Social innovation must also extend to labour markets

By Denis Pennel

Tag: *#socialinnovation #labourmarkets #technology #futureofwork*

In our changing world of work, social innovation will be much needed in order to adapt to our changing lifestyles, the arrival of new technologies and the rise of an on-demand economy.

However, the concept of social innovation is still largely anchored in the social economy and NGO community. Social innovation comprises new solutions and schemes that meet social needs, create social relationships and form new types of protection. This is why I firmly believe that social innovation must also cover labour markets and that it should encompass the many developments and emerging trends that we are witnessing in the world of work today. In a world of work that is becoming more diverse, fragmented and individualised, there is a need to reinvent our social protection schemes and to create new types of work communities.

Of course, this is not a new idea. The way in which we work has been in constant flux for more than half a century as different forms of work have emerged and social rights for workers have been extended to address the new reality. Back in the 1950's employment agencies were seen as Uber-like challengers to the status quo. In those days of a largely male workforce in a manufacturing economy, most employment contracts were permanent and open-ended. Employment agencies, which offered temporary and triangular work relationships, were eyed with suspicion and frequently banned or excluded from some economic sectors.

Happily those days are now behind us and the private employment sector is recognised as an important partner in supporting businesses to meet their human resource needs while also creating jobs and increasing labour market participation. Today organisations frequently juggle a range of different employee relationships with people working full-time, part time and on temporary contracts. Recent OECD research on collective bargaining for example shows how it now applies across a wide range of sectors and markets and how a strong tradition of social dialogue between organisations and workers is an important precursor to prompt social innovation. The agency work industry has been at the forefront of social innovation over the last 40 years, developing portable rights - training, health insurance, pension - for agency workers via collective bargaining.

As with so many things, there is of course no one-size-fits-all approach to innovation in labour contracts and social protections. As our economies become more global and interconnected so the needs of employers and their workforce requirements become more diverse and complicated. In today's 24/7 culture business models are very different and so are their staffing needs. People expect tailor-made services and round the clock service and are prepared to pay for it. In many economies up to 50% of people work in jobs with hours outside the standard 9-5, Monday to Friday.

Just as we get used to new forms of work and contractual relationships so yet another mutation comes along. Agency work with the triangular contract between agency and worker and agency and client company is now well understood. However, how should we classify the new online talent platforms? Most of them are not licensed as employment agencies but they nevertheless match supply with demand in the workplace. How do we ensure that workers contracted via these platforms have access to social rights and protections, and what level should these be?

To complicate things further, we need to distinguish between the various newly emerging forms of on-line work. The gig economy - such as Uber, AirBnB and TaskRabbit - operates a largely Business to Consumer (BtoC) or Consumer to Consumer (CtoC) model while online talent platforms such as Upwor) are more usually a Business to Business (BtoB) set-up. Are these workers employed by the platforms or are they truly self-employed? Do we need to create a social rights package that provides these workers with minimum protections in terms of healthcare, holidays, retirement provision etc?

This has brought much controversy. **There have been legal challenges from workers in the gig economy who claim that the obligations of their jobs are effectively those of company employees**, **not independent workers**. Some courts have ruled in their favour and called on platforms to provide workers with attendant rights and entitlements. As the on-demand economy grows it is not clear which direction this discussion will take.

Labour markets have never been so diverse. Men and women now work in equal numbers in many countries. The workplace can span three generations with under 25's often working alongside people the age of their parents and even their grandparents as the retirement age rises in line with increased life expectancy. Ageing demographics in some Asian markets mean that people are working well into their 70's before being able to draw a pension and this is set to become more widespread. There are also record numbers of ethnic minorities in the workforce as a result of migration and population shifts.

Social innovation is a path to reconciling these new trends in the labour market with the need to support workers in managing their risks in terms of inactivity, sickness, pension, employability, data privacy, work-life balance and access to housing or credit. It should contribute to re-establishing some stability and predictability in a world of work that has become more volatile, complex and uncertain. Indeed workers of the 21st century have very different expectations of their working lives than their parent's generation and are looking for experiences and opportunities as opposed to a career path mapped out for the next 30 years.

In short, change is the only constant in our world today – and we will need to embrace social innovation throughout our economies in order to keep pace with it – including in our labour markets.

Denis Pennel
Managing Director, World Employment Confederation
@PennelDenis