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The Future of the Standard Employment Relationship (SER) in the Digital Economy

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Predominant notions in the last decades:

- SER is breaking up in favour of a diversity of non-standard atypical forms of work – Examples:

“…. the traditional form of work, based on full-time employment, clear-cut occupational assignment, and a career pattern over the lifecycle is being slowly but surely eroded away” (Castells, 2009, The Rise of the Network Society)

„Given rapid and extensive changes in technologies, markets, and management strategies ... employment is no longer an open-ended long term relationship, but rather has become a series of episodic arrangements that may or may not be renewed from time to time“ (Arthurs/Stone 2013 Rethinking workplace regulation)
Structure of the presentation

1. The traditional SER
2. SER a contested terrain
3. Drivers for change of the SER?
4. A new flexible SER
1.1 The traditional SER

Key dimensions of SER *(Bosch 2004; Rubery 2010; Vosko 2011)*:

- Security – long-term relationship
- Full-time work and decent pay also for time not worked (vacations, public holidays, sickness, accidents, pensions…)
- Checks on employers power (standard hours, seniority rules, voice: information, consultation, codetermination)
- Reference point for other forms of work: spillover-effects on less-regulated forms of work *(Marsden 1999)*

SER = regulated employment form:

- Regulations: mandated or negotiated
- Regulations create buffers between market fluctuations and employment: partial de-commodification of work *(Polyani 1957; Esping-Andersen 1990)*
1.3 The traditional SER

Variety of employment systems = Variety of SER‘s

High country differences in

- Levels of wages and social benefits, job protection, standard working hrs and employee‘s voice

- Coverage:
  - More inclusive in countries with multi-employer bargaining, strong welfare state and employee‘s voice like in SWE
  - Less inclusive in countries with company bargaining, residual welfare states and lack of employee‘s voice like in the US, Japan and Korea
2.2 SER a contested terrain

Power resource approach (*Korpi 2006*) more fruitful to explain country differences:

- VoC view only on skills and employment protection very narrow – protection against life risks in welfare states much broader
- Development of welfare state and labour market regulations originate in social conflicts
- SER = frozen compromise between capital and labour: dependend on earlier power relations
- Employers mostly not protagonist to introduce SER – but often consenters in subsequent stages of policy making (they always try to make the best out of existing regulations)
2.3 SER a contested terrain

High economic potentials in SER - broad literature on the positive impacts of high road strategies with a strong SER and developed welfare states

- Incentives to invest in skills
- High internal flexibility and teamwork
- Encouragement of innovation and quality competition
- Reduction of inequality
- High employment rates in combination with pro-active life-course politics (LLL, childcare, parental leaves etc) (Anxo/Bosch/Rubery 2010)

These potentials extremely important in periods of rapid technological change
3.1 Challenges to traditional SER?

Main overlapping challenges to the traditional SER:

- Emergence of new life courses
- Changing company structures and work organization
- Revocation of political compromises
- Digitalisation/technological change
3.2 Challenges to traditional SER?

Emergence of new life courses

- New working preferences mainly but not only because of increasing employment of women undermine the FT-norm of the SER
- Strong growth of PT to reconcile family and work
- PT by far the most important „new form of work“ in many countries (DE 2016 7.076 Mio part-timers compared to 3.392 Mio temporary and temp agency employed)
- High scar effects of PT in the traditional SER model: PT often less protected, lower bargaining power, no access to further training and careers, used to shift employment risks to employees etc.

Increase of women‘s employment built-in-deregulator if SER regulations are not adjusted
3.3 Challenges to traditional SER?

Changing company structures and work organisation

- Fragmentation of companies: Concentration on core activities and outsourcing to cut labour costs (Weil 2017: fissured work-place):
  - Degradation of working conditions in subcontracting companies: especially in countries with dominantly company bargaining

- Permanent FT-contract with a subscontractor often not offers job security and decent wages – „second-rate SER“

- Precarisation of employment:
  - Increasing use of cheaper new forms of work like temporary contracts, different types of PT (marginal PT, zero hours contracts)

- Offer exit options from SER (Bosch/Gautie/Mayhew 2010):
  Replacement of SER
3.4 Challenges to traditional SER?

Revocation of political compromises

- Abolition or weakening of regulations protecting the SER
- Main focus on employment protection and multi-employer bargaining
- Employer’s gains of “fissured workplaces” much higher with fragmentation of CB
- Deregulation of product markets often same or stronger effect – cost competition undermines CA’s and SER

New Exit options

- Institutionalization of less protected forms of work
- Facilitatation of “institutional avoidance” (Jaehrling/Mehaut 2013) either by lower standards (temp-agency work in DE) or by acceptance of non-compliance (posted workers in the EU)
Digitalisation

- Technologies can be used for different purposes
- Offer effective tools for improving quality of jobs (examples: bundling tasks into decent jobs; wt-accounts: coordination of company needs with employees preferences)
- But also powerful instrument to
  - Control work pace in real time („pickers at Amazon“)
  - Organize fissured workplaces across companies and countries
- Leave the „spatial container of the SER“ – the national regulations (platform economy)
- Avoid the employer role (Uber, platform companies)
- Divide FT-work into microtasks ...........
- Two faces: Improvement of work vs. support of fragmentation and precarisation
4.1 A new flexible SER

Return to the old SER not an option
- Traditional gender contract crumbling
- Increasing needs for LLL in work-life
- Rigid workers hours difficult with flexible production systems and in a service economy

Good reasons to be critical of the old SER, but
- Do not throw the baby out with the bath water
- Dangerous to give up the labour standards of the SER - to de-commodify work

We have to differentiate between the form (e.g. “permanent full-time”) and the substance of the SER (“de-commodification”).
- The form can be changed without eroding the substance
- Demands like „a right to be commodified“ for women (Orloff 1993)mistakable – meant is „right to de-commodified work“
4.2 A new flexible SER

A modernized SER - more open to a diversity of lifecourse patterns

Key dimensions (Bosch 2004/2015):

1. As in the past comprehensive protection by CA‘s or by law
   - Redefinition of the „employer“ in the platform economy (Uber etc.)
   - With deregulated product markets and fissured employment
     LM-regulations more important than in the past

2. Flexibility of working hours over the work life:
   - Example: Scandinavian countries: drawing rights for (partially paid) temporary PT or leaves for care and retraining
   - More choices to work longer hrs through public childcare and all day schools to reduce marginal PT
   - Goal: Incorporation of the most important atypical form of work into SER and make it a normal element in work life
3. Using SER as a reference point for equal pay and benefits for all forms of work:

- EU directives on equal pay for PT’s, temporary and temp agency workers / substantial compliance problems
- Extension of national regulations to posted and platform workers (strengthening of the territorial principle“)
- Strengthening employer’s responsibility in the platform economy and in fissured workplaces
- Goal: to improve working conditions for non-SER and reduce incentives to use them

4. Increase of internal flexibility (functional and numerical) to stabilize employment: working-time accounts, short-time schemes, multi-skilling – example: German job miracle in the financial

- Tensions between employers and employees demand for working time flexibility: but many examples of good negotiated compromises
4.4 A new flexible SER

Solid economic base for new flexible SER

- Surprisingly increase of job tenure in digital economy – work lifes not „episodic“ as expected
- Main reason: companies increasingly rely on skilled workers and tacit knowledge
- But country differences depending on regulations

Source: Auer 2016
Conclusion

- Digitalisation can be used for improvement of work but is also a powerful instrument for fragmentation/precarisation of work.
- Stronger LM regulations than in the past necessary – to secure SER in an environment of product market deregulation, fissured employment and strategies of institutional avoidance.
- Tacit knowledge increasingly important – solid economic base for a new SER.
- New flexible SER open to a diversity of life-course patterns – safeguards higher coverage in a changing world of work than the old SER.
- Flexible SER has to be embedded in other policies (full-employment, gender equality, investment in education and training).