jobs such as data scientists, database administrators and IT security administrators<sup>33</sup>.

### Mindset changes

The current automation trend requires workers to learn much more quickly than in the past<sup>34</sup> and to take responsibility for maintaining their own employability.

The worker is called upon to be an "architect of the socio-technical systems", self-built (architect), and with a broad set of expertise areas (social and technical)<sup>35</sup>.

These new types of workers could be particularly employable for "hybrid jobs", that require the use of a variety of cognitive skills (hard and soft) and that are more results- and challenge-oriented on a personal basis. Some other skills will be horizontally required for the majority of jobs, such as a basic level of programming or computer literacy.

But how to find those "hybrid-skilled" workers in the labour market?

A fundamental shift is already operating in personal attitudes towards employability. "Digital natives" and "digital immigrants" are constantly bombarded with new information and new products through social media. Millennials, and even more so post-millennials, are more open to changes operated by technologies compared to previous generations. They take advantage of the freedom technology brings to their "nomad" lives and to sharing their lifestyles on social media<sup>36</sup>.

At this stage, so called "lifelong learning" gives way to "recurrent learning". This is a new logic of work based on a "stop-study-work-repeat" model, or "Lego approach", where the worker's self-development lies at the heart of working life<sup>37</sup>.

Such an important change in mindset brings with it the fundamental question of how recurrent learning can best be nurtured. The business community is united in the need for companies to avoid skills mismatches locally and the brain drain of entire countries. There is also the general consensus that education systems need to be adapted to the new way of producing and the introduction of disruptive technologies, as well as to the environmental challenges.

### The way forward

As a first step, some working groups involving public institutions, employers' organisations and workers' representatives should analyze and implement the reforms (in terms of content and type of educational training). A courageous and ambitious approach is needed since "we cannot teach our kids to compete with the machines

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<sup>33</sup> McKinsey, 2017 *ibid*.

<sup>34</sup> The Economist, 2016, *ibid*.

<sup>35</sup> Butera F., University of Milan-Bicocca, Italy, "The evolution of the world of work and the role of education and professional training", Intervention of Professor during the International Conference "Industry 4.0: Triggering factors and enabling skills", ADAPT and University of Bergamo, 1-2 December 2017.

<sup>36</sup> Nomad workers, see for instance <https://www.workingnomads.co/jobs>

<sup>37</sup> Gubitta P., University of Padova, Italy, "Hybrids jobs: competences, training and work organisation", Intervention during the International Conference "Industry 4.0: Triggering factors and enabling skills", ADAPT and University of Bergamo, 1-2 December 2017.

who are smarter – purely knowledge-based training is no longer the best way of teaching”<sup>38</sup>.

Meanwhile, we are participating in the democratization of education, since online education courses (and the respective examination processes) are provided in bite-sized chunks and for free (or almost for free) through the Massive Open Online Courses – MOOCs<sup>39</sup>. MOOCs are providing opportunities to people from all over the world to gain skills. The competition of talent is therefore widening and will be more and more detached from the financial ability of workers to access trainings of the world’s most prestigious universities<sup>40</sup>.

Secondly, professional training and reskilling programmes should be put in place to more effectively respond to the changing reality of the world of work.

Considering the more frequent interruptions that might be part of the working life of an individual, frequent reskilling will ultimately ensure that transitions are as smooth and as easy as possible.

What kind of professional training would ensure that? And who would ensure the financial resources for this?

Years of implementation of life-long-learning in the advanced economies have demonstrated that public services alone can be highly ineffective in providing workers with real reskilling.

Therefore, the idea of partnerships between public and private entities is coming along with different practical approaches. Research Centres or Competence Centres have been established to ensure proper dialogue between companies and universities. In Germany, the Competence Centre model has proven successful in enhancing the digital transformation of SMEs in each of the 16 regions (Länder)<sup>41</sup>. Companies are developing their own projects by working directly with Public Employment Services to ensure that workers at risk of interruption are adequately reskilled or advised to move to a new job when needed: a pilot project has been put in place by IBM, but it is still at an early stage and it does not yet enjoy the support of the public institutions<sup>42</sup>.

Along these lines, companies like IBM are pushing toward the creation of “Job transition funds” that would facilitate the passage from one job to another.

To materialize the idea of job-to-job transition, a data-driven approach with the mapping of transition opportunities would bring the necessary clarity to the practical aspects of job-to-job transitions; in particular, policymakers, workers and employers would be informed in advance on what work could be transformed into what other work. Recent research on the U.S. labour market found that the average worker in the U.S.

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<sup>38</sup> Ma J., CEO of Alibaba at the WEF Forum in January 2018 <https://www.weforum.org/agenda/2018/01/jack-ma-davos-top-quotes/>

<sup>39</sup> IOE, 2017, *ibid*.

<sup>40</sup> Gratton L., Professor of Management Practice at London Business School, at PwC's Future of Work Conference 2016: The Future of Work. <https://www.youtube.com/watch?v=JlIu1Wq1nA&t=656s>

<sup>41</sup> The Government driven initiative is called “Mittelstand 4.0 – Digital Production and Work Processes”.

<sup>42</sup> IBM Think Policy Blog, October 2017 <https://www.ibm.com/blogs/policy/challenges-and-opportunities-of-a-new-employment-and-skills-landscape-in-europe/>

today has 48 possibilities to move to another job, and 24 possibilities to move to another job where their current earnings would be increased or maintained<sup>43</sup>.

However, if we go back to the idea above that the workforce is composed of workers and that the mindset towards skills needs to make workers responsible for their own employability, attention should be directed to the possibility of providing individuals with the adequate financial resources to be able to learn and update their skills, as and when necessary. Thus, workers, with appropriate guidance from institutions and companies, would have complete ownership and responsibility for their own career and would assess by themselves the time and resources they want to invest for their professional training.

### **2.3 Social dialogue and industrial relations**

The future of industrial relations models is challenging as is the future of social dialogue. The pace of change facilitated by disruptive technologies, the processes of globalisation and demographic changes could affect the very essence of social dialogue, as established and developed in the twentieth century<sup>44</sup>.

Scholars point to the root causes of this challenge as, among others, “the lessening of the importance of the social partners, the emergence of forms of “miscommunication” among them, and the obsolescence of traditional forms of social dialogue”<sup>45</sup>.

#### **Are industrial relations structures adapted to the world of work?**

The question, here again, is whether the collective channels for workers’ and employers’ participation fit the new reality of the world of work.

First of all, the question of representativity and legitimacy is at stake. A recent study has underlined the significant decline that trade unions are facing in the OECD countries (and in some emerging economies that are in the process of acceding to the OECD). Trade union membership has decreased from 30% to 17% over the last thirty years. On the other hand, employers’ organisation density shows “remarkable stability” with 51% of companies being a member of an employers’ organisation<sup>46</sup>.

There is no single cause that explains the decline of trade union density, but the most important has probably to do with the diminished effectiveness of their actions and their incapacity to proactively adapt their discourse to changes and realities<sup>47</sup>. By contrast, it is reported that “employers’ associations have been able to adapt their organisational structure as well as their activities to the changing needs of business”<sup>48</sup>.

Indeed, the second element of the debate revolves around questions of relevance, effectiveness and inclusiveness.

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<sup>43</sup> WEF in collaboration with The Boston Consulting Group, January 2018, Insight report “Towards a Reskilling Revolution” – a Future of Jobs for All.

<sup>44</sup> Additionally, the value and principles of social dialogue are historically and deeply rooted in the International Labour Organization and its tripartite constituency. Therefore, any major changes in industrial relations structures would also inevitably affect the working methods of this UN agency.

<sup>45</sup> Petrylaite, Modern Social Dialogue: Challenges, opportunities, and developments, Labour in the 21<sup>st</sup> Century, 2017.

<sup>46</sup> OECD Employment Outlook 2017, Collective bargaining in a changing world of work.

<sup>47</sup> The Economist, September 2015, “Why trade unions are declining”, to be accessed [here](#)

<sup>48</sup> OECD Employment Outlook 2017, *ibid*.

How to ensure that all workers feel supported and represented? What about workers in the informal economy? How to improve the perception of trade unions vis-à-vis potential and older members? How to improve their influence?

Similarly, how can employers' organisations ensure that all kinds of companies, especially the SMEs that constitute the backbone of the economy worldwide, are represented and defended? How to attract new businesses and start-ups with their new business models? How to improve and offer constantly updated services to members?

And if employers' and workers' organisations are no longer the legitimate representatives and key actors in the world of work, which institutions would be?

### The way forward

The picture is not yet clear and some authors claim that the conditions for the "individualisation of labour relations"<sup>49</sup> have been set. Others consider that the alternative to the lack of collective organisation is not an individualisation of labour relations but increased state intervention or the application of the company's predefined conditions<sup>50</sup>.

Electronic means of communication and interaction offer many more possibilities for individuals globally to express their satisfaction, dissatisfaction, claims or proposals and to achieve much greater resonance than in the past. Social media and digital platforms also provide collective organisations with powerful tools to give voice to their beliefs and convictions.

Consumers play a major role in this picture too and their awareness and influence as a group have increased enormously over the last 30 years.

This poses challenges for companies. Risk management measures need to be in place, and there is also at the same time a continuous incentive for companies to improve working conditions, as well as the products and information they provide. Similarly, online campaigns conducted by global trade unions are gaining traction as a means of negotiation and expose multinational companies to higher global reputational risks.

Spontaneous workers' movements are already emerging. There are new organisations of informal workers (the South African Informal Traders Alliance, for instance), online based communities where workers can exchange their work experience<sup>51</sup>. In other cases, the trade union has been able to attract workers in the gig economy (the German IG Metall for instance). In Belgium and the Netherlands, a collective of 200 Deliveroo couriers in January 2018 has called a strike to negotiate with the company a different rights package for riders.

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<sup>49</sup> Petrylaite D., *Modern Social Dialogue: Challenges, opportunities, and developments, Labour in the 21<sup>st</sup> Century*, 2017.

<sup>50</sup> OECD *Employment Outlook 2017*, *ibid.*

<sup>51</sup> [www.glassdor.com](http://www.glassdor.com)

On the employers' organisations side, ongoing discussions relate to the way in which relevance can be ensured and boosted, the new services that could be proposed to companies and the concrete proposals for improving the business climate.

A renewed role can be played by the social partners in the skills improvement and training arena, as mentioned above, or in the support of effective job-to-job transition, as well as in the development of more effective welfare schemes and policies that favour long-term inclusive growth with job creation and increased standards of living.

If social partners demonstrate their incapacity to influence and effectively shape the future, this could simply be the end of the industrial relations structures as we know them, and herald the emergence of unknown scenarios.

### **CHAPTER 3: RECOMMENDATIONS AND PROPOSALS**

Given the three main areas where policies need to be modified or even established, further recommendations and proposals could be considered. Ultimately, the policies that are adopted have to be able to seize the potential of the future of work and ensure that the digitization of economies leads to more and better employment opportunities, greater social cohesion and stronger sustainable growth.

#### **1. Decrease the digital divide**

If technology is to be beneficial to everyone, the digital divide between countries needs to be drastically reduced.

Access to high-speed, quality internet and to communication and information technologies in general, should be a top priority for governments and service providers.

#### **2. Boost a vibrant business climate**

Leveraging technologies will help companies to compete, innovate, and become more productive. However, technology can only effectively serve business when it is supported by regulations and institutions that favour a vibrant business climate and innovation to be implemented. A better regulatory framework is one that provides a simpler and more efficient set of rules that does not hinder the creation of jobs.

Promoting and enabling entrepreneurship, especially among young people, and especially favouring greener businesses in view of the "ecological conversion" is part of this objective.

#### **3. Reform the welfare systems**

Demographic changes are putting the welfare systems built over the last fifty years under significant strain.

Today's world of work requires modernized, viable and sustainable social protection schemes with portable rights and global recognition. Safety nets are also needed to ensure a smooth job-to-job transition.

Reformed welfare systems should become part of a new social contract (in line with national realities) that applies to all workers and would make the notion of "informality" obsolete. A social protection floor can be part of this new strategy.

#### **4. Implement the “recurrent learning”**

Skills development and education reform are the two uncontested protagonists of the future of work.

On this basis, building, developing and implementing “recurrent learning”, with programmes adapted to labour market realities and based on concrete data on the possibilities of transition, should be the main objectives for governments, social partners, companies and society. The opportunities are enormous.

#### **5. Take advantage of traceability and transparency**

Technology offers the unprecedented opportunity of simplifying the collection of data. Traceability and transparency could therefore be among main features of the new world of work, whereby all exchanges and transactions are recorded and evaluated.

If properly channelled, such data might be used for social security purposes, tax collection, health and safety monitoring. Traceability and transparency, together with a simplified regulatory framework, mean in effect that informal work will smoothly and naturally transition into formality, thus enabling poverty reduction globally.

Blockchain technology might be especially useful for the portability of rights, as well as for instantaneous cross-border transactions.

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