Putting People first in the Changing World of Work

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Smart Employability in the Future of Work can protect Worker’s Rights and boost Innovation and Competitiveness

The future of work is rapidly developing. Technology and digital transformation are disrupting the way workforces are traditionally organised as well as the needs of workers. How can we prepare both young workers as well as regulators to embrace the new gig economy and flexibility needs while at the same time ensuring that the necessary safety nets exist? Based on newly found evidence and its expertise in the area, The Adecco Group is preparing the engaged and thriving workforce for tomorrow.

“Hard” Changes in the World of Work: Technology

We all want to be on the right side of the 4.0 revolution as technology is changing faster and faster. It impacts the future of manufacturing as well as service providers. To prepare the labour market for these opportunities, The Adecco Group is providing the tools for companies to transform their workforces and for people to combine working relationships.

Tasks performed by robots will climb from 10% across all manufacturing industries to about 25% by 2025, according to The Adecco Group’s Global Talent Competitiveness Index 2017.

While policy makers prepare for the new disruptive economy to regain competitiveness, even under high robotisation and flourishing digital labour platforms, we advocate for these technological advances to go hand in hand with decent work.

“Soft” Changes in the World of Work: New Attitudes

New attitudes to work by younger generations are evolving so that work lives are about self-fulfillment, meaningful work and working in networks instead of hierarchy. The current workforce no longer work one cubicle based job for their entire working lives, people want change, flexibility and mobility to match their work-life balance.

Flexibility is key. 30% of workers in the US and EU are free agents, with freelancing as their first or second source of income. GTCI 2017.

People engagement and well-being are at the centre of modern company cultures. New forms of contractual arrangements have been invented and in some cases the line between self-employment and paid work becomes increasingly clouded. This can only be addressed by finding new and innovative ways of regulating work, not by restricting work to the ways of the past.

Variety of Work Options

We now have a wide range of different work options: platforms, direct employment, fixed or open-ended, direct employment in an outsourced workplace, agency work, cooperatives of freelancers etc. And who knows what else will emerge. By fostering new ways of performing work, we can empower workers to be more involved in their career choices and create multiple options to match their lifestyle and work ambitions.
Looking to the Future in a Positive Way - Recommendations

We should not hold on to a past of careers for life, but we need to shape the future of work in a positive way. Governments should stop contrasting freelance and traditional ways of work, but rather legally fill the gap between the 2. The Adecco Group is at the forefront of the changing labour markets, advising governments, stakeholders and its clients. We believe countries have to invest in four areas:

Educating workers for employability

- To prepare their workforce, Countries should invest in the quality of their formal education, taking into account that:
  - Technical skills, including basic literacy and math, need to be on point
  - Using technology for educational purposes prepares kids for a technology-filled workplace
- Students need to develop their soft skills, so that they can succeed in a collaborative network labour market. Today, people need to have T-shaped model skills: not only a deep (vertical) understanding of their field of study, but also a wide (horizontal) capability to communicate with professionals from other disciplines and others
- Looking at how we age, working life cycles are turning into 50- or 60-year multi-careers or cyclical careers, where years of consecutive school education are no longer enough to prepare us for the changing requirements of the labour market.
- More than ever, work-based learning & apprenticeships are key to bridge the gap between education and work, teaching students to prosper in a more practical learning environment. Partnerships between businesses and education / training providers need to be given the (legal) space to develop innovative learning solutions, such as the agency apprenticeship model.
• Education systems must gear up to offer lifelong learning. Adult education, retraining and upskilling are important to prevent and remedy skills gaps and to help workers to be competitive on the labour market.

Protecting workers
• There will always be work. And full-time direct employment is still the predominant form of work in most developed countries, leaving the workers’ protection largely in the hands of the employers. But new forms of work and attitudes towards work shift the relationship between workers and employers.

• In the interest of workers, Governments should put in place flexicurity measures, reflecting the balance between the economic need of businesses for flexibility with the need to support workers in building a sustainable life. Governments should work to bridge the gap in social protection between traditional ways of working and new forms of employment. The 4 components bringing to life the common flexicurity principles should be prioritized: flexible and reliable contractual arrangements; comprehensive lifelong learning strategies; effective active labour market policies and modern social security systems.

• To ensure a high level of workforce participation, Governments should focus on active labour market policies, putting in place training schemes to support workers’ employability, linking subsidies (unemployment benefits) to employment measures supporting a swift reintegration and activating Employment Services (public & private) for the benefit of unemployed job searchers.

• As a job for life is becoming a concept of the past, the security rationale needs to move from the job to the individual. Adequate social protection should be in place for all workers, supporting them in a period of job transition or in case of sickness or injury. Building up as well as drawing from social security should be worker-based. Social security must ensure the portability of rights and reflect a level playing field between various forms of work: the same level of rights and obligations should be in place for a holder of an open-ended full-time contract, an agency worker, a freelancer, a subcontractor, an entrepreneur, etc.

Attracting workers
• The outcomes of The Adecco Group’s GTCI show that in a time of talent scarcity and ageing populations, investments in physical and information infrastructure and connectivity are key in attracting and retaining talent. Countries that nurture and expand local clusters and knowledge networks do best.

• Authoritative top-down leadership is progressively fading out in favour of a collaborative networking approach. Governments would do well to heed this example in governing its citizens: create innovative and collaborative ways of developing policies.

Supporting competitive businesses
• Day after day, we see that economic volatility and new means of production lead to an increased need for flexibility in the way our clients organise their workforce. GTCI data shows that where regulation supports this flexibility, countries and companies thrive the most. The key lies in allowing companies to use the full range of HR services, from short-term agency work to well as agency work via open-ended contracts, freelancing etc.

• With the introduction of robotisation, production facilities that were previously offshored to low-wage countries can return to higher-wage countries as labour costs are reduced. That needs to be accompanied by adequate infrastructure to ensure maximum benefit in terms of short production processes and “just in time production”. To boost local employment, especially Western countries should facilitate and support reshoring.

• For traditional low-wage countries, increasing robotization should serve as a wake-up call to start investing in high-end productivity and skills development.

• Many countries would benefit from a simplification of the labour code and bureaucracy. For companies, even minor adjustments could already mean the difference between stagnation and job creation.

• Companies need talent to be competitive. In a globalized world, companies don’t limit their recruitment to the local labour market. Allowing and fostering mobility will not lead to brain drain, but instead it will promote “brain circulation”.

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Talent success factors

The ‘talent readiness’ of countries depends on how well they are able to adapt to new talent requirements driven by the technology revolution. The Adecco Group’s GTCI 2017 lists the following success factors:

**Readiness of educational systems:**
- Quality of basic literacy and maths skills
- Instilling learning how to learn
- Use of technology for educational purposes
- Access to life-long learning opportunities
- Relevance of education systems for the need of the economy

**Active employment policies, focusing on:**
- Labour market flexibility
- Access to solid safety net
- Strength of labour-employer cooperation
- Retraining
- Support to start-up and entrepreneurship

**Level of technological competences[1] based on:**
- Use of virtual work
- Use of online social networks
- Personal innovativeness
- Extent of within firms and across firms collaboration
- Entrepreneurial spirit
- Delegation of authority

**Connectedness of stakeholders in terms of business-governments relations**
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What is what in the Future of Work?

The Gig- or Platform economy
Online platforms offer new ways for workers and businesses to connect. The type of work done via these platforms is quite diverse:

- Ranging from low to high skilled, from replacing a light bulb to software development;
- Ranging from local services to online virtual services, from taxi or hotel services to digital design.

Research estimates that 44% of the US population is active on these kind of platforms, while about 22% of the US population has provided services via platforms. Figures for the UK are practically identical.

Employee vs. Freelancer
There is an ongoing debate about the boundaries between (direct) employees and freelancers or independent, or own-account workers. The practical difference is that a freelancer has no right to employee protection and benefits, such as minimum wage, holiday pay, pension, health care, overtime payments, and protection against unlawful dismissal. In recent court cases in various countries, the following criteria have helped determine whether a worker is an employee or a freelancer:

- The ability so set their own working hours and to independently accept or refuse assignments/tasks
- The ability to set their own pricing
- Whether the platform requires exclusivity

Agency work or Staffing
Agency work is a regular form of employment which has existed for decades. An agency worker is employed by an agency, but works at a client’s site, under direct supervision of the client company. Agency work contracts come in different varieties (short term, open-ended etc.), but often offer similar employment protection and benefits as comparable contracts for direct employment. In EU Member States and in countries that ratified ILO Convention 181 this equal treatment principle is part of labour legislation.

Job Quality & Decent Work
The OECD developed a framework to measure and assess job quality. In it, it defines the following criteria:

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

Clearly, those most at risk of poor job quality are informal or undeclared workers. This group comprises about 60% of the global workforce.

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