

Global Commission on the Future of Work: priorities for the Commission report

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Part I: The Vision

The Commission cannot predict the future, and should not attempt to do so. Instead it must note that the world is going through transformative change, perhaps the most significant in history, and must do better than it did in the past to manage the transition. There are several factors driving the change, including climate change, demographic transitions, urbanisation and technology. All these factors present both threats and opportunities. We must seek to seize the opportunities offered in a manner that would improve human welfare.

While everything else changes, our values do not. Their essence is captured well in Article II (a) of the 1944 ILO Declaration of Philadelphia¹. We want individuals and families to be able to meet their social and physical needs in conditions of freedom and equal opportunity.

During the last century we put in place regulations, institutions and practices that worked well to promote our values. Now we need to review and revise them to achieve the same values-based objective in a very new context.

A key feature of the labour market that emerged after the second industrial revolution was the full-time, open-ended employment relationship, to which were progressively attached various privileges and social protections. The current increase in a range of new work relationships requires that new ways be found to ensure that everybody, not just those with the open-ended employment relationship, have access to such benefits. This requires finding a more inclusive system that will ensure that everyone has access to them. More inclusive systems will also help to address the other important issues such as informality.

Technological developments today represent a huge surge in human knowledge and ability. They also represent huge potential to improve human welfare if their benefits were made available to everybody, and if individuals were able to make the best use of them.

We need to be strategic and positive about the future, because the opportunities offered by greater human knowledge and ability are far greater than the threats. It should not look at the problems of today and insist on old remedies to fix them. It should study trends, based on time-series data from the recent past, and project a

¹ "Declaration concerning the aims and purposes of the International Labour Organisation", 1944.

future that, if the right policies based on our fundamental values are put in place, will give people everywhere confidence in the systems we create, and will improve the human condition everywhere. For that, we should be ready to jettison models that worked in the past, and be open to new ways of ensuring that individuals and families can live in conditions of freedom and equal opportunity.

In a world that is irrevocably integrating at every level while remaining divided by national borders, the need for an international agency to provide a platform to discuss labour-related issues has never been more important, far more than in 1919. No discussion of the future of work can be complete without consideration of what such an agency would look like. The ILO played a valuable role during the 20th century to help people everywhere to benefit from the second industrial revolution. The Commission should consider what an UN agency for the 21st century, in the context of the present transformation, should look like.

PART II: The Issues

- The automation of routine, repetitive and data-based tasks, and the reformulation of job-content;
- Transforming the way society prepares individuals for contributing to the economy and participating in the community (life-long learning);
- Making the best use of demographic transitions, including urbanisation, to benefit everybody—investing in improving abilities, promoting orderly global mobility;
- New ways to end discrimination of all kinds, and to allow everybody to realise their full potential and contribute to economic and social progress;
- The decline of the pyramidal structure of the business enterprise and the full-time, open-ended employment relationship, and the emergence of new business models and new work relationships—the need to create more inclusive systems of social protection that does not depend on employment contracts;
- Using technology to empower everybody in the labour market through greater transparency and flexibility;
- New models for governance of the labour market in a more data-enabled, talent-led environment for income opportunities
- What kind of an ILO will be needed to serve its members in a transformed world of work

PART III: The priorities – shaping the future of work we want

A. The changing nature of work; new work opportunities brought by present and future realities and trends in the world of business and work.

The way work is organised, distributed and done is changing in fundamental ways, but the rules governing it are not keeping up. Some of the trends we now see could be indicators of what tomorrow's world of work will look like if they continue their current trajectories.

As pointed out in the ILO publication “Non-Standard Employment Around the World”², the proportion of work relationships that are not permanent and open-ended is rising in most parts of the world. While such alternative relationships have always been high in many developing countries on account of informality, it is rising in developed countries as well—in the USA they went up from 10.5 percent of the overall workforce in 2005 to 15.8 percent in 2015, according to one study³, and another estimated that between 20-30 percent of the working-age population in North America and Western Europe are independent workers⁴.

Informality continues to be a feature of many countries around the world, notably in those countries that are, according to population trends, likely to host the largest workforces in the future. This should be a concern for everybody for both moral and practical reasons. People in the informal economy typically contribute much less than their potential to overall prosperity, and benefit correspondingly less—their potential is lost to themselves and to everybody else. Moving from informality to formality is today's challenge, but risks being a feature of tomorrow's world of work as well, because progress remains slow.

The role and nature of the different factors of production have changed since the ILO was created in 1919. Capital and labour are not what they used to be. Average educational attainment is much higher than it was then, and even since 1991 the share of services in total employment has risen from 33 percent to over 50 percent, and rising⁵. The task composition of occupations has shifted towards analytical and interactive activities and away from manual and cognitive routine activities⁶. The rise of the knowledge-based and innovation-driven value creation has shown the importance of intellectual capital relative to financial stock⁷. Production systems are becoming more complex with the growth of global value chains, which

² http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf

³ https://krueger.princeton.edu/sites/default/files/akrueger/files/katz_krueger_cws_-_march_29_20165.pdf

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<https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Employment%20and%20Growth/Independent%20work%20Choice%20necessity%20and%20the%20gig%20economy/Independent-Work-Choice-necessity-and-the-gig-economy-Executive-Summary.ashx>

⁵ <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS>

⁶ <ftp://ftp.zew.de/pub/zew-docs/dp/dp0433.pdf>

⁷ <https://www.oecd.org/sti/inno/36701575.pdf>

have increased human welfare across the world and reduced inequalities, but are more difficult to govern.

In order to respond to this emerging new world of work and ensure that it meets everybody's needs, our institutions, rules, practices and world view will have to adapt or be replaced. This applies to the ILO as much as to everybody else. The ILO was founded on the basis of a 19th century world view shaped by the second industrial revolution, and played a very useful role for most of the last century. It now needs to review its role, vision and work with a view to remaining relevant and valuable in a very different world.

One key direction that the ILO will have to take is to make inclusiveness central to its mission. It needs to propose new ways to ensure that social benefits and protections are accessible by all, and not only by those in traditional open-ended work relationships. It needs to develop a more enquiring research effort to understand how the world of work is changing and what drives the behaviours of its actors, rather than a policy-based one. It also needs to collaborate more with other agencies that touch on work and the quality of people's lives, such as UNESCO, the World Bank and the OECD, both in research and in developing new ideas. Such collaboration is especially necessary for job creation, lifelong learning and informality.

As part of the changes to be operated in order to respond to the emerging world of work social protection continues to be mainly the privilege of those in the formal economy, especially those with permanent, open-ended employment contracts. New ways need to be found to protect those without such contracts, at least at a socially-acceptable minimum level. The ILO's Social Protection Floors Recommendation, 2012 (No. 202) provides a good basis to take action. Going forward, the ILO needs to review the progress achieved and if necessary look for more ways to help.

Another issue with today's dominant social protection systems is the lack of portability. Tomorrow's world of work is likely to see an increase in the trend of frequent job-changes, including transitions from one form of work to another, and social protection status should not be compromised as a result of that. The world of work requires modernized, viable and sustainable social protection systems with portable rights and global recognition. A social protection floor should be a part of the strategy to make informality obsolete.

B. Skills for the future

The kind of vocational preparation that worked up to now, premised on skills that workers and individuals could use for their whole working lives, will not serve its purpose in the future. We need a different approach to how we enable people to engage with evolving markets and continue to derive adequate incomes.

Firstly, we need to look at the overall development of people, from a very young age to when they will cease to earn, as a continuum rather than succeeding segments such as pre-school, education, training and re-skilling. Lifelong learning or recurrent learning has an attitudinal dimension that begins at a very young age, indeed even before primary school. We need to teach our children to be confident and curious when addressing the unfamiliar. They should constantly want to know how things happen and why. Inculcating such an attitude is primarily a role for parents at that stage, but public policy should promote the approach and the education system should reinforce it, treating it as a formal objective. A desire to continuously learn on the part of individuals, and the awareness that they need to, are perhaps even more important than public support for it. Over a lifetime, that is what will help individuals to constantly update skills and adapt to new requirements.

Education in science, technology, engineering and mathematics have produced the huge advancement in human knowledge we now see in the form of new technologies in the workplace. It seems clear that a lot more emphasis on STEM disciplines, and especially encouraging school children to be interested in them, is vital. However, inculcating in children foundational skills, such as communication, working in teams, problem solving and empathy, should also be an explicit task of the educational system.

While many enterprises invest and innovate in lifelong learning opportunities for their employees, not all enterprises can afford to do so. Trends in the composition of the workforce show a declining number of workers who will benefit from enterprise initiatives. Further, in many parts of the world informality and illiteracy are major impediments to accessing such learning opportunities. There needs to be an inclusive system, and all individuals, regardless of whether their employer provides support or not, nor of their work status, informality or educational level, need access to skill improvement opportunities.

Recent developments in the upskilling process is offered by the online education courses (and the respective examination processes), so called the Massive Open Online Courses – MOOCs. MOOCs might be real agents for democratization of the education, since they provide opportunities to people from all over the world to gain skills.

For the ILO to be positioning itself as a key player on the Future of Work, it is essential to strengthen with much more ambition its capacity to provide crucial policy guidance and assistance on anticipating skills needs, reskilling and upskilling, especially in developing countries. This guidance is not about mere training programs but about effective policies that will be key to have a demonstrable impact in promoting transitions and bringing new opportunities. More and better resources should be allocated within ILO to effectively pursue this goal.

C. Governance of Work

Just as the ILO needs to change in order to remain useful to the world community in the emerging new world of work, labour market institutions in all countries also need to adapt. Public policy needs democratic governance mechanisms. When it comes to labour market issues, social dialogue has proven to be the most effective way to get buy-in from all concerned for the choices made, and therefore democratic legitimacy.

However, the membership rates of workers' organisations in many countries are in low and even in decline. Employers' organisations are doing better, but with a high risk of declining membership. This requires introspection as to what organisations of the future need to look like, to attract membership and remain relevant. There are interesting initiatives in a number of countries, with employers' and workers' organisations reaching out to non-members, such as entrepreneurs and independent workers, and even re-inventing themselves to achieve greater representativeness. The efforts of the ILO with respect to helping employers' and workers' organisations to strengthen themselves serve to promote the democratic legitimacy and effectiveness of social dialogue, and are likely to continue to be useful going forward.

The way in which social dialogue takes place is very different in different countries, and even between different sectors and enterprises within the same country. We need to respect that, because practices reflect the diversity of cultures, legal systems, relationships and expectations. That means there is no single model that should be promoted above all others. That does not mean that all practices work well, but that when social dialogue does not work well, those involved should look for solutions that fit their own contexts. The ILO's role as a source of knowledge of the trade-offs of diverse practices across the world in this regard will continue to be valuable.
