Reimagining social protection in response to new forms of work

EDWARD PEMBERTON
The University of Sheffield

The 329th Governing Body of the ILO emphasised the uncertainty and insecurity faced in the world economy. Much of this uncertainty emerges from long-term political and technological change, which challenges how we think about work. The ILO restated its commitment to the “Future of Work” centenary initiative, studying how the ILO can promote its Decent Work agenda in the face of a changing world of work. Central to this discussion has been the proliferation of ‘non-standard’ forms of employment. The automation of production and information technology that allows for direct mediation of employment relationships are transforming the ‘standard’ model of how work is organised. The ILO has historically looked to embed the rights and principles of this ‘standard’ employment model at the heart of developing countries. A significant change to this model will not only affect labour rights in advanced economies, but challenge the ILO to develop a progressive agenda for work that all countries can move towards. Their Future of Work programme is a step toward ensuring that whatever work looks like in the future, it will embody the principles of Decent Work that underpin the ILO’s mission.

This brief will begin by setting out some of the reasons for the shift towards non-standard employment. These emerge partly from large-scale technological and organisational changes, but are also part of an ideological shift in the power of capital over labour. The brief will then expand on the challenges faced by the ILO in harnessing potential benefits of new ways of working, whilst protecting the
rights that have built up around the ‘standard’ model of employment. It will conclude by arguing that the ILO is well placed to tackle these challenges. Ensuring new forms of employment do not degrade hard-earned rights will require the legislative oversight of the state. Coping with the implications of new models of work may also necessitate expansions of the state’s role in providing social protection. As an organisation that can liaise between states, workers and employers, the ILO can negotiate compromise around new models of work and ensure they work for the good of society.

A ‘standard’ model of employment emerged out of the democratisation that accompanied the industrial revolution. As social protection improved and the complexity of work increased, employment relations became codified in contractual relationships which “would be maintained over time” (ILO, 2016, p. 11). This emerged both from the “passage of social insurance legislation” (Deakin, 2016, p. 7) and from the rational self-interest of businesses who were increasingly investing in training their workforce to conduct skilled labour. However, this model is under threat, both politically and from technological advancements in information technology and automation. The rights associated with the standard employment model have come under attack, as they are said to create rigidities in the labour market (Zuluaga, 2016). Countries facing such political pressure (such as the UK) have seen a proliferation of work undertaken on zero-hour or temporary contracts, with firms less responsible for the workers over the longer-term. But further challenges around non-standard work will likely emerge, as technology accelerates change in the material nature of work itself. Increased automation of production is removing the demand for skilled manual work, and has been held responsible for ‘hollowing out’ of labour markets and removing many of the stable, middle income jobs that underpinned the standard employment model (Economist, 2014). There is also the potential for a more fundamental reconfiguring of the firm, with its role in reducing transaction
costs (Coase, 1937) now able to be replaced by platforms that can assign tasks to workers without direct oversight (O’Conner, 2017). A particularly visible example is Uber, but increasingly even highly skilled work, such as software programming, is being allocated in this manner using sites like Amazon’s Mechanical Turk.

The increased informality represented by many non-standard forms of employment is a significant threat to worker’s rights and living standards. The temporary nature of such jobs makes them vulnerable to cyclical variation in economic activity, and so they fail to provide the long-term security that work should provide. They also often remove the onus on the employer to contribute towards social protection through mechanisms such as pensions contributions, healthcare benefits or social insurance. More fundamentally, they represent a commodification of labour which stands against the ideals of the ILO as set out in the Declaration of Philadelphia (ILO, 1944). The reduction in job security, with people’s terms of employment negotiated more frequently, could precipitate a race to the bottom in terms of the wages and standards that people are willing to accept. Changing terms of employment to non-standard forms in the name of efficiency and competitiveness is all too often simply a way for business to reduce their labour costs and abrogate their responsibilities to their employees. Furthermore, non-standard forms of employment exacerbate existing attempts to restrict freedom of association (De Stefano, 2016), reducing the capacity of workers to organise for improvements in conditions. The ILO is right to decry such practice, but should not cling to the standard model simply through tradition. The opportunities which could come from shaking up the ‘standard’ employment model could play an important role in adapting to the future of work.

Change brought about by information technology and the automation of production presents a significant opportunity for the ILO to set out a positive vision for the future of work. The ‘standard’ model of employment has
become synonymous with the rights and benefits that grew up around it, but less examined is the extent to which it embeds certain social and gendered norms that should be more thoroughly questioned. Vosko (2011) sets out how the standard model of long-term stable employment emerged in the context of the nuclear family, with a deeply gendered division of labour. The proliferation of part-time, temporary or other non-standard work has been of great benefit to those wishing to access the labour market but previously obstructed by care responsibilities. Flexibility and self-determination in work have the potential to reconfigure society to allow for a much more equitable division between work and care roles that are perpetually undervalued in society. The efficiencies of a ‘just-in-time’ labour market could also be a meaningful source of sustainable economic growth. The ILO should welcome such innovation if it leads to growth, so long as the rewards of such growth can be shared equitably.

The positive aspects of non-standard employment “should not be overestimated” (De Stefano, 2016, p. 5). However, the ILO is uniquely placed to work with employers, labour organisations and states to ensure that if non-standard work continues to increase, it does so in a way which emphasises its benefits and reduces its downsides. The key to achieving this is to ensure that non-standard employment, even that occasioned by technological change, is not used as a political implement for eroding labour rights. Despite the economic or technological case for increasing flexibility, work provides more to society than simply its nature as a commodity. Arguments for economic efficiency should not drown out calls to improve the dignity of work and the capacity of those engaged in it. Supporting workers in non-standard employment to secure the rights associated with other forms of work will be key, as can be seen in recent employment tribunal decisions in the UK. Unions have been successful in rejecting attempts by Uber and similar companies to identify their workers as ‘independent contractors’, and secured for them the rights afforded to others. Such results highlight the importance of the state’s
role in defining and legislating work. Even if work in the future involves more fluid relationships between employer and employee, the state must still play a role in determining the standards and conditions that apply.

If long-term employment relationships are undergoing unavoidable decline, the state will have an ever more important role to play in mediating the world of work. For non-standard, flexible employment to provide the kind of decent work the ILO seeks to ensure, the state must take on the greater burden of supporting people to weather economic upheaval. The concept of a universal basic income is slowly taking root as a way of supporting the work of the future. Small-scale versions of such a scheme have been periodically attempted (Van Parijs, 2013), with a trial currently underway in Finland. There are significant fiscal barriers to such a policy, but the scale of change predicted in the coming century mean that radical solutions may be required. Even if universal income required a fundamental shift in how the burden of taxation falls across society, facing up to such a political challenge may be a better choice than carrying on with business as usual. It may be some time before such a truly universal basic income can be adopted at a scale wide enough to cross borders and bring labour markets together. In the meantime, a push to increase the floor of social protection will help people engage more nimbly with the world of work, taking their labour to where it is needed without having wages bargained down under ruthless competition. As a tripartite organisation, the ILO can play a key role in convincing its three stakeholder groups that such a radical reimagining of social protection could work for the benefit of everyone.

*Edward Pemberton is a Postgraduate Taught student in the Department of Politics at the University of Sheffield.*
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