Labour in the 21st Century
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Labour in the 21st Century:

*Insights into a Changing World of Work*

Edited by
Katherine Stone, Emanuele Dagnino
and Silvia Fernández Martínez

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Several major transformations have characterized the world of work over the last years. Those transformations follow different patterns in different countries, yet their dynamics are so interrelated that it is often hard, if not impossible, to distinguish the causal relationships among them. Technological advances, globalization, old and new media, demographic changes, new production and new economic systems: these are all key factors acting on the ongoing process of transformation which is impacting both the world of work and society as a whole. In the spirit of Karl Polanyi, the well-known scholar who described the rise of market-based societies, we are led to wonder if we are witnessing a new Great Transformation of Work, on such a scale that it might change the very meaning of work in our society, even its anthropological connotations.

The international conference The Great Transformation of Work, organized by the Doctoral School in Human Capital Formation and Labour Relations (University of Bergamo) and ADAPT (Association for International and Comparative Studies in the fields of Labour Law and Industrial Relations) that took place in Bergamo on 6-7 November 2015, was aimed to investigate and discuss the different aspects of the transformation of work from a comparative and interdisciplinary perspective. This volume, collecting some of the most valuable papers presented at the conference, provides insights into some of the aspects that we consider to be relevant to an understanding of today’s and tomorrow’s world of work.

Before describing the contents of this volume, and in order to set the framework of the speakers’ analysis, it is important to outline the general characteristics of this great transformation by listing some of its dynamics.

One of the major factors and, sans doute, the one that has received the most attention, is technology. Over the last years, there have been many technological advances. The strict relation between work and technology is well established: history shows the importance of technology in the
production system, in the ways of working and, consequently, in the very functioning of the economy, as well as in the composition of the society. Industrialization, assembly lines, or, more recently, the growth of the service sector and the dematerialization of work – to name just a few examples – have their roots, at least partly, in technological advancements. But, how does technology affect today’s world of work?

We believe technology is shaping a fourth industrial revolution. The evidence is widespread and varied. Automation and the effect of substitution of human labor by machines are the first aspects that come to mind: these phenomena have been noted and analyzed frequently in the past, but it seems that something has changed in the last few years. Automation is no longer limited to the displacement of routine and repetitive tasks; it is expanding its effects even to non-routine tasks. Scholars are trying to predict what will happen as a result: what will be the impact on trained workers? Moreover, we are currently facing the so-called polarization of work: the erosion of middle wage/middle skilled jobs and the growth of high wage/high skilled jobs and low wage/low skilled jobs. Will there be enough work for the future generations of workers? Will increasing education and training provide job security, or is that a chimerical dream? Will automation eliminate the poles as well as the middle?

In the meantime, technological progress has provided new tools and new devices that impact the traditional ways in which resources, including labor, are allocated. In particular, the rise of the sharing or on-demand economy, presents new challenges to labor regulation. Increasingly, many services are not provided by companies; they are offered and requested on a personal basis thanks to platforms that enable the contact between different users (peers). This phenomenon raises many questions and concerns regarding the traditional understanding and structures of labor regulations, the transformation of the economy and, finally, the characteristics of work and workers in the new society. While on-demand work is still at an early stage, with a small yet fast growing workforce, it is important to study it in connection with other alternative arrangement patterns that have already reshaped the composition of the labor market, impacting on its major institution of the 20th century: the Standard Employment Contract (SEC).

The effects of technology on work do not stop here: they affect many different aspects of performance. Telework is already a common practice, but the traditional space-time coordinates of work performance are now more problematic than ever. Nowadays, so many activities can be performed by a remote location, thanks to information technology,
portable devices and widespread connectivity, that the idea of a fixed workplace has become obsolete in many fields.

Working time is also changing. On the one hand, many companies now let workers set their own schedule, focusing on the results of the performance rather than on their presence at the workplace. On the other hand, the line between working time and free time is becoming blurred because portable devices make the worker continuously available. Yet many of the major regulations about work are based on the notions of a fixed workplace and strictly delineated working time. Thus we must ask, are these regulations still appropriate? For example, consider the regulation of workplace health and safety. Many of the risks arising from new ways of working happen outside of the workplace and outside of the working day, and thus may not be covered by traditional worker compensation legislation. Similarly, maximum hours regulations are difficulty to apply to workers who are available 24/7.

Another area to consider is the impact of social media in the workplace and in the world of work in general. Social media can be valuable to help find a job (worker’s perspective) or a job candidate (employer’s perspective). They are also used during work performance, sometimes as a work tool, sometimes to monitor work output, and other times for non-work-related activities on a leisure break. Social media raises concerns regarding the protection of the worker’s privacy and the protection of the employer’s reputation and trade secrets. Moreover, social media are also an instrument used by unions to keep in touch with the workers and to strengthen their voice.

At the same time, social media create new job positions (e.g. social media managers) and require specific skills from candidates. That is not all. The activities on social media, as well as many other actions workers perform on the internet, can have an economic value of their own. Some of these activities are not considered as work, but they still produce wealth. How do we deal with an economy in which there is a growing dissociation between the ones who produce value and the ones who capitalize on it?

So far, we have only provided some examples of the consequences of technological advances in the world of work. There are many others, such as the consequences of big data and people analytics on work organization and workers’ lives, new management systems, reliance on algorithms and so forth.

It is important to link this great variety of technologically-driven phenomena to other trends that are reshaping the world of work. In doing so, we must mention a few other phenomena which are worth analyzing in order to depict the new reality of work.
The transformation of work is characterized by a “new geography of work”. The process of globalization has led to global competition. In many cases, the relocation of production has gone from being a hypothetical threat to being a major factor that has lowered working conditions in many companies operating in the most advanced economies. This dynamic started in the manufacturing industry. The spread of new technologies and the dematerialization of work have led to new opportunities for firms to relocate to areas with low labor standards. Relocated foreign divisions of many companies can now provide entire services on their own, and even single projects can be divided into small and simple tasks, which can be carried out and coordinated through online platforms by workers living anywhere in the world, and then gathered, checked and assembled in order to make the final product.

Although production and jobs tend to be more and more dispersed beyond national borders, we are also witnessing the growth of world cities, those that have the ability to attract innovative companies and provide new jobs thanks to higher standards of education and training of their inhabitants. The growth of world cities leads to a concentration of new opportunities in few regions. At the same time, some cities and regions do not have the infrastructures and the skills needed to capitalize properly on the new economy, and end up experiencing decline. Their inhabitants move away, leaving decay and poverty behind. At the same time, the increasing attractiveness of the innovative cities makes them less affordable for low waged families who lack the means to seize the opportunities provided. The distribution of jobs in the world and in the different nations has major consequences on society as a whole, and it is necessary to devise new policy approaches in order to cope with the challenges raised.

Another major development that requires attention is demography, which impacts several aspects of work and has extensive connections with other dynamics mentioned above. Demographic trends raise many questions, such as: How does the aging of the population affect work? How will the entrance of the millennial generation into the workforce reshape the traditional patterns of work? How will the massive migrations that some countries are experiencing impact on labor markets? What will be the trends and implications of female participation in the labor market? These questions have to be taken into account in order to understand the new reality of work.

A multigenerational, multicultural and generally more diverse workforce creates many new challenges. The attitudes, needs and expectations of the workforce are becoming as heterogeneous as its
composition. That means, for example, that management approaches and employment laws have to be reshaped and made more flexible in order to address many new types of workers and many different situations. For instance, the fact that the population is aging is putting pressure on the welfare state in many places. The aging population may necessitate longer working lives in order to make social welfare systems economically sustainable. Already in many countries, the retirement age has been increased over the last few years.

An aging workforce also has consequences on the productivity of workers, their health conditions and their skills. Because of frequent advances and changes in technologies and organizations, skills quickly become outdated. It is necessary to provide workers with skills that will be relevant for the whole life and, at the same time, to enable them to re-skill to ensure their ability to face the new patterns of work.

An aging workforce will require a new approach to workload and medical leave policy. In particular, we can expect an increasing incidence of chronic diseases and illnesses among this section of the workforce. All these issues raise concerns that have to be addressed through policies to create more sustainable work-life arrangements.

Immigration is also becoming an important issue in labor policy. In order to address the problems of an aging population, immigration could provide a partial antidote. However, immigration is controversial. It poses the danger of displacing existing workers. Moreover, immigrant workers are in a position in which they are exploited by employers, without the ability to claim the protection of traditional employment rights. In many cases, immigration can generate competition for steady and legitimate job positions and trigger a race to the bottom of working conditions. To counter that dynamic, it will be necessary to grant labor rights to immigrants while protecting incumbent workers against job loss and economic ruin.

Female participation in the labor market is increasing but this trend also requires new regulatory approaches. In particular, nations need to consider new approaches to care work, an area that traditionally has been borne by women.

We have limited our discussion to a few of the dynamics of these transformations. We think that it is now important to introduce in our analysis two additional, and fundamental, factors: legislation and industrial relations. Labor regulation and industrial relations are not merely affected by the transformation of work. Lawmakers and unions are also major actors of this change. They have contributed to shaping the current labor market landscape. In many European countries, lawmakers and unions
have conflicted over efforts to loosen traditional labor protections given by labor laws and collective bargaining in the name of making labor markets more flexible and fostering economic growth and innovation in order to create more jobs. These policy approaches are particularly pronounced in countries that have been characterized by a high level of workers’ protections and that have experienced heavy effects from the economic crisis, such as Spain, Italy and, more recently, France. But, as the transformation is still undergoing, and because the solutions implemented to date do not seem to have addressed the challenges of the new reality of work or created new forms of social protection, more efforts are still needed.

In this time of fundamental change, the actors that have traditionally been in the best position to cope with rapid changes in work and the labor market – i.e., the unions – are now facing, in many countries, a big crisis. The problems for unions are both problem of representation and of means. Although union membership decline is not new, it is reaching an entirely new level. In part, the problem is that unions have not been able to represent the different, and sometimes conflicting, demands and needs of heterogeneous workforces. In particular, there seems to be a divide between workers employed in traditional jobs, who still enjoy a good level of protection and representativeness, and workers who are employed under alternative arrangement agreements. There is also a problem of union methods. Traditional union tools, such as collective bargaining and strikes, have lost part of their capacity to address the problem of the workforce. For example, when there are subcontractors and dispatched workers, it is often difficult to identify an employer to bargain with. In multinational companies or along supply chains, the employer is located in a different country than the worker. Sometimes it is unclear if a worker is an employee or an independent contractor. We need to consider how to provide employment protection or design labor laws for many new forms of employment.

The landscape we have briefly and partly described so far raises a lot of questions. In order to propose better solutions to cope with the great transformation of work, it is necessary to analyze its ongoing dynamics. Lawmakers, unions, scholars and practitioners are all called to do their part in order to achieve the goals of sustainability and fairness of our economic systems.

The present volume offers some insights and analysis about the great transformation of work. In the following section, we provide information about the structure of the present volume and the contents of the contributions. We hope that the papers will foster the debate on the
transformation of work: its challenges can only be addressed if they are deeply debated and analyzed.

Chapter I - Changing Technology, Geography and Vision: a New World of Work

A number of interrelated phenomena affect the world of work. The first chapter of the present volume deals with some of the dynamics that are reshaping the nature of work, the geography of work, and the way these issues are characterized in the media.

In this section, three contributions focus on the impact of new technologies on workers and labor markets. While technological progress raises concerns about workers’ protection, it is also an enabler in modern labor markets. In this section, Gintarė Tamašauskaitė-Janickė analyzes the effects of technology at work, taking into account different regulatory instruments at the company, national and international level, and Sarfaraz Ghulam provides a close examination of the effects of cloud computing on global labor practices and labor market dynamics more generally.

Technology also plays a role in other contexts. For instance, technological progress affects the competing processes of heterogeneity and convergence linked to globalization. Adele Bianco explains these processes and their relevance to the vision of employment as a development strategy. Further, technological advances provide useful instruments to understand the dynamics of workplace innovation, whose impact on workers is discussed in the paper by Dominique Kiekens.

The changes affecting the world of work can also be analysed from the perspective of the treatment of work and workers in the media. Christopher R. Martin’s contribution provides insights into the vision of work, explaining the changes that have occurred in the media’s vision of work in the US context.

Chapter II - Demographic Changes: Challenges for the Current and Future World of Work

Current demographic changes – in particular the ageing of the population and the higher rates of chronic diseases among the economically active population – pose many challenges for the world of work. The papers by Ana Cristina Ribeiro Costa and Ugo Orazulike analyze the role of occupational health and safety (OHS) in the changing world of work. The former contribution argues that OHS has to respond to the specific needs of older workers due to their age and their health status.
The latter argues that chronic diseases are frequently the result of one’s working activity, so that it is necessary to devise a strategy at the European level to protect workers from these risks.

This section also includes the paper by Agne Kalson, who argues that employment regulation has to respond to the specific needs of older workers and those with chronic diseases in order to allow them to stay active in the labour market even if their working capability is reduced due to a medical condition. To achieve this goal, it is necessary to introduce adaptation measures at work, particularly flexible working time and reasonable working time adjustments.

Chapter III - Industrial Relations Put to the Test of the Great Transformation of Work

Social dialogue and industrial relations are important mechanisms to deal with the challenges affecting labor markets and labor relations. The contributions of this last section examine the ways in which industrial relations theories and practices are changing in order to face the challenges. The contribution by Ana Teresa Ribeiro focuses on the recent legal changes introduced in collective bargaining in a number of European countries. Daiva Petrylaite explains the challenges, opportunities, and possible developments of industrial relations systems, with a focus on the prospects of coordination at the European level. Finally, the contribution by Paolo Tomassetti analyzes the link between industrial relations and the environment, focusing on trade unions activity, wage and the ecological conversion of workplaces.
CHAPTER ONE

CHANGING TECHNOLOGY,
GEOGRAPHY AND VISION:
A NEW WORLD OF WORK
EMPLOYMENT AS A DEVELOPMENT STRATEGY IN A CHANGING WORLD

ADELE BIANCO

Introduction

In changing times, employment also undergoes processes of transformation. Nowadays, employment is experiencing simultaneously contrasting processes, namely heterogeneity and convergence. These contrasting processes are due to the contradictory dynamics of globalization, and take place both in developed and developing countries.

On the one hand, heterogeneity processes are linked to globalization. Work needs to become more flexible and to adapt to market requests. On a global level, heterogeneity processes reflect the differences between core and periphery areas. In developed countries, heterogeneity processes reshape employment, forming labour market ‘castes’ of insiders and outsiders, i.e., workers who have respectively many and few guarantees in labour relations. For a long time, heterogeneity has been a constant feature of developing countries, affecting their economic structure which is based on a substantial informal sector.

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2 However, some recent studies have shown that the results of labour market reforms carried out over the last twenty years have not led to a definite increase in employment, particularly in the Mediterranean, Barbieri P., Cutuli G., 2015, L’occupazione non aumenta con la flessibilità, http://www.Lavoce.Info/Archives/36492/Loccupazione-Non-Aumenta-Con-La-Flessibilita/, (accessed 01/09/15).
On the other hand, we are also witnessing convergence processes. These processes, just like the heterogeneity processes, reflect the contradictory dynamics of globalization. Convergence processes lead to a globally common pattern of work based on quality and on its environmental and social sustainability.

This paper focuses on the contrasting area of heterogeneity and convergence processes and is structured as follows. The first paragraph investigates the state of work in reference to heterogeneity factors. The second paragraph is dedicated to the work-related convergence factors between developed and developing countries. Unemployment, for instance, is a problem for all. Another relevant convergence factor is technological innovation such as the computerization of manufacturing, the so-called ‘fourth industrial revolution’ (Industry 4.0)\(^5\).

The third paragraph is dedicated to labour market policies. Labour market policies aim at a) improving occupational levels, b) fighting poverty, endemic in the global South and increasing in the North, especially since the 2008 financial crisis, c) promoting social inclusion, particularly in favour of the weaker subjects in the labour market, i.e. women, immigrants, young and old workers, less educated workers, the long-term unemployed, in short, those who experience difficulties in finding a stable job.

The labour market policies of developing countries promote i) education, ii) social protection and other benefits as key factors for social inclusion, iii) adequate wage levels, iv) female employment. The labour market policies of developed countries promote measures in favour of growth and economic expansion. Indeed, western economies, and local labour markets in particular, have been experiencing more and more diversification over the last thirty years. Furthermore, the quality of life has been worsening particularly for the middle class\(^6\), which was the key

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Employment as a Development Strategy in a Changing World

social group in the golden age of the ‘glorious 30s’. Labour market policies promote the adoption of work-related international standards and implement social protection measures in developing as well as developed countries. This means that labour market policies improve social and economic development by following the suggestions of international organizations.

Labour market policies, in the sense of an employment-centred development strategy, drive both the North and the South towards the common work pattern that is necessitated by globalization. This means that labour market policies promote development and growth in a ‘safe’ way all over the world, i) as the product of real working activities (not under the pressure of finance), ii) as a socially responsible way of working in the business field, i.e. Corporate Social Responsibility, iii) by improving health and safety in the workplace. Moreover, labour market policies promote a standard employment pattern which implies the progressive homogenization of social targets, goals and lifestyles. Lastly, all the above-mentioned factors are confronted with challenges emerging at a global level such as a) ruling global markets, b) promoting economic growth, c) dealing with the environment and sustainability, d) managing migration processes.

1. The State of Work. Heterogeneity Factors

Heterogeneity factors are a consequence of the process of globalization, and are linked firstly to employment flexibility and precarious employment, secondly to the limited expansion of wage and

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salaried employment, and thirdly, to the persistency of poverty and vulnerability.

Employment flexibility and precarious employment have emerged due to the new pattern of labour organization that has been implemented since the mid-1970s. This new pattern implies a new way of working in order to adapt to market requirements. This situation has been leading workers towards increasing job insecurity and precarious employment. This is the reason why the changing nature and quality of employment are also relevant in developed countries where unemployment, poverty and economic decline have dramatically increased since the 2008 global financial crisis. Consequently, specific social groups, for example the middle class which used to be prosperous in the West, have been severely affected.

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Table 1 - Type of contract 2012 %

<table>
<thead>
<tr>
<th>Permanent contract</th>
<th>Temporary/fixed-term contract</th>
<th>No contract</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORLD</td>
<td>26.4</td>
<td>12.9</td>
<td>60.7</td>
</tr>
<tr>
<td>Developed Countries</td>
<td>76.7</td>
<td>9.3</td>
<td>14</td>
</tr>
<tr>
<td>Middle-Income Countries</td>
<td>13.7</td>
<td>14.3</td>
<td>72</td>
</tr>
<tr>
<td>Low-Income Countries</td>
<td>5.7</td>
<td>7.3</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: Adapted from ILO data\(^\text{15}\), p. 30.

Table 2 - Type of contract as a percentage of employment, high-income countries; 2004 and most recent year (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee: permanent</td>
<td>74.0</td>
<td>73.2</td>
<td>73.1</td>
<td>71.2</td>
<td>74.9</td>
<td>75.4</td>
</tr>
<tr>
<td>Employee: temporary</td>
<td>10.6</td>
<td>10.2</td>
<td>9.4</td>
<td>9.2</td>
<td>12.2</td>
<td>11.4</td>
</tr>
<tr>
<td>Employee: no contract</td>
<td>0.0</td>
<td>1.1</td>
<td>0.0</td>
<td>1.0</td>
<td>0.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Employer</td>
<td>4.7</td>
<td>3.9</td>
<td>5.9</td>
<td>5.4</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Own-account</td>
<td>9.2</td>
<td>10.4</td>
<td>10.8</td>
<td>12.3</td>
<td>7.1</td>
<td>8.0</td>
</tr>
<tr>
<td>Unpaid family workers</td>
<td>1.5</td>
<td>1.3</td>
<td>0.7</td>
<td>0.8</td>
<td>2.7</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Source: ILO\(^\text{14}\), p. 31

The first example of worsening employment is connected to the type of contract. The available data for 2012 are shown in Table 1. At a global level, employment is most frequently without a contract. The only

exception is found in developed countries, where most workers have a permanent contract.

Over the last ten years, the number of permanent contracts has also fallen in developed countries. Table 2 shows a data set comparison 2004/2012 referring to the share variation in the types of contract. The share of temporary contracts has dropped, while the ‘no contract’, ‘own-account’ and the ‘family workers’ have increased.

Precarious work mainly affects the labour market’s weaker subjects such as women. As shown in Table 2, unpaid family workers are usually women. Young people are facing a particularly difficult situation, and this will be discussed in the next paragraph. Finally, precarious work also affects immigrants and refugees, particularly those ‘sans papier’, i.e. those who are not official residents and frequently victims of human trafficking. This last group is employed in extremely poor working conditions and sometimes in situations of forced labour, even in developed countries. Numbered among them are also millions of children.

The second heterogeneity factor is linked to the limited increase in paid and salaried employment. Only half of workers at a global level receive a wage on a regular basis. Moreover, “permanent workers earn significantly more than their non-permanent counterparts”. This means

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that, globally, the majority of workers earn low wages. In Table 1 they are shown as the ‘no contract’ workers.

By looking at data at a regional level, it emerges that 80% of workers are paid a regular wage in developed countries (including the EU), in Central and South-Eastern Europe (non-EU countries) and in the CIS countries. Only 20% of workers are paid a regular wage in South Asia and sub-Saharan Africa.

Conversely, own-account workers and workers engaged in family work make up 75% of workers in South Asia and sub-Saharan Africa, 50% in South-East Asia and the Pacific and 40% in East Asia. The ILO estimates that global wage and salaried employment will have increased by the end of this decade, particularly in sub-Saharan Africa and South Asia. According to the ILO’s projections, no permanent contract and own-account work will account for two-thirds of new jobs in the near future, while 30% of new employment is made up of own-account workers and workers engaged in family work.

The limited increase in wage and salaried employment is a problem for development as it implies a shortage of demand as well as lower income for the State. The ILO estimates “the loss in global demand at $3.7 trillion as a result of unemployment, lagging labour incomes and their effects on consumption, investment and government revenue.” Wages should be increased both for employees and autonomous workers. The minimum wage is a tool for safeguarding workers’ income, especially that of those in the weaker categories, and recent studies have revealed the positive effects of the minimum wage on employment. It is difficult to establish

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22 There are two different approaches to the issue of the minimum wage. The first approach, a liberal one, holds that the minimum wage is inefficient, if not detrimental, as it does not reduce poverty levels and does not help low-skilled people to enter the job market (Neumark D., Wascher W., 2008, *Minimum Wages*, Massachusetts Institute of Technology, Cambridge, Ma. The second approach holds that the minimum wage can bring about positive effects (Card, D., Krueger, A. B., 1995, *Myth and Measurement. The New Economics of the Minimum Wage*. Princeton University Press, Princeton).
an ideal standard level for the minimum wage, as conditions vary from country to country. Nonetheless, it can be argued that in general terms, and in the majority of countries, the minimum wage should account for around 40% to 60% of the average income of the country of reference23.

The third heterogeneity factor is the persistency of poverty and vulnerability. In developed countries, rising poverty and vulnerability are due to increased precarious working conditions and flexible employment, such as part-time or fixed-term contracts. This situation particularly affects the weaker subjects of the labour market such as women, young and old workers, immigrants and refugees and people with disabilities or health problems24. Available data (mainly referring to 2012) show that 24% of employed women work on a part-time basis, compared to 12.4% of employed men25. Moreover, more than 17% of part-timers work less than 30 hours per week. In the EU and Mediterranean countries in particular, full-time jobs have been substituted by part-time contracts: “In the EU-28, full-time employment [has] declined by nearly 3.3 million, while part-time employment [has] increased by 2.1 million”26.


26 Ibidem.
Although progress in developing countries has been made in some cases\textsuperscript{27}, working conditions are often still characterized by informality, working poverty and vulnerable employment\textsuperscript{28}.

\textit{Informal employment} is defined as a non-standardized type of employment in terms of: a) employment terms, conditions and performance standards resulting in unsafe working conditions; b) non-compliance with remuneration standards and social benefits such as pensions, sick pay and health insurance (this results in an economic advantage for employers who save on a series of social costs and in a disadvantage for workers who cannot fully enjoy their rights to social security); c) non-compliance with fiscal rules (informal employment is not recorded as part of GDP) and environmental laws (employers gain an economic advantage in saving on the costs for the correct disposal of waste and manufacturing refuse, thus imposing the environmental burden on the collectivity). Informal employment is especially common in low-income countries, where it accounts for between 20% and 50% of total employment\textsuperscript{29}. Informal employment is not, however, limited to under-


\textsuperscript{29} More in detail: “Informal employment accounts […] from 33% in South Africa to 82% in Mali in Sub-Saharan Africa; in most of South and East Asia (excluding China) it constitutes more than 60% of total employment and ranges from 42% in Thailand to 84% in India; and in China, where the data are limited to six urban areas, the share of informal employment is about 33%; in Latin American and Caribbean countries it ranges from 40% in Uruguay to 75% in Bolivia; and in North Africa and the Middle East it ranges from about 58% in the occupied Palestinian territory to 31% in Turkey. In the agricultural sector, the proportions are significantly higher. In Eastern Europe and the Commonwealth of Independent States (Cis) the share of informal employment in total non-agricultural employment ranges from 6% in Serbia to 20% in Armenia”, ILO, 2014, \textit{World of Work Report 2014: Developing with Jobs}, 2nd Ed. Rev., P. 97, http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_243961.pdf, (accessed 01/09/15).
developed or developing countries. Indeed, it accounts for 20% of total employment, even in developed countries.

Analyzing the Italian case, the Italian National Institute of Statistics (Istat)\textsuperscript{30} estimates that irregular employment for the year 2012 accounted for 12.6% of total employment in Italy, although there is significant variation between sectors. Irregular employment totalled 21.9% in the agricultural sector, 6.6% in manufacturing, 14.7% in the building sector and 13.3% in the services sector. Lastly, irregular employment has a considerable impact on domestic work (54.6%). Moreover, irregular employment particularly concerns the ‘unsafe’ sector in Italy as well, affecting the weaker subjects of the labour market and being more persistent in the \textit{Mezzogiorno} (southern Italy) than in the northern regions.

Some countries in Latin America have made progress in keeping informality rates below 50% of total employment, but some poor and low-income Central American countries experience rates of up to 70%\textsuperscript{31}. Informal employment is the most common type of employment found in South and South-East Asia, where rates reach as much as 90% of total employment\textsuperscript{32}. Macroeconomic policies that focus on social and labour policies are needed in order to support the population and to tackle informal employment.

\textit{Working poverty} is the condition of employed people whose income is not sufficient to enable them to escape poverty. Working poverty is a complicated issue. In fact, in terms of per-capita household consumption, the ‘extreme working poor’ who live on less than US $1.25 a day are followed by the ‘moderate working poor’ (between US $1.25 and US $2), and the ‘near poor’ (between US $2 and US $4)\textsuperscript{33}. In the social stratification within developing countries, the last group is a newly established one which has been growing over the last decade and is on the verge of leaving poverty and moving into the middle class. It will be very interesting to keep track of the evolution of this class over the next few years.

\textsuperscript{32} Ibidem, P. 13; pp. 24-25.
years, as it is expected to make promising developments in terms of economic growth.

Table 3 shows the geographical concentration of the working poor in the developing world. The daily income per capita of the working poor ranges from US $ 1.25 to US $ 2. The ILO estimated that in 2013 more than 839 million workers were in this situation – living with their families below the US $2 poverty line and accounting for 26.7% of total employment. Although this number, in absolute terms, has been falling since 2000, it has slowed down over the last few years. Table 3 shows the impressive progress that has been made in the developing world since the beginning of the 1990s. In fact, roughly half of workers in 2014 are classified as poor and near poor in comparison with more than 80% of workers in 1991 and 75% at the beginning of the century. Despite this, much remains to be done in order to improve working and living conditions all over the world, not solely in developing countries.

| Table 3 - Share of workers living in poverty (below $2) and near-poverty between ($2 and $4) in total employment (%), 1991, 2000 and 2014, selected regions. |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                  | Poor (< $2)      | Near Poor (2-4$) |                  |                  |                  |
| Developing World                 | 68.2 55.9 28.0   | 14.3 22.5 25.2   | 14.3 22.5 25.2   | 14.3 22.5 25.2   |
| Central and South-Eastern Europe (non-EU) and CIS | 6.0 10.5 2.1 | 16.2 24.7 10.1 | 16.2 24.7 10.1 | 16.2 24.7 10.1 |
| Latin America and the Caribbean  | 16.5 15.3 5.3    | 22.6 22.1 13.2   | 22.6 22.1 13.2   | 22.6 22.1 13.2   |
| East Asia                        | 85.0 56.0 11.4   | 11.1 27.3 21.7   | 11.1 27.3 21.7   | 11.1 27.3 21.7   |
| South-East Asia and the Pacific  | 74.1 64.0 23.9   | 14.7 20.8 34.5   | 14.7 20.8 34.5   | 14.7 20.8 34.5   |
| South Asia                       | 85.1 78.5 54.4   | 12.4 17.9 34.2   | 12.4 17.9 34.2   | 12.4 17.9 34.2   |
| Middle East and North Africa     | 20.3 16.4 10.5   | 32.0 34.3 31.0   | 32.0 34.3 31.0   | 32.0 34.3 31.0   |
| Sub-Saharan Africa               | 76.1 77.9 61.1   | 14.4 13.6 23.4   | 14.4 13.6 23.4   | 14.4 13.6 23.4   |

Source: ILO**, p. 28
Poverty is also on the rise in developed countries. In the EU-28, income poverty affected 16.7% of the population in 2013. The least developed EU countries such as Greece and Romania are particularly at risk. Poverty is increasing in high income countries because of low-income jobs, the reduction of subsidies from the welfare system and changes occurring to the family structure (unemployed partners, divorce). Falling into poverty represents an individual and household risk, and it influences the needs and resources of each member of the family. These factors all contribute to an increase in the sense of vulnerability, before finally leading to poverty.

**Vulnerable employment** is a form of employment where working conditions and the quality of employment are particularly poor. Vulnerable employment is exposed to economic and financial fluctuations, and does not enjoy benefits or social security (unlike informal employment). Vulnerable employment includes family workers (for this reason, there is a greater chance of women falling into this employment category) and own-account workers. In such cases, workers have no access to social security. Vulnerable workers remain trapped in the vicious circle of low productivity employment, low remuneration and limited investment capacities for their families in health and education, thus hampering the chances of potential development and growth, also for future generations. In its *World of Work Report 2014*, the ILO suggests that 1.5 billion people are in vulnerable employment. The presence of vulnerable workers, especially in developing countries, slows down the growth of domestic consumption and national economies.

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34 http://ec.europa.eu/eurostat/statistics-explained/index.php/people_at_risk_of_poverty_or_social_exclusion#income_poverty:_16.7.e2.a0.25_of_the_population_in_the_eu-28_at_risk_of_income_poverty


38 This phenomenon is especially common in developing regions such as South-East Asia and the Pacific, South Asia, Latin America and the Caribbean, the
2. The State of Work. Convergence Factors

Convergence factors are factors common to both developed and developing countries. The first convergence factor is related to the impact of globalization on economic development and, therefore, on labour markets and employment. The second factor is related to the increasingly interconnected labour market. This means that the labour market is rapidly changing due to increasing global competition as a result of migration. Another element forcing change on the labour market is technological progress which requires an appropriately skilled workforce at a global level. The third convergence factor is linked to the profound technological changes that will be taking place in the coming decades. These changes will mean that the workforce must adjust to new technologies and new production systems.

Regarding the impact of globalization on economic development and therefore on labour markets and employment, that is to say, the first convergence factor, it should be noted that the difficulties encountered in the West are limited. This is due to more favourable conditions and a stronger structure which help the West to face transformation processes and adapting to changing situations in comparison with less well-developed societies. Nevertheless, the weakest subjects of Western job markets still need to receive proper support.

As a convergence factor, unemployment can be defined as one of the most serious modern social problems facing today’s society. Unemployment is linked to global economic trends, employment structure and the quality of the workforce. During the crisis period (2008-2010) there was a sharp

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39 “In 2015, the global unemployment rate stood at 5.8% and total global unemployment increased by over 0.7 million to reach 197.1 million. While this is somewhat lower than predicted in the World Employment and Social Outlook: Trends 2013, global unemployment is still estimated to stand at more than 27 million higher than the pre-crisis level of 2007 […]. Based on the most recent economic growth projections, the number of unemployed globally is forecast to rise by about 2.3 million in 2016, with an additional 1.1 million unemployed in 2017”, ILO, 2016, World Employment and Social Outlook: Trends 2016, P. 12, Geneva, http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/publ/documents/publication/wcms_443480.pdf (accessed April 10th, 2016)

drop in the employment rate, labour participation was discouraged and the labour markets of developed countries, Asia and the Pacific region were particularly affected. The ILO estimated that there was a total of 201.3 million unemployed people worldwide in 2014. Following the 2008 global crisis it has proved very difficult to restore the jobs that were lost. Current job creation trends are too slow, and the ILO estimates that 280 million jobs need to be created by the end of this decade41.

By disaggregating the data by gender, it emerges that women were particularly affected by unemployment during the 2008 crisis. Women account for 40% of the global labour force. Between 2009 and 2014, female employment slowly began to increase.

When disaggregating the data by age, it can be noted that young people, as one may expect, have also been severely hit by unemployment. Young people aged between 15 and 24 account for 25% of the global workforce, and during the economic crisis they represented 40% of the unemployed. The ILO estimated that in 2013 the number of unemployed people aged between 15 and 24 was over 74 million. Furthermore, the global youth unemployment rate has been increasing in the following manner: 11.6% in 2007; 12.9% in 2012; 13.1% in 201342. A peculiar...
aspect of this situation is represented by those people identified as NEET (Not Engaged in Education, Employment or Training). Geographically speaking, the highest unemployment rate can be found in the Middle East and North Africa, where only one third of young people are employed. Moreover, half of the young women living in this region are unemployed. The highest youth unemployment rate between 2007 and 2012 can be found developed countries, including the EU countries, accounting for 18.3%.

Table 4 shows the trend for unemployment until 2017. Three different groups of countries emerge at the global level. The first group, showing rates that are equal to or below the global unemployment rate, includes the emerging economies – particularly China, India and Indonesia – as the best performers. The USA, the UK and Germany also belong to this group. The second group has rates that are above the global

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