The Future Belongs to No One
The Future of Work and the challenges for Europe

Dr Ala’a Shehabi
Europe 2020
Failing to meet key targets
(Source Eurostat 2015)
Europe’s Digital Economy is stalling
Job-less recovery

COUNTRIES ARE BUILDING DIGITAL CAPACITY AT UNEVEN RATES
A group of 50 countries reveals four main areas of digital readiness.

HOW COUNTRIES SCORED ACROSS FOUR FACTORS ON THE DIGITAL EVOLUTION INDEX (OUT OF 100)

STALL OUT

STAND OUT

WATCH OUT

BREAK OUT

SOURCE DIGITAL EVOLUTION INDEX, THE FLETCHER SCHOOL AT TUFTS UNIVERSITY
HBR.ORG
The Future of Work – Uncertain dynamics

- Advanced economies accounted for 29% of output gain from digitisation, but only just 6% of employment impact
  Booz and company, 2011

**DIGITAL JOB DYNAMICS**

- Job creation
- Job augmentation
- Job fragmentation
- Jobs moved offshore
- Job losses & skills gap

**DIGITAL DIVIDES**

- Urban/Rural
- Youth/Women/Ageing
- High Skill/Low Skill
- Wealth inequality
Empirical research

- JP Morgan study on income & McKinsey study

Independent workers generally fit into four segments.

<table>
<thead>
<tr>
<th>Primary income</th>
<th>Supplemental income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred choice</td>
<td></td>
</tr>
<tr>
<td>Free agents</td>
<td>Casual earners</td>
</tr>
<tr>
<td>30%</td>
<td>49 million</td>
</tr>
<tr>
<td>Reluctants</td>
<td>Financially strapped</td>
</tr>
<tr>
<td>14%</td>
<td>23 million</td>
</tr>
</tbody>
</table>

Source: 2016 McKinsey Global Institute survey of ~8,000 US and European respondents
Big news

- Uber loses right to classify UK drivers as self-employed
Judges weighed into the very idea of “on-demand” service. It is essential to Uber’s business to maintain a pool of drivers who can be called upon as and when a demand for driving services arises. The excellent ‘rider experience’ which the organisation seeks to provide depends on its ability to get drivers to passengers as quickly as possible. To be confident of satisfying demand, it must, at any one time, have some of its drivers carrying passengers and some waiting for the opportunity to do so. Being available is an essential part of the service which the driver renders to Uber. If we may borrow another well-known literary line:

They also serve who only stand and wait. \(^5^8\)

101 We are inclined to think that the three conditions given in our last paragraph would need to be qualified where an Uber trip takes a driver out of the ‘territory’ in which he is authorised by Uber to work. It seems to us that, having ended the trip, he would be ‘working’ under his contract while returning to the territory with a view to undertaking more trips. But the point was not debated before us and accordingly no definitive ruling is given.
Drivers as small business: “Faintly ridiculous”

Fourth, it seems to us that the respondents’ general case in terms on which they rely do not correspond with the practical reality. The notion that Uber in London is a mosaic of 30,000 small businesses linked by a common ‘platform’ is to our minds faintly ridiculous. In each case, the ‘business’ consists of a man with a car seeking to make a living by driving it.44 Ms Bertram spoke of Uber assisting the drivers to “grow” their businesses, but no driver is in a position to do anything of the kind, unless growing his business simply means spending more hours at the wheel. Nor can Uber’s function sensibly be characterised as supplying drivers with “leads”.45 That suggests that the driver is put into contact with a possible passenger with whom he has the opportunity to negotiate and strike a bargain. But drivers do not and cannot negotiate with passengers (except to agree a reduction of the fare set by Uber). They are offered and accept trips strictly on Uber’s terms.
From manufacturing to services to everywhere

- Taylor focused on factory work but office work, and hospitality or retail work too has an entire hierarchy of supervisory positions to maintain a given level of control.
- Algorithms are automating managers not workers.
- Algorithms have the power of an employer but none of the responsibility.
- Where an algorithm employer does have responsibility it is increasingly commodifying workers in the name of ‘flexibility’ and ‘adaptability’. I.e. disposability.
The power of algorithms and data

• A narrative that is valorises “truth, objectivity, accuracy”

“Big data” indeed! By looking at their data as a resource — one that can be used to build services for existing customers or to create businesses to serve new customers — companies will discover yet another way they can consistently capture all of the return from the risks they have already taken. Big data plus an edge mind-set is a powerful combination.

• Questions of control and power: how new technology and big data is constructing new disciplinary structures at work, being used to enforce coercive employment structures and intensify labour controls.
 Behavioural aspect

• “The goal of everything we do is to change people’s actual behavior at scale. When people use our app, we can capture their behaviors, identify good and bad behaviors, and develop ways to reward the good and punish the bad. We can test how actionable our cues are for them and how profitable for us”.

• A Goldman Sachs report calls it a “gold rush,” a race to “vast amounts of data.”
Taylorism 2.0 – fragmenting work

• Isolating workers rather than managing them collectively, forces increased competition between them, rewarded on output and in turn increasing overall productivity and reducing costs

• “Algorithms are providing a degree of control and oversight that even the most hardened Taylorists could never have dreamt of” - Jerremias Prassl
From manufacturing to services to everywhere

- Taylor focused on factory work but office work, and hospitality or retail work too has an entire hierarchy of supervisory positions to maintain a given level of control
- Algorithms are automating managers not workers
- Algorithms have the power of an employer but none of the responsibility.
- Where an algorithm employer does have responsibility it is increasingly commodifying workers in the name of ‘flexibility’ and ‘adaptability’. I.e. disposability
Example: Percolata

- Installs sensors in shops that measure the volume and type of customers flowing in and out, combines that with data on the amount of sales per employee, and calculates what it describes as the “true productivity” of a shop worker: a measure it calls “shopper yield”, or sales divided by traffic.
- Ranks employees, builds profiles, pairs workers. Higher yield = given more hours
- Creates a schedule with the optimal mix of workers to maximise sales for every 15-minute slot of the day.
- “It creates this competitive spirit — if I want more hours, I need to step it up a bit” … “not automating the sales associates’ jobs per se, but automating the manager’s job, and [our algorithm] can actually do it better than them.” Tanaka, co-founder of Percolata
Performance Reviews—Real-time feedback

• Fad now for companies to abandon performance evaluations and moving to real-time feedback systems.
• This means more or less perpetual performance review—e.g. at G.E. reviews are conducted through a smartphone app, just-in-time scheduling at Starbucks, instant customer-service rankings at Walmart.

➢ Meticulous regulations, continual assessment, alienation by algorithm
Accountability

• The right to examine and challenge the data used to make algorithmic decisions about us.
• The EU has recently given EU citizens the right to obtain an explanation of automated decisions and to challenge those decisions.
• This is a due process requirement for data-driven decisions based “solely on automated processing” that “significantly affect” citizens - set to go into effect in May 2018,
Policy Recommendations

1. Re-centre Europe’s mission around employment by putting the future of work at the centre of a digital strategy supported by an overarching and integrated EU-wide work programme on digital jobs

   • Digital work and quality jobs need to be included in the Digital Single Market strategy
   • Prioritise human capital investment in Europe’s Investment Plan
   • Build on the success of the Grand Coalition for Jobs by turning it into an EU-wide integrated digital work programme
   • Anticipating future labour market demands eg cyber security
2. Build new institutional & regulatory capabilities at the EC to improve multi-level regulatory governance

- Address the need for institutional reform of the EC to integrate work of DG Connect & DG Employ for an overarching strategy
- Develop best practice policy recommendations and guidelines based on soft laws—codes of practice and principles related to work and culture that ought to be adopted to ensure economic growth and welfare.
- Lead by example: build systematic transparency, monitoring, evaluation and accountability at all levels of initiatives from the start in the EC
- Protect worker’s interests and rights and review employee data protection laws through social partnership
3. Nurture a resilient workforce fit for the future

- Encourage schools and colleges to embed digital, cognitive and problem-solving skills into the curriculum
- Focus on access and affordability of training and supporting alternative provision such as MOOCs and COOCs which include higher levels of interaction and engagement with participants.
- Develop life-long learning schemes and digital up-skilling strategies to keep pace with changing need as competencies gained at school and university expire and jobs change.
4. Share the wealth from innovation and digitalisation more effectively through collective ownership and enforcement of tax reforms

- Study the possibility of ‘social innovation’ funds
- Sharing value: work with businesses to understand models and benefits of co-ownership & corporate profit-sharing
- Strengthening the welfare system to raise crucial revenues needed to absorb the impact of job losses of the low-skilled
5. Meet the skill needs that are here and now: attracting global talent

6. Squaring the circle: putting security back in the flexicurity models to address the future of work and the technologically displaced

- The EU should meet its Europe2020 20 targets on employment and R&D and re-instrumentalise its model of flexicurity
- Support workers in the “gig” economy
- Learn from the ongoing Dutch and Finnish experiments on the universal basic income and its impact on digital jobs
Thank you