



# WORK 4.0: An Enormous Potential for Economic Growth in Germany

by Meysam Salimi

In November 2015 the German Federal Ministry of Labour and Social Affairs at the launch of the “**Work 4.0**” dialogue released a new report entitled “**Re-imagining work, Green Paper Work 4.0**”. The report highlighted that Work 4.0 does not describe today’s normality in the workplace but new prospects and opportunities for shaping developments in the future. It took the title “Work 4.0” from the current discussion about the fourth industrial revolution (**Industry 4.0**), but put forms of work and employment relationships centre stage of the entire world of work – not just in the industrial sector. According to the paper, in a future digitalised world of work, Work 4.0 refers to gainful employment in the context of a wider shift in values such as standard employment relationships, individual flexibility in developing life plans and social protection. The report accentuated the prospect of an enormous potential for economic growth in Germany offering a genuine progress for the working society, with the possibility of healthy, secure and fairly paid work that fits the current situation in life. It denoted that a majority of management-level staff in Germany consider today’s management practices to be out-dated.

Building on the concept of Work 4.0 and the working society of the future, the report set out describing important **overarching trends and scenarios affecting** society. Subsequently the document summarised the discussion on **the general understanding of Work 4.0** outlining the position of the Federal Ministry. The report went on to embark on the dialogue offering an overview of **challenges, key areas for action** and formulated concrete questions. Having reviewed the key areas for **individual action**, it focused on **concrete institutions of the social state**. Consequently it described how the **Work 4.0 dialogue** process is structured and what it aims to achieve.

Concerning the prevailing trends and scenarios affecting the German-working society, the report discussed four main aspects of **technical potential, social values, new uncertainties** and finally **the continuing impact of megatrends** namely demographic change, globalisation and the knowledge society.

With respect to technical potential the report underlined the importance of **Big data** (collection and analysis of ever larger volumes of data), **Digital transformation** (new information and communication technologies which transform the way in which we work and do business.), **Industry 4.0** (a highly efficient and flexible production system supported by highly automated and interconnected industrial production and logistics chain in the manufacturing sector), **Crowd-working** (a new form of digital work distributing work, generally by breaking down into smaller tasks, to crowd-workers via digital platforms) and **Polarisation** (e.g. in terms of wage and employment).

Regarding the second impact of trends influencing the working society, namely social values, the report emphasized changed social preferences and values concerning work of **Generation Y** - the demographic cohort born between 1985 and 2000 - their stronger desire for a better work-life balance; **working time sovereignty** referring when workers having a say in the number and pattern of hours they work; and **rush hour of life** indicating to a life phase between the ages of 25 and 45 which young should complete education and training, enter the world of work, start a career and take many other decisions that are of vital significance for an individual's future; as other scenarios affecting the working society. The third aspect set out to explain new uncertainties and changes in the standard employment relationship namely **standard** (decent work) and **non-standard employment** relationships (part-time work under 20 hours per week, marginal employment, fixed-term employment and temporary work) and **dualisation**. The latter mainly indicates the increasingly entrenched low-wage sector and the spread of non-standard forms of employment on one side and remaining high the number of standard employment relationships on the other side eventually led academics to introduce the concept of the dualisation of the German labour market. The last but not least aspect that impacted the working society was the continuing impact of megatrends namely **demographic change** (need for skilled labour), **globalisation** and the **knowledge society**, the report added.

Subsequently the second chapter of the report explored the general understanding of Work 4.0 and outlined the position of the ministry, asking if in the light of the current technological trends, social developments and changes in the labour market, there is a need for a new vision of work. The chapter provided an overview on the four eras of work: **Work 1.0** referring to the birth of the industrial society and the first workers' organisations in the late 18th century; **Work 2.0** indicating the beginning of mass production and the birth of the welfare state in the late 19th century; **Work 3.0** covering the period in which the welfare state and workers' rights were consolidated on the basis of the social market economy since early 1970s; **Work 4.0** denoting integrated working, growing interconnectedness and rise in cooperation between man and machine, shift in values and new social compromise since the beginning of the 21st century. The report underlined the specifics of what the future world of work will look like are still unclear.

The report continued to embark on the dialogue in chapter 3 of the report offered a synopsis of challenges, key areas for action formulating six concrete questions. However, the questions left unanswered, as the ministry believed there was not good enough idea of the answers. The paper set forth the discussion of challenges by underlining the significance of secure participation in work without fear of job loss particularly for vulnerable groups of women, older people, migrants and people with disabilities in the social market economy (**Work for all?**).

A life-phase approach and family working time model (new flexibility compromise) in labour and social policy was the second key area for action in which employees reduce their hours in certain life phases, e.g. when starting a family or undertaking continuing training, so they can better balance the various demands on their time (**Gainful employment or individual schedules and priorities – who is in control?**). The third challenge was fair wages and social security especially for low-wage and self-employed sectors (**The social market economy reloaded?**). Training and skills development for the work of today and tomorrow namely equipping workers with digital literacy to shorten the innovation cycle, offering opportunities for continuing training and skills development throughout people's entire working lives; avoiding uneven distribution of continuing training opportunities were perceived as the fourth area of action (**Once a skilled worker, always a skilled worker?**).

The fifth challenge was how to preserve decent work amidst the digital transformation and the breakdown of the boundaries (intensification, legal framework). Shaping good working conditions

in the industry 4.0 era, paying more attention to needs of workers, worker-friendly forms of flexibility, health protection; balancing the interests in the on demand economy; humanisation of work (measures intending to enhance work content and working conditions) were of paramount importance according to the report (**How will we work in the future working world?**).

The last but not least challenge was to identify a good corporate culture or a smart personnel policy to provide a foundation for creativity, openness and engagement. The paper added involvement, participation and co-determination are the central principles of good corporate culture. In the same vein, the report highlighted the democratic participation or the “**democratic enterprise**” referring to staff involvement, e.g. in strategic developments or the organisation of work, going beyond co-determination and economic success; high level of acceptance; culture of participation (**How will successful companies operate in the future?**).

As reflections in chapter 3 concentrated on individual action areas, chapter 4 focused further on concrete institutions of the social state such as **labour law, free collective bargaining, staff representation, occupational safety and health, employment promotion and the self-governing social insurance systems**. According to the report the institutions offer a reliable framework for the free and fair development of Germany’s market economy. However, the future debate on reform will also be about taking a closer look at the institutions helping to take concrete action to shape change not only at the national level but the European level. The report continued labour law will continue in future to play a key role in shaping the legal relations between gainfully active persons and those who enter into contracts with them ensuring that the principle of protection remains effective.

Consequently, chapter 5 set out on how the Work 4.0 dialogue process is structured aiming at a new social compromise as the only possible outcome. The report highlighted that, with Work 4.0, the ministry is creating a framework and platform for diverse discussions to allow all aspects of the subject to be explored in full through a **specialised dialogue** with experts from the academic and practitioner communities, and a **public dialogue**, online and offline, with members of the public. According to the report both of these dialogues are intended to help the ministry to better identify opportunities to shape developments. The report emphasized that the dialogue will culminate in a White Paper on Work 4.0 in late 2016, which will reflect the conclusions, which emerge from the dialogue.

The report concluded the development of **a new social compromise**, which benefits employers and workers alike **can be only achieved** through the social dialogue between the Federal Ministry and social partners to identify ways in which workers can fulfil their individual preferences regarding their working hours balancing between companies’ flexibility requirements and workers’ needs. Offering life-long learning to employees also recognised as the first and the most important response to a world of work that is constantly changing to ensure that workers receive the education they need throughout their working lives. Concerning the establishment of a social protection for gainfully active persons and the financial viability of the individual social-security systems, the report **suggested to create a legal framework** determining how businesses, which operate internationally can be required to pay their fair share of (national) taxes and charges in future. It also recommended to develop mechanisms to monitor compliance with European and international treaties and agreements, and to sanction non-compliance where appropriate.

*Meysam Salimi*

 *@Msalimi\_Adapt*

ADAPT Research Fellow,

International Doctoral School in Human Capital Formation and Labour Relations  
ADAPT-CQIA, University of Bergamo