

# Smart industrial relations

A review of current developments

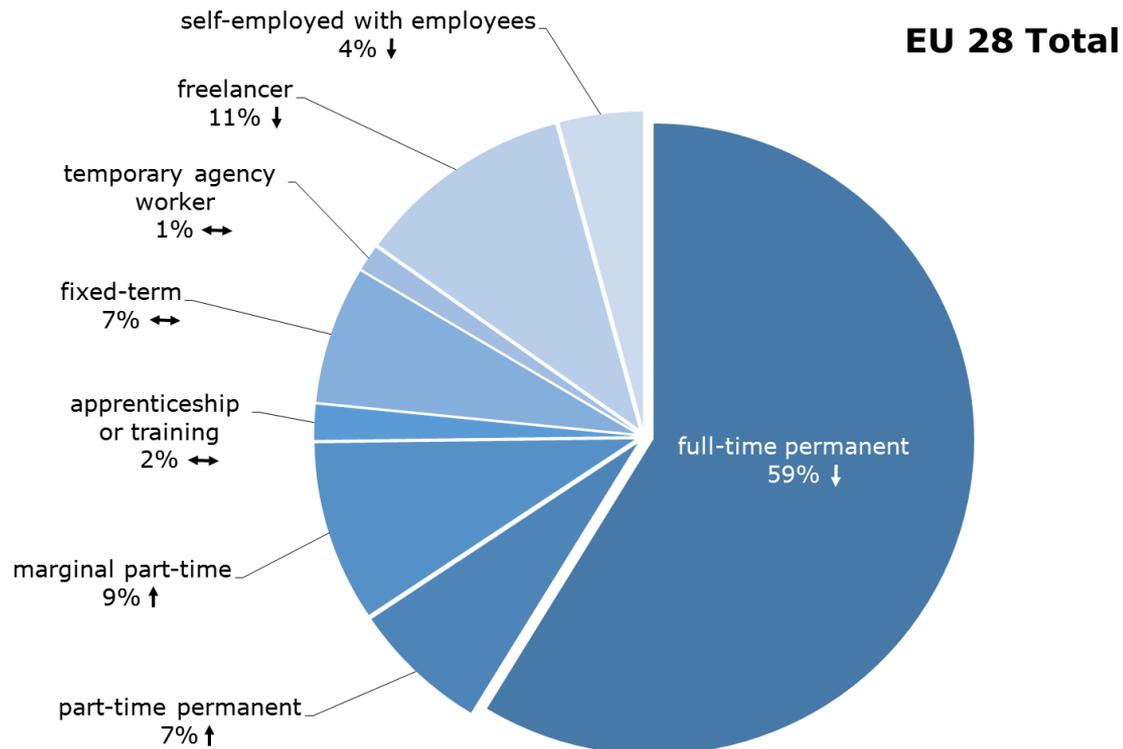
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Chiara Manzoni, 7 March 2017

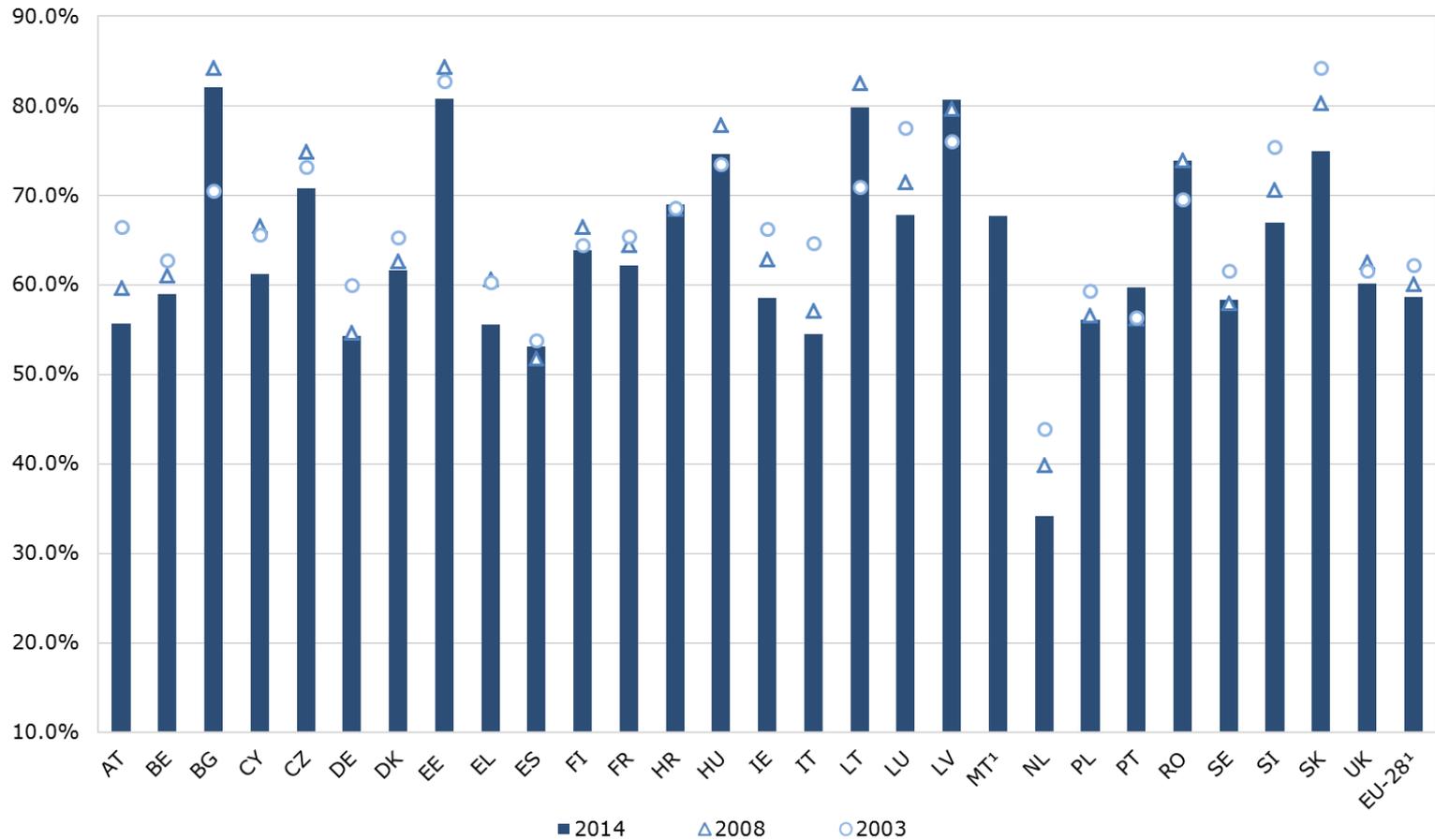
# What is smart industrial relations?

- Flexible work practices and systems
- Driven by technology
- Employee involvement: involving workers in decision-making and the implementation of decisions
- Employee voice: ensuring that employees can voice an opinion at work, either directly or collectively
- Skills development and use: getting employees to work smarter rather than harder

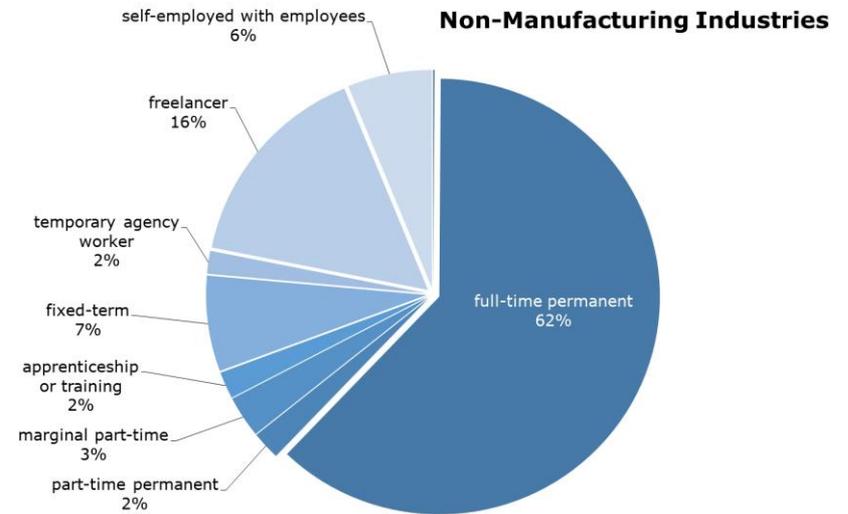
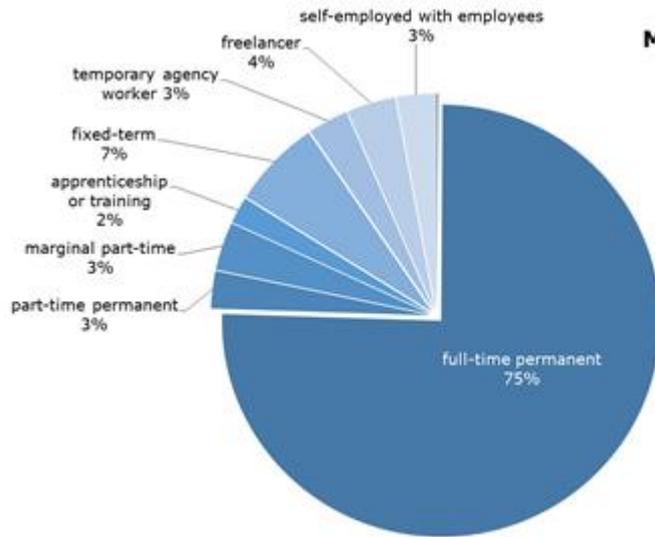
# Changing shape of the labour market: standard contracts decreasing, flexible working increasing



# Share of full-time open-ended employment in Europe: 2003, 2008 and 2014



# Sectoral variations



# Effects of automation and digitisation

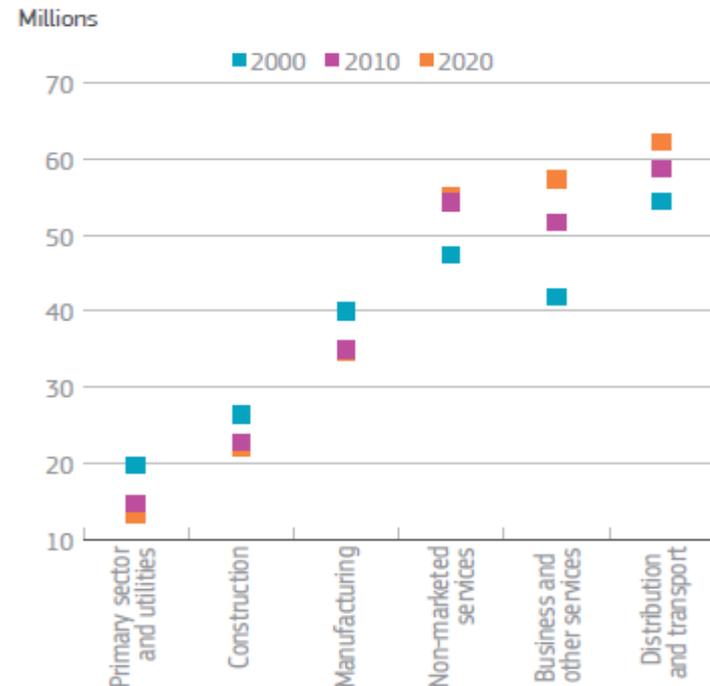
- Automation and digitisation will create and destroy jobs
- Jobs most at risk are low-skilled and routine tasks
- Job growth can be expected in the service sector and non-routine elementary occupations, such as personal care services

# Winning and losing sectors

Losing sectors are likely to be primary sector and utilities, construction and manufacturing.

Winning sectors are likely to include customer-facing industries such as business and other services.

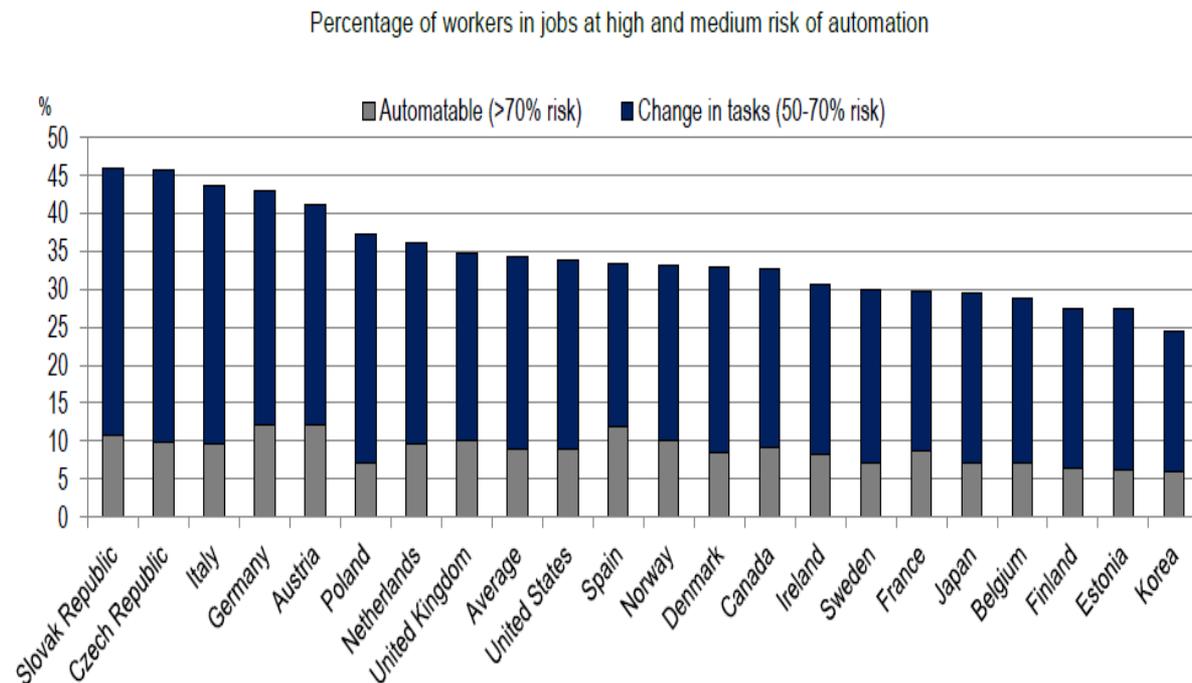
**Figure 2: Change in Employment by Activities in the European Union**



Source: Future Skills Supply and Demand in Europe Forecast 2012, Cedefop

# Automation and job loss

Automation may lead to a net loss of 5.1 million jobs across 15 major advanced economies



Note: Data for the United Kingdom corresponds to England and Northern Ireland. Data for Belgium corresponds to the Flemish Community.

Source: OECD calculations based on the Survey of Adult Skills (PIAAC) (2012) and Arntz, M. T. Gregory and U. Zierahn (2016), "The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis", *OECD Social, Employment and Migration Working Papers*, No. 189, OECD Publishing, Paris.

# The gig economy: what is it?



- New and expanding area of the labour market, driven by technology
- Difficult to define and measure
- People who find work through online platforms
- A 2015 study by the McKinsey Global Institute\* estimates that by 2025, digital work platforms could add \$2.7 trillion, or 2.0%, to global GDP, increasing employment by 72 million full-time equivalent positions.

\*Manyika J, Lund S, Robinson K, Valentino J and Dobbs R (2015), *Connecting talent with opportunity in the digital age*. McKinsey Global Institute. Available at: [www.mckinsey.com/global-themes/employment-and-growth/connecting-talent-with-opportunity-in-the-digital-age](http://www.mckinsey.com/global-themes/employment-and-growth/connecting-talent-with-opportunity-in-the-digital-age)

# Who are the gig workers?

Exhibit



Independent workers generally fit into four segments.

Share of working-age population engaged in independent work



Source: 2016 McKinsey Global Institute survey of ~8,000 US and European respondents

# Some facts and figures

- 6% of UK businesses currently recruit using digital work platforms
- 22% of UK businesses would be encouraged to increase their use of digital work platforms if the government clarified their legal status and responsibilities
- 23% said that digital work platforms can be quicker than traditional recruitment channels
- 20% of businesses feel that the use of digital work platforms is more risky than beneficial for their business
- 26% feared that candidates lied about their qualifications and experience
- 23% said that digital candidates required an extra level of screening
- 29% said that digital work platforms will become more important to their business in the next five years
- Only 13% of people in the UK believe that they will be working in traditional 9-5 employment by 2025

# Key questions on digitalisation and the gig economy

- Who is driving it – employers or workers?
- What is the balance between entrepreneurship and exploitation?
- Is employment law fit for the gig economy?
- Should gig workers and the self-employed have the same rights and benefits as employees? What are the implications for taxation and government welfare and security?
- How does this shift the balance in investment in human capital and skills development between government, employers and individuals?
- Would better information help, eg providing all with written statement of terms and employers reporting numbers on each type of contract?
- How can employers trust what candidates tell them about their qualifications and experience? Extra screening necessary?

# Some conclusions

- The world of work is changing, driven by technology and competitive pressures
- Digitalisation will change the nature of the labour market – winners and losers
- Implications for
  - Pace of work
  - Skills
  - Employment regulation
  - Workplace relations: trust and control issues