



# The changing world of work: Beyond Digitalisation

## Employment and Social Developments in Europe 2018

12 October 2018, Brussels  
**#ESDE2018**

*In cooperation with the*



*European Economic and Social Committee*

*Social Europe*



# WELCOME

Interpretation:  
1. EN 2. FR 3. DE

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# OPENING SESSION

## A changing world of work: beyond digitalisation



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# Welcome remarks

- **Christa Schweng** President of the Section on Employment, Social Affairs and Citizenship, EESC
- **Marianne Thyssen** European Commissioner for Employment, Social Affairs, Skills and Labour Mobility

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Welcome remarks

**Christa Schweng**

President

Section on Employment, Social Affairs and Citizenship,  
European Economic and Social Committee



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Welcome remarks

# Marianne Thyssen

European Commissioner  
for Employment, Social Affairs, Skills and Labour Mobility



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# Presentation of the main findings of ESDE 2018:

## Barbara Kauffmann

Director of Employment and Social Governance,  
DG Employment, Social Affairs and Inclusion,  
European Commission

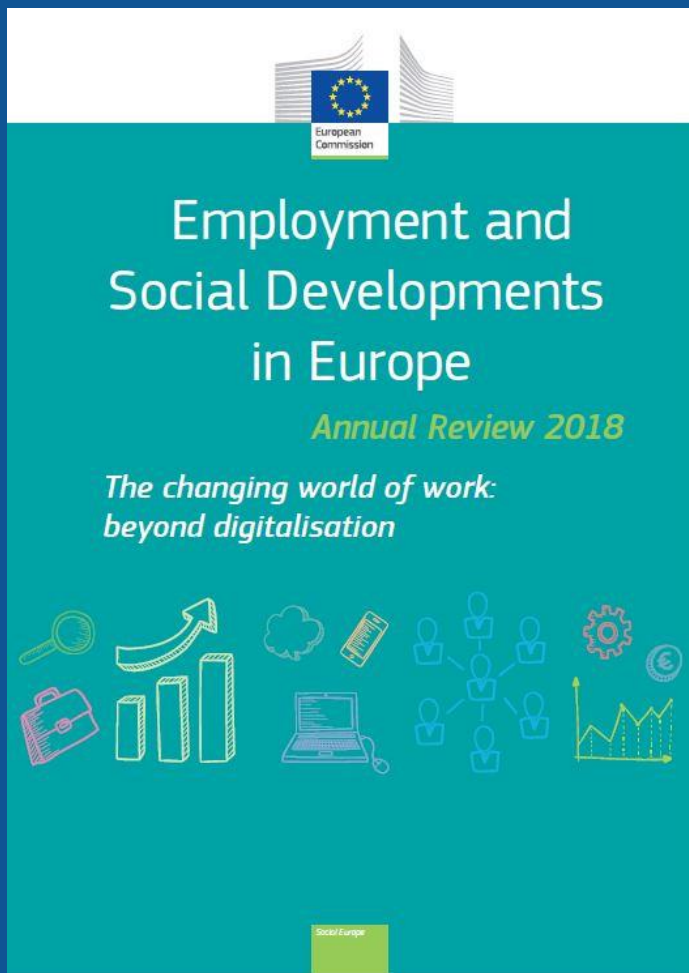
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**ESDE 2018 CONFERENCE  
12 OCTOBER 2018**

**#ESDE2018**

**THE CHANGING WORLD  
OF WORK: BEYOND  
DIGITALISATION**

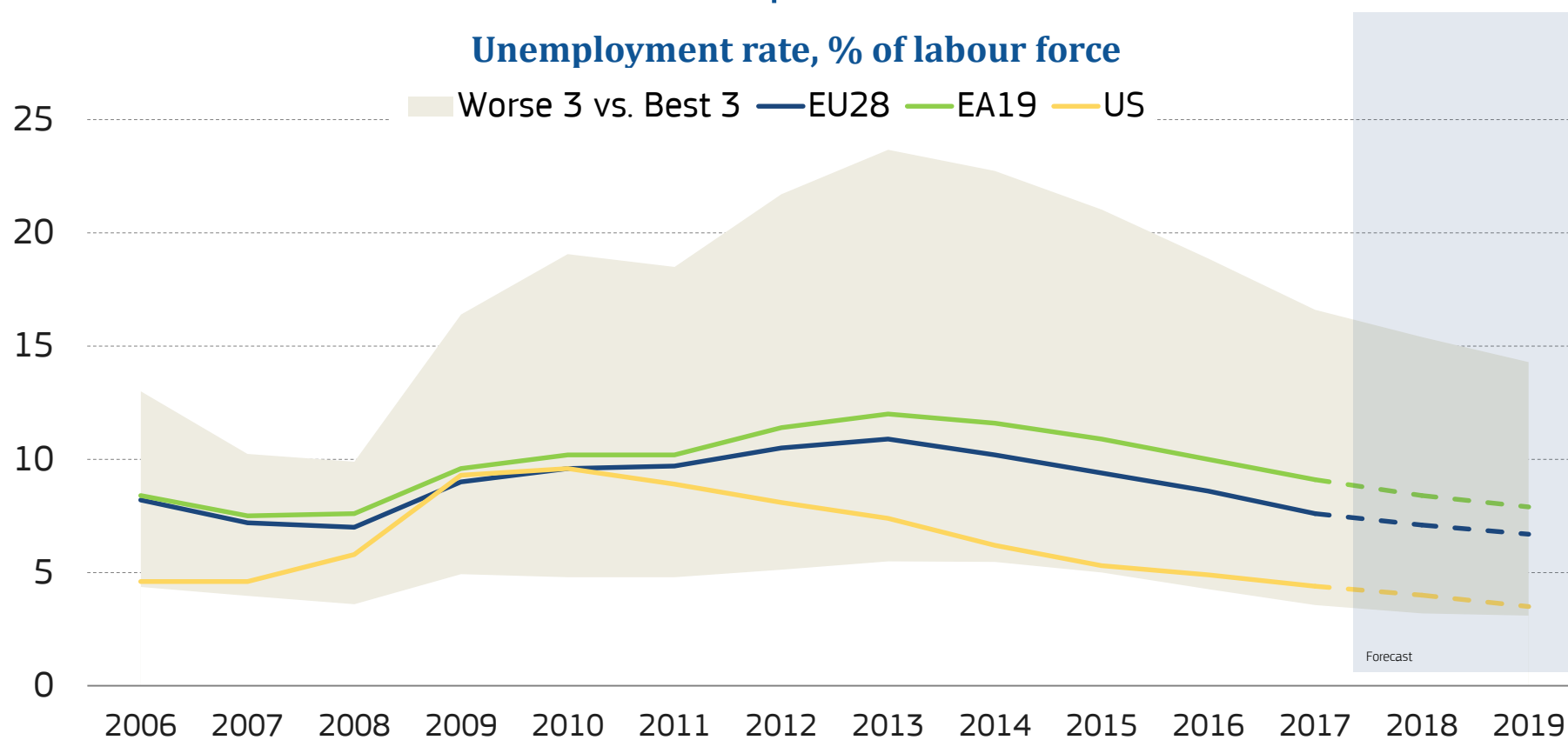
**Barbara Kauffmann  
Director of Employment and Social  
Governance Directorate**

**European Commission  
DG Employment, Social Affairs and Inclusion**



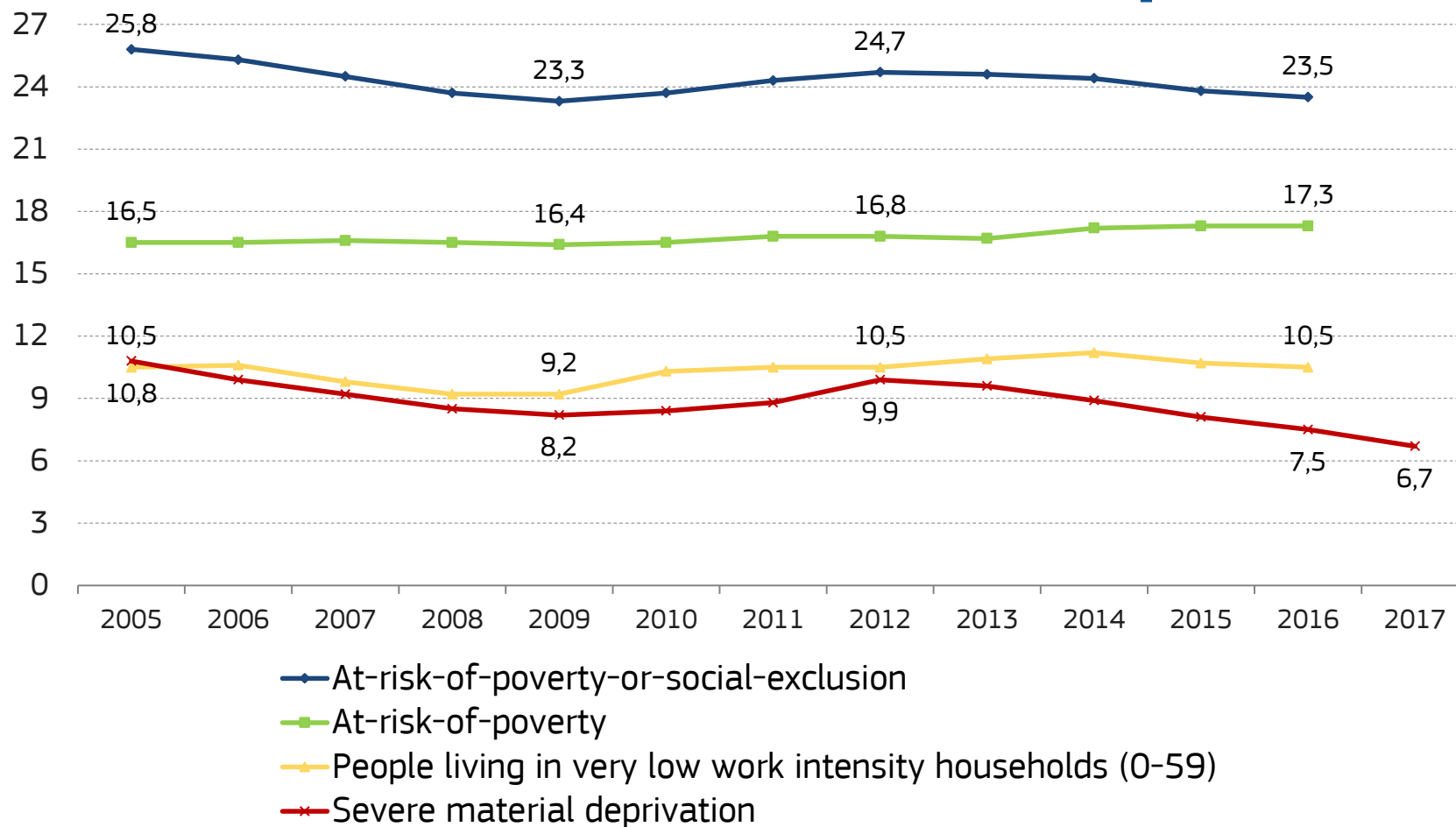
## Labour markets keep improving

The unemployment rate (July 2018: 6.8%) is down to its 2008 low point



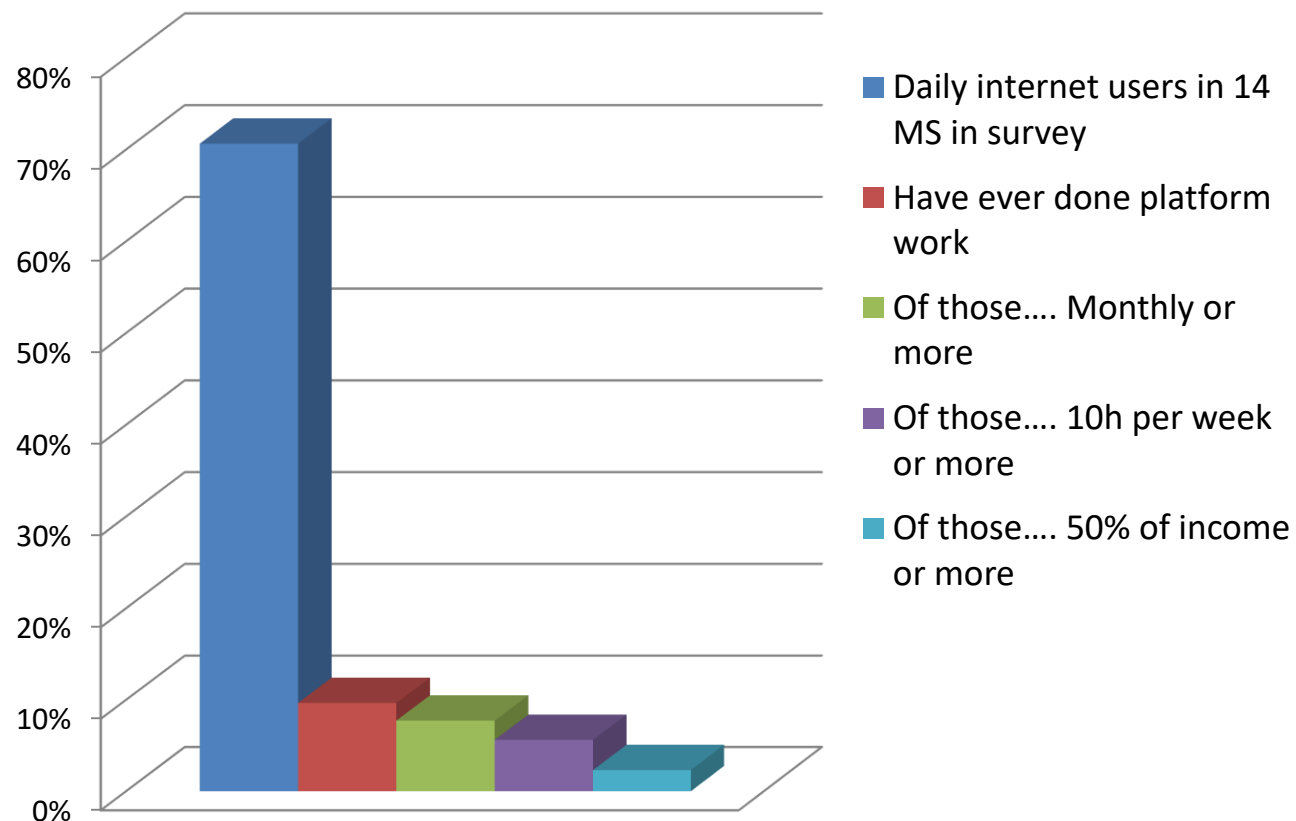
Source: Eurostat, Unemployment series and ECFIN Forecast

## A stable social situation with a fast decline in severe material deprivation



## Platform work constitutes only a small share of the EU labour force today...

- Only 1 in 10 adults have experience of platform work
- Only 1 in 43 (2.3%) make a living from platform work, earning more than 50% of their income from it



Source: COLLEEM ...but it has upward dynamics...

# Why the "changing world of work?"

## The statistics that scare...



Humanoid Robots

23%

Adoption among companies by 2022

(35%)

First movers

Financial Services and Investors



Stationary Robots

37%

(53%)

Automotive, Aerospace, Supply Chain



Aerial and Underwater Robots

19%

(52%)

Oil and Gas



Non-humanoid Land Robots

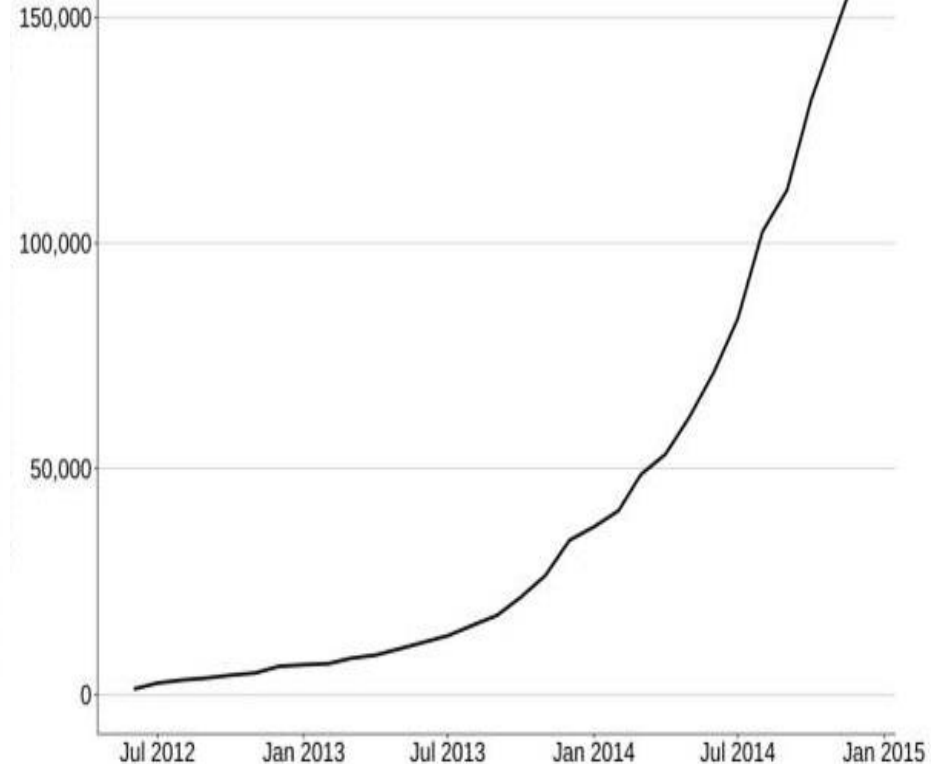
33%

(42%)

Automotive, Aerospace, Supply Chain

Source: Future of Jobs Report 2018, World Economic Forum

Number of active **Uber** drivers in the US by month



Source: BusinessOfApps - Uber Statistics Report (2017)

# Robotisation: the numbers of robots are increasing rapidly

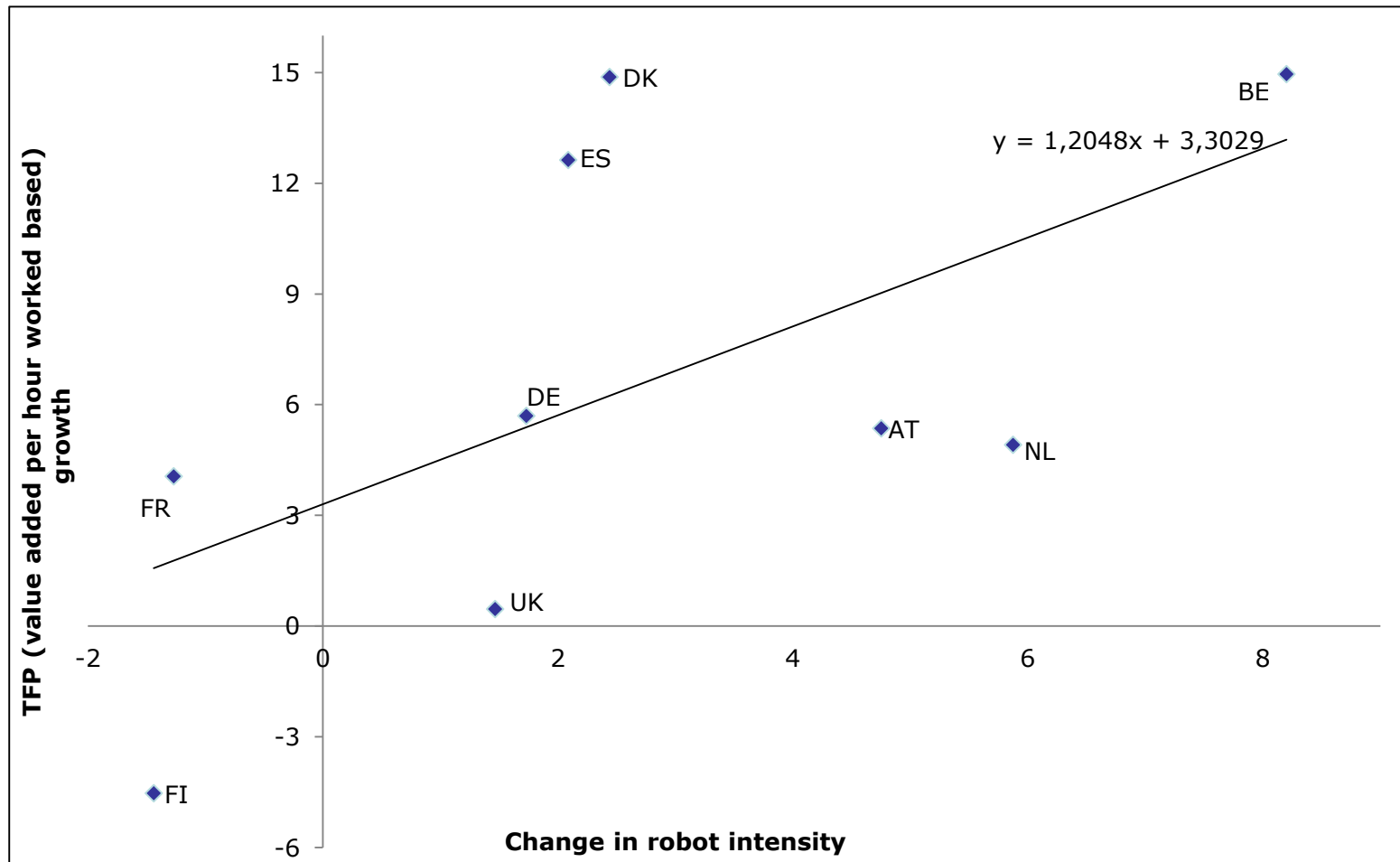
*Level and growth of the operational stock of robots in the EU28*



# THE IMPACTS

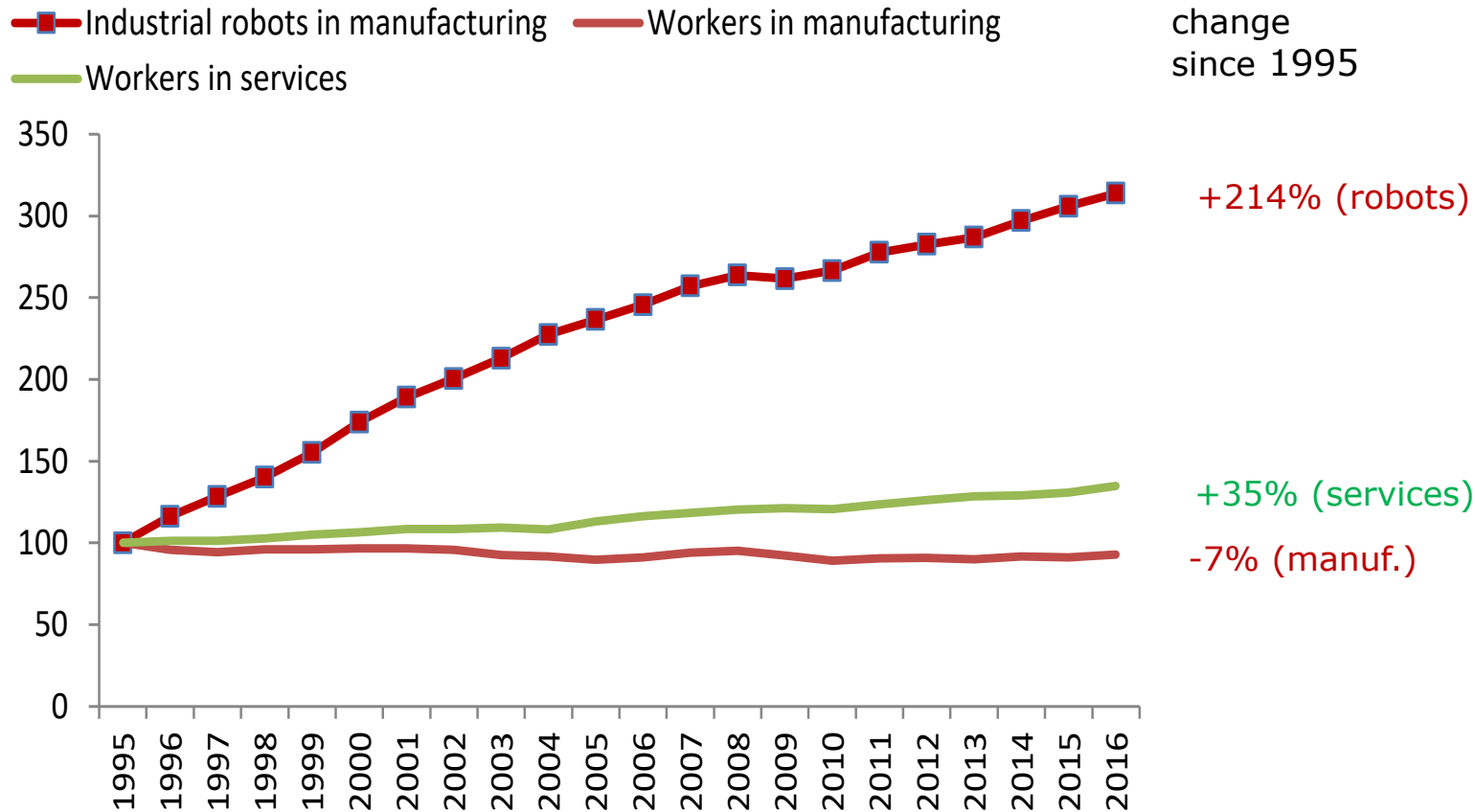
## Robotisation fuels productivity

*Robot intensity and total factor productivity in manufacturing between 2010 and 2015*



## Job creation: increasing robot density and net job creation go hand-in-hand

### Operational stock of robots in manufacturing and employment in Germany

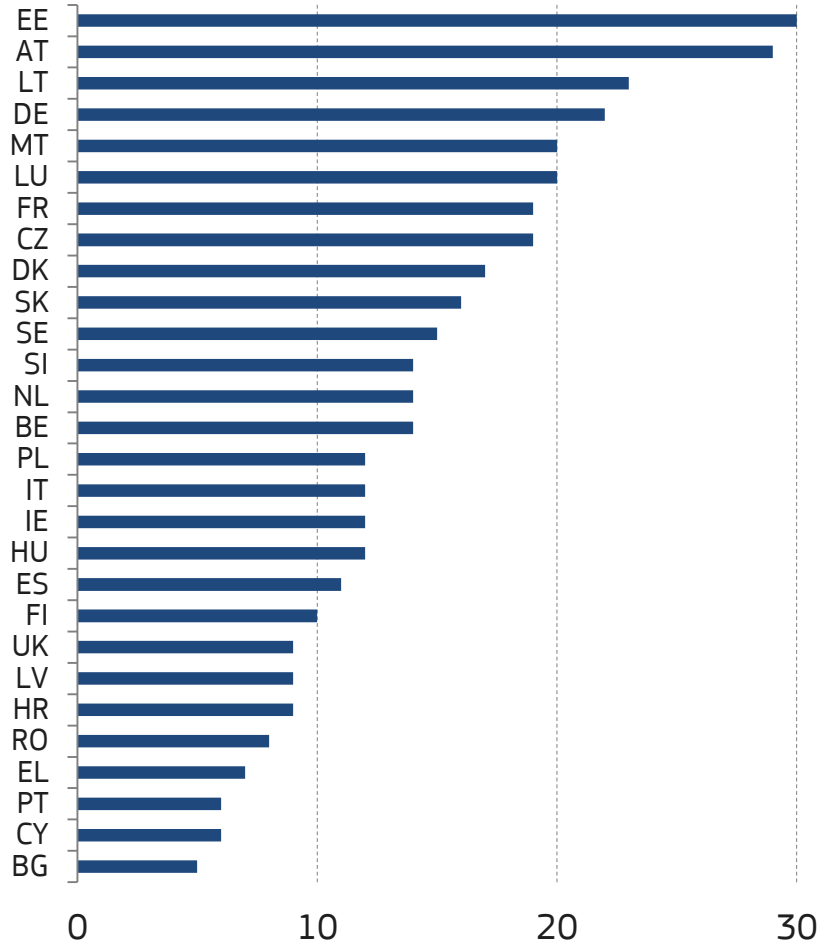




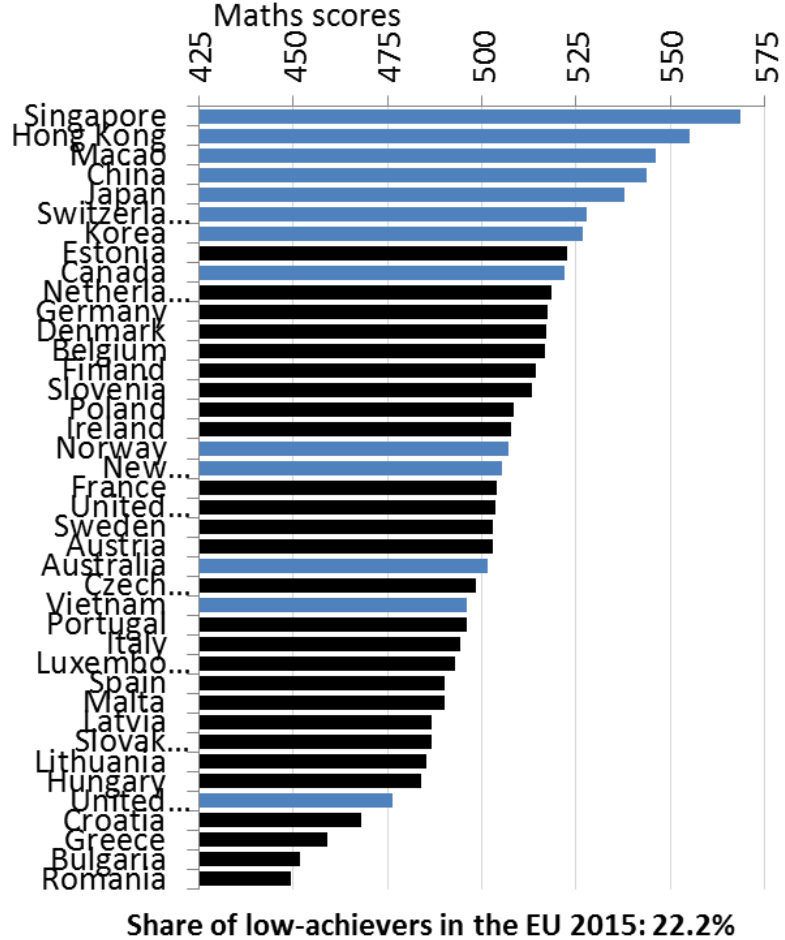
European Commission

# THE CHALLENGES

## Better-skilled labour is needed but the EU lags behind in basic skills



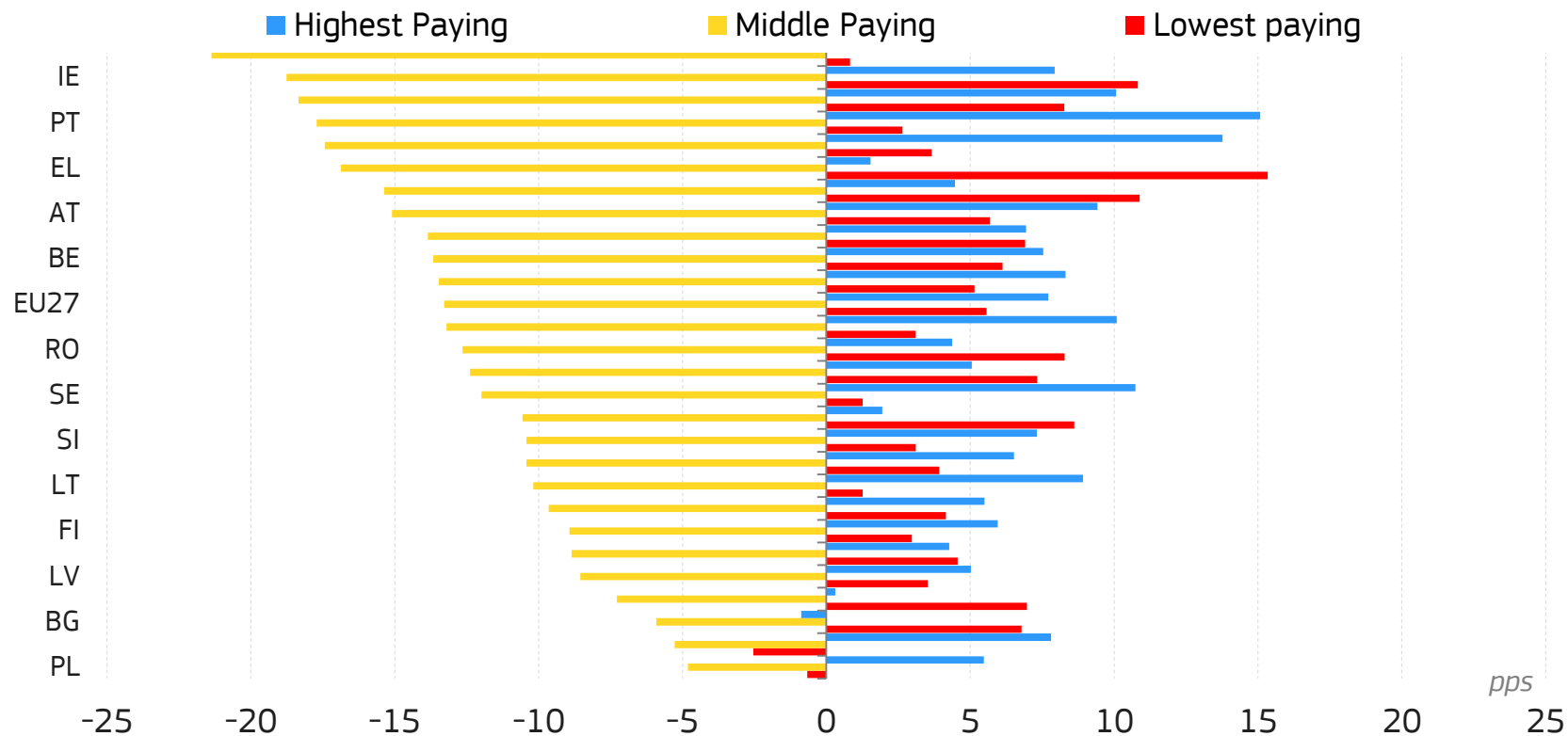
% of workers who feel they need further training to cope well with their duties





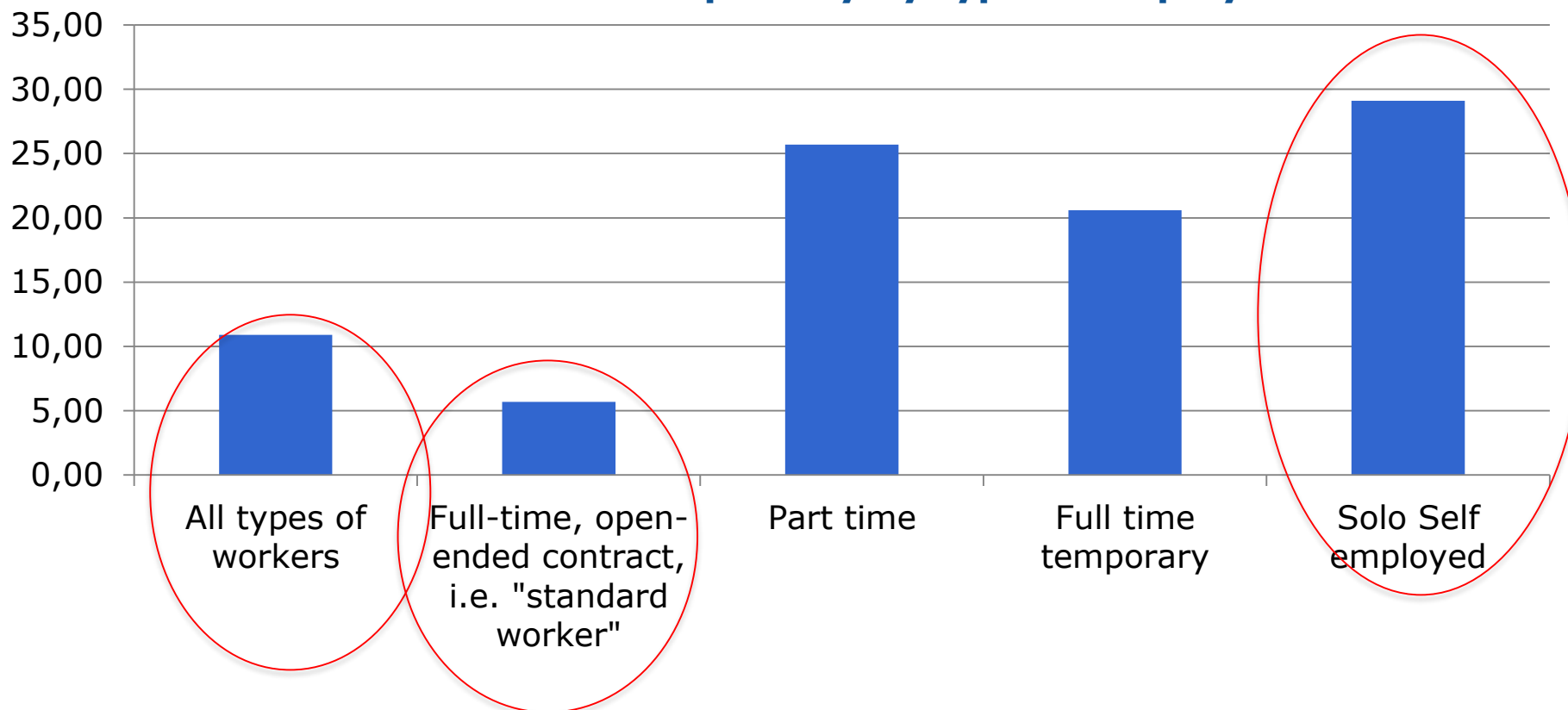
# Job polarisation away from the shrinking proportion of middle-wage workers in the EU

*% of population 20-64*

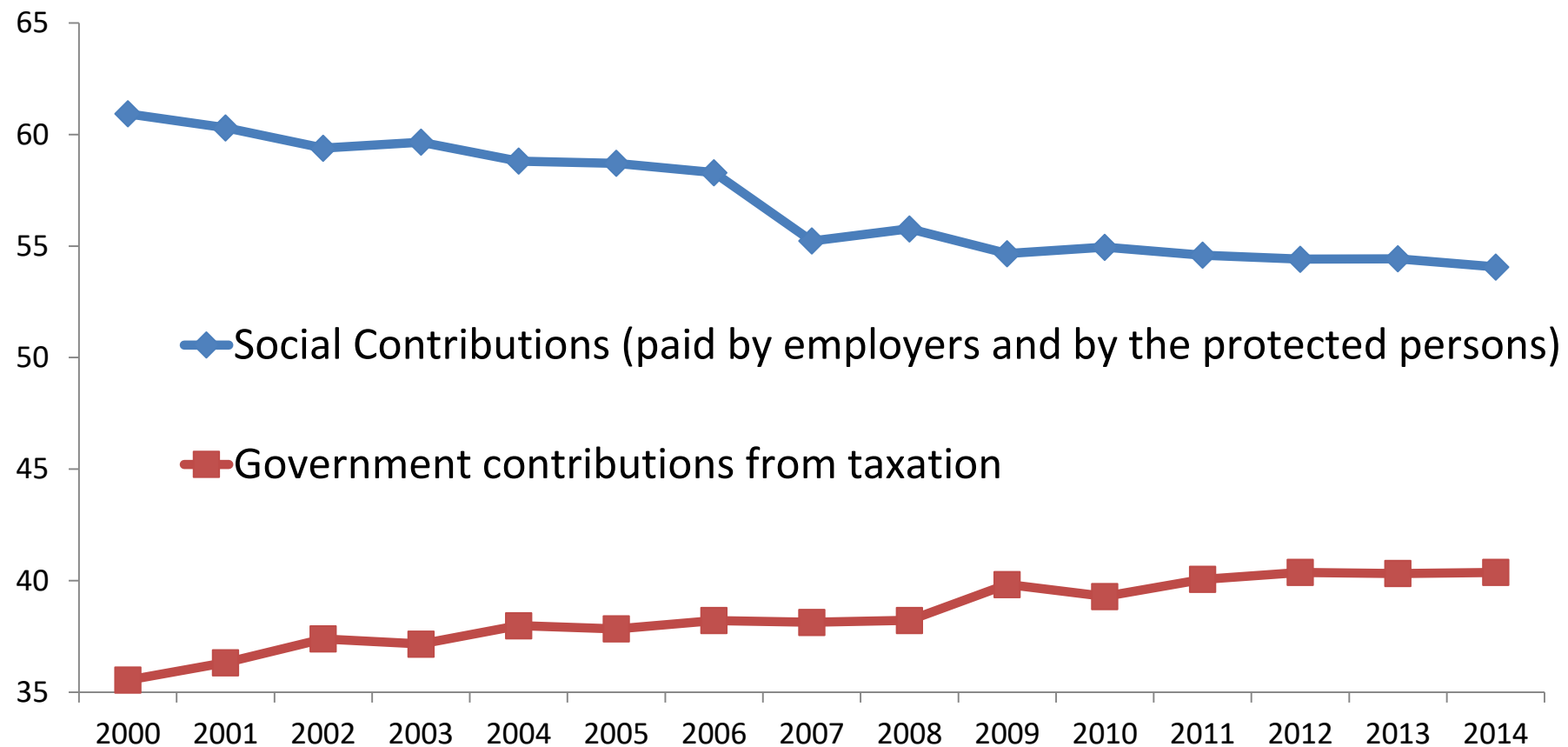


# Atypical employment is associated with higher social risks...

Workers at risk of poverty by type of employment

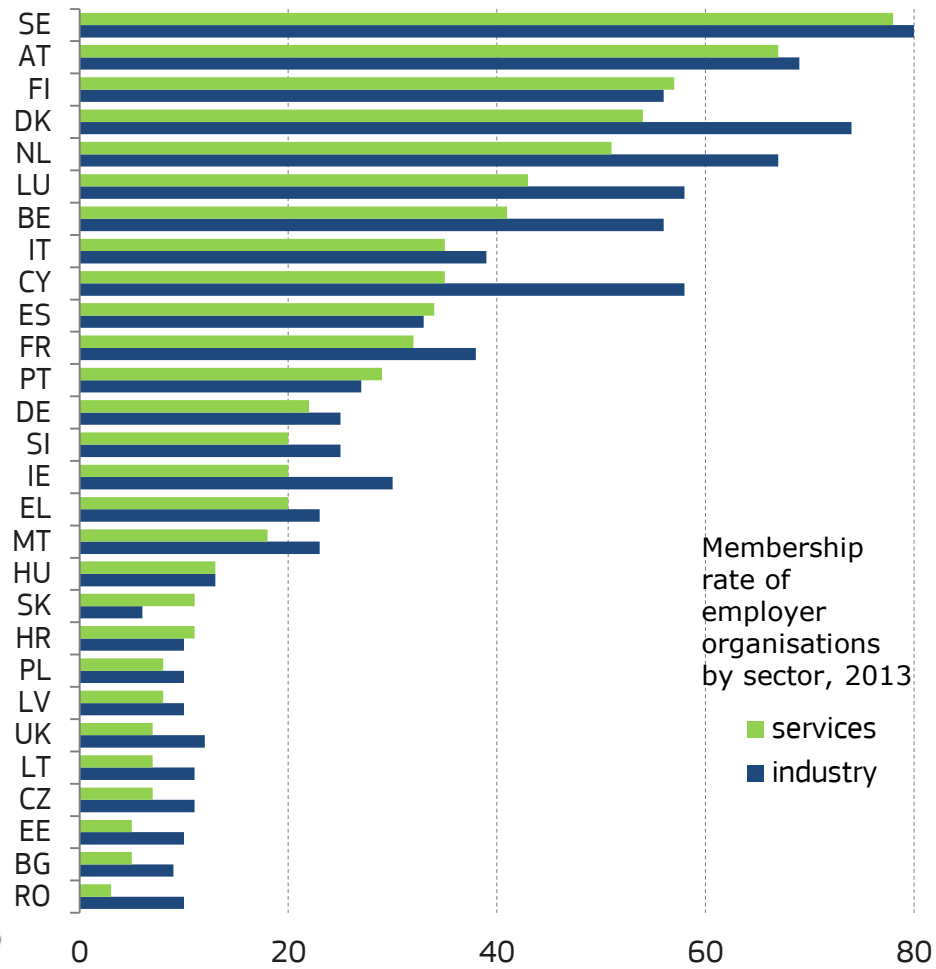
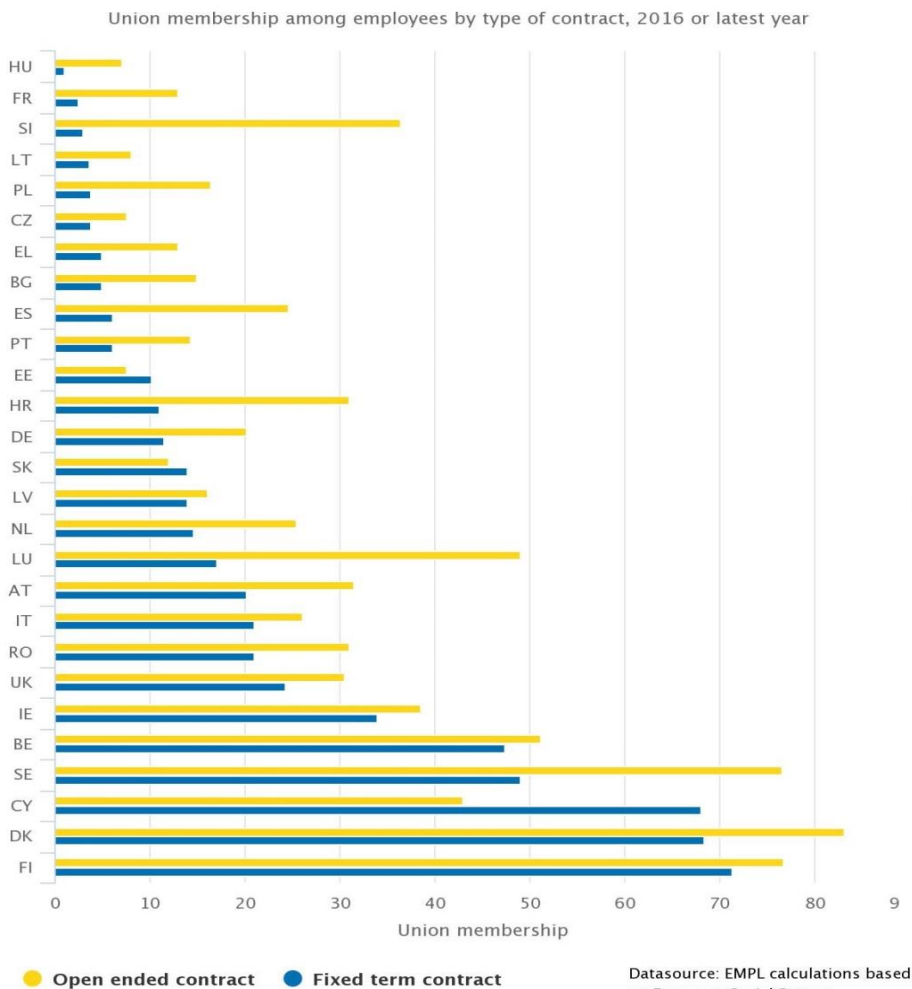


## Atypical work challenges the financing of social protection, which relies increasingly on taxation



# New forms of work challenge the social partners

Union membership is lower among workers on non-standard contracts



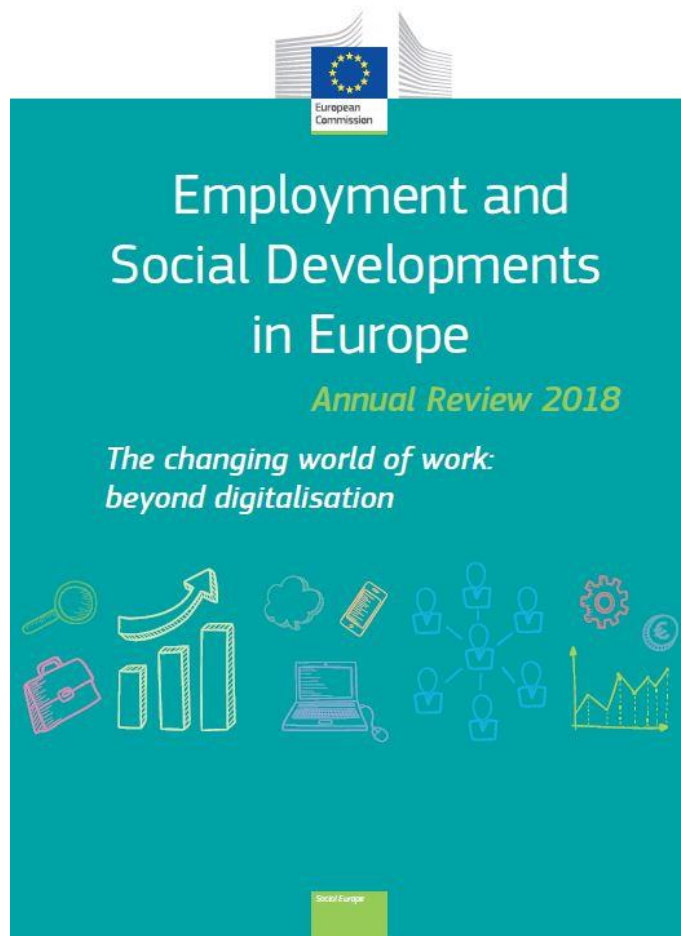
## CONCLUSIONS

- *Rapid restructuring, robotisation and digitalisation fuel productivity but may come at the cost of job losses, especially in manufacturing;*
- *Those affect mainly low-skilled workers as well as routine tasks across all skill levels.*
- *Yet, investing in skills and qualifications can turn digitalisation into a net job creator. They go together with innovative physical investment complementary to new jobs.*
- *The 'face' of work will also change. While currently being a small share of the EU labour force, digitalised platform work is increasing.*
- *There is evidence that it may go along with more atypical forms of work with limited social security coverage. New social challenges may therefore emerge. Higher government financing of social insurance may become inevitable.*
- *In the light of these changes, social dialogue faces new challenges as coverage of atypical work is limited. Yet social dialogue is needed to manage the increasing flexibility of work and support job creation.*

## POLICY SUGGESTIONS FOR EU AND MS

- ✓ Invest in **equitable access to better education and training**, competences for **lifelong learning**.
- ✓ Extend rights such as **transparent and predictable working conditions** to all types of workers.
- ✓ Provide **inclusive and financially sustainable social welfare**, which supports Europeans through more frequent LM transitions and life events.
- ✓ **Support** the efforts of the social partners to maintain the relevance of the **social dialogue**.

# Thank you for your attention!



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&pubId=8030&furtherPubs=yes](http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8030&furtherPubs=yes)



# Panel discussion

- **Agnes Jongerius** Vice-chair of the Committee on Employment and Social Affairs, European Parliament
- **Edeltraud Glettler** Director General for European, International and Social Policy Issues (Austrian Presidency of the EU Council)
- **Thiébaut Weber** Confederal Secretary, European Trade Union Confederation (ETUC)
- **Rebekah Smith** Deputy Director for Social Affairs, BusinessEurope

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# SESSION 1

New forms of work, capital deepening,  
job destruction and job creation

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Introduction based on ESDE findings:

# Jörg Peschner and Giuseppe Piroli

Socio-economic Analysts, Thematic Analysis Unit,  
DG Employment, Social Affairs and Inclusion,  
European Commission

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# **A new Labour market with new Labour conditions: future jobs, skills and earnings**

**Jörg PESCHNER, Giuseppe PIROLI**

**EMPL.A.4 - Thematic Analysis, DG Employment, Social Affairs and  
Inclusion, European Commission**

# Outline

*Employment is at an all-time high and workers are better educated*

*Atypical work has become more significant and working conditions may suffer*

*Job polarisation characterised the last 15 years*

*Platform work is still small, but it is expected to rise*

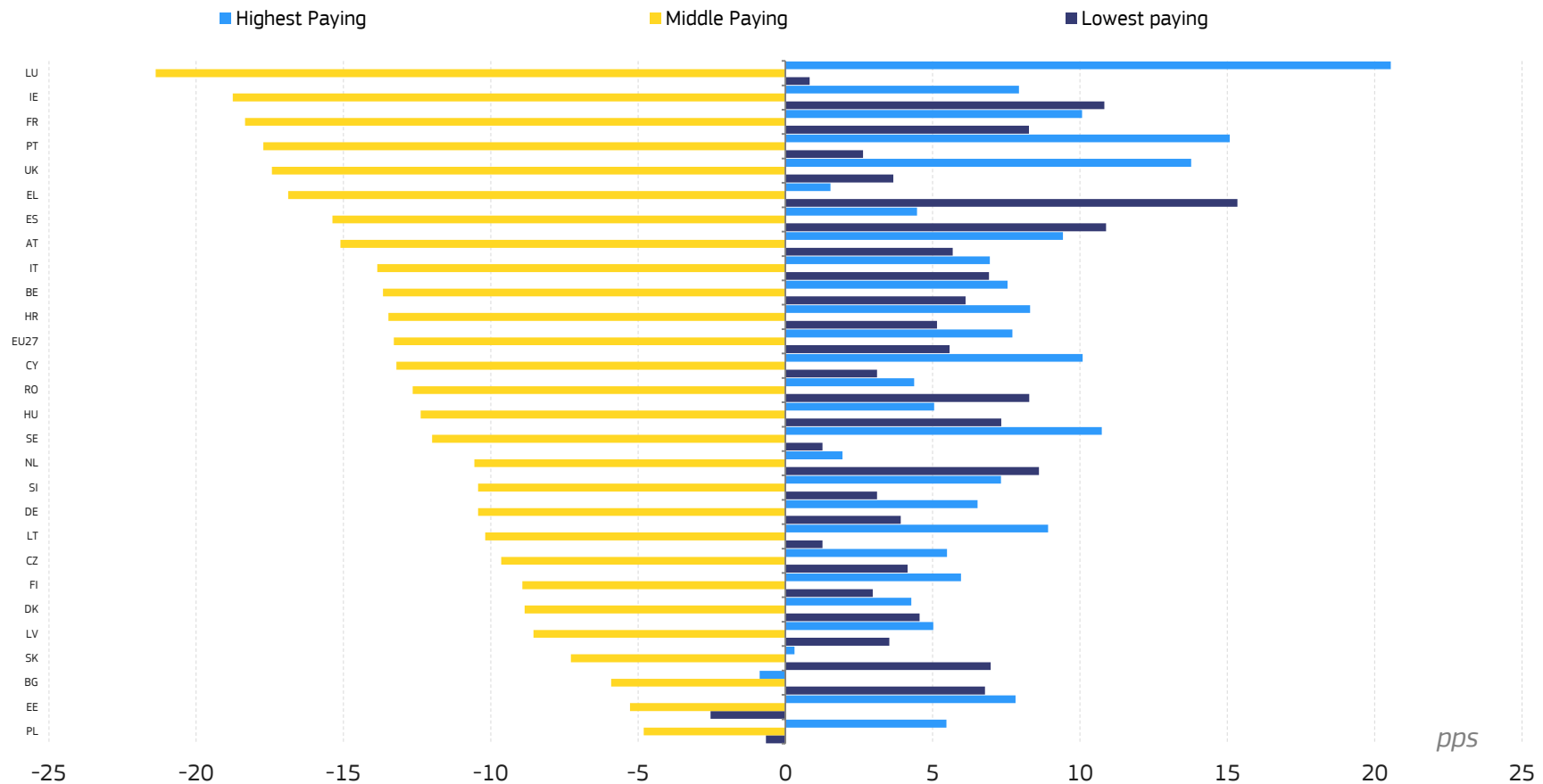
*Job displacement through machines can be significant*

*Capital deepening continues, both displacing and creating jobs*

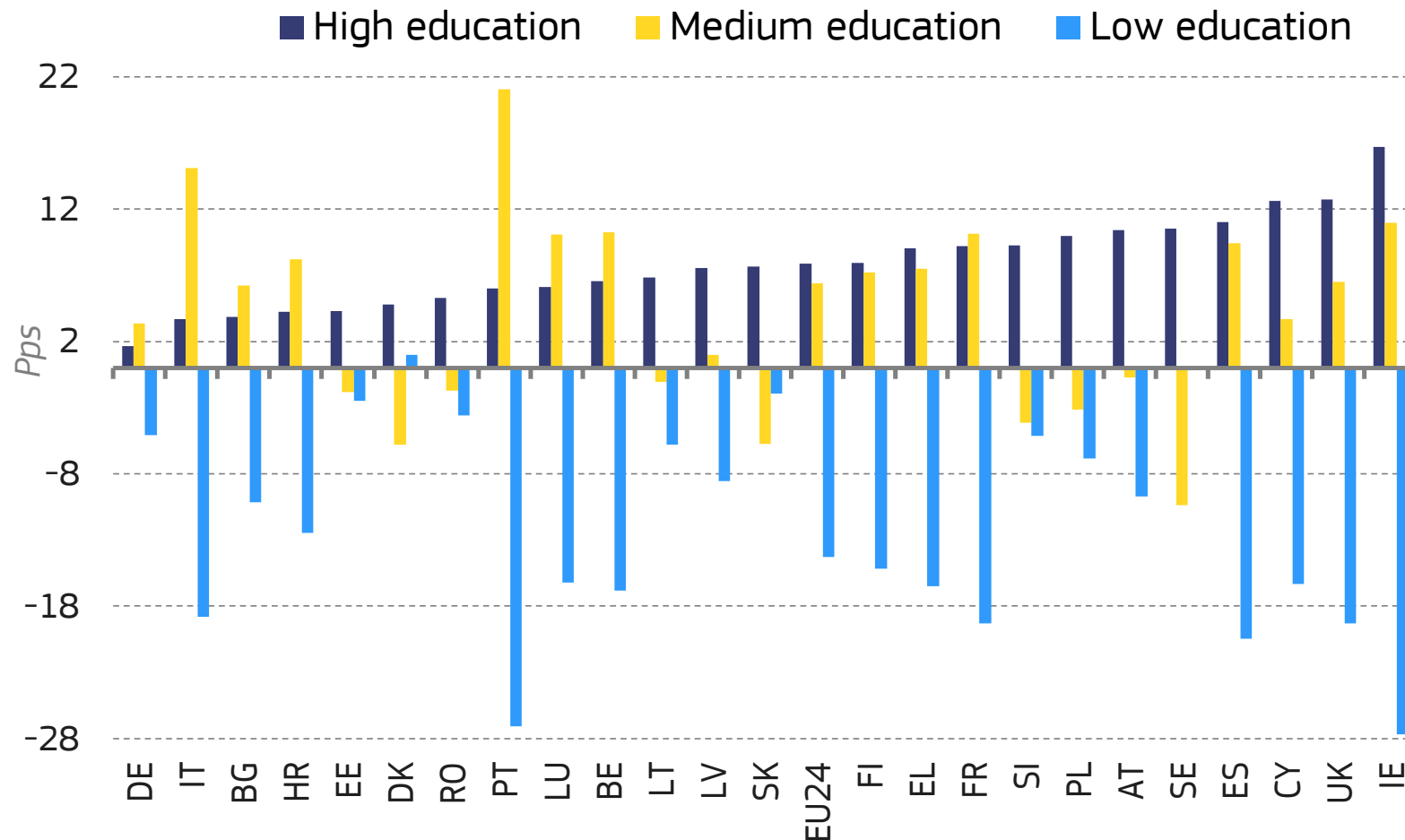
*Structural changes call for investment*

# The shrinking proportion of middle wage workers in EU

*Δ from 2002 to 2016 in percentage points (pps)*



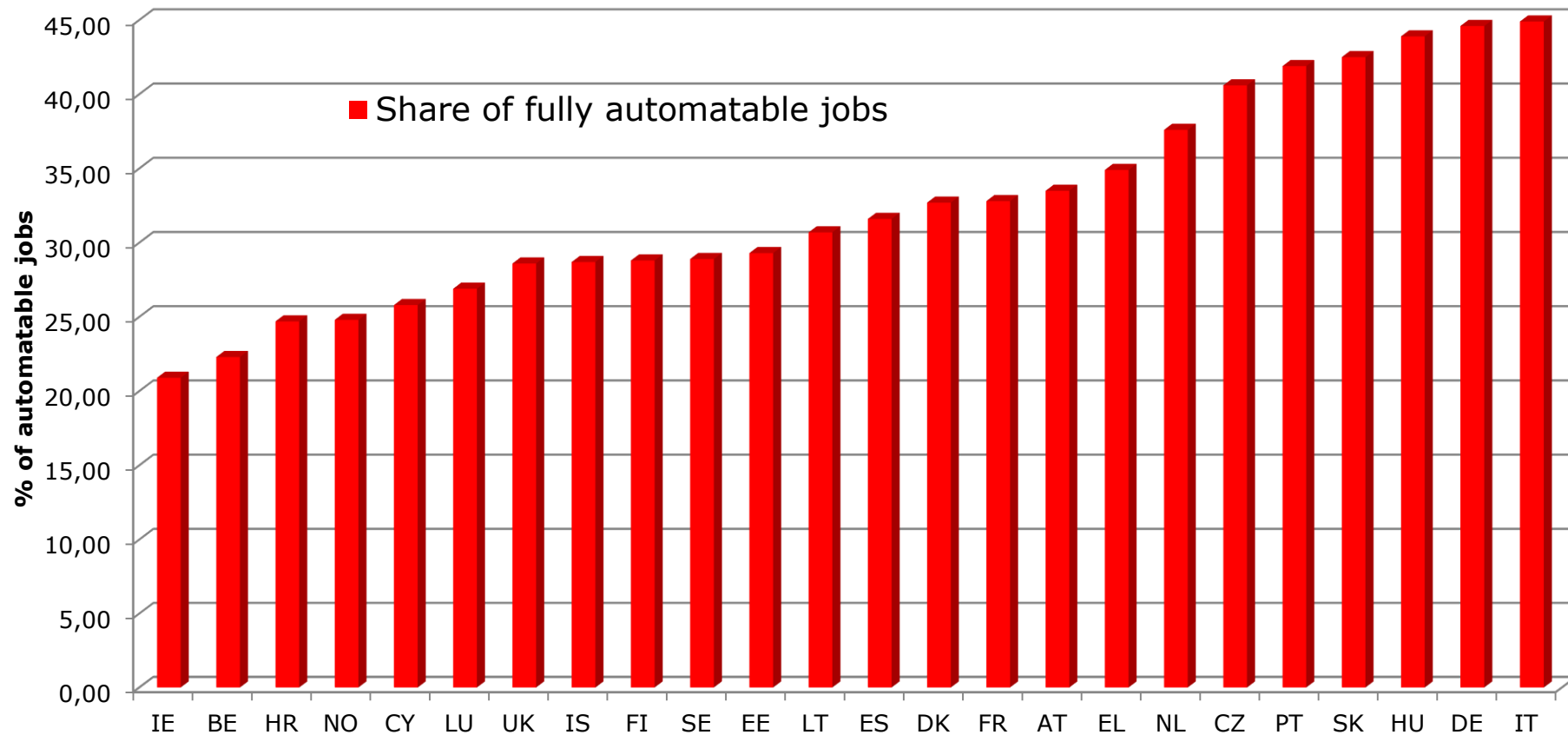
## Low-pay jobs: more highly educated, less low-educated workers, even in low-paid occupations





## Jobs with high automatable task content may be lost...

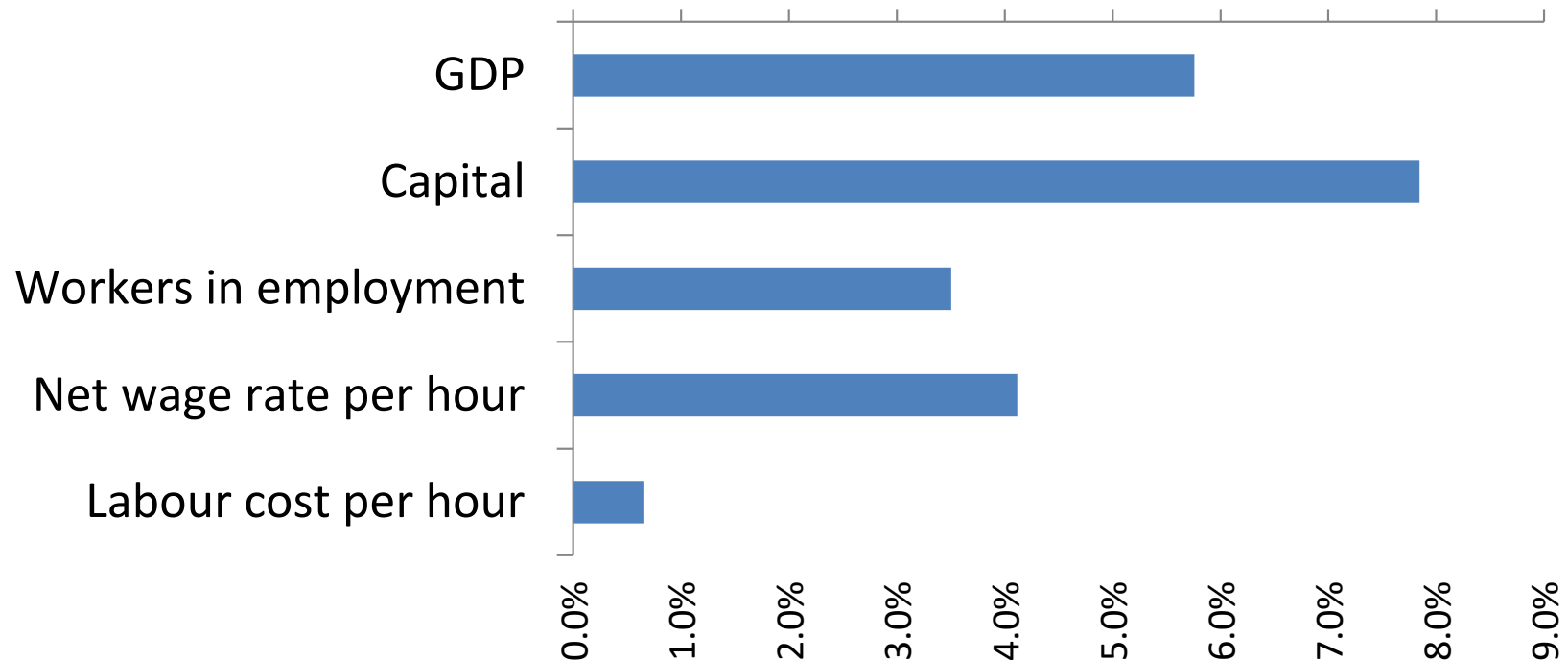
*If today's cutting-edge science and technology were applied in production processes, a substantial part of jobs could be automated*



## A complementarity scenario

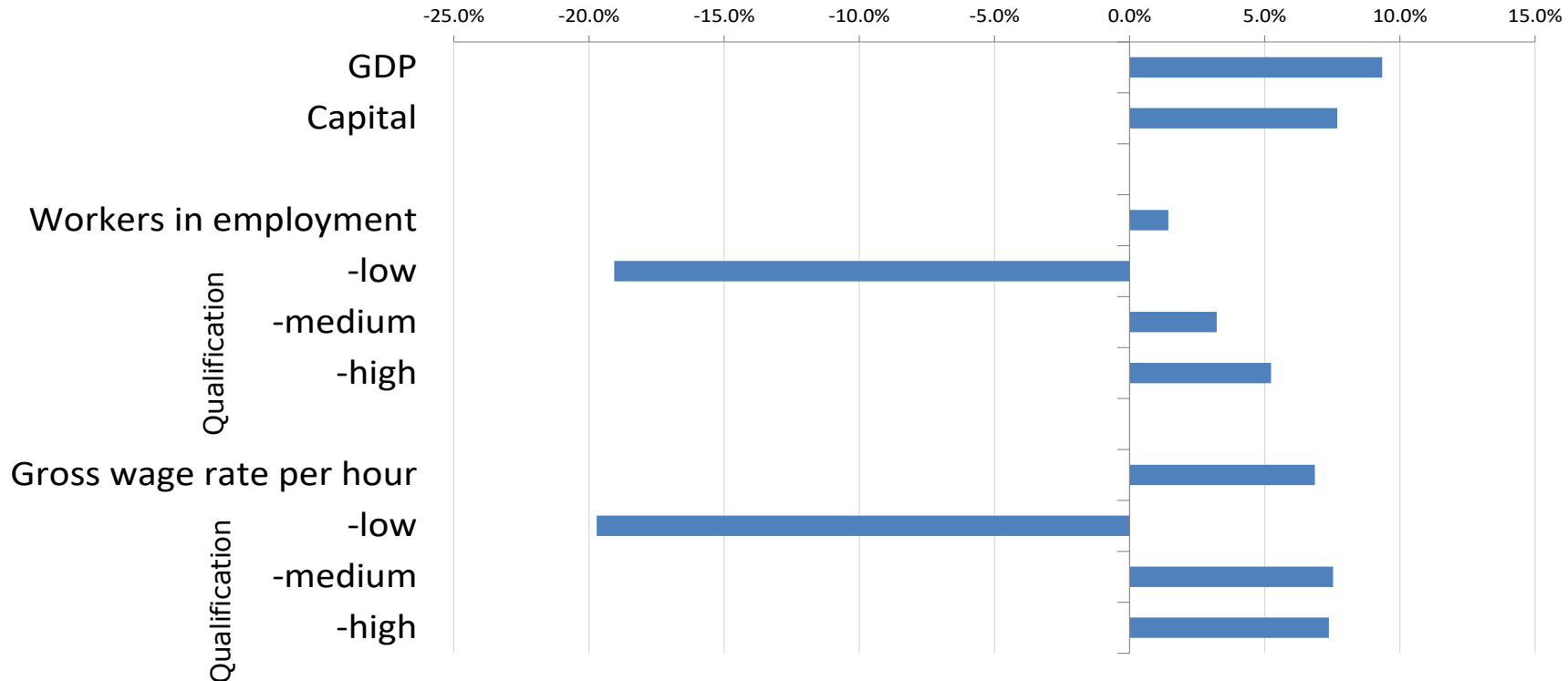
### Better qualification triggers investment and productivity

*Structural shift, away from low qualified workers (-5% of workforce) towards medium (+3%) and highly qualified workers (+2%), **Italy***



***.. as workers adjust to technological change in the long run – even if it favours job displacement.***

**Model simulation of higher "elasticity of substitution" (+25%) away from low-qualified workers in Germany - Structural change towards higher qualifications and capital, Germany**



DG EMPL calculations based on the Labour Market Model

**➔ Skills/qualifications are the key for socially sustainable technological change.**

## **Conclusions**

*Rapid restructuring, **robotization** and **digitalisation**, are fuelling productivity, and may come at the cost of job losses, especially in manufacturing;*

*Job losses affect more than low-skilled workers. Routine tasks are at risk of being automated across all skill levels;*

*Job losses are **painful first-round effects**. In the medium term, firms and workers adapt to the technical transformation. Skills-profiles adjust to the new requirements.*

***Investing in skills and qualifications can turn digitalisation into a net job creator**, promoting innovation, fuelling physical investment, productivity, growth, and employment.*



**Thank you for your  
attention!**



# Panel discussion

- **Ilze Zvidrina** Chair, Employment Committee (EMCO)
- **Scott Marcus** Senior Fellow, Bruegel
- **Andrea Renda** Senior Research Fellow and Head of Global Governance, Regulation, Innovation and the Digital Economy, CEPS
- **Laurin Sepoetro** Senior Associate, EU Public Policy, Uber

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# SESSION 2

Inequalities of outcomes resulting from  
the inequality of opportunities in  
the new labour market

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Introduction based on ESDE findings:

# Jörg Peschner and Stefano Filauro

Socio-economic Analysts, Thematic Analysis Unit,  
DG Employment, Social Affairs and Inclusion,  
European Commission

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# **Inequalities of outcomes resulting from the inequality of opportunities in the new labour market**

**Jörg PESCHNER, Stefano FILAURO**

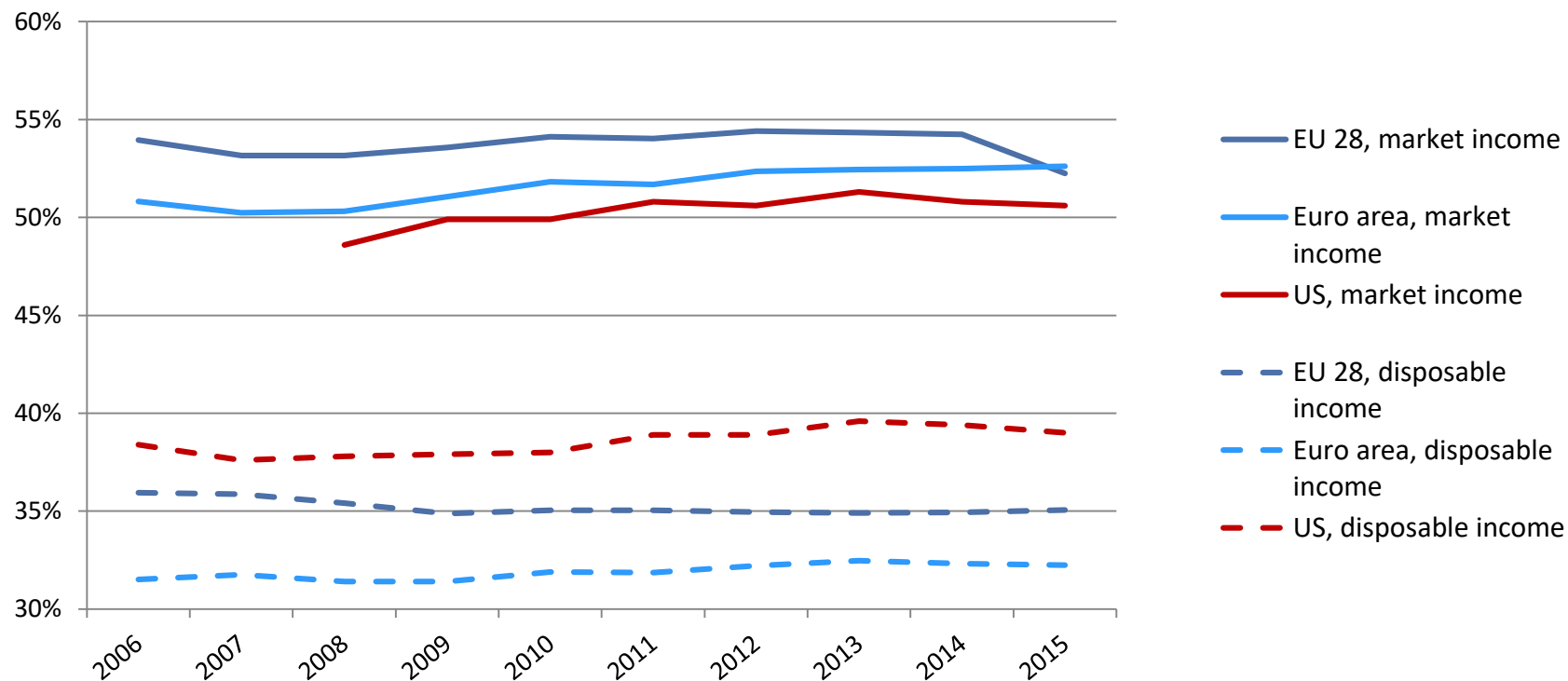
**EMPL.A.4 - Thematic Analysis, DG Employment, Social Affairs  
and Inclusion, European Commission**

# Outline

- *Income inequality in the EU lower than in other world regions*
- *However, new rising forms of work likely to affect labour income distribution in the future...*
- *and already wellbeing differs across employment types.*

# Income inequality in the EU is lower than in other world regions

Income inequality in the EU-28, the euro area and the US. Gini index (%)



Source: Own calculations. EU-SILC data. US data from the OECD Social and Welfare Statistics. DOI: [10.1787/socwel-data-en](https://doi.org/10.1787/socwel-data-en)

# Correlation between hours worked and hourly wage is increasing in DE and FR

Earnings inequality (left axis) and the correlation between hourly wage and hours worked (%) (right axis)



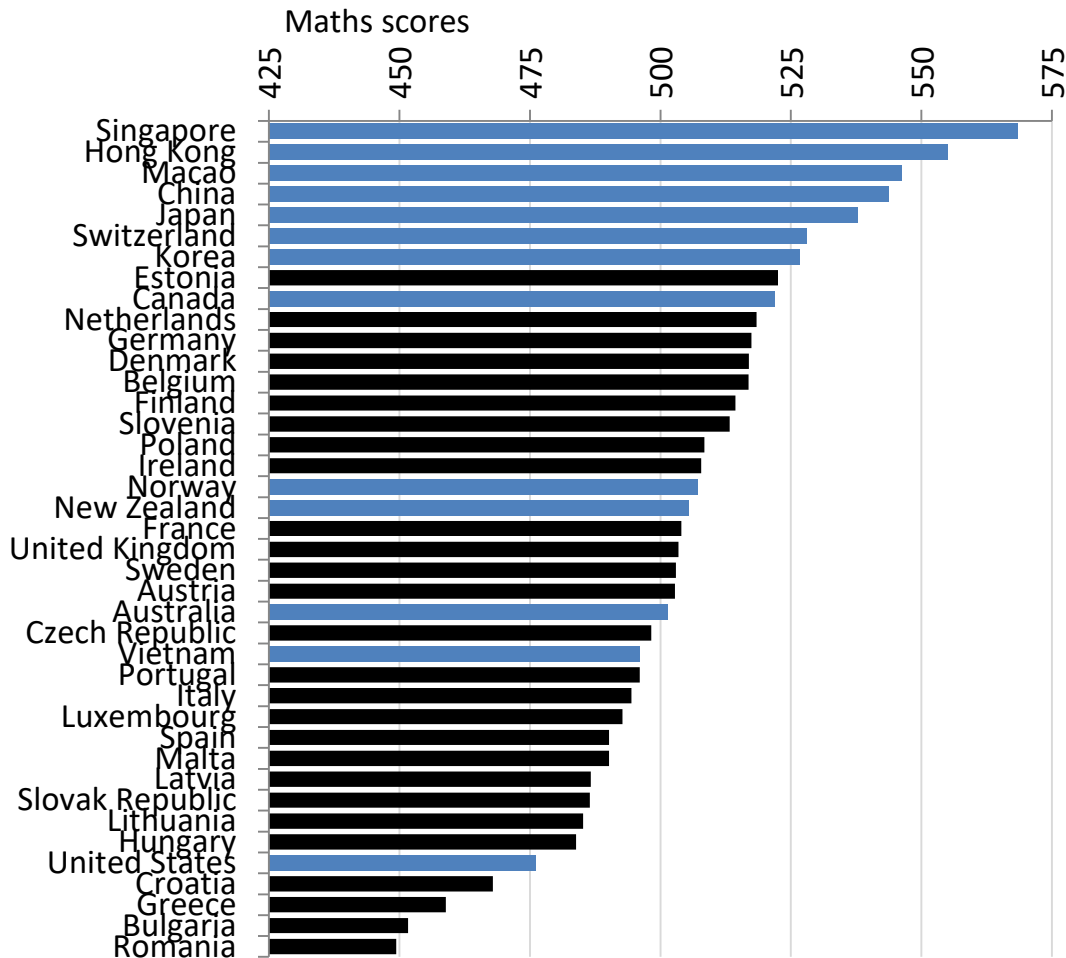
Source: Checchi, García-Peñalosa and Vivian (2016).

## Risk of poverty (AROP) and material deprivation significantly differ across contract types.

Adjusted gap in the risk of poverty and material deprivation between non-standard workers and standard employees, pp (2014-2016).



# The EU lags behind in basic skills..



Share of low-achievers in the EU 2015: 22.2%

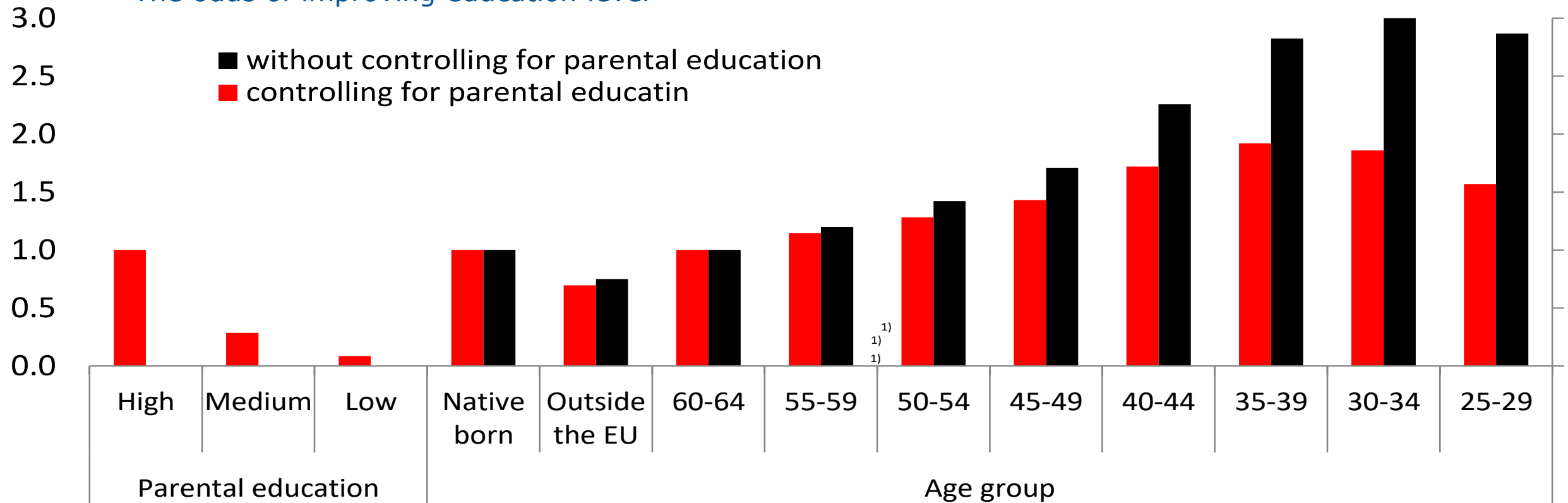
- *Young European lack behind their Asian peers in basic skills as shown by PISA (share of low-achievers in EU: 22.2%)*
- *More than 10% of Europeans are early school leavers*

DG EMPL calculations based on Eurostat EU LFS



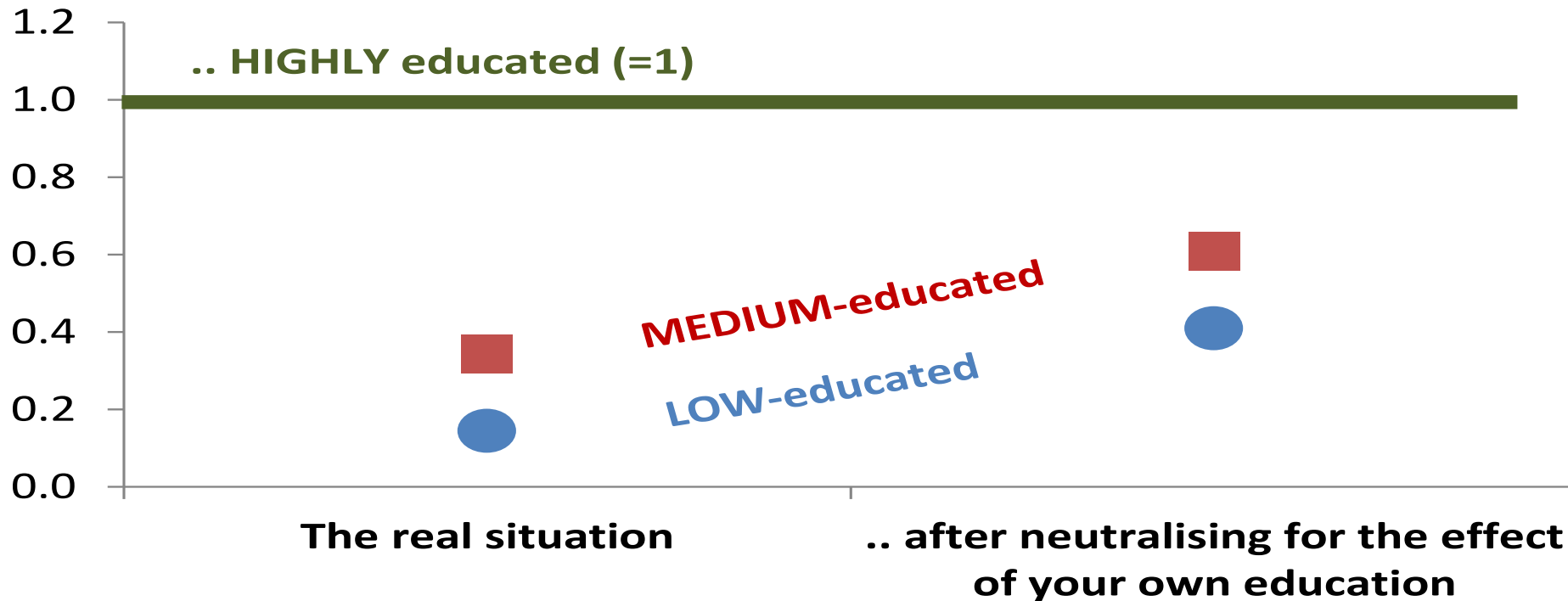
# .. and the social background still determines the education outcome.

The odds of improving education level



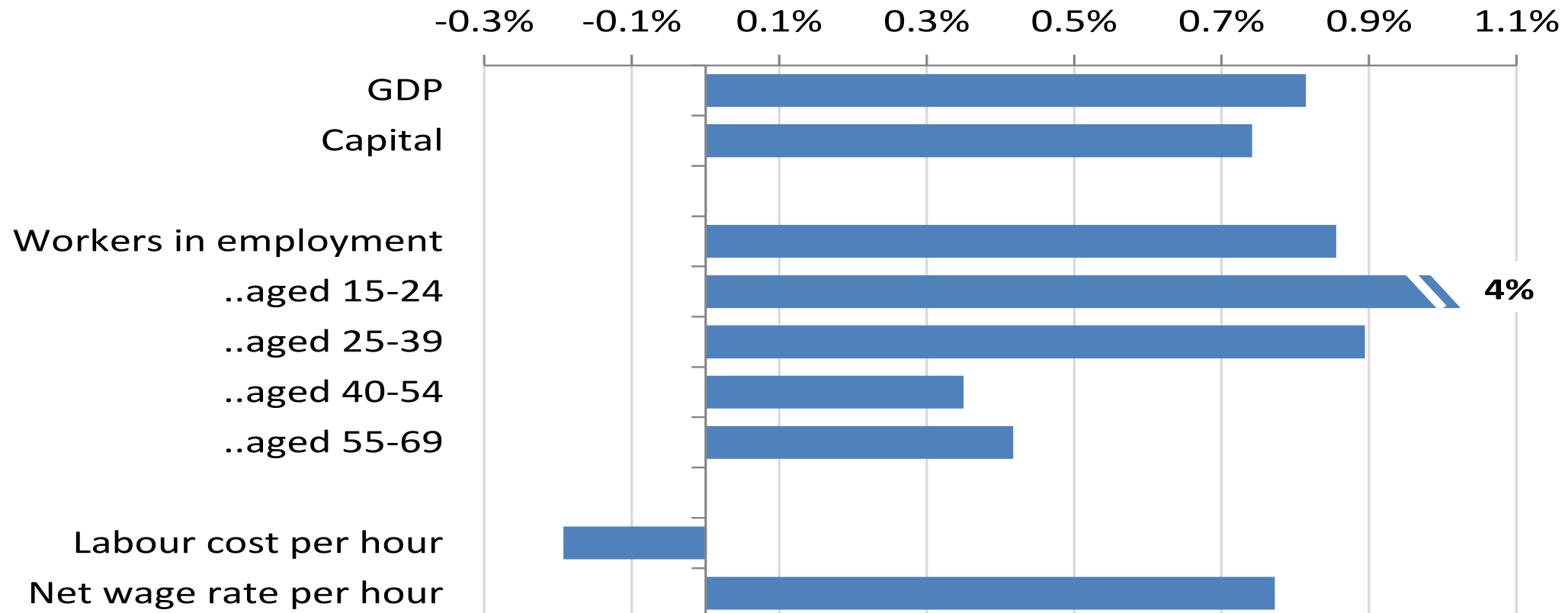
# You attain good education against all odds: Still your chances are not the same.

Your chances of improving the skill level of your job if your parents are...

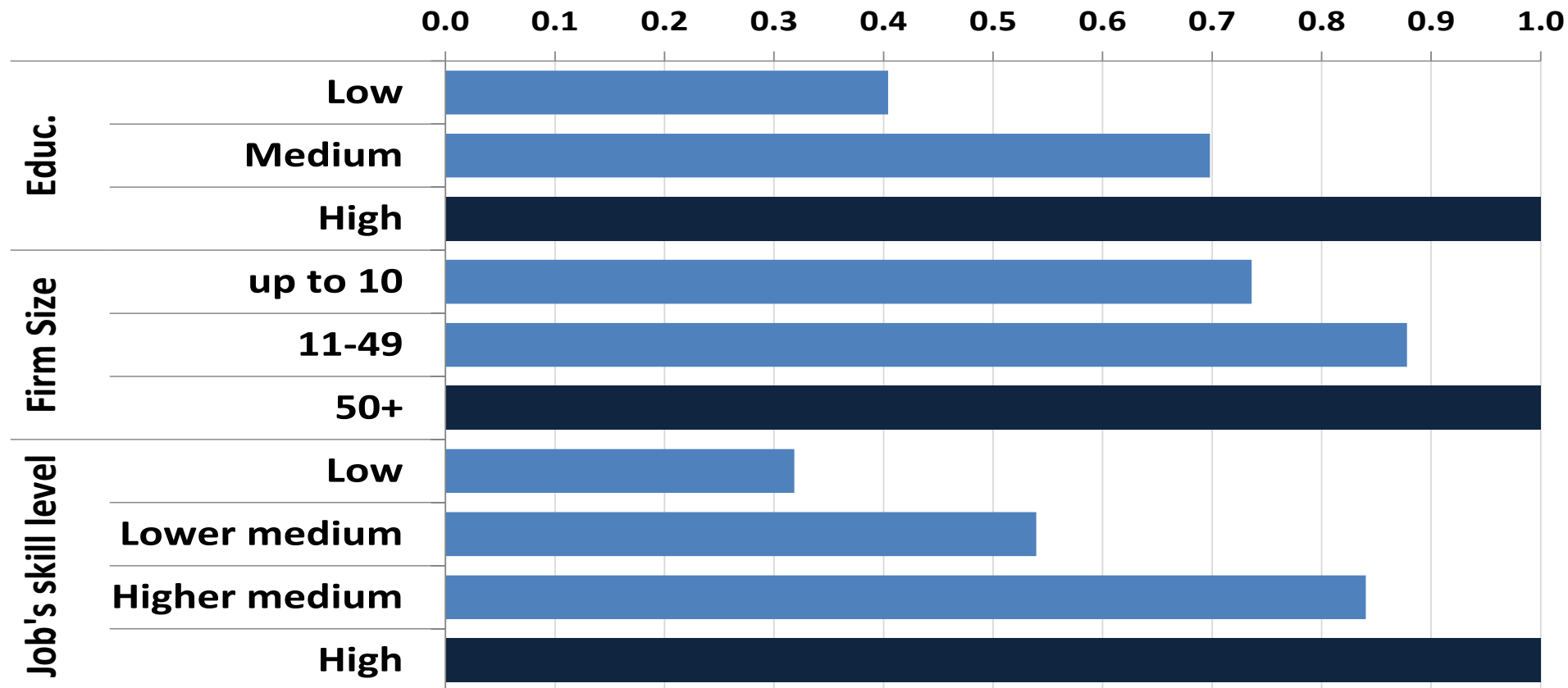


# We know that training helps a lot..

Model simulation of the Long-term impact of spending on training given to young unemployed workers (15-24 years), 0.5% of GDP p.a., France



## ..but those who need it the most are less likely receiving it.



Odds of recently having attended lifelong learning, 2016

# Conclusion

**EU lags behind in basic skills.  
Solutions:**



**Invest in those most in need of support**



**Loosen link between social background and social achievements**



# Panel discussion

- **Bea Cantillon** Professor and Director of the Herman Deleeck Centre for Social Policy, University of Antwerp
- **Ilias Livanos** Expert, CEDEFOP
- **Michael Förster** Senior Policy Analyst, OECD
- **Katherine Duffy** EAPN UK

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# SESSION 3

Access and sustainability of  
social protection in a changing  
world of work

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Introduction based on ESDE findings:

**Tim Van Rie**

Socio-economic Analyst, Thematic Analysis Unit,  
DG Employment, Social Affairs and Inclusion,  
European Commission

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# ESDE 2018

Access and sustainability of  
social protection  
in a changing world of work

# Introduction

- Growing demand for social protection?
  - Automation
  - New forms of employment
  - + Population ageing!
- Systems designed for 'standard' workers (and employers)
  - Gaps in access?
  - Gaps in financing?

# Access to social protection

# of Member States where workers lack formal access to protection, 2016

	Unemployment	Sickness	Maternity	Accidents and occupational injuries	Old age and survivors' pensions	Invalidity
Casual workers	4	4	2	3	2	2
Seasonal workers	6	4	4	4	4	2
Freelancers			2			
Apprentices	6	4	2		3	
Trainees	8	6	4		6	
Vocational trainees		5	4			
National specificities	5	2	3	2	5	2

# Access: current debates

- More reliance on last resort safety nets (means-testing)?
- Stronger emphasis on job search for beneficiaries?
- Universal basic income to fill all coverage gaps?

# Sustainability of social protection

- Population ageing
  - Fewer Europeans at working age
- Changing world of work
  - How many workers?
  - How many hours per worker?
  - How many workers with an employer?

# Sustainability: current debates

- More uniform taxation of different forms of work?  
(Double payment problem)
- Alternative sources of financing
  - Capital (robots?)
  - Consumption?
  - Other?



# Panel discussion

- **Ulrika Hall** Chair, Social Protection Committee (SPC)
- **Christina Behrendt** Head of Social Policy Unit, ILO
- **Terry Ward** Director of Studies, Applica
- **Per Ekefeldt** Head of Sector, DG Economic and Financial Affairs, European Commission

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# SESSION 4

## Social dialogue for a changing world of work



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Introduction based on ESDE findings:

**Sigried Caspar**

Team Leader, Social Dialogue Unit,  
DG Employment, Social Affairs and Inclusion,  
European Commission

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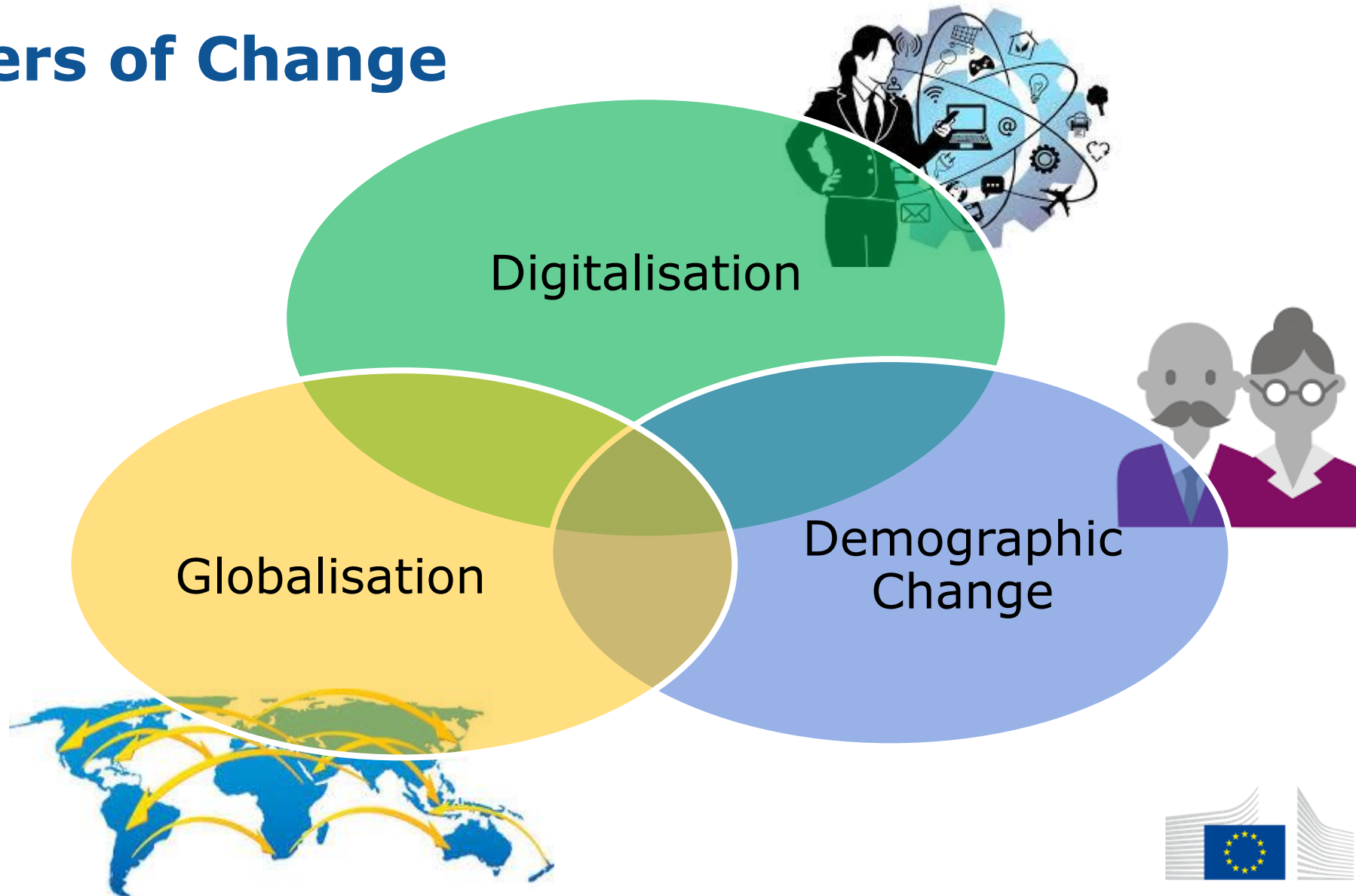
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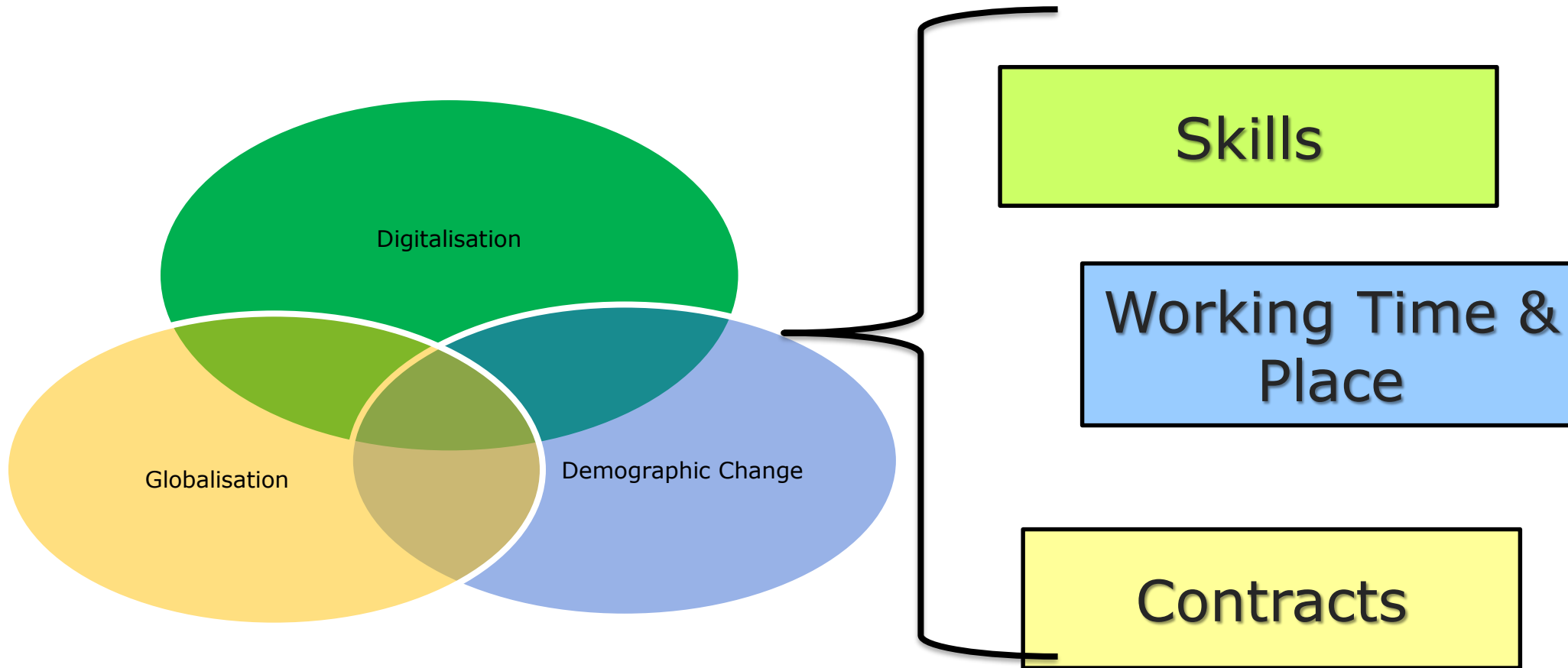
# ***SOCIAL DIALOGUE FOR A CHANGING WORLD OF WORK***

**Sigried Caspar**  
***European Commission***  
***DG Employment, Social Affairs and Inclusion***

# Drivers of Change



# Challenges for Working Life



**SOCIAL PARTNERS' ACTION**



# Digitalisation in General

- *Joint statements and action plans on Digitalisation*
  - **European level:**  
*agenda setting, strategy development, exchange of experience*
  - **National level:**  
*strategy development, managing transitions and adaptations  
(demography fund, labour foundation, regional dialogue)*
- *Fairness and smoothness as advantage of joint discussions*

# Skills and social partnership

- *Motivation to participate in training*
- *Relevance of training*
- *Targeting and financing the training*

# Flexibilisation of Work

- *A new turn to an old discussion*
- *Different forms of flexibility*
  - **Part-time**
  - **Telework**
  - **De-standardisation of working time**
- *A huge untapped potential – with implications for employees and management*

# Contractual Relationships

- *New forms of contractual relationships:*
  - Platform work
  - Dependent self-employment
  - ...
- *A role for labour law*
- *A role for social partners*

# Structural risks

- *Trade union membership and solidarity amongst workers*
- *Non-organised employers*
- *New forms of work: Giving work without employing*

# Conclusion

*Social dialogue is extremely important for management of transitions and the functioning of economy and society.*

*Managing transitions will be a major challenge in the time to come*

*A functioning social dialogue can not be taken for granted. It requires investments on all sides, which may only pay off after years.*



# Thank you for your attention!

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8110&furtherPubs=yes>



# Panel discussion

- **Erika Mezger** Deputy Director, Eurofound
- **Emma Argutyan** Director General, ECEG
- **Luc Triangle** General Secretary, industryAll

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## Closing remarks

# Barbara Kauffmann

Director of Employment and Social Governance,  
DG Employment, Social Affairs and Inclusion,  
European Commission

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# THANK YOU

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