

ILO Symposium for Employers on the Future of Work

Geneva, 5-6 December 2013



International
Labour
Office

BACKGROUND AND CONCEPT NOTE

The future of work: what the evidence is telling us, and what it means

Work as we knew it

Work has always been the means by which human beings access their livelihoods, and therefore central to the human experience. It has shaped society and defines us as individuals. As the World Bank put it in its 2013 World Development Report, jobs are what we earn, what we do and who we are¹.

Employment, as a context for work, evolved from ancient master-servant relationships and by the guild system of organizing crafts and professions in towns. When such relationships were prevalent, there was little social mobility, and your job was defined by the family and social group you were born into.

The employment model created by the industrial revolution freed people from the confines of roles determined by birth, and allowed social, functional and geographical mobility. Work within the employment relationship, as we know it today, with legally defined rights and obligations, became the norm in many parts of the world in the period following the Second World War.

As work evolved, so did the worker. Education and skills became important factors in determining the work options available to individuals. Today's worker at the median of the skills curve is much more educated and skilled than the worker at that point even twenty years ago. There was a time when the skills you entered the job market with remained useful until you retired. Today innovation happens so rapidly that workers have to learn new skills on an on-going basis as enterprises adapt to remain competitive.

The impact of technology on jobs

Advances in transportation and communications technology have connected the world and changed the way work is done. Automation has removed drudgery and danger from the workplace, and increased the productivity of human effort. It has changed the framework for competition in both products and services, and opened a global market place. It is levelling disparities amongst countries by improving living standards in poorer economies.

¹ World Bank, 2012: *World Development Report 2013: Jobs*

While extending human capability and boosting productivity, technology has always been replacing jobs that were done by people. Hydraulics and electricity replaced human physical effort and exponentially multiplied our ability to transform and move things, and many manual workers had to find other means to earn a living. However, on the whole more people found better jobs and the net effect of technology has been a vast increase in standards of living. In fact, following the introduction of every transformational technology such as the steam engine, electricity the telephone or the internet there followed rises in the total number of people working.

What is new, however, is that technology has been developed that does not just replace physical effort or reach. Computers are now able to use digital pattern recognition and engage in complex communication, two abilities which when combined take them into territory once thought to be uniquely human². Another significant feature of technology is the increasingly fast pace at which it is developed and absorbed all over the world. Tim Cook, the chief executive of Apple, was quoted as saying “Just two years after we shipped the initial iPad, we sold 67 million. It took us 24 years to sell that many Macs, and five years for that many iPods, and over three years for that many iPhones.”³ That observation is a compressed version of the general pattern of technology adoption through the centuries. Electricity took 30 years from the time of consumer availability to 10 per cent penetration in the United States market; the telephone took 25 years, the television 12 years, the personal computer 9 years, and tablet devices less than 3 years⁴.

While these examples have been drawn from developed countries, key determinants of technology absorption, such as human capital formation and openness to trade and investment, are increasing rapidly in developing countries as well. It is therefore a question of time, but not too much of it, before the impacts of modern technology appear in those countries as well.

Technology has been observed to be one of the main drivers of polarization of employment and wages in the workforce in developed economies⁵, sometimes described as the “hollowing out of the middle” because the share of middle-skilled jobs declines while high-skilled and low-skilled jobs increase.⁶ Processing and transformation jobs in the middle-skills level are those that tend to be replaced by automation or digital technology. They also happen to be where large numbers of people work today.

The demise of the standard employment relationship

Change is also taking place in the nature of the employment relationship and the way work-related tasks are distributed. The traditional permanent attachment of a worker to an enterprise, and related practices such as seniority-linked rewards, is in decline.

² Erik Brynjolfsson and Andrew McAfee, *Race Against the Machine*, (2011)

³ Brian X. Chen in New York Times, April 24 2012 <http://bits.blogs.nytimes.com/2012/04/24/ipad-growth-apple/>

⁴ Michael DeGusta, “Are Smart Phones Spreading Faster Than Any Technology in Human History?” MIT Technology Review, May 9 2012

⁵ David Autor, David Dorn, Gordon Hanson, “Untangling Trade and Technology: Evidence from Local Labor Markets”, March 2013

⁶ Lawrence Katz, Robert Margo “Technical Change and the Relative Demand for Skilled Labor: The United States in Historical Perspective”, January 2013

Enterprises are reducing employee numbers, partly because of current economic uncertainty, but also because they want sufficient flexibility to deal with further shocks. There are also structural factors affecting the standard employment relationship. The increasing complexity of production systems and volatility of markets in a context of spreading technology and greater inter-connectedness in a globalizing world makes numerical and functional flexibility critical for firm success. Staffing companies in many countries are seeing their business increase dramatically. At the same time the issue of contract, temporary and casual work has flared into violent confrontation in some countries.

Much of the current labour market and worker protection regulation is premised on the standard employment relationship, and not adapted to the emerging workplace scenario. As one commentator put it, “it is possible that we are entering a period in which major adaptations in employment models, work weeks, contract labour, minimum wages, and the delivery of essential public services will be needed in order to maintain social cohesion and uphold the core values of equity and intergenerational mobility⁷”.

There are core human and societal values that need to be preserved, however society changes. Some leading scholars have concluded that “there is an urgent need for new policies, regulatory strategies, and institutional arrangements that will somehow—in a very different environment—produce the positive social and economic outcomes once associated with the era of standard employment contracts and regulated labour markets⁸”.

As long as people depend on work for their livelihood, a system in which work is not assured and predictable for a large majority is not sustainable.

The challenge

- We need to **better understand the drivers of change** and where they are taking us, and to look at what the options are that will meet people’s needs and preserve social cohesion.
- We need to take action now to **ensure that the scenario that emerges meets key societal needs**, including the material aspects of livelihood and the possibility for people to improve their social and economic status according to their abilities, while preserving a system that respects individual freedoms.

The symposium

Dates	5—6 December 2013
Venue	ILO Headquarters in Geneva, Switzerland
Participants	Employer and business representatives from all over the world

⁷ Michael Spence, *Technology and the Employment Challenge*, Project Syndicate 15 January 2013

⁸ Katherine V.W. Stone and Harry Arthurs (ed.), “Rethinking Workplace Regulation”, 2013 Russell Sage Foundation.



- Main themes**
1. How the world of work is changing: a review of the evidence
 2. The impact of technology on jobs
 3. The need for regulations that are better adapted to the new world of work

Outcome

- Identification of key strategies
- Research proposals
- Recommendations for action by business associations
- Proposals for policy change